



# Central Goldfields Shire Council

Annual Report  
2017 – 2018





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# About Council



## STATEMENT OF ACKNOWLEDGMENT

The ancestors and descendants of the Dja Dja Wurrung are the traditional custodians of this Country. Council respects and acknowledges the unique Aboriginal cultural heritage within.

## WELCOME

The Central Goldfields Shire Council 2017–2018 Annual Report has been prepared in accordance with the requirements and guidelines of the *Local Government Act 1989* and the Local Government Performance Reporting Framework.

It provides our community with a comprehensive report of our operations, achievements and challenges throughout the year.

It also provides in detail our performance during the 2017–2018 financial year against the Council Plan and the Budget.

### Copies

The 2017–2018 Central Goldfields Shire Council Annual Report is available via the following ways:

- Online at [www.centralgoldfields.com.au](http://www.centralgoldfields.com.au)
- Hard copies available via request from Council's Customer Service Centre, 22 Nolan Street, Maryborough

### Feedback

For more information on the Annual Report and to provide feedback contact us on 5461 0610 or email [mail@cgoldshire.vic.gov.au](mailto:mail@cgoldshire.vic.gov.au).



## VISION, PURPOSE, VALUES

### OUR VISION

To be a vibrant, thriving, inclusive community.

### OUR PURPOSE

To achieve the best outcomes for the local community and having regard to the long term and cumulative effects of decisions.

### OUR VALUES

- **Be Innovative** – Find new and creative ways; focus on future.
- **Work Together** – Recognise collaboration and partnerships in meeting our challenges and opportunities.
- **Be Respectful, Inclusive and Caring** – Listen, consider all viewpoints and embrace and respect diversity and inclusion, that is, bring everyone along for the journey.
- **Value Knowledge** – As a way of realising our potential and encouraging lifelong learning.
- **Be Accountable** – By being responsible for our actions and always acting with integrity.

## OUR MUNICIPALITY

Located at the geographical centre of Victoria, Central Goldfields Shire Council is within one hour's drive of the regional centres of Ballarat and Bendigo and just two hours from Melbourne.

The municipality covers an area of 1,532 square kilometres and has an estimated population of almost 13,000 people.

Central Goldfields Shire is bounded by Northern Grampians Shire in the north-west, Pyrenees Shire in the west, Hepburn Shire in the south, Mount Alexander Shire in the east and Loddon Shire in the north-east.

Maryborough is the major business centre with a population of around 8,000. Other townships include Bealiba, Carisbrook, Dunolly, Majorca, Talbot, Bowenvale-Timor, Daisy Hill – all of which feature iconic heritage architecture.

Agricultural industries are spread across the municipality and include grain, sheep grazing and broiler farming. The municipality is also home to a number of major manufacturing, infrastructure, agricultural, freight, printing and food production companies.

Residents have access to affordable housing and a wide variety of health services, schools and recreational facilities.



## OUR PEOPLE

### Population:

Central Goldfields Shire – **12,995**

Town	Population
Bealiba	206
Carisbrook	1,115
Dunolly	893
Maryborough	7,921
Talbot	442
Majorca	211

### Demographics:

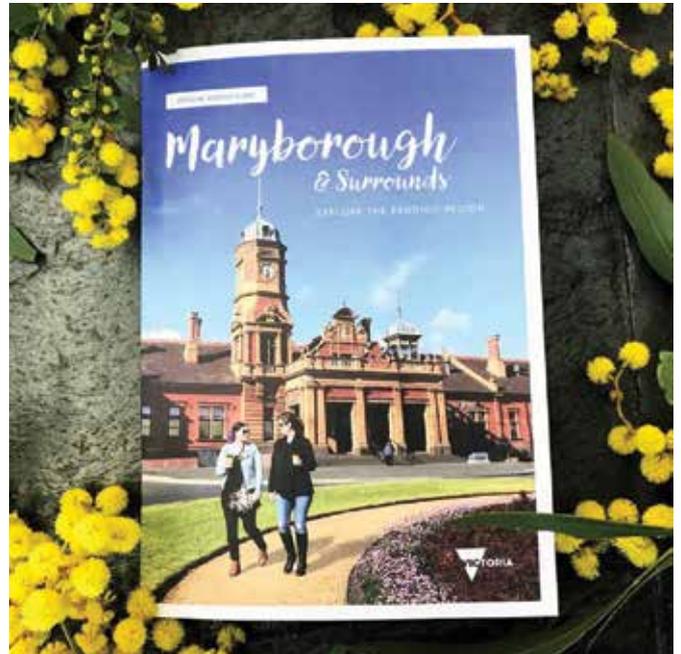
- **50 years** – median age
- **61%** of the population live in Maryborough
- **15.5%** of the population are aged between 0 and 14 years of age
- **28.2%** of the population are aged 65 and over

## QUICK STATISTICS 2017–2018



### Social Media

- Central Goldfields Shire Facebook – **1,784** likes
- Central Goldfields Shire Twitter – **361** followers
- Visit Maryborough & Surrounds Facebook – **857** likes
- Maryborough Regional Library Facebook – **285** likes
- Central Goldfields Art Gallery Facebook – **121** likes
- Central Goldfields Shire Rehoming Facebook – **2,568** likes
- Go Goldfields Facebook – **363** likes



### Tourism

- **18,822** visitor enquiries at the Visitor Information Centre
- **145,000** annual day-trip visitors
- **65,000** annual overnight visitors to the region
- **18%** of overnight visitors are from interstate



### Central Goldfields Art Gallery

- **9** exhibitions
- **3,742** visitors
- **8** children's school holiday workshops
- **142** children participated in school holiday workshops



### Community Care

- **10,714** hours of home care
- **6,602** hours of personal care assistance
- **832** hours respite
- **5,127** meals on wheels delivered
- **2,013** hours of home modifications and property maintenance
- **7,502** hours of social support

## QUICK STATISTICS 2017–2018



### Children's Services

- **33** children in three year old kindergarten program
- **33** children in four year old kindergarten program
- **30** children in Family Day Care
- **165** families in our Long Day Care program



### Library

- **72,075** items borrowed
- **66,919** visitors
- **338** events and programs hosted
- **4,754** attended library events and programs



### Local Laws

- **138** animals re-homed
- **1,060** cats registered
- **3,496** dogs registered



### Maternal and Child Health

- **115** babies born
- **1,158** Key Ages and Stages consultations completed
- **333** additional activities, consultations and visits



### Community Health

- **725** secondary school vaccinations administered
- **629** flu shots administered
- **100%** immunity – achieved for the children aged 60 to 63 months old– well above the state average



### Roads

- **5.87 kms** of sealed road rehabilitation
- **400 metres** of footpath replacement/installation
- **39.5 kms** of sealed road resealing
- **1.33 kms** of kerb and channel renewal



# Year in Review

## 2017-2018 HIGHLIGHTS AND CHALLENGES



### JULY

- 2018 Youth Awards announced (pictured)
- Murray Basin Rail Project commenced
- Interim CEO Vince Haining appointed
- Municipal Monitor Bill Jaboor re-appointed
- Possum Gully Road Trial Project received AustStab Award for Excellence



### SEPTEMBER

- Sealed pavement condition assessment carried out on 520 kilometres of sealed roads
- The Organisation and Governance Reform Program – response plan adopted
- Vegetation works completed at old Dunolly Quarry
- Flood levee construction works commenced in Carisbrook
- 2017–2018 Official Visitors Guide launched
- Tree replacement program carried out at the Maryborough Municipal Swimming Pool (pictured)
- ‘Trudy Harley’ exhibition opened at Central Goldfields Art Gallery
- Go Goldfields Story Seat project launched
- Spring Fling program released



### AUGUST

- Bet Bet Creek bridge replacement project completed (pictured)
- Youth Volunteer Expo held as part of National Student Volunteer Week
- ‘From the landscape in which we live’ exhibition opened at Central Goldfields Art Gallery
- State Government dismissed Central Goldfields Shire Council
- Mark Davies appointed as Interim Administrator
- CEO Mark Johnson resigned
- ‘Learning, Living and Working in Central Goldfields Shire’ booklet launched
- Go Goldfields hosted community consultation sessions to inform Literacy Strategy

### OCTOBER

- Seniors Festival activities held
- School holiday events held at Maryborough Regional Library, Central Goldfields Art Gallery and Youth Engage! Program
- 70 metre section of Inkerman Street footpath constructed
- Record crowds attended Get Up and Go Family Fun Day
- Hunt for the Golden Shoe competition held as part of Walk to School Month.
- Two additional green waste collections held for Fire Action Week
- Upgrade to the cricket training facilities at Hedges Oval officially opened
- ‘VCE Art and Design’ exhibition opened at Central Goldfields Art Gallery
- Council transitioned to the Northern Victorian Integrated Municipal Emergency Planning Committee.
- The Organisation and Governance Reform Program commenced



### OCTOBER (continued)

- The Go Goldfields Children's and Families Action Group launched 'Loved and Safe' social media campaign (pictured)
- Central Goldfields Shire Youth Advisory Council 'Snapshot' Photography Competition launched
- State Government announced funding for Tullaroop and Chaplins Road intersection upgrade
- Early Years Expo held at Station Domain



### NOVEMBER

- Maryborough Municipal Swimming Pool Conservation Management Plan community consultation held
- Outdoor pool season opened
- 'Art and Craft' exhibition opened at Central Goldfields Art Gallery
- Maryborough Lions Club presents Council with cheque for Liberty Swing project
- White Ribbon Day garden bed planted in Philips Gardens (pictured)
- International Day for the Elimination of Violence against Women and the Victoria Against Violence – 16 Days of Activism marked with a mass planting of Marigolds
- Sorry About Your Wall graffiti project launched
- Summer in the Domain event program launched
- 2017 Energy Breakthrough attracted 12,000 visitors including 8,000 participants



### DECEMBER

- Regional Centre for Culture program announced
- Number Plate Safety Screw Day was held in partnership with Victoria Police, Rotary Maryborough, Bendigo Bank and L2P Program
- The Domain Carols event held in Maryborough
- State Government appointed three administrators – Noel Harvey (Chairperson), Karen Douglas and Hugh Delahunty (pictured)
- Delegation framework developed
- New program of agendas and record keeping introduced
- Staff training conducted on good governance, role of IBAC, the Inspectorate and Protected Disclosure Officer and respectful behaviours in the workplace.
- Independent organisation culture survey commenced



### JANUARY

- School holiday programs held at Central Goldfields Art Gallery, Maryborough Regional Library and Youth Engage! Program
- Toddler Story Time launched at Maryborough Regional Library
- Pop-Up Playgroup held in Maryborough
- Australia Day event held at Station Domain – included Australia Day awards announcement, Citizenship Ceremony and presentations to babies and children
- 'Gallery Collection' exhibition opened at Central Goldfields Art Gallery
- Stage two of the Majorca Road upgrade commenced
- Dunolly flood mitigation works commenced (pictured)
- Lucy Roffey appointed Central Goldfields Shire CEO
- Domestic Animal Management Plan adopted
- Municipal Health and Wellbeing Plan adopted

## 2017-2018 HIGHLIGHTS AND CHALLENGES

### JANUARY (continued)

- Administrators hosted 'Meet and Greet' sessions
- Pathway condition assessment carried out across 72.5 kilometres of footpath
- A program of internal audits developed
- New policies adopted including Media Policy and Online Communication Policy; Disposal or Sale of Council Assets and Land; Corporate Purchase Card Policy; Review Of Council's Code Of Meetings Procedure 2015



### MARCH

- Works team raised money for the World's Greatest Shave
- 2018 Energy Breakthrough entries opened
- Dunolly flood mitigation works completed
- Beautification works carried out in Derby Road, Maryborough (pictured)
- Flu Vaccination program commenced
- Luke Court, Maryborough reconstruction commenced
- 'War in Pictures' exhibition opened at Central Goldfields Art Gallery
- 2017-2018 Community Grants Program opened for applications
- 'Have your Say' community consultation program commenced
- Administrators hosted listening posts at local townships
- 2,000 bulbs planted at Philips Gardens
- Draft Service Charter, Draft Complaint Resolution Policy and Procedure and Draft Community Engagement Framework released for community feedback



### FEBRUARY

- Tullaroop Road /Chaplins Road intersection upgrade commenced
- Carisbrook Baringhup Road upgrade commenced
- Noxious Weed Control Program commenced
- Imagination Station opened at Rene Fox Gardens, Dunolly
- 'COLD' exhibition opened at Central Goldfields Art Gallery
- Sorry About Your Wall murals on display at Central Goldfields Art Gallery (pictured)
- Property and Risk Officer appointed
- Specifications for new Council website finalised and out for tender
- Budget process review undertaken
- Organisational culture survey report received and action planning commenced
- New Draft Community Engagement Framework produced
- First tranche of Human Resource Policies developed
- New Employee Performance Review Framework developed
- Electronic Document Management System review undertaken



### APRIL

- School holiday programs held at Central Goldfields Art Gallery, Maryborough Regional Library and Youth Engage! Program
- New Engage! Youth Space opened (pictured)
- Skate and Scooter Festival held

### APRIL (continued)

- Three sporting facility upgrade projects opened – Maryborough and District Horse and Pony Club, Dunolly Horse Activity Club and Pony Club and Maryborough Tennis Centre
- Three new General Managers appointed – Rebecca Stockfeld, Paul Brumby and Brenton West
- Liberty Swing at Princes Park opened
- Early years' service providers attended Murdoch Children's Research presentation 'Restacking the Odds'
- Service Charter and Complaint Resolution Policy and Procedure adopted
- Protected Disclosure Policy and Protected Disclosure Procedure adopted
- Fraud and Corruption Policy reviewed
- Council Procurement Policy reviewed



### JUNE

- Local education and service providers participate in Berry Street Education Model training (pictured)
- Taylor Street, Maryborough footpath project commenced
- Dunolly Senior Citizens' Hall kitchen upgrade commenced
- 2018 Community Satisfaction Survey results released
- 'Wal Richards: Wedding Photographer' exhibition opened at Central Goldfields Art Gallery
- Compost Facility upgrade completed
- 2018–2019 Budget adopted
- Council Plan 2017–2021 refresh released for community feedback
- 2017–2018 Community Grants Program recipients announced
- EOI released for Carisbrook Flood and Drainage Management Plan Implementation Community Reference Group
- Priority Projects Plan endorsed
- IT security policy and records management policies drafted



### MAY

- 'Under the Sky' exhibition opened at Central Goldfields Art Gallery
- Shire wins second Award for Excellence – The Institute of Public Works Engineering Australasia (Victoria Division) Award – for Possum Gully Road – Unsealed Roads Treatment Trial Project
- Goldfields Reservoir Track Boardwalk re-opened
- 2018–2019 Draft Budget released for community feedback
- Maryborough Regional Library celebrates National Simultaneous Story Time
- FReeZA Flash Night held at Engage! Youth Space
- Short Flix Festival officially launched
- Tullaroop Road/Chaplins Road intersection upgrade complete
- Afternoon tea held to thank Council volunteers as part of National Volunteer Week (pictured)
- Privacy Policy and Community Engagement Framework adopted

## CHAIRPERSON OF ADMINISTRATORS MESSAGE

It's been a pleasure getting to know the Central Goldfields Shire staff and community since being appointed Chairperson of the panel of administrators in December last year.



Despite the organisation experiencing periods of uncertainty and change it should be commended for continuing to provide key essential services and deliver capital works to a consistently high standard, for the benefit of our local community.

### CEO appointment

Our first priority on arrival was the appointment of a new permanent Chief Executive Officer. A thorough and rigorous process was carried out to find the most appropriately qualified and experienced candidate to lead Central Goldfields Shire and we were delighted with the appointment of Lucy Roffey.

With demonstrated success in bringing strategy, leadership and transformation to organisations, we were confident Lucy had the skills to lead us through a period of significant transformation as we deliver on the Organisation and Governance Reform Program, re-engage with our community and provide stable and visionary leadership in dealing with the many challenges faced.

### Engagement

In April we went out to the community to ask for their thoughts and ideas for the future of the Central Goldfields Shire.

The Council Plan already included a diverse range of strategic objectives however as part of its annual review we wanted to build further on this.

Residents were invited to tell us: what they love about the Shire, what they imagine for the future of the Shire and what specific results they would like to see.

Thank you to the 500 plus residents who provided us with feedback online, via our postcards and by attending our listening posts at townships across the municipality.

The feedback received informed the refresh of the Council Plan and will also be used to develop our strategic planning work, programs and services over the next three years.

### Advocacy

At the June, 2018 Council Meeting we endorsed the Central Goldfields Shire Priority Projects Plan. It's an integral piece of work for us as we move forward and continue to advocate to State and Federal government for funding that will benefit our community.

We've committed funds for each of the identified projects and completed initial works, all we need now is the gap funding that will make these important projects a reality.

Lastly, I'd like to take this opportunity to commend staff and community members who have contributed to making the Central Goldfields Shire a great place to live.

Despite many challenges I'm impressed with the delivery of so many of our Council Plan commitments and I'm excited about our plans and commitments for the year ahead.

**Noel Harvey**  
*Chairperson*

## CHIEF EXECUTIVE OFFICER MESSAGE

On behalf of Central Goldfields Shire it gives me great pleasure to present the Annual Report 2017–2018.



It's been a year of significant achievement for the organisation, despite many challenges including substantial change to its Council and leadership team during this time.

### Highlights

The 2017–2018 financial year saw a significant program of capital works projects delivered for our community. Parker's Bridge was replaced at Timor – the last timber composite bridge to be replaced in the municipality and a major upgrade project on the corner of Tullaroop and Chaplins Road was delivered. A much-needed section of Carisbrook- Baringhup Road was replaced and Luke Court in Maryborough was also re-developed.

Held annually, the award winning Energy Breakthrough continues to grow every year. It's by far our largest and most significant event on the calendar locally with the 2017 event attracting 8,000 participants, 12,000 spectators and delivered a \$5 million injection into the local economy. As part of our Priority Projects Plan we're keen to attract \$200,000 in funding for the Energy Breakthrough so we can grow the event and increase participation in the lead up to its 30th anniversary in 2019.

Our commitment to the Organisation and Governance Reform Program remains un-waivered. Our dedicated team continues to work through each of the actions to respond to and address every matter raised in both the Inspectorate and Municipal Monitor reports. Progress is well on track, with 34 out of 37 actions completed by the end of the financial year.

Whilst the poor results in the 2018 Community Satisfaction Survey were not surprising I'm confident that the key actions, policies and strategies we have introduced over the past six months, as part of the Organisation and Governance Reform Program, will improve our ability to deliver outcomes that meet our community's aspirations and expectations.

In February this year we received the results of our Organisation Culture Survey. The results identified areas that we do well in and areas where improvements need to be made. A series of training has, and will continue to be rolled out across the organisation, to support this work and we are currently working with staff to develop a number of key actions to be delivered to improve staff satisfaction and performance.

I'd like to congratulate all members of staff for their outstanding work in 2017–2018 and their commitment to delivering services and projects to our community in difficult times. I'm looking forward to the year ahead and to delivering great outcomes for our municipality.

**Lucy Roffey**

*Chief Executive Officer*

## ORGANISATION AND GOVERNANCE REFORM PROGRAM

On Friday 18 August, 2017, the Local Government Investigations and Compliance Inspectorate published a comprehensive report on Central Goldfields Shire Council following an extensive investigation.

The report, *Protecting integrity: Central Goldfields Shire Council investigation*, identified inadequate governance and mismanagement of key areas of responsibility within the organisation.

In response to this Report and the Municipal Monitors Report released in December 2016, a comprehensive action plan was adopted at a Special Meeting of Council on Wednesday 6 September.

The *Organisation and Governance Reform Program – Central Goldfields Shire* identified 37 key actions to be undertaken to respond and address every matter raised in both reports.

A dedicated project team was established to deliver the work and we are pleased to report that as at 30 June, 2018, 34 of the 37 actions have been delivered.

### Highlights include:

- Comprehensive Delegation framework developed which clearly articulates Council delegations to the CEO, Council delegations to staff and also CEO delegations to staff.
- New program of agendas and record keeping for Executive meetings, Strategy Meetings and Council meetings.
- Independent Organisation Culture Survey to identify an action plan to improve staff culture.
- Councillor induction program for incoming Administrators
- A program of internal audits developed to ensure appropriate independent auditing is undertaken on a regular basis
- Improved openness, transparency and consistency with the Council Plan achieved through a revision to the Code of Meeting Procedures
- All staff training on topics including: ‘Good Governance’, Role of IBAC, the Inspectorate, and the Protected Disclosure Officer and Respectful Behaviours in the Workplace
- Media Policy and Online Communication Policy adopted
- Disposal or Sale of Council Assets and Land Policy adopted
- Corporate Purchase Card Policy adopted
- Review Of Council’s Code Of Meetings Procedure 2015 adopted
- Property and Risk Officer appointed
- Specifications for new Council website finalised
- Budget process review undertaken by internal auditors and report provided including recommendations
- Meetings held with Local Government Victoria (LGV) to discuss how Central Goldfields Shire and LGV may partner to address some of the identified shortcomings
- Report completed regarding organisation culture from the survey undertaken in December, and action planning commenced
- First tranche of HR Policies developed
- New Employee Performance Review Framework developed
- Review of Electronic Document Management System undertaken
- Service Charter and Complaint Resolution Policy and Procedure adopted
- Protected Disclosure Policy and Protected Disclosure Procedure adopted
- Fraud and Corruption Policy Review adopted
- Council Procurement Policy reviewed
- Privacy Policy adopted
- Community Engagement Framework adopted
- IT security policy and records management policies drafted



## COMMUNITY SATISFACTION

### 2018 Community Satisfaction Survey

Coordinated by Local Government Victoria, the state-wide Local Government survey is carried out annually throughout Victorian local government areas.

400 telephone interviews were undertaken in the Central Goldfields Shire between 1 February and 30 March, 2018.

Central Goldfields Shire Council's overall performance index score of 43 is significantly lower than the 2017 result, decreasing by nine index points over the past year.

All age groups rated Council significantly lower in 2018 than in 2017 with the exception of residents aged 18 to 34 years, who experienced more modest declines.

In addition to overall performance, Council's ratings declined significantly in the areas of consultation and engagement, lobbying and community decisions in the past year.

While performance ratings for customer service and overall direction stabilised in the past year, ratings remain significantly lower than results achieved in these areas between 2012 and 2016. Customer service remains a positive result for Council and was mentioned frequently by participants as one of the best things about Council.

The results are not surprising given the outcomes of the Municipal Monitor and Local Government Inspectorate reports which both identified significant governance failures.

There have been a number of actions undertaken over the last six months that address the findings of these reports and are detailed in the Organisation and Governance Reform Program.

Central Goldfields Shire is confident that the implementation of a number of key policies and strategies, which have been developed in consultation with the community, will improve the decision making and governance of Council resulting in outcomes that align with community aspirations and expectations.

## FINANCE MESSAGE

For the year ended 30 June 2018, Council reported an operating surplus of \$3.688 million. The result for the prior year was a surplus of \$4.556 million.

The operating result was greater than adopted budget by \$0.584 million, mainly due to Financial Assistance grant funding being \$0.243 million more than budgeted in 2017-2018 (partly due to the prepayment of 2018-2019 funding), and Go Goldfields funding being \$0.402 million more than budget (primarily due to the timing of milestone payments).

Detailed explanations of variances to budget for income and expenses can be found in Note 1.1 of the Financial Statements.

The total cash balance at 30 June 2018 was \$8.986 million (including other financial assets), compared with \$9.092 million as at 30 June 2017. The small decrease between years was primarily due to the expenditure on flood recovery works completed during the 2017-2018 year, resulting in an increase in cash used in investing activities, offset by non-recurrent flood grants received. The \$8.986 million cash balance at 30 June 2018 includes \$2.053 million of 2018-2019 revenue that has been received in advance, \$0.333 million of unspent grants and \$0.562 million to fund works budgeted for but not completed in 2017-2018 (which will be undertaken in 2018-2019).

Details explanations of the variances to budget for capital works can be found in Note 1.2 of the Financial Statements.

## MAJOR CAPITAL WORKS

### Parker's Bridge replacement project

Located on Bet-Bet Creek Road, Timor/Bowenvale, the \$500,000 Parker's Bridge replacement project was completed in August 2018.

It was the last timber composite bridge to be replaced in the municipality. The single lane timber bridge was replaced by a two lane concrete bridge.

The project was jointly funded with \$250,000 from Central Goldfields Shire and \$250,000 from the Federal Government as part of the Bridges Renewal Program – Stage Two.

### Tullaroop Road / Chaplins Road intersection upgrade

The Tullaroop and Chaplins Road intersection was upgraded to improve heavy vehicle access from Tullaroop Road to the Pyrenees Highway.

The project was funded with \$400,000 from the State Government and \$200,000 from Central Goldfields Shire.

The T-intersection was removed and the road now sweeps around making it easier for trucks to connect with Chaplins Road and the Pyrenees Highway.

The project included drainage, kerb and channel and road reconstruction works and was completed in May 2018.

### Carisbrook–Baringhup Road – rehabilitation project

Works to upgrade an 800 metre section of the Carisbrook Baringhup Road, located just out of Carisbrook, were completed in March 2018.

The Carisbrook-Baringhup Road was in desperate need of repair, the bitumen was falling apart and it had become unsafe for motorists.

The project delivered an upgrade to drainage, stabilisation of the pavement, road profile lifted and resealing of the road.

The \$250,000 upgrade project was jointly funded between Central Goldfields Shire and the Federal Governments Roads to Recovery Program.

### Luke Court renewal/upgrade

The reconstruction project at Luke Court, Maryborough included upgraded drainage, kerb and channel works and new pavement.

The project was funded with \$95,000 from the Federal Government Roads to Recovery Fund and \$60,000 from Central Goldfields Shire. Works were completed in May, 2018.

### Majorca Road – Stage Two renewal/upgrade

The \$761,000 project was jointly funded by Central Goldfields Shire and the Federal Government's Roads to Recovery Program.

The upgrade was carried out on a section of Majorca Road in Maryborough, between Cadle Street and Nelson Street. Underground drainage, new kerb, pavement renewal and some tree removal/reinstatement was included in the project.

### Inkerman Street upgrade

The Inkerman Street footpath and road upgrade was carried out between Barkly and Raglan streets, Maryborough.

The project included a new footpath, new kerb and channel and the road itself was stabilised and reconstructed.

The \$150,000 project was fully funded by Central Goldfields Shire and was completed in June 2018.

## AWARD RECOGNITION 2017–2018

### AustStab – Pavement Recycling and Stabilisation Association Award

Presented to Central Goldfields Shire in the Excellence in Research or Education category for the Unsealed Roads Treatment Trial Project – Possum Gully Road, Adelaide Lead.

### The Institute of Public Works Engineering Australasia (Victoria Division) Awards

Central Goldfields Shire was presented with an award in the Innovation – Regional category for the Unsealed Roads Treatment Trial Project on Possum Gully Road, Adelaide Lead.

EVENTS

Central Goldfields Shire delivered/partnered with the community to deliver the following events:



**JULY**

- Youth Awards
- Harry Potter themed event at Maryborough Regional Library (pictured)



**OCTOBER**

- Seniors Festival
- School holiday events hosted by the Maryborough Regional Library, Central Goldfields Art Gallery and Youth Engage! Program
- Get Up and Go Family Fun Day
- Hunt for the Golden Show competition as part of Walk to School Month
- 'VCE Art and Design' exhibition went on show at Central Goldfields Art Gallery
- Central Goldfields Shire Youth Advisory Council 'Snapshot' Photography Competition (pictured)
- Spring Fling events
- Early Years Expo



**DECEMBER**

- The Domain Carols (pictured)
- Summer in the Domain events



**AUGUST**

- Youth Volunteer Expo
- 'From the landscape in which we live' exhibition at Central Goldfields Art Gallery (pictured)
- Book Week events held at Maryborough Regional Library



**JANUARY**

- School holiday programs held at Central Goldfields Art Gallery, Maryborough Regional Library and our Engage! Program.
- Pop-Up Playgroup (pictured)
- Australia Day event
- 'The Gallery Collection' exhibition opened at Central Goldfields Art Gallery
- Maryborough Highland Gathering



**SEPTEMBER**

- Wings and Wheels
- 'Trudy Harley' exhibition opened at Central Goldfields Art Gallery (pictured)



**NOVEMBER**

- 2017 Energy Breakthrough staged in Maryborough with 12,000 visitors and 8,000 participants (pictured)
- 'Art and Craft' exhibition at Central Goldfields Art Gallery opened

**FEBRUARY**

- 'COLD' exhibition opened at Central Goldfields Art Gallery
- Relay For Life



### MARCH

- 'War in Pictures' exhibition opened at Central Goldfields Art Gallery (pictured)
- Caravan and Motorhome Club of Australia 2018 Victorian State Rally
- Australian Veterans Cycling Championships



### APRIL

- April school holiday events hosted at Central Goldfields Art Gallery, Maryborough Regional Library and Engage! Program
- Skate and Scooter Festival
- Liberty Swing opening community celebration (pictured)
- ANZAC Day (pictured)
- Youth Volunteer Expo



### MAY

- Under the Sky exhibition opened at Central Goldfields Art Gallery
- National Simultaneous Story Time
- FReeZA flash night held at Engage! Youth Space (pictured)
- National Volunteer Week afternoon tea



### JUNE

- 'Wal Richards: Wedding Photographer' exhibition opened at Central Goldfields Art Gallery

### Fast Facts

**2017 Energy Breakthrough was held in Maryborough, 23 to 26 November.**

Held annually in the Central Goldfields Shire, the award winning event is the largest and most significant event on our local events calendar:

- 8,000 direct participants
- 12,000 spectators
- The event accounts for 16.5% of annual tourism visits to the Central Goldfields Shire.
- \$5 million injected into the local economy in 2017

## OUR COUNCIL

On Wednesday 13 December, 2017 the Victorian State Government announced the appointment of three new administrators for Central Goldfields Shire Council.

### Noel Harvey OAM

*Chairperson of the panel of administrators*

Noel Harvey has 25 years' experience in Local Government, he was first elected to the Shire of Kyneton in 1993. He was Chief Commissioner for the Shire of Hepburn from 1995 to 1997 and a Councillor for the Shire of Macedon Ranges Shire from 1997 to 2003 and again from 2006 to 2009. He served as Mayor in 1993, 1994, 1999, 2000 and 2008.

Noel has been a member of numerous boards and panels including the Municipal Association of Victoria, a member of the EPA Enforceable Undertakings Panel (since 2012), Director Parks Victoria (2006 to 2012) and Director and Deputy Chairman of Coliban Regional Water Corporation (2001 to 2012), Director North Central Catchment Management Authority (2002 – 2007), Director of Sustainability Victoria (1997 to 2000) and Chairman of the Victorian Mineral Water Committee (1996 to 2006).

Noel has 15 years of business experience in the tourism industry and has been the independent Chairman of the Daylesford & Macedon Ranges Regional Tourism Board since 2012.

In 2004, Noel was presented with an Order of Australia (OAM) in recognition of services to Local Government, regional Victoria and the community of Kyneton.



### Karen Douglas

A member of the Wimmera Catchment Management Authority Board since 2006, Karen held the position of Chair from 2011 to 2017.

Karen is a member of a broad-acre cereal cropping family farming enterprise at Beazleys Bridge, Gre Gre and Marnoo.

Karen spent many years working as a librarian both in the local secondary college and later the Wimmera Regional Library, before joining J R Burns Accounting.

She was Deputy Chancellor of Federation University Australia from 2007 to 2015, is a member and past Chair of the Stawell Regional Health Board, and a member of McCallum Services.

Karen was a Northern Grampians Shire Councillor for nine years, serving four terms as Mayor and was the inaugural Chair of the North Central Local Learning and Employment Network.



### The Hon Hugh Delahunty

Born in Murtoa, Hugh began his career as a farmer on his family grain and sheep property.

He went on to work for the Department of Agriculture and Rural Affairs after playing football for Essendon in the 1970s.

Hugh has participated in and coached many sports in the Wimmera and is a life member of the Murtoa Football Club.

He was a Councillor and Mayor for the former Horsham City Council (1987 – 1995, Mayor 1992/93), Chief Commissioner of Mildura Rural City (1995 to 1996), and the first Mayor and a Councillor of the new Horsham Rural City Council (1997 to 1999, Mayor – 1997).

Hugh was elected to State politics in 1999 where he represented the electorates of Wimmera from 1999 to 2002 and Lowan from 2002 to 2014. He served as Minister for Sport and Recreation and Minister for Veteran Affairs from 2010 to 2014.



## MAJOR CHANGES

The previous group of Councillors were elected on 22 October, 2016.

- Cr Geoff Lovett (Mayor) – Maryborough Ward
- Cr Helen Broad – Tullaroop Ward
- Cr Bob Henderson – Flynn Ward
- Cr Wendy McIvor – Maryborough Ward
- Cr Chris Meddows-Taylor – Paddy's Ranges Ward
- Cr Gerard Murphy – Maryborough Ward
- Cr Paula Nixon – Maryborough Ward

On Friday 25 August, 2017 the Victorian State Government announced that the Central Goldfields Shire Council Bill 2017 had passed through Victorian Parliament and received Royal Assent to officially dismiss Central Goldfields Shire Councillors.

On the same day Mark Davies was announced as Interim Administrator.

A Chartered Accountant with over 25 years of experience in both the private and public sectors, Mark's Local Government experience included CEO of Surf Coast Shire Council and Chief Financial Officer of the City of Darebin. He had also served as a commissioner on the Commission of Inquiry into Ararat Rural City Council.

## OUR EXECUTIVE TEAM

### Lucy Roffey

*Chief Executive Officer*

Lucy Roffey has a financial, corporate and Local Government background and was formerly the CEO of Buloke Shire.

Her experience includes being a Fellow of the Chartered Accountants Australia and New Zealand, Member of the Australian Institute of Company Directors, Non-Executive Director and Chair Coliban Water, Audit Committee Member Castlemaine Health, Executive Director Mount Alexander Shire Council and Public Sector Panel Member – Chartered Accountants Australia and New Zealand.

Prior to working in Local Government, Lucy was a senior executive at the Australian Centre of the Moving Image.

Lucy commenced on Monday 5 March, 2018.



### Paul Brumby

*General Manager Corporate Performance*

Paul was previously the Manager Finance at Pyrenees Shire Council and has worked in local government corporate services for over 25 years including as General Manager Corporate Services at Ararat Rural City Council.

He has previously held board positions with Willaura/Lake Bolac Financial Services Limited and Ballarat Child and Family Services.

Paul has a Bachelor of Business with majors in Accounting and Information Technology from Federation University (formerly known as the Ballarat College of Advanced Education).

Paul commenced on Monday 21 May, 2018.



### Rebecca Stockfeld

*General Manager Infrastructure Assets and Planning*

Rebecca came to Central Goldfields Shire having previously been the Acting Director Sustainable Development at Mount Alexander Shire Council.

She has extensive experience in senior management roles in land use planning in both State and Local Government including as Assistant Director, State Planning Services, Department of Planning and Community Services Victoria.

Rebecca holds a Bachelor in Applied Science (Planning) from RMIT and a Post Graduate Diploma in Urban Planning from Melbourne University.

Rebecca commenced on Monday 21 May, 2018.



### Brenton West

*General Manager Community Wellbeing*

Brenton previously held the position of Director Corporate Services at Mallee Family Care, a large community sector organisation based in Mildura.

His previous roles include the Chief Executive Officer of the Southern Tasmanian Councils Authority, a regional organisation representing the 12 Southern Tasmanian councils; a Board Director of Li-Ve Tasmania (Disability Service Provider) and Board Director of Destination Southern Tasmania.

Brenton has a Bachelor of Business/Bachelor of Arts Degree (BBus/BA) majoring in Human Resource Management and Political Science, is a Graduate of the Australian Institute of Company Directors Course (GAICD) and has a Master of Business Administration (MBA).

Brenton commenced on Monday 4 June, 2018.



## MAJOR CHANGES

### Chief Executive Officer position

On Monday 24 July, 2017 Mark Johnston stood down from the position of Central Goldfields Shire Chief Executive Officer. His formal resignation was received on Monday 28 August, 2017.

Vince Haining commenced as Interim Chief Executive Officer on Monday 31 July, 2017 until Friday 2 March, 2018.

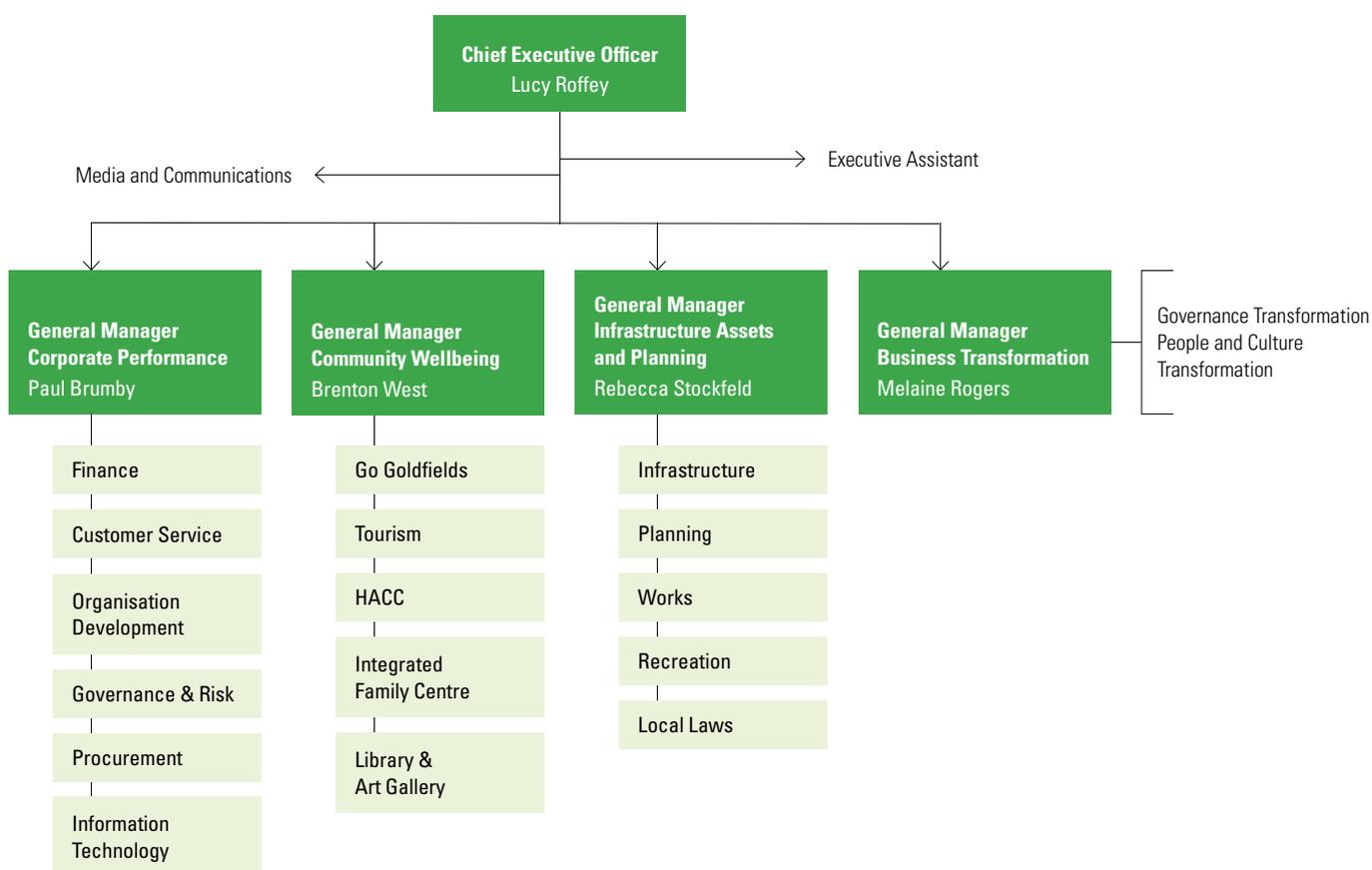
Vince came to Central Goldfields Shire with extensive experience in local government, having most recently been Acting Chief Executive Officer of City of Latrobe and Chief Executive Officer of City of Maribyrnong.

### General Managers

General Manager Go Goldfields Sharon Fraser departed Central Goldfields Shire in September 2017 and General Manager Technical Services David Sutcliffe and General Manager Corporate and Community Services Venkat Peteti departed on Friday 27 April 2018. Sandra Hamilton acted in the position of General Manager Go Goldfields from September 2017 to June 2018.

## OUR WORKPLACE

Central Goldfields Shire has three directorates reporting to the Chief Executive Officer. The directorates are: Infrastructure Assets and Planning; Corporate Performance and Community Wellbeing. Each of the directorates are made up of individual units.



**A summary of the number of full time, part-time and casual equivalent staff categorised by employment classification and gender:**

2017-18	Band 1	Band 2	Band 3	Band 4	Band 5	Band 6	Band 7	Band 8	All other
Permanent Full Time – F	0	0	9	7	5	5	0	0	6
Permanent Full Time – M	0	11	18	5	3	9	1	0	9
Permanent Part Time – F	0.13	7.96	12.54	4.76	3.98	2.79	0	0	4.95
Permanent Part Time – M	0	2.68	2.58	2.09	1.12	1.3	0	1.5	0
Casual – F	1.5	1.37	2.39	2.94	1.86	0	0	0	0.47
Casual – M	0.26	0.53	2.47	0	0.4	0.26	0	0	0

## Equal Opportunity

Central Goldfields Shire is committed to the principles of our Equal Opportunity Program and continually work to ensure that all workplace employment matters are reflective of this.

Equal Opportunity is supported by a number of policies, our staff induction program and training opportunities. Together we work to ensure there is no discrimination, harassment and bullying in the workplace.

In January, 2017 Central Goldfields Shire was acknowledged on the Victorian Equal Opportunity and Human Rights Commission website for having a staff code of conduct that considers and promotes human rights.

The story states: *The following staff codes of conduct are examples that consider and promote human rights:*

- *The Central Goldfields Staff Code of Conduct states that the Charter requires council staff to act compatibly with human rights and to consider human rights when making decisions. It also requires staff who are involved in policy development to familiarise themselves with the Charter.*

## Professional Development

Central Goldfields Shire is committed to providing training and professional development opportunities for staff.

As part of the Organisation Governance and Reform Program there has been a renewed focus on compliance training for staff.

During November, 2017 150 employees attended Organisation and Governance Reform Training which covered:

- Conflict of interest
- Disclosure around potential breaches of Council policy and procedures and Statutory Legislation
- Good governance
- Roles and function of Independent Broad-Based Anti-Corruption Commission
- Roles and function of the Local Government Inspectorate
- Roles and function of Protected Disclosure Officer
- Respectful relationships

Central Goldfields Shire also provides a supportive environment that encourages employees to seek further learning opportunities through our Study Assistance Program.

## Enterprise Bargaining Agreement

The Central Goldfields Shire Enterprise Bargaining Agreement covers employment conditions, pay rates and criteria for the classification of positions.

A new Enterprise Agreement was successfully negotiated and approved by The Fair Work Commission and is effective from 27 March 2018 to 30 June 2020.

The agreement was negotiated between management, staff and union representatives, with the staff voting to accept the agreement. The Fair Work Commission approved the document on 20 March 2018.

## Workplace Culture

An organisation wide Culture Survey was carried out by Insync in December 2017.

The survey was an opportunity for all staff to provide feedback on what we do well, and where we need to make improvements. The organisation now has a better understanding of our strengths and the areas in which we need to develop.

Staff were invited to provide feedback on employee engagement; long term direction; senior leadership; team leadership; team effectiveness; performance; investment in people; investment in systems; diversity and inclusion; and safety and culture

The information was collected and analysed by Insync, an independent specialist employee survey provider with the results received in February 2018.

As a follow on from the survey all staff have had the opportunity to be involved in 'Change Ready' training and Culture Action Planning sessions. As part of these sessions staff were asked to identify actions and strategies to improve workplace culture which will be rolled out across the organisation over the next financial year.

The Executive Team have also been involved in workshops to explore the key messages identified in the feedback. Some common themes included better communication, a supportive environment, clear roles and planning, stability and better and more consistent processes and systems.

## HEALTH, SAFETY AND SUPPORT TO STAFF

Council is committed to being a healthy and safe work environment for employees, volunteers, contractors and visitors.

A renewed focus was given to the Health and Wellbeing Committee and Occupational Health and Safety Committee. With the support of the Executive Team both groups play an integral role in making the organisation a safer and healthier place for all.

### Key initiatives include:

- Staff Flu vaccination program in March 2018
- Health and Wellbeing Committee 'Wednesday Walkers' group
- International Women's Day event held on Thursday 8 March 2018
- Employee Assistance Program – counselling and wellbeing support to all employees – this service was promoted throughout the year and a series of on-site visits were also offered to staff to access during challenging periods
- Healthy Together Victoria Achievement Program for Workplaces – a state-wide health promotion program that encourages best practice in workplaces around Mental Health and Wellbeing, Healthy Eating, Physical Activity, Smoking and Alcohol.

Central Goldfields Shire also keeps staff informed via a fortnightly internal staff newsletter titled the 'Inside Word'. It aims to provide staff with information from across the organisation as well as training and event opportunities available to staff both internally and externally.

Staff meetings are also held monthly by the CEO and Executive Team.



### Valuing our staff

Ten members of staff were celebrated and recognised for their service to the organisation at our end of year function.

The following staff received Long Service Awards for their significant contribution to the organisation (pictured above).

<b>Anna Bartlett</b>	10 years
<b>Wendy Powell</b>	10 years
<b>Kylie Collins</b>	10 years
<b>Peter Gray</b>	10 years
<b>Donna Maddison</b>	10 years
<b>Valerie Wright</b>	15 years
<b>Leigh Hendrickson</b>	20 years
<b>Stuart Jones</b>	30 years
<b>Vic Hvala</b>	30 years
<b>Colleen Rich</b>	30 years

## PLANNING AND ACCOUNTABILITY FRAMEWORK

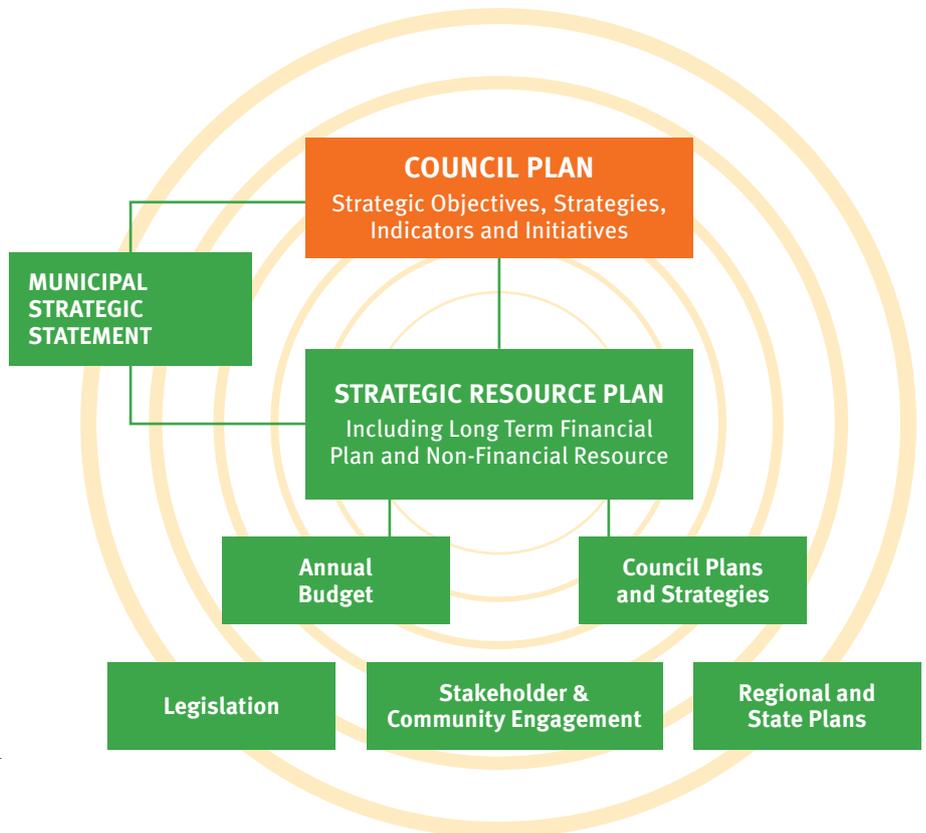
The Local Government Planning and Accountability Framework is outlined in the *Local Government Act 1989*.

It is a mandatory system of reporting that ensures all councils measure and report on their performance in a consistent way.

The Local Government Act requires councils to prepare the following planning and reporting documents:

- A Council Plan – developed every four years and reviewed annually
- A Strategic Resource Plan
- A Budget for each financial year
- An Annual Report in respect of each financial year

The diagram opposite shows the relationship between the key planning and reporting documents that make up the planning and accountability framework for local government.



## COUNCIL PLAN

The Central Goldfields Shire Council Plan 2017–2021 identifies four strategic themes, each with a specific objective which are our primary focus:

- Our Community – To support community cohesion, and health and wellbeing
- Our Economy – To support economic activity which contributes to the municipality’s economic prosperity
- Our Built and Natural Environment – To support the rich built and natural heritage and focus on a sustainable environment
- Our Organisation – To support strong, transparent corporate governance

Underpinning each of these themes are detailed actions and initiatives which are identified in the Council Plan and complemented by our Annual Budget.

### Council Plan refresh

In April a process commenced to refresh the Council Plan 2017–2021.

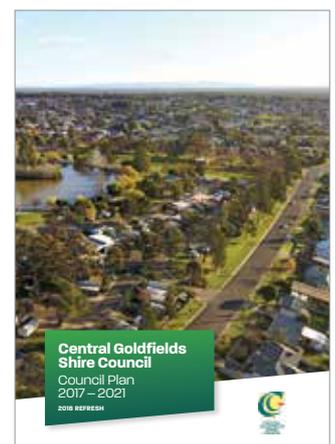
The Council Plan included a diverse range of strategic objectives and the annual review process aimed to build further on this.

As part of the ‘Have Your Say’ community consultation process residents were invited to tell us their thoughts and ideas for the future of the Central Goldfields Shire.

Residents were invited to tell us: what they love about the Shire, what they imagine for the future of the Shire and what specific results they would like to see.

500 residents provided us with feedback online, via our postcards and by attending our listening posts at townships across the Shire.

The draft refresh of the Council Plan 2017–2021 went on public display from Wednesday 27 June to Thursday 26 July with community members encouraged to provide feedback.





# Our Performance

## PERFORMANCE

Council's performance for the 2017–2018 year has been reported against the strategic objectives to demonstrate how Council is performing in achieving the 2017–2021 Council Plan.

### 1. OUR COMMUNITY

**Outcome:** To support community cohesion, and health and wellbeing

**Priorities:**

- Implementation of Go Goldfields program
- Support volunteerism in the community
- Identify areas of priority in public health and wellbeing
- Provide municipal emergency and fire prevention services
- Develop arts and creativity

**Highlights:**

- State Government funding secured to support a further two years of Go Goldfields program
- Shire-wide literacy strategy drafted
- Work readiness working group and action plan developed
- Reviewed and relaunched Community Grants Program
- Youth Volunteer Expo held as part of National Student Volunteer Week
- Municipal Health and Wellbeing Plan adopted and priority areas identified
- Appointed a dedicated Municipal Fire Prevention Officer
- Moved to integrated Municipal Emergency Management Planning Committee
- Road safety Y intersection upgrade works undertaken
- Five new CCTV cameras installed
- Participated in the Regional Centre for Culture program of events
- Hosted successful Get Up and Go Family Fun Day
- Walking and Cycling Strategy adopted
- Sporting facility upgrades completed
- Youth projects and programs included graffiti prevention and opening of designated youth space
- Annual program of exhibitions held at Central Goldfields Art Gallery

## 2. OUR ECONOMY

**Outcome:** To support economic activity which contributes to the municipality's economic prosperity

**Priorities:**

- Encourage and support economic activity
- Targeted population growth
- Support existing businesses
- Recognise the multiplier impact of agriculture sector
- Facilitation of the food processing sector
- Grow the digital capability of the Shire
- Advocate for a sewerage scheme for the Talbot
- Grow events
- Capitalise on tourism/visitor economy
- Develop a skilled workforce to support economic growth

**Highlights:**

- Signed up to the State Government Environmental Upgrade program
- Provided support to Murray Basin Rail Project to establish main project base in Maryborough
- New tourism website is under development
- Funding secured to establish Committee for Maryborough
- Assisted with NBN rollout
- Tourism Regional Digital Strategy completed
- Hosted major events including Energy Breakthrough and Australian Veterans Cycling Championships
- Maryborough and Surrounds Official Visitor Guide produced
- Successful launch and operation of the Ballarat to Maryborough Heritage Trail
- Development of a Conservation Management Plan for Municipal Outdoor Swimming Pool
- Central Goldfields Shire Visitor Services Business Plan updated
- Work Readiness Action Group implemented
- Participated in development of a Regional Freight Plan and a Regional Economic Statement

## 3. OUR BUILT AND NATURAL ENVIRONMENT

**Outcome:** To support the rich built and natural heritage and focus on a sustainable environment

**Priorities:**

- Maintain major assets
- Undertake township enhancements
- Undertake flood mitigation works at Carisbrook and Dunolly
- Maintain Waste Management Service
- Identify future residential growth zones
- Remain aware of Central Goldfields Sustainability Plan and greenhouse gas targets

**Highlights:**

- Delivery of \$4.4 million in transport based capital works projects include road renewal, drainage, footpaths and furniture renewal
- Township improvement works carried out
- Flood mitigation works carried out in Dunolly and Carisbrook
- Increased participation in green waste collection service
- Participation in Local Government Energy Saver program
- Priority Projects Plan developed
- Ongoing Parks and Gardens program of works including Derby Road beautification works, Philips Gardens restoration works and extensive plantings in the Station precinct.



## 4. OUR ORGANISATION

**Outcome:** To support strong, transparent corporate governance

**Priorities:**

- Ensure financial sustainability of Council
- Deliver 'core business' in efficient and effective way
- Ensure regulatory environment operates efficiently and effectively
- Optimise community engagement
- Pursue a best practice approach to leadership and governance

**Highlights:**

- Zero based budget methodology introduced
- Strategic Resource Plan updated
- Monthly Council financial reporting
- Review of service levels, fees and charges
- Organisation and Governance Reform Program substantially complete
- Restructure of organisation underway to improve services
- Culture survey carried out for all staff
- Planning Enforcement Officer appointed
- Community Engagement Framework adopted
- Community consultation process carried out to inform refresh of Council Plan
- Tenders undertaken with neighbouring shires
- All Human Resource policies reviewed and updated
- Established an Audit and Risk Committee
- Internal Auditors appointed and a three year internal audit plan developed

Service Performance Indicators Service/indicator/measure	Results 2015	Results 2016	Results 2017	Results 2018	Material Variations and Comments
<b>Animal Management</b>					
<b>Timeliness</b>					
<i>Time taken to action animal management requests</i>	0.00	1.00	1.00	1.00	All requests for animal management received are actioned on the same day.
[Number of days between receipt and first response action for all animal management requests / Number of animal management requests]					
<b>Service standard</b>					
<i>Animals reclaimed</i>	74.00%	72.61%	66.00%	67.39%	
[Number of animals reclaimed / Number of animals collected] × 100					
<b>Service cost</b>					
<i>Cost of animal management service</i>	\$48.37	\$48.45	\$47.51	\$47.06	
[Direct cost of the animal management service / Number of registered animals]					
<b>Health and safety</b>					
<i>Animal management prosecutions</i>	1.00	0.00	0.00	0.00	There were no animal management prosecutions during the reporting period.
[Number of successful animal management prosecutions]					
<b>Food Safety</b>					
<b>Timeliness</b>					
<i>Time taken to action food complaints</i>	0.00	1.00	1.17	1.00	
[Number of days between receipt and first response action for all food complaints / Number of food complaints]					
<b>Service standard</b>					
<i>Food safety assessments</i>	100.00%	32.26%	67.78%	38.78%	Council recognises that food safety assessments has not met performance standards and has therefore allocated additional resources to meet the standard target.
[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] × 100					
<b>Service cost</b>					
<i>Cost of food safety service</i>	\$769.17	\$439.10	\$458.16	\$438.43	
[Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984]					
<b>Health and safety</b>					
<i>Critical and major non-compliance outcome notifications</i>	0.00%	80.00%	100.00%	0.00%	There were no critical and major non-compliance notifications received
[Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] × 100					

Service Performance Indicators Service/indicator/measure	Results 2015	Results 2016	Results 2017	Results 2018	Material Variations and Comments
<b>Home and Community Care (HACC)</b>					
<b>Timeliness</b>					
<i>Time taken to commence the HACC service</i>	0.00	7.00	Reporting Ceased 1 July 2016	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
[Number of days between the referral of a new client and the commencement of HACC service / Number of new clients who have received a HACC service]					
<b>Service standard</b>					
<i>Compliance with Community Care Common Standards</i>	50.00%	50.00%	Reporting Ceased 1 July 2016	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
[Number of Community Care Common Standards expected outcomes met / Number of expected outcomes under the Community Care Common Standards] × 100					
<b>Service cost</b>					
<i>Cost of domestic care service</i>	\$0.00	\$40.10	Reporting Ceased 1 July 2016	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
[Cost of the domestic care service / Hours of domestic care service provided]					
<b>Service cost</b>					
<i>Cost of personal care service</i>	\$0.00	\$43.04	Reporting Ceased 1 July 2016	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
[Cost of the personal care service / Hours of personal care service provided]					
<b>Service cost</b>					
<i>Cost of respite care service</i>	\$0.00	\$38.44	Reporting Ceased 1 July 2016	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
[Cost of the respite care service / Hours of respite care service provided]					
<b>Participation</b>					
<i>Participation in HACC service</i>	25.00%	23.14%	Reporting Ceased 1 July 2016	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
[Number of people that received a HACC service / Municipal target population for HACC services] × 100					

Service Performance Indicators Service/indicator/measure	Results 2015	Results 2016	Results 2017	Results 2018	Material Variations and Comments
<b>Participation</b>					
<i>Participation in HACC service by CALD people</i>	25.00%	12.50%	Reporting Ceased 1 July 2016	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
[Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] × 100					
<b>Libraries</b>					
<b>Utilisation</b>					
<i>Library collection usage</i>	2.57	2.63	2.35	3.62	A static library service replaced the mobile library service in Dunolly during the year. While there is less stock available in a static library borrowings have increased.
[Number of library collection item loans / Number of library collection items]					
<b>Resource standard</b>					
<i>Standard of library collection</i>	68.00%	68.21%	69.52%	57.67%	With the cessation of the mobile library from Bendigo, previous patrons of the service have been incorporated into the Maryborough Regional Library Service and we are building our collection to cater for the increase of patrons.
[Number of library collection items purchased in the last 5 years / Number of library collection items] × 100					
<b>Service cost</b>					
<i>Cost of library service</i>	\$6.32	\$5.95	\$6.19	\$5.73	
[Direct cost of the library service / Number of visits]					
<b>Participation</b>					
<i>Active library members</i>	32.00%	30.80%	15.22%	13.98%	
[Number of active library members / Municipal population] × 100					
<b>Maternal and Child Health (MCH)</b>					
<b>Satisfaction</b>					
<i>Participation in first MCH home visit</i>	94.00%	93.91%	95.65%	100.88%	Anomaly in reporting system. Not all births registered correctly in State system.
[Number of first MCH home visits / Number of birth notifications received] × 100					
<b>Service standard</b>					
<i>Infant enrolments in the MCH service</i>	94.00%	91.30%	94.78%	101.77%	Anomaly in reporting system. Not all births registered correctly in State system.
[Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] × 100					
<b>Service cost</b>					
<i>Cost of the MCH service</i>	\$0.00	\$125.87	\$97.13	\$96.90	
[Cost of the MCH service / Hours worked by MCH nurses]					

Service Performance Indicators Service/indicator/measure	Results 2015	Results 2016	Results 2017	Results 2018	Material Variations and Comments
<b>Participation</b>					
<i>Participation in the MCH service</i>	83.00%	83.28%	79.26%	86.14%	
[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] × 100					
<b>Maternal and Child Health (MCH)</b>					
<b>Participation</b>					
<i>Participation in the MCH service by Aboriginal children</i>	79.00%	75.00%	69.23%	96.61%	Council works closely with our Koorie Engagement Support Officer (KESO) in the areas of service delivery and development. We are committed to ensuring our ATSI families are appropriately engaged with services. We are currently participating in a review process with our KESO aimed at improving the cultural competence of our Maternal and Child Health Nurses and service environment.
[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] × 100					
<b>Aquatic Facilities</b>					
<b>Service standard</b>					
<i>Health inspections of aquatic facilities</i>	0.00	0.00	0.00	0.00	Water testing is undertaken daily by the aquatic facilities operator, not by Council's Environmental Health department.
[Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]					
<b>Health and Safety</b>					
<i>Reportable safety incidents at aquatic facilities</i>	0.00	0.00	0.00	0.00	There were no reportable safety incidents at aquatic facilities during the reporting period.
[Number of WorkSafe reportable aquatic facility safety incidents]					
<b>Service cost</b>					
<i>Cost of indoor aquatic facilities</i>	\$6.52	\$6.93	\$6.23	\$5.94	The number of visitations to the indoor aquatic facility includes all aquatic and centre visitations (e.g. swim and gym).
[Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities]					
<b>Service Cost</b>					
<i>Cost of outdoor aquatic facilities</i>	\$8.88	\$6.63	\$7.82	\$6.46	The number of visitations to the outdoor pools are slightly higher due to a longer, hotter summer than previous years.
[Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]					
<b>Utilisation</b>					
<i>Utilisation of aquatic facilities</i>	7.00	6.82	7.29	7.58	
[Number of visits to aquatic facilities / Municipal population]					

Service Performance Indicators Service/indicator/measure	Results 2015	Results 2016	Results 2017	Results 2018	Material Variations and Comments
<b>Roads</b>					
<b>Satisfaction of use</b>					
<i>Sealed local road requests</i>	1.16	23.35	24.98	14.48	Local sealed roads are in good condition therefore requests are minimal.
[Number of sealed local road requests / Kilometres of sealed local roads ] × 100					
<b>Condition</b>					
<i>Sealed local roads maintained to condition standards</i>	100.00%	99.56%	98.17%	100.00%	
[Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] × 100					
<b>Service cost</b>					
<i>Cost of sealed local road reconstruction</i>	\$120.34	\$27.60	\$41.01	\$33.03	Major road works constructed in-house resulting in lower costs.
[Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]					
<b>Service Cost</b>					
<i>Cost of sealed local road resealing</i>	\$3.57	\$3.97	\$3.68	\$4.11	Cost of resealing works linked to oil prices which were high during 2017-2018
[Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]					
<b>Satisfaction</b>					
<i>Satisfaction with sealed local roads</i>	55.00	54.00	51.00	48.00	
[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]					
<b>Statutory Planning</b>					
<b>Timeliness</b>					
<i>Time taken to decide planning applications</i>	76.00	55.00	74.00	57.00	The amount of planning permit applications received and the complexity of those applications varies significantly between financial years. The time taken to assess most applications has decreased.
[The median number of days between receipt of a planning application and a decision on the application]					
<b>Service standard</b>					
<i>Planning applications decided within required time frames</i>	52.00%	57.65%	62.58%	51.61%	The amount of planning permit applications received and the complexity of those applications varies significantly between financial years. During this year there may have been more complex applications and/or a higher number of VicSmart applications which required longer assessment time than the statutory time frame.
[(Number of regular planning application decisions made within 60 days) + (Number of VicSmart planning application decisions made within 10 days) / Number of planning application decisions made] × 100					

Service Performance Indicators Service/indicator/measure	Results 2015	Results 2016	Results 2017	Results 2018	Material Variations and Comments
<b>Service cost</b>					
<i>Cost of statutory planning service</i>	\$2,127.24	\$1,584.96	\$1,915.36	\$1,980.65	
[Direct cost of the statutory planning service / Number of planning applications received]					
<b>Decision making</b>					
<i>Council planning decisions upheld at VCAT</i>	0.00%	0.00%	0.00%	0.00%	
[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] × 100					
<b>Waste Collection</b>					
<b>Satisfaction</b>					
<i>Kerbside bin collection requests</i>	58.15	55.68	30.07	27.01	This measure is at the lower end of the expected range, while the number of households serviced increased by 29, which is a positive result.
[Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] × 1000					
<b>Service standard</b>					
<i>Kerbside collection bins missed</i>	5.72	3.83	0.79	0.68	The number of bins missed has decreased despite an increase in the number of collections from 2016-2017, which is a positive result.
[Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] × 10,000					
<b>Service cost</b>					
<i>Cost of kerbside garbage bin collection service</i>	\$111.19	\$110.12	\$99.24	\$115.42	The cost of waste collection increased due to CPI and fuel cost increases plus the cost of waste disposal increased above CPI for 2017-2018.
[Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]					
<b>Service cost</b>					
<i>Cost of kerbside recyclables collection service</i>	\$45.02	\$51.02	\$46.77	\$66.24	The cost of recycle collection increased due to CPI and fuel cost increases plus the cost of recycle processing has significantly increased in the last quarter due to changes in global recycling markets.
[Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]					
<b>Waste diversion</b>					
<i>Kerbside collection waste diverted from landfill</i>	40.00%	41.36%	42.88%	42.70%	
[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] × 100					

Service Performance Indicators Service/indicator/measure	Results 2015	Results 2016	Results 2017	Results 2018	Material Variations and Comments
<b>Governance</b>					
<b>Transparency</b>					
<i>Council decisions made at meetings closed to the public</i>	5.00%	11.02%	10.34%	7.26%	There were less contractual matters considered in 2017-2018 than in prior years.
[Number of Council resolutions made at ordinary or special meetings of Council, or at meetings of a special committee consisting only of Councillors, closed to the public / Number of Council resolutions made at ordinary or special meetings of Council or at meetings of a special committee consisting only of Councillors] × 100					
<b>Consultation and engagement</b>					
<i>Satisfaction with community consultation and engagement</i>	59.00	57.00	54.00	45.00	Council has adopted a Community Engagement Framework and will be introducing improved methods of engagement to make Council decision making more accessible to the community.
[Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement]					
<b>Attendance</b>					
<i>Councillor attendance at council meetings</i>	98.00%	90.82%	93.75%	40.60%	This measure's denominator is the number of Councillors elected at the last election (7). With one Administrator appointed in August 2017 and then three Administrators appointed in December 2017 the measure does not reflect the actual level of attendance by Councillors and Administrators for the period. During the year Councillor or Administrator attendance at Council meetings was 54 of a possible 55 occasions, or 98.2%.
[The sum of the number of Councillors who attended each ordinary and special Council meeting / (Number of ordinary and special Council meetings) × (Number of Councillors elected at the last Council general election)] × 100					
<b>Service cost</b>					
<i>Cost of governance</i>	\$29,293.33	\$30,093.44	\$31,510.39	\$43,416.14	The increase in the cost of governance in 2017-2018 is due to the governance reforms introduced during the year as a result of the findings by the Municipal Inspectorates Report. This included the appointment of Administrators and the development and implementation of the Organisation and Governance Reform Program.
[Direct cost of the governance service / Number of Councillors elected at the last Council general election]					
<b>Satisfaction</b>					
<i>Satisfaction with council decisions</i>	64.00	58.00	51.00	42.00	Council has adopted a Community Engagement Framework and will be introducing improved methods of engagement to make Council decision making more accessible to the community.
[Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]					

## 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 the library who has borrowed an item from the library collection.
- “CALD” means culturally and linguistically diverse and refers to persons born outside Australia in a country whose national language is not English.
- “Critical non-compliance outcome notification” means a notification received by council under section 19N(3) or (4) of the Food Act 1984, or advice given to council by an authorised officer under that Act, of a deficiency that poses an immediate serious threat to public health.
- “food premises” has the same meaning as in the Food Act 1984.
- “HACC” program means the Home and Community Care program established under the Agreement entered into for the purpose of the Commonwealth Home and Community Care Act 1985.
- “HACC” service means home help, personal care or community respite provided under the HACC program.
- “Local road” means a sealed or unsealed road for which council is the responsible road authority under the Road Management Act 2004.
- “Major non-compliance outcome notification” means a notification received by a council under section 19N(3) or (4) of the Food Act 1984, or advice given to council by an authorised officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken.
- “MCH” means the Maternal and Child Health Service provided by a council to support the health and development of children within the municipality from birth until school age.
- “Population” means the resident population estimated by council.
- “Worksafe reportable aquatic facility safety incident” means an incident relating to a council aquatic facility that is required to be notified to the Victorian WorkCover Authority under Part 5 of the Occupational Health and Safety Act 2004.





# Governance

## GOVERNANCE

Central Goldfields Shire Council is constituted under the Local Government Act to provide leadership for the good governance of the municipality and the local community.

### Governance, Management and other information

#### Meetings of Council

Council conducts meetings on the fourth Tuesday of every month. Members of the community are welcome to attend. During the 2017/2018 year Council held 13 Ordinary Council Meetings and 6 Special Council Meetings.

#### Ordinary Council Meetings

##### Council – 1 July to 25 August, 2017

Meeting date	Cr Geoff Lovett (Mayor)	Cr Helen Broad	Cr Bob Henderson	Cr Wendy McIvor	Cr Chris Meddows-Taylor	Cr Gerard Murphy	Cr Paula Nixon
25/07/2017	✓	✓	✓	✓	✓	✓	✓
22/08/2017	✓	✓	✓	✓	✓	✓	✓

##### Interim Administrator – 25 August to 13 December

Meeting date	Administrator Mark Davies
26/09/2017	✓
17/10/2017	✓
21/11/2017	✓
12/12/2017	✓

##### Administrators – 13 December to 30 June

Meeting date	Chair of Administrators Noel Harvey OAM	Administrator Karen Douglas	Administrator The Hon Hugh Delahunty
19/12/2017	✓	✓	✓
30/01/2018	✓	✓	✓
27/02/2018	✓	✓	✓
27/03/2018	✓	✓	✓
24/04/2018	✓	✓	✓
22/05/2018	✓	✓	✓
26/06/2018	✓	✗	✓

## Special Council Meetings

### Council – 1 July to 25 August, 2017

Meeting date	Cr Geoff Lovett (Mayor)	Cr Helen Broad	Cr Bob Henderson	Cr Wendy McIvor	Cr Chris Meddows-Taylor	Cr Gerard Murphy	Cr Paula Nixon
19/07/2017	✓	✓	✓	✓	✓	✓	✓

### Interim Administrator – 25 August to 13 December

Meeting date	Administrator Mark Davies
29/08/2017	✓
05/09/2017	✓
08/11/2017	✓

### Administrators – 13 December to 30 June

Meeting date	Chair of Administrators Noel Harvey OAM	Administrator Karen Douglas	Administrator The Hon Hugh Delahunty
23/01/2018	✓	✓	✓
15/05/2018	✓	✓	✓

### Councillor Portfolios/Committees

Administrator	Portfolio	Committee
Noel Harvey	Community Development	Go Goldfields Collaborative Table Municipal Association of Victoria
Karen Douglas	Finance	Audit and Risk Committee Rural Councils Victoria
Hugh Delahunty	Development and Planning	Audit and Risk Committee Energy Breakthrough

### Code of Conduct

Section 76C of the Local Government Act 1989 required each Council to adopt a Code of Conduct for Councillors. The Code commits Councillors to work effectively together and provides for effective participation and accountability to the community.

Council adopted an amended Code of Conduct on 14 February 2017. Review of the code is carried out within four months of a Council election, as is required under the Act.

### Conflict of Interest

Council has a comprehensive procedure in place to accommodate the disclosure of a conflict of interest. Declaration of a conflict of interest is a standard agenda item for all Council meetings.

A register is maintained to record all disclosed conflicts of interest. During 2017-2018 two conflicts of interest were declared at a Council meeting.

### Councillor Allowances

In accordance with Section 74 of the Local Government Act 1989, Councillors are entitled to receive an allowance while performing their duty as a Councillor. The Mayor is also entitled to receive a higher allowance.

The State Government sets the upper and lower limits for all allowances paid to councillors and mayors. Councils are divided into three categories based on the income and population of each council. Central Goldfields Shire Council is recognised as a category one council.

Councillors	Allowance
Cr Geoff Lovett	\$10,065.58
Cr Helen Broad	\$3,369.06
Cr Bob Henderson	\$3,369.06
Cr Wendy Mclvor	\$3,369.06
Cr Chris Meddows-Taylor	\$3,369.06
Cr Gerard Murphy	\$3,369.06
Cr Paula Nixon	\$3,369.06

### Councillor Expenses

In accordance with Section 75 of the Local Government Act, Council is required to reimburse a councillor for expenses incurred whilst performing his or her duties as a councillor. Council is also required to adopt and maintain a policy in relation to the reimbursement of expenses for councillors.

The detail of the expenses including reimbursement for each Councillor and member of a council committee paid by council for the 2017-2018 year are as follows:

Councillors	Travel expenses	Car mileage expenses	Childcare expenses	Information Communication expenses	Conference and Training expenses	Total
Cr Geoff Lovett	\$96.03	\$0.00	\$0.00	\$109.11	\$0.00	\$205.14
Cr Helen Broad	\$0.00	\$0.00	\$0.00	\$94.07	\$0.00	\$94.07
Cr Bob Henderson	\$0.00	\$0.00	\$0.00	\$143.47	\$0.00	\$143.47
Cr Wendy Mclvor	\$0.00	\$0.00	\$0.00	\$102.05	\$0.00	\$102.05
Cr Chris Meddows-Taylor	\$0.00	\$0.00	\$0.00	\$1,780.98	\$0.00	\$1,780.98
Cr Gerard Murphy	\$0.00	\$0.00	\$0.00	\$142.60	\$0.00	\$142.60
Cr Paula Nixon	\$0.00	\$0.00	\$0.00	\$109.09	\$0.00	\$109.09
						<b>\$28,359.91</b>

### Audit and Risk Committee

The role of the Audit and Risk Committee is to oversee and monitor the effectiveness of Council in carrying out its responsibilities for accountable financial management, good corporate governance, maintaining an effective system of internal control and risk management and fostering an ethical environment.

Council's five member Audit and Risk Committee consists of two members of the Council and three external independent members Mr John Watson, Ms Cheryl Fitzgerald and Mr Robert Tommasini. Administrators Mrs Karen Douglas and Mr Hugh Delahunty are Council representatives on the committee.

During the 2017-2018 the Audit Committee met on five occasions and all independent and Council representatives were in attendance.

## AUDIT AND RISK COMMITTEE ANNUAL REPORT FOR THE 2017–2018 FINANCIAL YEAR

### Introduction

The Central Goldfields Shire Council Audit and Risk Committee (the Committee) Charter requires the Council Annual Report to include information on the principal activities of the Committee during the year. It is with pleasure that on behalf of the Committee I submit the 2017-2018 Audit and Risk Committee Report to the Council.

The Committee is an independent Advisory Committee to Council established under Section 139 of the *Local Government Act 1989* (as amended).

The key purpose of this Report is to provide an overview of the Committee's primary activities and outcomes for the 2017–2018 financial year.

### Audit and risk committee's terms of reference

The Committee has several primary objectives determined by the Council, and based on the Local Government Best Practice Guidelines incorporated in its Charter. They are to:

- Enhance the credibility and the objectivity of financial reporting
- Support the identification and management of financial and enterprise wide material risks
- Advise Council on systems and processes designed to ensure compliance with relevant laws and regulations and consideration of best practice guidelines
- Advise Council on the establishment, effectiveness and maintenance of controls and systems to safeguard financial and physical resources and mitigate risks that may adversely affect achievement of Council objectives
- Advise Council on the systems and processes which protect against fraud and irregularities including the *Protected Disclosures Act 2012* procedures.

### Committee membership

The Committee comprises five members – two members of the Council and three external independent members. Committee Membership during 2017-2018 was as follows:

Mr John Watson (Chairperson and Independent Member), Cr Wendy McIvor, Cr Gerald Murphy, Ms Cheryl Fitzgerald (Independent Member) and Mr Robert Tommasini (Independent Member). Crs McIvor and Murphy were dismissed as part of the removal of the elected Council by the Victorian Government on 23 August 2017 when they were replaced on the Committee by the Interim Administrator of the Council Mr Mark Davies. The Interim Administrator was subsequently replaced by a panel of three Administrators and Administrators Mrs Karen Douglas and Mr Hugh Delahunty were appointed as the Council representatives on the Committee.

### Committee support

The Committee relies on the professional support provided by Management Staff for advice. During 2017–2018 this support was led by the Interim Chief Executive Officer Mr Vince Haining and more recently by the new Chief Executive Officer Ms Lucy Roffey. Particular assistance and support has been provided by the Finance Manager Ms Anna Bartlett.

### Audit functions

Whilst Audit and Risk Committees with associated internal audit programmes have been well established in Victorian local government for many years, Central Goldfields Shire was an exception. The Council had an Audit Committee but it appeared to have rarely met and the breadth of matters considered was inadequate. The current new independent members appointed in May 2017 were faced with an absence of any prior internal audit reviews and no internal auditors having been appointed. Central Goldfields Shire had not even commenced the internal audit journey that other councils had been progressing along for many years.

### Accountability, governance and compliance

In order to improve the governance processes of accountability, compliance and transparency, in addition to this Annual Report, after each meeting of the Committee its minutes are submitted to the next available Council Meeting.

## AUDIT AND RISK COMMITTEE ANNUAL REPORT FOR THE 2017–2018 FINANCIAL YEAR

The Committee also seeks information from the Chief Executive Officer at each Meeting regarding any breaches or non-compliance issues since the last meeting. The Internal Auditor is also required to formally advise if their work had been impeded in any way during the conduct of their audits.

### Meetings

During the 2017–2018 financial year the Committee met on five occasions:

- 6 September 2017
- 26 October 2017
- 18 December 2017
- 6 March 2018
- 1 May 2018.

All Independent and Council members of the Committee were in attendance at each of these meetings.

### 2017–2018 Activity

Because of the unique circumstances that existed at the Central Goldfields Shire the new Committee, in its initial meetings, had to undertake a process with the Council that included:

- Development of a meaningful Committee business agenda
- Assist the Council to review and update the Committee Charter
- Undertake a process of ascertaining the status and in many instances lack of status of a range of matters including –
  - Risk management and reporting
  - Insurance reporting
  - Outstanding external audit recommendations
  - VAGO 2015/2016 and 2016/2017 final management letters
  - Draft budget documents
  - Draft Council Plan
  - Council accounting policies
  - Council finance reports and rates and accounts receivable
  - Regular review of local government sector reports by agencies
- Recommend urgent appointment of Internal Auditors
- Recommend establishment of a program of prioritised internal audit reviews.

#### i. Internal audit

One of the first priorities for the new Committee was to recommend the urgent appointment of Internal Auditors and the establishment of a program of prioritised internal audit reviews. The Committee Chair assisted in a tender evaluation process which saw the appointment in late 2017 of AFS & Associates Pty Ltd as the Council's first Internal Auditors represented by partner Mr Brad Ead. AFS & Associates is an experienced and professional local government auditing firm based in Bendigo.

With regards the last two above dot points, the Committee advised Management and the newly appointed internal Auditors that the Shire's staff had no prior experience with or understanding of internal audit. Consequently it would be necessary to inform staff that recommendations for improvements in practices and processes would result from internal audit reviews however, this should not be interpreted as unnecessary criticism of them, but rather a process of continuous improvement to assist staff in their important work.

In December 2017 a special session was held with an expanded corporate management team at which the new Internal Auditors and the members of the Committee explained the concept of internal audit and addressed questions from the staff present. The session was well received and culminated with those staff contributing to a brainstorming session to start identifying areas of risk that might be considered in the preparation of the Shire's first internal audit review work plan.

The session described above was followed by a formal meeting of the Committee at which the development of a draft internal work plan was further refined, and a recommendation submitted to the Council which was subsequently adopted. Parallel with the drafting of the internal audit plan the meeting also prioritised and recommended to Council a plan for the many tasks required as a result of the report by the Local Government and Compliance Inspectorate which had led to the dismissal of the elected Council and subsequent resignation of the former long serving CEO. It was recognised that many of the tasks required to complete the Organisation and Governance Reform Program Action Plan would normally be considered for internal audit reviews. It was therefore recommended, and again subsequently agreed by the Council, that this work program as prioritised by the Committee would be reported back through the Committee as the reviews were completed.

The Committee was active in utilising an out of meeting session process to consider and approve a number of internal audit review scopes for both the internal audit plan and the Governance Reform Program Action Plan which facilitated the timely commencement of work by the Internal Auditors.

At the Committee meeting on 6 March 2018 the Committee received and considered the first completed review report from the Internal Auditors – Grant Acquittal Process arising from the Governance Reform Program Action Plan. The weaknesses and shortcomings identified by this first completed review highlighted the many risks the organisation was currently exposed to and reinforced the work of the Local Government Investigation and Compliance Inspectorate. The report made many recommendations which will be challenging and time consuming, but vitally important that they be implemented as quickly as possible. The Committee will actively monitor these recommendations at each of its meetings as progress is made towards their implementation, and others that will no doubt follow as further reviews are completed.

## AUDIT AND RISK COMMITTEE ANNUAL REPORT FOR THE 2017–2018 FINANCIAL YEAR

### ii. External audit

In accordance with the Victorian *Local Government Act 1989*, Council's External Auditor is appointed by the Victoria Auditor General (VAGO). For the 2017/2018 financial year VAGO appointed Crowe Horwath as its agent who was in turn represented by Mr Martin Thompson and Mr John Gavens.

There was extensive liaison with the External Auditors (VAGO) in respect of the 2016/2017 financial and performance statements. The unique and serious circumstances existing at the Central Goldfields Shire Council weighed heavily in the considerations of each member of the Audit Committee, the interim Chief Executive Officer and the interim Administrator (acting as the Council) in finalising the financial statements and accompanying notes for the year ended 30 June 2017.

Such was the concern that the Committee Chair and interim CEO met with the Auditor General to discuss the possibility of the Committee not recommending the signing off of the statements by the Council. A way forward was however found which involved the Committee recommending the inclusion in the annual accounts of an unprecedented Special Context Note (see page 81 of the Central Goldfields Shire Council Annual Report 2016/2017).

### 2018–2019 Outlook

In 2018–2019 the Audit Committee will continue its work with the Internal Audit program and the Governance Reform Program Action Plan to review a number of critical areas.

The Committee will conduct meetings with the External Auditor in relation to the Financial and Performance audits and give formal consideration to the Financial and Performance Statements.

The three year Internal Audit Plan that was agreed by the Council will be reviewed at least annually to ensure that it addresses the most current compliance; internal control and operational audit requirements.

### Conclusion

In summary, the 2017–2018 year was a turning point for the Central Goldfields Shire. It was the beginning of a long journey in the world of internal audit that the Shire cannot afford to allow to lapse. The Committee will do all it can to assist the Council with this vital area of work and to meet the Council's reporting, accountability, control and risk management objectives and obligations.

As outlined in this report, I believe the Committee has already performed a valuable oversight role for Council during the 2017–2018 period. It is a very robust Committee with the objective of adding value through the diverse experience and knowledge of its members. The Committee will continue to oversee the Internal and External Audit functions of Council and the risk management framework. It will also consider relevant policies and receive Management reports on Local Government Industry issues when appropriate.

At its first meeting in the 2018–2019 financial year the Committee will receive and consider reports on the next three completed internal audit reviews – Energy breakthrough, Payroll and Fleet Management.

Continuous improvement in the areas of Council's financial, governance, and risk control environments and associated systems will of necessity be ongoing to ensure that the Council operates within a best practice framework that maintains this strong control environment.

The Committee will ensure that it is informed of any applicable matters raised by the Victorian Auditor General, Victorian Ombudsman, the Local Government Investigations and Compliance Inspectorate, the Independent Broad-based Anti-Corruption Commission or the Office of the Victorian Inspectorate.

The Committee will take an active interest and stay informed on proposed changes to the *Local Government Act 1989* particularly in relation to the proposed directions of expanding the scope and role of Audit and risk Committees.

On behalf of all Audit Committee members, I would like to express sincere thanks to the staff of VAGO and its representatives for their work in the conduct of the external audit, and to the Internal Auditors AFS & Associates Pty Ltd for their already significant contribution to the internal audit program, where business improvement recommendations are being made which will ensure that Council's internal controls and processes are continually improved.

I particularly wish to thank Council's former interim Chief Executive Officer, Mr Vince Haining, Finance Manager, Ms Anna Bartlett and recently appointed new Chief Executive Officer, Ms Lucy Roffey for their support, professional advice and focus on achieving continuous improvement outcomes. I also extend the Committee's thanks to all the Council Officers who have assisted the Audit and Risk Committee in a professional manner during the year.

I thank all my fellow Audit and Risk Committee Members – Council representatives and External Members for their participation, diligence, professionalism and contribution during the 2017/2018 financial year. We look forward to the continuation of a very strong working relationship with the Council and staff during the 2018/2019 financial year.

Submitted on behalf of the Central Goldfields Shire Council Audit and Risk Committee

**Mr John Watson**

*Independent Audit and Risk Committee Chair*

## Internal Audit

Council's internal audit function provides independent and objective assurance to the Audit and Risk Committee that appropriate processes and controls are in place across Council.

The following reviews occurred during the 2017-2018 year as part of the Internal Audit program:

- Risk Assessment and Development of Internal Audit Program
- Energy Breakthrough Event Review
- Fleet Review
- Payroll Review

The following reviews occurred during the 2017-2018 year as part of the Organisational and Governance Reform Program:

- Grants Acquittal Process Review
- Budget Process Review

## External Audit

Council is externally audited by the Victorian Auditor-General's Office (VAGO).

The 2017-2018 annual external audit of Council's Financial Statements and Performance Statement was conducted by the VAGO appointed audit service provider – Crowe Horwath.

## Freedom of Information

The Freedom of Information Act (1982) provides individuals and organisations with a general right of access to information held by Central Goldfields Shire Council. It also provides a right of appeal to the State FOI Commissioner to review decisions to refuse access to information.

Requests for access to information under the Freedom of Information Act must be submitted in writing to the Freedom of Information Officer, Central Goldfields Shire Council, PO BOX 194, Maryborough, VIC, 3465.

Five Freedom of Information Requests were received during 2017-2018.

## Statutory Information

The following information is provided in accordance with legislative and other requirements applying to Council.

### Documents available for public inspection

In accordance with regulation 12 of the Local Government Regulations 2015 the following are prescribed documents that are available for public inspection or copies can be obtained for the purposes of section 222 of the Act from Council's Customer Service Office:

- (a) a document containing details of overseas or interstate travel (other than interstate travel by land for less than 3 days) undertaken in an official capacity by any Councillor or member of Council staff in the previous 12 months, including—
  - (i) the name of the Councillor or member of Council staff; and
  - (ii) the dates on which the travel began and ended; and
  - (iii) the destination of the travel; and
  - (iv) the purpose of the travel; and
  - (v) the total cost to the Council of the travel, including accommodation costs;
- (b) the agendas for, and minutes of, ordinary and special meetings held in the previous 12 months which are kept under section 93 of the Act, other than those agendas and minutes relating to a part of a meeting which was closed to members of the public under section 89 of the Act and are confidential information within the meaning of section 77(2) of the Act;
- (c) the minutes of meetings of special committees established under section 86 of the Act and held in the previous 12 months, other than those minutes relating to a part of a meeting which was closed to members of the public under section 89 of the Act and are confidential information within the meaning of section 77(2) of the Act;
- (d) a register of delegations kept under sections 87(1) and 98(4) of the Act, including the date on which the last review took place under sections 86(6) and 98(6), respectively, of the Act;
- (e) 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;
- (f) a register maintained under section 224(1A) of the Act of authorised officers appointed under that section;
- (g) a list of donations and grants made by the Council in the previous 12 months, including the names of persons who, or bodies which, have received a donation or grant and the amount of each donation or grant.

**Governance and Management Checklist**

Governance and Management Item	Required	YES or NO	Date if YES (single item/date)	Dates if YES (multiple items/dates)	Reason(s) if answer is NO Commentary or link to doc if answer is YES
<b>Community engagement policy</b> (policy outlining Council's commitment to engaging with the community on matters of public interest)	Current policy in operation	YES	22/05/2018		
<b>Community engagement guidelines</b> (guidelines to assist staff to determine when and how to engage with the community)	Current guidelines in operation	YES	22/05/2018		
<b>Strategic Resource Plan</b> (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next 4 financial years)	Plan adopted in accordance with section 126 of the Act	YES	26/06/2018		
<b>Annual budget</b> (plan under section 130 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required)	Budget adopted in accordance with section 130 of the Act	YES	26/06/2018		
<b>Asset management plans</b> (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	Current plans in operation	YES		Road Management Plan V6 26/04/2017, Road Asset Management Plan V2 01/06/06, Operational Road Asset Management Plan V 4.02 26/04/2017, Buildings Asset Management Plan 03/05/2006, Operational Stormwater & Drainage Asset Management Plan 13/07/2014, Parks & Recreation Asset Management Plan 03/05/06, Operational Parks & Recreational Asset Management Plan 29/07/2014	
<b>Rating strategy</b> (strategy setting out the rating structure of Council to levy rates and charges)	Current strategy in operation	YES	24/06/2014		
<b>Risk policy</b> (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	Current policy in operation	YES	23/06/2015		

Governance and Management Item	Required	YES or NO	Date if YES (single item/date)	Dates if YES (multiple items/dates)	Reason(s) if answer is NO Commentary or link to doc if answer is YES
<b>Fraud policy</b> (policy outlining Council's commitment and approach to minimising the risk of fraud)	Current policy in operation	YES	24/04/2018		
<b>Municipal emergency management plan</b> (plan under section 20 of the Emergency Management Act 1986 for emergency prevention, response and recovery)	Prepared and maintained in accordance with section 20 of the Emergency Management Act 1986	YES	17/10/2017		
<b>Procurement policy</b> (policy under section 186A of the Local Government Act 1989 outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)	Prepared and approved in accordance with section 186A of the Local Government Act	YES	24/04/2018		
<b>Business continuity plan</b> (plan setting out the actions that will be taken to ensure that key services continue to operate in the event of a disaster)	Current plan in operation	YES	1/04/2014		
<b>Disaster recovery plan</b> (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	Current plan in operation	NO			Current reliance on Business Continuity Plan and State Government direction.
<b>Risk management framework</b> (framework outlining Council's approach to managing risks to the Council's operations)	Current framework in operation	YES	23/06/2015		

Governance and Management Checklist

Governance and Management Item	Required	YES or NO	Date if YES (single item/date)	Dates if YES (multiple items/dates)	Reason(s) if answer is NO Commentary or link to doc if answer is YES
<b>Audit Committee</b> (advisory committee of Council under section 139 of the Act whose role is to oversee the integrity of a Council's financial reporting, processes to manage risks to the Council's operations and for compliance with applicable legal, ethical, and regulatory requirements)	Committee established in accordance with section 139 of the Act	YES	26/09/2017		During 2016/17 this committee was incorrectly constituted as a Sec 86 committee. The status as a section 86 committee was revoked and the committee was renamed and as an Advisory Committee under Sec 139 of the Local Government Act. 1989
<b>Internal audit</b> (independent accounting professionals engaged by the Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls)	Internal auditor engaged	YES		1/11/2017	
<b>Performance reporting framework</b> (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act)	Current framework in operation	YES	26/06/2018		
<b>Council Plan reporting</b> (report reviewing the performance of the Council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year)	Current report	YES	12/12/2017		
<b>Financial reporting</b> (quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)	Quarterly statements presented to Council in accordance with section 138(1) of the Act	YES		Financial reports presented to Council 25/07/2017, 22/08/2017, 26/09/2017, 17/10/2017, 21/11/2017, 27/02/2018, 27/03/2018, 24/04/2018, 22/05/2018 and 26/06/2018	

Governance and Management Item	Required	YES or NO	Date if YES (single item/date)	Dates if YES (multiple items/dates)	Reason(s) if answer is NO Commentary or link to doc if answer is YES
<b>Risk reporting</b> (six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies)	Reports prepared and presented	NO			Report re internal audit program including a report on strategic risks presented to Council at Ordinary Council meeting 30 January 2018.
<b>Performance reporting</b> (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act)	Reports prepared and presented	YES	8/12/2017		
<b>Annual report</b> (annual report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial performance statements)	Annual report considered at a meeting of Council in accordance with section 134 of the Act	YES	12/12/2017		
<b>Councillor Code of Conduct</b> (Code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)	Code of conduct reviewed in accordance with section 76C of the Act	YES	14/02/2017		
<b>Delegations</b> (a document setting out the powers, duties and functions of Council and the Chief Executive Officer that have been delegated to members of staff)	Delegations reviewed in accordance with section 98(6) of the Act	YES	13/12/2017		
<b>Meeting procedures</b> (a local law governing the conduct of meetings of Council and special committees)	Meeting procedures local law made in accordance with section 91(1) of the Act	YES	27/10/2015		

## Best Value

In accordance with section 208B(f) of the Act, at least once every year a council must report to its community on what it has done to ensure that it has given effect to the Best Value Principles. Council incorporates Best Value Principles through regular business planning and performance monitoring processes and through a commitment to continuous improvement and innovation which is supported by our Sustainable Excellence Program.

The following Best Value initiatives were undertaken during 2017–2018:

- budget process – development of guidelines and processes for fees and charges
- council reform project – review of processes and procedures relating to council agenda and minutes
- implementation of a Community Engagement Framework
- review and update of Council's Service Charter
- a review of several council policies including, Complaint Resolution, Prevention of Fraud and Corruption, and Procurement

## Contracts

The table below shows the contracts entered into by Council valued at \$150,000 or more for goods and service and \$200,000 or more for works. Council did not enter into any other contracts valued at \$150,000 or more for goods and service or \$200,000 or more for work without engaging in a competitive process.

CONTRACT NAME	CONTRACTOR (Prime & Panel Contractors are to be included)	FINISH / DELIVERY DATE	TOTAL CONTRACT AMOUNT (inc. GST)
Annual Spray Sealing 2017–2018	Boral Asphalt	30/06/2018	\$ 779,587.44
Majorca Road, Maryborough Road Reconstruction Stage 2	Doran Earthmoving Pty Ltd	30/04/2018	\$ 761,366.10
M/B Lawn Tennis Club Redevelopment Court Upgrade Works	A.S. Lodge (Vic) Pty Ltd	30/11/2017	\$ 220,979.00
Tullaroop Road/Chaplins Road Intersection Realignment	Doran Earthmoving Pty Ltd	30/04/2018	\$ 606,416.80
Locks Lane, Moolort – Road Reconstruction	Doran Earthmoving Pty Ltd	30/06/2018	\$ 270,640.70

## Disability Action Plan

In accordance with section 38 of the *Disability Act 2006*, Council duly reports the following actions have been implemented in line with its Disability Action Plan:

- The roll out of the National Disability Insurance Scheme (NDIS) continued in our Shire this year, and Council has provided and assisted the community in accessing information regarding the NDIS. Information about the NDIS has been a regular feature in the Home Support Services newsletters.
- The Annual Expo Day was held with great success.
- The mobile accessible toilet continues to ensure that access is available to all, at major events within the Shire.
- The recharge outlet for scooters is well utilised at the Maryborough Resource Centre.
- Readspeakr is available on Council's website to assist vision impaired community members.

## Domestic Animal Management Plan

In accordance with the Domestic Animals Act 1994, Council is required to prepare and implement a Domestic Animal Management Plan every four years and evaluate its implementation in the Annual Report.

Residents were invited to have their say on the draft Central Goldfields Shire Domestic Animal Management Plan in November/December 2017 with the final Plan adopted at an Ordinary Meeting of Council on 30 January, 2018.

The Plan provides the necessary framework to guide Council's management of domestic animals for the period 2017 to 2021.



# Financial Statements

The Financial Statements for 2017-2018 have been prepared in accordance with the requirements of the Local Government Act 1989, and include:

- Comprehensive Income Statement
- Balance Sheet
- Statement of Changes in Equity
- Statement of Cash Flows
- Statement of Capital Works
- Notes to the Financial Report
- Certification of the Financial Statements

## COMPREHENSIVE INCOME STATEMENT

	Note	2018 \$	2017 \$
<b>Income</b>			
Rates and service charges	2.1	14,044,731	13,636,332
Statutory fees and fines	2.2	435,532	451,978
User charges	2.3	2,216,488	2,224,934
Grants – operating	2.4	8,542,961	9,686,777
Grants – capital	2.4	6,110,618	3,305,736
Contributions – monetary	2.5	387,311	334,545
Contributions – non monetary	2.5	387,402	6,960
Found and gifted assets	2.8	1,279,924	2,765,896
Other income	2.7	271,794	461,056
<b>Total income</b>		<b>33,676,761</b>	<b>32,874,214</b>
<b>Expenses</b>			
Employee costs	3.1	(12,101,669)	(11,793,833)
Materials and services	3.2	(8,362,377)	(7,903,337)
Bad and doubtful debts	3.3	(24,268)	(15,530)
Depreciation	3.4	(7,222,368)	(6,787,942)
Borrowing costs	3.5	(157,279)	(215,960)
Net loss on disposal of property, infrastructure, plant and equipment	2.6	(1,722,296)	(1,327,620)
Other expenses	3.6	(398,100)	(274,186)
<b>Total expenses</b>		<b>(29,988,357)</b>	<b>(28,318,408)</b>
<b>Surplus/(deficit) for the year</b>		<b>3,688,404</b>	<b>4,555,806</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
Net asset revaluation increment/(decrement)	8.1	14,949,606	14,026,220
<b>Total comprehensive result</b>		<b>18,638,010</b>	<b>18,582,026</b>

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

## BALANCE SHEET AS AT 30 JUNE 2018

	Note	2018 \$	2017 \$
<b>Assets</b>			
Current assets			
Cash and cash equivalents	4.1	7,464,846	5,572,023
Other financial assets	4.1	1,520,965	3,520,455
Trade and other receivables	4.1	1,986,724	1,935,571
Inventories	4.2	98,191	70,943
Non-current assets classified as held for sale	5.1	573,394	245,223
Other assets	4.2	282,893	1,793,133
<b>Total current assets</b>		<b>11,927,013</b>	<b>13,137,348</b>
<b>Non-current assets</b>			
Property, infrastructure, plant and equipment	5.2	318,026,571	298,631,562
<b>Total non-current assets</b>		<b>318,026,571</b>	<b>298,631,562</b>
<b>Total assets</b>		<b>329,953,584</b>	<b>311,768,910</b>
<b>Liabilities</b>			
Current liabilities			
Trade and other payables	4.4	2,587,460	2,479,994
Trust funds and deposits	4.4	436,138	354,221
Provisions	4.5	2,675,600	2,746,903
Interest-bearing loans and borrowings	4.3	2,857,553	3,352,220
<b>Total current liabilities</b>		<b>8,556,751</b>	<b>8,933,338</b>
<b>Non-Current liabilities</b>			
Provisions	4.5	425,566	427,520
Interest-bearing loans and borrowings	4.3	1,602,564	1,677,359
<b>Total non-current liabilities</b>		<b>2,028,130</b>	<b>2,104,879</b>
<b>Total liabilities</b>		<b>10,584,881</b>	<b>11,038,217</b>
<b>Net assets</b>		<b>319,368,703</b>	<b>300,730,693</b>
<b>Equity</b>			
Accumulated surplus		122,520,557	118,942,753
Reserves	8.1	196,848,146	181,787,940
<b>Total equity</b>		<b>319,368,703</b>	<b>300,730,693</b>

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

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Note	Total \$	Accumulated surplus \$	Asset revaluation reserve \$	Other reserves \$
<b>2018</b>					
Balance at beginning of the financial year		300,730,693	118,942,753	181,437,940	350,000
Surplus for the year		3,688,404	3,688,404	–	–
Net asset revaluation (decrement)	8.1	14,949,606	–	14,949,606	–
Transfers to other reserves	8.1	–	(110,600)	–	110,600
<b>Balance at end of the financial year</b>		<b>319,368,703</b>	<b>122,520,557</b>	<b>196,387,546</b>	<b>460,600</b>
<b>2017</b>					
Balance at beginning of the financial year		282,148,667	114,486,947	167,411,720	250,000
Surplus for the year		4,555,806	4,555,806	–	–
Net asset revaluation (decrement)	8.1	14,026,220	–	14,026,220	–
Transfers to other reserves	8.1	–	(100,000)	–	100,000
<b>Balance at end of the financial year</b>		<b>300,730,693</b>	<b>118,942,753</b>	<b>181,437,940</b>	<b>350,000</b>

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

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	2018 Inflows/ (Outflows) \$	2017 Inflows/ (Outflows) \$
<b>Cash flows from operating activities</b>		
Rates and service charges	13,965,515	13,524,821
User charges, statutory fees and fines	2,891,747	2,755,864
Grants – operating	8,561,411	9,626,684
Grants – capital	7,610,618	1,805,736
Contributions – monetary	426,042	334,545
Reimbursements	44,410	111,333
Interest received	137,845	211,401
Net movement in trust funds and deposits	81,917	(58,580)
Other receipts	93,277	194,926
Net GST refund	1,673,063	1,139,631
Employee costs	(12,174,926)	(11,637,700)
Materials and services	(9,937,297)	(9,139,373)
Other payments	(464,605)	(272,757)
<b>Net cash provided by operating activities</b>	<b>8.2</b> <b>12,909,017</b>	<b>8,596,531</b>
<b>Cash flows from investing activities</b>		
Payments for property, infrastructure, plant and equipment	(12,499,140)	(7,624,531)
Proceeds from sale of property, infrastructure, plant and equipment	213,482	637,555
Payments for other financial assets	–	(2,510,377)
Proceeds from sale of other financial assets	1,999,490	–
<b>Net cash (used in) investing activities</b>	<b>(10,286,168)</b>	<b>(9,497,353)</b>
<b>Cash flows from financing activities</b>		
Finance costs	(160,564)	(216,227)
Repayment of borrowings	(569,462)	(1,064,652)
<b>Net cash (used in) financing activities</b>	<b>(730,026)</b>	<b>(1,280,879)</b>
Net increase (decrease) in cash and cash equivalents	1,892,823	(2,181,701)
Cash and cash equivalents at the beginning of the financial year	5,572,023	7,753,724
<b>Cash and cash equivalents at the end of the financial year</b>	<b>4.1</b> <b>7,464,846</b>	<b>5,572,023</b>

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

Financing arrangements	4.6
Restrictions on cash assets	4.1

## STATEMENT OF CAPITAL WORKS FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$	2017 \$
<b>Property</b>		
Land	49,355	102,059
<b>Total land</b>	<b>49,355</b>	<b>102,059</b>
Buildings	540,365	1,225,928
<b>Total buildings</b>	<b>540,365</b>	<b>1,225,928</b>
<b>Total property</b>	<b>589,720</b>	<b>1,327,987</b>
<b>Plant and equipment</b>		
Plant, machinery and equipment	629,825	554,517
Fixtures, fittings and furniture	15,807	47,272
<b>Total plant and equipment</b>	<b>645,632</b>	<b>601,789</b>
<b>Infrastructure</b>		
Roads	8,109,340	4,049,243
Kerb and channel	249,581	17,663
Pathways	178,477	239,461
Bridges and major culverts	1,321,890	412,771
Drainage	784,279	621,647
Minor culverts	616,468	27,410
Waste water assets	–	15,072
Traffic control facilities	8,753	–
<b>Total infrastructure</b>	<b>11,268,788</b>	<b>5,383,267</b>
<b>Total capital works expenditure</b>	<b>12,504,140</b>	<b>7,313,043</b>
<b>Represented by:</b>		
New asset expenditure	1,112,984	1,908,030
Asset renewal expenditure	10,269,818	2,981,897
Asset expansion expenditure	36,396	–
Asset upgrade expenditure	1,084,942	2,423,116
<b>Total capital works expenditure</b>	<b>12,504,140</b>	<b>7,313,043</b>

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

# NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

## Overview

### Introduction

The Central Goldfields Shire Council was established by an Order of the Governor in Council on 19 January 1995 and is a body corporate. Council's main office is located at 22 Nolan Street, Maryborough, Victoria, 3465.

### Statement of compliance

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

### Significant accounting policies

#### Basis of accounting

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

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

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

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

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

## NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

**Note 1: Performance against budget**

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 percent or \$200,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 23 May 2017. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

**1.1 Income and expenditure**

	<b>Budget 2018 \$</b>	<b>Actual 2018 \$</b>	<b>Variance 2018 \$</b>	<b>%</b>	<b>Ref</b>
<b>Income</b>					
Rates and service charges	14,020,027	14,044,731	<b>24,704</b>	<b>0%</b>	
Statutory fees and fines	409,290	435,532	<b>26,242</b>	<b>6%</b>	
User charges	3,968,923	2,216,488	<b>(1,752,435)</b>	<b>-44%</b>	<b>1</b>
Grants – operating	6,575,872	8,542,961	<b>1,967,089</b>	<b>30%</b>	<b>2</b>
Grants – capital	6,828,500	6,110,618	<b>(717,882)</b>	<b>-11%</b>	<b>3</b>
Contributions – monetary	115,386	387,311	<b>271,925</b>	<b>236%</b>	<b>4</b>
Contributions – non monetary	–	387,402	<b>387,402</b>	<b>100%</b>	<b>5</b>
Found and gifted assets	–	1,279,924	<b>1,279,924</b>	<b>100%</b>	<b>6</b>
Other income	203,150	271,794	<b>68,644</b>	<b>34%</b>	<b>7</b>
<b>Total income</b>	<b><u>32,121,148</u></b>	<b><u>33,676,761</u></b>	<b><u>1,555,613</u></b>		
<b>Expenses</b>					
Employee costs	12,429,799	12,101,669	<b>(328,130)</b>	<b>3%</b>	<b>8</b>
Materials and services	11,802,812	8,362,377	<b>(3,440,435)</b>	<b>29%</b>	<b>9</b>
Bad and doubtful debts	26,300	24,268	<b>(2,032)</b>	<b>8%</b>	
Depreciation	4,571,431	7,222,368	<b>2,650,937</b>	<b>-58%</b>	<b>10</b>
Borrowing costs	173,992	157,279	<b>(16,713)</b>	<b>10%</b>	<b>11</b>
Net loss on disposal of property, infrastructure, plant and equipment	12,440	1,722,296	<b>1,709,856</b>	<b>13745%</b>	<b>12</b>
Other expenses	–	398,100	<b>398,100</b>	<b>100%</b>	<b>13</b>
<b>Total expenses</b>	<b><u>29,016,774</u></b>	<b><u>29,988,357</u></b>	<b><u>971,583</u></b>		
<b>Surplus/(deficit) for the year</b>	<b><u>3,104,374</u></b>	<b><u>3,688,404</u></b>	<b><u>584,030</u></b>		

## 1.1 Income and expenditure (continued)

Ref	Item	Explanation								
1	User charges	Due to the elimination of “internal” plant hire income included in the budget (\$1,565,600)								
2	Grants – operating	The level of operating grants received by Council had three significant variations to budget including: Additional \$402,000 received in Go Goldfields funding than budgeted. Additional \$243,031 in Financial Assistance Grants received (\$75,097 Local Roads and \$167,934 General Purpose) than budgeted. In addition, the Local Roads component was incorrectly budgeted for as capital, however reported as operating.								
3	Grants – capital	\$400,000 in Local Roads to Market funding budgeted for, only \$280,000 received (\$120,000 received during 2016–2017).								
4	Contributions – monetary	During the year Council received seven unbudgeted contributions in the following categories: <table style="margin-left: 20px; border-collapse: collapse;"> <tr> <td>Roadworks contributions received but not budgeted</td> <td style="text-align: right;">51,685</td> </tr> <tr> <td>Long service leave contributions received but not budgeted</td> <td style="text-align: right;">58,496</td> </tr> <tr> <td>Recreational contribution received but not budgeted</td> <td style="text-align: right;">112,831</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;"><b>223,012</b></td> </tr> </table>	Roadworks contributions received but not budgeted	51,685	Long service leave contributions received but not budgeted	58,496	Recreational contribution received but not budgeted	112,831		<b>223,012</b>
Roadworks contributions received but not budgeted	51,685									
Long service leave contributions received but not budgeted	58,496									
Recreational contribution received but not budgeted	112,831									
	<b>223,012</b>									
5	Contributions – non monetary	Due to the recognition of \$157,636 in land under roads in relation to developer contributed assets within Whirakee Rise, and \$224,766 in gravel contributions.								
6	Found and gifted assets	Due to the recognition of \$1,279,924 in infrastructure found and gifted during the asset valuation process.								
7	Other income	Primarily due to rental income of \$45,610 being budgeted for as user fees.								
8	Employee costs	Employee costs were lower than budgeted due to a number of positions which were vacated and not replaced during the year including the General Manager Go Goldfields, Manager Early Years Services, Maternal Child Health Services Co-ordinator and the Co-ordinator Aged Services.								
9	Materials and services	Primarily due to \$3,000,000 in flood recovery works budgeted for as operating expenditure, when the expenditure was actually accounted for as capital expenditure (refer explanation reference 4 within note 1.2 Capital Works )								
10	Depreciation	Infrastructure depreciation was budgeted for as \$3,292,289, when as a result of the infrastructure revaluation, was actually \$5,409,153 (\$2,116,864 increase).								
11	Borrowing costs	One of Council’s loans is interest only (variable). The drop in interest rates during the year resulted in interest payable on this loans being less than budgeted.								
12	Net loss on disposal of property, infrastructure, plant and equipment	Primarily due to the disposal of \$1,661,986 in infrastructure assets, which was not budgeted for.								
13	Other expenses	Consists of audit fees, and councillor allowances, budgeted as materials and services.								

## NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

## Note 1: Performance against budget (continued)

## 1.2 Capital works

	Budget 2018 \$	Actual 2018 \$	Variance 2018 \$	%	Ref
<b>Property</b>					
Land	92,000	49,355	(42,645)	-46%	1
<b>Total Land</b>	<b>92,000</b>	<b>49,355</b>	<b>(42,645)</b>		
Buildings	515,500	540,365	24,865	5%	
<b>Total Buildings</b>	<b>515,500</b>	<b>540,365</b>	<b>24,865</b>		
<b>Total Property</b>	<b>607,500</b>	<b>589,720</b>	<b>(17,780)</b>		
<b>Plant and Equipment</b>					
Plant, machinery and equipment	788,000	629,825	(158,175)	-20%	2
Fixtures, fittings and furniture	61,000	15,807	(45,193)	-74%	3
<b>Total Plant and Equipment</b>	<b>849,000</b>	<b>645,632</b>	<b>(203,368)</b>		
<b>Infrastructure</b>					
Roads	4,098,000	8,109,340	4,011,340	98%	4
Kerb and channel	128,000	249,581	121,581	95%	5
Pathways	114,300	178,477	64,177	56%	6
Bridges and major culverts	305,738	1,321,890	1,016,152	332%	7
Drainage	2,990,000	784,279	(2,205,721)	-74%	8
Minor culverts	60,000	616,468	556,468	927%	9
Waste water assets	15,000	-	(15,000)	-100%	10
Traffic control facilities	-	8,753	8,753	100%	11
<b>Total Infrastructure</b>	<b>7,711,038</b>	<b>11,268,788</b>	<b>3,557,750</b>		
<b>Total Capital Works Expenditure</b>	<b>9,167,538</b>	<b>12,504,140</b>	<b>3,336,602</b>		
<b>Represented by:</b>					
New asset expenditure	1,343,300	1,112,984	(230,316)		
Asset renewal expenditure	3,996,238	10,269,818	6,273,580		
Asset expansion expenditure	-	36,396	36,396		
Asset upgrade expenditure	3,828,000	1,084,942	(2,743,058)		
<b>Total Capital Works Expenditure</b>	<b>9,167,538</b>	<b>12,504,140</b>	<b>3,336,602</b>		

Ref	Item	Explanation												
1	Land	Primarily due to \$44,000 in renewal surrounds budgeted for, only \$23,990 expended, and \$10,000 for Talbot Landfill Rehabilitation works which were not expended.												
2	Plant, machinery and equipment	Council had budgeted to purchase a new Street Sweeper during the year (\$120,000 budgeted), this purchase did not occur.												
3	Fixtures, fittings and furniture	Council had budgeted to spend \$25,000 on its PC Network (only \$7,963 expended) and \$25,000 on Server Upgrades which did not occur during the year.												
4	Roads	Due to \$4,630,391 expended on flood related road renewal works during the year, which was budgeted for as operating expenditure.												
5	Kerb and channel	Due to a number of projects budgeted for as Roads, which had kerb and channel components including <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Rodborough Rd at Reservoir Repairs</td> <td style="text-align: right;">29,665</td> </tr> <tr> <td>Tweeddale Street – Broadway to Inkerman Street</td> <td style="text-align: right;">11,691</td> </tr> <tr> <td>Majorca Rd – Stage 2 Loch Street to Nelson St</td> <td style="text-align: right;">9,452</td> </tr> <tr> <td>Luke Court Renewal/Upgrade (Part RTR)</td> <td style="text-align: right;">24,115</td> </tr> <tr> <td>Tullaroop Rd Chaplins Rd Intersection</td> <td style="text-align: right;">16,830</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;"><b>91,753</b></td> </tr> </table>	Rodborough Rd at Reservoir Repairs	29,665	Tweeddale Street – Broadway to Inkerman Street	11,691	Majorca Rd – Stage 2 Loch Street to Nelson St	9,452	Luke Court Renewal/Upgrade (Part RTR)	24,115	Tullaroop Rd Chaplins Rd Intersection	16,830		<b>91,753</b>
Rodborough Rd at Reservoir Repairs	29,665													
Tweeddale Street – Broadway to Inkerman Street	11,691													
Majorca Rd – Stage 2 Loch Street to Nelson St	9,452													
Luke Court Renewal/Upgrade (Part RTR)	24,115													
Tullaroop Rd Chaplins Rd Intersection	16,830													
	<b>91,753</b>													
6	Pathways	Due to a number of projects budgeted for as Roads, which had pathway components including <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Tweeddale Street – Broadway to Inkerman Street</td> <td style="text-align: right;">7,809</td> </tr> <tr> <td>Majorca Rd – Stage 2 Loch Street to Nelson St</td> <td style="text-align: right;">40,931</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;"><b>48,740</b></td> </tr> </table>	Tweeddale Street – Broadway to Inkerman Street	7,809	Majorca Rd – Stage 2 Loch Street to Nelson St	40,931		<b>48,740</b>						
Tweeddale Street – Broadway to Inkerman Street	7,809													
Majorca Rd – Stage 2 Loch Street to Nelson St	40,931													
	<b>48,740</b>													
7	Bridges and major culverts	Due to \$846,836 expended on flood related bridge and major culvert renewal works during the year, which were budgeted for as operating expenditure.												
8	Drainage	Council had budgeted \$2,539,000 in flood mitigation works, whereas only \$349,639 was expended during the year.												
9	Minor culverts	Due to \$461,701 expended on flood related minor culvert renewal works during the year, which were budgeted for as operating expenditure.												
10	Waste water assets	Council had budgeted to expend \$15,000 on the Recycled Watermain replacement, which did not occur.												
11	Traffic control facilities	Due to the Tullaroop Rd Chaplins Rd Intersection works (budgeted for as roads) which had a traffic control facility expenditure component of \$7,137.												

## NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

<b>Note 2: Funding for the delivery of our services</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>2.1 Rates and service charges</b>		
Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is its market value (land and buildings inclusive).		
The valuation base used to calculate general rates for 2017–2018 was \$1,757 million (2016–2017 was \$1,736 million). The 2017–2018 general rate – cents in the CIV dollar was 0.5447 (2016–2017, was 0.5340).		
Residential	7,759,460	7,507,036
Commercial	1,141,143	1,121,280
Industrial	212,165	200,784
Farm and Rural	1,589,571	1,556,551
Vacant land	643,829	632,998
Recreation and Cultural	257	252
Garbage Charge	2,650,526	2,560,904
Interest on rates and charges	47,780	56,527
<b>Total rates and service charges</b>	<b><u>14,044,731</u></b>	<b><u>13,636,332</u></b>
The date of the last general revaluation of land for rating purposes within the municipal district was 1 January 2016, and the valuation was first applied to the rating period commencing 1 July 2016.		
Annual rates and charges are recognised as revenues when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.		
<b>2.2 Statutory fees and fines</b>		
Infringements and costs	36,092	53,912
Town planning fees	151,075	112,676
Land information and building certificate fees	13,642	12,546
Permits	102,018	129,070
Registrations	129,323	136,841
Other	3,382	6,933
<b>Total statutory fees and fines</b>	<b><u>435,532</u></b>	<b><u>451,978</u></b>
Statutory fees and fines are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.		
<b>2.3 User charges</b>		
Rent	32,214	45,102
Vic Roads agency fees	239,637	238,241
Contract care fees	233,612	355,177
Greenwaste fees	81,868	71,360
Hire fees	57,178	71,823
User charges – Energy Breakthrough	165,145	156,791
Community service charges	764,700	740,095
Caravan park fees	77,020	62,156
Other user fees	565,114	484,189
<b>Total user charges</b>	<b><u>2,216,488</u></b>	<b><u>2,224,934</u></b>
User fees are recognised as revenue when the service has been provided or council has otherwise earned the income.		

<b>2.4 Funding from other levels of government</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Grants were received in respect of the following:		
<b>Summary of grants</b>		
Commonwealth funded grants	5,717,012	6,731,414
State funded grants	8,936,567	6,261,099
<b>Total grants received</b>	<b>14,653,579</b>	<b>12,992,513</b>
<b>Operating Grants</b>		
<b>Recurrent – Commonwealth Government</b>		
Commonwealth Financial Assistance Grants – unallocated	2,729,934	3,793,612
Commonwealth Financial Assistance Grants – local roads	1,195,097	1,698,020
Commonwealth Home Support Program	696,733	–
<b>Recurrent – State Government</b>		
Community	1,437,233	1,227,572
Health & Human Services	2,161,236	2,691,976
Heritage & Culture	148,011	146,248
Recreation	18,303	88,480
Transport	–	10,000
Administration	40,000	–
Waste & Environment	116,414	30,869
<b>Total recurrent operating grants</b>	<b>8,542,961</b>	<b>9,686,777</b>
<b>Capital Grants</b>		
<b>Recurrent – Commonwealth Government</b>		
Roads to recovery	1,095,248	1,239,782
<b>Recurrent – State Government</b>		
Nil		
<b>Total recurrent capital grants</b>	<b>1,095,248</b>	<b>1,239,782</b>
<b>Non-recurrent – State Government</b>		
Community	8,750	–
Community – Flood Works	4,200,691	1,500,000
Heritage and Culture	–	220,000
Recreation	64,301	193,454
Transport	741,628	152,500
<b>Total non-recurrent capital grants</b>	<b>5,015,370</b>	<b>2,065,954</b>
<b>Total capital grants</b>	<b>6,110,618</b>	<b>3,305,736</b>
<b>Total grants</b>	<b>14,653,579</b>	<b>12,992,513</b>
<b>Unspent grants received on condition that they be spent in a specific manner</b>		
Balance at start of year	1,435,658	2,016,412
Received during the financial year and remained unspent at balance date	308,502	1,316,301
Received in prior years and spent during the financial year	(1,410,918)	(1,897,055)
Balance at year end	<b>333,242</b>	<b>1,435,658</b>

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

## NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$	2017 \$
<b>Note 2: Funding for the delivery of our services (continued)</b>		
<b>2.5 Contributions</b>		
Monetary		
Parks, open space and streetscapes	10,600	30,605
Contributions from community groups	376,711	303,940
<b>Total monetary contributions</b>	<b>387,311</b>	<b>334,545</b>
Contributions of non monetary assets were received in relation to the following asset classes		
Artwork collection	–	6,960
Plant and equipment	5,000	–
Land under roads	157,636	–
Gravel contributions	224,766	–
<b>Total non monetary contributions</b>	<b>387,402</b>	<b>6,960</b>
Monetary and non monetary contributions are recognised as revenue when Council obtains control over the contributed asset.		
<b>2.6 Net loss on disposal of property, infrastructure, plant and equipment</b>		
Proceeds of sale	213,482	637,555
Written down value of assets disposed	(273,792)	(602,327)
Written down value of infrastructure assets written off	(1,661,986)	(1,362,848)
<b>Total net loss on disposal of property, infrastructure, plant and equipment</b>	<b>(1,722,296)</b>	<b>(1,327,620)</b>
The profit or loss on sale of an asset is determined when control of the asset has passed to the buyer.		
<b>2.7 Other income</b>		
Interest on investments	128,430	211,325
Rent	45,610	44,728
Donations/ sponsorships	10,000	2,392
Special Charge Scheme	33,765	73,756
Reimbursements	44,410	111,333
Other	9,579	17,522
<b>Total other income</b>	<b>271,794</b>	<b>461,056</b>
Interest is recognised as it is earned.		
Other income is measured at the fair value of the consideration received or receivable and is recognised when Council gains control over the right to receive the income.		
<b>2.8 Found and gifted assets</b>		
Infrastructure assets	1,279,924	2,765,896
<b>Total found and gifted assets</b>	<b>1,279,924</b>	<b>2,765,896</b>
Found assets arise as a result of Council's continuous inspection regime/asset management processes. Where an asset is identified as not being currently recorded in Council's asset management system, it is brought to account in accordance with Council's asset valuation methodology as per Note 5.2.		

### Note 3: The cost of delivering services

	2018 \$	2017 \$
<b>3.1 Employee costs</b>		
Wages and salaries	10,200,648	10,028,947
Long Service Leave	446,171	350,800
Superannuation	1,036,277	964,275
Fringe benefits tax	128,819	133,481
WorkCover insurance premium	148,666	173,208
Other employee related expenses	141,088	143,122
<b>Total employee costs</b>	<b>12,101,669</b>	<b>11,793,833</b>
<b>Superannuation</b>		
Council made contributions to the following funds:		
<b>Defined benefit fund</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	93,598	123,907
	<b>93,598</b>	<b>123,907</b>
Defined benefits employer contributions payable at reporting date.	–	–
<b>Accumulation funds</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	551,767	486,863
Employer contributions – other funds	316,003	287,147
	<b>867,770</b>	<b>774,010</b>
Employer contributions payable at reporting date.	74,909	66,358
Refer to note 8.3 for further information relating to Council's superannuation obligations.		
<b>3.2 Materials and services</b>		
Contractors	6,431,126	5,895,891
Operating lease payments	117,483	107,141
Grants and contributions	146,243	189,832
Event support – Energy Breakthrough	345,100	320,120
Section 86 committees of management	116,594	103,139
Other materials and services	1,205,831	1,287,214
<b>Total materials and services</b>	<b>8,362,377</b>	<b>7,903,337</b>
<b>3.3 Bad and doubtful debts</b>		
Other debtors	24,268	15,530
<b>Total bad and doubtful debts</b>	<b>24,268</b>	<b>15,530</b>
<b>Movement in provision for doubtful debts</b>		
Balance at the beginning of the year	(25,635)	(27,684)
New provisions recognised during the year	(22,360)	785
Amounts already provided for and written off as uncollectable	2,783	1,264
<b>Balance at end of year</b>	<b>(45,212)</b>	<b>(25,635)</b>

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

## NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

<b>Note 3: The cost of delivering services (continued)</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>3.4 Depreciation</b>		
Property – buildings	1,266,075	1,260,891
Plant, machinery and equipment	415,555	327,587
Fixtures, fittings and furniture	131,585	211,779
Infrastructure	5,409,153	4,987,685
<b>Total depreciation</b>	<b><u>7,222,368</u></b>	<b><u>6,787,942</u></b>

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

**3.5 Borrowing costs**

Interest on borrowings	157,279	215,960
<b>Total borrowing costs</b>	<b><u>157,279</u></b>	<b><u>215,960</u></b>

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

**3.6 Other expenses**

Councillors' allowances	303,913	229,386
Auditors' remuneration – internal auditor	50,987	–
Auditors' remuneration – audit of the financial statements, performance statements and grant acquittals by the Victorian Auditor General's Office (VAGO)	43,200	44,800
<b>Total other expenses</b>	<b><u>398,100</u></b>	<b><u>274,186</u></b>

## Note 4: Our financial position

### 4.1 Financial assets

#### (a) Cash and cash equivalents

	2018 \$	2017 \$
Term deposits	5,000,000	4,503,264
Cash at bank	2,463,846	1,067,309
Cash on hand	1,000	1,450
<b>Total cash and cash equivalents</b>	<b><u>7,464,846</u></b>	<b><u>5,572,023</u></b>

#### (b) Other financial assets

Term deposits – current	1,520,965	3,520,455
<b>Total other financial assets</b>	<b><u>1,520,965</u></b>	<b><u>3,520,455</u></b>

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

– Trust funds and deposits (Note 4.4)	436,138	354,221
– Unexpended grants (note 2.4)	308,502	1,316,301
<b>Total restricted funds</b>	<b><u>744,640</u></b>	<b><u>1,670,522</u></b>
<b>Total unrestricted cash and cash equivalents</b>	<b><u>6,720,206</u></b>	<b><u>3,901,501</u></b>

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

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

#### (c) Trade and other receivables

##### Current

##### Statutory receivables

Rates debtors	1,182,745	1,103,529
<b>Total statutory receivables</b>	<b><u>1,182,745</u></b>	<b><u>1,103,529</u></b>

##### Others

Net Australian Tax Office – GST receivable	178,778	282,437
Victorian Government Grant Debtors	369,213	282,548
Infringements	10,230	13,642
Employee Related debtors	14,524	14,418
Families and Child Care	69,823	67,657
Private works	18,830	9,128
Aged Care	47,277	46,621
Special Charge Scheme	11,302	5,625
Sundry debtors	129,214	135,601
<b>Total other receivables</b>	<b><u>849,191</u></b>	<b><u>857,677</u></b>
Provision for doubtful debts – other debtors	(45,212)	(25,635)
<b>Total current trade and other receivables</b>	<b><u>1,986,724</u></b>	<b><u>1,935,571</u></b>

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

## NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
<b>Note 4: Our financial position (continued)</b>		
<b>4.1 Financial assets (continued)</b>		
<b>(c) Trade and other receivables (continued)</b>		
<b>Ageing of receivables</b>		
The ageing of the Council's trade and other receivables (excluding statutory receivables) that are not impaired was:		
Current (not yet due)	583,618	689,276
Past due by up to 30 days	117,892	70,236
Past due between 31 and 180 days	95,983	71,452
Past due between 181 and 365 days	51,698	24,324
Past due by more than 1 year	–	2,389
<b>Total trade and other receivables</b>	<b>849,191</b>	<b>857,677</b>
<b>4.2 Non-financial assets</b>		
<b>(a) Inventories</b>		
Inventories held for sale	98,191	70,943
<b>Total inventories</b>	<b>98,191</b>	<b>70,943</b>
Inventories held for sale are measured at the lower of cost and net realisable value.		
<b>(b) Other assets</b>		
Prepayments	264,777	265,602
Accrued Income	18,116	1,527,531
<b>Total other assets</b>	<b>282,893</b>	<b>1,793,133</b>
<b>4.3 Interest-bearing loans and borrowings</b>		
<b>Current</b>		
Borrowings – secured (1)	2,846,293	3,340,953
Finance lease	11,260	11,267
	<b>2,857,553</b>	<b>3,352,220</b>
<b>Non-current</b>		
Borrowings – secured (1)	1,596,934	1,660,476
Finance lease	5,630	16,883
	<b>1,602,564</b>	<b>1,677,359</b>
<b>Total</b>	<b>4,460,117</b>	<b>5,029,579</b>
(1) Borrowings are secured by a charge over the general rates of the Council.		
(a) The maturity profile for Council's borrowings is:		
Not later than one year	2,846,293	3,340,953
Later than one year and not later than five years	1,596,934	1,660,476
<b>Total</b>	<b>4,443,227</b>	<b>5,001,429</b>

**4.3 Interest-bearing loans and borrowings (continued)** **2018**  
**\$** **2017**  
**\$**

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

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

Not later than one year	11,260	11,267
Later than one year and not later than five years	5,630	16,883
<b>Total</b>	<b>16,890</b>	<b>28,150</b>

**4.4 Payables**

**Trade and other payables**

Trade payables	2,335,161	2,247,622
Accrued salaries and wages	234,804	212,885
Unearned revenue	7,136	5,843
Accrued interest	10,359	13,644
<b>Total trade and other payables</b>	<b>2,587,460</b>	<b>2,479,994</b>

**Trust funds and deposits**

Refundable deposits	73,300	87,700
Retention amounts	346,626	248,280
Fire Services Property Levy	16,212	18,241
<b>Total trust funds and deposits</b>	<b>436,138</b>	<b>354,221</b>

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

**Purpose and nature of items**

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

Fire Services Property 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 2018

## Note 4: Our financial position (continued)

## 4.5 Provisions

	Employee provisions	Gravel Pit rehabilitation	Total
<b>2018</b>			
Balance at beginning of the financial year	3,095,233	79,190	3,174,423
Additional provisions	920,223	–	920,223
Amounts used	(983,405)	–	(983,405)
Decrease in the discounted amount arising because of time and the effect of any change in the discount rate	–	(10,075)	(10,075)
Balance at the end of the financial year	<b>3,032,051</b>	<b>69,115</b>	<b>3,101,166</b>
<b>2017</b>			
Balance at beginning of the financial year	2,992,163	77,761	3,069,924
Additional provisions	1,070,743	–	1,070,743
Amounts used	(967,673)	–	(967,673)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	–	1,429	1,429
Balance at the end of the financial year	<b>3,095,233</b>	<b>79,190</b>	<b>3,174,423</b>
<b>Employee provisions</b>		<b>2018</b>	<b>2017</b>
<b>Current provisions expected to be wholly settled within 12 months</b>		<b>\$</b>	<b>\$</b>
Annual leave		701,021	741,560
Long service leave		1,807,222	1,811,631
<b>Total current provisions expected to be wholly settled within 12 months</b>		<b>2,508,243</b>	<b>2,553,191</b>
<b>Current provisions expected to be wholly settled after 12 months</b>			
Annual leave		167,357	193,712
<b>Total current provisions expected to be wholly settled after 12 months</b>		<b>167,357</b>	<b>193,712</b>
<b>Total current employee provisions</b>		<b>2,675,600</b>	<b>2,746,903</b>
<b>Non-current provisions</b>			
Long service leave		356,451	348,330
<b>Total non-current employee provisions</b>		<b>356,451</b>	<b>348,330</b>
<b>Aggregate carrying amount of employee provisions</b>			
Current		2,675,600	2,746,903
Non-current		356,451	348,330
<b>Total aggregate carrying amount of employee provisions</b>		<b>3,032,051</b>	<b>3,095,233</b>

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

**Wages and salaries and annual leave**

Liabilities for wages and salaries, including non-monetary benefits 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.

<b>4.5 Provisions (continued)</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<i>Long service leave</i>		
Liability for long service leave (LSL) is recognised in the provision for employee benefits. LSL is measured at present value. Unconditional LSL is disclosed as a current liability. Conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability.		
The following assumptions were adopted in measuring the present value of employee benefits:		
Weighted average increase in employee costs	3.875%	3.813%
Weighted average discount rates	2.174%	2.612%
Weighted average long service leave settlement period	15 years	15 years
<b>Gravel pit rehabilitation</b>		
<b>Non-current provisions</b>		
Gravel pit rehabilitation	69,115	79,190
<b>Total non-current gravel pit rehabilitation provision</b>	<b>69,115</b>	<b>79,190</b>
Council is obligated to restore the Dunolly and Daisy Hill Gravel Pit sites to a particular standard once all gravel has been exhausted. The provision for Gravel pit restoration is based on liability calculations performed by the Manager Engineering Services, approved by DELWP. The liability is based on discounted values as the works are expected to be undertaken beyond the next 12 months. Council does not expect to receive reimbursement from a third party.		
<b>Aggregate carrying amount of provisions:</b>		
Current	2,675,600	2,746,903
Non-current	425,566	427,520
<b>Total aggregate carrying amount of provisions</b>	<b>3,101,166</b>	<b>3,174,423</b>
<b>4.6 Financing arrangements</b>		
Credit card facilities	50,000	50,000
<b>Total facilities</b>	<b>50,000</b>	<b>50,000</b>
Used credit card facilities	11,425	14,472
<b>Unused facilities</b>	<b>38,575</b>	<b>35,528</b>

## NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

## Note 4: Our financial position (continued)

## 4.7 Commitments

## (a) Contractual Commitments

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

	Not later than 1 year \$	Later than 1 year and not later than 2 years \$	Later than 2 years and not later than 5 years \$	Later than 5 years \$	Total \$
<b>2018</b>					
<b>Operating</b>					
Management of Council facilities	673,000	673,000	687,000	–	2,033,000
Waste services	1,961,000	2,038,000	6,602,000	–	10,601,000
<b>Total operating commitments</b>	<b>2,634,000</b>	<b>2,711,000</b>	<b>7,289,000</b>	<b>–</b>	<b>12,634,000</b>
<b>2017</b>					
<b>Operating</b>					
Management of Council facilities	659,000	673,000	687,000	–	2,019,000
Waste services	1,866,000	3,999,000	4,316,000	–	10,181,000
Meal preparation services	45,000	–	–	–	45,000
<b>Total operating commitments</b>	<b>2,570,000</b>	<b>4,672,000</b>	<b>5,003,000</b>	<b>–</b>	<b>12,245,000</b>

## (b) Operating lease commitments

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

	2018 \$	2017 \$
Not later than one year	93,602	76,344
Later than one year and not later than five years	397,999	188,198
Later than five years	496,975	156,178
<b>Total operating lease commitments</b>	<b>988,576</b>	<b>420,720</b>

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

## Note 5: Assets we manage

### 5.1 Non-current assets classified as held for sale

	2018 \$	2017 \$
Industrial land held for sale	573,394	245,223
<b>Total non-current assets classified as held for sale</b>	<b>573,394</b>	<b>245,223</b>
<b>Movement in non-current assets classified as held for sale</b>		
Balance at beginning of financial year	245,223	1,073,939
Disposals	–	(375,479)
Transfers (to)/from property, infrastructure, plant and equipment	328,171	(453,237)
<b>Balance at end of financial year</b>	<b>573,394</b>	<b>245,223</b>

#### *Valuation of industrial land held for sale*

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

## NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

## Note 5: Assets we manage (continued)

## 5.2 Property, infrastructure, plant and equipment

## Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2017	At Fair Value 30 June 2018	Found assets/ Contributions	Gifted/ Contributions	Additions	Revaluation	Depreciation	Disposal	Transfers	At Fair Value 30 June 2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	9,500,087			157,636					(278,816)	9,378,907
Buildings	37,757,141					(1,266,075)			521,981	37,013,047
Plant and Equipment	4,875,326				19,530	(547,140)	(273,792)		645,632	4,719,556
Infrastructure	245,566,807			1,279,924	14,930,076	(5,409,153)	(1,661,985)		11,819,215	266,524,884
Work in progress	932,201								(13,046,164)	390,177
<b>TOTAL</b>	<b>298,631,562</b>		<b>1,437,560</b>	<b>12,504,140</b>	<b>14,949,606</b>	<b>(7,222,368)</b>	<b>(1,935,777)</b>		<b>(338,152)</b>	<b>318,026,571</b>

## Summary of Work in Progress (WIP)

	Opening WIP	Additions	Transfers	Write Offs	Closing WIP
Buildings	2,664	589,720	(571,336)		21,048
Plant and Equipment	9,981	645,632	(645,632)	(9,981)	
Infrastructure	919,556	11,268,788	(11,819,215)		369,129
<b>TOTAL</b>	<b>932,201</b>	<b>12,504,140</b>	<b>-13,036,183</b>	<b>(9,981)</b>	<b>390,177</b>

**Asset recognition thresholds and depreciation periods**

Asset category	Depreciation Period (years)		Threshold Limit \$
	2018	2017	
Property			
land	–	–	1
land improvements	5–100 years	5–100 years	2,000
Buildings			
buildings	2–70 years	2–70 years	5,000
building improvements	5–100 years	5–100 years	2,000
Plant and Equipment			
plant, machinery and equipment	2–40 years	2–40 years	2,000
fixtures, fittings and furniture	2–20 years	2–20 years	2,000
computers and telecommunications	2–10 years	2–10 years	2,000
artworks	–	–	1
Infrastructure			
road pavements and seals	15–60 years	15–60 years	10,000
kerb and channel	20–50 years	20–50 years	1,000
pathways	30–50 years	30–50 years	1,000
bridges and major culverts	70–100 years	70–100 years	10,000
drainage	40–100 years	40–100 years	3,000
minor culverts	80 years	80 years	600
monuments	200 years	200 years	2,000
waste water assets	20–60 years	20–60 years	10,000
traffic control facilities	50 years	50 years	5,000

## NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

## Note 5: Assets we manage (continued)

## 5.2 Property, infrastructure, plant and equipment (continued)

## (a) Property

	Lands under Roads – specialised	Land	Total Land	Buildings	Total Buildings	Work In Progress	Total Property
	\$	\$	\$	\$	\$	\$	\$
At fair value 1 July 2017	223,850	9,276,237	9,500,087	83,229,919	83,229,919	2,664	92,732,670
Accumulated depreciation at 1 July 2017	–	–	–	(45,472,778)	(45,472,778)	–	(45,472,778)
<b>Written down value at 1 July 2017</b>	<b>223,850</b>	<b>9,276,237</b>	<b>9,500,087</b>	<b>37,757,141</b>	<b>37,757,141</b>	<b>2,664</b>	<b>47,259,892</b>
<b>Movements in fair value</b>							
Additions	–	–	–	–	–	589,720	589,720
Gifted assets	157,636	–	157,636	–	–	–	157,636
Transfers	–	(278,816)	(278,816)	521,981	521,981	(571,336)	(328,171)
<b>Movements in value for year</b>	<b>157,636</b>	<b>(278,816)</b>	<b>(121,180)</b>	<b>521,981</b>	<b>521,981</b>	<b>18,384</b>	<b>419,185</b>
<b>Movements in accumulated depreciation</b>							
Depreciation	–	–	–	(1,266,075)	(1,266,075)	–	(1,266,075)
<b>Movements in accumulated depreciation for year</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(1,266,075)</b>	<b>(1,266,075)</b>	<b>–</b>	<b>(1,266,075)</b>
At fair value 30 June 2018	381,486	8,997,421	9,378,907	83,751,900	83,751,900	21,048	93,151,855
Accumulated depreciation at 30 June 2018	–	–	–	(46,738,853)	(46,738,853)	–	(46,738,853)
<b>Written down value at 30 June 2018</b>	<b>381,486</b>	<b>8,997,421</b>	<b>9,378,907</b>	<b>37,013,047</b>	<b>37,013,047</b>	<b>21,048</b>	<b>46,413,002</b>

**(b) Plant and Equipment**

	Plant, machinery and equipment \$	Fixtures, fittings and furniture \$	Artwork collection \$	Library collection \$	Work In Progress \$	Total plant and equipment \$
At fair value 1 July 2017	7,256,015	3,543,615	210,990	329,747	9,981	11,350,348
Accumulated depreciation at 1 July 2017	(3,246,316)	(3,218,725)	–	–	–	(6,465,041)
<b>Written down value at 1 July 2017</b>	<b>4,009,699</b>	<b>324,890</b>	<b>210,990</b>	<b>329,747</b>	<b>9,981</b>	<b>4,885,307</b>
<b>Movements in fair value</b>						
Additions	–	–	–	–	645,632	645,632
Revaluation increments/decrements	–	–	–	19,530	–	19,530
Disposals	(572,060)	–	–	–	–	(572,060)
Transfer recognised in operating result	–	–	–	–	(9,981)	(9,981)
Transfers	629,825	15,807	–	–	(645,632)	–
<b>Movements in value for year</b>	<b>57,765</b>	<b>15,807</b>	<b>–</b>	<b>19,530</b>	<b>(–9,981)</b>	<b>83,121</b>
<b>Movements in accumulated depreciation</b>						
Depreciation	(415,555)	(131,585)	–	–	–	(547,140)
Accumulated depreciation of disposals	298,268	–	–	–	–	298,268
<b>Movements in accumulated depreciation for year</b>	<b>(117,287)</b>	<b>(131,585)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(248,872)</b>
At fair value 30 June 2018	7,313,780	3,559,422	210,990	349,277	–	11,433,469
Accumulated depreciation at 30 June 2018	(3,363,603)	(3,350,310)	–	–	–	(6,713,913)
<b>Written down value at 30 June 2018</b>	<b>3,950,177</b>	<b>209,112</b>	<b>210,990</b>	<b>349,277</b>	<b>–</b>	<b>4,719,556</b>

## NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

## 5.2 Property, infrastructure, plant and equipment

## (c) Infrastructure

	Roads	Bridges	Footpaths & cycleways	Drainage	Other structures	Work in progress	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
At fair value 1 July 2017	229,385,358	39,595,211	8,834,498	20,550,847	25,748,079	919,556	325,033,549
Accumulated depreciation at 1 July 2017	(48,718,612)	(12,971,646)	(2,340,735)	(6,064,908)	(8,451,285)	–	(78,547,186)
<b>Written down value at 1 July 2017</b>	<b>180,666,746</b>	<b>26,623,565</b>	<b>6,493,763</b>	<b>14,485,939</b>	<b>17,296,794</b>	<b>919,556</b>	<b>246,486,363</b>
<b>Movements in fair value</b>							
Additions	–	–	–	–	–	11,268,788	11,268,788
Gifted assets	821,866	35,497	120,780	–	301,781	–	1,279,924
Revaluation	7,592,076	1,637,732	20,841	219,903	5,459,524	–	14,930,076
Disposals	(1,902,659)	(254,035)	(33,232)	–	(530,492)	–	(2,720,418)
Transfers	8,594,727	1,460,086	112,375	785,772	866,255	(11,819,215)	(0)
<b>Movements in value for year</b>	<b>15,106,010</b>	<b>2,879,280</b>	<b>220,764</b>	<b>1,005,675</b>	<b>6,097,068</b>	<b>(550,427)</b>	<b>24,758,370</b>
<b>Movements in accumulated depreciation</b>							
Depreciation	(4,159,841)	(414,511)	(200,251)	(206,982)	(427,568)	–	(5,409,153)
Accumulated depreciation of disposals	938,956	64,677	9,448	–	45,352	–	1,058,433
<b>Movements in accumulated depreciation for year</b>	<b>(3,220,885)</b>	<b>(349,834)</b>	<b>(190,803)</b>	<b>(206,982)</b>	<b>(382,216)</b>	<b>–</b>	<b>(4,350,720)</b>
At fair value 30 June 2018	244,491,368	42,474,491	9,055,262	21,556,522	31,845,147	369,129	349,791,919
Accumulated depreciation at 30 June 2018	(51,939,497)	(13,321,480)	(2,531,538)	(6,271,890)	(8,833,501)	–	(82,897,906)
<b>Written down value at 30 June 2018</b>	<b>192,551,871</b>	<b>29,153,011</b>	<b>6,523,724</b>	<b>15,284,632</b>	<b>23,011,646</b>	<b>369,129</b>	<b>266,894,013</b>

# NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

## Note 5: Assets we manage (continued)

### 5.2 Property, infrastructure, plant and equipment (continued)

#### Recognition and measurement of property, infrastructure, plant and equipment

##### *Acquisition*

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

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

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

##### *Land under roads*

Council recognises land under roads that it owns at fair value.

##### **Depreciation**

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

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

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

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

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

##### *Finance leases*

Leases of assets where substantially all the risks and rewards incidental to ownership of the asset, are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are depreciated on a straight line basis over their estimated useful lives to the Council where it is likely that Council will obtain ownership of the asset or over the term of the lease, whichever is shorter. Leased assets are currently being amortised over a 10 year period.

##### *Repairs and maintenance*

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

##### **Valuation of land and buildings**

Valuation of land and buildings were undertaken by a qualified independent valuer, VRC Property Service (Michael Marsiglio Certified Practising Valuer API Member No. 63349), as at 30 June 2014. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

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

## NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

## Note 5: Assets we manage (continued)

## 5.2 Property, infrastructure, plant and equipment (continued)

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

	Date of Valuation	Level 1	Level 2	Level 3
Specialised land	30.06.2018	–	–	381,486
Land	30.06.2014	–	–	8,997,421
Buildings	30.06.2014	–	–	37,013,047
<b>Total property</b>		<b>–</b>	<b>–</b>	<b>46,391,954</b>

## Valuation of infrastructure

The valuation of infrastructure assets has been determined as at 30 June 2018 in accordance with work undertaken by Council's Asset Coordinator William Scott (B Eng/Bus).

The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation. Those asset groups recorded at Council valuation are subject to an annual indexation process based on the consumer price index movement.

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

	Date of Valuation	Level 1	Level 2	Level 3
Roads	30.06.2018	–	–	192,551,871
Footpaths and cycleways	30.06.2018	–	–	6,523,724
Drainage	30.06.2018	–	–	15,284,632
Bridges	30.06.2018	–	–	29,153,011
Other structures	30.06.2018	–	–	23,011,646
<b>Total infrastructure</b>		<b>–</b>	<b>–</b>	<b>266,524,884</b>

## 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 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$71 and \$117 per square metre.

*Specialised buildings* are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are calculated on a square metre basis and ranges from \$150 to \$2,910 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 2 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

*Infrastructure assets* are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 2 years to 200 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2018 \$	2017 \$
<b>Reconciliation of specialised land</b>		
Land under roads	381,486	223,850
<b>Total specialised land</b>	<b>381,486</b>	<b>223,850</b>

### **5.3 Investments in associates, joint arrangements and subsidiaries**

Council does not have any investments in associates, joint arrangements or subsidiaries.

#### **Committees of management**

All entities controlled by Council that have material revenues, expenses, assets and 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.

The following *Local Government Act 1989* Section 86 Committees of Council has been consolidated into this financial report: Energy Breakthrough and the Tullaroop Leisure Centre.

## NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

### Note 6: People and relationships

#### 6.1 Council and key management remuneration

##### (a) Related Parties

###### *Parent entity*

Central Goldfields Shire Council is the parent entity.

###### *Subsidiaries and Associates*

As at 30 June 2018 Council does not have any interests in any subsidiaries and/or associates.

##### (b) Key Management Personnel

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

###### **Councillors/ Administrators**

Councillor Geoff Lovett (Mayor 01.07.2017 to 23.08.2017)  
 Councillor Helen Broad (01.07.2017 to 23.08.2017)  
 Councillor Bob Henderson (01.07.2017 to 23.08.2017)  
 Councillor Chris Meddows-Taylor (01.07.2017 to 23.08.2017)  
 Councillor Wendy McIvor (01.07.2017 to 23.08.2017)  
 Councillor Gerard Murphy (01.07.2017 to 23.08.2017)  
 Councillor Paula Nixon (01.07.2017 to 23.08.2017)  
 Interim Administrator Mark Davies (26.08.2017 to 12.12.2017)  
 Chief Administrator Noel Harvey (13.12.2017 to 30.06.2018)  
 Administrator Hugh Delahunty (13.12.2017 to 30.06.2018)  
 Administrator Karen Douglas (13.12.2017 to 30.06.2018)

###### **Chief Executive Officer and other Key Management Personnel**

Mark Johnston – Chief Executive Officer (01.07.2017 to 25.08.2017)  
 Vince Haining – Interim Chief Executive Officer (31.07.2017 to 05.03.2018)  
 Lucy Roffey – Chief Executive Officer (05.03.2018 to 30.06.2018)  
 David Sutcliffe – General Manager Technical Services (01.07.2017 to 27.4.2018)  
 Venkat Peteti – General Manager Corporate & Community Services (01.07.2017 to 27.4.2018)  
 Sharon Fraser – General Manager Go Goldfields (01.07.2017 to 15.09.2017)  
 Sandra Hamilton – Acting General Manager Go Goldfields (18.09.2017 to 01.06.2018)  
 Rebecca Stockfeld – General Manager Infrastructure Assets & Planning (21.05.2018 to 30.06.2018)  
 Paul Brumby – General Manager Corporate Performance (21.05.2018 to 30.06.2018)  
 Brenton West – General Manager Community Wellbeing (04.06.2018 to 30.06.2018)  
 Travis Heeney – Director Business Transformation (16.10.2017 to 13.04.2018)  
 Melanie Rogers – Director Business Transformation (30.04.2018 to 30.06.2018)

<b>6.1 Council and key management remuneration (continued)</b>	<b>2018 No.</b>	<b>2017 No.</b>
Total Number of Councillors/Administrators	11	9
Chief Executive Officer and other Key Management Personnel	11	7
Other people who have acted as Key Management Personnel throughout the year	1	2
<b>Total Key Management Personnel</b>	<b>23</b>	<b>19</b>

<b>(c) Remuneration of Key Management Personnel</b>	<b>2018 \$</b>	<b>2017 \$</b>
Total remuneration of key management personnel was as follows:		
Short-term benefits	1,245,787	1,242,591
Termination benefits	250,949	–
Long-term benefits	56,645	142,645
<b>Total Remuneration of Key Management Personnel</b>	<b>1,553,381</b>	<b>1,385,236</b>

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

<b>Income Range:</b>		
\$1 – \$9,999	6	2
\$10,000 – \$19,999	5	3
\$20,000 – \$29,999	–	4
\$30,000 – \$39,999	–	1
\$40,000 – \$49,999	4	1
\$70,000 – \$79,999	1	–
\$80,000 – \$89,999	2	1
\$90,000 – \$99,999	1	1
\$100,000 – \$109,999	1	1
\$130,000 – \$139,999	–	1
\$140,000 – \$149,999	–	1
\$160,000 – \$169,999	1	–
\$180,000 – \$189,999	–	1
\$260,000 – \$269,999	–	1
\$280,000 – \$289,999	1	1
\$320,000 – \$329,999	1	–
<b>Total Key Management Personnel</b>	<b>23</b>	<b>19</b>

#### **(d) Senior Officers Remuneration**

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

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$145,000

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

<b>Income Range:</b>		
\$30,000 – \$39,999	1	–
\$110,000 – \$119,999	1	–
\$145,000 – \$149,999	1	1
	<b>3</b>	<b>1</b>
Total Remuneration for the reporting year for Senior Officers included above, amounted to	<b>300,012</b>	<b>145,874</b>

## NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

<b>Note 6: People and relationships</b>	<b>2018 No.</b>	<b>2017 No.</b>
<b>6.2 Related party disclosure</b>		
<b>(a) Transactions with related parties</b>		
During the period Council entered into the following transactions with related parties.		
Purchase of goods and services under normal trading terms		
– Payments to Asteria Services Inc (Cr Chris Meddows-Taylor was a Director)	231	6,773
– Payments to Bendigo Tourism Board associated with Victorian Goldfields Tourism Executive Inc (Cr Chris Meddows-Taylor was Chairman)	750	13,700
– Payments to Unified Community Sports & Leisure Centre Pty Ltd (Cr Gerard Murphy was a Director)	109,833	659,000
– Payments to Bent Stems (associated with Cr Paula Nixon)	–	1,608
– Payments to Rinaldis Fashion (associated with Cr Barry Rinaldi)	–	2,261
– Payments to Central Victorian Greenhouse Alliance (Cr Barry Rinaldi was Chair)	–	14,850
<b>Total transactions with related parties</b>	<b><u>110,814</u></b>	<b><u>698,192</u></b>
All of the above transactions were at arms length and in the normal course of Council's business.		
<b>(b) Outstanding balances with related parties</b>		
The following balances are outstanding at the end of the reporting period in relation to transactions with related parties		
Purchase of goods and services under normal trading terms	–	200
Total outstanding balances with related parties as at 30 June	<u>–</u>	<u>200</u>

## Note 7: Managing uncertainties

### 7.1 Contingent assets and liabilities

#### Contingent liabilities

##### Superannuation

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined below. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists.

##### Future superannuation contributions

In addition to the disclosed contributions, Central Goldfields Shire Council has paid unfunded liability payments to Vision Super totalling \$0 paid during the 2017-18 year (\$0 paid during the 2016-17 year). There were no contributions outstanding and no loans issued from or to the above scheme as at 30 June 2018. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2019 are \$90,000.

#### Contingent liabilities

##### Guarantees

##### (a) Reinstatement of quarries

Council has provided a bank guarantee to DELWP for the reinstatement of quarries.

At balance date the Council's exposure as a result of these guarantees is:

	2018 \$	2017 \$
Bank guarantee – Department of Environment, Land, Water and Planning	60,500	60,500

##### (b) Waste disposal site rehabilitation

The Council operated a waste disposal site at the Carisbrook landfill. This has now been rehabilitated in accordance with EPA requirements. A separate bank guarantee is provided for any remedial works if they are required in the future.

	460,000	460,000
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The Council is not aware of any other contingent liabilities as at the date of this report.

#### Contingent assets

Developer contributions are to be received in respect of land currently under development. At this point in time their timing and potential amount can not be reliably assessed.

Council has lodged \$499,729 in claims which are currently being assessed by the Natural Disaster Financial Assistance Team (Department of Treasury and Finance) for flood related expenditure incurred during the 2017–2018 year. Council expects to receive full reimbursement of the claim amounts.

## NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

### Note 7: Managing uncertainties (continued)

#### 7.2 Change in accounting standards

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

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

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

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

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

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

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

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

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

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

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

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

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

#### 7.3 Financial Instruments

##### (a) Objectives and policies

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

##### (b) Market risk

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

##### (c) 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 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.

### 7.3 Financial Instruments (continued)

#### (d) 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 has a policy for establishing credit limits for the entities it deals with;
- Council may require collateral where appropriate; and
- Council only invests surplus funds with financial institutions which have the recognised credit rating specified in its 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. At balance date Council has not provided any guarantees to any third parties.

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.

#### (e) Liquidity risk

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

To help reduce these risks Council:

- has a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- has readily accessible standby facilities and other funding arrangements in place;
- has a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitors budget to actual performance on a regular basis.

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.

All financial liabilities are expected to be settled within normal terms of trade.

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

#### (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 +2.0% and -1.0% in market interest rates (AUD) from year-end cash rates of 2.65% (2.60% at 30 June 2017).

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

### 7.4 Fair value measurement

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

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

## NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

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

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

### **Revaluation**

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from three to five 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.

### **7.4 Fair value measurement (continued)**

#### ***Impairment of assets***

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

### **7.5 Events occurring after balance date**

On 15 August 2018 Council received a writ regarding a ex-employee's exposure to asbestos. The claim is currently being investigated, and the outcome and the timing and amount of any potential liability can not be reliably assessed.

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

## Note 8: Other matters

### 8.1 Reserves

#### (a) Asset revaluation reserve

	Balance at beginning of reporting period \$	Increment (decrement) \$	Balance at end of reporting period \$
<b>2018</b>			
<b>Plant and equipment</b>			
Library book stock	29,729	19,530	49,259
	<b>29,729</b>	<b>19,530</b>	<b>49,259</b>
<b>Property</b>			
Land	4,015,354	–	4,015,354
Buildings	16,605,590	–	16,605,590
<b>Total property revaluation reserve</b>	<b>20,620,944</b>	<b>–</b>	<b>20,620,944</b>
<b>Infrastructure</b>			
Roads	119,945,070	7,592,077	127,537,147
Kerb and channel	10,128,284	64,548	10,192,832
Pathways	4,213,591	20,841	4,234,432
Bridges and major culverts	18,698,536	1,637,732	20,336,268
Drainage	5,325,022	219,903	5,544,925
Minor culverts	1,866,124	5,332,019	7,198,143
Monuments	321,371	1,815	323,186
Waste water assets	255,678	4,814	260,492
Traffic control facilities	33,591	56,327	89,918
<b>Total infrastructure revaluation reserve</b>	<b>160,787,267</b>	<b>14,930,076</b>	<b>175,717,343</b>
<b>Total asset revaluation reserves</b>	<b>181,437,940</b>	<b>14,949,606</b>	<b>196,387,546</b>
<b>2017</b>			
<b>Plant and equipment</b>			
Library book stock	–	29,729	29,729
	<b>–</b>	<b>29,729</b>	<b>29,729</b>
<b>Property</b>			
Land	4,015,354	4,015,354	–
Buildings	16,605,590	16,605,590	–
<b>Total property revaluation reserve</b>	<b>20,620,944</b>	<b>–</b>	<b>20,620,944</b>
<b>Infrastructure</b>			
Roads	106,061,454	13,883,616	119,945,070
Kerb and channel	10,553,361	(425,077)	10,128,284
Pathways	3,223,272	990,319	4,213,591
Bridges and major culverts	19,857,629	(1,159,093)	18,698,536
Drainage	5,019,571	305,451	5,325,022
Minor culverts	1,592,701	273,423	1,866,124
Monuments	194,706	126,665	321,371
Waste water assets	251,516	4,162	255,678
Traffic control facilities	36,566	(2,975)	33,591
<b>Total infrastructure revaluation reserve</b>	<b>146,790,776</b>	<b>13,996,491</b>	<b>160,787,267</b>
<b>Total asset revaluation reserves</b>	<b>167,411,720</b>	<b>14,026,220</b>	<b>181,437,940</b>

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

## NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

## Note 8: Other matters (continued)

## 8.1 Reserves (continued)

	Balance at beginning of reporting period	Transfer from accumulated surplus	Balance at end of reporting period
	\$	\$	\$
<b>(b) Other reserves</b>			
<b>2018</b>			
Unfunded superannuation	350,000	100,000	450,000
Open space	–	10,600	10,600
<b>Total other reserves</b>	<b>350,000</b>	<b>110,600</b>	<b>460,600</b>
<b>2017</b>			
Unfunded superannuation	250,000	100,000	350,000
<b>Total other reserves</b>	<b>250,000</b>	<b>100,000</b>	<b>350,000</b>

The nature and purpose of each reserve is listed below:

*Unfunded Superannuation*

This reserve is used to assist in funding future liabilities related to Defined Benefits Superannuation. Transfers to and from the reserve are based on the budgeted reserve position at the end of the reporting period.

*Open Space*

This reserve contains contributions paid by developers undertaking the subdivision of residential land. These funds are required to be expended on the creation or expansion of recreational opportunities for the community, and are held until such time the relevant expenditure is incurred.

## 8.2 Reconciliation of cash flows from operating activities to surplus/(deficit)

	2018 \$	2017 \$
<b>Surplus/(deficit) for the year</b>	<b>3,688,404</b>	<b>4,555,806</b>
Depreciation	7,222,368	6,787,942
Net loss on disposal of property, infrastructure, plant and equipment	1,722,296	1,327,620
Borrowing costs	157,279	215,960
Contributions – non monetary assets	(387,402)	(6,960)
Gifted/Found assets	(1,279,924)	(2,765,896)
<b>Change in assets and liabilities:</b>		
(Increase)/Decrease in trade and other receivables	(51,154)	(296,313)
Decrease in inventories	(27,248)	31,752
(Increase) in prepayments	825	–
(Increase)Decrease in accrued income	1,509,415	(1,398,286)
Increase in trade and other payables	345,498	100,417
Increase/(Decrease) in provisions	(73,257)	103,069
Increase/(Decrease) in trust funds and deposits	81,917	(58,580)
<b>Net cash provided by operating activities</b>	<b>12,909,017</b>	<b>8,596,531</b>

### 8.3 Superannuation

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

#### Accumulation

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

#### Defined Benefit

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

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

#### Funding arrangements

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

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

Net investment returns 6.5% pa  
Salary information 3.5% pa  
Price inflation (CPI) 2.5% pa.

Vision Super has advised that the actual VBI at 30 June 2018 was 106.0%.

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

### Employer contributions

#### (a) Regular contributions

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

#### (b) 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.

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.

## NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

### Note 8: Other matters (continued)

#### 8.3 Superannuation (continued)

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.

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

#### 2017 triennial actuarial investigation surplus amounts

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

A VBI surplus of \$69.8 million

A total service liability surplus of \$193.5 million.

A discounted accrued benefits surplus of \$228.8 million.

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

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.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to the investigation date. "

#### 2018 interim actuarial investigation

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

## 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.



**Anna Bartlett**

*Principal Accounting Officer*

Date: 25th September 2018

Maryborough

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

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

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



**Noel Harvey**

*Chair of Administrators*

Date: 25th September 2018

Maryborough



**Karen Douglas**

*Administrator*

Date: 25th September 2018

Maryborough



**Lucy Roffey**

*Chief Executive Officer*

Date: 25th September 2018

Maryborough

## Independent Auditor's Report

### To the Administrators of Central Goldfields Shire Council

<b>Opinion</b>	<p>I have audited the financial report of Central Goldfields Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2018</li> <li>• comprehensive income statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• statement of cash flows for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• certification of the financial report.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2018 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>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</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 Victoria. 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>
<b>Administrators' responsibilities for the financial report</b>	<p>The Administrators 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 Administrators 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 Administrators are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

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**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 Administrators
- conclude on the appropriateness of the Administrators' 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 Administrators regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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MELBOURNE  
27 September 2018



Tim Loughnan  
*as delegate for the Auditor-General of Victoria*



## PERFORMANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

Located at the geographical centre of Victoria, Central Goldfields Shire covers 1,532 square kilometres and has an approximate population of 13,000 people.

Maryborough is the shire's major business centre with a population of around 8,000. Maryborough has gained recognition in recent years as having some of the finest sporting facilities in regional Victoria, together with significant historical buildings dating back to the goldmining era of the 1850's.

Other towns in the shire include, Bealiba, Carisbrook, Dunolly, Majorca, Talbot and Timor-Bowenvale and the rural districts surrounding these centres. All are famous for their heritage architecture and significant agricultural industries.

The shire is currently experiencing significant growth with key infrastructure projects and residential developments reaching fruition.

The State Government's commitment to the shire has seen investments in the areas of health, education, and law and order, together with assistance to economic development activities initiated by Council.

The shire is located within one hour's drive from main provincial centres of Ballarat and Bendigo and just two hours from Melbourne.

The first democratically elected council for Central Goldfields Shire was elected on 15 March, 1997. In 2005, the Minister for Local Government determined that the number of Councillors to represent the shire be increased from five to seven.

The next election will be held in October 2020 with Councillors being elected for a four year term.

## SUSTAINABLE CAPACITY INDICATORS FOR THE YEAR ENDED 30 JUNE 2018

<i>Indicator/measure</i>	<b>Results 2015</b>	<b>Results 2016</b>	<b>Results 2017</b>	<b>Results 2018</b>	<b>Material Variations and Comments</b>
<b>Population</b>					
<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$2,062.67	\$2,066.32	\$2,239.01	\$2,293.89	
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$20,655.48	\$21,759.13	\$22,877.53	\$23,609.58	
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	9.56	9.54	9.60	10.25	
<b>Own-source revenue</b>					
<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$999.68	\$1,289.38	\$1,326.14	\$1,297.94	
<i>Recurrent grants</i>					
Recurrent grants per head of municipal population  [Recurrent grants / Municipal population]	\$888.55	\$604.93	\$863.85	\$737.24	The variance is due to Council receiving its full Financial Assistance grant allocation in 2016-2017 plus 50% of its 2017-2018 allocation, whereas in the 2017-2018 year, the remaining 50% of the 2017-2018 allocation was received plus 50% of the 2018-2019 allocation.
<b>Disadvantage</b>					
<i>Relative Socio-Economic Disadvantage</i> [Index of Relative Socio-Economic Disadvantage by decile]	1.00	1.00	1.00	1.00	

### Definitions

- “Adjusted underlying revenue” means total income other than:
  - a) Non-recurrent grants used to fund capital expenditure; and
  - b) Non-monetary asset contributions; and
  - c) Contributions to fund capital expenditure from sources other than those referred to above.
- “Infrastructure” means non-current property, plant and equipment excluding land”.
- “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 website.

**SERVICE PERFORMANCE INDICATORS**  
FOR THE YEAR ENDED 30 JUNE 2018

Service/indicator/measure	Results 2015	Results 2016	Results 2017	Results 2018	Material Variations and Comments
<b>Aquatic Facilities</b>					
<b>Utilisation</b>					
<i>Utilisation of aquatic facilities</i>	7.00	6.82	7.29	7.58	
[Number of visits to aquatic facilities / Municipal population]					
<b>Animal Management</b>					
<b>Health and safety</b>					
<i>Animal management prosecutions</i>	1.00	0.00	0.00	0.00	There were no animal management prosecutions during the reporting period.
[Number of successful animal management prosecutions]					
<b>Food Safety</b>					
<b>Health and safety</b>					
<i>Critical and major non-compliance outcome notifications</i>	0.00%	80.00%	100.00%	0.00%	There were no critical and major non-compliance notifications received
[Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] × 100					
<b>Governance</b>					
<b>Satisfaction</b>					
<i>Satisfaction with council decisions</i>	64.00	58.00	51.00	42.00	Council has adopted a Community Engagement Framework and will be introducing improved methods of engagement to make Council decisions more accessible to the community.
[Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]					

Service/indicator/measure	Results 2015	Results 2016	Results 2017	Results 2018	Material Variations and Comments
<b>Home and Community Care (HACC)</b>					
<b>Participation</b>					
<i>Participation in HACC service</i>	25.00%	23.14%	Reporting Ceased 1 July 2016	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
[Number of people that received a HACC service / Municipal target population for HACC services] × 100					
<b>Participation</b>					
<i>Participation in HACC service by CALD people</i>	25.00%	12.50%	Reporting Ceased 1 July 2016	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
[Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] × 100					
<b>Libraries</b>					
<b>Participation</b>					
<i>Active library members</i>	32.00%	30.80%	15.22%	13.98%	
[Number of active library members / Municipal population] × 100					
<b>Maternal and Child Health (MCH)</b>					
<b>Participation</b>					
<i>Participation in the MCH service</i>	83.00%	83.28%	79.26%	86.14%	
[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] × 100					
<b>Participation</b>					
<i>Participation in the MCH service by Aboriginal children</i>	79.00%	75.00%	69.23%	96.61%	Council works closely with our Koorie Engagement Support Officer (KESO) in the areas of service delivery and development. We are committed to ensuring our ATSI families are appropriately engaged with services. We are currently participating in a review process with our KESO aimed at improving the cultural competence of our Maternal and Child Health Nurses and service environment.
[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] × 100					

**SERVICE PERFORMANCE INDICATORS**  
FOR THE YEAR ENDED 30 JUNE 2018

Service/indicator/measure	Results 2015	Results 2016	Results 2017	Results 2018	Material Variations and Comments
<b>Roads</b>					
<b>Satisfaction</b>					
Satisfaction with sealed local roads	55.00	54.00	51.00	48.00	
[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]					
<b>Statutory Planning</b>					
<b>Decision making</b>					
Council planning decisions upheld at VCAT	0%	0.00%	0.00%	0.00%	
[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] × 100					
<b>Waste Collection</b>					
<b>Waste diversion</b>					
Kerbside collection waste diverted from landfill	40.00%	41.36%	42.88%	42.70%	
[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] × 100					

**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 the library who has borrowed an item from the library collection.
- “CALD” means culturally and linguistically diverse and refers to persons born outside Australia in a country whose national language is not English.
- “Critical non-compliance outcome notification” means a notification received by council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorised officer under that Act, of a deficiency that poses an immediate serious threat to public health.
- “food premises” has the same meaning as in the *Food Act 1984*.
- “HACC” program means the Home and Community Care program established under the Agreement entered into for the purpose of the *Commonwealth Home and Community Care Act 1985*.
- “HACC” service means home help, personal care or community respite provided under the HACC program.
- “Local road” means a sealed or unsealed road for which council is the responsible road authority under the *Road Management Act 2004*.
- “Major non-compliance outcome notification” means a notification received by a council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorised officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken.
- “MCH” means the Maternal and Child Health Service provided by a council to support the health and development of children within the municipality from birth until school age.
- “Population” means the resident population estimated by council.
- “Worksafe reportable aquatic facility safety incident” means an incident relating to a council aquatic facility that is required to be notified to the Victorian WorkCover Authority under Part 5 of the *Occupational Health and Safety Act 2004*.

## FINANCIAL PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2018

Dimension/ indicator/measure	Results 2015	Results 2016	Results 2017	Results 2018	Forecasts 2019	2020	2021	2022	Material Variations and Comments
<b>Efficiency</b>									
<b>Revenue level</b>									
Average residential rate per residential property assessment	\$1,048.14	\$1,122.14	\$1,160.71	\$1,484.46	\$1,514.36	\$1,552.22	\$1,591.02	\$1,631.08	The variance is mainly due the inclusion of garbage service charges in the 2017-2018 actual, which had not been included in previous years. Excluding garbage service charges the comparative to previous years is \$1,200.43, equating to a 3.42% increase
[Residential rate revenue / Number of residential property assessments]									
<b>Expenditure level</b>									
Expenses per property assessment	\$3,250.25	\$3,130.25	\$3,539.88	\$3,748.50	\$3,624.25	\$3,674.63	\$3,685.63	\$3,744.75	
[Total expenses / Number of property assessments]									
<b>Workforce turnover</b>									
Resignations and terminations compared to average staff	10.07%	5.37%	7.91%	12.27%	8.28%	8.28%	8.28%	8.28%	There has been an increase in staff turnover in 2017-2018 due partly to organisational structure changes and a number of retirements during the year.
[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] × 100									
<b>Liquidity</b>									
<b>Working capital</b>									
Current assets compared to current liabilities	130.75%	151.68%	145.77%	139.38%	141.93%	147.32%	161.56%	177.08%	
[Current assets / Current liabilities] × 100									

**FINANCIAL PERFORMANCE INDICATORS**  
FOR THE YEAR ENDED 30 JUNE 2018

Dimension/ indicator/measure	Results 2015	Results 2016	Results 2017	Results 2018	Forecasts 2019	2020	2021	2022	Material Variations and Comments
<b>Unrestricted cash</b>									
Unrestricted cash compared to current liabilities	61.69%	97.57%	57.90%	78.12%	81.24%	92.03%	107.66%	123.27%	The variance due to a lower level of other financial assets (investments with maturities over 90 days) as at 30 June 2018, resulting in a higher level of unrestricted cash.
[Unrestricted cash / Current liabilities] × 100									
<b>Obligations</b>									
<b>Asset renewal</b>									
Asset renewal compared to depreciation	64.32%	40.62%	43.93%	142.20%	43.26%	63.30%	51.26%	53.40%	The variance is due mainly to flood related road, bridge and minor culvert works valued at \$5,938,828 capitalised in 2017-2018.
[Asset renewal expense / Asset depreciation] × 100									
<b>Loans and borrowings</b>									
Loans and borrowings compared to rates	65.09%	57.25%	45.65%	31.86%	26.56%	22.15%	18.11%	14.49%	The variance is due to the repayment of \$569,462 in borrowings during the 2017-2018 year.
[Interest bearing loans and borrowings / Rate revenue] × 100									
Loans and repayments compared to rates	8.23%	5.87%	11.63%	5.22%	5.09%	4.81%	4.24%	3.60%	In the 2016-2017 year \$1,064,652 in borrowing repayments were made, whereas only \$569,462 in repayments were made in the 2017-2018 year.
[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] × 100									
<b>Indebtedness</b>									
Non-current liabilities compared to own source revenue	15.24%	28.65%	12.08%	11.95%	19.36%	16.38%	13.62%	10.98%	
[Non-current liabilities / Own source revenue] × 100									

Dimension/ indicator / measure	Results 2015	Results 2016	Results 2017	Results 2018	Forecasts 2019	2020	2021	2022	Material Variations and Comments
<b>Operating position</b>									
<b>Adjusted underlying result</b>									
<i>Adjusted underlying surplus (or deficit)</i>	-7.10%	-6.99%	-1.01%	-11.10%	-4.34%	-3.05%	-0.94%	-0.15%	The variance is due to an increase in capital grants in the 2017-2018 year including \$4,200,691 for flood renewal works.
[Adjusted underlying surplus (deficit) / Adjusted underlying revenue] × 100									
<b>Stability</b>									
<b>Rates concentration</b>									
<i>Rates compared to adjusted underlying revenue</i>	41.08%	45.49%	39.30%	51.86%	52.64%	52.56%	52.61%	52.66%	The variance is due the inclusion of garbage service charges in the 2017-2018 actual, which had not been included in previous years. Without garbage service charges the actual would have been 42.37% equating to a 7.8% variance.
[Rate revenue / Adjusted underlying revenue] x100									
<b>Rates effort</b>									
<i>Rates compared to property values</i>	0.61%	0.65%	0.63%	0.79%	0.76%	0.78%	0.80%	0.82%	The variance is due the inclusion of garbage service charges in the 2017-2018 actual, which had not been included in previous years. Without garbage service charges the actual would have been 0.65%, equating to a 1.81% increase.
[Rate revenue / Capital improved value of rateable properties in the municipality] × 100									

## FINANCIAL PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2018

### Definitions

- “Adjusted underlying revenue” means total income other than:
  - d) Non-recurrent grants used to fund capital expenditure; and
  - e) Non-monetary asset contributions; and
  - f) Contributions to fund capital expenditure from sources other than those referred to above.
- “Adjusted underlying surplus (or deficit)” means adjusted underlying revenue less total expenditure.
- “Asset renewal expenditure” means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability.
- “Current assets” has the same meaning as in the AAS.
- “Current liabilities” has the same meaning as in the AAS.
- “Non-current assets” means all assets other than current assets.
- “Non-current liabilities” means all liabilities other than current liabilities.
- “Non-recurrent grant” means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a council’s Strategic Resource Plan.
- “Own-source revenue” means adjusted underlying revenue other than revenue that is not under the control of council (including government grants).
- “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**

### **FOR THE YEAR ENDED 30 JUNE 2018**

#### **Basis of preparation**

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

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

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

The forecast figures included in the performance statement are those adopted by council in its strategic resource plan, 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.

**Anna Bartlett CPA**

*Principal Accounting Officer*

Dated: 25 September 2018

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

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

**Noel Harvey, OAM**

*Chairperson of the panel of Administrators*

Dated: 25 September 2018

**Karen Douglas**

*Administrator*

Dated: 25 September 2018

**Lucy Roffey**

*Chief Executive Officer*

Dated: 25 September 2018

# Independent Auditor's Report

## To the Administrators of Central Goldfields Shire Council

<p><b>Opinion</b></p>	<p>I have audited the accompanying performance statement of Central Goldfields Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> <li>• description of municipality for the year ended 30 June 2018</li> <li>• sustainable capacity indicators for the year ended 30 June 2018</li> <li>• service performance indicators for the year ended 30 June 2018</li> <li>• financial performance indicators for the year ended 30 June 2018</li> <li>• other information and</li> <li>• the certification of the performance statement.</li> </ul> <p>In my opinion, the performance statement of Central Goldfields Shire Council in respect of the year ended 30 June 2018 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><b>Basis for Opinion</b></p>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance statement</i> section of my report.</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 Victoria 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><b>Administrators' responsibilities for the performance statement</b></p>	<p>The Administrators are responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 1989</i> and for such internal control as the Administrators 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>
<p><b>Auditor's responsibilities for the audit of the performance statement</b></p>	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.</p> <p>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.</p>

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Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement.

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

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

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

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MELBOURNE  
27 September 2018

  
Tim Loughnan  
as delegate for the Auditor-General of Victoria



