ITEM C2.3 IN PRINCIPLE APPROVAL OF DRAFT 2019/20 FINANCIAL AND PERFORMANCE STATEMENTS

DIVISION: CORPORATE SERVICES

ACTION OFFICER: MANAGER CORPORATE FINANCE

DATE: 20 OCTOBER 2020

IMPACTS									
Financial	Communication	Legislative	Council Policy	Council Plan	Resources & Staff	Community	Environmental	Engagement	Risk Management
		✓		✓					

The recommended decision is not a Major Policy Decision or a Significant Decision as defined by Council's Election Period Policy.

OBJECTIVE

For Council to approve in principle the draft 2019/2020 Financial and Performance Statements as attached and authorise two Councillors to certify these statements upon completion of the Auditor-General's review.

PUBLIC QUESTIONS AND COMMENTS FROM THE GALLERY

RECOMMENDATION

That Council approve, in principle, the Draft 2019/2020 Financial and Performance Statements as attached and authorise two Councillors from the Audit & Risk Committee to certify the statements in their final form.

BACKGROUND

Section 99 of the *Local Government Act 2020* requires Council to prepare an annual report for submission to the Minister for Local Government by 30 September each year. Due to the current COVID-19 pandemic the Minister has approved an extension for the submission of Annual Reports to 30 November 2020.

The annual report must contain the following:

- A report of operations of the Council;
- An audited Performance Statement;
- Audited Financial Statements.

Council must pass a resolution giving its approval in principle to the Financial Statements and the Performance Statement so that Officers can submit these to the Auditor-General.

The Chief Executive Officer, Principal Accounting Officer and two Councillors appointed by Council must certify the statements, once amendments or changes requested by the Auditor-General have been made.

Council's Audit & Risk Committee has reviewed the draft Financial and Performance Statements having had discussions with the external auditors and formally recommends that Council approve the statements in principle.

The in-principle approval of the statements will enable the draft statements to be reviewed and certified by the Auditor-General prior to 30 November 2020. This will enable Council to meet its legislative requirement of submitting the 2019/2020 Annual Report to the Minister for Local Government by 30 November 2020.

OPTIONS

Council has the following options available:

1. Approve in principle the Draft 2019/2020 Financial and Performance Statements as attached, and authorise two Councillors from the Audit & Risk Committee to certify the statements in their final form; or
2. Not approve in principle the Draft 2019/2020 Financial and Performance Statements, as attached, at this time.

PROPOSAL

That Council approve, in principle, the Draft 2019/2020 Financial and Performance Statements as attached, and authorise Councillors Hall and Stephens to certify the statements in their final form.

CONFLICT OF INTEREST

No staff and/or contractors involved in the compilation of this report have declared a conflict of interest.

LEGISLATIVE IMPACT

Section 99(2) of the *Local Government Act 2020* requires Council to pass a resolution giving approval in principle to the Financial and Performance Statements prior to submitting the statements to the Auditor-General.

COUNCIL POLICY IMPACT

This impact has been assessed and there is no effect to consider at this time.

COUNCIL PLAN IMPACT

The Council Plan 2017-21 Theme 6 Organisational states the following strategic objective and related strategy:

Strategic Objective 6.3: *"Maintain a well governed, transparent, high performing, ethical and accountable organisation."*

Strategy 6.3.1: *"Maintain processes and systems to ensure sound financial management."*

This report supports the above Council Plan strategic objective and strategy.

Wellington Shire Council

ANNUAL FINANCIAL REPORT

For the Year Ended 30 June 2020

Wellington Shire Council
Financial Report
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Certification of the Financial Statements

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

Ian Carroll (CPA)
Principal Accounting Officer

Dated :
Sale

In our opinion the accompanying financial statements present fairly the financial transactions of Wellington Shire Council for the year ended 30 June 2020 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.

Councillor

Dated :
Sale

Councillor

Dated :
Sale

David Morcom
Chief Executive Officer

Dated :
Sale

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Comprehensive Income Statement
For the Year Ended 30 June 2020

	Note	2020 $'000	2019 $'000
Income			
Rates and charges	3.1	63,431	61,916
Statutory fees and fines	3.2	782	775
User fees	3.3	6,652	7,369
Grants - operating	3.4	19,719	22,594
Grants - capital	3.4	10,513	16,739
Contributions - monetary	3.5	921	1,615
Contributions - non monetary	3.5	911	611
Other income	3.6	3,768	3,920
Total income		**106,697**	**115,539**
Expenses			
Employee costs	4.1	26,950	25,690
Materials and services	4.2	30,792	30,802
Depreciation	4.3	22,437	21,044
Amortisation - intangible assets	4.4	722	556
Amortisation - right of use assets	4.5	444	-
Bad and doubtful debts	4.6	107	110
Borrowing costs	4.7	(45)	355
Finance Costs - Leases	4.8	15	-
Other expenses	4.9	5,124	2,187
Net loss on disposal of property, infrastructure, plant and equipment	4.10	990	1,120
Total expenses		**87,536**	**81,864**
Surplus for the year		**19,161**	**33,675**
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	6.1	105,875	(21,728)
Total comprehensive result		**125,036**	**11,947**

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

Balance Sheet
As at 30 June 2020

	Note	2020	2019
		$'000	$'000
Assets			
Current assets			
Cash and cash equivalents	5.1	67,532	60,612
Trade and other receivables	5.1	7,431	8,119
Other financial assets	5.1	40,493	36,219
Inventories	5.2	21	20
Other assets	5.2	315	414
Total current assets		115,792	105,384
Non-current assets			
Trade and other receivables	5.1	1,697	1,064
Property, infrastructure, plant and equipment	6.1	994,890	881,146
Right-of-use assets	5.8	324	-
Intangible assets	5.2	1,531	2,138
Total non-current assets		998,442	884,348
Total assets		1,114,234	989,732
Liabilities			
Current liabilities			
Trade and other payables	5.3	7,630	5,802
Trust funds and deposits	5.3	4,080	2,148
Unearned Income	5.3	4,830	-
Provisions	5.5	9,155	6,108
Interest-bearing liabilities	5.4	289	6,289
Lease liabilities	5.8	256	-
Total current liabilities		26,240	20,347
Non-current liabilities			
Provisions	5.5	14,871	17,770
Interest-bearing liabilities	5.4	1,026	1,315
Lease liabilities	5.8	134	-
Total non-current liabilities		16,031	19,085
Total liabilities		42,271	39,432
Net assets		1,071,963	950,300
Equity			
Accumulated surplus		405,489	388,816
Reserves	9.1	666,474	561,484
Total Equity		1,071,963	950,300

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

Statement of Changes in Equity
For the Year Ended 30 June 2020

2020	Note	Total $'000	Accumulated Surplus $'000	Revaluation Reserve $'000	Other Reserves $'000
Balance at beginning of the financial year		950,300	388,816	551,595	9,889
Impact of change in accounting policy - AASB 15 Revenue from Contracts with Customers	10	(3,373)	(3,373)	-	-
Impact of change in accounting policy - AASB 1058 Income of Not-for-Profit Entities	10	-	-	-	-
Impact of change in accounting policy - AASB 16 Leases	5.8	-	-	-	-
Adjusted Opening balance		946,927	385,443	551,595	9,889
Surplus for the year		19,161	19,161	-	-
Net asset revaluation increment	6.1	105,875	-	105,875	-
Transfer from asset revaluation reserve to accumulated surplus	6.1	-	1,858	(1,858)	-
Transfers to other reserves	9.1	-	(2,821)	-	2,821
Transfers from other reserves	9.1	-	1,848	-	(1,848)
Balance at end of the financial year		**1,071,963**	**405,489**	**655,612**	**10,862**

2019		Total $'000	Accumulated Surplus $'000	Revaluation Reserve $'000	Other Reserves $'000
Balance at beginning of the financial year		938,720	356,603	574,111	8,006
Effects of correction of errors		(367)	(367)		
Surplus for the year		33,675	33,675	-	-
Net asset revaluation decrement	6.1	(21,728)	-	(21,728)	-
Transfer from asset revaluation reserve to accumulated surplus	6.1	-	788	(788)	-
Transfers to other reserves	9.1	-	(2,814)	-	2,814
Transfers from other reserves	9.1	-	931	-	(931)
Balance at end of the financial year		**950,300**	**388,816**	**551,595**	**9,889**

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

Statement of Cash Flows
For the Year Ended 30 June 2020

	Note	2020 Inflows/ (Outflows) $'000	2019 Inflows/ (Outflows) $'000
Cash flows from operating activities			
Rates and charges		62,817	62,075
Statutory fees and fines		783	787
User fees		6,096	7,804
Grants - operating		21,416	22,775
Grants - capital		11,558	16,167
Contributions - monetary		921	1,615
Interest received		1,470	2,027
Trust funds and deposits taken		7,609	2,658
Other receipts		1,501	1,285
Goods and Services Tax Collected		1,070	944
Goods and Services Tax Refunds from the Australian Taxation Office		4,427	5,102
Employee costs		(25,839)	(25,450)
Materials and services		(29,514)	(31,439)
Trust funds and deposits repaid		(5,678)	(1,506)
Other payments		(4,598)	(728)
Goods and Services Tax Paid to Suppliers		(5,702)	(6,063)
Net cash provided by operating activities		**48,337**	**58,053**
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment (including intangibles)		(31,002)	(33,604)
Proceeds from sale of property, infrastructure, plant and equipment		623	634
Payments for investments		(129,040)	(154,346)
Proceeds from sale of investments		124,639	138,972
Net cash used in investing activities		**(34,780)**	**(48,344)**
Cash flows from financing activities			
Finance costs -recouped/(paid)		45	(355)
Repayment of borrowings		(6,289)	(288)
Interest paid - lease liability		(15)	-
Repayment of lease liabilities		(378)	-
Net cash used in financing activities		**(6,637)**	**(643)**
Net increase in cash and cash equivalents		6,920	9,066
Cash and cash equivalents at the beginning of the financial year		60,612	51,546
Cash and cash equivalents at the end of the financial year		**67,532**	**60,612**
Financing arrangements	5.6		
Restrictions on cash assets	5.1		

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

Statement of Capital Works
For the Year Ended 30 June 2020

	2020 $'000	2019 $'000
Property		
Land improvements	77	126
Total land	77	126
Buildings	7,113	4,241
Total buildings	7,113	4,241
Total property	7,190	4,367
Plant and equipment		
Plant, machinery and equipment	1,877	1,576
Fixtures, fittings and furniture	186	377
Computers and telecommunications	33	258
Library books	239	246
Total plant and equipment	2,335	2,457
Infrastructure		
Roads	11,074	10,863
Bridges	1,031	633
Footpaths and cycleways	3,600	2,433
Drainage	293	68
Recreational, leisure and community facilities	2,631	1,945
Waste management	575	344
Parks, open space and streetscapes	1,188	3,616
Aerodromes	49	6,297
Off street car parks	76	385
Other infrastructure	820	136
Total infrastructure	21,337	26,720
Total Capital Works expenditure	**30,862**	**33,544**
Represented by:		
New asset expenditure	378	2,446
Asset renewal expenditure	19,811	20,303
Asset expansion expenditure	3,755	2,691
Asset upgrade expenditure	6,918	8,104
Total capital works expenditure	**30,862**	**33,544**

The above Statement of Capital Works should be read in conjunction with the accompanying notes.
The Statement of Capital Works includes work in progress and excludes intangibles.

Notes to the Financial Report
For the Year Ended 30 June 2020

OVERVIEW

Introduction

Wellington Shire Council was established by an Order of the Governor in Council on 2 December 1994. The Council's main office is located at 18-20 Desailly Street, Sale, Victoria 3850.

Statement of compliance

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

Significant accounting policies

(a) Basis of accounting

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities* (refer to Note 3).
- the determination, in accordance with *AASB 16 Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8).
- other areas requiring judgements.

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation (except where transitional requirements of *AASB 15 Revenue from Contracts with Customers*, *AASB 16 Leases* and *AASB 1058 Income of Not-for-Profit Entities* do not require restatement of comparatives under the modified retrospective approach adopted by the Council), and disclosure has been made of any material changes to comparatives.

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. *The Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 percent or $600,000 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 6 June 2019. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

1.1 Income and expenditure

	Budget 2020 $'000	Actual 2020 $'000	Variance 2020 $'000	Variance %	Ref
Income					
Rates and charges	63,780	63,431	**(349)**	**(1)**	1
Statutory fees and fines	882	782	**(100)**	**(11)**	2
User fees	7,387	6,652	**(735)**	**(10)**	3
Grants - operating	16,042	19,719	**3,677**	**23**	4
Grants - capital	8,144	10,513	**2,369**	**29**	5
Contributions - monetary	616	921	**305**	**50**	6
Contributions - non monetary	-	911	**911**	**100**	7
Other income	2,951	3,768	**817**	**28**	8
Total income	99,802	106,697	**6,895**	**7**	
Expenses					
Employee costs	27,786	26,950	**836**	**3**	9
Materials and services	35,906	30,792	**5,114**	**14**	10
Depreciation	24,173	22,437	**1,736**	**7**	11
Amortisation - Intangible assets	603	722	**(119)**	**(20)**	
Amortisation - Right of use assets	-	444	**(444)**	**(100)**	12
Bad and doubtful debts	92	107	**(15)**	**(16)**	
Borrowing costs	243	(45)	**288**	**119**	13
Finance costs - Leases	-	15	**(15)**	**(100)**	
Net loss on disposal of property, infrastructure, plant and equipment	906	990	**(84)**	**(9)**	
Other expenses	734	5,124	**(4,390)**	**(598)**	14
Total expenses	90,443	87,536	**2,907**	**3**	
Surplus for the year	**9,359**	**19,161**	**9,802**	**105**	

(i) Explanation of material variations - Income and Expenditure

Variance Ref	Item	Explanation
1	Rates and Charges	Delay in commencement of street construction schemes resulted in lower than expected owners contributions being raised ($633k). This has been partly offset by $284k of additional supplementary rates and charges raised in 2019/20.
2	Statutory Fees & Fines	Lower than expected issuing of local laws and fire infringement notices ($145k), offset by $42k greater income from certificates, permits and planning fees.
3	User fees	User fees impacted by drought, bushfires, and COVID-19 including leisure centre fees ($602k), 'The Wedge' Entertainment Centre ($158k), and Gippsland Regional Livestock Exchange ($137k). This is partly offset by miscellaneous reimbursements of $89k.
4	Grants - operating	The majority of the additional operating grants received relates to drought rate relief program of $3.8 million. This is slightly offset by various minor grants for rural access programs ($45k), art gallery ($27k), municipal emergency ($23k) and immunisations ($16k) that were not received in 2019/20.
5	Grants - capital	Additional Drought Initiative Roads to Recovery (RTR) funding of $2.6 million was allocated after the 2019/20 budget was adopted. Cameron Sporting Complex Stadium Redevelopment additional allocation of $2.4 million was associated with transition to new Accounting Standards and revised timing of grant payments. This additional funding was offset by $790k of public hall funding either paid directly to hall committees or delays in commencement of projects with funding to be received in 2020/21. These delays include funding for Stephenson Park ($800k), Maffra CBD Streetscape Renewal ($500k) and Market /Macarthur Street intersection ($126k). Funding for Pine Lodge - Tennis Court redevelopment ($225k) and Briagolong Recreation Pavilion ($225k) was budgeted to be received in 2019/20 but was received in June 2019.
6	Contributions - monetary	Major contributions (monetary) received during the year include Sale Memorial Hall upgrade of $203k and Cameron Sporting Complex Redevelopment of $225k.
7	Contributions - non monetary	Asset contributions (non monetary) associated with new subdivisions in Stratford have been recognised throughout the year.
8	Other income	Other income mainly represents recognition of new assets (non-cash adjustments) of $797k associated with a review of Council's road management plan.
9	Employee costs	Savings in employee benefits are mainly due to $300k savings in 2019/20 WorkCover premium expenses. Savings of $300k due to vacancies and leave entitlements are partly offset by additional agency staff to cover vacancies that are critical for maintaining ongoing services. Savings of $200k have occurred in training mainly due to COVID-19.
10	Materials and Services	Expenditure budgeted for IT corporate systems improvements associated with the Gippsland Shared Services initiative and other special projects of $2.6 million has been delayed until 2020/21. Stratford Recreation Reserve Changerooms and York Street special project have been delayed until 2020/21 resulting in $1.3 million in savings in 2019/20. Underspends occurred in utility charges of $300k, consultant payments of $300k, and maintenance costs of $200k for infrastructure and buildings, partly due to facility closures from COVID-19. Other ongoing community projects and programs, as well as drought recovery and COVID-19 support initiatives of $500k will be carried forward to 2020/21.
11	Depreciation	Overall lower than expected depreciation (non cash) mainly in roads, offset by higher than expected depreciation for buildings, drainage, and plant and machinery. Annual depreciation charges are impacted by the timing of project completions.
12	Amortisation - Right of Use Assets	New right of use assets recognised 1 July 2019 (AASB 16 Leases).
13	Borrowings	The impact of Net Present Value (NPV) movement on employee entitlement and landfill provision has resulted in a negative non-cash interest adjustment of $286k.
14	Other expenses	Unbudgeted allocation for drought farm relief payments (funded) of $3.8 million and recognition of volunteer services as an expense ($246k) under new accounting standards effective 1 July 2019.

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 1 Performance against budget (continued)

1.2 Capital works

	Budget 2020 $'000	Actual 2020 $'000	Variance 2020 $'000	Variance %	Ref
Property					
Landfill Improvements	75	77	2	3	
Total Land	75	77	2	3	
Buildings	11,149	7,113	(4,036)	(36)	1
Total Buildings	11,149	7,113	(4,036)	(36)	
Total Property	11,224	7,190	(4,034)	(36)	
Plant and Equipment					
Plant, machinery and equipment	2,104	1,877	(227)	(11)	2
Fixtures, fittings and furniture	164	186	22	13	
Computers and telecommunications*	230	33	(197)	(86)	3
Library books	244	239	(5)	(2)	
Total Plant and Equipment	2,742	2,335	(407)	(15)	
Infrastructure					
Roads	12,814	11,074	(1,740)	(14)	4
Bridges	1,469	1,031	(438)	(30)	5
Footpaths and cycleways	1,869	3,600	1,731	93	6
Drainage	450	293	(157)	(35)	7
Recreational, leisure and community facilities	2,800	2,631	(169)	(6)	
Waste management	465	575	110	24	8
Parks, open space and streetscapes	3,280	1,188	(2,092)	(64)	9
Aerodromes	1,414	49	(1,365)	(97)	10
Off street car parks	450	76	(374)	(83)	11
Other infrastructure	829	820	(9)	(1)	
Total Infrastructure	25,840	21,337	(4,503)	(17)	
Total Capital Works Expenditure	39,806	30,862	(8,944)	(22)	
Represented by:					
New asset expenditure	405	378	(27)	(7)	
Asset renewal expenditure	23,673	19,811	(3,862)	(16)	
Asset expansion expenditure	4,517	3,755	(762)	(17)	
Asset upgrade expenditure	11,211	6,918	(4,293)	(38)	
Total Capital Works Expenditure	39,806	30,862	(8,944)	(22)	

* This comparison excludes intangibles (budget $682k and actuals $143k)

(i) Explanation of material variations - Capital Works

Variance Ref	Item	Explanation
1	Buildings	Delays in funding confirmation and community consultations, has delayed the commencement of the Stephenson Park project until early 2020/21 resulting in a variance of $1.41 million. The commencement of the Cameron Sporting Complex construction phase commenced later than expected in 2019/20 resulting in a $792k underspend. Funding applications of $950k for halls were either unsuccessful or paid directly to committees. The Aqua Energy Masterplan currently being developed has put on hold $600k of projects relating to Aqua Energy. Delays have also occurred in the public toilet replacement program of $242k.
2	Plant, machinery and equipment	The replacement of some fleet vehicles has been deferred because of lower than expected kilometres and some vehicles are being kept longer as an economy measure.
3	Computers and telecommunications	Vendor commitments due to the 2019/20 Bushfires has delayed the commencement of the Remote ICT/AV Technology projects ($170k).
4	Roads	Several new special charge schemes which have a long lead time due to statutory requirements and required stakeholder engagement were delayed by extended community consultation resulting in an underspend of $810k. Commencement on works in Market St/Macarthur St funding ($474k) and Sale - Toongabbie Road safety works ($280k) were delayed while awaiting funding announcements. The annual reconstruct and reseal roads program delivered $932k in savings after completion of the programmed works. A number of other projects including Beverleys Road safety upgrades ($238k) and Loch Sport Town Entry improvements ($250k) will be completed in 2020/21. These underspends have been partly offset by an additional $1.80 million of Roads to Recovery grant funding received which included additional works on several projects which were brought forward from future programs.
5	Bridges	$243k of Rathjens Bridge expenditure was reclassified to operating as the bridge is on the border with Latrobe Shire who contributed 50% to the project. Staceys Bridge had savings of $200k.
6	Footpaths and cycleways	Maffra Streetscape expenditure ($1.6 million) was reclassified from parks, open space and streetscapes.
7	Drainage	Barkly Street Drainage works ($91k) will be completed in July 2020. Savings of $65k were achieved in the construction of minor drainage works.
8	Waste management	The 2019/20 budget included an allocation for the construction of material storage facilities which was not required as Council received grant funding to construct E-Waste Storages at landfill facilities. This funding resulted in an expanded project resulting in $115k of additional expenditure.
9	Parks, open space and streetscapes	Maffra Streetscape expenditure of $1.6 million was re-classified as footpaths and cycleways. Port of Sale and town entry signs works of $116k were postponed. Under Council's capitalisation policy $172k of expenditure associated with works at BBQ Shelter and Botanic Gardens was transferred to operating. New funding of $96k was received for fitness equipment on the Loch Sport foreshore.
10	Aerodromes	During 2019/20 confirmation has been received that the assets associated with the West Sale Airport -Waste Water ($794k) and the Eastern Rec Aviation Precinct ($535k) projects will be transferred to third parties after completion. They have been therefore reclassified as operating projects and will be completed in 2020/21.
11	Off street car parks	Negotiations for a carpark redevelopment ($397k) are progressing and will be completed in 2020/21.

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2 (a) Built & Natural Environment

Built & Natural Environment division promotes, plans and implements a range of strategies that make a significant contribution to the responsible care and sustainable management of our municipality's diverse natural environment and built environment. Services delivered by this division include Capital works, Asset Management, Infrastructure Development, Road Planning and Maintenance, Built Environment Facilities, Parks Services, Open Space Planning and Waste & Sustainability.

Chief Executive Officer

CEO Office ensures leadership and engagement with our community to ensure our residents feel engaged and informed by Council through services including Media and Communication.

Community and Culture

Community and Culture division promotes, supports and advocates for the social and cultural wellbeing of our community by providing essential and innovative amenities, services and facilities through the creation of beneficial partnerships with key stakeholders. The division is comprised of service areas including Social Planning & Policy, Community Engagement, Youth Services, Rural Access, Emergency Management, Community Facilities Planning and Community Committees. This division also manages our Art Gallery, Library Services, 'The Wedge' Entertainment Centre and Leisure Services which includes our pools and Gippsland Regional Sporting Complex in Sale.

Corporate Services

Corporate Services division provides support services across council to enable the delivery of council's vision and strategic objectives. The provision of these services includes Human Resources, Occupational Heath & Safety, Risk Management, Corporate Planning, Accounting & Payroll, Rates & Valuations, Procurement, Records Management, Information Technology and Business Systems. This division also ensures the legislative compliance by conducting our affairs openly and with integrity, reflecting the highest level of good management and governance.

Development

Development division supports sustainable growth and development in appropriate locations supported by levels of infrastructure in keeping with the needs of the community while retaining the amenity valued by the community. This include services such as Strategic Planning, Statutory Planning, Economic Development, Tourism and Visitor Economy. The division is responsible for managing a number of customer focussed, responsive services such as Local Laws, Environmental Health, Municipal Building Services and Customer Service. It also manages a range of commercial property portfolios including the Gippsland Regional Livestock Exchange.

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 2 Analysis of Council results by program

2 (b) Summary of revenues, expenses, assets and capital expenses by program

2020	Income $'000	Expenses $'000	Surplus/(Deficit) $'000	Grants included in income $'000	Total assets $'000
Built & Natural Environment	23,399	53,360	(29,961)	11,894	987,495
Chief Executive Officer	1	1,423	(1,422)	-	-
Community and Culture	4,288	12,351	(8,063)	4,987	5,451
Corporate Services	71,825	12,402	59,423	13,020	121,289
Development	7,184	8,000	(816)	332	-
	106,697	**87,536**	**19,161**	**30,233**	**1,114,235**

2019	Income $'000	Expenses $'000	Surplus/(Deficit) $'000	Grants included in income $'000	Total assets $'000
Built & Natural Environment	30,449	53,046	(22,597)	19,173	874,036
Chief Executive Officer	-	1,328	(1,328)	-	-
Community and Culture	5,618	11,964	(6,346)	4,855	5,100
Corporate Services	67,073	8,028	59,045	14,066	110,596
Development	12,399	7,498	4,901	1,239	-
	115,539	**81,864**	**33,675**	**39,333**	**989,732**

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 3 Funding for the delivery of our services	2020	2019
3.1 Rates and charges	**$'000**	**$'000**

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is its total land and improvements value.

The valuation base used to calculate general rates for 2019/20 was $11,450 million (2018/19 $10,789 million).

General rates	56,185	54,551
Waste management charge	4,326	4,167
Service rates and charges	2,042	2,005
Supplementary rates and rate adjustments	284	448
Special rates and charges	270	388
Interest on rates and charges	324	357
Total rates and charges	**63,431**	**61,916**

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2020, and the valuation will be first applied in the rating year commencing 1 July 2020.

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

3.2 Statutory fees and fines

Planning fees	382	395
Land and building information certificates	163	147
Permits	137	134
Infringements and costs	100	99
Total statutory fees and fines	**782**	**775**

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

3.3 User fees

Waste management services	2,563	2,550
Leisure centres	1,690	2,152
Registration and other permits	823	795
Other fees and charges	789	732
Saleyards	425	569
Entertainment centre	230	401
Emergency management works	63	91
Animal services	69	79
Total user fees	**6,652**	**7,369**
User fees by timing of revenue recognition		
User fees recognised over time	-	-
User fees recognised at a point in time	6,652	7,369
Total user fees	**6,652**	**7,369**

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

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 3 Funding for the delivery of our services

	2020	2019
3.4 Funding from other levels of government	**$'000**	**$'000**
Grants were received in respect of the following:		
Summary of grants		
Commonwealth funded grants	18,890	21,138
State funded grants	11,342	18,195
Total grants received	**30,232**	**39,333**
(a) Operating Grants		
Recurrent - Commonwealth Government		
Financial Assistance Grants	13,960	14,490
Roads to Recovery	-	93
Recurrent - State Government		
Libraries	330	323
Rural Access and Transport connection	138	251
Cultural Services	202	229
Municipal emergency	123	174
School crossing supervisors	136	133
Parks and Environmental services	115	106
Environmental health	63	94
Fire Service Property Levy	61	59
Senior citizens	58	57
Community support programs	10	44
Other	21	14
Total recurrent operating grants	**15,217**	**16,067**
Non-recurrent - Commonwealth Government		
Drought Community Program	-	428
Non-recurrent - State Government		
Drought Communities Program	3,810	250
Shared Services	-	4,500
Community and Recreation facilities upgrade	433	404
Roads	-	261
Economic Development and Tourism	132	173
Municipal emergency	47	45
Natural disaster funding	46	-
Other	27	216
Planning	-	110
Community support programs	7	79
Property Valuation	-	61
Total non-recurrent operating grants	**4,502**	**6,527**
Total operating grants	**19,719**	**22,594**

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 3 Funding for the delivery of our services

	2020 $'000	2019 $'000
3.4 Funding from other levels of government (continued)		
(b) Capital Grants		
Recurrent - Commonwealth Government		
Roads to recovery	4,735	3,490
Total recurrent capital grants	**4,735**	**3,490**
Non-recurrent - Commonwealth Government		
Drought Community Program	100	472
Parks, open space and streetscapes	95	1,000
Buildings	-	675
Recreation and leisure community facilities	-	490
Non-recurrent - State Government		
Recreation and leisure community facilities	3,644	2,800
Buildings	-	1,500
Bridges	321	-
Roads	919	877
Footpaths and Cycleways	311	242
Waste Management	290	150
Parks, open space and streetscapes	89	34
Library Books	9	9
Aerodrome	-	5,000
Total non-recurrent capital grants	**5,778**	**13,249**
Total capital grants	**10,513**	**16,739**
(c) Unspent grants received on condition that they be spent in a specific manner		
Operating		
Balance at start of year	7,809	3,139
Received during the financial year and remained unspent at balance date	2,623	5,542
Received in prior years and spent during the financial year	(1,923)	(872)
Balance at year end	**8,509**	**7,809**
Capital		
Balance at start of year	3,009	1,398
Received during the financial year and remained unspent at balance date	2,207	2,761
Received in prior years and spent during the financial year	(2,977)	(1,150)
Balance at year end	**2,239**	**3,009**

Grant income is recognised at the point in time when the council satisfies its performance obligations as specified in the underlying agreement

3.5 Contributions

Monetary	921	1,615
Non-monetary	911	611
Total contributions	**1,832**	**2,226**

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

Infrastructure	525	560
Property	386	51
Total non-monetary contributions	**911**	**611**

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

Notes to the Financial Report
For the Year Ended 30 June 2020

3.6 Other income	2020 $'000	2019 $'000
Interest on investments	1,470	2,027
Recognition of assets	797	608
Other rent	764	862
Donations	382	310
Volunteer income	246	-
Miscellaneous income	84	80
Insurance	24	21
Interest on debtors	1	12
Total other income	**3,768**	**3,920**

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

Note 4 The cost of delivering services

4.1 Employee costs	2020 $'000	2019 $'000
Wages and salaries	22,117	20,625
Superannuation	2,211	2,148
Casual staff	1,860	2,118
Other	374	402
WorkCover	199	202
Fringe benefits tax	189	195
Total employee costs	**26,950**	**25,690**

(b) Superannuation
Council made contributions to the following funds:

Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	160	184
Employer contributions - other funds	-	-
	160	**184**
Employer contributions payable at reporting date.	-	-

Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,119	1,147
Employer contributions - other funds	890	814
	2,009	**1,961**
Employer contributions payable at reporting date.	-	-

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

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 4 The cost of delivering services

4.2 Materials and services	2020 $'000	2019 $'000
Infrastructure & parks maintenance	7,827	7,387
Contractors	5,313	6,104
Waste management services	4,689	4,570
Materials	3,410	3,705
Contributions	2,749	2,836
Utility payments	2,309	2,518
Building maintenance	1,386	1,204
Insurances	1,228	1,035
Authority fees	1,021	941
Consultants	860	502
Total materials and services	**30,792**	**30,802**

4.3 Depreciation		
Infrastructure	15,809	15,110
Property	4,748	4,030
Plant and equipment	1,880	1,904
Total depreciation	**22,437**	**21,044**

Refer to note 6.1 for a more detailed breakdown of depreciation charges and accounting policy.

4.4 Amortisation - Intangible assets		
Software	48	31
Water Rights	3	-
Landfill Airspace	671	525
Total Amortisation - Intangible assets	**722**	**556**

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

4.5 Amortisation - Right of use assets		
Property	161	-
Vehicles	233	-
Information Technology Equipment	50	-
Total Amortisation - Right of use assets	**444**	**-**

Refer to note 5.8 and 6.1 for a more detailed breakdown of amortisation charges and accounting policy.

4.6 Bad and doubtful debts		
Rates debtors	107	110
Infringements	-	-
Total bad and doubtful debts	**107**	**110**
Movement in provisions for doubtful debts		
Balance at the beginning of the year	1,507	1,486
New Provisions recognised during the year	99	21
Balance at end of year	**1,606**	**1,507**

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

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 4 The cost of delivering services

4.7 Borrowing costs	2020 $'000	2019 $'000
Interest - Borrowings	243	391
Changes to net present value due to interest rate movements	(288)	(36)
Total borrowing costs	**(45)**	**355**

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

4.8 Finance Costs - Leases		
Interest - Lease Liabilities	15	-
Total finance costs	**15**	**-**

4.9 Other expenses		
Rate Relief payments	3,810	-
Work in progress assets written off	411	412
Councillors' allowances	316	310
Volunteer Expenses	246	-
Derecognition of assets	237	560
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	70	60
Auditors' remuneration - Internal	34	25
Operating lease rentals	-	223
Landfill Rehabilitation Expenses	-	597
Total other expenses	**5,124**	**2,187**

4.10 Net loss on disposal of property, infrastructure, plant and equipment		
Proceeds of sale	623	634
Written down value of assets disposed/replaced	(1,613)	(1,754)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	**(990)**	**(1,120)**

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

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 5 Our financial position

5.1 Financial assets	2020 $'000	2019 $'000
(a) Cash and cash equivalents		
Cash on hand	6	5
Cash at bank	1,216	896
Term deposits	66,310	59,711
Total cash and cash equivalents	67,532	60,612
(b) Other financial assets		
Term deposits - current	40,493	36,219
Term deposits - non-current	-	-
Total other financial assets	40,493	36,219
Total financial assets	**108,025**	**96,831**

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

Contractually restricted unearned income (Note 5.3 (c))	4,830	-
Trust funds and deposits (Note 5.3 (b))	4,080	2,148
Other non discretionary reserves (Note 9.1)	2,302	1,927
Total restricted funds	**6,382**	**4,075**
Total unrestricted cash and cash equivalents	**61,150**	**56,537**

Intended allocations

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

- Cash held to fund carried forward capital works/operating projects	7,260	4,122
- Cash held in relation to the Victoria Grants Commission advance to fund general operations and roads works	7,218	7,409
- Unexpended grants and contributions (Note 3.4, & 3.5)	10,782	11,445
- Discretionary reserve (Note 9.1)	8,560	7,962
Total funds subject to intended allocations	**33,820**	**30,938**

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

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

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 5 Our financial position

5.1 Financial assets (continued)

(c) Trade and other receivables	**2020 $'000**	**2019 $'000**
Current		
Statutory receivables		
Rates debtors	4,196	4,294
Special charge schemes	34	83
Infringement and fire hazards	89	51
Net GST receivable	885	680
Non statutory receivables		
Government grants	776	2,099
Other debtors	1,052	473
Waste management	399	439
Total current trade and other receivables	7,431	8,119
Non-current		
Statutory receivables		
Rates debtors	2,619	2,125
Provision for doubtful debts	(1,600)	(1,502)
Special charge schemes	640	369
Provision for doubtful debts - special charge scheme	(2)	(2)
Infringements and fire hazards	44	77
Provision for doubtful debts - infringements	(4)	(3)
Total non-current trade and other receivables	1,697	1,064
Total trade and other receivables	**9,128**	**9,183**

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

Included in the provision for doubtful debts is an amount relating to land in inappropriate subdivisions mainly in the 90 Mile Beach area. Council has a significant number of rateable properties in these areas for which provision has been made for a total amount outstanding of $1,600,353 (2019: $1,501,737). A provision has been established as these properties are unable to be sold in order for Council to recover the debt.

(d) Ageing of Receivables

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

Current (not yet due)	1,723	2,863
Past due by up to 30 days	172	37
Past due between 31 and 180 days	45	111
Past due between 181 and 365 days	7	-
Past due by more than 1 year	15	-
Total trade & other receivables	**1,962**	**3,011**

(e) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of Nil (2019: Nil) were impaired.

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 5 Our financial position

5.2 Non-financial assets

(a) Inventories

	2020 $'000	2019 $'000
Inventories held for sale	21	20
Total inventories	**21**	**20**

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

(b) Other assets

Prepayments	315	414
Accrued income	-	-
Total other assets	**315**	**414**

(c) Intangible assets

Water rights	15	18
Software	232	137
Landfill air space	1,284	1,983
Total intangible assets	**1,531**	**2,138**

	Water Right $'000	Software $'000	Landfill $'000	Total $'000
Gross carrying amount				
Balance at 1 July 2019	35	230	4,855	5,120
Additions	-	143	-	143
Balance at 30 June 2020	35	373	4,855	5,263
Accumulated amortisation and impairment				
Balance at 1 July 2019	17	93	2,872	2,982
Amortisation expense	3	48	670	721
Write off of assets	-	-	29	29
Balance at 30 June 2020	20	141	3,571	3,732
Net book value at 30 June 2019	18	137	1,983	**2,138**
Net book value at 30 June 2020	**15**	**232**	**1,284**	**1,531**

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

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 5 Our financial position

	2020	2019
5.3 Payables	**$'000**	**$'000**
(a) Trade and other payables		
Trade payables	6,018	4,781
Accrued expenses	1,612	1,021
Total trade and other payables	**7,630**	**5,802**
(b) Trust funds and deposits		
Overpaid rates	1,586	771
Refundable deposits	328	333
Fire services levy	1,639	574
Retention amounts	368	315
Other trust funds and deposits	159	155
Total trust funds and deposits	**4,080**	**2,148**

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

Purpose and nature of items

Overpaid Rates - Overpaid rates received from ratepayers which are offset when financial year's rates are raised.

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

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

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

Other Trust funds and deposits - Council holds in trust ticket sales for shows performed by third parties at 'The Wedge' Entertainment Centre which are on forwarded to performer on completion of the show.

(c) Unearned income		
Grants received in advance - operating	2,623	-
Grants received in advance - capital	2,207	-
Total unearned income	**4,830**	**-**

Amounts received by Council are classified as unearned income where funds are received for a specified purpose and where the specified purpose or obligations have not yet been fulfilled. Once the obligations is fulfilled by Council, the associated income will be presented in the comprehensive income statement. This requirement is set in AASB15.

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 5 Our financial position

5.4 Interest-bearing liabilities

	2020 $'000	2019 $'000
Current		
Borrowings - secured	289	6,289
	289	6,289
Non-current		
Borrowings - secured	1,026	1,315
	1,026	1,315
Total	**1,315**	**7,604**

Borrowings are secured by Council rate income.

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

Not later than one year	289	6,289
Later than one year and not later than five years	1,026	1,155
Later than five years	-	160
	1,315	**7,604**

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.

5.5 Provisions

2020	Employee $ '000	Landfill restoration $ '000	Total $ '000
Balance at beginning of the financial year	6,488	17,390	23,878
Additional provisions	1,991	-	1,991
Amounts used	(2,125)	(45)	(2,170)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	654	(327)	327
Balance at the end of the financial year	**7,008**	**17,018**	**24,026**

2019			
Balance at beginning of the financial year	6,301	16,518	22,819
Additional provisions	2,177	-	2,177
Amounts used	(1,995)	(142)	(2,137)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	5	1,014	1,019
Balance at the end of the financial year	**6,488**	**17,390**	**23,878**

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 5 Our financial position

5.5 Provisions (continued)

	2020	2019
(a) Employee provisions	**$'000**	**$'000**
Current provisions expected to be wholly settled within 12 months		
Annual leave	1,540	1,418
Long service leave	289	483
	1,829	**1,901**
Current provisions expected to be wholly settled after 12 months		
Annual leave	648	462
Long service leave	4,108	3,745
	4,756	**4,207**
Total current employee provisions	**6,585**	**6,108**
Non-current		
Long service leave	422	379
Sick Leave Gratuity	1	1
Total non-current employee provisions	**423**	**380**
Aggregate carrying amount of employee provisions:		
Current	6,585	6,108
Non-current	423	380
Total aggregate carrying amount of employee provisions	**7,008**	**6,488**

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

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

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

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

Sick Leave Gratuity
A former entity of Wellington Shire Council had established a sick leave gratuity scheme which ceased at the end of September 1991. Under the scheme, sick leave is payable to all ex-Shire employees and is not to exceed existing benefits as at the end of September 1991, using remuneration rates current at the time of leaving. The employees are entitled to the sick leave gratuity upon their leaving the organisation. The amount provided for appears as a non- current liability.

Key assumptions:	2020	2019
- discount rate %	0.511%	1.138%
- index rate %	2.250%	2.700%

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 5 Our financial position

5.5 Provisions (continued)

	2020	2019
(b) Landfill Restoration	**$'000**	**$'000**
Current	2,570	-
Non-current	14,448	17,390
	17,018	**17,390**

Council is obligated to restore the Kilmany, Longford, Maffra, Rosedale, Stratford and Yarram sites to a particular standard. The forecast life of each site is based on current estimates of remaining capacity and the forecast rate of infill. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken, derived from current contractual works undertaken in 2017/18. It has also has been estimated based on current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs of ongoing monitoring.

Key assumptions:		
- discount rate %	0.84%	1.31%
- index rate %	2.00%	2.50%
- inflation rate %	2.00%	2.50%
- settlement rate	10 years	10 years
- estimates cost to rehabilitate	$15.7 million	$15.9 million

Summary of Provisions	**2020**	**2019**
	$'000	**$'000**
Current		
Employee	6,585	6,108
Landfill Restoration	2,570	-
Total Current Provisions	**9,155**	**6,108**
Non Current		
Employee	423	380
Landfill Restoration	14,448	17,390
Total Non Current Provisions	**14,871**	**17,770**
Total Provisions	**24,026**	**23,878**

5.6 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2020.		
Bank overdraft	200	200
Credit card facilities	130	130
Total facilities	330	330
Used facilities	29	34
Unused facilities	**301**	**296**

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 5 Our financial position

5.7 Commitments

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

2020	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	$'000	$'000	$'000	$'000	$'000
Operating					
Waste management	4,795	-	-	-	4,795
Animal pound and shelter service	355	-	-	-	355
Litter bins	238	-	-	-	238
Consultancies	147	-	-	-	147
Software maintenance	61	61	61	-	183
Total	**5,596**	**61**	**61**	**-**	**5,718**
Capital					
Buildings	4,262	-	-	-	4,262
Footpaths and cycleways	1,400	-	-	-	1,400
Roads	863	-	-	-	863
Recreational leisure and community facilities	677	-	-	-	677
Waste management	152	-	-	-	152
Total	**7,354**	**-**	**-**	**-**	**7,354**

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 5 Our financial position

5.1 Commitments (continued)

2019	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	$'000	$'000	$'000	$'000	$'000
Operating					
Waste management	4,708	-	-	-	4,708
Health services	988	-	-	-	988
Animal pound and shelter service	253	-	-	-	253
Valuation contract	110	110	-	-	220
Software maintenance	360	-	-	-	360
Litter bins	228	238	-	-	466
L to P project	132	132	264	-	528
Total	**6,779**	**480**	**264**	**-**	**7,523**
Capital					
Parks, open space and streetscapes	667	-	-	-	667
Roads	241	-	-	-	241
Footpaths and cycleways	1,304	-	-	-	1,304
Buildings	92	-	-	-	92
Computer and telecommunications	64	-	-	-	64
Bridges	623	-	-	-	623
Waste management	152	-	-	-	152
Plant, machinery and equipment	108	-	-	-	108
Total	**3,251**	**-**	**-**	**-**	**3,251**

Notes to the Financial Report
For the Year Ended 30 June 2020

5.8 Leases

Policy applicable before 1 July 2019

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

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

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

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

Policy applicable after 1 July 2019

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

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

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

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

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

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

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an appropriate incremental borrowing rate. Generally, Council uses an appropriate incremental borrowing rate as the discount rate. The increment borrowing rate at 30 June 2020 is 4.24%.

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

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

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

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

Council has no reliance on peppercorn leases.

Notes to the Financial Report
For the Year Ended 30 June 2020

Right-of-Use Assets	Property	Vehicles	Other, etc.	Total
	$'000	$'000	$'000	$'000
Balance at 1 July 2019	201	350	100	651
Additions	-	-	117	117
Amortisation charge	(161)	(233)	(50)	(444)
Balance at 30 June 2020	40	117	167	324

Lease Liabilities	2020
Maturity analysis - contractual undiscounted cash flows	$'000
Less than one year	272
One to five years	129
More than five years	-
Total undiscounted lease liabilities as at 30 June:	401
Lease liabilities included in the Balance Sheet at 30 June:	
Current	256
Non-current	134
Total lease liabilities	390

Short-term and low value leases

Council has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets (individual assets worth less than existing capitalisation thresholds for a like asset up to a maximum of $10,000), including IT equipment. Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. (2019/20 Nil)

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

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

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

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

Impact on financial statements

On transition to *AASB 16 Leases*, Council recognised an additional $651k of right-of-use assets and $651k of lease liabilities. There was no impact on accumulated surplus at 1 July 2019.

When measuring lease liabilities, Council discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted-average rate applied is 6.27%.

	2019
	$'000
Operating lease commitment at 30 June 2019 as disclosed in Council's financial statements	379
Discounted using the incremental borrowing rate at 1 July 2019	(78)
Lease liability recognised as at 1 July 2019	301
Recognition of waste collection trucks	350
- Recognition exemption for:	
short-term leases	-
leases of low-value assets	-
- Lease liabilities recognised as at 1 July 2019	651

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 6 Assets we manage

6.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2019	Additions	Recognised	Contributions	Revaluation	Depreciation	Disposal	Write-off	Transfers	At Fair Value 30 June 2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Property	208,200	1,730	5	394	(4)	(4,746)	(68)	-	261	203,780
Plant and equipment	13,331	2,466	275	-	-	(1,880)	(264)	-	131	14,059
Infrastructure	655,778	16,826	517	517	105,879	(15,809)	(1,528)	-	2,839	764,819
Work in progress	5,837	10,037	-	-	-	-	-	(411)	(3,231)	12,232
	881,146	**30,859**	**797**	**911**	**105,875**	**(22,437)**	**(1,850)**	**(411)**	**-**	**994,890**

Summary of Work In Progress	Opening WIP	Additions	Write-off	Transfers	Closing WIP
	$'000	$'000	$'000	$'000	$'000
Property	602	5,607	-	(261)	5,948
Plant and equipment	131	11	-	(131)	11
Infrastructure	5,104	4,419	(411)	(2,839)	6,273
Total	**5,837**	**10,037**	**(411)**	**(3,231)**	**12,232**

Note 6 Assets we manage

6.1 Property, infrastructure, plant and equipment (continued)

(a) Property

	Land - specialised	Land improvements	Land Under Roads	Total Land & Land Improvements	Buildings - specialised	Total Buildings	Work In Progress	Total Property
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At fair value 1 July 2019	85,869	1,929	39,383	127,181	157,588	157,588	602	285,371
Accumulated depreciation at 1 July 2019	-	(526)	-	(526)	(78,043)	(78,043)	-	(78,569)
At fair value 1 July 2019	85,869	1,403	39,383	126,655	79,545	79,545	602	206,802
Movements in fair value								
Additions	-	60	-	60	1,670	1,670	5,807	7,337
Recognised	-	-	5	5	-	-	-	5
Contributions	379	-	7	386	8	8	-	394
Disposal	-	-	-	-	(342)	(342)	-	(342)
Transfers	-	-	-	-	261	261	(261)	-
	379	60	12	451	1,597	1,597	5,346	7,394
Movements in accumulated depreciation								
Depreciation and amortisation	-	(492)	-	(492)	(4,256)	(4,256)	-	(4,748)
Accumulated depreciation of disposals	-	-	-	-	284	284	-	284
Accumulated depreciation at revaluation	-	-	-	-	(4)	(4)	-	(4)
	-	(492)	-	(492)	(3,976)	(3,976)	-	(4,468)
At fair value 30 June 2020	86,248	1,989	39,395	127,632	159,185	159,185	5,948	292,765
Accumulated depreciation at 30 June 2020	-	(1,018)	-	(1,018)	(82,019)	(82,019)	-	(83,037)
	86,248	971	39,395	126,614	77,166	77,166	5,948	209,728

Note 6 Assets we manage

6.1 Property, infrastructure, plant and equipment (continued)

(b) Plant and Equipment

	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Library books	Art Works	Work In Progress	Total plant and equipment
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At fair value 1 July 2019	11,390	2,941	865	2,959	3,609	131	**21,795**
Accumulated depreciation at 1 July 2019	(5,531)	(1,202)	(212)	(1,488)	-	-	**(8,333)**
	5,859	1,739	653	1,471	3,609	131	**13,462**
Movements in fair value							
Additions	1,731	402	25	239	69	11	**2,477**
Recognised	-	-	-	-	275	-	**275**
Disposal	(1,429)	(23)	(44)	(286)	-	-	**(1,782)**
Transfers	-	95	36	-	-	(131)	**-**
	302	474	17	(47)	344	(120)	**970**
Movements in accumulated depreciation							
Depreciation and amortisation	(1,234)	(314)	(99)	(233)	-	-	**(1,880)**
Accumulated depreciation of disposals	1,186	23	44	286	-	-	**1,518**
	(89)	(291)	(55)	53	-	-	**(362)**
At fair value 30 June 2020	11,692	3,415	882	2,812	3,953	11	**22,765**
Accumulated depreciation at 30 June 2020	(5,600)	(1,493)	(267)	(1,335)	-	-	**(8,695)**
	6,092	**1,922**	**615**	**1,477**	**3,953**	**11**	**14,070**

Note 6 Assets we manage

6.1 Property, infrastructure, plant and equipment (continued)

(c) Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and community	Waste management	Parks open spaces and streetscapes	Aerodromes	Off street car parks	Other infrastructure	Work in progress	Total infrastructure
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At fair value 1 July 2019	654,615	109,401	33,392	97,929	28,958	4,875	32,282	16,027	3,810	19,309	5,104	1,005,601
Accumulated depreciation at 1 July 2019	(211,160)	(40,858)	(10,629)	(34,386)	(15,185)	(1,914)	(11,578)	(8,261)	(1,569)	(8,257)	-	(344,815)
Found/Derecognised Assets - Prior Year	12	-	13	93	-	-	-	-	-	-	-	118
Accum Depn Found/Derecognised Asset - Prior Year	12	-	1	(35)	-	-	-	-	-	-	-	(22)
	443,459	68,543	22,778	63,501	12,773	2,961	20,704	7,766	2,241	11,052	5,104	660,882
Movements in fair value												
Additions	10,686	895	1,886	397	849	392	1,249	48	-	384	4,419	21,045
Recognised	447	58	-	12	-	-	-	-	-	-	-	517
Contributions	200	-	52	82	7	-	176	-	-	-	-	517
Revaluation	127,576	-	9,984	-	-	-	-	-	-	-	-	137,460
Disposal	(3,599)	(210)	(524)	(84)	(475)	(34)	(140)	-	-	(104)	-	(5,159)
Write-off	-	-	-	-	-	-	-	-	-	-	(411)	(411)
Transfers	1,034	314	607	115	52	271	69	-	-	166	(2,839)	-
	136,255	1,057	12,105	522	433	589	1,365	48	-	446	1,169	153,969
Movements in accumulated depreciation												
Depreciation and amortisation	(10,099)	(1,129)	(761)	(979)	(808)	(161)	(947)	(327)	(87)	(521)	-	(15,809)
Accumulated depreciation of disposals	2,896	205	232	30	262	20	109	-	-	78	-	3,631
Accumulated depreciation at revaluation	(26,727)	-	(4,854)	-	-	-	-	-	-	-	-	(31,581)
	(34,100)	(924)	(5,403)	(949)	(546)	(141)	(839)	(327)	(87)	(443)	-	(43,759)
At fair value 30 June 2020	790,992	110,458	45,510	98,449	29,391	5,444	33,647	16,075	3,810	19,755	6,273	1,159,688
Accumulated depreciation at 30 June 2020	(245,289)	(41,782)	(16,030)	(35,369)	(16,731)	(2,055)	(12,417)	(8,588)	(1,656)	(8,700)	-	(388,596)
	545,614	68,676	29,480	63,074	12,660	3,389	21,230	7,487	2,154	11,055	6,273	771,092

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 6 Assets we manage

6.1 Property, infrastructure, plant and equipment (continued)

Asset recognition thresholds and depreciation periods

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

ASSET TYPE	Depreciation Period	Threshold Limit $
Property		
Land	-	All
Land Improvements	4 years	All
Buildings	20 - 100 years	>$10,000
Plant and Equipment		
Motor Vehicles	3 - 10 years	All
Plant	3 - 10 years	>$5,000
Furniture, Equipment & Information Technology	3 - 10 years	>$5,000
Art Gallery Works	-	All
Library Books	3 - 10 years	All
Infrastructure		
Roads		
Pavement - Concrete	100 Years	All
Pavement - Sealed	100 Years	All
Pavement Gravel (Local Access A & Above)	15 Years	All
Pavement Gravel (Local Access B & C)	20 Years	All
Subgrade	Indefinite	All
Kerb & Channel	70 Years	All
Road Drainage - Minor Culverts	100 Years	All
Bridges		
Bridges - Concrete	100 Years	All
Bridges - Timber	60 Years	All
Floodways & Major Culverts	100 Years	All
Footpaths and cycleways		
Asphalt/Bitumen	15 Years	All
Concrete/Paved	60 Years	All
Gravel/Sand	10 Years	All
Drainage		
Pits	100 Years	All
Pipes	100 Years	All
Pump Wells	20 Years	All
Other Drainage	20 - 100 Years	All
Open Drain - Earth/Retention Basin	Indefinite	All
Structures		
Off Street Car Parks	30 - 100 years	>$5,000
Recreational, leisure and community facilities	10 - 100 years	>$5,000
Waste management	20 - 100 years	>$5,000
Parks, open space and streetscapes	10 - 120 years	>$5,000
Aerodromes	20 - 120 years	>$5,000
Other infrastructure	10 - 120 years	>$5,000
Intangible Assets		
Landfill Airspace	4 - 38 Years	All
Software	3 - 10 years	>$5,000

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 6 Assets we manage

6.1 Property, infrastructure, plant and equipment (continued)

Acquisition

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

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

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

Prior Year Newly Recognised/Derecognised Adjustments

During the year, as part of a continuous improvement focus, Council is able to use technology that allows better identification of assets 'as built'. In addition, information flow from officers in the field conveys more accurate data to Asset Managers as variances are discovered. These variances resulted in assets being recognised and derecognised in the Council's asset register and are deemed to be prior year errors which have been retrospectively adjusted to equity against prior year opening balances.

A third balance sheet has not been presented to disclose these prior year errors as they were considered not material to the comparative amounts included within the Balance Sheet.

	Actual	Prior year adjustments		Restated Actual
	2019	Newly recognised	Derecognised	2020
	$'000	$'000	$'000	$'000
Property				
Land- Specialised	85,869	-	-	85,869
Landfill improvements	1,403	-	-	1,403
Land under roads	39,383	-	-	39,383
Buildings- specialised	79,545	-	-	79,545
Work in Progress	602	-	-	602
Total Property	**206,802**	-	-	**206,802**
Plant & Equipment				
Plant, machinery and equipment	5,859	-	-	5,859
Fixtures, fittings and furniture	1,739	-	-	1,739
Computers and telecommunications	653	-	-	653
Library books	1,471	-	-	1,471
Art gallery	3,609	-	-	3,609
Work in progress	131	-	-	131
Subtotal Plant & Equipment	**13,462**	-	-	**13,462**
Infrastructure				
Roads	443,435	24	-	443,459
Bridges	68,543	-	-	68,543
Footpaths and cycleways	22,764	15	(1)	22,778
Drainage	63,443	58	-	63,501
Recreational, leisure and community	12,773	-	-	12,773
Waste management	2,961	-	-	2,961
Parks, open space and streetscapes	20,704	-	-	20,704
Aerodromes	7,766	-	-	7,766
Off street car parks	2,241	-	-	2,241
Other infrastructure	11,052	-	-	11,052
Work in progress	5,104	-	-	5,104
Subtotal Infrastructure	**660,786**	**97**	**(1)**	**660,882**
Property, Infrastructure, Plant and Equipment	**881,050**	**97**	**(1)**	**881,146**

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 6 Assets we manage

6.1 Property, infrastructure, plant and equipment (continued)

Land under roads

Council recognises land under roads it controls at fair value.

Depreciation and amortisation

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

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

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

Straight line depreciation is charged based on the residual useful life as determined each year.
Depreciation periods used are listed below and are consistent with the prior year unless otherwise stated.

Repairs and maintenance

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

Valuation of land and buildings

Valuation of buildings were undertaken by a qualified independent valuer APV Valuers & Asset Management - Lachlan Black Registered Valuer No 2913, Dan Atherton Registered Valuer No 2962 and Ryan Collier Registered Valuer No 4090.

The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

Any significant movements in the unobservable inputs for land and land under roads will have a significant impact on the fair value of these assets.
The Australian Bureau of Statistics Producer Price Index (Index 3020 Non- residential building construction Victoria) as at 31 March 2020 was used as the basis of the indexation assessment for land and buildings.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2020 are as follows:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Date of Valuation
Land - Specialised	-	-	86,248	30/06/2018
Land improvements	-	-	971	30/06/2016
Land under roads	-	-	39,395	30/06/2018
Buildings - Specialised	-	2,245	74,921	30/06/2019
Total	-	2,245	201,535	

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 6 Assets we manage

6.1 Property, infrastructure, plant and equipment (continued)

Valuation of infrastructure

Valuation of infrastructure assets (roads, bridges, footpaths and drainage) has been determined in accordance with a valuation undertaken by Council Officer Mr. Chris Hastie B.Eng (Civil), Goert Mgt.

Valuation of infrastructure assets (recreational, leisure and community facilities, waste management, parks, open space and streetscapes, aerodromes and other Infrastructure) has been determined in accordance with an independent valuation undertaken by APV Valuers & Asset Management - Lachlan Black Registered Valuer No 2913, Dan Atherton Registered Valuer No 2962 and Ryan Collier Registered Valuer No 4090.

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

Roads and Footpaths

In 2017, Council undertook a valuation of its road, footpath and bridge asset classes. With valuations being undertaken on a 4-year cycle, the next full revaluation is scheduled for June 2021. At 31 March 2020, Council reviewed the carrying amount of assets to determine whether any material movement in final value had occurred during the year. The review of the ABS Road and Bridge construction index resulted in an increase of approximately 19% in the current replacement cost of the road asset class and 28% in the current replacement cost of footpaths since the last revaluation on 1 July 2017. It was thus determined that the movement was material in nature and a revaluation was required at 30 June 2020 to accurately reflect the value of these asset classes.

As a result of the revaluation, the total replacement value of roads has increased by almost $127.5M (19%) and the 2020/21 annual depreciation forecast is $10.7M, an increase of almost 9%. This is due to notable increases in the unit rates of subgrade, rural pavement and kerb & channel since the last revaluation, as well as a change to the methodology in determining the rates, which is considered more consistent and reliable.

As a result of revaluation, the total replacement value of footpaths has increased by almost $9.9M (28%) and the 2020/21 annual depreciation forecast is $918.9K, an increase of almost 21%. This is due to a significant increase in concrete rates since the last revaluation, as well as a change to the methodology in determining the rates, which is considered more consistent and reliable.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2020 are as follows:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Date of Valuation
Roads	-	-	545,614	30/06/2020
Bridges	-	-	68,676	31/12/2017
Footpaths and cycleways	-	-	29,480	30/06/2020
Drainage	-	-	63,074	30/06/2019
Recreational, leisure and community	-	431	12,229	30/06/2019
Waste management	-	570	2,819	30/06/2019
Parks, open space and streetscapes	-	918	20,312	30/06/2019
Aerodromes	-	7	7,480	30/06/2019
Off street car parking	-	-	2,154	30/06/2019
Other infrastructure	-	292	10,763	30/06/2019
Total	-	2,218	762,601	

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between $0.05 and $18,147.88 per square metre and land under roads values range between $0.16 and $3.12 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 are comprised of a square metre basis ranging from $370 to $8,000 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 20 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 6 Assets we manage

6.1 Property, infrastructure, plant and equipment (continued)

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 10 years to an indefinite life. 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.

	2020	2019
Reconciliation of specialised land	**$'000**	**$'000**
Parks, open space and streetscapes	47,204	46,842
Recreation, leisure and community facilities	27,667	27,650
Off-street car parks	5,752	5,752
Aerodromes	1,635	1,635
Waste management	1,873	1,873
Other infrastructure - Piers/Jetties/Caravan parks/Markets/Saleyards	1,356	1,356
Drainage	761	761
Total specialised land	**86,248**	**85,869**

ADJUSTMENTS DIRECTLY TO EQUITY

Reversal of revalued components of assets disposed or written off (transfer from asset revaluation reserve to accumulated surplus)

Roads, Streets, Drainage, Bridges & Culverts	(1,668)	(363)
Buildings & Structures	(182)	(425)
Landfill Air space	(8)	-
	(1,858)	**(788)**

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Notes to the Financial Report
For the Year Ended 30 June 2020

Note 7 People and relationships

7.1 Council and key management remuneration

(a) Key Management Personnel (KMP)

Wellington Shire Council structure has a CEO and 4 General Managers. Along with 9 Councillors this makes a total of 14 KMP positions.

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

Councillors

Councillor Alan Hall - Mayor (1/07/19 - 30/06/20)
Councillor Carolyn Crossley - (1/07/19 - 30/06/20)
Councillor Darren McCubbin (1/07/19 - 30/06/20)
Councillor Scott Rossetti (1/07/19 - 30/06/20)
Councillor Malcolm Hole (1/07/19 - 30/06/20)
Councillor Ian Bye (1/07/19 - 30/06/20)
Councillor Gayle Maher (1/07/19 - 30/06/20)
Councillor Garry Stephens (1/07/19 - 30/06/20)
Councillor Carmel Ripper (01/07/19 - 30/06/20)

Chief Executive Officer - David Morcom (1/07/19 - 30/06/20)
General Manager Built and Natural Environment - Chris Hastie (1/07/19 - 30/06/20)
General Manager Community & Culture - Sharon Houlihan (1/07/19 - 30/06/20)
General Manager Development - Brent McAlister (27/01/20 - 30/06/20)
General Manager Corporate Services - Arthur Skipitaris (1/07/19 - 30/06/20)
General Manager Development - John Websdale (1/07/19 - 06/01/20)

	2020 No.	2019 No.
Total Number of Councillors	9	9
Chief Executive Officer and other Key Management Personnel	5	5
Total Key Management Personnel	14	14

(b) Remuneration of Key Management Personnel	2020 $'000	2019 $'000
Total remuneration of key management personnel was as follows:		
Short-term benefits	1,662	1,500
Long-term benefits	31	51
Termination benefits	-	-
Total	1,693	1,551

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 7 People and relationships
7.1 Council and key management remuneration (continued)

	2020 No.	2019 No.
The number of key management personnel whose total remuneration from Council and any related entities fall within the following bands:		
$20,000 - $29,999	8	7
$40,000 - $49,999	-	2
$60,000 - $69,999	-	1
$80,000 - $89,999	2	-
$190,000 - $199,999	-	1
$210,000 - $219,999	-	2
$220,000 - $229,999	1	1
$230,000 - $239,999	2	-
$250,000 - $259,999	1	-
$300,000 - $309,999	1	1
	15	15

(c) Senior Officer Remuneration

A Senior Officer is an officer of Council, other than Key Management Personnel, who:
a) has management responsibilities and reports directly to the Chief Executive; or
b) whose total annual remuneration exceeds $151,000

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

Income Range:	2020 No.	2019 No.
$150,000 - $159,999	1	1
$170,000 - $179,999	1	1
	2	2
	$'000	$'000
Total Remuneration for the reporting year for Senior Officers included above, amounted to	338	336

Notes to the Financial Report
For the Year Ended 30 June 2020

7.2 Related party disclosure

(a) Transactions with related parties

During the period Council entered into a number of transactions with related parties of KMP's or their close family members. These transactions occurred within normal commercial terms and conditions and included $53,374 to the Municipal Association of Victoria for membership and other services. Payments of $40,807 for production of shows at 'The Wedge' Entertainment Centre and $81,207 for various other materials and services with a number of suppliers. Council also contributed a total of $48,491 for community grants, operating subsidies to various community groups where KMP's or close family members held positions on the board or committee. Mr. Arthur Skipitaris - General Manager Corporate Services became a Director of Central Gippsland Health Services on 13 June 2020 and the transactions with Central Gippsland Health Services included contribution towards health services of $460,802.

(b) Outstanding balances with related parties

The balance outstanding at the end of the reporting period in relation to transactions with related parties was Nil (2018/19 Nil).

(c) Loans to/from related parties

The aggregate amount of loans in existence at balance date that have been made, guaranteed or secured by the council to a related party was Nil (2018/19 Nil).

(d) 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 was Nil (2018/19 Nil).

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 8 Managing uncertainties

8.1 Contingent assets and liabilities

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

	2020 $'000	2019 $'000
(a) Contingent assets		
Non cash contributions expected to be received in respect of subdivision and gifted assets are as follows:		
Developer contributions	1,500	476
Total Contingent Assets	1,500	476

(b) Contingent liabilities

Superannuation

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

Future superannuation contributions

In addition to the disclosed contributions, Wellington Shire Council has paid unfunded liability payments to Vision Super totalling $Nil during 2019/20 (2018/19 $Nil). There were $Nil contributions outstanding and $Nil loans issued from or to the above schemes as at 30 June 2020. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2021 are $163,672.

90 Mile Beach inappropriate subdivisions

Following the Ombudsman's investigation into undevelopable blocks contained within inappropriate subdivisions along the 90 Mile Beach, Wellington Shire as a gesture of goodwill to some identified ratepayers will undertake a number of actions to implement the Ombudsman's recommendations once legal advice has been obtained. The dollar impact is not anticipated to exceed $300,000 with payment to occur in 2020/21. Details of undevelopable blocks can be found on Council's website.

Liability Mutual Insurance

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

(c) Guarantees for loans to other entities

The amount disclosed for financial guarantee in this note is the nominal amount of the underlying loan that is guaranteed by the Council, not the fair value of the financial guarantee.

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

Council has guaranteed a loan taken out by a community group, to undertake significant capital works to the Club's facilities that are located on Council land.

Council's estimated liability with respect to contingent items is as follows:

	2020 $'000	2019 $'000
Bank Guarantees	934	934
Loan Guarantees	-	10
Total Bank Guarantees	934	944

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 8 Managing uncertainties (continued)

8.2 Change in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2020 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.

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

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

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

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

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

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

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

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

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 8 Managing uncertainties (continued)

8.3 Financial instruments

(a) Objectives and policies

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

(b) Market risk

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

Interest rate risk

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

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

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

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

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

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council have exposure to credit risk on some financial assets included in the balance sheet. Particularly significant areas of credit risk exist in relation to outstanding fees and fines as well as loans and receivables from sporting clubs and associations. To help manage this risk:

- Council has a policy for establishing credit limits for the entities Council deal with;
- Council may require collateral where appropriate; and
- Council only invests surplus funds with financial institutions which have a recognised credit rating specified in council's investment policy.

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

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

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

The maximum exposure to credit risk at the reporting date to recognise 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.

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 8 Managing uncertainties (continued)

8.3 Financial instruments (continued)

(d) Liquidity risk

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

To help reduce these risks Council:

- 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 on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1 (c), and is deemed insignificant based on prior periods' data and current assessment of risk.

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

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 5.4.

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

(e) Sensitivity disclosure analysis

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

- A parallel shift of-0.5% and 0.5% in market interest rates (AUD) from year-end rates of 0.54%.

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

8.4 Fair value measurement

Fair value hierarchy

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

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

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

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

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

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

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

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

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

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 8 Managing uncertainties (continued)

8.4 Fair value measurement (continued)

Revaluation

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 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.

Impairment of assets

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

8.5 Events occurring after balance date

Impact of COVID- 19 pandemic on council operations and 2019-20 financial statement

On 30 January 2020, COVID- 19 was declared as a global pandemic by world health organisation. Since then, various measures have been taken by all three levels of Government in Australia to reduce the spread of COVID-19. This crisis and measures taken to mitigate it has impacted council operations in the following areas for the financial year ended 30 June 2020.

In response to the government directive amidst the COVID-19 outbreak, the leisure centre facilities/libraries/community centres were closed. These closures resulted in a decrease in the council use fee revenue by $0.62 million and also decreased associated expenditure by $0.9 million.

Council's financial position and performance is likely to be similarly effected in 2020/21 as the leisure centre facilities / libraries/ community centres are known to be closed for the first quarter of the year at least, the effect on the remainder of the year remains unknown.

There are no other matters or circumstances that have arisen since the end of the financial year which significantly affect the operations of Council, the results of operations, or state of affairs of Council in future financial years.

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 9 Other matters

9.1 Reserves	Balance at beginning of reporting period $'000	Prior Year Adjustment $'000	Increment (decrement) $'000	Balance at end of reporting period $'000
(a) Asset revaluation reserves				
2020				
Property				
Land & land improvements	75,242	-	(8)	75,234
Land under roads	22,124	-	-	22,124
Buildings	61,173	-	(186)	60,987
	158,539	-	(194)	158,345
Infrastructure				
Roads	326,733	-	99,158	425,891
Bridges	25,628		(90)	25,538
Footpaths	14,436	-	5,138	19,574
Drainage	23,758	-	5	23,763
	390,555	-	104,211	494,766
Other				
Art Gallery Stock	2,501	-	-	2,501
Total asset revaluation reserves	**551,595**	**-**	**104,017**	**655,612**
2019				
Property				
Land & land improvements	75,242	-	-	75,242
Land under roads	22,124	-	-	22,124
Buildings	71,408	-	(10,235)	61,173
	168,774	-	(10,235)	158,539
Infrastructure				
Roads	326,912	(12)	(167)	326,733
Bridges	25,871	-	(243)	25,628
Footpaths	14,321	(1)	116	14,436
Drainage	35,732	-	(11,974)	23,758
	402,836	(13)	(12,268)	390,555
Other				
Art Gallery Stock	2,501	-	-	2,501
Total asset revaluation reserves	**574,111**	**(13)**	**(22,503)**	**551,595**

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

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 9 Other matters

9.1 Reserves (continued)	Balance at beginning of reporting period $'000	Increment (decrement) $'000	Balance at end of reporting period $'000
(b) Other reserves			
2020			
Discretionary reserves			
Asset improvement	843	93	936
Plant replacement	999	28	1,027
Waste management	6,120	477	6,597
Total discretionary reserves	**7,962**	**598**	**8,560**
Non discretionary reserves			
Recreational land	628	95	723
Infrastructure contributions	60	5	65
Art gallery acquisition	12	(3)	9
Art gallery contribution	1	45	46
Leased property improvements	1,226	233	1,459
Total Non Discretionary reserves	**1,927**	**375**	**2,302**
Total Other reserves	**9,889**	**973**	**10,862**
2019			
Discretionary Reserves			
Asset Improvement	1,050	(207)	843
Plant Replacement	654	345	999
Waste Management	4,706	1,414	6,120
Total Discretionary Reserves	**6,410**	**1,552**	**7,962**
Non discretionary reserves			
Recreational land	529	99	628
Infrastructure contributions	56	4	60
Art gallery acquisition	1	11	12
Art gallery contribution	32	(31)	1
Leased property improvements	978	248	1,226
Total Non Discretionary reserves	**1,596**	**331**	**1,927**
Total Other reserves	**8,006**	**1,883**	**9,889**

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 9 Other matters

9.1 Reserves (continued)

Purpose of Reserves

Discretionary Reserves

Asset Improvement

Reserve to fund capital improvements.

Plant Replacement

Reserve is to fund future purchases of major plant and equipment.

Waste Management

Reserve is to fund the establishment of recycling and transfer stations and an increase in landfill capacity in the future.

Non Discretionary Reserves

Recreational Land

Reserve to fund future open space facilities as per Section 18 of *Subdivision Act*.

Infrastructure Contributions

Reserve is an accumulation of developer contributions which are to be expended at a future date on infrastructure.

Art Gallery Acquisition

Reserve is to fund future approved art gallery acquisitions.

Art Gallery Contributions

Reserve is to fund future specific major art gallery exhibitions.

Leased Property Improvements

Reserve to fund future works on leased properties in accordance with *Crown Land Act*.

9.2 Reconciliation of cash flows from operating activities to surplus	**2020 $'000**	**2019 $'000**
Surplus for the year	19,161	33,675
Depreciation/amortisation	23,603	21,800
Loss on disposal of property, infrastructure, plant and equipment	990	1,120
Contributions - Non-monetary assets	(911)	(611)
Borrowing costs (recouped)	(45)	355
Finance Cost - Leases	15	-
Other	6	(10)
Change in assets and liabilities:		
Decrease/(Increase)in trade and other receivables	55	(456)
Decrease in other assets	99	740
Increase/(Decrease) in trade and other payables	1,828	(560)
Increase in other liabilities	3,389	1,152
(Increase) in inventories	(1)	(11)
Increase in provisions	148	1,059
Net cash provided by operating activities	**48,337**	**58,053**

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 9 Other matters

9.3 Superannuation

The Wellington Shire Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (Vision Super). 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 Comprehensive Operating 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 2020, this was 9.5% as required under Superannuation Guarantee legislation).

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

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Wellington Shire 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
Wellington Shire Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary.

A triennial actuarial review is currently underway for the Defined Benefit category as at 30 June 2020 and is expected to be completed by 31 December 2020.

As at 30 June 2019, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 107.1% as at 30 June 2019 (30 June 2018: 106.0%). The financial assumptions used to calculate the VBIs were:

	30 June 2019	30 June 2018
Net investment returns	6.0% pa	6.0% pa
Salary information	3.5% pa	3.5% pa
Price inflation (CPI)	2.0% pa.	2.0% pa.

Vision Super has advised that the actual VBI at end of June 2020 was 104.6%.

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

Employer contributions
Regular contributions
On the basis of the results of the 2017 full actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2020, this rate was 9.5% of members' salaries (9.5% in 2018/2019). This rate will increase in line with any increases in the SG contribution rate and reviewed as part of the 30 June 2020 triennial valuation.

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

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 9 Other matters

9.3 Superannuation (continued)

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 Wellington Shire Council) are required to make an employer contribution to cover the shortfall.

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

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

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

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

The 2019 interim actuarial investigation surplus amounts

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

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

	2019 $m	2017 $m
A VBI surplus	$151.3	$69.8
A total service liability surplus	$233.4	$193.5
A discounted accrued benefits surplus	$256.7	$228.8

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

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

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

Council was notified of the 30 June 2019 VBI during August 2019 (2018: August 2018).

The 2020 triennial actuarial investigation

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

	2020 Triennial investigation	2017 Triennial investigation
Net investment return	5.6% pa	6.5% pa
Salary inflation	2.50 % pa for the first two years and 2.75%	3.5 % pa
Price inflation	2.0% pa	2.5% pa

Notes to the Financial Report
For the Year Ended 30 June 2020

Note 9 Other matters

9.3 Superannuation (continued)

Superannuation Contributions

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

Scheme	Type of Scheme	Rate	2020 $,000	2019 $,000
Vision super	Defined benefit	9.50%	160	184
Vision super	Accumulation fund	9.50%	1,119	1,147
Other Schemes	Accumulation fund	9.50%	890	814

In addition to the above contributions, Wellington Shire Council has paid unfunded liability payments to Vision Super totalling $Nil in the 2019/20 year (2018/19 $Nil).

There were $Nil contributions outstanding and $Nil loans issued from or to the above schemes as at 30 June 2020.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2021 is $163,672.

Notes to the Financial Report
For the Year Ended 30 June 2020

10 Change in accounting policy

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

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

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

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

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

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

b) AASB 16 Leases

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

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

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

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

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

d) Transition impacts

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

	2019 $'000
Retained earnings at 30 June 2019	388,816
Revenue adjustment - impact of *AASB 15 Revenue from Contracts with Customers*	(3,373)
Income Adjustment - impact of *AASB 1058 Income of Not-for-Profit Entities*	-
Retained earnings at 1 July 2019	385,443

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

The following table summarises the impacts of transition to the new standards on Council's balance sheet for the year ending 30 June 2019.

	As reported 30 June 2019 $'000	Adjustments $'000	Post adoption $'000
Assets			
Right of use assets	-	651	117
Liabilities			
Unearned income - operating grants	-	931	-
Unearned income - capital grants	-	2,442	-
Lease liability - current	-	563	-
Lease liability - non-current	-	88	-

WELLINGTON
SHIRE COUNCIL
The Heart of Gippsland

WELLINGTON SHIRE COUNCIL

Performance Statement

For the year ended 30 June 2020

Performance Statement
For the year ended 30 June 2020

Description of municipality

Wellington Shire is the third largest municipality in Victoria, covering an area of 10,924 square kilometres in Central Gippsland, and includes the internationally significant Gippsland Lakes and Wetlands and the Ninety Mile Beach.

With an estimated population of 44,380* Wellington Shire Council comprises a wide variety of industry and business contributing to the local economy including mining, offshore oil and gas extraction, primary production and agriculture, tourism and service industries, manufacturing and construction, retail, healthcare, education, arts and recreation and community services. In addition, RAAF Base East Sale is a major air and ground training base and home to the famous Roulettes, Central Flying School, the Officers' Training School and the schools of Air Warfare and Air Traffic Control.

During the financial year, Council continued to experience significant impacts of drought, bushfires of recent years and the effects of the COVID-19 pandemic since March 2020. Council was strongly involved in recovery and support initiatives providing direct support to community and businesses as well as facilitating multi-agency responses for these crises.

*Australian Bureau of Statistics- Catalogue 3218.0 Population Estimates by Local Government Area – Released 25 March 2020

Sustainable Capacity Indicators

For the year ended 30 June 2020

Indicator *measure*	Results 2017	2018	2019	2020	Material Variations
Population					
Expenses per head of municipal population [Total expenses / Municipal population]	$1,814.75	$2,082.52	$1,859.74	$1,972.43	Slight increase due to the additional once off expense in 2019/20 of drought rates relief funding offset by grant income.
Infrastructure per head of municipal population [Value of infrastructure / Municipal population]	$17,929.49	$17,486.48	$17,137.94	$19,564.57	A management adjustment to the Roads and Footpath asset classes was completed in 2019/20 resulting in a $101M increase in the value of Council's Roads and $5M in the value of Footpaths and Cycleways.
Population density per length of road [Municipal population / Kilometres of local roads]	13.83	14.05	14.13	14.25	There are 3,114km of sealed and unsealed local roads for an estimated municipal population of 44,380 within Wellington Shire.
Own-source revenue					
Own-source revenue per head of municipal population [Own-source revenue / Municipal population]	$1,563.36	$1,665.30	$1,680.64	$1,681.68	Measure is expected to remain steady
Recurrent grants					
Recurrent grants per head of municipal population [Recurrent grants / Municipal population]	$605.65	$424.28	$444.29	$449.57	Recurrent grant funding is expected to remain consistent with the exception of the timing of the receipt of Victoria Grants Commission which was received in advance in 2018/19 and 2019/20.

Indicator measure	Results 2017	2018	2019	2020	Material Variations
Disadvantage *Relative socio-economic disadvantage* [Index of Relative Socio-economic Disadvantage by decile]	4	5	4	4	The Australian Bureau of Statistics (ABS) index of relative socio-economic disadvantage indicates that one is the most disadvantaged and ten is the least disadvantaged. Wellington Shire's result is four within Victoria.
Workforce turnover *Percentage of staff turnover* [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	9.92%	13.86%	11.88%	10.15%	Staff turnover rate is comparable with long term average for this measure which is around 10-12%. No significant change in staff numbers are anticipated based on current organisational structure.

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 2020

Service/*indicator* *Measure*	Results 2017	2018	2019	2020	Material Variations
Aquatic facilities ***Utilisation*** *Utilisation of aquatic facilities* [Number of visits to aquatic facilities / Municipal population]	5.01	5.57	5.72	4.20	The combined number of visits recorded at Council's indoor and outdoor aquatic facilities during 2019/20 was 186,195. This equates to an average of 4.2 aquatic facility visits, per Wellington Shire resident, for the year. Operation of Council's all-year aquatic facility in Sale (Aqua Energy) was impacted by the mandated COVID-19 closure of aquatic and leisure facilities. This affected attendances from late March until a partial reactivation of facilities in June. The loss of attendances is estimated to be between 60-70,000.
Animal management ***Health and safety*** *Animal management prosecutions* [Number of successful animal management prosecutions / Total number of animal management prosecutions]	New in 2020	New in 2020	New in 2020	100%	Wellington Shire Council undertook 9 animal management prosecutions during 2019/20 for matters related to serious dog attacks, mainly dog vs dog or dog vs livestock and unregistered domestic animal businesses. All of them were successful. An additional five matters have been adjourned due to the current COVID-19 pandemic. It is expected that they will be heard early next year and will be included in the next reporting period statistics.
Food safety ***Health and safety*** *Critical and major non-compliance 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	100%	57.14%	94.12%	100%	All major and critical non-compliance notifications for food premises were followed up. For the 2019 calendar year, there were 33 critical and major non-compliance notifications.

Service/*indicator* *Measure*	Results 2017	2018	2019	2020	Material Variations
Governance ***Satisfaction*** *Satisfaction with council decisions* [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	59	58	58	58	Council's participation in the 2020 Community Satisfaction Survey showed no change in community satisfaction rating with the way Council has performed in making decisions in the interests of the community. Council has performed six points higher than large rural average and five points higher compared to state-wide average.
Libraries ***Participation*** *Active library borrowers in municipality* [Number of active library borrowers in the last three years / The sum of the population for the last three years] x100	13.62%	13.82%	14.11%	13.35%	Libraries continue to be one of our top performing service areas according to the 2020 Community Satisfaction Survey. Wellington Shire Libraries offer a broad range of popular programs including author talks, baby rhyme times, toddler storytime and school holiday programs. During COVD-19 restrictions, Council introduced a Click & Deliver personal loan service and virtual programming of children's Storytime and Rock, Rhythm & Rhyme services which were well attended and free to all residents within the Shire. The slight decrease in percentage of active membership may be a natural decrease after the initial increase following the new library opening at the Port of Sale in 2018.
Maternal and child health ***Participation*** *Participation in the MCH service* [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	N/A	N/A	N/A	N/A	The Wellington Shire Council is not directly responsible for the delivery of Home and Community Care Services, so there is no performance data available for these indicators.

Service/*indicator* *Measure*	Results 2017	2018	2019	2020	Material Variations
Participation *Participation in the MCH service by Aboriginal children* [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	N/A	N/A	N/A	N/A	The Wellington Shire Council is not directly responsible for the delivery of Home and Community Care Services, so there is no performance data available for these indicators.
Roads ***Satisfaction*** *Satisfaction with sealed local roads* [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	56	56	56	59	Results from the 2020 Community Satisfaction Survey shows a noticeable increase in residents' satisfaction rating for Wellington Shire's sealed local roads. The result is 12 points higher than the average for similar large rural councils. The increased satisfaction could be attributed towards an increased focus on condition of local urban streets. Wellington Shire Council is responsible for a road network of 3,114km, where 1,529km are sealed and 1,585km are unsealed.
Statutory Planning ***Decision making*** *Council planning decisions upheld at VCAT* [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	100%	50%	100%	100%	Only one planning decision was appealed at VCAT during 2019/20, with Council's decision being upheld by VCAT.
Waste Collection ***Waste diversion*** *Kerbside collection waste diverted from landfill* [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	32.93%	33.55%	35.71%	35.26%	More than 3,900 tonnes of recyclable material diverted from landfill in 2019/20. That is an average of 200kg of recyclables per collection household in Wellington Shire. Wellington Shire Council does not currently have a kerbside green waste collection service in place limiting the diversion rate percentage under this category.

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

"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*

"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

"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 2020

Dimension/*indicator* *Measure*	Results 2017	2018	2019	2020	Forecasts 2021	2022	2023	2024	Material Variations
Efficiency ***Expenditure level*** *Expenses per property assessment* [Total expenses / Number of property assessments]	$2,344.22	$2,746.91	$2,468.31	$2,628.25	$2,907.88	$2,954.32	$2,848.49	$2,885.96	Increased expenditure in 2019/20 due to drought rates relief for farmers. Expenses continue to increase due to the effect of capital works on depreciation and major works such as landfill rehabilitation.
Revenue level *Average rate per property assessment* [General rates and Municipal charges / Number of property assessments]	New in 2020	New in 2020	New in 2020	$1,695.46	$1,730.67	$1,750.05	$1,769.68	$1,789.55	Expected to continue to rise in future years in line with rate capping requirements.
Liquidity ***Working capital*** *Current assets compared to current liabilities* [Current assets / Current liabilities] x100	416.15%	594.69%	520.21%	441.28%	447.80%	371.54%	354.37%	287.28%	Council's liquidity in 2018/19 and 2019/20 is impacted by Victoria Grants Commission advance payments being received. This measure will peak in 2020/21 and gradually reduce over the next three years as Council continues to fund an extensive capital works program, while still maintaining a healthy cash balance.

Dimension/*indicator* *Measure*	Results 2017	 2018	 2019	 2020	Forecasts 2021	 2022	 2023	 2024	Material Variations
Unrestricted cash *Unrestricted cash compared to current liabilities* [Unrestricted cash / Current liabilities] x100	169.41%	230.96%	164.94%	118.37%	235.52%	175.52%	143.88%	97.54%	The reduction in the measure in 2019/20 is mainly due to a higher level of grant funding (restricted funds) received in late 2019/20 which will be expended in 2020/21. Council's level of unrestricted cash will peak in 2020/21 and gradually reduce over the next three years as Council continues to fund an extensive capital works program.
Obligations ***Loans and borrowings*** *Loans and borrowings compared to rates* [Interest bearing loans and borrowings / Rate revenue] x100	15.62%	13.10%	12.43%	2.08%	12.67%	20.36%	25.44%	26.67%	Loan Borrowings planned for 2019/20 have been delayed, while major loans were repaid during 2019/20. Borrowings are planned for 2020/21 and in future years to fund major capital works projects and are expected to remain relatively stable.
Loans and borrowings *Loans and borrowings repayments compared to rates* [Interest and principle repayments on Interest bearing loans and borrowings / Rate revenue] x100	3.60%	1.84%	1.05%	9.89%	0.60%	1.94%	3.02%	3.86%	A $6M interest only loan was repaid during 2019/20 and no further borrowings occurred during the year. Borrowings of $7M are forecast for 2020/21 and borrowings are expected to increase as future loan borrowings are repaid.

Dimension/*indicator* *Measure*	Results 2017	 2018	 2019	 2020	Forecasts 2021	 2022	 2023	 2024	Material Variations
Indebtedness *Non-current liabilities compared to own source revenue* [Non-current liabilities / Own source revenue] x100	18.79%	33.68%	25.80%	21.48%	30.09%	31.78%	32.87%	31.89%	The reduction in 2019/20 results from the reclassification of non-current provisions to current provisions as major rehabilitation works are budgeted for 2020/21. The rates return to a consistent level in 2020/21 as non-current borrowings return to a stable level.
Asset renewal and upgrade *Asset renewal and upgrade compared to depreciation* [Asset renewal and upgrade expense / Asset depreciation] x100 Asset renewal and upgrade	New in 2020	New in 2020	New in 2020	119.13%	183.85%	158.25%	150.69%	126.88%	The increase in the 2020/21 measure is mainly due to a number of one-off funded recreation reserve change room redevelopments and the commencement of a new cell construction at the Kilmany Landfill. The measure in future years will decline as the one- off facilities redevelopment are completed, and Council continues to concentrate on renewing and upgrading its infrastructure.
Operating position ***Adjusted underlying result*** *Adjusted underlying surplus (or deficit)*	16.82%	2.61%	18.64%	12.14%	-2.19%	1.00%	2.82%	0.84%	The change in accounting standards requiring unspent grants to be displayed on the balance sheet instead of being recorded as revenue has

Dimension/*indicator* *Measure*	Results 2017	2018	2019	2020	Forecasts 2021	2022	2023	2024	Material Variations
[Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100									contributed to the reduction in the adjusted surplus from 2018/19. The reduction in the 2020/21 rate is due to the early receipt of the annual Victoria Grants Commission. From 2021/22 onwards it is forecast for the Victoria Grants Commission to be received in the relevant year.
Stability	59.25%	64.39%	60.79%	63.39%	68.14%	65.74%	67.73%	69.03%	As there has been a small reduction in adjusted underlying revenue as some operational unspent grants are now classified on the balance sheet there is also a small increase in this measure. Ongoing this measure is slightly increasing as rates increase in line with prescribed rate capping.
Rates concentration Rates compared to adjusted underlying revenue [Rate revenue / Adjusted underlying revenue] x100									
Rates effort Rates compared to property values [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.54%	0.52%	0.56%	0.55%	0.51%	0.52%	0.52%	0.52%	There will be a slight reduction in this measure as there is no budgeted rates revenue increase despite a revaluation resulting in an overall CIV value increase.

Retired Measures Service/*indicator* *Measure*	Results 2017	2018	2019	2020	Comments
Animal management ***Health and safety*** *Animal management prosecutions* [Number of successful animal management prosecutions]	17	10	5	Retired in 2020	This measure was replaced from 1 July 2019 by new indicator 'Animal management prosecutions' which is a measure of proportion, not a number.
Efficiency ***Revenue level*** *Average residential rate per residential property assessment* [Residential rate revenue / Number of residential property assessments]	$1,278.23	$1,330.57	$1,371.08	Retired in 2020	This measure was replaced by new indicator 'Average rate per property assessment' from 1 July 2019.
Obligations ***Asset renewal*** *Asset renewal compared to depreciation* [Asset renewal expense / Asset depreciation] x100	94.65%	93.26%	96.48%	Retired in 2020	This measure was replaced by new indicator 'Asset renewal and upgrade compared to depreciation' from 1 July 2019.

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 Australian Account Standards (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 2020

Basis of preparation

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

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

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

The forecast figures included in the performance statement are those adopted by Council in its strategic resource plan on 18 June 2020 and which forms part of the Council Plan. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The strategic resource plan can be obtained by contacting Council.

Certification of the Performance Statement

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.

_____
Ian Carroll *CPA*

Principal Accounting Officer

Dated: ___/___/2020

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

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

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

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

_____

Councillor

Dated: ___/___/2020

_____

Councillor

Dated: ___/___/2020

_____
David Morcom

Chief Executive Officer

Dated: ___/___/2020

ITEM C2.4 **S11A INSTRUMENT OF APPOINTMENT AND AUTHORISATION (PLANNING AND ENVIRONMENT ACT 1987 ONLY) - ANTHONY GREENFIELD**

DIVISION: CORPORATE SERVICES

ACTION OFFICER: GENERAL MANAGER CORPORATE SERVICES

DATE: 20 OCTOBER 2020

IMPACTS									
Financial	Communication	Legislative	Council Policy	Council Plan	Resources & Staff	Community	Environmental	Engagement	Risk Management
		✓		✓	✓				

The recommended decision is not a Major Policy Decision or a Significant Decision as defined by Council's Election Period Policy.

OBJECTIVE

This report seeks Council's approval for the designated Council Officer responsible for administration and enforcement of the *Planning and Environment Act 1987* (the Act) to be appointed and authorised as an Authorised Officer under the Act.

PUBLIC QUESTIONS AND COMMENTS FROM THE GALLERY

RECOMMENDATION

That Council, in the exercise of the powers conferred by section 224 of the Local Government Act 1989 (the Act) and the other legislation referred to in the attached S11A Instrument of Appointment and Authorisation (the instrument), resolve that:

1. ***Council Officer Anthony Greenfield be appointed and authorised as set out in the instrument as provided at Attachment 1; and***
2. ***The instrument be signed and sealed by the Chief Executive Officer.***

BACKGROUND

Council Officers whose duties include administration and enforcement under the *Planning and Environment Act 1987* must now be authorised and appointed as an Authorised Officer by a resolution of Council. Previously this authorisation and appointment was achieved through the "Council to Chief Executive Officer" delegation process.

Authorised Officers are appointed under s 147(4) to be an authorised officer for the purpose of the *Planning and Environment Act 1987* and authorised under s 313 of the *Local Government Act* 2020, either generally or in a particular case, to institute proceedings for offences against the Acts and regulations described in Attachment 1.

OPTIONS

Council has the following options available:

1. To appoint and authorise Anthony Greenfield as an Authorised Officer as outlined in the attached Instrument of Appointment and Authorisation, or;
2. To not appoint and authorise Anthony Greenfield and seek further clarification and or information.

PROPOSAL

It is proposed that Council appoint and authorise Anthony Greenfield as an Authorised Officer as outlined in the attached Instrument of Appointment and Authorisation.

CONFLICT OF INTEREST

No staff and/or contractors involved in the compilation of this report have declared a conflict of interest.

LEGISLATIVE IMPACT

Section 188(2)(c) of the *Planning and Environment Act 1987* provides Council with the authority to approve the S11A Instrument of Appointment and Authorisation.

COUNCIL PLAN IMPACT

The Council Plan 2017-21 Theme 6 Organisational states the following strategic objective and related strategy:

Strategic Objective 6.3: *"Maintain a well governed, transparent, high performing, ethical and accountable organisation."*

Strategy 6.3.3: *"Ensure sound governance processes that result in responsive, ethical, transparent and accountable decision making."*

This report supports the above Council Plan strategic objective and strategy.

RESOURCES AND STAFF IMPACT

Following adoption, our processes ensure that all staff are notified including updating of Council processes and procedures as required.

S11A Instrument of Appointment and Authorisation (Planning and Environment Act 1987)

Wellington Shire Council

Instrument of Appointment and Authorisation

(*Planning and Environment Act 1987* only)

Maddocks

Instrument of Appointment and Authorisation
(*Planning and Environment Act 1987*)

In this instrument "**officer**" means -

Anthony Greenfield

By this instrument of appointment and authorisation Wellington Shire Council -

1. under s 147(4) of the *Planning and Environment Act 1987* - appoints the officer to be an authorised officer for the purposes of the *Planning and Environment Act 1987* and the regulations made under that Act; and

2. under s 313 of the *Local Government Act 2020* authorises the officer either generally or in a particular case to institute proceedings for offences against the Acts and regulations described in this instrument.

It is declared that this instrument -

(a) comes into force immediately upon its execution;

(b) remains in force until varied or revoked.

This instrument is authorised by a resolution of the Wellington Shire Council on

The Common Seal of WELLINGTON SHIRE COUNCIL was hereunto affixed this day of 2020 in accordance with Local Law No 1 in the presence of:)

DAVID MORCOM
Chief Executive Officer
Wellington Shire Council

Date: ..... / ..... / .....

C3 - REPORT

GENERAL MANAGER DEVELOPMENT

ITEM C3.1 **CENTRAL GIPPSLAND TOURISM (CGT) QUARTERLY REPORT JULY - SEPTEMBER 2020**

DIVISION: DEVELOPMENT

ACTION OFFICER: MANAGER BUSINESS DEVELOPMENT

DATE: 20 OCTOBER 2020

IMPACTS									
Financial	Communication	Legislative	Council Policy	Council Plan	Resources & Staff	Community	Environmental	Engagement	Risk Management
				✓					

The recommended decision is not a Major Policy Decision or a Significant Decision as defined by Council's Election Period Policy.

OBJECTIVE

To receive the quarterly report from Central Gippsland Tourism (CGT) for the quarter July to September 2020.

PUBLIC QUESTIONS AND COMMENTS FROM THE GALLERY

RECOMMENDATION

That Council receive the report from Central Gippsland Tourism (CGT) for the quarter July to September 2020.

BACKGROUND

CGT is Wellington's Regional Tourism body engaged by the industry to strengthen relationships between tourism boards, Council and tourism businesses in the region.

Council commenced a new 18-month Memorandum of Understanding (MOU) with CGT on 1 October 2019.

The MOU between Council and CGT outlines CGT's key responsibilities including promotion of tourism attributes and operators, visitor attractions and the overall Wellington Shire and Central Gippsland region.

The MOU requires CGT to provide quarterly reporting to Council.

OPTIONS

Council has the following options available:

1. To receive the report from Central Gippsland Tourism (CGT) for the quarter July to September 2020;
2. Request additional information to be considered at a future Council Meeting.

PROPOSAL

That Council receive the report from Central Gippsland Tourism (CGT) for the quarter July to September 2020.

CONFLICT OF INTEREST

No staff and/or contractors involved in the compilation of this report have declared a conflict of interest.

COUNCIL PLAN IMPACT

The Council Plan 2017-21 Theme 5 Economy states the following strategic objective and related strategy:

Strategic Objective 5.3: *"Grow Wellington Shire's visitor economy."*

Strategy 5.3.1: *"Work with key stakeholder organisations to increase consumer awareness of Wellington Shire's strengths."*

This report supports the above Council Plan strategic objective and strategy.

Central Gippsland Tourism (CGT) Marketing Activity Update – October 2020

The Central Gippsland Tourism Marketing Action Plan aligns the organisations core objectives, budget and available resources and becomes the work plan for implementation by its staff and board. This marketing plan is a flexible document, allowing us to shift priorities to best utilise opportunities that arise in line with the organisation priorities and goals. The marketing plan has two streams of activity; marketing and event related activity and industry engagement and development.

To achieve our vision and perform our role, we are pursuing five priority areas over the 12 months.

- Maximise the reach of the region through alignment with the new Gippsland **brand** by making it central to all marketing activity
- Maintain **strong relationships** and advocate for local operators whilst driving a collaborative, targeted marketing effort to enhance capabilities and reduce duplication.
- Achieve greater **digital marketing capability** and effectiveness for Central Gippsland and the tourism industry
- Inform and support the local tourism sector by **providing media, research, imagery and marketing services** to help partners achieve their marketing goals
- Establish a viable **commercial plan** that will guarantee long term relevance and viability

The below table outlines the approach we are taking, the associated actions, some performance measures and an ongoing YTD status report.

Approach	Actions	Performance Measure	Status report
Maximise the reach of the region through alignment with the new Gippsland brand by making it central to all marketing activity	• Launch new consumer website for Central Gippsland	Website and general marketing collateral consistent with Gipps Central Wonderland branding. Website analytics - New Users: 25% increase ○ AUG19 = 61,423 - Sessions: 25% increase ○ AUG19 = 77,560 - Session time: 2.00 mins ○ AUG19 = 1.14 - Bounce rate: 60% ○ AUG19 = 74.04% - Pages per session: 2.5 ○ AUG19 = 1.73	Complete with new content generation ongoing (See Appendix 1) As at 05/10/20 - New Users: TBC - Sessions: TBC - Session time: TBC - Bounce rate: TBC - Pages per session: TBC Latest analytics not available due to update of Google Data Studio dashboard in collaboration with DG
	• Rebrand CGT social media platforms	Facebook and Instagram consistent with Gipps Central Wonder Land branding.	Complete (See Appendix 3) Final stage of social content campaign in production highlighting CG pillars. (See Appendix 4)

Maintain strong relationships and advocate for local operators whilst driving a collaborative, targeted marketing effort to enhance capabilities and reduce duplication.	• Support beneficial strategic marketing initiatives as delivered by Destination Gippsland and fund where required	With DG redirecting their efforts toward information dissemination during this time rather than undertaking marketing campaigns, collaboration has been very difficult	Ongoing
	• Provide Destination Gippsland with key local content and assets to promote Central Gippsland visitation		Ongoing
	• Development of CGT industry Facebook page	Ongoing update of CGT content with DG Page set up	Complete with 214 members currently (See appendix 5)
	• Meet with all relevant BTAs	Meet with: - Wellington - Stratforward - Maffra BTA - Sale BTA - Yarram Traders Assoc - Heyfield - Tarra Territory Tourism	Pending Will be completed following Covid restrictions
	• Drive understanding and uptake of Australian Tourism Data Warehouse (ATDW) listings and opportunities	30 Listings	In Progress with 36 current listings
	• Represent Central Gippsland and industry at trade shows that reflect the region's competitive strengths	Attend three trade shows	Ongoing Number of trade shows cancelled in 2020
	• Develop and support a suite of events hosted in Central Gippsland with a focus on drawing new visitors to the region	Implementation of innovative strategies to increase visitation to new or existing events, including event development and marketing	On hold due to covid
	• Proactively invest in the promotion of Central Gippsland through the organisation and hosting of the Annual Central Gippsland People's Choice	Successful event execution	Event has been postponed

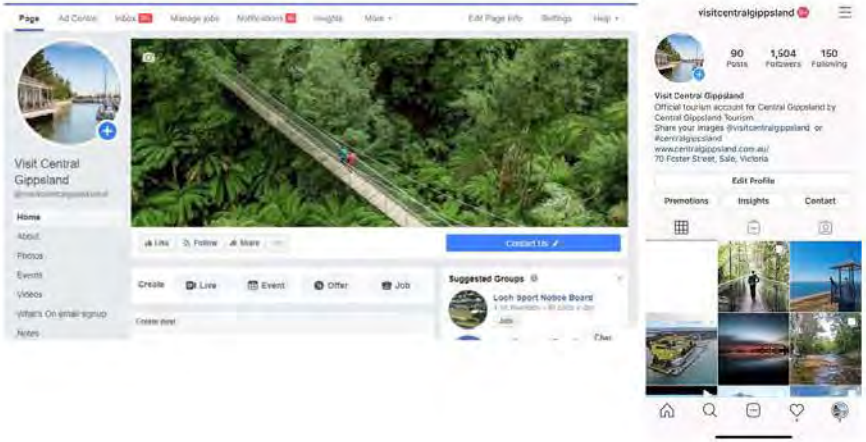
	Awards • Demonstrate broad promotion of subsidised advertising opportunities throughout CGT's business tourism network • Support the economic recovery of fire and drought affected areas across Central Gippsland	Execute at least 3 campaigns designed to boost operator buy in and in kind support. Distribution of information, marketing support and direct application for grant funding	Postponed due to covid Ongoing President Nathan Smith representing CGT on Business Boost working group
Achieve greater digital marketing capability and effectiveness for Central Gippsland and the tourism industry	• Regular posts on Facebook and Instagram with content sourced from tourism operators, BTAs, visitors, operators and council • Develop a social media strategy inline with Destination Gippsland, linking outcomes to the Gippsland Visitor economy digital strategy	Social analytics - FB likes to reach 4,100 2019 = 3,115 - Engaged users: up 20% 2019 = 7678 - FB total imps: up 10% 2019 = 114,921 - Instagram to reach 1200 follows AUG19 = 717	Ongoing YTD stats as at 06/10 - 3,737 - 3073 - 69383 - 1609
Inform and support the local tourism sector by providing media, research, imagery and marketing services to help partners achieve their marketing goals	• Develop a database of tools and templates including photography, video and advertising assets • Attract journalists to Central Gippsland from publications that result in articles/ exposure in print/online publications • Deliver a range of short and practical training workshops relevant to local operators the tourism industry	Maintenance and distribution of asset library 3 articles/exposure in print/online publications with circulation over 100,000 viewers or target markets aligned with CG's competitive strengths Deliver at least 3 seminars or workshops	In Progress Pending Pending Bushfire workshop in Nov19 cancelled due to poor numbers and Socials workshop in Apr20 postponed

	• Raise awareness of the significance of Tourism and its operators through the delivery of a Local Hero's campaign	Local media uptake of at least 6 profiles	Launched in Feb with fortnightly articles currently on hold
	• Conduct an industry survey to understand satisfaction, industry trends and ensure operator buy in.	Conduct industry satisfaction survey to seek feedback on external marketing activities and industry development	Due December
Establish a viable commercial plan that will guarantee long term relevance and viability	• Review of past and existing model followed by the design and delivery of a robust commercial plan outlining long term revenue streams (membership, events, sponsorship, grants etc) and desired outcomes	Delivery of commercial plan	Pending

Appendix 1

App

Appendix 3



Appendix 4

Appendix 5

ITEM C3.2 **FINGERBOARDS MINE PROJECT - COUNCIL SUBMISSION**

DIVISION: DEVELOPMENT

ACTION OFFICER: MANAGER LAND USE PLANNING

DATE: 20 OCTOBER 2020

IMPACTS									
Financial	Communication	Legislative	Council Policy	Council Plan	Resources & Staff	Community	Environmental	Engagement	Risk Management
		✓		✓		✓	✓	✓	

The recommended decision is not a Major Policy Decision or a Significant Decision as defined by Council's Election Period Policy.

OBJECTIVE

To endorse a submission to the Fingerboards Mine Project located in the East Gippsland Shire.

PUBLIC QUESTIONS AND COMMENTS FROM THE GALLERY

RECOMMENDATION

That Council endorse the attached submission to the Fingerboards Mine Project.

BACKGROUND

Kalbar Operations Pty Ltd are seeking approval to develop the Fingerboards Mine Project located in the East Gippsland Shire. Council has previously been briefed on the Project.

The Project is subject to an Environmental Effects Statement (EES) process being administered by the State Government. Submissions to the Project are currently being sought.

Further details of the Project and the exhibited EES material are available from the links below.

https://www.fingerboardsproject.com.au/
https://ees.fingerboardsproject.com.au/download

The main implications associated with the Project for the Wellington Shire include transportation; local procurement and job opportunities; and ensuring that any adverse environmental impacts are appropriately mitigated via relevant regulatory instruments. Accordingly, Council Officers have prepared the attached submission for Council's formal consideration in response to these key issues.

Community members and relevant stakeholders will also have the opportunity to lodge individual submissions, noting that there are a range of views on the merits (or otherwise) of the Project. The upcoming EES process provides an appropriate forum for all relevant views to be presented and heard prior to the State Government determining if the Project should proceed or not.

OPTIONS

Council has the following options available:

1. Endorse the attached submission to the Fingerboards Mine Project.
2. Not endorse the attached submission to the Fingerboards Mine Project and seek further information for consideration at a future Council meeting.

PROPOSAL

That Council endorse the attached submission to the Fingerboards Mine Project.

CONFLICT OF INTEREST

No staff and/or contractors involved in the compilation of this report have declared a conflict of interest.

LEGISLATIVE IMPACT

The Council submission will be lodged with the State Government in accordance with EES requirements and timeframes.

COUNCIL PLAN IMPACT

The Council Plan 2017-21 Theme 2 Services & Infrastructure states the following strategic objective and related strategy:

Strategic Objective 2.3: *"Wellington Shire is well planned, considering long term growth and sustainability."*

Strategy 2.3.1: *"Continue to provide strategic planning to encourage long term growth and sustainability in Wellington Shire."*

The Council Plan 2017-21 Theme 3 Natural Environment states the following strategic objective and related strategy:

Strategic Objective 3.1: *"Conserve and protect our natural environment through responsible and sustainable management practices."*

Strategy 3.1.1: *"Ensure development is appropriate to conserve our environmentally sensitive landscapes for future generations."*

The Council Plan 2017-21 Theme 5 Economy states the following strategic objective and related strategy:

Strategic Objective 5.2: *"Use a targeted approach to attract new business investment to Wellington Shire, to support population growth."*

Strategy 5.2.1: *"Create a supportive investment environment that encourages new development and job growth."*

This report supports the above Council Plan strategic objective and strategy.

COMMUNITY IMPACT

The community will be provided with the opportunity to participate in the current EES process, either in support or in opposition to the Project.

ENVIRONMENTAL IMPACT

Environmental issues need to be carefully and thoroughly assessed by the State Government as part of the current robust EES process.

ENGAGEMENT IMPACT

Community engagement will occur through the current EES process to ensure that all relevant views and issues are considered prior to a decision being made on the Project.

WELLINGTON
SHIRE COUNCIL
The Heart of Gippsland

Date to be inserted

Mineral Sands Project Inquiry and Advisory Committee
By email: fingerboards.IAC@delwp.vic.gov.au

Dear Sir/Madam

SUBMISSION TO MINERAL SANDS PROJECT INQUIRY AND ADVISORY COMMITTEE

Thank you for the opportunity for Council to lodge a submission to the current exhibition of the Environmental Effects Statement (EES) and associated material for the proposed Fingerboards Mineral Sands Project.

Council's main interest in the Project relates to transportation; local procurement and job opportunities; and ensuring that any adverse environmental impacts can be appropriately mitigated via relevant regulatory instruments.

Given the significant economic benefits which will result from the Project, Council supports progression of a carefully regulated mine project. Significant local procurement and employment benefits are expected to arise in the Wellington Shire, with further diversification of the economic base of the region also seen as a positive to support future social and economic wellbeing.

Council requests that rail transport (with a preference for daytime movements) be used exclusively for the Project (once the new Stratford rail bridge has been completed) to help reduce amenity and safety impacts associated with road transportation. Council requests that appropriate regulatory controls be established to ensure that the rail transport option is utilised for the life of the mine.

Council would also request that all environmental issues raised by relevant authorities and community members be carefully assessed and appropriately mitigated by the proponent should the State Government approve the Project, including impacts on the chain of ponds through Providence Ponds. It is noted that the current EES process provides the appropriate assessment framework for this to occur.

In conclusion, Council supports the progression of the Project subject to appropriate regulatory consideration/controls.

Yours sincerely

DAVID MORCOM
Chief Executive Officer

Our ref: jc:cd

Sale Service Centre 18 Desailly Street (PO Box 506), Sale VIC 3850 Telephone 13 (0356) 244
Yarram Service Centre 156 Grand Street, Yarram VIC 3971 Telephone (03) 5182 5100
Web www.wellington.vic.gov.au Email enquiries@wellington.vic.gov.au

YouTube

C4 - REPORT

GENERAL MANAGER BUILT AND NATURAL ENVIRONMENT

C5 - REPORT

GENERAL MANAGER COMMUNITY AND CULTURE

D. FURTHER GALLERY AND ONLINE COMMENTS

Gallery comments are an opportunity for members of the public to raise any particular matter they wish. This allows those in the gallery to speak directly to councillors but is not a forum designed for open discussion or debate. We will listen respectfully to what you have to say and make the commitment that if your query requires a written response, we will advise you that a response will be forthcoming and a copy of that response will be circulated to all Councillors.

This is not a forum for members of the public to lodge complaints against individuals, including Councillors and staff, particularly as that individual gets no public right of reply to any matter raised. We take complaints seriously, and in line with the guidance from the Victorian Ombudsman and the local Government Inspectorate, we request that any specific complaint against an individual be put in writing. This way, your concern can be properly dealt with while ensuring fairness to all parties concerned.

If you wish to speak, we remind you that this part of the meeting is being recorded and broadcast on our website. Council's official Minutes will record that you have spoken to Council and the subject you spoke to Council about but will not record specific comments. We ask you to state your name in full, where you are from, and you have three minutes.

ONLINE COMMENTS –

GALLERY COMMENTS –

Meeting declared closed at: pm

The live streaming of this Council meeting will now come to a close.

E. CONFIDENTIAL ATTACHMENT/S

ITEM E1.1 WELLINGTON SHIRE COUNCIL AUDIT & RISK COMMITTEE – MINUTES (Refer to Agenda Item C2.2)

ORDINARY COUNCIL MEETING
20 OCTOBER 2020

On this 30th of September 2020, in accordance with Section 3(1) Confidential Information of the *Local Government Act 2020*; I, Arthur Skipitaris (Delegate) declare that the information contained in the attached document **WELLINGTON SHIRE COUNCIL AUDIT & RISK COMMITTEE - MINUTES** is confidential because it relates to the following grounds:

e) legal privileged information, being information to which legal professional privilege or client legal privilege applies;

l) information that was confidential information for the purposes of section 77 of the *Local Government Act 1989*.

……
General Manager Corporate Services (Delegate)

F. IN CLOSED SESSION

COUNCILLOR

That the meeting be closed to the public pursuant to Section 66(2) of the Local Government Act 2020 to consider matters under Section 66(5)(b) as defined by Section 3(1) being:

a) Council business information
b) Security information
c) Land use planning information
d) Law enforcement information
e) Legal privileged information
f) Personal information
g) Private commercial information
h) Confidential meeting information
i) Internal arbitration information
j) Councillor Conduct Panel confidential information
k) Information prescribed by the regulations to be confidential information
l) Information that was confidential information for the purposes of section 77 of the Local Government Act 1989

IN CLOSED SESSION

COUNCILLOR

That *Council move into open session and ratify the decision made in closed session*.