



ATTACHMENTS

**Ordinary Council Meeting
Under Separate Cover 2
Wednesday, 2 December 2020**

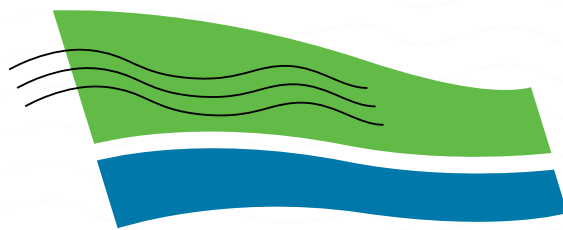
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Moorabool Shire Council
Annual Report
2019-2020



MOORABOOL
SHIRE COUNCIL

Part 1



Introduction

WELCOME

Moorabool Shire Council's 2019-20 Annual Report reflects Council's performance during the year against the goals set in the Council Plan 2017-2021.

This report is intended as a point of reference for Council, residents and businesses in the Shire, community organisations and government departments.

The Council Plan 2013-2017 is structured under the following Strategic Framework:

- ▶ Providing good governance and leadership
- ▶ Minimising environmental impact
- ▶ Stimulating economic development
- ▶ Improving social outcomes

COUNCIL'S PURPOSE:

OUR VISION:

Viable and vibrant communities with unique identities.

OUR PURPOSE:

1. The Moorabool Shire Council exists to co-design local solutions that enable the Moorabool communities to prosper now and into the future.
2. The Council exists to be in service to the communities of the Moorabool Shire.
3. The Council is accountable to the community and has legislative responsibilities.

OUR VALUES:

INTEGRITY I say what I mean and always do what's right.

CREATIVITY I consider situations from multiple angles and perspectives.

ACCOUNTABILITY I have courage to make decisions and take ownership for their outcomes.

RESPECT I seek to understand and treat people how I would like to be treated.

EXCELLENCE I take calculated risks to seek out better ways of doing things.

These values translate to the acronym **I CARE**.

This Annual Report can be viewed online at www.moorabool.vic.gov.au or can be obtained from all Council offices.

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A MESSAGE FROM THE MAYOR AND CEO

We bring you our Annual Report 2019/20 in very different circumstances to what we ever have previously.

The COVID-19 global pandemic only covered about three months of this reporting period, but there were significant changes made to our service delivery and our operations in that time, and the ongoing effect of the pandemic, even when we do come out the other end of it, will have ramifications at our Council and all levels of government for years to come.

Despite the pandemic, we are incredibly proud of what we were able to deliver in 2019/20 and we have some very exciting projects planned for the not too distant future.

Work at our Moorabool Regional Sports Hub at Bacchus Marsh Racecourse and Recreation Reserve continued at a great pace in 2019/20. We opened the BMX track and the soccer field and are making great progress on the sports pavilion and racetrack areas.

In continuing to cater for the rapid growth our Shire is experiencing, we have made a strong commitment to invest in better services and

provide opportunities for investment and business, especially in this current climate.

We want to thank all our staff who have continued to work so hard to deliver on our strategic work and push ahead on projects and services, particularly in the last few months of the 2019/20 financial year, when the vast majority had to adapt to working remotely. We were very pleased to be able to hold on to all our staff – and redeploy staff where necessary – to get through periods of shutdown and altered services.

We'd also like to thank our Moorabool community for their support and understanding during these changes. Many individuals and community groups have been working closely with us to ensure the safety and wellbeing of our community.

Read more about the highlights and challenges of the year starting on page 12.

We hope you find the 2019/20 Annual Report an interesting and informative read.

David Edwards, Mayor and Derek Madden, CEO



COUNCILLORS

It was with great sadness that Council learned of the passing of one of our sitting Councillors, Cr Pat Toohey, on 18 September 2019.

Cr Toohey was a long serving Councillor for the Moorabool community - appointed in 2004 and serving as Mayor on two occasions.

He represented his community on numerous committees in his 15 years as a Councillor. In 2018/19 he was on the Greendale Recreation Reserve Committee of Management, Concerned Councils for the Moorabool River Flows and Environment, Rural Councils Victoria, and the Economic Development Taskforce Advisory Committee.

Following Cr Toohey's passing, a by-election was held in Woodlands Ward in December 2019, and Cr Lawry Borgelt was elected to Council.



EAST MOORABOOL WARD

Cr David Edwards

MAYOR

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CENTRAL WARD

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EAST MOORABOOL WARD

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WEST MOORABOOL WARD

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WOODLANDS WARD

Cr Lawry Borgelt

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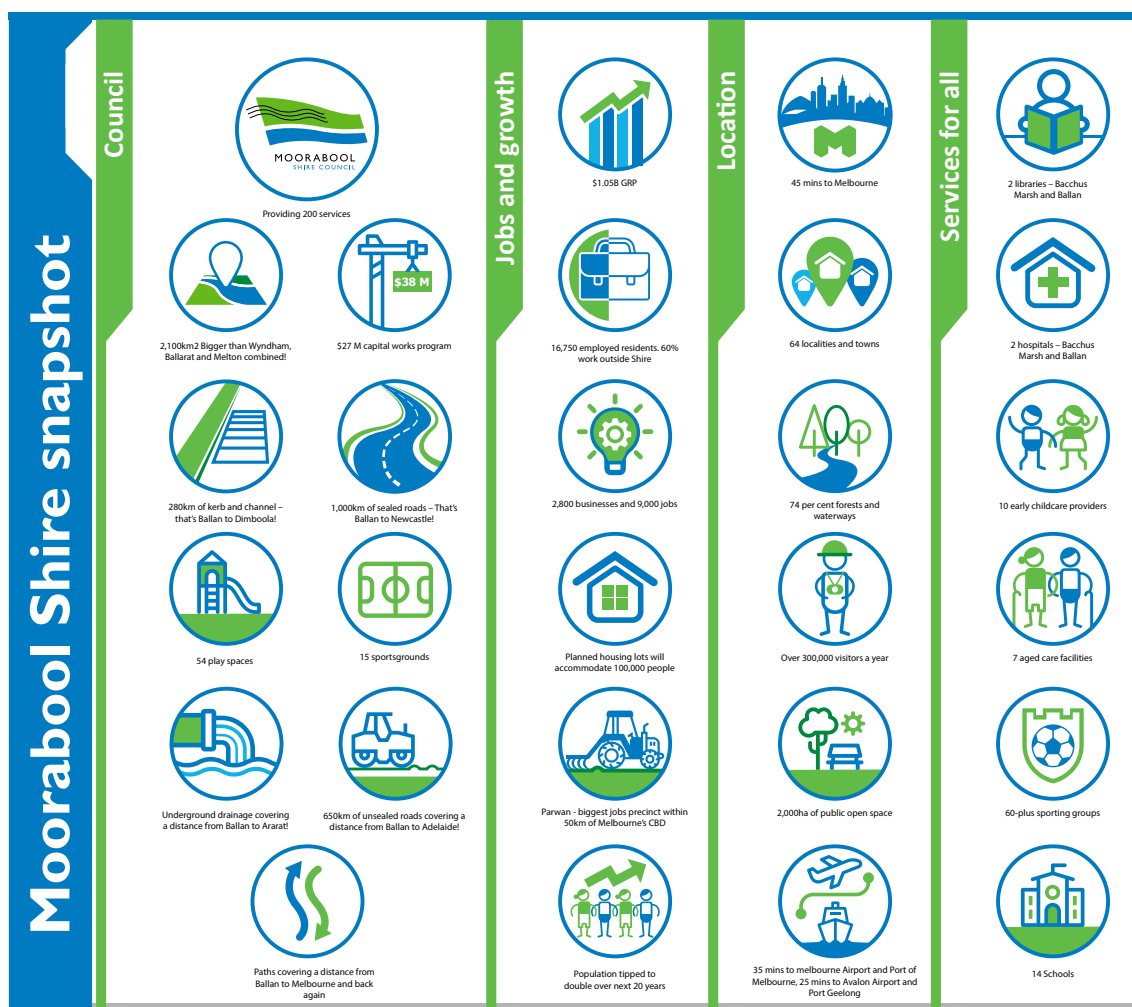
SNAPSHOT OF MOORABOOL

Moorabool Shire is a fast growing semi-rural municipality ideally placed between Melbourne, Geelong and Ballarat. It is equi-distant to Melbourne International and Avalon Airports and close to the sea ports of Geelong and Melbourne. The Shire is positioned along the major road and rail transport corridors between Melbourne and Adelaide.

It offers residents picturesque and friendly surrounds with the vibrancy of an active, growing community.

Moorabool is made up of 64 localities, hamlets and towns. Residents can opt for an urban lifestyle in towns like Bacchus Marsh (45km west of the Melbourne CBD) and Ballan (70km west of the Melbourne CBD) or enjoy life in one of Moorabool's small towns and hamlets, rural open spaces and natural surrounds.

About three quarters of the Shire is water catchments, state forests and national parks. Moorabool boasts breathtaking landscapes, national parks, forests, gorges, mineral springs and tourism attractions. Key attractions include the Wombat State Forest, Brisbane Ranges National Park, Lerderderg State Park, Werribee Gorge State Park and the Bacchus Marsh Avenue of Honour.



TRADITIONAL OWNERS

We acknowledge the Indigenous history of Moorabool Shire.

The land was traditionally occupied by and connected to a number of Aboriginal communities, most notably the Wathaurung Tribe in the south and west, the Wurundjeri Tribe in the east and the Dja Dja Wurrung Tribe in the north west.



OUR POPULATION

Moorabool Shire is one of the fastest growing local government areas in inland regional Victoria.

The official population of Moorabool Shire in 2019 was 35,049, according to the Bureau of Statistics. More than half the population lives in Bacchus Marsh and surrounds. The Shire’s second largest population can be found in and around Ballan . The remaining population is distributed throughout the large number of small towns, hamlets and farming areas within the Shire. The majority of people who relocate to Moorabool Shire are young families seeking a semi-rural lifestyle. Moorabool’s demographic reflects this trend.

POPULATION GROWTH

When considering future growth of Moorabool Shire, Council has identified three key residential locations where the majority of that growth will occur. These locations – Bacchus Marsh, Ballan and Gordon – already have established infrastructure to accommodate new growth.

As part of the Moorabool 2041 (Small Towns and Clusters Settlement Strategy) framework, Council is also consulting with other settlements such as Wallace and Bungaree in reference to the growth opportunities.

The population of the Shire is estimated to increase to more than 80,000 by 2041.



OUR BUSINESS

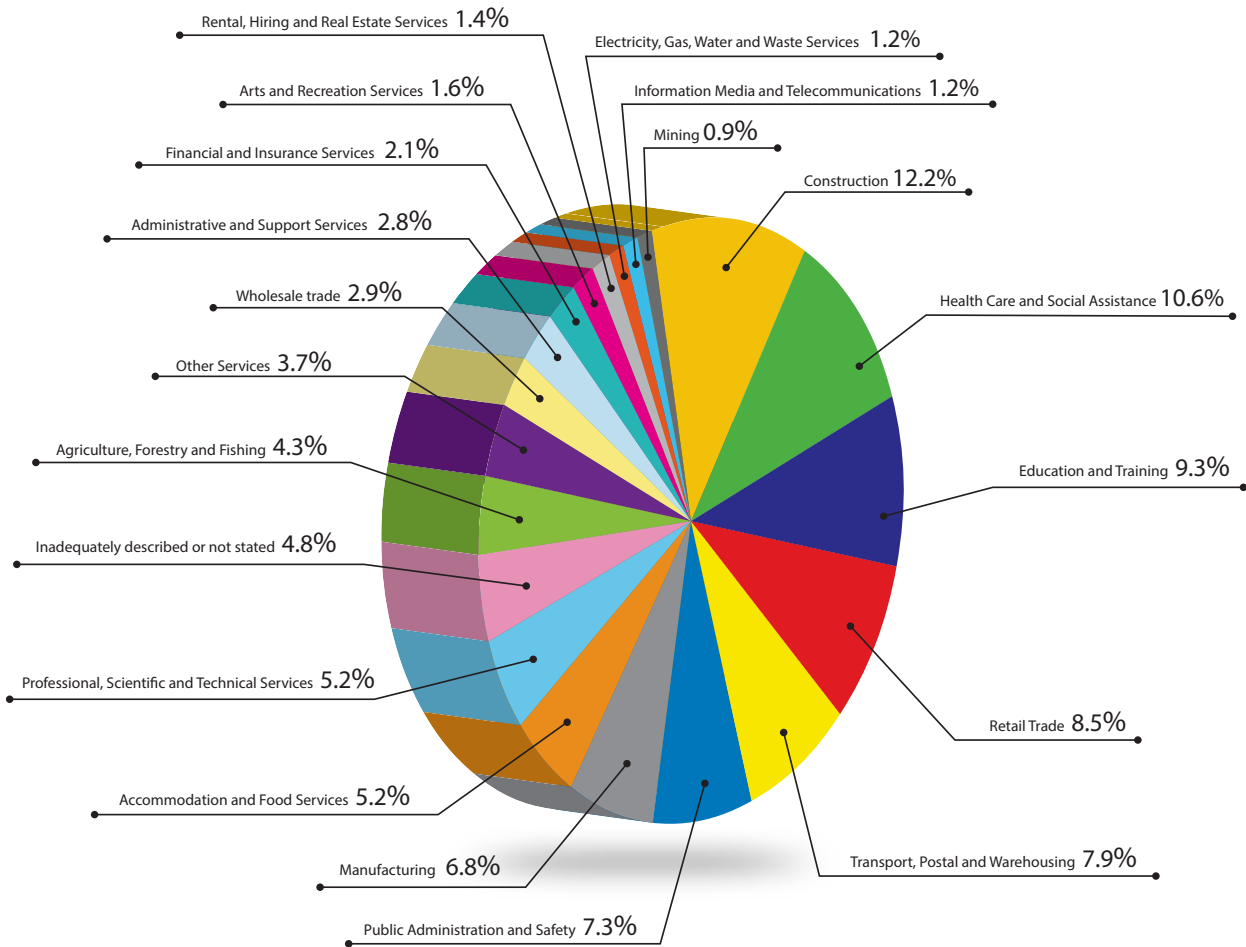
BUSINESS PROFILE

Traditional economic drivers such as agriculture, timber, wool and beef production and mineral, stone and water extraction remain extremely important to Moorabool's economy.

Residential growth, construction, retail and service industries, light manufacturing and tourism are emerging factors of growth.

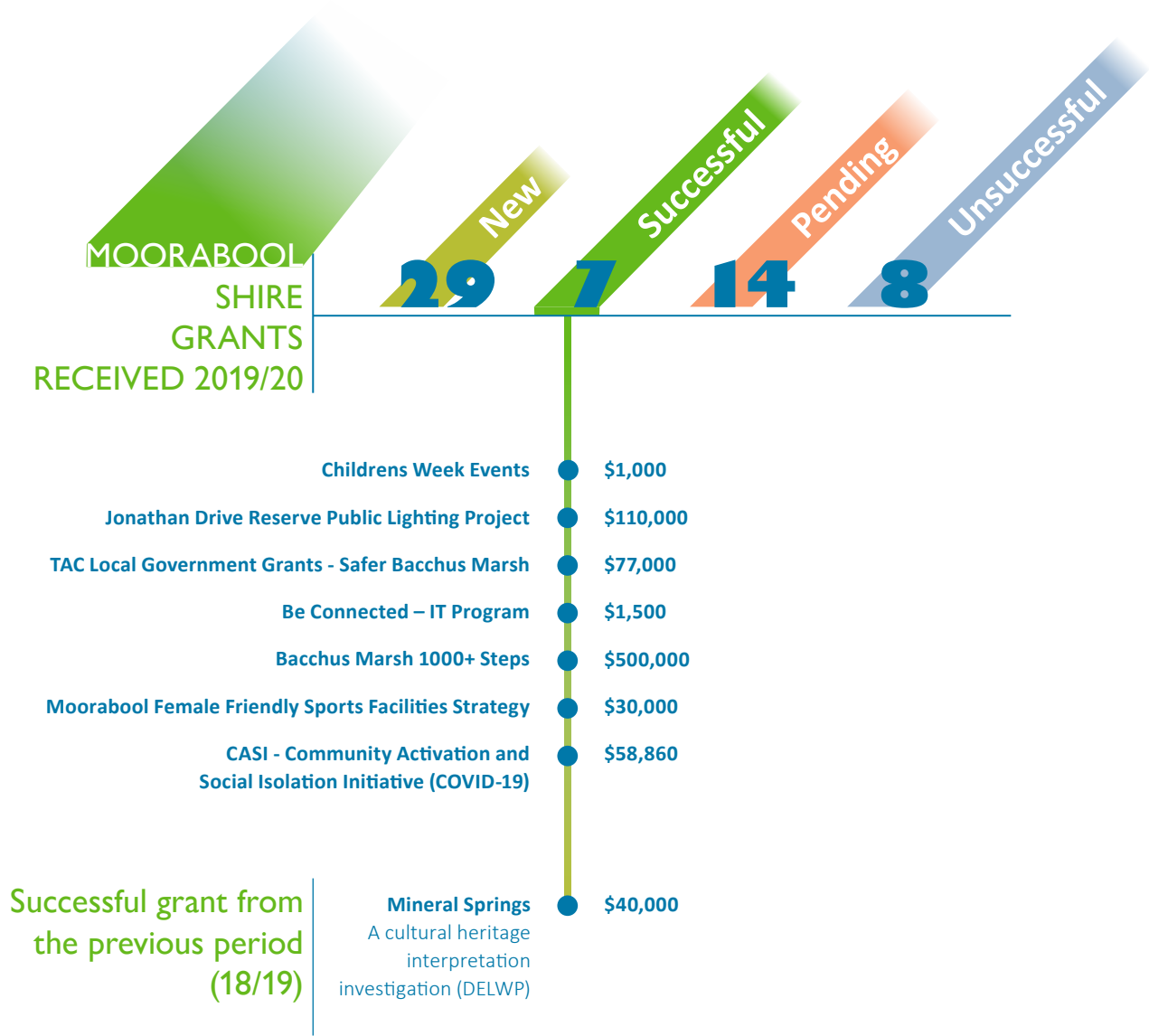
The Shire's growing population provides tremendous opportunities for business growth and investment. The excellent services we provide, and those planned for the future, will see Moorabool become an even more attractive prospect.

The graph below shows the breakdown of Moorabool Shire residents employed in these sectors.



GRANT SUMMARY

The Moorabool Shire relies on funding from other levels of government to deliver community outcomes in services and projects.



Part 2



MOORABOOL
SHIRE COUNCIL

COUNCIL OFFICE
HALLETTS WAY DARLEY

Our
Council

HIGHLIGHTS AND CHALLENGES 2019/20

Along with governments and private organisations throughout the world, Council has never reported on a financial year quite like 2019/20.

The coronavirus pandemic is posing an unprecedented challenge to communities around the world. We won't have a comprehensive understanding of the full impact of the pandemic until well into next year, but our strong financial management and good governance practices is enabling us to respond appropriately and effectively to this rapidly changing situation.

Whilst we have certainly come up against significant challenges since March 2020, Council

has continued to deliver services and plan for infrastructure investment to cater for our community's needs. Our focus remains the delivery of essential services our community needs and expects - including roads, rubbish and recycling, maternal and children's services, library services, sporting ovals, street-sweeping and a wide range of community services from school crossings to aged services. We are also focused on planning for infrastructure and services for the future to cater for our expected exponential growth.

Below is a summary of the highlights and challenges by directorate over the 2019/20 year:



DIRECTORATE: COMMUNITY ASSETS AND INFRASTRUCTURE

Highlights

An LED Streetlight Upgrade

This changeover to LED lighting will save Council on running costs, provide improved lighting outcomes and reduce greenhouse emissions.

Development and Adoption of Strategic Documents

The following strategic documents were developed and adopted:

- ▶ Minor Asset Disposal Policy
- ▶ Graffiti Management Policy
- ▶ Bores and Standpipes Policy
- ▶ Moorabool Community Road Safety Strategy
- ▶ Stage 3 Local Area Traffic Management Plan (Darley)
- ▶ Municipal Emergency Management Plan 2020-2022
- ▶ Bacchus Marsh & Ballan Open Space Framework
- ▶ LGV Councils in Emergencies Capacity and Capability Project

Maintenance Management

- ▶ Increased levels of Road Management Plan compliance by attending to defects within response times via enhanced levels of planning, organisation, monitoring and reporting.
- ▶ Parks & Gardens and Buildings Maintenance have now moved away from manual processes and are using Council's electronic Maintenance Management System which substantially changes the way Council delivers maintenance services.
- ▶ Development of 3 year implementation programs such as Tree Planting, Urban/Township Improvements, and Line Marking.
- ▶ Ongoing success of the implementation of the Roadside Weed and Pest Animal Control program targeting serrated tussock, gorse and rabbits.



DIRECTORATE: COMMUNITY ASSETS AND INFRASTRUCTURE

Capital Works

Progression of the capital works program including:

- ▶ Completion of all major roadworks, gravel re-sheets and re-seals
- ▶ Completed the Inglis Street, Ballan streetscape improvement project
- ▶ New and improved oval lighting installed at Darley, Gordon, Wallace, Bungaree and Dunnstown
- ▶ Solar panels installed on Council offices at Ballan, Darley and Lerderderg Library
- ▶ Griffith Street/McCormacks Road roundabout completion
- ▶ Bacchus Marsh Racecourse Recreation Reserve Stage 1 including:
 - ▶ BMX track completion
 - ▶ Multi-purpose oval completion
 - ▶ Equestrian cross-country course completion
 - ▶ Civil works and services in progress
 - ▶ Equestrian arenas in progress
 - ▶ New sports pavilion in progress
 - ▶ New equestrian pavilion in progress
- ▶ Adoption of masterplan for the Taverner Street site including a future indoor court stadium and aquatic centre
- ▶ Commencement of the design of the Bacchus Marsh Indoor Stadium

Other

- ▶ Managed and certified the creation of 393 new housing lots at the major estates of Underbank, Stonehill, Bellevue Tops and Summerfield North
- ▶ Implementation of the 'Bin it Right' livery (signage) on kerbside collection trucks
- ▶ Appointment of Cleanaway for kerbside recycling receipt following the collapse of SKM

Challenges include:

Severe weather events such as high rainfall and floods, impacting on civil infrastructure resulting in higher than usual maintenance activities.

COVID-19 pandemic and associated restrictions presented challenges in being able to continue to deliver services to our community safely and effectively.

Kerbside recycling contamination rates being too high.

.....Challenges



DIRECTORATE: COMMUNITY STRENGTHENING

Highlights

- ▶ Excellent patronage at our Seniors Festival in October 2019 and our International Day of People living with a Disability in December 2019.
- ▶ Increased engagement and support provided to families through Supported Playgroups.
- ▶ The Social Support team sourced, packaged and delivered fortnightly activity packs, including fresh food, biscuits, soap, toilet paper and activity books for active ageing clients during the COVID-19 pandemic.
- ▶ The Maternal & Child Health service transitioned to telehealth to engage families during the pandemic.
- ▶ Increased numbers of young people accessing Council's Studio 22 youth space.
- ▶ Supported Playgroups delivered a program called Smalltalk, funded by the Department of Health and Human Services. Smalltalk is a set of evidence-based strategies that parents can use to enhance the home learning environment for their children from birth to school age. There was significant increase in participation in supported playgroups: from 45% in September 2019 to 96% in June 2020.
- ▶ A successful community grants program.
- ▶ The Jonathan Drive Arts Project, in partnership with Ballarat Community Leadership Program and Darley Neighbourhood House, saw a public space beautified by children's artwork after it had been a target of vandalism.
- ▶ Introduction of the Community Leadership Program - a free program developing community focused leaders within the Shire.
- ▶ Implementation of the Pool Lifeguard Scholarship Program for young people in Moorabool.

- ▶ Creation of COVID-19 documentation and supporting clubs to return to sport.
- ▶ The success of the 2020 Peter Carey Short Story Awards, which this year was held online. The competition received 322 adult entries and 116 entries from junior writers, at a time when schools were closed. The online presentation ceremony attracted 62 live watchers on the day and 370 total views of the event.

Challenges include:

COVID-19 pandemic, which forced a change in service delivery across most units, including Active Ageing and Diversity, Child, Youth and Family and Libraries.

Aged Care Reforms – the ongoing uncertainty regarding Aged Care reforms and changes within the funding and service system model continue to provide challenges in planning the future model of aged care services.

Regional Assessment Service – the ongoing uncertainty regarding the potential future privatisation of this model has created challenges for team members regarding their future roles.

Challenges

DIRECTORATE: CUSTOMER CARE AND ADVOCACY

Highlights

Build knowledge and capability to improve customers' experience of our services:

- ▶ Surveyed about 850 residents and about 150 staff to understand the current end to end experience in service delivery.
- ▶ Provided greater choice of channels for customers to engage with Council including Live Chat, Facebook, and video conferencing.
- ▶ Developed a Customer Experience Strategy to 'provide services that are consistent, reliable, inclusive, easy to use and meet the needs of our customers'.
- ▶ Developed a customer dashboard to measure and publish our performance.

Set the foundations for a strong brand:

- ▶ Developed a corporate communications strategy and an advocacy framework to set the groundwork for a strong brand, with a large focus on using digital channels to reach a wider audience.
- ▶ Developed advocacy sheets that are used to inform Members of Parliament and Ministers on priority projects.
- ▶ Initiated a #MyMoorabool social media campaign to provide our community with a platform to highlight the great things about the Shire.
- ▶ Produced a new electronic Welcome Pack for new residents to our region.

Strengthen our ICT systems to support customer experience, cyber safety, productivity and flexibility:

- ▶ Enabled flexible working by investing in mobile phones, laptops and invested in bandwidth.
- ▶ Implementation of an Intranet and mobile internal communications application to engage our staff, communicate critical information and celebrate success.
- ▶ Rolled out public Wi-Fi in Ballan.

Took significant steps towards a safer workplace:

- ▶ Developed a 3-year OHS Strategy and an associated Action Plan, based on the principles of 'Good Work Design'.
- ▶ Developed a suite of 16 High Risk Procedures suitable for all Council operations.

Challenges include:

Service delivery changes due to the COVID-19 pandemic, including having to shut customer service centres and take customer enquiries online or by phone only.

Challenges

DIRECTORATE: COMMUNITY PLANNING AND ECONOMIC DEVELOPMENT

Highlights

The Ballan Strategic Directions:

- ▶ This strategic planning document was finalised and included as a new local policy within the Moorabool Planning Scheme.

Population projections for future growth:

- ▶ To effectively plan for the unprecedented population growth and development pressures across Moorabool, Council reviewed and updated its population projections and demographic profile to create a solid basis to inform future Council policies and to accurately plan for new development, major trends, community infrastructure needs and services.

The Community Infrastructure Planning Process:

- ▶ This process was completed.

Major Business Events:

- ▶ Council's Economic Development team hosted three premier business events featuring high profile guest speakers, such as media commentators Bernard Salt and accessibility advocate and visitor economy business leader Christine Smith.

COVID-19 Business Support:

- ▶ The Economic Development team launched a range of business support initiatives, including the Hungry, Order Local social media campaign.

Statutory Planning Determination meeting:

- ▶ Creation and implementation of the internal Planning Determination meeting. This new process enables the fast tracking of planning applications with simplified planning delegate reports and review process to be done in a shortened timeframe.

COVID-19:

- ▶ Providing business as (un)usual in a challenging environment. Staff had to adapt to engaging with the community in new and innovative ways, without the ability to consult face to face. The pandemic negatively impacted the business community so extra time and resources were dedicated to providing support and advice.

Increased Development Pressures:

- ▶ An increase in large scale development proposals, including significant greenfield growth, and working with the Victorian Planning Authority to provide for this growth put pressure on staff and workloads.

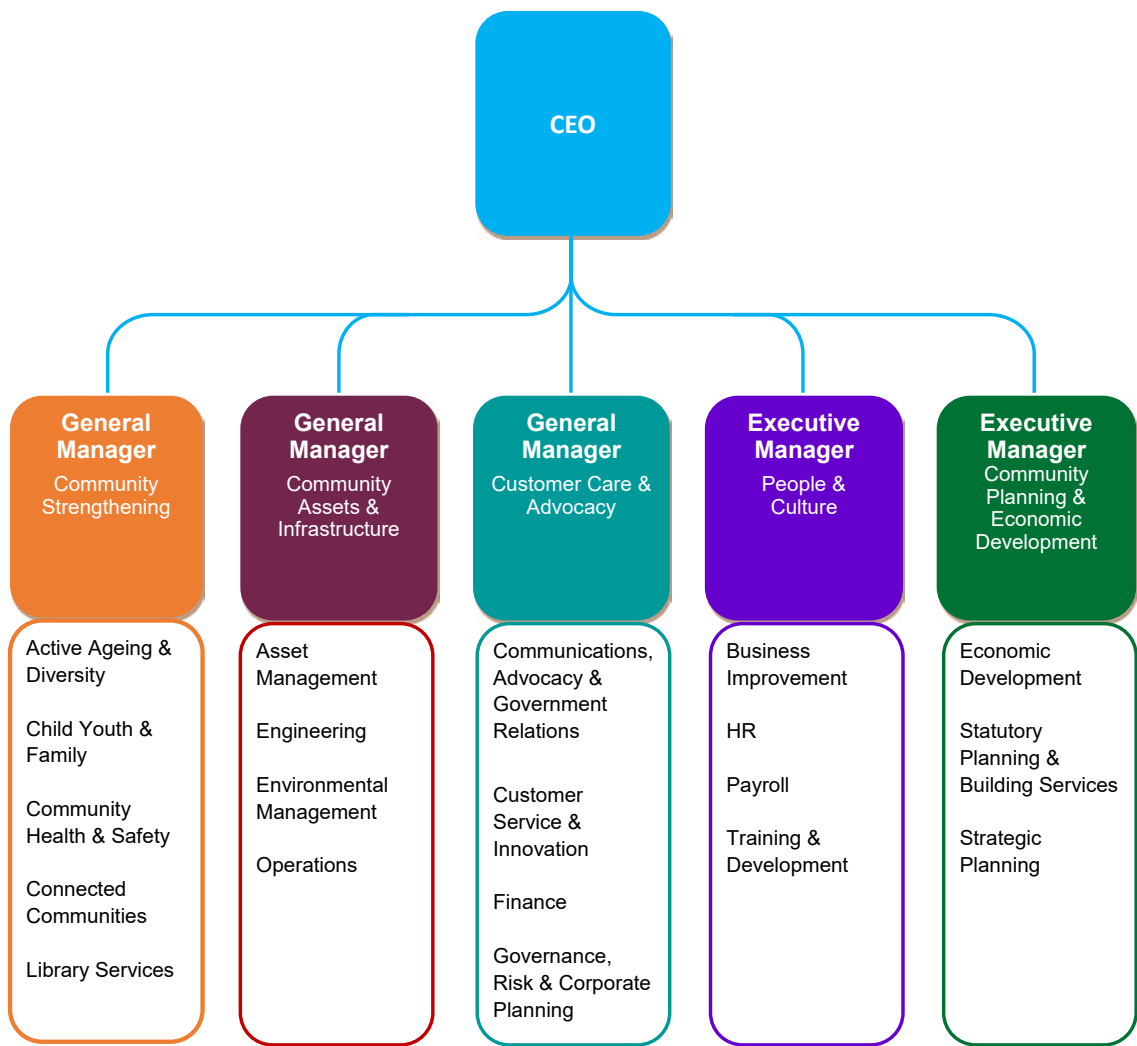
Increased State significant projects and potential conflicting land use:

- ▶ The 2019-2020 financial year saw an increase in State significant projects proposed in the Shire. This has required extra staff resources and increased costs.

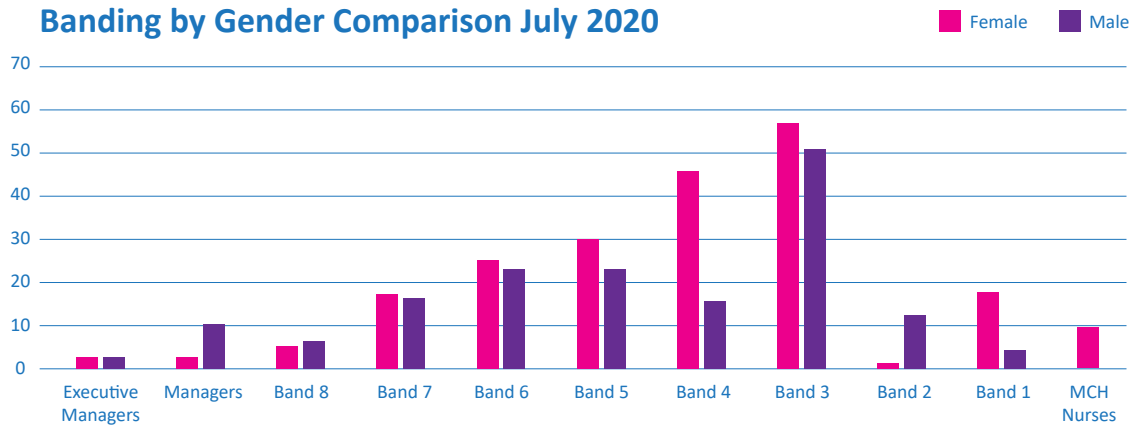


Challenges

ORGANISATION STRUCTURE



EMPLOYEE INFORMATION



STAFF BY GENDER

Moorabool Shire Council’s workforce is made up of 57% female and 43% male staff. At the present time, Moorabool Shire Council reports no indeterminate, intersex or unspecified gender categories.

While there is equal gender representation at executive level, there is a 79% representation of males at manager level.

100% of our MCH Nurses are currently female, so there is an opportunity for greater gender representation in this area.

Band 6 employees are more technically specialised with diploma level and above, Band 7 & Band 8 are usually Coordinators showing relatively equal balance of females and males.

Band 5 employees are mostly more technically specialised with some form of tertiary studies and team leaders with 56% being female and 44% being male.

Band 3 employees are mostly a mix of outdoor workers occupied by males, and community support workers occupied by females. In this banding, there is a mix of female and males in other roles such as library and leisure centre staff (including seasonal pool staff).

Band 2 employees are outdoor workers with 81% occupied by males and 9% are female pound keepers.

Band 1 employees are school crossing supervisors with 81% female and 9% male.

STAFF SERVICE AWARDS 2019-2020

5 Year Service Awards

Jade Addicott

Kristin Cahill

Paul Evans

James Hogan

Tom Miller

Clare Pridham

Rick Thacker

Jessica Bourke

Rod Davison

Lyndal Healey

Azam Mahmood

Lachlan Millson

Kristie Seketa

Mary Wegener

10 Year Service Awards

Lorraine Brooks

Meredith Cornell

Jane Gardner

Peter Lukies

Cheryl Malloch

Paul Murphy

Sue Powell

Nicole Sparrow

Frances Tweedly

Glenn Burns

Lace Daniel

Mick Gorfine

Andrew McCullum

Bernadette Milton

Craig Peart

Margaret Radford

Daniel Tottle

James Watsons

15 Year Service Awards

Simon Blanchfield

Elizabeth Ellis

Michelle Granger

John Moran

Suzanne Pevitt

Lynne Ringin

Tim Van Orsouw

Rose Dowling

Rosemarie Ginnane

Ross Holton

Ann O'Doherty

Jacque Reid

Helen Suters

20 Year Service Awards

Julie Conlan

Carlos Venditti

Joy Hannett

25 Year Service Awards

Ian Stewart

30 Year Service Awards

Lindsay Bandy

TRAINING

2019/2020

In 2019/2020 Moorabool Shire Council continued to invest in developing its employees and this covered a broad spectrum of initiatives which included our ongoing commitment to tertiary studies (Certificate up to Master/MBA qualifications), ensuring our capability to meet compliance standards for Local Government.

COMPLIANCE

Compulsory fraud workshops, report writing for Local Government, Council Plan reporting and business continuity workshops.

OH&S

Throughout this period all Occupational Health and Safety Systems have undergone reviews, including audit and revision of our OH&S policies and procedures. OH&S representative groups have completed initial and refresher training which has included Risk Assessment, First Aid, CPR & Defibrillator Training and Manual Handling.

EMERGENCY MANAGEMENT

Fire warden and fire/evacuation drills.

COMMUNITY AND WELLBEING INITIATIVES

Through our involvement with the Grampians Regional Plan to Prevent Violence Against Women: Communities of Respect and Equality (CoRE), compulsory attendance for all employees at Violence against Women workshops.

EMPLOYEE CULTURE PROGRAMS

Survey results and engagement workshops.

SPECIALIST SKILL BASED TRAINING

Governance, Industrial and Workplace Relations, LGPro Customer Service Conference, Strategic Planning Tools and Concepts, Business Excellence workshops.

TEAM DEVELOPMENT

Behaviours based training, executive workshop to consolidate a 'new' executive team – Courageous Leadership.

SYSTEMS DEVELOPMENT

Throughout the reporting period, Council invested significantly in consolidation of its software platforms, focusing on bolstering capability, efficiency, transparency and improved reporting capability for Council.

ELMO LEARNING PLATFORM

Implementation of the ELMO Online Learning Platform and a course catalogue of Moorabool Shire Council-related programs with new programs being developed and added each month.

CAMMS COLLEGE

Face to face and online solutions to support strategy, risk, talent (performance and development) and Insights (Council Plan), Engage (MSC Information – Community Communications) and project management.

MICROSOFT TEAMS

Compulsory staff training.

TRADE/ON THE JOB PROGRAMS

Throughout the year Moorabool has also taken on 4 apprentice/trainee programs and directorate specific induction programs to ensure safe use of all tools and equipment used by employees across the business.



Part 3



Our
Performance

SUMMARY OF OUTCOMES OF 2017-2021 COUNCIL PLAN (2019 REVIEW)

STRATEGIC OBJECTIVE 1: PROVIDING GOOD GOVERNANCE & LEADERSHIP.

Strategic Context	Strategic Action	Outcome
1A Our Assets and Infrastructure	Produce 10 Year Capital Improvement Programs	Completed
	Deliver Annual Capital Improvement Programs	Completed
	Develop and Implement a Fleet & Plant Strategy	In Progress (75%) The Fleet and Plant Strategy is currently being updated with input from key user departments. It is anticipated that the project will be endorsed by the end of November 2020 and will be incorporated into the 2020/21 Strategic Financial Plan.
	Finalise the Community Infrastructure Framework	Completed
	Develop Infrastructure Policies for Nature Strips (Bores/ Standpipes, Graffiti, Traffic Calming and Unmade Road Reserves completed)	Completed
1B Our People	Councillor Development – Induction and Ongoing Professional Development	Completed
	Prepare an Organisational Development Strategy	In progress (54%) A framework has been developed for consultation. The framework includes strategies and plans for leadership development, employee engagement, integration of systems and process, future workforce planning including reward and recognition. Stakeholder consultation has been conducted.

**STRATEGIC OBJECTIVE 1:
PROVIDING GOOD GOVERNANCE & LEADERSHIP.**

Strategic Context	Strategic Action	Outcome
1B Our People	Revise the Community Engagement Policy and Framework	Deferred (65%) The Engagement Policy and Framework will be revised and updated in 2020/2021 to reflect best practice and will reflect the changes per the updated Act. The timeline for the reviewed policy and framework is per the requirements of the Act.
	Review the Customer Service Policy & Strategy	Completed
	Develop and Implement the Action Plan of the Customer Service Policy and Strategy	In progress (30%) There is now a detailed action plan to support the new Customer Experience Strategy that has been developed in response to Action 1.2.5.2 (Review the Customer Service Policy & Strategy). A number of key action items aligned to the new Customer Experience Strategy have already been completed including the appointment of a Customer Experience and Innovation Manager, the establishment of a Customer Experience team, and a realigned Customer Service Unit structure to better meet the needs of customers and the organisation. The remaining actions will be completed during the next financial year.
	Develop an OHS Strategy	Completed
	Enhance OHS Systems and Procedures	Completed
	Review Identified Corporate, Strategic and Operational Risks	Completed
	Implement Child Safety Standards across the Organisation	Completed

**STRATEGIC OBJECTIVE 1:
PROVIDING GOOD GOVERNANCE & LEADERSHIP.**

Strategic Context	Strategic Action	Outcome
1C Our Business and Systems	Review the Local Law	Completed
	Review the Municipal Planning Scheme	In progress (80%) The Moorabool Planning Scheme Review comprises of two stages. The first two stages (review and recommendations) will be delivered by a Consultant. Stage One draft report was presented to Council for input at the June 2019 Section 86 Moorabool Growth Management Committee. The consultant has commenced Stage Two which will include community consultation. The planning scheme review is currently on community consultation during June / July 2020.
	Develop an Enforcement Policy	In progress (75%) Internal consultation and a draft policy has been completed. Due to the impacts of the COVID-19 pandemic this project has been placed on hold and due to be completed by Dec 2020.
	Implement Phase 3 (GIS replacement) of the Digital Strategy	Completed
	Develop Service Plans for all Services	Completed
	Undertake Service Reviews as determined by Council	
	▶ Governance	Completed
	▶ Visitor Information Centre	Completed
	Align the Finance System with Service Plans, Systems Views and ESC Requirements	Completed
	Annually Review the Long-Term Financial Plan	Completed
	Annually Review the Need to Make a Rate Cap Variation for 2020/21 year	Completed
	Identify and Develop Shared Services with other LGs, Community and Private Sector Organisations	Completed
	Seek Funding for New, Upgrade and Renewed Community Facilities	Completed

STRATEGIC OBJECTIVE 2: MINIMISING ENVIRONMENTAL IMPACT

Strategic Context	Strategic Action	Outcome
2A Built Environment	Develop the Gateway Strategy	Completed
	Implement the Gordon Infrastructure Plan - Year 2 Progress	Completed
	Incorporate Flood Mapping into the Planning Scheme (2017-2021) and Prepare and Exhibit Moorabool Planning Scheme Amendment (c91)	In Progress (90%) Amendment C91 seeks to introduce flood controls to the Moorabool Planning Scheme. Following the preparation of the flood study and mapping in conjunction with Melbourne Water, a report was presented to the Ordinary Meeting of Council in September 2019, where Councillors endorsed seeking authorisation from the Department of Environment, Land, Water and Planning (DELWP) and exhibiting the Amendment. Conditional authorisation was received from DELWP on 25 November 2019, to prepare and exhibit the amendment. On 13 February 2020, DELWP granted approval to commence exhibition. Exhibition formally commenced on the 12 March 2020 for a period of 8 weeks. Due to COVID-19, Council has written to all affected parties, advising that the exhibition period will now be extended until 4 weeks after government restrictions are either removed or relaxed. A further letter will be sent at a later date, to advise of the new closing date for submissions.
	Review and Implement a Bacchus Marsh Avenue of Honour Management Plan	Completed
	Implement an Energy Efficient Street Lighting Plan	Completed
2B Natural Environment	Complete Bald Hill Activation Plan Feasibility Study	Completed
	Finalise and Implement the Action Plan of the Moorabool Sustainable Environment Strategy	Completed
	Develop an Open Space Integrated Water Management Plan	Completed
	Develop and Implement a Policy on Allocation, Use and Trading of Water for Council Water Assets – Stage 1	In progress (90%) A policy has been developed, with internal engagement to be undertaken in July 2020, with the aim for it to be considered by the Executive Group.

STRATEGIC OBJECTIVE 3: STIMULATING ECONOMIC DEVELOPMENT

Strategic Context	Strategic Action	Outcome
3A Land Use Planning	Incorporate Strategic Documents into the Planning Scheme:	
	▶ Ballan Strategic Documents	Completed
	▶ West Moorabool Heritage Study	In progress (45%) The consultant undertaking the amendment has completed a review of West Moorabool Heritage Study 2a to ensure the study is consistent with the Planning Practice Note 1: Applying the Heritage Overlay. As a result of this review, a number of changes are required to the statements of significance and heritage curtilages to ensure consistency with the practice note. A consultant was engaged to undertake these changes and progress the planning scheme amendment. The consultant has completed all ground truthing.
	Develop a Program for Services and Utilities in Small Towns	In progress (50%) Structure planning is required to assist in determining the likely future population of these small towns and to plan for the provision of infrastructure in conjunction with the water authorities, State Government and the community. Officers have had discussions with Central Highlands Water and are developing a program for the delivery of infrastructure to the towns. An advocacy item was prepared and discussions initiated with RDV and other key stakeholders to source funding and support in providing water and sewerage. The next step is to develop a growth scenario (framework plan) and formalise the MOU. In preparation of a framework plan the following documentation and background studies were reviewed, services analysis report, options report, and flood study. These will inform the framework plan and update the MOU and a project plan was developed. A briefing note outlining the key issues and next steps will be presented to the Executive Group in July.
	Develop a Long-Term Strategy for the Bacchus Marsh Civic Precinct	In Progress (60%) Council has completed a high-level strategic analysis and urban design investigation of the Bacchus Marsh main street. Identification of a consolidated land area is to be investigated as a future civic precinct. An advocacy item has been developed to source funding and promote the establishment of a civic precinct. Grant funding is also being sought.
Review Future Opportunities for the Darley Civic Precinct	Completed	

STRATEGIC OBJECTIVE 3: STIMULATING ECONOMIC DEVELOPMENT

Strategic Context	Strategic Action	Outcome
3B Investment and Employment	Implement the Action Plan of the Economic Development Strategy	Completed
	Facilitate the Parwan Employment Precinct Planning and Marketing	<p>In progress (60%)</p> <p>Council was successful in obtaining funding from the Victorian Planning Authority under Streamlining for Growth. This funding will assist with final background studies and further work on a Precinct Structure Plan. Council Officers are undertaking investigations of stakeholder engagement of existing and potential businesses in the Parwan Employment Precinct (PEP) with the aim to facilitate economic investment, expansion of current businesses and to inform future planning studies.</p> <p>Meeting held with the Victorian Planning Association (VPA), Invest Victoria, and Regional Development Victoria (RDV) to strategically plan for the purpose and identification of the Parwan Employment Precinct. This resulted in a vision statement for the Agri Business Precinct, a workshop is planned with Councillors in early 2020 to further enhance this vision. Invest Victoria, in conjunction with Council is preparing a funding proposal under the Federal Government City Deals initiative.</p> <p>Council is also working closely with Invest Victoria and service providers to secure the upgrade/provision of key infrastructure to facilitate catalyst projects. Next step is to develop a marketing strategy targeted at Agri Business investors. This is currently being prepared.</p> <p>Project initiated to understand the needs of the PEP and from there identify the potential investors and what an appropriate brand may be. The project commenced in May. This action will carry into the next financial year.</p>
	Construct the Ballan Depot (Stage 1 completed, Stage 1B to be completed 2020-2021)	Completed
	Advocate, Resource and Implement the Bacchus Marsh Integrated Transport Strategy Action Plans	Completed
Advocate for Improved Ballarat Rail Line and Integrated Public Transport Outcomes	Completed	

STRATEGIC OBJECTIVE 4: IMPROVING SOCIAL OUTCOME

Strategic Context	Strategic Action	Outcome
4A Health and Wellbeing	Prepare and Implement an Advocacy and Partnership Plan to Attract Investment in Government and non-Government Services in the Municipality	Completed
	Facilitate and Support Existing and Emerging Arts and Cultural Development Groups and Activities across the Municipality	Completed
	Plan and Design the Proposed West Maddingley Community Facility	Completed
	Implement the Reserve Management Framework	Completed
	Design Indoor Courts in Bacchus Marsh	Completed
	Prepare and Revise a Rolling Cycle of Reserve Master Plans	Completed
	Construct Stage 1 of the Bacchus Marsh Racecourse and Recreation Reserve	Completed
	Finalise Open Space Framework Including Beautification and Irrigation of Neighbourhood Parks	Completed
	Undertake a Master Plan Including Concept and Cost Plan for Rotary Park including the Andy Arnold Facility	In progress (40%) This is a multi year project that has been delayed due to COVID-19. The project is currently in its infancy. Council officers have completed a project plan and community engagement plans. Initial meeting on the project with internal stakeholders has occurred and this identified relevant internal and external stakeholders. This project will run over the 2020 and 2021 financial years and is to be completed by December 2020.
Advocate and Support the Development of Programs and Services to Increase Employment Opportunities for Young People	Completed	

STRATEGIC OBJECTIVE 4:
IMPROVING SOCIAL OUTCOME

Strategic Context	Strategic Action	Outcome
4B Community Connectedness and Capacity	Deliver Community Emergency Management Education Program	<p>In progress (91%)</p> <p>Fire prevention inspections are occurring and a social media campaign to educate and advise the community. Lal Lal was successful for a Safer Together Program for the 2019/2020 year with agency and Council involvement as required. Assisted DELWP to provide community education and liaison for planned burning prior to summer season. A social media campaign on home safety, insurance campaigns and house fire incidents was undertaken. Emergency Service Agencies and Council are developing a Search and Rescue Plan for the Werribee Gorge and Lerderderg State Park and then an education program will follow. Blackwood Community Fire Refuge Open Night and Bushfire Planning Scenario Workshop was held in November. Submitted a grant application for a Bushfire Mitigation Education and Engagement Officer. Key engagement with community currently occurring due to COVID-19, newsletters for older residents, key messaging from government agencies being used.</p> <p>Ongoing liaison with all community agencies to ensure messaging and information on relief provisions being provided. Initial COVID-19 Relief and Recovery Committee Meeting held.</p>



PERFORMANCE

Council's performance for the 2018-19 year has been reported against strategic objectives to demonstrate how Council is performing in achieving the 2017- 2021 Council Plan.

Performance has been measured as follows:

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



Part 4



Governance,
Management
and Other
Information

GOVERNANCE

RESIDENTS AND RATEPAYERS ELECT COUNCILLORS TO ADVOCATE FOR THE COMMUNITY'S NEEDS AND ASPIRATIONS. COUNCIL'S AUTHORITY IS EXERCISED AS A WHOLE RATHER THAN THROUGH INDIVIDUAL COUNCILLORS.

The Moorabool Shire Council consists of seven Councillors who are democratically elected by the constituents of Moorabool Shire in accordance with the Local Government Act 1989 (the Act).

The role of Council is to provide leadership for the good governance of the Moorabool Shire that includes:

- ▶ Acting as a representative government by taking into account the diverse needs of the local community in decision making;
- ▶ Providing leadership by establishing strategic objectives and monitoring their achievement;
- ▶ Maintaining the viability of Council by ensuring that resources are managed in a responsible and accountable manner;
- ▶ Advocating the interests of the local community to other communities and governments;
- ▶ Acting as a responsible partner in government by taking into account the needs of other communities; and
- ▶ Fostering community cohesion and encouraging active participation in civic life.

The Chief Executive Officer is responsible for:

- ▶ Establishing and maintaining an appropriate organisational structure for Council;
- ▶ Ensuring that the decisions of Council are implemented without undue delay;
- ▶ The day to day management of Council's operations in accordance with the Council Plan; and
- ▶ Providing timely advice to Council.



MEETINGS OF COUNCIL

Council conducts open public meetings on the first Wednesday of every month except January and makes decisions on the items listed in the Council Meeting Agenda. Members of the community are welcome to attend these meetings and observe from the gallery. Council meetings also provide the opportunity for community members to submit a question to Council, make a submission or speak to an item on the Agenda. Where required, Special Meetings of Council may be held to make decisions on important issues in-between times.

For the 2019-2020 year Council held the following meetings:

- ▶ 10 Ordinary Council Meetings
- ▶ 5 Special Council Meetings

One Ordinary Council Meeting was postponed (April 2020) due to the Coronavirus (COVID-19) Pandemic.

The table below depicts each Councillor as present or as an apology for each meeting in the 2019-2020 year.



ORDINARY MEETINGS OF COUNCIL COUNCILLOR ATTENDANCE 2019-2020

	Cr. David Edwards	Cr. Tonia Dudzik	Cr. Tom Sullivan	Cr. Pat Toohey	Cr. Lawry Borgelt	Cr. Paul Tatchell	Cr. Jarrod Bingham	Cr. John Keogh
3-Jul-19	apology	1	1	apology		1	1	1
7-Aug-19	1	1	1	1		1	1	1
4-Sep-19	1	1	1	apology (phoned in)		1	apology	1
2-Oct-19	1	1	1			1	1	1
6-Nov-19	1	1	1			1	1	1
4-Dec-19	1	1	1			1	1	1
5-Feb-20	1	1	1		1	1	1	1
4-Mar-20	1	1	1		1	1	1	1
1/04/2020 POSTPONED								
1-May-20	1	1	1		1	1 online	1	1 online
3-Jun-20	1	1	1		1	1 online	1	1 online
Number of Meetings	9	10	10	1	4	10	9	10

SPECIAL MEETINGS OF COUNCIL COUNCILLOR ATTENDANCE 2019-2020

	Cr. David Edwards	Cr. Tonia Dudzik	Cr. Tom Sullivan	Cr. Pat Toohey	Cr. Lawry Borgelt	Cr. Paul Tatchell	Cr. Jarrod Bingham	Cr. John Keogh
16-Oct-19	apology	1	1	apology		1	1	1
13-Nov-19	1	1	1	1		1	1	1
18-Dec-19	1	1	1	apology (phoned in)		1	apology	1
20-May-20	1	1	1			1	1	1
17-Jun-20	1	1	1			1	1	1
Number of Meetings	9	10	10	1	4	10	9	10

Total # of Council meetings attended	13	15	15	1	6	15	14	15
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* Apology for non attendance due to leave, other representative duties or work commitments.

SPECIAL DELEGATED COMMITTEES

Pursuant to the provisions of section 86 of the Local Government Act 1989, Council may establish one or more special committees consisting of:

- ▶ Councillors
- ▶ Council staff
- ▶ Other persons
- ▶ Any combination of the above

Section 86 special delegated committees are established to assist Council with executing specific functions or duties. By instrument of delegation, Council may delegate to the committees such functions and powers of the Council that it deems appropriate, utilising provisions of the Local Government Act 1989. The Council cannot delegate certain powers as specifically indicated in section 86(4) of the Act.

The following Special Committees have been established by Council under section 86 of the Local Government Act 1989:

- ▶ Bacchus Marsh Public Hall Committee of Management
- ▶ Bacchus Marsh Racecourse and Recreation Reserve Committee of Management
- ▶ Blacksmith's Cottage and Forge Advisory Committee of Management
- ▶ Bungaree Public Hall Committee of Management
- ▶ Development Assessment Committee
- ▶ Dunnstown Recreation Reserve Committee of Management
- ▶ Elaine Recreation Reserve Committee of Management
- ▶ Gordon Public Hall Committee of Management
- ▶ Greendale Recreation Reserves Committee of Management
- ▶ Lal Lal Soldiers' Memorial Hall Committee of Management
- ▶ Maddingley Park Committee of Management
- ▶ Millbrook Community Centre
- ▶ Moorabool Growth Management Committee
- ▶ Navigators Community Centre
- ▶ Wallace Recreation Reserve
- ▶ Wallace Public Hall

ADVISORY COMMITTEES

In addition to the Special Committees of Council with delegated authority established under the Local Government Act 1989 (section 86), Council has the ability to create Advisory Committees by resolution under the provisions of the Act.

The following committees currently have no specific delegated powers to act on behalf of Council or commit Council to any expenditure unless resolved explicitly by Council following recommendation from the Committee. Their function provides substantial expertise to the Council's planning by way of advisory recommendations.

The following Advisory Committees have been established by Council:

- ▶ Audit and Risk Advisory Committee
- ▶ Bacchus Marsh District Trails Advisory Committee
- ▶ Bacchus Marsh Leisure Centre Joint Use Management Agreement Advisory Committee
- ▶ Economic Development Taskforce Advisory Committee
- ▶ Heritage Advisory Committee
- ▶ Lal Lal Falls Reserve Advisory Committee of Management
- ▶ Moorabool Environment and Sustainability Advisory Committee
- ▶ Moorabool Health and Wellbeing Advisory Committee
- ▶ Positive Ageing Advisory Committee



COUNCILLOR CODE OF CONDUCT

Moorabool Shire Councillors are bound by a Councillors Code of Conduct. The Code is designed to assist Councillors in maintaining the highest standards of conduct and behaviour as well as providing a means for dealing with conflicts which may occur. The Code is also intended to assist the Mayor and Councillors to discharge their public office appropriately. The Code covers relationships between Councillors and staff, the use of Council resources and dispute resolution procedures. The Councillor Code of Conduct can be viewed on Council's website.

CONFLICT OF INTEREST

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

A conflict of interest occurs when a personal or private interest might compromise the ability to act in the public interest. A conflict of interest exists even if no improper act results from it. Council has a comprehensive procedure in place to accommodate the disclosure of a conflict of interest. Declaration of a conflict of interest is a standard agenda item for all Council and Committee meetings.

While the procedures vary depending on the particular role and circumstances, in general they involve disclosing the relevant interests in a specific way and then stepping aside from the relevant decision making process or from the exercise of the public duty. A register is maintained to record all disclosed conflict of interest. During 2019-20, 18 conflicts of interest were declared at meetings of Council.

COUNCILLOR ALLOWANCES

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

The State Government sets the upper and lower limits for all allowances paid to Councillors and Mayors. Councils are divided into three categories based on the income and population of each Council. In this instance Moorabool Shire Council is recognised as a category two Council.

For the period 1 December 2019 to 30 June 2020, the Councillor annual allowance for a category two Council (as defined by the Local Government Act 1989) was fixed at \$25,225 per annum and the allowance for the Mayor was \$78,051 per annum on pro rata basis. In addition to the Councillor and Mayoral allowance, the equivalent of the superannuation guarantee contribution was also made (currently 9.5% of the allowance paid).



COUNCILLOR EXPENSES

In accordance with Section 75 of the Local Government Act 1989, Council is required to reimburse a Councillor for expenses incurred whilst performing his or her duties as a Councillor.

Council is also required to adopt and maintain a policy in relation to the reimbursement of expenses for Councillors. The policy provides guidance for the payment of reimbursement of expenses and the provision of resources, facilities and other support to the Mayor and Councillors to enable them to discharge their duties. The details of the expenses, including reimbursement of expenses for each Councillor and member of a Council Committee paid by the Council for the 2018-19 year are set out in the following table.

Councillors	TR \$	CM \$	CC \$	IC \$	CT \$	Total \$
Cr. Edwards	-	-	-	189	-	189
Cr. Toohey	-	-	-	708	-	708
Cr. Sullivan	-	-	-	310	-	310
Cr. Dudzik	-	-	-	250	-	250
Cr. Tatchell	-	-	-	409	-	409
Cr. Bingham	-	-	-	268	-	268
Cr. Borgelt	-	-	-	186	-	186
Cr. Keogh	-	-	-	294	-	294
	-	-	-	2,614	-	2,614

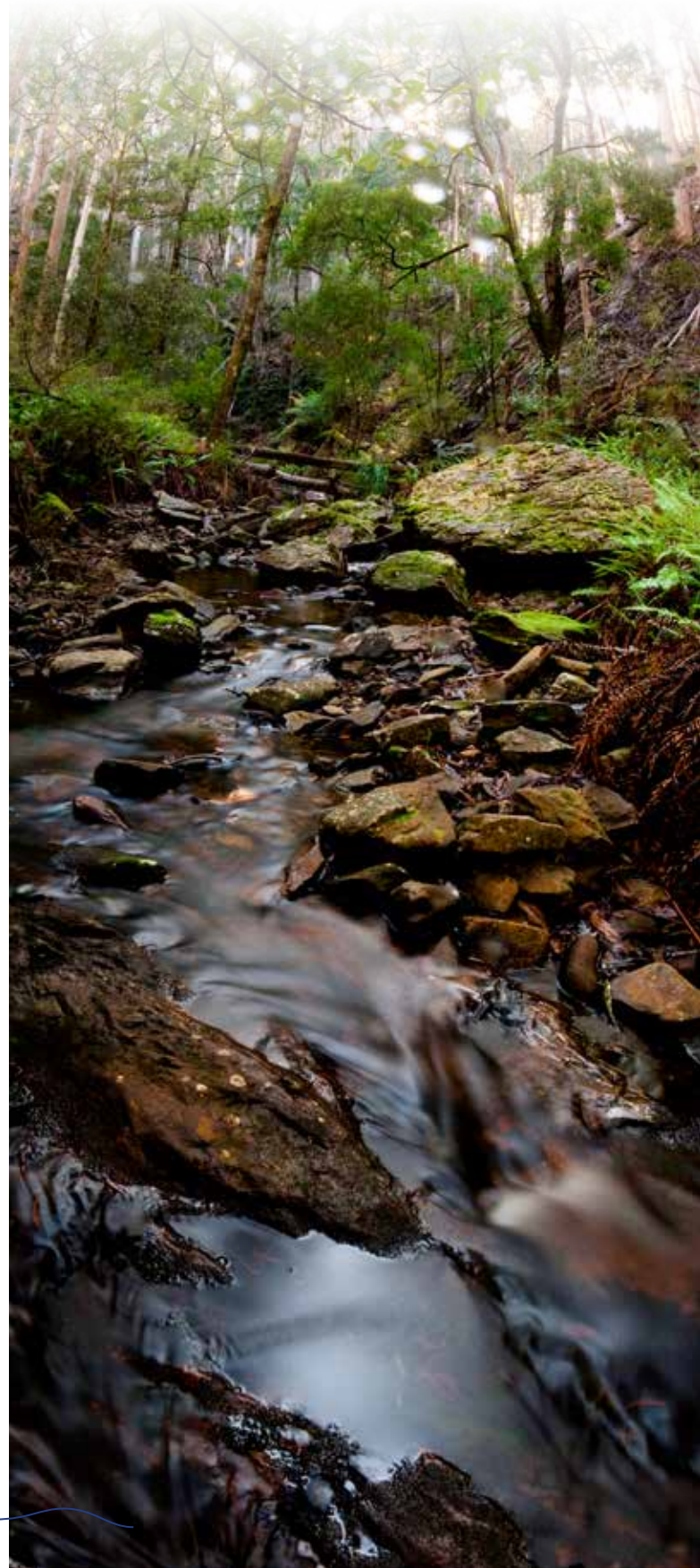
Legend: TR Travel, CM Car Mileage, CC Child Care, IC Information and Communication expenses, CT Conferences and Training expenses.

NOTE: No expenses were paid by Council including reimbursements to members of Council committees during the year.

MANAGEMENT

COUNCIL HAS IMPLEMENTED A NUMBER OF STATUTORY AND BETTER PRACTICE ITEMS TO STRENGTHEN ITS MANAGEMENT FRAMEWORK. HAVING STRONG GOVERNANCE AND MANAGEMENT FRAMEWORKS LEADS TO BETTER DECISION MAKING BY COUNCIL. THE ACT REQUIRES COUNCIL TO UNDERTAKE AN ASSESSMENT AGAINST THE PRESCRIBED GOVERNANCE AND MANAGEMENT CHECKLIST AND INCLUDE THIS IN ITS REPORT OF OPERATIONS.

Council's governance and management checklist results are set out in the section below. The following items have been highlighted as important components of the management framework.



AUDIT AND RISK ADVISORY COMMITTEE

The Audit and Risk Advisory Committee's (the Committee) role is to oversee and monitor the effectiveness of Council in carrying out its responsibilities for accountable financial management, good corporate governance, maintaining an effective system of internal control and risk management fostering an ethical environment. The Committee consists of 2 independent members, Mr. Michael Said (Chair) and Ms. Linda MacRae as well as two Councillors. Independent members are appointed for a three year term. Independent members may be appointed for more than one three year term. The chair is elected from among the independent members.

The Committee meets five times a year. The Internal Auditor, Chief Executive Officer, General Managers and the Chief Finance Officer attend the Audit and Risk Advisory Committee meetings. Other management representatives attend as required to present reports.

Resolutions from each Audit and Risk Advisory Committee meeting are subsequently reported to and considered by Council.

INTERNAL AUDIT

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

The Internal Auditor attends each Audit and Risk Committee meeting to report on the status of the Internal Audit 3 Year Plan, to provide an update on the implementation of audit recommendations and to present findings of completed reviews. The responsible general manager and manager for each area reviewed are required to review recommendations for improvement and determine management action plans. All audit issues identified are risk rated.

Recommendations are assigned to the responsible manager and tracked in Council's corporate reporting system. Managers provide quarterly status updates that are reviewed by the Internal Auditor and reported to the Executive Group and the Audit and Risk Advisory Committee.

EXTERNAL AUDIT

Council is externally audited by the Victorian Auditor-General. For the 2019-20 year the annual external audit of Council's Financial Statements and Performance Statement was conducted by the Victorian Auditor-General's representative. The external auditors attend in February or May each year to present the audit plan to the Audit and Risk Advisory Committee and in September each year to present the independent audit report. The external audit management letter and responses are also provided to the Audit Committee.

RISK AND INSURANCE

The following documents related to risk management were adopted in 2018-19.

A. RISK MANAGEMENT FRAMEWORK

The Risk Management Framework is based on the risk management principles declared in ISO 31000:2018.

The Framework provides a guideline to manage the risks associated with the Council and outlines the risk management methodology (process) provided in ISO 31000:2018.

The Framework maps the role of different governance structures supporting the Council at various levels and the documents required to manage these risks.

B. STRATEGIC RISK PROFILES

The nine strategic risks and their respective action plans were developed based on the Council Plan 2017-21. The strategic risks were derived at the two workshops conducted in succession on 6 and 13 August by an external consultant. The workshop was attended by the members of the executive team, managers, co-ordinators and the risk team.

C. RISK MANAGEMENT POLICY

The Risk Management Policy describes the responsibilities related to risk at different levels of Council. The Risk Management Policy includes the Moorabool Shire Risk Appetite Statement.

INSURANCE

2018-19 saw an overall increase in the cost of all insurance policies. Council's insurance portfolio is maintained to ensure that corporate risk exposures are minimised.

As per the recommendation of the Victorian Auditor-General's Office (VAGO) report of July 2018, Council conducted a tender process to engage insurance brokers for 2019-20.

STAYSAFE APP

Council has invested in procuring licences for an app to ensure the safety of staff working in isolation. This app helps to locate a staff member in distress, when working in isolation or in remote locations.



RISK MANAGEMENT

OCCUPATIONAL HEALTH AND SAFETY (OHS) STRATEGY

Following the engagement of a Risk and OHS Coordinator in September 2019, the Risk and OHS Team have been actively working on developing an OHS system that is fit for purpose. Activities have included finalising the Council OHS Strategy and associated 3-year Action Plan (adopted by the Executive Team in November 2019). The primary focus since then has been reviewing the pre-existing 16 OHS High Risk Procedures in consultation with members of the OHS Committee. The draft procedures were then presented to the Executive Team for adoption (May-July 2020). The procedures are now being rolled out across each Council Directorate through internal promotions and meetings held with individual Service Units.

Other notable achievements have included the development of an OHS Committee Terms of Reference and change of OHS Committee membership, which has seen increased participation by the management team.

The CAMMS Incident module was launched in May 2020. This module is used by all employees to report internal incidents (hazards, near misses and accident details). The module is also used to log public liability incidents reported by external customers. The module has the capability to record information on risk assessments, Workcover claims and investigations relevant to the incident. CAMMS Incident replaced the Elumina Incident Management System.

Following a competition held in November 2019 to develop a safety mascot, Council now have SPIRIT (Safety Performance Improvements Requires Integrity and Team Work) who embraces the criteria set for the mascot (gender neutral, originality and fit for purpose). SPIRIT will be used in all future OHS and wellbeing promotional activities. The mascot provides branding and a refreshing new look for OHS.

CAMMS RISK

Following the launch of the CAMMS Risk module in July 2019, organisational Risk Registers have been updated by the respective Service Unit Managers. Risks are managed across the organisation at three levels: Strategic, Operational and Corporate.

- ▶ Strategic - Risks that can impede the achievement of organisational goals
- ▶ Operational - Risks that can impede the achievement of the Service Unit goals
- ▶ Corporate - Risks that are common to more than one Service Unit

FRAUD POLICY REVIEW

The Council Fraud Policy (Policy) was reviewed and then adopted at the Executive meeting held in October 2019.

This Policy applies to any irregularity or suspected irregularity in relation to dishonest and illegal activities involving employees and/or any other parties with a business relationship with Moorabool Shire Council.



2019/2020 GOVERNANCE AND MANAGEMENT CHECKLIST

Requirement		Assessment	Date implemented/ Effective date
Community Engagement Policy (policy outlining Council's commitment to engaging with the community on matters of public interest)	Current policy in operation	YES	2/03/2016
Community Engagement Guidelines (guidelines to assist staff to determine when and how to engage with the community)	Current guidelines in operation	YES	2/03/2016
Strategic Resource Plan (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next 4 financial years)	Plan adopted in accordance with section 126 of the Act	YES	15/07/2020
Annual Budget (plan under section 130 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required)	Budget adopted in accordance with section 130 of the Act	YES	15/07/2020
Asset Management Plans (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	Current plans in operation	YES	Part A General 30/4/13 Part B Transport 30/4/13 Part C Buildings 3/12/14 Part D Drainage 3/12/14 Part E Recreation 3/12/14
Rating Strategy (strategy setting out the rating structure of Council to levy rates and charges)	Current strategy in operation	YES	2/05/2018

2019/2020 GOVERNANCE AND MANAGEMENT CHECKLIST

Requirement		Assessment	Date implemented/ Effective date
Risk Policy (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	Current policy in operation	YES	13/08/2019
Fraud Policy (policy outlining Council's commitment and approach to minimising the risk of fraud)	Current policy in operation	YES	30/10/2019
Municipal Emergency Management Plan (plan under section 20 of the Emergency Management Act 1986 for emergency prevention, response and recovery)	Prepared and maintained in accordance with section 20 of the Emergency Management Act 1986	YES	3/06/2020
Procurement Policy (policy under section 186A of the Local Government Act 1989 outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)	Prepared and approved in accordance with section 186A of the Local Government Act	YES	1/7/2020
Business Continuity Plan (plan setting out the actions that will be undertaken to ensure that key services continue to operate in the event of a disaster)	Current plan in operation	YES	24/10/2017
Disaster Recovery Plan (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	Current plan in operation	YES	11/11/2019
Risk Management Framework (framework outlining Council's approach to managing risks to the Council's operations)	Current framework in operation	YES	23/03/2004

2019/2020 GOVERNANCE AND MANAGEMENT CHECKLIST

Requirement		Assessment	Date implemented/ Effective date
Internal Audit (independent accounting professionals engaged by the Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls)	Internal auditor engaged	YES	5/08/2015
Performance Reporting Framework (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act)	Current framework in operation	YES	1/07/2019
Council Plan Reporting (report reviewing the performance of the Council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year)	Current report	YES	1st Quarter 06/11/2019 2nd Quarter 05/02/2020 3rd Quarter 06/05/2020
Financial Reporting (quarterly statements to Council under section 138(1) of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)	Quarterly statements presented to Council in accordance with section 138(1) of the Act	YES	1st Quarter 06/11/2019 2nd Quarter 05/02/2020 3rd Quarter 06/05/2020
Risk Reporting (six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies)	Reports prepared and presented	YES	17/10/2019
Performance Reporting (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act)	Reports prepared and presented	YES	4/09/2019

2019/2020 GOVERNANCE AND MANAGEMENT CHECKLIST

Requirement	Assessment	Date implemented/ Effective date
Annual Report (annual report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial performance statements)	Annual report considered at a meeting of Council in accordance with section 134 of the Act	YES 2/10/2019
Councillor Code of Conduct (Code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)	Code of conduct reviewed in accordance with section 76C of the Act	YES 8/02/2017
Delegations (a document setting out the powers, duties and functions of Council and the Chief Executive Officer that have been delegated to members of staff)	Delegations reviewed in accordance with section 98(6) of the Act	YES 4/09/2019
Meeting Procedures (a local law governing the conduct of meetings of Council and special committees)	Meeting procedures local law made in accordance with section 91(1) of the Act	YES 29/06/2016

I certify that this information presents fairly the status of Council's governance and management arrangements.



Derek Madden
Chief Executive Officer

Dated: 02.09.20



Cr David Edwards
Mayor

Dated: 02.09.20

DOCUMENTS AVAILABLE FOR PUBLIC INSPECTION

In accordance with the Local Government (General) Regulations 2015, the following two registers of prescribed documents are available for public inspection.

1. REGISTER OF INTERESTS

Sections 81(9) and 81(10) of the Local Government Act 1989 Number 11, state that the Chief Executive Officer must maintain a register of interests of Councillors, Special Committee members and nominated officers, and that a person wishing to view the register must make a written application to the Chief Executive Officer by completing the form Application to Inspect Register of Interests. This form is available from Council upon request, and may also be downloaded from Council's website.

2. PRESCRIBED DOCUMENTS REGISTER

Regulation 12 of the Local Government (General) Regulations 2015, states that Council must make available for public inspection the following prescribed documents:

- (a) A document containing details of overseas or interstate travel (other than interstate travel by land for less than 3 days) undertaken in an official capacity by any Councillor or member of Council staff in the previous 12 months;
- (b) The agendas for, and minutes of, ordinary and special meetings held in the previous 12 months which are kept under section 93 of the Act, other than those agendas and minutes relating to a part of a meeting which was closed to members of the public under section 89 of the Act and are confidential information within the meaning of section 77(2) of the Act;
- (c) The minutes of meetings of special committees established under section 86 of the Act and held in the previous 12 months, other than those minutes relating to a part of a meeting which was closed to members of the public under section 89 of the Act and are confidential information within the meaning of section 77(2) of the Act;



- (d) A register of delegations kept under sections 87(1) and 98(4) of the Act, including the date on which the last review took place under sections 86(6) and 98(6), respectively, of the Act;
- (e) A document containing details of all leases involving land which were entered into by the Council as lessor, including the lessee and the terms and the value of the lease;
- (f) A register maintained under section 224(1A) of the Act of authorised officers appointed under that section;
- (g) A list of donations and grants made by the Council in the previous 12 months, including the names of persons who, or bodies which, have received a donation or grant and the amount of each donation or grant.

Any person wishing to view Prescribed Documents must make a written application to the Chief Executive Officer by completing the form Application to Inspect Prescribed Documents. This form is available from Council upon request, and may also be downloaded from Council's website.

CARERS RECOGNITION

Council meets its obligations under the Carer's recognition Act. Details of the Act and how Council meets its obligations are available on our website:

<https://www.moorabool.vic.gov.au/carers>

FREEDOM OF INFORMATION

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

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

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

Requests for documents in the possession of Council should be addressed to the Freedom of Information Officer. Requests can also be lodged by email.

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

Further information regarding FOI can be found at www.foi.vic.gov.au and on the Moorabool Shire Council website.

In 2019-2020, Council administered 6 Freedom of Information requests with 1 request to be administered in the next financial year 2020/21:

Requests granted in full	0
Requests granted in part, subject to specific exemptions	2
Requests denied in full, subject to specific exemptions.	0
Requests being processed as of June 30, 2020	1
Other: (where requests were withdrawn or no documents found under the FOI Act or documents provided outside of the FOI Act)	3
Total	6

PUBLIC INTEREST DISCLOSURES (FORMERLY KNOWN AS PROTECTED DISCLOSURES OR WHISTLEBLOWERS)

Moorabool Shire Council is a public body subject to the Public Interest Disclosures Act 2012 ("Act"). The purpose of the Act is to encourage and facilitate the making of disclosures of improper conduct by public officers and public bodies, including Moorabool Shire Council, its staff, employees and Councillors.

Moorabool Shire Council is committed to the aims and objectives of the Act. It recognises the value of transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal improper conduct. It does not tolerate improper conduct by the organisation, its employees, officers, or Councillors, nor the taking of reprisals against those who come forward to disclose such conduct.

As required under the Act, Moorabool Shire Council has established procedures to facilitate and encourage the making of disclosures under the Act and how Council handles any such disclosures received ("Public Interest Disclosure Procedures"). These procedures are available on Council's website at www.moorabool.vic.gov.au or by contacting Council's Public Interest Disclosure Principal Officer.



Part 5



Performance
Statement

2019-20 Performance Statement

Description of Municipality

Moorabool Shire is a fast growing semi-rural municipality nestled between Melbourne, Geelong and Ballarat. Moorabool's eastern boundary is located just 40km west of Melbourne's CBD and extends westwards to the City of Ballarat municipal boundary. The Shire straddles Victoria's Western Highway and has excellent transport access to Melbourne, Ballarat and Geelong.

Spanning more than 2,110 square kilometres, Moorabool is made up of 64 localities, hamlets and towns. More than 74% of the Shire comprises of water catchments, state forests and national parks.

The estimated resident population of Moorabool Shire in 2019/20 is 35,049. More than half the population lives in Bacchus Marsh and surrounds (18,835) (2016). The Shire's second largest population can be found in and around Ballan (2,985) (2016). The population is distributed throughout the large number of small towns, hamlets and farming areas within the Shire.

The population of the Shire is forecast to increase by 81.34% between 2020 and 2041 to 63,838.

2019-20 Review

On 30 January 2020, COVID-19 was declared as a global pandemic by the World Health Organisation. Since then, various measures have been taken by all three levels of Government in Australia to reduce the potential spread. This crisis, and measures taken to mitigate it, has impacted operations in the following areas for the financial year ended 30 June 2020 and still posed uncertainty after balance date:

- In response to decreases in demand and various Government directives amidst the COVID-19 outbreak, all libraries and community centres were closed. These closures resulted in a decrease in Council user fee revenue by \$60,312 and decreased associated expenses by \$36,799. Moorabool's outdoor aquatic centres are seasonal and were not impacted by COVID-19 for the 2019/20 season.
- The financial impact to date from the deferral of rate revenue and the interest free period is \$70,768. This has also resulted in the debtor balance as at 30 June 2020 to increase by \$513,653 compared to last year.

In the adopted 2020/21 Council Budget, Council has committed to allocating an amount at least equivalent to the revenue generated from a 2.00% rate increase in 2020/21 Budget to help those in the community most impacted by the effects of the COVID-19 Pandemic.

Sustainable Capacity Indicators - for the year ended 30 June 2020

LGV Ref	Indicator / measure and [formula]	Results 2017	Results 2018	Results 2019	Results 2020	Comments
C1	<p>Population</p> <p>Expenses per head of municipal population <i>[Total expenses / Municipal population]</i></p>	\$1,400.93	\$1,423.25	\$1,439.25	\$1,563.47	<p>The increases in 2019/20 was mainly due to the increases in depreciation expense resulting from the revaluation of assets in the prior year in addition to one off expenses related to the December 2018 flood event. Expenses per property assessment are predicted to increase over the next 4 years fuelled by rapid growth and infrastructure investment. However, in comparative terms, expenses per property assessment are significantly lower in Moorabool Shire than both the state average and that of similar Councils. This reflects a high degree of resource efficiency and responsible financial stewardship over Council resources, but also reflects the ongoing challenge that Moorabool Shire faces in receiving its fair share of recurrent funding from state and federal governments. It is currently noted that Moorabool Shire receives significantly less in recurrent grants than the state average which in turn, reduces the level of investment and expenditure that Council can put back in the community. As a result, Moorabool Shire is compelled to manage its resources efficiently in the face of these strategic challenges.</p>
C2	<p>Infrastructure per head of municipal population <i>[Value of infrastructure / Municipal population]</i></p>	\$13,417.99	\$13,226.44	\$15,065.11	\$15,257.41	<p>The value of infrastructure has increased due to the revaluation of Roads, Drains and Footpaths in 2018/19. In addition to this, population growth is fuelling community demand for infrastructure investment. As a result, this ratio is projected to steadily increase over time.</p>

LGV Ref	Indicator / measure and [formula]	Results 2017	Results 2018	Results 2019	Results 2020	Comments
C3	Population density per length of road [Municipal population / Kilometres of local roads]	22.48	23.34	23.28	24.34	State planning policy identifies Bacchus Marsh as a peri-urban regional centre with potential for significant growth. Bacchus Marsh's population is predicted to double by 2041. As a result, this ratio is predicted to steadily increase over time. Notwithstanding this, the population density per length of road is significantly lower than the state average and to a large degree reflects the significant challenge faced by many rural Councils in managing a large infrastructure base over a large geographical area with the costs borne by a comparatively smaller population base.
C4	Own-source revenue Own-source revenue per head of municipal population [Own-source revenue / Municipal population]	\$1,042.59	\$1,178.67	\$1,230.74	\$1,240.94	Own source revenue per head of municipal population has increased by 19.0% over the last 3 reporting years. Notwithstanding this, Moorabool Shire generates significantly lower levels of own source revenue per head of municipal population than the Victorian average and similar sized Councils. Own source revenue can come in a variety of forms and can include Council rates, user fees, statutory fees, fees from significant Council businesses (caravan parks, holiday parks, recreation facilities) and other activities. It is noted that due to a number of factors (for e.g. such as geographic factors and low population density) Moorabool Shire does not currently have the same capacity to generate significant revenue from non rate revenue

LGV Ref	Indicator / measure and [formula]	Results 2017	Results 2018	Results 2019	Results 2020	Comments
						sources compared to other Victorian Councils. As a result, it has a low level of own source revenue per head of municipal population as compared to the Victorian average and similar sized Councils. In other instances, where Moorabool Shire has the potential to broaden its revenue base it has been significantly restricted by other legislation from doing so. The most significant example of this has come about with the construction of 3 new windfarms in Moorabool Shire. In each instance, the revenue payable to Moorabool Shire by the windfarms will be governed by the Electricity Act 2000 which has the impact of significantly reducing the revenue that would otherwise be payable to Council. For Moorabool Shire, the annual revenue loss from windfarms due to the Electricity Act is estimated to exceed \$3.0m per annum.
C5	Recurrent grants Recurrent grants per head of municipal population [<i>Recurrent grants / Municipal population</i>]	\$445.23	\$329.96	\$301.76	\$328.11	Moorabool Shire receives significantly less grants per head of municipal population than similar Councils and the Victorian average. To overcome this structural disadvantage, Moorabool Shire has a higher reliance on other sources of funding such as loan borrowings as compared to other Victorian Councils. According to the audited results of the 2018/19 Local Government performance reporting, Moorabool Shire receives on average \$4.74m less on an annual basis compared to other Victorian Councils, and \$6.09m less annually than similar size Councils.
C6	Disadvantage Relative Socio-Economic Disadvantage	7.00	7.00	7.00	7.00	

LGV Ref	Indicator / measure and (formula)	Results 2017	Results 2018	Results 2019	Results 2020	Comments
	<i>[Index of Relative Socio-Economic Disadvantage by decile]</i>					
	Workforce turnover					
C7	<i>Percentage of staff turnover</i>	15.0%	12.9%	10.2%	12.4%	There was a slightly higher level of staff turnover in 2019/20 compared to 2018/19.

Sustainable Capacity Indicators – Definitions

"Adjusted underlying revenue" means total income other than:

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

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

"Local road" means a sealed or unsealed road for which the council is the responsible road authority under the Road Management Act 2004

"Population" means the resident population estimated by council

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

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

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

"Unrestricted cash" means all cash and cash equivalents other than restricted cash.

2019-20 Performance Statement

Service Performance Indicators – for the year ended 30 June 2020

LGV Ref	Service Indicator / measure and [formula]	Results 2017	Results 2018	Results 2019	Results 2020	Comments
	Aquatic Facilities					
AF6	Utilisation Utilisation of aquatic facilities <i>[Number of visits to aquatic facilities / Municipal population]</i>	0.26	0.26	0.30	0.20	Bacchus Marsh total entries: 4,912 Ballan total entries: 1,939 Total= 6,851 The entry figures for the pools last season were significantly lower this year however this can be attributed to : <ul style="list-style-type: none"> • Cooler days (closed or reduced hours more than previous years) • Smoke haze causing pools to close during the 2019/20 bushfires • Storms occurring on days of high temperature (pools either closed or low patronage due to weather conditions) Council's pools operate based upon a temperature policy and due to a much cooler summer season than previous years this resulted in a higher number of pool closures. On the days where the heat would have seen the pools open to the community, Council was required to close the pools to ensure the safety of our community due to hazardous air quality that occurred during the 2019/20 bushfires. On the higher temperature days when the Shire experienced storm events the pools were closed for the safety of the community.

LGV Ref	Service Indicator / measure and [formula]	Results 2017	Results 2018	Results 2019	Results 2020	Comments
	Animal Management					
AM7	Health and safety Animal management prosecutions [Number of successful animal management prosecutions]	New in 2020	New in 2020	New in 2020	0%	During the 2019-20 period no animal prosecutions were undertaken.
	Food Safety					
FS4	Health and safety Critical and major non-compliance outcome notifications [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] x 100	94.74%	100.00%	100.00%	100.00%	In recognition of the serious nature of all critical and major non-compliances, Council ensures that all necessary follow up assessments are undertaken to ensure food safety standards are maintained.
	Governance					
G5	Satisfaction Satisfaction with council decisions [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	49.00	51.00	49.00	47.00	Council is committed to considering the different views and interests in the municipality to reach a majority position on what is in the best interests of the whole community, and how it can be achieved.
	Libraries					
LB4	Participation Active library borrowers in municipality [Number of active library borrowers in the last three years / The sum of the population for the last three years] x 100	9.18%	9.51%	9.64%	8.35%	New library member numbers were tracking well until March 2020 when Council was affected by the restrictions applied due to the Coronavirus Global pandemic. As with every other aspect of the library service, new memberships declined from mid-March.
	Maternal and Child Health (MCH)					
MC4	Participation Participation in the MCH service	77.28%	77.92%	76.17%	74.14%	The impact of the Coronavirus COVID-19 Pandemic has seen lower participation in the MCH service

LGV Ref	Service Indicator / measure and [formula]	Results 2017	Results 2018	Results 2019	Results 2020	Comments
MCS	<i>[Number of children who attend the MCH service at least once (in the year)/Number of children enrolled in the MCH service] x 100</i> Participation 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] x 100</i>	71.79%	81.97%	90.24%	75.00%	The impact of the Coronavirus COVID-19 Pandemic has seen lower participation in the MCH service
	Roads					
R5	Satisfaction Satisfaction with sealed local roads <i>[Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]</i>	43.00	46.00	48.00	42.00	The deterioration of the sealed road surface condition with age may have led to a drop of satisfaction. Council acted early in 2019-2020 to inject additional funding for the road maintenance program to address this matter.
	Statutory Planning					
SP4	Decision making 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] x 100</i>	33.33%	66.67%	33.33%	50.00%	Given the small number of applications determined by VCAT, this percentage can see large variations.
	Waste Collection					
WC5	Waste diversion 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] x 100</i>	36.91%	37.56%	38.49%	38.38%	This result is based on the assumption that all kerbside recyclables were diverted from landfill. Due to the collapse of SKM Recycling, Council had to send 1017.96 tonnes of kerbside recyclables to landfill. This result does not take these tonnages into consideration and Councils diversion rate is lower than indicated on these figures.

Service Performance Indicators - 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
- "Annual report" means an annual report prepared by a council under sections 131, 132 and 133 of the Act
- "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 that 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 that Act
- "Critical non-compliance outcome notification" means a notification received by council under section 19N(3) or (4) of the Food Act 1984, or advice given to council by an authorised officer under that Act, of a deficiency that poses an immediate serious threat to public health
- "Food premises" has the same meaning as in the Food Act 1984
- "Local road" means a sealed or unsealed road for which the council is the responsible road authority under the Road Management Act 2004
- "Major non-compliance outcome notification" means a notification received by a council under section 19N(3) or (4) of the Food Act 1984, or advice given to council by an authorized officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken
- "MCH" means the Maternal and Child Health Service provided by a council to support the health and development of children within the municipality from birth until school age
- "Population" means the resident population estimated by council
- "WorkSafe reportable aquatic facility safety incident" means an incident relating to a council aquatic facility that is required to be notified to the Victorian WorkCover Authority under Part 5 of the Occupational Health and Safety Act 2004.

2019-20 Performance Indicators

Financial Performance Indicators – for the year ended 30 June 2020

LGV Ref	Dimension/indicator/measure	Results 2017	Results 2018	Results 2019	Results 2020	Forecasts				Material Variations and Comments
						2021	2022	2023	2024	
E2	Efficiency Expenditure level Expenses per property assessment <i>[Total expenses / Number of property assessments]</i>	\$2,798.23	\$2,867.61	\$2,876.48	\$3,105.22	\$3,117.25	\$3,062.61	\$3,149.53	\$3,221.89	Expenses per property assessment are predicted to increase over the next 4 years fuelled by rapid population and infrastructure investment. In comparative terms, expenses per property assessment are significantly lower in Moorabool Shire than both the state average and that of similar Councils. This reflects a high degree of resource efficiency and responsible financial stewardship over Council resources, but also reflects the ongoing challenge that Moorabool Shire faces in receiving its fair share of recurrent funding from state and federal governments. It is currently noted that Moorabool Shire receives significantly less in recurrent grants than the state average which in turn, reduces the level of investment and expenditure that Council can put back in the community.

LGV Ref	Dimension/indicator/measure	Results 2017	Results 2018	Results 2019	Results 2020	Forecasts				Material Variations and Comments
						2021	2022	2023	2024	
E4	Revenue level Average rate per property assessment <i>[General rates and Municipal charges / Number of property assessments]</i>	New in 2020	New in 2020	New in 2020	\$1,763.45	\$1,791.03	\$1,839.78	\$1,885.19	\$1,930.12	As a result, Moorabool Shire is compelled to manage its resources efficiently in the face of these strategic challenges.
L1	Liquidity Working capital Current assets compared to current liabilities <i>[Current assets / Current liabilities] x100</i>	163.58%	192.64%	226.49%	277.07%	154.50%	132.79%	98.60%	94.22%	The ratio was favourably impacted by the receipt of significant levels of Developer Contributions as compared to the 2018/19 year. In addition to this, Council had higher cash levels due to capital works being carried over to the 2020/21 financial year.
L2	Unrestricted cash Unrestricted cash compared to current liabilities <i>[Unrestricted cash / Current liabilities] x100</i>	37.46%	76.70%	91.13%	27.51%	84.81%	65.78%	40.35%	37.16%	The improvement in this ratio over the last 4 financial years is consistent with Councils Strategic Financial Plan. In 2019/20 year, \$10 million term deposit over 3 months were displayed in Other Financial Asset section, which wasn't used to calculate

LGV Ref	Dimension/indicator/measure	Results 2017	Results 2018	Results 2019	Results 2020	Forecasts				Material Variations and Comments	
						2021	2022	2023	2024		
											unrestricted cash. If this \$10 million term deposit were included in the cash and cash equivalent, this ratio would be 107.88%. The ratio is predicted to reduce in the medium term as Council proposes to embark on significant infrastructure programs in the coming years. As a consequence of this, Council will be utilising its cash reserves and working capital (in addition to government grants and borrowings) to accelerate the provision of critical infrastructure for a growing community. Over the longer term, this ratio is predicted to improve.
O2	Obligations Loans and borrowings Loans and borrowings compared to rates <i>[Interest bearing loans and borrowings / Rate revenue] x100</i>	43.93%	37.85%	32.59%	50.90%	53.63%	56.37%	59.92%	59.90%		This ratio is impacted by the take up of \$8.608m in loan borrowings for the 2019/20 financial year. The loans were taken up as part of the Community Sports Infrastructure Loan Scheme at a significantly discounted interest rate. Notwithstanding, the level of loan borrowings is forecast to increase in the medium term.

LGV Ref	Dimension/indicator/measure	Results 2017	Results 2018	Results 2019	Results 2020	Forecasts				Material Variations and Comments
						2021	2022	2023	2024	
O3	Loans and borrowings repayments compared to rates <i>[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100</i>	7.17%	6.33%	4.99%	4.46%	5.17%	16.07%	5.98%	7.26%	In comparative terms, Moorabool Shire has higher loan borrowings than the state average and that of similar size Councils. This is driven by a couple of factors. Firstly, rapid population growth is fuelling community demand for investment in infrastructure. In addition to this, Moorabool Shire receives significantly less in government grants than other Victorian Councils. As a result, it has a higher reliance on loan borrowings than most other Victorian Councils. This ratio was favourably impacted by the timing of loan borrowings taken up in the 2019/20 financial year. However, as noted previously, this ratio is forecast to remain high in the medium term. In comparative terms, this ratio is likely to be higher than the state average in the future. Moorabool Shire is compelled to fund infrastructure growth through loan borrowings in lieu of large-scale funding support from state and federal governments.

LGV Ref	Dimension/indicator/measure	Results 2017	Results 2018	Results 2019	Results 2020	Forecasts					Material Variations and Comments
						2021	2022	2023	2024		
O4	Indebtedness Non-current liabilities compared to own source revenue <i>[Non-current liabilities / Own source revenue] x100</i>	37.68%	29.49%	25.72%	43.06%	35.29%	46.25%	47.81%	47.45%		This ratio was unfavourably impacted by the take up of \$8.608m in loan borrowings for the 2019/20 financial year. As noted previously, this ratio is forecast to remain high in the medium term. In comparative terms, this ratio is likely to be higher than the state average in the future. Moorabool Shire is compelled to fund infrastructure growth through loan borrowings in lieu of large-scale funding support from state and federal governments.
O5	Asset renewal and upgrade Asset renewal and upgrade compared to depreciation <i>[Asset renewal and asset upgrade expense / Asset depreciation] x100</i>	New in 2020	New in 2020	New in 2020	173.84%	220.76%	177.85%	145.53%	131.27%		The high result is due to a substantial Capital Improvement Program. The outlook for asset renewal and upgrade expenditure is strong and is indicative of a robust asset management plan and an effective strategic financial plan.
OP1	Operating position Adjusted underlying result Adjusted underlying surplus (or deficit)	7.44%	6.37%	7.96%	0.92%	0.21%	2.89%	1.61%	1.20%		Moorabool Shire is predicted to generate an underlying surplus in future years but at a lower level in comparison to the last 3 reporting years. Part of the reason is due to a proposed increase in the

LGV Ref	Dimension/indicator/measure	Results	Forecasts					Material Variations and Comments					
		2017	2018	2019	2020	2021	2022		2023	2024			
	<i>[Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x 100</i>											Capital improvement program in the next 4 years in addition to an increase in service growth to meet the needs of rapid population growth. In addition to this, Moorabool Shire receives lower levels of grant funding that the state average, whilst having to service higher levels of debt in comparative terms to other Victorian Councils.	
	Stability												
S1	Rates concentration Rates compared to adjusted underlying revenue <i>[Rate revenue / Adjusted underlying revenue] x100</i>	63.31%	63.71%	63.91%	66.13%	68.46%	69.25%	69.55%	69.55%	69.55%			Moorabool Shire has a higher level of reliance on rate revenue than other Victorian Councils. This is driven by two main factors. Firstly, as previously mentioned, Moorabool Shire receives significantly lower levels of recurrent funding from state and federal governments on average compared to other Victorian Councils. In addition to this, factors such as geographical size and low population density significantly limit its ability to generate alternative income streams outside of rates and grants.

LGV Ref	Dimension/indicator/measure	Results 2017	Results 2018	Results 2019	Results 2020	Forecasts				Material Variations and Comments
						2021	2022	2023	2024	
S2	Rates effort Rates compared to property values <i>[Rate revenue / Capital improved value of rateable properties in the municipality] x100</i>	0.49%	0.50%	0.47%	0.42%	0.43%	0.44%	0.45%	0.46%	The decline in this ratio is attributed to significant property price growth in the municipality in the 2019/20 financial year

Financial Performance Indicators – Definitions

"Adjusted underlying revenue" means total income other than:

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

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

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

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

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

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

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

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

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

"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

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

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

"Unrestricted cash" means all cash and cash equivalents other than restricted cash.

Other Information - Basis of preparation

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

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

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

The forecast figures included in the performance statement are those adopted by Council in its Strategic Resource Plan on 15 July 2020 and which forms part of the Council Plan. The Strategic Resource Plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The Strategic Resource Plan can be obtained by contacting Council.

2019-20 Performance Statement

Retired – for the year ended 30 June 2020

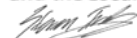
The following indicators were retired in 2020:

	<i>Service / indicator / measure</i>	Results 2017	Results 2018	Results 2019	Retired in 2020	Comments
	Animal Management					
AM4	<i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	2.00	0.00	0.00	Retired in 2020	This measure was replaced by AM7 from 1 July 2019.
	Efficiency					
E1	<i>Revenue level</i> <i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]	\$1,512.85	\$1,543.84	\$1,580.05	Retired in 2020	This measure was replaced by E4 from 1 July 2019.
	Obligations					
O1	<i>Asset renewal</i> <i>Asset renewal compared to depreciation</i> [Asset renewal expense / Asset depreciation] x100	104.74%	90.25%	124.41%	Retired in 2020	This measure was replaced by O5 in 1 July 2019.

2019-20 Performance Statement

Certification of the performance statement

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



Steven Ivelja CPA
Principal Accounting Officer
Dated: 02 September 2020

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

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

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

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



Cr. Tonia Dudzik
Councillor
Dated: 02 September 2020



Cr. John Keogh
Councillor
Dated: 02 September 2020



Derek Madden
Chief Executive Officer
Dated: 02 September 2020

Independent Auditor's Report

To the Councillors of Moorabool Shire Council

<p>Opinion</p>	<p>I have audited the accompanying performance statement of Moorabool Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • description of municipality for the year ended 30 June 2020 • sustainable capacity indicators for the year ended 30 June 2020 • service performance indicators for the year ended 30 June 2020 • financial performance indicators for the year ended 30 June 2020 • other information - basis of preparation and • the certification of the performance statement. <p>In my opinion, the performance statement of Moorabool Shire Council in respect of the year ended 30 June 2020 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</i>.</p>
<p>Basis for Opinion</p>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<p>Councillors' responsibilities for the performance statement</p>	<p>The Councillors is responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 1989</i> and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.</p>
<p>Auditor's responsibilities for the audit of the performance statement</p>	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists.</p>

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

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

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

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

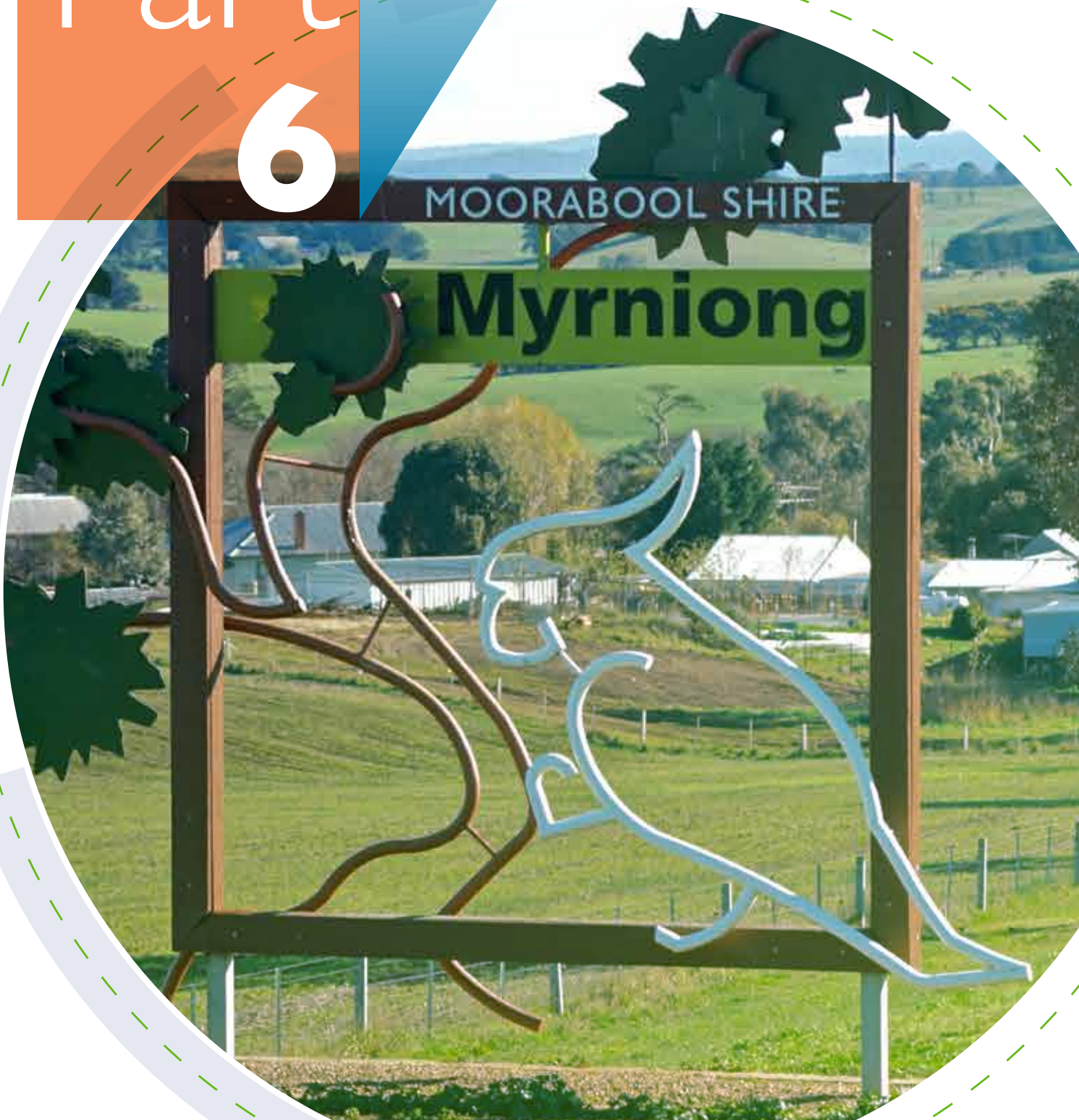
MELBOURNE
4 September 2020



Sarchu Chummar

as delegate for the Auditor-General of Victoria

Part 6



Financial
Statements

**MOORABOOL SHIRE COUNCIL
ANNUAL FINANCIAL REPORT**

For the Year Ended 30 June 2020

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Certification of the Financial Statements 2019/20

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



Steven Ivelja CPA
Principal Accounting Officer

Dated: 02 September 2020
Ballan

In our opinion the accompanying financial statements present fairly the financial transactions of Moorabool Shire Council for the year ended 30 June 2020 and the financial position of the Council as at that date.

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

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



Tonia Dudzik
Councillor

Dated: 02 September 2020
Ballan



John Keogh
Councillor

Dated: 02 September 2020
Ballan



Derek Madden
Chief Executive Officer

Dated: 02 September 2020
Ballan

Independent Auditor's Report

To the Councillors of Moorabool Shire Council

Opinion	<p>I have audited the financial report of Moorabool Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2020 • comprehensive income statement for the year then ended • statement of changes in equity for the year then ended • statement of cashflows for the year then ended • statement of capital works for the year then ended • notes to the financial statements, including significant accounting policies • certification of the financial report. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2020 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the <i>Local Government Act 1989</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Councillors's responsibilities for the financial report	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

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

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

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

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

MELBOURNE
4 September 2020



Santhu Chummar

as delegate for the Auditor-General of Victoria

Comprehensive Income Statement For the Year Ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Income			
Rates and charges	3.1	36,572	34,138
Statutory fees and fines	3.2	829	899
User fees	3.3	2,853	3,200
Grants - operating	3.4(a)	10,531	10,850
Grants - capital	3.4(b)	4,839	3,593
Contributions - monetary	3.5	5,413	4,292
Contributions - non-monetary	3.5	11,924	10,443
Other income	3.7	3,240	3,803
Total Income		76,201	71,218
Expenses			
Employee costs	4.1	(21,571)	(20,074)
Materials and services	4.2	(20,641)	(17,878)
Depreciation and amortisation	4.3	(10,371)	(9,109)
Amortisation - right of use assets	4.4	(224)	-
Bad and doubtful debts	4.5	(51)	(9)
Borrowing costs	4.6	(511)	(583)
Net (loss)/Income on disposal of property, infrastructure, plant and equipment and investment properties	3.6	(858)	(952)
Finance costs - leases	4.7	(50)	-
Other expenses	4.8	(522)	(559)
Total Expenses		(54,798)	(49,162)
Surplus for the year		21,403	22,056
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment	6.1	-	60,091
Total comprehensive result		21,403	82,147

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

Balance Sheet
As at 30 June 2020

	Note	2020 \$'000	2019 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1(a)	12,027	15,290
Other financial assets	5.1(b)	14,000	7,000
Trade and other receivables	5.1(c)	6,368	6,171
Inventories	5.2	28	30
Other assets	5.2	2,048	1,163
Total current assets		34,471	29,653
Non-current assets			
Trade and other receivables	5.1(b)	97	85
Property, infrastructure, plant and equipment	6.1	587,105	564,166
Right-of-use assets	5.8	896	-
Total non-current assets		588,098	564,250
Total assets		622,569	593,904
Liabilities			
Current liabilities			
Trade and other payables	5.3	4,934	5,953
Trust funds and deposits	5.3(b)	1,205	1,630
Provisions	5.4	4,769	4,137
Interest-bearing loans and borrowings	5.5	1,320	1,120
Lease liabilities	5.8	213	-
Total current liabilities		12,442	12,840
Non-current liabilities			
Provisions	5.4	729	1,058
Interest-bearing loans and borrowings	5.5	17,295	10,007
Lease liabilities	5.8	704	-
Total non-current liabilities		18,727	11,065
Total liabilities		31,169	23,906
Net assets		591,400	569,998
Equity			
Accumulated surplus		198,847	180,888
Reserves	9.1	392,553	389,110
Total Equity		591,400	569,998

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

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

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2020					
Balance at beginning of the financial year		569,998	180,888	378,249	10,861
Surplus/(deficit) for the year		21,403	21,403	-	-
Transfers (to)/from other reserves	9.1	-	(9,315)	-	9,315
Transfers from other reserves	9.1	-	5,872	-	(5,872)
Balance at end of the financial year		591,400	198,847	378,249	14,304
2019					
Balance at beginning of the financial year		487,851	161,446	318,159	8,246
Surplus/(deficit) for the year		22,056	22,056	-	-
Net asset revaluation increment/(decrement)		60,091	-	60,091	-
Transfers (to)/from other reserves		-	(7,220)	-	7,220
Transfers from other reserves		-	4,606	-	(4,606)
Balance at end of the financial year		569,998	180,888	378,249	10,861

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

Statement of Cash Flows
For the Year Ended 30 June 2020

		2020 Inflows/ (Outflows) \$'000	2019 Inflows/ (Outflows) \$'000
	Note		
Cash flows from operating activities			
Rates and charges		35,844	33,641
Statutory fees and fines		829	899
User fees (inclusive of GST)		3,564	3,083
Grants - operating		10,531	10,850
Grants - capital		4,839	3,594
Contributions - monetary		5,413	4,292
Interest received		457	673
Trust funds and deposits taken		393	704
Other receipts (inclusive of GST)		3,107	3,166
Net GST refund/(payment)		1,496	2,349
Employee costs		(21,268)	(19,737)
Materials and services (inclusive of GST)		(24,597)	(20,084)
Short-term, low value and variable lease payments		(11)	-
Trust funds and deposits repaid		(818)	(271)
Other payments		(522)	(567)
Net cash provided by operating activities	9.2	19,257	22,591
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.1	(23,007)	(15,621)
Proceeds from sale of property, infrastructure, plant and equipment		763	445
Payments for investments		(7,000)	(7,000)
Net cash (used in) investing activities		(29,244)	(22,176)
Cash flows from financing activities			
Finance costs		(511)	(583)
Proceeds from borrowings		8,608	-
Repayment of borrowings		(1,120)	(1,121)
Interest paid - lease liability		(50)	-
Repayment of lease liabilities		(203)	-
Net cash (used in) financing activities		6,725	(1,703)
Net increase (decrease) in cash and cash equivalents		(3,262)	(1,289)
Cash and cash equivalents at the beginning of the financial year		15,290	16,578
Cash and cash equivalents at the end of the financial year	5.1	12,027	15,290
Financing arrangements	5.6		
Restrictions on cash assets & Other financial assets	5.1		

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

Statement of Capital Works
For the Year Ended 30 June 2020

	2020 \$'000	2019 \$'000
Property		
Land	248	50
Buildings	548	227
Total property	796	277
Plant and equipment		
Plant, machinery and equipment	2,901	1,699
Computers and telecommunications	484	553
Library books	93	97
Total plant and equipment	3,478	2,349
Infrastructure		
Roads	10,729	7,866
Bridges	625	297
Footpaths and cycleways	996	1,425
Drainage	20	-
Recreational, leisure and community facilities	5,935	3,251
Parks, open space and streetscapes	346	18
Other infrastructure	82	138
Total infrastructure	18,732	12,995
Total capital works expenditure	23,007	15,621
Represented by:		
New asset expenditure	4,980	2,938
Asset renewal expenditure	13,765	11,332
Asset upgrade expenditure	4,262	1,351
Total capital works expenditure	23,007	15,621

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

OVERVIEW**Introduction**

Moorabool Shire Council was established by an Order of the Governor in Council on Friday, 6 May 1994 and is a body corporate. The Council's main office is located at 15 Stead Street, Ballan.

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, 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**(a) Basis of accounting**

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to note 6.1)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to note 6.1)
- the determination of employee provisions (refer to note 5.4 (a))
- the determination of quarry restoration provisions (refer to note 5.4 (b))
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of AASB 15 Revenue from Contracts with Customers or AASB 1058 Income of Not-for-Profit Entities (refer to Note 3)
- the determination, in accordance with AASB 16 Leases, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)

Significant accounting policies (cont.)

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation (except where transitional requirements of AASB 15 Revenue from Contracts with Customers, AASB 16 Leases and AASB 1058 Income of Not-for-Profit Entities do not require restatement of comparatives under the modified retrospective approach adopted by the Council), and disclosure has been made of any material changes to comparatives.

(b) 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.

(c) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(d) Rounding

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

Note 1 Performance against budget

The budget comparison note compares 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 \$1,000,000 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 3 July 2019. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for revenue and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

	Budget 2020 \$'000	Actual 2020 \$'000	Variance 2020 \$'000	Variance %	Ref
1.1 Income and Expenditure					
Income					
Rates and charges	36,170	36,572	402	1%	
Statutory fees and fines	1,274	829	(445)	(35%)	1
User fees	3,118	2,853	(265)	(8%)	
Grants - operating	10,019	10,531	512	5%	
Grants - capital	3,949	4,839	890	23%	2
Contributions - monetary	1,053	5,413	4,360	414%	3
Contributions - non monetary	4,858	11,924	7,066	145%	4
Interest received	623	457	(166)	(27%)	5
Other income	1,018	2,784	1,766	173%	6
Total income	62,082	76,201	14,119	23%	
Expenses					
Employee costs	(21,863)	(21,571)	292	(1%)	
Materials and services	(17,103)	(20,641)	(3,538)	21%	7
Depreciation	(10,326)	(10,371)	(45)	0%	
Amortisation - Right of use assets	-	(224)	(224)	(100%)	
Bad and doubtful debts	-	(51)	(51)	(100%)	
Borrowing costs	(657)	(511)	146	(22%)	8
Loss on disposal of property, infrastructure, plant and equip.	(1,484)	(858)	626	(42%)	9
Finance costs - Leases	-	(50)	(50)	(100%)	
Other expenses	(550)	(522)	28	(5%)	
Total expenses	(51,983)	(54,798)	(2,815)	5%	
Surplus/(deficit) for the year	10,099	21,403	11,304	112%	

(Explanation of material variations on next page)

Note 1 Performance against budget (cont.)**1.1.1 Explanation of material variations**

Ref	Item	Explanation
1	Statutory fees and fines	The unfavourable variance is mainly due to a significant decline in Statutory Planning fees (\$199k). Other unfavourable variances relate to Parking Infringements, Animal Infringements, Fire Prevention, and Local Laws. The impact of COVID-19 restrictions has negatively impacted Council's ability to issue fines and infringements.
2	Grants - capital	Capital grants are greater due to new funding received for projects that were not included in the adopted budget. Some of these include; Darley Park Oval Lighting (\$150k), Sports Field Lighting Program (\$145k), Local Area Traffic Management Study (\$85k), and Harris Road, Yendon (\$70k).
3	Contributions - monetary	The actual is \$4,360k greater than budget which relates to significant milestones for Developer Contributions. It was originally expected that these contributions would be received in future financial years.
4	Contributions - non monetary	The increase of \$7,066k relates to the significant level of growth in subdivision development within the Shire in 2019/20. Assets gifted to Council mainly relate to developments in Bacchus Marsh at Stonehill, Bellevue Tops and Underbank Estates. The larger value of assets handed over by developers include Land, Roads and Drainage.
5	Interest received	The actual is less than budget by \$166k mainly due to Council implementing COVID-19 concessions on interest relating to overdue Rates and Garbage charges. There was also a reduction on investment returns due to a decline in interest rates throughout 2019/20.
6	Other income	This favourable variance primarily relates to reimbursements from the Flood/Storm event of December 2018 (\$1,337k). Both the income and expenditure for the rehabilitation works were not included in the original budget. The other significant increase relates to income received from Wind Farm Dilapidation Deeds (\$304k).
7	Materials and services	Unfavourable mainly due to costs incurred for the Flood/Storm event of December 2018 (\$1,034k) and Blackwood Localised Septic Project (\$255k). Other significant increases include; additional funds allocated to Local Roads Maintenance (\$342k), Building Maintenance (\$255k - including security and cleaning costs), the cost of disposing of Recyclables (\$172k), increased costs for Gravel Road Maintenance (\$126k), various COVID-19 related expenditure (\$123k), and Drainage Maintenance costs (\$98k). There is also some capital expenditure that was transferred to operating (\$214k - relates to costs not deemed to be capital in nature). And also the continuation/completion of Council approved new initiatives or grant funded projects from prior financial years (\$343k).
8	Borrowing costs	The favourable variance is due to the timing of new borrowings being drawn down in 2019/20. The budget estimate was for borrowings to be taken up earlier in the year than what was actually required.
9	Loss on disposal of property, infrastructure, plant and equip.	Favourable by \$626k mainly due to an overestimation in the budget for the Written Down Value of Infrastructure Assets replaced during the 2019/20 year. This mainly relates to a number of capital works jobs on Road Infrastructure assets being incomplete at year end.

Note 1 Performance against budget (cont.)

	Budget 2020 \$'000	Actual 2020 \$'000	Variance 2020 \$'000	Variance %	Ref
1.2 Capital Works					
Property					
Land	1,270	248	(1,022)	(80%)	1
Buildings	2,086	548	(1,538)	(74%)	2
Total property	3,356	796	(2,560)	(76%)	
Plant and equipment					
Plant, machinery and equipment	1,805	2,901	1,096	61%	3
Computers and telecommunications	874	484	(390)	(45%)	4
Library books	105	93	(12)	(11%)	
Total plant and equipment	2,784	3,478	694	25%	
Infrastructure					
Roads	10,410	10,729	319	3%	
Bridges	666	625	(41)	(6%)	
Footpaths and cycleways	1,059	996	(63)	(6%)	
Recreational, leisure and community facilities:	8,403	5,935	(2,468)	(29%)	5
Parks, open space and streetscapes	250	346	96	38%	6
Other infrastructure	20	82	62	310%	
Total infrastructure	20,808	18,732	(2,076)	(10%)	
Total capital works expenditure	26,948	23,007	(3,941)	(15%)	
Represented by:					
New asset expenditure	13,144	4,980	(8,164)	(62%)	
Asset renewal expenditure	8,802	13,765	4,963	56%	
Asset upgrade expenditure	5,002	4,262	(740)	(15%)	
Total capital works expenditure	26,948	23,007	(3,941)	(15%)	

(Explanation of material variations on next page)

Note 1 Performance against budget (cont.)

1.2.1 Explanation of material variations

Ref	Item	Explanation
1	Land	Less than budget by \$1,022k which relates to the deferral of gas connection works at the Parwan Employment Precinct. This is now scheduled to commence in 2020/21.
2	Buildings	Capital expenditure on buildings was \$1,538k less than budget due to some projects being incomplete at year end and will be carried over to the 2020/21 financial year. These include; Ballan Depot Relocation, Bacchus Marsh Indoor Recreation Facility Preplanning, Ballan Recreation Reserve Pavilion, and Masons Lane Western Pavilion Extension.
3	Plant, machinery and equipment	Actual expenditure was greater than budget by \$1,096k due to the completion of significant plant purchases carried over from the previous financial year.
4	Computers and telecommunications	Expenditure was less than budget due to some significant system improvement projects being incomplete at year end and being carried over to the 2020/21 financial year.
5	Recreational, leisure and community facilities	Actual spend was less than budget by \$2,468k due to some projects being incomplete at year end, the largest being Bacchus Marsh Racecourse and Recreation Reserve.
6	Parks, open space and streetscapes	The actual spend was greater than budget due to landscaping works (including playground and open space facilities at Grantleigh Estate). These works were not included in the original budget.

Note 2 Analysis of Council results by program

2.1 (a) Council delivers its functions and activities through the following programs.

CEO's Office

The CEO's Office is responsible for providing strategic direction to business units and to the Council as a whole. This division includes:

Office of the CEO

Customer Care & Advocacy

Customer Care & Advocacy Division is responsible for providing internal operational services to business units and external customer services, communications and advocacy to our community and different tiers of government agencies. This division includes:

Finance and Procurement	Governance, Risk and Corporate Planning
Communication, Public Affairs and Advocacy	Customer Experience and Innovation
Information and Technology	

People and Culture

People and Culture division is responsible for providing expertise and support in the areas of Performance Management, Employee Relations, Employee Engagement, Diversity & Inclusion, Policy and Procedure Development, and HR Compliance. This division includes:

Human Resources	Payroll
Learning and Development	

Community Strengthening

Community Strengthening provides a diverse range of high quality services to meet the needs of growing communities. This division includes:

Family, Youth and Children's Services	Libraries and Education Services
Active Ageing and Community Access	Recreation and Leisure
Community Health and Safety	

Community Planning and Economic Development

Community Planning and Economic Development is responsible for planning and delivery of major festivals and events as well as strategic and statutory planning, building services and major development across the municipality. This division includes:

Strategic and Statutory Planning	Major Developments
Building Services	Economic Development

Note 2 Analysis of Council results by program (cont.)

Community Assets & Infrastructure

Community Assets & Infrastructure facilitates the provision, management and maintenance of suitable community assets and infrastructure for the delivery of services and fulfil the requirements of the community now and into the future. This division includes:

Asset Management	Capital Works
Operations	Engineering Services
Waste Management	Emergency Management

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

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2020					
CEO's Office	-	816	(816)	-	9,276
Community Strengthening	5,348	10,284	(4,937)	3,390	116,842
Customer Care & Advocacy	44,561	8,603	35,958	6,753	97,739
Community Assets & Infrastructure	25,073	30,386	(5,313)	5,149	345,219
Community Planning & Economic Development	1,067	3,576	(2,509)	2	40,626
People & Culture	152	1,133	(981)	76	12,867
	76,201	54,798	21,402	15,370	622,569

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2019					
CEO's Office	-	977	(977)	-	11,808
Community Strengthening	6,803	10,782	(3,979)	3,622	130,259
Customer Care & Advocacy	42,090	7,347	34,743	6,842	88,757
Community Assets & Infrastructure	21,028	25,466	(4,437)	3,847	307,643
Community Planning & Economic Development	1,153	3,747	(2,594)	132	45,268
People & Culture	142	842	(699)	-	10,169
	71,218	49,161	22,056	14,443	593,904

*Assets have been attributed to functions/activities based on the control and/or custodianship of specific assets.

	2020	2019
	\$'000	\$'000

Note 3 Funding for the delivery of our services

3.1 Rates and charges

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is the market value of the land and all improvements to that land as assessed by a Council appointed valuer.

The valuation base used to calculate general rates for 2019/2020 was \$8,474 million (2018/2019: \$7,095 million).

General Rates	31,043	29,105
Waste / Garbage Charges	4,940	4,592
Supplementary rates and rate adjustments	589	441
Total rates and charges	36,572	34,138

The date of general revaluation of land for 2019/2020 rating purposes within the municipal district was 01 January 2019 and the valuation was first applied in the rating year commencing 01 July 2019.

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

3.2 Statutory fees and fines

Infringements and costs	248	237
Town planning fees	455	536
Land information certificates	39	36
Permits	86	88
Freedom of Information	2	1
Total statutory fees and fines	829	899

Statutory fees and fines (including parking 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.

	2020	2019
	\$'000	\$'000

Note3 Funding for the delivery of our services (Cont.)**3.3 User fees**

Aged and health services	690	748
Leisure centre and recreation	243	232
Child care/children's programs	35	70
Registrations and other permits	776	858
Building services	571	694
Waste management services	419	474
Other fees and charges	119	125
Total user fees	2,853	3,200

User fees by timing of revenue recognition

User fees recognised at a point in time.	2,853	3,200
Total user fees	2,853	3,200

User fees are recognised as revenue at a point in time, or over time, when (or as) the performance obligation is satisfied. Recognition is based on the underlying contractual terms.

3.4 Funding from other levels of government

Grants were received in respect of the following :

Summary of grants

Commonwealth funded grants	9,623	8,812
State funded grants	5,571	5,502
Others	176	129
Total grants received	15,370	14,443

(a) Operating Grants**Recurrent - Commonwealth Government**

Financial Assistance Grant	6,585	6,717
Commonwealth Home Support Program	1,756	1,569

Recurrent - State Government

Aged care	381	311
School crossing supervisors	93	111
Libraries	270	264
Maternal and child health	691	652
Other	237	158
Total recurrent operating grants	10,013	9,782

	2020 \$'000	2019 \$'000
Note 3 Funding for the delivery of our services (Cont.)		
<i>Non-recurrent - State Government</i>		
Emergency management	120	135
Valuations	-	76
Strategic planning and tourism	29	130
Families and youth	148	271
Environment and health	140	187
Community development	-	95
Disability access	81	175
<i>Total non-recurrent operating grants</i>	518	1,068
Total operating grants	10,531	10,850
(b) Capital Grants		
<i>Recurrent - Commonwealth Government</i>		
Roads to recovery	1,282	526
<i>Total recurrent capital grants</i>	1,282	526
<i>Non-recurrent - State Government</i>		
Community and recreational facilities	999	1,079
Local roads	2,382	1,860
<i>Non-recurrent - Other sources</i>		
Sundry capital grants	176	129
<i>Total non-recurrent capital grants</i>	3,557	3,068
Total capital grants	4,839	3,593

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

	2020	2019
	\$'000	\$'000

Note 3 Funding for the delivery of our services (cont.)**(c) Unspent grants received on condition that they be spent in a specific manner****Operating**

Balance at start of year	468	111
Received during the financial year and remain unspent at balance date	402	468
Received in prior years and spent during the financial year	(359)	(111)
Balance at year end	511	468

Capital

Balance at start of year	431	311
Received during the financial year and remain unspent at balance date	-	120
Received in prior years and spent during the financial year	(431)	-
Balance at year end	-	431

3.5 Contributions

Monetary	5,413	4,292
Non-monetary	11,924	10,443
Total contributions	17,337	14,736

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

Land	3,119	3,063
Buildings	-	204
Infrastructure	8,805	7,176
Total non-monetary contributions	11,924	10,443

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

3.6 Net loss on disposal of property, infrastructure, plant and equipment

Proceeds of sale	763	445
Written down value of assets disposed	(1,621)	(1,396)
Total net loss on disposal of property, infrastructure, plant and equipment	(858)	(952)

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

	2020	2019
	\$'000	\$'000

Note 3 Funding for the delivery of our services (cont.)**3.7 Other income**

Interest	457	673
Reimbursements, rebates and recoveries	1,722	2,273
Recycling income	64	47
Other rent	141	174
Royalties	73	118
Peri-Urban contributions	75	75
Insurance claims	47	6
Sales	91	61
Other	569	377
Total other income	3,240	3,803

Reimbursements, rebates and recoveries

Income is recognised when the Council obtains control of the contribution or the right to receive the contribution, when the performance obligation is met and the amount of the contribution can be measured reliably.

Interest

Interest is recognised as it is earned.

Other Income

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

Note 4 The cost of delivering services**4.1 (a) Employee costs**

Wages and salaries	18,551	17,387
WorkCover	449	381
Casual staff	761	695
Superannuation	1,787	1,589
Fringe benefits tax	23	22
Total employee costs	21,571	20,074

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super) at 9.5%	51	62
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	2020	2019
	\$'000	\$'000

Note 4 The cost of delivering services (cont.)**Accumulation funds**

Employer contributions to Local Authorities Superannuation Fund (Vision Super) and other funds at 9.5%	1,736	1,568
	<u>1,736</u>	<u>1,568</u>
Employer contributions payable at reporting date	14	-
Refer to Note 9.3 for further information relating to Council's super obligations.		

4.2 Materials and services

Materials and services	2,916	3,139
Contract payments	10,749	7,910
Building maintenance	678	547
General maintenance	787	1,017
Utilities	639	708
Office administration	649	665
Information technology	1,254	1,253
Insurance	701	571
Consultants	1,114	1,104
Agency staff	429	232
Community grants and advances	724	731
Total materials and services	<u>20,641</u>	<u>17,878</u>

4.3 Depreciation

Property	826	814
Plant and equipment	1,230	1,070
Infrastructure	8,315	7,225
Total depreciation and amortisation	<u>10,371</u>	<u>9,109</u>

Refer to Note 5.8 and 6.1 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

4.4 Amortisation - Right of use assets

Property	224	-
Total depreciation and amortisation	<u>224</u>	<u>-</u>

4.5 Bad and doubtful debts

Parking fine debtors	10	1
Other debtors	41	8
Total bad and doubtful debts	<u>51</u>	<u>9</u>

	2020	2019
	\$'000	\$'000

Note 4 The cost of delivering services (cont.)**Movement in provisions for doubtful debts**

Balance at the beginning of the year	96	106
New provisions recognised during the year	93	75
Amounts already provided for and written off as uncollectible	(96)	(85)
Balance at end of year	<u>93</u>	<u>96</u>

Provision for doubtful debt is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment.

4.6 Borrowing costs

Interest - Borrowings	511	583
Total borrowing costs	<u>511</u>	<u>583</u>

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council. Except where specific borrowings are obtained for the purpose of specific asset acquisition, the weighted average interest rate applicable to borrowings at balance date, excluding borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised.

Borrowing costs include interest on bank overdrafts, interest on borrowings and finance lease charges.

4.7 Finance Costs - Leases

Interest - Lease Liabilities	50	-
Total borrowing costs	<u>50</u>	<u>-</u>

4.8 Other expenses

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	45	55
Auditors' remuneration - Internal	55	33
Auditors' remuneration - Other	2	2
Councillors' allowances	248	249
Operating lease rentals	66	83
Bank fees	54	53
Other	51	83
Total other expenses	<u>522</u>	<u>559</u>

	2020	2019
	\$'000	\$'000

Note 5 Our financial position**5.1 Financial assets****(a) Cash and cash equivalents**

Cash on hand	3	3
Cash at bank	12,025	6,287
Term deposits	-	9,000
Total cash and cash equivalents	12,027	15,290

(a) Other financial assets

Term deposits - current	14,000	7,000
Total other financial assets	14,000	7,000
Total financial assets	26,027	22,290

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 5.3b)	1,205	1,630
- Statutory reserves (Note 9.1)	1,486	1,643
Total restricted funds	2,692	3,274
Total unrestricted cash, cash equivalents and term deposits	23,336	19,016

Intended allocations

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

- Recreation facilities reserve	-	583
- Cash held to fund carried forward capital works and projects	9,914	6,050
Total funds subject to intended allocations	9,914	6,633

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

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

	2020	2019
	\$'000	\$'000
Note 5 Our financial position (Cont.)		
(c) Trade and other receivables		
Current		
<i>Statutory receivables</i>		
Rates debtors	4,448	3,723
Special rate assessment	30	39
Infringement debtors	387	335
Provision for doubtful debts - infringements	(9)	(50)
Net GST receivable	699	634
<i>Non-statutory receivables</i>		
Other debtors	898	1,536
Provision for doubtful debts - other debtors	(84)	(47)
Total current trade and other receivables	6,368	6,171
Non-current		
<i>Statutory receivables</i>		
Special rate assessment	97	85
Total non-current trade and other receivables	97	85
Total trade and other receivables	6,465	6,256

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

(d) Ageing of receivables

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

Current (not yet due)	323	733
Past due by up to 30 days	60	591
Past due between 31 and 60 days	35	71
Past due between 61 and 90 days	110	12
Past due by more than 90 days	286	82
Total trade and other receivables	814	1,489

(e) Ageing of individually impaired receivables

At balance date, other debtors representing financial assets with a nominal value of \$84,194 (2019: \$46,691) were impaired. The amount of the provision raised against these debtors was \$18,561 (2019: \$35,170). They have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

Past due by more than 90 days	84	47
Total trade and other receivables	84	47

	2020	2019
	\$'000	\$'000

Note 5 Our financial position (cont.)**5.2 Non-financial assets****(a) Inventories**

Inventories held for distribution	28	30
Total inventories	28	30

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where Inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

(b) Other assets

Prepayments	365	216
Accrued income	1,684	947
Total other assets	2,048	1,163

5.3 Payables**(a) Trade and other payables**

Trade payables	415	1,387
Accrued expenses	3,618	4,491
Total trade and other payables	4,033	5,878

(b) Trust funds and deposits

Refundable building deposits	897	1,327
Refundable contract deposits	12	12
Refundable civic facilities deposits	14	29
Retention amounts	51	44
Fire services levy	72	61
Other refundable deposits	158	156
Total trust funds and deposits	1,205	1,630

(c) Unearned income

Grants received in advance - operating	704	75
Grants received in advance - capital	197	-
Total unearned income	901	75

Note 5 Our financial position (cont.)

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

Purpose and nature of items

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

Fire service levy - Council is the collection agent for fire services levy on behalf of the State Government. Council remits amounts received on a quarterly basis. Amounts disclosed here will be remitted to the state government in line with that process.

Retention amounts - Council has a contractual right to retain certain amounts until a contractor has met certain requirements or a related warrant or defect period has elapsed. Subject to the satisfactory completion of the contractual obligations, or the elapsing of time, these amounts will be paid to the relevant contractor in line with Council's contractual obligations.

5.4 Provisions

	Quarry restoration \$ '000	Employee \$ '000	Total \$ '000
2020			
Balance at beginning of the financial year	252	4,944	5,196
Additional provisions	6	2,476	2,482
Amounts used	-	(2,065)	(2,065)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	-	(114)	(114)
Balance at the end of the financial year	257	5,241	5,499
2019			
Balance at beginning of the financial year	248	4,611	4,859
Additional provisions	4	2,540	2,544
Amounts used	-	(2,222)	(2,222)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	-	15	15
Balance at the end of the financial year	252	4,944	5,196
		2020	2019
(a) Employee provisions		\$'000	\$'000
Current provisions expected to be wholly settled within 12 months			
Annual leave		1,214	1,074
Long service leave		386	289
Other leave		220	175
		1,820	1,538
Current provisions expected to be wholly settled after 12 months			
Annual leave		321	-
Long service leave		2,628	2,600
		2,949	2,600
Total current employee provisions		4,769	4,137

	2020 \$'000	2019 \$'000
Note 5 Our financial position (cont.)		
Non-current		
Long service leave	472	492
Annual leave	-	315
Total non-current employee provisions	472	807
Aggregate carrying amount of employee provisions:		
Current	4,769	4,137
Non-current	472	807
Total aggregate carrying amount of employee provisions:	5,241	4,944

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.

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Current Liability - unconditional LSL is disclosed as a current liability even when the Council does not expect to settle the liability within 12 months because it will not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months.

The components of this current liability are measured at :

- present value - component that is not expected to be wholly settled within 12 months.
- nominal value - component that is expected to be wholly settled within 12 months.

Non-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. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value.

Key assumptions:

- discount rate	0.87%	1.32%
- inflation rate	2.50%	4.31%

	2020	2019
	\$'000	\$'000

Note 5 Our financial position (cont.)*Retirement Gratuity*

Retirement gratuities were provided to certain employees who were employed by the former Shire of Bacchus Marsh. The liability represents a set proportion of accumulated sick leave that is payable on retirement. At balance date, the liability is measured at the nominal value of 14 March 1996.

(b) Quarry restoration

Non-current	257	252
	<u>257</u>	<u>252</u>

Council is obligated to restore quarry sites to a particular standard. The forecast life of the sites are based on current estimates of remaining capacity and the forecast rate of infill. The provision for quarry 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:

- inflation rate	2.20%	1.60%
- estimated cost to rehabilitate	257	252

5.5 Interest-bearing loans and borrowings**Current**

Borrowings - Secured	1,320	1,120
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Non-current

Borrowings - Secured	17,295	10,007
	<u>17,295</u>	<u>10,007</u>

Total interest-bearing loans and borrowings

	<u>18,615</u>	<u>11,127</u>
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(a) The maturity profile for Council's borrowings is:

Not later than one year	1,320	1,121
Later than one year and not later than five years	12,819	6,651
Later than five years	4,476	4,476
	<u>18,615</u>	<u>12,248</u>

	2020	2019
	\$'000	\$'000

Note 5 Our financial position (cont.)

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

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

Borrowings are secured by a charge against rate revenue.

5.6 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2020.

Bank overdraft	750	750
Credit card facilities	200	200
Total facilities	950	950
Used facilities	36	30
Unused facilities	914	920

Note 5 Our financial position (cont.)

5.7 Commitments

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

2020	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
Operating					
Waste collection	4,086	4,168	8,587	-	16,841
Septic program	96	-	-	-	96
Maintenance services	527	422	14	-	963
Financial and organisational services	643	313	31	-	987
Home care services	170	170	-	-	340
Meals for delivery	99	99	-	-	198
Total	5,621	5,172	8,632	-	19,425
Capital					
Building	567	-	-	-	567
Roads	3,430	-	-	-	3,430
Recreational, leisure and community	5,676	-	-	-	5,676
Plant and Equipment	275	-	-	-	275
Bridges	328	-	-	-	328
Total	10,276	-	-	-	10,276
Total	15,897	5,172	8,632	-	29,701

Note 5 Our financial position (cont.)

5.7 Commitments (Continued)

2019	Not later than 1 year \$'000	and not later than 2 years \$'000	years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
Operating					
Waste collection	4,006	4,086	8,419	-	16,511
Septic program	359	-	-	-	359
Maintenance services	553	328	342	-	1,222
Financial and organisational services	626	569	273	-	1,468
Total	5,642	4,983	9,034	-	19,659
Capital					
Roads	2,669	-	-	-	2,669
Footpaths and cycleways	2	-	-	-	2
Recreational, leisure and community	3,177	-	-	-	3,177
Total	5,848	-	-	-	5,848
Total	11,490	4,983	9,034	-	25,507

Note 5 Our financial position (cont.)

5.8 Leases

Policy applicable before 1 July 2019

As a lessee, council classifies leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to council.

Operating lease payments, including any contingent rentals, were recognised as an expense in the comprehensive income statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset was not recognised in the balance sheet.

All incentives for the agreement of a new or renewed operating lease were recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives were received to enter into operating leases, the aggregate cost of incentives were recognised as a reduction of rental expense over the lease term on a straight-line basis, unless another systematic basis was more representative of the time pattern in which economic benefits from the leased asset were consumed.

Policy applicable after 1 July 2019

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

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

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

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

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

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

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

Note 5 Our financial position (cont.)

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

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

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that Council is reasonably certain to exercise, lease payments in an optional renewal period if Council is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Council is reasonably certain not to terminate early.

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

Council has no right-of-use assets at initial recognition at fair value in respect of leases that have significantly below-market terms.

Right-of-Use Assets	Property	Total
	\$'000	\$'000
Balance at 1 July 2019	1,120	1,120
Amortisation charge	(224)	(224)
Balance at 30 June 2020	896	896
Lease Liabilities		2020
Maturity analysis - contractual discounted cash flows (excl. interest payable)		\$'000
Less than one year		213
One to five years		704
Total discounted lease liabilities as at 30 June:		917
Lease liabilities included in the Balance Sheet at 30 June:		
Current		213
Non-current		704
Total lease liabilities		917

Note 5 Our financial position (cont.)

Short-term and low value leases

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

Expenses relating to:	2020
	\$ '000
Short-term leases	10
Total	<u>10</u>
Variable lease payments (not included in measurement of lease liabilities)	

i. Leases classified as operating leases under AASB 117 Leases

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at Council's incremental borrowing rate as at 1 July 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. Council applied this approach to all applicable leases.

Council used the following practical expedients when applying AASB 16 Leases to leases previously classified as operating leases under AASB 117 Leases.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Adjusted the right-of-use assets by the amount of AASB 137 Provisions, Contingent Liabilities and Contingent Assets onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Note 5 Our financial position (cont.)

ii. Leases previously classified as finance leases

For leases that were classified as finance leases under AASB 117 Leases, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 are determined at the carrying amount of the lease asset and lease liability under AASB 117 Leases immediately before that date.

Council is not required to make any adjustments on transition to AASB 16 Leases for leases in which it acts as a lessor, except for a sub-lease. Council accounted for its leases in accordance with AASB 16 Leases from the date of initial application.

Impact on financial statements

On transition to AASB 16 Leases, Council recognised an additional \$1,120,000 of right-of-use assets and \$1,120,000 of lease liabilities, recognising the difference in retained earnings.

When measuring lease liabilities, Council discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted-average rate applied is 4.82%.

	2019
	\$'000
Operating lease commitment at 30 June 2019 as disclosed in Council's financial statements	1,383
Discounted using the incremental borrowing rate at 1 July 2019	(143)
Finance lease liability recognised as at 30 June 2019	<u>1,240</u>
- Recognition exemption for:	
short-term leases	10
Grandfathering rule	110
- Lease liabilities recognised as at 1 July 2019	<u>1,120</u>

Note 6 Assets we manage

6.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2019	Acquisitions	Contributions	Revaluation	Depreciation	Disposal	Transfers	At Fair Value 30 June 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	49,571	248	3,119	-	-	-	310	53,248
Buildings	27,416	537	-	-	(826)	-	312	27,438
Plant and Equipment	6,140	3,114	-	-	(1,230)	(719)	-	7,304
Infrastructure	468,004	10,868	8,805	-	(8,315)	(512)	9,925	488,776
Work in progress	13,035	8,240	-	-	-	(390)	(10,547)	10,339
Total	564,166	23,007	11,924	-	(10,371)	(1,621)	-	587,105

Summary of Work in Progress

	Opening WIP	Additions	Transfers	Write Offs	Closing WIP
Buildings	1,006	395	(622)	-	780
Plant and Equipment	-	364	-	-	364
Infrastructure	12,029	7,481	(9,925)	(390)	9,195
Total	13,035	8,240	(10,547)	(390)	10,339

Note 6 Assets we manage (Cont.)

(a) Property

	Land - specialised \$'000	Land - non specialised \$'000	Total Land \$'000	Buildings - specialised \$'000	Buildings - non specialised \$'000	Total Buildings \$'000	Work In Progress \$'000	Total Property \$'000
At fair value 1 July 2019	3,094	46,477	49,571	31,418	14,498	45,916	1,006	96,494
Accumulated depreciation at 1 July 2019	-	-	-	(17,383)	(1,118)	(18,501)	-	(18,501)
	3,094	46,477	49,571	14,035	13,381	27,416	1,006	77,993
Movements in fair value								
Acquisition of assets at fair value	-	248	248	374	163	537	395	1,180
Contributed assets	1,697	1,422	3,119	-	-	-	-	3,119
Revaluation increments/decrements	-	-	-	-	-	-	-	-
Fair value of assets disposed	-	-	-	-	-	-	-	-
Transfers	-	310	310	312	-	312	(622)	-
	1,697	1,980	3,677	686	163	848	(226)	4,299
Movements in accumulated depreciation								
Depreciation and amortisation	-	-	-	(531)	(295)	(826)	-	(826)
Revaluation increments/decrements	-	-	-	-	-	-	-	-
Accumulated depreciation of disposals	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
	-	-	-	(531)	(295)	(826)	-	(826)
At fair value 30 June 2020	4,791	48,456	53,248	32,104	14,661	46,765	780	100,793
Accumulated depreciation at 30 June 2020	-	-	-	(17,914)	(1,413)	(19,327)	-	(19,327)
	4,791	48,456	53,248	14,190	13,248	27,438	780	81,466

Note 6 Assets we manage (Cont.)

(b) Plant and Equipment

	Plant, machinery and equipment	Computers and telecomms	Library books	Work In Progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2019	9,127	807	585	-	10,519
Accumulated depreciation at 1 July 2019	(3,825)	(292)	(263)	-	(4,380)
	5,303	516	321	-	6,140
Movements in fair value					
Acquisition of assets at fair value	2,901	119	93	364	3,478
Contributed assets	-	-	-	-	-
Revaluation increments/decrements	-	-	-	-	-
Fair value of assets disposed	(2,184)	(92)	(158)	-	(2,434)
Transfers	-	-	-	-	-
	718	27	(65)	364	1,044
Movements in accumulated depreciation					
Depreciation and amortisation	(1,012)	(166)	(52)	-	(1,230)
Accumulated depreciation of disposals	1,481	92	142	-	1,715
Transfers	-	-	-	-	-
	469	(74)	90	-	485
At fair value 30 June 2020	9,845	834	520	364	11,563
Accumulated depreciation at 30 June 2020	(3,356)	(366)	(173)	-	(3,895)
	6,489	469	347	364	7,668

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Note 6 Assets we manage (Cont.)

(c) Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and Community	Parks open spaces and streetscapes	Other Infrastructure	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2019	389,732	38,634	22,089	98,365	2,973	5,212	2,133	12,029	571,166
Accumulated depreciation at 1 July 2019	(50,355)	(6,747)	(8,770)	(22,083)	(1,565)	(1,015)	(598)	-	(91,133)
	339,377	31,887	13,319	76,282	1,408	4,197	1,535	12,029	480,033
Movements in fair value									
Acquisition of assets at fair value	6,950	625	1,207	562	110	1,312	100	7,481	18,349
Contributed assets	4,280	-	1,104	3,178	-	244	-	-	8,805
Revaluation increments/decrements	-	-	-	-	-	-	-	-	-
Fair value of assets disposed	(469)	(22)	(23)	(90)	-	(20)	-	(390)	(1,014)
Transfers	4,452	-	1,940	270	-	3,003	260	(9,925)	-
	15,214	603	4,228	3,921	110	4,538	360	(2,834)	26,140
Movements in accumulated depreciation									
Depreciation and amortisation	(5,810)	(537)	(476)	(1,005)	(153)	(251)	(83)	-	(8,315)
Revaluation increments/decrements	-	-	-	-	-	-	-	-	-
Accumulated depreciation of disposals	81	5	11	13	-	1	-	-	112
Transfers	-	-	-	-	-	-	-	-	-
	(5,729)	(531)	(465)	(991)	(153)	(249)	(83)	-	(8,203)
At fair value 30 June 2020	404,946	39,237	26,317	102,286	3,083	9,750	2,494	9,195	597,307
Accumulated depreciation at 30 June 2020	(56,084)	(7,279)	(9,235)	(23,074)	(1,718)	(1,265)	(681)	-	(99,336)
	348,862	31,958	17,081	79,212	1,365	8,486	1,812	9,195	497,971

Note 6 Assets we manage (Cont.)

Acquisition

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

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

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

<i>Asset recognition thresholds and depreciation</i>	Depreciation Period	Threshold Limit \$'000
Property		
Land	-	5
Land improvements	-	5
Buildings		
Buildings	50-80 years	5
Plant and Equipment		
Plant, machinery and equipment	5-10 years	5
Fixtures, fittings and furniture	3-10 years	5
Computers and telecommunications	1-5 years	5
Library books	10 years	n/a
Infrastructure		
Roads		
- Formation and earthworks	-	5
- Pavement and seals	20-80 years	5
- Substructure	15-30 years	5
- Road kerb, channel and minor culverts	40-70 years	5
Footpaths and cycleways	10-50 years	5
Drainage	25-100 years	5
Bridges		
- Bridges deck	80 years	5
- Bridges substructure	80 years	5
- Major culverts	80 years	5
Recreational, leisure and community facilities	15-40 years	5
Parks, open space and streetscapes	20-100 years	5

Note 6 Assets we manage (Cont.)***Land under roads***

Council recognises land under roads it controls at fair value. Council does not recognise land under roads that it controlled prior to 1 July 2008 in its financial report.

Depreciation and amortisation

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

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

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

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

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.

Valuation of land and buildings

Valuation of land and buildings were undertaken by a qualified independent valuer (Preston Rowe Paterson (Warrnambool) Pty. Ltd). 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.

Note 6 Assets we manage (Cont.)

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

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

The date of the current valuation is detailed in the following table.

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

	Level 1	Level 2	Level 3	Valuation Date
Land	-	33,668	14,789	30/06/2018
Specialised land	-	-	4,791	30/06/2018
Buildings	-	13,248	14,190	30/06/2018
Total	-	46,916	33,770	

Valuation of infrastructure

Valuation of infrastructure assets has been determined in accordance with valuations undertaken by Council staff and expert contractors. The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

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

	Level 1	Level 2	Level 3	Valuation Date
Roads	-	-	348,862	30/06/2019
Bridges	-	-	31,958	30/06/2016
Footpaths and cycleways	-	-	17,081	30/06/2019
Drainage	-	-	79,212	30/06/2019
Recreational, leisure and community facilities	-	-	1,365	30/06/2018
Parks, open space and streetscapes	-	-	8,486	30/06/2018
Other infrastructure	-	-	1,812	30/06/2018
Total	-	-	488,776	

Note 6 Assets we manage (Cont.)

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$1 and \$27 per square metre.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$1,500 to \$3,000 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 6 years to 75 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 1 year to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2020	2019
	\$'000	\$'000
Reconciliation of specialised land		
Land under roads	4,791	3,094
Total specialised land	4,791	3,094

Note 7 People and relationships

7.1 Council and Key Management Personnel	2020 No.	2019 No.
--	-------------	-------------

(a) Key Management Personnel

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

Councillors Councillor Paul Tatchell (Mayor until 12 November 2019)
Councillor Tonia Dudzik
Councillor David Edwards (Mayor from 13 November 2019)
Councillor Tom Sullivan
Councillor Lawry Borgelt
Councillor John Keogh
Councillor Jarrod Bingham
The Late Councillor Pat Toohey (until 18 September 2019)

Chief Executive Officer and other Key Management Personnel

Derek Madden - Chief Executive Officer
Philip Jeffrey - General Manager Community Assets and Infrastructure
Sally Jones - General Manager Community Strengthening
Caroline Buisson - General Manager Customer Care and Advocacy (since 18 November 2019)
Henry Bezuidenhout - Executive Manager Community Planning and Economic Development
Karen Jansen - Executive Manager People and Culture
John Miller - Acting General Manager Customer Care and Advocacy (16 September to 18 November 2019)

Total Number of Councillors	8	7
Total of Chief Executive Officer and other Key Management Personnel	7	6
Total Number of Key Management Personnel	15	13

(b) Remuneration of Key Management Personnel

	2020 \$'000	2019 \$'000
Total remuneration of key management personnel was as follows:		
Short-term benefits	1,308	1,261
Long-term benefits (Long Service Leave accruals in the current reporting period)	27	79
Post employment benefits	103	73
Termination benefits	-	204
Total	1,438	1,617

Note 7 People and relationships (Cont.)

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

	2020	2019
	No.	No.
Income Range:		
\$1 - \$9,999	1	-
\$10,000 - \$19,999	1	-
\$20,000 - \$29,999	4	6
\$30,000 - \$39,999	1	-
\$40,000 - \$49,999	1	-
\$60,000 - \$69,999	1	-
\$80,000 - \$89,999	-	1
\$140,000 - \$149,999	1	-
\$180,000 - \$189,999	3	-
\$190,000 - \$199,999	-	1
\$200,000 - \$209,999	1	1
\$210,000 - \$219,999	-	2
\$250,000 - \$259,999	1	1
\$260,000 - \$269,999	-	1
	15	13

(c) Senior Officer Remuneration

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

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$151,000 (2019 - \$148,000)

The number of Senior Officers, other than the Responsible Persons, are shown below in their relevant income bands:

	2020	2019
	No.	No.
Income Range:		
\$151,000 - \$159,999	1	2
\$160,000 - \$169,999	-	1
	1	3

	\$'000	\$'000
Total Remuneration for the reporting year for Senior Officers included above, amounted to:	154	468

Note 7 People and relationships (Cont.)

7.2 Related party disclosure

(a) Transactions with related parties

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

	2020	2019
Responsible Person / Related Party	\$'000	\$'000
Helen Tatchell - The Moorabool News (Ballan News Pty Ltd)		
- Payment for Moorabool News subscription and advertising *	60	37
Tonia Dudzik - Bacchus Marsh Community Radio		
- Income on lease of Building to Bacchus Marsh Community Radio**	2	5
- Payment for Community training workshop	2	4

* Moorabool Shire utilises services provided by the Moorabool News Pty Ltd. A public sector tender process was undertaken for the provision of media services and a contract is in place between the two entities. All transactions entered into between the two entities are in accordance with the terms and conditions of the contract.

** Moorabool Shire Council has a contract in place with Bacchus Marsh Community Radio for the lease of office space at the Darley Civic and Community Hub. The lease has been provided as per the terms of the original agreement when the building was purchased by Council. The lease is for a term of 3 years with an option to renew for a further 2 years. The last two quarters of the year were not charged due to COVID-19.

(b) Outstanding balances with related parties

There was no outstanding balance with related parties at balance date.

(c) Loans to/from related parties

No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year.

(d) Commitments to/from related parties

There were no commitments in existence at balance date that have been made, guaranteed or secured by the Council to/from a related party.

Note 8 Managing uncertainties**8.1 Contingent assets and liabilities**

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value by way of note and presented inclusive of the GST payable.

(a) Contingent assets

Infrastructure assets from new subdivisions (constructed by developers) expected to be accounted for by Council in 2020/2021 total \$4.858 million (actual 2019/2020 \$11.924 million).

Operating lease receivables

The Council has entered into commercial property leases on its various properties. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 10 years. Most leases include a CPI based revision of the rental charge annually.

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.

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

	2020	2019
	\$'000	\$'000
Not later than one year	169	190
Later than one year and not later than five years	460	372
Later than five years	823	531
	<u>1,452</u>	<u>1,094</u>

Guarantees for loans to other entities

Council has a bank guarantee to the value of \$15,000 in favour of the Department of Environment and Primary Industries. This guarantee is for an extractive mining licence in relation to the Allen's Gravel Pit.

(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. At this point in time it is not known if additional contributions will be required, their timing or potential amount.

Future superannuation contributions

There were \$14,000 contributions outstanding and no loans issued from or to the above schemes as at 30 June 2020. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2021 are \$36,000.

(c) Building Cladding

Council has not identified any potential contingents that may exist in relation to rectification works or other matters associated with building cladding.

Note 8 Managing uncertainties (Cont.)**8.2 Change in accounting standards**

The following new AAS's have been issued that are not mandatory for the 30 June 2020 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

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

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

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

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

AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material (applies 2020/21 for LG Sector)

The Standard principally amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The impacts on the local government sector are expected to be minimal.

AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework (applies 2020/21 for LG Sector)

This Standard sets out amendments to Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the Conceptual Framework for Financial Reporting (Conceptual Framework) by the AASB. The impacts on the local government sector are expected to be minimal.

Note 8 Managing uncertainties (Cont.)**8.3 Financial instruments****(a) Objectives and policies**

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

(b) Market risk

Market risk is the risk that the fair value or future cash flows of 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*. We manage interest rate risk by adopting an investment policy that ensures:

- diversification of investment product,
- monitoring of return on investment,
- benchmarking of returns and comparison with budget.

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

Interest rate movements have not been sufficiently significant during the year to have an impact on the Council's year end result.

Note 8 Managing uncertainties (Cont.)**(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 have exposure to credit risk on some financial assets included in the balance sheet. Particularly significant areas of credit risk exist in relation to outstanding fees and fines as well as loans and receivables from sporting clubs and associations. To help manage this risk:

- we have a policy for establishing credit limits for the entities we deal with;
- we may require collateral where appropriate; and
- we only invest surplus funds with financial institutions which have a recognised credit rating specified in our investment policy.

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the Council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

There are no material financial assets which are individually determined to be impaired.

We may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide 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.

(d) Liquidity risk

Liquidity risk includes the risk that as a result of our operational liquidity requirements we will not have sufficient funds to settle a transaction when required or we 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:

- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1, and is deemed insignificant based on prior periods' data and current assessment of risk.

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

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 5.5.

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

Note 8 Managing uncertainties (Cont.)**(f) Sensitivity disclosure analysis**

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

- A parallel shift of +0.5% and -0.5% in market interest rates (AUD) from year-end rates of 1%.

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.

8.4 Fair value measurement*Fair value hierarchy*

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

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

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

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

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

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

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

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

Note 8 Managing uncertainties (Cont.)*Revaluation*

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use 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 at Note 6 Property, infrastructure, plant and equipment, and infrastructure.

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis up to every 5 years. The valuation is performed either by experienced Council officers or independent experts.

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

Impairment of assets

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

8.5 Events occurring after balance date

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

Note 8 Managing uncertainties (Cont.)**8.6 Impact of COVID-19 pandemic on Moorabool Shire Council operations and 2019-20 financial report**

On 30 January 2020, COVID-19 was declared as a global pandemic by the World Health Organisation. Since then, various measures have been taken by all three levels of Government in Australia to reduce the potential spread. This crisis, and measures taken to mitigate it, has impacted operations in the following areas for the financial year ended 30 June 2020 and still posed uncertainty after balance date:

- In response to decreases in demand and various Government directives amidst the COVID-19 outbreak, all leisure centres, libraries and community centres were closed. These closures resulted in a decrease in Council user fee revenue by \$60,312 including annual fees waived for sporting groups who occupy council reserves etc., and also decreased associated expenses by \$36,799.
- Moorabool Shire Council paused all commercial rent agreements from March 2020 to December 2020. This resulted in a decrease in rent revenue by \$7,367.
- The financial impact to date from the deferral of rate revenue and the interest free period is \$70,768. This has also resulted in the debtor balance as at 30 June 2020 to increase by \$513,653 compared to last year.
- Various other Council operations were impacted by the outbreak of COVID-19. This has resulted in an overall increase in expenses by \$248,708. This mainly relates to cleaning costs, advertising, signage, and equipment hire.
- No material impact on the valuation of Council's land, building and infrastructure assets.

In Adopted 2020/21 Council Budget, Council has committed to allocating an amount at least equivalent to the revenue generated from a 2.00% rate increase in 2020/21 Budget to help those in the community most impacted by the effects of the COVID-19 Pandemic.

Note 9 Other matters

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
9.1 Reserves			
(a) Asset revaluation reserves			
2020			
Property			
Land	26,482	-	26,482
Land under roads	447	-	447
Buildings	603	-	603
	<u>27,531</u>	<u>-</u>	<u>27,531</u>
Infrastructure			
Roads	278,766	-	278,766
Bridges	18,063	-	18,063
Drainage	43,865	-	43,865
Recreation, leisure and community facilities	7,234	-	7,234
Kerb & channel	2,791	-	2,791
	<u>350,718</u>	<u>-</u>	<u>350,718</u>
Total Asset revaluation reserves	378,249	-	378,249
2019			
Property			
Land	26,482	-	26,482
Land under roads	447	-	447
Buildings	603	-	603
	<u>27,531</u>	<u>-</u>	<u>27,531</u>
Infrastructure			
Roads	239,955	38,810	278,766
Bridges	18,063	-	18,063
Drainage	27,483	16,382	43,865
Recreation, leisure and community facilities	5,065	2,169	7,234
Kerb & channel	62	2,730	2,791
	<u>290,627</u>	<u>60,091</u>	<u>350,718</u>
Total Asset revaluation reserves	318,159	60,091	378,249

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

Note 9 Other matters (Cont.)

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
(b) Other reserves				
2020				
Car park reserve	93	-	(53)	40
Recreation facilities	583	269	(248)	605
Storm water management	73	-	-	73
Capital works contributions reserve	14	-	-	14
Developer contribution reserve	880	5,144	(5,269)	755
Industrial estate	1,631	-	-	1,631
Closed landfill	818	100	(94)	823
Defined benefits	392	78	-	469
Community seed funding	339	78	(137)	280
LGFV Loan repayment reserve	5,902	3,269	-	9,171
Maddingley brown coal reserve	66	73	-	139
Wind farm dilapidation deeds reserve	71	304	(71)	304
Total statutory and other reserves	10,861	9,315	(5,872)	14,305
2019				
Car park reserve	78	15	-	93
Recreation facilities	818	136	(371)	583
Storm water management	73	-	-	73
Capital works contributions reserve	14	-	-	14
Developer contribution reserve	880	4,101	(4,101)	880
Industrial estate	1,631	-	-	1,631
Social infrastructure reserve	6	-	(6)	-
Closed landfill	817	100	(99)	818
Defined benefits	318	73	-	392
Community seed funding	270	73	(4)	339
LGFV Loan repayment reserve	3,342	2,560	-	5,902
Maddingley brown coal reserve	-	66	-	66
Wind farm dilapidation deeds reserve	-	96	(25)	71
Total statutory and other reserves	8,246	7,220	(4,606)	10,861

Note 9 Other matters (Cont.)Car park reserve

The purpose of this reserve is to provide improved parking facilities in urban areas.

Recreation facilities reserve

The purpose of this reserve is to provide funding for recreational facilities. Funded from developer contributions this reserve requires that recreation facilities be established within the proximity of the relevant new subdivision.

Industrial estate reserve

The purpose of this reserve is to fund future opportunities for industrial subdivision or economic development activity of a capital nature in and around Bacchus Marsh. This reserve is funded from the net proceeds of land sold in the Council developed Industrial Estate (the final parcel of land sold was in the 2013/14 financial year).

Social Infrastructure reserve

The purpose of this reserve is to provide funding for increased social infrastructure requirements arising out of new subdivisions and developments and is funded by a levy on developers.

Storm water management reserve

The purpose of this reserve is to provide funding for future storm water management works which will be required for future subdivisions at the western end of Holts Lane in Darley.

Closed landfill reserve

The purpose of this reserve is to provide funding for future site remediation works related to closed landfills within Moorabool Shire.

Defined benefits reserve

The purpose of this reserve is to provide funding for future liability calls related to the Defined Benefits Superannuation scheme.

Community seed funding reserve

The purpose of this reserve is to provide a funding platform for the planning and advancement of future capital works projects.

Capital works contributions reserve

The purpose of this reserve is to provide funding for future capital works, such as road works, associated with specific developments funded by contributions from the developer.

Developer contribution reserve

The purpose of this reserve is to provide funding for various agreed infrastructure requirements arising from new developments and is funded from developer contributions.

Local Government Funding Vehicle (LGFV) loan repayment reserve

The purpose of this reserve is to provide funding for the repayment of the principal component of loans held through the LGFV. These loans are interest only until maturity.

Maddingley brown coal reserve

The purpose of this reserve is to provide funding for the maintenance of the local road network between the Maddingley Brown Coal site and the Western Freeway, Bacchus Marsh.

Wind farm dilapidation deeds reserve

The purpose of this reserve is to provide for remediation works for Council assets that have had accelerated deterioration in their condition as a result of construction activity at Wind Farms.

Note 9 Other matters (Cont.)

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

	2020	2019
	\$'000	\$'000
Surplus/(deficit) for the year	21,403	22,056
Depreciation/amortisation	10,595	9,109
Loss on disposal of property, infrastructure, plant and equipment	858	952
Contributions - non-monetary assets	(11,924)	(10,443)
Finance costs-leases	50	-
Interest expense - borrowing cost	511	583
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(208)	(1,247)
(Increase)/decrease in prepayments	(149)	(30)
(Increase)/decrease in accrued income	(736)	(124)
Increase/(decrease) in trade and other payables	(1,445)	1,411
(Increase)/decrease in inventories	1	(12)
Increase/(decrease) in provisions	302	337
Net cash provided by/(used in) operating activities	19,257	22,591

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 MySuper/Vision Super Saver, receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2020, this was 9.5% as required under Superannuation Guarantee legislation).

Note 9 Other matters (Cont.)**Defined Benefit**

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

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

Funding arrangements

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

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

A review of the financial and demographic assumptions used in the investigation has been completed as at the 30 June 2020. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 104.6%. To determine the VBI, the fund Actuary used the following long-term assumptions:

Net investment returns 6.0% pa

Salary information 3.5% pa

Price inflation (CPI) 1.20% pa.

Vision Super has advised that the estimated VBI at 31 March 2020 was 102.1%. The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2019 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Employer contributions**Regular contributions**

On the basis of the results of the 2017 full actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2020, this rate was 9.5% of members' salaries (9.5% in 2018/2019). This rate is expected to increase in line with any increases in the SG contribution rate and reviewed as part of the 30 June 2020 triennial valuation. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

Note 9 Other matters (Cont.)***Funding calls***

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

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall. Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

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

2019 interim actuarial investigation surplus amounts

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

- A VBI surplus of \$151.3 million; and
- A total service liability surplus of \$233.4 million.
- A discounted accrued benefits surplus of \$256.7 million

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2020. The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2020. Council was notified of the 30 June 2020 VBI during August 2020.

Note 9 Other matters (Cont.)

The 2020 triennial actuarial investigation

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

Scheme	Type of Scheme	Rate	2020 \$,000	2019 \$,000
Vision super	Defined benefit	9.50%	51	62
Vision super	Accumulation	9.50%	1,736	1,568

There were \$14,000 contributions outstanding and no loans issued from or to the above schemes as at 30 June 2020. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2021 are \$36,000.

Note 10 Change in accounting policy

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

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

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

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

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

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

(b) AASB 16 Leases

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

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

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

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

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

Note 10 Change in accounting policy (Cont.)

(d) Transition impacts

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

	2019
	\$'000
Retained earnings at 30 June 2019	180,888
Revenue adjustment - impact of AASB 15 Revenue from Contracts with Customers	-
Income Adjustment - impact of AASB 1058 Income of Not-for-Profit Entities	-
Retained earnings at 1 July 2019	<u>180,888</u>

Council adopted the practical expedient of deeming the lease asset to be equal in value to the lease liability at 1 July 2019. As such there was no impact on retained earnings on the adoption of AASB 16 Leases.

There was no impacts of transition to the new standards on Council's balance sheet for the year ending 30 June 2019.

	As reported 30 June 2019	Adjustments	Post adoption
	\$'000	\$'000	\$'000
Assets			
Right of use assets	-	-	-
Grants receivable	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities			
Unearned income - operating grants	-	-	-
Unearned income - capital grants	-	-	-
Lease liability - current	-	-	-
Lease liability - non-current	-	-	-



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