



2017 - 2018 ANNUAL REPORT

The best of country living



Council Information

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Auditor

McLaren Hunt | Warrnambool
Victorian Auditor General | Melbourne

Internal Auditor

Crowe Horwath | Malop Street, Geelong

Solicitors

Stewart & Lipshut | Victoria Street, Nhill
Maddocks | La Trobe Street, Melbourne
Power & Bennett | Elizabeth Street, Edenhope
Russell Kennedy Solicitors | William Street, Melbourne



About West Wimmera



West Wimmera Shire Council, situated along the Victorian - South Australian border, covers 9,200 square kilometres and includes the townships of Apsley, Edenhope and Harrow in the southern half of the shire through to Goroque, Kaniva and Serviceton in the north. Home to approximately 4,000 people, the region prides itself in its welcoming communities and wide diversity of industry and environment.

Consisting of untouched desert parks, vast wetlands and fertile plains, West Wimmera is equally known for its acres of wheat and legumes, and as a home to the famous Malleefowl, red-tail black cockatoo and a unique abundance of wildflowers.

A relaxed informal lifestyle, Mediterranean climate and spectacular scenery are the key features of the West Wimmera region. There is no commuter rush and any drive is framed by beautiful, natural vistas. The region boasts excellent education and healthcare services and equipped sporting facilities providing excellent outdoors activities for young and old. A wide range of community groups also provide social and recreational opportunities for residents and help increase the strong sense of community.



Council Vision, Mission, and Values

Council Vision

West Wimmera Shire delivers the very best experience and opportunity that rural living has to offer.

Our Values

West Wimmera Shire Council values its resident population and its wellbeing. This will be demonstrated through promotion of viable and sustainable communities, the retention of the current population and support to grow communities.

West Wimmera Shire Council values good governance and transparent decision making. Supporting community groups and advocating on their behalf will enable open dialogue to occur with residents.

Representing the whole of West Wimmera is highly valued by Councillors.

A connected community, both via transport infrastructure and modern digital technology that enables us to be connected to the world for business and education.

Partnerships (locally, regionally, and with government) are valued as a way of ensuring sustainable service delivery.





Mayor's Message

It is my pleasure to present the 2017-18 Annual Report of the West Wimmera Shire. It has been a year that has seen the Shire advocating strongly on local issues and delivering important infrastructure improvements and major community projects.

A number of important Community Social infrastructure projects have been developed or completed within this year. Significant upgrades on the facilities at Lake Charlegrark were undertaken during the 2017-18 year nearing completion at 30 June 2018. These upgrades will provide many years of service and enjoyment to the users of Lake Charlegrark, one of our major recreation and tourism drawcards in our shire, and will be of great benefit to our community.

The Goroke Little Desrt Playspace has also seen significant progress during the year, with completion expected early in the 2018-19 year. The benefits of nature based playspaces to early years development have been well documented and having such a terrific example in Goroke will provide years of enjoyment and development for our community's younger people into the future.

Structural repairs were successfully undertaken on the Kaniva Hall, providing for many years of continued community use for one of our most iconic and historic buildings.

Planning is continuing on the Kaniva Wetlands Cultural and Tourism Precinct, Edenhope Cultural and Community Hub, Kaniva Hall refurbishment and Harrow Recreation Reserve female friendly change rooms project. All of these projects require outside funding to be possible. West Wimmera Shire Council appreciates the financial assistance given by Regional Development Victoria, Sport and Recreation Victoria, Federal Drought Communities Programme and local community groups who have strongly supported these projects.

Council continued to maintain and renew our roads network, with in excess of \$4.4 million spent on capital renewal of our roads and bridges on top of a further \$2.7 million of preventative maintenance spent.

2017-18 saw the flood recovery program wind down to completion. Council suffered significant damage to its road infrastructure network as a result of the September 2016 flood events, resulting in an overall two year restoration program including approximately \$18million of works being taken out. These works have been funded by government under the Natural Disaster Relief and Recovery Arrangements, assistance for which Council is very grateful.

Council has continued to strongly advocate on issues that are important to our communities, including an ongoing push to have Goroke sewered, a better NBN service for the Kaniva area and mobile phone coverage across the Shire than what is currently being offered, and improvements in mental health services available to our residents. It is pleasing to see some improvements in some of these areas. Council continues to push strongly in these areas for improved outcomes for our West Wimmera community.



A year of steady rainfall has seen our lakes and wetlands return to experiencing strong water flows, with most of our recreational lakes showing good levels of water. This has led to a much improved outlook in our community, with many enjoying the benefits of recreational water for boating, fishing and swimming, long with an upturn in interest from visitors.

All of this makes our Shire a great place to live and work.

I would personally like to thank all of the Council staff for their untiring efforts in delivering many and varied services across our large piece of Victoria. Also I'd like to acknowledge all the councillors who served during the past 12 months.

Cr. Jodie Pretlove - Mayor





Chief Executive Officer's Message

The 2017 – 2018 financial year represented the first year of a three year exemption received by West Wimmera, to enable rate a increase to be applied above the State Government set cap. Council is able to set a rate increase up to 3.5% according to the exemption and in the 2017 -2018 year, an increase of 3.25% was applied.

The rate cap exemption was sought to enable a stronger rate base to be built up over the period of the exemption, with a view to abiding by the rate cap in subsequent years. West Wimmera has traditionally been a very low rate base and the exemption will assist in Council being able to keep pace within the sector and invest suitable funds into asset renewal.

During the 2017 – 2018 year, Council saw considerable change within the senior staff ranks. Both the Director of Corporate and Community services and Infrastructure Development and Works positions were changed over in this year.

Council farewelled, Mr Venkata Peteti in early 2017 as the Director Corporate and Community Services and he was replaced in August 2017 by Mr Ashley Roberts. Council then farewelled Ms Robyn Evans as the Director of Infrastructure Development and Works and have since welcomed Mr Mark Marziale into the role.

In addition to the above mentioned changes, there have been retirements and resignations in areas such as engineering, planning, economic development, communications and finance.

Despite the staff movements and the associated disruption that can occur as a result, the ratings received in the annual satisfaction survey, were very strong in areas such as customer service, appearance of public spaces and we also witnessed an improved figure for sealed local roads.

West Wimmera continues to have very good customer satisfaction figures returned, with most areas ranking higher than the small rural shires average index score and above the state average in most areas. All the people responsible for the return of these figures should be congratulated, as it is a credit to the dedication demonstrated in small communities.

Also during the 2017 – 2018 year, there has been considerable activity with capital investment across the Shire. Projects such as the Little Desert Nature Play-space in Goroke, the upgrade to amenities facilities and power supply at Lake Charlegrark, the opening of the Kaniva Hub facility and the commencement of works at the Kaniva Cultural and Tourism Precinct.

Extensive planning has also been undertaken for future projects such as the restoration of facilities within the Kaniva Shire Hall, the design of a community hub facility to replace the Edenhope Mechanics Hall and the design of new facilities at the Harrow & District Recreation Reserve.

Once completed the above mentioned infrastructure, available to the entire community, will see West



Wimmera very well positioned within the region, to host events in high quality sites and will be the envy of many within local government.

I would also like to acknowledge the work undertaken by the very dedicated volunteers within West Wimmera, particularly those who manage events.

The shire is fortunate to have such high levels of volunteerism and activities such as community taxi's, community bus service, galleries, camping grounds and recreation reserves would not operate successfully without them.

Volunteers are also to be thanked for the massive amount of work that goes into the hosting and promoting of events. The 2017 – 2018 year saw the return of a fishing competition to Lake Wallace in Edenhope, a series of events to honour the First XI Cricketers who toured England in 1868, various markets and Christmas dinners for community.

These events are over and above the work done to host annual racing events, the agricultural shows, Charlegark Music Festival, Kaniva Car and Bike Show, Henley on Lake Wallace and Anzac Day and Armistice Day events. All of these occasions bring communities together and promote what's great about the region as well as generating economic activity.

In conclusion, I would like to acknowledge the staff of West Wimmera Shire Council, the Councillors and all who assist with ensuring that the Shire can continue to function and provide a lifestyle that is the envy of many.

David Leahy - Chief Executive Officer



Advocacy

The West Wimmera Shire Council, Council Plan 2017-2021, has been divided into Actions and Advocacy Actions to enable more accurate tracking of activity associated with the plan and to ensure that the activities align with the plan.

In March 2018, four of the Councillors and the CEO attended a series of appointments with state Ministers and their senior advisors.

The appointments were designed to enable Councillors to directly promote projects and programmes that benefit the people of West Wimmera, to the decision makers at state level.

In order to provide an accurate representation of the needs of the shire, a set of strategies were developed and workshopped with Councillors. Also to assist in the delivery of the presentations, Councillors were grouped in to areas that best fit their skill set and where they are the shire representative on a particular committee.

The subjects that were discussed included the following;

Roads Ministers senior advisor

- VicRoads maintenance contract status
- Funding model for maintenance spend
- Support for the Western Highway upgrade to continue

Regional development Ministers senior advisor

- Update on projects with state funding contributions
- Improved access to competitive funding streams for small rural shires
- Potential return of the Local Government Infrastructure Program (LGIP)

Mental Health Minister and senior advisors

- Discussed the potential to fund a rural outreach program

Water Minister and Police Minister senior advisors

- Update on the status of the rural pipeline business case and its importance on the local economy and environment
- Advocate for the construction of a reticulated sewer scheme in Gorokey



Environment Ministers senior advisor

- Health of Wetlands in the region
- Roadside pest plants and animals
- Regional pest plant control officers
- Update on rural pipeline and benefits to the environment on investing in the proposal.

Of the above mentioned items, follow up from the various Ministers offices has been received and commitments for various projects also received.

The most immediate response was in relation to the funding (for 1 year) of a rural outreach program for the shire. The funding has been provided through the Edenhope & District Memorial Hospital and has the support of neighbouring municipalities and the broader health care network.

There has also been a commitment towards the funding and implementation of a reticulated sewer scheme in Goroke. This particular project has taken approximately 8 years to get to the point where it sits within the regions water authority budget.

Planning is now underway for the next campaign, which will act as an opportunity to demonstrate progress on the various matters discussed in 2018 and promote the next items contained within the Council Plan – advocacy actions.



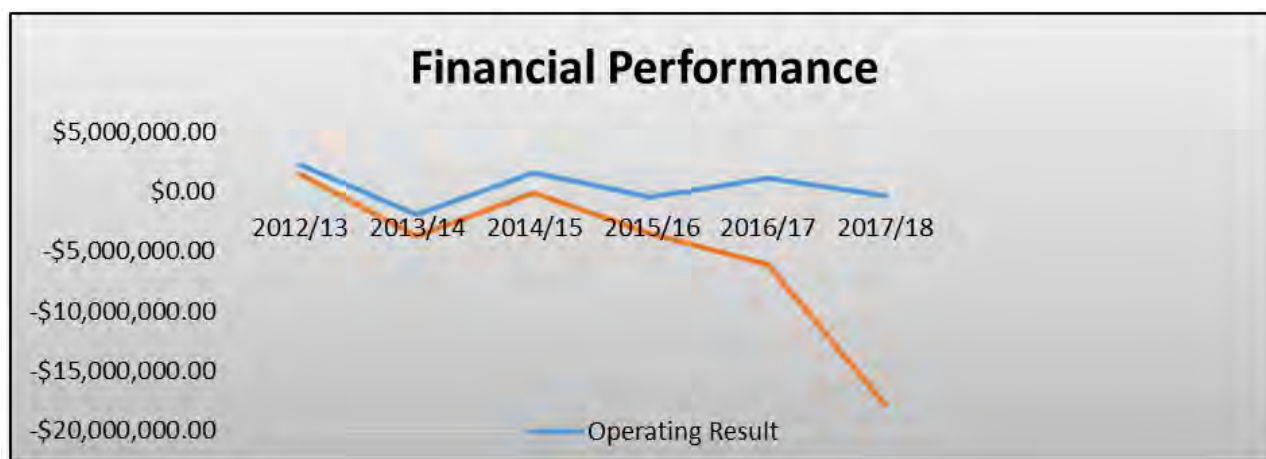
Financial Summary 2016-17

Council's financial position continues to remain sound. A summary of our performance is outlined below. Detailed information relating to Council's financial performance is included within the financial statements and performance statements sections of this report.

Operating Position

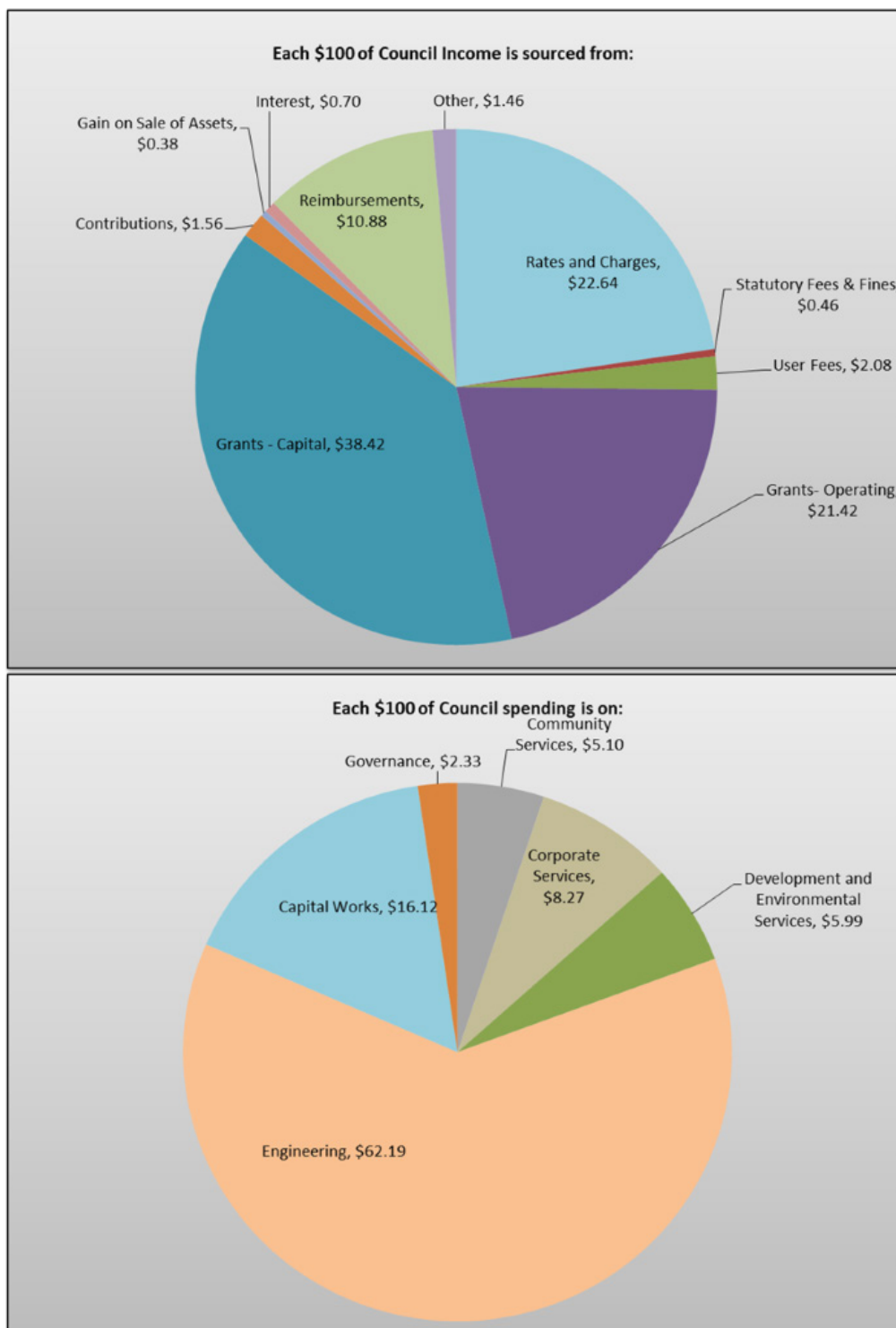
Council's underlying result for 2017/18 shows a significant deficit of \$17.88 million (2016/17 \$6.09 million). However, the significant underlying deficit for 2017/18 includes a large amount of one off expenditure related to flood recovery of \$12.39 million. When this is eliminated Council's underlying deficit reduced to \$5.49 million, an improvement of \$0.6 million on the previous year.

This information needs to be read in context with all of Council's income and expenditure sources. When analysing Council's financial data we can see that Council incurs a significant depreciation charge of \$6.65 million for 2018/19. This amount represents the consumption of Council's assets annually. If this was removed from Council's underlying result Council would be generating a solid underlying surplus. What this indicates is that Council is dependent upon non recurrent funding sources (particularly capital grants) to fund its asset renewal. It must be said that this is not an uncommon position within local government in Victoria, with all but the largest municipalities facing similar issues.

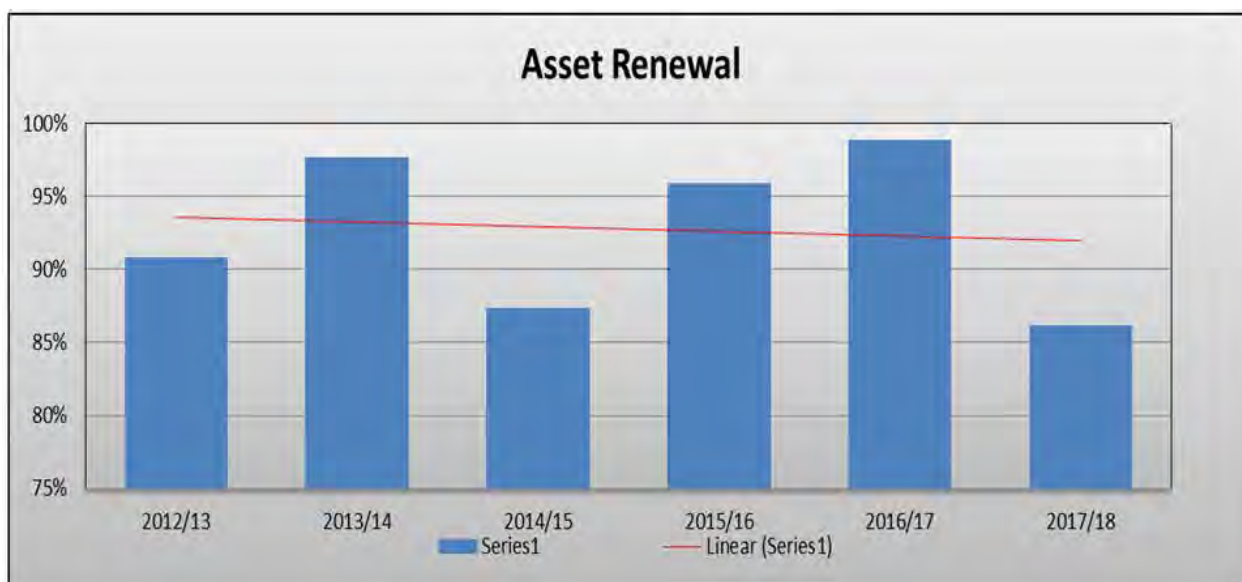
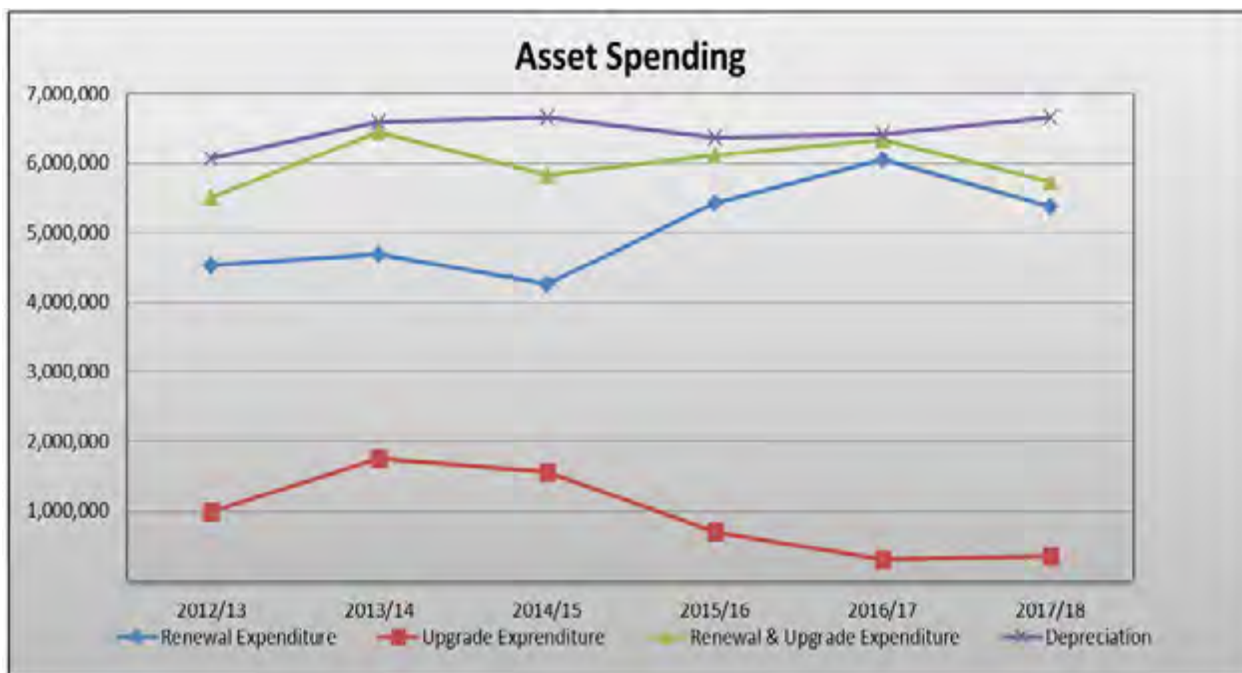


The following charts indicate where Council's income comes from and where it spends:

Council's dependence upon grants can clearly be seen from these charts, with grant funding making up 59.84 of every \$100.00 Council receives.



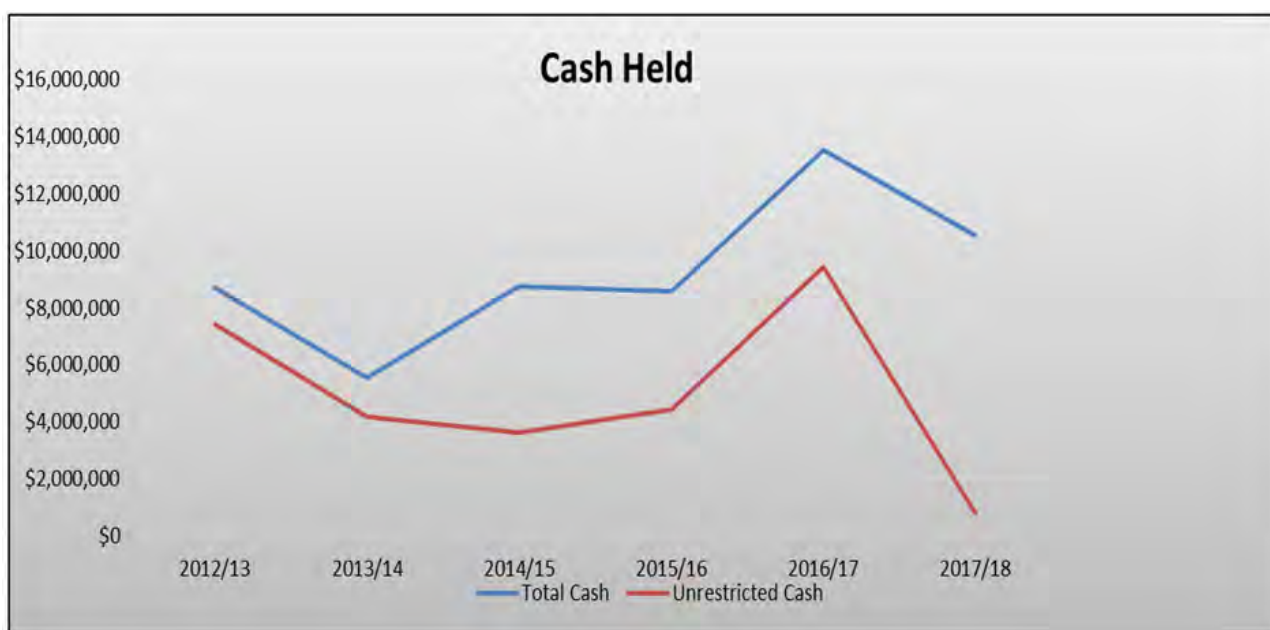
Council delivered a significant capital expenditure program during 2017/18 of \$6.01 million (2016/17: \$6.41 million). Of this \$4.08 million was spent on roads with a further \$0.35 million spent on bridges, all aided by Roads To Recovery funding. Of the \$6.01 million spend, \$5.38 million was expended on renewing Council's existing assets, with a further \$0.35 million spent on upgrading Council's existing assets. This amount however was insufficient to cover Council's consumption of its asset base, as measured through depreciation. The following graphs show Council's last four years of asset renewal and upgrade spending as compared to depreciation:



As can be seen, in none of the previous four years has Council met the 100% renewal of its asset base as measured against depreciation. This is a negative trend which may result in loss of service provision and potential into the future if it continues over the long term. Council must assess its asset base and renewal requirements in the context of setting realistic service levels over the medium to long term.

Council's cash position remains healthy, with \$10.54 million in the bank at 30 June 2018. This represents a decline of \$2.98 million on the previous year. The major factor behind this was in Council having received flood recovery grant monies in the previous year which were fully expended during 2017/18.

However, care must be taken when assessing the cash figure. Council is holding commitments by way of reserves, unspent grants, and trust deposits of \$9.74 million, leaving an unrestricted cash amount of \$0.81 million. Of course it must be noted that \$9.08 million of the \$9.74 million of funds restricted is held on a discretionary basis which Council may resolve to use for other purposes if the need arises. Council has for 2017/18 elected to fully reserve cash for future major projects and capital works, so that these projects may be fully funded when they occur.



Council retains a solid working capital ratio. This is the coverage of current liabilities by current assets, and measures the ability of Council to quickly cover liabilities. At 30 June 2018 Council had a working capital ratio of 274%.



Overall, Council has reported a small operating deficit year. However the fact that Council's underlying deficit, after adjustment for flood recovery related expenses, shows an improved position over the previous year is an indication that Council has been able to manage costs efficiently throughout the year despite the challenge of those flood recovery works, which commenced late 2016, finishing late in the 2017/18 year..

As can be seen there are good and bad points about Council's financial performance for the 2017/18 financial year.

The fluctuating between operating surplus and deficit over the previous four years is not ideal, and is impacted by the flood events of 2016 and the subsequent recovery works which highlights Council's reliance on grants funding. This is clearly supported by Council incurring ongoing underlying deficits.

Also of concern is the fact that Council is not, and has not been for the past 5 years, meeting its asset renewal targets (as measured against depreciation expense). Again this highlights how much Council is dependent upon grant funding for asset renewal.



Our Councillors

West Wimmera Shire Council consists of five councillors elected from an un-subdivided municipal district.



West Wimmera Shire Council 2016-2020

Bruce Meyer, Trevor Domaschenz, Richard Hicks, Tom Houlihan, Jodie Pretlove



Cr. Trevor Domaschenz

Cr. Trevor Domaschenz was elected to West Wimmera Shire Council on 22 October 2016 and this is his first term in local government.

Councillor Domaschenz is West Wimmera Shire Council's representative to the following organisations:

- West Wimmera Landcare Network
- Wimmera Development Association
- Wimmera Mallee Regional Tourism Association
- Wimmera Mallee Sustainability Alliance
- West Wimmera Shire Tourism Advisory Committee

Cr. Richard Hicks

Councillor Hicks was elected to West Wimmera Shire Council on 22 October 2016 and this is his first term in local government.

Councillor Hicks is West Wimmera Shire Council's representative to the following organisations:

- Big Desert National Park Fire Control Committee
- Green Triangle Region Freight Action Plan Implementation Monitoring Group
- Little Desert National Park Fire Control Committee
- Roadsafes Wimmera
- Western Highway Action Group
- Wimmera Southern Mallee Regional Transport Group

Cr. Tom Houlihan

Councillor Houlihan was elected to West Wimmera Shire Council on 22 October 2016 and this is his first term in local government.

Councillor Houlihan is West Wimmera Shire Council's representative to the following organisations:

- Douglas Mine Environment Review Committee
- Grampians Central West Waste and Resource Recovery Group – Forum Group
- Harrow RSL Hall Committee
- Municipal Emergency Management Planning (MEMP) Committee
- Municipal Fire Prevention Committee
- West Wimmera Rural Water Supply Project – Feasibility Study



Cr. Bruce Meyer

Councillor Bruce Meyer was re-elected to West Wimmera Shire Council on 22 October 2016. He first became an elected representative for the former Shire of Kaniva in 1993, serving until that Shire amalgamated with the Shires of Kowree and Arapiles in 1995. Councillor Meyer was elected to the inaugural West Wimmera Shire Council in 1997 and has continuously represented the Shire since then.

Councillor Meyer is West Wimmera Shire Council's representative to the following organisations:

- Kaniva Community Sporting Complex Committee of Management
- Crabtree Estate Committee
- Kaniva Museum and Historical Collection Committee
- Municipal Association of Victoria
- National Timber Councils Task Force
- North West Municipalities Association
- Rural Councils Victoria
- Timber Towns Victoria
- West Wimmera Groundwater Management Area Implementation Committee
- Wimmera Regional Library Corporation
- West Wimmera Shire Audit Committee

Cr. Jodie Pretlove

Councillor Pretlove was elected to West Wimmera Shire Council on 22 October 2016 and this is her first term in local government. Councillor Pretlove was elected Mayor in November 2017.

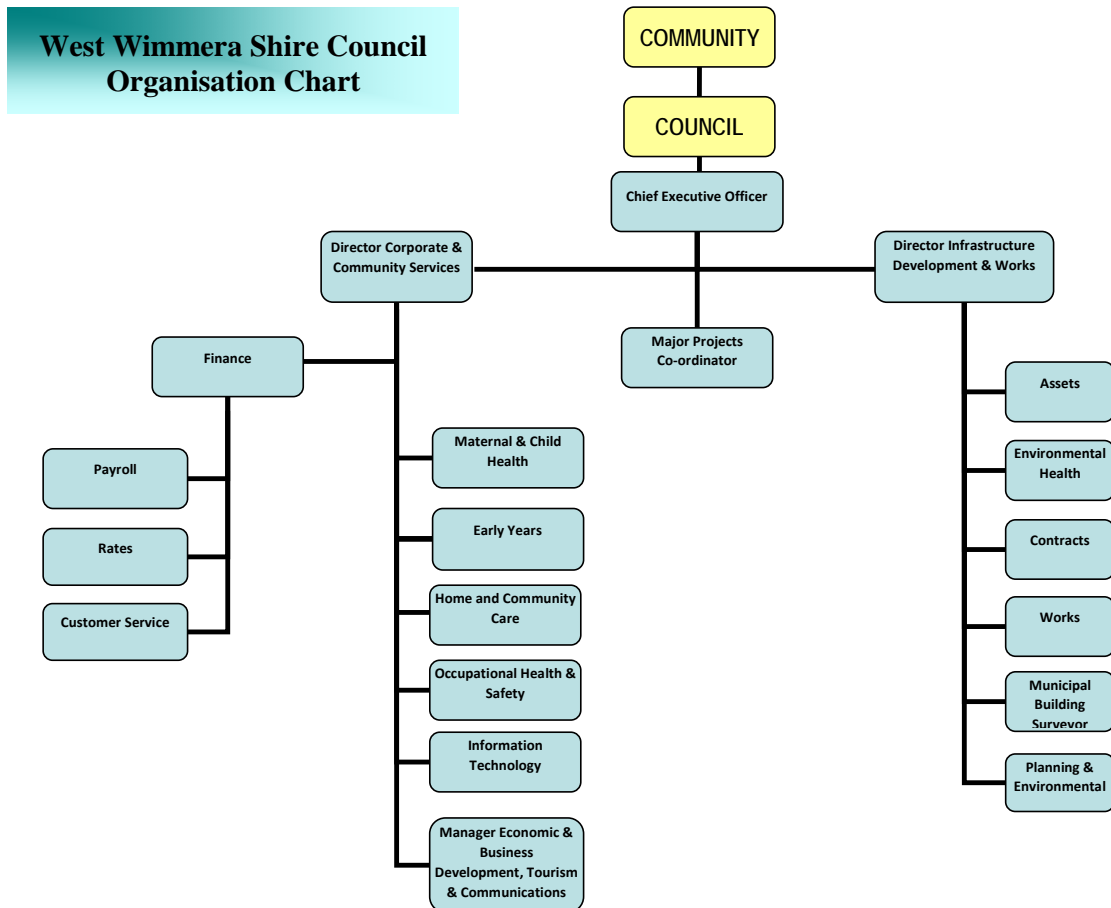
Councillor Pretlove is West Wimmera Shire Council's representative to the following organisations:

- Primary Care Partnership
- West Wimmera Shire Tourism Advisory Committee
- West Wimmera Shire Audit Committee



Organisational Structure

Council is the governing body that appoints a Chief Executive Officer (CEO). The CEO has responsibility for the day-to-day management of operations in accordance with the strategic directions of the Council Plan. Two General Managers/Directors and the CEO form the Senior Management Group.





Chief Executive Officer

David Leahy

David commenced with Council in February 2016. David brings to Council extensive senior management experience in governance and also works and project management across a number of public sector entities across two states.

Areas of Responsibility:

- Overall Staff Management
- Governance
- Economic Development and Tourism



Director Corporate and Community Services

Ashley Roberts

Ashley re-joined Council in April 2016 after an earlier stint as Manager Finance between 2012-2014. Ashley brings to Council over 20 years financial management and governance experience from both the public and private sectors. Ashley holds a Bachelor Commerce and an Associate Diploma in Accounting and is a CPA and an Associate of the Australian Institute of Company Directors.

Areas of Responsibility:

- Finance, Rates and Revenue, Payroll
- Customer Service
- Occupational Health and Safety
- Kindergartens, Early Years Services
- Risk Management, Audit Committee
- Maternal & Child Health Services
- Youth Services
- Home and Community Care Services
- Community and Volunteer Support
- Information Technology
- Libraries
- Cemeteries





General Manager Infrastructure, Development and Works

Robyn Evans (to 16/3/18)

Mark Marziale (from 13/6/18)

Robyn joined Council in August 2012, resigning in March 2018 after five years with Council.

Mark joined Council in June 2018. Prior to becoming part of the West Wimmera family Mark held senior position in local government and the public sector across 3 states.



Mark holds a Bachelor of Arts in Planning, a bachelor of Architectural Studies and a Graduate Diploma in Regional and Urban Planning. Mark is a Member of the Australian Institute of Company Directors and a Member of the Planning Institute of Australia.

Areas of Responsibility

- Shire Buildings
- Roads Program
- Footpaths
- Culverts and Drains
- Waste, Recycling and Transfer Stations
- Environmental Health
- Statutory Planning, Municipal Building Services
- Emergency Management and Fire Prevention
- Animals and By-Laws
- Roadside Pests & Weeds Program
- Parks & gardens
- Aerodrome
- Quarries
- Contracts and Procurement
- Seasonal Pools



Description of Operations

West Wimmera Shire Council is responsible for the delivery of over 70 services across many areas including:

- Economic and business development and tourism
- Family, early years, youth services
- Home and Community Care services
- Community and volunteers
- Finance, rates and revenue, payroll
- Information technology
- Libraries
- Parks and gardens
- Council and community building maintenance
- Road works, footpaths and other civil infrastructure
- Cemeteries

Economic Factors

No economic or other factors have had an impact on Council's performance in the 2017-18 year.

Major Changes

No major changes have taken place during the financial year in relation to the operations of the Council or to the Council's organisational structure or the methods of carrying out its strategic objectives.



Corporate and Community Services

2017/18 Has seen a year of steady development within the Corporate and Community Services area of Council.

Council continues with the transition of Home And Community Care (HACC) services away from the state funded system to the Commonwealth Home Support Programme (CHSP). The 2017/18 year saw the roll out of the National Disability Insurance Scheme (NDIS) within our area. Council has opted not to become an NDIS provider but to concentrate on the provision of HACC and CHSP care to our residents.

Recovery works relating to the September 2016 floods have continued across the year, affecting both Council's income and expenditure for year as government grants are received to pay for the necessary works.

Financial Services

Council continues to commit to providing a financially sustainable future for our municipality whilst maintaining services to our community.



In July 2017 Council welcomed Ms Andrea Gash to the team as Manager of Finance. With Andrea's appointment Council continues to add to a highly skilled and dedicated financial management team to guide our community's sustainable future.

During the previous year significant time was spent by the Financial Services unit modelling our future financial sustainability and capacity to provide services. This coupled with Council's continued underlying deficits resulted in Council taking the step to apply to the Essential Services Commission Victoria for a rate cap variation for the 2017/18, 2018/19, 2019/20 and 2020/21 years. Council was granted an exemption allowing it to raise rates by up to 3.5% for each of these years. For the 2017/18 year Council elected to increase rate by 3.25%. Rate increases are a decision Council takes seriously after a detailed analysis of Council's financial capacity and after taking into account factors such as our community's capacity to pay and desired service levels. Council continues to seek efficiencies and other revenue sources where possible to limit any immediate and future financial effect on our ratepayers.



Council's Financial Services Unit continues to refine the reporting of data to Council and has developed and implementing a project reporting tool which will significantly improve clarity of project performance reporting.

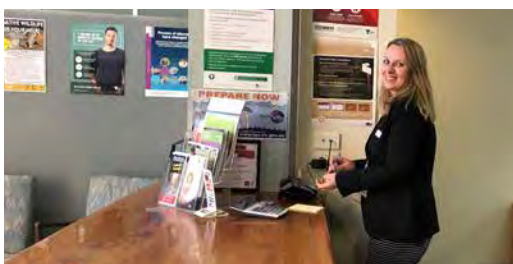


Customer Services



As the 'smiling face of Council', it is important the Council provides a great customer experience, and once again Council's customer service performance continues to be ranked extremely highly in the annual customer satisfaction survey undertaken for Local Government across the state.

The fact that Council's customer service ranks amongst the best in the state is a reflection of our skilled, dedicated and responsive Customer Service team.



Council maintains Customer Service Centres in Edenhope and Kaniva, and continues to provide services on behalf of Centrelink and Vic Roads to our communities.

Council's customer service team also manage the day to day operations of the Edenhope, Goroke, and Kaniva cemeteries.

Home and Community Care Services

Council's Home and Community Care (HACC) Services has undergone another challenging year as the sector continues the transition away from a totally state-funded service model to the Commonwealth Home Support Programme (CHSP).

Council has committed to continuing to provide quality HACC services for the future. To this end Council continues to provide both a service delivery team and a separate assessment team to meet legislative and service delivery requirements.

Council has decided not to become a registered provider under the National Disability Insurance Scheme (NDIS). This enables Council to focus its activities on our existing strengths in the HACC and CHSP areas.

Regional Assessment Services

Council has continued to provide services for Regional Assessment across the 2017/18 year, providing 149 referrals which resulted in over 700 hours of care provided. Council's RAS staff have also assisted other regional municipalities with their Assessment needs.

Council remains committed to the Regional Assessment Service which provides a critical gateway to the provision of support services to our community.



Maternal and Child Health

It has been a year like no other! With our average amount of babies enrolled each year of between 30-35, we broke the mould this year with an increase of 50% with 52 new babies joining the West Wimmera Shire population count. These children have been equally spread over the Shire with no one town out shining another for top billing and I would like to say they arrived at a consistent one a week as there are 52 weeks in the year but they came when they were good and ready with some weeks up to five in the same week.

The annual report that is submitted to DEECD each July showed that the service delivered some 740 vaccinations, this does not include the visitors to the area that drop in for a catch up vaccination, nor the school program which is delivered to the three secondary colleges, nor the staff flu vax program, so you can say that once again this service has also been very busy. It was certainly helped with the introduction of the childhood influenza program that the Victorian state government announced providing influenza vaccination to every child aged 6 months to 5 years if the parents wanted. It is not a scheduled vaccination like the 'normal' childhood vaccinations but certainly highly recommended considering that we know that health outcomes for children under 5 contracting the flu can be very poorly sometimes requiring hospitalisation. As the media has shared with us we know how well the program was taken up which led to shortages of the vaccine at different times. Thankfully, we have had enough stock on hand to see us through those times so that any child requiring the vaccine was able to receive it locally and not have the burden of travel to other towns and providers as I've heard other parents having to endure that live elsewhere. And I will just add that the West Wimmera Shire continues to have 100% vaccination rates in the under 5's continually outperforming other similar councils- that is something to be proud of and we should all thank the parents who live here in making the effort to be on time- every time.



The little Holden Cruze has done over 35,000 kilometers for the year which is not far off the distance around the earth! No wonder I get tired some days but what amazes me most is that after 18 years doing this job there are still roads that I am travelling on for the first time to visit these new babies in their homes once they are discharged from hospital. The Shire is not just north and south, east and west but an absolute labyrinth of roads, tracks and everything in between that connect us all. It would be an easy place to get lost, but thankfully I haven't been!

There is a never ending list of meeting, seminars, conference and study days that one can attend in order to complete the 60 hours of mandatory education that MCH nurses must complete each year. Most are delivered in Horsham and everywhere beyond so it's important to 'cherry pick' what will give the most value and disrupt the service the least, but thankfully the clientele and management value the importance of education so understand if a center has to shut for a day or two while I complete the training required.

The Kaniva Maternal and Child Health Centre renovations have finally been completed!! It certainly does not look the same after a wall being removed

creating a large welcoming waiting area, new carpets, new paint and new curtains to bring the room from the 1970's through to today. Grandparents who visit can no longer say, 'it looks just the same as when I brought my children!' And I would like to thank again Gary Hill, Steve Plozza, Jason Hill, Kaniva Playgroup, Bernie Maddern and Ashley Roberts for the support in getting this to fruition, it didn't take long- just 17 years!! Now let's start on the bathroom,.....maybe?

Youth Services

In January 2018, Council welcomed Leah Davies to the position of Youth Officer, 3 days per week, and is based in Kaniva Office.

The election and appointment of a Youth Council in April was a highlight, with the first meeting held in July. Representatives from Kaniva, Goroke and Edenhope are currently planning events for the remainder of 2018 and into 2019 with a Youth Festival in March 2019 firmly on the agenda. There are currently at least 3 positions vacant; 2 in Edenhope and 1 in Kaniva.

Youth Week was celebrated in April with a combined schools Mental Health Day. 'Mind Matters Meet Up' was held at Kaniva Community Hub and included service providers from

Headspace Horsham, Primary Care Partnerships, Uniting, and Nexus. Other providers were Emma Dickinson, Personal Trainer and Christa Farinha, Spiritual Wellness Coach who provided the important link between exercise and stillness / meditation in maintaining good mental health.

Various school holiday activities have been organised for the benefit of Youth from West Wimmera. Highlights have included an Ice Skating bus trip to Tailem Bend in January, a Skate Park Tour in April and a two day girls adventure / fun event partnered with Guiding Australia at Little Desert Nature Lodge.

Various partnerships with local community organisations, business and schools have been essential for the success of the youth program. LINK Neighbourhood House Kaniva, Red Tail Gallery Edenhope, Kaniva Guides, Young Farmers Nhill and Hindmarsh Shire Council. Edenhope, Goroke and Kaniva Colleges have been extremely obliging in allowing me access to their students. With their curriculum and time pressures, new avenues of engaging the regions young people will be sought so as not to over burden these important relationships.

New partnerships are being formed all the time. This facilitates the ability to share resources and experience to provide fabulous opportunities for the young people of our Shire.



Early Years

West Wimmera Shire Council continues to deliver play-based educational programs to children aged 3-5 years. Goroke, Edenhope and Kaniva all run Kindergarten and Pre-Kinder programs.

2017/18 saw all services continue to run to running long-day programs (8:30am – 4pm), allowing children aged four and up to access school bus services both to and from kinder.

Playgroups have run in Kaniva, Goroke, Edenhope, Apsley and Harrow. Some of these sessions are an informal catch up, and others involve more formal activities. Story time sessions, rhyme time, free play and excursions have all happened across the Shire during the year.

During 2017/18 Council welcomed Catherine Hurley back from Maternity leave to the Early Years Co-ordinator position.



Economic Development

2017-18 saw a year of transition in the Economic Development area with Kellie Jordan leaving Council and being replaced in the role of Business and Economic Development Manager by Sarah Ellis.



Council's Economic Development unit provided project support to a number of major projects and developments during 2017/18. These include the Lake Charlegrark redevelopment, the Goroke Little Desert Playspace, and the Kaniva Cultural and Tourism Precinct development. The Economic Development unit also prepares groundwork for future projects including sourcing funding and the preparation of development plans.

Once again the unit facilitated the provision of over \$30,000 in Community Strengthening and Business Assistance grants to community groups and new and expanding businesses across our community.

During June 2018 Council's Economic Development unit facilitated the 'Understanding Social Enterprise programme, which consisted of a 2 day learning event that introduced community leaders to the values and purposes of social enterprise.

Representatives of local businesses and community groups, along with Council groups participated in the workshop facilitated by Council with funding from Rural Councils Victoria.

Local leaders and influencers from all sectors of your community learnt about the role that they can play in creating an enabling environment for valuing ideas and local entrepreneurship.

Participants explored the role social enterprise business models are playing in rejuvenating rural communities through building economic and social capital simultaneously.



150th Anniversary of Australia's First International Sporting Team

In 1868 a cricket team largely made up from people from the indigenous population of the Edenhope and Harrow areas successfully toured England. The local population had been coached by Tom Wills (who would later go on to fame as one of the 'founders' of Australian Rules Football) on the shores of Lake Wallace.

Council joined with our community and Cricket Australia and Cricket Victoria to commemorate this important part of our history with a number of events, including a visit from the 2018 Men's and Women's Australian Aboriginal Cricket team which toured England in honour of the original team in mid 2018.

Celebration events were held in Harrow, including a special staging of the annual Johnny Mullagh Cup cricket match and a formal dinner, with ceremonies at other sites important to the story including Bringalbart and Edenhope as well.

In Edenhope Council teamed with the Edenhope and District Historical Society and Vision and Voice Edenhope to erect a set of interpretive panels in the centre of Edenhope to commemorate the 150th anniversary of the first Australian international sporting team.



Members of the 2018 teams at Harrow



Celebrations at Harrow



Opening of Interpretive Panels in Edenhope

Infrastructure, Development and Works

Infrastructure

Councils Works area has been kept very busy over the past year with increased activity in most areas. Due to an average rainfall year, our maintenance activities have been in high demand, mostly across our unsealed paved network. Increased on-farm storage is causing produce to exit properties during the wetter months of Winter and Spring. This puts extra pressure on Councils unsealed road network, as these roads are not up to 'B' double truck loads during this period. Councils sealed road pavement network is holding up quite well, and with significant investment through the Capital works program, the renewal program seems to be curtailing significant pavement failures. Maintenance on these roads is still demanding during the wetter months, and due to the width (3.7 metres), shoulder maintenance grading and edge break repairs are critical and ongoing.

This years sealed roads capital works program included reconstruction of sections on the following roads:

- Apsley Natimuk Road
- Sandsmere Hall Road
- Lillimur Station Road
- Murrawong Road
- Minimay Goroke Road
- Leeor Road

In addition, 15 sealed roads had various sections of shoulder resheeting undertaken and the unsealed road network had resheets undertaken on various sections of 22 gravel roads.

Area	Spend
Roads Maintenance	\$2.73 million
Parks & Garden Maintenance	\$0.45 million
Transfer Stations (Waste) Operations	\$0.15 million
Vicroads Contract	\$2.8 million
Private works for others	\$0.17 million
Sealed Road Reconstructions	\$1.83 million
Reseals & Final Seals	\$0.88 million
Sealed road shoulder resheets	\$0.28 million
Unsealed road resheets	\$0.90 million
Bridges & Culverts	\$0.30 million
Building maintenance & repairs	\$0.46 million
Buildings - operational	\$0.21 million

Two major culverts were replaced on Powers Creek Dergholm Road whilst numerous smaller culverts were replaced. Urban drainage improvements included construction of a section of underground drain in Webb Street and the replacement of underground drainage at the intersection of Orme Street and Edinburgh Road. Councils Works area is also a contractor to Vicroads in the delivery of maintenance to the localised Arterial road network, including sections of the Western & Wimmera Highways. This year we have seen significant increases in funding through this contract, as the State government invests in their declining roads system

Council continued to invest significantly in the renewal, construction and maintenance of our public assets. During 2017/18 Council committed to the following expenditure:



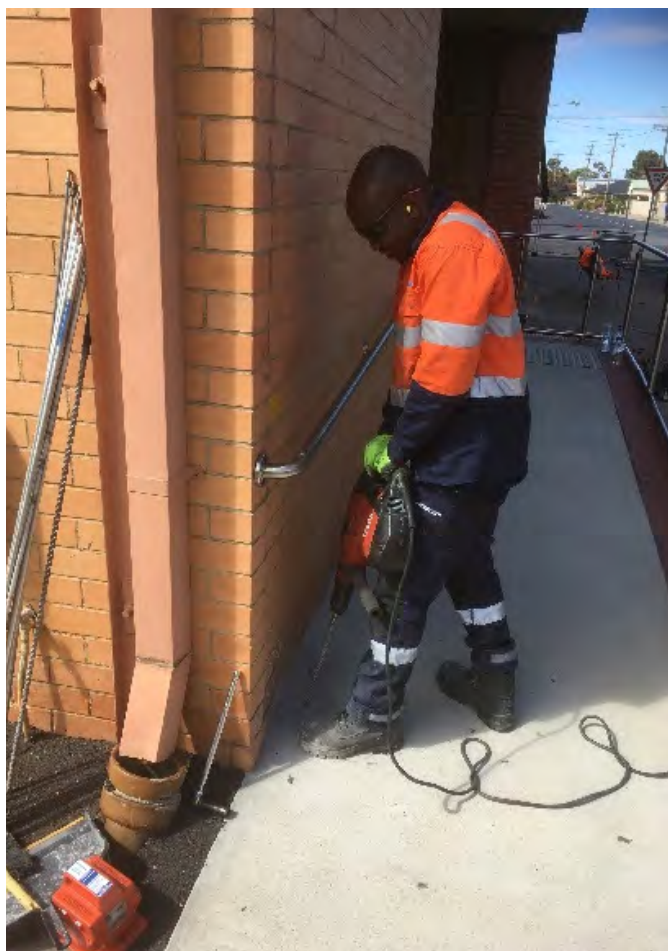
Major Projects

West Wimmera Shire has undertaken a number of small to medium projects during the 2017 / 18 financial year. Some of the projects have been undertaken with the assistance of funding from both the State and Federal Governments, as well as 'in kind' and financial support from local community groups. The total cost of these projects is approximately \$2.4 million, benefiting both the community of the West Wimmera and its visitors.

Kaniva Shire Hall Footing Stabilisation

Council engaged various professionals to seek the rectification of the deterioration of the Hall. Part of the project was the stabilisation of the footings at the Western end of the building. Mainmark were awarded the tender to inject resin beneath the footings to stabilise the building from any further subsidence. Drilling commenced in October 2017 and took approximately 2 weeks to complete.

Kaniva Shire Hall Roofing and Stormwater Upgrade



Laser Plumbing from Horsham completed the roofing and stormwater upgrade at the Kaniva Hall. Following an investigation by council officers, and a subsequent report by a building surveyor, work was tendered out for the replacement of the stormwater system, and the repairs to the roof area.

The stormwater project involved the replacement of the complete earthenware underground stormwater system, as well as the upgrade of the rain heads on the external walls of the building. Roof works were a major component of the upgrade, with all of the box gutters replaced, and all of the parapets capped, thus sealing the complete roof section, therefore preventing any further water damage

Lake Charlegrark Precinct Development



The Lake Charlegrark redevelopment project involved 3 major facets,:

- the construction of a large amenities block at the Southern end including the installation of a Reed Bed septic system,
- the installation of a smaller toilet block at the Northern end, and
- the power upgrade of the complete site.

The main Amenities Block was completed by local contractor H & T Kuchel Builders, from Kaniva. The project was completed using local tradespeople from around the district and included toilets, shower facilities, laundry, office and an accessible toilet and shower. At the Northern end, the prefabricated toilet block has been supplied by Williams Concrete Products in Bordertown. The unit has both an accessible and ambulant toilet along with hand washing facilities.

Goroke Little Desert Nature Playspace

Work on the new playspace in Goroke is nearly complete. Landscaping from Horsham were awarded the tender to complete the playground and landscaping. The playspace is full of fantastic items such as a trampoline, slides, swings, digger, hand pump, and a concrete path running through the middle of the park for scooters and skateboards. There will be a shelter, outdoor furniture and fencing soon to be installed that will complete the project and make it great addition to the Goroke community and its visitors.



Kaniva Cultural and Tourism Precinct



This project involves numerous components, including the wetland redevelopment, upgrades to the fauna park, the installation of an accessible toilet, construction of a boardwalk, installation of a flying fox and playground, and the construction of a new road footpath and parking area.

Recently, the footpath construction commenced, as well as the contract for the playground installation being awarded to a Horsham company. It is expected that the total project will be completed by June 2019.



Contracts

The Contracts Department is responsible for the development, implementation and administration of all contracts undertaken by the Council. The activities include administration of all contracts and agreements from the preparation of specifications, advertisements, evaluation, awarding of contracts, monitoring of works to the successful completion of the project.

As at the 30th of June, the Council has 47 active contracts covering a diverse and important range of works and services for the West Wimmera Shire Council.

During the year the Council let 21 new contracts for a combination of works and services. The total value of these contracts is \$2,228,572. The Flood Recovery Project costs are not included.

2017/18 Contracts related to Capital Works:

Kaniva Shire Hall Foundation Repairs	\$93,970
Lake Charlegrark Amenities	\$344,829
Lake Charlegrark Power Upgrade	\$171,696
Kaniva Playspace Project	\$219,999
Goroke Playspace Project	\$210,478
Kaniva Shire Hall Stormwater Upgrade	\$27,896
Kaniva Shire Hall Roof Upgrade	\$101,984

2017/18 Contracts related to Plant and Equipment Purchases:

Supply & Delivery of a Crew Tipper	\$53,045
Supply & Delivery of a Heavy Rigid Truck	\$127,778

Once again the largest project in term of dollars was the annual sealing program for local roads. This is part of a five year collaborative contract involving five Wimmera Councils for this work. Locally based sealing contractor Inroads P/L of Horsham are contractors for this work.

Council aims to reseal 15% of the total sealed road network each year to maintain this important asset.

Through Procurement Australia, Council has a contract with AGL Pty Ltd for the supply of electricity to public lighting within Townships throughout the Municipality. This contract expires on 30 June 2018.

Through Procurement Australia, Council also holds a contract with AGL Pty Ltd for the supply of electricity to all of Council's 41 metered sites throughout the Municipality. This contract expires on 30 June 2018.

Wimmera Mallee Waste from Rainbow holds three waste contracts with the Council, a weekly kerbside garbage collection service, a fortnightly kerbside recycling collection service, and the transfer of waste to the Doon landfill.

Council has entered into a number of contracts with Procurement Australia and the Municipal Association of Victoria, who have negotiated contracts for a range of goods and services for the benefit of all Victorian Councils.



Planning and Environment

2017-8 saw the retirement of Council's long standing and much respected Town Planning Manager Gill Bradshaw.

Council employed the uses of a contractor to complete the required permit works until a full time replacement could be recruited.

Over 2017-18 Council received 23 planning applications with a median time of decision being 25 days.

Swimming Pools

There are three public swimming pools within West Wimmera Shire Council, situated in the Townships of Kaniva, Edenhope and Gorokey. These outdoor pools are all solar heated and are open from mid November through to the end of March each year.

Pool Operations

Kaniva Pool: This pool is managed under contract by BRAML Enterprises and the value of the contract for 2017/2018 was \$77,899

Total attendance including School usage for 2017/2018 season was 6438.

Edenhope Pool: This pool is managed under contract by Edenhope Swimming Centre Pty Ltd and the value of the contract for 2016/2017 was \$63,450. This contract is due to expire on 30 September 2017.

Total attendance for 2017/2018 season was 5,006.

Gorokey Pool: This is managed by the Gorokey Pool Committee.

The Council makes a financial contribution to the Gorokey Pool Committee each year to assist with operational costs. For 2016/2017 this contribution was \$34,550

Total attendance, including school usage, for 2016/2017 season was 2988.



West Wimmera Shire Council Flood Recovery Project

Council was significantly affected by the Victorian Flood and Storm Events from September and October 2016 and was effected by a second flood event in August 2017.

Council undertook a major program of restoration works on its infrastructure assets which were damaged in these events over the past two years, with a total of \$12.4 million expended during 2017/18, on top of the \$3.9 million of expenditure incurred during 2016/17. Over 3000 individual sites were identified as having been damaged by the floods.



Funding was sought and approved under the Natural Disaster Relief and Recovery Arrangements funded by the Commonwealth Government via administration through the Victorian Department of Treasury and Finance.

Under the terms of the NDRRA funding Council was not able to employ its own staff on the recovery works, so purposely opted to engage a range of predominately local contractors, injecting \$ millions into our local economy and ensuring that grant monies and skills stayed local.

Works have largely been completed with follow up audit and reconciliation to occur during the next financial year.



Australia Day Awards 2018

Australia Day events were held across the Shire with good numbers of people coming out to celebrate all that is great about our Country and living in West Wimmera. Council congratulates the winners of the various awards across the Shire and also congratulates all the people who were nominated. The task of choosing people and events from a high quality field was difficult but the following people are the worthy recipients of Australia Day Awards in the Shire.

The 2018 Australia Day Citizen of the Year is Kelvin Burns of Edenhope. Kelvin has been a long time volunteer with the Patyah CFA, having received his 60 year service medal, and also is a life member of the Edenhope Show Committee, being involved for over 50 years. Kelvin also has a strong passion for horses, being a founding member of the Edenhope Pony Club as well as being a life member of both the Apsley and Edenhope Racing Clubs.

Kelvin provides fantastic energy and leadership to all of these groups and is a fine example of the high standards set by volunteers in West Wimmera.

The Community Event of the Year which was recognised as part of the awards went to Linda and Sandy's Christmas Lunch, a terrific annual event which spreads Christmas cheer amongst those less well off or without family within our community.



Community Strengthening Grants Program

Council's Community Strengthening Grants program is designed to promote and increase participation of local residents in community initiatives, to build and strengthen local networks and partnerships and to support community leadership, learning and skill development.

This annual grant program is delivered across two rounds, providing financial assistance to local community organisations to support the provision of programs, activities and services which respond to identified community needs, contribute to the building of a stronger community, develop innovative approaches and local social issues and are in accordance with Council's strategic objectives.

A total of \$41,411.56 was granted to the community in 2017-18 for the following projects:

Community Projects:

APPLICANT	PROJECT	GRANT
Harrow Cemetery Trust	Restoration of Johnny Mullagh's gravesite	\$846.00
1st Kaniva Guides	Attendance at Jamboree	\$3,000.00
Apsley Vehicle & Machinery Preservation Society Inc.	Website and Social Media Marketing	\$1,000.00

Community Events:

APPLICANT	PROJECT	GRANT
Edenhope Tourism Inc.	Commemorating the Aboriginal Cricket Tour of 1868	\$750.00
Bay Riders Community Centre	Harrow's Long Lunch	\$750.00
Dergholm Social Club	Show us your Wheels & Toys Day	\$750.00



Facility Upgrades and Equipment Purchases

APPLICANT	PROJECT	GRANT
Apsley Golf Club Inc.	Solar Panels	\$4,830.00
Goroke Bowling Club	Roof Renewal & Insulate	\$1,400.00
LINK Neighbourhood House	Community Noticeboards for Kaniva	\$811.90
Nurcounng Community Centre Inc.	Hall beautification, Painting Hall & Supper Room	\$2,907.00
Edenhope Adult Riding Club	Full Size Competition Dressage Area	\$3,602.00
Benayeo Hall Inc.	Benayeo Hall Interior Upgrade—curtains, painting and floor repairs & staining	\$5,000.00
Goroke Golf Club	Bar Renewal—removal/remodel old cupboards, installation new fridge and sink	\$1,864.67
Minimay Recreation & Memorial Hall Inc.	Gutter & Paint Upgrade	\$900.00
Kaniva Hockey Club Inc.	Core Hockey Goals	\$5,000.00
Harrow & District Recreation Reserve	Purchase Portable Cool-Room	\$5,000.00
Edenhope P & A Society	Purchase of Tractor, Slasher and equipment	\$5,000.00

Statutory Information

Documents Available for Public Inspection

In accordance with Part 12 of the Local Government (General) Regulations 2015 the following is a list of the prescribed documents that are available for inspection or copies of the documents can be obtained for the purposes of section 222 of the Local Government Act 1989 at the Edenhope Civic Centre, situated at 49 Elizabeth Street, Edenhope, and the Kaniva District Office, situated at 25 Baker Street, Kaniva:

For the purposes of section 222 of the Act, the following are prescribed documents if they are not published on the Internet website of the Council—

- a. a document containing details of overseas or interstate travel (other than interstate travel by land for less than 3 days) undertaken in an official capacity by any Councillor or member of Council staff in the previous 12 months, including—
 - i. the name of the Councillor or member of Council staff; and
 - ii. the dates on which the travel began and ended; and
 - iii. the destination of the travel; and
 - iv. the purpose of the travel; and
 - 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.



Domestic Animal Management Plan

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

Council adopted the Domestic Animal Management Plan 2017–21 in August 2107. In 2017-18, Council implemented the following actions in accordance with the Plan:

Registration and Identification - Objective 2: Promote registration and microchipping – Council officer provided an onsite microchipping service upon request as well as coordinated microchipping days across the Shire

Food Act Ministerial Directions

In accordance with section 7E of the Food Act 1984, Council is required to publish a summary of any Ministerial Directions received during the financial year in its annual report.

No such Ministerial Directions were received by Council during the financial year.

Freedom of Information

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

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

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

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

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

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



Protected Disclosures Act 2012

The Protected Disclosures Act 2012 (the 'PD Act') came into effect on 10 February 2013, replacing the former Whistleblowers Protection Act 2001.

The PD Act aims to encourage the disclosure of improper conduct by public officers and bodies by providing for a framework to allow for these disclosures to be received and investigated.

The PD Act provides legislated protection from 'retaliatory' action which could be detrimental to the person or persons making such a disclosure. Under the PD Act detrimental action includes:

- Any actions which may cause injury, loss or damage;
- Actions which result in intimidation or harassment;

Discrimination, disadvantage or adverse treatment in relation to a person's employment, career, profession, trade or business, including the taking of unfair disciplinary action.

West Wimmera Shire Council has prepared a Protected Disclosures Policy, outlining Council's requirements under the PD Act. The Protected Disclosures Policy is available from Council's Customer Service Centres.

There were no Protected Disclosures made during 2017-18.

Road Management Act Ministerial Direction

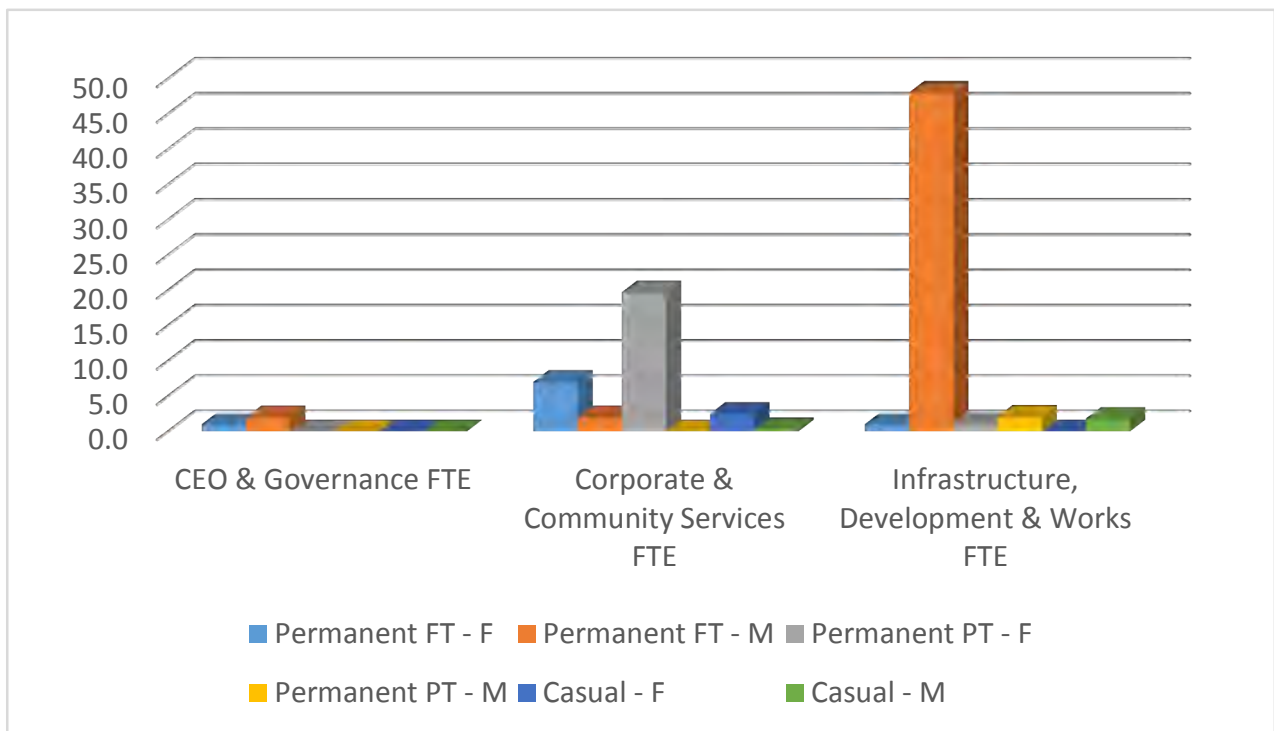
In accordance with section 22 of the Road Management Act 2004, Council must publish a copy or summary of any Ministerial direction in its annual report. No such Ministerial Directions were received by Council during the financial year.



Council Staff

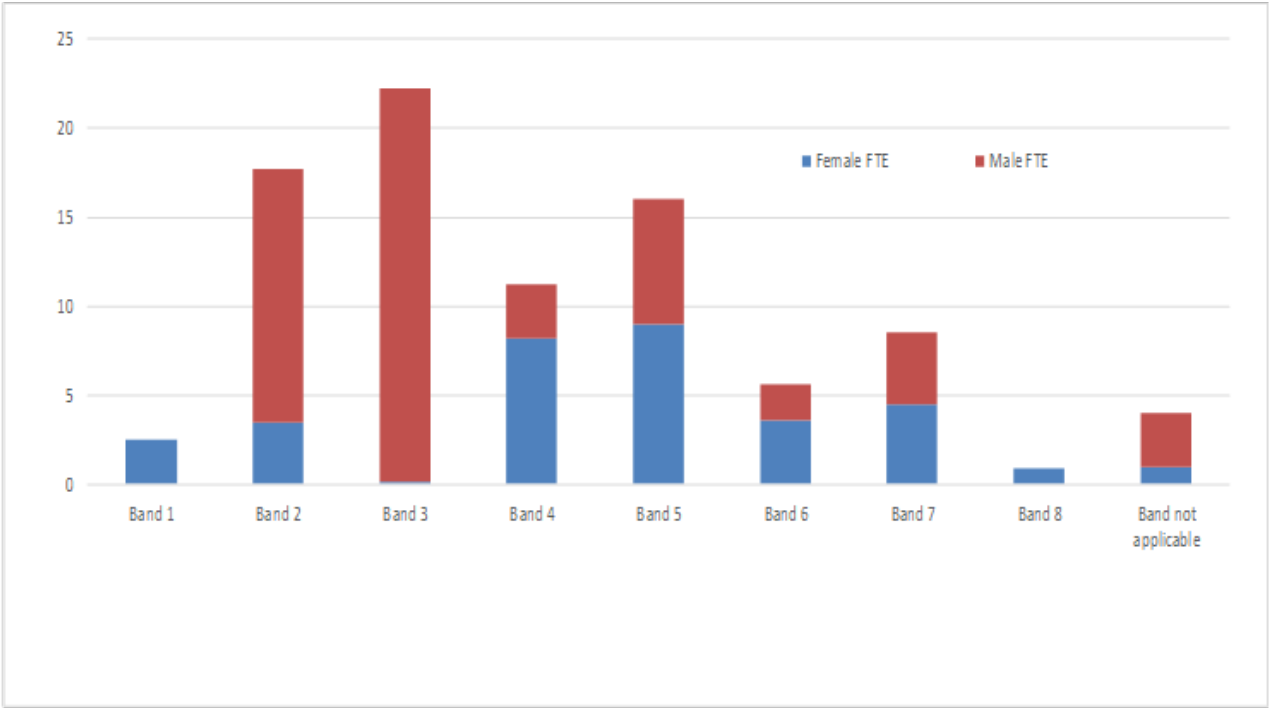
A summary of the number of full time equivalent (FTE) Council staff by organisational structure, employment type and gender is set out below.

Employment type/ gender	CEO & Governance FTE	Corporate & Community Services FTE	Infrastructure and Development FTE	Total
Permanent FT - F	1.0	7.0	1.0	9.0
Permanent FT - M	2.0	2.0	48.0	52.0
Permanent PT - F	0.0	19.7	1.2	20.9
Permanent PT - M	0.0	0.0	2.1	2.1
Casual - F	0.0	2.5	0.0	2.5
Casual - M	0.0	0.3	1.8	2.1
Total	3.0	31.5	54.1	88.6



A summary of the number of full time equivalent (FTE) staff categorised by employment classification and gender is set out below.

Employment Classification	Female FTE	Male FTE	Total FTE
Band 1	2.5	0.0	2.5
Band 2	3.5	14.2	17.7
Band 3	0.2	22	22.2
Band 4	8.2	3	11.2
Band 5	9	7	16
Band 6	3.6	2	5.6
Band 7	4.5	4	8.5
Band 8	0.9	0.0	0.9
Band not applicable	1	3	4
Total	33.4	55.2	88.6



Equal Employment Opportunity/Human Rights

The West Wimmera Shire Council continues with its practice of providing a non-discriminatory working environment.

West Wimmera Shire Council has a responsibility to its members of the community to create and reflect the nature and needs of its community. The West Wimmera Shire Council is wholly committed to the principles of Equal Employment Opportunity and Human Rights. These policies extend to all employees and potential employees.

In all our practices and policies, Council adheres to the principles of no discrimination in relation to sex, marital status, parenthood, race, colour, national origin, physical or mental impairment, religious or political affiliation. In accordance with its objective, West Wimmera Shire Council's Equal Employment Opportunity program continued to maintain a non-discriminatory working environment.

Selection of individuals for employment, promotion or advancement, training and staff development will be on the basis of personal merit in fair and open competition according to the skills, qualifications, knowledge and efficiency relevant to the position involved.

Council's Policy on Equal Employment Opportunity reflects our desire to enjoy a workplace free of discrimination where each person has the opportunity to progress to the extent of his or her ability.

Employees are encouraged to raise equal opportunity issues or grievances with any manager, chief executive officer or senior officer. Confidentiality will be respected.



Governance, management and other information

Governance

West Wimmera Shire Council is constituted under the Local Government Act 1989 (the Act).

In Section 3D of the Act the role of a Council is stated as follows:

1. A Council is elected to provide leadership for the good governance of the municipal district and the local community.
2. The role of a Council includes—
 - a. acting as a representative government by taking into account the diverse needs of the local community in decision making;
 - b. providing leadership by establishing strategic objectives and monitoring their achievement;
 - c. maintaining the viability of the Council by ensuring that resources are managed in a responsible and accountable manner;
 - d. advocating the interests of the local community to other communities and governments;
 - e. acting as a responsible partner in government by taking into account the needs of other communities;
 - f. fostering community cohesion and encouraging active participation in civic life.

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 staff. These delegations are exercised in accordance with adopted council policies.

Council Meetings

Ordinary Council meetings were held on the third Wednesday of the month for the 2017-8 year, with the exception of January when no Ordinary Council Meeting was held. The 11 Ordinary Meetings were rotated between Edenhope, Kaniva and the surrounding localities of Lillimur, Nurcoung and Douglas.

5 Special Meetings of Council were held in 2017/18.

Community Forums

Community Forums were held in July 2017 at Lillimur, October 2017 at Nurcoung and April 2018 at Douglas. Community Forums give the Councillors an opportunity to have a meal with local residents and discuss local issues in a relaxed, informal atmosphere. The community is provided with the opportunity to lodge customer requests, which are followed up by the relevant staff members and outcomes communicated back.



Committees

In accordance with Section 86 of the Local Government Act 1989, Council is able to establish one or more special committees consisting of Councillors, Council staff, other persons or any combination of these.

Council currently has the following Special Committees

- Economic Development Special Committee
- Kaniva Museum and Historical Collection Special Committee
- West Wimmera Shire Council Plant Special Committee

Economic Development Special Committee

The Economic Development Special Committee is constituted of all Councillors.

Purpose:

- To consider and make recommendations to Council in relation to economic development matters;
- To invite persons to address the special committee in relation to economic development matters;
- To act generally as a forum to discuss and further matters of an economic development nature.

Kaniva Museum and Historical Collection Special Committee

The Kaniva Museum and Historical Collection Special Committee is constituted of one Councillor nominated by Council, up to 20 persons appointed by Council and the General Manager Corporate and community Services or his/her delegate as ex officio / non-voting member.

Purpose:

To exercise Council's functions and powers and to perform Council's duties in relation to the management of the Kaniva Museum and Historical Collection, Kaniva, and for those

- To incur expenditure and receive revenue for the operations and maintenance of the Kaniva Museum and Historical Collection, Kaniva;
- To do all things necessary or convenient to be done for or in connection with the performance of those functions, duties and powers.



West Wimmera Shire Council Plant Special Committee

The West Wimmera Shire Council Plant Special Committee is constituted of three Councillors nominated by Council, General Manager Infrastructure Development and Works, Finance Manager, Works Manager and Assets Manager.

Purpose:

- The Plant Committee exists to investigate, review and provide advice on all matters pertaining to plant. This includes budget implications however excludes day to day operations.
- The Plant Committee exists to facilitate management of the plant for long-term good of the community through services provided or maintained through use of plant and machinery.

Local Law –Meeting Procedure & Common Seal

Local Law No. 7 – Meeting Procedure and Common Seal was reviewed and endorsed by Council in February 2017. The Local was subsequently gazetted and has been in operation since that date.

Unless Council chooses to review the Local Law sooner, it scheduled to cease to operate on 15 February 2026.

Review of Delegations

West Wimmera Shire Council undertook a complete review of all delegations in January to March of 2017.

The next review is scheduled for November 2017.

Review of Council Policies

A review of all West Wimmera Shire Council policies commenced in March 2017 and is scheduled to conclude in March 2018.

The review includes compliance with relevant legislation, removal of any procedural items and tailoring of policies to current activities and reformatting to current template styles.

As policies are reviewed and endorsed by Council, they are uploaded on to Council's web-site (where public access is available).



Councillor Code of Conduct

In accordance with Section 76C of the Act, Council adopted a revised Councillor Code of Conduct on 15 December 2016. A council must review the Councillor Code of Conduct within the period of 4 months after a general election. The Councillor Code of Conduct outlines the following:

Core Values

In pursuing its strategic objective, West Wimmera Shire Council believes in and is committed to the following values:

Integrity

Respect

Selflessness

Openness

Under the Local Government Act 1989 Councillors must:

- act with integrity; and
- impartially exercise his or her responsibilities in the interests of the local community; and
- not improperly seek to confer an advantage or disadvantage on any person.
- avoid conflicts between his or her public duties as a Councillor and his or her personal interests and obligations
- act honestly and avoid statements (whether oral or in writing) or actions that will or are likely to mislead or deceive a person;
- treat all persons with respect and have due regard to the opinions, beliefs, rights and responsibilities of other Councillors, Council staff and other persons;
- exercise reasonable care and diligence and submit himself or herself to the lawful scrutiny that is appropriate to his or her office;
- endeavour to ensure that public resources are used prudently and solely in the public interest;
- act lawfully and in accordance with the trust placed in him or her as an elected representative;
- support and promote these principles by leadership and example and act in a way that secures and preserves public confidence in the office of Councillor.



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 State Government sets the upper and lower limits for all allowances paid to councillors and mayors. Councils are divided into three categories based on the income and population of each council. In this instance West Wimmera Shire Council is recognised as a category one council.

For the period 1 July 2017 – 30 November 2017, the councillor annual allowance as a category one council (as defined by the Local Government Act 1989) was fixed at \$18,623 per annum and the allowance for the mayor was \$43,459 per annum. The Minister for Local Government approved an annual adjustment of 2.0% to take effect as from 1 December 2017. The annual allowances were adjusted for the period 1 December 2017 to 31 March 2018 at \$18,996 per annum for the councillor allowance (plus 9.5% superannuation equivalent) and \$44,328 per annum for the mayoral allowance (+9.5% superannuation equivalent). The Mayor also receives access to a fully maintained motor vehicle.

The following table contains a summary of the allowances paid to each councillor during the year (including allowance equivalent to superannuation):

Councillors	Allowance \$
Cr. Jodie Pretlove (Mayor November 2017 – June 2018)	39,077.61
Cr. Bruce Meyer (Mayor July 2017 – November 2018)	29,334.74
Cr. Trevor Domaschenz	20,630.13
Cr. Richard Hicks	20,630.13
Cr. Tom Houlihan	20,630.13



Councillor Expenses

In accordance with Section 75 of the Local Government Act 1989, council is required to reimburse a Councillor for expenses incurred whilst performing his or her duties as a Councillor. Council is also required to adopt and maintain a policy in relation to the reimbursement of expenses for Councillors. The policy provides guidance for the payment of 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 the council. The details of the expenses for the 2017-18 year are set out in the following table.

Councillor	Travel excluding mileage	Mileage	Accommodation and Meals	Information and Communication Technology	Conferences and Training	TOTAL
Cr. T Domaschenz	385.40	1,482.49	812.11	754.93	1,919.09	5,354.02
Cr. Hicks	669.94	1,084.27	1107.60	297.53	1,511.89	4,671.23
Cr. T Houlihan	29.42	10,402.00	0.00	411.58	560.00	11,403.00
Cr. B Meyer	0.00	0.00	919.15	629.30	2,286.11	2,083.93
Cr. J Pretlove	849.69	1,908.92	1,999.72	469.48	2,286.11	7,513.92

Governance and Management Checklist

	Travel excluding mileage	Mileage	
1	Community engagement policy (policy outlining Council's commitment to engaging with the community on matters of public interest)	Policy Date of operation of current policy: 16 August 2017	X
2	Community engagement guidelines (guidelines to assist staff to determine when and how to engage with the community)	Guidelines Date of operation of current guidelines: 16 August 2017	X
3	Strategic Resource Plan (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next 4 financial years)	Adopted in accordance with section 126 of the Act Date of adoption: 21 June 2018	X
4	Annual budget (plan under section 130 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required)	Adopted in accordance with section 130 of the Act Date of adoption: 21 June 2018	X
5	Asset management plans (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	Asset Management Strategy Adopted 21 March 2018	X
6	Rating strategy (strategy setting out the rating structure of Council to levy rates and charges)	Strategy Date of operation of current strategy: 18 June 2015	X
7	Risk policy (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	Policy Date of operation of current policy: 21 February 2018	X
8	Fraud policy (policy outlining Council's commitment and approach to minimising the risk of fraud)	Policy Date of operation of current policy: 21 February 2018	X
9	Municipal emergency management plan (plan under section 20 of the Emergency Management Act 1986 for emergency prevention, response and recovery)	Prepared and maintained in accordance with section 20 of the Emergency Management Act 1986 Date of preparation: 20 December 2017	X
10	Procurement policy (policy under section 186A of the Local Government Act 1989 outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)	Prepared and approved in accordance with section 186A of the Local Government Act 1989 Date of approval: 21 March 2018	X



	Travel excluding mileage	Mileage
11	Business continuity plan (plan setting out the actions that will be taken to ensure that key services continue to operate in the event of a disaster)	Plan adopted 16 June 2017 X
12	Disaster recovery plan (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	No plan Reason for no plan: Council has a draft DRP currently being reviewed and tested before taking to Council for adoption. It is likely this will be adopted in the second half of 2018/19. []
13	Risk management framework (framework outlining Council's approach to managing risks to the Council's operations)	Framework Date of operation of current framework: 16 June 2016 X
14	Audit Committee (advisory committee of Council under section 139 of the Act whose role is to oversee the integrity of a Council's financial reporting, processes to manage risks to the Council's operations and for compliance with applicable legal, ethical, and regulatory requirements)	Established in accordance with section 139 of the Act Date of establishment: 16 May 2013 X
15	Internal audit (independent accounting professionals engaged by the Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls)	Engaged Date of engagement of current provider: 21 February 2018 X
16	Performance reporting framework (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act)	Framework Date of operation of current framework: 21 July 2017 X
17	Council Plan reporting (report reviewing the performance of the Council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year)	No Report Reason for no report: Quarterly Reports are presented to Council at assembly meetings. Formal reporting to Ordinary Council meetings to begin July 2018. []



	Travel excluding mileage	Mileage
18	Financial reporting (quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)	Most Statements presented to Council in accordance with section 138(1) of the Act. June 2018 quarter not presented separately to annual financials. Dates statements presented: PE 31 Oct 2017 - 15 November 2017 PE 31 Jan 2018 – 21 February 2018 PE 31 Mar 2018 – 17 April 2018 PE 30 Jun – Not reported separately
19	Risk reporting (six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies)	No reports Reason for no reports: Council does not employ a risk manager. All risk systems are manual and managed on a departmental level.
20	Performance reporting (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act)	Considered at meeting of the Council in accordance with section 134 of the Act Date of consideration: 15 November 2017
21	Annual report (annual report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial performance statements)	Considered at meeting of the Council in accordance with section 134 of the Act Date of consideration: 15 November 2017
22	Councillor Code of Conduct (Code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)	Reviewed in accordance with section 76C of the Act Date reviewed: 15 December 2016
23	Delegations (a document setting out the powers, duties and functions of Council and the Chief Executive Officer that have been delegated to members of staff)	Reviewed in accordance with section 98(6) of the Act Date of review: 15 November 2017
24	Meeting procedures (a local law governing the conduct of meetings of Council and special committees)	Meeting procedures local law made in accordance with section 91(1) of the Act Date local law made: 16 June 2017



Major Initiatives

Council identified a number of major initiatives in its 2017/18 Annual Budget. Each of these major initiatives is aligned with a Strategic Objective in the Council Plan. The following table indicates Council's progress against these major initiatives:

Council Plan Reference	Major Initiative	Status	Comments
Strategic Objective 1: A proactive, well-governed, professional and financially sustainable organisation that encourages community participation.	Identify and drive shared service opportunities within the region which may have been of benefit to WWSC	Underway	Council has been involved in shared regional group procurement for Municipal Building Surveyor service. Council has commenced involvement in regional corporate systems analysis.
Strategic Objective 2: Meaningful partnerships to support advocacy priorities and service provision.	Investigate opportunities to improve access to utilities for the WWSC community.	Achieved/ Underway	Council has successfully lobbied government for improvements to mobile telephone communication blackspots within the shire. WWSC continues to lobby for improved NBN connectivity to our shire.
	Participate in business case development for rural pipeline study	Achieved	Council is participating as a stakeholder in this non-council led study.
Strategic Objective 3: Quality sustainable community infrastructure	Invest in addressing the infrastructure renewal gap by maintaining renewal funding to Council's assets.	Ongoing	Council has maintained a steady capital renewal program in line with long term renewal spends. Council has undertaken a detailed review and condition assessment of its complete road network to improve data quality and renewal requirement analysis.
	Create a prioritised Playground Strategy	Not Achieved	Not commenced.



Council Plan Reference	Major Initiative	Status	Comments
Strategic Objective 4: Building on our agricultural and business strengths and supporting economic development.	Participate in the development of a business case for utility infrastructure, notably water and gas pipelines.	Underway	Council has been involved in water pipeline planning.
Strategic Objective 5: Thriving, safe and diverse local communities	Continue with the development and implementation of a Youth Council.	Achieved	Youth Council has been assembled and has met.
Strategic Objective 6: Participating in activities that address health and well being issues	Complete wall, boat ramp and all access path around Lake Wallace.	Not Achieved	Works have been deferred to the 2018/19 budget year.
Strategic Objective 7: Providing access to, and promoting the natural environment.	Create Eco-Tourism opportunities to develop a visitor economy.	Ongoing	Council has prepared a draft recreational trails strategy.





**West Wimmera Shire Council
ANNUAL FINANCIAL REPORT**

For the Year Ended 30 June 2018

West Wimmera Shire Council

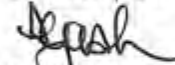
Financial Report

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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.



Andrew Gash
Principal Accounting Officer

Date : 19-September-2018

Edenhope

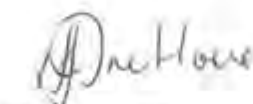
In our opinion the accompanying financial statements present fairly the financial transactions of West Wimmera Shire Council for the year ended 30 June 2018 and the financial position of the Council as at that date.

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

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

Jodie Pretlove
Mayor

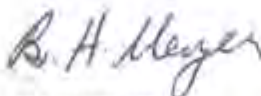
Date :
Edenhope



19-September-2018

Bruce Meyer
Councillor

Date :
Edenhope



19-September-2018

David Leahy
Chief Executive Officer

Date :
Edenhope



19-September-2018

Independent Auditor's Report

To the Councillors of West Wimmera Shire Council

Opinion	<p>I have audited the financial report of West Wimmera Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2018 • 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 • 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 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the <i>Local Government Act 1989</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 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**

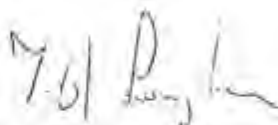
As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and 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
20 September 2018



Tim Loughnan
as delegate for the Auditor-General of Victoria

Comprehensive Income Statement For the Year Ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Income			
Rates and charges	2.1	7,239	7,001
Statutory fees and fines	2.2	147	143
User fees	2.3	665	543
Grants - operating	2.4	6,849	8,825
Grants - capital	2.4	12,287	8,626
Contributions - monetary	2.5	498	219
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	2.6	120	188
Fair value adjustments for investment property	5.4	-	-
Share of net profits (or loss) of associates and joint ventures	5.3	37	(12)
Other income	2.7	4,135	3,325
Total income		31,977	28,858
Expenses			
Employee costs	3.1	6,902	6,726
Materials and services	3.2	18,408	11,401
Depreciation and amortisation	3.3	6,648	6,409
Impairment Expenses	3.7	-	2,808
Bad and doubtful debts	3.4	-	2
Borrowing costs	3.5	8	11
Other expenses	3.6	303	333
Total expenses		32,269	27,691
Surplus/(deficit) for the year		(292)	1,167
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	5.2	54,040	-
Share of other comprehensive income of associates and joint ventures	5.3	(18)	31
Consolidation of Cemetery Trusts	5.4	-	117
Total comprehensive result		53,730	1,315

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

Balance Sheet As at 30 June 2018

	Note	2018 \$'000	2017 \$'000
Assets			
Current assets			
Cash and cash equivalents	4.1	10,538	13,521
Trade and other receivables	4.1	564	904
Other financial assets	4.1	1,100	-
Inventories	4.2	252	325
Non-current assets classified as held for sale	5.1	14	14
Other assets	4.2	65	158
Total current assets		12,552	14,922
Non-current assets			
Trade and other receivables	4.1	180	-
Investments in associates, joint arrangements and subsidiaries	5.3	430	412
Property, infrastructure, plant and equipment	5.2	220,717	164,591
Total non-current assets		221,328	165,003
Total assets		233,880	179,925
Liabilities			
Current liabilities			
Trade and other payables	4.3	2,408	2,091
Trust funds and deposits	4.3	32	68
Provisions	4.5	2,112	2,126
Interest-bearing liabilities	4.4	34	130
Total current liabilities		4,586	4,415
Non-current liabilities			
Provisions	4.5	309	222
Interest-bearing liabilities	4.4	-	34
Total non-current liabilities		309	256
Total liabilities		4,895	4,671
Net assets		228,985	175,254
Equity			
Accumulated surplus		34,476	37,619
Reserves	8.1	194,509	137,635
Total Equity		228,985	175,254

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

Statement of Changes in Equity For the Year Ended 30 June 2018

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2018					
Balance at beginning of the financial year		175,254	37,619	136,091	1,544
Surplus/(deficit) for the year		(310)	(310)	-	-
Net asset revaluation increment/(decrement)		54,040	-	54,040	-
Transfers to other reserves	8.1	-	565	-	(565)
Transfers from other reserves	8.1	-	(3,399)	-	3,399
Balance at end of the financial year		228,985	34,476	190,131	4,377

		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2017					
Balance at beginning of the financial year		173,940	36,152	136,091	1,697
Surplus/(deficit) for the year		1,315	1,315	-	-
Net asset revaluation increment/(decrement)		-	-	-	-
Transfers to other reserves	8.1	-	876	-	(876)
Transfers from other reserves	8.1	-	(723)	-	723
Balance at end of the financial year		175,254	37,619	136,091	1,544

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

Statement of Cash Flows For the Year Ended 30 June 2018

	Note	2018 Inflows/ (Outflows) \$'000	2017 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		7,245	7,000
Statutory fees and fines		147	157
User fees		800	257
Grants - operating		6,849	8,825
Grants - capital		12,287	8,626
Contributions - monetary		498	219
Interest received		224	214
Trust funds and deposits taken		-	33
Other receipts		3,930	3,096
Net GST refund/(payment)		(138)	123
Employee costs		(6,829)	(6,483)
Materials and services		(18,109)	(10,795)
Trust funds and deposits repaid		(36)	-
Net cash provided by/(used in) operating activities	8.2	6,868	11,272
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(8,756)	(6,413)
Proceeds from sale of property, infrastructure, plant and equipment		142	234
Payments for investments		(1,100)	-
Net cash provided by/(used in) investing activities		(9,714)	(6,179)
Cash flows from financing activities			
Finance costs		(8)	(11)
Repayment of borrowings		(130)	(124)
Net cash provided by/(used in) financing activities		(138)	(135)
Net increase (decrease) in cash and cash equivalents		(2,984)	4,958
Cash and cash equivalents at the beginning of the financial year		13,521	8,563
Cash and cash equivalents at the end of the financial year	4.1	10,538	13,521
Financing arrangements	4.6		
Restrictions on cash assets	4.1		

The above statement of cash flow should be read in conjunction with the accompanying notes:

Statement of Capital Works For the Year Ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Property			
Land improvements		256	29
Total land		256	29
Buildings		390	144
Total buildings		390	144
Total property		646	172
Plant and equipment			
Plant, machinery and equipment		844	991
Fixtures, fittings and furniture		22	47
Total plant and equipment		866	1,038
Infrastructure			
Roads		4,075	4,772
Bridges		351	235
Footpaths and cycleways		3	128
Drainage		73	63
Total infrastructure		4,502	5,198
Total capital works expenditure		6,014	6,408
Represented by:			
New asset expenditure		285	70
Asset renewal expenditure		5,377	6,045
Asset upgrade expenditure		352	292
Total capital works expenditure		6,014	6,408

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

OVERVIEW

Introduction

The West Wimmera Shire Council was established by an Order of the Governor in Council on 20th January 1995 and is a body corporate.

The Council's main office is located at 49 Elizabeth Street, Edenhope, Vic 3318.

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 the Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1989, and the Local Government (Planning and Reporting) Regulations 2014.

Significant accounting policies

(a) Basis of accounting

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 5.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 5.2)
- the determination of employee provisions (refer to Note 4.5)

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 materiality threshold of the lower of 10 percent or \$100,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 25 August 2017. The Budget was 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*.

1.1 Income and expenditure

	Budget 2018 \$'000	Actual 2018 \$'000	Variance 2018 \$'000	Ref
Income				
Rates and charges	7,245	7,239	(6)	
Statutory fees and fines	115	147	32	
User fees	582	665	83	
Grants - operating	8,815	6,849	(1,966)	1
Grants - capital	9,960	12,287	2,327	2
Contributions - monetary	611	498	(113)	3
Net gain/(loss) on disposal of property, infrastructure, plant	90	120	30	
Fair value adjustments for investment property	-	-	-	
Share of net profits/(losses) of associates and joint venture	-	37	37	
Other income	2,214	4,135	1,921	4
Total income	29,632	31,977	2,345	
Expenses				
Employee costs	6,750	6,902	(152)	
Materials and services	8,295	18,408	(10,113)	5
Depreciation and amortisation	7,270	6,649	621	
Borrowing costs	6	8	(2)	
Other expenses	327	303	24	
Total expenses	22,648	32,269	(9,621)	
Surplus/(deficit) for the year	6,984	(292)	11,966	

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Grants - operating	Operating grants in the 2017-18 year were down to budget due to no prepayment of the VGC allocation and the prepayment of the 2017-18 allocation in June 2017.
2	Grants - capital	Capital grants were higher in the 2017-18 year due to additional funding to assist with flood recovery works.
3	Contributions - monetary	Contributions for 2017-18 are below budget predominantly due to the Edenhope Hall and the Harrow Rec Reserve projects still being in the planning phase, and therefore grant funding not received.
4	Other income	Roadworks reimbursements from VicRoads were \$1.6M higher than budgeted, as a result of a higher level of works undertaken than anticipated. Interest was also \$100K higher than budget due to astute investment of Council funding throughout the year.
5	Materials and services	Materials and services show a significant variance to budget of \$10.1M, much of which can be attributed to flood recovery operations, in contract payments and materials and services. Expenditure for consultants was also \$97K over budget, with consultants being utilised on various areas such as Human Resources (\$40K unbudgeted), Town Planning (\$29K over budget), Health Administration and Inspection (\$17K unbudgeted) and Recruitment costs (16K unbudgeted).

Note 1 Performance against budget (cont'd)

1.2 Capital works

	Budget 2018 \$'000	Actual 2018 \$'000	Variance 2018 \$'000	Ref
Property				
Land improvements	-	256	256	1
Total Land	-	256	256	
Buildings	1,758	390	(1,368)	2
Total Buildings	1,758	390	(1,368)	
Total Property	1,758	646	(1,112)	
Plant and Equipment				
Plant, machinery and equipment	821	844	23	
Fixtures, fittings and furniture	130	22	(108)	3
Total Plant and Equipment	951	866	(85)	
Infrastructure				
Roads	10,593	4,075	(6,518)	4
Bridges	270	351	81	
Footpaths and cycleways	50	3	(47)	
Drainage	110	73	(37)	
Parks, open space and streetscapes	1,097	-	(1,097)	5
Total Infrastructure	12,120	4,502	(7,618)	
Total Capital Works Expenditure	14,829	6,014	(8,815)	
Represented by:				
New asset expenditure	747	285	(462)	
Asset renewal expenditure	13,368	5,377	(7,991)	
Asset upgrade expenditure	714	352	(362)	
Total Capital Works Expenditure	14,829	6,014	(8,815)	

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land improvements	Land Improvements involves Playground projects which were initially budgeted under Parks, opens spaces and streetscapes. These activities were not complete at 30 June 2018, however, it is anticipated these works will continue in 2018-19.
2	Buildings	There were a number of building projects associated with the Kariwa Wetlands project, which were budgeted for the 2017-18 year, however, these projects are still in the early stages with works continuing in the 2018-19 year. Similarly, the Edenhope Hall was budgeted for the 2017-18 year, however as this project is still in the planning phase it is likely that the project will commence in earnest in 2018-19.
3	Fixtures, fittings and furniture	A number of Information Technology items were budgeted for in 2017-18, which were not complete at 30 June. These items include GPS Survey equipment renewal, PC and server and system renewals all of which expect to be implemented in the 2018-19 year.
4	Roads	Flood recovery works of \$5.6M were included in the capital works program for 2017-18, however the nature of the works has resulted in the flood works being categorised as an operational expense, as evidenced by the large expenditure variances in the Income Statement. There are also a number of projects associated with the Kariwa Wetlands, which are yet to fully commence, while a further \$1M in works were not complete at 30 June and have been carried over for completion in 2018-19.
5	Parks, open space and streetscapes	There are a number of large projects currently being undertaken by Council all of which are either yet to commence or awaiting completion. These projects include the Kariwa Wetlands, Goroke Little Desert Nature Playspace, Lake Wallace Foreshore and the West Wimmera Recreational Trails. It is anticipated that these activities will continue in 2018-19, with many nearing completion in late 2018.

Note 2 Funding for the delivery of our services
2.1 Rates and charges

2018
\$'000

2017
\$'000

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is its current market value determined by Council's contract valuer.

The valuation base used to calculate general rates for 2017/18 was \$1,777.33 million (2016/17 \$1,777.19 million).

General Rates	6,340	6,129
Municipal charge	416	405
Waste management charge	483	467
Total rates and charges	7,239	7,001

The date of the latest general revaluation of land for rating purposes within the municipal district was January 2018, and the valuation will be 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.

2.2 Statutory fees and fines

Animal management	31	34
Building fees	38	38
Permits	16	15
Town planning fees	35	29
Infringements and costs	1	2
Other	26	25
Total statutory fees and fines	147	143

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

2.3 User fees

Community service user charges	246	211
Private and contract works	239	150
Refuse disposal fees	43	52
User charges	19	20
Caravan park fees	27	23
Other fees and charges	92	87
Total user fees	665	543

User fees are recognised as revenue when the service has been provided or council has otherwise earned the income.

	2018 \$'000	2017 \$'000
2.4 Funding from other levels of government		
Grants were received in respect of the following :		
Summary of grants		
Commonwealth funded grants	17,625	15,918
State funded grants	1,512	1,532
Total grants received	19,137	17,450
(a) Operating Grants		
Recurrent - Commonwealth Government		
Financial Assistance Grants	5,281	7,434
CHSP Programs	345	329
Recurrent - State Government		
HACC Programs	127	131
Preschool operating	252	225
Maternal and child health	184	179
Pest and weed control	112	67
Preschool cluster management	31	29
Supported Parent Groups and Playgroups	41	-
Senior citizens	14	14
Youth initiatives	22	20
Other	28	27
Total recurrent operating grants	6,437	8,453

	2018 \$'000	2017 \$'000
Non-recurrent - State Government		
Harrow Recreation Reserve - Sustainable Water Fund	17	69
Kaniva Leeder Netball Court 2016/17 (DHS)	-	51
Community Planning Grant (VASP) (DEPI)	-	25
Public Health Projects - Mosquito management	-	37
Kaniva Hub	45	150
Fire Services Levy Implementation Grant	40	39
Apsley Recreation Reserve Amenities Upgrade	10	-
Lake Charlegrahk Precinct Development	300	-
Total non-recurrent operating grants	413	371
Total operating grants	6,849	8,825
(b) Capital Grants		
Recurrent - Commonwealth Government		
Roads to recovery	2,183	2,155
Total recurrent capital grants	2,183	2,155
Non-recurrent - Commonwealth Government		
Flood Recovery (NDRRA)	9,750	6,000
Goroke Little Desert Nature Playspace	66	-
Non-recurrent - State Government		
Fire Access Road Subsidy Scheme (FARRS)	13	58
Kaniva crossing upgrades	-	95
Solar Power Shire Building	5	5
Goroke Little Desert Nature Playspace	-	80
Feders Collins Rd (Graincorp)	-	200
West Wimmera Recreational Trails Strategy	-	27
Lillimur Stn Rd	250	-
VMS Trailer (TAC Road Safety Grant)	20	-
Total non-recurrent capital grants	10,105	6,471
Total capital grants	12,287	8,626
(c) Unspent grants received on condition that they be spent in a specific manner		
Balance at start of year	407	407
Received during the financial year and remained unspent at balance date	277	407
Received in prior years and spent during the financial year	219	407
Balance at year end	466	407

Grant income is recognised when Council obtains control of the contribution. Control is normally obtained upon receipt (or acquittal) or upon earlier notification that a grant has been secured.

2.5 Contributions

Monetary	498	219
Total contributions	498	219

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

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

Proceeds of sale	142	234
Written down value of assets disposed	(22)	(46)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	120	188

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

	2018 \$'000	2017 \$'000
2.7 Other income		
Reimbursements - Vic Roads	3,412	2,222
Quarry operations	241	423
Interest	224	214
Reimbursements - other	68	169
Insurance refunds	26	79
Rent	68	42
Fuel tax refund	49	37
Other	47	138
Total other income	4,135	3,325

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 3 The cost of delivering services

3.1 Employee costs

Wages and salaries	6,113	5,926
WorkCover	109	134
Superannuation	607	586
Fringe benefits tax	73	80
Total employee costs	6,902	6,726

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	70	68
Employer contributions - other funds	-	-
	<u>70</u>	<u>68</u>
Employer contributions payable at reporting date	-	-

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	262	236
Employer contributions - other funds	276	282
	<u>537</u>	<u>518</u>
Employer contributions payable at reporting date	-	-

Refer to note 8.3 for further information relating to Council's superannuation obligations.

3.2 Materials and services

Contract payments	14,125	8,768
Plant and equipment maintenance	842	673
Utilities	373	328
Office administration	62	62
Information technology	130	133
Insurance	338	310
Consultants	178	42
Other materials and services	2,361	1,088
Total materials and services	18,408	11,401

3.3 Depreciation

Property	778	749
Plant and equipment	669	791
Infrastructure	5,002	4,868
Total depreciation	6,449	6,408

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

Notes to the Financial Report
For the Year Ended 30 June 2018

	2018 \$'000	2017 \$'000
3.4 Bad and doubtful debts		
Rates debtors	-	-
Other debtors	-	2
Total bad and doubtful debts	-	2
Movement in provisions for doubtful debts		
Balance at the beginning of the year	53	91
New Provisions recognised during the year	-	-
Amounts already provided for and written off as uncollectible	-	-
Amounts provided for but recovered during the year	-	(38)
Balance at end of year	53	53

Provision for doubtful debt is recognised when there is objective evidence that an impairment loss has occurred. Bad debts are written off when identified.

3.5 Borrowing costs

Interest - Borrowings	8	11
Total borrowing costs	8	11

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council.

3.6 Other expenses

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	31	39
Auditors' remuneration - Internal	6	11
Councillors' allowances	145	146
Operating lease rentals	70	85
Others	50	52
Total other expenses	303	333

3.7 Impairment Expenses

Infrastructure impairment loss	-	2,808
	-	2,808

Note 4 Our financial position

4.1 Financial assets

(a) Cash and cash equivalents

Cash on hand	1	1
Cash at bank	6,037	4,288
Term deposits	4,500	9,232
Total cash and cash equivalents	10,538	13,521

(b) Other financial assets

Term deposits - current	1,100	-
Total other financial assets	1,100	-
Total financial assets	11,638	13,521

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 4.3)	32	68
- Unspent Grants (Note 2.4)	466	407
- Cemetery Trust funds (Note 5.4)	160	137
Total restricted funds	658	612
Total unrestricted cash and cash equivalents	9,880	12,909

Intended allocations

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

- Cash held to fund carried forward capital works	3,246	561
- Cash held to fund long service leave provision	1,456	1,368
- Other discretionary reserves	4,377	1,544
Total funds subject to intended allocations	9,080	3,472

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.

	2018 \$'000	2017 \$'000
(c) Trade and other receivables		
Current		
Statutory receivables:		
Rates debtors	249	255
Provision for doubtful debts - rates	(55)	(53)
Other debtors		
- Sundry Debtors	355	540
- GST Receivable	26	164
- Employee Superannuation	1	(1)
Loans and advances to community organisations	10	-
Provision for doubtful debts - other debtors	(2)	(2)
Total current trade and other receivables	584	904
Non-current		
Non statutory receivables:		
Loans and advances to community organisations	180	-
Total non-current trade and other receivables	180	-
Total trade and other receivables	764	904

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. Long term receivables are carried at amortised cost using the effective interest rate method.

(a) Ageing of Receivables

The ageing of the Council's trade & other receivables (excluding statutory receivables) that are not impaired was:

Current (not yet due)	486	487
Past due by up to 30 days	48	10
Past due between 31 and 180 days	1	1
Past due between 181 and 365 days	5	3
Past due by more than 1 year	5	39
Total trade & other receivables	545	540

Notes to the Financial Report
For the Year Ended 30 June 2018

4.2 Non-financial assets	2018	2017
(a) Inventories	\$'000	\$'000
Inventories held for distribution	252	325
Total inventories	252	325

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

(b) Other assets

Prepayments	43	53
Accrued income	22	106
Total other assets	65	158

4.3 Payables

(a) Trade and other payables

Trade payables	1,856	1,945
Accrued Salaries	129	144
Accrued expenses	423	2
Total trade and other payables	2,408	2,091

(b) Trust funds and deposits

Refundable deposits	3	31
Refundable Trust Kaniva Rotary Club	15	15
Refundable Trust Newlands Lake restoration	3	3
Refundable Trust Lake Wallace committee proceeds	2	2
Refundable Trust Edenhope skateboard park fund	1	1
Fire services levy	7	15
Total trust funds and deposits	32	68

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

Purpose and nature of items

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

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

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

4.4 Interest-bearing liabilities

Current

Borrowings - secured (1)	34	130
	<u>34</u>	<u>130</u>

Non-current

Borrowings - secured (1)	-	34
	<u>-</u>	<u>34</u>
Total	<u>34</u>	<u>164</u>

(1) Borrowings are secured by a lien over Council's rate revenue

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

Not later than one year	34	130
Later than one year and not later than five years	-	34
	<u>34</u>	<u>164</u>

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

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

4.5 Provisions

	Annual Leave	Long Service Leave	Rostered Days Off	Time in Lieu	Total
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
2018					
Balance at beginning of the financial year	816	1,368	63	42	2,288
Additional provisions	448	163	191	61	863
Amounts used	(410)	(130)	(196)	(63)	(799)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	14	56	-	-	70
Balance at the end of the financial year	<u>867</u>	<u>1,456</u>	<u>59</u>	<u>40</u>	<u>2,422</u>
2017					
Balance at beginning of the financial year	766	1,290	63	45	2,164
Additional provisions	460	110	198	61	830
Amounts used	(426)	(71)	(198)	(65)	(759)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	15	38	-	-	54
Balance at the end of the financial year	<u>816</u>	<u>1,368</u>	<u>63</u>	<u>42</u>	<u>2,288</u>

Notes to the Financial Report
For the Year Ended 30 June 2018

	2018	2017
	\$'000	\$'000
(a) Employee provisions		
Current provisions expected to be wholly settled within 12		
Annual leave	585	563
Long service leave	133	105
Rostered Days off	59	63
Time In Lieu	40	42
	<u>817</u>	<u>773</u>
Current provisions expected to be wholly settled after 12		
Annual leave	282	252
Long service leave	1,014	1,040
	<u>1,296</u>	<u>1,293</u>
Total current employee provisions	<u>2,112</u>	<u>2,066</u>
Non-current		
Long service leave	309	222
Total non-current employee provisions	<u>309</u>	<u>222</u>
Aggregate carrying amount of employee provisions:		
Current	2,112	2,066
Non-current	309	222
Total aggregate carrying amount of employee provisions	<u>2,422</u>	<u>2,288</u>

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

Annual leave, rostered days off and time in lieu

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

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

Long service leave

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

	2018	2017
	\$'000	\$'000
(b) Other Provisions		
Current - Provision for termination payment	-	60
	<u>-</u>	<u>60</u>

4.6 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2018.

Bank overdraft	2,000	2,000
Credit card facilities	16	16
Total facilities	<u>2,016</u>	<u>2,016</u>
Used facilities	-	-
Unused facilities	<u>2,016</u>	<u>2,016</u>

Notes to the Financial Report
For the Year Ended 30 June 2018

4.7 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.

2018	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
Operating					
Caravan park caretaker	21	21	32	-	74
Cleaning of Council buildings	203	209	209	-	621
Consultancies	68	-	-	-	68
Garbage collection	74	-	-	-	74
Meals for delivery	68	57	-	-	125
Recycling	71	-	-	-	71
Service of transfer station bins	73	-	-	-	73
Street cleaning services	147	144	164	-	454
Swimming pool management	79	75	8	-	162
Total	804	506	413	-	1,723
Capital					
Plant and equipment	128	-	-	-	128
Total	128	-	-	-	128

2017	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
Operating					
Caravan park caretaker	9	-	-	-	9
Cleaning of Council buildings	203	203	203	-	608
Garbage collection	153	64	-	-	217
Flood Recovery Works	5,400	-	-	-	5,400
Meals for delivery	68	68	57	-	194
Recycling	73	73	-	-	145
Service of transfer station bins	67	-	-	-	67
Street cleaning services	144	144	144	-	431
Swimming pool management	77	7	-	-	83
Valuation services	114	-	-	-	114
Total	7,307	558	403	-	6,268
Capital					
Flood Recovery Works	2,808	-	-	-	2,808
Plant and equipment	189	-	-	-	189
Total	2,997	-	-	-	2,997

	2018 \$'000	2017 \$'000
Operating lease commitments		

At the reporting date, the 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	13	83
Later than one year and not later than five years	9	75
Later than five years	-	-
Total	21	159

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.

Note 5 Assets we manage

5.1 Non current assets classified as held for sale

Fair value of land held for resale	14	14
Total non current assets classified as held for sale	14	14

Non-current assets classified as held for sale (including disposal groups) 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, disposal groups and related liabilities and assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group sale) is expected to be completed within 12 months from the date of classification.

5.2 Property, infrastructure, plant and equipment
Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2017 \$'000	Additions \$'000	Asset Impairment \$'000	Revaluation \$'000	Depreciation \$'000	Disposal \$'000	Write-off \$'000	Transfers \$'000	At Fair Value 30 June 2018 \$'000
Land	3,077	72	-	-	(125)	-	-	-	3,024
Buildings	14,999	133	-	-	(653)	-	-	-	14,481
Plant and equipment	3,391	886	-	-	(655)	(256)	(45)	1	3,300
Infrastructure	143,052	3,927	2,808	54,040	(5,002)	-	-	-	198,825
Work in progress	72	1,016	-	-	-	-	-	(1)	1,087
	164,591	5,014	2,808	54,040	(6,435)	(256)	(45)	-	220,717

Summary of Work in Progress

	Opening WIP \$'000	Additions \$'000	Write-off \$'000	Transfers \$'000	Closing WIP \$'000
Property	37	441	-	(1)	477
Plant and equipment	27	-	-	-	27
Infrastructure	8	575	-	-	583
Total	72	1,016	-	(1)	1,087

Asset recognition thresholds and depreciation periods

	Depreciation Period	Threshold Limit \$'000
Land & land improvements		
land		5
land improvements	6 - 50 years	5
Buildings		
buildings	30 - 120 years	5
building and leasehold improvements	30 - 120 years	5
Plant and Equipment		
plant, machinery and equipment	3 - 40 years	1
fixtures, fittings and furniture	3 - 10 years	1
computers and telecommunications	3 - 10 years	1
Infrastructure		
road pavements and seals	17 - 75 years	5
road substructure	75 years	5
road formation and earthworks	75 years	5
road kerb, channel and minor culverts	50 - 70 years	5
bridges deck	35 - 80 years	5
bridges substructure	35 - 80 years	5
footpaths and cycleways	25 - 50 years	5
drainage	70 - 80 years	5

Notes to the Financial Report
For the Year Ended 30 June 2018

(a) Property

	Land - specialised	Land - non specialised	Land improvements	Total Land & Land improvements	Heritage buildings	Buildings - specialised	Buildings - non specialised	Total Buildings	Work in Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2017	953	66	3,110	4,129	59	30,570	1,213	31,841	37	36,007
Accumulated depreciation at 1 July 2017	-	-	(1,052)	(1,052)	(47)	(16,273)	(572)	(16,842)	-	(17,894)
	953	66	2,058	3,077	12	14,347	641	14,999	37	18,114
Movements in fair value										
Additions	-	-	72	72	-	133	-	133	441	646
Transfers	-	-	-	-	-	-	1	1	(1)	-
	-	-	72	72	-	133	1	134	440	646
Movements in accumulated depreciation										
Depreciation and amortisation	-	-	(125)	(125)	(1)	(629)	(23)	(633)	-	(778)
	-	-	(125)	(125)	(1)	(629)	(23)	(653)	-	(778)
At fair value 30 June 2018	953	66	3,182	4,201	59	30,703	1,214	31,976	477	36,653
Accumulated depreciation at 30 June 2018	-	-	(1,177)	(1,177)	(48)	(16,851)	(595)	(17,495)	-	(18,671)
	953	66	2,005	3,024	10	13,852	619	14,481	477	17,982

(b) Plant and Equipment

At fair value 1 July 2017
Accumulated depreciation at 1 July 2017

Movements in fair value

Additions
Disposal
Write-off

Movements in accumulated depreciation
Depreciation and amortisation
Accumulated depreciation of disposals

At fair value 30 June 2018
Accumulated depreciation at 30 June 2018

Motor vehicles	Plant & Equipment	Fixtures, fittings and furniture	Work in Progress	Total plant and equipment
\$'000	\$'000	\$'000	\$'000	\$'000
584	7,468	1,364	27	9,443
(204)	(4,569)	(1,251)	-	(6,024)
380	2,899	113	27	3,418
168	675	22	-	866
(138)	(118)	-	-	(256)
-	(45)	-	-	(45)
30	512	22	-	565
(117)	(711)	(40)	-	(869)
70	143	-	-	214
(47)	(568)	(40)	-	(655)
614	7,980	1,386	27	10,008
(251)	(5,138)	(1,291)	-	(6,680)
363	2,843	95	27	3,328

(c) Infrastructure

At fair value 1 July 2017
Accumulated depreciation at 1 July 2017

Movements in fair value

Additions
Revaluation
Reversed impairment losses

Movements in accumulated depreciation

Depreciation and amortisation
Revaluation

At fair value 30 June 2018
Accumulated depreciation at 30 June 2018

Roads	Bridges	Footpaths and cycleways	Drainage	Work In Progress	Total Infrastructure
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
202,399	4,147	4,205	14,807	8	225,566
(70,954)	(1,858)	(792)	(6,902)	-	(82,506)
131,445	2,289	3,413	5,905	8	143,060
3,576	351	-	-	575	4,502
62,636	-	-	-	-	62,636
2,808	-	-	-	-	2,808
69,021	351	-	-	575	69,946
(4,655)	(54)	(84)	(208)	-	(5,002)
(5,597)	-	-	-	-	(8,597)
(13,252)	(54)	(84)	(208)	-	(13,598)
271,419	4,498	4,205	14,807	583	295,512
(84,205)	(1,912)	(876)	(9,110)	-	(96,104)
187,213	2,586	3,329	5,697	583	199,408

Acquisition

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

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

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

Land under roads

Council recognises land under roads it controls at fair value.

Depreciation and amortisation

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

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

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

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

Depreciation periods used are listed below 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 a qualified independent valuer Mr Ian Wilson, Contract Valuer, Australian Property Institute Member 7297. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

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

The date of the current valuation is detailed in the following table. A full revaluation of these assets will be conducted in 2018/19.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2018 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Land	-	66,000	-	Jan-16
Specialised land	-	-	952,900	Jan-16
Land improvements	-	-	1,961,024	Jan-16
Heritage Buildings	-	-	10,476	Jan-16
Buildings - specialised	-	-	13,851,736	Jan-16
Buildings - non specialised	-	-	617,731	Jan-16
Total	-	66,000	17,393,867	

Valuation of infrastructure

Valuation of infrastructure assets has been determined in accordance with an independent valuation undertaken by Mr Des White, Adv Dip E.T., Local Government Engineering, and Mr Peter Maloney of Maloney Asset Systems Pty Ltd. The condition assessment and valuation of roads was done by Mr Peter Maloney of Maloney Asset Management Systems.

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

The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2018 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Roads	-	-	187,213	Apr-18
Bridges	-	-	2,586	Jun-14
Footpaths and cycleways	-	-	3,329	Jun-14
Drainage	-	-	5,697	Jun-14
Total	-	-	198,825	

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 30% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions.

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 \$350 to \$1,700 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 year to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2018 \$'000	2017 \$'000
Reconciliation of specialised land		
Municipal Office Land	103	103
Waste Disposal Land	116	116
Community Services Land	84	84
Infrastructure and Works Operations Land	325	325
Recreational and Sundry Council Land	326	326
Total specialised land	953	953

	2018 \$'000	2017 \$'000
5.3 Investments in associates		
(a) Investments in associates		
Investments in associates accounted for by the equity method are:		
- Wimmera Regional Library Corporation	354	364
- Wimmera Development Association	76	48
Wimmera Regional Library Corporation		
<i>Background</i>		
Council's investment in the Wimmera Regional Library Corporation is based on the equity method of accounting.		
Council's interest in equity	12.34%	12.41%
Fair value of Council's investment in Wimmera Regional Library Corporation	354	364
Council's share of accumulated surplus/(deficit)		
Council's share of accumulated surplus/(deficit) at start of year	150	161
Reported surplus/(deficit) for year	8	(24)
Transfers (to) from reserves	(20)	(1)
Distributions for the year	15	14
Council's share of accumulated surplus/(deficit) at end of year	152	150
Council's share of reserves		
Council's share of reserves at start of year	214	196
Transfers (to) from reserves	20	1
Change in share	(32)	17
Council's share of reserves at end of year	202	214
Movement in carrying value of specific investment		
Carrying value of investment at start of year	364	357
Share of surplus/(deficit) for year	8	(24)
Change in equity share apportionment	(18)	31
Carrying value of investment at end of year	354	364
Wimmera Development Association		
<i>Background</i>		
Council's investment in the Wimmera Development Association is based on the equity method of accounting.		
Council's interest in equity	7.76%	7.76%
Fair value of Council's investment in Wimmera Development Association	76	48
Council's share of accumulated surplus/(deficit)		
Council's share of accumulated surplus/(deficit) at start of year	31	24
Reported surplus/(deficit) for year	29	12
Transfers (to) from reserves	(6)	(6)
Council's share of accumulated surplus/(deficit) at end of year	53	31
Council's share of reserves		
Council's share of reserves at start of year	17	11
Transfers (to) from reserves	6	6
Council's share of reserves at end of year	23	17
Movement in carrying value of specific investment		
Carrying value of investment at start of year	48	36
Share of surplus/(deficit) for year	29	12
Carrying value of investment at end of year	76	48
Total Investment in Associates		
Wimmera Regional Library Corporation	354	364
Wimmera Development Association	76	48
	430	412

5.3 Investments in associates

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

Note 5.4 Committees of Management

The Council is the Committee of Management for the Edenhope, Goroke and Kaniva Cemeteries. The assets and liabilities of the Committees have been included in Council's financial statement and are summarised below:

	2018 \$'000	2017 \$'000
(a) Edenhope Cemetery		
Assets		
Current assets		
Cash and cash equivalents	45	37
Total Current assets	45	37
Net Assets	45	37
Income		
Fees and Charges	28	32
Total Income	28	33
Expenses		
Other Materials & Services	20	29
Total Expenses	20	29
Surplus(Loss) for period	8	4
(b) Goroke Cemetery		
Assets		
Current assets		
Cash and cash equivalents	13	7
Total Current assets	13	7
Net Assets	13	7

Note 5.4 Committees of Management cont'd

	2018 \$'000	2017 \$'000
(b) Goroke Cemetery (cont'd)		
Income		
Fees and Charges	17	4
Total Income	<u>17</u>	<u>4</u>
Expenses		
Other Materials & Services	11	3
Total Expenses	<u>11</u>	<u>3</u>
Surplus(Loss) for period	<u>6</u>	<u>1</u>
(c) Kaniva Cemetery	\$'000	\$'000
Assets		
Current assets		
Cash and cash equivalents	102	93
Total Current assets	<u>102</u>	<u>93</u>
Net Assets	<u>102</u>	<u>93</u>
Income		
Interest received	2	2
Fees and Charges	35	35
Total Income	<u>37</u>	<u>38</u>
Expenses		
Other Materials & Services	27	24
Total Expenses	<u>27</u>	<u>24</u>
Surplus(Loss) for period	<u>9</u>	<u>14</u>

	2018 No.	2017 No.
Note 6: People and relationships		
6.1 Council and key management remuneration		
(a) Related Parties		
<i>Parent entity</i>		
West Wimmera Shire Council is the parent entity.		
<i>Subsidiaries and Associates</i>		
Interests in subsidiaries and associates are detailed in Note 5.3.		
(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 Bruce Meyer (Mayor 1 July 2017 to 29 October 2017)		
Councillor Jodie Pretlove (Mayor 1 November 2017 to 30 June 2018)		
Councillor Trevor Dornaschew		
Councillor Richard Hicks		
Councillor Tom Houlihan		
Total Number of Councillors	5	9
Chief Executive Officer and other Key Management Personnel	4	4
Total Key Management Personnel	9	13
(c) Remuneration of Key Management Personnel		
	\$'000	\$'000
Total remuneration of key management personnel was as follows:		
Short-term benefits	634	725
Post-employment benefits	42	52
Long-term benefits	11	15
Total	686	792
The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:		
\$1 - \$9,999	1	3
\$10,000 - \$19,999	-	5
\$20,000 - \$29,999	4	-
\$30,000 - \$39,999	1	1
\$130,000 - \$139,999	-	2
\$150,000 - \$159,000	1	-
\$160,000 - \$169,999	1	1
\$200,000 - \$209,999	1	1
	9	13
(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 \$145,000		
The number of Senior Officers are shown below in their relevant income bands.		
	2018 No.	2017 No.
Income Range:		
\$60,000 - \$69,999	1	-
\$90,000 - \$99,999	-	1
	1	1
Total Remuneration for the reporting year for Senior Officers included above, amounted to	67	96

6.2 Related party disclosure

(a) Transactions with related parties

During the period Council entered into a lease agreement for grazing land with a pastoral partnership of which Cr Bruce Meyer is a partner. The lease was awarded after a public tender process.

(b) Outstanding balances with related parties

There were no balances outstanding at the end of the reporting period in relation to transactions with related parties.

(c) Loans to/from related parties

The aggregate amount of loans in existence at balance date that have been made, guaranteed or secured by the council to a related party as follows:

2018	2017
\$'000	\$'000
Nil	Nil

(d) Commitments from related parties

The aggregate amount of commitments in existence at balance date that have been made, guaranteed or secured by the council to a related party are as follows:

2018	2017
\$'000	\$'000
Nil	Nil

Note 7 Managing uncertainties

7.1 Contingent assets and liabilities

(a) Contingent assets

There were no contingent assets at 30 June 2018.

(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 below. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists.

7.2 Change in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2018 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.

Financial Instruments - Disclosures (AASB 7) (applies 2018/19)

This Standard requires entities to provide disclosures in their financial statements that enable users to evaluate: (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed.

Financial Instruments (AASB 9) (applies 2018/19)

The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.

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.

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.

Income of Not-for-Profit Entities (AASB 1056) (applies 2019/20)

This standard replaces 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.

7.3 Financial instruments

(a) Objectives and policies

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

(b) Market risk

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

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Council's interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes council to fair value interest rate risk. Council does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

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

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

There has been no significant change in 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 Council to make a financial loss. Council have exposure to credit risk on some financial assets included in the balance sheet. To help manage this risk:

- council have a policy for establishing credit limits for the entities Council deal with;
 - council may require collateral where appropriate; and
 - council only invest surplus funds with financial institutions which have a recognised credit rating specified in council's investment policy.
- Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the Council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

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

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when Council provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 7.1(b).

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

(d) Liquidity risk

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

To help reduce these risks Council:

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

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 4.4.

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

(e) Sensitivity disclosure analysis

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

- A parallel shift of + 1.0% and -1.0% in market interest rates (AUD) from year-end rates of 2.8%

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

7.4 Fair value measurement

Fair value hierarchy

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

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

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

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

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

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

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

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

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

Revaluation

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use 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 3 years. The valuation is performed either by experienced council officers or independent experts.

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

Impairment of assets

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

7.5 Events occurring after balance date

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

Note 8 Other matters

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Share of Increment (decrement) on revaluation by an associate \$'000	Balance at end of reporting period \$'000
5.1 Reserves				
(a) Asset revaluation reserves				
2018				
Property				
Land	724	-	-	724
Land improvements	198	-	-	198
Buildings	9,485	-	-	9,485
	10,407	-	-	10,407
Infrastructure				
Roads	115,391	54,040	-	169,431
Bridges	576	-	-	576
Footpaths and cycleways	5,809	-	-	5,809
Drainage	3,909	-	-	3,909
	125,684	54,040	-	179,724
Total asset revaluation reserves	136,091	54,040	-	190,131
2017				
Property				
Land	724	-	-	724
Land improvements	198	-	-	198
Buildings	9,485	-	-	9,485
	10,407	-	-	10,407
Infrastructure				
Roads	115,391	-	-	115,391
Bridges	576	-	-	576
Footpaths and cycleways	5,809	-	-	5,809
Drainage	3,909	-	-	3,909
	125,684	-	-	125,684
Total asset revaluation reserves	136,091	-	-	136,091

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

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
(b) Other reserves				
2018				
Plant replacement	406	50	-	456
Crabtree trust	17	0.4	-	17
Quarry restoration	107	3	-	109
Capital improvement	287	7	-	294
Rates revaluation	166	73	(4)	235
Elections	-	20	-	20
Carried Forward project Reserve	561	3,246	(561)	3,246
Total Other reserves	1,544	3,399	(565)	4,377
2017				
Plant replacement	339	67	-	406
Crabtree trust	27	1	(11)	17
Quarry restoration	104	3	-	107
Capital improvement	280	7	-	287
Rates revaluation	95	75	(4)	166
Elections	76	9	(85)	-
Kindergarten operation	61	2	(62)	-
Carried Forward project Reserve	714	561	(714)	561
Total Other reserves	1,697	723	(876)	1,544

8.1 Reserves (cont'd)

Description of nature and purpose of each of Council's discretionary reserves are:

The Plant Replacement is funded by the Plant Operating Surplus and is maintained to replace all major items of Plant and Equipment but excludes utility and fleet replacements.

Crabtree Trust Reserve was bequeathed to Council to provide funds for the upgrade of facilities at the Lake Charlegrark Reserve.

The Quarry Restoration Reserve was generated via a charge against the sale price of quarry stocks that was retained to restore the quarry sites to natural levels once quarrying has ceased. There have been no further charges (other than nominal interest) generated for this reserve since the 1997/98 financial year as the retained reserve is considered adequate to undertake restoration works.

Capital Improvement Reserve is generated via transfers from Surplus Funds from time to time as determined by Council for use on any significant capital infrastructure projects.

Rates Revaluation Reserve provides funds to undertake each property revaluation for rating purposes every two years.

The Elections Reserve provides funds to undertake Council Elections every 4th year.

The Kindergarten Operations Reserve provides that unspent budgeted funds from each year are brought forward and made available for kindergarten spending in future years. In this way negative effects of falling enrolments can be minimised.

The carried Forward Projects Reserve provides for all budgeted amounts which have not been spent as at 30 June and which are required to be carried forward to the next financial year and are not budgeted in the next financial year.

	2018	2017
8.2 Reconciliation of cash flows from operating activities to surplus/(deficit)	\$'000	\$'000
Surplus/(deficit) for the year	(292)	1,167
Depreciation/amortisation	6,649	6,409
Impairment Expenses	-	2,608
(Profit)/loss on disposal of property, infrastructure, plant and equipment	(120)	(188)
Finance Costs	8	11
Share of net (profit)/loss of associates	(37)	12
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	140	(310)
(Increase)/Decrease in prepayments	10	22
(Increase)/decrease in accrued income	84	(106)
Increase/(decrease) in trade and other payables	317	1,254
(Increase)/decrease in assets held for sale	-	5
Cemetery Trust contribution	-	117
(Decrease)/increase in other liabilities	(37)	33
(Increase)/decrease in inventories	73	(146)
Increase/(Decrease) in provisions	73	184
Net cash provided by/(used in) operating activities	6,868	11,272

8.3 Superannuation

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

Accumulation

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2018, this was 9.5% as required under Superannuation Guarantee legislation).

Defined Benefit

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

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

Funding arrangements

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

As at 30 June 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 inflation 3.5% pa
Price inflation (CPI) 2.5% pa.

Vision Super has advised that the estimated VBI at June 2018 was 106.0%.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2017 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Employer contributions

Regular contributions

On the basis of the results of the 2017 triennial actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2018, this rate was 9.5% of members' salaries (9.5% in 2016/2017). This rate will increase in line with any increases in the SG contribution rate. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

Funding calls

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

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

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

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 \$69.6 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.

2018 interim actuarial investigation

An interim actuarial investigation will be conducted for the Fund's position as at 30 June 2018. It is anticipated that this actuarial investigation will be completed in December 2018.