



**MANSFIELD  
SHIRE COUNCIL**



# **Annual Report 2017-18**

**Where to get a copy**

This Annual Report is prepared in digital format. Display copies of the report are available from the Mansfield municipal office and the Mansfield Library. We encourage our readers to view a copy online from our website - [www.mansfield.vic.gov.au](http://www.mansfield.vic.gov.au)

**Feedback**

The content of the Annual Report is reviewed each year and is guided by local government best practice in reporting and local government requirements.

Your feedback is invited via email:

**[council@mansfield.vic.gov.au](mailto:council@mansfield.vic.gov.au)**

or, by letter to:

The Chief Executive Officer  
Private Bag 1000  
Mansfield Vic 3724

Front cover: *Autumn in Jamieson. Image courtesy of emcam productions*

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## Introduction

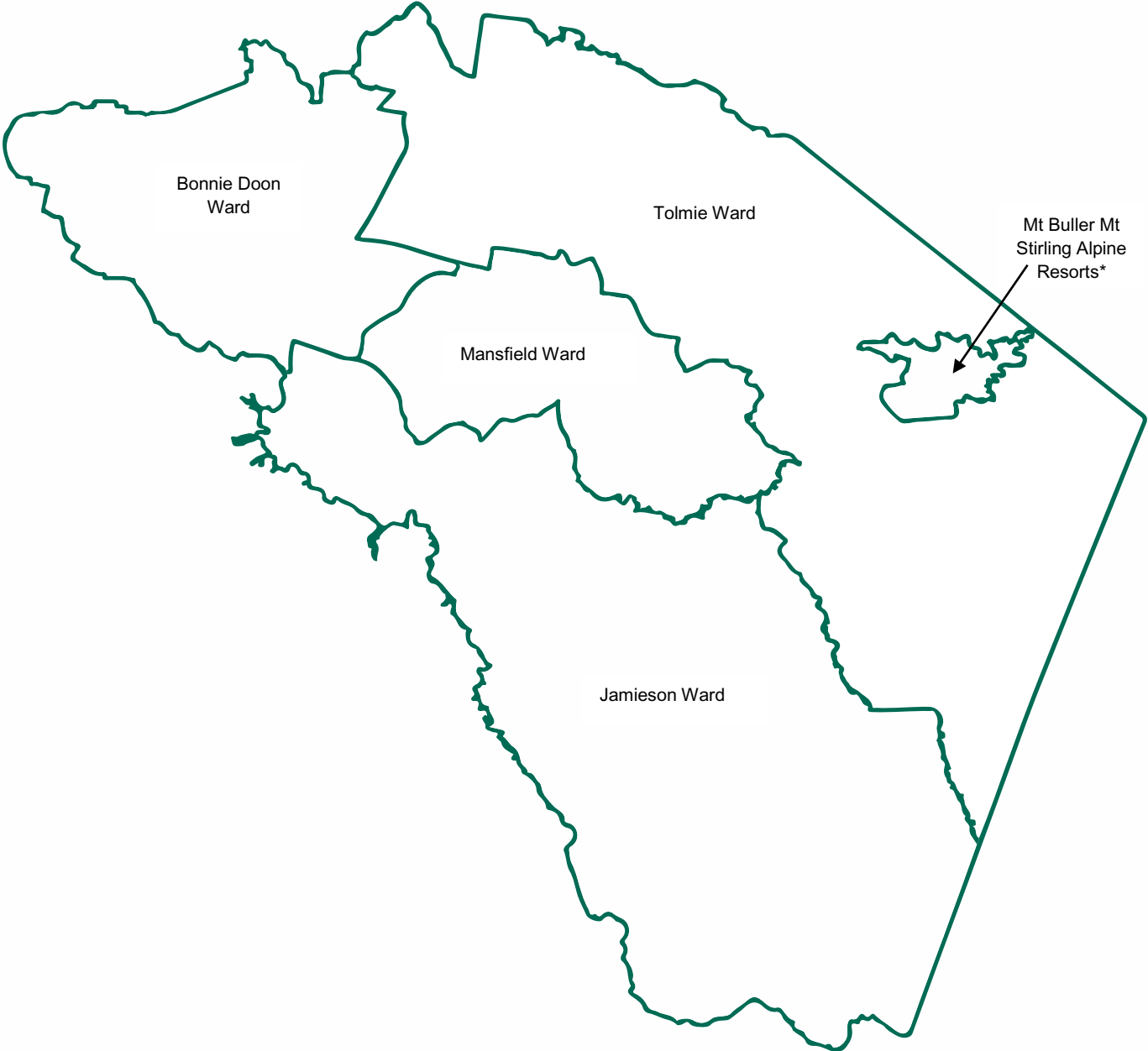
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### **Welcome to the Mansfield Shire Council's report of operations for the year 2017- 2018**

Council is committed to transparent reporting and accountability to the community and this report of operations is the primary means of advising the Mansfield Shire Council community about Council's operations and performance during the financial year.

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# Mansfield Shire



\*Managed by Mt Buller Mt Stirling Alpine Resort Management Board

## A snapshot of our Shire

Our municipality covers some 3,843 square kilometres and features major river systems, lakes, mountains and vast tracts of broad productive valleys. Lake Eildon is a dominant feature in the southern half of our shire and the north comprises the alpine resorts of Mt Buller and Mt Stirling.

Our people have a strong sense of community and we are fortunate to have many small towns and villages that bring a rich history and uniqueness to the overall appeal of the wonderful area in which we live.

## Our townships

- Ancona
- Barjarg
- Bonnie Doon
- Goughs Bay
- Howqua
- Jamieson
- Kevington
- Macs Cove
- Maindample
- Merrijig
- Merton
- Sawmill Settlement/Alpine Ridge
- Tolmie
- Woods Point

## Who We Are

Mansfield Shire has an estimated population of 8,725\* people represented by 4,380 (49.8%) males and 4,345 (50.2%) females.

Our community comprises 2,137 families and has a median age of 47 years.

13.7% of our population is aged between 5 and 14 years old and 17.2% is aged between 60 and 69.

Giving back to the community is important to our residents and this is reflected in the fact that 2,041 of our residents volunteer their time to help others.

(Australian Bureau of Statistics Census Data 2016 \*adjusted to 2018)

## Our aspiration for the Shire

We live, work and play in an inclusive, dynamic and prosperous place where community spirit is strong and people are empowered to engage in issues that affect their lives.

## Our Core Values

The values that drive our Council and administration in the day to day delivery of our services and functions are:

**Leadership** – addressing tough issues head on, being accountable for the decisions we make and planning for the long term future and prosperity of this Shire. We take our role as advocates on behalf of the community very seriously and will work tirelessly to ensure our collective voice is heard.

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**Collaboration** – working with our community and other key stakeholders to achieve the best possible outcome. Council cannot deliver this Council Plan without strong and productive partnerships with our community, local businesses, other levels of government and key service providers operating in our municipality.

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**Integrity** – achieving the highest standards of good governance, transparency and accountability, driven by our Councillor Code of Conduct and Councillor Charter. We will keep an open mind on all issues until the time comes to make a decision. Conflicts of interest will be openly declared and we will always follow the letter of the law in relation to this issue.

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**Respect** – recognising and valuing the diversity of views and needs within our community. We believe it is important to create a respectful, supportive and fair environment where differences are valued and encouraged to support good decision making. Increased understanding and trust between Council and the community is an important way we can foster an inclusive, respectful society.

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**Innovation** – exploring and embracing smarter ways to deliver our services. This includes looking at all options for new ways of working, embracing new technology and exploring shared services with other councils and service providers.

# Fast facts

**6,500 rateable properties**



**53,110 library items borrowed**



**6 sportsgrounds maintained**

**43 groups assisted by annual community grants**



**89 kilometres of footpaths maintained**

**540 kilometres of unmade roads within the Shire**



**248 kilometres of made roads within the Shire**

**4,234 tonnes of waste collected**



**1,302 tonnes recycled**

**47 kilometres of stormwater pipes maintained**

**19,810 hours of home and community care support provided**



**176 planning applications received**

**19,000 attendees at Mansfield Swimming Pool**

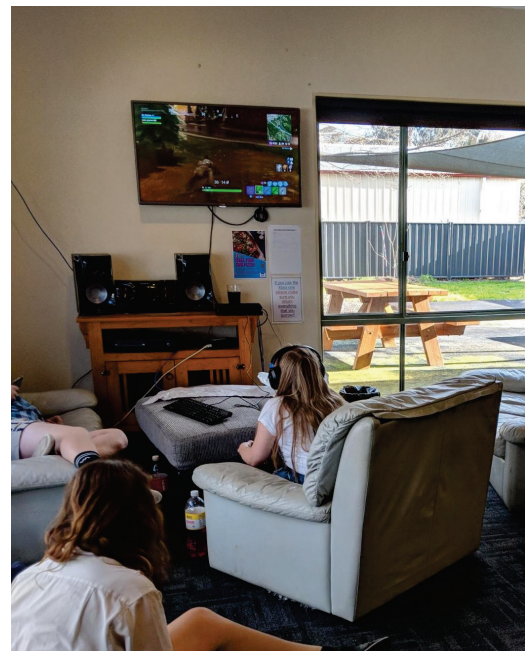


# Highlights of the year

## Strategic Objectives

**Participation and partnerships** - we believe it is essential that people have opportunities to participate in all aspects of community life, including Council decision making. Our small community will continue to prosper and succeed if we have strong partnerships with our community, other levels of government, other key service providers and private industry.

- Work has continued on Black Spot funding, with a number of telecommunications towers becoming operational including Merton, Tolmie, Gough's Bay and Sawmill Settlement
- Actively sought participation in the volunteering program from people aged between 18 and 25 to support programs and activities at the Mansfield Youth Centre
- Council meetings in our townships – we appreciate the involvement of our community members in the townships of Merrijig, Bonnie Doon, Goughs Bay and Jamieson Point for supporting Council meetings throughout the year.



**Financial sustainability** - we are a small municipality in terms of population. Decisions by other levels of government to cut recurrent funding sources are starting to take a significant toll on our financial sustainability. Informed and decisive action is required by Council during the life of this Plan to secure Mansfield Shire's long term financial security.

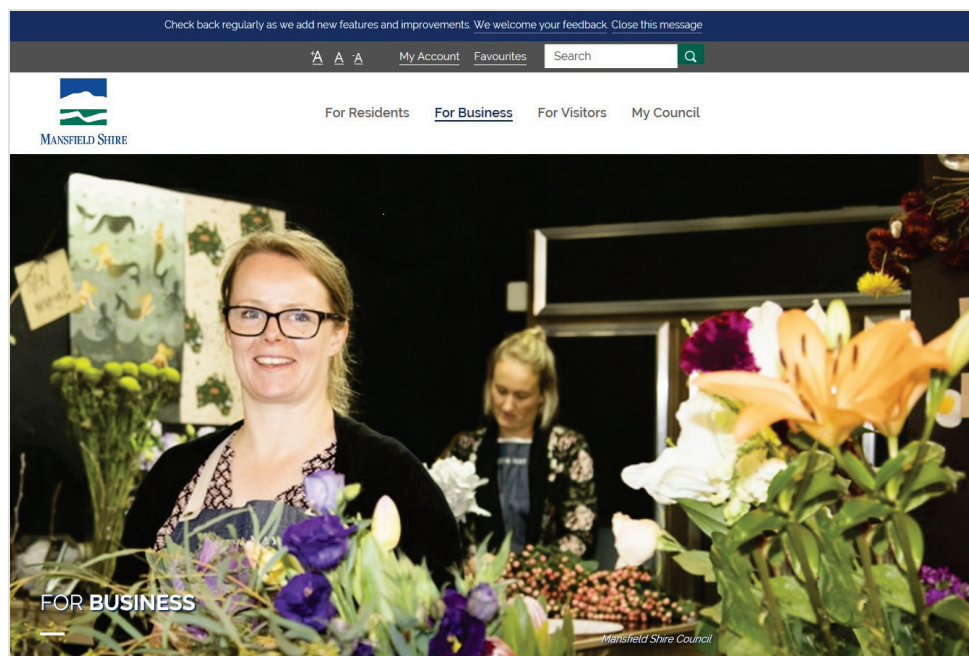
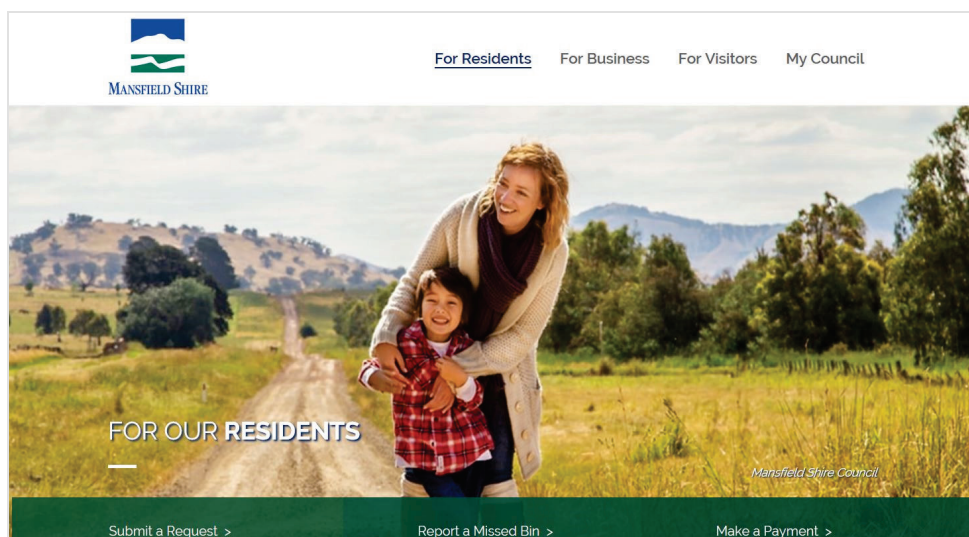
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- Building permits hit a record value of \$48 million, which is \$12 million higher than previous records in 2009-10, underlining the importance of the construction sector to the Shire's economy
- Council entered into a shared services contract with Murrindindi Shire for the provision of Municipal Building Surveyor services for the next five years, reducing the cost of service provision
- Proactive response to the recycling crisis through negotiating minimal increases in the tonnage rate for recyclables received by our contractor, JJ Richards, along with the successful application for relief funding from the State government to minimise the financial impacts of the collapse of the Chinese recycling market
- An organisational restructure was undertaken in April 2018 reducing head count and operational expenditure. The restructure allowed a functional realignment to ensure Council delivers services as efficiently and cost effectively as possible.



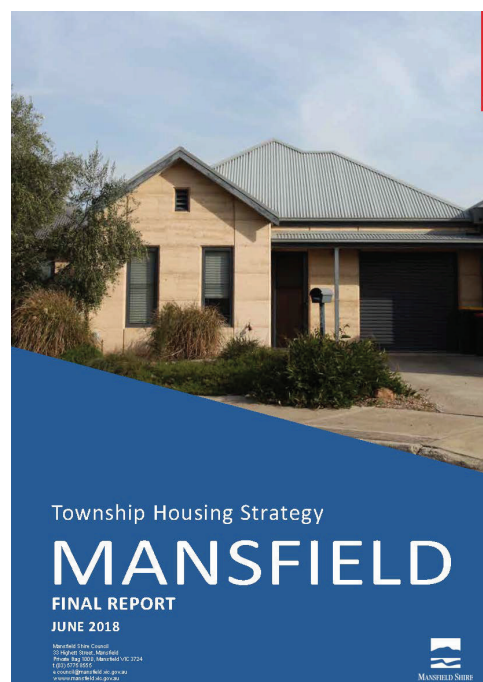
**Community resilience and connectivity** - Council's role is to assist the community in achieving its goals. It is a partnership. Neither Council nor the community can address the challenges and issues we face alone. Through collaboration with our local communities, other agencies and governments, we will assist people to work on their own solutions to the issues that are important to them.

- Our new website, [www.mansfield.vic.gov.au](http://www.mansfield.vic.gov.au) was launched in July 2018 providing users with an improved web experience. Content is now easier to find and the site is more responsive with ease of access via multiple devices. Residents can now report an issue directly into the customer request management system, request waste services on line, and make secure payments via our website. Stages 2 and 3 of website development will continue through 2018-19 including the launch of the engagement portal.



**Enhanced liveability** - we have a great quality of life but as our population and needs change, Council needs strategies in place to ensure the services and facilities we provide are responsive, sustainable and effective. Council recognises its role as an educator and facilitator around health and wellbeing issues, but we are only one of many authorities and groups that need to work in a co-ordinated and targeted fashion to improve the quality of life for all. We also understand that the protection and enhancement of the beautiful natural environment in which we live is key to our quality of life.

- Preparation and adoption of the new Amenity, Environment and Community Protection Local Law No 1 of 2018 in partnership with a Community Reference Group. The new law aims to create a safe, healthy and enjoyable environment for people who reside, work, own a business, own property in, or visit the municipal district while protecting our high levels of amenity.
- Adoption of the Domestic Animals Management Plan 2017-21 which outlines how Council will assist pet owners in effectively managing their animals and identifying actions to minimise dog attacks and roaming animals.
- Implementation of Domestic Wastewater Management Plan actions including conducting inspections of existing onsite systems in lakeside townships and introducing new software to more efficiently manage wastewater approvals and inspections. An independent internal audit was also undertaken to measure the progress of the DWMP's implementation.
- Enforcement of the Mansfield Planning Scheme's native vegetation removal laws through successful action against a landowner who has cleared 70 hectares of native vegetation. Council has secured around \$300,000 worth of offset planting and a portion of the property being subjected to a Trust for Nature covenant to rehabilitate part of the site. This is by far the most serious enforcement case undertaken by Council and the size of the penalty is the biggest seen in the history of the Shire, reflecting the seriousness of the offence.
- The Housing Strategy adopted by Council aims to highlight the needs of all sectors of our community
- Completion of the Mansfield Shire Sport Facilities Strategy 2018-2028 which identified a new multi-use sports pavilion at the Lords Oval in Mansfield and a new dual court indoor sports stadium as two key priorities of the community. Council will fund the Lords Oval Pavilion in the 2018-19 budget, and are yet to make a decision on a dual court facility.
- Independent consultants, SJB Urban, have been appointed to facilitate master planning for the Station Precinct.



**Responsible leadership** - Council is dedicated to achieving the highest standards of good governance, with a focus on informed, equitable and transparent decision making. Accountability for our actions is important to us and we will report on our decisions and performance through a variety of means. We will be true to our values and create a Council and organisational culture based on inclusiveness, impartiality and integrity.

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- Lodgement of a detailed submission on the new draft Local Government Act as a means of ensuring the interests of this community are reflected in the new legislation. In particular, the increased cost to Council of meeting the new statutory requirements was highlighted, as well as the need to keep the current representational model of Council.

## **Challenges and future outlook**

Council faces a number of challenges in achieving its strategic objectives. These include:

- A large rural road network and aged drainage infrastructure
- Limited financial resources exacerbated by government funding not keeping pace with cost increases
- Increasing community expectations for services and new facilities/works
- Need for adequate capital renewal expenditure investment
- Increasing maintenance requirements due to increasing asset base
- Population growth
- Increasing requirements of other levels of government
- Introduction of rate capping (Fair Go Rates) legislation

## The year in review

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### Mayor's message



As Mayor in my second term I am delighted to present this annual report of the Mansfield Shire Council for 2017-18.

Our Council Plan continues to be the focus of our work and underpins our thinking and decision making. Some minor amendments to the Council Plan have been made following various policy and operational changes over the past 12 months. We remain focused on engaging in a positive and constructive manner within our respective Wards and with the community overall.

During my first term as Mayor I spent a great deal of time learning about and understanding the work of the various groups, organisations and networks that link into our Shire. With the pending introduction of a new Local Government Act it is clear that councils will have to change many of the ways in which they have traditionally done business in order to transform their respective organisations, whilst continuing to deliver services into their respective communities.

Record numbers of people are visiting our Shire (approx. 1.8 million in 2016), enjoying all it has to offer across all seasons. At the present moment in the middle of winter, record numbers of visitors are streaming through our towns to visit the snowfields of Mt Buller and Mt Stirling. The alpine resorts have had one of the busiest winters on record to contend with, up 40% on the same time last year. The Mt Buller Mt Stirling resort has a number of major projects planned to commence at the end of this current season, a further sign of the positivity in our area and Shire. This can only mean added investment and positivity for our Shire and confirms that we are a key destination for both Victorian and International visitors. From any perspective this is a tremendous outlook.

Together with the CEO and Deputy Mayor, I attended the National General Assembly (NGA) of Local Government in Canberra in June. Our message to both political leaders and their representatives was to provide greater funding for key local infrastructure needs, such as roads, bridges and drainage. At the same time we impressed upon them the need to fund Mansfield's number one project, the redevelopment of the Station Precinct. As a result, initial funding for a detailed feasibility study of the Station Precinct has been received and I fully expect that the outcome will be a major step toward the redevelopment of the site in the not too distant future. The reactivation of this precinct is much needed and anticipated.

The NGA of Local Government annual event is an opportunity to both network and meet key identities within Federal Government and to listen to the policy directions of the major political parties. With Australia's population now close to 25 million there is a quickly growing focus on decentralisation and provision of key infrastructure to support increased populations in our major regional cities and towns. Consequently, smaller rural towns, especially those in close proximity to major cities such as ours, are identified to experience significant growth.

In Mansfield, that scenario is already beginning to play out. In the 2017-18 year, the value of building approvals topped \$48.9 million surpassing the 2016-17 financial year by almost \$12 million. This is a great outcome for our local building and construction industry, but also provides a real challenge. With chronic underinvestment in infrastructure over many years, building new assets and maintaining existing assets in a quickly growing community presents as one of our biggest challenges.

Rate capping also provides many small rural councils with challenges, particularly around maintaining the level of services that they have traditionally provided. There is an expectation that every piece of land that is subdivided within the Shire should have a certain level of services. Whilst this is an ideal, in reality it is extremely difficult to provide those services as costs continue to rise and revenues become more restricted, due in large part to rate capping. This fact speaks to some of the key elements within the new Local Government Act that will require councils to adopt a more entrepreneurial yet judicial approach.

I would like to thank Mansfield Shire Council Chief Executive Officer, Alex Green, and his staff for their ongoing commitment and support throughout the last year. At times the interest from within and from outside our Shire has been quite overwhelming, and to manage and engage in an effective manner and maintain services is a credit to all staff.

I'd also like to thank fellow Councillors for their continued dedication and commitment, often at times when they've had other pressures and priorities. The Mansfield Shire continues to demonstrate strength of leadership and responsibility and is held in high regard in the various networks in which we are engaged. We seek to maintain our individual character through respect for all those living in our Shire and respecting each and every individual ratepayer's right to have their say in the workings of our Shire Council.

Our indigenous population, the Tuangurung people, are acknowledged formally at every public event in which the Shire is represented. Their history and culture are intrinsic to the way in which our community evolves. Inclusive of the Tuangurung people, we embrace all people respectfully, but we should also act spontaneously to anything that we feel will harm the health and wellbeing of those citizens resident within the Shire. Each and every day that you walk down the streets and roads within our Shire, you will always attract a friendly word or a polite welcome. It's what makes Mansfield so special and such a great place to live.



**Cr Paul Volkering**  
**Mayor**

## CEO's message



On behalf of the Mansfield Shire Council it is with pleasure that I present Council's Annual Report for the 2017-18 financial year. The Office of the Chief Executive is responsible for the day to day management of the Council's operations ensuring that we deliver on our commitments contained with our Council Plan. Whilst it has been a challenging year, particularly in relation to our financial resources, we have continued to strive to meet prioritised commitments to our community.

Council and the organisation continue on the right track delivering services for the community. Some of our service areas returned a satisfaction rating higher than those of the past five years, however we must also acknowledge that there is still more work to do in a number of areas.

Council approved a number of community based initiatives throughout the year which will form the basis of shaping our future as our population and needs change. Our Public Health and Wellbeing Plan, the Mansfield Township Housing Strategy, the Mansfield Township Approaches Planning Controls and Guidelines Study, the Mansfield Shire Sport Facilities Strategy and the development of a master plan for our Station Precinct are just a few of the significant initiatives that have been completed, or will be completed, over the coming months.

At the beginning of the financial year we undertook a comprehensive strategic review of the organisation in order to strengthen our financial position. This review resulted in a restructure of all departments in order to better functionally align how we deliver services and implement the mechanisms so that we can be more efficient in that service delivery into the future. I have to acknowledge the commitment and engagement of all staff while we worked through this process. I believe that we now have the basis of a more modernised organisation that will better complement our service delivery and allow us to better plan for the future.

Our Shire continues to attract a number of high profile events each year and these bring a large number of benefits. Our businesses, towns and community in general, flourish under our year round tourist numbers and events including, Targa, Spring Arts Festival, Lake Eildon Festival and Bonnie Doon Music Festival, to name but a few. We will continue to encourage the many community groups that work with council staff each year to attract visitors to our Shire and make these events the successes that they are and add to the rich fabric of the Mansfield community.

Finally I would like to thank Councillors, the management team and all members of staff for their ongoing support throughout what, at times, was a difficult year. I believe we have many positives on our agenda going forward, and I look forward to working with all staff and our community over the next 12 months as we deliver on our many significant initiatives.

**Alex Green**  
Chief Executive Officer

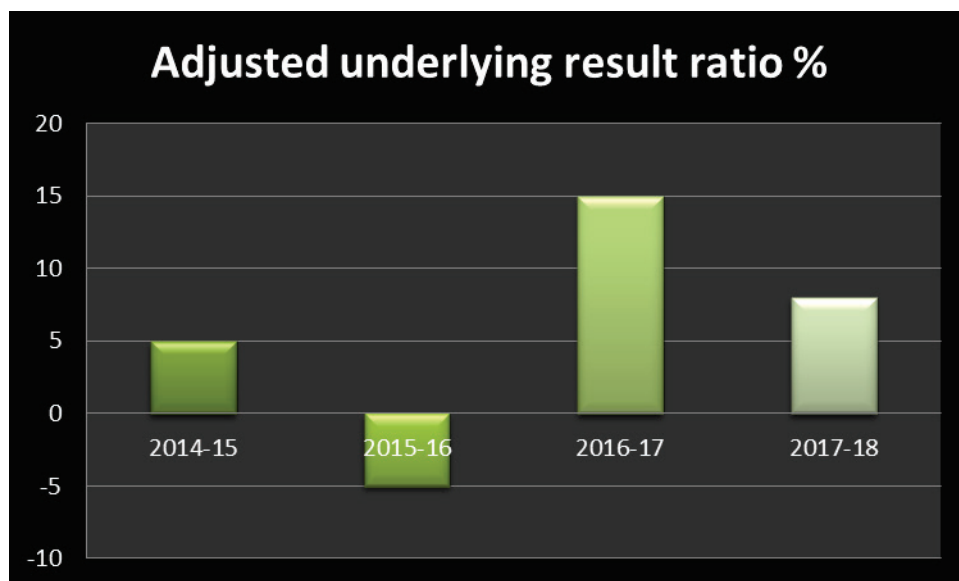
## Financial summary

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

### Operating position

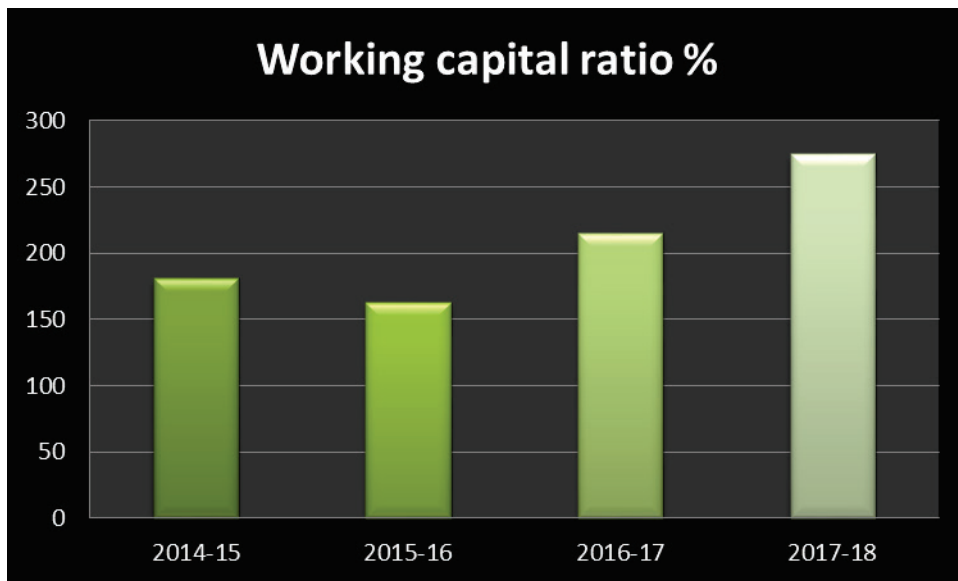
Council achieved a surplus of \$3.2 million in 2017-18. The surplus compares unfavourably to the prior year surplus of \$8.4 million. As per the Comprehensive Income Statement in the Financial Report, the unfavourable variance is due mainly to a decrease in non-monetary contributions (\$3.5 million) and a decrease in grant funding (\$1.6 million). 2016-17 saw the completion of a major subdivision works at the Stockmans Rise and Highlands Estate developments, resulting in the significant contribution of infrastructure assets (non-monetary contributions) from the developers to Council. The decline in grant funding relates primarily to the timing of the receipt of Financial Assistance Grants from the Victorian Grants Commission.

The adjusted underlying surplus of Council, after removing non-recurrent capital grants, cash capital contributions and non-monetary capital contributions, is a surplus of \$1.7 million or 8% when compared to adjusted underlying revenue. This compares favourably to the expected target of -4.1%. Sustaining an adjusted underlying surplus is a critical financial strategy to provide capacity to renew the \$109 million of community assets under council's control.



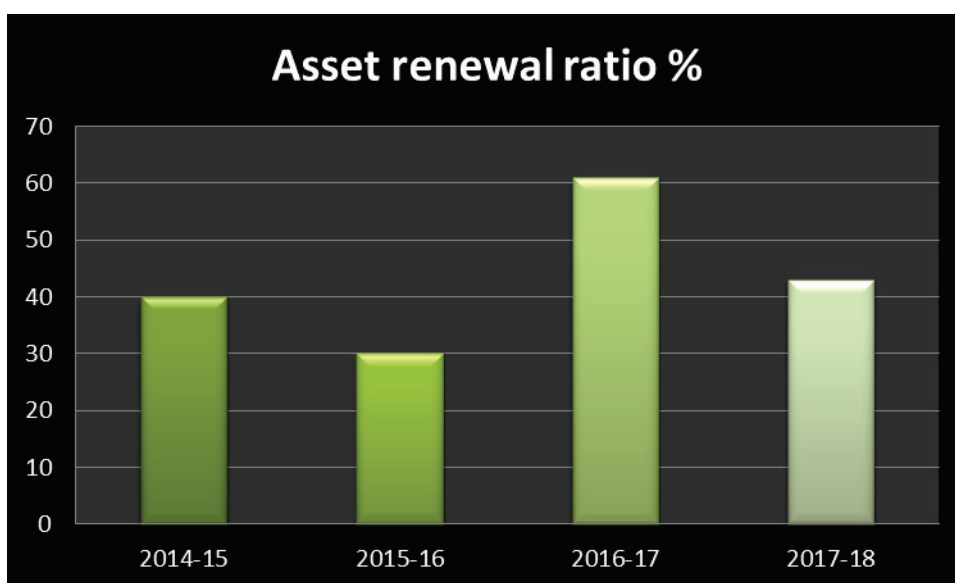
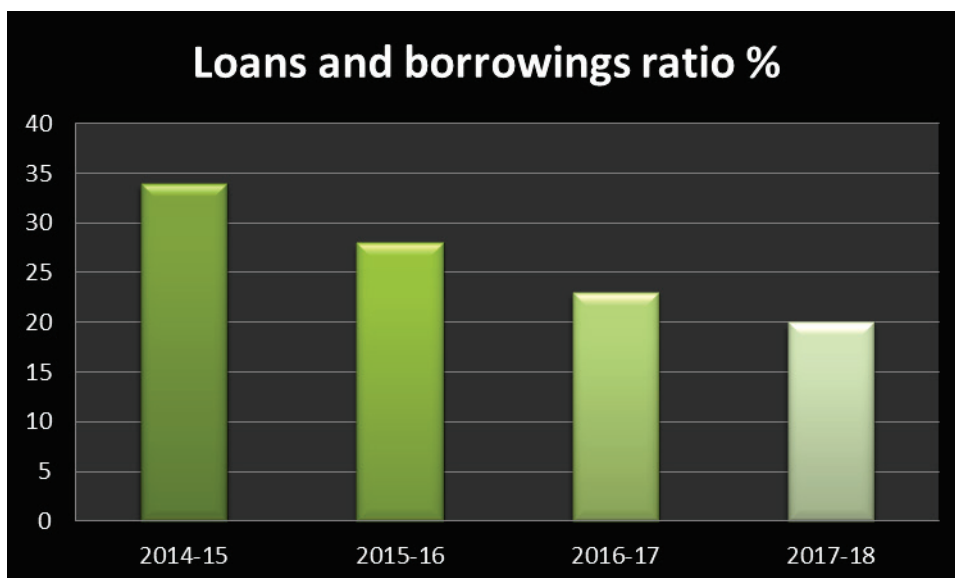
## Liquidity

Cash and Financial Assets (term deposits with a maturity date beyond 3 months) have increased by \$2.3 million from the prior year mainly due to delays in budgeted capital projects including the next stage of the heavy vehicle bypass. The working capital ratio which assesses Council's ability to meet current commitments is calculated by measuring Council's current assets as a percentage of current liabilities. Council's result of 275% is an indicator of satisfactory financial position and beyond the expected target of 206%.



## Obligations

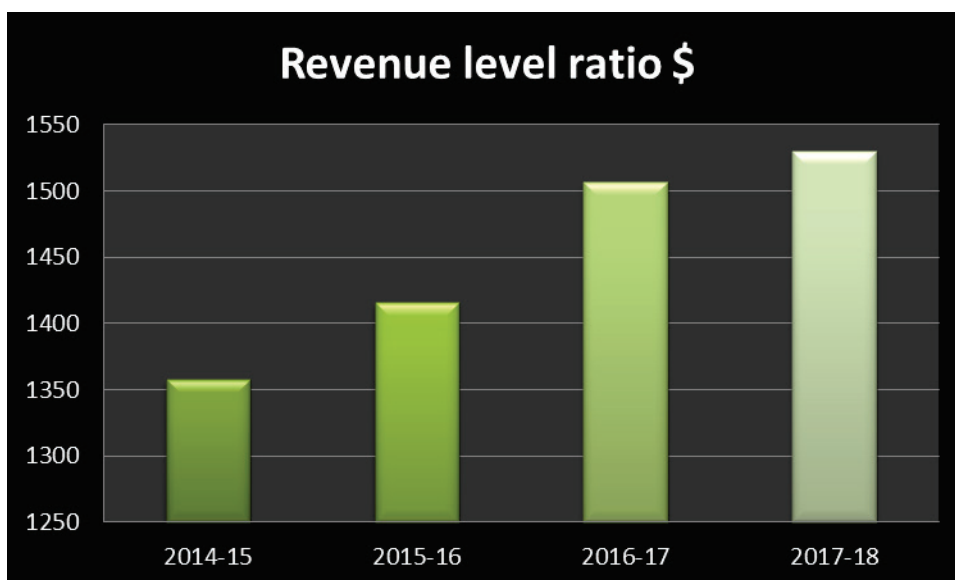
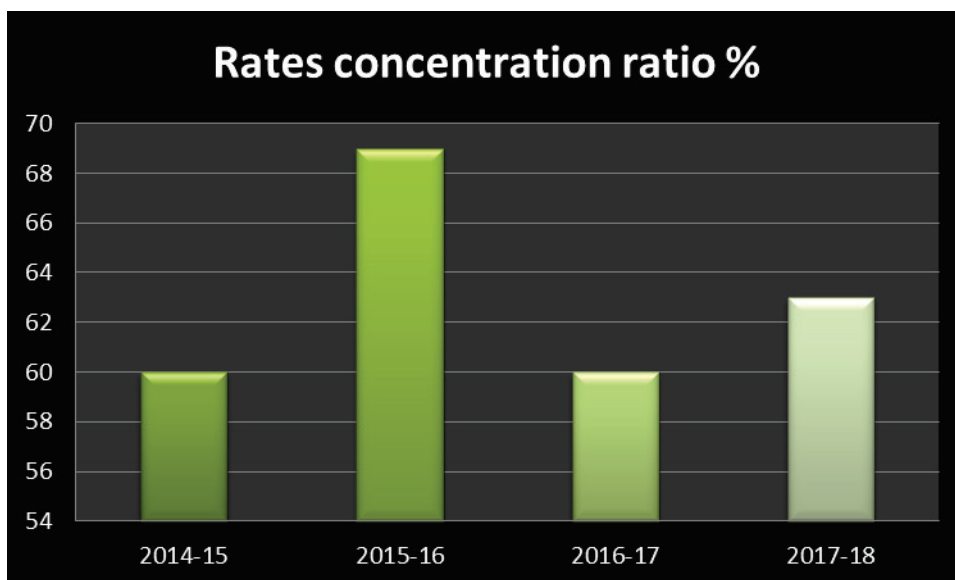
Council aims to ensure that it is able to maintain its infrastructure assets at the expected levels, while at the same time continuing to deliver the services needed by the community. To bridge the infrastructure gap, council invested \$1.3 million in renewal works during the 2017-18 year. This was funded from operations and grants. At the end of the 2017-18 year Council's debt ratio, which is measured by comparing interest bearing loans and borrowings to rate revenue, was 20% and equivalent to the expected target. Council's asset renewal ratio, which is measured by comparing asset renewal expenditure to depreciation, was 43% and was below the expected target of 97%. This is due to delays in key road renewal projects including the next stage of the heavy vehicle bypass.



## Stability and efficiency

Council raises a wide range of revenues including rates, user fees, fines, grants and contributions. Despite this, Council's rates concentration, which compares rate revenue to adjusted underlying revenue, was 63% for the 2017-18 year. This is slightly lower than the expected target of 68%, indicating a broader revenue base.

Average rates increased at 2%, being the maximum allowable under the rate cap set by the Minister for Local Government. This resulted in an average residential rate per residential assessment of \$1,530.



## Description of operations

### Major Capital Works

During 2017-18 the major capital works included the following projects.

#### Howqua Track Culvert Crossing at Timbertop Creek

The existing single-lane, low-level crossing was replaced with a dual-lane crossing that is able to manage higher flows through Timbertop Creek. Supporting this project, pavement widening was delivered at the intersection of Howqua Track and Mt Buller Road and in the approaches to the new crossing improving access into and out of this area during busy tourist periods.

The project was delivered for \$277,058 and funded under a joint agreement between Council and the Federal Government's Bridges Renewal Program.

### Resheets

As part of the annual unsealed road renewal program 15.1km of resheets were delivered this year across the following roads:

- Lavendar Farm Road
- Tolmie-Mahaikah Road
- Ross Road
- Old Strathbogie Road
- Coles Road
- Growlers Gully
- Old Eildon Road
- The Avenue
- West Court
- Outlook Drive
- Howqua River Road

These works have contributed to improved access for residents living on the unsealed road network and better access for through traffic.

These works totalled \$418,108 and were funded wholly by Council.



## **Reseals**

As part of the annual reseal program 103,166m<sup>2</sup> of bitumen resealing works were delivered this year across the following roads and carparks:

- Piries-Goughs Bay Road
- Merton-Strathbogie Road
- Barwite Road
- Erril Street
- Prowds Lane
- Highton Lane
- Lockharts Road
- Lochiel Road
- Melba Road
- Matthews Reserve
- The Recreation Reserve Car Park
- Glen Creek Road
- Edith Court
- Griffin Avenue
- Highett Street Car Park
- Highett Street Service Road West
- Rifle Butts Road
- Phillip Street
- Mountain Bay Drive

These works have contributed to an improved lifespan for Council's sealed road network, maintaining trafficability for vehicular access.

These works totalled \$442,930 and were funded wholly by Council.

## **Apollo Street Drainage Improvements**

Drainage improvements were delivered on the eastern side of Apollo Street installing underground drainage and restoring the existing kerb and channel to ensure this flooding hotspot would adequately drain in future years.

This work was delivered for a total of \$62,211 and was funded wholly by Council.

## Footpaths

New footpaths were constructed under the VicRoads Building Our Regions program. Council's projects included construction of footpaths at;

- Chenery Street (concrete footpath)
- Midland Highway (crushed rock footpath)
- Malcolm Street (crushed rock footpath)

These projects were delivered for \$96,111 and were funded under a joint agreement between Council and VicRoads.



## **Major Changes**

Service reviews undertaken during 2017-18 identified opportunities for outsourcing of services and the need for an organisational restructure.

Asset management services have been outsourced to Assetic, a leading provider of asset management systems in the Local Government sector, and Geographic Information Systems (GIS) services have been outsourced to Dooley, Mitchell and Morrison (DMM) Pty Ltd.

An organisational restructure was completed in April 2018, and included a functional realignment. The new structure allows Council to deliver the same services in an efficient and cost effective manner.

### A profile of our shire

Mansfield Shire has been recognised as one of Victoria's fastest growing rural municipalities for more than a decade. The combination of lifestyle and proximity to Melbourne has seen the permanent population grow at around 2% each year, from 6,631 in 2001 to an estimated 8,626 in 2017. Forecasts indicate that by 2031, our population will have grown to around 9,595 (Victoria in Future 2016).

Our increasing population has also been a major driver of Mansfield having the lowest unemployment rate of any municipality in the North East. These achievements are to be celebrated but at the same time, we must ensure this momentum continues in a manner that respects our unique 'small town' character and quality of life.

Our residents live primarily within the townships scattered across the municipality. Each has its own history, distinct character and sense of identity. Tolmie and Sawmill Settlement are former timber towns, while Kevington, Jamieson and Woods Point grew out of the gold rush era in the 1800's. Merrijig, Maindample, Ancona and Merton are old farming towns that reflect the key role agriculture plays in our Shire's history and current day economy. Mansfield township is itself an old farming and timber town, originally formed at the point where four large farms met. It has always been the major service and commercial centre for the municipality.

Lakeside towns such as Barjarg, Goughs Bay, Bonnie Doon, Macs Cove and Howqua grew in the mid twentieth century because Melbournians wanted to escape the city to a weekend retreat, a trend which continues today as around 50% of our ratepayers do not live here permanently.

### Acknowledgement of traditional owners

Mansfield Shire sits in Taungurung country. The lineage of the area's first inhabitants stretches back tens of thousands of years. We acknowledge the living culture and unique role of Taungurung people in our region.

### Council offices

**Municipal office**  
33 Highett Street  
Mansfield Vic 3722

*Postal Address:*  
Private Bag 1000  
Mansfield Vic 3724

*Telephone:* (03) 5775 8555  
*Email:* [council@mansfield.vic.gov.au](mailto:council@mansfield.vic.gov.au)  
*Web:* [www.mansfield.vic.gov.au](http://www.mansfield.vic.gov.au)

**Mansfield Library**  
2 Collopy Street  
Mansfield Vic 3722  
*Telephone:* (03) 5775 2176

**Mansfield Visitor Information Centre**  
173 High Street  
Mansfield Vic 3722  
*Telephone:* (03) 5775 7000

## Our councillors

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

Mayor, Councillor Paul Volkering  
Mansfield Ward

*Date elected:* 22 October 2016  
*Email:* paul.volkering@mansfield.vic.gov.au  
*Mobile:* 0429 507 140



Deputy Mayor, Councillor Harry Westendorp  
Jamieson Ward

*Date elected:* 22 October, 2016  
*Email:* harry.westendorp@mansfield.vic.gov.au  
*Mobile:* 0428 975 279



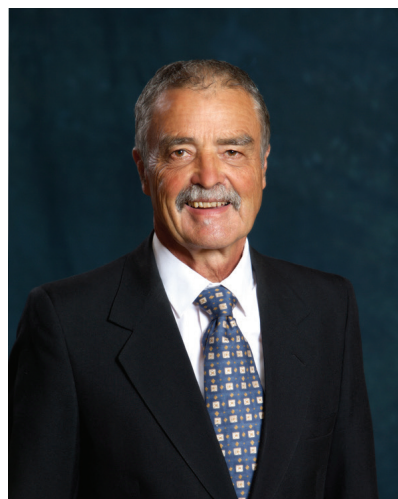
Councillor Marg Attley  
Tolmie Ward

*Date elected:* 22 October, 2016  
*Email:* marg.attley@mansfield.vic.gov.au  
*Mobile:* 0400 256 035



Councillor Peter Olver  
Mansfield Ward

*Date elected:* 22 October, 2016  
*Email:* peter.olver@mansfield.vic.gov.au  
*Mobile:* 0429 109 453



Councillor Paul Sladdin  
Bonnie Doon Ward

*Date elected:* 22 October, 2016  
*Email:* paul.sladdin@mansfield.vic.gov.au  
*Mobile:* 0428 900 573



### Organisational structure

Council is the governing body that appoints a Chief Executive Officer (CEO). The CEO has responsibility for the day to day management of operations in accordance with the strategic directions of the council plan. Five managers and the CEO form the Executive Management Team that leads the council. Details of the CEO and the senior officers reporting directly to the CEO are set out below.



#### Chief Executive Officer - Alex Green

##### Areas of Responsibility

- Leadership
- Governance
- Relationships
- Advocacy
- Resource Management
- Freedom of Information
- Equal Opportunity
- Information Privacy

### Senior officers reporting directly to the CEO



#### Community Services Manager - Melanie Hotton

##### Areas of Responsibility

- Community Development
- Aged and Disability Services
- Family Support
- Financial Counselling
- Maternal and Child Health Services
- Youth Services
- Sport and Recreation
- Emergency Management Relief and Recovery
- Tourism and Economic Development
- Business and Industry Development
- Product Development
- Arts, Culture and Events



## **Corporate and Organisational Development Manager - Sharon Scott**

### **Areas of Responsibility**

- Human Resources
- Industrial Relations
- Learning and Development
- Recruitment
- Occupational Health and Safety
- Risk Management
- WorkCover
- Information Technology Services
- Geographic Information Systems
- Customer Service
- Document Management Services



## **Development Services Manager (Vacant)**

### **Areas of Responsibility**

- Statutory and Strategic Planning
- Planning Enforcement
- Building Compliance
- Local Laws
- Environmental Management and Planning
- Environmental Education and Awareness
- Environmental Health
- Fire Management and Prevention
- Emergency Management
- Waste Management



## **Finance Manager - Mandy Kynnersley**

### **Areas of Responsibility**

- Financial Management and Reporting
- Strategic Financial Planning
- Accounts Payable and Receivable
- Payroll
- Property and Rates

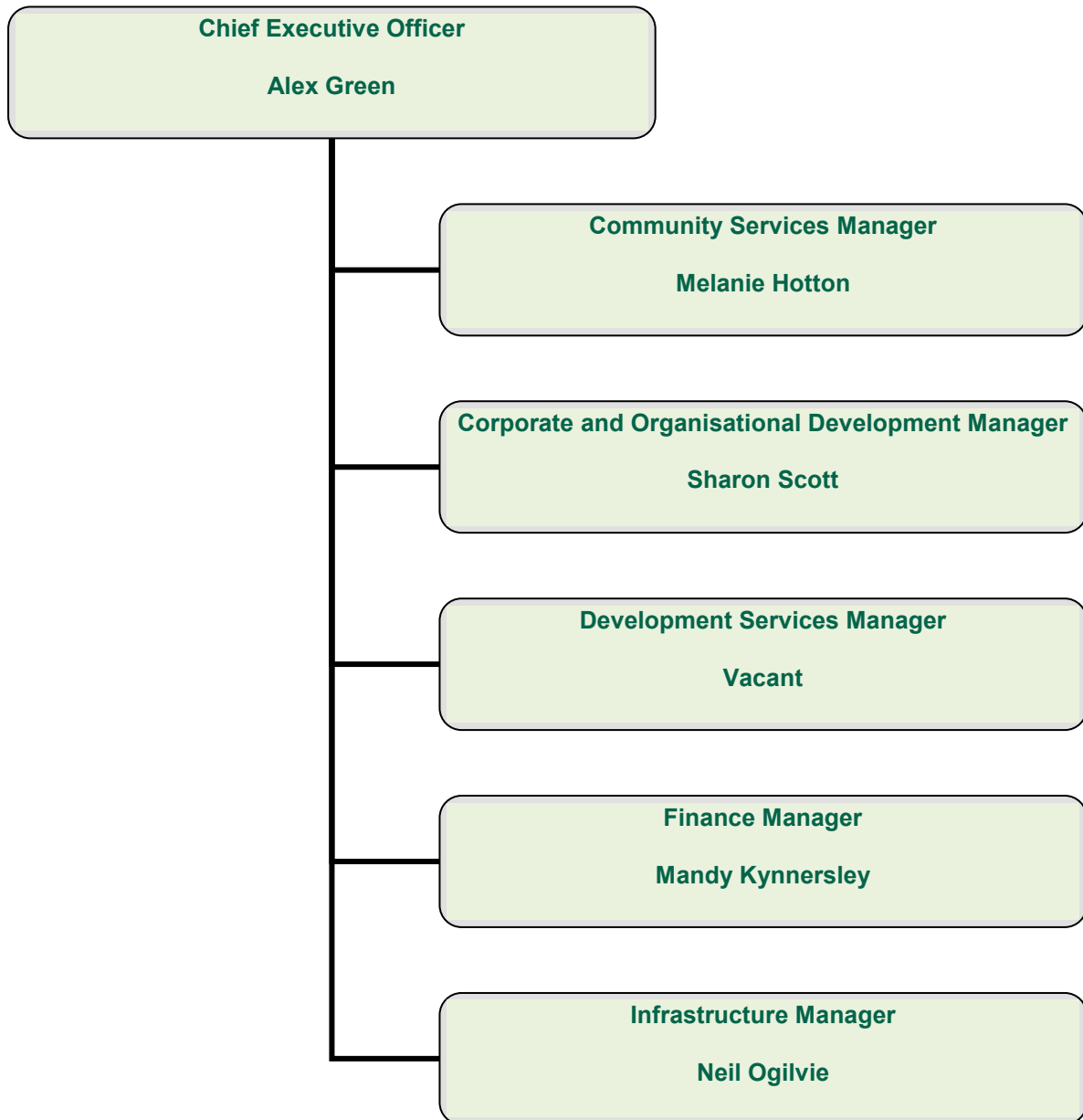


## **Infrastructure Manager - Neil Ogilvie**

### **Areas of Responsibility**

- Asset Management Systems and Planning
- Capital Works Programming
- Capital Works Monitoring
- Project Planning, Design and Delivery
- Road Construction and Maintenance
- Bridge Maintenance
- Parks and Gardens Maintenance
- Plant and Equipment Maintenance

The organisational structure of the Council is shown as follows:



## **Our workforce**

The Mansfield Shire Council wants all employees to achieve high levels of performance and personal job satisfaction. Engaged, high-performing employees help us deliver great service to the community. We value the contribution of our staff, and the nature of our work means our employees feel connected to and proud to be able to contribute to their community.

### **Employment**

Our current turnover is tracking at 11.6% which is a slight increase on last year and is a direct result of a restructure of the organisation that took place in April 2018. Future recruitment activities will focus on maintaining the organisation's position as a highly desired employer within the region, through programs and initiatives aimed at ensuring high levels of employee engagement and promotion of a positive culture.

Council treats all individuals employed, or those considered for employment, on a merit basis according to their skills, aptitude, qualifications and experience, relevant to the work to be performed.

Our aim is to foster a culture where employees feel valued and are able to contribute to the direction of Council's operations. The aim is for employees to have a positive experience during their working life at Council, with a high level of job satisfaction.

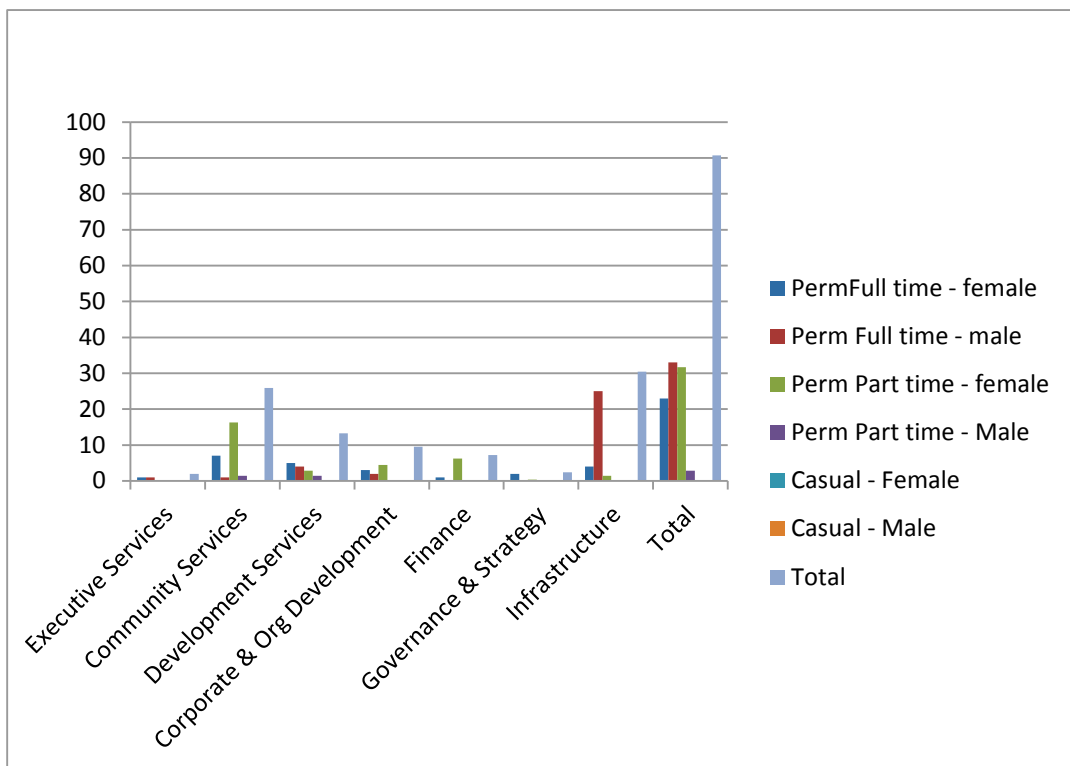
### **Employees as at 30 June 2018**

At the end of June 2018, we employed 90.68 effective full time staff in a diverse range of positions. This figure comprises permanent full time, permanent part time and casual staff. It also includes funded positions.

Council is fully committed to the principles of equal employment opportunity and the establishment and maintenance of a non-discriminatory work environment. This can be clearly seen in the breakdown of headcount of staff in the following charts.

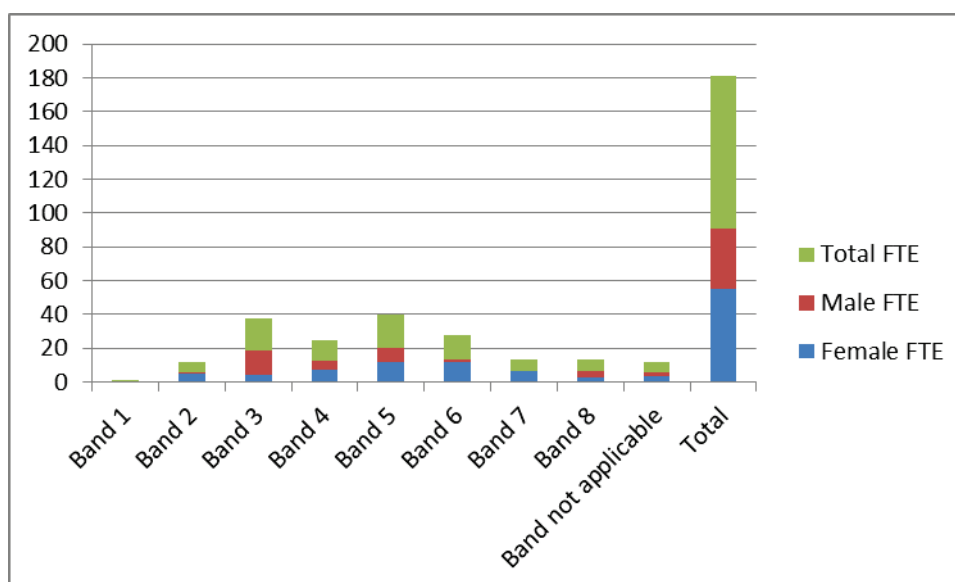
**A summary of our workforce by employment type, gender and organisational structure:**

Employee Type/ Gender	Executive Services	Community Services	Development Services	Corporate and Organisational Development	Finance	Governance and Strategy	Infrastructure	Total
Permanent Full Time - Female	1	7	5	3	1	2	4	23
Permanent Full Time - Male	1	1	4	2	0	0	25	33
Permanent Part Time – Female	0	16.3	2.84	4.5	6.194	0.4	1.45	31.684
Permanent Part Time - Male	0	1.42	1.4	0	0	0	0	2.82
Casual – Female	0	0.177	0	0	0	0	0	0.177
Casual - Male	0	0	0	0	0	0	0	0
<b>Total</b>	<b>2</b>	<b>25.897</b>	<b>13.24</b>	<b>9.5</b>	<b>7.194</b>	<b>2.4</b>	<b>30.45</b>	<b>90.681</b>



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

Employment Classification	Female FTE	Male FTE	Total FTE
Band 1	0.6	0	0.6
Band 2	5.2	0.7	5.9
Band 3	3.94	15	18.94
Band 4	7.527	4.72	12.247
Band 5	12.114	7.8	19.914
Band 6	12.1	1.6	13.7
Band 7	6.78	0	6.78
Band 8	2.8	4	6.8
Band N/A	3.8	2	5.8
<b>Total</b>	<b>54.861</b>	<b>35.82</b>	<b>90.681</b>



## Equal Employment Opportunity

Council is committed to ensuring there is no discrimination relating to the characteristics listed under the *Equal Opportunity Act 2010* such as race, colour, sex, marital status, parenthood, physical or mental impairment, age, religious or political affiliation, gender identity and sexual orientation.

## Reward and Recognition

Council celebrates the achievements of its employees through the Service Awards Program. This year the following service awards were presented to staff:

- Three employees for 10 years of service
- Five employees for 15 years of service

Particular thanks and acknowledgement was extended to Elizabeth Christopher for 25 years' service in home and community care.



## Professional Development

Council has a strong commitment to high performance across the organisation. Employee development is an ongoing process and regular discussions are held between staff and their supervisors.

We recognise the importance of learning and development opportunities and this year one employee participated in and successfully completed the Alpine Valleys Community Leadership Program. This program offers potential and emerging leaders an intensive annual program that develops their leadership skills, their knowledge of their region and their network of professional and community contacts. Other training that staff have participated in over the past year includes, Excel and Expedite training, report writing and workshops in workplace mental health, addressing an ageing workforce and child safe standards.

## Health and Safety

Council's aim is to maintain a safety culture that supports an incident and injury-free workplace for all employees, Councillors, contractors, visitors and the public. Council aims to secure the health, safety and welfare of employees and other persons at work by:

- eliminating hazards from the workplace
- ensuring workplace inspections are carried out on a regular basis
- occupational health and safety training requirements for staff are identified and arranged as required
- ensuring plant and equipment are compliant with the Australian Standards



## Occupational Health and Safety

Council's commitment to Occupational Health and Safety is communicated via its Occupational Health and Safety Policy and implemented via our Occupational Health and Safety Management System (OHSMS). We regularly monitor and review the OHSMS in consultation with both management and employees.

We recognize our statutory obligations under the *Victorian Occupational Health and Safety Act 2004* and Victorian Occupational Health and Safety Regulations 2017. Council utilises WorkSafe Victoria and Standards Australia to assist in meeting these obligations.

Our Occupational Health and Safety and Staff Consultative Committee (committee) comprises employee representatives and management representatives. The function of the committee is to:

- provide a forum for consultation between management and employees on matters in relation to health and safety;
- disseminate information on matters which are likely to affect employee's health and safety;
- communicate the requirements of occupational health and safety legislation with employees;
- review and monitor council's OHSMS with employees; and
- other functions as agreed between the committee.

In comparison to the 2016-2017 year property damage is down by ten, employee injuries are up by one and public injuries are up by six. Of the 15 injuries reported, three were significant lost time injuries. There were no notifiable incidents to WorkSafe Victoria and there were no prohibition or improvement notices received.

Risk assessments continue to be undertaken for events, projects and high risk construction work, as well as manual handling, ergonomic and plant and equipment.

In 2017-2018 there were 35 incidents reported. There were no near miss or environmental incidents reported (see figure 1).

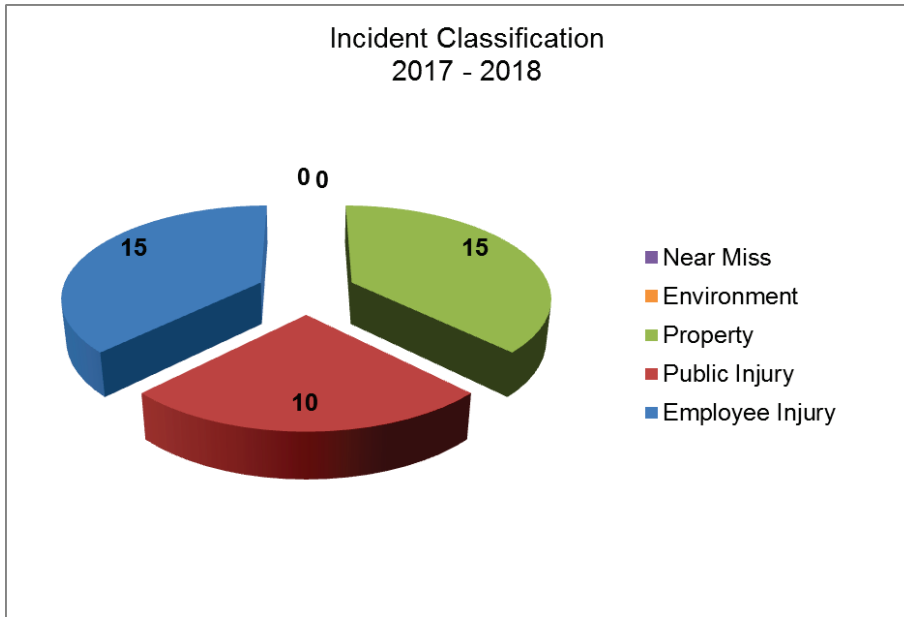


Figure 1

Of the fifteen employee injuries reported, six were report only injuries, six were first aid injuries and three were significant lost time injuries (see figure 2).

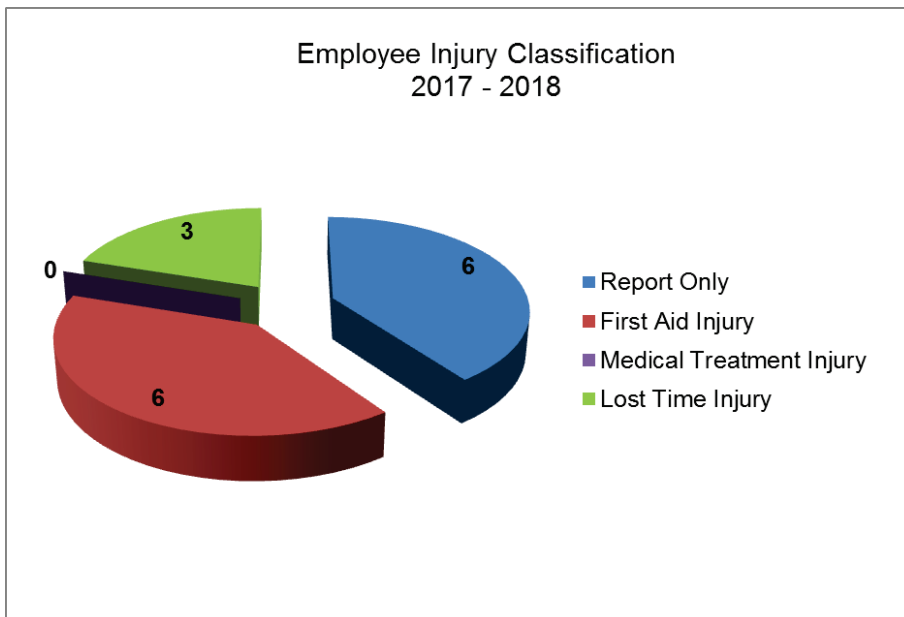


Figure 2

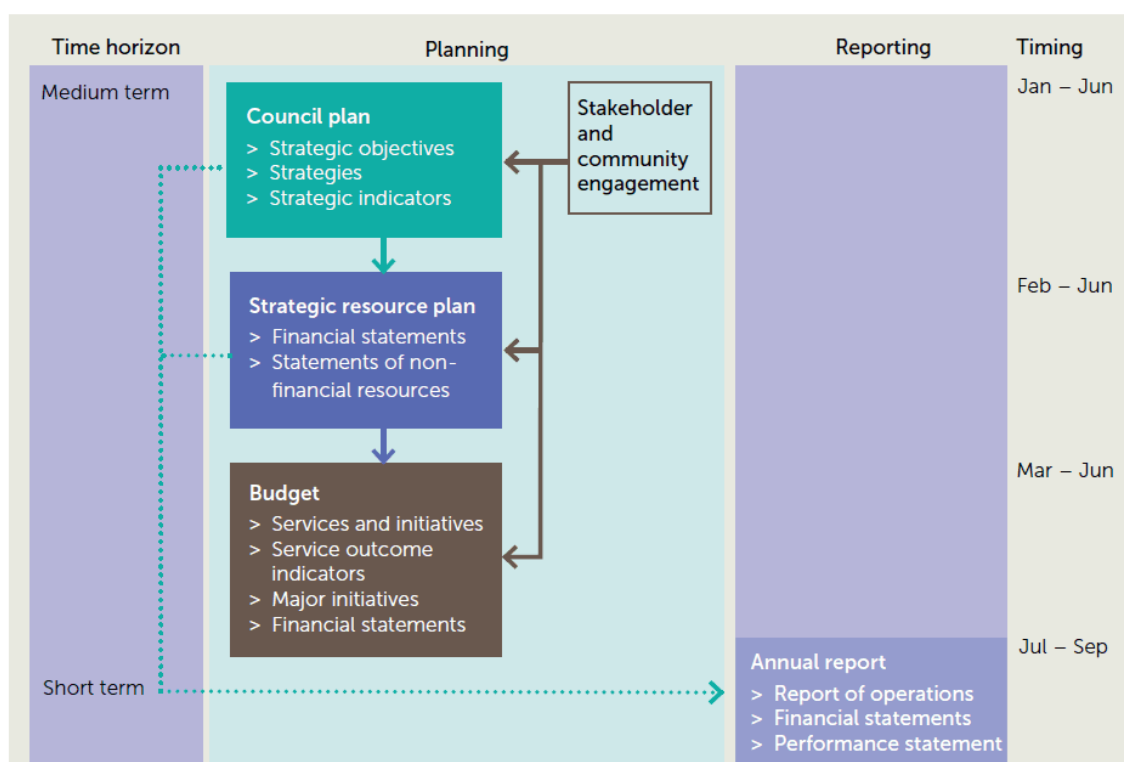
## Our performance

### Planning and accountability framework

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

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

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



Source: Department of Environment, Land, Water and Planning

## Council plan

Council delivers services and initiatives under 29 major service categories. Each contributes to the achievement of one of the five Strategic Objectives as set out in the Council Plan for the 2017-2021 years. The following table lists the five Strategic Objectives as described in the Council Plan.

Strategic Objective	Description
1. Participation and partnerships	We believe it is essential that people have opportunities to participate in all aspects of community life, including Council decision making. Our small community will continue to prosper and succeed if we have strong partnerships with our community, other levels of government, other key service providers and private industry.
2. Financial sustainability	We are a small municipality in terms of population. Decisions by other levels of government to cut recurrent funding sources and constrain our ability to raise our own revenue are starting to take a significant toll on our financial sustainability. Informed and decisive action is required by Council during the life of this Plan to secure Mansfield Shire's long term financial security.
3. Community resilience and connectivity	Council's role is to assist the community in achieving its goals. It is a partnership. Neither Council nor the community can address the challenges and issues we face alone. Through collaboration with our local communities, other agencies and governments, we will assist people to work on their own solutions to the issues that are important to them.
4. Enhanced liveability	We already have a great quality of life but as our population and needs change, Council must have strategies in place to ensure the services and facilities we provide are responsive, sustainable and effective. Council recognises our role as an educator and facilitator around health and wellbeing issues but we are only one of many authorities and groups that need to work in a coordinated and targeted fashion to improve the quality of life for all. We also understand that the protection and enhancement of the beautiful natural environment in which we live is key to our quality of life.
5. Responsible leadership	Council is dedicated to achieving the highest standards of good governance, with a focus on informed, equitable and transparent decision making. Accountability for our actions is important to us and we will report on our decisions and performance through a variety of means. We will be true to our values and create a Council and organisational culture based on inclusiveness, impartiality and integrity.

## **Performance**

Council's performance for the 2017-18 year has been reported against each strategic objective to demonstrate how council is performing in achieving the 2017-21 Council Plan. Performance has been measured as follows:

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

## Strategic Objective 1: Participation and Partnerships

### Strategic indicators

The following statement reviews the performance of council against the council plan including results achieved in relation to the strategic indicators included in the Council Plan.

Measure	Result	Comments
<b>Council Control</b>		
Number of Council meetings held in outlying townships	4	Meetings held in Merrijig, Bonnie Doon, Jamieson and Goughs Bay
Community satisfaction rating for Council decisions made in the interest of the community	54%	Measured by the Annual Community Satisfaction Survey. The result is lower than the target of >60%
Community satisfaction rating for community consultation and engagement	58%	Measured by the Annual Community Satisfaction Survey. The result is lower than the target of >61%
Community satisfaction rating for Council's advocacy efforts	58%	Measured by the Annual Community Satisfaction Survey. The result is lower than the target of >59%
<b>Council Influence</b>		
Percentage of event applications that receive approval via the Event Management Plan process	92%	Tourism and Economic Development Event Register. The result is lower than the target of >95%
<b>Council Interest</b>		
Percentage of persons who help out as a volunteer	29.8%	Community Indicators Victoria. The result is just shy of the target of >30%

## Major Initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2017-18 budget for the year.

Major initiative	Progress
1) Develop a Community Vision in partnership with the community to help articulate long term goals for our Shire.	This action has not commenced and will be carried over into Year 2 of the Council Plan
2) Develop a Stakeholder Engagement Plan to identify key partnerships that can assist the Council in achieving its goals.	This action has not commenced and will be carried over into Year 2 of the Council Plan

## Services

The following statement provides information in relation to the services funded in the 2017-18 budget and the persons or sections of the community who are provided the service.

Service area	Description of services provided	Net Cost Actual Budget Variance \$'000
Local government partnerships	Advocacy services on behalf of the community	- <u>10</u> <b>(10)</b>
Tourism and Economic Development	A range of tourism and economic development programs and projects such as contributions to various events, shows and expos, Tourism North East (TNE), cooperative marketing, Lake Eildon development, visitor information services, business sector support initiatives and product development.	407 <u>719</u> <b>(312)</b>

## Strategic Objective 2: Financial Sustainability

### Strategic indicators

The following statement reviews the performance of Council against the Council Plan including results achieved in relation to the strategic indicators include in the Council Plan.

Measure	Result	Comments
<b>Council Control</b>		
Expenses per property assessment (ie the number of rateable properties)	\$2,513	This result exceeds the target of \$2,460
Time taken to decide planning applications	83 days	This result exceeds the target of <60 days
Community satisfaction rating for business and community development performance	61%	This result is lower than the target of >65%
Community satisfaction for tourism development performance	71%	This result is lower than the target of >75%
<b>Council Influence</b>		
Adjusted underlying surplus (or deficit) as a % of underlying revenue	8%	This result exceeds the target of 2%
Renewal/replacement of assets as a % of depreciation	43%	This result is lower than the target of 70%
Loans and borrowing as a % of rate revenue	20%	This result is equal to the target
Rates as a % of adjusted underlying revenue	63%	This result is lower than the target of 68%
Own source revenue per head of population	\$1,777	This result exceeds the target of \$1,674
Recurrent grants per head of population	\$570	This result exceeds the target of \$515
<b>Council Interest</b>		
Resident population	8,584	This result exceeds target of 8,474
Percentage of people aged >15 in part or full time employment	78%	This result is lower than the target of 97%

## Major Initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2017-18 budget for the year.

Major initiative	Progress
1) Develop a Long Term Financial Plan (LTFP) and discuss the findings with the community	The LTFP is a living document. The first iteration was prepared for the 2017-18 budget process and finalised in June 2017. The document will continue to be revised annually via the budget process each year
2) Review Council assets in consultation with the community with a view to potential rationalisation	The Sale of Council Land and Buildings Policy 2017, was developed to provide guidelines around the identification of surplus assets, in consultation with the community, focussing on whether disposal of such assets would realise greater community benefit. Two Notices of Intention to Sell Land were put to Council during 2017-18. Lakins Road was approved and Minerva Street was denied.
3) Assess the need to apply for a variation to the State's rate capping requirements	This is an assessment that must be performed each year as part of the annual budget process and long term financial planning. No rate cap variation has been applied for in the 2018-19 budget.

## Services

The following statement provides information in relation to the services funded in the 2017-18 budget and the persons or sections of the community who are provided the service.

Service area	Description of services provided	Net Cost Actual <u>Budget</u> Variance \$'000
Financial Services	This service manages Council's investments and finances, payment of salaries and wages to Council employees, payment of creditor invoices, budget preparation, quarterly finance reporting to Council, and annual statutory reporting to governing bodies. The Victorian Grants Commission distributes funding support from the Commonwealth government for the administration of Council across all services, and this income is reported as part of the Finance service.	2,117 <u>2,689</u> <b>(573)</b>
Revenue Services	This service raises and collects property rates and charges and other sundry debtor invoices, and co-ordinates the valuation of properties throughout the municipality.	202 <u>359</u> <b>(157)</b>

## Strategic Objective 3: Community Resilience and Connectivity

### Strategic indicators

The following statement reviews the performance of Council against the Council Plan including results achieved in relation to the strategic indicators include in the Council Plan.

Measure	Result	Comments
<b>Council Control</b>		
Community satisfaction rating for informing the community	62%	Target >63% This result is less than the target of >63%
Community satisfaction rating for emergency and disaster management performance	73%	Target >74% This result is less than the target of >74%
Community satisfaction rating for elderly support services	73%	Target >77% This result is less than the target of >77%
<b>Council Influence</b>		
Percentage of the population who are members of the Mansfield Library and who have borrowed in the past 12 month period	18.8%	Target >18% This result achieves the target of >18%
Percentage of infants enrolled in the Maternal and Child Health service who receive the first Maternal and Child Health Home Visit	98.6%	Target =100% This result is less than the target of 100%
Percentage of children enrolled who use the Maternal and Child Health service	77%	Target >72% This result achieves the target of >72%
<b>Council Interest</b>		
Rating for feeling part of the community	82.2%	Target >82% This result achieves the target of >82%
Rating for perception of connectedness – percentage of those who agree others are willing to help each other	94.7%	Target >95% This result is slightly less than the target of >95%

### Major Initiatives

The following statement reviews the progress of council in relation to major initiatives identified in the 2017-18 budget for the year.

Major initiative	Progress
1) Develop and implement an Information Strategy with an immediate focus on improving the capabilities of our website as an interactive information portal for the community	Council's new website was launched in June 2018 and incorporates a number of new and innovative features to help the community find information quickly and easily. Stages 2 and 3 of the website redevelopment project will continue during 2018-19.

## Services

The following statement provides information in relation to the services funded in the 2017-18 budget and the persons or sections of the community who are provided the service.

Service area	Description of services provided	Net Cost Actual Budget Variance \$'000
Emergency Management	Fire prevention and emergency management. Relief and recovery operations with a focus on the Municipal Emergency Resource Programme in the context of community capacity building	169 <u>106</u> <b>63</b>
Community Development	Community matching fund contributions, and community projects including community planning, development and resilience	269 <u>201</u> <b>68</b>
Family, Youth & Children's services	Integrated family services, the Family, Youth and Children's Centre, youth services including Cafe Connect, Freeza, youth engagement program and youth development, financial counselling, <b>maternal and child health</b> services.	10 <u>304</u> <b>(293)</b>
Aged & Disability Services	<b>Home and community care</b> assessment and programs, the community bus, meals on wheels, planned activity groups, senior citizens and volunteers.	40 <u>274</u> <b>(234)</b>
Arts, Culture & Library	Mansfield <b>library</b> services and the Mansfield Performing Arts Centre	119 <u>209</u> <b>(90)</b>
Sport & Recreation	Sports facilities including the Mansfield <b>swimming pool</b> and Mansfield Sporting Complex, school transport, the Sport and Recreation Strategic Plan and related actions including Active Mansfield and the Sport and Recreation Advisory Committee	253 <u>242</u> <b>11</b>
Information technology	Communications and computer systems, facilities and infrastructure to enable Council staff to deliver services efficiently	364 <u>394</u> <b>(30)</b>
School Crossing Supervision	Supervisors at school crossings throughout the municipality to assist in ensuring school aged children are able to cross the road safely en-route to and from school	35 <u>35</u> <b>-</b>
Other Community Support Services	Community assets and land management (leases and licensing), administration.	355 <u>293</u> <b>62</b>

## Service Performance Outcome Indicators

The following statement provides the results of the prescribed service performance indicators and measures including explanation of material variations.

Service/indicator/measure	Results				Material Variations and Comments
	2015	2016	2017	2018	
<b>Service standard</b>					
<i>Health inspections of aquatic facilities</i> [Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]	1.00	1.00	1.00	1.00	
<b>Health and Safety</b>					
<i>Reportable safety incidents at aquatic facilities</i> [Number of WorkSafe reportable aquatic facility safety incidents]	0.00	0.00	0.00	0.00	There were no reportable safety incidents
<b>Service cost</b>					
<i>Cost of indoor aquatic facilities</i> [Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities]	\$0.00	\$0.00	\$0.00	\$0.00	
<b>Service Cost</b>					
<i>Cost of outdoor aquatic facilities</i> [Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]	\$7.24	\$6.37	\$7.18	\$7.25	
<b>Utilisation</b>					
<i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	2.00	2.43	2.09	2.09	

Service/indicator/measure	Results				Material Variations and Comments
	2015	2016	2017	2018	
<b>Home and Community Care (HACC)</b>					
<b>Timeliness</b>					
<i>Time taken to commence the HACC service</i> [Number of days between the referral of a new client and the commencement of HACC service / Number of new clients who have received a HACC service]	N/A	5.00	Reporting Ceased 1 July 2016	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
<b>Service standard</b>					
<i>Compliance with Community Care Common Standards</i> [Number of Community Care Common Standards expected outcomes met / Number of expected outcomes under the Community Care Common Standards] x100	78.00%	77.78%	Reporting Ceased 1 July 2016	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
<b>Service cost</b>					
<i>Cost of domestic care service</i> [Cost of the domestic care service / Hours of domestic care service provided]	N/A	\$54.58	Reporting Ceased 1 July 2016	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
<b>Service cost</b>					
<i>Cost of personal care service</i> [Cost of the personal care service / Hours of personal care service provided]	N/A	\$54.58	Reporting Ceased 1 July 2016	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
<b>Service cost</b>					
<i>Cost of respite care service</i> [Cost of the respite care service / Hours of respite care service provided]	N/A	54.58	Reporting Ceased 1 July 2016	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs

Service/indicator/measure	Results				Material Variations and Comments
	2015	2016	2017	2018	
<b>Participation</b>					
<i>Participation in HACC service</i>					
[Number of people that received a HACC service / Municipal target population for HACC services] x100	41.00%	34.34%	Reporting Ceased 1 July 2016	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
<b>Participation</b>					
<i>Participation in HACC service by CALD people</i>					
[Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100	27.00%	22.78%	Reporting Ceased 1 July 2016	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
<b>Libraries</b>					
<b>Utilisation</b>					
<i>Library collection usage</i>	2.81	2.93	2.99	3.14	
[Number of library collection item loans / Number of library collection items]					
<b>Resource standard</b>					
<i>Standard of library collection</i>	64.00%	62.70%	60.52%	64.75%	
[Number of library collection items purchased in the last 5 years / Number of library collection items] x100					
<b>Service cost</b>					
<i>Cost of library service</i>	\$3.71	\$4.38	\$5.32	\$5.21	
[Direct cost of the library service / Number of visits]					
<b>Participation</b>					
<i>Active library members</i>	18.00%	18.36%	18.12%	18.80%	
[Number of active library members / Municipal population] x100					

Service/indicator/measure	Results				Material Variations and Comments
	2015	2016	2017	2018	
<b>Maternal and Child Health (MCH)</b>					
<b>Satisfaction</b>					
<i>Participation in first MCH home visit</i> [Number of first MCH home visits / Number of birth notifications received] x100	99.00%	102.70%	98.84%	98.59%	
<b>Service standard</b>					
<i>Infant enrolments in the MCH service</i> [Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x100	99.00%	98.65%	98.84%	100.00%	
<b>Service cost</b>					
<i>Cost of the MCH service</i> [Cost of the MCH service / Hours worked by MCH nurses]	\$0.00	\$66.78	\$64.50	\$58.31	
<b>Participation</b>					
<i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	72.00%	72.02%	81.66%	77.04%	
<b>Participation</b>					
<i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	80.00%	100.00%	100.00%	100.00%	

## Strategic Objective 4: Enhanced Liveability

### Strategic indicators

The following statement reviews the performance of Council against the Council Plan including results achieved in relation to the strategic indicators include in the Council Plan.

Measure	Result	Comments
<b>Council Control</b>		
Community satisfaction rating for customer service	73%	Target >70% This result achieves the target of >70%
Community satisfaction rating for family support services performance	72%	Target >73% This result is less than the target of >73%
Community satisfaction rating for recreational facilities performance	72%	Target >74% This result is less than the target of >74%
Community satisfaction rating for planning permit performance	46%	Target >45% This result achieves the target of >45%
Community satisfaction rating for waste management performance	64%	Target >70% This result is less than the target of >70%
<b>Council Influence</b>		
Number of visits to aquatic facilities per head of population	2.1	This result is less than the target of >2.43
Kerbside collection waste diverted from landfill	35%	This result achieves the target of >34%
<b>Council Interest</b>		
Shire rating – SEIFA (Socio Economic Indexes for Areas) index of relative socio economic disadvantage index by percentile	7%	= or >8% This result is less than the target of = or >8%
Rating for perceptions of safety – when walking alone during the day or night	97.8% Day 92% Night	This result is equal to the targets
Percentage of people self-rating their health as excellent or good.	53.2%	This result achieves the target of >53%

### Major Initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2017-18 budget for the year.

Major initiative	Progress
1) Develop and implement a new Sports Facility Master Plan in consultation with sporting groups and funding bodies.	The Mansfield Shire Sport Facilities Strategy 2018-2028 was endorsed by Council in June 2018

## Services

The following statement provides information in relation to the services funded in the 2017-18 budget and the persons or sections of the community who are provided the service.

Service areas	Description of services provided	Net Cost Actual Budget Variance \$'000
Building services	This service provides information on building regulations, fencing, termites, relocation of dwellings, swimming pools and spas, requirements in bushfire prone areas, and general property issues. This service also assesses applications to vary the standard provisions of the Building Regulations, undertakes inspections to finalise permits issued by Council and receives and records all building permits issued within the Shire	36 <u>48</u> <b>(12)</b>
Development services management	Administration support for the development services department	401 <u>426</u> <b>(25)</b>
Environment	This service develops environmental policy and Monitors compliance with environmental regulations (eg EPA). This service also coordinates and implements environmental projects and works with other services to improve Council's environmental performance.	79 <u>85</u> <b>(5)</b>
Statutory Planning	The <b>statutory planning</b> service applies and enforces the provisions of the Mansfield Planning Scheme through expert advice to Council, applicants and the community. The service also assesses and determines planning and subdivision applications, and defends Council decisions at VCAT.	181 <u>233</u> <b>(53)</b>
Strategic Planning	This service prepares, implements and undertakes reviews of the Mansfield Planning Scheme (as required by legislation) by developing reports, strategic studies and other matters for presentation to Council, planning panels and other stakeholders. Review of the Planning Scheme will result in the preparation and processing of planning scheme amendments to implement the Mansfield Planning Scheme's policy framework	221 <u>325</u> <b>(103)</b>
Health	This service protects the community's health and well-being by coordinating <b>food safety</b> support programs, Tobacco Act activities and smoke free dining and gaming venue issues. The service also works to rectify any public health concerns relating to unreasonable noise emissions, housing standards and pest controls.	58 <u>65</u> <b>(7)</b>
Waste Management	<b>Waste collection</b> includes kerbside rubbish collections of garbage and recycling waste from all households and some commercial properties in the Shire. Other waste management services include the Resource Recovery Centre and a community education program. Income generated by the Waste Management service relates to domestic and commercial bin and waste charges.	2,238 <u>1,820</u> <b>418</b>

Service areas	Description of services provided	Net Cost Actual <u>Budget</u> Variance \$'000
Local Laws	This service maintains and improves the health and safety of our people, animals and environment by providing <b>animal management</b> services including a cat trapping program, dog and cat collection, lost and found notification, Council pound, registration and administration, after hours and emergency services. Local Laws also oversee parking infringements.	57 <u>54</u> 3
Roads	<b>Road</b> services include ongoing maintenance of the Council's road, footpath and drain network.	759 <u>1,683</u> (924)
Field Services and Parks & Gardens	This service includes tree pruning, planting and removal, street tree planning and strategies, management of parks and gardens and infrastructure maintenance.	1,016 <u>1,147</u> (131)
Infrastructure and Capital Works	This includes capital works planning for civil infrastructure assets facilities maintenance works, supervision and approval of private development activities, design, tendering and contract management, and supervision of Council's capital works program including asset management and renewal programs.	10 <u>814</u> (804)

## Service Performance Outcome Indicators

The following statement provides the results of the prescribed service performance indicators and measures including explanation of material variations.

Service/indicator/measure	Results				Material Variations and Comments
	2015	2016	2017	2018	
<b>Animal Management</b>					
<b>Timeliness</b>					
<i>Time taken to action animal management requests</i>	0.00	1.50	1.50	0.72	There has been a focus on responding quickly to animal management requests and an additional 0.2 EFT resource has been injected into the team to respond to a growing number of cases and requests. The use of in the field laptop has also contributed to the reduced response times as requests can be entered into the system in real time.
[Number of days between receipt and first response action for all animal management requests / Number of animal management requests]					

Service/indicator/measure	Results				Material Variations and Comments
	2015	2016	2017	2018	
<b>Service standard</b>					
<i>Animals reclaimed</i>	100.00%	97.52%	63.45%	68.90%	The use of the Shire's Facebook page to locate owners of unregistered animals has contributed to the improved performance.
[Number of animals reclaimed / Number of animals collected] x100					
<b>Service cost</b>					
<i>Cost of animal management service</i>	\$51.08	\$53.48	\$54.42	\$62.49	There has been a 17% decrease in the number of registered animals, and only a 5% decrease in direct costs. The majority of costs are fixed salaries that are not related to the number of registered animals.
[Direct cost of the animal management service / Number of registered animals]					
<b>Health and safety</b>					
<i>Animal management prosecutions</i>	0.00	8.00	3.00	0.00	There were no prosecutions this year as there were no serious matters which required Court action.
[Number of successful animal management prosecutions]					
<b>Food Safety</b>					
<b>Timeliness</b>					
<i>Time taken to action food complaints</i>	0.00	1.00	1.92	0.12	The use of in the field electronic hardware has streamlined our response timeframes and fewer complaints were received this year compared to 2016-17.
[Number of days between receipt and first response action for all food complaints / Number of food complaints]					

Service/indicator/measure	Results				Material Variations and Comments
	2015	2016	2017	2018	
<b>Service standard</b>					
<i>Food safety assessments</i>	96.00%	97.73%	100.00%	99.29%	
[Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the Food Act 1984 / Number of registered class 1 food premises and class 2 food premises that require an annual food safety assessment in accordance with the Food Act 1984] x100					There has been an increase in the number of registered premises and only one of these was not inspected during the financial year.
<b>Service cost</b>					
<i>Cost of food safety service</i>	\$271.50	\$355.43	\$345.62	\$330.07	
[Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984]					There has been a 4% increase in the number of food premises registered or notified.
<b>Health and safety</b>					
<i>Critical and major non-compliance outcome notifications</i>	100.00%	92.31%	96.00%	97.50%	
[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					
<b>Roads</b>					
<b>Satisfaction of use</b>					
<i>Sealed local road requests</i>	29.57	28.16	35.97	9.81	
[Number of sealed local road requests / Kilometres of sealed local roads ] x100					

Service/indicator/measure	Results				Material Variations and Comments
	2015	2016	2017	2018	
<b>Condition</b>					
<i>Sealed local roads maintained to condition standards</i> [Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] x100	93.00%	96.02%	84.92%	89.61%	Intervention level of 4/5.
<b>Service cost</b>					
<i>Cost of sealed local road reconstruction</i>  [Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]	\$0.00	\$0.00	\$37.30	\$97.51	Reconstruction costs for this year include kerb and channel associated with Telemark Court reconstruction, providing a significantly higher unit rate than year prior where work did not include kerb & channel reconstruction.
<b>Service Cost</b>					
<i>Cost of sealed local road resealing</i> [Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]	\$6.41	\$3.66	\$3.58	\$4.29	Increased cost reflects increased fuel & material cost.
<b>Satisfaction</b>					
<i>Satisfaction with sealed local roads</i>  [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	60.00	57.00	59.00	45.00	Two major road reconstruction projects undertaken during the year, within the main township of Mansfield, required defect rectification by the contractors who performed the works. The defects were widely known by the community and the extended works caused inconvenience to many as the roads are common thoroughfares. It is expected this issue contributed to the community's perception of the sealed local roads when answering the community satisfaction survey.

Service/indicator/measure	Results				Material Variations and Comments
	2015	2016	2017	2018	
<b>Statutory Planning</b>					
<b>Timeliness</b>					
<i>Time taken to decide planning applications</i> [The median number of days between receipt of a planning application and a decision on the application]	46.86	74.00	84.00	83.00	The Statutory Planning Unit was not fully staffed for most of 2017-18, which has adversely impacted on decision making timeframes.
<b>Service standard</b>					
<i>Planning applications decided within required time frames</i> [(Number of regular planning application decisions made within 60 days) + (Number of VicSmart planning application decisions made within 10 days) / Number of planning application decisions made] x100	76.00%	61.45%	69.35%	46.97%	The Statutory Planning Unit was not fully staffed for most of 2017-18, which has adversely impacted on decision making timeframes.
<b>Service cost</b>					
<i>Cost of statutory planning service</i> [Direct cost of the statutory planning service / Number of planning applications received]	\$1,447.64	\$1,541.49	\$1,814.50	\$2,142.01	There has been a 14% reduction in the number of planning permit applications and a 1% decrease in the direct costs of the statutory planning service. Most (88%) of these costs are salary costs that are fixed and not relative to the number of planning decisions.
<b>Decision making</b>					
<i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	0.00%	100.00%	100.00%	100.00%	One decision was to vary the conditions Council had placed on the Notice of Decision, another upheld Council's decision and the last Council reconsidered its position and a permit issued after mediation.

Service/indicator/measure	Results				Material Variations and Comments
	2015	2016	2017	2018	
<b>Waste Collection</b>					
<b>Satisfaction</b>					
<i>Kerbside bin collection requests</i>	31.92	118.65	75.29	41.81	We believe that the reduction in bin requests is due to a timing issue with the construction of new subdivisions and completion of new dwellings.
[Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x1000					
<b>Service standard</b>					
<i>Kerbside collection bins missed</i>	3.00	0.60	0.23	1.28	There is no material variation in this indicator and the Contractor's performance in relation to missed bins continues to be of a high standard and commensurate with the lower level of the expected range.
[Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x10,000					
<b>Service cost</b>					
<i>Cost of kerbside garbage bin collection service</i>	\$166.00	\$160.75	\$171.84	\$167.11	There is no material variation in the cost of kerbside garbage collection.
[Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]					
<b>Service cost</b>					
<i>Cost of kerbside recyclables collection service</i>	\$96.42	\$62.01	\$77.31	\$83.43	An increase in contract costs for collection of kerbside recycling has been incurred due to renegotiation required as a result of the policy changes in China for the level of contamination accepted in recyclable materials. Note that funding was received from the State Government to compensate Council for these increased costs to 30 June 2018. This funding ceased 1 July 2018.
[Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]					

Service/indicator/measure	Results				Material Variations and Comments
	2015	2016	2017	2018	
<b>Waste diversion</b>					
<i>Kerbside collection waste diverted from landfill</i>	32.00%	34.00%	34.79%	35.13%	
[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100					

## Strategic Objective 5: Responsible Leadership

### Strategic indicators

The following statement reviews the performance of Council against the Council Plan including results achieved in relation to the strategic indicators include in the Council Plan.

Measure	Result	Comments
<b>Council Control</b>		
Percentage of Council decisions made in meetings closed to the public	10%	Target <8% This result is less than the target of <8%
Percentage of Councillor attendance at council meetings	89%	Target 90% This result is just below the target of 90%
Community satisfaction rating for council's customer service	73%	Target >70% This result achieves the target of >70%
Community satisfaction rating for council's overall performance	58%	Target >64% This result is less than the target of >64%
Community satisfaction rating for council's direction	49%	Target >55% This result is less than the target of >55%
Percentage of shire employees who feel valued at their work	N/A	The employee satisfaction survey is a bi-annual process. There is no result for 2017-18 with the next survey due in 2018-19

### Major Initiatives

The following statement reviews the progress of council in relation to major initiatives identified in the 2017-18 budget for the year.

Major initiative	Progress
1) Conduct a review of Council's Advisory Committee system, informed by the Community Engagement Strategy, to ensure they provide the most meaningful and efficient means of strengthening Council-community collaboration.	This action was identified for Year 2 of the council plan, however an Advisory Committee Policy was adopted by council in December 2017 and meetings have been held with staff and Advisory Committee members about the required changes to operations as a result of this policy.

## Services

The following statement provides information in relation to the services funded in the 2017-18 budget and the persons or sections of the community who are provided the service.

Service areas	Description of services provided	Net Cost Actual Budget Variance \$'000
Council	This service includes the Councillors, election procedures and council induction and training programs	210 <u>241</u> <b>(30)</b>
Governance	This service includes <b>governance</b> matters, statutory and corporate support for executive management and Councillors, Freedom of Information, and social media management.	956 <u>925</u> <b>32</b>
Customer Services	This service acts as the main customer interface with the community. Services include receipting of rates and other payments, Vicroads agency services, proof of age identification cards, records and information management, and providing general information and directing enquiries from the community.	445 <u>405</u> <b>39</b>
Human Resources	This service includes staff recruitment, resourcing, training and development, and workcover.	447 <u>496</u> <b>(48)</b>
Risk Management	This service includes identification and management of key organisation risks, fraud control, general insurance, the Audit, Risk and Advisory Committee, internal audit, and occupational health and safety.	84 <u>86</u> <b>(2)</b>

## Service Performance Outcome Indicators

The following statement provides the results of the prescribed service performance indicators and measures including explanation of material variations.

Service/indicator/measure	Results				Material Variations and Comments
	2015	2016	2017	2018	
<b>Governance</b>					
<b>Transparency</b>					
<i>Council decisions made at meetings closed to the public</i>	7.00%	8.68%	11.70%	10.05%	Council is committed to minimising the number of resolutions made in closed meetings and the reduction reflects this objective.
[Number of Council resolutions made at ordinary or special meetings of Council, or at meetings of a special committee consisting only of Councillors, closed to the public / Number of Council resolutions made at ordinary or special meetings of Council or at meetings of a special committee consisting only of Councillors ] x100					
<b>Consultation and engagement</b>					
<i>Satisfaction with community consultation and engagement</i>	54.00	59.00	61.00	58.00	It is noted that although slightly down on last year's performance, this result is above the average results for all small rural councils and the Statewide average.
Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement					

<i>Service/indicator/measure</i>	<b>Results</b>				<b>Material Variations and Comments</b>
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	
<b>Attendance</b>					
<i>Councillor attendance at council meetings</i>	91.00%	74.74%	96.67%	88.89%	
[The sum of the number of Councillors who attended each ordinary and special Council meeting / (Number of ordinary and special Council meetings) × (Number of Councillors elected at the last Council general election)] x100					
<b>Service cost</b>					
<i>Cost of governance</i>	\$37,658.80	\$40,443.00	\$45,330.00	\$42,199.80	There has been a slight reduction in training costs, travel costs, and vehicle costs in 2017-18.
[Direct cost of the governance service / Number of Councillors elected at the last Council general election]					
<b>Satisfaction</b>					
<i>Satisfaction with council decisions</i>	53.00	56.00	60.00	54.00	Although this result is down on the 2016-17 result, it is equal to the State wide average and above that for small rural councils.
[Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]					

## Governance, management and other information

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### Governance

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

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

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

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

### Meetings of Council

Council conducts open public meetings monthly. Members of the community are welcome to attend these meetings and observe from the gallery. Council meetings also provide the opportunity for community members to submit a question to the Council, make a submission or speak to an item. For the 2017-18 year council held the following meetings:

- Twelve Ordinary Council meetings
- Six Special Council meetings

The following table provides a summary of Councillor attendance at Council meetings and Special Council meetings for the 2017-18 financial year.

Councillors	Council Meeting	Special Council Meetings	Total
Cr Paul Volkering (Mayor)	10	6	16
Cr Marg Attley	11	6	17
Cr Peter Olver	11	4	15
Cr Paul Sladdin	10	5	15
Cr Harry Westendorp	11	6	17

## Special committees

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

- Councillors
- Council staff
- Other persons
- Any combination of the above

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

Committee	Councillors	Officers	Other	Purpose
Audit and Risk	2	2	3	Provide advice, as part of council's governance obligations to its community, to the Chief Executive Officer and the council on ensuring <ul style="list-style-type: none"> <li>• Effective recognition, identification and management of risk;</li> <li>• Improved credibility and objectivity of internal and external financial reports</li> <li>• Compliance with relevant laws and regulations, and use of best practice guides</li> <li>• The effectiveness of an annual audit program.</li> </ul>
Parks and Precincts	1	1	6	Make recommendation to council, or delegated officer (as determined by the Chief Executive Officer), on matters pertaining to: <ul style="list-style-type: none"> <li>• The development of strategic planning initiatives as they relate to current or new master plans</li> <li>• Identifying and prioritising staged development that could assist with appropriate enhancement</li> <li>• Maintenance considerations of a strategic nature</li> <li>• Interested parties, of a community or commercial nature, that may wish to have access to a particular location and where the expressed usage falls outside the parameters of existing policy</li> </ul>
Environment	1	3	12	Advise upon and facilitate the improvement and expansion of council's environmental management and sustainable development programs and policies to ensure council is undertaking and promoting environmental conservation and sustainable resource use practices.
Sport and Recreation	1	1	8	<ul style="list-style-type: none"> <li>• Support the implementation, monitoring and review of the Mansfield Shire Sport and Recreation Strategy 2014-2019.</li> <li>• Provide strategic advice to council on sport and recreation matters that impact the communities throughout Mansfield Shire.</li> <li>• Provide advice on the planning and management of sporting and recreation facilities across the Shire.</li> <li>• Encourage and facilitate communication and initiatives between sport and recreation groups, clubs, individuals and stakeholders and council.</li> <li>• Provide all sectors of the community within Mansfield Shire with the opportunity to provide input into the directions and issues considered by the committee.</li> </ul>

## Code of conduct

On 21 February 2017 Council adopted its Councillor Code of Conduct and Councillor Charter which sets out the professional standards that Mansfield Shire Councillors will attain at all times. It is an expression of intent about how we will achieve the highest levels of good governance, so that we meet all aspects of the *Local Government Act 1989* and maintain public confidence in the integrity of Mansfield Shire Council.

The Code also outlines:

- Other conduct definitions under the Act, such as those relating to misuse of position, improper direction, breach of confidentiality and conflict of interest
- Roles
- Dispute resolution process

## Conflict of interest

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

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

During 2017-18, six (6) conflicts of interest were declared at Council and Special Council meetings.

## Councillor allowances

In accordance with Section 71 of the Act, Councillors are entitled to receive an allowance while performing their duty as a councillor. The Mayor is also entitled to receive a higher allowance.

The State Government sets the upper and lower limits for all allowances paid to Councillors and Mayors. Councils are divided into three categories based on the income and population of each council. In this instance Mansfield Shire Council is recognised as a category one council. Prior to the annual adjustment by the Minister, the range limits that apply for Mayoral and Councillor allowances for a category one council were \$59,257 per annum for the Mayor and \$19,834 for Councillors per annum.

On 1 December 2017, the Minister reviewed the range and limits and determined that these allowances be increased by an adjustment of 2%. The new limits and ranges of the Mansfield Shire Mayoral and Councillor' allowances, adjusted in accordance with the adjustment factor are: \$60,442 per annum for the Mayor and \$20,231 per annum for Councillors.

Further, the amount equivalent to the superannuation guarantee under Commonwealth taxation legislation (currently 9.5%) is payable in addition to the above increase.

The following table contains details of current allowances fixed for the mayor and councillors during the year

Councillors	Allowance
	\$
Cr Paul Volkering (Mayor)	65,732
Cr Harry Westendorp	22,002
Cr Peter Olver	22,002
Cr Paul Sladdin	22,002
Cr Margaret Attley	22,002

## Councillor expenses

In accordance with Section 75 of the Act, Council is required to reimburse a Councillors for expenses incurred whilst performing his or her duties as a councillor. Council is also required to adopt and maintain a policy in relation to the reimbursement of expenses for Councillors. The policy provides guidelines for the payment of reimbursements of expenses and the provision of resources, facilities and other support to the Mayor and Councillors to enable them to discharge their duties.

The details of the expenses including reimbursement of expenses for each Councillor are set out in the table below.

Councillors	Travel & Mileage	Information & Communication	Total
	\$	\$	\$
Cr Paul Volkering (Mayor)	-	-	-
Cr Harry Westendorp	198	-	198
Cr Peter Olver	1,114	30	1,144
Cr Paul Sladdin	930	-	930
Cr Margaret Attley	3,195	-	3,195

## Management

Having strong governance and management frameworks leads to better decision making by Council. The Act requires Council to undertake an assessment against the prescribed governance and management checklist and include this in its report of operations. Council's Governance and Management Checklist results are set out in the section below.

The following items have been highlighted as important components of the management framework.

### Audit and Risk Advisory Committee

The Audit and Risk Advisory Committee's role is to oversee and monitor the effectiveness of Council in carrying out its responsibilities for accountable financial management, good corporate governance, maintaining an effective system of internal control and risk management and fostering an ethical environment.

In accordance with section 139 of the *Local Government Act 1989*, a Council must establish an audit committee. Council's Audit and Risk Advisory Committee is an advisory committee established under Council's Audit and Risk Advisory Committee Charter. Each independent member of the Committee receives a \$900 stipend per annum.

The key objectives of the Audit and Risk Advisory Committee are:

- Effective recognition, identification and management of risk
- Improved credibility and objectivity of internal and external financial reports
- Compliance with relevant laws and regulations
- The effectiveness of an annual audit program

The Audit and Risk Advisory Committee meet at least four times a year. The Chief Executive Officer and Finance Manager attend all meetings. Other management representatives attend as required to present reports. An open invitation is provided to Council's internal and external auditors to attend all meetings.

The Committee operates on a staggered rotation to ensure continuity of membership. The Audit and Risk Advisory Committee consist of three independent members, Ms Janine Ridley (Chair), Ms Dannielle MacKenzie, Mr Robert Bennett, together with two Councillors. Independent members are appointed for a three-year term. The Chair is elected from amongst the independent members.

Recommendations from each Audit and Risk Advisory Committee meeting are subsequently reported to and considered by Council. Minutes of these meetings are made available on Council's website.

## **Internal audit**

Council's internal audit function provides independent and objective assurance that the appropriate processes and controls are in place across council. Council contracts internal audit services under a 3 year tender arrangement. The current service provider is AFS & Associates. A risk based 3 year Internal Audit Plan is revised annually to ensure the audit resources remain focused on the appropriate areas. The review process considers council's risk framework, the council plan, the impact of any change on operations, systems or the business environment, prior audit coverage and outcomes and management input. The Internal Audit Plan is reviewed and approved by the Audit and Risk Advisory Committee annually.

The internal auditor attends each Audit and Risk Advisory Committee meeting to report on the status of the Internal Audit Plan, provide an update on the implementation of audit recommendations and to present findings of completed reviews. All audit issues identified are risk rated. Recommendations are assigned to the responsible Manager and tracked in council's performance management system. Managers provide quarterly status updates that are reviewed by the Internal Auditor and reported to the Senior Leadership Group and the Audit Committee. Quality assurance is measured through the annual Audit and Risk Advisory Committee self-assessment and completion of the Internal Audit Plan.

During 2017-18, the following internal audits were undertaken by AFS & Associates:

- Domestic Wastewater Action Plan
- Local Laws
- Customer requests and complaints management
- Purchasing cards

## **External audit**

Council is externally audited by the Victorian Auditor-General. For the 2017-18 financial year the annual external audit of Council's Financial Statements and Performance Statement was conducted by the Victorian Auditor-General's representative. The external auditors attend the August 2017 and May 2018 Audit and Risk Advisory Committee meetings to present the annual audit plan and Independent Audit Report. The external audit management letter and responses are also provided to the Audit and Risk Advisory Committee.

## Governance and management checklist

Governance and Management Items	Assessment	Yes/No
<p><b>1. Community Engagement Policy/Strategy</b> <i>(policy outlining Council's commitment to engaging with the community on matters of public interest)</i></p>	<p>Council's current Community Engagement Strategy was developed in 2012. The review of this strategy is an action in our 2017-21 Council Plan, however the review is being postponed pending the outcome of the Local Government Bill 2018 as a new Local Government Act will require an engagement policy to be adopted that meets certain requirements.</p>	<p><input checked="" type="checkbox"/></p>
<p><b>2. Community Engagement Guidelines</b></p>	<p>Guidance is contained with the current Community Engagement Strategy around how and when we engage with the community.</p>	<p><input checked="" type="checkbox"/></p>
<p><b>3. Strategic Resource Plan</b> <i>(under section 126 of the Act outlining the financial and non-financial resources required for at least the next 4 financial years)</i></p>	<p>Adopted in accordance with section 126 of the Act. <i>Date of adoption: 28 June 2017. Updated 26 June 2018</i></p>	<p><input checked="" type="checkbox"/></p>
<p><b>4. Annual Budget</b> <i>(under section 130 of the Act setting out the services to be provided and initiatives to be undertaken over the next 2 months and the funding and other resources required)</i></p>	<p>Adopted in accordance with section 130 of the Act. <i>Date of adoption: 26 June 2018</i></p>	<p><input checked="" type="checkbox"/></p>
<p><b>5. Asset Management Plans</b> <i>(that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)</i></p>	<p>Council is currently implementing a bureau service provided by Assetic Pty Ltd, an element of which includes the creation of asset management plans to be delivered within the 2018-19 financial year.</p>	<p><input checked="" type="checkbox"/></p>
<p><b>6. Rating Strategy</b> <i>(setting out the rating structure of Council to levy rates and charges)</i></p>	<p>Current Strategy in operation. <i>Date of operation: 17 April 2018</i></p>	<p><input checked="" type="checkbox"/></p>
<p><b>7. Risk Policy</b> <i>(outlining Council's commitment and approach to minimising the risks to Council's operations)</i></p>	<p>Council's current Risk Policy (adopted 16 June 2014) is currently being reviewed and awaiting final approval.</p>	<p><input checked="" type="checkbox"/></p>
<p><b>8. Fraud Policy</b> <i>(outlining Council's commitment and approach to minimising the risk of fraud)</i></p>	<p>Current Policy in operation. <i>Date of operation: 20 March 2018</i></p>	<p><input checked="" type="checkbox"/></p>
<p><b>9. Municipal Emergency Management Plan</b> <i>(under section 20 of the Emergency Management Act 1986 for emergency prevention, response and recovery)</i></p>	<p>Updates to this Plan are undertaken on a regular basis for minor amendments. These regular minor updates do not require Council endorsement as they do not alter the intent of the Plan. Plan formally endorsed by Council in May 2015. Latest update undertaken on 26 June 2018 <i>Date of preparation: 19 May 2015</i></p>	<p><input checked="" type="checkbox"/></p>

Governance and Management Items	Assessment	Yes/No
<b>10. Procurement Policy</b> <i>(under section 186A of the Local Government Act 1989 outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)</i>	Prepared and approved in accordance with section 186A of the <i>Local Government Act 1989</i> . <i>Date of approval: 20 December 2017</i>	<input checked="" type="checkbox"/>
<b>11. Business Continuity Plan</b> <i>(setting out the actions that will be taken to ensure that key services continue to operate in the event of a disaster)</i>	Current draft plan to be reviewed and amended following Council's organisation restructure.	<input checked="" type="checkbox"/>
<b>12. Disaster Recovery Plan</b> <i>(setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)</i>	This plan has been developed. An update to the plan is currently underway, however testing of the IT component occurred on 19/05/2018	<input checked="" type="checkbox"/>
<b>13. Risk Management Framework</b> <i>(outlining Council's approach to managing risks to the Council's operations)</i>	Current Framework in operation. <i>Date of operation: 15 December 2015</i>	<input checked="" type="checkbox"/>
<b>14. Audit Committee</b> <i>(advisory committee of Council under section 139 of the Act whose role is to oversee the integrity of a Council's financial reporting, processes to manage risks to the Council's operations and for compliance with applicable legal, ethical, and regulatory requirements)</i>	Committee established in accordance with section 139 of the Act. <i>Date of establishment: 15 April 2003</i> <i>2017-18 meetings: 21/8/17, 20/11/17, 19/2/18 and 21/5/18</i>	<input checked="" type="checkbox"/>
<b>15. Internal Audit</b>  <i>(independent accounting professionals engaged by the Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls)</i>	Internal auditor engaged for a three year period <i>Date of engagement: 15 August 2016</i>	<input checked="" type="checkbox"/>
<b>16. Performance Reporting Framework</b>  <i>(a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act)</i>	Current Framework in operation. <i>18 October 2016</i>	<input checked="" type="checkbox"/>
<b>17. Council Plan reporting</b>  <i>(report reviewing the performance of the Council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year)</i>	Due to resource constraints, reporting on the progress of the Council Plan has not been considered by Council on a quarterly basis. The 2017-21 Council Plan, which identified the indicators used to assess performance, was adopted by council on 27 June 2017	<input checked="" type="checkbox"/>
<b>18. Financial Reporting</b>  <i>(quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)</i>	Statements presented on a quarterly basis to Council in accordance with section 138(1) of the Act. Quarterly financial reporting has been considered at the 19/09/2017, 21/11/2017, 20/02/2018 and 17/04/2018 council meetings.	<input checked="" type="checkbox"/>

Governance and Management Items	Assessment	Yes/No
<p><b>19. Risk Reporting</b></p> <p><i>(six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies)</i></p>	<p>The top five strategic risks have been reported quarterly to the Audit and Risk Committee at the 21/08/2017, 20/11/2017, 19/02/2018 and 21/05/2018 meetings.</p>	<p><input checked="" type="checkbox"/></p>
<p><b>20. Performance Reporting</b></p> <p><i>(six-monthly reports of indicators measuring results against financial and non-financial performance, including the performance indicators referred to in section 131 of the Act)</i></p>	<p>Quarterly financial reporting has been considered at the 19/09/2017, 21/11/2017, 20/02/2018 and 17/04/2018 council meetings. Due to resource constraints the non-financial indicators have not been reported on.</p>	<p><input checked="" type="checkbox"/></p>
<p><b>21. Annual Report</b></p> <p><i>(annual report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial and performance statements)</i></p>	<p>Endorsed by Council in accordance with section 134 of the Act. Date of endorsement: 17 October 2017</p>	<p><input checked="" type="checkbox"/></p>
<p><b>22. Councillor Code of Conduct</b></p> <p><i>(Code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)</i></p>	<p>Reviewed and adopted by council in accordance with section 76C of the Act. Date of endorsement: 21 February 2017. No amendments have been made to this Code since adoption.</p>	<p><input checked="" type="checkbox"/></p>
<p><b>23. Delegations</b></p> <p><i>(a document setting out the powers, duties and functions of Council and the Chief Executive Officer that have been delegate)</i></p>	<p>A full review of all Council to CEO and Council to Staff Delegations was undertaken. Instruments of Delegation S5, S6, S7, S12, S13 and S14 were reviewed on 21/03/2017. Instrument S11 on 09/10/2017 and 17/10/2017 for S11A and 08/06/2017 for Financial Delegations.</p>	<p><input checked="" type="checkbox"/></p>
<p><b>24. Meeting Procedures</b></p> <p><i>(a local law governing the conduct of meetings of Council and special committees)</i></p>	<p>Meeting procedures local law made in accordance with section 91(1) of the Act. Date local law made: 19 April 2016</p>	<p><input checked="" type="checkbox"/></p>

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



**Alex Green**

Chief Executive Officer

Dated: 18 September 2018



**Cr Paul Volkering**

Mayor

Dated: 18 September 2018

## Statutory Information

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

### Documents available for public inspection

In accordance with regulation 12 of the Local Government (General) Regulations 2015 the following are prescribed documents that are available for public inspection or copies of the documents can be obtained for the purposes of section 222 of the Act at 33 Highett Street, Mansfield.

- Details of overseas or interstate travel (with the exception of interstate travel by land for less than 3 days) undertaken in an official capacity by Councillors or any other member of Council staff in the previous 12 months, including the names of the Councillors or members of Council staff and the date, destination, purpose and total cost to the Council of the overseas or interstate travel, including accommodation costs
- Agendas for and minutes of ordinary and special meetings held in the previous 12 months kept under section 93 of the Act except if the minutes relate to parts of meetings which have been closed to members of the public under section 89 of the Act
- Minutes of meetings of special committees established under section 86 of the Act and held in the previous 12 months except if the minutes relate to parts of meetings which have been closed to members of the public under section 89 of the Act
- A register of delegations kept under sections 87 and 98 of the Act, including the dates on which the last reviews under sections 86(6) and 98(6) of the Act took place
- Details of all leases involving land which were entered into by the Council as lessor, including the lessee and the terms and the value of the lease
- A register of authorised officers appointed under section 224 of the Act
- A list of donations and grants made by the Council during the financial year including the names of persons or bodies which have received a donation or grant and the amount of each donation or grant

### Contracts

During the year Council did not enter into any contracts valued at \$150,000 or more for services of \$200,000 or more for works or more of a kind specified in section 186(5)(a) and (c) of the Act. It also did not enter into any other contracts valued at \$150,000 or more for goods or services or \$200,000 or more for works without engaging in a competitive process.

### Disability action plan

The *Disability Act Victoria 2006* outlines general provisions, including planning for individual access to services, and provides the framework for a 'Whole of Government and Whole of Community' approach to building community inclusion for people with disabilities.

Council's Access and Inclusion Plan 2011 provides a set of principles, goals and responsibilities that outline the way in which Council commits to work in order to remove barriers for those with a disability. Similarly, Council's Access and Inclusion Charter acknowledges Council's commitment to valuing every community member and considering any barriers that may exist to their participation.

## **Domestic animal management plan**

Council's Domestic Animal Management Plan 2017-2021 was approved by Council on 17 April 2018. This plan, operating in conjunction with the implementation of a new Amenity, Environment and Community Protection Local Law, now provides a clearer framework for the keeping of animals within the Shire.

Council's local laws officers are required to undergo training in the following:

- Certificate IV Animal Control and Regulation
- Dog Behaviour Assessment Workshop
- DELWP training for auditing domestic animal businesses
- Firearms Safety
- Offences and Enforcement on Roads
- Canine Anatomy and Identification

Council uses a range of resources to reunite lost animals with their owners and has seen high success rates in this area by introducing the use of social media. The introduction of the use of social media has also been effective when encouraging pet owners to microchip and register animals.

The feral cat population continues to be a problem in rural areas, however Council's ongoing provision of cat traps to residents has seen a reduction in the number of feral cats in some high risk areas.

In the 2017-18 year an audit was conducted of all domestic animal businesses within the Shire and all were found to be compliant with the *Domestic Animals Act 1994*.

## **Food Act Ministerial directions**

In accordance with section 7E of the *Food Act 1984*, council is required to publish a summary of any Ministerial Directions received during the financial year.

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

## Freedom of information

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

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

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

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

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

Further information regarding FOI can be found at [www.foi.vic.gov.au](http://www.foi.vic.gov.au) and on the Mansfield Shire Council's website.

Council must provide an annual return to the Office of Victoria Information Commissioner (OVIC) in relation to the number of Freedom of Information applications received, the outcomes of decisions and whether or not information was refused under exemptions outlined by the *Freedom of Information Act 1982*.

Our return highlighted the following:

- Council has adapted its thinking around the provision of information and is taking the approach that unless there are privacy concerns and other legislative considerations prohibiting the release of information, documents will be released outside of the Freedom of Information process.
- New planning permit application software to be implemented in 2018-19 will increase accessibility by the community to an online planning permit register and copies of plans and documents relevant to applications on public notice
- We have a community portal at the Engineering counter at the municipal office where various Council documents and information required to be made available under the *Local Government Act 1989* is available.

In 2017-18 three (3) Freedom of Information requests were received by Council. Access to the information requested was granted in full for two of these applications and the third application was withdrawn. There was one (1) outstanding Freedom of Information request carried over from 2016-17 and access to this information was granted in full.

No appeals were received against the Freedom of Information Officer's decisions.

## **Protected disclosure procedures**

The *Protected Disclosure Act 2012* aims to ensure openness and accountability in government by encouraging people to disclose improper conduct within the public sector and provide protection for people who make disclosures. Procedures on how to make a disclosure are publicly available on council's website at [www.mansfield.vic.gov.au](http://www.mansfield.vic.gov.au).

Council recognises the value of transparency and accountability in its administrative and management practices, and supports the making of disclosures that reveal improper conduct. It does not tolerate improper conduct by the organisation, its employees, officers, or Councillors, nor the taking of reprisals against those who come forward to disclose such conduct.

In accordance with section 69 of the Act a council must include in this annual report information on how to access the procedures established by the council under Part 9 of that Act. Council is also required to provide certain information about the number and types of protected disclosures complaints investigated during the year.

There were no disclosures notified to Council officers during the 2017-18 year.

## **Road Management Act Ministerial Direction**

In accordance with section 22 of the *Road Management Act 2004*, a council must publish a copy or summary of any Ministerial direction in its annual report. No such Ministerial Directions were received by Council during the 2018-18 financial year.

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**Mansfield Shire Council Financial Report 2017-18**

**Mansfield Shire Council Performance Statement 2017-18**

**Mansfield 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.



*Mandy Kynnersley CA BBus (Acc)*

**Principal  
Accounting  
Officer**

**Date :** 18 September

2018

*Mansfield*

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

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

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



*Mayor Harry Westendorp*

**Councillor**

**Date :** 18 September

2018

*Mansfield*



*Councillor*

**Councillor**

**Date :** 18 September 2018

*Mansfield*



*Alex Green*

**Chief Executive Officer**

**Date :** 18 September 2018

*Mansfield*

# Independent Auditor's Report

## To the Councillors of Mansfield Shire Council

<b>Opinion</b>	<p>I have audited the financial report of Mansfield Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2018</li> <li>• comprehensive income statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• statement of cash flows for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• certification of the financial statements.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the <i>Local Government Act 1989</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Councillors' responsibilities for the financial report</b>	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

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

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

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

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

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

---



Tim Loughnan

*as delegate for the Auditor-General of Victoria*

MELBOURNE

20 September 2018

## Comprehensive Income Statement For the Year Ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
<b>Income</b>			
Rates and charges	2.1	13,146	12,659
Statutory fees and fines	2.2	308	305
User fees	2.3	722	773
Grants - operating	2.4	4,515	5,837
Grants - capital	2.4	1,822	2,096
Contributions - monetary	2.5	56	178
Contributions - non monetary	2.5	651	4,141
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	2.6	39	42
Share of net profits (or loss) of associates and joint arrangements	5.2	-	(60)
Other income	2.7	527	406
Found Assets	5.1	761	-
<b>Total income</b>		<b>22,547</b>	<b>26,377</b>
<b>Expenses</b>			
Employee costs	3.1	8,671	8,188
Materials and services	3.2	6,625	6,209
Depreciation and amortisation	3.3	3,169	3,005
Bad and doubtful debts	3.4	4	1
Borrowing costs	3.5	152	169
Other expenses	3.6	658	319
<b>Total expenses</b>		<b>19,278</b>	<b>17,891</b>
<b>Surplus for the year</b>		<b>3,269</b>	<b>8,486</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
Net asset revaluation increment/(decrement)	5.1	9,532	-
<b>Total comprehensive result</b>		<b>12,800</b>	<b>8,486</b>

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

## Balance Sheet As at 30 June 2018

	Note	2018 \$'000	2017 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4.1	1,990	1,638
Trade and other receivables	4.1	1,185	1,931
Other financial assets	4.1	8,257	6,227
Inventories	4.2	16	40
Other assets	4.2	252	125
<b>Total current assets</b>		<b>11,700</b>	<b>9,961</b>
<b>Non-current assets</b>			
Trade and other receivables	4.1	48	95
Investments in associates and joint arrangements	5.2	-	103
Property, infrastructure, plant and equipment	5.1	136,584	115,710
<b>Total non-current assets</b>		<b>136,632</b>	<b>115,908</b>
<b>Total assets</b>		<b>148,332</b>	<b>125,869</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	4.3	1,060	1,080
Trust funds and deposits	4.3	990	1,044
Provisions	4.5	1,914	2,110
Interest-bearing liabilities	4.4	288	400
<b>Total current liabilities</b>		<b>4,252</b>	<b>4,634</b>
<b>Non-current liabilities</b>			
Provisions	4.5	413	315
Interest-bearing liabilities	4.4	2,286	2,549
<b>Total non-current liabilities</b>		<b>2,699</b>	<b>2,864</b>
<b>Total liabilities</b>		<b>6,951</b>	<b>7,498</b>
<b>Net assets</b>		<b>141,381</b>	<b>118,371</b>
<b>Equity</b>			
Accumulated surplus		61,256	47,823
Reserves	8.1	80,125	70,548
<b>Total Equity</b>		<b>141,381</b>	<b>118,371</b>

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

2018	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		118,371	47,823	70,156	392
Adjustment to change in Accounting Policy (Land Under Roads) 5.1(d)		10,210	10,210	-	-
Surplus for the year		3,269	3,269	-	-
Net asset revaluation increment		9,532	-	9,532	-
Transfers to other reserves		-	(45)	-	45
<b>Balance at end of the financial year</b>		<b>141,381</b>	<b>61,256</b>	<b>79,688</b>	<b>437</b>

2017		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		109,885	39,512	70,156	217
Surplus for the year		8,486	8,486	-	-
Transfers to other reserves		-	(175)	-	175
<b>Balance at end of the financial year</b>		<b>118,371</b>	<b>47,823</b>	<b>70,156</b>	<b>392</b>

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

## Statement of Cash Flows For the Year Ended 30 June 2018

	Note	2018 Inflows/ (Outflows) \$'000	2017 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Rates and charges		13,110	12,631
Statutory fees and fines		308	305
User fees		1,598	287
Grants - operating		4,546	5,865
Grants - capital		1,822	2,096
Contributions - monetary		57	178
Interest received		162	152
Other receipts		314	252
Net GST refund/(payment)		883	823
Employee costs		(8,629)	(8,104)
Materials and services		(7,410)	(6,614)
Net trust funds and deposits received (repaid)		(54)	393
Other payments		(658)	(289)
<b>Net cash provided by/(used in) operating activities</b>	8.2	<b>6,048</b>	<b>7,975</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment	5.1	(3,272)	(4,631)
Proceeds from sale of property, infrastructure, plant and equipment	2.6	124	139
Payments for other financial assets		(2,030)	(2,522)
Proceeds from sale of investments		9	-
<b>Net cash provided by/(used in) investing activities</b>		<b>(5,169)</b>	<b>(7,014)</b>
<b>Cash flows from financing activities</b>			
Finance costs		(152)	(203)
Repayment of borrowings		(375)	(407)
<b>Net cash provided by/(used in) financing activities</b>		<b>(527)</b>	<b>(610)</b>
Net increase (decrease) in cash and cash equivalents		352	351
Cash and cash equivalents at the beginning of the financial year		1,638	1,287
<b>Cash and cash equivalents at the end of the financial year</b>		<b>1,990</b>	<b>1,638</b>
Financing arrangements	4.6		
Restrictions on cash assets	4.1		

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

## Statement of Capital Works For the Year Ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
<b>Property</b>			
Buildings		195	154
<b>Total property</b>		<b>195</b>	<b>154</b>
<b>Plant and equipment</b>			
Plant, machinery and equipment		524	400
Fixtures, fittings and furniture		16	5
Computers and telecommunications		69	90
Library books		50	47
<b>Total plant and equipment</b>		<b>659</b>	<b>542</b>
<b>Infrastructure</b>			
Roads		1,209	1,891
Bridges		450	869
Footpaths and cycleways		116	51
Drainage		81	23
Recreational, leisure and community facilities		622	544
Off street car parks		-	248
<b>Total infrastructure</b>		<b>2,478</b>	<b>3,626</b>
<b>Total capital works expenditure</b>		<b>3,332</b>	<b>4,322</b>
<b>Represented by:</b>			
New asset expenditure		1,065	1,287
Asset renewal expenditure		1,351	1,840
Asset expansion expenditure		-	-
Asset upgrade expenditure		916	1,195
<b>Total capital works expenditure</b>		<b>3,332</b>	<b>4,322</b>

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

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

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### OVERVIEW

#### Introduction

The Mansfield Shire Council was established by an Order of the Governor in Council on 28 October 2002 and is a body corporate.

The Council's main office is located at 33 Highett Street, Mansfield.

#### Statement of compliance

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

#### Significant accounting policies

##### (a) Basis of accounting

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 5.1)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 5.1)
- the determination of employee provisions (refer to Note 4.5)
- the determination of landfill provisions (refer to Note 4.5)

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

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

### 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 \$50,000 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 27 June 2017. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

#### 1.1 Income and expenditure

	Budget 2018 \$'000	Actual 2018 \$'000	Variance 2018 \$'000	Ref
<b>Income</b>				
Rates and charges	12,986	13,146	160	1
Statutory fees and fines	261	308	47	2
User fees	618	722	104	3
Grants - operating	2,804	4,515	1,711	4
Grants - capital	1,490	1,822	332	5
Contributions - monetary	94	56	(38)	6
Contributions - non monetary	-	651	651	7
Net gain on disposal of property, infrastructure, plant and equipment	43	39	(4)	
Share of net profits/(losses) of associates and joint venture:	(104)	-	104	8
Other income	345	527	182	9
Found Assets	-	761	761	10
<b>Total income</b>	<b>18,537</b>	<b>22,547</b>	<b>4,010</b>	
<b>Expenses</b>				
Employee costs	8,662	8,671	(9)	
Materials and services	6,344	6,625	(281)	11
Bad and doubtful debts	-	4	(4)	12
Depreciation and amortisation	3,200	3,169	31	13
Borrowing costs	191	152	39	14
Other expenses	299	658	(359)	15
<b>Total expenses</b>	<b>18,696</b>	<b>19,279</b>	<b>(582)</b>	
<b>Surplus/(deficit) for the year</b>	<b>(159)</b>	<b>3,268</b>	<b>4,593</b>	

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

### Note 1 Performance against budget (cont'd)

#### (i) Explanation of material variations

Variance Ref	Item	Explanation
1	Rates and charges	Supplementary valuations exceeded budget.
2	Statutory fees and fines	Statutory planning fees exceeded budget by \$45k.
3	User fees	Inspection fees from subdivisions exceeded budget \$55k. Environmental health fees exceeded budget by \$28k.
4	Grants - operating	Victorian Grants Commission paid \$1.448m of grant funding in advance. Unbudgeted grants received include \$100k Aged Friendly, \$30k Rural Access, \$20k Youth Engagement, \$14k Youth Mental Health and Supported Playgroups \$42k.
5	Grants - capital	Unbudgeted blackspot grant funding of \$359k received from work performed in 2016-17 (carry forward).
6	Contributions - monetary	Chenery St footpath was not performed under a special charge scheme arrangement, resulting in \$40k under budget.
7	Contributions - non monetary	Donated assets from subdivisions were not budgeted.
8	Share of net profits/(losses) of associates and joint ventures	The High Country Library was dissolved during 2017-18. The distribution impact was budgeted incorrectly.
9	Other income	Reimbursements of \$184k are included here however were budgeted to offset expenditure.
10	Found Assets	As a result of the titles office reconciliation of land, Council identified some assets which had not previously been recognised.
11	Materials and services	An additional \$463k was expensed for the landfill provision. This is to rehabilitate the Monkey Gully site as per the EPA requirements.
12	Bad and doubtful debts	Doubtful debts were budgeted in Other Expenses.
13	Depreciation and amortisation	Capital works for the year were under budget, resulting in lower depreciation than budgeted.
14	Borrowing costs	Bank charges were budgeted in borrowing costs, but are reported in Other Expenses (\$37k).
15	Other expenses	The December 2017 floods resulted in impairment of \$357k to council's infrastructure assets.

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

**Note 1 Performance against budget (cont'd)**

**1.2 Capital works**

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	
	<b>2018</b>	<b>2018</b>	<b>2018</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>Ref</b>
<b>Property</b>				
Land	45	-	(45)	1
Land improvements	-	-	-	
<b>Total Land</b>	<b>45</b>	<b>-</b>	<b>(45)</b>	
Buildings	300	195	(105)	2
<b>Total Buildings</b>	<b>300</b>	<b>195</b>	<b>(105)</b>	
<b>Total Property</b>	<b>345</b>	<b>195</b>	<b>(150)</b>	
<b>Plant and Equipment</b>				
Plant, machinery and equipment	617	524	(93)	3
Fixtures, fittings and furniture	15	16	1	
Computers and telecommunications	178	69	(109)	4
Library books	-	50	50	5
<b>Total Plant and Equipment</b>	<b>810</b>	<b>659</b>	<b>(151)</b>	
<b>Infrastructure</b>				
Roads	2,483	1,209	(1,274)	6
Bridges	674	450	(224)	7
Footpaths and cycleways	146	116	(30)	8
Drainage	62	81	19	9
Recreational, leisure and community facilities	497	622	125	10
Parks, open space and streetscapes	4	-	(4)	
<b>Total Infrastructure</b>	<b>3,866</b>	<b>2,478</b>	<b>(1,388)</b>	
<b>Total Capital Works Expenditure</b>	<b>5,021</b>	<b>3,332</b>	<b>(1,689)</b>	
<b>Represented by:</b>				
New asset expenditure	814	1,065	251	
Asset renewal expenditure	3,108	1,351	(1,757)	
Asset upgrade expenditure	1,099	916	(183)	
<b>Total Capital Works Expenditure</b>	<b>5,021</b>	<b>3,332</b>	<b>(1,689)</b>	

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

**Note 1 Performance against budget (cont'd)**

**(i) Explanation of material variations**

Variance Ref	Item	Explanation
1	Land	Negotiations are continuing in relation to the purchase of land.
2	Buildings	\$60k Bonnie Doon Community Centre upgrade did not proceed. \$33k from Building Refurbishment programs was unable to be capitalised and was expensed through the Income Statement.
3	Plant, machinery and equipment	Less plant required to be purchased than budgeted.
4	Computers and telecommunications	\$130k Planning software system was budgeted to be purchased, however has not yet been selected or purchased.
5	Library books	Library book purchases were budgeted through the Income Statement (contributions to the library hub).
6	Roads	\$615k was budgeted for the Heavy Vehicle Bypass. This project has been delayed. \$567k Alpine Ridge & \$206k Lochiel Road reconstruction projects did not proceed.
7	Bridges	Deadhorse Lane Bridge was partially completed ahead of schedule in 2016-17, resulting in the budget being \$250k too high for 2017-18. Howqua Track culvert replacement exceeded budget by \$25k.
8	Footpaths and cycleways	Chenery Street footpath cost less than budgeted. Offset by no special charge scheme income for this project.
9	Drainage	Part of the Apollo Street budget was incorrectly classified as Roads in budget. The project included both road and drainage work and has been split accordingly.
10	Recreational, leisure and community facilities	Skate park project was over budget \$63k which was offset by carry forward budget from 16-17. Tennis hit up wall project exceed budget by \$45k. Additional playing field exceeded budget by \$16k.

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

**Note 2 Funding for the delivery of our services**

	2018	2017
	\$'000	\$'000

**2.1 Rates and charges**

Council uses Capital Improved Value as the basis of valuation of all properties within the municipal district. The Capital Improved Value of a property is its land plus all improvements on that land.

The valuation base used to calculate general rates for 2017-18 was \$3,110 million (2016-17 \$3,070 million).

General Rates	7,928	7,665
Municipal charge	1,993	1,928
Waste management charge	157	154
Service rates and charges (Waste)	2,881	2,778
Supplementary rates and rate adjustments	135	90
Interest on rates and charges	52	44
<b>Total rates and charges</b>	<b>13,146</b>	<b>12,659</b>

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2018, and the valuation will be first applied in the rating year commencing 1 July 2018.

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

**2.2 Statutory fees and fines**

Infringements and costs	18	38
Land information certificates	50	45
Permits	240	221
<b>Total statutory fees and fines</b>	<b>308</b>	<b>304</b>

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

**2.3 User fees**

Aged and health services	215	220
Leisure centre and recreation	38	28
Local Laws	109	115
Registration and other permits	102	198
Building services	8	5
Waste management services	134	141
Other fees and charges	116	66
<b>Total user fees</b>	<b>722</b>	<b>773</b>

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

**2.4 Funding from other levels of government**

Grants were received in respect of the following :

**Summary of grants**

Commonwealth funded grants	4,900	5,903
State funded grants	1,438	2,030
<b>Total grants received</b>	<b>6,338</b>	<b>7,933</b>

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

**Note 2 Funding for the delivery of our services (cont'd)**

	2018 \$'000	2017 \$'000
<b>(a) Operating Grants</b>		
<b><i>Recurrent - Commonwealth Government</i></b>		
Financial Assistance Grants	2,809	4,211
Adult day care	116	110
General home care	318	359
<b><i>Recurrent - State Government</i></b>		
General home care	124	95
Family & Children	295	234
Library	123	116
Community support	51	19
School crossing supervisors	34	-
Maternal and child health	160	146
Environmental health	13	15
Property & valuations	14	85
Other	7	10
<b>Total recurrent operating grants</b>	<u>4,064</u>	<u>5,400</u>
<b><i>Non-recurrent - Commonwealth Government</i></b>		
General home care	6	41
Sport & Recreation	-	27
Library	2	-
Community support	8	5
<b><i>Non-recurrent - State Government</i></b>		
Community support	147	55
Age Friendly Communities	100	-
Waste - Recycling Temporary Relief Fund	13	-
Emergency Management	60	60
Environment	21	21
Family and children	36	102
Fire Services Property Levy	48	47
Library	0	11
Sport & Recreation	10	10
Strategic Planning	-	51
Other	-	7
<b>Total non-recurrent operating grants</b>	<u>451</u>	<u>437</u>
<b>Total operating grants</b>	<u>4,515</u>	<u>5,837</u>
<b>(b) Capital Grants</b>		
<b><i>Recurrent - Commonwealth Government</i></b>		
Roads to recovery	911	990
<b>Total recurrent capital grants</b>	<u>911</u>	<u>990</u>
<b><i>Non-recurrent - Commonwealth Government</i></b>		
Bridges	370	-
Blackspot Safety Improvements	359	-
Recreation	-	160
<b><i>Non-recurrent - State Government</i></b>		
Roads & Bridges	-	680
Footpaths and cycleways	113	-
Recreation	69	266
<b>Total non-recurrent capital grants</b>	<u>911</u>	<u>1,106</u>
<b>Total capital grants</b>	<u>1,822</u>	<u>2,096</u>

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

**Note 2 Funding for the delivery of our services (cont'd)**

	2018	2017
	\$'000	\$'000
<b>(c) Unspent grants received on condition that they be spent in a specific manner</b>		
Balance at start of year	699	295
Received during the financial year and remained unspent at balance date	329	669
Received in prior years and spent during the financial year	190	265
Balance at year end	<b>838</b>	<b>699</b>

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

**2.5 Contributions**

Monetary	56	178
Non-monetary	651	4,141
<b>Total contributions</b>	<b>707</b>	<b>4,319</b>

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

Land under roads	2	273
Roads	237	1,798
Footpaths & cycleways	104	522
Drainage	308	1,548
<b>Total non-monetary contributions</b>	<b>651</b>	<b>4,141</b>

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

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

Proceeds of sale	239	139
Written down value of assets disposed	(200)	(97)
<b>Total net gain on disposal of property, infrastructure, plant and equipment</b>	<b>39</b>	<b>42</b>

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

**2.7 Other income**

Interest	185	147
Other rent	87	65
Other	255	194
<b>Total other income</b>	<b>527</b>	<b>406</b>

Interest is recognised as it is earned.

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

**Note 3 The cost of delivering services**

**3.1 Employee costs**

Wages and salaries	6,991	6,573
WorkCover	101	88
Annual leave and long service leave	879	824
Superannuation	668	675
Fringe benefits tax	23	26
Other	9	2
<b>Total employee costs</b>	<b>8,671</b>	<b>8,188</b>

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

**Note 3 The cost of delivering services (cont'd)**

**(a) Superannuation**

Council made contributions to the following funds:	2018	2017
	\$'000	\$'000
<b>Defined benefit fund</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	21	25
Employer contributions - other funds	-	-
	<u>21</u>	<u>25</u>
Employer contributions payable at reporting date.	-	-
<b>Accumulation funds</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	329	352
Employer contributions - other funds	318	298
	<u>647</u>	<u>650</u>
Employer contributions payable at reporting date.	-	-

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

**3.2 Materials and services**

Contract Payments	1,746	1,770
Store Issues	145	143
Repairs & Maintenance	124	123
Advertising & Promotion	59	59
Insurance	221	214
Legal Expenses	171	121
Consultants	421	254
Memberships & Subscriptions	58	87
Debt Collection Expenses	33	45
Printing, Copying & Stationery	46	46
Software Maintenance & Support	236	213
Staff Training & Professional Development	92	89
Waste Disposal Costs	657	670
Utilities	323	300
Community Contributions	256	262
Fuel	104	109
Cleaning Expenses	159	142
Other Materials & Services		
Community Services	220	289
Development Services	649	343
Economic Development	77	123
Engineering & Works	651	561
Administration & Governance	177	246
<b>Total materials and services</b>	<u>6,625</u>	<u>6,209</u>

**3.3 Depreciation and amortisation**

Property	299	300
Plant and equipment	537	497
Infrastructure	2,332	2,208
<b>Total depreciation</b>	<u>3,169</u>	<u>3,005</u>

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

**3.4 Bad and doubtful debts**

Other debtors	4	1
<b>Total bad and doubtful debts</b>	<u>4</u>	<u>1</u>

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

**Note 3 The cost of delivering services (cont'd)**

	2018	2017
	\$'000	\$'000
<b>Movement in provisions for doubtful debts</b>		
Balance at the beginning of the year	9	13
New Provisions recognised during the year	4	1
Amounts already provided for and written off as uncollectible	(2)	(4)
Amounts provided for but recovered during the year	(7)	(1)
Balance at end of year	<u>4</u>	<u>9</u>

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

**3.5 Borrowing costs**

Interest - Borrowings	152	169
<b>Total borrowing costs</b>	<u>152</u>	<u>169</u>

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

**3.6 Other expenses**

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	43	37
Auditors' remuneration - Internal	24	28
Councillors' allowances	156	153
Operating lease rentals	44	61
Assets written-off / impaired	357	-
Others	34	40
<b>Total other expenses</b>	<u>658</u>	<u>319</u>

**Note 4 Our financial position**

**4.1 Financial assets**

**(a) Cash and cash equivalents**

Cash on hand	1	1
Cash at bank	1,989	1,637
<b>Total cash and cash equivalents</b>	<u>1,990</u>	<u>1,638</u>

**(b) Other financial assets**

Term deposits - current	8,257	6,227
<b>Total other financial assets</b>	<u>8,257</u>	<u>6,227</u>
<b>Total financial assets</b>	<u>10,247</u>	<u>7,865</u>

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

- Trust funds and deposits (Note 4.3)	990	1,044
Total restricted funds	<u>990</u>	<u>1,044</u>
Total unrestricted cash and cash equivalents	<u>1,000</u>	<u>594</u>

**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	304	305
- Unexpended grants	838	699
- Reserve funds	437	392
Total funds subject to intended allocations	<u>1,579</u>	<u>1,396</u>

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 2018**

**4.1 Financial assets (cont'd)**

	2018	2017
(c) Trade and other receivables	\$'000	\$'000
<b>Current</b>		
<i>Statutory receivables</i>		
Rates debtors	604	572
Net GST receivable	202	207
<i>Non statutory receivables</i>		
Other debtors	383	1,161
Provision for doubtful debts - other debtors	(4)	(9)
Total current trade and other receivables	<b>1,185</b>	<b>1,931</b>
<b>Non-current</b>		
<i>Statutory receivables</i>		
Special rate scheme	48	95
Total non-current trade and other receivables	<b>48</b>	<b>95</b>
<b>Total trade and other receivables</b>	<b>1,233</b>	<b>2,026</b>

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.

**(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)	371	687
Past due by up to 30 days	11	511
Past due between 31 and 180 days	15	12
Past due between 181 and 365 days	7	4
Past due by more than 1 year	27	43
Total trade & other receivables	<b>431</b>	<b>1,257</b>

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

<b>4.2 Non-financial assets</b>	<b>2018</b>	<b>2017</b>
<b>(a) Inventories</b>	<b>\$'000</b>	<b>\$'000</b>
Inventories held for distribution	16	40
<b>Total inventories</b>	<b>16</b>	<b>40</b>

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

**(b) Other assets**

Prepayments	93	110
Accrued income - interest	38	15
Accrued income - other	121	-
<b>Total other assets</b>	<b>252</b>	<b>125</b>

**4.3 Payables**

**(a) Trade and other payables**

Trade payables	817	798
Employee costs	8	9
Accrued loan interest	11	10
Accrued expenses	224	263
<b>Total trade and other payables</b>	<b>1,060</b>	<b>1,080</b>

**(b) Trust funds and deposits**

Refundable deposits	181	434
Fire services levy	344	90
Cemetery trusts	277	257
Retention amounts	188	263
<b>Total trust funds and deposits</b>	<b>990</b>	<b>1,044</b>

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

*Purpose and nature of items*

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

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

Cemetery Trusts - Council is the trustee for the Mansfield, Bonnie Doon, Jamieson and Merton cemeteries.

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 lapsing of time, these amounts will be paid to the relevant contractor in line with Council's contractual obligations.

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

**4.4 Interest-bearing liabilities**

	2018	2017
	\$'000	\$'000
<b>Current</b>		
Borrowings - secured	288	293
Finance leases	-	107
	<u>288</u>	<u>400</u>
<b>Non-current</b>		
Borrowings - secured	2,286	2,549
	<u>2,286</u>	<u>2,549</u>
<b>Total</b>	<u>2,574</u>	<u>2,949</u>

Borrowings are secured by rate income.

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

Not later than one year	288	399
Later than one year and not later than five years	753	812
Later than five years	1,533	1,738
	<u>2,574</u>	<u>2,949</u>

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

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

**4.5 Provisions**

	Employee	Landfill restoration	Total
	\$ '000	\$ '000	\$ '000
<b>2018</b>			
Balance at beginning of the financial year	1,798	626	2,424
Additional provisions	885	463	1,348
Amounts used	(842)	(603)	(1,445)
Balance at the end of the financial year	<u>1,841</u>	<u>486</u>	<u>2,327</u>
<b>2017</b>			
Balance at beginning of the financial year	1,647	550	2,197
Additional provisions	841	96	937
Amounts used	(690)	(20)	(710)
Balance at the end of the financial year	<u>1,798</u>	<u>626</u>	<u>2,424</u>

**(a) Employee provisions**

**Current provisions expected to be wholly settled within 12 months**

Annual leave	610	597
Long service leave	60	108
	<u>670</u>	<u>705</u>

**Current provisions expected to be wholly settled after 12 months**

Annual leave	32	-
Long service leave	1,014	954
	<u>1,046</u>	<u>954</u>
Total current employee provisions	<u>1,716</u>	<u>1,659</u>

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

4.5 Provisions (cont'd)	2018 \$'000	2017 \$'000
<b>Non-current</b>		
Long service leave	125	139
Annual leave	-	-
Total non-current employee provisions	<u>125</u>	<u>139</u>
Aggregate carrying amount of employee provisions:		
Current	1,716	1,659
Non-current	125	139
Total aggregate carrying amount of employee provisions	<u>1,841</u>	<u>1,798</u>

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.

### Key assumptions:

- discount rate	2.46%	2.22%
- inflation rate	2.00%	2.00%
- settlement rate	13 yrs	11 yrs

	2018 \$'000	2017 \$'000
<b>(b) Landfill restoration</b>		
Current	198	451
Non-current	288	176
	<u>486</u>	<u>627</u>

Council is obligated to restore its Monkey Gully Road landfill site (which is now closed) to a particular standard. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs. Council currently has no operating landfills.

### Key assumptions:

- discount rate	Milliman Discount Rate	Milliman Discount Rate
- inflation rate	2%	2%
- settlement rate	19 yrs	20 yrs

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

<b>4.6 Financing arrangements</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
The Council has the following funding arrangements in place as at 30 June.		
Bank overdraft	300	300
Credit card facilities	88	50
Loan facilities	2,575	2,841
<b>Total facilities</b>	<b>2,963</b>	<b>3,191</b>
Used facilities	2,597	2,841
<b>Unused facilities</b>	<b>366</b>	<b>350</b>

**4.7 Commitments**

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

<b>2018</b>	<b>Not later than 1 year</b>	<b>Later than 1 year and not later than 2 years</b>	<b>Later than 2 years and not later than 5 years</b>	<b>Later than 5 years</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Operating</b>					
Recycling	600	611	1,910	660	3,781
Waste collection	815	831	2,594	898	5,138
Waste Disposal	619	633	1,972	683	3,907
Mansfield Resource Recovery Centre	151	153	316	-	620
Cleaning contracts for council buildings	129	-	-	-	129
Waste water management plan	46				46
Drainage review	48				48
Building Regulation Services	96	96	85		279
Asset management bureau service	266	164	548		978
<b>Total</b>	<b>2,770</b>	<b>2,488</b>	<b>7,425</b>	<b>2,241</b>	<b>14,926</b>
<b>Capital</b>					
Footpaths	85	-	-	-	85
Buildings	48	-	-	-	48
Bridges	-	-	-	-	-
<b>Total</b>	<b>133</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>133</b>

#### 4.7 Commitments (cont'd)

2017	Not later than 1	Later than 1 year	Later than 2	Later than 5	Total
	year	and not later	years and not	years	
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating</b>					
Recycling	494	504	1,572	1,099	3,669
Waste collection	778	778	2,426	1,694	5,675
Waste Disposal	550	561	1,751	1,223	4,085
Mansfield Resource Recovery Centre	142	145	454	-	741
Cleaning contracts for council buildings	185	110	-	-	295
<b>Total</b>	<b>2,148</b>	<b>2,098</b>	<b>6,203</b>	<b>4,016</b>	<b>14,465</b>
<b>Capital</b>					
Roads	180	-	-	-	180
Buildings	87	-	-	-	87
Bridges	139	-	-	-	139
<b>Total</b>	<b>406</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>406</b>

	<b>2018</b>	<b>2017</b>
<b>Operating lease commitments</b>	<b>\$'000</b>	<b>\$'000</b>

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

Not later than one year	19	50
Later than one year and not later than five years	2	13
Later than five years	-	-
	<u>21</u>	<u>63</u>

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

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

**Note 5 Assets we manage**

**5.1 Property, infrastructure, plant and equipment**

**Summary of property, infrastructure, plant and equipment**

	At Fair Value 30 June 2017 \$'000	Additions \$'000	Contributions \$'000	Revaluation \$'000	Depreciation \$'000	Disposal \$'000	Found Assets \$'000	Impairment	Transfers	Transfer from Investment	Change in Policy 30 June 2018 \$'000	At Fair Value 30 June 2018 \$'000
Property	26,589	195	2	4,125	(299)	(34)	695	-	-	-	10,210	41,482
Plant and equipment	2,452	659	-	(30)	(537)	(165)	-	-	-	113	-	2,492
Infrastructure	86,527	1,680	649	5,407	(2,332)	-	66	(327)	659	-	-	92,328
Work in progress	142	798	-	-	-	-	-	-	(659)	-	-	281
	<b>115,710</b>	<b>3,332</b>	<b>651</b>	<b>9,503</b>	<b>(3,169)</b>	<b>(199)</b>	<b>761</b>	<b>(327)</b>	<b>-</b>	<b>113</b>	<b>10,210</b>	<b>136,584</b>

**Summary of Work in Progress**

	Opening WIP \$'000	Additions \$'000	Write-off \$'000	Transfers	Closing WIP \$'000
Infrastructure	142	798	-	(659)	281
Total	<b>142</b>	<b>798</b>	<b>-</b>	<b>(659)</b>	<b>281</b>

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

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**5.1 Property, infrastructure, plant and equipment (cont'd)**

*Asset recognition thresholds and depreciation periods*

	Depreciation Period	Threshold Limit \$'000
Property		
land	-	-
land under roads	-	-
land improvements	20 years	5
Buildings		
buildings	80 years	5
building improvements	80 years	5
Plant and Equipment		
plant, machinery and equipment	5-10 years	1
fixtures, fittings and furniture	2-10 years	1
computers and telecommunications	2-10 years	1
library books	2-12 years	-
Infrastructure		
road pavements	30-100 years	5
seals and asphalt	15-25 years	5
road formation (95% residual) and earthworks	100 years	5
road kerb, channel and minor culverts	40-80 years	5
bridges deck	130 years	2
bridges substructure	130 years	2
bridges other	130 years	2
footpaths and cycleways	15-100 years	2
drainage	100 years	2

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

**5.1 Property, infrastructure, plant and equipment (cont'd)**

**(a) Property**

	Land - specialised	Land - non specialised	Land under Roads	Total Land & Improvements	Buildings - specialised	Buildings - non specialised	Total Buildings	Work In Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2017	1,725	11,672	1,093	14,490	4,490	19,499	23,989	-	38,479
Accumulated depreciation at 1 July 2017	-	-	-	-	(2,466)	(9,424)	(11,890)	-	(11,890)
	1,725	11,672	1,093	14,490	2,024	10,075	12,099	-	26,589
<b>Movements in fair value</b>									
Additions	-	-	-	-	195	-	195	-	195
Contributions	-	-	2	2	-	-	-	-	2
Revaluation	2,211	(79)	-	2,132	3,428	341	3,768	-	5,900
Disposal	(34)	-	-	(34)	-	-	-	-	(34)
Found Assets	40	655	-	695	-	-	-	-	695
Transfers	8,721	(8,721)	-	-	17,292	(17,292)	-	-	-
Change of Accounting Policy	-	-	10,210	10,210	-	-	-	-	10,210
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-
	10,938	(8,145)	10,212	13,005	20,915	(16,951)	3,963	-	16,968
<b>Movements in accumulated depreciation</b>									
Depreciation and amortisation	-	-	-	-	(271)	(28)	(299)	-	(299)
Accumulated depreciation on revaluations	-	-	-	-	(1,632)	(143)	(1,775)	-	(1,775)
Transfers	-	-	-	-	(8,170)	8,170	-	-	-
	-	-	-	-	(10,073)	7,999	(2,074)	-	(2,074)
At fair value 30 June 2018	12,663	3,527	11,305	27,495	25,405	2,548	27,952	-	55,448
Accumulated depreciation at 30 June 2018	-	-	-	-	(12,539)	(1,425)	(13,963)	-	(13,963)
	12,663	3,527	11,305	27,495	12,866	1,123	13,989	-	41,484

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

**5.1 Property, infrastructure, plant and equipment (cont'd)**

**(b) Plant and Equipment**

	Plant machinery and equipment \$'000	Fixtures fittings and furniture \$'000	Computers and telecomms \$'000	Library books \$'000	Total plant and equipment \$'000
At fair value 1 July 2017	4,083	351	1,005	47	5,486
Accumulated depreciation at 1 July 2017	(2,039)	(242)	(749)	(4)	(3,034)
	<b>2,044</b>	<b>109</b>	<b>256</b>	<b>43</b>	<b>2,452</b>
<b>Movements in fair value</b>					
Additions	524	16	69	50	659
Revaluation	-	-	-	(30)	(30)
Disposal	(455)	-	(5)	(104)	(563)
Investment Transfer	-	-	-	299	299
	<b>69</b>	<b>16</b>	<b>64</b>	<b>215</b>	<b>365</b>
<b>Movements in accumulated depreciation</b>					
Depreciation and amortisation	(367)	(26)	(119)	(25)	(537)
Accumulated depreciation of disposals	289	-	5	104	398
Accumulated depreciation of Investment transfer	-	-	-	(185)	(185)
	<b>(78)</b>	<b>(26)</b>	<b>(114)</b>	<b>(106)</b>	<b>(324)</b>
At fair value 30 June 2018	4,152	367	1,069	262	5,851
Accumulated depreciation at 30 June 2018	(2,117)	(268)	(863)	(110)	(3,359)
	<b>2,035</b>	<b>99</b>	<b>206</b>	<b>152</b>	<b>2,492</b>

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

**5.1 Property, infrastructure, plant and equipment (cont'd)**

**(c) Infrastructure**

	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and community	Off street car parks	Work in Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2017	76,638	19,033	6,137	16,569	3,599	1,237	142	123,355
Accumulated depreciation at 1 July 2017	(21,334)	(7,485)	(1,653)	(5,302)	(659)	(253)	-	(36,686)
	55,304	11,548	4,484	11,267	2,940	984	142	86,669
<b>Movements in fair value</b>								
Additions	1,124	332	96	57	71	-	798	2,478
Contributions	237	-	104	308	-	-	-	649
Revaluation	-	6,452	-	1,504	330	142	-	8,428
Found Assets	-	-	-	-	75	-	-	75
Transfers	273	126	20	26	447	(233)	(659)	-
Impairment losses recognised in operating result	(327)	-	-	-	-	-	-	(327)
	1,307	6,910	220	1,895	923	(92)	139	11,303
<b>Movements in accumulated depreciation</b>								
Depreciation and amortisation	(1,615)	(219)	(115)	(168)	(166)	(49)	-	(2,332)
Accumulated depreciation of found assets	-	-	-	-	(9)	-	-	(9)
Accumulated depreciation of revaluations	-	(2,763)	-	(268)	20	(10)	-	(3,021)
Transfers	(4)	-	-	-	(2)	6	-	-
	(1,619)	(2,982)	(115)	(436)	(157)	(53)	-	(5,362)
At fair value 30 June 2018	77,945	25,943	6,357	18,464	4,522	1,145	281	134,657
Accumulated depreciation at 30 June 2018	(22,953)	(10,467)	(1,768)	(5,738)	(816)	(306)	-	(42,049)
	54,992	15,476	4,589	12,726	3,706	839	281	92,609

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

### 5.1 Property, infrastructure, plant and equipment (cont'd)

#### *Acquisition*

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

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

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

#### *Land under roads*

Council recognises land under roads it controls at fair value.

#### *Depreciation and amortisation*

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

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

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

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

#### *Repairs and maintenance*

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

#### **Valuation of land and buildings**

Valuation of land and buildings were undertaken by a qualified independent valuer, LGValuation Services, registration no. 2013. 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

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

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

	Level 1	Level 2	Level 3	Date of Valuation
Land	-	3,527	-	30-Jun-18
Specialised land	-	-	12,663	30-Jun-18
Land Under Roads	-	-	11,305	31-Jan-18
Buildings	-	1,123	12,866	30-Jun-18
<b>Total</b>	<b>-</b>	<b>4,650</b>	<b>36,834</b>	

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

**5.1 Property, infrastructure, plant and equipment (cont'd)**

**Valuation of infrastructure**

Valuation of bridge has been determined in accordance with an independent valuation undertaken by Maloney Asset Management Systems. The valuation of other infrastructure assets has been performed by Council Officers.

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

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

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

	Level 1	Level2	Level 3	Date of Valuation
Roads	-	-	54,992	30/06/2016
Bridges	-	-	15,476	30/06/2018
Footpaths and cycleways	-	-	4,589	30/06/2016
Drainage	-	-	12,726	30/06/2018
Recreational, leisure and community facilities	-	-	3,706	30/06/2018
Off street car parks	-	-	839	30/06/2018
<b>Total</b>	<b>-</b>	<b>-</b>	<b>92,327</b>	

**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 25% and 75% for specialised land and between 75% and 95% for land under roads. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$1 and \$600 per square metre.

**Specialised buildings** are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$350 to \$9,000 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 40 years to 80 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

**Infrastructure assets** are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 15 years to 130 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2018 \$'000	2017 \$'000
<b>Reconciliation of specialised land</b>		
Land under roads	11,304	1,093
Land	12,663	1,725
<b>Total specialised land</b>	<b>23,967</b>	<b>2,818</b>

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

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**5.1 Property, infrastructure, plant and equipment (cont'd)**

**(d) Adjustments directly to equity**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Adjustment arising from recognising land under roads	10,210	-

Council elected to recognise land under roads acquired prior to 1 July 2008 in the 2017-18 financial year. The initial recognition of land under roads is recognised as an adjustment to Council's accumulated surplus for 2017-18.

Land under roads is valued at fair value using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interest of other parties and entitlements of infrastructure assets and services.

The effect of Council recognising land under roads is an increase to the opening balance of accumulated surplus of \$10.21 million and an increase to property, infrastructure, plant and equipment of \$10.21 million.

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

	2018	2017
	\$'000	\$'000

**5.2 Investments in associates and joint arrangements**

**(a) Investments in associates**

Investments in associates accounted for by the equity method are:

High Country Library Corporation	-	103
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**High Country Library Corporation**

*Background*

High Country Library Corporation was established on 8 August 1996. On 21 March 2016 the High Country Library Corporation Board resolved to enter voluntary liquidation. The final distributions were paid to member entities on 9 November 2017 finalising the dissolution. The Mansfield Shire Council's share of assets and liabilities committed to this corporation was 11%.

<b>Fair value of Council's investment in High Country Library Corporation</b>	-	<b>103</b>
-------------------------------------------------------------------------------	---	------------

**Council's share of accumulated surplus/(deficit)**

Council's share of accumulated surplus/(deficit) at start of year	39	99
Reported surplus/(deficit) for year	-	(60)
Transfers (to) from reserves	19	-
Distributions for the year	(58)	-
Council's share of accumulated surplus/(deficit) at end of year	-	<b>39</b>

**Council's share of reserves**

Council's share of reserves at start of year	1	1
Transfers to (from) reserves	(1)	-
Council's share of reserves at end of year	-	<b>1</b>

**Movement in carrying value of specific investment**

Carrying value of investment at start of year	103	163
Share of surplus/(deficit) for year	-	(60)
Share of asset revaluation	19	-
Distributions received	(122)	-
Carrying value of investment at end of year	-	<b>103</b>

**(b) Investments in joint arrangements**

Joint arrangements include:

High Country Library Network shared services agreement.

On 1 August 2016 Mansfield Shire Council entered into a 12 month joint arrangement for library services with Alpine Shire Council, Wangaratta Rural City Council and Benalla Rural City Council. The agreement was subsequently extended to 30 June 2020. Mansfield Shire Council's contribution is 13% of the total cost of the service.

The amounts recognised in the financial statements relating to the joint arrangement are shown as follows:

Expenses (materials and services)	47	49
Property, Plant & Equipment at fair value (library books)	50	47
Total contribution to joint arrangements	<b>97</b>	<b>96</b>

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

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

The High Country Library Network shared services agreement is a joint operation. Council recognises contributions to the High Country Library Network as operating expenses where related to the management and operation of the library network, and capital expenditure where related to the purchase of library books on Council's behalf (refer note 5.1(b)).

There are no contingent assets or contingent liabilities in relation to joint arrangements.

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

	2018	2017
<b>Note 6 People and relationships</b>	<b>No.</b>	<b>No.</b>
<b>6.1 Council and key management remuneration</b>		
<b>(a) Related Parties</b>		
<i>Subsidiaries and joint arrangements</i>		
Interests in subsidiaries and joint arrangements are detailed in Note 5.2.		
<b>(b) Key Management Personnel</b>		
Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:		
<b>Councillors</b>		
Mayor Paul Volkering		
Councillor Peter Olver		
Councillor Marg Attley		
Councillor Paul Sladdin		
Councillor Harry Westendorp		
<b>Total Number of Councillors</b>	5	8
<b>Chief Executive Officer and other Key Management Personnel</b>	7	9
<b>Total Key Management Personnel</b>	12	17
<b>(c) Remuneration of Key Management Personnel</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Total remuneration of key management personnel was as follows:		
Short-term benefits	1,021	948
Long-term benefits	42	14
Post employment benefits	79	73
Termination benefits	33	-
<b>Total</b>	<b>1,175</b>	<b>1,035</b>
The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:		
	<b>No.</b>	<b>No.</b>
\$1 - \$9,999	-	4
\$10,000 - \$19,999	-	2
\$20,000 - \$29,999	4	1
\$30,000 - \$39,999	-	2
\$40,000 - \$49,999	-	2
\$60,000 - \$69,999	1	1
\$100,000 - \$109,999	1	1
\$110,000 - \$119,999	1	-
\$130,000 - \$139,999	3	2
\$140,000 - \$149,999	1	-
\$150,000 - \$159,999	-	1
\$200,000 - \$209,999	-	1
\$210,000 - \$219,999	1	-
	12	17

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

**Note 6 People and relationships (cont'd)**

**(d) Senior Officer Remuneration**

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

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$145,000

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

	<b>2018</b>	<b>2017</b>
Income Range:	<b>No.</b>	<b>No.</b>
\$80,000 - \$89,999	-	1
	<u>-</u>	<u>1</u>
	<b>\$'000</b>	<b>\$'000</b>
Total Remuneration for the reporting year for Senior Officers included above, amounted to	-	88

**6.2 Related party disclosure**

**(a) Transactions with related parties**

During the period Council entered into no transactions with related parties in excess of \$60,000.

All expense and income transactions with related parties are incurred on normal business terms and conditions and are reviewed by the Audit and Risk Advisory Committee.

There are no outstanding balances or commitments with any related party.

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

### Note 7 Managing uncertainties

#### 7.1 Contingent assets and liabilities

##### (a) Contingent assets

There are no contingent assets of which Council is aware at balance date.

##### (b) Contingent liabilities

###### Superannuation

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

###### *Future superannuation contributions*

In addition to the disclosed contributions, Mansfield Shire Council has paid unfunded liability payments to Vision Super totalling \$nil during the 2016-17 year (2015-16 \$nil). There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2017. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2018 are \$nil.

###### Landfill

Until 30 June 2007 Council operated a landfill at Monkey Gully Road, Mansfield which did not accept putrescible waste. Council has received a Hydro Geological Assessment Report from Coffey Environments Australia Pty Ltd. Council are obligated to restore the landfill site to EPA requirements as per the report. Council raised a provision for these works however during the project contingencies may arise. The amount of this potential contingency cannot be determined.

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.

#### 7.2 Change in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2018 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

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

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

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

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

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

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

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

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

##### *Leases (AASB 16) (applies 2019/20)*

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

## 7.2 Change in accounting standards (cont'd)

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

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

## 7.3 Financial instruments

### (a) Objectives and policies

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

### (b) Market risk

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

#### **Interest rate risk**

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

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

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

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

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

### (c) Credit risk

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

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

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

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

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

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

### 7.3 Financial instruments (cont'd)

#### **(d) Liquidity risk**

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

To help reduce these risks Council:

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

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 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 4.4.

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

#### **(e) Sensitivity disclosure analysis**

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

- A parallel shift of + 1% and -1% in market interest rates (AUD) from year-end rates of 2.66%.

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

### 7.4 Fair value measurement

#### *Fair value hierarchy*

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

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

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

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

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

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

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

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

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

#### *Revaluation*

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

#### **7.4 Fair value measurement (cont'd)**

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 2 to 3 years. The valuation is performed either by experienced council officers or independent experts.

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

##### *Impairment of assets*

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

#### **7.5 Events occurring after balance date**

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

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

**Note 8 Other matters**

8.1 Reserves	Balance at beginning of reporting period	Increment	Balance at end of reporting period
(a) Asset revaluation reserves	\$'000	\$'000	\$'000
<b>2018</b>			
<b>Property</b>			
Land	9,193	2,132	11,325
Buildings	3,624	1,993	5,617
	12,817	4,125	16,942
<b>Infrastructure</b>			
Roads	51,805	-	51,805
Bridges	1,433	3,689	5,122
Footpaths and cycleways	17	-	17
Drainage	3,931	1,236	5,167
Recreational, leisure and community facilities	-	350	350
Offstreet car parks	153	132	285
	57,339	5,407	62,746
<b>Total asset revaluation reserves</b>	<b>70,156</b>	<b>9,532</b>	<b>79,688</b>
<b>2017</b>			
<b>Property</b>			
Land & land improvements	9,193	-	9,193
Buildings	3,624	-	3,624
	12,817	-	12,817
<b>Infrastructure</b>			
Roads	51,805	-	51,805
Bridges	1,433	-	1,433
Footpaths and cycleways	17	-	17
Drainage	3,931	-	3,931
Offstreet car parks	153	-	153
	57,339	-	57,339
<b>Total asset revaluation reserves</b>	<b>70,156</b>	<b>-</b>	<b>70,156</b>

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

(b) Other reserves	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
	\$'000	\$'000	\$'000	\$'000
<b>2018</b>				
Road construction Reserve	160	-	-	160
Footpath construction reserve	28	-	-	28
Car Parking Reserve	8	-	-	8
Open space Reserve	196	45	-	241
<b>Total Other reserves</b>	<b>392</b>	<b>45</b>	<b>-</b>	<b>437</b>
<b>2017</b>				
Road construction Reserve	38	122	-	160
Footpath construction reserve	8	20	-	28
Car Parking Reserve	8	-	-	8
Open space Reserve	163	33	-	196
<b>Total Other reserves</b>	<b>217</b>	<b>175</b>	<b>-</b>	<b>392</b>

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

	2018	2017
8.2 Reconciliation of cash flows from operating activities to surplus/(deficit)	\$'000	\$'000
Surplus/(deficit) for the year	3,269	8,486
Depreciation/amortisation	3,169	3,005
(Profit)/loss on disposal of property, infrastructure, plant and equipment	(39)	(42)
Changes in equity in High Country Library Corporation	-	60
Contributions - Non-monetary assets	(651)	(4,141)
Asset revaluation expense	338	-
Found assets	(761)	-
Finance costs	152	203
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	793	(694)
(Increase)/decrease in prepayments	17	-
(increase)/decrease in other assets	(144)	91
(Increase)/decrease in inventories	24	26
Increase/(decrease) in trade and other payables	17	359
Increase/(decrease) in other liabilities	(39)	394
Increase/(Decrease) in provisions	(97)	228
Net cash provided by/(used in) operating activities	<b>6,048</b>	<b>7,975</b>

### 8.3 Superannuation

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

#### Accumulation

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

#### Defined Benefit

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

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

#### Funding arrangements

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

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

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

Vision Super has advised that the VBI at June 2018 was 106%.

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

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

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### 8.3 Superannuation (cont'd)

#### **Employer contributions**

##### **Regular contributions**

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

##### **Funding calls**

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

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

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

#### **2017 triennial actuarial investigation surplus amounts**

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

- A VBI surplus of \$69.8 million
- A total service liability surplus of \$193.5 million.
- A discounted accrued benefits surplus of \$228.8 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2017. Council was notified of the 30 June 2017 VBI during August 2017.

#### **2018 interim actuarial investigation**

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

## Performance Statement

For the year ended 30 June 2018

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### Description of municipality

Mansfield Shire is home to the dramatic landscapes of Victoria's High Country. Visitors and locals agree you can really sense the personality of the place – it's about lifestyle, farming, all things outdoors and a "can do" attitude.

Less than two hours north east of Melbourne, our municipality covers 3,843 square kilometres. Our Shire is home to Mt Buller and Mt Stirling Alpine Resorts (managed by the Mt Buller and Mt Stirling Alpine Resort Management Board), the Alpine National Park, and the second largest inland waterway in Australia - Lake Eildon.

Tourism, agriculture and lifestyle underpin the Shire's strong economy, supported by a diverse range of commercial and service sectors.

The alpine resort areas of Mt Buller and Mt Stirling are wholly surrounded but excluded from our municipal district. A significant proportion of the municipality is Crown land.

Five major river systems, the Delatite, Howqua, Jamieson, Big and Goulburn, have their headwaters in the Shire and all flow into Lake Eildon.

Agriculture is one of the Shire's key economic drivers, contributing \$60.7m to the Shire's economy. Cattle and sheep grazing, along with seed production, are major industries within the Shire. Grape and tomato production are also significant as are many agriculture related service industries.

It is estimated that Mansfield Shire has an employment base of 3,743 and an industry output of \$823m. The impact of tourism as an economic driver is estimated as 20% of total industry output and 25% of total employment (*RDA Australia - Hume Economic Profile report*).

The Australian Bureau of Statistics (ABS) data from the 2016 census shows our Shire's population at 8,605, an increase of 663 (8.35%) persons since 2011 census figure of 7,942 persons. This figure is expected to grow to 10,000 persons by 2031.

Mansfield, as the major service centre for the Shire, is central to many unique towns and villages. The development of our Shire owes much to our small towns such as:

- Ancona
- Goughs Bay
- Kevington
- Merrijig
- Tolmie
- Barjarg
- Howqua
- Macs Cove
- Merton
- Woods Point
- Bonnie Doon
- Jamieson
- Mairdample
- Sawmill Settlement/Alpine Ridge

Mansfield Shire Council will continue to be challenged in providing an appropriate level of infrastructure and services to a growing population in the context of a small rural shire. Roads, bridges and drainage networks are extensive and ageing and will also challenge the capacity of the municipality into the future.

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## Sustainable Capacity Indicators

For the year ended 30 June 2018

Indicator/measure	Results				Material Variations
	2015	2016	2017	2018	
<b>Population</b>					
Expenses per head of municipal population [Total expenses / Municipal population]	\$2,263	\$2,281	\$2,079	\$2,210	No material variation
Infrastructure per head of municipal population [Value of infrastructure / Municipal population]	\$12,249	\$11,699	\$11,763	\$12,503	A change in accounting policy to recognise all land under roads has increased the value of infrastructure by \$10.2m in 2017-18.
Population density per length of road [Municipal population / Kilometres of local roads]	10	10	11	11	No material variation
<b>Own-source revenue</b>					
Own-source revenue per head of municipal population [Own-source revenue / Municipal population]	\$1,588	\$1,656	\$1,641	\$1,777	No material variation
<b>Recurrent grants</b>					
Recurrent grants per head of municipal population [Recurrent grants / Municipal population]	\$687	\$447	\$743	\$570	50% of the 2017-18 Financial Assistance Grants allocation was received in 2016-17, inflating the recurrent grants for 2016-17.
<b>Disadvantage</b>					
Relative socio-economic disadvantage [Index of Relative Socio-economic Disadvantage by decile]	6	6	7	7	No material variation

## 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.

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## Service Performance Indicators

For the year ended 30 June 2018

Service/indicator/measure	Results				Material Variations
	2015	2016	2017	2018	
<b>Aquatic facilities</b>					
<b>Utilisation</b>					
<i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	2	2.4	2.1	2.1	No material variation
<b>Animal management</b>					
<b>Health and safety</b>					
<i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	0	8	3	0	There were no prosecutions this year as there were no serious matters which required Court action.
<b>Food safety</b>					
<b>Health and safety</b>					
<i>Critical and major non-compliance notifications</i> [Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100	100%	92%	96%	97%	No material variation
<b>Governance</b>					
<b>Satisfaction</b>					
<i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	53	56	60	54	Although this result is down on the 2016-17 result, it is equal to the State-wide average and above that for small rural councils.

Service/indicator/measure	Results				Material Variations
	2015	2016	2017	2018	
<b>Home and community care</b>					
<b>Participation</b> <i>Participation in HACC service</i> [Number of people that received a HACC service / Municipal target population for HACC services] x100	41%	34%	N/A	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
<b>Participation</b> <i>Participation in HACC service by CALD people</i> [Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100	27%	23%	N/A	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
<b>Libraries</b>					
<b>Participation</b> <i>Active library members</i> [Number of active library members / Municipal population] x100	22%	18.4%	18.1%	18.8%	No material variation
<b>Maternal and child health</b>					
<b>Participation</b> <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	72%	72%	82%	77%	No material variation

Service/indicator/measure	Results				Material Variations
	2015	2016	2017	2018	
<b>Participation</b> <i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	80%	100%	100%	100%	No material variation
<b>Roads</b> <b>Satisfaction</b> <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	60	57	59	45	Two major road reconstruction projects undertaken during the year, within the main township of Mansfield, required defect rectification by the contractors who performed the works. The defects were widely known by the community and the extended works caused inconvenience to many as the roads are common thoroughfares. It is expected this issue contributed to the community's perception of the sealed local roads when answering the community satisfaction survey.
<b>Statutory Planning</b> <b>Decision making</b> <i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	0%	100%	100%	100%	One decision was to vary the conditions Council has placed on the Notice of Decision, another upheld Council's decision and for the last Council reconsidered its position and a permit was issued after mediation.

Service/indicator/measure	Results			Material Variations
	2015	2016	2017	
<b>Waste Collection</b>				
<b>Waste diversion</b>				
Kerbside collection waste diverted from landfill	32%	34%	35%	No material variation
[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100				
<b>Definitions</b>				
<i>"Aboriginal child" means a child who is an Aboriginal person</i>				
<i>"Aboriginal person" has the same meaning as in the Aboriginal Heritage Act 2006</i>				
<i>"active library member" means a member of a library who has borrowed a book from the library</i>				
<i>"annual report" means an annual report prepared by a council under sections 131, 132 and 133 of the Act</i>				
<i>"CALD" means culturally and linguistically diverse and refers to persons born outside Australia in a country whose national language is not English</i>				
<i>"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</i>				
<i>"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</i>				
<i>"Community Care Common Standards" means the Community Care Common Standards for the delivery of HACC services, published from time to time by the Commonwealth</i>				
<i>"HACC service" means home help, personal care or community respite provided under the HACC program</i>				
<i>"local road" means a sealed or unsealed road for which the council is the responsible road authority under the Road Management Act 2004</i>				
<i>"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</i>				
<i>"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</i>				

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**Definitions cont.**

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

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

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

"population" means the resident population estimated by council

"target population" has the same meaning as in the Agreement entered into for the purposes of the Home and Community Care Act 1985 of the Commonwealth  
"WorkSafe reportable aquatic facility safety incident" means an incident relating to a council aquatic facility that is required to be notified to the Victorian WorkCover Authority under Part 5 of the Occupational Health and Safety Act 2004.

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## Financial Performance Indicators

For the year ended 30 June 2018

Dimension/indicator/ measure	Results					Forecasts					Material Variations	
	2015	2016	2017	2018	2019	2020	2021	2022				
<b>Efficiency</b>												
<b>Revenue level <sup>1</sup></b>												
<i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]	\$1,358	\$1,416	\$1,507	\$1,530	\$1,595	\$1,634	\$1,675	\$1,717	No material variation			
<b>Expenditure level</b>												
<i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$2,537	\$2,509	\$2,369	\$2,513	\$2,436	\$2,469	\$2,508	\$2,529	No material variation			
<b>Workforce turnover</b>												
<i>Resignations and terminations compared to average staff</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	11%	10%	11%	16%	4%	4%	2%	2%	In an effort to reduce operational costs and create efficient working practices, Council undertook an organisational restructure in April 2018 that led to a number of redundancies. The organisation is now expected to stabilise over the next 4 years with minimal turnover.			

<sup>1</sup> Forecasts for this measure differ from those represented in the Mansfield Shire Council adopted Budget 2018-19 because the calculation for *residential rate revenue* in the budget includes only general rates and municipal charge, where the calculation for *residential rate revenue* in this performance statement also includes waste charge income.

Dimension/indicator/ measure	Results						Forecasts			
	2015	2016	2017	2018	2019	2020	2021	2022	Material Variations	
<b>Liquidity</b> <b>Working capital</b> Current assets compared to current liabilities [Current assets / Current liabilities] x100	181%	163%	215%	275%	250%	226%	181%	183%	A reduction in capital expenditure (Council contribution) has driven an increase in cash held in term deposits. This is expected to begin to decline over future years as Council focuses on the delivery of some key infrastructure projects.	
<b>Unrestricted cash<sup>2</sup></b> Unrestricted cash compared to current liabilities [Unrestricted cash / Current liabilities] x100	110%	85%	117%	20%	53%	51%	50%	50%	A change in the recognition of term deposits from cash in 2017 to financial assets in 2018 (to comply with reporting regulations) has led to a significant shift in this measure. Council holds all excess funds in term deposits ranging from 3 to 6 months. As at 30 June 2018 Council held \$8.2m in term deposits, which are now excluded from the definition of unrestricted cash used to calculate in this measure. Including term deposits, total cash has increased compared to last year, driven by a reduction in capital expenditure (Council contribution) due to project delays incurred in 2018. This is expected to begin to decline over future years as Council focuses on the delivery of some key infrastructure projects.	

<sup>2</sup> Forecasts for this measure differ from those represented in the Mansfield Shire Council adopted Budget 2018-19 due to a change in the classification of term deposits, reclassified from cash and cash equivalents to financial assets for the purposes of Performance Statements.

Dimension/indicator/ measure	Results					Forecasts					Material Variations
	2015	2016	2017	2018	2019	2020	2021	2022	2023		
<b>Asset renewal</b> <i>Asset renewal compared to depreciation</i> [Asset renewal expenses / Asset depreciation] x100	40%	30%	61%	43%	111%	117%	117%	101%		2017-18 saw delays and deferral of some capital projects. Building and road renewal are key focus areas on the Capital Works program forecast for the next 4 years, striving for a minimum of 100% renewal ratio. Many of the forecast projects hinge on successful grant funding applications. If the anticipated grant funding is not forthcoming, the projects will not proceed.	
<b>Loans and borrowings<sup>3</sup></b> <i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	34%	28%	23%	20%	17%	15%	13%	12%		Council continue to pay down debt, and with no new borrowings forecast over the next 4 years loans will continue to reduce.	
<b>Loans and borrowings</b> <i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	6%	7%	5%	4%	3%	2%	2%	2%		Council continue to pay down debt, and with no new borrowings forecast over the next 4 years loans will continue to reduce.	

<sup>3</sup> Forecasts for this measure differ from those represented in the Mansfield Shire Council adopted Budget 2018-19 because the calculation for *residential rate revenue* in the budget includes only general rates and municipal charge, where the calculation for *residential rate revenue* in this performance statement also includes waste charge income.

Dimension/indicator/ measure	Results					Forecasts				Material Variations
	2015	2016	2017	2018	2019	2020	2021	2022		
<b>Indebtedness</b> Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x100	28%	24%	20%	17%	16%	14%	13%	11%	Council continue to pay down debt, and with no new borrowings forecast over the next 4 years non-current liabilities will continue to reduce.	
<b>Operating position</b> <b>Adjusted underlying result<sup>4</sup></b> Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	5%	-5%	15%	8%	4%	6%	4%	5%	50% of the 2017-18 Financial Assistance Grants allocation (\$1.4m) was received in 2016-17, inflating the 2016-17 underlying surplus. The 2017-18 surplus includes an additional \$761k in found assets (land assets recently identified as owned by Council but not previously recognised on the balance sheet). This is a non-cash income item that is not expected to occur during the 4 year forecast period.	
<b>Stability</b> <b>Rates concentration<sup>5</sup></b> Rates compared to adjusted underlying revenue [Rate revenue / Adjusted underlying revenue] x100	60%	69%	60%	63%	70%	69%	71%	71%	No material variation.	

<sup>4</sup> The forecasts for this measure differ from those represented in the Mansfield Shire Council adopted Budget 2018-19 due to a correction in the calculation of underlying surplus. <sup>5</sup>

Forecasts for this measure differ from those represented in the Mansfield Shire Council adopted Budget 2018-19 because the calculation for *residential rate revenue* in the budget includes only general rates and municipal charge, where the calculation for *residential rate revenue* in this performance statement also includes waste charge income.

Dimension/indicator/ measure	Results			Forecasts				Material Variations	
	2015	2016	2017	2018	2019	2020	2021		2022
<b>Rates effort</b> <i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality ] x100	0.41%	0.43%	0.41%	0.38%	0.39%	0.38%	0.38%	0.37%	The most recent property valuation showed an 11% average increase in Capital Improved Value over the last 2 years, while rate income increased only 2% in 2017-18 as per the imposed rate cap. Property values in the municipality are expected to increase approximately 5% per annum over the forecast years. Rates are expected to increase at the rate cap of 2.25% in 2018-19, and an estimated cap of 2.45% in 2019-20 and 2.5% thereafter.

**Definitions**

"adjusted underlying revenue" means total income other than:

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

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

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

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

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

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

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

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

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**Definitions cont.**

"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.

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## Other Information

For the year ended 30 June 2018

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### 1. Basis of preparation

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

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

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

Except where specified, the forecast figures included in the performance statement are those adopted by Council in its strategic resource plan on 26 June 2018 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.

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## Certification of the Performance Statement

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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*.



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Mandy Kynnersley CA, BBus (Acc)  
**Principal Accounting Officer**  
Dated: 18 September 2018

In our opinion, the accompanying performance statement of the Mansfield Shire Council for the year ended 30 June 2018 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.



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Harry Westendorp  
**Mayor**  
Dated: 18 September 2018



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**Councillor**  
Dated: 18 September 2018



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Alex Green  
**Chief Executive Officer**  
Dated: 18 September 2018

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# Independent Auditor's Report

## To the Councillors of Mansfield Shire Council

<b>Opinion</b>	<p>I have audited the accompanying performance statement of Mansfield Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> <li>• description of municipality for the year ended 30 June 2018</li> <li>• sustainable capacity indicators for the year ended 30 June 2018</li> <li>• service performance indicators for the year ended 30 June 2018</li> <li>• financial performance indicators for the year ended 30 June 2018</li> <li>• other information and</li> <li>• the certification of the performance statement.</li> </ul> <p>In my opinion, the performance statement of Mansfield Shire Council in respect of the year ended 30 June 2018 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</i>.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Councillors' responsibilities for the performance statement</b>	<p>The Councillors are responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 1989</i> and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.</p>
<b>Auditor's responsibilities for the audit of the performance statement</b>	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists.</p>

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Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement.

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

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

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

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MELBOURNE  
20 September 2018



Tim Loughnan  
as delegate for the Auditor-General of Victoria

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# Mansfield Shire Council

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