

# ANNUAL REPORT 2019/20



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# 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 2019/20. It reports Council's progress towards achieving the objectives, measures and priorities set out in the Council Plan 2017-21 as well as our financial performance for 2019/20.

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 2020*, 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 5,985 residents and many more visitors across an area of 6,669 square kilometres<sup>1</sup>.

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.

In January 2020, the Upper Murray bushfires destroyed over 3,000 square kilometres of the Towong Shire landscape. More than 548 properties were impacted and 42 primary residences destroyed in the fires. More than 5,000 stock, 35,000ha of pasture, 19,000t of fodder and thousands of kilometres of fencing were all destroyed.



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

## Facts, statistics and characteristics

Population <sup>1</sup>	5,985
Area	6,669 km <sup>2</sup>
Property assessments	4,480
<b>Roads and transport</b>	
Council roads	1,183 km
Arterial roads	483 km
People who live near public transport <sup>2</sup>	5.3%
<b>Economy</b>	
Businesses <sup>1</sup>	931
Employment participation rate <sup>1</sup>	59.6%
Median weekly household income <sup>1</sup>	\$1,039
<b>Individuals and households</b>	
Median age <sup>1</sup>	50
People born in Australia <sup>1</sup>	82.7%
Average household size <sup>1</sup>	2.3
Access to internet at home <sup>1</sup>	74.2%
<b>Social, community and health</b>	
People who rated their community as a pleasant environment <sup>2</sup>	96%
Children fully immunised between 24 and 27 months <sup>2</sup>	100%
Kindergarten participation <sup>2</sup>	93.6%
People who are members of a sports group <sup>2</sup>	38.6%

Data sources:

<sup>1</sup> Australian Bureau of Statistics 2016 Census

<sup>2</sup> 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

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### Vision

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

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### Mission

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

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### 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

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## Further Acknowledgements

Towong Shire Council acknowledges with great appreciation 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

It is with pleasure that we present the 2019/20 Annual Report.

2019/20 has been a year like no other. Despite the many challenges and incredible difficulties our Council has experienced we have achieved a lot thanks to the dedication of our amazing staff and Councillors. In the aftermath of the bushfires we could not have achieved what we did without the generous support from our friends and colleagues in Councils across the State, along with the State and Federal governments. We will be forever grateful to those who came to our aid.

The Council Plan, along with community plans; *Tallangatta Tomorrow*, *UM2030 Vision Plan*, *Our Valley, Our Future* and *Our Bellbridge*, sets out the aspirations of our Towong Shire communities and guides the budgeting and decision making of Council over the four-year period.

In preparing the 2017-2021 Council Plan no one would ever have foreseen a catastrophic bushfire followed by a world-wide pandemic and the challenges this would present.

With bushfires directly impacting almost 40% of the Shire in early 2020 and indirectly affecting the remainder, we re-prioritised our efforts to focus on bushfire relief and recovery, while continuing to deliver priority projects for our communities. Despite the challenges, we are proud of our achievements this year, notably;

- Bushfire Relief and Recovery following the Upper Murray bushfires
- Continued delivery of the Destination Tallangatta project
- Completion and launch of the Great River Road touring route and art installations
- Delivery of the new Upper Murray Events Centre
- Streetscape upgrades for Eskdale, Bethanga, Tallangatta and Walwa

Council is committed to achieving the best outcomes for ratepayers and residents by delivering projects that deliver improved social, economic and environmental outcomes for community members.

Council has continued to secure State and Federal funding as a means of keeping rate increases to a minimum. In 2019/20 this amounted to \$15.9 million, representing 57% of total revenue. This is an increase on previous years reflecting the funding received for Bushfire Relief and Recovery. In addition, dedicated State Government funding was also made available to Council to support rate relief. As a result Council were able to commit to a zero percent rate increase for our ratepayers as part of our 2020/21 Budget.

Our shared service arrangements with neighbouring Alpine and Indigo Shire Councils, continued across Rates, Property, Planning and Building Services. Preparation continued for a new digital platform to support Customer Relationship Management, Rates and Property, Environmental Health, Building Services and Planning.

We are immensely proud of what Council has achieved over the past year. The bushfires and Coronavirus pandemic (COVID-19) have made it the most difficult year our organisation and our communities have ever experienced. The outcomes that have been achieved for the communities we serve could not be possible without the ongoing commitment, hard work and resilience of our Councillors and staff.



**Cr David Wortmann**  
Mayor



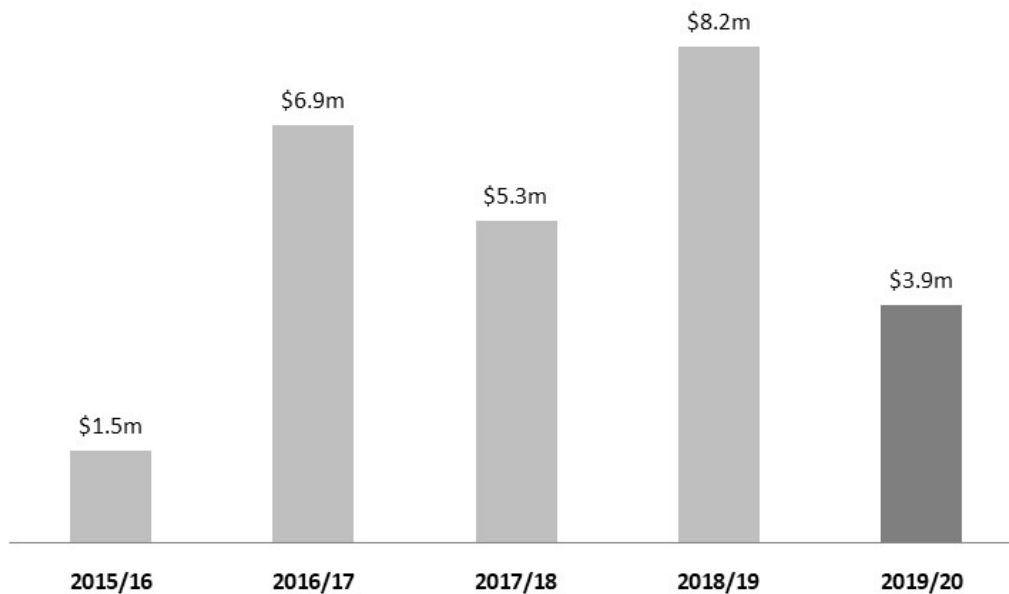
**Juliana Phelps**  
Chief Executive Officer

# The year in review

## Financial Summary

### Operating result

The result shown in the Comprehensive Income Statement for the period was a surplus of \$3,928,000. A comparison of Council's **operating result** from 2015/16 to 2019/20 is provided in the graph below.



The operating result was \$3.0 million higher than expected, primarily due to the receipt of \$6.6 million in bushfire relief and recovery from the Federal and State Governments, and the early receipt of 50% of the 2020/21 Financial Assistance Grants from the Victorian Grants Commission allocation, equating to \$2.5 million.

These factors were partially offset by \$2.6 million in unanticipated expenditure relating to the bushfire relief and recovery response, and the pass-through of \$2.6 million in bushfire relief funding as rate relief.

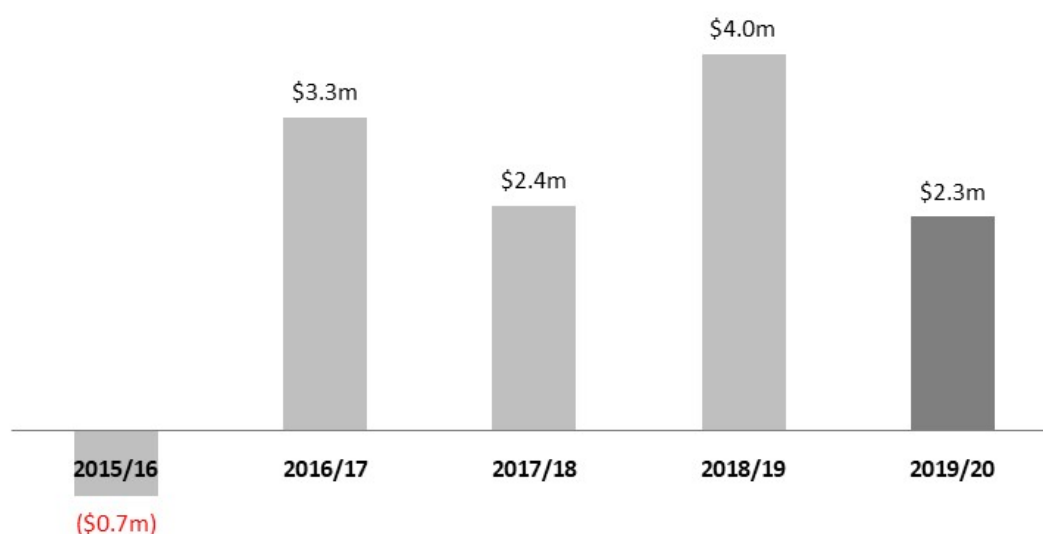


# The year in review

## Financial Summary

### 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 2014/15 to 2018/19 is provided in the graph below.



The positive underlying result is primarily reflective of the receipt of \$6.6 million in bushfire relief and recovery related funds and the early receipt of \$2.5 million in Financial Assistance Grants funding, some of which was spent in 2019/20. \$5.2 million of bushfire relief and recovery funds were spent in 2019/20 and it is anticipated that the remainder will be fully acquitted by the end of 2021/22. Financial Assistance Grants are a key source of funding for business-as-usual services and the early funds received will support the ongoing operation of the Council in 2020/21.

## **Rates and charges**

Rates and charges increased by \$400,000, reflecting a rates increase of 4.8%, less than the 5.55% higher cap that had been approved by the Essential Services Commission in recognition of Council's sustainability challenges. This lower increase was achieved through the combination of tight management of operational expenses and securing grant funding.

## **Fees and fines**

User fees increased from \$900,000 to \$1.1 million primarily due to higher than anticipated utilisation of childcare services.

## **Grant income**

Grant income received was \$15.9 million, an increase on the prior year of \$4.4 million. Key factors included:

- The receipt of \$6.6 million in unanticipated bushfire relief and recovery funding;
- The early receipt of \$2.5 million in Financial Assistance Grants;
- A deferral of recognition of capital grants received, resulting in a capital grants result \$1.7 million lower than expected. This was due to new accounting standards requiring that grants with specified purposes can only be recognised when performance obligations have been met.

In comparison, 2018/19 was a stronger year for receipt of non-recurrent capital grants notably in relation to the Fixing Country Roads Program, flood remediation works and the National Stronger Regions Fund.

## **Expenses**

Expenses increased from \$14.8 million to \$24.0 million substantially due to \$5.2 million in unanticipated expenditure relating to bushfire relief and recovery. In addition, depreciation was higher than anticipated due to a \$300,000 write-off relating to one of Council's landfill cells and the depreciation of a number of high value capital projects in 2018/19 and 2019/20 commencing during the year.

## **Capital expenditure**

Capital works expenditure was \$5.5 million, which was significantly less than the budgeted expectation of \$11.3 million. This was primarily due to the disruption caused by the bushfires and COVID-19 resulting in project delays. Projects impacted included capital works for the Colac Colac Caravan Park, Fixing Country Roads – Hanson Street Corryong and Georges Creek Road (Stage 6), the deck replacement on Callaghan Creek Road Bridge, and various other planned infrastructure works which were carried forward to 2020/21.

# The year in review

## A snapshot

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### July 2019

#### **Bethanga and Eskdale Streetscape Upgrades**

In 2018 Council was awarded over \$1.16 million for road upgrades in Bethanga and Eskdale as part of Regional Roads Victoria's *Fixing Country Roads* program. Works in both Eskdale and Bethanga were successfully completed in 2019/20.

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### August 2019

#### **Tallangatta Lakelands Holiday Park works underway**

The construction of a new amenities block, barbecue facilities and a reception-kiosk building commenced as part of the upgrade of the Tallangatta Lakelands Holiday Park. The project is part of Council's \$5.3 million Destination Tallangatta project, supported by \$2.7 million in funding from the Federal Government's *National Stronger Regions Fund*.

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### September 2019

#### **Community Consultation on improvements to Hanson Street, Corryong**

Council secured \$1.49 million from Regional Roads Victoria for improvements to Hanson Street, Corryong as part of the *Fixing Country Roads* program. The grant combined with \$700,000 of Council funds, brought the project total to \$2.24 million. Public information sessions took place in September 2019.

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### October 2019

#### **Community Consultation on The Triangles, Tallangatta**

Part of the ongoing Destination Tallangatta project, Council received 123 survey responses and met with 38 people to hear their ideas for The Triangles, Tallangatta. The feedback, along with information gathered over a number of years was used to develop the final revitalisation plans of The Triangles.

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### November 2019

#### **Great River Road Official Launch**

Following funding contributions from the Federal Government, State Government and Council, together with contributions from the Man from Snowy River Tourist Association and Upper Murray Business Inc., artworks were placed along a new touring route on the Murray River between Bellbridge and Khancoban. The Great River Road will draw tourists to the area, delivering economic benefits to businesses along the route.

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### December 2019

#### **Completion of Tallangatta Lakelands Holiday Park Works**

Part of the broader Destination Tallangatta project, stage one upgrades to the Tallangatta Lakelands Holiday Park were successfully completed including building upgrades and road works.

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## **January 2020**

### **Upper Murray Bushfires**

On December 30 2019 the Upper Murray bushfires began, developing into one of the biggest natural disasters in the history of Towong Shire. Council played a crucial role in emergency coordination efforts, having a presence in the Incident Control Centre and advocating for Government and agency support. Council established Emergency Relief Centres in Corryong and Tallangatta to coordinate with agencies and support community members on the ground.

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## **February 2020**

### **Establishment of Upper Murray Community Recovery Hub**

By the start of February, Council, in partnership with Bushfire Recovery Victoria, had transitioned the Emergency Relief Centre in Corryong to the Upper Murray Community Recovery Hub, establishing an ongoing presence in the community to support bushfire recovery.

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## **March 2020**

### **Council Farewells Australian Defence Force**

Council and communities across the Shire bid farewell to the Australian Defence Force (ADF) following eight weeks of support from Joint Task Force 646 as part of Operation Bushfire Assist. The ADF worked with Council, the State Government and supporting agencies to provide assistance with route and property clearances, fencing, stock disposal, aviation and veterinary assistance.

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## **April 2020**

### **Community Recovery Committees Launched**

Together with Bushfire Recovery Victoria, Council's Bushfire Recovery Team opened expressions of interest for community members to join Community Recovery Committees (CRC). Secondary Impact Assessments of fire-affected properties were also completed, providing critical data on the impact of the bushfires.

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## **May 2020**

### **Completion of the Upper Murray Events Centre**

Council completed the construction of the Upper Murray Events Centre in Corryong, providing a welcomed boost for the community following the bushfires. The Centre provides a valuable multipurpose space for community groups, sporting clubs and health clubs to utilize. The \$2.8 million project was funded by a number of contributions including \$1 million from the State Government; \$800,000 from the Federal Government; \$700,000 from Council; \$250,000 from Corryong Health; and \$100,000 in-kind committed by the community.

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## **June 2020**

### **Council launches Bushfire Rates Relief Package**

Council provided much needed financial relief to residents and businesses who were impacted by the summer's bushfires by launching a Bushfire Rates Relief Package. The package utilised Government funding including \$3.2 million from Bushfire Recovery Victoria through the Victorian Government's Council Assistance Fund.

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# The year in review

## Major capital works

### The year in review

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#### **Destination Tallangatta**

**\$762,922 (in 2019/20)**

Works continued on Destination Tallangatta - a \$5.3 million project funded under the Federal Government's *National Stronger Regions Fund*. This year works included; stage one upgrades to the Lakelands Caravan Park, shopfront revitalisation and the installation of two murals that celebrate Tallangatta's unique history and vibrant future. Community consultation and planning took place for the revitalisation of The Triangles park in Tallangatta, with works commencing in 2020/21.

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#### **Upper Murray Events Centre**

**\$2,800,000**

The Upper Murray Events Centre in Corryong was completed, providing the Upper Murray with a multi-purpose community centre. The \$2.8 million project was funded by a number of contributions including \$1 million from the State Government; \$800,000 from the Federal Government; \$700,000 from Council; \$250,000 from Corryong Health; and \$100,000 in-kind committed by the community.

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#### **Annual Resealing Works**

**\$293,000**

Council is responsible for maintaining over 1,100kms of local roads, including 378km of sealed roads across Towong Shire. A regular program of maintenance and renewal of the Shire's extensive road infrastructure is undertaken each year.

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#### **Great River Road**

**\$825,470**

The Great River Road project has created a landmark touring route between Bellbridge and Khancoban along the Murray River. Designed to rival other iconic touring routes like the Great Ocean Road, funding for the project has been delivered with funding from the Federal and State Governments, Council and the Upper Murray community.

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#### **Streetscape Upgrades - Eskdale, Bethanga, Tallangatta and Walwa**

**\$592,000**

Council completed the beautification and improvement works to the townships of Eskdale, Bethanga, Tallangatta and Walwa. Planning, design and consultation was also completed for the Hanson Street, Corryong streetscape upgrade.

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# The year in review

## Financial summary

### 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 impact our financial capacity.

#### Addressing financial sustainability

Council has long recognised the risks to our long-term sustainability and sought to mitigate the underlying causes. Continued refinement of our long-term financial plan gives us a clear picture of our financial future. In the medium term, Council is aiming towards a 'break-even' underlying net result (i.e. this means our operating expenditure equals operating income).

#### 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 fees, development contributions and levies, Councils like Towong Shire rely on income from rates and grants to deliver core services. Based on forecast rate caps, Council will be unable to continue to maintain and renew infrastructure and deliver services at the current level whilst also achieving a break-even underlying net result.

#### Higher rate cap variation

In 2017 Council submitted an application to the Essential Services Commission (ESC) for a higher rate cap of 5.55% for the next four financial years. The ESC conducted a comprehensive review of Council's 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 to 2020/21.

Each year when preparing the draft budget, Council's long term financial modelling is updated to establish the rate increase required to ensure that Council can sustainably deliver services and maintain and renew infrastructure at current levels into the future. The updated modelling for 2019/20 indicated that a rate increase of 4.80% 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 recognising that Council does not have approval beyond 2020/21 and will not be able to seek approval for this until 2021.

As a result of State Government funding via Bushfire Recovery Victoria, Council was able to avoid passing on any rate increase to ratepayers in 2020/21, however indications are that Council will remain financially unsustainable into the future in the current rate capping environment.

### **Ongoing financial sustainability**

Council is balancing the capacity of ratepayers to pay increased rates as well as ensuring 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 Federal 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.

Council has continued to advocate for increased funding for services for all rural communities in collaboration with Rural Councils Victoria, and through other vehicles such as the Victorian Government's *Rural and Regional Council Sustainability Program*.

In order to address this deteriorating financial position, Council may need to further 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)

Council's long term response to sustainability is to increase the number of people residing in communities throughout 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 continued 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 (Corryong, Cudgewa, Mitta Mitta, Tallangatta, Tallangatta Valley and Walwa)
- Construction of a new Library, Early Years and Community Centre in Tallangatta

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 services and infrastructure that meet 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

Councillors commenced their four-year term on Saturday 22 October 2016.

	<p><b>Cr David Wortmann, Mayor</b></p> <p>Cr David Wortmann was first elected to Council in November 2008, he was re-elected to the Council on 22 October 2016 and now serves his third term. Cr Wortmann served three consecutive terms as Mayor from November 2014, he is now serving his fourth (one year) term as Mayor. He has lived in Granya all his life and is married with two children. He runs a beef and sheep farm and also operates a school bus service.</p>
	<p><b>Cr Andrew Whitehead, Deputy Mayor</b></p> <p>Cr Andrew Whitehead was first elected to Council on 22 October 2016 and currently serves as the Deputy Mayor. Andrew has been a resident of Towong Shire for over 40 years and is married with 4 children. He runs a beef and sheep farm and is involved in numerous community groups.</p>
	<p><b>Cr Aaron Scales</b></p> <p>Cr Aaron Scales was first elected to Council on 27 October 2012 and served one term as Mayor (2017/18). He was raised on his family's farm at Dartmouth and has settled in the town with his three children. Aaron has 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.</p>
	<p><b>Cr Jennie Star</b></p> <p>Cr Jennie Star was elected to Council on 22 October 2016. She has called Towong Shire home for the past twenty five years and is married with four young adult children. Jennie owns and operates a mixed beef and fine wool business in the Cudgewa Valley. She has a Bachelor of Education in Environmental Studies and has completed studies in information technology.</p>
	<p><b>Cr Peter Tolsher</b></p> <p>Cr Peter Tolsher was elected to Council on 22 October 2016. He moved to Tallangatta in 1975, married a local and raised two children. Peter has been involved in the water industry for over 30 years and is currently a Senior Manager at North East Water.</p>



# Our people

## Management team

The Chief Executive Officer (CEO) is appointed by Council to oversee the operations of the organisation. The Chief Executive Officer, together with a team of Directors ensures that the priorities identified in the Council Plan are achieved and that day-to-day responsibilities are effectively undertaken. In the first half of 2019/20 Council undertook a major restructure to ensure Council had the capacity to effectively meet the current as well as the anticipated changes in local government legislation. The restructure resulted in a move from a two directorate to three directorate model with senior staff commencing their roles in late 2019 and early 2020.

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### **Juliana Phelps**

Chief Executive Officer

Juliana Phelps was appointed Chief Executive Officer in May 2009, having served as Council's Director Community and Corporate Services for a period of ten years. Juliana is a Chartered Accountant and holds a Masters of Business Administration as well as a Bachelor of Business Degree in Accounting and Economics. Juliana is also a graduate of the Australian Institute of Company Directors.

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# Organisational structure

## Chief Executive Officer

Juliana Phelps

<p><b>Rachael Gadd</b> (<i>commenced 28 October 2019</i>)  <b>Director Infrastructure and Environment</b>  <b>Jamie Heritage</b>  <b>Director Technical Services</b> (<i>until 28 August 2019</i>)</p>	
<p><b>Works</b>  Infrastructure maintenance  Parks and open spaces</p> <p><b>Projects</b>  Construction and development</p> <p><b>Assets</b>  Asset management  Capital projects</p>	<p><b>Regulatory control</b>  Animal control and local laws  Building services  Environmental health</p> <p><b>Environment</b>  Waste management  Wastewater and water supply  Forest industry support</p>
<p><b>Amanda Pagan</b> (<i>commenced 9 December 2020</i>)  <b>Jenelle Williamson</b> (<i>Acting; January – June 2020</i>)  <b>Director Community and Planning</b></p>	
<p><b>Community</b>  Kindergartens  Maternal and child health  Recreation  Youth, family and senior programs  Emergency management</p> <p><b>Land use Planning</b></p>	<p><b>Economic and Tourism Development</b>  Business support  Agricultural diversity  Visitor information services  Event support</p> <p><b>Recreation Arts and Culture</b>  Swimming Pools</p>
<p><b>Vincent McFarlane</b> (<i>6 January - 28 May 2020</i>)  <b>Director Corporate and Organisational Development</b></p>	
<p><b>Finance</b>  Accounting  Budget  Rates and property  Payroll</p> <p><b>Communications and Media</b>  Communications  Community Engagement</p>	<p><b>Corporate</b>  Risk management and insurance  Governance  Customer service  Human resources</p>
<p><b>Amanda Pagan</b> (<i>6 January - 18 May 2020</i>)  <b>Nola Tudball</b> (<i>6 May – 30 June 2020</i>)  <b>Director Relief and Recovery*</b></p>	
<p>Stakeholder engagement  Municipality Recovery planning  Economic Recovery  Recovery projects</p>	<p>Relief coordination  Communications  Community engagement</p>

\* Temporary directorate established with funding from Bushfire Recovery Victoria in the immediate aftermath of the 2019/20 bushfires to coordinate relief and recovery services.

# Our people

## Workforce statistics

A summary of the number of full time equivalent (FTE) council staff, as at 30 June 2020, 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	3.0	8.0	-	8.3	-	2.3	<b>21.6</b>
Community wellbeing	1.0	2.0	1.2	6.5	-	4.0	<b>14.7</b>
Asset management	33.0	3.0	0.9	1.3	1.1	1.0	<b>40.3</b>
Land-use planning	1.0	-	-	-	-	-	<b>1.0</b>
Environmental sustainability	1.0	-	-	-	-	-	<b>1.0</b>
Economic and tourism development	-	1.0	-	1.5	-	-	<b>2.5</b>
Executive	-	3.0	-	-	-	-	<b>3.0</b>
	<b>39.0</b>	<b>17</b>	<b>2.2</b>	<b>17.7</b>	<b>1.1</b>	<b>7.3</b>	<b>84.1</b>

A summary of the number of full time equivalent (FTE) council staff, as at 30 June 2020, by employment classification and gender is set out below.

Employment classification	Female	Male	Total
Band 1	0.8	-	<b>0.8</b>
Band 2	0.3	1.0	<b>1.3</b>
Band 3	4.6	18.0	<b>22.6</b>
Band 4	5.5	10.9	<b>16.4</b>
Band 5	7.3	3.5	<b>10.8</b>
Band 6	7.5	3.8	<b>11.3</b>
Band 7	5.0	3.0	<b>8.0</b>
Band 8	1.0	-	<b>1.0</b>
Band not applicable	9.9	2.0	<b>11.9</b>
	<b>41.9</b>	<b>42.2</b>	<b>84.1</b>

# 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 to:

- 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 policy.
- 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 that support the engagement of staff based on merit.
- Flexible working arrangements that support 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 *Local Government Act 1989* required Councils to prepare the following planning and reporting documents:

- A Council Plan within 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, included 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 Community plans: <ul style="list-style-type: none"> <li>○ Tallangatta Tomorrow</li> <li>○ UM2030 Vision Plan</li> <li>○ Our Valley, Our Future</li> <li>○ Our Bellbridge</li> </ul>	Council Plan 2017 – 2021  Strategic Resource Plan 2017 - 2021  Healthy Communities Plan 2018 - 2021  Planning Scheme Municipal Strategic Statement	Annual Budget	Annual Report <ul style="list-style-type: none"> <li>○ Report of operations</li> <li>○ Financial statements</li> <li>○ Performance statement</li> </ul>
<b>Incorporating input and feedback from:</b> <ul style="list-style-type: none"> <li>○ Community workshops</li> <li>○ Community surveys</li> <li>○ Stakeholder engagement</li> <li>○ Section 223 submissions</li> </ul>			

It is noted that this framework is changing under the new *Local Government Act 2020* and this shall be reflected in community and stakeholder engagement as the new Act comes into effect.

# Our performance

## Council Plan

The Council Plan 2017 – 2021 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:

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### 1. Organisational improvement

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

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### 2. Community wellbeing

Assist all residents to attain a high level of health and safety, resilience and connectedness to their communities.

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### 3. Asset management

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

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### 4. Land-use planning

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

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### 5. Environmental sustainability

Integrate sustainable environmental management practices into all our activities.

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### 6. Economic and tourism development

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

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## Reporting our performance

Council's performance for the 2019/20 year has been reported against the strategic objectives, strategies and indicators in the Council Plan 2017 – 2021. 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 Cr Wortmann to his fourth term as Mayor and Cr Whitehead to his second term as Deputy Mayor. Focus remained on continuing to deliver the priorities listed in the Council Plan 2017 – 2021 while maintaining the systems and services that underpin the efficient and effective operation of the organisation, including governance, records management, risk management, human resources, occupational health and safety, finance, technology, communications, customer service and advocacy.

A major organisational restructure was undertaken in December 2019 to enable Council to meet the increasing challenges and demands placed upon local governments. An external consultant was appointed to advise on the restructure which sought to:

- Avoid the need for staff redundancies
- Increase capacity to effectively deliver upon evolving local government responsibilities
- Achieve a non-hierarchical organisational structure
- Increase capacity to plan strategically to shape the future
- Increase expertise and experience across all key areas of Council

The number of directorates was increased from two to three, the number of manager roles was reduced, and the number of program coordinator roles was expanded. Various new staff were recruited and the new structure has provided the foundation for the organisation to deliver strong sustainable results and continuous improvement into the future.

Unfortunately the restructure was rapidly followed by an incredibly difficult bushfire season and then the COVID-19 pandemic which provided considerable challenges to business continuity. Due to the challenges of operating and building capacity in an emergency environment several new staff resigned within the initial bushfire recovery period. Other staff were required to conduct emergency management activities while upholding their day-to-day responsibilities, with some also attending to their own damaged properties or affected families and neighbours. Our teams are to be commended for their efforts in ensuring that the organisation continued to meet its key requirements and provide valued services to ratepayers under extremely challenging circumstances. There are a number of vacant positions that remain to be filled in 2021.

Despite the challenges of the bushfire season the annual Community Satisfaction Survey conducted in February-March 2020 demonstrated an increase in community satisfaction results, well ahead of 2018/19 results and average results for other councils. Overall Council performance increased from 61 to 65, compared to the benchmark for small rural councils at 56 and for statewide councils at 58. Satisfaction with community decisions also increased from 58 to 63, compared to an average of 53 for both small rural councils and councils across the State.

To avoid putting ratepayers under further financial pressure Council continued to work hard to keep rate increases to a minimum. Council obtained approval from the Essential Services Commission (ESC) for a higher rate cap of 5.55% from the 2017/18 to 2020/21 financial years in acknowledgement of the financial sustainability challenges faced by our Council. In 2019/20, Council was able to secure

additional State and Federal Government funding and reduce operating costs to accommodate a lower rate increase of 4.8% for a second consecutive year. As a result of receiving \$3.2 million State Government funding via Bushfire Recovery Victoria, Council was able to provide rate relief in 2019/20 and able to avoid passing on any rate increase and waive any fees and charges for ratepayers in 2020/21.

Significant progress was made on the development of a new digital platform to support Customer Relationship Management, Rates and Property, Environmental Health, Building Services and Planning. In particular the solution design documents for the Customer Relationship Management module were substantially advanced and delivery of that module is anticipated in 2020/21.

Council continued its work as secretariat for Rural Councils Victoria. Highlights included submissions to a number of State and Federal Government processes including the Infrastructure Victoria 30 year strategy and the Federal Government inquiry into regional migration. Council continued to lobby strongly with State and Federal Ministers and their departments to ensure that the needs of rural councils and their communities are understood and met.

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### **Highlights**

- Securing sufficient funding to avoid passing on any increase in rates and charges for 2020/21.
- Implementation of a substantial organisational restructure to increase Council's capacity to deliver efficiently and effectively on the needs of the municipal community.
- A substantial increase in community satisfaction results, placing Towong Shire Council well ahead of average satisfaction for small rural councils, and councils across the State generally.
- Progress on the shared development and implementation of a digital platform in conjunction with Alpine Shire Council and Indigo Shire Council.

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### **Challenges**

- Providing continuity of service given the challenges of staff movements, bushfires and COVID-19 restrictions.
  - Preparing for the increase in statutory requirements in advance of the introduction of the new Local Government Act within existing resources.
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# Our performance

## 1. Organisational improvement

### Services delivered in 2019/20

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<b>Services</b>	<b>Description</b>
Councillors, Chief Executive Officer and Executive Team	This area of governance includes the Mayor, Councillors, Chief Executive Officer and Senior Management Team.
Corporate and Organisational Development	<p>This service provides the enterprise functions that enable the organisation to operate efficiently and effectively, including business excellence and innovation, governance, records management, audit, risk management, human resources, industrial relations, occupational health and safety, financial planning and management, business information and technology.</p> <p>In addition this service provides the functions that enable smooth communication between Council, the community, its staff, and other stakeholders, including customer service, external and internal communications, customer engagement, advocacy and local laws enforcement.</p>

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### Council Plan progress report

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<b>Strategy and strategic indicator(s)</b>	<b>Status</b>	<b>Comments</b>
1.1 Continue to lobby for increased ongoing government funding support	Ongoing	Council has continued to lobby government directly and via Rural Councils Victoria.
1.2 Investigate new/additional funding streams with a view to reducing reliance on rate revenue (in conjunction with other small Councils)	Ongoing	Council has secured sufficient funding to avoid the need to pass on any increase in rates and charges in 2020/21, a substantial achievement given ongoing financial sustainability challenges.
1.3 Improve service delivery and reduce costs through process improvement and shared services	Ongoing	Council has made significant progress in developing the solution for a common digital platform across Towong, Alpine and Indigo Shire Councils.

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1.4	Continue to improve our Long Term Financial Plan	Ongoing	Annual update completed to reflect current financial environment as part of the 2020/21 Budget development process.
1.5	Deploy software that leverages improved IT infrastructure – finance and rates, human resources, asset management, environmental sustainability	Ongoing	Datacom was selected to develop and support deployment of software supporting Customer Relationship Management, Rates and Property, Environmental Health, Building Services and Planning across Towong, Indigo and Alpine Shire Councils. Solution design is well underway.
1.6	Implement business improvements – OHS, outdoor pools, saleyards, landfills and transfer stations	Ongoing	Substantial progress was made in implementing the recommendations of the Swimming Pool Advisory Group with completion expected in 2020/21.
1.7	Undertake a review of Local Laws	Not yet started	Scheduled for 2020/21
1.8	Review services provided to the community and the cost Council (ratepayers) are willing to bear as part of Council Plan and Budget preparation	Ongoing	No rate increase to be passed on to ratepayers in 2020/21

### Strategic indicators

Indicator	Target	Result 18/19	Result 19/20
Number of business improvements and shared services initiatives that achieve cost savings	Increase	11	8
Proportion of revenue secured from non-rates sources	Increase	\$14,200	\$18,736
Percentage of customer requests resolved within one month	Increase	93.8%	95%

### Service performance indicators

Service	Indicator	Performance Measure	Result 19/20	Target Achieved
Governance	Satisfaction	Satisfaction with Council's consultation and engagement process. Community rating out of 100.	60	Yes

# Our performance

## 2. Community wellbeing

Community Wellbeing aims to assist all residents to attain a high level of health and safety, resilience and connectedness to their communities. In October 2019 the team transitioned to the new Community and Planning Directorate and in December welcomed a number of new staff including Amanda Pagan as Director.

Council continued to provide Early Years services in Walwa, Bellbridge, Corryong and Tallangatta and successfully secured funding for inclusive playgrounds for Tallangatta and Corryong Early Years Centres. Maternal Child Health services were also provided throughout the Shire in addition to playgroup in Corryong, together with the Mother Goose program.

The Tallangatta Neighbourhood House continued to connect with members of the community through programs, activities and services. Despite the challenging year the Neighbourhood House saw an increase in participation from the community in the first half of the reporting period. The 2019/2020 period had 2,140 people participating across 50 courses, activities and services.

Council delivered the *FReeZA* youth program in 2019 and developed a four-year Youth Plan to deliver youth specific services, programs and activities across Towong Shire.

Funding of \$45,000 was received through Sports and Recreation for the development of a *Towong Shire Recreation Strategy*. This will provide a vision and framework for Council to prioritise sporting and recreational endeavors to effectively support the community.

During the Upper Murray bushfires, both Corryong and Tallangatta Swimming Pools played a vital role to supporting communities. The Corryong pool was used as a water source by the Country Fire Authority (CFA) to fight bushfires, while the Tallangatta pool was opened for late night swimming in an effort to make conditions more comfortable for the State Emergency Service (SES), CFA and the Australian Defence Force (ADF) who were staged in the adjacent Rowen Park Oval.

As a result of being left without power for some time, the Corryong Pool had significant algae and fire-ash spread across the facility. In an incredible effort the pool was cleaned, repaired and reopened to the public within 22 days.

Both pools were a welcome refuge for displaced and evacuated community members - particularly those with children who wanted to escape the fire damaged landscapes around their homes. Council provided swimming attire and fresh towels for displaced families so that they could rest in a cool, safe and relaxing place. Council also waived entry fees and extended the swimming season for the benefit of residents. This continued until COVID-19 measures came into force in March 2020.

Unfortunately COVID-19 and border restrictions significantly affected the operations of all community wellbeing activities.

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### Highlights

- Successfully secured funding to support the delivery of Early Years services including inclusive playground upgrades in Tallangatta and Corryong; the continued delivery of the Corryong Playgroup service; and continuation of Early Years services in Walwa and Bellbridge until 2023.
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- Council adopted the Youth Plan 2019 – 2022 providing clear strategic direction and focus to Council’s work with young people.
  - Increase in kindergarten enrolments, a likely result from free kindergarten programming for bushfire-affected areas.
  - Implementation of a digital platform across Early Years services to support family communications, programming and safety audits.
  - Tallangatta Neighbourhood House continued to provide courses and activities that met the requests and needs of the community, including COVID-19 specific information sessions.
  - Council played an active role in connecting vulnerable people in the community to services and other community groups in the face of bushfire relief and recovery, as well as COVID-19.
  - Council’s work continued to ensuring an inclusive community with the development of a Disability Inclusion Plan, a Primary Prevention Plan and a Gender Equity Action Plan.
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### Challenges

- The compounding effect of bushfires followed by COVID-19 on our communities including staff and their families has posed significant challenges to the full delivery of Council delivered community services and programs across the Shire.
  - Many sporting clubs across the Shire have seen their season curtailed or cancelled and their ovals and facilities impacted due to the bushfires. Repairs and cleanup work continues to be carried out, including re-turfing at a number of sites. The importance of ovals, recreation reserves and green spaces has been dramatically highlighted this season and funding is being sought to improve these spaces for future emergencies and to encourage social reconnection and ‘returning to play’.
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## Our performance

### 2. Community wellbeing

#### Services delivered in 2019/20

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Services	Description
Community services	Family oriented support services including kindergartens, maternal and child health, immunisations and youth services. Community services also supports Council's commitment to improving access for all residents, delivers an annual Seniors event and is exploring opportunities to support arts and culture throughout the Shire.
Library services	Public library services are provided at two locations with a customer focus that caters for the cultural, educational and recreational needs of residents.
Swimming pools	Council manages two seasonally operated swimming pools at Corryong and Tallangatta. These pools operate from November to March each year. Council also provides a financial contribution to the community operated Eskdale swimming pool.

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Community facilities	This service identifies opportunities for Council and community groups to access funding to better meet community needs and delivers on key Council funding applications.
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### Council Plan progress report

Strategy and strategic indicator(s)	Status	Comments
2.1 Develop the 2017-2021 Towong Shire Healthy Communities Plan	Complete	Healthy Communities Plan adopted in February 2019.
2.2 Review immunisation services	Complete	City of Wodonga engaged to provide school-based services and local health care providers engaged to deliver early childhood services.
2.3 Review Maternal and Child Health services <i>For completion by June 2020</i>	In progress	Stage one completed and development of stage two has commenced.
2.4 Review options for delivery of swimming pool services, including consideration of a community based model	In progress	Community Advisory Group established to review management model. Council accepted all nine recommendations for implementation in 2020/21.
2.5 Review library services and servicing of remote areas and where appropriate engage with other stakeholders to explore innovative solutions	In progress	No further action during this period. Draft scope prepared for delivery in 2020/21.
2.6 Provide guidance to the Corryong Memorial Hall Committee to update their masterplan and seek funding for hall improvements	In progress	Council continues to provide guidance on funding opportunities to the Hall Committee to equip for any future disasters.
2.7 Establish a Tallangatta Neighbourhood House Advisory Committee to deliver an annual program of activities with a view to building standalone capability	Complete	Tallangatta Neighbourhood House Committee established and delivering programs to 2140 attendees. Council and Neighbourhood House Advisory Committee to review management options to ensure ongoing sustainability of service.
2.8 Seek funding to upgrade Eskdale cricket facilities	Complete	Secured \$76,700 in funding from Sport and Recreation Victoria in January 2019 and project completed.

2.9	Continue to pursue extended child care services across the Shire <i>Work to continue for the life of this Council Plan</i>	Ongoing	Council is exploring options for expansion of child care and kindergarten in Corryong. Funded 3 year old Kindergarten to commence in 2020/21 at all Council operated sites
2.10	Encourage development of proactive community groups to progress local initiatives (e.g. funding for improvements at Bethanga Recreation Reserve, branding of localities) <i>Work to continue for the life of this Council Plan</i>	In Progress	Secured \$212,000 in funding from Sports and Recreation Victoria to rejuvenate Talgarno Recreation Reserve and Tennis Courts. Secured \$45,000 in funding for a Towong Recreation Strategy. Delivered the Community Recovery Grants Program, providing \$240,000 to community recovery initiatives in round 1.
2.11	Seek funding to upgrade netball courts in Tallangatta, Cudgewa and the Tallangatta Valley <i>Work to continue for the life of this Council Plan</i>	In progress	Works to improve netball facilities at Tallangatta and Cudgewa has commenced. Funding through the Community Recovery Grants Program was provided to both reserves, as well as the Bullioh Football Netball Club.
2.12	Implement improvements to early years services across the Shire <i>Work to continue for the life of this Council Plan</i>	Ongoing	Early Years services have implemented the usage of digital media for family communications, programming and safety audits.
2.13	Implement the Towong Shire Access and Inclusion Plan to support people experiencing a disability <i>Work to continue for the life of this Council Plan</i>	In progress	Focus groups held across the Shire, contributing to the Draft Access and Inclusion Plan. In 2020/21 the draft plan is to be opened for further community consultation prior to adoption by Council.
2.14	Seek funding for recreation facility upgrades / renewals (e.g. netball courts and shade sails) <i>Work to continue for the life of this Council Plan</i>	In progress	Sought funding for Tallangatta and Eskdale swimming pools, Mitta Valley Mountain Bike Park and Tallangatta Foreshore revitalisation - unfortunately unsuccessful. Council continues to advocate for the facilities. Smaller funds disseminated through Council's Community Recovery Grants Program.
2.15	Actively participate in the Towong Alliance with the three local health services <i>Work to continue for the life of this Council Plan</i>	Ongoing	Work undertaken with the Towong Alliance to deliver initiatives of the Towong Healthy Communities Plan.

2.16	Develop a four-year Youth Plan and deliver <i>FReeZA</i> and other responsive youth programs <i>Work to continue for the life of this Council Plan</i>	Ongoing	Youth Strategy developed and adopted by Council. Youth programs continue to be delivered.
2.17	Seek funding to renew/upgrade playgrounds <i>Work to continue for the life of this Council Plan</i>	Ongoing	Funding acquired for Tallangatta Early Years, Corryong Kindergarten and Attree Centre Corryong playground upgrades.
2.18	Seek funding to upgrade skate parks in Bellbridge, Corryong and Tallangatta <i>Work to continue for the life of this Council Plan</i>	Ongoing	Works carried out at Tallangatta Skate Park following youth engagement. Community consultation in progress through Corryong CRC on Corryong Skate Park.
2.19	Participate in community-led or government-led initiatives with the aim of reducing family violence <i>Work to continue for the life of this Council Plan</i>	Ongoing	Consultant <i>Projectura</i> engaged to deliver the 'Primary Prevention of Violence Against Women and Children' project. Free From Violence Plan to be adopted by Council in 2021.
2.20	Facilitate an annual Seniors Week activity <i>To be delivered each year for life of this Council Plan</i>	Ongoing	Seniors Week event continues to be delivered.
2.21	Advocate for appropriate transport options for community members <i>Work to be undertaken for the life of this Council Plan</i>	Ongoing	Options for Wodonga travel provided to Tallangatta residents through Neighbourhood House.
2.22	Investigate options for delivery of stage two of Our Bellbridge	In Progress	Council continues to seek funding to progress this project. Submitted application for development of a Structure Plan for Bellbridge/Bethanga.
2.23	Update recreation masterplans to determine future recreation priorities	In Progress	With successful funding, Towong Recreation Strategy to be combined with a Masterplan. Variation taken forward to Sport and Recreation Victoria for approval.

# Our performance

## 2. Community Wellbeing

### Strategic Indicators

Indicators	Target	Result 18/19	Result 19/20	Target Achieved
Vaccination of children	Maintain	177	NA	NA
Participation in the Maternal and Child Health Service	Maintain	81.3%	80.3%	No
Library collection usage	Increase	1.51	1.12	No
Utilisation of aquatic facilities	Increase	11,607	10,732	No
Level of participation in Seniors Week event	Increase	62	64	Yes
Level of participation in youth events	Increase	421	252	No

### Service performance indicators

Service	Indicator	Performance Measure	Result 19/20	Target Achieved
Maternal and Child Health (MCH)	Participation	Participation in the MCH service - Percentage of children enrolled who participate in the service	80.3	Yes
MCH	Indigenous Participation	Participation in MCH service by Aboriginal children - Percentage of Aboriginal children enrolled who participate in the service	100	Yes
Libraries	Participation	Active library members - Percentage of the municipal population that are active library members	10.82	Yes
Aquatic Facilities	Utilisation	Utilisation of aquatic facilities - Number of visits to aquatic facilities per head of municipal population	1.78	Yes



# Our performance

## 3. Asset management

Council were successful in securing significant funding for capital works projects throughout the year from both State and Federal Governments. The year presented some challenges with the resignation of senior staff, significant bushfires and COVID-19 restrictions delaying delivery of projects with many capital works projects carried forward to the 2020/21 year for completion.

Additional positions of Manager Works and Customer Liaison Officer were introduced during the organisational restructure in recognition of the increasing number of projects and services that Council is delivering for the community.

Significantly the Upper Murray Events Centre in Corryong was completed, providing the Upper Murray with a multi-purpose community centre. The \$2.8 million project was funded by several contributions including \$1 million from the Victorian State Government; \$800,000 from the Federal Government; \$700,000 from Council; \$250,000 million from Corryong Health; and \$100,000 in-kind community contributions.

Stage one of the Lakelands Caravan Park upgrade in Tallangatta was completed, including a new camp kitchen and amenities building.

Central business district (CBD) streetscape upgrades were completed for Eskdale, Bethanga, Tallangatta and Walwa. Planning, design and consultation was also completed for the Hanson Street, Corryong streetscape upgrade.

Planning approvals were obtained for the new Tintaldra boat ramp. New playgrounds were installed in Dartmouth and Talgarno. Bridge upgrades were completed on Guys Forrest Road, Burrowye, Callaghan Creek Road, Mitta Mitta and McHargs Road, Walwa. Major upgrades to the Corryong Airport were also successfully delivered.

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### Highlights

- Secured State Government funding for upgrades to the Colac Colac Caravan Park and the Tallangatta Lakelands Caravan Park.
- Completion of the Upper Murray Events Centre in Corryong.
- CBD streetscape upgrades for Eskdale, Bethanga, Tallangatta and Walwa.
- Upgrades to the Tallangatta Senior Citizens building façade.
- The widening and sealing of Hardy's Road, Tallangatta.
- Safety upgrades to Lake Road Bellbridge, part of the Federal Government Black Spot program.
- Grading and road maintenance activities across the Shire.

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### Challenges

- Bushfires and COVID-19 restrictions, together with a vacancy in the Director Technical Services position for a number of months, have posed challenges to the full delivery of the capital works and road maintenance programs due to the reallocation of resources.
  - Bushfires in the Upper Murray made access difficult and drew staff into emergency response roles for up to three months resulting in delays to the capital works construction program.
  - COVID-19 restrictions meant staff adapted to working from home arrangements. Limitations on a single driver per Council vehicle necessary to comply with physical distancing, impacted the efficiency of crews in delivering annual road maintenance programs.
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# Our performance

## 3. Asset management

### Services delivered in 2019/20

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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"><li>• roads, bridges, footpaths</li><li>• buildings</li><li>• drainage</li><li>• recreation and open spaces</li></ul>
Infrastructure	<p>This service maintains Council infrastructure, vehicles, plant and equipment to meet functional and safety needs.</p>

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### Council Plan progress report

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Strategy and strategic indicator(s)	Status	Comments
3.1 Deliver Corryong Airport upgrade	Complete	Project completed in 2018.
3.2 Deliver the Corryong Swimming Pool upgrade	Complete	Project completed prior to the 2018 season.
3.3 Deliver Eskdale Netball Courts upgrade project	Complete	Project completed in early 2019.
3.4 Deliver the Great River Road project	Complete	Project completed in November 2019.
3.5 Deliver the Destination Tallangatta project: foreshore upgrade, path links, playground, road improvements, retail precinct upgrade <i>For completion by December 2020</i>	In Progress	<p>Shopfront revitalisation and murals complete. First stage of the Lakelands Holiday Park upgrade complete.</p> <p>Community consultation completed on The Triangles, project commencing December 2020.</p>

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3.6	Deliver town improvement and beautification program: Walwa, Granya, Bethanga, Mitta Valley towns	In Progress	Walwa, Bethanga, Eskdale, completed. Final works required to complete Granya including carpark upgrade at Hall. Dartmouth and Mitta Mitta to be completed in 2020/21.
3.7	Liaise with VicRoads to consider road safety improvements throughout the Shire (e.g. upgrade Y-intersections to T-intersections) <i>Work to continue over the life of the Council Plan</i>	Ongoing	Work completed on Mitta North Road intersection. Black Spot Funding secured for Lake Road and Murray Valley Highway intersection at Old Tallangatta. Scheduled for 2021/22. Council continues to liaise with VicRoads through the Towong Shire Traffic Liaison Group.
3.8	Deliver the adopted Capital Works program <i>Work to continue over the life of the Council Plan</i>	Ongoing	Ongoing with some delays experienced due to bushfires and COVID-19.
3.9	Work with VicRoads and other stakeholders to progress the upgrade/sealing of the Benambra-Corryong Road	Ongoing	Identified as a bushfire priority project. Council advocating for funding.
3.10	Continue Georges Creek Road upgrade and seek funding for improvements to the intersection with River Road <i>Work to continue over the life of the Council Plan</i>	Ongoing	Native vegetation removal assessment report and cultural heritage assessments complete. Planning permit application for native vegetation removal in development.
3.11	Seek funding and deliver the strategic path links program <i>Work to continue over the life of the Council Plan</i>	Ongoing	Funding applications submitted for upgrades to pram ramps and pedestrian crossing on Kiell Street, Corryong. Footpath construction scheduled for Strzelecki Way Corryong in 2020/21.
3.12	Complete condition assessments for road assets and non-road assets (e.g. buildings, playgrounds) <i>Condition assessments for road and non-road assets completed by 2021.</i>	Ongoing	Completed in accordance with the Asset Management plan schedules.
3.13	Improve Lake Road from Bellbridge to Kurrajong Gap Road through Black Spot funding.	Complete	Project completed in 2020.

3.14	Improve town entrances and signage at key locations throughout the Shire <i>Work to continue over the life of the Council Plan</i>	In Progress	Tallangatta town entrances beautification complete with signage to be addressed in 20/21.  Old Tallangatta scheduled for completion December 2020.
3.15	Assess critical stormwater areas in Bethanga for low flow piping	Completed	Completed as part of the Bethanga streetscape upgrade.
3.16	Investigate options for the Bethanga Bay Recreation Reserve	In Progress	Funds redirected to Bethanga tree planting and landscaping. Tree planting commenced in September 2020.

### Strategic Indicators

Indicators	Target	Result 18/19	Result 19/20	Target Achieved
Sealed local roads maintained to condition standards	Maintain	99.7%	100%	Yes
Number of customer requests for unsealed roads	Decrease	68	38	Yes
Condition assessments completed in accordance with Asset Management Plan	100%	99.5%	98%	No
Projects scheduled in Council Plan delivered	100%	93.7%	82%	No

### Service performance indicators

Service	Indicator	Performance Measure	Result 19/20	Target Achieved
Roads	Satisfaction	Satisfaction with sealed local roads - Community rating out of 100	63	Yes

# Our performance

## 4. Land-use planning

The land-use planning department has the objective to implement a strategic and sustainable long-term land-use direction for the Shire based on an integrated approach to the natural and built environment.

The land-use planning department was restructured into the newly created Directorate of Community and Planning in October 2019. The department's regular activities include planning permit applications, compliance and enforcement, strategic planning, and providing advice to other Council Departments and State Planning Authorities. The department also expanded in March 2020 to support the rebuilding needs of bushfire affected residents.

Significant improvements in service delivery were achieved in 2019/20, and notably permit applications processed within 60 days increased from 57% in 2018/19 to 81%. Altogether 100 permit applications were processed compared to 83 in the 2018/19 financial year.

Strategic Planning activity included the approval of the C025 Rural-Living Amendment in March 2020 and commencement of the Tallangatta Structure Plan project. Several projects from the 2019/20 Budget have been deferred to the 2020/21 financial year and beyond due to resourcing shortfalls.

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### Highlights

- Reduction in permit application processing times

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### Challenges

- Continuing issues with illegal accommodation and native vegetation removal
  - Sufficient resourcing to complete strategic projects
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# Our performance

## 4. Land-use planning

### Services delivered in 2019/20

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Services	Description
Planning	The planning service processes all planning applications, provides advice and makes decisions about development proposals which require a planning permit, and represents Council at the Victorian Civil and Administrative Tribunal. It administers and prepares amendments to the Towong Planning Scheme and carries out research on demographic, urban development, economic and social issues affecting Council. It prepares major policy documents that shape the future of the Shire.
Building services	This service provides statutory building services to the Shire community including processing of building permits, fire safety inspections, audits of swimming pool barriers and investigations of complaints and illegal work.
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.

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### Council Plan progress report

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Strategy and strategic indicator(s)	Status	Comments
4.1 Finalise the Rural Activity Zone amendment <i>For completion by June 2020</i>	In Progress	C25 amendment submitted with significant exclusions.
4.2 Analysis of the residential and industrial needs of Tallangatta and identification of future residential and industrial development options for the town <i>For completion by June 2020</i>	Commenced	Study extended to include areas surrounding Tallangatta. A consultant was appointed to progress a Tallangatta Structure Plan - draft due December 2020.
4.3 Section 12B Whole of Scheme Review <i>For completion by June 2020</i>	In Progress	Review underway in conjunction with Alpine and Indigo Shire Councils.
4.4 Creation of Developer Contributions Policy <i>For completion by December 2020</i>	Not yet started	To commence in 2020/21.

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4.5	Anomalies/Corrections Amendment <i>For completion by June 2021</i>	Not yet started	To be addressed as part of the planning framework project.
4.6	Potable Water Supply Catchment ESO Amendment	Not yet started	For completion by June 2021.
4.7	Roadside Vegetation ESO/VPO Amendment	Deferred	Recommended for Council Plan 2021-2025.
4.8	Translation of Upper Murray Flood Study to new Floodway Overlay and Land Subject to Inundation Overlay	Deferred	Recommended for Council Plan 2021-2025.
4.9	Tallangatta CBA Mixed Use Zone Amendment	Deferred	Recommended for Council Plan 2021-2025.
4.10	Rewrite of MSS and Local Planning Policies including new 'Extractive Industry Haulage Route' Local Planning Policy <i>For completion by June 2021</i>	Not yet started	Recommended for Council Plan 2021-2025.
4.11	Clause 52.17 Schedule – Nominate Blackberry as Specified Weed	Deferred	Recommended for Council Plan 2021-2025.
4.12	Bushfire Management Overlay Schedules	Not yet started	For completion by June 2021.
4.13	Wastewater Treatment Plant ESO Amendment (Bellbridge, Corryong and Tallangatta)	Deferred	Recommended for Council Plan 2021-2025.
4.14	Backzone areas of General Residential Zone at Corryong to Low Density Residential Zone	In progress	Funding application submitted to undertake Corryong Structure Plan.
4.15	Significant Landscape Overlay Amendment (as recommended by regional landscape study)	Deferred	Recommended for Council Plan 2021-2025.
4.16	Heritage Places Assessment and Heritage Overlay Amendment <i>For completion by June 2021</i>	Not yet started	To be commenced.
4.17	Tom Groggin Rezoning	Deferred	Recommended for Council Plan 2021-2025.

# Our performance

## 4. Land-use planning

### Strategic Indicators

Indicators	Target	Result 18/19	Result 19/20	Target Achieved
Time taken to decide planning applications	Maintain	64 days	25 days	Yes
Planning applications decided within required time frames	Increase	51.72%	82.35%	Yes
Percentage of scheduled planning scheme amendments completed	100%	N/A	100%^	Yes

^Council submitted amendment that was approved by Minister for planning in 2020, however not all components were approved and Council continues to advocate.

### Service performance indicators

Service	Indicator	Performance Measure	Result 19/20	Target Achieved
Statutory planning	Decision making	Council planning decisions upheld at VCAT - Percentage of planning application decisions subject to review by VCAT and that were not set aside	100%	Yes



# Our performance

## 5. Environmental sustainability

Council participated in the Goulburn Broken Greenhouse Alliance, the North East Waste and Resource Recovery Group and the Regional Integrated Water Management Forum to work and advocate on joint projects relating to climate change resilience and recycling.

Successful meetings with key water industry stakeholders have resulted in programmed upgrades for wastewater management at Tallangatta and Bellbridge with construction programmed in the next two years.

A program to monitor Council's carbon emissions for a period of three years was introduced to measure the success of recent solar and lighting upgrades along with future measures to improve sustainability in the operation of Council's buildings.

Street tree planting has continued in the Shire's townships with thirty percent of the tree planting strategy achieved to date. The initiative is improving shade and township amenity and is part of Council's investment into climate change resilience and mitigation.

Significant work was undertaken in emergency response, recovery and relief operations during and post the bushfires experienced in December and January.

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### Highlights

- Continued commitment to improving energy efficiency and sustainability in Council service delivery.
- New solar battery system for Corryong Council Office and solar panel upgrades on other Council buildings funded through Sustainability Victoria.
- Delivery of the Local Government Energy Saver Program.
- Tree planting in urban streets.

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### Challenges

- Council's Resource and Recovery Centre in Corryong received significant damage during the recent bushfires, including a damaged landfill liner, burnt shed and loader. Significant resources and time were consumed in transporting the waste to Albury landfill.
  - Vacancies in key positions, bushfires and COVID-19 restriction have posed challenges to the full delivery of services in this area.
  - Bushfires also created an increase in new and damaged bin requests.
-

# Our performance

## 5. Environmental sustainability

### Services delivered in 2019/20

Services	Description
Waste Services	This service provides waste collection including kerbside collection of rubbish and recycling from households and commercial properties, special hard waste and green waste collections, resource recovery centre and landfill management.
Emergency Management	This service provides Council's emergency management planning function in collaboration with the Municipal Emergency Management Planning Committee.
Animal Control	This service provides animal management services including dog and cat collection, 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.

### Council Plan progress report

Strategy and strategic indicator(s)	Status	Comments
5.1 Research options for Mitta Mitta town water with North East Water	In Progress	No further action during this period. Submitted as a priority planning project for funding through the Regional Integrated Water Management Forum.
5.2 Continue to explore solutions for Bellbridge wastewater expansion (in conjunction with North East Water)	Complete	North East Water progressing technical aspects of project.
5.3 Review waste services across the Shire (including green waste, hard waste, recycling and rubbish bin options)	In Progress	Circular economy transition planning in progress, waste review document under revision to reflect changes at State level.
5.4 Continue to lobby for the expansion/improvement of North East Water's Tallangatta wastewater plant to accommodate Tallangatta's future development and the elimination of odour emanating from the plant	In Progress	North East Water upgrades programmed for 2020/21 with project scheduled for completion in 2021.

5.5	Maintain current and future landfills to best practice and investigate improvements to operations (e.g. covers) <i>Work to continue for the life of this Council Plan</i>	Ongoing	Removal of waste from bushfire damaged landfill cell in Corryong in progress. Tender underway to reline existing cell. Lease for landfill site under preparation.
5.6	Continue to implement noxious weed control along roadsides with available funding and lobby for additional funding <i>Work to continue for the life of this Council Plan</i>	Ongoing	2019/20 program complete
5.7	Encourage adjoining landowners (including DELWP and Parks Victoria) to implement weed controls on their land <i>Work to continue for the life of this Council Plan</i>	Ongoing	Coordinating roadside spraying with Parks Victoria Good Neighbour Program.
5.8	Investigate and seek funding for solar street lighting in key locations <i>Work to continue for the life of this Council Plan</i>	In Progress	Council continues to investigate and advocate for funding.
5.9	Continue to look at renewable energy projects where funding is available (e.g. Banking on Our Solar Future) <i>Work to continue for the life of this Council Plan</i>	Ongoing	Solar panels installed on most Council buildings and battery system installed at Corryong Library. Seeking further funding opportunities in 2020/21.
5.10	Deliver strategic tree plantings under the Tree Management Plan as funding becomes available <i>Work to continue for the life of this Council Plan</i>	Ongoing	Towong Street East and Old Tallangatta tree planting complete. Bethanga tree planting scheduled for September 2020.
5.11	Encourage (and where possible deliver) sustainable design for community buildings and residential development <i>Work to continue for the life of this Council Plan</i>	Ongoing	Upper Murray Events Centre complete with sustainable design principles. All Council building upgrades will meet energy efficiency requirements.
5.12	Support waste initiatives in the North East Regional Waste Implementation Plan and Regional Waste Minimisation Strategy <i>Work to continue for the life of this Council Plan</i>	Ongoing	Submission made to DELWP for circular economy transition planning, including optimal timing to introduce a 4 bin system.

5.13	Consider the options available for the Bethanga Wastewater Project, explore preferred solutions and seek funding to deliver a solution (if feasibility can be established)	In Progress	Council continues to work with North East Water.
5.14	Investigate the options for the development and reporting of Environmental Performance indicators	In Progress	Ongoing monitoring of greenhouse emissions from Council operations using Trellis.
5.15	Research options available for reticulated sewerage in Eskdale	Not yet started	No further progress during this period.

### Strategic Indicators

Indicators	Target	Result 18/19	Result 19/20	Target Achieved
Kerbside bin collection requests	Decrease	332	395	No
Kerbside collection waste diverted from landfill	Increase	33.11%	25.75%	No

### Service performance indicators

Service	Indicator	Performance Measure	Result 19/20	Target Achieved
Waste collection	Waste diversion	Kerbside collection waste diverted from landfill - Percentage of garbage, recyclables and green organics collected from kerbside bins that is diverted from landfill	33.11%	Yes
Animal management	Health and safety	Animal management prosecutions - Number of successful animal management prosecutions	N/A <sup>2</sup>	N/A

<sup>2</sup> There have been no animal prosecutions in 2019/20

# Our performance

## 6. Economic and tourism development

Economic and tourism development sets out to expand employment and economic opportunities whilst continuing to maintain and promote our natural environment and the lifestyle our municipality offers.

2019/2020 was a year of unknowns with significant disruptions due to bushfires, the COVID-19 pandemic and changes in staffing. Despite challenges in meeting targeted milestones, a number of key Council Plan and 2019/20 budget priorities were successfully delivered.

Delivering on the *Upper Murray 2030 Vision Plan* was a core focus, with the *Great River Road* touring route officially launched in November 2019. Following the 2019/20 Upper Murray bushfires, a long term economic recovery plan was developed. The economic development team continues to work closely alongside the bushfire recovery team to offer recovering Towong businesses much needed support and new opportunities.

To attract visitors back to Towong Shire following the bushfires, Council was successful in its application for funding for two cycle events – a part of the Victorian Road Race series and the Mitta Gravel Grinder. Funding applications to develop a High Country Rail Trail Masterplan and to provide further upgrades to the Tallangatta Holiday Park were also successful. Following community engagement with the Reserve Committee of Management, a masterplan was developed for Colac Colac Caravan Park. One of two funding applications were successful, providing resources to bring the plans to fruition. In addition Council led a comprehensive community engagement process to develop a Masterplan for the proposed Mitta Mountain Bike Park. Funding continues to be sought for the development of the park.

The Tallangatta Shopfront Revitalisation Project resulted in a program to assist businesses and commercial business owners in Tallangatta's CBD to upgrade their property facades. Upgrades included refurbishment of verandahs, repairs to roof drainage, window improvements and signwriting. A community consultation process was undertaken for the design and location of street murals, with all aspects of the project driving tourism and economic growth for the township.

Other achievements included the development of a prospectus to attract tenancy at the Corryong Airport precinct.

To keep local tourism businesses informed, the Economic Development team has developed a new Tourism Industry update e-newsletter.

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### Highlights

- Progressed delivery of the Upper Murray 2030 Vision Plan, including the launch of the Great River Road touring route
  - Developed and implemented a program to assist businesses and commercial business owners in Tallangatta's CBD to upgrade their property facades.
  - Assisted Alpine Valleys Dairy to review their strategic plan, implement their communications plan, deliver the inaugural 'Dare to Dairy' networking dinner and appoint a consultant for Sustainable Dairy Communities.
  - Developed a prospectus to attract tenancy to the Corryong Airport precinct and developed a system to capture air traffic data; sought and received funding for an airport fuel tank.
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- Created a masterplan for the development of the Colac Colac Caravan Park and secured funding for upgrades.
- Continued to advocate for improved telecommunications infrastructure across the Shire.
- Sought and received funding to expand the visitor economy including; two cycling events; a High Country Rail Trail Masterplan; and further upgrades to the Tallangatta Holiday Park. Created the Towong Shire Tourism Industry Update newsletter.
- Developed a long term economic recovery plan following the impact of the bushfires.

### Challenges

- Vacancies in key positions, bushfires and COVID-19 restriction have posed challenges to the full delivery of services in this area resulting in delays to projects.

## Our performance

### 6. Economic and tourism development

#### Services delivered in 2019/20

Services	Description
Economic development	The economic development service facilitates 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.

#### Council Plan progress report

Strategy and strategic indicator(s)	Status	Comments
6.1 Develop and launch the Valleys Lakes and Vistas tourism website	Complete	Project complete. Our work with partners to develop one comprehensive website will continue into 20/21.
6.2 Explore options in relation to a Centre for Dairy Excellence in the Upper Murray <i>For completion by June 2021</i>	In Progress	Options are being explored.
6.3 Develop and implement a Recreational Hunting Tourism Strategy	Ongoing	Following community consultation, focus transferred from development of strategy to advocacy.

6.4	Explore options for creating cycle product within the Towong Shire and where feasible, deliver or facilitate new product (e.g. new cycle event linked to the Tallangatta 50's Festival, opportunities with the High Country Rail Trail)	In Progress	Successfully secured funding for Mitta Mountain Bike Park Masterplan and Trailhead. Participated in Ride High Country marketing campaign. Successfully sought funding to host new road and gravel race. Secured funding for a Masterplan and signage for the High Country Rail Trail.
6.5	Explore options to capitalise on Tallangatta's Notable Town status (e.g. establishment of a Museum to celebrate Tallangatta's unique heritage) <i>For completion by June 2021</i>	In Progress	Creation of murals in Tallangatta that celebrate the towns vibrant history. Works completed for Tallangatta shopfront revitalisation project. Continue to seek funding to improve the Tallangatta Foreshore including local history interpretation panels and sculptures.
6.6	Seek further funding and deliver the Upper Murray Events Centre	In Progress	Project completed following funding from the State Government's <i>Regional Infrastructure Fund</i> and the Federal Government.
6.7	Secure control of the Lakelands Holiday Park and seek funding to implement the adopted recommendations from the Tallangatta Holiday Park Planning Study <i>Work to continue for the life of this Council Plan</i>	In Progress	Stage one of Tallangatta Holiday Park Planning Study complete. Continue to seek funding to complete adopted recommendations.
6.8	Continue to lobby for improved mobile phone and internet coverage across the Shire <i>Work to continue for the life of this Council Plan</i>	In Progress	New Berringama tower operational, secured through Mobile Blackspot Program. Continue to advocate for improved coverage with State and Federal governments and participation in the Indi Telecommunications Group.
6.9	Seek funding for the Connecting Corryong project <i>Work to continue for the life of this Council Plan</i>	In Progress	Funding sought under Federal Government's <i>Building Better Regions Fund</i> was unsuccessful. Masterplan and further community consultation to commence in 2020/21.

6.10	<p>Work with business operators to assist them to become more profitable (e.g. Business After Hours program, targeted training, etc)</p> <p><i>Work to continue for the life of this Council Plan</i></p>	In Progress	<p>After hour events implemented. Workshops held for Australian Tourism Data Warehouse listings and Recovery Resilience in business.</p>
6.11	<p>Work with UM2030 Community Board to deliver outcomes from the UM2030 Plan</p> <p><i>Work to continue for the life of this Council Plan</i></p>	In Progress	<p>Completed works from the Great River Road Masterplan. Continue to pursue funding for Great River Road marketing campaign.</p>
6.12	<p>Advocate for houseboats on Lake Hume and Dartmouth Dam</p> <p><i>Work to continue for the life of this Council Plan</i></p>	In Progress	<p>Attempts to secure funding for the feasibility study have not been successful. Council continues to advocate for funding.</p>
6.13	<p>Work with key stakeholders, including Tourism North East and Parks Victoria, to provide opportunities for ecotourism in our Shire (e.g. Pine Mountain)</p> <p><i>Work to continue for the life of this Council Plan</i></p>	In Progress	<p>Focus group report for Pine Mountain Tourism completed. Pursue feasibility study/ masterplan and engage with Parks Victoria.</p>
6.14	<p>Continue to advocate for The Narrows project at Tallangatta</p> <p><i>Work to continue for the life of this Council Plan</i></p>	In Progress	<p>Feasibility study funded, completed and acquitted.</p>
6.15	<p>Work with local operators to facilitate the development of a farm gate trail in the Mitta Valley and replicate in other localities as appropriate</p> <p><i>Work to continue for the life of this Council Plan</i></p>	In Progress	<p>Mitta Valley Destination Plan has been developed. Council launched <i>Guide to Opening a Farmgate</i> and hosted workshops.</p>
6.16	<p>Support the delivery of the North East Regional Dairy Growth Plan and Workforce Development Strategy through Alpine Valleys Dairy Pathways Group</p> <p><i>Work to continue for the life of this Council Plan</i></p>	In Progress	<p>Council continues to work with Alpine Valleys Dairy (AVD). Community consultation commencing in 2021 to develop an Agriculture Strategic Plan.</p>
6.17	<p>Seek funding to research Indigenous history in the Towong Shire</p> <p><i>Work to continue for the life of this Council Plan</i></p>	In Progress	<p>The development of a Reconciliation Action Plan planned for 2020/21.</p>



6.18	Promote the Omeo Highway and the Benambra-Corryong Road as touring links to the Gippsland region <i>Work to continue for the life of this Council Plan</i>	In Progress	Memorandum of Understanding (MOU) developed with East Gippsland Shire Council. To be delivered in 2020/21.
6.19	Seek funding for a Dartmouth RV dump and water point to support RV Friendly town promotion	Complete	Project complete.
6.20	Create branding for the Great River Road and the Upper Murray and deliver marketing campaign <i>For completion by June 2020</i>	In Progress	Branding completed. Continue to advocate for marketing campaign funding.
6.21	Leverage off Rural Councils Victoria project to attract people to live in rural areas / seek funding opportunity for associated study <i>For completion by June 2020</i>	In Progress	Continued involvement in Rural Councils Victoria.
6.22	Explore options to increase the availability of residential and industrial land across the Shire <i>Work to continue for the life of this Council Plan</i>	In Progress	Currently undertaking a structure plan for Tallangatta and have submitted funding applications for other structure plans.
6.23	Host an economic development forum in 2020 <i>For completion by December 2020</i>	Not yet started	To be commenced.
6.24	Investigate options to support/promote farmgate/ agribusiness opportunities <i>For completion by June 2021</i>	In Progress	Successfully sought funding for the Upper Murray Building a Resilient Future project which explored cooperative agricultural opportunities in the Upper Murray. Supported initiatives by Alpine Valleys Dairy. Developed <i>Guide to Opening a Farmgate</i> .

## Strategic indicators

Indicators	Target	Result 18/19	Result 19/20	Target Achieved
Number of businesses <sup>3</sup>	Increase	908	931	Yes
Utilisation of Visit Upper Murray and Valleys Lakes and Vistas websites	Increase	10291	28401	Yes

## Service performance indicators

Service	Indicator	Performance Measure	Result 19/20	Target Achieved
Economic development	Economic activity	Change in number of businesses - Percentage change in the number of businesses with an ABN in the municipality	2.5%	No

# Our performance

## 7. Relief and Recovery

In response to the 2019/20 bushfires, Council established a dedicated Relief and Recovery directorate to lead Council's emergency relief and recovery works following one of the biggest natural disasters in the history of Towong Shire.

The 2019/20 summer saw the Upper Murray face one of its biggest natural disasters. Starting near Walwa on the New South Wales border on December 26 and burning into mid-January almost 600 properties were impacted with 42 primary residences destroyed, thousands of kilometres of fencing destroyed and more than 5,000 livestock killed or missing. The bushfires ultimately destroyed more than 380,000 hectares of land.

As a result the Upper Murray and Towong Shire as a whole has been impacted significantly including lasting personal, economic, environmental, social and secondary impacts.

Council has worked throughout emergency relief and recovery efforts to ensure the region bounces back stronger than before, quickly transitioning from the Emergency Relief Centre to the Upper Murray Community Recovery Hub, supported by Bushfire Recovery Victoria (BRV).

Council's Relief and Recovery Team has worked closely with local Community Recovery Committees (CRC's) to ensure community needs are at the centre of the relief and recovery effort of all partners.

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<sup>3</sup> Australian Bureau of Statistics

These partnerships also drive Council's advocacy to State and Federal government agencies to ensure ongoing support, for the effected communities across the Shire.

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### **Highlights**

- Council was fast to respond in establishing both an Emergency Relief Centre and the transition to a Community Recovery Hub, providing ongoing support to the Upper Murray community.
- Council's Bushfire Recovery Team have formed strong working relationships and trust with local community groups through the establishment of the CRC's.
- A strong working relationship has been formed with supporting agencies ensuring a coordinated approach across levels of government.

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### **Challenges**

- COVID-19 restrictions has posed significant challenges to recovery, including a delay in tourists returning to the region causing ongoing economic impacts.
  - Border closures during COVID-19 providing further set-backs for recovery efforts, including a delays in the collection of destroyed fencing wire due to contractors being unable to cross the border.
  - The sheer scale of impact has seen Council resources re-deployed to meet immediate needs resulting in the delay or deferment of a number of Council Plan priorities.
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# 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 2019/20 year Council held the following meetings:

- Eleven (11) ordinary council meetings
- Three (3) special council meetings

### Committees

In 2019/20 Council had one Section 86 special committee, the Riverview Committee of Management, to provide and manage self-contained accommodation at Riverview Units, Walwa.

# Governance, management and other information

## Governance

### Code of conduct

The Councillor Code of Conduct provides a framework for Councillors to work together in an ethical and accountable manner to provide leadership and good governance to Towong Shire. The Council last adopted its Code of Conduct on 7 February 2017 and it will be reviewed once more in 2021 in line with the requirements of the *Local Government Act 2020*.

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 allowances while performing their duties as an elected officials. In 2019/20 the Minister for Local Government was responsible for setting 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% to Mayoral and Councillor allowances, effective 1 December 2019, under section 73B(4) of the Local Government Act 1989.

Council subsequently reviewed Mayoral and Councillor allowances in accordance with section 74(1) of the Act. Accordingly, at its meeting on 4 December 2019 Council endorsed a 2% increase to Mayor and Councillor allowances as required under the Local Government Act 1989. Bringing Mayoral and Councillor allowances to:

Mayor:	\$61,963
Councillors:	\$20,740

An Order was made by the Governor in Council under section 74B of the *Local Government Act 1989* on 9 January 2020 that applied to Towong, Alpine and East Gippsland Shire Councils in recognition of the increased demand relating to the 2019/20 bushfire season. The Order set a 100% increase in mayoral allowances and a 50% increase in Councillor allowances for a period of 90 days from January to March 2020. Additional payments for the 90-day period were:

Mayor:               \$16,962  
Councillors:        \$2,839

Funding to support this temporary increase in allowances was provided to the three affected councils by Bushfire Recovery Victoria.

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 2019/20.

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 their 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 <sup>^</sup>	Childcare	ICT <sup>+</sup>	Conferences <sup>*</sup>
Cr David Wortmann	\$1,719	\$0	\$990	\$426
Cr Andrew Whitehead	\$407	\$0	\$302	\$0
Cr Aaron Scales	\$629	\$0	\$0	\$455
Cr Jennie Star	\$478	\$0	\$695	\$0
Cr Peter Tolsher	\$0	\$0	\$121	\$0

<sup>^</sup>Travel including mileage and accommodation

<sup>+</sup>Information and communication technology

<sup>\*</sup>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 as an independent advisory committee to assist Council 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.

During 2019/20 the Audit Committee met 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 2019/20, the Audit Committee considered:

#### Financial management and performance reporting

- Annual financial and performance statements
- External Auditor reports
- Budget development
- Monthly financial reporting

#### Risk management

- Local government investigations
- Risk management strategy and action plan
- OHS Safety Management System
- Insurances
- Legal updates
- Emergency management planning
- Bushfire and COVID-19 response
- Business Continuity Plan
- Human resources management

#### Governance

- VAGO best practice reports
- Victorian Ombudsman reports

In September 2020 the Audit Committee was re-established as the Audit and Risk Committee in line with the requirements of the *Local Government Act 2020*.

# Governance, management and other information

## Management

### Audit committee members

In 2019/20 the Audit Committee was comprised of the Mayor and four independent external members. The external members were as follows:

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#### **Robert Lees (Chair)**

Mr Lees was first appointed to the Audit Committee in March 2015 and his appointment was extended in July 2019. 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 manufacturing, 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.

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#### **Kira Bryant**

Mrs Bryant was first appointed to the Audit and Risk Committee in 2019. She grew up in the local area attending Tallangatta Secondary College. From there, Kira completed a Bachelor of Rural Business with the University of Melbourne. After living in Ararat, in Western Victoria for a short time, Kira returned to the North East with her young family. Over the last 12 years Kira has gained extensive experience in banking, finance, and agriculture. During this time, Kira also completed a Diploma of Financial Planning. She is currently working for the Regional Investment Corporation as an Agribusiness Senior Credit Assessor. Kira returned to Georges Creek with her husband and 3 children two years ago.

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#### **Spencer Rich**

Mr Rich was appointed to the Audit Committee in July 2019. He has over 20 years of experience in occupational health and safety management, risk management and corporate governance, including nearly 10 years with Wodonga Council in roles spanning these fields. He holds a Diploma of Occupational Health and Safety and an Advanced Diploma of Governance, Risk and Compliance.

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#### **Jessica Campbell**

Ms Campbell was appointed to the Audit and Risk Committee in September 2019. She has had an extensive local legal career and continues to practice in the area of personal injury law. She has had positions on local sporting groups, agricultural discussion groups and school boards. Ms Campbell has lived in the Shire for most of her life and currently lives in the local area. Her children also attend a local school and kindergarten.

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# Governance, management and other information

## Management

### External audit

Council is externally audited by the Victorian Auditor-General's Office (VAGO). For the 2019/20 year the annual external audit of Council's financial statements and performance statement was conducted by VAGO's representative, Crowe Australasia. The external auditors engage with Council's Audit and Risk Committee to present their independent audit report. The external audit management letter and responses are also provided to the Audit and Risk 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 not about finger pointing when things go wrong, rather it is a conscious decision to improve Council's systems and processes.

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	Result
<p><b>1 Community engagement policy</b></p> <p>Policy outlining Council's commitment to engaging with the community on matters of public interest</p>	<p>Policy</p> <p>Date of operation of current policy: 1 December 2009</p> <p>The Policy will be substantially reviewed to meet the requirements of the <i>Local Government Act 2020</i> and will be adopted by 1 March 2021.</p>	Yes
<p><b>2 Community engagement guidelines</b></p> <p>Guidelines to assist staff to determine when and how to engage with the community</p>	<p>Guidelines</p> <p>Date of operation of guidelines: 1 December 2009</p> <p>New guidelines will be prepared in 2021 to assist staff in meeting the requirements of the <i>Local Government Act 2020</i>.</p>	Yes
<p><b>3 Strategic Resource Plan</b></p> <p>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</p> <p>Date of adoption: 15 August 2017</p>	Yes
<p><b>4 Annual budget</b></p> <p>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</p> <p>Date of adoption: 25 June 2019</p>	Yes
<p><b>5 Asset management plans</b></p> <p>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</p> <p>Date of operation of current plans: Roads – 6 August 2012 Recreation and open spaces – 6 December 2016 Drainage – Draft Buildings and structures - Draft</p>	Yes
<p><b>6 Rating strategy</b></p> <p>Strategy setting out the rating structure of Council to levy rates and charges</p>	<p>Current strategy in operation</p> <p>Date of operation of current strategy: 25 June 2019</p>	Yes

# Governance, management and other information

## Governance and management checklist

Governance and management items	Assessment	Result
<p><b>7 Risk policy</b></p> <p>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: 4 February 2020</p>	Yes
<p><b>8 Fraud policy</b></p> <p>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: 7 May 2019</p>	Yes
<p><b>9 Municipal emergency management plan</b></p> <p>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: 3 December 2019</p>	Yes
<p><b>10 Procurement policy</b></p> <p>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: 3 March 2020</p>	Yes
<p><b>11 Business continuity plan</b></p> <p>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 issue: 30 July 2018</p>	Yes
<p><b>12 Disaster recovery plan</b></p> <p>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 audit: 13 November 2018</p>	Yes
<p><b>13 Risk management framework</b></p> <p>Framework outlining Council's approach to managing risks to the Council's operations (Integrated Management System)</p>	<p>Current framework in operation</p> <p>Date of operation of current framework: 20 March 2019</p>	Yes

<b>Governance and management items</b>	<b>Assessment</b>	<b>Result</b>
<p><b>14 Audit Committee</b></p> <p>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> <p>The Committee will be re-established as the Audit and Risk Committee in 2020/21 in accordance with the <i>Local Government Act 2020</i>.</p>	Yes
<p><b>15 Internal audit</b></p> <p>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 not appointed an ongoing internal auditor, rather Council engages relevant technical experts to conduct audits of its high risk exposures on a case by case basis. This approach ensures that Council is able to access the best expertise relevant to the audit in question.</p>	No
<p><b>16 Performance reporting framework</b></p> <p>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: 1 July 2019</p>	Yes
<p><b>17 Council Plan reporting</b></p> <p>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>Date of report: 4 February 2020</p>	Yes
<p><b>18 Financial reporting</b></p> <p>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: 6 August 2019, 12 November 2019, 4 February 2020 and 5 May 2020.</p>	Yes
<p><b>19 Risk reporting</b></p> <p>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: 4 February 2020 and 4 August 2020</p>	Yes

<b>Governance and management items</b>	<b>Assessment</b>	<b>Result</b>
<p><b>20 Performance reporting</b></p> <p>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: 12 November 2019, 3 March 2020, 5 May 2020</p>	Yes
<p><b>21 Annual report</b></p> <p>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: 12 November 2019</p>	Yes
<p><b>22 Councillor Code of Conduct</b></p> <p>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> <p>The Councillor Code of Conduct will be reviewed once more in 2021 in line with the requirements of the <i>Local Government Act 2020</i>.</p>	Yes
<p><b>23 Delegations</b></p> <p>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: 4 February 2020</p>	Yes
<p><b>24 Meeting procedures</b></p> <p>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

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



**Juliana Phelps**  
Chief Executive Officer  
Date: 21 December 2020



**Cr David Wortmann**  
Mayor  
Date: 21 December 2020

# 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 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 have 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
- 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.

Other best value initiatives include the implementation of a Business Systems Transformation program in collaboration with Alpine Shire Council and Indigo Shire Council. The program aims to provide a frictionless customer experience and drive internal efficiencies across all three Councils. The collaborative approach has aided in driving best value in procurement and implementation of the program, and provides a strong foundation for further collaborative initiatives between the Councils.

## **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).

### **Domestic Animal Management Plan**

Council adopted its Domestic Animal Management Plan 2017 - 2021 in November 2017. 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 (Fol)

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 Fol can be found at [www.foi.vic.gov.au](http://www.foi.vic.gov.au) or on Council's website.

### Public Interest Disclosures Procedures

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

The purpose of the *Public Interest Disclosures Act 2012* is to encourage and facilitate the making of disclosures in relation to the improper conduct of Council and its employees and to provide protection for persons making disclosures against detrimental action. Procedures on how to make a disclosure are publicly available on Council's website.

During the 2019/20 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.



## **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 Practicing Accountant*

**Principal Accounting Officer**

Wednesday 16 December 2020

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

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

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

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



*Cr David Wortmann*

**Mayor**

Wednesday 16 December 2020



*Cr Peter Dikschei*

**Councillor**

Wednesday 16 December 2020



*Ms Rachael Gadd*

**Acting Chief Executive Officer**

Wednesday 16 December 2020

# Independent Auditor's Report

## *To the Councillors of Towong Shire Council*

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

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

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

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

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

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MELBOURNE  
22 December 2020



Sanchu Chummar

*as delegate for the Auditor-General of Victoria*

# Performance statement

## Description of municipality

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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 5,985 residents and many more visitors across an area of 6,669 square kilometers.

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.

Like many rural areas, Towong Shire's small population and vast geographic area presents Council with a significant challenge to adequately fund the maintenance and renewal of community assets. Council is taking actions to address this situation through strategies that promote economic and population growth as well as by implementing innovative methods to reduce costs wherever it can. Council is confident that this approach delivers best value to the community and will secure a long-term future for the organisation.

## Operational summary

A number of different and varying circumstances has influenced the year's performance results. Towong Shire was significantly impacted by the 2019/20 bushfires in the Upper Murray from late December 2019 into January 2020 with Council continuing relief and recovery efforts.

This has also been compounded by the Coronavirus pandemic (COVID-19) which has affected the ability of Council to provide business as usual in addition to relief and recovery services to those impacted by the bushfires.

## COVID-19

The COVID-19 pandemic has affected everyone in our community including front-line workers who deliver our services. To keep everyone safe, some Council services such as community events, community centres, libraries, Council offices and playgrounds were closed, while others were able to conduct work online. Fortunately, many of Council's front-line services, such as maternal and child health, maintenance and waste services were able to continue as close to normal (within the guidelines) with little impact.

A number of results in this report were affected by the COVID-19 pandemic in some way, often as the result of some operations being closed and scheduled community events being cancelled. However, nearly all actions and services were able to continue through a shift to remote delivery.

## Performance Statement

Sustainable Capacity Indicators - for the year ended 30 June 2020					
<i>Indicator/measure</i>	<b>Results 2016/17</b>	<b>Results 2017/18</b>	<b>Results 2018/19</b>	<b>Results 2019/20</b>	<b>Material Variations</b>
<b>Population</b> C1 - Expenses per head of municipal population [Total expenses / Municipal population]	\$2,222.74	\$2,270.84	\$2,450.12	\$3,975.33	<p>Total expenses were \$24.007 million in 2019/20 compared to:</p> <ul style="list-style-type: none"> <li>• \$14.833 million in 2018/19;</li> <li>• \$13.566 million in 2017/18; and</li> <li>• \$12.903 million in 2016/17.</li> </ul> <p>Total expenses in 2019/20 have significantly increased due to:</p> <ul style="list-style-type: none"> <li>• A number of significant projects that Council was project managing e.g. Upper Murray Events Centre;</li> <li>• Increased employee costs due to:               <ul style="list-style-type: none"> <li>○ provisions of additional childcare services in Bellbridge and Walwa;</li> <li>○ deployment of the bushfire recovery team; and;</li> </ul> </li> <li>• increased levels of depreciation.</li> </ul>

<b>Sustainable Capacity Indicators -</b> for the year ended 30 June 2020					
<b>Indicator/measure</b>	<b>Results 2016/17</b>	<b>Results 2017/18</b>	<b>Results 2018/19</b>	<b>Results 2019/20</b>	<b>Material Variations</b>
<i>C2 - Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$31,147.98	\$33,299.13	\$30,768.09	\$31,036.42	The variability over time of the results for this indicator depend on the levels of capital works carried out each year renewing or upgrading Council assets as well as the level of depreciation.
<i>C3 - Population density per length of road</i> [Municipal population / Kilometres of local roads]	4.91	5.05	5.12	5.11	The length of road has not changed over the reporting period with fluctuations in the population the cause of changes in the result of this indicator.
<b>Own-source revenue</b> <i>C4 - Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,633.59	\$1,722.80	\$1,904.53	\$1,989.40	<p>This indicator has increased marginally year on year due to the total rates and charges collected each year increasing to cover the costs of providing services and maintaining infrastructure.</p> <p>In 2019/20 own source revenue increased more than anticipated due to having the full twelve months of income in 2019/20 from the Bellbridge and Walwa Early Years Centres. Council took over the management of these centres in January 2019. There was also increased enrolments at the Tallangatta Early Years Learning Centre.</p>

<b>Sustainable Capacity Indicators -</b> for the year ended 30 June 2020					
<b>Indicator/measure</b>	<b>Results 2016/17</b>	<b>Results 2017/18</b>	<b>Results 2018/19</b>	<b>Results 2019/20</b>	<b>Material Variations</b>
<p><b>Recurrent grants</b> C5 - Recurrent grants per head of municipal population [Recurrent grants / Municipal population]</p>	\$1,457.54	\$1,101.61	\$944.17	\$1,139.07	<p>The significant variability in results is due to the timing of payments of the Financial Assistance Grants.</p> <p>Each year from 2016/17 to 2019/20 payments in advance of approximately \$2 million were received (approximately 50% of the following year's allocation). These payments in advance result in significant variability in this measure over time.</p>
<p><b>Disadvantage</b> C6 - Relative Socio-Economic Disadvantage [Index of Relative Socio-Economic Disadvantage by decile]</p>	6	6	5	5	
<p><b>Workforce turnover</b> C7 - Percentage of staff turnover [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100</p>	13.5%	15.4%	14.1%	15.4%	Staff turnover has been relatively stable in recent years.

**Sustainable Capacity Indicator definitions**

"adjusted underlying revenue" means total income other than:

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

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

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

"population" means the resident population estimated by council.

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

"relative socio-economic disadvantage", in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.0001) of SEIFA.

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

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



# Performance statement

## Service Performance Indicators

<b>PERFORMANCE STATEMENT</b>					
<b>Service Performance Indicators – for the year ended 30 June 2020</b>					
<b>Service/indicator/measure</b>	<b>Results 2016/17</b>	<b>Results 2017/18</b>	<b>Results 2018/19</b>	<b>Results 2019/20</b>	<b>Material Variations</b>
<b>Aquatic Facilities</b> <b>Utilisation</b> AF6 - Utilisation of aquatic facilities [Number of visits to aquatic facilities / Municipal population]	2.27	2.81	1.96	1.92	<p>Council operates two outdoor seasonal swimming pools. There were 10,732 visits recorded in 2019/20 compared to 11,607 in 2018/19, 11,708 in 2017/18 and 16,322 in 2016/17.</p> <p>Pool visitation was impacted by the 2019/20 bushfires with the pools closed due to poor air quality as well as the direct threat of the bushfires in January. The Corryong pool was also closed for a short time post fires due to water contamination from the fire retardant used in fighting the bushfires as well as a pump failure during this time.</p>

<b>Service Performance Indicators –</b> for the year ended 30 June 2020					
<b>Service/indicator/measure</b>	<b>Results 2016/17</b>	<b>Results 2017/18</b>	<b>Results 2018/19</b>	<b>Results 2019/20</b>	<b>Material Variations</b>
<p><b>Animal Management</b> <b>Health and safety</b> <i>AM7 - Animal management prosecutions</i> [Number of successful animal management prosecutions / Number of animal management prosecutions]</p>	New in 2020	New in 2020	New in 2020	0%	<p>This indicator replaces AM4 from 2019/20.</p> <p>There were no animal prosecutions in 2019/20.</p>
<p><b>Food Safety</b> <b>Health and safety</b> <i>FS4 - 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</p>	100.00%	100.00%	100.00%	100.00%	<p>There were three critical or major non-compliance outcome notifications issued in 2019/20. This compares to seven in 2018/19, thirteen in 2017/18 and ten in 2016/17.</p> <p>All notifications were followed up.</p>

<b>Service Performance Indicators –</b> for the year ended 30 June 2020					
<b>Service/indicator/measure</b>	<b>Results 2016/17</b>	<b>Results 2017/18</b>	<b>Results 2018/19</b>	<b>Results 2019/20</b>	<b>Material Variations</b>
<b>Governance</b> <b>Satisfaction</b> <i>G5 - Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	NA	59	58	63	<p>Council participated in the 2020 Community Satisfaction Survey.</p> <p>Council's performance in 2020 outperformed the Small Rural Shire average of 53 as well as the State-wide average of 53 for this indicator.</p> <p>Council did not participate in or conduct a Community Satisfaction survey in 2016/17 following a 'value for money' evaluation conducted as part of the 2016/17 budget development. Council was unable to justify committing significant ratepayer funds to conduct a 'general' satisfaction survey.</p>

<b>Service Performance Indicators –</b> for the year ended 30 June 2020					
<b>Service/indicator/measure</b>	<b>Results 2016/17</b>	<b>Results 2017/18</b>	<b>Results 2018/19</b>	<b>Results 2019/20</b>	<b>Material Variations</b>
<b>Libraries</b> <b>Participation</b> <i>LB4 - Active library borrowers in the municipality</i> [Sum of the number of active library borrowers in the last three years / the sum of the municipal population for the last three years] x100	13.09%	12.17%	10.56%	10.82%	Council provides two static libraries in its main centres of Corryong and Tallangatta. These libraries service our small, dispersed population which is spread over 6,635 square kilometres. Many residents reside outside the two main centres where the static libraries are located and may access other library services in neighbouring municipalities.

<b>Service Performance Indicators –</b> for the year ended 30 June 2020					
<b>Service/indicator/measure</b>	<b>Results 2016/17</b>	<b>Results 2017/18</b>	<b>Results 2018/19</b>	<b>Results 2019/20</b>	<b>Material Variations</b>
<b>Maternal and Child Health (MCH)</b> <b>Participation</b> MC4 - 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	82.39%	71.58%	81.31%	80.30%	There were 163 children who attended the MCH service at least once in 2019/20 compared to: <ul style="list-style-type: none"> <li>• 181 in 2018/19;</li> <li>• 158 in 2017/18 and;</li> <li>• 204 in 2016/17.</li> </ul> There were 46 birth notifications received in 2019/20 compared to: <ul style="list-style-type: none"> <li>• 44 in 2018/19;</li> <li>• 35 in 2017/18 and;</li> <li>• 66 in 2016/17.</li> </ul>
<b>Participation</b> MC5 - 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%	57.14%	66.67%	100.00%	There are three children registered with the MCH service who identify as having an Aboriginal or Torres Strait Islander background in 2019/20 compared to three in 2018/19, four in 2017/18 and two in 2016/17.  All three children have actively participated in the MCH service in 2019/20.

<b>Service Performance Indicators –</b> for the year ended 30 June 2020					
<b>Service/indicator/measure</b>	<b>Results 2016/17</b>	<b>Results 2017/18</b>	<b>Results 2018/19</b>	<b>Results 2019/20</b>	<b>Material Variations</b>
<b>Roads</b> <b>Satisfaction</b> <i>R5 - Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	NA	58	58	63	Council's performance in 2019/20 outperformed the Small Rural Shire average of 51 and State-wide average of 54.  Council did not participate in or conduct a Community Satisfaction survey in 2016/17 following a 'value for money' evaluation conducted as part of the 2016/17 budget development.
<b>Statutory Planning</b> <b>Decision making</b> <i>SP4 - Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	100.00%	100.00%	NA	100.00%	There was one VCAT decision in 2019/20, no VCAT decisions in 2018/19 and one VCAT decision in relation to planning applications in 2017/18 and 2016/17.  All VCAT decisions upheld Council's decision in relation to the planning application.

<b>Service Performance Indicators –</b> for the year ended 30 June 2020					
<b>Service/indicator/measure</b>	<b>Results 2016/17</b>	<b>Results 2017/18</b>	<b>Results 2018/19</b>	<b>Results 2019/20</b>	<b>Material Variations</b>
<b>Waste Collection</b> <b>Waste diversion</b> <i>WC5 - 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	32.74%	32.94%	14.69%	25.75%	The average weight of recyclables was updated in 2019/20 using weights charged on each invoice in 2019/20 by Council's recycling contractor. In previous years average weights from the kerbside bin audit was used.  Average weights of garbage and organics remained the same as per the kerbside bin audit report conducted in 2017.

**Service Performance Indicator definitions**

**“Aboriginal child”** means a child who is an Aboriginal person

**“Aboriginal person”** has the same meaning as in the Aboriginal Heritage Act 2006

**“active library member”** means a member of a library who has borrowed a book from the library

**“annual report”** means an annual report prepared by a council under sections 131,132 and 133 of the Act

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

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

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

**“food premises”** has the same meaning as in the Food Act program established under the Agreement entered into 1984

**“local road”** means a sealed or unsealed road for which the council is the responsible road authority under the Road Management Act 2004

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

**“MCH”** means the Maternal and Child Health Service provided by a council to support the health and development of children within the municipality from birth until school age

**“population”** means the resident population estimated by Council

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



<b>PERFORMANCE STATEMENT</b>									
<b>Financial Performance Indicators – for the year ended 30 June 2020</b>									
<b>Dimension/indicator/measure</b>	<b>Results</b>				<b>Forecast</b>				<b>Material Variations</b>
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	
<b>Efficiency</b> <b>Expenditure level</b> <i>E2 - Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$2,917.91	\$3,063.69	\$3,304.30	\$5,359.60	\$4,527.90	\$4,084.72	\$4,138.32	\$4,180.38	Total expenses were \$24.007 million in 2019/20 compared to \$14.833 million in 2018/19, \$13.566 million in 2017/18 and \$12.903 million in 2016/17.  Total expenses have been significantly impacted by the bushfires. Other impacts include levels of staffing throughout the year, levels of depreciation as well as significant projects that Council is project managing e.g. Upper Murray Events Centre and other community facilities such as netball or tennis courts.  Staffing levels were higher than prior years due to additional childcare services being provided in Bellbridge and Walwa as well as the addition of the bushfire recovery team.
<i>E4 - Average rate per property assessment</i> [General rates and municipal charges revenue / Number of rateable property assessments]	New in 2019/20	New in 2019/20	New in 2019/20	\$1,721.65	\$1,723.21	\$1,747.62	\$1,774.98	\$1,802.06	This indicator replaces E1 from 2019/20.  Council adopted a general rate and municipal charge increase of 4.80% in 2019/20.  Council has approval from the Essential Services Commission for an average general rate and municipal charge increase of 5.55% from 2017/18 to 2020/21. Council has assumed no increase to the average general rate and municipal charge in 2020/21 and a 2.0% increase from 2021/22 per Council's Long Term Financial Plan.

<b>PERFORMANCE STATEMENT</b>									
<b>Financial Performance Indicators – for the year ended 30 June 2020</b>									
<b>Dimension/indicator/measure</b>	<b>Results</b>				<b>Forecast</b>				<b>Material Variations</b>
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	
<b>Liquidity</b> <b>Working capital</b> <i>L1 - Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	695.00%	832.83%	939.94%	611.10%	694.70%	778.24%	746.66%	700.50%	Council is currently holding a significant amount of cash due to receiving payments in advance for approximately half of the 2020/21 allocation of Financial Assistance Grants as well as funding for a number of significant projects including Fixing Country Roads, Bushfire recovery and carry forward capital works that are forecast to be spent in 2020/21.
<b>Unrestricted cash</b> <i>L2 - Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	112.72%	115.10%	717.14%	570.66%	637.71%	714.11%	680.41%	634.99%	Council is currently holding a significant amount of cash due to receiving payments in advance for approximately half of the 2020/21 allocation of Financial Assistance Grants as well as funding for a number of significant projects including Fixing Country Roads, Bushfire recovery and carry forward capital works that are forecast to be spent in 2020/21.  Council's current Strategic Resource Plan modelling classifies term deposits as cash and cash equivalents (and not as "other assets" per the forecast indicator). The Strategic Resource Plan also assumes 100% capital program completion and that all grants received will be expended at 30 June each year.

<b>PERFORMANCE STATEMENT</b>									
<b>Financial Performance Indicators – for the year ended 30 June 2020</b>									
<b>Dimension/indicator/measure</b>	<b>Results</b>				<b>Forecast</b>				<b>Material Variations</b>
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	
<p><i>O5 - Asset renewal and upgrade compared to depreciation</i>            [Asset renewal and asset upgrade expense / Asset depreciation] x100</p>	New in 2019/20	New in 2019/20	New in 2019/20	121.37%	247.80%	82.61%	84.30%	108.02%	<p>This indicator replaces O1 from 2019/20.</p> <p>The results in 2020/21 are higher than Council's planned renewal strategy of 100% due to expending the increased funding from the Roads to Recovery program, the continued delivery of the Destination Tallangatta project and the Fixing Country Roads Program.</p> <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>The forecast levels from 2021/22 are lower than 100% as a number of renewal projects scheduled in these years have been brought forward due to new State and Commonwealth Government funding programs being available.</p>
<p><b>Loans and borrowings</b></p> <p><i>O2 - Loans and borrowings compared to rates</i>            [Interest bearing loans and borrowings / Rate revenue] x100</p>	0.15%	4.28%	3.48%	0.04%	0.00%	18.79%	19.73%	24.08%	<p>Council entered into a finance lease for the purchase of a garbage truck in 2018 and had \$4,000 of borrowings at 30 June 2020.</p> <p>The forecast increase from 2021/22 is due to Council's intention to take out borrowings to cover the costs of significant infrastructure projects including parts of Destination Tallangatta, Walwa, Granya, Bethanga and Mitta Mitta streetscapes that are currently being funded by Council's current cash holdings.</p>

<b>PERFORMANCE STATEMENT</b>									
<b>Financial Performance Indicators – for the year ended 30 June 2020</b>									
<b>Dimension/indicator/measure</b>	<b>Results</b>				<b>Forecast</b>				<b>Material Variations</b>
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	
<i>O3 - Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	0.37%	0.74%	0.90%	0.95%	0.87%	3.93%	5.03%	4.66%	<p>Council entered into a finance lease for the purchase of a garbage truck in 2018.</p> <p>The forecast increase from 2021/22 is due to Council's intention to take out borrowings to cover the costs of significant infrastructure projects including parts of Destination Tallangatta and the Walwa, Granya, Bethanga and Mitta Mitta streetscapes that are currently being funded by Council's current cash holdings.</p>
<b>Indebtedness</b> <i>O4 - Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x100	6.74%	13.50%	10.24%	9.80%	9.10%	25.47%	27.96%	31.64%	<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 Cell # 2 was created in 2018, with the next cell scheduled for construction in 2020 with completion expected in the 2021/22 financial year.</p>
<b>Operating position</b> <b>Adjusted underlying result</b> <i>OP1 - Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	29.87%	21.77%	21.27%	12.41%	(27.19%)	(4.19%)	(4.82%)	(5.28%)	<p>The significant increases and decreases on prior year results is due to the timing of payments of the Financial Assistance Grants.</p> <p>In each financial year from 2016/17 to 2019/20 payments in advance of approximately \$2 million were received (approximately 50% of the following year's allocation). These payments in advance result in a significant variability in this measure over time.</p>

PERFORMANCE STATEMENT									
Financial Performance Indicators – for the year ended 30 June 2020									
Dimension/ <i>indicator</i> /measure	Results				Forecast				Material Variations
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	
<b>Stability</b> <b>Rates concentration</b> <i>S1 - Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100	42.14%	48.12%	46.82%	33.56%	57.90%	53.32%	53.77%	54.28%	The significant increases and decreases on prior year results is due to the timing of payments of the Financial Assistance Grants. In each financial year from 2016/17 to 2019/20 payments in advance of approximately \$2 million were received (approximately 50% of the following year's allocation). These payments in advance result in significant variability in this measure over time.
<b>Rates effort</b> <i>S2 - Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.56%	0.60%	0.57%	0.56%	0.52%	0.54%	0.55%	0.56%	The small increases in the forecast figures is due to the assumption of no increase in 2020/21 and a forecast rate increase of 2.00% from 2021/22 and CIV's remaining constant.

**Financial Performance Indicator definitions**

"adjusted underlying revenue" means total income other than—

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

paragraphs (a) and (b)

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

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

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

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

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

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

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

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

"population" means the resident population estimated by Council

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

<b>Retired measures</b>									
<b>Service/indicator/measure</b>									
	<b>Results</b>				<b>Forecast</b>				<b>Material Variations</b>
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	
<b>Animal management</b> <b>Health and safety</b> <i>AM4 – Animal management prosecutions</i> [Number of successful animal management prosecutions]	0	0	0	Retired in 2019/20					This indicator was replaced by AM7 from 1 July 2019.
<b>Efficiency</b> <b>Revenue level</b> <i>E1 – Average residential rate per residential assessment</i> [Residential rate revenue / Number of residential property assessments]	\$1,360.86	\$1,445.05	\$1,504.89	Retired in 2019/20					This indicator was replaced by E4 from 1 July 2019.
<b>Obligations</b> <b>Asset renewal</b> O1 - Asset renewal compared to depreciation [Asset renewal expense / Asset depreciation] x 100	102.79%	155.87%	126.02%	Retired in 2019/20					This indicator was replaced by O5 from 1 July 2019.

**Basis of preparation**

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

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

The Performance Statement presents the actual results for the current year and 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 25 June 2019 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](http://www.towong.vic.gov.au) or is available for viewing at the Tallangatta or Corryong offices.



## 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**

Wednesday 16 December 2020

*Tallangatta*

In our opinion the accompanying financial statements present fairly the financial transactions for the year ended 30 June 2020 and the financial position of Towong Shire 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**

Wednesday 16 December 2020

*Tallangatta*



*Cr Peter Dikschei*

**Councillor**

Wednesday 16 December 2020

*Tallangatta*



*Ms Rachael Gadd*

**Acting Chief Executive Officer**

Wednesday 16 December 2020

*Tallangatta*

# Independent Auditor's Report

## To the Councillors of Towong Shire Council

**Opinion** I have audited the financial report of Towong Shire Council (the council) which comprises the:

- balance sheet as at 30 June 2020
- comprehensive income statement for the year then ended
- statement of changes in equity for the year then ended
- statement of cash flows for the year then ended
- statement of capital works for the year then ended
- notes to the financial statements, including significant accounting policies
- certification of the financial statements.

In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2020 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the *Local Government Act 1989* and applicable Australian Accounting Standards.

**Basis for Opinion** I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975*. 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 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Councillors's responsibilities for the financial report** 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 *Local Government Act 1989*, 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.

In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

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**Auditor's responsibilities for the audit of the financial report**

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

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

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

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

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MELBOURNE  
22 December 2020

  
Sanchu Chummar  
*as delegate for the Auditor-General of Victoria*

# Financial Statements

## Comprehensive Income Statement for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
<b>Income</b>			
Rates and charges	3.1	9,199	8,820
Statutory fees and fines	3.2	204	229
User fees	3.3	1,108	853
Grants – operating	3.4	14,265	7,310
Grants – capital	3.4	1,658	4,180
Net gain/ (loss) on disposal of property, infrastructure, plant and equipment	3.5	(4)	57
Fair value adjustments for investment property	6.3	20	35
Share of net profit/(loss) of joint arrangements	6.2	33	-
Other income	3.6	1,452	1,536
<b>Total income</b>		<b>27,935</b>	<b>23,020</b>
<b>Expenses</b>			
Employee costs and benefits	4.1	7,293	6,177
Materials and services	4.2	12,118	4,366
Depreciation and amortisation	4.3	4,137	3,886
Amortisation – intangible assets	4.4	193	125
Depreciation – right of use asset	5.8	26	-
Bad and doubtful debts	4.5	-	3
Borrowing costs	4.6	14	16
Finance costs - leases	4.7	11	13
Other expenses	4.8	214	247
<b>Total expenses</b>		<b>24,006</b>	<b>14,833</b>
<b>Surplus/(Deficit)</b>		<b>3,929</b>	<b>8,187</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
<b>Comprehensive result</b>		<b>3,929</b>	<b>8,187</b>

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

## Balance Sheet as at 30 June 2020

	Note	2020 \$'000	2019 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5.1(a)	6,742	5,119
Other financial assets	5.1(b)	23,521	18,000
Trade and other receivables	5.1(c)	642	2,711
Inventories	5.2(a)	294	234
Other assets	5.2(b)	248	151
<b>Total current assets</b>		<b>31,447</b>	<b>26,215</b>
<b>Non-current assets</b>			
Trade and other receivables	5.1(c)	87	87
Investments in joint arrangements	6.2	78	45
Property, infrastructure, plant and equipment	6.1	199,177	198,297
Right of use asset	5.8	312	-
Investment property	6.3	1,095	1,075
Intangible assets	5.2(c)	-	193
<b>Total non-current assets</b>		<b>200,749</b>	<b>199,697</b>
<b>Total assets</b>		<b>232,196</b>	<b>225,912</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5.3(a)	962	973
Trust funds and deposits	5.3(b)	897	333
Unearned income	5.3(c)	1,678	-
Provisions	5.5	1,553	1,429
Interest-bearing liabilities	5.4	-	54
Lease liabilities	5.8	56	-
<b>Total current liabilities</b>		<b>5,146</b>	<b>2,789</b>
<b>Non-current liabilities</b>			
Provisions	5.5	989	928
Interest-bearing liabilities	5.4	4	253
Lease liabilities	5.8	185	-
<b>Total non-current liabilities</b>		<b>1,178</b>	<b>1,181</b>
<b>Total liabilities</b>		<b>6,324</b>	<b>3,970</b>
<b>Net Assets</b>		<b>225,872</b>	<b>221,942</b>
<b>Equity</b>			
Accumulated surplus		109,938	106,009
Reserves	9.1	115,933	115,933
<b>Total Equity</b>		<b>225,872</b>	<b>221,942</b>

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

**Statement of Changes in Equity for the year ended 30 June 2020**

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000
<b>2020</b>				
Balance at beginning of the financial year		221,942	106,009	115,933
Surplus/(deficit) for the year		3,929	3,929	-
<b>Balance at end of the financial year</b>		<b>225,872</b>	<b>109,938</b>	<b>115,933</b>
<b>2019</b>				
Balance at beginning of the financial year		213,755	97,822	115,933
Surplus/(deficit) for the year		8,187	8,187	-
<b>Balance at end of the financial year</b>		<b>221,942</b>	<b>106,009</b>	<b>115,933</b>

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

## Statement of Cash Flows for the year ended 30 June 2020

	Note	2020 Inflows/ (Outflows) \$'000	2019 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Rates and charges		10,096	8,580
Statutory fees and fines		204	229
User fees		1,108	853
Grants – operating		14,265	7,310
Grants – capital		1,658	4,180
Interest		483	559
Other receipts		1,809	311
Trust funds and deposits		564	35
Net GST refund/(payment)		173	(82)
Payments to suppliers		(10,500)	(4,443)
Payments to employees		(7,271)	(5,963)
<b>Net cash provided by (used in) operating activities</b>	9.2	<b>12,589</b>	<b>11,569</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment	6.1	(5,468)	(6,196)
Proceeds from sale of property, infrastructure, plant and equipment	3.5	110	63
Payments for investments		(5,521)	(2,990)
<b>Net cash provided by (used in) investing activities</b>		<b>(10,879)</b>	<b>(9,123)</b>
<b>Cash flows from financing activities</b>			
Finance costs		(16)	(29)
Proceeds from borrowings		-	-
Repayment of borrowings		(7)	-
Interest paid – Lease liabilities		(10)	-
Repayment of lease liabilities		(54)	(50)
<b>Net cash provided by (used in) financing activities</b>		<b>(87)</b>	<b>(79)</b>
Net increase/ (decrease) in cash and cash equivalents		<b>1,623</b>	<b>2,367</b>
Cash and cash equivalents at the beginning of the financial year		5,119	2,752
<b>Cash and cash equivalents at the end of the financial year</b>	5.1(a)	<b>6,742</b>	<b>5,119</b>
Financing arrangements			
Restrictions on cash assets	5.1		

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

## Statement of Capital Works for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
<b>Property</b>			
Buildings		1,251	1,563
<b>Total Buildings</b>		<b>1,251</b>	<b>1,563</b>
<b>Total Property</b>		<b>1,251</b>	<b>1,563</b>
<b>Plant and equipment</b>			
Plant, machinery and equipment		1,023	523
Computer equipment		32	14
Library books		31	23
<b>Total plant and equipment</b>		<b>1,086</b>	<b>560</b>
<b>Infrastructure</b>			
Roads		2,151	3,093
Bridges		123	10
Footpaths and cycleways		29	164
Kerb and channel		94	76
Drainage		21	17
Guardrail		30	60
Parks, open space and streetscapes		592	652
Landfill		68	1
Other infrastructure		23	-
<b>Total infrastructure</b>		<b>3,131</b>	<b>4,073</b>
<b>Total capital works expenditure</b>		<b>5,468</b>	<b>6,196</b>
<b>Represented by:</b>			
New asset expenditure		414	212
Asset renewal expenditure		3,659	4,897
Asset upgrade expenditure		1,395	1,087
Asset expansion expenditure		-	-
<b>Total capital works expenditure</b>		<b>5,468</b>	<b>6,196</b>

The above Statement of Capital Works should be read in conjunction with the accompanying notes.



# Notes to the Financial Report

## Overview

### 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.

### Significant accounting policies

#### a) Basis of accounting

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

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

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

- the fair value of property, infrastructure, plant and equipment (refer to Note 6.1);
- the determination of depreciation and amortisation of property, plant and equipment, infrastructure and other assets (refer to 6.1);
- the determination of employee provisions (refer to Note 5.5);
- the determination of landfill rehabilitation provisions (refer to Note 5.5);
- the determination of whether performance obligations are sufficiently specific so as to

- determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities* (refer to Note 3)
- the determination, in accordance with *AASB 16 Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer Note 5.8)
- other areas requiring judgements.

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on Council based on known information. The consideration extends to the nature of services offered, facilities and assets Council manages and operates, Council staffing, ratepayers and the geographic area that Council operates in. The key area of estimate and judgement associated with COVID-19 and Council's financial statements, is detailed in Note 6.2 regarding fair value of property, infrastructure, plant and equipment.

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation (except where transitional requirements of *AASB 15 Revenue from Contract with Customers*, *AASB Leases* and *AASB 1058 Income for No-for-Profit Entities* do not require restatement of comparatives under the modified retrospective approach adopted by the Council), and disclosure has been made of any material changes to comparatives.

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 1. Performance against budget**

The performance against budget notes 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 25 June 2019. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for revenue and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

### 1.1. Income and expenditure

	Actual 2020 \$'000	Budget 2020 \$'000	Variance		Ref
			\$'000	%	
<b>Income</b>					
Rates and charges	9,199	9,218	(19)	-%	
Statutory fees and fines	204	186	18	10%	1
User fees	1,108	849	259	31%	2
Grants – operating (recurrent)	5,747	2,819	2,928	104%	3
Grants – operating (non-recurrent)	8,518	1,428	7,090	496%	4
Grants – capital (recurrent)	1,133	1,166	(33)	(3%)	
Grants – capital (non-recurrent)	525	2,249	(1,724)	(77%)	5
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	(4)	-	(4)	-%	
Fair value adjustments for investment property	20	-	20	-%	
Share of net profits/(loss) of joint arrangement	33	-	33	-%	
Other income	1,452	803	649	81%	6
<b>Total income</b>	<b>27,935</b>	<b>18,718</b>	<b>9,217</b>	<b>49%</b>	
<b>Expenses</b>					
Employee costs	7,293	6,973	(320)	(5%)	7
Materials and services	12,118	6,709	(5,409)	(81%)	8
Depreciation and amortisation	4,357	3,848	(509)	(13%)	9
Borrowing costs	25	27	2	7%	
Other expenses	214	230	16	7%	
<b>Total expenses</b>	<b>24,007</b>	<b>17,787</b>	<b>(6,220)</b>	<b>(35%)</b>	
<b>Surplus/ (deficit) for the year</b>	<b>3,928</b>	<b>931</b>	<b>2,997</b>	<b>322%</b>	

### Explanation of material variations

Ref	Item	Explanation
1	Statutory fees and fines	There was approximately \$17,000 of planning fees as a direct result of the bushfires.
2	User fees	The major variance in user fees was \$170,000 more in childcare fees due to higher than anticipated users of the services.
3	Grants operating (recurrent)	Council received approximately 50% or \$2.5 million of the 2020/21 financial assistance grants allocation in June 2020.
4	Grants operating (non-recurrent)	There was \$6.6 million received from the Commonwealth and State Governments as a direct response to aid in bushfire relief and recovery.
5	Grants – capital (non-recurrent)	Due to the new accounting standard requirements for revenue recognition, a number of grants have been received as per budget however cannot be recognised as income until the requirements are met.
6	Other income	The major items contributing to this variance are a \$250,000 community contribution to the Upper Murray Events Centre, \$173,000 for providing secretariat services to Rural Councils Victoria and \$132,000 contribution to road remediation works.
7	Employee costs	Employee costs were higher than budget due to the start-up of the Bushfire Relief and Recovery team (unbudgeted) who were employed as a direct result of the bushfires in January 2020.
8	Materials and services	The major items contributing to this variance are \$2.6 million in costs associated with the bushfire relief and recovery response and \$2.6 million provided in rate relief.
9	Depreciation and amortisation	The landfill cell #2 and unused airspace intangible asset have been written off and hence fully depreciated and amortised as it is unable to be used due to damage from the 2019/20 bushfire. This equated to approximately \$310k of depreciation and amortisation. There has also been a number of high value projects capitalised in late 2018/19 and 2019/20 and associated depreciation was not anticipated.

## 1.2. Capital works

	Actual 2020 \$'000	Budget 2020 \$'000	Variance		Ref
			\$'000	%	
<b>Property</b>					
Buildings	1,251	2,384	1,133	48%	1
<b>Total buildings</b>	<b>1,251</b>	<b>2,384</b>	<b>1,133</b>	<b>48%</b>	
<b>Total property</b>	<b>1,251</b>	<b>2,384</b>	<b>1,133</b>	<b>48%</b>	
<b>Plant and equipment</b>					
Plant, machinery and equipment	1,023	931	(92)	(10%)	2
Library books	31	30	(1)	(3%)	
Computers and telecommunications	32	473	441	93%	3
<b>Total plant and equipment</b>	<b>1,086</b>	<b>1,434</b>	<b>348</b>	<b>24%</b>	
<b>Infrastructure</b>					
Roads	2,181	4,874	2,693	55%	4
Bridges	123	321	198	62%	5
Footpaths	29	140	111	79%	6
Kerb and channel	94	30	(64)	(213%)	7
Drainage	21	30	9	30%	8
Parks, open space and streetscapes	592	1,323	731	55%	9
Landfill	68	200	132	66%	10
Other infrastructure	23	555	532	96%	11
<b>Total infrastructure</b>	<b>3,131</b>	<b>7,473</b>	<b>4,342</b>	<b>58%</b>	
<b>Total capital works expenditure</b>	<b>5,468</b>	<b>11,291</b>	<b>5,823</b>	<b>52%</b>	
<b>Represented by:</b>					
New asset expenditure	414	390	(24)	(6%)	
Asset renewal expenditure	3,659	6,687	3,028	45%	
Asset upgrade expenditure	1,395	4,214	2,819	67%	
<b>Total capital works expenditure</b>	<b>5,468</b>	<b>11,291</b>	<b>5,823</b>	<b>52%</b>	

## Explanation of material variations

Ref	Item	Explanation
1	Buildings	Capital works for the Colac Colac Caravan Park of \$800,000 have been delayed due to bushfires and COVID-19. The Tallangatta Pool upgrade of \$125,000 is on hold whilst seeking additional funding.
2	Plant, machinery and equipment	There were four unbudgeted additional vehicles purchased as part of starting up the Bushfire Relief and Recovery team. These were purchased using bushfire recovery funding.
3	Computers and telecommunications	The wireless infrastructure project of \$300,000 and finance system upgrade of \$162,500 will be carried forward into 2020/21.
4	Roads	The two major projects contributing to this variance are Fixing Country Roads – Hanson St Corryong \$2.2 million and Georges Creek Road (Stage 6) \$466,000. These projects have been delayed due to the bushfires and COVID-19.
5	Bridges	The deck replacement on Callaghan’s Creek bridge was delayed due to bushfires and COVID-19.
6	Footpaths	The strategic path links project for \$95,000 will be carried forward into 2020/21.
7	Kerb and channel	At the time of preparing the 2019/20 budget there were two kerb and channel projects that were anticipated to be completed in 2018/19. These two projects amounted to \$100,000 being carried forward into 2019/20.
8	Drainage	Drainage works carried out were lower than anticipated in 2019/20.
9	Parks, open spaces and streetscapes	Timing of works being carried out has been delayed due to COVID-19 is the main reason for this large variance. It is made up of the following projects: <ul style="list-style-type: none"> <li>- Town entrances of \$293,000 has not been spent and will be carried forward to 2020/21</li> <li>- Bethanga streetscape of \$150,000 has been scheduled for commencement in 2020/21</li> <li>- Upper Murray 2030 Vision Plan projects of \$150,000 will be carried forward to 2020/21.</li> </ul>
10	Landfill	Only preliminary works had been carried out for Cell #3 at the Corryong landfill before the bushfire in January 2020. All works have ceased and remediation works are currently underway to Cell #2 that was damaged in the bushfire. The remaining balance of \$ 132,000 will be carried forward to 2020/21.
11	Other infrastructure	The infrastructure expansion project in Corryong of \$273,000 and remaining Destination Tallangatta works of \$260,000 did not progress as anticipated in 2019/20 due to COVID-19 and will be carried forward to 2020/21.

## Note 2. Council results by program

### 2.1 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

**Organisational improvement** - Embed organisational excellence into our governance and management processes to deliver the best possible outcomes for our residents and ratepayers.

**Community wellbeing** - Assist all residents to attain a high level of health and safety, resilience and connectedness to their communities.

**Asset management** - Maintain and improve our Shire's infrastructure to meet agreed levels of service.

**Land-use planning** - Implement a strategic and sustainable long-term land-use direction for the Shire based on an integrated approach to the natural and built environment.

**Environmental sustainability** - Integrate sustainable environmental management practices into all of our activities.

**Economic and tourism development** - Expand employment and economic opportunities whilst continuing to maintain and promote our natural environment and the lifestyle our municipality offers.

### Summary of revenue, expenses, assets and capital expenses by program

2020	Income	Expenses	Surplus/ (deficit)	Grants (included in income)	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
Organisational improvement	11,945	(7,923)	4,022	3,132	34,280
Community wellbeing	2,063	(1,899)	164	1,404	10,976
Asset management	4,848	(7,493)	(2,645)	4,292	178,140
Land-use planning	78	(223)	(145)	-	-
Environmental sustainability	1,760	(840)	920	-	1,767
Relief and recovery	6,866	(5,273)	1,593	6,796	112
Economic and tourism development	375	(356)	19	298	6,921
<b>Total</b>	<b>27,935</b>	<b>(24,007)</b>	<b>3,928</b>	<b>15,923</b>	<b>232,196</b>

2019	Income	Expenses	Surplus/ (deficit)	Grants (included in income)	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
Organisational improvement	12,294	(6,884)	5,410	3,336	29,258
Community wellbeing	1,874	(1,447)	427	1,507	11,256
Asset management	5,788	(4,806)	982	5,392	178,078
Land-use planning	106	(209)	(103)	-	-
Environmental sustainability	1,728	(1,007)	721	72	896
Economic and tourism development	1,230	(480)	750	1,183	6,424
<b>Total</b>	<b>23,020</b>	<b>(14,833)</b>	<b>8,187</b>	<b>11,490</b>	<b>225,912</b>

## 2.2 Impact of the 2019/20 bushfires and COVID-19 pandemic on Council's operations and 2019/20 financial report

### The bushfire event in Towong Shire during the 2019/20 summer period

Approximately 300,000 hectares of Towong Shire's Upper Murray area was devastated by bushfires in December 2019 and January 2020. There were almost 1,000 properties that had fire on their property and almost 2,100 properties that were either directly or indirectly impacted by the bushfire. The Upper Murray was cut-off for a number of days without electricity, town water, road access, internet and telecommunication coverage.

As a result of the 2019/20 bushfires Council sustained damage to its landfill site, a bridge, front-end loader and a number of parks with playground equipment and shedding infrastructure. Council incurred additional expenditure in 2019/20 for relief and recovery, both for the repair and restoration of damaged infrastructure as well as providing support to the community. Council received a number of government grants in 2019/20 to provide support and assistance to the community following the bushfire. These grants will be expended over the 2019/20 and 2020/21 financial years. Expenditure incurred and grants received in 2019/20 are as follows:

#### Income

- Council Assistance Fund (rate relief and fee waivers)	\$3.200 million
- Immediate assistance grant	\$1.275 million
- Relief and Recovery grant	<u>\$2.200 million</u>
<b>Total Income</b>	<b><u>\$6.675 million</u></b>

#### Expenditure

- Rate relief	\$2.600 million
- Employee costs for initial response and relief and recovery	\$0.555 million
- Contractors – repairs, clean up, tree removal etc.	\$1.450 million
- Recovery Hub	<u>\$0.300 million</u>
<b>Total Expenditure</b>	<b><u>\$4.905 million</u></b>



There are still relief, recovery, repair and reconstruction costs being incurred with claims being lodged through the Natural Disaster Relief and Recovery Arrangements (NDRRA). These works will continue into 2020/21.

### **COVID-19 pandemic impact on Council operations**

The Coronavirus (COVID-19), was declared a world-wide pandemic by the World Health Organisation in March 2020. COVID-19, as well as measures to slow the spread of the virus, have since had an impact on the Australian and local economy.

As at the date of preparation of these financial statements the impact of the Coronavirus (COVID-19) pandemic is ongoing and the situation is rapidly changing, developing. The speed and recovery of economic activity is largely dependent on measures imposed by the Australian Government, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

COVID-19, as well as measures including government directives to slow the spread of the virus in Australia, have impacted Council operations in the following areas:

- Closure of a number of facilities in line with the guidance issued by the State Government including swimming pools, libraries, playgrounds, Corryong Visitor Information Centre and Council offices.
- Majority of staff where they can have been working from home
- an interest free period has been provided on any outstanding rates and charges
- A number of capital works projects and budgeted capital expenditure have been delayed or deferred into 2020/21. These projects include:
  - \$2.2 million for the Fixing Country Roads program – Hanson Street, Corryong
  - \$774,000 for the Colac Colac Caravan Park upgrade
  - \$467,000 for the Georges Creek Road upgrade (Stage 6)

The above impacts on the financial statements for the year ended 30 June 2020, have led to a reduction in income and expenditure in some areas, however overall there has not been a significant impact to Council's 30 June 2020 financial statements.

Given the dynamic and evolving nature of COVID-19, limited recent experience of the economic and financial impacts of such a pandemic on the preparation of these financial statements, changes to the estimates and judgements that have been applied in the measurement of assets and liabilities may arise in the future. Other than adjusting events that provide evidence of conditions that existed at the end of the reporting period, the impact of events that arise after the reporting period will be accounted for in future reporting periods.

### Note 3. Funding for the delivery of our services

#### 3.1 Rates and charges

Council uses capital improved value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is the value of the land and capital improvements on the land.

The valuation base used to calculate general rates for 2019/20 was \$1,644 million (2018/19 \$1,546 million). The 2019/20 rate in the CIV dollar was 0.3740 cents to 1.4958 cents (2018/19 0.3790 cents to 1.5160 cents).

	2020 \$'000	2019 \$'000
Residential general rates	1,410	1,332
Business general rates	178	170
Rural residential general rates	1,070	1,003
Rural general rates	3,725	3,584
Undeveloped residential general rates	117	113
Municipal charge	1,213	1,150
Kerbside collection charge	1,040	1,024
Waste facilities management charge	395	393
Revenue in lieu of rates	51	51
<b>Total rates and charges</b>	<b>9,199</b>	<b>8,820</b>

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

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

#### 3.2 Statutory fees and fines

	2020 \$'000	2019 \$'000
Land information certificates	7	8
Health registration fees	28	30
Permits	92	110
Town planning fees	77	81
<b>Total statutory fees and fines</b>	<b>204</b>	<b>229</b>

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.

### 3.3 User fees

	2020 \$'000	2019 \$'000
Children's program fees	606	356
External private works	6	12
Refuse disposal fees	239	217
Saleyard dues	29	37
Septic tank fees	9	8
Swimming pool fees	47	40
Other fees and charges	172	183
<b>Total user fees</b>	<b>1,108</b>	<b>853</b>

#### User fees by timing of revenue recognition

	2020 \$'000	2019 \$'000
User fees recognised at a point in time	1,108	853
<b>Total user fees</b>	<b>1,108</b>	<b>853</b>

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

### 3.4 Funding from other levels of government

Grants were received in respect of the following:

	2020 \$'000	2019 \$'000
<b>Summary of grants</b>		
Commonwealth funded grants	8,506	6,774
State funded grants	7,417	4,716
<b>Total</b>	<b>15,923</b>	<b>11,490</b>
<b>a) Operating Grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Financial Assistance Grants – General Purpose	3,072	3,216
Financial Assistance Grants – Local Roads	1,817	1,844
<b>Recurrent - State Government</b>		
Family and children	668	470
Community	111	114
Emergency services	60	60
School crossing supervisors	19	12
<b>Total recurrent operating grants</b>	<b>5,747</b>	<b>5,716</b>
<b>Non-recurrent – Commonwealth Government</b>		
Family and children	129	242
Recreation	-	160
Infrastructure	600	-
Bushfire relief and recovery	1,275	-
<b>Non-recurrent – State Government</b>		
Community	186	242
Family and children	310	187
Infrastructure	380	390
Environment	34	37
Corporate	-	28
Recreation	-	156
Flood	55	-
Bushfire relief and recovery	5,521	-
Economic development	28	152
<b>Total non-recurrent operating grants</b>	<b>8,518</b>	<b>1,594</b>
<b>Total operating grants</b>	<b>14,265</b>	<b>7,310</b>

	2020 \$'000	2019 \$'000
<b>b) Capital Grants</b>		
<b>Recurrent – Commonwealth Government</b>		
Roads to Recovery	1,133	-
<b>Total recurrent capital grants</b>	<b>1,133</b>	<b>-</b>
<b>Non-recurrent – Commonwealth Government</b>		
Infrastructure - National Stronger Regions Fund	266	1,293
Infrastructure – Stronger Communities	213	18
<b>Non-recurrent – State Government</b>		
Infrastructure (buildings)	45	75
Family and children	-	5
Roads – Fixing Country Roads Program	-	1,764
Recreation	-	69
Flood remediation works	-	694
Other infrastructure	-	262
<b>Total non-recurrent capital grants</b>	<b>524</b>	<b>4,180</b>
<b>Total capital grants</b>	<b>1,657</b>	<b>4,180</b>
<b>Total Grants</b>	<b>15,923</b>	<b>11,490</b>

	2020 \$'000	2019 \$'000
<b>Operating</b>		
Balance at start of year	1,231	497
Received during the financial year and remained unspent at balance date	4,834	969
Received in prior years and spent during the financial year	(600)	(235)
<b>Unspent operating grants at year end</b>	<b>5,465</b>	<b>1,231</b>
<b>Capital</b>		
Balance at start of year	1,554	856
Received during the financial year and remained unspent at balance date	1,056	1,263
Received in prior years and spent during the financial year	(730)	(565)
<b>Unspent capital grants at year end</b>	<b>1,880</b>	<b>1,554</b>
<b>Total unspent grants at year end</b>	<b>7,345</b>	<b>2,785</b>

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

### 3.5 Net gain/(loss) on disposal of property, infrastructure, plant and equipment

	2020 \$'000	2019 \$'000
Proceeds of sale	110	63
Written down value of assets disposed	(114)	(6)
<b>Total net gain/ (loss) on disposal of property, infrastructure, plant and equipment</b>	<b>(4)</b>	<b>57</b>

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

### 3.6 Other income

	2020 \$'000	2019 \$'000
Interest	418	476
Interest on rates	51	63
Community contributions	382	192
Other rent	89	115
Shared service	132	126
Secretariat fees	173	155
Other	207	409
<b>Total other income</b>	<b>1,452</b>	<b>1,536</b>

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

## Note 4. The costs of delivering services

### 4.1 Employee costs and benefits

	2020 \$'000	2019 \$'000
Wages and salaries	5,792	4,951
WorkCover	132	70
Annual leave and long service leave	754	574
Superannuation	584	555
Fringe benefits tax	31	27
<b>Total employee benefits</b>	<b>7,293</b>	<b>6,177</b>

### Superannuation

Council made contributions to the following funds:

	2020 \$'000	2019 \$'000
<b>Defined benefit funds</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	48	52
	<b>48</b>	<b>52</b>
Employer contributions payable at reporting date	-	-
<b>Accumulation funds</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	232	254
Employer contributions to other funds	265	236
	<b>497</b>	<b>490</b>
Employer contributions payable at reporting date	69	13
<b>Total Superannuation</b>	<b>614</b>	<b>555</b>

Refer to Note 9.3 for further information relating to Council's superannuation obligations.

#### 4.2 Materials and services

	2020 \$'000	2019 \$'000
Materials and services	8,002	2,221
Contract payments	2,424	494
Maintenance – buildings, towns, parks and gardens	962	865
Plant and equipment maintenance	559	599
Utilities	171	187
<b>Total materials and services</b>	<b>12,118</b>	<b>4,366</b>

Refer to Note 1.1 for further information on variances above.

#### 4.3 Depreciation

	2020 \$'000	2019 \$'000
Property	796	670
Plant and equipment	541	534
Infrastructure	2,801	2,682
<b>Total depreciation</b>	<b>4,138</b>	<b>3,886</b>

Refer to Note 5.2(c) and 6.1 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

#### 4.4 Amortisation – Intangible assets

	2020 \$'000	2019 \$'000
Landfill airspace amortisation	193	125
<b>Total amortisation – Intangible assets</b>	<b>193</b>	<b>125</b>

#### 4.5 Bad and doubtful debts

	2020 \$'000	2019 \$'000
Sundry debtors	-	3
<b>Total bad and doubtful debts</b>	<b>-</b>	<b>3</b>

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

Council does not currently hold a provision for bad or doubtful debts based on its assessment of the credit loss model.



#### 4.6 Borrowing costs

	2020 \$'000	2019 \$'000
Bank fees	14	14
Interest - Loans	-	2
<b>Total borrowing costs</b>	<b>14</b>	<b>16</b>

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.

#### 4.7 Finance costs – Leases

	2020 \$'000	2019 \$'000
Interest – Lease liabilities	11	13
<b>Total finance costs</b>	<b>11</b>	<b>13</b>

#### 4.8 Other expenses

	2020 \$'000	2019 \$'000
Auditors' remuneration – Victorian Auditor General's Office (VAGO) – audit of Financial Statements, Performance Statement and grant acquittals	27	40
Councillors' allowances	187	157
Contributions	-	50
<b>Total other expenses</b>	<b>214</b>	<b>247</b>

### Note 5. Our financial position

#### 5.1 Financial assets

##### a) Cash and cash equivalents

	2020 \$'000	2019 \$'000
Cash on hand	1	1
Cash at bank	659	412
Money market call account	6,082	4,706
<b>Total cash and cash equivalents</b>	<b>6,742</b>	<b>5,119</b>

**b) Other financial assets**

	2020 \$'000	2019 \$'000
Term deposits (current)	23,521	18,000
<b>Total other financial assets</b>	<b>23,521</b>	<b>18,000</b>

Cash and cash equivalents include cash on hand, deposits at call and other highly liquid investments with original maturities of 90 days or less, net of outstanding bank overdrafts. Other financial assets are valued at fair value at balance date.

Term deposits are measured at original cost. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

	2020 \$'000	2019 \$'000
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:		
- Trust funds and deposits (Note 5.3b)	897	333
<b>Restricted Funds</b>	<b>897</b>	<b>333</b>
<b>Total unrestricted cash and cash equivalents</b>	<b>5,845</b>	<b>4,786</b>
<b>Intended allocations</b>		
Although not externally restricted the following amount has been allocated for specific future purposes by Council:		
- Unspent conditional grants received (Note 3.4(c))	7,345	2,785
- Cash held to fund carried forward capital works	5,824	4,452
- Cash held to fund future defined benefits call	500	500
	<b>13,669</b>	<b>7,737</b>

**c) Trade and other receivables**

	2020 \$'000	2019 \$'000
<b>Current</b>		
<i>Statutory receivables</i>		
Rates debtors	(61)	872
Walwa Waste Water Supply Scheme debtors	16	12
Eskdale Water Supply Scheme debtors	3	4
Fire Services Property Levy debtors	137	101
<i>Other debtors</i>		
Sundry debtors	427	1,429
Net GST receivable	120	293
<b>Total current trade and other receivables</b>	<b>642</b>	<b>2,711</b>
<b>Non-current</b>		
<i>Statutory receivables</i>		
Walwa Waste Water Supply Scheme debtors	85	84
Eskdale Water Supply Scheme debtors	2	3
<b>Total non-current trade and other receivables</b>	<b>87</b>	<b>87</b>
<b>Total trade and other receivables</b>	<b>729</b>	<b>2,798</b>

**d) Ageing of sundry debtors**

Short-term receivables are carried at invoice amount. 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:

	2020 \$'000	2019 \$'000
Current (not yet due)	274	1,417
Past due by up to 30 days	14	8
Past due between 31 and 180 days	7	2
Past due between 181 and 365 days	132	2
Past due by more than 1 year	-	-
<b>Total sundry debtors</b>	<b>427</b>	<b>1,429</b>

## 5.2 Non-financial assets

### a) Inventories

	2020 \$'000	2019 \$'000
Inventories held for distribution	294	234
<b>Total inventories</b>	<b>294</b>	<b>234</b>

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential.

### b) Other assets

	2020 \$'000	2019 \$'000
<b>Current</b>		
Prepayments	156	45
Accrued interest income	92	106
<b>Total other assets</b>	<b>248</b>	<b>151</b>

### c) Intangible assets

	2020 \$'000	2019 \$'000
Landfill air space	-	193
<b>Total intangible assets</b>	<b>-</b>	<b>193</b>

	Landfill \$'000
<b>Gross carrying amount</b>	
Balance at 1 July 2019	928
Reclassification	-
Additions	-
Balance at 30 June 2020	928
<b>Accumulated amortisation and impairment</b>	
Balance at 1 July 2019	(735)
Reclassification	-
Amortisation expense	(193)
Balance at 30 June 2020	(928)
Net book value at 30 June 2019	193
<b>Net book value at 30 June 2020</b>	<b>-</b>

Intangible assets with finite lives are amortised as an expense on a systematic basis over the asset's useful life. Amortisation is generally calculated on a straight line basis, at a rate that allocates the asset value less any estimated residual value, over its estimated useful life.

Estimates of the remaining useful lives and amortisation method are reviewed at least annually and adjustments made where appropriate.

### 5.3 Payables

#### a) Trade and other payables

	2020 \$'000	2019 \$'000
Trade payables	-	735
Accrued wages	61	224
Prepaid income	-	14
Other payables	122	-
Accrued expenses	779	-
<b>Total trade and other payables</b>	<b>962</b>	<b>973</b>

#### b) Trust funds and deposits

	2020 \$'000	2019 \$'000
Retention amounts	152	156
Fire Services Property Levy	702	139
Refundable deposits	43	38
<b>Total trust funds and deposits</b>	<b>897</b>	<b>333</b>

#### c) Unearned income

	2020 \$'000	2019 \$'000
Grants received in advance – operating	-	-
Grants received in advance - capital	1,678	-
Other	-	-
<b>Total unearned income</b>	<b>1,678</b>	-

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

*Purpose and nature of items*

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

#### 5.4 Interest-bearing liabilities

	2020 \$'000	2019 \$'000
<b>Current</b>		
Borrowings	-	-
Finance lease	-	54
	-	<b>54</b>
<b>Non-current</b>		
Borrowings	4	11
Finance lease	-	242
	<b>4</b>	<b>253</b>
<b>Total interest-bearing liabilities</b>	<b>4</b>	<b>307</b>

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

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

	2020 \$'000	2019 \$'000
Borrowings are secured by Council rates.		
i. The maturity profile for Council's borrowings is:		
Not later than one year	-	54
Later than one year and not later than five years	4	253
Later than five years	-	-
	<b>4</b>	<b>307</b>

## 5.5 Provisions

	Employee \$'000	Landfill restoration \$'000	Total \$'000
<b>2020</b>			
Balance at beginning of the financial year	1,498	859	2,357
Additional provisions	814	-	814
Amounts used	(629)	-	(629)
Balance at the end of the financial year	<b>1,683</b>	<b>859</b>	<b>2,542</b>
<b>2019</b>			
Balance at beginning of the financial year	1,323	985	2,308
Additional provisions	681	-	681
Amounts used	(506)	(126)	(632)
Balance at the end of the financial year	<b>1,498</b>	<b>859</b>	<b>2,357</b>

	2020 \$'000	2019 \$'000
<b>Current provisions</b>		
Employee provisions	1,553	1,429
<b>Total current provisions</b>	<b>1,553</b>	<b>1,429</b>
<b>Non-current provisions</b>		
Employee provisions	130	69
Landfill restoration	859	859
<b>Total non-current provisions</b>	<b>989</b>	<b>928</b>
<b>Total provisions</b>	<b>2,542</b>	<b>2,357</b>



**(a) Employee provisions**

	2020 \$'000	2019 \$'000
<b>Current provisions expected to be wholly settled within 12 months</b>		
Annual leave	477	394
Long service leave	103	101
Flexi time	49	20
	<b>629</b>	<b>515</b>
<b>Current provisions expected to be wholly settled after 12 months</b>		
Long service leave (90% of current LSL provision)	924	914
	<b>924</b>	<b>914</b>
<b>Total current employee provisions</b>	<b>1,553</b>	<b>1,429</b>
<b>Non-current</b>		
Long service leave	130	69
<b>Total non-current employee provisions</b>	<b>130</b>	<b>69</b>
<b>Aggregate carrying amount of employee benefits:</b>		
Current	1,553	1,429
Non-current	130	69
<b>Total aggregate carrying amount of employee provisions</b>	<b>1,683</b>	<b>1,498</b>

The calculation of employee costs and benefits includes all relevant on-costs and are calculated at reporting date using assumptions for wage inflation and discount rates per the long service leave update issued by the Department of Treasury and Finance at 30 June 2020.

*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 non-current liabilities, measured at the present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

*Long service leave*

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

**(b) Landfill restoration**

	<b>2020</b> <b>\$'000</b>	<b>2019</b> <b>\$'000</b>
Current	-	-
Non-current	859	859
<b>Total</b>	<b>859</b>	<b>859</b>

Council is obligated to restore the Corryong Landfill site located on Sugarloaf Road Corryong to an agreed 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.

**5.6 Financing arrangements**

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

	<b>2020</b> <b>\$'000</b>	<b>2019</b> <b>\$'000</b>
Master lease	400	400
Credit card facility	25	25
Total facilities	425	425
Used facilities	248	303
<b>Unused facilities</b>	<b>177</b>	<b>122</b>

## 5.7 Commitments

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

2020	Not later than 1 year	1 to 2 years	2 to 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating</b>					
Landfill site lease	24	-	-	-	-
<b>Total</b>	<b>24</b>	-	-	-	-
<b>Capital</b>					
	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

2019	Not later than 1 year	1 to 2 years	2 to 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating</b>					
	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital</b>					
Reseal program	600	600	-	-	1,200
Digouts/major patching	400	-	-	-	400
<b>Total</b>	<b>1,000</b>	<b>600</b>	<b>-</b>	<b>-</b>	<b>1,600</b>

## 5.8 Leases

### Policy applicable before 1 July 2019

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

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

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

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

### Policy applicable after 1 July 2019

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

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

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

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

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

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

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

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

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

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

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

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

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

Council did not have any peppercorn leases for the 2018/19 and 2019/20 reporting periods.

**Right-of-use assets**

	<b>2020 \$'000</b>
Balance at 1 July 2019	338
Additions	-
Depreciation on right-of-use asset	(26)
<b>Balance at 30 June 2020</b>	<b>312</b>

**Lease liabilities**

Maturity analysis – contractual undiscounted cash flows:

	<b>2020 \$'000</b>
Less than one year	56
One to five years	185
More than five years	-
<b>Total undiscounted lease liabilities as at 30 June</b>	<b>241</b>

Lease liabilities included in the Balance sheet at 30 June 2020:

	<b>2020 \$'000</b>
Current	56
Non-current	185
<b>Total undiscounted lease liabilities as at 30 June</b>	<b>241</b>

**Short-term and low value leases**

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

**Expenses relating to:**

	<b>2020 \$'000</b>
Short-term leases	24
Lease of low value assets	-
<b>Balance at 30 June 2020</b>	<b>24</b>

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

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

	2020 \$'000
Payable:	
Within one year	24
Later than one year but not later than five years	-
More than five years	-
<b>Total lease commitments</b>	<b>24</b>

### i. Leases classified as operating leases under AASB 117 Leases

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

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

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

### ii. Leases previously classified as finance leases

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

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

## Note 6. Assets we manage

### 6.1 Property, infrastructure, plant and equipment

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

	At fair value 30 June 2019	Acquisitions	Revaluation	Change in accounting policy	Depreciation	Disposal	Transfers	Reclassifi- cation	At fair value 30 June 2020
	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000	\$'000
Property	32,746	-	-	-	(795)	(16)	1,412	-	33,347
Plant and equipment	3,118	1,086	-	-	(541)	(98)	-	(338)	3,227
Infrastructure	160,522	-	-	-	(2,801)	-	4,695	-	162,416
Work in progress	1,912	4,382	-	-	-	-	(6,107)	-	187
	<b>198,298</b>	<b>5,468</b>	-	-	<b>(4,137)</b>	<b>(114)</b>	-	<b>(338)</b>	<b>199,177</b>

#### Summary of work in progress (WIP)

	Opening WIP \$'000	Additions \$'000	Transfers \$'000	Reclassification \$'000	Closing WIP \$'000
Property	279	1,251	(1,412)	-	118
Plant and equipment	-	-	-	-	-
Infrastructure	1,633	3,131	(4,695)	-	69
	<b>1,912</b>	<b>4,382</b>	<b>6,107</b>	-	<b>187</b>



**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 2019	7,236	4,791	<b>12,027</b>	33,310	<b>45,337</b>	279	<b>45,616</b>
Accumulated depreciation at 1 July 2019	-	-	-	(12,592)	<b>(12,592)</b>	-	<b>(12,592)</b>
<b>Written down value at 1 July 2019</b>	<b>7,236</b>	<b>4,791</b>	<b>12,027</b>	<b>20,718</b>	<b>32,746</b>	<b>279</b>	<b>33,024</b>
<b>Movements in fair value</b>							
Additions	-	-	-	-	-	1,251	<b>1,251</b>
Revaluation increments/ (decrements)	-	-	-	-	-	-	-
Disposals	-	-	-	(32)	<b>(32)</b>	-	<b>(32)</b>
Transfers	-	-	-	1,412	<b>1,412</b>	(1,412)	-
Reclassification	-	-	-	-	-	-	-
<b>Total movements in fair value</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,380</b>	<b>1,380</b>	<b>(161)</b>	<b>1,219</b>
<b>Movements in accumulated depreciation</b>							
Depreciation	-	-	-	(795)	<b>(795)</b>	-	<b>(795)</b>
Revaluation increments/ (decrements)	-	-	-	-	-	-	-
Accumulated depreciation of disposals	-	-	-	16	<b>16</b>	-	<b>16</b>
Transfers	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-
<b>Total movements in accumulated depreciation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(779)</b>	<b>(779)</b>	<b>-</b>	<b>(779)</b>
At fair value 30 June 2020	7,236	4,791	<b>12,027</b>	34,690	<b>46,717</b>	118	<b>46,835</b>
Accumulated depreciation at 30 June 2020	-	-	-	(13,371)	<b>(13,371)</b>	-	<b>(13,371)</b>
<b>Written down value at 30 June 2020</b>	<b>7,236</b>	<b>4,791</b>	<b>12,027</b>	<b>21,319</b>	<b>33,347</b>	<b>118</b>	<b>33,464</b>

**b) Plant and equipment**

<b>Plant and equipment</b>	<b>Plant, machinery and equipment \$'000</b>	<b>Fixtures, fittings and furniture \$'000</b>	<b>Computers \$'000</b>	<b>Library books \$'000</b>	<b>Total plant and equipment \$'000</b>
At fair value 1 July 2019	7,578	29	409	119	8,135
Accumulated depreciation at 1 July 2019	(4,589)	(18)	(383)	(27)	(5,017)
<b>Written down value at 1 July 2019</b>	<b>2,989</b>	<b>11</b>	<b>26</b>	<b>92</b>	<b>3,118</b>
<b>Movements in fair value</b>					
Additions	1,023	-	32	31	1,086
Revaluation increments/ (decrements)	-	-	-	-	-
Disposals	(743)	-	-	-	(743)
Reclassification to Right of use assets	(390)				(390)
Transfers	-	-	-	-	-
<b>Total movements in fair value</b>	<b>(110)</b>	<b>-</b>	<b>32</b>	<b>31</b>	<b>(47)</b>
<b>Movements in accumulated depreciation</b>					
Depreciation	(503)	(2)	(20)	(16)	(541)
Revaluation increments/ (decrements)	-	-	-	-	-
Accumulated depreciation of disposals	645	-	-	-	645
Reclassification to Right of use assets	52				52
Transfers	-	-	-	-	-
<b>Total movements in accumulated depreciation</b>	<b>194</b>	<b>(2)</b>	<b>(20)</b>	<b>(16)</b>	<b>156</b>
At fair value 30 June 2020	7,468	29	441	150	8,088
Accumulated depreciation at 30 June 2020	(4,395)	(20)	(403)	(43)	(4,861)
<b>Written down value at 30 June 2020</b>	<b>3,073</b>	<b>9</b>	<b>38</b>	<b>107</b>	<b>3,227</b>

**c) Infrastructure**

<b>Infrastructure</b>	<b>Roads</b>	<b>Bridges</b>	<b>Footpaths</b>	<b>Drainage</b>	<b>Kerb and channel</b>	<b>Parks, open spaces and streetscape s</b>	<b>Landfill</b>	<b>Other infrastructure</b>	<b>Total infrastructure</b>	<b>Work in progress</b>	<b>Total infrastructure including WIP</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
At fair value 1 July 2019	174,337	23,188	2,816	9,241	8,226	816	543	309	<b>219,476</b>	1,633	<b>221,109</b>
Accumulated depreciation at 1 July 2019	(39,558)	(9,978)	(1,076)	(3,885)	(3,930)	(93)	(348)	(86)	<b>(58,954)</b>	-	<b>(58,954)</b>
<b>Written down value at 1 July 2019</b>	<b>134,779</b>	<b>13,210</b>	<b>1,740</b>	<b>5,356</b>	<b>4,296</b>	<b>723</b>	<b>195</b>	<b>223</b>	<b>160,522</b>	<b>1,633</b>	<b>162,155</b>
<b>Movements in fair value</b>											
Additions	-	-	-	-	-	-	-	-	-	3,131	<b>3,131</b>
Revaluation increments/ (decrements)	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-
Transfers	2,971	133	29	21	109	1,432	-	-	<b>4,695</b>	(4,695)	-
Reclassification	-	-	-	-	-	-	-	-	-	-	-
<b>Total movements in fair value</b>	<b>2,971</b>	<b>133</b>	<b>29</b>	<b>21</b>	<b>109</b>	<b>1,432</b>	<b>-</b>	<b>-</b>	<b>4,695</b>	<b>(1,564)</b>	<b>3,131</b>
<b>Movements in accumulated depreciation</b>											
Depreciation	(2,142)	(198)	(42)	(77)	(93)	(112)	(118)	(19)	<b>(2,801)</b>	-	<b>(2,801)</b>
Revaluation increments/ (decrements)	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation of disposals	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-	-	-	-
<b>Total movements in accumulated depreciation</b>	<b>(2,142)</b>	<b>(198)</b>	<b>(42)</b>	<b>(77)</b>	<b>(93)</b>	<b>(112)</b>	<b>(118)</b>	<b>(19)</b>	<b>(2,801)</b>	<b>-</b>	<b>(2,801)</b>
At fair value 30 June 2020	177,308	23,321	2,845	9,262	8,335	2,248	543	309	<b>224,171</b>	69	<b>224,240</b>
Accumulated depreciation at 30 June 2020	(41,700)	(10,176)	(1,118)	(3,962)	(4,023)	(205)	(466)	(105)	<b>(61,755)</b>	-	<b>(61,755)</b>
<b>Written down value at 30 June 2020</b>	<b>135,608</b>	<b>13,145</b>	<b>1,727</b>	<b>5,300</b>	<b>4,312</b>	<b>2,043</b>	<b>77</b>	<b>204</b>	<b>162,416</b>	<b>69</b>	<b>162,485</b>

### Acquisition

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

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

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

### Asset recognition thresholds and depreciation periods

	2020	2019
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

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	2020 \$'000	2019 \$'000
Land	Nil	Nil
Buildings	5	5
Plant and equipment	1	1
Infrastructure	10	10

*Land under roads*

Council recognises land under roads it controls at fair value.

*Depreciation and amortisation*

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.

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

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

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

*Repairs and maintenance*

Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

*Valuation of land and buildings*

Valuation of land and buildings were undertaken by a qualified independent valuer (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.

The fair value of land and building has been reassessed by Council during the COVID-19 pandemic, during a period of limited market activity and low sales volumes. While Council's review did not

indicate impairment of land and buildings, it does present estimation uncertainty regarding the valuation of land and buildings by acknowledging that past cycles indicate a lag for property markets to react to economic events, and that the extent of any decline in value is presently uncertain, and may depend on the length of the COVID-19 pandemic. Also, there is not yet any comparable market evidence available to determine what, if any, impact the current COVID-19 pandemic may have on the value or marketability of the subject property, particularly in the short and medium terms.

The fair value assessed may change significantly and unexpectedly over a relatively short period of time (including as a result of factors that Council could not reasonably have been aware of as at the date of valuation). Refer to Significant accounting policies under Overview section and Note 8.4 for further information on fair value measurement.

Valuation of specialised land was undertaken by a qualified independent valuer (Marcus Hann, 62901, of LG Valuation Services Pty Ltd, ABN 77 095 763 625) as at 1 January 2018. 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 2020 are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of valuation
Land	-	1,011	3,780	30 June 2017
Land under roads	-	-	7,236	1 Jan 2018
Buildings	-	2,023	18,041	30 June 2017
<b>Total</b>	-	<b>3,034</b>	<b>29,057</b>	

#### *Valuation of infrastructure*

An independent valuation of Council's roads, footpaths, bridges and kerb and channel assets was performed by Peter Moloney from Moloney Asset Management Systems. The effective date of the valuation is 1 August 2017, 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), Council's Civil Asset Engineer, 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 2020 are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of valuation
Roads	-	-	135,608	1 Aug 2017
Bridges	-	-	13,145	1 Aug 2017
Footpaths and cycleways	-	-	1,727	1 Aug 2017
Drainage	-	-	5,300	30 Jun 2016
Parks, open space and streetscapes	-	-	2,043	30 Jun 2016
Kerb and channel	-	-	4,312	1 Aug 2017
Landfill	-	-	77	30 Jun 2019
Other infrastructure	-	-	204	30 Jun 2016
<b>Total</b>	-	-	<b>162,416</b>	

### **Description of significant unobservable inputs into level 3 valuations**

**Specialised land and land under roads** is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 75% 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 \$4,000 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 years 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**

	<b>2020 \$'000</b>	<b>2019 \$'000</b>
Land under roads	7,236	7,236
<b>Total</b>	<b>7,236</b>	<b>7,236</b>



## 6.2 Investments in joint arrangements

	2020 \$'000	2019 \$'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>		
<b>Fair value of Council's investment in MomentumOne Shared Services Pty Ltd</b>		
<b>Council's share of accumulated surplus/(deficit)</b>		
Council's share of accumulated surplus/(deficit) at start of year:	10	10
Reported surplus/(deficit) for year	33	-
Transfers (to) from reserves	-	-
Distributions for the year	-	-
<b>Council's share of accumulated surplus/(deficit) at end of year</b>	<b>43</b>	<b>10</b>
<b>Council's share of reserves</b>		
Council's share of reserves at start of year	-	-
Transfers (to) from reserves	-	-
Council's share of reserves at end of year	-	-
<b>Movement in carrying value of specific investment</b>		
Carrying value of investment at start of year	45	45
Investment in associate (start-up capital)	-	-
Share of surplus/(deficit) for year	33	-
Share of asset revaluation	-	-
Distributions received	-	-
<b>Carrying value of investment at end of year</b>	<b>78</b>	<b>45</b>
<b>Council's share of expenditure commitments</b>		
Operating commitments	-	-
Capital commitments	-	-
<b>Council's share of expenditure commitments</b>	-	-

### 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 share 50% of the post-acquisition profits or losses.

*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.

*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. Council has one Section 86 Committee of Management, however the transactions are not considered material, therefore have not been included in this financial report.

**6.3 Investment property**

	2020 \$'000	2019 \$'000
Balance at beginning of financial year	1,075	1,040
Reclassifications	-	-
Additions	-	-
Disposals	-	-
Fair value adjustments	20	35
<b>Balance at end of financial year</b>	<b>1,095</b>	<b>1,075</b>

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.

*Valuation of investment property*

Valuation of investment property has been determined in accordance with an independent valuation by James Breen 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 for 2019 is at fair value, based on the market value for the property at 30 June 2019. The valuation for 2020 is at fair value, based on the market value for the property at 30 June 2020.

## Note 7. People and relationships

### 7.1 Council and key management remuneration

#### a) Related parties

##### *Parent entity*

Towong Shire Council is the parent entity.

##### *Subsidiaries and Associates*

Interests in joint arrangements are detailed in Note 6.2.

#### 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 2019 to 30 Jun 2020)
  - Cr Aaron Scales - (1 Jul 2019 to 30 Jun 2020)
  - Cr Jennie Star - (1 Jul 2019 to 30 Jun 2020)
  - Cr Peter Tolsher - (1 Jul 2019 to 30 Jun 2020)
  - Cr Andrew Whitehead - (1 Jul 2019 to 30 Jun 2020)
  
- **Key Management Personnel**
  - Juliana Phelps – Chief Executive Officer
  - Jamie Heritage – Director Technical Services (1 Jul 2019 to 28 Aug 2019)
  - Rachael Gadd – Director Infrastructure and Environment (4 Nov 2019 to 30 Jun 2020)
  - Amanda Pagan – Director Community and Planning (9 Dec 2019 to 30 Jun 2020)
  - Vincent McFarlane – Director Corporate and Organisational Development (6 Jan 2020 to 29 May 2020)
  - Nola Tudball – Director Relief and Recovery (6 May 2020 to 30 Jun 2020)
  - Jenelle Williamson – Acting Director Community and Planning (28 Jan 2020 to 12 Jun 2020)
  - Blair Phillips – Acting Director Corporate and Organisational Development (9 Jun 2020 – 30 Jun 2020)

	2020	2019
Total number of Councillors	5	5
Chief Executive Officer and other Key Management Personnel	8	3
<b>Total Key Management Personnel</b>	<b>13</b>	<b>8</b>

### c) Remuneration of Key Management Personnel

Total remuneration of Key Management Personnel was as follows:

	2020 \$'000	2019 \$'000
Short-term benefits	911	712
Post-employment benefits	66	47
Long-term benefits	17	10
Termination benefits	-	-
<b>Total</b>	<b>994</b>	<b>769</b>

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

	2020	2019
\$0 - \$9,999	1	-
\$20,000 - \$29,999	5	3
\$30,000 - \$39,999	-	-
\$40,000 - \$49,999	1	1
\$50,000 - \$59,999	-	1
\$70,000 - \$79,999	2	-
\$80,000 - \$89,999	2	-
\$140,000 - \$149,999	1	-
\$150,000 - \$159,999	-	1
\$160,000 - \$169,999	-	1
\$220,000 - \$229,999	-	1
\$260,000 - \$269,999	1	-
<b>Total</b>	<b>13</b>	<b>8</b>

### d) 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 \$151,000 (2018/19: \$148,000).

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

	2020	2019
<\$151,000	1	3
\$180,000 - \$189,999	1	-
	<b>2</b>	<b>3</b>
	<b>\$'000</b>	<b>\$'000</b>
Total Remuneration for the reporting year for Senior Officers included above amounted to:	294	204

## 7.2 Related party disclosure

### a) Transactions with related parties

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

	2020 \$'000	2019 \$'000
<b>Income</b>		
Fees and charges to entities controlled by KMP (1)	191	171
<b>Total income</b>	<b>191</b>	<b>171</b>
<b>Expenses</b>		
Purchases of materials or services from joint arrangements (2)	75	73
Purchases of materials or services from entities controlled by KMP (3)	133	115
Employee costs for close family members of KMP (4)	112	102
<b>Total expenses</b>	<b>320</b>	<b>290</b>
<b>Total transactions</b>	<b>511</b>	<b>461</b>

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

- Fees totalling \$190,732 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 \$75,352 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 \$37,256 and additional tourism programs and works of \$33,620 were paid to Tourism North East totalling \$70,876. The 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 CEOs of all participating Councils and a number of independent directors.

- Payments of \$27,940 were paid 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.

- Payments amounting to \$21,387 were paid to the Corryong Recreation Reserve for water and power usage as part of the bushfire response as well as restoration works of the oval. Councillor Andrew Whitehead is the Chairperson of the Corryong Recreation Reserve committee.

- Contributions to waste and recovery projects of \$6,284 were made to North East Waste and 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 \$3,000 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 \$2,663 were paid to Dartmouth Pub Pty Ltd for the annual provision of public toilets. 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.

*(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.

- Council's Librarian Ms Jo Tolsher, is a close family member of Councillor Peter Tolsher. Ms Tolsher was employed by Council over eight years ago which is prior to Councillor Peter Tolsher's election to office in 2016.
- Council's Economic Development Officer Ms Kerissa Heritage, is a close family member of the Director Technical Services, Mr Jamie Heritage.
- Council's Data and Reporting Analyst (Relief and Recovery) Elizabeth Star, is a close family member of Councillor Jennie Star.

**b) Outstanding balances with related parties**

There are no outstanding balances with related parties.

**c) Loans to/ from related parties**

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

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

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

## Note 8. Managing uncertainties

### 8.1 Contingent assets and liabilities

#### a) Contingent assets

##### *Operating lease receivables*

Council has entered into commercial property leases 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:

	2020 \$'000	2019 \$'000
Not later than one year	18	18
Later than one year and not later than five years	-	-
Later than five years	-	-
	<b>18</b>	<b>18</b>

#### b) Contingent liabilities

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

##### *Superannuation*

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

##### *Future superannuation contributions*

The expected contribution to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2021 is \$48,000.

##### *Liability Mutual Insurance*

Council is a participant of the MAV Liability Mutual Insurance (LMI) Scheme. The LMI scheme provides public liability and professional indemnity insurance cover. The LMI scheme states that each participant will remain liable to make further contributions to the scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the participant remains a participant in future insurance years.

**c) Guarantees for loans to other entities**

Council does not have any guarantees for loans to other entities.

**d) Support for financial subsidiaries**

Due to the COVID-19 pandemic Towong Shire Council and Alpine Shire Council have guaranteed financial support for the entity MomentumOne Shared Services Pty Ltd as joint owners, to ensure they can continue to operate as a going concern. This support is for a period of twelve months from the date of adoption of the MomentumOne Shared Services Pty Ltd Financial Statements.

**8.2 Changes in accounting standards**

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

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

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

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



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

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

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

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

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

**8.3 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:

- diversification of investment product;
- monitoring of return on investment; and
- 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 significant during the year to have an impact on Council's year end result.

### **c) Credit risk**

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council has exposure to credit risk on some financial assets included in its balance sheet. To help manage this risk:

- Council has a policy for establishing credit limits for the entities we deal with;
- Council may require collateral where appropriate; and
- Council only invests 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.

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when Council provides a guarantee for another party. Details of Council's contingent liabilities are disclosed in Note 8.1 (b).

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

### **d) Liquidity risk**

Liquidity risk includes the risk that, as a result of Council's operational liquidity requirements, Council 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 5.4.

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

**(e) Sensitivity disclosure analysis**

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

- A parallel shift of + 0.25% and -0.10% 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.

**8.4 Fair value measurement**

*Fair value hierarchy*

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

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

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

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

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

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

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

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

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

#### *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.

In addition, Council undertakes a formal revaluation of land, buildings and infrastructure assets within a five 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.

*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.

**8.5 Events occurring after balance date**

There have been no significant events occurring after the balance date which may affect the Council's operations or the results of those operations, except for noting that the COVID-19 pandemic is ongoing and it is not practicable to estimate the potential impact after the reporting date.

## Note 9. Other matters

### 9.1 Reserves

#### Asset revaluation reserve

	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
	\$'000	\$'000	\$'000
<b>2020</b>			
<b>Property</b>			
Land	9,998	-	9,998
Buildings	5,226	-	5,226
	<b>15,224</b>	-	<b>15,224</b>
<b>Infrastructure</b>			
Roads	80,827	-	80,827
Bridges	10,085	-	10,085
Footpaths	944	-	944
Drainage	5,003	-	5,003
Kerb and channel	3,850	-	3,850
	<b>100,709</b>	-	<b>100,709</b>
<b>Total asset revaluation reserve</b>	<b>115,933</b>	-	<b>115,933</b>
<b>2019</b>			
<b>Property</b>			
Land	9,998	-	9,998
Buildings	5,226	-	5,226
	<b>15,224</b>	-	<b>15,224</b>
<b>Infrastructure</b>			
Roads	80,827	-	80,827
Bridges	10,085	-	10,085
Footpaths	944	-	944
Drainage	5,003	-	5,003
Kerb and channel	3,850	-	3,850
	<b>100,709</b>	-	<b>100,709</b>
<b>Total asset revaluation reserve</b>	<b>115,933</b>	-	<b>115,933</b>

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

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

	2020 \$'000	2019 \$'000
Surplus/ (deficit)	3,928	8,187
Depreciation/amortisation	4,357	4,011
(Profit) / loss on disposal of property, infrastructure, plant and equipment	4	(57)
Financing activities included in operating result	25	29
Fair value adjustments for investment property	(20)	(35)
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	2,069	(1,100)
(Increase)/decrease in other assets	(97)	93
(Increase)/decrease in inventories	(60)	73
(Increase)/decrease in investment in associates	(33)	-
Increase/(decrease) in trade and other payables (operating)	(9)	156
Increase/(decrease) in other liabilities	1,678	-
Increase/(decrease) in provisions	185	177
Increase/ (decrease) in trust funds and deposits	564	35
<b>Net cash provided by/(used in) operating activities</b>	<b>12,589</b>	<b>11,569</b>

## 9.3 Superannuation

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

### Accumulation

The Fund's accumulation categories, 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 2020 this was 9.5% required under Superannuation Guarantee legislation).

### Defined benefit

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

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of 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 2019, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The Vested Benefit Index (VBI) of the defined benefit category of which Council is a contributing employer was 107.1%. To determine the VBI, the fund Actuary used the following long-term assumptions:

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

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

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

### **Employer contributions**

#### *Regular contributions*

On the basis of the results of the 2018 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2020, this rate was 9.5% of members' salaries (9.5% in 2018/19). This rate will increase in line with any increases in the SG contribution rate and reviewed as part of the 30 June 2020 triennial valuation.

In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

### **Funding calls**

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

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



Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

**The 2019 interim actuarial investigation surplus amounts**

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

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

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

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2019.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2019.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2019.

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

### The 2020 triennial actuarial investigation

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

	<b>2020</b>	<b>2017</b>
	<b>Triennial investigation</b>	<b>Triennial investigation</b>
Net investment returns	5.6% pa	6.5% pa
Salary information	2.5% pa	3.5% pa
	(for the first two years then 2.75% thereafter)	
Price inflation (CPI)	2.0% pa	2.5% pa

Contributions by Council (excluding and unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2020 are detailed below:

<b>Scheme</b>	<b>Type of scheme</b>	<b>Rate</b>	<b>2020</b>	<b>2019</b>
			<b>\$'000</b>	<b>\$'000</b>
Vision Super	Defined benefit	9.50%	48	52
Vision Super	Accumulation fund	9.50%	232	254

### Note 10. Change in accounting policy

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

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

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

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

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

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

**b) AASB 16 Leases**

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

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

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

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

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

**d) Transition impacts**

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

	<b>2019 \$'000</b>
Retained earnings at 30 June 2019	106,009
Revenue adjustment – impact of AASB 15 Revenue from Contracts with Customers	-
Income adjustment – impact of AASB 1058 Income of Not-for-Profit Entities	-
<b>Retained earnings 1 July 2019</b>	<b>106,009</b>

Council adopted the practical expedient of deeming the lease asset to be equal in value to the lease liability at 1 July 2019. As such there was no impact on retained earnings on the adoption of AASB 16 Leases. Refer Note 5.8 for more information.