

Macedon Ranges Shire Council

Annual Report 2015/16



**Macedon
Ranges**
Shire Council

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About this Annual Report

This Annual Report aims to inform our community about Council's performance for the financial year (1 July 2015 to 30 June 2016) and provide details of our operations, and our various achievements and challenges.

Performance is measured against Council's goals and objectives outlined in the Council Plan 2013–17 (Year three), which incorporates the Health and Wellbeing Plan. The Council Plan is delivered through a sustainable approach to achieving the community's vision for the shire to 2040, and is built on three themes:

- An Inspiring Place
- An Empowered Community
- A High Performing Organisation

This report is divided into six sections:

Overview

Includes a message from our Mayor and Chief Executive Officer, a snapshot of the year and the shire, our operations, a financial summary, and details of grants and awards.

Our People

Outlines the organisation structure, Councillor details and key information about our staff and volunteers.

Governance

Provides information about our corporate governance framework and statutory information including the Governance and Management Checklist, special committees and protected disclosures.

Our Goals

This section provides details of our service performance indicators under the Local Government (Planning and Reporting) Regulations 2014. It also reports on the strategic indicators and major initiatives outlined in our Council Plan.

Performance Statement

Includes our audited Performance Statement to 30 June 2016, including the prescribed performance indicators and measures specified in the Local Government (Planning and Reporting) Regulations 2014.

Financial Statements

Includes a guide to the financial statements and the audited financial statements for the year.

Contents

A Message from the Mayor and CEO



Cr Graham Hackett

CEO Peter Johnston

On behalf of Council, we are pleased to present the 2015/16 Annual Report that provides information on our strategic objectives as outlined in the Council Plan 2013–2017 (Year three) and our financial performance.

It has been a very big year. Council continued to provide a broad range of community services and deliver a significant number of major community infrastructure projects, and our capital works expenditure was our highest ever investment on community assets.

The opening of the shire's first purpose-built, integrated facility for families—Manna Gum Family and Children's Centre—was a major achievement that provides a modern facility for our younger residents to play and learn. The centre boasts an indoor living wall and bamboo forest in the playground as well as a number of environmentally sustainable elements including solar hot water and double-glazed windows. Water collected from the roof is used to flush toilets, and native and sustainable vegetation has been used throughout the landscaping.

We are also extremely pleased to have further progressed two important community-initiated projects—Kyneton Community Park and the redevelopment of the former Romsey Primary School site to incorporate an all-abilities park and community health centre.

Council's financial position is positive and, as we look towards implementing the final year of Council's four-year plan in 2016/17, we will focus on continuing to deliver high quality works and services.

The completion of the Gisborne office extension project during 2015/16 included the installation of 116 solar roof panels. It is estimated that the new solar system will generate emission savings of around 56 tonnes per year and will help Council to reduce its carbon footprint and save on electricity costs.

Planning and development projects across the shire continue to generate diverse community views. Over the past year we've adopted a number of plans, strategies and planning scheme amendments that will continue to support managed growth and balance both our natural and built environments for the benefit of future generations.

Council continues to work with local agencies to implement family violence prevention strategies and build respectful communities free from violence. In 2015/16 we led the development of an action plan to prevent violence against women in emergencies. The plan, which is the first of its kind to be developed at local government level in Victoria, played an important role in supporting local communities impacted by the Cobaw/Lancefield fires.

We welcomed the recommendations of the Victorian Government's review of the Hanging Rock precinct with Council continuing to manage the site. We look forward to continuing our work with all levels of government to upgrade visitor facilities, implement the Environmental Management Plan, establish a new strategic advisory committee and prepare a master plan for the future of the Rock that is built on a shared vision.

None of the many daily activities could have been done without the hard work of our councillors, staff and volunteers, who we would like to thank for their dedicated efforts in delivering these important services, projects and new facilities—we've delivered 49 of 50 Council Plan actions (we are awaiting Victorian Government funding for number 50), with the outstanding action on track to be finished in 2016/17.

We look forward to continuing to advocate for, and engaging with, local communities to work together to achieve our long term vision for an inspiring place, empowered community and a high performing organisation.

A handwritten signature in black ink, appearing to read 'Graham Hackett'.

Mayor, Cr Graham Hackett

A handwritten signature in black ink, appearing to read 'Peter Johnston'.

Peter Johnston, CEO

Our Liveable Shire

At a glance

- Geographic area: 1,747.4 km²
- Population: 45,308 (estimated resident population 2015)

Location

Macedon Ranges Shire is located within an hour's drive of Melbourne and Bendigo via the Calder Freeway and the Bendigo–Melbourne V/Line train line. It is also within 30–40 minutes of Melbourne Airport and has easy access to neighbouring regions via major arterial roads including the Calder, Hume and Western Freeways.

The shire is renowned for its unique townships, beautiful landscapes, heritage architecture and vibrant community life.

It is divided into three wards, each represented by three Councillors (see pages 17–19).

Traditional Owners

The Macedon Ranges region is under Indigenous custodianship of the Dja Dja Wurrung, Taungurung and Wurundjeri peoples who have lived in the area for more than 25,000 years.



Our Liveable Shire

History

The Macedon Ranges Shire played a significant role in Australian history, hosting an important meeting at the Kyneton Mechanics Institute in 1893 that instigated the Corowa Conference, which led to the Federation of Australia.

During the Victorian gold rush, many towns in the shire were important transport corridors for travellers heading to the gold fields north of the shire.

Australian explorers Burke and Wills also passed through the shire in the 1800s, camping in Lancefield on their journey across Australia.

To this day the Macedon Ranges has one of the best collections of heritage towns in Victoria, featuring bluestone buildings, historic churches, fountains, old homesteads, wool and flour mills, and hay and grain stores.

Then and now...



Mollison Street, Kyneton

(ca. 1875-ca.1938). Creator: John Henry Harvey. Source: State Library of Victoria. R: 2016



Mollison Street, Kyneton 2016



Lancefield Wiegards Building

1889. Creator: John T. Collins. Source: State Library of Victoria. R: 2005



Lancefield Wiegards Building 2016

Our Vision, Mission and Values

Our vision

We aspire to provide leadership in this inspiring region by providing the opportunity for all to live a fulfilling life, while continuing to protect our heritage, environment and sense of community through our shared commitment to a sustainable Macedon Ranges.

Our mission

We lead, partner and advocate to strengthen our community and our natural, cultural and built environment.

Our values

In pursuing our vision, Macedon Ranges Shire Council believes in, and is committed to, the following values:

- Sense of place
- Sense of community
- Balance
- Integrity



Our Services

Macedon Ranges Shire Council provides many different services and community infrastructure that support healthy and vibrant communities throughout the shire.

The following statements provide information about the services provided by Council and funded in the 2015/16 Budget.



Advocacy

Council plays a key role in advocating to other levels of government and stakeholders by taking into account the diverse needs and interests of local communities.



Community support

Council provides home and community care services that advocate for, and support, more than 750 clients, including those living with a disability, older people, and their families and carers.



Aquatics and leisure

Council plays a vital part in encouraging healthy and active communities. Council programs and facilities including aquatic centres, outdoor pools, fitness centres and indoor sports courts encourage a fun and engaging environment for an active lifestyle for all community members.



Cultural development

Council coordinates an annual performing arts season, public art projects, heritage events and professional development opportunities for local artists and students. It also liaises with community groups to assist them to deliver community cultural activities.



Asset management

Council is responsible for a range of important community assets such as buildings, car parks, roads, bridges, drains, parks, open spaces, footpaths, street trees and furniture, signs, machinery and equipment.



Customer service

Council is committed to providing quality and effective service standards when engaging with the community, its residents, ratepayers and other stakeholders.



Communications and consultation

Council is committed to providing quality, effective community consultation processes by using consistent, timely, accessible and engaged communications between Council and local communities.



Economic development

Council supports new and existing business to create employment opportunities by fostering a vibrant local economy and entrepreneurs.



Community places and partnerships

Council supports and facilitates the development of community-based places and partnerships that promote health, social wellbeing and community connectedness.



Emergency management

Council is responsible for planning and preparing the community for the possibility of emergencies in the Macedon Ranges, with a focus on prevention, responsiveness and recovery.

Our Services



Emergency recovery

Council supports the community after emergency events, and brings together organisations and individuals in committees to coordinate recovery efforts. Recovery can include rehabilitation of access tracks created on private land to fight fires, water replacement for dams, feed and fodder for livestock, and general property clean-up.



Engineering infrastructure and projects

Council plays a key role in contributing to the functionality, safety and appearance of Council-owned/managed buildings, the shire's network of roads, car parks, paths, road bridges and major culverts, footbridges, kerbsides and drainage.



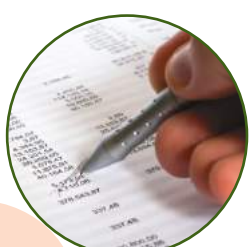
Environment

Council promotes sustainability within the built and natural environments and is committed to developing policies and procedures in response to emerging environmental challenges such as climate change, water shortage, biodiversity and conservation.



Environmental health

Council plays a key role in contributing to the safety and health of residents by promoting healthy practices and lifestyle. Council implements best practice policies and procedures around food safety, immunisations, cigarette sales, pest and vermin control and notifications of infectious diseases.



Finance

Council ensures that its financial resources are managed responsibly and that it delivers accountable and professional financial services to its customers, and transparent and timely reporting to meet legislative requirements.



Hanging Rock

Council manages the day-to-day operation of Hanging Rock Reserve—including general visitations and events—and is committed to planning for the long-term maintenance and protection of Hanging Rock as a natural asset and tourism icon.



Information and communications

Council's data and records are managed responsibly to deliver accountable and professional IT services to ensure operating efficiency and compliance.



Kindergartens and occasional care

Council is committed to providing quality early childhood education and care. Programs are regulated under the National Quality Framework for Early Childhood Education and Care.



Libraries

Libraries promote literacy and information discovery and offer vibrant, community-centred spaces that promote community participation and lifelong learning. Goldfields Library Corporation manages the four libraries (Gisborne, Kyneton, Romsey and Woodend) in the shire on behalf of Council.



Local laws

Council regulates a number of Victorian Government acts and regulations and Council's own local laws for the community, specifically pet and livestock owners, road users and school users.



Maternal and child health

Council's Maternal and Child Health service supports families in the areas of parenting, health and development for children up to school age.

Our Services



Parks and gardens

Council plays a key role in contributing to the functionality, safety and appearance of the shire's outdoor recreation facilities, open spaces and natural assets.



Positive ageing

Council encourages and assists older residents to be as independent and active as possible and to participate in their local community by advocating for older residents' needs and interests, and coordinating healthy ageing programs and activities.



Recreation and sport infrastructure

Council takes a lead role in the planning, development, provision and management of open space and recreation facilities across the shire, including sporting grounds, stadiums, tennis courts, bowling greens, golf courses, skate parks, among many others.



Saleyards and airfield

Council is responsible for the management of the Kyneton Saleyards and the Kyneton Airfield.



Statutory planning and building

Council processes statutory planning applications for use, development, works, subdivision, signage and vegetation removal. It investigates complaints and illegal planning activity, ensures compliance with planning permits and provides a planning enquiry service for residents and permit applicants.



Strategic planning

Council prepares and reviews plans and strategies that focus on land use and development, cultural heritage management, biodiversity and environmental sustainability. It also provides advice about strategic planning, promotes sustainable living and supports community involvement in the protection of the local natural environment.



Tourism

Council develops and implements tourism strategies and policies that raise the profile of the Macedon Ranges as a tourist destination and provide an environment for a prosperous and vibrant industry that will continually strive for excellence.



Waste management

Council is responsible for the strategic and sustainable management of waste in the shire. This includes kerbside collection activities for household waste, recyclables and green waste and waste education programs for the community. Council also manages the shire's transfer stations, landfill monitoring and rehabilitation and street/park bins.



Wastewater

Council, in partnership with local water authorities, is responsible for ensuring that residents have access to healthy and reliable wastewater services.



Youth development

Council's youth programs help young people in the shire feel socially connected. The programs support the mental health and wellbeing and overall development of young people in the community.

Financial Summary

In 2015/16, Council spent \$67 million in operational expenditure on delivering services to the community. The following summary provides a breakdown of how each \$100* is spent. More detailed information is included in the Financial Overview, beginning on page 79.



*This does not include capital works expenditure.

Financial Summary

Economic factors

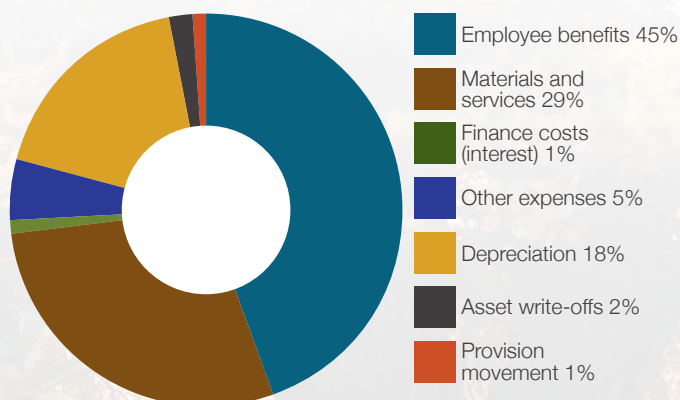
In 2015/16, interest rates and consumer price index (CPI) increases remained at historically low levels. This resulted in lower increases in some expenditure categories due to lower inflation, however, it should be noted that a significant proportion of Council's expenditure is on construction costs and salaries, which are not directly tied to CPI.

The lower interest rates have reduced income on investments, but on the positive side, new borrowings that were taken up late in the financial year were at a lower interest rate than previous loans.

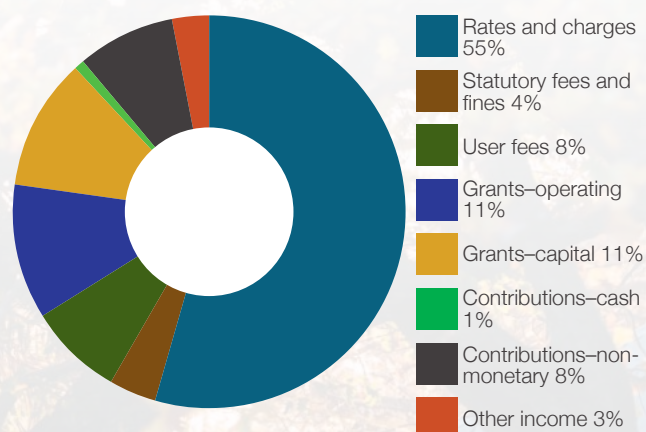
Overall Council's financial position continues to remain sound:

- Underlying income is increasing and the growth in our operating expenses continues to be at modest levels.
- Capital works expenditure for the year was the highest recorded. A considerable proportion of this expenditure was allocated to renewing our assets and also some new facilities were constructed to meet the needs of our growing population.
- Council borrowings have increased but they remain at an affordable level.

Council's operating expenses

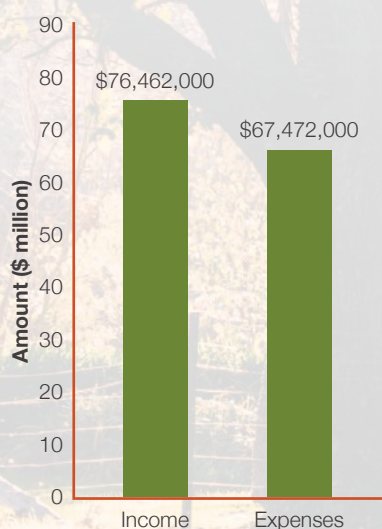


Council's income sources



Note: the above operating expenses and income sources have been rounded up to the nearest whole percentage.

Income vs operating expenses



Year in Review

In 2015/16, Council spent \$21 million on capital works—its biggest ever capital works program.

Major capital works

Manna Gum Family and Children's Centre

\$3.2 million

This integrated, environmentally sustainable family and children's centre opened in May 2016.



Dixon Field Pavilion upgrade

\$880,000

This project included construction of new change rooms, unisex umpire rooms, a kiosk, meeting room spaces, a first-aid and multipurpose room and storage facilities.

Kyneton Showgrounds lighting and power upgrade

\$542,000

Works included an electrical upgrade to the showgrounds precinct and the installation of new sports field floodlighting at the top oval and netball courts.



Major achievements

Included below is a snapshot of some of Council's achievements during 2015/16.

- Adoption of the Macedon Ranges Environment Strategy.
- Infrastructure projects:
 - Gilbert Gordon Oval redevelopment
 - Gisborne Bowling Club synthetic rink
 - Woodend Racecourse Reserve sand horse arena/ménage
 - Gisborne Council Office extension
 - Riddells Creek Lions Park upgrades
 - Macedon Ranges Netball Complex
- Reopening of the Bluestone Theatre in Kyneton.
- Development of a Youth Charter.
- Secured funding for Stage 1 of the former Romsey Primary School site redevelopment.
- Development of a new Business Kit.
- Introduction of the Events & Festivals Grant Program.
- Implementation of the Prevention of Violence Against Women in Emergencies Action Plan.
- Endorsement of a shire-wide Early Years Plan and a Positive Ageing Plan.
- Redevelopment of the Macedon Ranges' official visitor website, visitmacedonranges.com

For more information about Council's many achievements, see pages 36–66.

Year in Review

Events

Monitoring our fauna

During 2015/16, Council's Environment unit regularly hosted a number of community events with Landcare and 'Friends of' groups as part of its fauna monitoring program, which is designed to capture a broad picture of what species live in Council-managed bushland reserves, and support future management of these sites.

A total of seven nest box installation days were held, resulting in the installation of 180 nest boxes. Twelve surveys were also conducted and five spotlight nights held. A number of threatened species were recorded, including the Brush-tailed Phascogale, Squirrel Glider,

Brown Toadlet, Powerful Owl and Brown Treecreeper, as well as a range of other wildlife, including koalas, kookaburras, sugar gliders, brushtail and ringtail possums.



A sugar glider at Black Hill Reserve

Other events

From festivals and concerts, to markets, workshops and community lunches—there are a diverse range of events held all year round in townships across the Macedon Ranges. Many of these are organised or supported by Council and included below is a snapshot of some of these.

- Australia Day Awards
- Business seminars, networking and training program
- Christmas Day Lunch at the Town Hall
- Cold Chisel at Hanging Rock
- Cultural Diversity Week
- Environment events annual calendar
- International Day Against Homophobia and Transphobia: Purple Dance Party
- International Day of People with a Disability Dinner Dance
- International Volunteer Day Function
- Kyneton Cup
- Kyneton Museum exhibitions
- Kyneton Town Hall annual performance season
- Lancefield Aquathon
- Live4Life celebrations
- Macedon Ranges Youth Awards
- Megafauna Festival
- MITS (Music In The Sticks) gigs
- White Ribbon Day Breakfast
- YEP! (Youth Engagement Program) events
- Youth Leadership Camp



Youth Awards, 2015

Year in Review— Hanging Rock

The Macedon Ranges is known for its wide open spaces, unique natural features and events—none more so than Hanging Rock.

Highlights

- Visitations to the reserve increased by 16.9 per cent compared to the previous year, with 101,965 people paying to visit the Rock.
- Another 38,186 people attended nine events.
- The Victorian Government's review of Hanging Rock confirmed Council will continue to manage the Crown land reserve.
- A review of the Development Advisory Committee and development of a master plan for the reserve commenced, funded by the Victorian Government and Council.
- The Newham Landcare Group continued riparian zone revegetation works.
- Eighty-five annual pass memberships provided regular visitors with unlimited entry during the year.
- The Hanging Rock webpage on the region's official visitor website, visitmacedranges.com, recorded 135,944 page views, an increase of 7.5 per cent compared to the previous year.
- An Environmental Management Plan that provides direction and priorities for environmental and conservation works at the reserve was adopted by Council in December. Implementation of the plan commenced during the year.
- Progress on the Hanging Rock Essential Infrastructure Project that is funded by the Australian Government (\$2 million) and Council (\$1 million) continued:
 - Levelling and landscaping of the stage area and surrounds in the East Paddock completed.
 - Service supply upgrades completed in the East Paddock.
 - Construction of two new picnic shelters commenced in the East Paddock.
- The second year of a four year agreement with the Victorian Government to provide funding support continued, with the following work undertaken:
 - Refurbishment of the main toilet block, including accessible and family-friendly amenities.
 - Commencement of a second toilet block upgrade.
 - Continued pest, animal and weed control works, along with tree maintenance throughout reserve.
- Wildlife continues to flourish at the Rock, with breeding Powerful Owls and Koalas a highlight.

Future priorities

- Finalisation of the Hanging Rock Master Plan.
- Continued implementation of the Environmental Management Plan.
- Completion of two visitor shelters and landscaping in the East Paddock.
- Ongoing upgrades to visitor facilities, including refurbishments of the second toilet block.
- Implementation of the Hanging Rock Strategic Advisory Committee.



Events

- New Year's Day and Australia Day races
- Annual Picnic and Vintage Car Display
- Picnic at Hanging Rock Film Night
- Campout at the Rock
- Run at the Rock
- Craft Markets (October and March)
- Cold Chisel 'One Night Stand' Concert



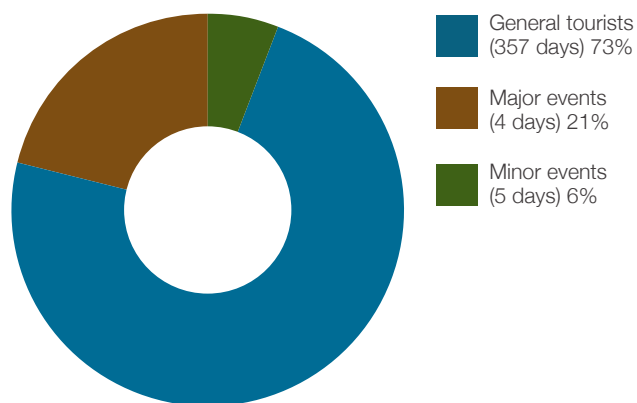
**Back-to-back
awards for
Hanging Rock
Reserve**

For the second year in a row, Hanging Rock was awarded a TripAdvisor Certificate of Excellence for consistently positive reviews.

TripAdvisor is the world's largest online travel site.

Year in Review— Hanging Rock

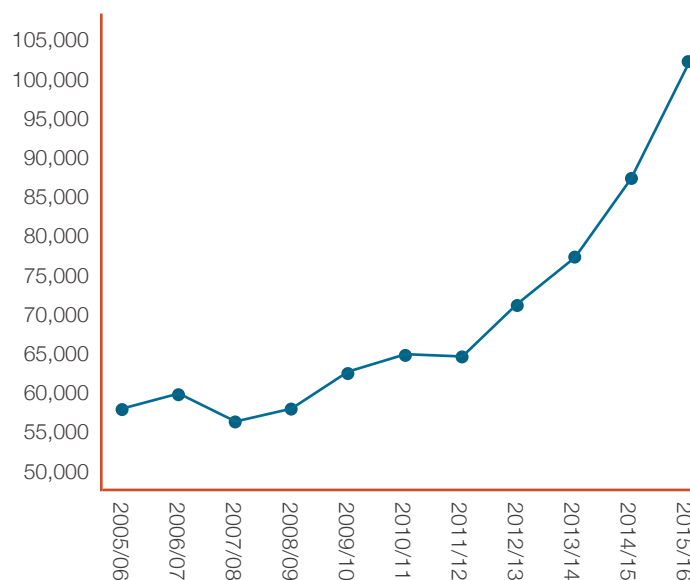
Visitations



*Excludes cricket, tennis, petanque, Landcare activities and annual pass use.

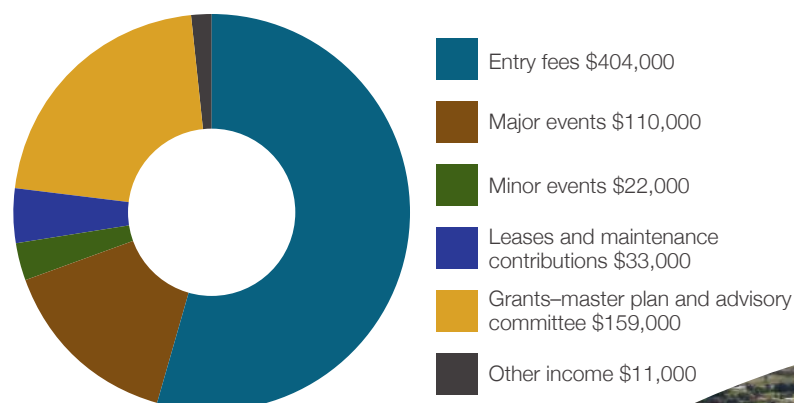
Visitor (non-event) trends

(Financial Year)

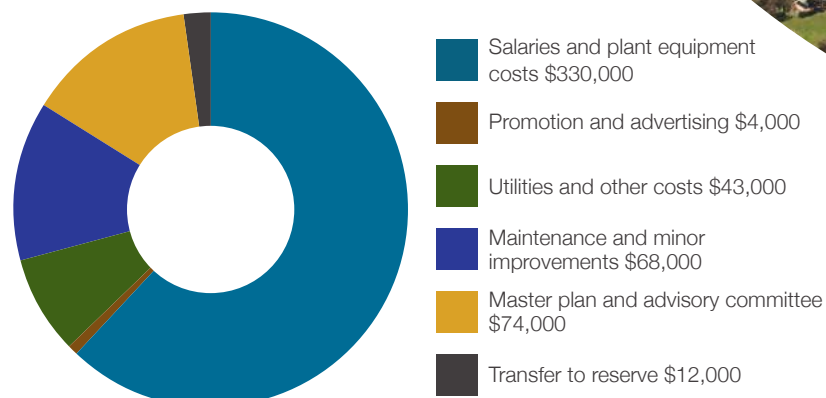


—●— Number general paid visitations

Income



Operating expenses



*Note: expenses are lower than income in 2015/16 due to grants received for the Hanging Rock Master Plan and Advisory Committee. These projects will be completed and the funds expended in 2016/17. Information on Hanging Rock financial reserve balance can be found in the Financial Statements section of this report.

Grants, Awards and Donations

Grants and donations

Australia Day celebrations

In 2015/16, a total of \$4,000 was provided to seven community groups to host various events such as breakfast barbecues, musical lunches, an Aussie film screening and fun runs.



Community funding and grants

In 2015/16, 57 applicants shared in \$180,894 in Community Funding Scheme grants to develop new projects, services and activities. Nineteen Small Community Grants Program applications were also funded in 2015/16, totalling \$15,322.

Community newsletter grants

Council provided \$800 to each of the nine community newsletters in the shire to support the ongoing work each publication does to provide local communities with a valuable source of local information.



Landcare group grants

Council contributed \$24,000 to local landcare and 'Friends of' groups to support their ongoing contributions to protecting and enhancing our natural environment.

Neighbourhood house support

Council contributed \$3,407 to each of the six neighbourhood houses in the shire in recognition of the social activities and learning opportunities provided to local communities.



Places for People

The Places for People program supports community groups to plan for, and develop, community infrastructure projects. In 2015/16, six community organisations shared in \$45,000 for projects in Malmsbury, Riddells Creek, Woodend, Gisborne, Romsey and Kyneton.

Grants, Awards and Donations

Awards



Aquatics and Recreation Industry Awards

Cheryl Knight, Kyneton Toyota Sports & Aquatic Centre swimming teacher, was awarded the 2016 Swim Teacher for People with a Disability at the Aquatics and Recreation Industry Awards.

Australia Day Awards

Six individuals and one community group were recognised for their community contributions at the 2016 Australia Day Awards ceremony.

Lorraine Kraus was awarded Citizen of the Year for her tireless dedication to the Lancefield community through many hours of volunteering. The Young Citizen of the Year award went to Sharina Mayman for her awareness campaign around bullying and mental health issues affecting the shire's students.

Deb Mitrevics, Frank Donovan and Rosemary Wilkinson received Community Achievement Awards and Alan Stone was awarded Arts Ambassador of the Year.

The Macedon Ranges Health Colour Run/Walk 2015 was named Community Event of the Year.



Fire Awareness Awards

Council, in partnership with Friends of Black Hill Reserve, Loddon Prison Landmate Program, CFA, Malmsbury Youth Justice, Kyneton Lions Club and the Upper Campaspe Landcare Network, was awarded the 2015 Recovery Award at the Victorian Fire Awareness Awards for the various environmental projects implemented at Black Hill as part of the fire recovery efforts.

Council was also a joint winner of the RACV Insurance Award for Excellence that acknowledged Council's hard work, innovation and dedication to fire awareness, prevention and preparedness.

Our People



Gisborne Administration Centre

Councillors

East Ward



Cr Graham Hackett
Mayor

Elected: October 2012

Mobile: 0408 287 788

Email: ghackett@mrsc.vic.gov.au

Attended 11 Ordinary Council Meetings and four Special Council Meetings.

Representation as at 30 June 2016:

- Audit Committee
- CEO Performance Appraisal Advisory Group
- Hanging Rock Development Advisory Committee
- Macedon Ranges Agribusiness Forum
- Macedon Ranges Equine Industry Network
- Place Naming/Re-naming Working Group
- Public Roads Committee
- Section 223 Committee
- Tourism Macedon Ranges Inc



Cr Ian Ellis

Elected: November 2014

Mobile: 0400 025 455

Email: iellis@mrsc.vic.gov.au

Attended 10 Ordinary Council Meetings and four Special Council Meetings.

Representation as at 30 June 2016:

- Calder Highway Improvement Committee
- CEO Performance Appraisal Advisory Group
- Macedon Ranges Local Safety Committee
- Macedon Ranges Equine Industry Network
- Municipal Fire Management Committee
- Place Naming/Re-naming Working Group
- Section 223 Committee



Cr Henry McLaughlin

Elected: November 2008
Re-elected: October 2012

Mobile: 0400 028 507

Email: hmclaughlin@mrsc.vic.gov.au

Attended nine Ordinary Council Meetings and four Special Council Meetings.

Representation as at 30 June 2016:

- Annual meeting of Braemar College
- Central Ranges Local Learning and Employment Network Board

- CEO Performance Appraisal Advisory Group
- Health and Wellbeing Advisory Committee
- Municipal Association of Victoria
- Municipal Emergency Management Planning Committee
- Municipal Fire Management Committee
- Place Naming/Re-naming Working Group
- Section 223 Committee
- Victorian Local Governance Association

Councillors

South Ward



**Cr John
Letchford**

Elected: November 2008
Re-elected: October 2012

Mobile: 0401 682 364
Email: jletchford@mrsc.vic.gov.au

Attended 11 Ordinary Council Meetings and four Special Council Meetings.

Representation as at 30 June 2016:

- Airfield Advisory Committee
- Annual meeting of Braemar College
- CEO Performance Appraisal Advisory Group
- Macedon Ranges Local Safety Committee
- Macedon Ranges Equine Industry Network
- Municipal Association of Victoria
- Place Naming/Re-naming Working Group
- Peri Urban Councils Group
- Section 223 Committee



Cr Russell Mowatt

**(Deputy Mayor,
November 2014–
November 2015)**

Elected: October 2012

Mobile: 0418 531 281
Email: rmowatt@mrsc.vic.gov.au

Attended 11 Ordinary Council Meetings and four Special Council Meetings.

Representation as at 30 June 2016:

- Audit Committee (1/7/15–18/11/15)
- Calder Highway Improvement Committee–Deputy Chair
- CEO Performance Appraisal Advisory Group
- Hanging Rock Development Advisory Committee
- Place Naming/Re-naming Working Group
- Section 223 Committee



Cr Sally Piper

Elected: October 2012

Mobile: 0400 865 543
Email: spiper@mrsc.vic.gov.au

Attended nine Ordinary Council Meetings and four Special Council Meetings.

Representation as at 30 June 2016:

- CEO Performance Appraisal Advisory Group

- Health and Wellbeing Advisory Committee
- Municipal Emergency Management Planning Committee
- Place Naming/Re-naming Working Group
- Section 223 Committee

Councillors

West Ward



Cr Jennifer Anderson

(Mayor, November 2014–November 2015)

Elected: October 2012

Mobile: 0408 273 670

Email: janderson@mrsc.vic.gov.au

Attended 11 Ordinary Council Meetings and four Special Council Meetings.

Representation as at 30 June 2016:

- Audit Committee
- CEO Performance Appraisal Advisory Group
- Hanging Rock Development Advisory Committee
- Kyneton Woodlands Project
- Macedon Ranges Heritage Council
- Place Naming/Re-naming Working Group
- Peri Urban Councils Group
- Public Roads Committee
- Section 223 Committee



Cr John Connor

Deputy Mayor

Elected: October 2012

Mobile: 0412 870 500

Email: jconnor@mrsc.vic.gov.au

Attended 11 Ordinary Council Meetings and four Special Council Meetings.

Representation as at 30 June 2016:

- CEO Performance Appraisal Advisory Group
- Central Ranges Local Learning and Employment Network Board
- Goldfields Regional Library
- Health and Wellbeing Advisory Committee
- Local Government Waste Forum
- Place Naming/Re-naming Working Group
- Section 223 Committee
- Tourism Macedon Ranges Inc
- Victorian Local Governance Association
- Workspace Australia



Cr Roger Jukes

Elected: November 2008
Re-elected: October 2012

Mobile: 0400 647 445

Email: rjukes@mrsc.vic.gov.au

Attended 11 Ordinary Council Meetings and four Special Council Meetings.

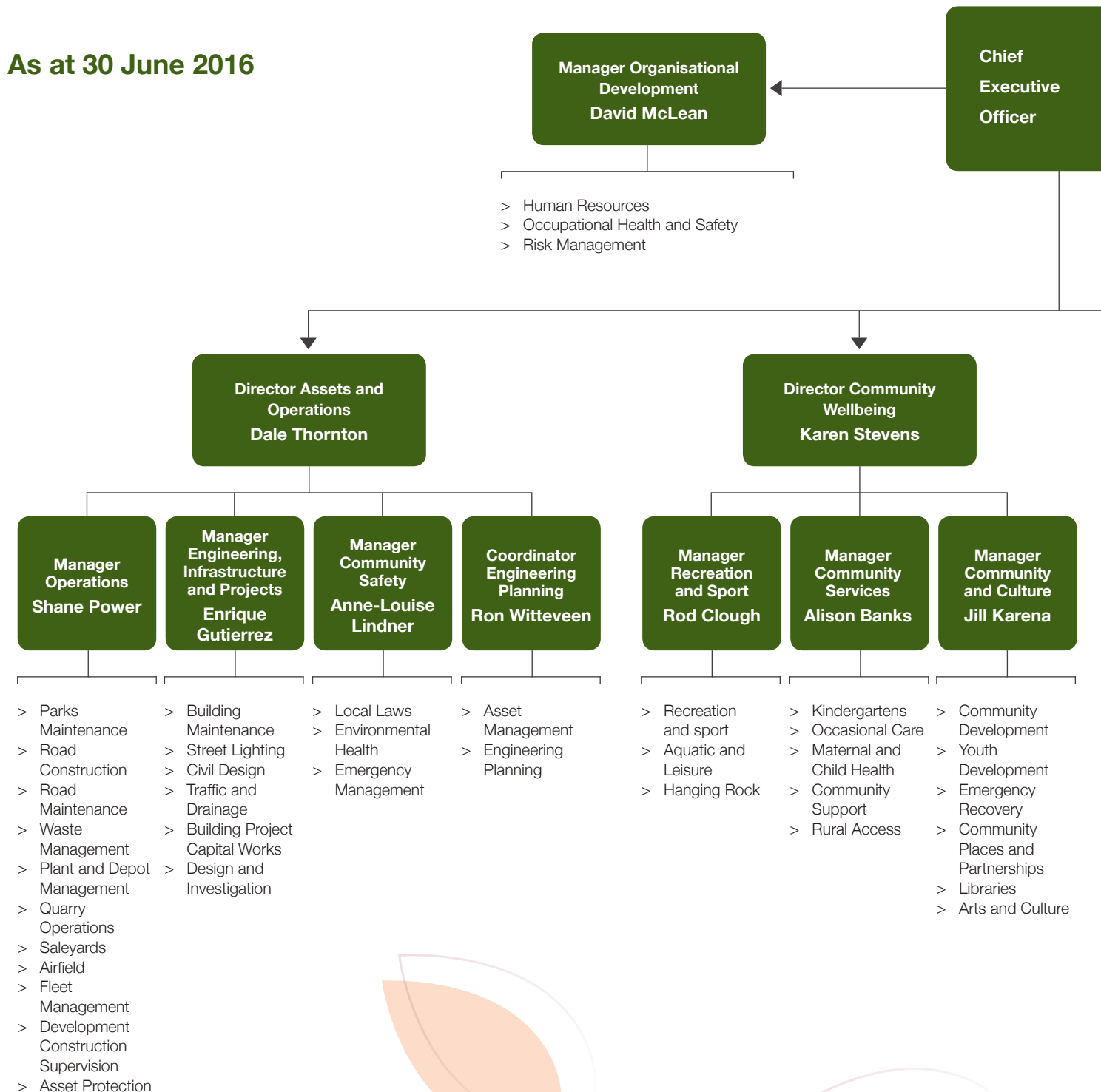
Representation as at 30 June 2016:

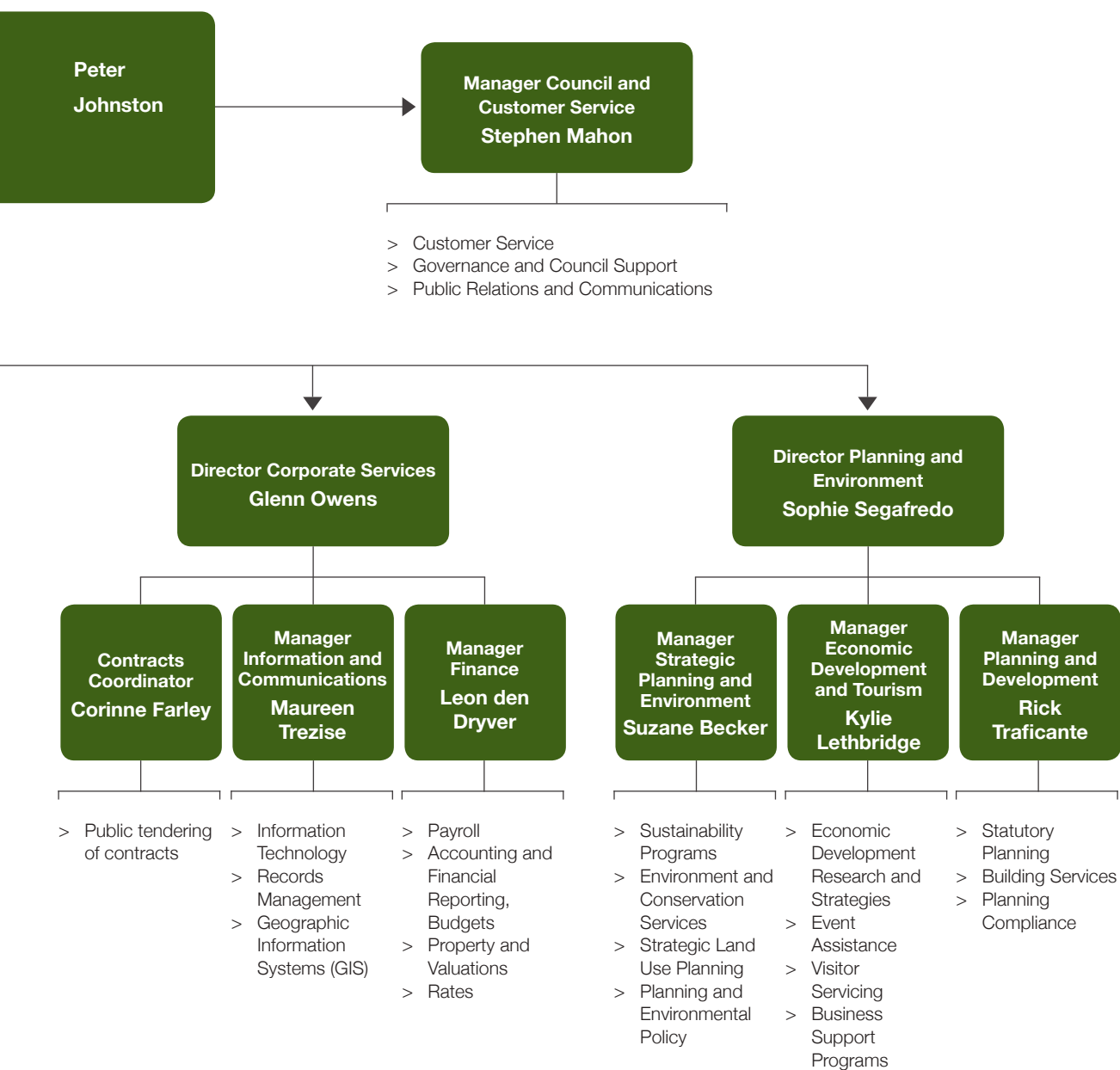
- CEO Performance Appraisal Advisory Group
- Daylesford Macedon Ranges Regional Tourism Board

- Kyneton Airfield Advisory Committee–Chair
- Macedon Ranges Agribusiness Forum–Chair
- Macedon Ranges Employment and Training Network
- Place Naming/Re-naming Working Group
- Section 223 Committee

Organisation Structure

As at 30 June 2016





Executive



Chief Executive Officer

Peter Johnston

Tel: (03) 5422 0308

Qualifications: BBus(LocalGov), GradCert(LocalGovMtg), FIMM, JP
Peter joined Council in January 2008.

Peter has worked in local government and for water authorities over the last 36 years.

Previous positions include Shire Secretary/Chief Executive Officer with the former Shire of Romsey, Secretary of the Romsey/Lancefield Water Board, Corporate Services Manager with Western Water and Chief Executive Officer at Corangamite Shire Council.



Assets and Operations

Director: Dale Thornton

Tel: (03) 5421 9636

Qualifications: Cert(CivEng), GradDip(AdmMgt), MBusMgt

Dale joined Council in February 2008. Dale has worked in local government for 18 years and has 21 years' experience in the metropolitan water industry.

Areas of responsibility: Operations, Engineering, Infrastructure and Projects, Community Safety and Engineering Planning.



Community Wellbeing

Director: Karen Stevens

Tel: (03) 5422 0222

Qualifications: GradCert(AppBus), AdvDip(BusMgt)
Karen joined Council in November 2010.

Karen has extensive experience in local government and the development and delivery of services to meet the needs of the community.

Areas of responsibility: Recreation and Sport, Community Services and Community and Culture.



Corporate Services

Director: Glenn Owens

Tel: (03) 5422 0392

Qualifications: BBus, FIMM

Glenn joined Council in January 1995 and was appointed to his current position in November 2000.

Glenn has 34 years' local government experience at four Victorian rural councils.

Areas of responsibility: Contracts, Information and Communications and Finance.



Planning and Environment

Director: Sophie Segafredo

Tel: (03) 5421 9603

Qualifications: BAarts(Urban Studies), GradDip(LocalGovLaw), MBltEnv, GradDip(Bus)

Sophie joined Council in August 2010. Sophie has 31 years' experience in the planning and environment field across both public and private sectors, and has worked in a variety of metropolitan and regional localities.

Areas of responsibility: Strategic Planning and Environment, Economic Development and Tourism and Planning and Development.

Our Workforce

The following tables provide a summary of full time equivalent staff by organisational structure, employment type, gender and classification.

| Employee type/gender | CEO (FTE) | Assets and Operations (FTE) | Community Wellbeing (FTE) | Corporate Services (FTE) | Planning and Environment (FTE) | Total FTE |
|----------------------|--------------|-----------------------------|---------------------------|--------------------------|--------------------------------|---------------|
| Perm FT - Female | 12.00 | 14.00 | 17.00 | 14.00 | 17.00 | 74.00 |
| Perm FT – Male | 3.00 | 90.00 | 16.00 | 15.00 | 12.00 | 136.00 |
| Perm PT – Female | 6.90 | 5.70 | 77.31 | 3.12 | 4.83 | 97.86 |
| Perm PT – Male | 0.60 | 1.82 | 4.26 | 0.00 | 1.80 | 8.48 |
| Casual – Female | 3.09 | 3.48 | 18.58 | 0.00 | 0.51 | 25.66 |
| Casual – Male | 0.00 | 2.47 | 7.29 | 0.24 | 0.50 | 10.50 |
| Total | 25.59 | 117.47 | 140.45 | 32.36 | 36.63 | 352.50 |

FTE: full time equivalent FT: full time PT: part time

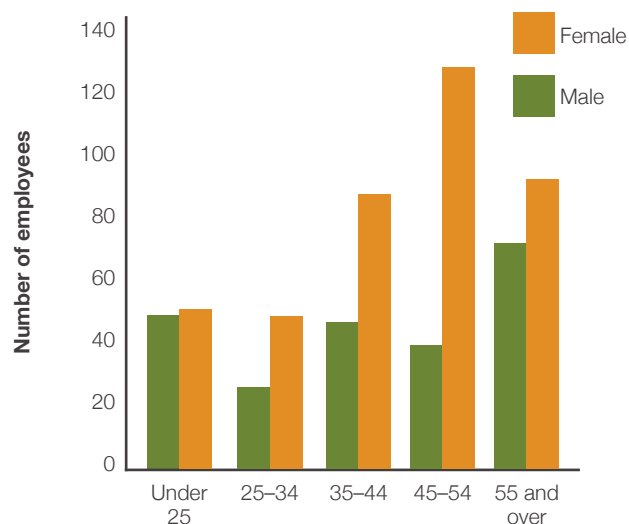
| Employment classification | Female (FTE) | Male (FTE) | Total (FTE) |
|---------------------------|---------------|---------------|---------------|
| Band 1 | 4.44 | 1.66 | 6.10 |
| Band 2 | 0.39 | 4.11 | 4.50 |
| Band 3 | 32.12 | 42.97 | 75.09 |
| Band 4 | 38.79 | 21.94 | 60.73 |
| Band 5 | 34.48 | 22.05 | 56.53 |
| Band 6 | 23.95 | 27.41 | 51.35 |
| Band 7 | 14.71 | 22.40 | 37.11 |
| Band 8 | 1.00 | 1.00 | 2.00 |
| Band not applicable | 47.65 | 11.45 | 59.10 |
| Total | 197.52 | 154.98 | 352.50 |

FTE: full time equivalent

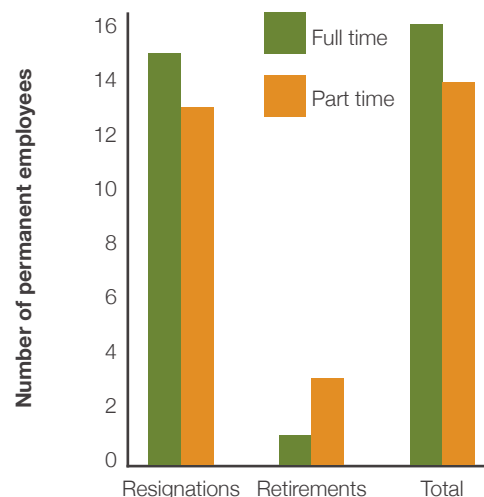


Our Workforce

Employees by age



Staff turnover



Where our staff live*



165 live outside the shire



464 live within the Macedon Ranges Shire

*Figures are based on head count (not FTE as per data on page 23)

Equal Employment Opportunity Program

Council provides an Equal Employment Opportunity Program to promote equal opportunities for all employees.

Council's Equal Employment Opportunity (EEO) Policy is provided to all staff at the commencement of their employment. EEO training is provided as part of the employee induction process. The training, which is provided via a digital eLearning program, ensures employees have an understanding of the characteristics that are protected attributes under the EEO legislation, and their obligations as an employee and/or supervisor.

In-house training is provided for supervisors and managers that outlines their responsibilities and obligations in relation to EEO during recruitment.

Professional development

During the year, eLearning training modules for staff were implemented and ongoing training continues to be provided to all employees to raise awareness of Council's legislative and industrial obligations. Training on the correct use of Council's corporate systems was also provided by employees, for employees.

A number of employees undertook professional development training through LGPro—Victoria's peak body for local government professionals.

Accredited-standard mental health first aid training sessions were held for employees.

Employees were also supported to undertake formal study through the Study Assistance Program.

Our Volunteers

Many of our residents are actively involved in their communities, with more than 500 volunteering their time across a range of Council services such as early years, home and community care, arts, libraries, emergency management and tourism.

Council also works closely with a diverse range of volunteers from local community groups across the shire, from Landcare and 'Friends of' groups, to service clubs and sports clubs and committees.

Their contributions improve the liveability of the Macedon Ranges and without their support, Council could not deliver many of its services and programs. Below is a snapshot of some of the areas in which our volunteers provide invaluable support.

Supporting younger generations

There are eight kindergarten committees across the shire that help with the planning and development of Council's kindergarten services.

More than 60 volunteers are empowering young people through Council's Youth Development unit initiatives that promote positive mental health, identify and respond to specific youth issues and provide activities such as music events, gigs and youth spaces.

Helping at home

A total of 58 volunteers provide regular support through the delivery of meals, the community register, Casserole Club cooks and social support client transport.

Celebrating all abilities

As part of celebrations for International Day of People with a Disability, four volunteers living with a disability played an important role in the planning of the 2015 shire-wide Dinner Dance, which was a sell-out event, attended by 120 residents with a disability and their carers.

Celebrating arts and culture

More than 60 volunteers support and enrich our local arts and cultural sectors, volunteering at Kyneton Museum and Council's annual performing arts season at Kyneton Town Hall.

Our libraries

The Friends of Macedon Ranges Libraries and nineteen volunteers, including local secondary school students, assist with the development and delivery of library services, including fundraising activities like the Cancer Council Biggest Morning Tea.

Enhancing the visitor experience

A team of 66 dedicated volunteers respond to visitor enquires at Council's visitor information centres 363 days of the year.

Healthy and active lifestyles

Council has a number of volunteer committees of management and consultative committees that manage the day-to-day operations of several Council halls and reserves.

This is in addition to the 100+ sporting clubs across the shire that are operated primarily by local community volunteers.

Emergency relief and recovery

Approximately 20 community members contribute their expertise and local knowledge to Council's emergency management planning, representing local communities on the Municipal Emergency Management Planning Committee and Municipal Fire Management Planning Committee.



Visitor Information Centre volunteers, Denis O'Meara and Roy Gibbs

Governance

food + drink

Woodend

Governance

Macedon Ranges Shire Council is constituted under the *Local Government Act 1989* to provide leadership and good governance for the shire and its local community.

We interpret good governance as being about how we make and implement decisions, our accountability to residents, the information exchange between staff and Councillors, and how we engage with the community.

Council has four principles that guide our procedures and processes:

We have a clear vision to provide the opportunity for all to live a fulfilling life, while protecting our heritage, environment and a sense of community through our shared commitment to a sustainable Macedon Ranges.

Our framework of good governance practice is defined by the four principles below. Within these principles we have clear statements and processes that guide Council staff and the organisation:

- **Vision and culture:** In pursuing our vision, we believe in and are committed to, the values of: sense of place, sense of community, balance and integrity.
- **Roles and relationships:** Our Councillors have clearly-defined roles. They are distinct from the roles of Chief Executive Officer and Council staff. We support our Councillors by providing clear guidelines and resources.
- **Decision-making and management:** Our decision-making is based on and guided by adopted Council policies and strategies. It is informed by community consultations and engagement, advisory committees, Council delegates and Council officers. Decisions on reports submitted to Council are made at monthly Council meetings and special committees of Council. Decisions are reported via meeting minutes and via annual reports and quarterly business reviews.

- **Accountability:** Our work output is measured annually through the Performance Statement and the Local Government Performance Reporting Framework (LGPRF), while we learn how our community rates our performance through the annual Community Satisfaction Survey. Internal and external audits are performed regularly. Internal audits focus on operations, procedures, internal controls and risk management. External audits focus on financial records.

Meetings of Council

Council meetings have generally been held on the fourth Wednesday of each month at 7pm.

Community members are able to ask a question about any Council matter during public question time.

Special Council meetings are held when urgent matters arise.

There are times when Council may resolve to close a meeting to discuss:

- personnel and industrial relations issues
- legal issues
- personal hardship of a resident/ratepayer
- matters regarding commercial transactions in which Council has an interest

For the 2015/16 year, Council held the following meetings:

- 11 Ordinary Council meetings
- 4 Special Council meetings

| Councillor | Council meeting | Special Council meeting | Total |
|-------------------------------------|-----------------|-------------------------|-------|
| Cr Jennifer Anderson (former Mayor) | 11 | 4 | 15 |
| Cr John Connor | 11 | 4 | 15 |
| Cr Ian Ellis | 10 | 4 | 14 |
| Cr Graham Hackett (Mayor) | 11 | 4 | 15 |
| Cr Roger Jukes | 11 | 4 | 15 |
| Cr John Letchford | 11 | 4 | 15 |
| Cr Henry McLaughlin | 9 | 4 | 13 |
| Cr Russell Mowatt | 11 | 4 | 15 |
| Cr Sally Piper | 9 | 4 | 13 |

Governance

Special and advisory committees

The Local Government Act allows councils to establish special committees consisting of Councillors, Council staff, community representatives, and representatives from other authorities such as the Victorian Government.

The following table contains a list of all special or advisory committees established by Council, their membership, and the purpose for which each committee was established.

| Special/ advisory Committee | Councillors | Community members /groups | Other authorities | Purpose |
|---|-------------|---------------------------------|----------------------|---|
| Airfield Advisory Committee | 2 | 6 | - | Advises Council on the management and long term objectives of the airfield. |
| Audit Committee | 2 | 3 | - | Advises Council on risk management, corporate governance, improving operational controls and fostering our ethical environment. |
| CEO Performance Appraisal Advisory Group | 9 | - | - | Coordinates the performance review process of the CEO in accordance with the Local Government Act. |
| Health and Wellbeing Advisory Committee | 3 | 13 | - | Advises and promotes positive health and wellbeing initiatives. |
| Hanging Rock Development Advisory Committee | 3 | 7 | 1 | During 2015/16, the committee's structure was reviewed by Council and the Victorian Government. The committee held its last meeting on 16 February 2016. A new Strategic Advisory Committee will be appointed in 2016/17. |
| Macedon Ranges Agribusiness Forum | 2 | 8 | - | Works with Council on the implementation of the Macedon Ranges Agribusiness Plan 2013-18 and identifies challenges and opportunities for the agricultural industry in the shire. |
| Macedon Ranges Employment and Training Network | 1 | 32 | - | Advises Council on attracting and retaining skilled employees in the region. |
| Macedon Ranges Equine Industry Network (REIN) | 2 | 10 | - | Assists with the implementation of the Equine Industry Strategy 2012-2017. |
| Municipal Emergency Management Planning Committee | 2 | 14 | 15 | Coordinates and plans emergency management processes, including the development and review of the Municipal Emergency Management Plan. |
| Municipal Fire Management Committee | 2 | 5 | 5 | Oversees fire management in the shire, including the implementation of the Municipal Fire Management Plan. |

Governance

| Special/ advisory Committee | Councillors | Community members /groups | Other authorities | Purpose |
|-----------------------------------|-------------|---------------------------------|----------------------|---|
| Naming/Re-naming Working Group | 9 | - | - | Recommends names for locations and infrastructure within the shire. |
| Section 223 Committee | 9 | - | - | Considers all submissions made under Section 223 of the Local Government Act. |
| Tourism Macedon Ranges Inc. | 2 | 7 | - | Works cooperatively with Council and contributes to the development and implementation of the Macedon Ranges Tourism Industry Strategic Plan (2011-2016). |

Code of Conduct

The Local Government Act requires Council to prepare and adopt a Councillor Code of Conduct within 12 months after each general election. A Councillor working group reviewed the Code and on 25 September 2013 Council adopted a revised Councillor Code of Conduct.

In line with legislative changes, Council reviewed the Councillor Code of Conduct in May 2016 and adopted an amended Code on 1 June 2016.

The Code addresses a range of issues associated with the role of Councillors including:

- Councillor conduct principles
- Roles and responsibilities
- Misuse of position
- Conflict of interest provisions
- Conduct during elections
- Processes for dealing with breaches of the Code
- Dispute resolution procedures
- Social media
- Acceptable gifts

The Code promotes the central idea that elected representation requires public trust to make decisions and represent the best interests of the community.

Conflict of interest

Councillors, Council staff and delegated Council committees must make decisions in the best interest of the community. In doing so, it must be clear that bias or private interests do not affect public duty.

Councillors, Council staff and members of Council-appointed committees are expected to:

- be trustworthy
- act impartially
- avoid conflicts of interest
- be accountable and responsive

Conflicts of interest occur when a personal or private interest might compromise the ability to act in the public interest. A conflict of interest can exist in any number of instances.

Having a conflict of interest is a problem when it is not declared and managed in accordance with Council policy and procedure.

Council has procedures in place for disclosing a conflict of interest, such as the declaration of a conflict as a standard agenda item at all Council and committee meetings. Councillors, Council staff and delegated committee members are expected to excuse themselves from any decision-making process if they have a conflict of interest. Examples of decision-making processes are:

- providing advice to Council
- acting on behalf of Council or under delegated authority
- preparing a report for Council or for a special committee
- discussing and voting on a Council decision.

During 2015/16, six conflicts of interest were declared at Council meetings.

Both the Staff and Councillor Codes of Conduct attend to the issue of conflicts of interest and have guides attached in the appendices.

Governance

Councillor allowances

In accordance with Section 74 of the Local Government Act, Councillors are entitled to receive an allowance while performing their duties. The Mayor is entitled to receive a higher allowance.

The Victorian Government sets the upper and lower limits for all allowances paid to Councillors and Mayors. Councils are divided into three categories based on their income and population. Macedon Ranges Shire Council is a category 2 council.

For the period 1 July 2015 to 30 November 2015, the Councillor annual allowance for a category 2 council was fixed at \$23,539 per annum and the allowance for the Mayor was \$72,834 per annum. The Minister for Local Government approved an annual adjustment of 2.5 per

cent to be effective from 1 December 2015. The annual allowances were adjusted for the period 1 December 2015 to 30 June 2016 at \$24,127 per annum for the Councillor allowance and \$74,655 per annum for the Mayoral allowance.

An additional payment equivalent to the superannuation guarantee is also paid to councillors. This amount was increased from 9.5 per cent to 10 per cent on 1 July 2015.

The following table contains a summary of the allowances (including the superannuation guarantee equivalent amount) paid to each Councillor during the year, allowing for the changeover of Mayor from 19 November 2015.

| Councillors | Allowance \$ |
|-------------------------------------|--------------|
| Cr Jennifer Anderson (former Mayor) | 47,057 |
| Cr John Connor | 26,270 |
| Cr Ian Ellis | 26,270 |
| Cr Graham Hackett (Mayor) | 61,363 |
| Cr Roger Jukes | 26,270 |
| Cr John Letchford | 26,270 |
| Cr Henry McLaughlin | 26,270 |
| Cr Russell Mowatt | 26,270 |
| Cr Sally Piper | 26,270 |



Governance

| | Travel | Car mileage | Childcare | I&CT | Conferences/ training |
|----------------------|---------|-------------------------|-----------|------------|--------------------------|
| Cr Jennifer Anderson | \$0.00 | \$2,213.56 (see note 1) | \$0.00 | \$1,732.43 | \$3,217.68 |
| Cr John Connor | \$58.77 | \$10,716.88 | \$0.00 | \$1,479.75 | \$545.12 |
| Cr Ian Ellis | \$0.00 | \$3,247.01 | \$0.00 | \$1,194.20 | \$498.48 |
| Cr Graham Hackett | \$0.00 | \$3,082.43 (see note 2) | \$0.00 | \$1,760.50 | \$1,403.03 |
| Cr Roger Jukes | \$0.00 | \$0.00 | \$0.00 | \$721.62 | \$1,388.98 |
| Cr John Letchford | \$0.00 | \$0.00 | \$0.00 | \$1,983.27 | \$2,656.70 |
| Cr Henry McLaughlin | \$0.00 | \$3,991.48 | \$0.00 | \$2,094.65 | \$1,070.00 |
| Cr Russell Mowatt | \$0.00 | \$1,593.67 | \$0.00 | \$2,709.58 | \$4,000.00 |
| Cr Sally Piper | \$0.00 | \$0.00 | \$0.00 | \$1,126.05 | \$0.00 |

Notes

Note 1: Cr Anderson, as Mayor for the period 1 July to 18 November 2015, was paid \$9,966.68 as a vehicle provision payment.

Note 2: Cr Hackett, as Mayor for the period 19 November 2015 to 30 June 2016, was paid \$16,130.88 as a vehicle provision payment.

Definitions

Travel: travel costs paid by Council or reimbursed to a Councillor incurred in the performance of the Councillor's role. Typically these are fares for public transport and parking. They exclude car mileage (which is recorded separately) and transport associated with conference and training attendance.

Car mileage: reimbursement of costs for personal vehicle usage for Council purposes based on a per-kilometre rate.

Childcare: costs associated with the care of children while a Councillor is performing their role.

I&CT: costs paid by Council or reimbursed to a Councillor associated with information technology including mobile telephones, internet connections and the provision of hardware and software.

Conferences/training: costs associated with attendance at conferences and training. Includes costs such as registration fees, accommodation, meals, travel and incidental costs.

Management

Council's management framework consists of policies, strategies and procedures across a range of areas including audits, risk management, community engagement, reporting, procurement, and emergency management.

Under the Local Government Act, Council must undertake an assessment against a prescribed governance and management checklist, which is included on pages 33–34. The following items have been highlighted as important components of the management framework.

Audit Committee

The Audit Committee is formally appointed under Section 139 of the Local Government Act as an Advisory Committee to Council. Its role is to assist Council in the effective conduct of its responsibilities, and to review and provide advice upon good corporate governance, fostering an ethical environment, managing risk and improving operational controls.

As at 30 June 2016, the Committee consisted of three independent members: Ms Corrine Siddles (Chair), Mr Barrie Sutton and Mr Brian Collins; and two Councillors: Cr Jennifer Anderson (Mayor) and Cr Graham Hackett. The independent members are appointed for a two-year term and Councillors are appointed for a one-year term. The chair is elected by the independent members.

The Committee meets four times a year. The Internal Auditor, Chief Executive Officer and Director Corporate Services attend all meetings. The Victorian Auditor General's agent attends the May and August Audit Committee meetings to present the audit strategy and audit report. Meeting minutes are circulated to the Councillors, Executive, Managers and Auditors. During 2015/16, the Committee submitted four reports to Council plus an Annual Report including the Committee's self-assessment of its performance.

Internal audit

The purpose of an internal audit (also known as a review) is to provide an independent and objective assurance to the Audit Committee and Council by reviewing and

Governance

testing the existence and effectiveness of policies, procedures and practices of an area of operation. An internal audit is aimed at reviewing operational risks and implementing controls to eradicate or minimise the risk. The objective of internal audits is two-fold. Firstly, for the Internal Auditor to offer an opinion on the existing policies and procedures. Secondly, for the Internal Auditor to provide recommendations to improve the policies and procedures to reduce the risk of systemic problems arising in the future.

Council has a risk based three-year Internal Audit Plan, which is reviewed annually by the Audit Committee to ensure the audit resources remain focused on the appropriate areas. The annual review considers risk and the impact of any change on operations, systems or the business environment.

During 2015/16, Council's internal audits were completed by Crowe Horwath, and covered the following service areas: transfer stations, rates, accounts receivable (debtors) and social media.

The Internal Auditor attends each Audit Committee meeting to report on the status of the Internal Audit Plan and to present findings of completed reviews.

All identified audit issues are risk rated, with subsequent recommendations assigned to the responsible manager and tracked in Council's performance reporting system. Quarterly status updates on the implementation of recommendations are reported to the Executive and the Audit Committee.

Financial and performance audit

During 2015/16 the annual audit of Council's Financial Statements and Performance Statement was conducted by the Victorian Auditor-General's agent. The agent attends the June and August Audit Committee meetings to present the audit strategy and audit report. The agent also provides an interim and a final audit management letter, which identifies any issues of concern that arose during the audit. The management letter plus officer's response are provided to the Audit Committee.

Risk management

In 2015/16, Council implemented a new online occupational health and safety/risk management system to support effective and timely responses to incidents, and facilitate proactive risk management practices.

Business impact analyses were completed for all organisational units. This included the development of three year business continuity programs to guide the management of business continuity risk, and aid the prevention and management of unforeseen interruption to the delivery of critical services.

Council also implemented a new program to monitor compliance with legislation and best practice in the management of electrical hazards and asbestos in Council buildings.

Risk and safety performance indicators per 100 full time employees 2015/16

| | |
|--|-------|
| Rate of incidents and hazards reported | 41.42 |
| Rate of standard claims | 1.7 |
| Rate of minor ** claims | 2.27 |
| Rate of time lost claims | 1.42 |
| Rate of medical expenses claims | 0.28 |

**minor claims are both time lost and medical expenses-only claims under the employer liability threshold payable, which was \$667 medical costs and/or the first 10 days of time lost in 2015/2016

Reporting and Compliance 2015/16

| | |
|--|--------------------------------|
| Provisional improvement notices actioned on time | Nil received |
| Number of reportable incidents* | 1 |
| Percentage of OHS reps who undertook training | 100% |
| JMAPP Property Risk Management Audit | Improved score from 69% to 73% |

*Serious workplace incidents that require reporting to WorkSafe

Governance

Governance and management checklist

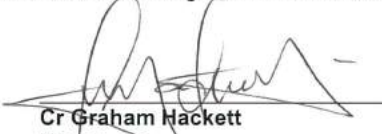
| | | |
|---|---|---|
| 1 Community Engagement Policy (policy outlining Council's commitment to engaging with the community on matters of public interest) | Policy (Community Consultation Framework) Date of operation of current policy: 17 December 2014 | ✓ |
| 2 Community Engagement Guidelines (guidelines to assist staff to determine when and how to engage with the community) | Guidelines (available as part of the above Community Consultation Framework) Date of operation of current guidelines: 17 December 2014 | ✓ |
| 3 Strategic Resource Plan (plan under section 126 of the Local Government Act outlining the financial and non-financial resources required for at least the next 4 financial years) | Adopted in accordance with section 126 of the Act Date of adoption: 22 June 2016 | ✓ |
| 4 Annual Budget (plan under section 130 of the Local Government 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) | Adopted in accordance with section 130 of the Act Date of adoption: 22 June 2016 | ✓ |
| 5 Asset Management Plans (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years) | Plans Date of operation of current plans: Asset Management Plan Part A, General information 27 June 2012, Part B Roads 28 September 2011, Part C Buildings 27 June 2012, Part D Drainage 25 September 2013, Part E Open Space 25 September 2013, Asset Management Strategy 26 November 2014 | ✓ |
| 6 Rating Strategy (strategy setting out the rating structure of Council to levy rates and charges) | Strategy Date of adoption of current strategy: 22 June 2016 | ✓ |
| 7 Risk Policy (policy outlining Council's commitment and approach to minimising the risks to Council's operations) | Policy Date of operation of current policy: 10 June 2014 | ✓ |
| 8 Fraud Policy (policy outlining Council's commitment and approach to minimising the risk of fraud) | Policy Date of operation of current policy: 3 July 2014 | ✓ |
| 9 Municipal Emergency Management Plan (plan under section 20 of the <i>Emergency Management Act 1986</i> for emergency prevention, response and recovery) | Plan in accordance with section 20 of the Act Date of preparation: 24 June 2014 | ✓ |
| 10 Procurement Policy (policy under section 186A of the Local Government Act outlining the matters, practices and procedures that will apply to all purchases of goods, services and works) | Prepared and approved in accordance with section 186A of the Act Date of approval: 24 February 2016 | ✓ |
| 11 Business Continuity Plan (plan setting out the actions that will be undertaken to ensure that key services continue to operate in the event of a disaster) | No plan Explanation: The existing business continuity plan is not up-to-date and a new plan is being prepared. | ✗ |
| 12 Disaster Recovery Plan (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster) | Plan Date of adoption: 6 July 2015 | ✓ |
| 13 Risk Management Strategy (strategy outlining Council's approach to managing risks to Council's operations) | Strategy Date of operation of current framework: 1 November 2006 | ✓ |

Governance

| | | |
|---|--|---|
| 14 Audit Committee (advisory committee of Council under section 139 of the Local Government 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) | Established in accordance with section 139 of the Act Date of establishment: 25 November 2003 Date of establishment of current committee: 27 February 2013 | ✓ |
| 15 Internal audit (independent accounting professionals engaged by Council to analyse and provide recommendations aimed at improving Council's governance, risk and management controls) | Engaged Date of engagement of current provider: 20 August 2014 | ✓ |
| 16 Performance Reporting Framework (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Local Government Act) | Framework Date of operation of current framework: 26 August 2015 | ✓ |
| 17 Council Plan reporting (quarterly reports reviewing the performance of the Council against the Council Plan, including the results in relation to the strategic indicators, for the relevant quarter of the financial year) | Reports Date of reports presented: 26 August 2015, 28 October 2015, 24 February 2016 and 27 April 2016 | ✓ |
| 18 Financial reporting (quarterly statements to Council under section 138 of the Local Government Act comparing budgeted revenue and expenditure with actual revenue and expenditure) | Statements Date statements presented: 26 August 2015, 28 October 2015, 24 February 2016, 27 April 2016 | ✓ |
| 19 Risk reporting (six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies) | Reports Date of reports: 30 July 2015, 11 February 2016 and 5 May 2016 | ✓ |
| 20 Performance reporting (annual report measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Local Government Act) | Financial and non-financial performance statements Date statements presented: 26 August 2015 | ✓ |
| 21 Annual report (annual report under sections 131, 132 and 133 of the Local Government Act to the community containing a report of operations and audited financial and performance statements) | Annual Report presented in accordance with section 134 of the Act: 28 October 2015 | ✓ |
| 22 Councillor Code of Conduct (Code under section 76C of the Local Government Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors) | Reviewed in accordance with section 76C of the Act Date reviewed: 23 September 2013 Updated 1 June 2016 | ✓ |
| 23 Delegations (a document setting out the powers, duties and functions of Council and the Chief Executive Officer that have been delegated to members of staff) | Reviewed in accordance with section 98(6) of the Act Date of review: 24 July 2013 Updated 23 July 2015 | ✓ |
| 24 Meeting procedures (a local law governing the conduct of meetings of council and special committees) | Meeting procedures local law made in accordance with section 91(1) of the Act Date local law made: 3 August 2007 (expires 3 August 2017) | ✓ |

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


Peter Johnston
 Chief Executive Officer
 Dated: 23/09/16


Cr Graham Hackett
 Mayor
 Dated: 23/09/16

Governance

Statutory information

The following information is provided in accordance with legislative and other requirements applying to Council.

Documents available for public inspection

In accordance with Regulation 12 of the *Local Government (General) Regulations 2015 (VIC)*, the following is a list of the prescribed documents that are available for inspection or copies of the documents can be obtained for the purposes of section 222 of the Local Government Act (the Act) at 129 Mollison Street, Kyneton:

- details of overseas and interstate travel (with the exception of interstate travel by land for less than three days) undertaken in an official capacity by Councillors or any other member of Council staff in the previous 12 months
- the agendas for, and minutes of, ordinary and special meetings held in the previous 12 months
- the minutes of meetings of special committees established under section 86 of the Act and held in the previous 12 months
- a register of delegations kept under sections 87(1) and 98(4) of the Act
- details of all leases involving land which were entered into by the Council as lessor
- a register maintained under section 224(1A) of the Act of authorised officers
- a list of donations and grants made by the Council in the previous 12 months

Freedom of Information

The *Freedom of Information Act 1982 (VIC)* (FOI Act) gives the community a legal right to access certain Council documents. The FOI Act has four basic principles:

- The public has a legal right of access to information.
- Local governments are required to publish information concerning the documents they hold.
- People may request that inaccurate, incomplete, out-of-date or misleading information in their personal records be amended.
- People may appeal against a decision not to give access to the information or not to amend a personal record.

Access to information can be requested from the Freedom of Information officer electronically, by post or in person. The request must:

- be in writing
- identify as clearly as possible which document/s are being requested
- 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 (eg. photocopying and search and retrieval charges).

Further information can be found at www.foi.vic.gov.au and on Macedon Ranges Shire Council's website.

Protected Disclosure Procedures

In accordance with section 69 of the *Protected Disclosures Act* a Council must include in their annual report information about:

- how to access the procedures established by Council under Part 9 of that Act
- the number and types of protected disclosures complaints investigated during the financial year.

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

During the 2015/16 financial year no disclosures were received by Council.


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Fast Facts

In 2015/16:

 680 planning permits processed

 1,212 building permits issued


 180 nest boxes installed at bushland reserves

 31,000 cattle and sheep sold at the Kyneton Saleyards

 468km of roadsides treated as part of Council's weed control program

 600 new trees planted

 3,900 tonnes of waste recycled

 2,600 tonnes of green waste composted

13/14

Council Plan actions completed

Botanic Gardens,
Malmsbury

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Goal ► Our lifestyle, culture, sense of place are strengthened by best practice planning and development.

Council aims to maintain the integrity of townships within the context of population growth and also protect the cultural heritage of the Macedon Ranges. Council is committed to developing and maintaining inclusive public open spaces within the shire while balancing agricultural and rural/residential lifestyle land use.

Highlights

- Work on the preparation and exhibition of five planning scheme amendments to implement the Kyneton, Riddells Creek and Woodend structure plans was completed.
- Supply of commercial zoned land increased in Woodend following the completion of Planning Scheme Amendment C107.
- Council adopted the Rural Living Zone Strategy and managed the preparation, exhibition and panel hearing for Planning Scheme Amendment C110 that outlines the implementation of the strategy.
- Submissions to the Macedon Ranges Protection Advisory Committee, Infrastructure Victoria–30 Year Infrastructure Strategy, the Local Government Infrastructure Design Association's Infrastructure Design Manual and the Victorian Government Heritage Act Review were completed.
- A draft master plan for the Kyneton Airfield was developed to guide future development of the site.
- Council adopted the Macedon Ranges Environment Strategy, which includes a Climate Change Action Plan, Roadside Management Plan and a Biodiversity Strategy.
- Development of a new Heritage Action Plan that outlines how Council will continue to identify, protect and manage heritage in the shire.
- Council prepared and exhibited draft urban design guidelines for Macedon and Mount Macedon.
- Council received 680 planning permit applications, representing an 8.6 per cent increase on the previous year.
- Processing times for planning permit applications continued to improve, with 60 per cent of applications processed in under 60 days of receipt, representing a 15 per cent increase on the previous year.
- New and improved online tools, including planning information checklists now provide applicants with a better understanding of processes and requirements and has resulted in a higher level of completed applications received.
- Building permit applications continued to grow, with 1212 permits received in 2015/16, representing an eight per cent increase on the previous year.

- Out of the 1,212 building permits, a total of 170 building permits were issued by Council's Municipal Building Surveyor (private building surveyors have the authority to issue building permits as an alternative to Council), representing a 13 per cent increase on the previous year.
- Council introduced a new procedure for Place of Public Entertainment (POPE) applications to assist community groups and event organisers when applying for occupancy permits.
- In order to simplify and speed up the building application process, Council began transitioning to an online and electronic format for applicants.
- Work commenced on the development of a policy to support the implementation of a Victorian Building Authority Statement of Intent agreement that outlines enforcement of building regulations where a private building surveyor has been appointed.

Challenges

- Council faced delays in finalising planning scheme amendments to implement the Kyneton, Riddells Creek and Woodend structure plans with a number of unresolved submissions referred to an independent planning panel.
- Assisting with the recovery process following the Cobaw/Lancefield fires and managing the diversion of resources while fulfilling core strategic planning functions.
- Delays in the preparation of heritage assessments for significant sites in Gisborne due to competing project timelines.
- Council managed 46 appeals in the Victorian Civil and Administrative Tribunal (VCAT), an increase of 25 on the previous year.
- Managing changes to building legislation and preparing for the 2017 sunset provision of the Victorian Building Regulations, including new policy development.
- Streamlining planning processes across multiple water catchment authorities.
- Managing changes to building legislation that required significant investment in staff training to ensure Council continues to offer best practice building services.
- Limitations on building services reporting and workflow capabilities while corporate systems and software are further developed to improve efficiencies.

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Indicators of success

These indicators of success are based on the strategic indicators in the Council Plan 2013–2017 and are used to measure the implementation of the Plan's goals and objectives.

| Strategic indicators | Result | Comments |
|--|--|---|
| Community satisfaction with town planning policy and approvals. | Town planning policy: 48 Planning permits: 43 | Council's ratings for both performance areas declined, down from 50 and 48 respectively in 2015. Source: Community Satisfaction Survey 2016. |
| Percentage of people who feel the shire has a pleasant environment, nice streets, open spaces and is well planned. | 83.3 per cent feel the local neighbourhood has a pleasant environment. | Sources: <ul style="list-style-type: none">• Victorian Population Health Survey 2011-2012 Social Capital report, Department of Health and Human Services.• Indicators of community strength for Macedon Ranges LGA 2008, Department of Planning and Community Development. |
| Community satisfaction with the appearance of public areas. | 71 | Council's rating increased by one point, up from 69 in 2015. Source: Community Satisfaction Survey 2016. |

Major initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2015/16 budget.

| Initiatives | Comments |
|--|---|
| Present revised planning scheme amendments for the Kyneton, Riddells Creek and Woodend town structure plans. | Completed. |
| Prepare new urban design guidelines for Macedon and Mount Macedon. | Completed. |
| Extend the shared path along the Campaspe River in Kyneton. | In progress. Design and specifications have been prepared and additional funding is being sought from the Victorian Government. |
| Develop organisational operational protocols to recognise Aboriginal culture and heritage. | Completed. |
| Present the final Rural Living Strategy and implement adopted actions. | Completed. |

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Service Performance

The following statement provides the results of the Local Government Performance Reporting Framework prescribed service performance indicators and measures, including an explanation of material variations.

| Service/Indicator/ Measure | 2014/15 result | 2015/16 result | Comments |
|--|-------------------|-------------------|--|
| Timeliness <i>Time taken to decide planning applications</i> The median number of days between receiving a planning application and a decision on that application | 91 days | 82.50 | |
| Service standard <i>Planning applications decided within 60 days</i> The percentage of planning application decisions made within 60 days out of the total planning decisions made | 45% | 56.41% | The increase in the percentage of applications decided within 60 days is a result of process and systems improvements. |
| Decision making <i>Council planning decisions upheld at VCAT</i> The percentage of VCAT decisions that did not set aside Council decisions out of the total VCAT planning application decisions | 53% | 50% | |
| Service cost <i>Cost of statutory planning service</i> The direct cost of the statutory planning service divided by the number of planning applications received | \$1,931.45 | \$1,796.25 | |



An Inspiring Place

Goal ► Our environment and landscape is protected and sustained.

Council aims to protect the natural diversity and uniqueness of the Macedon Ranges landscape and wildlife, and to ensure responsible management of our natural environment. Council is also planning for and adapting to climate change.

Highlights

- Skip bin and recycling contracts for Council-owned facilities were combined into one bulk waste and recycling contract, resulting in cost savings.
- Almost 4,000 tonnes of rubbish was recycled and more than 2,500 tonnes of green waste composted, diverting a significant amount of waste from being sent to landfill.
- Council hosted 17 workshops and environment events, covering topics from frog ecology through to Indigenous gardening and wildlife protection, with more than 1,300 participants taking part.
- More than 180 nest boxes were installed and multiple fauna surveys conducted across Council's bushland reserves.
- Council's fauna monitoring program discovered several threatened species, including the Brush-tailed Phascogale, Brown Toadlet and Squirrel Glider.
- Biodiversity information stalls were hosted at the Kyneton Show, the Lancefield Show and the Sustainability Festival.
- Council received \$34,298 from the Victorian Government's Roadside Weed and Pest Management Program.
- New place identification signs were installed at Bald Hill Reserve to raise awareness of the site's natural and cultural values.
- Council's roadside weed control program treated 236 sites.
- Rabbit control works were completed at Black Hill, Bald Hill and Hanging Rock reserves.
- Green Army projects were held at Bald Hill and Hobbs Road reserves, resulting in reduction in weed coverage and completion of a range of flora and fauna monitoring activities.
- Council collaborated with neighbouring councils to update the Weeds of Central Victoria booklet—a significant publication that is used to raise awareness about the importance of controlling weeds in the region.
- A roadside management brochure was developed to raise awareness about the role that Council, VicRoads and residents have to play in maintaining and protecting roadsides.
- Council received \$17,108 in Corridors of Green funding from Melbourne Water for weed control and waterway restoration works.
- 468km of roadsides were treated under Council's annual weed control program.
- Council continued to provide annual grants to Landcare and 'Friends of' groups to assist with administration costs and restoration works.
- Council implemented a new mowing contract, which increased the frequency of mowing in main thoroughfares throughout the shire.
- Council's annual tree planting program, which included the replacement of established trees in township areas, parks, reserves and naturestrips across the shire, increased by 733 per cent, up from 72 in the previous year to 600 in 2015/16.
- Parks and playgrounds in the shire shared in \$100,000 worth of infrastructure renewal.
- Tree maintenance around electricity lines in Kyneton and Gisborne was completed ahead of schedule.
- Council increased the frequency of oval maintenance, leading to increased user group satisfaction.
- Equipment and amenity upgrades were completed at the Riddells Creek Lions Park, including installation of a flying fox, new fitness equipment and construction of a new footbridge.
- Council completed a comprehensive health and safety audit of 12,500 trees, with 770 identified as requiring works, all of which were completed during 2015/16.
- Council Parks and Gardens staff capacity was bolstered with the recruitment of a Development Landscape Assessment Officer, and the completion by one staff member of a full horticultural apprenticeship.
- A grant from Victorian Mineral Springs Commission funded the planting of new trees and installation of park furniture at the Kyneton Mineral Springs Reserve.
- Council supported Kyneton, Malmsbury and Gisborne botanic gardens' participation in the inaugural Botanic Gardens Australia and New Zealand Open Day in May 2016.
- Council approved 114 wastewater applications and completed 304 inspections to ensure that systems are installed and maintained appropriately.
- Council's Environmental Health unit assessed 155 planning permit application referrals relating to wastewater on new developments.
- Council applied to become a member of Tyre Stewardship Australia—a scheme that supports sustainable disposal of end-of-life tyres.

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Challenges

- Delays in the completion of the cap at the Kyneton Landfill and construction of a retention basin in Woodend due to poor weather conditions.
- Resources were diverted to provide emergency recovery assistance and clean-up efforts following the Cobaw/Lancefield and Edgecombe bushfires.
- Responding to 490 requests for assistance, including the removal of debris and trees on roads and blocked drains following extreme weather and storms across the shire in May 2016.

Indicators of success

These indicators of success are based on the strategic indicators in the Council Plan 2013–2017 and are used to measure the implementation of the Plan's goals and objectives.

| Strategic indicators | Result | Comments |
|--|--------|---|
| Effectiveness of environmental management. | N/A | Data not available during this reporting period. |
| Effectiveness of roadside weed program. | 51 | Council's rating has increased, up by five points compared to the previous year. Source: Community Satisfaction Survey 2016. |

Major initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2015/16 budget.

| Initiatives | Comments |
|---|------------|
| Present an Environmental Management Plan for Hanging Rock. | Completed. |
| Commence landscape assessments of proposed residential and commercial developments. | Completed. |
| Commence implementation of the Reserve Environmental Management Plans' signage strategy. | Completed. |
| Present a new Natural Environment Strategy. | Completed. |
| Commence a staged street light conversion to modern energy efficient lamps. | Completed. |
| Become members of the Central Victorian Greenhouse Alliance. | Completed. |
| Allocate additional funding towards roadside weed control, bushland reserve management, street tree maintenance and drainage. | Completed. |
| Provide \$10,000 to support fire recovery and rehabilitation efforts at Black Hill Reserve. | Completed. |

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Service Performance

The following statement provides the results of the Local Government Performance Reporting Framework prescribed service performance indicators and measures, including an explanation of material variations.

| Service/Indicator/ Measure | 2014/15 result | 2015/16 result | Comments |
|---|-------------------|-------------------|--|
| Waste collection | | | |
| Satisfaction <i>Kerbside bin collection requests</i> The number of kerbside garbage and recycling bin requests divided by the number of kerbside bin collection households (x1,000) | 118.51 | 109.56 | Fewer requests for damaged bins, stolen bins and contractor complaints. |
| Service standard <i>Kerbside collection bins missed</i> Number of kerbside garbage and recycling collection bins missed divided by the number of scheduled kerbside garbage and recycling collection bin lifts (x10,000) | 4.15 | 4.13 | |
| Service cost <i>Cost of kerbside garbage collection service</i> Direct cost of the kerbside garbage bin collection service divided by the number of kerbside garbage collection bins | 106.94* | \$112.62 | |
| Service cost <i>Cost of kerbside recyclables collection service</i> Direct cost of the kerbside recyclables bin collection service divided by the number of kerbside recyclables collection bins | 30.19* | \$30.45 | |
| Waste diversion <i>Kerbside collection waste diverted from landfill</i> The percentage of recyclables and green organic waste collected out of the total kerbside bin collection | 45% | 42.28% | Higher volume in garbage collected, with less volume in recyclables collected from the kerbside. |

*2014/15 result amended due to changes in definitions.

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Goal ► Our infrastructure supports the needs of future generations.

Council is planning for, developing and maintaining community facilities that meet the community's changing needs. Council is also focused on ensuring shire infrastructure supports the needs of local communities into the future.

Highlights

- The official opening of the Macedon Ranges Netball Complex, a \$2.5 million project jointly funded by all levels of government, the Macedon Ranges Netball Association and Bendigo Bank.
- Council completed an initial phase of community consultation for the development of a shire-wide 2017-2027 Leisure Strategy.
- Funded by Council and the Victorian Government, the Gilbert Gordon Oval redevelopment project was completed, which included reconstruction of a new surface and improved drainage.
- Council invested \$5.33m in road-related construction and improvement works, including new roads, resealing, asphalt resurfacing, gravel resheeting, and guardrail enhancements at various locations across the shire.
- Installation of new sports field floodlights and completion of an electrical upgrade for the Kyneton Showgrounds precinct. This project was funded by Council, the Kyneton Football Netball Club and the Victorian Government.
- Council delivered a \$600,000 bridge and major culvert renewal program.
- Completion of the Gisborne Bowling Club Synthetic Rink Project, which was funded by the Gisborne & District Bowling Club and the Victorian Government, with in-kind support from Council.
- A comprehensive review of all safe work practices and traffic management plans was completed to improve safety on Council worksites.
- Official opening of the Dixon Field Pavilion upgrade project, which included the construction of new change rooms, umpire rooms, meeting room space and storage facilities. The project was funded by Council and the Victorian Government.
- Completion of the Riddells Creek Recreation Reserve internal road, car park and lighting project.
- Council, the Victorian Government and the Kyneton Football Netball Club worked in partnership to upgrade existing facilities at the Kyneton Showgrounds to provide female change rooms for netballers.
- Construction of a sand horse arena/ménage project and equestrian facility upgrades at Racecourse Reserve in Woodend to cater for local youth and equestrian groups.
- Victorian Government funding was secured for the Lancefield Skate Park and Gilbert Gordon oval/netball court lighting projects.
- Council invested \$500,000 in the construction and renewal of footpaths across the shire, including the construction of a new shared footpath from the Gisborne railway station to Montessori Kindergarten in New Gisborne.
- Electronic worksite activity audits were adopted in the field to improve operational efficiencies.
- Council secured a grant from the Transport Accident Commission to purchase two new digital road signs that will alert motorists to roadworks, events, emergency management activities and speed control programs.
- Completion of a \$440,000 drainage, kerb and channel renewal works program.
- Inspection of Council's 132 bridges and major culverts was completed.
- To maintain and protect Council and community infrastructure and assets, 414 asset protection permits were processed in 2015/16.
- Detailed engineering designs for all road, drainage and footpath works were delivered on time.
- Completion of blackspot road safety works to upgrade the intersection at Couangalt and Benson roads in Gisborne South.
- Installation of new guard rails and signage to improve road safety along Romsey Road in Springfield.
- Council approved engineering plans and drawings for 61 subdivisions and developments across the shire.
- Council received more than 7,200 infrastructure enquiries, with 98 per cent of these responded to within 48 hours.
- The Australian Government Roads to Recovery Program announced a contribution of \$2.8m towards local road reconstruction projects and Council received \$550,000 from the Australian Government Blackspot Program to improve road safety on local roads.
- Low efficiency, high energy lights were upgraded to energy efficient LED lighting at the Gisborne Administration Centre. This delivered a potential carbon saving of 17,677 watt/hr.
- A new gantry walkway was constructed within the confined ceiling space of the Kyneton Town Hall, improving safety for staff and operators.
- Completion of the Manna Gum Family and Children's Centre in Gisborne.
- Adoption of the Kyneton Saleyards Plan.
- Completion of the Gisborne Council Office Extension project, including the installation of 116 new solar

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panels that are estimated to generate greenhouse gas emission savings of around 56 tonnes per year.

- Council reached the final stage of a two-year signage capture project that saw 11,000 sign locations mapped.
- Council implemented new software for management of its infrastructure projects.
- An audit of all disability car parking spaces in the shire was completed.
- Council's engineering planning responded to 80 per cent of all planning permit referrals within 14 days of receipt.
- Approximately 60kms of unsealed roads were renewed with new gravel surfaces.

Indicators of success

These indicators of success are based on the strategic indicators in the Council Plan 2013–2017 and are used to measure the implementation of the Plan's goals and objectives.

| Strategic indicators | Result | Comments |
|--|--------|--|
| Community satisfaction with local roads and footpaths. | 54 | Council's rating has continued to increase, up one point from 53 in 2015. Source: Community Satisfaction Survey 2015. |
| Percentage of people who feel their area has easy access to recreational and leisure facilities. | N/A | Data not available during this reporting period. |

Major initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2015/16 budget.

| Initiatives | Comments |
|---|--------------|
| Construction of a new soccer and athletics pavilion at Dixon Field, Gisborne. | Completed. |
| Construction of Manna Gum Family and Children's Centre, Gisborne. | Completed. |
| Construction of a new netball pavilion at Macedon Ranges Netball Complex, New Gisborne. | Completed. |
| Report on the development of a new Leisure Strategy. | Completed. |
| Establish a 'Places for People' program. | Completed. |
| Undertake a significant road, bridge, footpath and drain construction program. | Completed. |
| Expand Council's street tree planting and replacement program. | Completed. |
| Construction of a detention basin in Woodend. | In progress. |
| Transfer maintenance of Clarkefield Recreation Reserve to Council. | Completed. |
| Upgrade plant and equipment as part of Council's Plant Replacement Program. | Completed. |

Challenges

- Funding applications to the Victorian Government for the construction of multi-purpose cricket nets at Gilbert Gordon Oval in Woodend and female-friendly change rooms at Gardiner Reserve in Gisborne were unsuccessful.
- Upgrade works to the bridges and path network along the Campaspe River Trail in Kyneton were delayed while additional funding was sought from the Victorian Government.
- Unforeseen underground works were required as part of the Riddells Creek Access and Inclusion Project that resulted in delays.

An Inspiring Place

Service Performance

The following statement provides the results of the Local Government Performance Reporting Framework prescribed service performance indicators and measures, including an explanation of material variations.

| Service/Indicator/ Measure | 2014/15 result | 2015/16 result | Comments |
|--|-------------------|-------------------|---|
| Roads | | | |
| Satisfaction of use <i>Sealed local roads requests</i> Number of sealed local road requests divided by the total kilometres of sealed local roads (x100) | 38.06* | 30.28 | Reduction in number of customer requests received is a reflection on Council's road maintenance program. |
| Condition <i>Sealed local roads below the intervention level</i> Percentage of kilometres of sealed local roads below the renewal intervention level set by Council out of total kilometres of sealed local roads | 97% | 94.25% | |
| Service cost <i>Cost of sealed local road reconstruction</i> Direct cost of sealed local road reconstruction divided by the square metres of sealed local roads reconstructed | \$52.87 | \$42.02 | Competitive tender rates have been received from external contractors (indication of market); increased delivery from internal team (cheaper than external contractors); decrease in global oil prices reflects in cheaper transport and bitumen costs. |
| <i>Cost of sealed local road resealing</i> Cost of sealed local road resealing | \$6.33 | \$4.65 | Competitive tender rates have been received from external contractors (indication of market); increased delivery from internal team (cheaper than external contractors); decrease in global oil prices reflects in cheaper transport and bitumen costs. |
| Satisfaction <i>Satisfaction with sealed local roads</i> Community satisfaction rating out of 100 with how Council has performed on the condition of the sealed local roads | 51 | 51 | |
| Aquatic facilities | | | |
| Service standard <i>Health inspections of aquatic facilities</i> Number of authorised officer inspections of Council aquatic facilities divided by the number of Council aquatic facilities | 0 | 0.25 | Although not mandatory, Council has commenced annual health inspections of its four aquatic facilities. A sample facility was tested this year with the expectation that all four will be tested in 2016/17. |
| Service cost <i>Cost of indoor aquatic facilities</i> Direct cost of indoor aquatic facilities less income received divided by the number of visits to indoor aquatic facilities | \$1.65* | \$1.50 | |

*2014/15 result amended due to changes in definitions.

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| Service/Indicator/ Measure | 2014/15 result | 2015/16 result | Comments |
|---|-------------------|-------------------|----------|
| Cost of outdoor aquatic facilities Direct cost of outdoor aquatic facilities less income received divided by the number of visits to outdoor aquatic facilities | 18.12* | \$18.67 | |
| Utilisation Utilisation of aquatic facilities Number of visits to aquatic facilities divided by Municipal population | 6.90 | 7.27 | |

*2014/15 result amended due to changes in definitions.

Future Priorities

- Commence work on:
 - a Neighbourhood Character Review for Gisborne
 - a shire-wide Roadside Management Plan
 - an Environmental Management Plan for the Gisborne Marshlands and Magnet Hill reserves
- Implement the Macedon Urban Design Guidelines.
- Finalise the five planning scheme amendments (C98, C99, C100, C103 and C105) that will implement and progress the Kyneton, Riddells Creek and Woodend structure plans.
- Preparation of the Kyneton South Development Contribution Plan, Rural Land Use Study, Planning Scheme Review, Climate Action Plan, and Gisborne Neighbourhood Character Study.
- Heritage review of significant heritage sites in Kyneton and Gisborne.
- Review Council's Road Management Plan.
- Investigate one-on-one planning referral agreements with individual water authorities to help reduce planning processing times.
- Development of a Biodiversity Strategy.
- Completion of the Black Hill Reserve Environmental Management Plan.
- Continued installation of coordinated signage at Council's bushland reserves.
- Completion of drainage improvement works at Tony Clarke Reserve, Macedon and Romsey Park Oval.
- Implementation of a new park furniture program and a playground renewal program.
- Commence construction of Stage 1 of the Kyneton Community Park.
- Labelling and signing of plant species at the Kyneton Botanical Gardens.
- Completion of the Lancefield Skate Park and Gilbert Gordon Oval netball and oval lighting projects.
- Completion of the draft 2017-2027 Leisure Strategy.
- Commence work on the Campaspe River Trail Bridge and Pathway Upgrade Project.
- Ongoing roll-out of leases across the shire's sporting facilities.
- Completion of the Kyneton Landfill cap and a new detention basin at Quarry Road, Woodend.
- Completion of Stage 2 of the Gisborne Town Centre Revitalisation project utilising funding from Regional Development Victoria.
- Progress plans to transform the former Romsey Primary School site.
- Develop a master plan for the Gisborne Botanical Gardens.
- In partnership with GRAAP, deliver the construction of Stage 1 of the Romsey All Abilities Park.
- Review Council's 10-year footpath program.
- Review Council's Asset Management Policy and continue the review of Asset Management Plans.
- Initiate a building condition audit on all Council-owned and managed structures.
- Continued delivery of actions from the Waste Management Strategy, including:
 - a public place waste audit and feasibility study for introducing public place recycling
 - a feasibility study for an organic waste processing facility
 - a food organic and garden organic kerbside collection feasibility study
 - a feasibility study for compost bins and worm farm rebate
- Completion of the Kyneton Airfield Master Plan.

An Empowered Community

Fast Facts

In 2015/16:



5,940 delivered meals



142 social support transport trips



2,205 museum visitors



22,635 visitor information centre enquiries



29 performances and exhibitions



1,200 fire prevention notices

18/18

Council Plan actions completed

An Empowered Community

Goal ► Our community is inclusive and connected and enjoys strong mental and physical health and wellbeing.

Council promotes strong, connected communities. Council aims to increase community understanding of, and support for, mental health and wellbeing and to create a healthy active community, reducing the incidence of obesity-related concerns.

Highlights

- Council implemented a Healthy Eating Action Plan across its aquatic and leisure centres, which resulted in a 24 per cent increase in healthy options made available at facility kiosks and vending machines.
- An energy audit of all aquatic and leisure facilities across the shire was completed, with a key focus on developing initiatives for energy savings.
- Office and reception area refurbishment works at the Gisborne Aquatic Centre were completed.
- Council introduced new programs across its leisure services, including table tennis, mixed soccer, cheerleading and indoor cricket.
- Stage 2 of the Outdoor Pool Master Plan audit works was completed.
- Following a comprehensive review of Council's two fitness centres, a new operating model was introduced to expand operating hours and introduce staffed and unstaffed hours.
- Ceiling upgrades were undertaken at the Romsey Recreation Centre and refurbishment works completed on the indoor court at the Kyneton Toyota Sports & Aquatic Centre.
- Visits to Council's aquatic and leisure facilities hit record highs, with more than 461,761 attendances.
- The Lancefield Aquathon was held in February with 30 participants taking part in the run/swim event.
- Attendance at arts and culture events increased by 32 per cent, with 3,464 audience members attending shows at the Kyneton Town Hall.
- Council entered into a new partnership with the Australian Centre for the Moving Image (ACMI).
- Council hosted a Q and A session for VCE drama and theatre students studying *Boy Out of the Country*—a live performance based on an Australian text listed on the VCE studies list.
- Council invited local dancers to perform alongside Brisbane's Expressions Dance Company in their production of *Carmen Sweet* at the Kyneton Town Hall.
- Extinct—The Lancefield Megafauna Festival was held in October 2015, celebrating Lancefield's significance as one of Australia's most significant Megafauna dig sites.
- Macedon Ranges Community Halls Incorporated was established, providing umbrella governance for community hall committees across the shire.
- Council provided continued support to community halls, including the installation of six community hall noticeboards and assistance with community performances.
- Reopening of the Bluestone Theatre in Kyneton following the completion of extensive upgrades that were funded by Council, the Victorian Government and the Friends of the Bluestone Theatre.
- Council celebrated the dedication of volunteers at an annual volunteer function held at the Kyneton Museum.
- Malmsbury Town Hall received a \$12,000 kitchen upgrade.
- The Kyneton Town Hall's annual touring program secured a \$50,000 Creative Victoria Regional Partnership grant.
- Council expanded the Casserole Club, resulting in a 100 per cent increase in the number of pairings of cooks with diners, and approximately 450 meals shared.
- Funding was secured through the Australian Government's Age-Friendly Communities Grant to further strengthen Council's work with older residents.
- Council received a grant of \$2,500 from the Victorian Government's Department of Health and Human Services to host Seniors Festival activities. Three community groups were funded, including the Kyneton Croquet Club, Kyneton U3A and Cobaw Community Health's Volunteer Network Group.
- Following a tender process, Wintringham Housing was selected as the new manager for 49 seniors' units in Gisborne, Lancefield and Romsey.
- Council supported a National Disability Insurance Scheme (NDIS) information session held by Macedon Ranges Health.
- Council hosted a 'Worried about your memory?' information session during national Dementia Awareness month.
- Council and members of the Youth Ambassadors team developed a Youth Charter to strengthen the relationship between Council and young people, and young people and the broader community.
- The inaugural Purple Dance Party was held in Kyneton—a celebration of diversity for lesbian, gay, bisexual, transgender, intersex and questioning (LGBTIQ) young people, their peers and allies.

An Empowered Community

- For the second year in a row, the rainbow flag was raised at the Kyneton Mechanics Institute in recognition of International Day Against Homophobia and Transphobia (IDAHOT).
- Young people from the Macedon Ranges and the Australian International Academy participated in the Common Ground Think Tank event (funded by the Regional Arts Fund and Regional Arts Victoria, in partnership with the Islamic Museum of Australia) that explored cultural difference and shared common ground through an arts based project.
- Council contributed to the development of the Macedon Ranges shire-wide Ice Action Plan to assist in minimising the harm associated with crystal methamphetamine use in the community.
- Council delivered 22 teen Mental Health First Aid training courses and 9 Youth Mental Health First Aid training courses.
- Council secured \$2,000 from the Victorian Government through the National Youth Week grants program.
- The Kyneton Community & Learning Centre and Woodend Rotary Club contributed \$10,000 and \$1,200 respectively to support youth development programs in the shire.
- Council, in partnership with Cobaw Community Health and the Greater Romsey All Abilities Park Committee (GRAAP), continued to work towards a long held community vision to redevelop the former Romsey Primary School site for community use. Funding was secured from the Australian Government's National Stronger Regions Fund for the first stage of the project, which includes community park and health service facilities.
- A Heritage Victoria permit was obtained for Stage 1 works of the Kyneton Community Park project.
- Australian Government funding for Stage 2 of the Kyneton Community Park project was secured and material donations such as tractors, rocks and timber were sought.
- Council coordinated Emergency Relief Centre training at the Kyneton Racecourse.
- Development of Council's 'Organisational Protocols for Recognising Traditional Owners/Custodians'.
- A number of capacity-building workshops were implemented for Men's Sheds in the shire, including business planning, safe food handling and the cooking class programs.
- Support was provided to the six neighbourhood houses in the shire to develop a strategic action plan that will identify and support collaborative projects between the network of houses.
- Six community organisations shared in \$45,000 for local infrastructure projects as part of the Places for People Program, including:
 - kitchen upgrades at the Malmsbury Town Hall
 - installation of fitness equipment at the Riddells Creek Lions Park
 - development of autism-friendly signage at the Woodend Children's Park
 - upgrades to the Gisborne Community Hall
 - development of a master plan for the Romsey Mechanics Institute
 - a historical spaces booklet and map for Kyneton
- Council and Cobaw Community Health hosted a White Ribbon Day community breakfast.
- Support was provided to the Lancefield Neighbourhood House to undertake a community survey as part of the Cobaw/Lancefield fire investigation.
- Council worked closely with the Kyneton Men's Shed to explore options for relocation.

Challenges

- Changes to Australian and Victorian government policies, including funding arrangements, continue to place pressure on in-home services across Victoria.
- Council continues to explore options to meet growing demand for classes at the Gisborne and Kyneton fitness centres, and to strike the right balance for members seeking access to staffed and unstaffed centres.
- Cancellation of Kyneton Aquathon due to low numbers.
- Council was unsuccessful in its application to Regional Development Victoria for additional funding for the Kyneton Museum.
- The unexpected closure of the Malmsbury Town Hall when urgent repairs were required to restore the hallway ceiling.
- Managing service levels while resources were diverted as part of the fire recovery process to support residents impacted by the Cobaw/Lancefield bushfires and the Edgecombe grass fire.

An Empowered Community

Indicators of success

These indicators of success are based on the strategic indicators in the Council Plan 2013–2017 and are used to measure the implementation of the Plan's goals and objectives.

| Strategic indicators | Result | Comments |
|---|---|---|
| Percentage of people who can get help from friends, family or neighbours when they need it. | 80 per cent (family) 82 per cent (friends) 58 per cent (neighbours) | Sources: <ul style="list-style-type: none"> Victorian Population Health Survey 2011-2012 Social Capital report, Department of Health and Human Services. Indicators of community strength for Macedon Ranges LGA 2008, Department of Planning and Community Development. |
| Percentage of people participating in organised sport. | 25 per cent | Sources: <ul style="list-style-type: none"> Victorian Population Health Survey 2011-2012 Social Capital report, Department of Health and Human Services. Indicators of community strength for Macedon Ranges LGA 2008, Department of Planning and Community Development. |
| Percentage of people who eat the recommended daily fruit and vegetable intake. | 9 per cent (vegetables only) 37 per cent (fruit only) | Sources: Victorian Population Health Survey 2011–12 and 2014 reports. Department of Health and Human Services. |
| Percentage of people who meet the physical activity guidelines | 40 per cent | Source: Victorian Population Health Survey 2011–12 and 2014 reports. Department of Health and Human Services. |

Major initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2015/16 budget.

| Initiatives | Comments |
|--|--------------|
| Establish two forums for Macedon Ranges Community Hall Committee Inc. | Completed. |
| Organise a series of action-learning workshops for local Men's Sheds. | Completed. |
| Develop an organisational Youth Charter. | Completed. |
| Support the implementation of the Macedon Ranges Suicide Prevention Action Group Action Plan. | Completed. |
| Implement healthy eating choices program at Council's aquatic and leisure centres. | Completed. |
| Collaborate with community groups to develop additional healthy and active Australia Day activities. | Completed. |
| Commence major upgrade works at the Kyneton Museum. | Completed. |
| Upgrade outdoor play spaces at the Romsey Kindergarten. | Completed. |
| Upgrade facilities at Gisborne Aquatic Centre. | Completed. |
| Infrastructure works at Woodend and Lancefield outdoor pools. | Completed. |
| Capital works at the Kyneton Showgrounds. | Completed. |
| Planning for the Lancefield Skate Park. | In progress. |

An Empowered Community

Goal ► Our economy is diverse, strong and prosperous.

Council facilitates and supports the development of diverse industry sectors that build on the natural and built strengths of the shire.

Highlights

- To help better understand the current opportunities and challenges faced by businesses in the shire, Council conducted its fourth biennial business survey in 2015, receiving 300 responses that will be used to inform the development of business programs, services and strategies.
- The inaugural Meet Our Local Producers event was held in Macedon with a variety of local producers showcasing their products and connecting with local suppliers from restaurants, cafes and retail shops.
- Council hosted the first staff exchange as part of its Sister City agreement with Tokai City Council in Japan.
- During Cultural Diversity Week, a delegation from Tokai City in Japan visited the shire and took part in a range of live performances and cultural workshops celebrating Japanese culture.
- Development of a new Business Kit that aims to foster business growth and development in the region.
- Council coordinated the National Equine Industry Forum with local members of parliament, and representatives from national peak bodies, to provide an understanding of the equine industry and discuss the next steps towards developing a full business case to establish an equine centre in the shire.
- Development of the Macedon Ranges Horse Trail Riding Guide.
- Sixty-one businesses registered to be listed on the Agribusiness Producers Guide.
- Council participated in a new working group developed to scope the new Trade Training Hub in Kyneton that aims to meet industry needs and the needs of local secondary school students.
- The Macedon Ranges Equine Industry Network (REIN) and Lancefield Equestrian Group secured funding for large animal rescue training.
- Three hundred and sixty-six businesses participated in Council's annual Business Seminars, Networking and Training Program.
- The annual Business Leaders Forum that aims to identify options for building business capacity to ensure long-term economic sustainability, was held in March with 43 representatives attending from across the shire.
- Council's online business directory listings increased by 20 per cent, featuring 893 local businesses.
- Introduction of a new Events and Festivals Grant Program.
- To ensure the long-term sustainability of the Macedon Ranges Business Excellence Awards, a new partnership was formed with the Midland Express and Council has taken over management of the event.
- The Macedon Ranges continued to strengthen its status as a popular tourism destination in 2015/16, with some 1,151,000 people visiting the region; up 16 per cent on last year.
- Official visitor website visitmacedonranges.com performed strongly, averaging 34,675 visits per month, and representing a 5.3 per cent increase on 2014/15. A new-look and mobile-friendly version of the site was launched in mid-2016, with 174 businesses taking up a special listing package on the website between March and June.
- The shire's visitor information centres in Woodend and Kyneton responded to a total of 22,635 visitor enquiries, a 12.9 per cent decrease compared to the previous year.
- Council's internal events group assessed and provided support and advice to 125 local events and festivals, representing a 50 per cent increase on the previous year.
- The Macedon Ranges Naturally Cool Facebook page demonstrated high levels of engagement with 831,631 impressions, and an increase in its audience reach by 422 per cent.
- Visitor information bays were replaced with more contemporary and visually appealing displays in Macedon, Malmsbury and Romsey.
- Council supported the Daylesford Macedon Ranges Regional Tourism Board in the development of the region's first Destination Management Plan, which will inform the Macedon Ranges Tourism Master Plan.
- New uniforms and electronic visitor data collection were introduced at visitor information centres in Kyneton and Woodend.
- In partnership with the Macedon Ranges Vignerons Association, Council installed signage on the Calder Freeway in Gisborne South and Malmsbury, as well as Springfield and Nulla Vale, featuring the Macedon Ranges Wine Region.
- Five visitor information centre volunteers were invited to the Victorian Senior of the Year Awards Ceremony at Government House in October 2015.
- Council appointed an Events & Festivals Officer to provide a dedicated resource that aims to centralise and enhance Council's support for events and festivals.

An Empowered Community

- The Daylesford & Macedon Ranges region was promoted in partnership with neighbouring councils at the Melbourne Tourism Industry Exchange.
- Council delivered two industry think tanks for key tourism stakeholders in preparation for the development of the regional Tourism Master Plan.
- Council received more than 500 visitor enquiries at a visitor information booth set up at the Lost Trades Fair.

Challenges

- The annual two-day Smart Business conference—featuring the Small Business Victoria workshop and seminar program—was cancelled and an event offering similar workshops and seminars is planned for early 2017.
- The Land Management and Fire Preparation workshop was cancelled due to the Cobaw/Lancefield fires.
- Retaining and increasing visitor market share in an increasingly competitive market is an ongoing challenge.

Indicators of success

These indicators of success are based on the strategic indicators in the Council Plan 2013–2017 and are used to measure the implementation of the Plan's goals and objectives.

| Strategic indicators | Result | Comments |
|--|--------------------|---|
| Community satisfaction with economic development. | 59 | Council's rating decreased by four points, down from 63 in 2015. Source: Community Satisfaction Survey 2016. |
| Tourist and visitor numbers attracted to, and/or expenditure in, Macedon Ranges Shire. | 1,151,000 visitors | Source: Daylesford and Macedon Ranges Regional Tourism Board. |
| Percentage of people who are unemployed. | 3.24 per cent | Source: Australian Bureau of Statistics, Labour force survey, catalogue number 6202.0, and Department of Employment, Small Area Labour Markets, March 2016. Compiled and presented in economy.id. |
| Percentage of people with tertiary education. | 29 per cent | Source: Australian Bureau of Statistics, Census of Population and Housing 2011. Compiled and presented in profile.id |

Major initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2015/16 budget.

| Initiatives | Comments |
|---|------------|
| Implementation and delivery of the Business Development and Training Program. | Completed. |
| Implement a Local Producers Pairing Program. | Completed. |
| Upgrade visitmacedonranges.com website. | Completed. |
| Commence implementation of the Events and Festivals review actions. | Completed. |
| Complete the Kyneton Saleyards Strategy. | Completed. |
| Continued implementation of a 5 year local skills audit. | Completed. |
| Identify partnerships with training providers to address industry needs. | Completed. |
| Deliver a long term business sustainability program (Buy Local). | Completed. |
| Develop a resource kit for new businesses. | Completed. |

An Empowered Community

Goal ► Our community is well-prepared, resilient and safe.

Council will develop and maintain safe environments to support communities to meet their wellbeing and health needs.

Highlights

- Council issued approximately 1,200 Fire Prevention Notices and achieved a 90 per cent compliance rate.
- Approximately 1,000km of roadsides were slashed for fire prevention purposes.
- Development and execution of a Memorandum of Understanding with a local broker for accommodation services that may be needed during, or after, an emergency in the shire.
- The State Emergency Service (SES) and Council finalised leases for use of Council facilities in Gisborne and Woodend. Although the SES have been long term tenants at each location, the leases provide clarity for both organisations into the future, such as outlining who is responsible for facility maintenance and repairs.
- Deployment of an Emergency Management Liaison Officer (EMLO) to the Incident Control Centre for the duration of the Cobaw/Lancefield fires, which increased Council's capacity to provide timely support to agencies and our community.
- Drawing on the Municipal Emergency Management Enhancement Group for additional staff to support the Cobaw/Lancefield response and recovery effort.
- Supporting other councils who were responding to emergencies through deployment of staff and sharing of resources.
- Undertaking the first of a series of workshops for Stage 2 of the Community Emergency Risk Assessment (CERA) process to identify, assess and develop approaches to address the risk of hazards in the shire.
- Council's Municipal Fire Management Plan was updated to ensure currency.
- The Couzens Lane Fire Access Track in Romsey was upgraded, including a ford over the creek crossing and weed removal, with \$21,030 support from the CFA's Fire Access Subsidy Scheme.
- Completion of weed reduction and fire mitigation programs across the shire.
- Development and delivery of emergency management information sessions to seniors groups and disability support groups in the shire.
- Development and delivery of information regarding emergency management considerations for event organisers at Council's annual Events Information session.
- Confirmation the Municipal Emergency Resourcing Program will continue to be funded for a further four years, ensuring continued capability and capacity enhancements.
- Council established recovery support services in partnership with the Lancefield and Romsey neighbourhood houses, CFA, community health services, VCC, Red Cross, the Victorian Government and other support agencies for residents affected by the Cobaw/Lancefield fires.
- A bushfire recovery officer and case support worker assisted residents whose homes were destroyed or damaged during the Cobaw/Lancefield fires. This included post-fire counselling, asbestos clean-up, fencing replacement, removal of burnt materials, drinking water deliveries, water tank cleaning and the replenishment of dam water used in firefighting operations.
- Council, in partnership with several local groups and agencies, was awarded the Recovery Award at the 2015 Fire Awareness Awards and a joint winner of the RACV Insurance Award for Excellence. See page 15.
- Implementation of the Prevention of Violence Against Women in Emergencies Action Plan following the Cobaw/Lancefield fires, including:
 - raising awareness of the probability of increased family violence after natural disasters
 - highlighting the importance of looking out for each other at every community meeting
 - surveying people involved in the recovery efforts about their experience from the perspective of gender
 - Family Violence After Natural Disaster training sessions

Challenges

- The Lancefield/Cobaw bushfire saw significant Council resources diverted to response and recovery for several months.
- Council was unsuccessful in its application to CFA's Fire Access Road Subsidy Scheme for a new Fire Access Track in Benloch.
- A number of actions in the Prevention of Violence Against Women in Emergencies Action Plan were not completed due to a diversion of resources in response to the Cobaw/Lancefield fire recovery process.

An Empowered Community

Indicators of success

These indicators of success are based on the strategic indicators in the Council Plan 2013–2017 and are used to measure the implementation of the Plan's goals and objectives.

| Strategic indicators | Result | Comments |
|---|---------------|---|
| Percentage of people who feel safe after dark. | 74.7 per cent | Source: Victorian Population Health Survey 2011-2012 Social Capital report, Department of Health and Human Services |
| Percentage of people who feel the shire has an active community, that people do things and get involved in local activities/issues. | 68.1 per cent | Source: Victorian Population Health Survey 2011-2012 Social Capital report, Department of Health and Human Services |

Major initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2015/16 budget.

| Initiatives | Comments |
|--|------------|
| Implementation of Prevention of Violence Against Women in Emergencies Action Plan. | Completed. |
| Review the Municipal Fire Management Plan. | Completed. |
| Completion of annual roadside slashing program. | Completed. |
| Present the Municipal Early Years Plan. | Completed. |
| Present the Positive Ageing Strategy. | Completed. |

Future Priorities

- A review of the Healthy Eating Action Plan implemented at aquatic and leisure centres.
- Completion of Stage 2 of the Outdoor Pools Master Plan audit works.
- Pool covers at the aquatic centres in Kyneton and Gisborne and a pool shell insert for the Lancefield Outdoor Pool.
- Floor upgrades at the Riddells Creek Leisure Centre.
- A review of the existing point of sale software across the aquatic and leisure facilities.
- Conduct a review of the existing outdoor pool operating model to determine opportunities for improved efficiency and operation.
- Funding will be sought to explore the feasibility, location and design of a regional sports hub within the Macedon Ranges.
- A review of the new expanded hours operating model at the Kyneton and Gisborne fitness centres will be undertaken to determine opportunities for further improvement at each facility.
- Explore opportunities to support the introduction of the National Disability Insurance Scheme (NDIS) in 2016/17 and ensure residents are provided with program options within their local area.
- Installation of a new heating and cooling system, and an upgrade of the foyer bar at the Kyneton Town Hall.
- Completion of works at the Kyneton Museum.
- Review Council's Public Art Policy.
- Explore the expansion of the Community Support unit volunteer roles to better cater to the needs of older residents.
- Implement the Age-Friendly Communities Grant project.
- Implement Year One actions of the Positive Ageing Plan.
- Finalise the transfer of the management of seniors housing in Gisborne, Lancefield and Romsey to Wintringham Housing.
- Delivery of Youth Charter training.
- Creation of a promotional video to showcase the importance and impact of Council's youth development work.

An Empowered Community

- The Youth Ambassadors will work on a campaign that highlights diversity and promotes acceptance in the Macedon Ranges.
- Delivery of 'It's Ok to be different' campaign—a Live4Life initiative.
- Completion of the Kyneton Community Park project.
- Progress the redevelopment of the former Romsey Primary School site to provide a community park and health service facilities.
- Implementation of the Prevention of Violence Against Women in Emergencies Action Plan 2016/17 in partnership with emergency services agencies.
- Apply for funding to support the development of a full business case for the establishment of the Macedon Ranges Equine Centre.
- Undertake a 'Jobs for the Future' study to assist in planning and building a strong economic future for the shire that best responds to Council's population projections.
- Commence work with the Romsey community to improve the business precinct amenity.
- Support the Macedon Ranges Agribusiness Forum to develop a brand and promotional plan for Macedon Ranges' products.
- Identified gaps in the equine industry supply chain will be reviewed and opportunities explored for business development and employment creation.
- Facilitate a staff exchange program with Tokai City and commence work on the Japanese garden concept outlined in the Sister City agreement.
- Implement an export ready program to provide support to businesses, particularly in the agricultural sector, who are either export-ready or thinking about export as the next step for their business.
- Review and redevelop the annual Business Seminars, Networking and Training Program.
- Explore opportunities for the establishment of equine-friendly parking locations.
- Development of industry network strategies and communication tools for professional services and industrial estates.
- Review and update Council's Business Investment Prospectus to highlight new and appropriate data for attracting investment in the Macedon Ranges.
- Finalise a business case and seek funding for planned commercial development in the east of the shire.
- Implementation of the Skills Audit and Training Analysis in partnership with the Macedon Ranges Employment and Training Network.
- Development of dedicated communication tools for events and festivals.
- Review Council's agreement with Daylesford Macedon Ranges Tourism.
- Finalise the Macedon Ranges Tourism Master Plan.
- Finalise the Community Emergency Risk Assessment (CERA) process.
- Upgrade Council's emergency management software and deliver training.
- Coordinate an emergency management exercise involving local school camps.



A High Performing Organisation

Fast Facts

In 2015/16:



3,160 cats registered



10,930 dogs registered



15 Ordinary and Special Council meetings



62,284 Customer service calls received

18/18

Council Plan

actions completed

Romsey

A High Performing Organisation

Goal ► We proactively engage with, and demonstrate accountability to, the community; and build and sustain financial strength.

Council aims to deliver fair and open decision-making across the business of Council and will ensure Council's financial resources are sustainable and managed responsibly. Council plans to deliver online services and information that meet the needs of the community and will collaborate across departments to achieve the best results for the Macedon Ranges community.

Highlights

- A new integrated Council customer service/responsiveness reporting model was introduced to streamline registered correspondence and customer requests, and track compliance with customer service standards.
 - The Community Funding Scheme and Councillor Grants Scheme distributed approximately \$185,000 to a diverse range of community groups and projects.
 - Council reviewed and endorsed a number of governance policies, including the Councillor Code of Conduct and Election Period Policy.
 - Internal audits of Council's compliance with Freedom of Information and Privacy legislation were undertaken.
 - Planning for the October 2016 General Elections commenced.
 - A review of Council's customer service model was undertaken in response to the changing ways customers interact with Council, including making payments and seeking information.
 - Council expanded its communication channels to include corporate Facebook, Twitter, Instagram and LinkedIn accounts.
 - Council's six service-specific Facebook pages—aquatics and leisure, arts and culture, emergency alerts, equine and youth—continued to perform strongly, generating a total of 44,575 engagements from 2,478 posts.
 - An independent audit of Council's social media practices was completed.
 - A total of 24 advertisements were placed in local newspapers, including news items, consultations, events, Council meetings, public notices, job vacancies and tender opportunities.
 - Council distributed 244 media releases, held 21 media briefings and responded to 237 media enquiries.
 - Council produced five editions of its bi-monthly newsletter, *Shire Life*, which was distributed to 22,000 residents and businesses. Accessible and eNewsletter versions were also sent to 79 subscribers.
 - A total of 163 eNewsletter campaigns were sent to 10,747 subscribers covering eight service areas—aquatics and leisure, arts and culture, disability support, environment, business, families and children, home and community care, and community places and partnerships.
 - Council's website received 986,941 unique page views and the use of mobile and tablet devices to view the website increased by 42 per cent.
 - Development of a cross-organisational online image library, and image library refresh, were completed to provide a range of local imagery for use in Council communications.
 - Council coordinated five Central Victorian Municipal Emergency Management Enhancement Group (MEMEG) Communications sub-group meetings to share emergency management resources, experience and skills between Macedon Ranges, Moorabool, Mitchell and Hepburn shire councils.
 - Council contributed 131 submissions to community-based newsletters that are an important source of information for many local communities.
 - Development of best practice guidelines for Facebook page administrators and editors.
 - Council continued to provide financial support to nine community newsletters and hosted an annual morning tea event for community newsletter editors.
 - Upgrades to Council's website content management system and enhancements to improve the search and data list functionality.
 - Council met all of its financial reporting and budgeting timeframes.
 - The biennial General Valuation of all properties in the shire was completed.
 - There were 21,807 rateable assessments at the end of 2015/16.
 - A new employee leave management service was implemented, eliminating a high proportion of paper-based forms and improving processing efficiencies.
 - Council's Procurement Policy was reviewed and adopted.
- ## Challenges
- Maintaining business continuity while communications resources were diverted to assist with emergency relief and recovery processes.
 - Transitioning Council's website to a mobile responsive website was delayed pending the outcome of a Municipal Association Victoria tender for the provision of web content management systems.
 - Increasing external compliance requirements continue to impact the organisation.

A High Performing Organisation

Indicators of success

These indicators of success are based on the strategic indicators in the Council Plan 2013–2017 and are used to measure the implementation of the Plan's goals and objectives.

| Strategic indicators | Result | Comments |
|--|--|---|
| Community satisfaction with Council engagement with community in decision-making on key local issues. | Consultation and engagement: 51 Community decisions: 49 | Council's ratings decreased by one and three points respectively, both down from 52 in 2015. Source: Community Satisfaction Survey 2016. |
| Percentage of people who feel there are opportunities to have a real say on issues that are important. | 39 per cent | Sources: <ul style="list-style-type: none">• Victorian Population Health Survey 2011-2012 Social Capital report, Department of Health and Human Services.• Indicators of community strength for Macedon Ranges LGA 2008, Department of Planning and Community Development. |

Major initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2015/16 budget.

| Initiatives | Comments |
|---|------------|
| Community consultation opportunities into the budget decision-making process. | Completed. |
| Implement an electronic booking system for arts and culture venues. | Completed. |
| Upgrade and enhance Council's website functionality. | Completed. |
| Develop Council's social media presence. | Completed. |
| Host annual volunteers function. | Completed. |
| Conduct regular Place Making Group meetings. | Completed. |
| Adopt the 2016/17 Budget. | Completed. |
| Complete the 2016 General Valuation. | Completed. |

A High Performing Organisation

Service Performance

The following statement provides the results of the Local Government Performance Reporting Framework prescribed service performance indicators and measures, including an explanation of material variations.

| Service/Indicator/ Measure | 2014/15 result | 2015/16 result | Comments |
|--|-------------------|-------------------|----------|
| Governance | | | |
| Transparency <i>Council resolutions at meetings closed to the public</i> Percentage of Council resolutions made at ordinary or special meetings of Council, or at meetings of a special committee consisting only of Councillors, closed to the public, out of the number of resolutions made at ordinary or special meetings of Council or at meetings of a special committee consisting only of Councillors | 3% | 2.65% | |
| Consultation and engagement <i>Satisfaction with community consultation and engagement</i> Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement | 52 | 51 | |
| Attendance <i>Council attendance at Council meetings</i> Percentage of the total of the number of Councillors who attended each ordinary and special meeting divided by the product of the number of ordinary and special Council meetings multiplied by the number of elected Councillors. | 92% | 96.30% | |
| Service cost <i>Cost of governance</i> Direct cost of the governance service divided by the number of Councillors elected at the last Council general election | \$42,900 | \$42,855 | |
| Satisfaction <i>Satisfaction with Council decisions</i> Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community | 52 | 49 | |

A High Performing Organisation

Goal ► We provide quality and efficient services that meet community needs.

Council supports residents and visitors with well-targeted services and supports and develops staff to enhance service delivery. Council will ensure that the community benefits from efficient delivery of its regulatory and operational responsibilities and have computer networks that are secure and efficient to help staff undertake their responsibilities with minimum risk of information loss and disruption.

Highlights

- There were 8,577 active memberships across the Gisborne, Kyneton, Romsey and Woodend libraries during 2015/16.
- A total of 39,101 items, including books, magazines, DVDs, ebooks and audio books were borrowed from libraries across the shire.
- Anti-violence campaigner and 2015 Australian of the Year, Rosie Batty, visited the Gisborne Library and spoke about her new book *A Mother's Story*.
- Langley Primary School students were invited to a performance and workshop featuring African drummer Seydou at the Kyneton Library during Cultural Diversity Week.
- Local naturalist and bioacoustics researcher Andrew Skeoch gave a talk and shared his bird and nature recordings at Kyneton Library during Bird Week.
- Actress Annie Phelan, OAM, spoke at the Romsey Library at its Biggest Morning Tea event, where a community quilt was unveiled by Romsey Red Cross. Woodend Library also welcomed 120 people to its Biggest Morning Tea to raise funds for cancer research, prevention and support services.
- A review of Council's Information and Communications Strategic Plan was finalised.
- An upgrade was applied to Council's information communications technology backup and disaster recovery functionality, ensuring critical systems are made available at disaster recovery sites.
- Council's online network continued to operate reliably, with an uptime of 99.98 per cent.
- Maternal and Child Health service data was transferred to a new state-wide system to streamline data sharing between centres in the shire.
- Cyclical replacement of a third of Council's desktop computers was completed, minimising the risk of downtime and incompatibility with corporate applications.
- All major corporate systems had upgrades applied, bringing them up-to-date with supported versions.
- The lease on Council's photocopiers was renewed and new printers were rolled out to the main offices, reducing the cost to Council by almost one-third.
- Geographic Information Systems (GIS) and aerial photography requirements were reviewed, with a new aerial photography supplier chosen and website mapping component replaced to provide access to more current aerial photographs for both staff and Council's website users.
- More than 50,000 items of incoming mail were processed.
- Work continued on the migration of documents from network drives to Council's electronic document management system that was introduced in the previous year. This included extensive records management support to the organisation, including the development of Quick Reference Guides, provision of refresher training courses, document retrieval and archival services.
- The opening of Manna Gum Family and Children's Centre in Gisborne—the shire's first integrated, environmentally sustainable early years centre that combines kindergarten, maternal and child health and toy library facilities.
- A municipal Early Years Plan 2016–2020 was developed and endorsed.
- Maternal and child health services in Macedon were relocated to the Macedon Kindergarten.
- The new Early Education Employees Agreement 2016 was approved by the Fair Work Commission.
- Training on integrated service practice commenced, with Early Years educators and nurses across the shire now working more collaboratively.
- Early Years educators completed 'Stress and trauma in young children' training through the Australian Childhood Foundation.
- Council continues to foster strong partnerships within the Macedon Ranges Kindergarten Cluster Group, with meetings held once a term encouraging the sharing of ideas.
- Council hosted a 'Kindergarten Readiness' session for parents and educators.
- Council submitted a successful funding application to VicHealth for \$10,000 to encourage primary school students to walk, ride or scoot to and from school during October.
- The Municipal Association of Victoria contributed \$12,000 to improve enrolment processes via its Central Enrolment Grant program.

A High Performing Organisation

- Macedon Kindergarten welcomed a \$200 grant from the Smiles for Miles initiative to raise awareness of good oral health habits and healthy eating.
- Kindergartens across the shire each received \$500 to host Children's Week morning tea celebrations.
- A \$44,500 Maternal and Child Health Innovation Fund grant enabled the engagement of a Young Parents Connection Project Officer, who will work with parents aged 25 or younger across the shire.
- A new partnership was created in the Macedon Ranges Family Violence Network, with representatives from Council, Victoria Police, the Centre for Non-Violence, Cobaw Community Health, Macedon Ranges Health, Zonta and Lions Club.
- The Riddells Creek Toy Library relocated to the Riddells Creek Maternal and Child Health Centre/Kindergarten facility following renovations.
- The Victorian Government announced an increase of funding for maternal and child health services.
- Council, in partnership with Brooke St Medical Centre in Woodend, continued to provide student placements for medical and early education students.
- Following extensive community consultation, the Positive Ageing Plan 2016–2020 was endorsed.
- Council achieved membership of the World Health Organisation (WHO) Global Network of Age-Friendly Communities.
- The number of dog attacks continued to fall, with the success partly attributable to Council's commitment to educating the public on responsible pet ownership and prosecution of dog owners involved in serious attacks.
- Council participated in the annual Paws in the Park event in partnership with local vets and organisations, providing animal registrations and raising awareness of responsible pet ownership.
- A total of 72 immunisation sessions were delivered for pre-school aged children and secondary school students throughout the shire.
- Council has entered into a three year funding agreement with the Municipal Association of Victoria (MAV) to provide education about, and enforcement of, the *Tobacco Act 1987*, including inspections of tobacco retailers, eating and drinking establishments and outdoor areas where state-wide smoking bans apply.
- A total of 114 tobacco related inspections were undertaken and as part of the 'Sales to Minors' test purchase program, 34 tobacco test purchases were conducted throughout the shire, with just one retail outlet given an official warning before being found compliant at re-test.

- A total of 658 inspections were undertaken at 468 food, accommodation and health registered premises and 10 complaint inspections were undertaken relating to alleged food poisoning incidences.
- Council completed 304 inspections and approved 114 wastewater applications.
- Council's Environmental Health unit processed 155 planning permit referrals in relation to wastewater on new developments.
- Almost 89 per cent of impounded dogs were reclaimed, rehomed or adopted, representing an 10 per cent increase compared to the previous year.

Challenges

- Council's information and communications department saw an increase in the number of requests for mobile device support and integration with existing systems to improve productivity and efficiencies.
- The replacement of the Gisborne Storage Area Network (SAN) was delayed due to manufacturing supply disruptions.
- Storage of Council's records continues to create challenges around storage capacity and Public Records Office standards.
- The transition of hardware and systems to cloud-based solutions continues to be explored, however in most cases it has not been suitable due to the cost and complexity of integrating other systems.
- Cancellation of the three-year-old kindergarten session at Lancefield Kindergarten due to low enrolments.
- Managing facility closures during the fire period.
- Managing sector-wide changes following Australian Government reforms, including the introduction of the National Disability Insurance Scheme (NDIS) and the My Aged Care program.
- Handling and managing animals still poses a significant risk to staff, with two officers bitten while securing dogs.
- Managing multiple relocations for immunisations sessions held in Riddells Creek due to ongoing works at the Riddells Creek Senior Citizens Centre where sessions are usually held.
- The number of cats impounded included a high number of feral cats, contributing to an increase in euthanasia rates for impounded cats compared to the previous year.

A High Performing Organisation

Indicators of success

These indicators of success are based on the strategic indicators in the Council Plan 2013–2017 and are used to measure the implementation of the Plan's goals and objectives.

| Strategic indicators | Result | Comments |
|--|--------|--|
| Community satisfaction with Council's overall performance in key service areas and responsibilities. | 55 | Council's rating decreased by four points, down from 59 in 2015. Source: Community Satisfaction Survey 2016. |
| Community satisfaction with Council's interaction and responsiveness in dealing with the public. | 65 | Council continues to perform strongly in customer service, with no change in the rating compared to 2015. Source: Community Satisfaction Survey 2016. |

Major initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2015/16 budget.

| Initiatives | Comments |
|---|------------|
| Develop a horse riding trail guide for the region. | Completed. |
| Conduct annual kindergarten satisfaction survey. | Completed. |
| Collaborate with local secondary schools to improve immunisation consent card return rates. | Completed. |
| Review the IT Strategic Plan. | Completed. |
| Conduct community consultation training with relevant staff. | Completed. |



A High Performing Organisation

Service Performance

The following statement provides the results of the Local Government Performance Reporting Framework prescribed service performance indicators and measures, including an explanation of material variations.

| Service/Indicator/ Measure | 2014/15 result | 2015/16 result | Comments |
|---|-------------------|-------------------|---|
| Food safety | | | |
| Service standard <i>Food safety assessments</i> Percentage of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the <i>Food Act 1984 (VIC)</i> out of the number of registered class 1 food premises and class 2 food premises that require an annual food safety assessment in accordance with the Food Act | 84% | 71.99% | A backlog of inspections has seen a decrease in the number of inspections for 2015 calendar year. Several one-off issues impacted on this result. Issues are now resolved and all inspections up-to-date. |
| Service cost <i>Cost of food safety service</i> Direct cost of the food safety service divided by the number of food premises registered or notified in accordance with the Food Act | \$296.03 | \$293.58 | |
| Health and safety <i>Critical and major non-compliance outcome notifications</i> Percentage of critical non-compliance outcome notifications and major compliance notifications about a food premises followed up out of the total critical non-compliance outcome notifications and major non-compliance notifications about food premises | N/A | 95.74% | Data unable to be provided last year but data this year indicates notifications have been followed up. |
| Animal management | | | |
| Service standard <i>The number of animals reclaimed out of the number of animals collected</i> | 62% | 55.39% | Figures include the impoundment of feral cats and a large number of cats impounded were from one resident. Wherever possible Council attempts to rehome cats and dogs that have not been reclaimed. |
| Service cost <i>Cost of animal management service</i> Direct cost of animal management service divided by the number of registered animals | \$43.33 | \$43.75 | |
| Health and safety Animal management prosecutions | 16 | 12 | Less prosecutions indicates increased responsible pet ownership. |
| Libraries | | | |
| Utilisation <i>Library collection usage</i> Number of library collection item loans divided by the number of library collection items | 5.10 | 5.20 | 2016 figures includes our proportion of regional library corporation's web loans, eBooks, and eAudio loans. |
| Resource standard <i>Standard of library collection</i> Percentage of library items purchased in the last five years divided by the number of library collection items | 63% | 58.87% | 2016 library collection figure includes our proportion of regional library corporation's eBooks and eAudio for the first time. |

A High Performing Organisation

| Service/Indicator/ Measure | 2014/15 result | 2015/16 result | Comments |
|--|-------------------|--|--|
| Service cost <i>Cost of library service</i> Direct cost of the library service divided by the number of visits | \$3.75 | \$4.03 | |
| Participation <i>Active library members</i> Percentage of active library members divided by the Municipal population | 19.5% | 18.9% | Active members are patrons who have used their card to borrow a physical item in the last 12 months. This does not capture library visitors, WiFi or computer use, program attendance or the use of the corporation's eCollection. |
| Home and Community Care | | | |
| Service standard <i>Compliance with Community Care Common Standards</i> Percentage of Community Care Common Standards expected outcomes met out of the number of expected outcomes under the Community Care Commons Standards | 100% | 100% | |
| Participation <i>Participation in HACC service</i> Percentage of people that received a HACC service out of the municipal target population for HACC services | 19% | 18.05% | |
| <i>Participation in HACC service by CALD people</i> Percentage of CALD people who receive a HACC service out of the municipal target population in relation to CALD people for HACC services | 17% | 16.28% | |
| Maternal and Child Health (MCH) | | | |
| Satisfaction <i>Participation in first home visit</i> Percentage of first MCH home visits out of the number of birth notifications received | 105.32% | In 2016 there was an initiative to transition the majority of Victorian councils offering Maternal and Child Health services to a new database. The database is not expected to provide reliable information until the end of September 2016. Therefore, Council is unable to report this data for the 2015/16 financial year. | |
| Service standard <i>Infant enrolments in the MCH service</i> Percentage of infants enrolled in the MCH service (from birth notifications received) out of the number of birth notifications received | 100% | | |
| Participation <i>Participation in the MCH service</i> Percentage of children who attend the MCH service at least once (in the year) out of the number of children enrolled in the MCH service | 84% | | |
| <i>Participation in the MCH service by Aboriginal children</i> Percentage of Aboriginal children who attend the MCH service at least once (in the year) out of the number of children enrolled in the MCH service | 75% | | |

A High Performing Organisation

Goal ► We lead and advocate for the best interests of the community.

Council demonstrates the highest standards of civic and community leadership by advocating for and promoting regional solutions that will benefit the Macedon Ranges Shire.

Highlights

- Council continued its work with the Macedon Ranges Suicide Prevention Action Group (MRSPAG) to raise awareness around suicide prevention and increase people's capacity to seek help, look out for themselves and each other; and to advocate for an increase in quality services in the shire to help people in crisis and their families.
- Council continued to plan and advocate for older residents through various alliances and networks.
- Council continued to advocate for improved mobile and internet services through work with NBN Co. and telecommunications providers. Also, Council agreed to consider a contribution of \$50,000 in its 2016/17 budget process, pending a successful funding application to round 2 of the Australian Government's Mobile Black Spot Programme.
- Council, in partnership with Kyneton Community & Learning Centre, Racing Victoria and the Racing Industry Skills Centre introduced an innovative, industry-led pilot program to provide more career pathways into the racing industry and following its success, pre-accredited training for the racing industry will now be formalised.
- A banner that was signed by staff and councillors to reaffirm Council's commitment to the 'Say No to Family Violence' campaign was displayed outside Council buildings.
- Development of a Gay/Straight Alliance for young people in partnership with Cobaw Community Health.

Indicators of success

These indicators of success are based on the strategic indicators in the Council Plan 2013–2017 and are used to measure the implementation of the Plan's goals and objectives.

| Strategic indicators | Result | Comments |
|--|--------|---|
| Community satisfaction with Council advocacy and community representation on key local issues. | 49 | Council's rating decreased by four points, down from 53 in 2015. Source: Community Satisfaction Survey 2016. |

Major initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2015/16 budget.

| Initiatives | Comments |
|---|------------|
| Continued advocacy to other levels of government on new and existing community projects and partnerships. | Completed. |
| Advocate for new and improved public transport services and infrastructure. | Completed. |
| Continued advocacy for improved telecommunications infrastructure. | Completed. |
| Delivery of organisational awareness and leadership sessions for staff. | Completed. |
| Participate in the development of the Southern Loddon Mallee Regional Integrated Transport Strategy. | Completed. |

A High Performing Organisation

Future Priorities

- Roll out online safety inductions for all contractors and volunteers engaged by Council.
- Review Council's Risk Management Strategy and framework.
- Review Council's Public Art Policy in partnership with key stakeholders.
- Replace Storage Area Networks and migrate Council data in order to meet storage requirements and facilitate speedy recovery of critical systems.
- Commence the transfer of records to an off site storage facility that meets Public Record of Victoria storage standards.
- Skype for Business will be deployed to improve communication between Kyneton and Gisborne administration centres..
- Training room facilities will be established at the Gisborne Administration Centre to ensure staff meet regular training requirements.
- Continue computer rollover programs to ensure Council desktop computers and laptops are up-to-date and operating under manufacturer's warranties.
- Council plans to replace its Uninterruptable Power Supply devices to adequately manage power outages and planned shutdowns.
- Replacement of both Storage Area Networks (SAN) at Council's Gisborne and Kyneton offices.
- Completion of the Romsey Kindergarten and Gisborne's Swinburne Avenue Children's Centre outdoor refurbishment projects.
- Completion of the Macedon Kindergarten outdoor refurbishment project.
- Commence implementation of the Municipal Early Years Plan.
- Review and implement child safety standards across the organisation in the coming year.
- Review Council's Occasional Care program and three year-old pre-kinder session hours.
- Finalise the online kindergarten registration project.
- Explore options for a 'Bush Kindergarten' program rollout in the shire.
- Continue to work with the Municipal Association of Victoria to further progress the new Child Development Information System (CDIS) data management system and to incorporate calendar functionality and SMS reminders.
- Implementation of the Positive Ageing Plan.
- Continuing to advocate for clients during the rollout of the National Disability Insurance Scheme (NDIS).
- Implement outcomes of Council's customer service model review.
- Commence preparation of a new Domestic Animal Management Plan.
- Commence a responsible pet ownership campaign and explore various avenues to increase the number of cats de-sexed in the shire.
- Encourage further integration of family and children's services by moving Gisborne immunisation sessions to the Manna Gum Family and Children's Centre.

Performance Statement



Piper Street,
Kyneton

Performance Statement for the year ended 30 June 2016

Ref Reg

R17(1)

Description of municipality

Macedon Ranges Shire Council (the council) is situated north-west of Melbourne. The traditional owners are the DjaDja Wurrung, Taungurung and Wurundjeri peoples.

The Macedon Ranges region is renowned for its pristine landscapes, native forests and unique natural features including Hanging Rock and Mount Macedon. Other major natural features include forested gullies, waterfalls, native grasslands, productive soils and mineral springs.

The shire enjoys good rainfall and a more temperate climate than areas to the north and south. The unique landscape of the shire, together with the proximity to Melbourne have attracted residents and visitors since the early 1800s.

The Macedon Ranges population is spread across nine towns and a number of smaller settlements. The largest towns are Gisborne, Kyneton, Romsey and Woodend. About 35 percent of people in Macedon Ranges live outside a town boundary in a rural setting.

Council's Economic Development Strategy identifies three key industry sectors (based on jobs in the shire), as follows:

- Retail and Tourism comprising Retail Trade and Accommodation & Food Services (21% of jobs)
- Public Services comprising Health Care & Social Assistance and Training & Education (21% of jobs)
- Industry comprising Manufacturing and Construction (19% of jobs)

The council covers an area of 1747.4 km² and has a population of 45,308 which is expected to grow to 55,908 over the next 16 years.

Sustainable Capacity Indicators for the year ended 30 June 2016

| Ref Reg | Service/indicator/measure | Results 2015 | Results 2016 | Material Variations |
|---------|--|--------------|--------------|--|
| R15(3) | Population | | | |
| Sch3 | <i>Expenses per head of municipal population</i> | \$1,520 | \$1,489 | |
| R16(1) | [Total expenses / Municipal population] | | | |
| R17(2) | <i>Infrastructure per head of municipal population</i> | \$12,276 | \$12,982 | |
| | [Value of infrastructure / Municipal population] | | | |
| | <i>Population density per length of road</i> | 26.30 | 27.63 | |
| | [Municipal population / Kilometres of local roads] | | | |
| | Own-source revenue | | | |
| | <i>Own-source revenue per head of municipal population</i> | \$1,085 | \$1,180 | |
| | [Own-source revenue / Municipal population] | | | |
| | Recurrent grants | | | |
| | <i>Recurrent grants per head of municipal population</i> | \$356 | \$244 | Half of the 2015/16 Federal Assistance Grant was paid in June 2015. This resulted in the 2015/16 grant income being much lower than 2014/15. |
| | [Recurrent grants / Municipal population] | | | |
| | Disadvantage | | | |
| | <i>Relative socio-economic disadvantage</i> | 9 | 9 | |
| | [Index of Relative Socio-economic Disadvantage by decile] | | | |

Service Performance Indicators for the year ended 30 June 2016

Definitions

- “Adjusted underlying revenue” means total income other than:
 - non-recurrent grants used to fund capital expenditure
 - non-monetary asset contributions
 - 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 (VIC)*
- “Population” means the resident population estimated by council
- “Own-source revenue” means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)
- “Relative socio-economic disadvantage”, in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA
- “SEIFA” means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its website
- “Unrestricted cash” means all cash and cash equivalents other than restricted cash.

| Ref Reg | Service/indicator/measure | Results 2015 | Results 2016 | Material Variations |
|----------------|--|--------------|--------------|--|
| R15(1) Sch3 | Aquatic facilities Utilisation | | | |
| R16(1) | <i>Utilisation of aquatic facilities</i> | 6.90 | 7.27 | |
| R17(2) | [Number of visits to aquatic facilities / Municipal population] | | | |
| | Animal management Health and safety | | | |
| | <i>Animal management prosecutions</i> | 16 | 12 | Less prosecutions indicates increased responsible pet ownership. |
| | [Number of successful animal management prosecutions] | | | |
| | Food safety Health and safety | | | |
| | <i>Critical and major non-compliance notifications</i> | N/A | 95.74% | Data was not required to be collected last year. |
| | [Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100 | | | |
| | Governance Satisfaction | | | |
| | <i>Satisfaction with council decisions</i> | 52.00 | 49.00 | |
| | [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community] | | | |
| | Home and community care Participation | | | |
| | <i>Participation in HACC service</i> | 19.10% | 18.05% | |
| | [Number of people that received a HACC service / Municipal target population for HACC services] x100 | | | |

Service Performance Indicators for the year ended 30 June 2016

| Ref Reg | Service/indicator/measure | Results 2015 | Results 2016 | Material Variations |
|---------|---|-------------------|--------------|--|
| | Participation <i>Participation in HACC service by CALD people</i> [Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100 | 17.10% | 16.28% | |
| | Libraries Participation <i>Active library members</i> [Number of active library members / Municipal population] x100 | 19.50% | 18.93% | |
| | Maternal and child health Participation <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100 Participation <i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100 | 84% 75.00% | | In 2016 there was an initiative to transition the majority of Victorian councils offering Maternal and Child Health services to a new database. The database is not expected to provide reliable information until the end of September 2016. Therefore, Council is unable to report this data for the 2015/16 financial year. |
| | Roads Satisfaction <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads] | 51.00 | 51.00 | |
| | Statutory Planning Decision making <i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100 | 53.33% | 50.00% | |
| | Waste Collection Waste diversion <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100 | 45.48% | 42.28% | |

Service Performance Indicators for the year ended 30 June 2016

Definitions

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

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

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

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

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

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

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

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

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

“food premises” has the same meaning as in the Food Act

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

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

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

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

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

“population” means the resident population estimated by council

“target population” has the same meaning as in the Agreement entered into for the purposes of the Home and Community Care Act

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

Financial Performance Indicators for the year ended 30 June 2016

| Ref Reg | Dimension/indicator /measure | Results | | Forecasts | | | | Material Variations |
|--------------------------------------|--|---------|---------|-----------|---------|---------|---------|------------------------|
| | | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | |
| R15(2) Sch3 | Efficiency Revenue level | | | | | | | |
| R16(1) R16(2) R17(2) R17(3) | <i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments] | \$1,824 | \$1,911 | \$2,007 | \$2,056 | \$2,106 | \$2,158 | |
| | Expenditure level <i>Expenses per property assessment</i> [Total expenses / Number of property assessments] | \$3,160 | \$3,030 | \$3,162 | \$3,215 | \$3,268 | \$3,322 | |
| | Workforce turnover <i>Resignations and terminations compared to average staff</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100 | 5.52% | 7.95% | 7.80% | 8.00% | 7.94% | 7.88% | |
| | Liquidity Working capital <i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100 | 171.24% | 166.93% | 150.08% | 154.05% | 126.99% | 130.24% | Refer note 1 |
| | Unrestricted cash <i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100 | 65.83% | 57.77% | 85.23% | 91.14% | 77.86% | 75.83% | Refer note 2 |
| | Obligations Asset renewal <i>Asset renewal compared to depreciation</i> [Asset renewal expenses / Asset depreciation] x100 | 75.19% | 94.35% | 82.02% | 71.44% | 60.32% | 67.08% | Refer note 3 |
| | Loans and borrowings <i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100 | 16.60% | 20.44% | 27.32% | 24.80% | 22.37% | 16.04% | Refer note 4 |
| | Loans and borrowings <i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100 | 1.45% | 1.57% | 2.62% | 2.58% | 2.47% | 10.36% | Refer note 5 |

Financial Performance Indicators for the year ended 30 June 2016

| Ref Reg | Dimension/indicator /measure | Results | | Forecasts | | | | Material Variations |
|------------|---|---------|--------|-----------|--------|--------|--------|------------------------|
| | | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | |
| | Indebtedness | | | | | | | |
| | <i>Non-current liabilities compared to own source revenue</i> | 20.81% | 25.42% | 27.52% | 25.52% | 16.60% | 14.68% | Refer note 6 |
| | [Non-current liabilities / Own source revenue] x100 | | | | | | | |
| | Operating position | | | | | | | |
| | Adjusted underlying result | | | | | | | |
| | <i>Adjusted underlying surplus (or deficit)</i> | -2.53% | -2.40% | 1.99% | 0.34% | -0.71% | -1.22% | Refer note 7 |
| | [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100 | | | | | | | |
| | Stability | | | | | | | |
| | Rates concentration | | | | | | | |
| | <i>Rates compared to adjusted underlying revenue</i> | 60.05% | 65.70% | 62.72% | 64.25% | 65.46% | 66.31% | |
| | [Rate revenue / Adjusted underlying revenue] x100 | | | | | | | |
| | Rates effort | | | | | | | |
| | <i>Rates compared to property values</i> | 0.36% | 0.39% | 0.38% | 0.39% | 0.39% | 0.39% | |
| | [Rate revenue / Capital improved value of rateable properties in the municipality] x100 | | | | | | | |

Material Variations

Note 1 Funds are being set aside each year to repay borrowings taken up using the Local Government Funding Vehicle. These borrowings become payable in 2020, therefore they become a current liability in 2019 which reduces this ratio.

Note 2 Funds are being set aside each year to repay borrowings taken up using the Local Government Funding Vehicle which increases the amount of unrestricted cash. These borrowings become payable in 2020, therefore they become a current liability in 2019 which reduces this ratio in these years.

Note 3 The capital expenditure and renewal in our forecasts are based on known grants and likely grants for projects. In 2015/16 Council received a higher level of grants and hence more renewal works were completed.

Note 4 There was an increase in borrowings in 2015/16 to fund two large projects.

Note 5 The ratio increases in 2020 as funds borrowed under the Local Government Funding Vehicle in 2014/15 will be repaid in this year.

Note 6 The assumption in our Strategic Resource Plan is that Council debt will steadily decrease after 2016/17.

Note 7 The underlying surplus is expected to improve in 2016/17 as 2015/16 was impacted by part of the Federal Assistance Grant being paid in advance in the prior year.

Financial Performance Indicators for the year ended 30 June 2016

Definitions

“adjusted underlying revenue” means total income other than:

(a) non-recurrent grants used to fund capital expenditure; and

(b) non-monetary asset contributions; and

(c) contributions to fund capital expenditure from sources other than those referred to above

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

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

“current assets” has the same meaning as in the AAS

“current liabilities” has the same meaning as in the AAS

“non-current assets” means all assets other than current assets

“non-current liabilities” means all liabilities other than current liabilities

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

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

“population” means the resident population estimated by council

“rate revenue” means revenue from general rates, municipal charges, service rates and service charges

“recurrent grant” means a grant other than a non-recurrent grant

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

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

“unrestricted cash” means all cash and cash equivalents other than restricted cash.

Other Information for the year ended 30 June 2016

Ref Reg

1. Basis of preparation

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

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

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

The forecast figures included in the performance statement are those adopted by council in its strategic resource plan on 28 June 2016 and which forms part of the council plan. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The strategic resource plan can be obtained by contacting council.

Certification of the Performance Statement

Certification of the Performance Statement

R18(1) In my opinion, the accompanying performance statement has been prepared in accordance with the
R18(2) *Local Government Act 1989* and the Local Government (Planning and Reporting) Regulations 2014.



Sean Morley BBus(Acc) CPA
Principal Accounting Officer
Dated: 23/09/2016

In our opinion, the accompanying performance statement of the Macedon Ranges Shire Council for the year ended 30 June 2016 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 Graham Hackett
Councillor
Dated: 23/09/2016



Cr Jennifer Anderson
Councillor
Dated: 23/09/2016



Peter Johnston
Chief Executive Officer
Dated: 23/09/2016

Independent Auditor's Report—Performance Statement

VAGO

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INDEPENDENT AUDITOR'S REPORT

To the Councillors, Macedon Ranges Shire Council

The Performance Statement

I have audited the accompanying performance statement for the year ended 30 June 2016 of the Macedon Ranges Shire Council which comprises the statement, the related notes and the certification of the performance statement has been audited.

The Councillors' Responsibility for the Performance Statement

The Councillors of the Macedon Ranges Shire Council are responsible for the preparation and fair presentation of the performance statement in accordance with the *Local Government Act 1989* and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the performance statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Local Government Act 1989*, my responsibility is to express an opinion on the performance statement based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the performance statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the performance statement. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the performance statement, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the performance statement 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 entity's internal control. An audit also includes evaluating the overall presentation of the performance statement.

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

Independent Auditor's Report—Performance Statement

Independent Auditor's Report (continued)


Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, I and my staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the performance statement of the Macedon Ranges Shire Council in respect of the 30 June 2016 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

MELBOURNE
26 September 2016


R Andrew Greaves
Auditor-General

Financial Statements

Farmland,
Hesket



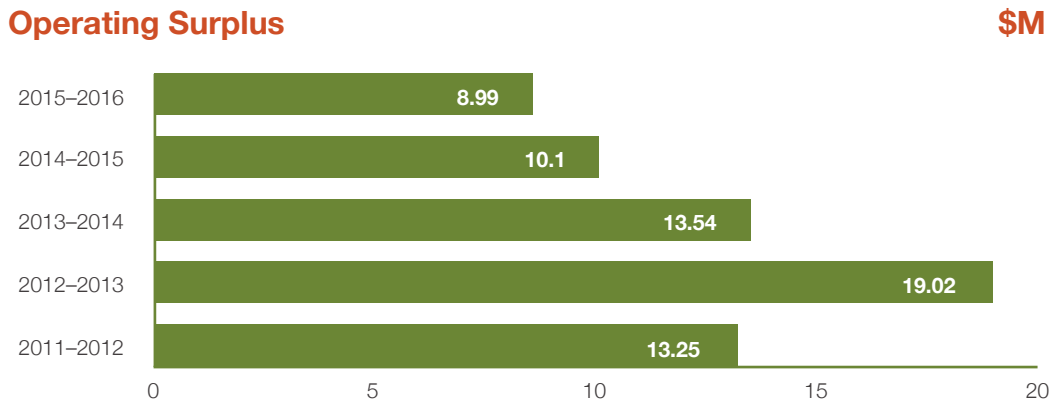
Financial Overview

This summary provides a brief overview of Council's financials for 2015/16.

The Guide to the Financial Statements (pages 82–86) provides a comparison of the major differences between the 2015/16 and 2014/15 financial years.

Operating Position

The following graph shows operating surplus levels for the past five years:

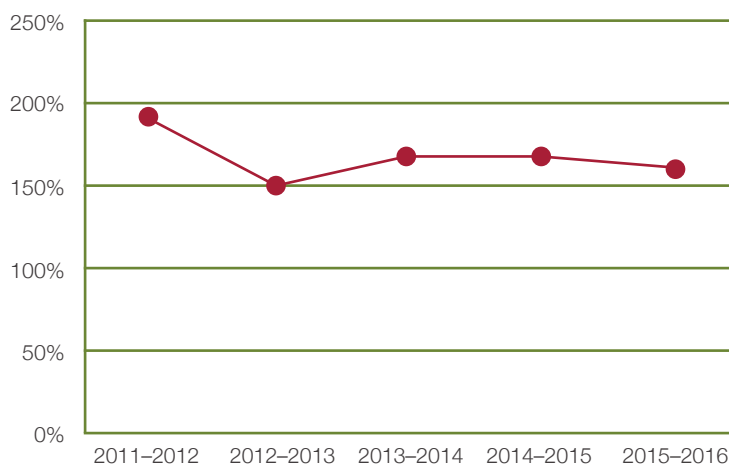


Despite appearances, Council's underlying performance is relatively consistent year on year. The operating surpluses in the above graph have been impacted by the timing of grant payments. For example, half of the Australian Government's Financial Assistance Grant for 2015/16 was paid in advance in 2014/15. The surplus also includes income for non-monetary asset contributions which generally arises when developers hand over assets (roads, drains, etc) to Council following a subdivision. The amount of the asset transfers which are recorded as income can vary considerably from year to year.

Liquidity

The working capital ratio is a liquidity measure and provides an assessment of the number of times Council is able to meet its current commitments. Council's working capital ratio has remained above 150 per cent for the last five years which indicates that Council can confidently meet its financial obligations.

Working Capital Ratio



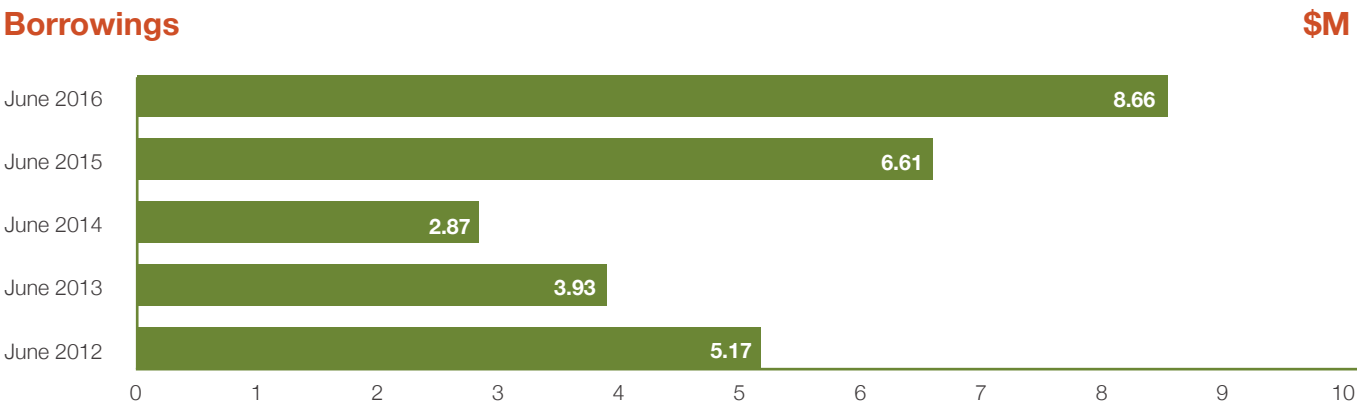
Financial Overview

Obligations

Debt Levels

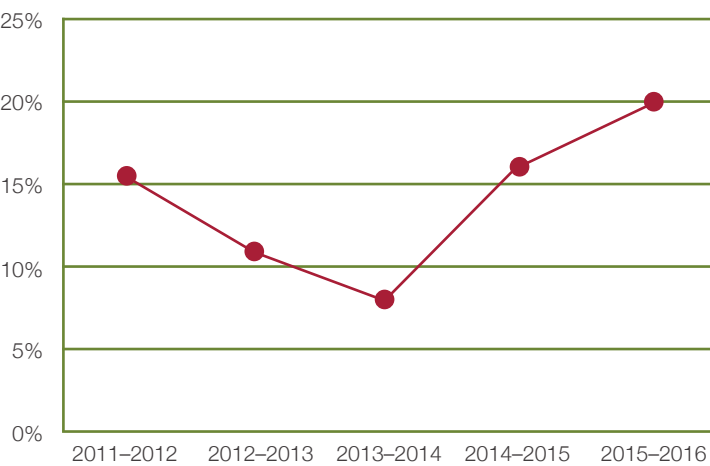
Council's borrowing increased this year by \$2.1m to fund some large projects. Our borrowings will increase again next year as some planned loans have been deferred to 2016/17. Despite the increase in debt, Council's borrowing remains at an affordable level. No new loans were included in the 2016/17 budget and our plan is that our debt will reduce each year between 2017/18 and 2019/20.

The following graph shows Council's total debt levels over the past five years.



The loans and borrowings ratio compares total borrowings to rate revenue.

Loans and Borrowings Ratio



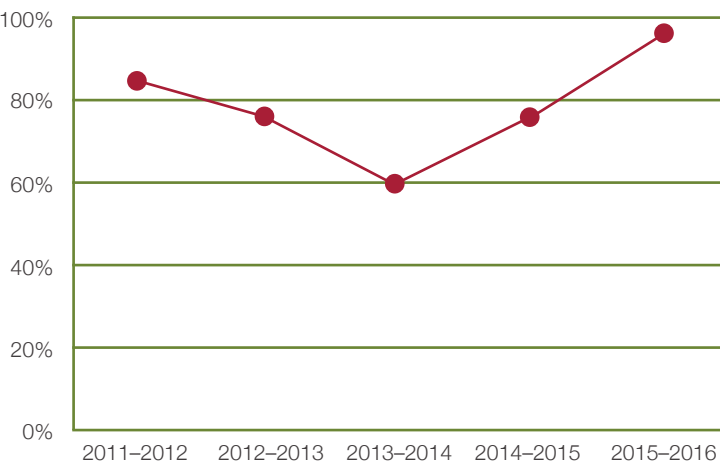
Financial Overview

Asset Renewal

Maintaining and renewing our existing assets is a key focus of Council. It is a challenge for rural councils with large road networks to increase renewal spending, deliver new facilities for a growing community while keeping rates to affordable levels.

The asset renewal ratio provides an indicator as to whether capital spending is sufficient to replace ageing assets. The level of renewal spending has some dependency on grant funding received. On average capital works renewal expenditure has not matched depreciation over the past five years, however, our spending on asset renewal is increasing.

Asset Renewal ratio



Guide to the Financial Statements

Obligations

The following guide in conjunction with the Financial Statements may be useful to gaining an understanding of Council's financial position.

Council's audited Financial Statements for the year ended 30 June 2016 are prepared in accordance with the Accounting Standards, the requirements of the *Local Government Act 1989* and *Local Government (Finance and Reporting) Regulations 2014*.

The Statements have been approved in principle by Council, audited by the Auditor General's agents, RSD Chartered Accountants, and approved by the Victorian Auditor-General's Office.

1. Financial Statements

The Financial Statements include a comparison between the 2015/16 financial year and the 2014/15 financial year.

The Financial Statements comprise the:

- Comprehensive Income Statement
- Balance Sheet
- Statement of Changes in Equity
- Statement of Cash flows
- Statement of Capital Works
- Notes to the Financial Statements.

2.1 Comprehensive Income Statement

The Comprehensive Income Statement shows Council's revenue and expenses for the year plus other comprehensive income.

The statement does not include the cost of asset purchases, loan repayments or reserve funds. It does however include the depreciation of asset values as an expense. Below is a summary of the Comprehensive Income Statement.

| | 2015/16 | 2014/15 |
|--------------------------------|-----------------|-----------------|
| Revenue (1) | \$76.46m | \$80.31m |
| Less | | |
| Expenses (2) | \$67.47m | \$70.30m |
| Net Operating Surplus | \$8.99m | \$10.01m |
| Other Comprehensive Income (3) | \$26.77m | - |
| Comprehensive Result | \$35.76m | \$10.01m |

Explanations of some of the key changes between 2015/16 and 2014/15 in the components of the Comprehensive Income Statements are as follows:

(1) Total income decreased by \$3.85m

Some of the key movements between the income categories were:

- Operating grants decreased by \$5.03m.

The year on year variance is due to the timing of financial assistance grant payments. In 2014/15 Council was paid its full allocation for 14/15 plus half of the 15/16 allocation was paid in advance. In 2015/16 only half the allocation was paid (the other half was paid in 14/15). The fluctuations in payment timing has resulted in a year on year decrease in the grants commission (operating component) of \$4.6m.

- Contributions of non-monetary assets decreased by \$1.21m.

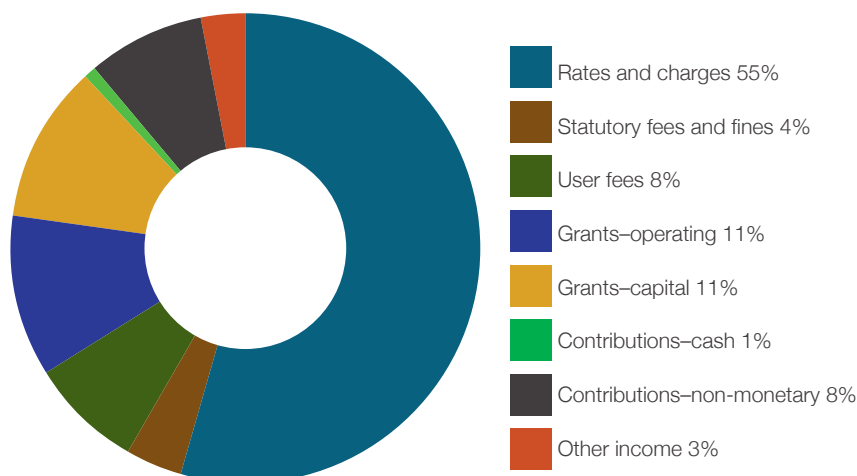
Non-monetary asset income generally relates to the transfer of infrastructure (such as roads and footpaths) by developers to Council following completion of subdivisions. These assets become the property of Council and hence increase Council's asset levels. The value of the assets is recorded as income when the transfer of ownership takes place. The total value of assets transferred varies considerably from year to year depending on the level of development in the shire and subsequent transfer of infrastructure to Council.

- Partly offsetting these decreases was higher income from rates and charges (\$2.58m increase).

The increase was due to a 4.8% increase in rates and charges per property and an increase of 1.2% in the number of rateable properties.

Guide to the Financial Statements

The following graph provides a breakdown of Council's income sources for 2015/16:



Note: the above percentages have been rounded up to the nearest whole percentage.

(2) Total expenses decreased by \$2.83m

- Depreciation expense decreased by \$1.07m.

The decrease is mainly due to a review of the infrastructure asset useful lives conducted during the year which resulted in an increase in the length of useful lives for a number of assets. Increasing asset lives reduces the amount of depreciation. Asset useful lives are reviewed on cyclical basis as part of the asset revaluation process.

- Other expenses decreased by \$1.75m.

Other expenses are higher in 2014/15 due to a one off contribution of \$1.5m towards the construction of the Gisborne indoor stadium. The stadium is located at the Gisborne Secondary College and hence is not a Council asset.

- Net gain/(loss) on disposal of property, infrastructure, plant and equipment decreased by \$0.99m.

Last year the balance of other infrastructure assets was reviewed and some items were written off. The 2015/16 expense is made up of several items including some asset write offs resulting from a review of open space assets and a culvert that was written off as it was replaced during the year.

- Landfill liability provision movement decreased by \$0.94m.

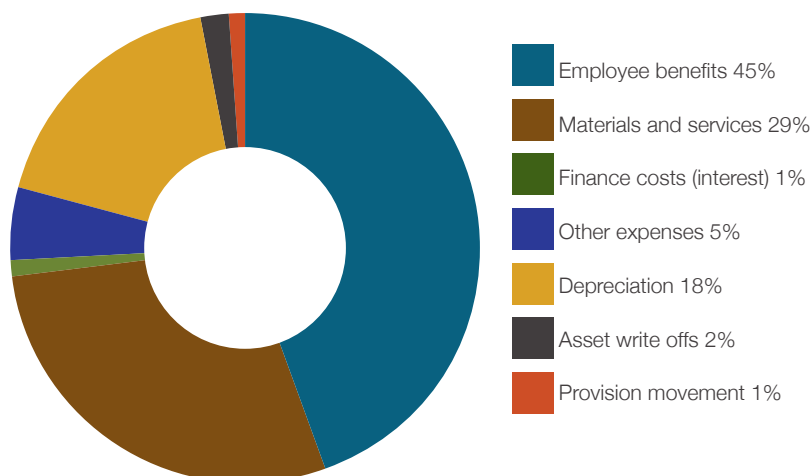
Council owns three former landfill sites and has been conducting rehabilitation works at these sites over several years. The provision increased by a large amount last year when the EPA conducted an assessment of the former landfill site at Kyneton which resulted in a requirement to re-cap the site. The cost of these works was factored into the provision in 2014/15. The provision increased again in 2015/16 to factor in additional aftercare works but the amount of the increase was much smaller than last year.

- Partly offsetting these decreases was an increase in expenditure of \$1.38m on materials and services.

The increase is mainly due to higher consultant costs to assist meeting EPA obligations at our former landfill sites and higher contractor costs due to bushfire emergency and recovery works. Most of the cost of the bushfire works has been reimbursed by the Victorian Government.

Guide to the Financial Statements

The following graph provides a breakdown of operating expenses for 2015/16:



Note: the above percentages have been rounded up to the nearest whole percentage.

(3) Other comprehensive income is \$26.77m higher

Other comprehensive income is primarily movements in the asset revaluation reserve as a result of asset revaluations. Council does not revalue all of its assets each year. The assets are grouped into categories and in accordance with accounting standards, the asset categories are revalued on a cyclical basis over a number of years. As most infrastructure revaluations are based on current replacement cost they generally result in an increase in asset values.

The 2015/16 balance was due to asset revaluations that were conducted during the year for roads, bridges, footpaths and recreation assets. In 2014/15 there were no asset revaluations required.

2.2 Balance Sheet

The Balance Sheet shows what Council owns as assets and what it owes as liabilities. The bottom line of this statement is Total Equity which is an accumulation over time of the net worth of Council.

Current Assets increased by \$0.17m.

Overall there was very little movement in current assets, however, there was a reduction in cash and investments due to grants received in advance in 2014/15 and an increase in properties held for sale. These asset sales were included in the 2015/16 budget.

Non-Current Assets increased by \$39.26m.

Non-Current assets are assets which are not expected to be converted into cash in the next 12 months. The increase is mainly due to asset revaluations, capital works expenditure and assets contributed by developers following subdivisions (eg new roads). These increases are partly offset by the depreciation expense.

Current Liabilities increased by \$0.53m.

The increase is mainly due to a higher payables balance at the end of the year. The level of payables can vary from year to year depending on the timing of our invoice payments and the amount of capital projects in progress at year end.

Non-Current Liabilities increased by \$3.14m.

Non-Current Liabilities relate to borrowings and provisions that are not payable within the next year. The increase is mainly due to budgeted borrowings of \$2.4m taken up during the year.

Total Equity is the term used to describe the value of the Council to its ratepayers and is divided between:

- Accumulated Surplus—the value of all net assets over time,
- Asset Revaluation Reserve; and
- Reserves—funds reserved for specific future expenditure.

Council's accumulated surplus was \$663.63m at the end of 2015/16, an increase of \$35.76m from 2014/15 which is due to the operating surplus recorded during the year (refer section 2.1).

2.3 Statement of Cash Flows

The Statement of Cash Flows is a record of cash received and cash paid by Council for the financial year. It excludes non-cash expenses such as depreciation that are included in the Comprehensive Income Statement and includes items such as capital expenditure and proceeds from loans that are not included in the Comprehensive Income Statement.

Guide to the Financial Statements

The Statement of Cash Flows is concerned with three distinct areas as follows:

- Operating, which are normal Council operations.
- Investing, which are payments for capital equipment and proceeds from the sale of assets.
- Financing, which includes proceeds from investments maturing, loan proceeds received and repayment of loans. Increases in investments with a maturity of more than three months are treated as cash outflows.

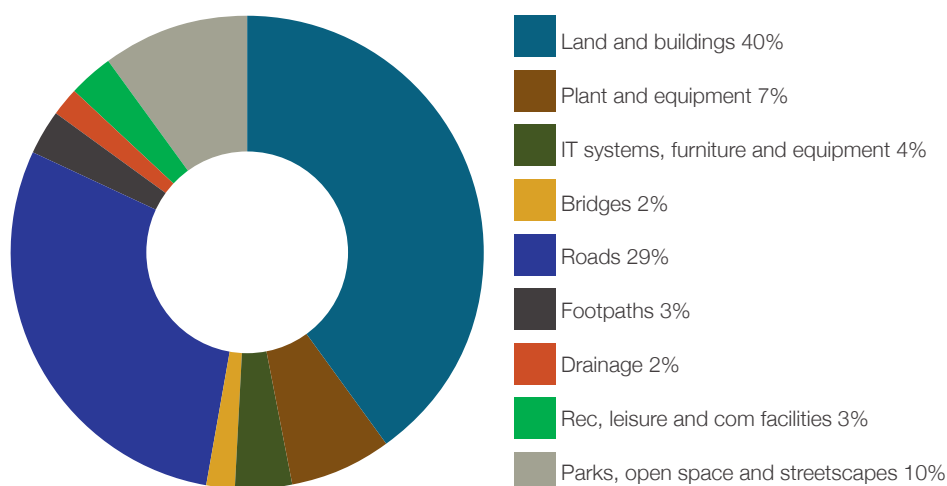
Overall the Statement of Cash Flows shows that cash on hand was \$12.14m at the end of the year. The level of cash is higher than 2014/15, this was mainly due to more financial assets (investments) being included under "cash" as their terms were less than 3 months at the end of the year. The level of cash should be considered in conjunction with the financial assets category as investments swing between these two asset categories when they come closer to maturity.

2.4 Statement of Capital Works

The Statement of Capital Works outlines the level of expenditure on capital works in 2015/16. The note shows that expenditure on capital works amounted to \$21.77m for the year which is the highest level of capital works recorded by Council.

Some of the key areas of capital works were roads (\$6.4m), bridges (\$0.5m), footpaths (\$0.6m) and drainage (\$0.4m). There was also significant works completed at several Council facilities across the shire including the construction of the Manna Gum Family and Children's Centre (\$3.2), Hanging Rock East Paddock infrastructure (\$1.3m), the Gisborne office extension (\$1.3m) and the Dixon Field pavilion (\$0.9m).

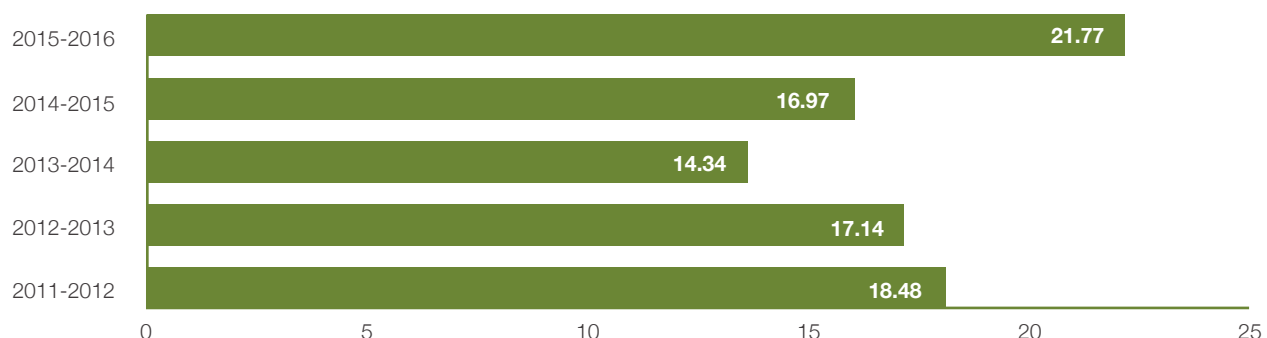
The following graph provides a breakdown of Council's capital works expenditure for 2015/16:



Capital expenditure fluctuates from year to year due to the scheduling of major one-off projects and the availability of grant funding. The following graph shows the level of capital expenditure over the last five years:

Capital Works Expenditure

\$M



Guide to the Financial Statements

Notes to the Accounts

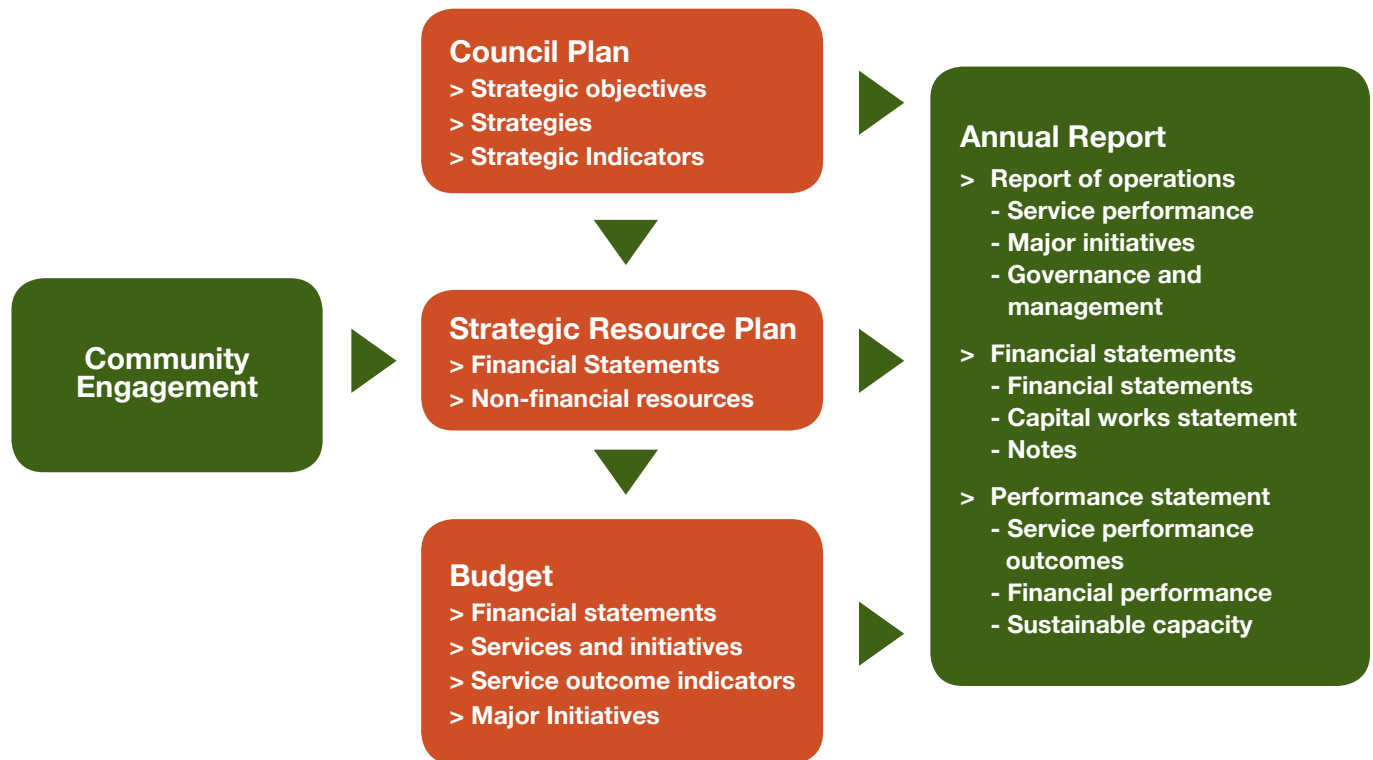
When reading the financial statements, the accompanying notes provide detailed information to assist in understanding how figures are comprised and why they have been included. The notes are in accordance with the requirements of the accounting standards.

A reference number is contained within the financial tables and these point the reader to the relevant note.

The notes should be read in conjunction with the financial statements to get a clear picture of the accounts.

Towards Financial Sustainability

The following diagram shows the relationships between the key planning and reporting documents as well as the opportunities for community input and feedback at each stage of the planning and reporting cycle.



Long Term Financial Planning

Council's longer term financial planning is guided by its Strategic Resource Plan (SRP), which provides a sound financial framework for Council to formulate annual budgets and assists with its decision-making on major issues and projects.

Council reviews its SRP annually to ensure that Council's finances are in a state to support the strategic goals and outcomes defined in the Council Plan.

Financial assumptions are also revisited and refined to ensure they continue to reflect the current directions of the Council Plan, together with the latest financial results.

While the 2015/16 results are slightly lower than the forecast in the SRP, there is no material impact on Council's long term financial assumptions and there are no significant changes in Council's operations that impact the long term plan.

2015/16 Budget

Each year Council prepares and adopts an annual budget. The 2015/16 budget was the culmination of considerable input from Councillors, the management team, staff and the community. The draft budget was displayed for public feedback for 28 days. Following a review of the feedback, the final budget was approved by Council on 17 June 2015.

One of Council's key objectives in the budget process is to prepare a balanced budget and then work throughout the year to deliver this result.

Regular Reporting to the Community

Council continued to report to the community through its Quarterly Reports, which are presented to open meetings of Council and are published on Council's website.

The Quarterly report includes summary financial statements along with more detailed financial reporting on performance at the department level in respect to operating financials and capital works in comparison to budget. It also includes updates on Council Plan actions and other non-financial performance reports.

The Annual Financial Statements provide detailed information of Council's financial performance for the year and provide a comparison with the previous financial year.

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Comprehensive Income Statement For the Year Ended 30 June 2016

| | Note | 2016 \$'000 | 2015 \$'000 |
|--|------|----------------|----------------|
| Income | | | |
| Rates and charges | 3 | 42,394 | 39,806 |
| Statutory fees and fines | 4 | 2,960 | 3,156 |
| User fees | 5 | 5,971 | 5,737 |
| Grants - operating | 6 | 8,418 | 13,449 |
| Grants - capital | 6 | 8,128 | 7,682 |
| Contributions - monetary | 7 | 242 | 908 |
| Contributions - non monetary | 7 | 6,199 | 7,404 |
| Fair value adjustments for investment property | 24 | 187 | - |
| Share of net profits/(losses) of associates | 16 | 53 | 55 |
| Other income | 9 | 1,910 | 2,113 |
| Total income | | <u>76,462</u> | <u>80,310</u> |
| Expenses | | | |
| Employee costs | 10 | 30,314 | 29,821 |
| Materials and services | 11 | 19,636 | 18,257 |
| Bad and doubtful debts | 12 | 6 | 7 |
| Depreciation and amortisation | 13 | 12,419 | 13,492 |
| Borrowing costs | 14 | 323 | 277 |
| Net (gain)/loss on disposal of property, infrastructure, plant and equipment | 8 | 1,341 | 2,335 |
| Fair value adjustments for assets held for sale | 21 | 53 | - |
| (Increase)/decrease in provision for landfill liability | 28 | 390 | 1,374 |
| Other expenses | 15 | 2,990 | 4,737 |
| Total expenses | | <u>67,472</u> | <u>70,300</u> |
| Surplus/(deficit) for the year | | <u>8,990</u> | <u>10,010</u> |

Other comprehensive income

Items that will not be reclassified to surplus or deficit in future periods

| | | | |
|---|-------|---------------|---------------|
| Net asset revaluation increment/(decrement) | 30(a) | 26,770 | - |
| Total comprehensive result | | <u>35,760</u> | <u>10,010</u> |

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

Balance Sheet as at 30 June 2016

| | Note | 2016 \$'000 | 2015 \$'000 |
|--|------|----------------|----------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 17 | 12,138 | 9,752 |
| Trade and other receivables | 18 | 4,744 | 4,971 |
| Other financial assets | 19 | 9,038 | 12,330 |
| Inventories | 20 | 5 | 6 |
| Non-current assets classified as held for sale | 21 | 2,208 | 1,043 |
| Other assets | 22 | 430 | 296 |
| Total current assets | | 28,563 | 28,398 |
| Non-current assets | | | |
| Other financial assets | 19 | 21 | 21 |
| Investments in associates | 16 | 1,489 | 1,436 |
| Property, infrastructure, plant and equipment | 23 | 658,301 | 618,854 |
| Investment property | 24 | 4,402 | 4,215 |
| Intangible assets | 25 | 1,205 | 1,629 |
| Total non-current assets | | 665,418 | 626,155 |
| Total assets | | 693,981 | 654,553 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 26 | 6,050 | 4,676 |
| Other current liabilities | 27 | 2,901 | 2,973 |
| Provisions | 28 | 7,794 | 8,592 |
| Interest-bearing loans and borrowings | 29 | 366 | 343 |
| Total current liabilities | | 17,111 | 16,584 |
| Non-current liabilities | | | |
| Provisions | 28 | 4,941 | 3,834 |
| Interest-bearing loans and borrowings | 29 | 8,300 | 6,266 |
| Total non-current liabilities | | 13,241 | 10,100 |
| Total liabilities | | 30,352 | 26,684 |
| Net assets | | 663,629 | 627,869 |
| Equity | | | |
| Accumulated surplus | | 292,856 | 284,173 |
| Reserves | 30 | 370,773 | 343,696 |
| Total equity | | 663,629 | 627,869 |

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

Statement of Changes in Equity For the Year Ended 30 June 2016

| | Note | Total \$'000 | Accumulated Surplus \$'000 | Revaluation Reserve \$'000 | Other Reserves \$'000 |
|---|-------|-----------------|----------------------------------|----------------------------------|-----------------------------|
| 2016 | | | | | |
| Balance at beginning of the financial year | | 627,869 | 284,173 | 334,776 | 8,920 |
| Surplus/(deficit) for the year | | 8,990 | 8,990 | - | - |
| Net asset revaluation increment/(decrement) | 30(a) | 26,770 | - | 26,770 | - |
| Transfers to other reserves | 30(b) | - | (3,694) | - | 3,694 |
| Transfers from other reserves | 30(b) | - | 3,387 | - | (3,387) |
| Balance at end of the financial year | | 663,629 | 292,856 | 361,546 | 9,227 |

| | Note | Total \$'000 | Accumulated Surplus \$'000 | Revaluation Reserve \$'000 | Other Reserves \$'000 |
|---|-------|-----------------|----------------------------------|----------------------------------|-----------------------------|
| 2015 | | | | | |
| Balance at beginning of the financial year | | 617,859 | 274,395 | 334,776 | 8,688 |
| Surplus/(deficit) for the year | | 10,010 | 10,010 | - | - |
| Net asset revaluation increment/(decrement) | 30(a) | - | - | - | - |
| Transfers to other reserves | 30(b) | - | (6,665) | - | 6,665 |
| Transfers from other reserves | 30(b) | - | 6,433 | - | (6,433) |
| Balance at end of the financial year | | 627,869 | 284,173 | 334,776 | 8,920 |

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 2016

| | Note | 2016 Inflows/ (Outflows) \$'000 | 2015 Inflows/ (Outflows) \$'000 |
|---|------|--|--|
| Cash flows from operating activities | | | |
| Rates and charges | | 42,736 | 39,578 |
| Statutory fees and fines | | 2,960 | 3,156 |
| User fees | | 5,886 | 6,455 |
| Grants - operating | | 7,850 | 13,449 |
| Grants - capital | | 7,886 | 7,682 |
| Contributions - monetary | | 242 | 908 |
| Interest received | | 843 | 787 |
| Trust funds and deposits taken | | 799 | 1,491 |
| Other receipts | | 2,000 | 2,190 |
| Net GST refund | | 3,722 | 2,760 |
| Employee costs | | (29,580) | (28,936) |
| Materials and services | | (18,294) | (19,852) |
| Trust funds and deposits repaid | | (889) | (1,230) |
| Other payments | | (8,299) | (7,290) |
| Net cash provided by/(used in) operating activities | 31 | <u>17,862</u> | <u>21,148</u> |
| Cash flows from investing activities | | | |
| Net (increase)/decrease in other financial assets | | 3,292 | (3,380) |
| Payments for property, infrastructure, plant and equipment | | (21,237) | (16,969) |
| Proceeds from sale of property, infrastructure, plant and equipment | | 735 | 605 |
| Net cash provided by/(used in) investing activities | | <u>(17,210)</u> | <u>(19,744)</u> |
| Cash flows from financing activities | | | |
| Finance costs | | (323) | (255) |
| Proceeds from borrowings | | 2,400 | 4,058 |
| Repayment of borrowings | | (343) | (323) |
| Net cash provided by/(used in) financing activities | | <u>1,734</u> | <u>3,480</u> |
| Net increase (decrease) in cash and cash equivalents | | 2,386 | 4,884 |
| Cash and cash equivalents at the beginning of the financial year | | 9,752 | 4,868 |
| Cash and cash equivalents at the end of the financial year | 17 | <u>12,138</u> | <u>9,752</u> |
| Restrictions on cash assets | 17 | | |

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 2016

| | 2016 \$'000 | 2015 \$'000 |
|--|----------------|----------------|
| Property | | |
| Land | 813 | 863 |
| Total land | 813 | 863 |
| Buildings | 6,452 | 1,673 |
| Building improvements | 1,343 | 942 |
| Total buildings | 7,795 | 2,615 |
| Total property | 8,608 | 3,478 |
| Plant and equipment | | |
| Plant, machinery and equipment | 1,626 | 830 |
| Fixtures, fittings and furniture | 476 | 113 |
| Computers and telecommunications | 354 | 938 |
| Total plant and equipment | 2,456 | 1,881 |
| Infrastructure | | |
| Roads | 6,396 | 5,011 |
| Bridges | 531 | 1,297 |
| Footpaths and cycleways | 554 | 841 |
| Drainage | 421 | 655 |
| Recreational, leisure and community facilities | 671 | 2,764 |
| Parks, open space and streetscapes | 2,094 | 1,002 |
| Other infrastructure | 36 | 40 |
| Total infrastructure | 10,703 | 11,610 |
| Total capital works expenditure | 21,767 | 16,969 |
| Represented by: | | |
| New asset expenditure | 5,401 | 3,930 |
| Asset renewal expenditure | 11,717 | 10,144 |
| Asset expansion expenditure | 1,545 | 1,426 |
| Asset upgrade expenditure | 3,104 | 1,469 |
| Total capital works expenditure | 21,767 | 16,969 |

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

Notes to the Financial Report For the Year Ended 30 June 2016

Introduction

Macedon Ranges Shire Council (Council) was constituted in January 1995 following the amalgamation of the former Shires of Gisborne, Romsey, Newham and Woodend, and Kyneton. Council's main office is located at 129 Mollison Street Kyneton, Victoria.

Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive

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

Note 1 Significant accounting policies

(a) Basis of accounting

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to note 1 (l))
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to note 1 (m))
- the determination of employee provisions (refer to note 1 (s))

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

(b) Changes in accounting policies

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

(c) Principles of consolidation

No entities have been consolidated into Council.

(d) Accounting for investments in associates and joint arrangements

Associates

Associates are all entities over which Council has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Joint arrangements

Council is not part of any joint venture operations.

(e) Revenue recognition

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

Rates and charges

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

Statutory fees and fines

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

User fees

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

Grants

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

Where grants or contributions recognised as revenue during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is

Note 1 Significant accounting policies (cont.)

disclosed in Note 6. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

Sale of property, infrastructure, plant and equipment

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

Interest

Interest is recognised as it is earned.

Other income

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

(f) Fair value measurement

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

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

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

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.

(g) Cash and cash equivalents

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

(h) Trade and other receivables

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

(i) Other financial assets

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

(j) Inventories

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

All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

(k) Non-current assets classified as held for sale

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

(l) Recognition and measurement of property, plant and equipment, infrastructure, intangibles

Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

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.

Note 1 Significant accounting policies (cont.)

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

Revaluation

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at Note 23.

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 2 to 5 years. The valuation is performed either by experienced council officers or independent experts.

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

Land under roads

Land under roads acquired after 30 June 2008 are brought to account using the fair value basis. Council does not recognise land under roads that it controlled prior to that period in its financial report.



Note 1 Significant accounting policies (cont.)

(m) Depreciation and amortisation of property, infrastructure, plant and equipment and intangibles

Buildings, land improvements, 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.

Depreciation periods used are listed below and are consistent with the prior year unless otherwise stated.

| Property | Depreciation Period | | Threshold Limit \$'000 |
|--|---------------------|--------------|---------------------------|
| | 2016* | 2015 | |
| land | - | - | 10 |
| land improvements | - | - | 10 |
| landfill | 30 years | 30 years | 10 |
| Buildings | | | |
| heritage buildings | 50 years | 50 years | 10 |
| buildings | 50 years | 50 years | 10 |
| building improvements | 50 years | 50 years | 10 |
| leasehold improvements | 50 years | 50 years | 10 |
| Plant and equipment | | | |
| plant, machinery and equipment ** | 3 - 26 years | 7 - 25 years | 2.5 |
| fixtures, fittings and furniture | 5 - 20 years | 4 - 20 years | 2.5 |
| computers and telecommunications | 3 - 5 years | 3 - 10 years | 2.5 |
| Infrastructure | | | |
| road pavement - spray seal | 18 years | 15 years | 10 |
| road pavement - asphalt | 35 years | 30 years | 10 |
| road pavement - sealed pavement | 55-90 years | 55-90 years | 10 |
| road pavements - unsealed roads | 20 years | 16 years | 10 |
| road substructure - upper component^ | 55-90 years | 80-90 years | 10 |
| road substructure - sub component^ | 55-90 years | 80-90 years | 10 |
| road formation and earthworks | - | 100 years | 10 |
| road kerb, channel and minor culverts | 80-150 years | 30-50 years | 10 |
| bridges and major culvers | 70-200 years | 100 years | 10 |
| footbridges | 30-100 years | 100 years | 10 |
| footpaths and cycleways | 20-60 years | 30-40 years | 10 |
| drainage | 100 years | 100 years | 10 |
| recreational, leisure and community facilities | 10-50 years | 10-50 years | 10 |
| parks, open space and streetscapes | 10-50 years | 10-50 years | 10 |
| other infrastructure | 10-50 years | 10-50 years | 10 |
| Intangible assets | | | |
| intangible assets | 3-5 years | 3-5 years | 10 |

Note 1 Significant accounting policies (cont.)

* A review of asset service lives was conducted during the year and this resulted in an increase in service lives of some infrastructure assets.

** plant and vehicles: from July 2015 all plant and vehicles which are expected to be sold at the end of their useful life have been assigned residual values for depreciation calculation purposes.

^ road substructure: This component of the road until June 2015 had a residual balance equal to 30% of the value of each component. From 1 July 2015 this component has been separated into two components. The major component has a life of 55-90 years with the minor sub base with an unlimited life.

(n) Repairs and maintenance

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

(o) Investment property

Investment property, comprising of various retail properties, 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 Council. Subsequent to initial recognition at cost, investment property is carried at fair value, determined annually by qualified valuers. Changes to fair value are recorded in the comprehensive income statement in the period that they arise. Rental income from the leasing of investment properties is recognised in the comprehensive income statement on a straight line basis over the lease term.

(p) Impairment of assets

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

(q) Trust funds and deposits

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited (refer to Note 27).

(r) Borrowings

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

Borrowing costs

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

Borrowing costs include interest on borrowings.

(s) Employee costs and benefits

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

Wages and salaries and annual leave

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

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

Long service leave

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

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

The components of this current liability are measured at:

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

Note 1 Significant accounting policies (cont.)

- nominal value - component that is expected to be wholly settled within 12 months.

Non-current liability - conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service.

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

(t) Landfill rehabilitation provision

Council is obligated to restore three landfill sites to a particular standard. All three landfill sites are closed and are not receiving any further infill. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

(u) Leases

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

(v) Goods and Services Tax (GST)

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

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

(w) Financial guarantees

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that the

right will be exercised. Details of guarantees that Council has provided, that are not recognised in the balance sheet are disclosed at Note 36.

(x) Contingent assets and contingent liabilities and commitments

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

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

(y) Pending accounting standards

Certain new AAS's have been issued that are not mandatory for the 30 June 2016 reporting period. Council has assessed these pending standards and has identified that no material impact will flow from the application of these standards in future reporting periods.

(z) Rounding

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

Note 2 Budget Comparison

The budget comparison notes compare Council's financial plan, expressed through its annual budget, with actual performance. The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material variances. Council has adopted a materiality threshold for budget variances of more than 10% and \$100,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 17 June 2015 and were based on assumptions that were relevant at the time of adoption

of the Budget. Council sets guidelines and parameters for revenue and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

a) Income and Expenditure

| | Budget 2016 \$'000 | Actual 2016 \$'000 | Variance 2016 \$'000 | Ref |
|--|-----------------------------------|-----------------------------------|-------------------------------------|------------|
| Income | | | | |
| Rates and charges | 42,383 | 42,394 | 11 | |
| Statutory fees and fines | 2,505 | 2,960 | 455 | 1 |
| User fees | 5,861 | 5,971 | 110 | |
| Grants - operating | 9,989 | 8,418 | (1,571) | 2 |
| Grants - capital | 9,047 | 8,128 | (919) | 3 |
| Contributions - monetary | 290 | 242 | (48) | |
| Contributions - non monetary | 12,800 | 6,199 | (6,601) | 4 |
| Fair value adjustments for investment property | - | 187 | 187 | 5 |
| Share of net profits/(losses) of associates | - | 53 | 53 | |
| Other income | 1,627 | 1,910 | 283 | 6 |
| Total income | 84,502 | 76,462 | (8,040) | |
| Expenses | | | | |
| Employee costs | 30,576 | 30,314 | (262) | |
| Materials and services | 19,787 | 19,636 | (151) | |
| Bad and doubtful debts | 12 | 6 | (6) | |
| Depreciation and amortisation | 13,485 | 12,419 | (1,066) | 7 |
| Borrowing costs | 480 | 323 | (157) | 8 |
| Net gain/(loss) on disposal of property, infrastructure, plant and equipment | - | 1,341 | 1,341 | 9 |
| Fair value adjustments for assets held for sale | - | 53 | 53 | |
| (Increase)/decrease in provision for landfill liability | - | 390 | 390 | 10 |
| Other expenses | 2,673 | 2,990 | 317 | 11 |
| Total expenses | 67,013 | 67,472 | 459 | |
| Surplus/(deficit) for the year | 17,489 | 8,990 | (8,499) | |

Note 2 Budget Comparison (cont.)

(i) Explanation of material variations

| Variance Ref | Item | Explanation |
|--------------|--|--|
| 1 | Statutory fees and fines | This income category includes fees and fines levied in accordance with legislation and includes animal registrations, Health Act registrations, building application fees, and planning application fees. The favourable budget variance is mainly due to higher than expected statutory planning contributions. Planning contributions are generally received from developers and amounts contributed each year can vary depending on the level of development activity. This income will be used in future years to assist in funding the shire's infrastructure requirements. |
| 2 | Grants - operating | Operating grants are provided to support the provision of Council services (eg preschools, aged care, etc). Operating grants are under budget but it is mostly due to timing of a payment. The Victoria Grants Commission paid half of the 2015/16 Financial Assistance Grant – General Purpose in the 2014/15 year, so only half of the annual grant was received in 2015/16. The budget assumption was that the full amount of the grant would be received in 2015/16. |
| 3 | Grants - capital | Capital grants are provided to support capital works (asset) projects. Most of the grants are one off as they relate to specific projects, however there are some ongoing grants to support road construction. Capital grants are under budget as some of the associated capital projects will be now completed next financial year and hence the grants will also be received in the next year. These projects include the Hanging Rock East Paddock development, Kyneton Museum upgrade and the Kyneton Community Park. |
| 4 | Contributions - non monetary | This income is mainly related to new roads contributed to Council by developers when new subdivisions are completed. The income varies considerably from year to year depending on the number of subdivisions and the timing of the assets being handed over to Council. The actual income for the year is lower than the budget which was based on prior year averages. |
| 5 | Fair value adjustments for investment property | Council's investment properties were revalued during the year and the increase in values is treated as income. |
| 6 | Other income | Other income was higher than expected mainly due to higher interest on investments. The early payment of the Financial Assistance Grant mentioned above has meant that Council has had higher investment balances for most of the year. |
| 7 | Depreciation and amortisation | Depreciation is lower than expected as a review of asset service lives was conducted during the year and this resulted in an increase in service lives of some infrastructure assets including road seals, unsealed roads and kerb and channel. This increase in service lives has reduced the depreciation expense. |
| 8 | Borrowing costs | Borrowing costs are under budget as some budgeted loans were not taken up during the year as the related capital projects will now be completed over two years and hence the funding was not required this year. These loans will now be taken up in 2016/17. |
| 9 | Net gain/(loss) on disposal of property, infrastructure, plant and equipment | A number of key asset categories were reviewed and revalued during the year including roads, bridges and open space assets. It was identified that some assets no longer provided an economic benefit and other assets had been incorrectly recorded in prior year. These assets were written off resulting in an unbudgeted expense. |
| 10 | (Increase)/decrease in provision for landfill liability | Council owns three former landfill sites and has been conducting rehabilitation works at these sites over several years. The provision provides for the future costs of aftercare and potential remedial works at these sites. Following site audits conducted during the year, Council has increased the level of aftercare works and the expectation is that the higher level of aftercare works will continue on in future years. This has resulted in an increase in the landfill provision and the increase is recorded as an expense. |
| 11 | Other expenses | Other expenses are mainly made up of Council contributions to clubs, community groups and the Goldfield Library Corporation which operate Council's libraries. Other expenses are over budget mainly due to a change in the classification of Councillor allowances. The allowances were budgeted under salaries but the actual costs have been booked to other expenses. Hence other expenses are higher than budget, there is an offsetting favourable variance in salaries. |

Note 2 Budget Comparison (cont.)

b) Capital Works

| | Budget 2016 \$'000 | Actual 2016 \$'000 | Variance 2016 \$'000 | Ref |
|--|--------------------------|--------------------------|----------------------------|-----|
| Property | | | | |
| Land | - | 813 | 813 | 1 |
| Total land | - | 813 | 813 | |
| Buildings | 6,220 | 6,452 | 232 | |
| Building improvements | 1,420 | 1,343 | (77) | |
| Total buildings | 7,640 | 7,795 | 155 | |
| Total property | 7,640 | 8,608 | 968 | |
| Plant and equipment | | | | |
| Plant, machinery and equipment | 1,802 | 1,626 | (176) | 2 |
| Fixtures, fittings and furniture | 29 | 476 | 447 | 3 |
| Computers and telecommunications | 371 | 354 | (17) | |
| Total plant and equipment | 2,202 | 2,456 | 254 | |
| Infrastructure | | | | |
| Roads | 5,762 | 6,396 | 634 | 4 |
| Bridges | 600 | 531 | (69) | |
| Footpaths and cycleways | 576 | 554 | (22) | |
| Drainage | 1,100 | 421 | (679) | 5 |
| Recreational, leisure and community facilities | 1,170 | 671 | (499) | 6 |
| Parks, open space and streetscapes | 5,161 | 2,094 | (3,067) | 7 |
| Other infrastructure | 2,720 | 36 | (2,684) | 8 |
| Total infrastructure | 17,089 | 10,703 | (6,386) | |
| Total capital works expenditure | 26,931 | 21,767 | (5,164) | |
| Represented by: | | | | |
| New asset expenditure | 8,506 | 5,401 | (3,105) | |
| Asset renewal expenditure | 11,829 | 11,717 | (112) | |
| Asset expansion expenditure | 833 | 1,545 | 712 | |
| Asset upgrade expenditure | 5,763 | 3,104 | (2,659) | |
| Total capital works expenditure | 26,931 | 21,767 | (5,164) | |

Note 2 Budget comparison (cont.)

(i) Explanation of material variations

| Variance Ref | Item | Explanation |
|--------------|--|--|
| 1 | Land | The expenditure mainly relates to land purchased in Monegeetta for future use as a gravel pit. This purchase was not included in the budget as the opportunity to buy the land occurred after the budget had been adopted. |
| 2 | Plant, machinery and equipment | A budgeted purchase of one plant item has been postponed to 2016/17. |
| 3 | Fixtures, fittings and furniture | The Manna Gum Family and Children's centre was constructed during the year. The entire budget for the project was included under the "Buildings" category but a component of the actual expenditure was for fittings and furniture and hence expenditure in this asset category is higher than budget. This is offset by a lower expenditure on buildings. |
| 4 | Roads | Expenditure on roads was higher than budget as Council received additional Roads to Recovery and Blackspot grant funding from the Federal Government. The higher grants funded the completion of additional road works. |
| 5 | Drainage | A large drainage project is being undertaken in Quarry Road Woodend. The works have been delayed due to inclement weather and the project will now be completed in 2016/17. |
| 6 | Recreational, leisure and community facilities | The Macedon Ranges Netball complex was completed during the year. The entire budget was included under this category but actual works on the pavilion have been costed to the "Buildings" category as this was the more appropriate categorisation. |
| 7 | Parks, open space and streetscapes | Parks expenditure is under budget mainly due to major infrastructure works at the Hanging Rock East Paddock that are being completed over several years. Some of the works budgeted in 2015/16 will now be completed next financial year. |
| 8 | Other infrastructure | For disclosure purposes, the budget for this category included landfill rehabilitation works at the former Kyneton landfill (\$2.7m). The actual rehabilitation expenditure in 2015/16 has been booked to the provision for landfill in accordance with accounting standards. This has resulted in a variance to budget. |

Note 3 Rates and charges

| | 2016 \$'000 | 2015 \$'000 |
|---|----------------|----------------|
| Council uses capital improved value as the basis of valuation of all properties within the municipal district. The capital improved value of a property is its estimated market value at the date of valuation. | | |
| The valuation base used to calculate general rates for 2015/16 was \$11,011 million (2014/15 \$10,842 million). The 2015/16 general rate in the capital improved value dollar was \$0.002921 (2014/15, \$0.002786). | | |
| General rates | 27,754 | 25,999 |
| Agricultural land rates | 2,136 | 2,017 |
| Commercial/industrial rates | 1,956 | 1,822 |
| Municipal charge | 4,335 | 4,078 |
| Waste management charge | 5,815 | 5,416 |
| Supplementary rates and rate adjustments | 323 | 403 |
| Other rates | 75 | 71 |
| Total rates and charges | 42,394 | 39,806 |

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2014, and the valuation was first applied in the rating year commencing 1 July 2014.

Note 4 Statutory fees and fines

| | 2016 \$'000 | 2015 \$'000 |
|---------------------------------------|----------------|----------------|
| Animal control fees | 560 | 566 |
| Infringements and costs | 163 | 170 |
| Permits | 626 | 602 |
| Roads and infrastructure fees | 1,264 | 1,194 |
| Town planning fees | 145 | 164 |
| Other statutory fees | 202 | 460 |
| Total statutory fees and fines | 2,960 | 3,156 |

Note 5 User fees

| | 2016 \$'000 | 2015 \$'000 |
|-------------------------------|----------------|----------------|
| Aged and health services | 201 | 247 |
| Childcare/children's programs | 737 | 695 |
| Cultural activities | 84 | 72 |
| Debt recovery | 175 | 220 |
| Gravel pit sales | 149 | 227 |
| Hanging Rock Reserve fees | 545 | 511 |
| Leisure centre and recreation | 2,922 | 2,741 |
| Facility hire | 196 | 208 |
| Saleyards | 262 | 221 |
| Waste management services | 527 | 464 |
| Other fees and charges | 173 | 131 |
| Total user fees | 5,971 | 5,737 |

Note 6 Grants

| | 2016 \$'000 | 2015 \$'000 |
|--|----------------|----------------|
|--|----------------|----------------|

Grants were received in respect of the following:

Summary of grants

| | | |
|------------------------------|---------------|---------------|
| Commonwealth funded grants | 8,459 | 11,597 |
| State funded grants | 8,087 | 9,534 |
| Total grants received | 16,546 | 21,131 |

Operating grants

Recurrent - Commonwealth Government

| | | |
|------------------------------|-------|-------|
| Aged and disability services | - | 322 |
| Victoria Grants Commission | 2,387 | 6,935 |

Recurrent - State Government

| | | |
|------------------------------|-------|-------|
| Aged and disability services | 2,002 | 1,970 |
| Emergency management | 47 | 47 |
| Family and children | 2,025 | 2,062 |
| Maternal and child health | 310 | 301 |
| School crossing supervisors | 67 | 69 |
| Youth and culture | 110 | 138 |
| Other | 105 | 116 |

Total recurrent operating grants

| | |
|-------|--------|
| 7,053 | 11,960 |
|-------|--------|

Note 6 Grants (cont.)

| | 2016 \$'000 | 2015 \$'000 |
|---|----------------|----------------|
| Non-recurrent - State Government | | |
| Aged and disability Services | 103 | - |
| Economic development | 12 | 54 |
| Emergency management | 939 | 802 |
| Maternal and child health | 45 | - |
| Recreational, leisure and community facilities | 186 | - |
| Wastewater management | - | 487 |
| Other | 80 | 146 |
| Total non-recurrent operating grants | 1,365 | 1,489 |
| Total operating grants | 8,418 | 13,449 |
| Capital grants | | |
| Recurrent - Commonwealth Government | | |
| Roads to Recovery | 2,805 | 1,000 |
| Victorian Grants Commission | 1,036 | 3,010 |
| Total recurrent capital grants | 3,841 | 4,010 |
| Non-recurrent - Commonwealth Government | | |
| Recreational, leisure and community facilities | 1,666 | 330 |
| Roads and bridges | 565 | - |
| Non-recurrent - State Government | | |
| Buildings | - | 348 |
| Footpaths and cycleways | 310 | 566 |
| Other infrastructure | - | 29 |
| Parks, open space and streetscapes | 300 | 370 |
| Recreational, leisure and community facilities | 1,424 | 1,029 |
| Roads and bridges | - | 1,000 |
| Other | 22 | - |
| Total non-recurrent capital grants | 4,287 | 3,672 |
| Total capital grants | 8,128 | 7,682 |
| Unspent grants received on condition that they be spent in a specific manner | | |
| Balance at start of year | 4,809 | 3,974 |
| Received during the financial year and remained unspent at balance date | 924 | 4,809 |
| Received in prior years and spent during the financial year | (4,648) | (3,974) |
| Balance at year end | 1,085 | 4,809 |
| Grants relating to future financial years received | | |
| Grants commission instalment | - | 3,306 |
| Total | - | 3,306 |

Note 7 Contributions

| | 2016 \$'000 | 2015 \$'000 |
|---|----------------|----------------|
| Monetary | 242 | 908 |
| Non-monetary | 6,199 | 7,404 |
| Total contributions | 6,441 | 8,312 |
| Contributions of non monetary assets were received in relation to the following asset classes. | | |
| Land | - | 404 |
| Land under roads | 580 | 393 |
| Infrastructure | 5,619 | 6,607 |
| Other | - | - |
| Total non-monetary | 6,199 | 7,404 |

Note 8 Net gain/(loss) on disposal of property, infrastructure, plant and equipment

| | 2016 \$'000 | 2015 \$'000 |
|---|----------------|----------------|
| Proceeds of sale | 735 | 605 |
| Written down value of assets disposed | (1,969) | (2,940) |
| Asset revaluation decrement | (107) | - |
| Total net gain/(loss) on disposal of property, infrastructure, plant and equipment | (1,341) | (2,335) |

Note 9 Other income

| | 2016 \$'000 | 2015 \$'000 |
|--------------------------------|----------------|----------------|
| Commission | 162 | 146 |
| Interest on investments | 521 | 542 |
| Interest on rates | 217 | 245 |
| Insurance recoveries | 236 | 335 |
| Investment property rental | 163 | 162 |
| Merchandise and material sales | 334 | 309 |
| Other | 277 | 374 |
| Total other income | 1,910 | 2,113 |

Note 10 Employee costs

| | 2016 \$'000 | 2015 \$'000 |
|-----------------------------|----------------|----------------|
| Wages and salaries | 24,114 | 23,229 |
| Casual staff | 3,033 | 3,383 |
| Superannuation | 2,404 | 2,289 |
| WorkCover | 482 | 647 |
| Fringe benefits tax | 281 | 273 |
| Total employee costs | 30,314 | 29,821 |

(a) Superannuation

Council made contributions to the following funds:

Defined benefit fund

| | | |
|--|------------|------------|
| Employer contributions to Local Authorities Superannuation Fund (Vision Super) | 190 | 202 |
| | <u>190</u> | <u>202</u> |
| Employer contributions payable at reporting date | - | - |

Accumulation funds

| | | |
|--|--------------|--------------|
| Employer contributions to Local Authorities Superannuation Fund (Vision Super) | 1,489 | 1,440 |
| Employer contributions - other funds | <u>725</u> | <u>647</u> |
| | <u>2,214</u> | <u>2,087</u> |
| Employer contributions payable at reporting date | - | - |

Refer to note 35 for further information relating to Council's superannuation obligations.

Note 11 Materials and services

| | 2016 \$'000 | 2015 \$'000 |
|-------------------------------------|----------------|----------------|
| Administration | 1,796 | 1,710 |
| Building maintenance | 838 | 882 |
| Consultants | 1,496 | 1,147 |
| Contract payments | 9,331 | 8,341 |
| General maintenance | 700 | 754 |
| Information technology | 524 | 558 |
| Insurance | 705 | 771 |
| Materials and supplies | 2,100 | 2,047 |
| Utilities | <u>2,146</u> | <u>2,047</u> |
| Total materials and services | 19,636 | 18,257 |

Note 12 Bad and doubtful debts

| | 2016 \$'000 | 2015 \$'000 |
|-------------------------------------|----------------|----------------|
| Other debtors | 6 | 7 |
| Total bad and doubtful debts | <u>6</u> | <u>7</u> |

Note 13 Depreciation and amortisation

| | 2016 \$'000 | 2015 \$'000 |
|--|----------------|----------------|
| Land and buildings | 1,622 | 1,592 |
| Plant and equipment | 1,047 | 960 |
| Infrastructure | 9,303 | 10,603 |
| Intangible assets | 447 | 337 |
| Total depreciation and amortisation | <u>12,419</u> | <u>13,492</u> |

Refer to note 23 and 25 for a more detailed breakdown of depreciation and amortisation charges

Note 14 Borrowing costs

| | 2016 \$'000 | 2015 \$'000 |
|------------------------------|----------------|----------------|
| Interest - borrowings | 323 | 277 |
| Total borrowing costs | <u>323</u> | <u>277</u> |

Note 15 Other expenses

| | 2016 \$'000 | 2015 \$'000 |
|---|----------------|----------------|
| Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals | 36 | 35 |
| Auditors' remuneration - Internal | 43 | 40 |
| Contributions and donations | 1,669 | 3,335 |
| Councillors' allowances | 293 | 319 |
| Operating lease rentals | 949 | 1,006 |
| Other expenses | - | 2 |
| Total other expenses | 2,990 | 4,737 |

Note 16 Investment in associates

| | 2016 \$'000 | 2015 \$'000 |
|---|----------------|----------------|
| Investments in associates accounted for by the equity method are: | | |
| North Central Goldfields Library Corporation | 1,489 | 1,436 |
| The equity holders in the North Central Goldfields Library Corporation and their relevant holdings are: | | |
| Macedon Ranges Shire Council | 22.17% | 21.91% |
| Greater Bendigo City Council | 61.32% | 61.48% |
| Loddon Shire Council | 5.39% | 5.40% |
| Mount Alexander Shire Council | 11.12% | 11.21% |
| Council's share of accumulated surplus/(deficit) | | |
| Council's share of accumulated surplus(deficit) at start of year | 670 | 433 |
| Reported surplus(deficit) for year | 36 | 35 |
| Transfers (to) from reserves | (14) | 195 |
| Adjustment arising from change to equity share | 9 | 7 |
| Council's share of accumulated surplus (deficit) at end of year | 701 | 670 |
| Council's share of reserves | | |
| Council's share of reserves at start of year | 226 | 415 |
| Adjustment arising from change to equity share | 2 | 6 |
| Transfers (to) from reserves | 14 | (195) |
| Council's share of reserves at end of year | 242 | 226 |

Note 16 Investment in associates (cont.)

| | 2016 \$'000 | 2015 \$'000 |
|--|----------------|----------------|
| Movement in carrying value of specific investment | | |
| Carrying value of investment at start of year | 1,436 | 1,381 |
| Share of surplus(deficit) for year | 36 | 35 |
| Adjustment arising from change to equity share | 17 | 20 |
| Carrying value of investment at end of year | 1,489 | 1,436 |
| Council's share of expenditure commitments | | |
| Operating commitments | 74 | 6 |
| Capital commitments | - | - |
| Council's share of expenditure commitments | 74 | 6 |
| Council's share of contingent liabilities and contingent assets | | |
| Council's share of contingent liabilities and contingent assets | - | - |

(Council's share of equity as per the un-audited 30 June 2016 financial statements of the Library Service)

Note 17 Cash and cash equivalents

| | 2016 \$'000 | 2015 \$'000 |
|---|----------------|----------------|
| Cash on hand | 17 | 24 |
| Cash at bank | 2,580 | 6,406 |
| Money market call accounts | 2,341 | 822 |
| Term deposits | 7,200 | 2,500 |
| Total cash and cash equivalents | 12,138 | 9,752 |
| Council's cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include: | | |
| - Trust funds and deposits (Note 27) | 2,326 | 2,416 |
| - Cash held for non-discretionary reserves (Note 30b) | 3,473 | 3,022 |
| - Lancefield tip assurance bank account | 479 | 471 |
| Total restricted funds | 6,278 | 5,909 |
| Total unrestricted cash and cash equivalents | 5,860 | 3,843 |
| Intended allocations | | |
| Although not externally restricted the following amounts have been allocated for specific future purposes by Council: | | |
| - Cash held to fund carried forward capital works | 3,917 | 3,386 |
| - Cash held for discretionary reserves (Note 30b) | 5,754 | 5,898 |
| Total funds subject to intended allocations | 9,671 | 9,284 |

Refer also to Note 19 for details of other financial assets held by Council.

Note 18 Trade and other receivables

| | 2016 \$'000 | 2015 \$'000 |
|--|----------------|----------------|
| Rates debtors | 2,496 | 2,849 |
| Net GST receivable | 511 | 991 |
| Other debtors | 1,075 | 752 |
| Accrued income | 711 | 426 |
| Provision for doubtful debts - other debtors | (49) | (47) |
| Total trade and other receivables | 4,744 | 4,971 |

a) Ageing of Receivables

At balance date other 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 the Council's trade and other receivables (excluding statutory receivables and accrued income) was:

| | | |
|--|--------------|------------|
| Current (not yet due) | 914 | 577 |
| Past due by up to 30 days | 24 | 52 |
| Past due between 31 and 180 days | 70 | 58 |
| Past due between 181 and 365 days | 36 | 42 |
| Past due by more than 1 year | 31 | 23 |
| Total trade and other receivables | 1,075 | 752 |

b) Movement in provisions for doubtful debts

| | | |
|---|-----------|-----------|
| Balance at the beginning of the year | 47 | 52 |
| New provisions recognised during the year | 23 | 27 |
| Amounts already provided for and written off as uncollectible | (1) | (6) |
| Amounts provided for but recovered during the year | (20) | (26) |
| Balance at end of year | 49 | 47 |

c) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$49k (2015: \$47k) were impaired. The amount of the provision raised against these debtors was \$49k (2015: \$47k). These individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

| | | |
|--|-----------|-----------|
| Current (not yet due) | - | 1 |
| Past due between 31 and 150 days | 9 | 10 |
| Past due between 151 and 365 days | 13 | 16 |
| Past due by more than 1 year | 27 | 20 |
| Total trade and other receivables | 49 | 47 |

Note 19 Other financial assets

| | 2016 \$'000 | 2015 \$'000 |
|---|----------------|----------------|
| Current | | |
| Term deposits | 9,038 | 12,330 |
| Total current | 9,038 | 12,330 |
| Non current | | |
| Shares in Lancefield Community Bank - at cost | 12 | 12 |
| Shares in Gisborne Community Bank - at cost | 9 | 9 |
| Total non current | 21 | 21 |
| Total other financial assets | 9,059 | 12,351 |

Note 20 Inventories

| | 2016 \$'000 | 2015 \$'000 |
|-----------------------------------|----------------|----------------|
| Inventories held for distribution | 5 | 6 |
| Total inventories | 5 | 6 |

Note 21 Non current assets classified as held for sale

| | 2016 \$'000 | 2015 \$'000 |
|---|----------------|----------------|
| Balance at beginning of period | 1,043 | 1,043 |
| add acquisitions | - | - |
| add/(less) sales/transfers | 1,218 | - |
| add fair value adjustment | (53) | - |
| Total non current assets classified as held for resale | 2,208 | 1,043 |

Note 22 Other assets

| | 2016 \$'000 | 2015 \$'000 |
|---------------------------|----------------|----------------|
| Prepayments | 430 | 296 |
| Total other assets | 430 | 296 |

Note 23 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

| | At fair value 30 June 2016 \$'000 | Accumulated depreciation \$'000 | WDV 30 June 2016 \$'000 | At fair value 30 June 2015 \$'000 | Accumulated depreciation \$'000 | WDV 30 June 2015 \$'000 |
|--|--|---------------------------------------|-------------------------------|--|---------------------------------------|-------------------------------|
| Land | 71,965 | (1,869) | 70,096 | 71,676 | (1,696) | 69,980 |
| Buildings | 80,069 | (2,941) | 77,128 | 72,301 | (1,419) | 70,882 |
| Plant and equipment | 11,414 | (3,992) | 7,422 | 10,523 | (3,943) | 6,580 |
| Infrastructure | 652,401 | (158,444) | 493,957 | 626,898 | (162,889) | 464,009 |
| Work in progress | 9,698 | - | 9,698 | 7,403 | - | 7,403 |
| Total property, infrastructure, plant and equipment | 825,547 | (167,246) | 658,301 | 788,801 | (169,947) | 618,854 |

Summary of Work In Progress (WIP)

| | Opening WIP \$'000 | Additions \$'000 | Transfers \$'000 | Write offs \$'000 | Closing WIP \$'000 |
|-------------------------------|--------------------------|---------------------|---------------------|----------------------|--------------------------|
| Buildings | 1,960 | 8,608 | (8,758) | - | 1,810 |
| Plant and equipment | - | 2,433 | (2,433) | - | - |
| Infrastructure | 5,443 | 10,703 | (8,258) | - | 7,888 |
| Total Work In Progress | 7,403 | 21,744 | (19,449) | - | 9,698 |

Note 23 Property, infrastructure, plant and equipment (cont.)

Land and buildings

| | Land - specialised \$'000 | Land - non specialised \$'000 | Total land \$'000 | Heritage buildings \$'000 | Buildings - specialised \$'000 | Buildings - non specialised \$'000 | Total buildings \$'000 | Work in progress \$'000 | Total property \$'000 |
|--|------------------------------|----------------------------------|----------------------|------------------------------|-----------------------------------|---------------------------------------|---------------------------|----------------------------|--------------------------|
| At fair value 1 July 2015 | 25,116 | 46,560 | 71,676 | 306 | 34,137 | 37,858 | 72,301 | 1,960 | 145,937 |
| Accumulated depreciation at 1 July 2015 | (1,696) | - | (1,696) | (6) | (683) | (730) | (1,419) | - | (3,115) |
| | 23,420 | 46,560 | 69,980 | 300 | 33,454 | 37,128 | 70,882 | 1,960 | 142,822 |
| Movements in fair value | | | | | | | | | |
| Acquisition of assets at fair value | - | - | - | - | - | - | - | 8,608 | 8,608 |
| Contributed Assets | 580 | - | 580 | - | - | - | - | - | 580 |
| Revaluation increments/decrements | - | - | - | - | - | - | - | - | - |
| Fair value of assets disposed | - | (143) | (143) | - | - | (114) | (114) | - | (257) |
| Impairment losses recognised in operating result | - | - | - | - | - | - | - | - | - |
| Transfers | (126) | (22) | (148) | - | 988 | 6,894 | 7,882 | (8,758) | (1,024) |
| | 454 | (165) | 289 | - | 988 | 6,780 | 7,768 | (150) | 7,907 |
| Movements in accumulated depreciation | | | | | | | | | |
| Depreciation and amortisation | (173) | - | (173) | (6) | (683) | (760) | (1,449) | - | (1,622) |
| Accumulated depreciation of disposals | - | - | - | - | - | 3 | 3 | - | 3 |
| Impairment losses recognised in operating result | - | - | - | - | - | - | - | - | - |
| Transfers | - | - | - | - | (84) | 8 | (76) | - | (76) |
| | (173) | - | (173) | (6) | (767) | (749) | (1,522) | - | (1,695) |
| At fair value 30 June 2016 | 25,570 | 46,395 | 71,965 | 306 | 35,125 | 44,638 | 80,069 | 1,810 | 153,844 |
| Accumulated depreciation at 30 June 2016 | (1,869) | - | (1,869) | (12) | (1,450) | (1,479) | (2,941) | - | (4,810) |
| | 23,701 | 46,395 | 70,096 | 294 | 33,675 | 43,159 | 77,128 | 1,810 | 149,034 |

Note 23 Property, infrastructure, plant and equipment (cont.)

Plant and equipment

| | Plant machinery and equipment \$'000 | Fixtures fittings and furniture \$'000 | Computers and telecomms \$'000 | Cultural assets \$'000 | Work In Progress \$'000 | Total plant and equipment \$'000 |
|---|--|--|--------------------------------------|------------------------------|-------------------------------|--|
| At fair value 1 July 2015 | 8,337 | 726 | 1,160 | 300 | - | 10,523 |
| Accumulated depreciation at 1 July 2015 | (3,330) | (164) | (442) | (7) | - | (3,943) |
| | 5,007 | 562 | 718 | 293 | - | 6,580 |
| Movements in fair value | | | | | | |
| Acquisition of assets at fair value | - | - | - | - | 2,433 | 2,433 |
| Contributed assets | - | - | - | - | - | - |
| Revaluation increments/decrements | - | - | - | - | - | - |
| Fair value of assets disposed | (1,224) | - | (318) | - | - | (1,542) |
| Impairment losses recognised in operating result | - | - | - | - | - | - |
| Transfers | 1,552 | 476 | 405 | - | (2,433) | - |
| | 328 | 476 | 87 | - | - | 891 |
| Movements in accumulated depreciation | | | | | | |
| Depreciation and amortisation | (677) | (79) | (291) | - | - | (1,047) |
| Accumulated depreciation of disposals | 805 | - | 193 | - | - | 998 |
| Impairment losses recognised in operating result | - | - | - | - | - | - |
| Transfers | - | - | - | - | - | - |
| | 128 | (79) | (98) | - | - | (49) |
| At fair value 30 June 2016 | 8,665 | 1,202 | 1,247 | 300 | - | 11,414 |
| Accumulated depreciation at 30 June 2016 | (3,202) | (243) | (540) | (7) | - | (3,992) |
| | 5,463 | 959 | 707 | 293 | - | 7,422 |

Note 23 Property, infrastructure, plant and equipment (cont.)

Infrastructure

| | Roads \$'000 | Bridges \$'000 | Footpaths and cycleways \$'000 | Drainage \$'000 | Recreational leisure and community \$'000 | Parks open Spaces and streetscapes \$'000 | Other Infra- structure \$'000 | Work In Progress \$'000 | Total infrastructure \$'000 |
|--|-----------------|-------------------|--------------------------------------|--------------------|--|--|-------------------------------------|-------------------------------|-----------------------------------|
| At fair value 1 July 2015 | 496,035 | 33,078 | 22,697 | 52,004 | 8,282 | 9,005 | 5,797 | 5,443 | 632,341 |
| Accumulated depreciation at 1 July 2015 | (128,340) | (12,634) | (5,228) | (12,415) | (1,027) | (2,408) | (837) | - | (162,889) |
| | 367,695 | 20,444 | 17,469 | 39,589 | 7,255 | 6,597 | 4,960 | 5,443 | 469,452 |
| Movements in fair value | | | | | | | | | |
| Acquisition of assets at fair value | - | - | - | - | - | - | - | 10,703 | 10,703 |
| Contributed Assets | 3,029 | 270 | 984 | 1,336 | - | - | - | - | 5,619 |
| Revaluation increments/ decrements | (8,241) | 11,575 | (3,048) | - | 12,979 | - | - | - | 13,265 |
| Fair value of assets disposed | - | (403) | (1) | (61) | (20) | (762) | - | - | (1,247) |
| Impairment losses recognised in operating result | - | - | - | - | - | (169) | - | - | (169) |
| Transfers | 8,501 | 689 | 2,042 | 483 | 7,247 | (6,663) | (4,264) | (8,258) | (223) |
| | 3,289 | 12,131 | (23) | 1,758 | 20,206 | (7,594) | (4,264) | 2,445 | 27,948 |
| Movements in accumulated depreciation | | | | | | | | | |
| Depreciation and amortisation | (6,812) | (426) | (458) | (535) | (938) | (93) | (41) | - | (9,303) |
| Accumulated depreciation of disposals | - | 189 | - | (9) | 4 | 105 | - | - | 289 |
| Revaluation increments/ decrements | 17,016 | (1,923) | 730 | - | (2,318) | - | - | - | 13,505 |
| Impairment losses recognised in operating result | - | - | - | - | - | 62 | - | - | 62 |
| Transfers | (423) | (27) | (147) | (51) | (1,883) | 1,883 | 540 | - | (108) |
| | 9,781 | (2,187) | 125 | (595) | (5,135) | 1,957 | 499 | - | 4,445 |
| At fair value 30 June 2016 | 499,324 | 45,209 | 22,674 | 53,762 | 28,488 | 1,411 | 1,533 | 7,888 | 660,289 |
| Accumulated depreciation at 30 June 2016 | (118,559) | (14,821) | (5,103) | (13,010) | (6,162) | (451) | (338) | - | (158,444) |
| | 380,765 | 30,388 | 17,571 | 40,752 | 22,326 | 960 | 1,195 | 7,888 | 501,845 |

Note 23 Property, infrastructure, plant and equipment (cont.)

Valuation of land and buildings

Valuation of land and buildings were undertaken by a qualified independent valuer, Hayley Drummond AAPI, Municipal Valuer. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

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

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2016 are as follows:

| | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
|-----------------------------|-------------------|-------------------|-------------------|
| Land - non-specialised | - | 46,395 | - |
| Land - specialised | - | - | 23,701 |
| Buildings - non-specialised | - | 43,159 | - |
| Buildings - specialised | - | - | 33,675 |
| Buildings - heritage | - | - | 294 |
| Total | - | 89,554 | 57,670 |

Valuation of infrastructure

Valuation of infrastructure assets has been determined under the supervision of Ron Witteveen, Dip (Civil Engineering) Grad Dip (Industrial Management) Coordinator Engineering Planning. 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 2016 are as follows:

| | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
|--|-------------------|-------------------|-------------------|
| Roads | - | - | 380,765 |
| Bridges | - | - | 30,388 |
| Footpaths and cycleways | - | - | 17,571 |
| Drainage | - | - | 40,752 |
| Recreational, leisure and community facilities | - | - | 22,326 |
| Parks, open space and streetscapes | - | - | 960 |
| Other infrastructure | - | - | 1,195 |
| Total | - | - | 493,957 |

Note 23 Property, infrastructure, plant and equipment (cont.)

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 30% and 85%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$5 and \$195 per square metre.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$1,100 to \$2,200 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 40 years to 60 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

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

Reconciliation of specialised land

| | 2016 \$'000 | 2015 \$'000 |
|-------------------------------|----------------|----------------|
| Land under roads | 5,391 | 4,811 |
| Landfill | 3,311 | 3,483 |
| Other | 14,999 | 15,126 |
| Total specialised land | 23,701 | 23,420 |

Note 24 Investment property

| | 2016 \$'000 | 2015 \$'000 |
|---|----------------|----------------|
| Balance at beginning of financial year | 4,215 | 4,215 |
| Additions | - | - |
| Fair value adjustments | 187 | - |
| Balance at end of financial year | 4,402 | 4,215 |

Valuation of investment property

Valuation of investment property has been determined in accordance with an independent valuation by the Municipal Valuer, Hayley Drummond AAPI, who has recent experience in the location and category of the property being valued. The valuation is at fair value, based on the current market value for the property.

Note 25 Intangible assets

| | Software \$'000 |
|--|--------------------|
| Carrying amount at 1 July 2015 | 2,233 |
| Accumulated amortisation at 1 July 2015 | (604) |
| | <u>1,629</u> |
| Movements in carrying amount | |
| Additions | 23 |
| Amortisation expense | (447) |
| | <u>(424)</u> |
| Carrying amount at 30 June 2016 | 2,256 |
| Accumulated amortisation at 30 June 2016 | (1,051) |
| | <u>1,205</u> |

Note 26 Trade and other payables

| | 2016 \$'000 | 2015 \$'000 |
|---------------------------------------|----------------|----------------|
| Trade payables | 4,325 | 1,643 |
| Accrued expenses | 1,519 | 2,844 |
| Other payables | 206 | 189 |
| Total trade and other payables | <u>6,050</u> | <u>4,676</u> |

Note 27 Other current liabilities

| | 2016 \$'000 | 2015 \$'000 |
|--|----------------|----------------|
| Fire services levy | 305 | 316 |
| Prepaid income | 270 | 241 |
| Trust funds and deposits | 2,326 | 2,416 |
| Total other current liabilities | 2,901 | 2,973 |

Purpose and nature of items

Trust funds and 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. This account also includes retention amounts; Council has a contractual right to retain certain amounts until a contractor has met certain requirements or a related warrant or defect period has elapsed. Subject to the satisfactory completion of the contractual obligations, or the elapsing of time, these amounts will be paid to the relevant contractor in line with Council's contractual obligations.

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

Note 28 Provisions

| | Employee \$'000 | Landfill restoration \$'000 | Other \$'000 | Total \$'000 |
|---|--------------------|-----------------------------------|-----------------|-----------------|
| 2016 | | | | |
| Balance at beginning of the financial year | 6,651 | 5,688 | 87 | 12,426 |
| Additional provisions | 2,518 | 1 | - | 2,519 |
| Amounts used | (2,180) | (414) | (87) | (2,681) |
| Increase in the discounted amount arising because of time and the effect of any change in the discount rate | 82 | 389 | - | 471 |
| Balance at the end of the financial year | 7,071 | 5,664 | - | 12,735 |
| 2015 | | | | |
| Balance at beginning of the financial year | 5,936 | 4,792 | 86 | 10,814 |
| Additional provisions | 2,720 | 1,205 | 1 | 3,926 |
| Amounts used | (2,084) | (478) | - | (2,562) |
| Increase in the discounted amount arising because of time and the effect of any change in the discount rate | 79 | 169 | - | 248 |
| Balance at the end of the financial year | 6,651 | 5,688 | 87 | 12,426 |

Note 28 Provisions (cont.)

| | 2016 \$'000 | 2015 \$'000 |
|---|----------------|----------------|
| (a) Employee provisions | | |
| <i>Current provisions expected to be wholly settled within 12 months</i> | | |
| Annual leave | 1,678 | 1,468 |
| Long service leave | 2,100 | 1,971 |
| | <u>3,778</u> | <u>3,439</u> |
| <i>Current provisions expected to be wholly settled after 12 months</i> | | |
| Annual leave | 173 | 238 |
| Long service leave | 2,332 | 2,213 |
| | <u>2,505</u> | <u>2,451</u> |
| Total current provisions | <u>6,283</u> | <u>5,890</u> |
| <i>Non-current</i> | | |
| Long service leave | 788 | 761 |
| Annual leave | - | - |
| Total non-current provisions | <u>788</u> | <u>761</u> |
| Aggregate carrying amount of employee provisions: | | |
| Current | 6,283 | 5,890 |
| Non-current | 788 | 761 |
| Total aggregate carrying amount of employee provisions | <u>7,071</u> | <u>6,651</u> |
| The following assumptions were adopted in measuring the present value of employee benefits: | | |
| Weighted average increase in employee costs | 4.13% | 4.44% |
| Weighted average discount rates | 1.90% | 2.73% |
| Weighted average settlement period | 38 mths | 40 mths |
| (b) Landfill restoration | | |
| Current | 1,511 | 2,615 |
| Non-current | 4,153 | 3,073 |
| Total landfill restoration | <u>5,664</u> | <u>5,688</u> |
| The following assumptions were adopted in measuring the present value of landfill rehabilitation: | | |
| Weighted average increase in costs | 2.50% | 2.50% |
| Weighted average discount rates | 1.99% | 3.03% |
| Weighted average settlement period | 8 yrs | 7 yrs |
| (c) Land sale rebates | | |
| Current | - | 87 |
| Total land sale rebates | <u>-</u> | <u>87</u> |

Note 29 Interest-bearing loans and borrowings

| | 2016 \$'000 | 2015 \$'000 |
|---|----------------|----------------|
| Current | | |
| Borrowings - secured | 366 | 343 |
| | <u>366</u> | <u>343</u> |
| Non-current | | |
| Borrowings - secured | 8,300 | 6,266 |
| | <u>8,300</u> | <u>6,266</u> |
| Total interest-bearing loans and borrowings | <u>8,666</u> | <u>6,609</u> |
| a) The maturity profile for Council's borrowings is: | | |
| Not later than one year | 366 | 343 |
| Later than one year and not later than five years | 5,593 | 5,667 |
| Later than five years | <u>2,707</u> | <u>599</u> |
| Total interest-bearing loans and borrowings | <u>8,666</u> | <u>6,609</u> |

The borrowings are secured by a charge over the rates of Council.

Note 30 Reserves

| | Balance at beginning of reporting period \$'000 | Increment (decrement) \$'000 | Balance at end of reporting period \$'000 |
|--|--|------------------------------------|--|
| (a) Asset revaluation reserves | | | |
| 2016 | | | |
| Property | | | |
| Land | 44,751 | - | 44,751 |
| Buildings | 19,461 | - | 19,461 |
| | 64,212 | - | 64,212 |
| Infrastructure | | | |
| Roads | 225,860 | 9,730 | 235,590 |
| Kerb and channel | 9,139 | (955) | 8,184 |
| Bridges | 3,543 | 9,652 | 13,195 |
| Drainage | 25,628 | - | 25,628 |
| Footpaths | 5,966 | (2,318) | 3,648 |
| Recreational, leisure and community facilities | - | 10,661 | 10,661 |
| | 270,136 | 26,770 | 296,906 |
| Other assets | | | |
| Artwork | 250 | - | 250 |
| Equity in North Central Goldfields Library | 149 | - | 149 |
| Assets held for sale | 29 | - | 29 |
| | 428 | - | 428 |
| Total asset revaluation reserves | 334,776 | 26,770 | 361,546 |
| 2015 | | | |
| Property | | | |
| Land | 44,751 | - | 44,751 |
| Buildings | 19,461 | - | 19,461 |
| | 64,212 | - | 64,212 |
| Infrastructure | | | |
| Roads | 225,860 | - | 225,860 |
| Kerb and channel | 9,139 | - | 9,139 |
| Bridges | 3,543 | - | 3,543 |
| Footpaths | 5,966 | - | 5,966 |
| Drainage | 25,628 | - | 25,628 |
| | 270,136 | - | 270,136 |
| Other assets | | | |
| Artwork | 250 | - | 250 |
| Equity in North Central Goldfields Library | 149 | - | 149 |
| Assets held for sale | 29 | - | 29 |
| | 428 | - | 428 |
| Total asset revaluation reserves | 334,776 | - | 334,776 |

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

Note 30 Reserves (cont.)

| | Balance at beginning of reporting period \$'000 | Transfer from accumulated surplus \$'000 | Transfer to accumulated surplus \$'000 | Balance at end of reporting period \$'000 |
|--|--|---|---|--|
| (b) Other reserves | | | | |
| 2016 | | | | |
| Asset conversion | 199 | 394 | (423) | 170 |
| Car parking* | 20 | 25 | - | 45 |
| Commercial development | 2,820 | 86 | - | 2,906 |
| Community facilities* | 366 | - | (57) | 309 |
| Debt repayment | 305 | 818 | - | 1,123 |
| Drainage* | 297 | 22 | - | 319 |
| Footpaths* | 244 | - | (83) | 161 |
| Gisborne development plan* | 605 | 20 | - | 625 |
| Gravel pit operations | 540 | 47 | (629) | (42) |
| Hanging Rock | 447 | 43 | - | 490 |
| Landfill recovery | 339 | 188 | (487) | 40 |
| Plant replacement | 1,248 | 1,086 | (1,267) | 1,067 |
| Public open space* | 868 | 798 | (285) | 1,381 |
| Road contributions* | 342 | 113 | (156) | 299 |
| Romsey development plan* | 29 | 23 | - | 52 |
| Senior citizens accommodation maintenance* | 251 | 31 | - | 282 |
| Total other reserves | 8,920 | 3,694 | (3,387) | 9,227 |
| 2015 | | | | |
| Asset conversion | - | 199 | - | 199 |
| Car parking* | 20 | - | - | 20 |
| Commercial development | - | 2,820 | - | 2,820 |
| Community facilities* | 269 | 97 | - | 366 |
| Debt repayment | - | 305 | - | 305 |
| Drainage* | 269 | 28 | - | 297 |
| Footpaths* | 194 | 50 | - | 244 |
| Gisborne development plan* | 593 | 42 | (30) | 605 |
| Gravel pit operations | 453 | 87 | - | 540 |
| Hanging rock | 548 | 148 | (249) | 447 |
| Landfill recovery | 364 | 413 | (438) | 339 |
| Management property disposals | 2,728 | 320 | (3,048) | - |
| Plant replacement | 972 | 1,023 | (747) | 1,248 |
| Public open space* | 1,718 | 1,021 | (1,871) | 868 |
| Road contributions* | 258 | 110 | (26) | 342 |
| Romsey development plan* | 27 | 2 | - | 29 |
| Senior citizens accommodation maintenance* | 251 | - | - | 251 |
| Waste management facilities | 24 | - | (24) | - |
| Total other reserves | 8,688 | 6,665 | (6,433) | 8,920 |

* Non-discretionary reserves subject to statutory requirements and/or other agreements \$3.473m (\$3.022m 2014/15).

Note 30 Reserves (cont.)

Asset conversion—net proceeds from the sale of land for capitals works projects. (This reserve was part of the management property disposal reserve in prior years).

Car parking—developer contributions for car parking projects.

Commercial development—net proceeds from the sale of industrial/commercial for the purchase and development of land to be used for industrial/commercial purposes. (This reserve was part of the Management Property Disposal Reserve in prior years).

Community facilities—developer contributions for community infrastructure facilities.

Debt repayment—budget allocation to accumulate the required amount of funds to repay the borrowed money when it is due to be repaid.

Drainage—developer contributions for drainage works.

Footpaths—developer contributions for footpath works.

Gisborne development plan—developer contributions for capital works projects in Gisborne.

Gravel pit operations—surplus from gravel pit operations for capital works projects.

Hanging rock—surplus from Hanging Rock operations for capital works projects.

Landfill recovery—funding from rates (and previously from the former landfill recovery charge) for landfill monitoring and rehabilitation.

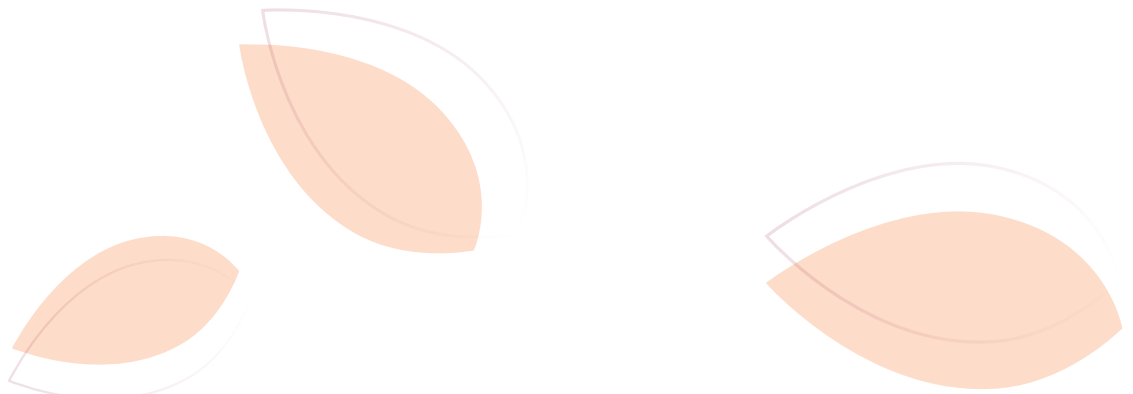
Senior citizens accommodation maintenance—resident contributions for maintenance of units.

Plant replacement—surplus from plant operations for capital replacements.

Public open space—developer contributions for open space projects.

Roads contributions—developer contributions for roads works.

Romsey development plan—developer contributions for capital works projects in Romsey.



Note 31 Reconciliation of cash flows from operating activities to surplus/(deficit)

| | 2016 \$'000 | 2015 \$'000 |
|--|----------------|----------------|
| Surplus/(deficit) for the year | 8,990 | 10,010 |
| Depreciation/amortisation | 12,419 | 13,492 |
| Profit/(loss) on disposal of property, infrastructure, plant and equipment | 1,341 | 2,335 |
| Fair value adjustments for assets held for sale | 53 | - |
| Fair value adjustments for investment property | (187) | - |
| Contributions - non-monetary assets | (6,199) | (7,404) |
| Share of net profits/losses of associates | (53) | (55) |
| Borrowing costs | 323 | 277 |
| Change in assets and liabilities: | | |
| (Increase)/decrease in trade and other receivables | 512 | 400 |
| (Increase)/decrease in prepayments | (134) | (23) |
| (Increase)/decrease in accrued income | (285) | 98 |
| (Increase)/decrease in inventories | 1 | - |
| Increase/(decrease) in trade and other payables | 844 | 108 |
| Increase/(decrease) in other liabilities | (72) | 298 |
| Increase/(decrease) in provisions | 309 | 1,612 |
| Net cash provided by/(used in) operating activities | 17,862 | 21,148 |

Note 32 Financing arrangements

| | 2016 \$'000 | 2015 \$'000 |
|--------------------------|----------------|----------------|
| Credit card facilities | 50 | 50 |
| Total facilities | 50 | 50 |
| Used facilities | (13) | (8) |
| Unused facilities | 37 | 42 |

Note 33 Commitments

The Council has entered into the following commitments

| | Not later than 1 year \$'000 | Later than 1 year and not later than 2 years \$'000 | Later than 2 years and not later than 5 years \$'000 | Later than 5 years \$'000 | Total \$'000 |
|--|------------------------------------|--|---|---------------------------------|-----------------|
| 2016 | | | | | |
| Operating | | | | | |
| Building security | 15 | - | - | - | 15 |
| Cleaning contracts for Council buildings | 265 | 199 | 201 | - | 665 |
| Consultancies | 60 | 60 | 60 | - | 180 |
| Housing management | 116 | 116 | 348 | - | 580 |
| Software support | 114 | 114 | 114 | - | 342 |
| Waste Collection | 1,587 | 1,611 | 409 | - | 3,607 |
| Total | 2,157 | 2,100 | 1,132 | - | 5,389 |
| Capital | | | | | |
| Buildings | 152 | - | - | - | 152 |
| Roads | 207 | - | - | - | 207 |
| Drainage | 432 | - | - | - | 432 |
| Recreational, leisure and community | 1,115 | - | - | - | 1,115 |
| Parks, open space and streetscapes | 15 | 20 | - | - | 35 |
| Total | 1,921 | 20 | - | - | 1,941 |
| 2015 | | | | | |
| Operating | | | | | |
| Building security | 30 | 30 | - | - | 60 |
| Cleaning contracts for Council buildings | 382 | 267 | 546 | - | 1,195 |
| Consultancies | 60 | 60 | 120 | - | 240 |
| Open space management | 44 | - | - | - | 44 |
| Software support | 94 | 94 | 147 | - | 335 |
| Waste Collection | 1,563 | 397 | - | - | 1,960 |
| Total | 2,173 | 848 | 813 | - | 3,834 |
| Capital | | | | | |
| Buildings | 3,963 | - | - | - | 3,963 |
| Roads | 257 | - | - | - | 257 |
| Recreational, leisure and community | 675 | - | - | - | 675 |
| Parks, open space and streetscapes | 15 | 15 | 20 | - | 50 |
| Total | 4,910 | 15 | 20 | - | 4,945 |

Note 34 Operating leases

| | 2016 \$'000 | 2015 \$'000 |
|--|----------------|----------------|
| (a) Operating lease commitments | | |
| At the reporting date, Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities): | | |
| Not later than one year | 674 | 673 |
| Later than one year and not later than five years | 2,311 | 1,526 |
| Later than five years | 712 | 962 |
| Total operating lease commitments | 3,697 | 3,161 |

b) Operating lease receivables

Council has entered into commercial property leases on its investment property, consisting of surplus freehold office complexes. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 15 years. All leases include a CPI based revision of the rental charge annually.

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

| | | |
|---|------------|------------|
| Not later than one year | 79 | 95 |
| Later than one year and not later than five years | 208 | 266 |
| Later than five years | 161 | 210 |
| Total operating lease receivables | 448 | 571 |

Note 35 Superannuation

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

Accumulation

The Fund's accumulation categories, Vision MySuper/ Vision Super Saver, receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2016, this was 9.5% as required under Superannuation Guarantee legislation).

Defined Benefit

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

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to

specific employers is when a call is made. As a result, the level of participation of Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding arrangements

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

As at 30 June 2015, 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 105.8%. To determine the VBI, the fund Actuary used the following long-term assumptions:

- Net investment returns 7.0% pa
- Salary information 4.25% pa
- Price inflation (CPI) 2.5% pa.

Vision Super has advised that the estimated VBI at 30 June 2016 was 102.0%. The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 2015 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.

Note 35 Superannuation (cont.)

Employer contributions

Regular contributions

On the basis of the results of the 2015 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 2016, this rate was 9.5% of members' salaries (9.5% in 2014/15). This rate will increase in line with any increase to the contribution rate. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

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.

2015 Interim actuarial investigation surplus amounts

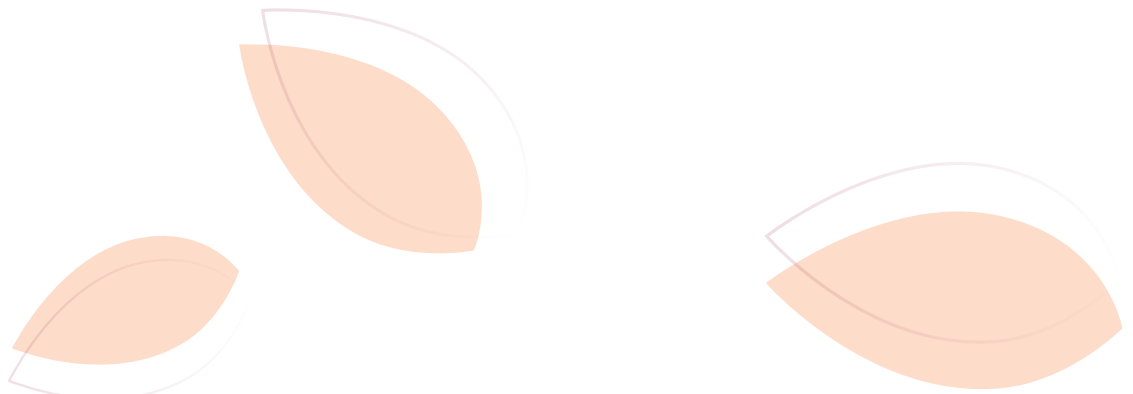
The Fund's interim actuarial investigation as at 30 June 2015 identified the following in the defined benefit category of which Council is a contributing employer:

- A VBI surplus of \$130.8 million; and
- A total service liability surplus of \$239 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2015. The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses. Council was notified of the 30 June 2015 VBI during August 2015.

Future superannuation contributions

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2017 is \$194,000.



Note 36 Contingent liabilities and contingent assets

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined in Note 35. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists. At this point in time it is not known if additional contributions will be required, their timing or potential amount.

Guarantees for loans to other entities

Council has guaranteed a loan taken out by the Romsey Junior Football Club incorporated. The original loan (and extent of possible Council exposure) was \$17,300. At balance date the outstanding balance is \$12,325.

Council has guaranteed a loan taken out by the Romsey Football Netball Club incorporated. The original loan (and extent of possible Council exposure) was \$17,500. At balance date the outstanding balance is \$12,468.

Both of the loans above relate to Club contributions to the construction of oval lighting.

Contingent assets

Council expenditure in relation to natural disasters can be reimbursed by the State Government if certain criteria have been met. As at 30 June 2016 Council had incurred \$384k of expenditure in relation to bushfires that had not been submitted to the State Government. As these claims are subject to approval by the State Government they have not been included in income and have been listed as a contingent asset. The claims will be submitted in 2016/17.

Note 37 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 the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. The Council's exposures to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Our interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us 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 some exposure to cash flow interest rate risk through its cash and term deposits that are at market rates.

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

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

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

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

(c) Credit risk

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

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

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

Note 37 Financial Instruments (cont.)

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

We may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 36.

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

(d) Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements or we will not have sufficient funds to settle a transaction when required, we will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council has:

- a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained
- readily accessible standby facilities and other funding arrangements in place
- a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments
- monitored budget to actual performance on a regular basis
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 36, 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 29.

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

(e) Fair value

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

Fair value hierarchy

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

(f) Sensitivity disclosure analysis

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

- A parallel shift of + 1% and -1% in market interest rates (AUD) from year-end rates of 2.43%.

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

Note 38 Related party transactions

(i) Responsible Persons

Names of persons holding the position of a Responsible Person at the Council at any time during the year are:

Councillors

| | | |
|------------------------------|--------------------------|----------------------------------|
| Councillor Jennifer Anderson | 01/07/2015 - 30/06/2016 | (Mayor to 18/11/2015) |
| Councillor Roger Jukes | 01/07/2015 - 30/06/2016 | |
| Councillor John Connor | 01/07/2015 - 30/06/2016 | |
| Councillor Graham Hackett | 01/07/2015 - 30/06/2016 | (Mayor 18/11/2015 to 30/06/2016) |
| Councillor John Letchford | 01/07/2015 - 30/06/2016 | |
| Councillor Henry McLaughlin | 01/07/2015 - 30/06/2016 | |
| Councillor Russell Mowatt | 01/07/2015 - 30/06/2016 | |
| Councillor Sally Piper | 01/07/2015 - 30/06/2016 | |
| Councillor Ian Ellis | 01/07/2015 to 30/06/2016 | |

Chief Executive Officer

Peter Johnston

(ii) Remuneration of responsible persons

The numbers of Responsible Persons whose total remuneration from Council and any related entities, excluding retirement benefits, fall within the following bands:

| | 2016 No. | 2015 No. |
|---|------------------------|------------------------|
| \$1 - \$9,999 | - | 1 |
| \$10,000 - \$19,999 | - | 1 |
| \$20,000 - \$29,999 | 7 | 6 |
| \$30,000 - \$39,999 | - | 1 |
| \$50,000 - \$59,999 | 1 | 1 |
| \$80,000 - \$89,000 | 1 | - |
| \$290,000 - \$299,999 | - | 1 |
| \$310,000 - \$319,999 | 1 | - |
| | <u>10</u> | <u>11</u> |
| | 2016 \$'000 | 2015 \$'000 |
| Total Remuneration for the reporting year for Responsible Persons included above amounted to: | 629 | 559 |

Note 38 Related party transactions (cont.)

(iii) Senior officers remuneration

A Senior Officer other than a Responsible Person, is an officer of Council who:

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$139,000

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

| | 2016 No. | 2015 No. |
|-----------------------|-------------|-------------|
| Income Range: | | |
| Less than \$139,999 | - | 6 |
| \$140,000 - \$149,999 | 7 | 3 |
| \$150,000 - \$159,999 | 4 | 2 |
| \$180,000 - \$189,999 | - | 1 |
| \$190,000 - \$199,999 | 1 | - |
| \$200,000 - \$209,999 | 1 | 1 |
| \$210,000 - \$219,999 | 2 | 2 |
| | 15 | 15 |

| | 2016 \$'000 | 2015 \$'000 |
|---|----------------|----------------|
| Total Remuneration for the reporting year for Senior Officers included above, amounted to | 2,465 | 2,376 |

(iv) Responsible persons retirement benefits

No amounts were paid in respect to the retirement of a responsible person in 2015/16 (2014/15, \$0).

(v) Loans to responsible persons

No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2014/15, \$0).

(vi) Transactions with responsible persons

During the period Council entered into the following transactions with responsible persons or related parties of responsible persons.

Council purchased services from Bridgestone Kyneton amounting to \$74,422 during 2015/16 (\$47,103 during 2014/15). During this time Cr Roger Jukes was the owner of this business. All purchases were at arms length and were in the normal course of Council's operations. As at 30 June 2016 an amount of \$2,942 was owed by Council to Bridgestone Kyneton (\$0 as at 30 June 2015).

Note 39 Events occurring after balance date

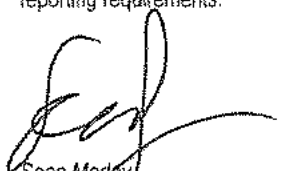
No matters have occurred after balance date that require disclosure in the financial report.

Certification of the Financial Statements

Macedon Ranges Shire Council
2015/2016 Financial Report

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.



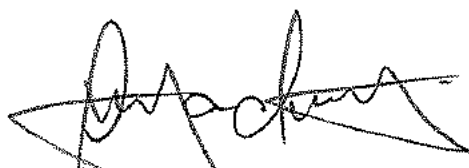
Sean Morley
Principal Accounting Officer

Date: 23/09/16
Kyneton

In our opinion the accompanying financial statements present fairly the financial transactions of Macedon Ranges Shire Council for the year ended 30 June 2016 and the financial position of Council as at that date.

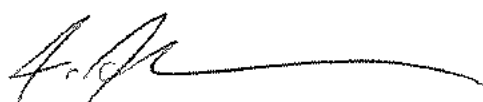
As at the date of signing, we are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

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



Graham Hackett
Councillor

Date: 23/09/16
Kyneton



Jennifer Anderson
Councillor

Date: 23/09/16
Kyneton



Peter Johnston
Chief Executive Officer

Date: 23/09/16
Kyneton

Independent Auditor's Report—Financial Report

VAGO

Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000

Telephone 61 3 8601 7000
Facsimile 61 3 8601 7010

Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Macedon Ranges Shire Council

The Financial Report

I have audited the accompanying financial report for the year ended 30 June 2016 of the Macedon Ranges Shire Council which comprises the comprehensive income statement, balance sheet, statement of changes in equity, statement of cash flows, statement of capital works, notes comprising a summary of the significant accounting policies and other explanatory information, and the certification of the financial statements.

The Councillors' Responsibility for the Financial Report

The Councillors of the Macedon Ranges Shire Council are responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.

The Councillors are responsible for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994* and the *Local Government Act 1989*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Councillors, as well as evaluating the overall presentation of the financial report.

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

Independent Auditor's Report (continued)

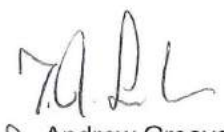
Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, I and my staff and delegates complied with the applicable independence requirements of the Australian Auditing Standards and relevant ethical pronouncements.

Opinion

In my opinion the financial report presents fairly, in all material respects, the financial position of the Macedon Ranges Shire Council as at 30 June 2016 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.

MELBOURNE
26 September 2016


R. Andrew Greaves
Auditor-General

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Fast Facts

Council manages and maintains:



62 playgrounds



23 sportsgrounds



128 bridges



1,700km roads



167km footpaths



8 indoor sports courts



4 aquatic centres and outdoor pools



19 school crossings



8 kindergartens



4 libraries



7 maternal and child health centres



4 customer service centres

Macedon Ranges Shire Council

All mail and tenders to:
PO Box 151, Kyneton VIC 3444

Tel: (03) 5422 0333

Fax: (03) 5422 3623

Email: mrsc@mrsc.vic.gov.au

Website: mrsc.vic.gov.au

Administration Centres

Kyneton, 129 Mollison Street

Gisborne, 40 Robertson Street

Service Centres

Romsey Community Hub, 96–100 Main Street

Woodend Library, Corner High and Forest streets

Kyneton Town Hall–Box Office

Tel: 1300 888 802

Visitor Information Centres

Woodend Tel: (03) 5427 2033

Kyneton Tel: (03) 5422 6110

To reduce environmental impact, this report is printed on 100% recycled paper and a limited number of printed copies have been produced. Residents are encouraged to access the report from Council's website.

