



Annual Report

2016/17



About our Annual Report

Swan Hill Rural City Council is pleased to present its 2016/17 Annual Report, which provides a detailed account of our performance from 1 July 2016 to 30 June 2017.

Documenting Council's performance against the 2016/17 Budget and the Council Plan, the Annual Report highlights achievements and challenges faced within key service areas and programs in the fourth 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 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 2016/17 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.

Contents

Part one

Demographic snapshot	5
Our Vision, Mission and Values	5
Highlights of the year	6
Year at a glance	8

Part two

Messages from our Mayor and CEO	15
Financial Summary	16
Major Capital Works	20

Part three

Our municipality's profile	23
Our Council	24

Part four

Our Executive Leadership Team	26
Our Organisation Structure	28
Council employees	29
Other staff matters	31

Part five

Accountability Framework	36
Governance and Leadership	37
Community Health and Wellbeing	40
Economic Growth	51
Built and Natural Environment	55

Part six

Corporate Governance	60
Governance and Management Checklist	69

Part seven

Performance Statement	76
Appendices:	92
• Donations and contributions	92
• Organisations of which Council is a financial member	96

Part eight

Financial Statements	98
----------------------	----



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 2016/17 financial year.

Snapshot of the region

Swan Hill Rural City Council covers 6,116 square kilometres and is home to 20,361 people. It includes the townships of Swan Hill, Robinvale, Lake Boga, Nyah, Nyah West, Piangil, Woorinen, Ultima, Manangatang, Boundary Bend and Tresco.

Agriculture and manufacturing drive the Swan Hill Rural City economy.

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

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

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

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

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

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.

20,361	Our population
6,116km ²	Our area
3,492km	The length of our local roads (sealed and unsealed)
11,939	Our rateable properties
\$1.18 billion	Gross regional product
7,927	People working

Highlights of the year

Governance and Leadership

- Council elections were held in October, with four new Councillors elected and three returned.
- New Director Infrastructure Oliver McNulty was appointed.
- Councillor Code of Conduct was reviewed and adopted.
- The Council Plan 2017-21 and Strategic Resource Plan 2017-21 were adopted.
- The Governor of Victoria completed a two day tour of the municipality.
- Local Government Performance Reporting and Best Value Reporting for the 2015/16 period was completed.
- Community Local Law No. 2 was adopted after a period of community consultation.

Community Health and Wellbeing

- Child Safe Standards Policy was adopted.
- Council transitioned out of the administration of its 273 Home Care Packages, signing an agreement with not-for-profit provider Uniting AgeWell to deliver the packages.
- Harmony Day was held at Swan Hill Riverside Park.
- NOVO Youth Council and Youth Support Program staff participated in the Victoria Government Youth Summit.
- Council's Community Care program received a perfect score in its Commonwealth quality review.
- The Da Vinci exhibition was held at Swan Hill Regional Art Gallery.

Economic Growth

- Funding was secured for the \$1.75 million Swan Hill Regional Livestock Exchange redevelopment, and a project manager was appointed.
- The Chisholm Reserve Drag Strip was opened.
- An episode of Masterchef was filmed at the Pioneer Settlement.
- The Robinvale Employment Network was launched.
- Funding was secured from the State Government for the Swan Hill Riverfront Development and the Robinvale Community Hub and Library.
- Tower Hill stage 10 residential allotments were released to the market.
- A grant was secured to upgrade the Milloo Street boat ramp in Swan Hill.
- The Lower Murray Inn deck and Horseshoe Bend fencing was installed at the Pioneer Settlement.
- Work started on the Swan Hill Riverfront Commercial Development Strategy and the Murray River Interpretive Centre Feasibility Study.
- The Pioneer Settlement celebrated 50 years.
- The Recreational Vehicle Friendly policy was adopted.

Challenges and the year ahead

Built and Natural Environment

- An 85kWh solar power system was installed on Council's Splatt Street and Beveridge Street offices.
- Designs for the Swan Hill Riverside Park Active Play Precinct were completed.
- Lighting was installed at Alan Garden Reserve and Ken Harrison Reserve, Swan Hill.
- Work started on the 12-month project to upgrade Nyah Road in Swan Hill.
- A new footpath was laid in Frederick Street and Lloyd Street, Nyah West.
- The Road Management Plan was adopted.
- The Sustainable Living Strategy was adopted.
- Continuing to determine Council's role in community-based aged care. Commonwealth aged care reforms are being rolled out across the country, and Council will need to consider the diverse communities of the municipality when determining its role in community-based aged care beyond 2020 when the full reforms are implemented.
- Continuing to improve the way we deliver services to our community, to balance the need for additional funding within the State Government's rate cap. This will include pursuing external funding, reviewing our services and processes, and improving our procurement practices.
- Continuing implementation of projects from the Swan Hill Riverfront Masterplan.
- Completing the Lake Boga Catalina Museum café and playground project.
- Continuing work to deliver the Robinvale Community Hub and Library.
- Working with ANDRA and Swan Hill Drag Racing Club to complete the city's new quarter mile drag strip to Australian racing standards.
- Completing Stage 2 of the Swan Hill CBD drainage upgrade, from Campbell Street to the Murray River.
- Reviewing all Community Plans.
- Upgrading the Swan Hill Regional Livestock Exchange.
- Developing a Cultural Services Plan.

Year at a glance

July

Brown Street shopping precinct upgrade

The Brown Street shopping precinct received upgraded footpaths and paving, as well as new and replacement street furniture and bins. These upgrades bring the area in line with recent Swan Hill CBD upgrades.

Laneway art



Art was installed in a laneway between Swan Hill's Campbell Street and the Curlewis Street carpark.

Regional Tourism Awards

Pioneer Settlement took out the Silver Award in the Cultural Tourism Category at the 2016 Regional Tourism Awards.

August

Jaycee Park Meeting Place



The Indigenous-themed Meeting Place was opened, featuring a concrete base stained with Indigenous artwork by Quinton Atkinson. Totem poles and sign shields representing the traditional custodians of the land surround and complement the artwork.

September

eSmart week

Swan Hill Regional Library joined hundreds of schools and libraries across Australia to take part in eSmart Week. The week promoted smarter, safer and more responsible online activities.

Robinvale listening post

Council held a listening post at the Robinvale Resource Centre for the community members to drop in and speak one-on-one about access to Council buildings, services and communications.

Settlement celebrates 50 years

The Pioneer Settlement celebrated 50 years with lunchtime PS Pyap cruises, pioneering activities, an historic church service and the launch of the Settlements new app.

October

Funds for Livestock Exchange

Member for Mallee Andrew Broad announced \$876,000 to redevelop the Swan Hill Regional Livestock Exchange. Council will match the funds. The upgrade will eventually allow the exchange to double the number of sales it has each week, from one to two.

Festival of Motorsport



The Festival of Motorsport was held on Melbourne Cup weekend with a huge show and shine, a car scavenger hunt, car and bike racing and district tours. Locals and visitors took up the chance to test their cars on Australia's newest quarter mile drag strip.

Youth Arts Festival a hit

More than 100 young people took part in the third Youth Arts Festival, in conjunction with Swan Hill's Market Day. Bands and dancers performed on a stage set up in Swan Hill's Campbell Street, while visual arts were exhibited in a pop-up gallery.

Uniting Agewell

Council formed an agreement with not-for profit senior services provider Uniting Agewell to provide home care packages to hundreds of seniors in the Loddon Mallee region.

Council elections

Council elections were held on Saturday, 22 October. Council thanked Greg Cruickshank, Jessie Kiley, Jim Crowe and Michael Adamson for their contribution to Council during their years of service. The former Councillors chose not to stand in the election.

Community groups share \$70,000

Twenty-nine community groups shared in \$70,000 through Council's 2017 Community Development Fund.

November

Race for Pride

Australia's newest drag strip held its much anticipated maiden run hosted by Swan Hill Drag Club.

Newly elected Councillors



Four new Councillors and three existing Councillors were elected. Crs Ann Young, Chris Jeffery, Bill Moar and Lea Johnson were elected to represent the Central Ward. Re-elected Councillors were Cr Les McPhee (Lakes Ward), Cr John Katis (Robinvale Ward) and Cr Gary Norton (Murray Mallee Ward).

The newly elected Councillors took the Oath of Office and elected Cr Les McPhee as Mayor and Cr Ann Young as Deputy Mayor.

December

Heartbeat returns

The Heartbeat of the Murray returned after high river levels forced its closure and the removal of infrastructure for 70 days.

New future for aero-club

Council approved a plan to allow the Swan Hill Model Aero Club to move from Lot 1 Blackwire Reserve to Lot 2 Blackwire Reserve, making way for a proposed new solar power development. Council will enter into a 10-year user agreement with the club, and allocated \$30,000 to assist the club to move.

January

Australia Day

Community groups joined forces to put on Australia Day celebrations around the Swan Hill region. A massive breakfast was held in Swan Hill. Celebrations were also hosted in Lake Boga, Manangatang, Beverford, Nyah West, Ultima, Robinvale and Wemen.

Free books for travellers



Reading Along the Lines was launched, providing free novels, children's books and magazines for train and bus travellers departing from the Swan Hill railway station.

Swan Hill pool upgrades complete

Improvements to the Swan Hill Outdoor Pool were completed. The project included installation of four new shade sails and removal of old infrastructure. A unisex all-abilities changeroom was also built, including toilet, shower and custom built change table and hoist.

Jaala Pulford visits



Minister for Regional Development Jaala Pulford toured the Swan Hill Riverfront with Councillors.

February

Local Law consultation

Council started a month-long consultation process around the Proposed Local Law No. 2. Following consultation, the Local Law was adopted in May, coming into effect on 2 June.

Great response to off-leash dog park survey

Council received 224 responses to its survey on a proposed off-leash dog park for Swan Hill. The survey was run in conjunction with consultation on the proposed Local Law No. 2, which stipulates that dogs must be on a leash at all times in public places.

Sporting grants hat-trick

Council's Community Grants team received funding through the State Government's Community Sports Infrastructure Fund for three local sporting projects - playgrounds at the Lake Boga and Robinvale recreation reserves, new cricket nets at Gurnett Oval in Swan Hill and an aquatic strategic plan for the municipality.

A.N. Lewis Park sculptures



Cedar wood sculptures of AN Lewis and William Lewis were installed at AN Lewis Park in Nyah.

Nyah roadworks approved

Council approved work to seal a section of Frederick Street, Nyah West, from Gray Street towards Elizabeth Street, as well as installing additional culverts under Donald Street and minor works to the drains.

March

New B-double routes

Farmers and transport companies benefited when Councillors agreed to have an extra 2000 kilometres of rural roads across the municipality permanently gazetted for B-double use.

Robinvale Business mixer

Robinvale business people and community members attended this free event to hear about Council's latest Robinvale projects. The events will be held twice each year.

Nyah West footpaths

New footpaths were built in Nyah West linking the school, pre-school and post office. The project was funded through VicRoads.

Drag strip commitment

Council committed funds to lift the city's quarter mile drag strip to Australian racing standards. Councillors agreed to spend the \$500,000 required to grind the concrete racing surface, lay new sections of asphalt and improve track drainage. The work aims to bring the drag strip to Australian National Drag Racing Association (ANDRA) standards.

Harmony Day and HOME project



A massive celebration of our diversity was held at Harmony Day at Swan Hill's Riverside Park. The event also included the display of 1200 tiny wooden homes that had been decorated across the Swan Hill region as part of the HOME Swan Hill project.

April

Targeted mosquito control



As part of its increased Mosquito Control Program Council assessed, provided education and treated 16 schools in the municipality to reduce the incidence of mosquitoes. It followed a summer-long campaign to 'Beat the Bite', which included thermal fogging to eradicate adult mosquitoes ahead of events and in high-use public spaces, and larval control in spoon drains, culverts and drainage channels.

Young people awarded



Eight young people and a youth-run community group were recognised for their contributions to the community at the second NOVO Youth Awards.

May

Active Play progresses

The \$1.2 million Active Play Precinct Plan was adopted and later went on display to the public in June. Further work is being completed, prior to applying for external funding opportunities.

Nyah Road upgrade

A \$2 million, 12 month major upgrade of Nyah Road in Swan Hill started in May. All kerb and channel is being replaced, road pavement rebuilt and drainage upgraded from Stradbroke Avenue to the Ambulance Station.

Governor visits



The Governor of Victoria, Hon Linda Dessau visited the Swan Hill region touring organisations like Swan Hill Neighbourhood House, Andrew Peace Wines, Select Harvest, Robinvale P-12 College, Catalina Museum, Kilter Rural, the Swan Hill riverfront and the Pioneer Settlement.

June

Mobile library review

Swan Hill Regional Library started a review of the mobile library to see how library services to our smaller townships can be improved. To assist with gaining this valuable community insight an online survey was conducted for residents to have their say.

Da Vinci Machines exhibition



The Da Vinci exhibition was launched at Swan Hill Regional Art Gallery. On loan from the Museum of Leonardo Da Vinci in Florence, the machines were created from original Da Vinci drawings and have been seen by over six million people worldwide.

Plan for recreation reserves

The draft Recreation Reserves Masterplan was presented to sporting user groups and the community. Council and the State Government partnered to create a 10-year plan for nine major recreation reserves across the municipality.

Funding for boat ramp upgrade



Funding for Swan Hill's Milloo Street boat ramp was announced from three separate pools. The boat ramp will be widened to two lanes, new public toilets will be constructed, and car parking sealed.

Lake Boga pedestrian crossing opened

Lake Boga residents and visitors have safer pedestrian access across the Murray Valley Highway with the installation of a new crossing, thanks to funding from VicRoads.

Masterchef at the Pioneer Settlement



The Pioneer Settlement featured on Masterchef, following filming earlier in 2017.

All food cooked on the show was inspired by water, with an emphasis on the river, and more than 12 local suppliers were used.

Shared path for Nyah district



Construction on a new shared path for the Nyah District was completed. Running from Two Bays roadhouse through to the start of Monash Avenue, the path creates a permanent connection between Nyah and Nyah West townships.

New bus shelters

New bus shelters were installed on Chapman Street and Palaroo Street in Swan Hill. Two more shelters will be installed in 2017/18.



Part two

Year in review

Mayor's message

Cr Les McPhee

I am pleased to present Swan Hill Rural City Council's 2016/17 Annual Report.

As Mayor, one of the highlights this year has been working with our new Council, which was elected in October 2016. Four new Councillors were elected to represent the Central Ward and three Councillors returned for the Lakes, Murray Mallee and Robinvale wards. The Council covers a good cross section of our community, with expertise in agriculture, public service, community service and business, and has been working as a team to lead our organisation.

In terms of major projects, we have seen some real investment in local roads. A 12-month project to re-build Nyah Road in Swan Hill has started, while more than \$600,000 was spent re-building River Road in Swan Hill and Cumnock Road at Tresco.

We saw the completion of projects associated with the Heartbeat of the Murray at the Pioneer Settlement, with a deck installed at the Lower Murray Inn and the southern end of the Settlement reconfigured to make it available for events.

Work from Councillors, staff and community to attract funding for capital projects has also paid off in 2016/17, setting the scene for plenty of activity over the next couple of years.

The State Government announced \$1 million for the Swan Hill riverfront development. More than \$2 million was announced in the State Budget for a new community hub and library at Robinvale P-12 College, while Council received more than \$700,000 in State and Federal funding to build the Robinvale town levee bank

State funding was also announced for a new boat ramp and amenities in Swan Hill's Milloo Street, for playgrounds at Lake Boga and Robinvale recreation reserves and new cricket nets in Swan Hill. Federal funding of \$875,000 will see the Swan Hill Regional Livestock Exchange redeveloped.

I would like to thank Councillors, Council staff and our community for their commitment to the Swan Hill municipality in 2016/17, and look forward to seeing what we can achieve over the next year.

CEO's message

John McLinden

This year was the final year of the Council Plan 2012-2016 and I am pleased to say that a majority of key performance indicators have been achieved. You will see details of these achievements in Part Five of this Annual Report. Highlights include securing significant funding for the Swan Hill Regional Livestock Exchange and the Robinvale levee bank.

We will now start work from the new Council Plan 2017-2021, which was created this year following the election of our new Council in October 2016. The new Council Plan sets ambitious targets under five key result areas – Economic Development, Infrastructure, Community Enrichment, Environment, and Governance and Leadership. It aims to help Council deliver its vision of a prosperous and healthy community enjoying quality facilities and services.

Also within this 2016/17 Annual Report you will see how Council has performed against our 2016/17 Budget and against the statewide Local Government performance indicators.

And you will see a detailed account of our financial position. In summary, after adjusting for Grants Commission income of \$3.2 million advanced for 2017/18 and \$1.2 million that is outstanding at year-end, Council recorded an adjusted accounting surplus of \$2.97 million. Councils need to achieve operational surpluses to ensure sufficient cash is available to fund capital works like the replacement of roads and other community assets.

Council's current assets exceed liabilities by more than \$15 million, and cash and investments exceed current liabilities by nearly \$13.1 million.

We will continue working to strengthen Council's financial position, and our 10-Year Financial Plan indicates this is achievable within the State Government's rate cap limits. However, we will continue working to improve service delivery to balance the community's additional needs within this cap. This will include seeking external funding, reviewing services and processes, and improving procurement practices to take advantage of whole of government pricing or economies of scale.

Finally, I would like to thank past and present Councillors, Council staff and the community for their contributions in 2016/17. I look forward to continuing our combined efforts for the betterment of our municipality.

Financial Summary

Operating result

On a full accrual basis the surplus for the year was \$7,365,589. It is important to note that this is an accounting profit after recognising non-cash items such as depreciation of \$9.0 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 2016/17 year was \$54.4 million as per the Comprehensive Income Statement. A breakdown of Council's revenue sources highlights that 90.7 per cent of Council's income comes from four income categories.

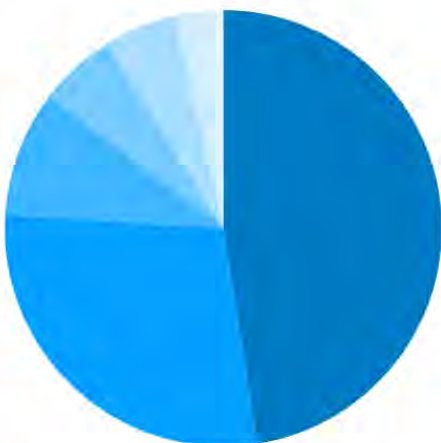
- Rates and garbage charges 47.5%
- Grants - operating 28.5%
- User fees 9.3%
- Grants - capital 5.4%

Expenditure

Council's total expenses for the 2016/17 year were \$47.1 million as per the Comprehensive Income Statement. A breakdown of Council's expenses highlights that 96.5 per cent relates to three expenditure categories.

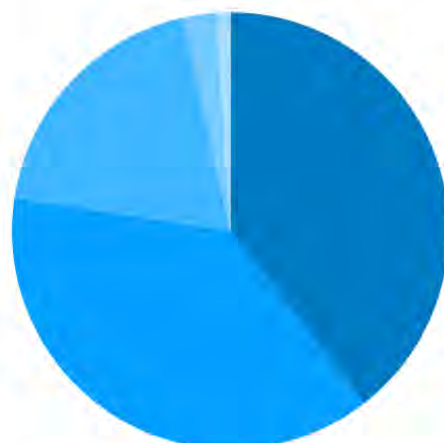
- Employee costs 39.5%
- Materials and services 37.9%
- Depreciation 19.1%

Total revenue (\$54.4 million)



- Rates and garbage charges 47.5%
- Grants - operating 28.5%
- User fees 9.3%
- Other revenue 5.7%
- Grants - capital 5.4%
- Statutory fees and fines 1.9%
- Contributions 1.2%
- Net gain on disposal of assets 0.5%

Total expenditure (\$41.7 million)

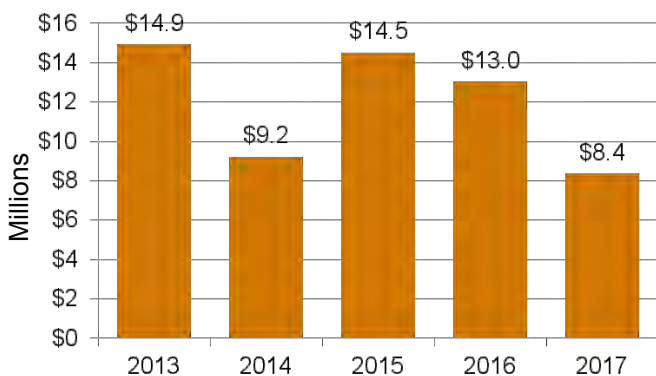


- Employee costs 39.5%
- Materials and services 37.9%
- Bad and doubtful debts 19.1%
- Other expenses 2.5%
- Finance costs 0.9%
- Depreciation 0.1%

Capital expenditure

During the financial year, Council spent \$8.3 million on capital works and asset purchases, bringing the five-year total of expenditure on fixed assets to over \$51.7 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 \$449.5 million, represented by accumulated surplus and asset revaluation reserve. The slight increase in equity is due to the \$7.3 million surplus in 2016/17.

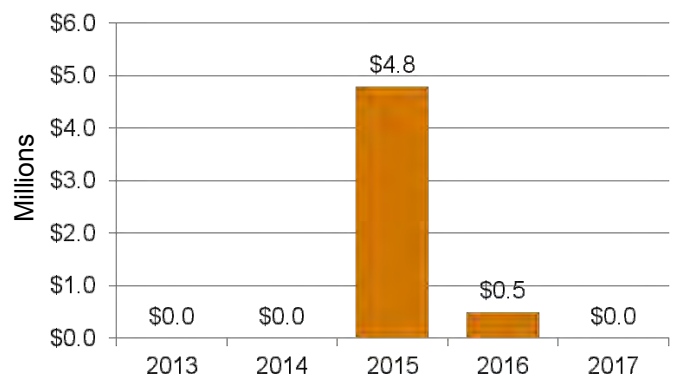
Total equity



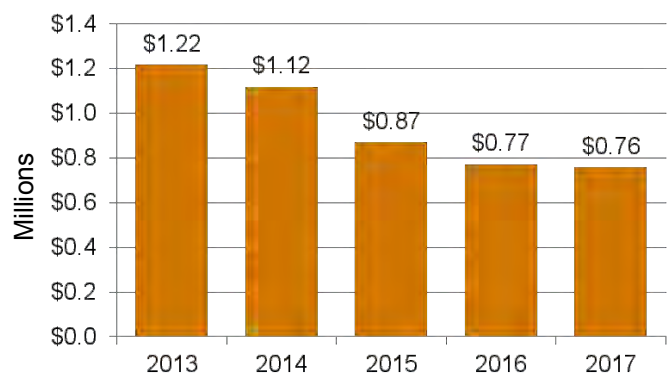
Borrowings (excluding financial leases)

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 2017, Council had a loan liability of \$7.51 million. This is a planned and responsible level of debt, achieved in accordance with Council's borrowing strategy. Loan repayments are currently \$0.76 million per annum.

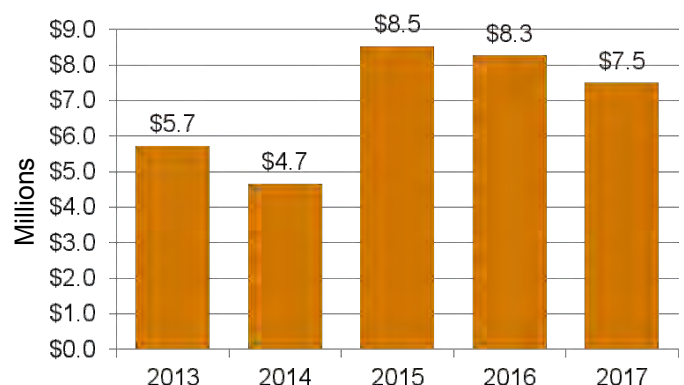
New borrowings



Loan repayments



Loan balance at 30 June each year

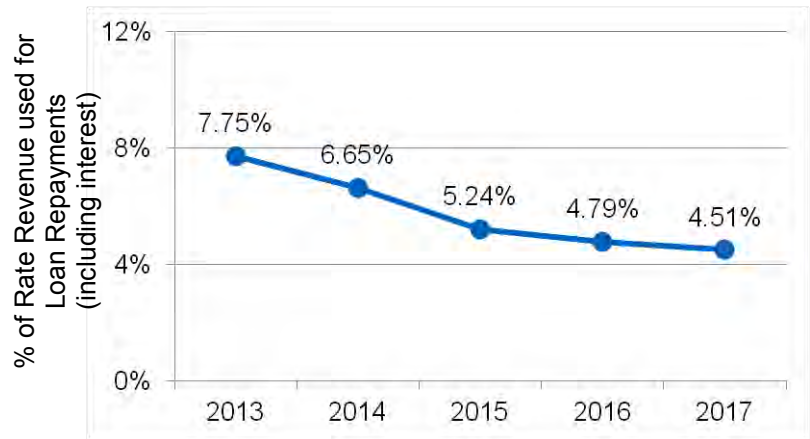


Financial indicators

Debt commitment ratio

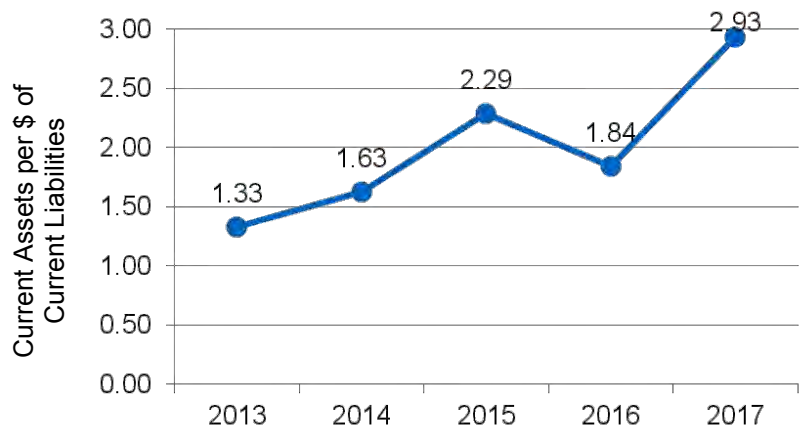
The debt commitment ratio identifies the percentage of rate revenue required to pay interest and principal on Council's loans. Closely tied to the Borrowing Strategy, the ratio shows that Council is in a healthy position and continues to reduce.

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



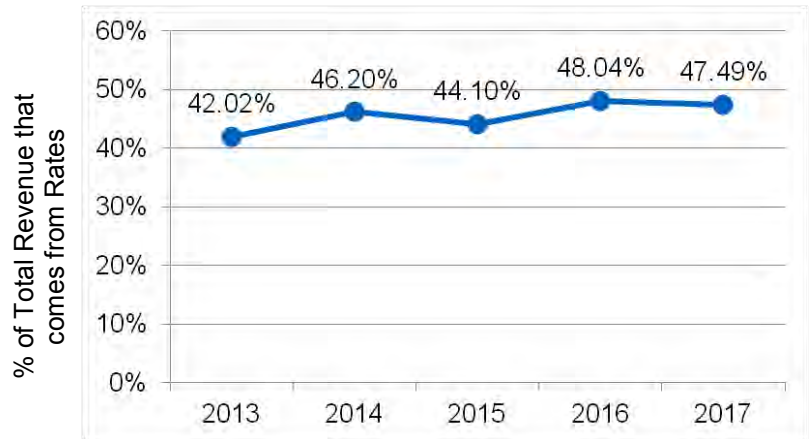
Working capital ratio

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 with increases in the 2015 and 2017 years due to the advanced payment of Victoria Grants Commission at the end of those reporting periods for the coming financial years.



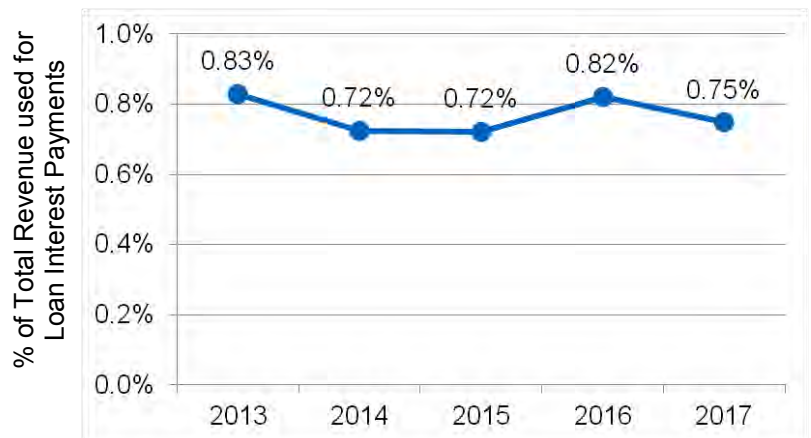
Revenue ratio

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 has 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 has remained very steady over the past five years.



Major capital works

During 2016/17 the major capital works included the following:

Reconstruction of Nyah Road from Karinie Street to Pye Street

Budget: \$1,711,500



A 12-month major upgrade of Nyah Road started in May 2017. All kerb and channel will be replaced, road pavement rebuilt and drainage upgraded from Stradbroke Avenue to the ambulance station. New trees will also be planted in the centre island and landscaping will highlight the northern gateway to the city and CBD.

Funded through the Federal Government's Roads to Recovery Program.

Road re-sealing across the municipality

Budget : \$1,000,000



Contractor Primal Surfacing completed 312,000 square metres of resealing work across the municipality.

Pioneer Settlement Heartbeat of the Murray experience

Budget: \$800,000



The Heartbeat of the Murray Experience included the following final projects in 2016/17:

Lower Murray Inn decking - a decking/stage area was installed on the river bank at the Lower Murray Inn, further cementing the Lower Murray Inn as a premier entertainment and wedding venue.

Horseshoe Bend Park - a section of the Settlement, including the PS Gem and the PS Pyap, were reconfigured to make it available for functions and events.

River Road re-construction

Budget: \$308,700



Stage 2 of the River Road upgrade was completed. Works included reconstruction and widening of River Road from the end of Stage 1 works near Douglas Road to the channel bridge near the abattoirs.

Cumnock Road re-construction

Budget: \$302,200



Council's works crews completed a 1.6 kilometre reconstruction of Cumnock Road, Tresco.

Swan Hill Riverfront Masterplan

Extensive planning took place for the ongoing development of Swan Hill's riverfront precinct.

This included development of the Murray River Interpretive Centre Feasibility Study and the Commercial Development strategy, and design work for a Yamagata Japanese Garden and a river walk from the Pioneer Settlement to caravan park.

An Active Play Precinct Plan has been put together and distributed to the community, and includes provision for a water play, skate park and adventure park.

Council also built a new car park on Monash Drive and upgraded the soundshell's rear entrance.

Lighting projects

Budget: \$403,760

Lighting projects were completed at Ken Harrison Reserve and Alan Garden Reserve in Swan Hill.



Part three

Our Council

Our history

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

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

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

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

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

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

Our municipality's profile

The municipality covers 6,116 square kilometres and is home to 20,361 people.

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

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

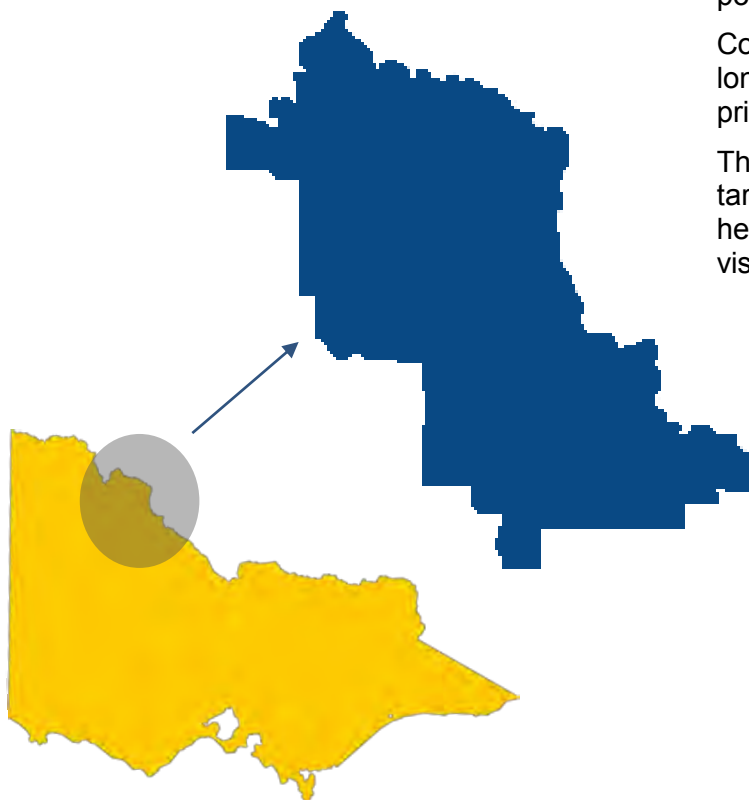
With more than 40 commercially grown products – including almonds, olives, stonefruit, grapes, vegetables, cereals, legumes, lucerne, sheep, beef and dairy – it is easy to see why our municipality is an important part of Victoria's food bowl.

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

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

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

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



Our Council



Cr Les McPhee

Mayor
Lakes Ward
Elected 2008

Mobile: 0427 319 394



Cr Ann Young

Deputy Mayor
Central Ward
Elected 2016

Mobile: 0409 503 711



Cr Bill Moar

Central Ward
Elected 2016

Mobile: 0429 496 194



Cr Chris Jeffery

Central Ward
Elected 2016

Mobile: 0429 447 802



Cr Lea Johnson

Central Ward
Elected 2016

Mobile: 0487 770 456



Cr John Katis

Robinvale Ward
Elected 1997

Mobile: 0459 077 532



Cr Gary Norton

Murray Mallee Ward
Elected 2003

Mobile: 0428 398 981

Past Councillors

Councillors Jim Crowe, Greg Cruickshank and Jessie Kiley did not seek re-election at the Council Elections held in October 2016. Cr Michael Adamson resigned from Council in April 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



Oliver McNulty



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 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.

Adam resigned from Swan Hill Rural City Council in April 2017 to take on the role of General Manager with Edward River Council.

Oliver McNulty

Director Infrastructure

Oliver is a qualified engineer who joined Swan Hill Rural City Council in July 2016.

Originally from Ireland, Oliver studied Bachelor of Science in Engineering and later ran his own consultancy in County Sligo. He also ran a construction company, building housing developments and small shopping centres.

Oliver moved to Australia in 2012, where he worked with Campaspe Shire, most recently as the Roads Services Manager.

At Swan Hill, he heads a team of about 80 staff in the areas of engineering, design, major projects, roads, parks and gardens, waste and saleyards.

Bruce Myers

Director Community and Cultural Services

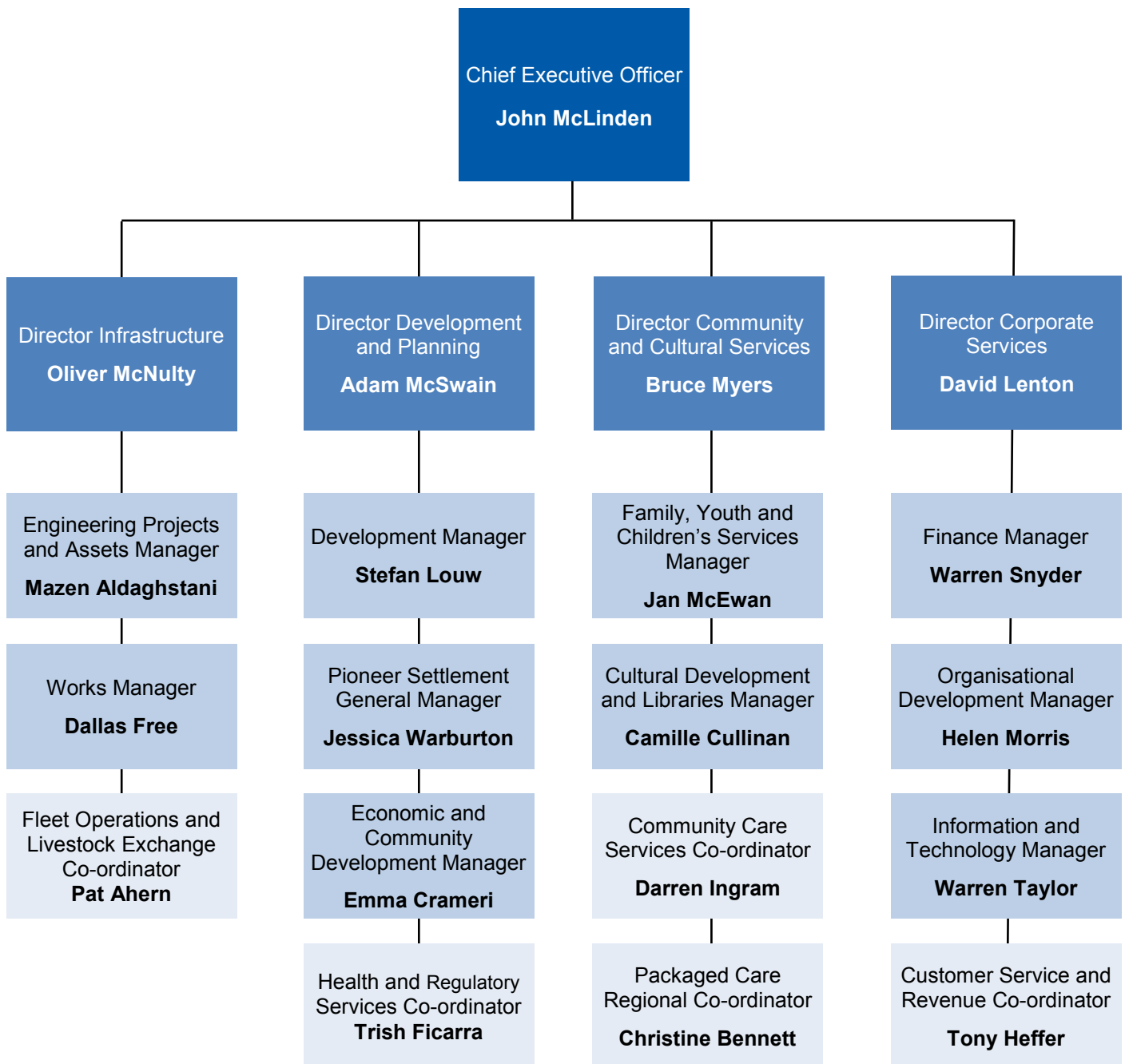
Bruce is a qualified librarian who started his career at the Swan Hill Regional Library, managing the mobile library, in 1994.

From 1998 until 2007 Bruce was Manager of the Library.

Bruce became the Director Community and Cultural Services in 2007.

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

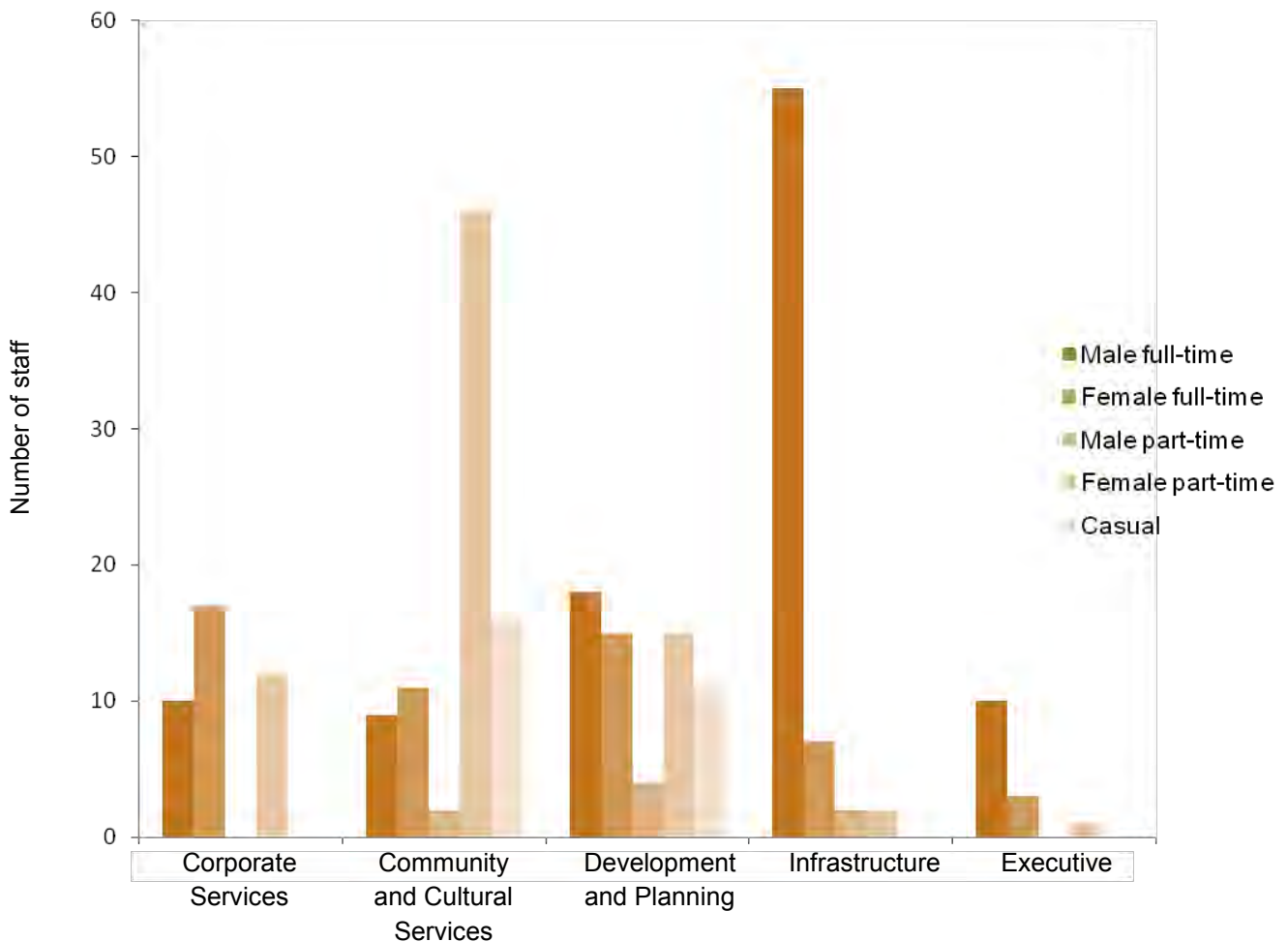
Our organisation structure



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	10	17	-	12	-	39	10.00	24.70	34.70
Community and Cultural Services	9	11	2	46	16	84	11.22	42.70	53.92
Development and Planning	18	15	4	15	11	63	19.90	28.20	48.10
Infrastructure	55	7	2	2	-	66	56.60	8.20	64.80
Executive	10	3	-	1	-	14	10.00	3.80	13.80
Total	102	53	8	76	27	266	107.72	107.60	215.32



Employment Classification	Male EFT	Female EFT	Total EFT
Band 1	-	1.71	1.71
Band 2	1.79	2.85	4.64
Band 3	39.18	24.16	63.34
Band 4	12.66	23.29	35.95
Band 5	7.80	23.46	31.26
Band 6	12.40	9.81	22.21
Band 7	2.00	0.72	2.72
Band 8	1.00	1.00	2.00
Non-banded positions (includes salary packages)	30.89	20.60	51.49
Total	107.72	107.60	215.32

Valuing our people

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

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

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

Council's staff strategies include:

- A focus on extending the skills of staff to increase efficiency.
- Ongoing implementation of the workforce strategy including:
 - Succession planning
 - Recruitment and retention of staff
 - Apprenticeships, traineeships and/or scholarships
 - Accessing non-customary employment pools.
- 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 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 2016/17 financial year 33 employees undertook equal opportunity training, as well as 51 employees successfully completing Culture @ Work training. Council has also introduced an online bullying and harassment course, with 49 staff completing this training in 2016/17.

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.

New Child Safe Standards

The Victorian Government has introduced seven new Child Safe Standards to help protect children from abuse, as part of its response to the Betrayal of Trust Inquiry.

The standards apply to all organisations that provide services to children, including sporting groups, youth organisations, churches, health organisations, childcare centres and schools.

As a government organisation, Council is recognised as a category 1 organisation under the new standards and had to start working towards compliance from 1 January 2016.

At its August 2016 meeting, Council adopted a Child Safe Policy and then set about educating all staff. Procedures have also been adopted, outlining which staff require police and/or Working with Children checks.

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 2016/17. Courtney Kemp, Bachelor Civil Engineering, received a placement with the Engineering Department. James Schifferle, Bachelor of Computer Science received a placement with the IT Department.

Other students participating in the program are:

- Gabrielle Rohde, Bachelor of Business Events Management, in the Economic Development Unit.
- Liam Mathieson, Bachelor Education and Conservation, in the Engineering Department.

Professional development

Council continues to be at the forefront of professional development and training options for staff. More than 2,900 hours of organisational training was provided to staff during the year, or 14 hours per EFT.

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

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

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

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

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

Health, safety and wellbeing

Council continued its commitment to staff health and wellbeing by 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

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 2016/17.

In 2016/17 there were 27 reported injuries compared to 15 in the previous year.

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

Staff Service Awards

Every year Council acknowledges service and presents awards to staff who have reached service milestones. Sixteen staff were presented with Staff Service Awards at the annual all-staff function in August 2016.

35 years

Jan Free and Newton Williams
(pictured below with CEO John McLinden)

25 years

Noelien Creasey

20 years

Rodney Ewart

10 years

Harold Rovere, Trish Barry, Michelle Davies, Sharon Harper, Tracey Miliano, Kirsty Mayes, Kellie Carlo, Lisa Edge, Ebony Evans, Brian Robins, Donald Witney and Karen Moore

Heart Foundation Award



Council was recognised through the 2016 Heart Foundation Award. Last year Council was joint winner with the Rural City of Ararat. This year we were outright winners in recognition of the Public Health and Wellbeing Plan 'fact sheets' that were developed across all four directorates.





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 fourth and final 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.

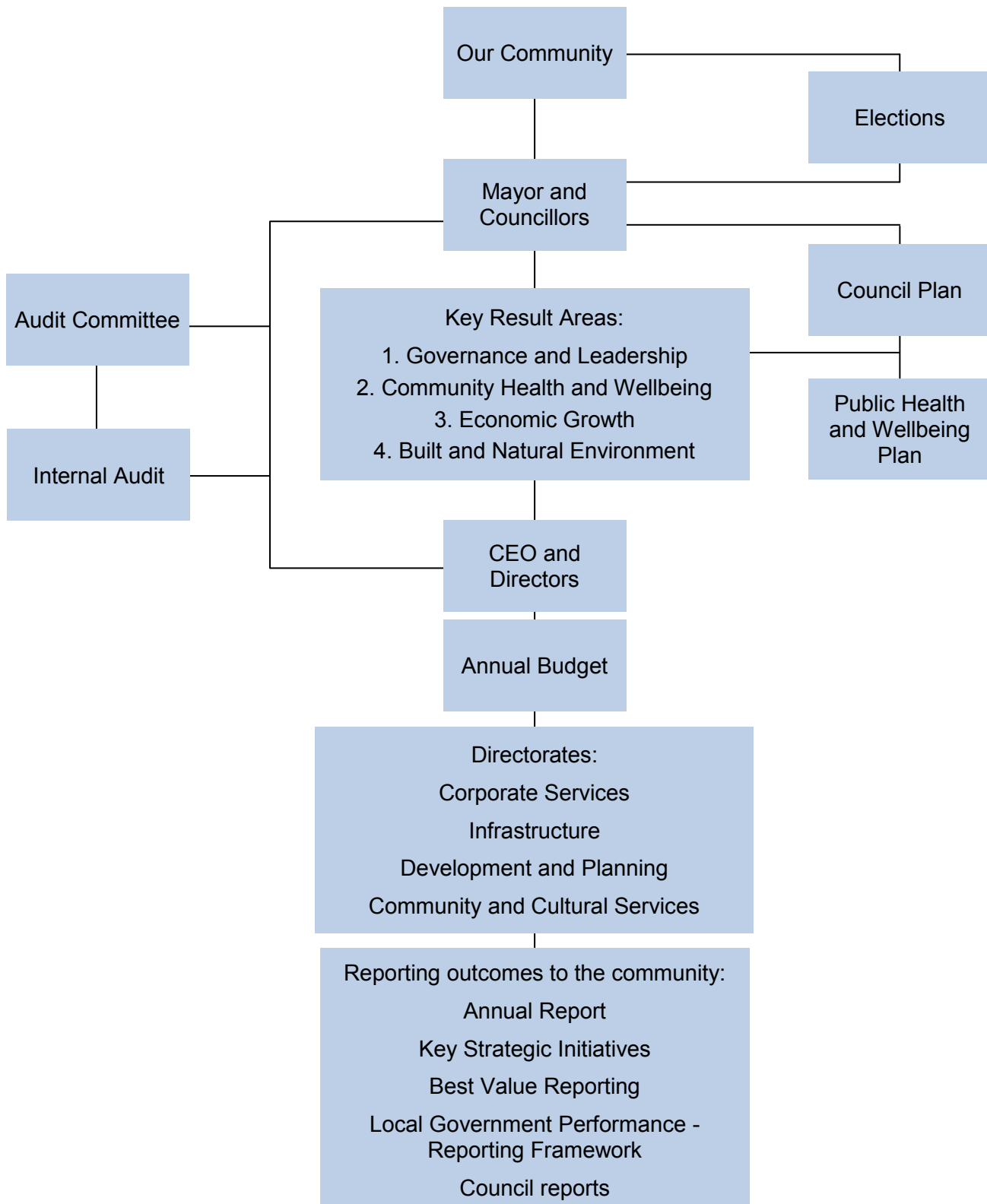
Built and Natural Environment

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. It ensures 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 >> Transferred to Council Plan 2017-21 << Delayed due to funding/budget

Council Plan Initiative	Action	Status
Pursue Strategic Land Acquisitions and review Council's existing land bank	Prepare a disposal strategy for any surplus land	✓
Progressively develop 'Easy Read' Council communication documents	Review and update Council publications and forms to ensure they are easy to read and understand	✓
	Easy Read training to be provided on an ongoing basis to appropriate staff	✓
Review and implement actions from the Communication Strategy	Progressively implement actions from revised strategy	✓
Review results of Community Satisfaction Surveys to identify and implement changes in service demand	Results of surveys analysed by ELT and Council	✓
Produce and distribute a Community Newsletter three times a year	Produce and distribute a Community Newsletter three times a year	✓

Major Initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2016/17 Budget.

Major Initiative	Progress
Implementation of a project management system (Actual \$0, Budget \$30,000)	Incomplete. Project to be completed in 2017/18.
Further develop Council IT processes as identified in the IT Strategy (Actual \$83,075, Budget \$120,000)	Completed.
Replace plant and fleet assets (Actual \$830,815, Budget \$1,349,320)	Completed.
Conduct municipal elections (Actual \$127,225, Budget \$ 126,940)	Completed.

Services funded in 2016/17 Budget

The following statement provides information in relation to the services funded in the 2016/17 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 staff, which cannot easily be attributed to the direct service provision areas.	2,047 <u>2,138</u> (91)
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.	183 <u>185</u> (2)
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.	(21,662) <u>(21,897)</u> 235

Service Performance Indicators

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

Service/Indicator/measure	Result 2016	Result 2017	Material Variation
Governance Transparency <i>Council decisions made at meetings closed to the public</i> [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	13.46%	9.26%	During 2016 a number of extra 'in camera' meetings were held due to the need to replace the Chief Executive Officer and deal with some unrelated legal issues.
Consultation and engagement <i>Satisfaction with community consultation and engagement</i> [Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement]	55	58	
Attendance <i>Councillor attendance at Council Meetings</i> [The sum of the number of Councillors who attended each ordinary and special Council Meeting / (Number of ordinary and special council meetings) x (Number of Councillors elected at the last Council general election)] x 100	95.24%*	97.62%	*In 2016 a resigned councillor and councillors on approved leave were not counted and should have been included.
Service cost <i>Cost of Governance</i> [Direct cost of the Governance service / Number of Councillors elected at the last Council general election]	\$103,733	\$40,440	The 2016 figure includes recruitment and related costs for hiring a new Chief Executive Officer.
Satisfaction <i>Satisfaction with Council decisions</i> [Community satisfaction rating out of 100 with the performance of Council in making decisions in the interest of the community]	53	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 >> Transferred to Council Plan 2017-21 << Delayed due to funding/budget

Council Plan initiative	Action	Status
Continue to implement actions within the Public Health and Wellbeing Plan	Action report template taken to Councillor Assembly quarterly	✓
	Continuous review/update of the Public Health and Wellbeing Plan	✓
Engage with appropriate organisations to co-locate community facilities	Regular discussions with State Government authorities	✓
Implement Youth Action Plan	Determine Council responsibilities and prioritise for resource allocation.	✓
	Implementation of Actions	✓
	Review of the Action Plan	✓
Pursue funding for the redevelopment of the Swan Hill Regional Art Gallery	Provide final designs and all costs and contingencies	>>
Develop and implement a Cultural Plan	Development continues	>>
Review and implement identified actions following the review of Aboriginal Partnership Plan	Implement actions identified in Aboriginal Partnership Plan	>>

Major Initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2016/17 Budget.

Major Initiative	Progress
Ongoing implementation of Community Plans and projects as identified in plans (Actual \$210,895, Budget \$570,810)	Incomplete. A number of the plans are awaiting further guidance from the community groups.
Catalina Park Activation (Actual \$35,565, Budget \$427,000)	Incomplete. Project to be completed in 2017/18.
Continue to engage a Rural Access Co-ordinator with the aim of creating disability inclusive communities (Actual \$115,730, Budget \$127,000)	Completed.
Bromley Road beautification (Actual \$51,135, Budget \$200,000)	Incomplete. Project to be completed in 2017/18.
Detailed design of Swan Hill Regional Art Gallery extensions (Actual \$0, Budget \$165,000)	Incomplete. Project to be completed in 2017/18.
Projects developed from the Swan Hill Riverfront Masterplan (Actual \$50,000, Budget \$1,100,000)	Projects deferred to 2017/18.
Riverwalk sculpture park (Actual \$0, Budget \$350,000)	Incomplete. Grant funding for the project is yet to be sourced.

Services funded in 2016/17 Budget

The following statement provides information in relation to the services funded in the 2016/17 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
Community facilitation	Provide effective and ongoing liaison with, and support to, community and recreation groups	581 <u>856</u> (275)
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	766 <u>775</u> (9)
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	141 <u>307</u> (166)
Public amenities maintenance	Operate, maintain and renew Council buildings, footpaths and lighting	1,566 <u>2,041</u> (475)
Local laws and regulatory services	Provide and enforce a range of regulatory services, resulting in a safe and pleasant environment for residents	509 <u>431</u> 78
Swimming pools and sports venues	Provide quality, accessible aquatic and indoor sporting facilities that support a high quality of life for residents and visitors	1,373 <u>1,327</u> 46
Recreation reserves, parks, playgrounds and street beautification	Maintain Council's parks, reserves, playgrounds and streetscapes in a functional and visually pleasing landscape	3,824 <u>3,080</u> 744
Public health	Provide public health programs appropriate to community needs, which will assure an acceptable state of physical, mental and social wellbeing	220 <u>307</u> (87)

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.	815 <u>797</u> 18
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.	276 <u>758</u> (482)
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.	585 <u>631</u> (46)
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.	1,090 <u>574</u> 516
Indigenous affairs	Promote Indigenous employment programs and facilitate employment outcomes for Indigenous Australians.	21 <u>61</u> (40)

Service Performance Indicators

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

Service/Indicator/measure	Result 2016	Result 2017	Material Variation
Maternal Child Health			
Satisfaction			
<i>Participation in first MCH home visit</i> [Number of first MCH home visits / Number of birth notifications received] x 100	96.69%	96.25%	
Service standard			
<i>Infant enrolments in the MCH service</i> [Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x 100	100.00%	100.63%	
Service cost			
<i>Cost of the MCH service</i> [Cost to Council of the MCH service / Hours worked by MCH nurses]	\$72.15	\$73.87	
Participation			
<i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x 100	75.38%	73.28%	
<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	43.73%	41.88%	

Service performance indicators continued

Service/Indicator/measure	Result 2016	Results 2017	Material Variation
Animal Management			
Timeliness			
<i>Time taken to action animal requests</i> [Number of days between receipt and first response action for all animal management requests / Number of animal management requests]	1*	1.0	*In 2016 figures were not calculated as 24 hours being one day. They were calculated by work day (7.6hrs).
Service standard			
<i>Animals reclaimed</i> [Number of animals reclaimed / Number of animals collected]	21.90%*	25.75%	There has been an increased number of reclaimed animals due to the use of social media. *In 2016 the numerator included animals that were re-homed and not collected by owners.
Service cost			
<i>Cost of animal management service</i> [Direct cost of the animal management service / Number of registered animals]	\$68.55*	\$69.83	*In 2016 the cost of service was incorrectly calculated.
Health and safety			
<i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	6*	1	Increased public awareness and focus on responsible pet ownership resulted in fewer dog attacks and prosecutions in 2017. *In 2016 the numerator was incorrect due to including unpaid fines in the total when they should have been excluded.
Aquatic Facilities			
Service standard			
<i>Health inspections of aquatic facilities</i> [Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]	1	1	
<i>Reportable safety incidents at aquatic facilities</i> [Number of WorkSafe reportable aquatic facility safety incidents]	0	1	There was one reportable incident at the Swan Hill Outdoor Pool during the 2016/17 season.

Service/Indicator/measure	Result 2016	Result 2017	Material Variation
Service cost <i>Cost of indoor aquatic facilities</i> [Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities]	\$6.38*	\$6.58	*In 2016 the Robinvale pool was calculated in the indoor pools figure.
<i>Cost of outdoor aquatic facilities</i> [Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]	\$14.72*	\$16.08	Additional maintenance was required at the Swan Hill Outdoor Pool resulting in an increase in costs. *In 2016 the Robinvale pool was calculated in the indoor pools figure.
Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	6.76	6.15	
Food safety Timeliness <i>The time taken to action food complaints</i> [Number of days between receipt and first response action for all food complaints / Number of food complaints]	1.43	1.00	From 1 July 2016, 'time taken to action food complaints' will be reported by calendar year. Previously this indicator was reported by financial year. This has been implemented to better align reporting with the Department of Health and Human Services. This may result in some variances year on year. Less complaints were received in 2016 resulting in complaints being actioned faster.
Service standard <i>Food safety assessments</i> [Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the Food Act 1984 / Number of registered class 1 food premises and class 2 food premises that require an annual food safety assessment in accordance with the Food Act 1984] x 100	95.18%	94.44%	
Service cost <i>Cost of food safety service</i> [Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984]	\$872.83	\$850.09	

Service performance indicators continued

Service/Indicator/measure	Result 2016	Result 2017	Material Variation
<p>Food safety continued</p> <p>Health and safety</p> <p><i>Critical and major non-compliance outcome notifications</i></p> <p>[Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises]</p>	84.44%	100%	From 1 July 2016, 'Critical and major non-compliance outcome notifications' will be reported by calendar year. Previously this indicator was reported by financial year. This has been implemented to better align reporting with the Department of Health and Human Services. This may result in some variances year on year. Council's registration period is from October to November resulting in higher compliance for this period.
<p>Libraries</p> <p>Utilisation</p> <p><i>Library collection usage</i></p> <p>[Number of library collection item loans / Number of library collection items]</p>	1.38	1.59	There has been an increase in users borrowing e-books, e-audio books and e-magazines.
<p>Resource standard</p> <p><i>Standard of library collection</i></p> <p>[Number of library collection items purchased in the last five years / Number of library collection items] x 100</p>	41.81%	45.28%	
<p>Service cost</p> <p><i>Cost of library service</i></p> <p>[Direct cost of library service / Number of visits]</p>	\$11.90*	\$13.34	The cost of the library service has increased due to decreased visitation numbers in 2017 *In 2016 the cost of the library service was calculated incorrectly.
<p>Participation</p> <p><i>Active library members</i></p> <p>[Number of active library members / Municipal population] x 100</p>	19.24%	19.91%	

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 2016/17 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	Electronic scoreboards
Australian Inland Wine Show	\$2,000	Australian Inland Wine Show
Lake Boga Incorporated	\$3,000	Install three 'themed' seats around Lake Boga foreshore
Lake Boga Men's Shed	\$3,000	Dust extractor system
Lakeside Golf Club	\$2,500	Irrigation upgrade
Mallee Steam Oil and Machinery Club	\$2,500	Dragline restoration
Manangatang & District Bowling Club	\$795	Clubhouse refurbishment
Manangatang Improvement Group	\$1,000	Active mums and kids
Mid Murray Pistol Club	\$3,000	Upgrade range 2 concrete flooring
Nyah District Christmas Carnival Committee (Sub committee of Nyah District Action Group)	\$2,000	Nyah District Christmas Carnival
Nyah District Bowling Club Inc	\$3,000	Paving safety upgrade
Nyah West Golf Club Inc	\$1,450	Bar area flooring safety upgrade
Piangil Memorial Park	\$2,650	Consolidating and cementing community assets (installing pre-loved equipment)
Pioneer Country Quarter Horse Association	\$3,000	Powered sites at EF Butler Reserve
Riding for the Disabled	\$500	Equipment for horse riding lessons
Robinvale Basketball Association	\$1,808	New basketball sporting equipment and shade cloth

Organisation	Approved amount	Project description
Robinvale Euston Vintage Machinery Association Inc (Rural Life Museum)	\$1,500	To install 'extra' termite interception and baiting system
RSL Cricket Club	\$2,510	Completion of RSL Cricket Club veranda
Sustainable Living in the Mallee	\$1,000	Mallee seed bombs
Swan Hill Little Athletics Centre	\$3,000	Perfect timing gates
Swan Hill Kart Club	\$3,000	Canteen upgrade
Swan Hill Clay Target Club	\$3,000	Veranda/outdoor area upgrade (concrete)
Tyntynder Football Netball Club	\$3,000	Recarpet change rooms
Tyntynder South Hall Dance Committee Inc	\$3,000	Kitchen upgrade
Ultima Progress Association	\$3,000	Water tanks for community garden
Waitchie Landcare Group	\$2,771	Waitchie cemetery rabbit proof fence
Woorinen Football Netball Club	\$2,500	Kitchen fit out (oven)

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
Swan Hill Blind Auxiliary	\$200	Used to purchase items for raffle
Swan Hill Kart Club	\$200	Sun Centre Kart Titles
Swan Hill Football Netball Club	\$200	Netfit training session
Swan Hill 4WD Club	\$200	Purchase trees
Murray Mallee Local Learning and Employment Network	\$200	Kokoda Mentoring Program
Swan Hill Quarter Horse Association	\$200	First aid kit

Organisation	Approved amount	Project description
Swan Hill Inner Wheel Club	\$200	Teddy bears picnic fundraiser
Takanga O Penieli Youth (Tongan Church)	\$200	Musical equipment for youth
Swan Hill Playgroup	\$200	Toys for children
Robinvale Euston Agriculture Show Society	\$200	Jam Club Band and MC for Show
Swan Hill Bowls Club	\$200	Computer software upgrade
St Mary MacKillop College	\$200	Art awards
Mallee Sports Assembly	\$200	Cricket Match Community Day
RSPCA Million Paws Walk	\$200	Million Paws Walk Event
Robinvale District Cricket Association	\$200	To fix broken windows at clubrooms
Swan Hill College	\$200	Jenny Brabham memorial award
Southern Lights Incorporated	\$200	Community family day George Lay Park
Swan Hill Ministers Fellowship	\$200	Carols by Candlelight Swan Hill
Swan Hill Football Netball Club	\$200	Paint to paint replacement boards on clubrooms
Swan Hill Lions Club	\$200	Clayton Donovan public cooking demo
Swan Hill Genealogical and Historical	\$200	Purchase historical post cards
REBA	\$200	Shop local program
Swan Hill Martial Arts Budukai Inc	\$200	First aid and training equipment

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 >> Transferred to Council Plan 2017-21 << Delayed due to funding/budget

Council Plan Initiative	Action	Status
Develop Rural Land Use/Living Strategy	Complete Rural Land Use/Living Strategy (including consultation)	✓
Implement outcomes of the review of the Swan Hill Regional Livestock Exchange	Secure funding	✓
	Prioritise Investment	✓
	Functional Design Plan Review of progress to date	✓
Municipality-wide review of directional signage	Undertake review of directional signage for ease of access to major facilities.	✓
Review of the Municipal Strategic Statement (MSS) taking into consideration appropriate accommodation options	Commence MSS review	>>
Investigate the connection of small towns to reticulated sewerage and potable water	If feasible, proceed to community consultation	>>
	Establish priority towns (Council decision in conjunction with relevant community)	>>
	Develop business case for preferred option for each town	>>
Promote the availability of local university access	Utilise Council's media presence to cross promote university accessibility	✓
	Actively promote Council's cadetships, traineeships and apprenticeships	✓

Council Plan Initiative	Action	Status
Investigate new opportunities to support new business development	Review Economic Development incentives within strategies	✓
Actively pursue suitable alternative opportunities arising from decommissioned irrigation infrastructure	Modernisation undertaken, Channel decommissioned.	>>
	Gain ownership of the available land for future development	>>
Actively pursue opportunities for regional focused infrastructure	Complete business cases to justify regional investment	>>
Implement staged redevelopment of the Pioneer Settlement	Identify funding source and apply for funding for stage 2 works	>>
Pursue funding for a levee bank at Robinvale	Develop applications to Federal departments	✓

Major Initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2016/17 Budget.

Major Initiative	Progress
Seed funding for economic development initiatives (Actual \$85,535, Budget \$85,000)	Completed.
Road construction and reconstruction projects (Actual \$2,339,040, Budget \$3,588,485)	Incomplete. The Nyah Road reconstruction project (\$1.71M) commenced in June but the project will not be completed until mid May 2018.
Unsealed road resheets (Actual \$881,130, Budget \$928,210)	Completed.
Road sealing and reseals (Actual \$1,339,590, Budget \$1,000,000)	Completed.
Tower Hill residential development (Actual \$288,350, Budget \$1,500,000)	Completed. Project was brought forward with the majority of works undertaken in 2015/16.

Services funded in 2016/17 Budget

The following statement provides information in relation to the services funded in the 2016/17 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.	(85) <u>39</u> (124)
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.	257 <u>267</u> (10)
Marketing and information services	Provide marketing and information services that attract new residents, investors and visitors to the municipality.	932 <u>903</u> 29
Livestock Exchange	Provide a livestock selling facility and associated services to primary producers and other users.	(268) <u>(245)</u> (23)
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.	4,510 <u>4,412</u> 98
Caravan parks	Provide and maintain caravan park facilities to a standard to promote local tourism and support a high quality of life.	(111) <u>(114)</u> 3

Service Performance Indicators

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

Service/Indicator/measure	Results 2016	Results 2017	Material Variation
Roads Satisfaction of use <i>Sealed local road requests</i> [Number of sealed local road requests / Kilometres of sealed local roads] x 100	9.93*	13.43	*In 2016 an incorrect figure was entered for the numerator figure, giving an incorrect result.
Condition <i>Sealed local roads below the intervention level</i> [Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local road] x 100	98.42%	98.31%	
Service cost <i>Cost of sealed local road reconstruction</i> [Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]	\$26.93*	\$29.04	*In 2016 an incorrect figure was entered resulting in a miscalculation.
<i>Cost of sealed local road resealing</i> [Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]	\$4.05	\$3.96	
Satisfaction <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]	48	49	

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 >> Transferred to Council Plan 2017-21 << 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	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 as requested to assist scheme development	✓

Major Initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2016/17 Budget.

Major Initiative	Progress
Robinvale town levee design and staged construction (Actual \$92,215, Budget \$600,000)	Incomplete. Project to be completed in 2017/18. Grant funds now available.
Projects as identified from the Waste Management Strategy (Actual \$72,035, Budget \$73,500)	Completed.
Roadside weeds and pest management program (Actual \$95,705, Budget \$75,000)	Completed.
Upgrade landfill site service roads and stormwater management (Actual \$4,045, Budget \$25,750)	Incomplete. Project to be completed in 2017/18.
Updated information for the Swan Hill bridge location (Actual \$0, Budget 40,000)	Incomplete. Project to be completed in 2017/18.

Services funded in 2016/17 Budget

The following statement provides information in relation to the services funded in the 2016/17 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.	327 <u>356</u> (29)
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.	178 <u>240</u> (62)
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.	332 <u>479</u> (147)
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.	169 <u>202</u> (33)
Street Cleaning	Maintain urban streets and public areas, including footpaths, in a clean and litter free state.	414 <u>413</u> 1
Drainage	Provide and maintain efficient and effective open and underground drainage systems, including functional kerb and channel systems.	677 <u>650</u> 27
Waste management	Provide waste collection including kerbside collections of garbage, hard waste and green waste from all households and some commercial properties.	(12) <u>(4)</u> (8)

Service Performance Indicators

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

Service/Indicator/measure	Result 2015/16	Result 2016/17	Material Variation
Statutory Planning Timeliness <i>Time taken to decide planning applications</i> [The median number of days between receipt of a planning application and a decision on the application]	53	53	
Service standard <i>Planning applications decided within 60 days</i> [Number of planning application decisions made within 60 days / Number of planning application decisions made] x 100	76.19%	82.69%	From 1 July 2016 this indicator will be updated to include VicSmart planning applications which should be assessed within 10 days. This may result in some variances year on year. The introduction of VicSmart permits has allowed for faster decisions.
Service cost <i>Cost of statutory planning service</i> [Direct cost of statutory planning service / Number of planning applications received]	\$2,744.97	\$2,559.57	
Decision making <i>Council's planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x 100	0	50%	Two planning permits were taken to VCAT in 2017. One was set aside and one was not.

Service/Indicator/measure	Result 2015/16	Result 2016/17	Material Variation
Waste Collection Satisfaction <i>Kerbside bin collection requests</i> [Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x 1000	16.27	25.38	Increase in the number of missed, damaged and bins reaching the end of their lifecycle has increased this indicator in 2017.
Service standard <i>Kerbside collection bins missed</i> [Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x 10,000	2.29*	2.32	*In 2015/16 green waste bins were included in the total figures and should have been excluded.
Service cost <i>Cost of kerbside garbage collection service</i> [Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]	\$54.45	\$55.31	
<i>Cost of kerbside recyclables collection service</i> [Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]	\$27.32	\$27.74	
Waste diversion <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x 100	35.26%	34.53%	



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.

Decision making

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

Council decisions are made in one of two ways:

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

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

Elected members

Conflict of interest

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

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

Copies of the document Conflict of Interest: A Guide for Councillors, 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 21 February 2017.

At the Special Council Meeting held on 15 November 2016, all Councillors signed declarations agreeing to abide by the Councillor Code of Conduct.

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

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

Council Meetings

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

Below are the dates and locations of the Ordinary Council Meetings held in 2016/17:

- | | |
|---------------------|-----------|
| • 19 July 2016 | Swan Hill |
| • 30 August 2016 | Robinvale |
| • 13 September 2016 | Swan Hill |
| • 18 October 2016 | Swan Hill |
| • 15 November 2016 | Swan Hill |
| • 20 December 2016 | Swan Hill |
| • 21 February 2017 | Swan Hill |
| • 21 March 2017 | Swan Hill |
| • 18 April 2017 | Swan Hill |
| • 16 May 2017 | Swan Hill |
| • 27 June 2017 | 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 2016 to June 2017.

Councillor attendance at meetings

Councillor	Ordinary Council Meetings		Special Council Meetings	
	Eligible to attend	Attended	Eligible to attend	Attended
Cr Les McPhee	12	11	6	6
Cr John Katis	12	11	6	5
Cr Gary Norton	12	11	6	6
Cr Jessie Kiley	5	4	1	0
Cr Jim Crowe	5	3	1	1
Cr Greg Cruickshank	5	3	1	1
Cr Michael Adamson*	5	5	1	1
Cr Ann Young	7	7	5	5
Cr Bill Moar	7	7	5	5
Cr Lea Johnson	7	7	5	5
Cr Chris Jeffery	7	7	5	5

Councillor attendance at assemblies

Councillor	Councillor Assemblies	
	Eligible to attend	Attended
Cr Les McPhee	32	30
Cr John Katis	32	28
Cr Gary Norton	32	29
Cr Jessie Kiley	9	6
Cr Jim Crowe	9	7
Cr Greg Cruickshank	9	8
Cr Michael Adamson*	9	9
Cr Ann Young	23	22
Cr Bill Moar	23	22
Cr Lea Johnson	23	20
Cr Chris Jeffery	23	21

* Under Local Government Performance Reporting, Council is required to count Cr Adamson as having attended all meetings after his resignation in April 2016.

Councillor support and remuneration

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

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

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

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

The State Government categorises Councils according to their size and revenue base and for each category, sets the maximum annual allowance that can be paid to Mayors and Councillors. Swan Hill Rural City Council is in Category 2 and for the 2017 year set the annual allowance for its Mayor at \$69,714 and for all its other Councillors at \$26,277, 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 2017)	\$64,532	-	-	\$64,532
Cr John Katis (Deputy Mayor)	\$24,324	\$7,317	\$1,720	\$33,361
Cr Gary Norton	\$24,324	\$441	-	\$24,765
Cr Jessie Kiley	\$7,856	-	\$8,741	\$16,597
Cr Jim Crowe	\$7,856	-	-	\$7,856
Cr Greg Cruickshank	\$7,856	-	-	\$7,856
Cr Ann Young (Deputy Mayor November 2016 - June 2017)	\$16,468	\$502	\$222	\$17,192
Cr Bill Moar	\$16,468	-	-	\$16,468
Cr Lea Johnson	\$16,468	\$114	-	\$16,582
Cr Chris Jeffery	\$16,468	\$41	-	\$16,509

Committees of Council

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

	Councillor	Meeting frequency
Asset Naming Sub-committee	Pre 2016 election Cr John Katis, Cr Jim Crowe Post 2016 election Cr John Katis, Cr Chris Jeffery	Upon request
Audit Committee	Pre 2016 election Cr Les McPhee, Cr Jim Crowe Post 2016 election Cr Ann Young, Cr Lea Johnson	Four meetings scheduled each year
Chief Executive Officer Performance Review Committee	Pre 2016 election Cr Les McPhee, Cr Greg Cruickshank, Cr Michael Adamson Post 2016 election Cr Les McPhee, Cr Lea Johnson, Cr Gary Norton	Annually
Swan Hill Regional Livestock Exchange	Pre 2016 election Cr Les McPhee Post 2016 election Cr Bill Moar	Bi-annually
Swan Hill Regional Art Gallery Advisory Committee	Pre 2016 election Cr Les McPhee Post 2016 election Cr Ann Young	Monthly
Municipal Emergency Management Planning Committee	Pre 2016 election Cr Les McPhee, Cr John Katis Post 2016 election Cr Les McPhee, Cr Chris Jeffery (sub delegate)	Quarterly
Community Grants	Pre 2016 election Cr Jim Crowe Post 2016 election Cr Les McPhee	Annually

Council representation on other Committees

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

Cr Les McPhee

- Murray Mallee Local Learning and Employment Network (MLLEN)
- Murray River Group of Councils
- Lake Boga Land on Water Committee of Management
- Chisholm Reserve Inc
- Major Events Support Scheme
- Lake Boga Inc
- Ultima Progress Association
- Rail Freight Alliance
- Central Murray Regional Transport Forum
- Community Grants

Cr John Katis

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

Cr Gary Norton

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

Cr Chris Jeffery

- Swan Hill Indoor Sport and Recreation Centre Committee of Management
- Alan Garden Reserve Committee of Management
- Bigger Better Beverford Group
- Woorinen Progress Association
- Local Aboriginal Network Swan Hill

Cr Ann Young

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

Cr Bill Moar

- Swan Hill Leisure Centre Committee of Management (sub delegate)
- Loddon Mallee Waste and Resource Recovery Board
- Murray Darling Association
- Bigger Better Beverford
- Agribusiness Advisory Committee
- Woorinen Progress Association

Cr Lea Johnson

- Swan Hill Leisure Centre Committee of Management
- Swan Hill Inc
- Bigger Better Beverford
- Woorinen Progress Association
- Local Aboriginal Network Swan Hill

Audit Committee

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

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

- 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 2016/17 financial year were:

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

Maurice Tyers - third term appointment expires effective 21 October 2017.

Rod Saville - second term appointment expires November 2018.

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. Resigned in May 2016.

Cr Les McPhee - appointed after the resignation of Michael Adamson from May 2016 to October 2016.

Cr Ann Young - appointed for two years at the Statutory Council Meeting in November 2016.

Cr Lea Johnson - appointed for two years at the Statutory Council Meeting in November 2016.

Member	Eligible to attend	Attended
Warren Pollock, Independent member and Chairman	4	3
Maurice Tyers, Independent member	4	3
Rod Saville, Independent member	4	4
Jim Crowe, Councillor	1	0
Michael Adamson, Councillor	0	0
Les McPhee, Councillor	1	1
Ann Young, Councillor	2	1
Lea Johnson, Councillor	2	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 2016/17 was completed with the following reviews conducted:

- Governance Model - Chisholm Motor Sport Complex (insight review)
- Aged Care Packages (Support First) Program (detailed review)

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 2016/17 year the annual external audit of Council's Financial Statements and Performance Statement was conducted by the Victorian Auditor-General's representative, Brad Bohun of Crowe Horwarth (Albury).

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

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

Risk Management

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

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

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

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

Governance and Management Checklist

Governance and Management Items	Assessment
Community Engagement Policy (policy outlining Council's commitment to engaging with the community on matters of public interest)	5/11/2014
Community Engagement Guidelines (guidelines to assist staff to determine when and how to engage with the community)	05/11/2014
Strategic Resource Plan (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next four financial years)	28/06/2017
Annual Budget (plan under section 130 of the Act setting out the services to be undertaken over the next 12 months and the funding and other resources required)	27/06/2017
Asset Management Plans (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	Individual plan dates listed below
Road Asset Management Plan 01/09/2008. Building Asset Management Plan 01/08/2008. Footpath Asset Management Plan 01/08/2009. Irrigation Asset Management Plan 01/08/2008. Kerb and Channel Asset Management Plan 01/08/2009. Landfill Asset Management Plan 01/07/2008. Playgrounds Asset Management Plan 01/08/2008. Bridge Asset Management Plan 01/11/2005. Aerodrome Asset Management Plan 01/03/2009. Road Management Plan 01/05/2013	
Rating Strategy (strategy setting out the rating structure of Council to levy rates and charges)	20/07/2010
Risk Policy (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	19/07/2016
Fraud Policy (policy outlining Council's commitment and approach to minimising the risk of fraud)	21/11/2014
Municipal Emergency Management Plan (plan under section 20 of the <i>Emergency Management Act 1986</i> for emergency prevention, response and recovery)	21/04/2015
Procurement Policy (policy under section 186A the Act outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)	13/09/2016
Business Continuity Plan (plan setting out the actions that will be undertaken to ensure that key services continue to operate in the event of a disaster)	1/12/2015
Disaster Recovery Plan (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	1/04/2016
Risk Management Framework (framework outlining Council's approach to managing risks to the Council's operations)	Risk Management Policy 25/7/16, Fraud Policy 21/11/14

Governance and Management Items	Assessment
Audit Committee (advisory committee of Council under section 139 of the Act whose role is to oversee the integrity of a Council's financial reporting, processes to manage risks to the Council's operations and for compliance with the applicable legal, ethical, and regulatory requirements)	10/02/1998
Internal Audit (independent accounting professionals engaged by the Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls)	1/07/2013
Performance Reporting Framework (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act)	12/04/2016
Council Plan Reporting (report reviewing the performance of the Council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the reporting year)	Qtr 1: 18/10/2016 Qtr 2: 21/02/2017 Qtr 3: 18/04/2017 Qtr 4: 15/08/2017
Financial Reporting (quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)	Annual Report 2016: 18/10/2016 Qtr 1: 15/11/2016 Qtr 2: 21/02/2017 Qtr 3: 16/05/2017
Risk Reporting (six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies)	3/05/2017 (Risk Management Committee) 8/11/2016 (Audit Committee)
Performance Reporting (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act)	Quality and Cost Standards are reported on annually
Annual Report (annual report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial and performance statements)	18/10/2016
Councillor Code of Conduct (Code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)	21/02/2017
Delegations (a document setting out the powers, duties and functions of Council and the Chief Executive Officer that have been delegated to members of staff)	21/02/2017
Meeting procedures (a local law governing the conduct of meetings of Council and special committees)	7/10/2010

Continuous improvement

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

208B. Best Value Principles

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

Performance reporting to our community

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

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

Statutory information

National Competition Policy and compliance 2016/17

Council has complied with the requirements of the National Competition Policy for the period 1 July 2016 to 30 June 2017, 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.

Privacy and Data Protection Act 2014

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

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

Council received no privacy complaints in the 2016/17 financial year.

Freedom of Information Act 1982

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

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

The Act has four principles:

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

Written requests for documents must be addressed to Council's FOI officer and should be accompanied by an application fee of \$28.40 (2017/18).

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 conforming and one non-conforming request were received in 2016/17. One request was withdrawn.

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

Documents available for public inspection

Council is committed to open and transparent governance.

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

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

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

Protected Disclosures Act 2012

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

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

Council takes its role and responsibilities under the Act very seriously. Protected Disclosure procedures also form part of the staff induction process. No reportable matters were received in the 2016/17 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 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 2016/17 financial year.

Disability Action Plan

Council is developing a Community Access and Inclusion Strategy (CAIS) with accompanying action plan to replace the Disability Action Plan. The CAIS is due for adoption early in 2017/18.

Development of Council's Community Access and Inclusion Strategy (CAIS) has identified a number of common themes around improving infrastructure. This included access to Council facilities and within Council buildings.

Other infrastructure improvements also noted were:

- improved footpaths
- more accessible toilets at public parks and within Council facilities
- more disabled parking.

Other areas of improvement were identified within:

- transport
- education, awareness and promotion in the community regarding people with a disability and services
- education and awareness among employers, organisations and clubs regarding people with a disability and their abilities
- accessible information in an easy-to-read format
- Council to lead by example (such as employing 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 2016/17.

Local Laws

Council has the following Local Laws in place:

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

Policies, strategies and plans

As representatives of the community, Council develops the policies that guide and inform Council activity. The following policies, strategies and plans were reviewed and/or adopted in 2016/17.

Policy/Strategy/Plan	Date reviewed/adopted
Occupational Health and Safety Policy	19 July 2016
Risk Management Policy	19 July 2016
Child Protection Policy	19 July 2016
Protected Disclosures Policy	19 July 2016
Child Safe Standards Policy	30 August 2016
Robinvale Community Plan	30 August 2016
Councillor Expense Reimbursement and Support Policy	30 August 2016
CEO Performance Review Policy	30 August 2016
Procurement Policy	13 September 2016
Rural Land Use Strategy 2016	13 September 2016
Domestic Wastewater Operational Management	13 September 2016
Civic Receptions, Receptions and the Provision of Hospitality	13 September 2016
Swan Hill Incorporated Annual Marketing Plan and Budget 2016-17	18 October 2016
Social Media Policy	20 December 2016
10 Year Major Projects Plan 2017/18 to 2026/27	21 February 2017
Diversity Policy	21 February 2017
Councillor Code of Conduct	21 February 2017
Community Care - Home and Community Care	21 March 2017
Community Care - Provision of Brokered Services	21 March 2017
Community Care - Service Standards	21 March 2017
Community Care - Home and Community Care Program for Younger People and the Commonwealth Home Support Program	21 March 2017
Public Art Policy	16 May 2017
Council Plan 2017-21 and Strategic Resource Plan	27 June 2017
Budget 2017/18	27 June 2017
Sustainable Living Strategy 2017-21	27 June 2017
RV Friendly Policy	27 June 2017
Road Management Plan	27 June 2017



Part seven

Performance Statement

Description of municipality

Swan Hill Rural City Council covers 6,116 square kilometres and is home to 20,361 people.

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

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

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

Irrigated farming (including stone fruit, grapes, nuts, olives and vegetable production) accounts for over 11 per cent of the total economic output for the municipality, while traditional livestock and broadacre farming accounts for almost 4 per cent.

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 656,000 visitors each year.

Sustainable Capacity Indicators

Service/indicator/measure	Results			Material variations
	2015	2016	2017	
Own-source revenue Own-source revenue per head of municipal population [Own-source revenue/Municipal population]	\$1,579.15	\$1,663.09	\$1,736.26	
Recurrent grants Recurrent grants per head of population [Recurrent grants/Municipal population]	\$878.72	\$577.00	\$835.57	The 2017 actual result is significantly better than the 2016 result due to receiving an advance of 50% of the 2018 Victoria Grants Commission allocation (\$3.2M). A similar advance in 2015 occurred which explains the reduction recorded in 2016.
Population Expenses per head of population [Total expenses/Municipal population]	\$2,348.88	\$2,454.26	\$2,311.87	
Infrastructure per head of municipal population [Value of infrastructure/Municipal population]	\$18,452.53	\$18,598.85	\$18,679.93	
Population density per length of road [Municipal population/Kilometres of local roads]	5.89	5.84	5.83	
Disadvantage Relative socio-economic disadvantage [Index of Relative Socio-economic disadvantage by decile]	2.00	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	2017	
Governance Satisfaction <i>Satisfaction with Council decisions</i> [Community satisfaction rating out of 100 with the performance of Council in making decisions in the interest of the community]	51	53	53	
Statutory Planning Decision making <i>Council's planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x 100	100.00%	0.00%	50.00%	Two planning permits were taken to VCAT in 2017. One was set aside and one was not.
Roads Satisfaction <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]	52	48	49	
Libraries Participation <i>Active library members</i> [Number of active library members / Municipal population] x 100	22.54%	19.24%	19.91%	
Waste collection Waste diversion <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x 100	34.44%	35.26%	34.53%	

Service/indicator/measure	Results			Material variations
	2015	2016	2017	
Aquatic Facilities Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	3.9	6.76	6.15	
Animal management Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	0	6 *	1	Increased public awareness and focus on responsible pet ownership resulted in fewer dog attacks and prosecutions in 2017. *The 2016 result has been revised from 22 to six. Charges relating to unpaid fines were incorrectly included in the 2016 results.
Food and safety Health and safety <i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x 100	86.11%	84.44%	100.00%	From 1 July 2016, 'critical and major non-compliance outcome notifications' will be reported by calendar year. Previously this indicator was reported by financial year. This has been implemented to better align reporting with the Department of Health and Human Services. This may result in some variances year on year. Council's registration period is from October to November resulting in higher compliance for this period.
Maternal and Child Health Participation <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x 100 <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	72.27%	72.91%	73.28%	
	66.77%	43.29%	41.88%	

Definitions

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

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

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

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

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

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

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

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

“local road” means a sealed or unsealed road for which 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	2021		
Operating position Adjusted underlying result <i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	6.50%	-7.21%	11.65%	2.25%	4.92%	5.33%	4.70%	The 2017 actual result is significantly better than the 2016 result due to receiving an advance of 50% of the 2018 Victoria Grants Commission allocation (\$3.2M). A similar advance in 2015 occurred which explains the deficit recorded in 2016. A combination of reduced borrowings and a return to normal grant receipts from the Victoria Grant Commission is forecast in our underlying result.	
Liquidity Working capital <i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	228.92%	189.19%	293.45%	208.93%	253.99%	278.18%	187.50%	In 2017 the Victoria Grants Commission advanced 50% of its 2018 allocation (\$3.2M) resulting in increased cash held. The clearance of SupportFirst aged care client liability (\$1.3M) in the transfer of packaged care to Uniting Agewell reduced the trade creditors balance. Both of these factors have resulted in an improved result. The 2018 and 2019 variances reflect the expected return to the normal timing of Grants Commission receipts. The 2020 and 2021 variance reflects the required repayment of an interest only loan taken out in 2015 becoming a current liability. Sufficient cash is held to repay this loan. The loan will no longer be a current liability after 2021.	

Dimension/indicator/ measure	Results					Forecasts				Material variations	
	2015	2016	2017	2018	2019	2020	2021				
Unrestricted cash											
<i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	121.27%	140.43%	205.40%	164.36%	209.92%	231.59%	158.75%				In 2017 the Victoria Grants Commission advanced 50% of its 2018 allocation (3.2M), resulting in an increased cash/current asset balance for 2017.
Obligations											
Loans and borrowings											
<i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	35.82%	33.49%	29.45%	29.82%	29.17%	28.88%	28.51%				Council's ability to borrow through the MAV's LGFV did not come to fruition in 2017 and the ongoing repayment of current borrowings has seen a reduction in the borrowings to rates ratio.
<i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	5.53%	4.86%	4.57%	5.15%	3.08%	2.52%	2.54%				Council is continuing with a strategy to progressively reduce borrowings. This reflects in a reduced loan repayment compared to rates each year.

Dimension/indicator/ measure	Results						Forecasts			
	2015	2016	2017	2018	2019	2020	2021	Material variations		
Indebtedness Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x100	29.34%	27.96%	23.30%	25.33%	25.21%	24.67%	12.83%	The ongoing repayment of borrowings over the forecast period will see a gradual reduction in our interest bearing liabilities.		
Asset renewal Asset renewal compared to depreciation [Asset renewal expenses / Asset depreciation] x100	88.88%	74.49%	76.92%	114.46%	75.20%	83.15%	84.13%	Asset renewal expenditure varies each year depending on the type and amount of renewal works required. Most of Council's assets are long lived and therefore the need to replace them varies considerably each year.		

Dimension/indicator/ measure	Results					Forecasts				
	2015	2016	2017	2018	2019	2020	2021	Material variations		
Stability Rates concentration <i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100	46.11%	52.85%	47.86%	55.22%	56.70%	56.24%	56.93%	The 2017 underlying revenue result is significantly better than the 2016 result due to receiving an advance of 50% of the 2018 Victoria Grants Commission allocation (\$3.2M). A similar advance in 2015 occurred which effected underlying revenue in 2016.		
Rates effort <i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.72%	0.74%	0.71%	0.72%	0.72%	0.72%	0.72%			
Efficiency Expenditure level <i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$4,078.64	\$4,227.28	\$3,966.00	\$3,877.00	\$3,773.50	\$3,911.50	\$4,014.58			

Dimension/indicator/ measure	Results			Forecasts				Material variations
	2015	2016	2017	2018	2019	2020	2021	
Revenue level <i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]	\$1,543.64	\$1,596.77	\$1,586.96	\$1,608.88	\$1,659.22	\$1,711.01	\$1,768.73	
Workforce turnover <i>Resignations and terminations compared to average staff</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	13.38%	9.04%	16.29%	18.75%	17.92%	18.01%	18.06%	The high result is due to a reduction in staff following aged care reforms and higher than normal number of retirements.

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 27 June 2017 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: 26 September 2017

In our opinion, the accompanying performance statement of the Swan Hill Rural City Council for the year ended 30 June 2017 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.

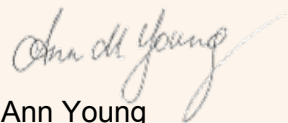
We have been authorised by the council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify this performance statement in its final form.



Les McPhee

Councillor (Mayor)

Dated: 26 September 2017



Ann Young

Councillor

Dated: 26 September 2017



John McLinden

Chief Executive Officer

Dated: 26 September 2017

Independent Auditor's Report

To the Councillors of Swan Hill Rural City Council

<p>Opinion</p>	<p>I have audited the accompanying performance statement of Swan Hill Rural City Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • description of municipality for the year ended 30 June 2017 • sustainable capacity indicators for the year ended 30 June 2017 • service performance indicators for the year ended 30 June 2017 • financial performance indicators for the year ended 30 June 2017 • other information and • the certification of the performance statement. <p>In my opinion, the performance statement of Swan Hill Rural City Council in respect of the year ended 30 June 2017 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</i>.</p>
<p>Basis for Opinion</p>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. My responsibilities under the Act are further described in the <i>Auditor's responsibilities for the audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Australia and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<p>Councillors' responsibilities for the performance statement</p>	<p>The Councillors is responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 1989</i> and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.</p>

Auditor's responsibilities for the audit of the performance statement

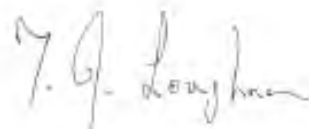
As required by the *Audit Act 1994*, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or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

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

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

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

MELBOURNE
27 September 2017



Tim Loughnan
as delegate for the Auditor-General of Victoria

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
Bowls Victoria Inc	Sponsorship	\$3,500
Community Leadership Loddon Murray	Contribution	\$8,500
Festival of Motor Sport	Sponsorship	\$17,078
Food and Wine Show	Sponsorship	\$10,000
Inner Wheel Club Swan Hill Inc	Sponsorship	\$200
Lake Boga Inc	Contribution	\$3,000
Lake Boga Men's Shed	Contribution	\$6,000
Lake Boga Yacht Club Inc	Sponsorship	\$1,000
Lakeside Golf Club Inc	Contribution	\$2,500
Lions Club of Lake Boga Inc	Contribution	\$150
Lions Club of Lake Boga Inc	Sponsorship	\$10,000
Lions Club of Nyah District Inc	Sponsorship	\$150
Local Aboriginal Networks	Contribution	\$909
Loddon Murray Community Leadership	Contribution	\$6,000
Mallee Almond Blossom Festival	Sponsorship	\$5,000
Mallee Cruiser Car Club Inc	Contribution	\$1,000
Mallee Sports Assembly	Sponsorship	\$200
Mallee Steam Oil and Machinery Club Inc	Contribution	\$2,500
Manangatang and District Bowling Club	Contribution	\$795
Manangatang Improvement Group	Contribution	\$909
Manangatang Improvement Group	Sponsorship	\$150

Organisation	Purpose	Amount
Manangatang Racing Club Inc	Sponsorship	\$1,000
Massive Murray Paddle event	Sponsorship	\$8,455
Mid Murray Pistol Club Inc	Contribution	\$3,000
Model Aero Club	Contribution	\$30,000
Murray Mallee LLEN Inc	Contribution	\$1,205
Murray Mallee LLEN Inc	Sponsorship	\$200
Murray Valley Aboriginal Co-op	Sponsorship	\$200
Northern District Agricultural Societies Assoc of Victoria	Sponsorship	\$750
Nyah District Bowling Club Inc	Contribution	\$3,000
Nyah District Christmas Carnival Committee	Contribution	\$2,000
Nyah District Men's Shed Inc	Contribution	\$3,000
Nyah West Golf Club Inc	Contribution	\$1,450
Piangil Memorial Park Reserve	Contribution	\$2,650
Pioneer Country Quarter Horse Assoc Inc	Contribution	\$3,000
Robinvale and District Cricket Association	Contribution	\$200
Robinvale Basketball Association	Contribution	\$4,808
Robinvale Euston Agriculture Show Society	Sponsorship	\$400
Robinvale Euston Business Association Inc	Sponsorship	\$200
Robinvale Euston Vintage Machinery Association Inc	Contribution	\$1,500
Robinvale State Emergency Service	Contribution	\$6,750
RSPCA - Million Paws Walk	Sponsorship	\$200
Southern Lights Centre Inc	Contribution	\$200
Speewa Heritage Collectors Club Inc	Sponsorship	\$800

Donations and contributions continued

Organisation	Purpose	Amount
St Mary MacKillop College	Sponsorship	\$200
Sustainable Living in the Mallee	Contribution	\$1,000
Swan Hill 4WD Club Inc	Sponsorship	\$200
Swan Hill Badminton Association	Sponsorship	\$1,000
Swan Hill Basketball Association	Sponsorship	\$2,000
Swan Hill Blind Auxiliary	Contribution	\$200
Swan Hill Bowls Club Inc	Sponsorship	\$1,700
Swan Hill Clay Target Club Inc	Contribution	\$3,000
Swan Hill College	Sponsorship	\$200
Swan Hill Country Music Association	Sponsorship	\$1,500
Swan Hill Football Club Incorporated	Sponsorship	\$1,200
Swan Hill Football Club Incorporated	Contribution	\$200
Swan Hill Genealogical and Historical Society	Contribution	\$200
Swan Hill Jockey Club	Sponsorship	\$2,200
Swan Hill Kart Club Inc	Sponsorship	\$200
Swan Hill Kart Club Inc	Contribution	\$3,000
Swan Hill Lions Club Inc	Contribution	\$200
Swan Hill Little Athletics Inc	Contribution	\$3,000
Swan Hill Martial Arts Budokai Inc	Contribution	\$200
Swan Hill Ministers Fellowship	Contribution	\$200
Swan Hill Playgroup Inc	Sponsorship	\$200
Swan Hill RSL Cricket Club Inc	Contribution	\$3,000

Organisation	Purpose	Amount
Swan Hill State Emergency Service	Contribution	\$15,850
Takanga O Penieli Youth	Contribution	\$200
Tennis Victoria	Sponsorship	\$4,000
Tyntynder Football Netball Club Inc	Contribution	\$3,000
Ultima Lions Club	Sponsorship	\$150
Ultima Progress Association	Contribution	\$3,000
Waitchie and District Landcare Group	Contribution	\$2,520
Wemen Fire Brigade	Sponsorship	\$150
Woorinen Football Netball Club	Contribution	\$2,750
TOTAL		\$215,929

Appendix 2: Organisations of which Council is a financial member

Organisation	Membership fee
Australian Performing Arts Centres Association	\$1,173
Australasian Fleet Managers Association	\$345
Australasian Motor Museums Association Inc	\$100
Australian Airports Association	\$520
Australian Livestock Markets Association	\$2,048
Central Victorian Greenhouse Alliance	\$12,500
Community Childcare Association	\$255
Early Childhood Australia Inc	\$213
Family Day Care Australia	\$291
FKA Children's Services Inc	\$191
LG PRO	\$1,194
Local Government Infrastructure Design Association	\$500
Murray River Group of Councils	\$6,853
Maritime Museum of Victoria	\$150
Municipal Association of Victoria	\$32,910
Murray Darling Association Inc	\$6,000
Murray River Regional Tourism Ltd	\$24,253
National Saleyards Quality Assurance Incorporated	\$500
North West Municipalities Association	\$1,000
Online Safety Systems Pty Ltd	\$7,500
Our Community Pty Ltd	\$300
Play Australia (IPA Australia)	\$296
Post Office Agents Association Limited	\$190

Organisation	Membership fee
Public Libraries Victoria Network Inc	\$1,114
Rural Councils Victoria Inc	\$3,000
School Crossings Victoria Inc	\$95
Victorian Association of Performing Arts Centres	\$1,000
Vicsport	\$347
Victorian Maternal Child and Health	\$75
Victorian Tourism Industry Limited	\$455
Waste Management Associates of Australia	\$905
TOTAL	\$106,273



Part eight

Financial Statement

Understanding the Financial Statements

Introduction

The financial report is a key report by the Swan Hill Rural City Council. It shows how Council performed financially during the 2016/17 financial year and the overall position at the end of the financial year (30 June 2017).

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 37 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 2017. 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 2017.
- 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 2017. 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's 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
Table of Contents**

FINANCIAL REPORT	Page
Financial Statements	
Comprehensive Income Statement	104
Balance Sheet	105
Statement of Changes in Equity	106
Statement of Cash Flows	107
Statement of Capital Works	108
Notes to Financial Statements	
Introduction	109
Note 1 Significant accounting policies	109
Note 2 Budget comparison	117
Note 3 Rates and charges	119
Note 4 Statutory fees and fines	119
Note 5 User fees	119
Note 6 Grants	120
Note 7 Contributions	121
Note 8 Net gain / (loss) on disposal of property, infrastructure, plant and equipment	121
Note 9 Other income	121
Note 10 Employee costs	121
Note 11 Materials and services	122
Note 12 Bad and doubtful debts	122
Note 13 Depreciation and amortisation	122
Note 14 Borrowing costs	122
Note 15 Other expenses	122
Note 16 Cash and cash equivalents	123
Note 17 Other financial assets	123
Note 18 Trade and other receivables	123
Note 19 Inventories	124
Note 20 Other assets	124
Note 21 Property, infrastructure, plant and equipment	125
Note 22 Intangible assets	133
Note 23 Trade and other payables	133
Note 24 Trust funds and deposits	133
Note 25 Provisions	134
Note 26 Interest-bearing loans and borrowings	135
Note 27 Reserves	136
Note 28 Reconciliation of cash flows from operating activities to surplus/(deficit)	137
Note 29 Financing arrangements	137
Note 30 Commitments	138
Note 31 Operating leases	139
Note 32 Superannuation	139
Note 33 Contingent liabilities and contingent assets	140
Note 34 Financial instruments	141
Note 35 Related party disclosures	143
Note 36 Senior officer remuneration	144
Note 37 Events occurring after balance date	144
Certification of the Financial Statements	145

**Comprehensive Income Statement
For the Year Ended 30 June 2017**

	Note	2017 \$	2016 \$
Income			
Rates and charges	3	25,852,340	25,036,684
Statutory fees and fines	4	1,036,391	824,128
User fees	5	5,046,326	5,384,379
Grants - operating	6	15,501,749	9,789,837
Grants - capital	6	2,934,821	6,900,231
Contributions - monetary	7	592,168	1,328,086
Contributions - non monetary	7	56,228	156,605
Net gain on disposal of property, infrastructure, plant and equipment	8	298,838	176,224
Other income	9	3,118,675	2,520,702
Total income		54,437,536	52,116,876
Expenses			
Employee costs	10	18,593,705	19,127,104
Materials and services	11	17,823,100	20,216,948
Bad and doubtful debts	12	47,085	6,665
Depreciation and amortisation	13	9,004,266	8,729,954
Borrowing costs	14	407,187	428,530
Other expenses	15	1,196,604	1,579,387
Total expenses		47,071,947	50,088,588
Surplus for the year		7,365,589	2,028,288
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation decrement	27	(1,725,684)	(1,896,908)
Total comprehensive result		5,639,905	131,380

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

Balance Sheet
As at 30 June 2017

	Note	2017 \$	2016 \$
Assets			
Current assets			
Cash and cash equivalents	16	6,533,616	8,559,256
Other financial assets	17	14,572,254	6,059,869
Trade and other receivables	18	2,036,932	2,884,251
Inventories	19	117,694	165,818
Other assets	20	312,046	179,432
Total current assets		<u>23,572,542</u>	<u>17,848,626</u>
Non-current assets			
Trade and other receivables	18	79,786	32,675
Property, infrastructure, plant and equipment	21	440,592,817	443,430,975
Intangible assets	22	1,484,800	1,433,600
Other assets	20	50,000	50,000
Total non-current assets		<u>442,207,403</u>	<u>444,947,250</u>
Total assets		<u>465,779,945</u>	<u>462,795,876</u>
Liabilities			
Current liabilities			
Trade and other payables	23	1,899,973	3,408,467
Trust funds and deposits	24	324,223	422,108
Provisions	25	4,834,677	5,103,715
Interest-bearing loans and borrowings	26	973,978	759,498
Total current liabilities		<u>8,032,851</u>	<u>9,693,788</u>
Non-current liabilities			
Provisions	25	1,700,147	1,721,068
Interest-bearing loans and borrowings	26	6,535,410	7,509,388
Total non-current liabilities		<u>8,235,557</u>	<u>9,230,456</u>
Total liabilities		<u>16,268,408</u>	<u>18,924,244</u>
Net assets		<u>449,511,537</u>	<u>443,871,632</u>
Equity			
Accumulated surplus		285,139,803	277,774,214
Reserves	27	164,371,734	166,097,418
Total Equity		<u>449,511,537</u>	<u>443,871,632</u>

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

**Statement of Changes in Equity
For the Year Ended 30 June 2017**

2017	Note	Total \$	Accumulated Surplus \$	Revaluation Reserve \$
Balance at beginning of the financial year	1(c)	443,871,632	277,774,214	166,097,418
Surplus for the year		7,365,589	7,365,589	-
Net asset revaluation decrement	27	(1,725,684)	-	(1,725,684)
Balance at end of the financial year		449,511,537	285,139,803	164,371,734

2016		Total \$	Accumulated Surplus \$	Revaluation Reserve \$
Balance at beginning of the financial year		443,740,252	275,745,926	167,994,326
Surplus for the year		2,028,288	2,028,288	-
Net asset revaluation decrement	27	(1,896,908)	-	(1,896,908)
Balance at end of the financial year	1(c)	443,871,632	277,774,214	166,097,418

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 2017**

	Note	2017 Inflows/ (Outflows) \$	2016 Inflows/ (Outflows) \$
Cash flows from operating activities			
Rates and charges		25,893,328	25,100,211
Statutory fees and fines		1,036,391	824,128
User fees		6,334,307	4,847,158
Grants - operating		14,294,636	11,158,283
Grants - capital		2,942,121	7,014,473
Contributions - monetary		592,168	1,460,895
Interest received		595,716	549,168
Other receipts		2,597,250	2,040,257
Net GST refund/payment		1,747,197	2,338,666
Employee costs		(18,675,853)	(18,836,726)
Materials and services		(21,058,154)	(23,577,038)
Other payments		(808,713)	(793,136)
Net cash provided by operating activities	28	<u>15,490,394</u>	<u>12,126,339</u>
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	21	(8,305,699)	(12,757,551)
Proceeds from sale of property, infrastructure, plant and equipment		468,735	411,407
Proceeds from sale of investments		(8,512,385)	(6,059,869)
Net cash used in investing activities		<u>(16,349,349)</u>	<u>(18,406,013)</u>
Cash flows from financing activities			
Finance costs		(407,187)	(428,530)
Proceeds from borrowings		-	500,000
Repayment of borrowings		(759,498)	(771,938)
Net cash used in financing activities		<u>(1,166,685)</u>	<u>(700,468)</u>
Net decrease in cash and cash equivalents		(2,025,640)	(6,980,142)
Cash and cash equivalents at the beginning of the financial year		8,559,256	15,539,398
Cash and cash equivalents at the end of the financial year	16	<u>6,533,616</u>	<u>8,559,256</u>
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 2017**

	Note	2017 \$	2016 \$
Property			
Buildings		408,971	980,477
Total property		408,971	980,477
Plant and equipment			
Plant, machinery and equipment		823,872	1,139,793
Fixtures, fittings and furniture		247,356	238,417
Computers and telecommunications		51,898	316,901
Total plant and equipment		1,123,126	1,695,111
Infrastructure			
Sealed Roads		3,719,261	5,037,278
Unsealed Roads		1,485,949	1,387,841
Footpaths and cycleways		195,191	562,401
Drainage		307,310	385,634
Recreational, leisure and community facilities		523,659	2,041,381
Parks, open space and streetscapes		245,501	336,693
Other infrastructure		173,555	331,359
Total infrastructure		6,650,426	10,082,587
Culture and heritage			
Library Collection		123,176	121,849
Total Culture and heritage		123,176	121,849
Total capital works expenditure		8,305,699	12,880,024
Represented by:			
New asset expenditure		1,221,716	4,782,739
Asset renewal expenditure		6,926,395	6,502,650
Asset upgrade expenditure		157,588	1,594,635
Total capital works expenditure		8,305,699	12,880,024

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 2017

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.

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 1 (m))
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 1 (n))
- the determination of employee 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) Correction of prior period error

At 30 June 2016 Council performed a revaluation of its sealed road assets. The written down value of these assets is determined using the condition data gathered for each asset and applied to determine a remaining life.

It has been revealed that the condition scores used to determine the remaining life of the sealed road assets was inaccurate and the remaining life of the sealed road assets were misstated. As a result of this error the value of sealed road assets at 30 June 2016 were undervalued.

Reconciliation of property, infrastructure, plant and equipment

Property, infrastructure, plant and equipment as reported 30 June 2016	439,879,781
Increase in sealed road value	3,551,194
Adjusted comparative - property, infrastructure, plant and equipment	<u>443,430,975</u>

Reconciliation of equity

Reserves as reported 30 June 2016	162,546,224
Increase in sealed road value	3,551,194
Adjusted comparative - reserves	<u>166,097,418</u>

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 1 Significant accounting policies (cont.)

(d) Principles of consolidation

The consolidated financial statements of Council incorporate all entities controlled by Council as at 30 June 2017, 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

(e) Committees of management

All entities controlled by Council that have material revenues, expenses, assets or liabilities, such as committees of management, have been included in this financial report. Any transactions between these entities and Council have been eliminated in full.

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

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 2017**

Note 1 Significant accounting policies (cont.)

(g) 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.

(h) 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.

(i) Trade and other receivables

Short term receivables are carried at invoice amount as amortised cost using the effective interest rate method would not impact the carrying value. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred. Long term receivables are carried at amortised cost using the effective interest rate method.

(j) 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.

(k) Inventories

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

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

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 1 Significant accounting policies (cont.)

(m) Recognition and measurement of property, infrastructure, plant and equipment and 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 price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date.

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

In accordance with Council's policy, the threshold limits detailed in Note 1 (n) 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 and Note 22 intangible assets.

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 2 to 8 years. The valuation is performed either by experienced Council officers or independent experts.

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

Land under roads

Council recognises land under roads it controls at fair value.

(n) 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.

As mentioned above, Council reviews the estimated useful lives of property, infrastructure, plant and equipment and during the current year Council has determined that the useful lives of large plant items be extended. The useful lives were previously set at 8 years, however assessments of change over dates reveals that these assets are generally turned over after 10 years. Large plant items are considered to be our road construction items including graders, rollers, trucks and tractors. The useful lives of these assets will now be 10 years.

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 1 Significant accounting policies (cont.)

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

Asset recognition thresholds and depreciation periods

	Depreciation Period	Threshold Limit \$
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	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	-	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

(o) 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.

(p) Impairment of assets

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

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 1 Significant accounting policies (cont.)

(q) 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).

(r) 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.

(s) 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 2017**

Note 1 Significant accounting policies (cont.)

(t) Landfill rehabilitation provision

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

(u) 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.

(v) 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.

(w) 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.

(x) 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.

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 1 Significant accounting policies (cont.)

(y) Pending accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2017 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

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

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

Leases (AASB 16) (applies 2019/20)

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

Council has a significant number of operating leases that will be impacted as a result of this change. This will see assets and liabilities of approximately \$3,100,000 recognised.

(z) 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 2017**

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 28 June 2016. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

(a) Income and Expenditure

	Budget 2017 \$	Actual 2017 \$	Variance 2017 \$	Ref
Income				
Rates and charges	25,824,000	25,852,340	28,340	
Statutory fees and fines	745,000	1,036,391	291,391	1
User fees	5,722,000	5,046,326	(675,674)	2
Grants - operating	14,184,000	15,501,749	1,317,749	3
Grants - capital	5,662,000	2,934,821	(2,727,179)	4
Contributions - monetary	1,581,000	592,168	(988,832)	5
Contributions - non monetary	-	56,228	56,228	6
Net gain on disposal of property, infrastructure, plant and equipment	97,000	298,838	201,838	7
Other income	2,160,000	3,118,675	958,675	8
Total income	55,975,000	54,437,536	(1,537,464)	
Expenses				
Employee costs	19,891,000	18,593,705	1,297,295	9
Materials and services	19,594,000	17,823,100	1,770,900	10
Bad and doubtful debts	2,000	47,085	(45,085)	11
Depreciation and amortisation	8,297,000	9,004,266	(707,266)	
Borrowing costs	407,000	407,187	(187)	
Other expenses	968,000	1,196,604	(228,604)	12
Total expenses	49,159,000	47,071,947	2,087,053	
Surplus/(deficit) for the year	6,816,000	7,365,589	549,589	

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Statutory fees and fines	Changes in legislation permitted an increase in planning permit fees. Total planning fees increased \$120,000. Valuation data fees from the State Revenue Office of \$110,000 had been forecast in the prior year.
2	User fees	Heartbeat of the Murray admissions were \$404,000 below budget. Administration income from SupportFirst packaged care was \$346,000 below budget due to the sale of the business in December 2016.
3	Grants - operating	Council was prepaid \$3,214,801 of its 2017/18 Victoria Grants Commission allocation. This is offset by the \$2,526,000 reduction in packaged care grants due to the sale of SupportFirst. Significant grants received but not budgeted for were associated with the Robinvale Employment Network \$223,000 and Arbovirus (mosquito) Control program \$115,000.
4	Grants - capital	Roads to Recovery funding was reduced \$999,000, grants for the Swan Hill Riverfront projects (\$1,659,000) and the Robinvale Levee (\$300,000) are yet to be received.
5	Contributions - monetary	The budget had allowed \$1,500,000 towards the Tower Hill Estate development. \$351,000 was received.
6	Contributions - non monetary	Assets donated to Council had not been forecast.
7	Net gain on disposal of property, infrastructure, plant and equipment	Land sales of \$131,000 expected in 2016 were finalised in 2017.
8	Other income	Tower Hill Residential Estate sales were \$473,000 above budget.
9	Employee costs	Workcover costs were \$266,000 below budget and a number of positions within Council budgeted to be filled for the entire year were vacant for longer than expected. Savings were recognised as a result of the sale of the SupportFirst packaged aged care program.
10	Materials and services	The majority of this variance relates to the sale/transfer of SupportFirst aged care packages \$2,392,000. Additional costs associated with the development of further stages at the Tower Hill Estate development (\$344,000) occurred due to additional sales and demand.
11	Bad and doubtful debts	An increase in parking and infringement debtors and a number of deceased estates with outstanding rates required an increase in the doubtful debt provision.
12	Other expenses	Asset disposals and fair value adjustments of \$244,000 had not been budgeted.

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 2 Budget comparison (cont)

(b) Capital Works

	Budget 2017 \$	Actual 2017 \$	Variance 2017 \$	Ref
Property				
Land	1,500,000	-	(1,500,000)	1
Buildings	499,000	408,971	(90,029)	2
Total Property	1,999,000	408,971	(1,590,029)	
Plant and Equipment				
Plant, machinery and equipment	1,370,000	823,872	(546,128)	3
Fixtures, fittings and furniture	-	247,356	247,356	4
Computers and telecommunications	240,000	51,898	(188,102)	5
Total Plant and Equipment	1,610,000	1,123,126	(486,874)	
Infrastructure				
Sealed roads	5,324,000	3,719,261	(1,604,739)	6
Unsealed roads	928,000	1,485,949	557,949	7
Footpaths and cycleways	190,000	195,191	5,191	
Drainage	1,408,000	307,310	(1,100,690)	8
Recreational, leisure and community facilities	160,000	523,659	363,659	9
Parks, open space and streetscapes	3,450,000	245,501	(3,204,499)	10
Other infrastructure	672,000	173,555	(498,445)	11
Total Infrastructure	12,132,000	6,650,426	(5,481,574)	
Cultural and heritage				
Library books	139,000	123,176	(15,824)	
Total cultural and heritage	139,000	123,176	(15,824)	
Total Capital Works Expenditure	15,880,000	8,305,699	(7,574,301)	
Represented by:				
New asset expenditure	5,954,000	1,221,716	(4,732,284)	
Asset renewal expenditure	9,248,000	6,926,395	(2,321,605)	
Asset expansion expenditure	-	-	-	
Asset upgrade expenditure	678,000	157,588	(520,412)	
Total Capital Works Expenditure	15,880,000	8,305,699	(7,574,301)	

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	Relates to additional works at Tower Hill Residential Estate. This project was brought forward due to demand for residential land.
2	Buildings	The Art Gallery extension project was postponed and has been budgeted for completion in 2017/18 (\$165,000).
3	Plant, machinery and equipment	The budget has allowed for the purchase of a Street Sweeper and Loader as part of the plant renewal program. Both items were ordered but were yet to be delivered at 30 June 2017.
4	Fixtures, fittings and furniture	Works completed in this asset category had been forecast in other asset categories. Solar power installations had been forecast in buildings and replacement parking meters had been budgeted as other infrastructure.
5	Computers and telecommunications	The majority of the forecast included costs that could not be capitalised. This included software and items that didn't meet capitalisation thresholds.
6	Sealed roads	The forecast had allowed \$1,711,000 on the reconstruction of Nyah Road. At 30 June the project was incomplete with \$630,000 spent and held as capital works in progress. Roads to Recovery works had all been budgeted as sealed roads, however there were a number of unsealed road projects undertaken from this funding.
7	Unsealed roads	Refer to note 6.
8	Drainage	The forecast had allowed \$600,000 for the Robinvale Levee and \$808,000 for the Swan Hill CBD drainage project. Both projects had minimal spend during the year. The Robinvale Levee was awaiting grant funding. The CBD drainage project was postponed due to a delay in receiving external approval.
9	Recreational, leisure and community facilities	The majority of this variance relates to sporting ground lighting projects to the value of \$408,000 that had been forecast for completion in the 2015/16 year.
10	Parks, open space and streetscapes	This variance relates to projects from the Swan Hill Riverfront Masterplan. A number of projects are in the planning stage, or awaiting further grant funding approval(s).
11	Other infrastructure	A significant number of community plan projects have been delayed awaiting further community consultation and planning.

**Notes to the Financial Report
For the Year Ended 30 June 2017**

	2017	2016
	\$	\$
Note 3 Rates and charges		
<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 2016/17 was \$3,603 million (2015/16 \$3,320 million).</p>		
Residential	9,567,812	9,680,513
Commercial	1,705,735	1,739,270
Industrial	719,838	753,408
Farm/rural	10,577,121	9,690,836
Supplementary rates and rate adjustments	79,429	91,444
Garbage charge	2,863,187	2,789,958
Special Marketing Rates	349,673	346,663
Other	13,966	18,311
Abandonments	(24,421)	(73,719)
Total rates and charges	<u>25,852,340</u>	<u>25,036,684</u>

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

Note 4 Statutory fees and fines

Infringements and costs	108,249	76,160
Building and planning fees	494,316	411,869
Valuation data fees	110,322	18,103
Animal registration/release fees	146,352	140,815
Health registration fees	126,485	125,895
Other fees and fines	50,667	51,286
Total statutory fees and fines	<u>1,036,391</u>	<u>824,128</u>

Note 5 User fees

Aged and health services	1,102,212	924,269
Administration fees	375,321	851,104
Child care/children's programs	208,964	262,216
Parking	270,383	264,281
Sales - admissions	977,879	942,768
Sales - merchandise, catering, other sales	361,247	319,281
Hire & leasing fees	701,893	679,418
Livestock exchange	585,080	637,923
Other fees and charges	463,347	503,119
Total user fees	<u>5,046,326</u>	<u>5,384,379</u>

**Notes to the Financial Report
For the Year Ended 30 June 2017**

	2017	2016
	\$	\$
Note 6 Grants		
Grants were received in respect of the following :		
Summary of grants		
Commonwealth funded grants	14,425,569	9,553,466
State funded grants	4,011,001	7,136,602
Total grants received	<u>18,436,570</u>	<u>16,690,068</u>
Operating Grants		
Recurrent - Commonwealth Government		
Commonwealth Government - health and aged care	2,253,633	3,164,115
Victoria Grants Commission - general purpose	6,354,966	2,051,906
Victoria Grants Commission - local roads	3,071,575	1,013,197
Family day care	318,811	339,304
Out of school hours care	98,897	104,494
Recurrent - State Government		
Employment subsidies	752	2,300
Public health	148,596	24,511
Home and community care	1,389,563	1,412,827
Art gallery and performing arts	150,000	150,000
School crossing supervisors	23,445	22,874
Economic development	222,600	-
Libraries	192,485	190,696
Maternal child health	338,470	300,194
Other	121,281	119,694
Total recurrent operating grants	<u>14,685,074</u>	<u>8,896,112</u>
Non-recurrent - State Government		
Community Projects	240,734	308,260
Environmental protection	75,000	92,000
Indigenous affairs	40,500	50,500
Cultural heritage	74,700	84,617
Libraries	23,183	3,860
Economic development	32,500	44,095
Home and community care	106,907	76,246
Recreation	42,853	61,797
Family and children	66,240	171,550
Other	114,058	800
Total non-recurrent operating grants	<u>816,675</u>	<u>893,725</u>
Total operating grants	<u>15,501,749</u>	<u>9,789,837</u>
Capital Grants		
Recurrent - Commonwealth Government		
Roads to recovery	2,327,687	2,880,450
Total recurrent capital grants	<u>2,327,687</u>	<u>2,880,450</u>
Non-recurrent - State Government		
Roads	172,000	60,470
Footpaths and cycleways	48,000	97,000
Parks playgrounds and street beautification	246,503	1,640,514
Art and heritage	126,131	2,007,408
Waste management	-	152,834
Other	14,500	61,555
Total non-recurrent capital grants	<u>607,134</u>	<u>4,019,781</u>
Total capital grants	<u>2,934,821</u>	<u>6,900,231</u>
Unspent grants received on condition that they be spent in a specific manner		
Balance at start of year	949,450	4,108,583
Received during the financial year and remained unspent at balance date	3,974,676	723,355
Received in prior years and spent during the financial year	(641,750)	(3,882,488)
Balance at year end	<u>4,282,376</u>	<u>949,450</u>

**Notes to the Financial Report
For the Year Ended 30 June 2017**

	2017	2016
	\$	\$
Note 7 Contributions		
Monetary	592,168	1,328,086
Non-monetary	56,228	156,605
Total contributions	<u>648,396</u>	<u>1,484,691</u>
<i>Contributions of non monetary assets were received in relation to the following asset classes:</i>		
Parks, open space and streetscapes	23,638	-
Artwork	20,450	-
Library books	3,480	5,405
Pioneer Settlement	-	151,200
Other	8,660	-
Total non-monetary contributions	<u>56,228</u>	<u>156,605</u>
Note 8 Net gain on disposal of property, infrastructure, plant and equipment		
Proceeds of sale	468,735	411,407
Written down value of assets disposed	(169,897)	(235,183)
Total net gain on disposal of property, infrastructure, plant and equipment	<u>298,838</u>	<u>176,224</u>
Note 9 Other income		
Interest	595,716	549,168
Reimbursements	278,947	282,399
Tower Hill land sales	1,583,000	1,549,182
Less - Tower Hill costs of goods sold	(58,298)	(79,739)
Other	719,310	219,692
Total other income	<u>3,118,675</u>	<u>2,520,702</u>
Note 10 (a) Employee costs		
Wages and salaries	15,339,178	15,469,835
WorkCover	323,298	611,195
Agency staff	591,608	556,498
Long service leave	472,358	597,663
Staff training	188,025	181,629
Superannuation	1,529,533	1,539,486
Fringe benefits tax	56,265	70,374
Other	93,440	100,424
Total employee costs	<u>18,593,705</u>	<u>19,127,104</u>
Note 10 (b) Superannuation		
Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	205,833	197,348
	<u>205,833</u>	<u>197,348</u>
Employer contributions payable at reporting date.	-	-
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,323,209	1,342,138
Employer contributions - other funds	491	-
	<u>1,323,700</u>	<u>1,342,138</u>
Employer contributions payable at reporting date.	-	-
Refer to note 32 for further information relating to Council's superannuation obligations.		

**Notes to the Financial Report
For the Year Ended 30 June 2017**

	2017	2016
	\$	\$
Note 11 Materials and services		
Contract payments	6,873,193	8,380,260
Aged and community care agency payments	2,296,891	3,451,518
Community grants sponsorship and contributions	1,426,618	1,260,340
Building maintenance	817,491	704,252
General maintenance	1,525,771	1,511,975
Utilities	1,356,345	1,520,745
Office administration	836,608	789,860
Information technology	572,384	474,625
Insurance	654,518	596,486
Consultants	494,165	617,069
Other materials and services	969,116	909,818
Total materials and services	17,823,100	20,216,948
Note 12 Bad and doubtful debts		
Parking fine debtors	37,072	26,948
Rates debtors	19,006	(6,754)
Other debtors	(8,993)	(13,529)
Total bad and doubtful debts	47,085	6,665
Note 13 Depreciation and amortisation		
Property	823,323	780,982
Plant and equipment	1,230,717	1,229,847
Infrastructure	6,724,529	6,500,416
Culture and heritage assets	225,697	218,709
Total depreciation and amortisation	9,004,266	8,729,954
<i>Refer to note 21 for a more detailed breakdown of depreciation and amortisation charges</i>		
Note 14 Borrowing costs		
Interest - Borrowings	407,187	428,530
Total borrowing costs	407,187	428,530
Note 15 Other expenses		
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	54,900	46,250
Auditors' remuneration - Internal audit	15,832	10,097
Auditors' remuneration - Other	874	302
Vehicle registrations	90,170	87,770
Bank charges	54,494	60,404
Asset write offs/adjustments	190,299	571,626
Legal costs	52,682	83,851
Fire services levy	65,774	65,014
Councillors' allowances	213,576	228,674
Operating lease rentals	398,544	379,285
Other	59,459	46,114
Total other expenses	1,196,604	1,579,387

**Notes to the Financial Report
For the Year Ended 30 June 2017**

	2017	2016
	\$	\$
Note 16 Cash and cash equivalents		
Cash on hand	11,645	10,745
Cash at bank	3,508,412	3,220,832
Term deposits	3,013,559	5,327,679
	<u>6,533,616</u>	<u>8,559,256</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)	324,223	422,108
Total restricted funds	<u>324,223</u>	<u>422,108</u>
Total unrestricted cash and cash equivalents	<u>6,209,393</u>	<u>8,137,148</u>
Intended allocations		
Although not externally restricted the following amounts have been allocated for specific future purposes by Council:		
- Cash held to fund carried forward capital works	974,865	3,317,205
- unspent conditional grants received	4,282,376	949,450
Total funds subject to intended allocations	<u>5,257,241</u>	<u>4,266,655</u>
Refer also to Note 17 for details of other financial assets held by Council.		
Note 17 Other financial assets		
Term deposits	<u>14,572,254</u>	<u>6,059,869</u>
Total other financial assets	<u>14,572,254</u>	<u>6,059,869</u>
Note 18 Trade and other receivables		
Current		
<i>Statutory receivables</i>		
Rates debtors	1,056,633	1,097,621
Provision for doubtful debts - rates debtors	(22,612)	(3,607)
Private scheme debtors	9,750	9,462
Net GST receivable	188,581	196,809
Infringement debtors	156,224	136,692
Provision for doubtful debts - infringements	(127,139)	(100,523)
<i>Non statutory receivables</i>		
Other debtors	800,726	1,581,853
Provision for doubtful debts - other debtors	(25,231)	(34,056)
Total current trade and other receivables	<u>2,036,932</u>	<u>2,884,251</u>
Non-current		
<i>Non statutory receivables</i>		
Private scheme debtors	25,027	32,675
Loans and advances to community organisations	54,759	-
Total non-current trade and other receivables	<u>79,786</u>	<u>32,675</u>
Total trade and other receivables	<u>2,116,718</u>	<u>2,916,926</u>
(a) Ageing of Receivables		
At balance date other debtors representing financial assets were past due but not impaired. The ageing of the Council's trade & other receivables (excluding statutory receivables) was:		
Current (not yet due)	638,872	747,890
Past due between 31 and 180 days	55,265	772,958
Past due between 181 and 365 days	94,268	20,412
Past due by more than 1 year	12,321	40,593
Total trade & other receivables	<u>800,726</u>	<u>1,581,853</u>

**Notes to the Financial Report
For the Year Ended 30 June 2017**

	2017	2016
	\$	\$
Note 18 Trade and other receivables (cont'd)		
(b) Movement in provisions for doubtful debts		
Balance at the beginning of the year	(34,056)	(47,027)
New Provisions recognised during the year	(12,909)	(7,729)
Amounts already provided for and written off as uncollectible	682	10,859
Amounts provided for but recovered during the year	21,052	9,841
Balance at end of year	<u>(25,231)</u>	<u>(34,056)</u>
(c) Ageing of individually impaired Receivables		
At balance date, other debtors representing financial assets with a nominal value of \$25,231 (2016: \$34,056) were impaired. The amount of the provision raised against these debtors was \$25,231 (2016: \$34,056). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.		
The ageing of receivables that have been individually determined as impaired at reporting date was:		
Past due between 31 and 180 days	4,242	2,192
Past due between 181 and 365 days	8,668	4,171
Past due by more than 1 year	12,321	27,693
Total trade & other receivables	<u>25,231</u>	<u>34,056</u>
Note 19 Inventories		
Inventories held for distribution	14,740	54,401
Inventories held for sale	29,418	22,833
Tower Hill estate	73,536	88,584
Total inventories	<u>117,694</u>	<u>165,818</u>
Note 20 Other assets		
Current		
Prepayments	144,270	97,168
Accrued income	167,776	82,264
Total current other assets	<u>312,046</u>	<u>179,432</u>
Non-current		
Other	50,000	50,000
Total non-current other assets	<u>50,000</u>	<u>50,000</u>
Total other assets	<u>362,046</u>	<u>229,432</u>

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 21 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	AI Fair Value 30 June 2016	Acquisitions	Contributions	Revaluation	Depreciation	Disposal	Transfers	AI Fair Value 30 June 2017
Land	60,296,494	-	-	-	-	(43,250)	-	60,253,244
Buildings	35,080,053	357,450	-	-	(823,324)	(41,267)	40,885	34,613,797
Plant and Equipment	6,157,653	1,123,126	-	-	(1,230,717)	(169,897)	8,282	5,888,447
Infrastructure	331,455,020	5,453,681	32,298	(1,776,884)	(6,724,530)	(166,451)	620,338	328,893,472
Culture and heritage	9,597,086	123,176	23,930	-	(225,697)	-	-	9,518,495
Work in progress	844,669	1,270,298	-	-	-	(20,100)	(669,505)	1,425,362
	443,430,975	8,327,731	56,228	(1,776,884)	(9,004,268)	(440,965)	-	440,592,817

Summary of Work in Progress

	Opening WIP	Additions	Transfers	Write Offs	Closing WIP
Buildings	67,552	51,521	(28,029)	-	91,044
Infrastructure	777,117	1,218,777	(641,476)	(20,100)	1,334,318
Total	844,669	1,270,298	(669,505)	(20,100)	1,425,362

**Notes to the Financial Report
For the Year Ended 30 June 2017**

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

	Land - specialised	Land - non specialised	Total Land	Buildings - specialised	Buildings - non specialised	Total Buildings	Total Property	Work In Progress
Land and Buildings								
At fair value 1 July 2016	56,557,894	3,738,600	60,296,494	100,523,777	4,353,932	104,877,709	165,174,203	67,552
Accumulated depreciation at 1 July 2016	-	-	-	(69,797,656)	-	(69,797,656)	(69,797,656)	-
	56,557,894	3,738,600	60,296,494	30,726,121	4,353,932	35,080,053	95,376,547	67,552
Movements in fair value								
Acquisition of assets at fair value	-	-	-	326,471	30,979	357,450	357,450	51,521
Fair value of assets disposed	-	(43,250)	(43,250)	(260,329)	(1,590)	(261,919)	(305,169)	-
Transfers	17,857	(17,857)	-	108,094	-	108,094	108,094	(28,029)
	17,857	(61,107)	(43,250)	174,236	29,389	203,625	160,375	23,492
Movements in accumulated depreciation								
Depreciation and amortisation	-	-	-	(746,462)	(76,862)	(823,324)	(823,324)	-
Accumulated depreciation of disposals	-	-	-	220,613	39	220,652	220,652	-
Transfers	-	-	-	(67,209)	-	(67,209)	(67,209)	-
	-	-	-	(593,058)	(76,823)	(669,881)	(669,881)	-
At fair value 30 June 2017	56,575,751	3,677,493	60,253,244	100,698,013	4,383,321	105,081,334	165,334,578	91,044
Accumulated depreciation at 30 June 2017	-	-	-	(70,390,714)	(76,823)	(70,467,537)	(70,467,537)	-
	56,575,751	3,677,493	60,253,244	30,307,299	4,306,498	34,613,797	94,867,041	91,044

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 21	Property, infrastructure, plant and equipment (cont'd)	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Total plant and equipment
	Plant and Equipment				
	At fair value 1 July 2016	11,396,080	3,955,898	1,347,773	16,699,751
	Accumulated depreciation at 1 July 2016	(8,253,900)	(1,331,925)	(956,273)	(10,542,098)
		3,142,180	2,623,973	391,500	6,157,653
	Movements in fair value				
	Acquisition of assets at fair value	823,872	247,356	51,898	1,123,126
	Fair value of assets disposed	(1,272,296)	(2,782)	(138,052)	(1,413,130)
	Transfers	-	8,282	-	8,282
		(448,424)	252,856	(86,154)	(281,722)
	Movements in accumulated depreciation				
	Depreciation and amortisation	(777,160)	(324,504)	(129,053)	(1,230,717)
	Accumulated depreciation of disposals	1,102,399	2,782	138,052	1,243,233
		325,239	(321,722)	8,999	12,516
	At fair value 30 June 2017	10,947,656	4,208,754	1,261,619	16,418,029
	Accumulated depreciation at 30 June 2017	(7,928,661)	(1,653,647)	(947,274)	(10,529,582)
		3,018,995	2,555,107	314,345	5,888,447

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 21	Property, infrastructure, plant and equipment (cont'd)										
Infrastructure	Note	Sealed Roads	Unsealed roads	Footpaths and cycleways	Drainage	Recreational, leisure and community	Waste Management	Parks open spaces and streetscapes	Other Infrastructure	Total Infrastructure	Work In Progress
At fair value 1 July 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	478,614,652	777,117
Accumulated depreciation at 1 July 2016		(68,957,562)	(27,870,808)	(10,442,109)	(21,066,696)	(5,687,522)	(4,829,594)	(5,748,546)	(2,556,795)	(147,159,632)	-
		170,224,455	94,998,681	14,515,359	33,728,423	6,266,944	1,245,466	3,843,651	6,632,041	331,455,020	777,117
Movements in fair value											
Acquisition of assets at fair value		3,089,262	1,485,949	175,325	-	498,659	22,032	97,202	85,252	5,453,681	1,218,777
Contributed assets		-	-	-	-	-	-	23,638	8,660	32,298	-
Revaluation increments/decrements		-	(24,946,495)	-	-	-	-	-	-	(24,946,495)	-
Fair value of assets disposed		(265,029)	-	-	-	-	-	-	-	(265,029)	(20,100)
Transfers		274,192	5,304	13,360	321,820	(75,647)	-	14,100	-	553,129	(641,476)
		3,098,425	(23,455,242)	188,685	321,820	423,012	22,032	134,940	93,912	(19,172,416)	557,201
Movements in accumulated depreciation											
Depreciation and amortisation		(2,665,474)	(1,960,790)	(292,180)	(769,080)	(370,088)	(156,600)	(316,204)	(194,114)	(6,724,530)	-
Accumulated depreciation of disposals		98,578	-	-	-	-	-	-	-	98,578	-
Revaluation increments/decrements		-	23,169,611	-	-	-	-	-	-	23,169,611	-
Transfers		-	-	-	-	67,209	-	-	-	67,209	-
		(2,566,896)	21,208,821	(292,180)	(769,080)	(302,879)	(156,600)	(316,204)	(194,114)	16,610,868	-
At fair value 30 June 2017		242,280,442	99,414,247	25,146,153	55,116,939	12,377,478	6,097,092	9,727,137	9,282,748	459,442,236	1,334,318
Accumulated depreciation at 30 June 2017		(71,524,458)	(6,661,987)	(10,734,289)	(21,835,776)	(5,990,401)	(4,986,194)	(6,064,750)	(2,750,909)	(130,548,764)	-
		170,755,984	92,752,260	14,411,864	33,281,163	6,387,077	1,110,898	3,662,387	6,531,839	328,893,472	1,334,318

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 21	Property, infrastructure, plant and equipment (cont'd)					
	Artworks	Library Collection	Pioneer Settlement Vehicles & Vessels	Pioneer Settlement site exhibits	Pioneer settlement buildings	Total cultural and heritage
	1,593,950	1,698,185	4,339,700	2,082,360	7,163,066	16,877,261
Cultural and heritage	(90,027)	(1,148,984)	(14,466)	(6,841)	(6,019,857)	(7,280,175)
At fair value 1 July 2016	1,503,923	549,201	4,325,234	2,075,519	1,143,209	9,597,086
Movements in fair value						
Acquisition of assets at fair value	-	123,176	-	-	-	123,176
Contributed assets	20,450	3,480	-	-	-	23,930
Fair value of assets disposed	-	(31,960)	-	-	-	(31,960)
	20,450	94,696	-	-	-	115,146
Movements in accumulated depreciation						
Depreciation and amortisation	(15,940)	(101,098)	(43,397)	(20,924)	(44,338)	(225,697)
Accumulated depreciation of disposals	-	31,960	-	-	-	31,960
	(15,940)	(69,138)	(43,397)	(20,924)	(44,338)	(193,737)
At fair value 30 June 2017	1,614,400	1,792,881	4,339,700	2,082,360	7,163,066	16,992,407
Accumulated depreciation at 30 June 2017	(105,967)	(1,218,122)	(57,863)	(27,765)	(6,064,195)	(7,473,912)
	1,508,433	574,759	4,281,837	2,054,595	1,098,871	9,518,495

**Notes to the Financial Report
For the Year Ended 30 June 2017**

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

Valuation of land and buildings

Valuation of land and buildings were undertaken by 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. The effective date of the valuation was 30 June 2016.

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 2017 are as follows:

	Level 1	Level 2	Level 3	DoV
	\$	\$	\$	
Land	-	3,677,493	-	June 2016
Land - specialised	-	-	56,575,751	June 2016
Buildings	-	4,306,498	-	June 2016
Buildings - specialised	-	-	30,307,299	June 2016
Total	-	7,983,991	86,883,050	

Valuation of infrastructure

Valuation of unsealed road 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 2017.

Valuation of sealed road and footpath 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.

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 valuations are 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 2017 are as follows:

	Level 1	Level 2	Level 3	DoV
	\$	\$	\$	
Sealed roads	-	-	170,755,984	June 2016
Unsealed roads	-	-	92,752,260	June 2017
Footpaths and cycleways	-	-	14,411,864	June 2016
Drainage	-	-	33,281,163	June 2015
Recreational, leisure and community facilities	-	-	6,387,077	June 2015
Waste management	-	-	1,110,898	June 2015
Parks, open spaces and streetscapes	-	-	3,662,387	June 2015
Other infrastructure	-	-	6,531,839	June 2015
Total	-	-	328,893,472	

**Notes to the Financial Report
For the Year Ended 30 June 2017**

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 2016.

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

Details of the Council's cultural and heritage assets and information about the fair value hierarchy as at 30 June 2017 are as follows:

	Level 1 \$	Level 2 \$	Level 3 \$	DoV
Artworks	-	-	1,508,433	June 2011
Pioneer Settlement vehicles and vessels	-	-	4,281,837	June 2016
Pioneer Settlement site exhibits	-	-	2,054,595	June 2016
Pioneer Settlement buildings	-	-	1,098,871	June 2016
Total	-	-	8,943,736	

2017	2016
\$	\$

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 25% and 75% for specialised land and between 85% and 95% for land under roads. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$0.10 and \$450 per square metre.

56,575,751	56,557,894
------------	------------

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.

30,307,299	30,726,121
------------	------------

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.

328,893,472	331,455,020
-------------	-------------

**Notes to the Financial Report
For the Year Ended 30 June 2017**

	2017	2016
	\$	\$
<p>Artwork assets are valued based on the market based direct comparison approach. Significant unobservable inputs include the rarity of the item, historical significance and the history of the artist. If there are events that determine certain pieces of the collection to be of historical significance, if the artist has works that have increased in popularity or the item is considered to be rare and in demand, this would result in a higher fair value.</p>	1,508,433	1,503,923
<p>Pioneer Settlement vehicles and vessels and site exhibit assets are valued based on the market based direct comparison approach. Significant unobservable inputs include the rarity of the item and historical significance. If there are events that determine certain pieces of the collection to be of historical significance or the item is considered to be rare and in demand, this would result in a higher fair value.</p>	6,336,432	6,400,753
<p>Pioneer Settlement buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement cost is calculated on a square metre basis. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 1 year to 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>	1,098,871	1,143,209
Reconciliation of specialised land		
Land under roads	34,159,969	34,142,112
Crown Land	7,521,700	7,521,700
Parks, reserves, land for community use	14,894,082	14,894,082
Total specialised land	<u>56,575,751</u>	<u>56,557,894</u>

**Notes to the Financial Report
For the Year Ended 30 June 2017**

	2017	2016
	\$	\$
Note 22 Intangible assets		
Water Right	1,484,800	1,433,600
Total intangible assets	<u>1,484,800</u>	<u>1,433,600</u>

Details of the Swan Hill Rural City Council's water rights and information about the fair value hierarchy as at 30 June 2017 are as follows:

	Level 1	Level 2	Level 3
	\$	\$	\$
Water rights	-	1,484,800	-
Total	<u>-</u>	<u>1,484,800</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	175,790	342,354
Salaries and wages	805,864	611,185
Accrued expenses	918,319	1,160,457
SupportFirst aged care	-	1,294,471
Total trade and other payables	<u>1,899,973</u>	<u>3,408,467</u>

Note 24 Trust funds and deposits		
Refundable deposits	117,187	162,800
Fire services levy	2,306	30,316
Retention amounts	204,730	228,992
Total trust funds and deposits	<u>324,223</u>	<u>422,108</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 2017**

Note 25 Provisions

	Annual leave	Long service Leave	Landfill restoration	Total
2017	\$	\$	\$	\$
Balance at beginning of the financial year	1,442,479	3,709,457	1,672,847	6,824,783
Additional provisions	1,328,868	217,609	22,032	1,568,509
Amounts used	(1,401,156)	(213,561)	(210,161)	(1,824,878)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	3,412	1,576	(38,578)	(33,590)
Balance at the end of the financial year	<u>1,373,603</u>	<u>3,715,081</u>	<u>1,446,140</u>	<u>6,534,824</u>
2016				
Balance at beginning of the financial year	1,591,812	3,562,509	1,451,606	6,605,927
Additional provisions	896,884	444,190	96,419	1,437,493
Amounts used	(1,046,217)	(297,242)	-	(1,343,459)
Change 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>1,442,479</u>	<u>3,709,457</u>	<u>1,672,847</u>	<u>6,824,783</u>
			2017	2016
			\$	\$
(a) Employee provisions				
Current provisions expected to be wholly settled within 12 months				
Annual leave			1,137,624	1,143,610
Long service leave			231,892	116,774
			<u>1,369,516</u>	<u>1,260,384</u>
Current provisions expected to be wholly settled after 12 months				
Annual leave			235,979	298,869
Long service leave			3,229,182	3,284,552
			<u>3,465,161</u>	<u>3,583,421</u>
Total current employee provisions			<u>4,834,677</u>	<u>4,843,805</u>
Non-current				
Long service leave			254,007	308,130
Total non-current employee provisions			<u>254,007</u>	<u>308,130</u>
Aggregate carrying amount of employee provisions:				
Current			4,834,677	4,843,805
Non-current			254,007	308,130
Total aggregate carrying amount of employee provisions			<u>5,088,684</u>	<u>5,151,935</u>
(b) Land fill restoration				
Current			-	259,910
Non-current			1,446,140	1,412,938
			<u>1,446,140</u>	<u>1,672,848</u>
Total Provisions				
Current			<u>4,834,677</u>	<u>5,103,715</u>
Non-current			<u>1,700,147</u>	<u>1,721,068</u>
			<u>6,534,824</u>	<u>6,824,783</u>

**Notes to the Financial Report
For the Year Ended 30 June 2017**

	2017	2016
	\$	\$
Note 26 Interest-bearing loans and borrowings		
Current		
Borrowings - secured (1)	973,978	759,498
	<u>973,978</u>	<u>759,498</u>
Non-current		
Borrowings - secured (1)	6,535,410	7,509,388
	<u>6,535,410</u>	<u>7,509,388</u>
Total	<u>7,509,388</u>	<u>8,268,886</u>
 (1) Borrowings are secured by Swan Hill Rural City Council General Rates.		
 (a) The maturity profile for Council's borrowings is:		
Not later than one year	973,978	759,498
Later than one year and not later than five years	1,240,410	2,105,350
Later than five years	5,295,000	5,404,038
	<u>7,509,388</u>	<u>8,268,886</u>

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 27 Reserves

	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
	\$	\$	\$
Asset revaluation reserves			
2017			
Property			
Land	14,372,920	-	14,372,920
Buildings	14,701,519	-	14,701,519
	<u>29,074,439</u>	<u>-</u>	<u>29,074,439</u>
Infrastructure			
Sealed Roads	83,065,693	-	83,065,693
Unsealed Roads	17,752,491	(1,776,884)	15,975,607
Footpaths and cycleways	8,792,891	-	8,792,891
Drainage	15,647,453	-	15,647,453
Recreational, leisure and community facilities	1,912,153	-	1,912,153
Other infrastructure	1,923,169	-	1,923,169
	<u>129,093,850</u>	<u>(1,776,884)</u>	<u>127,316,966</u>
Culture and heritage assets			
Artworks	1,477,603	-	1,477,603
Pioneer Settlement	5,660,682	-	5,660,682
	<u>7,138,285</u>	<u>-</u>	<u>7,138,285</u>
Water rights			
	790,844	51,200	842,044
Total asset revaluation reserves	<u>166,097,418</u>	<u>(1,725,684)</u>	<u>164,371,734</u>
2016			
Property			
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>
Infrastructure			
Sealed Roads	80,898,258	2,167,435	83,065,693
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>76,233</u>	<u>129,093,850</u>
Culture and heritage assets			
Artworks	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>
Water rights			
	77,629	713,215	790,844
Total asset revaluation reserves	<u>167,994,326</u>	<u>(1,896,908)</u>	<u>166,097,418</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 2017**

	2017	2016
	\$	\$
Note 28 Reconciliation of cash flows from operating activities to surplus		
Surplus for the year	7,365,589	2,028,288
Depreciation/amortisation	9,004,266	8,729,954
Profit on disposal of property, infrastructure, plant and equipment	(298,838)	(176,224)
Assets written off / asset adjustments	228,936	652,911
Works in progress expensed from prior years	20,100	25,310
Contributions - Non-monetary assets	(56,228)	(156,605)
Reallocation of borrowing costs to financing activities	407,187	428,530
Non-cash - landfills provision movement	-	(221,241)
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	800,208	(907,680)
Increase in other assets	(132,614)	(42,045)
Increase/(decrease) in trade and other payables	(1,606,378)	1,328,897
(Increase)/decrease in inventories	48,124	(24,159)
Increase/(decrease) in provisions	(289,958)	460,403
Net cash provided by operating activities	<u>15,490,394</u>	<u>12,126,339</u>
Note 29 Financing arrangements		
Credit card facilities	200,000	98,000
Loans and borrowings	7,509,388	8,268,886
Total facilities	<u>7,709,388</u>	<u>8,366,886</u>
Used facilities	<u>7,522,616</u>	<u>8,279,345</u>
Unused facilities	<u>186,772</u>	<u>87,541</u>

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 30 Commitments

The Council has entered into the following commitments

2017	Not later than 1	Later than 1 year	Later than 2 years	Later than 5	Total
	year	and not later than 2 years	and not later than 5 years		
	\$	\$	\$	\$	\$
Operating					
Building and property maintenance	35,070	35,070	-	-	70,140
Cleaning - council buildings, public toilets, barbeques	748,170	766,874	-	-	1,515,044
Environmental management	380,000	400,000	420,000	-	1,200,000
Home care services	44,800	-	-	-	44,800
Internal audit services	15,000	-	-	-	15,000
Materials and supplies	400,000	-	-	-	400,000
Management & operation of the PS Pyap	199,052	204,028	-	-	403,080
Professional services	50,540	20,000	-	-	70,540
Provision of security services	5,669	-	-	-	5,669
Recreation, leisure and community facilities	657,434	684,469	721,209	-	2,063,112
Staff uniforms and protective clothing	18,000	-	-	-	18,000
Strategic planning and development	116,002	-	-	-	116,002
Valuations and rating services	182,526	66,280	129,526	-	378,332
Waste management operation and kerbside collection	1,537,997	1,576,447	1,615,858	-	4,730,302
Total	4,390,260	3,753,168	2,886,593	-	11,030,021
Capital					
Parks, open space and streetscapes	83,396	-	-	-	83,396
Drainage	594,741	-	-	-	594,741
Plant & equipment	279,763	-	-	-	279,763
Sealed roads	1,643,075	1,450,000	-	-	3,093,075
Unsealed roads	700,000	-	-	-	700,000
Total	3,300,975	1,450,000	-	-	4,750,975
2016					
	Not later than 1	Later than 1 year	Later than 2 years	Later than 5	Total
	year	and not later than 2 years	and not later than 5 years	years	
	\$	\$	\$	\$	\$
Operating					
Annual earthworks & plant hire - landfills	20,000	-	-	-	20,000
Cleaning - council buildings, public toilets, barbeques	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
Total	5,329,719	3,984,117	2,640,123	1,168,170	13,122,129
Capital					
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
Total	3,185,777	3,360,469	1,210,469	-	7,756,715

**Notes to the Financial Report
For the Year Ended 30 June 2017**

	2017	2016
	\$	\$
Note 31 Operating leases		
(a) Operating lease commitments		
At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):		
Not later than one year	389,365	380,220
Later than one year and not later than five years	1,601,812	1,217,260
Later than five years	1,561,861	829,436
	3,553,038	2,426,916
(b) Operating lease receivables		
The Council has entered into commercial property leases on its assets, consisting of surplus freehold office complexes, aerodrome facilities and caravan parks. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 15 years.		
Future minimum rentals receivable under non-cancellable operating leases are as		
Not later than one year	377,573	316,979
Later than one year and not later than five years	1,119,261	932,302
Later than five years	1,142,306	962,090
	2,639,140	2,211,371

Note 32 Superannuation

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

Accumulation

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2017, 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 2016, 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 102.0%. To determine the VBI, the Fund Actuary used the following long-term assumptions:

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

Notes to the Financial Report For the Year Ended 30 June 2017

Note 32 Superannuation (cont'd)

Vision Super has advised that the estimated VBI at 30 June 2017 was 103.1%.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 2016 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 2016 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 2017, this rate was 9.5% of members' salaries (9.5% in 2015/16). 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.

2016 Interim actuarial investigation surplus amounts

The Fund's interim actuarial investigation as at 30 June 2016 identified the following in the defined benefit category of which Council is a contributing employer:

A VBI surplus of \$40.3 million; and

A total service liability surplus of \$156 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 2016. 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 2016 VBI during August 2016.

2017 Full triennial actuarial investigation

A full actuarial investigation is being conducted for the Fund's position as at 30 June 2017. It is anticipated that this actuarial investigation will be completed in December 2017.

Future superannuation contributions

In addition to the disclosed contributions, Swan Hill Rural City Council has paid unfunded liability payments to Vision Super totalling \$0 (2015/16 \$0). There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2017. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2018 is \$197,977.

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 2017

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 / Council does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

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

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

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

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

(c) Credit risk

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

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

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

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

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when Council provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 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 2017**

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 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 29.

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

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

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

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 35 Related party disclosures

(i) Related Parties

Parent entity

Swan Hill Rural City Council is the parent entity.

(ii) Key Management Personnel

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

Councillors		
	Mayor Les McPhee	08/12/2008 to 30/06/2017
	Cr John Katis	20/03/1997 to 30/06/2017
	Cr Gary Norton	18/03/2003 to 30/06/2017
	Cr Ann Young	15/11/2016 to 30/06/2017
	Cr Chris Jeffery	15/11/2016 to 30/06/2017
	Cr Lea Johnson	15/11/2016 to 30/06/2017
	Cr Bill Moar	15/11/2016 to 30/06/2017
	Cr Greg Cruickshank	18/03/2003 to 21/10/2016
	Cr Jessie Kiley	07/11/2012 to 21/10/2016
	Cr Jim Crowe	07/11/2012 to 21/10/2016
	Mr John McLinden	21/03/2016 to 30/06/2017
	Mr David Lenton	21/12/1992 to 30/06/2017
	Mr Bruce Myers	28/02/1994 to 30/06/2017
	Mr Adam McSwain	19/10/2015 to 07/04/2017
	Mr Oliver McNulty	27/07/2016 to 30/06/2017

	2017	2016
	No.	No.
Total Number of Councillors	10	7
Chief Executive Officer and other Key Management Personnel	5	8
Total Key Management Personnel	<u>15</u>	<u>15</u>

(iii) Remuneration of Key Management Personnel

Total remuneration of key management personnel was as follows:

	\$	\$
Short-term benefits	1,091,396	1,059,010
Post-employment benefits	81,638	77,993
Other long-term benefits	21,701	16,085
Termination benefits	-	146,313
Total	<u>1,194,736</u>	<u>1,299,401</u>

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

	2017	2016
	No.	No.
\$10,000 - \$19,999	7	-
\$20,000 - \$29,999	1	4
\$30,000 - \$39,999	1	3
\$50,000 - \$59,999	-	1
\$60,000 - \$69,999	1	-
\$70,000 - \$79,999	-	1
\$90,000 - \$99,999	-	1
\$130,000 - \$139,999	-	1
\$150,000 - \$159,999	2	-
\$160,000 - \$169,999	-	1
\$180,000 - \$189,999	-	1
\$190,000 - \$199,999	1	-
\$200,000 - \$209,999	1	1
\$210,000 - \$219,999	-	1
\$250,000 - \$259,999	1	-
	<u>15</u>	<u>15</u>

**Notes to the Financial Report
For the Year Ended 30 June 2017**

Note 35 Related party disclosures (cont'd)

(iv) Transactions with related parties

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

Councillor Greg Cruickshank owns and operates Greg Cruickshank Photographics. Council entered into the provision of photographic services on normal commercial terms and conditions. Total transactions for 2016/17 = \$270 (2015/16, \$2,336).

(v) Outstanding balances with related parties

There were no outstanding balances relating to transactions with related parties at 30 June 2017 (2015/16, \$0).

(vi) Loans to/from related parties

No loans have been made, guaranteed or secured by the council to a related party during the reporting year (2015/16, \$0).

(vii) Commitments to/from related parties

There are no commitments in existence at balance date that have been made, guaranteed or secured by the council to a related party (2015/16, \$0).

Note 36 Senior Officer Remuneration

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

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$142,000.

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

Income Range:	2017 No.	2016 No.
< \$142,000	-	1
\$142,000 - \$149,999	2	2
\$150,000 - \$159,999	1	-
\$160,000 - \$169,999	-	1
\$170,000 - \$179,999	-	-
	3	4

Total Remuneration for the reporting year for Senior Officers included above, amounted to	\$	445,423	\$	599,233
---	----	---------	----	---------

Note 37 Events occurring after balance date

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

Certification of the Financial Statements

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



David Lenton CPA
Principal Accounting Officer

Date : 26 September 2017

Swan Hill

In our opinion the accompanying financial statements present fairly the financial transactions of Swan Hill Rural City Council for the year ended 30 June 2017 and the financial position of the Council as at that date.

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

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



Cr Les McPhee
Councillor (Mayor)

Date : 26 September 2017

Swan Hill



Cr Ann Young
Councillor

Date : 26 September 2017

Swan Hill



John McLinden
Chief Executive Officer

Date : 26 September 2017

Swan Hill

Independent Auditor's Report

To the Councillors of Swan Hill Rural City Council

Opinion	<p>I have audited the financial report of Swan Hill Rural City Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2017 • comprehensive income statement for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • statement of capital works for the year then ended • notes to the financial statements, including a summary of significant accounting policies • certification of the financial report. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the <i>Local Government Act 1989</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Councillors' responsibilities for the financial report	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, and using the going concern basis of accounting unless it is inappropriate to do so.</p>

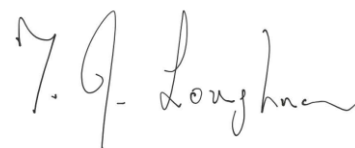
Auditor's responsibilities for the audit of the financial report

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

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

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

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





Swan Hill Rural City Council

Postal Address

PO Box 488, Swan Hill, Victoria 3585

Swan Hill Business Centre

45 Splatt Street Swan Hill, Victoria 3585

Phone: (03) 5036 2333 Fax: (03) 5036 2340