

# Nillumbik Shire Council

Annual Financial Report

For the year ended 30 June 2019



**Nillumbik Shire Council**  
**Financial Report**  
**Table Of Contents**

**FINANCIAL REPORT**

	<b>Page</b>
Certification of the financial statements	1
Victorian Auditor-General's Office report	2
<b>Financial Report</b>	
Comprehensive Income Statement	4
Balance Sheet	5
Statement Of Changes In Equity	6
Statement Of Cash Flows	7
Statement Of Capital Works	8
<b>Overview</b>	9
<b>Notes to Financial Report</b>	
Note 1	10
Performance against budget	
1.1. Income and expenditure	10
1.2. Capital works	12
Note 2	14
Analysis of Council results by program	
Note 3	16
Funding for the delivery of our services	
3.1. Rates and charges	16
3.2. Statutory fees and fines	16
3.3. User fees	16
3.4. Funding from other levels of government	17
3.5. Contributions	18
3.6. Net gain/(loss) on disposal of property, infrastructure, plant and equipment	18
3.7. Other income	19
Note 4	19
The cost of delivering services	
4.1. Employee costs	19
4.2. Materials and services	20
4.3. Depreciation and amortisation	20
4.4. Bad and doubtful debts	20
4.5. Borrowing costs	20
4.6. Other expenses	21
Note 5	21
Our financial position	
5.1. Financial assets	21
5.2. Non-financial assets	22
5.3. Payables	23
5.4. Interest bearing liabilities	24
5.5. Provisions	25
5.6. Financing arrangements	26
5.7. Commitments	27
Note 6	28
Assets we manage	
6.1. Non-current assets classified as held for sale	28
6.2. Property, infrastructure, plant and equipment	29
6.3. Investments in associates	36
Note 7	37
People and relationships	
7.1. Council and key management remuneration	37
7.2. Related party disclosures	39
Note 8	40
Managing uncertainties	
8.1. Contingent liabilities and contingent assets	40
8.2. Change in accounting standards	41
8.3. Financial instruments	42
8.4. Fair value measurement	44
8.5. Events occurring after balance date	45
Note 9	46
Other matters	
9.1. Reserves	46
9.2. Reconciliation of cash flows from operating activities to surplus/(deficit)	49
9.3. Superannuation	50

**Nillumbik Shire Council**  
**Certification of the Financial Report**  
**For The Year Ended 30 June 2019**

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

*Melika Sukunda* CAANZ  
**Principal Accounting Officer**

**Date :**  
*GREENSBOROUGH*

In our opinion the accompanying financial statements present fairly the financial transactions of Nillumbik Shire Council for the year ended 30 June 2019 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.

*Karen Egan* (*Mayor*)  
**Councillor**

**Date :**  
*GREENSBOROUGH*

*Bruce Ranken* (*Deputy Mayor*)  
**Councillor**

**Date :**  
*GREENSBOROUGH*

*Carl Cowie*  
**Chief Executive Officer**

**Date :**  
*GREENSBOROUGH*

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Page 2

Page 3

**Nillumbik Shire Council**  
**Comprehensive Income Statement**  
**For The Year Ended 30 June 2019**

	Note	2019 \$'000	2018 \$'000
<b>Income</b>			
Rates and charges	3.1	64,780	63,131
Statutory fees and fines	3.2	1,465	1,558
User fees	3.3	11,502	8,961
Grants - operating	3.4(a)	7,242	7,170
Grants - capital	3.4(b)	14,325	4,138
Contributions - monetary	3.5	2,048	2,589
Contributions - non-monetary	3.5	1,835	5,100
Net (loss)/gain on disposal of property, infrastructure, plant and equipment	3.6	(3,221)	1,351
Share of net profits/(losses) of associate	6.3	(266)	40
Other income	3.7	2,595	2,824
<b>Total income</b>		<b>102,305</b>	<b>96,862</b>
<b>Expenses</b>			
Employee costs	4.1	34,210	31,984
Materials and services	4.2	38,802	30,388
Depreciation	4.3	11,650	11,115
Bad and doubtful debts	4.4	32	53
Borrowing costs	4.5	767	812
Contributions to associate	6.3	2,761	2,694
Other expenses	4.6	3,881	3,264
<b>Total expenses</b>		<b>92,103</b>	<b>80,310</b>
<b>Surplus/(deficit) for the year</b>		<b>10,202</b>	<b>16,552</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
Net asset revaluation increment/(decrement)	9.1(a)	3,603	158,981
<b>Total comprehensive result</b>		<b>13,805</b>	<b>175,533</b>

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

**Nillumbik Shire Council**  
**Balance Sheet**  
**As at 30 June 2019**

	Note	2019 \$'000	2018 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5.1(a)	44,254	46,670
Trade and other receivables	5.1(c)	9,900	8,032
Other financial assets	5.1(b)	1,000	1,000
Inventories	5.2(a)	27	22
Non-current assets classified as held for sale	6.1	3,607	5,158
Other assets	5.2(b)	6,090	4,376
<b>Total current assets</b>		<b>64,878</b>	<b>65,258</b>
<b>Non-current assets</b>			
Trade and other receivables	5.1(c)	902	550
Other financial assets	5.1(b)	5	5
Investments in associate	6.3	1,330	1,597
Property, infrastructure, plant and equipment	6.2	937,830	921,851
<b>Total non-current assets</b>		<b>940,067</b>	<b>924,003</b>
<b>Total assets</b>		<b>1,004,945</b>	<b>989,261</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5.3(a)	10,707	8,904
Trust funds and deposits	5.3(b)	2,050	1,648
Provisions	5.5(c)	8,093	6,670
Interest-bearing loans and borrowings	5.4	2,794	2,121
<b>Total current liabilities</b>		<b>23,644</b>	<b>19,343</b>
<b>Non-current liabilities</b>			
Provisions	5.5(c)	6,602	7,707
Interest-bearing loans and borrowings	5.4	9,298	10,615
<b>Total non-current liabilities</b>		<b>15,900</b>	<b>18,322</b>
<b>Total liabilities</b>		<b>39,544</b>	<b>37,665</b>
<b>Net assets</b>		<b>965,401</b>	<b>951,596</b>
<b>Equity</b>			
Accumulated surplus		397,099	388,337
Reserves	9.1	568,302	563,259
<b>Total equity</b>		<b>965,401</b>	<b>951,596</b>

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

**Nillumbik Shire Council**  
**Statement Of Changes In Equity**  
**For The Year Ended 30 June 2019**

	Note	Total	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves
<b>2019</b>		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at beginning of the financial year		951,596	388,337	524,632	38,627
Surplus/(deficit) for the year		10,202	10,202	-	-
Net asset revaluation increment/(decrement)	9.1(a)	3,603	-	3,603	-
Transfers to other reserves	9.1(b)	-	(23,542)	-	23,542
Transfers from other reserves	9.1(b)	-	22,102	-	(22,102)
<b>Balance at end of the financial year</b>		<b>965,401</b>	<b>397,099</b>	<b>528,235</b>	<b>40,067</b>

		Total	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves
<b>2018</b>		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at beginning of the financial year		776,063	373,053	365,651	37,359
Surplus/(deficit) for the year		16,552	16,552	-	-
Net asset revaluation increment/(decrement)	9.1(a)	158,981	-	158,981	-
Transfers to other reserves	9.1(b)	-	(25,553)	-	25,553
Transfers from other reserves	9.1(b)	-	24,285	-	(24,285)
<b>Balance at end of the financial year</b>		<b>951,596</b>	<b>388,337</b>	<b>524,632</b>	<b>38,627</b>

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

**Nilumbik Shire Council  
Statement Of Cash Flows  
For The Year Ended 30 June 2019**

	2019 Inflows/ (Outflows) \$'000	2018 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>		
Rates and charges	63,721	63,583
Statutory fees and fines	1,465	1,558
User fees*	8,077	6,722
Grants - operating*	7,412	7,442
Grants - capital*	14,495	4,410
Contributions - monetary*	2,218	2,861
Interest received	1,082	955
Trust funds and deposits taken	1,001	290
Other receipts	648	1,758
Net GST refund/(payment)	5,210	4,010
Employee costs	(34,701)	(32,406)
Materials and services*	(40,792)	(31,314)
Trust funds and deposits repaid	(197)	(12)
Other payments*	(7,593)	(7,048)
<b>Net cash provided by/(used in) operating activities</b>	<b>22,046</b>	<b>22,809</b>
<b>Cash flows from investing activities</b>		
Payments for property, infrastructure, plant and equipment	6.2 (25,379)	(22,285)
Proceeds from sale of property, infrastructure, plant and equipment	2,328	5,472
Payments for investments	-	(1,000)
Proceeds from investments	-	5,300
<b>Net cash provided by/(used in) investing activities</b>	<b>(23,051)</b>	<b>(12,513)</b>
<b>Cash flows from financing activities</b>		
Finance costs	(767)	(812)
Proceeds from borrowings	-	-
Repayment of borrowings	(644)	(724)
<b>Net cash provided by/(used in) financing activities</b>	<b>(1,411)</b>	<b>(1,536)</b>
Net increase/(decrease) in cash and cash equivalents	(2,416)	8,760
Cash and cash equivalents at the beginning of the financial year	46,670	37,910
<b>Cash and cash equivalents at the end of the financial year</b>	<b>5.1(a) 44,254</b>	<b>46,670</b>
<b>Financing arrangements</b>	5.6	
<b>Restrictions on cash assets</b>	5.1(a)	

\*GST Inclusive

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



**Nillumbik Shire Council**  
**Statement Of Capital Works**  
**For The Year Ended 30 June 2019**

	Note	2019 \$'000	2018 \$'000
<b>Property</b>			
Land		-	-
Land improvements		368	-
Playgrounds		1,808	-
<b>Total land</b>		<b>2,176</b>	<b>-</b>
Buildings		1,201	2,129
Buildings - heritage		-	-
<b>Total buildings</b>		<b>1,201</b>	<b>2,129</b>
<b>Total property</b>		<b>3,377</b>	<b>2,129</b>
<b>Plant and equipment</b>			
Plant, machinery and equipment		278	642
Furniture, equipment and computers		15	109
Artwork		-	-
<b>Total plant and equipment</b>		<b>293</b>	<b>751</b>
<b>Infrastructure</b>			
Roads		4,120	2,272
Bridges		56	214
Footpaths and cycleways		766	2,375
Drainage		729	759
Recreational, leisure and community facilities		15,839	12,853
Waste management		-	1,065
Parks, open space and streetscapes		1,556	546
Traffic treatments		-	-
Other infrastructure		512	933
<b>Total infrastructure</b>		<b>23,578</b>	<b>21,017</b>
<b>Total capital works expenditure</b>		<b>27,248</b>	<b>23,897</b>
<b>Represented by:</b>			
New asset expenditure		5,979	622
Asset renewal expenditure		4,334	5,301
Asset expansion expenditure		2,570	1,992
Asset upgrade expenditure		14,365	15,982
<b>Total capital works expenditure</b>		<b>27,248</b>	<b>23,897</b>

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

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2019**

**Overview**

**Introduction**

The Nillumbik Shire Council was established by an Order of the Governor in Council on 15 December 1994 and is a body corporate. Council's main office is located at Civic Drive, Greensborough, Victoria.

**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 Australian Accounting Standards, 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(a))
- the determination of landfill provisions (refer to note 5.5(b))

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

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2019**

**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 5 percent where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 26 June 2018. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for revenue and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

**1.1 Income and expenditure**

	Budget 2019 \$'000	Actual 2019 \$'000	Variance 2019 \$'000	Variance %	Ref
<b>Income</b>					
Rates and charges	64,475	64,780	305	0.5%	
Statutory fees and fines	1,374	1,465	91	6.6%	1
User fees	12,162	11,502	(660)	-5.4%	2
Grants - operating	6,558	7,242	684	10.4%	3
Grants - capital	9,130	14,325	5,195	56.9%	4
Contributions - monetary	1,496	2,048	552	36.9%	5
Contributions - non monetary	-	1,835	1,835	100.0%	6
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	-	(3,221)	(3,221)	100.0%	7
Share of net profits/(losses) of associates	-	(266)	(266)	100.0%	8
Other income	1,585	2,595	1,010	63.7%	9
<b>Total income</b>	<b>96,780</b>	<b>102,305</b>	<b>5,525</b>	<b>5.7%</b>	
<b>Expenses</b>					
Employee costs	35,303	34,210	(1,093)	-3.1%	
Materials and services	29,504	38,802	9,298	31.5%	10
Bad and doubtful debts	-	32	32	100.0%	11
Depreciation	11,015	11,650	635	5.8%	12
Borrowing costs	764	767	3	0.4%	
Contributions to associates	2,755	2,761	6	0.2%	13
Other expenses	6,242	3,881	(2,361)	-37.8%	14
<b>Total expenses</b>	<b>85,583</b>	<b>92,103</b>	<b>6,520</b>	<b>7.6%</b>	
<b>Surplus/(deficit) for the year</b>	<b>11,197</b>	<b>10,202</b>	<b>(995)</b>	<b>-8.9%</b>	

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2019**

**Note 1 Performance against budget (continued)**

**1.1 Income and expenditure (continued)**

**(i) Explanation of material variances**

<b>Ref</b>	<b>Explanation</b>
1	<b>Statutory fees and fines</b> , variance due to increase in fines and permits issued for the year and penalties served on properties in the Shire.
2	<b>User fees</b> , variance is driven by the delayed reopening of Eltham Leisure Centre for completion of the redevelopment.
3	<b>Grants - operating</b> , variance is due to Commonwealth Financial Assistance Grants received in advance. Additional grants not budgeted for were also received during the financial year.
4	<b>Grants - capital</b> , variance is due to grants received in advance for the 2019-2020 financial year.
5	<b>Contributions - monetary</b> , variance due to developer and capital works contributions received during the year.
6	<b>Contributions - non-monetary</b> , comprises of infrastructure assets, in particular drainage assets, that were transferred to Council during the period. Council does not budget for the receipt of non-monetary contributions.
7	<b>Net gain on disposal of property</b> , infrastructure, plant and equipment, losses on disposal of plant, infrastructure and equipment are not budgeted for.
8	<b>Share of net profits/(losses) of associates</b> , Council does not budget for share of net profit/(losses) of associates.
9	<b>Other income</b> , variance is driven by an increase in interest income attributable to an increase in the balance of funds held in investments and insurance refunds received during the financial year that were not anticipated.
10	<b>Materials and services</b> , variance is driven by landfill rehabilitation costs budgeted for as capital expenditure, provided for by way of the Provision for Landfill Rehabilitation and included in this line item. Agency and consulting fees were greater than expected due to ongoing position vacancies and one off project related expenses. Further, for budgeting purposes insurance premiums are categorised as other expenses, but are allocated to the materials and services category in the income statement.
11	<b>Bad and doubtful debts</b> , Council does not budget for bad and doubtful debts.
12	<b>Depreciation</b> , variance is driven by the capitalisation of newly completed assets.
13	<b>Contributions to associates</b> , reflective of the contributions agreed upon by the board of the Yarra Plenty Regional Library Service.
14	<b>Other expenses</b> , variations due to underspends in grant funded operational areas: Home and Community Care transition program, Metro Access and reduction in spend across Green Power and Leased equipment. The remaining balance comprises of minor variances across the organisation and is further compounded by insurance premiums budgeted as other expenses, but classified as materials and services in the income statement.

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2019**

**Note 1 Performance against budget (continued)**

<b>1.2 Capital Works</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Variance</b>	<b>Ref</b>
	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>%</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	
<b>Property</b>					
Land	-	-	-	0.0%	
Playgrounds	845	1,808	963	114.0%	1
Land improvements	-	368	368	100.0%	2
<b>Total land</b>	<b>845</b>	<b>2,176</b>	<b>1,331</b>	<b>157.5%</b>	
Buildings	909	1,201	292	32.1%	3
<b>Total buildings</b>	<b>909</b>	<b>1,201</b>	<b>292</b>	<b>32.1%</b>	
<b>Total property</b>	<b>1,754</b>	<b>3,377</b>	<b>1,623</b>	<b>92.5%</b>	
<b>Plant and equipment</b>					
Plant, machinery and equipment	1,344	278	(1,066)	-79.3%	4
Fixtures, fittings and furniture	-	15	15	100.0%	
<b>Total plant and equipment</b>	<b>1,344</b>	<b>293</b>	<b>(1,051)</b>	<b>-78.2%</b>	
<b>Infrastructure</b>					
Roads	3,592	4,120	528	14.7%	5
Bridges	100	56	(44)	-44.0%	6
Footpaths, trails and cycleways	640	766	126	19.7%	7
Drainage	700	729	29	4.1%	
Recreational, leisure and community facilities	15,328	15,839	511	3.3%	8
Kerb and channel	-	-	-	0.0%	
Waste management	1,633	-	(1,633)	-100.0%	9
Parks, open space and streetscapes	533	1,556	1,023	191.9%	10
Traffic treatments	-	-	-	0.0%	
Other infrastructure	630	512	(118)	-18.7%	11
<b>Total infrastructure</b>	<b>23,156</b>	<b>23,578</b>	<b>422</b>	<b>1.8%</b>	
<b>Total capital works expenditure</b>	<b>26,254</b>	<b>27,248</b>	<b>994</b>	<b>3.8%</b>	
<b>Represented by:</b>					
New asset expenditure	5,761	5,979	218	3.8%	
Asset renewal expenditure	5,396	4,334	(1,062)	-19.7%	
Asset expansion expenditure	993	2,570	1,577	158.8%	
Asset upgrade expenditure	14,104	14,365	261	1.9%	
<b>Total capital works expenditure</b>	<b>26,254</b>	<b>27,248</b>	<b>994</b>	<b>3.8%</b>	

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2019**

**Note 1 Performance against budget (continued)**

**1.2 Capital works (continued)**

**(i) Explanation of material variances**

<b>Ref</b>	<b>Explanation</b>
1	<b>Playgrounds</b> , variance largely due to additional spend on Eltham North Adventure Playground and works on the Civic Drive Precinct playground facilities which were completed during the year.
2	<b>Land improvements</b> , works completed on land improvements across the Shire, including fencing and landscaping, accounted for across other budget lines.
3	<b>Buildings</b> , variance due to works on Edendale and Eltham Men's Shed carried forward from 2018-19 and additional improvements for Early Years facilities.
4	<b>Plant, machinery and equipment</b> , variance caused by a delay in budgeted spend.
5	<b>Roads</b> , variance driven by completion of works from prior year including special charge schemes at Wornes Lane and Rogers
6	<b>Bridges</b> , variance is attributable to lower than expected spend on bridge rehabilitation works.
7	<b>Footpaths, trails and cycleways</b> , variance due to additional spend on footpath renewal works completed across the Shire.
8	<b>Recreation, leisure and community</b> , variance due to completion of Eltham Leisure Centre and ongoing works at Eltham North Reserve Pavilion and Research Park Sports Pavilion.
9	<b>Waste management</b> , Landfill rehabilitation costs have been recognised via the Provision for Landfill Rehabilitation and have been expensed accordingly.
10	<b>Parks, open space and streetscapes</b> , variance due to works completed on open space, including Civic Drive precinct.
11	<b>Other infrastructure</b> , variance is attributable to lower than expected spend on other infrastructure projects.

**Nillumbik Shire Council  
Notes To The Financial Report  
For The Year Ended 30 June 2019**

**Note 2 Analysis of Council results by program**

Council delivers its functions and activities through the following programs.

**2 (a) Governance and Legal**

Governance and legal services provides effective governance oversight of the organisation and provides support to the organisation and ensures Council's customer focus includes communication and community engagement processes. Service areas include governance, information services, emergency management and legal services. Executive Services, the provision of support services to the CEO and Councillors, has been included in Governance and Legal.

**Communications and Engagement**

Communications and Engagement is provides effective internal and external communications channels and supports information delivery to the wider community. Service areas include marketing, internal and external communications and community engagement.

**Planning and Community Safety**

Community and planning provides high quality community focused programs and service delivery to residents. Community and Planning is comprised of planning services, community safety and amenity, customer experience, community services, building services, and strategic planning.

**Operations and Infrastructure**

Operations and Infrastructure is responsible for constructing new infrastructure and maintaining existing infrastructure across a very diverse range of assets that underpin the wellbeing of the community. Infrastructure and Operations is comprised of infrastructure, capital works, environment and waste, recreation and leisure and assets and property.

**Economic Development and Tourism**

Economic Development and Tourism supports local festivals and events and advocates on behalf of the community for major events, tourism and cultural opportunities. Economic Development and Tourism is responsible for arts and culture, economic development and events and tourism.

**Corporate Services**

Corporate Services provides efficient, effective and proactive support services across Council to enable the delivery of policy commitments, council vision and mission. The provision of these services includes human resources, information and technology, procurement, business transformation and performance and finance services.

**Nillumbik Shire Council  
Notes To The Financial Report  
For The Year Ended 30 June 2019**

**Note 2 Analysis of Council results by program (continued)**

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

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total capital expenditure	Total assets
<b>2019</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Governance and Legal	99	2,774	(2,675)	84	-	-
Communications and Engagement	-	1,082	(1,082)	-	-	-
Community and Planning	6,963	18,514	(11,551)	3,562	-	-
Operations and Infrastructure	27,109	68,240	(41,131)	15,960	27,108	937,830
Economic Development and Tourism	608	3,611	(3,003)	157	-	-
Corporate Services	70,747	1,103	69,644	1,804	140	525
	<b>105,526</b>	<b>95,324</b>	<b>10,202</b>	<b>21,567</b>	<b>27,248</b>	<b>938,355</b>

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total capital expenditure	Total assets
<b>2018</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Governance and Legal	351	2,807	(2,456)	115	-	-
Communications and Engagement	-	943	(943)	-	-	-
Community and Planning	6,970	17,765	(10,795)	3,390	-	-
Operations and Infrastructure	19,645	52,128	(32,483)	5,815	23,644	921,851
Economic Development and Tourism	518	2,907	(2,389)	73	-	-
Corporate Services	69,378	3,760	65,618	1,915	253	578
	<b>96,862</b>	<b>80,310</b>	<b>16,552</b>	<b>11,308</b>	<b>23,897</b>	<b>922,429</b>



**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2019**

**Note 3 Funding for the delivery of our services** **2019** **2018**  
**\$'000** **\$'000**

**3.1 Rates and charges**

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The Capital Improved Value of a property is the market value of land and all improvements at a given point in time.

The valuation base used to calculate general rates for 2018-19 was \$20.11 billion (2017-18 \$15.99 billion).

General rates	55,256	51,820
Municipal charge	1	2,238
Waste management charge	8,399	8,329
Special rates and charges	278	188
Supplementary rates and rate adjustments	405	103
Interest on rates	441	453
<b>Total rates and charges</b>	<b>64,780</b>	<b>63,131</b>

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

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

**3.2 Statutory fees and fines**

Infringements and costs	385	469
Court recoveries	(3)	15
Town planning fees	749	769
Land information certificates	42	42
Animal infringements	34	56
Permits	258	207
<b>Total statutory fees and fines</b>	<b>1,465</b>	<b>1,558</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**

Aged services	191	184
Leisure centre and recreation	7,738	5,204
Child care/children's programs	302	355
Registration and other permits	786	737
Building services	80	27
Waste management services	521	580
Subdivision supervision	289	283
Pound release	38	48
Adult education	339	353
Edendale farm	250	280
Environmental health	250	245
Hall and sport ground hire	528	493
Other fees and charges	190	172
<b>Total user fees</b>	<b>11,502</b>	<b>8,961</b>

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

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2019**

<b>Note 3 Funding for the delivery of our services (continued)</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<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	4,504	5,691
State funded grants	17,063	5,617
<b>Total grants received</b>	<b>21,567</b>	<b>11,308</b>
<b>(a) Operating Grants</b>		
<b><i>Recurrent - Commonwealth Government</i></b>		
Aged care	1,182	1,054
Community health	-	8
Community planning	-	50
Family and children	245	97
Commonwealth Financial Assistance Grants	2,907	3,066
Other	-	5
<b><i>Recurrent - State Government</i></b>		
Adult education	325	514
Arts	-	2
Community health	59	61
Community planning	-	14
Disability support	368	427
Environment	86	15
Family and children	843	666
Metro access	145	139
Recreation	-	10
School crossing supervisors	224	226
Waste	-	57
<b>Total recurrent operating grants</b>	<b>6,384</b>	<b>6,411</b>
<b><i>Non-recurrent - State Government</i></b>		
Adult education	40	40
Arts	59	-
Community planning	35	53
Emergency management	172	115
Environment	423	379
Family and children	105	95
Planning	-	5
Recreation	24	-
Other	-	72
<b>Total non-recurrent operating grants</b>	<b>858</b>	<b>759</b>
<b>Total operating grants</b>	<b>7,242</b>	<b>7,170</b>

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2019**

<b>Note 3 Funding for the delivery of our services (continued)</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>3.4 Funding from other levels of government (continued)</b>		
<b>(b) Capital Grants</b>		
<i><b>Non-recurrent - Commonwealth Government</b></i>		
Recreation	170	-
Bridges	-	683
Roads	-	328
Roads to recovery	-	400
<i><b>Non-recurrent - State Government</b></i>		
Emergency management	25	35
Environment	191	2
Family and children	81	-
Footpaths	-	-
Playgrounds	3,087	50
Recreation	9,759	2,640
Roads	1,012	-
<b>Total non-recurrent capital grants</b>	<b>14,325</b>	<b>4,138</b>
<b>Total capital grants</b>	<b>14,325</b>	<b>4,138</b>
<b>Unspent grants received on condition that they be spent in a specific manner</b>		
Balance at start of year	5,777	2,167
Received during the financial year and remained unspent at balance date	14,820	5,772
Received in prior years and spent during the financial year	(4,808)	(2,162)
<b>Balance at year end</b>	<b>15,789</b>	<b>5,777</b>
Grant income is recognised when Council obtains control of the contribution. Control is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured.		
<b>3.5 Contributions</b>		
Monetary	2,048	2,589
Non-monetary	1,835	5,100
<b>Total contributions</b>	<b>3,883</b>	<b>7,689</b>
<i>Contributions of non-monetary assets were received in relation to the following asset classes:</i>		
Infrastructure	1,845	5,100
<b>Total non-monetary contributions</b>	<b>1,845</b>	<b>5,100</b>
Monetary and non-monetary contributions are recognised as revenue when Council obtains control over the contributed asset.		
<b>3.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>		
Proceeds of sale	2,329	5,473
Written down value of assets disposed	(5,550)	(4,122)
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>	<b>(3,221)</b>	<b>1,351</b>

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

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2019**

<b>Note 3 Funding for the delivery of our services (continued)</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>3.7 Other income</b>		
Interest	1,082	955
Other rent	367	319
Reimbursements	338	778
Sale of valuations	168	18
WorkCover insurance recoveries	362	168
Planning	50	57
Other	228	529
<b>Total other income</b>	<b><u>2,595</u></b>	<b><u>2,824</u></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**

<b>4.1 Employee costs</b>		
Wages and salaries	29,699	28,912
WorkCover	317	317
Superannuation	2,768	2,437
Fringe benefits tax	70	136
Other	1,356	182
<b>Total employee costs</b>	<b><u>34,210</u></b>	<b><u>31,984</u></b>

**(a) Superannuation**

Council made contributions to the following funds:

**Defined benefit fund**

Employer contributions to <i>Local Authorities Superannuation Fund (Vision Super)</i>	162	129
Employer contributions - other funds	-	-
	<u>162</u>	<u>129</u>
Employer contributions payable at reporting date.	-	-

**Accumulation funds**

Employer contributions to <i>Local Authorities Superannuation Fund (Vision Super)</i>	1,572	1,531
Employer contributions - other funds	1,034	906
	<u>2,606</u>	<u>2,437</u>
Employer contributions payable at reporting date.	<u>-</u>	<u>98</u>

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

Employee benefits disclosed in the comprehensive income statement are marginally lower than those disclosed within the cash flow statement, reflecting the movement in the employee benefits provision during the financial year.

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2019**

<b>Note 4 The cost of delivering services (continued)</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>4.2 Materials and services</b>		
Contract payments - leisure and recreation	9,143	6,769
Contract payments - agency and temporary staffing	2,052	1,363
Contract payments - home and community care services	1,133	1,274
Contract payments - waste	5,499	1,853
Contract payments - other	99	276
Building maintenance	332	296
Materials, maintenance and equipment	10,605	9,530
Utilities	1,269	1,113
Office administration	852	817
Information technology and telephone	1,784	1,765
Insurance premiums	1,114	967
Consultants	2,755	2,428
Emergency management	312	309
Waste management	1,317	1,280
Other	536	348
<b>Total materials and services</b>	<b>38,802</b>	<b>30,388</b>

**4.3 Depreciation**

Property	117	114
Buildings	1,245	1,220
Plant and equipment	974	1,028
Infrastructure	9,314	8,753
<b>Total depreciation</b>	<b>11,650</b>	<b>11,115</b>

*Refer to note 6.2 for a detailed breakdown of depreciation*

**4.4 Bad and doubtful debts**

Parking fine debtors*	32	52
Bad debts	-	1
<b>Total bad and doubtful debts</b>	<b>32</b>	<b>53</b>

\* Bad and doubtful debts for parking debtors relate to provisions raised regarding amounts in excess of 12 months old which have been referred to Infringements Court for collection plus associated costs.

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

**4.5 Borrowing costs**

Interest on borrowings	767	812
<b>Total borrowing costs</b>	<b>767</b>	<b>812</b>

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

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2019**

<b>Note 4 The cost of delivering services (continued)</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>4.6 Other expenses</b>		
Auditors' remuneration - VAGO - audit of the financial statements, performance statement	65	62
Auditors' remuneration - internal and grant acquittals	160	99
Councillors' allowances	255	244
Operating lease rentals	1,017	951
Other	2,384	1,908
<b>Total other expenses</b>	<b>3,881</b>	<b>3,264</b>

**Note 5 Our financial position**

**5.1 Financial assets**

**(a) Cash and cash equivalents**

Cash on hand	7	7
Cash at bank	3,236	3,278
Term deposits	41,011	43,385
<b>Total cash and cash equivalents</b>	<b>44,254</b>	<b>46,670</b>

**(b) Other financial assets**

**Current**

Term deposits	1,000	1,000
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**Non-current**

Investment - MAPS	5	5
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<b>Total other financial assets</b>	<b>1,005</b>	<b>1,005</b>
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<b>Total financial assets</b>	<b>45,259</b>	<b>47,675</b>
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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))	2,050	1,648
Net increase in restricted assets resulting from grant revenues	15,789	5,777
Statutory cash backed and capital works reserves	10,344	11,352
<b>Total restricted funds</b>	<b>28,183</b>	<b>18,777</b>
<b>Total unrestricted cash and cash equivalents</b>	<b>16,071</b>	<b>27,893</b>

**Intended allocations**

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

Cash held to fund long service leave (other financial assets)	4,500	5,300
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Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of ninety-three days/three months 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.

Investments in MAPS and the Local Government Health Plan are valued at cost. Any dividends paid are taken up as revenue.

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2019**

Note 5 Our financial position (continued)	2019	2018
	\$'000	\$'000
<b>5.1 Financial assets (continued)</b>		
<b>(c) Trade and other receivables</b>		
<b>Current</b>		
<i>Statutory receivables</i>		
Rates debtors	6,528	5,821
Special charge scheme debtors	648	674
Parking infringement debtors	547	541
Provision for doubtful debts	(374)	(342)
<i>Non-statutory receivables</i>		
Other debtors	1,946	694
Net GST receivable	605	644
<b>Total current trade and other receivables</b>	<b>9,900</b>	<b>8,032</b>
<b>Non-current</b>		
<i>Statutory receivables</i>		
Special rate scheme	902	550
<b>Total non-current trade and other receivables</b>	<b>902</b>	<b>550</b>
<b>Total trade and other receivables</b>	<b>10,802</b>	<b>8,582</b>

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

**i) Ageing of Receivables**

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

Current (not yet due)	2,434	1,281
Past due by up to 30 days	13	21
Past due between 31 and 180 days	53	1
Past due between 181 and 365 days	13	-
Past due by more than 1 year	38	35
<b>Total trade &amp; other receivables</b>	<b>2,551</b>	<b>1,338</b>

**ii) Movement in provisions for doubtful debts**

Balance at the beginning of the year	342	290
New provisions recognised during the year	32	53
Amounts already provided for and written off as uncollectible	-	(1)
<b>Balance at end of year</b>	<b>374</b>	<b>342</b>

**5.2 Non-financial assets**

**(a) Inventories**

Fuel	27	22
<b>Total inventories</b>	<b>27</b>	<b>22</b>

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

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2019**

<b>Note 5 Our financial position (continued)</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>5.2 Non-financial assets (continued)</b>		
<b>(b) Other assets</b>		
<b>Current</b>		
Prepayments	1,018	1,699
Accrued income	5,072	2,677
<b>Total current other assets</b>	<u><b>6,090</b></u>	<u><b>4,376</b></u>
<b>5.3 Payables</b>		
<b>(a) Trade and other payables</b>		
Trade payables	2,501	2,663
Accrued expenses	8,146	6,176
Prepaid income	60	65
Net GST payable	-	-
<b>Total trade and other payables</b>	<u><b>10,707</b></u>	<u><b>8,904</b></u>
<b>(b) Trust funds and deposits</b>		
Refundable deposits	378	337
Retention amounts	785	525
Other refundable deposits	887	786
	<u><b>2,050</b></u>	<u><b>1,648</b></u>

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.

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

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

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



**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2019**

Note 5 Our financial position (continued)	2019	2018
	\$'000	\$'000
<b>5.4 Interest-bearing liabilities</b>		
<b>Current</b>		
Borrowings - secured	2,794	2,121
	<u>2,794</u>	<u>2,121</u>
<b>Non-current</b>		
Borrowings - secured	9,298	10,615
	<u>9,298</u>	<u>10,615</u>
<b>Total</b>	<u>12,092</u>	<u>12,736</u>
<b>a) The maturity profile for Council's borrowings is:</b>		
Not later than one year	2,794	2,121
Later than one year and not later than five years	5,830	5,792
Later than five years	3,468	4,823
<b>Total</b>	<u>12,092</u>	<u>12,736</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.

All borrowings taken out by Council can be secured through two avenues, against Council's fixed asset portfolio or the rates levied by Council. The overall balance of secured borrowings accounts for 0.129 percent of the total fixed asset portfolio, or 22 percent of general rates and municipal charge levied in the 2018-19 financial year.

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2019**

**Note 5 Our financial position (continued)**

<b>5.5 Provisions</b>	<b>Employee \$ '000</b>	<b>Landfill \$ '000</b>	<b>Total \$ '000</b>
<b>2019</b>			
Balance at beginning of the financial year	7,239	7,138	14,377
Additional provisions	3,283	2,879	6,162
Amounts used	(3,774)	(2,754)	(6,528)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	-	684	684
<b>Balance at the end of the financial year</b>	<b>6,748</b>	<b>7,947</b>	<b>14,695</b>
<b>2018</b>			
Balance at beginning of the financial year	7,661	8,494	16,155
Additional provisions	3,027	-	3,027
Amounts used	(3,449)	-	(3,449)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	-	(1,356)	(1,356)
<b>Balance at the end of the financial year</b>	<b>7,239</b>	<b>7,138</b>	<b>14,377</b>
		<b>2019</b>	<b>2018</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>(a) Employee provisions</b>			
<b>Current provisions expected to be wholly settled within 12 months</b>			
Annual leave		689	718
Long service leave		858	899
		<u>1,547</u>	<u>1,617</u>
<b>Current provisions expected to be wholly settled after 12 months</b>			
Annual leave		1,398	1,458
Long service leave		3,434	3,595
		<u>4,832</u>	<u>5,053</u>
<b>Total current provisions</b>		<u><b>6,379</b></u>	<u><b>6,670</b></u>
<b>Non-current</b>			
Long service leave		369	569
<b>Total non-current provisions</b>		<u><b>369</b></u>	<u><b>569</b></u>
<b>Aggregate carrying amount of employee provisions</b>			
Current		6,379	6,670
Non-current		369	569
<b>Total aggregate carrying amount of employee provisions</b>		<u><b>6,748</b></u>	<u><b>7,239</b></u>

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

*Wages and salaries and annual leave*

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

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at 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.

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2019**

**Note 5 Our financial position (continued)**

	2019	2018
	\$'000	\$'000
<b>5.5 Provisions (continued)</b>		
<b>(a) Employee provisions (continued)</b>		
<i>Long service leave</i>		
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:		
- Weighted average increase in employee costs	1.90%	3.70%
- Weighted average discount rates	0.76%	2.31%
<b>(b) Land fill restoration</b>		
Current	1,714	-
Non-current	6,233	7,138
<b>Total land fill restoration</b>	<b>7,947</b>	<b>7,138</b>

Council is obligated to restore the former landfill sites at Plenty and Kangaroo Ground to a particular standard. The provision for landfill restoration has been calculated based on the present value of expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard as reviewed by the Environmental Protection Agency (EPA). Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

Key assumptions:		
- Discount rate	0.97%	2.61%
- Estimated remaining costs to rehabilitate	8,260	9,913

The estimated cost to rehabilitate both landfill sites reflects the contracted rehabilitation cost of the Plenty Landfill site plus additional compliance expenditure, with the same costing assumed for Kangaroo Ground based on all known rehabilitation requirements. Rehabilitation of both landfill sites is underpinned by EPA requirements which are reflected in rehabilitation contract.

<b>(c) Aggregate carrying amount of provisions</b>		
Current	8,093	6,670
Non-current	6,602	7,707
<b>Total</b>	<b>14,695</b>	<b>14,377</b>

**5.6 Financing arrangements**

Council has the following funding arrangements in place as at 30 June 2019.

Credit card facilities	153	153
<b>Total facilities</b>	<b>153</b>	<b>153</b>
Used facilities	30	21
Unused facilities	123	132
<b>Total</b>	<b>153</b>	<b>153</b>

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2019**

**Note 5 Our financial position (continued)**

**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 exclusive of the GST payable.

	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
<b>2019</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Operating</b>					
Arts and culture	11	9	11	-	31
Business and tourism	24	-	-	-	24
Community	1,172	10	5	-	1,187
Fleet	980	-	-	-	980
Infrastructure	913	37	-	-	950
Integrated strategy	47	-	-	-	47
Open space	66	-	-	-	66
Organisational support	933	267	450	-	1,650
Sport and leisure	3	-	-	-	3
Waste	78	-	-	-	78
<b>Total</b>	<b>4,227</b>	<b>323</b>	<b>466</b>	<b>-</b>	<b>5,016</b>
<b>Capital</b>					
Land	1,684	123	125	-	1,932
Buildings	6,348	9	26	-	6,383
Infrastructure	959	-	-	-	959
<b>Total</b>	<b>8,991</b>	<b>132</b>	<b>151</b>	<b>-</b>	<b>9,274</b>
	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
<b>2018</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Operating</b>					
Buildings	12	-	-	-	12
Business and tourism	8	-	-	-	8
Community	1,091	103	-	-	1,194
Fleet	1,005	715	582	-	2,302
Infrastructure maintenance	599	651	37	-	1,287
Integrated strategy	122	-	-	-	122
Open space	312	-	-	-	312
Organisational support	555	370	601	-	1,526
Sport and leisure	255	251	-	-	506
Waste	106	33	-	-	139
<b>Total</b>	<b>4,065</b>	<b>2,123</b>	<b>1,220</b>	<b>-</b>	<b>7,408</b>
<b>Capital</b>					
Land	3,570	-	-	-	3,570
Buildings	9,178	433	26	9	9,646
Infrastructure	1,257	-	-	-	1,257
<b>Total</b>	<b>14,005</b>	<b>433</b>	<b>26</b>	<b>9</b>	<b>14,473</b>

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2019**

<b>Note 5 Our financial position (continued)</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>

**5.7 Commitments (continued)**

**Operating lease commitments**

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

Not later than one year	993	688
Later than one year and not later than five years	1,485	1,006
Later than five years	145	92
	<u>2,623</u>	<u>1,786</u>

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

**Note 6 Assets we manage**

**6.1 Non-current assets classified as held for sale**

Opening balance	5,158	3,000
Written down value of non-current assets classified as held for sale - sold	(2,078)	-
Transfers in from Property (Land - non-specialised)	527	2,158
<b>Total non-current assets classified as held for resale</b>	<u>3,607</u>	<u>5,158</u>

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

**Nillumbik Shire Council  
Notes To The Financial Report  
For The Year Ended 30 June 2019**

**Note 6 Assets we manage (continued)**

**6.2 Property, infrastructure, plant and equipment**

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

	At fair value 30 June 2018	Acquisitions	Contributions	Revaluation	Depreciation	Disposal	Transfers	At fair value 30 June 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	423,235	368	-	-	(117)	-	(527)	422,959
Buildings	36,008	1,197	-	605	(1,245)	-	943	37,508
Plant and equipment	6,017	431	-	-	(974)	(223)	-	5,251
Infrastructure	432,525	11,053	1,845	2,998	(9,314)	(3,285)	19,351	455,173
Work in progress	24,066	14,309	-	-	-	(876)	(20,560)	16,939
<b>Total</b>	<b>921,851</b>	<b>27,358</b>	<b>1,845</b>	<b>3,603</b>	<b>(11,650)</b>	<b>(4,384)</b>	<b>(793)</b>	<b>937,830</b>

**Summary of work in progress**

	Opening WIP	Additions	Write Offs	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000
Land	2,014	321	(845)	(8)	1,482
Buildings	2,519	9,056	-	(1,639)	9,936
Plant and equipment	-	-	-	-	-
Infrastructure	19,533	4,932	(31)	(18,913)	5,521
<b>Total</b>	<b>24,066</b>	<b>14,309</b>	<b>(876)</b>	<b>(20,560)</b>	<b>16,939</b>

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2019**

**Note 6 Assets we manage (continued)**

**6.2 Property, infrastructure, plant and equipment (continued)**

**(a) Property**

	Land - specialised \$'000	Land - non-specialised \$'000	Land improvements \$'000	Total land \$'000	Buildings - heritage \$'000	Buildings - specialised \$'000	Buildings - non-specialised \$'000	Total buildings \$'000	Work in progress \$'000	Total property \$'000
<b>Land and buildings</b>										
At fair value 1 July 2018	1,704	416,569	5,734	424,007	10,292	59,207	313	69,812	4,533	498,352
At anticipated restoration cost 1 July 2018	11,401	-	-	11,401	-	-	-	-	-	11,401
Accumulated depreciation at 1 July 2018	(11,401)	-	(772)	(12,173)	(3,894)	(29,638)	(272)	(33,804)	-	(45,977)
	1,704	416,569	4,962	423,235	6,398	29,569	41	36,008	4,533	463,776
<b>Movements in fair value</b>										
Acquisition of assets at fair value	-	-	368	368	-	586	611	1,197	9,377	10,942
Revaluation increments/(decrements)	-	-	-	-	-	603	30	633	-	633
Fair value of assets disposed	-	-	-	-	-	-	-	-	(845)	(845)
Transfers	-	(527)	-	(527)	-	342	601	943	(1,647)	(1,231)
	-	(527)	368	(159)	-	1,531	1,242	2,773	6,885	9,499
<b>Movements in accumulated depreciation</b>										
Depreciation and amortisation	-	-	(117)	(117)	(101)	(1,109)	(35)	(1,245)	-	(1,362)
Revaluation increments/(decrements)	-	-	-	-	(7)	(19)	(2)	(28)	-	(28)
Accumulated depreciation of disposals	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
	-	-	(117)	(117)	(108)	(1,128)	(37)	(1,273)	-	(1,390)
<b>Land and buildings</b>										
At fair value 30 June 2019	1,704	416,042	6,102	423,848	10,292	60,738	1,555	72,585	11,418	507,851
At anticipated restoration cost 30 June 2019	11,401	-	-	11,401	-	-	-	-	-	11,401
Accumulated depreciation at 30 June 2019	(11,401)	-	(889)	(12,290)	(4,002)	(30,766)	(309)	(35,077)	-	(47,367)
	1,704	416,042	5,213	422,959	6,290	29,972	1,246	37,508	11,418	471,885

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2019**

**Note 6 Assets we manage (continued)**

**6.2 Property, infrastructure, plant and equipment (continued)**

**(b) Plant and equipment**

	Plant machinery, equipment and motor vehicles	Fixtures, fittings and furniture	Computers and telecomms	Artwork	Total plant and equipment
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Plant and equipment</b>					
At fair value 1 July 2018	8,962	2,261	2,176	2,475	15,874
Accumulated depreciation at 1 July 2018	(5,998)	(2,050)	(1,809)	-	(9,857)
	<b>2,964</b>	<b>211</b>	<b>367</b>	<b>2,475</b>	<b>6,017</b>
<b>Movements in fair value</b>					
Acquisition of assets at fair value	291	15	125	-	431
Contributed assets	-	-	-	-	-
Fair value of assets disposed	(740)	-	(1,342)	-	(2,082)
Impairment losses recognised in operating result	-	-	-	-	-
	<b>(449)</b>	<b>15</b>	<b>(1,217)</b>	<b>-</b>	<b>(1,651)</b>
<b>Movements in accumulated depreciation</b>					
Depreciation and amortisation	(797)	(97)	(80)	-	(974)
Revaluation increments/(decrements)	-	-	-	-	-
Accumulated depreciation of disposals	533	-	1,326	-	1,859
Impairment losses recognised in operating result	-	-	-	-	-
	<b>(264)</b>	<b>(97)</b>	<b>1,246</b>	<b>-</b>	<b>885</b>
<b>Plant and equipment</b>					
At fair value 30 June 2019	8,513	2,276	959	2,475	14,223
Accumulated depreciation at 30 June 2019	(6,262)	(2,147)	(563)	-	(8,972)
	<b>2,251</b>	<b>129</b>	<b>396</b>	<b>2,475</b>	<b>5,251</b>



**Nilumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2019**

**Note 6 Assets we manage (continued)**

**6.2 Property, infrastructure, plant and equipment (continued)**

**(c) Infrastructure**

	Roads	Bridges	Footpaths, trails and cycleways	Drainage	Recreational, leisure and community	Kerb and channel	Waste management	Parks, open spaces and streetscapes	Other infrastructure	Work in progress	Total infrastructure
<b>Infrastructure</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
At fair value 1 July 2018	259,665	15,480	26,759	130,571	117,243	25,427	1,287	11,417	10,941	19,533	<b>618,323</b>
Accumulated depreciation at 1 July 2018	(41,350)	(5,256)	(11,822)	(41,316)	(45,830)	(9,175)	(1,202)	(3,145)	(7,169)	-	<b>(166,265)</b>
	<b>218,315</b>	<b>10,224</b>	<b>14,937</b>	<b>89,255</b>	<b>71,413</b>	<b>16,252</b>	<b>85</b>	<b>8,272</b>	<b>3,772</b>	<b>19,533</b>	<b>452,058</b>
<b>Movements in fair value</b>											
Acquisition of assets at fair value	3,179	56	533	709	2,947	20	-	2,995	614	4,932	<b>15,985</b>
Contributed assets	341	-	59	1,316	-	129	-	-	-	-	<b>1,845</b>
Revaluation increments/(decrements)	(217)	(102)	(1,837)	109	6,577	2	-	302	-	-	<b>4,834</b>
Fair value of assets disposed	(1,018)	-	(8)	-	(8,220)	-	-	-	-	(31)	<b>(9,277)</b>
Transfers	1,431	-	-	-	17,787	-	-	99	34	(18,913)	<b>438</b>
	<b>3,716</b>	<b>(46)</b>	<b>(1,253)</b>	<b>2,134</b>	<b>19,091</b>	<b>151</b>	<b>-</b>	<b>3,396</b>	<b>648</b>	<b>(14,012)</b>	<b>13,825</b>
<b>Movements in accumulated depreciation</b>											
Depreciation and amortisation	(2,943)	(151)	(752)	(1,448)	(2,481)	(522)	(85)	(513)	(419)	-	<b>(9,314)</b>
Revaluation increments/(decrements)	975	1	623	(3,421)	(15)	1	-	-	-	-	<b>(1,836)</b>
Accumulated depreciation of disposals	147	-	5	-	5,809	-	-	-	-	-	<b>5,961</b>
Transfers	-	-	-	-	-	-	-	-	-	-	<b>-</b>
	<b>(1,821)</b>	<b>(150)</b>	<b>(124)</b>	<b>(4,869)</b>	<b>3,313</b>	<b>(521)</b>	<b>(85)</b>	<b>(513)</b>	<b>(419)</b>	<b>-</b>	<b>(5,189)</b>
<b>Infrastructure</b>											
At fair value 30 June 2019	263,381	15,434	25,506	132,705	136,334	25,578	1,287	14,813	11,589	5,521	<b>632,148</b>
Accumulated depreciation at 30 June 2019	(43,171)	(5,406)	(11,946)	(46,185)	(42,517)	(9,696)	(1,287)	(3,658)	(7,588)	-	<b>(171,454)</b>
	<b>220,210</b>	<b>10,028</b>	<b>13,560</b>	<b>86,520</b>	<b>93,817</b>	<b>15,882</b>	<b>-</b>	<b>11,155</b>	<b>4,001</b>	<b>5,521</b>	<b>460,694</b>

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2019**

**Note 6 Assets we manage (continued)**

**6.2 Property, infrastructure, plant and equipment (continued)**

*Acquisition*

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

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

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

<i>Asset recognition thresholds and</i>	<b>Useful life</b>	<b>Threshold</b>
	<b>Years</b>	<b>\$</b>
<b>Property</b>		
Land	Indefinite	Nil
Playgrounds	10-15	1,000
Land improvements	50	5,000
<b>Buildings</b>	50-100	5,000
<b>Plant and Equipment</b>		
Plant and machinery	6-7	1,000
Motor vehicles	6-7	Nil
Furniture, fittings and computers	6-7	1,000
Artwork	Indefinite	500
<b>Infrastructure</b>		
Road surface	12-30	5,000
Road pavement	50-80	5,000
Road formation and earthworks	-	5,000
Road kerb, channel and minor culverts	50	5,000
Traffic treatments/ calming	5-50	5,000
Major bridge culverts	50-100	5,000
Bridges - concrete/steel	100	5,000
Bridges - timber	50	5,000
Footpaths, trails and cycleways	10-50	5,000
Drainage	50-100	5,000
Waste management	5-15	1,000
Guard fence	10	1,000
Fire hydrants	50	1,000
Bus shelters	20	1,000
Reserves furniture	17	1,000
Water treatment devices	15-20	5,000

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2019**

**Note 6 Assets we manage (continued)**

**6.2 Property, infrastructure, plant and equipment (continued)**

*Land under roads*

Council recognises land under roads it controls at fair value.

*Depreciation and amortisation*

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

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

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

Artworks are not depreciated.

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

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

*Repairs and maintenance*

Routine maintenance, repair costs, and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

**Valuation of land and buildings**

Valuation of land and buildings were undertaken by a qualified independent valuer, Ms B Stephen of Matheson Stephen Valuations, valuer registration no. 63034. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

Any significant movements in the unobservable inputs for land and land under roads will have a significant impact on the fair value of these assets. These unobservable inputs are not significant to the entire measurement.

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

Details of Council's land and buildings and information about the fair value hierarchy as at 30 June 2019 are as follows:

	Level 1	Level 2	Level 3	DoV
	\$'000	\$'000	\$'000	
Land - specialised	-	1,704	-	Jun-19
Land - non-specialised	-	416,042	-	Jun-19
Land improvements	-	-	5,213	Jun-19
Buildings - heritage	-	-	6,290	Jun-19
Buildings - specialised	-	-	29,972	Jun-19
Buildings - non-specialised	-	-	1,246	Jun-19
<b>Total</b>	<b>-</b>	<b>417,746</b>	<b>42,721</b>	

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2019**

**Note 6 Assets we manage (continued)**

**6.2 Property, infrastructure, plant and equipment (continued)**

**Valuation of infrastructure**

Valuation of infrastructure assets has been determined in accordance with a valuation undertaken by Council's Director Sustainability and Place Mr Hjalmar Philipp, Bachelor of Engineering (Civil), Graduate Diploma in Municipal Engineering, and MBA (Technology Management).

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

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

Details of Council's infrastructure and information about the fair value hierarchy as at 30 June 2019 are as follows:

	Level 1	Level 2	Level 3	DoV
	\$'000	\$'000	\$'000	
Roads	-	-	220,210	Jun-19
Bridges	-	-	10,028	Jun-19
Footpaths and cycleways	-	-	13,560	Jun-19
Drainage	-	-	86,520	Jun-19
Recreational, leisure and community	-	-	93,817	Jun-19
Kerb and channel	-	-	15,882	Jun-19
Waste management	-	-	-	Jun-19
Parks, open spaces and streetscapes	-	-	11,155	Jun-19
Other infrastructure	-	-	4,001	Jun-19
<b>Total</b>	<b>-</b>	<b>-</b>	<b>455,173</b>	

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

**Land under roads** acquired after 30 June 2008 is brought to account using the deemed cost basis. Council does not recognise land under roads that it controlled prior to 30 June 2008 in its financial report.

**Land held at anticipated restoration cost**, being the Plenty and Kangaroo Ground landfill sites, is recognised at cost to restore the site to the standard set out by the EPA and all applicable regulations.

**Specialised buildings** are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$230 to \$3,500 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 50 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

**Infrastructure assets** are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 1 year 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 assets are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2019	2018
	\$'000	\$'000
<b>Reconciliation of specialised land</b>		
Land under roads	1,704	1,704
Land held at anticipated restoration cost (Plenty / Kangaroo Ground Landfill Closure)	11,401	11,401
Less: accumulated depreciation	<u>(11,401)</u>	<u>(11,401)</u>
<b>Total specialised land</b>	<b><u>1,704</u></b>	<b><u>1,704</u></b>

**Nillumbik Shire Council  
Notes To The Financial Report  
For The Year Ended 30 June 2019**

<b>Note 6 Assets we manage (continued)</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>6.3 Investment in associate</b>		
Investments in associate accounted for by the equity method is:		
- Yarra Plenty Regional Library Service	1,330	1,597
<b>Yarra Plenty Regional Library Service</b>		
<i>Background</i>		
The Yarra Plenty Regional Library Service consists of nine locations and a mobile library service. Responsibility for the provision and management of the Library Service rests with the Regional Library Board, which comprises of two representatives from each of the three member councils. The Regional Library service operates as an independent legal entity and is audited annually by the Auditor General.		
Council's investment in the Yarra Plenty Regional Library Service was decreased by \$265,802 (increase of \$39,619 in 2017/18) due to the decrease in the net assets position of the Corporation (audited at 30 June 2019). Council's equity interest based on contributions is 21.19 percent.		
<b>Fair value of Council's investment in Yarra Plenty Regional Library Service</b>	<u>1,330</u>	<u>1,597</u>
<b>Council's share of accumulated surplus/(deficit)</b>		
Council's share of accumulated surplus/(deficit) at start of year	802	654
Share of net profits/(losses) of associate	(270)	148
<b>Council's share of accumulated surplus/(deficit) at end of year</b>	<u>532</u>	<u>802</u>
<b>Movement in carrying value of specific investment</b>		
Carrying value of investment at start of year	1,597	1,557
Share of surplus/(deficit) for year	(266)	40
<b>Carrying value of investment at end of year</b>	<u>1,331</u>	<u>1,597</u>
<b>Council's share of expenditure commitments</b>		
Operating commitments	1,356	74
Capital commitments	242	65
<b>Council's share of expenditure commitments</b>	<u>1,598</u>	<u>139</u>
<b>Council's share of contingent liabilities and contingent assets</b>	<u>-</u>	<u>-</u>
<b>Yarra Plenty Regional Library Service Contributions</b>		
Contributions to associate	<u>2,761</u>	<u>2,694</u>

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

Council is not involved in any joint arrangements at balance date.

**Nillumbik Shire Council  
Notes To The Financial Report  
For The Year Ended 30 June 2019**

<b>Note 7 People and relationships</b>	<b>2019</b>	<b>2018</b>
	<i>No.</i>	<i>No.</i>
<b>7.1 Council and key management remuneration</b>		
<b>(a) Related parties</b>		
<i>Subsidiaries and associates</i>		
Interests in subsidiaries and associates are detailed in note 6.3.		
<b>(b) Key management personnel</b>		
Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:		
<b>Councillors</b>		
Cr Jane Ashton (01/07/2018 - 30/06/2019)		
Cr Grant Brooker (01/07/2018 - 30/06/2019)		
Cr Peter Clarke (01/07/2018 - 30/06/2019)		
Cr John Dumaresq (01/07/2018 - 30/06/2019)		
Cr Karen Egan, Mayor (01/07/2018 - 30/06/2019)		
Cr Peter Perkins (01/07/2018 - 30/06/2019)		
Cr Bruce Ranken (01/07/2018 - 30/06/2019)		
<b>Chief Executive Officer</b>		
Mr Carl Cowie (01/10/2018 - 30/06/2019)		
Mr Mark Stoermer (01/07/2018 - 31/08/2018)		
<b>Key Management Personnel reporting directly to the CEO</b>		
Mr Hjalmar Philipp, Director Sustainability and Place (01/07/2018 - 30/06/2019)		
Mr Matthew Kelleher, Director Services and Planning (01/07/2018 - 17/05/2019)		
Mr Vincenzo Lombardi, Chief Financial Officer (01/07/2018 - 30/06/2019)		
Ms Blaga Naumoski, Executive Manager Governance (01/07/2018 - 30/06/2019)		
Mr Mitchell Grayson, Executive Manager Communications and Engagement (01/07/2018 - 30/06/2019)		
Mr Jeremy Livingston, Executive Manager Organisation Performance (01/07/2018 - 31/03/2019)		
Ms Kylie Lethbridge, Executive Manager Economic Development and Tourism (01/07/2018 - 30/06/2019)		
Ms Corrienne Nichols, Executive Manager Community Services (01/07/2018 - 30/06/2019)		
Mr Adrian Cully, Director Business and Strategy (01/07/2018 - 15/02/2019)		
Ms Suzy Ellingsen, Executive Manager People, Culture and Innovation (01/07/2018 - 19/02/2019)		
	<b>2019</b>	<b>2018</b>
	<i>No.</i>	<i>No.</i>
Total number of Councillors	7	7
Chief Executive Officer and other key management personnel	12	15
<b>Total key management personnel</b>	19	22

**Nillumbik Shire Council  
Notes To The Financial Report  
For The Year Ended 30 June 2019**

<b>Note 7 People and relationships (continued)</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>7.1 Council and key management remuneration (continued)</b>		
<b>(c) Remuneration of key management personnel</b>		
Total remuneration of key management personnel paid in 2018-19 was as follows:		
Short-term benefits	2,578	2,124
Long-term benefits	159	144
Termination benefits	369	210
Total	<u><b>3,106</b></u>	<u><b>2,478</b></u>

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

	<b>2019</b>	<b>2018</b>
	<i>No.</i>	<i>No.</i>
\$10,000 - \$19,999	-	1
\$20,000 - \$29,999	5	8
\$30,000 - \$39,999	-	1
\$40,000 - \$49,999	1	-
\$50,000 - \$59,999	-	1
\$60,000 - \$69,000	1	-
\$70,000 - \$79,999	-	2
\$100,000 - \$109,999	-	1
\$110,000 - \$119,000	-	1
\$120,000 - \$129,999	-	1
\$140,000 - \$149,999	1	-
\$160,000 - \$169,999	1	-
\$170,000 - \$179,999	2	1
\$180,000 - \$189,999	1	2
\$190,000 - \$199,999	1	-
\$200,000 - \$209,999	1	-
\$210,000 - \$219,999	2	2
\$250,000 - \$259,999	1	-
\$260,000 - \$269,999	1	-
\$300,000 - \$309,999	1	-
\$320,000 - \$329,999	-	1
	<u>19</u>	<u>22</u>

**Nillumbik Shire Council  
Notes To The Financial Report  
For The Year Ended 30 June 2019**

**Note 7 People and relationships (continued)**

**7.1 Council and key management remuneration (continued)**

**(d) Senior officer remuneration**

A senior officer is an officer of Council, other than key management personnel, who:  
a) has management responsibilities and reports directly to the Chief Executive; or  
b) whose total annual remuneration exceeds \$148,000.

The number of senior officers are shown below in their relevant income bands:

	<b>2019</b>	<b>2018</b>
	<i>No.</i>	<i>No.</i>
\$60,000 - \$69,999	2	-
\$130,000 - \$139,999	1	-
\$140,000 - \$149,999	-	7
\$150,000 - \$159,000	4	-
\$160,000 - \$169,999	1	-
\$170,000 - \$179,999*	1	2
\$190,000 - \$199,000*	1	-
\$290,000 - \$299,000 *	1	-
	11	9

\*Figures include long term and termination benefits paid

	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Total Remuneration for the reporting year for senior officers included above, amounted to:	1,698	1,308

**7.2 Related party disclosure**

**(a) Transactions with related parties**

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

Purchase of property at public auction	-	-
Payment of invoices to related party supplier for services rendered	-	-
<b>Total transactions with related parties</b>	-	-

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

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

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

There were no loans made, guaranteed or secured by Council to a related party during the reporting period and no loans to or from related parties outstanding as at the end of the reporting period.

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

There were no commitments in existence at balance date that were made, guaranteed or secured by Council.



**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2019**

<b>Note 8 Managing uncertainties (continued)</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>

**8.1 Contingent assets and liabilities**

**(a) Contingent assets**

From time to time Council receives gifted infrastructure assets from property developers. The nature and timing of these assets is conditional upon subdivisional requirements being completed. Once received by Council ongoing maintenance costs become the responsibility of the Council.

<b>Total contributions - non monetary received by Council</b>	<b>1,835</b>	<b>5,100</b>
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**(b) Contingent liabilities**

**Superannuation**

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

*Future superannuation contributions*

Council has paid no unfunded liability payments to Vision Super. There were no contributions outstanding (\$18,388 as at 30 June 2018) and no loans issued from or to the above schemes as at 30 June 2019. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2019 is \$0.16 million (\$0.13 million as at 30 June 2018).

**Legal Matters**

One legal matter is yet to be resolved whereby Council's exposure cannot be quantified. No allowance has been made in the financial report for contingencies of a legal nature.

Council is currently reviewing three public liability claims. Council's exposure is limited to the insurance excess of \$20,000 per claim.

**Building cladding**

Council has not identified any potential contingent liability that exists in relation to rectification works or other matters associated with building cladding that may have the potential to adversely impact on Council.

**Liability Mutual Insurance**

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

<b>(c) Guarantees for loans to other entities</b>	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>

<b>Total guarantees for loans to other entities</b>	<b>1,069</b>	<b>974</b>
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The amount disclosed for financial guarantee in this note is the nominal amount of the underlying loan that is guaranteed by the Council, not the fair value of the financial guarantee.

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

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2019**

**Note 8 Managing uncertainties (continued)**

**8.2 Change in accounting standards**

The following new AAS's have been issued that are not mandatory for the 30 June 2019 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.

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

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

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

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

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

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

Council has elected to adopt the modified retrospective approach to the transition to the new lease standard. This will mean that only existing operating leases for non low value assets, with remaining terms greater than 12 months, will be recognised on transition (1 July 2019). Based on our current lease commitments and an assumption of a continuation of the current leasing arrangements Council expects that the transition to the new standard will see the initial recognition of \$1.63million in lease related assets and an equivalent liability.

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

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

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2019**

**Note 8 Managing uncertainties (continued)**

**8.3 Financial Instruments**

**(a) Objectives and policies**

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

**(b) Market risk**

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. The Council's exposures 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 us 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 rate.

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1989*. We manage 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 us to make a financial loss. Council have exposure to credit risk on some financial assets included in our 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 we 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 our investment policy.

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

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

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

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2019**

**Note 8 Managing uncertainties (continued)**

**8.3 Financial Instruments (continued)**

**(c) Credit risk (continued)**

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 our operational liquidity requirements or we will not have sufficient funds to settle a transaction when required, we 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 in 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 percent and -1 percent in market interest rates (AUD) from year-end rates of 2.65 percent.

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.

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2019**

**Note 8 Managing uncertainties (continued)**

**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 on 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, currently every second year. The valuation is performed either by experienced council officers or independent experts. A formal revaluation of land, buildings and infrastructure assets was undertaken in 2018.

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.

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2019**

**Note 8 Managing uncertainties (continued)**

**8.4 Fair value measurement (continued)**

*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 to sell 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.

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2019**

**Note 9 Other matters**

**9.1 Reserves**

**(a) Asset revaluation reserve**

	Balance at beginning of reporting period \$'000	Increment/ (decrement) \$'000	Balance at end of reporting period \$'000
<b>2019</b>			
<b>Property</b>			
Land, land improvements and playgrounds	322,349	302	322,651
Buildings	43,180	7,167	50,347
<b>Total property</b>	<b>365,529</b>	<b>7,469</b>	<b>372,998</b>
<b>Plant and Equipment</b>			
Plant, machinery and vehicles	535	-	535
Furniture, equipment and computers	689	-	689
Artwork	1,368	-	1,368
<b>Total plant and equipment</b>	<b>2,592</b>	<b>-</b>	<b>2,592</b>
<b>Infrastructure</b>			
Roads	91,334	748	92,082
Bridges	3,416	(101)	3,315
Footpaths and cycleways	762	(1,214)	(452)
Drainage	45,326	(3,312)	42,014
Kerb and channel	8,306	3	8,309
Traffic treatments	6,965	10	6,975
Other infrastructure	401	-	401
<b>Total infrastructure</b>	<b>156,510</b>	<b>(3,866)</b>	<b>152,644</b>
<b>Total asset revaluation reserves</b>	<b>524,631</b>	<b>3,603</b>	<b>528,235</b>
<b>2018</b>			
<b>Property</b>			
Land, land improvements and playgrounds	191,818	130,531	322,349
Buildings	13,526	29,654	43,180
<b>Total property</b>	<b>205,344</b>	<b>160,185</b>	<b>365,529</b>
<b>Plant and Equipment</b>			
Plant, machinery and vehicles	535	-	535
Furniture, equipment and computers	689	-	689
Artwork	1,368	-	1,368
<b>Total plant and equipment</b>	<b>2,592</b>	<b>-</b>	<b>2,592</b>
<b>Infrastructure</b>			
Roads, earthworks	90,490	844	91,334
Bridges	3,916	(500)	3,416
Footpaths and cycleways	2,742	(1,980)	762
Drainage	43,367	1,959	45,326
Kerb and channel	8,139	167	8,306
Traffic treatments	8,659	(1,694)	6,965
Other infrastructure	401	-	401
<b>Total infrastructure</b>	<b>157,714</b>	<b>(1,204)</b>	<b>156,510</b>
<b>Total asset revaluation reserves</b>	<b>365,651</b>	<b>158,981</b>	<b>524,632</b>

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

**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2019**

**Note 9 Other matters (continued)**

**9.1 Reserves (continued)**

**(b) Other reserves**

Statutory reserves are those for which Council is required to separately account for by statute. Funds are held for specific purposes as described in the reserve account name.

Discretionary Reserves are those for which Council does have discretion over the manner in which funds are expended. Funds held in these reserve accounts are held for the purposes describe in the reserve account name.

	Balance at beginning of reporting period \$'000	Net of transfer to / (from) accum. surplus \$'000	Balance at end of reporting period \$'000
<b>2019</b>			
<b>Statutory cash backed reserves</b>			
Car parks	97	-	97
Development planning overlays: infrastructure	2,975	(285)	2,690
Development contribution plans: open space	2,443	(87)	2,356
Development contribution construction	191	5	196
Native vegetation	245	2	247
Open space	1,504	477	1,981
Street light contributions	28	-	28
Street trees	76	-	76
Yarrambat drainage scheme	467	(10)	457
Yarrambat drainage extension area	157	4	161
<b>Total cash backed statutory reserves</b>	<b>8,183</b>	<b>106</b>	<b>8,289</b>
<b>Discretionary reserves</b>			
Bridgeford Estate	50	(2)	48
Carried forward projects	14,667	3,732	18,399
Cricket pitch renewal	5	3	8
Defined benefit superannuation potential future calls	1,341	114	1,455
Grants program management	59	(59)	-
Information technology	986	1	987
Leisure facility improvements	412	(57)	355
MAV bond repayment	4,828	555	5,383
Major projects	1,767	(1,643)	124
Plant replacement	3,046	(234)	2,812
Plenty and Kangaroo Ground landfill restoration	3,119	(1,112)	2,007
Public art program	154	46	200
Special rates	10	(10)	-
<b>Total discretionary reserves</b>	<b>30,444</b>	<b>1,334</b>	<b>31,778</b>
<b>Total other reserves</b>	<b>38,627</b>	<b>1,440</b>	<b>40,067</b>



**Nillumbik Shire Council**  
**Notes To The Financial Report**  
**For The Year Ended 30 June 2019**

**Note 9 Other matters (continued)**

9.1 Reserves (continued)	Balance at beginning of reporting period \$'000	Net of transfer to / (from) accum. surplus \$'000	Balance at end of reporting period \$'000
<b>(b) Other reserves (continued)</b>			
<b>2018</b>			
<b>Statutory cash backed reserves</b>			
Car parks	97	-	97
Development planning overlays: infrastructure	2,810	165	2,975
Development contribution plans: open space	2,102	341	2,443
Development contribution construction	186	5	191
Native vegetation	230	15	245
Open space	1,015	489	1,504
Street light contributions	28	-	28
Street trees	76	-	76
Yarrambat drainage scheme	424	43	467
Yarrambat drainage extension area	153	4	157
<b>Total cash backed statutory reserves</b>	<b>7,121</b>	<b>1,062</b>	<b>8,183</b>
<b>Discretionary reserves</b>			
Bridgeford Estate	50	-	50
Carried forward projects	12,598	2,069	14,667
Cricket pitch renewal	2	3	5
Defined benefit superannuation potential future calls	1,341	-	1,341
Grants program management	62	(3)	59
Information technology	987	(1)	986
Leisure facility improvements	377	35	412
MAV bond repayment	3,352	1,476	4,828
Major projects	5,346	(3,579)	1,767
Plant replacement	2,543	503	3,046
Plenty and Kangaroo Ground landfill restoration	3,241	(122)	3,119
Public art program	167	(13)	154
Rates surplus	162	(162)	-
Special rates	10	-	10
<b>Total discretionary reserves</b>	<b>30,238</b>	<b>206</b>	<b>30,444</b>
<b>Total other reserves</b>	<b>37,359</b>	<b>1,268</b>	<b>38,627</b>
		<b>2019</b>	<b>2018</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>(c) Statutory cash backed and capital works reserves</b>			
Statutory cash backed reserves		8,289	8,183
Discretionary reserves:			
Bridgeford Estate		48	50
Plenty and Kangaroo Ground landfill restoration		2,007	3,119
<b>Total externally restricted reserves</b>		<b>10,344</b>	<b>11,352</b>

**Nillumbik Shire Council  
Notes To The Financial Report  
For The Year Ended 30 June 2019**

	<b>2019</b>	<b>2018</b>
<b>Note 9 Other matters (continued)</b>	<b>\$'000</b>	<b>\$'000</b>
<b>9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)</b>		
Surplus/(deficit) for the year	10,202	16,552
Depreciation	11,650	11,115
(Profit)/loss on disposal of property, infrastructure, plant and equipment	3,221	(1,351)
Share of net (profits)/losses of associate	266	(40)
Contributions - non-monetary assets	(1,835)	(5,100)
Borrowing cost	767	812
<b>Change in assets and liabilities:</b>		
(Increase)/decrease in trade and other receivables	(2,220)	294
(Increase)/decrease in prepayments	681	(94)
(Increase)/decrease in accrued income	(2,395)	(2,511)
Increase/(decrease) in trade and other payables	1,803	3,414
(Increase)/decrease in inventories	(5)	1
Increase/(decrease) in provisions	(491)	(422)
Increase/(decrease) in trust funds	402	139
<b>Net cash provided by/(used in) operating activities</b>	<b>22,046</b>	<b>22,809</b>

**Nillumbik Shire Council  
Notes To The Financial Report  
For The Year Ended 30 June 2019**

**Note 9 Other matters (continued)**

**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.

**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 2019, this was 9.5 percent 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. 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. For the year ended 30 June 2019, this rate was 9.5% of members' salaries (9.5% in 2017/2018).

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

Net investment return	6.5 percent p.a
Salary inflation	3.5 percent p.a
Price inflation (CPI)	2.5 percent p.a

Vision Super has advised that the estimated VBI at 31 March 2019 was 105.4 percent.

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

**Defined Benefit 2017 triennial actuarial investigation surplus amounts**

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

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

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

An interim actuarial investigation will be conducted for the Fund's position as at 30 June 2019. It is anticipated that this actuarial investigation will be completed in December 2019.

# Nillumbik Shire Council

Performance Statement

For the year ended 30 June 2019



**Nillumbik Shire Council**  
**Performance Statement**  
**For The Year Ended 30 June 2019**

**Description of municipality**

The Shire of Nillumbik covers an area of 432 square kilometres. At its south western gateway, Nillumbik is located less than 25 kilometres north-east of Melbourne, and has the Yarra River as its southern boundary. It extends 29 kilometres to Kinglake National Park in the north/north-east and stretches approximately 20 kilometres from the Plenty River and Yan Yean Road in the west, to Christmas Hills and the Yarra escarpment in the east.

Nillumbik has a population of 63,158 people who enjoy a healthy, safe, family-friendly lifestyle within close-knit communities. Nillumbik has a relatively healthy and affluent community which lives largely in family units in single dwelling properties.

The Shire of Nillumbik is known as the Green Wedge Shire. The term Green Wedge is used by the State Government to describe non-urban areas that surround metropolitan Melbourne, outside the Urban Growth Boundary (UGB). The Nillumbik Green Wedge covers 91 per cent of the total area of the Shire.

**Nillumbik Shire Council  
Performance Statement  
For The Year Ended 30 June 2019**

**Sustainable Capacity Indicators**

<b>Indicator/measure</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019 Material Variations</b>	
<b>Population</b>						
<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$1,220.30	\$1,447.43	\$1,231.36	\$1,240.88	\$1,418.26	The recent increase in expenditure is largely driven by one off items of a statutory nature. The trend is compounded by minimal growth in population across the Shire.
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$6,316.21	\$7,081.93	\$7,215.87	\$7,704.20	\$7,928.29	The increase is reflective of Council's significant investment in upgrades to Council infrastructure in the current financial year.
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	82.08	81.09	81.81	81.92	84.01	The increase is driven by minimal increase in the municipal population relative to an increase in road length.
<b>Own-source revenue</b>						
<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,194.05	\$1,212.10	\$1,208.79	\$1,203.11	\$1,183.46	The decreasing trend is reflective of minimal increase in the municipal population and minimal growth in rateable properties in the Shire.
<b>Recurrent grants</b>						
<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$135.90	\$81.75	\$126.67	\$99.06	\$98.77	The variance is driven by a decrease in the recurrent grants received in the current financial year.
<b>Disadvantage</b>						
<i>Relative Socio-Economic Disadvantage</i> [Index of Relative Socio-Economic Disadvantage by decile]	10.00	10.00	10.00	10.00	10.00	Council's relative socio-economic disadvantage remains stable and the current result is comparable to the previous year.

**Nillumbik Shire Council  
Performance Statement  
For The Year Ended 30 June 2019**

**Service Performance Indicators**

**Service/indicator/measure**

**Aquatic Facilities**

**Utilisation**

*Utilisation of aquatic facilities*

[Number of visits to aquatic facilities / Municipal population]

2015 2016 2017 2018

4.18 2.56 0.80 0.94

**2019 Material Variations**

2.21 The re-opening of Eltham Leisure Centre's aquatic facilities has resulted in the significant increase in attendance. Due to the closure of the aquatic component of the Eltham Leisure Centre during refurbishment works over the previous two years, overall attendance at aquatic centres had been considerably reduced. Overall attendance at non-aquatic facilities has also been impacted by the refurbishment works at Eltham Leisure Centre as the wet component is an attractor for the dry component as well.

**Animal Management**

**Health and safety**

*Animal management prosecutions*

[Number of successful animal management prosecutions]

5.00 8.00 8.00 5.00

1.00 The prosecution that took place was a result of a barking dog. The annual results recorded are independent year on year, reflective of isolated incidents occurring within the Shire.

**Food Safety**

**Health and safety**

*Critical and major non-compliance outcome notifications*

[Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a

92.41% 100.00% 100.00% 95.24%

94.40% There was a slight decrease in the proportion of critical and major non-compliance notifications followed up during the reporting period. The measure can vary depending on timing of the report and follow up at the beginning and end of the calendar year.

**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]

66.70 64.20 57.40 63.00

64.50 Satisfaction with Council decisions improved slightly by 1.9 percentage points) in 2018-2019, returning to the level of satisfaction in earlier years, and continuing the upward trend since 2016-2017.

**Nillumbik Shire Council  
Performance Statement  
For The Year Ended 30 June 2019**

**Service Performance Indicators (continued)**

Service/indicator/measure	2015	2016	2017	2018	2019 Material Variations
<b>Home and Community Care (HACC)</b>					
<b>Participation</b>					
<i>Participation in HACC service</i> [Number of people that received a HACC service / Municipal target population for HACC services] x100	24.50%	23.88%	-	-	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
<i>Participation in HACC service by CALD people</i> [Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100	23.74%	40.84%	-	-	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
<b>Libraries</b>					
<b>Participation</b>					
<i>Active library members</i> [Number of active library members / Municipal population] x100	24.88%	23.71%	25.94%	27.38%	30.17% During the year, a total of 19,592 Nillumbik residents were active library members, representing an increase of 3.10 per cent. This figure does not consider the number of residents who utilise the many services and programs provided by the Eltham and Diamond Valley libraries but may not be members of the Yarra Plenty Regional Library Service.
<b>Maternal and Child Health (MCH)</b>					
<b>Participation</b>					
<i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service]	81.15%	72.88%	77.76%	78.76%	79.82% The Maternal and Child Health Service continues to provide a connected and responsive program to families with young children in Nillumbik.
<i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	76.00%	75.76%	68.29%	78.95%	69.44% The overall MCH enrolment of Aboriginal families and young children demonstrates a connection to and linkages with the MCH service in Nillumbik. A small variation in the low raw numbers of this client group accounts for what otherwise appears to be a significant percentage increase from the previous year.



**Nillumbik Shire Council  
Performance Statement  
For The Year Ended 30 June 2019**

**Service Performance Indicators (continued)**

Service/indicator/measure	2015	2016	2017	2018	2019 Material Variations
<b>Roads</b>					
<b>Satisfaction</b>					
<i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	65.60	65.20	65.30	64.40	65.00 In the 2019 Annual Community Survey, satisfaction with the maintenance and repairs of sealed local roads remained stable at 65 out of 100, compared to 64.4 out of 100 in 2018. This level of satisfaction remains categorised as 'good'.
<b>Statutory Planning</b>					
<b>Decision making</b>					
<i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	36.36%	70.00%	63.16%	80.00%	61.54% VCAT upheld less of Council's decisions in 2018-2019. Eight decisions were upheld out of 13, compared to 8 out of 10 in 2017-2018.
<b>Waste Collection</b>					
<b>Waste diversion</b>					
<i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	70.00%	69.30%	66.17%	63.66%	59.06% Nillumbik residents diverted 11,627 tonnes of kerbside waste from landfill during FY 2018-2019, 2,013 tonnes less than FY 2017-2018. The reduction in diversion is due to drought conditions and the diversion of 322.92 tonnes recyclables to landfill due to shut-down of Council's kerbside recycling contractor. Nillumbik continues to be well above the State diversion targets.

**Nillumbik Shire Council  
Performance Statement  
For The Year Ended 30 June 2019**

**Financial Performance Indicators**

Dimension/indicator/measure	Results					Forecasts				Material Variations
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
<b>Efficiency</b>										
<i>Revenue level</i>										
<i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]	\$2,463.03	\$2,569.65	\$2,617.22	\$2,687.64	\$2,758.55	\$2,785.86	\$2,867.24	\$2,948.32	\$3,031.35	The ongoing increase reflects budgeted increases in rates and charges and the anticipated additional rateable properties created during each year throughout the Shire.
<i>Expenditure level</i>										
<i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$3,186.17	\$3,329.18	\$3,240.42	\$3,346.25	\$3,837.63	\$3,601.04	\$3,668.54	\$3,736.50	\$3,808.75	The current year outcome is driven by non-recurrent expenditure items, including landfill rehabilitation costs. The forecast results show the positive relationship between the growth in rateable properties across the shire and corresponding growth in expenditure.
<i>Workforce turnover</i>										
<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	5.68%	12.94%	10.31%	17.57%	26.01%	4.87%	4.87%	4.87%	4.87%	Due to finalisation of the organisational restructure the number of resignations/ terminations was higher than average. This is predicted to become stable in the outlying years.
<b>Liquidity</b>										
<i>Working capital</i>										
<i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	265.70%	351.48%	353.27%	337.37%	274.40%	209.67%	193.82%	203.03%	219.33%	This result is driven by cash on hand held, largely for scheduled capital works funded through grants received and not year expended.

**Nillumbik Shire Council  
Performance Statement  
For The Year Ended 30 June 2019**

**Financial Performance Indicators**

Dimension/indicator/measure	Results					Forecasts				Material Variations
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
<b>Liquidity (continued)</b>										
<i>Unrestricted cash</i>										
<i>Unrestricted cash compared to current liabilities</i> <i>[Unrestricted cash / Current liabilities] x100</i>	71.82%	62.99%	53.74%	84.76%	67.97%	69.10%	79.47%	78.37%	84.64%	The trend reflects a marginal increases in current liabilities and a larger proportion of cash being restricted as grant income. In the forecast years, movements in results are driven by cash held for the long-term capital works program.
<b>Obligations</b>										
<i>Asset renewal</i>										
<i>Asset renewal compared to depreciation</i> <i>[Asset renewal expense / Asset depreciation] x100</i>	52.09%	74.99%	70.56%	47.69%	37.20%	39.09%	85.97%	84.27%	89.02%	The variance is reflective of Council allocating a larger proportion of capital works funding to upgrading facilities. In outlying years there is a shift back to focusing on the renewal of Council assets.
<i>Loans and borrowings</i>										
<i>Loans and borrowings compared to rates</i> <i>[Interest bearing loans and borrowings / Rate revenue] x100</i>	26.74%	23.76%	21.53%	20.23%	18.75%	16.31%	14.83%	9.95%	6.74%	Council continues to reduce its existing loans and is not projecting to take out further loans in the future.
<i>Loans and borrowings repayments compared to rates</i> <i>[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100</i>	4.47%	2.88%	2.76%	2.44%	2.19%	3.03%	1.88%	5.17%	3.50%	Council's loan balances are reducing and the trend is reflective of loan payout scheduled.
<i>Indebtedness</i>										
<i>Non-current liabilities compared to own source revenue</i> <i>[Non-current liabilities / Own source</i>	27.87%	34.24%	26.81%	23.53%	20.69%	13.86%	9.74%	8.73%	7.78%	The current year and projections in outer years show a declining result which is reflective of the reduction in debt and in increase in own source revenue.

**Nillumbik Shire Council  
Performance Statement  
For The Year Ended 30 June 2019**

**Financial Performance Indicators**

Dimension/indicator/measure	Results					Forecasts				Material Variations
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
<b>Operating position</b>										
<i>Adjusted underlying result</i>										
<i>Adjusted underlying surplus (or deficit)</i>	9.79%	-12.92%	8.46%	5.56%	-9.52%	2.17%	3.48%	4.40%	5.20%	Current year result is driven by one-off expenditure items. The trend in outer-lying years remains stable however can be impacted by unexpected items.
<i>[Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100</i>										
<b>Stability</b>										
<i>Rates concentration</i>										
<i>Rates compared to adjusted underlying</i>	66.41%	88.26%	73.59%	74.02%	76.70%	74.83%	74.59%	74.58%	74.60%	This result is reflective of the current and projected stability in underlying revenue and the projected increase in rates and charges.
<i>[Rate revenue / Adjusted underlying revenue] x100</i>										
<b>Rates effort</b>										
<i>Rates compared to property values</i>	0.41%	0.43%	0.39%	0.39%	0.32%	0.33%	0.34%	0.34%	0.35%	The consistent trend is reflective of projected annual property revaluations. In outer years property valuations are forecast to remain stable.
<i>[Rate revenue / Capital improved value of rateable properties in the municipality] x100</i>										

**Nillumbik Shire Council**  
**Notes To The Performance Statement**  
**For The Year Ended 30 June 2019**

**Note 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 and three preceding years 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 26 June 2018 and which forms part of the council plan. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The strategic resource plan can be obtained by contacting Council.

**Nillumbik Shire Council**  
**Certification of the Performance Statement**  
**For The Year Ended 30 June 2019**

In my opinion the accompanying performance statements have been prepared in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014* .

*Melika Sukunda* CAANZ  
**Principal Accounting Officer**

**Date :**  
*GREENSBOROUGH*

In our opinion, the accompanying performance statement of Nillumbik Shire Council for the year ended 30 June 2019 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.

*Karen Egan* (Mayor)  
**Councillor**

**Date :**  
*GREENSBOROUGH*

*Bruce Ranken* (Deputy Mayor)  
**Councillor**

**Date :**  
*GREENSBOROUGH*

*Carl Cowie*  
**Chief Executive Officer**

**Date :**  
*GREENSBOROUGH*