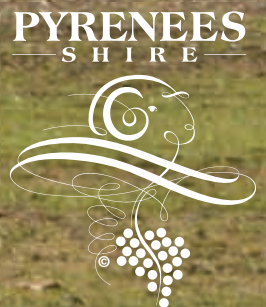


Annual Report

2016/17



PYRENEES SHIRE



Three strong elements make up the Pyrenees Shire Council logo: wool, the Pyrenees mountain range and wine. The logo embraces all three images in an elegant and stylised representation, intertwining as a consolidated unit.

Contents

Section 1: Introduction

Welcome to the Report on Operations 2016/17	04
Snapshot of the Pyrenees Shire	05
Purpose	06
Our History	06
Fast Facts	07
Strategic Objective Achievements	08
Challenges and Future Outlook	09

Section 2: The Year in Review

Mayor's and Chief Executive Officer's Message	12
Highlights for the Year	14
Financial Overview	20

Section 3: Our Council

Council Profile	26
Fast Facts	27
Councillors	28

Section 4: Our People

Executive Management Team	34
Management Organisational Structure	35
Council Staff	36
Equal Employment Opportunity Program	38

Section 5: Our Performance

Planning and Accountability Framework	42
Council Plan	43
Performance	44
Living Landsborough Project	77
Pyrenees Futures Project	78
2016 Flood Recovery	79
Governance, Management and other Information	80

Section 6: Financials

Performance Statement and Financial Reports	94
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Section 1: Introduction

Welcome to the Report of Operations 2016/17.

Council is committed to transparent reporting and accountability to the community and the Report of Operations 2016/17 is the primary means of advising the Pyrenees Shire community about Council's operations and performance during the financial year July 1, 2016 to June 30, 2017.

Performance is measured against Council's strategic goals and objectives through a sustainable approach to achieving the community's vision for our Shire.

Council's strategic framework is based on the following key areas:

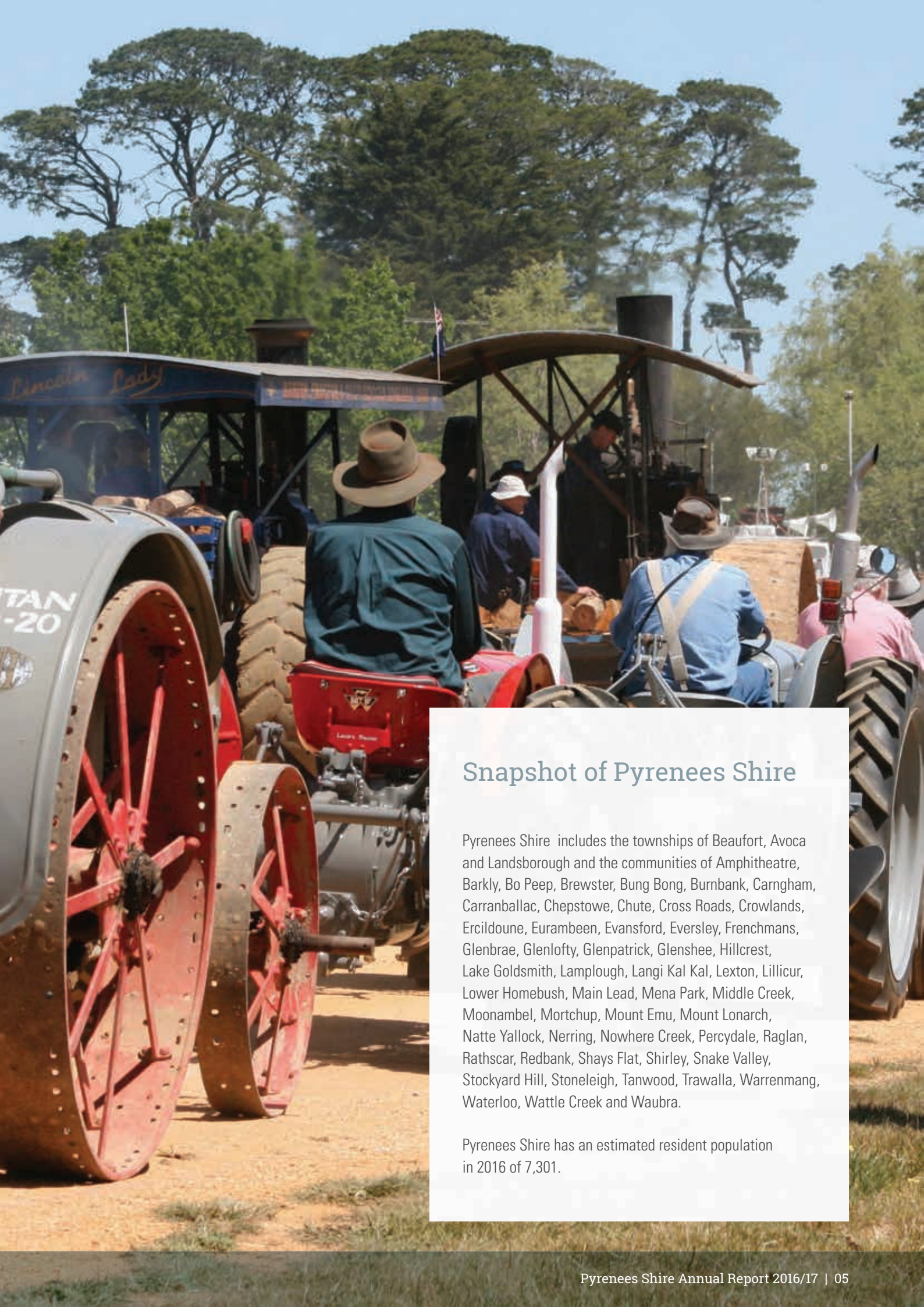
- Leadership
- Community
- Roads
- Commerce
- Environment

This report includes Council's audited financial statements, an audited performance statement and other details as required by the *Local Government Act 1989*.

To reduce environmental impact, a limited number of printed copies of this Annual Report have been produced. Residents and interested parties are encouraged to access the report via Council's website, www.pyrenees.vic.gov.au

Electronic copies are also available on CD and can be obtained by contacting Customer Services on (03) 5349 1100.





Snapshot of Pyrenees Shire

Pyrenees Shire includes the townships of Beaufort, Avoca and Landsborough and the communities of Amphitheatre, Barkly, Bo Peep, Brewster, Bung Bong, Burnbank, Carngham, Carranballac, Chepstowe, Chute, Cross Roads, Crowlands, Ercildoune, Eurambeen, Evansford, Eversley, Frenchmans, Glenbrae, Glenlofty, Glenpatrick, Glenshee, Hillcrest, Lake Goldsmith, Lamplough, Langi Kal Kal, Lexton, Lillicur, Lower Homebush, Main Lead, Mena Park, Middle Creek, Moonambel, Mortchup, Mount Emu, Mount Lonarch, Natte Yallock, Nerring, Nowhere Creek, Percydale, Raglan, Rathscar, Redbank, Shays Flat, Shirley, Snake Valley, Stockyard Hill, Stoneleigh, Tanwood, Trawalla, Warrenmang, Waterloo, Wattle Creek and Waubra.

Pyrenees Shire has an estimated resident population in 2016 of 7,301.

Section 1:

Purpose

Our Vision

We want the Pyrenees Shire to be a healthy, vibrant, prosperous and connected community.

Our Mission

To achieve this Pyrenees Shire will:

- Provide quality road and built infrastructure for the community;
- Work with others to provide services to maintain the wellbeing of the community, and
- Operate an efficient, forward looking organisation.

Guiding Principles

- **Accessibility and responsiveness**
We ensure that access to services is equitable. We respect our communities and respond to their needs in a timely manner.
- **Integrity and accountability**
We operate honestly and openly, serving the best interests of our greater community at all times. We are accountable for our actions and decisions. We actively seek ideas and responses from our community.
- **Standards for Council activity**
Our activities are guided by written policies and we will work with our communities to manage and adapt to risk.

Our History

Pyrenees Shire Council was established by an Order of the Governor in Council on September 23, 1994 and operates in accordance with the *Local Government Act 1989*.

The role of Council is to:

- Act as a representative government by taking into account the diverse needs of the local community in decision-making
- Provide leadership by establishing strategic objectives and monitoring their achievement
- Maintain the viability of the Council by ensuring that resources are managed in a responsible and accountable manner
- Advocate the interests of local communities to other communities and governments
- Act as a responsible partner in government by taking into account the needs of other communities
- Foster community cohesion and encourage active participation in civic life.

Fast Facts

134 permanent food premises registered

109 temporary and mobile food premises registered

5,912 rateable properties

52 septic tank permits issued

new planning permit applications received: **118**

13,804 hours of aged and disability support provided

28 groups assisted by Community Grants program

12,112 visits to swimming pools in Landsborough, Avoca & Beaufort

738kms of sealed road network

159 bridges

73 135 major culverts building permits issued

58,921 visits to resource centres

library items loaned: **35,005**

12,157 library collection items

fire prevention notices issued: **487**

427 properties inspected for fire hazards

267 permits to burn issued

2,644 animals registered

Section 1:

Strategic Objective Achievements

Strategic Objective: Leadership

We will provide community leadership and advocacy to ensure we are a financially sustainable organisation, working hard to improve the economic, social and environmental wellbeing of the Pyrenees Shire.

Achievements:

- Advocacy for improved telecommunications
- Participation in Central Highlands Regional Partnership
- Participation in Rural Councils Victoria

Strategic Objective: Community

We will provide safe, functional and well utilised assets and services, to enhance the quality of life of residents and promote connected, active and resilient communities.

Achievements:

- Streetscape and hall improvements at Landsborough
- Participation in Regional Children and Youth Area Partnership
- Community Grants provided to 28 local groups and organisations

Strategic Objective: Roads

We will maintain a safe and effective road system that caters for all road users within the Shire.

Achievements:

- Lobbying for planning funding for the Beaufort bypass
- Re-sheet program completed
- Road Management Plan requirements met
- Flood Recovery Works

Strategic Objective: Commerce

We will develop the local economy and increase the population of the Pyrenees Shire.

Achievements:

- Continued release and sale of land at Correa Park, Beaufort
- Implementation of our Growth Plan and Tourism Strategy
- Completion of the Living Landsborough Project

Strategic Objective: Environment

We will show effective leadership in managing our own environmental impacts as well as in the management of the local natural and built environment.

Achievements:

- Implementation of Fire Prevention Works
- Implementation of the Roadside Weeds and Pests Strategy

Challenges and Future Outlook

Challenges

- Impact on the freeze on Commonwealth Financial Assistance Grants
- Impact of Rate Capping
- Improving the economic capacity of the municipality
- Long term financial sustainability
- Securing funding for major initiatives

The Future

- Continued advocacy for improved communications
- Construction of the Beaufort Bypass
- Sustainable growth and infrastructure development across the Shire
- Reticulated water for Moonambel
- Funding for the Lexton Community Hub



Section 2: The Year in Review

PYRENEES
— S H I R E —





Section 2:

Mayor's and Chief Executive Officer's Message

On behalf of Pyrenees Shire Council it is a great pleasure to present Council's Annual Report for the year 2016/17.

The Council Plan for 2013-2017 reflects Council's vision for the Pyrenees Shire 'to be a healthy vibrant, prosperous and connected community'.

In October 2016 Council elections were conducted across Victorian municipalities, and in the Pyrenees Shire, all five Councillors were returned, including three Councillors who were elected unopposed. This is a strong show of support by the community in the elected representatives and humbling for all councillors to have the broad support of the community.

As a result, this continuity has meant that the Council could get down to work immediately and get on with the tasks that it was elected to do. In December, Councillors and the executive team undertook a review of the Council priorities and strategic objectives which resulted in the development of a new four year Council Plan. The new plan reinstates much of what was contained in the previous plan, but also responds to the changing needs of the community, trends and changes both within and outside Council's control.

Among these changes are the growing financial constraints and strengthening expectations of good governance and accountability, building partnerships, and efficient and effective service delivery.

Council's commitment to community engagement during the year lead to a number of new initiatives to better understand the needs and wishes of our residents and ratepayers.

Information sessions were held in Beaufort and Avoca under the banner of "Keeping me in the Loop" whereby residents

could have access to a number of senior staff to discuss any number of Council activities, or to engage on issues of concern.

A new project initiative titled "Pyrenees Futures" was launched during the year. This strategic planning project looks to engage with residents to better understand what it is that we value most about our towns and communities that we live in. Focusing on Beaufort initially to be followed by eight other communities, this work involves receiving input, ideas and suggestions from residents, groups and organisations to feed into the development of a long term plan for each community based on these community aspirations as well as sound research assisted by funding obtained through the Victorian Planning Authority. Ultimately these township plans will inform our planning scheme and future decisions to grow and develop our communities and the places we live.

Financial sustainability is what informs many of the decisions of Council, and to this end Council reached a significant milestone when it became debt free. This is evidence of a great deal of financial constraint and responsible management over a long period of time, and places the Pyrenees Shire Council in a more robust position to meet its future financial commitments.

Asset Renewal remains one of those significant challenges facing Council into the future primarily due to the responsibility for a local road network of around 2,000 kilometres. Heavier trucks and larger farm equipment, along with expectations of improved safety and higher standards of maintenance require Council to invest significant funds into its road network. While around half of our \$20M budget is expended on road related activity, there is still a shortfall in meeting the long term funding demands on the road network.

Council relies heavily on financial assistance from government, and the announcement in the 2017 federal budget to reinstate the indexation of Federal Assistance Grants has provided much relief to the sector. The Federal

Roads to Recovery Program provides baseline funding of almost \$1M per annum for Council road renewal and improvement works, and while we are currently enjoying a higher level of Roads to Recovery funding during the three years to 2018, it is expected that these levels will return to base level funding in 2018/19 placing significant strain on Council's ability to meet its asset renewal demands.

Financial sustainability was the primary driver for Council making an application to the Essential Services Commission in 2017 to adopt a rate increase above the rate cap imposed by the Local Government Minister. Council's application was approved by the ESC, and Council adopted a rate increase of 3.5% for 2017/18 which is 1.5% above the 2.0% cap, and providing much needed revenue for renewal of our gravel roads. Approval was also given for Council to exercise the option to adopt the same rate in the following financial year.

The economy remains an important consideration for Council. Implementation of our Growth Plan and Tourism Strategy has led to Council strengthening its relationship with Visit Ballarat as a deliberate strategy to grow the visitor economy in the Pyrenees. The rollout of natural gas in Avoca under the Energy for the Regions program was completed, and in 2016 the first residence was finally connected to the grid, and paves the way for further residents and businesses to connect. This has been the trigger for additional investment interest in Avoca. Beaufort continues to provide an attractive lifestyle place for residents with Stage 3 of Council's Correa Park residential development going on the market and resulting in sales and the construction of several new homes.

In Landsborough, the completion of the Living Landsborough project provided a great boost to this community with the construction of a new footpath in the main street and new cabins in the caravan park.

Advocacy and the development of relationships with state and federal government leaders saw Council delegates visit both parliaments and present to various political leaders on

key issues of Council including transport, telecommunications, emergency management, economic development, health and funding for key services and infrastructure.

Other priorities of Council include a water supply solution for Moonambel, and the bypass of the Western Highway at Beaufort. Both projects saw commitments from the federal government in 2016 towards realising these objectives.

The National Mobile Blackspot Program has resulted in new mobile phone towers built at Moonambel and Landsborough West, while commitments are in place for further base stations to be installed in Landsborough, Lexton, Amphitheatre and Waubra. These projects reinforce the importance of strong advocacy by local government which will continue to be an important role of Council in the coming year.

We would like to take the opportunity to acknowledge Council, the local community and all Pyrenees Shire Council staff who have contributed to delivering our Council's vision and Council Plan during 2016/17.

Ron Eason
Mayor

Jim Nolan
Chief Executive Officer

...projects reinforce the
importance of strong
advocacy by local government
which will continue to be an important
role of Council in the
coming year. ”



Section 2: Highlights for the Year

July

- Beaufort Men's Shed take over responsibility for auspicing the Beaufort monthly community market.
- *"Minister for Local Government Natalie Hutchins released the 2016 Community satisfaction survey for Victorian councils. Pyrenees Shire Council came close to the top in the State for ratepayer satisfaction for the manner in which it managed its affairs. The Minister said the survey showed that libraries, arts centres, appearance of public areas and waste management were the best rated council services. She also found that emergency management, waste, community decisions and unsealed roads were the most important services and issues for ratepayers".*
The Pyrenees Advocate – July 1, 2016
- Council launched an improved free Wi-Fi service at the Beaufort Community Resource Centre for residents and visitors.
- Member for Wannon, the Hon. Dan Tehan retains his seat for the Liberal Party in the Federal election.
- The Victorian State Government announces \$1.5 million to support local farmers to future proof against the impact of drought with grants available to assist farmers with assistance with business planning, training and on-farm preparedness. Pyrenees Shire is one of the 11 drought declared councils where the funding will be provided.
- VicRoads calls for expressions of interest from the community for a public engagement group as part of the planning for the Western Highway bypass of Beaufort.
- Sixteen not-for-profit groups receive a share in \$19,000 from the Avoca Bendigo Bank Community Investment Fund.

- Council formally signs off on a partnership with Ballarat Tourism for a period of three years.
- Council confirms expenditure for four economic development projects – Pyrenees Unearthed Wine Festival at Avoca, Moonambel water supply investigation, a Wine Growth Fund for Avoca and Moonambel and a “Be Smart Choose Tap” program focussed on Avoca and Beaufort.
- Council develops asset management plans for three Council owned reservoirs at Beaufort Lake, Lamplough and Jackson’s reservoir near Beaufort.
- Fifteen community groups share in \$15,300 funding through Council’s Community Grants fund.

August

- Cave Hill Creek is awarded the Victorian Tourism Industry Council Small Business Award.
- Council hosts five gravel roads consultation sessions for gravel road users across the shire.
- Council launches a new improved free Wi-Fi service at the Landsborough Resource Centre.
- Council resolves to reduce the operating hours of the Beaufort Community Resource Centre and the Avoca Information Centre following a review of operations.

September

- Floods devastate the Pyrenees region.
- Pyrenees Shire Council commences Election Caretaker Period on the 21 September to 22 October.
- The State Government confirms that “a number” of railway crossings will be closed on the Maryborough to Ararat railway line, as a critical safety measure.
- Beaufort Secondary College students are given regular access to a doctor and healthcare under the Doctors for Schools Program.
- Thomas Ferguson, a grade one student at the Waubra Primary School is one of 25 winners across Australia in the Prime Minister’s NAIDOC Week art competition.
- All five Pyrenees Shire Councillors indicate that they will seek re-election at October’s state-wide local government elections.
- Nominations for the 2016 Pyrenees Shire Council elections close on 20th September 2016.
- Following heavy rain, Beaufort Lake is slowly starting to fill, much to the delight of locals.
- Pyrenees Shire Council Mayor, Cr Michael O’Connor was honoured with a Mayor Emeritus Award at the Municipal Association of Victoria Victorian Councillor Service Awards.
- Recent flash flooding now looks like costing millions of dollars in damaged roads and community infrastructure. Council’s Chief Executive Officer, Jim Nolan, has confirmed that early estimates are that flood damage will result in a multi-million dollar repair bill.
- Work commences to transform the historic Avoca Railway Station into a new community arts and garden precinct.

October

- Mayor, Cr Michael O'Connor formally opens the refurbished Avoca Men's Shed.
- A consortium of farmers from south and west of Beaufort approach Council to assist with the development of a feasibility study for construction of a local straw pellet manufacturing plant.
- Heavy rain, once again, has added to the cost of flood damage across the Pyrenees Shire.
- Beaufort Apex Club plays host to the 85th National Board Meeting.
- Avoca stages its seventh annual whole town garage sale.
- Council offers two scholarships to participate in the Ballarat and Western Region Leaders Forum.
- Rainbow Serpent Festival opens nominations for their 2016 community grants initiative worth \$15,000 raised from the sale of programs at the festival.
- Wine makers from the Pyrenees region receive a \$23,500 funding boost to grow their businesses from the State Government's \$1 million Wine Growth Fund.
- Sitting Councillors, Michael O'Connor and Tanya Kehoe have easy wins in the Pyrenees Shire Local Government election. Crs David Clark, Ron Eason and Robert Vance are returned unopposed.
- Fire Action Week is launched for 23 to 30 October.
- Lake Goldsmith Steam Rally stages its 108th event.

November

- Avoca Ward Councillor, Ron Eason is installed as Mayor at the Statutory Council Meeting.
- Blue Pyrenees Estate's Section One Shiraz is awarded the best wine in the Seguin Moreau Great Australian Shiraz challenge.
- Communities within the Pyrenees Shire observe Remembrance Day ceremonies.
- Public anger and confusion grows over the closure of roads to rural properties along the reopened Maryborough to Ararat railway line.
- Waubra Primary School Parents and Friends Association host their 36th Oaks Day Luncheon at the Waubra Community Hub.
- The Country Fire Authority warns residents that the region is facing a late, but potentially serious, fire season.
- The Avoca Hotel wins the top award in the Harwood Andrews Golden Plate Ballarat Region awards.
- Member for Wannon, Dan Tehan announces \$50 million of funding for preconstruction works for the Ararat and Beaufort bypasses. \$220 million is announced for Murray Basin Rail Project.
- The Avoca Hotel is crowned Regional Victoria's State Golden Plate winner.
- More than 1,000 people attend open garden events at two historic Beaufort district properties – Eurambeem and Mawallok.
- Beaufort Agricultural Society hosts the Beaufort Show.

December

- Public Transport Victoria announced it will close 19 of the 33 level crossings in Pyrenees Shire on the Maryborough to Ararat railway line.
- VicRoads conducts public drop-in sessions in Beaufort as part of the planning process for the Western Highway bypass of Beaufort.
- Cave Hill Creek wins the Gold Award in the Standard Accommodation category in the RACV Victorian Tourism Awards.
- Member for Wannan, Dan Tehan announces Mobile Black Spot funding for base stations in Amphitheatre, Lexton and Waubra.
- Fire restrictions come in to force for the Pyrenees Shire.
- Mayor, Cr Ron Eason welcomed the State Government announcement of \$100,000 funding towards shade structure, a solar power heating system and two heat pumps for the Beaufort swimming pool.
- Council issues 465 fire prevention notices in the Pyrenees Shire in the lead up to an expected dangerous fire season.
- Avoca Men's Shed hosts the Australia Day Breakfast in Avoca.
- Amphitheatre hosts the Shire-wide Australia Day celebrations at the Amphitheatre Community Centre.
- Mayor, Cr Ron Eason announces the Australia Day Awards in Amphitheatre - Jayne Briody – Citizen of the Year, William Gallagher – Young Citizen of the Year and "The Big Avoca Do" – Event of the Year.
- The Rainbow Serpent Festival attracts more than 16,000 people to the event, celebrating its 20th year of operation.

January

- The National Disability Insurance Scheme commences in the Pyrenees Shire.
- Refurbishment works at the Avoca Railway Station near completion.
- Council releases its Draft Gravel Road Strategy for community comment.
- Council commences a review of its Recreation Strategy, seeking community input.
- At a Special Meeting of Council on 14 February, Councillors adopt the Code of Conduct.
- The State Government announces funding for watering and ground improvements at the Waubra Recreation Reserve and a desalination plant at the Beaufort Golf Club.
- Council approves a planning permit for the Moonambel mobile phone tower.
- Council implements new technology to provide improved free Wi-Fi at the Avoca Information and Resource Centre.

February

March

- Pyrenees Historic Vehicle Club hosts the third annual Motor de Pyrenees Historic Vehicle display at the Natte Yallock Recreation Reserve.
- The oval at the Avoca Recreation Reserve receives a \$50,000 make-over following damage caused by the floods last year.
- Council hosts community information sessions in preparation for the development of a new Municipal Public Health and Wellbeing Plan.
- Council trials a new method of community engagement titled “Keep me in the loop”, aimed at informing residents of a number of topics and allow for one-to-one interaction with Councillors and Council Officers.
- The Minister for Agriculture and Minister for Regional Development, Jaala Pulford officially opens the refurbished Avoca Railway Station.
- Beaufort Fire Brigade hosts the 60th Volunteer Fire Brigades District 16 Championships, attracting more than 40 teams.
- Avoca hosts “The Big Avoca Do” attracting almost 200 people and raising \$5,000 for the community.

April

- The “Living Landsborough” Project is named the State’s best in the Capital works under \$2 Million category at the Institute for Public Works Engineering Australasia (Victoria) Awards.
- Avoca is officially switched on to mains gas.
- The Waubra community stage “Way of the Cross” for the 17th consecutive year.
- Council’s new planning project “Pyrenees Futures” is launched.
- VicRoads releases three options for the Western Highway bypass of Beaufort.
- The State Government announces a \$50,000 grant towards a study of Moonambel’s water needs.
- Avoca hosts the “Pyrenees Unearthed” event attracting thousands of visitors to the five day event.

May

- The Lake Goldsmith Steam Preservation Association hold another successful Steam Rally.
- A new exhibition featuring artists from the northern end of the Shire opens at the ArtTrax gallery in Beaufort.
- The Essential Services Commission approve a 1.5% rate increase above the State Government’s Fair Go Rate Cap of 2% for Pyrenees Shire Council.

June

- State Parliamentary Secretary for Regional Victoria, Danielle Green, formally opens the “Living Landsborough” project.
- The State Government provides \$260,000 for the concept design of the new Moonambel water supply.
- Pyrenees Arts Council host another successful Pyrenees Art Show in Beaufort.
- Pyrenees Shire Council approves its 2017/18 Budget, Council Plan 2017 – 2021, Long Term Financial Plan 2017/18 to 2026/27, including the Strategic Resource Plan.
- The Federal Minister for Regional Communications, Senator Fiona Nash, formally activates the Moonambel mobile base station.



Section 2:

Financial Overview

Throughout 2016/17 Council continued to work on balancing the expectations of the community with the need to ensure that the financial foundations of Council remain strong and capable to meet the challenges of the future.

Council continually seeks to find the right balance between community expectations and financial responsibility. A commitment to cost restraint and the provision of value-for-money services for the community, combined with the continual refinement of the Long Term Financial Plan constitutes the financial framework that Council uses to address this balance. This financial framework remains imperative and continues to drive Council's financial decisions.

It is important to review these 2016/17 financial results in light of the long-term financial objectives developed by Council. These are to:

- Maintain a strong cash position.
- Ensure that Council remains financially sustainable in the long-term.
- Continue to be debt free after Council's final loan repayment was made in September 2016.
- Continue to pursue recurrent grant funding for strategic capital works from the state and federal governments.
- Maintain the existing range and level of services available to communities within the Shire.
- Ensure adequate revenue to maintain a sustainable level of services for the community.
- Ensure that the renewal of critical infrastructure is funded annually over the timeframe of the Long Term Financial Plan.

The following is a snapshot of our 2016/17 financial position:

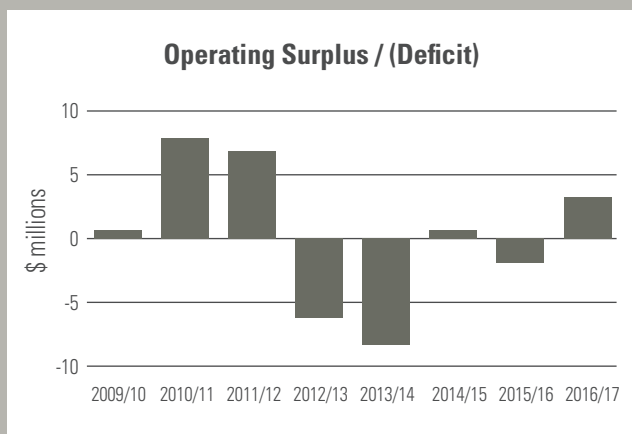
- \$26.38 million revenue including \$3.7 million in flood recovery grants and \$3.4 million of grant income received in advance.
- \$5.8 million Capital Expenditure program delivered.
- Rates and waste charges comprised \$9.1 million (35 per cent) of total revenue.
- Operating surplus of \$3.3 million.
- Cash holdings of \$9.6 million at year end.
- Debt reduced from \$0.5 million at 30 June 2016 to zero at 30 June 2017.

Council continually seeks to find the right balance between
**community expectations
and financial
responsibility.**”

Operating Result

Council achieved an operating surplus of \$3.3 million in 2016/17 compared with a \$1.9 million deficit for 2015/16. However, it should be noted that Council received an advance of half of our Federal Assistance Grants for 2017/18 funding in June 2017, which totalled \$2.5 million. Despite this advance relating to the 2017/18 financial year, the accounting standards require that these funds be included as income for the 2016/17 financial year. Council has also received another \$880,000 of grants that have been shown as income in 2016/17 but remain unspent at 30 June 2017.

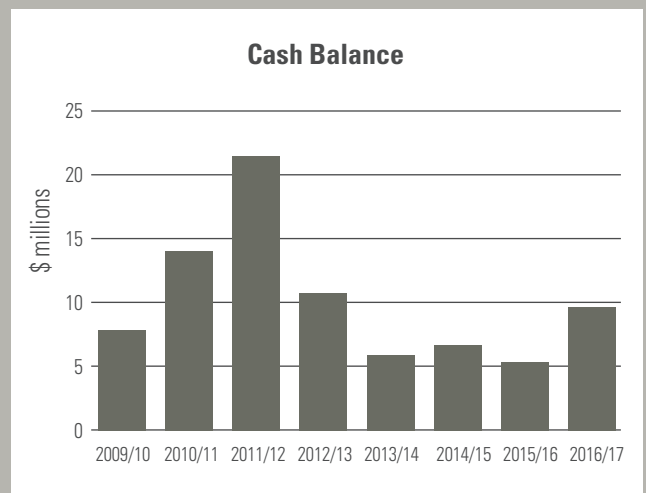
Whilst the nominal operating result has fluctuated wildly over the past eight years, it is interesting to note that the aggregate operating result for this period is a surplus of \$2.9 million, which indicates that Council is in a sustainable operating position.



Cash Holdings

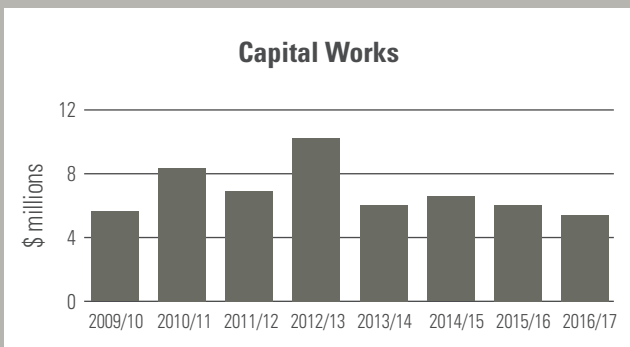
Cash holdings at the end of the financial year are \$9.6 million. This figure includes \$2 million funds required for capital works carried forward from 2016/17 which will be undertaken in 2017/18 and \$3.4 million in unspent grants to be carried forwards. This cash also backs the \$2.2 million employee leave liability that sits on the balance sheet.

Council's aim is to continue to retain moderate levels of cash. This will provide Council with the flexibility to respond to future opportunities or unexpected events. These may include the potential to strategically acquire an asset or to respond to natural disasters such as flood or fire events.



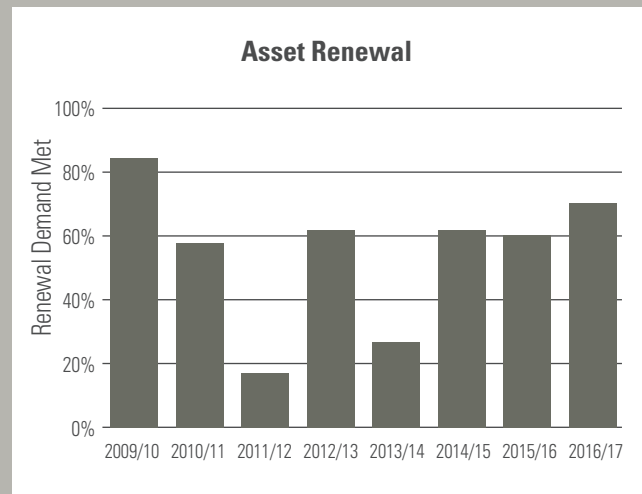
Sustainable Capital Expenditure

Council aims to ensure that its assets are maintained in a condition that allows them to continue to deliver the services needed by the community at a standard that is acceptable to users. During 2016/17, Council spent a total of \$5.8 million on capital expenditure across the Shire, including \$4.7 million on renewing existing assets.

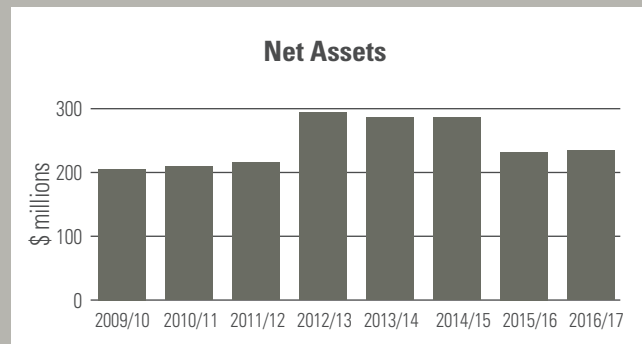


Council's 2016/17 capital expenditure continued to address the challenge of renewing community assets. It is anticipated that in future, capital expenditure will be maintained at a realistic level with a high degree of dependence on funding from government grants.

Asset renewal is measured as capital expenditure relative to asset depreciation. Council continues to face a significant challenge to fund the renewal of critical long-lived community infrastructure in the longer term, although it was pleasing to note that the 2016/17 asset renewal was the highest that it has been in the past seven years.



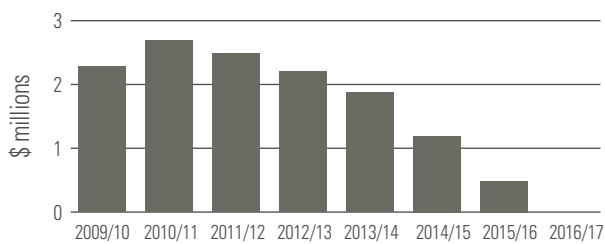
Meeting the continual renewal of Council's vast asset base remains an ongoing challenge for all Councils.



Financial Sustainability

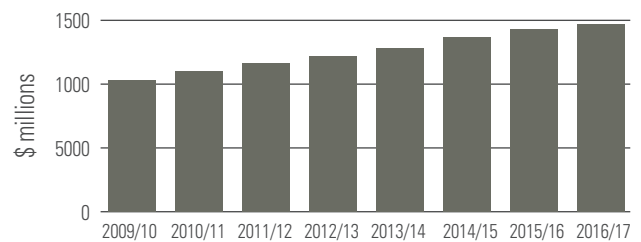
Council is committed to operating without bank debt where possible, and made the final loan repayment in September 2016. In 2016/17 interest on borrowings and debt redemption consumed \$0.5 million. In future years the funds used to pay interest and redeem debt can be allocated to other Council priorities which strengthen Council's financial sustainability in the medium term.

Loan Balances



Council is mindful that the cost of rates is borne by ratepayers. The average rates and waste charges per assessment has grown at an average compound rate of 5.42 per cent over the past seven years, notwithstanding that approximately 0.7 per cent of this annual increase is generated from new buildings. Council is working towards lowering this level of annual rate increase in order to reduce the impact on ratepayers, and the State Government's "Fair Go Rates" rate capping system has acted to reduce the annual rate rises from 2016/17 onwards, with the 2016/17 increase of 4.52% being the lowest increase in the past eight years.

Rates and Waste Charges per Assessment



Council has many current and future demands on funding, highlighting the need for strong, long-term planning and the targeted allocation of resources. This is achieved through the preparation and annual review process of the Council Plan which is supported by Council's Strategic Resource Plan. Ultimately, these documents are guided by longer-term visions and plans including the Long Term Financial Plan, which projects Council's financial direction for the next ten years. This enables Council to identify and analyse trends of significance and provide for sound financial planning and decision-making.

The continued revision and refinement of the Long Term Financial Plan enables longer-term conversations with the community and this makes possible long-term goals that assist in creating engaged and vibrant communities.

This financial snapshot for the 2016/17 financial year gives a brief overview of Council's financial performance and the significant factors that impacted on the financial resources used to support the achievement of long-term community service and asset management objectives. A more detailed analysis of the financial performance for 2016/17 can be found in the Annual Financial Report which is available on Council's website and is attached to Council's physical Annual Report.

Paul Brumby

Principal Accounting Officer

Section 3: Our Council

Council Offices

We want the Pyrenees Shire to be a healthy, vibrant, prosperous and connected community.

Pyrenees Shire Council

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122 High Street
Avoca, Victoria 3467

Telephone (03) 5465 1000

Facsimile (03) 5465 3597





Section 3:

Council Profile

Location

Pyrenees Shire is located in the central west of Victoria, about 130 kilometres north west of Melbourne. It is heavily dependent on the primary production industry and is renowned for its wool, viticulture and forestry activity. Thirty percent of the workforce is involved in agriculture. Key areas of production are wool, cereal, hay crops and meat. Grape and wine production has recently expanded significantly. Gold, along with sand, gravel and slate all contribute to the economy.

Gold, along with sand,
gravel and slate all contribute
to **the economy.**”

Characteristics

The Pyrenees Shire comprises an area of nearly 3,500 square kilometres and a population of 7,301 residents. The Shire takes its name from the ranges in the north that hold similarity to the Pyrenees Ranges in Europe.

Council administration is based in the township of Beaufort, and a number of Council services also operate from the township of Avoca. These services include health and aged care, library and information centres.

Excellent educational facilities are available in Pyrenees Shire, including integrated children's centres, primary schools, a secondary college and Community Resource and Information Centres incorporating adult education and library services.

Recreational activities are available in abundance in the region, giving community members and visitors wonderful opportunities to experience new pastimes. Most townships in the Shire have their own sporting facilities, such as football fields and netball courts. Avoca and Beaufort also have skate parks.

Tourism is ever growing throughout the region. The French game of Petanque in Avoca attracts large numbers of visitors year round. In recent years, the action sport of mountain bike riding has risen in popularity.

In addition to the sporting opportunities, the Pyrenees is known for its wineries and culinary delights. Community markets are a popular attraction, as are the region's antique fairs, picnic horse races and music festivals.

Fast Facts

7,301
people

3,831 male median age:
3,408 female 50

families: **1,785**

Average children per family 1.9

3,568 all private dwellings

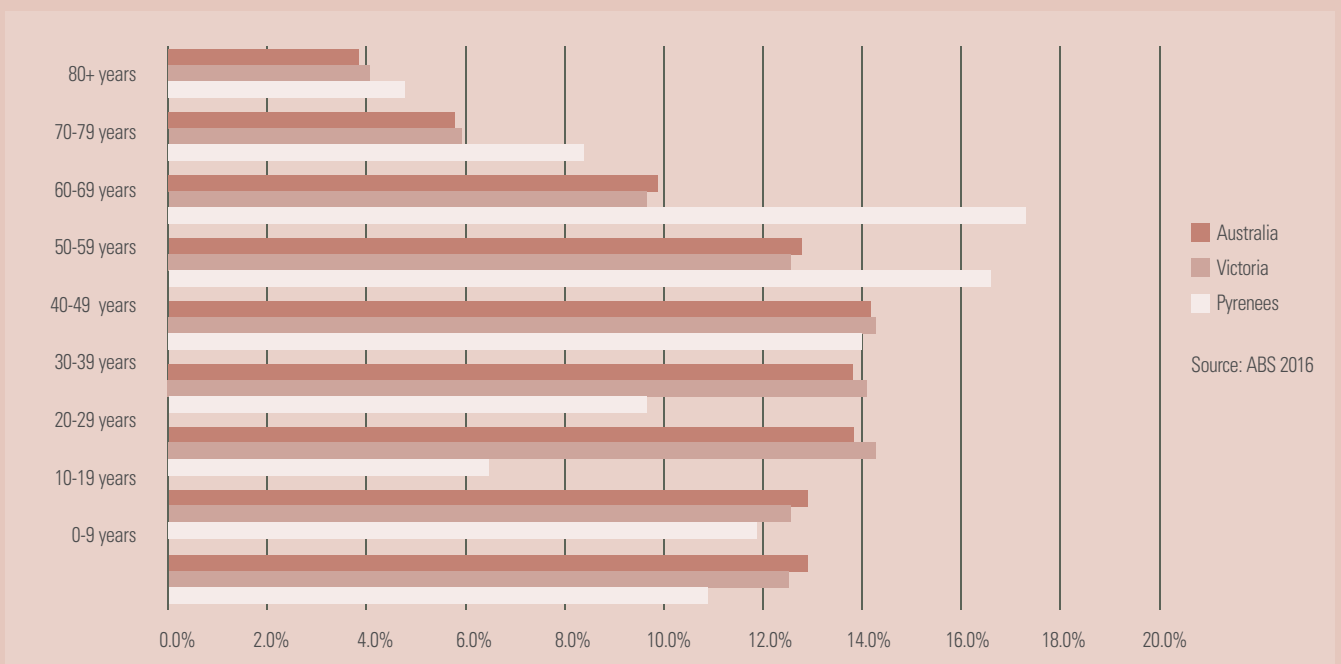
average people per household 2.3

median weekly household income **\$876**

median monthly mortgage repayments \$1,066

\$160 median weekly rent

Average motor vehicles per dwelling 2.2



Section 3:

Councillors

The Council was elected to provide leadership for the good governance of the municipal district and the local community. On 22 October 2016 the Pyrenees Shire community elected this Council for a four year term. The municipality is divided into five wards, represented by one Councillor in each ward. The five Councillors are the elected representatives of all residents and ratepayers across the Shire. They have responsibility for setting the strategic direction for the municipality, policy development, identifying service standards and monitoring performance across the organisation.



Cr Michael O'Connor

Beaufort Ward

Phone 0437 662 295 | **Email** beaufort@pyrenees.vic.gov.au

Cr Michael O'Connor is a people person, a believer in local democracy and the Beaufort Ward Councillor. Cr O'Connor brings professional experience in personnel and training to the Council table. He enjoys the openness of the environment he lives in, and the sense of inclusion the community provides.

Cr O'Connor was first elected to Pyrenees Shire Council in 2008 and re-elected in 2012 and 2016. He put his name forward after a retirement from Council because he wanted to be involved in the decisions that affected his community.

Cr O'Connor would like to improve the liveability of residents in the Pyrenees Shire, particularly in the Beaufort Ward. He would also like to see the commencement of the Beaufort bypass construction in this Council term.

Cr O'Connor shares his life with his wife Judy, has four adult children and one grandchild. He runs cattle on acreage at Waterloo.



Cr Tanya Kehoe

Mount Emu Ward

Phone 0439 571 480 | **Email** mountemu@pyrenees.vic.gov.au

Cr Tanya Kehoe is an educator, a community advocate and the Mount Emu Ward Councillor. Cr Kehoe's professional experience spans teaching and pastoral care, as well as farming. Cr Kehoe loves the sense of community in the Mount Emu and Snake Valley area, a community that she's been a part of her whole life.

Cr Kehoe was first elected to the Pyrenees Shire Council 2012 and re-elected in 2016. She wants to use her strengths to better her community in her role as Councillor.

Cr Kehoe would like to see the development of the Snake Valley township, improve opportunities for young people within the shire and advocate for better roads in this term of Council.

Cr Kehoe and her husband Bernard run a sheep property at Mount Emu and have five young children.



Cr Robert Vance

De Cameron Ward

Phone 0447 384 500 | **Email** decameron@pyrenees.vic.gov.au

Cr Robert Vance is a farmer, community lobbyist and long-serving Councillor for the De Cameron Ward. Cr Vance is a sheep farmer and has spent two decades in local government, including five years as an executive on the Rural Councils Victoria Board.

He loves the natural beauty of the environment and appreciates the quality of the people that live in the Pyrenees. Cr Vance values the community's ability to close ranks in times of need, or grief and to provide support to one another despite race, creed or colour.

Cr Vance was first elected to the then Avoca Shire Council in 1987. He joined the Pyrenees Shire Council post amalgamations in 1996 until 2002. He was re-elected in 2008, 2012 and 2016. Cr Vance nominates giving back to his community as his main reason for standing for Council.

Cr Vance has three adult children, four grandchildren and lives with his wife Jan in Landsborough.



Cr David Clark Ercildoune Ward

Phone 0417 374 704 | **Email** ercildoune@pyrenees.vic.gov.au

Cr David Clark is big picture thinker, a local champion and the Ercildoune Ward Councillor. Cr Clark's breadth of experience crosses accounting, community development, public sector governance and natural resource management. Cr Clark is the Deputy Chair Rural of the Municipal Association of Victoria. He appreciates the character of the Pyrenees landscape including the rolling hills, rich soils, forests of many eucalypts and other species.

Cr Clark was first elected to Council in 1992 and re-elected in 2008, 2012 and 2016. His inspiration to join Council was the chance to make a difference and to use his skills, which are much more strategic than practical, to best effect.

He highlights better gravel roads, a more digitally astute Council and communities who (in general) are all after the same things for their future, as his aspirations for this Council term.

Cr Clark operates a mixed farming property at Glenbrae, works in Landcare and shares his life with his wife Peta and their three children.



Cr Ron Eason – Mayor Avoca Ward

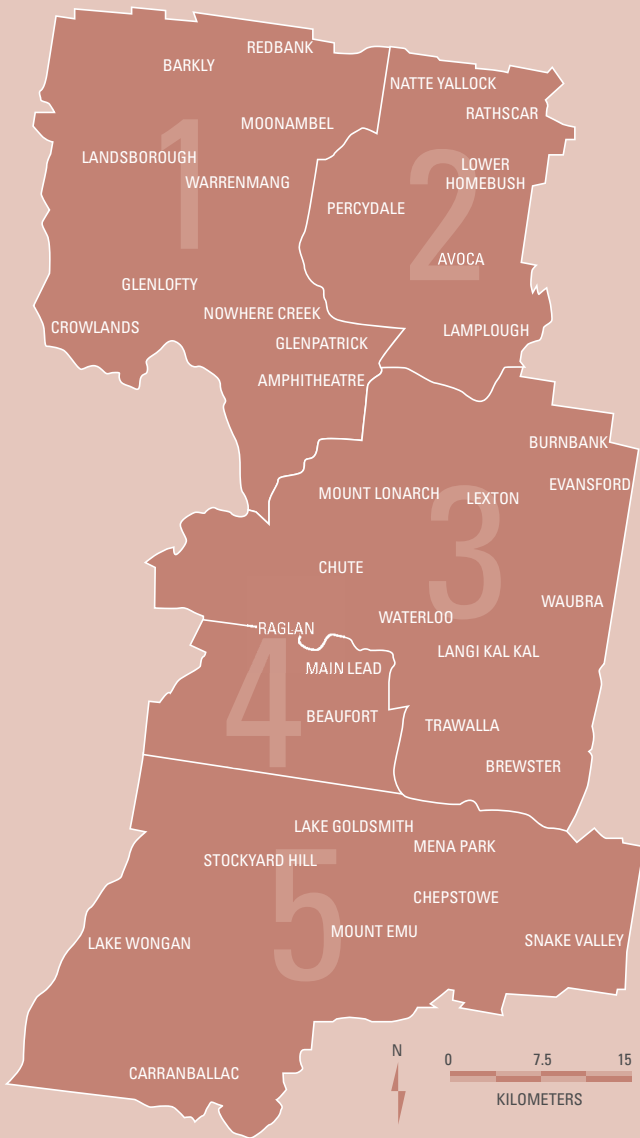
Phone 0417 508 471 | **Email** avoca@pyrenees.vic.gov.au

Cr Ron Eason is a businessman, helpful character and the Avoca Ward Councillor. Cr Eason's experience in his working life includes manufacturing and small business. Cr Eason has found the community of Avoca so friendly and picturesque, a big difference to his life in Melbourne and the Goulburn Valley.

Cr Eason was first elected to Pyrenees Shire Council in 2012 and re-elected in 2016. He nominates a desire to help people in the Pyrenes Shire as his inspiration to join Council.

Cr Eason would like to see a more sustainable Council that serves the Shire in his Council term.

Cr Eason and wife Jenny run the Avoca Newsagency and live in the town.



1 DE CAMERON WARD
Councillors: 1

3 ERCILDOUNE WARD
Councillors: 1

5 MOUNT EMU WARD
Councillors: 1

2 AVOCA WARD
Councillors: 1

4 BEAUFORT WARD
Councillors: 1



Section 4: Our People

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Section 4:

Executive Management Team

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 Directors and the CEO form the Executive Management Team (EMT) and lead the organisation.



Jim Nolan Chief Executive Officer

B. Eng (Civil)

Jim was appointed Chief Executive Officer with Pyrenees Shire Council in December 2014. He has 25 years' experience in local government at Glenelg, Southern Grampians and Northern Grampians Shire Councils. Jim has experience across infrastructure, project delivery, community and economic development.

As Chief Executive Officer, Jim is responsible for the day to day operations of Council, the delivery of the Council Plan and the implementation of Council decisions. Jim also has direct responsibility for economic development and communications.



Evan King Director Corporate and Community Services

B. Bus (Accounting), CPA

Evan joined Pyrenees Shire Council in June 2014. He has over 20 years of experience in financial management and community services, gained in local government with Hepburn Shire Council and the social services and manufacturing industries.

Evan is responsible for the strategic management of the Corporate and Community Services Department, which includes finance and administration, information technology, governance, risk, emergency management, people and culture, customer services and community wellbeing.



Douglas Gowans Director Assets and Development

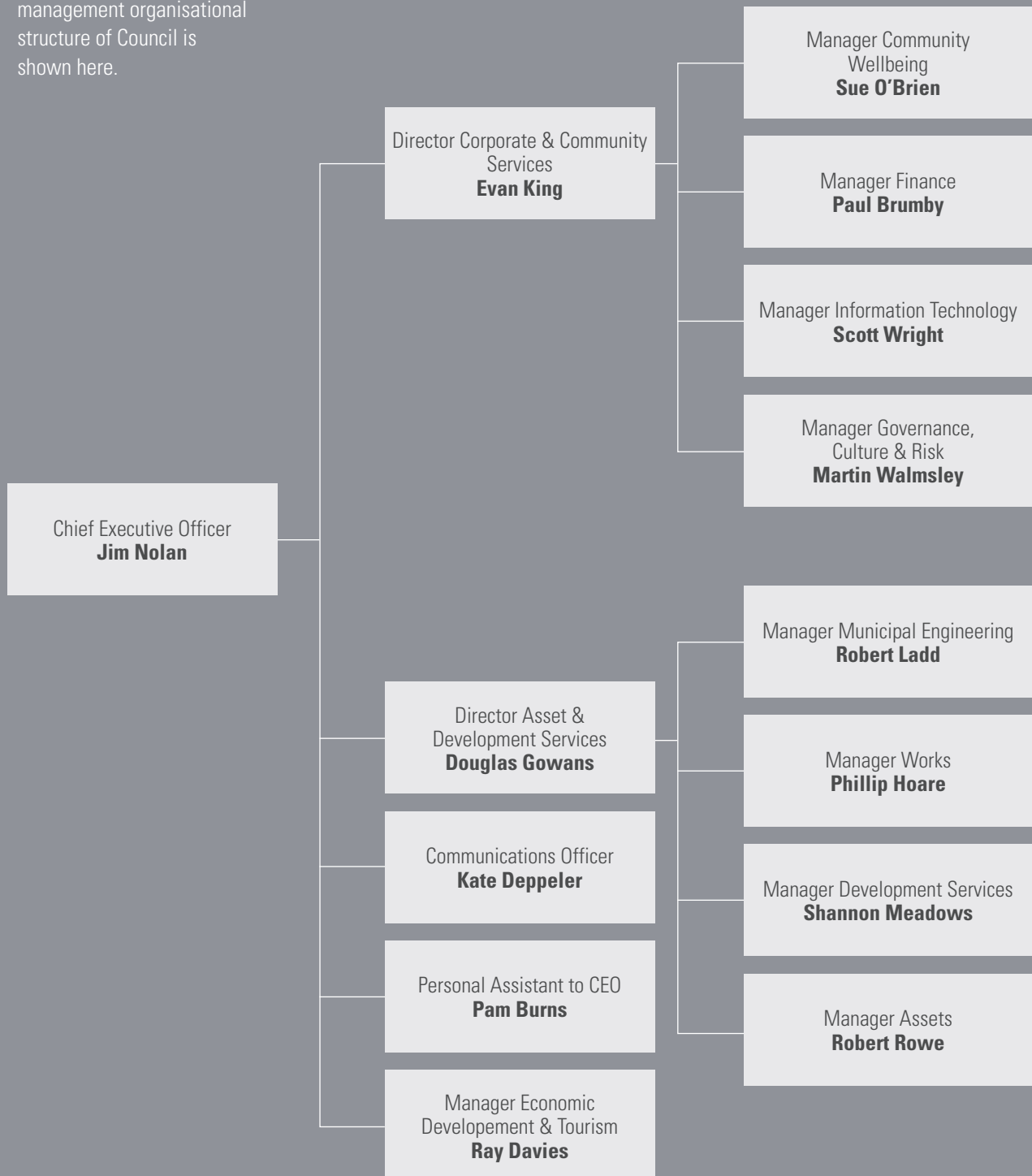
B.Eng

Douglas joined Pyrenees Shire Council in August 2015. He has over 13 years' experience in local government, including Golden Plains and Hindmarsh Shire Councils.

Douglas manages the operations and asset areas of Council. His responsibilities include the construction and maintenance of roads and bridges, waste management and recycling, parks and gardens, environment, town planning and building services and local laws.

Management Structure

A chart setting out the management organisational structure of Council is shown here.



Section 4: Council Staff

As of 30 June 2017, a summary of the number of full time equivalent (FTE) staff categorised by employment classification and gender is set out below.

2015-2016	Band 1	Band 2	Band 3	Band 4	Band 5	Band 6	Band 7	Band 8	All other	Total FTE
Permanent Full Time - Female	0	0	1	2	4	5	0	0	1	13.0
Permanent Full Time - Male	0	0	13	7	2	2	1	1	11	37.0
Permanent Part Time - Female	0.1	6.0	3	4.4	3.4	1	0	0	0.82	18.72
Permanent Part Time - Male	0	1.1	0.3	0.5	0	2.1	0	0	0	4.0
Casual - Female	0.9	0	1.3	0	0	0	0	0	0.14	2.34
Casual - Male	0	0	0.1	0.1	0	0.1	0	0	0	0.3
Total	1.0	7.1	18.7	14.0	9.4	10.2	1.0	1.0	12.96	75.36

Employees

As at the 30 June 2017, the Pyrenees Shire Council had a total workforce of 75.36 equivalent fulltime positions. Total staff – 124 employees.

Workforce Profile

	Full Time	Part Time	Casual	Total
Male	38	7	2	47
Female	11	46	20	77

Workforce Age

Age Group	Number of Staff
15 – 19	0
20 – 24	1
25 – 34	12
35 – 44	18
45 – 54	44
55 – 64	41
65 and over	8



Recruitment

During the year, Council advertised 21 positions with 187 applications considered.

Council continues to receive multiple applications for most positions advertised – the positions that attracted the most applications were:

- 25 applicants for the position of Customer Service Officer at the Avoca Information and Community Centre
- 20 applicants for the position of Maintenance Labourer in Avoca
- 20 applicants for the position of Casual Customer Service Administrative Support Officer

Workcover

Pyrenees Shire Council experienced a number of claims during the 2016/17 insurance period, with the claims profile detailed below.

Claims Profile	2016/2017
Claims under Section 98, 98A, 98C, 98E 7 103(1)(b) of the Act:	
Minor (under Council's liability)	0
Claims - Major (exceeds Council's liability)	6

The total time lost as a result of these claims were:

Minor claims:	6.0 hours lost
Major Claims:	2,467.70 hours lost

Industrial Relations

On the 17 March 2017 Council's new Enterprise Bargaining Agreement (EBA) was approved and signed by the Fair Work Commission. The EBA runs for three years.

Learning & Development

The Pyrenees Shire Council continues to provide ongoing learning and development to all staff through internal and external training sessions.

A sample of the training undertaken in 2016/17 includes:

- Risk Management Awareness Training
- Sun Smart Workplace Education Program
- Heavy Combination Licence
- First Aid
- Participation in Leadership Ballarat & Western Region Program
- Cement and Concrete Technology and Practice Course
- Management Workshop (Dr. Tom Verghese)

In addition to the specific staff development program, Council also provides and encourages professional development education programs. Council is committed to ongoing training and development of employees to increase efficiency, improve service delivery and develop staff skills and knowledge.

Our Educational Support Policy provides financial assistance for tertiary study in courses that are beneficial to our staff and organisation.

Work Experience

Council continues to provide students from the Beaufort Secondary College with the opportunity to participate in work experience programs. Such programs allow students the opportunity to work in a local government environment.

Equal Employment Opportunity Program

A Council with 40 or more members of staff must have developed and implemented an equal opportunity program. Pyrenees Shire Council has implemented an equal employment opportunity program which is designated to eliminate discrimination against and promote equal opportunity for women and persons in designated groups in relation to employment matters.

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

...programs allow
students the opportunity
to work in a local government
environment. ”

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Section 5: Our Performance

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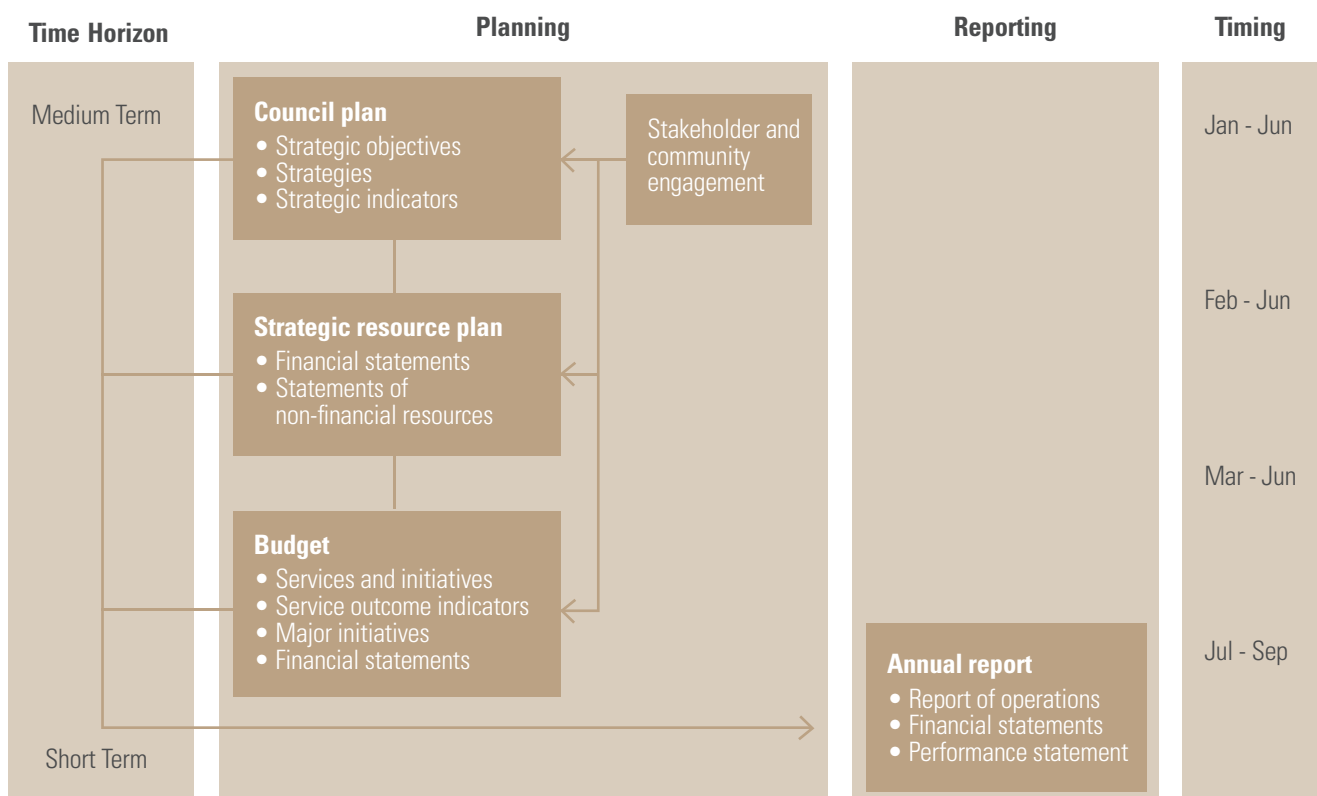


Section 5: Planning and Accountability Framework

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

- A council plan within the six months after each general election or by 30 June, whichever is later;
- A strategic resource plan for a period of at least four years and include this in the council plan;
- A budget for each financial year;
- An annual report in respect of each financial year.

The following diagram shows the relationships between the key planning and reporting documents that make up the planning and accountability framework for local government. It also shows that there are opportunities for community and stakeholder input and feedback at each stage of the planning and reporting cycle.





Council Plan

The Council Plan 2013-17 includes strategic objectives, strategies for achieving these for the four year period, strategic indicators for monitoring achievement of the strategic objectives and a strategic resource plan. The following are the five strategic objectives as detailed in the Council Plan.

1. Leadership

We will provide community leadership and advocacy to ensure we are a financially sustainable organisation, working hard to improve the economic, social and environmental wellbeing of the Pyrenees Shire.

2. Community

We will provide safe, functional and well utilised assets and services, to enhance the quality of life of residents and promote connected, active and resilient communities.

3. Roads

We will maintain a safe and effective road system that caters for all road users within the Shire.

4. Commerce

We will develop the local economy and increase the population of the Pyrenees Shire.

5. Environment

We will show effective leadership in managing our own environmental impacts as well as in the management of the local natural and built environment.

Section 5: Performance

Council's performance for the 2016/17 year has been reported against each strategic objective to demonstrate how Council is performing in achieving the 2013/17 Council Plan.

Performance has been measured as follows:

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

Strategic Objective 1: Leadership

To achieve our objective of Leadership, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, initiatives, major initiatives and service performance indicators for each business area are described below.

Services, projects and programs supporting this key result area

- Corporate Governance
- Councillor Support
- Audit Program
- People and Culture
- Occupational Health and Safety
- Communications
- Customer Services
- Records Management
- Emergency Management
- Information Technology
- Domestic Animal Services
- Local Laws Enforcement
- Rating / Property Services
- Risk Management
- Financial Management

...we will continue to plan,
deliver and improve
**high quality, cost effective,
and accessible and
responsible services.** ”

Strategic Indicator/Measure (Council Plan)

Initiatives	Status	
Develop and implement priority shared services.	<ul style="list-style-type: none"> • Bitumen sealing tender entered into with other councils in the region. • Collaborative arrangement entered into with Hepburn and other shires regarding waste to energy feasibility. • Participant in the Collaborative Council Sustainability Fund Partnerships program with neighbouring councils for waste education program. • Participant in Central Victorian Greenhouse Alliance initiatives for collaborative sustainability projects. • Participation in Regional Partnerships to develop collaborative opportunities and priorities for the region. 	✓
Undertake a strategic review of the Long Term Financial Plan in the context of rate capping.	Annual review of the Long Term Financial Plan has been undertaken with the development of a new Council Plan and Strategic Resource Plan.	✓
Undertake community engagement in the process of developing and communicating the Annual Budget.	2017/18 budget approved by Council at the 13 June Council meeting.	✓
Implement agreed recommendations from the CARS review.	Recommendations from the CARS review are progressively being implemented.	→
Seek to repay debt as quickly as possible. Review the use of debt in the context of rate capping.	Debt fully repaid as at 30 September. Council is currently debt free.	✓
Lobby for federal and state government funding to construct the Beaufort Bypass.	<ul style="list-style-type: none"> • Chief Executive Officer (CEO) participation in the Central Highlands Regional Partnership which is a forum used to advocate for priority projects and an avenue to a special committee of state cabinet. • Additional \$25 million of state funding announced on 19 December to Beaufort bypass for preconstruction and land acquisition to match previous commitment by the federal government. • CEO and Mayor met with various parliamentarians at Parliament House as part of the Central Highlands councils delegation on 22 March advocating for a range of key projects and issues including Beaufort bypass. 	✓
Implement the agreed recommendations of the review to assess the cost benefit of gaining quality accreditation for: <ul style="list-style-type: none"> - AS4801 – Occupational Health and Safety - ISO9001 – Quality Systems - ISO14001 – Environmental Management 	Council determined not to re-apply for accreditation.	✓

Strategic Indicator/Measure (Council Plan)

continued

Initiatives	Status	
<p>Develop the Moonambel Water, Beaufort bypass and telecommunications upgrade priority projects to the stage of 'shovel ready' to attract government funding.</p>	<p>Moonambel Water Federal government announced on 8 June \$180,000 to fast-track stage 2 planning work on Moonambel water supply project under the National Water Industry Development (NWID) fund. Application to the state government has been made through Regional Development Victoria (RDV) for a further \$50,000 funding for the technical and planning work. Discussions are ongoing with RDV. Meeting held with Minister Pulford, Mayor and CEO on 9 December to advocate for project funding. CEO and Mayor met with various parliamentarians at Parliament House as part of the Central Highlands councils delegation on 22 March advocating for a range of key projects and issues including Moonambel water. Minister Neville confirmed in parliament that the State Government is committed to funding \$50,000 towards stage 2 of the project. (All funding for stage 2 is now secured)</p> <p>Beaufort bypass Minister for Planning determined that an Environmental Effects Statement (EES) is required and a Technical Reference Group has been established to provide input into the technical aspects of the planning process with PSC officer participating. Local Federal Member Dan Tehan and Minister for Major Projects, Territories and Local Governments, Paul Fletcher announced \$25 million towards the bypass on 7 June towards design and land acquisition. CEO met with and discussed progress with VicRoads Western Region Director on the 3 November. Additional \$25 million of State funding announced on 19 December to Beaufort bypass for preconstruction and land acquisition to match previous commitment by the Federal government. CEO and Mayor met with various parliamentarians at Parliament House as part of the Central Highlands Councils delegation on 22 March advocating for a range of key projects and issues including Beaufort bypass.</p> <p>Telecommunications Round 1 Federal mobile blackspot funding was announced for base stations at Moonambel, Landsborough and Landsborough West. Council has entered into a Memorandum of Understanding with Telstra for two sites. Funding under Round 2 was announced for base stations at Lexton, Amphitheatre and Waubra by Optus. Dialogue occurring between CEO and Telstra in respect of implementation of Round 1 projects. Planning permits were approved and both Landsborough West and Moonambel base stations are operational. CEO and Mayor met with various parliamentarians at Parliament House as part of the Central Highlands Councils delegation on 22 March advocating for a range of key projects and issues including telecommunications.</p>	<p>→</p>

Strategic Indicator/Measure (Council Plan)

continued

Initiatives	Status	
Review strategic planning priorities.	Review has been completed, strategic priorities are identified and work commencing on major projects in 2017.	✓
Advocate to state and federal governments and work with other agencies to ensure support is provided for those impacted by drought.	<ul style="list-style-type: none"> • CEO advocated with State Treasurer, Tim Pallas on 19 October about state commitments made in respect of drought assistance package. • Funding applications made under the Sustainable Water Fund. • Project funding announced by the state government for Beaufort golf desalination plant and for Waubra oval and recreation facility irrigation. • Living Landsborough project funded as a drought response project, and delivered by PSC in collaboration with the community. 	✓
Undertake the interim secretariat role for RCV and investigate the cost / benefit of providing the ongoing secretariat support.	Pyrenees provided the interim secretariat role for the period November 2015 to June 2016. Council chose not to seek to pursue the role of permanent secretariat after an assessment of the pros and cons and having regard to other operational constraints. Towong Shire Council has since been appointed as permanent secretariat.	✓
Fulfil all governance obligations in relation to the 2016 Council elections.	All required election governance requirements have been fulfilled.	✓
Develop a handover plan for the next Council prior to the 2016 Council election.	Due to all Councillors being returned at the October 2016 election, no handover plan was considered necessary. Councillor Planning day was held in late 2016 to prepare the 2017-2021 Council Plan.	✓
Review the Long Term Financial Plan twice a year.	The Long Term Financial Plan has been reviewed twice this financial year. Desktop review with Councillors at a briefing session and full review as part of the annual budget process.	✓
Review the Long Term Financial Plan twice a year.	The Long Term Financial Plan has been reviewed twice this financial year. Desktop review with Councillors at a briefing session and full review as part of the annual budget process.	✓
Undertake an annual staff climate survey and implement recommendations.	Staff climate review has been undertaken with recommendations to be gradually implemented.	✓
Conduct four internal audits each year and implement recommendations.	Four internal audits have been conducted this year: <ol style="list-style-type: none"> 1. Review of Council's Fleet and Plant 2. Review of Council's Procurement and Contract Management 3. Review of the Occupational Health & Safety System 4. Review of the Road Management Plan 	✓

Strategic Indicator/Measure (Council Plan)

continued

Initiatives	Status	
Develop a new audit program to ensure ongoing accountability.	New internal auditor has been appointed with the new audit plan being presented to the August Audit Committee meeting.	✓
Conduct effective strategic consultation with two key sectors of community on specific issues.	<ul style="list-style-type: none"> • Consultation is occurring with the agriculture sector through Cultivate Agriculture and a number of farmers in respect of a successful grant application for a feasibility study into value adding agricultural straw. • Consultation is occurring with Ballarat Regional Tourism in respect of seasonal marketing campaigns and events. Consultation with the Pyrenees Grape Growers and Wine Makers group on preparation for the 2017 Pyrenees Unearthed event. 	✓

Major Initiative (Budget)

Initiatives	Status	
Lobby for federal and state government funding to construct the Beaufort Bypass.	<ul style="list-style-type: none"> • CEO participation in the Central Highlands Regional Partnership which is a forum used to advocate for priority projects and an avenue to a special committee of state cabinet. • Additional \$25 million of state funding announced on 19 December to Beaufort Bypass for preconstruction and land acquisition to match previous commitment by the Federal Government. • CEO and Mayor met with various parliamentarians at Parliament House as part of the Central Highlands Councils delegation on 22 March advocating for a range of key projects and issues including Beaufort bypass. 	✓
Advocate for a fairer funding model for local government.	<ul style="list-style-type: none"> • PSC submission made to Parliamentary inquiry into the sustainability and operational challenges of rural and regional councils and advocating for fairer funding model. • Council participates in Rural Councils Victoria (RCV) who advocate for fairer funding for rural councils. 	✓
In conjunction with the MAV and RCV advocate for continuance of roads, bridges and other infrastructure funding.	<ul style="list-style-type: none"> • Council made a submission to the Parliamentary inquiry into the sustainability and operational challenges of rural and regional councils, and advocating for road and other funding. The MAV and RCV also provided submissions to that inquiry. • Council participates with RCV activities including Mayors and Councillors forum and contributed input into the strategic advocacy program. 	✓

Major Initiative (Budget)

continued

Initiatives	Status	
<p>Develop the Moonambel Water, Beaufort Bypass and telecommunications upgrade priority projects to the stage of 'shovel ready' to attract government funding.</p>	<p>Moonambel Water Feasibility Plan completed 2015. Federal government announced on 8 June \$180,000 to fast-track stage 2 planning work on Moonambel water supply project under the NWID fund. Application to the State Government has been made through RDV for a further \$50,000 funding for the technical and planning work. Discussions are ongoing with RDV. Meeting held with Minister Pulford, Mayor and CEO on 9 December to advocate for project funding. CEO and Mayor met with various parliamentarians at Parliament House as part of the Central Highlands Councils delegation on 22 March advocating for a range of key projects and issues including Moonambel water. Minister Neville confirmed in parliament that the State Government is committed to funding \$50,000 towards stage 2 of the project. (All funding for stage 2 now secured).</p> <p>Beaufort By-pass - Minister for Planning determined that an EES is required and a Technical Reference Group has been established to provide input into the technical aspects of the planning process with PSC officer participating. Local Federal Member Dan Tehan and Minister for Major Projects, Territories and Local Governments, Paul Fletcher announced \$25 million towards the bypass on 7 June 2016 towards design and land acquisition. CEO met with and discussed progress with VicRoads Western Region Director on 3 November. Additional \$25 million of State funding announced on 19 December to Beaufort Bypass for preconstruction and land acquisition to match previous commitment by the Federal Government. CEO and Mayor met with various parliamentarians at Parliament House as part of the Central Highlands Councils delegation on 22 March advocating for a range of key projects and issues including Beaufort bypass.</p> <p>Telecommunications Round 1 Federal mobile blackspot funding was announced for base stations at Moonambel, Landsborough and Landsborough West. Council has entered into a Memorandum of Understanding with Telstra for two sites. Funding under Round 2 was announced for Base Stations at Lexton, Amphitheatre and Waubra by Optus. Dialogue occurring between CEO and Telstra in respect of implementation of Round 1 projects. Planning permits were approved for both Landsborough West and Moonambel and both base stations now constructed and operational. Telstra has advised they are assessing options in Landsborough. CEO and Mayor met with various parliamentarians at Parliament House as part of the Central Highlands Councils delegation on 22 March advocating for a range of key projects and issues including telecommunications.</p>	<p>✓</p>

Report of Operations

	Service Performance Indicators <i>Service/indicator/measure</i>	Results 2016	Results 2017	Material Variations and Comments
Governance				
Transparency				
G1	Council decisions made at meetings closed to the public [Number of Council resolutions made at ordinary or special meetings of Council, or at meetings of a special committee consisting only of Councillors, closed to the public / Number of Council resolutions made at ordinary or special meetings of Council or at meetings of a special committee consisting only of Councillors] x100	13.71%	12.14%	Continued focus on ensuring that only confidential items are dealt with in meetings closed to the public.
Consultation and engagement				
G2	Satisfaction with community consultation and engagement Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement	56.00	60.00	Small Rural Council and State-wide average is 55.
Attendance				
G3	Councillor attendance at council meetings [The sum of the number of Councillors who attended each ordinary and special Council meeting / (Number of ordinary and special Council meetings) × (Number of Councillors elected at the last Council general election)] x100	97.14%	96.92%	Councillor attendance at meetings remains strong
Service cost				
G4	Cost of governance [Direct cost of the governance service / Number of Councillors elected at the last Council general election]	\$42,928.53	\$42,123.00	Cost of governance remains consistent with previous years.
Satisfaction				
G5	Satisfaction with council decisions [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	56.00	62.00	Small Rural Council and State-wide average is 55 and 54 respectively.

Local Government Community Satisfaction Survey Results – Council's Performance

Overall Performance

2014	63
2015	62
2016	61
2017	64
Small Rural Shires 2017	58
State-wide 2017	59

Community Consultation

2014	58
2015	58
2016	56
2017	60
Small Rural Shires 2017	55
State-wide 2017	55

Advocacy

2014	56
2015	57
2016	55
2017	59
Small Rural Shires 2017	55
State-wide 2017	54

Making Community Decisions

2014	57
2015	57
2016	56
2017	62
Small Rural Shires 2017	55
State-wide 2017	54

Customer Service

2014	71
2015	72
2016	72
2017	74
Small Rural Shires 2017	69
State-wide 2016	69

Overall Council Direction

2014	54
2015	54
2016	54
2017	55
Small Rural Shires 2017	52
State-wide 2017	53



Strategic Objective 2: Community

To achieve our objective of Community we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, initiatives, major initiatives and service performance indicators for each business area are described below.

Services, projects and programs supporting this key result area

- Community Action Planning
- Community Development
- Recreation
- Arts and Culture
- Youth Services
- Aged and Disability Services
- Emergency Recovery Management
- Maternal and Child Health
- Library Services
- Community Resource Centres
- Community Grants

Strategic Indicator/Measure (Council Plan)

Initiatives	Status	
Develop an action plan from the Building Asset Management Plan to address both maintenance and long term utilisation of Council's non-road assets.	Building maintenance, asset renewal and compliance items have been identified and will be actioned where funding allows.	✓
Implement streetscape and hall improvements for Redbank, Raglan and Barkly.	Projects have been scoped and funding sought.	X
Report to Council on the implementation of the Community Action Plans.	Community Action Plan Annual Forum delayed from October due to Council Caretaker Period.	X
Continue to investigate and implement current youth services and activities offered by Council and other providers and explore potential further activities.	Delivery of Year 2 Engage Workplan is on track. Discussions have been held with other Regional providers regarding alternative models. No clear recommendations as yet.	X
Review the Community Grants policy and consider developing a grants rating system with alignment to Community Action Plans.	Review completed.	✓
Lobby state and federal government for an equitable funding model in the transition of HACC services to federal government.	Mayor and CEO participated in delegation to Victorian Parliament House in March to advocate on fairer funding for local government. Mayors and CEOs of the Wannon electorate made representations to the Federal Member on local government funding.	✓
Develop a masterplan for Avoca including community infrastructure such as (but not limited to) accessibility, arts precinct, BBQ shelter, Dundas Street precinct.	Master planning proposed to be incorporated into the Pyrenees Futures project involving township framework plans for 9 towns. Pyrenees Futures project commenced in 2016/17 with Beaufort and Snake Valley townships, and Avoca to follow in 2017/18. Application made to the Victorian Planning Authority for funding for Avoca planning. Council facilitated planning for Avoca Rail precinct plan. Council facilitated revised plans for the main street BBQ shelter replacement and landscaping.	X
Implement the Asset Management Strategy and review the policy bi-annually.	Council's Asset Management Strategy is an active document and is continually being addressed and actions implemented. The Asset Management Policy is currently under review, is in draft form and progression is imminent.	X
Actively participate in the Regional Children and Youth Area Partnership.	All meetings of the partnership have been attended.	✓

Strategic Indicator/Measure (Council Plan)

continued

Initiatives	Status	
Continue to provide high quality library services to our local communities through our facilities in Avoca, Beaufort, Landsborough, Lexton and Snake Valley.	Reported to Council in September following change of hours. Proposed changes to mobile library service to be reported to April Council meeting for decision.	✓
Implement priority recommendations from Council's Health and Wellbeing Plan.	Planning for new Municipal Public Health & Wellbeing Plan underway in partnership with Grampians Pyrenees Primary Care Partnership. Consultation concluded and write up commenced with first draft expected late May.	✓

Major Initiative (Budget)

Initiatives	Status	
Develop and implement a Council Recreation Strategy to ensure our communities have access to resources and facilities that encourage participation.	A Consultant has been appointed and has met with Manager Community Wellbeing to hand over background documents. Consultation process planned to commence February.	X
Lobby for funding for the construction of the Lexton Community Hub.	Monthly meetings are held with RDV officers to progress Council priority projects including Lexton Community Hub.	✓
Implement the Living Landsborough project.	The project has been successfully completed.	✓

Report of Operations

	Service Performance Indicators <i>Service/indicator/measure</i>	Results 2016	Results 2017	Material Variations and Comments
Aquatic Facilities				
Transparency				
AF1	User satisfaction with aquatic facilities (optional) [User satisfaction with how council has performed on provision of aquatic facilities]	0.00	0.00	Council does not conduct an annual pool satisfaction survey.
Service standard				
AF2	Health inspections of aquatic facilities [Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]	1.33	0.00	There were no formal inspections conducted by an authorised officer for the 2016/17 pool season.
Health and Safety				
AF3	Reportable safety incidents at aquatic facilities [Number of WorkSafe reportable aquatic facility safety incidents]	0.00	0.00	There were no reportable incidents.
Service cost				
AF4	Cost of indoor aquatic facilities [Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities]	\$0.00	\$0.00	Council has no indoor aquatic facilities.
Service Cost				
AF5	Cost of outdoor aquatic facilities Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]	\$14.10	\$19.84	Cost per visit has increased due to lower patron visits as a result of a milder summer.
Utilisation				
AF6	Utilisation of aquatic facilities [Number of visits to aquatic facilities / Municipal population]	2.81	1.66	Milder summer resulted in 12,112 patron visits to the pools compared to 19,152 last year.

Report of Operations

	Service Performance Indicators <i>Service/indicator/measure</i>	Results 2016	Results 2017	Material Variations and Comments
Animal Management				
<i>Timeliness</i>				
AM1	Time taken to action animal management requests [Number of days between receipt and first response action for all animal management requests / Number of animal management requests]	1.00	1.00	Animal requests are diarised and initiated on the day of receipt.
<i>Service standard</i>				
AM2	Animals reclaimed [Number of animals reclaimed / Number of animals collected] x100	23.68%	21.05%	Cost of reclaiming animals acts as a deterrent for collection. Costs include fees and travel and are impacted by remoteness and levels of social disadvantage.
<i>Service cost</i>				
AM3	Cost of animal management service [Direct cost of the animal management service / Number of registered animals]	\$48.02	\$49.42	Cost of service delivery remains consistent with prior years.
<i>Health and safety</i>				
AM4	Animal management prosecutions [Number of successful animal management prosecutions]	0.00	0.00	There were no animal management prosecutions completed during 2016/17.

Report of Operations

	Service Performance Indicators <i>Service/indicator/measure</i>	Results 2016	Results 2017	Material Variations and Comments
Food Safety				
<i>Timeliness</i>				
FS1	Time taken to action food complaints [Number of days between receipt and first response action for all food complaints / Number of food complaints]	1.00	1.00	One food safety complaint was received during the year and it was actioned on the same day it was received.
<i>Service standard</i>				
FS2	Food safety assessments [Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the Food Act 1984 / Number of registered class 1 food premises and class 2 food premises that require an annual food safety assessment in accordance with the Food Act 1984] x100	94.37%	45.21%	Incomplete assessments have been assessed and prioritised according to level of risk, and additional resourcing put in place in July 2017 to action.
<i>Service cost</i>				
FS3	Cost of food safety service [Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984]	\$335.43	\$346.45	Cost of service delivery remains consistent with prior years.
<i>Health and safety</i>				
FS4	Critical and major non-compliance outcome notifications [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	50.00%	42.86%	The four major non-compliance notifications outstanding are ongoing and being monitored by officers having regard to risk and according to timeframes agreed with the relevant operator.

Report of Operations

	Service Performance Indicators <i>Service/indicator/measure</i>	Results 2016	Results 2017	Material Variations and Comments
Home and Community Care (HACC)				
<i>Timeliness</i>				
HC1	Time taken to commence the HACC service [Number of days between the referral of a new client and the commencement of HACC service / Number of new clients who have received a HACC service]	4.33	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth's NDIS and CHSP programs.
<i>Service standard</i>				
HC2	Compliance with Community Care Common Standards [Number of Community Care Common Standards expected outcomes met / Number of expected outcomes under the Community Care Common Standards] x100	50.00%	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth's NDIS and CHSP programs.
<i>Service cost</i>				
HC3	Cost of domestic care service [Cost of the domestic care service / Hours of domestic care service provided]	\$67.04	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth's NDIS and CHSP programs.
<i>Service cost</i>				
HC4	Cost of personal care service [Cost of the personal care service / Hours of personal care service provided]	\$59.12	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth's NDIS and CHSP programs.
<i>Service cost</i>				
HC5	Cost of respite care service [Cost of the respite care service / Hours of respite care service provided]	\$65.37	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth's NDIS and CHSP programs.

Report of Operations

	Service Performance Indicators <i>Service/indicator/measure</i>	Results 2016	Results 2017	Material Variations and Comments
Home and Community Care (HACC) continued				
Participation				
HC6	Participation in HACC service [Number of people that received a HACC service / Municipal target population for HACC services] x100	26.75%	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth's NDIS and CHSP programs.
Participation				
HC7	Participation in HACC service by CALD people [Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100	34.85%	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth's NDIS and CHSP programs.
Libraries				
Utilisation				
LB1	Library collection usage [Number of library collection item loans / Number of library collection items]	2.91	2.82	Strong Library collection usage demonstrates the importance of the Library to residents.
Resource standard				
LB2	Standard of library collection [Number of library collection items purchased in the last 5 years / Number of library collection items] x100	78.28%	79.05%	Council continues to invest in new library stock to keep the collection up-to-date and relevant.
Service cost				
LB3	Cost of library service [Direct cost of the library service / Number of visits]	\$5.63	\$5.98	Total cost of Library services has decreased by 13% due to reduction in operating hours. The cost per visit has increased due to an 18% decrease in visits.
Participation				
LB4	Active library members [Number of active library members / Municipal population] x100	10.80%	9.78%	Active Library members remains steady.

Report of Operations

	Service Performance Indicators <i>Service/indicator/measure</i>	Results 2016	Results 2017	Material Variations and Comments
Maternal and Child Health (MCH)				
<i>Satisfaction</i>				
MC1	Participation in first MCH home visit [Number of first MCH home visits / Number of birth notifications received] x100	106.98%	107.14%	Greater than 100% participation due to families moving in to the shire.
<i>Service standard</i>				
MC2	Infant enrolments in the MCH service [Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x100	100.00%	98.21%	Infant enrolments remain strong.
<i>Service cost</i>				
MC3	Cost of the MCH service [Cost of the MCH service / Hours worked by MCH nurses]	\$74.12	\$75.73	Cost of service delivery remains consistent with prior years.
<i>Participation</i>				
MC4	Participation in the MCH service [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	86.63%	88.56%	Participation in MCH service remains consistent.
<i>Participation</i>				
MC5	Participation in the MCH service by Aboriginal children [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	66.67%	100.00%	Low numbers of participants in this service can create high variations year on year.

Maternal & Child Health Service Provision

Maternal & Child Health Service Provision	2014/15	2015/16	2016/17
Number of infants enrolled from birth notifications	68	43	57
Number of new enrolments	90	63	67
Number of active infant records	276	269	251
Additional consultations	296	327	94
Telephone consultations	117	123	210
Community Strengthening Activities	25	19	25

Home and Community Care Service Provision

	2012/13	2013/14	2014/15	2015/16	2016/17
Domestic Assistance	7,035 hours	5,671 hours	4,945 hours	4,357 hours	7,665 hours
Personal Care	1,070 hours	1,275 hours	1,188 hours	3,713 hours	2,494 hours
Respite Care	1,589 hours	1,680 hours	2,217 hours	306 hours	168 hours
Delivered Meals	3,312 meals	5,218 meals	5,381 meals	4,033 meals	3,178 meals
Home Modifications	86 hours	142 hours	63 hours	149 hours	144 hours
Assessment	521 hours	619 hours	706 hours	961 hours	2,089 hours
Planned Activity Groups	5,940 hours	5,415 hours	8,199 hours	4,798 hours	3,486 hours
Community Meals			247 meals	703 meals	944 meals
Podiatry	78 hours	52 hours	108 hours	88 hours	94 hours

Community Grants

The following community groups were awarded funding under Council's Community Grants program.

Organisation	Funded
UMEC Landcare Network Inc.	\$1,500.00
Carngham Recreation Reserve	\$1,500.00
Pyrenees Community Food Pantry Inc.	\$1,500.00
Casablanca Movie Club Inc.	\$900.00
Lexton Football and Netball Club	\$1,012.00
Moonambel Arts & History Group Inc.	\$750.00
Amphitheatre Recreation Reserve	\$1,500.00
Waubra Community Hub	\$500.00
Waubra Bowling Club	\$1,500.00
Avoca Friends of the Pool	\$1,500.00
Beaufort Garden Club	\$1,500.00
Avoca Community Arts & Gardens Inc.	\$1,500.00
Waubra Netball Club	\$1,500.00
Avoca Golf Bowling Club	\$750.00
Avoca Friends of the Pool	\$1,120.00
Moonambel Arts & History Group Inc.	\$600.00
1st Avoca Cubs and Scouts	\$500.00
Avoca RSL Sub Branch Bias Bowls Club	\$1,056.00
Beaufort Historical Society Inc.	\$1,500.00
Waterloo Community Group Incorporated	\$1,500.00
Carranballac Progress Association Inc.	\$1,500.00
Landsborough and District Historical Group	\$1,500.00
Moonambel Mechanics Institute Hall - 80th Birthday Sub Committee	\$750.00
Landsborough Public Hall	\$1,000.00
Lexton Football & Netball Club	\$1,020.00
Beaufort Knitting & Craft Group	\$400.00
1st Avoca Scouts Group	\$1,500.00
Business for Beaufort Inc.	\$1,500.00

Local Government Community Satisfaction Survey Results – Council's Performance

Elderly Support Services

2014	70
2015	70
2016	69
2017	74
Small Rural Shires 2017	71
State-wide 2017	68

Family Support Services

2014	58
2015	68
2016	68
2017	70
Small Rural Shires 2017	68
State-wide 2017	67

Recreation Facilities

2014	67
2015	69
2016	65
2017	72
Small Rural Shires 2017	69
State-wide 2017	70



Strategic Objective 3: Roads

To achieve our objective in our Roads area, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, initiatives, major initiatives and service performance indicators for each business area are described below.

Services, projects and programs supporting this key result area

- Asset Management
- Engineering Design
- Avoca and Beaufort Works
- Contract Management
- Road Maintenance
- Bridge Maintenance

Strategic Indicator/Measure (Council Plan)

Initiatives	Status	
Implement priority bridge restoration works based on the triennial condition assessment.	Bridge restoration work is continuing based on condition assessments.	✓
Complete street trees risk assessment and implement the ongoing maintenance program.	A compiled list of street trees from a 2009 survey is currently being reviewed and street tree risk assessments are being undertaken in conjunction with footpath assessments when appropriate.	X
Implement the gravel road maintenance and renewal strategy.	A gravel road strategy has been approved by Council. A number of actions have been undertaken to improve gravel road maintenance.	✓
Communicate weekly through a Pyrenees Advocate column and website regarding road closures, works and maintenance, in particular grading.	Council continues to communicate weekly through the local newspaper on road projects.	✓
Work with other local government organisation to ensure that asset management is on a continuous improvement path.	Council continues to work with other local government organisations to ensure asset management is working towards best practice.	✓
Undertake two internal audits per annum on compliance with the Road Management Plan.	Internal audits have been implemented.	✓

Major Initiative (Budget)

Initiatives	Status	
Review the Asset Management Strategy through community focus groups and consultation, and communicate and educate the community regarding road management and future works.	This process is being undertaken as part of the continuous improvement of the Asset Management Strategy. Community consultation achieved in part by the Gravel Roads presentations, the Gravel Road Maintenance Strategy and the community notice board.	X

Report of Operations

	Service Performance Indicators <i>Service/indicator/measure</i>	Results 2016	Results 2017	Material Variations and Comments
Roads				
<i>Satisfaction of use</i>				
R1	Sealed local road requests [Number of sealed local road requests / Kilometres of sealed local roads] x100	13.81	12.73	Sealed local road requests have decreased this year due to increased investment in the sealed road network.
<i>Condition</i>				
R2	Sealed local roads below the intervention level [Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] x100	99.98%	99.98%	Roads above intervention have remained consistent with prior years.
<i>Service cost</i>				
R3	Cost of sealed local road reconstruction [Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]	\$45.01	\$34.63	Cost of road construction driven by complexity of specific jobs and market forces.
<i>Service Cost</i>				
R4	Cost of sealed local road resealing [Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]	\$4.01	\$5.02	This service is undertaken by a shared services contract with several other LGAs, and is subject to market testing. Cost of road sealing is influenced by complexity of specific jobs and price of bitumen.
<i>Satisfaction</i>				
R5	Satisfaction with sealed local roads [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	54.00	55.00	Small Rural Councils and State-wide average is 50 and 53 respectively.

Local Government Community Satisfaction Survey Results – Council’s Performance

Sealed Local Roads

2014	56
2015	55
2016	52
2017	55
Small Rural Shires 2017	50
State-wide 2017	53

Streets and Footpaths

2014	58
2015	56
2016	58
2017	57
Small Rural Shires 2017	57
State-wide 2017	57

Unsealed Roads

2014	46
2015	43
2016	45
2017	44
Small Rural Shires 2017	43
State-wide 2017	44



Strategic Objective 4: Commerce

To achieve our objective of Commerce, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, initiatives, major initiatives and service performance indicators for each business area are described below.

Services, projects and programs supporting this key result area

- Support Key Industry Sectors
- Partnerships which support local Business Associations
- Provide training and mentoring opportunities for small business owners
- Plan for and initiate growth of Tourism
- Nurture and grow festivals and events
- Capitalise on nature-based tourism opportunities
- Help develop infrastructure that supports the growth of local industries
- Seek improved Telecommunications
- Capitalise on Renewable Energy Opportunities
- Caravan Parks

Strategic Indicator/Measure (Council Plan)

Initiatives	Status	
Review the Recreational Vehicle Friendly trial in Beaufort.	Planning permit approved and site to be developed subject to conditions of permit.	X
Work with telecommunications companies and government representatives to improve mobile phone and broadband internet access throughout the Shire.	Meetings held with Telstra Regional Manager and with National Broadband Network Co. (NBN) on 3 November to advance communications and internet rollout programs in Pyrenees Shire.	✓
	Landsborough West tower officially launched January and Planning Permit for Moonambel tower approved by Council in March.	✓
	Mobile Black Spot tower installed and commissioned at Moonambel in June. NBN infrastructure rollout for Avoca and Beaufort scheduled for second half of 2017.	X

Strategic Indicator/Measure (Council Plan)

Initiatives	Status	
Improve economic growth and prosperity through the provision of water, and other essential services.	Two projects currently under development:- 1. Moonambel Water Supply. Funding of stage two investigations into a pipeline from Avoca have been approved. These include a Federal Government election commitment of \$180,000 being managed by Department of Environment, Water, Land and Planning (DEWLP), and RDV for \$50,000 support towards this \$260,000 project. Consultants for economic assessment were engaged at the beginning of June. 2. East Grampians Rural Water Supply Project. Working in partnership with Ararat Rural City Council and Grampians Wimmera Mallee Water to conduct a feasibility study into a water supply to connect Buangor and Eurambeen Streatham Road area to a supply that supports agriculture in the region. Business case to be finalised by end of July.	✓ ✓
Continue to support and promote existing and future events in the Shire.	Events officer and sponsorship budget being used to support events across the Shire.	→
Continue to explore opportunities for the take up of industrial land in Beaufort and Avoca.	The connection of natural gas to the Industrial Estate at Avoca has had a positive effect on sales with three blocks remaining for sale.	→
Continue to promote investment in residential land in Beaufort, Avoca and in townships across the Shire.	Correa Park Stage 3 developed and ready for investment. Promotion through Ballarat Real Estate. Several lots in Stage 3 sold and housing under construction.	✓
Implement the recommendations from the Master Plans for the Beaufort, Avoca and Landsborough Caravan Tourist Parks.	Cabin construction at Landsborough completed in March as part of the Living Landsborough Project.	✓
Capitalise on opportunities for the Avoca Industrial Estate from gas connection.	Gas connection installed to industrial estate at a cost of \$15,000 to Council. Pipeline to be commissioned April. The Haymarket from Ballarat have set up a retail agency in Avoca and will liaise with their list of plumbers to assist residents and businesses to convert their appliances to natural gas.	✓

Strategic Indicator/Measure (Council Plan)

Initiatives	Status	
<p>Implement the key initiatives from the Pyrenees Growth Strategy.</p>	<p>Key Initiatives mentioned elsewhere in this report include:</p> <ul style="list-style-type: none"> • Moonambel Water supply; Strategy 2.5. • Regional Agribusiness plans via City of Ballarat Line of Site Project and Future Landscapes project Strategy 3.1, 3.2 and 3.3. • Fostering increased capability and reputation of local wine industry; Strategy 4 • Foster improved capability of local tourism sector, Strategies 5.1, 5.3, 5.4, 5.5, 5.6 and 5.7. <p>Other: Food Source Victoria application funded a feasibility study and business case into a straw pellet manufacturing plant south of Beaufort. The feasibility study has identified a number of potential markets for straw and straw pellets and the business case will be finalised by end of July.</p>	<p>✓</p>

Major Initiative (Budget)

Initiatives	Status	
Drive economic growth and prosperity through advocacy for the provision of telecommunications under the Federal Government Blackspot funding.	Drive economic growth and prosperity through advocacy for the provision of telecommunications under the Federal Government Blackspot funding.	✓
Implement the agreed recommendations from the Tourism Strategy.	<p>Seventeen of the thirty nine actions in the tourism strategy have been identified for action this financial year.</p> <p>Of particular note are the outcomes achieved to date for:-</p> <ul style="list-style-type: none"> • Funding of \$30,000 from the State Governments Wine Growth Fund for the development of a \$60,000 regional wine marketing masterplan for Pyrenees and Grampians Wine Regions and funding of \$23,500 for the 2017 Pyrenees Unearthed Program. Consultants ISpy were appointed in February to undertake the work with joint project management by Grampians Tourism and Visit Ballarat. • Funding for the development of a \$340,000 master plan for cycle tourism across the Grampians Regional Development Australia (RDA) region. Completion of this project is expected by end of 2017. • New Memorandum of Understanding with Ballarat Regional Tourism now known as Visit Ballarat. Quarterly briefings are being provided to council by Visit Ballarat and officer meetings twice per month plus monthly representation on the Visit Ballarat Board. • Application for planning permit for establishment of an Recreational Vehicle camp site in Beaufort approved May. Site due to be developed subject to conditions in the permit application. • Assets and Development team developed plans for Recreational Vehicle dump point at 25-27 Lawrence St Beaufort. Due to be reported to Council for decision in second half of 2017. • New cabins at Landsborough Caravan Park and new power heads installed as part of the Living Landsborough project • New tourism web site went live early March. • New visitor guide completed September. • Involvement in Regional Tourism Board seasonal campaigns. Tourism staff meeting with Visit Ballarat twice per month to coordinate activity into Visit Ballarat’s seasonal campaigns such as the “Summer of Sound”. Planning under way for Autumn at end of December. • Winterlude campaign to include Pyrenees Wine Makers event (in partnership with Grampians Winemakers) called Red Series being sponsored by BMW. 	<p>→</p> <p>X</p> <p>X</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>X</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>
Manage the impacts of the reopening of the rail line from Maryborough to Ararat.	Council’s Assets team have maintained a focus on this project so far in regards to a number of crossings.	X

Local Government Community Satisfaction Survey Results – Council's Performance

Business / Development / Tourism

2014	N/A
2015	62
2016	60
2017	67
Small Rural Shires 2017	64
State-wide 2017	61





Strategic Objective 5: Environment

To achieve our objective of Environment, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, initiatives, major initiatives and service performance indicators for each business area are described below.

Services, projects and programs supporting this key result area

- Statutory Planning
- Strategic Planning
- Building Services
- Places of Public Entertainment (PoPE)
- Environmental Health
- Environment and Sustainability
- Native Vegetation
- Roadside Weeds and Pests
- Waste Management and Recycling
- Landfill Rehabilitation

Strategic Indicator/Measure (Council Plan)

Initiatives	Status	
Work with the Central Victorian Greenhouse Alliance on sustainability initiatives which seek to reduce Council's environmental footprint and build community resilience.	Work with the Central Victorian Greenhouse Alliance on sustainability initiatives which seek to reduce Council's environmental footprint and build community resilience.	→
Implement the Roadside Weed and Pest Management Plan and advocate for funding beyond 2017.	Program completed. Funding secured for 17/18.	✓
Implement the priority recommendations of the State Planning Process Review report.	Amendment C41 has been approved, updating the Planning Scheme to a contemporary format. Other actions are being addressed via Pyrenees Futures in 2017.	→
Continue to participate in the Beaufort Bypass EES through involvement in the Technical Reference Group.	Council continues to actively participate in the Beaufort Bypass Technical Reference Group.	✓
Review and implement the priority actions from the Pyrenees Planning Scheme.	Matters are being addressed via Pyrenees Futures in 2017, and introduced into the Planning Scheme in 2018.	→
Implement and audit the agreed actions from the Domestic Wastewater Management Plan.	A detailed review of the Domestic Wastewater Management Plan (DWMP) has been completed in 2017, and a workplan has been adopted that will enable Council to fully meet its obligations and under the DWMP.	✓
Work collaboratively with other authorities to prepare and implement Council's flood plain management plans.	Council continues to work with Catchment Management Authorities and emergency agencies to prepare and implement flood management plans.	→
Implement the Environmental and Sustainability Strategy.	Current projects: <ul style="list-style-type: none"> • Pools energy audit • Low income solar • Beaufort sustainable water use plan • Waste to energy 	→

Major Initiative (Budget)

Initiatives	Status	
Manage the planning issues arising from wind farm operations.	Council participated in the Stockyard Hill Wind Farm planning panel in early 2017, and the approved permits reflect Council's advocated position.	✓
Implement the agreed recommendations from the 2015 Municipal Waste Services Review.	Recommendations have been implemented where possible. Some recommendations will need to be implemented at the commencement of a new contract.	X

Report of Operations

	Service Performance Indicators <i>Service/indicator/measure</i>	Results 2016	Results 2017	Material Variations and Comments
Statutory Planning				
<i>Timeliness</i>				
SP1	Time taken to decide planning applications [The median number of days between receipt of a planning application and a decision on the application]	38.00	48.00	Increase in complexity of planning applications received this year has resulted in an increase of time taken to process applications.
<i>Service standard</i>				
SP2	Planning applications decided within 60 days [Number of planning application decisions made within 60 days / Number of planning application decisions made] x100	97.00%	98.00%	Planning applications decided within required timeframe has remained consistent with prior years.
<i>Service cost</i>				
SP3	Cost of statutory planning service [Direct cost of the statutory planning service / Number of planning applications received]	\$1,660.43	\$2,212.25	18% increase in planning applications received has resulted in the cost per application to increase.
<i>Decision making</i>				
SP4	Council planning decisions upheld at VCAT [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	0.00%	0.00%	There were no planning applications decided by VCAT.

Report of Operations

	Service Performance Indicators <i>Service/indicator/measure</i>	Results 2016	Results 2017	Material Variations and Comments
Waste Collection				
<i>Satisfaction</i>				
WC1	Kerbside bin collection requests [Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x1000	57.75	67.15	Increase in bin collection requests was driven by increases in repair, replacement and missed collection requests.
<i>Service standard</i>				
WC2	Kerbside collection bins missed [Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x10,000	2.30	2.90	Council received 22 additional missed bin requests this year which equates to one a fortnight.
<i>Service cost</i>				
WC3	Cost of kerbside garbage bin collection service [Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]	\$85.27	\$88.95	Cost of service delivery remains consistent with prior years.
<i>Service cost</i>				
WC4	Cost of kerbside recyclables collection service [Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]	\$48.14	\$49.42	Cost of service delivery remains consistent with prior years.
<i>Waste diversion</i>				
WC5	Kerbside collection waste diverted from landfill [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	38.61%	39.36%	Council continues to focus on initiatives that reduce the level of waste that goes to landfill.

Local Government Community Satisfaction Survey Results – Council’s Performance

Waste Management

2014	73
2015	71
2016	70
2017	75
Small Rural Shires 2017	70
State-wide 2017	71

Planning and Building Permits

2014	51
2015	54
2016	54
2017	54
Small Rural Shires 2017	51
State-wide 2017	51





Living Landsborough Project

Living Landsborough was collaborative community project which improved the town's street appeal and usability.

Living Landsborough included delivering on actions identified in the Community Action Plan such as a new footpath to improve connectivity, an accessible toilet, an upgrade to the hall's kitchen and two new cabins for the caravan park.

Council CEO Jim Nolan said this project was an excellent example of the community working with local and state governments to achieve a desired outcome.

"Council received \$330,000 from Regional Development Victoria for the project, the caravan park committee of management allocated \$75,000 for the cabins and Council also put in \$80,000 from its budget," Mr Nolan said.

"This collaborative approach has meant one of our smaller towns is now in a better position to attract visitors to the Pyrenees wine region, and provide accommodation for temporary workers in the wine and agriculture sectors," he said.

"The upgrades also make the town more liveable for its residents."

The Caravan Park cabins have proved to be popular with visitors and the travelling workforce.

The Living Landsborough project won an award presented by the Institute of Public Works Engineering Australasia (Victoria).

The Living Landsborough project was named the state's best in the Capital Works Under \$2 million category.

Pyrenees Futures: A New Approach to Town Planning

What do you love about your town? What do we need to consider in planning its future?

These are among the questions Council has been asking of its communities as it works on the *Pyrenees Futures* project.

Pyrenees Futures involves producing nine framework plans that will guide development across our major townships including Beaufort, Avoca, Lexton, Waubra and Evansford, Moonambel, Raglan, Landsborough, Amphitheatre and Snake Valley.

The *Pyrenees Futures* process starts by working with communities and conducting research to understand the unique character of each town as well as issues and opportunities around land use, urban design, infrastructure and the environment.

The nine township framework plans will focus on:

- Long term planning policies that will guide future land releases, rezoning, development and how Council assesses planning applications.
- Developing urban design guidelines focused on making our town centres even more people-friendly.

Beaufort was the first town to undergo the *Pyrenees Futures* treatment. Residents have been proactive and provided great feedback about what they love about their town and where it could be improved.

Council's Chief Executive Officer Jim Nolan said the township framework plans considered the current issues and opportunities that were front of mind.

"Putting these issues in to the *Pyrenees Futures* project helps Council to look at ways to address them over the next 5-10 years," Mr Nolan said.

This is an ongoing project for 2017, which will lead to further work in years to come.

The *Pyrenees Futures* team has worked with Snake Valley on where the community sees itself in the future. Community engagement is underway in Lexton and Waubra.

Pyrenees Futures will focus on our townships as a first stage in important reform of land use planning policies affecting our shire.

Residents have been
proactive and provided great
feedback about **what they love**
about their town
and where it could be improved. ”

2016 Floods

Flooding in September 2016 left a damage bill to roads and infrastructure in the Pyrenees Shire in excess of \$16 million.

The damage varied from gravel roads being scoured out, floodways being washed away, culverts being damaged and a number of trees came down.

Community infrastructure in Avoca including the netball courts and oval surface were damaged, the Natte Yallock Recreation Reserve ground went under water, as did the tennis courts. Buildings at the Lexton Recreation Reserve also suffered water damage. The Avoca Lions Park play equipment needed new soft fall and the toilets needed work after going under water. The skate park by the river also needed a tidy up.

Work started straight away, with Council staff attending to the initial emergency clean up, followed by contractors inspecting and fixing more than 5000 problems.

Slowly but surely, contractors have worked their way across the shire, reinstating culverts, re-sheeting gravel roads and lopping dangerous trees.

The work will continue into the next year with six civil contracting teams, two tree maintenance contractors, and two engineering contractors carrying out the repairs.

Council is working with the State and Federal Governments on a number of culvert and floodway repairs to bring them up to modern engineering standards.

Damage to roads and related infrastructure is covered by the National Disaster Relief and Recovery Arrangements (NDRRA).

Community infrastructure repairs have been undertaken, including the resurfacing of the Avoca Recreation Reserve. These repairs are not covered by the NDRRA, and will need to be covered by Council's insurance.



Governance, Management and other information

Governance

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

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

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

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

Council meets at 6:00 pm on the third Tuesday of each month (with the exception of December, which may be on the second Tuesday and January, where no meeting is held). Details of Council meeting dates and times are published in the Pyrenees Advocate one week prior to the meeting. Minutes of Council meetings are available for inspection at the Beaufort Shire Office or may be downloaded from our website at www.pyrenees.vic.gov.au. Members of the public are invited to attend all open meetings of Council.

During the year, Ordinary Council Meetings were also held in Avoca on the 17 November and 21 April and in Snake Valley on the 14 February.

The Statutory Meeting, which included election of the Mayor, was held in Lexton on the 3 November 2016.

Councillor Attendance at Council Meetings

Date	Cr Kehoe	Cr Clark	Cr O'Connor	Cr Eason	Cr Vance
19 July 2016	✓	✓	✓	✓	✓
19 August 2016	✓	✓	✓	✓	✓
19 September 2016	✓	✓	✓	✓	✓
18 October 2016 (Special)	✓	✓	✓	✓	✓
3 November 2016 (Statutory)	✓	✓	✓	✓	✓
17 November 2016	✓	✓	✓	✓	✓
13 December 2016	✓	✓	✓	✓	✓
14 February 2017 (Special)	X	X	✓	✓	✓
21 February 2017	✓	✓	✓	✓	✓
21 March 2017	✓	✓	✓	✓	✓
21 April 2017	✓	✓	✓	✓	✓
16 May 2017	✓	✓	✓	✓	✓
13 June 2017	✓	✓	✓	✓	✓

Code of Conduct

Council has adopted a Code of Conduct to provide guidance to Councillors on ethical conduct and the standard of behaviours expected in relation to other Councillors, Council staff and the community.

The Code of Conduct is reviewed annually and is available upon request from Council or via our website.



Conflict of Interest

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

A conflict of interest occurs when a personal or private interest might compromise the ability to act in the public interest. A conflict of interest exists even if no improper act results from it. Council has a comprehensive procedure in place to accommodate the disclosure of a conflict of interest. Declaration of a conflict of interest is a standard agenda item for all Council meetings.

While the procedures vary depending on the particular role and circumstances, in general they involve disclosing the relevant interests in a specific way and then stepping aside from the relevant decision-making process or from the exercise of the public duty. A register is maintained to record all disclosed conflict of interests.

...a position of
trust that requires Councillors to act in
the public's best interest. ”

Councillor Allowances

In accordance with Section 74 of the *Local Government Act 1989*, 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 Pyrenees Shire Council is recognised as a Category One Council.

The following table contains a summary of the allowances paid to each Councillor during the year.

Councillors	Allowance \$
Cr Tanya Kehoe	21,497
Cr Ron Eason, Mayor/Councillor	49,954
Cr David Clark	21,497
Cr Michael O'Connor, Councillor/Mayor	35,770
Cr Robert Vance	21,497

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 2016/17 year are set out in the following table.

Councillor	TR \$	CM \$	CC \$	IC \$	CT \$	Total \$
Cr Tanya Kehoe	0	2,122	0	0	0	2,122
Cr Ron Eason (Mayor)	0	837	0	0	118	955
Cr David Clark	0	1,756	575	0	0	2,331
Cr Michael O'Connor (Mayor)	0	2,200	0	986	0	3,186
Cr Robert Vance	0	10,696	0	0	73	10,769

Legend: TR-Travel CM-Car Mileage CC-Child Care IC-Information and Communication expenses CT-Conferences and Training expenses

Internal Audit

The Internal Audit Committee is an Advisory Committee of Council and monitors internal controls, financial management and risk management. Council's Internal Audit Committee is comprised of three independent external members – Mr Geoff Price (Chairperson), Mr Maurice Barwick and Ms Wendy Honeyman and two Councillors – Cr Tanya Kehoe and Cr Michael O'Connor. Council's Internal Auditor is Danny Keating from DJK Consulting.

Meetings were held on 23 August, 22 November 2016 and 23 May 2017.

The Committee considered reports from the Internal Auditor on Council's Building Services, Fleet and Plant Management, Procurement and Contract Management, Road Management Act Compliance, Occupation Health and Safety Compliance Quality Assurance and the Outstanding Issues Register.

Committees (Section 86)

Council could not operate effectively without the assistance of the many volunteers represented on Council's Special Committees (Section 86 Committees).

The following Committees have been established under the *Local Government Act 1989*. Meetings of these Committees are open to the public and minutes of the meetings are available for public inspection.

- Beaufort Community Bank Complex
- Brewster Hall
- Landsborough Community Precinct
- Lexton Community Centre
- Snake Valley Hall
- Waubra Community Hub

All Instruments of Delegation to Section 86 Committees were reviewed by Council during the year.

Continuous Improvement

As outlined in the *Local Government Act 1989*, the Best Value provisions require Council to review its services against the following principles;

- Specific quality and cost standards for every Council service
- Responsiveness to community needs
- Accessibility and appropriately targeted services
- Continuous improvement
- Regular community consultation on all services and activities
- Frequent community reporting

Communications

Council has continued to monitor, report and review communication activities to ensure residents remain well-informed and educated on Council's programs and services. Through this reporting system, Council has established a streamlined approach in delivering messages to residents. An overview of communications channels used are:

- Public notices appear in the weekly newspapers and have proved to be an efficient way to communicate with residents on all matters including (but not limited to) public meetings, grants, capital works and upcoming events.
- The website is a central hub for residents to go to for information and details on Council matters. It has evolved to provide two-way communication between Council and residents.
- Media releases are distributed regularly providing a proactive way to highlight Council activity.
- Advertisements are often used to publicly advertise Council events.
- Quarterly Community Newsletter.

Information technology plays an important role in providing residents and staff with an efficient means of communication. Council has developed a website model that provides residents with a central point to gain information on Council activity while also providing an avenue for Council to gain feedback.

Identifying and highlighting Council's key projects and priorities has been beneficial in effectively engaging with stakeholders and government on a local, state and federal level. It has allowed materials to be clear and concise so that government and stakeholders are clear on objectives and Council's requests. A number of priority projects have been identified and include:

- Telecommunications in rural and regional areas
- Western Highway Bypass

Management

Council has implemented a number of statutory and better practice items to strengthen its management framework. Having strong governance and management frameworks leads to better decision making by Council. The Act requires Council to undertake an assessment against the prescribed governance and management checklist and include this in its report of operations. Council's Governance and Management Checklist results are set out in the section below. The following items have been highlighted as important components of the management framework.

**Information technology
plays an important role**
in providing residents and staff with an
**efficient means of
communication.**”

Governance and Management Checklist

The following are the results in the prescribed form of Council's assessment against the prescribed governance and management checklist.

Governance and Management Items	Assessment	
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: 5 April 2017	✓
2. Community engagement guidelines (guidelines to assist staff to determine when and how to engage with the community)	Guidelines Date of current guidelines: 5 April 2017	✓
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: 13 June 2017	✓
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: 13 June 2017	✓
5. Asset management plans (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	Plans Date of operation of current plans: Buildings 21 February 2012 Bridges and Major Culverts 15 May 2012 Road Asset Management Plan 21 August 2007	✓
6. Rating strategy (strategy setting out the rating structure of Council to levy rates and charges)	Strategy Date of operation of current strategy: 21 May 2013	✓
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: 19 April 2016	✓
8. Fraud policy (policy outlining Council's commitment and approach to minimising the risk of fraud)	Policy Date of operation of current policy: 1 April 2015	✓
9. Municipal Emergency Management Plan (plan under Section 20 of the <i>Emergency Management Act 1986</i> for emergency prevention, response and recovery)	Prepared and maintained in accordance with Section 20 of the <i>Emergency Management Act 1986</i> 12 December 2016	✓

Governance and Management Items	Assessment	
10. Procurement policy (policy under Section 186A of the <i>Local Government Act 1989</i> outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)	Prepared and approved in accordance with Section 186A of the <i>Local Government Act 1989</i> Date of approval: 3 March 2017	✓
11. Business continuity plan (plan setting out the actions that will be undertaken to ensure that key services continue to operate in the event of a disaster)	Business Continuity Plan 12 January 2016 Business Continuity Management Policy: 18 April 2016	✓
12. Disaster recovery plan (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	Plan Date of operation of current plan: 12 January 2016	✓
13. Risk management framework (framework outlining Council's approach to managing risks to the Council's operations)	Framework Date of operation of current framework: 19 April 2016	✓
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: 18 June 1998	✓
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: 1 January 2012	✓
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: 9 June 2015	✓
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)	Council Plan reported to Council Progress Report Q1 – 11 November 2016 Progress Report Q2 – 2 February 2017 Progress Report Q3 – 5 May 2017	✓
18. Financial reporting (quarterly statements to Council under Section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)	Statements presented to Council in accordance with Section 138(1) of the Act Date statements presented: 9 September 2016, 11 November 2016, 2 February 2017, 5 May 2017	✓

Governance and Management Items	Assessment	
19. Risk reporting (six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies)	Report Risk Reporting 3 March 2017, 6 June 2017	✓
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)	Report Local Government Performance Report – Q1 – 19 September 2016, Report – Q2 – 3 March 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 and performance statements)	Considered at a meeting of Council in accordance with section 134 of the Act Date statements presented: 10 October 2016	✓
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: 14 February 2017	✓
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 Dates of reviews: S11 – 16 May 2017, S5 – 18 April 2017, S7 – 5 March 2013, S6 – 16 May 2017, S12 – 9 December 2014, S11A – 18 March 2014	✓
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: 17 April 2012	✓

Statutory information

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

Documents Available for Public Inspection

In accordance with Part 5 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 Pyrenees Shire Council's Beaufort Office at 5 Lawrence Street, Beaufort:

- details of current allowances fixed for the Mayor and Councillors.
- details of senior officers' total salary packages for the current financial year and the previous year.
- details of overseas or interstate travel (with the exception of interstate travel by land for less than three days) undertaken in an official capacity by Councillors or any member of Council staff in the previous 12 months.
- names of Council officers who were required to submit a return of interest during the financial year and the dates the returns were submitted.
- names of Councillors who submitted returns of interest during the financial year and the dates the returns were submitted.
- agendas for and minutes of ordinary and special meetings held in the previous 12 months except if the minutes relate to parts of meetings which have been closed to members of the public.
- a list of all special committees established by Council and the purpose for which each committee was established.
- a list of all special committees established by the Council which were abolished or ceased to function during the financial year.
- minutes of meetings of special committees held in the previous 12 months except if the minutes relate to parts of meetings which have been closed to members of the public.
- a register of delegations.
- submissions received in accordance with Section 223 of the Act during the previous 12 months
- agreements to establish regional libraries.
- details of all property, finance and operating leases involving land, buildings, plant, computer equipment or vehicles entered into by the Council as lessor or lessee, including the name of the other party to the lease and the terms and the value of the lease.
- a register of Authorised Officers.
- a list of donations and grants made by the Council during the financial year.
- a list of the names of the organisations of which the Council was a member during the financial year and details of all membership fees and other amounts and services provided during that year to each organisation by the Council.
- a list of contracts valued at \$150,000 or more which the Council entered into during the financial year without first engaging in a competitive process.



Best Value

In accordance with Section 208B(f) of the *Local Government Act 1989*, at least once every year a Council must report to its community on what it has done to ensure that it has given effect to the Best Value Principles. Council incorporates Best Value Principles through regular business planning and performance monitoring processes and through a commitment to continuous improvement and innovation which is supported by our Sustainable Excellence Program. To further reflect Council's commitment to Best Value, Council has commenced the design and planning of a Business Unit Planning Program which is being rolled out to the whole organisation. This program provides additional review and improvement mechanisms to ensure that Council's services achieve best practice standards in regards to service performance.

Contracts

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

Council incorporates **Best Value Principles** through regular business planning and **performance monitoring processes...**”

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 2012–16 in 2012. The plan was developed through consultation with Council's Animal Management Team and consideration of input from other Council departments. No actions were completed at the date of this report.

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 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 Freedom of Information can be found at www.foi.vic.gov.au and on the Council's website.

Council received two Freedom of Information applications during 2016/17.

Protected Disclosure Procedures

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

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

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

Road Management Act Ministerial direction

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

Emergency Management

As documented in the *Local Government Act 1989* and the *Emergency Management Act 2013*, councils play a critical role in Victoria's emergency management.

Councils have emergency management responsibilities because they are the closest level of government to their communities and have access to specialised local knowledge about the environmental and demographic features of their districts. People also naturally seek help from their local council and emergency management agencies during emergencies and following the recovery process.

There are four primary responsibilities for Council:

- Emergency Risk Management – A process which aims to reduce risks and/or their impacts within a community.
- Planning and Preparation – Maintaining a state of readiness through training, development of operations plans and building strong relationships with relevant agencies.
- Response – Supporting the emergency services that respond to the emergency event.
- Recovery – Coordinating the community's recovery from emergencies and assisting individuals to access services and support.

Municipal Emergency Management Plan

Pyrenees Shire Council is required to develop and maintain a Municipal Emergency Management Plan (MEMP) which outlines how the Council and its supporting agencies will meet the requirements of the four responsibilities listed above.

The Municipal Emergency Management Plan (MEMP) also has a number of sub-plans which outline additional detail and operating procedures for the more complex and high risk emergencies. A copy of the MEMP and its sub-plans can be viewed on our website.

The following outcomes were achieved during the 2016/17 year:

Prepared for the Municipal Emergency Management Plan (MEMP) Audit.

Co-ordinated preparation for a tri-annual audit of the MEMP held on the 5 April. This audit was conducted by representative from VICSES, VICPOL and DHHS.

Responded to the 13 September Storm and Flood Event.

Co-ordinated the recovery of municipal and infrastructure assets impacted by the flood including two more damaging rain events in October 2016 and April 2017 by:

- Forming the Pyrenees Shire Storm and Flood recovery Committee;
- Developed a Storm and Flood Recovery Plan; and
- Implemented the recovery plan (on-going).

Reviewed and updated the following:

- MEMP Heatwave sub-plan;
- Municipal Emergency Relief Centre Operations Plan; and
- MEMP Introductory Information section.

Formed a Flood Planning Work Group to:

- Review current flood planning arrangements in light of the September flood event;

- Engage all four Catchment Management Authorities (CMAs) in this planning process; and
- Developed an Avoca Flood Management Plan.

Drafted and submitted a submission for funding to implement and evaluate the Municipal Community Resilience sub-plan. Conducted a Recovery Centre training exercise in Beaufort.

Local Government Community Satisfaction Survey Results – Council’s Performance

Emergency and Disaster Management

2014	71
2015	69
2016	73
2017	74
Small Rural Shires 2017	72
State-wide 2017	70

Section 6: Financials

Performance Statement and Financial Report

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

The Financial Report is a key report of the Pyrenees Shire Council. It shows how Council performed financially during the 2016/17 financial year and the overall position at the end (June 30 2017) of the financial year.

Council presents its Financial Report in accordance with the Australian Accounting Standards. Particular terms required by the Standards may not be familiar to some readers. Further, Council is a 'not-for-profit' organisation and some of the generally recognised terms used in private sector company reports are not appropriate to Council's Reports.

The Performance Statement and Financial Report have been included on the disk in the inside rear cover of this Report.





COURT

Pyrenees Shire Council

A Plain English Guide to the Financial Report

Introduction

The Financial Report is a key report of the Pyrenees Shire Council. It shows how Council performed financially during the 2016/2017 financial year and the overall position at the end of the financial year (30 June 2017).

Council presents its' financial report in accordance with the Australian Accounting Standards. Particular terms required by these standards may not be familiar to some readers. Further, Council is a 'not-for-profit' organisation and some of the generally recognised terms used in private sector company reports are not appropriate to Council's report.

Council is committed to accountability. It is in this context that the Plain English Guide has been developed to assist readers understand and analyse the financial report.

What is contained in the Annual Financial Report?

Council's Annual Financial Report has two main sections; the Financial Statements and the Notes to the Financial Report. There are five statements and 38 notes. These are prepared by Council's staff, examined by the Council Audit Committee and by Council, and then are audited by the Victorian Auditor-General.

The five key statements are included as the first section of the Annual Financial Report. These statements are the Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and the Statement of Capital Works.

The notes section details Council's accounting policies, make up of individual values contained in the statements and other required disclosures, and comprise the balance of the Annual Financial Report.

Comprehensive Income Statement

The Comprehensive Income Statement is alternatively referred to as a 'Profit and Loss Statement' and shows the sources of Council's revenue and the expenses incurred in running the Council during the year, under various headings. These expenses relate only to the ongoing operations of Council and do not include the cost associated with the purchase or construction of Property, Infrastructure, Plant & Equipment assets. Whilst these asset acquisition costs are not included in the expenses there is an item for 'depreciation', which is the value of the assets used up or consumed during the year.

One key figure to look at is the surplus (or deficit) for the year which is equivalent to the profit (or loss) of Council for the financial year. A surplus means that the revenue was greater than the expenses.

Balance Sheet

This one-page summary is a snap shot of Council's financial situation as at 30 June 2017. It shows what assets the Council owns and/or controls and what it owes as liabilities. The bottom line of this statement is Net Assets. This is the net worth (equity) of Council which has been built up over many years.

The assets and liabilities are separated into Current and Non-current. Current means those assets or liabilities which are due to be settled in the next 12 months. The components of the Balance Sheet are described here.

Current and Non-Current Assets

- "Cash" includes cash and those term deposit investments with a maturity date of less than 91 days, i.e. cash held in the bank and in petty cash and the market value of Council's investments.
- "Receivables" are monies owed to Council by ratepayers, the Australian Taxation Office and others.
- "Other Financial Assets" are those term deposit investments with a maturity date of 91 days or longer.
- "Inventories" are stock of goods held for sale in Council's Resource Centres.
- "Non-Current Assets As Held For Sale" comprises blocks of residential and industrial land held by Council that are currently for sale.
- "Other Assets" comprises of expenses which have been paid in advance and income that has been accrued.
- "Property, Infrastructure, Plant & Equipment" is the largest component of Council's worth and represents the value of all the land, buildings, roads, vehicles, equipment, etc. assets which has been built up by Council over many years.

Current and Non-Current Liabilities

- "Payables" are those suppliers to whom Council owes money as at 30 June 2017.
- "Trust Funds and Deposits" represent monies held in trust by Council which are due to be returned or distributed once certain conditions have been met.
- "Provisions" include accrued long service and annual leave owed to employees.
- "Interest-bearing Loans and Borrowings" represent bank debt owed by Council.

Pyrenees Shire Council

A Plain English Guide to the Financial Report

Net Assets

- This term is used to describe the difference between the value of total assets and the value of total liabilities. It represents the net worth (equity) of Council as at 30 June 2017.

Equity

This always equals Net Assets. It is made up of the following components:

- "Asset Revaluation Reserve" which is the difference between the previously recorded value of assets and their current valuations;
- "Recreational Land Reserve" which is developer cash contributions towards public open space; and,
- "Accumulated Surplus" which is the value of all net assets accumulated over time.

Statement of Changes in Equity

Between one balance date and the next the total of the Equity belonging to ratepayers changes. This statement shows the values of such changes and how they arose.

The main reasons for a change in equity stem from:

- The 'profit or loss' from operations, described in the Comprehensive Income Statement as "Surplus/(Deficit) for the year".
- The use of monies from, or contribution of money to, Council's Recreational Land Reserve.
- Revaluation of Council Property, Infrastructure, Plant & Equipment assets, which takes place on a regular basis.

Statement of Cash Flows

The Statement of Cash Flows summarises Council's cash payments and cash receipts for the year. This statement is presented according to a very specific accounting standard and needs some care in analysis. The line item values may differ from those shown in the Comprehensive Income Statement because the Comprehensive Income Statement is prepared on an accrual accounting basis.

"Cash and Cash Equivalents" in this statement refers to bank deposits with a maturity of less than 91 days and other forms of highly liquid investments that can readily be converted to cash.

Council's cash arises from, and is used in, three main areas:

Cash flows from operating activities

- Receipts – All cash received into Council's bank account from ratepayers and others who owe money to Council. Receipts also include the interest earnings from Council's cash investments. It does not include the revenue associated with the sale of Property, Infrastructure, Plant & Equipment assets.
- Payments – All cash paid by Council from its bank account to staff, creditors and other persons or businesses for operational expenditure. It does not include the costs associated with the purchase or construction of Property, Infrastructure, Plant & Equipment assets.

Cash flows from investing activities

- This section shows the cash invested in the creation or construction of Property (including residential and industrial land), Infrastructure, Plant & Equipment assets and the cash received from the sale of these assets.

Cash flows from financing activities

- This is where the receipt and repayment of borrowed funds are recorded, along with the interest paid on those borrowings.

Cash and cash equivalents at the end of the financial year

- This shows the capacity of Council to meet its debts and other liabilities as they become due and payable.

Statement of Capital Works

The Statement of Capital Works summarises the expenditure on the purchase and construction of Property, Infrastructure, Plant & Equipment assets during the year by each category of asset (e.g. land, buildings, roads, bridges, plant etc). It also summarises this expenditure by expenditure type, i.e. new assets, asset renewal (bringing an asset back to its original capacity) or asset upgrade (increasing the capacity of an asset, for example widening a bridge from one lane to two lanes).

Pyrenees Shire Council

A Plain English Guide to the Financial Report

Notes to the Financial Report

The Notes to the Financial Report are a very important and informative section of the Annual Financial Report. The Australian Accounting Standards are not prescriptive on a lot of issues. Therefore, to enable the reader to understand the basis on which the values shown in the statements are established, it is necessary to provide details of Council's accounting policies. These are described in note 1.

Apart from the accounting policies, the notes also give details behind many of the summary figures contained in the statements. The note numbers are shown beside the relevant items in the Comprehensive Income Statement, Balance Sheet and the Statement of Cash Flows.

Where Council wishes to disclose other information which cannot be incorporated into the statements then this is shown in the notes.

Other notes include: a comparison of the actual result with Council's budget; the breakdown of expenses, revenues, assets, liabilities and equity; contingent liabilities; transactions with persons related to Council; and financial commitments. The notes should be read at the same time as, and together with, the other parts of the Annual Financial Report to get a clear picture of the financial position of Council.

Certification of the Financial Statements

The certification of the Principal Accounting Officer is made by the person responsible for the financial management of Council that, in her/his opinion, the financial statements have met all the statutory and professional reporting requirements.

The Certification of Councillors is made by two Councillors on behalf of Council that, in their opinion, the financial statements are fair and not misleading.

Auditor-General's Report

The Independent Audit Report provides the reader with an external and independent opinion on the financial statements. It confirms that the Annual Financial Report has been prepared in accordance with relevant legislation and professional standards and that it represents a fair picture of the financial affairs of the Council.

General

The Pyrenees Shire Council was established by an Order of the Governor in Council on 23 September 1994 and is a body corporate.

The Council's main office is located at 5 Lawrence Street, Beaufort.

External Auditor - Crowe Horwarth as agent of the Auditor-General of Victoria

Internal Auditor - DJK Consulting & AFS & Associates Pty Ltd

Solicitors - Peter S Glare and Associates

Bankers - Bendigo Community Bank

Website address - www.pyrenees.vic.gov.au

Pyrenees Shire Council

ANNUAL FINANCIAL REPORT

For the Year Ended 30 June 2017

Pyrenees Shire Council

Financial Report

Table of Contents

FINANCIAL REPORT	Page
Financial Statements	
Comprehensive Income Statement	1
Balance Sheet	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Statement of Capital Works	5
Notes to the Financial Report	
Introduction	6
Note 1 Significant accounting policies	6
Note 2 Budget comparison	14
Note 3 Rates and service charges	20
Note 4 Statutory fees and fines	20
Note 5 User charges	20
Note 6 Grants	21
Note 7 Contributions	22
Note 8 Net gain/(loss) on disposal of property, infrastructure, plant and equipment	22
Note 9 Other income	23
Note 10 Employee costs	23
Note 11 Materials and services	24
Note 12 Bad and doubtful debts	24
Note 13 Depreciation	24
Note 14 Borrowing costs	24
Note 15 Other expenses	24
Note 16 Cash and cash equivalents	25
Note 17 Other financial assets	25
Note 18 Trade and other receivables	25
Note 19 Inventories	26
Note 20 Non-current assets classified as held for sale	26
Note 21 Other assets	26
Note 22 Property, infrastructure, plant and equipment	27
Note 23 Trade and other payables	31
Note 24 Trust funds and deposits	31
Note 25 Provisions	31
Note 26 Interest-bearing loans and borrowings	32
Note 27 Reserves	33
Note 28 Reconciliation of cash flows from operating activities to surplus/(deficit)	34
Note 29 Reconciliation of cash and cash equivalents	34
Note 30 Financing arrangements	34
Note 31 Commitments	35
Note 32 Operating leases	35
Note 33 Superannuation	35
Note 34 Contingent liabilities	37
Note 35 Financial Instruments	37
Note 36 Related party disclosures	39
Note 37 Senior Officers Remuneration	40
Note 38 Events occurring after balance date	40
Certification of the Financial Report	41

	Note	2017 \$'000	2016 \$'000
Income			
Rates and service charges	3	9,134	8,683
Statutory fees and fines	4	184	128
User charges	5	829	724
Grants - operating	6	12,505	3,715
Grants - capital	6	2,811	3,507
Contributions - monetary	7	157	54
Net gain on disposal of property, infrastructure, plant and equipment	8	216	-
Fair value adjustment for non-current assets classified as held for sale	20	273	-
Other income	9	275	266
Total income		26,384	17,077
Expenses			
Employee costs	10	(6,389)	(6,430)
Materials and services	11	(9,678)	(5,583)
Bad and doubtful debts	12	(34)	-
Depreciation	13	(6,646)	(6,548)
Borrowing costs	14	(5)	(28)
Net loss on disposal of property, infrastructure, plant and equipment	8	-	(35)
Impairment adjustment for non-current assets classified as held for sale	20	-	(19)
Other expenses	15	(295)	(317)
Total expenses		(23,047)	(18,960)
Surplus/(deficit) for the year		3,337	(1,883)
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation decrement	27(a)	(4,049)	(53,271)
Total comprehensive result		(712)	(55,154)

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

	Note	2017 \$'000	2016 \$'000
Assets			
Current assets			
Cash and cash equivalents	16	5,800	1,648
Other financial assets	17	3,755	3,508
Trade and other receivables	18	851	927
Inventories	19	6	7
Non-current assets classified as held for sale	20	870	1,113
Other assets	21	234	130
Total current assets		11,516	7,333
Non-current assets			
Trade and other receivables	18	96	115
Property, infrastructure, plant and equipment	22	224,269	229,139
Total non-current assets		224,365	229,254
Total assets		235,881	236,587
Liabilities			
Current liabilities			
Trade and other payables	23	1,598	983
Trust funds and deposits	24	103	182
Provisions	25	2,022	2,057
Interest-bearing loans and borrowings	26	-	500
Total current liabilities		3,723	3,722
Non-Current liabilities			
Provisions	25	160	155
Total non-current liabilities		160	155
Total liabilities		3,883	3,877
Net assets		231,998	232,710
Equity			
Accumulated surplus		86,627	83,290
Reserves	27	145,371	149,420
Total equity		231,998	232,710

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

Statement of Changes in Equity
For the Year Ended 30 June 2017

	Note	Total \$'000	Accumulated surplus \$'000	Asset revaluation reserve \$'000	Recreational land reserve \$'000
2017					
Balance at beginning of the financial year		232,710	83,290	149,411	9
Surplus for the year		3,337	3,337	-	-
Net asset revaluation (decrement)	27(a)	(4,049)	-	(4,049)	-
Balance at end of the financial year		231,998	86,627	145,362	9
2016					
Balance at beginning of the financial year		287,864	85,173	202,682	9
(Deficit) for the year		(1,883)	(1,883)	-	-
Net asset revaluation (decrement)	27(a)	(53,271)	-	(53,271)	-
Balance at end of the financial year		232,710	83,290	149,411	9

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

Statement of Cash Flows
For the Year Ended 30 June 2017

	Note	2017 Inflows/ (Outflows) \$'000	2016 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and service charges		9,205	8,617
Statutory fees and fines		184	128
User charges		941	774
Grants - operating		12,505	3,764
Grants - capital		2,811	3,542
Contributions - monetary		173	59
Interest received		113	152
Trust funds and deposits taken		1,502	1,468
Other receipts		163	105
Net GST received		1,273	953
Employee costs		(6,419)	(6,279)
Materials and services		(10,093)	(6,092)
Trust funds and deposits repaid		(1,581)	(1,462)
Other payments		(362)	(349)
Net cash provided by operating activities	28	10,415	5,380
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(6,291)	(6,474)
Proceeds from sale of property, infrastructure, plant and equipment		402	256
Payments for land held for resale		(11)	(757)
Proceeds from sale of land held for resale		389	534
Proceeds from sale of other financial assets		(247)	(3,499)
Net cash (used in) investing activities		(5,758)	(9,940)
Cash flows from financing activities			
Finance costs		(5)	(28)
Repayment of borrowings		(500)	(737)
Net cash (used in) financing activities		(505)	(765)
Net increase (decrease) in cash and cash equivalents		4,152	(5,325)
Cash and cash equivalents at the beginning of the financial year		1,648	6,973
Cash and cash equivalents at the end of the financial year	29	5,800	1,648
Financing arrangements	30		
Restrictions on cash assets	16		

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

	2017 \$'000	2016 \$'000
Property		
Land - specialised	162	-
Land improvements	71	-
Total land	<u>233</u>	<u>-</u>
Buildings - specialised	388	66
Total buildings	<u>388</u>	<u>66</u>
Total property	<u>621</u>	<u>66</u>
 Plant and equipment		
Plant, machinery and equipment	1,085	640
Fixtures, fittings and furniture	2	13
Computers and telecommunications	44	53
Library collection	23	24
Total plant and equipment	<u>1,154</u>	<u>730</u>
 Infrastructure		
Roads	3,388	3,920
Footpaths and cycleways	10	3
Drainage	382	401
Bridges	123	881
Other structures	131	12
Total infrastructure	<u>4,034</u>	<u>5,217</u>
 Total capital works expenditure	<u>5,809</u>	<u>6,013</u>
 Represented by:		
New asset expenditure	579	333
Asset renewal expenditure	4,695	3,945
Asset expansion expenditure	-	-
Asset upgrade expenditure	535	1,735
Total capital works expenditure	<u>5,809</u>	<u>6,013</u>

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

Introduction

The Pyrenees Shire Council was established by an Order of the Governor in Council on 23 September 1994 and is a body corporate. The Council's main office is located at 5 Lawrence Street Beaufort.

Statement of compliance

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

Note 1 Significant accounting policies

(a) Basis of accounting

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 1 (m))
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 1 (n))
- the determination of employee provisions (refer to Note 1 (t))

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

(b) Changes in accounting policies

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

(c) Principles of consolidation

The consolidated financial statements of Council incorporate all entities controlled by Council as at 30 June 2017, and their income and expenses for that part of the reporting period in which control existed.

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

Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

In the process of preparing consolidated financial statements all material transactions and balances between consolidated entities are eliminated. Council does not currently control any entities that require consolidation into these financial statements.

(d) Committees of management

All entities controlled by Council that have material revenues, expenses, assets and liabilities, such as Committees of Management, have been included in this financial report. Any transactions between these entities and Council have been eliminated in full.

The following *Local Government Act 1989* Section 86 Committee of Council has been consolidated into this financial report:

Beaufort Community Bank Complex.

Note 1 Significant accounting policies (continued)

(e) Accounting for investments in associates and joint arrangements

Associates

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

Joint arrangements

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

At balance date Council does not have any investments in associates or joint arrangements.

(f) Revenue recognition

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

Rates and service charges

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

Statutory fees and fines

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

User charges

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

Grants

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

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

Contributions

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

Net gain on disposal of property, infrastructure, plant and equipment

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

Interest on investments

Interest is recognised as it is earned.

Other income

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

Note 1 Significant accounting policies (continued)

(g) Fair value measurement

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

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

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

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

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

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

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

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

(h) Cash and cash equivalents

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

(i) Trade and other receivables

Short term receivables are carried at invoice amount as amortised cost using the effective interest rate method would not impact the carrying value. 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.

(j) Other financial assets

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

(k) Inventories

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

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

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

Note 1 Significant accounting policies (continued)

(m) Recognition and measurement of property, infrastructure, plant and equipment

Acquisition

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

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

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

Revaluation

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at Note 22, Property, infrastructure, plant and equipment.

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

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

Land under roads

Council recognises land under roads that it owns at fair value.

(n) Depreciation of property, infrastructure, plant and equipment

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.

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.

Note 1 Significant accounting policies (continued)

(n) Depreciation of property, infrastructure, plant and equipment (continued)

Asset recognition thresholds and depreciation periods

Asset category	Depreciation Period (years)		Threshold Limit \$'000
	For the year ended 30 June: 2017	2016	
Property			
land	-	-	-
land improvements	25	25	10
Buildings			
buildings	120	50	10
Plant and Equipment			
plant, machinery and equipment	5-10	5-10	1
fixtures, fittings and furniture	3-10	3-10	1
computers and telecommunications	3-10	3-10	1
library collection	3-10	3-10	1
Infrastructure			
sealed roads formation	100.0	100.0	10
unsealed roads formation	100.0	100.0	10
sealed roads pavement	80.4	80.4	10
unsealed roads pavement	25.0	25.0	10
sealed surfaces	18.5	18.5	10
footpaths	52.1	52.1	10
kerb and channel	78.1	78.1	10
major culverts, pipes and pits	80-100	80-100	10
bridges	108.0	108.0	10
other structures	10-25	10-25	1

(o) Repairs and maintenance

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

(p) Investment property

Investment property is held to generate long-term rental yields. Investment property is measured initially at cost, including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefit in excess of the originally assessed performance of the asset will flow to the Council. Subsequent to initial recognition at cost, investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the comprehensive income statement in the period that they arise. Rental income from the leasing of investment properties is recognised in the comprehensive income statement on a straight line basis over the lease term. Council does not currently have any investment property.

(q) 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 to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

Note 1 Significant accounting policies (continued)

(r) Trust funds and deposits

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited (refer to Note 24).

(s) Borrowings

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs. The measurement basis subsequent to initial recognition depends on whether 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. At balance date, Council does not have any borrowings.

Borrowing costs

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

Borrowing costs include interest on bank overdrafts and interest on borrowings.

(t) Employee costs and benefits

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

Wages and salaries including annual leave

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

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

Long service leave

Liability for Long Service Leave (LSL) is recognised in the provision for employee benefits.

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

The components of this current liability are measured at :

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

Classification of employee costs

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

Superannuation

The amount charged to the Comprehensive Income Statement in respect of superannuation represents contributions made or due by Pyrenees Shire Council to the relevant superannuation plans in respect to the services of Pyrenees Shire Council's staff (both past and present). Superannuation contributions are made to the plans based on the relevant rules of each plan and any relevant compulsory superannuation requirements that Pyrenees Shire Council is required to comply with.

Note 1 Significant accounting policies (continued)

(u) Leases

Finance leases

Leases of assets where substantially all the risks and rewards incidental to ownership of the asset, are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are depreciated on a straight line basis over their estimated useful lives to the Council where it is likely that the Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter. Council does not presently have any leased assets subject to finance leases.

Operating leases

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

Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter.

(v) Goods and Services Tax (GST)

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

Cash flows are presented in the Statement of Cash Flows on a gross basis.

(w) Financial guarantees

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that that right will be exercised. At balance date, Council does not have any financial guarantees.

(x) Contingent assets and contingent liabilities and commitments

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

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

(y) Pending accounting standards

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

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

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

Leases (AASB 16) (applies 2019/20)

The classification of leases as either finance leases or operating leases is eliminated for lessees. Leases will be recognised in the Balance Sheet by capitalising the present value of the minimum lease payments and showing a 'right-of-use' asset, while future lease payments will be recognised as a financial liability. The nature of the expense recognised in the profit or loss will change. Rather than being shown as rent, or as leasing costs, it will be recognised as depreciation on the 'right-of-use' asset, and an interest charge on the lease liability. The interest charge will be calculated using the effective interest method, which will result in a gradual reduction of interest expense over the lease term. Council presently has no operating leases that will be impacted as a result of this change.

(z) Rounding

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

Note 2 Budget comparison

The budget comparison notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of 10 percent or more than \$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 21 June 2016. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for revenue and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

	Budget 2017 \$'000	Actual 2017 \$'000	Variance 2017 \$'000	%	Ref
a) Income and Expenditure					
Income					
Rates and service charges	9,034	9,134	100	1%	1
Statutory fees and fines	113	184	71	63%	2
User charges	776	829	53	7%	
Grants - operating	6,252	12,505	6,253	100%	3
Grants - capital	3,613	2,811	(802)	-22%	4
Contributions - monetary	50	157	107	214%	5
Net gain on disposal of property, infrastructure, plant and equipment	81	216	135	167%	6
Fair value adjustment for non-current assets classified as held for sale	-	273	273		7
Other income	226	275	49	22%	8
Total income	20,145	26,384	6,239		
Expenses					
Employee costs	6,648	6,389	259	4%	9
Materials and services	6,167	9,678	(3,511)	-57%	10
Bad and doubtful debts	1	34	(33)	-3300%	11
Depreciation	6,873	6,646	227	3%	12
Borrowing costs	12	5	7	58%	13
Other expenses	306	295	11	4%	
Total expenses	20,007	23,047	- 3,040		
Surplus/(deficit) for the year	138	3,337	3,199		

Explanation of material variations

Ref	Item	Explanation
1	Rates and service charges	The level of rates and service charges received by Council had a number of significant variations to budget including:
		General rates arising from supplementary valuations 64
		Waste charges arising from the provision of additional bin services 15
		Additional interest on rates 15
		Additional windfarm payments in lieu of rates 6
		<u>100</u>

Note 2 Budget comparison (continued)

Explanation of material variations (continued)

Ref	Item	Explanation	
2	Statutory fees and fines	Planning application fees were \$63,000 or 190% above budget predominantly as a result of the State Government increasing the statutory planning application fees for the first time in over a decade, and also from an increase in the size and complexity of planning applications.	
3	Grants - operating	The level of operating grants received by Council had two significant variations to budget	
		Federal Assistance Grants - half of the 2017-2018 funding was received in 2016-2017	2,519
		Natural disaster recovery grants - unbudgeted	3,739
			<u>6,258</u>
4	Grants - capital	The level of capital grants received by Council had a number of significant variations to budget including:	
		Community facility grant budgeted but not received	(1,000)
		Roads and bridges grants received but not budgeted	318
		Caravan park grant budgeted but not received	(80)
		Playing surface grant budgeted but not received	(75)
		Carpark improvement grant received but not budgeted	23
			<u>(814)</u>
5	Contributions - monetary	During the year Council received eight unbudgeted contributions and a large budgeted contribution was not received because it was a matching contribution for a grant application that was not successful.	
		Roadworks contributions received but not budgeted	37
		Caravan park contributions received but not budgeted	75
		Economic development contributions received but not budgeted	22
		Recreational contributions received but not budgeted	17
		Other contributions received but not budgeted	6
		Recreational contribution budgeted but not received	(50)
			<u>107</u>
6	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	Council budgeted for a gain on the disposal of property, infrastructure, plant and equipment of \$81,000 and the actual result was a gain of \$217,000. The additional gain of \$136,000 arose predominantly from the strong prices obtained from the sale of a grader and a tip truck that were both nine years old. These sale prices were significantly above carrying value.	
7	Fair value adjustment for non-current assets classified as held for sale	The budget did not reflect any changes to equity resulting from fair value adjustments for non-current assets classified as held for sale, as their impacts were not considered predictable.	
		Actual fair value adjustment was an increase of	273
			<u>273</u>
8	Other income	The level of other income received by Council had four significant variations to budget including:	
		Workcover wage reimbursements greater than budget	78
		Interest on investments less than budget	(19)
		Debt collection legal cost reimbursements less than budget	(18)
		Private works income greater than budget	10
			<u>51</u>

Note 2 Budget comparison (continued)

Explanation of material variations (continued)

Ref	Item	Explanation	
9	Employee costs	Employee costs were predominantly under budget due to the following: Staff temporarily replaced by contractors	<u>242</u> 242
10	Materials and services	Council incurred significant expenditure on flood recovery activities and this was the prime driver in materials and services expenses being significantly over budget. Flood recovery contractors	<u>3,783</u> 3,783
11	Bad and doubtful debts	During 2016-2017 Council settled a legal dispute regarding a road contribution shown as income in a prior year relating to a Section 173 agreement under the Planning and Environment Act 1987, and which resulted in a significant bad debt. Planning bad debt	<u>33</u> 33
12	Depreciation	Infrastructure depreciation was 3% under budget as a result of a number of minor variations across multiple asset categories.	
13	Borrowing costs	Council repaid its outstanding borrowings early in the financial year resulting in an interest saving of \$8,000.	

Note 2 Budget comparison (continued)

	Budget 2017 \$'000	Actual 2017 \$'000	Variance 2017 \$'000		Ref
b) Capital Works					
Property					
Land - specialised	236	162	(74)	-31%	14
Land improvements	55	54	(1)	-2%	
Total Land	291	216	(75)		
Buildings - specialised	1,122	-	(1,122)	-100%	15
Building improvements	122	389	267	219%	16
Leasehold improvements	248	-	(248)	-100%	17
Total Buildings	1,492	389	(1,103)		
Total Property	1,783	605	(1,178)		
Plant and Equipment					
Plant, machinery and equipment	785	1,085	300	38%	18
Fixtures, fittings and furniture	15	2	(13)	-87%	19
Computers and telecommunications	77	44	(33)	-43%	20
Library collection	52	23	(29)	-56%	21
Total Plant and Equipment	929	1,154	225		
Infrastructure					
Roads	3,184	3,405	221	7%	22
Footpaths and cycleways	120	10	(110)	-92%	23
Drainage	723	382	(341)	-47%	24
Bridges	311	123	(188)	-60%	25
Recreational, leisure and community facilities	112	-	(112)	-100%	26
Other structures	-	130	130		27
Total Infrastructure	4,450	4,050	(400)		
Total Capital Works Expenditure	7,162	5,809	(1,353)		
Represented by:					
New asset expenditure	236	579	343		
Asset renewal expenditure	6,471	4,695	(1,776)		
Asset expansion expenditure	102	-	(102)		
Asset upgrade expenditure	353	535	182		
Total Capital Works Expenditure	7,162	5,809	(1,353)		

Explanation of material variations

Ref	Item	Explanation	
14	Land - specialised	Council budgeted to purchase some vacant land to undertake a residential subdivision. This purchase occurred and the subdivision was developed, but only approximately one third of this cost was capitalised as specialised land.	
15	Buildings - specialised	Council budgeted to undertake a major community facility refurbishment project that did not proceed because it was contingent on a grant funding application has not yet been submitted.	
		Community facility refurbishment - budgeted but not undertaken	<u>(1,122)</u>
			<u>(1,122)</u>

Note 2 Budget comparison (continued)

Explanation of material variations (continued)

Ref	Item	Explanation	
16	Building improvements	Council budgeted to undertake two building improvement projects during the year. One did not proceed and the other project was underspent. Council also completed one carried forward building project that was not budgeted for.	
		Avoca Depot Upgrade - budgeted but not undertaken	(50)
		Landsborough Hall & Caravan Park Upgrade - completed but not budgeted	344
			<u>294</u>
17	Leasehold improvements	Council budgeted to undertake two major caravan park improvement projects that did not proceed because they were contingent on a grant funding application that has not yet been submitted.	
		Avoca Caravan Park Improvements	(108)
		Beaufort Caravan Park Improvements	(140)
			<u>(248)</u>
18	Plant, machinery and equipment	One item of plant that Council had budgeted to trade-in during 2015-2016 was ordered but not delivered as at 30 June 2016. This plant item was subsequently purchased during 2016-2017. Improved trade-in prices of plant and equipment allowed additional vehicles to be changed over within the net renewal budget.	
		Plant ordered in 2015-2016 and delivered in 2016-2017	234
		Additional plant purchases within the net plant renewal budget	66
			<u>300</u>
19	Fixtures, fittings and furniture	There was a very limited demand for new and/or replacement furniture and fittings and this created a budget saving of \$13,000.	
20	Computers and telecommunications	Council is currently responding to the recommendations in the recently completed Information Technology Strategy, and non-urgent capital expenditure was placed on hold resulting in a \$33,000 underspend.	
21	Library collection	Expenditure on library collection renewal was significantly less than budget and this created a budget saving of \$29,000.	
22	Roads	During the year Council completed one Roads to Recovery road project that was carried forward from 2015-16 and deferred one Roads to Recovery road project that was budgeted for in 2016-17. Council also undertook the Correa Park residential subdivision which created additional road assets.	
		Carried forward Roads to Recovery road project completed	361
		Deferred Roads to Recovery road project	(247)
		Correa Park residential subdivision road assets	109
			<u>223</u>

Note 2 Budget comparison (continued)

Explanation of material variations (continued)

Ref	Item	Explanation	
23	Footpaths and cycleways	Council budgeted to undertake some footpath improvement projects in response to its recently adopted Walkability Strategy. These projects were dependant on funding from a grant application that has been submitted and on which Council is awaiting an outcome.	
		Footpath projects dependant on a grant funding application	(102)
			<u>(102)</u>
24	Drainage	During the year Council completed two major culvert projects and both were significantly under budget.	
		Moonambel-Natte Yallock Rd Major Culvert completed under budget	(253)
		Carngham-Streatham Rd Major Culvert completed under budget	(100)
			<u>(353)</u>
25	Bridges	During the year Council budgeted to undertake four bridge projects, but only undertook two projects, and a third project was completed significantly under budget.	
		Bridge Spalling project completed under budget	(56)
		Two Bridge projects budgeted but not undertaken	(110)
			<u>(166)</u>
26	Recreational, leisure and community facilities	During the year Council budgeted to undertake two recreation projects, one of which was dependant on obtaining state government funding which did not eventuate.	
		Playground Equipment Replacement budgeted but not undertaken	10
		Hardcourt Renewal Program that has not yet attracted grant funding	102
			<u>112</u>
27	Other structures	During the year Council completed the carried forward Landsborough Streetscape project that was not budgeted for, at a cost of \$130,000.	

	2017 \$'000	2016 \$'000
Note 3 Rates and service charges		
Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is its market value (land and buildings inclusive).		
The valuation base used to calculate general rates for 2016-2017 was \$1,681 million (2015-2016 was \$1,583 million). The 2016-2017 general rate - cents in the CIV dollar was 0.4826 (2015-2016, was 0.4909).		
Farm and Rural	3,805	3,741
Residential	2,874	2,634
Waste service charges	1,128	1,034
Vacant land	824	791
Wind Farm	260	249
Commercial and Industrial	183	177
Interest on rates and charges	43	40
Recreation and Cultural	17	17
Total rates and service charges	9,134	8,683
The date of the last general revaluation of land for rating purposes within the municipal district was 1 January 2016, and the valuation was first applied to the rating period commencing 1 July 2016.		
The date of the next general revaluation of land for rating purposes within the municipal district is 1 January 2018, and the valuation will be first applied in the rating year commencing 1 July 2018.		
Note 4 Statutory fees and fines		
Town planning fees	106	57
Environmental health fees	37	34
Land information and building certificate fees	24	22
Fines	17	15
Total statutory fees and fines	184	128
Note 5 User charges		
Caravan park charges	192	169
Home care charges	154	110
Building charges	103	82
Animal registration charges	89	76
Rental and function charges	73	72
Delivered meals charges	54	46
Swimming pool charges	35	29
Goldfields Recreation Reserve venue hire charges	27	26
Waste disposal charges	22	20
Resource and information centre charges	17	22
Community transport charges	11	9
Planned activity group charges	1	8
Other charges	51	55
Total user charges	829	724

	2017 \$'000	2016 \$'000
Note 6 Grants		
Grants were received in respect of the following :		
Summary of grants		
Commonwealth funded grants	9,693	5,746
State funded grants	5,623	1,476
Total grants	15,316	7,222
Operating Grants		
Recurrent - Commonwealth Government		
Federal Assistance Grants - general purpose	4,376	1,369
Federal Assistance Grants - local roads	3,036	977
Commonwealth Home Support Program	476	-
Family day care	-	37
Recurrent - State Government		
Aged care and senior citizens	168	563
Library	112	6
Maternal & child health	109	102
Youth outreach	33	33
Adult day care	14	168
Freeza	12	12
Delivered meals	2	33
Podiatry	1	30
Other	32	31
Total recurrent operating grants	8,371	3,361
Non-recurrent - Commonwealth Government		
Natural disaster	35	-
Avoca swimming pool	13	-
Roadside weeds & pests	-	50
Playgrounds	-	17
Non-recurrent - State Government		
Flood damage natural disaster	3,704	-
Waubra oval water	80	-
Emergency planning	60	60
Beaufort golf/bowls club water	54	-
Roadside weeds and pests management	48	48
Straw pellet study	40	-
Beaufort framework plan	30	-
Recreation strategy	27	-
L2P learner driver mentor program	19	19
Drought response	-	55
Amphitheatre recreation reserve	-	43
Home care transition	-	26
Emergency communications	-	10
Other	24	26
Total non-recurrent operating grants	4,134	354
Total operating grants	12,505	3,715

	2017 \$'000	2016 \$'000
Note 6 Grants (continued)		
Capital Grants		
Recurrent - Commonwealth Government		
Roads to recovery	2,281	2,788
Recurrent - State Government		
Nil	-	-
Total recurrent capital grants	<u>2,281</u>	<u>2,788</u>
Non-recurrent - Commonwealth Government		
Road Black Spot	-	508
Non-recurrent - State Government		
Trawalla Road	291	-
Landsborough streetscape	100	180
Beaufort swimming pool	90	-
Beaufort-Carngham Road bridge	27	-
Avoca Lions carpark sealing	22	-
Avoca hall	-	21
Beaufort caravan park	-	10
Total non-recurrent capital grants	<u>530</u>	<u>719</u>
Total capital grants	<u>2,811</u>	<u>3,507</u>
Total grants	<u>15,316</u>	<u>7,222</u>
Unspent grants received on condition that they be spent in a specific manner		
Balance at start of year	145	182
Received during the financial year and remained unspent at balance date	3,416	133
Received in prior years and spent during the financial year	(117)	(170)
Balance at year end	<u>3,444</u>	<u>145</u>
Note 7 Contributions		
Monetary - Operating	45	10
Monetary - Capital	112	44
Total contributions	<u>157</u>	<u>54</u>
Note 8 Net gain/(loss) on disposal of property, infrastructure, plant and equipment		
Plant and equipment		
Proceeds of sale	365	233
Written down value of assets disposed	(199)	(232)
Net gain on disposal of plant and equipment	<u>166</u>	<u>1</u>
Land classified as held for resale		
Proceeds of sale	377	524
Selling costs	(23)	(39)
Carrying value of assets disposed	(304)	(521)
Net gain/(loss) on disposal of land classified as held for resale	<u>50</u>	<u>(36)</u>
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	<u>216</u>	<u>(35)</u>

	2017 \$'000	2016 \$'000
Note 9 Other income		
Interest on investments	112	161
Reimbursement - Workcover wages	78	3
Reimbursement - State Revenue Office	40	39
Legal fees - rates	22	37
Private works	21	25
Other	2	1
Total other income	275	266
Note 10(a) Employee costs		
Wages and salaries	5,673	5,687
Superannuation	552	564
Fringe benefits tax	92	100
WorkCover insurance premium	72	79
Total employee costs	6,389	6,430
Note 10(b) Superannuation		
Council made contributions to the following funds:		
Defined benefit fund 9.5%		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	92	100
	92	100
Defined benefits employer contributions payable at reporting date.	-	-
Accumulation funds 9.5%		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	415	420
Employer contributions - other funds	45	44
	460	464
Employer contributions payable at reporting date.	9	-
Refer to note 33 for further information relating to Council's superannuation obligations.		

	2017 \$'000	2016 \$'000
Note 11 Materials and services		
Contractors	5,848	1,640
Consumables	1,182	1,198
Contracted Service Delivery	1,098	1,164
Insurance	286	286
Electricity and water	186	206
Plant expenses	186	190
Information technology	170	170
Telecommunications	163	175
Subscriptions and memberships	124	96
Advertising	113	125
Legal fees	109	43
Stationery, postage, photocopying and printing	65	72
Conferences and training	66	86
Contributions and donations	35	36
Valuations	30	27
Fire services levy	14	15
Cleaning	3	54
Total materials and services	9,678	5,583
Note 12 Bad and doubtful debts		
Planning debtors	33	-
Fire hazard infringement debtors	1	-
Total bad and doubtful debts	34	-
Note 13 Depreciation		
Infrastructure	4,762	4,638
Property	1,290	1,285
Plant and equipment	594	625
Total depreciation	6,646	6,548
<i>Refer to note 22 for a more detailed breakdown of depreciation charges.</i>		
Note 14 Borrowing costs		
Interest on borrowings	5	28
Total	5	28
Note 15 Other expenses		
Councillors' allowances	151	149
Operating lease rentals	73	76
Auditors' remuneration - internal auditor	33	47
Auditors' remuneration - audit of the financial statements, performance statements and grant acquittals by the Victorian Auditor General's Office (VAGO)	31	38
Internal audit committee	7	7
Total other expenses	295	317

	2017 \$'000	2016 \$'000
Note 16 Cash and cash equivalents		
Term deposits	5,400	-
Cash at bank	398	1,646
Cash on hand	2	2
Total cash and cash equivalents	5,800	1,648

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 24)	103	182
- Recreational land reserve (Note 27)	9	9
Total restricted funds	112	191
Total unrestricted cash and cash equivalents	5,688	1,457

Intended allocations

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

- Net cash held to fund carried forward capital works	2,040	1,554
- Home & Community Care growth funding	-	90
- Victoria Grants Commission 2017-2018 funding received in advance	2,505	-
- Other 2017-2018 grant funding received in advance	939	-
Total funds subject to intended allocations	5,484	1,644

Refer to note 17 for details of other financial assets held by Council.

Note 17 Other financial assets		
Term deposits	3,755	3,508
Total other financial assets	3,755	3,508

Note 18 Trade and other receivables		
Current		
<i>Statutory receivables</i>		
Rates debtors	344	415
Net Australian Taxation Office receivable	216	185
Private scheme debtors	11	12
<i>Non statutory receivables</i>		
Sundry debtors	280	315
Total current trade and other receivables	851	927
Non-current		
<i>Statutory receivables</i>		
Private scheme debtors	96	115
Total non-current trade and other receivables	96	115
Total trade and other receivables	947	1,042

a) Ageing of receivables

At balance date current debtors representing financial assets were past due but not impaired. The ageing of the Council's trade and other receivables (excluding rates debtors) was:

Current (not yet due)	431	290
Past due by up to 30 days	47	59
Past due between 31 and 180 days	17	18
Past due between 181 and 365 days	2	2
Past due by more than 1 year	10	143
Total trade and other receivables	507	512

	2017 \$'000	2016 \$'000
Note 19 Inventories		
Inventories held for sale	6	7
Total inventories	6	7
Note 20 Non-current assets classified as held for sale		
Residential land held for sale	780	783
Industrial land held for sale	90	330
Total non-current assets classified as held for sale	870	1,113
<i>Movement in non-current assets classified as held for sale</i>		
Balance at beginning of financial year	1,113	965
Additions	10	688
Disposals	(304)	(521)
Transfers	(222)	-
Revaluation increment/(decrement)	273	(19)
Balance at end of financial year	870	1,113

Valuation of residential and industrial land held for sale

Valuation of residential and industrial land held for sale has been determined in accordance with a valuation by qualified independent valuer Mr Chris Barrett, BSc., MBA, AAPI, Certified Practicing Valuer, who has recent experience in the location and category of the property being valued. The valuation is at fair value, based on the current market value for the property. The residential and industrial land is held at the lower of carrying value or fair value.

Note 21 Other assets		
Prepayments	223	110
Accrued Income	11	20
Total other assets	234	130

Note 22 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2016						At Fair Value 30 June 2017	
	Acquisitions	Contributions	Revaluation	Depreciation	Disposal	Transfers		
Land	216	-	-	(213)	-	215	7,212	
Buildings	388	-	-	(1,077)	-	-	26,228	
Plant and Equipment	1,154	-	-	(594)	(199)	-	3,365	
Infrastructure	3,951	-	(4,049)	(4,762)	-	510	187,364	
Work in progress	100	-	-	-	-	(510)	100	
TOTAL	5,809	-	(4,049)	(6,646)	(199)	215	224,269	

Summary of Work in Progress (WIP)

	Opening WIP	Additions	Transfers	Write Offs	Closing WIP
Infrastructure	510	83	(510)	-	83
Land and Buildings	-	17	-	-	17
TOTAL	510	100	(510)	-	100

Land and Buildings

	Land - specialised	Land improvements	Total Land	Buildings - specialised	Total Buildings	Work In Progress	Total Property
At fair value 1 July 2016	2,983	5,549	8,532	48,878	48,878	-	57,410
Accumulated depreciation at 1 July 2016	-	(1,538)	(1,538)	(21,961)	(21,961)	-	(23,499)
Written down value at 1 July 2016	2,983	4,011	6,994	26,917	26,917	-	33,911

Movements in fair value

Acquisition of assets at fair value	162	54	216	388	388	17	621
Transfers	222	(7)	215	-	-	-	215
Movements in value for year	384	47	431	388	388	17	836

Movements in accumulated depreciation

Depreciation	-	(213)	(213)	(1,077)	(1,077)	-	(1,290)
Movements in accumulated depreciation for year	-	(213)	(213)	(1,077)	(1,077)	-	(1,290)

At fair value 30 June 2017	3,367	5,596	8,963	49,266	49,266	17	58,246
Accumulated depreciation at 30 June 2017	-	(1,751)	(1,751)	(23,038)	(23,038)	-	(24,789)
Written down value at 30 June 2017	3,367	3,845	7,212	26,228	26,228	17	33,457

Note 22 Property, infrastructure, plant and equipment (continued)

Plant and Equipment	Plant, machinery and equipment	Fixtures, fittings and furniture	Computers and telecommunications	Library collection	Total plant and equipment
At fair value 1 July 2016	5,774	285	1,225	307	7,591
Accumulated depreciation at 1 July 2016	(3,047)	(237)	(1,095)	(208)	(4,587)
Written down value at 1 July 2016	2,727	48	130	99	3,004

Movements in fair value

Acquisition of assets at fair value	1,085	2	44	23	1,154
Fair value of assets disposed	(916)	-	-	-	(916)

Movements in value for year	169	2	44	23	238
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Movements in accumulated depreciation

Depreciation	(469)	(10)	(83)	(32)	(594)
Accumulated depreciation of disposals	717	-	-	-	717

Movements in accumulated depreciation for year	248	(10)	(83)	(32)	123
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At fair value 30 June 2017	5,943	287	1,269	330	7,829
Accumulated depreciation at 30 June 2017	(2,799)	(247)	(1,178)	(240)	(4,464)
Written down value at 30 June 2017	3,144	40	91	90	3,365

Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Other structures	Work In Progress	Total Infrastructure
At fair value 1 July 2016	231,563	50,837	1,965	18,590	682	510	304,147
Accumulated depreciation at 1 July 2016	(82,256)	(22,090)	(985)	(6,270)	(322)	-	(111,923)
Written down value at 1 July 2016	149,307	28,747	980	12,320	360	510	192,224

Movements in fair value

Acquisition of assets at fair value	3,305	123	10	382	131	83	4,034
Revaluation increments/decrements	(4,049)	-	-	-	-	-	(4,049)
Transfers	359	57	-	94	-	(510)	-
Movements in value for year	(385)	180	10	476	131	(427)	(15)

Movements in accumulated depreciation

Depreciation	(4,032)	(453)	(37)	(195)	(45)	-	(4,762)
Movements in accumulated depreciation for year	(4,032)	(453)	(37)	(195)	(45)	-	(4,762)

At fair value 30 June 2017	231,178	51,017	1,975	19,066	813	83	304,132
Accumulated depreciation at 30 June 2017	(86,288)	(22,543)	(1,022)	(6,465)	(367)	-	(116,685)
Written down value at 30 June 2017	144,890	28,474	953	12,601	446	83	187,447

Note 22 Property, infrastructure, plant and equipment (continued)

Valuation of land and buildings

Valuation of land and buildings was undertaken by qualified independent valuer Mr Chris Barrett, BSc., MBA, AAPI, Certified Practising Valuer. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement. The effective date of the most recent revaluation is 30 June 2014.

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 will have a significant impact on the fair value of these assets.

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

	Level 1	Level 2	Level 3
Specialised land	-	-	3,367
Land improvements	-	-	3,845
Specialised buildings	-	-	26,228
Total property	-	-	33,440

	2017 \$'000	2016 \$'000
Reconciliation of specialised land		
Recreation	1,672	1,672
Industry	222	-
Tourism	391	391
Works	348	348
Waste management	281	281
Children's services	107	107
Roads	260	98
Administration	86	86
Total specialised land	3,367	2,983

Valuation of infrastructure

Valuation of bridge, footpath and cycleway, kerb and channel, road pavement, road formation and sealed surface assets has been determined in accordance with an independent valuation undertaken by Mr Peter Moloney, Dip. C.E., MIE Australia. The effective date of the most recent revaluation is 31 December 2015.

Valuation of major culvert, pit and pipe assets has been determined in accordance with a valuation undertaken by Council's Manager of Assets, Mr Robert Rowe. The effective date of the most recent revaluation is 30 June 2016.

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 2017 are as follows:

	Level 1	Level 2	Level 3
Roads	-	-	144,890
Footpaths and cycleways	-	-	953
Drainage	-	-	12,601
Bridges	-	-	28,474
Other	-	-	446
Total infrastructure	-	-	187,364

Description of significant unobservable inputs into level 3 valuations

Specialised land 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 0% and 90%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$1 and \$163 per square metre.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$386 to \$4,273 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 28 years to 111 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 one year to 107 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.

	2017 \$'000	2016 \$'000
Note 23 Trade and other payables		
Trade payables	1,220	655
Accrued payables	378	328
Total trade and other payables	<u>1,598</u>	<u>983</u>

Note 24 Trust funds and deposits		
Refundable deposits	57	74
Landsborough Community trust funds	20	85
Camp Hill trust funds	19	20
Other refundable deposits	7	3
Total trust funds and deposits	<u>103</u>	<u>182</u>

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.

Trust funds - Council has received money from two community groups which it is holding in trust until such time the funds are required to contribute to a project in that community.

Note 25 Provisions		
Balance at beginning of the financial year	2,212	2,061
Additional provisions	567	677
Amounts used	(612)	(533)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	15	7
Balance at the end of the financial year	<u>2,182</u>	<u>2,212</u>

Employee provisions

Current provisions expected to be wholly settled within 12 months

Annual leave	463	478
Long service leave	479	476
Total current provisions expected to be wholly settled within 12 months	<u>942</u>	<u>954</u>

Current provisions expected to be wholly settled after 12 months

Annual leave	200	209
Long service leave	880	894
Total current provisions expected to be wholly settled after 12 months	<u>1,080</u>	<u>1,103</u>
Total current provisions	<u>2,022</u>	<u>2,057</u>

Non-current provisions

Long service leave	160	155
Total non-current provisions	<u>160</u>	<u>155</u>

	2017 \$'000	2016 \$'000
Note 25 Provisions (continued)		
Aggregate carrying amount of employee provisions:		
Current	2,022	2,057
Non-current	160	155
Total aggregate carrying amount of employee provisions	2,182	2,212
The following assumptions were adopted in measuring the present value of employee benefits:		
Weighted average increase in employee costs	3.813%	4.125%
Weighted average discount rates	2.612%	1.990%
Weighted average long service leave settlement period	15 years	15 years
Note 26 Interest-bearing loans and borrowings		
Current		
Borrowings - secured	0	500
Total interest-bearing loans and borrowings	-	500
Borrowings were secured by a charge over the municipal rates of Council.		
a) The maturity profile for Council's borrowings is:		
Not later than one year	-	500
	-	500
b) Aggregate carrying amount of interest-bearing loans and borrowings:		
Current	-	500
	-	500

Note 27 Reserves	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
(a) Asset revaluation reserve			
2017			
Property			
Land	1,845	-	1,845
Buildings	19,140	-	19,140
Total property revaluation reserve	20,985	-	20,985
Infrastructure			
Roads	96,450	(4,049)	92,401
Footpaths and cycleways	827	-	827
Drainage	10,636	-	10,636
Bridges	20,172	-	20,172
Plant and equipment	301	-	301
Furniture and fittings	40	-	40
Total infrastructure revaluation reserve	128,426	(4,049)	124,377
Total asset revaluation reserves	149,411	(4,049)	145,362
2016			
Property			
Land	1,845	-	1,845
Buildings	19,140	-	19,140
Total property revaluation reserve	20,985	-	20,985
Infrastructure			
Roads	157,746	(61,296)	96,450
Footpaths and cycleways	759	68	827
Drainage	10,257	379	10,636
Bridges	12,594	7,578	20,172
Plant and equipment	301	-	301
Furniture and fittings	40	-	40
Total infrastructure revaluation reserve	181,697	(53,271)	128,426
Total asset revaluation reserves	202,682	(53,271)	149,411

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

(b) Recreational land reserve	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Balance at end of reporting period \$'000
2017			
Recreational land	9	-	9
Total recreational land reserves	9	-	9
2016			
Recreational land	9	-	9
Total recreational land reserves	9	-	9

The recreational land reserve contains contributions paid by developers undertaking the subdivision of residential land. These funds are required to be expended on the creation or expansion of recreational opportunities for the community, and are held until such time the relevant expenditure is incurred.

	2017 \$'000	2016 \$'000
Note 28 Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus/(deficit) for the year	3,337	(1,883)
Depreciation	6,646	6,548
Net gain on disposal of property, infrastructure, plant and equipment	(216)	35
Fair value adjustment for non-current assets classified as held for sale	(273)	-
Impairment adjustment for non-current assets classified as held for sale	-	19
Borrowing costs	5	28
Change in assets and liabilities:		
(Increase)/Decrease in trade and other receivables	95	(106)
Decrease in inventories	1	-
(Increase) in prepayments	(113)	(61)
Decrease in accrued income	9	79
Increase in trade and other payables	615	106
Increase/(Decrease) in provisions	(30)	151
Increase/(Decrease) in trust funds and deposits	(79)	6
Net GST on operating activities	418	458
Net cash provided by operating activities	10,415	5,380
Note 29 Reconciliation of cash and cash equivalents		
Cash and cash equivalents (see note 16)	5,800	1,648
Less bank overdraft (see note 30)	-	-
Total cash and cash equivalents	5,800	1,648
Note 30 Financing arrangements		
Bank overdraft	-	400
Credit card facilities	47	47
Total facilities	47	447
Used bank overdraft	-	-
Used credit card facilities	12	6
Unused facilities	35	441

As at balance date Council does not have an overdraft facility, as it closed its previous overdraft facility in September 2016.

Note 31 Commitments

The Council has entered into the following commitments

	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
2017					
Operating					
Delivered meals	79	81	-	-	160
Waste services	788	818	-	-	1,606
Cleaning services	164	83	-	-	247
Internal audit	16	16	17	-	49
Total operating commitments	1,047	998	17	-	2,062
Capital					
Swimming pool refurbishment	90	-	-	-	90
Total capital commitments	90	-	-	-	90
2016					
Operating					
Bituminous resealing	841	-	-	-	841
Waste services	789	824	936	-	2,549
Cleaning services	161	162	81	-	404
Total operating commitments	1,791	986	1,017	-	3,794
Capital					
Non-current assets classified as held for sale	82	-	-	-	82
Plant and machinery	234	-	-	-	234
Total capital commitments	316	-	-	-	316

Note 32 Operating leases

Operating lease commitments

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

	2017 \$'000	2016 \$'000
Not later than one year	75	75
Later than one year and not later than five years	83	158
Total operating lease commitments	158	233

Note 33 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 2017, this was 9.5% as required under Superannuation Guarantee legislation).

Note 33 Superannuation (continued)

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 2016, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The Vested Benefit Index (VBI) of the Defined Benefit category of which Council is a contributing employer was 102.0%. To determine the VBI, the Fund Actuary used the following long-term assumptions:

Net investment returns 7.0% pa

Salary inflation 4.25% pa

Price inflation (CPI) 2.5% pa.

Vision Super has advised that the VBI at 30 June 2017 was 103.1% (subject to the finalisation of Fund Actuary report), (102.0% at 30 June 2016).

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

Employer contributions

Regular contributions

On the basis of the results of the 2016 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2017, this rate was 9.5% of members' salaries (9.5% in 2015/2016). This rate will increase in line with any increase to the contribution rate. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

Funding calls

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%. In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall. Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated. Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up. If there is a surplus in the Fund, the surplus cannot be returned to the participating employers. In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

Note 33 Superannuation (continued)

2016 Interim actuarial investigation surplus

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

- A VBI surplus of \$40.3 million (\$130.8 million at 30 June 2015); and
- A total service liability surplus of \$156 million (\$239 million at 30 June 2015).

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2016. The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses. Council was notified of the 30 June 2016 VBI during August 2016.

2017 Full triennial actuarial investigation

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

Future superannuation contributions

In addition to the disclosed contributions, Pyrenees Shire Council has paid unfunded liability payments to Vision Super totalling \$nil (2015/2016 \$nil). There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2017. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2018 are \$72,000.

Note 34 Contingent liabilities

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme. Matters relating to this potential obligation are outlined in Note 33. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists. At this point in time it is not known if additional contributions will be required, their timing or potential amount.

Note 35 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 are disclosed in Note 1 of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

(b) Market risk

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

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. 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 rate.

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.

Note 35 Financial Instruments (continued)

(c) Credit risk

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

- Council has a policy for establishing credit limits for the entities it deals with;
- Council may require collateral where appropriate; and
- Council only invests surplus funds with financial institutions which have the recognised credit rating specified in its 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 if and as when it provides a guarantee for another party. Details of Council's contingent liabilities are disclosed in Note 34.

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 or that it will not have sufficient funds to settle a transaction when required, Council will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

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

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

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

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 26.

(e) Fair value

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

Fair value hierarchy

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

(f) Sensitivity disclosure analysis

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

- A parallel shift of +2.0% and -1.0% in market interest rates (AUD) from year-end cash rates of 1.50% (1.75% at 30 June 2016).

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

Note 36 Related party disclosures

(i) Related Parties

Parent entity

Pyrenees Shire Council is the parent entity.

Subsidiaries and Associates

As at 30 June 2017 Council does not have any interests in any subsidiaries and/or associates.

(ii) 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 Michael O'Connor (Mayor 01.07.2016 to 22.10.2016)
	Councillor Ronald Eason (Mayor 23.10.2016 to 30.06.2017)
	Councillor David Clark
	Councillor Tanya Kehoe
	Councillor Robert Vance

Chief Executive Officer and other Key Management Personnel

Jim Nolan - Chief Executive Officer
Evan King - Director Corporate and Community Services
Doug Gowans - Director Assets and Development
Ray Davies - Manager Economic Development and Tourism

Other people who have acted as Key Management Personnel throughout the year

Shannon Meadows - Acting Director Assets and Development
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	2017	2016
	No.	No.
Total Number of Councillors	5	5
Chief Executive Officer and other Key Management Personnel	4	4
Other people who have acted as Key Management Personnel throughout the year	1	-
Total Key Management Personnel	10	9

(iii) Remuneration of Key Management Personnel

Total remuneration of key management personnel was as follows:

	2017	2016
	\$'000	\$'000
Short-term benefits	814	695
Long-term benefits	21	23
Post-employment benefits	95	92
Total Remuneration of Key Management Personnel	930	810

The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:

	2017	2016
	No.	No.
Income Range:		
\$20,000 - \$29,999	3	3
\$30,000 - \$39,999	1	1
\$40,000 - \$49,999	1	1
\$100,000 - \$109,999	1	-
\$110,000 - \$119,999	1	1
\$150,000 - \$159,999	-	1
\$160,000 - \$169,999	2	1
\$200,000 - \$209,999	1	1
Total Remuneration of Key Management Personnel	10	9

Note 36 Related party disclosures (continued)

(iv) Transactions with related parties

	2017	2016
	\$'000	\$'000
During the period Council entered into the following transactions with related parties.		
Purchase of goods and services under normal trading terms	10	7
Payment of community grants under normal funding terms	2	7
Employee remuneration under normal employment terms	69	-
Total transactions with related parties	81	14

All of the above transactions were at arms length and in the normal course of Council's business.

(v) Outstanding balances with related parties

	2017	2016
	\$'000	\$'000
The following balances are outstanding at the end of the reporting period in relation to transactions with related parties		
Purchase of goods and services under normal trading terms	-	-
Payment of community grants under normal funding terms	-	-
Employee remuneration under normal employment terms	1	-
Total outstanding balances with related parties as at 30 June	1	-

(vi) 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:	-	-
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(vii) Commitments to/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:	-	-
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Note 37 Senior Officers 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 \$142,000

During the year Council did not have any staff that were deemed to be Senior Officers under the above definition (nil in 2015/2016).

Note 38 Events occurring after balance date

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

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.



Paul Brumby B.Bus

Principal Accounting Officer

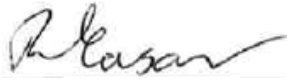
Date : 20th September 2017

Beaufort

In our opinion the accompanying financial statements present fairly the financial transactions of Pyrenees Shire Council for the year ended 30 June 2017 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.



Ron Eason

Mayor

Date : 20th September 2017

Beaufort



Michael O'Connor

Councillor

Date : 20th September 2017

Beaufort



Chief Executive Officer

Date : 20th September 2017

Beaufort

Independent Auditor's Report

To the Councillors of Pyrenees Shire Council

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

- balance sheet as at 30 June 2017
- comprehensive income statement for the year then ended
- statement of changes in equity for the year then ended
- statement of cash flows for the year then ended
- statement of capital works for the year then ended
- notes to the financial statements, including a summary of significant accounting policies
- certification of the financial statements.

In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the *Local Government Act 1989* and applicable Australian Accounting Standards.

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

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Councillors' responsibilities for the financial report The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Local Government Act 1989*, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

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


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
26 September 2017

Tim Loughnan
as delegate for the Auditor-General of Victoria

Pyrenees Shire Council

Performance Statement

For the year ended 30 June 2017

Performance Statement

For the year ended 30 June 2017

<p>R17(1)</p> <p>BP</p>	<p>Description of municipality</p> <p>Pyrenees Shire is located in the Central West of Victoria, about 130 kilometers North West of Melbourne. It is heavily dependent on primary industry and is renowned for its, wool, viticulture and forestry activity. Thirty percent of the workforce is involved in agriculture. Key areas of production are wool, cereal, hay crops and meat. Grape and wine production has recently expanded significantly. Gold, along with sand, gravel and slate all contribute to the economy.</p> <p>The Pyrenees Shire comprises an area of nearly 3,500 square kilometres and a population of 7,301 residents. The Shire takes its name from the ranges in the north that hold similarity to the Pyrenees Ranges in Europe.</p> <p>Council administration is based in the township of Beaufort, and a number of Council services also operate from the township of Avoca. These services include health and aged care, library and information centres.</p> <p>Excellent educational facilities are available in Pyrenees Shire, including integrated children's centres, primary schools, a secondary college and Community Resource and Information Centres incorporating adult education and library services.</p> <p>Recreational activities are available in abundance in the region, giving community members and visitors wonderful opportunities to experience new pastimes. Most townships in the Shire have their own sporting facilities, such as football fields and netball courts. Avoca and Beaufort also have skate parks.</p> <p>Tourism is ever growing throughout the region. Hang-gliding from Mount Cole and the French game of Petanque in Avoca, attract large numbers of visitors year round. In recent years, the action sport of mountain bike riding has risen in popularity.</p> <p>In addition to the sporting opportunities, the Pyrenees is known for its wineries and culinary delights. Community markets are a popular attraction, as are the region's antique fairs, picnic horse races and music festivals.</p>
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Sustainable Capacity Indicators

For the year ended 30 June 2017

	<i>Indicator/measure</i>	Results			Material Variations
		2015	2016	2017	
R15(3) Sch3 R16(1) R17(2)	Population <i>Expenses per head of municipal</i> [Total expenses / Municipal population]	\$2,995.13	\$2,779.24	\$3,156.69	Expenses for 2016/17 were significantly higher than 2015/16 due to flood works that were undertaken.
	<i>Infrastructure per head of municipal</i> [Value of infrastructure / Municipal population]	\$40,148.16	\$32,563.03	\$30,256.40	Infrastructure per head of municipal population has decreased due to impairment of assets as a result of the floods in September & October.
	<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	3.41	3.47	3.71	Population density per length of road has remained consistent with prior years.
	Own-source revenue <i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,347.47	\$1,436.68	\$1,494.45	Increase in own source revenue is due to 2.5% Rate Cap Rise, 1.33% Higher Rate Cap and 8.06% increase in waste charges.
	Recurrent grants <i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$1,261.50	\$492.67	\$1,458.98	Council received \$2.5 million dollars' worth of Federal Assistance Grants in advance which has inflated the 2016/17 recurrent grants.
	Disadvantage <i>Relative socio-economic disadvantage</i> [Index of Relative Socio-economic Disadvantage by decile]	1.00	1.00	1.00	Pyrenees Shire Council SEIFA score of 1 demonstrates the level of socio economic disadvantage experienced by the residents of the Shire.

BP

Definitions

"adjusted underlying revenue" means total income other than:

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

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

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

"population" means the resident population estimated by council

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

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

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

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

Service Performance Indicators

For the year ended 30 June 2017

	Results			Material Variations	
	Service/indicator/measure	2015	2016		2017
R15(1) Sch3 R16(1) R17(2)	Aquatic facilities Utilisation <i>Utilisation of aquatic facilities</i>	1.69	2.81	1.66	Milder summer resulted in 12,112 patron visits to the pools compared with 19,152 last year.
	[Number of visits to aquatic / Municipal population]				
	Animal management Health and safety <i>Animal management prosecutions</i>	0.00	0.00	0.00	There were no animal management prosecutions completed during 2016/17.
	[Number of successful animal management prosecutions]				
	Food safety Health and safety <i>Critical and major non-compliance outcome notifications</i>	100.00%	50.00%	42.86%	The four major non-compliance notifications outstanding are ongoing and being monitored by officers having regard to risk and according to timeframes agreed with relevant operator.
	[Number of critical non-compliance outcome notifications major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises]x100				

	<p>Governance Satisfaction</p> <p><i>Satisfaction with council decisions</i></p> <p>[Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]</p>	57.00	56.00	62.00	Pyrenees Shire Council's score of 62 is above Small Rural Council and State Wide average of 55 and 54 respectively.
	<p>Home and Community Care (HACC) Participation</p> <p><i>Participation in HACC service</i></p> <p>[Number of people that received a HACC service / Municipal target population for HACC services] x100</p>	30.00%	26.75%	Reporting ceased 1 July 2016	
	<p>Participation</p> <p><i>Participation in HACC service by CALD people</i></p> <p>[Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100</p>	32.00%	34.85%	Reporting ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of Commonwealth Government's NDIS and CHSP Programs.
	<p>Libraries Participation</p> <p><i>Active library members</i></p> <p>[Number of active library members / Municipal population] x100</p>	13.00%	10.80%	9.78%	Active library members remain steady.

	<p>Maternal and child health Participation</p> <p><i>Participation in the MCH service</i> 87.00% 86.63% 88.56% Participation in MCH service remains consistent.</p> <p>[Number of children who attend MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100</p> <p>Participation</p> <p>Participation in the MCH service by Aboriginal children 100.00% 66.67% 100.00% Low numbers of participants in this service can create high variations year on year.</p> <p>[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x1000</p>
	<p>Roads Satisfaction</p> <p><i>Satisfaction with sealed local roads</i> 55.00 54.00 55.00 Pyrenees Shire Council's score of 55 is above Small Rural Council and State Wide average of 50 and 53 respectively.</p> <p>[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]</p>

	<p>Statutory Planning Decision making</p> <p><i>Council planning decisions upheld at VCAT</i> 100.00% 0.00% 0.00% There were no VCAT Council decisions in relation to planning applications in 2016/17.</p> <p>[Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100</p>
	<p>Waste Collection Waste diversion</p> <p><i>Kerbside collection waste diverted from landfill</i> 42.00% 38.61% 39.36% Council continues to focus on initiatives that reduce the level of waste that goes to landfill.</p> <p>[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins]x100</p>

Definitions

"Aboriginal child" means a child who is an Aboriginal person

"Aboriginal person" has the same meaning as in the Aboriginal Heritage Act 2006

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

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

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

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

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

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

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

"food premises" has the same meaning as in the *Food Act 1984*

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

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

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

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

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

"population" means the resident population estimated by council

"Target population" has the same meaning as in the Agreement entered into for the purposes of the Home and Community Care Act 1985 of the Commonwealth

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

Financial Performance Indicators

For the year ended 30 June 2017

	Dimension/ <i>indicator/meas ure</i>	Results				Forecasts			Material Variations
		2015	2016	2017	2018	2019	2020	2021	
R15(2) Sch3	Efficiency Revenue level								
R16(1) R16(2)	<i>Average residential rate per residential property assessment</i>	\$842.49	\$877.80	\$956.16	\$980.62	\$1,012.22	\$1,030.63	\$1,049.40	Increase driven by 2.5% Rate Cap, 1.33% Higher Rate Cap and 8.06% increase in waste charges.
R17(2) R17(3)	[Residential rate revenue / Number of residential property assessments]								
	Expenditure level								
	<i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$3,579.28	\$3,216.40	\$3,920.89	\$3,368.91	\$4,124.00	\$4,196.72	\$3,531.93	Expenses for 2016/17 were significantly higher than 2015/16 due to flood works that were undertaken.
	Workforce turnover								
	<i>Resignations and terminations compared to average staff</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	12.24%	8.20%	14.81%	8.20%	8.20%	8.20%	8.20%	Increase in staff turnover has been driven by retirements.

Dimension/ <i>indicator/meas ure</i>	Results				Forecasts			Material Variations
	2015	2016	2017	2018	2019	2020	2021	
Liquidity								
Working capital								
<i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	232.86%	197.02%	309.32%	164.24%	155.40%	141.17%	129.68%	Council received \$3.4 million worth of grants paid in advance which has inflated the current assets as at 30 th June 2017.
Unrestricted cash								
<i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	140.54%	87.75%	5.48%	71.59%	69.25%	67.89%	58.58%	As at 30 th June 2017 Council had \$3.8 million invested in financial assets. These funds are available to meet Council's obligations.
Obligations								
Asset renewal								
<i>Asset renewal compared to depreciation</i> [Asset renewal expenses / Asset depreciation] x100	61.69%	60.25%	70.64%	79.29%	69.43%	75.96%	77.35%	Improvement in asset renewal has been driven by increased Roads to Recovery Funding and Council's Higher Rate Cap application.

Dimension/indicator/meas ure	Results				Forecasts			Material Variations
	2015	2016	2017	2018	2019	2020	2021	
Loans and borrowings								
<i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	15.15%	5.76%	0.00%	0.00%	0.00%	0.00%	3.91%	All loans were repaid during the year. Council is now debt free.
Loans and borrowings								
<i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	10.06%	8.81%	5.53%	0.00%	0.00%	0.00%	0.00%	All loans were repaid during the year. Council is now debt free.
Indebtedness								
<i>Non-current liabilities Compared to own source revenue</i> [Non-current liabilities / Own source revenue] x100	5.46%	1.59%	1.47%	1.55%	1.56%	1.60%	1.56%	All loans were repaid during the year. Council is now debt free.

Dimension/ <i>indicator/meas ure</i>	Results				Forecasts			Material Variations
	2015	2016	2017	2018	2019	2020	2021	
Obligations								
Adjusted underlying result								
<i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	-10.53 %	-39.98%	10.47%	-6.35%	-14.51%	-14.27%	-6.01%	\$3.3 million surplus has been driven by \$3.4 million worth of grant funding paid in advance.
Stability								
Rates concentration								
<i>Rates compared to Adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100	43.18%	64.29%	35.48%	50.21%	45.56%	45.49%	54.29%	Council received \$3.4 million worth of grants paid in advance which has inflated underlying revenue of the 2016/17 year.
Rates effort								
<i>Rates compared to Property values</i> [Rate revenue /Capital Improved value of rateable properties in the municipality] x100	0.52%	0.54%	0.54%	0.56%	0.58%	0.59%	0.59%	Rates compared to property values have remained consistent with prior years.

Definitions

"adjusted underlying revenue" means total income other than:

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

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

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

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

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

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

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

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

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

"population" means the resident population estimated by council

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

"recurrent grant" means a grant other than a non-recurrent grant

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

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

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

Other Information

For the year ended 30 June 2017

BP	<p>1. Basis of preparation</p> <p>Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the <i>Local Government Act 1989</i> and Local Government (Planning and Reporting) Regulations 2014.</p> <p>Where applicable the results in the performance statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from council information systems or from third parties (e.g. Australian Bureau of Statistics).</p> <p>The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the council's strategic resource plan. The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material variations in the results contained in the performance statement.</p> <p>Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.</p> <p>The forecast figures included in the performance statement are those adopted by council in its strategic resource plan on 28 June 2017 and which forms part of the council plan. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The strategic resource plan can be obtained by contacting council.</p>
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Certification of the Performance Statement

R18(1)
R18(2)

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



Paul Brumby B.Bus
Principal Accounting Officer
Dated: 20th September 2017

In our opinion, the accompanying performance statement of the (*council name*) for the year ended 30 June 2017 presents fairly the results of council's performance in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

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

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

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



Ron Eason
Mayor
Dated: 20th September 2017



Michael O'Connor
Councillor
Dated: 20th September 2017



Jim Nolan
Chief Executive Officer
Dated: 20th September 2017

Independent Auditor's Report

To the Councillors of Pyrenees Shire Council

Opinion	<p>I have audited the accompanying performance statement of Pyrenees Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none">• description of municipality for the year ended 30 June 2017• sustainable capacity indicators for the year ended 30 June 2017• service performance indicators for the year ended 30 June 2017• financial performance indicators for the year ended 30 June 2017• other information and• the certification of the performance statement. <p>In my opinion, the performance statement of Pyrenees Shire Council in respect of the year ended 30 June 2017 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</i>.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. My responsibilities under the Act are further described in the <i>Auditor's responsibilities for the audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Australia and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Councillors' responsibilities for the performance statement	<p>The Councillors is responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 1989</i> and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.</p>

Auditor's responsibilities for the audit of the performance statement

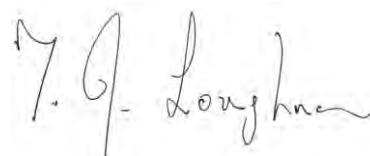
As required by the *Audit Act 1994*, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or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

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

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

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
26 September 2017



Tim Loughnan
as delegate for the Auditor-General of Victoria

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