

Community Planning Project Small Grants Program Guidelines

The Community Planning Project (CPP) in Marysville, Yea and Toolangi-Castella has put residents in the driver's seat, identifying priorities for the future of their places and communities and looking at options for bringing these priorities to life.

With the support of Australia's largest insurer IAG, and their local partner WFI Insurance, a total of \$90,000 is available through the Community Planning Small Grants Program to the towns of Marysville, Yea and Toolangi-Castella.

This one-off grant Program will assist not-for-profit community groups and organisations in these towns to deliver their Community Plan projects and activities. Total funding of \$30,000 is available for each town with a maximum grant of \$7,500 per application.



The Community Planning Project is brought to you by Murrindindi Shire Council and proudly supported by IAG and their local brand, WFI Insurance

Eligibility

Who can apply?

To be eligible to apply, an applicant must:

- be a not-for-profit community group or organisation based in either Marysville, Yea or Toolangi-Castella that is a legal entity with an ABN or an auspice with an ABN
- be, or act as the auspice for, a community plan action team
- be undertaking a project prioritised in their town's Community Plan
- have discussed their application with a member of Council's Community Planning Project team

Eligible projects and activities will:

- complete a project or activity in a town's Community Plan or
- complete one of more stages of a project or activity in a town's Community Plan
- support sustainability of established project action teams
- deliver community benefits and have a focus on health & wellbeing, building resilience and reducing social isolation, looking after our built and natural environments and providing arts and cultural opportunities

Successful applicants will be able to describe the community benefits their project or activity will deliver. Community benefits include, but are not limited to, the following:

Promote health & wellbeing by

- promoting active and healthy life choices
- increasing opportunities for formal and informal recreation
- improving access to services
- addressing existing and emerging issues

Connect people and encourage participation in community and civic life by

- providing opportunities for people to connect and build social networks
- reduce social isolation
- build youth resilience through leadership development groups

Maintain and enhance our built and natural environment by

- promoting use of our built and natural assets
- caring for our built and natural environment and
- preserving our historically important buildings
- preserving our natural environments

Provide opportunities for arts and cultural activities by

- delivering arts or cultural events or projects
- celebrating the history, culture and character of our communities, towns and places
- linking young people to performing arts
- supporting arts and cultural groups

Successful applicants will be required to enter into a funding agreement with Council and adhere to the acknowledgment, reporting, monitoring and acquittal requirements in that agreement.

Outcomes and Assessment Criteria

Expected Outcomes

Projects and activities are expected to deliver one or more of the following outcomes:

- encourage participation in community-led projects
- expand volunteer networks and connections
- deliver benefits for the Marysville, Yea or Toolangi/Castella communities

Assessment Criteria

Applications will be assessed against the following criteria:

- 1. The number of community members involved in or impacted by the project or activity.** This would include the number of people on an action team, how many others are involved in the project and the number of people impacted by the project or activity.
- 2. The creation of new connections between volunteers.** Community connections and volunteer networks grow when community members meet and volunteer their time and skills to work together on new projects or activities.
- 3. The community benefits that will be delivered as part of this project.** Each project or activity will benefit the community where they occur. Applicants will need to describe these benefits. Possible community benefits include:
 - Improvement to community health and wellbeing
 - Connecting people and encouraging participation in community and civic life
 - Maintaining and enhancing our built and natural environment
 - Providing opportunities for arts and cultural events and projects

What the grant can be used for

CPP Small Grants will fund prioritised projects or activities from either the Marysville, Yea or Toolangi/Castella Community Plans.

Eligible expenditure:

- The grants may be used as seed funding to attract philanthropic, State or Federal Government grants for the project or activity.
- Funds may be used to cover project management costs of the project or activity.

What the grant money cannot be used for:

- Funds cannot be used for the applicant's ongoing maintenance or operating expenses.

Your Application

How to apply

Applications will be submitted through the Murrindindi Shire Council online SmartyGrants portal. Applications open on Monday 13 July 2020 and will close at 4pm on Friday 28 August.

Application forms will be available on the Community Planning page of Council's website from Monday 13th July at http://www.murrindindi.vic.gov.au/community_planning

The application form will be available to preview and complete. Applicants will need to register on the SmartyGrants portal. Applicants with an existing SmartyGrants account are able to login with that account.

Applicants need to submit the following supporting documents with their application:

- quotes
- evidence of current financial status
- letters of support from other groups that will be impacted or involved
- other documents relevant to the proposed project or activity (including project plan and in-kind templates)

Please allow sufficient time to upload supporting documents to your applications. The time needed to upload documents will vary according to the size of the document, your internet speed and how many other applicants are uploading documents. So, aim to upload your documents and submit your application well before the due date and time. Applications commenced but not submitted will not be assessed by Council. Council does not accept submissions after the grant round has closed.

What happens after you apply?

Each application is reviewed to ensure it meets the eligibility requirements and to check the necessary supporting documents have been provided. If we have any questions or any information is missing, a council officer will contact you. Once all information is received, the application is sent to the Council Assessment Panel who will assess the project or activity against the assessment criteria outlined in these guidelines.

Applicants can expect to be notified of the outcome of their application within 4 weeks of applications closing.

Agreements

All successful applicants will be required to enter into an agreement with Council.

Agreements vary according to the size of the grant. Smaller grants require the acceptance of terms and conditions and larger grants require a more formal grant agreement.

The grant agreement outlines the responsibilities of both Council and the applicant. Applicant responsibilities may include acknowledgements, reporting, monitoring and financial acquittal of the grant

Summary

Timing	Applications open Monday 13 July 2020 Applications close 4pm Friday 28 August 2020
Max project duration	12 months
Max grant amount	Up to \$7,500
Min applicant contribution	In-kind contributions only for grants under \$1000 25% of the project value in cash or in-kind for grants over \$1000
Important information	Your application can include Council Fee Reductions as a component of a grant package

Murrindindi Shire Council
Annual Financial Report
For the Year Ended
30-June-2020

Murrindindi Shire Council
Financial Report
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Certification of the Financial Statements

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

Graham Haylock CPA
Principal Accounting Officer

Date :
Alexandra

In our opinion the accompanying financial statements present fairly the financial transactions of Murrumbidgee Shire Council for the year ended 30 June 2020 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.

Leigh Dunscombe
Mayor

Date :
Alexandra

Margaret Rae
Councillor

Date :
Alexandra

Craig Lloyd
Chief Executive Officer

Date :
Alexandra



insert copy of audit report

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**Comprehensive
 Income Statement
 For the Year Ended 30 June 2020**

	Note	2020 \$	2019 \$
Income			
Rates and charges	3.1	21,390,612	20,542,270
Statutory fees and fines	3.2	994,001	1,048,130
User fees	3.3	1,821,394	2,756,813
Grants -operating	3.4	8,926,243	9,079,497
Grants - capital	3.4	2,086,470	2,900,137
Contributions - monetary	3.5	111,460	534,328
Contributions - non monetary	3.5	805,323	1,649,478
Other income	3.6	1,512,232	1,790,156
Total income		<u>37,647,735</u>	<u>40,300,809</u>
Expenses			
Employee costs	4.1	14,995,555	14,586,990
Materials and services	4.2	11,708,605	11,188,600
Depreciation and amortisation	4.3	9,268,082	9,651,368
Bad and doubtful debts	4.5	11,207	76,316
Borrowing costs	4.6	37,081	54,587
Net loss on disposal of property, infrastructure, plant and equipment	4.7	1,293,184	855,328
Other expenses	4.8	614,343	360,090
Increase/(decrease) in provision for landfill Liability	5.5	481,672	(652,685)
Total expenses		<u>38,409,729</u>	<u>36,120,594</u>
Surplus/(deficit) for the year		<u>(761,994)</u>	<u>4,180,215</u>
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment (decrement)	6.1	4,052,384	8,375,702
Comprehensive result		<u>3,290,390</u>	<u>12,555,917</u>

The above Comprehensive Income Statement should be read in conjunction with the accompanying notes.

Balance Sheet
As at 30 June 2020

	Note	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	5.1(a)	18,094,846	2,700,682
Other financial assets	5.1(b)	22,019,500	34,119,500
Trade and other receivables	5.1(c)	4,471,529	4,806,835
Inventories		27,160	33,306
Other assets	5.2	277,940	423,882
Total current assets		44,890,975	42,084,205
Non-current assets			
Trade and other receivables	5.1(c)	2,548	4,977
Intangible assets	5.2	2,201,747	2,880,341
Property, infrastructure, plant and equipment	6.1	351,170,836	348,175,921
Total non-current assets		353,375,131	351,061,239
Total assets		398,266,106	393,145,444
Liabilities			
Current liabilities			
Trade and other payables	5.3(a)	3,289,184	2,351,003
Trust funds and deposits	5.3(b)	1,482,283	1,214,868
Unearned income	5.3(3)	479,566	-
Interest-bearing liabilities	5.4	178,075	188,469
Provisions	5.5(a)	3,190,365	3,375,984
Total current liabilities		8,619,473	7,130,324
Non-current liabilities			
Interest-bearing liabilities	5.4	300,481	478,557
Provisions	5.5(a)	6,014,524	5,495,325
Total non-current liabilities		6,315,005	5,973,882
Total liabilities		14,934,478	13,104,206
Net Assets		383,331,628	380,041,238
Equity			
Accumulated surplus		131,560,472	133,160,468
Reserves	9.1	251,771,156	246,880,770
Total Equity		383,331,628	380,041,238

The above Balance Sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
For the Year Ended 30 June 2020

	Note	Total	Accumulated	Asset	Other
		\$	Surplus	Revaluation	Reserves
		\$	\$	Reserve	\$
		\$	\$	\$	\$
2020					
Balance at beginning of the financial year		380,041,238	133,160,468	227,542,255	19,338,515
Surplus for the year		(761,994)	(761,994)	-	-
Net asset revaluation increment	9.1	4,052,384	-	4,052,384	-
Transfers to other reserves	9.1	-	(2,149,212)	-	2,149,212
Transfers from other reserves	9.1	-	1,311,210	-	(1,311,210)
Balance at end of the financial year		383,331,628	131,560,472	231,594,639	20,176,517
2019					
Balance at beginning of the financial year		367,485,321	131,242,479	219,166,553	17,076,289
Surplus for the year		4,180,215	4,180,215	-	-
Net asset revaluation increment	9.1	8,375,702	-	8,375,702	-
Transfers to other reserves	9.1	-	(4,608,117)	-	4,608,117
Transfers from other reserves	9.1	-	2,345,891	-	(2,345,891)
Balance at end of the financial year		380,041,238	133,160,468	227,542,255	19,338,515

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 2020

	Note	2020 Inflows/ (Outflows) \$	2019 Inflows/ (Outflows) \$
Cash flows from operating activities			
Rates and charges		20,866,252	21,222,418
Statutory fees and fines		994,001	1,047,932
User fees		2,292,165	2,745,292
Grants - operating		9,782,938	8,512,171
Grants - capital		2,364,065	2,941,137
Contributions - monetary		119,339	558,606
Interest received		892,323	926,319
Other Income		688,601	867,750
Net Fire Services Property Levy received (remitted)		19,192	(16,994)
Net GST refund		1,444,677	1,159,085
Net receipt of trust funds and deposits		248,223	103,250
Materials and services		(12,417,517)	(13,564,522)
Employee Cost		(15,047,170)	(14,632,079)
Other payments		(415,419)	(360,090)
Net cash provided by operating activities	9.2	<u>11,831,670</u>	<u>11,510,275</u>
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(8,300,746)	(6,159,860)
Payments for intangible assets		(86,584)	(75,705)
Proceeds from sale of property, infrastructure, plant and equipment		77,747	245,454
Payments for Investments		12,100,000	(9,800,000)
Net cash used in investing activities		<u>3,790,417</u>	<u>(15,790,111)</u>
Cash flows from financing activities			
Finance costs		(39,453)	(58,422)
Repayment of interest bearing loans and borrowings		(188,470)	(319,840)
Net cash used in financing activities		<u>(227,923)</u>	<u>(378,262)</u>
Net increase (decrease) in cash and cash equivalents		15,394,164	(4,658,098)
Cash and cash equivalents at the beginning of the financial year		<u>2,700,682</u>	<u>7,358,780</u>
Cash and cash equivalents at the end of the financial year	5.1(a)	<u>18,094,846</u>	<u>2,700,682</u>

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

Financial assets	5.1
Financing arrangements	5.6

**Statement of Capital Works
 For the Year Ended 30 June 2020**

	Note	2020	2019
Property			
Land		391,068	-
Buildings		1,574,769	2,054,571
Total property		<u>1,965,837</u>	<u>2,054,571</u>
Plant and equipment			
Heritage plant and equipment		-	2,385
Plant, machinery and equipment		987,663	688,330
Fixtures, fittings and furniture		217,968	50,871
Software		86,584	75,705
Library books		87,989	103,261
Total plant and equipment		<u>1,380,204</u>	<u>920,552</u>
Infrastructure			
Roads		3,921,543	2,698,076
Bridges		166,945	402,203
Footpaths and cycleways		290,483	195,568
Drainage		372,619	136,394
Total infrastructure		<u>4,751,590</u>	<u>3,432,241</u>
Total capital works expenditure		<u>8,097,631</u>	<u>6,407,364</u>
Represented by:			
New asset expenditure		1,292,357	908,959
Asset renewal expenditure		4,903,830	3,837,034
Asset expansion expenditure		-	14,830
Asset upgrade expenditure		1,901,444	1,646,541
Total capital works expenditure		<u>8,097,631</u>	<u>6,407,364</u>

Notes to Financial Report For the Year Ended 30 June 2020

OVERVIEW

Introduction

The Murrumbidgee Shire Council was established by an Order of the Governor in Council on 18 November 1994 and is a body corporate. The Council's main office is located at Perkins Street, Alexandria.

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 Australian Accounting Standards (AAS's), 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 estimates are 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 6.1)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of landfill provisions (refer to Note 5.5)
- the determination of employee provisions (refer to Note 5.5)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities* (refer to Note 2)
- the determination, in accordance with *AASB 16 Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.7)
- other areas requiring judgements

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 (except where transitional requirements of *AASB 15 Revenue from Contracts with Customers*, *AASB 16 Leases* and *AASB 1058 Income of Not-for-Profit Entities* do not require restatement of comparatives under the modified retrospective approach adopted by the Council), and disclosure has been made of any material changes to comparatives.

Amounts in the financial report have been rounded to the nearest dollar. Figures in the financial statement may not equate due to rounding.

**Notes to Financial Report
 For the Year Ended 30 June 2020**

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 \$500,000 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 26th June 2019. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for revenue and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

1.1 Income and expenditure

	Budget 2020 \$	Actual 2020 \$	Variance 2020 \$	Variance 2020 %	Ref
Income					
Rates and charges	21,382,000	21,390,612	8,612		
Statutory fees and fines	1,083,000	994,001	(88,999)	(8)	
User fees	2,393,000	1,821,394	(571,606)	(24)	1
Grants - operating	7,992,000	8,926,243	934,243	12	2
Grants - capital	2,034,000	2,086,470	52,470	3	
Contributions - monetary	49,000	111,460	62,460	127	3
Contributions - non monetary	400,000	805,323	405,323	101	4
Other income	1,519,000	1,512,232	(6,768)		
Total income	36,852,000	37,647,735	795,735	2.2	
Expenses					
Employee costs	15,474,000	14,995,555	478,445	(3)	
Materials and services	10,550,000	11,708,605	(1,158,605)	11	5
Bad and doubtful debts	-	11,207	(11,207)		
Depreciation	8,669,228	8,502,905	166,323	(2)	
Amortisation - intangible assets	612,772	765,177	(152,405)	25	6
Borrowing costs	37,000	37,081	(81)		
Net loss on disposal of property, infrastructure, plant and equipment	33,000	1,293,184	(1,260,184)	3,819	7
Other expenses	314,000	614,343	(300,343)	96	8
Increase/(decrease) in provision for landfill Liability	-	481,672	(481,672)		9
Total expenses	35,690,000	38,409,729	(2,719,729)	7.6	
Surplus/(deficit) for the year	1,162,000	(761,994)	(1,923,994)		

**Notes to Financial Report
 For the Year Ended 30 June 2020**

Note 1 Performance against budget (cont.)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	User Fees	Income from Aged and Disability services was below original budget estimates (\$467,539) as Council withdrew from the service during the financial year. Also, income from landfill (\$124,402) was below budget due to less waste received from commercial sources (45% reduction). This is mostly related to less major construction projects in the region. Variance is partly offset by higher than anticipated saleyard fees \$38,544.
2	Grants - operating	Increased funding for Children's Services (\$123,498), Grants Commission (\$132,663). The following grants were received but not budgeted: Working for Victoria (\$787,211), Doing Business Better (\$96,250), Environmental Programs (\$37,774), Eildon Boat Ramp (\$25,000), Storms (National Disaster Funding \$378,330), Lake Eildon Boating & Fishing Show (\$50,000), Moving Murrumbidgee Community Cars (\$66,100). Offset by lower than budget Aged and Disability grants due to Council withdrawing from the services (\$593,439), and a grant for Spring Valley Recreation Reserve Change Rooms received (\$149,328) in the prior year ahead of budget expectations.
3	Contributions - monetary	Unbudgeted contributions received for Murchison Street Marysville car park (\$45,455), Rubicon Road (\$9,185) and higher than budgeted public open space contributions (\$6,500).
4	Contributions - non monetary	Council receives contributions in the form of infrastructure as a result of subdivisions and developer contributions. The timing and amount of such contributions is largely outside Council's control. Details of contributions are shown at note 3.5
5	Material and services	The 2019/20 budget figure does not include carried forward expenditure from 2017/18 (relating to unspent grants and projects). Carry forward adjustments were reported in Council's September Quarterly Financial Report at the 23 October 2019 Council Meeting. The carry forward amount relevant to materials and services was \$1,599,273.
6	Amortisation - intangible assets	The amortisation (consumption) of landfill airspace was higher than expected (\$140,195).
7	Net loss on disposal of property, infrastructure, plant and equipment	Income from the sale of plant was down \$321,119 as items have been retained or the changeover delayed. This income will be partly picked up in the 20/21 year when the plant items are disposed. The depreciated value of infrastructure and buildings renewed was greater than expected.
8	Other expenses	\$208,109 of the variance is the recognition of the offsetting volunteer services contribution as highlighted in note (4.8). The recognition of volunteer services under new Accounting Standards is cost neutral, with the corresponding amounts recognised as other revenue and other expenditure. \$70,442 was incurred as an expense for the waiver of health registrations as part of the COVID-19 relief measures.
9	Increase/(decrease) in provision for landfill Liability	Landfill provision increased following the annual review of provision accounts which indicated the previous allocation for ongoing monitoring of the site was underestimated.

**Notes to Financial Report
 For the Year Ended 30 June 2020**

Note 1 Performance against budget (cont)

1.2 Capital works

	Budget 2020 \$	Actual 2020 \$	Variance 2020 \$	Variance 2020 %	Ref
Property					
Land	140,215	391,068	250,853	179	1
Land improvements	-	-	-		
Total Land	<u>140,215</u>	<u>391,068</u>	<u>250,853</u>	<u>179</u>	
Buildings	3,270,785	1,574,769	(1,696,016)	(52)	2
Total Property	<u>3,411,000</u>	<u>1,965,837</u>	<u>(1,445,163)</u>	<u>(42)</u>	
Plant and Equipment					
Plant, machinery and equipment	1,016,000	987,663	(28,337)	(3)	
Fixtures, Computer hardware, fittings and furniture	138,000	217,968	79,968	58	3
Computers and telecommunications software	125,000	86,584	(38,416)	(31)	4
Library materials	102,000	87,989	(14,011)	(14)	5
Total Plant and Equipment	<u>1,381,000</u>	<u>1,380,204</u>	<u>(796)</u>	<u>-</u>	
Infrastructure					
Roads	5,272,000	3,921,543	(1,350,457)	(26)	6
Bridges	200,000	166,945	(33,055)	(17)	7
Footpaths and cycleways	328,000	290,483	(37,517)	(11)	8
Drainage	105,000	372,619	267,619	255	9
Total Infrastructure	<u>5,905,000</u>	<u>4,751,590</u>	<u>(1,153,410)</u>	<u>(20)</u>	
Total Capital Works Expenditure	<u>10,697,000</u>	<u>8,097,631</u>	<u>(2,599,369)</u>	<u>(24)</u>	
Represented by:					
New asset expenditure	2,492,000	1,292,357	(1,199,643)	(48)	
Asset renewal expenditure	4,473,000	4,903,830	430,830	10	
Asset expansion expenditure	767,000	-	(767,000)	(100)	
Asset upgrade expenditure	2,965,000	1,901,444	(1,063,556)	(36)	
Total Capital Works Expenditure	<u>10,697,000</u>	<u>8,097,631</u>	<u>(2,599,369)</u>	<u>(24)</u>	

**Notes to Financial Report
For the Year Ended 30 June 2020**

Note 1 Performance against budget (cont.)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	Council approved purchase of land in Murchison St Marysville that was not included in original adopted budget.
2	Buildings	Significant works at the Alexandra Landfill were deferred and have been carried forward for completion in Council's 2020/21 Budget
3	Fixtures, Computer hardware, fittings and furniture	Robotic total station and design system was purchased to enhance Councils internal infrastructure design capabilities. The system will result in reduced consultant and external cost within Councils infrastructure budget.
4	Computers and telecommunications software	Digital futures project underway. Funds will be carried forward and spent in 20/21
5	Library materials	Underspend due to COVID 19 restrictions affecting deliveries of library stock. Deliveries were suspended for 7 weeks during April and May.
6	Roads	Gravel Resheeting and Sealed Roads Renewal & Major Patch Programs were impacted by unusually wet start to winter impacting the delivery of these works. In addition Fixing Country Roads projects for King Parrot Creek and High Street Yea experienced contract and work delays with works crossing over end of financial year. Budgets are to be carried forward for the completion of these works.
7	Bridges	Bridge works completed, however works on Stevensons Lane Culvert and Spring Creek Culvert capitalised as part of road formation.
8	Footpaths and cycleways	Path upgrade for disability access Yea Council Offices delayed to coincide with High Street Yea safety works. Budget carried forward for completion in 2020/21.
9	Drainage	Completion of works carried forward from 2018/19 included William Street Alexandra, Kerami Crescent Marysville & Marshbank Street Yea.

Note 2.1 Analysis of Council results by program

2.1 (a) Our People

Together we will encourage and celebrate diverse, caring and connected communities.

One of the factors people value most about living in the Murrindindi Shire is a sense of belonging to a caring and well connected community. We will build on this strength by encouraging collaboration and involvement, whether this is amongst our valued volunteer-based community groups, through supporting cultural, artistic or celebratory events, or ensuring that opportunities and services are available that support inclusion, participation and access for all.

Our people includes, aged and disability, children and family, library, community, emergency, recreational youth and aquatic services.

Our Place

We will maintain and enhance places to be attractive, liveable and in harmony with the natural environment.

The unique character, history, scenic beauty and ambience of our places and spaces and the health of our natural environment are highly valued by our communities. We will ensure our built environments are well planned to enable sensible growth that does not compromise the natural environment, nor the liveability, accessibility and character of our towns and localities.

Our place includes, environmental, waste, building, development, environmental health, infrastructure, parks and gardens management.

Our Prosperity

In partnership with the community we will prioritise and promote a culture in which business and community can evolve and thrive

We recognise that prosperity within our communities is key to supporting individual aspirations and community growth. We will ensure that opportunities to encourage economic development within our Shire are pursued. We will support business development and new investment, promote tourism, facilitate access to training, and advocate for improved infrastructure and services that meet our business and community needs

Our prosperity includes tourism and business development services and saleyards management.

Our Promise

We (the Councillors and officers) will work as a team in collaboration with our communities to deliver the best possible outcomes in all that we do

Our Promise reflects the core of what we do as a Council to ensure our community's needs and priorities are well represented in our actions and services. Our promise is to provide strong advocacy, transparent governance, two-way communication and engagement, stewardship of our community's resources, and relevant, responsive and efficient service delivery.

Our promise includes Councillors and executive, communications and publications, financial and corporate services, human resources, information technology, asset planning and customer service.

2.1 (b) Summary of revenues, expense and assets by program

	Income	Expenses	Surplus/(Deficit)	Grants included in income	Total assets
	\$	\$	\$	\$	\$
2020					
Our People	4,665,984	9,683,300	(5,017,316)	4,071,707	42,680,446
Our Place	10,308,354	11,812,340	(1,503,986)	4,631,089	281,034,541
Our Prosperity	764,951	1,671,589	(906,638)	279,520	7,367,753
Our Promise	843,684	7,881,931	(7,038,248)	-	34,740,671
General Rates	18,044,553	-	18,044,553	-	-
Unattributed	3,271,727	7,360,568	(4,088,841)	2,997,318	32,442,694
	37,899,253	38,409,729	(510,476)	11,979,634	398,266,106
	Income	Expenses	Surplus/(Deficit)	Grants included in income	Total assets
	\$	\$	\$	\$	\$
2019					
Our People	5,908,090	9,090,744	(3,182,654)	4,071,707	41,555,039
Our Place	11,492,506	9,789,138	1,703,368	4,631,089	272,780,743
Our Prosperity	1,207,174	1,255,532	(48,358)	279,520	5,739,209
Our Promise	1,301,229	6,923,590	(5,622,361)	-	31,648,681
General Rates	17,389,236	-	17,389,236	-	-
Unattributed	3,002,574	9,061,590	(6,059,016)	2,997,318	41,421,772
	40,300,809	36,120,594	4,180,215	11,979,634	393,145,444

Note 3 Funding for the delivery of our services

2020
\$

2019
\$

3.1 Rates and 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 total value of land plus buildings and improvements.

The valuation base used to calculate the general rates for 2019/2020 was \$5,102 million (2018/2019 \$4,621 million). The 2019/2020 rate in the dollar for general rate was 0.003052 of the capital improved value of the property (2018/2019 0.003273).

The 2019/2020 Municipal Charge was \$341 (2018/2019 \$333) per rateable assessment. In 2019/2020 the Garbage Service Charge was \$381.20 (2018/2019 \$363) and Recycling Charge was \$116.50 (2018/2019 \$111).

Residential	6,707,925	6,274,729
Commercial	888,208	897,428
Rural 1	3,258,196	3,248,018
Rural 2	3,162,320	3,101,699
Vacant Land - Residential	641,470	590,283
Vacant Land - Commercial	31,530	29,753
Municipal charge	3,289,881	3,183,453
Garbage charge	2,552,056	2,404,582
Recycling	794,003	748,452
Revenue in lieu of rates	65,023	63,873
Total rates and charges	<u>21,390,612</u>	<u>20,542,270</u>

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2019, and the valuation was first applied in the rating year commencing 1 July 2019.

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.

3.2 Statutory fees and fines

Building	336,404	353,877
Environmental health and local laws	301,971	295,436
Planning and subdivisions	281,074	298,502
Infrastructure	53,596	75,868
Other	20,956	24,447
Total statutory fees and fines	<u>994,001</u>	<u>1,048,130</u>

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.

**Notes to Financial Report
 For the Year Ended 30 June 2020**

Note 3	Funding for the delivery of our services (cont.)	2020	2019
3.3	User fees	\$	\$
	Halls and Community Centres	15,949	31,566
	Aged care	353,661	718,077
	Valuation data	-	97,761
	Saleyard fees	472,686	516,197
	Recreation pools and leisure centres	72,063	91,580
	Waste - transfer station & landfill fees	896,779	1,282,110
	Other fees and charges	10,256	19,522
	Total user fees	1,821,394	2,756,813

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

3.4 Funding from other levels of government

Grants were received in respect of the following :

Summary of grants

Commonwealth funded grants	8,051,836	7,991,684
State funded grants	2,960,877	3,987,950

Total grants received	11,012,713	11,979,634
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(a) Operating Grants

Recurrent -Commonwealth Government

Financial Assistance Grants	5,019,899	4,676,040
Aged and disability	488,418	907,842
Children services	1,111,917	1,040,257

Recurrent -State Government

Aged and disability	175,389	341,606
Children services	258,768	226,975
Public health	6,155	6,937
Library services	154,020	150,263
Road safety	37,044	30,205

Total recurrent Operating Grants	7,251,610	7,380,125
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Non-recurrent -Commonwealth Government

Children services	10,000	10,000
Roads and bridges	378,330	256,460

Non-recurrent -State Government

Children services	72,631	103,959
Community development	-	329,085
Economic development	171,250	274,520
Emergency management	60,000	60,000
Environmental services	37,774	78,932
Public health	5,170	229,865
Recreational services	-	170,828
Recycling services	-	13,724
Transport	66,100	77,332
Tourism	-	5,000
Youth services	86,167	89,667
Working for Victoria	787,211	-

Total non recurrent operating grants	1,674,633	1,699,372
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Total Operating grants	8,926,243	9,079,497
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**Notes to Financial Report
 For the Year Ended 30 June 2020**

Note 3.4	Funding from other levels of government (Cont.)	2020	2019
		\$	\$
	<i>(b) Capital Grants</i>		
	Recurrent-Commonwealth Government		
	Roads to Recovery	1,043,272	1,082,960
	Recurrent-State Government		
	Library materials	6,255	6,253
	Total recurrent capital grants	<u>1,049,527</u>	<u>1,089,213</u>
	Non-recurrent-Commonwealth Government		
	Buildings	-	18,125
	Non-recurrent-State Government		
	Governance		
	Buildings	243,858	620,064
	Roads	793,085	1,172,735
	Total non-recurrent capital grants	<u>1,036,943</u>	<u>1,810,924</u>
	Total capital grants	<u><u>2,086,470</u></u>	<u><u>2,900,137</u></u>

(c) Unspent grants received on condition that they be spent in a specific manner

Balance at start of year	1,588,838	799,758
Received during the financial year and remained unspent at balance date	1,170,440	1,484,238
Received in prior years and spent during the financial year	<u>1,287,876</u>	<u>695,158</u>
Balance at end of year	<u>1,471,402</u>	<u>1,588,838</u>

Grant income is recognised at the point in time when the council satisfies its performance obligations as specified in the underlying agreement.

3.5 Contributions

Monetary - operating	25,320	414,223
Monetary - capital	86,140	120,105
Non-monetary - capital	<u>805,323</u>	<u>1,649,478</u>
	<u>916,783</u>	<u>2,183,806</u>

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

Land under roads	36,953	19,308
Drainage	74,161	265,446
Footpaths and Cycleways	18,000	69,946
Roads	<u>676,209</u>	<u>1,294,778</u>
	<u>805,323</u>	<u>1,649,478</u>

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

3.6 Other income

Interest	572,057	833,350
Interest on rates	134,453	167,316
Rental	205,303	249,661
Reimbursements	265,808	433,965
Volunteer Services	208,109	-
Other	<u>126,502</u>	<u>105,864</u>
	<u>1,512,232</u>	<u>1,790,156</u>

Interest and rent are recognised as it is earned. Other income is measured at the fair value of the consideration received and is recognised when Council gains control over the right to receive the income.

**Notes to Financial Report
 For the Year Ended 30 June 2020**

Note 4	The cost of delivering services	2020	2019
		\$	\$
4.1	Employee costs		
	Wages and salaries	13,357,000	12,697,506
	Casual Staff	223,557	454,567
	Superannuation -Defined Benefits Fund	27,545	30,465
	Superannuation -Accumulation Funds	1,158,407	1,152,714
	Fringe benefits tax	12,115	25,678
	Workcover	216,931	226,060
	Total employee costs	<u>14,995,555</u>	<u>14,586,990</u>

(a) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	27,545	30,465
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Employer contributions payable at reporting date.

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	640,815	675,490
Employer contributions - other funds	517,592	477,224

	<u>1,185,952</u>	<u>1,183,179</u>
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Employer contributions payable at reporting date.

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	26,337	26,337
Employer contributions - other funds	19,523	19,523

Refer to Note 9.3 for further information relating to Councils Superannuation obligations.

4.2 Materials and services

Consultants	324,090	275,223
Contractors	8,722,477	7,759,075
Contributions	726,096	1,069,956
Insurance	490,204	491,677
Legal Expenses	145,634	208,137
Materials	850,912	858,474
Utilities	449,192	526,058
Total material and services	<u>11,708,605</u>	<u>11,188,600</u>

4.3 Depreciation

Property	2,293,319	2,720,550
Plant and Equipment	945,843	901,083
Infrastructure	5,263,743	5,238,401
Total depreciation	<u>8,502,905</u>	<u>8,860,034</u>

Refer to 6.1 for a more detailed breakdown of depreciation and accounting policy.

4.4 Amortisation - intangible assets

Intangible assets	765,177	791,334
Total depreciation and amortisation	<u>9,268,082</u>	<u>9,651,368</u>

Refer to note 5.2 (b) for a more detailed breakdown of amortisation charges and accounting policy.

**Notes to Financial Report
 For the Year Ended 30 June 2020**

Note 4	The cost of delivering services (Cont)	2020	2019
4.5	Bad and doubtful debts	\$	\$
	Debtors	11,207	76,316
	Total bad and doubtful debts	<u>11,207</u>	<u>76,316</u>
	Movement in provisions for doubtful debts		
	Balance at the beginning of the year	51,220	43,946
	New provisions recognised during the year	8,981	7,274
	Amounts already provided for and written off as uncollectible	(779)	-
	Balance at end of year	<u>59,422</u>	<u>51,220</u>
4.6	Borrowing cost		
	Interest - borrowings	37,081	54,587
	Total borrowing costs	<u>37,081</u>	<u>54,587</u>
4.7	Net loss on disposal of property, infrastructure, plant and equipment		
	Written down value of assets disposed	1,370,931	1,100,782
	Less proceeds from sales	<u>(77,747)</u>	<u>(245,454)</u>
		<u>1,293,184</u>	<u>855,328</u>
	The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.		
	Refer to Note 6.2 for additional details.		
4.8	Other expenses		
	Auditors remuneration - auditing of the financial report	46,700	46,700
	Auditors remuneration - internal audit	42,770	33,875
	Councillors allowances	205,456	201,578
	Volunteer Services	208,108	-
	Other	111,309	77,937
	Total other expenses	<u>614,343</u>	<u>360,090</u>

**Notes to Financial Report
 For the Year Ended 30 June 2020**

Note 5	Our financial position	2020 \$	2019 \$
5.1	Financial assets		
	(a) Cash and cash equivalents		
	Cash at bank and on hand	5,363,846	586,682
	Term deposits and at call	12,731,000	2,114,000
	Total cash and cash equivalents	<u>18,094,846</u>	<u>2,700,682</u>
	(b) Other financial assets		
	Term Deposit - current	22,019,500	34,119,500
	Total other financial assets	<u>22,019,500</u>	<u>34,119,500</u>
	Total financial assets	<u>40,114,346</u>	<u>36,820,182</u>

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 5.3(b))	1,482,283	1,214,868
Statutory reserves (Note 9.1(b))	556,330	565,204
Total restricted funds	<u>2,038,613</u>	<u>1,780,072</u>
Total unrestricted cash and cash equivalents	<u>16,056,233</u>	<u>920,610</u>

Intended allocations

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

Cash held to fund carried forward capital works	5,379,977	4,338,200
Grants received in advance (Note 3.4)	1,471,402	1,588,838
Bank Guarantee - quarry	-	19,500
Cash held to fund discretionary reserves	19,620,187	18,773,311
Portion of long service leave liability	520,493	572,873
Total funds subject to intended allocations	<u>26,992,059</u>	<u>25,292,722</u>

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

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

**Notes to Financial Report
 For the Year Ended 30 June 2020**

5.1 Financial assets (Cont.)	2020	2019
(c) Trade and other receivables	\$	\$
Current		
<i>Statutory receivables</i>		
Rates debtors	2,495,261	2,035,510
Provision for doubtful rate debts	(59,422)	(51,220)
Garbage and recycling debtors	472,218	399,407
Special rate scheme	5,312	7,194
Net GST receivable	347,541	232,075
<i>Non statutory receivables</i>		
Other debtors	351,536	775,925
Provision for doubtful debts - other debtors	-	-
Government grants	859,083	1,407,944
Total Current trade and other receivables	<u>4,471,529</u>	<u>4,806,835</u>
Non-current		
<i>Non statutory receivables</i>		
Special rate scheme	2,548	4,977
Total trade and other receivables	<u>4,474,077</u>	<u>4,811,812</u>

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

At balance date other debtors representing financial assets that were past due but not impaired. The ageing of the Council's trade & other receivables excluding statutory receivables was:

(d) Ageing of receivables		
Current (not yet due)	1,261,714	1,715,678
Past due by up to 30 days	9,846	62,833
Past due between 31 and 180 days	48,468	30,766
Past due between 181 and 365 days	90,670	50,842
Past due by more than 1 year	51,439	323,750
Total trade and other receivables	<u>1,210,619</u>	<u>2,183,869</u>

**Notes to Financial Report
 For the Year Ended 30 June 2020**

5.1 Financial assets (Cont.)

2020	2019
\$	\$

(e) Aged and individually impaired receivables

At balance date, debtors representing financial assets with a nominal value of \$15.4K were impaired. The amount of the provision raised against these debtors was \$8.2K. They are impaired as a result of their doubtful collection.

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

Current (not yet due)	15,467	7,274
Total trade & other receivables	<u>15,467</u>	<u>7,274</u>

5.2 Non-financial assets

(a) Other assets

Accrued Income	78,132	263,945
Prepayments	199,808	159,937
Total other assets	<u>277,940</u>	<u>423,882</u>

(b) Intangible assets

Landfill air space	1,864,586	2,582,781
Software	337,161	297,560
Total intangible assets	<u>2,201,747</u>	<u>2,880,341</u>

	Software	Landfill	Total
Gross carrying amount			
Balance at 1 July 2019	342,025	4,469,566	4,811,591
Other Additions	86,584		86,584
Balance at 1 July 2020	<u>428,609</u>	<u>4,469,566</u>	<u>4,898,175</u>

Accumulated amortisation and impairment

Balance at 1 July 2019	(44,465)	(1,886,785)	(1,931,250)
Amortisation expense	(46,983)	(718,195)	(765,178)
Balance at 1 July 2020	<u>(91,448)</u>	<u>(2,604,980)</u>	<u>(2,696,428)</u>
Net book value at 30 June 2019	<u>297,560</u>	<u>2,582,781</u>	<u>2,880,341</u>
Net book value at 30 June 2020	<u>337,161</u>	<u>1,864,586</u>	<u>2,201,747</u>

Landfill air space represents the unused capacity of the Alexandra landfill. The value of this asset is based on the corresponding landfill restoration provision (refer to note 5.5) adjusted to reflect the portion of unused air space remaining within this landfill. Amortisation is on the basis of the consumption of airspace.

Software assets are amortised as an expense on a straight line basis over the asset's useful life.

**Notes to Financial Report
 For the Year Ended 30 June 2020**

	2020	2019
	\$	\$
5.3 Payables		
(a) Trade and other payables		
Trade payables	2,537,325	1,676,482
Loan Interest	5,392	7,764
Accrued wages	700,506	611,599
Accrued expenses	45,961	55,158
Total trade and other payables	3,289,184	2,351,003
(b) Trust funds and deposits		
Refundable building deposits	50,500	58,500
Refundable planning permit bonds	261,624	295,173
Retention contract deposits	429,379	401,098
Fire Service Property Levy	121,147	101,955
Other refundable deposits	619,633	358,142
Total trust funds and deposits	1,482,283	1,214,868
(c) Unearned income		
Grants received in advance - operating	230,000	-
Grants received in advance - capital	249,566	-
Total unearned income	479,566	-

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 recognised as revenue at the time of the forfeit.

Purpose and nature of items:

Refundable building deposits and planning permit bonds - These amounts have been received from individuals or companies to guarantee performance of obligations under various building permits, planning permits and contract agreements.

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

Retention Amounts - Council has a contractual right to retain certain amounts until a contractor has met certain requirements or 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.

	2020	2019
	\$	\$
5.4 Interest-bearing liabilities		
Current		
Bank loans - secured	178,075	188,469
	178,075	188,469
Non-current		
Bank loans - secured	300,481	478,557
	300,481	478,557
Total	478,556	667,026
The maturity profile for Council's borrowings is:		
Not later than one year	178,075	188,469
Later than one year and not later than five years	300,481	478,557
	478,556	667,026

Bank Loans are secured by a charge over the general rates of the Council.

Aggregate carrying amount of interest-bearing loans and borrowings:

Current	178,075	188,467
Non-current	300,481	478,557
	478,556	667,024

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

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

**Notes to Financial Report
 For the Year Ended 30 June 2020**

5.5 Provisions

	Employee	Landfill restoration	Total
	\$	\$	\$
2020			
Balance at beginning of the financial year	3,588,848	5,282,461	8,871,309
Additional provisions	795,222		795,222
Amounts used	(935,744)		(935,744)
Reduction in provision		481,672	481,672
Increase in the discounted amount arising because of the time and the effect of any change in the discount rate	-	(7,570)	(7,570)
Balance at the end of the financial year	<u>3,448,326</u>	<u>5,756,563</u>	<u>9,204,889</u>
2019			
Balance at beginning of the financial year	3,582,189	5,943,417	9,525,606
Additional provisions	1,096,320	-	1,096,320
Amounts used	(1,089,661)	-	(1,089,661)
Increase (Reduction) in provision		(652,685)	(652,685)
Increase in the discounted amount arising because of the time and the effect of any change in the discount rate	-	(8,271)	(8,271)
Balance at the end of the financial year	<u>3,588,848</u>	<u>5,282,461</u>	<u>8,871,309</u>
		2020	2019
		\$	\$
(a) Employee benefits			
Current provision expected to be wholly settled within 12 months			
Annual leave		847,462	813,522
Long service leave		111,112	112,734
		<u>958,574</u>	<u>926,256</u>
Current provision expected to be wholly settled after 12 months			
Annual leave		407,782	371,102
Long service leave		1,824,009	2,078,626
		<u>2,231,791</u>	<u>2,449,728</u>
Total current employee provision		<u>3,190,365</u>	<u>3,375,984</u>
Non-current			
Long service leave		257,961	212,864
Total non-current employee provision		<u>257,961</u>	<u>212,864</u>
Aggregate carrying amount of employee benefits:			
Current		3,190,365	3,375,984
Non-current		257,961	212,864
Total aggregate carrying amount of employee benefits		<u>3,448,326</u>	<u>3,588,848</u>

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

Wages and salaries and annual leave

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

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

**Notes to Financial Report
 For the Year Ended 30 June 2020**

5.5 Provisions (Cont.)

Long service leave

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

Key assumptions	Key assumptions	2020	2019
	- discount rate	0.56%	1.15%
	- index rate	2.00%	2.50%
	- inflation rate	2.00%	2.50%
	- settlement rate	12 yrs.	12 yrs.

(b) Provisions - Landfill Restoration

	2020	2019
	\$	\$
Non-current		
Landfill restoration		
	5,756,563	5,282,461
	<u>5,756,563</u>	<u>5,282,461</u>

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

Key assumptions	2020	2019
- discount rate	0.56%	1.15%
- index rate	2.00%	2.00%
- inflation rate	2.00%	2.00%
- settlement rate	27yrs	28yrs
-estimated cost to rehabilitate	4,526,467	5,422,230

5.6 Financing arrangements

	2020	2019
	\$	\$
Secured bank loans at fixed interest rates:		
Facility available	478,556	667,026
Used facility	<u>478,556</u>	<u>667,026</u>
Unused facility	<u>-</u>	<u>-</u>
Secured bank overdraft subject to annual review and repayable at call:		
Facility available	400,000	400,000
Used facility	<u>-</u>	<u>-</u>
Unused facility	<u>400,000</u>	<u>400,000</u>

Should the bank overdraft be utilised, the liability would be secured by a mortgage over the general rates of Council.

**Notes to Financial Report
 For the Year Ended 30 June 2020**

5.7 Commitments

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

2020	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$	\$	\$	\$	\$
Operating					
Cleaning buildings and services	34,000	-	-	-	34,000
Garbage and recycling collection	2,945,007	1,160,733	-	-	4,105,740
Insurance	22,050	-	-	-	22,050
Internal audit	32,500	32,500	-	-	65,000
Landfill	44,625	-	-	-	44,625
Library	70,555	-	-	-	70,555
Photocopiers and printers	79,038	-	-	-	79,038
Software	64,002	56,500	-	-	120,502
Street sweeping	181,808	-	-	-	181,808
Total	3,473,585	1,249,733	-	-	4,723,318
Capital					
Bridges	55,308	-	-	-	55,308
Buildings & improvements	279,094	-	-	-	279,094
Drainage	67,679	-	-	-	67,679
Kerb and Channel	104,207	-	-	-	104,207
Landfill	71,522	-	-	-	71,522
Plant and equipment	256,966	-	-	-	256,966
Roads	2,140,941	-	-	-	2,140,941
Software	37,950	-	-	-	37,950
Total	3,013,667	-	-	-	3,013,667

2019	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$	\$	\$	\$	\$
Operating					
Cleaning buildings and services	110,000	34,000	-	-	144,000
Garbage and recycling collection	952,799	2,945,007	1,160,733	-	5,058,539
Insurance	22,050	-	-	-	22,050
Internal audit	32,500	32,500	32,500	-	97,500
Landfill	40,694	44,625	-	-	85,319
Photocopiers and printers	49,246	79,038	-	-	128,284
Software	7,502	-	-	-	7,502
Street sweeping	90,904	181,808	-	-	272,712
Total	1,305,695	3,316,978	1,193,233	-	5,815,906
Capital					
Buildings & improvements	212,496	-	-	-	212,496
Car parks	22,000	-	-	-	22,000
Drainage	198,769	-	-	-	198,769
Footpaths and cycleways	22,174	-	-	-	22,174
Landfill	100,596	-	-	-	100,596
Roads	173,751	-	-	-	173,751
Software	56,500	56,500	-	-	113,000
Vegetation	3,636	-	-	-	3,636
Waste management	28,593	-	-	-	28,593
Total	818,515	56,500	-	-	875,015

5.8 Leases

Operating lease commitments

Policy applicable before 1 July 2019

As a lessee, Council classifies leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to council.
 Operating lease payments, including any contingent rentals, were recognised as an expense in the comprehensive income statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset was not recognised in the balance sheet.
 All incentives for the agreement of a new or renewed operating lease were recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.
 In the event that lease incentives were received to enter into operating leases, the aggregate cost of incentives were recognised as a reduction of rental expense over the lease term on a straight-line basis, unless another systematic basis was more representative of the time pattern in which economic benefits from the leased asset were consumed.

Policy applicable after 1 July 2019

Council has applied *AASB 16 Leases* using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information. The council applied the approach consistently to all leases in which it is a lessee.

On transition to *AASB 16 Leases*, Council elected to apply the practical expedient to 'grandfather' the assessment of which transactions are leases. The council has applied this practical expedient to all of its contracts and therefore applied *AASB 16 Leases* only to contracts that were previously identified as leases.

At inception of a contract, all entities would assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To identify whether a contract conveys the right to control the use of an identified asset, it is necessary to assess whether:

- The contract involves the use of an identified asset;
- The customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The customer has the right to direct the use of the asset.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

As a lessee, Council recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentives received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an appropriate incremental borrowing rate. Generally, Council uses an appropriate incremental borrowing rate as the Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that Council is reasonably certain to exercise, lease payments in an optional renewal period if Council is reasonably certain to exercise an extension option,

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Council has elected to apply the temporary option available under *AASB 16 Leases* which allows not-for-profit entities to not measure right-of-use assets at initial recognition at fair value in respect of leases that have significantly below-market terms.

At the reporting date, the Council had the following obligations under non-cancellable operating leases for the leases entered into prior to 1 July 2019 of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):

	2020	2019
	\$	\$
Not later than one year	18,881	76,919
Later than one year and not later than five years	73,818	74,931
Later than five years	174,302	192,667
	<u>267,001</u>	<u>344,517</u>

**Notes to Financial Report
 For the Year Ended 30 June 2020**

Note 6 Assets we manage

6.1 Property, infrastructure, plant and equipment

Summary of property, Infrastructure, plant and equipment

	At Fair Value 30-June-2019	Acquisitions	Contributions	Revaluations	Depreciation	Disposals	Transfers	At Fair Value 30-June-2020
	\$	\$	\$	\$	\$	\$	\$	\$
Land	48,655,353	250,852	36,953	781,661	-	(105,000)	-	49,619,819
Buildings	65,994,141	960,866	-	1,700,613	(2,293,320)	(295,611)	207,400	66,274,089
Plant and Equipment	5,108,325	1,293,620	-	-	(945,845)	(80,810)	22,651	5,397,941
Infrastructure	227,361,355	2,623,225	768,370	1,570,110	(5,263,743)	(889,509)	291,269	226,461,077
Works in Progress	1,056,747	2,882,483	-	-	-	-	(521,320)	3,417,910
Total	348,175,921	8,011,046	805,323	4,052,384	(8,502,908)	(1,370,930)	-	351,170,836

**Notes to Financial Report
 For the Year Ended 30 June 2020**

**6.1 Property, infrastructure, plant and equipment (Cont.)
 Summary of Works in Progress**

	Opening WIP \$	Additions \$	Transfers \$	Closing WIP \$
Buildings	362,202	754,119	(207,400)	908,921
Plant and Equipment	22,651	-	(22,651)	-
Infrastructure	671,894	2,128,364	(291,269)	2,508,989
Total	1,056,747	2,882,483	(521,320)	3,417,910

**6.1 Property, infrastructure, plant and equipment (Cont.)
 (a) Property**

	Land - specialised \$	Land - non specialised \$	Land Under Roads \$	Total Land \$	Buildings - specialised \$	Buildings - non specialised \$	Total Buildings \$	Work In Progress \$	Total Property \$
At fair value 1 July 2019	-	33,994,048	14,661,305	48,655,353	96,695,267	-	96,695,267	362,202	145,712,822
Accumulated depreciation at 1 July 2019	-	-	-	-	(30,701,126)	-	(30,701,126)	-	(30,701,126)
	-	33,994,048	14,661,305	48,655,353	65,994,141	-	65,994,141	362,202	115,011,696
Movements in fair value									
Additions	-	268,620	19,185	287,805	960,866	-	960,866	754,119	2,002,790
Revaluation increments/decrements	-	545,614	236,047	781,661	2,581,764	-	2,581,764	-	3,363,425
Disposals	-	(105,000)	-	(105,000)	(801,089)	-	(801,089)	-	(906,089)
Transfers	-	-	-	-	207,400	-	207,400	(207,400)	-
	-	709,234	255,232	964,466	2,948,941	-	2,948,941	546,719	4,460,126
Movements in accumulated depreciation									
Depreciation and amortisation	-	-	-	-	(2,293,320)	-	(2,293,320)	-	(2,293,320)
Accumulated depreciation of disposals	-	-	-	-	505,478	-	505,478	-	505,478
Revaluation increments/decrements	-	-	-	-	(881,151)	-	(881,151)	-	(881,151)
Transfers	-	-	-	-	-	-	-	-	-
	-	-	-	-	(2,668,993)	-	(2,668,993)	-	(2,668,993)
At fair value 30 June 2020	-	34,703,282	14,916,537	49,619,819	99,644,208	-	99,644,208	908,921	150,172,948
Accumulated depreciation at 30 June 2020	-	-	-	-	(33,370,119)	-	(33,370,119)	-	(33,370,119)
	-	34,703,282	14,916,537	49,619,819	66,274,089	-	66,274,089	908,921	116,802,829

**Notes to Financial Report
 For the Year Ended 30 June 2020**

6.1 Property, infrastructure, plant and equipment (Cont.)

(b) Plant and Equipment

	Heritage plant and equipment \$	Plant machinery and equipment \$	Fixtures fittings and furniture \$	Library books \$	Works in Progress \$	Total plant and equipment \$
At fair value 1 July 2019	358,172	7,931,684	2,006,018	849,455	22,651	11,167,980
Accumulated depreciation at 1 July 2019	(37,071)	(4,128,726)	(1,493,767)	(377,440)	-	(6,037,004)
	321,101	3,802,958	512,251	472,015	22,651	5,130,976
Movements in fair value						
Additions	-	987,663	217,968	87,989	-	1,293,620
Disposals	-	(296,764)	(4,929)	-	-	(301,693)
Impairment losses recognised in operating result	-	-	-	-	-	-
Transfers	-	22,651	-	-	(22,651)	-
	-	713,550	213,039	87,989	(22,651)	991,927
Movements in accumulated depreciation						
Depreciation and amortisation	(5,005)	(669,335)	(175,088)	(96,417)	-	(945,845)
Accumulated depreciation of disposals	-	215,954	4,929	-	-	220,883
	(5,005)	(453,381)	(170,159)	(96,417)	-	(724,962)
At fair value 30 June 2020	358,172	8,645,234	2,219,057	937,444	-	12,159,907
Accumulated depreciation at 30 June 2020	(42,076)	(4,582,107)	(1,663,926)	(473,857)	-	(6,761,966)
	316,096	4,063,127	555,131	463,587	-	5,397,941

**Notes to Financial Report
 For the Year Ended 30 June 2020**

**6.1 Property, infrastructure, plant and equipment (Cont.)
 (c) Infrastructure**

	Roads	Bridges	Footpaths and cycleways	Drainage	Work In Progress	Total Infrastructure
	\$	\$	\$	\$	\$	\$
At fair value 1 July 2019	219,846,854	64,706,519	12,443,388	20,664,515	671,894	318,333,170
Accumulated depreciation at 1 July 2019	(58,249,855)	(22,057,037)	(4,526,945)	(5,466,084)	-	(90,299,921)
	161,596,999	42,649,482	7,916,443	15,198,431	671,894	228,033,249
Movements in fair value						
Additions	2,480,752	163,045	308,483	439,315	2,128,364	5,519,959
Revaluation increments/decrements	-	-	(224,780)	245,322	-	20,542
Disposals	(1,734,694)	(93,744)	(116,622)	(31,192)	-	(1,976,252)
Transfers	205,123	-	-	86,145	(291,269)	(1)
	951,181	69,301	(32,919)	739,590	1,837,095	3,564,248
Movements in accumulated depreciation						
Depreciation and amortisation	(3,868,474)	(718,602)	(451,279)	(225,388)	-	(5,263,743)
Accumulated depreciation of disposals	1,007,071	33,751	36,401	9,520	-	1,086,743
Revaluation increments/decrements	-	-	1,866,498	(316,930)	-	1,549,568
	(2,861,403)	(684,851)	1,451,620	(532,798)	-	(2,627,432)
At fair value 30 June 2020	220,798,035	64,775,820	12,410,469	21,404,105	2,508,989	321,897,418
Accumulated depreciation at 30 June 2020	(61,111,258)	(22,741,888)	(3,075,325)	(5,998,882)	-	(92,927,353)
	159,686,777	42,033,932	9,335,144	15,405,223	2,508,989	228,970,065

Acquisition

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

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

In accordance with Council's policy, the threshold limits detailed below have been applied when recognising assets within an applicable asset class. These are consistent with the prior year.

Asset recognition thresholds and depreciation periods

	Depreciation Years	Threshold Limit
Land		1
Land under roads		1
Buildings	30 to 80	5,000

Plant and Equipment		\$
fixtures, fittings and furniture	4 to 20	2,000
computers and telecommunicatic	4 to 10	2,000
heritage and cultural	20 to 200	1,000
library materials	3 to 10	1,000
plant ,machinery and equipment	3 to 15	2,000

Infrastructure

bridges	30 to 100	7,500
drainage	50 to 100	5,000
footpaths and cycleways	20 to 70	5,000
road formations and earthworks	100 to 200	5,000
road pavements	20 to 40	5,000

Land under roads

Council recognises land under roads it controls at fair value.

Depreciation and amortisation

Buildings, 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 infrastructure 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.

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

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

Repairs and maintenance

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

**Notes to Financial Report
 For the Year Ended 30 June 2020**

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

Valuation of land and buildings

Valuation of land and buildings were undertaken at 30 June 2019 by a qualified independent valuers Lackaln Black APV Valuers and Asset Management valuer registration number 66132 and Josh Franklin valuer registration number 102257. 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.

Land under roads is valued at fair value. Fair value is based on valuations at 30 June 2018 for land under roads in existence at that date, 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. Valuation of land under roads was undertaken by a qualified independent valuer Marcus Hann valuer registration number 62901.

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

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2020 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
	\$	\$	\$	
Land	-	34,703,282	-	30-June-2019
Land Under Roads	-	-	14,916,537	30-June-2018
Buildings	-	-	66,274,089	30-June-2019
Total	-	34,703,282	81,190,626	

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

Valuation of infrastructure

Valuation of infrastructure assets has been determined in accordance with a valuation undertaken as detailed in the following table. An indexed based revaluation was conducted using ABS data for all infrastructure asset classes not fully revalued in the current year. Infrastructure assets are fully revalued every 3-5 years.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2020 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation	Valuer
	\$	\$	\$		
Roads	-	-	159,686,777	01-July-2017	Council Officer John Canny A.A.I.Q.S
Bridges	-	-	42,033,932	30-June-2019	Jian Zhao MIE Aust
Footpaths and cycleway	-	-	9,335,144	31-March-2020	John Olson FIEAust (HDS Australia) & Jian Zhao MIE Aust
Drainage	-	-	15,405,223	31-March-2020	Richard Medhurst (HDS Australia) & Jian Zhao MIE Aust
Total	-	-	226,461,076		

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 25% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$1 and \$295 per square metre.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement cost is calculated on a square metre basis and range from \$100 to \$15,000 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 8 years to 80 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. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 20-200 years. Replacement cost are 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.

	2020	2019
	\$	\$
Reconciliation of specialised land		
Land under roads	14,916,537	14,661,305
Total specialised land	<u>14,916,537</u>	<u>14,661,305</u>

6.2 Investment in associates, joint arrangements and subsidiaries

Committees of management

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

**Notes to Financial Report
 For the Year Ended 30 June 2020**

Note 7 People and relationships

7.1 Council and key management remuneration

2020
No.

2019
No.

(a) Related Parties

Parent entity
 Murrumbidgee Council is the parent entity

Subsidiaries and Associated
 There are no subsidiaries and associates

(b) Key Management Personnel

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

Councillors

Councillor - Leigh Dunscombe - Mayor
 Councillor - Margaret Rae - Deputy Mayor
 Councillor - Charlotte Bisset
 Councillor - Eric Lording
 Councillor - Jackie Ashe
 Councillor - Rebecca Bowles
 Councillor - Sandice McAulay

Officers

Chief Executive Officer - Craig Lloyd
 Director Community Engagement - Shivaun Brown
 Director Corporate and Community Services - Michael Chesworth
 Director Assets and Development Services - Stuart McConnell (1-7-2019 to 6-9-2019)
 Director Assets and Development Services - Vito Albicini (from 9-9-2019)

Total Number of Councillors

7 7

Chief Executive Officer and other Key Management Personnel

5 4

Total Key Management Personnel

12 11

(c) Remuneration of Key Management Personnel

Total remuneration of key management personnel was as follows:

Short-term benefits	920,455	902,163
Post-employment benefits including termination benefits	66,158	67,814
Long-term benefits	12,851	21,847
Total	999,464	991,824

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

\$20,000 - \$29,999	5	5
\$30,000 - \$39,999	1	1
\$40,000 - \$49,999	1	-
\$60,000 - \$69,999	1	1
\$100,000 - \$109,999	1	-
\$170,000 - \$179,999	-	1
\$180,000 - \$189,999	1	1
\$200,000 - \$209,999	1	1
\$260,000 - \$269,999	1	1
	12	11

**Notes to Financial Report
 For the Year Ended 30 June 2020**

7.1 Council and key management remuneration (Cont.)

(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 \$151,000

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

Income Range:	2020 No.	2019 No.
\$150,000 - \$159,999	3	1
\$160,000 - \$169,999	1	1
\$200,000 - \$210,999	1	-
\$230,000 - \$239,999	-	1
Total Senior Officers	5	3
	\$	\$

Total Remuneration for the reporting year for Senior Officers included above, amounted to:

661,115	548,751
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7.2 Related party disclosure

(a) Transactions with related parties

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

1. Outdoor Education Group - 2 Transactions totalling \$27,500 relating to a Business & Tourism Innovation Grant for Fundraising Approaches, 1 transaction totalling \$110 relating to a leadership camp deposit, 1 transaction totalling \$1318.10 relating to a refund of a Planning Permit fee & 3 transactions totalling \$2,039.50 relating to refunds of health registration fees.

2. Fisher Leadership - 3 Transactions totalling \$60,588 relating to a contractor costs for temporary Director of Assets & Development, 1 Transaction totalling \$29,618 relating to permanent placement fee for Director of Assets & Development

All transactions relate to entities that are controlled or jointly controlled by Key Management Personnel or close family members. These transactions were made at arm's length with the appropriate delegation, and any conflict of interest appropriately declared and reported.

(b) Outstanding balances with related parties

No balances were outstanding at the end of the reporting period in relation to transactions with related parties

(c) Loans to/from related parties

No loans are in existence as at 30 June 2020 between Council and any related party, nor were any loan transactions entered into during the 2019/20 financial year.

(d) Commitments to/from related parties

No commitments are in existence as at 30 June 2020 between Council and any related party, nor were any commitments made during the 2019/20 financial year.

Note 8 Managing uncertainties

8.1 Contingent liabilities and contingent assets

(a) Contingent assets

There were no contingent assets as at 30 June 2020 (2019 Nil)

Operating lease receivables

The Council has entered into commercial property leases of its Caravan Parks and other property assets. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 99 years.

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

	2020	2019
	\$	\$
Not later than one year	254,838	201,341
Later than one year and not later than five years	689,112	696,108
Later than five years	1,448,402	1,550,485
	<u>2,392,352</u>	<u>2,447,934</u>

(b) Contingent liabilities

Superannuation

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme. Matters relating to this potential obligation are outlined in note 9.3. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists.

Legal Liabilities

As these matters are yet to be finalised, and the financial outcomes are unable to be reliably estimated, no allowance for these contingencies has been made in the financial report.

Landfill

Council operates a landfill. Council will have to carry out site rehabilitation works in the future. At balance date Council is unable to accurately assess the financial implications of such works.

As these matters are yet to be finalised, and the financial outcomes are unable to be reliably estimated, no allowance for these contingencies has been made in the financial report.

MAV Workcare

Council is a participant of the MAV WorkCare Scheme. The MAV WorkCare Scheme provides workers compensation insurance. The MAV WorkCare Scheme states that each participant will remain liable to make further contributions to the scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the participant remains a participant in future insurance years

8.2 Change in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2020 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.

AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) (applies 2020/21 for LG Sector)

AASB 1059 addresses the accounting for a service concession arrangement by a grantor that is a public sector entity by prescribing the accounting for the arrangement from the grantor's perspective. It requires the grantor to:

- recognise a service concession asset constructed, developed or acquired from a third party by the operator, including an upgrade to an existing asset of the grantor, when the grantor controls the asset;
- reclassify an existing asset (including recognising previously unrecognised identifiable intangible assets and land under roads) as a service concession asset when it meets the criteria for recognition as a service concession asset;
- initially measure a service concession asset constructed, developed or acquired by the operator or reclassified by the grantor at current replacement cost in accordance with the cost approach to fair value in *AASB 13 Fair Value Measurement*. Subsequent to the initial recognition or reclassification of the asset, the service concession asset is accounted for in accordance with *AASB 116 Property, Plant and Equipment* or *AASB 138 Intangible Assets*, as appropriate, except as specified AASB 1059;
- recognise a corresponding liability measured initially at the fair value (current replacement cost) of the service concession asset, adjusted for any other consideration between the grantor and the operator; and
- disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of assets, liabilities, revenue and cash flows arising from service concession arrangements.

Based on the Council's current assessment, there is expected to be no impact on the transactions and balances recognised in the financial statements as the Council is not a grantor in a service concession arrangement.

8.3 Financial Instruments

(a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables excluding statutory receivables and payables including bank borrowings but excluding statutory payables. Details of the significant accounting policies and methods are disclosed in Note 1 of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

(b) Market risk

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

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Council 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 been significant during the year but have not a material impact on the Council's year end result.

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss.

Council has exposure to credit risk on all 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 a recognised credit rating specified in the investment policy.

Receivables consist of a large number of customers, spread across the consumer, business and government sectors. Credit risk associated with the Council's financial assets is minimal because the major 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 provides a guarantee for another party. Details of our contingent liabilities are disclosed in note 8.1(b).

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

8.3 Financial Instruments (Cont.)

(d) Liquidity risk

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

To help reduce these risks Council:

- has an investment policy which requires that only surplus funds are invested in financial assets;
- 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; and
- sets limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

Council's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

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

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 5.4.

Unless otherwise stated, the carrying amount 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, the Council believes that no movement is expected over the next 12 months.

8.4 Fair value measurement

Fair value hierarchy

Council's financial assets 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

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 on the basis of the nature, characteristics and risks of the asset 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, furniture and equipment, library books and heritage assets, 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, 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 on an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed in Note 6.2, Property, infrastructure, plant and equipment.

In addition, Council undertakes a formal revaluation of land, buildings and infrastructure assets on a regular basis ranging from 3 to 5 years. The valuation is performed either by experienced council officers or an independent expert valuer.

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 this 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 to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

8.5 Events occurring after balance date

In July 2020, the Victorian State Government imposed further lockdown restrictions on the state as a result of a second wave of the COVID-19 pandemic commencing. Due to the inherent uncertainty surrounding the duration of such restrictions it is not possible for Council to estimate the full impact on Council's operations, financial position and cashflow at this point in time. This being the case it is not considered practical to provide quantitative or qualitative estimates on the potential financial impacts of the second wave at this time. Accordingly, no adjustments have been made at balance date to reflect ongoing uncertainties surrounding the COVID-19 pandemic.

Council will continue to monitor both the financial and non-financial impacts of COVID-19 on its operations and has put in place mitigating strategies where possible to ensure Council is well positioned to respond to future events whilst continuing as a going concern.

Note 9 Other Matters

9.1 Reserves

	2020 \$	2019 \$
Asset revaluation reserves (a)	231,594,639	227,542,255
Other reserves (b)	20,176,517	19,338,515
	<u>251,771,156</u>	<u>246,880,770</u>

	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
(a) Asset revaluation reserves	\$	\$	\$
2020			
Property			
Land	29,324,938	545,614	29,870,552
Land under roads	11,075,405	236,047	11,311,452
Buildings	31,207,036	1,700,613	32,907,649
	<u>71,607,379</u>	<u>2,482,274</u>	<u>74,089,653</u>
Infrastructure			
Bridges	11,119,518	-	11,119,518
Drainage	10,748,846	(71,608)	10,677,238
Footpaths and cycleways	5,961,092	1,641,718	7,602,810
Roads	128,105,420	-	128,105,420
	<u>155,934,876</u>	<u>1,570,110</u>	<u>157,504,986</u>
Total Asset revaluation reserves	<u>227,542,255</u>	<u>4,052,384</u>	<u>231,594,639</u>
2019			
Property			
Land	26,239,061	3,085,877	29,324,938
Land under roads	11,075,405	-	11,075,405
Buildings	28,398,304	2,808,732	31,207,036
	<u>65,712,770</u>	<u>5,894,609</u>	<u>71,607,379</u>
Infrastructure			
Bridges	8,638,425	2,481,093	11,119,518
Drainage	10,748,846	-	10,748,846
Footpaths and cycleways	5,961,092	-	5,961,092
Roads	128,105,420	-	128,105,420
	<u>153,453,783</u>	<u>2,481,093</u>	<u>155,934,876</u>
Total Asset revaluation reserves	<u>219,166,553</u>	<u>8,375,702</u>	<u>227,542,255</u>

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

**Notes to Financial Report
 For the Year Ended 30 June 2020**

	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
	\$	\$	\$	\$
9.1 Reserves (cont.)				
(b) Other reserves				
2020				
Statutory Reserves				
Public Open Space	565,204	31,500	(40,374)	556,330
Discretionary Reserves				
Defined Benefits Superannuation	1,200,000	-	-	1,200,000
Gifted and Novated Assets	920,000	-	(219,052)	700,948
Infrastructure Contributions Parking	41,080	-	-	41,080
Infrastructure Balance MAP funding	498,428	-	-	498,428
Infrastructure Maintenance	1,040,130	-	-	1,040,130
Infrastructure	4,921,996	134,577	(141,095)	4,915,478
Landfill and Waste Management	9,687,748	1,752,678	(547,224)	10,893,202
Marysville Caravan Park	143,674	50,882	(42,999)	151,557
Marysville Community Fund	63,531	-	(63,531)	-
Shaw Avenue Redevelopment	43,752	-	-	43,752
Yea Caravan Park	33,593	28,872	(29,583)	32,882
Yea Saleyards	179,379	150,703	(227,352)	102,730
Total Other reserves	19,338,515	2,149,212	(1,311,210)	20,176,517

	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
	\$	\$	\$	\$
2019				
Statutory Reserves				
Public Open Space	487,004	78,200	-	565,204
Discretionary Reserves				
Defined Benefits Superannuation	1,200,000	-	-	1,200,000
Gifted and Novated Assets	920,000	-	-	920,000
Infrastructure Contributions Parking	41,080	-	-	41,080
Infrastructure Balance MAP funding	498,428	-	-	498,428
Infrastructure Maintenance	1,040,130	-	-	1,040,130
Landfill and Waste Management	7,784,511	3,797,894	(1,894,657)	9,687,748
Marysville Caravan Park	89,122	76,472	(21,920)	143,674
Infrastructure	4,830,511	75,441	-	4,905,952
Marysville Community Fund	63,531	-	-	63,531
Road Maintenance - Subdividers Contribution	16,044	-	-	16,044
Shaw Avenue Redevelopment	43,752	-	-	43,752
Yea Caravan Park	-	43,379	(9,786)	33,593
Yea Saleyards	62,176	536,731	(419,528)	179,379
Total Other reserves	17,076,289	4,608,117	(2,345,891)	19,338,515

9.1 Reserves (cont.)

Public Open Space: represents payments from subdividers as specified under the Subdivisions Act, to fund future creation of areas of recreational land.

Defined Benefits: been created to assist in meeting obligations for future funding calls from the Vision Super Defined Benefits Superannuation Fund.

Gifted and Novated Assets: contains the balance of funds that were held by (VBRRA) the Victorian Bushfire Recovery and Reconstruction Authority for reconstruction projects in Murrindindi Shire when the Authority closed. The funds (also known as VBBRA Cessation funds) were transferred by the State Government to Council as further assistance for the new assets gifted after the 2009 bushfires.

Infrastructure Contributions: represents payments from Subdividers set aside for future infrastructure works relating to provision of car parking.

Infrastructure Balance MAP Funding: represents the final payment received from State Government related to the Murrindindi Assistance Package.

Infrastructure Maintenance: represents funds set aside for addressing council's long term infrastructure renewal obligations.

Infrastructure: has been established as an accumulation fund to plan for the future investment in community infrastructure. Any unallocated savings from the annual capital works program will be transferred to this reserve. The reserve is the consolidation of two previous reserves which had similar objectives – the Infrastructure Unexpended Capital Works reserve and the New and Expanded Assets Reserve.

Landfill and Waste Management: represents funds set aside for rehabilitation of Landfill site. The reserve is to be utilised for future works to maximise life of the landfill site (e.g. cell construction, cell capping and Leachate management over the next 10 years)re

Marysville Caravan Park: is surplus operational funds (rental) set aside for future capital works or operational requirements.

Marysville Community Fund contains funds set aside from the sale of Council land associated with the prior Marysville Retirement Village which are available for reinvestment in infrastructure or programs in Marysville.

Shaw Avenue: represents remaining funds from Council land sales at Shaw Avenue in 2003.

Yea Caravan Park: is surplus operational funds (rental) set aside for future capital works or operational requirements..

Yea Saleyards: is surplus operational funds set aside for future capital works or operational requirements.

9.2 Reconciliation of cash flows from operating activities to surplus

	2020	2019
	\$	\$
Surplus for the financial year	(761,994)	4,180,215
Depreciation and amortisation	9,268,082	9,651,368
Contributions - non-monetary	(805,323)	(1,649,478)
Finance Costs	39,453	58,422
(Gain)/loss on disposal of property, plant and equipment, infrastructure	1,293,184	855,328
Change in assets and liabilities:		
(Increase)/Decrease in trade and other receivables	337,735	(93,267)
(Increase)/Decrease in inventories	6,146	(1,564)
(Increase)/Decrease in other current assets	145,942	(60,671)
Increase/(Decrease) in trade and other payables	1,227,884	(862,037)
Increase/(Decrease) in trust funds and deposits	267,415	86,256
Increase/(Decrease) unearned income	479,566	-
Increase/(Decrease) in provisions	333,580	(654,297)
Net cash provided by operating activities	<u>11,831,670</u>	<u>11,510,275</u>

9.3 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 My Super/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings for the year ended 30 June 2020, 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 Murrumbidgee Shire Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2021 is \$51,000.

Funding Arrangements

Murrumbidgee Shire Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary.

A triennial actuarial review is currently underway for the Defined Benefits category as at 30 June 2020 and is expected to be completed by 31 December 2020.

As at 30 June 2019, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 107.1%. The financial assumptions used to calculate the VBIs were:

Net investment returns	6.0% pa
Salary information	3.5% pa
Price inflation (CPI)	2.0% pa

Vision Super has advised that the estimated VBI at 30 June 2020 was 104.6%.

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2019 interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Employer contributions

Regular contributions

On the basis of the results of the 2017 full 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 2020, this rate was 9.5% of members' salaries (9.5% in 2018/2019). This rate is expected to increase in line with any increase to the SG contribution rate and be reviewed as part of the 30 June 2020 triennial valuation.

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

9.3 Superannuation (Cont.)

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 2019 interim actuarial investigation surplus amounts.

An actuarial investigation is conducted annually for the Defined Benefit category of which Council is a contributing employer. Generally, a full actuarial investigation conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2019 and a full actuarial investigation was conducted as at 30 June 2017. The Fund's actuarial investigations identified the following for the Defined Benefit category:

	2019	2017
	\$m	\$m
A VBI surplus	151.3	69.8
A total service liability surplus	233.4	193.5
A discounted accrued benefits surplus	256.7	228.8

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 2019. 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 the expected future benefits and expenses as at June 2019.

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 2019

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 2019.

Council was notified of the 30 June 2019 VBI during August 2019.

The 2020 triennial actuarial investigation

A triennial actuarial investigation is being conducted for the Fund's position as at 30 June 2020. It is anticipated that this actuarial investigation will be completed by 31 December 2020. The financial assumptions for the purposes of this investigation are:

	2020	2017
	Triennial investigation	Triennial investigation
Net investment return	5.6% pa	6.5% pa
Salary inflation	2.50 % pa for the first two years and 2.75% pa thereafter	3.5% pa
Price inflation	2.0% pa	2.5% pa

Enterprise bargaining agreement

Staff employed under Councils Enterprise Bargaining Agreement are entitled to additional superannuation depending on years of service as outlined below;

- Years of service between 10- 15 1%
- Years of service greater than 15 2%

9.4 Impact of COVID 19 pandemic

On 30 January 2020, COVID 19 was declared as a global pandemic by the world health organisation. The impacts were disruptive and significant, but do not cast any doubt on the ability of the entity to continue as a going concern. Various measures were taken to reduce the spread of COVID-19. initiatives were implement to assist the community to mitigate the financial and social impacts. Council operations for the financial year ended 30 June 2020 were impacted in the following areas:

Libraries and communities halls were closed. These closures resulted in a decrease in the council user fee revenue by \$10,000.

Commercial rent agreements were paused from 1/3/2020. This resulted in a decrease in rent revenue of \$45,000.

Health registration fees for the year were waived. This resulted in an expense of \$70,000.

Deferral of rates revenue collection and the introduction of an interest free period cost an estimated \$20,000. This has contributed to the rate debtor balance as at 30 June 2020 increasing by \$530,000 compared to last year.

An additional \$300,000 of expenses were incurred for extra items including, extra cleaning, erection and maintaining of barriers around closed facilities, vehicle rental to ensure appropriate social distancing, software, hardware and telecommunications to enable working from home.

The Covid 19 pandemic was a consideration to judgements and assumptions made by management in the application of AAS's that have significant effects on the financial statements and estimates particularly in relation to the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.1). At reporting date any material impact was not apparent. Council's largest asset class, roads will be revalued during 2020/21.

Note 10 Change in accounting policy

Council has adopted AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income of Not-for-Profit Entities*, from 1 July 2019. This has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

Due to the transition methods chosen by Council in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards except in relation to contracts that were not complete at 1 July 2019. The transition impact of these are detailed below.

a) AASB 15 Revenue from Contracts with Customers - Impact of Adoption

AASB 15 *Revenue from Contracts with Customers* applies to revenue transactions where Council provides services or goods under contractual arrangements.

Council adopted AASB 15 *Revenue from Contracts with Customers* using the modified (cumulative catch up) method. Revenue for 2019 as reported under AASB 118 *Revenue* is not adjusted, because the new standard is only applied from the date of initial application.

AASB 15 *Revenue from Contracts with Customers* requires revenue from contracts with customers to be recognised as Council satisfies the performance obligations under the contract.

b) AASB 16 Leases

AASB 16 *Leases* requires right of use assets and related liabilities for all lease agreements to be recognised on the balance sheet. The Statement of Comprehensive Income is to separately recognise the amortisation of the right of use asset, and the finance costs relating to the lease. Council has elected to adopt the modified (cumulative catch up) method under the standard and as such has not adjusted 2019 disclosures.

c) AASB 1058 Income of Not-for-Profit Entities

AASB 1058 *Income of Not-for-Profit Entities* applies to income received where no contract is in place. This includes statutory charges (such as rates) as well as most grant agreements.

Council adopted AASB 1058 *Income of Not-for-Profit Entities* using the modified (cumulative catch up) method. Income for 2019 is not adjusted, because the new standard is only applied from the date of initial application.

AASB 1058 *Income of Not-for-Profit Entities* requires income to be recognised as Council satisfies the performance obligations under the contract.

d) Transition impacts

The following table summarises the impact of transition to the new standards on retained earnings at 1 July 2019.

	2019
	\$
Retained earnings at 30 June 2019	133,160,468
Revenue adjustment - impact of AASB 15 <i>Revenue from Contracts with Customers</i>	-
Income Adjustment - impact of AASB 1058 <i>Income of Not-for-Profit Entities</i>	-
Retained earnings at 1 July 2019	<u>133,160,468</u>

Murrindindi Shire Council
Performance Statement
For the Year Ended
30-June-2020

Description of Municipality

Murrindindi Shire Council ("the Council") is situated 150 kms or 90 minutes north-east of Melbourne.

The Wurundjeri tribe and the Taungurung language speakers are the traditional owners of the land known as the Shire of Murrindindi. European settlement followed Hume and Hovell's overland exploration in December 1824. Many local towns were established during the 1850s and 1860s following the discovery of gold.

The Murrindindi Shire Council was declared on 18 November 1994 by the amalgamation of the former municipalities of Alexandra and Yea, and the addition of parts of the former municipalities of Healesville, Broadford, Eltham, Whittlesea and Euroa.

The main industries of the Shire include agriculture, aquaculture, horticulture, forestry and timber processing, tourism and hospitality, light manufacturing and engineering, retail and trades services, education and public services.

The council covers an area of 3,873 square kilometres, of which 48% is Crown land, and has a population of 14,570 as of the most recent Australian Bureau of Statistics update.

PERFORMANCE STATEMENT
Sustainable Capacity Indicators

<i>Indicator / measure</i> [formula]	Results 2017	Results 2018	Results 2019	Results 2020	Material Variations
Population					
<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$2,336.32	\$2,308.21	\$2,494.86	\$2,636.22	
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$19,937.14	\$21,943.37	\$21,700.64	\$20,696.71	
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	11.25	11.43	11.68	12.03	
Own-source revenue					
<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,701.02	\$1,737.85	\$1,805.32	\$1,765.15	
Recurrent grants					
<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$731.86	\$610.62	\$584.98	\$569.74	
Disadvantage					
<i>Relative Socio-Economic Disadvantage</i> [Index of Relative Socio-Economic Disadvantage by decile]	6	6	6	6	
Workforce turnover					
<i>Percentage of staff turnover</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	11.8%	9.1%	13.3%	31.8%	Increase in staff turnover in 2019/20 was due to Council's decision to withdraw from providing Aged & Disability Services.

PERFORMANCE STATEMENT

Service Performance Indicators					
Service/indicator /measure	Results 2017	Results 2018	Results 2019	Results 2020	Material Variations
Aquatic Facilities Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	1.30	1.42	1.53	0.97	The 19/20 season was impacted by higher percentage of pool closure days due to storm damage, EPA smoke warnings and mechanical faults. These issues account for the decline in participation.
Animal Management Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	New in 2020	New in 2020	New in 2020	0%	
Food Safety Health and safety <i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	100.00%	100.00%	100.00%	100.00%	
Governance Satisfaction <i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	41.00	45.00	55.00	53.00	This community satisfaction rating has reduced slightly but is still substantially higher than past results in 2016, 2017 and 2018.
Libraries Participation <i>Active library borrowers in municipality</i> [Number of active library borrowers in the last three years / The sum of the population for the last three years] x100	40.25%	20.61%	22.08%	20.04%	Physical visits to the libraries are down overall due to pandemic-related closures, and this has resulted in less borrowing and therefore fewer active users.

PERFORMANCE STATEMENT

Service/indicator/measure	Results 2017	Results 2018	Results 2019	Results 2020	Material Variations
Maternal and Child Health (MCH) Participation <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100 Participation <i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	98.36%	100.00%	86.75%	82.11%	Client participation rate has varied, largely due to the impact of COVID-19. Telehealth consultations have been occurring across all non-critical KAS consultations.
[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100 [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	100.00%	100.00%	89.19%	89.47%	The Service has excelled in maintaining engagement with Aboriginal children and their families.
Roads Satisfaction <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	46.00	42.00	48.00	50.00	
Statutory Planning Decision making <i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	66.67%	66.67%	100.00%	0.00%	Council did not have any planning decisions referred to VCAT in 2019/20.
Waste Collection Waste diversion <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	36.30%	34.92%	34.09%	33.59%	

PERFORMANCE STATEMENT

Financial Performance Indicators

Dimension/ <i>indicator</i> / <i>measure</i>	Results	Results	Results	Results	Forecasts				Material Variations
	2017	2018	2019	2020	2021	2022	2023	2024	
Efficiency									
Expenditure level									
<i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$3,331.23	\$3,358.70	\$3,645.23	\$3,848.67	\$3,539.28	\$3,522.39	\$3,555.19	\$3,574.26	
Revenue level									
<i>Average rate per property assessment</i> [General rates and Municipal charges / Number of property assessments]	New in 2020	New in 2020	New in 2020	\$1,801.56	\$1,803.01	\$1,835.75	\$1,868.75	\$1,901.79	
Liquidity									
Working capital									
<i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	537.67%	471.11%	590.22%	520.81%	468.17%	439.82%	445.89%	451.24%	The trend continues to decrease as Council pays off existing loans while not taking out any new loans.
Unrestricted cash									
<i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	53.47%	73.14%	12.91%	186.28%	397.14%	368.40%	373.35%	378.17%	Council has significant cash holding in term deposits, which are classified as 'financial assets' in our Balance Sheet (\$22.0 million). Although these term deposits are liquid, these cash holdings are excluded from the calculation which understates Council's actual unrestricted cash position. The significant increase the unrestricted cash result for 2019-20 is due to Council having less cash in term deposits at 30 June than the previous year.

PERFORMANCE STATEMENT									
PERFORMANCE STATEMENT									
Dimension/indicator/measure	Results 2017	Results 2018	Results 2019	Results 2020	Forecasts				Material Variations
					2021	2022	2023	2024	
Obligations									
Loans and borrowings									
<i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	7.06%	4.98%	3.25%	2.24%	1.40%	0.72%	0.15%	0.00%	The trend continues to decrease as Council pays off existing loans while not taking out any new loans.
<i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	4.12%	2.28%	1.84%	1.07%	0.95%	0.71%	0.58%	0.15%	The trend continues to decrease as Council pays off existing loans while not taking out any new loans.
Indebtedness									
<i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x100	29.47%	27.74%	22.86%	24.55%	24.02%	21.84%	20.15%	18.70%	
Asset renewal and upgrade									
<i>Asset renewal and upgrade compared to depreciation</i> [Asset renewal and asset upgrade expense / Asset depreciation] x100	New in 2020	New in 2020	New in 2020	80.03%	83.04%	106.06%	91.12%	72.05%	
Operating position									
Adjusted underlying result									
<i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	6.25%	3.11%	1.63%	-7.53%	-4.83%	-2.38%	-3.36%	-3.35%	Council's underlying deficit in 2019/20 is due to an increase in the landfill provision and the written down value of assets disposed. With out these two accounting adjustments, Council would have had an underlying surplus.
Stability									
Rates concentration									
<i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100	55.45%	58.66%	55.94%	59.89%	63.81%	63.67%	64.74%	65.46%	
Rates effort									
<i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.47%	0.48%	0.44%	0.41%	0.41%	0.41%	0.41%	0.41%	

Basis of preparation

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

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

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

The forecast figures included in the performance statement are based on the assumptions adopted by council in its budget and strategic resource plan on 24 June 2020. The budget and strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. Council's budget and strategic resource plan are available on Council's website (www.murrumbidgee.vic.gov.au) or copies are available in all three of Council's offices.

Definitions

"Aboriginal child" means a child who is an Aboriginal person

"Aboriginal person" has the same meaning as in the Aboriginal Heritage Act 2006

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

"adjusted underlying revenue" means total income other than -

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

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

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

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

"CALD" means culturally and linguistically diverse and refers to persons born outside Australia in a country whose national language is not English

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

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

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

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

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

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

"food premises" has the same meaning as in the *Food Act 1984*

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

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

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

"MCH" means the Maternal and Child Health Service provided by Council to support the health and development of children within the municipality from birth until school age

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

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

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

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

"population" means the resident population estimated by Council

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

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

"relative socio-economic disadvantage", in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage of SEIFA

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

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

"SEIFA" means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its website

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

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

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

Certification of the Performance Statement

In my opinion, the accompanying performance statement has been prepared in accordance with the *Local Government Act* 1989 and the Local Government (Finance and Reporting) Regulations 2014.

Graham Haylock CPA
Principal Accounting Officer

Date :
Alexandra

In our opinion, the accompanying performance statement of Murrindindi Shire Council for the year ended 30 June 2020 presents fairly the results of council's performance in accordance with the Local Government Act 1989 and the Local Government (Planning and Reporting) Regulations 2014.

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

At the date of signing, we are not aware of any circumstances that would render any particulars in the performance statement to be misleading or inaccurate.

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

Leigh Dunscombe
Mayor

Date :
Alexandra

Margaret Rae
Councillor

Date :
Alexandra

Craig Lloyd
Chief Executive Officer

Date :
Alexandra



Murrindindi
Shire Council

Subject to Confirmation

MINUTES
of the
AUDIT AND RISK COMMITTEE MEETING
THURSDAY 10 SEPTEMBER 2020
at
This meeting was held virtually (as per *COVID-19 Omnibus (Emergency Measures) Act 2020*, passed by Victorian Parliament on 23 April 2020)
1.00 pm

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Subject to Confirmation

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10 September 2020

The Chief Executive Officer will open and chair the meeting until an Acting Chairperson is nominated in item 4.

1. PRESENT/APOLOGIES

Present:

- Cr Margaret Rae
- Cr Sandice McAulay
- Claude Baxter (Acting Chair from Item 5)
- Ian McKaskill
- Craig Nisbet

Apologies:

- Cr Leigh Dunscombe
- Tara Carter, Manager Governance and Risk
- Patrick Angseesing

In attendance:

- Craig Lloyd, Chief Executive Officer (acting Chair to Item 5)
- Michael Chesworth, Director Corporate and Shared Services
- Vito Albicini, Director Assets and Development
- Shivaun Brown, Director Community Engagement
- Kathie Teasdale, RSD Audit
- Kapil Kukreja, HLB Mann Judd
- Paul Harrison, RSD Audit
- Graham Haylock, Manager Business Services

2. DECLARATIONS OF INTEREST

Nil.

3. AUDIT AND RISK COMMITTEE CHARTER AND MEMBERSHIP

Attachment(s): Audit and Risk Committee Charter (refer Attachment 3)

In opening this first meeting of the new Audit and Risk Committee it is noted that Council adopted the attached Audit and Risk Committee Charter at its 22 July 2020 Ordinary Meeting.

Council subsequently resolved to establish the Audit and Risk Committee and to appoint the following members to the Committee:

- Councillor Margaret Rae

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- Councillor Sandice McAulay
- External member - Mr Craig Nisbet for a term ending 30 June 2023
- External Member - Mr Ian McKaskill for a term ending 30 June 2022
- External member - Mr Claude Baxter for a term ending 30 June 2021.
- Mr Patrick Angseesing as an observer to Council's Audit and Risk Committee for a term ending 30 June 2021.

Noted by the Committee

4. NOMINATION OF CHAIRPERSON OF THE AUDIT AND RISK COMMITTEE

As per the Committee Charter, the Chairperson of the Audit and Risk Committee shall be appointed from the external members of the Committee by the Council, upon recommendation of a nominee from the Committee.

The term of the Chairperson is 12 months, with a maximum of three consecutive years with a break of at least one year if three consecutive terms have been served. The term of the Chairperson is to commence in the first quarter of each financial year.

It is noted that outgoing Chairperson Mr Claude Baxter has served one year as Chairperson of the former Audit and Risk Advisory Committee and is eligible for nomination.

It is therefore appropriate to now call for nominations for the Chairperson of the Committee for the 2020/21 financial year. It is noted that until such time as the election result is endorsed by Council at the September 2020 Scheduled Council Meeting, the Chairperson nominated will be in an Acting capacity only.

RESOLUTION

I McKaskill / C Nisbet

That it be recommended to Council at the September 2020 Scheduled Council Meeting that Claude Baxter be endorsed as the Chairperson of the Audit and Risk Committee.

CARRIED

Claude Baxter as Acting Chairperson took the Chair for the remainder of the meeting.

5. CONFIRMATION OF MINUTES

5.1 Minutes of the Audit and Risk Advisory Committee Meeting held on 5 May 2020.

Officer Recommendation

That the Minutes of the Audit and Risk Advisory Committee Meeting held on 5 May 2020 be confirmed.

RESOLUTION

Cr M Rae / I McKaskill

That the Minutes of the Audit and Risk Advisory Committee Meeting held on 5 May 2020 be confirmed.

CARRIED

6. REVIEW ANY BUSINESS ARISING FROM PREVIOUS MINUTES

Nil.

7. RISK MANAGEMENT

7.1 CHIEF EXECUTIVE OFFICER QUESTIONNAIRE

Attachment(s): Chief Executives Questionnaire to Directors – 31 August 2020 – CEO (refer Attachment 7.1)

The Chief Executive Officer will present this at the meeting.

Officer Recommendation

That the Audit and Risk Committee note the Chief Executive Officer's Questionnaire to Directors.

RESOLUTION

Cr S McAulay / C Nisbet

That the Audit and Risk Committee note the Chief Executive Officer's Questionnaire to Directors.

CARRIED

7.2 CHIEF EXECUTIVE OFFICER UPDATE

The Chief Executive Officer will provide a verbal update on the following matters:

- Council Election and Election Period Policy
- COVID 19 Pandemic and Council's Business Continuity Arrangements
- Staff Satisfaction Survey Results.

Officer Recommendation

That the Audit and Risk Committee note the Chief Executive Officer's update.

RESOLUTION

I McKaskill / Cr M Rae

That the Audit and Risk Committee note the Chief Executive Officer's update.

CARRIED

7.3 REVIEW RISK MANAGEMENT FRAMEWORK AND POLICY

Attachment(s): Enterprise Risk Management Policy (refer Attachment 7.3a)
Example of Operational Risk Register Reporting – CAMMS
(Attachment 7.3b)

Purpose

This report provides an opportunity for the Audit and Risk Advisory Committee to review and advise Council on the adequacy of Council's Risk Management Policy and Framework.

Officer Recommendation

That the Audit and Risk Advisory Committee note the progress on the Risk Management Implementation Plan.

Background

A comprehensive internal audit of Council's approach to enterprise risk management was undertaken by HLB Mann Judd and reported to the Audit and Risk Advisory Committee Meeting (Committee) in May 2019.

The audit revealed evidence of positive business practices in regard to Council's risk management framework, across the following areas:

- roles and responsibilities for risk management were clearly defined
- risk management considers organisational and contextual factors and is integrated into daily operational processes
- risk management is integrated into governance structures and strategic management processes
- risk management processes and practices were implemented effectively
- risk management profile reflects the business objectives and strategic directions of Council.

The audit however identified several areas for improvement to strengthen Council's risk management framework. The report provided an implementation plan and timelines for improvement which as was endorsed by Council's Executive. This Committee requested that it regularly review the organisation's progress on the implementation plan.

Discussion

There were eight actions identified out of the audit and to date five have been completed.

The action outcomes completed in the last 12 months include:

1. The Enterprise Risk Management Policy was reviewed and adopted by Council at the Ordinary Council Meeting on 23 October 2019
2. The Enterprise Risk Management Committee terms of reference was reviewed and implemented with the Executive Team taking on the role of the Committee
3. The Strategic Risk Register was reviewed including the simplification and consolidation of risks. It has been continuously updated and risk status reported regularly to the Enterprise Risk Management Committee (Executive Team level) and the Audit and Risk Committee
4. A standardised format for the Operational Risk Registers was implemented and they have been reviewed regularly under each Directorate. The Operational Risk Registers are reported to the Enterprise Risk Management Committee regularly and the highest operational risks reported to the Audit and Risk Committee quarterly
5. A Risk Management System has been implemented and went live on 1 July 2020 (See below for details)
6. Leadership Team has been actively monitoring risks and updating treatment actions.
7. Risk reporting has occurred on a regular basis to the Executive Risk Management Committee, Leadership Team, Council and the Audit and Risk Committee.

Enterprise Risk Management Policy

The Enterprise Risk Management Policy was adopted by Council at its Ordinary Meeting of 23 October 2019. The Policy was reviewed by the Audit and Risk Advisory Committee at its September 2019 meeting. The current Policy is provided in Attachment 7.3a for the Committee's review.

Risk Management System

Council has been implementing the CAMMS Risk Management System over the past 6 months and the system went live on 1 July 2020.

The Risk Management System has two components that relate to the management of risk as follows:

1. The Incident Management System

This system is fully operational and allows for all Council officers to report incidents, hazards and near misses immediately from their device. These are then actioned automatically to the appropriate supervisory officers to investigate and resolve. This has replaced the previous paper based process.

The system generates reports which can be accessed at any time by those in supervisory and management roles, and regular reporting on the status of incidents is provided to Council's OHS Committee and Leadership team to ensure appropriate oversight.

2. The management of the operational and strategic risk registers.

The Risk Management System manages Council's Risk Registers, including the risk ratings, controls and treatment actions. This system manages the assignment of actions, reminds officers of reporting requirements and gives Councils Executive Risk Management Committee an accurate and up to date assessment of Council's risks at any given point in time.

The Strategic Risk Register has been fully exported into the new system and will be reported to the Committee as part of item 7.4. The operational risk registers are currently being transferred into the system and an example of this reporting is contained in Attachment 7.3b.

The CAMMS Risk Management system links incidents, operational and strategic risks, providing Leadership Team with oversight of all areas of risk by Directorate and across Council.

Audit Action Management System

The CAMMS Audit System allows for the allocation, monitoring and reporting of outstanding internal and external audit actions. This system is under development currently and the "Review of Previous Audit Actions" report for the December Committee meeting will be produced from this new system.

Outstanding Actions

There are three actions outstanding still in relation to the Risk Management Audit. The first action of priority is to review the Council's Enterprise Risk Management Guidelines and Risk Appetite Statement and communication with staff.

The second action concerns establishing a risk review schedule. Now that the Risk Management System has been implemented this schedule will be integrated and widely communicated to staff.

The final action concerns the implementation of a formalised risk management induction and an annual training plan for staff.

Council Officers are working towards these actions being fully completed by the end of March 2021.

Council Plan/Strategies/Policies

This report relates to *Council Plan 2017-2021* 'Our Promise' strategic objective to "ensure we deliver the best possible outcomes in all that we do".

Relevant Legislation

The *Local Government Act 2020* has a general requirement that the audit committee will provide advice on financial management and broader aspects of the council's operations, particularly where compliance issues and risks are involved.

Financial Implications and Risk

This report directly relates to the management of risk by Council that it is best able to realise its strategic objectives and opportunities.

Conflict of Interest

There were no conflicts of interest declared by Council officers in relation to this report.

RESOLUTION

I McKaskill / Cr M Rae

That the Audit and Risk Advisory Committee note the progress on the Risk Management Implementation Plan.

CARRIED

7.4 REVIEW RISK REGISTER

Attachment(s): Strategic Risk Register - 2020 (refer Attachment 7.4a)
Top Operational Risks – August 2020 - Audit & Risk Committee (refer Attachment 7.4b)

Purpose

This report presents the strategic risk register and the highest operational risks for review by the Audit and Risk Committee.

Officer Recommendation

That the Audit and Risk Committee note the report on strategic and operational risk registers.

Background

Council officers update the operational and strategic risk registers on a regular basis and they are assessed by the Executive Risk Management Committee (the Executive Team) every month. The strategic risk register and the operational risks that are rated as High or Extreme are reported to the Audit and Risk Committee on a quarterly basis.

Discussion

Strategic Risk Register

The current Strategic Risk Register is presented in Attachment 7.4a. Since the last Committee Meeting this register has been loaded into Council's new CAMMS Risk Management System, which will improve monitoring, oversight and reporting.

At the last meeting there was discussion on the new COVID-19 Pandemic and the risk posed to Council's business continuity, and the treatments being implemented to address this risk. It is fair to say that the situation for the organisation has stabilised somewhat, with very few infections recorded within the Murrindindi Shire, even with the second wave of the pandemic impacting Melbourne and some regional centres. Staff continue to work from home in accordance with the

State Government's Stage 3 Restrictions for regional Victoria and to date there have been minimal impacts on critical service delivery.

At the time of preparing this agenda it is anticipated that COVID-19 Stage 3 restrictions will shortly be eased in regional Victoria. Council's Pandemic Impact Assessment Team (consisting of CEO, Directors and Managers) which continues to meet 3 times a week, will be re-assessing the risk to the organisation associated with the pandemic following the easing of restrictions and this may result in a reduction in the severity of the residual risk to the organisation.

Of the remaining eight risks identified, five are rated as high risk and three are considered medium risk. There are no residual risks in the extreme category which is consistent with Council's risk appetite.

The two highest strategic risks are:

- failure of IT and business systems impacting critical services, due to the criticality of the consequences of system failure – the risk in this area is currently heightened due to the large number of staff working remotely due to the pandemic and the variability being experienced in bandwidth and internet speeds impacting IT system reliability and access
- adverse impacts of climate change on Council's assets and service delivery due to the externality and likelihood of this impact

It is also noted that the risk of 'failing to adequately protect the health and safety of employees, contractors, volunteers or members of the public in the delivery of Council services', whilst still a high risk, its likelihood has reduced from likely to possible. This reflects improvements in the areas of OHS risk assessment training, workplace risk assessments methodology and OHS incident monitoring and reporting.

Operational Risk Register

As previously reported to the Committee, each Directorate maintains an Operational Risk Register. We have not yet completed the transfer of these registers to the new CAMMS Risk Management System, and so the reporting remains via the spreadsheet enclosed in Attachment 7.4b. There are no operational risks rated as extreme which is consistent with Council's risk appetite.

The highest operational risks are listed below:

- failure to comply sufficiently with environmental legislation associated with the delivery of capital works
Officers are implementing a Biodiversity Protection for Roads Works Policy involving the set-up of a monitoring and control framework to address this risk.
- risk of injury to members of the public and/or property damage associated with falling trees/tree limbs on Council land
An arborist has now been appointed as an employee to assist in addressing this risk
- failure to identify and manage risks in delivering services and meeting corporate objectives
This risk is likely to be reduced in severity with the establishment of the CAMMS Risk Management System.

It is also noted that the lack of compliant archival storage facility/arrangements (OHS Risks, accessibility) which was rated High, has been reduced to a Medium risk as Council's archival project has increased the available storage space to address the most critical OHS issues.

Council Plan/Strategies/Policies

This report relates to *Council Plan 2017-2021* 'Our Promise' strategic objective to "ensure we deliver the best possible outcomes in all that we do".

Relevant Legislation

The *Local Government Act 2020* has a general requirement that the Audit and Risk Committee will provide advice on financial management and broader aspects of the council's operations, particularly where compliance issues and risks are involved.

Financial Implications and Risk

This report directly relates to the management of risk by Council that it is best able to realise its strategic objectives and opportunities.

Conflict of Interest

There were no conflicts of interest declared by Council officers in relation to this report.

RESOLUTION

I McKaskill / C Nisbet

That the Audit and Risk Committee note the report on strategic and operational risk registers.

CARRIED

It was suggested that Operational Risk registers be reported by each Director on a rolling basis and that the Policy Register be incorporated into the report.

7.5 REPORTS AND PUBLICATIONS OF INTEREST TO LOCAL COUNCILS

Attachment(s): Internal Audit - Recent Reports and Publications - Local Government (August 2020) (refer Attachment 7.5)

This report will be presented by HLB Mann Judd.

Officer Recommendation

That the Audit and Risk Committee note the Recent Reports and Publications presented by HLB Mann Judd.

RESOLUTION

Cr S McAulay / Cr M Rae

That the Audit and Risk Committee note the Recent Reports and Publications presented by HLB Mann Judd.

CARRIED

7.6 REVIEW OF CHIEF EXECUTIVE OFFICER CREDIT CARD EXPENDITURE

Purpose

The purpose of this report is to provide the Audit and Risk Committee with a summary of the Chief Executive Officer's credit card transactions for review.

Officer Recommendation

That the Audit and Risk Committee notes that the Chief Executive Officer's credit card transactions for the period 1 April 2020 to 30 June 2020 have been appropriately approved.

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Discussion

The CEO's credit card transactions for the period 1 April 2020 to 30 June 2020 have been reviewed and approved by the Mayor and Director Corporate and Shared Services in accordance with the Corporate Card Policy. The transactions are included in the table below:

Date	Delegated Officer	Supplier	Description	\$ Value
30/04/20	Craig Lloyd	News Limited	Herald Sun Online Subscription - C Lloyd	20.00
30/04/20	Craig Lloyd	Lemac Film & Video	Video streaming software for events	200.00
30/04/20	Craig Lloyd	Lemac Film & Video	Video streaming software postage	20.00
29/05/20	Craig Lloyd	Facebook	Facebook Advertising - Covid-19	1.67
29/05/20	Craig Lloyd	Mentimeter	Interactive Presentation Software	461.99
29/05/20	Craig Lloyd	International Trans Fee	International Transaction Fee	11.55
29/05/20	Craig Lloyd	Facebook	Facebook Advertising - Covid-19	30.00
29/05/20	Craig Lloyd	Facebook	Facebook Advertising - Covid-19	30.00
Date	Delegated Officer	Supplier	Description	\$ Value
29/05/20	Craig Lloyd	Facebook	Facebook Advertising - Covid-19	10.05
29/05/20	Craig Lloyd	News Limited	Herald Sun Online Subscription - C Lloyd	20.00
29/05/20	Craig Lloyd	Facebook	Facebook Advertising - Covid-19	30.00
30/06/20	Craig Lloyd	Facebook	Facebook Advertising - Covid-19	8.27
30/06/20	Craig Lloyd	News Limited	Herald Sun Online Subscription	20.00
30/06/20	Craig Lloyd	Lemac Film & Video	Video Streaming Software for events	985.00
30/06/20	Craig Lloyd	Gallup Inc	Staff Engagement Survey	3,277.97
30/06/20	Craig Lloyd	International Trans Fee	International Trans Fee	81.95
Total				5,208.45

RESOLUTION

I McKaskill / C Nisbet

That the Audit and Risk Committee notes that the Chief Executive Officer's credit card transactions for the period 1 April 2020 to 30 June 2020 have been appropriately approved.

CARRIED

7.7 INSURANCE & WORKCOVER CLAIMS REPORT

Purpose

The purpose of this report provide the Audit and Risk Committee with a high level update on the management of both insurance and WorkCover claims, including information regarding Council's annual premiums.

Officer Recommendation

That the Audit & Risk Committee note the Insurance & WorkCover claims report.

Background

The Audit and Risk Committee has a responsibility to monitor that Council is actively managing risks and its liability in relation to claims or the potential for claims.

Discussion

Workplace injury claims summary - August 2020

At the May 2020 Audit and Risk Committee meeting, it was reported that Council had 4 active Workplace injury claims. Since then there was a period of approximately 8 weeks where all claims were closed and Council did not have any active claims. Recently, a previous claim has been reopened.

MAV WorkCare Premium

The following is a summary of the calculation of Council's premium as part of the MAV WorkCare Scheme:

Council's estimated remuneration	\$15,617,547
Council's premium rate	1.6027%
Calculated premium	\$250,302

The 2019/20 Premium was \$236,245, therefore Council has had an increase of \$14,057 which can be broken down as follows:

- increase in Council's estimated remuneration of \$16,572
- decrease in premium rate that is applied which is equivalent to a \$2,515 saving.

Council was successful in receiving a funding allocation under the State Government's COVID-19 Working For Victoria Scheme to temporarily increase staffing by 41 people (approximately a 30% increase in FTE). This ordinarily would impact the premium in July 2021/22 as part of the adjustment review involving a quoted \$25,000 increase to the 2021/22 premium. Council has been able to have this amount invoiced now so that this extra cost can be covered by the grant funds. This amount will then be deducted by the insurer from the eventual 2021/22 premium amount.

Insurance Claims Determined in 2020 – August 2020

As reported at the May 2020 Committee meeting, the February 2020 Storm Event resulted in several claims, related to both Council and third party property damage. The total claim amount was \$96,000 with a cost to Council of \$12,632.

Council has also seen an increase in under excess Public Liability claims associated with damage to third party property caused by the action or inaction of Council. Council officers assess each claim and how it occurred to ensure operational changes are introduced to mitigate the risk of it re-occurring.

In addition to the above claims, Council has one ongoing lodged claim under its Councillors and Officers liability policy for partial reimbursement for legal expenses related to the action being brought upon the CEO by a local resident under the *Wrongs Act 1958*. This claim is ongoing and the full extent of the value and cost to Council is not yet known.

Insurance Renewal (premium)

The following shows a summary of our insurance suite and the associated premium changes:

Class of Protection	2019/20 Premium	2020/21 Premium
Public & Products Liability	\$ 855.25	\$ 885.50
Cyber Liability	\$ 6,802.40	\$ 7,460.64
Councillors and Officer Liability	\$ 10,653.98	\$ 28,655.00
Motor Vehicle	\$ 104,300.52	\$ 98,019.79
Personal Accident	\$ 1,002.40	\$ 1,002.40
Travel	\$ 94.17	\$ 311.35
Annual Fee	\$ 21,233.40	\$ 21,223.40
Asset Protect	\$ 132,419.00	\$ 138,597.66
Public Liability	\$ 216, 893.60	\$ 251,596.40
TOTAL	\$ 494,254.72	\$ 547,752.14
Difference		\$ 53,497.42

The table shows a premium increase in two particular areas – ‘Councillors and Officer Liability’ and ‘Public Liability’.

The increase in the ‘Councillors and Officer Liability’ is reflective of two factors. There has been a substantial increase in claims across the sector and an unresolved claim which Council has in relation to a Supreme Court Case taking action against Council and its CEO.

The Public Liability increase was anticipated, as advice from our insurer indicated that this category of insurance was under significant pressure across the entire insurance sector.

JLT, Council’s insurance broker, had warned of a potential 20% increase across the insurance suite of policies due to the effects of the recent bushfire season nationally and various global crises. Overall however there has been a 9.7% increase across the insurance suite.

Council Plan/Strategies/Policies

This report and Council’s commitment to minimising its claims and liability is consistent with the *Council Plan 2017-2021* ‘Our Promise’ strategy “to maintain Council’s financial sustainability through sound financial and asset management practices”.

Relevant Legislation

Council has a responsibility to all staff, Councillors, Volunteers, Contractors and visitors to its sites to ensure compliance with Occupational Health and Safety legislation and regulations. The MAV WorkCare Scheme is responsible for ensuring that all of its council members are compliant with the Self Insurance Scheme regulations set by WorkCare.

Financial Implications and Risk

Council saw a slight increase to the MAV WorkCare Premium across its insurance suite. The insurance sector has had a volatile 12 months with the impacts of Australia wide bushfires and various global crisis impacts, therefore the increase was less than anticipated.

Conflict of Interest

There are no declared conflicts of interest by Council officers in relation to this report.

RESOLUTION

I McKaskill / Cr S McAulay

That the Audit & Risk Committee note the Insurance & WorkCover claims report.

CARRIED

8. AUDITS : INTERNAL

8.1 REVIEW INTERNAL AUDIT REPORTS AND MANAGEMENT RESPONSES

8.1.1 Review of Landfill and Waste Management

Attachment(s): Internal Audit – Review of Landfill and Waste Management (Attachment 8.1.1)

This report will be presented by HLB Mann Judd.

Officer Recommendation

That the Audit and Risk Committee note the Internal Audit – Review of Landfill and Waste Management presented by HLB Mann Judd.

RESOLUTION

C Nisbet / Cr M Rae

That the Audit and Risk Committee note the Internal Audit – Review of Landfill and Waste Management presented by HLB Mann Judd.

CARRIED

8.1.2 Kinglake West Tree Investigation

Attachment(s): Internal Audit – Kinglake West Tree Investigation Report (Attachment 8.1.2)

This report will be presented by HLB Mann Judd.

It is noted that this investigation was in addition to the approved annual internal audit plan. The independent investigation was requested by the Chief Executive Officer following the removal of a significant tree by a contractor without formal approval by Council for the works. The tree removal had a negative impact on Council's reputation in the community that was impacted by the works.

The investigation centred on the circumstances leading to a miscommunication concerning the results of procurement process and the authorisation given to commence works. The investigation considered the entire procurement process for these works and highlighted several areas for improvement to minimise the risk of an incident like this recurring.

Officer Recommendation

That the Audit and Risk Committee note the Internal Audit – Kinglake West Tree Investigation Report.

RESOLUTION

C Nisbet / Cr M Rae

That the Audit and Risk Committee note the Internal Audit – Kinglake West Tree Investigation Report.

CARRIED

8.2 FOLLOW UP SIGNIFICANT ISSUES RAISED BY INTERNAL AUDIT

Nil.

8.3 REVIEW IMPLEMENTATION OF PREVIOUS AUDIT ACTIONS

Attachment(s): Internal Audit Recommendations - Status of Actions August 2020 (refer Attachment 6.3)

This report will be presented by the Director Corporate and Shared Services.

Officer Recommendation

That the Audit and Risk Committee note the Review Implementation of Previous Audit Actions report.

RESOLUTION

C Nisbet / I McKaskill

That the Audit and Risk Committee note the Review Implementation of Previous Audit Actions report.

CARRIED

8.4 REVIEW SCOPES OF AUDITS BY HLB MANN JUDD

This report will be presented by the Director Corporate and Shared Services.

RESOLUTION

C Nisbet / Cr M Rae

That the Audit and Risk Committee note the update provided by Director Corporate Shared Services, and that the next internal audit focus on Council's Grants and Contributions Program.

CARRIED

9. AUDITS - EXTERNAL

9.1 CONSIDER EXTERNAL AUDITORS COMMENTS ON CONTROL ENVIRONMENT AND MANAGEMENT LETTERS

Attachment(s): Draft Final Management Letter 2019/20– to be distributed separately
Closing Report 2019/20 – to be distributed separately

This report was not available at the time the agenda was prepared and will be circulated prior to the meeting and presented by Council's external auditors, RSD Audit.

Discussion regarding any management letter points will be referenced in consideration of the financial statements that are to be discussed at item 10.2 on the agenda.

RESOLUTION

I McKaskill / C Nisbet

That the Audit and Risk Committee note the management letter and closing report from external auditors.

CARRIED

9.2 COMMITTEE MEET WITH EXTERNAL AUDITORS

Opportunity for a closed discussion with the Committee, internal auditor and the external auditor, RSD Audit, without Council officers present to raise any relevant questions or matters in relation to the external audit.

Council employees left the meeting at 2:40pm and re-entered the meeting at 3:00pm.

10. FINANCIAL REPORT

10.1 REVIEW SIGNIFICANT ACCOUNTING AND REPORTING ISSUES

Nil.

10.2 REVIEW AND RECOMMEND ADOPTION OF ANNUAL FINANCIAL REPORT

Attachment(s): Financial Statements 2019/20 (refer Attachment 10.2a)
Performance Statement 2019/20 (refer Attachment 10.2b)

Purpose

The purpose of this report is to present the Financial Statements for the financial year ended 30 June 2020 for the Audit and Risk Committee's (Committee) review.

Officer Recommendation

That it be recommended to Council that:

1. Council approve in principle the Murrindindi Shire Council Financial Statements and Performance Statement subject to the review by the Victoria Auditor-General's Office for the year ended 30 June 2020 as tabled
2. Council authorise two Councillors to certify the Financial Statements and Performance Statement, subject to the review of the statements by the Victoria Auditor-General's Office in their final form after any changes recommended, or agreed to, by the Auditor have been made.

Background

Council officers will present to the Committee the Financial Statements inclusive of the Performance Statement for the financial year ended 30 June 2020.

Representatives of Council's external auditors, RSD Audit, will present to the Committee to address any matters raised during the Audit. Council officers will also be in attendance to provide input where required.

Following the review of the Financial Statements by the Committee, it is proposed that the Committee recommend approval of the statements by Council subject to any changes required by the Victorian Auditor-General's Office (VAGO).

The resolution by Council involves approval of the Financial Statements in principle, and will require authorisation by two Councillors to certify the Financial Statements in their final form.

A draft copy of the 2019/20 Financial Statements and Performance Statement are attached to the agenda.

RESOLUTION

I McKaskill / C Nisbet

That it be recommended to Council that:

- 1. Council approve in principle the Murrindindi Shire Council Financial Statements and Performance Statement subject to the review by the Victoria Auditor-General's Office for the year ended 30 June 2020 as tabled**
- 2. Council authorise two Councillors to certify the Financial Statements and Performance Statement, subject to the review of the statements by the Victoria Auditor-General's Office in their final form after any changes recommended, or agreed to, by the Auditor have been made.**

CARRIED

10.3 REVIEW QUARTERLY FINANCIAL STATEMENTS

Attachment(s): 4th Qtr Financial Report (refer Attachment 10.3)

Purpose

This report provides the quarterly financial report for the period ending 30 June 2020. It should be noted that the figures included in the report are the interim, pre-audited results, and differ from the final annual financial results included in the Financial Statements presented in 10.2.

Officer Recommendation

That the Audit and Risk Committee notes the Quarterly Financial Statements.

Background

The Quarterly Financial Report for the period ended 30 June 2020, was presented to Council, in accordance with the *Local Government Act 1989* at the Council meeting held 26 August 2020.

The report includes the following statements:

- Comprehensive Income Statement
- Balance Sheet
- Statement of Cash Flow
- Reconciliation of Non-Discretionary Cash & Reserves.

Discussion

The statements for the fourth quarter to 30 June 2020 are included in *Attachment 10.3*.

Income Statement (Statement A)

The Income Statement for the period 1 July 2019 to 30 June 2020 (also within the attached report) is presented below (next page):

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Income Statement
For the period ended 30th June 2020

NOTE	Original Budget 2019/20 \$	Annual Revised Budget 2019/20 \$	Actual 30/06/2020 \$	Rev. Budget V Actual Variance 30/06/2020 \$	%
Revenue					
Rates & Charges	21,381,684	21,401,886	21,390,611	(11,275)	0%
Special Charge	1	-	27,000	(27,000)	-100%
Statutory fees and fines	1,082,669	1,020,559	994,001	(26,558)	-3%
User fees	2	2,393,305	1,891,748	(70,354)	-4%
Grants - Operating	3	7,992,170	8,247,315	930,446	11%
Grants -Capital	4	2,034,235	2,555,454	(468,985)	-18%
Contributions - Cash	5	49,105	169,560	(58,101)	-34%
Contributions - Non Cash	6	400,000	600,000	205,322	34%
Reimbursements	7	385,062	349,338	(83,530)	-24%
Other revenue	8	1,134,182	963,352	1,246,424	29%
Total Revenue	36,852,412	37,226,212	37,899,250	673,038	2%
Expenses					
Employee Benefits	15,474,271	15,091,079	14,995,555	(95,524)	-1%
Materials and Services	9	10,550,050	12,676,632	(968,035)	-8%
Depreciation and amortisation	10	9,281,520	8,869,011	399,075	4%
Bad and Doubtful Debts	11	-	255	11,207	4295%
Other Expense	12	313,805	319,805	614,344	92%
Finance Costs (Interest)	36,809	36,809	37,081	272	1%
Total Expenses	35,656,455	36,993,591	36,634,870	(358,721)	-1%
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	13	(33,007)	(327,047)	(1,293,184)	295%
Increase/(Decrease) Landfill Provision	14	-	-	(481,672)	-100%
Surplus (deficit) for the period	1,162,950	(94,426)	(510,476)	(416,050)	441%

The \$510,476 operating deficit for the 2019/20 financial year is a \$416,050 unfavourable variance to the annual revised budget.

The major variances between the actual result and the revised budget are shown in the table below:

Note	Line item	Variance	Main Contributing Factors
Income			
1	Special Charge	(27,000)	Pendlebury Street project has not proceeded.
2	User fees	(70,345)	\$110,184 less landfill income due to less waste received from commercial sources (45% reduction). Mostly related to less major construction projects in the region. This is partly offset by higher than anticipated saleyard fees \$37,140
3	Grants - Operating	930,446	Working for Victoria grant unbudgeted and higher than budgeted Grants Commission allocation.
4	Grants -Capital	(468,985)	Delay in grant income not being received for the following projects: Fixing Country Roads \$182,331, Kinglake Streetscape \$122,500, Yea E-waste Upgrade \$95,942.

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Note	Line item	Variance	Main Contributing Factors
5	Contributions - Cash	(58,101)	\$75,000 contribution from Goulburn Murray Water towards the Floating Cities project was not received as works were not completed. This is partially offset by a contribution for Rubicon Road \$9,185.
6	Contributions - Non Cash	205,322	Infrastructure contributions from developments higher than budgeted. This figure is inherently difficult to budget as Council does not control the number and timing of these contributions.
7	Reimbursements	(83,530)	\$121,649 less in reimbursements for legal costs as debt recovery has been on hold due to COVID-19. (Contra expense savings - refer to note 11). Insurance receipts were \$14,725 higher than anticipated. FOI cost reimbursements were \$10,954 higher than budgeted.
8	Other revenue	283,072	\$208,109 resulting from the recognition of volunteer services in accordance with new Accounting Standards. This amount was unbudgeted. Volunteer services have been recognised in the areas of Library Services, Tourism and Aged and Disability. An additional \$18,316 was received from interest on investments.
	Expenses		
9	Materials and Services	(968,035)	Legal expenses for rate debt recovery down \$121,649 (refer note 7 above). Floating City and Rubicon Waste Water projects, have not progressed as budgeted \$797,048. Note these are not Council assets so are not part of the Capital works figures. \$55,987 savings in utilities.
10	Depreciation and amortisation	399,075	The amortisation (consumption) of landfill airspace was higher than expected. Deprecation on infrastructure assets was up \$186,083, as a percentage this is a small variation. The variation is largely driven by updated valuation data. Deprecation on plant (mostly vehicles) was up \$41,325 due to vehicles being retained and not traded.
11	Bad and Doubtful Debts	10,952	There has been increased activity in the area of community safety enforcement. This has resulted in the number of fines outstanding at year end being higher than previously years. Accounting Standards require a provision based on a % expectation to default, the figure recognises this increased provision.
12	Other Expense	294,539	\$208,109 of the variance is the recognition of the offsetting volunteer services contribution as highlighted in note (8). The recognition of volunteer services under new Accounting Standards is cost neutral, with the corresponding amounts recognised as other revenue and other expenditure. The amount of \$70,442 was incurred as an expense for the waiver of health registrations as part of the COVID-19 relief measures.
13	Net gain/(loss) on disposal of property,	966,137	Income from the sale of plant was down \$490,457 as items have been retained or the changeover delayed. This income will be partly picked up in the 20/21 year when the plant items are disposed. The depreciated value of infrastructure and buildings renewed was greater than expected.
14	Increase/(Decrease) Landfill Provision	(481,672)	An adjustment has been made to increase the liability provision for the rehabilitation of the Alexandra landfill site. It is anticipated that the annual monitoring cost for the site for approximately 30 years will be closer to \$50k per year not the previous estimate of \$30k.

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Balance Sheet (Statement B)

The Balance Sheet, Statement B as at 30 June 2020, shows a Cash and Cash Equivalents unfavourable variance of \$15,369,340. This is due to the requirement to recognise cash investments with a maturity date greater than 90 days from 30 June as 'other financial assets'.

The 30 June 2020 balance of other financial assets is \$22,019,500. When reading these two current asset lines together, the total cash position is favourable by \$6,650,042.

Trade and other receivables has a favourable variance of \$1.0 million above budget. This is due to invoices raised in late June for Government grants that will be received in the 2020/21 financial year.

Cash Flow Statement (Statement C)

This statement provides a more holistic picture and reports the important information on Council's cash inflows and outflows. Overall, Council's cash position increased by \$15,394,164. This largely reflects the under expenditure on capital works and a reduction in the about of cash invested in term deposits maturing greater than 90 days from 30 June – both are reflected in the cash flow from investing activities.

Non-Discretionary Cash and Council Reserves (Statement D)

Included as part of this report is an additional reconciliation flowing from the cash flow statement of Council's Non-Discretionary Cash Flow requirements. This reconciliation lists all Council reserves together with funds held as Deposits or Trust, which are required to be refunded, and an allowance for the provision of employee entitlements. This latter provision being a nominal amount of 25% of Council's Annual Leave Liability and 25% of the current Long Service Leave Liability. This is then offset against the level of projected cash at year end.

Councillor Expenses (GST Exclusive):

The Local Government (Planning and Reporting) Regulations 2014 Part 4 - Annual Report, Division 1 requires Council to report annually in its Annual Report regarding Councillor expenses under prescribed categories.

As detailed in the Councillor Expenses and Support Policy, Council reports quarterly on the Councillor related expenses. The following table details Councillor expenses for the fourth quarter period ending 30 June 2020.

Councillor Expenses for 3 months ended 30 June 2020:

	Allowances	Travel Expenses	Childcare I McKaskill Expenses	Information & Communications Expenses	Conference & Training Expenses	Other Expenses
Cr Ashe	\$3,841.44	\$-	\$-	\$499.40	\$-	\$-
Cr Bisset	\$3,841.44	\$433.95	\$-	\$407.61	\$-	\$-
Cr Bowles	\$3,841.44	\$-	\$-	\$289.90	\$-	\$-
Cr Dunscombe	\$11,476.34	\$-	\$-	\$407.42	\$-	\$4.55
Cr Lording	\$3,841.44	\$1,418.18	\$-	\$619.18	\$-	\$-
Cr McAulay	\$3,841.44	\$1,360.89	\$-	\$496.00	\$-	\$-
Cr Rae	\$3,841.44	\$-	\$-	\$797.16	\$-	\$-

Council Plan/Strategies/Policies

This report, in relation to the Annual Budget and quarterly financial reporting, is consistent with the *Council Plan 2017-2021* 'Our Promise' strategy "to maintain Council's financial sustainability through sound financial and asset management practices".

Relevant Legislation

Section 127 of the *Local Government Act 1989* (yet to be repealed) requires that the Council must prepare a budget for each financial year. Then, in Section 138, the *Local Government Act 1989* requires that quarterly financial reports must be presented to Council.

Financial Implications and Risk

The financial governance of a council is an important role for Councillors. The risk of poor financial management can have a significant impact upon the governance of the Council. The financial implications flowing from this quarterly financial review are outlined in this report.

Conflict of Interest

There are no declared conflicts of interest by Council officers in the preparation of this report.

Community and Stakeholder Consultation

There was no community consultation required for the preparation of this quarterly budget report.

RESOLUTION

I McKaskill / C Nisbet

That the Audit and Risk Committee notes the Quarterly Financial Statements.

CARRIED

11. MANAGEMENT REPORTING

11.1 POLICY REGISTER REPORT

Attachment(s): Policy Register Report (Attachment 11.1)

Purpose

This report provides the Audit and Risk Committee with an overview of the status of both Council and Organisational level Policies.

Officer Recommendation

That the Audit and Risk Committee notes the Policy Register Report.

Background

Council has two levels of policies. Council policies, which are adopted by Council, are publicly available and aimed at addressing a legislated or strategic need. Organisational policies, which are approved by the Chief Executive Officer and are operational in nature, setting the requirements of Council in achieving service delivery and compliance.

Council committed in 2019 to ensuring that its policies were all brought up to date and Officers achieved this commitment for all Council level policies by the end of June 2020.

Discussion

As illustrated in the Policy Register Report (Attachment 11.1) it was identified in 2019 that both the Organisational and Council policies were predominantly overdue for review and that this posed a risk to Council. A commitment was made to Council that officers would focus on ensuring that the policies would be up to date by the end of June 2020.

The policy review included an assessment of their ongoing relevance, whether they were still required at a Council level and whether they could be simplified or consolidated.

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In June 2019 Council had 33 Policies, 14 of which were overdue for review and a further 4 that were identified as being no longer required.

Following the comprehensive review there are now 24 Council policies, 22 of which are active and 2 due to for review within the next 6 months (but still active currently).

At an organisational level in September 2019, Council had 37 policies, 22 of which were overdue for review. COVID-19 impacts on the work environment and changing priorities have seen some of the scheduled review dates pass. Council officers are currently actively managing the organisational policies and monitoring the review process closely to ensure that this is completed by the end of 2020.

Currently we have 41 Organisational policies, 21 of which are current, 7 currently being reviewed, 2 to be rescinded, 9 pending review and 2 which remain overdue.

Council Plan/Strategies/Policies

This report supports the *Council Plan 2017-2021* 'Our Promise' strategic objective to "ensure we deliver the best possible outcomes in all that we do".

Relevant Legislation

Council Policies are adopted to either support Council's strategic direction, obligation to the community or display our commitment to legislated responsibilities. Each policy references the legislated responsibilities where applicable.

Financial Implications and Risk

Ensuring policies are reviewed in a timely manner and reflect Council's legislated obligations is a key control in managing risk, both strategic and operational.

Conflict of Interest

There are no declared conflict of interest by Council officers in relation to this report.

RESOLUTION

C Nisbet / Cr M Rae

That the Audit and Risk Committee notes the Policy Register Report.

CARRIED

12. GENERAL BUSINESS AND FUTURE PLANNING

12.1 EXCESSIVE LEAVE - GREATER THAN SIX WEEKS AND LONG SERVICE LEAVE BALANCE

Attachments(s) Trend Graph of Accrued Annual Leave (refer Attachment 12.1a)
Trend Graph - Accrued Long Service Leave (refer Attachment 12.1b)

Purpose

The purpose of this report is to provide the Audit and Risk Committee with an overview of the status of Council's excess annual leave and long service leave balances.

This report is provided as an annual report.

Officer Recommendation

That the Audit and Risk Committee notes the report on accrued annual leave and long service leave balances.

Discussion

Monitoring Leave

Council's Leadership Team is presented with a Human Resources report on a quarterly basis, which includes the monitoring of annual leave and excess RDO's. This focus ensures that Leadership Team is informed and is prompting regular conversations with staff regarding reducing leave balances.

Staff with Six Weeks Excess Annual Leave

As at 30 August 2020 there were 50 staff with leave in excess of six weeks. This is 7 more people than in August 2019. The available hours has also increased by 75.49 hours.

Previous year	# of staff with excess of six weeks	Available Hours for staff with excess of six weeks	Change in hours for staff with excess over previous year
Sep-13	54	12,895.88	
Aug-14	54	12,979.54	83.66
Aug-15	55	12,852.38	-127.16
Aug-16	48	11,975.36	-877.02
Aug-17	47	11,689.60	-285.76
Sep-18	45	11,125.72	-563.88
Aug-19	43	10787.46	-338.26
Aug-20	50	10862.95	75.49

All Staff Annual Leave

The total of accrued hours (annual leave accrual for all staff) has increased substantially. It is currently the highest it has been in the past 5 years. This increase in part reflects the uncertainty associated with COVID 19 pandemic and the restrictions placed on travel that is not essential. Staff have been reluctant to take leave during these restrictions.

Year	Hours Accrued	+/- over previous year
31/08/16	24,482.30	-886.10
01/09/17	25,536.12	1053.82
30/08/18	24,952.09	-584.03
30/08/19	22,521.00	-2,431.09
26/08/20	25,591.22	3,070.22

Whilst our leave accrual is higher than it has been when compared with our FTE at the end of the financial year it is just above the target benchmark of an average of 20 days per FTE.

Total FTE at 30 June 2020 = 158.84 (not including casual employees)
 Our current average is 21.12 days per FTE

The following shows an analysis from a Department level:

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Department	No. of Staff	Weeks as Std Hours	Available Hours	FTE Weeks
Business Services	11	67.28	2,000.57	52.65
Community Assets	18	135.96	4,739.50	124.72
Community Wellbeing	5	46.91	932.05	24.53
Customer Experience	1	8.40	126.05	3.32
Development Services	7	43.24	1,444.32	38
Environmental Sustainability	1	1.86	59.52	1.57
Executive	2	20.55	780.80	20.55
Governance & Risk	2	9.68	367.99	9.68
Tourism & Events	3	14.57	412.15	10.84
Total	50	348.46	10,862.95	285.87
Total 2019	43	409.49	10,787.46	283.88
Change	+7	-61.03	+75.49	+1.99

Long Service Leave (LSL)

The following provides an annual indication of the LSL accrued entitlement for the past five years.

Council's LSL balance over the last 12 months has remained static.

Annual	TOTAL LSL Hours	Change +/- accrued hours	change in FTE weeks
31/08/16	49,762.76	-3,424.45	-90.02
17/08/17	48,280.89	-1,481.87	-39.00
29/08/18	48,782.27	501.38	13.19
30/08/19	41,629.90	-7,152.37	-188.22
26/08/20	42,774.92	1,145.02	30.13

Impact of COVID-19 on leave balances

Whilst employees are reluctant to take time off during the COVID-19 restrictions, managers are continuing to encourage staff taking some leave where possible.

RESOLUTION

C Nisbet / Cr S McAulay

That the Audit and Risk Committee notes the report on accrued annual leave and long service leave balances.

CARRIED

12.2 LOCAL GOVERNMENT ACT 2020 IMPLEMENTATION

Attachments(s) Local Government Act 2020 Work plan (Attachment 12.2)

Purpose

The purpose of this report is to provide the Audit and Risk Committee with an overview of the Council's progress to date in implementing the *Local Government Act 2020* in accordance with legislative requirements.

Officer Recommendation

That the Audit and Risk Committee notes the Local Government Act 2020 Implementation Report.

Discussion

On 6 April 2020 the *Local Government Act 2020 (Act 2020)* was enacted. The implementation of the *Act 2020* is staggered over an 18 month period, with the first suite of items due to be implemented by 1 September 2020.

The attached work plan (Attachment 12.2) shows the various documents and actions required by Council officers as part of the implementation. As shown, all of the legislated requirements for the 1 September 2020 due date were achieved.

Council has resolved to adopt the following in accordance with legislated requirements:

- Public Transparency Policy – adopted 24 June 2020 (available on Council’s website)
- Councillor Expenses and Support Policy (including allowances) – reviewed and adopted 22 July 2020 (available on Council’s website)
- Establishment of the Audit and Risk Committee and adoption of Charter– 22 July 2020
- Governance Rules 2020 (including Election Period Policy) – adopted 26 August 2020
- Governance Local Law 2, 2020 (Including use of the Common Seal) – adopted 26 August 2020
- Council Delegation to the CEO and Staff – reviewed and adopted 22 July 2020
- Establishment of the Community Asset Committees and subsequent revocation of Section 86 Committees of Management – adopted 26 August 2020.

At an organisational level, the CEO has approved the following:

- CEO delegations to Staff – reviewed and approved 28 August 2020
- CEO Instrument of Delegation to the Community Asset Committees – signed 28 August 2020.

As a consequence of this work Council has fully complied with stage one of the Local Government Act 2020 implementation.

Local Government Victoria has been leading sector engagement in relation to the implementation of the *Act 2020*. This includes inviting working groups to design various documents to support councils, online webinars to assist with understanding of the requirements and various collaboration opportunities. Council Officers have been and continue to be involved in a number of these working groups.

Council Plan/Strategies/Policies

This report supports the *Council Plan 2017-2021* ‘Our Promise’ strategic objective to “ensure we deliver the best possible outcomes in all that we do”.

Relevant Legislation

The *Local Government Act 2020* was enacted on 6 April 2020 and is gradually replacing many of the requirements under the *Local Government Act 1989*.

Financial Implications and Risk

Not meeting the legislated requirements by the due date could pose a significant risk to Council.

Conflict of Interest

There are no declared conflict of interest by Council officers in relation to this report.

RESOLUTION

Cr M Rae / C Nisbet

That the Audit and Risk Committee notes the Local Government Act 2020 Implementation Report and thanks Tara Carter, Manager Governance and Risk, for her work on this.

CARRIED

12.3 RECYCLING VICTORIA

Purpose

The purpose of this report is to inform the Audit and Risk Committee of the introduction of the State Government's plan for waste and recycling titled "*Recycling Victoria*".

This report includes a high level summary of the key proponents and goals of the Policy with an assessment of the risks likely to arise which Council will seek to manage throughout the action plan implementation period.

Officer Recommendation

That the Audit and Risk Committee notes the Recycling Victoria Report.

Background

Recycling Victoria is the Victorian Government's 10-year policy and action plan for waste and recycling.

It includes;

- a complete overhaul of the recycling system, with reform to kerbside recycling,
- the introduction of a container deposit scheme,
- new investment in industry and
- the creation of waste management as an essential service.

The Policy to achieve Victoria's transition to a circular economy will be guided by four goals spanning the life cycle of materials (make, use, recycle and manage) with each goal designed to maximise value and minimise waste.

The goals are as follows:

Goal 1 - Design to last, repair and recycle

Generate less waste in businesses through innovation and design; use recycled materials in products and consider impacts across product life cycles; and support business to explore new circular economy business models ('Make').

Goal 2 - Use products to create more value

Help people make smart purchasing decisions and extend the life of products and support the reuse economy; repair goods where possible ('Use').

Goal 3 - Recycle more resources

Reform kerbside collections to generate more value from waste; improve the separation of recyclable materials; develop markets for recovered materials; plan for and boost investment in recycling infrastructure; embed the waste hierarchy in the management of materials; support the development of appropriate waste to energy facilities ('Recycle').

Goal 4 - Reduce harm from waste and pollution

Protect communities and the environment from high-risk and hazardous wastes ('manage').

The figure below depicts the components of the circular Economy model and is included as a means to understand the Policy approach being implemented.

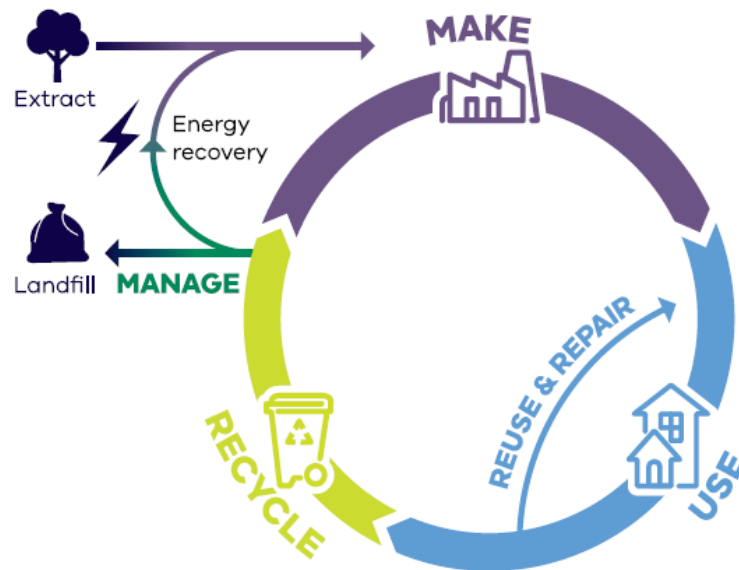


Figure 2: Resource flows in a circular economy

Measuring progress

The stated outcomes which the Policy aims to achieve are listed below:

1. Divert 80 per cent of waste from landfill by 2030, and an interim target of 72 per cent by 2025
2. Cut total waste generation by 15 per cent per capita by 2030
3. Halve the volume of organic material going to landfill between 2020 and 2030, with an interim target of 20 per cent reduction by 2025
4. Ensure every Victorian household has access to food and garden organic waste recycling services or local composting by 2030.

Discussion

The Action Plan as outlined in the Policy identifies a number of specific activities / actions / investments proposed to support the Policy objectives.

In summary these are:

- Kerbside reform
Changing how Victorians recycle so that materials collected from households are high quality and can be used again to make new products.
- Stronger recycling oversight
New Act and new waste authority to make sure the recycling system is reliable and transparent.
- New rules to cut waste
New rules to improve waste sorting and make sure the right amount for disposing of waste in landfill is paid.
- Waste to energy
To encourage investment in appropriate waste to energy facilities that reduce the need for landfills.
- High-risk and hazardous waste management
Make sure risks to the Victorian community and environment from hazardous waste and high-risk sites are properly managed.
- Reducing business waste
A new Circular Economy Business Innovation Centre to help businesses reduce waste and generate more value with fewer resources.

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- Invest in priority infrastructure
Victoria will have the right infrastructure to support increased recycling, respond to new bans on waste export and safely manage hazardous waste.
- Provide support for local communities and councils
A new Supporting Victorian Communities and Councils program will support regional growth and community connectivity.
- Behaviour change
Victorians will have the information and tools they need to reduce waste by reusing, sharing, repairing and recycling products.

Local Government impacts arising from the “Recycling Victoria”

The policy paper identifies numerous expectations of local government through the introduction of the policy. The following table identifies some of the changes to be implemented and potential flow on effects for Local government.

Statement	Impact
<ul style="list-style-type: none"> ▪ Reform to kerbside recycling to reduce contamination and increase the value of the materials collected 	Additional services / costs
<ul style="list-style-type: none"> ▪ This system will include access to four core waste and recycling services: combined food and garden organics /glass /combined paper, plastic and metals /residual waste. 	Contamination Management will be necessary
<ul style="list-style-type: none"> ▪ To review relevant existing guidelines, policies and regulation to make sure people living in diverse dwelling types, including multi-unit developments, have equitable access to best practice recycling. 	Policies to include bin size and bin sharing options
<ul style="list-style-type: none"> ▪ Introduction of container deposit scheme (CDS) 	Unknown if CDS requirement at RRCs
<ul style="list-style-type: none"> ▪ Waste management being assigned as an essential service 	Potential increased reporting
Statement	Impact
<ul style="list-style-type: none"> ▪ Victorians must become world-class recyclers, repairers, resellers and reusers. Sharing, repairing, loaning and buying second-hand will become more common. 	Resale and repair /reuse facilities may be introduced at RRCs. Status of scavenging?
<ul style="list-style-type: none"> ▪ The Victorian Government will encourage councils and provide grants to support local community groups, social enterprises and other not-for-profit businesses working to reduce waste and improve recycling, including through repair cafes and product-sharing schemes. 	Local communities may look to council for support / sites
<ul style="list-style-type: none"> ▪ Councils will be supported to work together, aggregating waste volumes and pursuing collaborative procurement of waste and recycling contracts to achieve improved services and recycling outcomes. 	Collaborative contracting occurs currently. Potential opportunities for sub regional service contracts.
<ul style="list-style-type: none"> ▪ Setting landfill levies at the right level to make recycling and energy recovery more cost effective than landfill - and ensuring Victoria does not become a dumping ground for waste coming from other states. That means a shift in the landfill levy for metropolitan household and business waste to \$125.90 per tonne over the next three years. ▪ Proportional increases will be reflected at regional landfills. 	Increased Landfill levies will be a disincentive to RRC users. May lead to increased dumped rubbish.

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<ul style="list-style-type: none"> Recycling Markets Acceleration package to build strong markets for products made from recovered organic waste (such as compost) 	Enforce Procurement Policy that supports recycled product purchases.
<ul style="list-style-type: none"> A new dedicated waste and recycling Act that governs all aspects associated with waste and recycling services. 	Additional responsibilities Increased reporting requirements
<ul style="list-style-type: none"> Requiring improved data collection from waste and recycling organisations (including material recovery facilities) to provide transparency and accountability for what happens to our waste. Councils will also be required to provide information on the cost of delivering waste and recycling services. 	All facilities to require digital reporting capability
<ul style="list-style-type: none"> Strong anti-avoidance measures to prevent illegal waste stockpiling and disposal. The Environment Protection Authority Victoria will be given additional resources to monitor, investigate and prosecute illegal behaviour. Initiatives to tackle litter and illegal dumping will also be supported through the existing Illegal Waste Disposal program (formerly known as the Illegal Dumping Strikeforce). 	Need for increased enforcement of illegal dumping / covert surveillance etc. increased costs for enforcement and clean ups
<ul style="list-style-type: none"> Education and behaviour change programs to help households and businesses reduce and correctly recycle organic waste 	An upsized community engagement, education and enforcement program may be required
<ul style="list-style-type: none"> The Victorian Government will introduce new rules that require businesses to sort commonly recyclable materials and organic waste from unrecoverable wastes. It is expected that these rules will apply to businesses that do not use the kerbside collection system. 	Local businesses may seek to use council services to avoid new rules.
<ul style="list-style-type: none"> Local governments will be encouraged and supported to use more recycled content to build and maintain infrastructure 	Enforce Procurement Policy that supports recycled product purchases.
Statement	Impact
<ul style="list-style-type: none"> Amendments to the <i>Environment Protection Act 2017</i> and associated regulations, which come into effect from 1 July 2020, introduce new duties for waste and recycling businesses to safely manage waste. They also ensure those businesses have appropriate scrutiny and oversight by the Environment Protection Authority and strengthen penalties for noncompliance. 	New duties will be introduced with additional compliance costs potentially

It is anticipated that in whatever form the final services are delivered that the Council will incur additional costs for service delivery, compliance, data collection and community engagement for the delivery of kerbside collection and RRC services

There may well be additional costs incurred in the management of illegal dumping clean-up, enforcement and surveillance which has the capacity to cause reputational damage. This may be voided by the implementation of subsidised access to the Resource Recovery Centres.

With regards to actual current Operational risks, the following issues will need to be addressed through the delivery of the *Resource Recovery and Waste Strategy 2020-2030* once adopted in June 2021:

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Identified Risk	Risks / Issues to be addressed
Alexandra Landfill	Continued Licence compliance,
	Maintenance of monitoring and reporting requirements
	Impacts of Regional Group Buffer Project
	Future operations on site (to expand or close the landfill)
	Approval of rehabilitation and capping design for current site
Closed Landfill sites General	Risks to the environment due to the age of the waste, results of groundwater and surface water monitoring, presence of an engineered cap and stormwater management infrastructure at the sites.
	Detailed rehabilitation plan to be produced for every site to mitigate risks identified.
	Prioritisation of sites based on risk
	Potential new environmental audit system.
Eildon Closed landfill Priority 1	Historical information, intrusive investigation, results of groundwater and surface water monitoring and the qualitative risk assessment conducted resulted in the following conclusions and recommendations: <ul style="list-style-type: none"> • The site presents a low to medium risk to the environment • The site has generally been rehabilitated with an engineered cap • Works to be undertaken in the un-rehabilitated western area A detailed rehabilitation plan will be prepared
Yea Closed Landfill Priority 2	Historical information, intrusive investigation, results of groundwater and surface water monitoring and the qualitative risk assessment to be conducted 2020/21.
Flowerdale (Priority 3) and Kinglake (priority 4)) Closed Landfills	Historical information, intrusive investigation, results of groundwater and surface water monitoring and the qualitative risk assessment to be conducted 2020/21. Flowerdale - The site has wastes that are uncapped and exposed / complete site rehabilitation by capping all wastes disposed onsite to prevent rainfall infiltration and leachate generation. Kinglake - The site has wastes that are uncapped and exposed / complete site rehabilitation by capping all wastes disposed onsite.
FOGO services	FOGO to be introduced to kerbside collection and RRCs in some manner
Kerbside Collection Contracts	New contracts to be inclusive of FOGO collection
	Increased Landfill Levies will increase Garbage charge for ratepayers
	Target contamination in recycle streams to avoid cost penalties
	Closure of Alexandra Landfill will necessitate bulk transport of waste which will increase Garbage charge for ratepayers
Identified Risk	Risks / Issues to be addressed
Resource Recovery sites	Should comply with the EPA's <i>Waste Management Policy – Combustible Recyclable and Waste Material</i> (CRWM). This policy came into effect on 28 August 2018.
New sites	Determination of design and operations of the Yea RRC, its design inclusions and "regional" role
Landfill Levies	Landfill levies proposed to rise steeply, increasing by 90% over 3 years.
	Need to implement measures to encourage community use of the RRCs via vouchers or free days.
	Need to avoid growth in illegal Dumping
Environment Protection Reforms	Environment Protection Regulations (the Regulations) and the proposed Environmental Reference Standard (the ERS) to be introduced
	Introduction of General Environmental Duty (GED) i.e. places a duty on individuals and organisations to be aware of and manage risks to the environment
	Increasing regulation of Resource Recovery Facilities (including Council RRCs)
	All waste management facilities will come under a permissions system, it is likely that Council's resource recovery centres will all become registered sites,
	Financial assurances which currently apply only to licenced sites will be able to be more widely applied, including to all resource recovery sites
	New duties related to the collection transport and receiving of waste.
	Revision of all management plans for high risk activities like landfills, closed landfills and resource recovery centres.

Council Plan/Strategies/Policies

This report aligns to *Council Plan 2017-2021* Strategy to “Strengthen the environmental sustainability of our communities, protect our natural environment and reduce resource consumption” and in particular to “Introduce new waste management and recycling services and progressively improve existing services”.

Relevant Legislation

Environment Protection Amendment Act 2018.

Financial Implications and Risk

The report outlines potential risks arising from the implementation of the State Government Policy “*Recycling Victoria*” and the current operational climate.

Conflict of Interest

There are no declared conflicts of interest by Council officers in relation to this report.

RESOLUTION

I McKaskill / Cr M Rae

That the Audit and Risk Committee notes the Recycling Victoria Report.

CARRIED

The Committee requested that it be kept informed of Council’s progress in meeting the Recycling Victoria Policy requirements and the development and implementation of Council’s Waste and Recycling Strategy.

12.4 AUDIT AND RISK ADVISORY COMMITTEE ANNUAL REPORT 2019/20 AND FUTURE REPORTING

Attachments(s) Audit and Risk Advisory Committee Annual Report 2019/20 (refer Attachment 12.4)

Purpose

The purpose of this report is to endorse the Audit and Risk Advisory Committee Annual Report 2019/20, and to consider future reporting requirements of the Audit and Risk Committee.

Officer Recommendation

That the Audit and Risk Committee:

1. Endorse the Audit and Risk Advisory Committee Annual Report for 2019/20
2. Agree to the future reporting schedule for the Committee as outlined in this report.

Background

This Annual Report for 2019/20 represents the last action of the former Audit and Risk Advisory Committee established under the former *Local Government Act 1989*.

Mr Claude Baxter, former Chairperson of the Committee, presented the Committee’s Annual Report for 2019/20 to a briefing of Council on 5 August 2020. The report had previously been circulated to former committee members for input.

The report was subsequently formally received by Council at its Ordinary Meeting on 26 August 2020 and is now presented for formal endorsement by the Committee.

Under the new Audit and Risk Committee Charter, the Committee is required to prepare a Biannual Audit and Risk Report that describes the activities and includes the Committee findings and recommendations, and an Annual Committee Performance Report that includes a self-assessment of the Committee's performance against the requirements of the Charter.

Discussion

It is suggested that the Biannual Audit and Risk Committee Reports be prepared following the December and May Committee meetings. These reports could be tabled at the next available Committee meeting (i.e., March and September) for the Committee's endorsement for presentation to Council at the March and September Council Meetings.

It is also suggested that the Annual Committee Performance Report (self-assessment) be prepared for presentation to Council at the September Council Meeting reflecting the previous financial year. This would require the Committee members to have completed any questionnaire requirements during June, so that a report can be prepared in advance of the September Committee Meeting.

It is further suggested that the Chairperson of the Committee prepare the Biannual Audit and Risk Committee Report (with officer assistance), and that officers prepare the draft Annual Performance Report for input and endorsement by the Committee at its September Meeting.

RESOLUTION

C Nisbet / Cr S McAulay

That the Audit and Risk Committee:

- 1. Endorse the Audit and Risk Advisory Committee Annual Report for 2019/20**
- 2. Agree that the biannual report will be presented at the March and September Committee meetings**
- 3. Agree that the annual report will be presented at the September Committee meeting.**

CARRIED

The committee requested a draft biannual report template be presented to the next committee meeting for consideration.

12.5 REVIEW AUDIT AND RISK COMMITTEE ANNUAL PLAN

Attachment(s): Audit & Risk Advisory Committee Annual Plan 2020/21 DRAFT (refer Attachment 12.5)

This report will be presented by the Director Corporate and Shared Services.

Officer Recommendation

That the Audit and Risk Committee endorse the Audit and Risk Committee Annual Plan 2020/21.

RESOLUTION

C Nisbet / I McKaskill

That the Audit and Risk Committee endorse the Audit and Risk Committee Annual Plan 2020/21 as amended to reduce the frequency of WorkCover claims and insurances report to annually and increase the frequency of meeting with internal auditor without officers present to every meeting.

CARRIED

13. OTHER REPORTS

Nil.

MOTION

I McKaskill / C Nisbet

That the Committee thanks outgoing CEO Craig Lloyd for his valuable contribution to the Audit and Risk Committee.

CARRIED

15. NEXT MEETING

Thursday **10 December 2020 – 3:00 pm** at Murrindindi Shire Council - Council Chamber, Perkins Street Alexandra or via Zoom if required due to COVID-19 restrictions.

Meeting closed 3:58pm

Subject to Confirmation