

# *Annual Report*

2017-2018

**PYRENEES**  
SHIRE



Three strong elements make up the Pyrenees Shire Council logo: wool, the Pyrenees mountain range and wine. The logo embraces all three images in an elegant and stylised representation, intertwining as a consolidated unit.

**PYRENEES**  
SHIRE



Cover photo by Jane Baker:  
Moonambel Mid-Winter Festival highlight





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# *Section 1: Introduction*

*Welcome to the  
Report of Operations  
2017/18*





Council is committed to transparent reporting and accountability to the community and the Report of Operations 2017/18 is the primary means of advising the Pyrenees Shire community about Council's operations and performance during the financial year July 1, 2017 to June 30, 2018.

Performance is measured against Council's strategic goals and objectives through a sustainable approach to achieving the community's vision for our Shire.

Council's strategic framework is based on the following key areas:

- Roads and Townships
- Relationships and Advocacy
- Community Connection and Wellbeing
- Financially Sustainable, High-performing Organisation
- Development and Environment

This report includes Council's audited financial statements, an audited performance statement and other details as required by the *Local Government Act 1989*.

To reduce environmental impact, a limited number of printed copies of this Annual Report have been produced. Residents and interested parties are encouraged to access the report via Council's website, [www.pyrenees.vic.gov.au](http://www.pyrenees.vic.gov.au)

Electronic copies are also available on CD and can be obtained by contacting Customer Services on (03) 5349 1100.

## *Snapshot of Pyrenees Shire*

Pyrenees Shire includes the townships of Beaufort, Avoca and Landsborough and the communities of Amphitheatre, Barkly, Bo Peep, Brewster, Bung Bong, Burnbank, Carngham, Carranballac, Chepstowe, Chute, Cross Roads, Crowlands, Ercildoune, Eurambeen, Evansford, Eversley, Frenchmans, Glenbrae, Glenlofty, Glenpatrick, Glenlogie, Hillcrest, Lake Goldsmith, Lamplough, Langi Kal Kal, Lexton, Lillicur, Lower Homebush, Main Lead, Mena Park, Middle Creek, Moonambel, Mortchup, Mount Emu, Mount Lonarch, Natte Yallock, Nerring, Nowhere Creek, Percydale, Raglan, Rathscar, Redbank, Shays Flat, Shirley, Snake Valley, Stockyard Hill, Stoneleigh, Tanwood, Trawalla, Warrenmang, Waterloo, Wattle Creek and Waubra.

Pyrenees Shire had a resident population of 7,301 people in 2016.  
(ABS 2016 Census)



# Purpose

## Our Vision

“Healthy, vibrant, prosperous and connected communities.”

## Our Mission

- To provide quality road and built infrastructure for the community;
- To work with others to provide services to maintain the wellbeing of the community; and
- To operate an efficient, forward-looking organisation.

## Narrative for action:

The Pyrenees Shire Council has a limited range of income sources and significant number of dispersed small communities to service.

Council’s resources can be much more effective when matched with resources from other levels of government.

Our communities are vibrant with significant latent social infrastructure, but lack appropriate access to health and other services.

Infrastructure including water, power and telecommunications comparable to other regional centres is required to grow our economy, and build liveable communities.

## Our History

Pyrenees Shire Council was established by an Order of the Governor in Council on September 23, 1994 and operates in accordance with the *Local Government Act 1989*, as amended by the *Local Government (Democratic Reform) Act 2003*.

## The role of Council is to:

- Act as a representative government by taking into account the diverse needs of the local community in decision-making
- Provide leadership by establishing strategic objectives and monitoring their achievement
- Maintain the viability of the Council by ensuring that resources are managed in a responsible and accountable manner
- Advocate the interests of local communities to other communities and governments
- Act as a responsible partner in government by taking into account the needs of other communities
- Foster community cohesion and encourage active participation in civic life.

# Fast Facts

2,790 animals registered

738 kilometres of sealed road network

5,985 rateable properties

110 planning decisions made

69 permanent food premises registered

33 registered temporary and mobile food premises (29 temp/ 4 mobile)

51,244 visits to Resource Centres

31,995 library items loaned

11,807 library collection items

52 birth notifications

13,704 hours of aged and disability support provided

37 groups assisted by Community Grants program

12,173 visits to swimming pools in Landsborough, Avoca and Beaufort



## Highlights of the Year



### *Strategic Objective: Roads and Townships*

We will plan, manage, maintain and renew infrastructure in a sustainable way that responds to the needs of the community.

#### *Achievements:*

- Road Management Plan requirements met
- Ongoing Flood Recovery works
- Reconstruction undertaken in Raglan-Elmhurst Rd, Modesty Lane and Trawalla Rd
- Announcement of \$581,000 for Trawalla Road Roads to Market program
- Undertook consultation for Pyrenees Futures Project
- Correa Park Stage 3 works are complete
- Implementation well advanced for streetscape and hall improvements for Redbank, Raglan and Barkly (sustainable hubs project)

### *Strategic Objective: Relationships and Advocacy*

We will build and maintain effective relationships with community, government and strategic partners, and advocate on key issues to advance our communities.

#### *Achievements:*

- Partnership with Visit Ballarat to promote the Pyrenees Shire as a tourist destination
- Council partnered with Northern Grampians and Ararat Councils to develop the Opportunities for Pyrenees, Ararat and Northern Grampians project in response to significant investment in the region
- Partnership in the telecommunications black spot program
- Advocacy for funding with state and federal governments

for the Activate Avoca project

- Implementation of the Community Engagement Strategy
- Advocacy for investment on a range of regional issues including road, rail, telecommunications, water, energy community infrastructure and funding

### *Strategic Objective: Community Connection and Wellbeing*

We will engage with communities to provide responsive, efficient services that enhance the quality of life of residents and promote connected, active and resilient communities.

#### *Achievements:*

- Implementation of Stage 1 of the Beaufort Walkability Project
- Community Grants provided to 37 local groups and organisations
- Commenced a project to build community resilience including the provision of resilience-focused grants to community action planning groups
- Adoption and implementation of Municipal Health & Wellbeing Plan and Recreation Strategy
- Adoption of Avoca Rail Precinct Plan and Snake Valley Community Park Plan





### *Strategic Objective: Financially Sustainable, High-performing Organisation*

Our organisation will respond to community needs, attend to our core business, and strive for excellence in service delivery in an ethical and financially responsible manner.

#### *Achievements:*

- Implemented a new website which is accessibility compliant and mobile adaptive
- Development of a Pyrenees Shire Reconciliation Action Plan
- Participation in a Women's Health Grampians Act@Work program to challenge discrimination and violence against women and improve gender equity in the workplace
- Reviewed three processes to advance organisational continuous improvement: waste management (bin delivery); fire prevention (issuance of fire prevention notices); and resourcing (undertook a skills audit and casual staff availability review)
- Monitoring and reporting on performance in responding to Customer Action Requests against agreed standards

### *Strategic Objective: Development and Environment*

We will undertake forward planning and facilitate growth in our local economy while protecting key natural and built environmental values.

#### *Achievements:*

- Community engagement into Draft Township Framework Plans completed for Beaufort, Snake Valley, Raglan, Avoca, Waubra and Lexton as part of the Pyrenees Futures Strategy
- Ongoing Flood Recovery Works
- Implementation of Fire Prevention Works
- Roadside weed eradication program completed
- Landsborough transfer station staffed to address ongoing illegal dumping issues
- Renewable energy development



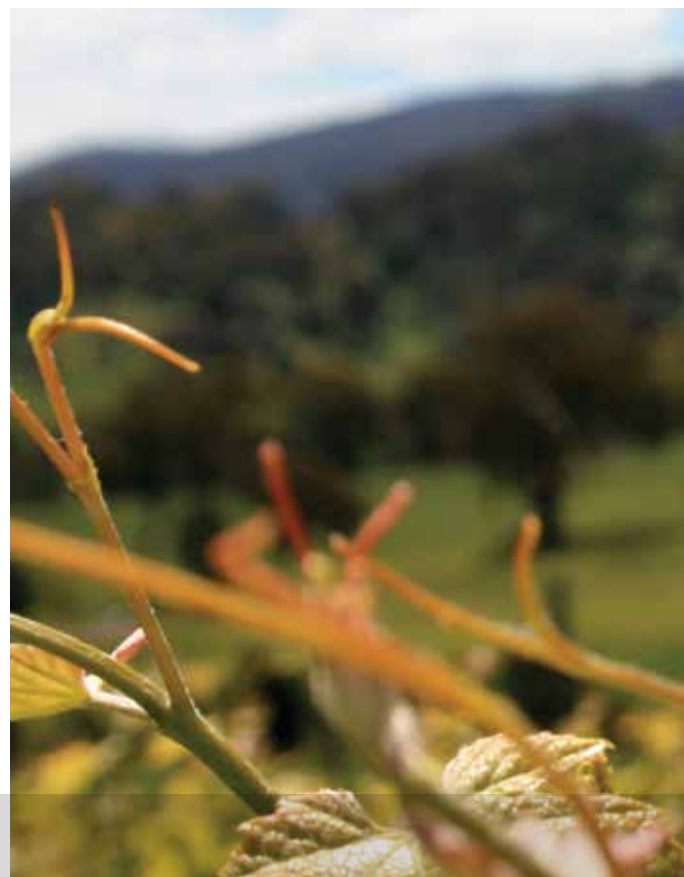
## *Challenges and Future Outlook*

### *Challenges*

- Attracting businesses and people to live, work and invest in Pyrenees Shire
- Planning for Beaufort's economic future following completion of the Western Highway bypass
- Sustainable waste management
- Long term financial sustainability
- Securing funding for major initiatives
- Preparedness, response and recovery for natural disasters
- Recruitment of staff for certain departments

### *The Future*

- Continued advocacy for improved telecommunications
- Construction of the Beaufort Bypass
- Sustainable growth and infrastructure development across the Shire
- Reticulated water for Moonambel
- Funding for the Lexton Community Hub





*Section 2:  
The Year in  
Review*





## Mayor's and Chief Executive Officer's Message

On behalf of Pyrenees Shire Council it is a great pleasure to present Council's Annual Report for the year 2017/18. This is the 23rd such report since the Pyrenees Shire was formed in 1994. 2017/18 was also the first of the new four year Council Plan 2017-2021 which was developed after the election of the Council in October 2016, and based on the vision for the Pyrenees Shire to support and develop *"healthy, vibrant, prosperous and connected communities."*

Though Pyrenees is close to significant regional population centers and much closer to Melbourne than similar Councils in the State, we fiercely hold our rural viewpoint, our link to the land and the importance of each of our communities central to what we do.

We are though, and always have been, so much more than roads, rates and rubbish. A quick look at the Council plan, with its 79 initiatives, will show that beyond these three issues are a whole suite of critical community roles, including seeing the majority of children born in this shire returned home within two days, of providing parks and play spaces in our communities, of licensing all our food premises and being the first 'go to' place for economic development.

Roads as always remain central to what Council does. For several years in a row Council has been able to spend around 50% of all revenue on road maintenance and capital improvement. This will however change in the current financial year, not due to Council reducing its funding share but due to other levels of government withdrawing levels of previous support for local roads. Importantly this has become a bi-partisan issue for the current Victorian Government election, and we see the need for it to be an Australian Government election issue as well.

Rating remains our primary source for the community to fund Council. Again Council has asked our community to put its money where its mouth is in terms of road funding, by gaining a strategic but affordable rating exemption in this year, all of which has been put into road renewal. This funding significantly

strengthens our position in asking more of other levels of government for the road funding task ahead.

Council continues to be committed to renewal of assets and in particular road assets with over 70% of our total capital spend this year going to renew and replace the assets that we have including our sealed surfaces and resheeting our gravel roads.

The release of the 2016 Census figures has shown growth in the Shire continues at around 2 percent per annum since the previous Census, which is again pleasing as we see further residential development particularly in the southern part of the shire.

Business growth has occurred in our rural and service sectors, and significantly in renewable energy investments.

This year was significant for the commencement of construction of two major windfarms in the shire. The Goldwind Stockyard Hill wind farm south of Beaufort when completed will comprise 149 turbines and generate 530MW facility, while the Pacific Hydro windfarm at Crowlands will comprise 39 turbines and generate around 80MW. Both projects have been the subject of rigorous planning processes, and the capital and ongoing investment will generate jobs now and in the future boosting the local economy.

Council itself is continuing to work actively with both farmers and vigneron around significant projects. In November 2017 a significant frost event caused in excess of \$100 million damage to agricultural crops, and Council took an active role in advocating to government for support.

Council also strongly supported Grampians Wimmera Mallee Water on the East Grampians rural water pipeline project which resulted in \$32 million funding announced by the Victorian Water Minister Lisa Neville, and will see 1600km of pipeline constructed across three municipalities improving sustainability for farming and creating excellent opportunities for growth in agriculture.



Council continued to implement its Tourism Strategy including supporting the Pyrenees Grapegrowers and Winemakers events such as the Avoca Pyrenees Unearthed, and supporting grants under the Victorian Wine Growth Fund.

At the front end we have ramped up our maternal and child health services and have welcomed 52 babies to the Shire in 2017/18. At the other end Council continues to provide more than 13,700 hours of home and community care services to elderly residents enabling them to remain in their homes longer.

Council's regulatory role has involved the oversight of statutory planning, building control, and environmental health, including the registration of 102 food premises across the shire. Council has also undertaken a range of enforcement of relevant regulations and increased inspections of residential swimming pools. We also commenced a review of the Local Laws.

Strategic planning has been a focus with the rollout of the Pyrenees Futures Project across six communities which will produce Township Framework Plans that will guide how these settlements grow and develop. The plans will identify the character and traits that make our towns distinctive, and use that as a basis to plan for a healthy, prosperous future. The plans specifically address land use, urban design and the function of town centres.

Planning for the Beaufort Bypass has involved the development of an Environmental Effects Statement (EES) undertaken by VicRoads and overseen by the Victorian Government's Department of Environment, Land, Water and Planning. While the Environmental Effects Statement is expected to be released in 2018/19, VicRoads was able to conduct information sessions in Beaufort during the year outlining options for the bypass route. The Victorian Government also announced in its 2018 budget \$49 million towards planning and preconstruction activities for the bypass.

Partnerships with other levels of government remain critical to deliver key projects. The Australian Government announced \$149,000 under the Building Better Regions Program for the Beaufort Walkability project. Feasibility and business planning and advocacy for government funding has and will continue to be a focus for priority projects including the Lexton Community Hub, and Moonambel Water Project to ensure our towns continue to grow and prosper.

We mourned the loss of Councillor Michael O'Connor whose contributions as our Beaufort Ward Councillor and as a three-term mayor will be sadly missed. Michael's death reminds us that the time to make a difference to the life of our communities is finite, and the opportunity is now.

*David Clark*  
**Mayor**

*Jim Nolan*  
**Chief Executive Officer**



## Highlights for the Year

### July

- Eleven community groups share in \$13,226 funding through Council's Community Grants fund.
- Pyrenees Shire Council supported an investigation by GWMWater into a piped water supply to an area west of Beaufort.

### August

- Council partnered with Langi Kal Kal Prison to expand the Koori Art Trail to Beaufort Lake. An installation, featuring 12 artworks painted by incarcerated men with Aboriginal heritage, was launched by the Victorian Corrections Minister Gayle Tierney.
- Council receives a Federal Government grant of \$149,650 through the Building Better Regions Fund for the Beaufort Walkability Project.
- Beaufort Community Resource Centre closes temporarily to repair water damage to the ceiling.

### September

- Grampians Pyrenees Business Awards held at St Arnaud with Pyrenees businesses successfully winning the following categories: Best Community Event (Avoca Arts and Gardens), Best New Business (Pyrenees Premium Cuts) and Best Major Tourism Event (Rainbow Serpent Festival).

### October

- Lake Goldsmith Steam Rally stages its 109th event.
- 2016/17 Annual Report released.
- The 2016/17 financial report details a strong financial position, including no debt and an operating surplus of \$3.3 million.
- Council adopts its Municipal Public Health and Wellbeing Plan and its Recreation Strategy.
- Council offers free green waste collection over three weeks at the Avoca, Beaufort and Snake Valley Transfer Stations in preparation for the fire season.
- Council contributes to a Regional Floodplain Management Strategy.
- Minister for Agriculture, Jaala Pulford, announces \$581,000 funding for Trawalla Road pavement strengthening under the Local Roads to Market program.

### November

- Ercildoune Ward Councillor, David Clark is installed as Mayor at the Statutory Council Meeting.
- Council considered a report on the Dja Dja Wurrung Recognition and Settlement Agreement at the Council Meeting. Indigenous acknowledgement is incorporated into email tag and Council commenced flying Aboriginal flag daily (weekdays). Internal work commences to draft a Reconciliation Action Plan.
- Communities within the Pyrenees Shire observe Remembrance Day ceremonies.
- Nine community groups share in \$11,478 funding through the second round of Council's 2017/18 Community Grants fund.
- Council's Economic Development and Tourism unit initiated a food producers forum for the Grampians Pyrenees region.
- Pyrenees Shire Council holds 'thank-you' event for all volunteers across shire at the Avoca Recreation Reserve.



- Severe frost event caused damage to crops in the region in excess of \$100 million.
- Council endorsed the Snake Valley Community Park Plan which includes a skate park.

## *December*

- Workshops and drop-in sessions held in Avoca for the Avoca Pyrenees Futures project.
- Council partnered with Women's Health Grampians to implement an Act@Work program. Act@Work challenges discrimination and violence against women through raising awareness, educational initiatives and the development of support services in the workplace.
- Goldwind Australia secures finance for the construction of Australia's largest windfarm, Stockyard Hill, south of Beaufort.

## *January*

- Received \$124,000 through the State Government's Community Sport Infrastructure Fund for a heat pump and thermal blankets to increase the Avoca Pool's temperature and for a shade structure, solar panels and a hot water system for warm showers in the change rooms.
- Pyrenees Grapegrowers and Winemakers successful in two grant applications to the State Government's Wine Growth Fund; one to support the promotion of the 2018 Avoca Wine and Food Festival and another to help resource co-ordination and participation in local and international trade fairs. Blue Pyrenees Estate, Grape Farm Winery, Malakoff Estate Vineyard, Summerfield Winery and Quartz Hill Wines were also successful in their applications. Visit Beaufort is also successful with funding for a project manager to implement

the Grampians Pyrenees Wine, Tourism and Culinary Masterplan.

- The Rainbow Serpent Festival attracts more than 17,000 people to the event, celebrating its 21st year of operation.
- Pyrenees Australia Day event held in Beaufort. Beaufort's Barbara Blamey and Avoca's Allen May were announced Pyrenees Shire Citizens of the Year. Avoca's Genaya Buckley and Beaufort's Chris Harris were the 2018 Young Citizens of the Year. The Last Chance Deb Ball was named Community Event of the Year.
- China announced ban on Australian recycled products, creating chaos in the recycling industry and causing additional costs to councils to deposit recycled products.

## *February*

- The Minister for Agriculture and Minister for Regional Development, Jaala Pulford announced the successful \$230,000 grant application for Redbank, Raglan and Barkly sustainable hubs projects.
- Council hosted a Transport Forum in Beaufort for Central Highlands Regional Partnerships looking at improving transport connectivity in our rural communities.
- Council resolved to lodge an objection to the Federal electoral boundary review. The review would eventually see the Pyrenees Shire split into the Federal seats of Wannon and Mallee.

## *March*

- Council moved to curb illegal dumping at the Landsborough Transfer Station by introducing supervision to control waste disposal at the Landsborough site.





- Self-service devices installed at both Beaufort and Avoca libraries, allowing for a fast and efficient way of borrowing books.
- The Avoca Rail Precinct Masterplan is supported by Council.
- Pacific Hydro launches construction of the 80MW, 39 turbine windfarm at Crowlands. The windfarm will supply power to a consortium of Melbourne-based partners including the City of Melbourne, NAB and Melbourne University.
- Council approved \$9,075 of Community Grants to seven community groups, and \$20,000 of community capital grants to four groups at Avoca, Natte Yallock, Waubra and Crowlands.
- Victorian State Budget handed down, including \$100 million investment over two years for rural and regional roads.

## April

- 2018/19 budget released
- Thieves steal a swing from the Avoca Lions Park over the Easter long weekend.
- Victorian Government Minister for Water, Lisa Neville, announces \$32 million towards the East Grampians rural water pipeline to build 1600 km of stock and domestic pipeline to secure water for farming properties in the Northern Grampians, Ararat and Pyrenees Shires.
- Council lodged submission to Government Land Sales Standing Advisory Committee to rezone government land in Beaufort including the old Beaufort Primary School site.

## May

- The Lake Goldsmith Steam Preservation Association held another successful Steam Rally.
- The Essential Services Commission approved a 1.25% rate increase above the State Government's Fair Go Rate Cap of 2.25% for Pyrenees Shire Council for the 2018/18 financial year.
- Cr Michael O'Connor passed away unexpectedly, triggering a by-election for the Beaufort Ward.

## June

- Mayor David Clark and CEO Jim Nolan join Central Highlands Councils Victoria delegation to Canberra to advocate for 21 regional projects, attending 35 political and departmental meetings.
- The final determination of the Federal electoral boundaries for Victoria was announced, splitting Pyrenees Shire into the Federal seats of Wannon and Mallee.
- Council adopts 2018/19 budget without changes following no submissions from the public.
- Minister for Local Government, Marlene Kairouz, sets the date for the Beaufort by-election for 18 August.
- Local Government Community Satisfaction Survey results released. The overall Council performance score of 62 was above the small rural council average of 56 and the state average of 59.
- Council undertook consultation and applied for \$208,000 under the Victoria Government Community Sports Infrastructure Fund to build an inclusive play space in Avoca.
- Work to restore Council's roads and bridges damaged in the 2016 flood / storm event is 80 per cent complete.
- Goldwind Australia marked the commencement of construction for the Stockyard Hill Windfarm south of Beaufort. The 530MW windfarm will comprise 149 turbines creating 300 construction and 25 ongoing jobs.



## Financial Overview

Throughout 2017/18 Council continued to work on balancing the expectations of the community with the need to ensure that the financial foundations of Council remain strong and capable to meet the challenges of the future.

Council continually seeks to find the right balance between community expectations and financial responsibility. A commitment to cost restraint and the provision of value-for-money services for the community, combined with the continual refinement of the Long Term Financial Plan constitutes the financial framework that Council uses to address this balance. This financial framework remains imperative and continues to drive Council's financial decisions.

It is important to review these 2017/18 financial results in light of the long-term financial objectives developed by Council. These are to:

- Maintain a strong cash position.
- Ensure that Council remains financially sustainable in the long-term.
- Continue to be debt free after Council's final loan repayment was made in September 2016.
- Continue to pursue recurrent grant funding for strategic capital works from the state and federal governments.
- Maintain the existing range and level of services available to communities within the Shire.
- Ensure adequate revenue to maintain a sustainable level of services for the community.
- Ensure that the renewal of critical infrastructure is funded annually over the timeframe of the Long Term Financial Plan.

The following is a snapshot of our 2017/18 financial position:

- \$23.3 million revenue including \$2.6 million in flood recovery grants and \$3.7 million of grant income received in advance. At 30 June 2018, Council was awaiting grant reimbursements of \$2.7m for flood recovery works undertaken during the year. At the time of preparing this report, Council was notified that payment has been endorsed for the majority of its claims for the remainder of the 2017/18 flood related works.
- \$5.55 million Capital Expenditure program delivered.
- Rates and waste charges comprised \$9.6 million (41 per cent) of total revenue.
- Operating deficit of \$2.43 million.
- Cash holdings of \$8.6 million at year end.
- Council continues to be debt free since September 2016.

## Operating Result

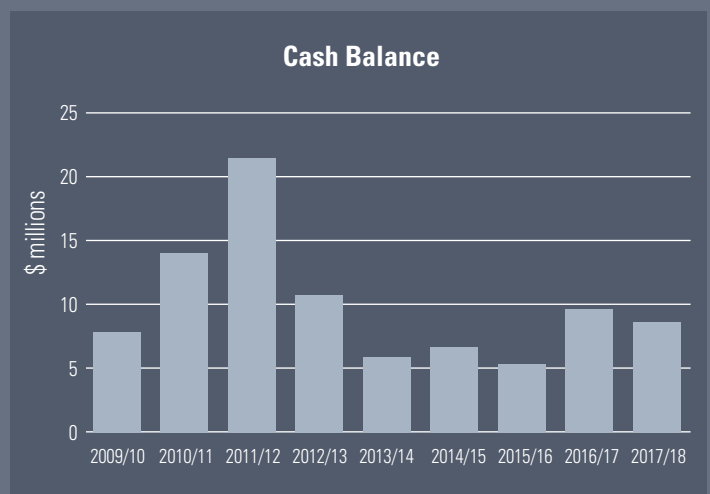
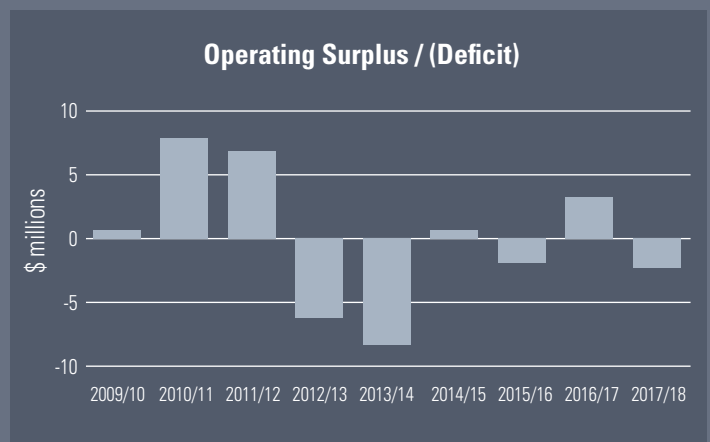
Council has an operating deficit of \$2.42 million in 2017/18 compared with a \$3.33 million surplus for 2016/17. This deficit can be attributed to Council awaiting reimbursement (\$2.7m) for flood recovery works undertaken during 2017/18. Of the \$5.38m flood recovery works undertaken in 2017/18, Council has been reimbursed by \$2.68m.

The fluctuations in operating result in recent years are primarily due to Federal Assistance Grants being paid in advance in certain years. Despite this advance relating to a particular year, the current accounting standards require that these funds be included as income in the year of receipt.

## Cash holdings

Cash holdings at the end of the financial year are \$8.68 million. This figure includes \$3.89 million funds required for capital works carried forward from 2017/18 which will be undertaken in 2018/19 and \$3.7 million in unspent grants to be carried forwards. This cash also backs the \$2 million employee leave liability that sits on the balance sheet. At 30 June 2018, Council was awaiting reimbursement (\$2.7m) for flood recovery works undertaken during 2017/18.

Council's aim is to continue to retain moderate levels of cash. This will provide Council with the flexibility to respond to future opportunities or unexpected events. These may include the potential to strategically acquire an asset or to respond to natural disasters such as flood or fire events.



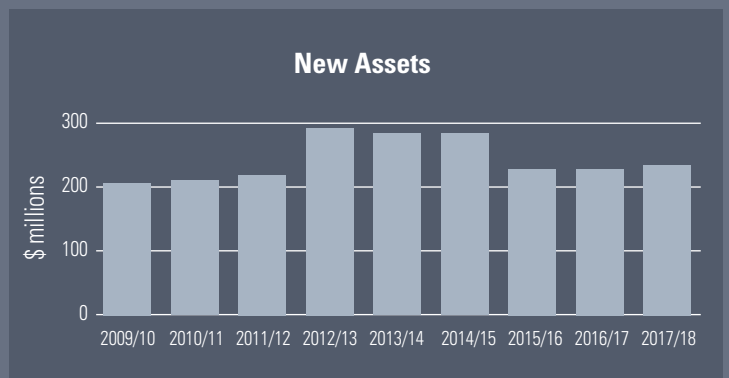
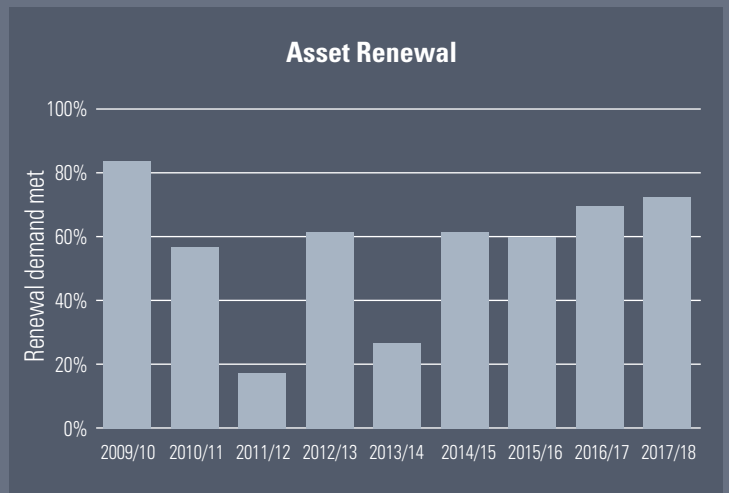
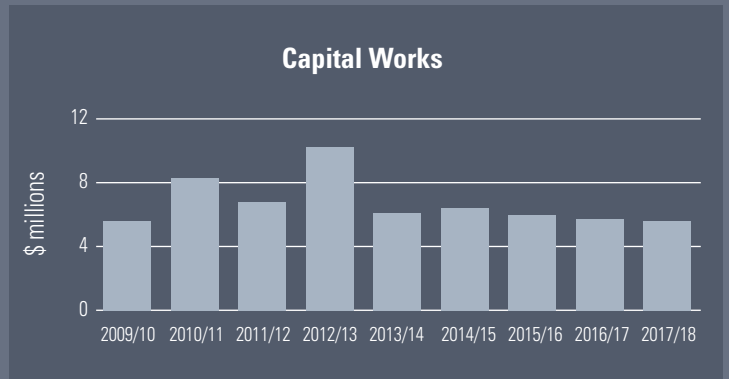
## Sustainable Capital Expenditure

Council aims to ensure that its assets are maintained in a condition that allows them to continue to deliver the services needed by the community at a standard that is acceptable to users. During 2017/18, Council spent a total of \$5.55 million on capital expenditure across the Shire, including \$4.89 million on renewing existing assets.

Council's 2017/18 capital expenditure continued to address the challenge of renewing community assets. It is anticipated that in future, capital expenditure will be maintained at a realistic level with a high degree of dependence on funding from government grants.

Asset renewal is measured as capital expenditure relative to asset depreciation. Council continues to face a significant challenge to fund the renewal of critical long-lived community infrastructure in the longer term, although it was pleasing to note that the Council's investment in asset renewal has been steady over the years.

Meeting the continual renewal of Council's vast asset base remains an ongoing challenge for all Councils.



## Financial Sustainability

Council is committed to operating without bank debt where possible, and made the final loan repayment in September 2016. In 2016/17 interest on borrowings and debt redemption consumed \$0.5 million. In future years the funds used to pay interest and redeem debt can be allocated to other Council priorities which strengthen Council's financial sustainability in the medium term. Council strives to operate in a financially responsible manner while responding to community needs and striving for excellence in service delivery.

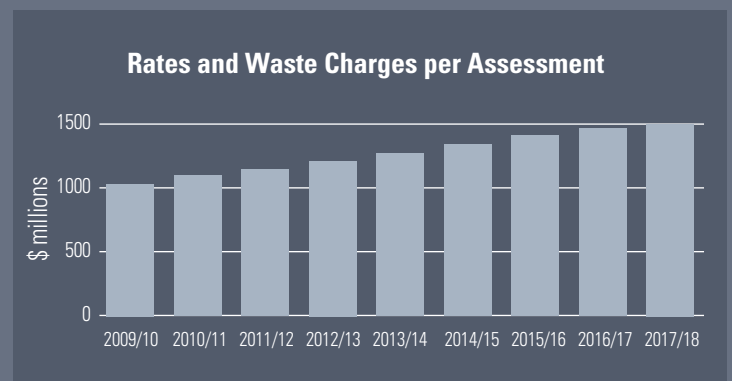
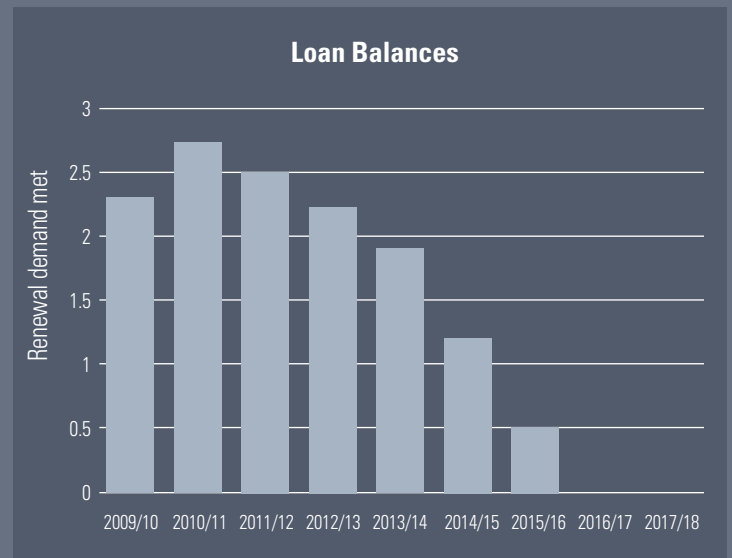
Council is mindful that the cost of rates is borne by ratepayers. Council is working towards lowering this level of annual rate increase in order to reduce the impact on ratepayers, and the State Government's "Fair Go Rates" rate capping system has acted to reduce the annual rate rises from 2016/17 onwards.

Council has many current and future demands on funding, highlighting the need for strong, long-term planning and the targeted allocation of resources. This is achieved through the preparation and annual review process of the Council Plan which is supported by Council's Strategic Resource Plan. Ultimately, these documents are guided by longer-term visions and plans including the Long Term Financial Plan, which projects Council's financial direction for the next ten years. This enables Council to identify and analyse trends of significance and provide for sound financial planning and decision-making.

The continued revision and refinement of the Long Term Financial Plan enables longer-term conversations with the community and this makes possible long-term goals that assist in creating engaged and vibrant communities.

This financial snapshot for the 2017/18 financial year gives a brief overview of Council's financial performance and the significant factors that impacted on the financial resources used to support the achievement of long-term community service and asset management objectives. A more detailed analysis of the financial performance for 2017/18 can be found in the Annual Financial Report which is available on Council's website and is attached to Council's physical Annual Report.

*Shana Johnny*  
**Principal Accounting Officer**



# Section 3: Our Council

## Council Offices

We want the Pyrenees Shire to be a healthy, vibrant, prosperous and connected community.

### **Pyrenees Shire Council**

5 Lawrence Street  
Beaufort, Victoria 3373

**Telephone** (03) 5349 1100

**Facsimile** (03) 5349 2068

**Website** [www.pyrenees.vic.gov.au](http://www.pyrenees.vic.gov.au)

**Email** [pyrenees@pyrenees.vic.gov.au](mailto:pyrenees@pyrenees.vic.gov.au)

### **Avoca Information Centre**

122 High Street  
Avoca, Victoria 3467

**Telephone** (03) 5465 1000

**Facsimile** (03) 5465 3597





## *Council Profile*

### *Location*

Pyrenees Shire is located in the Central West of Victoria, about 130 kilometres North West of Melbourne. It is heavily dependent on the primary production industry and is renowned for its wool, viticulture and forestry activity. Thirty percent of the workforce is involved in agriculture. Key areas of production are wool, cereal, hay crops and meat. Grape and wine production has recently expanded significantly. Gold, along with sand, gravel and slate all contribute to the economy.

### *Characteristics*

The Pyrenees Shire comprises an area of nearly 3,500 square kilometres and a population of 7,238 residents. The Shire takes its name from the ranges in the north that hold similarity to the Pyrenees Ranges in Europe.

Council administration is based in the township of Beaufort, and a number of Council services also operate from the township of Avoca. These services include health and aged care, library and information centres.

Excellent educational facilities are available in Pyrenees Shire, including integrated children's centres, primary schools, a secondary college and Community Resource and Information Centres incorporating adult education (and library services and tourism services in Beaufort).

Recreational activities are available in abundance in the region, giving community members and visitors wonderful opportunities to experience new pastimes. Most townships in the Shire have their own sporting facilities, such as football fields and netball courts. Avoca and Beaufort also have skate parks.

Tourism is ever growing throughout the region. Hang-gliding from Mount Cole and the French game of Petanque in Avoca attract large numbers of visitors year round. In recent years, the action sport of mountain bike riding has risen in popularity.

In addition to the sporting opportunities, the Pyrenees is known for its wineries and culinary delights. Community markets are a popular attraction, as are the region's antique fairs, picnic horse races and music festivals.

# Demographics: Fast Facts

Median weekly household income **\$876**

Median monthly mortgage repayments **\$1,066**

Median weekly rent **\$160**

Average motor vehicles per dwelling **2.2**

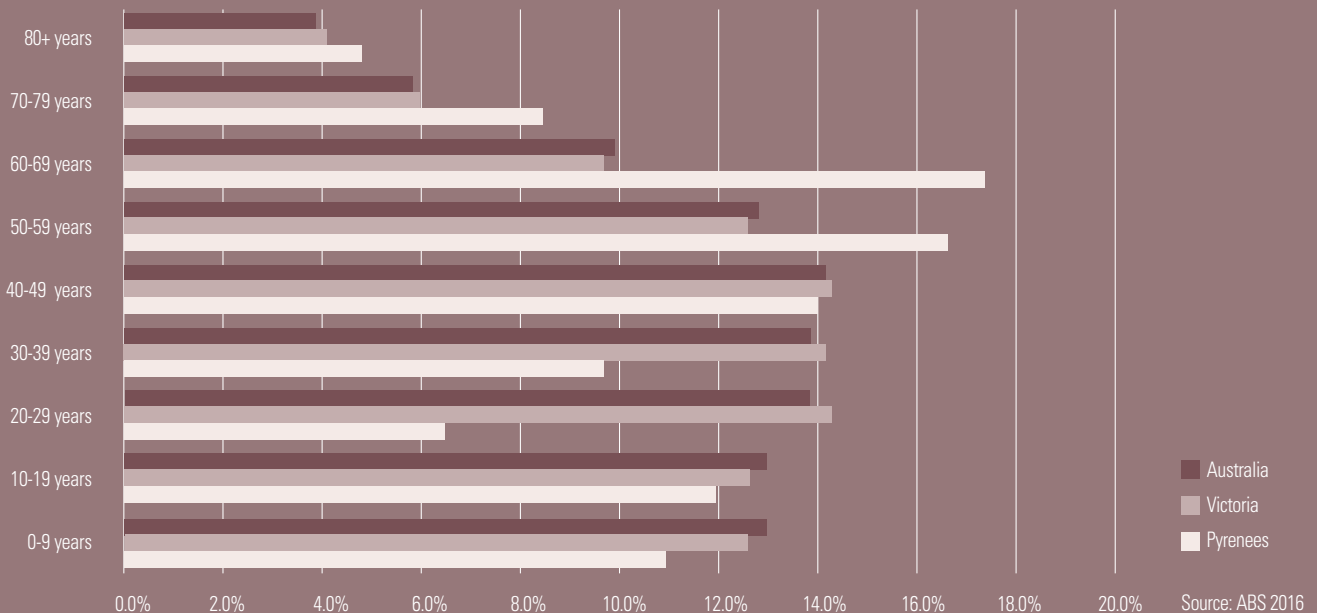
Average people per household **2.3**

All private dwellings: **3,568**

People: **7,238**

- Male 3,829
- Female 3,409
- Median age 50

**1,785 Families**  
Average children per family **1.9**







## Councillors

The Council was elected to provide leadership for the good governance of the municipal district and the local community. On 22nd October 2016 the Pyrenees Shire community elected this Council for a four year term. The municipality is divided into 5 wards, represented by one Councillor in each ward. The 5 Councillors are the elected representatives of all residents and ratepayers across the Shire. They have responsibility for setting the strategic direction for the municipality, policy development, identifying service standards and monitoring performance across the organisation.

The Councillors are listed below.



### *Cr Michael O'Connor (deceased)*

*Beaufort Ward. First Elected: 2008, re-elected 2012 and 2016.*

Cr Michael O'Connor passed away unexpectedly at home following a Council meeting on the evening of Tuesday 15 May 2018.

Cr O'Connor moved to the Pyrenees Shire in January 2000 and lived at Waterloo, where he ran a small farm. He was actively involved in the CFA, Beaufort Secondary College and, up until recently, on the Board of Management of Beaufort and Skipton Health Services. Elected to Council in 2008 representing the Beaufort Ward, Cr O'Connor served as a Director of the former Highlands Regional Waste Management Association and was a Council delegate for the Grampians Central West Waste and Recovery Group. Cr O'Connor was re-elected to Council in October 2012 and 2016. He served as Mayor in 2010/11, 2012/13 and 2015/16. He is survived by his wife Judy and their children Damien, Rachael, Emma, Liam and grandson Myles.

A by-election is scheduled for 17 August 2018 to fill the vacancy.



### *Cr Tanya Kehoe*

*Mount Emu Ward. First Elected: 2012, re-elected 2016.*

*Phone: 0439 571 480 Email: [mountemu@pyrenees.vic.gov.au](mailto:mountemu@pyrenees.vic.gov.au)*

Cr Tanya Kehoe is an educator, a community advocate and the Mount Emu Ward Councillor. Cr Kehoe's professional experience spans teaching and pastoral care, as well as farming. Cr Kehoe loves the sense of community in the Mount Emu and Snake Valley area, a community that she's been a part of her whole life. Cr Kehoe was first elected to the Pyrenees Shire Council 2012 and re-elected in 2016. She wants to use her strengths to better her community in her role as Councillor. Cr Kehoe would like to see the development of the Snake Valley township, improve opportunities for young people within the shire and advocate for better roads in this term of Council. Cr Kehoe is also keen to continue to focus on how to best support farmers, services and businesses across the shire to continue to advance the local area for all residents.

Cr Kehoe and her husband run a sheep property at Mount Emu and have six young children.



### *Cr Robert Vance*

*De Cameron Ward. First Elected: 1987, re-elected 1996, 1999 re-elected 2008 2012 and 2016.  
Phone: 0447 384 500 Email: decameron@pyrenees.vic.gov.au*

Cr Robert Vance is a sheep farmer, community lobbyist and long-serving Councillor for the De Cameron Ward. Cr Vance has spent two decades in local government, including five years as an executive on the Rural Councils Victoria Board. He loves the natural beauty of the environment and appreciates the quality of the people that live in the Pyrenees. Cr Vance values the community's ability to close ranks in times of need or grief and to provide support to one another despite race, creed or colour.

Cr Vance was first elected to the then Avoca Shire Council in 1987. He joined the Pyrenees Shire Council post amalgamations in 1996 until 2002. He was re-elected in 2008, 2012 and 2016. Cr Vance nominates giving back to his community as his main reason for standing for Council.



### *Cr David Clark – Mayor*

*Ercildoune Ward. First Elected: 1992, 1996, 1999 re-elected 2008, 2012 and 2016.  
Phone: 0417 374 704 Email: ercildoune@pyrenees.vic.gov.au*

Cr David Clark is big picture thinker, a local champion and the Ercildoune Ward Councillor. Cr Clark's breadth of experience crosses accounting, community development, public sector governance and natural resource management. Cr Clark is the Deputy Chair Rural of the Municipal Association of Victoria. He appreciates the character of the Pyrenees landscape including the rolling hills, rich soils, forests of many eucalypts and other species. Cr Clark was first elected to Council in 1992 and re-elected in 2008, 2012 and 2016. His inspiration to join Council was the chance to make a difference and to use his skills, which are much more strategic than practical, to best effect.

He highlights better gravel roads, a more digitally astute Council and communities who (in general) are all after the same things for their future, as his aspirations for this Council term. Cr Clark operates a mixed farming property at Glenbrae, works in Landcare and shares his life with his wife Peta and their three children.



### *Cr Ron Eason*

*Avoca Ward. First Elected: 2012, 2016.  
Phone: 0417 508 471 Email: avoca@pyrenees.vic.gov.au*

Cr Ron Eason is a businessman, helpful character and the Avoca Ward Councillor. Cr Eason's experience in his working life includes manufacturing and small business. Cr Eason has found the community of Avoca so friendly and picturesque, a big difference to his life in Melbourne and the Goulburn Valley. Cr Eason was first elected to Pyrenees Shire Council in 2012 and re-elected in 2016. He nominates a desire to help people in the Pyrenes Shire as his inspiration to join Council. Cr Eason would like to see a more sustainable Council that serves the Shire in his Council term.

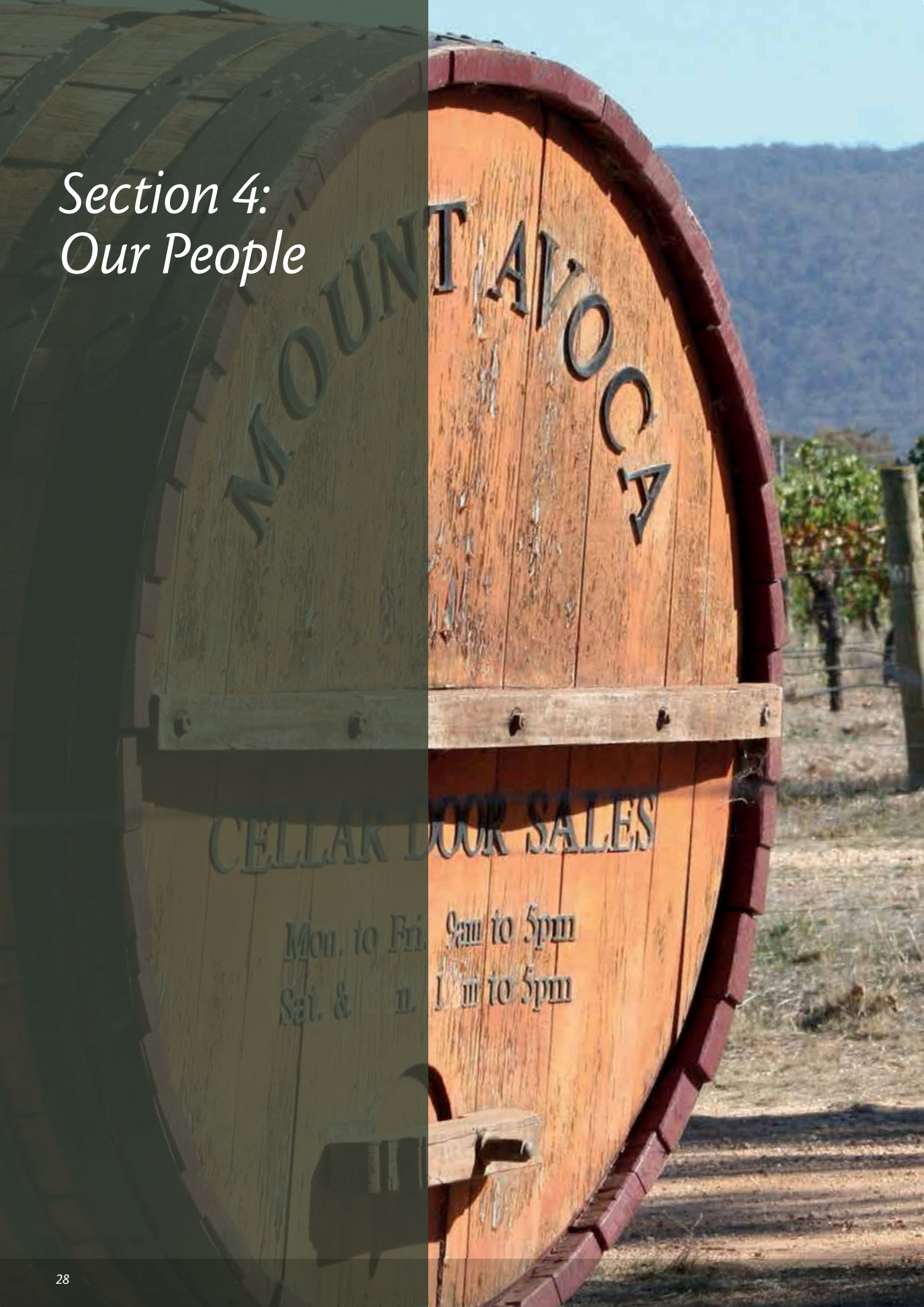
Cr Eason and wife Jenny run the Avoca Newsagency.



- 1 DE CAMERON WARD  
Councillors: 1
- 2 AVOCA WARD  
Councillors: 1
- 3 ERCILDOUNE WARD  
Councillors: 1
- 4 BEAUFORT WARD  
Councillors: 1
- 5 MOUNT EMU WARD  
Councillors: 1



# Section 4: Our People





## *Executive Management Team*

Council is the governing body that appoints a Chief Executive Officer (CEO). The CEO has responsibility for the day to day management of operations in accordance with the strategic directions of the Council Plan. Two Directors and the CEO form the Executive Management Team (EMT) and lead the organisation.



*Jim Nolan - B. Eng (Civil)*  
*Chief Executive Officer*

Jim was appointed Chief Executive Officer with Pyrenees Shire Council in December 2014. He has 25 years' experience in local government at Glenelg, Southern Grampians and Northern Grampians Shire Councils. Jim has experience across infrastructure, project delivery, community and economic development.

As Chief Executive Officer, Jim is responsible for the day to day operations of Council, the delivery of the Council Plan and the implementation of Council decisions. Jim also has direct responsibility for economic development and communications.



*Evan King - B. Bus (Accounting), CPA*  
*Director Corporate and Community Services*

Evan joined Pyrenees Shire Council in June 2014. He has over 20 years of experience in financial management and community services, gained in local government with Hepburn Shire Council and the social services and manufacturing industries.

Evan is responsible for the strategic management of the Corporate and Community Services Department, which includes finance and administration, information technology, governance, risk, emergency management, people and culture, customer services and community wellbeing.



*Douglas Gowans - B.Eng*  
*Director Assets and Development*

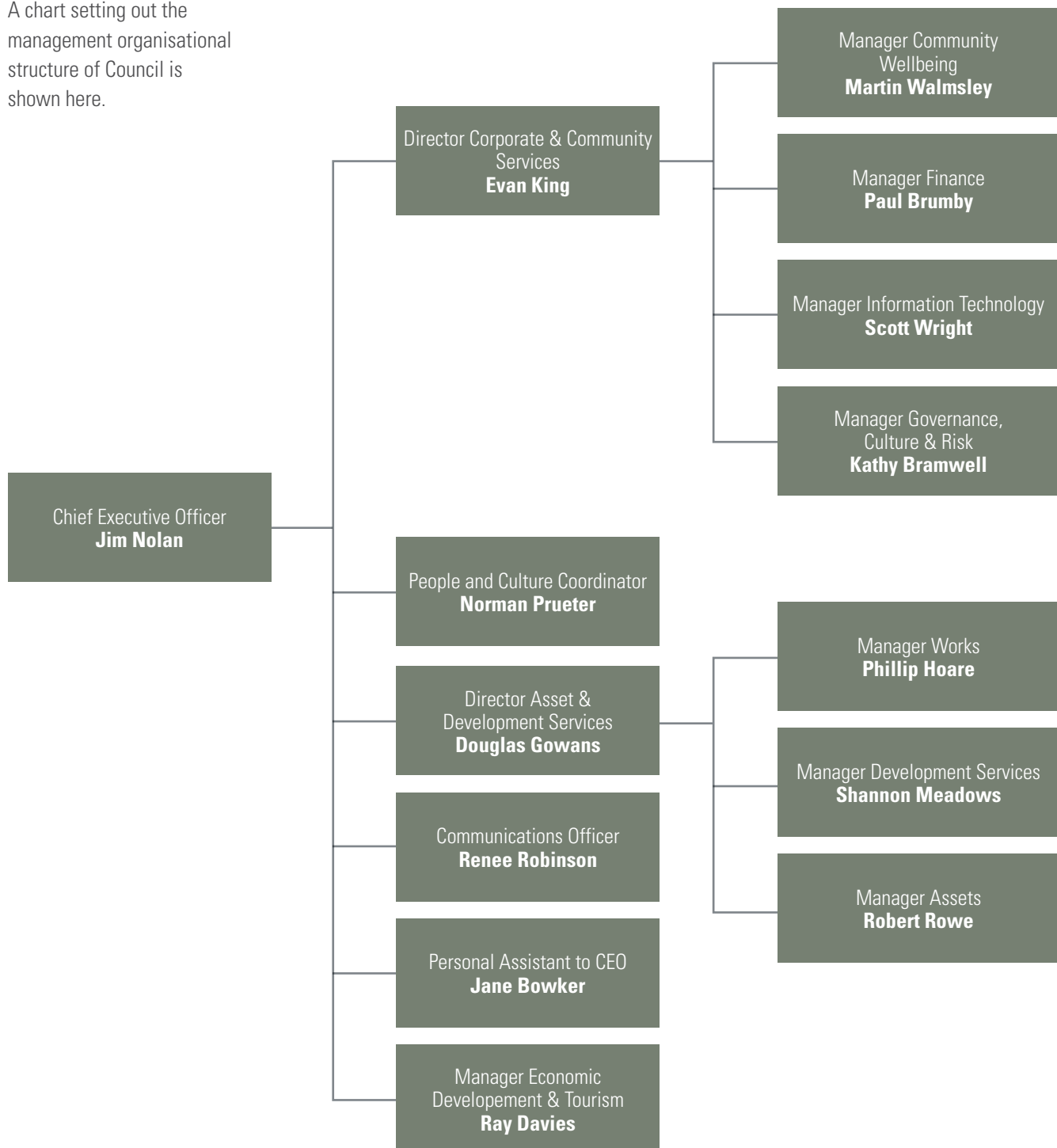
Douglas joined Pyrenees Shire Council in August 2015. He has over 13 years' experience in local government, including Golden Plains and Hindmarsh Shire Councils.

Douglas manages the operations and asset areas of Council. His responsibilities include the construction and maintenance of roads and bridges, waste management and recycling, parks and gardens, environment, town planning and building services and local laws.



# Management Structure

A chart setting out the management organisational structure of Council is shown here.





## Council Staff



As of 30th June 2018, a summary of the number of full time equivalent (FTE) staff categorised by employment classification and gender is set out below.

Structure Classification	Band 1 FTE	Band 2 FTE	Band 3 FTE	Band 4 FTE	Band 5 FTE	Band 6 FTE	Band 7 FTE	Band 8 FTE	All other FTE	Total FTE
Permanent Full Time - Female	0	0	1	1	3	4	0	1	0	10
Permanent Full Time - Male	0	0	14	7	3	5	1	1	8	39.0
Permanent Part Time - Female	1	0	3.7	3.8	3.1	2.3	0	0	0	13.9
Permanent Part Time - Male	0.5	0	0.4	0	0	1.2	0	0	0	2.1
Casual - Female	0.4	2	2	0	0	0	0	0	0	4.4
Casual - Male	0	0.4	0.4	0	0	0	0	0	0	0.8
<b>Total</b>	<b>1.9</b>	<b>2.4</b>	<b>21.5</b>	<b>11.8</b>	<b>9.1</b>	<b>12.5</b>	<b>1.0</b>	<b>2.0</b>	<b>8</b>	<b>70.2</b>

## Employees

As at the 30th June 2018, the Pyrenees Shire Council had a total workforce of 70.2 equivalent fulltime positions. Total staff – 109 employees.

## Workforce Profile

	Full Time	Part Time	Casual	Total
Male	39	6	1	46
Female	10	43	10	63

## Workforce Age

Age Group	Number of Staff
15 – 19	0
20 – 24	2
25 – 34	12
35 – 44	15
45 – 54	38
55 – 64	37
65 and over	5



## Recruitment

During the year, Council advertised 26 positions with 198 applications considered.

Council continues to receive multiple applications for most positions advertised – the positions that attracted the most applications were:

- 23 applicants for the position of Community Wellbeing Administrative Support Officer
- 16 applicants for the position of Community Care Support Officer
- 16 applicants for the position of Plant Operator Beaufort

## Workcover

Pyrenees Shire Council experienced a number of claims during the 2017/18 insurance period, with the claims profile detailed below.

### Claims Profile

**2017/2018**

Claims under Section 98, 98A, 98C, 98E 7 103(1)(b) of the Act:

Minor (under Council's liability)	3
Claims - Major (exceeds Council's liability)	5

## Learning & Development

The Pyrenees Shire Council continues to provide ongoing learning and development to all staff through internal and external training sessions.

A sample of the training undertaken in 2017/18 includes:

- First Aid/CPR Cours
- Participation in Leadership Ballarat & Western Region Program
- Traffic Management
- Induction: Use and Operation of Emulsion Tank
- Fire Ready
- Certificate III in Driving Operations (Heavy General Freight)
- Certificate III in Construction Plant Operations
- Bystander Training
- Management Workshop (Dr. Tom Verghese)

In addition to the specific staff development program, Council also provides and encourages professional development education programs. Council is committed to ongoing training and development of employees to increase efficiency, improve service delivery and develop staff skills and knowledge.

Our Educational Support Policy provides financial assistance for tertiary study in courses that are beneficial to our staff and organisation.

## Work Experience

Council continues to provide students from a Secondary College with the opportunity to participate in work experience programs. Such programs allow students the opportunity to work in a local government environment.



A close-up photograph of a small bird, possibly a honeyeater, perched on a green stem. The bird has dark brown upperparts and a white breast with dark streaking. It is facing left. The background is filled with out-of-focus green leaves and purple flowers, likely agapanthus.

## *Equal Employment Opportunity Program*

A Council with 40 or more members of staff must have developed and implemented an equal opportunity program. Pyrenees Shire Council has implemented an equal employment opportunity program which is designed to eliminate discrimination against and promote equal opportunity for women and persons in designated groups in relation to employment matters.

The objective of Council's Equal Employment Opportunity Program is to ensure there is no discrimination relating to the characteristics listed under the Equal Opportunity Act 2010 such as race, colour, sex, marital status, parenthood, physical or mental impairment, age, religious or political affiliation, gender identity and sexual orientation. Further objectives include ensuring the workplace is free from bullying and harassment.

*Section 5:  
Our  
Performance*



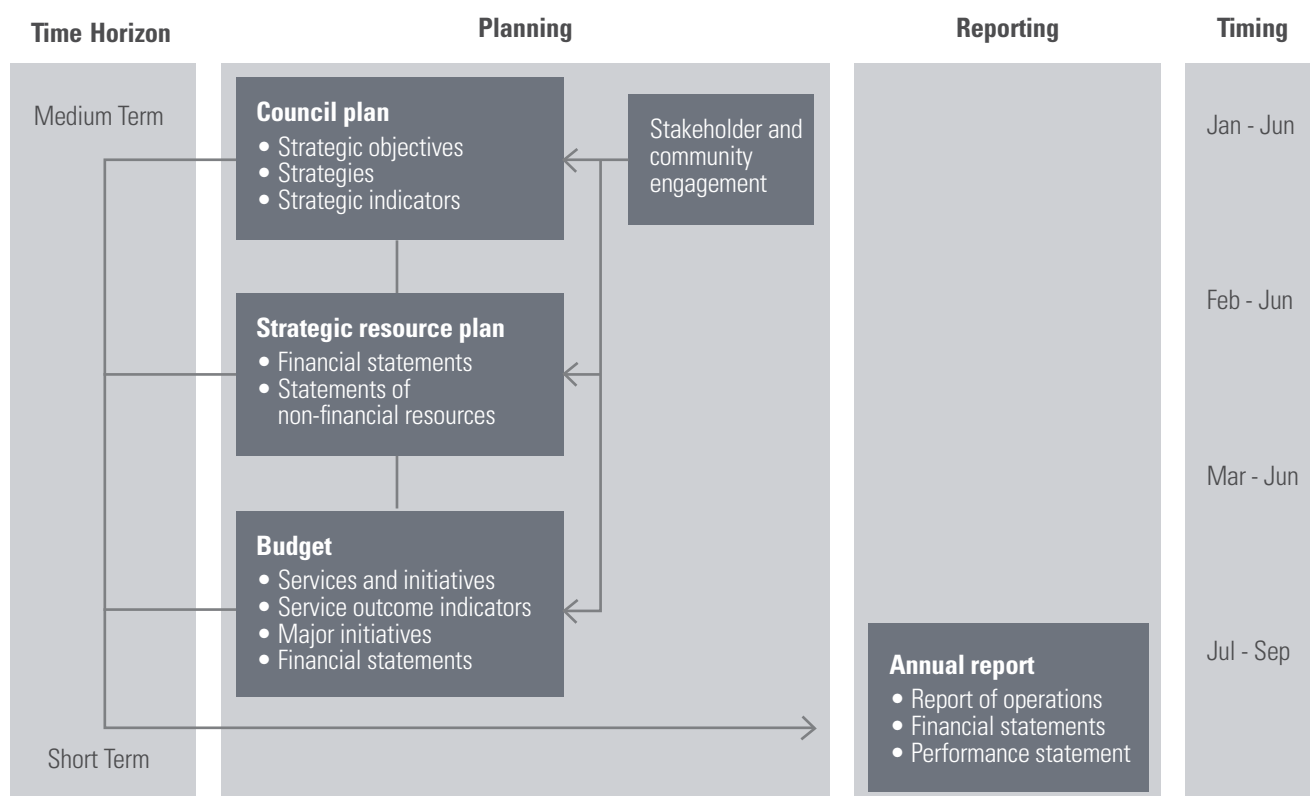


## Planning and Accountability Framework

The Planning and Accountability Framework is found in Part 6 of the *Local Government Act (1989)*. The Act requires councils to prepare the following planning and reporting documents:

- A council plan within the six months after each general election or by 30 June, whichever is later;
- A strategic resource plan for a period of at least four years to be included in the council plan;
- A budget for each financial year;
- An annual report in respect of each financial year.

The following diagram shows the relationships between the key planning and reporting documents that make up the planning and accountability framework for local government. It also shows that there are opportunities for community and stakeholder input and feedback at each stage of the planning and reporting cycle.





## *Council Plan*

The Council Plan 2017-21 includes strategic objectives, strategies for achieving these for the four year period, strategic indicators for monitoring achievement of the strategic objectives and a strategic resource plan. The following are the five strategic objectives as detailed in the Council Plan.

### *Roads & Townships*

We will plan, manage, maintain and renew infrastructure in a sustainable way that responds to the needs of the community.

### *Relationships & Advocacy*

We will build and maintain effective relationships with community, government and strategic partners, and advocate on key issues to advance our communities.

### *Community Connection & Wellbeing*

We will engage with communities to provide responsive, efficient services that enhance the quality of life of residents and promote connected, active and resilient communities.

### *Financially Sustainable,*

### *High-performing Organisation*

Our organisation will respond to community needs, attend to our core business, and strive for excellence in service delivery in an ethical and financially responsible manner.

### *Development & Environment*

We will undertake forward planning, and facilitate growth in our local economy while protecting key natural and built environmental values.



## *Performance*

Council's performance for the 2017/18 year has been reported against each strategic objective to demonstrate how Council is performing in achieving the 2017/21 Council Plan. Performance has been measured as follows:

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

## *Strategic Objective 1*

### *Roads and Townships*

To achieve our objective for roads and townships we will continue to ensure that:

- Our sealed road network is well maintained while key strategic link roads are upgraded;
- The quality and function of the Shire's gravel road network is improved by increasing spending in real terms; and
- The amenity of our townships is improved, and key infrastructure projects are delivered with other levels of government.









### Progress against Strategic Initiatives to implement Strategic Objective 1 – as at 30 June 2018

Initiatives	Status	
<ul style="list-style-type: none"> <li>Implement the use of higher quality material for re-sheeting as detailed in the Gravel Road Strategy</li> </ul>	<ul style="list-style-type: none"> <li>Materials utilised in gravel road re-sheeting have been specified to meeting quality criteria for the majority of applications.</li> </ul>	→
Renew and upgrade key strategic roads: <ul style="list-style-type: none"> <li>Raglan-Elmhurst Road</li> <li>Moonambel-Natte Yallock Road</li> <li>Trawalla Road</li> </ul>	<ul style="list-style-type: none"> <li>Raglan-Elmhurst Road Construction works completed.</li> <li>Survey and design for next section underway. Road redesigned. Cultural assessment, heritage and environmental surveys completed with no significant aspects identified. Works to commence in Summer 2018.</li> <li>Trawalla Road Construction works completed.</li> </ul>	✓ 🕒 ✓
<ul style="list-style-type: none"> <li>Service and asset management plans.</li> </ul>	<ul style="list-style-type: none"> <li>Various plans progressing.</li> </ul>	→
Deliver road and asset renewal programs including: <ul style="list-style-type: none"> <li>Re-sheeting of gravel roads</li> <li>Resealing of sealed surfaces</li> <li>Pavement construction</li> <li>Water bores</li> <li>Bridge and major culvert program</li> <li>Drainage program</li> </ul>	<ul style="list-style-type: none"> <li>Works completed.</li> <li>Redesign completed. Works on waterway permits and request for quotes sought. Works programmed to commence August 2018.</li> <li>Investigations completed, report presented and works prioritised. Insufficient funds to undertake all projects.</li> <li>Works scope completed for three projects in Avoca and works completed.</li> <li>Drainage projects for 2018/19 being developed.</li> </ul>	✓ → →
<ul style="list-style-type: none"> <li>Maintain safe roads by controlling encroachment of roadside vegetation</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing works</li> </ul>	→
<ul style="list-style-type: none"> <li>Improve township amenity by increased level of maintenance at town entrances by street tree replacement planting, better signage and use of Graded Aggregate Total Treatment seals</li> </ul>	<ul style="list-style-type: none"> <li>Works have been identified and initiated</li> </ul>	→



**Progress against Strategic Initiatives to implement Strategic Objective 1 – as at 30 June 2018 (cont.)**

Initiatives	Status	
<ul style="list-style-type: none"> <li>Seek funding to implement actions to ensure Beaufort is bypass-ready.</li> </ul>	<ul style="list-style-type: none"> <li>Advocacy for funding with state and federal governments through Central Highlands Councils Victoria (CHCV).</li> <li>Mayor and CEO advocacy meeting with shadow MPs at Parliament House re Council priority projects in March 2018.</li> <li>Mayor and CEO advocacy meeting with Minister Donnellan on regional transport priorities in March 2018.</li> <li>Mayor and CEO participated in Central Highlands Councils Victoria delegation to Canberra in June 2018 advocating and seeking funding for a range of regional priority projects including funding for the Beaufort Bypass and funding towards making Beaufort 'bypass ready'.</li> <li>Beaufort recycled water project feasibility completed and advocacy for funding undertaken.</li> <li>Beaufort walkability project funding obtained under Round 1 of Building Better Regions Fund and works commenced.</li> <li>Development of the arts through Koori arts trail launch, and Rainbow arts.</li> </ul>	
<ul style="list-style-type: none"> <li>Seek funding for key initiatives to activate Avoca.</li> </ul>	<ul style="list-style-type: none"> <li>Advocacy for funding with state and federal governments through Central Highlands Councils Victoria.</li> <li>Mayor and CEO advocacy meeting with shadow MPs at Parliament House re Council priority projects in March 2018.</li> <li>Expression of Interest lodged with Regional Development Victoria for Activate Avoca Project.</li> </ul>	
<ul style="list-style-type: none"> <li>Implement streetscape and Hall improvements for Redbank, Raglan and Barkly.</li> </ul>	<ul style="list-style-type: none"> <li>Mayor and CEO met with Minister Pulford in October 2017 to advocate for approval of grant application seeking \$230k of funding through Regional Jobs and Investment Packages.</li> <li>Minister announced successful funding for the three halls on 10 February 2018.</li> <li>Driscoll Engineering engaged to project manage the works.</li> <li>Works well advanced in June 2018 and full schedule of works to be completed in 2018/19.</li> </ul>	
<ul style="list-style-type: none"> <li>Work with appropriate authorities to prepare flood plans and/or drainage plans for Lexton, Waubra, Avoca and Natte Yallock.</li> </ul>	<ul style="list-style-type: none"> <li>Flood Plans – preliminary investigation plans for Raglan, Lexton and Waubra have been completed by June 30th 2018.</li> <li>The Avoca River Flood Plan, that includes the townships of Amphitheatre, Avoca and Natte Yallock, requires external funding that is yet to be approved.</li> </ul>	
<ul style="list-style-type: none"> <li>Continue to advocate for the reclassification of the Eurambeen – Streatham Road.</li> </ul>	<ul style="list-style-type: none"> <li>This issue is raised at every VicRoads liaison meeting.</li> </ul>	
<ul style="list-style-type: none"> <li>Undertake two internal audits per annum on compliance with the Road Management Plan.</li> </ul>	<ul style="list-style-type: none"> <li>Compliance audits undertaken in October 2017 and May 2018.</li> </ul>	



## Report of Operations

Service Performance Indicators <i>Service/indicator/measure</i>		Results 2017	Results 2018	Material Variations and Comments
<b>Roads</b>				
<b><i>Satisfaction of use</i></b>				
R1	Sealed local road requests per 100km of sealed local roads	12.73%	17.20%	The majority of requests related to items other than the road condition – e.g. weather impacts on trees, and animals – as is normal in a rural environment. Road requests relating to the road surface itself have decreased due to improved condition of roads (i.e. 39/127 requests).
<b><i>Condition</i></b>				
R2	Sealed local roads maintained to condition standards	99.98%	99.74%	Roads above intervention have remained consistent with prior years.
<b><i>Service cost</i></b>				
R3	Cost of sealed local road reconstruction per square metre	34.63%	40.71%	Cost of road construction driven by complexity of specific jobs and market forces.
<b><i>Service cost</i></b>				
R4	Cost of sealed local road resealing per square metre	\$5.02	\$4.61	This service is undertaken by a shared services contract with several other Local Government Authorities and is subject to market testing. Cost of road sealing is influenced by complexity of specific jobs and price of bitumen.
<b><i>Satisfaction</i></b>				
R5	Satisfaction with sealed local roads	55.00	54.00	Small Rural Council and State Wide average is 49 and 53 respectively.



## *Local Government Community Satisfaction Survey Results – Council’s Performance*

### **Sealed Local Roads**

2015	55
2016	52
2017	55
2018	54
Small Rural Shires 2018	49
State-wide 2018	53

### **Streets and Footpaths**

2015	56
2016	58
2017	57
2018	56
Small Rural Shires 2018	57
State-wide 2018	58

### **Unsealed Roads**

2015	43
2016	45
2017	44
2018	44
Small Rural Shires 2018	40
State-wide 2018	43

## *Strategic Objective 2*

### *Relationships and Advocacy*

We will build and maintain effective relationships with community, government and strategy partners, and advocate on key issues.





### Progress against Strategic Initiatives to implement Strategic Objective 2 – as at 30 June 2018

Initiatives	Status	
<ul style="list-style-type: none"> <li>Implement the Community Engagement Strategy</li> </ul>	<ul style="list-style-type: none"> <li>Implement the Community Engagement Strategy.</li> <li>Provide strong leadership through timely and effective communication with members of Parliament and with relevant government agencies.</li> </ul>	→
<ul style="list-style-type: none"> <li>Provide strong leadership through timely and effective communication with members of Parliament and with relevant government agencies.</li> </ul>	<p>Relationships enhanced through various means including:</p> <ul style="list-style-type: none"> <li>Participation with Central Highlands Councils Victoria including in delegation to Australian Parliament in October 2017.</li> <li>Representation to Victorian Parliament with City of Ballarat on regional matters in October 2017.</li> <li>CEO participation with CH Regional Partnership including “Deep Dive” with agency officers and industry in July 2017, and Assembly in Creswick in August 2017.</li> <li>CEO has regular contacts and meetings with officers from various government agencies including Regional Development Victoria, Environmental Protection Agency, Department of Environment, Land, Water and Planning, VicRoads.</li> <li>Mayor and CEO advocacy meeting with shadow MPs at Victorian Parliament House re Council priority projects in March 2018. Also meetings with Ministers Wynne in February 2018, D’Ambrosio and Donnellan in March 2018.</li> <li>Mayor and CEO participated in Central Highlands Councils Victoria delegation to Canberra in June 2018 advocating and seeking funding for a range of regional priority projects including funding for the Beaufort bypass, funding towards making Beaufort bypass-ready, Moonambel water, East Grampians water project, Opportunities for Pyrenees, Ararat and Northern Grampians project, infrastructure for small town development, waste to energy, road funding and others.</li> </ul>	→
	<ul style="list-style-type: none"> <li>Mayor and CEO participated with Central Highlands Councils Victoria in delegation to Australian Parliament in October 2017 to advocate for investment on a range of regional issues including road, rail, telecommunications, water, energy community infrastructure and funding; and to develop priorities for the region on health, road and rail, digital connectivity, waste, energy and others.</li> <li>Cr Eason participates on Rail Futures forum. Officer participation with Cultivate Agriculture, Western Highway Action Committee, Ballarat Rail Action Committee, Visit Ballarat and Pyrenees Grapegrowers and Winemakers Association.</li> <li>Mayor and CEO advocacy meeting with shadow MPs at Victorian Parliament House re Council priority projects in March 2018. Also meetings with Ministers Carrol in November 2017, Wynne in Feb 2018, Allen in January, D’Ambrosio and Donnellan in March 2018.</li> <li>Mayor and CEO participated in Central Highlands Councils Victoria delegation to Canberra in June 2018 advocating and seeking funding for regional priority projects including Beaufort bypass, funding towards making Beaufort bypass-ready, Moonambel water, East Grampians water, Opportunities for Pyrenees, Ararat and Northern Grampians, infrastructure for small town development, waste to energy, telecommunications, road funding and others. CEO participates in Central Highlands Integrated Water Management Forum to develop strategies to inform decisions on water for the region. CEO participates in Central Highlands Regional Partnerships.</li> </ul>	→



**Progress against Strategic Initiatives to implement Strategic Objective 2 – as at 30 June 2018 (cont.)**

Initiatives	Status	
<p>Develop and foster strategic partnerships by actively engaging with:</p> <ul style="list-style-type: none"> <li>• Sector Peak bodies such as Municipal Association of Victoria, Rural Councils Victoria and Victorian Local Government Association</li> <li>• Business Associations including Business for Beaufort and Advance Avoca</li> <li>• Industry sector bodies including Pyrenees Grape growers and Wine makers, Visit Ballarat, Victorian Farmers Federation and Cultivate Agriculture</li> <li>• Regional bodies including Central Highlands Councils, Central Victorian Greenhouse Alliance and Committee for Ballarat</li> <li>• Local groups and clubs including Community Action Planning Committees, clubs and associations</li> <li>• Issue specific lobby groups including Western Highway Action Committee and Ballarat Rail Action Committee</li> <li>• Traditional owner groups to increase awareness of cultural heritage matters.</li> </ul>	<ul style="list-style-type: none"> <li>• CEO and Councillor participation at Municipal Association of Victoria conference and state council meeting October 2017.</li> <li>• CEO and Councillor participation in Municipal Association of Victoria Rural South Central meetings.</li> <li>• CEO and Councillor participation in Rural Councils Victoria Forum October 2017 and April 2018.</li> <li>• Cr Vance participation with Rural Councils Victoria Executive.</li> <li>• Maintain regular contact to support initiatives of each group.</li> <li>• Maintain regular contact to support initiatives of each organisation.</li> <li>• Mayor and CEO attend bimonthly meetings with Central Highlands Councils Victoria.</li> <li>• Mayor and CEO participated with Central Highlands Councils Victoria in delegation to Australian Parliament in October 2017 and June 2018.</li> <li>• Sustainability officer participates in Central Victorian Greenhouse Alliance activities.</li> <li>• CEO and Councillor participation in Committee for Ballarat activities including strategic planning workshop – October 2017.</li> <li>• Council officer participation in Pyrenees Shire Council sponsored Leadership program.</li> <li>• Councillors and Executive Team participated in Regional forum with Central Highlands Councils Victoria in Ballarat on 9 February 2018.</li> <li>• Community Action Plans Annual Forum held 23 October 2017. Another Community Action Plans Forum conducted in April 2018 regarding Community Action Plan priorities.</li> <li>• Internal review of Community Action Plans liaison officers.</li> <li>• New Community Action Plans template being developed.</li> <li>• Director Assets and Development Services participates in Western Highway Action Committee and Ballarat Rail Action Committee along with nominated Councillor.</li> <li>• Partnership with Langi Kal Kal Prison for Koori Art Trail at Beaufort Lake.</li> <li>• Council considered a report on the Dja Dja Wurrung Recognition and Settlement Agreement at the Council meeting in November 2017.</li> <li>• Indigenous acknowledgement is incorporated into email tag.</li> <li>• Commenced flying Aboriginal flag daily (weekdays).</li> <li>• Internal work is being undertaken to prepare a draft Reconciliation Action Plan for Council consideration in response to Council's resolution of November 2017. Project officer is engaging with Traditional Owner groups and Reconciliation Australia in the development of the draft Reconciliation Action Plan.</li> </ul>	<p>→</p> <p>→</p> <p>→</p> <p>→</p> <p>→</p> <p>→</p> <p>→</p> <p>→</p> <p>→</p> <p>→</p> <p>✓</p>



## Report of Operations

Service Performance Indicators <i>Service/indicator/measure</i>	Results 2017	Results 2018	Material Variations and Comments
<b>Governance</b>			
Council's overall performance index score	64/100	62/100	Pyrenees Shire Council's score of 62 is above the Small Rural Council and State Wide average of 56 and 59 respectively.
Council decisions made at meetings closed to the public	12.14%	12.65%	Continued focus on ensuring that only confidential items are dealt with in meetings closed to the public.
Community satisfaction with community consultation and engagement	60/100	55/100	Pyrenees Shire Council's score of 55 is above the Small Rural Council score of 54 and equal to the State Wide average of 55.
Councillor attendance at council meetings	96.92%	94.67%	Councillor attendance at meetings remains strong.
Cost of governance per councillor	\$42,123.00	\$42,481.68	Cost of Governance remains consistent with prior years.
Community satisfaction with council decisions	62/100	57/100	Pyrenees Shire Council's score of 57 is above the Small Rural Council and State Wide average of 54 and 52 respectively.



## Community Grants

Organisation	Funded
Avoca RSL Sub Branch Bias Bowls Club	\$1,056.00
Beaufort Historical Society Inc.	\$1,500.00
Waterloo Community Group Inc.	\$1,500.00
Carranballac Progress Association Inc.	\$1,500.00
Landsborough and District Historical Group	\$1,500.00
Moonambel Mechanics Institute Hall – 80th Birthday Sub Committee	\$750.00
Landsborough Public Hall	\$1,000.00
Lexton Football & Netball Club	\$1,020.00
Beaufort Knitting & Craft Group	\$400.00
1st Avoca Scouts Group	\$1,500.00
Business for Beaufort	\$1,500.00
Elmhurst Bush Nursing Centre	\$1,500.00
University of the 3rd Age (U3A)	\$775.00
Moonambel Arts & History Group	\$1,500.00
Beaufort Community Bank Complex	\$1,500.00
Snake Valley Hall Committee of Management	\$750.00
Avoca Friends of the Pool	\$1,473.00
Avoca & District Landcare	\$980.00
Trawalla Hall & Recreation Reserve	\$1,500.00
Avoca Community Arts & Gardens Inc.	\$1,500.00
Avoca Chinese Garden Association Inc.	\$1,500.00
Avoca Country Golf Bowling Club	\$1,250.00
Avoca Friends of the Pool	\$556.00
Beaufort Agricultural Society	\$1,500.00
Beaufort Municipal Band	\$1,500.00

Organisation	Funded
Carngham Recreation Reserve Committee of Management	\$1,500.00
Casablanca Movie Club	\$750.00
Evansford Community Centre	\$535.00
Moonambel Events Inc.	\$750.00
Snake Valley Fire Brigade	\$1,000.00
Waubra Primary School	\$1,500.00
Upper Mount Emu Creek Landcare Network	\$1,500.00
Beaufort and District Adult Riding Club	\$5,000.00
Landsborough Public Hall Reserve Committee of Management	\$4,311.00
Lexton Racecourse and Recreation Reserve	\$3,000.00
Avoca Friends of the Pool	\$5,000.00
Raglan Hall and Recreation Reserve Committee Inc.	\$5,000.00



## Local Government Community Satisfaction Survey Results – Council’s Performance

### Overall Performance

2015	62
2016	61
2017	64
2018	62
Small Rural Shires 2018	56
State-wide 2018	59

### Community Consultation

2015	58
2016	56
2017	60
2018	55
Small Rural Shires 2018	54
State-wide 2018	55

### Advocacy

2015	57
2016	55
2017	59
2018	56
Small Rural Shires 2018	53
State-wide 2018	54

### Making Community Decisions

2015	57
2016	56
2017	62
2018	57
Small Rural Shires 2018 –	52
State-wide 2018	54

### Customer Service

2015	72
2016	72
2017	74
2018	73
Small Rural Shires 2018	69
State-wide 2018	70

### Overall Council Direction

2015	54
2016	54
2017	55
2018	51
Small Rural Shires 2018	50



### *Strategic Objective 3*

#### *Community Connection and Wellbeing*

We will engage with communities to provide responsive, efficient services that enhance the quality of life for residents and promote connected, active and resilient communities.



### Progress against Strategic Initiatives to implement Strategic Objective 3 – as at 30 June 2018

Initiatives	Status	
<ul style="list-style-type: none"> <li>Develop a recreation strategy</li> </ul>	<ul style="list-style-type: none"> <li>Adopted by Council 17 Oct 2017.</li> </ul>	✓
<ul style="list-style-type: none"> <li>Implementation of the key priorities from the recreation strategy</li> </ul>	<ul style="list-style-type: none"> <li>Meeting scheduled with Sport &amp; Recreation Victoria in February to discuss key priorities.</li> <li>Actively applying for funding to address priorities.</li> <li>Application to Sport and Recreation Victoria for drought proofing the Avoca oval successful (\$124,000).</li> </ul>	→
<ul style="list-style-type: none"> <li>Develop the Municipal Public Health and Wellbeing Plan</li> </ul>	<ul style="list-style-type: none"> <li>Adopted by Council 17 Oct 2017.</li> </ul>	✓
<ul style="list-style-type: none"> <li>Plan for, respond to and assist the community to build resilience and recover from natural disasters including:</li> <li>Monitor and review the Municipal Emergency Management Plan</li> <li>Restore Council's roads and bridges damaged in the 2016/17 flood / storm events, rebuilding resilient infrastructure where possible</li> </ul>	<ul style="list-style-type: none"> <li>Three-year plan in place to progressively review the Municipal Emergency Management Plan, sub-plans and Standard Operating procedures. Now an ongoing activity.</li> <li>Works ongoing. Tasks 80% completed. Funding requirements stipulate that the works must be completed by June 2019.</li> </ul>	→
<ul style="list-style-type: none"> <li>Undertake a detailed review of Home and Community Care services</li> </ul>	<ul style="list-style-type: none"> <li>Review complete with new structure implemented.</li> </ul>	✓
<ul style="list-style-type: none"> <li>Participate in the Children &amp; Youth Area Partnership</li> </ul>	<ul style="list-style-type: none"> <li>Officers continuing to participate in the Partnership.</li> </ul>	→
<ul style="list-style-type: none"> <li>Participate in the Parenting Capacity Priority Project – redesign of the service system</li> </ul>	<ul style="list-style-type: none"> <li>Research Collaboration project with Federation University has commenced, PhD student is conducting the project "Thriving in the Pyrenees Shire: Co-designing integrated systems to support families and young people".</li> </ul>	→
<ul style="list-style-type: none"> <li>Participate in the Grampians Pyrenees Primary Care Partnership</li> </ul>	<ul style="list-style-type: none"> <li>Officers attend the bi-monthly meetings.</li> </ul>	→



**Progress against Strategic Initiatives to implement Strategic Objective 3 – as at 30 June 2018 (cont.)**

Initiatives	Status	
<p>Investigate potential options for improved service delivery in the areas of:</p> <ul style="list-style-type: none"> <li>• Youth</li> <li>• Allied health services</li> <li>• Other opportunities as they arise.</li> </ul>	<ul style="list-style-type: none"> <li>• Discussion with Ballarat Community Health (BCH) in January regarding Allied Health Options. Hydrotherapy sessions for aged clients implemented on weekly basis.</li> <li>• Walk to School funding application successful (\$10,000) for 2018/19.</li> </ul>	→
<ul style="list-style-type: none"> <li>• Review Community Action Plans to inform decision making and Council priorities.</li> </ul>	<ul style="list-style-type: none"> <li>• Supporting the update of Community Action Plans. New Community Action Plans template implemented.</li> </ul>	→
<ul style="list-style-type: none"> <li>• Provide support to Community Action Plans Co-ordinators to maintain plans that are inclusive and reflective of the whole community.</li> </ul>	<ul style="list-style-type: none"> <li>• Beaufort Community Action Plans Co-ordinator provided with youth information for inclusion in the Community Action Plans.</li> </ul>	✓
<ul style="list-style-type: none"> <li>• Maintain a list of “pipeline projects” and meet regularly with funding partners to proactively seek grants for projects that are well planned and have wide community support.</li> </ul>	<ul style="list-style-type: none"> <li>• List of pipeline projects maintained and regularly reviewed in collaboration with Regional Development Victoria officers.</li> </ul>	✓
<ul style="list-style-type: none"> <li>• Investigate the opportunity to participate in the Act@Work program.</li> </ul>	<ul style="list-style-type: none"> <li>• Act@Work is now an active program within Council with initial activities completed and three-year action plan developed. This is an ongoing project.</li> </ul>	✓
<ul style="list-style-type: none"> <li>• Continue to promote and participate in the Communities of Respect and Equality (CoRE).</li> </ul>	<ul style="list-style-type: none"> <li>• Director Corporate and Community Services participates in the Communities of Respect and Equality Alliance Governance Group &amp; Evaluation Working Party.</li> </ul>	→
<ul style="list-style-type: none"> <li>• Examine Council’s ongoing role in the maintenance of ovals and hardcourts.</li> </ul>	<ul style="list-style-type: none"> <li>• Costing for annual maintenance program sought.</li> </ul>	→





## Report of Operations

	<b>Service Performance Indicators</b> <i>Service/indicator/measure</i>	<b>Results</b> <b>2017</b>	<b>Results</b> <b>2018</b>	<b>Material Variations</b> <b>and Comments</b>
	<b>Aquatic Facilities</b>			
	<b>Service standard</b>			
AF2	Health inspections of aquatic facilities	0.00	4.00	No formal inspections were conducted in the 2016/17 pool season. Formal inspections recommenced in 2017/18.
	<b>Health and Safety</b>			
AF3	Reportable safety incidents at aquatic facilities	0.00	0.00	There were no reportable incidents in 2017/18.
	<b>Service cost</b>			
AF4	Cost of indoor aquatic facilities per visit	\$0.00	\$0.00	Council has no indoor aquatic facilities.
	<b>Service cost</b>			
AF5	Cost of outdoor aquatic facilities per visit	\$19.84	\$19.75	Cost levels due to additional lifesaver resources used by contractor.
	<b>Utilisation</b>			
AF6	Number of visits to aquatic facilities per head of municipal population.	1.66	1.66	
	<b>Animal Management</b>			
	<b>Timeliness</b>			
AM1	Time taken to action animal management requests	1.00	1.00	Animal requests are diarised and initiated on the day of receipt.
	<b>Service standard</b>			
AM2	Animals reclaimed from council	21.05%	26.67%	Cost of reclaiming animals acts as a deterrent for collection. Costs include fees and travel and are impacted by remoteness and levels of social disadvantage.
	<b>Service cost</b>			
AM3	Cost of animal management service	\$49.42	\$71.01	Increased costs associated with contracted service utilisation in 2017/18.
	<b>Health and safety</b>			
AM4	Animal management prosecutions	0.00	0.00	There were no animal management prosecutions completed during 2016/17.



## Report of Operations

Service Performance Indicators <i>Service/indicator/measure</i>		Results 2017	Results 2018	Material Variations and Comments
<b>Food</b>				
<b><i>Timeliness</i></b>				
FS1	Time taken to action food complaints	1.00	1.00	Food complaints are actioned on the day of receipt.
<b><i>Service standard</i></b>				
FS2	Percentage of required food safety assessments undertaken	45.21%	91.78%	Improved performance in 2017/18 is due to increased resources supplied by contractor.
<b><i>Service cost</i></b>				
FS3	Cost of food safety service per premises	\$346.45	\$402.42	The cost of services has increased in 2017/18 as a result of higher service standards and contracting out of the service provision.
<b><i>Health and safety</i></b>				
FS4	Percentage of critical and major non-compliance outcome notifications followed up by council	42.86%	75.00%	Council's improved performance in following-up notifications is due to increased resourcing provided.
<b>Home and Community Care (HACC)</b>				
Reporting on Home and Community Care ceased on 1 July 2016 due to the introduction of the Commonwealth's National Disability Insurance Scheme and Commonwealth Home Support Programs.				



Service Performance Indicators <i>Service/indicator/measure</i>		Results 2017	Results 2018	Material Variations and Comments
<b>Libraries</b>				
<b><i>Utilisation</i></b>				
LB1	Library collection usage – number of times a library resource is borrowed	2.82	2.71	Strong Library collection usage demonstrates the importance of the Library to residents.
<b><i>Resource standard</i></b>				
LB2	Standard of library collection – Proportion of library resources less than 5 years old	79.05%	75.90%	Council continues to invest in new library stock to keep the collection up-to-date and relevant.
<b><i>Service cost</i></b>				
LB3	Cost of library service per visit	\$5.98	\$6.49	The cost per visit has increased due to a 10% decrease in visits.
<b><i>Participation</i></b>				
LB4	Active library members in municipality	9.78%	10.98%	Active Library members remains steady.

<b>Maternal and Child Health (MCH)</b>				
<b><i>Satisfaction</i></b>				
MC1	Participation in first Maternity and Child Health home visit	107.14%	105.77%	Greater than 100% participation due to families moving in to the shire.
<b><i>Service standard</i></b>				
MC2	Infant enrolments in the Maternity and Child Health service	98.21%	94.23%	Infant enrolments remain strong.
<b><i>Service cost</i></b>				
MC3	Cost of the Maternity and Child Health service	\$75.73	\$80.98	Cost of service delivery remains consistent with prior years.
<b><i>Participation</i></b>				
MC4	Participation in the Maternity and Child Health service	88.56%	83.77%	Participation in Maternity and Child Health service remains consistent.
<b><i>Participation</i></b>				
MC5	Participation in the Maternity and Child Health service by Aboriginal children	100.00%	100.00%	Low numbers of participants in this service can create high variations year on year.



## *Maternal & Child Health Service Provision*

	2014/15	2015/16	2016/17	2017/18
Number of infants enrolled from birth notifications	68	43	57	52
Number of new enrolments	90	63	67	57
Number of active infant records	276	269	251	233
Additional consultations	296	327	94	130
Telephone consultations	117	123	210	6
Community Strengthening Activities	25	19	25	11

## *Home and Community Care Service Provision*

	2014/15	2015/16	2016/17	2017/18
Domestic Assistance	4,945 hours	4,357 hours	7,665 hours	5,857 hours
Personal Care	1,188 hours	3,713 hours	2,494 hours	2,151 hours
Respite Care	2,217 hours	306 hours	168 hours	533 hours
Delivered Meals	5,381 meals	4,033 meals	3,178 meals	5,670 hours
Home Modifications	63 hours	149 hours	144 hours	106 hours
Assessment	706 hours	961 hours	2,089 hours	520 hours
Planned Activity Groups	8,199 hours	4,798 hours	3,486 hours	5,011 hours
Community Meals	247 meals	703 meals	944 meals	645 meals
Allied Health & Podiatry	108 hours	88 hours	94 hours	46 hours



## *Local Government Community Satisfaction Survey Results – Council's Performance*

### **Elderly Support Services**

2015	70
2016	69
2017	74
2018	70
Small Rural Shires 2018	69
State-wide 2018	68

### **Family Support Services**

2015	68
2016	68
2017	70
2018	68
Small Rural Shires 2018	67
State-wide 2018	66

### **Recreation Facilities**

2015	69
2016	65
2017	72
2018	68
Small Rural Shires 2018	69
State-wide 2018	69





## *Strategic Objective 4*

### *Financially Sustainable, High-performing Organisation*

Our organisation will respond to community needs, attend to our core business, and strive for excellence in service delivery in an ethical and financially responsible manner.



Progress against Strategic Initiatives to implement Strategic Objective 4 – as at 30 June 2018		
Initiatives	Status	
<ul style="list-style-type: none"> <li>• Prepare and submit the annual budget to the Minister by the 30th June each year</li> </ul>	<ul style="list-style-type: none"> <li>• Council budget adopted and submitted</li> </ul>	✓
<ul style="list-style-type: none"> <li>• Develop a five-year internal audit plan integrated with the risk register</li> </ul>	<ul style="list-style-type: none"> <li>• Three-year risk-based internal audit plan has been developed and approved by the Audit &amp; Risk Committee at their 22nd August 2017 meeting</li> <li>• A three-year internal audit plan was developed to align with the internal audit provider engagement</li> </ul>	✓
<ul style="list-style-type: none"> <li>• Undertake two internal audits per year</li> </ul>	<p>Two internal audits were conducted this year:</p> <ul style="list-style-type: none"> <li>• Long Term Financial Plan – February 2018 completed and report provided to Ararat Rural Council May 2018</li> <li>• Legislative Compliance – May 2018 completed. Report to be provided to Ararat Rural Council in August 2018</li> </ul>	✓
<ul style="list-style-type: none"> <li>• Review the Long Term Financial Plan incorporating the Strategic Resource Plan on an annual basis in conjunction with the development of the annual budget</li> </ul>	<ul style="list-style-type: none"> <li>• The draft Long Term Financial Plan was adopted by Council at the April 2018 Council meeting as part of the draft budget for 2018/19</li> </ul>	✓
<ul style="list-style-type: none"> <li>• Develop an annual service review program</li> </ul>	<ul style="list-style-type: none"> <li>• Plan developed and reported to June Council meeting</li> </ul>	✓
<ul style="list-style-type: none"> <li>• Undertake two service reviews per year against Best Value principles, and consider shared services and alternative service delivery models</li> </ul>	<ul style="list-style-type: none"> <li>• Building services model reviewed in consultation with Ararat Rural Council and Northern Grampians Shire Council</li> <li>• Environmental Health Services reviewed prior to deciding to contract services to Kernow</li> <li>• Pools management services reviewed prior to and in conjunction with decision to contract services to YMCA</li> </ul>	✓
<ul style="list-style-type: none"> <li>• Continuously improve organisational processes by reviewing and mapping two processes per year to eliminate waste and inefficiency</li> </ul>	<p>Senior Leadership Team completed its review of:</p> <ul style="list-style-type: none"> <li>• Waste management (bin delivery)</li> <li>• Fire prevention (fire notices)</li> <li>• Resourcing (skills audit and casual staff availability)</li> </ul>	✓
<ul style="list-style-type: none"> <li>• Develop an annual corporate training program</li> </ul>	<ul style="list-style-type: none"> <li>• Developed and subject to ongoing review by the Senior Leadership Team</li> </ul>	✓



Progress against Strategic Initiatives to implement Strategic Objective 4 – as at 30 June 2018 (cont.)		
Initiatives	Status	
<ul style="list-style-type: none"> <li>Monitor and report on our performance in responding to Customer Action Requests against agreed standards</li> </ul>	<ul style="list-style-type: none"> <li>Monthly reports are generated and distributed to management and presented at Council meetings</li> <li>New services have been added to the Customer Action Request System</li> </ul>	→
<ul style="list-style-type: none"> <li>Undertake a review of Council's website and prepare a business case and project plan to replace the current website</li> </ul>	<ul style="list-style-type: none"> <li>New website is under construction and content entering / editing underway</li> </ul>	✓
<ul style="list-style-type: none"> <li>Conduct an annual Staff Satisfaction Survey and action plan</li> </ul>	<ul style="list-style-type: none"> <li>Annual survey conducted in September 2017 following the all staff training day</li> <li>Results circulated to staff with actions implemented</li> </ul>	✓
<ul style="list-style-type: none"> <li>Participate in the State Government annual Community Satisfaction Survey and utilise the results to inform the annual review of the Council Plan</li> </ul>	<ul style="list-style-type: none"> <li>2018 Community Satisfaction Survey was conducted in February 2018</li> </ul>	✓
<ul style="list-style-type: none"> <li>Risk Management Module</li> </ul>	<ul style="list-style-type: none"> <li>AltusERM installed. Training complete for hazard / incident report and for the risk register management as needed</li> </ul>	✓
<ul style="list-style-type: none"> <li>Initiate a program to build a strong organisational culture</li> </ul>	<ul style="list-style-type: none"> <li>Program initiated with Senior Leadership Team facilitated by Tom Verghese to build team culture resulting in commitment by Senior Leadership Team to ToR documents</li> <li>Listen Learn Lead program initiated to assist addressing gender equity and to develop a gender equity action plan</li> <li>Communities of Respect and Equality (CoRE) values promoted and Act@Work bystander training undertaken in March 2018</li> <li>Reconciliation Action Plan and awareness initiated</li> </ul>	✓
<ul style="list-style-type: none"> <li>Monitor and report on the development of Council's risk registers</li> </ul>	<ul style="list-style-type: none"> <li>Risk reports provided to Council every six months. Reports provided in November 2017 and June 2018</li> </ul>	✓





## Report of Operations

Service Performance Indicators Service/indicator/measure	Results 2017	Results 2018	Material Variations and Comments
<b>Financial Performance</b>			
<b>Service standard</b>			
Average residential rate per residential property assessment	\$956.16	\$987.67	Increase is driven by 2% rate cap and 1.5% higher rate cap.
Expenses per property assessment	\$3,920.89	\$4,287.67	Expenses for 2016/17 and 2017/18 are higher than normal due to flood recovery works associated with 3 flood events – September 2016, April 2017 and November 2017.
Percentage of staff turnover	14.81%	23.38%	Increase in staff turnover has been due to retirements, terminations and restructure. Part of the resignations related to staff moving into higher positions in other organisations including Councils.
Current assets as a percentage of current liabilities	309.32%	276.85%	The 2017/18 ration is relatively lower than 2016/17 because Council received \$2.5 million advance payment of the Victoria Grants Commission allocation in addition to the normal annual allocation in 2016/17.
Unrestricted cash as a percentage of current liabilities	5.48%	23.85%	At 30 June 2018 there were no investments like prior years.
Asset renewal as a percentage of depreciation	70.64%	72.33%	Council continues to be committed to renewal of assets and in particular road assets.
Loans and borrowings as a percentage of rates	0.00%	0.00%	Council repaid all outstanding debts in 2016/17 and is now debt free.
Loans and borrowings repayments as a percentage of rates	5.53%	0.00%	Council repaid all outstanding debts in 2016/17 and is now debt free.
Non-current liabilities as a percentage of own source revenue	1.47%	0.71%	Council is debt free and non-current liabilities held reflect employee provisions.
Adjusted underlying surplus (or deficit) as a percentage of underlying revenue	10.47%	-13.12%	The deficit is primarily due to completed flood recovery works. Council is awaiting grant reimbursements from the Commonwealth Government.



Service Performance Indicators <i>Service/indicator/measure</i>		Results 2017	Results 2018	Material Variations and Comments
<b>Financial Performance</b>				
<b><i>Service standard</i></b>				
	Rates as a percentage of adjusted underlying revenue	35.48%	42.39%	The ratio is less than expected as underlying revenue is lower than anticipated due to the completed flood recovery works. Council is awaiting grant reimbursements from the Commonwealth Government.
	Rates as a percentage of property values in municipality	0.54%	0.57%	The rate revenue compared to property values have gone up due to the value of a new substation established in 2018/19.

<b>Financial Performance</b>				
<b><i>Service standard</i></b>				
	Expenses per head of municipal population	\$3,156.69	\$3,501.57	Expenses for 2016/17 and 2017/18 have been higher than normal due to flood restoration works.
	Infrastructure per head of municipal population	\$30,256.40	\$30,473.93	Infrastructure per head of municipal population has increased slightly since 2016/17 due to flood restoration works to the assets impaired during the floods of 2016/17. Assets were impaired during the November 2017 floods.
	Population density per length of road	3.71	3.73	Population density per length of road has remained consistent with prior years.
	Own-source revenue per head of municipal population	\$1,494.45	\$1,536.68	Increase in own-source revenue is due to 2% rate cap risk and 1.5\$ higher cap.
	Recurrent grants per head of municipal population	\$1,458.98	\$1,116.24	The early payment of Federal Assistance Grants had inflated the ratio in 2016/17 (which received a full allocation for 2016/17 and ½ annual allocation for 2017/18). The 2017/18 ratio is more the norm.
	Relative socio-economic disadvantage of the municipality	1.00	1.00	Pyrenees Shire Council Socio-Economic Indexes for Areas score of 1 demonstrates the level of socio-economic disadvantage experienced by the residents of the Shire.



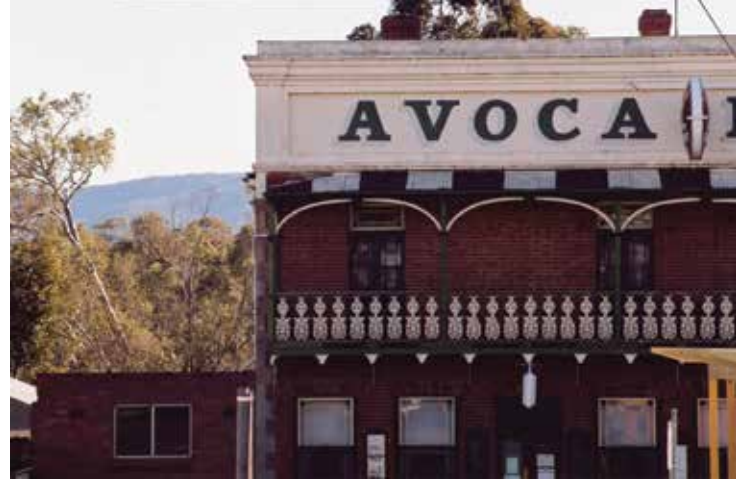
## Strategic Objective 5

### Development and Environment

We will undertake forward planning, and facilitate growth in our local economy while protecting key natural and built environmental values.

#### Progress against Strategic Initiatives to implement Strategic Objective 5 – as at 30 June 2018

Initiatives	Status	
<ul style="list-style-type: none"> <li>Pyrenees Futures – Work with communities to prepare township framework plans to guide future development in Beaufort, Avoca, Snake Valley, Lexton, Waubra / Evansford, Landsborough, Moonambel, Amphitheatre, Raglan</li> </ul>	<ul style="list-style-type: none"> <li>Draft Township Framework Plans (TFPs) have been completed for Beaufort, Snake Valley, Raglan, Avoca, Waubra and Lexton</li> <li>These will be presented to Council in the Pyrenees Futures Strategy in late 2018</li> <li>Township Framework Plans for Amphitheatre, Moonambel and Landsborough will be prepared in Stage 2 during 2019</li> </ul>	→
<ul style="list-style-type: none"> <li>Undertake planning scheme amendments to incorporate updated township plans</li> </ul>	<ul style="list-style-type: none"> <li>An amendment is contingent on the completion of the Pyrenees Futures process. It is anticipated that a report will go to Council seeking authorisation of an amendment in late 2018</li> </ul>	→
<ul style="list-style-type: none"> <li>Review the Pyrenees Planning Scheme and identify future actions to improve its effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>A review of priorities has been completed, with a settlement planning strategy (Pyrenees Futures) and rural / agricultural areas strategy identified as the two most critical projects</li> </ul>	✓
Implement actions contained in Council's Growth Strategy including: <ul style="list-style-type: none"> <li>Encourage residential growth by developing Correa Park Estate in Beaufort</li> </ul>	<ul style="list-style-type: none"> <li>Promotional materials developed including printed and digital means</li> <li>Printed materials provided to Ballarat Real Estate at the beginning of 2018</li> <li>All of Stage three of Correa Park sold and awaiting next sub-division to be developed</li> </ul>	✓
<ul style="list-style-type: none"> <li>Partner with others to complete stage 2 of the Moonambel Water Project</li> </ul>	<ul style="list-style-type: none"> <li>Technical investigation and concept design phase (stage 2) completed in Apr 2014 and acquittals for funding agreements completed</li> <li>Contractor procurement in progress as at 30 June for completion of business case</li> </ul>	✓
<ul style="list-style-type: none"> <li>Plan for the development of the Avoca Industrial Estate</li> </ul>	<ul style="list-style-type: none"> <li>Land purchase secured</li> <li>Planning scheme amendment to rezone land to Industrial 1</li> <li>Draft concept plan prepared and shared with Councillors</li> </ul>	✓



**Progress against Strategic Initiatives to implement Strategic Objective 5 – as at 30 June 2018 (cont.)**

Initiatives	Status	
<ul style="list-style-type: none"> <li>• Deliver targeted initiatives to make Beaufort bypass-ready and develop it as a destination town</li> </ul>	<ul style="list-style-type: none"> <li>• First stage of Beaufort Walkability Plan funded and works underway</li> <li>• Pyrenees Futures project commenced in Beaufort seeking to develop long term plan for Beaufort post bypass</li> <li>• RV Friendly o/n camping and dump point projects initiated</li> <li>• Koori art trail installed at Lake Beaufort</li> </ul>	
<ul style="list-style-type: none"> <li>• Work with Grampians Wimmera Mallee Water and other partners to plan for and develop the East Grampians water project and agricultural precinct</li> </ul>	<ul style="list-style-type: none"> <li>• GWMWater completed the business case in Sept and they, together with Ararat Rural City Council and Pyrenees Shire Council, are now advocating to State and Federal Governments for funding of the project</li> <li>• State Government funding announced on 30 Apr 2018. Local Government Authority lobbying for Federal Government commitment</li> </ul>	
<ul style="list-style-type: none"> <li>• Identify and facilitate economic opportunities flowing from renewable energy developments such as Crowlands and Stockyard Hill windfarms</li> </ul>	<ul style="list-style-type: none"> <li>• Identify and facilitate economic opportunities flowing from renewable energy developments such as Crowlands and Stockyard Hill windfarms</li> <li>• Build on opportunities for growth in the agriculture sector identified in the Ballarat Region Line of Sight Project</li> <li>• Implement actions contained in Council's Tourism Strategy including:</li> </ul>	
<ul style="list-style-type: none"> <li>• Build on opportunities for growth in the agriculture sector identified in the Ballarat Region Line of Sight Project</li> </ul>	<ul style="list-style-type: none"> <li>• In liaison with City of Ballarat staff have advocated for Line of Sight / Agri Atlas at Regional Partnerships and with Regional Development Victoria (RDV). Central Highlands Councils have been requested to commit \$20k p.a. each to project in annual budgets</li> <li>• As of 24 Apr 2018, City of Ballarat is preparing a funding bid to Regional Development Victoria to progress Agri Atlas project. Meeting with Regional Partnerships scheduled for 20 July to discuss future of Agri Atlas</li> <li>• CEO participation on Central Highlands Regional Partnership to develop and advocate for agriculture investment as a regional priority</li> </ul>	
<p>Implement actions contained in Council's Tourism Strategy including:</p> <ul style="list-style-type: none"> <li>• Facilitate Beaufort to become an RV-friendly town</li> </ul>	<ul style="list-style-type: none"> <li>• Planning approvals have now been passed for a free camp site and dump point. Further report to Council on free camp site in March 2018</li> <li>• Free camp site works completed</li> <li>• Installation of dump site now being progress by Assets and Development team. Dump Point ordered 1 May 2018</li> </ul>	



**Progress against Strategic Initiatives to implement Strategic Objective 5 – as at 30 June 2018 (cont.)**

Initiatives	Status	
<ul style="list-style-type: none"> <li>• Work with tourism partners to develop and implement the Grampians Pyrenees Wine Tourism marketing plan</li> </ul>	<ul style="list-style-type: none"> <li>• The marketing masterplan was completed in Sept 2018 and funding from the Regional Development Victoria Wine Growth Fund secured. Council hosted an event for regional food industry stakeholders at Avoca in Nov and a regional food alliance is being established by Pyrenees Shire Council</li> <li>• Project officer appointed for the Grampians Pyrenees Wine Tourism Marketing Plan</li> <li>• Six representatives from the food group have indicated an interest in being on regional food committee and met early June</li> <li>• Council’s Tourism Officer is working through the logistics of incorporation etc</li> </ul>	→
<p>Support investigation and delivery of effective sustainability projects including:</p> <ul style="list-style-type: none"> <li>• Future Landscapes Project to create awareness of the impacts of climate change on biodiversity and agriculture</li> </ul>	<ul style="list-style-type: none"> <li>• Report completed, community aware of report, require funding to progress</li> </ul>	✓
<ul style="list-style-type: none"> <li>• Central Victorian Greenhouse Alliance – low income household solar project</li> </ul>	<ul style="list-style-type: none"> <li>• Publicity and letter sent to pensioners. Received 51 enquiries, 2 invoiced, 1 installing, 1 quoting. These numbers were anticipated.</li> </ul>	◐
<ul style="list-style-type: none"> <li>• Beaufort sustainable water use plan and recycled water project</li> </ul>	<ul style="list-style-type: none"> <li>• Final report completed, Council endorsed and pursuing implementation through Integrated Water Management forum</li> </ul>	✓
<ul style="list-style-type: none"> <li>• Beaufort pool solar project</li> </ul>	<ul style="list-style-type: none"> <li>• Works completed and project signed off</li> </ul>	✓
<ul style="list-style-type: none"> <li>• Straw Pellet feasibility project</li> </ul>	<ul style="list-style-type: none"> <li>• Feasibility Study and business case have been finalised. Business cases commissioned for combined heat and power system at AME Systems Ararat and boiler system for Skipton Hospital. Other options being sought via the Community Power Hub project funded by Sustainability Vic and managed by BREAZE.</li> <li>• Final business cases for AME Systems and Skipton Hospital have been presented to each organisation and lobbying for funding is underway at present</li> <li>• Interest is being shown by Laminex and Selkirk in CHP systems</li> </ul>	◐
<ul style="list-style-type: none"> <li>• Prepare and adopt new Local Laws which protect amenity and environmental values</li> </ul>	<ul style="list-style-type: none"> <li>• The Local Law Review Project is well advanced, with a draft General Local Law prepared and reviewed by Council</li> <li>• A new General Local Law will be exhibited in late 2018</li> </ul>	→
<ul style="list-style-type: none"> <li>• Review and implement the Pyrenees Domestic Wastewater Management Plan (DWWP)</li> </ul>	<ul style="list-style-type: none"> <li>• The DWWP is being implemented by Council’s contract Environmental Health Services provider</li> </ul>	→



## Report of Operations

Service Performance Indicators <i>Service/indicator/measure</i>		Results 2017	Results 2018	Material Variations and Comments
<b>Statutory Planning</b>				
<b><i>Timeliness</i></b>				
SP1	Time taken to decide planning applications (median number of days between receipt and decision)	48.00	49.00	Planning application complexity remains consistent.
<b><i>Service standard</i></b>				
SP2	Planning applications decided within 60 days	98.00%	97.27%	Planning applications decided within required timeframe has remained consistent with prior years.
<b><i>Service cost</i></b>				
SP3	Cost of statutory planning service per planning application	\$2,212.25	\$2,819.06	14% increase in planning applications received has resulted in the cost per application to increase.
<b><i>Decision making</i></b>				
SP4	Council planning decisions upheld at VCAT	0.00%	0.00%	There were no planning applications decided by VCAT.



Service Performance Indicators <i>Service/indicator/measure</i>		Results 2017	Results 2018	Material Variations and Comments
<b>Waste Collection</b>				
<b><i>Satisfaction</i></b>				
WC1	Kerbside bin collection requests per 1000 households	67.15	54.64	Kerbside bin collection requests remains variable due to changes in municipal growth (new residents) and age / condition of existing bins.
<b><i>Service standard</i></b>				
WC2	Kerbside collection bins missed per 10,000 households	2.90	3.98	
<b><i>Service cost</i></b>				
WC3	Cost of kerbside garbage bin collection service per bin	\$88.95	\$98.58	Increased costs due to an overcharge by council's contractors which will be reimbursed in 2018/19. Without this overcharge, the cost would have reduced to \$85.54.
<b><i>Service cost</i></b>				
WC4	Cost of kerbside recyclables collection service per bin	\$49.42	\$48.43	Cost of service delivery remains consistent with prior years.
<b><i>Waste diversion</i></b>				
WC5	Percentage of kerbside collection waste diverted from landfill	39.36%	42.02%	Division rates reduced considerably in 2017/18 due to a change in calculation methodology (domestic green waste taken to transfer stations is no longer included).



## Federal Government funding boost for Beaufort Walkability Project

### Local Government Community Satisfaction Survey Results – Council's Performance

#### Waste Management

2015	71
2016	70
2017	75
2018	69
Small Rural Shires 2018	69
State-wide 2018	70

#### Planning and Building Permits

2015	54
2016	54
2017	54
2018	55
Small Rural Shires 2018	51
State-wide 2018	52

#### Business / Development / Tourism

2015	62
2016	60
2017	67
2018	62
Small Rural Shires 2018	59
State-wide 2018	60

Pyrenees Shire Council has commenced a key project for Beaufort with a Building Better Regions Fund grant of \$149,650. The Beaufort Walkability Project will see the connection of key Beaufort recreation, transport and tourism assets with the central business area.

The grant was matched dollar for dollar with Council funds, taking the project's total worth to \$299,300.

Pyrenees Shire Council CEO Jim Nolan said the Beaufort Walkability Project would increase the movement of pedestrians across the town.

"The pathways and circuits this grant will fund will benefit a wide section of the Beaufort community," Mr Nolan said. "Better access across Beaufort will mean older residents can move about in a safer manner, school children can walk to school on a designated path and tourists will be able to explore the town's assets," he said.

"The project will connect Beaufort Lake and schools with the main street, and the station precinct will be connected with existing paths in the central business area."

The work at the station will also increase disability access to and from the transport and arts precinct.

Council undertook a competitive tender process for the work to be carried out. "Support from the Federal Government is vital for small Councils like Pyrenees to be able to deliver on projects identified by the community," Mr Nolan said.

"This project has been on the Beaufort Community Action Plan as the top priority, and I'm pleased we've been able to get this started in 2018," he said.





## *Pyrenees Futures: A New Approach to Town Planning*

Over 2017/2018, Council has been working with many of its major communities to re-imagine the approach we take to planning through the Pyrenees Futures project.

Pyrenees Futures rethinks Council's approach to town planning, by focusing on fostering the character and attributes that make our towns special and building on those for the future.

Over 2017/2018, Council's planning staff have worked with hundreds of residents in Beaufort, Snake Valley, Avoca, Raglan, Waubra and Lexton to understand local priorities, and develop new planning policy frameworks.

The framework plans focus on identifying short-term and cost-effective ways to make town centres and the public realm more vibrant, to foster a distinctive local sense of place; and long-term reform to planning policy to guide future development and land use.

The process has involved running workshops at local schools and with community groups, town walks with local residents to understand how places are experienced, Saturday morning drop-in sessions in town centres, surveys and outreach sessions.

Pyrenees Shire Council CEO, Jim Nolan, said Pyrenees Futures presented a new, innovative approach to small town planning.

"There has been a lot of engagement over the last year, and we are really looking forward to placing the plans that have been produced for six of our townships on public exhibition, before work begins in the north of our shire on community engagement," Mr Nolan said.

"In prioritising the character and sense of place in our townships, Council is placing emphasis on the unique attributes of our towns that make them special places that feel like home. Pyrenees Futures is about building on the best attributes of our towns, and using our local assets as a base for the future."



## Governance, Management and other information

### Governance

The Pyrenees Shire Council is constituted under the *Local Government Act 1989* to provide leadership for the good governance of the municipal district and the local community. Council has a number of roles including:

- Taking into account the diverse needs of the local community in decision-making
- Providing leadership by establishing strategic objectives and monitoring achievements
- Ensuring that resources are managed in a responsible and accountable manner
- Advocating the interests of the local community to other communities and governments
- Fostering community cohesion and encouraging active participation in civic life.

Council is committed to effective and sustainable forms of democratic and corporate governance as the key to ensuring that Council and its administration meet the community's priorities. The community has many opportunities to provide input into Council's decision-making processes including community consultation and public forums such as ward meetings.

Council's formal decision-making processes are conducted through Council meetings and Special Committees of Council. Council delegates the majority of its decision-making to Council staff. These delegations are exercised in accordance with adopted Council policies.

### Council Meetings

Council meets at 6:00pm on the third Tuesday of each month (with the exception of December, which may be on the second Tuesday and January, where no meeting is held). Details of Council meeting dates and times are published in the Pyrenees Advocate one week prior to the meeting. Minutes of Council meetings are available for inspection at the Beaufort Shire Office or may be downloaded from our website at [www.pyrenees.vic.gov.au](http://www.pyrenees.vic.gov.au). Members of the public are invited to attend all open meetings of Council.

During the year, Ordinary Council Meetings were also held in Avoca on the 21st November and 17th April.

The Statutory Meeting, which included election of the Mayor, was held in Lexton on the 31st October 2017.



## *Councillor Attendance at Council Meetings*

<b>Date</b>	<b>Cr Kehoe</b>	<b>Cr Clark</b>	<b>Cr O'Connor</b>	<b>Cr Eason</b>	<b>Cr Vance</b>
18th July 2017	X	✓	✓	✓	✓
15th August 2017	✓	✓	✓	✓	✓
22nd August 2017 (Special)	✓	✓	✓	✓	✓
19th September 2017	✓	✓	✓	✓	✓
17th October 2017	✓	✓	✓	✓	✓
21st November 2017	✓	✓	✓	✓	✓
12th December 2017	✓	✓	✓	✓	✓
23rd January 2018	✓	✓	✓	✓	✓
20th February 2018	✓	✓	✓	✓	✓
20th March 2018	✓	✓	✓	✓	✓
17th April 2018	✓	✓	✓	✓	✓
15th May 2018	✓	✓	✓	✓	✓
12th June 2018	✓	✓	N/A	✓	✓
26th June 2018 (Special)	✓	✓	N/A	✓	X

## *Code of Conduct*

Council has adopted a Code of Conduct to provide guidance to Councillors on ethical conduct and the standard of behaviours expected in relation to other Councillors, Council staff and the community.

The Code of Conduct is reviewed annually and is available upon request from Council or via our website.



## *Conflict of Interest*

Councillors are elected by the residents and ratepayers to act in the best interests of the community. This is a position of trust that requires Councillors to act in the public's best interest. When a Council delegates its powers to a Council officer or a committee, the committee or officer also needs to act in the public's best interest.

A conflict of interest occurs when a personal or private interest might compromise the ability to act in the public interest. A conflict of interest exists even if no improper act results from it. 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.

While the procedures vary depending on the particular role and circumstances, in general they involve disclosing the relevant interests in a specific way and then stepping aside from the relevant decision-making process or from the exercise of the public duty. A register is maintained to record all disclosed conflict of interests.

## *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. In this instance Pyrenees Shire Council is recognised as a Category One Council.

The following table contains a summary of the allowances paid to each councillor during the year.

<b>Councillors</b>	<b>Allowance \$</b>
Cr Tanya Kehoe	21,971
Cr Ron Eason - Mayor/Councillor	36,361
Cr David Clark – Mayor/Councillor	51,253
Cr Michael O'Connor	20,125
Cr Robert Vance	21,971



## Councillor Expenses

In accordance with Section 75 of the *Local Government Act 1989*, 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 policy provides guidance for the payment of reimbursements of expenses and the provision of resources, facilities and

other support to the Mayor and Councillors to enable them to discharge their duties. Council also publishes in its Annual Report the details of the expenses, including reimbursement of expenses for each Councillor and member of a Council Committee paid by the Council. The details of the expenses for the 2017/18 year are set out in the following table.

Councillor	TR \$	CM \$	CC \$	IC \$	CT	Total \$
Cr Tanya Kehoe	0	3,632	0	0	0	3,632
Cr Ron Eason (Mayor)	0	3,108	0	0	0	3,108
Cr David Clark (Mayor)	0	1,825	3,026	0	0	4,851
Cr Michael O'Connor	0	0	0	0	0	0
Cr Robert Vance	0	10,150	0	0	424	10,574

*Legend: TR-Travel CM-Car Mileage CC-Child Care IC-Information and Communication expenses CT-Conferences and Training expenses*



## *Internal Audit*

The Audit and Risk Committee is an Advisory Committee of Council and monitors internal controls, financial management and risk management. Council's Audit and Risk Committee is comprised of three independent external members – Mr Geoff Price (Chairperson), Mr Rod Poxon and Ms Wendy Honeyman and two Councillors – Cr Robert Vance and Cr Ron Eason. Council's Internal Auditor is AFS Chartered Accountants, Bendigo.

Meetings were held on 22 August, 28 November 2017 and 22 May 2018.

The Internal Auditor provided a risk-based three-year internal audit plan which was endorsed by the Audit & Risk Committee and the Committee considered reports from the Internal Auditor on Council's Long Term Financial Planning and the Outstanding Issues Register.

## *Committees (Section 86)*

Council could not operate effectively without the assistance of the many volunteers represented on Council's Special Committees (Section 86 Committees).

The following Committees have been established under the *Local Government Act 1989*. Meetings of these Committees are open to the public and minutes of the meetings are available for public inspection.

- Beaufort Community Bank Complex
- Brewster Hall
- Landsborough Community Precinct
- Snake Valley Hall
- Waubra Community Hub

All Instruments of Delegation to Section 86 Committees were reviewed by Council during the year.

## *Continuous Improvement*

As outlined in the *Local Government Act 1989*, the Best Value provisions require Council to review its services against the following principles;

- Specific quality and cost standards for every Council service
- Responsiveness to community needs
- Accessibility and appropriately targeted services
- Continuous improvement
- Regular community consultation on all services and activities
- Frequent community reporting.



## Communications

Council has continued to monitor, report and review communication activities to ensure residents remain well-informed and educated on Council's programs and services.

Through this reporting system, Council has established a streamlined approach in delivering messages to residents. An overview of communications channels used are:

- Public notices appear in the weekly newspapers and have proved to be an efficient way to communicate with residents on all matters including (but not limited to) public meetings, grants, capital works and upcoming events.
- The website is a central hub for residents to go to for information and details on Council matters. It has evolved to provide two-way communication between Council and residents.
- Media releases are distributed regularly providing a proactive way to highlight Council activity.
- Advertisements are often used to publicly advertise Council events.
- Quarterly Community Newsletter.

Information technology plays an important role in providing residents and staff with an efficient means of communication. Council has developed a website model that provides residents with a central point to gain information on Council activity while also providing an avenue for Council to gain feedback.

Identifying and highlighting Council's key projects and priorities has been beneficial in effectively engaging with stakeholders and government on a local, state and federal level. It has allowed materials to be clear and concise so that government and stakeholders are clear on objectives and Council's requests.

A number of priority projects have been identified and include:

- Telecommunications in rural and regional areas
- Western Highway Bypass

## Child Safe Organisation

In 2017-2018 Council undertook works to ensure the organisation became a child safe organisation, implementing:

- A three-year strategy and plan to implement the Victorian Child Safety Standards throughout the organisation;
- Developing and implementing:
  - Child Safe Policy and Strategy
  - Child Safe Code of Conduct for Councillors and Staff
  - Child Safety reporting framework

## Management

Council maintains a number of statutory and better practice items to strengthen its management framework. Having strong frameworks for governance and management leads to better decision making by Council. The Act requires Council to undertake an assessment against the prescribed governance and management checklist and include this in its report of operations. Council's Governance and Management Checklist results are set out in the section below. The following items have been highlighted as important components of the management framework.



## Governance and Management Checklist

The following are the results in the prescribed form of Council's assessment against the prescribed governance and management checklist.

Governance and Management Items	Assessment	
<b>1 Community Engagement Plan</b> (document outlining Council's commitment to engaging with the community on matters of public interest)	Engagement Strategy 2017-2021 Date of operation of current strategy: 18 April 2017	✓
<b>2 Community engagement guidelines</b> (guidelines to assist staff to determine when and how to engage with the community)	Guidelines Date of current guidelines: 18 April 2017	✓
<b>3 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)	Guidelines Date of current guidelines: 18 April 2017	✓
<b>4 Annual Budget Plan</b> (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)	Adopted in accordance with section 130 of the Act Date of adoption: 26 June 2018	✓
<b>5 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)	Plans Date of operation of current plans: Buildings 21 February 2012, Bridges and Major Culverts 15 May 2012 Road Asset Management Plan 21 August 2007 Road Management Plan April 2017	✓
<b>6 Rating strategy</b> (strategy setting out the rating structure of Council to levy rates and charges)	Strategy Date of operation of current strategy: 21 May 2013	✓
<b>7 Risk policy</b> (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	Policy Date of operation of current policy: 19 April 2016	✓
<b>8 Fraud policy</b> (policy outlining Council's commitment and approach to minimising the risk of fraud and corruption)	Policy (Fraud & Corruption Control) Date of operation of current policy: 24 November 2017	✓





Governance and Management Items	Assessment	
<b>9 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 <i>Emergency Management Act 1986</i> 12 December 2016	<input checked="" type="checkbox"/>
<b>10 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 <i>Local Government Act 1989</i> Date of approval: 31 March 2018	<input checked="" type="checkbox"/>
<b>11 Business continuity plan</b> (plan setting out the actions that will be undertaken to ensure that key services continue to operate in the event of a disaster)	Business Continuity Plan 12 January 2016 Business Continuity Management Policy 18 April 2016	<input checked="" type="checkbox"/>
<b>12 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)	Plan Date of operation of current plan: 12 January 2016	<input checked="" type="checkbox"/>
<b>13 Risk management framework</b> (framework outlining Council's approach to managing risks to the Council's operations)	Framework Date of operation of current framework: 19 April 2016	<input checked="" type="checkbox"/>
<b>14 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)	Established in accordance with Section 139 of the Act Date of establishment: 18 June 1998	<input checked="" type="checkbox"/>
<b>15 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)	Engaged Date of engagement of current provider: 13 June 2017	<input checked="" type="checkbox"/>
<b>16 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)	Framework Date of operation of current framework: 9 June 2015	<input checked="" type="checkbox"/>
<b>17 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)	Council Plan reported to Council Progress Report Q1 – 21 November 2017 Progress Report Q2 – 20 February 2018 Progress Report Q3 – 15 May 2018	<input checked="" type="checkbox"/>



Governance and Management Items	Assessment	
<p><b>18 Financial reporting</b> (quarterly statements to Council under Section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)</p>	<p>Statements presented to Council in accordance with Section 138(1) of the Act</p> <p>Date statements presented:</p> <p>19 September 2017</p> <p>21 November 2017</p> <p>20 February 2018</p> <p>15 May 2018</p>	<p>✓</p>
<p><b>19 Risk reporting</b> (six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies)</p>	<p>Report</p> <p>Risk Reporting: 21 November 2017, 12 June 2018</p>	<p>✓</p>
<p><b>20 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)</p>	<p>Report</p> <p>Local Government Performance Report – Q1 – 19 September 2017</p> <p>Report – Q2 – 20 March 2018</p>	<p>✓</p>
<p><b>21 Annual report</b> (annual report under Sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial and performance statements)</p>	<p>Considered at a meeting of Council in accordance with section 134 of the Act</p> <p>Date statements presented: 17 October 2017</p>	<p>✓</p>
<p><b>22 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)</p>	<p>Reviewed in accordance with section 76C of the Act</p> <p>Date reviewed: 21 February 2017</p>	<p>✓</p>
<p><b>23 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)</p>	<p>Reviewed in accordance with section 98(6) of the Act</p> <p>Dates of reviews:</p> <p>S11 – 18 July 2017; 20 February 2018; 20 March 2018; 15 May 2018; 12 June 2018</p> <p>S5 – 18 April 2017</p> <p>S7 – 5 March 2013</p> <p>S6 – 16 May 2017</p> <p>S12 – 9 December 2014</p> <p>S11A – 12 December 2017</p>	<p>✓</p>
<p><b>24 Meeting procedures</b> (a local law governing the conduct of meetings of Council and Special Committees)</p>	<p>Meeting procedures local law made in accordance with section 91(1) of the Act Date local law made: 17 April 2012</p>	<p>✓</p>



## *Statutory information*

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

- 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.
- Council's current Procurement Policy, in accordance with section 186A(8) of the Act.

## *Documents Available for Public Inspection*

In accordance with Part 5 of the Local Government (General) Regulations 2015 the following is a list of the prescribed documents that are available for inspection or copies of the documents can be obtained for the purposes of Section 222 of the *Local Government Act 1989* at Pyrenees Shire Council's Beaufort Office at 5 Lawrence Street, Beaufort or online at [www.pyrenees.vic.gov.au](http://www.pyrenees.vic.gov.au) :

- Details of overseas or interstate travel (other than interstate travel by land for less than three days) undertaken in an official capacity by Councillors or any member of Council staff in the previous 12 months.
- Agendas for, and minutes of, ordinary and special meetings held in the previous 12 months which are kept under section 98 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.
- Minutes of meetings of special committees established under section 89 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.
- A register of delegations kept under sections 87(1) and 98(4) of the Act.
- 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.
- A register of authorised officers appointed under section 224(1A) of the Act.

## *Best Value*

In accordance with Section 208B(f) of the *Local Government Act 1989*, 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. To further reflect Council's commitment to Best Value, Council has commenced the design and planning of a Business Unit Planning Program which is being rolled out to the whole organisation. This program provides additional review and improvement mechanisms to ensure that Council's services achieve best practice standards in regards to service performance.

## *Contracts*

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



## *Domestic Animal Management Plan*

In accordance with the *Domestic Animals Act 1994*, Council is required to prepare a Domestic Animal Management Plan at four yearly intervals and evaluate its implementation in the annual report.

Council adopted the Domestic Animal Management Plan 2017-2021 in 2017. The plan was developed through consultation with Council's Animal Management Team and consideration of input from other Council departments.

## *Food Act Ministerial Directions*

In accordance with Section 7E of the *Food Act 1984*, Council is required to publish a summary of any Ministerial Directions received during the financial year in its annual report.

No such Ministerial Directions were received by Council during the financial year.

## *Freedom of Information*

In accordance with Section 7(4AA)(a) and 7(4AA)(b) of the Freedom of Information Act 1982, Council is required to publish certain statements in their annual report or separately such as on its website, concerning its functions and information available. Council has chosen to publish the statements separately however provides the following summary of the application and operation of the *Freedom of Information Act 1982*.

Access to documents may be obtained through written request to the Freedom of Information Officer, as detailed in section 17 of the *Freedom of Information Act 1982* and in summary as follows:

- it should be in writing
- it should identify as clearly as possible which document is being requested
- it should be accompanied by the appropriate application fee (the fee may be waived in certain circumstances).

Requests for documents in the possession of Council should be addressed to the Freedom of Information Officer. Requests can also be lodged by email, however a request does not become a valid request until payment of the application fee is made.

Access charges may also apply once documents have been processed and a decision on access is made (e.g. photocopying and search and retrieval charges).

Further information regarding Freedom of Information can be found at [www.foi.vic.gov.au](http://www.foi.vic.gov.au) and on the Council's website.

Council received three Freedom of Information applications during 2017/18. Two requests were granted access in full, and one granted access in part.



## *Protected Disclosure Procedures*

In accordance with Section 69 of the *Protected Disclosure Act 2012* a Council must include in their annual report information on how to access the procedures established by the Council under Part 9 of that Act. It is also required to provide certain information about the number and types of protected disclosures complaints investigated during the financial year.

*The Protected Disclosure Act 2012* aims to ensure openness and accountability in government by encouraging people to disclose improper conduct within the public sector and provide protection for people who make disclosures. Procedures on how to make a disclosure are publicly available Council's website.

During the 2017/18 year no disclosures were notified to Council officers appointed to receive disclosures, or to the Independent Broad-based Anti-Corruption Commission (IBAC).

## *Road Management Act Ministerial direction*

In accordance with Section 22 of the *Road Management Act 2004*, Council must publish a copy or summary of any Ministerial direction in its Annual Report. No such Ministerial Directions were received by Council during the financial year.

## *Emergency Management*

As documented in the *Local Government Act 1989* and the *Emergency Management Act 2013*, councils play a critical role in Victoria's emergency management.

Councils have emergency management responsibilities because they are the closest level of government to their communities and have access to specialised local knowledge about the environmental and demographic features of their districts. People also naturally seek help from their local council and emergency management agencies during emergencies and following the recovery process.

There are five primary responsibilities for Council:

- Emergency Risk Management and mitigation – A process which aims to reduce risks and/or their impacts within a community.
- Planning and Preparation – Maintaining a state of readiness through training, development of operational plans and building strong relationships with relevant agencies.
- Response – Supporting the emergency services that respond to the emergency event.
- Relief – Coordinating immediate relief efforts for the community during an emergency event.
- Recovery – Coordinating the community's recovery from emergencies and assisting individuals to access services and support.



## Municipal Emergency Management Plan

Pyrenees Shire Council is required to develop and maintain a Municipal Emergency Management Plan (MEMP) which outlines how the Council and its supporting agencies will meet the requirements of the four responsibilities listed above.

The Municipal Emergency Management Plan (MEMP) also has a number of sub-plans which outline additional detail and operating procedures for the more complex and high risk emergencies. A copy of the Municipal Emergency Management Plan and its sub-plans can be viewed on our website.

The following outcomes were achieved during the 2017/18 year:

1. Achieved a successful Audit outcome for the Municipal Emergency Management Plan (MEMP). The audit was conducted by representatives from VICSES, VICPOL and Department of Health and Human Services.
2. Responded to the November 2017 storm event. Continued coordination of the recovery of municipal and infrastructure assets impacted by flood and storm events in 2016 and 2017.
3. Reviewed and updated the following:
  - Municipal Fire Management Plan
  - Relief Centre Management Procedures.
4. Participated in a range of joint exercises with other Councils in our region.
5. Undertook a project to implement and evaluate the Municipal Community Resilience sub-plan.

6. The Flood Planning Work Group:
  - Commissioned preliminary flood studies to inform future flood planning and overlay works
  - Engaged all 4 Catchment Management Authorities (CMAs) in flood planning activities
7. Implemented a three-year rolling schedule of Municipal Emergency Management Plan and emergency risk reviews.

### Emergency and Disaster Management

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# Section 6: Financials

## Performance Statement and Financial Report

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.

The Financial Report is a key report of the Pyrenees Shire Council. It shows how Council performed financially during the 2017/18 financial year and the overall position at the end (June 30, 2018) of the financial year.

Council presents its Financial Report in accordance with the Australian Accounting Standards. Particular terms required by the Standards may not be familiar to some readers. Further, Council is a 'not-for-profit' organisation and some of the generally recognised terms used in private sector company reports are not appropriate to Council's Reports.

The Performance Statement and Financial Report have been included on the disk in the inside rear cover of this Report.







# PYRENEES

— S H I R E —



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SHIRE



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**Pyrenees Shire Council**

**ANNUAL FINANCIAL REPORT**  
*For the Year Ended 30 June 2018*

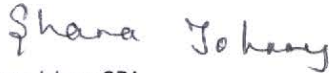
# Pyrenees Shire Council

## Financial Report

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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.



Shana Johnny CPA

**Principal Accounting Officer**

**Date :** 18th September 2018

Beaufort

In our opinion the accompanying financial statements present fairly the financial transactions of Pyrenees 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.

David Clark

**Mayor**

**Date :** 18th September 2018

Beaufort



Tanya Kehoe

**Councillor**

**Date :** 18th September 2018

Beaufort



Jim Nolan

**Chief Executive Officer**

**Date :** 18th September 2018

Beaufort



# Independent Auditor's Report

## To the Councillors of Pyrenees Shire Council

<b>Opinion</b>	<p>I have audited the financial report of Pyrenees 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 statements.</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>Councillors' responsibilities for the financial report</b>	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>



---

**Auditor's responsibilities for the audit of the financial report**

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

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

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

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

---

MELBOURNE  
21 September 2018



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

Comprehensive Income Statement  
For the Year Ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
<b>Income</b>			
Rates and service charges	2.1	9,640	9,134
Statutory fees and fines	2.2	201	184
User charges	2.3	762	829
Grants - operating	2.4	9,476	12,505
Grants - capital	2.4	2,515	2,811
Contributions - monetary	2.5	18	157
Net gain on disposal of property, infrastructure, plant and equipment	2.6	52	216
Fair value adjustment for non-current assets classified as held for sale	5.1	-	273
Other income	2.7	635	275
<b>Total income</b>		<b>23,299</b>	<b>26,384</b>
<b>Expenses</b>			
Employee costs	3.1	(6,394)	(6,389)
Materials and services	3.2	(12,336)	(9,678)
Bad and doubtful debts	3.3	(1)	(34)
Depreciation	3.4	(6,704)	(6,646)
Borrowing costs	3.5	-	(5)
Other expenses	3.6	(291)	(295)
<b>Total expenses</b>		<b>(25,726)</b>	<b>(23,047)</b>
<b>Surplus/(deficit) for the year</b>		<b>(2,427)</b>	<b>3,337</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	5,068	(4,049)
<b>Total comprehensive result</b>		<b>2,641</b>	<b>(712)</b>

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

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

	Note	2018 \$'000	2017 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4.1	8,680	5,800
Other financial assets	4.1	5	3,755
Trade and other receivables	4.1	781	851
Non-current assets classified as held for sale	5.1	155	870
Other assets	4.2	685	240
<b>Total current assets</b>		<b>10,306</b>	<b>11,516</b>
<b>Non-current assets</b>			
Trade and other receivables	4.1	65	96
Property, infrastructure, plant and equipment	5.2	228,070	224,269
<b>Total non-current assets</b>		<b>228,135</b>	<b>224,365</b>
<b>Total assets</b>		<b>238,442</b>	<b>235,881</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	4.3	1,679	1,598
Trust funds and deposits	4.3	120	103
Employee provisions	4.4	1,924	2,022
<b>Total current liabilities</b>		<b>3,723</b>	<b>3,723</b>
<b>Non-Current liabilities</b>			
Employee provisions	4.4	80	160
<b>Total non-current liabilities</b>		<b>80</b>	<b>160</b>
<b>Total liabilities</b>		<b>3,803</b>	<b>3,883</b>
<b>Net assets</b>		<b>234,639</b>	<b>231,998</b>
<b>Equity</b>			
Accumulated surplus		84,200	86,627
Reserves	8	150,439	145,371
<b>Total equity</b>		<b>234,639</b>	<b>231,998</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 \$'000	Accumulated surplus \$'000	Asset revaluation reserve \$'000	Recreational land reserve \$'000
<b>2018</b>					
Balance at beginning of the financial year		231,998	86,627	145,362	9
(Deficit) for the year		(2,427)	(2,427)	-	-
Net asset revaluation (increment)	8.1	5,068	-	5,068	-
<b>Balance at end of the financial year</b>		<b>234,639</b>	<b>84,200</b>	<b>150,430</b>	<b>9</b>
<b>2017</b>					
Balance at beginning of the financial year		232,710	83,290	149,411	9
Surplus for the year		3,337	3,337	-	-
Net asset revaluation (decrement)	8.1	(4,049)	-	(4,049)	-
<b>Balance at end of the financial year</b>		<b>231,998</b>	<b>86,627</b>	<b>145,362</b>	<b>9</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	2017
		Inflows/ (Outflows)	Inflows/ (Outflows)
	Note	\$'000	\$'000
<b>Cash flows from operating activities</b>			
Rates and service charges		9,601	9,205
Statutory fees and fines		201	184
User charges		630	941
Grants - operating		9,476	12,505
Grants - capital		2,515	2,811
Contributions - monetary		20	173
Interest received		175	113
Trust funds and deposits taken		19	1,502
Other receipts		471	163
Net GST refund		1,557	1,273
Employee costs		(6,572)	(6,419)
Materials and services		(13,677)	(10,093)
Trust funds and deposits repaid		(3)	(1,581)
Other payments		(321)	(362)
<b>Net cash provided by operating activities</b>	8.2	<b>4,092</b>	<b>10,415</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment		(5,861)	(6,291)
Proceeds from sale of property, infrastructure, plant and equipment		360	402
Payments for land held for resale		(55)	(11)
Proceeds from sale of land held for resale		594	389
Proceeds from sale of other financial assets		3,750	(247)
<b>Net cash (used in) investing activities</b>		<b>(1,212)</b>	<b>(5,758)</b>
<b>Cash flows from financing activities</b>			
Finance costs		-	(5)
Repayment of borrowings		-	(500)
<b>Net cash (used in) financing activities</b>		<b>-</b>	<b>(505)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>2,880</b>	<b>4,152</b>
Cash and cash equivalents at the beginning of the financial year		5,800	1,648
<b>Cash and cash equivalents at the end of the financial year</b>		<b>8,680</b>	<b>5,800</b>
Financing arrangements	4.5		
Restrictions on cash assets	4.1		

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

Statement of Capital Works  
For the Year Ended 30 June 2018

	2018 \$'000	2017 \$'000
<b>Property</b>		
Land - specialised	50	162
Land improvements	75	71
<b>Total land</b>	<b>125</b>	<b>233</b>
Buildings - specialised	91	388
Building improvements	128	
<b>Total buildings</b>	<b>219</b>	<b>388</b>
<b>Total property</b>	<b>344</b>	<b>621</b>
<b>Plant and equipment</b>		
Plant, machinery and equipment	754	1,085
Fixtures, fittings and furniture	20	2
Computers and telecommunications	93	44
Library collection	31	23
<b>Total plant and equipment</b>	<b>898</b>	<b>1,154</b>
<b>Infrastructure</b>		
Roads	3,835	3,388
Footpaths and cycleways	43	10
Drainage	168	382
Bridges	67	123
Recreational, leisure and community facilities	188	131
Other Structures	9	-
<b>Total infrastructure</b>	<b>4,310</b>	<b>4,034</b>
<b>Total capital works expenditure</b>	<b>5,552</b>	<b>5,809</b>
<b>Represented by:</b>		
New asset expenditure	50	579
Asset renewal expenditure	4,849	4,695
Asset expansion expenditure	38	-
Asset upgrade expenditure	615	535
<b>Total capital works expenditure</b>	<b>5,552</b>	<b>5,809</b>

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

## Overview

### Introduction

The Pyrenees Shire Council was established by an Order of the Governor in Council on 23 September 1994 and is a body corporate. The Council's main office is located at 5 Lawrence Street Beaufort.

### 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 4.4)
- specific areas requiring judgments including Non current assets classified as held for sale (refer Note 5.1)

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.

#### Rounding

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

**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 \$100,000 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 13 June 2017. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

	Budget 2018 \$'000	Actual 2018 \$'000	Variance 2018 \$'000	%	Ref
<b>1.1 Income and expenditure</b>					
<b>Income</b>					
Rates and service charges	9,463	9,640	177	2%	1
Statutory fees and fines	143	201	58	41%	2
User charges	868	762	(106)	-12%	3
Grants - operating	6,060	9,476	3,416	56%	4
Grants - capital	2,163	2,515	352	16%	5
Contributions - monetary	-	18	18	100%	6
Net gain on disposal of property, infrastructure, plant and equipment	84	52	(32)	-38%	7
Other income	254	635	381	150%	8
<b>Total income</b>	<b>19,035</b>	<b>23,299</b>	<b>4,264</b>		
<b>Expenses</b>					
Employee costs	6,796	6,394	402	6%	9
Materials and services	6,219	12,336	(6,117)	-98%	10
Bad and doubtful debts	-	1	(1)	0%	
Depreciation	6,702	6,704	(2)	0%	
Other expenses	328	291	37	11%	11
<b>Total expenses</b>	<b>20,045</b>	<b>25,726</b>	<b>- 5,681</b>		
<b>Surplus/(deficit) for the year</b>	<b>(1,010)</b>	<b>(2,427)</b>	<b>(1,417)</b>		



Note 1 Performance against budget (continued)

1.1 Income and expenditure(continued)

Explanation of material variations

Ref	Item	Explanation	
1	Rates and service charges	The level of rates and service charges received by Council had a number of significant variations to budget including:	
		General rates arising from supplementary valuations	156
		Waste charges arising from the provision of additional bin services	5
		Additional interest on rates	11
		Additional windfarm payments in lieu of rates	4
			<u>176</u>
2	Statutory fees and fines	Planning application fees were \$40,000 above budget primarily due to an increase in planning applications.	
3	User charges	User charges are lower than budgeted primarily due to fewer building applications than budgeted	
4	Grants - operating	The level of operating grants received by Council had 3 significant variations to budget including:	
		Federal Assistance Grants - early receipt of grants	376
		Natural disaster recovery grants - unbudgeted	2,698
		Moonambel Water Supply Planning federal grant (unbudgeted)	180
			<u>3,254</u>
5	Grants - capital	The level of capital grants received by Council had a number of significant variations to budget including:	
		Roads to Market grant received but not budgeted	232
		Avoca Pool grant received but not budgeted	112
		Halls Upgrade Grant received but unbudgeted	92
		Waterbores grant received but not budgeted	10
		Playing surface grant budgeted but not received	(112)
			<u>334</u>
6	Contributions - monetary	During the year Council received the unbudgeted contributions towards the following projects	
		Beaufort Pool Heating	6
		Waubra Recreation Reserve Toilet Block	10
			<u>16</u>
7	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	Council budgeted for a gain on the disposal of property, infrastructure, plant and equipment of \$84,000 and the actual result was a gain of \$52,000. This variance relates to the trade in of one item of plant that Council had budgeted to be replaced in 2017/18 that has been deferred to 2018/19 due to insufficient plant hours.	
8	Other income	The level of other income received by Council had the following significant variations to budget	
		Flood related insurance reimbursements (unbudgeted)	229
		Workcover wage reimbursements greater than budget	63
		Interest on investments more than budget	29
		Debt collection legal cost reimbursements less than budget	(40)
		Insurance claims	43
		Private works income greater than budget	38
			<u>362</u>

Note 1 Performance against budget (continued)

1.1 Income and expenditure(continued)

Explanation of material variations

Ref	Item	Explanation	
9	Employee costs	Employee costs were predominantly under budget due temporary staff vacancies during the year. Some of these vacancies are offset by contractors.	
		Staff temporarily replaced by contractors	210
			<u>210</u>
10	Materials and services	Council incurred significant expenditure on flood recovery activities and this was the prime driver in materials and services expenses being significantly over budget. Flood related expenditure is reimbursed by the Commonwealth Government post analysis of claims. Council was awaiting reimbursement for part of this expenditure at year end.	
		Flood recovery contractors	5,373
			<u>5,373</u>
11	Other Expenses	Other expenses are lower than budget primarily due to fewer internal audits than budgeted (\$35k)	

Note 1 Performance against budget (continued)

	Budget 2018 \$'000	Actual 2018 \$'000	Variance 2018 \$'000		Ref
<b>1.2 Capital works</b>					
<b>Property</b>					
Land - specialised	562	50	(512)	-91%	12
Land improvements	55	75	20	36%	13
<b>Total Land</b>	<b>617</b>	<b>125</b>	<b>(492)</b>		
Buildings - specialised	100	91	(9)	-9%	
Building improvements	-	128	128	100%	14
<b>Total Buildings</b>	<b>100</b>	<b>219</b>	<b>119</b>		
<b>Total Property</b>	<b>717</b>	<b>344</b>	<b>(373)</b>		
<b>Plant and Equipment</b>					
Plant, machinery and equipment	967	754	(213)	-22%	15
Fixtures, fittings and furniture	21	20	(1)	-5%	
Computers and telecommunications	90	93	3	3%	
Library collection	50	31	(19)	-38%	16
<b>Total Plant and Equipment</b>	<b>1,128</b>	<b>898</b>	<b>(230)</b>		
<b>Infrastructure</b>					
Roads	3,604	3,835	231	6%	17
Footpaths and cycleways	174	43	(131)	-75%	18
Drainage	513	168	(345)	-67%	19
Bridges	101	67	(34)	-34%	20
Recreational, leisure and community facilities	212	188	(24)	-11%	21
Other Structures	-	9	9	100%	22
<b>Total Infrastructure</b>	<b>4,604</b>	<b>4,310</b>	<b>(294)</b>		
<b>Total Capital Works Expenditure</b>	<b>6,449</b>	<b>5,552</b>	<b>(897)</b>		
<b>Represented by:</b>					
New asset expenditure	567	50	(517)		
Asset renewal expenditure	5,314	4,849	(465)		
Asset expansion expenditure	160	38	(122)		
Asset upgrade expenditure	408	615	207		
<b>Total Capital Works Expenditure</b>	<b>6,449</b>	<b>5,552</b>	<b>(897)</b>		

Explanation of material variations

Ref	Item	Explanation
12	Land - specialised	Council budgeted to purchase some vacant land to undertake a residential subdivision. The purchase has been deferred to 2018/19
13	Land Improvements	The variance relates to the re-opening of the Landsborough Transfer station which was an unmanned site. This overspend was funded from the operating budget

Note 1 Performance against budget (continued)

1.2 Capital works(continued)

Explanation of material variations

Ref	Item	Explanation								
14	Building Improvements	<p>The variance relates to the following -</p> <p>* Avoca Pool Refurbishment project - (spend in 2017/18 - \$38k). This project is partly funded by a grant (\$124k) which was received post adoption of the budget and was in work in progress stage at 30 June 2018 with works to be completed in 2018/19.</p> <p>During the year, Council resolved to utilise \$1.2m of the working capital surplus towards a list of projects. The two projects below are part of this surplus allocation and were in work in progress stage at 30 June 2018</p> <p>* Waubra Tennis Court Refurbishment (spend in 2017/18 - \$47k)</p> <p>* Waubra Recreation Reserve toilet block (spend in 2017/18 - \$40k)</p>								
15	Plant, machinery and equipment	One item of plant that Council had budgeted to be replaced in 2017/18 has been deferred to 2018/19 due to insufficient plant hours.								
16	Library collection	Expenditure on library collection renewal was significantly less than budget and this created a budget saving of \$19,000.								
17	Roads	<p>During the year Council completed one Roads to Recovery road project that was carried forward from 2016-17 and deferred one Roads to Recovery road project that was budgeted for in 2017-18. Council was also successful in receiving funding under the Roads to Market program.</p> <table style="width: 100%; margin-left: 200px;"> <tr> <td>Carried forward Roads to Recovery road project completed</td> <td style="text-align: right;">301</td> </tr> <tr> <td>Deferred Roads to Recovery road project</td> <td style="text-align: right;">(670)</td> </tr> <tr> <td>Local Roads to Market funded project</td> <td style="text-align: right;">581</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>212</u></td> </tr> </table>	Carried forward Roads to Recovery road project completed	301	Deferred Roads to Recovery road project	(670)	Local Roads to Market funded project	581		<u>212</u>
Carried forward Roads to Recovery road project completed	301									
Deferred Roads to Recovery road project	(670)									
Local Roads to Market funded project	581									
	<u>212</u>									
18	Footpaths and cycleways	<p>Council budgeted to undertake some footpath improvement projects in response to its recently adopted Walkability Strategy. These projects were partly dependant on funding from a grant application that has been submitted and on which Council is awaiting an outcome.</p> <table style="width: 100%; margin-left: 200px;"> <tr> <td>Footpath projects dependant on a grant funding application</td> <td style="text-align: right;">117</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>117</u></td> </tr> </table>	Footpath projects dependant on a grant funding application	117		<u>117</u>				
Footpath projects dependant on a grant funding application	117									
	<u>117</u>									
19	Drainage	One drainage project funded by Roads To Recovery was delayed due to design issues. Unspent funds are carried forward into 2018/19 to complete works.								
20	Bridges	One bridge project funded by Roads to Recovery commenced in 2017/18 with culverts purchased. This project is carried forward into 2018/19.								
21	Recreational, leisure and community facilities	<p>During the year Council budgeted to undertake the Hardcourt Renewal Program (\$157k) subject to grant funding (\$112k). Council is awaiting the outcome of this grant application.</p> <p>This underspend is offset by the Beaufort Pool Heating project which was carried forward from 2016/17 (\$177k)</p>								
22	Other Structures	During the year, Council was successful in an insurance claim outcome and these funds are used for design costs to resolve some of the issues.								

	2018	2017
	\$'000	\$'000

**Note 2 Funding for the delivery of our services**

**2.1 Rates and service charges**

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 \$1,695 million (2016-2017 was \$1,681 million). The 2017-2018 general rate - cents in the CIV dollar was 0.4980 (2016-2017, was 0.4826).

Farm and Rural	3,926	3,805
Residential	2,963	2,874
Waste service charges	1,194	1,128
Vacant land	861	824
Wind Farm	267	260
Commercial and Industrial	359	183
Interest on rates and charges	51	43
Recreation and Cultural	18	17
<b>Total rates and service charges</b>	<b>9,640</b>	<b>9,134</b>

The date of the last general revaluation of land for rating purposes within the municipal district was 1 January 2018, and the valuation was first applied to the rating period commencing 1 July 2018.

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

**2.2 Statutory fees and fines**

Town planning fees	113	106
Environmental health fees	41	37
Land information and building certificate fees	22	24
Fines	25	17
<b>Total statutory fees and fines</b>	<b>201</b>	<b>184</b>

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

**2.3 User charges**

Caravan park charges	214	192
Home care charges	122	154
Building charges	73	103
Animal registration charges	95	89
Rental and function charges	67	73
Delivered meals charges	44	54
Swimming pool charges	-	35
Goldfields Recreation Reserve venue hire charges	35	27
Waste disposal charges	20	22
Resource and information centre charges	16	17
Community transport charges	8	11
Other charges	68	52
<b>Total user charges</b>	<b>762</b>	<b>829</b>

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

	2018 \$'000	2017 \$'000
<b>Note 2 Funding for the delivery of our services (continued)</b>		
<b>2.4 Funding from other levels of government</b>		
Grants were received in respect of the following :		
<b>Summary of grants</b>		
Commonwealth funded grants	7,975	10,224
State funded grants	4,016	5,092
<b>Total grants received</b>	<b>11,991</b>	<b>15,316</b>
<b>Operating Grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Federal Assistance Grants - general purpose	3,251	4,376
Federal Assistance Grants - local roads	2,094	3,036
Commonwealth Home Support Program	372	476
Department of Veterans' Affairs Care	27	7
<b>Recurrent - State Government</b>		
Aged care and senior citizens	143	168
Library	114	112
Maternal & child health	155	109
Youth outreach	17	33
Adult day care	2	14
Freeza	12	12
Other	38	28
<b>Total recurrent operating grants</b>	<b>6,225</b>	<b>8,371</b>
<b>Non-recurrent - Commonwealth Government</b>		
Natural disaster	35	35
Roadside weeds & pests	40	-
Moonabel Water Supply Planning	180	-
Avoca swimming pool	-	13
<b>Non-recurrent - State Government</b>		
Flood damage natural disaster	2,663	3,704
Waubra oval water	20	80
Emergency planning	90	60
Beaufort golf/bowls club water	14	54
Roadside weeds and pests management	48	48
Straw pellet study	6	40
Beaufort framework plan	30	30
Recreation strategy	-	27
L2P learner driver mentor program	19	19
Community Resilience	52	-
Other	54	24
<b>Total non-recurrent operating grants</b>	<b>3,251</b>	<b>4,134</b>
<b>Total operating grants</b>	<b>9,476</b>	<b>12,505</b>

	2018 \$'000	2017 \$'000
<b>Note 2 Funding for the delivery of our services (continued)</b>		
<b>2.4 Funding from other levels of government (continued)</b>		
<b>Capital Grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Roads to recovery	1,976	2,281
<b>Recurrent - State Government</b>		
Nil	-	-
<b>Total recurrent capital grants</b>	<u>1,976</u>	<u>2,281</u>
<b>Non-recurrent - State Government</b>		
Trawalla Road	232	291
Avoca Pool Grant	112	-
Raglan, Redbank Hall Upgrade Grant	92	-
Moonabel Water Supply Planning	41	-
Landsborough streetscape	50	100
Beaufort swimming pool	-	90
Beaufort-Carngham Road bridge	2	27
Avoca Lions carpark sealing	-	22
Water Bore Refurbishment	10	-
<b>Total non-recurrent capital grants</b>	<u>539</u>	<u>530</u>
<b>Total capital grants</b>	<u>2,515</u>	<u>2,811</u>
<b>Total grants</b>	<u>11,991</u>	<u>15,316</u>
<b>Unspent grants received on condition that they be spent in a specific manner</b>		
Balance at start of year	3,444	145
Received during the financial year and remained unspent at balance date	3,769	3,416
Received in prior years and spent during the financial year	(3,435)	(117)
Balance at year end	<u>3,778</u>	<u>3,444</u>

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

#### 2.5 Contributions

Monetary - Operating	-	45
Monetary - Capital	18	112
<b>Total contributions</b>	<u>18</u>	<u>157</u>

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

	2018 \$'000	2017 \$'000
<b>2.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>		
<b>Plant and equipment</b>		
Proceeds of sale	327	365
Written down value of assets disposed	(250)	(199)
<b>Net gain on disposal of plant and equipment</b>	<b>77</b>	<b>166</b>
<b>Land classified as held for resale</b>		
Proceeds of sale	570	377
Selling costs	(30)	(23)
Carrying value of assets disposed	(565)	(304)
<b>Net gain(loss) on disposal of land classified as held for resale</b>	<b>(25)</b>	<b>50</b>
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>	<b>52</b>	<b>216</b>

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

### 2.7 Other income

Interest on investments	164	112
Reimbursement - Workcover wages	88	78
Reimbursement - State Revenue Office	45	40
Legal fees - rates	-	22
Private works	99	21
Other	239	2
<b>Total other income</b>	<b>635</b>	<b>275</b>

Interest is recognised as it is earned.

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

## Note 3 The cost of delivering services

### 3.1 Employee costs

Wages and salaries	5,664	5,673
Superannuation	573	552
Fringe benefits tax	76	92
WorkCover insurance premium	81	72
<b>Total employee costs</b>	<b>6,394</b>	<b>6,389</b>

#### Superannuation

Council made contributions to the following funds:

##### Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	113	92
	<b>113</b>	<b>92</b>

Defined benefits employer contributions payable at reporting date.

##### Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	460	415
Employer contributions - other funds	-	45
	<b>460</b>	<b>460</b>

Employer contributions payable at reporting date.

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



	2018 \$'000	2017 \$'000
<b>Note 3 The cost of delivering services (continued)</b>		
<b>3.2 Materials and services</b>		
Contractors	8,329	5,848
Consumables	1,179	1,182
Contracted Service Delivery	1,308	1,098
Insurance	324	286
Electricity and water	220	186
Plant expenses	117	186
Information technology	169	170
Telecommunications	150	163
Subscriptions and memberships	115	124
Advertising	97	113
Legal fees	81	109
Stationery, postage, photocopying and printing	74	65
Conferences and training	65	66
Contributions and donations	56	35
Valuations	34	30
Fire services levy	17	14
Cleaning	1	3
<b>Total materials and services</b>	<b>12,336</b>	<b>9,678</b>
<b>3.3 Bad and doubtful debts</b>		
Planning debtors	-	33
Fire hazard infringement debtors	1	1
<b>Total bad and doubtful debts</b>	<b>1</b>	<b>34</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.		
<b>3.4 Depreciation</b>		
Infrastructure	4,846	4,762
Property	1,300	1,290
Plant and equipment	558	594
<b>Total depreciation</b>	<b>6,704</b>	<b>6,646</b>
Refer to note 5.2 for a more detailed breakdown of depreciation charges and accounting policy.		
<b>3.5 Borrowing costs</b>		
Interest on borrowings	-	5
<b>Total borrowing costs</b>	<b>-</b>	<b>5</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.		
<b>3.6 Other expenses</b>		
Councillors' allowances	153	151
Operating lease rentals	74	73
Auditors' remuneration - internal auditor	14	33
Auditors' remuneration - audit of the financial statements, performance statements and grant acquittals by the Victorian Auditor General's Office (VAGO)	36	31
Internal audit committee	14	7
<b>Total other expenses</b>	<b>291</b>	<b>295</b>

	2018 \$'000	2017 \$'000
<b>Note 4 Our financial position</b>		
<b>4.1 Financial assets</b>		
<b>(a) Cash and cash equivalents</b>		
Term deposits	-	5,400
Cash at bank	8,678	398
Cash on hand	2	2
<b>Total cash and cash equivalents</b>	<b>8,680</b>	<b>5,800</b>
<b>(b) Other financial assets</b>		
Term deposits - current	5	3,755
<b>Total other financial assets</b>	<b>5</b>	<b>3,755</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 4.3(b) )	120	103
- Recreational land reserve (Note 8.1(b) )	9	9
<b>Total restricted funds</b>	<b>129</b>	<b>112</b>
<b>Total unrestricted cash and cash equivalents</b>	<b>8,551</b>	<b>5,688</b>

**Intended allocations**

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

- Net cash held to fund carried forward capital works	3,889	2,040
- Victoria Grants Commission funding received in advance	2,703	2,505
- Other grant funding received in advance	1,080	939
<b>Total funds subject to intended allocations</b>	<b>7,672</b>	<b>5,484</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	383	344
Net Australian Taxation Office receivable	161	216
Private scheme debtors	11	11

*Non statutory receivables*

Sundry debtors	226	280
<b>Total current trade and other receivables</b>	<b>781</b>	<b>851</b>

**Non-current**

*Statutory receivables*

Private scheme debtors	65	96
<b>Total non-current trade and other receivables</b>	<b>65</b>	<b>96</b>

<b>Total trade and other receivables</b>	<b>846</b>	<b>947</b>
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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.

	2018	2017
	\$'000	\$'000
<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)	111	205
Past due by up to 30 days	37	47
Past due between 31 and 180 days	51	16
Past due between 181 and 365 days	6	2
Past due by more than 1 year	21	10
<b>Total trade and other receivables</b>	<u>226</u>	<u>280</u>
<b>4.2 Non-financial assets</b>		
<b>(a) Inventories</b>		
Inventories held for sale	4	6
<b>Total inventories</b>	<u>4</u>	<u>6</u>
Inventories held for sale are measured at the lower of cost and net realisable value.		
<b>(b) Other assets</b>		
Prepayments	404	223
Accrued Income	277	11
<b>Total other assets</b>	<u>681</u>	<u>234</u>

	2018 \$'000	2017 \$'000
<b>Note 4 Our financial position (continued)</b>		
<b>4.3 Payables</b>		
<b>(a) Trade and other payables</b>		
Trade payables	1,448	1,220
Accrued payables	231	378
<b>Total trade and other payables</b>	<b>1,679</b>	<b>1,598</b>
<b>(b) Trust funds and deposits</b>		
Refundable deposits	62	57
Landsborough Community trust funds	34	20
Camp Hill trust funds	17	19
Other refundable deposits	7	7
<b>Total trust funds and deposits</b>	<b>120</b>	<b>103</b>
<p>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.</p> <p><i>Purpose and nature of items</i></p> <p>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.</p> <p>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.</p>		
<b>4.4 Employee provisions</b>		
Balance at beginning of the financial year	2,182	2,212
Additional provisions	556	567
Amounts used	(709)	(612)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	(25)	15
<b>Balance at the end of the financial year</b>	<b>2,004</b>	<b>2,182</b>
<b>Employee provisions</b>		
<b>Current provisions expected to be wholly settled within 12 months</b>		
Annual leave	396	463
Long service leave	477	479
<b>Total current provisions expected to be wholly settled within 12 months</b>	<b>873</b>	<b>942</b>
<b>Current provisions expected to be wholly settled after 12 months</b>		
Annual leave	172	200
Long service leave	879	880
<b>Total current provisions expected to be wholly settled after 12 months</b>	<b>1,051</b>	<b>1,080</b>
<b>Total current employee provisions</b>	<b>1,924</b>	<b>2,022</b>
<b>Non-current provisions</b>		
Long service leave	80	160
<b>Total non-current provisions</b>	<b>80</b>	<b>160</b>

	2018	2017
	\$'000	\$'000

**Note 4 Our financial position (continued)**

**4.4 Employee provisions (continued)**

**Aggregate carrying amount of employee provisions:**

Current	1,924	2,022
Non-current	80	160
<b>Total aggregate carrying amount of employee provisions</b>	<b>2,004</b>	<b>2,182</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.

*Long service leave*

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

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	2.647%	2.612%
Weighted average long service leave settlement period	15 years	15 years

**4.5 Financing arrangements**

Credit card facilities	38	47
<b>Total facilities</b>	<b>38</b>	<b>47</b>
Used credit card facilities	12	12
<b>Unused facilities</b>	<b>26</b>	<b>35</b>

Council does not have a bank overdraft facility.

Note 4 Our financial position (continued)

4.6 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.

2018	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
<b>Operating</b>					
Delivered meals	81	-	-	-	81
Waste services	839	-	-	-	839
Swimming pool	264	270	46	-	580
Cleaning services	83	-	-	-	83
Internal audit	16	17	-	-	33
<b>Total operating commitments</b>	<b>1,283</b>	<b>287</b>	<b>46</b>	<b>-</b>	<b>1,616</b>
<b>Capital</b>					
Signage project	18	-	-	-	18
<b>Total capital commitments</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18</b>
<b>2017</b>					
<b>Operating</b>					
Delivered meals	79	81	-	-	160
Waste services	788	818	-	-	1,606
Cleaning services	164	83	-	-	247
Internal audit	16	16	17	-	49
<b>Total operating commitments</b>	<b>1,047</b>	<b>998</b>	<b>17</b>	<b>-</b>	<b>2,062</b>
<b>Capital</b>					
Swimming pool refurbishment	90	-	-	-	90
<b>Total capital commitments</b>	<b>90</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90</b>

(b) Operating lease commitments	2018 \$'000	2017 \$'000
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):		
Not later than one year	75	75
Later than one year and not later than five years	8	83
Later than five years	-	-
<b>Total operating lease commitments</b>	<b>83</b>	<b>158</b>

Lease payments for 2017/18 are recognised under the current accounting standard. The impact of application of the new accounting standard AASB 16 on these operating leases would be that the lease instalments will no longer be recognised as an expense in the Income Statement. The leased assets will be recognised as Right of Use (RoU) Assets in the Balance Sheet offset by a lease payment liability. Depreciation and interest associated with the leased asset will be recognised as expenses in the Income Statement. Principal payments towards the lease will reduce the lease liability in the Balance Sheet. From a cash flow perspective, the impact on the bottom-line will be the same.

Council will apply the new accounting standard for operating leases in the 2018/19 financial statements. Council currently holds operating leases for photocopiers and one grader, both of these leases expire in Jul/Aug 2019.

	2018	2017
	\$'000	\$'000
<b>Note 5 Assets we manage</b>		
<b>5.1 Non-current assets classified as held for sale</b>		
Residential land held for sale	155	780
Industrial land held for sale	-	90
<b>Total non-current assets classified as held for sale</b>	<b>155</b>	<b>870</b>
<b>Movement in non-current assets classified as held for sale</b>		
Balance at beginning of financial year	870	1,113
Additions	50	10
Disposals	(565)	(304)
Transfers	(200)	(222)
Revaluation increment/(decrement)	-	273
<b>Balance at end of financial year</b>	<b>155</b>	<b>870</b>

**Valuation of residential and industrial land held**

Valuation of residential and industrial land held for sale has been determined in accordance with a valuation by qualified independent valuer Mr Chris Barrett, BSc., MBA, AAPI, Certified Practicing Valuer, who has recent experience in the location and category of the property being valued. The valuation is at fair value, based on the current market value for the property. The residential and industrial land is held at the lower of carrying value or fair value.

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.

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 \$'000	Additions \$'000	Revaluation \$'000	Depreciation \$'000	Disposal \$'000	Transfers \$'000	At Fair Value 30 June 2018 \$'000
Land	7,212	75	(464)	(216)	-	200	6,808
Buildings	26,228	268	2,634	(1,084)	-	23	28,069
Plant and Equipment	3,365	898	-	(558)	(250)	-	3,457
Infrastructure	187,364	4,006	2,898	(4,846)	-	28	189,452
Work in progress	100	253	-	-	-	(69)	284
<b>TOTAL</b>	<b>224,269</b>	<b>5,501</b>	<b>5,068</b>	<b>(6,704)</b>	<b>(250)</b>	<b>182</b>	<b>228,070</b>

Summary of Work in Progress (WIP)

	Opening WIP \$'000	Additions \$'000	Transfers \$'000	Write Offs \$'000	Closing WIP \$'000
Infrastructure	83	128	(52)	-	159
Property	17	125	(17)	-	125
<b>TOTAL</b>	<b>100</b>	<b>253</b>	<b>(69)</b>	<b>-</b>	<b>284</b>

Asset recognition thresholds and depreciation periods

Asset category	Depreciation Period (years) For the year ended 30 June:		Threshold Limit \$'000
	2018	2017	
Property			
land	-	-	-
land improvements	25	25	10
Buildings			
buildings	120	120	10
Plant and Equipment			
plant, machinery and equipment	5-10	5-10	1
fixtures, fittings and furniture	3-10	3-10	1
computers and telecommunications	3-10	3-10	1
library collection	3-10	3-10	1
Infrastructure			
sealed roads formation	100.0	100.0	10
unsealed roads formation	100.0	100.0	10
sealed roads pavement	80.4	80.4	10
unsealed roads pavement	25.0	25.0	10
sealed surfaces	18.5	18.5	10
footpaths	52.1	52.1	10
kerb and channel	78.1	78.1	10
major culverts, pipes and pits	80-100	80-100	10
bridges	108.0	108.0	10
other structures	10-25	10-25	1



Note 5 Assets we manage (continued)  
5.2 Property, infrastructure, plant and equipment (continued)

**(a) Property**

	Land - specialised \$'000	Land improvements \$'000	Land and Land Improvements \$'000	Buildings - specialised \$'000	Total Buildings \$'000	Work In Progress \$'000	Total Property \$'000
At fair value 1 July 2017	3,367	5,596	8,963	49,266	49,266	17	58,246
Accumulated depreciation at 1 July 2017	-	(1,751)	(1,751)	(23,038)	(23,038)	-	(24,789)
<b>Written down value at 1 July 2017</b>	<b>3,367</b>	<b>3,845</b>	<b>7,212</b>	<b>26,228</b>	<b>26,228</b>	<b>17</b>	<b>33,457</b>
<b>Movements in fair value</b>							
Additions	-	75	75	268	268	125	468
Revaluation	610	(1,074)	464	2,634	2,634	-	2,170
Transfers	200	-	200	23	23	(17)	206
<b>Movements in value for year</b>	<b>810</b>	<b>(999)</b>	<b>(189)</b>	<b>2,925</b>	<b>2,925</b>	<b>108</b>	<b>2,844</b>
<b>Movements in accumulated depreciation</b>							
Depreciation	-	(216)	(216)	(1,084)	(1,084)	-	(1,300)
Transfers	-	-	-	-	-	-	-
<b>Movements in accumulated depreciation for year</b>	<b>-</b>	<b>(216)</b>	<b>(216)</b>	<b>(1,084)</b>	<b>(1,084)</b>	<b>-</b>	<b>(1,300)</b>
At fair value 30 June 2018	4,178	4,597	8,775	52,191	52,191	125	61,091
Accumulated depreciation at 30 June 2018	-	(1,967)	(1,967)	(24,122)	(24,122)	-	(26,089)
<b>Written down value at 30 June 2018</b>	<b>4,178</b>	<b>2,630</b>	<b>6,808</b>	<b>28,069</b>	<b>28,069</b>	<b>125</b>	<b>35,002</b>

**(b) Plant and Equipment**

	Plant, machinery and equipment \$'000	Fixtures, fittings and furniture \$'000	Computers and telecommu- nications \$'000	Library collection \$'000	Total plant and equipment \$'000
At fair value 1 July 2017	5,943	287	1,269	330	7,829
Accumulated depreciation at 1 July 2017	(2,799)	(247)	(1,178)	(240)	(4,464)
<b>Written down value at 1 July 2017</b>	<b>3,144</b>	<b>40</b>	<b>91</b>	<b>90</b>	<b>3,365</b>
<b>Movements in fair value</b>					
Additions	754	20	93	31	898
Disposals	(744)	-	-	-	(744)
<b>Movements in value for year</b>	<b>10</b>	<b>20</b>	<b>93</b>	<b>31</b>	<b>154</b>
<b>Movements in accumulated depreciation</b>					
Depreciation	(463)	(11)	(60)	(24)	(558)
Accumulated depreciation of disposals	494	-	-	-	494
<b>Movements in accumulated depreciation for year</b>	<b>31</b>	<b>(11)</b>	<b>(60)</b>	<b>(24)</b>	<b>(64)</b>
At fair value 30 June 2018	5,954	307	1,362	362	7,985
Accumulated depreciation at 30 June 2018	(2,768)	(258)	(1,238)	(264)	(4,528)
<b>Written down value at 30 June 2018</b>	<b>3,186</b>	<b>49</b>	<b>124</b>	<b>98</b>	<b>3,457</b>

Note 5 Assets we manage (continued)  
5.2 Property, infrastructure, plant and equipment

(c) Infrastructure	Roads	Bridges	Footpaths and cycleways	Drainage	Other structures	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2017	231,178	51,017	1,975	19,066	813	83	304,132
Accumulated depreciation at 1 July 2017	(86,288)	(22,543)	(1,022)	(6,465)	(367)	-	(116,685)
<b>Written down value at 1 July 2017</b>	<b>144,890</b>	<b>28,474</b>	<b>953</b>	<b>12,601</b>	<b>446</b>	<b>83</b>	<b>187,447</b>
<b>Movements in fair value</b>							
Additions	3,781	29	9	187	-	128	4,134
Revaluation	2,898	-	-	-	-	-	2,898
Transfers	28	-	-	-	-	(52)	24
<b>Movements in value for year</b>	<b>6,707</b>	<b>29</b>	<b>9</b>	<b>187</b>	<b>-</b>	<b>76</b>	<b>7,008</b>
<b>Movements in accumulated depreciation</b>							
Depreciation	(4,111)	(454)	(37)	(200)	(44)	-	(4,846)
Transfers	-	-	-	-	-	-	-
<b>Movements in accumulated depreciation for year</b>	<b>(4,111)</b>	<b>(454)</b>	<b>(37)</b>	<b>(200)</b>	<b>(44)</b>	<b>-</b>	<b>(4,846)</b>
At fair value 30 June 2018	237,886	51,047	1,984	19,253	813	159	311,142
Accumulated depreciation at 30 June 2018	(90,399)	(22,997)	(1,059)	(6,665)	(411)	-	(121,531)
<b>Written down value at 30 June 2018</b>	<b>147,487</b>	<b>28,050</b>	<b>925</b>	<b>12,588</b>	<b>402</b>	<b>159</b>	<b>189,611</b>

**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.

*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 was undertaken by qualified independent valuer Mr Chris Barrett, BSc., MBA, AAPI, Certified Practising Valuer. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

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

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

	Date of Valuation	Level 1	Level 2	Level 3
Specialised land	30.06.2018	-	-	4,178
Land improvements	30.06.2018	-	-	2,630
Specialised buildings	30.06.2018	-	-	28,069
<b>Total property</b>		<b>-</b>	<b>-</b>	<b>34,877</b>

**Valuation of infrastructure**

Valuation of bridge, footpath and cycleway, kerb and channel, road pavement, road formation and sealed surface assets has been determined in accordance with an independent valuation undertaken by Mr Peter Moloney, Dip. C.E., MIE Australia.

Note 5 Assets we manage (continued)

5.2 Property, infrastructure, plant and equipment (continued)

Valuation of major culvert, pit and pipe assets has been determined in accordance with a valuation undertaken by Council's Manager of Assets, Mr Robert Rowe.

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

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

	Date of Valuation	Level 1	Level 2	Level 3
Roads	31.12.2015	-	-	147,487
Footpaths and cycleways	31.12.2015	-	-	925
Drainage	31.12.2015	-	-	12,588
Bridges	31.12.2015	-	-	28,050
Other structures	30.06.2016	-	-	402
<b>Total infrastructure</b>		<b>-</b>	<b>-</b>	<b>189,452</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 0% and 90%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$1 and \$266 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 is calculated on a square metre basis and ranges from \$141 to \$4,575 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 28 years to 50 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 one year to 107 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 \$'000	2017 \$'000
<b>Reconciliation of specialised land</b>		
Recreation	2,054	1,672
Industry	439	305
Tourism	638	391
Works	390	348
Waste management	340	281
Children's services	68	108
Roads	181	176
Administration	67	86
<b>Total specialised land</b>	<b>4,177</b>	<b>3,367</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 Committee of Council has been consolidated into this financial report: Beaufort Community Bank Complex.

**Note 6 People and relationships**

**6.1 Council and key management remuneration**

**(a) Related Parties**

*Parent entity*

Pyrenees 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:

<b>Councillors</b>	Councillor David Clark (Mayor)
	Councillor Ronald Eason
	Councillor Michael O'Connor (Mayor 01.07.2017 to 15.05.2018)
	Councillor Tanya Kehoe
	Councillor Robert Vance

Note - Councillor Michael O'Connor passed away on 15 May 2018 and his seat was vacant till elections were held in August 2018

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

Jim Nolan - Chief Executive Officer
Evan King - Director Corporate and Community Services
Doug Gowans - Director Assets and Development
Ray Davies - Manager Economic Development and Tourism

	2018	2017
	No.	No.
Total Number of Councillors	5	5
Chief Executive Officer and other Key Management Personnel	4	4
Other people who have acted as Key Management Personnel throughout the year	-	1
<b>Total Key Management Personnel</b>	<b>9</b>	<b>10</b>

**(c) Remuneration of Key Management Personnel**

Total remuneration of key management personnel was as follows:

	2018	2017
	\$'000	\$'000
Short-term benefits	741	814
Long-term benefits	11	21
Post-employment benefits	83	95
<b>Total Remuneration of Key Management Personnel</b>	<b>835</b>	<b>930</b>

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

	2018	2017
	No.	No.
Income Range:		
\$20,000 - \$29,999	3	3
\$30,000 - \$39,999	1	1
\$40,000 - \$49,999	-	1
\$50,000 - \$59,999	1	-
\$100,000 - \$109,999	-	1
\$110,000 - \$119,999	-	1
\$120,000 - \$129,999	1	-
\$160,000 - \$169,999	1	2
\$180,000 - \$189,999	1	-
\$200,000 - \$215,999	1	1
<b>Total Key Management Personnel</b>	<b>9</b>	<b>10</b>

Note 6 People and relationships (continued)

6.1 Council and key management remuneration (continued)

(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

During the year Council did not have any staff that were deemed to be Senior Officers under the above definition (nil in 2016/2017).

6.2 Related party disclosure

(a) Transactions with related parties

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

	2018	2017
	\$'000	\$'000
Purchase of goods and services under normal trading terms	5	10
Payment of community grants under normal funding terms	-	2
Leasing out council building facility	1	
Employee remuneration under normal employment terms	70	69
<b>Total transactions with related parties</b>	<b>76</b>	<b>81</b>

All of the above transactions were at arms length and in the normal course of Council's business.

(b) Outstanding balances with related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties

	2018	2017
	\$'000	\$'000
Purchase of goods and services under normal trading terms	-	-
Payment of community grants under normal funding terms	-	-
Employee remuneration under normal employment terms	-	1
<b>Total outstanding balances with related parties as at 30 June</b>	<b>-</b>	<b>1</b>

(c) Loans to/from related parties

The aggregate amount of loans in existence at balance date that have been made, guaranteed or secured by the Council to a related party as follows:

-	-
---	---

(d) Commitments to/from related parties

The aggregate amount of commitments in existence at balance date that have been made, guaranteed or secured by the council to a related party are as follows:

-	-
---	---

**Note 7 Managing uncertainties**

**7.1 Contingent assets and liabilities**

**Contingent assets**

During the year, Council completed flood recovery works of 5.38m, of which reimbursement grants of \$2.68m was received prior to 30 June 2018. Council expects to be reimbursed the balance of \$2.7m upon review of claims in 2018/19.

**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, Pyrenees 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 \$72,000

**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.

**Note 7 Managing uncertainties (continued)**

**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.

**(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.



**Note 7 Managing uncertainties (continued)**

**7.3 Financial Instruments (continued)**

**(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.

**(e) Sensitivity disclosure analysis**

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

- A parallel shift of +2.0% and -1.0% in market interest rates (AUD) from year-end cash rates of 1.50% (1.50% at 30 June 2018).

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.

**Note 7 Managing uncertainties**

**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.

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.

*Impairment of assets*

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

**7.5 Events occurring after balance date**

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

Note 8 Other matters

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
<b>8.1 Reserves</b>			
<b>(a) Asset revaluation reserve</b>			
<b>2018</b>			
<b>Property</b>			
Land	1,845	610	2,455
Buildings	19,140	1,560	20,700
<b>Total property revaluation reserve</b>	<b>20,985</b>	<b>2,170</b>	<b>23,155</b>
<b>Infrastructure</b>			
Roads	92,401	2,898	95,299
Footpaths and cycleways	827	-	827
Drainage	10,636	-	10,636
Bridges	20,172	-	20,172
Plant and equipment	301	-	301
Furniture and fittings	40	-	40
<b>Total infrastructure revaluation reserve</b>	<b>124,377</b>	<b>2,898</b>	<b>127,275</b>
<b>Total asset revaluation reserves</b>	<b>145,362</b>	<b>5,068</b>	<b>150,430</b>
<b>2017</b>			
<b>Property</b>			
Land	1,845	-	1,845
Buildings	19,140	-	19,140
<b>Total property revaluation reserve</b>	<b>20,985</b>	<b>-</b>	<b>20,985</b>
<b>Infrastructure</b>			
Roads	96,450	(4,049)	92,401
Footpaths and cycleways	827	-	827
Drainage	10,636	-	10,636
Bridges	20,172	-	20,172
Plant and equipment	301	-	301
Furniture and fittings	40	-	40
<b>Total infrastructure revaluation reserve</b>	<b>128,426</b>	<b>(4,049)</b>	<b>124,377</b>
<b>Total asset revaluation reserves</b>	<b>149,411</b>	<b>(4,049)</b>	<b>145,362</b>

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

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Balance at end of reporting period \$'000
<b>(b) Recreational land reserve</b>			
<b>2018</b>			
Recreational land	9	-	9
<b>Total recreational land reserves</b>	<b>9</b>	<b>-</b>	<b>9</b>
<b>2017</b>			
Recreational land	9	-	9
<b>Total recreational land reserves</b>	<b>9</b>	<b>-</b>	<b>9</b>

The recreational land 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.

Note 8 Other matters (continued)	2018 \$'000	2017 \$'000
<b>8.2 Reconciliation of cash flows from operating activities to surplus/(deficit)</b>		
<b>Surplus/(deficit) for the year</b>	<b>(2,427)</b>	<b>3,337</b>
Depreciation	6,704	6,646
Net gain on disposal of property, infrastructure, plant and equipment	(52)	(216)
Fair value adjustment for non-current assets classified as held for sale	-	(273)
Borrowing costs	-	5
<b>Change in assets and liabilities:</b>		
(Increase)/Decrease in trade and other receivables	101	95
Decrease in inventories	2	1
(Increase) in prepayments	(181)	(113)
(Increase)/Decrease in accrued income	(266)	9
Increase in trade and other payables	81	615
Increase/(Decrease) in provisions	(178)	(30)
Increase/(Decrease) in trust funds and deposits	17	(79)
Net GST on operating activities	292	418
<b>Net cash provided by operating activities</b>	<b>4,092</b>	<b>10,415</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 VBI at 30 June 2018 was 106%.

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.

**Note 8 Other matters (continued)**

**8.3 Superannuation (continued)**

**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.

**The 2017 full actuarial investigation surplus amounts**

The Fund's full actuarial 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.

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 as at 30 June 2017.

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 30 June 2017.

Council was notified of the 30 June 2017 VBI during August 2017.

**2018 interim actuarial investigation**

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2018 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2018.