



# **ORDINARY COUNCIL MEETING**

## **AGENDA**

**Thursday 22 October 2020**

**Commencing at 5.00pm**

**held remotely via zoom**

**Anthony Judd  
Chief Executive Officer  
Buloke Shire Council**

## **ORDER OF BUSINESS**

### **1. COUNCIL WELCOME AND STATEMENT OF ACKNOWLEDGEMENT**

#### WELCOME

The Mayor Cr Carolyn Stewart will welcome all in attendance.

#### STATEMENT OF ACKNOWLEDGEMENT

The Mayor Cr Carolyn Stewart will acknowledge the traditional owners of the land on which we are meeting and pay our respects to their Elders and to the Elders from other communities who maybe here today.

#### STATEMENT FOR RECOMMENDED DECISIONS

The Chief Executive Officer confirms the recommended decisions in all reports on this agenda are not prohibited decisions as defined in Clause 3 of the Election Period Policy.

### **2. RECEIPT OF APOLOGIES**

### **3. DECLARATION OF PECUNIARY AND CONFLICTS OF INTEREST**

In accordance with Sections 77A, 77B and 78 of the Local Government Act Councillors are required to disclose an "interest" in a decision if they would receive, or could be reasonably perceived as receiving a direct or indirect financial or non-financial benefit or detriment (other than as a voter, resident or ratepayer) from the decision.

Disclosure must occur immediately before the matter is considered or discussed.

### **4. GENERAL BUSINESS**

#### **4.1**

4.1.1 FINANCIAL STATEMENTS AND PERFORMANCE STATEMENT FOR 2019-2020

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### **5. MEETING CLOSE**

**Anthony Judd**  
**CHIEF EXECUTIVE OFFICER**

**4. GENERAL BUSINESS****4.1 FINANCIAL REPORTS****4.1.1 FINANCIAL STATEMENTS AND PERFORMANCE STATEMENT FOR 2019-2020**

**Author's Title:** Director Corporate Services

**Department:** Corporate Services

**File No:** FM/02/09

**Relevance to Council Plan 2017 - 2021**

**Strategic Objective:** Deliver our service in a financially viable way

**PURPOSE**

The purpose of this report is to have the Council approve, in principle, the Financial Statements and Performance Statement (Statements) for the 2019/20 financial year and to authorise two (2) Councillors to sign the final form statements on behalf of the Council.

**SUMMARY**

The preparation of Statements is a legislative requirement.

It is now appropriate for Council to approve the Statements in principle and authorise two (2) Councillors to sign the final Statements.

**RECOMMENDATION**

That Council:

1. Approves in principle the Financial Statements and Performance Statement for the 2019/20 Financial Year
2. Authorises the Mayor, Cr. Stewart, to approve last minute changes on an immaterial nature on the advice of Council's External Auditor
3. Authorises the Mayor, Cr. Stewart, and the Deputy Mayor, Cr. Pollard, to sign the final form Financial Statements and Performance Statement on behalf of, and with full authority of, the Council.<Type recommendation in box...>

**Attachments:**

- 1 Buloke Financial Report 2019-2020
- 2 Draft Performance Statement 2019-2020

**DISCUSSION**

Under Section 131 of the *Local Government Act 1989* a council must in respect of each financial year, prepare an Annual Report that includes audited Statements for the financial year. These Statements must be prepared in the prescribed manner and form and be certified by the Auditor General.

This year the Victorian Auditor General's Office agents Accounting and Audit Solutions Bendigo (AASB) acted as Council's auditors. The audit is in progress at the time of this report but the process has been

complicated by Covid-19 restrictions. The Statements have been reviewed by the Victorian Auditor-General's Office.

Council is required to approve, in principle, the Statements prior to receiving certification from the Auditor General. The Council must also authorise two (2) Councillors to certify the Statements in their final form; historically the Mayor and the Deputy Mayor.

#### **RELEVANT LAW**

The Statements have been prepared in accordance with Australian Accounting Standards and Interpretations, the *Local Government Act 1989* and the Regulations.

Council's Statements must be audited to meet the requirements as set out under the *Local Government Act 1989*.

#### **RELATED COUNCIL DECISIONS**

Not applicable to this report.

#### **OPTIONS**

Not applicable to this report.

#### **SUSTAINABILITY IMPLICATIONS**

Not applicable to this report.

#### **COMMUNITY ENGAGEMENT**

Community consultation was not required in the preparation of the Statements. However, the Statements will be made available as public documents following the Auditor-General's approval. The Statements will form part of the Council meeting minutes and will be published in Council's Annual Report.

#### **INNOVATION AND CONTINUOUS IMPROVEMENT**

Not applicable to this report.

#### **COLLABORATION**

Not applicable to this report.

#### **FINANCIAL VIABILITY**

The Statements form part of Council's Annual Report that must be submitted to the Minister in accordance with the *Local Government Act 1989*.

The Statements are a report back to the community on Council's performance against the adopted 2019/20 Annual Budget, along with performance against measures and targets for Key Strategic Activities specified in the 2019/20 Annual Budget.

#### **REGIONAL, STATE AND NATIONAL PLANS AND POLICIES**

Not applicable to this report.

#### **COUNCIL PLANS AND POLICIES**

The Statements are a report back to the community on Council's performance against the performance against measures and targets for Key Strategic Activities specified in the 2019/20 Annual Budget.

#### **TRANSPARENCY OF COUNCIL DECISIONS**

The availability of Council's audited financial and performance reporting to the community essential for ensuring transparency and accountability to the community and other levels of government.

**CONFLICTS OF INTEREST**

In providing this advice to the Council as the Director Corporate Services I, Hannah Yu, have no interests to disclose in this report.

**Buloke Shire Council  
ANNUAL FINANCIAL REPORT**

*For the Year Ended 30 June 2020*

**Buloke Shire Council  
Financial Report  
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*Buloke Shire Council*  
*2019/2020 Financial Report*

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### **Certification of the Financial Statements**

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

*Aileen Douglas CPA*  
**Principal Accounting Officer**

**Date :** <Date>

*Wycheproof*

In our opinion the accompanying financial statements present fairly the financial transactions of Buloke Shire Council for the year ended 30 June 2020 and the financial position of the Council as at that date.

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

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

*Cr Carolyn Stewart*  
**Councillor**

**Date :** <Date>

*Wycheproof*

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*Cr David Pollard*  
**Councillor**

**Date :** <Date>

*Wycheproof*

*Anthony Judd*  
**Chief Executive Officer**

**Date :** <Date>

*Wycheproof*

***Buloke Shire Council  
2019/2020 Financial Report***

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Buloke Shire Council  
2019/2020 Financial Report

### Comprehensive Income Statement For the Year Ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
<b>Income</b>			
Rates and charges	3.1	13,769	13,414
Statutory fees and fines	3.2	325	171
User fees	3.3	742	809
Grants - operating	3.4	9,906	15,007
Grants - capital	3.4	8,539	8,773
Contributions - monetary	3.5	462	1,657
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	3.6	(8)	56
Other income	3.7	561	440
<b>Total income</b>		<b>34,296</b>	<b>40,327</b>
<b>Expenses</b>			
Employee costs	4.1	9,776	9,855
Materials and services	4.2	6,902	15,905
Depreciation and amortisation	4.3	8,156	7,591
Amortisation - right of use assets	4.4	294	-
Bad and doubtful debts	4.5	471	67
Borrowing costs	4.6	106	296
Finance costs - leases	4.7	26	-
Other expenses	4.8	723	697
<b>Total expenses</b>		<b>26,454</b>	<b>34,411</b>
<b>Surplus/(deficit) for the year</b>		<b>7,842</b>	<b>5,916</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
Additional asset recognition	6.2	537	
Net asset revaluation increment/(decrement)	6.2	4,157	61,323
<b>Total comprehensive result</b>		<b>12,536</b>	<b>67,239</b>

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

*Buloke Shire Council  
2019/2020 Financial Report*

**Balance Sheet  
As at 30 June 2020**

	Note	2020 \$'000	2019 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5.1	6,541	2,071
Other financial assets	5.1	11,003	18,207
Trade and other receivables	5.1	2,877	3,163
Inventories	5.2	181	111
Other assets	5.2	190	342
<b>Total current assets</b>		<b>20,792</b>	<b>23,894</b>
<b>Non-current assets</b>			
Property, infrastructure, plant and equipment	6.2	270,940	262,382
Right-of-use assets	5.8	394	-
<b>Total non-current assets</b>		<b>271,334</b>	<b>262,382</b>
<b>Total assets</b>		<b>292,126</b>	<b>286,276</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5.3	1,374	2,133
Trust funds and deposits	5.3	203	292
Unearned Income	5.3	1,287	353
Provisions	5.5	2,476	2,340
Interest-bearing liabilities	5.4	-	7,000
Lease liabilities	5.8	257	-
<b>Total current liabilities</b>		<b>5,597</b>	<b>12,118</b>
<b>Non-current liabilities</b>			
Provisions	5.5	1,137	1,445
Interest-bearing liabilities	5.4	-	-
Lease liabilities	5.8	160	-
<b>Total non-current liabilities</b>		<b>1,297</b>	<b>1,445</b>
<b>Total liabilities</b>		<b>6,894</b>	<b>13,563</b>
<b>Net assets</b>		<b>285,232</b>	<b>272,713</b>
<b>Equity</b>			
Accumulated surplus		112,146	105,137
Reserves	9.1	173,086	167,929
<b>Total Equity</b>		<b>285,232</b>	<b>273,066</b>

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

Buloke Shire Council  
2019/2020 Financial Report

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

2020	Note	Total	Accumulated	Revaluation	Other
		\$'000	Surplus \$'000	Reserve \$'000	Reserves \$'000
Balance at beginning of the financial year		273,066	105,137	167,929	-
Impact of change in accounting policy - AASB 15 Revenue from Contracts with Customers	10	(353)	(353)	-	-
Impact of change in accounting policy - AASB 16 Leases	5.8	(17)	(17)	-	-
Adjusted Opening balance		272,696	104,767	167,929	-
Surplus/(deficit) for the year		7,842	7,842	-	-
Additional asset recognition		537	537	-	-
Net asset revaluation increment/(decrement)		4,157	-	4,157	-
Transfers to other reserves	9.1	-	(1,000)	-	1,000
<b>Balance at end of the financial year</b>		<b>285,232</b>	<b>112,146</b>	<b>172,086</b>	<b>1,000</b>

2019		Total	Accumulated	Revaluation	Other
		\$'000	Surplus \$'000	Reserve \$'000	Reserves \$'000
Balance at beginning of the financial year		205,827	99,221	106,606	-
Surplus/(deficit) for the year		5,916	5,916	-	-
Net asset revaluation increment/(decrement)		61,323	-	61,323	-
<b>Balance at end of the financial year</b>		<b>273,066</b>	<b>105,137</b>	<b>167,929</b>	<b>-</b>

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

Buloke Shire Council  
2019/2020 Financial Report

**Statement of Cash Flows  
For the Year Ended 30 June 2020**

	Note	2020 Inflows/ (Outflows) \$'000	2019 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Rates and charges		14,244	13,192
Statutory fees and fines		275	180
User fees		833	924
Grants - operating		8,846	15,007
Grants - capital		10,313	7,500
Contributions - monetary		548	1,657
Interest received		368	409
Other receipts		314	29
Net GST refund/(payment)		111	(79)
Employee costs		(9,881)	(9,076)
Materials and services		(7,292)	(16,737)
Other payments		(1,513)	(764)
<b>Net cash provided by/(used in) operating activities</b>	9.2	<u>17,166</u>	<u>12,242</u>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment	6.2	(12,798)	(11,993)
Proceeds from sale of property, infrastructure, plant and equipment		317	55
Payments for investments		(11,003)	(16,273)
Proceeds from sale of investments		18,208	12,146
<b>Net cash provided by/(used in) investing activities</b>		<u>(5,276)</u>	<u>(16,065)</u>
<b>Cash flows from financing activities</b>			
Finance costs		(105)	(296)
Repayment of borrowings		(7,000)	-
Interest paid - lease liability		(26)	-
Repayment of lease liabilities		(289)	-
<b>Net cash provided by/(used in) financing activities</b>		<u>(7,420)</u>	<u>(296)</u>
Net increase (decrease) in cash and cash equivalents		4,470	(4,119)
Cash and cash equivalents at the beginning of the financial year		2,071	6,190
<b>Cash and cash equivalents at the end of the financial year</b>	5.1	<u>6,541</u>	<u>2,071</u>
Financing arrangements	5.6		
Restrictions on cash assets	5.1		

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

Buloke Shire Council  
2019/2020 Financial Report

**Statement of Capital Works  
For the Year Ended 30 June 2020**

	Note	2020 \$'000	2019 \$'000
<b>Property</b>			
Buildings		5,810	6,768
<b>Total buildings</b>		<u>5,810</u>	<u>6,768</u>
<b>Total property</b>		<u>5,810</u>	<u>6,768</u>
<b>Plant and equipment</b>			
Plant, machinery and equipment		1,286	629
Computers and telecommunications		44	203
Library books		47	219
<b>Total plant and equipment</b>		<u>1,377</u>	<u>1,051</u>
<b>Infrastructure</b>			
Roads		5,279	3,798
Footpaths and cycleways		54	81
Other infrastructure		278	295
<b>Total infrastructure</b>		<u>5,611</u>	<u>4,174</u>
<b>Total capital works expenditure</b>		<u>12,798</u>	<u>11,993</u>
<b>Represented by:</b>			
New asset expenditure		1,588	1,306
Asset renewal expenditure		3,122	6,303
Asset upgrade expenditure		8,088	4,384
<b>Total capital works expenditure</b>		<u>12,798</u>	<u>11,993</u>

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



**OVERVIEW****Introduction**

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

The Council's main office is located at 367 Broadway, Wycheproof, Victoria 3527.

**Statement of compliance**

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

**Significant accounting policies****(a) Basis of accounting**

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of AASB 15 *Revenue from Contracts with Customers* or AASB 1058 *Income of Not-for-Profit Entities* (refer to Note 3)
- the determination, in accordance with AASB 16 *Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)
- other areas requiring judgements.

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

Buloke Shire Council  
2019/2020 Financial Report

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

Note 1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material variances. Council has adopted a materiality threshold of the higher of 10 percent or \$50,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

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

1.1 Income and expenditure

	Budget 2020 \$'000	Actual 2020 \$'000	Variance 2020 \$'000	Variance %	Ref
<b>Income</b>					
Rates and charges	13,691	13,769	78	1%	1
Statutory fees and fines	188	325	137	73%	2
User fees	776	742	(34)	-4%	
Grants - operating	14,919	9,906	(5,013)	-34%	3
Grants - capital	7,685	8,539	874	11%	4
Contributions - monetary	185	462	277	150%	5
Net gain/(loss) on disposal of property, infrastructure, plant & equipment	50	(8)	(58)	-116%	6
Other income	203	561	358	176%	7
<b>Total income</b>	<b>37,677</b>	<b>34,296</b>	<b>(3,381)</b>		
<b>Expenses</b>					
Employee costs	9,927	9,776	151	2%	8
Materials and services	13,139	6,902	6,237	47%	9
Depreciation and amortisation	7,318	8,450	(1,132)	-15%	10
Bad and doubtful debts	50	471	(421)	-842%	11
Borrowing costs	148	106	42	28%	12
Finance costs - leases	-	26	(26)	100%	13
Other expenses	655	723	(68)	-10%	14
<b>Total expenses</b>	<b>31,237</b>	<b>26,454</b>	<b>4,783</b>		
<b>Surplus/(deficit) for the year</b>	<b>6,440</b>	<b>7,842</b>	<b>(1,402)</b>		

(i) Explanation of material variations

Variance Explanation:  
Ref

- 1 Rates and charges - positive variance due to underestimation of income from increased number of Windfarms.
- 2 Statutory fees and fines - positive variance due to increased construction activity and fire prevention compliance.
- 3 Grants - operating - budget includes Natural Disaster Financial Assistance grant funding for flood restoration work to the value of \$6m per initial estimate of damage. The restoration work was later confirmed at a value of \$3.5m and majority of works delayed to 2020-21 financial year. Grant funding is to be received in arrears.
- 4 Grants - capital - positive variation due to increased capital project funding opportunities during the financial year.
- 5 Contributions - monetary - community contributions to multi-year projects in Donald and Charlton budgeted in previous financial year were received later than expected.

- 6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment - items to be sold during the financial year confirmed after 2019-2020 budget completed. Default estimate used in budget due to the unpredictability of auction sales.
- 7 Other income - positive variance due to change in recognition of reimbursement income previous offset against expenses.
- 8 Employee costs - variance relates to unplanned turnover within third tier management roles
- 9 Materials and services - budget includes flood restoration work to the value of \$6m per initial estimate of damage. The restoration work was later confirmed at a value of \$3.5m and the majority of works delayed to 2020-21 financial year.
- 10 Depreciation and amortisation - impact of infrastructure revaluation as at 30th June 2019 not identifiable during 2019-20 budget preparation. Estimate based on previous year used.
- 11 Bad and doubtful debts - negative variance due to provision for doubtful rates debtors. Refer note 5.1.
- 12 Borrowing costs - budget estimate overstated on borrowing costs related to \$7m loan paid out November 2019.
- 13 Finance costs - leases - variance due to change in treatment of leases under AASB 16 Leases. Refer note 5.8 for further details.
- 14 Other expenses - negative variance due to Council Contributions and donations funded externally.

Buloke Shire Council  
2019/2020 Financial Report

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

Note 1 Performance against budget (cont'd)

1.2 Capital works

	Budget 2020 \$'000	Actual 2020 \$'000	Variance 2020 \$'000	Variance %	Ref
<b>Property</b>					
Buildings	5,166	5,810	644	12%	1
<b>Total Buildings</b>	<b>5,166</b>	<b>5,810</b>	<b>644</b>	<b>12%</b>	
<b>Total Property</b>	<b>5,166</b>	<b>5,810</b>	<b>644</b>	<b>12%</b>	
<b>Plant and Equipment</b>					
Plant, machinery and equipment	740	1,286	546	74%	2
Computers and telecommunications	430	44	(386)	-90%	3
Library books	50	47	(3)	-6%	
<b>Total Plant and Equipment</b>	<b>1,220</b>	<b>1,377</b>	<b>157</b>	<b>13%</b>	
<b>Infrastructure</b>					
Roads	4,678	5,279	601	13%	4
Footpaths and cycleways	130	54	(76)	-58%	5
Other infrastructure	560	278	(282)	-50%	6
<b>Total Infrastructure</b>	<b>5,368</b>	<b>5,611</b>	<b>243</b>	<b>5%</b>	
<b>Total Capital Works Expenditure</b>	<b>11,754</b>	<b>12,798</b>	<b>1,044</b>	<b>9%</b>	
<b>Represented by:</b>					
New asset expenditure	1,819	1,588	(231)	-13%	
Asset renewal expenditure	7,975	3,122	(4,853)	-61%	
Asset upgrade expenditure	1,960	8,088	6,128	313%	
<b>Total Capital Works Expenditure</b>	<b>11,754</b>	<b>12,798</b>	<b>1,044</b>	<b>9%</b>	

(i) Explanation of material variations

Variance Explanation:  
Ref

- |   |  |
|---|--|
| 1 | Buildings - variance partly off-set by reclassification of items listed under "Other infrastructure" but mostly the result of additional expenditure on the multi-year construction project in Donald.   |
| 2 | Plant, machinery and equipment - additional expenditure off-set by proceeds of sale of plant and equipment of \$325K. Specific plant purchases items not identified at preparation of budget 2019-20.  |
| 3 | Computers and telecommunications - items included in budget since reclassified as operational expenses. Part of the budget has been deferred (\$200K) regarding the progression of the Rural Council Transformation Project investigating shared service options amongst the six participating Councils. |
| 4 | Roads - increase spending relating to additional Roads to Recovery funding received.   |
| 5 | Footpaths and cycleway - negative variance due recosting on a project and carried forward.   |
| 6 | Other infrastructure - reclassification of items listed under "Other infrastructure"   |

**Note 2.1 Analysis of Council results by program**

Council delivers its functions and activities through the following programs.

**2 (a) Delivering our services in a financially viable way**

To achieve our objective of delivering our services in a financially viable way, we will continue to review our services to provide high quality, cost effective, and responsive services.

**Build a healthy and active community**

To achieve our objective of building a healthy and active community, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services.

**Diversify and enhance our local economy**

To achieve our objective of diversifying and enhancing our local economy, we will continue to actively seek economic opportunities.

**Responding to and enhancing our built and natural environment**

To achieve our objective of responding to and enhancing our built and natural environment, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services.

**Support our Councillors, staff, volunteers and the community to make informed and transparent decisions**

To achieve our objective of supporting Councillors, staff, volunteers and the community to make informed and transparent decisions we will develop engagement frameworks and continuously review the way in which we communicate.

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**Note 2.1 Analysis of Council results by program**

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

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2020</b>					
Delivering our services in a financially viable way	17,043	1,844	15,399	4,460	20,792
Build a healthy and active community	1,749	2,158	(409)	1,313	-
Diversify and enhance our local economy	477	977	(500)	60	-
Responding to and enhancing our built and natural environment	14,961	18,582	(3,621)	12,612	271,334
Support our Councillors, staff, volunteers and the community to make informed and transparent decisions	66	3,093	(3,027)	-	-
	34,296	26,454	7,842	18,445	292,126
	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2019</b>					
Delivering our services in a financially viable way	16,435	1,316	15,119	4,048	23,935
Build a healthy and active community	1,801	2,349	(548)	1,398	-
Diversify and enhance our local economy	790	2,042	(1,252)	379	-
Responding to and enhancing our built and natural environment	21,297	25,856	(4,559)	17,955	262,341
Support our Councillors, staff, volunteers and the community to make informed and transparent decisions	4	2,848	(2,844)	-	-
	40,327	34,411	5,916	23,780	286,276

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	2020	2019
	\$'000	\$'000

**Note 3 Funding for the delivery of our services**

**3.1 Rates and charges**

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

The valuation base used to calculate general rates for 2019/20 was \$1.709 billion (2018/19 \$1.574 billion). The 2019/20 rate in the CIV dollar was a General Rate of 0.007699 cents (2018/19, 0.007715 cents) and a Farm Rate of 0.006314 cents (2018/19, 0.006789 cents).

Rates - Residential	2,533	2,475
Rates - Commercial	630	618
Rates - Rural	8,220	7,974
Windfarm electricity generation charge	115	79
Municipal Charge	752	751
Garbage Charges	1,423	1,424
Interest on Rates and Charges	96	93

<b>Total rates and charges</b>	<b>13,769</b>	<b>13,414</b>
--------------------------------	---------------	---------------

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2019, and the valuation will be first applied in the rating year commencing 1st July 2019.

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.

**3.2 Statutory fees and fines**

Compliance	149	95
Planning Permits & Certificates	74	65
Revenue Collection	9	7
Building Regulations and Inspections	93	4
<b>Total statutory fees and fines</b>	<b>325</b>	<b>171</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.

**3.3 User fees**

Pound fees and animal registrations	82	59
Home and Community Care	168	166
Brokered Programs Charges	195	177
Public Health and Wellbeing Charges	32	30
Building Services charges	20	87
Caravan Parks & Halls	14	46
Waste and Environment	97	90
Saleyards / Truck Wash	129	153
Other	5	1
<b>Total user fees</b>	<b>742</b>	<b>809</b>

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

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	2020 \$'000	2019 \$'000
<b>3.4 Funding from other levels of government</b>		
Grants were received in respect of the following :		
<b>Summary of grants</b>		
Commonwealth funded grants	11,551	9,469
State funded grants	6,894	14,311
<b>Total grants received</b>	<b>18,445</b>	<b>23,780</b>
<b>(a) Operating Grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Financial Assistance Grants	6,684	6,525
General home care	587	702
<b>Recurrent - State Government</b>		
General home care	93	147
School crossing supervisors	12	12
Libraries	122	119
Maternal and child health	279	358
Community safety	60	60
Health and immunisation	20	11
Other	78	87
<b>Total recurrent operating grants</b>	<b>7,935</b>	<b>8,021</b>
<b>Non-recurrent - Commonwealth Government</b>		
Other	28	90
<b>Non-recurrent - State Government</b>		
Environmental management and climate change	115	313
Natural disaster -flood damage	403	5,951
Working for Victoria	916	-
Other	509	276
Birchip Kindergarten	-	356
<b>Total non-recurrent operating grants</b>	<b>1,971</b>	<b>6,986</b>
<b>Total operating grants</b>	<b>9,906</b>	<b>15,007</b>
<b>(b) Capital Grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Roads to recovery	2,400	1,252
<b>Recurrent - State Government</b>		
<b>Total recurrent capital grants</b>	<b>2,400</b>	<b>1,252</b>
<b>Non-recurrent - Commonwealth Government</b>		
Drought Communities Programme	1,000	-
Charlton Park 2020 redesign	-	400
Donald Community Precinct	-	500
Regional Growth Fund - Our Region Our Rivers	852	-
<b>Non-recurrent - State Government</b>		
Recreation	1,160	1,998
Road rehabilitation	2,181	2,566
Donald Skate Park	13	120
E-Waste facilities and Sustainability	175	85
Flood Management	207	1,141
Tourism and cultural heritage signs	551	711
<b>Total non-recurrent capital grants</b>	<b>6,139</b>	<b>7,521</b>
<b>Total capital grants</b>	<b>8,539</b>	<b>8,773</b>



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	2020 \$'000	2019 \$'000
<b>(c) Unspent grants received on condition that they be spent in a specific manner</b>		
<b>Operating</b>		
Balance at start of year	353	2,635
Received during the financial year and remained unspent at balance date	183	353
Received in prior years and spent during the financial year	(353)	(2,635)
Balance at year end	<u>183</u>	<u>353</u>
<b>Capital</b>		
Balance at start of year	-	-
Received during the financial year and remained unspent at balance date	1,104	-
Received in prior years and spent during the financial year	-	-
Balance at year end	<u>1,104</u>	<u>-</u>

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

### 3.5 Contributions

<b>Monetary</b>		
Revenue Collection Contributions	41	70
Youth Development Contributions	-	29
Other Community Service Contributions	12	59
Capital Works Contributions	409	1,440
Reimbursements	-	59
<b>Total contributions</b>	<u>462</u>	<u>1,657</u>

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

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

<b>Proceeds of sale/disposal</b>		
Plant and Equipment	317	56
	<u>317</u>	<u>56</u>
<b>Written down value of assets disposed</b>		
Plant and Equipment	325	-
	<u>325</u>	<u>-</u>
<b>Total net gain/loss on disposal of property, infrastructure, plant and equipment</b>	<u>(8)</u>	<u>56</u>

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

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	2020 \$'000	2019 \$'000
<b>3.7 Other income</b>		
Interest on investments	187	319
Rent Council properties	11	11
Shared services charge	19	62
Sundry external works	21	38
Reimbursements	226	-
Fuel tax credits	82	-
Other income	15	12
<b>Total other income</b>	<b>561</b>	<b>440</b>

Interest is recognised as it is earned.

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

**Note 4 The cost of delivering services**

**4.1 Employee costs**

Wages and salaries	8,619	8,655
Allowances	116	218
Worksafe	229	227
Superannuation	812	755
<b>Total employee costs</b>	<b>9,776</b>	<b>9,855</b>

**(b) Superannuation**

Council made contributions to the following funds:

**Defined benefit fund**

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	28	16
	<b>28</b>	<b>16</b>
Employer contributions payable at reporting date.	-	-

**Accumulation funds**

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	402	390
Employer contributions - other funds	444	349
	<b>846</b>	<b>739</b>
Employer contributions payable at reporting date.	-	62

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	2020	2019
	\$'000	\$'000
<b>4.2 Materials and services</b>		
Advertising	64	75
Consultants Fees	362	747
Garbage	211	103
Information Technology	421	426
Insurance	326	304
Operational Contracts and Services	2,333	10,984
Operational Materials	897	925
Other	309	326
Promotion/Public Education	5	14
Subscriptions/Memberships/Publications	103	86
Telephone	108	79
Utilities	519	430
Vehicle and Plant Costs	1,244	1,101
Vehicle Lease Costs	-	305
<b>Total materials and services</b>	<b>6,902</b>	<b>15,905</b>
<b>4.3 Depreciation and amortisation</b>		
Property	1,468	1,459
Plant and equipment	1,244	957
Infrastructure	5,444	5,175
<b>Total depreciation</b>	<b>8,156</b>	<b>7,591</b>
<i>Refer to note 6.2 for a more detailed breakdown of depreciation and accounting policy.</i>		
<b>4.4 Amortisation - Right of use assets</b>		
Vehicles	294	-
<b>Total Amortisation - Right of use assets</b>	<b>294</b>	<b>-</b>
<b>4.5 Bad and doubtful debts</b>		
Rates debtors	441	-
Other debtors	30	67
<b>Total bad and doubtful debts</b>	<b>471</b>	<b>67</b>
<b>Movement in provisions for doubtful debts</b>		
Balance at the beginning of the year	233	170
New Provisions recognised during the year	443	67
Amounts already provided for and written off as uncollectible	-	(4)
Amounts provided for but recovered during the year	-	-
Balance at end of year	<b>676</b>	<b>233</b>

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

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	2020	2019
	\$'000	\$'000
<b>4.6 Borrowing costs</b>		
Interest - Borrowings	106	296
<b>Total borrowing costs</b>	<b>106</b>	<b>296</b>
<p>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.</p>		
<b>4.7 Finance Costs - Leases</b>		
Interest - Lease Liabilities	26	-
<b>Total finance costs</b>	<b>26</b>	<b>-</b>
<b>4.8 Other expenses</b>		
Auditors' remuneration - VAGO - audit	45	42
Auditors' remuneration - Internal	26	37
Councillors' allowances	186	182
Council Contributions and Donations	392	349
Council meeting expenses	11	10
Others	33	77
Election expenses	30	-
<b>Total other expenses</b>	<b>723</b>	<b>697</b>

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	2020	2019
	\$'000	\$'000
<b>Note 5 Our financial position</b>		
<b>5.1 Financial assets</b>		
<b>(a) Cash and cash equivalents</b>		
Cash on hand	-	-
Cash at bank	6,541	2,071
<b>Total cash and cash equivalents</b>	<b>6,541</b>	<b>2,071</b>
<b>(b) Other financial assets</b>		
Term deposits - current	11,003	18,207
<b>Total other financial assets</b>	<b>11,003</b>	<b>18,207</b>
<b>Total financial assets</b>	<b>17,544</b>	<b>20,278</b>
Councils cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:		
- Trust funds and deposits (Note 5.3 (b))	203	292
- Unearned income (Note 5.3 (c))	1,287	-
<b>Total restricted funds</b>	<b>1,490</b>	<b>292</b>
<b>Total unrestricted cash and cash equivalents</b>	<b>5,051</b>	<b>1,779</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.

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	2020 \$'000	2019 \$'000
<b>(c) Trade and other receivables</b>		
<b>Current</b>		
<i>Statutory receivables</i>		
Rates debtors	1,297	1,219
Infringement debtors	362	312
Provision for doubtful debts - infringements	(235)	(233)
Provision for doubtful debts - rates debtors	(441)	-
GST receivable	265	376
<i>Non statutory receivables</i>		
Grant debtors	1,287	1,273
<i>Other debtors</i>		
Other debtors	342	216
Total current trade and other receivables	<u>2,877</u>	<u>3,163</u>
<b>Total trade and other receivables</b>	<u><b>2,877</b></u>	<u><b>3,163</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)	50	160
Past due by up to 30 days	24	14
Past due between 31 and 180 days	33	29
Past due between 181 and 365 days	235	10
Past due by more than 1 year	-	3
Total trade & other receivables	<u>342</u>	<u>216</u>

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	2020	2019
	\$'000	\$'000
<b>5.2 Non-financial assets</b>		
<b>(a) Inventories</b>		
Inventories held for distribution	181	111
<b>Total inventories</b>	<b>181</b>	<b>111</b>
<p>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.</p>		
<b>(b) Other assets</b>		
Prepayments	180	237
Accrued income	-	98
Other	10	7
<b>Total other assets</b>	<b>190</b>	<b>342</b>
<b>5.3 Payables</b>		
<b>(a) Trade and other payables</b>		
Trade payables	1,106	1,904
Accrued expenses	268	229
<b>Total trade and other payables</b>	<b>1,374</b>	<b>2,133</b>
<b>(b) Trust funds and deposits</b>		
Funds held on behalf of community groups and third parties	50	25
Overpaid rates and charges	46	123
Fire Services Levy	4	1
Other refundable deposits	103	143
<b>Total trust funds and deposits</b>	<b>203</b>	<b>292</b>
<b>(c) Unearned income</b>		
Grants received in advance - operating	183	353
Grants received in advance - capital	1,104	-
Other	-	-
<b>Total unearned income</b>	<b>1,287</b>	<b>353</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*

Funds held on behalf of community groups and third parties - Amounts received as trust deposits to be expended in a specified manner that had not occurred at balance date.

Overpaid rates and charges - This amount represents the amount of rate payments made by rate payers in advance at 30 June 2020.

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.

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

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5.4 Interest-bearing liabilities	2020 \$'000	2019 \$'000
<b>Current</b>		
Borrowings - secured	-	7,000
<b>Non-current</b>		
Borrowings - secured	-	-
	<u>-</u>	<u>7,000</u>
<b>Total</b>	<u>-</u>	<u>7,000</u>

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

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

5.5 Provisions

	Employee \$ '000	Landfill restoration \$ '000	Other \$ '000	Total \$ '000
<b>2020</b>				
Balance at beginning of the financial year	2,966	343	476	3,785
Additional provisions	767			767
Amounts used	(838)	(39)	(33)	(910)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(18)	(27)	16	(29)
Balance at the end of the financial year	<u>2,877</u>	<u>277</u>	<u>459</u>	<u>3,613</u>

<b>2019</b>				
Balance at beginning of the financial year	2,186	321	487	2,994
Additional provisions	1,231	-	-	1,231
Amounts used	(542)	(19)	(52)	(613)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	91	41	41	173
Balance at the end of the financial year	<u>2,966</u>	<u>343</u>	<u>476</u>	<u>3,785</u>

	2020 \$'000	2019 \$'000
<b>(a) Employee provisions</b>		
<b>Current provisions expected to be wholly settled within 12 months</b>		
Annual leave	600	493
Long service leave	146	-
Rostered days off	28	24
	<u>774</u>	<u>517</u>
<b>Current provisions expected to be wholly settled after 12 months</b>		
Annual leave	200	164
Long service leave	1,287	1,460
	<u>1,487</u>	<u>1,624</u>
Total current employee provisions	<u>2,261</u>	<u>2,141</u>
<b>Non-current</b>		
Long service leave	221	192
Redundancy	395	633
Total non-current employee provisions	<u>616</u>	<u>825</u>
Aggregate carrying amount of employee provisions:		
Current	2,261	2,141
Non-current	616	825
<b>Total aggregate carrying amount of employee provisions</b>	<u>2,877</u>	<u>2,966</u>



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

*Wages and salaries and annual leave*

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

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

*Long service leave*

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

Key assumptions:	2020	2019
- discount rate	0.87%	1.32%
- wage inflation rate	4.25%	4.31%

*Redundancy*

Council has acknowledged the potential impact on services provided in aged care following the introduction of the National Disabilities Insurance Scheme (NDIS) and the Commonwealth Government's announcement of ceasing the current funding model for over 65's in 2022. Provision has been updated based on employees in this service area as at 30 June 2020. Actual redundancies incurred may be less than the provision if employees terminate their employment prior.

Key assumptions:	2020	2019
- discount rate	0.87%	1.32%
- inflation rate	4.25%	1.90%

	2020	2019
	\$'000	\$'000
<b>(b) Landfill restoration</b>		
Current	165	149
Non-current	112	194
	<b>277</b>	<b>343</b>

Key assumptions:	2020	2019
- discount rate	0.87%	1.32%
- inflation rate	1.70%	1.90%

Council is obligated to restore landfill sites to a particular standard. Current engineering projections indicate that the landfill sites will cease operation on a staged basis as sites reach capacity. This time period will vary according to the size and actual usage of the sites. Restoration work is expected to commence shortly after the applicable site is closed. The forecast life of the landfill sites are 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 sites to a suitable standard and budgeted costs for that work. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

	2020	2019
	\$'000	\$'000
<b>(c) Gravel pit restoration -</b>		
Current	50	50
Non-current	409	426
	<b>459</b>	<b>476</b>

Key assumptions:	2020	2019
- discount rate	0.87%	1.32%
- inflation rate	1.70%	1.90%

Under provisions of the *Mineral Resources (Sustainable Development) Act (1990)*, Council is obliged to restore gravel pits currently operated under Work Authority Permits. The forecast life of gravel pits is based on current estimates of remaining suitable gravel availability and unrestored areas of individual sites. The provision for pit restoration has been calculated based on the present value of the expected cost of works to be undertaken.

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5.6 Financing arrangements	2020 \$'000	2019 \$'000
The Council has the following funding arrangements in place as at 30 June 2020.		
Other facilities - Bank Guarantee	300	150
Total facilities	300	150
Used facilities - bank guarantee	100	100
Unused facilities	200	50

Council has no overdraft facility at 30 June 2020.

**5.7 Commitments**

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

2020	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating</b>					
Recycling/Garage Collection	498	-	-	-	498
IT systems and technology	86	8	15	4	113
Office equipment	41	1	-	-	42
Building Surveying	181	-	-	-	181
Asset valuation	43	-	-	-	43
Public lighting	33	-	-	-	33
Flood restoration works	938	-	-	-	938
Fuel cards	505	-	-	-	505
<b>Total</b>	<b>2,325</b>	<b>9</b>	<b>15</b>	<b>4</b>	<b>2,353</b>
<b>Capital</b>					
Buildings	1,034	-	-	-	1,034
<b>Total</b>	<b>1,034</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,034</b>
<b>Total</b>	<b>3,359</b>	<b>9</b>	<b>15</b>	<b>4</b>	<b>3,387</b>
2019	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating</b>					
Recycling	91	-	-	-	91
Garbage collection	255	-	-	-	255
IT systems and technology	167	8	15	4	194
Office equipment	39	1	-	-	40
Waste transfer stations	55	-	-	-	55
<b>Total</b>	<b>607</b>	<b>9</b>	<b>15</b>	<b>4</b>	<b>635</b>
<b>Capital</b>					
Buildings	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>607</b>	<b>9</b>	<b>15</b>	<b>4</b>	<b>635</b>

**5.8 Leases****Policy applicable before 1 July 2019**

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

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

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

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

**Policy applicable after 1 July 2019**

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

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

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

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

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

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

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

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

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

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

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

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

Council has elected to apply the temporary option available under AASB 16 Leases which allows not-for-profit entities to not measure right-of-use assets at initial recognition at fair value in respect of leases that have significantly below-market terms. Council has identified long-term leases significantly below-market terms amounting to \$10,820 per annum.

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

<b>Right-of-Use Assets</b>	Property \$'000	Vehicles \$'000	Other, etc. \$'000	Total \$'000
Balance at 1 July 2019	-	506	-	506
Additions	-	182	-	182
Amortisation charge	-	(294)	-	(294)
Balance at 30 June 2020	-	394	-	394
<b>Lease Liabilities</b>	<b>2020</b>			
Maturity analysis - contractual undiscounted cash	\$'000			
Less than one year	275			
One to five years	165			
More than five years	-			
Total undiscounted lease liabilities as at 30 June:	<b>440</b>			
Lease liabilities included in the Balance Sheet at 30 June:				
Current	257			
Non-current	160			
Total lease liabilities	<b>417</b>			

i. Leases classified as operating leases under AASB 117 Leases

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

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

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

ii. Leases previously classified as finance leases

For leases that were classified as finance leases under AASB 117 Leases, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 are determined at the carrying amount of the lease asset and lease liability under AASB 117 Leases immediately before that date.

Council is not required to make any adjustments on transition to AASB 16 Leases for leases in which it acts as a lessor, except for a sub-lease. Council accounted for its leases in accordance with AASB 16 Leases from the date of initial application.

**Impact on financial statements**

On transition to AASB 16 Leases, Council recognised an additional \$506,686 of right-of-use assets and \$524,171 of lease liabilities, recognising the difference in retained earnings.

When measuring lease liabilities, Council discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted-average rate applied is 5.5%.

	2019 \$'000
Operating lease commitment at 30 June 2019 as disclosed in Council's financial statements	596
Discounted using the incremental borrowing rate at 1 July 2019	(72)
Finance lease liability recognised as at 30 June 2019	<b>524</b>
- Recognition exemption for:	
short-term leases	-
leases of low-value assets	-
- Extension and termination options reasonably certain to be exercised	-
- Residual value guarantees	-
- Lease liabilities recognised as at 1 July 2019	<b>524</b>

**Note 6 Assets we manage**

**6.1 Non current assets classified as held**

Nil

Buloke Shire Council  
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Note 6 Assets No Manage

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

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

	At Feb Value 20 June 2019	Additions	Rescissions	Depreciation	Disposals/ Expenses	Revaluation adjustments	Transfers	At Feb Value 20 June 2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Property	85,472	2,039	4,157	(1,465)	-	537	8,145	79,885
Plant and equipment	4,796	1,377	-	(1,244)	(205)	-	-	4,906
Infrastructure	183,963	5,333	-	(5,444)	-	-	(203)	182,944
Work in progress	7,130	4,049	-	-	(452)	-	(7,225)	3,905
	282,362	12,799	4,257	(8,156)	(771)	537	-	278,949

Summary of Work in Progress

	Opening WIP	Additions	Transfers	Disposals/ Expenses	Closing WIP
	£'000	£'000	£'000	£'000	£'000
Property	5,614	3,771	(7,225)	(714)	2,861
Plant and equipment	21	-	-	(21)	-
Infrastructure	1,495	278	-	(215)	1,454
Total	7,130	4,049	(7,225)	(954)	3,905

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

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

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(x) Property

	Land - specified	Land - non specified	Land underwrite	Total Land & Land Improvements	Buildings - non specified	Total Buildings	Works in Progress	Total Property
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At fair value 1 July 2018	3,773	57	22,312	26,142	30,207	30,207	5,814	117,963
Accumulated depreciation at 1 July 2019	-	-	-	-	(45,877)	(45,877)	-	(45,877)
	3,773	57	22,312	26,142	14,330	14,330	5,814	72,086
<b>Movements in fair value</b>								
Additions	-	-	-	-	2,328	2,328	3,771	5,810
Rescission	415	22	-	437	12,819	12,819	-	13,256
Disposal/Expense	-	-	-	-	-	-	(114)	(114)
Range/fee adjusters	-	-	-	-	537	537	-	537
Transfers	-	-	-	-	2,660	2,660	(7,228)	430
	415	22	-	437	23,945	23,945	(3,963)	19,919
<b>Movements in accumulated depreciation</b>								
Depreciation and amortisation	-	-	-	-	(7,460)	(7,460)	-	(7,460)
Rescission	-	-	-	-	(8,509)	(8,509)	-	(8,509)
Transfers	-	-	-	-	496	496	-	496
	-	-	-	-	(15,969)	(15,969)	-	(15,969)
At fair value 30 June 2020	4,188	79	22,312	26,579	19,252	19,252	2,051	137,882
Accumulated depreciation at 30 June 2020	-	-	-	-	(35,945)	(35,945)	-	(35,945)
	4,188	79	22,312	26,579	13,307	13,307	2,051	101,937

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Notes to the Financial Report  
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6.2 Property, infrastructure, plant and equipment  
Summary of property, infrastructure, plant and equipment

(b) Plant and Equipment

	Library	Plant/machinery and equipment	Fixtures/fittings and furniture	Computers and telecomm	Work in Progress	Total plant and equipment
	2019	2019	2019	2019	2019	2019
At fair value 1 July 2019	390	10,500	435	1,392	21	12,818
Accumulated depreciation at 1 July 2019	(39)	(8,534)	(415)	(1,199)	-	(7,994)
	354	1,966	20	193	21	4,824
<b>Movements in fair value</b>						
Additions	47	1,268	10	44	-	1,377
Disposal/Expense	-	(125)	-	-	(21)	(146)
Transfer	(30)	60	-	-	-	30
	(13)	1,003	10	44	(21)	1,031
<b>Movements in accumulated depreciation</b>						
Depreciation and amortisation	(13)	(667)	(1)	(274)	-	(1,244)
Accumulated depreciation of disposals	-	-	-	-	-	-
	(13)	(667)	(1)	(274)	-	(1,244)
At fair value 30 June 2020	367	11,103	436	1,906	-	13,844
Accumulated depreciation at 30 June 2020	(36)	(7,291)	(416)	(1,453)	-	(9,236)
	301	3,812	22	453	-	4,606

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

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

(c) Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and community	Parks open spaces and streetscapes	Landfill sites	Other infrastructure	Work in Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2019	385,242	10,525	8,545	8,176	282	146	733	2,540	1,495	378,898
Accumulated depreciation at 1 July 2019	(172,767)	(8,400)	(4,432)	(4,363)	(15)	(708)	(702)	(1,744)	-	(188,889)
	192,475	2,125	4,113	3,796	267	76	36	796	1,495	190,009
<b>Movements in fair value</b>										
Additions	5,278	-	94	-	-	-	-	-	278	5,851
Transfers	-	-	-	-	(282)	(146)	-	-	-	(428)
Disposal/Expire	-	-	-	-	-	-	-	-	(318)	(318)
Reclassification	-	-	-	-	-	-	-	-	-	-
Impairment losses recognised against asset revaluation reserve	-	-	-	-	-	-	-	-	-	-
	5,278	-	94	-	(282)	(146)	-	-	(41)	4,983
<b>Movements in accumulated depreciation</b>										
Depreciation and amortisation	(8,010)	(920)	(158)	(64)	(14)	-	(9)	(84)	-	(9,249)
Transfers	-	-	-	-	69	108	-	(875)	-	(698)
	(8,010)	(920)	(158)	(64)	55	98	(8)	(959)	-	(9,942)
At fair value 30 June 2020	345,521	10,625	8,389	8,176	-	-	733	2,540	1,494	378,948
Accumulated depreciation at 30 June 2020	(177,782)	(8,911)	(4,588)	(4,454)	-	-	(713)	(2,303)	-	(194,538)
	167,739	1,714	3,801	3,722	-	-	25	235	1,494	184,410



**6.2 Property, infrastructure, plant and equipment****Summary of property, infrastructure, plant and equipment***Acquisition*

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

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, 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.

	<b>Depreciation Period</b>	<b>Threshold Limit</b>
<i>Asset recognition thresholds and depreciation periods</i>		
<i>Land &amp; land improvements</i>		
land	-	All
land under roads	-	All
<i>Buildings</i>		
buildings	30 - 50 years	All
<i>Plant and Equipment</i>		
plant, machinery and equipment	3 - 13 years	1
fixtures, fittings and furniture	4 - 13 years	1
computers and telecommunications equipment	3 - 6 years	1
<i>Infrastructure</i>		
road formation	95 - 105 years	All
sealed road pavements	60 - 90 years	All
unsealed road pavements	15 - 25 years	All
sealed road surfaces	15 - 25 years	All
bridges	80 - 120 years	All
footpaths and cycleways	20 - 70 years	All
drainage	100 years	All
recreational, leisure and community facilities	10 - 50 years	All
waste management	10 - 50 years	All
parks, open space and streetscapes	10 - 50 years	All

*Land under roads*

Council recognised land under roads it controls at fair value .

*Depreciation and amortisation*

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

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

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

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

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

*Repairs and maintenance*

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

**6.2 Property, infrastructure, plant and equipment****Summary of property, infrastructure, plant and equipment****Valuation of land and buildings**

Valuation of land and buildings was undertaken by a qualified independent valuer Preston Rowe Paterson Horsham and Wimmera Pty Ltd in June 2020. The valuation of land and buildings as at 30 June 2020 has been assessed at fair value using the 2020 valuations for existing assets and recognising additions post the revaluation at cost. 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.

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

	Level 1	Level 2	Level 3	Date of Valuation
Land - Non specialised	-	79	-	Jun-20
Land - Specialised	-	-	4,188	Jun-20
Land under roads	-	-	22,312	Jun-18
Buildings - Non Specialised	-	-	53,306	Jun-20
<b>Total</b>	-	79	79,806	

**Valuation of infrastructure**

Valuation of the road infrastructure has been determined in accordance with valuation undertaken by independent valuer, Peter Moloney, MIE (Aust) Member Institute of Engineers, Dip Civil Engineering (FIT) and Council's Senior Asset Engineer, Naga Sundararajah, FIE (Aust) Fellow Member Institute of Engineers, B Sc (Hons) in Civil Engineering (UK) and M. Engineering in Construction Management (SL).

A valuation of Council's bridge assets was performed by Mr Peter Moloney, Dip Civil Engineering (FIT), Member Institute of Engineers (Aust) MIE.

Valuation of drains has been determined in accordance with a valuation undertaken by independent valuer, Peter Moloney, MIE (Aust) Member Institute of Engineers, Dip Civil Engineering (FIT) and Council's Director Works & Technical Services, Anthony Judd, BMgt, MBA.

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

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

	Level 1	Level 2	Level 3	Date of Valuation
Roads	-	-	167,739	Jun-19
Bridges	-	-	6,414	Jun-19
Footpaths and cycleways	-	-	5,011	Jun-19
Drainage	-	-	3,722	Jun-19
Landfill sites	-	-	23	Jun-15
Other Infrastructure	-	-	35	Jun-17
<b>Total</b>	-	-	<b>182,944</b>	

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

**Specialised land and land under roads** is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values of 90%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$1.40 and \$1.50 per square metre.

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

	2020 \$'000	2019 \$'000
<b>Reconciliation of specialised land</b>		
Land under roads	22,312	22,312
Community facilities	4,188	3,773
<b>Total specialised land</b>	<b>26,500</b>	<b>26,085</b>

**6.3 Investments in associates, joint arrangements and subsidiaries**

Nil

## Note 7 People and relationships

## 7.1 Council and key management remuneration

## (a) Key Management Personnel

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

<b>Councillors</b>	Councillor David Pollard Mayor Councillor Graeme Milne Councillor Ellen White Councillor John Shaw (Resigned 19 August 2019) Councillor Carolyn Stewart Councillor David Vis Councillor Daryl Warren Councillor Bronwyn Simpson (Elected 23 September 2019)
<b>Key management personnel</b>	Anthony Judd Chief Executive Officer Hannah Yu Director Corporate Services Jeri Nelson Director Community Development (1 July 2019 to 22 August 2019) Rosemary Harris Director Community Development (23 August 2019 to 30 June 2020) Wayne O'Toole Director Works and Technical Services

	2020	2019
	No.	No.
<b>Total Number of Councillors</b>	7	7
<b>Chief Executive Officer and other Key Management Personnel</b>	5	6
<b>Total Key Management Personnel</b>	<u>12</u>	<u>13</u>

## (b) Remuneration of Key Management Personnel

Total remuneration of key management personnel was as follows:

Short-term benefits	801	815
Post employment benefits	70	91
Long-term benefits	15	10
Termination benefits	-	-
<b>Total</b>	<u>886</u>	<u>916</u>

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

\$10,000 - \$19,999	-	1
\$20,000 - \$29,999	7	5
\$30,000 - \$39,999	-	1
\$40,000 - \$49,999	-	1
\$50,000 - \$59,999	1	-
\$100,000 - \$109,999	-	1
\$110,000 - \$119,999	-	1
\$120,000 - \$129,999	-	1
\$130,000 - \$139,999	3	1
\$180,000 - \$189,999	-	-
\$220,000 - \$229,999	1	1
	<u>12</u>	<u>13</u>

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(c) Senior Officer Remuneration

A Senior Officer is an officer of Council, other than Key Management Personnel, who:  
a) has management responsibilities and reports directly to the Chief Executive; or  
b) whose total annual remuneration exceeds \$148,000

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

Income Range:	2020 No.	2019 No.
<\$148,000	1	1
	<u>1</u>	<u>1</u>
Total Remuneration for the reporting year for Senior Officers included above, amounted to	112	99

7.2 Related party disclosure

(a) Transactions with related parties

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

*Nil*

(b) Outstanding balances with related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties

*Nil*

(c) Loans to/from related parties

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

*Nil*

(d) Commitments to/from related parties

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

*Nil*

**Note 6 Managing uncertainties****8.1 Contingent assets and liabilities****(a) Contingent assets****Natural Disaster Financial Assistance Grant Funding**

A significant flood event occurred in December 2018 and DNFA funding of \$3.5m is anticipated for works completed in the 2020-21 financial year.

**(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.

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

Council has guaranteed two loans taken out by Sec 86 Committees to undertake capital works on facilities located on Council land. The amount disclosed for financial guarantee in this note is the nominal amount of the underlying loan that is guaranteed by the Council, not the fair value of the financial guarantee

	2020 \$'000	2019 \$'000
Bank Guarantee	300	150
<b>TOTAL</b>	<b>300</b>	<b>150</b>

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.

**8.2 Change in accounting standards**

The following new AAS's have been issued that are not mandatory for the 30 June 2020 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

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

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

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

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

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

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

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

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

**8.3 Financial instruments****(a) Objectives and policies**

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

**(b) Market risk**

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

**Interest rate risk**

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

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

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

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

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

**(c) Credit risk**

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

- Council 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

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 5.1(b).

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

**(d) Liquidity risk**

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

To help reduce these risks Council:

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

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1(c), and is deemed insignificant based on prior periods' data and current assessment of risk.

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

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

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

**(e) Sensitivity disclosure analysis**

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

- A parallel shift of + 1% and -1% in market interest rates (AUD) from year-end rates of 0.35%.

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

**8.4 Fair value measurement**

*Fair value hierarchy*

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

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

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

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

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

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

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

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

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



*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 3 to 5 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.

**8.5 Events occurring after balance date**

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

Buloke Shire Council  
2019/2020 Financial Report

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

Note 9 Other matters

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
<b>9.1 Reserves</b>			
<b>(a) Asset revaluation reserves</b>			
<b>2020</b>			
<b>Property</b>			
Land & land improvements	1,595	437	2,032
Land under roads	22,307	-	22,307
Buildings	20,826	3,720	24,546
	44,728	4,157	48,885
<b>Infrastructure</b>			
Roads	105,768	-	105,768
Bridges	3,014	-	3,014
Footpaths and cycleways	5,123	-	5,123
Drainage	2,022	-	2,022
Kerb & Channel	6,911	-	6,911
Other infrastructure	363	-	363
	123,201	-	123,201
<b>Total asset revaluation reserves</b>	<b>167,929</b>	<b>4,157</b>	<b>172,086</b>
<b>2019</b>			
<b>Property</b>			
Land & land improvements	1,595	-	1,595
Land under roads	22,307	-	22,307
Buildings	20,826	-	20,826
	44,728	-	44,728
<b>Infrastructure</b>			
Roads	50,173	55,595	105,768
Bridges	1,511	1,503	3,014
Footpaths and cycleways	4,194	929	5,123
Drainage	1,777	245	2,022
Kerb & Channel	3,860	3,051	6,911
Other infrastructure	363	-	363
	61,878	61,323	123,201
<b>Total asset revaluation reserves</b>	<b>106,606</b>	<b>61,323</b>	<b>167,929</b>

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

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
<b>(b) Other reserves</b>				
<b>2020</b>				
Defined Benefits	-	1,000	-	1,000
<b>Total Other reserves</b>	<b>+</b>	<b>1,000</b>	<b>-</b>	<b>1,000</b>

**Defined Benefits** - This reserve is used to assist with the funding of any call that may be made on Council as a result of shortfall in the Local Authorities Superannuation Fund Defined Benefits Plan. Refer to note 9.3 for further detail.

*Buloke Shire Council  
2019/2020 Financial Report*

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

	2020	2019
	\$'000	\$'000
<b>9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)</b>		
<b>Surplus/(deficit) for the year</b>	<b>7,839</b>	<b>5,916</b>
Depreciation/amortisation	8,450	7,591
(Profit)/loss on disposal of property, infrastructure, plant and equipment	8	(56)
Finance costs	132	296
<b>Change in assets and liabilities:</b>		
(Increase)/decrease in trade and other receivables	567	(1,450)
(Increase)/Decrease in prepayments	57	(19)
Increase/(decrease) in accrued income	95	(2)
Increase/(decrease) in trade and other payables	(585)	(924)
(Decrease)/increase in trust funds and other payables	(89)	148
(Increase)/decrease in inventories	(70)	(48)
Increase/(Decrease) in provisions	(83)	11
Increase/(Decrease) in employee benefits	(89)	779
Increase/(Decrease) in grants received in advance	934	-
<b>Net cash provided by/(used in) operating activities</b>	<b>17,166</b>	<b>12,242</b>

### 9.3 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 contribution to the Fund are recognised as an expense in Comprehensive Operating Statement when they are made or due.

#### Accumulation

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2020, this was 9.5% as required under Superannuation Guarantee legislation).

#### Defined Benefit

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

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

**Funding arrangements**

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.

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

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

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

Vision Super has advised that the estimated VBI at 30 June 2020 decreased to 104.6% (107.1% 2019).

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

**Employer contributions**

*Regular Contributions*

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

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

**Funding Calls**

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

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Buloke Shire Council) are required to make an employer contribution to cover the shortfall.

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

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

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

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

**The 2019 interim actuarial investigation surplus amounts**

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

The Fund's actuarial investigations identified the following in the defined benefit category of which Council is a contributing employer:

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

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

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

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

Council was notified of the 30 June 2019 VBI during August 2019 (2018: August 2016).

**The 2020 interim actuarial investigation**

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

**Note 10 Change in accounting policy**

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

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

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

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

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

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

**b) AASB 16 Leases**

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

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

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

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

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

**d) Transition impacts**

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

	<b>2019</b>
	<b>\$'000</b>
Retained earnings at 30 June 2019	105,137
Revenue adjustment - impact of AASB 15 Revenue from Contracts with Customers	(353)
Income Adjustment - impact of AASB 1058 Income of Not-for-Profit Entities	-
Expense Adjustment - AASB 16 Leases	(17)
Retained earnings at 1 July 2019	<u>104,767</u>

Council adopted the practical expedient of deeming the lease asset to be equal in value to the lease liability at 1 July 2019.

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

	<b>As reported 30</b>	<b>Adjustments</b>	<b>Post adoption</b>
	<b>June 2019</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Right of use assets	-	506	506
Grants receivable	-	-	-
	-	<u>506</u>	<u>506</u>
<b>Liabilities</b>			
Unearned income - operating grants	-	353	353
Unearned income - capital grants	-	-	-
Lease liability - current	-	361	361
Lease liability - non-current	-	163	163
	-	<u>877</u>	<u>877</u>

**Note 11 Impact of COVID 19 pandemic on operations and 2019-20 financial report**

On 11 March 2020, COVID 19 was declared as a global pandemic by World Health Organisation. Since then, various measures have been taken by all three levels of Government in Australia to reduce the spread of COVID-19. This crisis and measures taken to mitigate it has impacted council operations in the following areas for the financial year ended 30 June 2020.

In response to government directive amidst the COVID-19 outbreak, the leisure centre facilities, libraries, community centres were closed. These closures have only resulted in an immaterial decrease in the council user fee revenue.

Council has been required to increase maintenance of public facilities and had redeployed staff in this regard. Additional cost to Council of this requirement has been immaterial to date.

Council activated its hardship policy in response to this crisis on 16 March 2020. Financial impact from deferral of rates revenue, interest free period and rebate of public health fees has been immaterial to date.

Council was successful in gaining funding under the Victorian State Government's Working for Victoria program. Council will receive \$2.748m and incurred additional expenditure of \$2.748m over the 2019-20 and 2020-21 financial years to employ an extra fifty (50) full time positions for a six month period commencing June 2020. Council has received \$916K of this funding to 30 June 2020.

# Buloke Shire Council

Performance Statement  
For the year ended 30 June 2020



# Performance Statement

## For the year ended 30 June 2020

### Description of Buloke

The Buloke Shire is located in the north west of Victoria between 210 and 360 kilometres from Melbourne.

The Buloke Shire is bounded by both the Mildura and Swan Hill Rural Cities in the north, Gannawarra and Loddon Shires in the east, Northern Grampians Shire in the south and Yarriambiack Shire in the west.

The Buloke Shire is a predominantly rural area. The main townships are Birchip, Charlton, Donald, Sea Lake and Wycheproof. The shire also comprises of the smaller townships of Berriwillock, Culgoa, Nandaly, Nullawil and Watchem.

The Buloke shire encompasses a total land area of 8,000 square kilometres and is approximately 140 kilometres long and 60 kilometres wide.

The two main highways servicing the Buloke Shire are the Calder Highway and the Sunraysia Highway, both of which run north and south through the Shire.

Land is used largely for agriculture, particularly grain (wheat, oats and barley) production and sheep grazing.

The Buloke Shire is named after the 'buloke' or 'bulloak' tree, '*Allocasuarina Luehmannii*' which is common in the area and the feature of the Buloke Shire logo.

## Sustainable Capacity Indicators

For the year ended 30 June 2020

<b>Indicator/Measure</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Comments</b>
<p><b>Population</b></p> <p><i>Expenses per head of municipal population</i></p> <p>[Total expenses / Municipal population]</p>	\$3,669.25	\$4,079.66	\$5,564.68	\$4,320.22	Increased expenses for Flood Restoration and Roads to Recovery programs in 2018/19.
<p><b>Infrastructure per head of municipal population</b></p> <p>[Value of infrastructure / Municipal population]</p>	\$28,661.67	\$31,351.81	\$42,429.33	\$44,242.33	Flood recovery works and infrastructure revaluations in 18/19 and negative population growth has increased the value per head of population.
<p><b>Population density per length of road</b></p> <p>[Municipal population / Kilometres of local roads]</p>	1.17	1.16	1.16	1.16	Council covers a large area with a low dispersed population.
<p><b>Own-source revenue</b></p> <p><i>Own-source revenue per head of municipal population</i></p> <p>[Own-source revenue / Municipal population]</p>	\$2,280.92	\$2,315.23	\$2,407.83	\$2,512.90	Own source revenue is relatively high when compared to other councils due to Council's rural location, low population and reliance on rate income as its main income source.
<p><b>Recurrent grants</b></p> <p><i>Recurrent grants per head of municipal population</i></p> <p>[Recurrent grants / Municipal population]</p>	\$2,169.97	\$1,376.85	\$1,499.51	\$1,687.62	Recurrent grants remain consistent, lower rates of population decline than forecasted.
<p><b>Disadvantage</b></p> <p><i>Relative Socio-Economic Disadvantage</i></p> <p>[Index of Relative Socio-Economic Disadvantage by decile]</p>	3.00	3.00	3.00	3.00	Council is ranked in the lower end of the SEIFA index, indicating high levels of disadvantage within the municipality.
<p><b>Workforce turnover</b></p> <p><i>Percentage of staff turnover</i></p> <p>[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year]x100</p>	5.4%	15.7%	9.5%	9.6%	Staff turnover remains consistent and is expected to continue at this or a higher level into the future, given the profile of the workforce. Council has committed to an organisational strategy to attract and retain staff.

**Definitions**

**“Adjusted underlying revenue”** means total income other than —

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

**“Infrastructure”** means non-current property, plant and equipment excluding land

**“Local road”** means a sealed or unsealed road for which the council is the responsible road authority under the *Road Management Act 2004*

**“Population”** means the resident population estimated by council

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

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

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

**“Unrestricted cash”** means all cash and cash equivalents other than restricted cash.

## Service Performance Indicators

For the year ended 30 June 2020

Service Indicator/Measure	2017	2018	2019	2020	Comments
<p><b>Aquatic Facilities</b></p> <p><b>Utilisation</b></p> <p><i>Utilisation of aquatic facilities</i></p> <p>[Number of visits to aquatic facilities / Municipal population]</p>	5.9	6.4	5.1	4.9	The Buloke Shire has a relatively small population dispersed over a wide area. The number of hot days over summer show results in larger percentage variances.
<p><b>Animal Management</b></p> <p><b>Health and safety</b></p> <p><i>Animal management prosecutions</i></p> <p>[Percentage of successful animal management prosecutions]</p>	New in 2020	New in 2020	New in 2020	100%	All animal prosecutions (2) were successful
<p><b>Food Safety</b></p> <p><b>Health and safety</b></p> <p><i>Critical and major non-compliance outcome notifications</i></p> <p>[Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100</p>	100%	100%	100%	0%	Council had no critical or major non-compliance notifications about food premises.
<p><b>Governance</b></p> <p><b>Satisfaction</b></p> <p><i>Satisfaction with council decisions</i></p> <p>[Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]</p>	49%	50%	52%	58%	Council is being more proactive, utilising social media to inform the community of decisions. The improving result in satisfaction shows the community is becoming more aware of Council decisions and opportunities to engage with Council during the decision making process.
<p><b>Libraries</b></p> <p><b>Participation</b></p> <p><i>Active library members</i></p> <p>[Number of active library members / Municipal population] x100</p>	11.3%	8.3%	7.1%	7.9%	Since the changes to the delivery of library services by Council, the number of borrowers is showing an increasing trend back to when the service was provided by 3 different service providers pre 2018/19

<b>Service Indicator/Measure</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Comments</b>
<p><b>Maternal and Child Health (MCH)</b></p> <p><b>Participation</b></p> <p><i>Participation in the MCH service</i></p> <p>[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100</p> <p><i>Participation in the MCH service by Aboriginal children</i></p> <p>[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100</p>	77%	77%	78%	79.5%	<p>Council has a consistently high participation rate of children attending MCH Key Ages and Stages services up to the 36 months visit, after which the participation substantially reduces.</p> <p>Council has a consistently high participation rate of ATSI children attending MCH services up to the 42 months visit.</p>
<p><b>Roads</b></p> <p><b>Satisfaction</b></p> <p><i>Satisfaction with sealed local roads</i></p> <p>[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]</p>	36%	39%	42%	39%	Council's Long Term Financial Plan identifies investment into road infrastructure.
<p><b>Statutory Planning</b></p> <p><b>Decision Making</b></p> <p><i>Council planning decisions upheld at VCAT</i></p> <p>[Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100</p>	0%	0%	0%	100%	Council had 1 planning decision challenged in VCAT. The decision was upheld.
<p><b>Waste Collection</b></p> <p><b>Waste diversion</b></p> <p><i>Kerbside collection waste diverted from landfill</i></p> <p>[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100</p>	24%	23%	25%	25%	The result is derived from the volume of recyclable waste collected from recycling bins.

## Definitions

**“Aboriginal child”** means a child who is an Aboriginal person

**“Aboriginal person”** has the same meaning as in the *Aboriginal Heritage Act 2006*

**“Active library member”** means a member of a library who has borrowed a book from the library

**“Annual report”** means an annual report prepared by a council under sections 131, 132 and 133 of the *Local Government Act 1989*.

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

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

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

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

**“Food premises”** has the same meaning as in the *Food Act 1984*

**“HACC program”** means the Home and Community Care program established under the Agreement entered into for the purpose of the *Home and Community Care Act 1985 (Cwth)*

**“HACC service”** means home help, personal care or community respite provided under the HACC program

**“Local road”** means a sealed or unsealed road for which the council is the responsible road authority under the *Road Management Act 2004*

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

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

**“Population”** means the resident population estimated by council

**“Target population”** has the same meaning as in the Agreement entered into for the purposes of the *Home and Community Care Act 1985 (Cwth)*

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

## Financial Performance Indicators

For the year ended 30 June 2020

Dimension/indicator/measure	Actual				Forecast			
	2017	2018	2019	2020	2021	2022	2023	2024
<b>Efficiency</b> <b>Revenue level</b> <i>Average residential rate per residential property assessment</i> [General Rates and Municipal Charges / Number of property assessments]	New in 2020	New in 2020	New in 2020	\$1,939	\$1,973	\$2,018	\$2,069	\$2,122
<b>Expenditure level</b> <i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$3,792	\$4,036	\$5,498	\$4,227	\$4,474	\$4,269	\$4,450	\$4,646
<b>Liquidity</b> <b>Working capital</b> <i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	469%	415%	203%	371%	710%	511%	456%	371%
<b>Unrestricted cash</b> <i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	252%	375%	172%	286%	538%	452%	396%	310%
<b>Obligations</b> <b>Asset renewal and upgrade</b> <i>Asset renewal compared to depreciation</i> [Asset renewal expense / Asset depreciation] x100	New in 2020	New in 2020	New in 2020	137%	142%	179%	147%	165%
<b>Loans and borrowings</b> <i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	55%	54%	52%	0%	0%	0%	0%	0%
<i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	2.3%	2.3%	2.3%	52%	0%	0%	0%	0%

Dimension/indicator/measure	Actual				Forecast			
	2017	2018	2019	2020	2021	2022	2023	2024
<p><b>Indebtedness</b>  <i>Non-current liabilities compared to own source revenue</i>            [Non-current liabilities / Own source revenue] x100</p>	57%	55%	9.7%	8.4%	10.5%	10.0%	9.8%	9.5%
<p><b>Operating position</b>  <b>Adjusted underlying result</b>  <i>Adjusted underlying surplus (or deficit)</i>            [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100</p>	20.22%	6.76%	-10.5%	4.47%	4.4%	4.1%	2.47%	0.6%
<p><b>Stability</b>  <b>Rates concentration</b>  <i>Rates compared to adjusted underlying Revenue</i>            [Rate revenue / Adjusted underlying revenue] x100</p>	45%	48%	43%	50%	48%	51%	51%	51%
<p><b>Rates effort</b>  <i>Rates compared to property values</i>            [Rate revenue / Capital improved value of rateable properties in the municipality] x100</p>	0.92%	0.94%	0.85%	0.81%	0.78%	0.79%	0.80%	0.81%



## Definitions

**“Adjusted underlying revenue”** means total income other than—

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

**“Adjusted underlying surplus (or deficit)”** means adjusted underlying revenue less total expenditure

**“Asset renewal expenditure”** means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability

**“Current assets”** has the same meaning as in the AAS

**“Current liabilities”** has the same meaning as in the AAS

**“Non-current assets”** means all assets other than current assets

**“Non-current liabilities”** means all liabilities other than current liabilities

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

**“Own-source revenue”** means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)

**“Population”** means the resident population estimated by council

**“Rate revenue”** means revenue from general rates, municipal charges, service rates and service charges

**“Recurrent grant”** means a grant other than a non-recurrent grant

**“Residential rates”** means revenue from general rates, municipal charges, service rates and service charges levied on residential properties

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

**“Unrestricted cash”** means all cash and cash equivalents other than restricted cash.

## Other Information

For the year ended 30 June 2020

### 1. Basis of Preparation

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

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

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

The forecast figures included in the performance statement are those adopted by council in its Strategic Resource Plan on 1 July 2020 and which is an appendix of the Council Plan. The Strategic Resource Plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The Strategic Resource Plan can be obtained by contacting council.

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## Certification of the Performance Statement

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*.

.....  
Aileen Douglas  
**Principal Accounting Officer**  
**Dated:**

In our opinion, the accompanying Performance Statement of the Buloke Shire for the year ended 30 June 2020 presents fairly the results of Council's performance in the 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 the 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 Carolyn Stewart  
**Councillor**  
**Dated:**

.....  
Cr David Pollard  
**Councillor**  
**Dated:**

.....  
Anthony Judd  
**Chief Executive Officer**  
**Dated:**

**5. MEETING CLOSE**