

Golden Plains Shire Council
2019/2020 Financial Report

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

2020 interim actuarial investigation

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

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

Superannuation Contribution

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

			2020	2019
Scheme	Type of Scheme	Rate	\$,000	\$,000
Vision super	Defined benefit	9.50%	173	126
Vision super	Accumulation fund	9.50%	830	755
Other Funds	Accumulation fund	9.50%	431	558

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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 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.

c) Transition impacts

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

	2019 \$,000
Retained earnings at 30 June 2019	447,465
Revenue adjustment - impact of AASB 15 <i>Revenue from Contracts with Customers</i>	(644)
Retained earnings at 1 July 2019	446,821



Performance Statement- For the year 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.

Philippa O'Sullivan
Principal Accounting Officer
Dated: 9 October 2020

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

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

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

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

Councillor Owen Sharkey
Mayor
Dated: 9 October 2020

Councillor Les Rowe
Dated: 9 October 2020

Eric Braslis
Chief Executive Officer
Dated: 9 October 2020



Independent Auditor’s Report

To the Councillors of Golden Plains Shire Council

Opinion	<p>I have audited the accompanying performance statement of Golden Plains Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none">• description of municipality for the year ended 30 June 2020• sustainable capacity indicators for the year ended 30 June 2020• service performance indicators for the year ended 30 June 2020• financial performance indicators for the year ended 30 June 2020• other information and• the certification of the performance statement. <p>In my opinion, the performance statement presents fairly, in all material respects, the performance of the council for the year ended 30 June 2020 in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</i>.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor’s Responsibilities for the Audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Councillors’ responsibilities for the performance statement	<p>The Councillors are responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 1989</i> and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.</p>
Auditor’s responsibilities for the audit of the performance statement	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists.</p>

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<p>Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement.</p> <p>As part of an audit in accordance with the Australian Standards on Assurance Engagements, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:</p> <ul style="list-style-type: none">• identify and assess the risks of material misstatement of performance statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.• obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council’s internal control• evaluate the overall presentation, structure and content of the performance statement, including the disclosures, and whether performance statement represents the underlying events and results in a manner that achieves fair presentation. <p>I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.</p>

MELBOURNE
19 October 2020


Sanchu Chummar
as delegate for the Auditor-General of Victoria

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We encourage you to visit Golden Plains and taste, see and explore all it has to offer. Who knows? Perhaps you'll decide to stay.



Description of municipality

Golden Plains is the place to enjoy life as it should be.

In recent years, the region has experienced significant population growth as people discover the benefits of living in a semi-rural setting with plenty of space to breathe.

With 23,722 residents across 56 communities and 16 townships, Golden Plains Shire has been one of the fastest growing municipalities in Victoria, with population growth now around 2.6% per annum.

New residents, including many young families, continue to enjoy a diverse range of lifestyle choices available in the Shire's welcoming communities.

Golden Plains Shire comprises 2,705 square kilometres between Victoria's two largest regional cities, Geelong and Ballarat. The Shire's close proximity to services available in neighbouring cities and convenient commuting distance to Melbourne and the Surfcoast adds to its appeal as a place to call home.

Business growth continues to create attractive investment opportunities and new jobs. While the Shire has a strong tradition of wool and grain production, intensive animal farming, particularly poultry and pigs, is increasing.

Golden Plains Shire is conveniently located close to export markets and welcomes investment and sustainable development. Strong population and economic growth render the region an attractive place to invest.

As a popular destination for family fun, food and wine connoisseurs and for those seeking adventure in the great outdoors, Golden Plains Shire also has it all for the perfect day trip experience.

This thriving municipality has become renowned across Australia, and internationally, for the produce on offer at local eateries, cellar doors and the monthly Golden Plains Farmers' Market in Bannockburn.

The Golden Plains region has become known for its many gourmet food producers and the Moorabool Valley in the Shire's east is home to a well established award winning wine industry. The newly created Moorabool Valley Taste Trail includes wineries, cellar doors and provedores.

Despite strong growth in the north west and south east, the Shire continues to be offer beautiful natural environments and landscapes. The natural beauty of the region remains visible and accessible as does remnant townships and structures from the area's rich gold mining history.

The region has a vibrant arts and culture scene including iconic music festivals which are all helping to make Golden Plains an emerging tourism destination

Sustainable Capacity Indicators

Service/indicator/measure	2017	Results 2018	2019	2020	Material Variations
Population					
Expenses per head of municipal population [Total expenses / Municipal population]	\$1,758.40	\$1,657.34	\$1,655.84	\$1,718.07	
Infrastructure per head of municipal population [Value of infrastructure / Municipal population]	\$19,636.96	\$18,012.28	\$17,516.52	\$18,029.13	
Population density per length of road [Municipal population / Kilometres of local roads]	12.74	13.12	13.73	14.08	
Own-source revenue					
Own-source revenue per head of municipal population [Own-source revenue / Municipal population]	\$1,107.07	\$1,132.16	\$1,171.76	\$1,142.27	
Recurrent grants					
Recurrent grants per head of municipal population [Recurrent grants / Municipal population]	\$709.93	\$529.58	\$499.96	\$499.03	
Disadvantage					
Relative socio-economic disadvantage [Index of Relative Socio-economic Disadvantage by decile]	8.00	8.00	8.00	8.00	
Animal management					
Health and safety					
Animal management prosecutions [Number of successful animal management prosecutions]	New in 2020	New in 2020	New in 2020	100%	New measures from July 2019. Replaced previous animal management prosecutions measure.
Food safety					
Health and safety					
Critical and major non-compliance notifications [Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100	94.12%	100%	100%	100%	

Service Performance Indicators

Service/indicator/measure	Results				Material Variations
	2017	2018	2019	2020	
Governance					
Satisfaction					
Satisfaction with council decisions [Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community]	48.00	51.00	47.00	47.00	
Home and community care					
Participation					
Participation in HACC service [Number of people that received a HACC service / Municipal target population for HACC services] x100	n/a	n/a	n/a	n/a	
Participation Participation in HACC service by CALD people [Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100	n/a	n/a	n/a	n/a	
Libraries					
Participation					
Active library members [Number of active library members / Municipal population] x100	12.68%	12.10%	10.50%	10.69%	
Maternal and child health					
Participation					
Participation in the MCH service [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	80.29%	86.34%	82.31%	83.30%	
Participation Participation in the MCH service by Aboriginal children [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	55.56%	91.67%	86.96%	80%	
Roads					
Satisfaction					
Satisfaction with sealed local roads [Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]	38.00	47.00	44.00	39.00	

Service Performance Indicators

Service/indicator/measure	Results				Material Variations
	2017	2018	2019	2020	
Statutory Planning					
Decision making					
Council planning decisions upheld at VCAT [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	100%	100%	0%	100%	
Waste Collection					
Waste diversion					
Kerbside collection waste diverted from landfill [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	40.65%	40.81%	38.13%	22.46%	Impact of recycle crisis - 40% reduction in weight of recyclables and green organics collected from kerbside bins in 19-20
Service/indicator/measure	Results				Material Variations
	2017	2018	2019	2020	
RETIRED MEASURES					
Animal management					
Health and safety					
Animal management prosecutions [Number of successful animal management prosecutions] * These figures have been corrected to exclude prosecutions relating to unpaid fines.	2.*	5	5	Retired in 2020	This measure was replaced by the animal management prosecutions measure from July 2019
Efficiency					
Revenue level					
Average residential rate per residential property assessment [Residential rate revenue/number of residential property assessments]	\$1,824.45	\$1,896.58	\$2,014.78	Retired in 2020	This measure was replaced by the average rate per property assessment from July 2019
Obligations					
Asset Renewal					
Asset renewal compared to depreciation [Asset renewal expenses/Asset Depreciation] x100	71.4%	75.35%	55.67%	Retired in 2020	This measure was replaced by the asset renewal and upgrade compared to depreciation measure from July 2019

Financial Performance Indicators

Dimension/Indicator/measure		2017	2018	2019	2020	2021	2022	2023	2024	Material Variations
Efficiency										
Expenditure level										
<i>Expenses per property assessment</i> [Total expenses / Number of property assessments]		\$3,612.18	\$3,438.54	\$3,480.27	\$3,602.58	\$3,892.78	\$3,764.18	\$3,808.62	\$3,904.86	
Revenue level										
<i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]		New in 2020	New in 2020	New in 2020	\$1,838.68	\$1,886.59	\$1,976.36	\$2,020.51	\$2081.78	
Workforce turnover										
<i>Resignations and terminations compared to average staff</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100		12.96%	16.27%	22.43%	23.10%	13.89%	13.89%	13.89%	13.89%	
Liquidity										
Working capital										
<i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100		234.41%	249.48%	170.06%	216.72%	136.84%	194.36%	204.77%	210.42%	Budgeted \$9.5m new loans taken-up in 19-20
Unrestricted cash										
<i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100		136.75%	163.53%	119.29%	183.17%	92.54%	141.24%	152.12%	158.05%	Budgeted \$9.5m new loans taken-up in 19-20
Obligations										
Loans and borrowings										
<i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100		36.42%	36.95%	33.36%	58.94%	55.43%	48.18%	50.45%	42.62%	Budgeted \$9.5m new loans taken-up in 19-20

Financial Performance Indicators

Dimension/Indicator/measure		Results			2020	2021	2022	2023	2024	Material Variations
		2017	2018	2019						
Loans and borrowings repayments compared to rates										
<i>[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100</i>		3.26%	2.69%	2.60%	17.21%	7.13%	6.37%	1.20%	6.82%	\$3.8m loan repaid in 19-20
Indebtedness										
<i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x100		40.72%	37.73%	12.05%	53.61%	49.71%	42.16%	43.16%	35.50%	Budgeted \$9.5m new loans taken-up in 19-20
Asset renewal and upgrade										
<i>Asset renewal and upgrade compared to depreciation</i> [Asset renewal expenses / Asset depreciation] x100		New in 2020	New in 2020	New in 2020	150.35%	144.05%	104.47%	133.11%	97.29%	New indicator for 2020. Replaced asset renewal indicator
Operating position										
Adjusted underlying result										
<i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100		6.85%	5.04%	5.05%	1.07%	-1.21%	9.55%	9.00%	9.78%	Higher capital grants than prior years
Stability										
Rates concentration										
<i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100		49.74%	54.54%	56.84%	57.78%	55.98%	54.19%	55.11%	54.87%	
Rates effort										
<i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality] x100		0.50%	0.50%	0.49%	0.43%	0.40%	0.42%	0.42%	0.43%	This figure should continue to be approximately 0.50% as the Shire grows.

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 25 June 2019 and which forms part of the Council Plan. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The strategic resource plan can be obtained by contacting Council.



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