

Annual Report 2018/19



**Macedon
Ranges**
Shire Council

Acknowledgement of Country

Macedon Ranges Shire Council acknowledges the Dja Dja Wurrung, Taungurung and Wurundjeri Peoples as the Traditional Owners of the land and pays respect to their Elders past, present and emerging.

About this Annual Report

This Annual Report informs our community of our performance for the financial year (1 July 2018 to 30 June 2019). It provides you with details of our operations, achievements and challenges.

Performance is measured against how well we achieved our goals and objectives outlined in the Council Plan 2017–27 (Year Two), which incorporates the Health and Wellbeing Plan.

Photos: Chloe Smith Photography and Kim Selby Photography

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A message from the Mayor and CEO

Cr Janet Pearce Mayor

In November last year I was honoured to be elected as Mayor, and I thank my fellow Councillors for their support.



Among the personal highlights for me in the past year was representing Macedon Ranges at the signing of a new five-year sister city agreement between the shire and Tokai City in Japan. This was a doubly special occasion as it also marked 50 years since Tokai City became a municipality.

Advocating on behalf of the community is a key part of my role, and I was pleased to be able to engage directly with the Australian Government to develop national policy on important issues such as the ongoing waste crisis and telecommunications at the Australian Local Government Association National Assembly in Canberra. It was also an opportunity to advocate for funding and support for our major projects such as the Macedon Ranges Regional Sports Precinct and the *Hanging Rock Strategic Plan*.

Council has adopted a range of key documents this year, including the *Macedon Ranges Biodiversity Strategy*, the *Visitor Economy Strategy* and the *Heritage Study: Woodend, Lancefield, Macedon and Mount Macedon*. These have joined the suite of documents which build on the vision, themes and priorities of our Council Plan and will underpin our long-term strategic planning and future advocacy efforts.

We have had many productive partnerships in the last 12 months, including working with the Department of Environment, Land, Water and Planning (DELWP) on a 50-year strategic plan for the Hanging Rock precinct and formulating a statement of planning policy that responds to the *Planning and Environment Amendment (Distinctive Areas and Landscapes) Act 2018* which recognises the Macedon Ranges as a special and significant area.

It has been a most enjoyable year for both Councillors and Council staff in working with the community to continue to deliver on our Council Plan themes of liveability, efficiency and sustainability.

Margot Stork Chief Executive Officer

My first full year as Chief Executive Officer has been an exciting one, working with Councillors and staff to deliver great outcomes for our community.



We've worked on a number of exciting new initiatives, including beginning the development of Council's first Reconciliation Action Plan. This plan will build a deeper understanding of, and responsibility towards reconciliation. We've also received funding from the Victorian Government to focus on gender equality in our workplace, to ensure our culture and policies reflect our commitment to gender equality and inclusion.

Once again we have worked closely with fellow councils, and state and federal governments on a number of key policies and initiatives which will have a long-term impact on our shire. One of these initiatives is the Loddon Mallee Regional Partnership project *Healthy Heart of Victoria*, which aims to improve health and wellbeing in the region.

We've worked with our Councillors to continue to deliver the actions guided by our *Council Plan 2017–2027*, which was developed following extensive community consultation.

We have looked to deliver these actions in sustainable, fiscally responsible and innovative ways, balancing external factors and cost pressures against the increasing demand by our residents and ratepayers for better services.

This year our staff joined together to devise our new organisational values, which are honesty, respect, accountability, working together and innovation.

We all endeavour to live these values each day, delivering on our Council Plan vision to work in partnership with the community to protect and enhance life across the Macedon Ranges.

I am extremely proud of the work we have done in the past year to deliver projects and initiatives to benefit our community. Thank you to our talented staff for their hard work and dedication, and to the Councillors for their ongoing support.

Our framework

Our vision demonstrates the importance we place on listening to our community, the emphasis on life in its various forms, and how we choose to live in the Macedon Ranges.

Based on our communities' feedback we have identified three themes that represent their needs. The themes are aligned with each of the five priorities and link annual actions back to our vision.

Vision

In partnership with the community, protect and enhance life across the Macedon Ranges.

Themes

Liveability:

strengthen community resilience, inclusion, safety, accessibility and connectivity; protect our natural environment, heritage and rural character.

Efficiency:

smart service delivery, asset management and resource allocation.

Sustainability:

consider and respect the needs of current and future generations in all we do.

Priorities

Promote
health and
wellbeing

Protect
the natural
environment

Improve
the built
environment

Enhance the social
and economic
environment

Deliver strong
and reliable
government

We will achieve our vision by:

- working in partnership with the community
- using clear, meaningful consultation and engagement practices
- demonstrating sound financial management
- following good governance processes
- making decisions based on evidence
- demonstrating responsible and respectful leadership across all activities
- creating and maintaining a culture of innovation
- advocating to other levels of government and key stakeholders
- allocating resources equitably and sustainably
- using available digital technology to improve our practices.

Our liveable shire

About us

Covering an area of approximately 1,747 square kilometres, the Macedon Ranges Shire is located in central Victoria, about one hour drive north-west of Melbourne. It is a semi-rural municipality known for its beautiful natural landscapes. The shire is on the countries of the Dja Dja Wurrung, Taungurung and Wurundjeri Peoples.

The Macedon Ranges Shire has an estimated resident population of 49,388 people (as at 30 June 2018). There are nine main towns and a number of smaller settlements spread throughout, with the largest towns being Gisborne, Kyneton, Romsey and Woodend. About 35 per cent of people in the Macedon Ranges live outside a town boundary in a rural setting. According to recent census data, Macedon Ranges has a higher proportion of residents in the younger age groups (0–17 years) and lower proportion of people in the older age groups compared to regional Victoria. However the number of residents in post-retirement age is increasing as the population ages.

By 2036, the population of the shire is projected to reach 65,405 residents (Source: .id, November 2017). Population growth is projected in all age groups, however will be particularly strong in the older age groups.

The Calder Freeway and northern rail line run the length of the west side of the shire. More than 50 per cent of our working residents travel outside of the area to work; with most of these travelling to Melbourne.

Industries providing local employment in the shire include health care and social assistance, education and training, retail trade, agriculture, forestry and fishing. Tourism is also acknowledged as an important and growing industry.

The Australian Bureau of Statistics' (ABS) SEIFA Index of Relative Socio-Economic Disadvantage indicates the shire as a whole has a relatively low level of disadvantage; however there are pockets of disadvantage, for example, in and around the townships of Kyneton, Lancefield and Romsey.

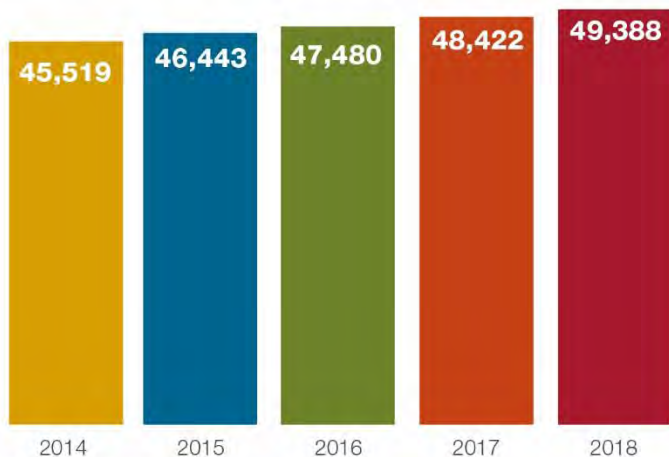


Our liveable shire

The Macedon Ranges Shire is renowned for its semi-rural lifestyle, beautiful natural landscapes, historic towns and architecture, gourmet food and wine, and vibrant community life.

Population growth over past five years

Year ending 30 June



*As at 30 June 2018



Top five languages spoken at home

(other than English, which is the highest)



26%

of people **volunteer** through an **organisation** or **group**

62 people from **18** countries became **citizens** at **4** ceremonies



4.1%

of the population need help in their day-to-day lives due to **disability**

Population age breakdown

2%

Population growth in 2018 to 49,388



- Under 18 years 25%
- 18-34 years 15%
- 35-54 years 29%
- 55-74 years 25%
- 75 plus years 6%

Our liveable shire

Household type

Total number of households: 16,766

Average number of people: 2.65

Most likely to be: a 3 bedroom house



35.3%

of people live in a **rural setting**
(outside a town boundary)

64.7%

of people live in a **township**

Our infrastructure

Council maintains:

- 852 km** of sealed roads
- 808 km** of unsealed roads
- 325 km** of kerb and channel
- 203 km** of footpaths
- 143** bridges and culverts
- 62** foot bridges
- 266 km** of underground stormwater pipes
- 10,224** stormwater pits

Our recreation facilities

Council maintains:

- 38** parks, gardens and reserves
- 24** sports grounds
- 61** playgrounds
- 73** tennis courts
- 6** skate parks
- 4** aquatic facilities
- 6** indoor stadiums

There were **22,894** rateable properties as at 30 June 2019, an **increase of 1.4%** on the previous year, and **7.8%** over the last five years



Financial snapshot

Council's financial position remains sound overall.

- Underlying income is improving and the increases in operating expenditure continue to be at modest levels.
- \$22.61 million was spent on capital works, which is the highest level of capital works expenditure recorded by Council. However, while the capital spend was high, there are a number of projects originally planned for 2018/19 that were in progress at the end of the financial year that will now be completed in 2019/20.
- Borrowings have decreased and remain at affordable levels. A large debt repayment is scheduled in 2019/20.

The following table outlines some of the key financial numbers and indicators from the financial statements.

Item and related financial statement	2018/19	2017/18
Total income (Income statement)	\$91.466m	\$86.569m
Total operating expenditure (Income statement)	\$73.714m	\$70.500m
Surplus (Income statement)	\$17.752m	\$16.069m
Assets (Balance sheet)	\$1,150.119m	\$1,076.187m
Liabilities (Balance sheet)	\$32.598m	\$31.289m
Capital expenditure (Statement of capital works)	\$22.605m	\$19.953m
Loans and borrowing ratio (Performance statement)	18.88%	21.26%
Working capital ratio (Performance statement)	205.23%	248.31%
Asset renewal ratio (Performance statement)	89.80%	94.42%
Adjusted underlying result (Performance statement)	7.58%	5.76%

Economic factors

In 2018/19, interest rates and CPI increases remained at low levels. This resulted in lower increases in some expenditure categories due to lower inflation, however it should be noted that most of Council's expenditure is on salaries and construction costs that are not directly tied to CPI.

As noted in the 2017/18 annual report, there were increases in construction costs across Melbourne and regional Victoria towards the end of last financial year. The higher costs continued into 2018/19 impacting Council building-related projects.

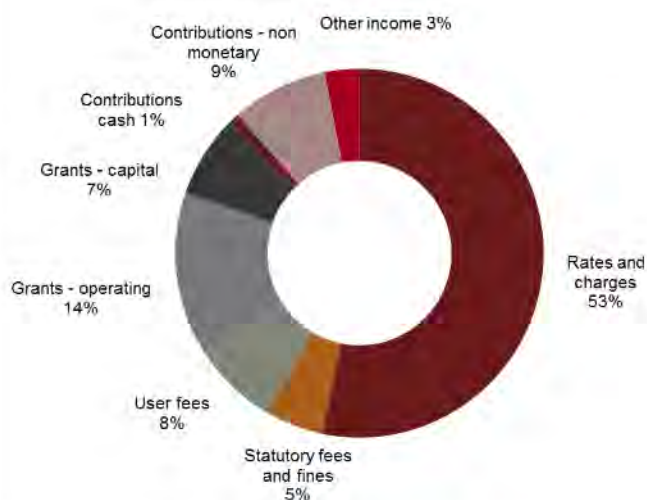
As a result of the lower interest rates, returns on Council investments were also lower, however the impact on income was offset by a higher than expected level of funds invested.

Financial snapshot

Income

We receive income from a variety of sources. The adjacent graph provides a breakdown of key income sources.

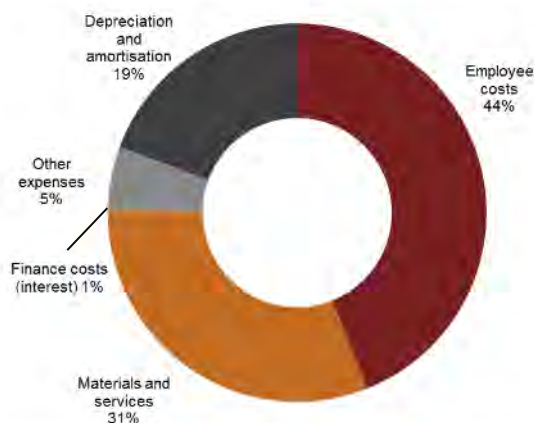
Income increased by \$4.90 million in 2018/19 mainly due to higher level of rates and charges as a result of budgeted increases to fund the higher cost of services and capital works. In addition, the number of properties in the shire is growing which contributes to the higher income from rates. Government grants also increased this year compared to 2017/18.



Operating expenses

Our operating expenditure is mainly made up of the cost of employees and contractors who deliver our services. The adjacent graph provides a breakdown of key expenditure categories.

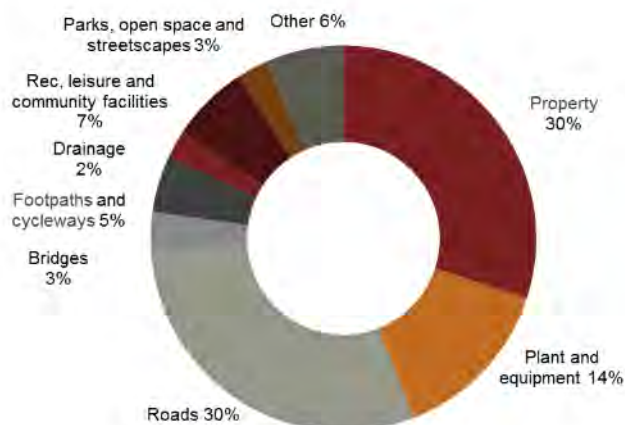
Operating expenses increased by \$3.21 million in 2018/19. As this increase is lower than income growth, our underlying surplus improved allowing more funds to be allocated to capital works. Employee costs increased in line with pay rises from the enterprise bargaining agreement, and staff numbers increased overall due to higher service demand. Consultant costs were also higher in 2018/19 mainly due to strategic planning projects. The level of project expenditure varies from year to year depending on priorities.



Capital works expenditure

Capital works expenditure relates to renewing and upgrading our existing assets and constructing new assets. The adjacent graph provides a breakdown of key capital expenditure categories.

Capital works expenditure for the year totalled \$22.61 million, an increase of \$2.65 million compared to 2017/18. The capital expenditure for 2018/19 is the highest recorded by Council. This included significant works completed at several of our facilities across the shire including the Gilbert Gordon Oval pavilion (\$1.29 million), Kyneton Town Hall heating and cooling (\$1.14 million), Kyneton Tennis Courts (\$0.61 million), Romsey Early Learning Centre (\$0.59 million) and Riddells Creek Early Learning Centre (\$0.41 million).



Financial snapshot

Assets and liabilities (Balance sheet)

The balance sheet shows what we own as assets and what we owe as liabilities. The net of assets less liabilities is total equity and is an accumulation over time of the net worth of Council.

Our assets increased by \$73.93 million during 2018/19 which was mainly due to a revaluation of land, roads, and kerb and channel. We also had \$7.75 million of assets transferred to us following the completion of new subdivisions. Cash and investments were also higher due to grants received in advance late in the financial year, and lower than planned capital expenditure. A number of capital projects that were in progress at the end of the year will be completed in 2019/20.

Our debt ratios improved as no new borrowings were taken up during the year and some debt was repaid. We plan to repay a large loan in 2019/20 which will improve our debt ratios further. This large repayment has been classified as a current liability in 2018/19 which has had the effect of reducing our working capital ratio.



Hanging Rock snapshot

Fast facts

- 123,234 visitors to Hanging Rock Reserve—a small increase on 2017/18 following many years of substantial increased growth in visitor numbers
- Events—eight events attended by 19,876 people
- Night walks—seven walks attended by 150 people
- Guided tours—26 walks attended by 900 people
- 100 shelter bookings—increased by 13.7 per cent from 2017/18
- 35.5 per cent increase in direct visits to the Hanging Rock webpage at visitmacedonranges.com



Highlights

Adoption of the *Hanging Rock Strategic Plan*.

The Victorian Government committed another two years of funding (\$125,000 in 2018/19 and \$250,000 in 2019/20) to enhance and maintain the reserve. The following works were undertaken in line with the *Hanging Rock Reserve Environmental Management Plan*:

- Pest animal and weed control activities were continued.
- Development of a grassland management plan commenced.
- 5,500 plants were planted during a revegetation program in May/June 2019. This built on previous plantings within the core conservation and riparian zones.
- Tree protection zones were developed around 20 large significant trees. These zones were achieved by mulching and planting low-growing plants approximately five metres out from the base of large significant trees to discourage parking and picnicking, in particular within high use areas.
- In February 2019, in conjunction with Newham and District Landcare, Council reintroduced 104 Basalt Peppercress (*Lepidium hyssopifolium*) plants at Hanging Rock. The Basalt Peppercress is listed as endangered under federal environmental protection legislation. A monitoring program has been implemented, and it is hoped the species will spread throughout the reserve naturally.

Events

The Frontier Touring Company secured Elton John to perform two concerts at Hanging Rock in January 2020 on his *Farewell Yellow Brick Road* tour.

Producers of the popular television series *MasterChef* chose Hanging Rock as the destination for an outdoor challenge where contestants had three hours to prepare a picnic lunch for 200 guests in the East Paddock. The episode was filmed in early March and aired in May 2019 providing coverage both nationally and internationally.

The annual Camp Out at the Rock saw an increase of 57.5 per cent in participants from 2018. Over 350 campers braved the cool weather to spend a night under the stars in April 2019.

Other events for the year were the Craft Markets Australia events (27 October 2018, 16 March 2019), the New Year's Day and Australia Day horse racing meets, the Macedon Ranges and District Motor Club annual car show (10 February 2019), the annual outdoor screening of *Picnic at Hanging Rock* (16 February 2018), Camp Out at the Rock (6 April 2019), and Run the Rock (30 March 2019).

Hanging Rock snapshot

Improvements

- TripAdvisor's Certificate of Excellence rating was achieved for the fifth consecutive year and the rating as the number one attraction in the Macedon Ranges was maintained.
- The new proprietors of the café have completed their first year and have redecorated the dining area and introduced a new fresh, inviting menu.
- The majority of picnic tables within the reserve were replaced. Many of the original timber settings were installed at the reserve over 30 years ago and were at the end of their lifespan.

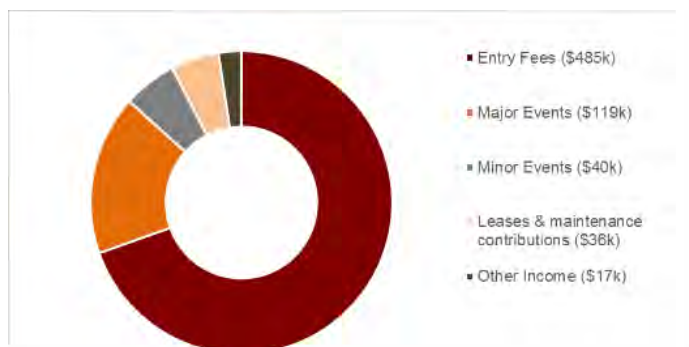
Challenges

- The koala count event was cancelled in December due to extreme weather conditions.
- The Run the Rock date was changed to minimise the chance of inclement weather that was encountered in 2018. Unfortunately the weather was cold again which meant another slight decrease in the number of attendees.
- The summit walk was closed on 29 days due to strong or damaging wind forecasts and on four days due to severe/extreme fire danger ratings.

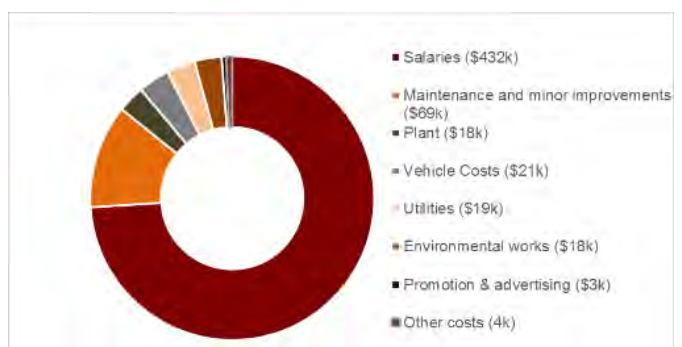
Future priorities

- Continue to work with the Victorian Government, local Traditional Owners and local Aboriginal and/or Torres Strait Islander peoples to progress implementation of the *Hanging Rock Strategic Plan*.
- The *Hanging Rock Reserve Environmental Management Plan* will continue to be implemented—this will include the ongoing monitoring of the revegetation program.
- Ongoing improvements to visitor facilities.

Income



Expenses



Our services

We are responsible for a wide range of services from family and children's services, traffic regulation, open space, youth facilities, waste management and community building; to matters concerning business development, planning for appropriate development and ensuring accountability for Council's budget. This broad range of community services and infrastructure for residents support the wellbeing and prosperity of our community.

The service costs on the following pages are direct costs and do not include costs for capital works, depreciation and some overheads.

In planning and delivering our services to the community we are guided by the vision, themes and priorities of the Council Plan 2017–2027. Our priorities are to:

- promote health and wellbeing
- protect the natural environment
- improve the built environment
- enhance the social and economic development
- deliver strong and reliable government.

Community support

Expenditure \$2.8 million

For those living with a disability, older people, their families and carers.

In providing individualised home support services and healthy ageing initiatives, we assist older residents and their carers to remain active in the community and independent in their homes. This enhances their wellbeing and quality of life.

We continue to work across the community to create opportunities for those with a disability and for older people to feel socially connected. We are partnering with organisations across the community to establish an elder abuse prevention network to raise awareness of elder abuse across the region.

Community and culture

Expenditure \$2.3 million

For residents, local artists, school students and visitors.

We coordinate an annual performing arts season, public art projects, heritage events and professional development opportunities. We also liaise with community groups to assist delivery of community cultural activities.

We offer various grant programs to support community activities, events and projects. Our staff assist community groups to achieve their aspirations through skill-building in a range of areas including marketing, governance and grant writing.

By listening to our community we develop projects that have been identified as beneficial to health and wellbeing. Creating shared community spaces, providing community education and capacity-building programs encourages community connectedness.

For young people aged 10-24 years.

We support the development of young people and help them feel socially connected by providing mental health programs, leadership opportunities, youth spaces and events.

Our services

Council and customer service

For the whole community.

Expenditure \$2.9 million

Customer service is delivered online, face-to-face at one of our service centres, or over the telephone. A range of communications and consultation channels inform and invite you, our community, to have your say on Council's strategies and projects. All Ordinary and Special Council meetings are being recorded and live streamed, and recordings are available to the public via our website.

Early years

For children up to school age and their parents/carers.

Expenditure \$4.8 million

Kindergarten: We provide high quality early childhood education programs across eight kindergartens. They include two and a half hour weekly activity groups for children aged three and above, and funded kindergarten programs for children that have turned four years old.

Our early childhood educators pride themselves on their partnerships with families as their children's first educators and involving them in their learning and development.

The Macedon Ranges Shire is a place where childhood is valued and where every child can thrive, reach their potential and actively participate in the community, now and into the future.

Maternal and child health: The maternal and child health service supports families in the areas of parenting, health and development for children from birth to school age.

Our maternal and child health nurses help parents identify ways to support a child's health, growth and development. Parenting experiences can be shared with a qualified professional who understands the journey every parent takes, and the ups and downs of raising young children.

Council also provides free immunisation programs that are set out by the National Immunisation Program, and 10 health and developmental checks for children from birth to kindergarten age.

Economic development and tourism

For residents, businesses and visitors.

Expenditure \$1.5 million

By developing and implementing tourism strategies and policies we work to raise the profile of the Macedon Ranges as a vibrant tourist destination.

We provide two accredited visitor information centres located in Woodend and Kyneton. The centres are open seven days, 9am to 5pm (excluding Christmas Day, Good Friday and from 1pm Anzac Day). Our staff and volunteers have a wealth of local knowledge about the shire and visitor opportunities to help visitors enjoy our region.

Our services

Community safety	Expenditure \$2.8 million
For the whole community	Our community safety team provides emergency preparedness advice, relief and assistance with emergency response and coordinates recovery efforts. Community health and safety is further protected when we deliver animal management and control services, supply adequate signage, manage waste and wastewater, and provide immunisation services, school crossing supervisors and notifications of infectious diseases.
Environment	Expenditure \$1.5 million
For the whole community	We manage a shire-wide weed control program, run environmental education programs and plan how we will respond to emerging environmental challenges such as climate change, water shortage, biodiversity and conservation.
Libraries	Expenditure \$1.5 million
For the whole community	<p>Council partners with the City Of Greater Bendigo, Loddon Shire Council and Mt Alexander Shire Council to deliver this shared service through the Goldfields Library Corporation. In addition to the library's physical collection and online resources, a program of activities and events is provided throughout the year.</p> <p>Library services in the Macedon Ranges Shire are provided at four locations (Gisborne, Kyneton, Romsey and Woodend). Libraries promote literacy and lifelong learning and offer vibrant spaces for people to gather.</p>
Parks and gardens	Expenditure \$4.7 million
For the whole community	Our staff maintain the safety and appearance of 61 playgrounds, 1,979 hectares of open space, 27 irrigation systems, 54 barbecues, 35,000 street and park trees within the township boundaries and other natural assets such as vegetation along Council roads.
Planning and building	Expenditure \$4 million
For landowners, builders, developers and the broader community	<p>We receive and decide a range of planning and building applications. Our enquiry service provides information and advice for residents and business owner permit applicants, prospective property purchasers and anyone seeking planning advice.</p> <p>In providing this service we consider appropriate land use and development, cultural heritage management, and biodiversity and environmental sustainability. We process statutory planning and building applications for land use, development, building works, subdivision, signage and vegetation removal.</p>

Our services

Recreation and leisure

For the whole community

Expenditure \$6.5 million

We promote health and wellbeing by offering programs and activities for all ages across our aquatic and fitness centres, outdoor pools and indoor sports stadiums. It's important to us that our outdoor recreation facilities, including sporting grounds, stadiums, tennis courts and skate parks, are well maintained and managed.

While managing both the day-to-day operation of the Hanging Rock precinct, its visitations and events, we enhance the visitor experience to the region and continue to work with the Victorian Government and local Traditional Owner groups to implement the *Hanging Rock Strategic Plan* to guide Hanging Rock's long-term protection.

Roads and built environment

For the whole community

Expenditure \$9.7 million

By maintaining a 1,660 kilometre road network, 70 car parks, 281 buildings, 203 kilometres of paths, 143 road bridges and major culverts, 62 footbridges, 325 kilometres of kerbsides and 266 kilometres of drainage, Council manages infrastructure in a sustainable and efficient way. We also ensure new infrastructure is upgraded and developed, to support the delivery of services to our residents and visitors.

Waste

For residents and businesses

Expenditure \$7.8 million

Council manages waste in the shire by collecting household waste, recyclables and green waste. We have recently introduced a trial food organics green organics (FOGO) collection to some parts of the shire to reduce the amount of food waste going to landfill. Full roll-out of the service will commence in early 2020. We are also trialling a separate glass bin collection service that will improve the quality of recyclable materials and allow both the glass and other items to be recycled.

We have opened a 'tip shop' at the Kyneton Transfer Station and are extending this to the Romsey Transfer Station in the 2019/20 financial year.

We encourage residents to reduce, reuse and recycle wherever possible and continue to look at ways we can be innovative and assist residents with this.

Our people



Our Councillors

East Ward



Cr Henry Bleeck



Elected: 2016

hbleeck@mrsc.vic.gov.au

0400 028 507

Attended 11 Ordinary Council meetings and 4 Special Council meetings

Representation from 1 July 2018 to 30 June 2019:

- Annual Meeting of Braemar College Ltd
- Macedon Ranges Local Safety Committee²
- Municipal Emergency Management Planning Committee (MEMPC)²
- Municipal Fire Management Planning Committee (MFMP)
- Place Naming Committee³
- Rural Land Use Review (In the Farming Zone) Working Group¹
- Workspace Australia
- Section 223 Committee

Cr Natasha Gayfer



Elected: 2016

ngayfer@mrsc.vic.gov.au

0436 407 401

Attended 11 Ordinary Council meetings and 3 Special Council meetings

Representation from 1 July 2018 to 30 June 2019:

- Annual Meeting of Braemar College Ltd
- Audit Committee⁴
- Central Victorian Greenhouse Alliance (CVGA)
- CEO Performance Appraisal Advisory Group
- Health and Wellbeing Advisory Committee¹
- Macedon Ranges Agribusiness Forum²
- Peri Urban Councils Group
- Place Naming Committee³
- Rural Land Use Review (In the Farming Zone) Working Group¹
- Victorian Local Governance Association
- Section 223 Committee

Cr Bill West



Elected: 2016

bwest@mrsc.vic.gov.au

0400 025 455

Attended 11 Ordinary Council meetings and 4 Special Council meetings

Representation from 1 July 2018 to 30 June 2019:

- Airfield Advisory Committee¹
- Goldfields Library Corporation Board
- Place Naming Committee³
- Rural Land Use Review (In the Farming Zone) Working Group¹
- Section 223 Committee

¹ From 1 July 2018 to 21 November 2018

² From 21 November 2018 to 30 June 2019

³ Committee disestablished 21 November 2018

⁴ From 1 January 2019 to 30 June 2019

Our Councillors

South Ward



Cr Mandi Mees



Elected: 2016
Deputy Mayor

mmees@mrsc.vic.gov.au

0448 814 442

Attended 11 Ordinary Council meetings and 4 Special Council meetings

Representation from 1 July 2018 to 30 June 2019:

- Airfield Advisory Committee (Chair)
- Audit Committee⁴
- Calder Highway Improvement Committee¹
- CEO Performance Appraisal Advisory Group⁴
- Gisborne Futures Council Project Group
- Place Naming Committee³
- Planning Scheme Review Community Reference Group (Chair) to December
- Rural Councils Victoria Inc.¹
- Rural Land Use Review (In the Farming Zone) Working Group¹
- Section 223 Committee

Cr Helen Radnedge



Elected: 2016

hradnedge@mrsc.vic.gov.au

0437 386 922

Attended 11 Ordinary Council meetings and 4 Special Council meetings

Representation from 1 July 2018 to 30 June 2019:

- CEO Performance Appraisal Advisory Group⁵
- Gisborne Futures Council Project Group
- Health and Wellbeing Advisory Committee (Member and Chair²)
- Macedon Ranges Heritage Council
- Macedon Ranges Local Safety Committee
- Municipal Emergency Management Planning Committee (MEMPC)
- Municipal Fire Management Planning Committee (MFMP)
- Place Naming Committee³
- Rural Land Use Review (In the Farming Zone) Working Group¹
- Section 223 Committee

Cr Andrew Twaits



Elected: 2016

atwaits@mrsc.vic.gov.au

0429 066 000

Attended 11 Ordinary Council meetings and 4 Special Council meetings

Representation from 1 July 2018 to 30 June 2019:

- Airfield Advisory Committee²
- Calder Highway Improvement Committee²
- Gisborne Futures Council Project Group
- Macedon Ranges Agribusiness Forum
- Place Naming Committee³
- Rural Land Use (In the Farming Zone) Working Group¹
- Victorian Local Governance Association¹
- Section 223 Committee

¹ From 1 July 2018 to 21 November 2018

² From 21 November 2018 to 30 June 2019

³ Committee disestablished 21 November 2018

⁴ From 1 July 2018 to 31 December 2018

⁵ From 1 January 2019 to 30 June 2019

Our Councillors

West Ward



Cr Janet Pearce



Elected: 2016
Mayor (November to June)
jpearce@mrsc.vic.gov.au
0437 282 096

Attended 11 Ordinary Council meetings and 4 Special Council meetings

Representation from 1 July 2018 to 30 June 2019:

- Airfield Advisory Committee⁷
- Audit Committee⁵
- Central Ranges Local Learning and Employment Network (LLEN) Board
- CEO Performance Appraisal Advisory Group (Chair)⁵
- Health and Wellbeing Advisory Committee (Member and Chair¹)
- Municipal Emergency Management Planning Committee (Chair)
- Place Naming Committee³
- Rural Councils Victoria Inc. (RCV)²
- Rural Land Use Review (In the Farming Zone) Working Group¹
- Section 223 Committee

Cr Jennifer Anderson



Elected: 2016
Former Mayor (July to November)
janderson@mrsc.vic.gov.au
0408 273 670

Attended 11 Ordinary Council meetings and 4 Special Council meetings

Representation from 1 July 2018 to 30 June 2019:

- Audit Committee⁴
- CEO Performance Appraisal Advisory Group (Chair)⁴
- Health and Wellbeing Advisory Committee²
- Macedon Ranges Heritage Council
- Municipal Association of Victoria (MAV)
- Local Government Waste Forum
- Place Naming Committee³
- Rural Land Use Review (In the Farming Zone) Working Group¹
- Section 223 Committee

Cr Roger Jukes



Elected: 2016
rjukes@mrsc.vic.gov.au
0400 647 445

Attended 10 Ordinary Council meetings and 4 Special Council meetings

Representation from 1 July 2018 to 30 June 2019:

- Airfield Advisory Committee⁶
- Macedon Ranges Agribusiness Forum
- Place Naming Committee³
- Rural Land Use Review (In the Farming Zone) Working Group¹
- Section 223 Committee

¹ From 1 July 2018 to 21 November 2018

² From 21 November 2018 to 30 June 2019

³ Committee disestablished 21 November 2018

⁴ From 1 July 2018 to 31 December 2018

⁵ From 1 January 2019 to 30 June 2019

⁶ From 1 July 2018 to 24 April 2019

⁷ From 24 April 2019 to 30 June 2019

Our Executive team

The Executive team is comprised of:

Chief Executive Officer

Margot Stork

Qualifications: MBA, MComLaw, BEc, LLB, GradDipPR, GradCert MgtAcc, Prince2 Project and Program Practitioner

Areas of responsibility: Governance and stewardship of Council operations.

Margot joined Council in 2017. Margot started her professional career as a family law practitioner, followed by a public service career in museums, state and local government.



Director Corporate Services

John Hausler

Qualifications: BBus(Bkg&Fin/Accounting), MMgtInfoSys, CPA

Areas of responsibility: Governance, Customer Service, Contracts, Information and Communications Technology, and Finance.

John joined Council in 2017 and has 20 years of experience in the finance and water industries including three years of experience within Victorian and South Australian rural councils.



Director Community Wellbeing

Karen Stevens

Qualifications: GradCert(AppBus), AdvDip(BusMgt)

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

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.



Director Planning and Environment

Angela Hughes

Qualifications: BAppSc(Plan)

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

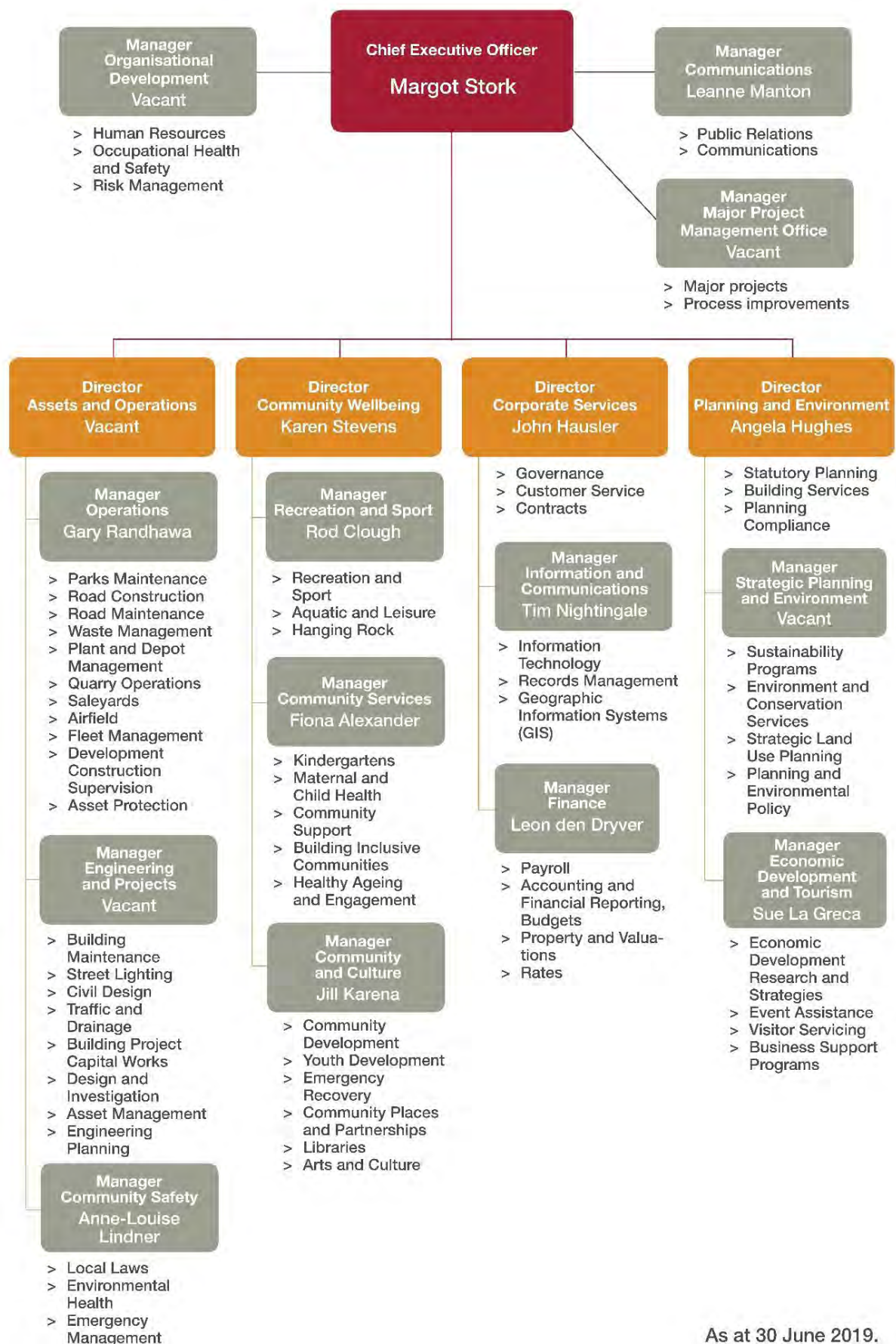
Angela joined Council in May 2018. Angela has extensive experience in local government and has led the development and implementation of planning initiatives in urban and peri-urban areas in Victoria, and internationally.



Director Assets and Operations (Dale Thornton to January 2019)

Position was vacant at 30 June 2019.

Our organisation



As at 30 June 2019.

Our workforce

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

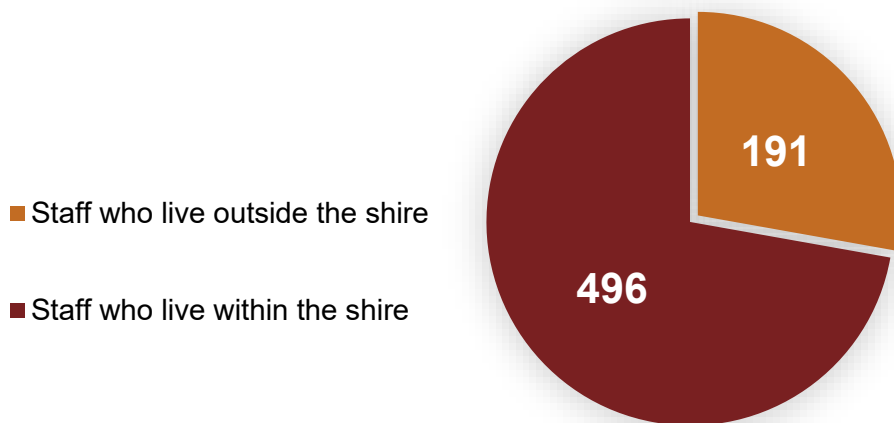
The table below shows the full time equivalent of employees by directorate. Community Wellbeing has a higher number of casual staff due to aquatics and leisure, cultural development and community support functions. Part time and casual staff across the organisation are predominately female.

Employee type / gender	Chief Executive Office (FTE)	Assets and Operations (FTE)	Community Wellbeing (FTE)	Corporate Services (FTE)	Planning and Environment (FTE)	Total FTE
Perm FT—Female	10.00	18.00	25.60	17.00	19.00	89.60
Perm FT—Male	2.00	75.00	15.00	15.00	13.00	120.00
Perm PT—Female	1.22	6.40	78.05	9.38	9.53	104.58
Perm PT—Male	0.00	4.12	3.45	0.00	0.80	8.37
Casual—Female	1.94	2.01	17.07	0.00	0.44	21.45
Casual—Male	0.00	2.52	6.30	0.21	0.05	9.08
Total	15.16	108.05	145.47	41.59	42.82	353.09

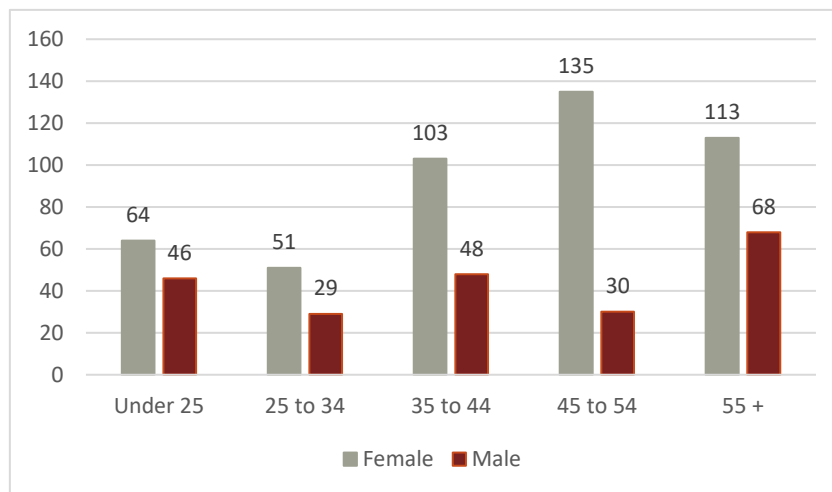
The table below shows employment classification of staff by gender.

Employment classification	Female (FTE)	Male (FTE)	Total FTE
Band 1	2.69	2.26	4.96
Band 2	0.56	1.51	2.07
Band 3	28.22	43.14	71.36
Band 4	42.94	21.06	64.00
Band 5	34.10	20.85	54.94
Band 6	33.76	20.81	54.57
Band 7	22.98	20.00	42.98
Band 8	0.00	0.00	0.00
Band not applicable	50.39	7.82	58.21
Total	215.64	137.45	353.09

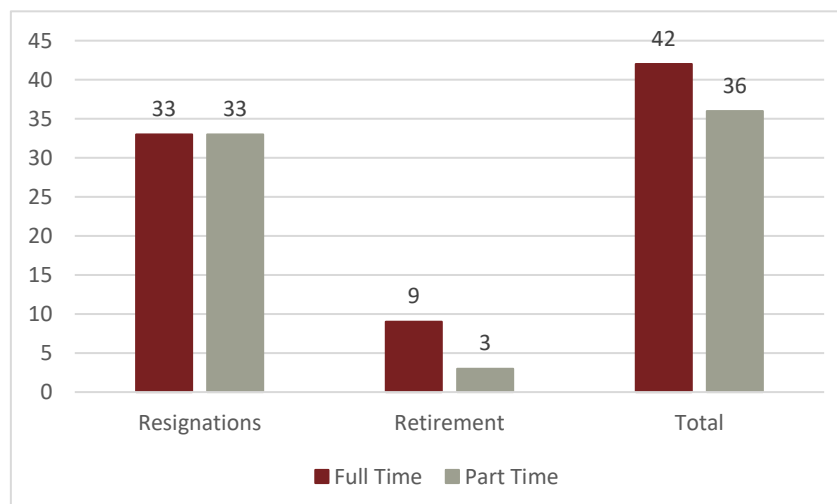
Our workforce



Employees by age



Staff turnover



Our workforce

Equal opportunity program

A Council with 40 or more members of staff must have developed and implemented an equal opportunity program. We provide an equal employment opportunity (EEO) program to promote equal opportunities for all employees.

Our *Equal Opportunity Policy* is provided to all staff at the commencement of employment. EEO training is provided as part of the 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 EEO legislation and their obligations as an employee and/or supervisor. In-house training is provided for supervisors and managers that outlines their responsibilities.

The objective of the EEO Program is to ensure there is no discrimination relating to the characteristics listed under the *Equal Opportunity Act 2010* (Vic) such as race, colour, sex, marital status, parenthood, physical or mental impairment, age, religious or political affiliation, gender identity and sexual orientation. Further objectives ensure the workplace is free from bullying and harassment.

Gender equality

During the year Council has undertaken a program of workshops which have built the organisation's capacity and understanding of gender equality.

The training has been targeted at all levels of leadership to develop a culture capable of providing a gender-balanced workplace.

Values

During the year Council has conducted a ground-up project to review and update its organisational values.

The five new values of respect, honesty, accountability, working together and innovation will be rolled out to the organisation in the next financial year.

Professional development

During the year, our staff undertake mandatory training modules via our eLearning system.

Induction training was provided to new employees on the correct use of Council's corporate systems and employee obligations.

Recruitment training was also provided to staff who engage in recruitment.

Health and safety

We are committed to providing a safe and healthy workplace for all Councillors, employees, volunteers, contractors and visitors, and strive to integrate both physical and psychological health and safety into all Council activities to reduce the incidence of injury and illness.

Our priorities



1. Promote health and wellbeing

We will contribute to positive health and wellbeing in our community by proactively supporting mental health, the prevention of violence against women, healthy lifestyles for all ages and abilities, social connection/inclusion, volunteers, community safety, and arts and culture.



2. Protect the natural environment

We will protect our natural environment through proactive environmental planning, advocacy and policy to address climate change, support biodiversity, enhance water catchment quality, and manage waste as a resource.



3. Improve the built environment

We will maintain our built environment—including roads, paths, buildings, open space and other assets—in a fiscally, environmentally and socially sustainable way. This includes effective land use planning, which has a direct impact on the liveability of our shire.



4. Enhance the social and economic environment

We will foster economic vitality in a way that promotes positive individual and community health outcomes, including business diversity; housing, transport and employment options. Investment attracted to the shire will be consistent with Council's vision.



5. Deliver strong and reliable government

We will demonstrate the qualities of good governance including a clear vision and culture, transparency, respect, consistency, accountability and responsiveness.

Our priorities



Our priorities

1. Promote health and wellbeing

Fast facts

- 249,434 visits and 395,872 loans at four libraries
- 200 people attended the Suicide Prevention Walk
- Over 340,000 visits at Council's two indoor aquatic facilities
- 400 people attended Romsey Recreation Centre's Come and Try Day
- 20 participants trained with the Women's Chainsaw Club
- 150 people attended a talk by Bruce Pascoe during NAIDOC week
- 300 young people attended the Woodend and Lancefield outdoor pool's youth events
- 1,045 young people received mental health education sessions
- 108 adults attended the youth mental health first aid training course (14hrs)
- 43,352 people attended an event inside a cultural facility
- 39 touring art and community performances
- 6,126 engagements with young people
- 400 people attended a Harmony Day outdoor event
- 35 grants awarded between the Community Funding Scheme and Places for People grant programs worth \$160,671
- 18,910 hours of support to older people to assist them to remain independent in their homes and engaged in their communities
- 4,768 Maternal and Child Health (MCH) 10 Key Age and Stage consultations (0–3.5yrs)
- 229 children were enrolled in 11 Council-run three year old activity groups across the shire
- 589 children were enrolled in Council-run funded four year old kindergarten programs across 24 groups offered in the shire
- 354 children attended Children's Week activity 'The Clown in the Suitcase' which had six shows at three locations within the shire
- 1,320 students from six primary schools took part in VicHealth's initiative Walk to School month in October
- 101 children at Lady Brooks Kindergarten Kyneton began to learn Auslan as part of the kindergarten program
- 252 dogs and 33 cats were returned to their owners
- 45 dogs and 106 cats were adopted.

Our priorities

1. Promote health and wellbeing

Our priority

We will continue to promote health and wellbeing in our community by proactively supporting mental health, the prevention of violence against women, healthy lifestyles for all ages and abilities, social connection/inclusion, volunteering, community safety, and arts and culture.

Why are we doing this?

We want Macedon Ranges' residents to be mentally and physically healthy and active.

What have we done?

We promoted mental health

Council has been a partner in the development of a youth mental health promotion project called KIT (Keep in Touch) providing a youth outreach van and app to connect young people to support options and activities in regional and rural areas across the Loddon Campaspe region.

Council is a partner in providing governance support and guidance to implement the suicide prevention trial rolling out in Macedon Ranges, due to end in June 2020.

Postnatal depression screening and general support for the emotional and psychological wellbeing of parents is a component of every maternal and child health appointment.

Council has staff qualified to deliver mental health first aid training for a range of ages. These courses are offered across the shire to inform residents, young and old, on how to support someone who may be developing a mental health problem or be in a mental health crisis.

We encouraged gender equality

Workplace gender equality project

We received funding from the Victorian Government to focus on gender equality in our workplace, drawing on the learnings from the Rural Challenge Gender Equality Leadership Program. We developed and commenced the Gender Equality Workforce Challenge Project that aims to ensure our culture and policies reflect our commitment to gender equality and inclusion. A gender equality audit and staff survey informed our approach. Nearly 80 leaders from across the organisation engaged in open and honest discussions about gender equality and inclusion in a series of workshops. These workshops will culminate in action planning, with an organisational gender equality plan to be developed by November 2019.

16 Days of Activism campaign

We ran a social media campaign from Sunday 25 November to Monday 10 December 2018 that provided real life examples, mostly local, of how people can advance gender equality by challenging gender stereotypes, and strengthening equal and respectful relationships.

Our priorities

1. Promote health and wellbeing

We encouraged gender equality

Women's Chainsaw Club

Council was successful in receiving funding from the Victorian Government's Safer Together program to facilitate the Women's Chainsaw Club (WCC) program. The intention of the program was to upskill 20 (two groups of 10) women within the shire so that they could safely and confidently use a chainsaw and operate other relevant fire prevention equipment—not only in the lead up to and during fire season but throughout the year. As well as technical skills, this program provides women with an understanding of bushfire behaviour, fuel loads, fire plans as well as other practical ways they can prepare their properties and plan for the fire season. The WCC program responds to the lack of targeted training for women, and provides a safe and non-judgmental environment where they can learn skills and make connections with relevant emergency services agencies, as well as other women in similar circumstances within their local communities.

We fostered social connection and inclusion

Council piloted a new initiative to deliver a range of activities and events to promote social connection and inclusion. Sixteen national recognition days or weeks were selected by Councillors to be celebrated including NAIDOC Week, Earth Hour, World Refugee Day and Neighbour Day. Thirteen community events were delivered with the highlight being Harmony Day where over 400 people watched Jali Buba Kuyateh and his band perform outside at the Woodend Children's Park. The remaining three recognition days were awareness-raising campaigns including a 16-day social media campaign to prevent violence against women that reached over 34,000 people.

Feast of Stories

Council partnered with the Social Foundry in Kyneton to deliver three Feast of Stories events. At each event, a local community member from a culturally-diverse background helped to prepare a community meal and shared a five minute story from their life reflecting a specific theme. The meals featured a main course and dessert for a \$5 donation with children under 12 eating for free. The inaugural 'Feast of Stories' featured home-style Turkish food and a story from Turkish man Ozgun Turgut on the theme of 'food'. There were three Feasts in total. The partnership with Social Foundry was developed from the recent forum on the Safe Haven Enterprise Visa scheme (SHEV) program.

Neighbourhood house support

Council continued to strengthen its connection and engagement with the six neighbourhood houses within the shire by supporting coordinators attending network meetings and co-facilitating community development projects including the Women's Chainsaw Club with Romsey Neighbourhood House, and providing support for three community lunch programs. Council also organised events for recognition days across the six houses including Neighbour Day and International Women's Day. Our *Neighbourhood House Policy* was updated and signed by the Chairs of the six houses. This updated policy will strengthen Council's relationships with the houses as well as fostering a more collaborative approach to community development so that all efforts are coordinated, resourced and effective.

Our priorities

1. Promote health and wellbeing

We fostered social connection and inclusion

Young people

The Youth Development unit has had a busy year engaging and connecting with young people in the community through our ongoing programs such as: Youth Engage Program (YEP!), Music in the Sticks (MITS), Youth Ambassadors and Live4Life (L4L). In August 2018, *Elevate—Macedon Ranges Shire Council Youth Strategy 2018–2028* was endorsed. This strategy will guide and inform the work we do for with young people in the Macedon Ranges Shire over the next decade.

2019 has also seen the implementation of our Youth Engagement Service (YES) Team; a dedicated team of young people employed by Council to consult with our community and/or to bring an individual young person's perspective to Council consultations.

In June 2019, we commenced the Young Parent Connections Program, and will hold monthly meetings in various locations across the shire.

We celebrated and respected Indigenous culture

Council has begun developing its first Reconciliation Action Plan (RAP) which will build a deeper understanding of, and responsibility towards reconciliation in Council staff. The RAP will reflect the reconciliation priorities of local Traditional Owners, local Aboriginal and/or Torres Strait Islanders, and the commitment of Council.

The RAP working group has been established to lead the development of this key strategic document. The three Traditional Owner groups within the shire have been engaged and the process of broader consultation has commenced.

Council supported the Woodend Children's Park committee to install a sign recognising and celebrating the Dja Dja Wurrung as the Traditional Owners of the land in Woodend. The sign is at the entrance to the Woodend Children's Park and the launch featured a Welcome to Country and smoking ceremony performed by Elder Uncle Rick Nelson. Well-attended with over 60 people, the event featured speeches from local school children and an Acknowledgment of Country by children from the Woodend Kindergarten.

Council worked with Traditional Owners to organise a number of community events for NAIDOC Week in July 2018. Malmsbury hosted a conversation with Uncle Rick Nelson sharing stories of Dja Dja Wurrung culture, while in Gisborne the Djirri Djirri Dance Group performed a number of dances followed by a screening of the film *The Songkeepers*.

For Reconciliation Week in May 2019, Council held a screening of the new feature documentary *Undermined: Tales from the Kimberley* in partnership with Scared Heart College.

We facilitated physical activity

The Recreation unit coordinates:

- 17 sporting reserves (23 grounds) used by 35 sporting clubs
- over 100 sporting clubs across the shire including netball, equestrian, golf, bowls, tennis, football, cricket, soccer, petanque and little athletics.

Our priorities

1. Promote health and wellbeing

Council also:

- commissioned the new water splash pad at the Kyneton Community Park which received significant visitation over the summer months and provided a unique aquatic activity for residents and visitors to the area
- completed Stage Two of the Campaspe River Trail which included one kilometre of 2.5 metre wide shared trail
- completed the redevelopment of the Kyneton Tennis Club including the reconstruction of six courts and the lighting of four courts
- completed the redevelopment of facilities at the Malmsbury Recreation Reserve
- completed the shared pathway projects at Station Road, Gisborne and Racecourse Reserve, Woodend
- continued arrangements to provide discounted access to leisure facilities for alternative training purposes (for winter clubs to assist in maintaining integrity of playing surfaces during wet periods)
- secured Victorian Government funding for installation of exercise equipment in four locations across the shire, and funding for redevelopment of cricket practice net facilities at Woodend and Macedon.

We contributed to community safety

- Began the implementation of our *Domestic Animal Management Plan 2017–2021*
- Worked with our Municipal Fire Management Planning Committee to undertake planned burns on Council land and roadsides, and to review our roadside slashing contract and fire access tracks
- Constructed a new fire access track in Benloch with a Fire Access Road Subsidy Scheme grant from the CFA
- Participated in the Local Safety Committee to promote community partnerships to contribute to a safer community for all
- Worked with our emergency services partners to deliver community information sessions on emergency preparedness
- Continued to provide emergency preparedness information through the Macedon Ranges Emergency Alerts Facebook page, community newsletters and Council's ShireLife
- Commenced development of a new *Roadside and Footpath Trading Policy* to better reflect contemporary business practices and ensure clear and consistent processes in assessing permit applications for roadside and footpath trading
- In partnership with Regional Roads Victoria, installed a new crossing at St Mary's Catholic Primary School in Lancefield
- Infant, toddler and child safety is discussed at each of the MCH 10 Key Ages and Stages visits, covering such topics as safe car seats, safe sleep environments, safe play environments, choking hazards, water safety and safe toys
- The roofs of Riddells Creek Leisure Centre and Buffalo Sports Stadium were replaced to resolve historical leaking issues and ensure the safety and consistency of indoor sports courts for local user groups.

Our priorities

1. Promote health and wellbeing

We continued to improve access and quality of our change rooms

- Completed redevelopment of the Clifford Reserve changeroom redevelopment
- Completed development of the Gilbert Gordon Oval changeroom
- Completed redevelopment of the Kyneton Showgrounds' No 2 oval changerooms
- Completed development of a new shed for the Kyneton Pony Club
- Secured funding for redevelopment of the Dixon Field No 2 changeroom
- Secured funding for the Gardiner Reserve Female Friendly Precinct including new netball/umpires changerooms
- Applied for Victorian Government funding to undertake the redevelopment of changerooms at the Macedon stadium
- Continued towards the development of a new building at IR Robertson Reserve.

We supported volunteers

The Community Funding Scheme and the Places for People grant programs are a direct way that Council supports local volunteer organisations. Through these grants, not for profit groups can access funds that support effective planning, operations and projects that deliver benefits to the community. The grant programs provide capacity-building opportunities for groups to realise their goals and priorities for the community they serve. In 2018/19 over \$160,000 of grants were funded to community groups by Council.

Council has over 100 sporting clubs/groups and committees including reserve consultative committees across the shire that are operated primarily by local community volunteers.

We fostered art and culture

Council engaged local artists to provide creative activities for children and families during the school holidays. These activities ranged from creating cardboard forests out of old boxes to digital animation. All sessions were booked out with more planned in the future.

Council has extended its programming at the Kyneton Museum to include hands on children's activities and floor talks related to each of the different temporary exhibitions throughout the year. This has seen an increase in community participation and numbers visiting the museum.

Council supported Macedon Ranges Community Halls Inc by assisting with their grant applications for facility upgrades to ensure that their facilities are fit for purpose. The hall committees also worked with Council to provide new opportunities for local artists to develop their work by providing an artists-in-residency program inside our local halls.

Our priorities

1. Promote health and wellbeing

Other key achievements

- Commenced key initiatives in the *Domestic Animal Management Plan 2017–2021* including introduction of first year free cat registration for desexed cats, implementation of online new pet registrations, eNotices for pet registrations, and improved regulatory approach with domestic animal businesses.
- The Healthy Heart of Victoria initiative aims to improve health and wellbeing in the Loddon Campaspe region. We are one of six councils that are taking part in this initiative: a health broker has been engaged to make health and wellbeing everyone's business at Council; we took part in the 2019 Active Living Census to inform our health and wellbeing programs and plans; and we were awarded \$300,000 for a project that will help more people in the Macedon Ranges to be active and well. The Healthy Heart of Victoria initiative is supported by the Victorian Government.
- Council integrated the Macedon Ranges Regional Sports Hub and Sports Fields projects into a sports precinct initiative to support future funding advocacy work. The Macedon Ranges Regional Sports Advocacy Group were successful in gaining \$11.6 million from the re-elected Victorian Labor Government to the project. This comes on top of Council's planned \$10 million contribution and \$100,000 in support from AFL Victoria.
- Recreation Development Officer, Sarah McPhee, was awarded the 'National Emerging Leader of the Year' award at the annual Parks and Leisure Australia conference.

Our major initiatives to promote health and wellbeing

The following statements review the progress of Council in relation to major initiatives identified in the 2018/19 budget.

Initiatives	Progress
Demonstrate leadership in advancing gender equality	We led by example. We focused on strengthening gender equality and inclusion within our own organisation. We rolled out the Gender Equality Workforce Challenge, which applied the learnings from previous community-facing gender equality work such as the Rural Challenge Gender Equality Leadership program.
Advocate for funding to commence construction of a rail trail and off road cycling and walking track from Daylesford to Hanging Rock	A draft feasibility study was developed and this, together with advocacy efforts, resulted in commitments of \$5 million from both the state and federal election processes. Unfortunately in both cases the committing party did not win government.

Our priorities

1. Promote health and wellbeing

Initiatives	Progress
Work with communities to promote safety, equal respectful relationships and opportunities for empowerment of older people	We have worked with community groups and local health professionals to promote awareness and encourage older people to assert their rights to reduce the risk of elder abuse.
Build on community engagement strategies that are accessible and promote Council activities, social connection and meaningful civic participation	<p>Council became a Refugee Welcome Zone to strengthen its commitment to being a safe, inclusive and welcoming region for refugees. Following a community forum, Council decided to participate in the Safe Haven Enterprise Visa scheme to support refugees to pursue study and work in the Macedon Ranges as a pathway to permanent settlement.</p> <p>The supported playgroup has successfully commenced with up to 10 families in both the Romsey and Woodend groups.</p> <p>The Macedon Ranges Shire Over 55s Connect Facebook page has a following of 694 followers. This page aims to promote activities that are led by Council and other partners across the region that enhance social connection and participation for those that are over 55 years of age.</p>
Advance Indigenous reconciliation	This year we started the process of developing Council's first Reconciliation Action Plan (RAP). A working group was established with representatives from Council, local Traditional Owners, local Aboriginal and/or Torres Strait Islander People and non-Indigenous community members. A consultation strategy has been developed and consultation will begin in July 2019.
Increase community awareness and resilience in relation to mental health	Council continues to provide youth mental health first aid training to our community. 108 residents have completed this 14 hour course and 50 have completed refresher courses.
Continue to develop the skills and engagement of young people	The Youth Development unit worked with many young people to build confidence and develop skills in public speaking, running forums, event planning and management. Young people continue to embrace opportunities to showcase their newfound skills and confidence at a variety of activities and events providing key experience, further developing their confidence and sense of self.

Our priorities

2. Protect the natural environment

Fast facts

- 269 kilograms of green waste composted per household
- We slashed 1,000 kilometres of roadsides for fire prevention purposes
- 8,000 old and damaged bins replaced with new bins
- We undertook 271 inspections and approved 117 wastewater (septic tank) applications
- We responded to 95 planning referrals relating to wastewater and septic tanks
- 469 kilometres of roadside weeds treated
- 31 environment workshops, information sessions and citizen science events attended by approximately 1,300 people.

Our priority

We will protect our natural environment through proactive environmental planning, advocacy and policy to address climate change, support biodiversity, enhance water catchment quality and manage waste as a resource.

Why are we doing this?

We want to lead by example and improve environmental outcomes in all aspects of life.

What have we done?

We addressed climate change mitigation, resilience and adaption

- We facilitated preparation of a community climate change action plan named *Sustainable Malmsbury* for the Malmsbury community.
- We investigated the feasibility of two largescale renewable energy procurement options—development of a solar farm and participation in a council-only renewable energy buying group. Both options aim to further Council's aspirations to achieve zero net emissions by 2030.
- We provided advice about sustainable design solutions to approximately 50 residents building or renovating their homes.
- We delivered seven sustainable design information sessions.

Our priorities

2. Protect the natural environment

We protected biodiversity

- We checked 143 nest boxes in partnership with the community.
- We completed 40 spotlight surveys with over 230 animals observed and recorded.
- We facilitated over 10 environment workshops with schools in the shire.
- We completed ecological burns at Woodend Grassland Reserve and Malmsbury Common (5.11 hectares) aimed at improving the health of the native grasslands at these sites.
- We added 742 records to the Victorian Biodiversity Atlas, including 89 records of threatened species.
- We discovered three rare species which have been absent from official records for over 20 years. These are the Common Dunnart (Lancefield), the Cunningham Skink (Gisborne) and the Dusky Antechinus (Mt Macedon).
- We developed new biodiversity programs with schools including a Feather-tailed Glider nest box program with Sacred Heart College Kyneton and a Brown Toadlet disease investigation with students from Alice Miller School.
- We worked with 37 rural landowners to undertake fauna surveys on their properties using remote cameras.
- We supported 37 landcare and friends groups in their volunteer work in restoring the natural environment.

We managed waste as a resource

- We ensured that the shire's recycling service continued despite the temporary closure of several materials recovery facilities.
- We used compost (generated from the garden waste collection service) in the shire's parks and gardens, and donated the compost to schools for use in their kitchen gardens.
- The Kyneton Tip Shop continued to encourage recycling with 2,646 items sold that would otherwise have been destined for landfill.

We enhanced waterways and water catchment quality

- We audited and reviewed the *2013 Domestic Wastewater Management Plan* as required by the *State Environment Protection Policy (Waters)*. The plan aims to reduce the environmental, public health and economic risks associated with the management of all domestic wastewater systems in the shire. Recommendations from the audit have been incorporated in the 2019 draft plan which has been written to be easily understood, sufficient in detail with an achievable action plan. The draft plan includes a risk assessment matrix that prioritises a new proactive inspection and compliance program of septic systems close to waterways and in higher density areas within water catchment areas.
- We worked with the Romsey community to develop a master plan and environmental works plan for Romsey's Five Mile Creek.
- We participated in the development of Melbourne Water's *Healthy Waterways Strategy 2018* and regional integrated water management forums that will lead to whole of water cycle infrastructure projects in the shire.

Our priorities

2. Protect the natural environment

We were proactive in environmental planning and policy

- We provided environmental advice on 140 planning permit applications with the aim of avoiding and minimising loss of native vegetation and ensuring development does not adversely affect biodiversity and waterway health.
- We completed a biodiversity strategy and a series of master plans and action plans for Council-managed conservation reserves.

Other key achievements

- We planted 300 trees within nature strips and coordinated the instalment of a further 300 trees within new developments.
- We entered into a new township and roadside slashing contract with an emphasis on working collaboratively across the organisation to ensure the program was delivered to minimise the risk of noxious weed spread.
- We developed the *Three Chain Road Fire Risk Mitigation Action Plan* that sets out a series of actions aimed at minimising fire risk while protecting and enhancing roadside conservation values (funded by the Victorian Government's Safer Together program).
- We prepared and released *Bushwalkers Guide to Flora of the Macedon Ranges*.
- We implemented stage one of the *Malmsbury Common Master Plan* to enhance the community's access to nature, including installation of walking paths and seating.
- We completed the *Mount St Mary's Lane Entrance Master Plan* for Bald Hill Reserve in collaboration with the Friends of Bald Hill Reserve. The master plan aims to enhance visitor experiences at the reserve.
- We carried out landscaping works at Quarry Road retarding basin including direct seeding of a native grassland.
- We continued to implement the *Browning Street Conservation Reserve Action Plan* including ecological restoration works that resulted in the planting of 11 new Black Gum seedlings; a federally-listed threatened species.

Our major initiatives to protect the natural environment

The following statements review the progress of Council in relation to major initiatives identified in the 2018/19 budget.

Initiatives	Progress
Advocate for enhanced waterways and water catchment quality	<p>Council has been working with Coliban Water to develop and fund a project for 2019/20 focusing on domestic wastewater management to enhance waterways and water catchment quality within the Coliban catchment area.</p> <p>We participated in the development of Melbourne Water's <i>Healthy Waterways Strategy 2018</i> and regional integrated water management forums.</p>

Our priorities

2. Protect the natural environment

Initiatives	Progress
Investigate the introduction of a dog on and off lead areas and a cat curfew	<p>A key <i>Domestic Animal Management Plan 2017-2021</i> initiative, the Paws for Thought dog on and off leash and cat curfew review, was completed with recommendations endorsed by Council in March 2019. These recommendations included introducing an order that requires dogs to be under effective control of their owner in public places, to be leashed in all public places except in designated off leash areas and to be prohibited from some public places for environmental reasons. It also recommends an order for the introduction of a sunset to sunrise cat curfew and for cats to be prohibited from some public places for environmental reasons.</p> <p>The new dog control orders are due to come into effect from 1 January 2020 and the new cat controls after 1 July 2020. An education campaign will accompany the introduction of the new requirements.</p>
Complete Hanging Rock Master plan	The <i>Hanging Rock Strategic Plan</i> , that replaced the master plan, was completed and endorsed by Council at the special meeting held in August 2018.
Finalise the Macedon Ranges biodiversity strategy	The <i>Biodiversity Strategy 2018</i> was completed and adopted by Council in December 2018.
Deliver the Gisborne Racecourse Marshlands Reserve and Magnet Hill Environmental Management Plan	These two plans were completed and adopted by Council in December 2018.
Explore option for Council investment in large scale renewable energy generation to offset greenhouse emissions from our operations	Council commissioned a solar farm feasibility study and participated in a study into the costs and benefits of procuring renewable energy through an inter-council buying group.
Facilitate development of a community climate change action plan as a pilot project for one town in the shire	Council facilitated a community climate change action plan for Malmsbury called <i>Sustainable Malmsbury</i> .

Our priorities

3. Improve the built environment

Fast facts

- 41 kilometres of gravel roads resheeted
- 32 kilometres of sealed roads resurfaced
- 5 kilometres of sealed roads reconstructed
- 1 kilometre of sealed roads contributed by developers
- 1 new footbridge constructed
- 1 major culvert replaced
- 3 kilometres of new footpaths constructed
- 2.5 kilometres of existing footpaths renewed
- Renewal works at 14 buildings
- 6,248 trees audited
- 61 playgrounds maintained
- 3 botanic gardens maintained.

Our priority

We will maintain our built environment—including roads, paths, buildings, open space and other assets—in a fiscally, environmentally and socially sustainable way. This includes effective land use planning that has a direct impact on the liveability of our shire.

Why are we doing this?

We want to manage infrastructure in a sustainable and efficient way that supports the delivery of services to our residents and visitors, now and into the future.

Our priorities

3. Improve the built environment

What have we done?

We fostered township character

- We assessed and approved 44 subdivisions and developments (under 10 lots) and two large subdivisions (over 100 lots).
- The Designs and Investigation unit had the capacity and expertise to have all of the road, drainage and footpath works for 2018/19 financial year completed with internal resources.
- The following key projects were delivered in the 2018/19 financial year:
 - A blackspot funded project that included minor road widening and new guard railing installation on Romsey Road, Romsey
 - Kyneton Tennis Courts completed within budget and provided the Kyneton community with six new playing courts
 - Romsey and Riddells Creek kindergarten upgrades which included renovation, refurbishment and extension
 - Woodend Clock Tower restoration
 - Kyneton Town Hall air conditioning
 - Gilbert Gordon Oval pavillion upgrade including female-friendly changeroom facilities for netball, football and cricket
 - Woodend Primary School traffic calming project that was co-funded by the Transport Accident Commission (TAC) and Council.
- Work continues on the Gisborne Futures project encompassing the *Gisborne Structure Plan* and *Gisborne Town Centre Urban Design Framework Plan*. This work will update the existing township character guidelines to reflect the community's views on how Gisborne looks and feels into the future.

We balanced maintenance and renewal of community assets

An increase in the frequency of regularly planned maintenance programs delivered improvements to roof and guttering, and heating and cooling in Council buildings. Renewal of community assets included installing a new roof to both Woodend's Buffalo Stadium and Riddells Creek Recreation Reserve's stadium, renewal of the Woodend Clock Tower, new windows to the Romsey Golf/Bowls pavilion and delivering maintenance and new floor finishes to all stadiums in the shire. The Kyneton Town Hall received new air conditioning and Lauriston Hall received a new roof and improvements to the accessibility to the building.

We planned for improved recreation and community facilities using environmentally sustainable designs

Kyneton Tennis Courts were completed in June which provided the community with six new high-standard tennis courts. There are four synthetic grass courts and two acrylic courts. The synthetic grass will encourage players to play more, thereby increasing the playing time on the all-weather surface and helping to promote a friendly, competitive club atmosphere.

Our priorities

3. Improve the built environment

We improved local roads

- 840 kilometres of unsealed roads graded
- 20,200 metres cubed of gravel/crushed rock was placed on our unsealed roads
- An audit of our signage on unsealed roads was conducted at night to identify and replace non reflective signs.

We advocated for improved environmental performance in new developments

We provided advice about sustainable design solutions to approximately 50 residents building or renovating their homes and delivered seven sustainable design information sessions.

We provided environmental advice on 140 planning permit applications with the aim of avoiding and minimising loss of native vegetation and ensuring development does not adversely affect biodiversity and waterway health.

We continued to participate in the Council Alliance for Sustainable Built Environment which, among other things, advocates for improved state-wide environmental standards for building and planning regulations.

We advocated for better access to public transport

We consulted with Public Transport Victoria, and now have additional bus stops and shelters installed around the shire.

We increased walking and cycling connectivity

We have installed new footpaths to improve walking and cycling connectivity across the shire. These new footpaths are located in:

- Beauchamp Street, Kyneton
- Murphy Street, Romsey
- Merrifield Street, Riddells Creek
- Mount Macedon Road, Woodend
- Metcalfe Drive, Romsey
- The Crescent, Lancefield
- Mahoneys Road, Riddells Creek
- Mair Street, Kyneton
- Simpson Street, Kyneton
- Melbourne Road, Gisborne
- Orr Street, Kyneton
- Elsemere Place, Kyneton
- Carrington Street, Macedon

We have also undertaken works on the continuation of the Kyneton Campaspe River Trail as part of the *Walking and Cycling Strategy*.

Our priorities

3. Improve the built environment

We encouraged multi-use recreation and community facilities

Macedon Ranges Regional Sports Precinct

We continued to work with the community, Victorian and Australian governments to realise the Macedon Ranges Sports Precinct.

The precinct proposes to have a mix of indoor sports courts and outdoor sports fields, plus other recreational facilities spread across two interconnected sites in New Gisborne.

We are actively seeking all funding opportunities, including grants, to fund the sports precinct proposal. In 2018/19, we were able to achieve an \$11.6 million funding commitment from the Victorian Government and will now pursue a similar commitment from the Australian Government.

Cobaw Community Health and ecotherapy park in Romsey

We worked with Cobaw Community Health and Romsey Ecotherapy Park Inc (formerly the Greater Romsey All-Abilities Park Committee) to transform the former Romsey Primary School site into a community health centre surrounded by an all-inclusive park, designed with an emphasis on providing people of all ages and abilities with a unique sensory and therapeutic experience in nature.

Other key achievements

Throughout 2018/19 we continued the development of the *Statement of Planning Policy (SPP)* in conjunction with the Victorian Government. The purpose of the SPP is to create a framework for the future use and development of land within the shire, and to ensure protection and conservation of designated, distinctive attributes within the shire.

The SPP complements new legislation—the *Planning and Environment Amendment (Distinctive Areas and Landscapes) Act 2018*—that passed into law in May 2018. One of the effects of the new provisions was that the Macedon Ranges were declared a distinctive area and landscape. This declaration was published in the *Victorian Government Gazette*, 16 August 2018.

At the 20 February 2019 Ordinary Council Meeting, the *Macedon Ranges Planning Scheme Review* was adopted. The review makes 124 recommendations to improve the *Macedon Ranges Planning Scheme*. In the first half of 2020 Council will consider an implementation plan to consider how the recommendations can be actioned.

At the 24 April 2019 Ordinary Council Meeting, the landscape assessment study was adopted by Council and preparation of a planning scheme amendment to implement the study is underway in accordance with this recommendation. The study recognises the shire's most significant landscapes and views by applying future planning scheme controls.

Throughout 2018/19, Council progressed *Amendment C117—Lancefield Planning Controls*. Amendment C117 proposes to apply the Development Plan Overlay Schedule 24—Lancefield Development Plan Areas (DPO24) to parts of Lancefield. The amendment also proposes to amend Clause 21.13-8 to correct a mapping error made in the township boundary of Lancefield. Following an independent planning panel in December 2018, Council resolved at 24 May 2019 Ordinary Council Meeting to adopt the amendment and submit it to the Minister for Planning for approval.

Approximately 4,000 metres squared of small patch road failures were rehabilitated by cement stabilisation. Footpath repairs and upgrades were completed throughout the shire and eight intersections were upgraded or rehabilitated.

Our priorities

3. Improve the built environment

Our major initiatives to improve the built environment

The following statements review the progress of Council in relation to major initiatives identified in the 2018/19 budget.

Initiatives	Progress
Meet current renewal demand requirements through the delivery of the \$1.9 million building renewal capital works program.	Seventeen building renewal projects have been completed. Two projects are still in progress (Kyneton Library and Kyneton Museum) and will be completed in the 2019/20 financial year. The Woodend Kindergarten project has been delayed as additional funding has been received, increasing the scope of works. This project will be undertaken in the 2019/20 financial year.
Increase cycling and pedestrian connectivity within the shire by delivering the footpath construction program and advocating for external funding to deliver future projects detailed within the 10 year footpath construction program.	<p>The footpath construction program for 2018/19 has been completed.</p> <p>Council officers continue to advocate for external funding for cycling and pedestrian connectivity as opportunities arise.</p>
Advocate for the Macedon Ranges Sports Precinct Project and seek funding for stage one of the New Gisborne Regional Sports Field component.	Significant advocacy efforts were undertaken in conjunction with advocacy group. A commitment of \$11.6 million was achieved in the Victorian Government election process which includes the sports field component.

Our priorities

3. Improve the built environment

Initiatives	Progress
Finalise the delivery of the Romsey Issues and Opportunities paper by November 2018 to inform a future review of the <i>Romsey Outline Development Plan</i>	The Romsey Issues and Opportunities paper was completed in December 2018. Work is continuing to be delivered for the Romsey Structure Plan with emerging ideas expected in early 2020.
Complete the Gisborne Structure Plan incorporating the neighbourhood character study and the <i>Gisborne Town Centre Urban Design Framework Plan</i> by June 2020	<p>Work on Gisborne Futures continues with a draft structure plan scheduled for consultation in 2020.</p> <p>A number of background studies have been completed this year to support the work. Council completed the emerging ideas phase in May 2019 receiving 37 written submissions and 246 survey responses.</p>
Implement the <i>Gisborne and Kyneton Heritage Study</i> into the <i>Macedon Ranges Planning Scheme</i> by March 2019	The amendment to implement the <i>Gisborne and Kyneton Heritage Study</i> into the <i>Macedon Ranges Planning Scheme</i> is currently with the Minister for Planning pending approval.
Deliver the heritage study for Woodend, Lancefield, Macedon and Mount Macedon by June 2019	The <i>Woodend, Lancefield, Macedon and Mount Macedon Heritage Study</i> was adopted at the 24 April 2019 Ordinary Council Meeting. A planning scheme amendment to implement the study in the <i>Macedon Ranges Planning Scheme</i> will begin in 2020.
Complete <i>Kyneton Airfield Master Plan</i> by 30 June 2019 subject to the finalisation of the proposed Local Law and Airfield Operations Manual	<p><i>Kyneton Airfield Operations Manual</i> completed. <i>Local Law No. 12</i> adopted at the 27 March 2019 Ordinary Council Meeting.</p> <p>The draft 2019 Kyneton Airfield Master Plan was prepared for Council endorsement.</p>

Our priorities

4. Enhance the social and economic environment

Fast facts

- 635 public nominations were received for the Bendigo Bank Macedon Ranges Business Excellence Awards.
- The shire's official tourism website, visitmacedonranges.com received an average of 25,000 visits per month.
- The new visitor e-newsletter received 4,760 subscriptions since starting in September 2018.
- The visitor information centres responded to 20,594 visitor enquiries.
- Our mobile visitor information booth responded to approximately 3,000 visitor enquiries in Macedon during the autumn leaves season and 1,200 at the Lost Trades Fair.
- Sold 10,648 cattle with 366 calves at foot, 38 weaned calves, and 12,218 sheep.

Our priority

We will foster economic vitality in a way that promotes positive individual and community health outcomes, including business diversity, housing, transport and employment options. Investment attracted to the shire will be consistent with Council's vision.

Why are we doing this?

We want to encourage and support the social and economic development of the shire.

What have we done?

We encouraged economic vitality

- Our *Visitor Economy Strategy* was adopted by Council on 26 March 2019. The strategy provides direction for supporting tourism activities in the shire over the next 10 years with a strong focus on nature-based tourism, artisan products, makers' culture and authentic experiences.
- We made significant enhancements to our tourism website, visitmacedonranges.com including a new contemporary look and functionality, and the addition of engaging content: such as blogs, itineraries and subscriber newsletters.
- We renewed our sister city relationship with Tokai, Japan promoting goodwill between the municipalities through experiences and exchanges centred on culture, education and commerce.
- We rolled out our annual business program with 37 workshops and over 500 attendees.
- We provided advice on 64 business planning referrals.
- We managed the Bendigo Bank Macedon Ranges Business Excellence Awards 2018 with 75 applications and 30 finalists.
- We continued to support events and festivals in the shire by providing financial and in-kind support to 18 events and 22 festivals, and facilitated a grant writing workshop to assist community event organisers to understand the grant process and improve their success with grant applications.

Our priorities

4. Enhance the social and economic environment

We promoted housing diversity

Housing diversity is promoted through the support and continued management of social housing, providing statutory planning approvals for a range of housing options and considering the housing needs of our community now and into the future through long term structure planning such as the Gisborne Futures project.

We considered socio-economic disadvantage

Council's *Financial Hardship Policy* allows payment plans for residents who may be experiencing difficulties paying their rates. There are also rebates on rates available to pensioners.

Council introduced a new fee model for the hire of the Bluestone Theatre, Redbrick Hall, Kyneton Mechanics Institute and Kyneton Museum to make these spaces more accessible to the broader community by reducing fees and charges on a percentage scale linked to user categories. The categories acknowledge a group, individual, community organisation or a start-up business's capacity to pay and the contribution of their activities to the community wellbeing.

Council does not charge a hire fee for use of the Kyneton Mechanics Institute Hall for the Kyneton Community Lunch and also provides cleaning of the hall after the lunch at a reduced cost.

Our aquatic and leisure centres provide a range of discounts for not for profit community groups, students, pensioners, and carers to access programs, services and facilities.

Fees for home support services are means tested and fee waivers are considered where appropriate.

Council also subsidises fees for kindergartens and the Early Start program.

We attracted strategic investment that is consistent with Council's vision

Through grant funding, we finalised a streetscape upgrade in the Romsey town centre. The upgrades included improved pedestrian access, streetscape upgrades, lighting features, interpretative visitor information and wayfinding signage.

We encouraged business diversity and growth

Our Women in Business networking event in 2018 had 58 attendees who heard from successful business owner Catherine Cervasio, and Diane Abruzzi, founder of International Women's Federation of Commerce and Industry.

Our 'Diversifying your farming business' workshop was attended by 32 participants. This event presented opportunities for increasing income to existing farming operations through complementary industries such as tourism.

We advocated for improved communications infrastructure

The Economic Development unit have had meetings with telecommunications providers ensuring that local issues are considered. Current known telecommunication black spots were provided to the Australian Government to include on their database.

Our priorities

4. Enhance the social and economic environment

We supported local industry sectors that aligned with our vision and principles

The Agribusiness Forum—supported by Council—ran a networking event ‘The Future of Farming in the Macedon Ranges’. The event was attended by 44 business owners who heard from experts in drone technology and the impacts of climate change on farming.

Our major initiatives to enhance the social and economic environment

The following statements review the progress of Council in relation to major initiatives identified in the 2018/19 budget.

Initiatives	Progress
Develop a high level strategic economic development plan, focusing on the needs and future direction of business, agriculture and tourism	We worked with consultants to develop a draft <i>Economic Development Strategy</i> with a focus on further development of a sustainable economy encouraging creativity, innovation and collaboration, creating local jobs and supporting the shire's natural assets. Council resolved at the 26 June 2019 Ordinary Council Meeting to obtain a peer review of the work done to date.
Deliver the <i>Gisborne Business Park Development Plan</i>	The <i>Gisborne Business Park Development Plan</i> was considered by Council at the 19 December 2018 Ordinary Council Meeting. Council resolved to undergo informal consultation that occurred in February 2019. The draft attracted 106 written submissions, 188 survey responses and 26 one-on-one discussions. Consultation outcomes were reported at the 22 May 2019 Ordinary Council Meeting where Council resolved to undertake further work to resolve issues identified such as the impact of increased traffic, economic need for expansion, heritage, urban design and proposed Development Contributions Plan (DCP) arrangements. A report will be considered at a future Council Meeting.

Our priorities

4. Enhance the social and economic environment

Initiatives	Progress
Consider the implementation of the <i>In the Farming Zone Strategy</i>	Following a review of the draft <i>In the Farming Zone Strategy</i> , and adoption of the <i>Macedon Ranges Planning Scheme Review</i> it was resolved at the 26 June 2019 Ordinary Council Meeting to expand the scope of the <i>In Farming Zone Strategy</i> to incorporate a review of land in the Rural Conservation Zone. The <i>Rural Land Use Strategy</i> will be considered by Council in 2020.
Build connections that support the creative economy through professional development and networking opportunities	<p>A new ten-year <i>Arts and Culture Strategy</i> was developed to guide how we will promote, support and invest in arts and culture in the shire over the next decade.</p> <p>Our vision is that the Macedon Ranges has a thriving arts economy, fosters local talent and offers cultural experiences that delight, engage and challenge locals and visitors.</p>
Commence work on a review of known existing places of assembly	Review completed of known existing places of assembly throughout the municipality to ensure compliance with the <i>Macedon Ranges Planning Scheme</i> .

Our priorities

5. Deliver strong and reliable government

Fast facts

- 1,112 views of Council meeting livestreams
- 993 views of archived Council meeting recordings
- 22,894 rateable properties in the shire
- 62 residents from 18 countries became Australian citizens at four ceremonies

Our priority

We will demonstrate the qualities of good governance including a clear vision and culture, transparency, respect, consistency, accountability and responsiveness.

Why are we doing this?

We want our community to have confidence in the way we govern and make decisions.

What have we done?

We demonstrated accessible and responsive customer service

We received 24,204 customer requests in 2018/19 and completed 88 per cent of these on time—within 10 business days. Audience levels on our social media channels increased by 25 per cent; with 796 followers on LinkedIn; 26,604 followers across eight Facebook pages; and 371 and 1,483 followers on Twitter and Instagram respectively.

We made responsible and evidence-based decisions

We have used relevant combinations of our internal technical expertise, independent expert advice and feedback from the community to enable informed decisions to be made at all levels of decision making. This includes over 300 decisions made at Council meetings during the year; supported by 35 briefing sessions with Councillors and three meetings of the Health and Wellbeing Advisory Committee. We have also conducted investigations into home support services, seniors housing units and renewable energy options.

We demonstrated sound financial management

We have continued to have predominantly low risk financial sustainability indicators as indicated in the Auditor General's *2018/19 Audits of Local Government*. Our 2017/18 budget results as disclosed at the 22 August 2018 Ordinary Council Meeting presented a favourable result to budget allowing an additional reduction in planned loans and the further funding of additional initiatives.

Our priorities

5. Deliver strong and reliable government

We delivered people-focused service

As outlined in the Our Services section, we have continued to provide a broad range of services during the year. We provide the community with access to Ordinary Council Meetings and Special Council Meetings through our meeting livestream. In the days following the webcast, the recorded meetings are placed in an archive for downloading. Councillor briefings and community forums were held in towns throughout the municipality throughout the year, including at Woodend, Macedon and Tylden. Council also conducted a process that recognised high achievers through our Australia Day awards and supported many Australia Day events across the shire.

Council also works closely with community stakeholder groups to gather their input and ensure we understand their needs.

We attracted, retained and supported a skilled workforce

We have continued to train and develop our workforce in areas of legislative compliance and necessary technical competencies, and provided opportunities for relevant professional development. We have assessed the results of a staff survey and begun actions aimed at responding to the feedback we received in order to provide a supported and productive working environment.

Other key achievements

During the year we completed an expression of interest process for an unused Council facility at 47 Victoria Street, Macedon and have provided funding in the 2019/20 budget to upgrade the facility for community use.

Our major initiatives to deliver strong and reliable government

The following statements review the progress of Council in relation to major initiatives identified in the 2018/19 budget.

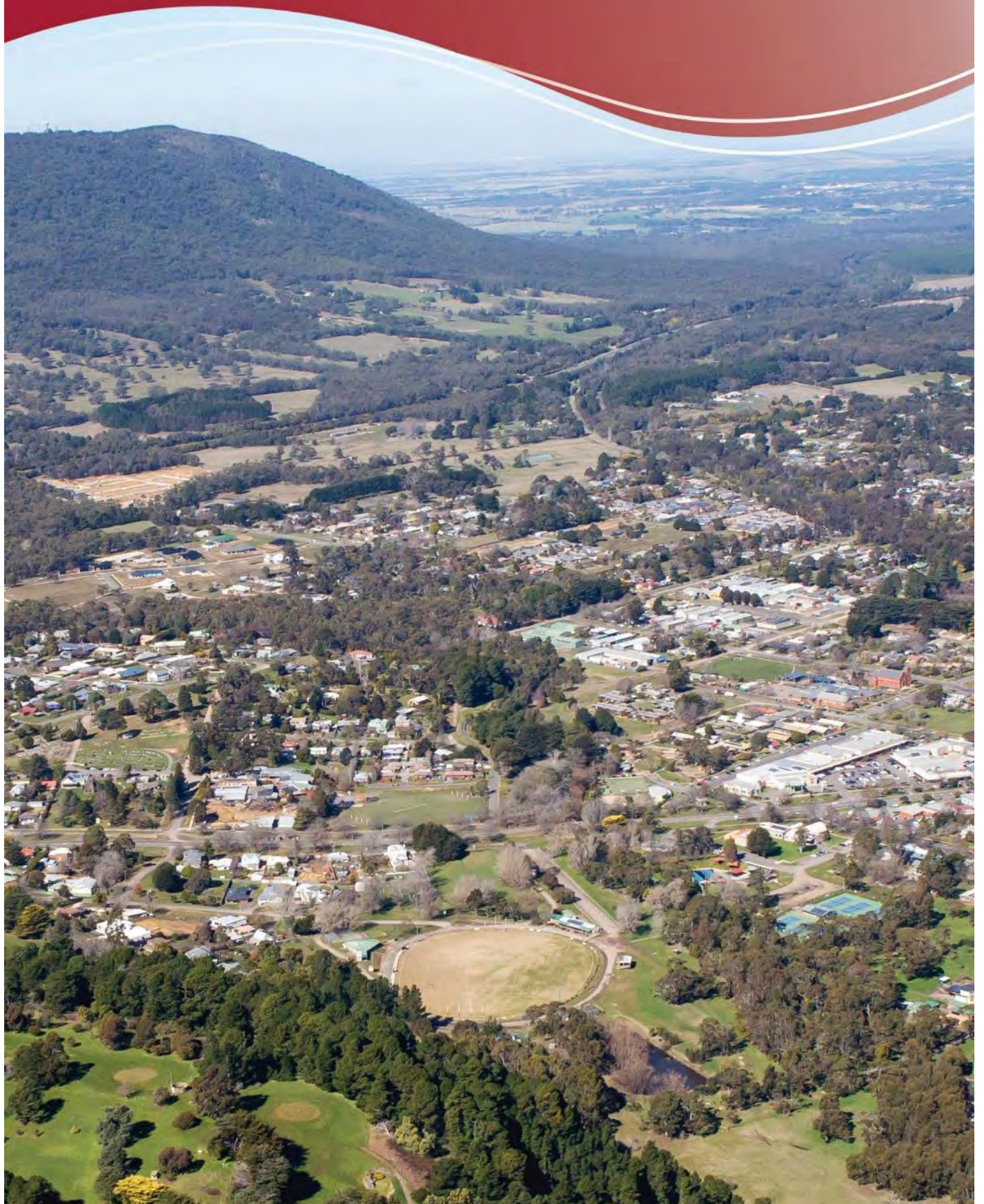
Initiatives	Progress
Improve statutory planning service	Monitoring of statutory planning services processing/decision times commenced in 2018/19. This is ongoing and will continue to be monitored and tracked in-house.
Strengthen interdepartmental and cross organisational relationships	<p>A senior management team was established and met on a monthly basis to improve working relationships between key organisational decision makers and their associated departments.</p> <p>Notably major pieces of work across the organisation relating to gender equality and a review of Council's values are being worked on by cross directorate groups. This provides opportunities to strengthen interdepartmental and cross organisational relationships. Work has commenced on establishing a major project management function that will also assist with linkages across Council units.</p>

Our priorities

5. Deliver strong and reliable government

Initiatives	Progress
Complete the <i>Macedon Ranges Planning Scheme Review</i>	The issues paper was completed, then deferred at the 19 December 2018 Ordinary Council Meeting until the 27 February 2019 Ordinary Council Meeting due to feedback received from DELWP. The planning scheme review was adopted at this Ordinary Council Meeting. An implementation plan is currently underway in accordance with the recommendation.
Complete a review of Council's community consultation framework	The <i>Community Consultation Framework</i> was adopted at the 26 June 2019 Ordinary Council Meeting.
Deliver any required outcomes from the 2018 Local Government Act Reform Process	The <i>Local Government Bill</i> has not yet progressed through the Victorian Parliament. Without this Bill being passed it is not possible to begin this action.
Implement outcomes from the employee survey	An employee opinion survey was conducted in February and March 2018. The values working group have commenced the consultation process with staff to define new organisational values. The Leadership Development Program content has been finalised and quotes are being sought from providers. It is anticipated the course will commence in 2019 subject to availability of trainers.
Implement strategic project control board	Staff employed to set up a strategic project control board. Work continues on establishing a framework and on training of staff ready to begin the working of the board.
Delivery an intranet accessible by all employees	A new intranet is now live. Staff access is still being progressed.
Ensure compliance with legislative external reporting and disclosure obligation and ensure reporting frameworks are delivered	The 2017/18 financial statements were approved and the Victorian Auditor-General's Office issued an unqualified audit report. Quarterly reports for July–September 2018, October–December 2018, January–March 2019 and April–June 2019 have been presented to Council and have been displayed on Council's website.

Our governance



Our governance

Macedon Ranges Shire Council is constituted under the *Local Government Act 1989* (Vic) (the Act) to provide leadership for the good governance of the municipal district and the local community. Council has a number of roles including:

- taking into account the diverse needs of the local community in decision-making
- providing leadership by establishing strategic objectives and monitoring achievements
- ensuring that resources are managed in a responsible and accountable manner
- advocating the interests of the local community to other communities and governments
- fostering community cohesion and encouraging active participation in civic life.

Council is committed to effective and sustainable forms of democratic and corporate governance as the key to ensuring that Council and its administration meet the community's priorities. The community has many opportunities to provide input into Council's decision-making processes including community consultation, public forums such as community forums and the ability to make submissions to special committees of Council.

Council's formal decision-making processes are conducted through Council meetings and special committees of Council. Council delegates the majority of its decision making to Council officers. These delegations are exercised in accordance with adopted Council policies.

Meetings of Council

- 11 Ordinary Council meetings
- 4 Special Council meetings

Councillor	Council meetings	Special Council Meetings	Total
Cr Henry Bleeck	11	4	15
Cr Natasha Gayfer	11	3	14
Cr Bill West	11	4	15
Cr Mandi Mees	11	4	15
Cr Helen Radnedge	11	4	15
Cr Andrew Twaits	11	4	15
Cr Jennifer Anderson	11	4	15
Cr Roger Jukes	10	4	14
Cr Janet Pearce	11	4	15

Special committees

The Act allows councils to establish one or more special committees consisting of:

- Councillors
- Council officers
- other persons
- any combination of the above.

Our governance

The following table contains a list of special committees established by Council that are in operation and the purpose for which each committee was established.

Special committee	Councillors	Officers	Other	Purpose
Section 223 Committee	All Councillors	Nil	Nil	All duties imposed, and functions and powers conferred on Council by Section 223(1) (d) of the Act.
Bullengarook Recreation Reserve Committee of Management	Current committee at Bullengarook is managing the community hall and is consulted in regard to significant recreation reserve matters as required. The committee is operating under Macedon Ranges Community Halls Inc.			Had responsibility to manage community hall.
Clarkefield Recreation Reserve Committee of Management	Current committee at Clarkefield is managing the community hall and is operating under Macedon Ranges Community Halls Inc.			Had responsibility to manage community hall.
Stanley Park Committee of Management	Nil	Nil	Eight community members	Has delegated functions, duties or powers

Councillor allowances

In accordance with Section 74 of the Act, Councillors are entitled to receive an allowance while performing their duty as a Councillor. The Mayor is also 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 the income and population of each council. In this instance Macedon Ranges Shire Council is recognised as a category two council.

For the period 1 July 2018 to 30 November 2018, the Councillor annual allowance for a category two council (as defined by the Act) was fixed at \$25,225 per annum and the Mayoral allowance was \$78,051 per annum. The Minister for Local Government approved an annual adjustment of two per cent to take effect as from 1 December 2018. Therefore, the annual allowances were adjusted for the period 1 December 2018 to 30 June 2019 at \$25,730 per annum for the Councillor allowance and \$79,612 per annum for the Mayoral allowance.

An additional payment equivalent to the superannuation guarantee of 9.5 per cent is also paid to Councillors. The following table contains a summary of the allowances (including the superannuation guarantee equivalent amount) paid to each Councillor during the year, and allowing for the changeover of Mayor from 21 November 2018.

Our governance

Councillor	Allowance
Cr Natasha Gayfer	\$27,944
Cr Roger Jukes	\$27,944
Cr Bill West	\$27,944
Cr Mandi Mees (Deputy Mayor)	\$27,944
Cr Helen Radnedge	\$27,944
Cr Andrew Twaits	\$27,944
Cr Jennifer Anderson (Mayor 1 July 2018 – 21 Nov 2018)	\$50,386
Cr Janet Pearce (Mayor 21 Nov 2018 – 30 June 2019)	\$63,127
Cr Henry Bleeck	\$27,944

In accordance with the Councillor Support and Expenses Policy, Councillor Anderson, as the Mayor for the period 1 July to 21 November 2018, and Councillor Pearce, as the Mayor for the period 21 November 2018 to 30 June 2019, were provided with a mayoral vehicle with an annual cost to Council of \$8,500.

Councillor expenses and reimbursements

In accordance with Section 75 of the Act, Council is required to reimburse a Councillor for expenses incurred while performing their duties. Council is also required to adopt and maintain a policy in relation to the reimbursement of expenses for Councillors. The policy provides guidance for the payment of reimbursements of expenses and the provision of resources, facilities and other support to the Mayor and Councillors to enable them to discharge their duties. Council also publishes in its annual report, the details of the expenses, including reimbursement of expenses for each Councillor and member of a Council committee paid by Council.

The details of expenses including reimbursement of expenses for each Councillor and member of a Council committee paid by Council for the 2018/19 year are set out in the following table.

2018/19	Travel	Car mileage	Family care	I&CT	Conferences and training
Cr Henry Bleeck	\$0	\$5,679	\$0	\$624	\$0
Cr Natasha Gayfer	\$0	\$3,148	\$0	\$630	\$800
Cr Bill West	\$0	\$0	\$0	\$628	\$0
Cr Mandi Mees	\$1,686	\$337	\$4,058	\$212	\$800
Cr Helen Radnedge	\$25	\$1,197	\$0	\$624	\$1,100
Cr Andrew Twaits	\$0	\$0	\$0	\$234	\$0
Cr Jennifer Anderson	\$245	\$853	\$0	\$705	\$318
Cr Roger Jukes	\$0	\$0	\$0	\$210	\$0
Cr Janet Pearce	\$3,028	\$3,138	\$0	\$666	\$3,000
TOTAL	\$4,984	\$14,352	\$4,058	\$4,533	\$6,018

Our governance

Public information

In accordance with the Act and the *Local Government (General) Regulations 2015*, the following are prescribed documents for public inspection if they are not already published on Council's website:

- a) A document containing details of overseas or interstate travel (other than interstate travel by land for less than three days) undertaken in an official capacity by any Councillor or member of Council staff in the previous 12 months, including:
 - i. the name of the Councillor or member of Council staff
 - ii. the dates on which the travel began and ended
 - iii. the destination of the travel
 - iv. the purpose of the travel
 - v. the total cost to the Council of the travel, including accommodation costs
- b) The agendas for, and minutes of, ordinary and special meetings held in the previous 12 months which are kept under section 93 of the Act, other than those agendas and minutes relating to a part of a meeting which was closed to members of the public under section 89 of the Act and are confidential information within the meaning of section 77(2) of the Act
- c) The minutes of meetings of special committees established under section 86 of the Act and held in the previous 12 months, other than those minutes relating to a part of a meeting which was closed to members of the public under section 89 of the Act and are confidential information within the meaning of section 77(2) of the Act
- d) A register of delegations kept under sections 87(1) and 98(4) of the Act, including the date on which the last review took place under sections 86(6) and 98(6), respectively, of the Act
- e) A document containing details of all leases involving land which were entered into by the Council as lessor, including the lessee and the terms and the value of the lease
- f) A register maintained under section 224(1A) of the Act of authorised officers appointed under that section
- g) A list of donations and grants made by the Council in the previous 12 months, including the names of persons who, or bodies which, have received a donation or grant and the amount of each donation or grant.

Code of conduct

The Act requires councils to develop and approve a councillor code of conduct within four months after each general election. On 22 February 2017, Council adopted a revised councillor code of conduct that is designed to:

- assist Councillors to maintain the highest standards of conduct and behaviour as well as provide a means to deal with problems they may encounter
- attract the highest level of confidence from Council's stakeholders
- assist the Mayor and Councillors to discharge the responsibilities of their public office appropriately.

In addition to setting out the Councillor conduct principles, the code also outlines:

- other conduct definitions under the Act, such as those relating to misuse of position, improper direction, breach of confidentiality, and conflict of interest
- roles and relationships
- dispute resolution procedures.

Our governance

Conflict of interest

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

A conflict of interest occurs when a personal or private interest might compromise the ability to act in the public interest. A conflict of interest exists even if no improper act results from it.

Council has a comprehensive procedure in place to accommodate the disclosure of a conflict of interest. Declaration of a conflict of interest is a standard agenda item for all Council and committee meetings.

While the procedures vary depending on the particular role and circumstances, in general they involve disclosing the relevant interests in a specific way and then stepping aside from the relevant decision-making process or from the exercise of the public duty. A register is maintained to record all disclosed conflict of interests. During 2018/19, 16 conflicts of interest were declared at Council and special committee meetings.

Management

We have implemented a number of statutory and better practice items to strengthen our management framework. Having strong governance and management frameworks lead to better decision making by Council. The Act requires Council to undertake an assessment against the prescribed governance and management checklist and include this in its report of operations. Council's Governance and Management Checklist results are set out in the section below. Notably, during 2018/19 Council also introduced a quarterly governance checklist for inclusion in its quarterly reports. The following items have been highlighted as important components of the management framework.

Audit Committee

Our Audit Committee is formally appointed under section 139 of the Act as an advisory committee to Council. The Audit Committee's role is to oversee and monitor the effectiveness of Council in carrying out its responsibilities for accountable financial management, good corporate governance, maintaining an effective system of internal control and risk management and fostering an ethical environment.

The Audit Committee consists of three independent members and two Councillors. During 2018/19 the independent members were, Mr Brian Collins, Ms Corrine Siddles (July 2018 to November 2018), Mr Robert Hood (February 2019 to June 2019) and Mr Peter Matthews (Chairperson), and two Councillors. Independent members are appointed for a two-year or three-year term, and Councillors for a one-year term. The chairperson is elected from among the independent members.

The Audit Committee meets a minimum of four times a year. The internal auditor, Chief Executive Officer and Director Corporate Services attend Audit Committee meetings. The external auditors have representation at meetings relevant to their role.

A report from each Audit Committee meeting is subsequently provided to Council.

Our governance

Internal audit

Council's internal audit partner for 2018/19 was Crowe Horwath.

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 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.

A risk-based three-year internal audit plan (IAP) is revised annually to ensure the audit resources remain focused on the appropriate areas. The review process considers Council's risk framework, the Council Plan, the impact of any change on operations, systems or the business environment; prior audit coverage and outcomes and management input. It is reviewed and approved by the Audit Committee annually.

The IAP for 2018/19 was completed with the following reviews conducted:

- Depot operations
- IT controls (review drafted but not considered by Audit Committee as at 30 June 2019)
- Risk management (review drafted but not considered by Audit Committee as at 30 June 2019)
- Business continuity planning (review drafted but not considered by Audit Committee as at 30 June 2019)
- Confidentiality process.

External audit

Council is externally audited by the Victorian Auditor-General. For the 2018/19 year, the annual external audit of Council's financial statements and performance statement was conducted by the Victorian Auditor-General's representative. The external auditors present the audit plan and independent audit report. The external audit management letter and responses are also provided to the Audit Committee

Risk management

In November 2017, Council adopted a new *Risk Management Framework* consistent with AS/NZ ISO 31000:2009, to guide the development of a culture of integrated risk management in all decision-making processes. This framework includes the identification and analysis of strategic and operational risk, occupational health and safety, and business continuity risks. The oversight of risk is now completed via a newly formed Risk Management Committee which now includes a broader staff coverage including all members of Council's senior management team. During 2018/19, an internal audit focusing on the risk management process has also been conducted. This followed risk management being recognised an area of focus in the three-year *Internal Audit Plan*. Council will now look to implement the outcomes of the audit.

Advisory committees

Council has a range of advisory committees, many of which include community members. These committees provide advice to Council and include the Hanging Rock Strategic Advisory Committee, Health and Wellbeing Advisory Committee, Airfield Advisory Committee, Planning Scheme Review Community Reference Group, and Macedon Ranges Agribusiness Forum.

Contracts

During the 2018/19 year, Council had one instance where a contractor was engaged with the cumulative value in excess of specified thresholds for goods and services (\$150,000) and works (\$200,000) including GST without first conducting a competitive open tendering process. Consistent with the *Local Government (Planning and Reporting) Regulations 2014*, the instance is outlined below.

Supplier	Instance
Aerial Access Australia Pty Ltd	<p>Suppliers on a panel managed by the Municipal Association of Victoria (MAV) for such goods were asked to provide quotes for the goods, however two other providers who were not on the panel were also asked to provide quotes. The supplier engaged had not been through a public tender process.</p> <p>This instance was reported to both Council and the Audit Committee at the time of identification.</p>

Best value

Macedon Ranges Shire Council incorporates best value principles through regular business planning and performance monitoring processes, and through a commitment to continuous improvement. Councils are required by the Act to take into account Best Value Principles to ensure that services:

- meet their agreed quality and cost standards
- are responsive to the needs of their community
- are accessible to those members of the community for who the service is intended
- achieve continuous improvement in the provision of services for the community
- include consultation with the community in relation to the services it provides
- regularly report on their performance to the community.

Council undertook the following best value activities during 2018/19:

- Completed a review of its *Community Consultation Framework* (in consultation with the community)
- Completed an energy assessment to identify options for accessing renewable energy into the future
- Undertook a review of seniors housing units to better understand future requirements in regards to provision of this service
- Continued to invest in understanding the impact of aged care reform on Council-provided home support services
- Implemented a new schedule within the quarterly reports to support the community's understanding of Council's compliance with its governance requirements.

Governance and management checklist

The Act requires Council to undertake an assessment against a prescribed governance and management checklist, as outlined below:

Governance and management item	Details	Endorsed
Community engagement policy —policy outlining Council's commitment to engaging with the community on matters of public interest	<i>Community Consultation Framework</i>	26/06/2019
Community engagement guidelines —guidelines to assist staff to determine when and how to engage with the community	<i>Community Consultation Framework</i>	26/06/2019
Strategic Resource Plan 2019/20 —plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next 4 financial years	Plan adopted in accordance with section 126 of the Act	26/06/2019
Budget Report 2019/20 —plan under section 130 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required	Budget adopted in accordance with section 130 of the Act	26/06/2019
Asset management plans —plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for 10 years or more	Roads	26/06/2019
	Footpath	26/06/2019
	Kerb and channel	26/06/2019
	Bridges	26/06/2019
	Building	26/06/2019
	Drainage	25/09/2013 (Under review)
	Open space	25/09/2013 (Under review)
Rating strategy —strategy setting out the rating structure of Council to levy rates and charges	See Section 5 of the <i>Strategic Resource Plan</i>	26/06/2019
Risk management policy —policy outlining Council's commitment and approach to minimising the risks to Council's operations	Current policy in operation	15/09/2018
Fraud policy —policy outlining Council's commitment and approach to minimising the risk of fraud	Current policy in operation	8/11/2016

Governance and management checklist

Governance and management item	Details	Endorsed
Municipal Emergency Management Plan —plan under section 20 of the <i>Emergency Management Act 1986</i> for emergency prevention, response and recovery	Prepared and maintained in accordance with section 20 of the Emergency Management Act	27/09/2017
Procurement Policy —policy under Section 186A of the 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	26/06/2019
Business Continuity Plan —plan setting out the actions that will be taken to ensure that key services continue in the event of a disaster	Current plan in operation	18/07/2017
Disaster Recovery Plan (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	IT Disaster Recovery Plan	12/02/2018
Risk Management Framework —framework outlining Council's approach to managing risks to the Council's operations	Current framework in operation	2/11/2017
Audit Committee —advisory committee of Council under section 139 of the Act whose role is to oversee the integrity of a Council's financial reporting, processes to manage risks to the Council's operations and for compliance with applicable legal, ethical, and regulatory requirements	Committee established in accordance with Section 139 of the Act. Terms of reference updated at least every two years with last update as of 28 March 2018.	1/02/2004
Internal audit —independent accounting professionals engaged by the Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls	Internal auditor engaged	25/08/2014

Governance and management checklist

Governance and management item	Details	Endorsed
Performance Reporting Framework —a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in Section 131 of the Act	Current framework in operation	1/07/2014
Council Plan reporting —report reviewing the performance of the Council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year	Annual Report and quarterly statements presented to Council	24/10/2018 22/08/2018, 28/11/2018, 27/02/2019 and 22/05/2019
Financial reporting —quarterly statements to Council under Section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure	Quarterly statements presented to Council in accordance with Section 138(1) of the Act	22/08/2018, 28/11/2018, 27/02/2019 and 22/05/2019
Risk reporting —six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies	Quarterly reports prepared and presented to Council	22/08/2018, 28/11/2018, 27/02/2019 and 22/05/2019
Performance reporting —a set of indicators measuring the results against financial and non-financial performance, including performance indicators referred to Section 131 of the Act	Reports prepared and presented to Council	24/10/2018
Annual report —annual report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial performance statements	Annual report considered at a meeting of Council in accordance with Section 134 of the Act	24/10/2018
Councillor Code of Conduct —Code under Section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)	Code of conduct reviewed in accordance with Section 76C of the Act	22/02/2017

Governance and management checklist

Governance and management item	Details	Endorsed
Delegations —a document setting out the powers, duties and functions of Council and the Chief Executive Officer that have been delegated to members of staff	Delegations reviewed in accordance with Section 98(6) of the Act	27/09/2017
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	05/01/2018

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



Mayor, Cr Janet Pearce

Kyneton, 26/9/2019



Chief Executive Officer, Margot Stork

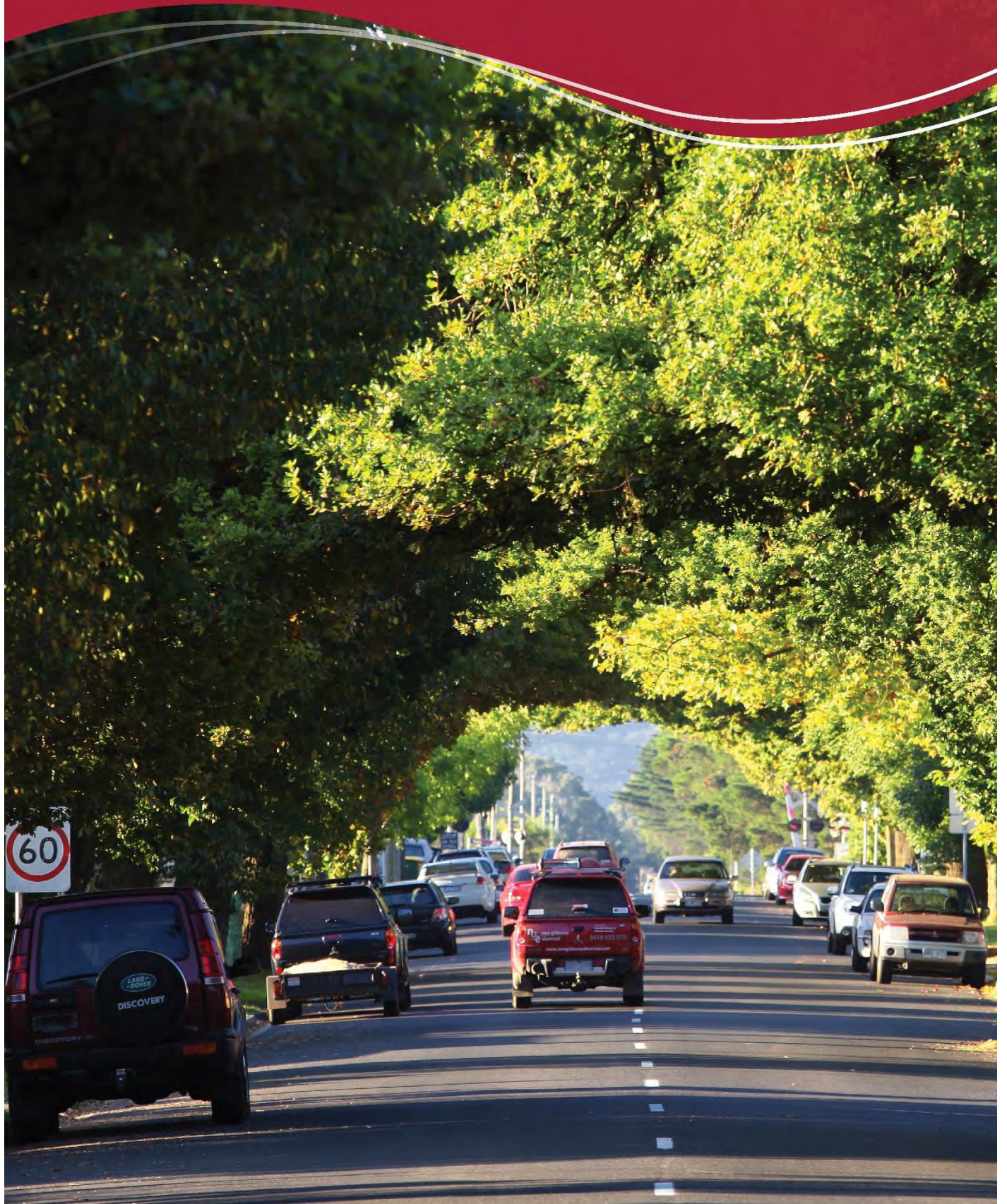
Kyneton, 26/9/2019

Glossary

Term	Definition
Act	means the <i>Local Government Act 1989</i> (Vic)
Annual report	means a report of the activities of the previous financial year and contains a report of operations, audited financial statements and an audited performance statement
Asset expansion expenditure	means expenditure that extends the capacity of an existing asset to provide benefits to new users at the same standard as is provided to existing beneficiaries
Asset expenditure type	means the following types of asset expenditure: <ul style="list-style-type: none"> • asset renewal expenditure • new asset expenditure • asset upgrade expenditure • asset expansion 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
Asset upgrade expenditure	means expenditure that: <ul style="list-style-type: none"> • enhances an existing asset to provide a higher level of service; or • increases the life of the asset beyond its original life
Australian Accounting Standards (AAS)	means the accounting standards published by the Australian Accounting Standards Board
Budget	means a plan setting out the services and initiatives to be funded for the financial year and how they will contribute to achieving the strategic objectives specified in the Council Plan
Capital works expenditure	means expenditure on non-current assets and includes new assets, asset renewal, asset expansion and asset upgrade
Council plan	means a plan setting out the medium-term strategic objectives, strategies, strategic indicators and resources reflecting vision and aspirations of the community for the next four years
Financial resources	means income, expenditure, assets, liabilities, equity, cash and capital works required to deliver the services and initiatives in the budget
Financial statements	means the financial statements and notes prepared in accordance with the <i>Australian Accounting Standards</i> as they apply to the general purpose financial reports of local governments and a statement of capital works and included in the annual report
Financial year	means the period of 12 months ending on 30 June each year
Human resources	means the staff employed by Council
Indicator	means what will be measured to assess performance
Initiatives	means actions that are one-off in nature and/or lead to improvements in service

Term	Definition
Major initiatives	means significant initiatives that will directly contribute to the achievement of the Council Plan during the current year and have a major focus in the budget
Minister	means the Minister for Local Government
Model budget	means the <i>Victorian City Council Model Budget</i> prepared annually by the Institute of Chartered Accountants in Australia
New asset expenditure	means expenditure that creates a new asset that provides a service that does not currently exist
Non-financial resources	means the resources other than financial resources required to deliver the services and initiatives in the budget
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
Planning and accountability framework	means the key statutory planning and reporting documents that are required to be prepared by councils to ensure accountability to local communities in the performance of functions and exercise of powers under the Act
Performance statement	means a statement including the results of the prescribed service outcome indicators, financial performance indicators and sustainable capacity indicators for the financial year and included in the annual report
Recurrent grant	means a grant other than a non-recurrent grant
Regulations (LGR)	means the <i>Local Government (Planning and Reporting) Regulations 2014</i>
Report of operations	means a report containing a description of the operations of Council during the financial year and included in the annual report
Services	means assistance, support, advice and other actions undertaken by Council for the benefit of the local community
Statement of capital works	means a statement which shows all capital expenditure of a council in relation to non-current assets and asset expenditure type prepared accordance to the model statement of capital works in the <i>Local Government Financial Report</i>
Strategic objectives	means the goals in the Council Plan, that Council is seeking to achieve over the next four years
Strategic Resource Plan	means a plan of the financial and non-financial resources for at least the next four years required to achieve the strategic objectives in the Council Plan
Strategies	means high level actions directed at achieving the strategic objectives in the Council Plan
Statement of human resources	means a statement that shows all council staff expenditure and numbers of full time equivalent council staff

Our performance statement



Our performance statement

Our shire

Ref	The Macedon Ranges Shire Council is situated north-west of Melbourne. The Traditional Owners are the DjaDja Wurrung, Taungurung and Wurundjeri peoples.
Reg R17(1)	<p>The Macedon Ranges region is renowned for its pristine landscapes, native forests and unique natural features including Hanging Rock and Mount Macedon. Other natural features include forested gullies, waterfalls, native grasslands, productive soils and mineral springs.</p> <p>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.</p> <p>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 per cent of people in the Macedon Ranges live outside a town boundary in a rural setting.</p> <p>The economy of the Macedon Ranges region is diverse with the major industries (based on number of jobs in the shire) as follows:</p> <ul style="list-style-type: none">• Public services comprising health care and social assistance, and training and education (24 per cent of jobs)• Industry comprising manufacturing and construction (19.7 per cent of jobs)¹• Retail trade, accommodation and food services (19.3 per cent of jobs). <p>The shire covers an area of 1,747 kilometres squared and has a population of 49,388 (2018) which is expected to grow to 65,405 by 2036².</p>

¹ <https://www.economyprofile.com.au/macedonranges>

² <https://www.profile.id.com.au/macedon-ranges>

Our performance statement

Sustainable capacity indicators

for the year ended 30 June 2019

Ref Reg	Service/indicator/ measure	Results 2016	Results 2017	Results 2018	Results 2019	Material variations
R15(3)	Population					
Sch3 R16(1)	Expenses per head of municipal population	\$1,489	\$1,458	\$1,455	\$1,493	
R17(2)	[Total expenses/municipal population]					
	Infrastructure per head of municipal population	\$12,982	\$13,230	\$12,915	\$13,133	
	[Value of infrastructure/ municipal population]					
	<i>Population density per length of road</i>	27.63	27.24	28.54	28.14	
	[Municipal population/ kilometres of local roads]					
	Own-source revenue					
	Own-source revenue per head of municipal population	\$1,180	\$1,230	\$1,213	\$1,281	
	[Own-source revenue/ municipal population]					

Our performance statement

Sustainable capacity indicators

Ref Reg	Service/indicator/ measure	Results 2016	Results 2017	Results 2018	Results 2019	Material variations
	Recurrent grants					
	Recurrent grants per head of municipal population [Recurrent grants/municipal population]		\$240	\$386	\$303	\$288
	Disadvantage					
	Relative socio-economic disadvantage [Index of Relative Socio-economic Disadvantage by decile]		9	9	9	9

Definitions

“infrastructure” means non-current property, plant and equipment excluding land

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

“population” means the resident population estimated by council

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

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

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

Our performance statement

Service performance indicators

for the year ended 30 June 2019

Ref Reg	Service/indicator/ measure	Results 2016	Results 2017	Results 2018	Results 2019	Material variations
Sch3 R16(1)	Aquatic facilities Utilisation Utilisation of aquatic facilities [Number of visits to aquatic facilities/municipal population]	7.27	7.50	7.11	7.23	
	Animal management Health and safety Animal management prosecutions [Number of successful animal management prosecutions]	12	6	1	0	There are some prosecutions in progress that have not as yet been completed. Council also has a procedure to declare dogs, dangerous or menacing, if there is no prior history associated with the animal, which negates the need to go to court.
	Food safety Health and safety Critical and major non-compliance notifications [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 a food premises] x 100	95.74%	96.77%	98.26%	100%	

Our performance statement

Service performance indicators

Ref Reg	Service/indicator/ measure	Results 2016	Results 2017	Results 2018	Results 2019	Material variations
	Satisfaction Satisfaction with Council decisions [Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community]	49	52	51	51	
	Libraries Participation Active library members [Number of active library members/municipal population] x100	18.93%	18.64%	16.92%	16.40%	This result does not reflect the increase in borrowing of eLibrary resources as active members are defined as those who have used their card to borrow a physical item in the last 12 months.
	Maternal and child health Participation Participation in the MCH service [Number of children who attend the MCH service at least once (in the year)/ number of children enrolled in the MCH service] x100	80.00%	77.77%	82.01%	80.92%	

Our performance statement

Service performance indicators

Ref Reg	Service/indicator/ measure	Results 2016	Results 2017	Results 2018	Results 2019	Material variations
	Participation Participation in the MCH service by Aboriginal children [Number of Aboriginal children who attend the MCH service at least once (in the year)/number of Aboriginal children enrolled in the MCH service] x100	57.14%	77.55%	85.71%	80.65%	
	Roads Satisfaction Satisfaction with sealed local roads [Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]	51	48	48	49	
	Statutory Planning Decision making Council planning decisions upheld at VCAT [Number of VCAT decisions that did not set aside Council's decision in relation to a planning application/number of VCAT decisions in relation to planning applications] x100	50.00%	50.00%	52.38%	58.33%	The positive increase is attributable to robust planning application decisions being supported at VCAT.
	Waste collection Waste diversion Kerbside collection waste diverted from landfill [Weight of recyclables and green organics collected from kerbside bins/weight of garbage, recyclables and green organics collected from kerbside bins] x100	42.28%	45.05%	44.81%	44.78%	

Our performance statement

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

“Community Care Common Standards” means the *Community Care Common Standards* for the delivery of HACC services, published from time to time by the Australian Government.

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

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

“HACC program” means the home and community care program, established under the agreement entered into the purpose of the *Home and Community Care Act 1985* (Cwlth)

“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 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 authorised officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken

“MCH” means the maternal and child health service provided by Council to support the health and development of children within the shire 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*.

Financial performance indicators

for the year ended 30 June 2019

Ref Reg	Dimension / indicator/ measure	Results				Forecasts				Material variations
		2016	2017	2018	2019	2020	2021	2022	2023	
R15(2) Sch3	Efficiency Revenue level									
R16(1) R16(2)	Average residential rate per residential property assessment	\$1,912	\$1,987	\$2,037	\$2,082	\$2,179	\$2,233	\$2,288	\$2,344	
R17(2) R17(3)	[Residential rate revenue/ number of residential property assessments]									
	Expenditure level									
	Expenses per property assessment	\$3,030	\$3,086	\$3,193	\$3,220	\$3,315	\$3,405	\$3,491	\$3,570	
	[Total expenses/ number of property assessments]									

Financial performance indicators

Ref Reg	Dimension / indicator/ measure	Results				Forecasts				Material variations
		2016	2017	2018	2019	2020	2021	2022	2023	
	Workforce turnover Resignations and terminations compared to average staff [Number of permanent staff resignations and terminations/ average number of permanent staff for the financial year] x100	7.95%	10.69%	11.98%	21.17%	10.28%	10.04%	10.17%	10.04%	Staff turnover was higher in 2018/19 due to organisational restructuring that was undertaken.

Financial performance indicators

Ref Reg	Dimension / indicator/ measure	Results				Forecasts				Material variations
		2016	2017	2018	2019	2020	2021	2022	2023	
	Liquidity Working capital Current assets compared to current liabilities [Current assets/ current liabilities] x100	166.93%	230.14%	248.31%	205.23%	175.18%	165.00%	159.92%	151.69%	<p>In 2014, Council borrowed \$4.1 million via the Local Government Funding Vehicle. These borrowings are interest only, whereby the principal on these borrowings is not payable until the end of the term of the loan. The term ends in 2019 and Council will repay this loan in full. This large repayment has impacted a number of ratios in 2018/19 and 2019/20. In 2018/19, the loan is included as a current liability which has made the balance abnormally high resulting in a lower working capital ratio. This is partly offset by the early receipt of half of the 2019/20 financial assistance grants which have increased cash and investments.</p> <p>For the 2019/20 budget, it is assumed that the financial assistance grants will not be paid in advance which results in a forecast reduction in working capital.</p>

Financial performance indicators

Ref Reg	Dimension / indicator/ measure	Results				Forecasts				Material variations
		2016	2017	2018	2019	2020	2021	2022	2023	
	Unrestricted cash									
	Unrestricted cash compared to current liabilities	57.77%	110.23%	120.89%	105.94%	96.90%	82.39%	76.83%	72.76%	Current liabilities are abnormally high in 2018/19 due to the planned repayment in 2019/20 of funds borrowed via the Local Government Funding Vehicle (\$4.1 million). Unrestricted cash is forecast to reduce in the coming years due to a higher planned capital works program.
	[Unrestricted cash/current liabilities] x100									
	Obligations									
	Asset renewal									The ratio is higher on average in years 2019/20 to 2022/23 in line with planned higher levels of expenditure on renewing our assets.
	Asset renewal compared to depreciation	94.35%	57.40%	94.42%	89.80%	100.16%	101.98%	96.22%	97.05%	
	[Asset renewal expenses/asset depreciation] x100									

Financial performance indicators

Ref Reg	Dimension / indicator/ measure	Results				Forecasts				Material variations
		2016	2017	2018	2019	2020	2021	2022	2023	
	Loans and borrowings Loans and borrowings compared to rates [Interest bearing loans and borrowings/ rate revenue] x100	20.44%	23.32%	21.26%	18.88%	12.15%	19.35%	26.05%	22.86%	No new loans were taken up in 2018/19 and principal repayments during the year resulted in a lower debt balance. The ratio will decrease again in 2019/20 with the repayment of a large amount borrowed via the Local Government Funding Vehicle before increasing in years 2020/21 and 2021/22 to fund a planned higher capital works program.
	Loans and borrowings Loans and borrowings repayments compared to rates [Interest and principal repayments on interest bearing loans and borrowings/ rate revenue] x100	1.57%	1.71%	2.18%	2.06%	9.78%	2.44%	3.66%	3.26%	The ratio is higher on average in years 2019/20 to 2022/23 in line with planned higher levels of expenditure on renewing our assets.

Financial performance indicators

Ref Reg	Dimension / indicator/ measure	Results				Forecasts				Material variations
		2016	2017	2018	2019	2020	2021	2022	2023	
	Indebtedness									
	Non-current liabilities compared to own source revenue	25.42%	26.17%	24.17%	15.04%	16.15%	20.70%	26.17%	23.61%	Non-current liabilities have reduced in 2018/19 as a result of the planned repayment in 2019/20 of funds borrowed via the Local Government Funding Vehicle (\$4.1 million) in 2019/20. This loan is now classified as current in 2018/19. Borrowings are forecast to increase over the next few years in line with a planned higher capital works program.
	Operating position									
	Adjusted underlying result	-2.53%	11.03%	5.76%	7.58%	4.95%	4.28%	3.76%	3.52%	The underlying surplus in 2018/19 has increased as income growth has been higher than the growth in operating expenditure. It is forecast that there will be a larger growth in operating expenses in 2019/20 to support the growing population in the shire.
	Adjusted underlying surplus (or deficit)									
	[Adjusted underlying surplus (deficit)/ adjusted underlying revenue] x100									

Financial performance indicators

Ref Reg	Dimension / indicator/ measure	Results				Forecasts				Material variations
		2016	2017	2018	2019	2020	2021	2022	2023	
	Stability									
	Rates concentration	65.70%	58.69%	61.55%	61.06%	63.37%	63.67%	63.96%	64.25%	
	Rates compared to adjusted underlying revenue									
	[Rate revenue/ adjusted underlying revenue] x100									
	Rates effort									
	Rates compared to property values	0.39%	0.39%	0.39%	0.35%	0.33%	0.33%	0.33%	0.33%	
	[Rate revenue/ capital improved value of rateable properties in the municipality] x100									

Definitions

“adjusted underlying revenue” means total income other than:

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

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

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

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

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

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

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

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

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

“population” means the resident population estimated by Council

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

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

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

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

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

Other information

Basis of preparation

For the year ended 30 June 2019

BP

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 and Local Government (Planning and Reporting) Regulations 2014.

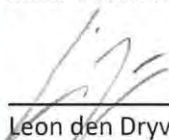
Where applicable the results in the performance statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from council information systems or from third parties (e.g. Australian Bureau of Statistics).

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 26 June 2019 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

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.



Leon den Dryver
Principal Accounting Officer

Dated: 25 September 2019
Kyneton

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

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

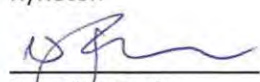
At the date of signing, we are not aware of any circumstances that would render any particulars in the performance statement to be misleading or inaccurate.

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



Janet Pearce
Councillor (Mayor)

Dated: 25 September 2019
Kyneton



Natasha Gayfer
Councillor

Dated: 25 September 2019
Kyneton



Margot Stork
Chief Executive Officer

Dated: 25 September 2019
Kyneton

Independent Auditor's Report

To the Councillors of Macedon Ranges Shire Council

Opinion	<p>I have audited the accompanying performance statement of Macedon Ranges Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • description of municipality for the year ended 30 June 2019 • sustainable capacity indicators for the year ended 30 June 2019 • service performance indicators for the year ended 30 June 2019 • financial performance indicators for the year ended 30 June 2019 • other information for the year ended 30 June 2019 (basis of preparation) • certification of the performance statement. <p>In my opinion, the performance statement presents fairly, in all material respects, the performance of the council for the year ended 30 June 2019, in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</i>.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Performance Statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Councillors' responsibilities for the performance statement	<p>The Councillors of the council are responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.</p>
Auditor's responsibilities for the audit of the performance statement	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance</p>


Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement.

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

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

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

MELBOURNE
27 September 2019


Jonathan Kyvelidis
as delegate for the Auditor-General of Victoria

Additional service performance indicators

The following set of performance indicators are prescribed under Part 4 Section 13 of the Local Government Planning and Reporting Regulations 2014 (Vic). Refer to the Know Your Council website (knowyourcouncil.vic.gov.au) for comparisons with other councils.

Service/indicator/ measure	Results 2016	Results 2017	Results 2018	Results 2019	Material variations
Aquatic Facilities					
Service standard <i>Health inspections of aquatic facilities</i> [Number of authorised officer inspections of Council aquatic facilities/number of Council aquatic facilities]	0.25	1.00	1.00	1.00	
Health and safety <i>Reportable safety incidents at aquatic facilities</i> [Number of WorkSafe reportable aquatic facility safety incidents]	0.00	0.00	1.00	0.00	
Service cost <i>Cost of indoor aquatic facilities</i> [Direct cost of indoor aquatic facilities less income received/ number of visits to indoor aquatic facilities]	\$1.50	\$1.53	\$1.01	\$1.44	The increase is due to a reduction in program attendances over the winter period and an increase in utility costs under the existing supplier agreement.

Additional service performance indicators

Service/indicator/ measure	Results 2016	Results 2017	Results 2018	Results 2019	Material variations
Aquatic Facilities					
Service cost <i>Cost of outdoor aquatic facilities</i> [Direct cost of outdoor aquatic facilities less income received/ number of visits to outdoor aquatic facilities]	\$18.67	\$17.69	\$18.28	\$10.77	The reduction in the cost to service was due to significantly higher than usual attendance levels at the Woodend and Lancefield outdoor pools due to warmer temperatures across the season.
Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities/ municipal population]	7.27	7.50	7.11	7.23	
Animal Management					
Timeliness <i>Time taken to action animal management requests</i> [Number of days between receipt and first response action for all animal management requests/number of animal management requests]	2.11	1.66	1.98	1.20	Council has implemented improved processes to ensure that animal management requests are processed in a more timely manner.
Service standard <i>Animals reclaimed</i> [Number of animals reclaimed/number of animals collected] x100	55.39%	48.71%	50.98%	54.04%	

Additional service performance indicators

Service/indicator/ measure	Results 2016	Results 2017	Results 2018	Results 2019	Material variations
Animal Management					
Service cost <i>Cost of animal management service</i> [Direct cost of the animal management service/number of registered animals]	\$43.75	\$47.65	\$53.60	\$68.48	The cost increase is due to an increase in fees for the provision of cat, pound and shelter services.
Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	12.00	6.00	1.00	0.00	There are some prosecutions in progress that have not as yet been completed. Council also has a procedure to declare dogs, dangerous or menacing, if there is no prior history associated with the animal, which negates the need to go to court.
Food Management					
Timeliness <i>Time taken to action food complaints</i> [Number of days between receipt and first response action for all food complaints/ number of food complaints]	2.91	2.70	3.35	2.25	Council has implemented improved processes to ensure that food safety requests are processed in a more timely manner.

Additional service performance indicators

Service/indicator/ measure	Results 2016	Results 2017	Results 2018	Results 2019	Material variations
Food Management					
Service standard <i>Food safety assessments</i> [Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the Food Act/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] x100	71.99%	98.63%	98.99%	100.00%	
Service cost <i>Cost of food safety service</i> [Direct cost of the food safety service/number of food premises registered or notified in accordance with the Food Act]	\$293.58	\$283.79	\$297.84	\$311.54	

Additional service performance indicators

Service/indicator/ measure	Results 2016	Results 2017	Results 2018	Results 2019	Material variations
Food Management					
Health and safety <i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up/number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	95.74%	96.77%	98.26%	100.00%	
Governance					
Transparency <i>Council decisions made at meetings closed to the public</i> [Number of Council resolutions made at ordinary or special meetings of Council, or at meetings of a special committee consisting only of Councillors, closed to the public/ number of Council resolutions made at ordinary or special meetings of Council or at meetings of a special committee consisting only of Councillors] x100	2.65%	3.11%	4.55%	4.76%	

Additional service performance indicators

Service/indicator/ measure	Results 2016	Results 2017	Results 2018	Results 2019	Material variations
Governance					
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	51.00	52.00	54.00	52.00	
Attendance <i>Councillor attendance at council meetings</i> [The sum of the number of Councillors who attended each ordinary and special Council meeting/(number of ordinary and special Council meetings) × (number of Councillors elected at the last Council general election)] x100	96.30%	95.56%	93.46%	98.52%	
Service cost <i>Cost of governance</i> [Direct cost of the governance service/ number of Councillors elected at the last Council general election]	\$42,855.00	\$43,006.89	\$43,583.44	\$41,264.22	

Additional service performance indicators

Service/indicator/ measure	Results 2016	Results 2017	Results 2018	Results 2019	Material variations
Governance					
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]	49.00	52.00	51.00	51.00	
Libraries					
Utilisation <i>Library collection usage</i> [Number of library collection item loans/number of library collection items]	5.20	5.69	5.63	5.44	
Resource standard <i>Standard of library collection</i> [Number of library collection items purchased in the last 5 years/number of library collection items] x100	58.87%	70.00%	75.10%	72.10%	
Service cost <i>Cost of library service</i> [Direct cost of the library service/number of visits]	\$4.03	\$4.21	\$4.77	\$5.16	

Additional service performance indicators

Service/indicator/ measure	Results 2016	Results 2017	Results 2018	Results 2019	Material variations
Libraries					
Participation <i>Active library members</i> [Number of active library members/municipal population] x100	18.93%	18.64%	16.92%	16.40%	This result does not reflect the increase in borrowing of eLibrary resources as active members are defined as those who have used their card to borrow a physical item in the last 12 months.
Maternal and Child Health (MCH)					
Satisfaction <i>Participation in first MCH home visit</i> [Number of first MCH home visits/number of birth notifications received] x100	101.81%	101.95%	99.58%	103.62%	
Service standard <i>Infant enrolments in the MCH service</i> [Number of infants enrolled in the MCH service (from birth notifications received)/ number of birth notifications received] x100	99.00%	101.56%	101.26%	100.60%	

Additional service performance indicators

Service/indicator/ measure	Results 2016	Results 2017	Results 2018	Results 2019	Material variations
Maternal and Child Health (MCH)					
Service cost <i>Cost of the MCH service</i> [Cost of the MCH service/hours worked by MCH nurses]	\$69.69	\$77.93	\$63.79	\$78.74	Variance relates to costs associated with additional staffing requirements in 2018/19 due to overall increased birth notices and total enrolments.
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	80.00%	77.77%	82.01%	80.92%	
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	57.14%	77.55%	85.71%	80.65%	
Roads					
Satisfaction of use <i>Sealed local road requests</i> [Number of sealed local road requests/ kilometres of sealed local roads] x100	30.28	60.33	40.53	44.16	

Additional service performance indicators

Service/indicator/ measure	Results 2016	Results 2017	Results 2018	Results 2019	Material variations
Roads					
Condition <i>Sealed local roads maintained to condition standards</i> [Number of kilometres of sealed local roads below the renewal intervention level set by Council/kilometres of sealed local roads] x100	94.25%	96.44%	96.75%	97.46%	
Service cost <i>Cost of sealed local road reconstruction</i> [Direct cost of sealed local road reconstruction/square metres of sealed local roads reconstructed]	\$42.02	\$41.22	\$48.21	\$48.63	
Service cost <i>Cost of sealed local road resealing</i> [Direct cost of sealed local road resealing/square metres of sealed local roads resealed]	\$4.65	\$7.92	\$8.40	\$6.78	Council undertakes both spray sealing and asphaltting. The cost of resealing is less than the previous year as we undertook 20 percent less asphaltting. The rates for spray sealing are substantially more economical than the rate for asphaltting.

Additional service performance indicators

Service/indicator/ measure	Results 2016	Results 2017	Results 2018	Results 2019	Material variations
Roads					
Satisfaction <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	51.00	48.00	48.00	49.00	
Statutory Planning					
Timeliness Time taken to decide planning applications [The median number of days between receipt of a planning application and a decision on the application]	84.00	73.00	100.00	106.00	
Service standard Planning applications decided within required time frames [(Number of regular planning application decisions made within 60 days) + (Number of VicSmart planning application decisions made within 10 days)/number of planning application decisions made] x100	56.41%	71.99%	61.47%	58.10%	

Additional service performance indicators

Service/indicator/ measure	Results 2016	Results 2017	Results 2018	Results 2019	Material variations
Statutory Planning					
Service cost <i>Cost of statutory planning service</i> [Direct cost of the statutory planning service/number of planning applications received]	\$2,590.45	\$2,779.39	\$2,626.30	\$3,136.22	The increase in cost is due to a department restructure during the Financial Year and temporary use of external contractor resources while recruitment to permanent new positions was undertaken.
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	50.00%	50.00%	52.38%	58.33%	The positive increase is attributable to robust planning application decisions being supported at VCAT. Out of 24 VCAT decisions, Council won 14. These wins included decisions that had been issued with either no change or conditional changes to Council's decision and appeals that were withdrawn without VCAT needing to make a decision.

Additional service performance indicators

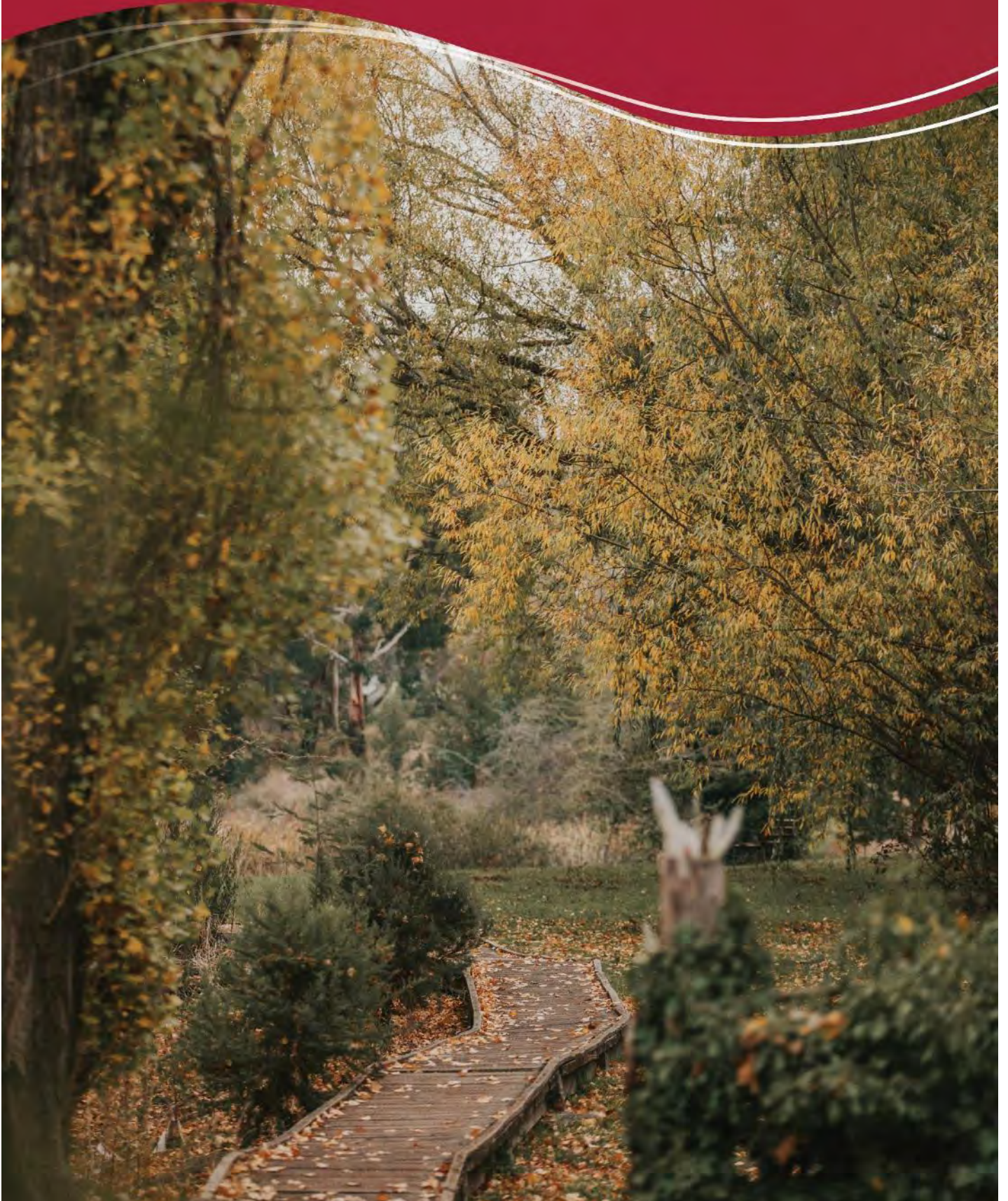
Service/indicator/ measure	Results 2016	Results 2017	Results 2018	Results 2019	Material variations
Waste					
Satisfaction <i>Kerbside bin collection requests</i> [Number of kerbside garbage and recycling bin collection requests/number of kerbside bin collection households] x1000	109.56	155.55	228.03	223.08	
Service standard <i>Kerbside collection bins missed</i> Number of kerbside garbage and recycling collection bins missed/number of scheduled kerbside garbage and recycling collection bin lifts] x10,000	4.13	6.25	10.58	8.05	Council engaged a different waste contractor during the year and the number of bins being missed has reduced.
Service cost <i>Cost of kerbside garbage bin collection service</i> [Direct cost of the kerbside garbage bin collection service/number of kerbside garbage collection bins]	\$112.62	\$119.16	\$129.92	\$136.95	
Service cost <i>Cost of kerbside recyclables collection service</i> [Direct cost of the kerbside recyclables bin collection service/number of kerbside recyclables collection bins]	\$30.45	\$33.01	\$42.88	\$42.44	

Additional service performance indicators

Service/indicator/ measure	Results 2016	Results 2017	Results 2018	Results 2019	Material variations
Waste					
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	42.28%	45.05%	44.81%	44.78%	

Our financial statements

For the year ending 30 June 2019



**Macedon Ranges Shire Council
Financial Statements**

For the Year Ended 30 June 2019

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Certification of the Financial Statements

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



Leon den Dryver
Principal Accounting Officer

Date: 25 September 2019
Kyneton

In our opinion the accompanying financial statements present fairly the financial transactions of Macedon Ranges Shire Council for the year ended 30 June 2019 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.




Janet Pearce
Councillor (Mayor)

Date: 25 September 2019
Kyneton



Natasha Gayfer
Councillor

Date: 25 September 2019
Kyneton



Margot Stork
Chief Executive Officer

Date: 25 September 2019
Kyneton

Independent Auditor's Report

To the Councillors of Macedon Ranges Shire Council

Opinion	<p>I have audited the financial report of Macedon Ranges Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2019 • comprehensive income statement for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • statement of capital works for the year then ended • notes to the financial statements, including significant accounting policies • certification of the financial statements. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2019 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the <i>Local Government Act 1989</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Councillors' responsibilities for the financial report	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

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


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

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

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

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

MELBOURNE
27 September 2019


Jonathan Kyvelidis
as delegate for the Auditor-General of Victoria

Comprehensive Income Statement for the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Income			
Rates and charges	3.1	48,703	46,042
Statutory fees and fines	3.2	4,733	3,660
User fees	3.3	7,043	6,632
Grants - operating	3.4	13,001	11,773
Grants - capital	3.4	6,624	7,708
Contributions - monetary	3.5	838	1,861
Contributions - non monetary	3.5	7,754	6,483
Fair value adjustments for investment property	6.4	3	(21)
Share of net profits of associates	6.3	22	21
Other income	3.7	2,745	2,410
Total income		91,466	86,569
Expenses			
Employee costs	4.1	32,417	31,035
Materials and services	4.2	23,018	21,797
Depreciation and amortisation	4.3	14,265	13,791
Borrowing costs	4.4	409	440
Net (gain)/loss on disposal of property, infrastructure, plant & equipment	3.6	623	89
Increase/(decrease) in provision for landfill liability	5.5	(34)	213
Other expenses	4.5	3,016	3,135
Total expenses		73,714	70,500
Surplus for the year		17,752	16,069
Other comprehensive income			
<i>Items that will not be reclassified to surplus or deficit in future periods</i>			
Net asset revaluation increment/(decrement)	6.2	54,871	14,884
Total comprehensive result		72,623	30,953

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

Balance Sheet as at 30 June 2019

	Note	2019 \$'000	2018 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1	13,423	13,028
Trade and other receivables	5.1	4,503	4,826
Other financial assets	5.1	29,011	24,000
Non-current assets classified as held for sale	6.1	-	76
Other assets	5.2	436	501
Total current assets		47,373	42,431
Non-current assets			
Other financial assets	5.1	21	21
Investments in associates	6.3	1,223	1,201
Property, infrastructure, plant and equipment	6.2	1,098,215	1,029,113
Investment property	6.4	2,854	2,851
Intangible assets	5.2	433	570
Total non-current assets		1,102,746	1,033,756
Total assets		1,150,119	1,076,187
Liabilities			
Current liabilities			
Trade and other payables	5.3	8,783	6,328
Trust funds and deposits	5.3	3,401	3,053
Provisions	5.5	6,214	7,113
Interest-bearing loans and borrowings	5.4	4,685	594
Total current liabilities		23,083	17,088
Non-current liabilities			
Provisions	5.5	5,007	5,008
Interest-bearing loans and borrowings	5.4	4,508	9,193
Total non-current liabilities		9,515	14,201
Total liabilities		32,598	31,289
Net assets		1,117,521	1,044,898
Equity			
Accumulated surplus		637,170	620,867
Reserves	9.1	480,351	424,031
Total equity		1,117,521	1,044,898

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

Statement of Changes in Equity for the year ended 30 June 2019

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2019					
Balance at beginning of the financial year		1,044,898	620,867	410,680	13,351
Surplus/(deficit) for the year		17,752	17,752	-	-
Net asset revaluation increment/(decrement)	9.1	54,871	-	54,871	-
Transfers to other reserves	9.1	-	(4,140)	-	4,140
Transfers from other reserves	9.1	-	2,691	-	(2,691)
Balance at end of the financial year		1,117,521	637,170	465,551	14,800

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2018					
Balance at beginning of the financial year		720,971	312,929	395,796	12,246
Changes in accounting policy- land under roads pre July 2008 recognition		292,974	292,974	-	-
Surplus/(deficit) for the year		16,069	16,069	-	-
Net asset revaluation increment/(decrement)	9.1	14,884	-	14,884	-
Transfers to other reserves	9.1	-	(3,857)	-	3,857
Transfers from other reserves	9.1	-	2,752	-	(2,752)
Balance at end of the financial year		1,044,898	620,867	410,680	13,351

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

Statement of Cash Flows for the year ended 30 June 2019

	Note	2019 Inflows/ (Outflows) \$'000	2018 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		48,537	45,923
Statutory fees and fines		4,733	3,660
User fees		7,016	6,680
Grants - operating		13,997	11,696
Grants - capital		6,758	8,242
Contributions - monetary		1,502	1,097
Interest received		832	661
Trust funds and deposits taken		2,413	1,362
Other receipts		2,622	2,434
Net GST refund		3,791	3,434
Employee costs		(32,730)	(31,205)
Materials and services		(22,922)	(21,936)
Trust funds and deposits repaid		(2,087)	(1,138)
Other payments		(7,542)	(7,437)
Net cash provided by/(used in) operating activities	9.2	<u>26,920</u>	<u>23,473</u>
Cash flows from investing activities			
Net (increase)/decrease in other financial assets		(5,011)	(2,000)
Payments for property, infrastructure, plant and equipment		(21,434)	(19,363)
Proceeds from sale of property, infrastructure, plant and equipment		922	1,202
Net cash provided by/(used in) investing activities		<u>(25,523)</u>	<u>(20,161)</u>
Cash flows from financing activities			
Finance costs		(408)	(442)
Proceeds from borrowings		-	-
Repayment of borrowings		(594)	(563)
Net cash provided by/(used in) financing activities		<u>(1,002)</u>	<u>(1,005)</u>
Net increase/(decrease) in cash and cash equivalents		395	2,307
Cash and cash equivalents at the beginning of the financial year		13,028	10,721
Cash and cash equivalents at the end of the financial year	5.1(a)	<u>13,423</u>	<u>13,028</u>
Financing arrangements	5.6		
Restrictions on cash assets	5.1		

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

Statement of Capital Works for the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Property			
Buildings and building improvements		6,743	4,749
Land and land improvements		46	-
Total property		6,789	4,749
Plant and equipment			
Plant, machinery and equipment		2,737	1,464
Fixtures, fittings and furniture		47	-
Computers and telecommunications		388	364
Total plant and equipment		3,172	1,828
Infrastructure			
Roads		6,776	7,467
Bridges		713	189
Footpaths and cycleways		1,078	1,663
Drainage		529	337
Recreational, leisure and community facilities		1,478	1,840
Parks, open space and streetscapes		600	1,003
Other infrastructure		1,470	877
Total infrastructure		12,644	13,376
Total capital works expenditure		22,605	19,953
Represented by:			
New asset expenditure		3,663	3,173
Asset renewal expenditure		12,524	12,616
Asset upgrade expenditure		6,418	4,164
Total capital works expenditure		22,605	19,953

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

Notes to the Financial Report for the year ended 30 June 2019

Overview

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. The 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.

Significant accounting policies

Basis of accounting

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)

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

Note 1 Performance against budget

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

The budget figures detailed below are those adopted by Council on 13 June 2018 and were based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income 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.

Note 1 Performance against budget (cont.)

1.1 Income and expenditure

	Budget 2019 \$'000	Actual 2019 \$'000	Variance \$'000	%	Ref
Income					
Rates and charges	48,449	48,703	254	1%	
Statutory fees and fines	3,882	4,733	851	22%	1
User fees	6,733	7,043	310	5%	
Grants - operating	11,015	13,001	1,986	18%	2
Grants - capital	7,210	6,624	(586)	-8%	
Contributions - monetary	677	838	161	24%	3
Contributions - non monetary	10,380	7,754	(2,626)	-25%	4
Fair value adjustments for investment property	440	3	(437)	-99%	5
Share of net profits/(losses) of associates	-	22	22	100%	
Other income	2,215	2,745	530	24%	6
Total income	91,001	91,466	465	1%	
Expenses					
Employee costs	32,662	32,417	(245)	-1%	
Materials and services	21,774	23,018	1,244	6%	
Depreciation and amortisation	14,060	14,265	205	1%	
Borrowing costs	447	409	(38)	-9%	
Net (gain)/loss on disposal of property, infrastructure, plant & equipment	-	623	623	100%	7
Increase/(decrease) in provision for landfill liability	-	(34)	(34)	100%	
Other expenses	3,065	3,016	(49)	-2%	
Total expenses	72,008	73,714	1,706	2%	
Surplus/(deficit) for the year	18,993	17,752	(1,241)	-7%	

(i) Explanation of material variations

Ref	Item	Explanation
1	Statutory fees and fines	This income is higher than budget primarily due to higher than expected planning contributions from developers. These transfers vary significantly from year to year based on the level of development.
2	Grants - operating	Operating grants are higher than budget due to the State Government reimbursing Council for costs incurred in relation to natural disaster events that occurred in previous financial years. This income (\$1.3m) was not included in the budget as it was expected that the reimbursements would have been received in the last financial year. Council also received several one off project grants during the year that were not in the original budget including grants for the workforce challenge, healthy landscapes for healthy livestock and age friendly communities. These grants will be offset by project costs.
3	Contributions - monetary	Income is higher than budget due to some project contributions received during the year that were not in the budget, the main one being a contribution from a neighbouring Council to a road construction project.
4	Contributions - non monetary	This income is represented by the fair value of road, kerb & channel and footpath assets which transfer ownership to council on completion of subdivisions. These transfers vary significantly from year to year based on the level of development. The budget is based on an average of prior year actual transfers.
5	Fair value adjustments for investment property	The value of investment properties is reviewed annually. The net valuation increase for 2018/19 was lower than expected.
6	Other income	Other income is above budget due to higher interest on investments, fuel tax rebate and sales of recyclable material from our transfer stations.
7	Net (gain)/loss on disposal of property, plant & equipment	As part of the upgrade of Council facilities, the remaining value of several minor existing assets that were replaced have been written off. The cost of the demolition of several old structures were also expensed. The value of amounts to be written off are generally unknown until project completion and hence are not budgeted.

Note 1 Performance against budget (cont.)

1.2 Capital works

	Budget 2019 \$'000	Actual 2019 \$'000	Variance \$'000	%	Ref
Property					
Buildings and building improvements	7,606	6,743	(863)	-11%	1
Land and land improvements	-	46	46	100%	
Total property	7,606	6,789	(817)	-11%	
Plant and equipment					
Plant, machinery and equipment	1,834	2,737	903	49%	2
Fixtures, fittings and furniture	-	47	47	100%	
Computers and telecommunications	461	388	(73)	-16%	
Total plant and equipment	2,295	3,172	877	38%	
Infrastructure					
Roads	6,972	6,776	(196)	-3%	
Bridges	400	713	313	78%	3
Footpaths and cycleways	1,565	1,078	(487)	-31%	4
Drainage	549	529	(20)	-4%	
Recreational, leisure and community facilities	4,068	1,478	(2,590)	-64%	5
Parks, open space and streetscapes	117	600	483	413%	6
Other infrastructure	1,064	1,470	406	38%	7
Total infrastructure	14,735	12,644	(2,091)	-14%	
Total capital works expenditure	24,636	22,605	(2,031)	-8%	
New asset expenditure	4,458	3,663	(795)	-18%	
Asset renewal expenditure	14,394	12,524	(1,870)	-13%	
Asset upgrade expenditure	5,784	6,418	634	11%	
Total capital works expenditure	24,636	22,605	(2,031)	-8%	

(i) Explanation of material variations

Ref	Item	Explanation
1	Buildings and building improvements	Expenditure is lower than the adopted budget, mainly due to the deferral of the Kyneton early learning centre project (\$0.9m).
2	Plant, machinery and equipment	Plant purchases were higher than the adopted budget as a number of purchases that were budgeted in the 2017/18 financial year were deferred to 2018/19.
3	Bridges	Expenditure is over budget as a large project (Three Chain Road) budgeted in 2017/18 was carried over and completed in 2018/19.
4	Footpaths and cycleways	The budget included \$0.5m to commence the Woodend to Hepburn rail trail. The project is dependant on grant funding and as no grant funding has been received the project was deferred.
5	Recreational, leisure and community facilities	This program is under budget mainly due to several projects being carried over the 2019/20 financial year. The budget includes \$1m to commence the New Gisborne sportsfield project, this project was deferred pending grant funding. The Gisborne tennis club and Barkly Square lighting projects have commenced but will now be completed in 2019/20.
6	Parks, open space and streetscapes	Expenditure is higher than the adopted budget due to several grant funded projects commencing that were not initially budgeted, including works at Hanging Rock funded by the State Government and improvements to the Romsey CBD.
7	Other infrastructure	Expenditure on other infrastructure is higher than budget mainly due to the roll out of new kerbside bins (\$0.6m) which was funded at the end of the 2017/18 financial year when some surplus funds were allocated to projects by Council. Also several other projects that were budgeted in 2017/18 were completed in 2018/19. Partly offsetting these budget variances was Kyneton livestock exchange and truck park upgrade project which was under budget and will be completed in 2019/20.

Note 2 Analysis of Council results by program

Council delivers its functions and activities through the following directorate areas. Each directorate is led by a director who reports through to the Chief Executive Officer (CEO), with the exception of the CEO group which reports directly through to the CEO.

Assets & Operations

The responsibilities of the Assets and Operations directorate include the maintenance of Council roads, footpaths, bridges, drains, parks, buildings, kerbside bin collection, transfer stations, local laws, asset management, environmental health, emergency management and engineering.

CEO Group

The CEO group includes human resources, risk management, health and safety, insurance, communications, the CEO's administrative support and the major projects office.

Community Wellbeing

The Community Wellbeing directorate is responsible for recreation and sport, Hanging Rock, aquatic and leisure, kindergartens, maternal and child health, community support, healthy ageing, youth services, community development, arts and culture, and libraries.

Corporate Services

Corporate Services is responsible for governance, customer services, information technology, finance services, property management, rates, contracts and tendering.

Planning & Environment

The responsibilities of the Planning and Environment directorate include strategic planning, environment and conservation services, statutory planning, building services and economic development and tourism.

2.1 Summary of revenues, expenses, assets and capital expenses by program

	Income \$'000	Expenses \$'000	Surplus/ (Deficit) \$'000	Grants included in income \$'000	Total assets \$'000
2019					
Assets & Operations	24,199	34,898	(10,699)	4,730	566,785
CEO Group	91	3,021	(2,930)	-	-
Community Wellbeing	14,102	19,855	(5,753)	7,498	80,254
Corporate Services	49,723	8,920	40,803	7,029	503,080
Planning & Environment	3,351	7,020	(3,669)	368	-
	91,466	73,714	17,752	19,625	1,150,119

	Income \$'000	Expenses \$'000	Surplus/ (Deficit) \$'000	Grants included in income \$'000	Total assets \$'000
2018					
Assets & Operations	23,075	33,723	(10,648)	6,120	545,642
CEO Group	198	2,962	(2,764)	-	-
Community Wellbeing	14,763	18,918	(4,155)	7,568	77,974
Corporate Services	46,168	8,674	37,494	5,347	452,571
Planning & Environment	2,365	6,223	(3,858)	446	-
	86,569	70,500	16,069	19,481	1,076,187

Note 3 Funding for the delivery of our services

3.1 Rates and charges

	2019 \$'000	2018 \$'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 2018/19 was \$13,635 million (2017/18 \$11,691 million). The 2018/19 general rate in the capital improved value dollar was \$0.002643 (2017/18, \$0.002965).		
General rates	31,177	29,843
Agricultural land rates	2,289	2,259
Commercial/industrial rates	2,155	2,117
Municipal charge	4,767	4,689
Waste management charge	7,533	6,402
Supplementary rates and rate adjustments	483	444
Other rates	72	73
Interest on rates	227	215
Total rates and charges	48,703	46,042

The date of the general revaluation of land for rating purposes within the municipal district was 1 January 2018, and the valuation was first applied in the rating year commencing 1 July 2018. Annual rates and charges are recognised as revenues when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.

3.2 Statutory fees and fines

	2019 \$'000	2018 \$'000
Animal control fees	664	636
Infringements and costs	179	281
Permits	1,133	1,127
Roads and infrastructure fees	2,292	1,210
Town planning fees	229	159
Other statutory fees	236	247
Total statutory fees and fines	4,733	3,660

Statutory fees and fines (including parking fees and fines) are recognised as revenue when the payment is received.

3.3 User fees

	2019 \$'000	2018 \$'000
Aged and health services	171	173
Child care/children's programs	972	789
Cultural activities	174	230
Gravel pit sales	162	195
Hanging Rock Reserve fees	661	637
Leisure centre and recreation	3,564	3,340
Saleyards	298	248
Waste management services	681	660
Other fees and charges	360	360
Total user fees	7,043	6,632

User fees are recognised as revenue when the service has been provided or council has otherwise earned the income. Prior year disclosure has been adjusted to align with updated classifications.

Note 3 Funding for the delivery of our services (cont.)

3.4 Funding from other levels of government

	2019 \$'000	2018 \$'000
Grants were received in respect of the following:		
Summary of grants		
Commonwealth funded grants	10,832	13,112
State funded grants	8,793	6,369
Total grants received	19,625	19,481
(a) Operating Grants		
<i>Recurrent - Commonwealth Government</i>		
Aged and disability services	1,670	1,648
Financial Assistance Grants	5,693	5,114
<i>Recurrent - State Government</i>		
Aged and disability services	155	377
Emergency management	-	25
Family and children	2,653	2,655
Maternal and child health	486	424
School crossing supervisors	115	108
Youth and culture	116	56
Other	71	109
Total recurrent operating grants	10,959	10,516
<i>Non-recurrent - Commonwealth Government</i>		
Planning & Environment	100	-
<i>Non-recurrent - State Government</i>		
Aged and disability Services	128	18
Emergency management	1,413	299
Maternal and child health	60	-
Planning and Environment	224	395
Recreational, leisure and community facilities	103	53
Youth and culture	(114)	314
Other	128	178
Total non-recurrent operating grants	2,042	1,257
Total operating grants	13,001	11,773
(b) Capital Grants		
<i>Recurrent - Commonwealth Government</i>		
Roads to Recovery	953	1,963
Financial Assistance Grants	2,316	2,104
Total recurrent capital grants	3,269	4,067
<i>Non-recurrent - Commonwealth Government</i>		
Parks, open space and streetscapes	100	1,148
Recreational, leisure and community facilities	-	250
Roads and bridges	-	885
<i>Non-recurrent - State Government</i>		
Buildings	1,048	130
Footpaths and cycleways	50	125
Parks, open space and streetscapes	448	440
Recreational, leisure and community facilities	769	604
Roads and bridges	831	59
Other	109	-
Total non-recurrent capital grants	3,355	3,641
Total capital grants	6,624	7,708

Note 3 Funding for the delivery of our services (cont.)

3.4 Funding from other levels of government (cont.)

	2019 \$'000	2018 \$'000
(c) Unspent grants received on condition that they be spent in a specific manner		
Balance at start of year	1,597	1,586
Received during the financial year and remained unspent at balance date	1,713	1,597
Received in prior years and spent during the financial year	(1,274)	(1,586)
Balance at year end	2,036	1,597

Grant income is recognised when Council obtains control of the contribution. Control is normally obtained upon receipt or when milestones have been achieved.

3.5 Contributions

	2019 \$'000	2018 \$'000
Monetary	838	1,861
Non-monetary	7,754	6,483
Total contributions	8,592	8,344

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

Land	-	48
Land under roads	1,753	882
Infrastructure	6,001	5,553
Total non-monetary	7,754	6,483

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

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

	2019 \$'000	2018 \$'000
Proceeds of sale	922	1,202
Written down value of assets disposed	(1,545)	(1,291)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	(623)	(89)

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

3.7 Other income

	2019 \$'000	2018 \$'000
Commission	124	87
Interest on investments	797	723
Insurance recoveries	108	220
Investment property rental	497	431
Merchandise and material sales	468	497
Reimbursement of valuation costs	317	15
Other	434	437
Total other income	2,745	2,410

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

Note 4 The cost of delivering services

4.1 Employee costs

	2019 \$'000	2018 \$'000
Wages and salaries	25,945	24,758
Casual staff	3,017	2,697
Superannuation	2,627	2,502
WorkCover	499	778
Fringe benefits tax	329	300
Total employee costs	32,417	31,035

(a) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	98	152
Employer contributions payable at reporting date	-	-

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,514	1,504
Employer contributions - other funds	1,013	841
	2,527	2,345
Employer contributions payable at reporting date	96	94

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

4.2 Materials and services

	2019 \$'000	2018 \$'000
Administration	1,668	1,325
Building maintenance	1,055	956
Consultants	2,137	1,426
Contract payments - Parks Maintenance	1,343	1,293
Contract payments - Resource Recovery	5,737	5,144
Contract payments - Other	4,851	5,307
General maintenance	585	585
Information technology	744	771
Insurance	547	499
Materials and supplies	2,123	2,425
Utilities	2,228	2,066
Total materials and services	23,018	21,797

4.3 Depreciation and amortisation

	2019 \$'000	2018 \$'000
Land and buildings	1,863	1,799
Plant and equipment	1,486	1,471
Infrastructure	10,609	10,092
Intangible assets	307	429
Total depreciation and amortisation	14,265	13,791

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

4.4 Borrowing costs

	2019 \$'000	2018 \$'000
Interest - borrowings	409	440
Total borrowing costs	409	440

Borrowing costs are recognised as an expense in the period in which they are incurred.

Note 4 The cost of delivering services (cont.)

4.5 Other expenses

	2019 \$'000	2018 \$'000
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	40	39
Auditors' remuneration - Internal	65	53
Bad and doubtful debts	(15)	6
Contributions and donations	1,747	1,705
Councillors' allowances	309	304
Operating lease rentals	670	808
Other expenses	200	220
Total other expenses	3,016	3,135

Note 5 Our financial position

5.1 Financial assets

	2019 \$'000	2018 \$'000
(a) Cash and cash equivalents		
Cash on hand	12	84
Cash at bank	9,730	10,308
Money market call accounts	2,681	2,636
Term deposits	1,000	-
Total cash and cash equivalents	13,423	13,028
(b) Other financial assets		
Term deposits - current	29,011	24,000
Shares in Lancefield Community Bank - at fair value	12	12
Shares in Gisborne Community Bank - at fair value	9	9
Total other financial assets	29,032	24,021
Total financial assets	42,455	37,049

Council's cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:

- Trust funds and deposits (Note 5.3)	2,991	2,665
- Lancefield tip assurance bank account	497	492
Total restricted funds	3,488	3,157
Total unrestricted cash and cash equivalents	9,935	9,871

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	7,132	7,463
- Cash held for statutory reserves (Note 9.1)	5,410	4,258
- Cash held for non-statutory reserves (Note 9.1)	9,390	9,093
Total funds subject to intended allocations	21,932	20,814

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

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

Cash held in statutory reserves have some restrictions on how the funds can be spent but there is limited restrictions on the timing of expenditure so these funds are classified under intended allocations.

Note 5 Our financial position (cont.)

5.1 Financial assets (cont.)

	2019 \$'000	2018 \$'000
(c) Trade and other receivables		
Statutory receivables		
Rates debtors	2,745	2,557
Net GST receivable	543	494
Non statutory receivables		
Other debtors	1,031	1,563
Accrued income	109	126
Accrued interest income	108	143
Provision for doubtful debts - other debtors	(33)	(57)
Total trade and other receivables	4,503	4,826

Short term receivables are carried at invoice amount. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred.

i) Ageing of other debtors

The ageing of the Council's other receivables was:

Current (not yet due)	736	778
Past due by up to 30 days	167	685
Past due between 31 and 180 days	75	44
Past due between 181 and 365 days	17	24
Past due by more than 1 year	36	32
Total other debtors	1,031	1,563

5.2 Non-financial assets

	2019 \$'000	2018 \$'000
(a) Other assets		
Prepayments	436	501
Total other assets	436	501
(b) Intangible assets - software		
Opening carrying amount	2,483	2,386
Additions	178	97
Disposals	(201)	-
Closing carrying amount	2,460	2,483
Opening accumulated amortisation	(1,913)	(1,484)
Amortisation expense	(307)	(429)
Disposals - accumulated Amortisation	193	-
Closing accumulated amortisation	(2,027)	(1,913)
Net intangible assets	433	570

Intangible assets with finite lives are amortised as an expense on a systematic basis over the asset's useful life. Amortisation is generally calculated on a straight line basis, at a rate that allocates the asset value over its estimated useful life. Estimates of the remaining useful lives and amortisation method are reviewed at least annually, and adjustments made where appropriate.

Note 5 Our financial position (cont.)

5.3 Payables

	2019 \$'000	2018 \$'000
(a) Trade and other payables		
Trade payables	5,182	4,268
Accrued general expenses	993	629
Accrued payroll expense	968	953
Accrued interest expense	27	26
Prepaid income	1,413	247
Other payables	200	205
Total trade and other payables	8,783	6,328
(b) Trust funds and deposits		
Fire services levy	410	388
Trust funds and deposits	2,991	2,665
Total trust funds and deposits	3,401	3,053

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 or forfeited if required. Trust funds that are forfeited, resulting in council gaining control of the funds, are to be recognised as revenue at the time of forfeit.

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.

5.4 Interest-bearing liabilities

	2019 \$'000	2018 \$'000
Current borrowings - secured	4,685	594
Non-current borrowings - secured	4,508	9,193
Total interest-bearing loans and borrowings	9,193	9,787

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

a) The maturity profile for Council's borrowings is:

Not later than one year	4,685	594
Later than one year and not later than five years	1,415	5,885
Later than five years	3,093	3,308
Total interest-bearing loans and borrowings	9,193	9,787

Borrowings are measured at fair value, being the cost of the interest bearing liabilities. Council determines the classification of its interest bearing liabilities at initial recognition.

Note 5 Our financial position (cont.)

5.5 Provisions

	Employee \$ '000	Landfill restoration \$ '000	Total \$ '000
2019			
Balance at beginning of the financial year	6,878	5,243	12,121
Additional provisions	2,660	(466)	2,194
Amounts used	(3,225)	(543)	(3,768)
Increase/(decrease) in the discounted amount arising because of time and the effect of any change in the discount rate	242	432	674
Balance at the end of the financial year	6,555	4,666	11,221
2018			
Balance at beginning of the financial year	6,952	5,239	12,191
Additional provisions	2,583	225	2,808
Amounts used	(2,659)	(209)	(2,868)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	2	(12)	(10)
Balance at the end of the financial year	6,878	5,243	12,121

	2019 \$'000	2018 \$'000
(a) Employee provisions		
<i>Current provisions expected to be wholly settled within 12 months</i>		
Annual leave	1,682	1,874
Long service leave	1,818	2,000
	<u>3,500</u>	<u>3,874</u>
<i>Current provisions expected to be wholly settled after 12 months</i>		
Annual leave	32	35
Long service leave	2,247	2,211
	<u>2,279</u>	<u>2,246</u>
Total current provisions	5,779	6,120
<i>Non-current</i>		
Long service leave	776	758
Annual leave	-	-
Total non-current provisions	776	758
<i>Aggregate carrying amount of employee provisions:</i>		
Current	5,779	6,120
Non-current	776	758
Total aggregate carrying amount of employee provisions	6,555	6,878

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

Annual leave - Liabilities for annual leave 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 present value.

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

Key assumptions:

- discount rate	1.22%	2.48%
- index rate	4.31%	3.88%

Note 5 Our financial position (cont.)

5.5 Provisions (cont.)

	2019	2018
	\$'000	\$'000
(b) Landfill restoration		
Current	435	993
Non-current	4,231	4,250
Total landfill restoration	4,666	5,243

Council is obligated to restore three landfill sites in Bullengarook, Kyneton and Lancefield 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 the current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

Key assumptions:

- discount rate	1.32%	2.65%
- index rate	2.00%	2.00%

5.6 Financing arrangements

	2019	2018
	\$'000	\$'000
Credit card facilities	100	100
Used facilities	(12)	(14)
Unused facilities	88	86

Note 5 Our financial position (cont.)

5.7 Commitments

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

	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
2019					
Operating					
Animal pound services	185	190	395	-	770
Cleaning contracts	561	568	1,207	-	2,336
Consultancies	82	-	-	-	82
Housing management	109	109	38	-	256
Landfill services	725	399	-	-	1,124
Roadside maintenance	96	-	-	-	96
Security Services	38	38	-	-	76
Software support	261	226	314	-	801
Waste Collection	2,669	2,710	8,388	-	13,767
Total	4,726	4,240	10,342	-	19,308
Capital					
Buildings	503	-	-	-	503
Roads	1,463	1,463	-	-	2,926
Bridges	-	-	-	-	-
Landfill	-	-	-	-	-
Drainage	-	-	-	-	-
Recreational, leisure and community	144	-	-	-	144
Total	2,110	1,463	-	-	3,573
2018					
Operating					
Cleaning contracts	425	352	1,100	-	1,877
Consultancies	53	-	-	-	53
Housing management	109	109	147	-	365
Security Services	38	38	38	-	114
Software support	49	49	-	-	98
Waste Collection	2,630	2,669	6,157	-	11,456
Total	3,304	3,217	7,442	-	13,963
Capital					
Buildings	1,209	-	-	-	1,209
Roads	75	-	-	-	75
Bridges	108	-	-	-	108
Landfill	500	-	-	-	500
Drainage	219	-	-	-	219
Recreational, leisure and community	89	-	-	-	89
Total	2,200	-	-	-	2,200

Note 5 Our financial position (cont.)

5.7 Commitments (cont.)

	2019 \$'000	2018 \$'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	338	626
Later than one year and not later than five years	1,126	1,390
Later than five years	-	158
Total operating lease commitments	1,464	2,174

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. The lease commitments are reducing due to the decision to purchase vehicles rather than leasing at the end of their lease contracts.

(b) Operating lease receivables

Council has entered into commercial property leases on its investment property. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 10 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	92	98
Later than one year and not later than five years	292	174
Later than five years	141	126
Total operating lease receivables	525	398

Note 6 Assets we manage

6.1 Non current assets classified as held for sale

	2019 \$'000	2018 \$'000
Balance at beginning of period	76	1,112
add acquisitions	-	-
add/(less) sales/transfers	(76)	(1,036)
add reversal of previous revaluation increment	-	-
add/(less) fair value adjustment	-	-
Total non current assets classified as held for resale	-	76

Non-current assets classified as held for sale are measured at the lower of its carrying amount and fair value less costs of disposal, and are not subject to depreciation. Non-current 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 is expected to be completed within 12 months from the date of classification. Council has not identified any assets to be classified as held for sale at 30 June 2019.

Note 6 Assets we manage (cont.)

6.2 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At Fair Value 1 July 2018 \$'000	Additions \$'000	Contributions \$'000	Revaluation \$'000	Depreciation \$'000	Disposal \$'000	Transfers \$'000	At Fair Value 30 June 2019 \$'000
Land	404,093	-	1,753	44,346	(172)	-	-	450,020
Buildings	81,921	-	-	-	(1,691)	(43)	5,898	86,085
Plant and equipment	9,885	-	-	-	(1,486)	(849)	3,168	10,718
Infrastructure	527,284	-	6,001	10,525	(10,609)	(369)	9,508	542,340
Work in progress	5,930	21,696	-	-	-	-	(18,574)	9,052
Total property, infrastructure, plant and equipment	1,029,113	21,696	7,754	54,871	(13,958)	(1,261)	-	1,098,215

Summary of Work In Progress (WIP)

	Opening WIP \$'000	Additions \$'000	Transfers to assets \$'000	Write offs \$'000	Closing WIP \$'000
Buildings	3,145	6,689	(5,898)	-	3,936
Plant and equipment	-	3,168	(3,168)	-	-
Infrastructure	2,785	11,839	(9,508)	-	5,116
Total Work In Progress	5,930	21,696	(18,574)	-	9,052

Note 6 Assets we manage (cont.)

6.2 Property, infrastructure, plant and equipment (cont.)

(a) Property

	Land - specialised \$'000	Land - non specialised \$'000	Land improvements \$'000	Total land \$'000	Buildings - specialised \$'000	Buildings - non specialised \$'000	Total buildings \$'000	Work In Progress \$'000	Total property \$'000
At fair value 1 July 2018	335,394	70,317	594	406,305	39,345	44,203	83,548	3,145	492,998
Accumulated depreciation at 1 July 2018	(2,212)	-	-	(2,212)	(743)	(884)	(1,627)	-	(3,839)
	333,182	70,317	594	404,093	38,602	43,319	81,921	3,145	489,159
Movements in fair value									
Additions	-	-	-	-	-	-	-	6,689	6,689
Contributions	1,753	-	-	1,753	-	-	-	-	1,753
Revaluation	34,500	9,846	-	44,346	-	-	-	-	44,346
Disposal	-	-	-	-	-	(45)	(45)	-	(45)
Transfers	-	-	-	-	1,761	4,137	5,898	(5,898)	-
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-
	36,253	9,846	-	46,099	1,761	4,092	5,853	791	52,743
Movements in accumulated depreciation									
Depreciation and amortisation	(172)	-	-	(172)	(786)	(905)	(1,691)	-	(1,863)
Accumulated depreciation of disposals	-	-	-	-	-	2	2	-	2
	(172)	-	-	(172)	(786)	(903)	(1,689)	-	(1,861)
At fair value 30 June 2019	371,647	80,163	594	452,404	41,106	48,295	89,401	3,936	545,741
Accumulated depreciation at 30 June 2019	(2,384)	-	-	(2,384)	(1,529)	(1,787)	(3,316)	-	(5,700)
	369,263	80,163	594	450,020	39,577	46,508	86,085	3,936	540,041

Note 6 Assets we manage (cont.)

6.2 Property, infrastructure, plant and equipment (cont.)

(b) 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 2018	10,042	1,294	1,738	2,628	-	15,702
Accumulated depreciation at 1 July 2018	(4,189)	(506)	(1,122)	-	-	(5,817)
	5,853	788	616	2,628	-	9,885
Movements in fair value						
Additions	-	-	-	-	3,168	3,168
Disposal	(1,860)	-	-	-	-	(1,860)
Transfers	2,925	47	196	-	(3,168)	-
	1,065	47	196	-	-	1,308
Movements in accumulated depreciation						
Depreciation and amortisation	(995)	(134)	(357)	-	-	(1,486)
Accumulated depreciation of disposals	1,011	-	-	-	-	1,011
	16	(134)	(357)	-	-	(475)
At fair value 30 June 2019	11,107	1,341	1,934	2,628	-	17,010
Accumulated depreciation at 30 June 2019	(4,173)	(640)	(1,479)	-	-	(6,292)
	6,934	701	455	2,628	-	10,718

Note 6 Assets we manage (cont.)

6.2 Property, infrastructure, plant and equipment (cont.)

(c) Infrastructure

	Roads \$'000	Bridges \$'000	Footpaths and cycleways \$'000	Drainage \$'000	Recreational, leisure and community \$'000	Parks open spaces and streetscapes \$'000	Other infrastructure \$'000	Work In Progress \$'000	Total infrastructure \$'000
At fair value 1 July 2018	522,122	45,810	27,164	68,411	30,769	2,680	3,536	2,785	703,277
Accumulated depreciation at 1 July 2018	(126,370)	(15,535)	(6,025)	(15,853)	(7,981)	(864)	(580)	-	(173,208)
	395,752	30,275	21,139	52,558	22,788	1,816	2,956	2,785	530,069
Movements in fair value									
Additions	-	-	-	-	-	-	-	11,839	11,839
Contributions	2,503	519	619	2,323	-	37	-	-	6,001
Revaluation	15,022	-	910	-	-	-	-	-	15,932
Disposal	-	-	-	-	-	-	-	-	-
Write-off	(63)	-	(86)	(6)	(374)	-	-	-	(529)
Transfers	4,443	469	1,508	946	1,163	111	868	(9,508)	-
	21,905	988	2,951	3,263	789	148	868	2,331	33,243
Movements in accumulated depreciation									
Depreciation and amortisation	(7,316)	(458)	(589)	(772)	(1,088)	(198)	(188)	-	(10,609)
Accumulated depreciation of disposals	54	-	18	1	87	-	-	-	160
Revaluation increments/ decrements	(4,551)	-	(856)	-	-	-	-	-	(5,407)
	(11,813)	(458)	(1,427)	(771)	(1,001)	(198)	(188)	-	(15,856)
At fair value 30 June 2019	544,027	46,798	30,115	71,674	31,558	2,828	4,404	5,116	736,520
Accumulated depreciation at 30 June 2019	(138,183)	(15,993)	(7,452)	(16,624)	(8,982)	(1,062)	(768)	-	(189,064)
	405,844	30,805	22,663	55,050	22,576	1,766	3,636	5,116	547,456

Note 6 Assets we manage (cont.)

6.2 Property, infrastructure, plant and equipment (cont.)

(d) Property, infrastructure, plant and equipment accounting policies

Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. Where assets are constructed by Council, cost includes all materials used in construction, direct labour, and an appropriate share of directly attributable variable and fixed overheads. In accordance with Council's policy, the threshold limits have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

Asset recognition thresholds and depreciation periods

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

Land under roads

Council recognises land under roads it controls at fair value.

Changes to asset lives

As part of the annual review of infrastructure assets some lives of assets have been amended. The assets which were amended were a minority of assets by number and value.

Note 6 Assets we manage (cont.)

6.2 Property, infrastructure, plant and equipment (cont.)

(d) Property, infrastructure, plant and equipment accounting policies (cont.)

Depreciation and amortisation

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

Repairs and maintenance

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

Valuation of land and buildings

Valuation of land and buildings were undertaken by qualified 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. See section 8.4 for description of fair value measurement.

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

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

The date of the current valuation is detailed in the following table. Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2019 are as follows.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of Valuation
Land - non-specialised	-	80,163	-	Jun-19
Land - specialised	-	-	369,263	Jun-19
Land Improvements			594	
Buildings - non-specialised	-	46,508	-	Jun-17
Buildings - specialised	-	-	39,577	Jun-17
Total	-	126,671	409,434	

Note 6 Assets we manage (cont.)

6.2 Property, infrastructure, plant and equipment (cont.)

(d) Property, infrastructure, plant and equipment accounting policies (cont.)

Valuation of infrastructure

Valuation of infrastructure assets has been determined utilising internal resources and expertise. The date of the current valuation is detailed in the following table. The valuation is at fair value (see section 8.4 for fair value measurement) 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 2019 are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of Valuation
Roads	-	-	405,844	Jun-19
Bridges	-	-	30,805	Sep-15
Footpaths and cycleways	-	-	22,663	Jun-19
Drainage	-	-	55,050	Sep-16
Recreational, leisure and community facilities	-	-	22,576	Apr-16
Parks, open space and streetscapes	-	-	1,766	Apr-16
Other infrastructure	-	-	3,636	Apr-16
Total			542,340	

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 of up to 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 \$1.29 (Land under Roads Rural-Low) and \$890 (central Kyneton prime business land) 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

	2019 \$'000	2018 \$'000
Land under roads	336,507	303,166
Landfill	2,794	2,966
Other	29,962	27,050
Total specialised land	369,263	333,182

6.3 Investments in associates

	2019	2018
--	------	------

Council has one investment in an associate which is the North Central Goldfields Library Corporation. The equity holders in the North Central Goldfields Library Corporation and their relevant holdings are:

Macedon Ranges Shire Council	22.86%	22.67%
Greater Bendigo City Council	61.18%	61.23%
Loddon Shire Council	5.04%	5.12%
Mount Alexander Shire Council	10.92%	10.99%

Note 6 Assets we manage (cont.)

6.3 Investments in associates (cont.)

	2019 \$'000	2018 \$'000
Fair value of Council's investment in North Central Goldfields Library Corporation	1,223	1,201
Council's share of accumulated surplus/(deficit)		
Council's share of accumulated surplus(deficit) at start of year	364	349
Reported surplus(deficit) for year	11	10
Transfers (to) from reserves	(5)	2
Adjustment arising from change to equity share	4	3
Council's share of accumulated surplus(deficit) at end of year	374	364
Council's share of reserves		
Council's share of reserves at start of year	278	277
Adjustment arising from change to equity share	2	3
Transfers (to) from reserves	5	(2)
Council's share of reserves at end of year	285	278
Movement in carrying value of specific investment		
Carrying value of investment at start of year	1,201	1,180
Share of surplus(deficit) for year	11	10
Adjustment arising from change to equity share	11	11
Carrying value of investment at end of year	1,223	1,201
Council's share of expenditure commitments		
Operating commitments	20	94
Council's share of expenditure commitments	20	94

(Council's share of equity as per the un-audited 30 June 2019 financial statements of the Library Service)

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.

6.4 Investment property

	2019 \$'000	2018 \$'000
Balance at beginning of financial year	2,851	4,400
Additions / Transfers	-	(1,528)
Fair value adjustments	3	(21)
Balance at end of financial year	2,854	2,851

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

Valuation of investment property

Valuation of investment property has been determined by a qualified 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 7 People and relationships

7.1 Council and key management remuneration

(a) Related Parties

Parent entity

Macedon Ranges Shire Council is the parent entity.

Subsidiaries and Associates

Macedon Ranges Shire Council does not have any subsidiaries. Interests in associates are detailed in note 6.3.

Note 7 People and relationships (cont.)

7.1 Council and key management remuneration (cont.)

(b) Key Management Personnel

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

Councillors

Councillor Andrew Twaits	01/07/2018 - 30/06/2019
Councillor Bill West	01/07/2018 - 30/06/2019
Councillor Helen Radnedge	01/07/2018 - 30/06/2019
Councillor Henry Bleeck	01/07/2018 - 30/06/2019
Councillor Janet Pearce	01/07/2018 - 30/06/2019 (Mayor from 21/11/2018 to 30/06/2019)
Councillor Jennifer Anderson	01/07/2018 - 30/06/2019 (Mayor from 01/07/2018 to 21/11/2018)
Councillor Mandi Mees	01/07/2018 - 30/06/2019
Councillor Natasha Gayfer	01/07/2018 - 30/06/2019
Councillor Roger Jukes	01/07/2018 - 30/06/2019

Chief Executive Officer and other Key Management Personnel

Chief Executive Officer - Margot Stork
Director Assets & Operations - Dale Thornton, Mark Goode & Phil Stone
Director Community Wellbeing - Karen Stevens
Director Corporate Services - John Hausler
Director Planning & Environment - Angela Hughes
Manager Organisational Development - David McLean

	2019 No.	2018 No.
Total Number of Councillors	9	9
Total Number of Chief Executive Officer and other Key Management Personnel	8	8
Total Key Management Personnel	17	17

(c) Remuneration of Key Management Personnel

	2019 \$'000	2018 \$'000
Total remuneration of key management personnel was as follows:		
Short-term benefits	1,465	1,476
Long-term benefits	142	119
Termination benefits	141	134
Total	1,748	1,729

	2019 No.	2018 No.
The numbers of key management personnel whose total remuneration from Council fall within the following bands:		
\$10,000 - \$19,999	-	1
\$20,000 - \$29,999	7	8
\$50,000 - \$59,999	1	-
\$60,000 - \$69,999	2	-
\$100,000 - \$110,000	-	1
\$120,000 - \$129,999	1	-
\$160,000 - \$169,999	-	1
\$170,000 - \$179,999	-	1
\$180,000 - \$189,999	-	1
\$190,000 - \$199,999	-	2
\$200,000 - \$209,999	2	-
\$230,000 - \$239,999	-	1
\$240,000 - \$249,999	1	1
\$270,000 - \$279,999	1	-
\$300,000 - \$309,999	1	-
Total	16	17

Mark Goode, who acted as the Director of Assets & Operations from January to March 2019, was paid via a third party. Hence the expenditure has not been included in the remuneration amounts in section (c) above. Council paid \$63,651 to the third party.

Note 7 People and relationships (cont.)

7.1 Council and key management remuneration (cont.)

(d) Senior Officer Remuneration

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

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

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

	2019 No.	2018 No.
Less than \$148,000*	7	6
\$150,000 - \$159,999	3	5
\$160,000 - \$169,999	4	1
\$170,000 - \$179,999	-	1
Total	14	13

	2019 \$'000	2018 \$'000
Total remuneration for the reporting year for Senior Officers included above, amounted to:	1,783	1,609

* Three senior officers with annual remuneration over \$148,000 resigned during the year and two officers commenced and hence their full annual salary was not paid, and another manager is under the threshold due to flexible working arrangements. As their full annual income was not paid, their disclosed income range was less than \$148,000.

The prior year comparative figures within this note have been updated to include staff leave accrual movements in line with direction from the Victorian Auditor General.

7.2 Related party disclosure

(a) Transactions with related parties

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

- goods and services were purchased from a local supplier, Bridgestone Kyneton, owned by Councillor Jukes. The transactions amounted to \$71,433 Inc.GST (\$84,150 during 2017/18). All purchases were at arms length in the normal course of Council's operations.

(b) Outstanding balances with related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

- \$0 was owed by Council to Bridgestone Kyneton for goods and services purchased by Council at arms length in the normal course of Council's operations (\$2,805 as at 30 June 2018).

(c) Loans to/from related parties

There were no loans in existence at balance date that have been made, guaranteed or secured by the Council to a related party (2017/18, \$0)

(d) Commitments to/from related parties

There were no commitments in existence at balance date that have been made, guaranteed or secured by the Council to a related party (2017/18, \$0)

Note 8 Managing uncertainties

8.1 Contingent assets and liabilities

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

(a) 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 2019 Council had incurred \$0.2m of expenditure in relation to emergency recovery that had not been submitted to the State Government or had been submitted but was not yet approved. 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.

(b) Contingent liabilities

Superannuation

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined in section 9.3. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists.

Liability Mutual Insurance

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

(c) Guarantees for loans to other entities

Council 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 \$4,455.

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 \$4,111.

Council has guaranteed a loan taken out by the Woodend Heskett Football Netball Club Incorporated. The original loan (and extent of possible Council exposure) was \$30,000. At balance date the outstanding balance is \$8,769.

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

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.

8.2 Change in accounting standards

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

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

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

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

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

Note 8 Managing uncertainties (cont.)

8.2 Change in accounting standards (cont.)

Leases (AASB 16) (applies 2019/20)

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

Council has elected to adopt the modified retrospective approach to the transition to the new lease standard. This will mean that only existing operating leases for non low value assets, with remaining terms greater than 12 months, will be recognised on transition (1 July 2019). Based on our current lease commitments and an assumption of a continuation of the current leasing arrangements Council expects that the transition to the new standard will see the initial recognition of \$1.03m in lease related assets and an equivalent liability.

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

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

8.3 Financial instruments

a) Objectives and policies

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

b) 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. Council manages interest rate risk by adopting an investment policy that ensures:

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

There has been no significant change in the Council's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period. Interest rate movements have not been sufficiently significant during the year to have 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. Particularly significant areas of credit risk exist in relation to outstanding fees and fines as well as receivables from sporting clubs and associations. To help manage this risk council have a policy for establishing credit limits for the entities we deal with. Council will 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 category (rates) is secured by a charge over the rateable property.

Note 8 Managing uncertainties (cont.)

8.3 Financial instruments (cont.)

(d) Liquidity risk

Liquidity risk includes the risk that, as a result of Council's operational liquidity requirements it will not have sufficient funds to settle a transaction when required or will be forced to sell a financial asset below value or may be unable to settle or recover a financial asset. To help reduce these risks Council:

- has an investment policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- has a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments; and
- monitors budget to actual performance on a regular basis.

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1(c), and is deemed insignificant based on prior periods' data and current assessment of risk. There has been no significant change in Council's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period. With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 5.4.

8.4 Fair value measurement

Fair value hierarchy

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

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

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

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

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

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

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

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

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

Revaluation

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 1 to 5 years. The valuation is performed either by experienced council officers or independent experts.

Note 8 Managing uncertainties (cont.)

8.4 Fair value measurement (cont.)

Revaluation (cont.)

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

Impairment of assets

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

8.5 Events occurring after balance date

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

Note 9 Other matters

9.1 Reserves

(a) Asset revaluation reserves

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
2019			
Property			
Land	81,150	12,759	93,909
Land under roads	-	31,587	31,587
Buildings	16,750	-	16,750
	97,900	44,346	142,246
Infrastructure			
Roads	241,612	7,363	248,975
Kerb and channel	8,668	3,108	11,776
Bridges	13,238	-	13,238
Drainage	31,980	-	31,980
Footpaths	3,802	54	3,856
Parks, Open Space & Streetscapes	6	-	6
Recreational, leisure and community facilities	10,834	-	10,834
	310,140	10,525	320,665
Other assets			
Cultural assets	2,491	-	2,491
Equity in North Central Goldfields Library	149	-	149
	2,640	-	2,640
Total asset revaluation reserves	410,680	54,871	465,551
2018			
Property			
Land	70,261	10,889	81,150
Buildings	16,750	-	16,750
	87,011	10,889	97,900
Infrastructure			
Roads	238,076	3,536	241,612
Kerb and channel	8,597	71	8,668
Bridges	13,195	43	13,238
Drainage	31,968	12	31,980
Footpaths	3,648	154	3,802
Parks, Open Space & Streetscapes	-	6	6
Recreational, leisure and community facilities	10,661	173	10,834
	306,145	3,995	310,140
Other Assets			
Cultural assets	2,491	-	2,491
Equity in North Central Goldfields Library	149	-	149
	2,640	-	2,640
Total asset revaluation reserves	395,796	14,884	410,680

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

Note 9 Other matters (cont.)

9.1 Reserves (cont.)

(b) Other reserves

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
2019				
Asset conversion	824	57	-	881
Car parking*	136	-	-	136
Commercial development	3,636	-	-	3,636
Community facilities*	270	11	(27)	254
Debt repayment	2,692	757	-	3,449
Drainage*	394	23	(25)	392
Footpaths*	122	7	(22)	107
Gisborne development plan*	590	155	(46)	699
Gravel pit operations	241	156	-	397
Hanging Rock	386	113	(36)	463
Plant replacement	1,314	1,116	(1,866)	564
Public open space*	2,198	1,491	(580)	3,109
Road contributions*	279	15	(33)	261
Romsey development plan*	81	176	-	257
Senior citizens accommodation maintenance*	188	63	(56)	195
Total other reserves	13,351	4,140	(2,691)	14,800
2018				
Asset conversion	335	601	(112)	824
Car parking*	136	-	-	136
Commercial development	3,152	484	-	3,636
Community facilities*	309	-	(39)	270
Debt repayment	1,936	756	-	2,692
Drainage*	365	29	-	394
Footpaths*	112	20	(10)	122
Gisborne development plan*	463	127	-	590
Gravel pit operations	126	115	-	241
Hanging Rock	578	87	(279)	386
Plant replacement	1,627	1,018	(1,331)	1,314
Public open space*	2,494	553	(849)	2,198
Road contributions*	265	31	(17)	279
Romsey development plan*	55	26	-	81
Senior citizens accommodation maintenance*	293	10	(115)	188
Total other reserves	12,246	3,857	(2,752)	13,351

* Non-discretionary reserves subject to statutory requirements and/or other agreements - \$5.41m (\$4.258m 2017/18)

Note 9 Other matters (cont.)

9.1 Reserves (cont.)

(b) Other reserves (cont)

Asset conversion - net proceeds from the sale of land for capitals works projects.

Car parking - developer contributions for car parking projects.

Commercial development – net proceeds from the sale of industrial/commercial land for the purchase and development of land to be used for industrial/commercial purposes.

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 and operational projects.

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.

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

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

	2019 \$'000	2018 \$'000
Surplus/(deficit) for the year	17,752	16,069
Depreciation/amortisation	14,265	13,791
Profit/(loss) on disposal of property, infrastructure, plant and equipment	623	89
Fair value adjustments for investment property	(3)	21
Contributions - non-monetary assets	(7,754)	(6,483)
Share of net profits/losses of associates	(22)	(21)
Borrowing costs	409	440
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	270	(384)
(Increase)/decrease in prepayments	65	(114)
(Increase)/decrease in accrued income	52	(145)
Increase/(decrease) in trade and other payables	649	(26)
Increase/(decrease) in other liabilities	1,514	306
Increase/(decrease) in provisions	(900)	(70)
Net cash provided by/(used in) operating activities	26,920	23,473

Note 9 Other matters (cont.)

9.3 Superannuation

Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently.

Accumulation

The Fund's accumulation categories 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 2019, this was 9.5% as required under Superannuation Guarantee legislation).

Defined Benefit

Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan. 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. For the year ended 30 June 2019, this rate was 9.5% of members' salaries (9.5% in 2017/2018).

As at 30 June 2017, a full triennial actuarial investigation was completed. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 103.1%. To determine the VBI, the Fund Actuary used the following long-term assumptions:

Net investment returns 6.5% pa
Salary information 3.5% pa
Price inflation (CPI) 2.5% pa.

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

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2018 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.

Defined benefit 2017 triennial actuarial investigation surplus amounts

The Fund's triennial investigation as at 30 June 2017 identified the following in the defined benefit category of which Council is a contributing employer:

A VBI surplus of \$69.8 million
A total service liability surplus of \$193.5 million.
A discounted accrued benefits surplus of \$228.8 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 2017. Council was notified of the 30 June 2017 VBI during August 2017.

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.

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

An interim actuarial investigation will be conducted for the Fund's position as at 30 June 2019. It is anticipated that this actuarial investigation will be completed in October 2019.

Macedon Ranges Shire Council
PO Box 151, Kyneton VIC 3444
(03) 5422 0333
mrsc@mrsc.vic.gov.au
mrsc.vic.gov.au

Kyneton Administration Centre: 129 Mollison Street, Kyneton
Gisborne Administration Centre: 40 Robertson Street, Gisborne
Romsey Service Centre: 96–100 Main Street, Romsey (at the Romsey Community Hub)
Woodend Service Centre: Cnr High and Forest streets, Woodend

