

RURAL CITY OF WANGARATTA

# ANNUAL REPORT

2017 - 2018



# CONTENTS

Our Values & Behaviours	1
Mayor's Message	2
CEO's Message	3
Our Community	4
Description of Operations	6
Our People	8
Our Performance	12
Governance & Management Checklist	31
Statutory Information	34
Performance Statement	38
Financial Report	48

## COUNCIL OFFICES

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📘 Wangaratta Council



# OUR VISION - FEELS LIKE HOME



## OUR VALUES AND BEHAVIOURS

### LEADERSHIP

Council will exercise diligence in decision-making and good governance and accept responsibility for the consequences of those actions taken with appropriate accountability.

### ENGAGEMENT

Council will actively and openly participate in consultation and strive to achieve effective governance and the best outcome for the community.

### RESPECT

Council will value the contribution and individuality of others and aim to achieve an honest and healthy working relationship with all citizens.

### PROGRESSION

Council will aim to achieve continuous improvement in performance and the highest standards and outcomes for the Rural City of Wangaratta.

## MAYOR'S MESSAGE

It is with a tinge of sadness that I commence my report this year after losing a long-time family friend and councillor during the year. Cr Ruth Amery's passion for the Arts saw her throw herself into the portfolio with such energy that following her death the Council looked at ways that she would be remembered, so much so that council saw fit to include a budget item to recognise her love of colour which was always on display. In conjunction with her family we soon hope to announce an award in Ruth's name, as part of the Wangaratta Contemporary Textile Awards which is held every two years.

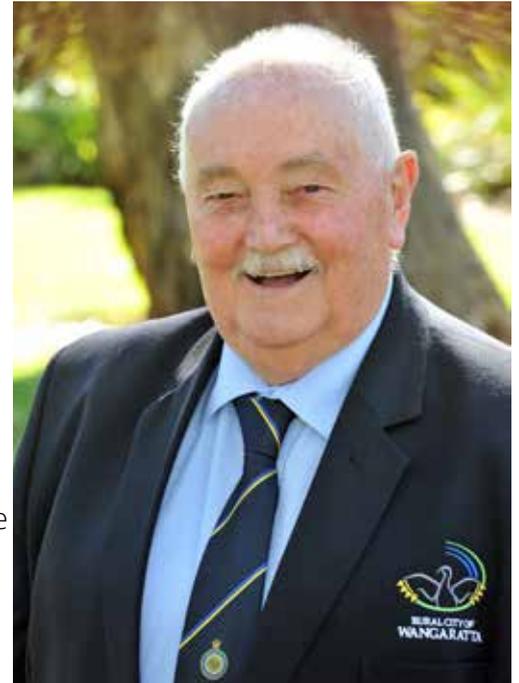
Timing issues have again played havoc with our bottom line as we were unable to complete all of our Capital Works. Recruitment of staff to project manage was a concern last year which didn't help with our ability to deliver. However I am pleased to report a strong Balance Sheet with Cash and Cash Equivalents increasing by \$4.579m to \$12,140m and these cash balances will support the record Capital Works program in 2018/2019 of almost \$40m. Councillors have expressed concern that Capital Works have lagged in the past two financial years, and they had set a target of at least 85% of this \$40m being delivered on time in the 2018/2019 financial year. The other issue we had was the contamination of North Wangaratta oval. Government funding was received and I am pleased to say that we have been able to satisfy all the EPA requirements at the site. Development contributions toward drainage, footpaths and roads (including kerb & channel) produced income of \$2.48m which also added to our income during the year.

Kerbside waste, both recycling and green waste continues to increase and this certainly means our landfill life is increasing. Total rates for the year of \$30,738m was an increase of 1.039% from the previous year. Federal government funding for local roads of \$2.584m also allowed the City to make some improvements to local roads. Work has commenced on the preparation of land at our previous landfill site on the eastern side of the freeway for construction of our own organics processing plant. When this is completed in the first half of 2019, we will be able to process our own green waste and not transport it to Stanhope 140 km away at an annual cost exceeding \$600,000. EPA approvals have been obtained and councillors and staff look forward to this first in Australia plant becoming fully operational.

I would like to thank sincerely the Corporate Management Team and staff for their continued efforts over the past twelve months. To lose your Director at the end of June put a significant additional load on you to prepare the financial reports and the council thank you for your diligence. When you say it quickly the \$62m budget doesn't indicate the requirements of the Local Government Act and the financial statements needing preparing, but these figures need to be produced in a very short time frame. I must also pay tribute to our army of volunteers, whether they be in service clubs, sporting clubs or organisations providing a service, as without you Wangaratta would not be thriving in a way that I know is getting harder as every year passes by. I thank my fellow councillors for their efforts over the year, they too are doing their utmost to make Wangaratta "Feel like home".

Ken Clarke OAM

*Mayor*



## CEO'S MESSAGE

Results of the hard work and planning that took place in 2017/18 will be felt for years to come in the Rural City of Wangaratta.

It was a year where structures, plans and funding were put in place to allow Council to deliver big, important projects and initiatives for our community well into the future.

A clear example of this was in the events and attractions space. Wangaratta has for years been known as a sporting and live music destination in North East Victoria. Events deliver economic and cultural benefits to our community, by bringing in visitors and new experiences for people to enjoy.

That's why Council adopted a new Events and Attractions Strategy this year. It sets the goal of attracting two new marquee events to the municipality each year.

Wangaratta had a taste of marquee events this year, with the JLT AFL pre-season match between Richmond and Essendon at the Norm Minns Oval and the 2018 Gold Coast Commonwealth Games Queen's Baton Relay North East community event held in February.

I'm glad to say Council was able to secure two marquee events, with A Hitch to the Sticks music festival and the Ovens and Murray Grand Final to be staged in 2018/19 as a result of this strategy. These events add to Wangaratta's already bustling events calendar.

In the planning space an Industrial Land Use Strategy was adopted by Council and significant progress was made on Planning Scheme Amendment C71, which will open up 300 hectares of land for new housing. The amendment will create enough room for the next 15 years of growth in Wangaratta, with room to accommodate up to 7000 residents.

Design work was also completed on a number of major infrastructure projects, paving the way for Council to deliver a \$38.7m capital works program in 2018/19.

A new Enterprise Agreement is another item where the majority of the work was done in 2017/18, allowing for Council to push ahead in coming years. Council has also re-worked its structure so that there are more project managers and project officers in place to deliver capital works.

Funding support was also gained by Council for important projects that will be carried out in years to come, with \$2.5m received from the State Government towards the Railway Precinct Enhancement Project, \$500,000 towards the Organic Processing Plant, \$400,000 from the Federal Government towards building new hangars at Wangaratta Aerodrome and \$334,500 for Coronation Kindergarten.

The progress made in 2017/18 will allow Council to deliver more for our community in 2018/19 and following years, with more events, more development and a higher capacity to deliver community infrastructure improvements.

**Brendan McGrath, Chief Executive Officer**



# OUR COMMUNITY

Our home is both a vibrant city surrounded by distinctive rural villages.

Our industries include transport and logistics, health services, education and government agencies, small business and a nationally significant agricultural industry.

Our community is a hub for recreational, commercial, educational, tourism and health facilities.

Our families value access to childcare and kindergarten services, twenty primary schools, specialist schools and three secondary facilities. Tertiary education includes a TAFE Institute, a center for continuing education and a campus of Charles Sturt University.

Our culture annually welcomes the Wangaratta Festival of Jazz and Blues, festivals and celebrations in our King Valley and rural communities, historical areas of significance and a strong indigenous identity.

The Rural City of Wangaratta is widely recognised as offering a quality lifestyle. Here you can enjoy life at the perfect pace, balancing family and career aspirations in a vibrant, safe, progressive and caring community.

**28,310**

OUR POPULATION 2016



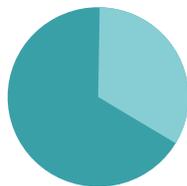
PROJECTED  
POPULATION  
GROWTH BETWEEN  
2014 & 2024



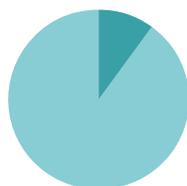
MALE



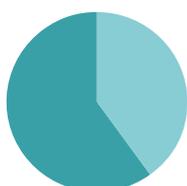
FEMALE



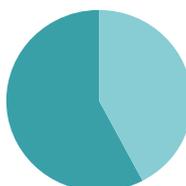
THE PROPORTION OF SENIORS 65  
YEARS OR OLDER WILL INCREASE  
TO ALMOST A THIRD OF THE  
POPULATION BY 2031



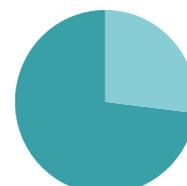
**90%** of residents report  
that people in their neigh-  
bourhood are willing to  
help each other out



**40%** of people  
aged over 75 years  
live alone



**42.3%** of people  
have an income  
less than \$400  
per week



**27%** of people  
help as a volunteer

**6.5%**

People who  
speak a language  
other than English  
at home

**1.3%**

People who identify  
as aboriginal  
or Torres Strait  
Islander

**6.4%**

Unemployment  
rate

# IN THE PAST YEAR WE...

## CELEBRATED OUR CITIZEN, YOUNG CITIZEN AND COMMUNITY EVENT OF THE YEAR



**CAME TOGETHER FOR COMMUNITY EVENTS**



**SPENT \$12M IMPROVING OUR INFRASTRUCTURE**



**DIVERTED 3719 TONNES OF ORGANIC WASTE FROM LANDFILL BY USING OUR GREEN BINS**



# DESCRIPTION OF OPERATIONS

At the Rural City of Wangaratta we're responsible for a broad range of services, from family and children's services, aged and disability services, community and recreation, parks and gardens and facilities management; to matters concerning economic development, town and statutory planning and governance. We also run a Performing Arts Centre and Art Gallery, as well as a Library and Visitor Information Centre.

Our vision, strategic objectives and strategies to further improve services and facilities are described in our 2017-2021 Council Plan and the associated 2017-18 Budget and reported upon in this document. Refer to the section on Our Performance for more information about Council services.

The delivery of services, facilities, support and advocacy to achieve the Strategic Objectives is measured by a set of service performance indicators and measures. Council also has a wide range of responsibilities under the Victorian and Australian legislation.

## ECONOMIC FACTORS

A change in the global recycling market was the most significant economic factor affecting Council in 2017/18. China's new standards for recyclable materials meant that the cost of kerbside recycling increased for ratepayers. Council was able to renegotiate the agreement with its contractor, JJ Richards, so that services continued, albeit with a \$21 increase to recycling charges put in place for 2018/19, with \$15 of this attributed to the global change.

## MAJOR CAPITAL WORKS

The capital works budget for 2017/18 of \$12m was significantly underspent due to a range of factors. This included delays in external funding. Despite underspending, there was still progress in delivering community infrastructure:

- Aquatics Strategy: The construction of a 50m outdoor pool and indoor hydrotherapy pool at the Wangaratta Indoor Sports and Aquatic Centre did not begin in the 2017/18 year. This was because Council was seeking \$4.4m in Federal Government funding, with this money awarded in the 2018/19 financial year.
- Organics Processing Plant. EPA works approval for the new organics processing plant was granted in October 2017, allowing for construction to begin. This included clearing of the site, and the building of an access road. The construction will be completed in 2018/19.
- Park Lane shared path and drainage. Some \$1.3m was spent improving Park Lane in Wangaratta. The street is adjacent to sporting grounds and had been subject to flash flooding in the past. The project involved new drainage, an 800m long shared path and the creation of 78 new parking bays. The work was completed in May 2018.
- Appin Park Lighting. Appin Park athletics complex received six new light towers with a capacity of 250 lux to meet both Australian Hockey and Australian little athletics standards. The lights were installed in March 2018, with the project 95% complete by June 2018.

## MAJOR CHANGES

- The most significant change to occur in 2017/18 was the move to establish an independent board to run the Wangaratta Livestock Exchange. The skills based board was appointed by Council to begin running the facility from August 2018.
- Council also continued to progress a new Enterprise Agreement, with staff voting in favour of the agreement, though Fair Work Australia endorsement occurred in July 2018, outside of 2017/18.

## OUR COUNCIL

In October 2017 Councillor Ruth Amery passed away. Cr Amery had been elected to the City Ward at the 2016 Council elections. She had held the Arts, Culture and Heritage Portfolio and was a strong advocate for the work undertaken at the Wangaratta Art Gallery.

Following the passing of Cr Amery a countback was held, where Councillor Ashlee Fitzpatrick was elected to the City Ward. She joined the Councillors elected at the 2016 election.

Councillor Ken Clarke was re-elected Mayor of the Rural City of Wangaratta on 28 November 2017, with Councillor Mark Currie elected Deputy Mayor, replacing Cr Harvey Benton.

## COUNCILLORS ELECTED AT THE 2016 GENERAL ELECTION



**Cr Ken Clarke**

*City Ward*

k.clarke@wangaratta.vic.gov.au  
0429 601 587



**Cr Mark Currie**

*Warby Ward*

m.currie@wangaratta.vic.gov.au  
0428 431 607



**Cr Dean Rees**

*City Ward*

d.rees@wangaratta.vic.gov.au  
0429 623 141



**Cr Harvey Benton**

*North Ward*

h.benton@wangaratta.vic.gov.au  
0429 542 928



**Cr David Fuller**

*City Ward*

d.fuller@wangaratta.vic.gov.au  
0429 545 907



**Cr Harry Bussell**

*South Ward*

h.bussell@wangaratta.vic.gov.au  
0429 475 863



**Cr Ashlee Fitzpatrick**

*City Ward*

a.fitzpatrick@wangaratta.vic.gov.au  
0448 384 600

# OUR PEOPLE

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. Four Directors and the CEO form the Corporate Management Team (CMT) and lead the organisation. Details of the CEO and senior officers reporting directly to the CEO are set out below.



**Brendan McGrath**  
*Chief Executive Officer*

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**Barry Green**  
*Director - Development Services*

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**Areas of responsibility**

- Strategy, Growth and Environment
- Planning and Compliance



**Ruth Kneebone** *(resigned June 2018)*  
*Director - Corporate Services*

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**Areas of responsibility**

- Finance
- People and Governance
- Customer and Information Services
- Media and Communication



**Jaime Carroll**  
*Director - Community Wellbeing*

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**Areas of responsibility**

- Arts Culture and Events
- Community and Recreation



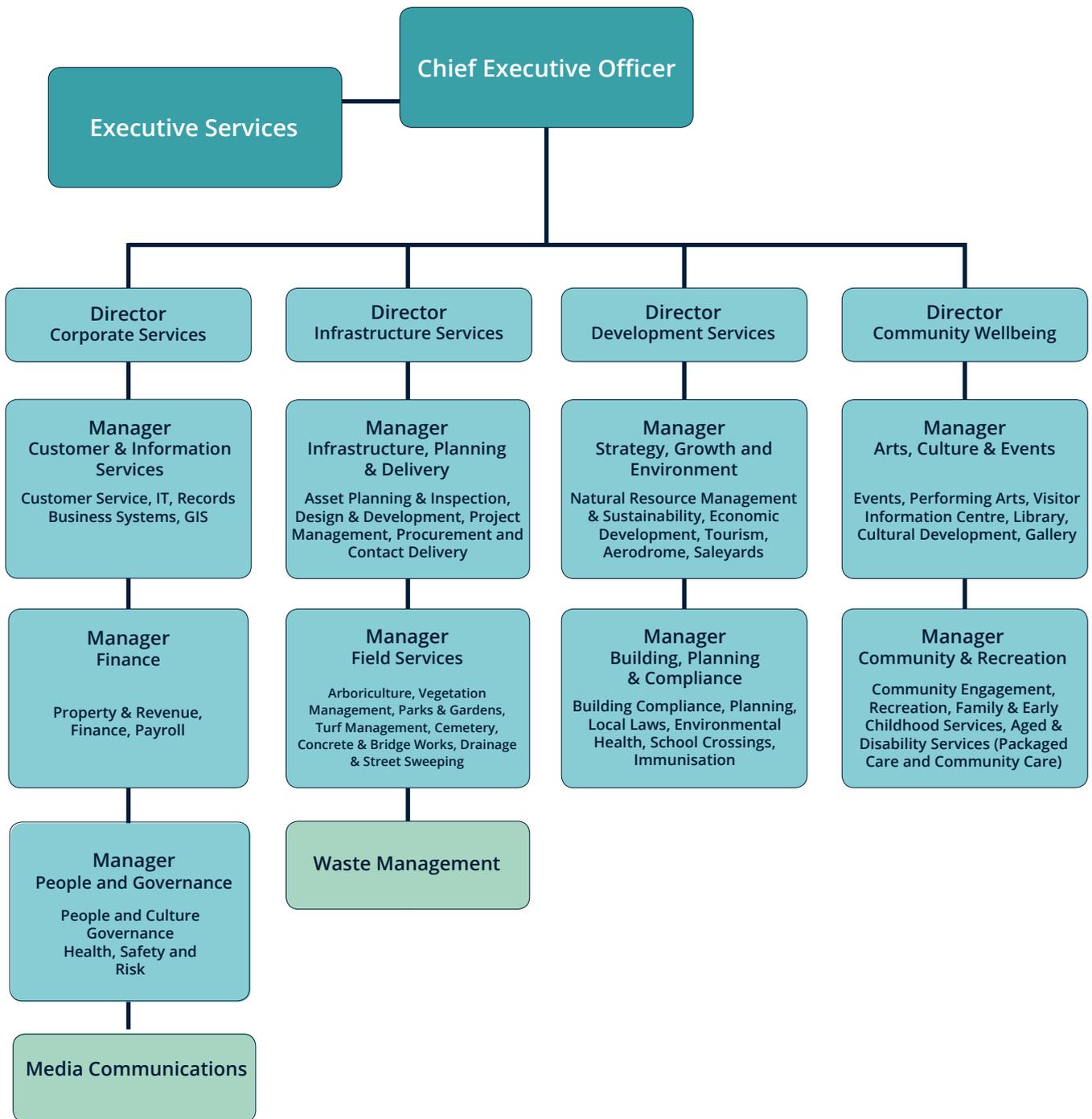
**Alan Clark**  
*Director - Infrastructure Services*

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**Areas of responsibility**

- Infrastructure Planning and Delivery
- Field Services
- Waste
- Emergency Management

## ORGANISATIONAL STRUCTURE



## COUNCIL STAFF

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

Employee Type / Gender	Community Wellbeing	Corporate Services	Development Services	Executive Services	Infrastructure Services	Grand Total
<b>Female</b>	74.71	18.89	13.08	4.19	13.32	124.19
Casual	6.00	0.00	1.15	0.35	0.00	7.50
Full Time	31.20	11.00	9.00	3.00	10.00	64.20
Part Time	37.51	7.89	2.93	0.84	3.32	52.49
<b>Male</b>	9.11	9.00	14.75	1.00	81.14	115.00
Casual	0.61	0.00	1.40	0.00	0.01	2.02
Full Time	7.00	9.00	12.00	1.00	81.00	110.00
Part Time	1.50	0.00	1.35	0.00	0.13	2.98
<b>Grand Total</b>	<b>83.82</b>	<b>27.89</b>	<b>27.83</b>	<b>5.19</b>	<b>94.46</b>	<b>239.19</b>

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

Employment Classification	Female	Male	Total
Not Applicable	14.41	7.00	21.41
Band 1	1.66	1.91	3.57
Band 2	0.00	0.01	0.01
Band 3	26.87	38.23	65.10
Band 4	25.96	23.01	48.97
Band 5	19.61	18.00	37.61
Band 6	20.49	11.00	31.49
Band 7	10.55	11.00	21.55
Band 8	4.63	4.84	9.47
<b>Total</b>	<b>124.19</b>	<b>115</b>	<b>239.19</b>

## PEOPLE AND CULTURE

### WORKPLACE HEALTH AND SAFETY

Council staff, contractors and volunteers work together to ensure we all go home safe and well today and every day. We have focused on meeting the requirements of the National Self-insurer OHS Management System Audit Tool, together with providing active support to staff who are injured at work so that they are able to return and continue to contribute safely to the organisation. Our Workplace Health and Safety Committees are very active and have worked on issues such as the Sun Smart Policy, risk assessment of a new staff amenities area and a review of the Committee Charter. Our Lost Time Injury Frequency Rate was 3.5 which is a slight increase on the previous year. Our WorkCover premium was \$213,942 which was a 41% reduction on the on the previous year, recognising the significant improvement in safe work performance and reduction in serious injuries. During the year Council joined the Municipal Association of Victoria WorkCare self-insurance Scheme.

### EMPLOYEE RELATIONS

During 2017/18 negotiations for our new Enterprise Agreement concluded. Whilst negotiations proceeded well, the approval process was protracted. The Agreement provides for annual wage increases of 1.5%, together with changes to the Annual Review process and allowances. These recognise the impact of rate-capping on Council's operations.

### ORGANISATION DEVELOPMENT

During the year, Council re-focused on its Community Promise through a training program for all staff and a community survey. You told us that our provision of aged care services and our library and gallery are of a high standard; we need to be more responsive when you raise concerns with us and stick to our timeframes in providing an answer; our compliance staff are compassionate when managing difficult situations; and we support community events well. Work is continuing to ensure we improve on our delivery of the Community Promise.

As a mark of respect for our late colleague, Karen Chetcuti, an award was established in her name. The award recognises the staff member who displays our values, delivers exceptional services and sets the bar at a high standard to achieve extraordinary outcomes, which are the things that Karen did every day. The winner of the Karen Chetcuti Award for 2017-18 was Allan Thrum. Allan is an outstanding problem solver who has extensive knowledge of Council's assets and directs his energy to ensuring they are fit for purpose. Allan is an excellent, customer-focused project manager who has served our community since 1982.

### GENDER EQUITY

As one of the largest employers in Wangaratta, we are taking a leading role in improving gender equity in our workplace, encouraging a culture of respect and creating a safe and supportive workplace. Our future success is dependent on attracting and retaining the best employees and providing them with an inclusive workplace culture where all employees are valued and included.

Through the Gender Equity Strategy, Council is making a commitment to creating an inclusive workplace where assumptions are questioned and barriers are removed to ensure equitable outcomes regardless of gender. Council recognises that addressing gender inequity is crucial to achieving improved organisational performance, better health and social wellbeing and the prevention of violence against women.

# OUR PERFORMANCE

## COUNCIL PLAN

The Council Plan 2017-21 includes strategic objectives, key strategic activities and actions for achieving these for the four year period. The Plan also includes strategic indicators for monitoring achievement of the strategic objectives and a strategic resource plan.

## 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.

## KEY RESULT AREAS

Council delivers Key Strategic Activities and Actions under 19 objectives. Each contributes to the achievement of one of five Key Result Areas as set out in the Council Plan for the years 2017-21. The following tables set out the five Key Result Areas as described in the Council Plan.





# WE ARE THRIVING

## STRATEGIC OBJECTIVES

As a community we have access to the services and facilities we need to keep us healthy. We can move around and be active, get medical attention and join in social, cultural and recreational activities with our friends and family.

Strategic Indicator/measure	Result 16/17	Result 17/18
Percentage of children enrolled to participate in the Maternal and Child Health Service	78%	80%
Number of visits to aquatic facilities per head of population	5	4.7
Percentage of registered class 1 and 2 food premises that receive an annual food safety assessment	58%	71%
Community satisfaction rating for Council's performance with recreation facilities	70	71
Major Initiatives	Progress	
<b>Development of the former Yarrunga Pool Site</b>	The Mitchell Avenue Masterplan which incorporates the former Yarrunga Pool site, was completed. The design includes: a children's bush garden; small art trail along the One Mile Creek pathway; BMX pump track; off-leash dog parks; and parkour equipment. Construction will commence in 2018-19.	
<b>Implementation of the Aquatic Plan – Development of the WISAC aquatic facility.</b>	Federal funding was awarded in July 2018 to enable work to commence on development of the new aquatic facility at the WISAC in 2018-19.	
<b>Appin Park Lighting Upgrade</b>	Installation of sports lighting at Appin Park for the Wangaratta Hockey Club and Little Athletics was completed.	
<b>Implementation of the Rural Access Disability Program</b>	With focus on empowering people with disabilities to achieve their goals in inclusive communities, progress included presentation of the 'Same Same but Different' video documentary, ongoing coordination of Disability Reference Group and commencement of the review of Council's Community Access and Inclusion Plan.	

Service	Description
<b>Community Care</b>	This service provides a range of services for the aged and disabled including home delivered meals, personal care, transport, dementia care and home maintenance and packaged care.
<b>Children's Services</b>	This service provides family oriented support services including pre- schools, maternal and child health, child care and family day care.
<b>Community &amp; Recreation</b>	This service prepares policies and strategies relating to open space and recreation throughout the municipality. It provides an extensive range of recreational programs and opportunities accessible to individuals of all ages and abilities. It also supports community projects and programs and swimming pool facilities.
<b>Environmental Health</b>	This service protects the community's health and well-being by coordinating food safety support and immunisation programs, septic tanks and Tobacco Act activities. The service also works to rectify any public health concerns relating to disease outbreaks, unreasonable emissions, accommodation standards and food premises inspections.
<b>People &amp; Culture</b>	This service provides Council with strategic and operational safety, health and wellbeing, organisation development and employee relations support.

Service/Indicator/Measure	Result 2016/17	Result 2017/18	Material Variations
<b>MATERNAL AND CHILD HEALTH (MCH)</b>			
<b>Satisfaction</b> The percentage of infants enrolled in the MCH service who receive the first MCH home visit	97%	98%	No material variations.
<b>Service standard</b> The percentage of infants enrolled in the MCH service	97%	95%	No material variations.
<b>Service cost</b> The cost of the MCH service per hour of service delivered	\$70	\$68	No material variations.
<b>Participation</b> Participation in the MCH service [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	78%	80%	No material variations.
<b>Participation</b> Participation in MCH service by Aboriginal children [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	79%	68%	The variation does not relate to any action of Council.
<b>AQUATIC FACILITIES</b>			
<b>Service standard</b> The number of inspections by an authorised officer within the meaning of the <i>Public Health and Wellbeing Act 2008</i> carried out per Council aquatic facility	0	0	No material variations.

Service/Indicator/Measure	Result 2016/17	Result 2017/18	Material Variations
<b>Service standard</b> The number of WorkSafe reportable aquatic facility safety incidents	0	0	No material variations.
<b>Service cost</b> The direct cost less any income received of providing indoor aquatic facilities per visit	\$5	\$6	Attendance at indoor aquatic facility remained static, however a greater amount of scheduled maintenance fell due in 2017-18 causing an overall increase in costs.
<b>Service cost</b> The direct cost less any income received of providing outdoor aquatic facilities per visit	\$12	\$9	Increased attendance at outdoor aquatic facility due to seasonally hot weather conditions has offset maintenance costs, causing a reduction in costs.
<b>Utilisation</b> Utilisation of aquatic facilities. Number of visits to aquatic facilities / Municipal population	5	5	No material variations.
<b>FOOD SAFETY TIMELINESS</b> The average number of days it has taken for Council to action food complaints received from members of the public about the safety or handling of food for sale	50	3	Internal process reviewed which identified customer request status was not accurately reflecting actions taken. Process changed resulting in decrease in time to action complaints.
<b>Service standard</b> The percentage of registered Class 1 food premises and Class 2 food premises that receive an annual food safety assessment	58%	71%	Council has increased resourcing of the function.
<b>Service cost</b> The direct cost of the food safety service per food premises registered by Council, or for which Council has received notification during the year	\$348	\$548	Additional staffing has increased the cost of the service.
<b>Health and Safety</b> Critical and major non-compliance notifications [Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100	100%	55%	Number of business closures during the reporting period, additionally mobile premises have been followed up in other municipalities and found compliant.

# WE ARE GROWING

## STRATEGIC OBJECTIVES

Our economy and community are growing because we offer exciting opportunities and potential. We have a strong economic development strategy and continue to attract new businesses, residents and visitors to the region. The services, initiatives, major initiatives and service performance indicators for each service area are described below.

Strategic Indicator/measure	Result 16/17	Result 17/18
The median number of days taken between receipt of a planning application and a decision	69	59
The percentage of planning decisions made within 60 days	73%	81%
Major Initiatives	Progress	
<b>Industrial Land Use Strategy</b>	The Strategy was adopted by Council on 17 October 2017 and will be implemented via an amendment to the planning scheme. The Strategy provides an understanding of Council's expectations about land use and development matters relating to industrial development.	
<b>Preparation of the Wangaratta Hospital Precinct Plan</b>	Consultants were engaged to undertake initial consultation and develop a draft Plan for Council endorsement and community consultation. The plan outlines initiatives and actions to inform expected changes to the Wangaratta Planning Scheme that will complement and guide the vision of a Health Precinct in Wangaratta.	
<b>Progression of planning for the North West and South Wangaratta Growth Areas</b>	The growth area plans are currently being implemented via planning scheme amendment. The amendments have been referred to a Planning Panel and any recommendations arising will be considered by Council.	

Service	Description
<b>Economic Development</b>	The economic development service assists the organisation to facilitate an environment that is conducive to a sustainable and growing local business sector and provides opportunities for local residents to improve their skill levels and access employment.
<b>Tourism</b>	This service provides support to tourism operators through industry activities, grants and the Visitor Information Centre. This service provides information and advice to prospective Tourism Businesses.
<b>Planning and Building</b>	The Planning service (including statutory planning) processes all planning applications, provides advice and makes decisions about development proposals which require a planning permit, as well as representing Council at the Victorian Civil and Administrative Tribunal where necessary. It monitors the Council's Planning Scheme as well as preparing major policy documents shaping the future of the City. It also prepares and processes amendments to the Council Planning Scheme and carries out research on demographic, urban development, economic and social issues affecting Council. The Building service provides statutory building services to the community including processing of building permits, fire safety inspections, audits of swimming pool barriers and investigations of complaints and illegal works.
<b>Livestock Selling Complex</b>	This service provides management support for, and includes the Wangaratta Livestock Exchange. In 2018-19, the Wangaratta Livestock Exchange will be operated as an independent company, wholly owned by the Rural City of Wangaratta.

Service/Indicator/Measure	Result 2016/17	Result 2017/18	Material Variations
<b>STATUTORY BUILDING</b>			
<b>Timeliness</b> The median number of days taken between receipt of a planning application and a decision on the application	<b>69</b>	<b>59</b>	Procedures reviewed with a focus on customer service.
<b>Service standard</b> The percentage of planning application decisions made within 60 days	<b>73%</b>	<b>81%</b>	Procedures reviewed with a focus on customer service.
<b>Service cost</b> The direct cost of the statutory planning service per planning application received	<b>\$2,383</b>	<b>\$2,432</b>	No material variation.
<b>Decision Making</b> Council planning decisions upheld at VCAT [Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	<b>0%</b>	<b>0%</b>	There were no VCAT decisions made in either years.

# WE ARE ESTABLISHED

## STRATEGIC OBJECTIVES

Our community has developed to make sure that we can connect and interact with each other by our road network and pathways, in accessible community spaces that provide activity and purpose, through effective telecommunications networks and within community facilities that are well maintained and activated. The services, initiatives, major initiatives and service performance indicators for each service area are described below.

Strategic Indicator/measure	Result 16/17	Result 17/18
We will achieve a 90% annual completion rate for our capital project delivery	59%	52%
We will achieve 25% completion of strategic actions within the Asset Management strategy annually	-	25%
We will meet 100% compliance with schedule road inspections	-	100%
We will meet 90% compliance with defect rectification	-	96%
Community satisfaction rating for Council's performance on the condition of sealed local roads	56%	58%
Community satisfaction rating for Council's performance on the maintenance of unsealed local roads	46%	50%
Community satisfaction rating for Council's performance on the condition of local streets and footpaths	57%	60%
Major Initiatives	Progress	
<b>Asset renewal program</b>	The design and procurement stages were completed for a large number of asset renewal projects, including Morgan Road drainage; Waldara drainage; and the One Mile Creek pedestrian bridge; with delivery to proceed in 2018-19.	
<b>CBD Masterplan Implementation</b>	A draft of the CBD Plan was completed and made available for public consultation. The Plan will be finalised for implementation in 2018-19.	



Service	Description
<b>Asset Planning</b>	This service prepares long term maintenance management programs for Council's property assets in an integrated and prioritised manner in order to optimise their strategic value and service potential. These include municipal buildings, pavilions and other community buildings.
<b>Field Services</b>	This service provides road and bridge maintenance, street and footpath cleaning, drainage maintenance, walking/ cycling path maintenance and routine bridge maintenance. Also maintenance and planning for renewal and upgrades to Council's sports grounds. This service provides tree pruning, planting, removal, planning and street tree strategies, management of all parks and gardens and infrastructure maintenance, conservation of parkland areas, creeks and other areas of environmental significance. It also provides street cleaning, leaf collection, weed removal, drain pit cleaning and street litter bins throughout the municipality.
<b>Technical Services</b>	This service provides strategic planning, policy development and day-to-day management of traffic, infrastructure, assets, transport, drainage and design issues in Council. This service provides coordination of emergency response and recovery from natural disasters such as bushfire and flooding and management of the aerodrome. This service also undertakes design, tendering, contract management and supervision within Council's capital works program.
<b>Infrastructure Management</b>	This service provides strategic direction to the infrastructure services directorate.

Service/Indicator/Measure	Result 2016/17	Result 2017/18	Material Variations
<b>ROADS</b> <b>Satisfaction of use</b> Number of sealed local roads requests	<b>19</b>	<b>33.72</b>	Requests relating to sealed roads were centralised through our customer request management system.
<b>Condition</b> Sealed local roads maintained to condition standards	<b>99%</b>	<b>99%</b>	No material variations.
<b>Service Cost</b> Cost of sealed local road reconstruction	<b>\$83</b>	<b>\$88</b>	No material variations.
Cost of sealed local road sealing	<b>\$4</b>	<b>\$0</b>	No resealing occurred in 2017/18
<b>Satisfaction</b> Satisfaction with sealed local roads	<b>56</b>	<b>56</b>	No material variations.





# WE ARE INSPIRED

## STRATEGIC OBJECTIVES

As a community we have opportunities for everyone to embrace the arts, to attend vibrant and exciting events, and to experience a community that is creative and evolving. It is easy for everyone to volunteer, to talk about the things that matter, to be involved and understand the way decisions are made and to celebrate our stories and heritage. The services, initiatives and service performance indicators for each service areas are described below.

Strategic Indicator/measure	Result 16/17	Result 17/18
Ticket sales the Wangaratta Performing Arts Centre	-	23,154
Attendance at the Wangaratta Gallery	40,595	42,000
Conference and meeting bookings at the Wangaratta Performing Arts Centre	23	172
Percentage of municipal population who are active library users	16%	15%
Community satisfaction rating with overall performance of arts centres and libraries	79	78
Community satisfaction rating with community consultation and engagement	55	49
Community satisfaction rating with Council performance in making decisions in the interest of the community	50	49
Community satisfaction rating with customer service	71	67
Community satisfaction rating with Council performance on community and cultural activities	72	70
Major Initiatives	Progress	
Customer Focused Website	A new website was delivered providing the community with easier access to Council information.	
Customer Request Management System	Customers are now able to lodge a request for services online. The request management system provides acknowledgement of the receipt of requests and allows staff to keep track of progress.	
Library Community Space	The official opening occurred on 31 May 2018. There are additional spaces for children and a casual meeting space and involvement of community groups in providing programs for community members.	
Our Community Promise	Community Promise training has been delivered to 62% of staff. A survey of customers was undertaken and plans implemented to improve customer service. The Survey is now a constant in all service delivery areas.	

Service	Description
<b>Wangaratta Performing Arts Centre</b>	This service provides theatre services including technical staging advice and performance operations, facilities for presentations including events for children, families and older people and exhibitions of works by local artists, function and catering services including seminars, meetings, conferences, expos and a café.
<b>Wangaratta Gallery</b>	This service provides a varied program of arts and cultural events and activities. It also plans and develops arts and cultural facilities and infrastructure and develops policies and strategies to facilitate art practice.
<b>Events</b>	This service provides events for the municipality and cultural development.
<b>Wangaratta Library</b>	This service provides a public library with customer focused service that caters for the cultural and educational needs of residents and provides a focal point for the community where they can meet, relax and enjoy the facilities and services offered.
<b>Youth Services</b>	This service provides youth development programs and supports youth health wellbeing.
<b>Information and Customer Services</b>	This service provides, supports and maintains reliable and cost effective information and computing systems, facilities and infrastructure. IS also delivers records management and Geospatial Information Systems (GIS) enabling us to deliver services in a smart, productive and efficient way. We also provide Customer Services to the community.

Service/Indicator/Measure	Result 2016/17	Result 2017/18	Material Variations
<b>LIBRARIES</b> <b>Utilisation</b> The number of library collection item loans per library collection item	<b>3</b>	<b>3</b>	No material variations.
<b>Resource standard</b> The percentage of the library collection that has been purchased in the last 5 years	<b>48%</b>	<b>46%</b>	No material variations.
<b>Service cost</b> The direct cost of the library service per visit	<b>\$4</b>	<b>\$5</b>	No material variations.
<b>Participation</b> Active library members [Number of active library members / municipal population] x100	<b>16%</b>	<b>15%</b>	No material variations.

# WE ARE SUSTAINABLE

## STRATEGIC OBJECTIVES

To ensure our long term viability and capacity to deliver quality services and infrastructure, we will continue to meet the changing and complex challenges that face us. We focus on how we can do things better, reduce our environmental and economic impact, and create lasting benefits for our community and future generations. The services, initiatives, major initiatives and service performance indicators for each service area are described below.

Strategic Indicator/measure	Result 16/17	Result 17/18
Total expenses per property assessment kept in accordance with Council's Strategic Resources Plan	\$3,819	\$3,547
We will achieve an annual ratio of interest bearing loans and borrowings to rate revenue of less than 70%	32%	28%
We will achieve an annual adjusted underlying surplus (or deficit) result of breakeven or better	2%	8%
We will receive an unqualified financial audit report every year	100%	100%
The percentage of Council resolutions made at an ordinary or special council meeting of Council, or at a meeting of a special committee consisting only of Councillors, closed to the public	3%	4%
Community satisfaction rating for how Council has performed in environmental sustainability	65	66
The percentage of garbage, recyclables and green organics collected from kerbside bins that is diverted from landfill	61%	61%
Major Initiatives	Progress	
Construction of organics processing plant	Civil works commenced whilst the plant was being shipped from overseas. Construction will continue in 2018-19.	
Update the framework for our long term financial plan	The long term financial plan framework was updated following consultation with Council's Audit Advisory Committee.	
Roadside weed management plan	Implementation of the Plan was completed on time, within budget and in keeping with regulatory requirements.	
Implementation of improved technology processes	A business health check was implemented in association with consultants, KPMG. Specific technology improvements included an SMS system for maternal and child health services and electronic disability permits.	

Service	Description
<b>Community Compliance</b>	This service provides staff at school crossings throughout the municipality. It maintains and improves the health and safety of people and animals by providing animal management services including a pound, registration and administration, after hours service and an emergency service. It also provides education, regulation and enforcement of Local Laws including parking and other compliance activities and relevant State legislation.
<b>Environmental Services</b>	This service develops environmental policy, coordinates and implements environmental projects and works with other services to improve Council's environmental performance. Reducing greenhouse gas emissions within Council operations and the community are a key priority for Council.
<b>Waste</b>	This service provides kerbside collections of garbage, recyclables and organics.
<b>Governance and Risk</b>	This service provides governance and support to the organisation, business planning and reporting, and strategic risk management.
<b>Financial Services</b>	This unit provides financial services to both internal and external customers including the management of Council's finances, payment of salaries and wages, payment of suppliers, raising and collection of rates and charges and valuation of properties throughout the municipality.
<b>Corporate Services Management</b>	This service provides strategic advice, governance, and oversees our financial sustainability.

Service/Indicator/Measure	Result 2016/17	Result 2017/18	Material Variations
<b>GOVERNANCE</b> <b>Transparency</b> Council decisions made at meetings closed to the public	2%	4%	An increase in tenders requiring confidential decisions, together with the establishment of a private company and the appointment of Directors, occurred at confidential special meetings.
<b>Consultation and engagement</b> Satisfaction with community consultation and engagement	55	56	No material variations
<b>Attendance</b> Councillor attendance at Council meetings	99%	97%	No material variations
<b>Service cost</b> Cost of governance	\$79,967	\$43,511	Transition from Administrators to Councillors and non-election year.
<b>Satisfaction</b> Satisfaction with Council Decisions	50	51	No material variations
<b>WASTE COLLECTION</b> <b>Satisfaction</b> The number of kerbside bin collection requests per 1,000 kerbside bin collection households	235	57	We believe that the previous year's data was calculated incorrectly.
<b>Service standard</b> The number of kerbside collection bins missed per 10,000 scheduled kerbside collection bin lifts	13	6	Kerbside collection remains with established contractor. Collection routes are well-known, resulting in a reduction of bins missed.
<b>Service cost</b> The direct cost of the kerbside garbage bin collection service per kerbside garbage collection bin	\$120	\$117	No material variations.
<b>Service cost</b> The direct cost of the kerbside recyclables collection service per kerbside recyclables collection bin	\$48	\$47	No material variations
<b>WASTE DIVERSION</b> Kerbside collection waste diverted from landfill [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	61%	61%	No material variations

Service/Indicator/Measure	Result 2016/17	Result 2017/18	Material Variations
<b>ANIMAL MANAGEMENT</b> <b>Timeliness</b> The average number of days it has taken for Council to action animal management related requests	10	24	Increased uptake of the customer request system has resulted in increased volumes of recorded customer requests, with backlog of recorded closing after customer notified.
<b>Service standard</b> The percentage of collected registrable animals under the <i>Domestic Animals Act 1994</i> reclaimed	60%	62%	No material variations.
<b>Service cost</b> The direct cost of the animal management service per registrable animal under the <i>Domestic Animals Act 1994</i>	\$44	\$96	There was a 250% increase in the costs of domestic animal pound services provided by the RSPCA
<b>Health and Safety</b> Animal Management Prosecutions. Number of successful animal management prosecutions	0	0	No material variations

## GOVERNANCE AND MANAGEMENT CHECKLIST

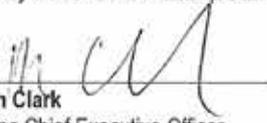
The following table shows the results of Council's assessment against the prescribed governance and management checklist.

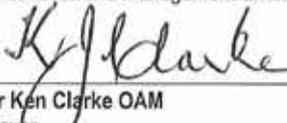
Governance and Management Items	Assessment
<p><b>1 Community engagement policy</b> (policy outlining council's commitment to engaging with the community on matters of public interest)</p>	<p>Policy in operation Date of operation: 17 June 2008</p>
<p><b>2 Community engagement guidelines</b> (guidelines to assist staff to determine when and how to engage with the community)</p>	<p>Guidelines in operation Date of operation: 17 June 2008</p>
<p><b>3 Strategic Resource Plan</b> (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next 4 financial years)</p>	<p>Adopted in accordance with section 126 of the Act Date of adoption: 17 June 2018</p>
<p><b>4 Annual budget</b> (plan under section 130 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required)</p>	<p>Adopted in accordance with section 130 of the Act Date of adoption: 17 June 2018</p>
<p><b>5 Asset management plans</b> (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)</p>	<p>Adopted Date of adoption: 21 November 2017</p>
<p><b>6 Rating strategy</b> (strategy setting out the rating structure of Council to levy rates and charges)</p>	<p>Strategy in operation: Date of operation: 17 June 2018</p>
<p><b>7 Risk policy</b> (policy outlining Council's commitment and approach to minimising the risks to Council's operations)</p>	<p>Policy in operation Date of operation: 1 October 2017</p>
<p><b>8 Fraud policy</b> (policy outlining council's commitment and approach to minimising the risk of fraud)</p>	<p>Policy in operation Date of operation: 18 August 2015</p>
<p><b>9 Municipal emergency management plan</b> (plan under section 20 of the <i>Emergency Management Act 1986</i> for emergency prevention, response and recovery)</p>	<p>Reviewed and maintained in accordance with section 20 of the <i>Emergency Management Act 1986</i> Date reviewed: 28 February 2018</p>
<p><b>10 Procurement policy</b> (policy under section 186A of the <i>Local Government Act 1989</i> outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)</p>	<p>Reviewed in accordance with section 186A of the <i>Local Government Act 1989</i> Date reviewed: 7 May 2018</p>

Governance and Management Items	Assessment
<p><b>11 Business continuity plan</b> (plan setting out the actions that will be undertaken to ensure that key services continue to operate in the event of a disaster)</p>	<p>Plan in operation Date reviewed: 23 September 2015</p>
<p><b>12 Disaster recovery plan</b> (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)</p>	<p>Plan in operation Date reviewed: 12 December 2017</p>
<p><b>13 Risk management framework</b> (framework outlining council's approach to managing risks to the Council's operations)</p>	<p>Framework in operation Date of operation: 16 September 2014</p>
<p><b>14 Audit Committee</b> (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)</p>	<p>Established in accordance with section 139 of the Act Date of establishment: 19 August 1997</p>
<p><b>15 Internal audit</b> (independent accounting professionals engaged by the council to provide analyses and recommendations aimed at improving council's governance, risk and management controls)</p>	<p>Independent auditor engaged Date of engagement: 15 September 2014</p>
<p><b>16 Performance reporting framework</b> (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act)</p>	<p>Framework in operation Date of operation: 16 April 2018</p>
<p><b>17 Council Plan reporting</b> (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)</p>	<p>Report presented Date of report: 20 February 2018</p>
<p><b>18 Financial reporting</b> (quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)</p>	<p>Reports presented Dates of reports: 17 October 2017; 20 February 2018; 17 April 2018</p>
<p><b>19 Risk reporting</b> (six-monthly reports of strategic risks to council's operations, their likelihood and consequences of occurring and risk minimisation strategies)</p>	<p>Reports presented Dates of reports: 19 December 2017; 21 March 2018</p>
<p><b>20 Performance reporting</b> (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act)</p>	<p>Reports presented Dates of reports: 19 December 2017; 21 March 2018</p>
<p><b>21 Annual report</b> (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)</p>	<p>Report presented Date of Report: 17 October 2017</p>

Governance and Management Items	Assessment
<p><b>22 Councillor Code of Conduct</b>                      (Code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)</p>	<p>Reviewed in accordance with section 76C of the Act                      Date reviewed:                      6 February 2017</p>
<p><b>23 Delegations</b>                      (a document setting out the powers, duties and functions of council and the Chief Executive Officer that have been delegated to members of staff)</p>	<p>Reviewed in accordance with section 98(6) of the Act                      Date reviewed:                      17 August 2017</p>
<p><b>24 Meeting procedures</b>                      (a local law governing the conduct of meetings of council and special committees)</p>	<p>Made in accordance with section 91(1) of the Act                      Date local law resolved to be made:                      21 June 2016</p>

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

  
 Alan Clark  
 Acting Chief Executive Officer  
 Dated:

  
 Cr Ken Clarke OAM  
 Mayor  
 Dated:

## STATUTORY INFORMATION

### Documents Available for Public Inspection

In accordance with regulation 12 of the Local Government (General) Regulations 2015 the following is a list of the prescribed documents that are available for inspection or copies of the documents can be obtained for the purposes of section 222 of the Local Government Act 1989 (the Act) at 62-68 Ovens Street Wangaratta:

- a document containing details of overseas or interstate travel (other than interstate travel by land for less than 3 days) undertaken in an official capacity by any Councillor or member of Council staff in the previous 12 months, including—
  - the name of the Councillor or member of Council staff; and
  - the dates on which the travel began and ended; and
  - the destination of the travel; and
  - the purpose of the travel; and
  - the total cost to the Council of the travel, including accommodation costs;
- the agendas for, and minutes of, ordinary and special meetings held in the previous 12 months which are kept under section 93 of the Act, other than those agendas and minutes relating to a part of a meeting which was closed to members of the public under section 89 of the Act and are confidential information within the meaning of section 77(2) of the Act;
- the minutes of meetings of special committees established under section 86 of the Act and held in the previous 12 months, other than those minutes relating to a part of a meeting which was closed to members of the public under section 89 of the Act and are confidential information within the meaning of section 77(2) of the Act;
- a register of delegations kept under sections 87(1) and 98(4) of the Act, including the date on which the last review took place under sections 86(6) and 98(6), respectively, of the Act;
- a document containing details of all leases involving land which were entered into by the Council as lessor, including the lessee and the terms and the value of the lease;
- a register maintained under section 224(1A) of the Act of authorised officers appointed under that section;
- a list of donations and grants made by the Council in the previous 12 months, including the names of persons who, or bodies which, have received a donation or grant and the amount of each donation or grant.

## Best Value

In accordance with section 208B(f) of the Local Government Act 1989, at least once every year a Council must report to its community on what it has done to ensure that it has given effect to the Best Value Principles. Council incorporates Best Value Principles through regular business planning and performance monitoring processes and through a commitment to continuous improvement, innovation and sustainability.

Council undertook a Business Health Check in order to identify areas for improvement. These included corporate planning, project management and procurement.

## Carers Recognition

In accordance with the Carers Recognition Act 2012, Council is required to report annually on its care measurement obligations under Section 11 of that Act. Council has taken all practicable measures to comply with its responsibilities outlined in the Carers Recognition Act 2012. Council has promoted the principles of that Act to people in care relationships who receive council services, to people in care relationships, and to the wider community by:

- distributing information and resources through relevant council services; and
- providing information to organisations represented in council and community networks. Council has taken all practicable measures to ensure staff, Council agents and volunteers working for Council are informed about the principles and obligations of the Act by including information on the care relationship in:
  - Council induction and training programs for staff working in Community Care; and
  - Council induction and training programs for staff working in front-line positions with the general community.

Council has taken all practicable measures to review and modify policies, procedures and supports to include recognition of the carer relationship and has provided respite services for carers.

## Contracts

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

## Disability Action Plan

In response to its obligations under the Commonwealth Disability Discrimination Act 1992 and the Victorian Disability Act 2006, the Rural City of Wangaratta has in place a Community Access and Inclusion Action Plan (the Plan). This Plan is aimed at minimising barriers and providing people living with disability equity of access to Council services and facilities. The Plan is required to be registered with the Human Rights and Equal Opportunity Commission and its implementation reported on in Council's Annual Report.

With a strong focus on best practice principles and building strong partnerships, the Plan will help Council to improve access for people with a disability. Notable actions that Council has initiated include:

- broad community consultation targeting individuals living with disability, families and carers and support groups to better inform access and inclusion planning;
- raising the profile of the Rural Access Program, which seeks to work in partnership with groups, businesses and the broader community;
- promotion of events such as International Day of People with a Disability;
- addition of assistive equipment, in particular a portable hearing loop, to the Community Resource Kit;
- capacity building through providing resources for a range of disability support groups;
- development and promotion of an accessibility map for Wangaratta's central business district;
- increased accessibility to community buildings and community infrastructure
- facilitation of a municipal Accessibility Reference Group, incorporating people with a disability, their families and carers; and
- establishment of the RAD (Regional/Rural Advocacy Disabilities) Project to improve inclusion for young people with a disability

A new Community Access and Inclusion Action Plan is currently being finalised and will focus on four key areas prioritised through community consultation. These are:

- an active and engaged community;
- communication for all;
- accessible buildings and infrastructure; and
- civic leadership.

### **Domestic Animal Management Plan**

In accordance with the Domestic Animals Act 1994, Council is required to prepare a Domestic Animal Management Plan at four yearly intervals and evaluate its implementation in the annual report. Council adopted the Domestic Animal Management Plan 2014-2018 on 15 July 2014. This plan is currently under review.

Council has conducted required investigations and enforcement for reported barking dogs and animals at large.

Council has promoted the use of its cat traps program and the traps are used regularly by residents.

### **Food Act Ministerial Directions**

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

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

## WANGARATTA RURAL CITY COUNCIL PERFORMANCE STATEMENT - FOR THE YEAR ENDED 30 JUNE 2018

### Description of the Municipality

One of Victoria's most geographically diverse and scenic regions, Wangaratta Rural City Council offers a blend of city life and welcoming villages, native bushland, pastoral landscapes and snow-capped peaks. Located in the heart of North East Victoria, Wangaratta is a leading regional city in an area of breathtaking beauty.

There are over 27,000 residents living in the Rural City of Wangaratta. The largest urban centre in the municipality is Wangaratta. Prominent townships and villages include Boorhaman, Cheshunt, Eldorado, Everton, Glenrowan, Oxley, Milawa, Moyhu, Peechelba, Springhurst, Tarrawingee, Whitfield and Whorouly. Council covers an area of 3,639 square kilometres.

The regional economy is exceptionally diverse. Wangaratta is home to major agricultural, manufacturing, transport and distribution activities and is the regional headquarters for several state government agencies.

### Basis of Preparation

Council is required to prepare and include a Performance Statement within its Annual Report<sup>1</sup>. 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* (the Act) and *Local Government (Planning and Reporting) Regulations 2014*.

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

The Performance Statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by 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 of + / - 10% for each indicator and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the Performance Statement are those adopted by Council in its Strategic Resource Plan on 19 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.

<sup>1</sup> "Annual Report" means an annual report prepared by a council under sections 131, 132 and 133 of the Act

## WANGARATTA RURAL CITY COUNCIL PERFORMANCE STATEMENT - FOR THE YEAR ENDED 30 JUNE 2018

### Sustainable Capacity Indicators

Indicator / [measure]	Results				Material Variations
	2015	2016	2017	2018	
<b>Own-source revenue</b> <i>Own-source revenue<sup>2</sup> per head of municipal population<sup>3</sup></i> [Own-source revenue / Municipal population]	\$1,294	\$1,366	\$1,416	<b>\$1,449</b>	No material variations
<b>Recurrent grants</b> <i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$707	\$524	\$737	<b>\$582</b>	Changes to the Commonwealth program funding for Aged and Disability services has resulted in a decrease in recurrent grant funding for these services in 2017/18FY.
<b>Population</b> <i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$1,958	\$2,011	\$2,135	<b>\$1,893</b>	Council's expenditure in 2016/17FY was higher than usual because of accounting adjustments for waste management assets and landfill provision.
<i>Infrastructure<sup>4</sup> per head of municipal population</i> [Value of infrastructure / Municipal population]	\$11,722	\$12,271	\$15,466	<b>\$16,480</b>	Council's assets were revalued during the year ended 30 June 2017, with roads and bridge assets increasing in value.
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads <sup>5</sup> ]	14	14	14	<b>15</b>	No material variations
<b>Disadvantage</b> <i>Relative socio-economic disadvantage<sup>6</sup></i> [Index of Relative Socio-economic Disadvantage by decile]	4	4	4	<b>4</b>	No material variations

<sup>2</sup> "own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants). "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 in paragraphs (a) and (b)

<sup>3</sup> "population" means the resident population estimated by council

<sup>4</sup> "infrastructure" means non-current property, plant and equipment excluding land

<sup>5</sup> "local road" means a sealed or unsealed road for which the council is the responsible road authority under the *Road Management Act 2004* and includes right-of-ways and laneways

<sup>6</sup> "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

# WANGARATTA RURAL CITY COUNCIL PERFORMANCE STATEMENT - FOR THE YEAR ENDED 30 JUNE 2018

## Service Performance Indicators

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]	5.6	5.1	5.0	4.7	No material variations
<b>Animal management</b> <b>Health and safety</b> <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	1	0	0	0	No material variations
<b>Food safety</b> <b>Health and safety</b> <i>Critical and major non-compliance notifications</i> [Number of critical non-compliance notifications <sup>7</sup> and major non-compliance notifications <sup>8</sup> about a food premises <sup>9</sup> followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100	100%	100%	100%	55%	Number of business closures during the reporting period, additionally mobile premises have been followed up in other municipalities and found compliant.
<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]	49	48	50	51	No material variations
<b>Home and community care</b> <b>Participation</b> <i>Participation in HACC service<sup>10</sup></i> [Number of people that received a HACC service / Municipal target population <sup>11</sup> for HACC services] x100	46%	26%	NA	NA	Reporting ceased effective 1 July 2016
<b>Participation</b> <i>Participation in HACC service by CALD<sup>12</sup> people</i> [Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100	8%	19%	NA	NA	Reporting ceased effective 1 July 2016

<sup>7</sup> "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.

<sup>8</sup> "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 authorised officer under that Act, if it relates to a deficiency that does not pose an immediate serious threat to public health but which may do so if no remedial action is taken Typically auditor notifications that fall into this category will be received under section 19N(4) at the conclusion of the audit process.

<sup>9</sup> "food premises" has the same meaning as in the *Food Act 1984*

<sup>10</sup> "HACC service" means home help, personal care or community respite provided under the HACC program

<sup>11</sup> "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

<sup>12</sup> "CALD" means culturally and linguistically diverse and refers to persons born outside Australia in a country whose national language is not English

## WANGARATTA RURAL CITY COUNCIL PERFORMANCE STATEMENT - FOR THE YEAR ENDED 30 JUNE 2018

### Service Performance Indicators (continued)

Service / indicator / [measure]	Results				Material Variations
	2015	2016	2017	2018	
<b>Libraries</b> <b>Participation</b> Active library members [Number of active library members <sup>13</sup> / Municipal population <sup>14</sup> ] x100	23%	17%	16%	15%	No material variations
<b>Maternal and child health</b> <b>Participation</b> Participation in the MCH service <sup>15</sup> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	78%	77%	78%	80%	No material variations
<b>Participation</b> Participation in the MCH service by Aboriginal children <sup>16</sup> [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	73%	71%	79%	68%	Reduced number of individuals identifying as of Aboriginal or Torres Strait Islander origin, no proactive actions identified with variance.
<b>Roads</b> <b>Satisfaction</b> Satisfaction with sealed local roads <sup>17</sup> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	57	58	56	56	No material variations
<b>Statutory Planning</b> <b>Decision making</b> Council planning decisions upheld at VCAT [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	50%	100%	0%	NA	No decisions were referred to VCAT
<b>Waste Collection</b> <b>Waste diversion</b> Kerbside collection waste diverted from landfill [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	46%	56%	61%	61%	No material variations

<sup>13</sup> "active library member" means a member of a library who has borrowed a book from the library

<sup>14</sup> "population" means the resident population estimated by council

<sup>15</sup> "MCH service" 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

<sup>16</sup> "Aboriginal child" means a child who is an Aboriginal person. "Aboriginal person" has the same meaning as in the *Aboriginal Heritage Act 2006*

<sup>17</sup> "sealed local roads" means sealed roads under the control of the municipality and includes the road pavement and road seal (and kerb and channel where applicable)

## WANGARATTA RURAL CITY COUNCIL PERFORMANCE STATEMENT - FOR THE YEAR ENDED 30 JUNE 2018

### Financial Performance Indicators

Dimension / indicator / [measure]	Results				Forecasts				Material Variations
	2015	2016	2017	2018	2019	2020	2021	2022	
<b>Operating position</b> <b>Adjusted underlying result</b> Adjusted underlying surplus (or deficit) <sup>18</sup> <small>[Adjusted underlying surplus (deficit) / Adjusted underlying revenue<sup>19</sup>] x100</small>	3%	-6%	2%	8%	-3%	-2%	-3%	-4%	In some instances, Council's adjusted underlying surplus or deficit has been impacted by the timing of receipt of the annual Financial Assistance Grants. Council projects an adjusted underlying deficit for the forecast years based on increasing depreciation and borrowing costs in connection with new capital expenditure.
<b>Liquidity</b> <b>Working capital</b> Current assets <sup>20</sup> compared to current liabilities <sup>21</sup> <small>[Current assets / Current liabilities] x100</small>	143%	148%	250%	358%	179%	160%	140%	145%	Council's working capital in 2017 and 2018 is unusually strong due to increasing cash and financial assets caused by a deferral of significant capital works expenditure. The working capital will reduce in the forecast period as Council improves its delivery of the capital works budget.
<b>Unrestricted cash</b> Unrestricted cash <sup>22</sup> compared to current liabilities <small>[Unrestricted cash / Current liabilities] x100</small>	41%	93%	27%	75%	22%	25%	17%	14%	Council's cash balances are high in 2018 and 2016 compared to other years due to a significant number of carry-over capital works. Unrestricted cash will deteriorate in the forecast period as Council increases the capital works expenditure and increases borrowings costs to fund new capital improvements in the municipality.
<b>Obligations</b> <b>Loans and borrowings</b> Loans and borrowings compared to rates <small>[Interest bearing loans and borrowings / Rate revenue] x100</small>	36%	37%	32%	28%	55%	81%	87%	80%	Council projects an increase in borrowings in future years to fund Developer Contribution Plan initiatives, the Aquatic strategy and CBD Masterplan improvements. No new borrowings were drawn down in the 2017/18FY however repayments of existing loans were completed as planned, resulting in the lowest level of borrowings for the periods shown.
Loans and borrowings repayments compared to rates	7%	6%	5%	4%	3%	6%	9%	10%	Council projects an increase in borrowings in future years to fund

<sup>18</sup> "adjusted underlying surplus (or deficit)" means adjusted underlying revenue less total expenditure

<sup>19</sup> "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 in paragraphs (a) and (b)

<sup>20</sup> "current assets" has the same meaning as in the Australian Accounting Standards (AAS)

<sup>21</sup> "current liabilities" has the same meaning as in the AAS

<sup>22</sup> "unrestricted cash" means all cash and cash equivalents other than restricted cash. "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

Dimension / indicator / [measure]	Results				Forecasts				Material Variations
	2015	2016	2017	2018	2019	2020	2021	2022	
<p>[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100</p> <p><b>Indebtedness</b>                      Non-current liabilities<sup>23</sup> compared to own source revenue<sup>24</sup>                      [Non-current liabilities / Own source revenue] x100</p>									<p>Developer Contribution Plan initiatives, the Aquatic strategy and CBD Masterplan improvements. No new borrowings were drawn down in the 2017/18FY however repayments of existing loans were completed as planned, resulting in the lowest level of borrowings for the periods shown.</p> <p>Council projects an increase in borrowings in future years to fund Developer Contribution Plan initiatives, the Aquatic strategy and CBD Masterplan improvements. This will significantly increase Council's non-current liabilities for the forecast years.</p>
<p><b>Asset renewal</b>                      Asset renewal<sup>25</sup> compared to depreciation                      [Asset renewal expenses / Asset depreciation] x100</p>	46%	58%	59%	56%	69%	88%	87%	80%	<p>Council has a focus on the construction of new capital assets, resulting in lower asset renewal expenditure. The 2018/19FY asset renewal expenditure is higher than the average of the periods due to the deferral of expenditure from earlier years.</p>

<sup>23</sup> "non-current liabilities" means all liabilities other than current liabilities

<sup>24</sup> "own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)

<sup>25</sup> "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

## WANGARATTA RURAL CITY COUNCIL PERFORMANCE STATEMENT - FOR THE YEAR ENDED 30 JUNE 2018

### Financial Performance Indicators (continued)

Dimension / indicator / [measure]	Results				Forecasts				Material Variations
	2015	2016	2017	2018	2019	2020	2021	2022	
<b>Stability</b> <b>Rates concentration</b> <i>Rates compared to adjusted underlying revenue<sup>26</sup></i> <small>[Rate revenue<sup>27</sup> / Adjusted underlying revenue] x100</small>	48%	56%	49%	<b>52%</b>	58%	58%	59%	59%	No material variations
<b>Rates effort</b> <i>Rates compared to property values</i> <small>[Rate revenue / Capital improved value<sup>28</sup> of rateable properties in the municipality ] x100</small>	0.6%	0.6%	0.6%	<b>0.6%</b>	0.6%	0.6%	0.6%	0.6%	No material variations
<b>Efficiency</b> <b>Expenditure level</b> <i>Expenses per property assessment</i> <small>[Total expenses / Number of property assessments]</small>	\$3,549	\$3,579	\$3,819	<b>\$3,547</b>	\$3,665	\$3,884	\$4,023	\$4,130	Volatility in expenses per property is partly caused by non-recurring expenditure in 2016/17FY for waste management assets and an increase in the provision for landfill. A steady increase in expenses per property is forecast due to the rate of expenditure escalating above the growth in the number of properties in the municipality. A steady increase in the average rate per residential assessment is forecast due to the rate of expenditure escalating above the growth in the number of residential properties in the municipality.
<b>Revenue level</b> <i>Average residential rate per residential property assessment<sup>29</sup></i> <small>[Residential rate revenue<sup>30</sup> / Number of residential property assessments]</small>	\$1,646	\$1,667	\$1,713	<b>\$1,750</b>	\$1,786	\$1,837	\$1,890	\$1,944	
<b>Workforce turnover</b> <i>Resignations and terminations<sup>31</sup> compared to average staff</i> <small>[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100</small>	8%	21%	14%	<b>13%</b>	10%	10%	10%	10%	

<sup>26</sup> "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 in paragraphs (a) and (b)

<sup>27</sup> "rate revenue" means revenue from general rates, municipal charges, service rates and service charges

<sup>28</sup> "capital improved value" means the market value of a property and is measured at the end of the year and includes all valuation adjustments (e.g. supplementary valuations)

<sup>29</sup> "residential property assessments" means the number of residential property assessments at the end of the year and includes all property adjustments (e.g. new or deleted assessments)

<sup>30</sup> "residential rate revenue" means revenue from general rates, municipal charges, service rates and service charges levied on residential properties

<sup>31</sup> "resignations and terminations" means all permanent employees (including senior officers on contract) that leave the council and includes resignations, terminations, retirements and redundancies

**WANGARATTA RURAL CITY COUNCIL  
PERFORMANCE STATEMENT - FOR THE YEAR ENDED 30 JUNE 2018**  
Certification

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*.



Anthea Sloan., Bachelor of Business (Accounting) Chartered Accountant.  
**Principal Accounting Officer**  
Dated: 25 September 2018

In our opinion, the accompanying Performance Statement of the Wangaratta Rural City 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.

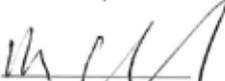
We have been authorised by the council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify this performance statement in its final form.



Cr Ken Clarke  
**Mayor**  
Dated: 25 September 2018



Cr Mark Currie  
**Deputy Mayor**  
Dated: 25 September 2018



Alan Clark  
**Acting Chief Executive Officer**  
Dated: 25 September 2018



## Independent Auditor's Report

### To the Councillors of Wangaratta Rural City Council

<p><b>Opinion</b></p>	<p>I have audited the accompanying performance statement of Wangaratta Rural City 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 Wangaratta Rural City 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>
<p><b>Basis for Opinion</b></p>	<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>
<p><b>Councillors' responsibilities for the performance statement</b></p>	<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>
<p><b>Auditor's responsibilities for the audit of the performance statement</b></p>	<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  
26 September 2018

  
Tim Loughnan  
as delegate for the Auditor-General of Victoria



RURAL CITY OF  
WANGARATTA

RURAL CITY OF WANGARATTA

# FINANCIAL REPORT

2017 - 2018

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

	Note	2018 \$'000	2017 \$'000
<b>Income</b>			
Rates and charges	2.1	30,738	29,564
Statutory fees and fines	2.2	1,212	940
User fees	2.3	7,747	7,777
Grants - operating	2.4	14,743	17,527
Grants - capital	2.4	5,125	4,467
Contributions - monetary	2.5	143	466
Contributions - non monetary	2.5	2,561	1,969
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	2.6	407	(34)
Share of net profits (or loss) of associates	5.3	7	(220)
Other income	2.7	1,668	1,691
Found Assets	2.8	-	715
<b>Total income</b>		<b>64,351</b>	<b>64,862</b>
<b>Expenses</b>			
Employee costs	3.1	22,362	23,122
Materials and services	3.2	17,212	16,941
Depreciation and amortisation	3.3	12,944	14,153
Bad and doubtful debts	3.4	8	2
Borrowing costs	3.5	429	929
Other expenses	3.6	1,531	3,333
Library book revaluation	3.7	84	-
<b>Total expenses</b>		<b>54,570</b>	<b>58,480</b>
<b>Surplus for the year</b>		<b>9,781</b>	<b>6,382</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	5.2	46,371	97,844
Correction to Land Under Roads assets		-	(20,485)
Share of other comprehensive income of associates	5.3	-	(8)
<b>Total comprehensive result</b>		<b>56,152</b>	<b>83,733</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	12,140	7,561
Trade and other receivables	4.1	4,064	3,696
Other financial assets	4.1	19,833	15,673
Inventories	4.2	1	1
Non-current assets classified as held for sale	5.1	3,788	777
Investments in associates	5.3	-	406
Other assets	4.2	402	279
<b>Total current assets</b>		<b>40,228</b>	<b>28,393</b>
<b>Non-current assets</b>			
Trade and other receivables	4.1	7	11
Other financial assets	4.1	10	10
Property, infrastructure, plant and equipment	5.2	532,850	488,561
Intangible assets	4.2	1,684	984
<b>Total non-current assets</b>		<b>534,551</b>	<b>489,566</b>
<b>Total assets</b>		<b>574,779</b>	<b>517,959</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	4.3	4,413	3,909
Trust funds and deposits	4.3	1,237	1,021
Provisions	4.5	5,042	5,398
Interest-bearing liabilities	4.4	552	865
<b>Total current liabilities</b>		<b>11,244</b>	<b>11,193</b>
<b>Non-current liabilities</b>			
Provisions	4.5	15,310	14,140
Interest-bearing liabilities	4.4	8,185	8,738
<b>Total non-current liabilities</b>		<b>23,495</b>	<b>22,878</b>
<b>Total liabilities</b>		<b>34,739</b>	<b>34,071</b>
<b>Net assets</b>		<b>540,040</b>	<b>483,888</b>
<b>Equity</b>			
Accumulated surplus		175,550	169,354
Reserves	8.1	364,490	314,534
<b>Total Equity</b>		<b>540,040</b>	<b>483,888</b>

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

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

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
<b>2018</b>					
Balance at beginning of the financial year		483,888	169,354	306,658	7,876
Surplus for the year		9,781	9,781	-	-
Net asset revaluation increment		46,371	-	46,371	-
Transfers to other reserves		-	(6,502)	-	6,502
Transfers from other reserves		-	2,917	-	(2,917)
<b>Balance at end of the financial year</b>		<b>540,040</b>	<b>175,550</b>	<b>353,029</b>	<b>11,461</b>

	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
<b>2017</b>				
Balance at beginning of the financial year	400,155	185,272	208,814	6,069
Surplus for the year	6,374	6,374	-	-
Correction to Land Under Roads assets	(20,485)	(20,485)	-	-
Net asset revaluation increment	97,844	-	97,844	-
Transfers to other reserves	-	(3,364)	-	3,364
Transfers from other reserves	-	1,557	-	(1,557)
<b>Balance at end of the financial year</b>	<b>483,888</b>	<b>169,354</b>	<b>306,658</b>	<b>7,876</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		30,668	29,958
Statutory fees and fines		1,212	939
User charges		7,383	6,452
Grants - operating		14,743	18,514
Grants - capital		5,125	4,467
Contributions - monetary		143	466
Interest received		653	489
Reimbursements		179	330
Other receipts		209	349
Net GST payment		(16)	102
Employee costs		(22,252)	(23,282)
Materials and services		(16,966)	(18,061)
Trust funds and deposits repaid		216	(34)
<b>Net cash provided by operating activities</b>		<b>21,297</b>	<b>20,689</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment		(12,296)	(9,556)
Proceeds from sale of property, infrastructure, plant and equipment		1,030	209
Payments for investments		(4,160)	(6,101)
<b>Net cash used in investing activities</b>		<b>(15,426)</b>	<b>(15,448)</b>
<b>Cash flows from financing activities</b>			
Finance costs		(427)	(496)
Repayment of borrowings		(865)	(1,042)
<b>Net cash used in financing activities</b>		<b>(1,292)</b>	<b>(1,538)</b>
Net increase in cash and cash equivalents		4,579	3,703
Cash and cash equivalents at the beginning of the financial year		7,561	3,858
<b>Cash and cash equivalents at the end of the financial year</b>		<b>12,140</b>	<b>7,561</b>
Financing arrangements	4.6		
Restrictions on cash assets	4.1		

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

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

	Note	2018 \$'000	2017 \$'000
<b>Property</b>			
Land improvements		232	208
<b>Total land</b>		232	208
Buildings		370	580
<b>Total buildings</b>		370	580
<b>Total property</b>		602	788
<b>Plant and equipment</b>			
Plant, machinery and equipment		2,319	1,326
Fixtures, fittings and furniture		26	28
Computers and telecommunications		293	540
Art Collection		8	5
Library books		178	-
<b>Total plant and equipment</b>		2,824	1,899
<b>Infrastructure</b>			
Roads		4,079	4,642
Bridges		283	489
Footpaths and cycleways		463	203
Drainage		885	508
Recreational, leisure and community facilities		1,590	892
Waste management		605	73
Parks, open space and streetscapes		9	32
Aerodromes		3	9
Off street car parks		966	22
<b>Total infrastructure</b>		8,883	6,870
<b>Total capital works expenditure</b>		12,309	9,557
<b>Represented by:</b>			
New asset expenditure		2,176	1,941
Asset renewal expenditure		7,019	6,275
Asset expansion expenditure		28	-
Asset upgrade expenditure		3,086	1,341
<b>Total capital works expenditure</b>		12,309	9,557

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

### OVERVIEW

#### Introduction

The Wangaratta Rural City Council was established by an Order of the Governor in Council on 18 November 1994 and is a body corporate. The Council's main office is located at 62-68 Ovens Street, Wangaratta.

#### Statement of compliance

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

#### Significant accounting policies

##### (a) Basis of accounting

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

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

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

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

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 \$200,000 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 26 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	30,548	30,738	190	
Statutory fees and fines	1,105	1,212	107	
User fees	7,434	7,747	313	1
Grants - operating	9,819	14,743	4,924	2
Grants - capital	6,426	5,125	(1,301)	3
Contributions - monetary	507	143	(364)	4
Contributions - non monetary	-	2,561	2,561	5
Net gain on disposal of property, infrastructure, plant and equipment	691	407	(284)	6
Share of net profits of associates	-	7	7	
Other income	506	1,668	1,162	7
<b>Total income</b>	<b>57,036</b>	<b>64,351</b>	<b>7,315</b>	
<b>Expenses</b>				
Employee costs	22,647	22,362	285	
Materials and services	16,589	17,212	(623)	8
Bad and doubtful debts	-	8	(8)	
Depreciation and amortisation	13,993	12,944	1,049	9
Borrowing costs	419	429	(10)	10
Other expenses	93	1,531	(1,439)	11
<b>Total expenses</b>	<b>53,741</b>	<b>54,486</b>	<b>(746)</b>	
<b>Surplus for the year</b>	<b>3,295</b>	<b>9,865</b>	<b>6,569</b>	

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

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

**1.1 Income and expenditure (cont'd)**

**(i) Explanation of material variations**

Variance Ref	Item	Explanation
1	User fees	User fees for rental properties is \$222K higher than budget and aged care user fees are \$ 130K higher than budgeted
2	Grants - operating	Council received 50% of the 2018/19 Financial Assistance Grants allocation amount in June 2018. The amount received was \$3.64 million. Aged care funding packages were increased resulting in additional grants of \$1.12 million received compared to budget.
3	Grants - capital	Grants for capital projects including Aquatics Plan \$2.35 million and Railway Precinct \$1 million deferred to later years, this was offset by \$2 million grant for restoration works on the North Wangaratta Recreation Reserve.
4	Contributions - monetary	Due to the deferral of a portion of Councils 2017/18 capital works program, contributions have not been received from user groups for the following projects - \$100K Aquatics Plan, \$16K Barr Two Oval Lighting Project, \$67K Moyhu Recreation Reserve - Female Friendly Facility, \$25K Appin Park Lighting and \$20K Glenrowan Recreation Reserve Project.
5	Contributions - non monetary	Council does not budget for the contribution of non-monetary assets.
6	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	Higher than budgeted proceeds on sale of plant items of \$284K, this was offset by the deferral of the sale of industrial of \$105K.
7	Other income	\$806K of natural disaster reimbursements was not budgeted for, Interest on investments is \$247K higher than budget due to carrying higher cash amounts and \$132K decrease in provision for landfill arising from changes in discount rates.
8	Materials and services	\$281K increase in expenditure in Packaged care due to larger funding packages received. \$1.01 million of natural disaster emergency and restoration works undertaken that was not budgeted for.
9	Depreciation and amortisation	Depreciation is less than budgeted due to the revaluation of Council's assets at 30/06/2017. The impact to the revaluation and change in depreciation rates was not known at the time of adopting the 2017/18 Budget
10	Borrowing costs	Borrowing costs includes \$180K in relation to the increase in provision for landfill rehabilitation arising from changes in discount rates. The changes in discount rates cannot be budgeted.
11	Other expenses	\$1.11 million of expenses relating to capital projects but not of a capital nature not budgeted for.

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

Note 1 Performance against budget (cont'd)

1.2 Capital works

	Budget 2018 \$'000	Actual 2018 \$'000	Variance 2018 \$'000	Ref
<b>Property</b>				
Land improvements	3,519	232	(3,287)	1
<b>Total Land</b>	<b>3,519</b>	<b>232</b>	<b>(3,287)</b>	
Buildings	811	370	(441)	2
<b>Total Buildings</b>	<b>811</b>	<b>370</b>	<b>(441)</b>	
<b>Total Property</b>	<b>4,330</b>	<b>602</b>	<b>(3,728)</b>	
<b>Plant and Equipment</b>				
Plant, machinery and equipment	4,154	2,319	(1,835)	3
Fixtures, fittings and furniture	-	26	26	4
Computers and telecommunications	868	293	(575)	5
Art Collection	5	8	3	6
Library books	-	178	178	7
<b>Total Plant and Equipment</b>	<b>5,027</b>	<b>2,824</b>	<b>(2,203)</b>	
<b>Infrastructure</b>				
Roads	8,905	4,079	(4,826)	8
Bridges	574	283	(291)	9
Footpaths and cycleways	792	463	(329)	10
Drainage	2,164	885	(1,279)	11
Recreational, leisure and community facilities	7,689	1,590	(6,099)	12
Waste management	93	605	512	13
Parks, open space and streetscapes	83	9	(74)	14
Aerodromes	50	3	(47)	15
Off street car parks	887	966	79	
<b>Total Infrastructure</b>	<b>21,237</b>	<b>8,883</b>	<b>(12,354)</b>	
<b>Total Capital Works Expenditure</b>	<b>30,594</b>	<b>12,309</b>	<b>(18,285)</b>	
<b>Represented by:</b>				
New asset expenditure	15,276	2,176	(13,100)	
Asset renewal expenditure	11,236	7,019	(4,217)	
Asset expansion expenditure	78	28	(50)	
Asset upgrade expenditure	4,004	3,086	(918)	
<b>Total Capital Works Expenditure</b>	<b>30,594</b>	<b>12,309</b>	<b>(18,285)</b>	

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

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

**1.2 Capital works (cont'd)**

**(i) Explanation of material variations**

Variance Ref	Item	Explanation
1	Land improvements	Implementation of CBD Masterplan projects of \$2.95 million and \$337K of Rural Community Planning project deferred to 2018/19 and later years
2	Buildings	Building renewals of \$503K deferred to 2018/19.
3	Plant, machinery and equipment	\$2.073 million deferred purchase of organics processing plant, offset by \$180K carry over of plant purchases from 2016/17.
4	Fixtures, fittings and furniture	HACC offices upgrades completed of \$22K not budgeted for.
5	Computers and telecommunications	Information Services projects of \$505K have been deferred to 2018/19.
6	Art Collection	Additional funding for Art Collection purchases was received during 2017/18.
7	Library books	Contributions for library book purchases to Alpine Shire was not budgeted for as capital expenditure.
8	Roads	\$3.7 million Cruse Street, \$321K Urban street renewal, \$270K Road reconstruction and major patching, \$177K preparation for reseals, \$184K Township gravel sealing and \$142K gravel road resheetting deferred to 2018/19.
9	Bridges	Bridge Renewal of \$233K deferred to 2018/19.
10	Footpaths and cycleways	Bike Path Renewal of \$173K deferred to 2018/19.
11	Drainage	\$483K for Moyhu road and drainage renewal, \$82K for Waldara drainage and \$694K for Morgan Street deferred to 2018/19.
12	Recreational, leisure and community facilities	\$5.95 million for Aquatics Plan implementation, \$207K Glenrowan Recreation Reserve, \$166K Moyhu female friendly facility, \$94K for Wareena Hall development, \$172K Barr 2 Oval development deferred to 2018/19. This is offset by restoration works on North Wangaratta Recreation Reserve of \$1.023M that was not budgeted for.
13	Waste management	\$559K Work on Organics Processing Plant carried over from 16/17.
14	Parks, open space and streetscapes	\$64K former Yarrunga Pool site redevelopment deferred to 2018/19.
15	Aerodromes	\$57K Aerodrome masterplan implementation deferred to 2018/19

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

<b>Note 2 Funding for the delivery of our services</b>	<b>2018</b>	<b>2017</b>
<b>2.1 Rates and charges</b>	<b>\$'000</b>	<b>\$'000</b>

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

The valuation base used to calculate general rates for 2017/18 was \$4,995,225,000 (2016/17 \$4,919,781,000).

General Rates	11,487	11,084
Rural	5,393	5,287
Rural residential	4,481	4,296
Commercial/industrial	3,970	3,841
Cultural and recreational	25	25
Garbage	2,658	2,470
Recycling	1,415	1,321
Organics	1,238	1,143
Supplementary rates and rate adjustments	71	97
<b>Total rates and charges</b>	<b>30,738</b>	<b>29,564</b>

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2016, and the valuation will be first applied in the rating year commencing 1 July 2016.

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

**2.2 Statutory fees and fines**

Animal Registrations	361	210
Vehicle Crossing	20	29
Health fees	201	164
Infringements and costs	203	235
Land information certificates	25	24
Planning and building fees	360	237
Election Fines	32	32
Library Fines	10	9
<b>Total statutory fees and fines</b>	<b>1,212</b>	<b>940</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.

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
2.3 User fees	\$'000	\$'000
Aged and disability services	874	774
Aerodrome	7	10
Building fees	174	128
Cemetery	310	338
Children's services	1,942	1,925
Community compliance	437	433
Events	3	6
Engineering fees	51	95
External private works	43	28
Landfill and transfer station charges	1,881	1,986
Library	152	165
Livestock exchange fees	510	532
Performing arts and culture	460	548
Regional Certification	37	40
Rental properties	538	479
Tourism	33	26
Other	295	264
<b>Total user fees</b>	<b>7,747</b>	<b>7,777</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	14,657	14,133
State funded grants	5,211	8,848
<b>Total grants received</b>	<b>19,868</b>	<b>22,981</b>

(a) Operating Grants

**Recurrent - Commonwealth Government**

Community Support North East - Commonwealth funded programs	5,034	1,856
Financial Assistance Grants - local roads	2,356	3,416
Financial Assistance Grants - unallocated	4,652	6,475

**Recurrent - State Government**

Aged and disability	434	1,327
Community Support North East - DHS funded programs	-	2,187
Culture and recreation	206	-
Development	-	-
Emergency	110	104
Environment	27	53
Family day care	641	708
Library	224	220
Maternal and child health	358	318
Youth Services	72	72
Other	91	197
<b>Total recurrent operating grants</b>	<b>14,205</b>	<b>16,933</b>

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

2.4 Funding from other levels of government (cont'd)

(a) Operating Grants (cont'd)

	2018	2017
	\$'000	\$'000
<b>Non-recurrent - Commonwealth Government</b>		
Community Wellbeing	13	29
<b>Non-recurrent - State Government</b>		
Cultural development	244	114
Age and disability	102	-
Environmental enhancement	46	163
Waste	45	-
Corporate Services	38	-
Economic development	35	86
Youth Services	12	5
Library	2	-
Family and children	1	-
Community facilities	-	11
Environmental health	-	14
Maternal and child health	-	5
People and Culture	-	80
Planning	-	82
Regional Forums	-	5
<b>Total non-recurrent operating grants</b>	<b>538</b>	<b>594</b>
<b>Total operating grants</b>	<b>14,743</b>	<b>17,527</b>

(b) Capital Grants

**Recurrent - Commonwealth Government**

Roads to recovery	2,584	2,339
<b>Total recurrent capital grants</b>	<b>2,584</b>	<b>2,339</b>

**Non-recurrent - Commonwealth Government**

Mitchell Ave Park Project	18	-
Wangaratta Skate Park Infrastructure Upgrade	-	18

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

2.4 Funding from other levels of government (cont'd)	2018	2017
(b) Capital Grants (cont'd)	\$'000	\$'000
<b>Non-recurrent - State Government</b>		
North Wangaratta Recreation Reserve	2,000	-
Safe pedestrian crossings	107	-
City Oval Tennis Precinct - Stage One Buildings	102	-
Glenrowan Recreation Reserve Project	90	-
Glenrowan Recreation Reserve Kelly Tigers Netball Court	90	-
Oxley School Carpark sealing	50	-
Bus Shelter Construction	31	23
Bridge Renewal	24	70
Moyhu Tennis Multiuse Project	9	-
Tennis Cluster Project Lighting	9	-
Wareena Park Lighting and Pavilion Development	9	-
Kyamba Foundation	2	-
Aquatics Plan	-	1,350
Everton Hall and precinct development	-	118
Shared pathway - Tone Road	-	100
Tennis Cluster Project Lighting	-	86
Appin Park Lighting	-	86
Female Friendly Facility - Moyhu Recreation Reserve	-	81
Municipal Synthetic Cricket Pitches	-	54
Wangaratta Library open space	-	47
HACC office upgrades	-	25
Footpath Renewal	-	20
Bullawah Project - Indigenous Interpretive Signage	-	12
Comfort Station Redevelopment	-	10
South Wangaratta Pitch Re-alignment	-	10
Informal Recreation Project	-	10
Greta Netball and Umpire Change rooms	-	5
Children's Services Playground upgrade	-	3
<b>Total non-recurrent capital grants</b>	<b>2,541</b>	<b>2,128</b>
<b>Total capital grants</b>	<b>5,125</b>	<b>4,467</b>
<b>(c) Unspent grants received on condition that they be spent in a specific manner</b>		
Balance at start of year	1,537	758
Received during the financial year and remained unspent at balance date	1,566	1,537
Received in prior years and spent during the financial year	584	758
Balance at year end	<b>2,519</b>	<b>1,537</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.

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

	2018 \$'000	2017 \$'000
<b>2.5 Contributions</b>		
Monetary	143	466
Non-monetary	2,561	1,969
<b>Total contributions</b>	<u>2,704</u>	<u>2,435</u>

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

Artwork	79	215
Drainage	1,368	176
Paths	169	512
Roads (including Kerbing)	945	1,066
<b>Total non-monetary contributions</b>	<u>2,561</u>	<u>1,969</u>

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

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

Proceeds of sale	1,030	206
Written down value of assets disposed	(623)	(240)
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>	<u>407</u>	<u>(34)</u>

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	653	489
Reimbursements - other	179	271
Reimbursements - Natural disasters	806	795
Recovery of overpayment of superannuation	-	59
Insurance recoveries	-	49
Other	30	28
<b>Total other income</b>	<u>1,668</u>	<u>1,691</u>

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.

**2.8 Found Assets**

Bridges	-	694
Footpaths and cycleways	-	21
<b>Total Found Assets</b>	<u>-</u>	<u>715</u>

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

<b>Note 3 The cost of delivering services</b>	<b>2018</b>	<b>2017</b>
<b>3.1 Employee costs</b>	<b>\$'000</b>	<b>\$'000</b>
Wages and salaries	17,248	17,554
Annual leave and long service leave	2,527	2,647
WorkCover	163	326
Superannuation	1,928	1,874
Redundancy	215	428
Other	281	293
<b>Total employee costs</b>	<b>22,362</b>	<b>23,122</b>
<b>(b) Superannuation</b>		
Council made contributions to the following funds:		
<b>Defined benefit fund</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	95	96
	95	96
Employer contributions payable at reporting date.	-	-
<b>Accumulation funds</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,330	1,409
Employer contributions - other funds	503	369
	1,833	1,778
Employer contributions payable at reporting date.	181	84

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

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

3.2 Materials and services

Other materials and services	832	643
Plant operating	3,243	3,077
Levies and licences	952	972
Community grants and contributions	660	620
Software maintenance	511	972
Staff development	294	376
Minor equipment	86	101
Bank charges	78	77
Subscriptions & publications	160	134
Security	194	103
Legal Expenses	164	174
Packaged care unspent funds transferred	225	71
Packaged care brokerage	1,276	1,426
Contract payments	5,104	5,050
Utilities	1,068	911
Valuation Contract	123	22
Building maintenance	27	50
Consultants	1,034	717
Consultants - Natural disasters	28	110
Consultants - North Wangaratta Recreation Reserve	40	210
Insurance	412	387
Printing and stationery	98	127
Telephone	248	273
Advertising and promotion	256	247
Postage	88	89
Plant and equipment maintenance	11	2
<b>Total materials and services</b>	<b>17,212</b>	<b>16,941</b>

3.3 Depreciation and amortisation

Property	1,514	1,556
Plant and equipment	1,918	2,048
Infrastructure	9,218	10,549
<b>Total depreciation</b>	<b>12,650</b>	<b>14,153</b>
Intangible assets	294	-
<b>Total depreciation and amortisation</b>	<b>12,944</b>	<b>14,153</b>

Refer to note 4.2( c ) and 5.2 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

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

	2018 \$'000	2017 \$'000
<b>3.4 Bad and doubtful debts</b>		
Parking fine debtors	8	2
<b>Total bad and doubtful debts</b>	<b>8</b>	<b>2</b>

**Movement in provisions for doubtful debts**

Balance at the beginning of the year	119	117
New Provisions recognised during the year	8	2
Balance at end of year	<b>127</b>	<b>119</b>

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	427	496
Increase in provision for landfill arising from changes in discount rates	2	433
<b>Total borrowing costs</b>	<b>429</b>	<b>929</b>

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	46	54
Auditors' remuneration - Internal	76	60
Councillors' allowances	268	173
Operating lease rentals	-	-
Assets written-off / impaired - Waste management assets	1,013	1,533
WIP reallocated to expenditure	121	
Recognition of additional landfill provision - closed sites	-	1,506
New industry rate assistance	7	7
<b>Total other expenses</b>	<b>1,531</b>	<b>3,333</b>

**3.7 Library book revaluation**

Recognition of Library book revaluation	84	-
<b>Total library book revaluation</b>	<b>84</b>	<b>-</b>

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

Note 4 Our financial position	2018	2017
4.1 Financial assets	\$'000	\$'000
<b>(a) Cash and cash equivalents</b>		
Cash on hand	5	5
Cash at bank	1,635	210
Money market at call account	8,500	5,320
Term deposits	2,000	2,026
<b>Total cash and cash equivalents</b>	<b>12,140</b>	<b>7,561</b>
<b>(b) Other financial assets</b>		
Term deposits - current	19,833	15,673
Municipal Association Purchasing Scheme (MAPS) shares at council valuation 2000.	10	10
<b>Total other financial assets</b>	<b>19,843</b>	<b>15,683</b>
<b>Total financial assets</b>	<b>31,983</b>	<b>23,244</b>

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

- Grants (Note 2.4)	2,519	1,537
- Trust funds and deposits (Note 4.3)	1,237	1,021
Total restricted funds	3,756	2,558
Total unrestricted cash and cash equivalents	<b>8,384</b>	<b>5,003</b>

**Intended allocations**

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

- reserve funds allocated for specific future purposes (Note 8.1)	11,460	7,875
Total funds subject to intended allocations	<b>11,460</b>	<b>7,875</b>

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 and garbage debtors	951	881
Fire services property levy	148	138
Cemetery	29	43
Net GST receivable	401	385
Parking and animal infringement debtors	423	303
Less provision for doubtful debts - parking infringements	(127)	(119)
Interest on rates and garbage receivable and investments	178	98
<i>Non statutory receivables</i>		
Natural disaster reimbursements	594	795
Other debtors	1,463	1,168
Loans and advances to community organisations	4	4
Total current trade and other receivables	<u>4,064</u>	<u>3,696</u>
<b>Non-current</b>		
<i>Non statutory receivables</i>		
Loans and advances to community organisations	7	11
Total non-current trade and other receivables	<u>7</u>	<u>11</u>
<b>Total trade and other receivables</b>	<u><b>4,071</b></u>	<u><b>3,707</b></u>

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

**(a) Ageing of Receivables**

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

Current (not yet due)	996	710
Past due by up to 30 days	270	284
Past due between 31 and 180 days	153	152
Past due between 181 and 365 days	43	21
Past due by more than 1 year	1	1
Total trade & other receivables	<u>1,463</u>	<u>1,168</u>

**(b) Ageing of individually impaired Receivables**

At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of the Council's trade & other receivables (excluding statutory receivables) was:

The ageing of receivables that have been individually determined as impaired at reporting date was:

Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	-	3
Past due between 181 and 365 days	7	12
Past due by more than 1 year	120	104
Total trade & other receivables	<u>127</u>	<u>119</u>

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

4.2 Non-financial assets	2018	2017
(a) Inventories	\$'000	\$'000
Inventories held for distribution	1	1
<b>Total inventories</b>	<b>1</b>	<b>1</b>

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

**(b) Other assets**

Prepayments	402	279
<b>Total other assets</b>	<b>402</b>	<b>279</b>

**(c) Intangible assets**

Landfill air space	1,684	984
<b>Total intangible assets</b>	<b>1,684</b>	<b>984</b>

	Landfill \$'000	Total \$'000
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**Gross carrying amount**

Balance at 1 July 2017	1,279	1,279
Other Additions	994	994
Balance at 1 July 2018	2,273	2,273

**Accumulated amortisation and impairment**

Balance at 1 July 2017	295	295
Amortisation expense	294	294
Balance at 1 July 2018	589	589

Net book value at 30 June 2017	984	984
Net book value at 30 June 2018	<b>1,684</b>	<b>1,684</b>

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

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

	2018	2017
	\$'000	\$'000
<b>4.3 Payables</b>		
<b>(a) Trade and other payables</b>		
Materials and contracts	2,624	2,281
Employee costs	940	830
Unearned income	712	555
Accrued expenses	137	243
<b>Total trade and other payables</b>	<b>4,413</b>	<b>3,909</b>

**(b) Trust funds and deposits**

Retention contract deposits	242	153
Refundable subdivision securities	427	376
Refundable relocate dwellings	31	36
Fire Services Property Levy	344	347
Wangaratta Performing Arts Centre	176	78
Other	17	31
<b>Total trust funds and deposits</b>	<b>1,237</b>	<b>1,021</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.

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

**4.4 Interest-bearing liabilities**

**Current**

Borrowings - secured	552	865
	<b>552</b>	<b>865</b>

**Non-current**

Borrowings - secured	8,185	8,737
	<b>8,185</b>	<b>8,737</b>

**Total**

	<b>8,737</b>	<b>9,602</b>
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Borrowings are secured by (insert security details)

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

Not later than one year	552	865
Later than one year and not later than five years	1,133	1,585
Later than five years	7,052	7,152
	<b>8,737</b>	<b>9,602</b>

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.

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

**4.5 Provisions**

	Employee	Landfill restoration	Total
<b>2018</b>	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>
Balance at beginning of the financial year	5,859	13,679	19,538
Additional provisions	2,634	996	3,630
Amounts used	(2,818)	-	(2,818)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	-	2	2
Balance at the end of the financial year	<b>5,675</b>	<b>14,677</b>	<b>20,352</b>

<b>2017</b>			
Balance at beginning of the financial year	6,468	11,113	17,581
Additional provisions	2,878	2,133	5,011
Amounts used	(3,570)	-	(3,570)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	83	433	516
Balance at the end of the financial year	<b>5,859</b>	<b>13,679</b>	<b>19,538</b>

	2018 \$'000	2017 \$'000
<b>(a) Employee provisions</b>		
<b>Current provisions expected to be wholly settled within 12 months</b>		
Redundancy	53	-
Annual leave	1,963	1,743
Long service leave	282	179
Rostered days off	245	243
Time accrued	122	123
	<b>2,665</b>	<b>2,288</b>
<b>Current provisions expected to be wholly settled after 12 months</b>		
Annual leave	31	380
Long service leave	2,346	2,730
	<b>2,377</b>	<b>3,110</b>
Total current employee provisions	<b>5,042</b>	<b>5,398</b>
<b>Non-current</b>		
Long service leave	633	461
Total non-current employee provisions	<b>633</b>	<b>461</b>
Aggregate carrying amount of employee provisions:		
Current	5,042	5,398
Non-current	633	461
Total aggregate carrying amount of employee provisions	<b>5,675</b>	<b>5,859</b>

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.

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

**4.5 Provisions (cont'd)**

**(a) Employee provisions (cont'd)**

*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.

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Key assumptions:		
- discount rate	2.65%	2.61%
- inflation rate	1.50%	1.50%

Probabilities of staff reaching their entitlements are based on managements best estimate and history.

**(b) Landfill restoration**

Current	-	-
Non-current	14,677	13,679
	<u>14,677</u>	<u>13,679</u>

Council is obligated to restore Bowser landfill to a particular standard. The forecast life of the site is based on current estimates of remaining capacity and the forecast rate of infill. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. 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.

Key assumptions:

- index rate	2.14%	1.98%
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Annual discount rates are taken from the Reserve Bank of Australia Capital Market Yields Government Bonds.

**4.6 Financing arrangements**

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

Bank overdraft	400	400
Credit card facilities	213	213
Total facilities	<u>613</u>	<u>613</u>
Used facilities	21	24
Unused facilities	<u>592</u>	<u>589</u>

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

**4.7 Commitments**

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

2018	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
<b>Operating</b>					
Recycling contract	905	905	905	-	2,715
Co Store car park licence	414	420	1,299	5,292	7,425
Interest on borrowings	377	339	888	840	2,444
Management of pools	347	347	-	-	694
Environmental Monitoring - Bowser Landfill	213	213	213	-	639
HVAC Services maintenance	97	97	97	-	291
High Country Library Network - Operations Contribution	160	160	-	-	320
<b>Total</b>	<b>2,513</b>	<b>2,481</b>	<b>3,402</b>	<b>6,132</b>	<b>14,528</b>
<b>Capital</b>					
Road Reconstruction - Thomson Street	570	-	-	-	570
Civil Works - Organics Plant	548	-	-	-	548
North Wangaratta - Recreation Reserve Rectification	544	-	-	-	544
Moyhu streetscape and drainage	419	-	-	-	419
HP Barr reserve roof	280	-	-	-	280
Organics Plant Purchase	333	-	-	-	333
High Country Library Network - Book Contribution	181	181	-	-	362
Williams Road Bridge Overlay	173	-	-	-	173
Various Isolated Kerb & Channel Renewal	105	-	-	-	105
Turner Street footbridge	86	-	-	-	86
<b>Total</b>	<b>3,239</b>	<b>181</b>	<b>-</b>	<b>-</b>	<b>3,420</b>

2017	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
<b>Operating</b>					
Glenrowan Heritage Precinct Grant	32	-	-	-	32
Management of pools	337	-	-	-	337
Workforce planning	75	-	-	-	75
Gender Equality Program	5	-	-	-	5
Industrial Land Strategy	29	-	-	-	29
Violence Against Women Campaign	8	-	-	-	8
River Red Gum Exhibition	15	-	-	-	15
Recycling contract	642	642	1,926	-	3,210
Interest on borrowings	424	373	944	1,403	3,144
<b>Total</b>	<b>1,567</b>	<b>1,015</b>	<b>2,870</b>	<b>1,403</b>	<b>6,855</b>
<b>Capital</b>					
WISAC Aquatics Plan	948	-	-	-	948
Park Lane Drainage and Parking Upgrade	790	-	-	-	790
Newman Street Drainage Upgrade	569	-	-	-	569
Shared Path Tone Road	100	-	-	-	100
Appin Park Lighting	85	-	-	-	85
Female Friendly Facility - Moyhu Rec Reserve	81	-	-	-	81
Municipal Synthetic Cricket pitches	54	-	-	-	54
Co Located Community Space at Wangaratta Library	47	-	-	-	47
HACC office upgrades	25	-	-	-	25
<b>Total</b>	<b>2,699</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,699</b>

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

**4.7 Commitments (cont'd)**

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

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	127	127
Later than one year and not later than five years	114	241
Later than five years	-	-
	<b>241</b>	<b>368</b>

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

**Note 5 Assets we manage**

**5.1 Non current assets classified as held for sale**

Balance at start of year	777	1,170
Revaluation of assets held for sale	-	(50)
Less assets disposed	(497)	-
Less assets no longer held for sale	-	(473)
Assets transferred from IPP&E	3,508	130
<b>Total non current assets classified as held for sale</b>	<b>3,788</b>	<b>777</b>

Assets held for sale include industrial land of \$2,398,000 and the old Ovens College site of \$1,390,000.

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

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

5.2 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	Write-off \$'000	Transfers \$'000	Transfers WIP \$'000	At Fair Value 30 June 2018 \$'000
Property	97,287	119	-	-	(1,514)	-	-	(3,508)	-	92,384
Plant and equipment	9,763	2,784	79	(84)	(1,918)	(12)	-	384	1,214	12,210
Infrastructure	372,042	4,476	2,482	46,371	(9,218)	(68)	-	-	8,079	424,164
Work in progress	9,469	4,930	-	-	-	-	(1,013)	-	(9,293)	4,093
	<b>488,561</b>	<b>12,309</b>	<b>2,561</b>	<b>46,287</b>	<b>(12,650)</b>	<b>(80)</b>	<b>(1,013)</b>	<b>(3,124)</b>	<b>-</b>	<b>532,850</b>

Summary of Work in Progress

	Opening WIP \$'000	Additions \$'000	Write-off \$'000	Transfers \$'000	Closing WIP \$'000
Property	944	483	(272)	(868)	287
Plant and equipment	1,018	40	(16)	(822)	220
Infrastructure	7,507	4,407	(725)	(7,603)	3,586
Total	9,469	4,930	(1,013)	(9,293)	4,093

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

5.2 Property, infrastructure, plant and equipment (cont'd)

Asset recognition thresholds and depreciation periods

	Depreciation Period	Threshold Limit \$'000
Property		
Land		
land improvements	20-90 years	5
land fill assets	1-11 years	1
Buildings		
Plant and Equipment		
plant, machinery and equipment	5-20 years	1
fixtures, fittings and furniture	2-33 years	1
computers and telecommunications	2-33 years	1
library books	6-12 years	
Infrastructure		
road pavements and seals	80 years	5
road formation	200 years	5
road kerb, channel and minor culverts	110 years	5
bridges	20-80 years	5
footpaths	10-110 years	3
bikepaths	15-20 years	3
drainage	100 years	5
recreational, leisure and community facilities	10-100 years	5
parks, open space and streetscapes	10-100 years	5
waste management	1-11 years	5
off street car parks	80 years	5
aerodromes	80 years	5
Intangibles		3-8

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

5.2 Property, infrastructure, plant and equipment (cont'd)

(a) Property

	Land - specialised	Land - non specialised	Land improvements	Total Land & Land Improvements	Heritage buildings	Buildings - specialised	Buildings - non specialised	Total Buildings	Work In Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2017	23,884	32,960	18,589	75,433	2,751	84,130	86,881	944	163,258	
Accumulated depreciation at 1 July 2017	-	-	(12,180)	(12,180)	(2,317)	(50,531)	(52,848)	-	(65,028)	
	23,884	32,960	6,409	63,253	434	33,599	34,033	944	98,230	
<b>Movements in fair value</b>										
Additions	-	-	39	39	-	80	80	483	602	
Write-off	-	-	-	-	-	-	-	(272)	(272)	
Transfer to assets held for sale	-	(3,508)	-	(3,508)	-	-	-	-	(3,508)	
Transfers from WIP	-	-	-	-	-	-	-	(868)	(868)	
	-	(3,508)	39	(3,469)	-	80	80	(657)	(4,046)	
<b>Movements in accumulated depreciation</b>										
Depreciation and amortisation	-	-	(277)	(277)	(19)	(1,218)	(1,237)	-	(1,514)	
	-	-	(277)	(277)	(19)	(1,218)	(1,237)	-	(1,514)	
At fair value 30 June 2018	23,884	29,452	18,628	71,964	2,751	84,210	86,961	287	159,212	
Accumulated depreciation at 30 June 2018	-	-	(12,457)	(12,457)	(2,336)	(51,749)	(54,085)	-	(66,542)	
	23,884	29,452	6,171	59,507	415	32,461	32,876	287	92,670	

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

5.2 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	Art Collection \$'000	Total plant and equipment \$'000	Work in Progress \$'000	Total plant and equipment \$'000
At fair value 1 July 2017	18,720	1,193	2,901	159	759	23,732	1,018	24,750
Accumulated depreciation at 1 July 2017	(10,923)	(928)	(2,103)	(15)	-	(13,969)	-	(13,969)
	7,797	265	798	144	759	9,763	1,018	10,781
<b>Movements in fair value</b>								
Additions	2,320	13	265	178	8	2,784	40	2,824
Contributions	-	-	-	-	79	79	-	79
Revaluation	-	-	-	474	-	474	-	474
Disposal	(772)	-	-	(388)	-	(1,160)	-	(1,160)
Write-off	-	-	-	-	-	-	(16)	(16)
Transfers from WIP	314	391	498	11	-	1,214	(822)	392
Transfers - HCLC	-	-	-	1,125	-	1,125	-	1,125
	1,862	404	763	1,400	87	4,516	(788)	3,718
<b>Movements in accumulated depreciation</b>								
Depreciation and amortisation	(1,358)	(29)	(447)	(84)	-	(1,918)	-	(1,918)
Revaluation	760	-	-	(558)	-	(558)	-	(558)
Accumulated depreciation of disposals	-	-	-	388	-	1,148	-	1,148
Transfers - HCLC	(598)	(29)	(447)	(741)	-	(2,069)	-	(2,069)
	20,582	1,597	3,664	1,559	846	28,248	220	28,468
At fair value 30 June 2018	(11,521)	(957)	(2,550)	(1,010)	-	(16,038)	-	(16,038)
Accumulated depreciation at 30 June 2018	9,061	640	1,114	549	846	12,210	220	12,430

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

5.2 Property, infrastructure, plant and equipment (cont'd)

(c) Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and community	Waste Management	Parks open spaces and streetscapes	Aerodromes	Off street car parks	Other Infrastructure	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2017	347,408	85,201	22,920	40,188	39,231	17,580	7,652	3,797	3,034	-	7,507	574,518
Accumulated depreciation at 1 July 2017	(107,945)	(19,667)	(8,381)	(12,343)	(20,625)	(15,952)	(5,712)	(3,130)	(1,214)	-	-	(194,969)
	239,463	65,534	14,539	27,845	18,606	1,628	1,940	667	1,820	-	7,507	379,549
<b>Movements in fair value</b>												
Additions	3,152	75	448	54	373	45	-	-	329	-	4,407	8,883
Contributions	945	-	169	1,368	-	-	-	-	-	-	-	2,482
Revaluation	63,359	3,639	3	8,982	-	-	-	-	138	-	-	76,121
Disposal	-	(247)	(4)	(5)	-	-	-	-	-	-	-	(256)
Write-off	-	-	-	-	-	-	-	-	-	-	(725)	(725)
Transfers from WIP	4,460	622	334	1,778	874	38	19	-	-	-	(7,603)	522
	71,916	4,089	950	12,177	1,247	83	19	-	467	-	(3,921)	87,027
<b>Movements in accumulated depreciation</b>												
Depreciation and amortisation	(5,568)	(940)	(664)	(573)	(779)	(202)	(329)	(95)	(68)	-	-	(9,218)
Revaluation	(25,832)	(2,326)	596	(2,501)	-	-	-	-	313	-	-	(29,750)
Accumulated depreciation of disposals	-	140	1	1	-	-	-	-	-	-	-	142
	(31,400)	(3,126)	(67)	(3,073)	(779)	(202)	(329)	(95)	245	-	-	(38,826)
At fair value 30 June 2018	419,324	89,290	23,870	52,365	40,478	17,663	7,671	3,797	3,501	-	3,586	661,545
Accumulated depreciation at 30 June 2018	(139,345)	(22,793)	(8,448)	(15,416)	(21,404)	(16,154)	(6,041)	(3,225)	(969)	-	-	(233,795)
	<b>279,979</b>	<b>66,497</b>	<b>15,422</b>	<b>36,949</b>	<b>19,074</b>	<b>1,509</b>	<b>1,630</b>	<b>572</b>	<b>2,532</b>	<b>-</b>	<b>3,586</b>	<b>427,750</b>

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

5.2 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.

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

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

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

Depreciation periods used are listed previously 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 (excluding land under roads) and buildings was undertaken in 2017 by a qualified independent valuer - Valpac Pty Ltd. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

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

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

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

5.2 Property, infrastructure, plant and equipment (cont'd)

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
Non-specialised land	-	3,710	25,742	Jun-17
Specialised land	-	-	23,884	Jun-17
Land Improvements	-	-	6,171	Jun-17
Heritage Buildings	-	-	415	Jun-17
Non-specialised buildings	-	-	32,461	Jun-17
Total	-	3,710	88,673	

**Valuation of infrastructure**

Valuation of infrastructure assets Roads, Bridges, Drainage, Footpaths and Cycleways was undertaken in 2018. The values were determined in accordance with a valuation undertaken by Nicole O'Keefe - Asset Engineer. The valuation was performed based on the depreciated replacement cost of the assets.

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

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

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

	Level 1	Level 2	Level 3	Date of Valuation
Roads	-	-	279,979	May-18
Bridges	-	-	66,497	May-18
Footpaths and cycleways	-	-	15,422	May-18
Drainage	-	-	36,949	May-18
Recreational, leisure and community facilities	-	-	19,074	Jun-17
Waste management	-	-	1,509	Jun-17
Parks, open space and streetscapes	-	-	1,630	Jun-17
Aerodromes	-	-	572	Jun-17
Off street carparks	-	-	2,532	Jun-17
Total	-	-	424,164	

5.2 Property, infrastructure, plant and equipment (cont'd)

**Description of significant unobservable inputs into level 3 valuations**

**Non specialised land, specialised land and land under roads** is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$2 and \$210 per square metre.

**Non specialised buildings and 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 \$75 to \$4,500 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 10 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

**Infrastructure assets** are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 10 years to 200 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2018 \$'000	2017 \$'000
Reconciliation of specialised land		
Land under roads	23,884	23,884
Total specialised land	23,884	23,884

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

	2018	2017
	\$'000	\$'000
<b>5.3 Investments in associates</b>		
<b>(a) Investments in associates</b>		
Investments in associates accounted for by the equity method are:		
- High Country Library Corporation	-	406
<b>High Country Library Corporation</b>		
<i>Background</i>		
High Country Library Corporation was established on the 8th August, 1996. The Wangaratta Rural City Council's share of audited assets and liabilities committed to this Corporation was 43%. They were included in the balance sheet as a current investment on the basis that the High Country Library Corporation was voluntarily wound up and the assets and liabilities were distributed during the year ended 30 June 2018		
<b>Fair value of Council's investment in High Country Library Corporation</b>	-	406
<b>Council's share of accumulated surplus</b>		
Council's share of accumulated surplus at start of year	161	381
Impairment losses recognised in operating result	7	(220)
Distributions received	(168)	-
Council's share of accumulated surplus at end of year	-	161
<b>Council's share of reserves</b>		
Council's share of reserves at start of year	-	8
Transfers (to) from reserves	-	(8)
Council's share of reserves at end of year	-	-
<b>Movement in carrying value of specific investment</b>		
Carrying value of investment at start of year	406	634
Share of impairment losses recognised in operating result	7	(220)
Share of asset revaluation	-	(8)
Distributions received	(413)	-
Carrying value of investment at end of year	-	406

**Significant restrictions**

Council has no share in commitments for the High Country Library Corporation as the Wangaratta branch is now managed in-house

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.

For joint operations, Council recognises its direct right to, and its share of jointly held assets, liabilities, revenues and expenses of joint operations.

Interests in joint ventures are accounted for using the equity method. Under this method, the interests are initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise Council's share of the post-acquisition profits or losses and movements in other comprehensive income in profit or loss and other comprehensive income respectively.

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

	2018	2017
	No.	No.
<b>Note 6 People and relationships</b>		
<b>6.1 Council and key management remuneration</b>		
<b>(a) Related Parties</b>		
<i>Parent entity</i>		
Wangaratta Rural City Council is the parent entity.		
<i>Subsidiaries and Associates</i>		
Interests in subsidiaries and associates are detailed in Note 5.3.		
<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>		
Ken Clarke OAM (Mayor)		
Harvey Benton		
Mark Currie		
David Fuller		
Dean Rees		
Harry Bussell		
Ruth Amery 01/07/2017 - 06/10/2017		
Ashlee Fitzpatrick 13/11/2017 - 30/06/2018		
<b>Total Number of Administrators/Councillors</b>	8	10
<b>Chief Executive Officer and other Key Management Personnel</b>	22	23
<b>Total Key Management Personnel</b>	<u>30</u>	<u>33</u>
<b>(c) Remuneration of Key Management Personnel</b>		
Total remuneration of key management personnel was as follows:		
Short-term benefits	2,727	3,132
Post-employment benefits	219	305
Long-term benefits	38	-
Termination benefits	82	247
<b>Total</b>	<u>3,066</u>	<u>3,684</u>
The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:		
\$1 - \$9,999	1	-
\$10,000 - \$19,999	3	4
\$20,000 - \$29,999	3	2
\$30,000 - \$39,999	3	-
\$40,000 - \$49,999	2	-
\$50,000 - \$59,999	-	3
\$60,000 - \$69,999	1	2
\$70,000 - \$79,999	1	1
\$90,000 - \$99,000	1	1
\$100,000 - \$109,999	-	1
\$110,000 - \$119,999	2	4
\$120,000 - \$129,999	2	3
\$130,000 - \$139,999	1	1
\$140,000 - \$149,999	4	5
\$150,000 - \$159,999	1	-
\$160,000 - \$169,999	-	1
\$170,000 - \$179,999	-	2
\$180,000 - \$189,999	-	-
\$190,000 - \$199,999	1	2
\$200,000 - \$209,999	2	-
\$210,000 - \$219,999	1	-
\$270,000 - \$279,999	-	1
\$290,000 - \$299,999	1	-
	<u>30</u>	<u>33</u>

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

**6.1 Council and key management remuneration (cont'd)**

**(d) Senior Officer Remuneration**

All senior officers are included in Key Management Personal

**6.2 Related party disclosure**

**(a) Transactions with related parties**

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

1. Employee expenses for close family members of key management personnel \$85,954 (2016/17 \$83,032).
2. Contributions paid to the Wangaratta Festival of Jazz. \$60,500 (2016/17 \$77,000).
3. Contributions paid to Tourism North East \$130,052 (2016/17 \$159,924).
4. Contributions and fees paid to LG Pro \$4,450 (2016/17 \$33,800).
5. Contributions and fees paid to North East and Resource Recovery Group \$32,520 (2016/17 \$Nil).
6. Contributions and fees paid to Alpine Shire \$353,367 (2016/17 \$Nil). A key management person has a family member in a key management position.

All purchases were at arms length and were in the normal course of Council's operations. Where not stated a key management person was a board member as a result of their position at Council.

**(b) Outstanding balances with related parties**

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

No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.

**(c) Loans to/from related parties**

Council does not make loans to or receive loans from related parties. No guarantees have been provided.

**(d) Commitments to/from related parties**

Council has no outstanding commitments to/from other related parties.

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

Council does not have contingent assets to disclose at 30 June 2018 (2017 Nil).

*Operating lease receivables*

The Council has entered into commercial property leases on its investment property, consisting of surplus freehold office complexes. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 10 years. All leases include a CPI based revision of the rental charge annually.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	2018	2017
	\$'000	\$'000
Not later than one year	456	238
Later than one year and not later than five years	1,528	185
Later than five years	672	177
	<u>2,656</u>	<u>600</u>

(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*

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2018. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2019 are \$111,035

**Other**

In May 2016, Council restricted access to the North Wangaratta Recreation Reserve following advice from DHHS and Environment Protection Authority Victoria that pollution in the form of lead and other contaminants had been detected at the site. The Environment Protection Authority (EPA) has issued a Pollution Abatement Notice and Clean-Up Notice to the Wangaratta Clay Target Club Incorporated in respect of lead pollution and complex hydrocarbon pollution at the North Wangaratta Recreation Reserve site. Council was also served with a Clean-up Notice. On 23 April 2018 EPA revoked the Clean-Up Notice previously issued to Council and is "satisfied that compliance with all notice requirements has been achieved". On this basis no contingent liability is thought to exist at 30 June 2018 for the North Wangaratta Recreation Reserve lead pollution matter.

On 22 August 2018 Council made employee back payments totalling \$510,280 in relation to Enterprise Agreement arrangements. The Enterprise Agreement had been under review with Fair Work Australia at 30 June 2018 and amounts payable were not known until approval had been granted on 1 August 2018.

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

### 7.1 Contingent assets and liabilities (cont'd)

#### Landfill

Council operates a landfill. Council will have to carry out site rehabilitation works in the future. At balance date Council is unable to accurately assess the financial implications of such works.

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.

#### (c) Guarantees for loans to other entities

Council has AS \$5,000 bank guarantee with Dept. of Natural Resources & Energy.

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

### 7.2 Change in accounting standards

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

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

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

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

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

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

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

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

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

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

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

#### *Income of Not-for-Profit Entities (AASB 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.

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

### 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. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

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

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

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

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

#### (c) Credit risk

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

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

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

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

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

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

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

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

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 7.1(c), and is deemed insignificant based on prior periods' data and current assessment of risk.

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

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 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 1.50%.

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

7.4 Fair value measurement

*Fair value hierarchy*

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

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

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

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

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

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

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

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

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

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

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

#### *Revaluation*

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 1 to 3 years. The valuation is performed either by experienced council officers or independent experts.

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

#### *Impairment of assets*

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

### 7.5 Events occurring after balance date

On 1 August 2018, the operations of the Saleyards was taken over by Wangaratta Livestock Exchange Pty Ltd (WLE). WLE is a company registered under the Corporations Act 2001 (Cth) and is wholly owned by Council. Council has resolved to implement a commercial management framework for the Saleyards under which Council appoints WLE to provide agreed Management Services to Council in respect of the Saleyards. Plant and equipment required for the operation of the Saleyards has been transferred to WLE.

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

8.1 Reserves	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
(a) Asset revaluation reserves	\$'000	\$'000	\$'000
<b>2018</b>			
<b>Property</b>			
Land & land improvements	24,936	-	24,936
Buildings	2,131	-	2,131
	<u>27,067</u>	<u>-</u>	<u>27,067</u>
<b>Plant &amp; Equipment</b>			
Art Collection	239	-	239
	<u>239</u>	<u>-</u>	<u>239</u>
<b>Infrastructure</b>			
Roads	199,241	37,527	236,768
Bridges	53,872	1,313	55,185
Footpaths and cycleways	4,004	599	4,603
Drainage	18,308	6,481	24,789
Recreational, leisure and community facilities	125	-	125
Parks, open space and streetscapes	2,365	-	2,365
Offstreet car parks	1,437	451	1,888
	<u>279,352</u>	<u>46,371</u>	<u>325,723</u>
<b>Total asset revaluation reserves</b>	<b><u>306,658</u></b>	<b><u>46,371</u></b>	<b><u>353,029</u></b>
<b>2017</b>			
<b>Property</b>			
Land & land improvements	23,674	1,262	24,936
Buildings	4,571	(2,440)	2,131
	<u>28,245</u>	<u>(1,178)</u>	<u>27,067</u>
<b>Plant &amp; Equipment</b>			
Art Collection	239	-	239
	<u>239</u>	<u>-</u>	<u>239</u>
<b>Infrastructure</b>			
Roads	132,460	66,781	199,241
Bridges	27,059	26,813	53,872
Footpaths and cycleways	3,370	634	4,004
Drainage	11,036	7,272	18,308
Recreational, leisure and community facilities	-	125	125
Waste management	4,032	(4,032)	-
Parks, open space and streetscapes	2,365	-	2,365
Aerodromes	(3)	3	-
Offstreet car parks	11	1,426	1,437
	<u>180,330</u>	<u>99,022</u>	<u>279,352</u>
<b>Total asset revaluation reserves</b>	<b><u>208,814</u></b>	<b><u>97,844</u></b>	<b><u>306,658</u></b>

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

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

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
<b>(b) Other reserves</b>				
<b>2018</b>				
Cemetery	17	44	-	61
Loans	839	-	-	839
Developers' contributions	243	-	(143)	100
Developers' contribution for recreation	158	-	(142)	16
CSNE integration	135	-	-	135
HACC	147	-	-	147
Industrial land	-	337	-	337
Performing arts centre	2	1	-	3
Replacement of plant	2,554	2,101	(1,963)	2,692
Replacement of plant - CSNE	4	-	-	4
Regional playground	1	-	-	1
Waste and Landfill	3,044	2,793	(669)	5,168
Livestock selling complex	-	90	-	90
Unfunded superannuation	478	66	-	544
Municipal Fire & Emergency Mgt Resourcing	147	16	-	163
North Wangaratta Recreation Reserve	-	977	-	977
Wangaratta Showgrounds	-	33	-	33
WISAC	106	44	-	150
<b>Total Other reserves</b>	<b>7,875</b>	<b>6,502</b>	<b>(2,917)</b>	<b>11,460</b>
<b>2017</b>				
Cemetery	2	15	-	17
Loans	554	285	-	839
Developers' contributions	221	22	-	243
Developers' contribution for recreation	174	47	(63)	158
CSNE integration	135	-	-	135
HACC	188	-	(41)	147
Performing arts centre	18	2	(18)	2
Replacement of plant	1,730	1,680	(856)	2,554
Replacement of plant - CSNE	4	-	-	4
Regional playground	1	-	-	1
Waste and Landfill	2,464	1,113	(533)	3,044
Unfunded superannuation	351	127	-	478
Municipal Fire & Emergency Mgt Resourcing	182	-	(35)	147
WISAC	44	73	(11)	106
<b>Total Other reserves</b>	<b>6,068</b>	<b>3,364</b>	<b>(1,557)</b>	<b>7,875</b>

The reserves for developers contributions will, upon completion of developments, be utilised to develop recreation and other facilities for residents in the respective development areas.

The Waste and Landfill reserve is for future capital works and rehabilitation of landfill sites.

Replacement of plant reserve is for purchase of plant and equipment per the plant replacement program.

Loans reserve is to cover the future principal repayments of interest only loan via the Local Government Funding Vehicle.

Unfunded superannuation reserve is for possible future defined benefits superannuation calls.

The Municipal Fire & Emergency Mgt Resourcing reserve is for ongoing fire and emergency management resourcing from State Government funding.

The reserve for the North Wangaratta Recreation Reserve is the unspent funds from \$2 million grant funding received to date from the federal government for remediation as a result of lead contamination.

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

	2018	2017
	\$'000	\$'000
<b>8.2 Reconciliation of cash flows from operating activities to surplus/(deficit)</b>		
Surplus for the year	9,781	6,382
Depreciation and amortisation	12,944	15,686
Profit/(loss) on disposal of property, infrastructure, plant and equipment	(445)	34
Finance costs	427	496
Fair value decreases - Employee provisions	-	83
Fair value decreases - Rehabilitation provisions	2	433
Contributions - Non-monetary assets	(2,561)	(1,969)
Found Assets	-	(715)
Share of High Country Library Corporation (surplus)/deficit	(7)	220
Bad Debts	8	2
Assets written-off / impaired	1,097	-
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(364)	(169)
(Increase)/decrease in prepayments	(123)	86
Increase/(decrease) in trade and other payables	504	(691)
(Decrease)/increase in other liabilities	216	(34)
(Increase)/decrease in inventories	-	32
Increase/(decrease) in provisions	814	813
(Increase)/decrease in intangible asset	(996)	-
Net cash provided by/(used in) operating activities	<b>21,297</b>	<b>20,689</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.

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

**8.3 Superannuation (cont'd)**

***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 2018, 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 106%. To determine the VBI, the Fund Actuary used the following long-term assumptions:

Net investment returns 6.0% pa

Salary information 3.5% pa

Price inflation (CPI) 2.0% pa.

Vision Super has advised that the actual VBI at 30 June 2018 was 106.0%.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2018 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

***Employer contributions***

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 2018 VBI during August 2018.

**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.

### 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.



Anthea Sloan B. Bus(Acc), C.A.  
Principal Accounting Officer

Date : 25 September 2018  
Wangaratta

In our opinion the accompanying financial statements present fairly the financial transactions of Wangaratta Rural City 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.



Ken Clarke OAM  
Mayor

Date : 25<sup>th</sup> September 2018  
Wangaratta



Mark Currie  
Councillor

Date : 25.12. September 2018  
Wangaratta



Alan Clark  
Acting Chief Executive  
Officer

Date : 25<sup>th</sup> September 2018  
Wangaratta

# Independent Auditor's Report

## To the Councillors of Wangaratta Rural City Council

<b>Opinion</b>	<p>I have audited the financial report of Wangaratta Rural City 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>• cash flow statement 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>

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

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

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

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

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

MELBOURNE  
26 September 2018



Tim Loughnan  
*as delegate for the Auditor-General of Victoria*



