

towongshire



2016/17 ANNUAL REPORT

innovation : technology : sustainability

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Contact information

Tallangatta (main office)

32 Towong Street (PO Box 55)
Tallangatta VIC 3700
T 02 6071 5100

Corryong

76 Hanson Street
Corryong VIC 3707
T 02 6076 2160

Online

www.towong.vic.gov.au
info@towong.vic.gov.au

Introduction

Welcome

Council is committed to transparent reporting and accountability to the community. This Annual Report provides a summary of Council's operations and performance for 2016/17. It reports Council's progress towards achieving the objectives, measures and priorities set out in the Council Plan 2013-17 as well as our financial performance for 2016/17.

This report also contains a snapshot of significant events, achievements and changes that occurred throughout the year together with audited financial statements and other information as prescribed by the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

About Towong Shire

Towong Shire, positioned in far north-eastern Victoria, possesses some of Australia's most pristine environment. Unique wilderness areas, lakes, rivers and streams create diverse landscapes that are enjoyed by around 6,000 residents and many more visitors across an area of 6,600 square kilometres.

The economy of the region revolves around a rich agricultural sector, tourism and timber production and processing. Approximately two-thirds of businesses located in the Shire are in the agricultural and forestry industries.



Introduction

Facts, statistics and characteristics

Population (2016 census)	5,985
Area	6,635 km ²
Property assessments	4,422
Roads and transport	
Council roads	1,183 km
Arterial roads	483 km
Number of registered vehicles ¹	7,112
People who live near public transport ²	5.3%
Economy	
Businesses ¹	919
Employment participation rate ¹	59.4%
Median weekly household income ²	\$850
Individuals and households	
Median age ¹	50
People born overseas ¹	8.1%
Average household size ¹	2.3
Access to internet at home ¹	70.1%
Social, community and health	
People who rated their community as a pleasant environment ²	96%
Children fully immunised between 24 and 27 months ²	100%
Kindergarten participation ²	93.6%
People who are members of a sports group ²	38.6%

Data sources:

¹ Australian Bureau of Statistics (<http://stat.abs.gov.au/itt/r.jsp?databyregion#/>)

² Victorian Department of Health (<https://www2.health.vic.gov.au/about/publications/data/hume-region-2015>)

Unless otherwise indicated, statistics are taken from the latest year available. The statistics on this page are presented for information purposes and may differ from the data sources used for performance reporting purposes.

Introduction

About our organisation

Vision

We will be a World Class small Council and Towong Shire will be the ideal place to live

Mission

To provide leadership and service to the Towong Shire community that adds value and enhances social, economic and environmental wellbeing now and into the future

Values

Respect: We will listen and consider other perspectives and treat each other with courtesy

Integrity: We will seek the common good

Pride: We will always take care in what we do

Teamwork: We will help others to achieve by being positive, enthusiastic and confident

Acknowledgements

Towong Shire Council acknowledges the support of the Australian Government and the Victorian Government.



Australian Government



The year in review

A message from the Mayor and Chief Executive Officer

We are delighted to present Council's Annual Report for 2016/17. This report signals the conclusion of our Council Plan 2013 – 2017 and we are immensely proud of what Council, with the support of Government and industry stakeholders and our communities, has achieved.

Over the past four years we have steadily progressed initiatives designed to increase the liveability of our Shire, maintain and improve community infrastructure, preserve our natural assets and reduce the cost of doing business. While delivering our core services, we have addressed challenges to our financial sustainability, such as the indexation freeze to the Australian Government's Financial Assistance Grants and the introduction of rate-capping in Victoria. Yes, we have delivered much with comparatively little over the past four years.

As you read through this report, you will notice that Council delivers diverse services with a lean workforce. We really appreciate our staff members who multi-task, upskill and look for opportunities to improve our services. Because we have embraced collaboration and shared service delivery, we also send our grateful thanks to the staff members we share with our neighbours, Indigo Shire Council and Alpine Shire Council.

This past year has seen a number of long-planned projects completed, funded or commenced. The official opening of Tallangatta's new Library, Community Centre and Early Years Learning Centre, was a particular highlight. With almost \$1m of works completed so far on Tallangatta's foreshore as well as other improvements underway in the central business area, we're confident that Tallangatta will become a key regional town in North East Victoria. With the completion of the Upper Murray Vision Plan 2030 a number of confirmed projects have started, or are in the pipeline, that will help Corryong and Upper Murray communities to grow and thrive.

Like most other councils in Victoria, 2016 was an election year. With five candidates nominating for the five vacant positions, it was a very calm election period to say the least! We were very pleased to welcome three new Councillors who have brought skills, experience and a fresh perspective which will be of great value to our communities. On behalf of the current Council, our staff and our communities, we wish pay tribute to our Councillors who did not seek re-election, Mary Fraser, Debi Gadd and Peter Joyce. They all have made an immeasurable contribution to the Towong Shire over many years and we wish them the very best for the future.

While we have been very happy to report on all we have accomplished over the past year and the past term of Council, we are very excited about the future. We have identified what needs to be done to make our Shire the ideal place to live and how we can position our organisation to deliver quality services for the foreseeable future. We thank all who have been involved in helping us to plan for our future and we look forward to continuing to work with you as we strive to achieve the best possible outcomes for our community.



Cr David Wortmann
Mayor



Juliana Phelps
Chief Executive Officer

The year in review

A snapshot

July 2016

Dairy industry challenges \ Dairy is a significant part of the lifestyle and economy of Towong Shire and the region. Council is part of a taskforce, together with the Alpine Valleys Dairy Pathways Project, Murray Dairy, Rural Financial Counselling, neighbouring Councils and the Victorian Government, to assist farmers and communities through this exceptionally challenging time for the industry.

August 2016

Victoria State Emergency Services (VICSES) funding \ The need for a sustainable solution to fund local VICSES units was raised following Council's decision to cease its contribution to the three local units. While Council partially reinstated funding as a short-term measure, its advocacy on this issue in partnership with other Councils resulted in a new State Government funded model for this valued and essential service.

September 2016

Recreation infrastructure upgrades \ Council continued to support local communities to secure new or upgraded recreation facilities throughout 2016/17. One such project was a \$163,000 upgrade of the Corryong Tennis Courts, which was funded by Council (\$40,000), the Corryong Recreation Reserve Committee (\$7,000), the Corryong Tennis Club (\$16,000) and the Victorian Government (\$100,000).

October 2016

Destination Tallangatta \ A partnership with the Beechworth Correctional Centre's Community Work Team enabled landscaping works around the foreshore of Lake Hume at Tallangatta to continue after wet conditions prevented machinery access to the sensitive site. The foreshore now boasts enhanced amenities, a bespoke playground and new pathway links, delivered as part of the \$5.3m Destination Tallangatta project.

November 2016

Council elections \ The five candidates who nominated for Council's five vacancies were elected unopposed, and sworn in at an official ceremony on Tuesday 8 November. Councillors David Wortmann and Aaron Scales were joined by new Councillors Jennie Star, Peter Tolsher and Andrew Whitehead. Cr Wortmann was elected Mayor and Cr Scales was elected Deputy Mayor.

December 2016

Dartmouth mobile phone tower \ The construction of the new mobile phone tower in Dartmouth, one of four towers funded in Round One of the Australian Government's Mobile Black Spot Program, was completed. Council has worked closely with Telstra and the Member for Indi, Cathy McGowan, to secure funding for three further towers under Round Two of the Mobile Black Spot Program.

The year in review

A snapshot

January 2017

Higher rate cap \ Council notified the Essential Services Commission (ESC) of its intention to apply for a higher rate cap than the rate cap set by the Minister for Local Government. Prior to confirming the rates increase required to sustainably manage Council's financial position, Council advised the ESC that it would consult with the community about service level expectations and future budget priorities.

February 2017

Tallangatta Early Years Learning Centre \ A special event was held to welcome families to the Tallangatta Early Years Learning Centre. Providing childcare and kindergarten services, and co-located with Tallangatta's new library, community centre and maternal and child health services, the brand new centre addresses the critical need for expanded childrens services in Tallangatta.

March 2017

'Our Future' community workshops \ Almost 200 residents and ratepayers met with Council during a series of workshops as part of the Council Plan and Budget development process. Over 400 ideas were submitted for Council Plan priorities. Council also received overwhelming feedback about reinstating services that were reduced or cut during the 2016/17 budget process.

April 2017

Rural Councils Victoria (RCV) campaign \ Council supported RCV's call to the Victorian Government to establish an annual \$150 million Rural Community Support Fund to ensure the continued provision of services and the long-term financial sustainability of rural councils. As part of the submission, each RCV member council contributed a list of infrastructure with an urgent need for funding.

May 2017

Support for local families \ A number of initiatives to help strengthen and support families were delivered in our communities including 'Bringing Up Great Kids', 'My Dad is AWESOME' and 'A Girl's World'. Council's community services team works pro-actively with local health services, schools and other stakeholders to identify and deliver programs that will be especially beneficial for local families.

June 2017

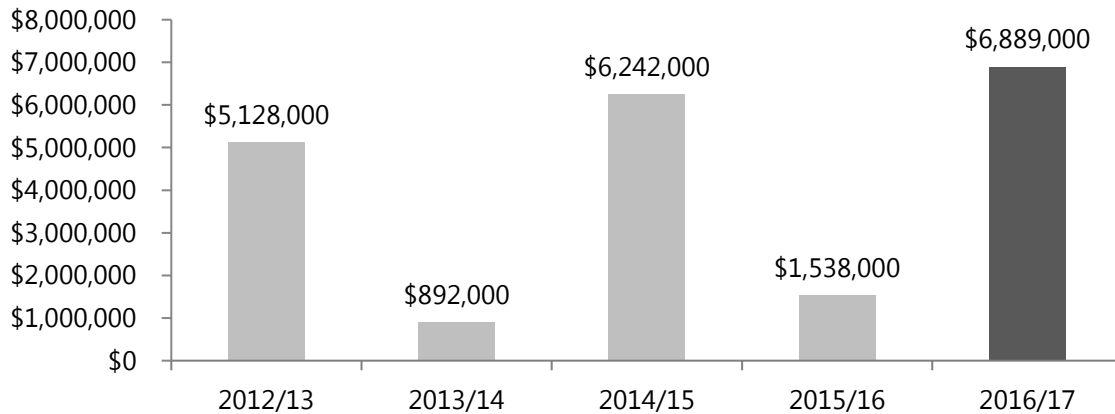
Council Plan 2017 – 2021 \ The Council Plan 2017-2021 was adopted 'in-principle' by Council at its meeting in June. In developing the Plan, Council considered over 400 ideas from the community, strategies to improve service delivery outcomes and funded projects to be delivered over coming years. Council was very pleased with the level of community input into the development of the Council Plan.

The year in review

Financial summary

Operating result

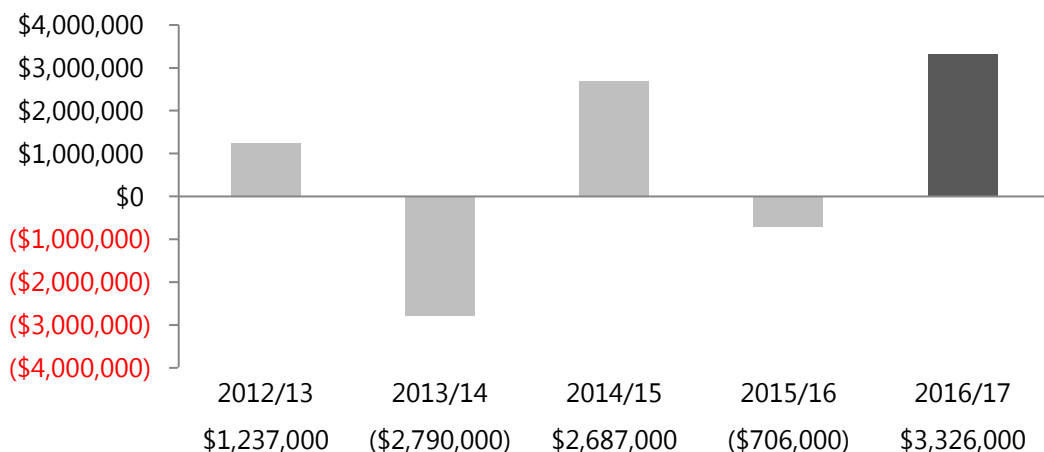
The result shown in the Comprehensive Income Statement for the period was a surplus of \$6,889,000. A comparison of Council's Operating Result from 2012/13 to 2016/17 is provided in the graph below.



The current year's surplus is the difference between Council's income and expenses. Council's income includes all revenue due to the Council, such as rates, fees, grants, private works and interest. Expenses include all costs associated with running Council operations and maintaining assets. It also includes expenditure constructing or redeveloping community buildings located on non-Council owned land, where control of the building returns to the landowner on completion of the project. It does not include expenses of a capital nature, such as upgrading roads, purchasing equipment or developing buildings on Council owned land.

Adjusted underlying result

The adjusted underlying result is Council's operating result less any capital grants. The adjusted underlying result is a measure of financial sustainability. A comparison of Council's adjusted underlying result from 2012/13 to 2016/17 is provided in the graph below.



The year in review

Financial summary (continued)

Grant income

Grant income increased from the prior year by \$5.0 million. The main contributors to this change were:

- The timing of payments from the Victorian Grant Commission (VGC). In June 2015 and June 2017, Council was pre-paid \$1.9 million from the respective following financial year's allocation by the VGC. This meant the 2015/16 grants would be \$1.8 million lower than anticipated and the 2016/17 grant would be \$1.9 million higher than anticipated. This equates to the grants having a \$3.7 million variance from 2015/16 to 2016/17.
- The non-recurrent capital grants were \$1.0 million higher than 2015/16 due to funding received for the National Stronger Regions – Destination Tallangatta project and other infrastructure funding for the Corryong Airport upgrade and Tallangatta boat ramp and car parking upgrade.

Expenses

Expenses have decreased from the prior year by \$12,000.

Capital expenditure

Capital works budgeted for in the 2016/17 Budget included projects that would be completed and capitalised in future years. In some instances Council's commitment to a project is required before government funding applications are made. There are a number of projects that are considered as multi-year projects and are considered as work in progress at 30 June 2017 (refer to Note 20 of the Financial Statements).

The year in review

Major capital works

Tallangatta foreshore upgrade

\$969,000

New and refurbished amenities and pathways, the installation of a bespoke playground and significant landscaping carried out in 2016/17 have enhanced Tallangatta's expansive foreshore. The works were part of the \$5.3m Destination Tallangatta, a multi-faceted project designed to make the most of the features that make Tallangatta a great place to live, work and visit.

Corryong airport upgrade

\$467,000

Works commenced in 2016/17 on the \$2.2m upgrade of the Corryong airport, including the resealing of the runway and installation of pilot activated lighting. The project, which is being delivered in partnership with the Victorian Government, will improve access to the Upper Murray for emergency services, including air ambulances and fire fighting activities, as well as attract increased recreation and tourism aviation activity. The project is expected to be completed in 2018.

Hanson Street, Corryong upgrade

\$410,000

The first stage of a streetscape revitalisation was carried out in Corryong's main street with works to beautify the streetscape and improve pedestrian connectivity and storm water drainage. Existing street trees which were unsuitable under powerlines were replaced with suitable new trees.

10 Banool Road, Tallangatta renovation

\$360,000

A renovation to transform a disused building into modern office space has generated employment opportunities in Tallangatta. The building is an ideal location for its new tenants, the North East Catchment Management Authority, who are pleased to increase their presence in the Shire.

Georges Creek Road upgrade

\$270,000

The construction of stage four of the Georges Creek Road upgrade was completed. Stage five of the Georges Creek Road upgrade is scheduled in 2017/18.

The year in review

Challenges and future outlook

Like other small Councils across rural Victoria, Towong Shire's large geographic area and small population present significant challenges – to adequately fund the maintenance and renewal of community assets and deliver responsive services that meet the needs of the community. A declining population, vast distances between communities and an economy that largely revolves around climatic conditions (particularly agriculture, forestry and tourism) are further factors which have an impact on our financial capacity.

Addressing financial sustainability

Our organisation has long recognised the risks to our long-term sustainability and sought to mitigate the underlying causes. These sustainability risks were acknowledged in the 2009 'Whelan Report' which presented a very low sustainability rating for our organisation and the 2016 Local Government: 2015–16 Audit Snapshot from the Victorian Auditor-General which reported that financial sustainability issues are emerging for the cohort of 19 small shire councils (of which Towong is one).

Over this time we have refined our long-term financial plan to give us a clear picture of our financial future, while implementing a systematic and aggressive cost reduction program. In the medium term, Council is aiming towards a 'break-even' underlying net result (i.e. this means our operating expenditure equals operating income).

A range of expenditure types have been included in the extensive cost reduction program, including:

- Rationalised water supply and usage (savings of \$20,000 pa)
- Implemented motor vehicle policy changes (savings of \$130,000 pa)
- Changed banks (savings of \$16,000 pa)
- Brought garbage collection services in-house (savings of \$70,000 pa)
- Organisational structure changes (savings of \$250,000 pa)
- Implemented shared services for property and rates (reduced cost of service per property by 15%)
- Rationalised overheads including printing, subscriptions and advertising
- Reduced the length of the summer swimming pool season (savings of \$12,000 pa)
- Reduced the roads maintenance workforce (savings of \$75,000 pa)
- Ceased mobile library services (savings of \$50,000 pa)
- Ceased the funded position for the Towong Alliance partnership (savings of \$23,000 pa)
- Reduced the seniors and youth events budgets by \$18,000
- Ceased participating in the whole-of-government community satisfaction survey (saving \$11,000)
- Ceased the Local Government tertiary scholarship (saving \$21,000)
- Reduced the budget available for annual salary and wage increases (saving \$87,000)

The year in review

Challenges and future outlook (continued)

Financial Assistance Grants indexation freeze

Council's financial position was further challenged in 2014 with the Federal Government's freeze on the indexation of Financial Assistance Grants to local government. This significantly impacted Council's already lean financial situation and resulted in a \$658,000 decrease to Council's projected income over the 2014/15, 2015/16 and 2016/17 financial years. To put this into perspective, a 1% increase to Council's rates and municipal charge income generates an additional \$63,000.

Introduction of Fair Go Rates Policy

Adding further strain to Council's long-term financial outlook was the introduction of the Victorian Government's Fair Go Rates System from 1 July 2016. Whilst Council supports the principles underpinning the Fair Go Rates System, particularly to contain the cost of living for Towong Shire ratepayers, Council recognises that with no change to current funding arrangements, the new system places additional pressure on Council's long-term financial outlook.

Unlike larger councils who can generate income through parking fines, development contributions and levies, councils like Towong Shire rely on income from rates and grants to deliver core services. Based on estimated rate caps, Council will be unable to continue to fund services, maintain and renew infrastructure at current levels and return to a break even underlying net result.

Higher rate cap applications

In preparing the draft budget for 2016/17, Council's long term financial modelling was updated to establish the rate increase required to ensure that Council could sustainably deliver services and maintain and renew infrastructure at current levels into the future. The modelling indicated that a rate increase of 6.34% was required to be financially sustainable in accordance with Council's Long Term Financial Plan and the Victorian Auditor General's financial sustainability indicators. A rate increase of this magnitude would be required each year for the next ten years.

As the rate increase required for Council to be financially sustainable was greater than the 2.5% rate cap announced by the Minister for 2016/17, an application was made to the Essential Services Commission (ESC) for a higher rate cap of 6.34%.

The ESC conducted a comprehensive review of Council's financial data and analysis and on 31 May 2016 announced that Council's application for a higher rate cap (6.34%) was approved for the 2016/17 financial year. In the accompanying report, the ESC stated "that the higher cap is consistent with Towong's well developed long-term financial plan to deliver sustainable outcomes in services and critical infrastructure in the long-term interests of its community. We find Towong's application and long-term financial plan to be consistent with the requirements of the Fair Go Rates System."

A rate cap of 2.0% was announced by the Minister for the 2017/18 financial year. Council's long term financial modelling was again updated for the development of a draft budget for 2017/18 and a draft Strategic Resource Plan for the following three years. With savings implemented and an increase in the Financial Assistance Grants allocation the rate increase now required to be financially sustainable was 5.55%.

The year in review

Challenges and future outlook (continued)

Accordingly Council submitted an application to the ESC for a higher rate cap of 5.55% for the next four years. The ESC again conducted a comprehensive review of Council financial data and analysis and extended the review to cover community engagement practices. On 31 July 2017, the ESC announced that Council's application for a higher rate cap (5.55%) was approved for the 2017/18 financial year and the following three years.

Adopted budgets

The budget for 2016/17 adopted by Council contained a rate increase of 3.5% (less than the 6.34% higher rate cap approved by the ESC) and reductions in services including swimming pools, seniors and youth events. As part of the cuts, Council decided to cease contributing to the local Victorian State Emergency Service units from 1 October 2016 (savings of \$32,340 pa) and was pleased when the State Government picked up financial responsibility for the operating costs of the units in late 2016.

In early 2017 Council conducted a series of community workshops to gain community input into the next Council Plan and associated budgets. Almost 200 people attended workshops held in six locations throughout the Shire. Whilst there were mixed views on an acceptable level of rate increase, there was a strong view that Council had reduced too many services.

The final Budget 2017/18 that was adopted by Council contained a rate increase of 5.55%. In approving this level of rate increase, Council acknowledged that it had cut services too hard in previous years.

Council committed to deliver more for the Towong Shire community with the higher rate cap approved by the ESC. Final budget changes included:

- Extending the swimming pool season by two weeks
- Reviewing library services and providing a level of funding for service solutions for remote community members
- Increasing the budget available for books and resources in the Corryong and Tallangatta libraries
- Bringing forward the renewal of playgrounds across the Shire

Ongoing financial sustainability

Council is balancing the capacity of ratepayers to pay increased rates as well as ensure that Council is able to provide services and maintain infrastructure in the longer term. The financial modelling indicates that Council requires additional revenue to fund future infrastructure and service delivery needs. Council supports the Fair Go Rates System and believes that ratepayers should not be burdened with increases to the cost of living, particularly where the responsibility lies with State and Commonwealth Governments. We believe that additional revenue should come from other levels of government rather than Towong Shire ratepayers. Alternatively, it may be appropriate for some services to be fully funded or provided by the State Government.

The Mayor and Chief Executive Officer met with the Treasurer in August 2016 and presented a snapshot of Council's financial sustainability challenges, particularly external environmental factors.

The year in review

Challenges and future outlook (continued)

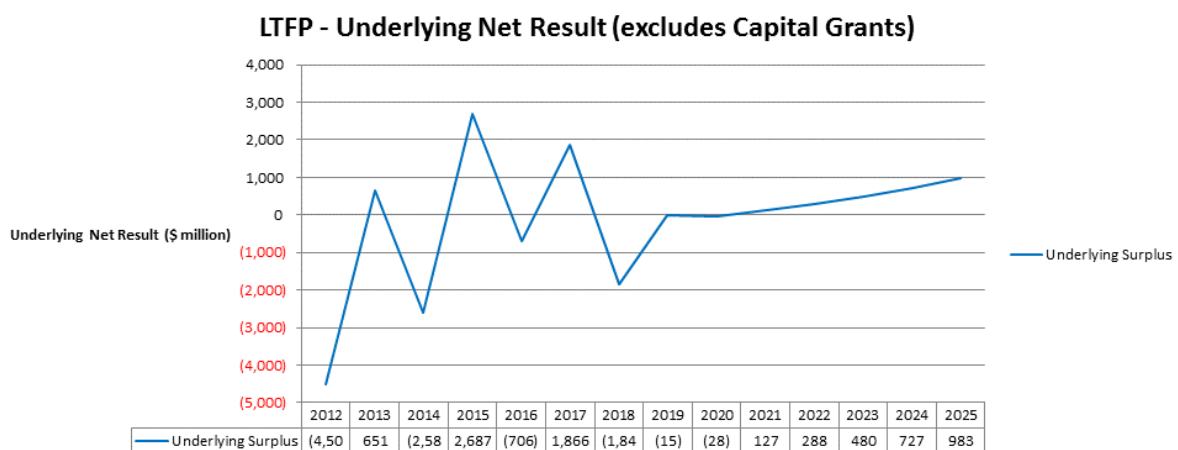
This visit was followed up with a comprehensive report detailing a range of administrative and service costs borne by Council being submitted to the Treasurer in late August 2016.

Council has worked closely with Rural Councils Victoria to present a case to the State Government for increased funding for services for all rural communities. Whilst unsuccessful in securing additional funding in the 2017/18 State Budget, the Victorian Government has established a Rural and Regional Councils Sustainability Program to review the sustainability challenges of rural councils and identify options for improving outcomes for rural communities. Council's Chief Executive Officer has been appointed onto the working group that will drive the progress and provide direct input into the program.

Reduced cash reserves / underlying result

In preparing the final Budget and Strategic Resource Plan for 2017/18, Council adopted a rate increase of 5.55% for 2017/18 and forecast a rate increase of 5.55% for each of the following three years to be financially sustainable and to have sufficient cash reserves to meet future service delivery and asset renewal needs.

Based on a rate cap of 2%, Towong's financial modelling demonstrates that Council would experience increasing underlying deficits over coming years, as displayed in the following chart. Underlying deficits will erode Council's cash reserves and impact on Council's ability to fund Council services and recommended infrastructure renewal in the medium term, with Council's cash reserves exhausted by 2019.



In order to address this deteriorating financial position, Council may need to consider short term measures to manage its liquidity by:

- Reducing basic services to the community
- Reducing maintenance and asset renewal of its extensive infrastructure network (primarily roads and bridges)

The year in review

Challenges and future outlook (continued)

Council's long term response to sustainability is to increase the number of people residing in communities throughout the Towong Shire. This would support better utilisation of existing rural infrastructure and result in costs being spread over a larger ratepayer base. Council has demonstrated its commitment to this long term strategy with its delivery of a number of key strategic projects, including:

- Master planning exercises in key communities (Tallangatta Tomorrow, Our Bellbridge, Our Valley Our Future, UM2030 Vision Plan)
- Construction of new recreational facilities and multi-purpose centres throughout the Shire (Cudgewa, Mitta Mitta, Tallangatta, Tallangatta Valley, Walwa)
- Construction of a new Library, Early Years and Community Centre in Tallangatta
- Progression of a Domestic Wastewater Management Plan to enable additional residential development in sought after areas of the Shire

If there is not adequate funding to provide basic services and infrastructure, people will relocate to larger shires and regional cities where they can access a level of services and infrastructure that meets their needs. A reduction in the local population becomes a downward spiral for rural towns, as there are less residents to contribute to the community and to share the cost of local services and infrastructure. This in turn places greater financial pressure on rural councils.

A short term response to addressing Council's deteriorating financial position will compromise a longer term, more sustainable approach that will assist our rural communities to be more vibrant and our Council to be more financially sustainable into the future.

We are actively addressing our concerns by:

1. Continuing to engage with Commonwealth and Victorian Government representatives through meetings, formal submissions and collaborative campaigns
2. Exploring further opportunities to reduce the cost of doing business, especially through shared service delivery arrangements
3. Consulting with our communities about their expectations for the delivery of Council services
4. Partnering with Rural Councils Victoria to identify opportunities to improve the sustainability of rural councils and their communities

Our Council

Councillors

The five candidates who nominated for Council's five vacancies were elected unopposed on Saturday 22 October 2016. They were elected for a four year term and are due to retire in October 2020.



Cr David Wortmann, Mayor

First elected 29 November 2008

Cr David Wortmann has lived in Granya all his life and is married and has two children. He and his wife operate a school bus service. He also runs a beef and sheep farm. Cr Wortmann has served as the Mayor since November 2014.



Cr Aaron Scales, Deputy Mayor

First elected 27 October 2012

Cr Aaron Scales was raised on his family's farm at Dartmouth and has settled in the town with his wife Naomi and three children. Cr Scales studied in Law, Accounting and Hospitality/Tourism and has completed a Master in Business Administration. He is currently the owner and manager of a hotel and also works in a business development role. Cr Scales serves as Deputy Mayor.



Cr Jennie Star

First elected 22 October 2016

Cr Jennie Star has called the Towong Shire home for the past 25 years and, with her husband, owns and operates a mixed beef and fine wool business in the Cudgewa Valley. Cr Star has a Bachelor of Education in Environmental Studies and has completed tertiary studies in information technology.



Cr Peter Tolsher

First elected 22 October 2016

Cr Peter Tolsher moved to Tallangatta in 1975, married a local, raised two children and currently lives in Tallangatta. Cr Tolsher has been involved in the water industry for over 30 years and is currently a Director for the Water Industry Operator Association of Australia and a Senior Manager at North East Water.



Cr Andrew Whitehead

First elected 22 October 2016

Cr Andrew Whitehead has been a resident of Towong Shire for over 40 years and is married with four children. He runs a beef and sheep farm and also works as a part time mechanic. He is involved in numerous community groups.

Our Council

Councillors

The following Councillors retired from Council as of Saturday 22 October 2016.



Cr Mary Fraser

First elected 15 March 1997

Cr Mary Fraser OAM has lived in Towong Shire all her life and resides in Tallangatta Valley on a farm with her husband and family. Cr Fraser has served eight terms as Mayor/Shire President with Towong Shire Council and the former Shire of Tallangatta.



Cr Peter Joyce

First elected 15 March 2003

Cr Joyce has resided in the Shire for over 30 years and with his wife Fairlie have five children. Cr Joyce has had a varied career as a Stock and Station agent, Police Officer, Greengrocer, operator of a Café/Restaurant and Funeral Director.



Cr Debi Gadd

First elected 29 November 2008

Cr Gadd has lived in the Towong Shire at Mount Alfred for over 30 years where she and her husband operate a mixed beef and sheep property. Cr Gadd's career background is in nursing and management. She is a member of the Australian Institute of Company Directors.

Our people

Management team

The Chief Executive Officer is appointed by Council to oversee the operations of the organisation. The Chief Executive Officer, together with a team of senior managers, ensures that the priorities identified in the Council Plan are achieved and that day-to-day responsibilities are effectively undertaken.

Juliana Phelps

Chief Executive Officer

Juliana commenced with Council in April 1999 and was appointed Chief Executive Officer in May 2009. Prior to joining Council, Juliana held a senior management position in the manufacturing sector. She has also had experience auditing private and public organisations. Juliana is a Chartered Accountant with a Bachelor of Business Degree in Accounting and Economics. She completed her Masters of Business Administration through Charles Sturt University in 2003 and is also a graduate of the Australian Institute of Company Directors.

Jamie Heritage

Director Technical Services

Jamie commenced with Council in May 2011. Jamie came to Council from Indigo Shire Council where he held the position of Capital Works Manager and later acted as the General Manager for Major Projects and Programs. Prior to this he worked in a number of roles in private industry and local government. He has a broad understanding of roads and drainage together with design and development expertise.

Jo Shannon

Director Community and Corporate Services

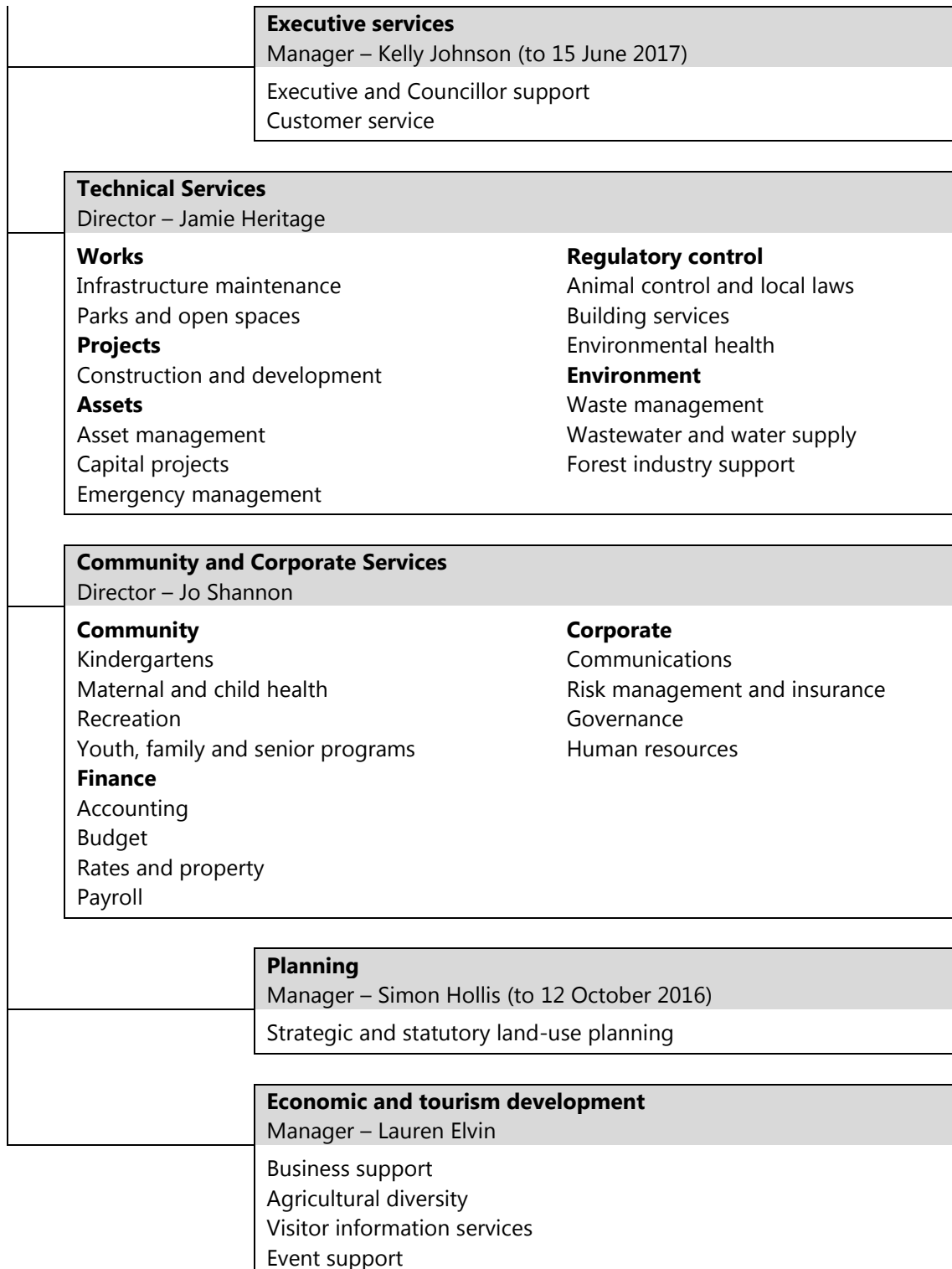
With over 15 years experience in public sector financial and executive management, Jo commenced as Director Community and Corporate Services in December 2013. Prior to local government, her management experience has been gained in the alpine sector and in the private sector in Melbourne. She has a Bachelor of Business (Accounting) and is a member of CPA Australia.

Our people

Organisational structure

Chief Executive Officer

Juliana Phelps



Our people

Workforce statistics

A summary of the number of full time equivalent (FTE) council staff, as at 30 June 2017, by key result area, employment type and gender is set out below.

Key result area	Full time		Part time		Casual		Total
	Male	Female	Male	Female	Male	Female	
Organisational improvement	3.1	7.3	0.4	6.5	-	1.5	18.8
Community wellbeing	1.0	-	-	3.8	-	3.9	8.7
Asset management	26.1	1.0	0.5	1.5	3.8	0.4	33.3
Land-use planning	0.3	-	-	-	-	-	0.3
Environmental sustainability	-	-	1.3	-	-	-	1.3
Economic and tourism development	-	1.0	-	0.4	-	-	1.4
	30.5	9.3	2.2	12.2	3.8	5.8	63.8

A summary of the number of full time equivalent (FTE) council staff, as at 30 June 2017, by employment classification and gender is set out below.

Employment classification	Female	Male	Total
Band 1	0.4	-	0.4
Band 2	0.1	3.5	3.6
Band 3	2.0	12.8	14.8
Band 4	4.7	7.7	12.4
Band 5	3.9	2.3	6.2
Band 6	3.8	1.9	5.7
Band 7	1.0	1.6	2.6
Band 8	-	1.0	1.0
Band not applicable	12.4	4.7	17.1
	28.3	35.5	63.8

Our people

Equal employment opportunity program

Council has a Discrimination, Workplace and Sexual Harassment, Equal Employment Opportunity and Diversity policy that is reviewed and adopted each year.

Council's policy is that discrimination relating to sex, marital status, parenthood, race, colour, national origin, physical or mental impairment, religious or political affiliation will not be tolerated. Selection of individuals for employment is on the basis of personal merit according to the skills, qualifications and knowledge relevant to the position involved.

The objectives of this policy are:

- Create a working environment which is free from discrimination and harassment and where all members of staff are treated with dignity, courtesy and respect
- Implement training and awareness raising strategies to ensure that all employees know their rights and responsibilities
- Provide an effective procedure for complaints based on the principles of natural justice
- Treat all complaints in a sensitive, fair, timely and confidential manner
- Guarantee protection from any victimisation or reprisals
- Encourage the reporting of behaviour which breaches the discrimination and harassment
- Promote appropriate standards of conduct at all times

Actions taken to implement Council's equal employment opportunity policy include:

- Awareness training of equal employment opportunity principles at staff meetings
- Recruitment processes support the engagement of staff based on merit
- Flexible working arrangements are supported to enable all employees to balance work and family commitments / responsibilities
- Expectations regarding employee conduct discussed as part of employee induction and thereafter on a quarterly basis

Council's policy reflects our desire to enjoy a workplace free of discrimination where each person has the opportunity to progress to the extent of their abilities.

Our performance

Planning and accountability framework

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

- A Council Plan within the six months after each general election or by 30 June, whichever is later
- A Strategic Resource Plan for a period of at least four years and include this in the Council Plan
- A Budget for each financial year
- An Annual Report in respect of each financial year

The following diagram shows the relationships between the key planning and reporting documents that make up the planning and accountability framework for local government, as well as Council's own long term strategic plans. It also shows that there are opportunities for community and stakeholder input and feedback at each stage of the planning and reporting cycle.

Planning			Reporting
Long term	Medium term	Short term	Annually
Long Term Financial Plan	Council Plan 2017 – 2021	Annual Budget	Annual Report <ul style="list-style-type: none"> ○ Report of operations ○ Financial statements ○ Performance statement
Community plans: <ul style="list-style-type: none"> ○ Tallangatta Tomorrow ○ UM2030 Vision Plan ○ Our Valley, Our Future ○ Our Bellbridge 	Strategic Resource Plan 2017 - 2021 Healthy Communities Plan 2017 – 2021 Planning Scheme Municipal Strategic Statement		
Incorporating input and feedback from: <ul style="list-style-type: none"> ○ Community workshops ○ Community surveys ○ Stakeholder engagement ○ Section 223 submissions 			

Our performance

Council Plan

The Council Plan 2013 – 2017 includes strategic objectives, strategies for achieving these objectives for the four year period, strategic indicators for monitoring the achievement of the strategic objectives as well as a strategic resource plan. The following are the six strategic objectives detailed in the Council Plan:

1. Organisational improvement

Embed organisational excellence into our governance and management processes in order to deliver the best possible outcomes for our residents and ratepayers

2. Community wellbeing

Assist Towong Shire residents in the attainment of a high level of health and safety, resilience and connectedness to their communities

3. Asset management

Maintain and improve our Shire's infrastructure to meet agreed levels of service

4. Land-use planning

Develop a strategic and sustainable long-term land-use direction for the Shire based on an integrated approach to the natural and built environment

5. Environmental sustainability

Integrate sustainable natural resource management into all of our business activities

6. Economic and tourism development

Expand long-term employment and economic opportunities whilst continuing to maintain and promote our natural environment and the lifestyle our municipality offers

Reporting our performance

Council's performance for the 2016/17 year has been reported against the strategic objectives, strategies and indicators in the Council Plan 2013 – 2017. This report measures Council's performance as follows:

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

Our performance

1. Organisational improvement

It was another busy year for our teams as we welcomed our new Council, implemented priorities from the 2013 – 2017 Council Plan, worked with Council to prepare a fresh new Council Plan for the coming four years, while maintaining the finance, information technology, OHS and risk management systems and services that support our organisation.

Three new Councillors, together with two re-elected Councillors, were sworn in at the November Council Meeting. One of the first tasks for the Council was the development of the 2017 – 2021 Council Plan and the preparation of the 2017/18 Budget. A series of community workshops held throughout February and March provided valuable insight into the needs and aspirations of our community and was a very positive part of the Council Plan and Budget development process.

Council had the opportunity to make a multi-year application to the Essential Services Commission for a variation to the rate cap. Council’s application for a 5.55% rate cap demonstrated our commitment to sound long-term asset management and financial planning as well as the many steps that have already been taken to improve productivity, efficiency and reduce operational costs.

Our shared services arrangements were strengthened through the year. A review of the Rates and Property shared service with Indigo Shire Council identified a number of improvements that had been implemented to streamline the service and keep costs to a minimum. Council secured funding for a business case to upgrade Rates and Property software in 2017/18. A funding application for a project with Alpine Shire Council to test and scope a shared services initiative for financial systems was also successful, and will get underway in 2017/18.

The first full year of delivering secretariat services for Rural Councils Victoria (RCV) has been rewarding. Our involvement provides Council with a substantial level of insight into sustainability and community development projects delivered by RCV and its members, equipping our staff to plan and deliver better outcomes for our communities.

Highlights	Challenges
<ul style="list-style-type: none"> ○ Almost 200 participants in Our Future community workshops ○ Working with the Essential Services Commission throughout the higher rate cap application process ○ Continued savings achieved through MomentumOne Shared Services Pty Ltd for lifeguards and technology solutions 	<ul style="list-style-type: none"> ○ Meeting increased statutory requirements following the local government elections, including the development of the new Council Plan and associated community consultation program, within existing resources

Our performance

1. Organisational improvement

Council Plan progress report

Strategy and strategic indicator(s)	Status	Comments
1.1 Redevelop the Council website <i>o Redeveloped website completed and in operation by Dec 2013</i>	Complete	Completed in 2014/15.
1.2 Commercialise Insight 360 <i>o Business plan completed by Dec 2013</i> <i>o First commercial customer secured by Sept 2014</i>	Complete	No further action required.
1.3 Progressively update all Council collateral with our new brand <i>o All Council collateral updated by Dec 2015</i>	In progress	Internal forms and signs have been updated with new branding. External signs will be updated progressively when renewal is required.
1.4 Develop a succession plan for key positions within the organisation <i>o Succession plan developed by Dec 2015</i>	In progress	This is an ongoing initiative and will be progressed over the life of the new Council Plan.
1.5 Improve communication with residents and ratepayers across the Shire and implement feedback mechanisms to assess our engagement with them <i>o Targeted satisfaction survey(s) conducted each year and achievement of improved survey results over the life of the Council Plan</i>	Ongoing	Broad range of communication tools used during 2016/17 including: <ul style="list-style-type: none"> <i>o Social media</i> <i>o Community newspapers, newsletters and radio,</i> <i>o Project and service-specific newsletters and flyers</i> <i>o Project specific surveys</i> Almost 200 residents attended community forums in February and March 2017, and an email database from attendees has been developed for future communications and engagement activities.

Our performance

1. Organisational improvement

Council Plan progress report (continued)

Strategy and strategic indicator(s)	Status	Comments
<p>1.6 Continue to improve our Long Term Financial Plan</p> <ul style="list-style-type: none"> o <i>Plan reviewed and adopted annually</i> 	Ongoing	Updated to reflect current financial environment as part of the 2017/18 Budget.
<p>1.7 Implement business improvements in the areas of OHS, risk management, swimming pools and landfills as identified by previous internal audits and engage internal auditors to carry out specific risk-based audits in areas (as determined) upon completion of above</p> <ul style="list-style-type: none"> o <i>Improvements implemented in the following areas over the life of the Council Plan: OHS, Risk management, Swimming pools, Landfills</i> 	Ongoing	<p>The OHS Action Plan continues to be implemented.</p> <p>The Swimming Pool Action Plan was finalised prior to the opening of the pools for the 2016/17 season.</p>
<p>1.8 Improve service delivery and reduce costs through process improvement and shared services</p> <ul style="list-style-type: none"> o <i>Two Council processes reviewed annually and improvement opportunities implemented</i> 	Ongoing	<p>Improvements to the Rates and Property Shared Service with Indigo Shire Council were implemented.</p> <p>Sending rates notices via email was successfully trialled, and ratepayers will be encouraged to opt-in to this service.</p>
<p>1.9 Investigate new/additional funding streams with a view to reducing reliance on rate revenue (in conjunction with other small Councils)</p> <ul style="list-style-type: none"> o <i>Continued participation in 'Whelan' work and continued lobbying of the State and Federal Governments</i> o <i>Report(s) presented to Council on progress in this area over the life of the Council Plan</i> 	Ongoing	<p>A submission was made to the parliamentary enquiry into the Sustainability and Operational Challenges of Victoria's Rural and Regional Councils.</p> <p>Secretariat services were provided to Rural Councils Victoria (RCV).</p> <p>Council participated in RCV's advocacy campaign to seek additional funding from the Victorian Government.</p>

Our performance

1. Organisational improvement

Council Plan progress report (continued)

Strategy and strategic indicator(s)	Status	Comments
<p>1.10 Deploy IT infrastructure that enables Council to move to virtualised, thin and cloud based solutions</p> <ul style="list-style-type: none"> o <i>Virtualised and thin infrastructure delivered during the life of the Council Plan</i> 	Complete	<p>Virtualised desktops were implemented for staff at the new Tallangatta Library and Early Years Centre.</p> <p>Chromebox equipment was deployed for public use in the new Tallangatta library.</p>
<p>1.11 Deploy software that leverages improved IT infrastructure with a particular focus on the areas of shared services, record management and business process workflows</p> <ul style="list-style-type: none"> o <i>Solutions delivered that drive business productivity during the life of the Council Plan</i> 	In progress	<p>Cloud-based software for accounting, communications, file management and event planning, is currently being used for RCV secretariat activities.</p> <p>Council secured funding with Indigo Shire Council for a business case to upgrade Rates and Property software in 2017/18.</p> <p>Alpine Shire Council secured funding for a joint Shared Finance Solutions project to test and scope the transition to cloud-based purchase to pay and accounting software in 2017/18.</p>

Our performance

1. Organisational improvement

Services delivered in 2017/18

Services	Description
Councillors, Chief Executive Officer and Executive Team	This area of governance includes the Mayor, Councillors, Chief Executive Officer and Senior Management Group and associated support which cannot be easily attributed to the direct service provision areas.
Executive Services	This service provides Council with operational organisational support to Council, CEO and the Senior Management Group and acts as the main customer interface with the community. The service also assists with delivering on the communication and governance needs of the Council.
Corporate Services	This service provides financial and corporate based services to internal and external customers, including the management of Council's finances, payment of salaries and wages to employees, human resources, procurement and contracting of services, raising and collection of rates and charges, managing Council's records and delivering on Council's occupational health and safety responsibilities. This service also maintains reliable and cost effective communications and computing systems, facilities and infrastructure to support Council staff.

Our performance

1. Organisational improvement

Service performance indicators

Indicator	Measure	Result 14/15	Result 15/16	Result 16/17
Governance				
Transparency Council decisions made at meetings closed to the public	[Number of Council resolutions made at ordinary or special meetings of Council, or at meetings of a special committee consisting only of Councillors, closed to the public / Number of Council resolutions made at ordinary or special meetings of Council or at meetings of a special committee consisting only of Councillors] x100	6.00%	3.10%	3.59%

Material variations and comments:

Council is committed to making as many decisions as possible at open Council meetings in the interest of open and transparent governance. Council made 9 decisions at meetings closed to the public. This was the same as 2016. There were 15 decisions in 2015.

Consultation and engagement Satisfaction with community consultation and engagement	[Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement]	59	52	0
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Material variations and comments:

Council decided not to participate in or conduct a Community Satisfaction survey following a 'value for money' evaluation conducted as part of the 2016/17 budget development. Council could not justify committing significant ratepayer funds to conduct a 'general' satisfaction survey. With a small rural population, Council receives feedback on Council's performance through a number of direct methods. Councillors and Council officers are well connected within the local communities, participate in local community organisations and are readily available to residents and ratepayers. Specific feedback enables Council to evaluate decisions and implement improvements as a direct response to feedback received.

Our performance

1. Organisational improvement

Service performance indicators (continued)

Indicator	Measure	Result 14/15	Result 15/16	Result 16/17
Attendance Councillor attendance at council meetings	[The sum of the number of Councillors who attended each ordinary and special Council meeting / (Number of ordinary and special Council meetings) × (Number of Councillors elected at the last Council general election)] x100	94.00%	92.86%	92.50%
Material variations and comments: The result recognises Councillor attendance at Council meetings. Formal granting of leave of absence is obtained where a Councillor is unable to attend.				
Service cost Cost of governance	[Direct cost of the governance service / Number of Councillors elected at the last Council general election]	\$36,800.00	\$36,689.46	\$37,282.40
Material variations and comments: There were not material variations in this indicator's result compared to the prior years.				
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]	60	51	NA *
Material variations and comments: Council decided not to participate in or conduct a Community Satisfaction survey following a 'value for money' evaluation conducted as part of the 2016/17 budget development. Council could not justify committing significant ratepayer funds to conduct a 'general' satisfaction survey. With a small rural population, Council receives feedback on Council's performance through a number of direct methods. Councillors and Council officers are well connected within the local communities, participate in local community organisations and are readily available to residents and ratepayers. Specific feedback enables Council to evaluate decisions and implement improvements as a direct response to feedback received.				

Our performance

2. Community wellbeing

During the 2016/17 year, the community services team continued to actively strengthen strategic partnerships resulting in great outcomes for the community.

Our team was delighted to work with local health services, neighbouring councils, community organisations and Victorian government departments to deliver programs such as Walk to School, Bringing Up Great Kids, My Dad is Awesome, Girls World, Speak Out Loud, My Life My Disability and more. Each program delivered was designed to meet a specific identified need in our community, and covered issues such as healthy lifestyles, respectful relationships, positive self esteem, gender equity and access to disability services.

Following years of planning for expanded child care facilities in Tallangatta, the Tallangatta Early Years Learning Centre was established. A large body of work to meet regulatory obligations, recruit qualified staff and implement new software was undertaken in a very short period of time to establish the new centre.

We were pleased to form a partnership with the Mungabareena Aboriginal Corporation. Through this partnership, support for Indigenous Australians will be strengthened in our early years services as well as in future land and cultural projects.

The diverse needs of our community together with the resource challenges experienced by Council, means that our community services team are multi-taskers with substantial workloads. Despite the challenges, our team has made excellent progress delivering Council Plan priorities, while pursuing opportunities to further support the wellbeing of our communities.

Highlights

- Official opening of Tallangatta’s new Library, Early Years and Community Centre
- Re-established Tallangatta Neighbourhood House
- Expanded collections and activities at the Corryong and Tallangatta libraries
- Continued savings through use of MomentumOne Shared Services Pty Ltd for lifeguards and technology solutions

Challenges

- Securing suitably qualified early years staff
 - Resolving faulty sealing works at Corryong Netball Courts
-

Our performance

2. Community wellbeing

Council Plan progress report

Strategy and strategic indicator(s)	Status	Comments
2.1 Develop a Business Plan for the Corryong Arts Space at Davis Cottage o <i>Business plan developed by Dec 2013</i>	Complete	Incorporated into the Upper Murray 2030 Vision Plan.
2.2 Support Community responses to natural disasters o <i>Resources developed by June 2014</i>	Complete	Completed in 2013/14.
2.3 Successfully deliver the Tallangatta Multi-sport Project o <i>Project successfully completed by June 2014</i>	Complete	Completed in 2013/14.
2.4 Successfully deliver the Cudgewa Multi-purpose Centre Project o <i>Project successfully completed by June 2014</i>	Complete	Completed in 2013/14.
2.5 Successfully deliver the Walwa Community Recovery Centre Project o <i>Project successfully completed by June 2014</i>	Complete	Completed in 2013/14.
2.6 Successfully deliver the Tallangatta Eco-education and Integrated Services Hub Project o <i>Project successfully completed by January 2015</i>	Complete	New facilities officially opened 6 August 2016.
2.7 Complete the Tallangatta Caravan Park Planning Study and implement the adopted recommendations from the plan o <i>Planning Study completed by Sept 2013</i> o <i>Adopted recommendations from the Planning Study implemented over the life of the Council Plan</i>	In progress	Planning Study complete. Recommendations from the Planning Study to be implemented as part of the Destination Tallangatta project.
2.8 Seek funding for the Corryong Tennis Court project o <i>Funding application submitted by Dec 2014</i>	Complete	Completed in 2014/15.

Our performance

2. Community wellbeing

Council Plan progress report (continued)

Strategy and strategic indicator(s)	Status	Comments
<p>2.9 Conduct a review of public pools with a view to lowering operating costs and increasing safety and participation</p> <ul style="list-style-type: none"> o <i>Review completed and presented to Council by June 2015</i> 	In progress	<p>The Swimming Pool Action Plan was finalised prior to the opening of the pools for the 2016/17 season.</p> <p>Savings continue to be made with the use of MomentumOne Shared Services Pty Ltd for lifeguards and technology services.</p>
<p>2.10 Successfully deliver the Magorra Park Multi-purpose Centre Project</p> <ul style="list-style-type: none"> o <i>Project successfully completed by Dec 2015</i> 	Complete	Completed in 2014/15.
<p>2.11 Seek funding for the Corryong Aquatic Training Centre Project</p> <ul style="list-style-type: none"> o <i>Funding application submitted by Dec 2014</i> 	In progress	<p>Funding of \$200,000 confirmed. Applications for additional funding were unsuccessful.</p> <p>Revised project undertaken using the confirmed funding available.</p>
<p>2.12 Auspice and support the successful delivery of the Mitta Valley 'Our Valley, Our Future'</p> <ul style="list-style-type: none"> o <i>Project successfully completed by Dec 2015</i> 	Complete	Completed in 2015/16.
<p>2.13 Auspice and support the successful delivery of the Upper Murray 2030 Vision Plan</p> <ul style="list-style-type: none"> o <i>Project successfully completed by Dec 2014 and commitment by Council to pursue key priority(s) from the Plan</i> 	Complete	<p>UM2030 Vision Plan launched in November 2016.</p> <p>Priority included to progress initiatives from the UM2030 Vision Plan included in 2017 – 2021 Council Plan.</p>
<p>2.14 Continue to pursue extended childcare services across the Shire</p> <ul style="list-style-type: none"> o <i>Extended childcare services delivered during the life of the Council Plan</i> 	Ongoing	<p>Childcare is now available at the Tallangatta Early Years Centre Monday to Friday, 7am to 6pm.</p> <p>Options for the delivery of child care at Bellbridge are currently being explored and analysed.</p>

Our performance

2. Community wellbeing

Council Plan progress report (continued)

Strategy and strategic indicator(s)	Status	Comments
2.15 Continue to implement the key priorities from 'Tallangatta Tomorrow' including residential development <ul style="list-style-type: none"> ○ Tallangatta Multi-sport Project delivered by June 2014 ○ Caravan Park Planning Study implemented by Dec 2014 ○ Integrated Community Hub delivered by Jan 2015 ○ Adopted recommendations from the ○ Report to Council on Horse Paddocks by June 2015 	Ongoing	Refer to strategies 2.3, 2.6 and 2.7 above. Priorities from Tallangatta Tomorrow have been incorporated into the Destination Tallangatta project, scheduled for completion by 2020. Negotiations with Goulburn Murray Water are underway to progress the Caravan Park Planning Study and Horse Paddocks.
2.16 Seek funding for the delivery of key priority(s) from the 'Our Bellbridge' project <ul style="list-style-type: none"> ○ Funding applications submitted for at least one project by Dec 2014 	Complete	Completed in 2015/16.
2.17 Develop and implement a youth activities program <ul style="list-style-type: none"> ○ Program presented to Council by Dec 2013 ○ Implementation over the life of the Council Plan 	Complete	A Youth Activities Plan for 2016/17 was successfully delivered, with an emphasis on family violence, self esteem and respectful relationships.
2.18 Facilitate an annual Seniors Week activity <ul style="list-style-type: none"> ○ Annual activity held 	Complete	'A Tribute to the Crooners' by Paul Hogan was held in November 2016.
2.19 Host an annual Disability Day activity <ul style="list-style-type: none"> ○ Annual activity held 	Complete	Successful 'Speak Out Loud' event held in Corryong in December 2016.
2.20 Continue to refine Council's Emergency Management Plan, including the identification and management of Neighbourhood Safer Places <ul style="list-style-type: none"> ○ Plan reviewed and adopted annually ○ Annual identification of NSPs (CFA approval process) 	Ongoing	Annual identification of NSPs completed with a NSP for Cudgewa designated in April 2017.

Our performance

2. Community wellbeing

Council Plan progress report (continued)

Strategy and strategic indicator(s)	Status	Comments
2.21 Actively participate in the Towong Alliance with the three Shire based Health Services ○ <i>Ongoing participation in the Alliance</i>	Ongoing	The Alliance has commenced discussions regarding developing the new Public Health and Wellbeing Plan.
2.22 Continue the delivery of library services including service provision to rural areas ○ <i>Library services delivered to a service level determined by Council</i>	Ongoing	Collections at libraries in Corryong and Tallangatta extended. New activities being held in both static libraries, including kindergarten reading programs. Tallangatta Library hours have expanded from 15.5 hours to 40 hours per week. Options for remote library services being developed in 2017/18.

Our performance

2. Community wellbeing

Services delivered in 2017/18

Services	Description
Community services	This service provides family oriented support services including kindergartens, maternal and child health, immunisations and youth services. It also supports Council's commitment to improved access for all residents, delivers an annual Seniors event and is exploring opportunities to support arts and culture throughout the Shire.
Library services	This service provides public library services at two locations with a customer focus that caters for the cultural, educational and recreational needs of residents.
Swimming pools	This service provides Council's two seasonally operated swimming pools at Corryong and Tallangatta. These pools operate from November to March each year. It also provides a financial contribution to the community operated Eskdale pool.
Community facilities	This service identifies opportunities for Council or community groups to access funding to better meet community needs and delivers on key Council funding applications.

Our performance

2. Community wellbeing

Service performance indicators

Indicator	Measure	Result 14/15	Result 15/16	Result 16/17
Aquatic facilities				
Service standard	[Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]	1.00	1.00	1.00
Health inspections of aquatic facilities				
Material variations and comments: All Council aquatic facilities were inspected once in 2016/17.				
Service standard	Total number of WorkSafe reportable aquatic facility safety incidents	0 *	0.00	0.00
Reportable safety incidents at aquatic facilities				
Material variations and comments: There were no reportable safety incidents in 2016/17. * This indicator was not mandatory in 2014/15				
Service cost	[Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]	\$22.27	\$9.58	\$8.65
Cost of outdoor aquatic facilities				
Material variations and comments: Council operates two outdoor aquatic facilities. An increase of 3,251 visits (to 16,322 visits) was recorded in 2017 compared to 2016.				
Utilisation	[Number of visits to aquatic facilities / Municipal population]	1.13	2.27	2.81
Utilisation of aquatic facilities				
Material variations and comments: Council operates two outdoor aquatic facilities. An increase of 3,251 visits (to 16,322 visits) was recorded in 2017 compared to 2016. Improvements in recording usage were implemented for the 2015/16 season which resulted in more accurate usage data from 2015/16.				

Our performance

2. Community wellbeing

Service performance indicators (continued)

Indicator	Measure	Result 14/15	Result 15/16	Result 16/17
Libraries				
Utilisation Library collection usage	[Number of library collection item loans / Number of library collection items]	2.42	1.82	1.55
Material variations and comments: A decrease of 2,329 loans as well as an increase of 883 items available for loan in 2016/17 contributed to the reduction in this indicator compared to 2015/16.				
Resource standard Standard of library collection	[Number of library collection items purchased in the last 5 years / Number of library collection items] x100	30.00%	33.27%	34.89%
Material variations and comments: The number of library collection items available for loan have increased by 883 to 14,251 items in 2016/17.				
Service cost Cost of library service	[Direct cost of the library service / Number of visits]	\$20.84	\$7.12	\$5.94
Material variations and comments: There was an increase in direct costs of operating the library service due to the Tallangatta library being open Monday to Friday 9am to 5pm in 2016/17 compared to only being open two days per week in 2015/16. This resulted in higher visitation levels in 2016/17 compared to 2015/16.				
Participation Active library members	[Number of active library members / Municipal population] x100	10.00%	9.25%	13.09%
Material variations and comments: Council provided two static libraries in its main centres of Corryong and Tallangatta during 2016/17. These libraries service our small dispersed population of 5,805 (ABS Catalogue 3218.0) which is spread over 6,635 square kilometres. A new library in Tallangatta was officially opened in August 2016. Council increased the opening hours 15.5 hours to 40 hours per week. There was an increase of 227 active members (to 760 in 2016/17) compared to 2015/16. Many residents reside outside the two main centres where the static libraries are located and may access other library services in neighbouring municipalities.				

Our performance

2. Community wellbeing

Service performance indicators (continued)

Service indicator	Measure	Result 14/15	Result 15/16	Result 16/17
Maternal and child health				
Satisfaction Participation in first MCH home visit	[Number of first MCH home visits / Number of birth notifications received] x100	98.00%	92.73%	95.45%
Service standard Infant enrolments in the MCH service	[Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x100	100.00%	92.73%	100.00%
Service cost Cost of the MCH service	[Cost of the MCH service / Hours worked by MCH nurses]	\$58.52	\$64.60	\$66.12
Participation Participation in the MCH service	[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	88.10%	80.24%	82.39%
Material variations and comments: There were 204 children who attended the MCH service at least once in 2017 compared to 197 in 2016 and 219 in 2015.				
Participation Participation in the MCH service by Aboriginal children	[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	100.00%	0.00%	100.00%
Material variations and comments: There are two children registered with the MCH service that have been identified as having an Aboriginal or Torres Strait Islander background in 2017. There was one in 2015 and 2016 however they did not attend in 2016.				

Our performance

3. Asset management

The asset management team has implemented various initiatives whilst delivering the capital works and routine maintenance programs throughout the 2016/17 year. The delivered projects have resulted in improved service delivery across the Shire and include:

- Upgrades to the Corryong and Tallangatta town entrances
- Sealing of Olson Street, Bethanga and upgrades to Georges Creek Road
- Destination Tallangatta foreshore upgrade including a nature play space and splash pad
- Stage one Hanson Street renewal
- Road resealing and major patching, footpath and kerb replacements
- Refurbishment of 10 Banool Road, Tallangatta
- Completion of annual asset inspections

The Destination Tallangatta Towong Street streetscape project has seen the reconstruction of the Banool Road and Towong Street intersection and consolidation of the Triangles power supply. This project has experienced some delays to accommodate design changes to address community concerns and due to the availability of contractors to undertake underground power works.

The implementation of the stock grid policy has improved service delivery across our unsealed road network with stock grids replaced, removed and repaired throughout the year.

Council assets across the Shire sustained damage from flood and heavy rainfall events. This damage has been assessed with an estimated \$1.7m required to undertake repairs. These works are expected to be funded through the National Disaster Assistance Program.

Highlights

- The delivery of a Recreation and Open Spaces Asset Management Plan
- Upgrades to the Corryong Swimming Pool
- Successful funding applications for road and pedestrian projects in Walwa, Corryong and Eskdale
- A funding commitment from the Federal Government to upgrade the Shelley Walwa Road

Challenges

- Delays in property owners returning their Section 173 Agreements for the ownership and maintenance of stock grids
 - Turnover of staff has delayed progress of some priorities
-

Our performance

3. Asset management

Council Plan progress report

Strategy and strategic indicator(s)	Status	Comments
3.1 Prepare an Asset Management Plan for Recreation ○ <i>Asset management plan for Recreation adopted by Council by December 2013</i>	Complete	Recreation and Open Space Asset Management Plan adopted by Council in December 2016.
3.2 Prepare an Asset Management Plan for Parks and Gardens (inclusive of trees of significance (e.g. Cudgewa avenue, Tallangatta Triangles, etc) ○ <i>Asset management plan for Parks and Gardens (inclusive of trees of significance) adopted by Council by December 2013</i>	Complete	Recreation and Open Space Asset Management Plan and Tree Replacement Plan adopted by Council in December 2016.
3.3 Review the method of performing condition assessments (internal vs. external) with a view to bringing it in-house (and implement most appropriate method) ○ <i>Review conducted by June 2014</i>	Complete	Completed in 2014/15.
3.4 Implement the stock grid policy ○ <i>Stock grid policy implemented by Dec 2014</i>	In progress	Implementation underway.
3.5 Deliver the adopted Capital Works program ○ <i>Complete 100% of adopted program</i>	Complete	The program for 2016/17 included projects that would be complete in future years. See detailed explanation in the Financial Summary on page 10.
3.6 Complete condition assessments for road assets and non-road assets (e.g. buildings, playgrounds) ○ <i>Condition assessments for non-road assets completed by Dec 2013</i> ○ <i>Condition assessments for road assets completed by Feb 2014</i>	Ongoing	Annual asset inspections for 2016/17 completed.

Our performance

3. Asset management

Council Plan progress report (continued)

Strategy and strategic indicator(s)	Status	Comments
3.7 Develop a town beautification program for all towns and deliver over the life of the Council Plan ○ <i>Town Beautification Program developed by June 2014 and implemented over the life of the Council Plan</i>	In progress	Planning has commenced for Walwa township beautification works. Works to improve the intersection in Tintalra are complete. New four-year Town Beautification program included in 2017 – 2021 Council Plan.
3.8 Develop and deliver a footpath replacement and extension program for strategic community links ○ <i>Footpath replacement and extension program developed by September 2014</i>	Complete	Completed in 2014/15.
3.9 Work with VicRoads and other stakeholders to progress the upgrade/sealing of the Benambra-Corryong Road and the Shelley-Walwa Road ○ <i>Funding obtained and/or works commenced by VicRoads by June 2017</i>	Complete	Funding secured for the upgrade of the Shelley-Walwa Road. Benambra-Corryong Road is now being maintained by VicRoads.

Our performance

3. Asset management

Services delivered in 2017/18

Services	Description
Engineering services	<p>This service undertakes design, tendering, contract management and supervision of various works within Council’s capital works program. This service also conducts asset renewal and maintenance planning for Council’s main infrastructure assets in an integrated and prioritised manner in order to optimise their strategic value and service potential. These include:</p> <ul style="list-style-type: none"> ○ <i>roads, bridges, footpaths</i> ○ <i>buildings</i> ○ <i>drainage</i> ○ <i>recreation and open spaces</i>
Infrastructure	<p>This service maintains Council infrastructure, vehicles, plant and equipment to meet functional and safety needs.</p>

Our performance

3. Asset management

Service performance indicators

Indicator	Measure	Result 14/15	Result 15/16	Result 16/17
Roads				
Satisfaction of use Sealed local road requests	[Number of sealed local road requests / Kilometres of sealed local roads] x 100	8.63	10.48	12.70
Material variations and comments: Towong Shire has a large local road network relative to its small population base. There are 5,805 people (ABS Catalogue 3218.0) spread over 6,635 square kilometres with 1,183 kilometres of local roads.				
Condition Sealed local roads below the intervention level	[Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] x100	100.00%	100.00%	99.47%
Material variations and comments: This indicator measures the proportion of sealed local roads that are below the renewal intervention level set by Council. Council is committed to renewing its assets in accordance with recommendations from its independent expert Moloney Asset Management Systems. As a result Council develops a program to deliver 100% of the expert asset renewal recommendations each year. There are currently 1.9 kilometres of sealed local roads that are above the intervention level set by Council.				
Service cost Cost of sealed local road reconstruction	[Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]	\$52.05	\$0.00	\$61.45
Material variations and comments: The increase in cost per square metre over the 2014/15 result is due to more extensive reconstruction works being undertaken in 2016/17. Works in 2016/17 required pavement reconstruction works to be carried out 200 millimetres deeper than a normal road reconstruction (400mm v 200mm) and therefore has additional costs. There were no road reconstruction works conducted in 2015/16.				
Service cost Cost of sealed local road resealing	[Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]	\$5.77	\$4.48	\$4.22
Material variations and comments: There were no material variations in this indicator's result compared to the prior year.				

Our performance

3. Asset management

Service performance indicators (continued)

Indicator	Measure	Result 14/15	Result 15/16	Result 16/17
Satisfaction Satisfaction with sealed local roads	[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	59	54	0

Material variations and comments:

Council decided not to participate in or conduct a Community Satisfaction survey following a 'value for money' evaluation conducted as part of the 2016/17 budget development. Council could not justify committing significant ratepayer funds to conduct a 'general' satisfaction survey.

With a small rural population, Council receives feedback on Council's performance through a number of direct methods. Councillors and Council officers are well connected within the local communities, participate in local community organisations and are readily available to residents and ratepayers. Specific feedback enables Council to evaluate decisions and implement improvements as a direct response to feedback received.

Our performance

4. Land-use planning

Throughout 2016/17 Council delivered its routine statutory planning responsibilities and made progress with a number of strategic planning projects, however progress with some initiatives has been slower than anticipated due to some changes to our planning team late in 2016.

Towong Planning Scheme Amendment C25 was prepared and placed on public exhibition in early 2016. One of the largest planning scheme amendments prepared by Council, it seeks to create additional rural residential opportunities at key locations in the Shire. The amendment was considered by a planning panel in September 2016, who were overall in favour of the amendment with some minor adjustments. Ministerial approval for the amendment will be sought in 2017/18.

The 2012 Planning Permit Applications in Open Potable Water Supply Catchment Areas Guidelines required Council to prepare a Domestic Wastewater Management Plan (DWMP) to guide the management of domestic wastewater in areas which do not have sewerage across the Shire. The Council was able to prepare the DWMP using in-house resources at a low cost. The DWMP was adopted by Council in November 2015 and implementation will progress when our planning team has been fully resourced.

Despite the resource limitations we currently have in our planning team, Council has continued its fast and efficient statutory planning services, while endeavouring to be as accessible to the community as possible.

Highlights	Challenges
<ul style="list-style-type: none"> ○ Support from the Planning Panel considering the C25 Rural Living Zone Amendment ○ Ministerial approval for C36 ○ Maintained one of the lowest cost planning departments in the State ○ Median planning permit processing days to determination for Towong was 36 days compared to a rural average of 55 days 	<ul style="list-style-type: none"> ○ Human resource limitations for eight months of the 2016/17 year ○ Slow progress with C25 Amendment due to resource limitations and departmental requirements ○ Increased planning enforcement activity

Our performance

4. Land-use planning

Council Plan progress report

Strategy and strategic indicator(s)	Status	Comments
4.1 Improve our communication in relation to town and land use planning <ul style="list-style-type: none"> o <i>Planning 'Information Pack' prepared and available from June 2014</i> o <i>Relevant information available from the Visitor Information Centres by Dec 2014</i> o <i>Meetings with real estate agents conducted annually</i> 	Ongoing	This is an ongoing initiative. A number of steps have been taken to improve communication with potential applicants and real estate agents.
4.2 Develop and implement a Domestic Wastewater Management Plan <ul style="list-style-type: none"> o <i>Plan adopted by Council by June 2014 and implemented over the life of the Council Plan</i> 	In progress	Plan adopted. Scheduled for implementation in 2017/18.
4.3 Finalise the Rural Living Zone Planning Scheme Amendment <ul style="list-style-type: none"> o <i>Amendment finalised by Dec 2014</i> 	In progress	
4.4 Complete BMO Schedule Project (including the refining of hazard mapping where necessary) <ul style="list-style-type: none"> o <i>Project completed and amendment finalised by June 2015</i> 	Complete	Completed in 2013/14.
4.5 Complete a section 12B (Planning and Environment Act) review of Towong Planning Scheme <ul style="list-style-type: none"> o <i>Review completed by June 2015</i> 	In progress	Preliminary draft developed. Scheduled for implementation in 2017/18.
4.6 Revise Local Planning Policies with a view to protecting strategically important land for food production <ul style="list-style-type: none"> o <i>Policies developed and adopted by Dec 2015</i> 	Not commenced	This initiative requires the above review of the Towong Planning Scheme to be completed. Scheduled to commence in 2017/18.
4.7 Implement key MSS recommendations including individual town structure plans via Planning Scheme Amendments <ul style="list-style-type: none"> o <i>Amendments finalised by Dec 2016</i> 	Complete	Ministerial approval was granted in June 2016.

Our performance

4. Land-use planning

Council Plan progress report (continued)

Strategy and strategic indicator(s)	Status	Comments
4.8 Acquire updated Aerial photography for rural areas and townships <i>o Improved aerial photography acquired over the life of the Council Plan</i>	Complete	Completed in 2013/14.
4.9 Lobby for improved Hazard mapping (fire and flood) NECMA/State Govt <i>o Improved mapping acquired over the life of the Council Plan</i>	Ongoing	Project underway.

Our performance

4. Land-use planning

Services delivered in 2017/18

Services	Description
Planning	The planning service processes all planning applications, provides advice and makes decisions about development proposals which require a planning permit, as well as representing Council at the Victorian Civil and Administrative Tribunal where necessary. It administers the Towong Planning Scheme as well as preparing major policy documents shaping the future of the Shire. It also prepares amendments to the Towong Planning Scheme and carries out research on demographic, urban development, economic and social issues affecting Council.
Building services	This service provides statutory building services to the Council community including processing of building permits, fire safety inspections, audits of swimming pool barriers and investigations of complaints and illegal works.
Environmental health	This service protects the community's health and wellbeing by coordinating food safety support programs, Tobacco Act activities and smoke free dining and gaming venue issues. The service also works to rectify any public health concerns relating to unreasonable noise emissions, housing standards and pest controls.

Our performance

4. Land-use planning

Service performance indicators

Indicator	Measure	Result 14/15	Result 15/16	Result 16/17
Food safety				
Timeliness Time to action food complaints	[Number of days between receipt and first response action for all food complaints / Number of food complaints]	0.00	0.00	0.00
Material variations and comments: From 1 July 2016 'Time taken to action food complaints' will be reported by calendar year. Previously this indicator was reported by financial year. This has been implemented to better align reporting with the Department of Health and Human Services. This may result in some variances year on year. There were no food complaints received in the 2016 calendar year.				
Service standard Food safety assessments	[Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the Food Act 1984 / Number of registered class 1 food premises and class 2 food premises that require an annual food safety assessment in accordance with the Food Act 1984] x100	100.00%	100.00%	100.00%
Material variations and comments: Food safety assessments were undertaken for all registered premises in the 2016 calendar year.				
Service cost Cost of food safety service	[Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984]	\$928.57	\$940.02	\$1,006.65
Material variations and comments: Towong Shire had 84 registered premises. These premises are widely dispersed throughout the Shire (over 6,635 kilometres). As a result, significant travel costs and time are incurred to service all premises.				
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] x100	100.00%	100.00%	100.00%
Material variations and comments: From 1 July 2016, 'Critical and major non-compliance outcome notifications' will be reported by calendar year. Previously this indicator was reported by financial year. This has been implemented to better align reporting with the Department of Health and Human Services. This may result in some variances year on year. There were 10 critical or major non-compliance outcome notifications issued in the 2016 calendar year, with 8 addressed in 2016 and 2 follow ups completed early in the 2017 calendar year.				

Our performance

4. Land-use planning

Service performance indicators (continued)

Indicator	Measure	Result 14/15	Result 15/16	Result 16/17
Statutory planning				
Timeliness Time taken to decide planning applications	[The median number of days between receipt of a planning application and a decision on the application]	24	18	36
Material variations and comments: Council has a small planning team which consists of two staff members. During 2016/17, the planning team did not have full time permanent staff members for the whole year and as such was being backfilled with contractors on a part time basis. In total, 76 Planning Permit applications were decided.				
Service standard Planning applications decided within relevant required time frame	[Number of planning application decisions made within the relevant required time frame / Number of planning application decisions made] x100	96.00%	97.96%	82.89%
Material variations and comments: From 1 July 2016 this indicator will be updated to include VicSmart planning applications which should be assessed within 10 days. This may result in some variances year on year. Council has a small planning team which consists of two staff members. During 2016/17, the planning team did not have full time permanent staff members for the whole year with contractors used to backfill on a part time basis. In total, 76 Planning Permit applications were decided.				
Service cost Cost of statutory planning service	[Direct cost of the statutory planning service / Number of planning applications received]	\$1,884.96	\$3,003.25	\$1,694.39
Material variations and comments: The lower cost in 2016/17 is due to the planning department not having two full time staff members for the whole year and as such was being backfilled with contractors on a part time basis. In 2015/16, \$104,108 of legal fees were incurred by Council defending a planning decision at VCAT. Without this expense the cost of the total planning service per planning application would have been \$1,972.47. This cost is inclusive of both the strategic and statutory planning services as Council has a small team that delivers both functions.				
Decision making Council planning decisions upheld at VCAT	[Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	33.33%	100.00%	100.00%
Material variations and comments: There was one Council planning decision referred to VCAT for 2016/17. This Council decision was upheld at VCAT.				

Our performance

5. Environmental sustainability

Significant progress has been made towards achieving Council’s environmental sustainability priorities throughout the 2016/17 year.

In the waste management area, Council’s in-house kerbside waste collection and recycling programs continue to deliver a sustainable service for residents. The delivery of a new waste and recycling collection truck has improved collection efficiency. Refinements to the service have also included a review of bin services to clarify collection status of residential properties, a random audit of residential bin contents to understand rates of recycling and contamination levels and negotiation of supply agreements with commercial premises.

The trial of reduced operational hours for the waste and resource recovery facilities at Corryong and Tallangatta has resulted in significant operational savings at these sites. Improvements to site operations and processing of recyclable materials have been undertaken throughout the year. Designs for a new landfill cell have been completed and a new aerator has been installed at the Corryong leachate dam to assist with evaporation.

A program to control noxious weeds was successfully carried out during the year.

Projects funded under the Victorian Climate Change Grants Program have seen the Beating the Heat project deliver a climate change resilient tree replacement strategy for future implementation. The Banking on Our Solar Future project included the installation of a 16KWhr solar battery and smart charging system at the Tallangatta Library and Early Years Centre and mapping of rooftop solar potential in the Shire.

Highlights

- Replacement of all urban street lighting with LED lighting, resulting in an annual saving of \$30,000 through reduced electricity consumption
- Funding received for continued delivery of the Beating the Heat and Banking on Our Solar Future projects

Challenges

- Delays in progressing the construction of a new landfill cell due to changes in staff and Environmental Protection Agency regulations
 - Level of emergency management experience and skills within our workforce
-

Our performance

5. Environmental sustainability

Council Plan progress report

Strategy and strategic indicator(s)	Status	Comments
5.1 Finalise the Bushfire Camera Network project <i>o Project completed by Dec 2013</i>	Complete	Completed in 2013/14.
5.2 Explore solutions for Bellbridge water and waste water expansion (in conjunction with NEW) <i>o Options paper prepared by June 2014</i>	In progress	Discussions continuing with North East Water.
5.3 Lobby for the expansion/improvement of the NE Water Tallangatta wastewater plant to accommodate future development in Tallangatta and the elimination of odour emanating from the plant <i>o Commitment from North East Water to have a system in place that can accommodate future development in Tallangatta over the life of the Council Plan</i>	In progress	Tallangatta is listed in the North East Water Draft Recommendations to Support Regional Growth as a mid-growth scenario and is being reviewed.
5.4 Implement the adopted outcomes from the Waste Management Services review and refine our Waste Management services over the life of the Council Plan <i>o Implement adopted outcomes by Dec 2013</i> <i>o Satisfaction Survey conducted Dec 2014</i> <i>o Achievement of a sustainable financial outcome for the Council</i> <i>o Increased employment within Shire</i>	Ongoing	Regional contract for recycling of e-waste commenced in 2017.
5.5 Explore waste to energy options suitable for a small municipality <i>o Report prepared for Council by December 2015</i>	In progress	Funding avenues pursued for feasibility study unsuccessful.
5.6 Consider the options available for the Bethanga Wastewater project and deliver a solution (if feasibility can be established) <i>o Direction to be taken determined and agreed by Dec 2014</i> <i>o Agreed approach (if any) implemented by December 2016</i>	In progress	Draft project plan has been prepared and is being reviewed by North East Water.

Our performance

5. Environmental sustainability

Council Plan progress report (continued)

Strategy and strategic indicator(s)	Status	Comments
5.7 Provide proactive support to DEPI Wild Dog Program and lobby for increased resourcing in the Towong Shire ○ <i>Agri-IQ developed and implemented by June 2016</i>	Ongoing	Council will continue to advocate for appropriate resourcing to the Wild Dog Program. The Agri-IQ project did not proceed.
5.8 Continue to implement noxious weed controls along roadsides and encourage adjoining landowners (including DSE and Parks Vic) to also implement controls on their property ○ <i>Reduction in noxious weeds (as identified through mapping)</i> ○ <i>Development and implementation of a Roadside Management Plan</i>	Ongoing	Roadside spraying completed. Mapping of roadside weeds is complete. Draft Roadside Weed and Pest Plan developed for public comment.
5.9 Continue to maintain and monitor operational and closed landfills within EPA guidelines ○ <i>All EPA requirements met over the life of the Council Plan</i>	Ongoing	Preliminary design for new cell at Corryong landfill has been prepared. Rehabilitation of the closed cells and trenches at the Corryong landfill in progress.
5.10 Support waste minimisation and management initiatives in the North East Regional Waste Implementation Plan and Regional Waste Minimisation Strategy ○ <i>Reduction in waste being deposited in landfills (local and external)</i>	Ongoing	Resource recovery centre at Corryong being developed.

Our performance

5. Environmental sustainability

Services delivered in 2017/18

Services	Description
Waste services	This service provides waste collection including kerbside collections of rubbish and recycling from households and commercial properties, special hard waste, green waste collections, transfer station and land fill management.
Emergency management	This service provides Council's emergency management planning function.
Animal control	This service provides animal management services including a cat trapping program, dog / cat collection service, lost and found notification service, pound service, registration / administration service and an after-hours emergency service. It also provides education, regulation and enforcement of the Local Law and relevant State legislation.

Our performance

5. Environmental sustainability

Service performance indicators

Indicator	Measure	Result 14/15	Result 15/16	Result 16/17
Animal management				
Timeliness Time to action animal management requests	[Number of days between receipt and first response action for all animal management requests / Number of animal management requests]	3.26	3.64	2.38
Material variations and comments: Towong Shire Council has a part time Ranger (20 hours per week). There were 52 animal requests in 2016/17.				
Service standard Animals reclaimed	[Number of animals reclaimed / Number of animals collected] x100	37.00%	50.00%	44.44%
Material variations and comments: Council impounded 9 animals and 4 were reclaimed from Council.				
Service cost Cost of animal management service	[Direct cost of the animal management service / Number of registered animals]	\$46.43	\$57.51	\$55.87
Material variations and comments: There were no material variations in this indicator's result compared to the prior year. Council has a part time Ranger (20 hours per week) and a contractor on call for any animal requests that require an immediate response/action. Council has 1,259 registered animals.				
Health and safety Animal management prosecutions	[Number of successful animal management prosecutions]	0	0	0

Our performance

5. Environmental sustainability

Service performance indicators (continued)

Indicator	Measure	Result 14/15	Result 15/16	Result 16/17
Waste collection				
Satisfaction	[Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x1,000	73.62	90.05	105.26
Material variations and comments: There was a total of 298 kerbside bin collection requests in 2016/17.				
Service standard	[Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x10,000	1.31	1.97	2.22
Material variations and comments: There was a total of 51 bins missed in 2016/17.				
Service cost	[Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]	\$154.96	\$135.69	\$140.04
Service cost	[Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]	\$73.75	\$71.51	\$87.34
Material variations and comments: In 2015 and 2016 revenue received for recyclable materials was offset against the cost of providing kerbside recycling services. In 2017 this revenue has been recognised as income. This accounts for the increase in service cost in 2017 when compared to prior years.				
Waste diversion	[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	32.00%	32.32%	32.74%

Our performance

6. Economic and tourism development

The Council Plan 2013 – 2017 set out to deliver on Towong Shire’s potential from an investment, business and tourism perspective. Several identified projects have been completed over the life of the Council plan, delivering on the Council’s objective of expanding long-term employment and economic opportunities.

The Upper Murray 2030 Vision Plan was completed and funding secured for the Great River Road and Upper Murray Branding projects.

A tough year for the dairy industry has seen a focus on activities to support and grow agri-tourism. Council’s continued work with the Alpine Valley’s Dairy Inc group supports the industry long term and highlights the importance of agriculture and dairy in Towong Shire.

Small Business month was used as a vehicle to deliver training and networking opportunities to businesses across the Shire, with six sessions being held in 2016. Several successful Business After Hours events have also been held, providing further learning opportunities.

The Corryong Airport redevelopment project has been underway throughout 2017 and is due for completion in the 2017/18 financial year. The project has seen an increase in interest from businesses and individuals wishing to house aircraft at the facility.

Highlights

- Delivery of lighting for the Corryong Airport Redevelopment
- Funding secured for the Upper Murray Events Centre, Great River Road project and Upper Murray Branding
- Completion of the Upper Murray 2030 Vision Plan
- Seven new mobile phone towers funded through the Federal Government
- Growth in volunteer group at the Visitor Information Centre

Challenges

- Limitations in the number of economic development opportunities that can be advanced by our small team
-

Our performance

6. Economic and tourism development

Council Plan progress report

Strategy and strategic indicator(s)	Status	Comments
6.1 Explore options in relation to the Corryong Airport upgrade (including lighting) <ul style="list-style-type: none"> ○ <i>Feasibility of upgrade determined by Dec 2013</i> ○ <i>Project funding pursued (if project is feasible) by June 2014</i> 	Complete	Upgrade scheduled for completion in 2018.
6.2 Auspice and support the successful delivery of the Alpine Valleys Dairy Pathways Project <ul style="list-style-type: none"> ○ <i>Project successfully completed</i> 	Complete	Completed in 2013/14.
6.3 Develop, launch and maintain the Corryong and Tallangatta Tourism Websites <ul style="list-style-type: none"> ○ <i>Websites developed and launched by December 2013</i> 	In progress	The Visit Upper Murray website was launched in November 2016. The Valleys Lakes and Vistas website is scheduled to launch in 2017/18.
6.4 Review Council's role in the delivery of Tallangatta Visitor Information Services and implement the adopted outcomes from the review <ul style="list-style-type: none"> ○ <i>Review conducted by Dec 2013 and recommendations adopted by Council by March 2014</i> ○ <i>Adopted recommendations implemented by Dec 2014</i> 	In progress	Completed in 2015/16.
6.5 Seek funding to seal the Colac Colac Walking Track <ul style="list-style-type: none"> ○ <i>Application for funding submitted by June 2014</i> 	Complete	Completed in 2013/14.
6.6 Develop a Corryong Saleyards strategy <ul style="list-style-type: none"> ○ <i>Strategy developed by June 2014 and adopted recommendations implemented by June 2015</i> 	Complete	Completed in 2014/15.
6.7 Continue to work towards the availability of Industrial land in Corryong and Tallangatta <ul style="list-style-type: none"> ○ <i>Report to Council on Industrial Land supply options by June 2016</i> 	Ongoing	This is an ongoing initiative and we will continue to explore options over the life of the new Council Plan.

Our performance

6. Economic and tourism development

Council Plan progress report (continued)

Strategy and strategic indicator(s)	Status	Comments
6.8 Lobby the Federal Government in order to maximise the NBN outcomes for our communities. ○ <i>Improved high speed Broadband delivery</i>	Ongoing	Planned roadshows by NBN Co in November 2016 and March 2017 were cancelled by NBN, and rescheduled for August 2017. Discussions were held with NBN to ensure that the road show visits all areas of the Shire.
6.9 Lobby Federal Government and private telcos for improved mobile coverage ○ <i>Improved mobile coverage achieved over the life of the Council Plan</i>	Ongoing	Mobile Black Spot Program funding announced for three additional towers in the Shire, making a total of seven new towers funded over the life of the Council Plan.
6.10 Support the Agribusiness sector in Towong Shire to achieve profitability and sustainability ○ <i>Report to Council on strategy and possible actions to support the sector by June 2014 and implement adopted recommendations over the life of the Council Plan</i>	In progress	A draft strategy was workshopped with Councillors. Anticipate adoption by Council in 2017/18.
6.11 Support the Retail, Commercial and Industrial sectors in Towong Shire to achieve profitability and sustainability ○ <i>Report to Council on strategy and possible actions to support the sectors by Dec 2014 and implement adopted recommendations over the life of the Council Plan</i>	In progress	A draft strategy was workshopped with Councillors. Anticipate adoption by Council in 2017/18.
6.12 Promote the Omeo Highway and the Benambra-Corryong Road as touring links to the Gippsland region ○ <i>Promotional campaign developed by Dec 2014 and implemented over the life of the Council Plan</i>	Ongoing	This is an ongoing initiative and we will continue to explore options over the lie of the new Council Plan.

Our performance

6. Economic and tourism development

Council Plan progress report (continued)

Strategy and strategic indicator(s)	Status	Comments
6.13 Develop a strategic plan to manage the outcomes for Corryong with the possible establishment of the molybdenum mine ○ <i>Strategic plan developed by Dec 2014 and recommendations implemented if the mine proceeds</i>	Ongoing	No further action required at this time.
6.14 Encourage (and where possible deliver) sustainable design for community buildings and residential estate development. ○ <i>Best practice environmental design principles used in the delivery of the Integrated Community Hub</i>	Complete	Tallangatta Library and Early Years Centre features sustainable design components including solar panels, solar battery and smart charging system, recycled water, solar hot water, recycled materials, thermal efficient insulation, double glazed windows, solar passive design.

Our performance

6. Economic and tourism development

Services delivered in 2017/18

Services	Description
Economic development	The economic development service assists the organisation to facilitate an environment that is conducive to a sustainable and growing local business sector and provides opportunities for local residents to improve their skill levels and access employment.
Tourism	This service includes the provision of a Visitor Information Centre in Corryong, support for visitor information services in Tallangatta and development of tourism websites to provide advice to visitors to the region.

Governance, management and other information

Governance

Towong Shire Council was established by an Order of the Governor in Council on 24 October 1996 and is a Body Corporate. Council's main office is located at 32 Towong Street, Tallangatta.

The purpose of Council is to:

- Provide for the peace, order and good government of its municipal district
- Facilitate and encourage appropriate development of its municipal district in the best interests of the community
- Provide equitable and appropriate services and facilities for the community and to ensure that those services and facilities are managed efficiently and effectively
- Manage, improve and develop the resources of its district efficiently and effectively

Council recognises that effective governance is the key to ensuring that Council meets the community's priorities. The community has opportunity to provide formal input into Council's decision making processes through specific community engagement sessions, the 'Open Forum' held in conjunction with Council's monthly meeting, as well as the formal submission process involved with many of Council's key plans.

Many formal decisions are made at council meetings; however some of Council's powers have been delegated to Council staff. These delegations are exercised in accordance with Council policies.

Council meetings

Council's ordinary meetings are held monthly (except January where there is no meeting). These meetings are conducted in accordance with Council's Meeting Procedures Local Law.

For the 2016/17 year Council held the following meetings:

- Eleven (11) ordinary council meetings
- Four (4) special council meetings

Committees

Council has two Section 86 special committees and their purposes are as follows:

- Riverview Committee of Management – to provide and manage self contained accommodation at Riverview Units, Walwa
- Guys Forest Recreation Reserve Committee of Management – to manage the Guys Forest Recreation Reserve

Governance, management and other information

Governance

Code of conduct

The Local Government Act 1989 requires councils to develop and approve a Councillor Code of Conduct. The introduction of the Local Government Amendment (Improved Governance) Act 2015 required Council to review and amend its Councillor Code of Conduct. The revised Code of Conduct was adopted by Council on 5 July 2016.

The Councillor Code of Conduct is designed to:

- Provide good governance for the Towong municipality
- Create common understandings of the different roles of the Councillors and the administration
- Identify key relationships and how they can contribute to good governance
- Support good governance by creating a framework in which legitimate differences in opinions, beliefs and values can be discussed constructively and resolved in the interests of the Towong municipality

In addition to setting out good governance protocols, the Councillor Code of Conduct also outlines:

- Councillor behaviour principles
- Conflict of interest procedures
- Dispute resolution procedures
- Decisions during caretaker periods, and
- Appropriate use of Council resources

Councillor allowances

Mayors and councillors are entitled to receive an allowance while performing their duty as an elected official. The Victorian Government sets the upper and lower levels for allowances paid to Councillors. Councils are required to review allowance levels by 30 June in the year following a general election and the allowance level determined remains in effect for the full term of the Council.

Councils are divided into three categories based on income and population. Towong Shire Council is a category 1 Council. The Minister for Local Government approved an adjustment factor increase of 2.5% to Mayoral and Councillor allowances, effective 1 December 2016, under section 73B(4) of the Local Government Act 1989, bringing allowances for category 1 Councils to:

Mayor: \$59,297
Councillors: \$19,834

Council was reluctant to accept the required 2.5% increase given Council's economic conditions and the annual salary and wage increase provided for in Council's budget.

Council subsequently reviewed Mayoral and Councillor allowances in accordance with section 74(1) of the Act and determined that a 1% increase to the allowances that applied prior to the most recent Minister's adjustment would be more acceptable. Accordingly at its meeting on 6 June 2017 Council reduced the allowances to:

Mayor: \$58,389
Councillors: \$19,543

Governance, management and other information

Governance

Councillor allowances (continued)

An amount equivalent to the superannuation guarantee contribution is payable in addition to the above set allowance. The superannuation guarantee contribution percentage was 9.5% for 2016/17.

Councillors may also claim a remote travel allowance of \$40 per day to attend meetings held more than 50km from their place of residence.

Councillor expenses

Councillors are reimbursed for expenses incurred whilst performing his or her duties as a Councillor. Council is also required to adopt and maintain a policy in relation to the reimbursement of expenses for Councillors. The policy provides guidance for the payment of reimbursements of expenses and the provision of resources, facilities and other support to the Mayor and Councillors.

Councillor	Travel	Car mileage	Childcare	ICT+	Conferences ×
Cr David Wortmann	\$6,573	\$0	\$0	\$2,533	\$961
Cr Aaron Scales	\$3,750	\$0	\$0	\$663	\$361
Cr Jennie Star ◊	\$1,031	\$1,837	\$0	\$386	\$840
Cr Peter Tolsher ◊	\$603	\$0	\$0	\$460	\$0
Cr Andrew Whitehead ◊	\$1,042	\$841	\$0	\$483	\$600
Cr Mary Fraser »	\$0	\$790	\$0	\$316	\$0
Cr Debi Gadd »	\$0	\$1,747	\$0	\$1,603	\$0
Cr Peter Joyce »	\$0	\$1,116	\$0	\$753	\$0

◊ Elected October 2016

» Retired October 2016

+Information and communication technology

× Conferences and training

Governance, management and other information

Management

Audit committee

Council's Audit Committee was established by resolution of Council on 19 January 1998. The Committee is an independent advisory committee to Council to assist in the effective conduct of its responsibilities for financial reporting, management of risk, maintaining a reliable system of internal controls and facilitating the organisation's ethical development.

The Audit Committee meets quarterly to discuss Council's budget, finance reports, Council Plan priorities, external and internal audits, OHS, tendering, performance reporting, finance systems, legal compliance actions, risk management and policy development.

During 2016/17, the Audit Committee considered:

Financial management and performance reporting

- Annual financial statements and the external Auditor's reports
- MomentumOne Shared Services Pty Ltd
- Budget development
- Financial and Council Plan reporting
- Procurement
- Local Government Performance Reporting framework

Risk management

- Local Government Investigations and Compliance Inspectorate audit
- Risk management strategy and action plan
- OHS Safety Management System
- Legal updates
- Emergency management planning

Business continuity

- Human resource management

Governance

- Audit Committee Charter
- VAGO best practice reports
- Victorian Ombudsman reports

Governance, management and other information

Management

Audit committee members

The Committee is comprised of the Mayor and two or more independent external members. The external independent members of the Audit Committee are appointed for a maximum four year term.

Kerrie Clarke

Kerrie was appointed to the Audit Committee in March 2015. Kerrie is a Certified Practising Accountant and is the Chief Finance Officer at Corryong Health; a position she has held for over 10 years. She holds a Bachelor of Business (Accounting / Finance), is involved in the Corryong SES and resides on 6 acres at Cudgewa with her family.

Robert Lees

Robert was appointed to the Audit Committee in March 2015. He has had a varied local and international career in commercial development, commodity trading, procurement, and operations management. Robert has significant experience in corporate governance, procurement, strategic planning, lean manufacture, and general management. He has positions on the boards of Hume Employment Services Limited, Belmere Pty Ltd and Tallangatta Health Service and is also a member of the Rotary Club of Bellbridge Lake Hume. Robert has lived in the Shire for most of his life and currently lives in Bellbridge.

Narelle Klein (to 17 May 2017)

Narelle was appointed to the Audit Committee in March 2014. A Chartered Accountant, Narelle is the Manager Finance for Wodonga City Council and a member of the Tallangatta Health Service Board of Management. She has substantial experience in financial, management and taxation accounting, external audit processes, corporate and strategic planning, corporate governance and risk management. Narelle resides on a small rural property near Bethanga with her family.

Governance, management and other information

Management

External audit

Council is externally audited by the Victorian Auditor-General's Office (VAGO). For the 2016/17 year the annual external audit of Council's financial statements and performance statement was conducted by VAGO's representative, Johnsons MME. The external auditors engage with Council's Audit Committee to present their independent audit report. The external audit management letter and responses are also provided to the Audit Committee.

Risk management

Council is committed to taking a best practice approach to managing risk. We recognise that risks are inherent in all our functions and understand that all systems and processes exhibit variability, impacting on predictability and performance.

Managing risk is a conscious decision to improve Council's systems and processes – not to finger point when things go wrong.

The objectives of our risk management policy are to:

- Ensure we appropriately deal with risk
- Safeguard our assets: people, financial and property
- Create an environment where all our employees will assume responsibility for managing risk
- Preserve our ability to deliver policy and performance objectives in a timely, efficient and effective manner
- Implement transparent and responsible risk management processes, which align with accepted best practice

Governance, management and other information

Governance and management checklist

Governance and management items	Assessment	
<p>1 Community engagement policy (policy outlining Council's commitment to engaging with the community on matters of public interest)</p>	<p>Policy Date of operation of current policy: 1 December 2009</p> <p>Draft updated policy has been prepared though not formally adopted.</p>	Yes
<p>2 Community engagement guidelines (guidelines to assist staff to determine when and how to engage with the community)</p>	<p>Guidelines Date of operation of guidelines: 1 December 2009</p> <p>Draft updated guidelines have been prepared though not formally adopted.</p>	Yes
<p>3 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)</p>	<p>Adopted in accordance with section 126 of the Act Date of adoption: 15 August 2017</p>	Yes
<p>4 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)</p>	<p>Adopted in accordance with section 130 of the Act Date of adoption: 15 August 2017</p>	Yes
<p>5 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)</p>	<p>Current plans in operation Date of operation of current plans: Roads – 6 August 2012 Drainage – Draft Buildings and structures - Draft</p>	Yes
<p>6 Rating strategy (strategy setting out the rating structure of Council to levy rates and charges)</p>	<p>Current strategy in operation Date of operation of current strategy: 15 August 2017</p>	Yes

Governance, management and other information

Governance and management checklist

Governance and management items	Assessment	
<p>7 Risk policy (policy outlining Council's commitment and approach to minimising the risks to Council's operations)</p>	<p>Current policy in operation</p> <p>Date of operation of current policy: 7 February 2017</p>	Yes
<p>8 Fraud policy (policy outlining Council's commitment and approach to minimising the risk of fraud)</p>	<p>Current policy in operation</p> <p>Date of operation of current policy: 4 April 2017</p>	Yes
<p>9 Municipal emergency management plan (plan under section 20 of the <i>Emergency Management Act 1986</i> for emergency prevention, response and recovery)</p>	<p>Prepared and maintained in accordance with section 20 of the <i>Emergency Management Act 1986</i></p> <p>Date of preparation: 4 August 2015</p>	Yes
<p>10 Procurement policy (policy under section 186A of the <i>Local Government Act 1989</i> outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)</p>	<p>Prepared and approved in accordance with section 186A of the <i>Local Government Act 1989</i></p> <p>Date of approval: 7 February 2017</p>	Yes
<p>11 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)</p>	<p>Current plan in operation</p> <p>Date of preparation: 1 March 2014</p>	Yes
<p>12 Disaster recovery plan (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)</p>	<p>Current plan in operation</p> <p>Date of preparation: 1 March 2014</p>	Yes
<p>13 Risk management framework (framework outlining Council's approach to managing risks to the Council's operations)</p>	<p>Current framework in operation</p> <p>Date of operation of current framework: 1 July 2016</p>	Yes

Governance, management and other information

Governance and management checklist

Governance and management items	Assessment	
<p>14 Audit Committee (advisory committee of Council under section 139 of the Act whose role is to oversee the integrity of a Council's financial reporting, processes to manage risks to the Council's operations and for compliance with applicable legal, ethical, and regulatory requirements)</p>	<p>Committee established in accordance with section 139 of the Act</p> <p>Date of establishment: 18 December 1996</p>	Yes
<p>15 Internal audit (independent accounting professionals engaged by the Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls)</p>	<p>Internal auditor engaged</p> <p>Reason why no auditor engaged: Council has completed a strategic risk assessment and subsequently engaged relevant technical experts to conduct audits of its high risk exposures. At this point in time it has not been considered necessary to engage an independent accounting professional.</p>	No
<p>16 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)</p>	<p>Current framework in operation</p> <p>Date of operation of current framework: 7 February 2017</p>	Yes
<p>17 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)</p>	<p>Current report</p> <p>Dates of report: 2 August 2016, 4 October 2016, 6 December 2016, 7 March 2017, 2 May 2017</p>	Yes
<p>18 Financial reporting (quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)</p>	<p>Statements presented to council in accordance with section 138(1) of the Act</p> <p>Dates statement presented: 8 November 2016, 7 February 2017, 2 May 2017, 1 August 2017</p>	Yes

Governance, management and other information

Governance and management checklist

Governance and management items	Assessment	
<p>19 Risk reporting (six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies)</p>	<p>Reports prepared and presented</p> <p>Date of reports: 2 December 2016, 17 May 2017</p>	Yes
<p>20 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)</p>	<p>Reports prepared and presented</p> <p>Date of reports: 7 February 2017, 1 August 2017</p>	Yes
<p>21 Annual report (annual report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial and performance statements)</p>	<p>Considered at a meeting of council in accordance with section 134 of the Act</p> <p>Date report presented: 18 October 2016</p>	Yes
<p>22 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)</p>	<p>Reviewed in accordance with section 76C of the Act</p> <p>Date reviewed: 7 February 2017</p>	Yes
<p>23 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)</p>	<p>Reviewed in accordance with section 98(6) of the Act</p> <p>Date of review: 1 October 2013</p>	Yes
<p>24 Meeting procedures (a local law governing the conduct of meetings of council and special committees)</p>	<p>Meeting procedures local law made in accordance with section 91(1) of the Act</p> <p>Date local law made: 1 October 2013</p>	Yes

Governance, management and other information

Governance and management checklist

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



Juliana Phelps
Chief Executive Officer
Date:



Cr David Wortmann
Mayor
Date:

Governance, management and other information

Statutory information

Documents available for public inspection

The opportunity to access information about Council operations is a vital part of open and accountable government. The following are prescribed documents that are available for public inspection in accordance with regulation 12 of the *Local Government (General) Regulations 2015*:

- 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
- the agendas 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
- 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
- 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
- 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;
- a register maintained under section 224(1A) of the Act of authorised officers appointed under that section
- 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

Best value

Council applies the principles of Best Value in accordance with the legislative requirements. Through its commitment to providing best value to its communities Council takes a proactive and systematic approach to keeping costs as low as possible while striving to deliver services to the standard expected by the community.

Council has been recognised as a leader in procurement and process efficiency in the local government sector. Council is also recognised for its innovative shared services arrangements which has resulted in improved service delivery and reduced costs through collaboration with neighbouring councils. Shared services have been established for the following services:

- Building control
- Environmental health
- Rates and property
- Information technology support
- Immunisations

In addition, Council has partnered with Alpine Shire Council to establish MomentumOne Shared Services Pty Ltd as a platform for other innovative shared services initiatives. MomentumOne currently provides cost-effective talent and technology solutions to its founding partners as well as other Victorian councils.

Governance, management and other information

Statutory information

Carers recognition

In accordance with the *Carers Recognition Act 2012* Council is required to report annually on its care management obligations under Section 11 of that Act. Council has taken all practicable measures to comply with its responsibilities outlined in the Carers Recognition Act 2012. Council has promoted the principles of the Act to people in care relationships who receive council services, to people in care relationships, and to the wider community by:

- distributing printed material through relevant council services
- providing information to organisations represented in Council/community networks

Council has taken all practicable measures to ensure staff, council agents and volunteers working for Council are informed about the principles and obligations of the Act.

Council has taken all practicable measures to review and modify policies, procedures and supports to include recognition of the carer relationship.

Contracts

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

Disability action plan

In accordance with Section 38 of the *Disability Act 2006*, Council has prepared a Disability Action Plan (known as the Towong Shire Access and Inclusion Plan) and implemented the following actions:

- promoted events such as Carers Week, the International Day of People with a Disability
- conducted the Speak Out Loud event to promote access to the services available to all in the community
- developed a Shire-wide disability profile

Domestic animal management plan

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

Council adopted its Domestic Animal Management Plan 2013-2017 in September 2014.

The development of Council's Domestic Animal Management Plan was guided by the following principles:

- The belief that pets contribute to quality of life
- A requirement to balance the needs of those who own pets and those who do not
- Valuing responsible pet ownership
- Proactive animal management and education within the community
- Protection of the environment from any negative impacts of dogs and cats
- Working in partnership with others to achieve positive outcomes for the community
- Local Government plays a leadership role in animal management

Council's Domestic Animal Management Plan includes an Action Plan to assist Council to achieve the Plan's objectives over a four year period.

Governance, management and other information

Statutory information

Food Act Ministerial directions

In accordance with section 7E of the *Food Act 1984*, Council is required to publish a summary of any ministerial directions received during the financial year in its Annual Report. No such ministerial directions were received by Council during the financial year.

Freedom of Information (FoI)

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.

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

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

Access charges may also apply once documents have been processed and a decision on access is made (e.g. photocopying, search and retrieval charges). Further information regarding FoI can be found at www.foi.vic.gov.au or on Council's website.

Protected Disclosure Procedures

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

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

During the 2016/17 year no disclosures were notified to Council officers appointed to receive disclosures or to the Independent Broad-based Anti-corruption Commission (IBAC).

Road Management Act Ministerial Direction

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

Performance statement

Sustainable capacity indicators

<i>Indicator/measure</i>	Results 2015	Results 2016	Results 2017	Material Variations
Population				
<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$2,247.46	\$2,241.41	\$2,222.74	There were no material variations in this indicator's result compared to the prior years.
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$29,344.81	\$30,647.34	\$31,147.98	Towong Shire has a small population base compared to its large infrastructure network. The roads and bridges network accounts for approximately \$147 million or 80% of the dollar value of Council's total property and infrastructure assets.
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	4.98	4.97	4.91	There were no material variations in this indicator's result compared to the prior year.
Own-source revenue				
<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,497.12	\$1,569.42	\$1,633.59	There were no material variations in this indicator's result compared to the prior year.

Performance statement

Sustainable capacity indicators (continued)

<i>Indicator/measure</i>	Results 2015	Results 2016	Results 2017	Material Variations
Recurrent grants				
<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$1,406.04	\$751.48	\$1,457.54	<p>The high 2017 result was due to receiving \$1.9 million of the 2017/18 Federal Financial Assistance Grants allocation in advance in June 2017. This resulted in the recurrent grants revenue being \$1.9 million higher than would otherwise have been. This was expected to be received in 2017/18.</p> <p>This is a comparable result to 2015 when a similar level of prepayment was received in June 2015. The result in 2016 has the opposite result to 2015 and 2017 as there are less recurrent grants received due to the advance payments paid in the prior financial year.</p>
Disadvantage				
<i>Relative Socio-Economic Disadvantage</i> [Index of Relative Socio-Economic Disadvantage by decile]	7	6	6	There were no material variations in this indicator's result compared to the prior year.

Performance statement

Service performance indicators

<i>Service/indicator/measure</i>	Results 2015	Results 2016	Results 2017	Material Variations
Aquatic Facilities				
Utilisation				
<i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	1.13	2.27	2.81	Council operates two outdoor seasonal swimming pools. An increase of 3,251 visits (to 16,322 visits) was recorded in 2017 compared to 2016. Improvements in recording usage were implemented for the 2016 season which resulted in more accurate usage data from 2016.
Animal Management				
Health and safety				
<i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	0	0	0	There were no animal prosecutions in 2017.
Food Safety				
Health and safety				
<i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	100.00%	100.00%	100.00%	From 1 July 2016, 'Critical and major non-compliance outcome notifications' will be reported by calendar year. Previously this indicator was reported by financial year. This has been implemented to better align reporting with Department of Health and Human Services reporting. This may result in some variances year on year. There were 10 critical or major non-compliance outcome notifications issued in the 2016 calendar year with 8 addressed in 2016 and 2 follow ups completed early in the 2017 calendar year.

Performance statement

Service performance indicators

<i>Service/indicator/measure</i>	Results 2015	Results 2016	Results 2017	Material Variations
Governance				
Satisfaction				
<i>Satisfaction with council decisions</i>	60	51	NA	Council decided not to participate in or conduct a Community Satisfaction survey following a 'value for money' evaluation conducted as part of the 2016/17 budget development. Council could not justify committing significant ratepayer funds to conduct a 'general' satisfaction survey.
[Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]				With a small rural population, Council receives feedback on Council's performance through a number of direct methods. Councillors and Council officers are well connected within the local communities, participate in local community organisations and are readily available to residents and ratepayers. Specific feedback enables Council to evaluate decisions and implement improvements as a direct response to feedback received.

Performance statement

Service performance indicators (continued)

<i>Service/indicator/measure</i>	Results 2015	Results 2016	Results 2017	Material Variations
Libraries				
Participation				
<i>Active library members</i> [Number of active library members / Municipal population] x100	4.36%	9.25%	13.09%	Council provided two static libraries in its main centres of Corryong and Tallangatta during 2016/17. These libraries service our small dispersed population of 5,805 (ABS Catalogue 3218.0) which is spread over 6,635 square kilometres. A new library in Tallangatta was officially opened in August 2016. Council also increased the opening hours from 15.5 to 40 hours per week. There was an increase of 227 active members (to 760 in 2017) compared to 2016. Many residents reside outside the two main centres where the static libraries are located and may access other library services in neighbouring municipalities.
Maternal and Child Health (MCH)				
Participation				
<i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	88.10%	80.24%	82.39%	There were 204 children who attended the MCH service at least once in 2017 compared to 197 in 2016 and 219 in 2015. Note: the 2015 and 2016 results have been restated due to an error in historical calculations.
Participation <i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	100.00%	0.00%	100.00%	There are two children registered with the MCH service that have been identified as having an Aboriginal or Torres Strait Islander background in 2017. There was one child registered with the MCH service that was identified as having Aboriginal or Torres Strait Islander background in 2015 and 2016 but did not attend in 2016. Note: The 2015 result has been restated due to an error in the historical calculation.

Performance statement

Service performance indicators (continued)

<i>Service/indicator/measure</i>	Results 2015	Results 2016	Results 2017	Material Variations
Roads				
Satisfaction				
<i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	59	54	NA	Council decided not to participate in or conduct a Community Satisfaction survey following a 'value for money' evaluation conducted as part of the 2016/17 budget development. Council could not justify committing significant ratepayer funds to conduct a 'general' satisfaction survey. With a small rural population, Council receives feedback on Council's performance through a number of direct methods. Councillors and Council officers are well connected within the local communities, participate in local community organisations and are readily available to residents and ratepayers. Specific feedback enables Council to evaluate decisions and implement improvements as a direct response to feedback received.
Statutory Planning				
Decision making				
<i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	33.33%	100.00%	100.00%	There was one Council planning decision referred to VCAT for 2017. This Council decision was upheld at VCAT. There were three planning decisions referred to VCAT in 2015 and one in 2016.

Performance statement

Service performance indicators (continued)

<i>Service/indicator/measure</i>	Results 2015	Results 2016	Results 2017	Material Variations
Waste Collection				
Waste diversion				
<i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	32.49%	32.32%	32.74%	There were no material variations in this indicator's result compared to the prior year.

Performance statement

Financial performance indicators

Dimension/ <i>indicator/measure</i>	Results			Forecast				Material Variations
	2015	2016	2017	2018	2019	2020	2021	
Efficiency								
Revenue level								
<i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]	\$1,258.49	\$1,326.10	\$1,360.86	\$1,418.45	\$1,481.44	\$1,549.43	\$1,620.22	<p>This indicator provides the "Average rates and charges per residential property assessment (excluding the Fire Service Property Levy)". It includes General Rates, Municipal Charge, Service Rates and Service Charges.</p> <p>Council adopted a general rate and municipal charge increase of 5.70% in 2016, 3.50% in 2017 and has forecast an increase of 5.55% from 2018 to 2021.</p>
Expenditure level								
<i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$3,011.59	\$2,937.23	\$2,917.91	\$3,281.81	\$3,377.15	\$3,476.87	\$3,548.49	<p>Council reinstated a number of services in 2018 that were removed in prior years (2015 to 2017). The costs of these services have been included in the forecast years 2018 to 2021.</p>

Performance statement

Financial performance indicators (continued)

Dimension/ <i>indicator</i> /measure	Results			Forecast				Material Variations
	2015	2016	2017	2018	2019	2020	2021	
Workforce turnover <i>Resignations and terminations compared to average staff</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	7.04%	9.93%	13.53%	10.14%	9.46%	9.46%	9.46%	Council has a small workforce of 70.1 full time equivalents (FTE) in the 2016/17 budget. Of these 60.3 FTE are ongoing positions. During 2017 nine staff (8.2 FTE) left Council's employment compared to seven in 2016 and four in 2015. Council has forecast from 2018 to 2021 for 7 staff leaving Council's employment each year based on the historical average.
Unrestricted cash <i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	281.66%	287.21%	112.72%	425.01%	384.01%	417.79%	384.17%	Unrestricted cash does not include funds held in term deposits. In 2017 there was an increase in the funds in term deposits which resulted in a lower level of cash for this measure compared to results in 2016 and 2015. Council forecasts 100% capital program completion and that all grants received will be expended at 30 June each year in its Strategic Resource Plan (SRP). This means that all funds are deemed to be unrestricted at year end resulting in higher results for the forecast.

Performance statement

Financial performance indicators (continued)

Dimension/ <i>indicator/measure</i>	Results			Forecast				Material Variations
	2015	2016	2017	2018	2019	2020	2021	
Liquidity								
Working capital								
<i>Current assets compared to current liabilities</i>								
[Current assets / Current liabilities] x100	633.48%	561.45%	694.96%	485.74%	449.32%	476.65%	441.52%	<p>The 2017 result was higher than expected due to receiving \$1.9 million of the 2017/18 Federal Financial Assistance Grants allocation in advance in June 2017. This was expected to be received in 2017/18. The result in 2015 was due to a similar prepayment being received in June 2015. The forecast reduction in this indicator from 2018 is due to Council forecasting that 100% of the capital program will be complete and that all grants received will be expended at 30 June each year in its Strategic Resource Plan.</p> <p>Council has received funding for large multi-year projects which has significantly increased current cash holdings, and therefore the value of current assets until the projects are progressed and funds expended.</p>

Performance statement

Financial performance indicators (continued)

Dimension/ <i>indicator</i> /measure	Results			Forecast				Material Variations
	2015	2016	2017	2018	2019	2020	2021	
Obligations								
Asset renewal								
<i>Asset renewal compared to depreciation</i>								
[Asset renewal expense / Asset depreciation] x100	76.64%	60.92%	102.79%	137.03%	87.52%	94.46%	98.47%	<p>Council's asset renewal strategy has been to renew 100% of assets that fall below the intervention level. The intervention levels have been set based on community expectations.</p> <p>Forecasts for 2018 to 2021 are based at or around 100% asset renewal.</p> <p>The large increase in the 2017 and 2018 result compared to 2015 and 2016 is due to expending the increased funding from the Roads to Recovery program and the continued delivery of the Destination Tallangatta project and other multi-year projects.</p>

Performance statement

Financial performance indicators (continued)

Dimension/ <i>indicator/measure</i>	Results			Forecast				Material Variations
	2015	2016	2017	2018	2019	2020	2021	
Loans and borrowings								
<i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	0.46%	0.46%	0.15%	0.42%	0.40%	21.79%	22.86%	Council had \$13,000 of borrowings at 30 June 2017. This was paid down from \$34,000 in June 2017. The forecast for 2018 and 2019 is derived from the Strategic Resource Plan which was based on this higher loan balance. The increase in 2020 is due to Council's intention to take out borrowings to complete some significant infrastructure projects.
<i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	4.64%	0.11%	0.37%	0.10%	0.07%	3.19%	3.60%	There were two finance leases paid out in 2015 for plant items. The amount paid out was \$308,000. In 2017 Council paid down its only current loan facility reducing it from \$34,000 to \$13,000. The increase from 2020 is due to Council's intention to take out borrowings to complete some significant infrastructure projects.

Performance statement

Financial performance indicators (continued)

Dimension/ <i>indicator</i> /measure	Results			Forecast				Material Variations
	2015	2016	2017	2018	2019	2020	2021	
Indebtedness								
<i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x100	5.97%	7.44%	6.74%	10.57%	12.32%	28.37%	30.53%	<p>This measure increases in forecast years with the landfill rehabilitation provision expected to increase as new landfill cells are created every second year.</p> <p>The provision for the current cell was created in 2015 with a slight increase in the provision in 2016. Some preliminary rehabilitation was carried out in 2017, resulting in the indicator reducing marginally in 2017.</p>

Performance statement

Financial performance indicators (continued)

Dimension/ <i>indicator</i> /measure	Results			Forecast				Material Variations
	2015	2016	2017	2018	2019	2020	2021	
Operating position								
Adjusted underlying result								
<i>Adjusted underlying surplus (or deficit)</i>	26.57%	8.64%	29.87%	(8.81%)	4.20%	(0.18%)	0.80%	<p>The high 2017 result was due to receiving \$1.9 million of the 2017/18 Federal Financial Assistance Grants allocation in advance in June 2017. This resulted in the adjusted underlying revenue and adjusted underlying result being \$1.9 million higher than would otherwise have been.</p> <p>This is a comparable result to 2015 when a similar level of prepayment was received in June 2015. The result in 2016 has the opposite result to 2015 and 2017 due to the advance payments paid in the prior financial year.</p> <p>Note: The forecast figures in 2018 and 2019 do not match the 2017/18 Budget due to incorrectly including recurrent grants in the calculation for this indicator in the budget document.</p>
[Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100								

Performance statement

Financial performance indicators (continued)

Dimension/ <i>indicator/measure</i>	Results			Forecast				Material Variations
	2015	2016	2017	2018	2019	2020	2021	
Stability								
Rates concentration								
<i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100	38.78%	52.59%	42.14%	61.09%	54.88%	58.54%	59.62%	The low 2017 result was due to receiving \$1.9 million of the 2017/18 Federal Financial Assistance Grants allocation in advance in June 2017. This resulted in the adjusted underlying revenue being \$1.9 million higher than would otherwise have been. This was expected to be received in 2017/18. This is a comparable result to 2015 when a similar level of prepayment was received in June 2015. The result in 2016 has the opposite result to 2015 and 2017 as there were less recurrent grants received. Note: The forecast figures in 2018 and 2019 do not match the 2017/18 Budget due to incorrectly including recurrent grants in the calculation for this indicator in the budget document.
Rates effort								
<i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.53%	0.56%	0.56%	0.59%	0.62%	0.65%	0.69%	There were no material variations in this indicator's result compared to the prior year.

Performance statement

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 forecast by Council's Strategic Resource Plan for the prescribed financial performance indicators and measures. 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 August 2017 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 visiting Council's website www.towong.vic.gov.au or is available for viewing at the Tallangatta or Corryong offices.

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.



Mr Blair Phillips, Certified Practising Accountant

Principal Accounting Officer

Tuesday 26 September 2017

In our opinion, the accompanying Performance Statement of Towong Shire Council for the year ended 30 June 2017 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 David Wortmann

Mayor

Tuesday 26 September 2017



Cr Peter Tolsher

Councillor

Tuesday 26 September 2017



Ms Juliana Phelps, Chartered Accountant

Chief Executive Officer

Tuesday 26 September 2017

Performance statement

Auditor-General's report



Independent Auditor's Report

To the Councillors of Towong Shire Council

Qualified opinion	<p>I have audited the accompanying performance statement of Towong Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • description of municipality for the year ended 30 June 2017 • sustainable capacity indicators for the year ended 30 June 2017 • service performance indicators for the year ended 30 June 2017 • financial performance indicators for the year ended 30 June 2017 • other information and • the certification of the performance statement. <p>In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section, the performance statement of Towong Shire Council for the year ended 30 June 2017 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>
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Performance statement

Auditor-General's report (continued)

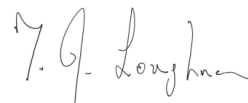
Basis for Qualified Opinion	<p>The council has not conducted, or participated in, the required community satisfaction survey for the 2016-17 financial year to allow council to obtain information from the community on the following service related performance measures:</p> <ul style="list-style-type: none"> - satisfaction with council decisions (refer to page 6); and - satisfaction with sealed local roads within the municipality (refer to page 9). <p>Accordingly, the council is unable to report results for these indicators in their 2016-17 financial year performance statement. This inability to report these indicators constitutes a departure from the performance statement requirements in accordance with Part 6 of the <i>Local Government Act 1989</i>.</p> <p>I have conducted my audit in accordance with the <i>Audit Act 1994</i>, which incorporates the Australian Standards on Assurance Engagements. My responsibilities under the Act are further described 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 Australia 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>
Councillors' responsibilities for the performance statement	<p>The Councillors are 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 determine are 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>

Performance statement

Auditor-General's report (continued)

<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. 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.</p> <p>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:</p> <ul style="list-style-type: none"> • 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 our 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 statement of performance, including the disclosures, and whether the statement of performance represents the underlying events and results in a manner that achieves fair presentation. <p>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.</p>
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MELBOURNE
28 September 2017



Tim Loughnan
as delegate for the Auditor-General of Victoria

Financial statements

Comprehensive income statement for the year ending 30 June 2017

	Note	2017 \$'000	2016 \$'000
Income			
Rates and charges	3	7,771	7,481
Statutory fees and fines	4	187	172
User fees	5	417	463
Grants – operating	6	6,853	3,166
Grants – capital	6	3,563	2,244
Net gain/ (loss) on disposal of property, infrastructure, plant and equipment	7	(107)	35
Share of net profit/(loss) of joint arrangements	14	14	(14)
Other income	8	1,094	906
Total income		19,792	14,453
Expenses			
Employee costs and benefits	9	4,964	4,922
Materials and services	10	4,135	4,116
Depreciation and amortisation	11	3,569	3,536
Borrowing costs	12	6	10
Other expenses	13	229	331
Total expenses		12,903	12,915
Surplus/(Deficit)		6,889	1,538
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment	27	4,051	1,340
Comprehensive result		10,940	2,878

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

Financial statements

Balance sheet as at 30 June 2017

	Note	2017 \$'000	2016 \$'000
Assets			
Current assets			
Cash and cash equivalents	15	4,531	2,076
Other financial assets	16	11,485	9,004
Trade and other receivables	17	1,370	1,085
Inventories	18	479	301
Other assets	19	52	42
Total current assets		17,917	12,508
Non-current assets			
Trade and other receivables	17	125	153
Investments in joint arrangements	14	35	21
Property, infrastructure, plant and equipment	20	187,270	181,895
Investment property	21	421	-
Intangible assets	22	58	-
Total non-current assets		187,909	182,069
Total assets		205,826	194,577
Liabilities			
Current liabilities			
Trade and other payables	23	1,103	818
Trust funds and deposits	24	324	297
Provisions	25	1,151	1,113
Interest bearing loans and borrowings	26	-	-
Total current liabilities		2,578	2,228
Non-current liabilities			
Provisions	25	620	639
Interest-bearing loans and borrowings	26	12	34
Total non-current liabilities		632	673
Total liabilities		3,210	2,901
Net Assets		202,616	191,676
Equity			
Accumulated surplus		86,806	79,917
Reserves	27	115,810	111,759
Total Equity		202,616	191,676

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

Financial statements

Statement of changes in equity for the year ending 30 June 2017

	Note	2017 \$'000	2016 \$'000
Accumulated Surplus			
Balance at beginning of the financial year		79,917	78,379
Surplus		6,889	1,538
Balance at end of the financial year		86,806	79,917
Asset Revaluation Reserve			
Balance at beginning of the financial year		111,759	110,419
Net asset revaluation increment	27	4,051	1,340
Balance at end of the financial year		115,810	111,759
Total			
Balance at beginning of the financial year		191,676	188,798
Surplus		6,889	1,538
Net asset revaluation increment	27	4,051	1,340
Balance at end of the financial year		202,616	191,676

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Financial statements

Statement of cash flows for the year ending 30 June 2017

	Note	2017 \$'000	2016 \$'000
Cash flows from operating activities			
Rates and charges		7,766	7,399
Statutory fees and fines		187	172
User fees		417	463
Grants – operating		6,853	3,166
Grants – capital		3,563	2,244
Interest		362	334
Other receipts		583	567
Trust funds and deposits		27	21
Payments to suppliers		(4,375)	(4,146)
Payments to employees		(4,930)	(4,873)
Net cash provided by (used in) operating activities	28	10,453	5,347
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	20	(5,159)	(5,774)
Proceeds from sale of property, infrastructure, plant and equipment	7	13	40
Payments for investments (in joint arrangements)	14	-	(35)
Payments for investment properties	21	(342)	-
(Increase)/ decrease in investments		(2,481)	(6,169)
Net cash provided by (used in) investing activities		(7,969)	(11,938)
Cash flows from financing activities			
Finance costs		(6)	(10)
Repayment of interest bearing loans and borrowings		(23)	2
Net cash provided by (used in) financing activities		(29)	(8)
Net increase/ (decrease) in cash and cash equivalents		2,455	(6,599)
Cash and cash equivalents at the beginning of the financial year		2,076	8,675
Cash and cash equivalents at the end of the financial year	15	4,531	2,076
Financing arrangements	29		
Restrictions on cash assets	15		

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

Financial statements

Statement of capital works for the year ending 30 June 2017

	Note	2017 \$'000	2016 \$'000
Property			
Buildings		746	3,944
Total Buildings		746	3,944
Total Property		746	3,944
Plant and equipment			
Plant, machinery and equipment		278	109
Computer equipment		35	39
Library books		26	40
Total plant and equipment		339	188
Infrastructure			
Roads		2,132	1,760
Bridges		25	114
Footpaths and cycleways		118	14
Kerb and channel		216	84
Drainage		62	91
Parks, open space and streetscapes		414	39
Landfill		-	116
Other infrastructure		1,107	220
Total infrastructure		4,074	2,438
Total capital works expenditure		5,159	6,570
Represented by:			
New asset expenditure		944	2,918
Asset renewal expenditure		3,678	2,154
Asset upgrade expenditure		537	1,378
Asset expansion expenditure		-	120
Total capital works expenditure		5,159	6,570

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

Notes to the financial statements

Introduction

Towong Shire Council was established by an Order of the Governor in Council on 18 November 1994 and is a body corporate.

The Council's main office is located at 32 Towong Street, Tallangatta, Victoria.

Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and Notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the Local Government Act 1989 and the Local Government (Planning and Reporting) Regulations 2014.

Note 1. 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 that have significant effects on the financial statements and estimates relate to the:

- recognition and measurement of property, plant and equipment, infrastructure and other assets (refer to Note 1 (l));
- determination of depreciation and amortisation of property, plant and equipment, infrastructure and other assets (refer to Note 1 (m));
- the determination of employee costs and benefits (refer to Note 1 (s)); and
- the determination of landfill rehabilitation provision (refer to Note 1 (t)).

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

b) Change in accounting policies

There have been no changes in accounting policies from the previous period.

Notes to the financial statements

c) Principles of consolidation

Subsidiaries are all entities over which Council has control. Council controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Council. They are deconsolidated from the date that control ceases.

Council had no controlled entities for this reporting period.

d) 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.

e) Accounting for investments in joint arrangements

Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement.

(i) Joint ventures

Interests in joint ventures are accounted for using the equity method. Under this method, the interests are initially recognised in the balance sheet at cost and adjusted thereafter to recognise Council's share of the post-acquisition profits or losses and movements in other comprehensive income in profit or loss and other comprehensive income respectively.

MomentumOne Shared Services Pty Ltd was established on 29 October 2015 as a joint venture between Alpine Shire Council and Towong Shire Council with each Council holding a 50% share in the company and will also have a 50% share of the post-acquisition profits or losses. Also refer to Note 14.

f) Revenue recognition

Income is recognised when the Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Council and the amount of the contribution can be measured reliably.

Rates and Charges

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.

Statutory fees and fines

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

User fees

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

Notes to the financial statements

Grants

Grant income is recognised as revenue when Council obtains control of the contribution. This is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured and they are valued at their fair value at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 6. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

Contributions

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

Sale of property, infrastructure, plant and equipment

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

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.

A provision for doubtful debts is recognised when collection in full is no longer probable.

g) Fair value measurement

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:

Notes to the financial statements

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.

h) Cash and cash equivalents

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.

i) Trade and other receivables

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

j) Other financial assets

Other financial assets are valued at fair value, being market value, at balance date. Term deposits are measured at amortised cost. Other financial assets include term deposits with an original maturity of greater than three months. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

k) Inventories

Inventories held for distribution are measured at cost adjusted when applicable for any loss of service potential. Inventories are measured at the lower of cost and net realisable value.

l) Recognition and measurement of property, plant and equipment, infrastructure and other assets

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 amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

Notes to the financial statements

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

In accordance with Council's policy, the threshold limits detailed in Note 1 (m) have been applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

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 20 - Property, infrastructure, plant and equipment.

In addition, Council undertakes a formal revaluation of land, buildings and infrastructure assets within a 5 year cycle. The valuation is performed by experienced council officers or independent experts.

Where 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.

Land under roads

Council recognises land under roads it controls at fair value.

m) Depreciation and amortisation of property, plant and equipment, infrastructure and other assets

Property, plant and equipment, infrastructure and other assets having limited useful lives are systematically depreciated over their useful lives to 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.

Notes to the financial statements

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.

Major depreciation periods used are listed below and are consistent with the prior year unless otherwise stated:

	2017	2016
Buildings		
buildings	50 years	50 years
Plant and Equipment		
vehicles	5 years	5 years
trucks (less than 3.5 t)	12 years	12 years
trucks (greater than 3.5 t)	15 years	15 years
front end loaders, backhoes and tractors	9 years	9 years
graders and dozers	10 years	10 years
rollers	15 years	15 years
mowers	5 years	5 years
trailers (less than 4.5 t)	10 years	10 years
trailers (greater than 4.5 t)	15 years	15 years
other plant	10 years	10 years
minor tools	3 years	3 years
Machinery		
office furniture and telecommunications	3 years	3 years
Infrastructure		
Roads		
sealed pavements	70 years	70 years
unsealed pavements	30 years	30 years
footpaths	68 years	68 years
kerb and channel	90 years	90 years
guardrail	40 years	40 years
Bridges		
bridges	119 years	119 years
added features	80 years	80 years
Drainage		
underground drainage	120 years	120 years

Notes to the financial statements

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

Threshold limit	2017 \$'000	2016 \$'000
Land	Nil	Nil
Buildings	5	5
Plant and equipment	1	1
Infrastructure	10	10

n) 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.

o) Investment property

Investment property is held to generate long-term rental yields. Investment property is measured initially at cost, including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefit in excess of the originally assessed performance of the asset will flow to the Council. Subsequent to initial recognition at cost, investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the comprehensive income statement in the period that they arise. Rental income from the leasing of investment properties is recognised in the comprehensive income statement on a straight line basis over the lease term.

p) Impairment of assets

At each reporting date, Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's 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.

q) Trust funds and deposits

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 (refer to Note 24).

r) Borrowings

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 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.

Notes to the financial statements

Any difference between the initial recognised amount and the redemption value is recognised in the net result over the period of the borrowing using the effective interest method.

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

Borrowing costs

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. 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, except where specific borrowings are obtained for the purpose of specific asset acquisition.

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

s) Employee costs and benefits

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 flexi time 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 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

Classification of employee costs

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.

Notes to the financial statements

t) Landfill rehabilitation provision

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

Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

u) Leases

Operating Leases

Lease payments for operating leases are required by AASB 117 Leases to be recognised on a straight line basis, rather than expensed in the years in which they are incurred.

v) 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 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.

w) Contingent assets and contingent liabilities and commitments

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 exclusive of the GST payable.

x) Pending accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2017 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

Revenue from contracts with customers (AASB 15) (applies 2018/19)

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

Notes to the financial statements

Leases (AASB 16) (applies 2019/20)

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

y) Rounding

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

Note 2. Budget comparison

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 \$100,000 or 10% 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. Positive variances are favourable to Council's financial position whilst negative variances are unfavourable to Council's financial position.

The budget figures detailed below are those adopted by Council on 2 August 2016. 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.

a) Income and expenditure

	Actual 2017 \$'000	Budget 2017 \$'000	Variance		Ref
			\$'000	%	
Income					
Rates and charges	7,771	7,718	53	1%	
Statutory fees and fines	187	182	5	3%	
User fees	417	952	(535)	(56%)	1
Grants – operating (recurrent)	6,247	4,275	1,972	46%	2
Grants – operating (non-recurrent)	606	195	411	211%	3
Grants – capital (recurrent)	2,214	2,214	-	0%	
Grants – capital (non-recurrent)	1,349	948	401	42%	4
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	(107)	-	(107)	-	5
Share of net profits/(loss) of joint arrangement	14	-	14	-	6
Other income	1,094	490	604	123%	7
Total income	19,792	16,974	2,818	17%	
Expenses					
Employee costs and benefits	4,964	5,966	1,002	17%	8
Materials and services	4,135	3,587	(548)	(15%)	9
Depreciation and amortisation	3,569	3,537	(32)	(1%)	
Borrowing costs	6	93	87	94%	10
Other expenses	229	819	590	72%	11
Total expenses	12,903	14,002	1,099	8%	
Surplus/ (deficit) for the year	6,889	2,972	3,917	132%	

Explanation of material variations

Ref	Item	Explanation
1	User fees	Council budgeted for a full year of operation of its childcare facility in Tallangatta. The centre did not become operational until January 2017. Council budgeted \$485,000 in childcare fees and received \$67,000. Council budgeted \$70,000 of income from the State Revenue Office (SRO) relating to their contribution to the total cost of the Shire revaluation. Historically Council engaged the valuer to undertake the general revaluation and on charged 50% of the cost to the SRO. With Council electing to appoint the Valuer-General Victoria (VGV) as the valuation authority, the VGC now engages the valuer and on charges 50% of the fee to Council.
2	Grants operating (recurrent)	Council received \$1,906,000 of Financial Assistance Grants in advance from the Victorian Grants Commission. This amount equates to approximately half of the 2017/18 grant allocation.
3	Grants operating (non-recurrent)	Council received a number of non-recurrent operating grants that were unbudgeted. These included: <ul style="list-style-type: none"> - \$90,000 for the Eskdale netball court upgrade - \$58,000 for Neighbourhood House projects in Tallangatta - \$56,000 for the 'Bushies Hit for Six' cricket nets upgrade at Rowen Park - \$44,500 for the final instalment for the completion of the Wyeboo Multi Purpose Facility - \$42,000 was received under the Finance and Accounting Support Team (FAST) program for support in implementing a business case for improvements to the rates and property system - \$31,000 for Occasional childcare
4	Grants – capital (non-recurrent)	Council received a number of non-recurrent capital grants that were unbudgeted. These included: <ul style="list-style-type: none"> - \$175,000 for the Tallangatta boat ramp upgrade under the Boating Safety and Facilities program - \$135,000 for the 'Improving Connections' Hanson Street, Corryong project - \$100,000 for the final instalment of the Tallangatta Integrated Community Centre
5	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	Loss on sales of property, infrastructure, plant and equipment is not budgeted as it is usually uncertain which assets may be disposed of at the time of preparing the budget.

Ref	Item	Explanation
6	Share of net profits/(loss) of joint arrangement	Share of net profits/ (loss) of joint arrangement was not budgeted in 2016/17 as the budget for the associate was not available at the time of preparing Council's budget.
7	Other income	Council received other income that was unbudgeted. This included: <ul style="list-style-type: none"> - \$160,000 of interest income was received above budgeted levels. The budget had anticipated much lower levels of cash holdings from grants. - \$148,000 in income to offset the expenses for providing the secretariat service for Rural Councils Victoria - \$139,000 for North East Water's contribution to the Destination Tallangatta project
8	Employee costs and benefits	There were significant savings in employee costs and benefits primarily due to the Tallangatta childcare service not becoming operational until January as well as a number of positions remaining vacant for longer than anticipated. Some of these vacancies were filled using contractors which fall under the Materials and services expense category.
9	Materials and services	Council had a number of expenses that were not budgeted in 2016/17. These included: <ul style="list-style-type: none"> - \$406,000 for works to repair infrastructure due to flood damage. It is anticipated that this will be reimbursed by the State Government through the Natural Disaster Financial Assistance (NDFA) program once all works are complete. - \$148,000 for the Corryong Tennis Court upgrade - \$147,000 in expenses incurred in providing the secretariat service for Rural Councils Victoria (RCV). This expense is directly offset by revenue received from RCV to provide the service. - \$95,000 for the maternal and child health enhancement program (My Family First). Grant funding was received to offset these expenses. <p>Council had a number of expense savings in 2016/17. These included:</p> <ul style="list-style-type: none"> - \$125,000 in other costs of operating the childcare facility (including learning materials, nappies, cleaning etc) - \$85,000 in relation to the operational costs of the bushfire camera network.
10	Borrowing cost	There was an \$88,000 saving in relation to interest expenses on budgeted borrowings. No borrowings were accessed in 2016/17.
11	Other expenses	Council's contribution of \$500,000 for the Upper Murray Events Centre will be incurred later than anticipated. This expense budget will be carried forward into 2017/18.

Notes to the financial statements

b) Capital works

	Actual	Budget	Variance		Ref
	2017 \$'000	2017 \$'000	\$'000	%	
Property					
Buildings	746	1,663	917	55%	1
Total buildings	746	1,663	917	55%	
Total property	746	1,663	917	55%	
Plant and equipment					
Plant, machinery and equipment	278	1,169	891	76%	2
Fixtures, fittings and furniture	-	2	2	100%	
Library books	26	20	(6)	(30%)	3
Computers and telecommunications	35	66	31	47%	4
Total plant and equipment	339	1,257	918	73%	
Infrastructure					
Roads	2,132	2,987	855	29%	5
Bridges	25	20	(5)	(25%)	6
Footpaths and cycleways	118	320	202	63%	7
Kerb and channel	216	841	625	74%	8
Drainage	62	130	68	52%	9
Parks, open space and streetscapes	414	426	12	3%	
Landfill	-	200	200	100%	10
Aerodrome	-	692	692	100%	11
Other infrastructure	1,107	1,252	145	12%	12
Total infrastructure	4,074	6,868	2,794	41%	
Total capital works expenditure	5,159	9,788	4,629	47%	
Represented by:					
New asset expenditure	944	1,171	227	19%	
Asset renewal expenditure	3,678	6,733	3,055	45%	
Asset upgrade expenditure	537	1,884	1,347	71%	
Asset expansion expenditure	-	-	-	-	
Total capital works expenditure	5,159	9,788	4,629	47%	

Notes to the financial statements

Explanation of material variations

Ref	Item	Explanation
1	Buildings	Buildings and building improvements works that will be carried forward into 2017/18 include the Tallangatta Holiday Park (\$733,000) and Towong Street shopfronts (\$150,000). The works at 10 Banool Road (\$360,000) are classified under the investment property note (Note 21) but were budgeted in capital works.
2	Plant, machinery and equipment	The garbage truck purchase (\$390,000), wireless infrastructure project (\$300,000) and finance system upgrade (\$200,000) will be carried forward into 2017/18.
3	Library books	Additional library books were purchased due to receiving additional funding through the Premiers Reading Challenge program.
4	Computers and telecommunications	The disaster recovery system (\$30,000) has not yet been purchased and will be carried forward into 2017/18.
5	Roads	Works on Towong Street (\$860,000) that are part of the Destination Tallangatta project will be carried forward into 2017/18.
6	Bridges	Additional bridge works were required.
7	Footpaths and cycleways	Works on Towong Street (\$300,000) that are part of the Destination Tallangatta project will be carried forward into 2017/18.
8	Kerb and channel	Works on the Walwa streetscape (\$195,000) will be carried forward into 2017/18.
9	Drainage	Drainage works on Wise Street Bethanga and Towong Street Tallangatta will be carried forward into 2017/18.
10	Landfill	The new landfill cell at the Corryong Landfill (\$200,000) will be constructed in 2017/18.
11	Aerodrome	Works on the Corryong airport have been classified under the Buildings category within the Property classification. Half of the works for Corryong Airport upgrade totalling \$230,000 will be carried forward into 2017/18.
12	Other infrastructure	The Upper Murray 2030 project (\$150,000) will be carried forward into 2017/18.

Notes to the financial statements

Note 3. 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 value of the land and capital improvements on the land.

The valuation base used to calculate general rates for 2016/17 was \$1,378 million (2015/16 \$1,331 million). The 2016/17 rate in the CIV dollar was 0.3805 cents to 1.5221 cents (2015/16, 0.3777 cents to 1.5109 cents).

	2017 \$'000	2016 \$'000
Residential general rates	1,205	1,165
Business general rates	154	142
Rural Residential general rates	894	857
Rural general rates	3,195	3,056
Undeveloped residential general rates	88	87
Municipal charge	1,020	987
Kerbside collection charge	781	754
Waste facilities management charge	386	386
Revenue in lieu of rates	48	47
Total rates and charges	7,771	7,481

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2016, and the valuation will be first applied in the rating year commencing 1 July 2016.

Note 4. Statutory fees and fines

	2017 \$'000	2016 \$'000
Land information certificates	6	6
Health registration fees	26	28
Permits	101	104
Town planning fees	54	34
Total statutory fees and fines	187	172

Notes to the financial statements

Note 5. User fees

	2017 \$'000	2016 \$'000
Children's program fees	94	37
External private works	11	16
Refuse disposal fees	174	177
Saleyard dues	20	23
Septic tank fees	8	5
Swimming pool fees	42	41
Valuation fees/supplementary charges	2	1
Other fees and charges	66	163
Total user fees	417	463

Note 6. Grants

	2017 \$'000	2016 \$'000
Summary of grants		
Commonwealth funded grants	8,335	3,638
State funded grants	2,072	1,763
Other grants	9	9
Total	10,416	5,410
Operating Grants		
<i>Recurrent - Commonwealth Government</i>		
Financial Assistance Grants – General Purpose	3,454	1,065
Financial Assistance Grants – Local Roads	2,134	656
<i>Recurrent - State Government</i>		
Family and children	480	449
Community	110	132
Emergency services	60	92
School crossing supervisors	9	9
Total recurrent operating grants	6,247	2,403
<i>Non-recurrent – State Government</i>		
Community	132	134
Family and children	92	173
Infrastructure	227	363
Environment	59	30
Corporate	42	-
Economic development	54	63
Total non-recurrent operating grants	606	763
Total operating grants	6,853	3,166

Notes to the financial statements

	2017 \$'000	2016 \$'000
Capital Grants		
<i>Recurrent – Commonwealth Government</i>		
Roads to Recovery	2,214	1,917
<i>Recurrent – State Government</i>		
Local Government Infrastructure Program	-	10
Total recurrent capital grants	2,214	1,927
<i>Non-recurrent – Commonwealth Government</i>		
Infrastructure - National Stronger Regions	532	-
<i>Non-recurrent – State Government</i>		
Infrastructure (buildings)	100	-
Family and children	12	-
Other infrastructure	705	317
Total non-recurrent capital grants	1,349	317
Total capital grants	3,563	2,244
Total Grants	10,416	5,410

	2017 \$'000	2016 \$'000
Unspent grants received on condition that they be spent in a specific manner		
Balance at start of year	1,844	2,014
Received during the financial year and remained unspent at balance date	823	1,490
Received in prior years and spent during the financial year	(1,366)	(1,660)
Balance at year end	1,301	1,844

Note 7. Net gain/(loss) on disposal of property, infrastructure, plant and equipment

	2017 \$'000	2016 \$'000
Proceeds of sale	13	40
Written down value of assets disposed	(120)	(5)
Total net gain/ (loss) on disposal of property, infrastructure, plant and equipment	(107)	35

Notes to the financial statements

Note 8. Other income

	2017 \$'000	2016 \$'000
Interest	315	293
Interest on rates	43	38
Community contributions	162	160
Other rent	69	46
Shared service	112	109
Secretariat fees	148	-
Other	245	260
Total other income	1,094	906

Note 9. Employee costs

a) Employee costs and benefits

	2017 \$'000	2016 \$'000
Wages and salaries	4,029	3,950
WorkCover	75	73
Annual leave and long service leave	438	474
Superannuation (Note 9b)	391	403
Fringe benefits tax	31	22
Total employee benefits	4,964	4,922

Notes to the financial statements

b) Superannuation

Council made contributions to the following funds:

	2017 \$'000	2016 \$'000
Defined benefit funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	52	51
	52	51
Employer contributions payable at reporting date	-	-
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	159	165
Employer contributions to other funds	180	187
	339	352
Employer contributions payable at reporting date	50	-
Total Superannuation	391	403

Refer to Note 32 for further information relating to Council's superannuation obligations.

Note 10. Materials and services

	2017 \$'000	2016 \$'000
Materials and services	2,298	2,471
Contract payments	350	318
Maintenance – buildings, towns, parks and gardens	872	841
Plant and equipment maintenance	486	322
Utilities	129	164
Total materials and services	4,135	4,116

Note 11. Depreciation and amortisation

	2017 \$'000	2016 \$'000
Property	543	510
Plant and equipment	483	571
Infrastructure	2,419	2,455
Landfill airspace amortisation	124	-
Total depreciation and amortisation	3,569	3,536

Refer to Notes 20, 21 and 22 for a more detailed breakdown of depreciation and amortisation charges.

Notes to the financial statements

Note 12. Borrowing costs

	2017 \$'000	2016 \$'000
Bank fees and overdraft charges	6	10
Interest - Finance leases	-	-
Total borrowing costs	6	10

Note 13. Other expenses

	2017 \$'000	2016 \$'000
Auditors' remuneration – Victorian Auditor General's Office (VAGO) – audit of financial statements, performance statement and grant acquittals	26	43
Councillors' allowances	153	154
Contributions	50	134
Total other expenses	229	331

Notes to the financial statements

Note 14. Investments in joint arrangements

	2017 \$'000	2016 \$'000
Investments in joint arrangements accounted for by the equity method are: - MomentumOne Shared Services Pty Ltd		
<i>A 50% interest is held in MomentumOne Shared Services Pty Ltd.</i>		
Fair value of Council's investment in MomentumOne Shared Services Pty Ltd		
Council's share of accumulated surplus/(deficit)		
Council's share of accumulated surplus(deficit) at start of year:		
Reported surplus(deficit) for year	14	(14)
Transfers (to) from reserves	-	-
Distributions for the year	-	-
Council's share of accumulated surplus(deficit) at end of year	14	(14)
Council's share of reserves		
Council's share of reserves at start of year	-	-
Transfers (to) from reserves	-	-
Council's share of reserves at end of year	-	-
Movement in carrying value of specific investment		
Carrying value of investment at start of year	21	-
Investment in associate (start up capital)	-	35
Share of surplus(deficit) for year	14	(14)
Share of asset revaluation	-	-
Distributions received	-	-
Carrying value of investment at end of year	35	21
Council's share of expenditure commitments		
Operating commitments	-	-
Capital commitments	-	-
Council's share of expenditure commitments	-	-

Notes to the financial statements

Note 15. Cash and cash equivalents

	2017 \$'000	2016 \$'000
Cash and cash equivalents		
Cash on hand	1	1
Cash at bank	392	88
Money market call account	3,138	1,987
Term deposits (original maturity less than 3 months)	1,000	-
Total cash and cash equivalents	4,531	2,076
Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:		
- Unexpended grant funding (Note 6)	1,301	1,844
- Trust funds and deposits (Note 24)	324	297
Restricted Funds	1,625	2,141
Total unrestricted cash and cash equivalents	2,906	(65)
Intended allocations		
Although not externally restricted the following amount has been allocated for specific future purposes by Council:		
- Cash held to fund carried forward capital works	3,762	2,838
- Cash held to fund future defined benefits call	300	-
	4,062	2,838

Refer also to Note 16 for details of other financial assets held by Council.

Note 16. Other financial assets

	2017 \$'000	2016 \$'000
Term deposits (original maturity greater than 3 months)	11,485	9,004
Total other financial assets	11,485	9,004

Notes to the financial statements

Note 17. Trade and other receivables

	2017 \$'000	2016 \$'000
Current		
Rates debtors	627	624
Walwa Waste Water Supply Scheme debtors	32	16
Eskdale Water Supply Scheme debtors	5	10
Fire Services Property Levy debtors	78	76
Sundry debtors	345	175
Accrued income	65	69
Net GST receivable	218	115
Total current trade and other receivables	1,370	1,085
Non-current		
Walwa Waste Water Supply Scheme debtors	118	144
Eskdale Water Supply Scheme debtors	7	9
Total non-current trade and other receivables	125	153
Total trade and other receivables	1,495	1,238

a) Ageing of sundry debtors

At balance date sundry debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of Council's trade receivables (excluding statutory receivables) was:

	2017 \$'000	2016 \$'000
Current (not yet due)	293	68
Past due by up to 30 days	33	17
Past due between 31 and 180 days	9	50
Past due between 181 and 365 days	1	10
Past due by more than 1 year	9	30
Total sundry debtors	345	175

Note 18. Inventories

	2017 \$'000	2016 \$'000
Inventories held for internal use	479	301
Total inventories	479	301

Notes to the financial statements

Note 19. Other assets

	2017 \$'000	2016 \$'000
Current		
Prepayments	52	42
Total	52	42

Notes to the financial statements

Note 20. Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At fair value 30 June 2016 \$'000	Acquisitions \$'000	Revaluation \$'000	Depreciation \$'000	Disposal \$'000	Transfers \$'000	Reclassification \$'000	At fair value 30 June 2017 \$'000
Property	21,181	-	4,051	(543)	(91)	667	(155)	25,166
Plant and equipment	2,474	339	-	(483)	-	-	-	2,330
Infrastructure	157,669	-	-	(2,419)	-	3,158	(182)	158,226
Work in progress	571	4,820	-	-	-	(3,825)	(18)	1,548
	181,895	5,159	4,051	(3,445)	(91)	-	(355)	187,270

Summary of work in progress (WIP)

	Opening WIP \$'000	Additions \$'000	Transfers \$'000	Reclassification \$'000	Closing WIP \$'000
Property	34	746	(667)	(18)	95
Plant and equipment	-	-	-	-	-
Infrastructure	537	4,074	(3,158)	-	1,453
	571	4,820	(3,825)	(18)	1,548

Notes to the financial statements

a) Property

Property	Land - specialised \$'000	Land – non specialised \$'000	Total Land \$'000	Buildings \$'000	Total land and buildings \$'000	Work in progress (WIP) \$'000	Total property including WIP \$'000
At fair value 1 July 2016	1,545	3,760	5,305	27,737	33,042	34	33,076
Accumulated depreciation at 1 July 2016	-	-	-	(11,861)	(11,861)	-	(11,861)
Written down value at 1 July 2016	1,545	3,760	5,305	15,876	21,181	34	21,215
Movements in fair value							
Acquisition of assets at fair value	-	-	-	-	-	746	746
Revaluation increments/decrements	-	1,205	1,205	2,381	3,586	-	3,586
Fair value of assets disposed	-	-	-	(396)	(396)	-	(396)
Transfers	-	-	-	667	667	(667)	-
Reclassification	-	(54)	(54)	(293)	(347)	(18)	(365)
Total movements in fair value	-	1,151	1,151	2,359	3,510	61	3,571
Movements in accumulated depreciation							
Depreciation	-	-	-	(543)	(543)	-	(543)
Revaluation increments/ (decrements)	-	-	-	521	521	-	521
Accumulated depreciation of disposals	-	-	-	305	305	-	305
Transfers	-	-	-	-	-	-	-
Reclassification	-	-	-	192	192	-	192
Total movements in accumulated depreciation	-	-	-	475	475	-	475
At fair value 30 June 2017	1,545	4,911	6,456	30,096	36,552	95	36,647
Accumulated depreciation at 30 June 2017	-	-	-	(11,386)	(11,386)	-	(11,386)
Written down value at 30 June 2017	1,545	4,911	6,456	18,710	25,166	95	25,261

Notes to the financial statements

b) Plant and equipment

Plant and equipment	Plant, machinery and equipment	Fixtures, fittings and furniture	Computers	Library books	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2016	6,577	17	386	40	7,020
Accumulated depreciation at 1 July 2016	(4,230)	(17)	(299)	-	(4,546)
Written down value at 1 July 2016	2,347	-	87	40	2,474
Movements in fair value					
Acquisition of assets at fair value	278	-	35	26	339
Revaluation increments/decrements	-	-	-	-	-
Fair value of assets disposed	(75)	-	-	-	(75)
Transfers	-	-	-	-	-
Total movements in fair value	203	-	35	26	264
Movements in accumulated depreciation					
Depreciation	(415)	-	(62)	(6)	(483)
Revaluation increments/ (decrements)	-	-	-	-	-
Accumulated depreciation of disposals	75	-	-	-	75
Transfers	-	-	-	-	-
Total movements in accumulated depreciation	(340)	-	(62)	(6)	(408)
At fair value 30 June 2017	6,780	17	421	66	7,284
Accumulated depreciation at 30 June 2017	(4,570)	(17)	(361)	(6)	(4,954)
Written down value at 30 June 2017	2,210	-	60	60	2,330

Notes to the financial statements

c) Infrastructure

Infrastructure	Roads	Bridges	Footpaths	Drainage	Kerb and channel	Parks, open spaces and streetscapes	Landfill	Other infrastructure	Total infrastructure	Work in progress	Total infrastructure including WIP
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2016	172,405	25,634	1,521	9,136	7,650	63	865	220	217,494	537	218,031
Accumulated depreciation at 1 July 2016	(39,639)	(11,380)	(668)	(3,654)	(3,984)	(4)	(474)	(22)	(59,825)	-	(59,825)
Written down value at 1 July 2016	132,766	14,254	853	5,482	3,666	59	391	198	157,669	537	158,206
Movements in fair value											
Acquisition of assets at fair value	-	-	-	-	-	-	-	-	-	4,074	4,074
Revaluation increments/decrements	-	-	-	-	-	-	-	-	-	-	-
Fair value of assets disposed	-	-	-	-	-	-	-	-	-	-	-
Transfers	2,292	25	118	62	216	422	-	23	3,158	(3,158)	-
Reclassification	-	-	-	-	-	-	(542)	-	(542)	-	(542)
Total movements in fair value	2,292	25	118	62	216	422	(542)	23	2,616	916	3,532
Movements in accumulated depreciation											
Depreciation	(1,861)	(217)	(24)	(77)	(87)	(24)	(108)	(21)	(2,419)	-	(2,419)
Revaluation increments/ (decrements)	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation of disposals	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	360	-	360	-	360
Total movements in accumulated depreciation	(1,861)	(217)	(24)	(77)	(87)	(24)	252	(21)	(2,059)	-	(2,059)
At fair value 30 June 2017	174,697	25,659	1,639	9,198	7,866	485	323	243	220,110	1,453	221,563
Accumulated depreciation at 30 June 2017	(41,500)	(11,597)	(692)	(3,731)	(4,071)	(28)	(222)	(43)	(61,884)	-	(61,884)
Written down value at 30 June 2017	133,197	14,062	947	5,467	3,795	457	101	200	158,226	1,453	159,679

Notes to the financial statements

Valuation of land and buildings

Valuation of land and buildings were undertaken by a qualified independent valuer (Marcus Hann, 62901, of LG Valuation Services Pty Ltd, ABN 77 095 763 625) as at 30 June 2017. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the Comprehensive Income Statement.

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

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

Details of Council's land and buildings and information about the fair value hierarchy as at 30 June 2017 are as follows:

	Level 1	Level 2	Level 3
Land	-	1,011	3,900
Land under roads	-	-	1,545
Buildings	-	2,789	15,921
Total	-	3,800	21,366

Valuation of infrastructure

A valuation of Council's infrastructure assets was performed by Moloney Asset Management Systems. The effective date of the valuation is 30 June 2014, for all infrastructure assets other than drainage assets. The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

A valuation of Council's drainage assets was performed by Ms Rachael Gadd (B Eng, Dip Ed), Civil Asset Engineer for Towong Shire Council effective 30 June 2016. The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

Details of Council's infrastructure and information about the fair value hierarchy as at 30 June 2017 are as follows:

	Level 1	Level 2	Level 3
Roads	-	-	133,197
Bridges	-	-	14,062
Footpaths and cycleways	-	-	947
Drainage	-	-	5,467
Parks, open space and streetscapes	-	-	457
Kerb and channel	-	-	3,795
Landfill	-	-	101
Other infrastructure	-	-	200
Total	-	-	158,226

Description of significant unobservable inputs into level 3 valuations

Notes to the financial statements

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 85% 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 \$1,800 and \$318,500.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement cost is calculated per building and ranges from \$750 to \$3,186,000. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 5 year to 50 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 11 years to 120 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.

Reconciliation of specialised land

	2017 \$'000	2016 \$'000
Land under roads	1,545	1,545
Total	1,545	1,545

Note 21. Investment property

	2017 \$'000	2016 \$'000
Balance at beginning of financial year	-	-
Reclassifications	173	-
Additions	342	-
Disposals	(38)	-
Fair value adjustments	(56)	-
Balance at end of financial year	421	-

Notes to the financial statements

Valuation of investment property

Valuation of investment property has been determined in accordance with an independent valuation by Marcus Hann, 62901, of LG Valuation Services Pty Ltd, ABN 77 095 763 625 who has recent experience in the location and category of the property being valued. The valuation is at fair value, based on the depreciated replacement cost of the property at 30 June 2017.

Note 22. Intangible assets

	2017 \$'000	2016 \$'000
Landfill air space	58	-
Total intangible assets	58	-

	Landfill \$'000
Gross carrying amount	
Balance at 1 July 2016	-
Reclassification	542
Balance at 30 June 2017	542
Accumulated amortisation and impairment	
Balance at 1 July 2016	-
Reclassification	(360)
Amortisation expense	(124)
Balance at 30 June 2017	(484)
Net book value at 30 June 2016	-
Net book value at 30 June 2017	58

Note 23. Trade and other payables

	2017 \$'000	2016 \$'000
Trade payables	806	531
Accrued wages	143	184
Prepaid income	102	-
Accrued expenses	52	103
Total trade and other payables	1,103	818

Notes to the financial statements

Note 24. Trust funds and deposits

	2017 \$'000	2016 \$'000
Retention amounts	68	71
Fire Services Property Levy	195	182
Refundable deposits	61	44
Total trust funds and deposits	324	297

Purpose and nature of items

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.

Fire Services Property Levy - Council is the collection agent for the Fire Services Property 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 accordance with that process.

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.

Note 25. Provisions

	Employee \$'000	Landfill rehabilitation \$'000	Total \$'000
2017			
Balance at beginning of the financial year	1,211	541	1,752
Additional provisions	473	-	473
Amounts used	(438)	(16)	(454)
Balance at the end of the financial year	1,246	525	1,771
2016			
Balance at beginning of the financial year	1,162	425	1,587
Additional provisions	523	116	639
Amounts used	(474)	-	(474)
Balance at the end of the financial year	1,211	541	1,752

Notes to the financial statements

	2017 \$'000	2016 \$'000
Current provisions		
Employee provisions	1,151	1,113
Landfill rehabilitation	-	-
Total current provisions	1,151	1,113
Non-current provisions		
Employee provisions	95	98
Landfill rehabilitation	525	541
Total non-current provisions	620	639
Total provisions	1,771	1,752

a) Employee benefits

	2017 \$'000	2016 \$'000
Current provisions expected to be wholly settled within 12 months		
Annual leave	297	270
Long service leave	84	83
Flexi time	13	15
	394	368
Current provisions expected to be wholly settled after 12 months		
Annual leave	-	-
Long service leave (90% of current LSL provision)	757	745
	757	745
Total current employee provisions	1,151	1,113
Non-current		
Long service leave	95	98
Total non-current employee provisions	95	98
Aggregate carrying amount of employee benefits:		
Current	1,151	1,113
Non-current	95	98
Total aggregate carrying amount of employee provisions	1,246	1,211

Notes to the financial statements

b) Landfill restoration

	2017 \$'000	2016 \$'000
Current	-	-
Non-current	525	541
Total	525	541

Note 26. Interest bearing loans and borrowings

	2017 \$'000	2016 \$'000
Current		
Borrowings	-	-
Non-current		
Borrowings	12	34
	12	34
Borrowings are secured by Council rates.		
The maturity profile for Council's borrowings is:		
Not later than one year	2	8
Later than one year and not later than five years	10	26
Later than five years	-	-
Total interest-bearing loans and borrowings	12	34

Notes to the financial statements

Note 27. Reserves

Asset revaluation reserve

	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
	\$'000	\$'000	\$'000
2017			
Property			
Land	8,775	1,223	9,998
Buildings	2,398	2,828	5,226
	11,173	4,051	15,224
Infrastructure			
Roads	80,523	-	80,523
Bridges	10,789	-	10,789
Footpaths	513	-	513
Drainage	5,003	-	5,003
Kerb and channel	3,758	-	3,758
	100,586	-	100,586
Total asset revaluation reserve	111,759	4,051	115,810
2016			
Property			
Land	8,775	-	8,775
Buildings	2,398	-	2,398
	11,173	-	11,173
Infrastructure			
Roads	80,523	-	80,523
Bridges	10,789	-	10,789
Footpaths	513	-	513
Drainage	3,663	1,340	5,003
Kerb and channel	3,758	-	3,758
	99,246	1,340	100,586
Total asset revaluation reserve	110,419	1,340	111,759

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

Notes to the financial statements

Note 28. Reconciliation of cash flows from operating activities to surplus (deficit)

	2017 \$'000	2016 \$'000
Surplus/ (deficit)	6,889	1,538
Depreciation/amortisation	3,569	3,536
(Profit) / loss on disposal of property, infrastructure, plant and equipment	107	(35)
Financing activities included in operating result	6	10
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(257)	13
(Increase)/decrease in prepayments	(10)	(25)
(Increase)/decrease in inventories	(178)	(48)
(Increase)/decrease in investment in associates	(14)	14
Increase/(decrease) in trade and other payables (operating)	295	158
Increase/(decrease) in provisions	19	165
Increase/ (decrease) in trust funds and deposits	27	21
Net cash provided by/(used in) operating activities	10,453	5,347

Note 29. Financing arrangements

	2017 \$'000	2016 \$'000
Bank overdraft	-	-
Credit card facility	25	25
Total facilities	25	25
Used facilities	-	-
Unused facilities	25	25

Notes to the financial statements

Note 30. Commitments

2017	Not later than 1 year	1 to 2 years	2 to 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating	-	-	-	-	-
Total	-	-	-	-	-
Capital					
Reseal program	600	-	-	-	600
Garbage truck	430	-	-	-	430
Digouts/major patching	400	-	-	-	400
Total	1,430	-	-	-	1,430

2016	Not later than 1 year	1 to 2 years	2 to 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Corryong tennis court upgrade	145	-	-	-	145
Total	145	-	-	-	145
Capital					
Digouts/major patching	600	400	-	-	1,000
Reseal program	850	600	-	-	1,450
Bridge works	10	-	-	-	10
Building works	290	-	-	-	290
Total	1,750	1,000	-	-	2,750

Notes to the financial statements

Note 31. Operating leases

a) Operating lease commitments

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

	2017 \$'000	2016 \$'000
Not later than one year	21	20
Later than one year and not later than five years	69	90
Later than five years	-	-
	90	110

b) Operating lease receivables

Council has entered into a commercial property lease on its investment property, consisting of a surplus freehold office. This property held under an operating lease has a non-cancellable lease term of 1 year. The lease includes a CPI based revision of the rental charge annually.

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

	2017 \$'000	2016 \$'000
Not later than one year	34	-
Later than one year and not later than five years	55	-
Later than five years	-	-
	89	-

Note 32. 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, receives 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 2017 this was 9.5% required under Superannuation Guarantee legislation).

Notes to the financial statements

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's Actuary.

As at 30 June 2016, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the defined benefit category of which Council is a contributing employer was 102.0%. To determine the VBI, the fund Actuary used the following long-term assumptions:

Net investment returns	7.00% pa
Salary information	4.25% pa
Price inflation (CPI)	2.50% pa.

Vision Super has advised that the estimated VBI at 30 June 2017 was 103.1%.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 2016 interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Employer contributions

Regular contributions

On the basis of the results of the 2016 interim actuarial investigation conducted by the Fund's 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 2017, this rate was 9.5% of members' salaries (2015/16: 9.5%). This rate will increase in line with any increase to the Superannuation Guarantee (SG) contribution rate. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

Notes to the financial statements

Funding calls

If the defined benefit category is in an unsatisfactory financial position at 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 Towong Shire 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.

2016 interim actuarial investigation surplus amounts

The Fund's interim actuarial investigation as at 30 June 2016 identified the following in the defined benefit category of which Council is a contributing employer:

- A VBI surplus of \$40.3 million; and
- A total service liability surplus of \$156 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 2016. The total service liability surplus means that the current value of the assets in the Fund's defined benefit category plus expected future contributions exceeds the value of expected future benefits and expenses. Council was notified of the 30 June 2016 VBI results of the actuarial investigation during August 2016.

2017 Full triennial actuarial investigation

A full actuarial investigation is being conducted for the Fund's position as at 30 June 2017. It is anticipated that this actuarial investigation will be completed in December 2017.

Future superannuation contributions

The expected contribution to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2017 is \$51,000.

Notes to the financial statements

Note 33. Contingent liabilities

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 32. 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.

Note 34. Financial Instruments

a) Objectives and policies

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 Note 1 of the financial statements. Risk management is carried out by senior management under policies approved by 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. Council's exposure to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Council does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

Investment of surplus funds is made with approved financial institutions under the Local Government Act 1989. Council manages interest rate risk by adopting an investment policy that ensures:

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

There has been no significant change in 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 Council's year end result.

Notes to the financial statements

c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us to make a financial loss. We have exposure to credit risk on some financial assets included in our balance sheet. 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
- 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 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 33.

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.

To help reduce these risks Council:

- has a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitors budget to actual performance on a regular basis

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

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

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 26.

e) Fair value

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

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.

Notes to the financial statements

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 + 1% and -1% in market interest rates (AUD) from year-end rates.

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

Note 35. Related party transactions

a) Related parties

Parent entity

Towong Shire Council is the parent entity.

Subsidiaries and Associates

Interests in joint arrangements are detailed in Note 14.

b) Key Management Personnel

Details of persons holding the position of Councillor or other members of Key Management Personnel (KMP) at Council at any time during the year are:

Councillors

- Cr David Wortmann (Mayor) (1 Jul 16 to 30 Jun 17)
- Cr Aaron Scales (1 Jul 16 to 30 Jun 17)
- Cr Jennie Star (22 Oct 16 to 30 Jun 17)
- Cr Peter Tolsher (22 Oct 16 to 30 Jun 17)
- Cr Andrew Whitehead (22 Oct 16 to 30 Jun 17)
- Cr Mary Fraser (1 Jul 16 to 22 Oct 16)
- Cr Debi Gadd (1 Jul 16 to 22 Oct 16)
- Cr Peter Joyce (1 Jul 16 to 22 Oct 16)

Key Management Personnel

- Juliana Phelps – Chief Executive Officer
- Jamie Heritage – Director Technical Services
- Jo Shannon – Director Community and Corporate Services

	2017 \$'000
Total number of Councillors	8
Chief Executive Officer and other Key Management Personnel	3
Total Key Management Personnel	11

Notes to the financial statements

c) Remuneration of Key Management Personnel

Total remuneration of Key Management Personnel was as follows:

	2017 \$'000
Short-term benefits	708
Post-employment benefits	49
Long-term benefits	9
Termination benefits	-
Total	766

The numbers of Key Management Personnel whose total remuneration from Council and any related entities, fall within the following bands:

	2017
\$0 - \$ 9,999	3
\$10,000 - \$19,999	3
\$20,000 - \$29,999	1
\$60,000 - \$69,999	1
\$160,000 - \$169,999	1
\$170,000 - \$179,999	1
\$210,000 - \$219,999	1
Total	11

No comparatives have been reported due to AASB 124 Related Party Disclosures being effective for not-for-profit entities from 1 July 2016.

d) Transactions with related parties

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

	2017 \$'000
Income	
Fees and charges to entities controlled by KMP (1)	148
Total income	148
Expenses	
Purchases of materials or services from joint arrangements (2)	74
Purchases of materials or services from entities controlled by KMP (3)	83
Employee costs for close family members of KMP (4)	133
Total expenses	290
Total transactions	438

Notes to the financial statements

(1) *Fees and charges to entities controlled by key management personnel*

- Fees totalling \$148,000 were charged and paid by Rural Councils Victoria Incorporated (RCV). These fees were for the provision of secretariat services provided to RCV by Towong Shire Council. RCV is an incorporated association and Council's Chief Executive Officer, Ms Juliana Phelps is the Secretary. Council successfully tendered to provide the secretariat function to RCV.

(2) *Purchases of materials or services from joint arrangements*

- Labour hire fees of \$74,393 have been paid to MomentumOne Shared Services Pty Ltd. Council has a 50% shareholding in the company and has appointed Chief Executive Officer, Ms Juliana Phelps as a Director. The contract was awarded to MomentumOne Shared Services Pty Ltd in accordance with Council's Procurement Policy.

(3) *Purchases of materials or services from entities controlled by key management personnel*

- Membership fees of \$33,688 were paid to Tourism North East. This membership fee is payable by all Councils wishing to have membership of Tourism North East. Council's Chief Executive Officer Ms Juliana Phelps is a Director. The Board comprises of the CEO's of all participating Councils and a number of independent directors.
- Payments of \$30,812 were made to the Dartmouth Community Progress Association for town maintenance services, where Councillor Aaron Scales is the Council representative of the association. The contract was awarded to the Dartmouth Community Progress Association in accordance with Council's Procurement Policy.
- Contributions to waste and recovery projects of \$7,390 were made to North East Waste & Resource Recovery Group (NEWRRG). Councillor Peter Tolsher is the Chair of the group. These contributions were payable by all Councils participating in the group.
- A membership fee of \$3,300 was paid to Rural Councils Victoria Incorporated. Council's Chief Executive Officer Ms Juliana Phelps is the Secretary. This membership fee is payable by all rural Councils who wish to be members of this organisation.
- Payments amounting to \$2,983 were made to Dartmouth Pub Pty Ltd for the annual provision of public toilets and venue hire for one event. Councillor Aaron Scales is the owner of the company. Due to the lack of standalone public toilet facilities in Dartmouth a contract has been negotiated to make the external toilet facilities at the pub available for public use throughout the year.
- A payment of \$2,957 was made to the Corryong Recreation Reserve for landscaping works. Councillor Andrew Whitehead is the Chair of the committee. The landscaping works were carried out at the Corryong Tennis Courts on the Corryong Recreation Reserve as part of the larger tennis courts upgrade project that Council coordinated.
- Payments amounting to \$900 were made to Mitta Valley Inc to run an event. Councillor Aaron Scales is the Council representative on the committee.

Notes to the financial statements

- o A payment of \$450 was paid to the Upper Murray Business Directory for an advertisement in the annual business directory. Councillor Jennie Star is the owner of the Upper Murray Business Directory business. This advertisement has been placed since 2012 which is prior to Councillor Star's election as Councillor.

(4) Employee costs for close family members of key management personnel

All close family members of key management personnel were employed through an arm's length process. They are paid in accordance with Council's Enterprise Agreement for the job they perform. Council employs approximately 100 staff members of which 3 are close family members of key management personnel.

- o Council's Civil Asset Engineer Ms Rachael Gadd, is a close family member of Councillor Debi Gadd.
- o Council's Librarian Ms Jo Tolsher, is a close family member of Councillor Peter Tolsher. Ms Tolsher was employed by Council over 6 years ago which is prior to Councillor Peter Tolsher's election to office in 2016.
- o Council's Economic Development Officer Ms Kerissa Heritage, is a close family member of the Director Technical Services, Mr Jamie Heritage.

e) Outstanding balances with related parties

There are no outstanding balances with related parties.

f) Loans to/ from related parties

No loans have been made to or received from a related party.

g) Commitments to/from related parties

No commitments have been made to or received from a related party.

Note 36. Senior officers remuneration

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

- has management responsibilities and reports directly to the Chief Executive Officer; or
- whose total annual remuneration exceeds \$142,000 (2015/16: \$139,000).

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

	2017	2016
<\$142,000	2	2
	2	2
	\$'000	\$'000
Total Remuneration for the reporting year for Senior Officers included above amounted to:	184	214

Note 37. Events occurring after balance date

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

Financial statements

Certification of the financial statements

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



Mr Blair Phillips, Certified Practicing Accountant

Principal Accounting Officer

Tuesday 26 September 2017

Tallangatta

In our opinion the accompanying financial statements present fairly the financial transactions of Towong Shire Council for the year ended 30 June 2017 and the financial position of 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 Council and by the Local Government (Planning and Reporting) Regulations 2014 to certify the financial statements in their final form.



Cr David Wortmann

Mayor

Tuesday 26 September 2017

Tallangatta



Cr Peter Tolsher

Councillor

Tuesday 26 September 2017

Tallangatta



Ms Juliana Phelps, Chartered Accountant

Chief Executive Officer

Tuesday 26 September 2017

Tallangatta

Financial statements

Auditor-General's report



Independent Auditor's Report

To the Councillors of Towong Shire Council

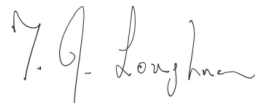
Opinion	<p>I have audited the financial report of Towong Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2017 • comprehensive income statement for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • statement of capital works for the year then ended • notes to the financial statements, including a summary of significant accounting policies • certification of the financial statements. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2017 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. My responsibilities under the Act are further described 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 Australia. 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' 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, and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Financial statements

Auditor-General's report (continued)

Auditor's responsibilities for the audit of the financial report	<p>As required by the <i>Audit Act 1994</i>, 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.</p> <p>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:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>
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MELBOURNE
28 September 2017


 Tim Loughnan
as delegate for the Auditor-General of Victoria