

29 May 2019

[REDACTED]  
Murrindindi Shire Council  
P O Box 138  
Alexandra Vic 3714

Dear [REDACTED]

Re: **Application No. 2018/226**  
**For proposed construction of dependent persons unit at**  
**20 Bald Spur Road, Kinglake Central.**

I would like to amend this application for a planning permit to become a  
application for a planning permit for a new proposed shed only.

Please find attached new site plan with proposal highlighted.

The shed will be primarily used for my machinery.

Hoping construction can be as follows:

- Besser block walls for South/West side wall, Back north wall & East side wall.
- South Front facing and access to shed will be left open.
- Flooring will be the natural dirt/clay/stone which is there now.
- Corrugated iron roof with approx 5 pitch.

Size is approximate only until I get proper building plans done.

- Approx. 12 – 14 metres long x 8 metres wide.
- Approx 4 – 5 metres from boundary fence.

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**Re: Application No. 2018/226**

At this stage I have decided not to push ahead with plans with a dependents persons unit due to strict CFA restrictions and hope to maybe apply again in future years and after I have done more clearing on my land and concentrating on new planting of fire retardant bushes and shrubs.

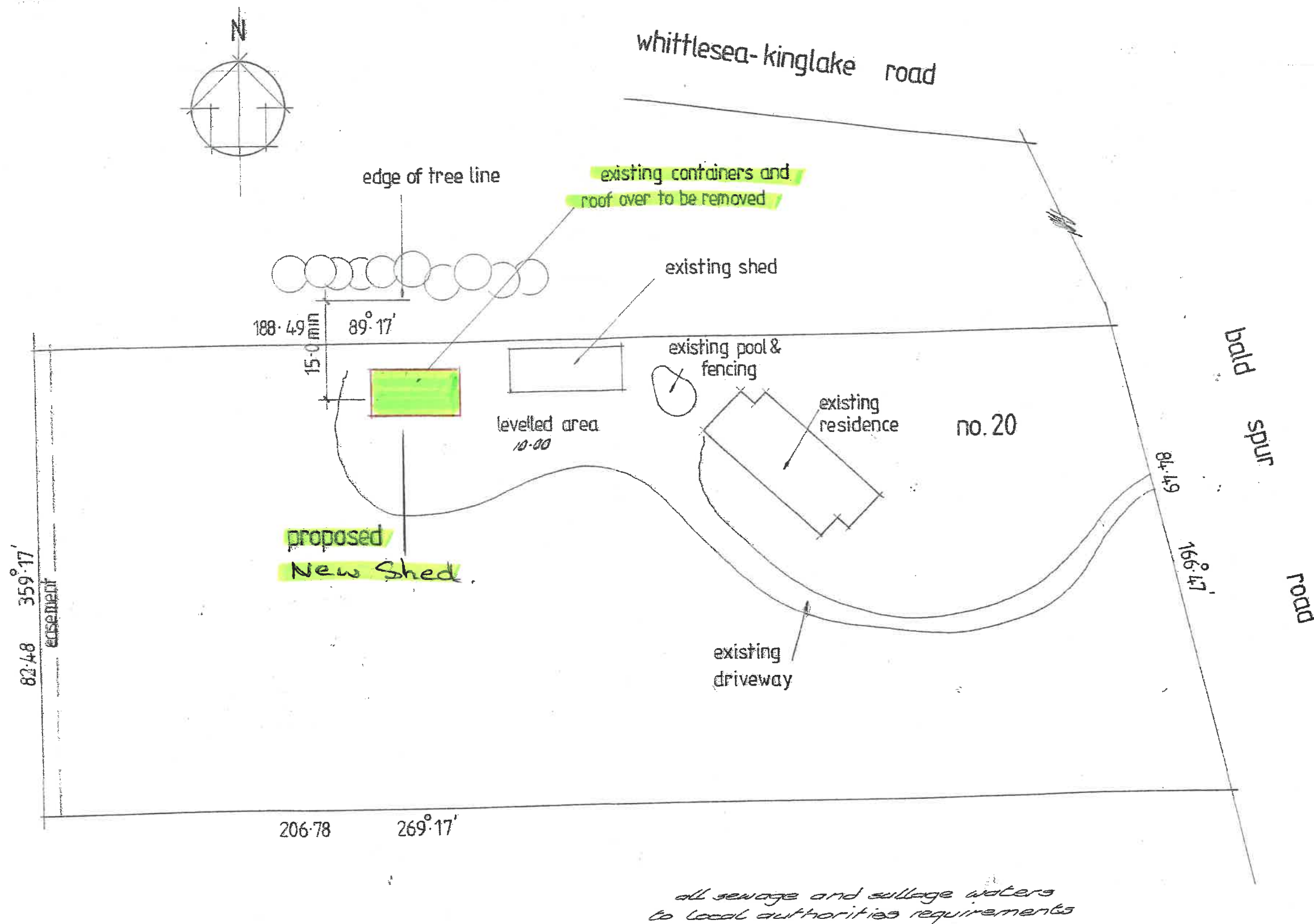
Looking forward to hearing back from you regarding my changes for this application.

Thank you.

Yours sincerely,



Sandra Molenkamp



SITE DETAILS:

scale: 1:750



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# OUT BUILDING BUSHFIRE MANAGEMENT PLAN

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20 BALD SPUR RD KINGLAKE CENTRAL 3757.

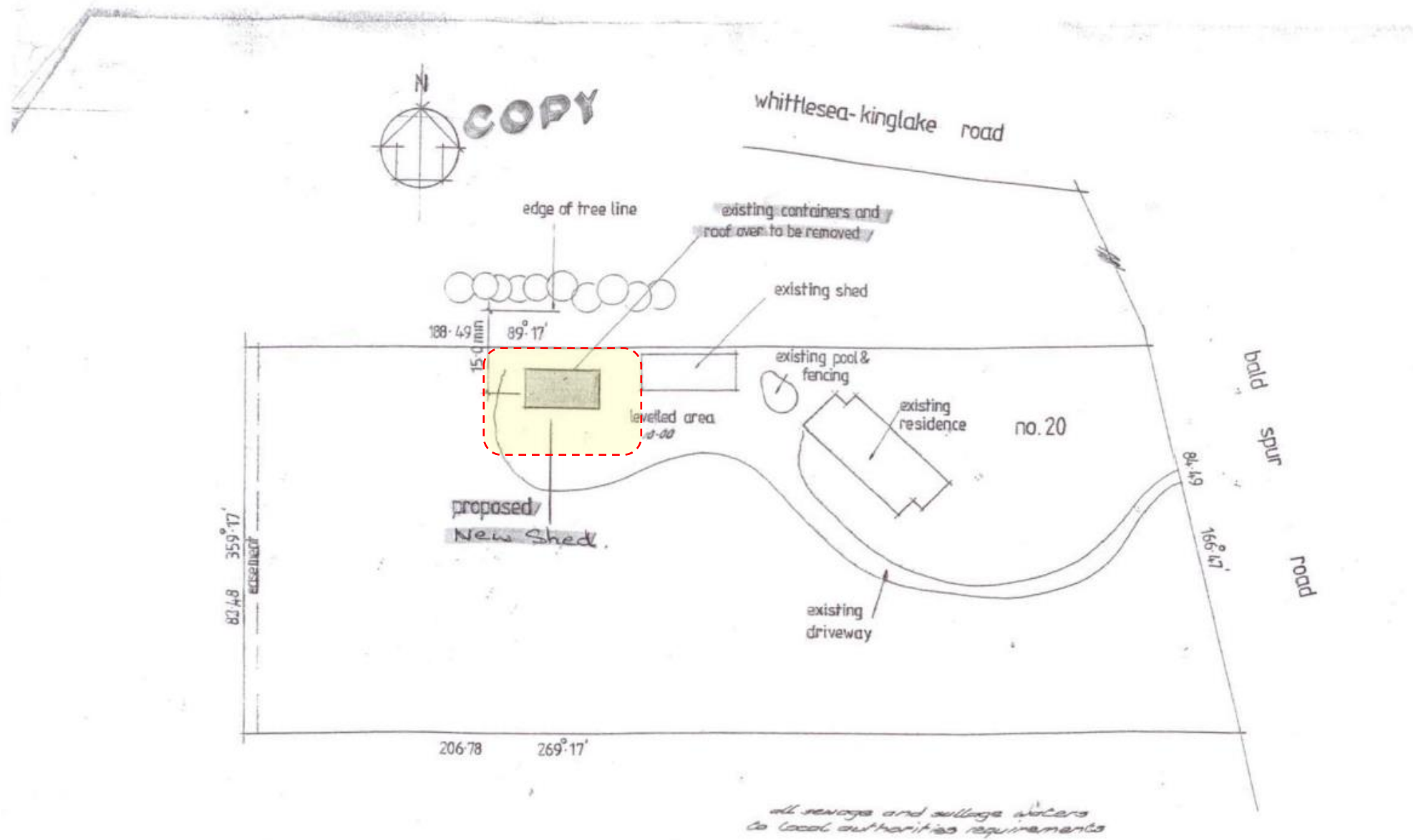



Ref# BMP2277B

4 AUGUST 2019

KEYSTONE ALLIANCE BUSHFIRE ASSESSMENTS

713 Plenty Road Reservoir, Vic 3073 M: 0450 770 778 [paul@keystonealliance.com.au](mailto:paul@keystonealliance.com.au)



**SITE DETAILS:** scale: 1:750  Def space 10m around the shed

j. ashley  
bp no. dpad 449  
sheet 4


**Bushfire Protection Measures**


**a) Defendable Space**

Defendable space for a distance of 10 metres around the proposed building or to the property boundary, whichever is the lesser is provided and is managed in accordance to the following requirements:

- Grass must be short cropped and maintained during the declared fire danger period.
- All leaves and vegetation debris must be removed at regular intervals during the declared fire danger period.
- Within 10 metres of a building, flammable objects must not be located close to the vulnerable parts of the building.
- Plants greater than 10 centimetres in height must not be placed within 3 metres of a window or glass feature of the building.
- Shrubs must not be located under the canopy of trees.
- Individual and clumps of shrubs must not exceed 5 square metres in area and must be separated by at least 5 metres.
- Trees must not overhang or touch any elements of the building.
- The canopy of trees must be separated by at least 2 metres.
- There must be a clearance of at least 2 metres between the lowest tree branches and ground level.

**b) Construction Requirement**

 Non habitable outbuilding ancillary to a dwelling is more than 10 metres from a dwelling has no construction requirements.

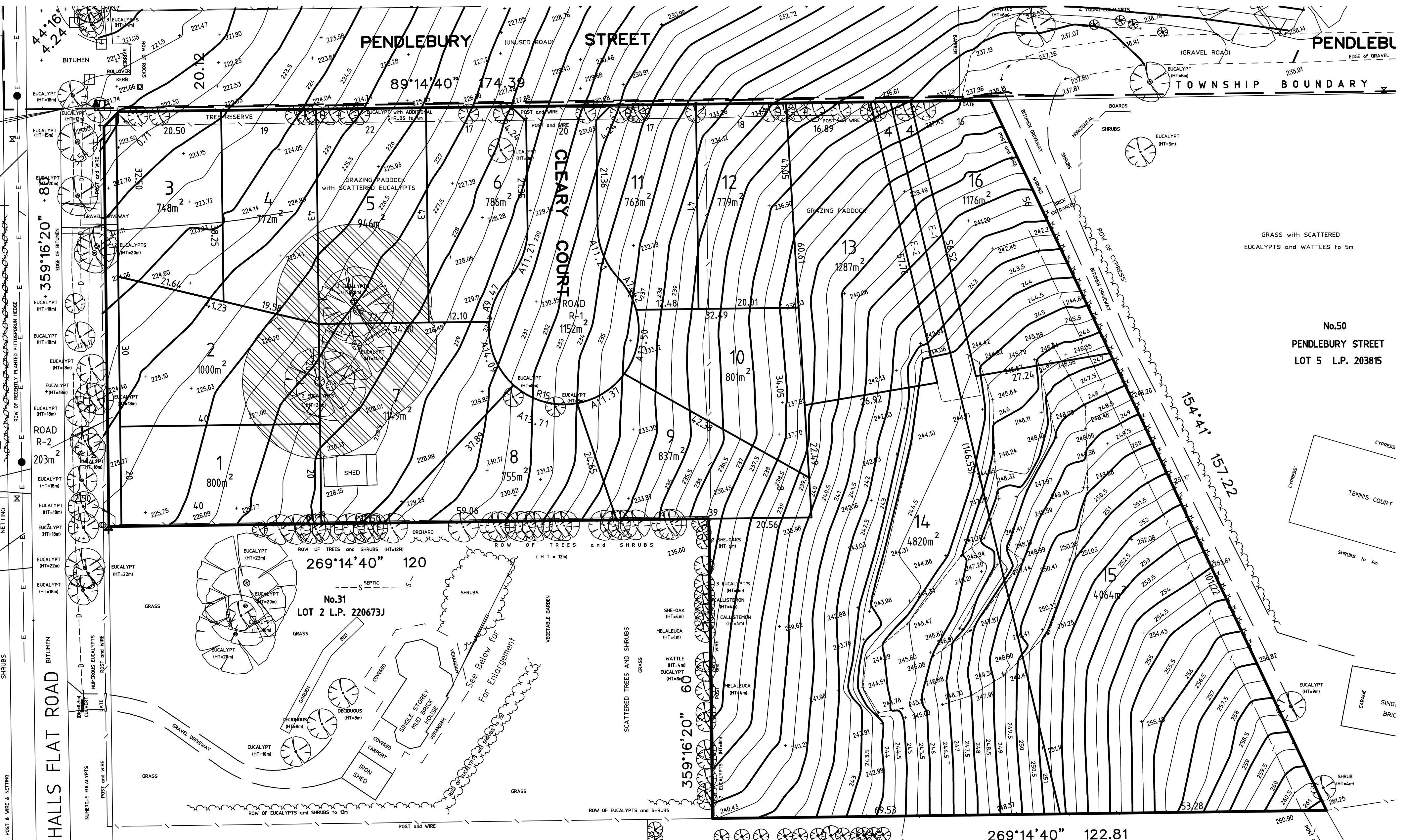
 Non habitable outbuilding ancillary to a dwelling is less than 10 metres from a dwelling must meet the construction requirements of Table 7 to Clause 53.02

**Table 7 Outbuilding construction requirement**

Building construction condition
The proposed outbuilding is separated from the adjacent building by a wall that extends to the underside of a non-combustible roof covering and: <ul style="list-style-type: none"> <li>▪ has a FRL of not less than 60/60/60 for loadbearing walls and -/60/60 for non-load bearing walls when tested from the attached structure side, or</li> <li>▪ is of masonry, earth wall or masonry-veneer construction with the masonry leaf of not less than 90 millimetres in thickness.</li> </ul> Any openings in the wall shall be protected in accordance with the following: <ol style="list-style-type: none"> <li>i. Doorways – by FRL -/60/30 self-closing fire doors</li> <li>ii. Windows – by FRL -/60/- fire windows permanently fixed in the closed position</li> <li>iii. Other openings – by construction with a FRL of not less than -/60/-</li> </ol> Note: Control and construction joints, subfloor vents, weepholes and penetrations for pipes and conduits need not comply with Item iii]

**Mandatory Condition**

The bushfire protection measures forming part of this permit or shown on the endorsed plans, including those relating to construction standards, defendable space, water supply and access, must be maintained to the satisfaction of the responsible authority on a continuing basis. This condition continues to have force and effect after the development authorised by this permit has been completed



GRASS with SCATTERED  
EUCALYPTS and WATTLES to 5m

No.50  
PENDLEBURY STREET  
LOT 5 L.P. 203815

No.31  
LOT 2 L.P. 220673J

HALLS FLAT ROAD

PENDLEBURY STREET

PENDLEBURY STREET

TOWNSHIP BOUNDARY

TENNIS COURT

SING. BRICK GARAGE

## **RODNEY AUJARD & ASSOCIATES**

*Licensed Land and Engineering Surveyors, Town Planners*

*Aujard Nominees Pty Ltd ACN 005 080 017  
ABN 35 061 884 911*

Level 1, 325 Camberwell Road,  
**Camberwell** 3124.  
Tel: (03) 9813 2222  
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Mobile: 0418 346 380

82 High Street,  
**Yea** 3717  
Tel: (03) 5797 2056  
Thursdays 9 am - 12 noon

81 Grant Street,  
**Alexandra** 3714  
Tel: (03) 5772 1530  
Thursdays 2 pm - 5 pm  
Email: [aujard@bigpond.net.au](mailto:aujard@bigpond.net.au)

*Please reply to: Camberwell*

Ref: 15251/RA/ps

6<sup>th</sup> April 2018

Subdivision Permit Application for a 17 Lot subdivision  
No15 Halls Flat Road  
Alexandra Vic 3714  
Halls Flat Investments Pty Ltd

Response to Requirements of Clause 56 of The Murrindindi Planning Scheme

### **56.01 SUBDIVISION SITE AND CONTEXT DESCRIPTION AND DESIGN RESPONSE**

#### **56.01-1 Site and Context Description**

We attach a site analysis feature survey plan showing how abutting properties have been developed and how they relate to our land; it also shows contours and levels to Australian Height Datum.

The subject site is a large parcel of undeveloped land in the Residential Zone of Alexandra; its area is 2.284 hectare and we have designed 17 residential lots which we suggest would be well sought after in that new developments have been few and far between in the Town.

The property is currently used as a grazing paddock and has been held by the current Owners for a period of 12½ years in preparation for the right time to move to seek a Permit to Develop.

The property has two road frontages, having an 80 metre frontage to Halls Flat Road being a bitumen surfaced paved road with a grass verge with an open stormwater drain with several eucalypts within its verge and also a 175 metre frontage to Pendlebury Street, an unmade and unused Government Road, which when eventually constructed will relieve much congestion from those that live in the south-eastern section of the Alexandra Township. It was expected that Pendlebury Street would have been constructed when the developers on the north side completed their subdivision and we understand the Shire were to contribute for such roads construction also. The developers of the proposed development herein have expected to share the expense as to their fair share as well.

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We would have expected this proposal would be a logical extension to the residential sites and their development into family homes that have occurred within the 'Dunn' and the 'Leatham' developments to this properties north; it is a pity that there is a delay with the continuing development of such area at this time.

The subject site slopes from the south east corner to the north west corner at the junction of the two roads an overall drop of 39 metres, the main steeper drop of 25 metres is within our lots 14-17 then the further 14 metres more gentle fall is over our lots 1-10 as designed. The slope will enable virtually all designed sites to have excellent aspect and views in a northerly direction; stormwater drainage will be very much facilitated due to the slope of the land.

Roads and drainage construction will be straight forward on this property and a more detailed response on such will be described in 56.06 below.

The blocks proposed will all be fully serviced apart from gas and should be a very much needed asset to the Town; a further neighbourhood extension in the south western corner of Alexandra will definitely be a positive addition to the Town.

The Alexandra Township serves a rural area of cattle, sheep, timber, fisheries, viticulture and other farming/agriculture pursuits, and has been very much orientated to the tourist industry in the more recent years. Alexandra has a happy and contented population of 2,650 and is a good place to reside.

This land has convenient access to the Community and Recreational facilities that Alexandra provides. State and Catholic primary Schools and a Secondary School, a good shopping Centre (including a large supermarket), restaurants, hotels/motels. Bed and breakfast's, caravan parks, a library, museum and a cinema; it is served by the Country Fire Authority, State Emergency Service, Police, Ambulance and Hospital. The town has Roman Catholic, Anglican and Uniting Churches, and Apex, Lions and Rotary Clubs; it has a strong traders and tourism group. There is a golf course, a horse racetrack, a speedway, a swimming pool, tennis courts, lawn bowls, a football and cricket ground, netball centre, basketball and gymnasium at the High School hall. There are picnic grounds, walking and horse riding trails nearby, and of course fishing is available in the nearby Goulburn River and its tributaries.

The Town sits at the junction of the Maroondah and Goulburn Valley Highways with access to Yea and Seymour to the west, Mansfield to the north, Eildon to the east and Healesville to the South. It is the gateway for those visiting Lake Eildon, the snowfields and other National Parks in the area; making Alexandra an ideal tourist stop for a meal, a break in the journey and an overnight stay.

Public Transport is available with buses to Melbourne via Healesville and also Seymour via Yea everyday. The town also has a taxi service.

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## 56.01–2 **Subdivision Design Response**

This 17 lot development is only a relatively small ‘infill’ extension to the total housing complement of the Alexandra Township and as such its needs as to neighbourhood amenities, commercial centre, schools and community facilities are already in place.

The lot sizes created have been put together with wide frontages enabling sufficient room for the ranch style verandah housing so popular in our rural township; the design was specifically created around this aspect and a certain space/openness feeling can be created with such concept. Our blocks will blend in with the older areas of the town where we as Consultants have always attempted to keep the ‘one chain’ frontage principal to the ‘fore’ as the larger town allotments are reduced by subdivision to the smaller residential blocks. All our blocks are in excess of 690 sq. metre with a mean average of approximately 770 sq. metres for lots 1-13 with larger lots on the steeper land being from 1258m<sup>2</sup> to 4533m<sup>2</sup>.

Our design tying in with the existing road pattern and creating wide/large lots will create a strong community feel and give this area, being a ‘new’ development its own strong local identity.

Our design suits this corner of the Alexandra Township.

## 56.02 **POLICY IMPLEMENTATION**

### 56.02 –1 **Strategic Implementation**

This subdivision, being in the Residential Zone of The Murrindindi Planning Scheme, has been hopefully designed to meet the needs of those that seek vacant lots on which to build their family homes.

As previously mentioned the wide frontages do create the ability to build across the lots and do give a feeling of space for this new neighbourhood.

The lots will be fully serviced when the subdivision is completed and such lots will certainly fit into the requirements of the Council and the Community.

The ‘normal’ residential sites, being lots 1 to 10 on our plan are designed to be all above 693 square metres with some up to 823 – 874 square metres with some up to 823-874 square metres. There are also some fairly ‘large’ lots on the steeper slopes – two at 1258m<sup>2</sup> and 1291 m<sup>2</sup> and then two ‘very large’ lots using a shared driveway access of 4432m<sup>2</sup> and 4533m<sup>2</sup>.

The lots proposed certainly satisfy the Residential Zone, in fact they are overall much larger than required today. Aesthetics and liveability do come into lot production and the developers herein are certainly considering houses for families with back-yards!

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## **56.03 LIVIBLE AND SUSTAINABLE COMMUNITIES**

### **56.03 –5 Neighbourhood Character**

This 17 lot residential subdivision will add to the depleting stock of vacant lots in the Town and should no doubt be much sort after when completed. It will certainly assist in creating a new and vibrant neighbourhood in the south west corner of the Town.

## **56.04 LOT DESIGN**

56.04 –1 As already mentioned there are ten perhaps normal residential sites of between 693m<sup>2</sup> to 874m<sup>2</sup> with an average lot size of 770 square metres, all with wide frontages when rectangular, but those lots facing the proposed court do contain large rectangles of 15m x 25m within.

The larger lots of 1291 m<sup>2</sup> and 1258m<sup>2</sup> are on steep slopes and the shared access to very large 4432m<sup>2</sup> and 4533 m<sup>2</sup> lots are on the steeper slopes.

### **56.04 –2 Lot area and Building Envelopes**

Lot areas are large, Res Code restrictions will apply to dwelling designs, hence it would be totally inappropriate to restrict these sites with the addition of building envelopes.

### **56.04 –3 Solar Orientation of lots**

Both Pendlebury Street and Halls Flat Road run in cardinal directions, hence in general all of our lots do allow for optimum Solar Energy considerations; perhaps lots 8 and 10 will need designing more-so than the others.

### **56.04 –4 Street Orientation**

All lots face the existing roads, except lots 7-11 which face a proposed Court off Pendlebury Street. In general the lots are rectangular making the best shape for family living.

### **56.04 –5 Common area**

There has been no common area set aside on our plan as such would not be necessary.

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## **56.05 URBAN LANDSCAPE**

### **56.05-1 Integrated Urban Landscape**

When the two Government Roads being Pendlebury Street and Halls Flat Road are constructed their verges will be landscaped to Council and the Communities standards; the new lot Owners should take pride in their lots and the urban landscape of the south west corner of Alexandra will become a tidy picture of landscaping excellence.

### **56.05-2 Public Open Space provisions**

Public open space has not been considered in this small development, there is a road widening in Halls Flat Road for a footpath construction, leaving the existing verge intact as much as possible.

The developers will be happy to contribute to the maintenance and upkeep of the existing open spaces and reserves within the Alexandra Township.

## **56.06 ACCESS AND MOBILITY MANAGEMENT**

### **56.06 -2 Walking and Cycling Network**

Residential Road Construction in the town of Alexandra means concrete driveway crossings and footpaths. The conditions of the Council will guarantee pedestrians have proper and safe paths for access and egress from their homes to the other areas of the Town, obviously including the main shopping centre. Cyclists will not be disadvantaged in that the pavements within Alexandra are generally wide enough to guarantee room on the roads for both motor vehicles and also the cyclists.

### **56.06 -4 Neighbourhood Street Network**

Alexandra was originally set-out very much in a grid system in the southern reaches of the Town of which Pendlebury Street and Halls Flat Road form the south-western extremities of such grid pattern; when such roads are fully constructed within this development, and also possibly the development to the north of Pendlebury Street then the grid network will begin to look as it was originally intended to.

### **56.06 -5 Walking and Cycling Network Detail**

No special comments following those of 56.06-2 above.

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56.06 –6 **Public Transport Network Detail**

Living on these lots without a motor vehicle would not be of concern for those that cannot walk the short distance to the shopping centre in that the town does have a taxi service.

For venturing further, there are buses to Melbourne via Healesville daily and also to Seymour via Yea daily to meet the Train service.

56.06 –7 **Neighbourhood Street Network Detail**

Pendlebury Street will need full road construction, i.e. bitumen pavement, concrete kerbing and a footpath. As from previous discussions many years ago where Council volunteered offering assistance to the developer on the north side of Pendlebury Street we would assume this contribution factor, will be brought into this subdivision's considerations also.

Halls Flat Road's verge should be kept intact as much as possible with a footpath being built within the road widening set out on our plan. The verge should be treated similarly to the verge on the north side of Pendlebury where the existing native trees have been protected and saved as much as possible.

The Court bowl within the subdivision would have bitumen pavement, kerb and channel with a footpath on one side we would presume.

When the 'full' construction works are complete the subdivision should not create an increase in erosion, flooding or bush fire risk on the new lots and the Town.

56.06 –8 **Lot Access**

All lots on this subdivision will be provided with concrete crossovers from the road they abut. There will be a shared access up-the-hill for the two large lots 15 and 16.

**56.07 INTERGRATED WATER MANAGEMENT**

56.07 –1 **Drinking Water Supply**

Goulburn Valley Water supply water reticulation to Alexandra and each lot herein will be supplied following main extensions to the frontages of all the lots.

56.07 –2 **Reused and Recycled Water**

The objective is to provide for the substitution of drinking water for non-drinking purposes with re-used and recycled water.

Recycled water systems split used water into Black water (sewerage) and Grey water (collected from the kitchen, bathroom, laundry and excess storm water). The Grey water is sent to a holding tank where it settles and is stored before being pumped into a flushing system for use in toilets all year round and for garden watering during the warmer months. Any excess Grey water is diverted back into the sewerage system as Black water.

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A licensed plumber at a cost to the property owners will install these recycling systems.

The need to look into water saving systems is now a requirement of new developments.

The Environment Protection Authority have strict guidelines for recycling systems and only those of high quality standards will be allowed. Goulburn Valley Water Authority and the Shire's Health Surveyor must examine and approve any system proposed.

**56.07 –3 Waste Water Management**

Alexandra Township has a reticulated sewerage system with Goulburn Valley Water controlling same. The lots on this subdivision will all be supplied with a sewer connection as part of the construction works of the subdivision.

**56.07 –4 Urban Run-off Management**

Stormwater runoff will be designed to suit the open drain in Halls Flat Road and to the kerb and channel system that will be constructed in Pendlebury Street and the Court bowl created.

Council Engineers will assess the runoff requirements during the subdivisions processing and may consider detention systems. The Developer's Engineers will of course present their proposal when subdivision construction plans are presented to Council.

If owners wish to collect stormwater with holding tanks such would be an advantage.

**56.08 SITE MANAGEMENT**

**56.08 –1 Site Management**

The property is currently fenced and clear of any rubbish. During construction works all waste is to be contained on site and removed prior to inspection.

Landscaping will be an important part of lot ownership; such landscaping will prevent erosion and will provide an environment suitable for family enjoyment within the community; revegetation will be of prime importance.

.... / 8

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**56.09 UTILITIES**

**56.09 –1 Shared Trenching**

When construction works take place it is always appropriate wherever possible to share service trenches; such allows for more economical construction costs as well as minimizing land allocation for underground services.

**56.09 –2 Electricity, Telecommunications & Gas**

The subject subdivision will be supplied with underground services in relation to electricity and telecommunications to the satisfaction of AusNet Services and Telstra respectively.

There is no reticulated gas in Alexandra.

**56.09 –3 Fire Hydrants**

In accordance with County Fire Authorities requirements fire hydrants will be installed following design by the projects Consulting Engineers.

**56.09 –4 Public Lighting**

Public lighting will be essential within the roads and the court within this proposal. The Consulting Engineers and AusNet Electricity should satisfy the Council and the future residents with this necessary requirement.

**RODNEY AUJARD & ASSOCIATES**

**6<sup>th</sup> April, 2018**

# Vegetation and Biodiversity Report for Proposed Subdivision at 15 Halls Flat Road, Alexandra

**April 2019**



## Documentation

<b>Report Title</b>	Vegetation and Biodiversity Report for Proposed Subdivision at 15 Halls Flat Road, Alexandra.
<b>Report for</b>	Stephen Horn
<b>Report directed by</b>	Dean Platt <sup>1</sup>
<b>Report written by</b>	Dean Platt <sup>1</sup> and Tania Begg <sup>2</sup>
<b>Internal editing</b>	Dean Platt <sup>1</sup> , Lorien Firminger <sup>3</sup>
<b>Previous Versions</b>	None
<b>Project No.</b>	

1 – Principal Consultant, Tree Wishes – MEnv; BAppSc (Bio. Resources Management); GDipSc (Land Rehab.)  
2 – Project Manager, Tree Wishes – DAppSc (Conservation and Land Management)  
3 – General Manager, Tree Wishes – GDipSc (Environment); BAppSc (Biology)

## Document Review

Version	Date	Review (Internal/External)
Draft	25-3-2019	Dean Platt <sup>1</sup> and Tania Begg <sup>2</sup>
Final	1-4-2019	

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## 1 Introduction

### 1.1 Project Background

Plans to subdivide land at Pendlebury Street and Leatham Close see some impact on vegetation across the proposed project site. Stage 5 of the project will see sixteen lots created along Pendlebury Street, Halls Flat Road and a new road called Cleary Court.

The site supports five large indigenous remnant trees and several patches of regenerating eucalypts. Along its northern boundary are some remnant and planted trees and shrubs. There are also several remnant eucalypts along Halls Flat Road, with the occasional indigenous shrub. The understorey is dominated by introduced grass and weedy herbaceous species.

### 1.2 Study Area

Variable/Constant	Description
Location	Pendlebury Street, Alexandra.
General Description of the Land	The site is currently unused. Regular fuel control occurs.
Aspect	The site slopes north-westerly
Municipality	Murrindindi
Planning Zones	General Residential Zone 1 (GRZ1)
Overlays	None
Bioregion	Central Victorian Uplands

### **1.3 Scope of Assessment**

The objective of this report is to provide native vegetation and biodiversity planning advice on the most appropriate development of the site. The following steps were undertaken to determine the implications of development at both the proposed areas:

1. A detailed desktop review of existing databases including Natureshare databases, DELWP modelling, NVIM, Council sources, and Victorian Biodiversity Atlas.
2. A site visit to survey native vegetation and biodiversity features (confirm desktop analysis and check for any anomalies.)
3. A report providing advice on obligations/options with regard to environmentally appropriate development on site



## 2 Desktop Review

### 2.1 Native Vegetation Definition

In Victoria, a planning permit is required to remove, destroy or lop native vegetation. Native vegetation is defined in the Victoria Planning Provisions as 'plants that are indigenous to Victoria, including trees, shrubs, herbs and grasses'. A planning permit is required to remove native plants that meet this definition, unless an exemption applies. The Guidelines for the removal, destruction or lopping of native vegetation (the Guidelines) classify native vegetation in two categories; remnant patches and scattered trees.

#### Remnant patch

A remnant patch of native vegetation is either:

- an area of vegetation where at least 25 per cent of the total perennial understorey plant cover is native, or
- any area with three or more native canopy trees where the drip line of each tree touches the drip line of at least one other tree, forming a continuous canopy

#### Scattered tree

A scattered tree is a native canopy tree taller than 3 metres that does not form part of a remnant patch.

### 2.2 NatureKit

NatureKit is a tool to display and produce maps of Victoria's biodiversity, native vegetation, and flora and fauna data.

NatureKit details information on Victoria's:

- Vegetation
- Biodiversity
- Planning
- Threatened Flora and Fauna
- Wetlands
- Marine and coast
- Disturbance
- Catchments
- Land administration and classification

### **2.2.1 Remnant Ecological Vegetation Classes (EVC)**

A search of the DELWP's NatureKit revealed that some EVC coverage was predicted for the site according to the 2005 EVC mapping. The patch extends into the site from the western boundary and is predicted to be EVC 55 - Plains Grassy Woodland.

### **2.2.2 Threatened Flora**

A search of the DELWP's Victorian Biodiversity Atlas (VBA) revealed that no threatened flora species have been recorded at or within one km of the site within the last ten years.

### **2.2.3 Threatened Fauna**

A search of the DELWP's Victorian Biodiversity Atlas (VBA) revealed that no threatened fauna species have been recorded at or within one km of the site within the last ten years.

## **2.3 EPBC Act Protected Matters**

The EPBC protected matters search tool generates reports that will help determine whether matters of national environmental significance or other matters protected by the *Environment Protection and Biodiversity Conservation Act 1999* are likely to occur in the area of interest.

The tool was used to generate a report for the project area and a one kilometer buffer around the project area.

### **2.3.1 Threatened Flora**

The protected matters report detailed four flora species whose habitat may occur, is likely to occur or is known to occur within the area.

These species are listed in Table One titled Rare and Threatened Flora, Status and Protections.

### **2.3.2 Threatened Fauna**

The protected matters report detailed 17 listed threatened species: seven bird; two fish; one frog; four mammals; one insect and two reptile. These species are known to occur, or their habitat may occur, is likely to occur or is known to occur within the area.

Further to this, six listed migratory terrestrial species and eight listed migratory wetland species are known or likely to occur, or their habitat is known or likely to occur within the area.

The species, their statuses and protections are listed in Table Two.

### **2.3.3 Threatened Ecological Communities**

The EPBC protected matters report detailed the following ecological community which may occur or are likely to occur within the area:

- White Box – Yellow Box – Blakely’s Red Gum Grassy Woodland and Derived Native Grassland: Critically Endangered.



**Table One: Rare and Threatened Flora, Status and Protections**

Common Name	Scientific Name	Status	FFG	EPBC	Record
Clover Glycine, Purple Clover	<i>Glycine latrobeana</i>	Vulnerable	FFG	EPBC	Species or species habitat likely to occur within area
Matted Flax-lily	<i>Dianella amoena</i>	Endangered	FFG	EPBC	Species or species habitat may occur within area
River Swamp Wallaby-grass, Floating Swamp Wallaby-grass	<i>Amphibromus fluitans</i>	Vulnerable	-	EPBC	Species or species habitat may occur within area
Sturdy Leek-orchid	<i>Prasophyllum validum</i>	Vulnerable	-	EPBC	Species or species habitat likely to occur within area

**Table Two: Rare and Threatened Fauna, Status and Protections**

Common Name	Scientific Name	Status	FFG	EPBC	Record
Australasian Bittern	<i>Botaurus poiciloptilus</i>	Endangered	FFG	EPBC	Species or species habitat may occur within area
Australian Painted Snipe	<i>Rostratula australis</i>	Critically Endangered	FFG	EPBC	Species or species habitat may occur within area
Black-faced Monarch	<i>Monarcha melanopsis</i>	Threatened	-	EPBC	Species or species habitat likely to occur within area
Curlew Sandpiper	<i>Calidris ferruginea</i>	Critically Endangered	-	EPBC	Species or species habitat may occur within area
Eastern Curlew, Far Eastern Curlew	<i>Numenius madagascariensis</i>	Critically Endangered	-	EPBC	Species or species habitat may occur within area
Flathead Galaxias, Beaked Minnow, Flat-headed Galaxias, Flat-headed Jollytail, Flat-headed Minnow	<i>Galaxias rostratus</i>	Critically Endangered	FFG	EPBC	Species or species habitat may occur within area
Fork-tailed Swift	<i>Apus pacificus</i>	Threatened	-	EPBC	Species or species habitat likely to occur within area
Golden Sun Moth	<i>Synemon plana</i>	Critically Endangered	FFG	EPBC	Species or species habitat likely to occur within area
Greater Glider	<i>Petauroides volans</i>	Vulnerable	-	EPBC	Species or species habitat may occur within area
Grey-headed Flying-fox	<i>Pteropus poliocephalus</i>	Vulnerable	FFG	EPBC	Foraging, feeding or related behaviour may occur within area
Growling Grass Frog	<i>Litoria raniformis</i>	Endangered	FFG	EPBC	Species or species habitat likely to occur within area
Long-nosed Potoroo (SE mainland)	<i>Potorous tridactylus tridactylus</i>	Vulnerable	-	EPBC	Species or species habitat may occur within area
Macquarie Perch	<i>Macquaria australasica</i>	Endangered	-	EPBC	Species or species habitat may occur within area
Painted Honeyeater	<i>Grantiella picta</i>	Vulnerable	FFG	EPBC	Species or species habitat likely to occur within area

Common Name	Scientific Name	Status	FFG	EPBC	Record
Pink-tailed Worm-lizard, Pink-tailed Legless Lizard	<i>Aprasia parapulchella</i>	Vulnerable	FFG	EPBC	Species or species habitat may occur within area
Regent Honeyeater	<i>Anthochaera phrygia</i>	Critically Endangered		EPBC	Breeding known to occur within area
Rufous Fantail	<i>Rhipidura rufifrons</i>	Threatened	-	EPBC	Species or species habitat known to occur within area
Satin Flycatcher	<i>Myiagra cyanoleuca</i>	Threatened	-	EPBC	Species or species habitat known to occur within area
Spot-tailed Quoll, Spotted-tail Quoll, Tiger Quoll (southeastern mainland population)	<i>Dasyurus maculatus maculatus</i> (SE mainland population)	Endangered		EPBC	Species or species habitat may occur within area
Striped Legless Lizard	<i>Delma impar</i>	Vulnerable	FFG	EPBC	Species or species habitat likely to occur within area
Swift Parrot	<i>Lathamus discolor</i>	Endangered	FFG	EPBC	Species or species habitat likely to occur within area
White-throated Needletail	<i>Hirundapus caudacutus</i>	Threatened	-	EPBC	Species or species habitat likely to occur within area
Yellow Wagtail	<i>Motacilla flava</i>	Threatened	-	EPBC	Species or species habitat may occur within area

## 2.4 Local Planning Scheme Vegetation Protections

### **Clause 52.17 Native Vegetation**

Clause 52.17 Native Vegetation of the Murrindindi Shire Planning Scheme requires a permit for the removal of native vegetation. This does not apply:

- If the table to Clause 52.17-7 specifically states that a permit is not required.
- To the removal, destruction or lopping of native vegetation specified in the schedule to this clause.

## 3 Results

### 3.1 Landscape Context

The site lies on the outskirts of the township of Alexandra. To the north is the township of Alexandra, and the immediate surrounds are a matrix of farmland and lifestyle properties. These areas provide limited habitat and biodiversity, with the main vegetation consisting of scattered trees and domestic gardens.

Within the wider region McKenzie Flora Reserve lies to the south-east of the site, and provides the highest quality habitat within the immediate region. The Goulburn River lies to the west providing another significant ecological feature within the landscape.

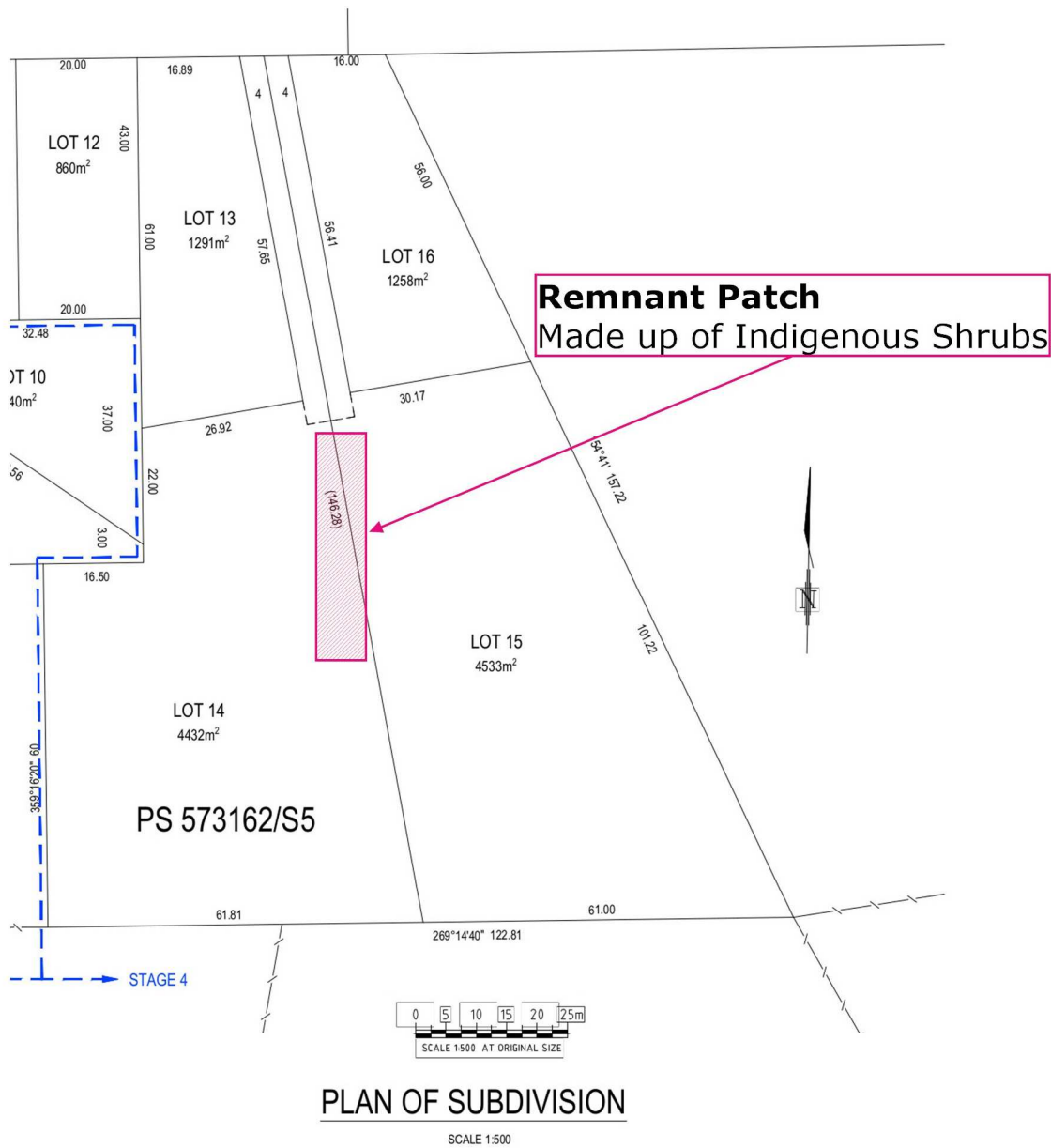
### 3.2 Vegetation Findings

The site was assessed in October 2018 and again in March 2019 on foot by Tania Begg (qualified VQA assessor). This time is a sub-optimal time for surveying, with some flora species potentially being dormant. Extended dry conditions may have rendered some species dormant.

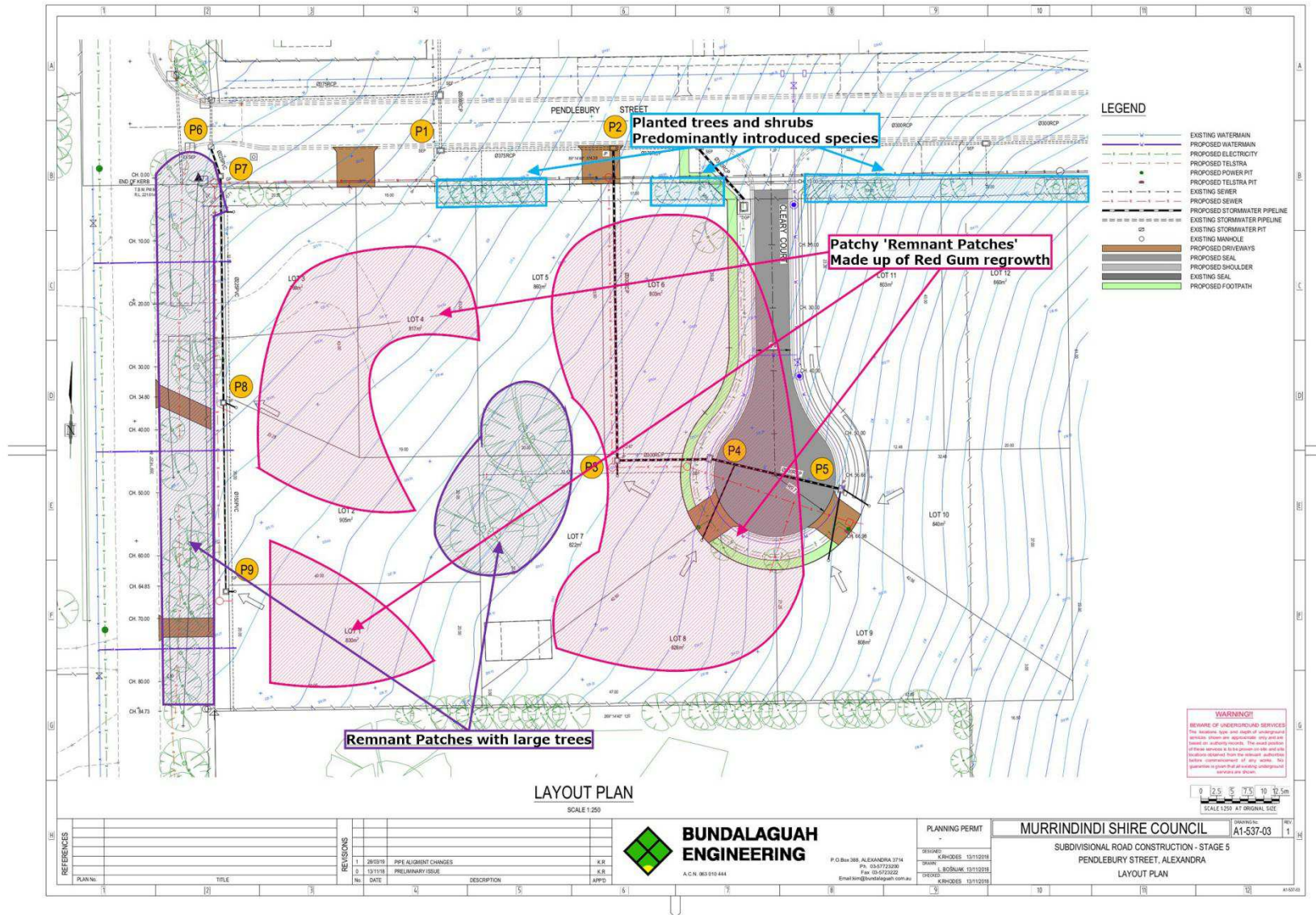
The site currently supports some large Red Gum (*Eucalyptus camaldulensis*), within the property, several mature Red Gums along the roadside of Halls Flat Road, several patches of regenerating eucalypts and some planted vegetation along Pendlebury Street. The understorey was dominated by introduced pasture grass and herbaceous weed species. Occasional native grasses were present including Wallaby Grass (*Rytidosperma sp.*) and Common Wheat-grass (*Elymus scaber*), however, these were restricted to small patches with sub-EVC cover.

**Table Four: Flora species list.**

<b>Common Name</b>	<b>Scientific Name</b>
<b>Indigenous Species</b>	
Common Wheat-grass	<i>Elymus scaber</i>
Grey Box	<i>Eucalyptus microcarpa</i>
Hedge Wattle	<i>Acacia paradoxa</i>
Red Gum	<i>Eucalyptus camaldulensis</i>
Tree Violet	<i>Melicytus dentatus</i>
Wallaby Grass	<i>Rytidosperma sp.</i>
<b>Introduced Species</b>	
Apple Tree	<i>Malus pumila</i>
Blackberry	<i>Rubus fruticosus</i>
Bracelet Honey-myrtle	<i>Melaleuca armillaris</i>
Cocksfoot	<i>Dactylis sp.</i>
Common couch	<i>Elymus repens</i>
Common Wild Oat	<i>Avena fatua</i>
Curly Dock	<i>Rumex crispus</i>
Desert Ash	<i>Fraxinus angustifolia</i>
Drain Sedge	<i>Cyperus eragrostis</i>
Flatweed	<i>Hypochaeris radicata</i>
Hawthorn	<i>Crataegus monogyna</i>
Paspalum	<i>Paspalum dilatatum</i>
Phalaris	<i>Phalaris sp.</i>
Plantago	<i>Plantago lanceolata</i>
Prunus	<i>Prunus sp.</i>
Sheep Sorrel	<i>Rumex acetosella</i>
St John's-wort	<i>Hypericum perforatum</i>
Sugar Gum	<i>Eucalyptus cladocalyx</i>
Sweet Briar	<i>Rosa rubiginosa</i>
Yorkshire Fog	<i>Holcus lanatus</i>



**Figure One:** Remnant native vegetation cross lots 13-16 of the project site.



**Figure Two:** Remnant native vegetation cross lots 1-12 of the project site.

### 3.3 Habitat Value

The original habitat carried by this site and its local landscape would have been represented by a few key ecological elements: scattered large old Trees; scattered clusters of shrubs; scattered understorey trees and clusters of regenerating saplings; a diverse and colourful ground flora and grasses, bulbous plants and various herbs; and scattered coarse woody debris.

The site as it is dominated by introduced grasses and four scattered indigenous trees. The area provides very little in the way of ecological resources to attract or retain very much fauna of the original ecological systems. Furthermore, the residential, roads agricultural infrastructure provides little in the way of ecological resources to attract very much fauna of the original ecological systems. It is extremely likely, therefore, that the faunal diversity of this site is very low.

## 4 Biodiversity Impacts

### 4.1 Vegetation Impacts

The Native Vegetation Removal Report dated 26/3/2019 details the implications and offsets associated with the removal of the vegetation. There are seven patches of remnant vegetation proposed to be removed. The report is attached as Appendix A. Vegetation will be removed in order to install cross-overs into some lots, and to accommodate sixteen properties less than 4000m<sup>2</sup>. Details of the locations and justifications for the vegetation removal are described below.

#### **Proposed Cross-overs**

The proposed cross-overs will see the installation of pipes in the current drain to allow for the flow of water down Halls Flat Road. The works will involve a small amount of excavation, followed by the laying of gravel and then pipeline infrastructure. The works will impact a width of no more than 6 metres. There is an existing open culvert which the pipes will be installed into.

As part of project three Red Gums will need to be removed along Halls Flat Road - Trees 6, 8 and 10. There will be minor impacts within the Tree Protection Zones (TPZ) of four Trees 7, 11, 12 and 13. The impacts within these TPZ will be restricted to less than 10 per cent of the total TPZ area. Tree 9 will see works across approximately 30 per cent of its TPZ area. As the works will involve only a small



amount of excavation, it is unlikely that there will be significant root disturbance of this tree, and as such its proposed to be retained.

### **Within the Property**

The five large Red Gums - Trees 1, 2, 3, 4 and 5 are proposed to be retained within the lots. The patches of remnant vegetation within the site will be removed to accommodate the lots and the dwelling envelopes. Vegetation which is classified as regrowth less than ten years old has not been included within the NVR, this mainly consists of regenerating Red Gums up to 1.5m in height which would generally be removed as part of fuel reduction activities.

### **Total Impacts**

There are seven patches of remnant vegetation proposed to be removed totalling 0.216 hectares with a general habitat score of 0.071 . No large trees are proposed as part of the removals.

The offset for this project is 0.107 general habitat units, must have a minimum strategic biodiversity score of 0.442 and be located within Goulburn Broken Catchment or Murrindindi Shire.

The vegetation is located within Location 2 due to the presence of an endangered Ecological Vegetation Class. The removal, however, of less than 0.5 hectares of native vegetation will not have a significant impact on any habitat for a rare or threatened species.

**Table Three: Tree species, size and protection zones.**

No.	Species	Common Name	DBH (cm)	TPZ (m)	Proposal	Notes
1	<i>Eucalyptus camaldulensis</i>	Red Gum	123.2	14.8	Retain	
2	<i>Eucalyptus camaldulensis</i>	Red Gum	93.9	11.3	Retain	
3	<i>Eucalyptus camaldulensis</i>	Red Gum	128.7	15.4	Retain	
4	<i>Eucalyptus camaldulensis</i>	Red Gum	119.7	14.4	Retain	
5	<i>Eucalyptus camaldulensis</i>	Red Gum	101.3	12.2	Retain	
6	<i>Eucalyptus camaldulensis</i>	Red Gum	32.8	3.9	Remove	
7	<i>Eucalyptus camaldulensis</i>	Red Gum	61.8	7.4	Retain	
8	<i>Eucalyptus camaldulensis</i>	Red Gum	29.6	3.6	Remove	
9	<i>Eucalyptus camaldulensis</i>	Red Gum	54.5	6.5	Retain	
10	<i>Eucalyptus camaldulensis</i>	Red Gum	20.0	2.4	Remove	Previously cut and multi-stemmed regrowth from stump.
11	<i>Eucalyptus camaldulensis</i>	Red Gum	115.6	13.9	Retain	
12	<i>Eucalyptus camaldulensis</i>	Red Gum	59.2	7.1	Retain	
13	<i>Eucalyptus camaldulensis</i>	Red Gum	78.7	9.4	Retain	

#### 4.2 Avoid and minimize

Vegetation removal has been avoided by retaining Trees 1-5 within the lots, and protecting them under a Section 173 on-title covenant.

Vegetation removal has been minimised by locating the proposed cross-overs in the most cleared areas along Halls Flat Road. Larger trees along Halls Flat Road have been retained as part of the proposal.

### **4.3 Threatened Species**

The degraded nature of the site provides low quality habitat. The remaining trees at the site are not connected to other areas of remnant vegetation. There are no threatened species recorded as present at the site, and it is therefore unlikely that there will be any impacts on threatened species.

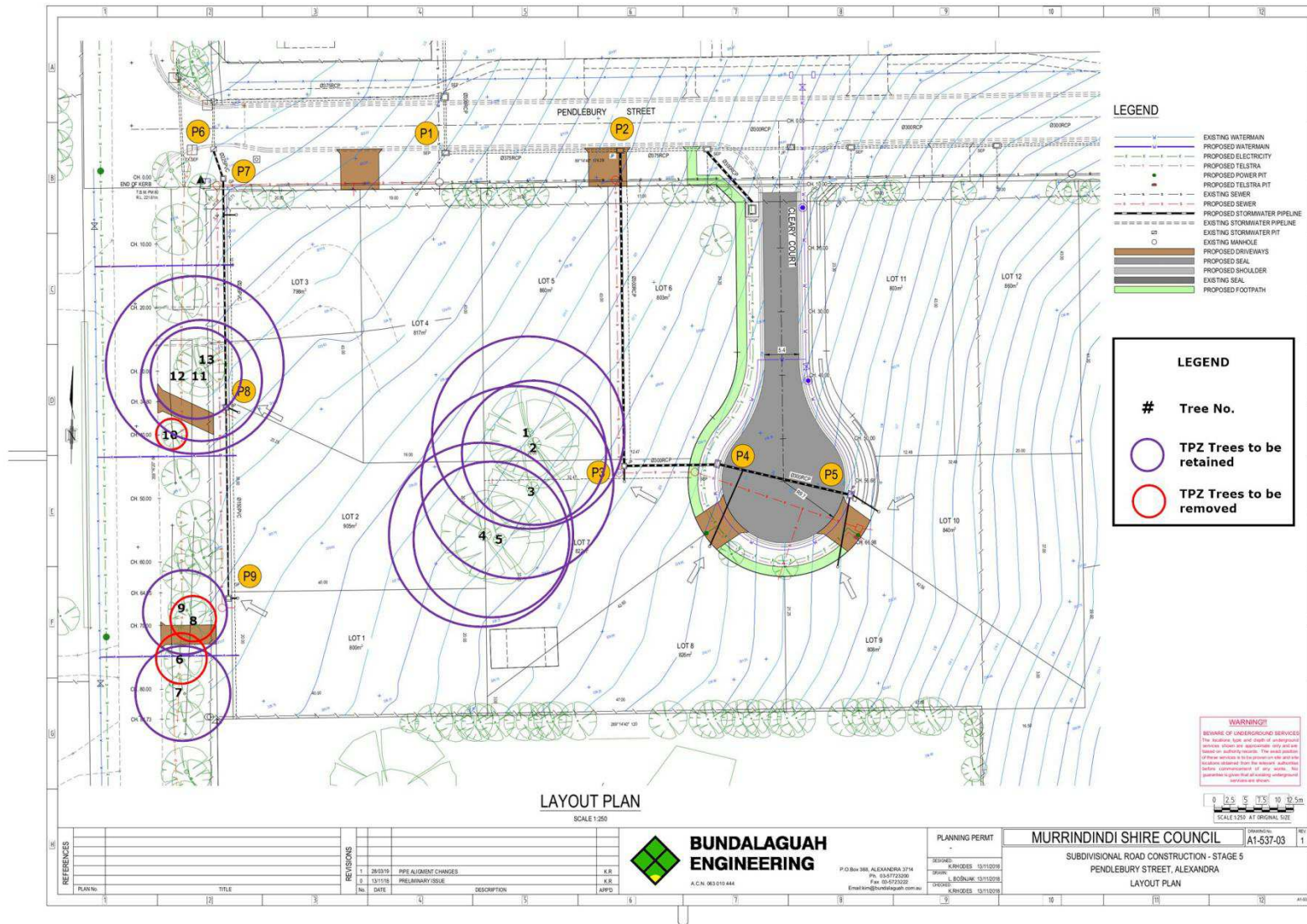


Figure Three: Tree locations across the project area.

## 5 Photos



**Photo 1:** Facing east from Halls Flat Road showing the proposed cross over to lot 1, with Trees 6 and 7 to the right and Trees 8 and 9 on the left. Trees 6 and 8 will be removed to make way for the cross over.



**Photo 2:** Facing east from Halls Flat Road showing the proposed cross over to lot 2, with Tree 10 (to be removed) to the right and Trees 11, 12 and 13 on the left.



**Photo 3:** Facing east from Halls Flat Road towards Trees 1 - 5 which will be retained as part of the proposal.



**Photo 4:** Facing south-west from Pendlebury Street into Lots 13 and 16, showing the degraded pasture understorey present across most of the site.



**Photo 5:** Facing south-west down Pendlebury Street from the boundary of lot 16 showing the introduced trees and shrubs present along the property boundary.



**Photo 6:** Facing south up Halls Flat Road showing cross-overs from previous developments to the north of the proposed development.



**Photo 7:** Facing south up Halls Flat Road showing cross-overs from previous developments to the north of the proposed development.



## Appendix A - Native Vegetation Removal Report

# Native vegetation removal report

## A report to support an application to remove, destroy or lop native vegetation in the Intermediate Assessment Pathway using the modelled condition score

This report provides information to support an application to remove native vegetation in accordance with the *Guidelines for the removal, destruction or lopping of native vegetation*. The report is not an assessment by DELWP or local council of the proposed native vegetation removal. Biodiversity information and offset requirements have been calculated using modelled condition scores contained in the *Native vegetation condition map*.

**Date and time:** 26 March 2019 16:52 PM

**Lat./Long.:** -37.2000821779142,145.702103627487

**Native vegetation report ID:**

**Address:** 15 HALLS FLAT ROAD ALEXANDRA 3714

355-20190326-014

## Assessment pathway

### The assessment pathway and reason for the assessment pathway

Assessment pathway	Intermediate Assessment Pathway
Extent of past plus proposed native vegetation removal	0.216 hectares
No. large trees	0 large tree(s)
Location category	Location 2  The native vegetation is in an area mapped as an Endangered Ecological Vegetation Class. Removal of less than 0.5 hectares of native vegetation will not have a significant impact on any habitat for a rare or threatened species.

## Offset requirement

### The offset requirement that will apply if the native vegetation is approved to be removed

Offset type	General offset
Offset amount	0.107 general habitat units
Offset attributes	
Vicinity	Goulburn Broken Catchment Management Authority (CMA) or Murrindindi Shire Council
Minimum strategic biodiversity value score	0.442
Large trees	0 large tree(s)

# Native vegetation removal report

## Biodiversity information about the native vegetation

### Description of any past native vegetation removal

Any native vegetation that was approved to be removed, or was removed without the required approvals, on the same property or on contiguous land in the same ownership, in the five year period before the application to remove native vegetation is lodged is detailed below.

Permit/PIN number	Extent of native vegetation (hectares)
None entered	0 hectares

### Description of the native vegetation proposed to be removed

Extent of all mapped native vegetation	0.216 hectares
Condition score of all mapped native vegetation	0.425
Strategic biodiversity value score of all mapped native vegetation	0.552
Extent of patches native vegetation	0.216 hectares
1	0.061 hectares
2	0.015 hectares
3	0.018 hectares
4	0.059 hectares
5	0.051 hectares
6	0.005 hectares
7	0.007 hectares
Extent of scattered trees	0 hectares
No. large trees within patches	0 large tree(s)
No. large scattered trees	0 large tree(s)
No. small scattered trees	0 small tree(s)

### Additional information about trees to be removed, shown in Figure 1

Tree ID	Tree circumference (cm)	Benchmark circumference (cm)	Scattered / Patch	Tree size
N/A				

# Native vegetation removal report

## Other information

---

Applications to remove, destroy or lop native vegetation must include all the below information. If an appropriate response has not been provided the application is not complete.

### Photographs of the native vegetation to be removed

Recent, dated photographs of the native vegetation to be removed must be provided with the application. All photographs must be clear, show whether the vegetation is a patch of native vegetation or scattered trees, and identify any large trees. If the area of native vegetation to be removed is large, provide photos that are indicative of the native vegetation.

Ensure photographs are attached to the application. If appropriate photographs have not been provided the application is not complete.

### Topographical and land information

Description of the topographic and land information relating to the native vegetation to be removed, including any ridges, crests and hilltops, wetlands and waterways, slopes of more than 20 percent, drainage lines, low lying areas, saline discharge areas, and areas of existing erosion, as appropriate. This may be represented in a map or plan. **This is an application requirement and your application will be incomplete without it.**

See attached documentation.

### Avoid and minimise statement

This statement describes what has been done to avoid the removal of, and minimise impacts on the biodiversity and other values of native vegetation. **This is an application requirement and your application will be incomplete without it.**

See attached documentation.

### Defendable space statement

Where the removal of native vegetation is to create defendable space, a written statement explaining why the removal of native vegetation is necessary. This statement must have regard to other available bushfire risk mitigation measures. This statement is not required if your application also includes an application under the Bushfire Management Overlay.

See attached documentation.

### Offset statement

An offset statement that demonstrates that an offset is available and describes how the required offset will be secured. **This is an application requirement and your application will be incomplete without it.**

Offsets will be purchased through a third party broker.

# Native vegetation removal report

## Next steps

Applications to remove, destroy or lop native vegetation must address all the application requirements specified in *Guidelines for the removal, destruction or lopping of native vegetation*. If you wish to remove the mapped native vegetation you are required to apply for a permit from your local council. This *Native vegetation removal report* must be submitted with your application and meets most of the application requirements. The following needs to be added as applicable.

### Property Vegetation Plan

Landowners can manage native vegetation on their property in the longer term by developing a Property Vegetation Plan (PVP) and entering into an agreement with DELWP.

If an approved PVP applies to the land, ensure the PVP is attached to the application.

### Applications under Clause 52.16

An application to remove, destroy or lop native vegetation is under Clause 52.16 if a Native Vegetation Precinct Plan (NVPP) applies to the land, and the proposed native vegetation removal is not in accordance with the relevant NVPP. If this is the case, a statement that explains how the proposal responds to the NVPP considerations must be provided.

If the application is under Clause 52.16, ensure a statement that explains how the proposal responds to the NVPP considerations is attached to the application.

---

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Melbourne 2019.

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Authorised by the Victorian Government, 8 Nicholson Street, East Melbourne.

For more information contact the DELWP Customer Service Centre 136 186

[www.delwp.vic.gov.au](http://www.delwp.vic.gov.au)

### Disclaimer

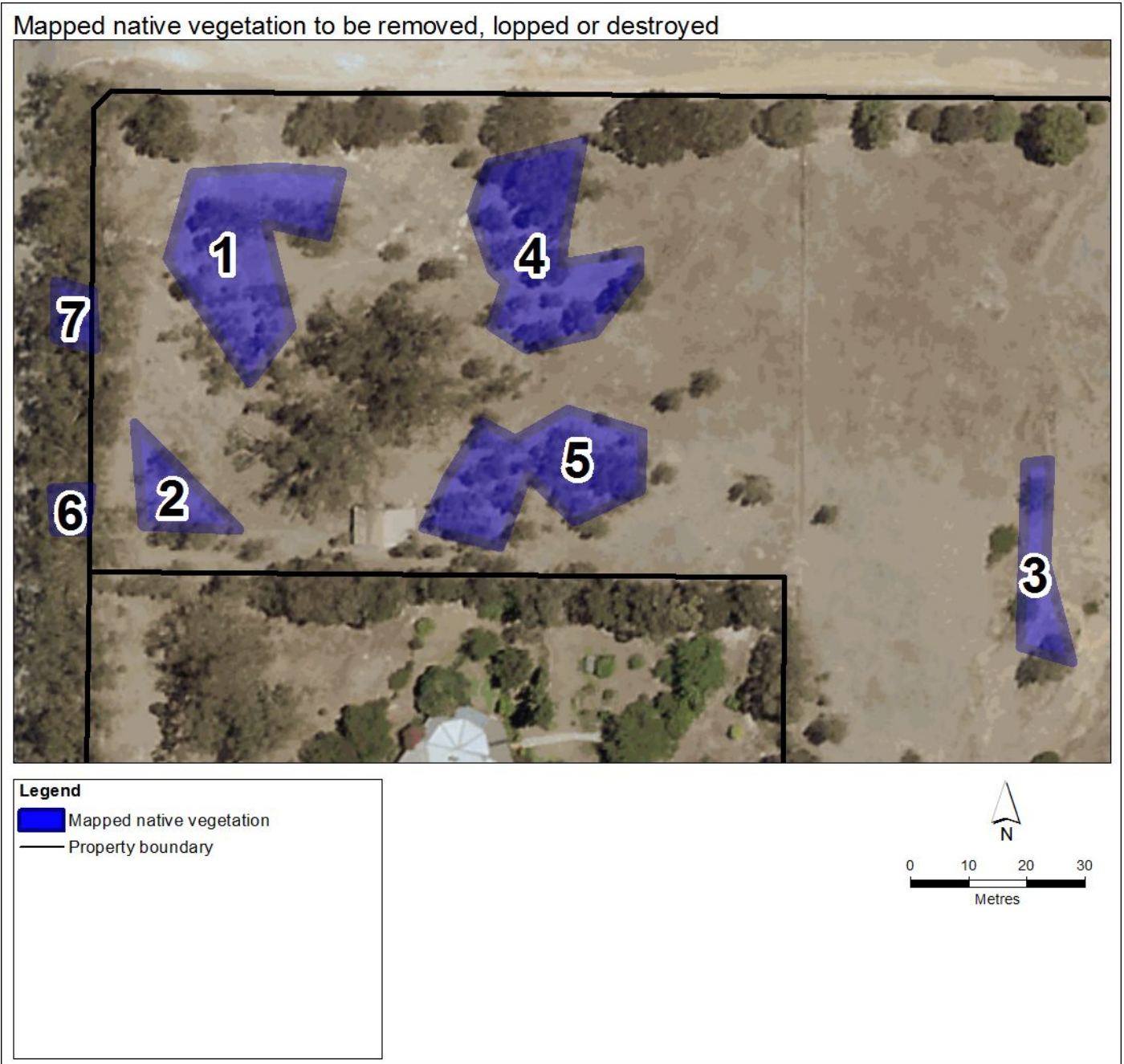
This publication may be of assistance to you but the State of Victoria and its employees do not guarantee that the publication is without flaw of any kind or is wholly appropriate for your particular purposes and therefore disclaims all liability for any error, loss or other consequence which may arise from you relying on any information in this publication.

Obtaining this publication does not guarantee that an application will meet the requirements of Clauses 52.16 or 52.17 of planning schemes in Victoria or that a permit to remove native vegetation will be granted.

Notwithstanding anything else contained in this publication, you must ensure that you comply with all relevant laws, legislation, awards or orders and that you obtain and comply with all permits, approvals and the like that affect, are applicable or are necessary to undertake any action to remove, lop or destroy or otherwise deal with any native vegetation or that apply to matters within the scope of Clauses 52.16 or 52.17 of planning schemes in Victoria.

# Native vegetation removal report

**Figure 1 – Map of native vegetation to be removed, destroyed or lopped**



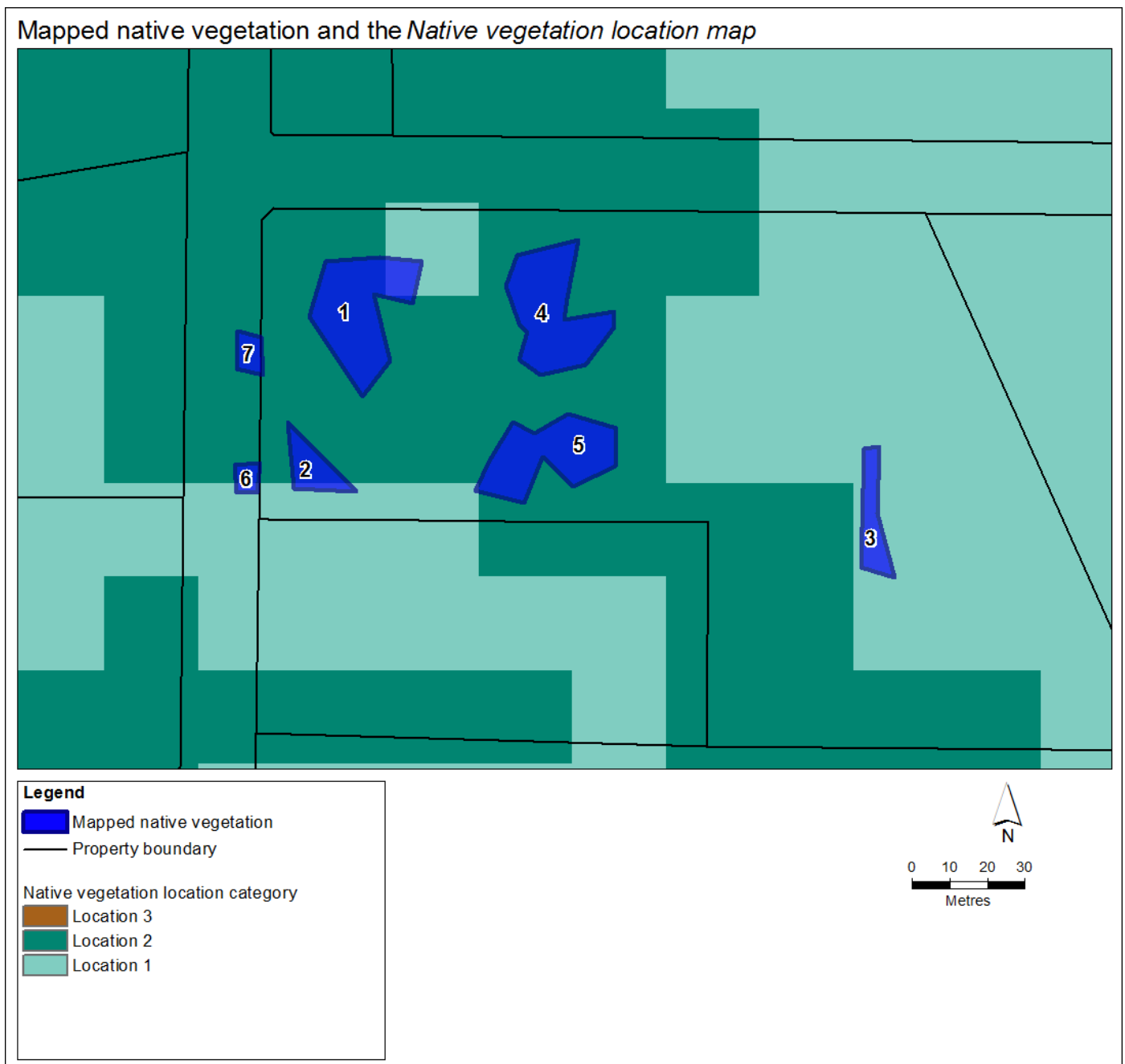
# Native vegetation removal report

**Figure 2 – Map of property in context**



# Native vegetation removal report

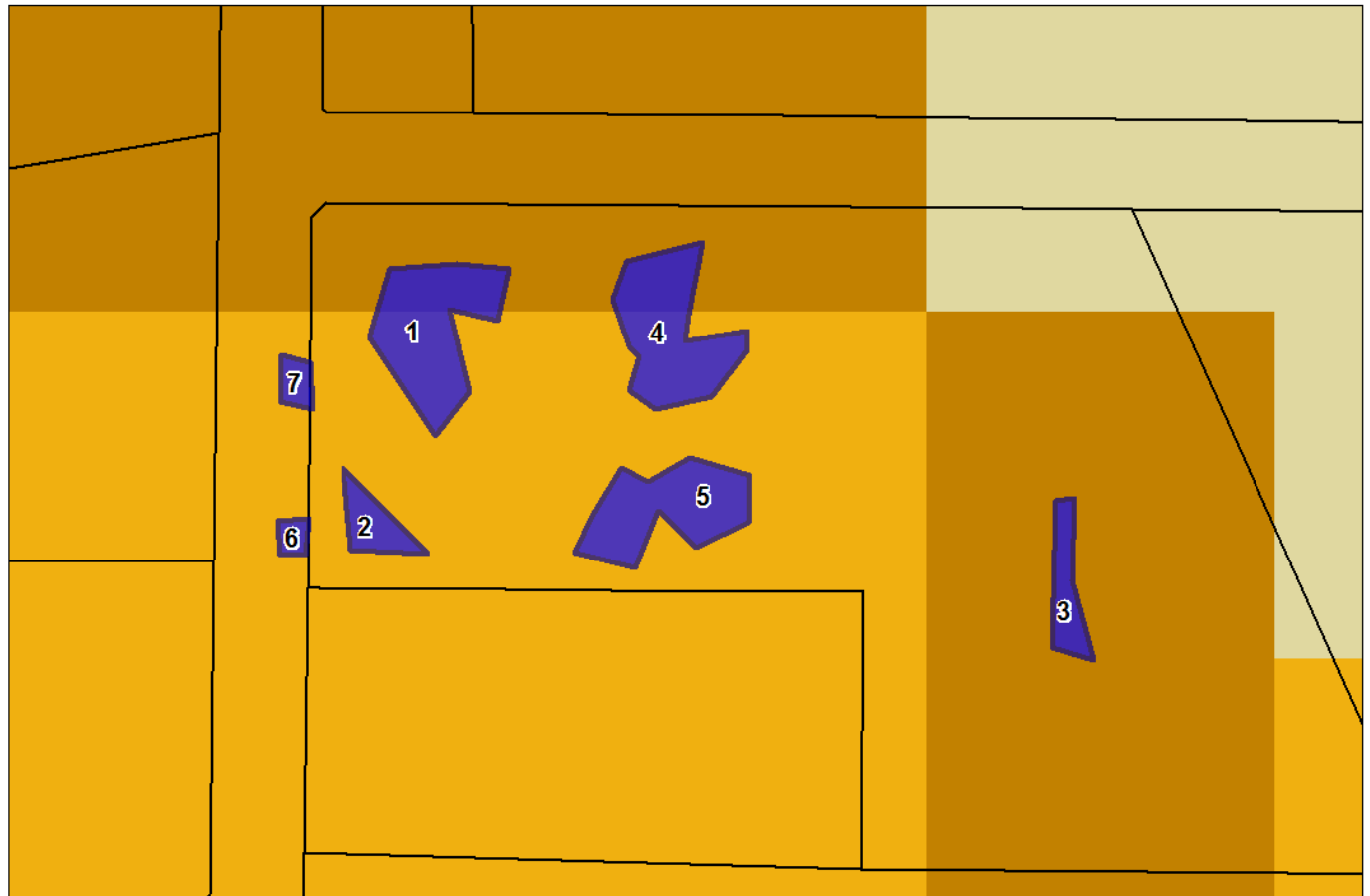
## Figure 3 – Biodiversity information maps





# Native vegetation removal report

Mapped native vegetation and the *Native vegetation condition map*



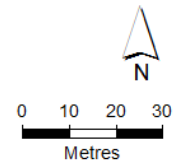
**Legend**

- Mapped native vegetation
- Property boundary

Native vegetation condition\*

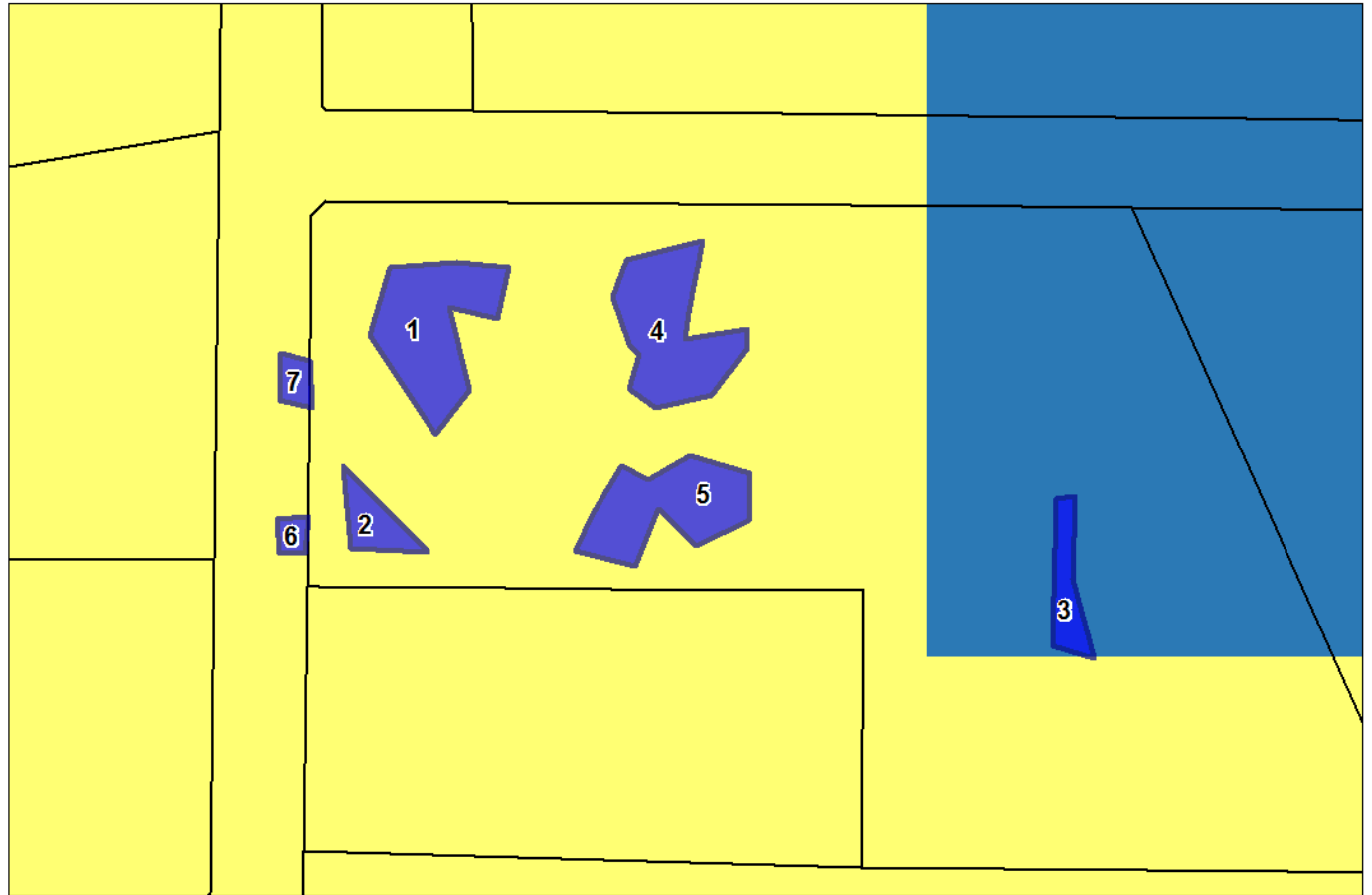
- 0.81 - 1.00
- 0.61 - 0.80
- 0.41 - 0.60
- 0.21 - 0.40
- 0.00 - 0.20

\* These classes are for display purposes only





# Native vegetation removal report






Mapped native vegetation and the *Strategic biodiversity value map*



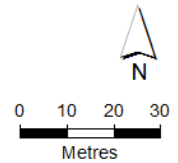
**Legend**

-  Mapped native vegetation
-  Property boundary

**Strategic biodiversity value\***

-  0.81 - 1.00
-  0.61 - 0.80
-  0.41 - 0.60
-  0.21 - 0.40
-  0.00 - 0.20

\* These classes are for display purposes only



# Native vegetation removal report

## Appendix 1 - Details of offset requirements

### Native vegetation to be removed

<b>Extent of all mapped native vegetation (for calculating habitat hectares)</b>	0.216	The area of land covered by a patch of native vegetation and/or a scattered tree, measured in hectares. Where the mapped native vegetation includes scattered trees, each tree is assigned a standard extent and converted to hectares. A small scattered tree is assigned a standard extent defined by a circle with a 10 metre radius and a large scattered tree a circle with a 15 metre radius.  The extent of all mapped native vegetation is an input to calculating the habitat hectares.
<b>Condition score*</b>	0.425	The condition score of native vegetation is a site-based measure that describes how close native vegetation is to its mature natural state. The condition score is the weighted average condition score of the mapped native vegetation calculated using the <i>Native vegetation condition map</i> .
<b>Habitat hectares</b>	0.092	Habitat hectares is a site-based measure that combines extent and condition of native vegetation. It is calculated by multiplying the extent of native vegetation by the condition score:  <b>Habitat hectares = extent x condition score</b>
<b>Strategic biodiversity value score</b>	0.552	The strategic biodiversity value score represents the complementary contribution to Victoria's biodiversity of a location, relative to other locations across the state. This score is the weighted average strategic biodiversity value score of the mapped native vegetation calculated using the <i>Strategic biodiversity value map</i> .
<b>General landscape factor</b>	0.776	The general landscape factor is an adjusted strategic biodiversity value score. It has been adjusted to reduce the influence of landscape scale information on the general habitat score.
<b>General habitat score</b>	0.071	The general habitat score combines site-based and landscape scale information to obtain an overall measure of the biodiversity value of the native vegetation. The general habitat score is calculated as follows:  <b>General habitat score = habitat hectares x general landscape factor</b>

\* **Offset requirements for partial removal:** If your proposal is to remove parts of the native vegetation in a patch (for example only understorey plants) the condition score must be adjusted. This will require manual editing of the condition score and an update to the calculations that the native vegetation removal tool has provided: habitat hectares, general habitat score and offset amount.

### Offset requirements

<b>Offset type</b>	General offset	A general offset is required when the removal of native vegetation does not have a significant impact on any habitat for rare or threatened species. All proposals in the Basic and Intermediate assessment pathways will only require a general offset.
<b>Offset multiplier</b>	1.5	This multiplier is used to address the risk that the predicted outcomes for gain will not be achieved, and therefore will not adequately compensate the biodiversity loss from the removal of native vegetation.
<b>Offset amount (general habitat units)</b>	0.107	The general habitat units are the amount of offset that must be secured if the application is approved. This offset requirement will be a condition to any permit or approval for the removal of native vegetation.  <b>General habitat units required = general habitat score x 1.5</b>
<b>Minimum strategic biodiversity value score</b>	0.442	The offset site must have a strategic biodiversity value score of at least 80 per cent of the strategic biodiversity value score of the native vegetation to be removed. This is to ensure offsets are located in areas with a strategic biodiversity value that is comparable to the native vegetation to be removed.
<b>Vicinity</b>	Goulburn Broken CMA or Murrindindi Shire Council	The offset site must be located within the same Catchment Management Authority boundary or municipal district as the native vegetation to be removed.
<b>Large trees</b>	0 large tree (s)	The offset site must protect at least one large tree for every large tree removed. A large tree is a native canopy tree with a Diameter at Breast Height greater than or equal to the large tree benchmark for the local Ecological Vegetation Class. A large tree can be either a large scattered tree or a large patch tree.

# vegetationlink

21 June 2019

Our Reference: ESLS-4696  
Your Reference: Halls Flat Rd, Alexandra

Tania Begg  
Tree Wish  
By Email: mstaniabegg@hotmail.com

Dear Tania,

## RE: Quotation for the supply of Native Vegetation Credits

Vegetation Link is an accredited offset provider with the Department of Environment, Land, Water & Planning (DELWP). We offer a specialised brokerage service to enable permit holders and developers to identify suitable native vegetation credits to meet their planning permit offset requirements.

Based upon the information you provided, I understand you require the following native vegetation offset:

Offset Type	Attributes	General Habitat Units (GHU)	Minimum Strategic Biodiversity Value Score (SBV)	Large Trees
General	Goulburn Broken CMA	0.153	0.451	5

To meet your offset requirements, you can purchase native vegetation credits from a third party as per the option quoted below<sup>1</sup>. This quotation is valid for 14 days, subject to credit availability and landholder pricing.

<b>DELWP Pathway (approx. 3-4 week turnaround)</b>	
Cost of Native Vegetation Credits	\$21,830.00
Transaction Fees	\$960.00
<b>Total (ex GST)</b>	<b>\$22,790.00</b>
Total (Inc. GST)	\$25,069.00

If you would like to purchase credits let us know by email that you accept the quote, and return the attached Purchaser Table to [offsets@vegetationlink.com.au](mailto:offsets@vegetationlink.com.au).

Upon receipt of the Purchaser Table, we will begin the process to prepare a Credit Trading Agreement to enable the transfer of the credits to you or your nominee. Further details of the process for credit allocation is in the FAQ below.

Should you have any queries, please do not hesitate to contact us on (03) 5470 5232 or email [offsets@vegetationlink.com.au](mailto:offsets@vegetationlink.com.au).

Sincerely,



**Tesha Mahoney**  
Biodiversity Offset Broker

<sup>1</sup> Note that the Transaction Fee includes DELWP NVOR transfer and allocation fees and a Vegetation Link fee

**VEGETATION LINK PTY LTD**  
ABN 92 169 702 032

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## FAQs:

### What is a third party offset?

A third party offset is an offset site owned by another landowner who manages and protects native vegetation on their land. Landowners who establish these offset sites are required to:

- Enter into a Landowner Agreement for the specified offset site. A landowner agreement is in perpetuity and is binding upon the current and future landowners of the site. It permanently restricts use of the site for many purposes.
- Implement a detailed 10-year Management Plan endorsed by the DELWP Native Vegetation Offset Register to manage and improve the biodiversity values of the site.

### How is the price of Native Vegetation Offset Credits (GHUs, GBEUs etc.) determined?

Landowners who own offset sites set their own price for native vegetation credits. They determine the price based on numerous factors. This includes but not limited to site establishment, the cost to manage the site in perpetuity (e.g., maintain fencing, control pest species), foregone use cost, and administrative costs. Depending on how the site is registered, the credit fee may be paid to either DELWP or directly to the landowner.

Further information on pricing can be found here:

[https://www.environment.vic.gov.au/data/assets/pdf\\_file/0030/329466/Info-sheet-Pricing-native-vegetation-credits.pdf](https://www.environment.vic.gov.au/data/assets/pdf_file/0030/329466/Info-sheet-Pricing-native-vegetation-credits.pdf)

### What is the process after I accept the Quote?

After you accept the quote and return the Purchaser Table, the following steps will be undertaken:

1. We will set up a contract between the parties involved and send the contract out for signing by all parties.
2. Once the contract is signed by all parties, invoices will be issued for the fees listed in the quotation. In most cases, we will send you two invoices, one for Vegetation Link transaction fee and one for the credit fee (usually to be paid to DELWP or the landowner). If you pay by EFT to DELWP, we recommend you provide evidence of your payment to Vegetation Link so we may forward this onto DELWP for actioning.
3. Once payments are received, Vegetation Link will send you an Allocated Credit Extract from the Native Vegetation Offset Register and your Executed Contract as evidence that you have purchased the offset.

### How long will the process take? When will I get my credits?

Generally the process from quote acceptance to having evidence of allocated credits takes between 2-6 weeks. This is dependent on a range of factors including the type of landholder agreement, contract types and organisational workflows. We work as quickly as possible to get your credits to you within this time period.

We note that you **cannot** remove vegetation until you have been given permission by the Responsible Authority (usually the Council that has issued your permit).

### What happens if I don't have a permit yet?

When people are buying credits before a permit is issued the following three options are most common:

1. You can pay for the offsets before the planning permit is available, and then the offsets are allocated to the permit when it is available. This will incur an additional \$50 fee from DELWP. When considering this option, it is important to realise that your estimated offset requirements may be different than the actual permit requirements.
2. You can wait for the planning permit to be approved first and then request a quote to meet the requirements in your permit. Should credits be available, you can then start the offset purchase process. We then use the planning permit number for allocating the credits. Allocating credits to the permit is evidence that you have purchased your offset.
3. You can request a quote to confirm availability and to get an idea of the cost of offsetting before you apply for a permit. Once you receive the planning permit you can request an updated quote. It is at this point that you can then go through the offset purchase process.

We cannot guarantee credit availability until a) contracts are executed, or b) credits have been held via a pending trade lodged with DELWP Native Vegetation Offset Register.

We cannot guarantee price until a) a quote has been accepted within 14 days, and b) a Credit Trading Agreement is signed within 21 days, and c) the invoice for the Credits is paid within 28 days of the date the invoice is issued.

### If I sign the contract, does that mean I MUST pay for the credits?

Yes, you have entered into a contract agreeing to pay for the offset credits therein and are required to pay for those credits. The Credits must be paid for within 28 days of the date of the invoice.

### Can you hold the credits for me, as I want to pay later?

We are unable to hold credits for later payment. If you do not wish to proceed in purchasing credits now, but will at a later date, we suggest you request an updated quotation when you are ready to purchase credits.

Please also see 'What happens if I don't have a permit yet?' above.

For further information, see our website or look at the DELWP website:

<http://www.vegetationlink.com.au/>

<https://www.environment.vic.gov.au/native-vegetation/native-vegetation/offsets-for-the-removal-of-native-vegetation>

# Native vegetation removal report

## A report to support an application to remove, destroy or lop native vegetation in the Intermediate Assessment Pathway using the modelled condition score

This report provides information to support an application to remove native vegetation in accordance with the *Guidelines for the removal, destruction or lopping of native vegetation*. The report is not an assessment by DELWP or local council of the proposed native vegetation removal. Biodiversity information and offset requirements have been calculated using modelled condition scores contained in the *Native vegetation condition map*.

**Date and time:** 19 June 2019 07:08 AM

**Lat./Long.:** -37.2000821779142,145.702103627487

**Native vegetation report ID:**

**Address:** 15 HALLS FLAT ROAD ALEXANDRA 3714

355-20190619-002

## Assessment pathway

### The assessment pathway and reason for the assessment pathway

Assessment pathway	Intermediate Assessment Pathway
Extent of past plus proposed native vegetation removal	0.321 hectares
No. large trees	5 large tree(s)
Location category	Location 2  The native vegetation is in an area mapped as an Endangered Ecological Vegetation Class. Removal of less than 0.5 hectares of native vegetation will not have a significant impact on any habitat for a rare or threatened species.

## Offset requirement

### The offset requirement that will apply if the native vegetation is approved to be removed

Offset type	General offset
Offset amount	0.153 general habitat units
Offset attributes	
Vicinity	Goulburn Broken Catchment Management Authority (CMA) or Murrindindi Shire Council
Minimum strategic biodiversity value score	0.451
Large trees	5 large tree(s)

# Native vegetation removal report

## Biodiversity information about the native vegetation

### Description of any past native vegetation removal

Any native vegetation that was approved to be removed, or was removed without the required approvals, on the same property or on contiguous land in the same ownership, in the five year period before the application to remove native vegetation is lodged is detailed below.

Permit/PIN number	Extent of native vegetation (hectares)
None entered	0 hectares

### Description of the native vegetation proposed to be removed

Extent of all mapped native vegetation	0.321 hectares
Condition score of all mapped native vegetation	0.407
Strategic biodiversity value score of all mapped native vegetation	0.564
Extent of patches native vegetation	0.321 hectares
1	0.061 hectares
2	0.015 hectares
3	0.018 hectares
4	0.059 hectares
5	0.051 hectares
6	0.005 hectares
7	0.007 hectares
8	0.105 hectares
Extent of scattered trees	0 hectares
No. large trees within patches	5 large tree(s)
No. large scattered trees	0 large tree(s)
No. small scattered trees	0 small tree(s)

### Additional information about trees to be removed, shown in Figure 1

Tree ID	Tree circumference (cm)	Benchmark circumference (cm)	Scattered / Patch	Tree size
A	387	251	Patch	Large
B	295	251	Patch	Large
C	404	251	Patch	Large
D	376	251	Patch	Large
E	318	251	Patch	Large



# Native vegetation removal report

## Other information

---

Applications to remove, destroy or lop native vegetation must include all the below information. If an appropriate response has not been provided the application is not complete.

### Photographs of the native vegetation to be removed

Recent, dated photographs of the native vegetation to be removed must be provided with the application. All photographs must be clear, show whether the vegetation is a patch of native vegetation or scattered trees, and identify any large trees. If the area of native vegetation to be removed is large, provide photos that are indicative of the native vegetation.

Ensure photographs are attached to the application. If appropriate photographs have not been provided the application is not complete.

### Topographical and land information

Description of the topographic and land information relating to the native vegetation to be removed, including any ridges, crests and hilltops, wetlands and waterways, slopes of more than 20 percent, drainage lines, low lying areas, saline discharge areas, and areas of existing erosion, as appropriate. This may be represented in a map or plan. **This is an application requirement and your application will be incomplete without it.**

See attached documentation.

### Avoid and minimise statement

This statement describes what has been done to avoid the removal of, and minimise impacts on the biodiversity and other values of native vegetation. **This is an application requirement and your application will be incomplete without it.**

See attached documentation.

### Defendable space statement

Where the removal of native vegetation is to create defendable space, a written statement explaining why the removal of native vegetation is necessary. This statement must have regard to other available bushfire risk mitigation measures. This statement is not required if your application also includes an application under the Bushfire Management Overlay.

N/A

### Offset statement

An offset statement that demonstrates that an offset is available and describes how the required offset will be secured. **This is an application requirement and your application will be incomplete without it.**

Offsets will be secured through a provider.

# Native vegetation removal report

## Next steps

Applications to remove, destroy or lop native vegetation must address all the application requirements specified in *Guidelines for the removal, destruction or lopping of native vegetation*. If you wish to remove the mapped native vegetation you are required to apply for a permit from your local council. This *Native vegetation removal report* must be submitted with your application and meets most of the application requirements. The following needs to be added as applicable.

### Property Vegetation Plan

Landowners can manage native vegetation on their property in the longer term by developing a Property Vegetation Plan (PVP) and entering into an agreement with DELWP.

If an approved PVP applies to the land, ensure the PVP is attached to the application.

### Applications under Clause 52.16

An application to remove, destroy or lop native vegetation is under Clause 52.16 if a Native Vegetation Precinct Plan (NVPP) applies to the land, and the proposed native vegetation removal is not in accordance with the relevant NVPP. If this is the case, a statement that explains how the proposal responds to the NVPP considerations must be provided.

If the application is under Clause 52.16, ensure a statement that explains how the proposal responds to the NVPP considerations is attached to the application.

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Melbourne 2019.

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Authorised by the Victorian Government, 8 Nicholson Street, East Melbourne.

For more information contact the DELWP Customer Service Centre 136 186

[www.delwp.vic.gov.au](http://www.delwp.vic.gov.au)

### Disclaimer

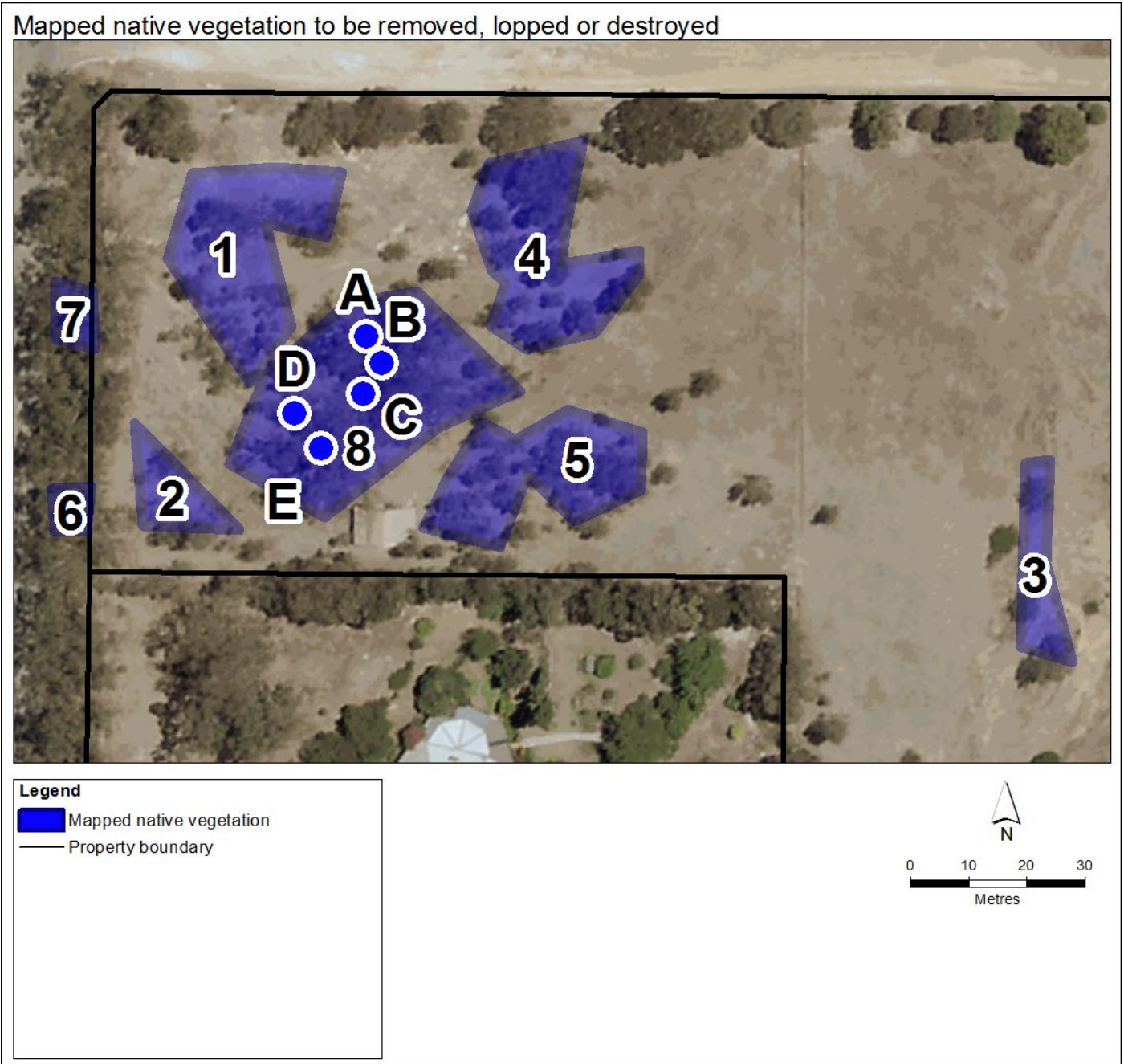
This publication may be of assistance to you but the State of Victoria and its employees do not guarantee that the publication is without flaw of any kind or is wholly appropriate for your particular purposes and therefore disclaims all liability for any error, loss or other consequence which may arise from you relying on any information in this publication.

Obtaining this publication does not guarantee that an application will meet the requirements of Clauses 52.16 or 52.17 of planning schemes in Victoria or that a permit to remove native vegetation will be granted.

Notwithstanding anything else contained in this publication, you must ensure that you comply with all relevant laws, legislation, awards or orders and that you obtain and comply with all permits, approvals and the like that affect, are applicable or are necessary to undertake any action to remove, lop or destroy or otherwise deal with any native vegetation or that apply to matters within the scope of Clauses 52.16 or 52.17 of planning schemes in Victoria.

# Native vegetation removal report

**Figure 1 – Map of native vegetation to be removed, destroyed or lopped**



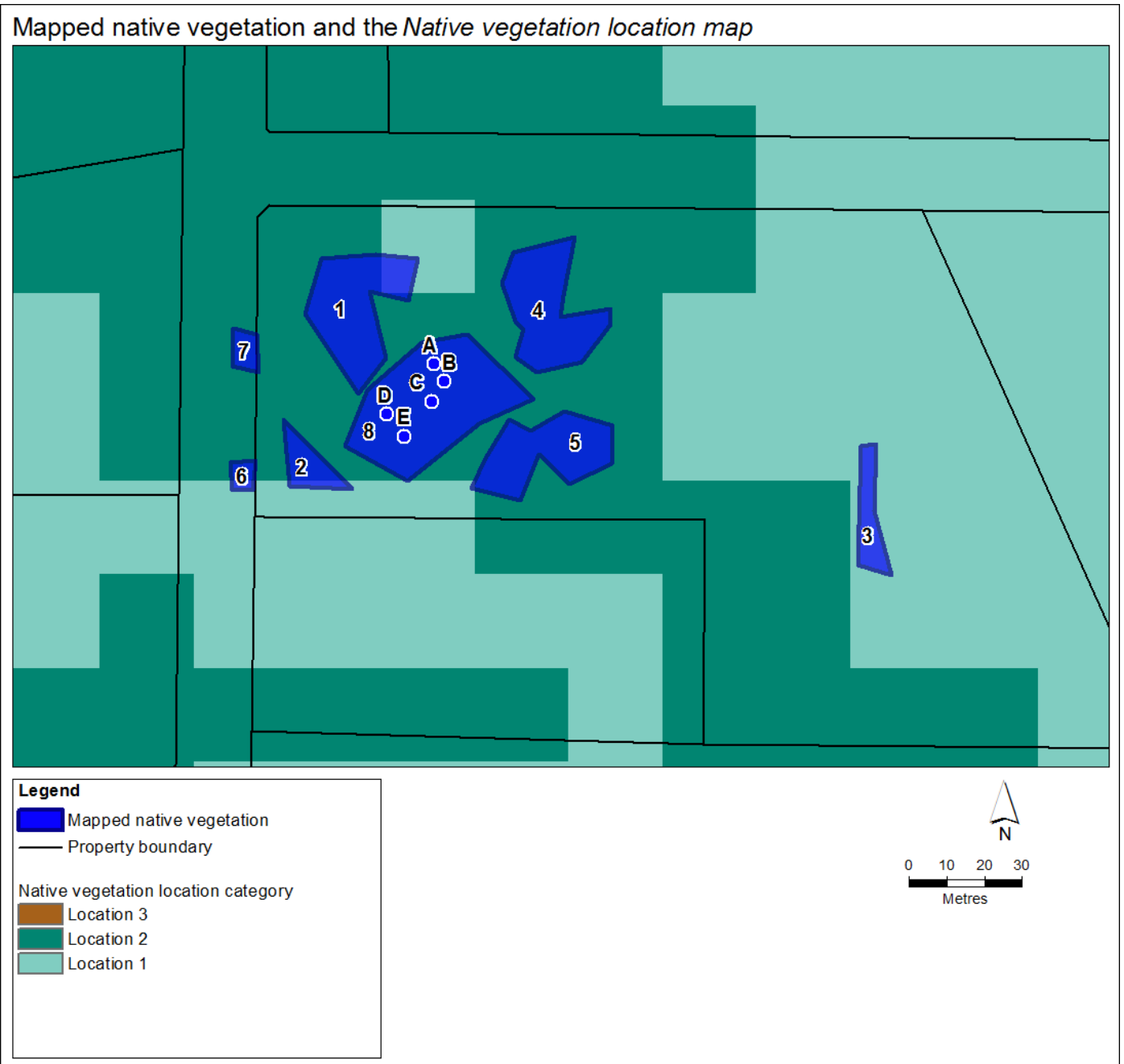
# Native vegetation removal report

**Figure 2 – Map of property in context**



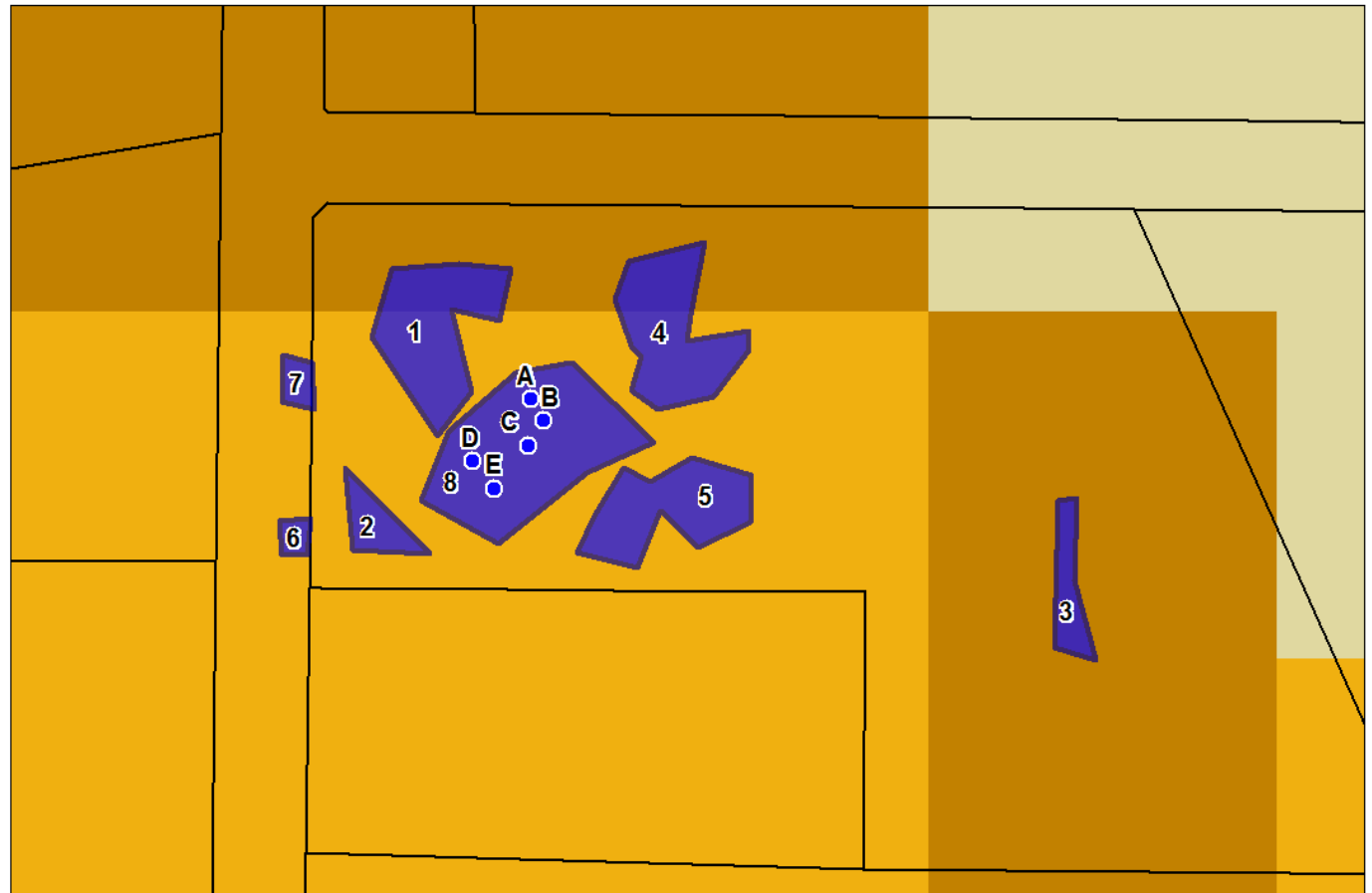
# Native vegetation removal report

**Figure 3 – Biodiversity information maps**





# Native vegetation removal report






Mapped native vegetation and the *Native vegetation condition map*



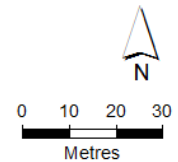
**Legend**

-  Mapped native vegetation
-  Property boundary

Native vegetation condition\*

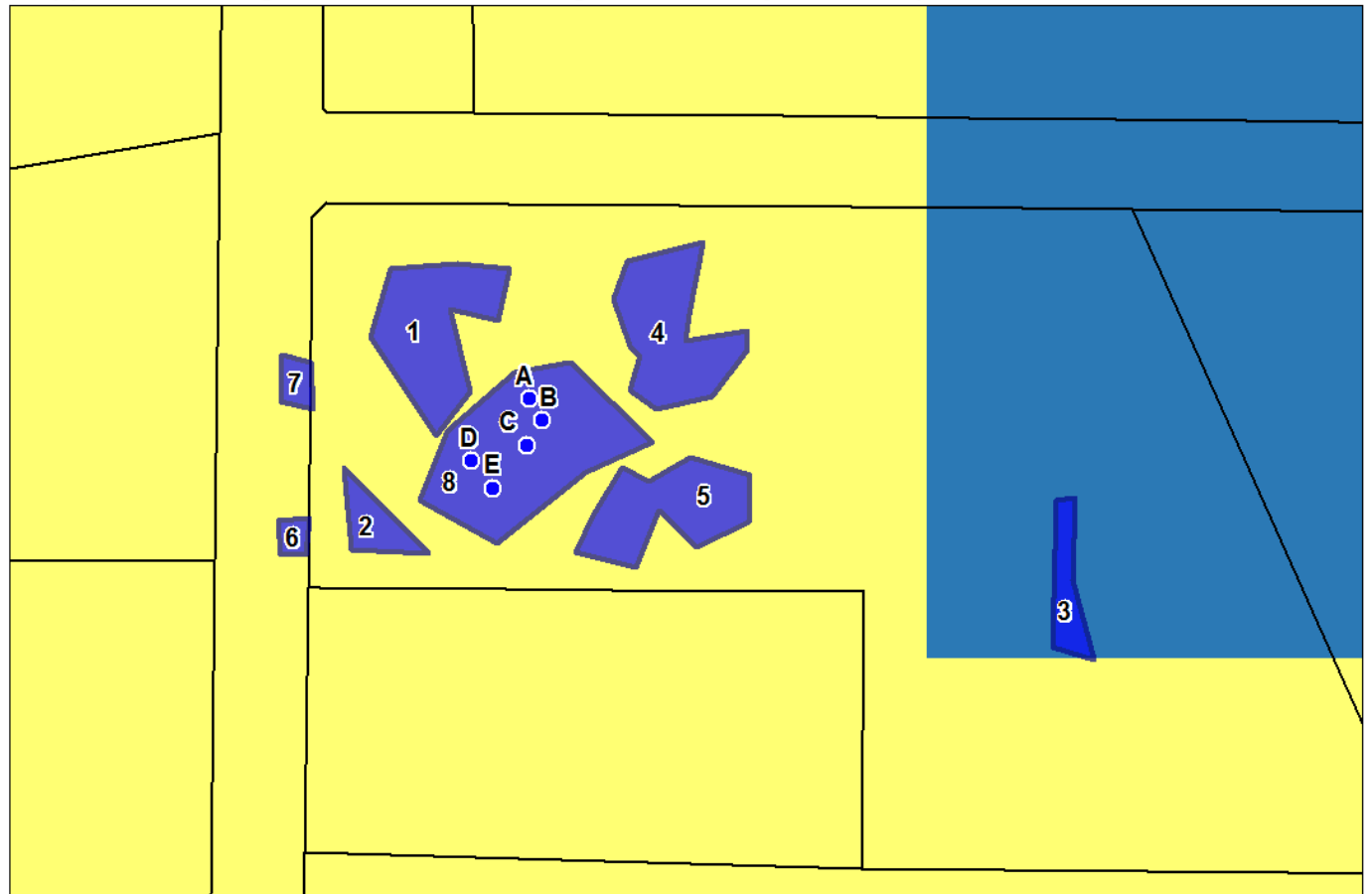
-  0.81 - 1.00
-  0.61 - 0.80
-  0.41 - 0.60
-  0.21 - 0.40
-  0.00 - 0.20

\* These classes are for display purposes only



# Native vegetation removal report

Mapped native vegetation and the *Strategic biodiversity value map*



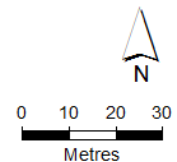
**Legend**

- Mapped native vegetation
- Property boundary

Strategic biodiversity value\*

0.81 - 1.00
0.61 - 0.80
0.41 - 0.60
0.21 - 0.40
0.00 - 0.20

\* These classes are for display purposes only



# Native vegetation removal report

## Appendix 1 - Details of offset requirements

### Native vegetation to be removed

<b>Extent of all mapped native vegetation (for calculating habitat hectares)</b>	0.321	The area of land covered by a patch of native vegetation and/or a scattered tree, measured in hectares. Where the mapped native vegetation includes scattered trees, each tree is assigned a standard extent and converted to hectares. A small scattered tree is assigned a standard extent defined by a circle with a 10 metre radius and a large scattered tree a circle with a 15 metre radius.  The extent of all mapped native vegetation is an input to calculating the habitat hectares.
<b>Condition score*</b>	0.407	The condition score of native vegetation is a site-based measure that describes how close native vegetation is to its mature natural state. The condition score is the weighted average condition score of the mapped native vegetation calculated using the <i>Native vegetation condition map</i> .
<b>Habitat hectares</b>	0.131	Habitat hectares is a site-based measure that combines extent and condition of native vegetation. It is calculated by multiplying the extent of native vegetation by the condition score:  <b>Habitat hectares = extent x condition score</b>
<b>Strategic biodiversity value score</b>	0.564	The strategic biodiversity value score represents the complementary contribution to Victoria's biodiversity of a location, relative to other locations across the state. This score is the weighted average strategic biodiversity value score of the mapped native vegetation calculated using the <i>Strategic biodiversity value map</i> .
<b>General landscape factor</b>	0.782	The general landscape factor is an adjusted strategic biodiversity value score. It has been adjusted to reduce the influence of landscape scale information on the general habitat score.
<b>General habitat score</b>	0.102	The general habitat score combines site-based and landscape scale information to obtain an overall measure of the biodiversity value of the native vegetation. The general habitat score is calculated as follows:  <b>General habitat score = habitat hectares x general landscape factor</b>

\* **Offset requirements for partial removal:** If your proposal is to remove parts of the native vegetation in a patch (for example only understorey plants) the condition score must be adjusted. This will require manual editing of the condition score and an update to the calculations that the native vegetation removal tool has provided: habitat hectares, general habitat score and offset amount.

### Offset requirements

<b>Offset type</b>	General offset	A general offset is required when the removal of native vegetation does not have a significant impact on any habitat for rare or threatened species. All proposals in the Basic and Intermediate assessment pathways will only require a general offset.
<b>Offset multiplier</b>	1.5	This multiplier is used to address the risk that the predicted outcomes for gain will not be achieved, and therefore will not adequately compensate the biodiversity loss from the removal of native vegetation.
<b>Offset amount (general habitat units)</b>	0.153	The general habitat units are the amount of offset that must be secured if the application is approved. This offset requirement will be a condition to any permit or approval for the removal of native vegetation.  <b>General habitat units required = general habitat score x 1.5</b>
<b>Minimum strategic biodiversity value score</b>	0.451	The offset site must have a strategic biodiversity value score of at least 80 per cent of the strategic biodiversity value score of the native vegetation to be removed. This is to ensure offsets are located in areas with a strategic biodiversity value that is comparable to the native vegetation to be removed.
<b>Vicinity</b>	Goulburn Broken CMA or Murrindindi Shire Council	The offset site must be located within the same Catchment Management Authority boundary or municipal district as the native vegetation to be removed.
<b>Large trees</b>	5 large tree (s)	The offset site must protect at least one large tree for every large tree removed. A large tree is a native canopy tree with a Diameter at Breast Height greater than or equal to the large tree benchmark for the local Ecological Vegetation Class. A large tree can be either a large scattered tree or a large patch tree.



**Grants and Contribution Program  
Community Projects and Events Grant Applications Summary – August 2019**

TRIM ref: 19/58784

No	Org / Club / Individual	Project Name and description	Project Value	Grant amount Requested	Grant amount recommended by Assessment Committee	Assessment Panel comments and recommendation
<b>Grant applications</b>						
1	<b>Individual Sponsorship – Lachlan Nicholls</b>	<i>Represent Australia in the Asian / Oceania Modern Pentathlon Championships</i> Sponsorship request to support a young person to attend the Asian Oceania Modern Pentathlon Championships in Kunming China. Auspice by Narbethong CFA	\$3000	\$1000	\$1000	Lachlan Nicholls has been chosen to represent Australia in the Asian Oceania Modern Pentathlon Championships. The Narbethong CFA is acting as auspice for the application and his parents are contributing the other costs of the trip. <b>The panel recommended that this application be supported in full.</b>
2	<b>Fit to Drive Foundation</b>	<i>Sponsorship – Fit to Drive Program</i> Sponsor delivery of the Fit to Drive program for year 11 students at Alexandra Secondary College and Yea High School.	\$3526	\$270	\$270	The Fit to Drive program is covering the majority of the costs of running the program in Alexandra Secondary College and Yea High School. The panel reflected that the small contribution sought would support access to a valuable driver safety program for year 11 students. <b>The panel recommended that this application be supported in full.</b>
		<b>TOTAL</b>	\$3000	\$1270	\$1270	
						Funds spent so far this financial year (to July 2019) - \$14,270.13 Remaining funds available - \$214,459.87



MINUTES  
of the  
AUDIT AND RISK ADVISORY COMMITTEE MEETING  
FRIDAY 13 SEPTEMBER 2019  
at  
Murrindindi Shire Council  
Council Chamber  
Perkins Street  
Alexandra  
9.30 am

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Audit and Risk Advisory Committee Meeting Minutes  
13 September 2019

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**1. PRESENT/APOLOGIES**

Present:

- Claude Baxter (Chair)
- Michele Sheward
- Ian McKaskill
- Cr Sandice McAulay (Mayor)
- Cr Leigh Dunscombe
- Cr Margaret Rae.

In attendance:

- Craig Lloyd, Chief Executive Officer
- Michael Chesworth, Director Corporate and Shared Services
- Vito Albicini, Director Assets and Development
- Tara Carter, Manager Governance and Risk
- Graham Haylock, Manager Business Services
- Alan Cassell, Financial Accountant
- David Echeverry, Integrity and Governance Coordinator
- Mark Holloway, Partner, HLB Mann Judd
- Kathie Teasdale, RSD Audit
- Paul Harrison, RSD Audit.

**2. DECLARATIONS OF INTEREST**

Nil to report.

**3. CONFIRMATION OF MINUTES**

3.1 Minutes of the Audit and Risk Advisory Committee Meeting held on 9 May 2019.

**Officer Recommendation**

That the Minutes of the Audit and Risk Advisory Committee Meeting held on 9 May 2019 be confirmed.

**RESOLUTION**

**I McKaskill / Cr L Dunscombe**

**That the Minutes of the Audit and Risk Advisory Committee Meeting held on 9 May 2019 be confirmed.**

**CARRIED**

**4. REVIEW ANY BUSINESS ARISING FROM PREVIOUS MINUTES**

Nil to report.

**RESOLUTION**

**Cr L Dunscombe / I McKaskill**

**That the agenda be re-ordered to consider item 7.1 and 7.2 before considering item 6 on the agenda due to the external auditor time constraints.**

**CARRIED**

**5. RISK MANAGEMENT**

**5.1 CHIEF EXECUTIVE OFFICER QUESTIONNAIRE**

Attachment(s): Chief Executives Questionnaire to Directors – 2019-08 August – CEO (refer Attachment 5.1)

The Chief Executive Officer presented this at the meeting.

**RESOLUTION**

**I McKaskill / Cr M Rae**

**That the report be received.**

**CARRIED**

**5.2 CHIEF EXECUTIVE OFFICER UPDATE**

Attachment(s): VAGO Letter to Minister (refer Attachment 5.2)

**Recent Audits**

The Council has, directly or indirectly, been the subject of several audits in the period since the last Audit and Risk Advisory Committee meeting. These have included:

- internal audit of Human Resources and Workforce planning – HLB Mann Judd (reported at this meeting)
- external annual audit of financial and performance statements – VAGO (reported at this meeting)
- external audit of Council's Occupational Health and Safety Management System against the requirements of the National Self-Insurer OHS Management System Audit Tool – MAV (to be reported to December 2019 meeting)
- external audit of Council's Information Governance under the MAV Information Governance Step Program (to be reported to December 2019 meeting)
- VAGO Audit of Fraud and Corruption Controls in Local Government – Minister for Local Government requested all councils report on progress in meeting the audit's recommendations (reported at this meeting)
- VAGO audit of Reducing Bushfire Risk involving Murrindindi Shire Council and other emergency agencies in the region – report yet to be released.

The workload associated with preparing for, participating in and ultimately responding to these audits has been, and continues to be considerable requiring the Executive to prioritise focus and action on higher risk issues and/or statutory requirements.

As the Audit and Risk Advisory Committee (Committee) is aware, the organisational restructure resulted in the formation of the Governance and Risk Department, which plays a key role in coordinating responses to these audits. Compounding the pressures on workload, two senior coordinator positions in this area remained vacant during this period; namely the Integrity and Governance Coordinator and the Human Resources Coordinator, although the former position has now been filled and the incumbent will commence in mid-September.

These audit and resourcing issues are requiring some re-prioritisation of completion timelines for non-critical recommendations from previous audits and remains work in progress.

#### Fraud and Corruption Control in Local Government

VAGO released its report into Fraud and Corruption Control in Local Government in June 2019 following an audit of four Victorian councils. The audit examined whether local councils' fraud and corruption controls are well designed and operating as intended. It primarily focused on expenditure and processes involving senior council staff and councillors and reviewed fraud and corruption controls and measures relating to:

- credit card and fuel card use
- reimbursements
- identifying and managing conflicts of interest
- responding to suspected incidents of fraud and corruption.

The report is available at <https://www.audit.vic.gov.au/report/fraud-and-corruption-control-local-government?section=>

Whilst the audit did not find evidence of fraud and corruption in those councils audited, it did identify gaps in controls which could foster a culture in which fraud or corruption could occur.

In particular the audit identified:

- expenditure where it was unclear how residents and ratepayers benefited
- practices that may not meet public expectations
- non-compliance with legislative requirements aimed at ensuring transparency over council practices to their communities and regulators.

Subsequent to the release of the report, Council received correspondence from the Minister for Local Government requesting advice on the progress of all councils in meeting the report recommendations by 31 August 2019.

Council's response to the Minister is provided in Attachment 5.2. The Director Corporate and Shared Services will discuss each recommendation and Council's response at this meeting.

In summary, whilst the Executive did not find any serious gaps in relation to the fraud and corruption controls, several areas were identified where Council's controls could be tightened to ensure full compliance with the audit recommendations. Several of these areas were already the focus for review by the Executive, including the updating of Council's Fraud and Corruption Control Policy, which is currently in draft form.

Key areas of improvement for Murrindindi Shire Council include:

- updating of Council's Corporate Credit Card Policy (see separate report at this meeting)
- development of a formalised Fuel Card Policy and guidelines – it is noted that Council does have many of the controls in place over fuel card use as recommend in the audit report, but does not have a formal policy on use (due by 31 October 2019)
- approval of Chief Executive Officer credit card expenditure by senior executive in addition to the Mayor and reported to the Committee (commencing this meeting)
- establish fraud and corruption incident register (currently in draft form and part of a policy review to be completed 31 October 2019)
- provide all staff and Councillors with fraud awareness training (to be scheduled following finalisation of fraud and corruption policy review).

#### Business Continuity Planning (BCP)

Since the last Committee meeting the Executive engaged the services of the consultant who had assisted Council develop its original BCP, to review the status of the BCP and to conduct a workshop with the Leadership team (Executive and third level managers) to raise awareness and understanding of the role and content of the BCP.

This exercise has highlighted the need to update critical components of the BCP to reflect the new structure and changes in best practice. Given the staff resourcing/workload issues discussed above, the potential risk exposure to Council in not having an up-to-date BCP, and the priority placed on this by the Committee, the Executive made the decision to redeploy Council's Emergency Management Coordinator (experienced in BCP practices) to a dedicated temporary BCP project management role to assist the Executive and management team to review, update and test the BCP.

With respect to testing the BCP, the advice from the BCP consultant was that it is very rare for councils to undertake a full live test of the BCP, given the cost and potential disruptive impact on organisational operations. It is more common to combine a mixture of live testing of components of the BCP (e.g. IT disaster recovery), with desk top exercises based on scenarios. The Executive is preparing a BCP review project plan, with the aim to have the BCP fully updated and a desk top test scenario of the BCP completed by the end of the calendar year. Progress on this will be reported to the next Committee meeting.

The CEO also mentioned:

- Human Resources Audit highlights areas needing improvement
- Reducing Bushfire Risk VAGO Audit – time and effort involved was significant
- VEC Electoral Boundary Review – Council's submission is supportive of the VEC's recommended structure revision
- Advice received from IBAC on the need to strengthen policies and procedures around emergency management to ensure appropriate governance oversight of decision making in times of emergency
- Local Government Performance Reporting Framework (LGPRF)
  - Council's data on indicators has been submitted to Local Government Victoria
  - There are some anomalies from previous years data
  - new systems have seen improvements in data capture and reporting.

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- Council was awarded the Local Government Professionals Inc. (LGPro) annual award for Customer Service
- Director Assets and Development, Stuart McConnell has resigned to take on another local government role in another municipality and Vito Albicini is the interim Director.

**RESOLUTION**

**I McKaskill / Cr M Rae**

**That the Audit and Risk Advisory Committee note the Chief Executive Officer Update**

**CARRIED**

**5.3 REVIEW RISK MANAGEMENT FRAMEWORK AND POLICY**

Attachment(s): Draft Enterprise Risk Management Policy (refer Attachment 5.3a)  
ERMC Terms of Reference 2019 (refer Attachment 5.3b)

**Purpose**

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

**Officer Recommendation**

That the Audit and Risk Advisory Committee:

1. endorse the revised Enterprise Risk Management Policy and recommend it for Council's consideration
2. note the progress on the Risk Management Implementation Plan.

**Background**

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

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

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

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



## **Discussion**

Two actions in the implementation plan were scheduled for completion prior to this meeting. The first was an updating of the Strategic Risk Register. This action has been completed and is the subject of the next agenda item.

The second was a review and finalisation of the terms of reference for the Executive Risk Management Committee (ERMC). This action has been completed and will be discussed later in this report.

### Enterprise Risk Management Policy

The Executive has also brought forward its review of the Enterprise Risk Management Policy (Policy) given it is the primary document governing Council's approach to risk management, and in order to incorporate feedback from the Committee at this meeting, prior to its consideration and adoption by Council. Under the implementation plan this is due for completion by December 2019.

A draft of the revised Policy is attached (Attachment 5.2a). As part of the review of the Policy the Executive took up the opportunity under its arrangements with Council's primary insurer Jardine Lloyd Thompson Pty Ltd to have the Policy independently reviewed by its Head of Strategic Risk. This review indicated that the Policy was quite sound however several improvements were suggested that have now been incorporated into the revised Policy, namely:

- remove policy principles from the 'rationale' section of the Policy due to duplication later in the document
- simplify the policy principles
- incorporate into the risk appetite section a statement stating the level of risk council is willing to tolerate (not just a list of unacceptable risks)
- simplify the roles and responsibilities, remove duplication and indicate more clearly the role of the Chief Executive Officer (CEO) and Executive in leading Council's risk management approach
- indicate that the risk owner is responsible for managing the risk, and not just the administrator for the risk.

The advice also questioned the difference between the role of the Executive and the role of the ERMC in terms of overseeing Council's risk exposure and accountability for managing strategic risk. In response to this the CEO has determined that the Executive will undertake the functions of the ERMC, noting the addition of the Manager Governance and Risk to this process (refer to terms of reference below). The Policy therefore attributes the functions of the ERMC under the role of the Executive.

Subject to endorsement of the Policy by the Committee, Council officers will proceed with a review of the risk management guidelines and procedures that support the implementation of the Policy.

### ERMC Terms of Reference

Following on from the discussion above, the terms of reference for the ERMC have been updated to reflect that the role of the ERMC is to be performed by the Executive with the addition of the Manager Governance and Risk when meeting as the ERMC. These are contained in Attachment 5.2b.

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

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

### **Relevant Legislation**

The *Local Government Act 1989* has a general requirement that the audit committee will provide advice on financial management and broader aspects of the council's operations, particularly where compliance issues and risks are involved.

### **Financial Implications and Risk**

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

### **Conflict of Interest**

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

### **RESOLUTION**

**I McKaskill / Cr M Rae**

**That the Audit and Risk Advisory Committee:**

1. **endorse the revised Enterprise Risk Management Policy as amended and recommend it for Council's consideration**
2. **note the progress on the Risk Management Implementation Plan as discussed.**

**CARRIED**

### **RESOLUTION**

**Cr L Dunscombe / I McKaskill**

**That the agenda be re-ordered to consider item 7.1 and 7.2 before considering item 5.4 on the agenda due to the external auditor time constraints.**

**CARRIED**

## **7. AUDITS - EXTERNAL**

### **7.1 CONSIDER EXTERNAL AUDITORS COMMENTS ON CONTROL ENVIRONMENT AND MANAGEMENT LETTERS**

Attachment(s): Draft Final Management Letter 2018/19 (refer Attachment 7.1)

Discussion regarding management letter points was referenced in consideration of the financial statements that were discussed at item 8.3 on the agenda.

### **RESOLUTION**

**Cr L Dunscombe / M Sheward**

**That the Audit and Risk Advisory Committee note the Draft Final Management Letter findings and comments by RSD Audit**

**CARRIED**

### **7.2 COMMITTEE MEET WITH EXTERNAL AUDITORS**

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

Council officers left the Chamber at 10.30 am.

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Kathie Teasdale and Paul Harrison, RSD Audit, left the meeting at 10.40 am

Council officers returned to the Chamber at 10.41 am.

## **5. RISK MANAGEMENT**

### **5.4 REVIEW RISK REGISTER**

Attachment(s): Strategic Risk Register - 2019 (refer Attachment 5.4a)  
Top Operational Risks - September 2019 - Audit & Risk Committee (refer Attachment 5.4b)

#### **Purpose**

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

#### **Officer Recommendation**

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

#### **Background**

The Audit and Risk Advisory Committee (Committee) will be aware that Council officers have been undertaking a review and refresh of Council's strategic risks and an update was provided at the May 2019 Committee meeting. This is an action in the previously mentioned enterprise risk management implementation plan. In addition the Committee has sought regular updates with respect to the management of the highest operational risks of the Council.

#### **Discussion**

##### **Strategic Risk Register**

Since May 2019, the Strategic Risk Register (SRR) has been further developed with all risks identified having been allocated to a risk owner, and treatments to address residual risk identified and allocated to treatment owners to action.

The current SRR is presented in Attachment 5.4a. Of the eight risks identified, six were considered high risk and two were considered medium risk. There are no risks in the extreme category which is consistent with Council's risk appetite.

The three highest strategic risks are listed below:

- failure to adequately protect the health and safety of employees, contractors, volunteers or members of the public in the delivery of Council services
- adverse impacts of climate change on Council's assets and service delivery
- a significant internal or external event/disruption impacting critical Council services.

##### **Operational Risk Register**

Since the May 2019 Committee meeting Council officers have been working on completing the operational risk registers for the organisation, by Directorate. As per the request of the Committee those operational risks with a residual risk rating of High are provided in the Attachment 5.4b. It is noted that there are no operational risks with a risk rating of extreme consistent with Council's risk appetite.

The highest operational risks are listed below:

- risk of injury to members of the public and/or property damage associated with falling trees/tree limbs on Council land
- failure to identify and manage risks in delivering services and meeting corporate objectives
- inadequate contract management leading to poor financial and service quality outcomes and business continuity
- lack of compliant archival storage facility/arrangements (OHS Risks, accessibility).

Two operational risks have been included in relation to Council's compliance (enforcement) obligations that have a residual medium risk, but represent key strategic priority of Council to address and manage.

#### General Comments

It is recognised that the two registers are in different formats and that both need further work to consolidate and complete. The Executive has recently signed off on the procurement of a software package that will greatly improve the management of the two risk registers as well as improving the ability to track and report on progress of risk treatments and internal/external audit actions. This will also improve the presentation and reporting to the Committee.

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

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

#### **Relevant Legislation**

The *Local Government Act 1989* has a general requirement that the audit committee will provide advice on financial management and broader aspects of the council's operations, particularly where compliance issues and risks are involved.

#### **Financial Implications and Risk**

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

#### **Conflict of Interest**

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

#### **RESOLUTION**

**Cr L Dunscombe / Cr M Rae**

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

**CARRIED**

### **5.5 REPORTS AND PUBLICATIONS OF INTEREST TO LOCAL COUNCIL'S**

Attachment(s): Internal Audit - Recent Reports and Publications - Local Government Issue 2 (refer Attachment 5.5)

This report was presented by HLB Mann Judd.

**RESOLUTION**

**M Sheward / I McKaskill**

**That the Audit and Risk Advisory Committee note the report on Recent Reports and Publications - Local Government as at attachment 5.5.**

**CARRIED**

**5.6 REVIEW OF CHIEF EXECUTIVE OFFICER CREDIT CARD EXPENDITURE**

Attachment(s): CEO Credit Card Transactions (refer Attachment 5.6)

**Purpose**

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

**Officer Recommendation**

That the Audit and Risk Advisory Committee notes the Chief Executive Officer's credit card transactions for the period 1 July 2018 to 30 June 2019.

**Discussion**

The Victorian Auditor-General's Officer (VAGO) Fraud and Corruption Control – Local Government report released in June 2019 made a number of recommendations regarding fraud and corruption controls over staff expenditure, including credit card use. One of the recommendations was for the Audit and Risk Committee to review the Chief Executive Officer's (CEO) credit card transactions:

'Recommendation 4 - ensure the Council's Chief Financial Officer or equivalent approves Chief Executive Officer expenditure and report all expenditure by, or on behalf of, the Chief Executive Officer to the Audit and Risk Committee and/or the Council for periodic review.'

In response to this recommendation, the CEO credit card transactions for the period 1 July 2018 to 30 June 2019 are attached to this report for review.

Also in response to this recommendation, the Mayor and Director Corporate and Shared Services will review and approve CEO credit card transactions commencing July 2019.

It is intended that a summary of CEO credit card expenditure will be tabled quarterly at each Audit and Risk Advisory Committee meeting.

**RESOLUTION**

**I McKaskill / Cr M Rae**

**That the Audit and Risk Advisory Committee notes the Chief Executive Officer's credit card transactions for the period 1 July 2018 to 30 June 2019 have been appropriately approved.**

**CARRIED**



## **8.2 REVIEW AND RECOMMEND ADOPTION OF ANNUAL FINANCIAL REPORT**

Attachment(s): Financial Statements 2018/19 (refer Attachment 8.2a)  
Performance Statement 2018/19 (refer Attachment 8.2b)

### **Purpose**

The purpose of this report is to present the Financial Statements for the financial year ended 30 June 2019 for the Audit and Risk Advisory Committee's (Committee) review.

### **Background**

Council officers will present to the Committee the Financial Statements inclusive of the Performance Statement for the financial year ended 30 June 2019.

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 2018/19 Financial Statements and Performance Statement are attached to the agenda.

### **Officer Recommendation**

That it be recommended to Council that:

1. Council approve in principle the Murrindindi Shire Council Financial Statements and Performance Statement subject to the review by the Victoria Auditor-General's Office for the year ended 30 June 2019 as tabled
2. Council authorise two Councillors to certify the Financial Statements and Performance Statement subject to the review of by the Victoria Auditor-General's Office in their final form after any changes recommended, or agreed to, by the Auditor have been made.

### **RESOLUTION**

**Michelle / Ian**

**That it be recommended to Council that:**

1. **Council approve in principle the Murrindindi Shire Council Financial Statements and Performance Statement subject to the review by the Victoria Auditor-General's Office for the year ended 30 June 2019 as tabled**
2. **Council authorise two Councillors to certify the Financial Statements and Performance Statement subject to the review of 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**

### **8.3 REVIEW QUARTERLY FINANCIAL STATEMENTS**

Attachment(s): 4<sup>th</sup> Qtr Financial Report – (refer Attachment 8.3)

#### **Purpose**

This report provides the quarterly financial report for the period ending 30 June 2019. It should be noted that the figures included in the report were the interim, pre-audited results, and may differ from the final annual financial results included in the 2018/19 Annual Report.

#### **Officer Recommendation**

That the Audit and Risk Advisory Committee notes this report.

#### **Background**

The Quarterly Financial Report for the period ended 30 June 2019, was presented to Council, in accordance with the *Local Government Act 1989* at the Council meeting held 28 August 2019.

The report includes the following statements:

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

#### **Discussion**

The statements for the fourth quarter to 30 June 2019 are included in Attachment 8.3.

#### Income Statement (Statement A)

The Income Statement for the period 1 July 2018 to 30 June 2019 (also within the attached report) is presented below (next page):



Income Statement  
For the period ended 30th June 2019

	Original Budget 2018/19 \$	Annual Revised Budget 2018/19 \$	YTD Budgets 30/06/2019 \$	YTD Actual 30/06/2019 \$	Budget/ Actual Variance (unfav) \$	%
<b>Revenue</b>						
Rates & Charges	20,525,445	20,612,589	20,612,589	20,542,270	(70,319)	0%
Special Charge	87,000	87,000	87,000	-	(87,000)	-100%
Statutory fees and fines	888,678	1,049,980	1,049,980	1,048,130	(1,850)	0%
User fees	2,345,277	2,791,655	2,791,655	2,756,813	(34,842)	-1%
Grants - Operating	7,346,704	8,846,851	8,846,851	9,079,498	232,647	3%
Grants -Capital	1,414,759	2,304,960	2,304,960	2,900,136	595,176	26%
Contributions - Cash	54,275	602,416	602,416	534,327	(68,089)	-11%
Contributions - Non Cash	400,000	805,000	805,000	1,649,478	844,478	105%
Reimbursements	382,114	553,361	553,361	433,964	(119,397)	-22%
Other revenue	1,181,015	1,238,489	1,238,489	1,356,191	117,702	10%
<b>Total Revenue</b>	<b>34,625,267</b>	<b>38,892,301</b>	<b>38,892,301</b>	<b>40,300,805</b>	<b>1,408,504</b>	<b>4%</b>
<b>Expenses</b>						
Employee Benefits	14,799,536	14,804,255	14,804,255	14,586,990	217,265	1%
Materials and Services	9,798,106	12,437,775	12,437,775	11,188,587	1,249,188	10%
Depreciation and amortisation	9,602,649	9,183,849	9,183,849	9,651,370	(467,521)	-5%
Bad and Doubtful Debts	-	65,278	65,278	76,316	(11,038)	-17%
Other Expense	313,338	330,065	330,065	360,090	(30,025)	-9%
Finance Costs (Interest)	55,050	55,050	55,050	54,587	463	1%
<b>Total Expenses</b>	<b>34,568,679</b>	<b>36,876,272</b>	<b>36,876,272</b>	<b>35,917,940</b>	<b>958,332</b>	<b>3%</b>
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	(55,054)	223,845	223,845	(855,327)	(1,079,172)	-482%
Increase/(Decrease) Landfill Provison	-	-	-	652,685	652,685	-100%
<b>Surplus (deficit) for the period</b>	<b>1,534</b>	<b>2,239,874</b>	<b>2,239,874</b>	<b>4,180,223</b>	<b>1,940,349</b>	<b>87%</b>

The \$4.18 million operating surplus for the 2018/19 financial year is a \$1.94 million favourable variance to the annual revised budget. After adjusting this surplus figure for non-recurrent items such as capital grants, assets received from developers, asset disposal and provision adjustments, the underlying result is a favourable variance of \$927,182 (a deficit of \$166,749, compared to the annual revised budget deficit estimate of \$1.09 million). A reconciliation of the underlying result is shown in the table below.

	Original Budget 2018/19 \$	Annual Revised Budget 2018/19 \$	YTD Budgets 30/06/2019 \$	YTD Actual 30/06/2019 \$	Budget/ Actual Variance (unfav) \$	%
<b>Surplus (deficit) for the period</b>	<b>1,534</b>	<b>2,239,874</b>	<b>2,239,874</b>	<b>4,180,223</b>	<b>1,940,349</b>	<b>87%</b>
<b>Less capital adjustments</b>						
Grants -Capital	1,414,759	2,304,960	2,304,960	2,900,136	595,176	26%
Contributions - Non Cash	400,000	805,000	805,000	1,649,478	844,478	105%
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	(55,054)	223,845	223,845	(855,327)	(1,079,172)	-482%
Increase/(Decrease) Landfill Provison	0	0	0	652,685	652,685	-100%
	1,759,705	3,333,805	3,333,805	4,346,971	1,013,166	30%
<b>Underlying result (deficit)</b>	<b>(1,758,171)</b>	<b>(1,093,931)</b>	<b>(1,093,931)</b>	<b>(166,749)</b>	<b>927,182</b>	<b>-85%</b>

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

Line Item	Variance	Main Contributing Factors
Special charge	(\$87,000)	Pendlebury and Snodgrass Street special charge schemes did not proceed in 2018/19
Grants - Capital	\$595,176	Favourable variance due to capital grants received under the Fixing Country Roads Program (\$604,720). The projects attached to this funding will commence in 2019/20.
Contributions – non cash	\$844,478	Council receives contributions in the form of infrastructure as a result of subdivisions and developer contributions. The timing and amount of such contributions is largely outside Council's control.  The following is a breakdown of the \$1,649,478 worth of assets gifted to Council by asset classification: <ul style="list-style-type: none"> <li>• Roads (\$1,294,778)</li> <li>• Drainage (\$265,446)</li> <li>• Paths (\$69,946)</li> <li>• Land under roads (\$19,308)</li> </ul>
Reimbursements	(\$119,397)	Unfavourable variance due to lower than budgeted rates legal cost recovered from outstanding rate debtors. Council undertook an alternative approach to debt recovery in 2018/19 and did not pursue recoverable legal action. This variance is offset by the underspend on legal expenses (see Materials & Services below).
Employee Benefits	\$217,265	Favourable variance mainly due to lower than budgeted payments to employees as a result of vacancies and the timing of appointments.
Materials & Services	\$1,249,188	Favourable variance due to lower than anticipated year to date expenditure on: <ul style="list-style-type: none"> <li>• Utilities (\$1,303)</li> <li>• Contractors (\$432,393)</li> <li>• Legal expenses (\$112,115)</li> <li>• Materials (\$48,255)</li> <li>• Contributions (\$538,991)</li> <li>• Consultants (\$160,817)</li> </ul> Offset by higher than budgeted expenditure on: <ul style="list-style-type: none"> <li>• Insurance (\$44,686)</li> </ul>
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	(\$1,079,172)	Several major plant, fleet and machinery purchases/replacements originally budgeted were not procured in 2018/19. As a result, the proceeds from the sale of assets is below the budget estimate. This line also includes the end of financial year adjustments to the carrying value of assets disposed.
(Increase)/Decrease Landfill Provision	\$652,685	Landfill provision has decreased following the annual review of provision accounts.

Balance Sheet (Statement B)

The Balance Sheet, Statement B as at 30 June 2019, shows a Cash and Cash Equivalents unfavourable variance of \$28,596,458. This is due to the requirement to recognise cash investments with a maturity date greater than 90 days from 30 June as 'other financial assets'.

The 30 June 2019 balance of other financial assets is \$34,119,500. When reading these two current asset lines together, the total cash position is favourable by \$5,523,042.

Trade and other receivables has a favourable variance of \$1.1 million above budget. This is due to invoices raised in late June for Government grants (including Fixing Country Roads \$945,527) that will be received in the 2019/20 financial year.

### Cash Flow Statement (Statement C)

This statement provides a more holistic picture and reports the important information on Council's cash inflows and outflows. Overall, Council's cash position increased by \$5,523,042. This largely reflects the under expenditure on capital works which is reflected in the cash flow from investing activities.

### Statement of Capital Works (Statement D)

A full reconciliation of expenditure on the capital works program is provided in a separate report to this meeting. Overall, Statement D shows a favourable variance of \$4.7 million across the capital expenditure budget, which predominantly represents projects either partially completed or deferred during the 2018/19 year and intended for carry forward into the 2019/20 year.

### Non-Discretionary Cash and Council Reserves (Statement E)

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

### Councillor Expenses (GST Exclusive):

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

As agreed in the Councillor Reimbursement Policy that was adopted by Council at its February 2017 Ordinary Meeting, Council also reports quarterly on the Councillor related expenses. The following table details Councillor expenses for the year ending 30 June 2019. This information will also be included in the 2018/19 Annual Report

Councillor Expenses for 12 months ending 30 June 2019:

	Allowances	Travel Expenses	Mileage	Childcare Expenses	Information & Communications Expenses	Conference & Training Expenses	Cr Specific Other Expenses
Cr Ashe	\$22,411.68	\$0.00	\$0.00	\$0.00	\$2,336.57	\$2,459.92	\$578.33
Cr Bisset	\$37,088.68	\$159.20	\$2,606.10	\$0.00	\$2,486.54	\$3,175.02	\$654.09
Cr Bowles	\$22,563.56	\$0.00	\$0.00	\$0.00	\$2,339.19	\$2,186.31	\$578.33
Cr Dunscombe	\$22,411.68	\$274.75	\$8,146.11	\$0.00	\$2,402.84	\$2,730.28	\$717.55
Cr Lording	\$22,411.68	\$120.00	\$4,893.74	\$0.00	\$2,511.83	\$1,841.76	\$628.33
Cr McAulay	\$52,279.21	\$268.73	\$3,530.60	\$0.00	\$2,333.07	\$12,780.38	\$1,035.10
Cr Rae	\$22,411.68	\$0.00	\$0.00	\$0.00	\$2,639.44	\$1,769.01	\$691.48

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

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

### **Relevant Legislation**

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

### **Financial Implications and Risk**

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

### **Conflict of Interest**

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

### **Community and Stakeholder Consultation**

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

### **RESOLUTION**

**I McKaskill / Cr M Rae**

**That the Audit and Risk Advisory Committee note the 4<sup>th</sup> Qtr Financial Report.**

**CARRIED**

## **9. MANAGEMENT REPORTING**

### **9.1 LOCAL GOVERNMENT PERFORMANCE REPORTING FRAMEWORK**

In depth item to be discussed at December meeting.

**Noted.**

## **10. GENERAL BUSINESS AND FUTURE PLANNING**

### **10.1 EXCESSIVE LEAVE - GREATER THAN SIX WEEKS AND LONG SERVICE LEAVE BALANCE**

Attachments(s) Annual Leave Report – Excess of 6 Weeks (refer Attachment 10.1a)  
Trend Graph of Accrued Annual Leave (refer Attachment 10.1b)  
Trend Graph - Accrued Long Service Leave (refer Attachment 10.1c)

#### **Purpose**

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

This report is provided as an annual report.

#### **Officer Recommendation**

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

#### **Discussion**

Due to the structure changes occurring during the 2018/19 financial year the previous department structure is reflected in the annual reporting. This will change for the 2019/20 year.

**Audit and Risk Advisory Committee Meeting Minutes  
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**Annual Leave**

Council's Leadership Team is presented with a Human Resources report on a quarterly basis, which includes the monitoring of annual leave. In addition to this, a focus for the 2018/19 year was that all employees maintain no more than three Rostered Day Off days (RDO's). This focus ensured that Leadership Team were having regular conversations with staff regarding reducing leave balances, and subsequently we have seen a reduction across all leave.

Another impact on the leave balances has been that Council had some long term employees leave the organisation; this has seen a substantial reduction in long service leave in particular.

Staff with Six Weeks Excess Annual Leave

As at 30 August 2019 there were 43 staff with leave in excess of six weeks. This is two fewer people than in August 2018. The hours accrued by this group has fluctuated over the last twelve months with an overall net decrease of 338.26 hours over the previous year.

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

All Staff Annual Leave

The total of accrued hours (annual leave accrual for all staff) has also dropped substantially from the same date last year (by 2431.09 hours). The total accrual hours is the lowest it has been in the six reported years.

Year	Hours Accrued	+/- over previous year
06/09/13	23,225.37	-3,292.59
04/09/14	23,790.91	565.54
03/09/15	25,368.40	1,577.49
31/08/16	24,482.30	-886.10
01/09/17	25,536.12	1053.82
30/08/18	24,952.09	-584.03
30/08/19	22,521.00	-2,431.09

While there has been an improvement in those with excess leave, the challenge remains on continuing to reduce the overall leave balance, closer to the target benchmarks (set in the 2013/14 year):

- Benchmark 1 = an average of 20 days (four weeks or 152 hours) per FTE.
- Benchmark 2 = an average of 12.5 days (2.5 weeks or 95 hours) per FTE.

The attached tables report by Department the number of staff and their amount of excess hours. Leadership Team have access to full details.

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Note also:

1. While employees may have agreed leave plans, the actual leave request is not always lodged in the database as approved leave until close to the time of leave (therefore does not reduce pending balances in the report).
2. In areas such as Community Services, employees with low workloads (e.g. seven hours/week) may have excess number of weeks leave, but once calculated as Full Time Equivalent (FTE) weeks, the amount of time (liability) appears more manageable, and the number of staff with more than six full time equivalent weeks reduces significantly. For example, the 47 employees with leave in excess of six weeks, reduces to 22 people when calculated as FTE weeks.

### Long Service Leave (LSL)

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

Council's LSL balance decreased substantially in the last 12 months (7152.37 hours). As outlined above, Council had a few long term employees leave in 2018/19 year and there has been an increased focus on reducing leave balances.

Annual	TOTAL LSL Hours	Change +- accrued hours	change in FTE weeks
21/08/13	54,387.60	-113.30	-2.98
04/09/14	55,420.94	1,033.34	27.19
19/08/2015	53,187.21	-2,233.73	-58.78
31/08/16	49,762.76	-3,424.45	-90.02
17/08/17	48,280.89	-1,481.87	-39.00
29/08/18	48,782.27	501.38	13.19
30/08/19	41,629.90	-7152.37	-188.22

### Conclusion

Leadership Team will continue to monitor and report on trends, and support staff to implement leave plans for outstanding leave balances.

### RESOLUTION

Cr L Dunscombe / M Sheward

**That the Audit and Risk Advisory Committee notes the report on accrued annual leave and long service leave balances and the Executive Management Team's efforts in reducing the leave balances.**

**CARRIED**

## 10.2 AUDIT AND RISK ADVISORY COMMITTEE ANNUAL REPORT

Michele Sheward, Audit and Risk Advisory Committee Chair July 2018 to June 2019, presented the Annual Report.

This report (as required by Section 2(O) of the Audit and Risk Advisory Committee Charter) provides details summarising the activities of the Committee during the previous financial year, that being July 2018 to June 2019.

Our meetings take place four times a year, which complies with the Charter. Committee meeting member attendances for 1 July 2018 to 30 June 2019:

Audit and Risk Advisory Committee Meeting Minutes  
13 September 2019

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Member	Eligible to Attend	Attended
Michele Sheward	4	4
Ian McKaskill	4	4
Claude Baxter	4	4
Cr Charlotte Bisset	1	1
Cr Sandice McAulay	4	4
Cr Leigh Dunscombe	4	4
Cr Margaret Rae	3	3

The Committee follows the Audit and Risk Advisory Committee Annual Plan, which was last updated in December 2018. Since taking over the office of Chairperson of the Committee, this Plan was followed and checked by myself prior to each meeting.

During the financial year from July 2018 to June 2019 the Audit and Risk Advisory Committee was involved in the following:

- quarterly activities:
  - review of financial statements
  - review of changes to the Risk Register and Council's risk profile
  - review of internal audit reports and responses from management
  - review of any significant accounting and reporting issues (there were none reported)
  - review of Local Government Performance Reporting Framework
  - follow up of significant issues raised by Internal Audit (there were none reported)
  - review scope of Audits by Crowe Horwath and HBL Mann Judd (Internal Auditor)
  - note CEO's Report into Legal and Policy Compliance
  - review of Council's Quarterly Financial Reports
  - review the implementation of previous audit actions by management
  - submit minutes of Audit and Risk Advisory Committee Meetings to Council.
- annual activities:
  - review of financial statements for end of financial year 2017-2018 and recommendation for adoption
  - review and recommend Internal Audit Plan and resourcing
  - review of long service leave and annual leave accumulations
  - review Risk Register
  - review Risk Management Framework and Policy
  - review Protected Disclosure Arrangements and Reports
  - review of internal audit function performance
  - review of draft Annual Budget for 2019/20
  - Review of draft Council Plan 2017-2021
  - review investment & borrowing policies
  - review compliance with policies and procedures
  - review external auditor's scope and approach

- consider external auditor's comments on Control Environment and Management Letters
- assessment of Audit and Risk Advisory Committee's performance
- review/assess Audit and Risk Advisory Committee Charter
- review Audit and Risk Advisory Committee Annual Plan
- confirm terms and appointment of Committee members
- met with external auditor without Council officers present
- met with internal auditor without Council officers present
- elected Chair of Committee
- scheduled meetings for forthcoming year.
- internal audits reviewed:
  - Contract Management
  - Kerbside Waste Management
  - Risk Management Framework
  - follow-up of high and medium risk matters in prior internal audit reports review.
- other activities:
  - reviewed status of Council's Strategic Risk Register
  - reviewed Council's approach to Related Party Disclosures
  - reviewed rates debtor management.

The external independent members of the Committee had the following changes during the period January 2018 to July 2019 as follows:

- Claude Baxter was appointed to the Audit and Risk Advisory Committee in August 2018.

All obligations under the Charter of the Audit and Risk Advisory Committee have been met during the July 2018 to June 2019 period. Through these obligations it has been clear that the level of governance was generally of a high standard. The Committee has seen that Council is continuously striving to improve and this has been supported by outcomes of the internal and external audit reports we have reviewed.

In terms of priority moving forward the Committee did note the need for the Executive focus on the following areas:

- reviewing and refreshing Council's Strategic and Operational Risk Registers to ensure Council's risk exposure was being appropriately managed
- reviewing, updating and testing the Council's Business Continuity Plan.

The Committee has appreciated the work done by Council's internal auditors (Crowe Horwath up until December 2018 and HLB Mann Judd since January 2019), who have shared their wealth of knowledge in this sector. We look forward to the new approach that HLB Mann Judd have shown over the remainder of their tenure.

The CEO, Craig Lloyd, and the Executive Team continue to be supportive of the Committee and have demonstrated that they are keen to be completely open and honest and endeavour to assist us to perform our roles, and for this I would like to thank them.



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13 September 2019

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I would also like to thank my fellow Committee members for their support and the wonderful job they do to ensure we perform our tasks effectively. The perfect attendance record this year is an excellent indication to the dedication they have shown. I feel that the Committee is at a stage where the skill set is broad and complementary and continuing to evolve to be more effective in reviewing and assessing reports, audits and policies, and defining who we are and what is required of us.

I have learned so much in my time as Chair and appreciate the opportunity Council has given me to have this role.

**RESOLUTION**

**M Sheward / Cr M Rae**

**That the Audit and Risk Advisory Committee endorses the Audit and Risk Advisory Committee Annual Report 2018/19 for presentation to Council.**

**CARRIED**

**11. OTHER REPORTS**

**11.1 REVIEW CORPORATE CREDIT CARDS POLICY**

Attachment(s): Draft Corporate Credit Card Policy (refer Attachment 11.1)

**Purpose**

The purpose of this report is to present the draft Corporate Credit Cards Policy to the Audit and Risk Advisory Committee for review and input.

**Officer Recommendation**

That the Audit and Risk Advisory Committee notes the proposed revisions to the revised Corporate Credit Card Policy.

**Background**

The Corporate Credit Cards Policy (Policy) is an organisational policy with a purpose to outline the requirements relating to the use and administration of corporate credit cards.

The Policy was last reviewed in 2014 and is now due for review.

In June 2019, the Victorian Audit-General's Office (VAGO) released an audit report on Fraud and Corruption Control in Local Government. The audit examined whether local councils' fraud and corruption controls are well designed and operating as intended. One of the areas the audit focused on was credit card use. The two recommendations from the report relating to credit card use are listed below:

- review credit card policies and improve controls to ensure only allocated cardholders use their cards and there is appropriate segregation of duties over expenditure approvals
- ensure the council's Chief Financial Officer or equivalent approves Chief Executive Officer expenditure and report all expenditure by, or on behalf of, the Chief Executive Officer to the Audit and Risk Committee and/or the Council for periodic review.

The draft Policy addresses these recommendations.

## Discussion

The updated Policy is framed around the following key principles:

- cardholders must always act in the interests of Council, as opposed to their own personal interests or convenience
- cardholders must perform their duties honestly and carefully
- a credit card is to be used for official purposes only. Prior to making a purchase with a corporate credit card, consideration must be given as to whether such expenditure is in line with the expectations of Council. This applies regardless of:
  - the amount of the transaction involved
  - the type of transaction made using a credit card. For example, whether the card is used to pay for goods/services which are bought directly from a merchant, or by online/mail/telephone means.
- cardholders must be aware that they are responsible for all transactions on their card.

The Policy has been strengthened in the following areas:

- who can be a cardholder is now clear
- requests for a corporate credit card must be linked to a clear business need
- cardholders must sign an agreement before a card is issued
- card limits cannot exceed a cardholders financial delegations
- CEO has discretion to approve credit card limits outside the default recommendations (subject to demonstration of business need)
- cards can only be used by the cardholder. Purchases can be made on behalf of others however the cardholder must be the person to make the transaction (either in-person or online)
- liability for all charges on a card rests with Council; however, Council may hold the cardholder liable if there is a breach of Council's policy and procedure
- supporting documentation must be provided with reconciliation – EFT/credit card stubs are not acceptable forms of supporting documentation
- statutory declaration must be provided for any missing receipts
- addresses online accounts – cards cannot be linked to personal online accounts (PayPal, Uber, iTunes, Myki)
- clear list of prohibited purchases/uses by credit card included in Policy
- transaction authorisation process clearer. Includes requirement that Mayor and Director Corporate and Shared Services are to approve CEO and CEO Executive Assistant transactions
- the Policy now includes statement that policy breaches may result in the card being revoked and disciplinary action taken
- cardholder agreement included as an appendix.

## Related Policies, Strategies and Legislation

- Murrindindi Shire Council Procurement Policy
- Murrindindi Shire Council Financial Delegation Policy
- Murrindindi Shire Council Travel Hospitality and Personal Expenses Policy.

Audit and Risk Advisory Committee Meeting Minutes  
13 September 2019

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**Council Plan/Strategies/Policies**

This Policy supports the Council Plan 2017-2021 Our Promise strategic objective to 'maintain Council's financial sustainability through sound financial and asset management'.

**Financial Implications and Risk**

The VAGO Fraud and Corruption Control – Local Government report released in June 2019 identified that councils need to strengthen policies and processes in relation to the use of credit cards.

The updated Policy strengthens the controls to mitigate the inherent risk of credit card use.

**Conflict of Interest**

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

**Community and Stakeholder Consultation**

The Executive Management Team was consulted during the review of this Policy.

**RESOLUTION**

**Cr L Dunscombe / Cr M Rae**

**That the Audit and Risk Advisory Committee notes the proposed revisions for the Corporate Credit Cards Policy and refer any queries or concerns to the Director Corporate and Shared Services by Thursday 26 September.**

**CARRIED**

**12. NEXT MEETING**

Thursday 12 December 2019 3 pm at Murrindindi Shire Council - Council Chamber, Perkins Street Alexandra.

There being no further items of business, the Chairperson declared the meeting closed at 12:09pm.

**CONFIRMED THIS** \_\_\_\_\_

**CHAIRPERSON** \_\_\_\_\_

September 2019

## Independent Audit and Risk Advisory Committee Annual Report

This report (as required by Section 2(O) of the Audit and Risk Advisory Committee Charter) provides details summarising the activities of the Committee during the previous financial year, that being July 2018 to June 2019.

Our meetings take place four times a year, which complies with the Charter. Committee meeting member attendances for 1 July 2018 to 30 June 2019:

Member	Eligible to Attend	Attended
Michele Sheward	4	4
Ian McKaskill	4	4
Claude Baxter	4	4
Cr Charlotte Bisset	1	1
Cr Sandice McAulay	4	4
Cr Leigh Dunscombe	4	4
Cr Margaret Rae	3	3

The Committee follows the Audit and Risk Advisory Committee Annual Plan, which was last updated in December 2018. Since taking over the office of Chairperson of the Committee, this Plan was followed and checked by myself prior to each meeting.

During the financial year from July 2018 to June 2019 the Audit and Risk Advisory Committee was involved in the following:

### Quarterly Activities:

- Review of financial statements
- Review of changes to the Risk Register and Council's risk profile
- Review of Internal Audit Reports and responses from management
- Review of any significant accounting and reporting issues (there were none reported)
- Review of Local Government Performance Reporting Framework
- Follow up of significant issues raised by Internal Audit (there were none reported)
- Review scope of Audits by Crowe Horwath and HBL Mann Judd (Internal Auditor)
- Note CEO's Report into Legal & Policy Compliance
- Review of Council's Quarterly Financial Reports
- Review the implementation of previous audit actions by management
- Submit Minutes of Audit and Risk Advisory Committee Meetings to Council

### Annual Activities:

- Review of Financial Statements for End of Financial Year 2017-2018 and recommendation for adoption
- Review and recommend Internal Audit Plan and resourcing
- Review of Long Service Leave and Annual Leave accumulations
- Review Risk Register
- Review Risk Management Framework & Policy
- Review Protected Disclosure Arrangements & Reports
- Review of Internal Audit function performance
- Review of draft Annual Budget for 2019-20
- Review of draft Council Plan 2017-2021
- Review investment & borrowing policies
- Review compliance with policies and procedures
- Review External Auditor's scope and approach
- Consider External Auditor's comments on Control Environment and Management Letters
- Assessment of Audit and Risk Advisory Committee's performance
- Review/Assess Audit and Risk Advisory Committee Charter

- Review Audit and Risk Advisory Committee Annual Plan
- Confirm Terms & Appointment of Committee Members
- Met with External Auditor without Officers Present
- Met with Internal Auditor without Officers Present
- Elected Chair of Audit Committee
- Scheduled Meetings for Forthcoming Year

**Internal Audits Reviewed:**

- Contract Management
- Kerbside Waste Management
- Risk Management Framework
- Follow-up of High and Medium Risk Matters in Prior Internal Audit Reports Review

**Other Activities:**

- Reviewed status of Council's Strategic Risk Register
- Reviewed Council's approach to Related Party Disclosures
- Reviewed rates debtor management.

The external independent members of the Committee had the following changes during the period January 2018 to July 2019 as follows:

- Claude Baxter was appointed to the Audit and Risk Advisory Committee in August 2018

All obligations under the Charter of the Audit Advisory Committee have been met during the July 2018 to June 2019 period. Through these obligations it has been clear that the level of governance was generally of a high standard. The Committee has seen that Council is continuously striving to improve and this has been supported by outcomes of the internal and external audit reports we have reviewed.

In terms of priority moving forward the Committee did note the need for the Executive focus on the following areas:

- Reviewing and refreshing Council's Strategic and Operational Risk Registers to ensure Council's risk exposure was being appropriately managed, and
- Reviewing, updating and testing the Council's Business Continuity Plan

The Committee has appreciated the work done by Council's internal auditors (Crowe Horwath up until December 2018 and HLB Mann Judd since January 2019), who have shared their wealth of knowledge in this sector. We look forward to the new approach that HLB Mann Judd have shown over the remainder of their tenure.

The CEO, Craig Lloyd and the Executive Team continue to be supportive of the committee and have demonstrated that they are keen to be completely open and honest and endeavour to assist us to perform our roles, and for this I would like to thank them.

I would also like to thank my fellow committee members for their support and the wonderful job they do to ensure we perform our tasks effectively. The perfect attendance record this year is an excellent indication to the dedication they have shown. I feel that the committee is at a stage where the skill set is broad and complementary and continuing to evolve to be more effective in reviewing and assessing reports, audits and policies, and defining who we are and what is required of us.

I have learned so much in my time as chair and appreciate the opportunity council has given me to have this role.

Michele Sheward

Chair for 2018/19  
Audit Advisory Committee

Murrindindi Shire Council  
Annual Financial Report  
For the Year Ended  
30-June-2019

**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*  
**Principal Accounting Officer**

**Date :**  
*Alexandra*

In our opinion the accompanying financial statements present fairly the financial transactions of Murrindindi Shire Council for the year ended 30 June 2019 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 :**  
*Alexandra*

*Leigh Dunscombe*  
**Councillor**

**Date :**  
*Alexandra*

*Craig Lloyd*  
**Chief Executive Officer**

**Date :**  
*Alexandra*

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*insert copy of audit report*

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*insert copy of audit report*

**Comprehensive  
 Income Statement  
 For the Year Ended 30 June 2019**

	Note	2019 \$	2018 \$
<b>Income</b>			
Rates and charges	3.1	20,542,270	19,797,539
Statutory fees and fines	3.2	1,048,130	931,502
User fees	3.3	2,756,813	2,311,476
Grants -operating	3.4	9,079,497	7,489,788
Grants - capital	3.4	2,900,137	2,292,557
Contributions - monetary	3.5	534,328	612,772
Contributions - non monetary	3.5	1,649,478	297,180
Other income	3.6	1,790,156	1,579,637
<b>Total income</b>		<b>40,300,809</b>	<b>35,312,451</b>
<b>Expenses</b>			
Employee costs	4.1	14,586,990	13,751,412
Materials and services	4.2	11,188,600	9,436,537
Depreciation and amortisation	4.3	9,651,368	8,861,522
Bad and doubtful debts	4.4	76,316	21,193
Borrowing costs	4.5	54,587	78,515
Net loss on disposal of property, infrastructure, plant and equipment	4.6	855,328	255,167
Other expenses	4.7	360,090	296,106
Increase/(decrease) in provision for landfill Liability	5.5	(652,685)	-
<b>Total expenses</b>		<b>36,120,594</b>	<b>32,700,452</b>
<b>Surplus for the financial year</b>		<b>4,180,215</b>	<b>2,611,999</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
Net asset revaluation increment (decrement)	6.2	8,375,702	36,222,193
<b>Comprehensive result</b>		<b>12,555,917</b>	<b>38,834,192</b>

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

## Balance Sheet As at 30 June 2019

	Note	2019 \$	2018 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5.1(a)	2,700,682	7,358,780
Other financial assets	5.1(b)	34,119,500	24,319,500
Trade and other receivables	5.1(c)	4,806,835	4,702,549
Inventories		33,306	31,742
Other assets	5.2	423,882	363,211
Non-Current assets classified as held for sale	6.1	-	217,047
<b>Total current assets</b>		42,084,205	36,992,829
<b>Non-current assets</b>			
Trade and other receivables	5.1(c)	4,977	15,996
Intangible assets	5.2	2,880,341	3,595,970
Property, infrastructure, plant and equipment	6.2	348,175,921	341,562,854
<b>Total non-current assets</b>		351,061,239	345,174,820
<b>Total assets</b>		393,145,444	382,167,649
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5.3(a)	2,351,003	3,041,244
Trust funds and deposits	5.3(b)	1,214,868	1,128,612
Interest-bearing liabilities	5.4	188,469	319,840
Provisions	5.5(a)	3,375,984	3,362,572
<b>Total current liabilities</b>		7,130,324	7,852,268
<b>Non-current liabilities</b>			
Interest-bearing liabilities	5.4	478,557	667,026
Provisions	5.5(a)	5,495,325	6,163,034
<b>Total non-current liabilities</b>		5,973,882	6,830,060
<b>Total liabilities</b>		13,104,206	14,682,328
<b>Net Assets</b>		380,041,238	367,485,321
<b>Equity</b>			
Accumulated surplus		133,160,468	131,242,479
Reserves	9.1	246,880,770	236,242,842
<b>Total Equity</b>		380,041,238	367,485,321

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

## Statement of Changes in Equity For the Year Ended 30 June 2019

	Note	Asset			
		Total	Accumulated Surplus	Revaluation Reserve	Other Reserves
<b>2019</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at beginning of the financial year		367,485,321	131,242,479	219,166,553	17,076,289
Surplus for the year		4,180,215	4,180,215	-	-
Net asset revaluation increment	9.1	8,375,702	-	8,375,702	-
Transfers to other reserves	9.1	-	(4,608,117)	-	4,608,117
Transfers from other reserves	9.1	-	2,345,891	-	(2,345,891)
<b>Balance at end of the financial year</b>		<b>380,041,238</b>	<b>133,160,468</b>	<b>227,542,255</b>	<b>19,338,515</b>

	Note	Asset			
		Total	Accumulated Surplus	Revaluation Reserve	Other Reserves
<b>2018</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at beginning of the financial year		328,651,129	130,012,077	182,944,360	15,694,692
Surplus for the year		2,611,999	2,611,999	-	-
Net asset revaluation increment	9.1	36,222,193	-	36,222,193	-
Transfers to other reserves	9.1	-	(2,414,635)	-	2,414,635
Transfers from other reserves	9.1	-	1,033,038	-	(1,033,038)
<b>Balance at end of the financial year</b>		<b>367,485,321</b>	<b>131,242,479</b>	<b>219,166,553</b>	<b>17,076,289</b>

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

## Statement of Cash Flows For the Year Ended 30 June 2019

	Note	2019 Inflows/ (Outflows) \$	2018 Inflows/ (Outflows) \$
<b>Cash flows from operating activities</b>			
Rates and charges		21,222,418	18,572,026
Statutory fees and fines		1,047,932	931,304
User fees		2,745,292	2,348,323
Grants - operating		8,512,171	7,046,456
Grants - capital		2,941,137	2,319,464
Contributions - monetary		558,606	615,032
Interest received		926,319	905,767
Other Income		867,750	735,331
Net Fire Services Property Levy received (remitted )		(16,994)	18,371
Net GST refund		1,159,085	1,143,112
Net receipt of trust funds and deposits		103,250	115,173
Materials and services		(13,924,612)	(10,226,563)
Employee Cost		(14,632,079)	(13,455,992)
<b>Net cash provided by operating activities</b>	9.2	<b>11,510,275</b>	<b>11,067,804</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment		(6,159,860)	(7,001,862)
Payments for intangible assets		(75,705)	(188,847)
Proceeds from sale of property, infrastructure, plant and equipment		245,454	249,785
Payments for Investments		(9,800,000)	(900,000)
<b>Net cash used in investing activities</b>		<b>(15,790,111)</b>	<b>(7,840,924)</b>
<b>Cash flows from financing activities</b>			
Finance costs		(58,422)	(83,111)
Repayment of interest bearing loans and borrowings		(319,840)	(367,646)
<b>Net cash used in financing activities</b>		<b>(378,262)</b>	<b>(450,757)</b>
Net increase (decrease) in cash and cash equivalents		(4,658,098)	2,776,123
Cash and cash equivalents at the beginning of the financial year		7,358,780	4,582,657
<b>Cash and cash equivalents at the end of the financial year</b>	5.1(a)	<b>2,700,682</b>	<b>7,358,780</b>

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

Financial assets	5.1
Financing arrangements	5.6

**Statement of Capital Works  
 For the Year Ended 30 June 2019**

	Note	2019	2018
<b>Property</b>			
Land		-	-
Buildings		2,054,571	1,845,606
<b>Total property</b>		<u>2,054,571</u>	<u>1,845,606</u>
<b>Plant and equipment</b>			
Heritage plant and equipment		2,385	-
Plant, machinery and equipment		688,330	1,354,170
Fixtures, fittings and furniture		50,871	95,254
Software		75,705	188,847
Library books		103,261	103,346
<b>Total plant and equipment</b>		<u>920,552</u>	<u>1,741,617</u>
<b>Infrastructure</b>			
Roads		2,698,076	2,968,519
Bridges		402,203	872,849
Footpaths and cycleways		195,568	227,350
Drainage		136,394	107,619
<b>Total infrastructure</b>		<u>3,432,241</u>	<u>4,176,337</u>
<b>Total capital works expenditure</b>		<u>6,407,364</u>	<u>7,763,560</u>
<b>Represented by:</b>			
New asset expenditure		908,959	286,778
Asset renewal expenditure		3,837,034	4,418,953
Asset expansion expenditure		14,830	876,348
Asset upgrade expenditure		1,646,541	2,181,481
<b>Total capital works expenditure</b>		<u>6,407,364</u>	<u>7,763,560</u>

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



## **Notes to Financial Report For the Year Ended 30 June 2019**

### **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 futures 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 6.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of landfill provisions (refer to Note 5.5)
- the determination of employee provisions (refer to Note 5.5)

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

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

**Notes to Financial Report  
 For the Year Ended 30 June 2019**

**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 27th June 2018. 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 2019 \$	Actual 2019 \$	Variance 2019 \$	Ref
<b>Income</b>				
Rates and charges	20,526,000	20,542,270	16,270	
Statutory fees and fines	889,000	1,048,130	159,130	1
User fees	2,345,000	2,756,813	411,813	2
Grants - operating	7,347,000	9,079,497	1,732,497	3
Grants - capital	1,415,000	2,900,137	1,485,137	4
Contributions - monetary	141,000	534,328	393,328	5
Contributions - non monetary	400,000	1,649,478	1,249,478	6
Other income	1,563,000	1,790,156	227,156	7
<b>Total income</b>	<b>34,626,000</b>	<b>40,300,809</b>	<b>5,674,809</b>	
<b>Expenses</b>				
Employee costs	14,800,000	14,586,990	213,010	
Materials and services	9,798,000	11,188,600	(1,390,600)	8
Bad and doubtful debts	-	76,316	(76,316)	9
Depreciation and amortisation	9,603,000	9,651,368	(48,368)	
Borrowing costs	55,000	54,587	413	
Net loss on disposal of property, infrastructure, plant and equipment	55,000	855,328	(800,328)	10
Other expenses	313,000	360,090	(47,090)	
Increase/(decrease) in provision for landfill Liability		(652,685)	652,685	11
<b>Total expenses</b>	<b>34,624,000</b>	<b>36,120,594</b>	<b>(1,496,594)</b>	
<b>Surplus/(deficit) for the year</b>	<b>2,000</b>	<b>4,180,215</b>	<b>4,178,215</b>	

**Notes to Financial Report  
 For the Year Ended 30 June 2019**

**Note 1 Performance against budget (cont.)**

**(i) Explanation of material variations**

Variance Ref	Item	Explanation
1	Statutory fees and fines	Building permit fees (\$40,192), lodgement fees (\$32,285), plan checking & supervision fees (\$29,883), drainage fees (\$13,534), planning fees (\$29,502) and dog & cat registrations (\$16,055) exceeded original budget estimates.
2	User Fees	Income from Saleyards (155,586), landfill and transfer stations (\$332,044) exceeded original budget estimates. This is offset by lower than budgeted fees received for Aged & Disability services (\$71,973)
3	Grants - operating	Increased funding for Family Day Care (\$369,699) and Maternal & Child Health Services (\$47,667). The following grants were received but not budgeted: Rubicon Village Waste Water (\$225,000), Releasing the Floating City (\$200,000), Bushfires Commemoration (\$329,085), Spring Valley Recreation Reserve Change Rooms (\$149,328), Moving Murrumbidgee Community Cars (\$77,332), Flood (2017 National Disaster Funding) (\$256,460), U T Creek Restoration Works (\$40,000), Walk to School program (\$15,000)
4	Grants - capital	The following grants were received, but not budgeted: Fixing Country Roads (\$1,172,732), Yea Recreation Resource Female Change Room (\$140,400), Kinglake Ranges Neighbourhood House (\$18,125), Marysville Tourism & Arts Centre (\$25,306), Bushfire Memorials (\$62,858), E-Waste Upgrades (\$59,700).
5	Contributions - monetary	Unbudgeted contributions were received for the following projects: Releasing the Floating City (\$175,000), Community Planning Initiative (\$200,000), Bushfire Memorials (\$30,028).
6	Contributions - non monetary	Council receives contributions in the form of infrastructure as a result of subdivisions and developer contributions. The timing and amount of such contributions is largely outside Councils control. Details of contributions are shown at note 3.5
7	Other income	Other income exceeded budget as a result of interest on investments due to increased level of cash (timing of capital works and receipt of grants) (\$153,942), interest on outstanding rates (\$42,697) and various reimbursements (\$51,850).
8	Material and services	The 2018/19 budget figure does not include carried forward expenditure from 2017/18 (relating to unspent grants and projects). Carry forward adjustments were reported in Council's September Quarterly Financial Report at the 24 October 2018 Council Meeting. The carry forward amount relevant to materials and services adjustment equaled \$1,461,288.
9	Bad and doubtful debts	Council does not budget for bad and doubtful debts.
10	Net loss on disposal of property, infrastructure, plant and equipment	Several major plant, fleet and machinery purchases/replacements originally budgeted were not procured in 2018/19. As a result, the proceeds from the sale of assets is below the budget estimate. This line also includes the end of financial year adjustments to the carrying value of assets disposed.
11	Increase/(decrease) in provision for landfill Liability	Landfill provision has decreased following the annual review of provision accounts.

**Notes to Financial Report  
 For the Year Ended 30 June 2019**

**Note 1 Performance against budget (cont)**

**1.2 Capital works**

	Budget 2019 \$	Actual 2019 \$	Variance 2019 \$	Ref
<b>Property</b>				
Buildings	2,043,949	2,054,571	10,622	
<b>Total Property</b>	<b>2,043,949</b>	<b>2,054,571</b>	<b>10,622</b>	
<b>Plant and Equipment</b>				
Heritage plant and equipment	-	2,385	2,385	
Plant, machinery and equipment	1,367,317	688,330	(678,987)	1
Fixtures, fittings and furniture	29,000	50,871	21,871	2
Computers and telecommunications	185,000	75,705	(109,295)	3
Library books	99,850	103,261	3,411	
<b>Total Plant and Equipment</b>	<b>1,681,167</b>	<b>920,552</b>	<b>(760,615)</b>	
<b>Infrastructure</b>				
Roads	3,140,624	2,698,076	(442,548)	4
Bridges	590,000	402,203	(187,798)	5
Footpaths and cycleways	190,260	195,568	5,308	
Drainage	174,000	136,394	(37,606)	6
<b>Total Infrastructure</b>	<b>4,094,884</b>	<b>3,432,241</b>	<b>(662,643)</b>	
<b>Total Capital Works Expenditure</b>	<b>7,820,000</b>	<b>6,407,364</b>	<b>(1,412,636)</b>	
<b>Represented by:</b>				
New asset expenditure	-	908,959	908,959	
Asset renewal expenditure	5,061,000	3,837,034	(1,223,966)	
Asset expansion expenditure	955,000	14,830	(940,170)	
Asset upgrade expenditure	1,804,000	1,646,541	(157,459)	
<b>Total Capital Works Expenditure</b>	<b>7,820,000</b>	<b>6,407,364</b>	<b>(1,412,636)</b>	

**Notes to Financial Report  
For the Year Ended 30 June 2019**

**Note 1 Performance against budget (cont.)**

**(i) Explanation of material variations**

<b>Variance Ref</b>	<b>Item</b>	<b>Explanation</b>
1	Plant, machinery and equipment	Several major plant and machinery purchases originally budgeted were not procured in 2018/19.
2	Fixtures, fittings and furniture	Actuals include IT equipment purchases which were originally budget under Computers and telecommunications (\$39,794). Full budgeted for the replacement of pool equipment was not required this financial year.
3	Computers and telecommunications	Office Software upgrade project was delayed. Development of an IT Strategy is to occur in 2019/20.
4	Roads	Pendlebury and Snodgrass Street special charge schemes also did not proceed (\$162,300). Budgets will be carried forward
5	Bridges	Bridge works have commenced. Projects will continue in 2019/20. Unspent budgets will be carried forward.
6	Drainage	Drainage projects including William Street to UT Creek - staged works have commenced. Works will continue in 2019/20.

**Note 2.1 Analysis of Council results by program**

**2.1 (a) Our People**

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

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

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

**Our Place**

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

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

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

**Our Prosperity**

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

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

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

**Our Promise**

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

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

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

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

	Income	Expenses	Surplus/(Deficit)	Grants included in income	Total assets
	\$	\$	\$	\$	\$
<b>2019</b>					
Our People	5,908,090	9,090,744	(3,182,654)	4,071,707	41,555,039
Our Place	11,492,506	9,789,138	1,703,368	4,631,089	272,780,743
Our Prosperity	1,207,174	1,255,532	(48,358)	279,520	5,739,209
Our Promise	1,301,229	6,923,590	(5,622,361)	-	31,648,681
Unattributed	20,391,810	9,061,590	11,330,220	2,997,318	41,421,772
	40,300,809	36,120,594	4,180,215	11,979,634	393,145,444
	Income	Expenses	Surplus/(Deficit)	Grants included in income	Total assets
	\$	\$	\$	\$	\$
<b>2018</b>					
Our People	4,459,324	6,877,333	(2,418,009)	2,803,383	32,710,799
Our Place	8,405,366	10,402,669	(1,997,303)	3,883,454	276,112,250
Our Prosperity	583,473	915,710	(332,237)	90,750	4,355,410
Our Promise	1,963,396	6,589,832	(4,626,436)	-	31,343,352
Unattributed	19,900,892	7,914,908	11,985,984	3,004,758	37,645,838
	35,312,451	32,700,452	2,611,999	9,782,345	382,167,649

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

	2019	2018
	\$	\$
<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 2018/2019 was \$4,621 million (2017/2018 \$4,109 million). The 2018/2019 rate in the dollar for general rate was 0.003273 of the capital improved value of the property (2017/2018 - 0.003584).</p> <p>The 2018/2019 Municipal Charge was \$333 (2017/2018 \$326) per rateable assessment. In 2018/2019 the Garbage Service Charge was \$363.00 (2017/2018 \$352.50) and Recycling Charge \$111 (2017/2018 \$87.50).</p>		
Residential	6,274,729	6,160,346
Commercial	897,428	836,273
Rural 1	3,248,018	3,151,385
Rural 2	3,101,699	2,990,890
Vacant Land - Residential	590,283	578,141
Vacant Land - Commercial	29,753	29,272
Municipal charge	3,183,453	3,087,387
Garbage charge	2,404,582	2,316,706
Recycling	748,452	584,702
Revenue in lieu of rates	63,873	62,437
Total rates and charges	<u>20,542,270</u>	<u>19,797,539</u>

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

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

**3.2 Statutory fees and fines**

Building	353,877	279,394
Environmental health and local laws	295,436	271,910
Planning and subdivisions	298,502	299,581
Infrastructure	75,868	40,971
Other	24,447	39,646
Total statutory fees and fines	<u>1,048,130</u>	<u>931,502</u>

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

**Notes to Financial Report  
 For the Year Ended 30 June 2019**

Note 3	Funding for the delivery of our services (cont.)	2019	2018
3.3	User fees	\$	\$
	Halls and Community Centres	31,566	31,819
	Aged care	718,077	756,628
	Valuation data	97,761	10,941
	Saleyard fees	516,197	356,049
	Recreation pools and leisure centres	91,580	101,712
	Waste - transfer station & landfill fees	1,282,110	1,022,231
	Other fees and charges	19,522	32,096
	<b>Total user fees</b>	<b>2,756,813</b>	<b>2,311,476</b>
	User fees are recognised as revenue when the service has been provided or the payment is received, whichever first occurs.		
<b>3.4</b>	<b>Funding from other levels of government</b>		
	Grants were received in respect of the following :		
	<b>Summary of grants</b>		
	Commonwealth funded grants	7,991,684	7,948,648
	State funded grants	3,987,950	1,833,697
	<b>Total grants received</b>	<b>11,979,634</b>	<b>9,782,345</b>
	<b>(a) Operating Grants</b>		
	<b>Recurrent -Commonwealth Government</b>		
	Financial Assistance Grants	4,676,040	4,648,228
	Aged and disability	907,842	894,425
	Children services	1,040,257	807,504
	<b>Recurrent -State Government</b>		
	Aged and disability	341,606	338,144
	Children services	226,975	180,274
	Public health	6,937	13,196
	Library services	150,263	149,179
	Road safety	30,205	14,953
	<b>Total recurrent Operating Grants</b>	<b>7,380,125</b>	<b>7,045,903</b>
	<b>Non-recurrent -Commonwealth Government</b>		
	Children services	10,000	-
	Roads and bridges	256,460	-
	<b>Non-recurrent -State Government</b>		
	Children services	103,959	51,250
	Community development	329,085	-
	Economic development	274,520	-
	Emergency management	60,000	60,000
	Environmental services	78,932	42,023
	Planning services	-	90,000
	Public health	229,865	4,744
	Library services	-	5,250
	Recreational services	170,828	12,500
	Recycling services	13,724	14,409
	Roads and bridges	-	90,000
	Transport	77,332	-
	Tourism	5,000	-
	Youth services	89,667	73,709
	<b>Total non recurrent operating grants</b>	<b>1,699,372</b>	<b>443,885</b>
	<b>Total Operating grants</b>	<b>9,079,497</b>	<b>7,489,788</b>



**Notes to Financial Report  
 For the Year Ended 30 June 2019**

Note 3.4	Funding from other levels of government (Cont.)	2019 \$	2018 \$
	<b>(b) Capital Grants</b>		
	<b>Recurrent-Commonwealth Government</b>		
	Governance		
	Community		
	Economy		
	Roads to Recovery	1,082,960	1,598,491
	<b>Recurrent-State Government</b>		
	Library materials	6,253	6,253
	<b>Total recurrent capital grants</b>	<u>1,089,213</u>	<u>1,604,744</u>
	<b>Non-recurrent-Commonwealth Government</b>		
	Buildings	18,125	
	<b>Non-recurrent-State Government</b>		
	Governance		
	Buildings	620,064	355,676
	Library equipment	-	40,800
	Roads	1,172,735	291,337
	<b>Total non-recurrent capital grants</b>	<u>1,810,924</u>	<u>687,813</u>
	<b>Total capital grants</b>	<u><u>2,900,137</u></u>	<u><u>2,292,557</u></u>

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

Balance at start of year	799,758	985,890
Received during the financial year and remained unspent at balance date	1,484,238	453,480
Received in prior years and spent during the financial year	695,158	639,612
Balance at end of year	<u>1,588,838</u>	<u>799,758</u>

Grant income is recognised when Council obtains control of the contribution. Control is normally obtained upon receipt (or acquittal).

**3.5 Contributions**

Monetary - operating	414,223	34,187
Monetary - capital	120,105	578,585
Non-monetary - capital	1,649,478	297,180
	<u>2,183,806</u>	<u>909,952</u>

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

Land under roads	19,308	917
Heritage Plant and Equipment	-	10,000
Drainage	265,446	32,874
Footpaths and Cycleways	69,946	16,042
Roads	1,294,778	237,347
	<u>1,649,478</u>	<u>297,180</u>

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

**3.6 Other income**

Interest	833,350	728,884
Interest on rates	167,316	175,173
Rental	249,661	216,446
Reimbursements	433,965	300,814
Other	105,864	158,320
	<u>1,790,156</u>	<u>1,579,637</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.

<b>Note 4</b>	<b>The cost of delivering services</b>	<b>2019</b>	<b>2018</b>
		<b>\$</b>	<b>\$</b>
<b>4.1</b>	<b>Employee costs</b>		
	Wages and salaries	12,697,506	11,651,847
	Casual Staff	454,567	709,774
	Superannuation -Defined Benefits Fund	30,465	57,788
	Superannuation -Accumulation Funds	1,152,714	1,088,820
	Fringe benefits tax	25,678	37,368
	Workcover	226,060	205,815
	<b>Total employee costs</b>	<u>14,586,990</u>	<u>13,751,412</u>

**(a) Superannuation**

Council made contributions to the following funds:

**Defined benefit fund**

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	30,465	57,788
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Employer contributions payable at reporting date.

**Accumulation funds**

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	675,490	704,464
Employer contributions - other funds	477,224	384,356

	<u>1,183,179</u>	<u>1,146,608</u>
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Employer contributions payable at reporting date.

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	26,337	27,150
Employer contributions - other funds	19,523	16,103

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

**4.2 Materials and services**

Consultants	275,223	258,859
Contractors	7,759,075	6,779,173
Contributions	1,069,956	532,473
Insurance	491,677	409,459
Legal Expenses	208,137	206,344
Materials	858,474	757,493
Utilities	526,058	492,736
<b>Total material and services</b>	<u>11,188,600</u>	<u>9,436,537</u>

**4.3 Depreciation and amortisation**

Property	2,720,550	2,623,901
Plant and Equipment	901,083	842,503
Infrastructure	5,238,401	4,841,695
<b>Total depreciation</b>	<u>8,860,034</u>	<u>8,308,099</u>
Intangible assets	791,334	553,423
<b>Total depreciation and amortisation</b>	<u>9,651,368</u>	<u>8,861,522</u>

Refer to note 5.2 ( b ) and 6.2 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

**Notes to Financial Report  
 For the Year Ended 30 June 2019**

<b>Note 4</b>	<b>The cost of delivering services (Cont)</b>	<b>2019</b>	<b>2018</b>
<b>4.4</b>	<b>Bad and doubtful debts</b>	<b>\$</b>	<b>\$</b>
	Rate Debtors	-	2,495
	Other Debtors	76,316	18,698
	Total bad and doubtful debts	<u>76,316</u>	<u>21,193</u>
<b>4.5</b>	<b>Borrowing cost</b>		
	Interest - borrowings	54,587	78,515
	Total borrowing costs	<u>54,587</u>	<u>78,515</u>
<b>4.6</b>	<b>Net loss on disposal of property, infrastructure, plant and equipment</b>		
	Written down value of assets disposed	1,100,782	504,952
	Less proceeds from sales	(245,454)	(249,785)
		<u>855,328</u>	<u>255,167</u>
	The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.		
	Refer to Note 6.2 for additional details.		
<b>4.7</b>	<b>Other expenses</b>		
	Auditors remuneration - auditing of the financial report	46,700	44,600
	Auditors remuneration - internal audit	33,875	35,805
	Councillors allowances	201,578	199,703
	Other	77,937	15,998
		<u>360,090</u>	<u>296,106</u>

**Notes to Financial Report  
 For the Year Ended 30 June 2019**

Note 5	Our financial position	2019 \$	2018 \$
<b>5.1</b>	<b>Financial assets</b>		
	<b>(a) Cash and cash equivalents</b>		
	Cash at bank and on hand	586,682	2,173,780
	Term deposits and at call	<u>2,114,000</u>	<u>5,185,000</u>
	<b>Total cash and cash equivalents</b>	<u>2,700,682</u>	<u>7,358,780</u>
	<b>(b) Other financial assets</b>		
	Term Deposit - current	34,119,500	24,319,500
	<b>Total other financial assets</b>	<u>34,119,500</u>	<u>24,319,500</u>
	<b>Total financial assets</b>	<u>36,820,182</u>	<u>31,678,280</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))	1,214,868	1,128,612
Statutory reserves (Note 9.1(b))	<u>565,204</u>	<u>487,004</u>
Total restricted funds	<u>1,780,072</u>	<u>1,615,616</u>
Total unrestricted cash and cash equivalents	<u>920,610</u>	<u>5,743,164</u>

**Intended allocations**

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

Cash held to fund carried forward capital works	4,338,200	2,310,424
Grants received in advance (Note 3.4)	1,588,838	799,758
Bank Guarantee - quarry	19,500	19,500
Cash held to fund discretionary reserves	18,773,311	16,589,285
Portion of long service leave liability	<u>572,873</u>	<u>583,044</u>
Total funds subject to intended allocations	<u>25,292,722</u>	<u>20,302,011</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 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.)	2019	2018
(c) Trade and other receivables	\$	\$
<b>Current</b>		
<i>Statutory receivables</i>		
Rates debtors	2,035,510	2,644,888
Provision for doubtful rate debts	(51,220)	(43,946)
Garbage and recycling debtors	399,407	462,903
Special rate scheme	7,194	11,430
Net GST receivable	232,075	276,445
<i>Non statutory receivables</i>		
Other debtors	775,925	523,176
Government grants	1,407,944	827,653
	<u>4,806,835</u>	<u>4,702,549</u>
<b>Non-current</b>		
<i>Non statutory receivables</i>		
Special rate scheme	4,977	15,996
	<u>4,977</u>	<u>15,996</u>
<b>Total trade and other receivables</b>	<u>4,811,812</u>	<u>4,718,545</u>

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

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

<b>(d) Ageing of receivables</b>		
Current (not yet due)	1,715,678	1,156,400
Past due by up to 30 days	62,833	108,934
Past due between 31 and 180 days	30,766	7,272
Past due between 181 and 365 days	50,842	8,908
Past due by more than 1 year	323,750	69,315
Total trade and other receivables	<u>2,183,869</u>	<u>1,350,829</u>

**Notes to Financial Report  
 For the Year Ended 30 June 2019**

**5.1 Financial assets (Cont.)**

**2019**                      **2018**  
**\$**                              **\$**

**(e) Aged and individually impaired receivables**

At balance date, debtors representing financial assets with a nominal value of \$7.2K were impaired. The amount of the provision raised against these debtors was \$7.2K. They are impaired as a result of their doubtful collection.

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

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

**5.2 Non-financial assets**

**(a) Other assets**

Accrued Income	263,945	189,400
Prepayments	159,937	173,811
	<u>423,882</u>	<u>363,211</u>

**(b) Intangible assets**

Landfill air space	2,582,781	3,339,343
Software	297,560	256,627
Total intangible assets	<u>2,880,341</u>	<u>3,595,970</u>

**Software**                      **Landfill**                      **Total**

**Gross carrying amount**

Balance at 1 July 2018	266,320	4,469,566	4,735,886
Other Additions	75,705		75,705
Balance at 1 July 2019	<u>342,025</u>	<u>4,469,566</u>	<u>4,811,591</u>

**Accumulated amortisation and impairment**

Balance at 1 July 2018	(9,693)	(1,130,223)	(1,139,916)
Amortisation expense	(34,772)	(756,562)	(791,334)
Balance at 1 July 2019	<u>(44,465)</u>	<u>(1,886,785)</u>	<u>(1,931,250)</u>

Net book value at 30 June 2018	<u>256,627</u>	<u>3,339,343</u>	<u>3,595,970</u>
Net book value at 30 June 2019	<u>297,560</u>	<u>2,582,781</u>	<u>2,880,341</u>

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

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

**Notes to Financial Report  
 For the Year Ended 30 June 2019**

	2019	2018
	\$	\$
<b>5.3 Payables</b>		
<b>(a) Trade and other payables</b>		
Trade payables	1,676,482	2,313,373
Loan Interest	7,764	11,599
Accrued wages	611,599	663,347
Accrued expenses	55,158	52,925
	2,351,003	3,041,244
<b>(b) Trust funds and deposits</b>		
Refundable building deposits	58,500	54,500
Refundable planning permit bonds	295,173	245,648
Retention contract deposits	401,098	442,414
Fire Service Property Levy	101,955	118,949
Other refundable deposits	358,142	267,101
	1,214,868	1,128,612

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 lapsing of time, these amounts will be paid to the relevant contractor in line with Council's contractual obligations.

	2019	2018
	\$	\$
<b>5.4 Interest-bearing liabilities</b>		
<b>Current</b>		
Bank loans - secured	188,469	319,840
	188,469	319,840
<b>Non-current</b>		
Bank loans - secured	478,557	667,026
	478,557	667,026
<b>Total</b>	667,026	986,866

The maturity profile for Council's borrowings is:

Not later than one year	188,469	319,840
Later than one year and not later than five years	478,557	634,302
Later than five years	-	32,724
	667,026	986,866

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

Aggregate carrying amount of interest-bearing loans and borrowings:

Current	188,469	319,840
Non-current	478,557	667,026
	667,026	986,866

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

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

**Notes to Financial Report  
 For the Year Ended 30 June 2019**

**5.5 Provisions**

	Employee	Landfill restoration	Total
	\$	\$	\$
<b>2019</b>			
Balance at beginning of the financial year	3,582,189	5,943,417	9,525,606
Additional provisions	1,096,320		1,096,320
Amounts used	(1,089,661)		(1,089,661)
Reduction in provision		(652,685)	(652,685)
Increase in the discounted amount arising because of the time and the effect of any change in the discount rate	-	(8,271)	(8,271)
Balance at the end of the financial year	<u>3,588,848</u>	<u>5,282,461</u>	<u>8,871,309</u>
<b>2018</b>			
Balance at beginning of the financial year	3,393,543	5,738,237	9,131,780
Additional provisions	1,237,637	234,602	1,472,239
Amounts used	(1,048,991)	-	(1,048,991)
Increase in the discounted amount arising because of the time and the effect of any change in the discount rate	-	(29,422)	(29,422)
Balance at the end of the financial year	<u>3,582,189</u>	<u>5,943,417</u>	<u>9,525,606</u>
		<b>2019</b>	<b>2018</b>
		\$	\$
<b>(a) Employee benefits</b>			
<b>Current provision expected to be wholly settled within 12 months</b>			
Annual leave		813,522	804,623
Long service leave		<u>112,734</u>	<u>144,401</u>
		<u>926,256</u>	<u>949,024</u>
<b>Current provision expected to be wholly settled after 12 months</b>			
Annual leave		371,102	445,389
Long service leave		<u>2,078,626</u>	<u>1,968,159</u>
		<u>2,449,728</u>	<u>2,413,548</u>
Total current employee provision		<u>3,375,984</u>	<u>3,362,572</u>
<b>Non-current</b>			
Long service leave		212,864	219,617
Total non-current employee provision		<u>212,864</u>	<u>219,617</u>
Aggregate carrying amount of employee benefits:			
Current		3,375,984	3,362,572
Non-current		<u>212,864</u>	<u>219,617</u>
Total aggregate carrying amount of employee benefits		<u>3,588,848</u>	<u>3,582,189</u>

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

**Wages and salaries and annual leave**

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

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



**Notes to Financial Report  
 For the Year Ended 30 June 2019**

**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	2019	2018
	- discount rate	1.15%	2.35%
	- index rate	2.50%	2.50%
	- inflation rate	2.50%	2.50%
	- settlement rate	12 yrs.	12 yrs.

**(b) Provisions**

**Non-current**

Landfill restoration

	2019	2018
	\$	\$
	5,282,461	5,943,417
	<u>5,282,461</u>	<u>5,943,417</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	2019	2018
- discount rate	1.15%	3.39%
- index rate	2.00%	2.50%
- inflation rate	2.00%	2.50%
- settlement rate	28yrs	29yrs
-estimated cost to rehabilitate	5,422,230	6,087,320

**5.6 Financing arrangements**

Secured bank loans at fixed interest rates:

	2019	2018
	\$	\$
Facility available	667,026	986,866
Used facility	<u>667,026</u>	<u>986,866</u>
Unused facility	<u>-</u>	<u>-</u>

Secured bank overdraft subject to annual review and repayable at call:

Facility available	400,000	400,000
Used facility	-	-
Unused facility	<u>400,000</u>	<u>400,000</u>

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

**Notes to Financial Report  
 For the Year Ended 30 June 2019**

**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.

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

2018	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 and services	104,367	17,849	-	-	122,216
Garbage and recycling collection	925,048	952,799	3,033,357	1,072,383	5,983,587
Environment	15,250	5,625	-	-	20,875
Insurance	21,000	22,050	-	-	43,050
Internal audit	26,100	-	-	-	26,100
Landfill	42,893	40,694	44,625	-	128,212
Library	63,506	-	-	-	63,506
Management services	12,656	-	-	-	12,656
Photocopiers and printers	49,246	49,246	79,038	-	177,530
Street Lighting	22,486	-	-	-	22,486
Street sweeping	90,904	90,904	181,808	-	363,616
Telecommunications	6,942	-	-	-	6,942
<b>Total</b>	<b>1,380,398</b>	<b>1,179,167</b>	<b>3,338,828</b>	<b>1,072,383</b>	<b>6,970,776</b>
<b>Capital</b>					
Buildings & improvements	868,386	-	-	-	868,386
Bridges	61,714	-	-	-	61,714
Drainage	4,475	-	-	-	4,475
Footpaths and cycleways	36,591	-	-	-	36,591
Plant and equipment	44,880	-	-	-	44,880
Roads	36,151	-	-	-	36,151
Software	72,370	56,500	-	-	128,870
<b>Total</b>	<b>1,124,567</b>	<b>56,500</b>	<b>-</b>	<b>-</b>	<b>1,181,067</b>

**Operating lease commitments**

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

	2019 \$	2018 \$
Not later than one year	76,919	120,131
Later than one year and not later than five years	74,931	133,349
Later than five years	192,667	211,168
	<u>344,517</u>	<u>464,648</u>

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

**Notes to Financial Report  
 For the Year Ended 30 June 2019**

**Note 6 Assets we manage**

	2019	2018
	\$	\$
<b>6.1 Non-Current assets classified as held for sale</b>		
Land	-	217,047
	<u>-</u>	<u>217,047</u>

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

**6.2 Property, infrastructure, plant and equipment**

**Summary of property, infrastructure, plant and equipment**

	At Fair Value 30-June-2018	Acquisitions	Contributions	Revaluations	Depreciation	Disposals	Transfers	At Fair Value 30-June-2019
	\$	\$	\$	\$	\$	\$	\$	\$
Land	45,333,121	-	19,308	3,085,877	-	-	217,047	48,655,353
Buildings	63,376,094	1,730,058	-	2,808,732	(2,720,550)	(75,655)	875,462	65,994,141
Plant and Equipment	5,306,664	822,196	-	-	(901,083)	(119,452)	-	5,108,325
Infrastructure	226,413,601	2,980,568	1,630,170	2,481,093	(5,238,401)	(905,676)	-	227,361,355
Works in Progress	1,133,374	798,835	-	-	-	-	(875,462)	1,056,747
<b>Total</b>	<u>341,562,854</u>	<u>6,331,657</u>	<u>1,649,478</u>	<u>8,375,702</u>	<u>(8,860,034)</u>	<u>(1,100,783)</u>	<u>217,047</u>	<u>348,175,921</u>

**Notes to Financial Report**  
**For the Year Ended 30 June 2019**

**6.2 Property, infrastructure, plant and equipment (Cont.)**

**Summary of Works in Progress**

	Opening WIP	Additions	Transfers	Closing WIP
	\$	\$	\$	\$
Buildings	913,151	324,513	(875,462)	362,202
Plant and Equipment	-	22,651	-	22,651
Infrastructure	220,223	451,671	-	671,894
<b>Total</b>	<b>1,133,374</b>	<b>798,835</b>	<b>(875,462)</b>	<b>1,056,747</b>

**6.2 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 2018	25,878,681	4,812,443	14,641,997	<b>45,333,121</b>	85,468,608	22,117,002	<b>107,585,610</b>	913,151	<b>153,831,882</b>
Accumulated depreciation at 1 July 2018	-	-	-	-	(34,829,958)	(9,379,558)	<b>(44,209,516)</b>	-	<b>(44,209,516)</b>
	<b>25,878,681</b>	<b>4,812,443</b>	<b>14,641,997</b>	<b>45,333,121</b>	<b>50,638,650</b>	<b>12,737,444</b>	<b>63,376,094</b>	<b>913,151</b>	<b>109,622,366</b>
<b>Movements in fair value</b>									
Additions	-	-	19,308	<b>19,308</b>	1,730,058	-	<b>1,730,058</b>	324,513	<b>2,073,879</b>
Revaluation increments/decrements	-	3,085,877	-	<b>3,085,877</b>	(13,374,356)	-	<b>(13,374,356)</b>	-	<b>(10,288,479)</b>
Disposals	-	-	-	-	(121,507)	-	<b>(121,507)</b>	-	<b>(121,507)</b>
Transfer - asset held for sale	-	217,047	-	<b>217,047</b>	-	-	-	-	<b>217,047</b>
Transfers	(25,878,681)	25,878,681	-	-	22,992,464	(22,117,002)	<b>875,462</b>	(875,462)	-
	<b>(25,878,681)</b>	<b>29,181,605</b>	<b>19,308</b>	<b>3,322,232</b>	<b>11,226,659</b>	<b>(22,117,002)</b>	<b>(10,890,343)</b>	<b>(550,949)</b>	<b>(8,119,060)</b>
<b>Movements in accumulated depreciation</b>									
Depreciation and amortisation	-	-	-	-	(2,720,550)	-	<b>(2,720,550)</b>	-	<b>(2,720,550)</b>
Accumulated depreciation of disposals	-	-	-	-	45,852	-	<b>45,852</b>	-	<b>45,852</b>
Revaluation increments/decrements	-	-	-	-	16,183,088	-	<b>16,183,088</b>	-	<b>16,183,088</b>
Transfers	-	-	-	-	(9,379,558)	9,379,558	-	-	-
	-	-	-	-	<b>4,128,832</b>	<b>9,379,558</b>	<b>13,508,390</b>	-	<b>13,508,390</b>
At fair value 30 June 2019	-	33,994,048	14,661,305	<b>48,655,353</b>	96,695,267	-	<b>96,695,267</b>	362,202	<b>145,712,822</b>
Accumulated depreciation at 30 June 2019	-	-	-	-	(30,701,126)	-	<b>(30,701,126)</b>	-	<b>(30,701,126)</b>
	-	<b>33,994,048</b>	<b>14,661,305</b>	<b>48,655,353</b>	<b>65,994,141</b>	-	<b>65,994,141</b>	<b>362,202</b>	<b>115,011,696</b>

**Notes to Financial Report**  
**For the Year Ended 30 June 2019**

**6.2 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 2018	355,787	7,664,667	1,955,147	828,537	-	<b>10,804,138</b>
Accumulated depreciation at 1 July 2018	(32,084)	(3,775,218)	(1,323,383)	(366,789)		<b>(5,497,474)</b>
	<b>323,703</b>	<b>3,889,449</b>	<b>631,764</b>	<b>461,748</b>	<b>-</b>	<b>5,306,664</b>
<b>Movements in fair value</b>						
Additions	2,385	665,679	50,871	103,261	22,651	<b>844,847</b>
Disposals	-	(398,662)	-	(82,343)		<b>(481,005)</b>
	<b>2,385</b>	<b>267,017</b>	<b>50,871</b>	<b>20,918</b>	<b>22,651</b>	<b>363,842</b>
<b>Movements in accumulated depreciation</b>						
Depreciation and amortisation	(4,987)	(632,718)	(170,384)	(92,994)		<b>(901,083)</b>
Accumulated depreciation of disposals	-	279,210	-	82,343		<b>361,553</b>
	<b>(4,987)</b>	<b>(353,508)</b>	<b>(170,384)</b>	<b>(10,651)</b>	<b>-</b>	<b>(539,530)</b>
At fair value 30 June 2019	358,172	7,931,684	2,006,018	849,455	22,651	<b>11,167,980</b>
Accumulated depreciation at 30 June 2019	(37,071)	(4,128,726)	(1,493,767)	(377,440)	-	<b>(6,037,004)</b>
	<b>321,101</b>	<b>3,802,958</b>	<b>512,251</b>	<b>472,015</b>	<b>22,651</b>	<b>5,130,976</b>

**Notes to Financial Report  
 For the Year Ended 30 June 2019**

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

	Roads	Bridges	Footpaths and cycleways	Drainage	Work In Progress	Total Infrastructure
	\$	\$	\$	\$	\$	\$
At fair value 1 July 2018	218,292,796	61,508,644	12,303,199	20,348,820	220,223	<b>312,673,682</b>
Accumulated depreciation at 1 July 2018	(55,589,383)	(21,009,204)	(4,175,345)	(5,265,926)	-	<b>(86,039,858)</b>
	<b>162,703,413</b>	<b>40,499,440</b>	<b>8,127,854</b>	<b>15,082,894</b>	<b>220,223</b>	<b>226,633,824</b>
<b>Movements in fair value</b>						
Additions	3,679,440	350,089	265,514	315,695	451,671	<b>5,062,409</b>
Revaluation increments/decrements	-	2,847,786	-	-	-	<b>2,847,786</b>
Disposals	(2,125,382)	-	(125,325)	-	-	<b>(2,250,707)</b>
Transfers	-	-	-	-	-	-
	<b>1,554,058</b>	<b>3,197,875</b>	<b>140,189</b>	<b>315,695</b>	<b>451,671</b>	<b>5,659,488</b>
<b>Movements in accumulated depreciation</b>						
Depreciation and amortisation	(3,916,801)	(681,140)	(440,302)	(200,158)	-	<b>(5,238,401)</b>
Accumulated depreciation of disposals	1,256,329	-	88,702	-	-	<b>1,345,031</b>
Revaluation increments/decrements	-	(366,693)	-	-	-	<b>(366,693)</b>
	<b>(2,660,472)</b>	<b>(1,047,833)</b>	<b>(351,600)</b>	<b>(200,158)</b>	<b>-</b>	<b>(4,260,063)</b>
At fair value 30 June 2019	219,846,854	64,706,519	12,443,388	20,664,515	671,894	<b>318,333,170</b>
Accumulated depreciation at 30 June 2019	(58,249,855)	(22,057,037)	(4,526,945)	(5,466,084)	-	<b>(90,299,921)</b>
	<b>161,596,999</b>	<b>42,649,482</b>	<b>7,916,443</b>	<b>15,198,431</b>	<b>671,894</b>	<b>228,033,249</b>

**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
<b>Plant and Equipment</b>		<b>\$</b>
fixtures, fittings and furniture	4 to 20	2,000
computers and telecommunications	4 to 10	2,000
heritage and cultural	20 to 200	1,000
library materials	3 to 10	1,000
plant, machinery and equipment	3 to 15	2,000
<b>Infrastructure</b>		
bridges	30 to 100	7,500
drainage	50 to 100	5,000
footpaths and cycleways	20 to 70	5,000
road formations and earthworks	100 to 200	5,000
road pavements	20 to 40	5,000

**Land under roads**

Council recognises land under roads it controls at fair value.

**Depreciation and amortisation**

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

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

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

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

**Repairs and maintenance**

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

**Notes to Financial Report  
 For the Year Ended 30 June 2019**

**Valuation of land and buildings**

Valuation of land and buildings were undertaken at 30 June 2019 by a qualified independent valuers Lackaln Black APV Valuers and Asset Management valuer registration number 66132 and Josh Franklin valuer registration number 102257. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Land under roads is valued at fair value. Fair value is based on valuations at 30 June 2018 for land under roads in existence at that date, using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement. Valuation of land under roads was undertaken by a qualified independent valuer Marcus Hann valuer registration number 62901.

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

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2019 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
	\$	\$	\$	
Land	-	33,994,048	-	30-June-2019
Land Under Roads	-	-	14,661,305	30-June-2018
Buildings	-	-	65,994,141	30-June-2019
Total	-	33,994,048	80,655,446	

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

**Valuation of infrastructure**

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

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2019 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation	Valuer
	\$	\$	\$		
Roads	-	-	161,596,999	01-July-2017	Council Officer John Canny A.A.I.Q.S
Bridges	-	-	42,649,482	30-June-2019	Jian Zhao MIE Aust
Footpaths and cycleway	-	-	7,916,443	30-June-2017	Council Officer John Canny A.A.I.Q.S
Drainage	-	-	15,198,431	30-June-2015	Council Officer John Canny A.A.I.Q.S
Total	-	-	227,361,355		



**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.

	2019	2018
	\$	\$
<b>Reconciliation of specialised land</b>		
Active recreation	-	7,270,633
Community centres and hall reserves	-	1,524,543
Land under roads	14,661,305	14,641,997
Other	-	4,784,040
Passive recreation	-	10,087,596
Waste management	-	2,211,869
Total specialised land	<u>14,661,305</u>	<u>40,520,678</u>

**6.3 Investment in associates, joint arrangements and subsidiaries**

**Committees of management**

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

**Notes to Financial Report  
For the Year Ended 30 June 2019**

**Note 7 People and relationships**

**7.1 Council and key management remuneration**

**2019  
No.**                      **2018  
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:

<b>Councillors</b>	Councillor - Sandice McAulay -Mayor Councillor - Leigh Dunscombe- Deputy Mayor Councillor - Charlotte Bisset Councillor - Eric Lording Councillor - Jackie Ashe Councillor - Margaret Rae Councillor - Rebecca Bowles
<b>Officers</b>	Chief Executive Officer - Craig Lloyd Director Community Engagement -Shivaun Brown Director Corporate and Community Services - Michael Chesworth Director Assets and Development Services - Stuart McConnell

<b>Total Number of Councillors</b>	7	7
<b>Chief Executive Officer and other Key Management Personnel</b>	4	4
<b>Total Key Management Personnel</b>	<u>11</u>	<u>11</u>

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

Total remuneration of key management personnel was as follows:

Short-term benefits	902,163	816,940
Post-employment benefits	67,814	60,901
Long-term benefits	21,847	24,213
<b>Total</b>	<u>991,824</u>	<u>902,054</u>

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

\$20,000 - \$29,999	5	6
\$30,000 - \$39,999	1	-
\$60,000 - \$69,999	1	1
\$90,000 - \$99,999	-	1
\$160,000 - \$169,999	-	1
\$170,000 - \$179,999	1	-
\$180,000 - \$189,999	1	1
\$200,000 - \$209,999	1	-
\$250,000 - \$259,999	-	1
\$260,000 - \$269,999	1	-
	<u>11</u>	<u>11</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 \$148,000

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

Income Range:	2019 No.	2018 No.
\$148,000 - \$149,999	-	4
\$150,000 - \$159,999	1	1
\$160,000 - \$169,999	1	-
\$230,000 - \$239,999	1	
<b>Total Senior Officers</b>	<u>3</u>	<u>5</u>
	<b>\$</b>	<b>\$</b>

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

548,751	740,619
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**7.2 Related party disclosure**

**(a) Transactions with related parties**

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

1. Alexandra Hotel - 3 Transactions totalling \$794.65 relating to accommodation for Council contractors.
2. Goulburn Valley Waste Rescouce Recovery Group - 1 Transaction totalling \$9762.50 relating to a project contribution for a Recource Recovery Centre optimisation study.
3. Outdoor Education Group - 1 Transaction totalling \$27,500 relating to a Business & Tourism Innovation Grant for Fundraising Approaches.
4. River and Ranges Community Leadership Program - 1 Transaction totalling \$4,700 relating for Bushfire commeration grants.
5. Taggerty Community Progres Group - 3 Transactions totalling \$10,700 for Bushfire commeration grants.

All transactions entered into were made under the appropriate delegation, with 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 2019 between Council and any related party, nor were any loan transactions entered into during the 2018/19 financial year.

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

No commitments are in existence as at 30 June 2019 between Council and any related party, nor were any commitments made during the 2018/19 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 2019 (2018 Nil)

**Operating lease receivables**

The Council has entered into commercial property leases on 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:

	2019	2018
	\$	\$
Not later than one year	201,341	147,473
Later than one year and not later than five years	696,108	605,737
Later than five years	1,550,485	1,458,636
	<u>2,447,934</u>	<u>2,211,846</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.

**Staff Redundancies**

At its meeting on 27 March 2019, Council made the decision to withdraw from the direct delivery of aged and disability care services including the Commonwealth Home Support Program, Home and Community Care – Program for Younger People, Regional Assessment Services and private business. The date of the withdrawal is currently being negotiated with the relevant agencies. The cessation of these services will result in approximately 20 equivalent full time positions being made redundant. In accordance with Councils Enterprise Bargaining Agreement redeployment, retraining and redundancy arrangements will be offered to the affected employees.

**8.2 Change in accounting standards**

The following new AAS's have been issued that are not mandatory for the 30 June 2019 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

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

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

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

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

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

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

Council has elected to adopt the modified retrospective approach to the transition to the new lease standard. This will mean that only existing operating leases for non low value assets, with remaining terms greater than 12 months, will be recognised on transition (1 July 2019). Based on our current lease commitments and an assumption of a continuation of the current leasing arrangements Council expects that the transition to the new standard will see the initial recognition of less than \$100,000 in lease related assets and an equivalent liability

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

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

## Notes to Financial Report For the Year Ended 30 June 2019

### 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 not been sufficiently significant during the year to have 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 the following movements are 'reasonably possible' over the next 12 months.

- A parallel shift of +0.25% or -0.25% in market interest rates (AUD) from year-end rates of 1.2%.

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

## Notes to Financial Report For the Year Ended 30 June 2019

### 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 6.2, Property, infrastructure, plant and equipment.

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

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

#### *Impairment of assets*

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

### 8.5 Events occurring after balance date

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

**Notes to Financial Report  
 For the Year Ended 30 June 2019**

**Note 9 Other Matters**

**9.1 Reserves**

	2019 \$	2018 \$
Asset revaluation reserves (a)	227,542,255	219,166,553
Other reserves (b)	19,338,515	17,076,289
	<u>246,880,770</u>	<u>236,242,842</u>

	Balance at beginning of reporting period \$	Increment (decrement) \$	Balance at end of reporting period \$
(a) Asset revaluation reserves	\$	\$	\$
<b>2019</b>			
<b>Property</b>			
Land	26,239,061	3,085,877	29,324,938
Land under roads	11,075,405	-	11,075,405
Buildings	28,398,304	2,808,732	31,207,036
	<u>65,712,770</u>	<u>5,894,609</u>	<u>71,607,379</u>
<b>Infrastructure</b>			
Bridges	8,638,425	2,481,093	11,119,518
Drainage	10,748,846	-	10,748,846
Footpaths and cycleways	5,961,092	-	5,961,092
Roads	128,105,420	-	128,105,420
	<u>153,453,783</u>	<u>2,481,093</u>	<u>155,934,876</u>
<b>Total Asset revaluation reserves</b>	<u>219,166,553</u>	<u>8,375,702</u>	<u>227,542,255</u>
<b>2018</b>			
<b>Property</b>			
Land	25,058,633	1,180,428	26,239,061
Land under roads	884,981	10,190,424	11,075,405
Buildings	27,057,541	1,340,763	28,398,304
	<u>53,001,155</u>	<u>12,711,615</u>	<u>65,712,770</u>
<b>Infrastructure</b>			
Bridges	4,559,345	4,079,080	8,638,425
Drainage	9,229,706	1,519,140	10,748,846
Footpaths and cycleways	5,142,459	818,633	5,961,092
Roads	111,011,695	17,093,725	128,105,420
	<u>129,943,205</u>	<u>23,510,578</u>	<u>153,453,783</u>
<b>Total Asset revaluation reserves</b>	<u>182,944,360</u>	<u>36,222,193</u>	<u>219,166,553</u>

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



**Notes to Financial Report  
 For the Year Ended 30 June 2019**

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>2019</b>				
<b>Statutory Reserves</b>				
Public Open Space	487,004	78,200	-	565,204
<b>Discretionary Reserves</b>				
Defined Benefits Superannuation	1,200,000	-	-	1,200,000
Gifted and Novated Assets	920,000	-	-	920,000
Infrastructure Contributions Parking	41,080	-	-	41,080
Infrastructure Balance MAP funding	498,428	-	-	498,428
Infrastructure Maintenance	1,040,130	-	-	1,040,130
Infrastructure Unexpended Capital Works	789,979	75,441	-	865,420
Landfill and Waste Management	7,784,511	3,797,894	(1,894,657)	9,687,748
Marysville Caravan Park	89,122	76,472	(21,920)	143,674
New and Expanded Assets	4,040,532	-	-	4,040,532
Marysville Community Fund	63,531	-	-	63,531
Road Maintenance - Subdividers Contribution	16,044	-	-	16,044
Shaw Avenue Redevelopment	43,752	-	-	43,752
Yea Caravan Park	-	43,379	(9,786)	33,593
Yea Saleyards	62,176	536,731	(419,528)	179,379
<b>Total Other reserves</b>	<b>17,076,289</b>	<b>4,608,117</b>	<b>(2,345,891)</b>	<b>19,338,515</b>

	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
	\$	\$	\$	\$
<b>2018</b>				
<b>Statutory Reserves</b>				
Public Open Space	462,254	24,750	-	487,004
<b>Discretionary Reserves</b>				
Alexandra Community Leisure Centre	20,802	-	(20,802)	-
Defined Benefits Superannuation	1,050,000	150,000	-	1,200,000
Gifted and Novated Assets	920,000	-	-	920,000
Infrastructure Contributions Parking	41,080	-	-	41,080
Infrastructure Balance MAP funding	516,378	-	(17,950)	498,428
Infrastructure Maintenance	1,016,760	109,370	(86,000)	1,040,130
Infrastructure Unexpended Capital Works	1,073,692	-	(283,713)	789,979
Landfill and Waste Management	6,197,679	1,921,967	(335,135)	7,784,511
Marysville Caravan Park	149,784	61,204	(121,866)	89,122
New and Expanded Assets	4,122,936	-	(82,404)	4,040,532
Marysville Community Fund	63,531	-	-	63,531
Road Maintenance - Subdividers Contribution	16,044	-	-	16,044
Shaw Avenue Redevelopment	43,752	-	-	43,752
Yea Caravan Park	-	7,358	(7,358)	-
Yea Saleyards	-	139,986	(77,810)	62,176
<b>Total Other reserves</b>	<b>15,694,692</b>	<b>2,414,635</b>	<b>(1,033,038)</b>	<b>17,076,289</b>

**9.1 Reserves (cont.)**

Defined Benefits reserve has been created to meet any obligations for future funding calls from the Vision Super Defined Benefits Superannuation Fund.

Gifted and Novated reserve is funds set aside from State Government funding for new assets gifted after the 2009 bushfires.

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

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

Infrastructure balance MAP represents the final payment received from State Government related to the Murrumbidgee Assistance Package.

Infrastructure Unexpended Capital works relates to savings from capital projects that will be allocated to fund future capital works.

Landfill and waste management reserve represents funds set aside for rehabilitation of Landfill site. The reserve is to be utilised for future works to maximise life of the landfill site (eg. cell construction, cell capping and Leachate management over the next 20 years)

Marysville Caravan Park reserve is surplus operational funds set aside for future capital works.

Marysville Community Fund are funds set aside from sale of Council assets in Marysville that are to be reinvested in infrastructure in Marysville.

New and Expanded assets reserve represents funds set aside for future capital works on assets gifted following the 2009 bushfires.

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

Road Maintenance reserve consists of contributions from subdividers to future road maintenance cost impacted by respective subdivisions.

Shaw Avenue reserve represents funds set aside for redevelopment of remaining land.

Yea Caravan Park reserve is surplus operational funds set aside for future capital works.

Yea Saleyards reserve is surplus operational funds set aside for future capital works.

**9.2 Reconciliation of cash flows from operating activities to surplus**

	2019	2018
	\$	\$
Surplus for the financial year	4,180,215	2,611,999
Depreciation and amortisation	9,651,368	8,861,522
Contributions - non-monetary	(1,649,478)	(297,180)
Finance Costs	58,422	83,111
(Gain)/loss on disposal of property, plant and equipment, infrastructure	855,328	255,167
Change in assets and liabilities:		
(Increase)/Decrease in trade and other receivables	(93,267)	(1,926,864)
(Increase)/Decrease in inventories	(1,564)	13,972
(Increase)/Decrease in other current assets	(60,671)	28,867
Increase/(Decrease) in trade and other payables	(862,037)	1,144,442
Increase/(Decrease) in trust funds and deposits	86,256	133,544
Increase/(Decrease) in provisions	(654,297)	159,224
Net cash provided by operating activities	<u>11,510,275</u>	<u>11,067,804</u>

### 9.3 Superannuation

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

#### **Accumulation**

The Fund's accumulation categories, Vision My Super/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings for the year ended 30 June 2019, this was 9.5% as required under Superannuation Guarantee legislation.

#### **Defined Benefit**

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

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

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2020 is \$56,000.

#### *Funding Arrangements*

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

As at 30 June 2018, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 106.0%. The financial assumptions used to calculate the VBIs were:

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

Vision Super has advised that the estimated VBI at 30 June 2019 was 107.1%.

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

#### *Employer contributions*

##### Regular contributions

On the basis of the results of the 2018 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 2019, this rate was 9.5% of members' salaries (9.5% in 2017/2018). This rate will increase in line with any increase to the SG contribution rate. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

### 9.3 Superannuation (Cont.)

#### Funding calls

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers including Council are required to make an employer contribution to cover the shortfall.

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 2018 interim actuarial investigation surplus amounts.

full actuarial investigation conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2018 and a full actuarial investigation was conducted as at 30 June 2017. The Fund's actuarial investigations identified the following for the Defined Benefit category:

	2018	2017
	\$m	\$m
A VBI surplus	131.9	69.8
A total service liability surplus	218.3	193.5
A discounted accrued benefits surplus	249.1	228.8

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2018. The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of the expected future benefits and expenses. as at June 2018.

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 2018

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of the expected future benefits and expenses as at 30 June 2018

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

#### 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%

#### **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 14,478 as of the most recent Australian Bureau of Statistics update.

**Notes to Financial Report  
 For the Year Ended 30 June 2019**

**PERFORMANCE STATEMENT**

**Sustainable Capacity Indicators**

<i>Indicator /measure</i>	<b>Results 2016</b>	<b>Results 2017</b>	<b>Results 2018</b>	<b>Results 2019</b>	<b>Material Variations</b>
<b>Population</b>					
<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$2,287.29	\$2,336.32	\$2,308.21	\$2,494.86	
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$19,818.00	\$19,937.14	\$21,943.37	\$21,700.64	
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	11.02	11.25	11.43	11.68	
<b>Own-source revenue</b>					
<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,665.55	\$1,701.02	\$1,737.85	\$1,805.32	
<b>Recurrent grants</b>					
<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$511.28	\$731.86	\$610.62	\$584.98	
<b>Disadvantage</b>					
<i>Relative Socio-Economic Disadvantage</i> [Index of Relative Socio-Economic Disadvantage by decile]	6.00	6.00	6.00	6.00	

**Notes to Financial Report  
 For the Year Ended 30 June 2019**

**PERFORMANCE STATEMENT**

**Service Performance Indicators**

<b>Service/indicator /measure</b>	<b>Results 2016</b>	<b>Results 2017</b>	<b>Results 2018</b>	<b>Results 2019</b>	<b>Material Variations</b>
<b>Aquatic Facilities</b> <b>Utilisation</b> <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	1.42	1.30	1.42	1.53	
<b>Animal Management</b> <b>Health and safety</b> <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	2.00	0.00	0.00	1.00	There was one animal prosecution for the year, there were no prosecutions the previous year.
<b>Food Safety</b> <b>Health and safety</b> <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%	
<b>Governance</b> <b>Satisfaction</b> <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]	42.00	41.00	45.00	55.00	
<b>Home and Community Care (HACC)</b> <b>Participation</b> <i>Participation in HACC service</i> [Number of people that received a HACC service / Municipal target population for HACC services] x100	30.96%	Reporting Ceased 1 July 2016	Reporting Ceased 1 July 2016	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
<b>Participation</b> <i>Participation in HACC service by CALD people</i> [Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100	46.79%	Reporting Ceased 1 July 2016	Reporting Ceased 1 July 2016	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
<b>Libraries</b> <b>Participation</b> <i>Active library members</i> [Number of active library members / Municipal population] x100	21.44%	40.25%	20.61%	22.08%	Active library membership remains largely constant but has climbed in the year under review. The figure for 2016-17 was inaccurately reported.

**Notes to Financial Report  
 For the Year Ended 30 June 2019**

**PERFORMANCE STATEMENT**

<b>Service/indicator /measure</b>	<b>Results 2016</b>	<b>Results 2017</b>	<b>Results 2018</b>	<b>Results 2019</b>	<b>Material Variations</b>
<b>Maternal and Child Health (MCH)</b> <b>Participation</b>  <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> <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	95.28%	98.36%	100.00%	86.75%	This measure reflects the level of participation in Key Age and Stage (KAS) assessments which can fluctuate in some years if KAS assessments are not due for older toddlers.  A small number of families, initially involved in the service left during the year which accounts for the decrease in 2018/19 .
<b>Roads</b> <b>Satisfaction</b>  <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]	51.00	46.00	42.00	48.00	A focused approach to sealed road network has seen an improvement in community satisfaction.
<b>Statutory Planning</b> <b>Decision making</b>  <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	100.00%	66.67%	66.67%	100.00%	One Council Planning decision was referred to VCAT in 2018/2019, Council's decision was upheld.
<b>Waste Collection</b> <b>Waste diversion</b>  <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	39.59%	36.30%	34.92%	34.09%	



Notes to Financial Report  
 For the Year Ended 30 June 2019

PERFORMANCE STATEMENT									
Financial Performance Indicators									
Dimension/indicator/measure	Results 2016	Results 2017	Results 2018	Results 2019	2020	2021	2022	2023	Material Variations
<b>Efficiency</b>									
<b>Revenue level</b>									
Average residential rate per residential property assessment [Residential rate revenue / Number of residential property assessments]	\$1,021.57	\$1,076.61	\$1,102.16	\$1,108.27	\$1,169.55	\$1,192.71	\$1,216.33	\$1,240.41	
<b>Expenditure level</b>									
Expenses per property assessment [Total expenses / Number of property assessments]	\$3,237.78	\$3,331.23	\$3,358.70	\$3,645.23	\$3,601.78	\$3,647.95	\$3,698.10	\$3,748.95	
<b>Workforce turnover</b>									
Resignations and terminations compared to average staff  [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	16.10%	11.96%	9.07%	13.29%	11.49%	11.43%	10.81%	10.26%	Result is consistent with the three year average. An organisation restructure has contributed to the 18/19 result.
<b>Liquidity</b>									
<b>Working capital</b>									
Current assets compared to current liabilities  [Current assets / Current liabilities] x100	390.20%	537.67%	471.11%	590.22%	472.45%	499.18%	486.51%	507.91%	The trend in percentage of working capital has remained strong across the 4 years of reporting. The current year result reflects council holding cash to fund carried over capital works. Council also has sufficient cash to pay liabilities on time.
<b>Unrestricted cash</b>									
Unrestricted cash compared to current liabilities  [Unrestricted cash / Current liabilities] x100	28.47%	53.47%	73.14%	12.91%	398.34%	427.60%	415.23%	437.16%	Council has significant cash holdings in term deposits (\$34.1 million), which are classified as 'financial assets' in our Balance Sheet. Although these term deposits are liquid, these cash holdings are excluded from the calculation which understates Council's actual unrestricted cash.

Notes to Financial Report  
 For the Year Ended 30 June 2019

PERFORMANCE STATEMENT									
PERFORMANCE STATEMENT									
Dimension/indicator/measure	Results 2016	Results 2017	Results 2018	Results 2019	2020	Forecasts		2023	Material Variations
						2021	2022		
<b>Obligations</b>									
<b>Asset renewal</b>									
<i>Asset renewal compared to depreciation</i>	49.41%	81.63%	53.19%	43.31%	51.60%	78.96%	108.98%	75.90%	Although Council spent \$3.8 million on asset renewal projects, the 2018/19 year result of 43.31% indicates that Council is not meeting all asset renewal requirements. Council is working to address this issue with improved systems and data management.
[Asset renewal expense / Asset depreciation] x100									
<b>Loans and borrowings</b>									
<i>Loans and borrowings compared to rates</i>	11.09%	7.06%	4.98%	3.25%	2.24%	1.63%	1.06%	0.52%	No new loans. Council continues to paydown existing loan balances.
[Interest bearing loans and borrowings / Rate revenue] x100									
<i>Loans and borrowings repayments compared to rates</i>	5.09%	4.12%	2.28%	1.84%	1.06%	0.82%	0.60%	0.38%	No new loans. Council continues to paydown existing loan balances.
[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100									
<b>Indebtedness</b>									
<i>Non-current liabilities compared to own source revenue</i>	30.71%	29.47%	27.74%	22.86%	24.53%	23.12%	21.78%	20.50%	The trend in indebtedness continues to decrease as Council paydowns existing loans.
[Non-current liabilities / Own source revenue] x100									
<b>Operating position</b>									
<b>Adjusted underlying result</b>									
<i>Adjusted underlying surplus (or deficit)</i>	-2.55%	6.25%	3.11%	1.63%	-1.13%	-0.85%	-0.67%	-0.48%	The 2017/18 result was influenced by an advance payment from the Victorian Grants Commission. The 2018/19 result is in line with Council's original budget.
[Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100									
<b>Stability</b>									
<b>Rates concentration</b>									
<i>Rates compared to adjusted underlying revenue</i>	60.33%	55.45%	58.66%	55.94%	60.59%	60.84%	61.09%	61.34%	
[Rate revenue / Adjusted underlying revenue] x100									
<b>Rates effort</b>									
<i>Rates compared to property values</i>	0.46%	0.47%	0.48%	0.44%	0.42%	0.43%	0.44%	0.44%	
[Rate revenue / Capital improved value of rateable properties in the municipality] x100									

## Notes to Financial Report For the Year Ended 30 June 2019

### Basis of preparation

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

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

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

The forecast figures included in the performance statement are based on the assumptions adopted by council in its budget and strategic resource plan on 26 June 2019. The budget and strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. Council's budget and strategic resource plan are available on Council's website ([www.murrumbidgee.vic.gov.au](http://www.murrumbidgee.vic.gov.au)) or copies are available in all three of Council's offices.

### Definitions

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

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

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

"adjusted underlying revenue" means total income other than -

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

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

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

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

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

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

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

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

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

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

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

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

"HACC program" means the Home and Community Care program established under the Agreement entered into for the purpose of the Home and Community Care Act 1985 of the Commonwealth

"HACC service" means home help, personal care or community respite provided under the HACC program

"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*

**Notes to Financial Report  
For the Year Ended 30 June 2019**

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

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

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

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

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

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

"population" means the resident population estimated by Council

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

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

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

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

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

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

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

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

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

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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 (Finance and Reporting) Regulations 2014.

*Graham Haylock*  
**Principal Accounting Officer**

**Date :**  
*Alexandra*

In our opinion, the accompanying performance statement of Murrindindi Shire Council for the year ended 30 June 2019 presents fairly the results of council's performance in accordance with the *Local Government Act 1989* and the Local Government (Planning and Reporting) Regulations 2014.

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

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

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

*Sandice McAulay*  
**Mayor**

**Date :**  
*Alexandra*

*Leigh Dunscombe*  
**Councillor**

**Date :**  
*Alexandra*

*Craig Lloyd*  
**Chief Executive Officer**

**Date :**  
*Alexandra*