

**SCHEDULED MEETING OF COUNCIL - 22 SEPTEMBER 2021  
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# Murrindindi Shire Municipal Public Health and Wellbeing Plan

2021 - 2025

Note: The final graphic design format of the MPHWP will be completed in October 2021.

## Acknowledgement of Country and First Nations Peoples

Murrindindi Shire Council is proud to acknowledge the Taungurung and Wurundjeri people as the traditional custodians of the land we now call Murrindindi Shire.

We pay our respects to First Nations leaders and elders, past, present and emerging, who are the keepers of history, traditions, knowledge and culture of this land.

We commit to working in collaboration with traditional owners of this land in a spirit of reconciliation and partnership.

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## Introduction

We are pleased to present to our community the Municipal Public Health and Wellbeing Plan 2021-2025 (Our Plan). Our Plan has been developed in collaboration with Council, the Murrindindi Shire Health and Wellbeing Consortium and the community, and aims to align our focus for health and wellbeing initiatives over the next four years. It provides a strategic framework to support positive health outcomes in our Shire, and aims to build healthy, resilient and connected communities. Our Plan embodies the shared direction of Council, the Consortium and the community and our commitment to work cohesively to ensure that all people have the opportunity to achieve good health.

The COVID-19 pandemic has presented the community with a public health challenge unlike any we have seen before. While residents of Murrindindi Shire have shown extraordinary resilience and community spirit in light of these challenges, the flow-on effects are likely to be felt for years to come. We recognise the ongoing impact of the pandemic and are committed to supporting our community to respond, adapt and recover now and into the future.

## Acknowledgement of our partners

We would like to acknowledge the support from the Murrindindi Shire Health and Wellbeing Consortium (the Consortium) in the development, delivery and evaluation of Our Plan. We are thankful for the time and expertise that members of the Consortium have contributed and look forward to continuing to work in partnership to improve health and wellbeing across Murrindindi Shire.

## Our Shire and Our People

Murrindindi Shire is located north east of the city of Melbourne and encompasses 3,873 square kilometres. Its southern and south-western boundaries border the urban fringe of Melbourne while the remaining boundaries pass through rural environments.

At the 2016 Census, the residential population was 13,732 residents, with an annual growth rate of 0.9%. The median age of the Shire was 47.8 years old, compared to the state average of 37 years old. Murrindindi Shire is projected to have a slower population growth than other municipalities at a similar distance from Melbourne. This provides an opportunity to carefully plan our future, ensuring that we retain the Shire's rural character and scenic beauty that our community highly values.

Like many regional areas, Murrindindi Shire has an ageing population with fewer young people and more people over fifty than the Victorian average. This trend is more evident in the eastern side of the Shire than the western side. Public transport is a challenge for residents, we tend to rely on private vehicles and the help of community networks to get us where we need to go. As a result of our rural location, we often have to travel long distances to access services including health and education. Climate change is a leading public health risk (WHO 2015) and our communities are highly vulnerable to the impacts of bushfires, heat waves, ecological deterioration and lower agricultural productivity, all of which are projected to increase in severity as the climate becomes hotter and more variable.

## Our Health and Wellbeing Plan

The Municipal Public Health and Wellbeing Plan 2021-25 (Our Plan) outlines the high-level strategic health and wellbeing priorities for the Shire. Our Plan is a collaborative document which brings together the key objectives of existing Council and Consortium member policies, plans and strategies which contribute to improving the health and wellbeing of our Shire. The Public Health and Wellbeing Act 2008 recognises the key role of Councils in improving the health and wellbeing of people in their municipality, both across internal departments and in collaboration with the community. Our Plan is underpinned by a partnership approach, which aims to create more effective processes in the delivery of strategies that support long-term positive health outcomes for our communities.



## How Our Plan was developed

Our Plan reflects a range of influences, including community feedback gathered in the *Shaping our Future* community engagement project, conversations with the Murrindindi Shire Health and Wellbeing Consortium and our legislative requirements. These influences are reflected in Table 1 below, and each of these influences are explained in further detail.

Table 1: What informs Our Plan





### The Murrindindi Shire Health and Wellbeing Consortium (the Consortium)

To develop Our Plan, Council has worked in partnership with a number of external agencies involved in delivering health-related outcomes in our community. Together with Council, these agencies form The Consortium, and will work alongside Council to deliver Our Plan. Council and members of the Consortium will work collaboratively to deliver on actions and each agency will take on a variety of roles throughout the four-year plan, including project lead, facilitator, collaborative partner, advocate or project funder.

We would like to thank all members of The Consortium for their time and expertise. We look forward to continuing to work together to support and encourage active and healthy communities in the Shire.

The Consortium members include

- Department of Families, Fairness and Housing - Goulburn Area - East Division
- Alexandra District Health
- Yea and District Memorial Hospital
- Nexus Primary Health
- Lower Hume Primary Care Partnership
- Menzies Support Services
- Family Care
- Alexandra HUB
- Yea Community House
- Flowerdale Community House
- Kinglake Ranges Neighbourhood House
- Toolangi Castella Community House
- Primary Care Connect
- Valley Sport
- Victoria Police
- Central Ranges LLEN
- AFL – Eastern Division.

## Shaping Our Future

In March and April 2021, Council conducted the 'Shaping our Future' community engagement project, designed to inform our 10- Year Community Vision, and the Council Plan 2021-2025. This engagement also provided valuable input which we used to help design our Municipal Public Health and Wellbeing Plan.

Over 500 community members who live, work and play in Murrindindi Shire provided valuable feedback in the first stages of the Shaping our Future project, with feedback gathered forming the basis of the 10 year Community Vision, the Council Plan 2021-2025 and Our Plan.

The first stages of the Shaping Our Future project were delivered across March and April of 2021, with 434 survey and 'ideas board' responses captured on Council's online engagement platform, The Loop. 28 Easy English short surveys were completed, capturing the thoughts of community members with lower literacy or with English as a second language. In addition, many people shared their thoughts and feedback with Councillors and Council staff at our events and pop-up kiosks.

The community told us what they value most about living in Murrindindi Shire and about their hopes for the future. From this, the 10-Year Community Vision was created.

# MURRINDINDI SHIRE 10-YEAR COMMUNITY VISION

**Through our combined efforts, our community is vibrant and resilient. We**

- are inclusive, embrace diversity and encourage the participation of all
- welcome new residents and visitors to enjoy and contribute to our Shire
- respect and celebrate the cultural heritage of our First Nations People and those who have come before us
- actively support the current and future needs and aspirations of people of all ages and abilities
- enjoy, participate in and promote culture and the arts, sport and recreation
- are leaders in waste reduction and combating climate change
- protect our natural environment and biodiversity and preserve our rural landscapes
- grow through managed land development, business entrepreneurship and enhanced learning opportunities

During the Shaping our Future project, our community emphasised the importance of improving opportunities for good health and wellbeing, including

- opportunities for people to connect with each other and to feel safe, healthy and engaged
- celebration of our vibrant, diverse and creative communities
- support for our children, young people and older adults to be happy and healthy, in collaboration with our community
- Valuing our natural environment and unique rural opportunities
- promotion of recreational activity within our Shire.

## Our Profile

Our Profile is a comprehensive collection of evidence collated from local, state and federal data sources. This document has been used as an evidence base to support the strategies and actions that will be delivered throughout Our Plan.

Our Profile aims to

- provide an overview of the health and wellbeing status of people in the Shire, and identify key priority areas
- present data on the wider determinants of health that also influence health and wellbeing outcomes in the Shire
- provide an evidence-based resource for use by Council and community stakeholders to inform decision making, planning, action and investment in health and wellbeing
- inform emergency and recovery planning, including COVID-19.

The following data reflects some of the key findings presented in Our Profile:

Population (total): 13,732

If we were 100 workers, we would be:

- 5 people walking to work
- 68 people driving to work
- 9 people working from home
  
- 17 people working in agriculture, forestry and fishing
- 12 people working in tourism
- 11 people working in education and training
- 10 people working in health care and social assistance

- 10 people working in construction
- 8 people working in retail trade
- 2 people working in accommodation and food services
- 6 people working in public administration and safety
- 5 people working in manufacturing

If Murrindindi Shire was made up of 100 people there would be:

- 10 children aged under 10
- 11 young people aged between 10 and 19 years
- 12 people aged between 20 and 34 years
- 19 people aged between 35 and 49 years
- 24 people aged between 50 and 64 years
- 24 people 65 and over
  
- 5 people unemployed
- 29 people who volunteer
  
- 49 females
- 51 males
  
- 11 people who were born overseas
- 3 people who speak a language other than English at home
- 6 people who have a disability
- 1 person who is Aboriginal and/or Torres Strait Islander
  
- 51 people who are eating enough fruit
- 5 people who are eating enough vegetables
- 45 people who are overweight
- 15 people who are obese
- 18 people (over 18 years of age) who smoke
- 14 people with food insecurity
- 13 people with high or very high psychological distress
- 76 people who feel safe on the street alone
- 7 people who are at an increased lifetime risk of alcohol-related harm
- 5 people who have experienced family violence

Note: you may note that figures don't always add up to 100 as in some cases we have only shown the main categories.

Data sources:

Bureau of Statistics 2016 Census

<https://www.phnexchange.com.au/home.php?phn=205>

Victorian Women's Health Atlas, 2021

REMPLAN Economy Report <https://app.remplan.com.au/murrindindi>

### Legislative obligations

Our Plan has been developed with reference to a range of relevant legislation, including

- Public Health and Wellbeing Act 2008
- Gender Equality Act 2020
- Climate Change Act 2017
- Local Government Act 2020
- Environment Protection Act 2017
- Tobacco Act 1987 & Tobacco Regulations 2017
- Planning and Environment Act 1987.

### Victorian Public Health and Wellbeing Plan 2019–23 (VPHWP)

The VPHWP is the overarching framework for guiding improvement to public health and wellbeing in Victoria. In the development of their Municipal Public Health and Wellbeing Plans, councils must have regard to the VPHWP. This is to encourage state and local governments to work together to strengthen the health and wellbeing of communities.

The VPHWP identifies ten state level priorities for the improvement of health and wellbeing outcomes for all Victorians. These priorities have been selected as they are

- the greatest contributors to the burden of disease
- a source of identified health inequalities
- emerging threats or challenges to the public's health and wellbeing
- likely to result in significant future health burdens if no action is taken.

Many of these priorities are co-beneficial in nature and the strategies presented in Our Plan are designed to maximise benefits for our community.

**Co-benefits** are the positive effects that an action aimed at one objective has on other objective. For example, reducing harmful alcohol and drug use has the co-benefit of improving mental wellbeing

Victorian Public Health and Wellbeing Plan 2019-23- Priorities



Reducing tobacco related harm



Increasing active living



Increasing healthy eating



Tackling climate change and its impact on health



Reducing injury in the community



Reducing harmful alcohol and drug use



Preventing all forms of violence



Decreasing the risk of drug resistant infections



Improving mental wellbeing



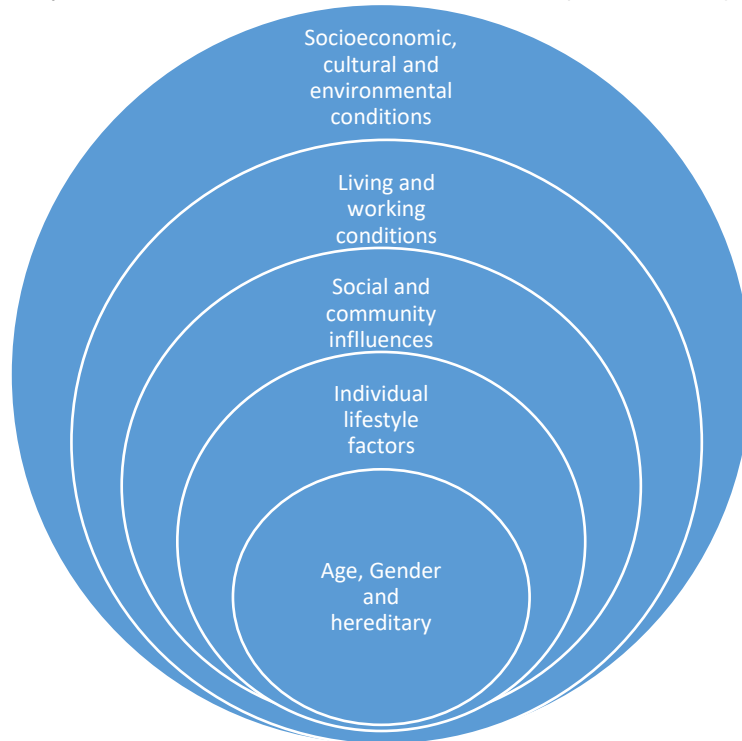
Improving sexual and reproductive health



## The Determinants of Health

In addition, in developing the strategies that create Our Plan we have given consideration to the known determinants which impact our health and wellbeing outcomes.

Many factors combine together to affect the health of individuals and communities. These are conditions in which people are born, grow, work, live, and age, and the wider set of forces and systems shaping the conditions of daily life. Whether people are healthy or not is largely determined by their circumstances and environment (WHO, 2020).



### Determinants of health may include

- Income and social status
- Employment and job security
- Education
- Food security
- Gender
- Early childhood development
- Social inclusion
- Access to health services

Adapted from Dahlgren & Whitehead 1991

Recognising and responding to the wider determinants of health is consistent with the VPHWP and is the best way to improve equality of health outcomes for all. Public health and wellbeing issues are complex and require a broad, inclusive systemic approach to impact change and reduce health inequalities across the population.

## Our Promise

Our Promise is a set of guiding values that will direct the work of partner agencies as we work collectively to support the health and wellbeing of the people who live, work and play in Murrindindi Shire.

- **Collaborate:** Work together and coordinate our efforts to improve health and wellbeing within the community
- **Innovate:** Develop and trial new ideas and create innovative solutions to health and wellbeing priorities
- **Communicate:** Ensure our communities are aware of and involved in creating and supporting programs that meet their needs
- **Participate:** Commit to delivering and monitoring the actions in the Health and Wellbeing plan 2021-2025.

## Our Strategic Themes

The strategic themes, strategies and key focus areas of Our Plan reflect the priorities of the




- Council Plan 2021-2025
- 10-Year Community Vision
- Victorian Public Health And Wellbeing Plan 2019-23
- Priorities of our partner organisations





To promote and protect health and wellbeing at a population-level, actions need to help improve daily living conditions and address health inequities. The strategic themes and strategies of Our Plan are intentionally broad and allow for flexibility in The Consortium's response to emerging issues and opportunities alongside the unique needs of our communities. The strategies allow for changes to political, economic, natural and social environments across the four years of Our Plan.







## Our Strategies

Based on each of our strategic themes, we have developed a vision, strategies and key focus areas to guide the direction of our actions over the life of the plan. Each year, we will revisit our strategies to ensure they continue to align with the priorities of our community and our partner organisations.

<b>Our Connected Communities</b>		
<i>Our vision: We will build resilient communities where people are accepted, safe and feel they are a valuable part of the place where they live. We will aim to support vulnerable people in our communities and provide opportunities for all people to connect.</i>		
<b>Strategies</b>	<b>Key focus areas</b>	<b>VPHWP key and co-benefits</b>
<p>Together we will:</p> <p>1.1 support our diverse and inclusive communities, and we will promote the respect, safety, and participation of all people</p> <p>1.2 recognise and celebrate the cultural heritage of our First Nations People</p> <p>1.3 seek to understand and respond to the unique needs of children, youth and older people in our Shire</p> <p>1.4 work alongside community groups and volunteers, and support our communities to plan for their future</p>	<p>Promote inclusion of all people regardless of their age, gender identity, sexuality, disability and cultural or religious beliefs</p> <p>Understand and respond to the challenges of family violence and gender inequality</p> <p>Create strong partnerships with Indigenous and Torres Strait Islander people and organisations through joint initiatives</p> <p>Deliver and collaborate on diverse programs that benefit children and young people</p> <p>Support the needs of older people and seek to understand and respond the challenges of our aging population</p> <p>Support vulnerable people and people with diverse needs to reduce social isolation and increase access to services</p> <p>Recognise, collaborate with and provide support to our volunteers and community groups</p> <p>Work with the community to deliver events that connect people and enhance community participation</p>	    

<b>Our Active Environments</b>		
<i>Our vision:</i> Our physical and social environments are vibrant, inclusive and accessible We want to celebrate the natural environment we live in, and create spaces where people feel motivated and comfortable to participate.		
<b>Strategies</b>	<b>Key focus areas</b>	<b>VPHWP key and co-benefits</b>
<p>Together we will:</p> <p>2.1 promote and provide opportunities for participation in recreation, sport and active living</p> <p>2.2 encourage community exploration and care of our beautiful natural environment and rural lifestyle</p> <p>2.3 recognise the relationship between climate change and our health and aim to achieve resilient and safe communities in light of future challenges</p> <p>2.4 support culture and the arts by exploring new creative opportunities to develop and showcase local initiatives</p> <p>2.5 remove barriers to participation and support flexible and accessible opportunities for community members to engage with initiatives, programs and services</p>	<p>Promote, improve and provide access to information about our local tracks, trails and paths</p> <p>Seek to provide and promote appropriate, accessible and high quality recreation and sporting facilities</p> <p>Collaborate in the future development of our local sporting and recreation clubs</p> <p>Recognise, promote and collaborate on initiatives that encourage people to connect with our natural environment for physical activity, leisure and caring for country</p> <p>Promote active living initiatives and explore opportunities for active transport programs</p> <p>Identify and promote the co- benefits between health and wellbeing and climate change initiatives</p> <p>Collaborate with the community to deliver arts and cultural events across the Shire</p> <p>Promote an accessible and inclusive approach to service delivery, respond to the needs of the community and investigate opportunities for improvement</p>	   

<p><b>Our Healthy People</b></p> <p><i>Our vision: We aim to increase access to healthier options for people that live, work and play in Murrindindi Shire to support improved physical and mental health outcomes. We will aim to empower our communities and promote co-ownership of health and wellbeing initiatives.</i></p>		
Strategies	Key focus areas	VPHWP key and co-benefits
<p>Together we will:</p> <p>3.1 respond to emerging issues and challenges to health and wellbeing for all members of our community, including the Covid-19 pandemic</p> <p>3.2 recognise opportunities to achieve healthier outcomes, and introduce new initiatives that are accessible, affordable and appropriate for our communities</p> <p>3.3 work with our partners to increase access to healthier food and drinks and support our communities to make healthier choices</p> <p>3.4 promote community involvement and joint ownership of health initiatives, and support community-led partnerships and programs</p>	<p>Recognise the ongoing impact of Covid-19 on our Shire and continue to lead and collaborate on initiatives to support our communities</p> <p>Investigate and plan for future challenges in emergency management</p> <p>Recognise the importance of food security and local food networks, collaborate on initiatives that respond to local issues and broader regional priorities</p> <p>Increase access to healthy food and drink in Council facilities and within our communities. Understand challenges in this space</p> <p>Ensure health and wellbeing information is accessible to all and promote increased health literacy</p> <p>Collaborate on mental health and wellbeing initiatives and promote access to information and services</p> <p>Review tobacco control initiatives and environmental tobacco management policies</p> <p>Support new health initiatives and explore opportunities to collaborate with community groups, non- government organisations and other government agencies</p>	   



**Our Strong Partnerships**

*Our vision: We recognise that improving health and wellbeing is the responsibility of all. We will work cohesively as partners and within our communities to achieve our common goals and objectives, sharing our successes and challenges.*

Strategies	Key focus areas	VPHWP key and co-benefits
<p>Together we will:</p> <p>4.1 collectively advocate for improved services and facilities within Murrindindi Shire</p> <p>4.2 promote the availability of services within our Shire and connect community members to health and wellbeing opportunities</p> <p>4.3 maintain our strong community partnerships and continually seek opportunities to collaborate on the delivery of health and wellbeing programs</p> <p>4.4 promote community ownership of health and wellbeing initiatives to ensure that our programs are reflective of the needs of the people they serve</p>	<p>Work alongside our partner organisations to attract skilled health professionals to Murrindindi Shire</p> <p>Advocate for the continued improvement of health and wellbeing services available to residents of Murrindindi Shire</p> <p>Seek State and Federal funding to allow us to achieve connected, safe and healthy communities</p> <p>Continually review service delivery in line with community input and feedback to ensure accessibility for all</p> <p>Empower our communities to increase control over their health and wellbeing outcomes, ensuring that harder to reach voices are elevated</p> <p>Recognise opportunities for co-ownership of health and wellbeing initiatives across organisations and our community</p> <p>Retain, strengthen and grow community and organisational partnerships to best serve the needs of our communities</p>	



	Maintain and update Our Profile with the latest health and wellbeing data for our Shire to guarantee our programs have a robust evidence base	
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## Delivering and Evaluating Our Plan

While recognising that local government has a leadership role in a strategic planning, advocacy, and coordination of a Municipal Public Health and Wellbeing plan, partnerships with the community, service providers and other local stakeholders are essential in achieving success. Building communities with the tools for good health and wellbeing is a broad, complex task. It is a responsibility that is shared between government and non-government agencies, professional, business, community groups and individuals.

Council will review Our Plan annually and, if appropriate, amend it to ensure the focus areas remain current and relevant to the needs of our communities and any emerging issues. Each year, we will create an implementation plan that outlines our actions for the coming 12 months. The implementation plan will provide detail on activities, timeframes, responsibilities and measures of success and progress will be reported on annually. Our Profile will be reviewed and updated on a regular basis as new health and wellbeing data becomes available from State, Federal and local sources.

Our Plan recognises that the best approaches to improving health outcomes are often built from the ground up. We welcome and encourage the involvement of our communities and groups, non-government organisations and other levels of government in the development and delivery of our actions over the four years of Our Plan.

Our goal is to achieve optimal health and wellbeing outcomes for all those that call Murrindindi Shire home.

Murrindindi Shire Council  
Annual Financial Report  
For the Year Ended  
30-June-2021

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: 22 September 2021**  
*Alexandra*

In our opinion the accompanying financial statements present fairly the financial transactions of Murrindindi Shire Council for the year ended 30 June 2021 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.

*Sandice McAulay*  
**Mayor**

**Date: 22 September 2021**  
*Alexandra*

*John Walsh*  
**Councillor**

**Date: 22 September 2021**  
*Alexandra*

*Livia Bonazzi*  
**Chief Executive Officer**

**Date: 22 September 2021**  
*Alexandra*

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**Comprehensive  
 Income Statement**  
**For the Year Ended 30 June 2021**

	Note	2021 \$	2020 \$
<b>Income</b>			
Rates and charges	3.1	21,529,678	21,390,612
Statutory fees and fines	3.2	1,213,451	994,001
User fees	3.3	1,132,560	1,821,394
Grants - operating	3.4	8,474,378	8,926,243
Grants - capital	3.4	2,772,824	2,086,470
Contributions - monetary	3.5	320,179	111,460
Contributions - non monetary	3.5	1,219,962	805,323
Other income	3.6	1,183,423	1,512,232
<b>Total income</b>		<u>37,846,455</u>	<u>37,647,735</u>
<b>Expenses</b>			
Employee costs	4.1	15,447,155	14,995,555
Materials and services	4.2	12,646,987	11,708,605
Depreciation and amortisation	4.3	8,989,958	9,268,082
Bad and doubtful debts	4.5	169,784	11,207
Borrowing costs	4.6	22,906	37,081
Net loss on disposal of property, infrastructure, plant and equipment	4.7	1,330,274	1,293,184
Other expenses	4.8	441,793	614,343
Increase in provision for landfill liability	5.5	1,561,454	481,672
<b>Total expenses</b>		<u>40,610,311</u>	<u>38,409,729</u>
<b>Surplus/(deficit) for the year</b>		<u>(2,763,856)</u>	<u>(761,994)</u>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
Net asset revaluation increment	6.1	53,275,108	4,052,384
<b>Comprehensive result</b>		<u>50,511,252</u>	<u>3,290,390</u>

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



**Balance Sheet**  
As at 30 June 2021

22 September 2021

	Note	2021 \$	2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5.1(a)	10,981,779	18,094,846
Other financial assets	5.1(b)	30,300,000	22,019,500
Trade and other receivables	5.1(c)	3,581,233	4,471,529
Inventories		37,808	27,160
Other assets	5.2	201,378	277,940
<b>Total current assets</b>		<b>45,102,198</b>	<b>44,890,975</b>
<b>Non-current assets</b>			
Trade and other receivables	5.1(c)	1,481	2,548
Intangible assets	5.2	1,948,577	2,201,747
Property, infrastructure, plant and equipment	6.1	406,104,775	351,170,836
<b>Total non-current assets</b>		<b>408,054,833</b>	<b>353,375,131</b>
<b>Total assets</b>		<b>453,157,031</b>	<b>398,266,106</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5.3(a)	2,308,655	3,289,184
Trust funds and deposits	5.3(b)	1,349,442	1,482,283
Unearned income	5.3(c)	4,683,431	479,566
Interest-bearing liabilities	5.4	-	178,075
Provisions	5.5(a)	3,459,711	3,190,365
<b>Total current liabilities</b>		<b>11,801,239</b>	<b>8,619,473</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	5.4	-	300,481
Provisions	5.5(a)	7,512,912	6,014,524
<b>Total non-current liabilities</b>		<b>7,512,912</b>	<b>6,315,005</b>
<b>Total liabilities</b>		<b>19,314,151</b>	<b>14,934,478</b>
<b>Net Assets</b>		<b>433,842,880</b>	<b>383,331,628</b>
<b>Equity</b>			
Accumulated surplus		128,738,537	131,560,472
Reserves	9.1	305,104,343	251,771,156
<b>Total Equity</b>		<b>433,842,880</b>	<b>383,331,628</b>

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

**Statement of Changes in Equity**  
**For the Year Ended 30 June 2021**

	Note	Total	Accumulated	Asset	Other
		\$	Surplus	Revaluation	Reserves
		\$	\$	Reserve	\$
				\$	
<b>2021</b>					
Balance at beginning of the financial year		383,331,628	131,560,472	231,594,639	20,176,517
Surplus/(deficit) for the year		(2,763,856)	(2,763,856)	-	-
Net asset revaluation increment	9.1	53,275,108	-	53,275,108	-
Transfers to other reserves	9.1(b)	-	(1,752,326)	-	1,752,326
Transfers from other reserves	9.1(b)	-	1,694,247	-	(1,694,247)
<b>Balance at end of the financial year</b>		<b>433,842,880</b>	<b>128,738,537</b>	<b>284,869,747</b>	<b>20,234,596</b>

		Total	Accumulated	Asset	Other
		\$	Surplus	Revaluation	Reserves
		\$	\$	Reserve	\$
				\$	
<b>2020</b>					
Balance at beginning of the financial year		380,041,238	133,160,468	227,542,255	19,338,515
Surplus/(deficit) 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(b)	-	(2,149,212)	-	2,149,212
Transfers from other reserves	9.1(b)	-	1,311,210	-	(1,311,210)
<b>Balance at end of the financial year</b>		<b>383,331,628</b>	<b>131,560,472</b>	<b>231,594,639</b>	<b>20,176,517</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

	Note	2021 Inflows/ (Outflows) \$	2020 Inflows/ (Outflows) \$
<b>Cash flows from operating activities</b>			
Rates and charges		21,714,820	20,866,252
Statutory fees and fines		1,236,616	994,001
User fees		1,216,855	2,292,165
Grants - operating		9,044,273	9,782,938
Grants - capital		7,460,270	2,364,065
Contributions - monetary		332,820	119,339
Interest received		426,852	892,323
Other Income		700,312	688,601
Net Fire Services Property Levy received (remitted)		(61,682)	19,192
Net GST refund		1,441,525	1,444,677
Net receipt of trust funds and deposits		(71,159)	248,223
Materials and services		(14,797,074)	(12,417,517)
Employee Cost		(15,553,601)	(15,047,170)
Other payments		(293,811)	(415,419)
<b>Net cash provided by operating activities</b>	9.2	<u>12,797,016</u>	<u>11,831,670</u>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment		(11,144,653)	(8,300,746)
Payments for intangible assets		(81,303)	(86,584)
Proceeds from sale of property, infrastructure, plant and equipment		103,227	77,747
Payments for Investments		(8,280,500)	12,100,000
<b>Net cash provided (used) in investing activities</b>		<u>(19,403,229)</u>	<u>3,790,417</u>
<b>Cash flows from financing activities</b>			
Finance costs		(28,298)	(39,453)
Repayment of interest bearing loans and borrowings		(478,556)	(188,470)
<b>Net cash (used) in financing activities</b>		<u>(506,854)</u>	<u>(227,923)</u>
Net increase (decrease) in cash and cash equivalents		(7,113,067)	15,394,164
Cash and cash equivalents at the beginning of the financial year		<u>18,094,846</u>	<u>2,700,682</u>
<b>Cash and cash equivalents at the end of the financial year</b>	5.1(a)	<u>10,981,779</u>	<u>18,094,846</u>

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

Financial assets 5.1  
 Financing arrangements 5.6

	Note	2021	2020
<b>Property</b>			
Land		542,673	391,068
Buildings		1,740,544	1,574,769
<b>Total property</b>		<u>2,283,217</u>	<u>1,965,837</u>
<b>Plant and equipment</b>			
Plant, machinery and equipment		1,738,560	987,663
Fixtures, fittings and furniture		150,276	217,968
Software		81,303	86,584
Library books		106,503	87,989
<b>Total plant and equipment</b>		<u>2,076,642</u>	<u>1,380,204</u>
<b>Infrastructure</b>			
Roads		4,120,785	3,921,543
Bridges		426,315	166,945
Footpaths and cycleways		1,099,927	290,483
Drainage		602,272	372,619
<b>Total infrastructure</b>		<u>6,249,299</u>	<u>4,751,590</u>
<b>Total capital works expenditure</b>		<u>10,609,158</u>	<u>8,097,631</u>
<b>Represented by:</b>			
New asset expenditure		3,328,953	1,292,357
Asset renewal expenditure		4,558,866	4,903,830
Asset expansion expenditure		378,260	-
Asset upgrade expenditure		2,343,079	1,901,444
<b>Total capital works expenditure</b>		<u>10,609,158</u>	<u>8,097,631</u>

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

**OVERVIEW****Introduction**

The Murrindindi 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, Alexandra.

**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 3)
- 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 5.8)
- 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.

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 24th June 2020. 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 2021 \$	Actual 2021 \$	Variance 2021 \$	Variance 2020 %	Ref
<b>Income</b>					
Rates and charges	21,501,000	21,529,678	28,678	-	
Statutory fees and fines	1,182,000	1,213,451	31,451	3%	
User fees	1,492,000	1,132,560	(359,440)	(24%)	1
Grants-operating	6,925,000	8,474,378	1,549,378	22%	2
Grants-capital	2,135,000	2,772,824	637,824	30%	3
Contributions-monetary	54,000	320,179	266,179	493%	4
Contributions-non monetary	600,000	1,219,962	619,962	103%	5
Other income	1,378,000	1,183,423	(194,577)	(14%)	6
<b>Total income</b>	<b>35,267,000</b>	<b>37,846,455</b>	<b>2,579,455</b>	<b>7%</b>	
<b>Expenses</b>					
Employee costs	14,180,000	15,447,155	(1,267,155)	9%	7
Materials and services	11,186,000	12,646,987	(1,460,987)	13%	8
Bad and doubtful debts	-	169,784	(169,784)		9
Depreciation	8,447,000	8,655,486	(208,486)	2%	
Amortisation - intangible assets	567,000	334,472	232,528	(41%)	10
Borrowing costs	25,000	22,906	2,094	(8%)	
Net loss on disposal of property, infrastructure, plant and equipment	600,000	1,330,274	(730,274)	122%	11
Other expenses	317,000	441,793	(124,793)	39%	12
Increase in provision for landfill Liability	-	1,561,454	(1,561,454)		13
<b>Total expenses</b>	<b>35,322,000</b>	<b>40,610,311</b>	<b>(5,288,311)</b>	<b>15%</b>	
<b>Surplus/(deficit) for the year</b>	<b>(55,000)</b>	<b>(2,763,856)</b>	<b>(2,708,856)</b>		

Note 1 Performance against budget (cont.)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	User fees	Landfill income below original budget budget estimates. Council stopped accepting commercial garbage at landfill sites to preserve airspace while options were being considered for future site development.
2	Grants-operating	The following grants were received but not budgeted: Working for Victoria \$787,221, Releasing the Floating City \$300,000, COVID-19 Community Activation and Social Isolation, \$123,860, Outdoor Eating and Entertainment Package \$230,848 and Local Government Business Concierge and Hospitality Program \$60,000.
3	Grants-capital	Unbudgeted grant received for the Local Road and Community Infrastructure Program \$641,719
4	Contributions-monetary	Budget variations were due to a contribution toward the Releasing the Floating City from Goulburn Murray Water \$103,289, Insurance Group Australia (IAG) provided \$50,000. Public open space contributions were \$52,700 higher than budget.
5	Contributions-non monetary	Council receives contributions in the form of infrastructure as a result of subdivisions and developments. The timing and amount of such contributions is largely outside Council's control. Details of contributions are shown at note 3.5.
6	Other income	Unfavourable variance from interest income earnings \$319,953 due to low interest rates. This is offset by an unbudgeted amount of \$156,099 for the value of volunteer services as highlighted in note 3.6. The recognition of volunteer services under Accounting Standards is cost neutral, with the matching amounts recognised as revenue and expenditure.
7	Employee costs	Variance due to extra staff engaged under the Working for Victoria program \$1,264,401. This program was full grant funded with funds being received in 2019/20 and balance in 2020/21.
8	Materials and services	Variance is predominately due to expenditure relating to unbudgeted grants and contributions. These include materials and equipment to support staff under the Working for Victoria program \$239,892, Outdoor Eating and Entertainment Package \$239,892, Releasing the Floating City Project \$686,661. Council also incurred expenditure of \$346,436 on unbudgeted COVID-19 related items including tourism and industry support, vehicle hire, materials, supplies and advertising.
9	Bad and doubtful debts	Council does not budget for bad and doubtful debts. An amount of \$159,952 previously considered collectable under the Natural Disaster and Financial Assistance program was adjusted after part of the claim was determined to be outside the scope of the funding arrangements.
10	Amortisation - intangible assets	The amortisation (consumption) of landfill airspace was lower than expected (\$242,237). Council stopped accepting commercial garbage at the site. This was to preserve airspace at the site while options were being considered for future development.
11	Net loss on disposal of property, infrastructure, plant and equipment	When assets are replaced, renewed or upgraded, the underlying book value of the assets must be written out of the asset register, this value is recorded as an expense. The amount of this expense depends on the size, nature and timing of the completion of the capital works program.
12	Other expenses	Variance of \$156,099 due to the recognition of the offsetting volunteer services contribution as highlighted in note 4.8. The recognition of volunteer services is cost neutral, with the corresponding amounts recognised as other revenue.
13	Increase in provision for landfill Liability	Landfill provision increased following the annual review and alignment with EPA assurance requirements. A recent tender for cell capping costs has indicated the previous rates used in the provision calculation were lower than the market price. In addition the annual monitoring and after care cost estimate has increased from \$50,000 to \$80,000 per year for a period of 30 years.

Note 1 Performance against budget (cont)

1.2 Capital works

	Budget 2021 \$	Actual 2021 \$	Variance 2021 \$	Variance 2021 %	Ref
<b>Property</b>					
Land	2,885,781	542,673	(2,343,108)	(81%)	1
<b>Total Land</b>	<b>2,885,781</b>	<b>542,673</b>	<b>(2,343,108)</b>		
<b>Buildings</b>	<b>2,091,219</b>	<b>1,740,544</b>	<b>(350,675)</b>	<b>(17%)</b>	<b>2</b>
<b>Total Buildings</b>	<b>2,091,219</b>	<b>1,740,544</b>	<b>(350,675)</b>	<b>(17%)</b>	
<b>Total Property</b>	<b>4,977,000</b>	<b>2,283,217</b>	<b>(2,693,783)</b>	<b>(54%)</b>	
<b>Plant and Equipment</b>					
Plant, machinery and equipment	1,021,000	1,738,560	717,560	70%	3
Fixtures, Computer hardware, fittings and furniture	116,000	150,276	34,276	30%	4
Computers and telecommunications software	-	81,303	81,303		5
Library materials	100,000	106,503	6,503	7%	
<b>Total Plant and Equipment</b>	<b>1,237,000</b>	<b>2,076,642</b>	<b>839,642</b>	<b>68%</b>	
<b>Infrastructure</b>					
Roads	4,664,000	4,120,785	(543,215)	(12%)	6
Bridges	110,000	426,315	316,315	288%	7
Footpaths and cycleways	659,000	1,099,927	440,927	67%	8
Drainage	35,000	602,272	567,272	1621%	9
<b>Total Infrastructure</b>	<b>5,468,000</b>	<b>6,249,299</b>	<b>781,299</b>	<b>14%</b>	
<b>Total Capital Works Expenditure</b>	<b>11,682,000</b>	<b>10,609,158</b>	<b>(1,072,842)</b>	<b>(9%)</b>	
<b>Represented by:</b>					
New asset expenditure	4,309,000	3,328,953	(980,047)	(23%)	
Asset renewal expenditure	5,410,000	4,558,866	(851,134)	(16%)	
Asset expansion expenditure	359,000	378,260	19,260	5%	
Asset upgrade expenditure	1,604,000	2,343,079	739,079	46%	
<b>Total Capital Works Expenditure</b>	<b>11,682,000</b>	<b>10,609,158</b>	<b>(1,072,842)</b>	<b>(9%)</b>	



Note 1 Performance against budget (cont.)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	Alexandra landfill cap construction works deferred and closed landfill rehabilitation works at Eildon completed under budget.
2	Buildings	Savings on Marysville swimming pool refurbishment project completed under budget and Yea Resource Recovery Centre project completion delayed, with budget to be carried forward for completion in 2021-22.
3	Plant, machinery and equipment	Major plant replacement of Grader, Backhoe and Truck expended from budget carried forward from prior year.
4	Fixtures, Computer hardware, fittings and furniture	Computer hardware budget carried forward from prior year and spent in this year.
5	Computers and telecommunications software	Digital futures project underway. Unspent funds were carried forward from the prior year and spent this year.
6	Roads	Gravel Road Resheeting works and Kinglake Streetscape project both delayed with budgets carried forward for completion in 2021-22.
7	Bridges	Bridge renewal and upgrade budgets carried forward from prior year for Dropmore Bridge and Fannings Bridge which were completed in 2020-21.
8	Footpaths and cycleways	Additional path projects funded under the Local Roads and Community Infrastructure Program for footpath extension works in Alexandra and Kinglake were completed in the current year. In addition recognition of footpath works as part of the Kinglake and Yea streetscape projects show as variance as these works were budgeted for within Roads project budget.
9	Drainage	Drainage works in Grant Street Alexandra and Thornton Streets were expended from budgets carried forward from prior year. In addition, the recognition of drainage works as part of the Kinglake and Yea streetscape projects show as variance as these works were budgeted for within Roads project budget.

**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 services, children and family services, library services, community services, emergency services, recreational aquatic and youth 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 management, waste management, building control, community safety development approvals, environmental health, infrastructure maintenance, parks, gardens and open space 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, customer, financial and corporate services, human resource management, information technology management, asset planning and management.

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

	Income	Expenses	Surplus/(Deficit)	Grants included in income	Total assets
	\$	\$	\$	\$	\$
<b>2021</b>					
Our People	3,734,435	9,570,771	(5,836,336)	2,645,495	40,645,489
Our Place	11,126,326	13,301,899	(2,175,573)	4,868,185	337,182,700
Our Prosperity	1,291,017	2,416,714	(1,125,697)	590,848	10,263,387
Our Promise	571,520	7,449,581	(6,878,061)	56,356	31,637,144
General Rates	18,036,839	-	18,036,839	-	-
Unattributed	3,086,318	7,871,346	(4,785,028)	3,086,318	33,428,311
	<b>37,846,455</b>	<b>40,610,311</b>	<b>(2,763,856)</b>	<b>11,247,202</b>	<b>453,157,031</b>
	Income	Expenses	Surplus/(Deficit)	Grants included in income	Total assets
	\$	\$	\$	\$	\$
<b>2020</b>					
Our People	4,665,984	9,683,300	(5,017,316)	3,325,245	42,680,446
Our Place	10,056,836	11,812,340	(1,755,504)	4,244,494	281,034,541
Our Prosperity	764,951	1,671,589	(906,638)	171,250	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)	3,271,724	32,442,694
	<b>37,647,735</b>	<b>38,409,729</b>	<b>(761,994)</b>	<b>11,012,713</b>	<b>398,266,106</b>

**Note 3 Funding for the delivery of our services**

	2021	2020
	\$	\$
<b>3.1 Rates and charges</b>		
<p>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.</p> <p>The valuation base used to calculate the general rates for 2020/2021 was \$5,299 million (2019/2020 \$5,102 million). The 2020/2021 rate in the dollar for general rate was 0.002967 of the capital improved value of the property (2019/2020 0.003052).</p> <p>The 2020/2021 Municipal Charge was \$341 (2019/2020 \$341) per rateable assessment. In 2020/2021 the Garbage Service Charge was \$391.20 (2019/2020 \$381.20) and Recycling Charge was \$119.50 (2019/2020 \$116.50).</p>		
Residential	6,925,263	6,707,925
Commercial	717,936	888,208
Rural 1	3,212,030	3,258,196
Rural 2	3,142,489	3,162,320
Vacant Land - Residential	632,394	641,470
Vacant Land - Commercial	29,235	31,530
Municipal charge	3,311,363	3,289,881
Garbage charge	2,664,186	2,552,056
Recycling	828,653	794,003
Revenue in lieu of rates	66,129	65,023
<b>Total rates and charges</b>	<u>21,529,678</u>	<u>21,390,612</u>

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2021, and the valuation was first applied in the rating year commencing 1 July 2021.

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	398,175	336,404
Community Safety	212,952	157,329
Environmental health	155,452	144,642
Planning and subdivisions	327,118	281,074
Infrastructure	90,891	53,596
Other	28,863	20,956
<b>Total statutory fees and fines</b>	<u>1,213,451</u>	<u>994,001</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.

Note 3	Funding for the delivery of our services (cont.)	2021	2020
3.3	User fees	\$	\$
	Halls and Community Centres	11,200	15,949
	Aged care	-	353,661
	Saleyard fees	469,870	472,686
	Recreation pools and leisure centres	16,645	72,063
	Waste - transfer station & landfill fees	625,321	896,779
	Other fees and charges	9,524	10,256
	<b>Total user fees</b>	<b>1,132,560</b>	<b>1,821,394</b>

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	7,779,986	8,051,836
State funded grants	3,467,216	2,960,877

#### Total grants received

	<b>11,247,202</b>	<b>11,012,713</b>
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#### (a) Operating Grants

##### Recurrent -Commonwealth Government

Financial Assistance Grants	4,781,601	5,019,899
Aged and disability	56,206	488,418
Children services	1,015,484	1,111,917

##### Recurrent -State Government

Aged and disability	18,216	175,389
Children services	297,866	258,768
Public health	7,076	6,155
Library services	157,870	154,020
Road safety	36,246	37,044

#### Total recurrent Operating Grants

	<b>6,370,565</b>	<b>7,251,610</b>
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##### Non-recurrent -Commonwealth Government

Children services		10,000
Community	21,000	-
Roads and bridges		378,330

##### Non-recurrent -State Government

Children services	61,240	72,631
Community	180,216	-
Development approvals	30,299	-
Economic development	590,848	171,250
Emergency management	73,200	60,000
Environmental services	32,774	37,774
Public health	228,029	5,170
Road safety	19,500	-
Recreational services	13,857	-
Transport		66,100
Youth services	55,639	86,167
Waste and recycling	10,000	-
Working for Victoria	787,211	787,211

#### Total non recurrent operating grants

	<b>2,103,813</b>	<b>1,674,633</b>
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#### Total Operating grants

	<b>8,474,378</b>	<b>8,926,243</b>
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Note 3.4	Funding from other levels of government (Cont.)	2021	2020
		\$	\$
	<b>(b) Capital Grants</b>		
	<b>Recurrent-Commonwealth Government</b>		
	Roads to Recovery	1,021,986	1,043,272
	<b>Recurrent-State Government</b>		
	Library materials	6,255	6,255
	<b>Total recurrent capital grants</b>	<u>1,028,241</u>	<u>1,049,527</u>
	<b>Non-recurrent-Commonwealth Government</b>		
	Buildings	27,201	-
	Footpaths and cycleways	41,293	-
	Roads	815,215	-
	<b>Non-recurrent-State Government</b>		
	Governance		
	Buildings	228,543	243,858
	Roads	632,331	793,085
	<b>Total non-recurrent capital grants</b>	<u>1,744,583</u>	<u>1,036,943</u>
	<b>Total capital grants</b>	<u><u>2,772,824</u></u>	<u><u>2,086,470</u></u>

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

Balance at start of year	1,471,402	1,588,838
Received during the financial year and remained unspent at balance date	4,904,450	1,170,440
Received in prior years and spent during the financial year	(1,400,501)	(1,287,876)
Balance at end of year	<u>4,975,351</u>	<u>1,471,402</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	216,724	25,320
Monetary - capital	103,455	86,140
Non-monetary - capital	1,219,962	805,323
<b>Total contributions</b>	<u>1,540,141</u>	<u>916,783</u>

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

Land under roads	11,418	36,953
Drainage	417,953	74,161
Footpaths and Cycleways	90,150	18,000
Roads	700,441	676,209
<b>Total non-monetary contributions</b>	<u>1,219,962</u>	<u>805,323</u>

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

**3.6 Other income**

Interest	230,151	572,057
Interest on rates	162,201	134,453
Rental	213,806	205,303
Reimbursements	236,352	265,808
Volunteer Services	156,099	208,109
Other	184,814	126,502
<b>Total other income</b>	<u>1,183,423</u>	<u>1,512,232</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.

Note 4	The cost of delivering services	2021	2020
		\$	\$
<b>4.1</b>	<b>Employee costs</b>		
	Wages and salaries	13,399,054	13,357,000
	Casual Staff	481,974	223,557
	Fringe benefits tax	8,745	12,115
	Superannuation	1,291,850	1,185,952
	Workcover	265,532	216,931
	<b>Total employee costs</b>	<u>15,447,155</u>	<u>14,995,555</u>
	<b>(a) Superannuation</b>		
	Council made contributions to the following funds:		
	<b>Defined benefit fund</b>		
	Employer contributions to Local Authorities Superannuation Fund (Vision Super)	<u>23,678</u>	<u>27,545</u>
	Employer contributions payable at reporting date.		
	<b>Accumulation funds</b>		
	Employer contributions to Local Authorities Superannuation Fund (Vision Super)	665,778	640,815
	Employer contributions - other funds	602,394	517,592
		<u>1,291,850</u>	<u>1,185,952</u>
	Employer contributions payable at reporting date.		
	Employer contributions to Local Authorities Superannuation Fund (Vision Super)	7,519	26,337
	Employer contributions - other funds	6,803	19,523
	The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2022 is \$26,788.		
<b>4.2</b>	<b>Materials and services</b>		
	Consultants	447,507	324,090
	Contractors	8,795,648	8,290,048
	Contributions	823,656	726,096
	Insurance	522,951	490,204
	Legal Expenses	152,088	145,634
	Materials	1,070,070	850,912
	Information technology and software	407,627	432,429
	Utilities	427,440	449,192
	<b>Total material and services</b>	<u>12,646,987</u>	<u>11,708,605</u>
<b>4.3</b>	<b>Depreciation</b>		
	Property	2,343,381	2,293,319
	Plant and Equipment	1,052,646	945,843
	Infrastructure	<u>5,259,459</u>	<u>5,263,743</u>
	<b>Total depreciation</b>	<u>8,655,486</u>	<u>8,502,905</u>
	Refer to 6.1 for a more detailed breakdown of depreciation and accounting policy.		
<b>4.4</b>	<b>Amortisation - intangible assets</b>		
	Intangible assets	<u>334,472</u>	<u>765,177</u>
	<b>Total depreciation and amortisation</b>	<u>8,989,958</u>	<u>9,268,082</u>
	Refer to note 5.2 ( b ) for a more detailed breakdown of amortisation charges and accounting policy.		

Note 4	The cost of delivering services (Cont)	2021	2020
<b>4.5</b>	<b>Bad and doubtful debts</b>	<b>\$</b>	<b>\$</b>
	Debtors	169,784	11,207
	<b>Total bad and doubtful debts</b>	<u>169,784</u>	<u>11,207</u>
	<b>Movement in provisions for doubtful debts</b>		
	Balance at the beginning of the year	59,422	51,220
	New provisions recognised during the year	8,661	8,981
	Amounts already provided for and written off as uncollectible	(976)	(779)
	Balance at end of year	<u>67,107</u>	<u>59,422</u>
<b>4.6</b>	<b>Borrowing cost</b>		
	Interest - borrowings	22,906	37,081
	<b>Total borrowing costs</b>	<u>22,906</u>	<u>37,081</u>
<b>4.7</b>	<b>Net loss on disposal of property, infrastructure, plant and equipment</b>		
	Written down value of assets disposed	1,433,501	1,370,931
	Less proceeds from sales	(103,227)	(77,747)
		<u>1,330,274</u>	<u>1,293,184</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 6.1 for additional details.		
<b>4.8</b>	<b>Other expenses</b>		
	Auditors remuneration - auditing of the financial report	47,600	46,700
	Auditors remuneration - internal audit	25,030	42,770
	Councillors allowances	194,187	205,456
	Volunteer Services	156,099	208,108
	Other	18,877	111,309
	<b>Total other expenses</b>	<u>441,793</u>	<u>614,343</u>

Note 5	Our financial position	2021 \$	2020 \$
5.1	<b>Financial assets</b>		
	<b>(a) Cash and cash equivalents</b>		
	Cash at bank and on hand	5,667,779	5,363,846
	Term deposits and at call	<u>5,314,000</u>	<u>12,731,000</u>
	<b>Total cash and cash equivalents</b>	<u>10,981,779</u>	<u>18,094,846</u>
	<b>(b) Other financial assets</b>		
	Term Deposit - current	<u>30,300,000</u>	<u>22,019,500</u>
	<b>Total other financial assets</b>	<u>30,300,000</u>	<u>22,019,500</u>
	<b>Total financial assets</b>	<u>41,281,779</u>	<u>40,114,346</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))	1,349,442	1,482,283
Statutory reserves (Note 9.1(b))	<u>575,811</u>	<u>556,330</u>
Total restricted funds	<u>1,925,253</u>	<u>2,038,613</u>
<b>Total unrestricted cash and cash equivalents</b>	<u>9,056,526</u>	<u>16,056,233</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	5,536,788	5,379,977
Grants received in advance (Note 3.4)	4,975,351	1,471,402
Cash held to fund discretionary reserves	19,658,785	19,620,187
Portion of long service leave liability	<u>551,520</u>	<u>520,493</u>
Total funds subject to intended allocations	<u>30,722,444</u>	<u>26,992,059</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.



5.1	Financial assets (Cont.)	2021	2020
	(c) Trade and other receivables	\$	\$
	<b>Current</b>		
	<i>Statutory receivables</i>		
	Rates debtors	2,324,533	2,495,261
	Provision for doubtful rate debts	(52,480)	(43,946)
	Garbage and recycling debtors	466,338	472,218
	Special rate scheme	6,328	5,312
	Infringement debtors	48,757	38,690
	Provision for doubtful debts - infringements	(14,627)	(15,476)
	Net GST receivable	159,774	347,541
	<i>Non statutory receivables</i>		
	Other debtors	356,801	312,846
	Government grants	285,809	859,083
	<b>Total Current trade and other receivables</b>	<u>3,581,233</u>	<u>4,471,529</u>
	<b>Non-current</b>		
	<i>Statutory receivables</i>		
	Special rate scheme	1,481	2,548
	<b>Total trade and other receivables</b>	<u>3,582,714</u>	<u>4,474,077</u>

Short term receivables are carried at invoice amount. There is no impairment of non -statutory receivables. 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	2021	2020
Current (not yet due)	227,061	971,506
Past due by up to 30 days	241,003	9,846
Past due between 31 and 180 days	15,737	48,468
Past due between 181 and 365 days	52,639	90,670
Past due by more than 1 year	106,170	51,439
Total trade and other receivables	<u>642,610</u>	<u>1,171,929</u>

5.2 Non-financial assets	2021	2020		
	\$	\$		
<b>(a) Other assets</b>				
Accrued Income	43,632	78,132		
Prepayments	157,746	199,808		
<b>Total other assets</b>	<u>201,378</u>	<u>277,940</u>		
<b>(b) Intangible assets</b>				
Landfill air space	1,586,823	1,864,586		
Software	361,754	337,161		
<b>Total intangible assets</b>	<u>1,948,577</u>	<u>2,201,747</u>		
	Software	Landfill	Total	
<b>Gross carrying amount</b>				
Balance at 1 July 2020	428,609	4,469,566	4,898,175	
Other Additions	81,303		81,303	
Balance at 1 July 2021	<u>509,912</u>	<u>4,469,566</u>	<u>4,979,478</u>	
<b>Accumulated amortisation and impairment</b>				
Balance at 1 July 2020	(91,448)	(2,604,980)	(2,696,428)	
Amortisation expense	(56,710)	(277,763)	(334,473)	
Balance at 1 July 2021	<u>(148,158)</u>	<u>(2,882,743)</u>	<u>(3,030,901)</u>	
Net book value at 30 June 2020	<u>337,161</u>	<u>1,864,586</u>	<u>2,201,747</u>	
Net book value at 30 June 2021	<u>361,754</u>	<u>1,586,823</u>	<u>1,948,577</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.

	2021 \$	2020 \$
<b>5.3 Payables</b>		
<b>(a) Trade and other payables</b>		
Trade payables	1,917,856	2,537,325
Loan Interest	-	5,392
Accrued wages	349,248	700,506
Accrued expenses	41,551	45,961
<b>Total trade and other payables</b>	<u>2,308,655</u>	<u>3,289,184</u>
<b>(b) Trust funds and deposits</b>		
Refundable building deposits	50,500	50,500
Refundable planning permit bonds	240,402	261,624
Retention contract deposits	512,274	429,379
Fire Service Property Levy	59,465	121,147
Other refundable deposits	486,801	619,633
<b>Total trust funds and deposits</b>	<u>1,349,442</u>	<u>1,482,283</u>
<b>(c) Unearned income</b>		
Grants received in advance - operating	132,997	230,000
Grants received in advance - capital	4,550,434	249,566
<b>Total unearned income</b>	<u>4,683,431</u>	<u>479,566</u>

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.

	2021 \$	2020 \$
<b>5.4 Interest-bearing liabilities</b>		
<b>Current</b>		
Bank loans - secured	-	178,075
	<u>-</u>	<u>178,075</u>
<b>Non-current</b>		
Bank loans - secured	-	300,481
	<u>-</u>	<u>300,481</u>
<b>Total</b>	<u>-</u>	<u>478,556</u>
The maturity profile for Council's borrowings is:		
Not later than one year	-	178,075
Later than one year and not later than five years	-	300,481
	<u>-</u>	<u>478,556</u>

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
Non-current	-	300,481
	<u>-</u>	<u>478,556</u>

Council paid out all loan borrowings during the year.

5.5 Provisions

	Employee	Landfill restoration	Total
	\$	\$	\$
<b>2021</b>			
Balance at beginning of the financial year	3,448,326	5,756,563	9,204,889
Additional provisions	1,106,112	-	1,106,112
Amounts used	(861,300)	-	(861,300)
Increase (Reduction) in provision	-	1,561,454	1,561,454
Increase in the discounted amount arising because of the time and the effect of any change in the discount rate	-	(38,532)	(38,532)
Balance at the end of the financial year	3,693,138	7,279,485	10,972,623
<b>2020</b>			
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)
Increase (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	3,448,326	5,756,563	9,204,889
		<b>2021</b>	<b>2020</b>
		\$	\$
<b>(a) Employee benefits</b>			
<b>Current provision expected to be wholly settled within 12 months</b>			
Annual leave		968,166	847,462
Long service leave		111,112	111,112
		<u>1,079,278</u>	<u>958,574</u>
<b>Current provision expected to be wholly settled after 12 months</b>			
Annual leave		407,782	407,782
Long service leave		1,972,651	1,824,009
		<u>2,380,433</u>	<u>2,231,791</u>
<b>Total current employee provision</b>		<u>3,459,711</u>	<u>3,190,365</u>
<b>Non-current</b>			
Long service leave		233,427	257,961
<b>Total non-current employee provision</b>		<u>233,427</u>	<u>257,961</u>
<b>Aggregate carrying amount of employee benefits:</b>			
Current		3,459,711	3,190,365
Non-current		233,427	257,961
<b>Total aggregate carrying amount of employee benefits</b>		<u>3,693,138</u>	<u>3,448,326</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.

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	2021	2020
	- discount rate	0.88%	0.56%
	- inflation rate	2.00%	2.00%
	- settlement rate	12 yrs.	12 yrs.

(b) Provisions - Landfill Restoration

	2021	2020
	\$	\$
<b>Non-current</b>		
Landfill restoration	7,279,485	5,756,563
	<u>7,279,485</u>	<u>5,756,563</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	2021	2020
- discount rate	0.55%	0.56%
- inflation rate	2.00%	2.00%
- settlement rate	30yrs	27yrs
-estimated cost to rehabilitate	\$5,188,288	\$4,526,467

5.6 Financing arrangements

	2021	2020
	\$	\$
Secured bank loans at fixed interest rates:		
Facility available	-	478,556
Used facility	-	478,556
Unused facility	<u>-</u>	<u>-</u>
Secured bank overdraft subject to annual review and repayable at call:		
Facility available	-	400,000
Used facility	-	-
Unused facility	<u>-</u>	<u>400,000</u>

All loans were paid out during the year and the overdraft facility was cancelled.

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.

2021	Not later than 1 year \$	Later than 1 year and not later than 2 years \$	Later than 2 years and not later than 5 years \$	Later than 5 years \$	Total \$
<b>Operating</b>					
Cleaning buildings services	57,958	-	-	-	57,958
Garbage and recycling collection	1,179,996	1,135,371	1,206,741	-	3,522,108
Internal audit	32,500	-	-	-	32,500
Landfill	-	33,256	-	-	33,256
Library	64,141	66,065	-	-	130,206
Photocopiers and printers	49,995	-	-	-	49,995
Software	208,498	71,500	-	-	279,998
Street sweeping	181,808	-	-	-	181,808
Telecommunications	14,818	-	-	-	14,818
<b>Total</b>	<b>1,789,714</b>	<b>1,306,192</b>	<b>1,206,741</b>	<b>-</b>	<b>4,302,647</b>
<b>Capital</b>					
Bridges	18,556	-	-	-	18,556
Buildings & improvements	653,876	-	-	-	653,876
Car parks	1,645	-	-	-	1,645
Drainage	73,008	-	-	-	73,008
Kerb and Channel	16,199	-	-	-	16,199
Landfill	27,779	-	-	-	27,779
Paths and Cycleways	168,929	-	-	-	168,929
Plant and equipment	738,605	-	-	-	738,605
Roads	2,656,349	-	-	-	2,656,349
<b>Total</b>	<b>4,354,946</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,354,946</b>

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 \$
<b>Operating</b>					
Cleaning buildings services	34,000	-	-	-	34,000
Garbage and recycling collection	1,160,733	1,064,001	1,881,006	-	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
<b>Total</b>	<b>1,689,311</b>	<b>1,153,001</b>	<b>1,881,006</b>	<b>-</b>	<b>4,723,318</b>
<b>Capital</b>					
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
<b>Total</b>	<b>3,013,667</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,013,667</b>

## 5.8 Leases

Council has not recognised any right-of-use assets and lease liabilities on the Balance Sheet, in accordance with AASB 16 Leases. All assets held by Council have been assessed as either short term or low value.

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 discount rate.

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, and penalties for early termination of a lease unless Council is reasonably certain not to terminate early.

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.

### Short-term and low value leases

Council has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets (individual assets worth less than existing capitalisation thresholds for a like asset up to a maximum of AUD\$10,000), including IT equipment. Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

	2021	2020
	\$	\$
<b>Expenses relating to:</b>		
Short-term leases	-	379
Leases of low value assets	4,313	5,413
<b>Total</b>	<u>4,313</u>	<u>5,792</u>

### Non-cancellable lease commitments - Short-term and low-value leases

Commitments for minimum lease payments for short-term and low-value leases are payable as follows:

Payable:

Within one year	1,479	1,479
Later than one year but not later than five years	2,834	4,313
Total lease commitments	<u>4,313</u>	<u>5,792</u>

Note 6 Assets we manage

6.1 Property, infrastructure, plant and equipment

Summary of property, Infrastructure, plant and equipment

	At Fair Value 30-June-2020	Acquisitions	Contributions	Revaluations	Depreciation	Disposals	Transfers	At Fair Value 30-June-2021
	\$	\$	\$	\$	\$	\$	\$	\$
Land	49,619,819	-	11,418	519,603	-	(135,049)	-	50,015,791
Buildings	66,274,089	1,113,015	-	2,130,447	(2,343,381)	(131,888)	326,242	67,368,524
Plant and Equipment	5,397,941	1,995,340	-	-	(1,052,646)	(64,782)	-	6,275,853
Infrastructure	226,461,077	4,087,613	1,208,544	50,625,057	(5,259,460)	(1,101,782)	2,088,322	278,109,371
Works in Progress	3,417,910	3,331,889	-	-	-	-	(2,414,564)	4,335,235
<b>Total</b>	<b>351,170,836</b>	<b>10,527,857</b>	<b>1,219,962</b>	<b>53,275,108</b>	<b>(8,655,487)</b>	<b>(1,433,501)</b>	<b>-</b>	<b>406,104,775</b>



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

Summary of Works in Progress

	Opening WIP \$	Additions \$	Transfers \$	Closing WIP \$
Buildings	908,921	1,170,202	(326,242)	1,752,881
Plant and Equipment	-	-	-	-
Infrastructure	2,508,989	2,161,687	(2,088,322)	2,582,354
<b>Total</b>	<b>3,417,910</b>	<b>3,331,889</b>	<b>(2,414,564)</b>	<b>4,335,235</b>

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 2020	-	34,703,282	14,916,537	<b>49,619,819</b>	99,644,208	-	<b>99,644,208</b>	908,921	<b>150,172,948</b>
Accumulated depreciation at 1 July 2021	-	-	-	-	(33,370,119)	-	<b>(33,370,119)</b>	-	<b>(33,370,119)</b>
	-	34,703,282	14,916,537	<b>49,619,819</b>	66,274,089	-	<b>66,274,089</b>	908,921	<b>116,802,829</b>
<b>Movements in fair value</b>									
Additions	-	-	-	-	1,113,015	-	<b>1,113,015</b>	1,170,202	<b>2,283,218</b>
Contributions	-	-	11,418	<b>11,418</b>	-	-	-	-	<b>11,418</b>
Revaluation increments/decrements	-	362,979	156,624	<b>519,603</b>	3,339,593	-	<b>3,339,593</b>	-	<b>3,859,196</b>
Disposals	-	(135,049)	-	<b>(135,049)</b>	(235,476)	-	<b>(235,476)</b>	-	<b>(370,525)</b>
Transfers	-	-	-	-	326,242	-	<b>326,242</b>	(326,242)	-
	-	227,930	168,042	<b>395,972</b>	4,543,374	-	<b>4,543,374</b>	843,960	<b>5,783,306</b>
<b>Movements in accumulated depreciation</b>									
Depreciation and amortisation	-	-	-	-	(2,343,381)	-	<b>(2,343,381)</b>	-	<b>(2,343,381)</b>
Accumulated depreciation of disposals	-	-	-	-	103,588	-	<b>103,588</b>	-	<b>103,588</b>
Revaluation increments/decrements	-	-	-	-	(1,209,146)	-	<b>(1,209,146)</b>	-	<b>(1,209,146)</b>
Transfers	-	-	-	-	-	-	-	-	-
	-	-	-	-	(3,448,939)	-	<b>(3,448,939)</b>	-	<b>(3,448,939)</b>
At fair value 30 June 2021	-	34,931,212	15,084,579	<b>50,015,791</b>	104,187,582	-	<b>104,187,582</b>	1,752,881	<b>155,956,254</b>
Accumulated depreciation at 30 June 2021	-	-	-	-	(36,819,058)	-	<b>(36,819,058)</b>	-	<b>(36,819,058)</b>
	-	34,931,212	15,084,579	<b>50,015,791</b>	67,368,524	-	<b>67,368,524</b>	1,752,881	<b>119,137,197</b>

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 2020	358,172	8,645,234	2,219,057	937,444	-	12,159,907
Accumulated depreciation at 1 July 2021	(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
<b>Movements in fair value</b>						
Additions		1,738,560	150,276	106,504		1,995,340
Disposals		(263,748)		(124,089)		(387,837)
Impairment losses recognised in operating result						-
Transfers						-
	-	1,474,812	150,276	(17,585)	-	1,607,504
<b>Movements in accumulated depreciation</b>						
Depreciation and amortisation	(5,005)	(770,570)	(184,691)	(92,380)		(1,052,646)
Accumulated depreciation of disposals		198,966		124,089		323,055
	(5,005)	(571,604)	(184,691)	31,709	-	(729,591)
At fair value 30 June 2021	358,172	10,120,046	2,369,333	919,859	-	13,767,411
Accumulated depreciation at 30 June 2021	(47,081)	(5,153,711)	(1,848,617)	(442,148)	-	(7,491,557)
	311,091	4,966,335	520,716	477,711	-	6,275,853

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 2020	220,798,035	64,775,820	12,410,469	21,404,105	2,508,989	318,333,170
Accumulated depreciation at 1 July 2021	(61,111,258)	(22,741,888)	(3,075,325)	(5,998,882)	-	(90,299,921)
	159,686,777	42,033,932	9,335,144	15,405,223	2,508,989	228,033,249
<b>Movements in fair value</b>						
Additions	2,992,945	335,611	251,040	508,017	2,161,687	6,249,300
Contributions	700,441		90,150	417,953		1,208,544
Revaluation increments/decrements	(414,188)			-		(414,188)
Disposals	(1,119,017)	(133,481)	(87,912)	(56,234)		(1,396,644)
Transfers	2,088,322				(2,088,322)	-
	4,248,503	202,130	253,278	869,736	73,365	5,647,012
<b>Movements in accumulated depreciation</b>						
Depreciation and amortisation	(3,826,921)	(707,583)	(494,488)	(230,467)		(5,259,460)
Accumulated depreciation of disposals	191,442	50,257	32,517	20,646		294,862
Revaluation increments/decrements	51,039,245	-	-	-		51,039,245
	47,403,766	(657,326)	(461,971)	(209,822)	-	46,074,647
At fair value 30 June 2021	225,046,538	64,977,950	12,663,747	22,273,841	2,582,354	327,544,430
Accumulated depreciation at 30 June 2021	(13,707,492)	(23,399,214)	(3,537,296)	(6,208,704)	-	(46,852,706)
	211,339,046	41,578,736	9,126,451	16,065,137	2,582,354	280,691,725

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

### 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 telecommunication	4 to 10	2,000
heritage and cultural	20 to 30	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.

6.1 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. An indexed based revaluation was conducted using Valuer General Victoria (VGV) data for all land and building asset classes in June 2021. 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. An indexed based revaluation was conducted using Valuer General Victoria (VGV) data for all land and building asset classes in June 2021.

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 2021 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
	\$	\$	\$	
Land	-	34,931,212	-	30-June-2021
Land Under Roads	-	-	15,084,579	30-June-2021
Buildings	-	-	67,368,524	30-June-2021
Total	-	34,931,212	82,453,103	

Valuation of infrastructure

Valuation of infrastructure assets has been determined in accordance with a valuation undertaken as detailed in the following table.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2021 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation	Valuer
	\$	\$	\$		
Roads	-	-	211,339,046	30-June-2021	Dale Hughes (Talis Consultants)
Bridges	-	-	41,578,736	30-June-2019	Jian Zhao MIE Aust
Footpaths and cycleway	-	-	9,126,452	31-March-2020	John Olson FIEAust (HDS Australia) & Jian Zhao MIE Aust
Drainage	-	-	16,065,137	31-March-2020	Richard Medhurst (HDS Australia) & Jian Zhao MIE Aust
Total	-	-	278,109,371		

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

*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.

	2021	2020
	\$	\$
<b>Reconciliation of specialised land</b>		
Land under roads	<u>15,084,579</u>	<u>14,916,537</u>
Total specialised land	<u>15,084,579</u>	<u>14,916,537</u>

6.2 Investment in associates and joint arrangements

**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.

**Note 7 People and relationships**

**7.1 Council and key management remuneration**

2021	2020
No.	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 - Sandice McAulay to 23/10/2020 – re-appointed Councillor 16/11/2020 - Mayor from 23/11/2020  
Councillor - Leigh Dunscombe - Mayor to 23/10/20  
Councillor – Sue Carpenter – from 16/11/2020, Deputy Mayor from 23/11/2020  
Councillor - Margaret Rae - Deputy Mayor to 23/10/2020  
Councillor – Damien Gallagher from 16/11/2020  
Councillor – Ilona Gerencer from 16/11/2020  
Councillor – Karine Haslam from 16/11/2020  
Councillor – John Walsh from 16/11/2020  
Councillor - Eric Lording to 23/10/2020 - re appointed Councillor 16/11/2020  
Councillor - Charlotte Bisset to 23/10/2020  
Councillor - Jackie Ashe to 23/10/2020  
Councillor - Rebecca Bowles 23/10/2020

**Officers**

Chief Executive Officer - Livia Bonazzi (from 9/6/21)  
Acting Chief Executive Officer - Michael Chesworth (from 12/10/2020 to 8/6/2021)  
Chief Executive Officer - Craig Lloyd (to 11/10/20)  
Director Community Engagement - Shivaun Brown  
Director Corporate and Community Services - Michael Chesworth (to 11/10/20 from 9/6/2021)  
Acting Director Corporate and Community Services - Marilyn Kearney (12/10/20 to 9/6/2021)  
Director Assets and Development Services - Vito Albicin

<b>Total Number of Councillors</b>	12	7
<b>Chief Executive Officer and other Key Management Personnel</b>	6	5
<b>Total Key Management Personnel</b>	<u>18</u>	<u>12</u>

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

Total remuneration of key management personnel was as follows:

Short-term benefits	980,668	920,455
Post-employment benefits	72,368	66,158
Long-term benefits	43,741	12,851
<b>Total</b>	<u>1,096,777</u>	<u>999,464</u>

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

\$0 - \$9,999	4	-
\$10,000 - \$19,999	6	-
\$20,000 - \$29,999	2	5
\$30,000 - \$39,999	-	1
\$40,000 - \$49,999	1	1
\$60,000 - \$69,999	-	1
\$100,000 - \$109,999	1	1
\$120,000 - \$129,999	1	-
\$180,000 - \$189,999	-	1
\$200,000 - \$209,999	2	1
\$240,000 - \$249,999	1	-
\$260,000 - \$269,999	-	1
	<u>18</u>	<u>12</u>

**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:	2021 No.	2020 No.
Less than \$151,000	1	-
\$150,000 - \$159,999	4	3
\$160,000 - \$169,999	1	-
\$170,000 - \$179,999	1	-
\$200,000 - \$210,999	-	1
<b>Total Senior Officers</b>	<b>7</b>	<b>4</b>
	<b>\$</b>	<b>\$</b>

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

1,077,938      661,115

**7.2 Related party disclosure**

**(a) Transactions with related parties**

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

Goulburn Valley Waste Resource Recovery Group (GVWRRG).

- 1 transaction totalling \$9059.48 relating to annual subscription.
- 2 transactions totalling \$9149.26 relating to draft Kerbside Transition Plans.
- 1 transaction totalling \$1166.14 relating to contribution for Regional Waste Audit Project.
- 1 transaction totalling \$500.00 relating to registration for Plastic Free July.
- 1 transaction totalling \$11,211.20 relating to reimbursement for legal expenses for the Waste Buffer Project.

Marysville Triangle Business & Tourism (MTBT)

- 2 transactions totalling \$145.75 relating to room hire.
- 2 transactions totalling \$3,850.00 relating to contribution for Marysville Visitor Information Centre operating expenses.
- 1 transaction totalling \$6,000.00 relating to Marysville Iconic Trails Grant.
- 1 transaction totalling \$6,000.00 relating to Light Up The Trees Grant.

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 2021 between Council and any related party, nor were any loan transactions entered into during the 2020/21 financial year.

**(d) Commitments to/from related parties**

No commitments are in existence as at 30 June 2021 between Council and any related party, nor were any commitments made during the 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 2021 (2020 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:

	2021	2020
	\$	\$
Not later than one year	196,211	254,838
Later than one year and not later than five years	705,326	689,112
Later than five years	1,312,123	1,448,402
	<u>2,213,660</u>	<u>2,392,352</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 precisely 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**

In November 2017, the Victorian WorkCover Authority (the Authority) granted the Municipal Association of Victoria (MAV) a three-year self-insurance licence allowing it to provide workers' compensation insurance to Victorian councils. When the MAV WorkCare Scheme commenced, there were 31 inaugural members, including the MAV.

In accordance with the Authority's decision not to renew the MAV's self-insurance licence, the MAV WorkCare Scheme ceased operation on 30 June 2021. The MAV is continuing to support the orderly transition of claims management responsibilities to the Authority. Council was a participant of the MAV WorkCare Scheme.

The MAV WorkCare Scheme participation agreement stated that each participant would 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 would continue whether or not the participant remained a participant in future insurance years.

The net financial impact on Council as a result of the cessation of the MAV WorkCare Scheme for the 2020-21 financial year is yet to be determined. Any obligation is dependent upon the Authority's initial actuarial assessment of the tail claims liabilities of the MAV WorkCare Scheme.

In accordance with the Workplace Injury Rehabilitation and Compensation Act 2013, there is a six-year liability period following the cessation of the MAV WorkCare Scheme. During the liability period, adjustment payments may be required (or received) by Council. The determination of any adjustment payments is dependent upon revised actuarial assessments of the Scheme's tail claims liabilities as undertaken by the Authority.

**8.2 Change in accounting standards**

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2021 reporting period. Council assesses the impact of these new standards. As at 30 June 2021 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2022 that are expected to impact Council.

### 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 observable; and

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

For the purpose of fair value disclosures, Council has determined classes of assets 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 6.1, 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

Due to the inherent uncertainty surrounding the duration of COVID-19 restrictions it is not possible for Council to estimate the full impact on Council's operations, financial position and cash flow 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. 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	2021 \$	2020 \$
Asset revaluation reserves (a)	284,869,747	231,594,639
Other reserves (b)	20,234,596	20,176,517
	305,104,343	251,771,156

(a) Asset revaluation reserves	Balance at beginning of reporting period \$	Increment (decrement) \$	Balance at end of reporting period \$
<b>2021</b>			
<b>Property</b>			
Land	29,870,552	362,979	30,233,531
Land under roads	11,311,452	156,624	11,468,076
Buildings	32,907,649	2,130,447	35,038,096
	74,089,653	2,650,050	76,739,703
<b>Infrastructure</b>			
Bridges	11,119,518	-	11,119,518
Drainage	10,677,238	-	10,677,238
Footpaths and cycleways	7,602,810	-	7,602,810
Roads	128,105,420	50,625,058	178,730,478
	157,504,986	50,625,058	208,130,044
<b>Total Asset revaluation reserves</b>	231,594,639	53,275,108	284,869,747
<b>2020</b>			
<b>Property</b>			
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
	71,607,379	2,482,274	74,089,653
<b>Infrastructure</b>			
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
	155,934,876	1,570,110	157,504,986
<b>Total Asset revaluation reserves</b>	227,542,255	4,052,384	231,594,639

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

9.1 Reserves (cont.)	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
	\$	\$	\$	\$
(b) Other reserves				
<b>2021</b>				
<b>Statutory Reserves</b>				
Public Open Space	556,330	82,700	(63,219)	575,811
<b>Discretionary Reserves</b>				
Defined Benefits Superannuation	1,200,000	-	-	1,200,000
Gifted and Novated Assets	700,948	-	-	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	4,915,478	-	-	4,915,478
Landfill and Waste Management	10,893,202	1,473,934	(949,429)	11,417,707
Marysville Caravan Park	151,557	22,439	(36,791)	137,205
Shaw Avenue Redevelopment	43,752	-	-	43,752
Yea Caravan Park	32,882	35,162	(88,920)	(20,876)
Yea Saleyards	102,730	138,091	(57,460)	183,361
<b>Total Other reserves</b>	<b>20,176,517</b>	<b>1,752,326</b>	<b>(1,694,247)</b>	<b>20,234,596</b>

	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
	\$	\$	\$	\$
<b>2020</b>				
<b>Statutory Reserves</b>				
Public Open Space	565,204	31,500	(40,374)	556,330
<b>Discretionary Reserves</b>				
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
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
Infrastructure	4,921,996	134,577	(141,095)	4,915,478
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
<b>Total Other reserves</b>	<b>19,338,515</b>	<b>2,149,212</b>	<b>(1,311,210)</b>	<b>20,176,517</b>

**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. Funds have been utilised in the current period to support the Covid support 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; is to be utilised for future works, including site rehabilitation and ongoing monitoring followings the sites closer.

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**

	2021	2020
	\$	\$
Surplus for the financial year	(2,763,856)	(761,994)
Depreciation and amortisation	8,989,958	9,268,082
Contributions - non-monetary	(1,219,962)	(805,323)
Finance Costs	28,298	39,453
(Gain)/loss on disposal of property, plant and equipment, infrastructure	1,330,274	1,293,184
Change in assets and liabilities:		
Decrease in trade and other receivables	891,363	337,735
(Increase)/Decrease in inventories	(10,648)	6,146
Decrease in other current assets	76,562	145,942
Increase/(Decrease) in trade and other payables	(363,731)	1,227,884
Increase/(Decrease) in trust funds and deposits	(132,841)	267,415
Increase unearned income	4,203,865	479,566
Increase in provisions	1,767,734	333,580
Net cash provided by operating activities	12,797,016	11,831,670

### 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 2021, 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 Murrindindi 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

#### *Funding Arrangements*

Murrindindi 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.

The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 104.6%. The financial assumptions used to calculate the VBI were:

Net investment returns	5.6% pa
Salary information	2.5% pa for two years and 2.75% pa thereafter
Price inflation (CPI)	2.0% pa

As at 30 June 2021, an interim actuarial investigation is underway as the Fund provides lifetime pensions in the Defined Benefit category. Vision Super has advised that the VBI at 30 June 2021 was 109.7%. The financial assumptions used to calculate this VBI were:

Net investment returns	4.8% pa
Salary information	2.75% pa
Price inflation (CPI)	2.25% pa

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2020 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.



**9.3 Superannuation (Cont.)***Employer contributions*

## Regular contributions

On the basis of the results of the 2020 triennial actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2021, this rate was 9.5% of members' salaries (9.5% in 2019/2020). 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.

*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 2020 triennial 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 is conducted every three years and interim actuarial investigations are conducted for each intervening year. A full investigation was conducted as at 30 June 2020.  
category:

The Fund's actuarial investigation identified the following for the Defined Benefit category of which Council is a contributing employer:

	2020 (Triennial)	2019 (Interim)
	\$m	\$m
A VBI surplus	100	151.3
A total service liability surplus	200	233.4
A discounted accrued benefits surplus	217.8	256.7

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 2020.

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 2020.

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 2020.

Council was notified of the 30 June 2020 VBI during August 2020. (2019: August 2019).

### 9.3 Superannuation (Cont.)

#### The 2021 interim actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2021 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2021. Council was notified of the 30 June 2021 VBI during August 2021 (2020: August 2020).

#### 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 2021 were impacted in the following areas:

Commercial rent agreements were paused for a period. This resulted in a decrease in rent revenue of \$40,000.

An additional \$430,000 of expenses were incurred including, tourism and business support, extra cleaning, vehicle rental to ensure appropriate social distancing, signage and personal protective equipment.

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.

## Note 10 Change in accounting policy

### 10.1 Change in accounting standards

Council has adopted

AASB 1059 Service Concession Arrangements: Grantors, from 1 July 2020.

AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material.

AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material, from 1 July 2020.

AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework

It is not expected that these standards will have any significant impact on council.

### 10.2 Change in accounting estimates

Road formations for the current year have been depreciated over a 200 year period. Road formations in future periods will not be depreciated. This change has no impact on the current period, and will have minimal impact on future reporting periods.

Murrindindi Shire Council  
Performance Statement  
For the Year Ended  
30-June-2021

### **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 14,661 as of the most recent Australian Bureau of Statistics update.

**PERFORMANCE STATEMENT**

**Sustainable Capacity Indicators**

<i>Indicator / measure</i> [formula]	<b>Results</b> <b>2018</b>	<b>Results</b> <b>2019</b>	<b>Results</b> <b>2020</b>	<b>Results</b> <b>2021</b>	<b>Material Variations</b>
<b>Population</b>					
C1 <i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$2,308.21	\$2,494.86	\$2,636.22	\$2,769.96	
C2 <i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$21,943.37	\$21,700.64	\$20,696.71	\$24,288.18	Increase is due to a revaluation of Council's road assets.
C3 <i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	11.43	11.68	12.03	12.08	
<b>Own-source revenue</b>					
C4 <i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,737.85	\$1,805.32	\$1,765.15	\$1,709.24	
<b>Recurrent grants</b>					
C5 <i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$610.62	\$584.98	\$569.74	\$504.67	Decrease in recurrent grants is predominantly due to Council no longer providing Aged & Disability services.
<b>Disadvantage</b>					
C6 <i>Relative Socio-Economic Disadvantage</i> [Index of Relative Socio-Economic Disadvantage by decile]	6	6	6	6	
<b>Workforce turnover</b>					
C7 <i>Percentage of staff turnover</i>  [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	9.1%	13.3%	31.8%	33.80%	Increase in staff turnover in 2019/20 was due to Council's decision to withdraw from providing Aged & Disability Services. The result in 2020/21 is due to the end of the grant funded Working For Victoria program which enabled Council to employ a significant number of staff during the financial year.

**PERFORMANCE STATEMENT**

**Service Performance Indicators**

<b>Service/indicator /measure</b>	<b>Results 2018</b>	<b>Results 2019</b>	<b>Results 2020</b>	<b>Results 2021</b>	<b>Material Variations</b>
<b>Aquatic Facilities Utilisation</b>					
AF6 <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	1.42	1.53	0.97	1.51	Free pool entry was provided for the 20/21 season
<b>Animal Management Health and safety</b>					
AM7 <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	New in 2020	New in 2020	0.00%	0.00%	There were no animal management prosecutions in the 2020/21.
<b>Food Safety Health and safety</b>					
FS4 <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%	All Critical and major non-compliance items were followed up to ensure compliance with the Food Act 1984 requirements.
<b>Governance Satisfaction</b>					
G5 <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]	45.00	55.00	53.00	54.00	There was no significant change in satisfaction with Council decision making in 2020/21
<b>Libraries Participation</b>					
LB4 <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	20.61%	22.08%	20.04%	18.03%	Drop reflects impacts of COVID lockdown on library operations and reluctance of community to return to libraries in a COVID environment.

**PERFORMANCE STATEMENT**

<b>Service/indicator /measure</b>	<b>Results 2018</b>	<b>Results 2019</b>	<b>Results 2020</b>	<b>Results 2021</b>	<b>Material Variations</b>
<b>Maternal and Child Health (MCH) Participation</b>					
MC4 <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 <b>Participation</b>	100.00%	86.75%	82.11%	87.20%	Refinement of COVID safe service delivery may explain the increase in participation along with targeted follow up of clients that may be overdue for Key Age and Stage visits.
MC5 <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	100.00%	89.19%	89.47%	100.00%	Many other health services ceased face-to-face service delivery during Covid which may explain the increased participation on MCH services which continued some degree of face to face service delivery.
<b>Roads Satisfaction</b>					
R5 <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]	42.00	48.00	50.00	48.00	Slight reduction in the satisfaction of Sealed roads due to a wetter than normal Summer season.
<b>Statutory Planning Decision making</b>					
SP4 <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%	100.00%	0.00%	50.00%	Council had two applications determined by VCAT in the reporting period. One decision was set aside by the Tribunal.
<b>Waste Collection Waste diversion</b>					
WC5 <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	34.92%	34.09%	33.59%	34.43%	Recyclables collected at the kerbside increased 9% over the previous year, while garbage collected at the kerbside increased only 5%. It is noted that tenement numbers only increased 2% so that overall each household is generating more waste and even more recycling.

PERFORMANCE STATEMENT										
Financial Performance Indicators										
Dimension/indicator /measure	Results 2018	Results 2019	Results 2020	Results 2021	2022	Forecasts			Material Variations	
						2023	2024	2025		
<b>Efficiency</b>										
<b>Expenditure level</b>										
E2	Expenses per property assessment [Total expenses / Number of property assessments]	\$3,358.70	\$3,645.23	\$3,848.67	\$4,031.60	\$3,624.44	\$3,603.40	\$3,632.05	\$3,661.32	Forecast decrease in 2021/22 is due to one-off initiatives and grant funded programs that will not continue beyond 2020/21.
E4	Revenue level Average rate per property assessment [General rates and Municipal charges / Number of property assessments]	New in 2020	New in 2020	\$1,801.56	\$1,784.05	\$1,824.48	\$1,857.33	\$1,890.33	\$1,923.55	
<b>Liquidity</b>										
<b>Working capital</b>										
L1	Current assets compared to current liabilities  [Current assets / Current liabilities] x100	471.11%	590.22%	520.81%	382.18%	428.97%	409.39%	390.31%	401.93%	Although a very strong result, the decrease from 2019/20 is due to the recognition of unearned grants as a liability (\$4.7 million). These are grants Council has received, however the matching expenditure will be incurred in future periods. The grant income will be recognised in the Income Statement when the expenditure has occurred or the grant obligation has been met.  Council has significant cash holding in term deposits, which are classified as 'financial assets' in our Balance Sheet (\$30.3 million). Although these term deposits are liquid, these cash holdings are excluded from the calculation which understates Council's actual unrestricted cash position. The decrease in the unrestricted cash result for 2020-21 is due to the recognition of unearned grants as a liability.
L2	Unrestricted cash compared to current liabilities  [Unrestricted cash / Current liabilities] x100	73.14%	12.91%	186.28%	34.58%	344.69%	324.81%	305.44%	316.77%	



PERFORMANCE STATEMENT										
Dimension/indicator /measure	Results 2018	Results 2019	Results 2020	Results 2021	Forecasts				Material Variations	
					2022	2023	2024	2025		
<b>Obligations</b>										
<b>Loans and borrowings</b>										
O2	Loans and borrowings compared to rates [Interest bearing loans and borrowings / Rate revenue] x100	4.98%	3.25%	2.24%	0.00%	0.00%	0.00%	0.00%	0.00%	Council extinguished all loan debt in 2021/22.
O3	Loans and borrowings repayments compared to rates [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	2.28%	1.84%	1.07%	2.35%	0.00%	0.00%	0.00%	0.00%	Council extinguished all loan debt in 2021/22.
<b>Indebtedness</b>										
O4	Non-current liabilities compared to own source revenue  [Non-current liabilities / Own source revenue] x100	27.74%	22.86%	24.55%	29.98%	24.88%	23.08%	21.42%	19.88%	Increase is due to an adjustment to the Landfill provision which increased following the annual review and alignment with EPA assurance requirements. A recent tender for cell capping costs indicated the previous rates used in the provision calculation were slightly lower than the market price. The majority of the increase is due to a revision of the annual monitoring cost assumption increasing from \$50,000 to \$80,000 per year for a period of 30 years.
O5	Asset renewal and upgrade compared to depreciation [Asset renewal and asset upgrade expense / Asset depreciation] x100	New in 2020	New in 2020	80.03%	79.74%	164.78%	91.69%	72.50%	63.72%	
<b>Operating position</b>										
<b>Adjusted underlying result</b>										
OP1	Adjusted underlying surplus (or deficit)  [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	3.11%	1.63%	-7.53%	-16.77%	-9.95%	-7.82%	-8.22%	-7.99%	The adjusted underlying deficit increase is predominantly due to two non-cash end of financial year accounting adjustments: a \$1.4 million adjustment for the value of assets disposed (predominantly the residual balance sheet value of assets that have been renewed), and a \$1.56 million increase to the landfill provision. Council must maintain a provision account for the rehabilitation of the Alexandra landfill site. A review of future rehabilitation requirements identified that the assumption for annual monitoring costs (over 30 years) needed to increase to approximately \$80,000 per year. This is up from the previous estimates of \$50,000 per year.
<b>Stability</b>										
<b>Rates concentration</b>										
S1	Rates compared to adjusted underlying revenue [Rate revenue / Adjusted underlying revenue] x100	58.66%	55.94%	59.89%	61.91%	66.30%	66.49%	67.30%	67.70%	
<b>Rates effort</b>										
S2	Rates compared to property values [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.48%	0.44%	0.41%	0.40%	0.37%	0.34%	0.32%	0.30%	
<b>Retired measures</b>										
<b>Service / indicator / measure</b>										
<b>Animal Management</b>										
<b>Health and safety</b>										
AM4	Animal management prosecutions [Number of successful animal management prosecutions]	0	1	Retired in 2020						This measure was replaced by AM7 from 1 July 2019.
<b>Efficiency</b>										
<b>Revenue level</b>										
E1	Average residential rate per residential property assessment [Residential rate revenue / Number of residential property assessments]	\$1,102.16	\$1,108.27	Retired in 2020						This measure was replaced by E4 from 1 July 2019.
<b>Obligations</b>										
<b>Asset renewal</b>										
O1	Asset renewal compared to depreciation [Asset renewal expense / Asset depreciation] x100	53.19%	43.31%	Retired in 2020						This measure was replaced by O5 in 1 July 2019.

## Significant accounting policies

### 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 (as per the transitional provisions of the Local Government Act 2020).

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

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

The forecast figures included in the performance statement are those adopted by council in its strategic resource plan on 23 June 2021 and which forms part of the council plan. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The strategic resource plan can be obtained by contacting council.

### 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 98 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

"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

"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 a council's Strategic Resource Plan

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

"population" means the resident population estimated by Council

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

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

"relative socio-economic disadvantage", in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA

"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 Internet website

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

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## Certification of the Performance Statement

In my opinion, the accompanying performance statement has been prepared in accordance with the Local Government Act 1989 and the Local Government (Planning and Reporting) Regulations 2014 (as per the transitional provisions of the Local Government Act 2020).

*Graham Haylock CPA*  
**Principal Accounting Officer**

**Date: 22 September 2021**  
*Alexandra*

In our opinion, the accompanying performance statement of Murrindindi Shire Council for the year ended 30 June 2021 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 (as per the transitional provisions of the Local Government Act 2020).

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.

*Sandice McAulay*  
**Mayor**

**Date: 22 September 2021**  
*Alexandra*

*John Walsh*  
**Councillor**

**Date: 22 September 2021**  
*Alexandra*

*Livia Bonazzi*  
**Chief Executive Officer**

**Date: 22 September 2021**  
*Alexandra*

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insert copy of audit report

<b>Title:</b>	<b>Fraud and Corruption Control</b>
<b>Type of policy:</b>	Council
<b>Adopted:</b>	22 September 2021 (TBC)
<b>File No:</b>	
<b>Attachments:</b>	

## Acknowledgement of Country

*Council acknowledges the traditional custodians of the land comprising the Murrindindi Shire Council area, and those of our neighbouring municipalities. We pay respect to Elders past and present, and celebrate and respect their continuing culture and connection to the land.*

### 1 Purpose

Murrindindi Shire Council (Council) is committed to building and sustaining an ethical, efficient and effective culture where opportunities for fraud, corruption and maladministration are minimised. The purpose of this Policy is to outline the principles for the prevention, detection and investigation of suspected fraud or corrupt behaviour of Council representatives.

### 2 Rationale

Fraud and corruption erode public trust in local government, disrupt business continuity, deter potential suppliers, reduce the quality and effectiveness of services, and threaten Council's financial stability<sup>1</sup>. IBAC has found that fraud and corruption is most often detected by work colleagues. Council is committed to fostering a culture of integrity that is supported by clear policies and procedures.

### 3 Scope

Fraud and corruption control is a shared responsibility of all Council representatives, regardless of their employment status. The Fraud and Corruption Policy and related Fraud and Corruption Control Plan apply to all Council business activities.

### 4 Definitions

Reference Term	Definition
<b>Bribe</b>	Means the act of paying money or in-kind which will, or is intended, to cause a person to act in a way that is contrary to the interests of Council, Council's policies or is against public interest. Such payments are made without Council's knowledge and are intended to influence the outcome of a specific action or event.
<b>Contractors</b>	Means any organisations (including any subcontractors, agents or suppliers) that provide works, goods and/or services to Council.
<b>Corruption</b>	Means dishonest activity in which a Council representative acts against the interests of Council and abuse their position to achieve personal gain or advantage for themselves or others. Examples of corruption covered by this policy include: <ul style="list-style-type: none"> <li>• Payment or receipt of bribes;</li> <li>• A serious conflict of interest that is not managed and may influence a decision;</li> </ul>

<sup>1</sup> VAGO Fraud and Corruption Control – Local Government June 2019

	<ul style="list-style-type: none"> <li>• Nepotism – where a person is appointed to a role because of their existing relationships rather than merit;</li> <li>• Manipulation of procurement processes to favour one tenderer over others;</li> </ul> <p>Gifts or entertainment intended to achieve a specific outcome in breach of Council’s policies.</p>
<b>Council representatives</b>	Means councillors, employees, students on work experience, volunteers, contractors and members of special committees regardless of their employment status, role or position.
<b>Fraud</b>	Means dishonest activity involving deception that causes actual or potential financial loss. Examples of fraud covered by this policy include: <ul style="list-style-type: none"> <li>• Theft of money or property;</li> <li>• Falsely claiming to hold qualifications;</li> <li>• False invoicing for goods or services not delivered, or inflating the value of goods and services;</li> <li>• Theft of intellectual property or confidential information;</li> <li>• Falsifying an entity’s financial statements to obtain an improper or financial benefit;</li> </ul> <p>Misuse of position to gain financial advantage.</p>
<b>IBAC</b>	Means Independent Broad-Based Anti-Corruption Commission. Established under the <i>Public Interest Disclosures Act 2012</i> to strengthen the integrity of the Victorian public sector. IBAC has a role to identify, investigate and prevent fraud corruption and serious misconduct and to educate public sector agencies to improve processes to prevent corruption.

## 5 Policy

Murrindindi Shire Council takes a zero-tolerance approach to fraud and corruption. Council is committed to protecting its revenue, expenditure, employees, property and intellectual capital from any attempt, either by members of the public, contractors, sub-contractors, agents, intermediaries or its own employees or elected representatives to gain by deceit, any financial or other benefits.

Council representatives must act at all times in accordance with the relevant Code of Conduct that applies to their role.

### 5.1 Prevention

Fraud and corruption are significant risks that can harm Council’s operations, as well as its reputation and trust with residents and businesses. Council is committed to managing these risks and allocating adequate resources according to the Australian Standards AS 8001-2008 – Integrity Framework elements, including but not limited to:

- Senior management commitment to build a sound ethical culture.
- Clear and integrated suite of policies and procedures.
- Regular risk assessments supported by actions to mitigate risks.
- Clear Code of Conduct supported by disciplinary standards.
- Robust and effective processes to facilitate disclosure, investigation and reporting.
- Education awareness programs delivered regularly with current information.

All prevention, detection and response measures are implemented in line with Council’s Fraud and Corruption Control Plan.

### 5.1.1 Roles and Responsibilities

- a) The Chief Executive Officer (CEO) is accountable for ensuring an ongoing fraud and corruption control program is developed and maintained to ensure the efficient and effective implementation of this Policy.  
As Council's principal officer, the CEO must also, under section 57 of the Independent Broad-based Anti-corruption Commission Act 2011, immediately notify IBAC of any matter suspected on reasonable grounds to involve fraud or corruption occurring or having occurred.
- b) The Director Corporate and Shared Services (DCSS) is the Public Interest Disclosures Coordinator and first point of contact for the disclosure of suspected fraudulent or corrupt conduct. This is to ensure allegations are processed with utmost confidentiality and objectivity. The Director Corporate and Shared Services is also the Fraud and Corruption Control Officer responsible for the oversight of fraud prevention, detection and investigation systems and processes.
- c) The Manager Governance and Risk is responsible for ensuring adequate resourcing is available to support the implementation of fraud and corruption control systems and processes.  
  
The Manager Governance and Risk is also the Public Interest Disclosures Officer and the Welfare Manager in the event of an investigation.
- d) The Integrity and Governance Coordinator is responsible for the development, promotion, monitoring and facilitation of systems and processes that support Council's zero-tolerance towards fraud and corruption.
- e) Managers and supervisors must exercise due diligence and control to prevent, detect and report acts of fraud and corruption, and shall set an example of integrity and ethical conduct.
- f) All Council representatives covered by this policy have a corporate responsibility to prevent, detect and report of fraudulent or corrupt conduct (actual or suspected).
- g) The Audit and Risk Advisory Committee's role is to provide advice to the organisation regarding effectively implementing Council's fraud and corruption program and in monitoring outcomes.
- h) The Internal Auditors are responsible for assisting management in identifying strategic prevention and detection measures associated to current risks, as well as evaluating Council's fraud and corruption framework through periodic testing of controls.

### 5.2 Internal Controls and Detection

Council continues to develop its internal controls and detection strategies to ensure the risk of fraudulent or corrupt activities are minimised. This will include implementing recommendations from the *2019 Victorian Auditor General Office (VAGO) Fraud and Corruption Control report*, internal audits and benchmarking against recommendations made to other government agencies in official publications.

Further to that, the effective management of this policy will be supplemented by

- Council's Protective Data Security Plan (PDSP) to mitigate the ever-increasing risk of data integrity and protection from fraud, including the rise of cyber-attack in organisations, and



- the development of a Fraud and Corruption Control System (FCCS). The FCCS takes a holistic-framework approach to address the risk of fraud and corruption and its linkages to other organisation-wide elements such as:
  - Code of Conduct
  - Disciplinary Procedures
  - Operational Procedures (including Key Risk Indicators)

These initiatives will be supported by regular and established management reporting and monitoring processes to the Executive Management Team and the Audit and Risk Advisory Committee.

### **5.2.1 Protection – Public Interest Disclosures Act 2012**

Council has established processes under the *Public Interest Disclosures Act 2012*, for reporting any allegations of suspected fraud or corruption with utmost confidentiality. The Public Interest Disclosures Coordinator and Public Interest Disclosures Officer have a statutory obligation to assess disclosures and protect people making disclosures in line with the *Act*.

Council is committed to protecting the welfare of those who have brought to attention possible fraud or corruption. In the event of an investigation, informants as well as those under investigation will be protected against possible victimisation and discrimination through the appointment of a Welfare Manager.

All reports of suspected fraud and corruption will be treated in strict confidence. All relevant parties will be kept apprised of the outcome of any investigations or deliberations of management.

## **5.3 Response**

### **5.3.1 Investigation**

- a) Suspicions of fraudulent or corrupt conduct must be reported in confidence to the Director Corporate and Shared Services (Public Interest Disclosure Coordinator) who will make an initial assessment and coordinate any potential referral to IBAC. Where the matter is not considered a Public Interest Disclosure, the Director Corporate and Shared Services will advise the CEO.
- b) As Council's Principal Officer under the IBAC Act, the CEO has specific obligations in relation to reporting any instances of suspected corrupt conduct occurring within Council, or occurring within any other organisation as defined as by the IBAC Act.
- c) Where the allegation requires an investigation by Council, either from an internal source or referred back to Council by IBAC, it will be coordinated by the Director Corporate and Shared Services in consultation with the CEO. This may include the appointment of an external investigator.
- d) The CEO will ensure the results of any investigation are actioned, providing regular updates to the Audit and Risk Advisory Committee as deemed appropriate by the CEO and including the investigation outcomes in Council's Annual Report.
- e) If the allegation involves the Director of Corporate and Shared Services, the allegation must be reported to the CEO.
- f) Suspicions of fraudulent or corrupt conduct relating to a councillor or councillors will be referred directly to IBAC or the Local Government Inspectorate depending on the nature of the suspicion or allegation.

- g) Any non-compliance with a Council policy where there is an allegation or suspicion of personal gain will be considered a potential breach of this policy and investigated accordingly.
- h) All investigations will be conducted in accordance with Council's disciplinary policies and procedures, and where applicable, Council's Public Interest Disclosures Policy.

### 5.3.2 Breach of Policy

Breach of this Policy will be treated in line with the relevant legislation, industrial instrument and/or relevant code of conduct.

Any allegations that are considered mischievous and unfounded will be assessed by the CEO in accordance with the Councillor Code of Conduct or Employee Code of Conduct for disciplinary action to be taken.

### 5.3.3 Suspension and transfer

Employees under investigation for fraud or corruption may be suspended from duty with pay or temporarily assigned to other duties, in accordance with Council's Employee Code of Conduct.

### 5.3.4 Dismissal

In line with Council's zero-tolerance policy, a substantiated allegation of fraud or corrupt conduct by an employee or volunteer will be considered a serious offence, leading to immediate dismissal. Contractors or consultants will face termination of their contractual arrangement. Individuals found guilty of fraud or corruption by a court of law may face hefty fines, criminal charges and imprisonment.

### 5.3.5 Legal Proceedings

In addition to collaborating with the relevant authorities, Council may seek to recover through legal proceedings losses and associated damages arising from fraudulent or corrupt activities.

## 6 Related Policies, Strategies and Legislation

- *Local Government Act 2020 (Vic)*
- *Public Interest Disclosures Act 2012*
- *Independent Broad-Based Anti-Corruption Act 2011*
- Customer Feedback and Complaints Policy
- Fraud and Corruption Control System (previously plan)
- Enterprise Risk Management Policy
- Information Management (IM) Policy
- Procurement Policy
- Public Interest Disclosures Policy
- Volunteers Policy
- Gifts, Benefits and Hospitality Policy (Organisational)
- Councillor Gifts and Benefits Policy (Council)
- Councillor Code of Conduct
- Employee Code of Conduct
- Australian Standards AS-8001:2021 Fraud and Corruption Control

## **7 Council Plan**

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

## **8 Management and Review**

Review of this Policy is to be conducted every two (2) years from the date of endorsement.

The Director Corporate & Shared Services and the Governance & Risk Department are responsible for ensuring this Policy is reviewed and presented to Council for endorsement. All Council Representatives, including Councillors will receive regular training to ensure the Policy is fully understood and implemented.

## **9 Consultation**

No community consultation was required for the development of this policy.

## **10 Human Rights Charter**

This policy has been developed with consideration of the requirements under the [Charter of Human Rights and Responsibilities](#).



# Procurement Policy

September 2021



Procurement Policy – 2021-09

**Acknowledgement of Country**

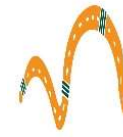
***Council acknowledges the traditional custodians of the land comprising the Murrindindi Shire Council area, and those of our neighbouring municipalities. We pay respect to Elders past and present, and celebrate and respect their continuing culture and connection to the land.***

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## Procurement Policy – 2021-09

### 1. Purpose

The purpose of the Procurement Policy (Policy) is to:

- outline Council's procurement principles
- provide guidance on expected ethical behavior in procurement processes
- demonstrate how Council supports the local economy, sustainability and social awareness through its procurement practices
- ensure consistency and control over procurement activities
- demonstrate to rate payers how value for money is achieved
- provide limits for purchasing, tendering and receiving funds on behalf of Council
- contribute to achieving Council's Strategic Objectives.

### 2. Rationale

This Procurement Policy is made under Section 108 of the [Local Government Act 2020 \(the Act\)](#).

The Act requires each council to:

1. Prepare and adopt a procurement policy which specifies the principles, processes and procedures applying in respect of the purchase of goods and services and carrying out of works by the Council; and
2. review its procurement policy at least once during each 4-year term of the Council.

### 3. Scope

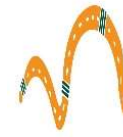
This Policy applies to all procurement activities of Council and is binding upon Councillors, Council officers and temporary employees, contractors and consultants while engaged by Council.

It is recognised this will enhance achievement of the Council's objectives such as sustainable and socially responsible procurement, supporting local economies and obtaining Value for Money, leading to a better result in the provision of goods, services and works for the benefit of the community and rate payers.

This Policy provides direction on the conduct of procurement activities throughout the sourcing and management phases. It also covers the general procurement framework but does not extend to the related accounts payable processes.

The Council must comply with this Procurement Policy before entering into a contract for the purchase of goods or services or the carrying out of works.

Treatment of GST – all monetary values stated in the policy exclude GST unless specifically stated.



## Procurement Policy – 2021-09

**4. Policy****4.1 Governance & Ethics**

## 4.1.1 Good Governance

Council shall establish a procurement management responsibility structure and delegations ensuring accountability, traceability and auditability of all procurement decisions made by Council.

Council will conduct its procurement activities in an open, transparent and ethical manner with demonstrated integrity, fairness and accountability that meets or exceeds expected ethical standards and all relevant legal requirements

## 4.1.2 Service Performance Principles

Council will apply the following fundamental service performance principles to every procurement process irrespective of monetary value or complexity.

This Policy is consistent with the requirements of S108(2) of *the Act* and will:

- Promote open and fair competition and provide Value for Money;
- Provide clear guidelines to the Council to allow consistency and control over procurement activities;
- Demonstrate accountability to ratepayers and residents;
- Provide guidance on ethical behaviour in public sector procurement;
- Demonstrate the application of best practice in procurement activities;
- Demonstrate the consideration of sustainability in procurement with respect to social, economic and environmental factors;
- Increase the probability of obtaining the best outcome for the municipal community when procuring goods and services; and delivering works, and
- Promote collaborative procurement.

These objectives will be achieved by requiring that the Council's contracting, purchasing and contract management activities:

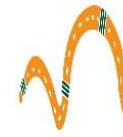
- Support the Council's corporate strategies, aims and objectives;
- Span the whole life cycle of an acquisition and take sustainability considerations into account;
- Achieve demonstrable Value for Money;
- Are conducted in, and demonstrate, an impartial, fair and ethical manner;
- Seek continual improvement through innovative and technological initiatives, and
- Generate and support Local Business through inclusion wherever practicable.

## 4.1.3 Conduct of Councillors and Council Employees

Councillors and Council employees shall at all times conduct themselves in ways that are, and are seen to be, ethical and of the highest integrity and will:

- comply with the relevant legislation, regulation and guidelines including the *Act*, Council Codes of Conduct (Councillor and Employee) and this Procurement Policy
- treat all individuals or organisations involved in procurement processes fairly
- encourage fair and open competition while seeking value for money and efficiency
- try to minimise the cost of participating in procurement processes





## Procurement Policy – 2021-09

- protect commercial in confidence material
- act honestly and be accountable
- manage and declare conflicts of interest (refer to section 5.1.7)
- not ask for or accept financial or other benefits from potential, current or past suppliers/business partners for performing official duties
- respond to reasonable requests for information or advice without delay and ensure equitable distribution of information for all participants.

### 4.1.4 Council expectations of participants in procurement processes and/or suppliers

Council has the following expectations regarding the behaviour of participants in procurement processes and/or suppliers:

- comply with the conditions and requirements stated in Council's procurement documents
- comply with legal obligations including industrial relations, security of payment and occupational health and safety obligations
- respect the obligation of Councillors and staff to comply with relevant legislation, regulation and guidelines including the Act, Council's Code of Conduct and this Procurement Policy.
- not engage in collusive practices. Act with integrity and openness and respond to reasonable requests for advice and information
- not offer Councillors or staff financial inducements or any gifts or other benefits which may lead to, or be seen as leading to, an unfair advantage in dealings with Council
- ensure business and supply chain practices are conducted in an honest, ethical and safe manner.

### 4.1.5 Modern Slavery

Council is committed to conducting business responsibly and ethically and to ensuring that our supply chains are free from any form of slavery. Council rejects any and all forms of modern slavery which can take the form of unpaid or underpaid servitude, human trafficking and forced labour. Participants in the procurement process and/ or suppliers must take reasonable steps to identify, assess and address risks of modern slavery practices.

If Modern Slavery practices become apparent at any point by Council or one of Council's suppliers all reasonable action must be taken to address or remove these practices, including where relevant by addressing any practices of other entities in its supply chains.

### 4.1.6 Gifts and Hospitality

A Councillor or member of council staff must not, for themselves or others, seek, request or solicit gifts. All gift offers, whether accepted or not, must be declared in accordance with Council policies. Bribes and inducements must be reported to the Independent Board-based Anti-corruption Commission.

## Procurement Policy – 2021-09

## 4.1.7 Conflict of Interest

Anyone participating in a procurement evaluation process is required to:

1. Avoid conflicts of interest whether general or material between their official duties and their private interests.
2. Declare whether or not they have an interest (general or material) by completing the Conflict of Interest Declaration Form.
3. Act in accordance with legislated responsibilities, Council's Governance Rules and other policies in regards to conflict of interest situations.

If an interest is declared, the Council employees manager or (if applicable) the Evaluation Team Chair, will determine how best to manage the interest. Depending on the significance of the declared interest, the Council employee may be required to take no further part in the process, to undertake a reduced role or to continue their involvement with their interest known to all others involved in the evaluation process.

## 4.1.8 Probity

Best Value

Council's procurement decisions will be based on achieving best value for money taking into account all costs of ownership and the acceptability of the solution in terms of fit for purpose and risk.

Probity Advisor

A probity advisor must be used on all procurements where the value exceeds 2 million dollars or where the tender is considered complex or high risk. The Governance and Risk Department must be consulted where appointment of a probity advisor is being considered.

Fair and Honest Dealing

All participants will be treated fairly in an open, transparent and consistent manner without any bias or the perception of bias. Where participants are selected to take part in a procurement process, the selection decision will be impartial, based on value for money considerations and documented.

Procurement processes will be reasonable. The time and cost of participating will be minimised to remove barriers to participation and increase accessibility, particularly for small and medium sized businesses

Council does not tolerate corrupt or improper conduct by its Councillors, employees, agents or, suppliers. People are encouraged to report known or suspected incidences of corrupt or improper conduct to the Director Corporate and Shared Services or direct to either the Independent Broad Based Anti-Corruption Commission (IBAC) or Victorian Ombudsman.

Accountability & Transparency

Procurement processes will be open and transparent. Participants will have equal access to information. Council will provide constructive feedback to participants to build capacity and understanding of Council's procurement and decision making processes.

Procurement activities will be documented, decisions will be made by people with appropriate authorisations and more than one person will be involved in procurement and financial commitment processes.

## Procurement Policy – 2021-09

### Confidentiality

Councillors and employees will treat all information contained in responses as commercial-in-confidence. The information will be kept secure and not disclosed to any other participant or third party, or to any person who has no official interest in the procurement process.

Councillors and employees are obliged to protect commercial information by refusing to publicly release or discuss the following:

- information disclosed by organisations in tenders, quotation or during tender negotiations;
- all information that is Commercial in Confidence information; and
- pre-contract information including but not limited to information provided in quotes and tenders or subsequently provided in pre-contract negotiations.

Discussion with potential suppliers during tender evaluations must not go beyond the extent necessary to resolve doubt on what is being offered by that supplier.

### 4.1.9 Responsible Financial Management

The principle of responsible financial management shall be applied to all procurement activities. Accordingly, to give effect to this principle, the availability of existing funds within an approved budget or source of funds shall be established prior to the commencement of any procurement action for the supply of goods, services or works. Council funds must be used efficiently and effectively to procure goods, services and works and every attempt must be made to contain the costs of the procurement process without compromising any of the procurement principles set out in this Policy.

## **4.2 Sustainable Procurement**

### 4.2.1 Sustainable Procurement Definition

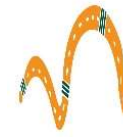
Sustainable procurement involves decision making that has the most positive environmental, social and economic impacts possible across the entire lifecycle of goods, services and works. The United Nations Environment Programme defines sustainable procurement as a “process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves Value for Money on a whole of life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment.”

### 4.2.2 Supporting Local Economic Outcomes

The Council is committed to supporting a viable, healthy and diverse local economy and building the capacity and competitiveness of local businesses. To this end, Council is committed to sourcing goods, services and works locally, where value for money can be demonstrated.

To achieve these local economic objectives, Council will consider the following standards in its procurement processes:

- procurement opportunities up to \$300,000 in value - give preference to suppliers located in the Murrindindi Shire where their price is within 10% of the highest scoring value for money offer, provided they have demonstrated that they can meet Council's supply requirements with minimal risk.



## Procurement Policy – 2021-09

- procurement opportunities \$300,000 and above in value - give preference to suppliers located in the Murrindindi Shire where their price is within 5% of the highest scoring value for money offer, provided they have demonstrated that they can meet Council's supply requirements with minimal risk.
- take into account contributions that suppliers from outside the Shire may make to the local economy when determining best value for money.
- working with local suppliers to ensure they are positioned to participate in tender processes, through awareness raising and capacity building

For example, Council will:

- take reasonable steps to raise awareness within the local economy of open opportunities whilst recognising that businesses should take responsibility for monitoring the market and identifying opportunities
- provide local businesses with access to information regarding procurement processes, requirements and expectations through the Procurement Unit
- host information sessions on bidding and the use of Council's e-Tendering portal
- offer de-briefing sessions with all respondents (upon request) to support them to do better in future procurement processes.

### 4.2.3 Supporting Environmental Outcomes

Council is committed to reducing its environmental impacts, addressing the threat of climate change and operating in an environmentally responsible manner. Council will encourage the design and use of products and services which have minimal impact on the environment, climate and human health. Assessment of Best Value will include consideration of the environmental impacts and credentials of goods, services, works and suppliers. This includes, but is not limited to, considerations of waste minimisation, energy management, greenhouse gas abatement, natural resource conservation, biodiversity protection, green building and infrastructure design and environmentally sustainable practices. ~~Where possible~~, Council will prioritise procuring goods made from recycled materials where the procurement opportunity provides for this.

Within this context Council will consider the following environmental standards in its procurement processes:

- ensuring all procurement contracts and tenders contain sustainability specifications as appropriate to the product or service being procured
- encouraging waste reduction and resource recovery, including recycling activities
- incorporating energy and resource efficiency in the built environment
- identify, monitor and minimise emissions and explore opportunities to reduce energy consumption
- considering the environmental performance of all suppliers and contractors, and encouraging them to conduct their operations in an environmentally sensitive manner
- considering the life cycle of products to minimise the adverse effects on the environment resulting directly or indirectly from products
- selecting products/services that have minimal effect on the depletion of natural resources and biodiversity

The ability to meet or exceed the above standards **must** be considered in the preparation of specifications and the evaluation of tenders where the contract threshold value is \$300,000 or more.

## Procurement Policy – 2021-09

### 4.2.4 Supporting Social Outcomes

Council is committed to building stronger communities and meeting social objectives which benefit the municipality and broader society. Council will encourage the design and use of products and services that have been produced to ethical standards and commits to integration of measures in its procurement processes and documentation which promote improved social outcomes. Council's objectives in promoting social outcomes through its procurement practices are to:

- Promote equity, diversity and equal opportunity for all
- Respect human rights, the rule of law and international norms of behaviour.
- Ensure vendors do not exploit workers and provide fair wages, including inclusive business practices
- Improve gender equity
- Supporting economic opportunity and wellbeing for our indigenous community
- Actively seek out and utilize community programs that have social benefit
- Open pathways for meaningful and productive lives

Within this context Council will consider the following social value standards in its procurement processes:

- building and maintaining a strong community by exploring ways to generate local employment (particularly among disadvantaged residents) and further strengthening the local economy
- purchasing ethical and fair-trade goods to support equitable, local, national and international trade
- working with local suppliers to ensure they are positioned to participate in tender processes
- supporting our indigenous community to participate in procurement for goods and service they can supply
- investment in skill development, through training and/or apprenticeships

The ability to meet or exceed the standards detailed in the table above must be considered in the preparation of specifications and the evaluation of tenders where the contract threshold value is \$300,000 or more.

## 4.3 Procurement Methods and Thresholds

### 4.3.1 Procurement Methods and Specifications

- All procurement activities must be conducted in accordance with this policy and related, relevant Council policies and procedures.
- All procurement activities are to provide for an audit trail for monitoring and reporting purposes.
- All Council staff must be able to account for all procurement decisions made over the lifecycle of the procurement by the Council and provide feedback on them.



## Procurement Policy – 2021-09

Council's methods for purchasing goods, works and services shall be by any of the following methods:

- petty cash;
- corporate credit card;
- purchase order following a quotation process from suppliers for goods or services that represent value for money under directed quotation thresholds;
- under contract following a quotation or tender process;

Specifications used in quotations, tenders and contracts are to support and contribute to the Council's Value for Money objectives. These will be written in accordance with Council's Procurement Guidelines.

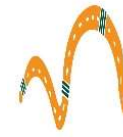
## 4.3.2 Process for Achieving Value for Money (Procurement Thresholds)

The achievement of best price can most easily be demonstrated through highly competitive processes involving a number of participants. However, participating in these processes can be costly and the overarching principle of value for money requires a balance between the time and cost of participating in competitive procurement process and the likely cost benefits of greater competition.

Council's procurement thresholds provide guidance on how this balance can be achieved by setting minimum levels of competition depending on the value of the good, service or works. These are shown in the following table. Levels of competition above these minimum requirements will be considered where it is reasonably likely to generate better value for money.

Council will invite tenders, proposals, quotes and expressions of interest from the supply market for goods, services and works in accordance with these thresholds:

Tier	Value (Exclusive of GST)	Procurement Threshold (min requirement)
Tier 1	\$0 - \$10,000	Request a minimum of one verbal quote from a potential supplier. The rationale for selecting the successful respondent to be documented. If the successful response is verbal it must be confirmed by the Council officer via email.  For incidental purchases made by Operations staff, up to a maximum of \$200, these must be documented on running sheets with approved vendors. Monthly reconciliations will then be undertaken by Council Accounts Payable officers to confirm and allocate expenditure.
Tier 2	\$10,001 - \$25,000	Minimum one written quote (letter, fax, email, e-Tendering portal) received.  The rationale for selecting the successful respondent to be documented. .



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Tier	Value (Exclusive of GST)	Procurement Threshold (min requirement)
Tier 3	\$25,001 – \$300,000	<p>A written request (e-Tendering portal) to be issued to a minimum of three potential suppliers. The responses must be in writing and submitted through the e-Tendering portal. The rationale for selecting the successful respondent to be documented, including if less than three responses are received. A formal agreement between parties is required.</p> <p>Entry into procurement management system - mandatory</p>
Tier 4	Over \$300,001	<p>Open and advertised tender process published on the e- Tendering portal. The responses must be in writing and submitted through the e-Tendering portal. The rationale for selecting the successful respondent to be documented. A formal agreement between parties is required.</p> <p>Entry into procurement management system - mandatory</p>

## 4.3.3 Exemptions from tendering

It is recognised that some procurement opportunities are not suitable to go to market, this can be for various reasons including best value, continuity of service, market constraints or statutory requirements. Council has a list of categories exempt from general publicly advertised tender, quotations and expression of interest requirements (refer to Appendix 1.)

Exemptions applied will be reported to Council on a monthly basis as part of the Scheduled Meeting Agenda.

## 4.3.4 Procurement Threshold Exemptions

An exemption from a procurement threshold must be clearly documented and formally approved by the Chief Executive Officer or relevant Director. Exemptions from procurement thresholds up to \$300,000 will only be considered in emergency situations or where compliance is either not possible or unlikely to generate better value for money. For instance, it may not be possible or appropriate to meet the minimum levels of competition if the service is highly specialised with very limited providers, or where intellectual property or compatibility issues mean that only one provider or make/model/system is suitable. It may also be inappropriate or impossible to meet minimum levels of competition in urgent or emergency situations.

Exemptions register to be presented to Audit and Risk Committee quarterly for review and noting.

## 4.3.5 Variations to Council resolution

Where Council has resolved to appoint a contract, a variation up to 10% of the resolution amount may be approved without requiring Council resolution provided the variation:

- Does not exceed \$150,000
- Is within the allocated budget
- Does not change the intended outcome(s) of the contracted works or services
- Is approved by both the relevant Director and the CEO

## Procurement Policy – 2021-09

The need for such a variation would most typically arise where there is an unforeseen need to adjust the works or services required in order to deliver the intended outcome(s) of the works or services, and which have only become apparent after the contract was let.

Where a variation is approved it will be reported to Council as part of quarterly reporting.

### 4.3.6 Purchasing from Existing Standing Offer or Panel Agreements

Council is committed to adopting efficient work practices and reducing, wherever possible, the time and resources involved in procurement activities whilst also ensuring best value and effective risk management. For this reason, where a panel or standing offer agreement has been established through a competitive and open process, the CEO may set panel or standing offer purchasing thresholds to support purchases through these existing agreements.

The CEO has set the following thresholds for panel or standing offer agreement:

Tier	Value (inclusive of GST)	Procurement Threshold (min requirement)
Level 1	\$0 - \$50,000	Issue a request in writing (letter, fax, email) to at least one panel supplier. Response to be in writing. Rationale for selecting successful respondent documented Procurement process over \$20,000 to be entered into electronic contract management system.
Level 2	\$50,001 – \$300,000	Issue a request in writing (via e-tender portal) to a minimum of two suppliers. Responses are to be in writing. Rationale for electing the successful respondent is to be documented. Procurement process to be entered into electronic contract management system.

## 4.4 Communications

Communications throughout procurement processes need to be controlled to ensure that all participants are treated fairly with equal access to information in an environment where confidentiality is maintained.

Communications regarding opportunities published on the Council's e-Tendering Portal must be lodged through the portal so that all participants have access to the same information.

Communications during an evaluation process must be directed to or come from the Evaluation Chair. Participants will receive written notification of the outcome of procurement processes. Upon request, unsuccessful participants will be provided with constructive feedback on their submission and improvements that could increase competitiveness in future procurement processes.



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### **4.5 Publishing and advertising of Public Tenders**

All public tenders will be published via Council's eTendering Portal and will be publicly advertised. Advertising will be appropriate to the offering, at a minimum this will include local papers. Information regarding current tenders will be placed on Council's website.

### **4.6 Council's Documents and e-Tendering Portal**

Council is also strongly focused on making it easy for others to do business with Council. Council will adopt procurement and contract documents that are simple and easy to read in order to remove barriers to participation and increase accessibility, particularly for small and medium sized businesses.

Wherever practicable, Council will release opportunities through its e-Tendering Portal because it enhances:

- openness as the same information is available to all participants simultaneously
- accountability as a system generated audit record is created for each procurement process
- efficiency by removing the need to print and submit hardcopy submissions
- confidentiality as system controls limit access to responses to authorised Council officers only
- communication as the web-based portal provides ongoing and immediate notification of opportunities reducing reliance on local paper advertisements.

Opportunities released through the e-Tendering Portal will need to be responded to through the portal.

Some selective opportunities will continue to be released via email direct to selected suppliers where this represents the most efficient and effective way of seeking and responding to requests.

### **4.7 Evaluation**

Procurement processes where only one response (quote) is sought may be evaluated by a single Council officer. The rationale for accepting or rejecting the response must be documented. If it is accepted, the person raising the purchase order must not be the same person that approves the purchase order. This separation of roles is critical to Council's system of financial control.

Procurement processes where more than one response has been sought must be evaluated by an evaluation team of at least three people, one of whom is appointed as the evaluation team Chair.

The Evaluation Chair is responsible for managing the evaluation process and ensuring a fair and consistent evaluation.

Following the completion of the evaluation process, the Evaluation Chair will document the recommendation for the endorsement of the evaluation team. The final decision on whether to accept a response rests with the Council officer with delegated authority to commit the funds.



## Procurement Policy – 2021-09

### Evaluation Criteria

The Council may include the following evaluation criteria categories to determine whether a proposed contract provides Value for Money:

- Mandatory Compliance criteria (e.g. ABN registration, OH&S, Fair Work Act);
- Tendered price – Mandatory
- Capacity of the Tenderer to provide the goods and/or services and/or works;
- Capability of the Tenderer to provide the goods and/or services and/or works; and
- Demonstration of sustainability.

## **4.8 Procurement Control Arrangements**

### 4.8.1 Risk Management

Risk management will be appropriately applied at all stages of procurement activities which will be properly planned and carried out in a manner that will protect and enhance Council's capability to prevent, withstand and recover from interruption to the supply of goods, works and services.

Council will install and maintain a framework of internal controls over procurement processes that will ensure:

- more than one person is involved in and responsible for a transaction end to end
- transparency in the procurement process
- a clearly documented audit trail exists for procurement activities
- appropriate authorisations are obtained and documented
- systems are in place for appropriate monitoring and performance measurement.

Council's Risk Management and Internal Controls will be implemented in accordance with Council's Policies and Procurement Guidelines.

### 4.8.2 Cumulative Spend

Council is committed to strategic procurement practices that take into account the cumulative spend on similar goods and services over time. Council recognises that the cumulative spend of small value or larger value frequent purchases can quickly amount to significant sums and create opportunities for savings through strategic procurement practices.

For this reason, Council monitors cumulative spend with suppliers to identify strategic procurement opportunities such as bundling and consolidated supply contracts. Council also requires staff to have a long-term view of regular and/or ad hoc procurement processes and consider cumulative spend and savings opportunities.

### 4.8.3 Approval to Release Procurement Documents

Procurement documents are not to be released unless there is an approved budget or source of funds and a firm commitment, intention and capacity to proceed.

The approving Council officer and the appropriate department manager, are also required to check that the procurement documents including specifications:

- are clear, unambiguous and easily understood
- include a sufficiently detailed specification that can easily be costed and is consistent with the scope of the approved budget or source of funds

#### Procurement Policy – 2021-09

- identify reasonable and relevant criteria upon which responses will be evaluated
- are not overly onerous and do not include requirements that unnecessarily limit who can respond or create barriers to participation.

#### 4.8.4 Late Submissions to Tenders

Council does not accept late submissions to tenders unless there are exceptional circumstances that prevent a response from being lodged on time and only where late acceptance will not:

- cause unfair advantage
- compromise the integrity and competitiveness of the process.

'Exceptional circumstances' are defined as those beyond the control of the respondent and/or could not have been prevented. Examples include: natural disaster, electricity black out, cyber-crime, e- Tendering Portal system failure or interruption, or mishandling by a Council officer.

#### 4.8.5 Authority to Purchase

A purchase order must be created and approved prior to committing expenditure on behalf of council for the provision of services, goods or works in accordance with council's procurement thresholds, with the following exemptions:

Utilities – power, water etc  
 Vehicle Registration  
 Industrial Special Risk and Motor Vehicle  
 Insurance  
 Personal expense reimbursement

Suppliers, contractors and Council staff must not request, encourage or facilitate the prohibited act of 'order splitting' (splitting one order into a succession of orders) for the purpose of obtaining the goods or services under a financial delegation level or procurement delegation level.

### 4.9 Emergency Procurement

In accordance with the Murrindindi Shire Municipal Emergency Management Plan (MEMP), during an emergency the Municipal Emergency Management Officer (MEMO) will have the same financial delegation as the Chief Executive Officer (CEO) and the power to suspend parts of the Policy where required to enable a timely emergency response. The decision to suspend parts of the Policy must be recorded and reported to Council as soon as reasonably practicable.

The Municipal Emergency Resource Officer must ensure that procurement processes comply with and take into account value for money, accountability and probity to the extent possible given the severity of the emergency. As a minimum, the Municipal Emergency Resource Officer will be required to report to Council details regarding Council's suppliers and the value of goods, services and works supplied.

### 4.10 Collaborative Procurement

In accordance with section 108(c) of *the Act*, the Council will first give consideration to collaboration with other Councils and public bodies or utilise Collaborative Procurement Arrangements, when procuring goods, services and works in order to take advantage of economies of scale.

Council Staff must consider any opportunities for Collaborative Procurement in relation to a procurement process undertaken by Council, including:

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- The nature of those opportunities, if any, and the councils or public bodies with which they are available; and
- Why Council did, or did not, pursue the identified opportunities for collaboration in relation to that procurement process.

Furthermore, Council may collaborate with other Councils or other bodies such as MAV Procurement or Procurement Australasia to procure goods, services or works, or utilise existing Collaborative Procurement Arrangements for the procurement of goods, services or works established through a public tender process where it provides an advantageous, Value for Money outcome for the Council.

### **4.11 Build and Maintain Supply Relationships**

Council recognises to achieve value for money, a strategic assessment of the appropriate 'channel to market' should be undertaken – whether to go to market on its own, participate in regional or sector aggregated projects or Panels, access State Government Panel agreements or other means. Council will consider supply arrangements that deliver the value for money outcomes in terms of time, expertise, cost, value and outcome.

#### 4.11.1 Developing and Managing Suppliers

Developing and managing suppliers is essential to achieving a competitive market capable of delivering the Councils services and works requirements.

Council needs to interact with the market and our suppliers to understand their views and what enables and encourages diverse parts of the market to bid for work with the Council. Council aims to develop relationships with suppliers that creates mutually advantageous, flexible, and long-term relations based on the quality of performance and financial savings.

Council may establish Panel arrangements (referred to in section 5.4.6) where rates contracts for goods, services or works are appointed to facilitate aggregated spends under contract.

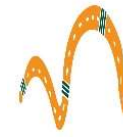
Subsequently quotes to appoint from the Panel on job-by-job basis promotes competition and value for money.

#### 4.11.2 Contract Management

The purpose of contract management is to ensure that the Council, and where applicable its clients, receive the goods, services or works provided to the required standards of quality and quantity as intended by the contract by:

- establishing a system monitoring and achieving the responsibilities and obligations of both parties' under the contract;
- providing a means for the early recognition of issues and performance problems and the identification of solutions; and
- adhering to Council's Risk Management Framework and adhering to relevant Occupational Health and Safety Contractor Compliance Procedures.

All Council contracts are to include contract management requirements. Furthermore, contracts are to be proactively managed by the member of Council staff responsible for the delivery of the contracted goods, services or works to ensure the Council receives Value for Money.



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### 4.11.3 Performance Measures

Appropriate performance measures are to be established and reporting systems will be used to monitor performance and compliance with procurement policies, procedures and controls

The performance measurements developed will be used to:

- Highlight trend and exceptions where necessary to enhance performance.
- Improve the internal efficiency of the procurement process and where relevant the performance of suppliers
- Facilitate programs to drive improvement in procurement to eliminate waste and inefficiencies across key spend categories

### 4.12 Discipline and Disputes

#### 4.12.1 Complaints

General feedback and complaints regarding Council's procurement processes and procedures are taken seriously and will be handled fairly and promptly in a respectful manner. Feedback and complaints should be directed to the Manager Governance and Risk

#### 4.12.2 Breaches

Breaches of this policy may lead to disciplinary action in accordance with Councils Policies and Enterprise Agreement.

#### 4.12.3 Dispute Resolution

All Council contracts must incorporate dispute management and alternative dispute resolution provisions to minimise or avoid protracted disputes and litigation.

## 5. Related Policies, Strategies and Legislation

The *Local Government Act 2020* (previously *Local Government Act 1989*)

Capital Works Expenditure Policy

Customer Feedback and Complaints Policy

Privacy Policy

Corporate Credit Card Policy

Councillor Code of Conduct

Employee Conduct (Code of Conduct) Policy

Fraud and Corruption Control Policy

Information Management (IM) Policy

Enterprise Risk Management Policy

Environment Policy

## 6. Council Plan

This Policy is consistent with the Council Plan 2017-2021 Our Promise strategic objective to work in collaboration with our communities to deliver the best possible outcomes in all that we do.

## Procurement Policy – 2021-09

This Policy is also consistent with the Draft Council Plan 2021-2025 (due for adoption October 2021) Strategic Objectives:

- Our Protected Environment – “To protect and enhance our natural environment, supporting environmental sustainability, community resilience, innovation and adaptation to climate change to achieve net-zero emissions by 2035.”
- Transparent, Inclusive and Accountable – “To ensure our services, people and systems deliver the best possible outcomes for our communities now and in the future.”

### **7. Management and Review**

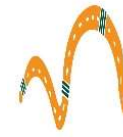
The Executive Management Team is responsible for monitoring compliance with this Policy. The Governance and Risk Department will prepare reports to assist management in carrying out that responsibility.

### **8. Consultation**

The review of this Policy did not require external community consultation.

### **9. Human Rights Charter**

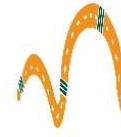
This Policy has been developed with consideration of the requirements under the Charter of Human Rights and Responsibilities.



## Procurement Policy – 2021-09

## Appendix 1. Exemptions

Exemption Name	Explanation, limitations, responsibilities and approvals
1. A contract made because of genuine emergency or hardship	Where the Council has resolved that the contract must be entered into because of an emergency (e.g. to provide immediate response to a natural disaster, declared emergency, etc.)
2. A contract made with, or a purchase from a contract made by, another government entity, government-owned entity or other approved third party	<p>This general exemption allows engagements:</p> <ol style="list-style-type: none"> <li>1. With another government entity or government owned entity. For example, Federal, State or Local Government or an entity owned by the Federal, State or Local Government; and/or</li> <li>2. In reliance on contracts and arrangements established by another government entity, local authority or local government group purchasing scheme, Municipal Association of Victoria (MAV) or National Procurement network members (e.g. Local Buy), Procurement Australia (PA).</li> </ol>
3. Extension of contracts while Council is at market	<p>Allows Council to extend an existing contract where the procurement process to replace the contract has commenced, and where the tender process or negotiations will take or are taking longer than expected.</p> <p>This exemption may be used when the establishment of an interim short-term arrangement with an alternative supplier is considered not to be in the public interest, as it may be cost prohibitive and/or present a risk in the delivery of critical public services to the municipality.</p>
4. Professional services	Legal Services. Insurance.
5. Novated Contracts	Where the initial contract was entered into in compliance with <i>the Act</i> and due diligence has been undertaken in respect to the new party.
6. Information technology resellers and software developers	Allows Council to renew software licenses and maintenance and support, or upgrade existing systems, where there is only one supplier of the software who holds the intellectual property rights to the software.
7. Regional Waste and Resource Recovery Groups	Situations where a Regional Waste and Resource Recovery Group constituted under the <i>Environment Protection Act 1970</i> had already conducted a public tender for and on behalf of its member councils.
8. Statutory Compulsory Monopoly Insurance Schemes	Motor vehicle compulsory third party WorkCover
9. Operating Leases	Where a lessor leases an asset (generally a vehicle or plant and equipment) to the Council and assumes the residual value risk of the vehicle.



Procurement Policy – 2021-09

<b>Exemption Name</b>	<b>Explanation, limitations, responsibilities and approvals</b>
10. Other specific Council exemptions	Nil.





Maddocks Delegations and Authorisations

***S5 Instrument of Delegation to Chief Executive Officer***

**Murrindindi Shire Council**

**Instrument of Delegation**

**to**

**The Chief Executive Officer**

## Instrument of Delegation

In exercise of the power conferred by s 11(1) of the *Local Government Act 2020 (the Act)* and all other powers enabling it, the Murrindindi Shire Council (**Council**) delegates to the member of Council staff holding, acting in or performing the position of Chief Executive Officer, the powers, duties and functions set out in the Schedule to this Instrument of Delegation,

AND declares that

1. this Instrument of Delegation is authorised by a Resolution of Council passed on 22 September 2021
2. the delegation
  - 2.1 comes into force immediately the common seal of Council is affixed to this Instrument of Delegation;
  - 2.2 is subject to any conditions and limitations set out in the Schedule;
  - 2.3 must be exercised in accordance with any guidelines or policies which Council from time to time adopts; and
  - 2.4 remains in force until Council resolves to vary or revoke it.

DATED this      day of                      2021

THE COMMON SEAL OF THE MURRINDINDI      )  
SHIRE COUNCIL was hereunto affixed in the      )  
presence of:    )

Mayor    .....

Councillor    .....

## SCHEDULE

The power to

1. determine any issue;
2. take any action; or
3. do any act or thing

arising out of or connected with any duty imposed, or function or power conferred on Council by or under any Act.

### Conditions and Limitations

The delegate must not determine the issue, take the action or do the act or thing

1. if the issue, action, act or thing is an issue, action, act or thing which involves
  - 1.1 entering into a contract exceeding the value of \$300,000 plus GST
  - 1.2 making any expenditure that exceeds \$300,000 plus GST
  - 1.3 appointing an Acting Chief Executive Officer for a period exceeding 28 days;
  - 1.4 electing a Mayor or Deputy Mayor;
  - 1.5 granting a reasonable request for leave under s 35 of the Act;
  - 1.6 making any decision in relation to the employment, dismissal or removal of the Chief Executive Officer;
  - 1.7 approving or amending the Council Plan;
  - 1.8 adopting or amending any policy that Council is required to adopt under the Act;
  - 1.9 adopting or amending the Governance Rules;
  - 1.10 appointing the chair or the members to a delegated committee;
  - 1.11 making, amending or revoking a local law;
  - 1.12 approving the Budget or Revised Budget;
  - 1.13 approving the borrowing of money;
  - 1.14 subject to section 181H(1)(b) of the *Local Government Act 1989*, declaring general rates, municipal charges, service rates and charges and specified rates and charges;
2. if the issue, action, act or thing is an issue, action, act or thing which is required by law to be done by Council resolution;
3. if the issue, action, act or thing is an issue, action or thing which Council has previously designated as an issue, action, act or thing which must be the subject of a Resolution of Council;

4. if the determining of the issue, taking of the action or doing of the act or thing would or would be likely to involve a decision which is inconsistent with a
  - 4.1 policy; or
  - 4.2 strategy  
adopted by Council;
5. if the determining of the issue, the taking of the action or the doing of the act or thing cannot be the subject of a lawful delegation, whether on account of s 11(2)(a)-(n) (inclusive) of the Act or otherwise; or
6. the determining of the issue, the taking of the action or the doing of the act or thing is already the subject of an exclusive delegation to another member of Council staff.



**Murrindindi**  
Shire Council

Subject to Confirmation

MINUTES

of the

AUDIT AND RISK COMMITTEE MEETING

Thursday 9 September 2021

at

Murrindindi Shire Council

Zoom

Virtual Meeting

Videoconference

12:30 PM

This Audit and Risk Committee was conducted virtually  
(as per *COVID-19 Omnibus (Emergency Measures) Act 2020*,  
passed by Victorian Parliament on 23 April 2020)

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## 1 WELCOME AND RECOGNITION OF COUNTRY

The Mayor Cr Sandice McAulay opened the meeting on behalf of the Audit and Risk Committee declaring the following Pledge:

"We would like to acknowledge the Taungurung Traditional Owners and their ancestors as the traditional owners of the land on which we are meeting virtually and pay our respects to their Elders past and present."

## 2 APOLOGIES AND REQUEST FOR LEAVE OF ABSENCE

### **Present:**

C Baxter (Acting Chair), I McKaskill, C Nisbet, Cr D Gallagher

### **Apologies:**

Cr I Gerencser

### **In attendance:**

Mayor Cr S McAulay

Chief Executive Officer: Livia Bonazzi

Director Corporate and Shared Services: Michael Chesworth

Director Assets and Development: Vito Albicini

Manager Governance and Risk: Tara Carter

Manager Business Service: Graham Haylock

Financial Accountant: Alan Cassell

Coordinator Integrity and Governance: David Echeverry

Coordinator Emergency Management and Business Continuity: Chris Price

HLB Mann Judd: Mark Holloway

HLB Mann Judd: Kapil Kukreja

RSD Audit: Kathie Teasdale

RSD Audit: Jonathon Davidson

## 3 DISCLOSURES OF INTEREST OR CONFLICT OF INTEREST

Nil.

## 4 AUDIT AND RISK COMMITTEE INDEPENDENT MEMBER APPOINTMENT

Council at its 25 August 2021 Scheduled Meeting re-appointed Mr Claude Baxter for a three-year term ending 30 June 2024.

### **Officer Recommendation**

That the Audit and Risk Committee note the appointment of Mr Claude Baxter for a term ending 30 June 2024.

### **RESOLUTION**

**I McKaskill / Cr D Gallagher**

**That the Audit and Risk Committee note the appointment of Mr Claude Baxter for a term ending 30 June 2024.**

**CARRIED**



## **5 ELECTION OF THE CHAIR**

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.

It is noted that outgoing Chairperson Mr Claude Baxter has served two years as Chairperson of the 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 2021/22 financial year. It is noted that until such time as the election result is endorsed by Council at the September 2021 Scheduled Council Meeting, the Chairperson nominated will be in an Acting capacity only.

### **Officer Recommendation**

That it be recommended to Council at the September 2021 Scheduled Council Meeting that (name) be endorsed as the Chairperson of the Audit and Risk Committee for the 2021/22 financial year.

The Acting Chairperson will take the chair for the remainder of the meeting.

### **RESOLUTION**

**I McKaskill / C Nisbet**

**That it be recommended to Council at the September 2021 Scheduled Council Meeting that Mr Claude Baxter be endorsed as the Chairperson of the Audit and Risk Committee for the 2021/22 financial year.**

**CARRIED**

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

## **6 CONFIRMATION OF MINUTES**

### **6.1 Confirmation of Minutes**

Minutes of the Audit and Risk Committee Meeting held on 13 May 2021.

### **Officer Recommendation**

That the Minutes of the Audit and Risk Advisory Committee Meeting held on 13 May 2021 be confirmed.

### **RESOLUTION**

**C Nisbet / Cr D Gallagher**

**That the Minutes of the Audit and Risk Advisory Committee Meeting held on 13 May 2021 be confirmed.**

**CARRIED**

### **RESOLUTION**

**Cr D Gallagher / I McKaskill**

**That items 10.1, 10.2, 11.1, 11.2 and 11.3 be brought forward to allow for the External Auditors to present items and then leave the meeting.**

**CARRIED**

## **10 AUDITS - EXTERNAL**

### **10.1 Consider External Auditors Comments on Control Environment & Management Letters**

Attachment(s):

1. VAGO - Closing Report - 30 June 2021 [10.1.1 - 19 pages]
2. VAGO - Audit Management Letter - 30 June 2021 [10.1.2 - 9 pages]

RSD Audit will present this report at the meeting.

Discussion regarding any management letter points will be referenced in consideration of the financial statements that are to be discussed at item 11.2 on the agenda.

#### **Officer Recommendation**

That the Audit and Risk Committee note the management letter and closing report from external auditors as contained in Attachments 10.1.1 and 10.1.2.

#### **RESOLUTION**

**I McKaskill / C Nisbet**

**That the Audit and Risk Committee note the management letter and closing report from external auditors as contained in Attachments 10.1.1 and 10.1.2.**

**CARRIED**

### **10.2 Committee to 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.

Any advice to officers following this discussion can be subsequently relayed by the Chair.

All officers left the meeting at 12:56pm

All Officers returned to the meeting at 1:06pm

## **11 FINANCIAL REPORT**

### **11.1 Review Significant Accounting & Reporting Issues**

Nil to report.

### **11.2 Review & Recommend Adoption of Annual Financial Report**

Attachment(s):

1. Financial Statements 2020-21 [11.2.1 - 48 pages]
2. Performance Statement 2020-21 [11.2.2 - 10 pages]

### **Purpose**

This report is to present the Financial Statements for the financial year ended 30 June 2021 for the Audit and Risk Committee's (Committee) review.

### **Officer Recommendation**

That the Audit and Risk Committee recommend 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 2021 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 2021.

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 2020/21 Financial Statements and Performance Statement are attached to the agenda.

### **RESOLUTION**

**Cr D Gallagher / C Nisbet**

**That the Audit and Risk Committee recommend 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 2021 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**

Kathie Teasdale and Jonathon Davidson of RSD Audit left the meeting at 1:15pm.

## **7 REVIEW ANY BUSINESS ARISING FROM PREVIOUS MINUTES**

Nil.

## **8 RISK MANAGEMENT**

### **8.1 CEO's Questionnaire**

Attachment(s):

1. Audit and Risk Committee - Chief Executive Officer Questionnaire to Directors - 30 August 2021 [8.1.1 - 3 pages]

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**

**I McKaskill / C Nisbet**

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

**CARRIED**

### **8.2 CEO's Update**

Attachment(s): Nil

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

- Introduction to Livia Bonazzi, background and observations
- COVID Business Continuity update
- Recent VCAT Planning appeal decision and aftermath
- Exploring shared service arrangements.

#### **Officer Recommendation**

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

#### **RESOLUTION**

**I McKaskill / C Nisbet**

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

**CARRIED**

### **8.3 Review Risk Management Framework & Policy**

Attachment(s):

1. Policy - Enterprise Risk Management - Adopted 2019-10-23 [8.3.1 - 4 pages]

#### **Purpose**

The purpose of this report is for the Committee to undertake its annual review on the adequacy of Council's Enterprise Risk Management Policy and Framework.

#### **Officer Recommendation**

That the Audit and Risk Committee note the Enterprise Risk Management Policy is due for formal review in 2022.

## **Background**

Council adopted the Enterprise Risk Management Policy at its 23 October 2019 Ordinary Meeting. The Policy is due for full review in 2022. Significant change has occurred in how Council identifies, manages and monitors risk in the past 2 years and Council continues to improve the systems and processes supporting the Policy implementation.

## **Discussion**

### Enterprise Risk Management Policy

The current Policy is provided in Attachment 8.3.1 for the Committee's review.

Since the adoption of the Enterprise Risk Management Policy in 2019, Council has implemented a risk management system (CAMMS), undertaken two comprehensive reviews of the Strategic Risk Register and enhanced reporting. Council is evolving in its risk maturity and as part of this process elements of the Policy have been earmarked for consideration when the Policy is reviewed in 2022.

One example is Council's risk appetite statement, currently incorporated in the Policy as an overarching, all-encompassing statement. Currently this applies to all risks. A best practice approach would recognise that the amount of risk an organisation is willing to accept would vary for different classes of risk (eg financial, OHS, reputation etc). The Executive Risk Management Committee is currently developing a revised risk appetite statement in line with this approach for consideration by this Committee and Council.

### Risk Management Internal Audit

During the 2020/21 year all of the remaining three Risk Management Audit recommendations were completed. The Risk Management Audit recommendations all form part of ongoing management and review of Council's approach to risk, they have been embedded into business as usual. One of the audit recommendations was the implementation of a risk management system. Council's system - CAMMS has been in place for 18 months and has greatly assisted in facilitating Council's management and reporting of risk. Work has recently been undertaken to simplify the way risk is reported in the system, and this has been prompted by evaluating the information entered, the usage and effectiveness of reporting.

For example, the practice at Murrindindi has been to list every possible control and treatment that may contribute to managing a risk. This creates a complex array of actions to administer, track and report on. Best practice indicates that executive/management focus and organisational priority should be placed on the subset of controls and treatments that have the most bearing on addressing the risk.

It is anticipated that future reporting to the Committee will reflect current work to streamline, simplify and prioritise the risks, controls and treatments into a more manageable and focused list.

## **Council Plan/Strategies/Policies**

This report supports the *Council Plan 2017-2021 Our Promise* strategy to "represent and advocate for our community in a transparent and equitable way".

## **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, there continues to be ongoing costs associated with implementing a Risk Management System, all other management continues to be undertaken within existing budget and resources.

### **Conflict of Interest**

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

### **Community and Stakeholder Consultation**

No external community or stakeholder consultation was required for this matter.

### **RESOLUTION**

**Cr D Gallagher / C Nisbet**

**That the Audit and Risk Committee note the Enterprise Risk Management Policy as contained in Attachment 8.3.1 is due for formal review in 2022.**

**CARRIED**

## **8.4 Review Risk Register**

Attachment(s):

1. Operational Risk Report - September 2021 [8.4.1 - 6 pages]

### **Purpose**

The purpose of this report is to provide the Audit and Risk Committee with an update on the management of Council's Strategic and Operational Risk Registers.

### **Officer Recommendation**

That the Audit and Risk Committee note the Review Risk Register Report.

### **Background**

This report provides the Audit and Risk Committee with a quarterly update on how Council is managing its Strategic and Operation Risks and any emerging risks that have been identified.

### **Discussion**

At the May 2021 Audit and Risk Committee Meeting it was reported that the Strategic Risk Register was to undertake a comprehensive review as it had been 2 years since the last one. The review was scheduled to be undertaken upon the commencement of Council's new Chief Executive Officer.

As part of the support provided with the ongoing management of the risk management system (CAMMS) a risk expert met with the Executive Risk Management Committee and officers in an effort to simplify the way risk is reported in the system. This has been prompted by evaluating the information entered, the usage and effectiveness of reporting.

This review identified that a few of the strategic risks identified were actually operational in nature, particularly due to the level of controls in place managing the risk. The focus for the strategic risk register is to identify the risks that have the potential to impact critically on Council's strategic direction at a whole of organisational level.

The Strategic Risk Register was not completed at the time of this agenda being distributed. The Strategic Risk Register Report will be distributed to the Committee by the **close of business Tuesday 7 September 2021**.

The Operational Risk Register continues to be monitored on a regular basis by Council officers and is reviewed by the Executive Risk Management Committee as part of the bi-monthly meetings. The Operational Risk Report attached provides an overview of all of the risks with a residual rating of high or extreme. Council currently has three risks that are rated high with controls in place.

The first is related to workforce planning, this is currently a high risk to Council as the controls are under development. It is anticipated that following the adoption of a workforce plan under the *Local Government Act 2020* and with associated actions beginning to be implemented then the residual risk will reduce.

The other two relate to the work that the Development Services team undertake. One is a risk associated with officers undertaking their role and the other is related to compliance. Both have high residual risk ratings due to the human element and the potential for a critical consequence.

### **Council Plan/Strategies/Policies**

This report supports the *Council Plan 2017-2021 Our Promise* strategic objective to “we will all work in collaboration with our communities to 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 are no declared conflicts of interest by Council officers in relation to this report.

### **Community and Stakeholder Consultation**

No external community or stakeholder consultation was required for this matter.

### **RESOLUTION**

**Cr D Gallagher / I McKaskill**

**That the Audit and Risk Committee note the Review Risk Register Report.**

**CARRIED**

## **8.5 Review Business Continuity Plan**

Attachment(s):

1. Draft BCP - Business Continuity Plan - V 5.2 - August 2021 [8.5.1 - 45 pages]

### **Purpose**

This report presents the current draft of Council’s Business Continuity Plan for review by the Audit and Risk Committee.

### **Officer Recommendation**

That the Audit and Risk Committee notes the draft Business Continuity Plan as contained in Attachment 8.5.1.

## **Background**

The Committee will be aware that since March 2020, the Council has been operating under business continuity arrangements as it has been dealing with the COVID-19 pandemic. Recent reports to the Committee have discussed these actions.

One of the most beneficial learnings from a business continuity experience during this time has been the formation of the Critical Incident Team (CIT), formed from Council's Executive and Leadership Management Teams and chaired by the CEO, which has met regularly (initially met daily) using remote or mobile technology to manage the pandemic event. This replaces the former Business Recovery Team which had a mixed officer and management representation. It's success is based on the ability to quickly share information across the entire management team and make more informed, immediate and effective decisions. It also enabled the CEO to advise the management team on regional and state pandemic updates given to local government CEOs, and for the CEO to be advised on steps being taken internally to aide briefings of Councillors and the media.

The BCP has now been updated to reflect this improvement and is attached for review by the Committee. The Plan is in draft form. Although the COVID-19 pandemic has been ongoing, the revised BCP was recently subjected to a desktop test involving the CIT and using a scenario related to the pandemic. This was to look for opportunities for further improvement. A report on this test will be presented at the meeting.

Subject to the Committee's consideration at this meeting, it is planned for the BCP to be presented to Executive Management Team for sign-off in mid September. The BCP is also the subject of an internal audit in October. The outcome of this audit will be presented to the next Audit and Risk Committee.

## **RESOLUTION**

**C Nisbet / Ian McKaskill**

**That the Audit and Risk Committee notes the draft Business Continuity Plan as contained in attachment 8.5.1 and the BCP Exercise - 25 August 2021 (distributed separately).**

**CARRIED**

## **8.6 Fraud and Corruption Control Policy Review**

Attachment(s):

1. Draft Fraud and Corruption Control Policy 2021 [8.6.1 - 6 pages]

### **Purpose**

The purpose of this report is to seek the Audit and Risk Committee endorsement of the revised Fraud and Corruption Control Policy which is to be presented to Council for adoption at the 22 September 2021 Meeting.

### **Officer Recommendation**

Subject to any suggested changes at this meeting, that the Audit and Risk Committee endorse the revised Fraud and Corruption Control Policy (as contained in attachment 8.6.1) for Council adoption.

### **Background**

Fraud in Australia has continued to rise over the last six decades. The latest figures from the Australian Institute of Criminology estimated that in 2018-19 fraud-related offences were



estimated to reach \$8.2 billion in losses to organisations. In terms of perceptions of corruption control, Australia currently ranks 11 out of 180 countries in 2020.

The Fraud and Corruption Control Policy underwent a major review in 2019 following the recommendations of the an internal audit 2016, *VAGO Fraud and Corruption Control in Local Government 2019* and *IBAC Local Government Integrity Framework Review 2019*. The Policy was reviewed by the Audit and Risk Committee and Council's current internal auditor HLB Mann Judd before adoption by Council on 18 December 2019.

On 11 June 2021 Standards Australia updated their Fraud and Corruption Control Standard AS-8001:2021, which informs the development of this policy. Compliance with the Standards is not mandatory at present, however it is best practice to ensure the policy is aligned to the latest changes in this field, as fraud and corruption risks are constantly changing.

### **Discussion**

The Policy is due for review by the end of September 2021, the changes made to the Policy have been minimal following a thorough review. The updated policy continues to reinforce Council's zero-tolerance position towards fraudulent and corrupt behaviour with the policy divided into Prevention, Detection and Investigation stages according to the Australian Standards AS-8001:2021.

The recent changes to the Standards align with what has been considered best practice for a few years, therefore the elements had already been implemented in Council's Policy in 2019. These include:

- Clear management responsibilities
- External reporting of suspected events of fraud or corruption
- Specialist fraud and corruption control resourcing
- Ongoing awareness programs
- "Pressure testing" for cyber-security, an increasing risk of fraud in organisations globally
- Whistle-blower protection.

In addition to that, there are two new major elements:

1. Develop an Information Security Management System (ISMS):

This is the equivalent of Council's Protective Data Security Plan (PDSP) which has been in place since 2020 as it is currently a statutory requirement for public sector agencies, therefore there is no additional requirement on Council to implement.

2. Develop a fraud and corruption control system (FCCS)

The FCCS takes a step further from its predecessor the Fraud and Corruption Control Plan which used to support the 2019 Fraud and Corruption Control Policy. The FCCS aims to take a holistic risk management approach to fraud and corruption prevention, including:

- Code of Conduct
- Disciplinary Procedures
- Operational Procedures.

Over the next 12-months the Fraud and Corruption Control Plan will be updated in line with the new Standards to ensure it meets the specific requirements of a Fraud and Corruption Control System.

Council was briefed on 1 September 2021 regarding the revised Policy, and minor wording changes requested have been implemented.

### **Council Plan/Strategies/Policies**

This report supports the *Council Plan 2017-2021 Our Promise* strategic objective to “we will all work in collaboration with our communities to deliver the best possible outcomes in all that we do”.

### **Relevant Legislation**

The *Local Government Act 2020* requires councils to develop and maintain internal control systems. The Fraud and Corruption Control Policy and processes enable Council to meet these obligations.

### **Financial Implications and Risk**

The Fraud and Corruption Control Policy and internal processes are in place to significantly reduce risk to the organisation. Fraud based risk assessments are conducted with each department area to assess the probability of fraud in Council's day-to-day operation and controls implemented to mitigate the risk. The Policy and subsequent support is implemented within current budget and resources.

### **Conflict of Interest**

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

### **Community and Stakeholder Consultation**

No external community or stakeholder consultation was required for this matter.

### **RESOLUTION**

**C Nisbet / Cr D Gallagher**

**That the Audit and Risk Committee endorse the revised Fraud and Corruption Control Policy as contained in Attachment 8.6.1 for Council adoption, noting the need to provide reference in the Policy to the Gifts and Hospitality Policy.**

**CARRIED**

## **8.7 Reports & Publications of Interest to Local Councils**

Attachment(s):

1. Local Government - Recent Reports and Publications ( August 2021) [8.7.1 - 18 pages]

HLB Mann Judd will present this report.

### **Officer Recommendation**

That the Audit and Risk Committee note the Recent Reports and Publications presented by HLB Mann Judd as contained in Attachment 8.7.1.

### **RESOLUTION**

**I McKaskill / C Nisbet**

**That the Audit and Risk Committee note the Recent Reports and Publications presented by HLB Mann Judd as contained in Attachment 8.7.1.**

**CARRIED**

## **8.8 Review of CEO 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 (CEO) and the CEO's Executive Assistant's credit card transactions for noting.

**Officer Recommendation**

That the Audit and Risk Committee notes that the Chief Executive Officer's and the CEO's Executive Assistant's credit card transactions for the period 1 April 2021 to 30 June 2021 have been appropriately approved.

**Discussion**

The CEO's and CEO's Executive Assistant's credit card transactions for the period 1 April 2021 to 30 June 2021 have been reviewed and approved by the Mayor and Director Corporate and Shared Services in accordance with the Corporate Card Policy. It is noted that there were no transactions on the CEO's credit card.

The transactions on the CEO's Executive Assistants card are included in the table below:

Date	Supplier	Description	Value (\$)
28/04/21	Alex Garden Centre	6 x Native plants Citizenship ceremonies	82.00
28/04/21	Murrindindi Shire	Cr Haslam Reg MSC Early Years Conf	110.00
28/04/21	Murrindindi Shire	Cr Carpenter Reg MSC Early Years Conf	110.00
31/05/21	Metropol Hotel	Cr Haslam Accom - ALGWA Conf	262.44
31/05/21	Metropol Hotel	Mayor McAulay Accom - ALGWA Conf	301.96
31/05/21	EB Thornton Eildon	Cr Haslam ticket TEFNC Ladies Day	53.84
31/05/21	Nagambie Waterfront	Mayor McAulay Accom - RCV Summit	345.00
31/05/21	Nagambie Waterfront	Cr Haslam Accom - RCV Summit	345.00
31/05/21	Nagambie Waterfront	M Chesworth Accom - RCV Summit	115.00
30/06/21	Trybooking Y Water	CR Gallagher - NAIDOC Week Celebration	5.50
30/06/21	Makeawish Foundation	Suspect Transaction - Refunded in July	10.00
<b>Total</b>			<b>1,740.74</b>

**RESOLUTION**

**C Nisbet / Cr D Gallagher**

**That the Audit and Risk Committee notes that the Chief Executive Officer's and the CEO's Executive Assistant's credit card transactions for the period 1 April 2021 to 30 June 2021 have been appropriately approved.**

**CARRIED**

**8.9 Insurance Management**

Attachment(s): Nil

**Purpose**

The purpose of this report is to provide the Audit and Risk Committee with the high-level update regarding the management of Council's insurance suite including workers compensation and the annual premiums.

**Officer Recommendation**

That the Audit and Risk Committee note the Insurance Management Report.

**Background**

The Audit and Risk Committee has a responsibility to monitor that Council is actively managing

Risks, its liability in relation to claims or the potential for claims and the impact on the annual premiums.

## **Discussion**

### Workers Compensation Insurance

Council has been a member of the MAV WorkCare Self Insurance Scheme for the past 5 years. The MAV was not successful in obtaining future endorsement of the Scheme by WorkSafe and as a result the Scheme ceased operations on 1 July 2021.

Council has transitioned into the State's WorkCover Scheme and subsequently Xchanging Integrated Services Victoria Pty Ltd has been appointed as Council's insurance agent.

As Council exiting a self-insurance scheme it is treated by WorkCover as a new entrant to the market, as if it has no claims history. Therefore, for the first 3 years the premium is calculated based solely on workforce size, type and number of work sites and total remuneration. The premium during this period does not take into account Council's claims history.

Council's premium for the 2021/22 year is \$218,688.67 including GST. As this premium amount exceeds the CEO financial delegation a resolution of Council was required to approve the expenditure, which occurred on 25 August 2021.

Under the MAV WorkCare Scheme the cost to Council in the 20/21 year was \$275,332 (including GST). The 2021/22 premium is substantially lower than the previous year's cost in part due to being treated as a new market entrant.

Council has also appointed AEGIS Risk Management Services Pty Ltd to work with Council in managing Council's risk associated with workers compensation. AEGIS work for Council and assists the organisation with the following:

- Ensuring Council has robust procedures and comprehensive policies that mitigate the impact of any injuries and in turn reduce liability
- Provide advice regarding premium, policy and legislative compliance related matters
- Provide support in annual declarations of remuneration for premium calculation
- Being the first point of contact for a potential claim – assessment prior to insurer being notified
- Assist with strategies where claims are being questioned
- Ensuring that the interests of Murrindindi are given foremost consideration in relation to claims goals and outcomes
- Attendance with Murrindindi at conciliation meetings as required.

Council's OHS management plan, policies, procedures and training schedules are effective and robust. The shift is now to focus on claims management and mitigation strategies. Whilst Council's has not had many claims on an annual basis, there are some long-term claims. This three-year re-entering period allows Council the opportunity to work with AEGIS and Xchanging to effectively manage existing claims and any new claims with the aim of returning staff to work safely and as soon as possible.

### Current Claims

Due to transitioning to Xchanging detailed reporting was not available at the time of producing this agenda. Council currently has two claims where the individuals concerned were unable to be returned to work. Both claims have exceeded three years and the individuals are no longer employees of Council. Options are being explored by Xchanging as to how best manage these claims moving forward.

Council currently has two claims that are actively being managed with Xchanging. One is an ongoing back injury; the staff member has been able to work on and off over the period of the injury and is now being assisted by the “New Start” program to look at alternative career options. The second claim is a recent shoulder injury, currently the staff member is unable to work and is scheduled for surgery. Although the staff member is not able to work, Council has provided technology to enable the individual to engage in team meetings and conduct some online training sessions to assist with wellbeing during this period.

Insurance Renewal

The following shows a summary of Council’s insurance suite and the associated premium changes:

<b>Class of protection</b>	<b>2020/21 Premium</b>	<b>2021/22 Premium</b>	<b>% difference</b>
Community Liability Pack	\$1,397.14	\$952.05	31.86% decrease
Cyber Liability	\$7,460.64	\$10,718.93	43.67% increase
Councillors and Officer Liability	\$28,655.00	\$31,942.09	11.47% increase
Motor Vehicle	\$98,019.79	\$123,142.67	25.63% increase
Personal Accident	\$1,002.40	\$1,025.87	2.34% increase
Travel	\$311.35	\$97.01	68.84% decrease
Annual Fee	\$21,223.40	\$21,223.40	-
Asset Protect	\$138,597.66	\$150,586.59	8.65% increase
Public Liability	\$251,596.40	\$267,949.78	6.5% increase
Commercial Crime	\$2,907.22	\$3,728.81	28.26% increase
<b>TOTAL</b>	<b>\$551,171</b>	<b>\$611,367.20</b>	<b>10.92% increase</b>

There were some decreases that have eventuated as a result of COVID-19 restrictions. The Community Liability Pack has reduced as there are less events and hall hires happening across Australia therefore reducing risk, claims and liability. Travel coverage has reduced dramatically as there is minimal work-related travel happening.

Council’s Motor Vehicle insurance had a 25.63% increase, 6% of that was due to general market increase and the remaining increase was primarily due to the increase in both the value and number of vehicles covered. COVID-19 restrictions have meant that Council does not operate a “bookable fleet” therefore instead of trading in vehicles they have been kept in the short term to ensure officers have a vehicle allocated to them. Council also undertook a necessary upgrade of a large number of heavy plant that has increased the insured value. Council’s claims history has remained stable.

Councils' cyber insurance premium has had a significant increase of 43.67%. This is an increase worldwide due to a narrowing of suppliers in the market. Dramatic increases in instances and claims have made this a high-risk area of coverage and therefore providers have exited the market.

Council’s commercial crime insurance premium is similar to cyber, increases across the entire market due to increases in fraudulent behaviour and minimal providers.

Council’s insurance brokers estimated a 20% increase across all premiums. Council’s insurance suite has balanced with a 10.92% increase, benchmarking across the sector has indicated that this is below average.

2020/21 Insurance Claims Summary

### *Motor Vehicle Claims*

We had four vehicle claims in the last financial year, three were related to cars and one for a mower. Two of the claims were related to animals.

### *Property Damage Claims*

Council lodged two claims with the insurers in the 2020/21 financial year, one was a damaged roadside CFA tank with a replacement value of \$10,100 and the second was damage to the Yea Library and Office Solar Panels in a recent storm event and the cost is yet to be determined.

### *Public Liability Claims*

Council referred one claim under its Public Liability Policy in the 2020/21 financial year, it was related to damage to private properties caused by a drainage issue from a development site. It is being managed by the insurer directly with the contractors involved.

### *Under Excess Claims*

Where a claim is lodged with Council and it falls under the excess payment amount then Council is liable for the direct cost of the damage. The claims do not impact Council's premiums as they are not submitted to the insurer. Council's insurance brokers provide guidance on whether Council should accept or deny the claim. Council received eight applications for compensation in the 2020/21 financial year, one of which was denied. The seven accepted claims in total equated to a cost to Council of \$5,425. Five of the seven claims were related to vehicle damage, including both tree fall and stone damage.

### **Council Plan/Strategies/Policies**

This report supports the *Council Plan 2017-2021 Our Promise* strategy to "maintain Council's financial sustainability through sound financial and asset management".

### **Relevant Legislation**

Council, by law as an employer in Victorian must have Worker Compensation Insurance coverage.

### **Financial Implications and Risk**

The 21/22 Budget allows for all insurance related expenses, including the payment of these premium amounts. Council's insurance suite is an essential control in minimising and managing Councils operational and strategic risks.

### **Conflict of Interest**

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

### **Community and Stakeholder Consultation**

No external community or stakeholder consultation was required for this matter.

### **RESOLUTION**

**C Nisbet / Cr D Gallagher**

**That the Audit and Risk Committee notes the following:**

- 1. this Insurance Management Report**
- 2. the verbal update provided by officers concerning the potential future financial liability on Council due to the cessation of the MAV Workcare Scheme on 31 June 2021**
- 3. that this liability is recognised as a contingent liability in the Council's 2020/21 Annual Financial Statements contained in item 11.2.**

**CARRIED**

## **9 AUDITS - INTERNAL**

### **9.1 Review Internal Audit Reports & Management Responses**

Attachment(s):

1. Internal Audit - Review of Accounts Payable and Payroll (incl Data Analytics) - Final Report [9.1.1 - 40 pages]

HLB Mann Judd will present this report.

#### **Officer Recommendation**

That the Audit and Risk Committee note the Review of Financial Controls (Purchasing/Accounts Payables & Payroll) – Including Data Analytics report as contained in Attachment 9.1.1.

#### **RESOLUTION**

**I McKaskill / C Nisbet**

**That the Audit and Risk Committee note the Review of Financial Controls (Purchasing/Accounts Payables & Payroll) – Including Data Analytics report as contained in Attachment 9.1.1.**

**CARRIED**

### **9.2 Follow up Significant Issues Raised by Internal Audit**

Nil to report.

### **9.3 Review Implementation of Previous Audit Actions**

Attachment(s):

1. Audit Recommendations Status Report - September 2021 [9.3.1 - 12 pages]

#### **Purpose**

The purpose of this report is to provide the Audit and Risk Committee with update regarding the implementation of previous audit actions.

#### **Officer Recommendation**

That the Audit and Risk Committee note the Review Implementation of Previous Audit Actions report as contained in Attachment 9.3.1.

#### **Background**

Each year as part of the internal audit program, specific areas of Council functions are reviewed and recommendations for improvement are tabled at the Audit and Risk Committee meetings. Management responds to audit findings with an agreed set of responses to address the findings.

Quarterly, Council provides the Audit and Risk Committee with an update on the implementation of outstanding internal audit recommendations.

#### **Discussion**

Attached is the report produced for the Audit and Risk Committee showing the status of all internal Audit recommendations as at 3 September 2021.

Four recommendations have been completed since the May 2021 Meeting.

### Payroll & Accounts Payable

The final recommendation for this audit has now been completed. This audit is now completed.

### Contract Management

Since the May 2021 Audit and Risk Committee Meeting Council has implemented a contract management system, this is a module of the Risk Management System (CAMMS). Therefore, one of the recommendations has been closed. Training is now underway to embed the new system into the organisations day to day management of contracts.

### Investigation into Removal of Tree

The last recommendation outstanding for this audit was the implementation of a contract management system, as outlined above this has now occurred and this audit is now complete.

### Rates and Revenue

Two recommendations have been completed since the May 2021 Audit and Risk Committee meeting. The Rates Revenue Policy was adopted by Council, the associated processes and procedures have been implemented with staff and training was completed for the formal concession application process.

The remaining outstanding audit recommendations are detailed in the attached report including the percentage completed and status comments.

### **Council Plan/Strategies/Policies**

This report supports the *Council Plan 2017-2021 Our Promise* strategic objective to “we will all work in collaboration with our communities to deliver the best possible outcomes in all that we do”.

### **Relevant Legislation**

The *Local Government Act 2020* has a 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, this includes the implementation of audit recommendations.

### **Financial Implications and Risk**

Internal audits are designed to identify risk areas and address them so as to risk Council’s exposure to risk.

### **Conflict of Interest**

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

### **Community and Stakeholder Consultation**

No external community or stakeholder consultation was required for this matter.

### **RESOLUTION**

**I McKaskill / C Nisbet**

**That the Audit and Risk Committee note the Review Implementation of Previous Audit Actions report as contained in Attachment 9.3.1.**

**CARRIED**



## **9.4 Review Scopes of Audits by HLB Mann Judd**

Attachment(s): Nil

HLB Mann Judd will table this report at the meeting.

It was noted that the Scope for the proposed Business Continuity Plan was considered by the Committee at the previous Audit and Risk Committee meeting.

## **11 FINANCIAL REPORT**

### **11.3 Review Quarterly Financial Statement**

Attachment(s):

1. Quarterly Finance Report - June 2021 [11.3.1 - 3 pages]

#### **Purpose**

This report provides the quarterly financial report for the period ending 30 June 2021. 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 11.2.

#### **Officer Recommendation**

That the Audit and Risk Committee notes the Quarterly Financial Statements as contained in Attachment 11.3.1.

#### **Background**

The Quarterly Financial Report for the period ended 30 June 2021, was presented to Council, in accordance with the Local Government Act 2020 at the Council meeting held 25 August 2021.

The report includes the following statements:

- Comprehensive Income Statement
- Balance Sheet
- Statement of Cash Flow.

#### **Discussion**

The statements for the fourth quarter to 30 June 2021 are included in Attachment 11.3.1.

#### **Income Statement (Statement A)**

The Income Statement for the period 1 July 2020 to 30 June 2021 (also within the attached report) is presented below:

Murrindindi Shire Council  
Income Statement  
For the period ended 30th June 2021

		(1)				(2)		%	
NOTE	Original Budget 2020/21 \$	March Revised Budget 2020/21 \$	Annual Revised Budget 2020/21 \$	Forecast Adjustment 2020/21 \$	YTD Budgets 30/06/2021 \$	Actual 30/06/2021 \$	YTD Budget V Actual Variance 30/06/2021 \$	YTD Budget V Actual Variance 2020/21 %	
<b>Revenue</b>									
Rates & Charges	1	21,500,932	21,562,446	21,562,446	-	21,562,446	21,529,679	(32,767)	-0.2%
Special Charge	2	-	27,000	27,000	-	27,000	-	(27,000)	-100.0%
Statutory fees and fines	3	1,181,634	1,178,457	1,199,457	21,000	1,199,457	1,213,451	13,994	1.2%
User fees	4	1,491,760	908,914	908,914	-	908,914	1,132,560	223,646	24.6%
Grants - Operating	5	6,924,717	8,703,237	8,778,237	75,000	8,778,237	8,474,378	(303,859)	-3.5%
Grants - Capital	6	2,135,391	4,246,183	4,619,405	373,222	4,619,405	2,772,824	(1,846,581)	-40.0%
Contributions - Cash	7	54,449	297,970	330,662	32,692	330,662	320,179	(10,483)	-3.2%
Contributions - Non Cash	8	600,000	600,000	600,000	-	600,000	1,162,796	562,796	93.8%
Reimbursements	9	331,418	337,983	337,983	-	337,983	236,352	(101,631)	-30.1%
Other revenue	10	1,046,798	788,749	788,749	-	788,749	947,071	158,322	20.1%
<b>Total Revenue</b>		<b>35,267,099</b>	<b>38,650,939</b>	<b>39,152,853</b>	<b>501,914</b>	<b>39,152,853</b>	<b>37,789,290</b>	<b>(1,363,563)</b>	<b>-3.48%</b>
<b>Expenses</b>									
Employee Benefits	11	14,180,222	15,503,568	15,568,568	65,000	15,568,568	15,447,157	(121,411)	-0.8%
Materials and Services	12	11,186,110	14,003,477	14,050,273	46,796	14,050,273	12,646,985	(1,403,288)	-10.0%
Depreciation and amortisation	13	9,013,876	8,759,048	8,759,048	-	8,759,048	8,989,960	230,912	2.6%
Bad and Doubtful Debts	14	-	160,000	160,000	-	160,000	169,785	9,785	6.1%
Other Expense	15	316,886	356,886	356,886	-	356,886	441,791	84,905	23.8%
Finance Costs (Interest)	16	24,909	24,909	22,906	(2,003)	22,906	22,906	-	0.0%
<b>Total Expenses</b>		<b>34,722,003</b>	<b>38,807,888</b>	<b>38,917,681</b>	<b>109,793</b>	<b>38,917,681</b>	<b>37,718,584</b>	<b>(1,199,097)</b>	<b>-3.08%</b>
<b>Subtotal</b>		<b>545,096</b>	<b>(156,949)</b>	<b>235,172</b>	<b>392,121</b>	<b>235,172</b>	<b>70,706</b>	<b>(164,466)</b>	<b>-69.9%</b>
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	17	(600,000)	(622,047)	(622,047)	-	(622,047)	(1,400,647)	(778,600)	125.17%
Increase Landfill Provision	18	-	-	-	-	-	(1,561,454)	(1,561,454)	
<b>Surplus (deficit) for the period</b>		<b>(54,904)</b>	<b>(778,996)</b>	<b>(386,875)</b>	<b>392,121</b>	<b>(386,875)</b>	<b>(2,891,395)</b>	<b>(2,504,520)</b>	<b>647.37%</b>

The \$2.89 million interim operating deficit for the 2020/21 financial year is a \$2.5 million unfavourable variance to the annual revised budget. This is due to two non-cash end of financial year accounting adjustments:

- \$1.4 million adjustment for the value of assets disposed (predominantly the residual balance sheet value of assets that have been renewed)
- \$1.56 million increase to the landfill provision. Council must maintain a provision account for the rehabilitation of the Alexandra landfill site. A review of future rehabilitation requirements identified that the assumption for annual monitoring costs (over 30 years) needed to increase to approximately \$80,000 per year. This is up from the previous estimates of \$50,000 per year.

The subtotal line in the statement above highlights a \$70,706 surplus result before these non-cash adjustments. The statement also shows a total income budget variance of 3.48% (unfavourable) and a total expenditure variance of 3.08% (favourable). Both these results are within materiality thresholds.

This statement also provides information on two budgetary components:

1. *Forecast adjustments*: adjustments to the March revised budget figures to reflect the predicted result at the end of the 2020/21 financial year (refer to the column titled "(1) Forecast Adjustment").

The forecast position for the financial year was expected to improve by \$392,121 moving from a predicted deficit of \$778,996 to a forecast deficit of \$386,875 in this quarter. However as noted above, the unbudgeted non-cash adjustments have impacted the interim June result.

2. *Year-to-date budget variances*: variances between June revised year-to-date budget and the year-to-date result (refer to column titled "(2) Budget Actual Variance").

The major variances are explained in the table below:

Note	Line item	(1) Explanation Forecast Adjustment	(2) Explanation YTD Budget Versus Actual Variance
1	Rates & Charges	No Change	Year-to-date variance is within budget expectations (variance is less than 10%)
2	Special Charge	No Change	\$27,000 unfavourable <ul style="list-style-type: none"> <li>Carried forward proposed private street project did not begin.</li> </ul>
3	Statutory fees and fines	\$21,500 favourable <ul style="list-style-type: none"> <li>Increased road and infrastructure subdivision plan checking fees.</li> </ul>	Year-to-date variance is within budget expectations (variance is less than 10%)
4	User fees	No Change	\$223,646 favourable. Increased income from: <ul style="list-style-type: none"> <li>saleyards \$82,194</li> <li>resource recovery sites \$80,149</li> <li>landfill fees \$70,368.</li> </ul>
5	Grants - Operating	\$75,000 favourable. Two new grants: <ul style="list-style-type: none"> <li>Business Concierge and Hospitality \$60,000</li> <li>Covid Relief Program \$15,000</li> </ul>	\$303,859 unfavourable. Lower than budgeted grants received for: <ul style="list-style-type: none"> <li>Grants Commission Financial Assistance Grant \$75,044</li> <li>Family Day-care grant \$115,112</li> </ul> The following grants are matched to expenditure timing with the balance of grants to be recognised in 2021/22. <ul style="list-style-type: none"> <li>Rural Council ICT program \$43,644</li> <li>Women Building Surveyors program \$44,701</li> </ul>
6	Grants -Capital	\$373,222 favourable due to new transfer station upgrade grant added to budget.	\$1,846,581 unfavourable. The capital grant budget variation is due to the matching of the recognition of income to expenditure incurred to date. The unmatched portion of the income will be recognised in future accounting periods as the capital grants are tied to when the projects are completed.  The following are some of the major grants impacted: <ul style="list-style-type: none"> <li>Roads to Recovery \$174,014</li> <li>Kinglake Streetscape \$458,872</li> <li>Local Roads and Community Infrastructure \$459,776</li> <li>Resource Recovery Site upgrade \$373,222</li> <li>Yea Recreation Reserve Lighting \$211,781</li> </ul>
7	Contributions - Cash	\$32,692 favourable due to additional contributions toward five projects.	Year-to-date variance is within budget expectations (variance is less than 10%)
8	Contributions - Non Cash	No Change	\$562,796 favourable. <ul style="list-style-type: none"> <li>Variance due to the higher than budgeted infrastructure assets received from developers though subdivisions and developments.</li> <li>Council has little control of the value and the timing of this income source, which makes accurate budgeting challenging.</li> </ul>

9	Reimbursements	No Change	<p>\$101,631 unfavourable.</p> <ul style="list-style-type: none"> <li>• Predominately due to a reduction in the reimbursement of legal fees from ratepayers.</li> <li>• This mirrors the reduction in legal costs incurred as activity in this area was on hold during the COVID-19 pandemic.</li> </ul>
10	Other revenue	No Change	<p>\$158,332 favourable. Due to:</p> <ul style="list-style-type: none"> <li>• Recognition of volunteer services (which is a book entry with a corresponding expenditure transaction) \$111,099. The budgeted level for volunteer services was influenced by uncertainty caused by the pandemic.</li> <li>• Sale of scrap steel from resource recovery sites \$21,232</li> </ul>
11	Employee Benefits	\$65,000 unfavourable due to expenditure linked to new grants (see note 5).	Year-to-date variance is within budget expectations (variance is less than 10%)
12	Materials and Services	<p>\$46,796 unfavourable</p> <ul style="list-style-type: none"> <li>• Resources for project delivery \$21,000.</li> <li>• Balance additional expenditure to match additional grant income (note 5) and contributions income (note 7).</li> </ul>	<p>\$1,403,288 favourable. Due to a number of factors including:</p> <ul style="list-style-type: none"> <li>• Item tied to grants and projects where the expenditure will be spent in 20/21.</li> <li>• Savings may have been used to offset changes to the service delivery model, e.g. using staff instead of a contractor, or consultant.</li> <li>• Items that were delivered underbudget.</li> </ul> <p>Variances include lower than anticipated year to date expenditure in the following areas:</p> <ul style="list-style-type: none"> <li>• Business Service \$256,328 including \$104,756 reduced legal cost associated with rate collection, and \$85,124 on the Digital Futures Project.</li> <li>• Community Wellbeing \$503,354 including variances in Family Day Care \$145,220, Community Development \$172,440, Maternal and Child Health \$52,682, Aged and Disability Services \$81,953.</li> <li>• Circular Economy and Environment including Waste Management \$73,394, and Environmental Programs \$30,519.</li> <li>• Development Services \$167,081 including Building Inspection \$52,342, Environmental Health \$36,323 and Planning \$72,464.</li> <li>• Other savings including Election expenses \$34,508 and Business Support Initiatives \$149,000.</li> </ul>
13	Depreciation and amortisation	No Change	<p>\$230,912 unfavourable. However, in percentage term this is not material - 2.6% variance</p> <ul style="list-style-type: none"> <li>• Depreciation is slightly lower across all asset classes.</li> <li>• Largest variation is plant \$79,770 and is a result of a delay in the sale of vehicles and equipment that were due to be disposed.</li> </ul>
14	Bad and Doubtful Debts	No Change	Year-to-date variance is within budget expectations (variance is less than 10%)
15	Other Expense	No Change	\$84,905 unfavourable, relates mostly to the recognition of volunteer service as outlined in note 10.

16	Finance Costs (Interest)	\$2,003 favourable <ul style="list-style-type: none"> <li>interest savings from early payout of loans.</li> </ul>	On budget
17	Net gain/(loss) on disposal of property,	No Change	Unfavourable \$778,600. When assets are replaced, renewed or upgraded, the underlying book value of the old assets must be written out of the asset register, this value is recorded as an expense. The amount of this expense depends on the size, nature and timing of the completion of the capital works program.
18	Increase Landfill Provision	No Change	\$1,561,454 unfavourable. <ul style="list-style-type: none"> <li>Landfill provision increased following the annual review and alignment with EPA assurance requirements. A recent tender for cell capping costs has indicated the previous rates used in the provision calculation were slightly lower than the market price. The majority of the increase is due to a revision of the annual monitoring cost assumption increasing from \$50,000 to \$80,000 per year for a period of 30 years.</li> <li>Movements in the provision are inherently difficult to budget, hence no budget allocation was made on 20/21.</li> <li>The movement in the provision is a non-cash item.</li> </ul>

Balance Sheet (Statement B)

The Balance Sheet is included Attachment 11.3.1.

The Commentary below refers to Column (2) year-end result to revised budget variance.

Assets

The statement shows the net movement of Cash and Financial Assets (term deposits dates more than 90 days maturity) which has increased by just over \$10 million. This reflects the value of cash collected and held to fund carry forward projects, and grants received late in the financial year with the associated expenditure to be incurred in the 2021/22 year. Non-current assets are \$6.3 million below expectations due to a combination of delayed capital works, and the increased value of assets written out.

Liabilities

The major variance is \$4.4 million for the value of grants received in advance following an unprecedented receipt of grants in late June. Matching expenditure will be incurred in 2021/22. There is also \$1.5 million movement in provisions predominately due to Landfill rehabilitation requirements.

Equity

The statements show an unfavourable variance due to the operating deficit. The deficit is explained in more detail by the commentary outlined in Statement A – Income Statement. Asset revaluations and reserve movements are yet to be finalised. It is likely an upward movement in asset valuations will improve the equity position in the Annual Report.

Cash Flow Statement (Statement C)

This statement combines the cash related movements from the Income Statement and the Balance Sheet into one statement. This Statement shows how funds are generated and consumed. The unaudited improvement in the cash position is \$10,223,240. The reasons for which are outlined by the three ways of generating and consuming cash as detailed below.

Cash flow from operating activities

The statement shows an improvement of \$4,217,107 relating to receipt of grants in advance and lower payments to suppliers.

Cash flow from investing activities

An increase of \$6,009,286 mostly due to delays in the completion of capital work projects. These projects will be carried forwarded into the 2021/22 financial year.

Cash flow from financing activities

Minor variance following payout of loans.

Councillor Expenses (GST Exclusive):

As required in the adopted Councillor Reimbursement Policy (February 2017), Council reports quarterly on the Councillor related expenses. The following table details Councillor expenses for the fourth quarter period ending 30 June 2021.

Councillor Expenses for 3 months ended 30 June 2021:

	Allowances	Travel Expenses	Childcare Expenses	Information & Communications Expenses	Conference & Training Expenses	Other Expenses
<b>Cr Carpenter</b>	\$3,841.44	\$-	\$-	\$300.05	\$338.51	\$-
<b>Cr Gallagher</b>	\$3,841.44	\$524.88	\$-	\$178.11	\$228.51	\$5.00
<b>Cr Gerencser</b>	\$3,841.44	\$1,470.08	\$-	\$351.63	\$228.51	\$-
<b>Cr Haslam</b>	\$3,841.44	\$1,721.64	\$-	\$375.56	\$1,702.10	\$-
<b>Cr Lording</b>	\$3,841.44	\$967.68	\$-	\$430.72	\$228.51	\$11.22
<b>Cr McAulay</b>	\$11,476.34	\$2,474.39	\$-	\$559.27	\$1,550.76	\$-
<b>Cr Walsh</b>	\$3,841.44	\$740.88	\$-	\$437.98	\$228.51	\$-

It should be noted that accommodation and travel costs include the reimbursement of the claims, which a Councillor may choose to submit for travelling to Council meetings, briefings and other functions, which they attend in their capacity as a Councillor. Where a Councillor's residence is greater than 50 kilometres from the location of a Council meeting, they may also claim the statutory remote area allowance.

It should also be noted that Councillors can elect for part of their allowance to be deducted for superannuation purposes.

**Council Plan/Strategies/Policies**

This report supports the *Council Plan 2017-2021 Our Promise* strategy to "maintain Council's financial sustainability through sound financial and asset management".

**Relevant Legislation**

Section 97 of the *Local Government Act 2020* requires that at the end of each quarter of the financial year, a quarterly budget report is presented to the Council at a Council meeting which is open to the public.

### **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 relation to this report.

### **Community and Stakeholder Consultation**

No external community or stakeholder consultation was required for this matter.

### **RESOLUTION**

**I McKaskill / C Nisbet**

**That the Audit and Risk Committee notes the Quarterly Financial Statements as contained in Attachment 11.3.1.**

**CARRIED**

## **12 MANAGEMENT REPORTING**

### **12.1 Policy Register Report**

Attachment(s):

1. Policy Register Report - Audit and Risk Committee - 9 September 2021 [12.1.1 - 1 page]

#### **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 including Attachment 12.1.1.**

#### **Background**

Council has two levels of policies. Firstly Council policies, which are adopted by Council, and are aimed at addressing a legislated or strategic need. These are made publicly available. Secondly 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.

The Audit and Risk Committee reviews the Policy Register on a six-monthly basis.

#### **Discussion**

Council and organisational policies contain review dates, which range from annually through to once per Council term (every four years). Policies remain in effect until reviewed, however it is good business practice to ensure that policies are regularly reviewed, to ensure that they meet legislated requirements and industry standards.

As shown in the Policy Register Report (Attachment 12.1.1), policy management was in a poor state in 2019 and effort has since been made to ensure all policies are updated in a timely manner. Council policies remain the priority for reviewing in accordance with the due date as they address legislated or strategic requirements.

There are currently two Council policies under review:

1. The Procurement Policy

This Policy is being reviewed in accordance with the *Local Government Act 2020* requirements that came into effect on 1 July 2021. Council resolved when endorsing the Policy review in 2020 that the next review would occur once the new legislated requirements were in place. This Policy has been drafted, Council has undertaken an initial review and it is presented to the Committee for review as part of this Agenda. The Policy will be presented to Council for adoption at the 22 September 2021 Scheduled Meeting, following feedback.

2. The Service Provision and Fire Danger Ratings Policy

This Policy outlines changes to Council's service provision to the community on days predicted to pose the highest fire danger risks to the public. This Policy is currently under review in preparation for the coming fire season. The Policy is targeted for adoption by Council at its October 2021 Scheduled Meeting.

Council currently has 12 organisational policies due for review, these are:

Policy	Department	Due for Review Date	Revised Review Date
Volunteers	Governance & Risk	1/06/2015	31/12/2021
Information Management	Business Services	30/03/2017	31/12/2021
Employee Code Red and Fire Danger	Governance & Risk	31/10/2018	3/10/2021
Financial Delegation	Business Services	1/12/2018	30/09/2021
Performance Management and Discipline	Governance & Risk	08/03/2019	31/12/2021
Study Assistance	Governance & Risk	25/05/2019	30/06/2022
Library Service	Customer Experience	01/02/2020	01/03/2022
Job Evaluation and Classification	Governance & Risk	1/11/2020	31/12/2021
Prevention of Bullying, Harassment and Occupational Violence	Governance & Risk	1/11/2020	31/12/2021
Internal Grievance Resolution	Governance & Risk	21/12/2020	31/12/2021
Health & Wellbeing	Governance & Risk	10/01/2021	30/06/2022
Smoke Free Workplace	Governance & Risk	28/06/2021	31/10/2021

Nine of the policies sit within the Human Resources Unit. Council has had an ongoing vacancy in HR resources over the last 2 years and priority in this area has been placed on meeting statutory requirements, such as developing the Workforce Plan and meeting the Gender Equality requirements, which has meant that the policies have not been reviewed in a timely manner.

Council has recently engaged a full time HR Officer to support delivery for HR services to the organisation, and the review of these policies will be a priority for this role. It is aimed to have these policies updated by the end of 2021.

**Council Plan/Strategies/Policies**

This report supports the *Council Plan 2017-2021 Our Promise* strategic objective to "we will all work in collaboration with our communities to deliver the best possible outcomes in all that we do".

**Relevant Legislation**

Policies at both levels address the various legislated responsibilities that Council must meet. Reviews are undertaken on regular basis to ensure that the policies are adequately addressing legislated responsibilities, Australian Standards and industry best practice.



### **Financial Implications and Risk**

Policies are in place to mitigate Council's risk in various areas. Policies that address higher risk areas to Council are reviewed on a more regular basis to ensure that they are adequately addressing the issue.

### **Conflict of Interest**

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

### **Community and Stakeholder Consultation**

No external community or stakeholder consultation was required for this matter.

### **RESOLUTION**

**Cr D Gallagher / C Nisbet**

**That the Audit and Risk Committee notes the Policy Register Report including Attachment 12.1.1.**

**CARRIED**

## **13 GENERAL BUSINESS AND FUTURE PLANNING**

### **13.1 Survey - Annual Assessment of Committees Performance and Internal Audit Function**

Attachment(s):

1. Audit and Risk Committee Annual Survey Results 2020-21 [**13.1.1** - 2 pages]
2. Audit and Risk Annual Survey Results 2019-2020 [**13.1.2** - 2 pages]

### **Purpose**

The purpose of this report is to provide a summary of the outcome of the 2020/21 Audit and Risk Committee Self-Assessment Questionnaire conducted with members.

### **Officer Recommendation**

That the Audit and Risk Committee note the Annual Assessment of Committees Performance and Internal Audit Function as contained in Attachment 13.1.1.

### **Discussion**

Attachment 13.1.1 contains the results of the annual self-assessment of the Audit and Risk Committee performance and Internal Audit Function. A numeric rating scale was used with 1 = poor performance to 6 = excellent performance.

The survey was open to all current Committee members, Council representatives from the previous term and Council's Executive to complete.

Seven responses were received in total. The attachment provides the results of the performance scoring for each question. It shows the average rating across all responses for a question, and the number of responses for each rating. In addition, the questions have been listed in order from the highest performing to the lowest performing.

The last Annual Survey was presented at the March 2020 Audit and Risk Committee Meeting. This survey is also attached to provide a comparison point for the Committee. The overall average score has increased from 4.33 to 5.04, however it is noted that the provision of training remains the lowest scoring item.

It is proposed that Officers circulate some training opportunities for the Committee's consideration, both for individual members and to be undertaken as a collective.

It is intended to discuss the results with the Committee at the meeting.

### **RESOLUTION**

**C Nisbet / Cr D Gallagher**

**That the Audit and Risk Committee note the Annual Assessment of Committees Performance and Internal Audit Function as contained in Attachment 13.1.1.**

**CARRIED**

Cr S McAulay left the meeting at 1:50pm.

## **13.2 Draft Procurement Policy - Local Government Act 2020**

Attachment(s):

1. Draft Procurement Policy 2021 - Audit & Risk Committee [13.2.1 - 21 pages]

### **Purpose**

The purpose of this workshop is to present the Draft Procurement Policy developed under the requirements of the *Local Government Act 2020* to the Audit and Risk Committee for review.

### **Officer Recommendation**

That, subject to any changes at this meeting, the Audit and Risk Committee endorse the Draft Procurement Policy (as contained in Attachment 13.2.1) for adoption by Council.

### **Background**

Council's current Procurement Policy was reviewed annually in accordance with the *Local Government Act 1989*. The *Local Government Act 2020* sections 108 and 109 came into effect on 1 July 2021, requiring councils to develop and adopt a Procurement Policy by 1 January 2022.

Under the new legislation, Council must prepare and adopt a Procurement Policy which specifies the principles, processes and procedures applying in respect of the purchase of goods and services by the Council, including for the carrying out of works. The Procurement Policy must seek to promote open and fair competition and provide value for money.

The Procurement Policy must, as a minimum, include the following:

1. The contract value above which the Council must invite a tender or seek an expression of interest;
2. A description of the criteria to be used by the Council to evaluate whether a proposed contract provides value for money;
3. A description of how the Council will seek collaboration with other councils and public bodies in the procurement of goods or services;
4. The conditions under which the Council may purchase goods or services without inviting a public tender or expression of interest;
5. A description of the process to be undertaken in inviting a public tender or expression of interest

Council's Procurement and Probity Coordinator has been working with the Hume Regional Procurement Network and Local Government Victoria in drafting key principles that are being presented to all councils within the Hume Region and across the state.

## Discussion

The *1989 Act* was quite prescriptive in regards to procurement. It set the thresholds for going out for public tender (\$150,000 for goods and services and \$200,000 for works) and it provided a list of exemptions from the requirement to adhere to the procurement requirements. The *Local Government Act 2020 (the Act)* allows councils to set their own thresholds. It no longer sets specific exemptions and does not provide for the ability to seek a Ministerial exemption. All of these areas of decision making now sit with individual councils and are required to be included in Council's Procurement Policy, which has led to a more comprehensive Policy than what Council had previously.

The Draft Procurement Policy (Policy) (Attachment 13.2.1) has been written in collaboration with the Hume Regional Procurement Network and Local Government Victoria, and it has taken into consideration Council's current Policy and state-wide industry best practice under the new *Act*.

### Key Areas of Change

- Review every four years

One of the key changes to the Policy is that it can be adopted for a period of up to four years, previously an annual review was required.

It is the officer's recommendation that Council review the new Procurement Policy in 12 months' time for two reasons:

1. The Policy is introducing several new areas of focus and 12 months will allow time to review the effectiveness of these changes and revise the Policy if needed
2. If the reviewed Policy is adopted in 2022 for a four-year period this will place the Procurement Policy review in the second year of a new Council and therefore will no longer fall at the same time as the Council Plan and Community Vision.

It is noted that Council can elect to review the Policy at any time if it so chooses.

- Sustainable Procurement (section 4.2)

Council's existing Procurement Policy includes supporting local economic outcomes, which remains in the Draft Policy. Sustainable procurement has brought in two new focus areas for Council in the procurement process, supporting both environmental and social outcomes.

The Executive Team and Governance & Risk Department have been exploring ways of implementing sustainable procurement outcomes into opportunities to the market and the subsequent evaluation process.

Supporting local economic outcomes is proposed to remain unchanged from how it is currently applied. When tenders are assessed, the price is the last element to be reviewed. Tenders must conform with all of the requirements to proceed to the final step of evaluating price. Once price is assessed if there is a local supplier and a non-local supplier, if the non-local supplier price is preferred but the local supplier's price is within 5% of this price, the local supplier will be given preference, so long as they have met all of the requirements.

Assessment of environmental and social outcomes is proposed to be embedded into opportunities to the market in three possible ways (outlined below). As part of the procurement design, environmental and social considerations will be assessed and inserted into the specification and / or evaluation process. It is proposed to allow incorporation of these elements specific to each procurement opportunity, rather than setting a standard evaluation process.

The assessment methods will form part of the guidelines for officers, these will not form part of the policy itself.

The assessment options that could be incorporated are:

1. Pass/Fail Method

The specification or opportunity includes a requirement for particular environmental or social outcomes / products / services, and therefore should the supplier not address these requirements the quote or tender would be considered non-conforming. For example, under a cleaning contract Council requires that environmentally friendly cleaning products be used. If a supplier cannot deliver as part of their tender then it would be deemed non-conforming.

2. Weighted Criteria Method

The opportunity is given a weighting specific to environmental or social elements. An assessment would be conducted to establish the importance of the environmental or social procurement outcome and a criteria weighting would be applied. The scoring for that weighting would have parameters set to guide the assessment. At least one panel member on an assessment panel would have expertise in the relevant area. An example of how this might be applied is Council is tendering for the supply of IT Hardware in bulk. A weighting of 30% is allocated for environmental and social outcomes, with the criteria being - demonstrating compliance with ethical supply chain requirements (in accordance with the Modern Slavery Act), delivery in a way that reduces waste of non-recyclable packaging and service delivery of disposing of Council's current non required hardware in an ethical or environmentally friendly manner.

3. Alternate Offer Method

The opportunity allows for alternate price offers, allowing for innovation or substitution that would give an enhanced environmental or social outcome. Opportunity would be structured to request a typical or conforming response but leaves flexibility for bidders to supply an alternate response that meets an enhanced outcome. Both options would be assessed for suitability and the difference in price, availability etc can be assessed against the outcome. The assessment criteria may state that if the secondary option is within 10% it will be selected, or it may be left open in order to encourage innovation. A particular benefit with this approach is future budget planning as it allows for options to be presented that if they cannot be accommodated by the budget now, Council can plan into the future with market knowledge. An example of this may be when Council is appointing a road renewal contract, the opportunity requests a standardised supply response and also an alternate response that includes the use of environmentally sustainable products. The two responses can be assessed and the final options for the appointment of the contract may be one option for the standard supply and secondary environmentally sustainable option including any price or delivery differences for consideration.

- Thresholds (section 4.3.2)

The *1989 Act* set the thresholds for going to open market, these were \$200,000 for works and \$150,000 for Goods and Services. These thresholds have not been reviewed since the *1989 Act* was enacted.

The *Local Government Act 2020* allows Council to set the threshold as part of the new Policy. The proposed amount is \$300,000 excluding GST for works, goods and services.

This amount was derived from the following:

- This amount is considered to be best practice across the Hume Region
- If CPI increases had been applied annually to the two threshold amounts under the 1989 Act then the threshold for works would now be \$433,815 and \$325,361 for goods and services
- Whilst the increased threshold is reflective of the changes in the market since 1989, it is being recommended at a level that is considered reasonable for ensuring an open market process
- Excluding GST aligns with Council's existing financial practices.

It is proposed that the financial delegation to the Chief Executive Officer be also amended to align with the \$300,000 threshold, therefore all required open market opportunities would continue to be presented to Council for resolution.

- Exemptions (section 4.3.3)

The 1989 Act had a specific list of where purchasing was exempt from needing to follow procurement policy and legislated requirements. The 1989 Act also allowed for exemptions to be proposed for Ministerial approval. The absence of these legislated exemptions means that the Policy must address the particular areas where open market processes may not be applicable or practical or where there is a need to meet a specific regulatory requirement.

This list of exemptions is in addition to the ability of the Chief Executive Officer being able to grant an exemption under specific circumstances. However, the Chief Executive Officer can only approve an exemption up to his/her delegated amount. Therefore, without the list of pre-approved exemptions, for amounts over and above the CEO financial delegation, every opportunity would need to go through a tendering process and be presented to Council for consideration, even where entering the market may be inappropriate, not in the interests of best value for money or disingenuous to the suppliers.

The included exemption table included (5.3.3) has been developed in conjunction with the Hume Regional Procurement Network and Local Government Victoria and has been adopted already by several Council's. The need for a comprehensive list of exemptions has been encouraged by Maddocks Lawyers, given the lack of legislated ability.

In addition to the list of exemptions a further inclusion has been made to the Policy at section 4.3.5. This allows for the Chief Executive Officer and relevant Director to be able to approve a variation of a contract appointed by Council resolution. This is to address the delay caused by contract variations needing to await a further administrative Council resolution.

#### Council Review – 1 September 2021

The Draft Policy was presented to Council for review as part of a Briefing Session on 1 September 2021. Council requested some areas of change, predominantly around strengthening the wording of 4.3.5 in relation to contract variations being able to be approved by the CEO and Director. There were some other minor changes and additions – these are marked in yellow so that the Committee can see the changes made following Council review.

The aim is to present the Policy to Council for adoption at the 22 September 2021 Scheduled Meeting, following feedback from the Committee.

#### **Council Plan/Strategies/Policies**

This report supports the *Council Plan 2017-2021 Our Promise* strategic objective to “we will all work in collaboration with our communities to deliver the best possible outcomes in all that we do”.

This report supports the *Council Plan 2017-2021 Our Promise* strategy to “maintain Council’s financial sustainability through sound financial and asset management”.

### **Relevant Legislation**

The *Local Government Act 2020* sections 108 and 109 came into effect on 1 July 2021, requiring councils to develop and adopt a Procurement Policy by 1 January 2022.

### **Financial Implications and Risk**

Council’s Procurement Policy is a critical policy in mitigating financial risk and ensuring that Council’s purchasing process is open, transparent, equitable and socially responsible.

### **Conflict of Interest**

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

### **Community and Stakeholder Consultation**

No external community or stakeholder consultation was required for this matter.

## **RESOLUTION**

**C Nisbet / I McKaskill**

**That the Audit and Risk Committee endorse the Draft Procurement Policy (as contained in Attachment 13.2.1) for adoption by Council, with the following suggestions:**

- 1. that there be clearer distinction between the ‘tiers’ for procurement thresholds and the ‘tiers’ for panel contract thresholds**
- 2. that Council satisfies itself that the risk of cumulative small spends is adequately addressed in the policy.**

**CARRIED**

## **13.3 Chief Executive Officer Employment and Remuneration Policy**

Attachment(s):

1. POLICY - CEO Employment & Remuneration Policy - Adopted 2021-08-25 [13.3.1 - 14 pages]

### **Purpose**

The purpose of this report is to notify the Audit Risk Committee regarding Council’s adoption of the CEO Employment and Remuneration Policy.

### **Officer Recommendation**

The Audit and Risk Committee note the adoption of the CEO Employment and Remuneration Policy as contained in Attachment 13.3.1.

### **Background**

Section 45 of the *Local Government Act 2020* requires Council to develop, adopt and keep in force a CEO Employment and Remuneration Policy (the Policy).

The Policy covers the following matters for which Council is responsible under the Act, or as a requirement of the Policy:

- the recruitment and appointment of the Chief Executive Officer;
- approving the Contract of Employment entered into between the Council and the Chief Executive Officer;
- the appointment of an Acting Chief Executive Officer

- the provision of independent professional advice in relation to the matters dealt with in the Policy;
- the monitoring of the Chief Executive Officer's performance;
- an annual review;
- determining the Chief Executive Officer's remuneration.

In accordance with the Act, the Policy also sets out the requirement for Council to obtain independent professional advice in relation to the matters dealt with in the Policy and it contains the terms of reference for the proposed CEO Employment and Remuneration Policy.

### **Discussion**

This Policy reinforces Council's commitment to good governance practices and provides a consistent, fair and transparent framework for employment matters relating to the Chief Executive Officer (CEO) including recruitment, contract terms, performance monitoring and annual review.

Managing the employment cycle of a CEO is a core responsibility of the elected Council. The Policy outlines the mechanisms which will support the Council in fulfilling its obligations. This includes the establishment of the CEO Employment and Remuneration Committee (the Committee), including an independent member. This Committee is advisory only and recommendations of the Committee will still require Council resolution; these are outlined within the Policy. The Policy was adopted by Council at its 25 August 2021 Scheduled Meeting.

The Committee Terms of Reference is contained in an appendix to the Policy. The Committee will comprise of at least three Councillors and the independent member. Council resolved that the Director Corporate and Shared Services is to now undertake a recruitment process for the appointment of the independent member. The preferred candidate and the Councillor representatives will be endorsed by Council at its October 2021 Scheduled Meeting.

### **Council Plan/Strategies/Policies**

This report supports the *Council Plan 2017-2021 Our Promise* strategy to "represent and advocate for our community in a transparent and equitable way".

This report supports the *Council Plan 2017-2021 Our Promise* strategy to "support a skilled, engaged and flexible workforce that can respond to changing needs".

### **Relevant Legislation**

Section 45 of the *Local Government Act 2020* sets the requirement for a CEO Employment and Remuneration Policy.

### **Financial Implications and Risk**

The Policy provides for good governance oversight of the role of the CEO, and the Committee enables this to occur effectively, and with independent oversight. This mitigates the risk of performance issues not being addressed, it also enhances transparency in the personnel management process, reducing the likelihood of conflict.

There will be a small financial cost associated with engaging the independent member.

### **Conflict of Interest**

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

### **Community and Stakeholder Consultation**

No external community or stakeholder consultation was required for this matter.

## **RESOLUTION**

**I McKaskill / C Nisbet**

**The Audit and Risk Committee note the adoption of the CEO Employment and Remuneration Policy as contained in Attachment 13.3.1. and suggest that Council further review the Policy with consideration given to the following:**

- 1. clarification of the intent of the wording “within 6 months” at 10.1**
- 2. inclusion of the provision for the Audit and Risk Committee to review the effectiveness of the Policy, as distinct from the outcome of decisions, on a periodic basis.**

**CARRIED**

## **14 COMMITTEE REPORTING**

### **14.1 Biannual Audit and Risk Committee Report**

Attachment(s): Nil

#### **Purpose**

This report is provided in accordance with the *Local Government Act 2020*, Section 54 (5a) and describes the activities of the Audit and Risk Advisory Committee for the second half of 2020-2021 and includes Committee findings and recommendations

#### **Officer Recommendation**

That the Audit and Risk Committee endorse the Committee’s January – June 2021 Biannual Report for presentation to Council at the 22 September 2021 Scheduled Meeting.

#### **Background**

The Audit and Risk Committee provides biannual reports to Council to acquit its responsibilities in accordance with Section 6, Review and Reporting of the Charter adopted by Council 22 July 2020. This is the second of the mandated biannual reports from the Audit & Risk Committee and covers the period January-June 2021 (including meetings on 4 March and 13 May).

#### **Discussion**

This report seeks to highlight developments, achievements or risks of principal current concern to the Committee.

1. The Committee has followed a schedule of activity that reflects the requirements of Council as documented in the Charter. It regularly scans the activities of audit matters across the public sector throughout Australia for potential or emerging risks. It is satisfied that the Council has a mature approach to risk identification and management. In particular, staff are being engaged across a broad front in regard to fraud awareness.
2. The Committee monitors Council’s implementation of responses to audits and in addressing the specific risks identified in the strategic and operational risk registers. A schedule of audits is set. Resultant reports are received and progress against all recommendations followed until the audit recommendations are implemented or resolved. The rate of progress has been steady with an emphasis on the resolution of higher risk findings. In respect of audit plans, the final report of the Special Review known as Operation Lockhart was received, adjustments were made to the scope for the forthcoming Review of Procurement (Depot Operations) and results of the review of Accounts Payable will be considered in September.
3. Seemingly procedural work (CEO questionnaires, updates and expenditure oversight) has continued, along with regular oversight of quarterly financial reports, the development of



the Council budget, the review of rates debtor management and the periodic review and update of policies. In regard to the latter item, the Committee was pleased to review the investment and borrowings policies as well as note a more regular review of all policies.

4. Work on business continuity planning has gained pace with several important improvements recorded (such as 'socialisation' at department level) and further action and reviews scheduled in the next two quarters. Council's internal auditors are involved directly in providing feedback on both structure and format.
5. The Committee reviewed its Charter and recommended Council consider gender balance in the selection of new Committee members.

The Committee has identified no areas where it believes Council should have heightened concern in regard to risk or repercussions from risk management.

### **Council Plan/Strategies/Policies**

The *Council Plan 2017-2021* includes an 'Our Promise' strategy to "represent and advocate for our community in a transparent and equitable way". The role of the Audit and Risk Committee supports this objective.

This report is a requirement of the Audit and Risk Committee Charter adopted by Council 22 July 2020.

### **Relevant Legislation**

The Audit and Risk Committee is established by Council in accordance with the requirements of the Local Government Act 2020. Members of the Audit and Risk Committee is governed by a Charter adopted by Council.

### **Financial Implications and Risk**

This report identifies no further risks than are identified by Council officers and as reported regularly as part of the minutes of the Audit and Risk Committee Minutes.

### **Conflict of Interest**

There are no declared conflicts of interest by Audit and Risk Committee members in relation to this report.

### **Community and Stakeholder Consultation**

No external community or stakeholder consultation was required for this matter.

### **RESOLUTION**

**I McKaskill / C Nisbet**

**That the Audit and Risk Committee endorse the Committee's January – June 2021 Biannual Report for presentation to Council at the 22 September 2021 Scheduled Meeting.**

**CARRIED**

**15 NEXT MEETING**

**15.1 Next Meeting**

The next Audit and Risk Committee Meeting is scheduled for 9 December 2021 at 3:00pm.

## **9.5 Committee to Meet with Internal Auditors**

Opportunity for a closed discussion with the Committee and the internal auditor, Mark Holloway, without Council officers present to raise any relevant questions or matters.

Any advice to officers following this discussion can be subsequently relayed by the Chair.  
All officers left the meeting at 03:03 pm.

The meeting was closed at 3:30pm.

### **CONFIRMED THIS**

**CHAIRPERSON**      **C Baxter**