

Annual Report

2011/12

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This information is available in alternative formats by request

Introduction

It is pleasing to reflect on how, now that we have completed the third year of our four-year Council Plan 2009 – 2013, we can see a bright and exciting future for Towong Shire.

The first couple of years of this Council's term were focussed on laying the groundwork for a sustainable future for both our community and this organisation and during 2011/12 we were able to see some of this work come to life.

Our Planning team have continued to make progress on a number of proposed changes to our Planning Scheme, with Towong Planning Scheme Amendment C23 becoming operative late in June. This amendment will enable applications for development in a number of small un-sewered towns to be judged individually on their merits as an alternative to the prescriptions of the individual Restructure Plans. Future amendments we are working on include incorporating zoning changes to allow for increased rural and residential living choices across the Shire without compromising the higher quality agricultural land for which our Shire is renown and introducing some protections for places of historical interest.

The Tallangatta Masterplan, through the Tallangatta Tomorrow project, has drawn on our community's needs and aspirations and will serve as the framework for Tallangatta's future growth. Comprehensive long-term plans for the future of recreation reserves across the Shire have also been developed over the last 12 months in conjunction with local communities and user groups.

The thorough and consultative planning approach for these projects has proven to be a very successful approach. The engagement process takes into consideration all in the community and really promotes a sense of inclusion for all – older, younger, male, female, community organisations, business and neighbours. With commitment from the community to the plans that they themselves have been involved in producing, the prioritised masterplans have been used as the

basis to apply for competitive Government funding – with great results. A number of major projects from these plans have already secured external funding and are ready to implement over the next year.

Our normal maintenance programs were significantly affected following major flooding, particularly in Walwa and other parts of the Upper Murray. At the height of the crisis many of the residents of Walwa were evacuated and some homes and businesses in the Upper Murray were inundated. The cost of damage to Council's infrastructure amounted to around \$4 million, with funds from the Government's Natural Disaster Relief Fund made available for restoration works over the next 12 months.

Throughout 2011/12 Council maintained its focus on improving the essential services we currently deliver and in achieving efficiencies in work and purchasing practices. We are proud to report that Council continues to strengthen its reputation as an innovative organisation, achieving results well above what would be expected for one of the smallest Councils in Victoria.

Reflecting our reputation as a modern, innovative organisation is our new corporate brand, adopted early in 2012. Its fresh, exciting look really does capture the three pillars of Council's approach to everything we do: innovation, technology, sustainability.

We would lastly like to recognise and thank our talented and committed staff without whom none of this would be possible.



Juliana Phelps
Chief Executive Officer



Cr Debi Gadd
Mayor

About this report

The Annual Report provides a summary of Council's operations and performance during the 2011/12 financial year. It reports on Council's progress against the objectives, measures and priorities set out in the Council Plan 2009 - 13 as well as how our financial performance compared to the Budget for 2011/12.

The report also includes a snapshot of significant events, achievements and changes that occurred throughout the year together with audited Financial Statements and other information as prescribed by the Local

Government Act and the Local Government Regulations.

This report has been prepared in accordance with the directive issued by the Victorian Department of Treasury and Finance, *Standard requirements for the design and print of annual reports* (FRD30). While Council is not obligated to comply with these regulations, the principles that underpin FRD30 strongly align with Council's focus on simplifying communications, environmental sustainability and achieving financial savings wherever possible.

About Towong Shire

Towong Shire, situated in far north-eastern Victoria, possesses some of Australia's most pristine environment. Unique wilderness areas, lakes, rivers and streams create diverse landscapes that are enjoyed by around 6,000 residents and many more visitors across an area of 6,600 square kilometres.

The economy of the region revolves around a rich agricultural sector, tourism and timber production and processing. Approximately two-thirds of businesses located in the Shire are in the agriculture and forestry industries.

Like many rural areas, Towong Shire's small population and vast geographic area presents Council with a significant challenge: to adequately fund the maintenance and renewal of community assets. Council is taking action to improve this situation by implementing strategies that promote economic and population growth as well as using innovative methods to reduce costs wherever it can. Council is confident that this approach delivers best value to the community and will secure a long-term future for the organisation.

Statistics

| | | | |
|------------|-----------------------|----------------|--------|
| Population | 5,958 (2011) | Businesses | 836 |
| Area | 6,635 km ² | Council roads | 825 km |
| Households | 2,336 | Arterial roads | 483 km |

| | |
|-----------------------|--|
| Towns and communities | Bellbridge, Berrigama, Bethanga, Burrowye, Bullioh, Corryong, Cudgewa, Dartmouth, Eskdale, Granya, Koetong, Lucyvale, Mitta Mitta, Nariel, Old Tallangatta, Talgarno, Tallangatta, Tallangatta Valley, Tintalra, Towong, Walwa |
|-----------------------|--|

Council Offices

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 F 02 6071 2747

Corryong Office

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Calendar 2011/12

| | |
|------------------------------|---|
| <p>July 2011</p> | <p>Corryong and Tallangatta Library Services</p> <p>Council took over the employment of staff and the day to day management of the Corryong and Tallangatta Libraries. Council's Corryong Customer Service team embraced the new arrangements and now offer both Library and Council Services six days a week.</p> |
| <p>August 2011</p> | <p>Tallangatta Tomorrow Masterplan community launch</p> <p>Following Council's endorsement of the Tallangatta Masterplan, the Tallangatta Tomorrow team presented the project's findings to the community. The Tallangatta Masterplan incorporates a range of recommendations and projects designed to revitalize the town, capture its unique heritage and position Tallangatta for a sustainable future.</p> |
| <p>September 2011</p> | <p>High Country Summit hosted in Towong Shire</p> <p>Council hosted the 2011 High Country Visitor Information Centre (VIC) Summit in Walwa with over 100 staff and volunteers from across the Victorian High Country region and neighbouring New South Wales Visitor Information Centres in attendance.</p> |
| <p>October 2011</p> | <p>Recreation Masterplan project commenced</p> <p>Comprehensive and realistic plans for the future of recreation facilities across the Shire were developed in conjunction with management committees, user groups and local communities. The Masterplans take into consideration the individual needs of each community together with the potential resources available to plan for quality facilities that will be valued by the community.</p> |
| <p>November 2011</p> | <p>Watch Around Water safety initiative</p> <p>Council implemented the 'Watch Around Water' program at the Corryong and Tallangatta Swimming Pools when they opened for the summer. 'Watch Around Water', a combined effort of Aquatics and Recreation Victoria, Life Saving Victoria and the 'Play it Safe by the Water' campaign, promotes active supervision of children around water to ensure that parents and children always have a safe and enjoyable time at Council's pools.</p> |
| <p>December 2011</p> | <p>Cr Debi Gadd elected Mayor</p> <p>Cr Debi Gadd was elected Mayor by her colleagues for the final year of the current Council's term. Cr Gadd is the third female to serve as Mayor since the amalgamation of the Shires of Upper Murray and Tallangatta in 1994. Cr David Wortmann was appointed as Deputy Mayor.</p> |

| | |
|-----------------------------|---|
| <p>January 2012</p> | <p>Sandy Creek Bridge and High Country Rail Trail</p> <p>Favourable weather conditions and high water levels in Lake Hume brought forward works to re-deck the historic rail bridge over the Sandy Creek inlet. Using a barge to ferry the 26-tonne beams across the Lake, the bridge was recreated piece by piece with the final span lifted into place in early January. The official opening of the bridge is scheduled for late 2012.</p> |
| <p>February 2012</p> | <p>Innovation:Technology:Sustainability anchor new look</p> <p>A new corporate brand reflecting Council’s identity as a modern and dynamic organisation was adopted by Council, replacing the brand that was developed about 17 years ago. The brand focuses on the pillars of innovation, technology and sustainability, which are key characteristics of Council’s approach to delivering a range of services. The brand will be implemented in stages to keep costs as low as possible.</p> |
| <p>March 2012</p> | <p>Major flood event results in evacuations and a damage bill of millions</p> <p>Significant rain events between March 1 and March 6 severely impacted residents and caused substantial damage to Council assets. At the peak of the crisis, a number of families were isolated in the Thowgla and Cudgewa Valleys and many residents in the township of Walwa were evacuated. Council has accessed almost \$4 million of Natural Disaster Relief Funding to restore flood damaged Council assets.</p> |
| <p>April 2012</p> | <p>National Local Government Award win</p> <p>Council was announced the small council winner of the Asset and Financial Management category at the 2012 National Local Government Awards for its innovative GPS-tracking software solution, Insight 360. Developed entirely in-house by Council staff, Insight 360 provides real-time, accurate data to drive savings across capital asset purchases, fuel consumption and process efficiencies.</p> |
| <p>May 2012</p> | <p>Supporting families a focus of Fun Day</p> <p>Early childhood professionals showcased the wide range of services and assistance available to families at a Family Fun Day held in Tallangatta. Health professionals provided information about speech, healthy eating and growth and development and the little ones were kept entertained with show bags, face painting, story time and craft activities.</p> |
| <p>June 2012</p> | <p>Towong Planning Scheme Amendment C23</p> <p>Amendment C23 came into operation on 21 June, replacing Clause 45.05 of the Towong Planning Scheme to enable a merits based assessment option as an alternative to the prescriptions of the individual Restructure Plans.</p> |

Councillors

Cr Debi Gadd - Mayor

Elected 29 November 2008

Cr Gadd has lived in the Towong Shire at Mount Alfred for 33 years where she and her husband operate a mixed beef and sheep property.

Cr David Wortmann - Deputy Mayor

Elected 29 November 2008

Cr Wortmann has lived in Granya all his life and is married and has two children. He and his wife operate a school bus service. He also runs a beef and sheep farm.

Cr Mary Fraser

Elected 15 March 1997

Cr Fraser has lived in the Towong Shire all her life and resides in Tallangatta Valley on a farm with her husband and family.

Cr Peter Joyce

Elected 15 March 2003

Cr Joyce has resided in the Shire for the past 30 years and with his wife Fairlie have five children. Cr Joyce has had a varied career as a Stock and Station agent, Police Officer, Greengrocer and operator of a Café/Restaurant.

Cr Phillip Coysh

Elected 29 November 2008

Cr Coysh has been farming in the Upper Murray for 47 years and has always taken an interest in regional issues. Cr Coysh was a serving Councillor in the former Shire of Upper Murray.

All Councillors are due to retire in October 2012.

Management team

Juliana Phelps

Chief Executive Officer

Juliana commenced with Council in April 1999 and was appointed Chief Executive Officer in May 2009. Prior to joining Council, Juliana held a senior management position in the manufacturing sector. She has also had experience auditing private and public organisations. Juliana is a Chartered Accountant with a Bachelor of Business Degree in Accounting and Economics. During 2003 she completed her Masters of Business Administration through Charles Sturt University.

Dave Barry

Director Community and Corporate Services

Dave commenced with Council in September 2008 and was appointed Director Community and Corporate Services in April 2010. Prior to joining Council Dave held roles with several other Councils and in private enterprise. Dave has a Bachelor of Engineering (Electronic Engineering).

Jamie Heritage

Director Technical Services

Jamie commenced with Towong Shire Council in May 2011. Jamie came to Council from Indigo Shire Council where he held the position of Capital Works Manager and later acted as the General Manager for Major Projects and Programs. Prior to this he worked in a number of roles in private industry and Local Government. He has a broad understanding of roads and drainage together with design and development expertise.

Aaron van Egmond (to April 2012)

Director Development Services

Aaron joined Council in October 2003. Aaron came to Council from running his own business in the construction industry. Aaron has a Bachelor of Business in Marketing and International Business, with broad experience in business and property development.

The organisation

Chief Executive Officer

Juliana Phelps

Executive Services

Executive and Councillor support
Customer service

Community and Corporate Services

Director – Dave Barry

Community

Community health
Kindergartens
Maternal and child health
Recreation
Youth services

Finance

Accounting
Budget
Payroll

Corporate

Corporate communications
Risk management and insurance
Governance

Development Services

Director – Vacant

Planning

Strategic and statutory planning
Animal control and local laws
Building services
Environmental health

Economic and Tourism Development

Business support
Agricultural diversity
Visitor information centres
Event support

Projects

Sustainability initiatives
Construction and development

Technical Services

Director – Jamie Heritage

Works

Infrastructure maintenance
Parks and open spaces

Assets

Asset management
Forest industry support
Capital projects

Environment

Waste management
Wastewater and water supply projects

Report of operations

The following reports detail significant factors and events that have influenced Council's performance over the 2011/12 year, policy and organisation changes and the progress that has been made with implementing the Towong Shire Council Plan 2009 – 2013.

The Council Plan 2009 – 2013 established clear strategic goals for each area of Council's operations and the strategies and priorities that will assist Council to realise these goals and achieve its vision *to be a World Class small Council*.

Community Satisfaction Survey 2012

During 2012, Local Government Victoria introduced changes to the Statewide Local Government Community Satisfaction Survey. Substantial alterations to the methodology and content of the survey meant that the contributions required from participating Councils were significantly increased than what was required for previous surveys. When considering whether to participate in the 2012 Survey, Council decided that the higher contribution did not represent good value for our communities and accordingly withdrew.

Council does recognise the value of reliable and meaningful data, such as the data collected through surveys, to drive improvements and inform the decision making process. An alternative approach, tailored to Council's needs and budget, will be pursued during 2012/13.

A number of the Strategic Indicators from the Council Plan 2009 – 2013 included results from the Statewide Community Satisfaction Survey. As Council did not proceed with the survey, data is not available for inclusion in this Annual Report.

Key Result Areas

Council's operations have been divided into six key result areas:

- Governance and Decision Making
- Our Environment
- Planning for the Future
- Economic and Tourism Development
- Our Community's Wellbeing
- Asset Management

Performance Report

Governance and Decision Making

Strategic goal

To ensure that our governance, decision-making processes and management reflect the needs, aspirations and expectations of our Community and to provide Best Value service delivery

Council adopted a new corporate brand early in 2012. The brand focuses on three key pillars – innovation, technology and sustainability - which are key characteristics of Council’s approach to delivering a range of services. The brand will be implemented progressively over an 18 month period to keep costs as low as possible.

Effectively communicating with our community continues to be a priority for Council. ‘Open Forum’ at the monthly Council Meeting proves to be a valued opportunity for community members to address Council directly. Improvements to our website and use of electronic media to communicate with the community are planned for the next 12 months.

Council’s Corporate Services team has maintained its focus on reducing costs and achieving process efficiencies. We have been recognised for the lead role we are playing in the Local Government sector in this regard and Council staff have presented at a number of conferences to share our success stories. In conjunction with Indigo Shire Council, we were also successful in securing external funding to appoint a Business Improvement Manager for a two year period. The Business Improvement Manager is working with both Councils to identify productivity gains and procurement efficiencies while taking into consideration practices that promote environmental sustainability.

An audit of Council’s approach to Occupational Health and Safety was conducted throughout the year, with the resulting recommendations reviewed by the Audit Committee and Council. Council has since set aside additional resources in its 2012/13 Budget to address these recommendations.

Work to review and update Council’s Municipal Emergency Management Plan was undertaken during 2011/12. The development of a draft Municipal Fire Management Plan also commenced through the year and will be placed on public exhibition early in 2012/13 before its formal adoption.

Council was pleased to be presented with a National Local Government Award in April 2012 for its development of innovative GPS tracking software *Insight 360*.

The Audit Committee continues to play a key role in the management of risk and Council is appreciative of the valuable contribution made by the Committee.

Highlights of 2011/12

- Adoption of new-look corporate brand
- National Local Government Award win for Insight 360
- Development of a Long Term Financial Plan
- Continued success in securing funding through competitive grant programs

Challenges of 2011/12

- Purchase of new finance system delayed due the department being under resourced
- Changes to organisational structure and a number of vacant positions placed an additional short-term workload on existing staff, particularly senior management

Council Plan Progress Report Governance and Decision Making

✓ Complete → Ongoing * Deferred

| Strategy/Priority | Status | Performance |
|---|--------|---|
| Develop a Community Engagement/Consultation Strategy and implement across the Shire | ✓ | <ul style="list-style-type: none"> - Community consultation matrix prepared - Implementation ongoing |
| Improve the way ratepayer and resident requests are dealt with (e.g. better communication and faster turnaround) | → | <ul style="list-style-type: none"> - Software improvements have been investigated - Solution to be implemented in 2012/13 |
| Refresh Council's brand and progressively update core marketing collateral with priority emphasis on developing a new website | → | <ul style="list-style-type: none"> - New corporate brand launched in February 2012 - Progressive implementation to minimise costs commenced - New website scheduled for late 2012/13 |
| Develop a Long Term Financial Plan | ✓ | <ul style="list-style-type: none"> - Developed and integrated into 2012/13 Budget |
| Engage Internal Auditors to carry out specific risk-based audits across identified areas of the organisation | ✓ | <ul style="list-style-type: none"> - Audits of OHS and Swimming Pools completed - Insurance audit and a targeted risk appraisal scheduled for 2012/13 |
| Investigate new/additional funding streams with a view to reducing reliance on rate revenue and grant funding | ✓ | <ul style="list-style-type: none"> - Continued success in attracting competitive grant funding following robust strategic planning |
| Continue to refine Council's Emergency Management Plans, including the identification and management of Neighbourhood Safer Places (NSPs) | ✓ | <ul style="list-style-type: none"> - Municipal Emergency Management Plan reviewed - Two NSPs identified, three TPPs prepared - A draft Integrated Fire Management Plan has been developed |
| Purchase and implement a new finance system | → | <ul style="list-style-type: none"> - Tender process undertaken - Scheduled for implementation 2012/13 |
| Minimise Council's corporate overhead and improve service delivery through process improvement | ✓ | <ul style="list-style-type: none"> - Efficiency gains achieved resulting in significant savings, particularly motor vehicles, telecommunications and essential services - Funding secured jointly with Indigo Shire for a two-year position focused on process and procurement efficiency |

Performance Report Our Environment

Strategic goal

To ensure that the Shire is a place of Pure attraction by integrating sustainable natural resource management into all of our business activities

Between 1 March and 6 March, Towong Shire, especially throughout its upper catchments, experienced flooding rainfall resulting in considerable project delays and damage to the Walwa Wastewater Scheme.

Council considered the proposals put forward following a regional tender for kerbside waste collection. While we were hoping to achieve economies of scale through partnering with our larger neighboring Councils, our remote location and terrain logistics significantly affected the price tendered for our garbage and recyclables collection. Following thorough research and cost modeling, Council has decided to deliver these services in-house at a considerably lower cost than proposed through the regional waste collection contract and will be able to implement a more flexible approach to the service delivery.

Working closely with North East Water and the Department Sustainability and Environment, waste water solutions were considered for the township of Bethanga. Several schemes were presented including a cluster solution that would apply to only a portion of the township. Council requested the funding body to consider alternative solutions that would be inclusive of all properties within the township such as individual sewerage packaged treatment plants, however it deemed that this was not within the scope of the grant.

Highlights of 2011/12

- Decision to deliver kerbside waste collection service in-house
- Noxious weed eradication program completed for blackberries throughout the Shire and woody weeds around Old Tallangatta
- Completion of the Fairyknowe Gravel Pit rehabilitation
- Commencement of upgrading the entry/exit of the Tallangatta Transfer Station
- Walwa Wastewater Scheme operational for collecting black water and proceeding with grey water connections
- Completion of the Corryong Landfill Stage 1 Rehabilitation

Challenges of 2011/12

- Flooding and contractor dispute causing substantial delays to complete the Walwa Wastewater Scheme
- Responsibility for funding roadside noxious weed control has been passed back onto council

Council Plan Progress Report Our Environment

✓ Complete → Ongoing * Deferred

| Strategy/Priority | Status | Performance |
|--|--------|--|
| Design and construct Walwa sewerage scheme | → | <ul style="list-style-type: none"> - Project delays experienced due to contractual issues and flood damage - Firm arrangements have been made to finish works by the end of 2012 - North East Water to resume operation of the system late 2013 |
| Develop and implement Eskdale water solutions | ✓ | <ul style="list-style-type: none"> - Water supply system fully operational - Effluent disposal options for Eskdale being explored |
| Progress Bethanga Wastewater project | → | <ul style="list-style-type: none"> - Several options considered throughout 2012 with the preferred option considered outside scope of current funding opportunity available |
| Implement the four year plan to rehabilitate landfill sites and determine the extent of Council's liability | → | <ul style="list-style-type: none"> - Walwa, Dartmouth, Eskdale, Granya and Stage 1 Corryong completed |
| Review all Waste Management services and charges including investigating community support for a kerbside green waste collection and the operating hours of the Corryong Landfill and Tallangatta Transfer Station | → | <ul style="list-style-type: none"> - Review of kerbside waste collection services undertaken resulting in withdrawal from regional collection contract with Cleanaway - Council to commence the in-house delivery of kerbside waste collection services in the Shire during 2012 - Collection charges and waste disposal fees reviewed and incorporated in 2012/13 Budget |
| Support waste minimisation initiatives in the North East Regional Waste Implementation Plan and Regional Waste Minimisation Strategy in order to address rising waste management costs | ✓ | <ul style="list-style-type: none"> - Organics trial conducted in Tallangatta early 2012 - Member of HalveWaste campaign |
| Provide pro-active support to DPI Wild Dog Program | ✓ | <ul style="list-style-type: none"> - Ongoing support provided through deployment of Agri360 to monitor wild dog fencing |
| Provide pro-active support to DSE and Parks Vic in addressing Noxious Weeds | ✓ | <ul style="list-style-type: none"> - Roadside blackberry spraying completed - Eradication program for woody weeds at Old Tallangatta completed - External funding for program reduced |

Continue to deliver positive economic and environmental outcomes through innovation in renewable energy and sustainable development



- Solar North East program deployed across North East Victoria with Towong Shire recording second highest number of installations
- Masterplan developed for a Zero Energy Estate at Tallangatta

Develop a plan for improvement to the P.W. Attree Centre playground and seek external funding



- Plans for improvements to playground being developed following the construction of the Corryong Visitor Information Centre
-

Performance Report Planning for the Future

Strategic goal

To develop a strategic and sustainable long-term land use direction for the Shire based on an integrated approach to the natural and built environment

Towong Shire Council's Planning Department has had a busy year, with several large strategic projects undertaken as well as some complex applications included in the Statutory Planning processes.

The planning department has maintained one of the fastest processing times for planning applications in the state. We also continually strive to be as accessible to the community as possible and to provide consistent, courteous and timely advice for all planning matters brought to our attention.

A VCAT decision relating to the interpretation of Open Potable Water Supply Catchments Guidelines imposed significant restrictions on development in the Towong Shire. The decision has had far reaching implications, including the halting of a significant planning scheme amendment for Rural Living Rezoning.

Council has actively sought to find a resolution to the matter by ministerial intervention.

Highlights of 2011/12

- Successfully securing Flying Squad support from the DPCD for several strategic and statutory projects
- Still among one of the fastest processing times for planning permit applications in the State
- Completion of the C23 planning scheme amendment to the Restructure Overlay

Challenges of 2011/12

- Open Potable Water Supply Catchment Guidelines significantly restricting development within the Shire

Council Plan Progress Report Planning for the Future

✓ Complete → Ongoing * Deferred

| Strategy/Priority | Status | Performance |
|--|--------|--|
| Investigate and deliver opportunities for population growth in specific localities (Peninsula area, Corryong, Tallangatta) | ✓ | <ul style="list-style-type: none"> - Residential Settlement Strategy and Rural Land Use Study completed - Tallangatta Tomorrow Masterplan completed |
| Implement Rural Land Use Study recommendations (Planning Scheme amendments) | → | <ul style="list-style-type: none"> - Amendment C27 (Mitta Mitta Floodway Overlay), Amendment C30 (Environmental Significance Overlay for high quality agricultural land) and C31 (MSS) are advanced - Rural Living Zone Amendment (C25) has been prepared but is unable to be progressed due to DPCD Potable Water Supply Guidelines and changes to DPCD Practice Note 37 |
| Implement Residential Settlement Strategy recommendations (Planning Scheme amendments) | → | <ul style="list-style-type: none"> - Amendments C20 (Local Planning Policies), C23 (Restructure Overlay) and C24 (Residential 1 Zone and Mixed Use Zone) complete - Amendments C29 (Mixed Use Zone) and C31 (MSS) advanced - Rural Living Zone Amendment (C25) has been prepared but unable to be progressed due to DPCD Potable Water Supply Guidelines and changes to DPCD Practice Note 37 |
| Review Restructure Overlay and evaluate alternative options with a view to preserving the character of small towns | ✓ | <ul style="list-style-type: none"> - Amendment C23 came into operation June 2012 |
| Implement a marketing and education strategy and method to inform people on the Planning Process | ✓ | <ul style="list-style-type: none"> - Improved dialogue with local real estate agents implemented - Planning information fact sheet developed |
| Review Local Planning Policies | ✓ | <ul style="list-style-type: none"> - Amendment C20 came into operation January 2011 |
| Undertake Municipal Strategic Statement (MSS) Review | → | <ul style="list-style-type: none"> - Public exhibition of Amendment C31 scheduled for early 2012/13 |
| Complete Heritage Study and implement recommendations as adopted by Council | → | <ul style="list-style-type: none"> - Heritage Study complete - Public exhibition of Amendment C28 scheduled for early 2012/13 |

Performance Report Economic and Tourism Development

Strategic goal

To expand long-term employment and economic opportunities whilst continuing to maintain and promote our environment and the Pure lifestyle the Shire offers

The past 12 months has been busy and an exciting time for Council's Economic and Tourism Development team. An extensive review and restructure of the team has been undertaken and will result in a team composition that will align with community priorities. Many projects have been implemented and many more projects have been initiated.

Construction of the Sandy Creek Rail Bridge has progressed well with the official opening scheduled for spring 2012. This significant tourist attraction for North East Victoria will not only offer a spectacular riding experience but also be a draw card for those interested in the history of the original Wodonga – Cudgewa Rail Line and Lake Hume.

The development of the High Country Scenic Drive infrastructure has commenced and the community assisted in identifying the six key lookout locations. Lookout locations at Tallangatta, Old Tallangatta, Kurrajong Gap, Farran's Lookout, Larsen's Cutting and Lockhart's Gap will feature interpretative story boards and some will also have viewing platforms.

Council participated in the inaugural Regional Victoria Living Expo in Melbourne which attracted over 8,000 people over a three day period. Council's information stand generated genuine interest from over 50 people interested in learning more potentially relocating from Melbourne to Towong Shire.

Over 80 residents have joined the Sustainable Intelligence project. Following an in-home sustainable living audit, participants received an energy measuring device and ongoing individual coaching.

The two-year Solar North East program, in collaboration with six other Council's in North East Victoria, has been embraced by residents with 30 households installing solar through the program. This is an exceptional result considering the number of households who had already installed solar through Council's Pure Towong Energy program only a few years ago.

Highlights of 2011/12

- Participation in the Regional Victoria Living Expo resulted in over 50 people expressing interest in relocating to Towong Shire
- \$1.65 million Sandy Creek Bridge construction
- Commenced implementation of priority projects from 'Tallangatta Tomorrow' Masterplan

Challenges of 2011/12

- Renovation of Corryong Visitor Information Centre delayed to facilitate additional consultation and redesign
- A number of staff changes meant some shortage of resources

Council Plan Progress Report Economic and Tourism Development

✓ Complete → Ongoing * Deferred

| Strategy/Priority | Status | Performance |
|--|--------|---|
| Deliver high speed broadband throughout the Towong Shire (5 megabit per second) | → | - Tender process complete |
| Deliver an innovative residential estate that demonstrates world's best practice in environmental sustainability | → | - Masterplan developed and a funding application has been submitted to establish a 35-40 lot ZERO Energy Estate |
| Develop the Aviation industry within Towong Shire with specific focus on Corryong Airport | → | - Paragliding event supported in 2011/12 - Funding submission being developed for upgrade works |
| Drive increased profitability and sustainability with the Agribusiness sector through innovation, technology and water use efficiency | ✓ | - Grazing the Hills project completed |
| Drive increased profitability within retail, commercial and industrial business by providing expert training, networking and collaboration opportunities | ✓ | - Developed partnership with Small Business Victoria to support Business Builders Program - Corryong Buy Local Campaign completed |
| Ensure supply of industrial land within Corryong to stimulate and respond to market demand | ✓ | - Two lots remain available from Stage 1 - Stage 2 plans completed and ready to implement when required |
| Implement the Man from Snowy River Museum Extension Project | ✓ | - Major renovation and extension works completed and official opening held |
| Implement the P.W. Attree Centre Redevelopment Project | → | - Upgrade works undertaken in park and Man from Snowy River Statue installed - The Corryong VIC project was delayed to allow for further consultation with user groups and the community |
| Develop a Masterplan for Tallangatta's redevelopment and revitalization with specific focus on the CBD, residential land, Community Hub, Triangles, Rowen Park, Museum and Lake Hume Foreshore | ✓ | - Tallangatta Masterplan complete and further detailed plans developed for specific priorities (Rowen Park, ZERO Energy Estate, Lake Hume Foreshore) - Priorities from the plans will be implemented as funding opportunities become available |

| | | |
|--|---|---|
| Construct a NE Bushfire Camera Network, including strategic backhaul links | → | - Tender process complete |
| Develop and implement a Tourism Strategy | → | - Tourism Strategy completed - Staged implementation of Strategy progressing, including High Country Scenic Drives project, tourism branding, RV friendly town accreditation (Tallangatta) |
| Maintain Visitor Information Centre Accreditation (Corryong) | ✓ | - Accreditation maintained |
| Develop an online presence that attracts and services visitors and operators | → | - Draft website developed - Community consultation underway |

Performance Report Our Community's Wellbeing

Strategic goal

To assist Towong Shire Residents in the attainment of a high level of health and safety, resilience and connectedness to their communities

Throughout 2011/2012, a key focus of Council's Community Services team was to assist communities to develop strategic plans for sustainable community facilities. Through extensive community consultation, 11 Masterplans were developed for Recreation Reserves and community halls. Funding applications have been submitted for the Walwa Recreation Reserve, Cudgewa Recreation Reserve, Rowen Park Recreation Reserve and Corryong Recreation Reserve with anticipated success.

Council's Rural Access Officer completed building appraisals at all major recreation facilities to support future funding applications for improved access. A Community Inclusion and Access program (CIA) was also developed to educate and promote access for everyone to schools, community facilities and service clubs. This was achieved in partnership with Indigo and Wodonga City Council.

Kindergarten hours increased to 11 hours per week at Councils kindergartens at Bellbridge, Tallangatta and Corryong. Plans are also underway for the possible introduction of the 2013 Universal Access program to enable all children to access 15 hours of kindergarten each week.

The 0-8 Network, facilitated by Council and comprising representatives from local schools, kindergartens, Maternal and Child Health staff and local and regional health services, hosted a successful Family Fun Day to help families to access the full range of services available in Towong Shire.

Services for young people in the Shire continue to be a focus for the Community Service's team. Youth programs supported and delivered included the Learner Driver mentoring program, L2P, open-air movies nights at Corryong and Tallangatta and Battallangatta - Battle of the Bands. A range of personal education programs for youth were also facilitated for Towong Shire youth in the arts, health and farm safety sectors.

Highlights of 2011/12

- 2011 Victorian Seniors Festival celebrated at a regional production of Broadway musical, Miss Saigon
- Funding secured for the \$1.3 million Tallangatta Multi-Sport Precinct (Rowen Park)
- New amenities constructed at Bethanga Golf Club and Granya and significant upgrade of Tallangatta Bowling Club
- Audits completed for Corryong and Tallangatta Swimming Pools and Watch Around Water program introduced

Challenges of 2011/12

- Employment of relief staff at Council's kindergartens
- Initial community resistance to development of Masterplans for community facilities

Council Plan Progress Report Our Community's Wellbeing

✓ Complete → Ongoing * Deferred

| Strategy/Priority | Status | Performance |
|---|--------|--|
| Actively participate in the Towong Health Alliance with the three Shire based Health Services | → | - Community Health and Wellbeing Manager appointed to implement Towong Alliance strategies |
| In conjunction with the Tallangatta Revitalisation Strategy, investigate the viability of new or improved community facilities in Tallangatta | ✓ | - Tallangatta Tomorrow Masterplan includes a number of priorities to be pursued as funding becomes available |
| Continue to pursue extended Childcare Services across Shire | → | - Three-year old Kinder established at Bellbridge and Tallangatta - Tallangatta Tomorrow Masterplan includes priority for long-day care services and funding currently being pursued for this |
| Continue Council's Youth Events Programs and encourage participation by younger people in Council activities | → | - Family movie nights held at Corryong and Tallangatta - Personal development programs delivered including Upper Murray Masterchef and tractor safety |
| Support the Community Support Committee as appropriate | ✓ | - Committee currently in recess |
| Ensure the long-term viability/sustainability of Berringa Community Centre | ✓ | - Council has taken over responsibility for managing the Centre. |
| Conduct a review of public pools with a view to lowering operating costs and increasing safety and participation | ✓ | - Safety audits undertaken of Corryong and Tallangatta Swimming Pools with recommendations prioritised for implementation - Watch Around Water program implemented at both facilities - Continued support of Eskdale Swimming Pool |
| Complete the Influenza Pandemic Plan | ✓ | - Completed |
| Develop Masterplans for Recreation Reserves throughout the Shire in order to progress funding opportunities | ✓ | - Masterplans completed for Bethanga, Corryong, Magorra Park (Mitta Mitta), Towong, Walwa and Wyeboo (Tallangatta Valley) Recreation Reserves - Funding secured for projects at Corryong, Cudgewa, Tallangatta, Towong and Walwa |

| | | |
|--|---|--|
| Investigate opportunities to support the renovation of the Tallangatta Bowling Club | ✓ | - Renovation completed December 2011 |
| Review Council's focus on Older People and improve service delivery where appropriate | ✓ | - Facilitated attendance at Miss Saigon production during Victorian Seniors Festival 2011 - Towong Alliance delivering projects 'Improving Liveability for Older People' and 'Healthy Ageing Demonstration' |
| Extend delivery of Mother Goose Parenting program | ✓ | - Mother Goose now being delivered in Bellbridge, Corryong and Tallangatta |
| Conduct a Shire-wide appraisal of disability access to public facilities | ✓ | - Community Inclusion and Access Plan completed - Appraisal of Recreation Reserves and Community Halls complete |
| Develop an Arts and Culture policy | * | - To be completed in 2012/13 |
| Improve delivery of kindergarten services across the Shire, including capital improvements, and finalise preparations to facilitate the Universal Access to 15 hours of kindergarten | → | - Development of Quality Improvement Plans for each kindergarten to comply with the National Framework is underway - Financial modelling of future service delivery is underway |
| Initiate opportunities for a co-ordinated approach between the east and west youth groups | ✓ | - Youth programs delivered in both Corryong and Tallangatta - Towong Alliance involved in program delivery to maximise opportunities |
| Co-ordinate a collaborative approach to early years services in the Shire between maternal and child health services, kindergartens, child care and primary schools | ✓ | - Established and providing ongoing facilitation of 0 – 8 network - Family Fun Day hosted in Tallangatta to promote the availability of early years services |
| Conduct a review of the long-term delivery of Maternal and Child Health Services | * | - Scheduled for 2012/13 |

Performance Report

Asset Management

Strategic goal

To maintain and improve the Shire's infrastructure to meet agreed levels of service

For the second year in a row, the Shire was hit with summer flooding; this time during March 2012. This resulted in major damage to the road network, the loss of one bridge and two major culverts as well as damage to a number of other bridge structures. Much of the damage has been repaired and planning for the replacement of the bridges is underway, with construction to be completed in the next financial year.

The demand on resources to carry out emergency repairs to the road and drainage network was high, including vegetation removal as a result of flood and storm damage. Natural Disaster Financial Assistance is expected to cover the majority of the estimated \$3.8 million of restoration works.

At the same time as completing emergency works, Council has been able to increase its road maintenance effort. Efficiencies were introduced in the grading of unsealed roads by the purchase of free-roll attachments for the graders. This allows more kilometers to be graded at the optimum time.

The Victorian Government's Country Roads and Bridges Initiative began with an injection of \$1 million of funding which was allocated to address the increased amount of major patching required on sealed road pavements. The replacement of three bridges is also funded and these will be completed during the next financial year.

Major road reconstruction carried out during the year included 0.6km of Springdale Rd, 0.8km of Yabba Rd, 2.0km of Mt Alfred Rd and the intersection of Wisers Creek Rd with Murray River Rd.

The Bethanga streetscape upgrade was completed with the reconstruction of Bridge Street and Jobling Street, including new underground drainage, kerb and channel and car parking.

Council's program for sealing township streets received a boost with funding from the Local Government Infrastructure Program allowing for the sealing of additional streets; two streets in Eskdale, as well as the access road to the Eskdale tourist information centre, and three streets in Bethanga. The sealing of another two streets in Corryong was completed with funding from Council's annual capital works program.

Highlights of 2011/12

- Streetscape upgrade in Bethanga
- Major patching of sealed roads totalling \$630,000
- Reconstruction of more than 3.4km of rural roads

Challenges of 2011/12

- Restoration of access following flood event of February-March 2012 whilst completing the annual maintenance program
- Co-ordinating flood restoration works with the capital works program

Council Plan Progress Report Asset Management

✓ Complete → Ongoing * Deferred

| Strategy/Priority | Status | Performance |
|---|--------|--|
| Complete all projects on the adopted Capital Works Program | * | - Program delayed following March flood - Remaining projects deferred to 2012/13 |
| Implement stock grid policy | → | - Policy adopted in March 2012 - Implementation to commence January 2013 |
| Develop a Plan to fund refurbishment of Dartmouth Hall in conjunction with Dartmouth Recreation Plan | ✓ | - Completed |
| Continue 3-yearly condition assessments for road assets and extend to include non-road assets (buildings and playgrounds) | ✓ | - Last assessment conducted March 2011 |
| Prepare an Asset Management Plan for Tree Management | * | - To be completed with the National Asset Management Assessment Framework |
| Work with VicRoads and other stakeholders to progress the upgrade/sealing of Benambra-Corryong Road and the Omeo Highway | → | - Several meetings held with VicRoads - Omeo Highway upgrade Stage 1 nearing completion with funds being sought by VicRoads for Stage 2 - Preliminary indications are favourable for VicRoads to assume responsibility for Benambra-Corryong Road (Towong Shire section), with further detailed infrastructure survey to be completed in 2012/13 |
| Develop a Corryong Saleyard strategy | | - Preliminary research undertaken - Draft strategy to be prepared during 2012/13 |

Audit committee

Council's audit committee was established by resolution of Council on January 19, 1998. The committee is an advisory committee to Council with its primary role being to assist Council in the effective conduct of its responsibilities for financial reporting, management of risk and maintaining a reliable system of internal controls.

The committee is comprised of the Mayor and two independent external members. The current external independent members of the audit committee were appointed in September 2010 for a three year term.

Mr Peter Haysey (Chair): Peter Haysey and his family live at Georges Creek, having moved to the Tallangatta area in 1978. He is Deputy Chairman of Catholic Super, serving on its audit committee, the investment management group and the risk and compliance committee. Recently retired from full time teaching, he still teaches economics to students across New South Wales through an on-line education centre. He holds Economics and Masters of Administration degrees.

Mr Matthew Fagence: Matthew, a Certified Practising Accountant, is the Manager Corporate Services with the North East Catchment Management Authority. He has vast experience in the areas of strategic risk management, financial and management reporting and internal and external audit processes. Matthew lives with his family in Bethanga.

The audit committee meets quarterly to discuss Council's budget, finance reports, Council Plan priorities, external audits, OHS, tendering, performance reporting, finance systems, legal actions, risk management and policy development.

Policies due for Council approval each month are also reviewed by audit committee members and their recommendations presented to Council.

Competitive neutrality

Council is committed to the principals of the Competition Principles Agreement and the Victorian Government's Competitive Neutrality Policy. Council recognises that applying these principles when we consider our involvement in business transactions or initiatives is in the best interest of our community and the local economy.

By adhering to competitive neutrality principles, both Council and privately owned organisations can compete on a fair and equitable basis for significant business activities.

Risk management

Towong Shire Council is committed to taking a best practice approach to managing risk. We recognise that risks are inherent in all our functions and understand that all systems and processes exhibit variability, impacting on predictability and performance.

Managing risk is a conscious decision to improve Council's systems and processes - not to finger point when things go wrong.

The objectives of our Risk Management Policy are to:

- Ensure we appropriately deal with risk
- Safeguard our assets - people, financial and property
- Create an environment where all our employees will assume responsibility for managing risk
- Preserve our ability to deliver policy and performance objectives in a timely, efficient and effective manner
- Implement transparent and responsible risk management processes, which align with accepted best practice

Highlights of 2011/12

- JMAPP Audit complete with improved result of 97% (previously 96%)
- Commercial Crime Audit complete with improved result of 85% (previously 71%)
- 'Insight 360' vehicle tracking system installed in further items of plant in order to minimise risk
- Review of Council's Business Continuity Plan complete
- Review of Fraud and Risk Management Policies completed
- Completed review of OHS systems

Challenges of 2011/12

- Significant improvements to increase CMP audit (2010/11) score remain outstanding
- Departmental risk registers not fully complete

Our people

Of all Council's assets, it is our human capital that is of most value. As a small Council delivering a wide range of services, our people often have opportunities to up-skill, multi-task and provide extra value to our communities.

Employees by Key Result Area

| Key Result Area | EFT |
|----------------------------------|-----|
| Governance and Decision Making | 10 |
| Our Environment | 3 |
| Planning for the Future | 3 |
| Economic and Tourism Development | 4 |
| Our Community's Wellbeing | 10 |
| Asset Management | 30 |

Employees by gender and status

| Female | EFT |
|-----------|-----|
| Full-time | 8 |
| Part-time | 14 |
| Casual | 1 |
| Male | |
| Full-time | 32 |
| Part-time | 1 |
| Casual | 4 |

Equal Employment Opportunity

Council has a Discrimination, Workplace and Sexual Harassment, Equal Employment Opportunity and Diversity policy that is reviewed and adopted each year.

Council's policy is that discrimination relating to sex, marital status, parenthood, race, colour, national origin, physical or mental impairment, religious or political affiliation will not be tolerated. Selection of individuals for employment is on the basis of personal merit according to the skills, qualifications, knowledge and efficiency relevant to the position involved.

Council's policy reflects our desire to enjoy a workplace free of discrimination where each person has the opportunity to progress to the extent of their abilities.

OHS Committee

Council is committed to providing a safe work environment and preventing injury and illness. Our OHS committee comprises of representatives from each workgroup together with management representatives. The committee meets monthly.

Governance

The Towong Shire Council was established by an Order of the Governor in Council on 24 October 1996 and is a Body Corporate. Council's main office is located at 32 Towong Street, Tallangatta.

The purpose of Council is to:

- Provide for the peace, order and good government of its municipal district
- Facilitate and encourage appropriate development of its municipal district in the best interests of the community
- Provide equitable and appropriate services and facilities for the community and to ensure that those services and facilities are managed efficiently and effectively
- Manage, improve and develop the resources of its district efficiently and effectively.

Best Value

Council applies the principles of Best Value in accordance with the legislative requirements. Through its commitment to providing best value to its communities Council takes a proactive and systematic approach to keeping costs as low as possible while striving to deliver services to the standard expected by the community.

Council has been recognised as a leader in procurement and process efficiency in the local government sector and is represented on the Local Government Reform Fund Steering Committee.

Freedom of Information

The Freedom of Information (FOI) Act gives the community a legal right of access to certain Council documents.

The FOI Act embodies four basic principles:

- That members of the public has a legally enforceable right of access to information in documentary form.
- That government departments and agencies are required to give the public information concerning the documents they hold.
- That people may ask for inaccurate, incomplete, out of date or misleading information in their personal records to be amended.
- That people may appeal against a decision not to give access to the information, or not to amend a personal record.

During the 2011/12 financial year, Council did not receive any applications to access documents under the provisions of the Act.

Whistleblowers Protection Act

The purpose of the Whistleblowers Protection Act 2001 is to encourage and facilitate the disclosure of improper conduct by Councillors and Council Officers.

The Act also provides protection for persons making disclosures who may suffer reprisals as a result of their actions. We recognise the value of transparency and accountability in our administration and management practices.

Section 104 of the Whistleblowers Protection Act requires Council to include in its report of operations or Annual Report the following details for 2011/12:

| | |
|---|---|
| Number and type of disclosures made to public bodies | 0 |
| Number of disclosures Council referred to the Ombudsman for determination as to whether they were public interest disclosures | 0 |
| Number and type of disclosed matters referred to Council by the Ombudsman | 0 |
| Number and type of investigations of disclosed matters taken over by the Ombudsman from Council | 0 |
| Number of requests made by a Whistleblower to the Ombudsman to investigate disclosed matters | 0 |
| Number and types of disclosed matters that Council has declined to investigate | 0 |
| Number and type of disclosed matters that were substantiated on investigation and the action taken on completion of the investigation | 0 |
| Recommendations from the Ombudsman | 0 |

Information available for inspection

The opportunity to access information about Council operations is a vital part of open and accountable government. Residents and ratepayers of Towong Shire can access information either through the information available for public inspection (as recorded below) or through the Freedom of Information process.

The following information can be accessed from Council's Tallangatta Office by appointment.

Accounts:

- Council's Operating Statement
- A statement of Council's financial position
- Notes to the financial statements

Other documents:

- Details of current allowances fixed for the Mayor, Lord Mayor (if any) and Councillors under section 74 or 74A of the act
- Details of Senior Officers total salary packages for the current financial year including the gross salary, the amount of the Council or employer contribution to superannuation, the value of any motor vehicle provided by the Council and the total value of any other benefits and allowances provided by the Council
- Details of overseas or interstate travel (with the exception of interstate travel by land for less than 3 days) undertaken in an official capacity by Councillors or any members of Council staff and the date, destination, purpose and total cost of overseas or interstate travel
- Names of Council Officers who were required to submit a return of interest during the financial year and the dates the returns were submitted
- Names of Councillors who submitted returns of interest during the financial year and the dates the returns were submitted
- Agendas for and minutes of ordinary and special meetings held in the previous 12 months kept under Section 93 of the Act except if the minutes relate to parts of meetings which have been closed to members of the public under Section 89 of the Act
- A list of all special committees established by Council and the purpose for which each committee was established
- A list of all major committees established by the Council which were abolished or ceased to function during the financial year
- Minutes of meetings of special committees established under Section 86 of the Act and held in the previous 12 months except where such minutes relate to parts of meetings which have been closed to members of the public under Section 89 of the Act
- A register of delegations kept under section 87, 88 and 98 of the Act, including the date on which the last review under section 98(6) of the Act took place
- Submissions received in accordance with Section 223 of the Act during the previous 12 months
- Agreements to establish regional libraries under Section 196 of the Act
- Details of all property, finance and operating leases involving land buildings, plant, computer equipment or vehicles' entered into by the Council as a lessee, including the name of the other party to the lease and the terms and the value of the lease
- A register of authorised officers appointed to under Section 224 of the Act
- A list of donations and grants made by Council during the financial year, including the names of persons or bodies which have received a donation or grant and the amount of each donation or grant
- A list of the names of the organisations of which the Council was a member during the financial year and details of all membership fees and other amounts and services provided during that year to each organisation by the Council
- A list of contracts valued at \$100,000 or more which the Council entered into during the financial year without first engaging in a competitive process and which are not contracts referred to in section 186 (5) of the Act.

Local government indicators

| Term | Description | Result 2011/12 |
|------------------------|---|-------------------|
| Overall performance | Community satisfaction rating for overall performance generally of the council | NA* |
| Advocacy | Community satisfaction rating for Council's lobbying on behalf of the community | NA* |
| Community consultation | Community satisfaction rating for Council's community consultation and engagement | NA* |
| All rates | Average rates and charges per assessment | \$1,363 |
| Residential rates | Average residential rates per assessment | \$1,066 |
| Operating costs | Average operating expenditure per assessment | \$3,694 |
| Capital expenditure | Average capital expenditure per assessment | \$898 |
| Infrastructure | Renewal | 1.02 |
| | Renewal and maintenance | 1.38 |
| Debts | Average liabilities per assessment | \$802 |
| Operating result | Operating result per assessment | (\$173)** |

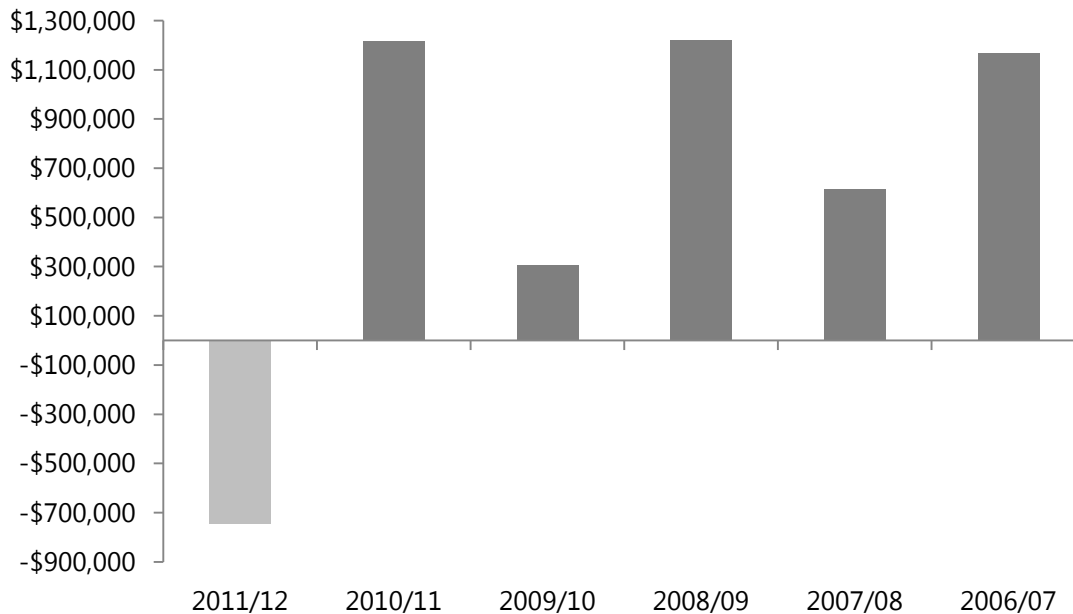
* Towong Shire Council did not participate in the 2012 Statewide Community Satisfaction Survey. See page 12 for a detailed explanation.

** The operating result is significantly impacted by the following items:
 Flood damaged assets written off (expense) \$659 per assessment
 Capital grants received (income) \$565 per assessment
 If these items were excluded, the result would be a deficit of \$79 per assessment.

Financial overview 2011/12

Operating Result

The result shown in the Comprehensive Income Statement for the period was a deficit of \$746,000. A comparison of Council's Operating Result from 2006/07 to 2010/11 is provided in the graph below.



The current year's deficit is the difference between Council's income and expenses. Council's income includes all revenue due to the Council, such as rates, fees, grants, private works and interest. Expenses include all costs associated with running Council operations and maintaining assets. It does not include expenses of a capital nature, such as upgrading roads or purchasing equipment.

Rate revenue increased by 6.8% compared to the prior year. This was a budgeted increase.

Grant income was up on prior year by \$3,749,000, with the Emergency Response Grant, Country Roads and Bridges Grant and an advance payment of 2012/13 VGC grants contributing to this result. Council continues to achieve strong results when applying for competitive grants, with 13% of all income coming from this source.

Expenses include an unbudgeted defined benefits superannuation call of \$1.04 million. The additional grants secured for Council throughout the year also meant that Council's expenditure increased accordingly to deliver funded projects.

Capital Expenditure was lower than budgeted. Changes to Council's motor vehicle policy have resulted in less vehicles being purchased and two non-infrastructure capital projects were deferred to 2012/13.

Cash Position was significantly higher than budgeted predominantly due to delays in carrying out scheduled capital expenditure projects as noted above. Council also received grant funding that is yet to be spent. At 30 June 2012, Council had \$7.8 million of cash reserves, with \$3.1 million of these funds restricted as deposits held and specific grant receipts that have not been spent.

Standard statements

Standard Income Statement for the year ending 30 June 2012

| | Note | Actual 2012 \$'000 | Budget 2012 \$'000 | Variance \$'000 | Variance (%) |
|---|------|--------------------------|--------------------------|--------------------|-----------------|
| Revenue | | | | | |
| Rates | | 5,858 | 5,875 | (17) | (0.3%) |
| Statutory fees and fines | | 166 | 177 | (11) | (6.2%) |
| User fees | 1 | 403 | 661 | (258) | (39.0%) |
| Grants - Operating | 2 | 8,520 | 5,513 | 3,007 | 54.5% |
| Grants - Capital | 3 | 2,430 | 1,124 | 1,306 | 116.2% |
| Other income | 4 | 603 | 104 | 499 | 479.8% |
| Total revenue | | 17,980 | 13,454 | 4,526 | 33.6% |
| Expenses | | | | | |
| Employee benefits | 5 | 6,137 | 4,727 | 1,410 | 29.8% |
| Materials and services | 6 | 5,653 | 4,856 | 797 | 16.4% |
| Depreciation | | 3,454 | 3,448 | 6 | 0.2% |
| Finance costs | | 43 | 25 | 18 | 72.0% |
| Other Expenses | 6 | 597 | - | 597 | n/a |
| Total expenses | | 15,884 | 13,056 | 2,828 | 21.7% |
| Net gain (loss) on disposal of property, infrastructure, plant and equipment | | (6) | - | (6) | n/a |
| Flood damaged assets written off | 8 | (2,836) | - | (2,836) | n/a |
| Surplus (deficit) for the year | | (746) | 398 | (1,144) | (287.4%) |

Standard Balance Sheet for the year ending 30 June 2012

| | Note | Actual 2012 \$'000 | Budget 2012 \$'000 | Variance \$'000 | Variance (%) |
|---|------|--------------------------|--------------------------|--------------------|-----------------|
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 7 | 7,835 | 3,017 | 4,818 | 159.7% |
| Trade and other receivables | | 1,005 | 1,082 | (77) | (7.1%) |
| Inventories | | 302 | 300 | 2 | 0.7% |
| Other Assets | | 99 | 10 | 89 | 890.0% |
| Total current assets | | 9,241 | 4,409 | 4,832 | 109.6% |
| Non-current assets | | | | | |
| Trade and other receivables | | - | 7 | (7) | (100.0%) |
| Property, infrastructure, plant and equipment | 8 | 178,334 | 183,853 | (5,519) | (3.0%) |
| Total non-current assets | | 178,334 | 183,860 | (5,526) | (3.0%) |
| Total Assets | | 187,575 | 188,269 | (694) | (0.4%) |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 9 | 595 | 260 | 335 | 128.8% |
| Trust funds and deposits | 10 | 179 | 70 | 109 | 155.7% |
| Provisions | 11 | 1,087 | 775 | 312 | 40.3% |
| Interest-bearing loans and borrowings | 12 | 63 | 193 | (130) | (67.4%) |
| Total current liabilities | | 1,924 | 1,298 | 626 | 48.2% |
| Non-current liabilities | | | | | |
| Provisions | 11 | 1,339 | 200 | 1,139 | 569.5% |
| Interest-bearing loans and borrowings | | 358 | 373 | (15) | (4.0%) |
| Total non-current liabilities | | 1,697 | 573 | 1,124 | 196.2% |
| Total liabilities | | 3,621 | 1,871 | 1,750 | 93.5% |
| Net Assets | | 183,954 | 186,398 | (2,444) | (1.3%) |
| Represented by: | | | | | |
| Accumulated surplus | | 66,124 | 68,568 | (2,444) | (3.6%) |
| Reserves | | 117,830 | 117,830 | - | 0.0% |
| Equity | | 183,954 | 186,398 | (2,444) | (1.3%) |

Standard Cash Flow Statement for the year ending 30 June 2012

| | Note | Actual 2012 \$'000 | Budget 2012 \$'000 | Variance \$'000 | Variance (%) |
|---|-------|--------------------------|--------------------------|--------------------|-----------------|
| Cash flows from operating activities | | | | | |
| Rates | | 5,787 | 5,875 | (88) | (1.5%) |
| Statutory Charges | | 166 | 177 | (11) | (6.2%) |
| User fees | 1 | 533 | 661 | (128) | (19.4%) |
| Grants (operating and capital) | 2-3 | 11,195 | 6,637 | 4,558 | 68.7% |
| Other Income | 4 | 605 | 104 | 501 | 481.7% |
| Payments to suppliers | 6 | (6,380) | (4,727) | (1,653) | 35.0% |
| Payments to employees (including redundancies) | 5 | (5,047) | (4,856) | (191) | 3.9% |
| Net cash provided by / (used in) operating activities | | 6,859 | 3,871 | 2,988 | 77.2% |
| Cash flows from investing activities | | | | | |
| Payments for property, infrastructure, plant and equipment | 13-19 | (4,058) | (5,800) | 1,742 | (30.0%) |
| Proceeds from sale of assets | | 250 | 197 | 53 | 26.9% |
| Repayment of loans and advances to community organisations and ratepayers | | - | (60) | 60 | (100.0%) |
| Net cash provided by / (used in) investing activities | | (3,808) | (5,663) | 1,855 | (32.8%) |
| Cash flows from financing activities | | | | | |
| Proceeds from borrowings | 12 | - | 140 | (140) | (100.0%) |
| Repayment of borrowings | | - | (97) | 97 | (100.0%) |
| Finance costs | | (43) | (25) | (18) | 72.0% |
| Trust Funds and Deposits | 10 | 122 | - | 122 | n/a |
| Repayment of finance leases | | (58) | - | (58) | n/a |
| Net cash provided by / (used in) financing activities | | 21 | 18 | 3 | 16.7% |
| Change in cash held | | 3,072 | (1,774) | 4,846 | (273.2%) |
| Cash at the beginning of the financial year | | 4,763 | 4,792 | (29) | (0.6%) |
| Cash at the end of the financial year | | 7,835 | 3,018 | 4,817 | 159.6% |

Standard Statement of Capital Works for the year ending 30 June 2012

| | Note | Actual 2012 \$'000 | Budget 2012 \$'000 | Variance \$'000 | Variance (%) |
|------------------------------------|------|--------------------------|--------------------------|--------------------|-----------------|
| Roads | 13 | 2,865 | 2,490 | 375 | 15.1% |
| Drains | 14 | - | 99 | (99) | (100.0%) |
| Parks, open space and streetscapes | 15 | - | 164 | (164) | (100.0%) |
| Land, Buildings and Improvements | 16 | 168 | 315 | (147) | (46.7%) |
| Plant and equipment | 17 | 302 | 917 | (615) | (67.1%) |
| Bridges | 18 | 407 | 550 | (143) | (26.0%) |
| Footpaths | | 37 | - | 37 | n/a |
| Kerb and channel | | 81 | - | 81 | n/a |
| Other | 19 | 200 | 1,125 | (925) | (82.2%) |
| Total capital works | | 4,060 | 5,660 | (1,600) | (28.3%) |
| Represented by : | | | | | |
| Renewal | | 2,584 | 3,454 | (870) | (25.2%) |
| Upgrade | | 1,127 | 937 | 190 | 20.3% |
| New assets | | 349 | 1,269 | (920) | (72.5%) |
| Total capital works | | 4,060 | 5,660 | (1,600) | (28.3%) |

Notes to the standard statements for the year ending 30 June 2012

Note A. Basis of Preparation

Council is required to prepare and include audited Standard Statements within its annual report. Four statements are required - a Standard Income Statement, a Standard Balance Sheet, a Standard Cash Flow Statement and a Standard Statement of Capital Works, together with explanatory notes.

These statements and supporting notes form a special purpose financial report prepared to meet the requirements of the Local Government Act 1989 and Local Government (Finance and Reporting) Regulations 2004.

The Standard Statements have been prepared on an accounting basis consistent with those used in the General Purpose Financial Statements and in the budget. The results reported in these statements are consistent with those reported in the General Purpose Financial Statements.

The Standard Statements are not a substitute for the General Purpose Financial Statements, which are included in the annual report. They have not been prepared in accordance with all Australian Accounting Standards or other authoritative professional pronouncements.

The Standard Statements compare Council's financial plan, expressed through its budget, with actual performance. The Local Government Act 1989 requires explanation of any material variances. Council has adopted a materiality threshold of 10% and \$100,000. 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 included in the Standard Statements are those adopted by Council on 1 August 2011. The budget was based on assumptions that were relevant at the time of adopting the budget. Council set guidelines and parameters for revenue and expense targets in this budget in order to meet Council's business plan and financial performance targets for both short and long term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

Detailed information on the actual financial results are contained in the General Purpose Financial Statements. The detailed budget can be obtained by contacting Council. The Standard Statements must be read with reference to these documents.

1. User Fees

Incorrect budget allocation of some income streams, these have been reported as other income in the annual report. Other reductions relate to reducing the external private works provided at \$50,000 lower than budget.

2. Grants - Operating

Advanced payment of 2012/13 VGC grant received in June 2012 of approximately \$950,000. Emergency Response funding in relation to March flood event of \$1.7m received. Other grant funding received that was not budgeted for as it was not confirmed when budget was prepared.

3. Grants - Capital

Additional funding of \$1m for Country Roads and Bridges and \$319,000 for Local Government Infrastructure program received.

Notes to the standard statements for the year ending 30 June 2012

4. Other income

Contributions from community and other Councils (\$144,000), higher interest received (\$146,000) and other unbudgeted miscellaneous income account for the variance.

5. Employee Benefits

Council received notification of \$1.04m defined benefit call that was not budgeted. Changes in Long Service Leave legislation have increased our liability by approx \$40,000. Organisation restructures have resulted in unbudgeted termination payments of \$51,000. New employees that were not budgeted for and overtime relating to flood recovery efforts also significantly contributed to additional employee benefits.

6. Materials and Services and Other Expenses

The budget for Other Expenses was included at materials. Emergency Response works in relation to March flood event totaled \$400,000. Sandy Creek Bridge project has been expended quicker than budget by \$650,000. Roads and bridges maintenance (excluding emergency response) was \$210,000 greater than budget.

7. Cash and cash equivalents

Receipt of Emergency Response and VGC grant funding in advance of expenditure has significantly increased the cash position at end of year.

8. Property Plant and Equipment

Damage from March flood event caused a write-down of \$2.8m of Council assets. Efforts focused on flood recovery saw a reduction in capital works which is explained in greater detail later in this report.

9. Trade and other payables

Higher than budgeted due to incorrect opening balances in budget.

10. Trust funds and deposits

Retentions relate to Sandy Creek Bridge were not included in budget.

11. Provisions

Provisions for defined benefits call (\$1.04m) and landfill rehabilitation (\$200,000) were not budgeted. Changes in Long Service Leave regulations have also increased provisions compared to budget.

12. Interest-bearing loans and borrowings -

Loan of \$140,000 in relation to Eskdale Water Scheme was budgeted; this loan was drawn down in July 2012.

13. Roads

Additional grant funding allowed for road constructions to be completed greater than originally budgeted.

14. Drains

Some planned capital work was not completed due to limited resourcing caused by storm damage clean-up. Maintenance work only performed.

Notes to the standard statements for the year ending 30 June 2012

15. Parks, Open Spaces and Streetscape

Capital expenditure in original budget not performed due to planned upgrades not going ahead. Only maintenance work performed during the year.

16. Land, Buildings and Improvements

Attree Centre redevelopment (\$183,000) delayed until 2012/13.

17. Plant and equipment

Less than the original budget due to planned purchases not proceeding. Major variance in Vehicles (\$130,000) and Heavy Machinery (\$235,000) as a result of reviews to the applicable policies and purchasing arrangements. Upgrade of Finance system (\$200,000) has been delayed to 2012/13

18. Bridges

Projects have been delayed due to storm damage.

19. Other

Less than the original budget due to planned purchases not proceeding. Major variance in NE Bushfire Camera Network (\$600,000) not commencing and Lookouts development (\$312,000) being included as an operating expense as asset will not be on Council responsibility. Landfill redevelopment (\$145,000) is included as an operating expenditure due to the land being leased and no asset being realised by the redevelopment.

Certification of the standard statements

In my opinion, the accompanying standard statements have been prepared on accounting bases consistent with the financial reports and in accordance with the Local Government Act 1989 and the Local Government (Finance and Reporting) Regulations 2004.



Peter Barber, Chartered Accountant
Principal Accounting Officer

Wednesday 26 September 2012
Tallangatta

In our opinion, the accompanying standard statements have been prepared on accounting bases consistent with the financial reports and in accordance with the Local Government Act 1989 and the Local Government (Finance and Reporting) Regulations 2004.

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

On September 17 2012 we were authorised by the Council to certify the standard statements in its final form on behalf of the Council.



Cr Debi Gadd
Mayor

Wednesday 26 September 2012
Tallangatta



Cr Dave Wortmann
Deputy Mayor

Wednesday 26 September 2012
Tallangatta



Ms Juliana Phelps, Chartered Accountant
Chief Executive Officer

Wednesday 26 September 2012
Tallangatta

Financial report

Comprehensive Income Statement for the year ending 30 June 2012

| | Note | 2012 \$'000 | 2011 \$'000 |
|--|------|----------------|----------------|
| Income | | | |
| Rates and charges | 2 | 5,858 | 5,486 |
| Statutory fees and fines | 3 | 166 | 161 |
| User fees | 4 | 403 | 622 |
| Grants - recurrent | 5 | 6,994 | 4,579 |
| Grants - non-recurrent | 5 | 3,956 | 2,622 |
| Net gain/(loss) on disposal of property, infrastructure, plant and equipment | 6 | (6) | (190) |
| Other income | 7 | 603 | 330 |
| Total income | | 17,974 | 13,610 |
| Expenses | | | |
| Employee benefits | 8 | 6,137 | 4,455 |
| Materials and services | 9 | 5,653 | 3,952 |
| Depreciation | 10 | 3,454 | 3,305 |
| Finance costs | 11 | 43 | 47 |
| Flood damaged assets written off | 17 | 2,836 | - |
| Other expenses | 12 | 597 | 634 |
| Total expenses | | 18,720 | 12,393 |
| Surplus/(Deficit) | | (746) | 1,217 |
| Other comprehensive income | | | |
| Net asset revaluation increment(decrement) | | - | - |
| Comprehensive result | | (746) | 1,217 |

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

Balance Sheet for the year ending 30 June 2012

| | Note | 2012 \$'000 | 2011 \$'000 |
|---|------|----------------|----------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 13 | 7,835 | 4,763 |
| Trade and other receivables | 14 | 1,005 | 1,182 |
| Inventories | 15 | 302 | 391 |
| Other assets | 16 | 99 | 25 |
| Total current assets | | 9,241 | 6,361 |
| Non-current assets | | | |
| Trade and other receivables | 14 | - | 130 |
| Property, infrastructure, plant and equipment | 17 | 178,334 | 180,822 |
| Total non-current assets | | 178,334 | 180,952 |
| Total assets | | 187,575 | 187,313 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 18 | 595 | 941 |
| Trust funds and deposits | 19 | 179 | 57 |
| Provisions | 20 | 1,087 | 957 |
| Interest bearing loans and borrowings | 21 | 63 | 58 |
| Total current liabilities | | 1,924 | 2,013 |
| Non-current liabilities | | | |
| Provisions | 20 | 1,339 | 179 |
| Interest-bearing loans and borrowings | 21 | 358 | 421 |
| Total non-current liabilities | | 1,697 | 600 |
| Total liabilities | | 3,621 | 2,613 |
| Net Assets | | 183,954 | 184,700 |
| Equity | | | |
| Accumulated surplus | 22 | 66,124 | 66,870 |
| Reserves | 22 | 117,830 | 117,830 |
| Total Equity | | 183,954 | 184,700 |

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

Statement of Changes in Equity for the year ending 30 June 2012

| | Note | 2012 \$'000 | 2011 \$'000 |
|---|------|----------------|----------------|
| Accumulated Surplus | | | |
| Balance at beginning of the financial year | | 66,870 | 65,653 |
| Comprehensive result | 22 | (746) | 1,217 |
| Balance at end of the financial year | | 66,124 | 66,870 |
| Asset Revaluation Reserve | | | |
| Balance at beginning of the financial year | | 117,830 | 117,830 |
| Net asset revaluation increment(decrement) | 22 | - | - |
| Balance at end of the financial year | | 117,830 | 117,830 |
| Total | | | |
| Balance at beginning of the financial year | | 184,700 | 183,483 |
| Comprehensive result | 22 | (746) | 1,217 |
| Net asset revaluation increment(decrement) | 22 | - | - |
| Balance at end of the financial year | | 183,954 | 184,700 |

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

Cash Flow Statement for the year ending 30 June 2012

| | Note | 2012 \$'000 | 2011 \$'000 |
|---|------|----------------|----------------|
| Cash flows from operating activities | | | |
| Rates | | 5,787 | 5,535 |
| Statutory fees and fines | | 166 | 161 |
| User charges and other fines | | 533 | 630 |
| Grants | | 11,195 | 6,843 |
| Interest | | 246 | 230 |
| Other receipts | | 359 | 100 |
| Payments to suppliers | | (6,380) | (4,800) |
| Payments to employees (including redundancies) | | (5,047) | (4,434) |
| Net cash provided by (used in) operating activities | 23 | 6,859 | 4,265 |
| Cash flows from investing activities | | | |
| Payments for property, infrastructure, plant and equipment | 17 | (4,058) | (3,426) |
| Proceeds from sale of property, infrastructure, plant and equipment | | 250 | 77 |
| Repayment of loans and advances from community organisations | | - | 7 |
| Net cash provided by (used in) investing activities | | (3,808) | (3,342) |
| Cash flows from financing activities | | | |
| Finance costs | | (43) | (47) |
| Trust funds and deposits | | 122 | (92) |
| Repayment of interest bearing loans and borrowings | | (58) | (53) |
| Net cash provided by (used in) financing activities | | 21 | (192) |
| Net increase (decrease) in cash and cash equivalents | | 3,072 | 731 |
| Cash and cash equivalents at the beginning of the financial year | | 4,763 | 4,032 |
| Cash and cash equivalents at the end of the financial year | 24 | 7,835 | 4,763 |
| Financing arrangements | 25 | | |
| Non-cash financing and investing activities | 26 | | |
| Restrictions on cash assets | 27 | | |

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

Notes to the Financial report for the year ending 30 June 2012

Introduction

- a) The Towong Shire Council was established by an Order of the Governor in Council on 18 November 1994 and is a body corporate.

The Council's main office is located at 32 Towong St, Tallangatta, Victoria.

- b) The purpose of the Council is to:
- a. provide for the peace, order and good government of its municipal district;
 - b. to promote the social, economic and environmental viability and sustainability of the municipal district;
 - c. to ensure that resources are used efficiently and effectively and services are provided in accordance with the Best Value Principles to best meet the needs of the local community;
 - d. to improve the overall quality of life of people in the local community;
 - e. to promote appropriate business and employment opportunities;
 - f. to ensure that services and facilities provided by the Council are accessible and equitable;
 - g. to ensure the equitable imposition of rates and charges; and
 - h. to ensure transparency and accountability in Council decision making.

External Auditor - Auditor-General of Victoria

Solicitors - McHargs Solicitors, Russell Kennedy Solicitors, Maddocks Solicitors, Meerkin and Apel

Bankers - ANZ Bank, WAW Credit Union

Website address - www.towong.vic.gov.au

This financial report is a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, 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 (Finance and Reporting) Regulations 2004.

Notes to the financial report for the year ending 30 June 2012

Note 1. Significant accounting policies

a) Basis of accounting

This financial report has been prepared on the accrual and going concern bases.

This financial report has been prepared under the historical cost convention, except where specifically stated in notes 1(g) and 1(p).

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.

All entities controlled by Council, which have material assets or liabilities, such as Special Committees of Management, have been included in this financial report. All transactions between these entities and the Council have been eliminated in full.

b) Change in accounting policies

There have been no changes in accounting policy.

c) Revenue recognition

Rates, grants and contributions

Rates, grants and contributions (including developer contributions) are recognised as revenues when the Council obtains control over the assets comprising these receipts.

Control over assets acquired from rates is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

A provision for doubtful debts on rates has not been established as unpaid rates represents a charge against the rateable property that will be recovered when the property is next sold.

Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and is valued at their fair value at the date of transfer.

Income is recognised when the Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Council and the amount of the contribution can be measured reliably.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in note 5. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at balance date.

Notes to the financial report for the year ending 30 June 2012

User fees and fines

User 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.

A provision for doubtful debts is recognised when collection in full is no longer probable.

Sale of property, plant and equipment, infrastructure

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

Rental

Rents are recognised as revenue when the payment is due or the payment is received, whichever first occurs. Rental payments received in advance are recognised as a prepayment until they are due.

Interest

Interest is recognised progressively as it is earned.

d) Trade and other receivables and inventory

Trade and other receivables

Receivables are carried at amortised cost using the effective interest rate method. A provision for doubtful debts is recognised when there is objective evidence that impairment has occurred.

Inventories

Inventories held for distribution are measured at cost adjusted when applicable for any loss of service potential.

Other inventories are measured at the lower of cost and net realisable value.

e) Depreciation of property, plant and equipment, infrastructure

Buildings, land improvements, plant and equipment, infrastructure, heritage assets, 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.

Notes to the financial report for the year ending 30 June 2012

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

Major depreciation periods used are listed below and are consistent with the prior year unless otherwise stated:

| | Period |
|--|------------|
| Land | |
| Buildings | |
| buildings | 50 years |
| Plant and Equipment | |
| vehicles | 5 years |
| trucks (less than 3.5 t) | 12 years |
| trucks (greater than 3.5 t) | 15 years |
| front end loaders, backhoes and tractors | 9 years |
| graders and dozers | 10 years |
| rollers | 15 years |
| mowers | 5 years |
| trailers (less than 4.5 t) | 10 years |
| trailers (greater than 4.5 t) | 15 years |
| other plant | 10 years |
| minor tools | 3 years |
| Machinery | |
| office furniture and telecommunications | 3 years |
| Infrastructure | |
| Roads | |
| sealed pavements | 70 years |
| unsealed pavements | 30 years |
| footpaths | 67.5 years |
| kerb and channel | 90 years |
| Bridges | |
| bridges | 119 years |
| added features | 80 years |
| Drainage | |
| underground drainage | 120 years |

f) 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.

g) Recognition of measurement of assets

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 amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

Notes to the financial report for the year ending 30 June 2012

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.

The following classes of assets have been recognised in note 17. In accordance with Council's policy, the threshold limits detailed below have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:

| | Threshold limit \$'000 |
|---------------------|---------------------------|
| Land | Nil |
| Buildings | 5 |
| Plant and equipment | 1 |
| Infrastructure | 10 |

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 amount for which the assets could be exchanged between knowledgeable willing parties in an arms length transaction. 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 re-valued.

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 2 to 5 years. The valuation is performed either by experienced council officers or independent experts.

Where the assets are re-valued, 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.

Council recognised the value of land under roads it controlled as at 30 June 2008 at deemed cost. Land under roads acquired after 30 June 2008 is brought to account using the cost basis.

h) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

Notes to the financial report for the year ending 30 June 2012

i) Tender deposits

Amounts received as tender deposits and retention amounts controlled by Council are recognised as Trust funds until they are returned or forfeited (refer to note 19).

j) Employee benefits

Wages and salaries

Liabilities for wages and salaries and rostered days off are recognised and measured as the amount unpaid at balance date and include appropriate on costs such as workers compensation and payroll costs.

Annual leave

Annual leave entitlements including oncosts are accrued on a pro rata basis in respect of services provided by employees up to balance date.

Long service leave

Long service leave entitlements payable are assessed at balance date having regard to expected employee remuneration rates on settlement, employment related on costs and other factors including accumulated years of employment on settlement, and experience of employee departure per year of service.

Long service leave expected to be paid within 12 months is measured at nominal value based on the amount expected to be paid when settled.

Long service leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Commonwealth bond rates are used for discounting future cash flows.

Classification of employee benefits

An employee benefit liability is classified as a current liability if the Council does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the period. This would include all annual leave and unconditional long service leave entitlements.

Superannuation

The superannuation expense for the reporting year is the amount of the statutory contribution the Council makes to the superannuation plan which provides benefits to its employees. In addition Council may periodically be required to contribute to the defined benefits schemes for current and former employees. Details of these arrangements are recorded in note 28.

Notes to the financial report for the year ending 30 June 2012

k) Leases

Finance Leases

Leases of assets where substantially all the risks and rewards incidental to ownership of the asset, are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are depreciated on a straight line basis over their estimated useful lives to the Council where it is likely that the Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter. Leased assets are currently being amortised over a 5 year period.

Operating Leases

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.

l) Allocation between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next twelve months, being the Council's operational cycle, or if the Council does not have an unconditional right to defer settlement of a liability for at least 12 months after the reporting date.

m) Agreement equally proportionately unperformed

The Council does not recognise assets and liabilities arising from agreements that are equally and proportionately unperformed in the balance sheet. Such agreements are recognised on an 'as incurred' basis.

n) Website costs

Costs in relation to websites are charged as an expense in the period in which they are incurred.

o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Notes to the financial report for the year ending 30 June 2012**p) 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 re-valued 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.

q) Rounding

Unless otherwise stated, amounts in the financial report have been rounded to the nearest thousand dollars. Figures in the financial statements may not equate due to rounding.

r) Pending accounting statements

There are no Australian Accounting Standards that have been issued or amended, but not yet effective, that are applicable to the Council.

s) Contingent assets and contingent liabilities and commitments

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value by way of note and presented exclusive of the GST payable.

Notes to the financial report for the year ending 30 June 2012

Note 2. Rates and charges

Council uses capital improved value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is the value of the land and capital improvements on the land.

The valuation base used to calculate general rates for 2011/12 was \$1,246 million (2010/11 \$1,220 million). The 2011/12 rate in the CIV dollar was 0.3192 to 1.2731 (2010/11, 0.3018 to 1.2039).

| | 2012 \$'000 | 2011 \$'000 |
|--------------------------------|----------------|----------------|
| Residential | 1,010 | 957 |
| Commercial | 112 | 106 |
| Farm/Rural | 3,081 | 2,905 |
| Municipal charge | 748 | 672 |
| Garbage charge | 585 | 527 |
| Waste management charge | 281 | 280 |
| Revenue in lieu of rates | 41 | 39 |
| Total rates and charges | 5,858 | 5,486 |

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2012, and the valuation will be first applied in the rating year commencing 1 July 2012.

The date of the previous general revaluation of land for rating purposes within the municipal district was 1 January 2010, and the valuation first applied to the rating period commencing 1 July 2010.

Note 3. Statutory fees and fines

| | 2012 \$'000 | 2011 \$'000 |
|---------------------------------------|----------------|----------------|
| Infringements and costs | - | 3 |
| Land information certificates | 5 | 5 |
| Permits | 90 | 89 |
| Town planning fees | 71 | 64 |
| Total statutory fees and fines | 166 | 161 |

Notes to the financial report for the year ending 30 June 2012

Note 4. User fees

| | 2012 \$'000 | 2011 \$'000 |
|--------------------------------------|----------------|----------------|
| Child care/children's program fees | 52 | 53 |
| External private works | 64 | 184 |
| Leisure centre fees | 42 | 49 |
| Other fees and charges | 116 | 145 |
| Refuse disposal fees | 103 | 98 |
| Saleyard dues | 18 | 18 |
| Septic tank fees | 6 | 6 |
| Valuation fees/supplementary charges | 2 | 69 |
| Total user fees | 403 | 622 |

Note 5. Grants

| | 2012 \$'000 | 2011 \$'000 |
|---|----------------|----------------|
| Summary of grants | | |
| Federally funded grants | 922 | 1,421 |
| State funded grants | 10,028 | 5,780 |
| Total | 10,950 | 7,201 |
| Recurrent | | |
| Commonwealth Government - roads to recovery | 719 | 719 |
| Victoria Government - family and children | 307 | 291 |
| Victoria Grants Commission - unallocated | 2,890 | 2,207 |
| Victoria Grants Commission - local roads | 1,717 | 1,324 |
| Victoria Grants Commission - other infrastructure | 1,319 | - |
| School crossing supervisors | 8 | 8 |
| Emergency Services | 34 | 30 |
| Total recurrent | 6,994 | 4,579 |
| Non-recurrent | | |
| Community Development | 200 | 76 |
| Economic Development | 909 | 474 |
| Emergency | 1,717 | 657 |
| Environment | 296 | 233 |
| Family and children | 4 | 15 |
| Infrastructure | 567 | 634 |
| Planning | 39 | 91 |
| Recreation | 214 | 240 |
| Roads | 10 | 202 |
| Total non-recurrent | 3,956 | 2,622 |

Notes to the financial report for the year ending 30 June 2012

| | 2012 \$'000 | 2011 \$'000 |
|--|----------------|----------------|
| Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were: | | |
| Community development | 166 | - |
| Emergency Response | 1,298 | - |
| Environment | 57 | 33 |
| Family and children | 77 | - |
| Governance | 10 | - |
| Infrastructure grant | 1,112 | 1,111 |
| Planning | 27 | 25 |
| Tourism, economic development and marketing | 177 | 196 |
| Total | 2,924 | 1,365 |
| Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were: | | |
| Environment | 33 | 34 |
| Infrastructure grant | 1,111 | 476 |
| Planning | 25 | 25 |
| Tourism, economic development and marketing | 196 | 11 |
| | 1,365 | 546 |
| Net increase (decrease) in restricted assets resulting from grant revenues for the year | 1,559 | 819 |

Note 6. Net gain/(loss) on disposal of property, infrastructure, plant and equipment

| | 2012 \$'000 | 2011 \$'000 |
|---------------------------------------|----------------|----------------|
| Proceeds of sale | 250 | 77 |
| Written down value of assets disposed | (256) | (267) |
| Total | (6) | (190) |

Note 7. Other income

| | 2012 \$'000 | 2011 \$'000 |
|---------------------------|----------------|----------------|
| Interest | 224 | 210 |
| Interest on rates | 22 | 20 |
| Community contributions | 144 | 6 |
| Other rent | 64 | 46 |
| Other | 149 | 48 |
| Total other income | 603 | 330 |

Notes to the financial report for the year ending 30 June 2012

Note 8. Employee Benefits

| | 2012 \$'000 | 2011 \$'000 |
|--|----------------|----------------|
| Wages and salaries | 3,982 | 3,405 |
| Work cover | 74 | 61 |
| Annual leave and long service leave | 438 | 353 |
| Superannuation (note 28) | 511 | 316 |
| Superannuation - additional contribution (note 28) | 1,041 | 225 |
| Fringe benefits tax | 40 | 45 |
| Redundancy | 51 | 50 |
| Total employee benefits | 6,137 | 4,455 |

Note 9. Materials and services

| | 2012 \$'000 | 2011 \$'000 |
|-------------------------------------|----------------|----------------|
| Materials and services | 3,814 | 2,071 |
| Contract payments | 425 | 370 |
| Building maintenance | 882 | 894 |
| Plant and equipment maintenance | 362 | 412 |
| Utilities | 131 | 128 |
| Consultants | 39 | 77 |
| Total materials and services | 5,653 | 3,952 |

Note 10. Depreciation

| | 2012 \$'000 | 2011 \$'000 |
|----------------------------------|----------------|----------------|
| <i>Property</i> | | |
| Buildings and improvements | 426 | 406 |
| <i>Plant and Equipment</i> | | |
| Plant, machinery and equipment | 625 | 609 |
| Fixtures, fittings and furniture | 70 | 76 |
| <i>Infrastructure</i> | | |
| Roads | 1,904 | 1,854 |
| Bridges | 205 | 203 |
| Footpaths and cycleways | 22 | 21 |
| Drainage | 54 | 54 |
| Kerb and channel | 81 | 82 |
| Landfill | 67 | - |
| Total depreciation | 3,454 | 3,305 |

Notes to the financial report for the year ending 30 June 2012

Note 11. Finance costs

| | 2012 \$'000 | 2011 \$'000 |
|----------------------------|----------------|----------------|
| Bank overdraft charges | 5 | 4 |
| Interest - Finance leases | 38 | 43 |
| Total finance costs | 43 | 47 |

Note 12. Other expenses

| | 2012 \$'000 | 2011 \$'000 |
|-----------------------------|----------------|----------------|
| Auditors' remuneration | 35 | 29 |
| Councillors' allowances | 126 | 130 |
| Contributions | 436 | 475 |
| Total other expenses | 597 | 634 |

Note 13. Cash and cash equivalents

| | 2012 \$'000 | 2011 \$'000 |
|--|----------------|----------------|
| Cash on hand | 1 | 1 |
| Cash at bank | 666 | 215 |
| Money market call account | 3,821 | 1,802 |
| Term deposits | 3,347 | 2,745 |
| Total cash and cash equivalents | 7,835 | 4,763 |
| Councils cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use (note 27). | 3,103 | 2,113 |
| Total unrestricted cash and cash equivalents | 4,732 | 2,650 |

Note 14. Trade and other receivables

| | 2012 \$'000 | 2011 \$'000 |
|---|----------------|----------------|
| Current | | |
| Rates debtors | 318 | 247 |
| Loans and advances to community organisations | - | 2 |
| Other debtors | 656 | 901 |
| Net GST receivable | 31 | 32 |
| Total | 1,005 | 1,182 |
| Non-current | | |
| Special rate assessment | - | 130 |
| Total | - | 130 |
| Total trade and other receivables | 1,005 | 1,312 |

Notes to the financial report for the year ending 30 June 2012

Note 15. Inventories

| | 2012 \$'000 | 2011 \$'000 |
|-----------------------------------|----------------|----------------|
| Inventories held for distribution | 233 | 322 |
| Inventories held for sale | 69 | 69 |
| Total inventories | 302 | 391 |

Note 16. Other assets

| | 2012 \$'000 | 2011 \$'000 |
|----------------|----------------|----------------|
| Current | | |
| Prepayments | 99 | 25 |
| Total | 99 | 25 |

Notes to the financial report for the year ending 30 June 2012

Note 17. Property, infrastructure, plant and equipment

| Summary | 2012 \$'000 | 2011 \$'000 |
|-------------------------------|----------------|----------------|
| at cost | 15,455 | 12,165 |
| at fair value | 235,678 | 239,163 |
| Less accumulated depreciation | (72,799) | (70,506) |
| Total | 178,334 | 180,822 |

| Property | 2012 \$'000 | 2011 \$'000 |
|--------------------------------------|----------------|----------------|
| Land | | |
| at cost | 14 | 14 |
| at fair value as at 30 June 2010 | 3,737 | 3,737 |
| | 3,751 | 3,751 |
| Land under roads | | |
| at Council valuation at 30 June 2009 | 1,545 | 1,545 |
| | 1,545 | 1,545 |
| Total Land | 5,296 | 5,296 |
| Buildings | | |
| at cost | 1,154 | 985 |
| at fair value as at 30 June 2010 | 19,912 | 20,226 |
| Less accumulated depreciation | (9,489) | (9,131) |
| Total Buildings | 11,577 | 12,080 |
| Total Property | 16,873 | 17,376 |

Valuation of land (excluding land under roads) and buildings were undertaken by a qualified independent valuer (LG Valuers as at 30 June 2010). The valuation of buildings is at fair value based on current replacement cost less accumulated depreciation at the date of valuation. The valuation of land is at fair value, being market value based on highest and best use permitted by relevant land planning provisions.

Land under roads is valued at deemed cost. Deemed cost is based on Council valuations at 30 June 2009 for land under roads in existence at that date and at the date acquired for subsequent acquisitions using site values adjusted for englobo (undeveloped and/or un-serviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services.

Valuation of infrastructure assets has been determined in accordance with internal valuation methodology.

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

Notes to the financial report for the year ending 30 June 2012

| Plant and equipment | 2012 \$'000 | 2011 \$'000 |
|---|----------------|----------------|
| Plant, machinery and equipment | | |
| at cost | 6,316 | 6,132 |
| Less accumulated depreciation | (2,950) | (2,358) |
| | 3,366 | 3,774 |
| Fixtures, fittings and furniture | | |
| at cost | 245 | 896 |
| Less accumulated depreciation | (137) | (791) |
| | 108 | 105 |
| Total Plant and Equipment | 3,474 | 3,879 |

| Infrastructure | 2012 \$'000 | 2011 \$'000 |
|----------------------------------|----------------|----------------|
| Roads | | |
| at cost | 6,297 | 3,432 |
| at fair value as at 30 June 2010 | 174,013 | 175,189 |
| Less accumulated depreciation | (40,824) | (38,920) |
| | 139,486 | 139,701 |
| Bridges | | |
| at cost | 915 | 509 |
| at fair value as at 30 June 2010 | 21,376 | 23,371 |
| Less accumulated depreciation | (12,050) | (12,181) |
| | 10,241 | 11,699 |
| Footpaths and cycleways | | |
| at cost | 137 | 101 |
| at fair value as at 30 June 2010 | 1,324 | 1,324 |
| Less accumulated depreciation | (699) | (678) |
| | 762 | 747 |
| Drainage | | |
| at cost | - | - |
| at fair value as at 30 June 2010 | 6,493 | 6,493 |
| Less accumulated depreciation | (2,607) | (2,553) |
| | 3,886 | 3,940 |
| Kerb and channel | | |
| at cost | 177 | 96 |
| at fair value as at 30 June 2010 | 7,278 | 7,278 |
| Less accumulated depreciation | (3,976) | (3,894) |
| | 3,479 | 3,480 |
| Landfill | | |
| at cost | 200 | - |
| Less accumulated depreciation | (67) | - |
| | 133 | - |
| Total Infrastructure | 157,987 | 159,567 |

Notes to the financial report for the year ending 30 June 2012

| 2012 | Balance at beginning of financial year | Acquisition of assets | Revaluation increments (decrements) (note 22) | Depreciation and amortisation (note 10) | Written down value of disposals | Flood damaged assets written off | Transfers | Balance at end of financial year |
|--|--|-----------------------|---|---|---------------------------------|----------------------------------|-----------|----------------------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Property | | | | | | | | |
| Land | 3,751 | - | - | - | - | - | - | 3,751 |
| land under roads | 1,545 | - | - | - | - | - | - | 1,545 |
| Total land | 5,296 | - | - | - | - | - | - | 5,296 |
| buildings | 12,080 | 168 | - | (426) | (245) | - | - | 11,577 |
| Total property | 17,376 | 168 | - | (426) | (245) | - | - | 16,873 |
| Plant and Equipment | | | | | | | | |
| plant, machinery and equipment | 3,774 | 228 | - | (625) | (11) | - | - | 3,366 |
| fixtures, fittings and furniture | 105 | 73 | - | (70) | - | - | - | 108 |
| Total plant and equipment | 3,879 | 301 | - | (695) | (11) | - | - | 3,474 |
| Infrastructure | | | | | | | | |
| roads | 139,701 | 2,865 | - | (1,904) | - | (1,176) | - | 139,486 |
| bridges | 11,699 | 406 | - | (205) | - | (1,660) | - | 10,240 |
| footpaths and cycleways | 747 | 37 | - | (22) | - | - | - | 762 |
| drainage | 3,940 | - | - | (54) | - | - | - | 3,886 |
| kerb and channel | 3,480 | 81 | - | (81) | - | - | - | 3,480 |
| landfill | - | 200 | - | (67) | - | - | - | 133 |
| Total infrastructure | 159,567 | 3,589 | - | (2,333) | - | (2,836) | - | 157,987 |
| Total property, plant and equipment, infrastructure | 180,822 | 4,058 | - | (3,454) | (256) | (2,836) | - | 178,334 |

Notes to the financial report for the year ending 30 June 2012

| 2011 | Balance at beginning of financial year | Acquisition of assets | Revaluation increments (decrements) (note 22) | Depreciation and amortisation (note 10) | Written down value of disposals | Flood damaged assets written off | Transfers | Balance at end of financial year |
|--|--|-----------------------|---|---|---------------------------------|----------------------------------|-----------|----------------------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Property | | | | | | | | |
| land | 3,737 | 14 | - | - | - | - | - | 3,751 |
| land under roads | 1,545 | - | - | - | - | - | - | 1,545 |
| Total land | 5,282 | 14 | - | - | - | - | - | 5,296 |
| buildings | 11,568 | 986 | - | (406) | (68) | - | - | 12,080 |
| Total property | 16,850 | 1,000 | - | (406) | (68) | - | - | 17,376 |
| Plant and Equipment | | | | | | | | |
| plant, machinery and equipment | 4,132 | 338 | - | (609) | (87) | - | - | 3,774 |
| fixtures, fittings and furniture | 142 | 42 | - | (76) | (3) | - | - | 105 |
| Total plant and equipment | 4,274 | 380 | - | (685) | (90) | - | - | 3,879 |
| Infrastructure | | | | | | | | |
| roads | 139,933 | 1,622 | - | (1,854) | - | - | - | 139,701 |
| bridges | 11,720 | 289 | - | (203) | (107) | - | - | 11,699 |
| footpaths and cycleways | 729 | 39 | - | (21) | - | - | - | 747 |
| drainage | 3,994 | - | - | (54) | - | - | - | 3,940 |
| kerb and channel | 3,466 | 96 | - | (82) | - | - | - | 3,480 |
| Total infrastructure | 159,842 | 2,046 | - | (2,214) | (107) | - | - | 159,567 |
| Total property, plant and equipment, infrastructure | 180,966 | 3,426 | - | (3,305) | (265) | - | - | 180,822 |

Notes to the financial report for the year ending 30 June 2012

Note 18. Trade and other payables

| | 2012 \$'000 | 2011 \$'000 |
|---------------------------------------|----------------|----------------|
| Trade payables | 482 | 580 |
| Accrued expenses | 113 | 361 |
| Total trade and other payables | 595 | 941 |

Note 19. Trust funds and deposits

| | 2012 \$'000 | 2011 \$'000 |
|---------------------------------------|----------------|----------------|
| Refundable contract deposits | 126 | 2 |
| Other refundable deposits | 53 | 55 |
| Total trust funds and deposits | 179 | 57 |

Notes to the financial report for the year ending 30 June 2012
Note 20. Provisions

| (a) Employee benefits | 2012 \$'000 | 2011 \$'000 |
|---|------------------------|------------------------|
| Current (i) | | |
| Annual leave | 285 | 298 |
| Long service leave | 782 | 643 |
| Other | 20 | 16 |
| | 1,087 | 957 |
| Non-current (ii) | | |
| Long service leave | 98 | 179 |
| | 98 | 179 |
| Aggregate carrying amount of employee benefits: | | |
| Current | 1,087 | 957 |
| Non-current | 98 | 179 |
| | 1,185 | 1,136 |
| The following assumptions were adopted in measuring the present value of employee benefits: | | |
| Weighted average increase in employee costs | 4.31% | 4.60% |
| Weighted average discount rates | 3.05% | 4.95% |
| Weighted average settlement period | 12 mths | 12 mths |
| (i) Current | | |
| All annual leave and the long service leave entitlements representing 7 or more years of continuous service | | |
| <ul style="list-style-type: none"> • Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value | 422 | 410 |
| <ul style="list-style-type: none"> • Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value | 665 | 547 |
| | 1,087 | 957 |
| (ii) Non-current | | |
| Long service leave representing less than 7 years of continuous service measured at present value | 98 | 179 |
| (b) Landfill restoration | 2012 \$'000 | 2011 \$'000 |
| Current | - | - |
| Non-current | 200 | - |
| Total | 200 | - |

A provision for progressive landfill restoration has been calculated on the actual present value for rehabilitating the Corryong landfill over the forecast life.

The forecast life of the Corryong landfill is based on current estimates of remaining capacity and the forecast rate of infill. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

Notes to the financial report for the year ending 30 June 2012

| (c) Defined benefits call (note 28) | 2012 \$'000 | 2011 \$'000 |
|-------------------------------------|----------------|----------------|
| Current | - | - |
| Non-current | 1,041 | - |
| Total | 1,041 | - |

| d) Movements in provisions 2012 | Annual leave | Long service leave | Flexi Time | Other | Total |
|--|-----------------|--------------------------|---------------|--------------|--------------|
| Balance at beginning of the financial year | 298 | 822 | 16 | - | 1,136 |
| Additional provisions | 297 | 141 | 74 | 1,241 | 1,753 |
| Amounts used | (310) | (83) | (70) | - | (463) |
| Balance at the end of the financial year | 285 | 880 | 20 | 1,241 | 2,426 |

| e) Total provisions | 2012 \$'000 | 2011 \$'000 |
|---------------------|----------------|----------------|
| Current | 1,087 | 957 |
| Non-current | 1,339 | 179 |
| Total | 2,426 | 1,136 |

Note 21. Interest bearing loans and borrowings
Finance Leases

Council had the following obligations under finance leases for the lease of equipment (the sum of which is recognised as a liability after deduction of future lease finance charges included in the obligation):

| | 2012 \$'000 | 2011 \$'000 |
|---|----------------|----------------|
| Not later than one year | 96 | 96 |
| Later than one year and not later than five years | 393 | 489 |
| Later than five years | - | - |
| Minimum lease payments | 489 | 585 |
| Less: Future finance charges | (68) | (106) |
| Recognised in the balance sheet as: | 421 | 479 |
| Aggregate carrying amount of interest-bearing loans and borrowings: | | |
| Current | 63 | 58 |
| Non-current | 358 | 421 |
| Total interest-bearing loans and borrowings | 421 | 479 |

Notes to the financial report for the year ending 30 June 2012
Note 22. Reserves and accumulated surplus

| (a) Asset revaluation reserve | Balance at beginning of reporting period \$'000 | Increment (decrement) \$'000 | Balance at end of reporting period \$'000 |
|--|---|------------------------------|---|
| 2012 | | | |
| Property | | | |
| Land | 8,751 | - | 8,751 |
| Buildings | 1,979 | - | 1,979 |
| | 10,730 | - | 10,730 |
| Infrastructure | | | |
| Roads | 88,795 | - | 88,795 |
| Bridges | 10,567 | - | 10,567 |
| Footpaths and cycleways | 545 | - | 545 |
| Drainage | 3,663 | - | 3,663 |
| Kerb and channel | 3,530 | - | 3,530 |
| | 107,100 | - | 107,100 |
| Total asset revaluation reserve | 117,830 | - | 117,830 |
| 2011 | | | |
| Property | | | |
| Land | 8,751 | - | 8,751 |
| Buildings | 1,979 | - | 1,979 |
| | 10,730 | - | 10,730 |
| Infrastructure | | | |
| Roads | 88,795 | - | 88,795 |
| Bridges | 10,567 | - | 10,567 |
| Footpaths and cycleways | 545 | - | 545 |
| Drainage | 3,663 | - | 3,663 |
| Kerb and channel | 3,530 | - | 3,530 |
| | 107,100 | - | 107,100 |
| Total asset revaluation reserve | 117,830 | - | 117,830 |
| (b) Accumulated surplus | Balance at beginning of reporting period \$'000 | Increment (decrement) \$'000 | Balance at end of reporting period \$'000 |
| 2012 | 66,870 | (746) | 66,124 |
| 2011 | 65,653 | 1,217 | 66,870 |

Notes to the financial report for the year ending 30 June 2012

Note 23. Reconciliation of cash flows from operating activities to surplus (deficit)

| | 2012 \$'000 | 2011 \$'000 |
|--|----------------|----------------|
| Comprehensive result | (746) | 1,217 |
| Depreciation/amortisation | 3,454 | 3,305 |
| Profit/(loss) on disposal of property, infrastructure, plant and equipment | 6 | 190 |
| Financing activities included in operating result | 43 | 47 |
| Write off of flood damaged assets | 2,836 | - |
| <i>Change in assets and liabilities:</i> | | |
| (Increase)/decrease in trade and other receivables | 307 | (194) |
| (Increase)/decrease in prepayments | (74) | 7 |
| (Increase)/decrease in inventories | 89 | 31 |
| Increase/(decrease) in trade and other payables | (346) | (359) |
| Increase/(decrease) in provisions | 1,290 | 21 |
| Net cash provided by/(used in) operating activities | 6,859 | 4,265 |

Note 24. Reconciliation of cash and cash equivalents

| | 2012 \$'000 | 2011 \$'000 |
|--|----------------|----------------|
| Cash and cash equivalents (note 13) | 7,835 | 4,763 |
| Less bank overdraft | - | - |
| Total reconciliation of cash and cash equivalents | 7,835 | 4,763 |

Note 25. Financing arrangements

| | 2012 \$'000 | 2011 \$'000 |
|--------------------------|----------------|----------------|
| Bank overdraft | 400 | 400 |
| Used facilities | - | - |
| Unused facilities | 400 | 400 |

Note 26. Non-cash financing and investing activities

| | 2012 \$'000 | 2011 \$'000 |
|--|----------------|----------------|
| Purchase of assets under finance lease | - | - |
| Total non-cash financing and investing activities | - | - |

Notes to the financial report for the year ending 30 June 2012

Note 27. Restrictions on cash assets

Council has cash and cash equivalents (note 13) that are subject to restrictions. As at the reporting date, legislative restrictions in relation to employee entitlements (Long Service Leave) have been removed during the 2012 financial year.

| | 2012 \$'000 | 2011 \$'000 |
|---|----------------|----------------|
| Trust funds and deposits | 179 | 57 |
| Long service leave | - | 691 |
| Unexpended specific purpose grants (note 5) | 2,924 | 1,365 |
| Total restrictions on cash assets | 3,103 | 2,113 |

Note 28. Superannuation

Council made contributions to the following funds

| | 2012 \$'000 | 2011 \$'000 |
|--|----------------|----------------|
| Defined benefit funds | | |
| Employer contributions to Local Authorities Superannuation Fund (Vision Super) | 142 | 66 |
| Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date | 1,041 | 225 |
| | 1,183 | 291 |
| Accumulation funds | | |
| Employer contributions to Local Authorities Superannuation Fund (Vision Super) | 223 | 174 |
| Employer contributions to other funds | 146 | 75 |
| | 369 | 249 |

The Local Authorities Superannuation Fund latest 31 December 2011 actuarial investigation identified an unfunded liability of \$406 million excluding the contributions tax in the defined benefit fund of which we are a member. Council was formally informed of the shortfall on 31 July 2012 which amounted to \$1.041 million (\$885,000 plus \$156,000 of tax payable). Council has not determined how to pay the shortfall. Council has accounted for the shortfall in the Comprehensive Income Statement in Employee Benefits and as a non-current Provision for Employee Benefits.

Notes to the financial report for the year ending 30 June 2012
Note 29. Commitments

| 2012 | Not later than 1 year \$'000 | 1 to 2 years \$'000 | 2 to 5 years \$'000 | Later than 5 years \$'000 | Total \$'000 |
|---|---------------------------------|------------------------|------------------------|------------------------------|-----------------|
| Operating | | | | | |
| Upper Murray regional library | 86 | 88 | 90 | - | 264 |
| LG Valuations | 77 | - | - | - | 77 |
| Other waste disposal | 17 | 18 | 58 | 61 | 154 |
| Indigo Shire building, health and IT services | 165 | - | - | - | 165 |
| Total | 345 | 106 | 148 | 61 | 660 |
| Capital | | | | | |
| Attree park and visitor information centre | 240 | - | - | - | 240 |
| Cudgewa multi-sport precinct | 390 | - | - | - | 390 |
| Tallangatta multi-sport precinct | 1,300 | - | - | - | 1,300 |
| Road resealing | 718 | - | - | - | 718 |
| Total | 2,648 | - | - | - | 2,648 |

| 2011 | Not later than 1 year \$'000 | 1 to 2 years \$'000 | 2 to 5 years \$'000 | Later than 5 years \$'000 | Total \$'000 |
|---|---------------------------------|------------------------|------------------------|------------------------------|-----------------|
| Operating | | | | | |
| Upper Murray regional library | 59 | - | - | - | 59 |
| LG Valuations | 112 | - | - | - | 112 |
| Cleanaway regional waste disposal | 444 | - | - | - | 444 |
| Other waste disposal | 87 | 85 | 333 | - | 505 |
| Indigo Shire building, health and IT services | 160 | - | - | - | 160 |
| Total | 862 | 85 | 333 | - | 1,280 |
| Capital | | | | | |
| Corryong Museum | 20 | - | - | - | 20 |
| Attree park and visitor information centre | 183 | - | - | - | 183 |
| Sandy Creek bridge | 1,350 | - | - | - | 1,350 |
| Tallangatta pool | 130 | - | - | - | 130 |
| Road resealing | 700 | - | - | - | 700 |
| Walwa waste water | 330 | 26 | - | - | 356 |
| Sugarloaf Road restoration | 120 | 50 | 150 | - | 320 |
| Total | 2,833 | 76 | 150 | - | 3,059 |

Notes to the financial report for the year ending 30 June 2012

Note 30. Operating leases

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

| | 2012 \$'000 | 2011 \$'000 |
|---|----------------|----------------|
| Not later than one year | 16 | 15 |
| Later than one year and not later than five years | 76 | 68 |
| Later than five years | 61 | - |
| | 153 | 83 |

Note 31. Contingent liabilities

Council operates a landfill at Sugarloaf Road, Corryong. In addition, there are a number of closed landfills that are no longer operated at Walwa, Bethanga, Eskdale, Granya, Tallangatta and Dartmouth. Council has provided for rehabilitation of the landfill at Corryong. Council believes all non-operational landfills have been adequately rehabilitated.

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme to ensure that the liabilities of the fund are covered by the assets of the fund. As a result of the increased volatility in financial markets the likelihood of making such contributions in future periods has increased. A provision has been made for all known contributions that will be required. At this point in time it is not known if additional contributions will be required, their timing or potential amount.

Notes to the financial report for the year ending 30 June 2012

Note 32. Financial Instruments

a) Accounting policy, terms and conditions

| Recognised financial instrument | Note | Accounting Policy | Terms and conditions |
|---------------------------------------|------|--|---|
| Financial Assets | | | |
| Cash and cash equivalents | 13 | <p>Cash on hand and at bank and money market call account are valued at face value.</p> <p>Interest is recognised as it accrues.</p> <p>Investments are held to maximise interest returns of surplus cash.</p> | <p>On call deposits returned a floating interest rate of 3.75% (3.75% in 2010/2011). The interest rate at balance date was 3.75% (3.75% in 2010/2011).</p> <p>Funds returned fixed interest rate of between 4.85% and 6.35% (4.2% and 4.3% in 2010/2011) net of fees.</p> |
| Trade and other receivables | 14 | <p>Receivables are carried at amortised cost using the effective interest method. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred.</p> <p>Collectability of overdue accounts is assessed on an ongoing basis.</p> | <p>General debtors are unsecured and not subject to interest. Credit terms are 30 days from invoice date.</p> |
| Financial liabilities | | | |
| Trade and other payables | 18 | <p>Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.</p> | <p>General Creditors are unsecured, not subject to interest charges and are normally settled within 60 days of invoice receipt.</p> |
| Interest bearing loans and borrowings | 21 | <p>Finance leases are accounted for at their principal amount with the lease payments discounted to present value using the interest rates implicit in the leases.</p> | <p>As at balance date, the Council had finance leases with an average lease term of 5 years.</p> <p>The weighted average rate implicit in the lease is 8.52% (8.52% in 2010/2011).</p> |

Notes to the financial report for the year ending 30 June 2012

| Recognised financial instrument | Note | Accounting Policy | Terms and conditions |
|---|------|---|---|
| Financing arrangements/ Bank overdraft | 25 | Overdrafts are recognised at the principal amount. Interest is charged as an expense as it accrues. | The overdraft is subject to annual review. It is secured by a mortgage over Council's general rates and is repayable on demand. The mortgage was not utilised in the 2011/12 or 2010/11 financial years. |

b) Interest rate risk

| 2012 | Floating interest rate \$'000 | 1 year or less \$'000 | 1 to 5 years \$'000 | More than 5 years \$'000 | Non-interest bearing \$'000 | Total \$'000 |
|---|-------------------------------|-----------------------|---------------------|--------------------------|-----------------------------|--------------|
| Financial assets | | | | | | |
| Cash and cash equivalents | 4,487 | 3,347 | - | - | 1 | 7,835 |
| Trade and other receivables | - | - | - | - | 656 | 656 |
| <i>Total financial assets</i> | 4,487 | 3,347 | - | - | 657 | 8,491 |
| Weighted average interest rate | | 5.30% | | | | |
| Financial liabilities | | | | | | |
| Trade and other payables | - | - | - | - | 595 | 595 |
| Trust funds and deposits | - | - | - | - | 179 | 179 |
| Interest-bearing loans and borrowings | - | 63 | 358 | - | - | 421 |
| <i>Total financial liabilities</i> | - | 63 | 358 | - | 774 | 1,195 |
| Weighted average interest rate | | 8.52% | 8.52% | | | |
| Net financial assets (liabilities) | 4,487 | 3,284 | (358) | - | (117) | 7,296 |

Notes to the financial report for the year ending 30 June 2012

| 2011 | Floating interest rate \$'000 | 1 year or less \$'000 | 1 to 5 years \$'000 | More than 5 years \$'000 | Non-interest bearing \$'000 | Total \$'000 |
|---|----------------------------------|--------------------------|------------------------|-----------------------------|--------------------------------|-----------------|
| Financial assets | | | | | | |
| Cash and cash equivalents | 2,017 | 2,745 | - | - | 1 | 4,763 |
| Trade and other receivables | - | - | - | - | 903 | 903 |
| <i>Total financial assets</i> | 2,017 | 2,745 | - | - | 904 | 5,666 |
| Weighted average interest rate | | 6.08% | | | | |
| Financial liabilities | | | | | | |
| Trade and other payables | - | - | - | - | 941 | 941 |
| Trust funds and deposits | - | - | - | - | 57 | 57 |
| Interest-bearing loans and borrowings | - | 58 | 421 | - | - | 479 |
| <i>Total financial liabilities</i> | - | 58 | 421 | - | 998 | 1,477 |
| Weighted average interest rate | | 8.52% | 8.52% | | | |
| Net financial assets (liabilities) | 2,017 | 2,687 | (421) | 130 | (94) | 4,189 |

c) Net fair values

| | Total carrying amount per Balance Sheet | | Aggregate net fair value | |
|---------------------------------------|---|----------------|--------------------------|----------------|
| | 2012 \$'000 | 2011 \$'000 | 2012 \$'000 | 2011 \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 7,835 | 4,763 | 7,835 | 4,763 |
| Trade and other receivables | 656 | 903 | 656 | 903 |
| <i>Total financial assets</i> | 8,491 | 5,666 | 8,491 | 5,666 |
| Financial liabilities | | | | |
| Trade and other payables | 595 | 941 | 595 | 941 |
| Trust funds and deposits | 179 | 57 | 179 | 57 |
| Interest-bearing loans and borrowings | 421 | 479 | 421 | 479 |
| <i>Total financial liabilities</i> | 1,195 | 1,477 | 1,195 | 1,477 |

d) Credit risk

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is represented by the carrying amount of those assets as indicated in the Balance Sheet.

Notes to the financial report for the year ending 30 June 2012

e) Risks and mitigation

The risks associated with our main financial instruments and our policies for minimising these risks are detailed below.

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 are primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk. Components of market risk to which we are exposed are discussed below.

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. Interest rate risk arises from interest bearing financial assets and liabilities that we use. Non derivative interest bearing assets are predominantly short term liquid assets. Our interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk.

Our loan borrowings are sourced from major Australian banks by a tender process. Finance leases are sourced from major Australian financial institutions. Overdrafts are arranged with major Australian banks. We manage interest rate risk on our net debt portfolio by:

- ensuring access to diverse sources of funding;
- reducing risks of refinancing by managing in accordance with target maturity profiles; and
- setting prudential limits on interest repayments as a percentage of rate revenue.

We manage the interest rate exposure on our debt portfolio by appropriate budgeting strategies and obtaining approval for borrowings from the Department of Planning and Community Development each year.

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:

- conformity with State and Federal regulations and standards,
- capital protection,
- appropriate liquidity,
- diversification by credit rating, financial institution and investment product,
- monitoring of return on investment,
- benchmarking of returns and comparison with budget.

Maturity will be staggered to provide for interest rate variations and to minimise interest rate risk.

Notes to the financial report for the year ending 30 June 2012

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. We have exposure to credit risk on some financial assets included in our balance sheet. To help manage this risk:

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

Trade and other receivables consist of a large number of customers, spread across the consumer, business and government sectors. Credit risk associated with the Council's financial assets is minimal because the main debtor is the Victorian Government. Apart from the Victorian Government we do not have any significant credit risk exposure to a single customer or groups of customers. Ongoing credit evaluation is performed on the financial condition of our customers and, where appropriate, an allowance for doubtful debts is raised.

We 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 31.

Ageing of Trade and Other Receivables

At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of the Council's Trade and Other Receivables was:

| | 2012 \$'000 | 2011 \$'000 |
|--|----------------|----------------|
| Current (not yet due) | 69 | 149 |
| Past due by up to 30 days | 15 | 236 |
| Past due between 31 and 180 days | 260 | 268 |
| Past due between 181 and 365 days | 186 | 82 |
| Past due by more than 1 year | 126 | 166 |
| Total Trade and Other Receivables | 656 | 901 |

Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements:

- we will not have sufficient funds to settle a transaction on the date;
- we will be forced to sell financial assets at a value which is less than what they are worth; or
- we may be unable to settle or recover a financial assets at all.

To help reduce these risks we:

- 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.

Notes to the financial report for the year ending 30 June 2012

The Councils exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The table below lists the contractual maturities for Financial Liabilities.

These amounts represent undiscounted gross payments including both principal and interest amounts:

| 2012 | 6 months or less \$'000 | 6-12 months \$'000 | 1 to 2 years \$'000 | 2-5 years \$'000 | Contracted cash flow \$'000 | Carrying amount \$'000 |
|---------------------------------------|-------------------------|--------------------|---------------------|------------------|-----------------------------|------------------------|
| Trade and other payables | 595 | - | - | - | 595 | 595 |
| Trust funds and deposits | 179 | - | - | - | 179 | 179 |
| Interest-bearing loans and borrowings | 48 | 48 | 96 | 297 | 489 | 421 |
| Total financial liabilities | 822 | 48 | 96 | 297 | 1,263 | 1,195 |

| 2011 | 6 months or less \$'000 | 6-12 months \$'000 | 1 to 2 years \$'000 | 2-5 years \$'000 | Contracted cash flow \$'000 | Carrying amount \$'000 |
|---------------------------------------|-------------------------|--------------------|---------------------|------------------|-----------------------------|------------------------|
| Trade and other payables | 941 | - | - | - | 941 | 941 |
| Trust funds and deposits | 57 | - | - | - | 57 | 57 |
| Interest-bearing loans and borrowings | 48 | 48 | 96 | 393 | 585 | 479 |
| Total financial liabilities | 1,046 | 48 | 96 | 393 | 1,583 | 1,477 |

f) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Council believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from Reserve Bank of Australia):

- A parallel shift of + 1% and -2% in market interest rates (AUD) from year-end rates.

Notes to the financial report for the year ending 30 June 2012

The table below discloses the impact on net operating result and equity for each category of financial instruments held by the Council at year-end, if the above movements were to occur.

| | Interest rate risk | | | | |
|---------------------------------------|--------------------|------------------------|---------------|------------------------|---------------|
| | Carrying value | -2% (200 basis points) | | +1% (100 basis points) | |
| | \$'000 | Profit \$'000 | Equity \$'000 | Profit \$'000 | Equity \$'000 |
| 2012 | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 7,835 | (157) | (157) | 78 | 78 |
| Trade and other receivables | 656 | - | - | - | - |
| Financial liabilities | | | | | |
| Trade and other payables | 595 | - | - | - | - |
| Trust funds and deposits | 179 | - | - | - | - |
| Interest-bearing loans and borrowings | 421 | - | - | - | - |

| | Interest rate risk | | | | |
|---------------------------------------|--------------------|------------------------|---------------|------------------------|---------------|
| | Carrying value | -2% (200 basis points) | | +1% (100 basis points) | |
| | \$'000 | Profit \$'000 | Equity \$'000 | Profit \$'000 | Equity \$'000 |
| 2011 | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 4,763 | (95) | (95) | 48 | 48 |
| Trade and other receivables | 903 | - | - | - | - |
| Financial liabilities | | | | | |
| Trade and other payables | 941 | - | - | - | - |
| Trust funds and deposits | 57 | - | - | - | - |
| Interest-bearing loans and borrowings | 479 | - | - | - | - |

Note 33. Auditors' remuneration

| | 2012 \$'000 | 2011 \$'000 |
|---|----------------|----------------|
| Audit fee to conduct external audit - Victorian Auditor-General | 35 | 29 |

Note 34. Events occurring after balance date

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

Notes to the financial report for the year ending 30 June 2012

Note 35. Related party transactions

a) Responsible persons

Names of persons holding the position of a responsible person at the Council at any time during the year are:

- Councilors
 - Cr Debi Gadd (Mayor 5 December 2011 to current)
 - Cr Dave Wortmann
 - Cr Mary Fraser
 - Cr Peter Joyce (Mayor 1 July 2011 to 5 December 2011)
 - Cr Phillip Coysh
- Chief Executive Officer
 - Ms Juliana Phelps

b) Remuneration of responsible persons

| | 2012 \$'000 | 2011 \$'000 |
|---|----------------|----------------|
| \$20,000 - \$29,999 | 3 | 4 |
| \$30,000 - \$39,999 | 2 | - |
| \$50,000 - \$59,999 | - | 1 |
| \$170,000 - \$179,999 | - | 1 |
| \$190,000 - \$199,999 | 1 | - |
| | 6 | 6 |
| Total Remuneration for the reporting year for Responsible Persons included above amounted to: | 346 | 316 |

c) Retirement benefits

No retirement benefits have been made by the Council to a Responsible Person. (2010/11: nil).

d) Loans

No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2010/11: nil).

e) Other transactions

There was \$3,797 of payments (including GST) made to Legends on Hansen in Corryong for catering and flowers during the reporting period (2011/12 \$2,234). Councillor Peter Joyce has an interest in this business.

No other transactions other than remuneration payments or the reimbursement of approved expenses were entered into by Council with Responsible Persons, or Related Parties of such Responsible Persons during the reporting year (2011/12, nil).

Notes to the financial report for the year ending 30 June 2012

f) Senior officers remuneration

A Senior Officer other than a Responsible Person, is an officer of Council who has management responsibilities and reports directly to the Chief Executive or whose total annual remuneration exceeds \$127,000.

The number of Senior Officers other than the Responsible Persons, are shown below in their relevant income bands:

| | 2012 \$'000 | 2011 \$'000 |
|---|----------------|----------------|
| <\$127,000 | 1 | 4 |
| \$127,000 - \$129,999 | 1 | - |
| \$130,000 - \$139,999 | 1 | - |
| | 3 | 4 |
| Total Remuneration for the reporting year for Responsible Persons included above amounted to: | 385 | 376 |

Notes to the financial report for the year ending 30 June 2012

Note 36. Income, expenses and assets by function/activities

| 2012 | AM \$'000 | Env \$'000 | Plan \$'000 | CW \$'000 | EDT \$'000 | Gov \$'000 | Total \$'000 |
|--------------------------------|--------------|---------------|----------------|--------------|---------------|---------------|-----------------|
| Income | | | | | | | |
| Grants | 2,111 | 1,898 | - | 1,098 | 1,227 | 4,616 | 10,950 |
| Other | 1 | 1,224 | 123 | 107 | 292 | 5,277 | 7,024 |
| Total | 2,112 | 3,122 | 123 | 1,205 | 1,519 | 9,893 | 17,974 |
| Expenses | 6,061 | 2,245 | 348 | 1,047 | 3,176 | 5,843 | 18,720 |
| Surplus (deficit) for the year | (3,949) | 877 | (225) | 158 | (1,657) | 4,050 | (746) |
| Assets attributed to function | 151,140 | 15,695 | 326 | 2,824 | 7,983 | 9,607 | 187,575 |

| 2011 | AM \$'000 | Env \$'000 | Plan \$'000 | CW \$'000 | EDT \$'000 | Gov \$'000 | Total \$'000 |
|--------------------------------|--------------|---------------|----------------|--------------|---------------|---------------|-----------------|
| Income | | | | | | | |
| Grants | 2,244 | 1,034 | 38 | 321 | 1,329 | 2,235 | 7,201 |
| Other | 1 | 1,303 | 104 | 88 | 80 | 4,833 | 6,409 |
| Total | 2,245 | 2,337 | 142 | 409 | 1,409 | 7,068 | 13,610 |
| Expenses | 5,726 | 2,154 | 217 | 1,060 | 1,208 | 2,028 | 12,393 |
| Surplus (deficit) for the year | (3,481) | 183 | (75) | (651) | 201 | 5,040 | 1,217 |
| Assets attributed to function | 154,305 | 11,931 | 341 | 2,954 | 7,215 | 10,567 | 187,313 |

Assets have been attributed to functions/activities based on the custodianship of specific assets, calculated by proportion of depreciation expense per function.

Asset Management (AM)

Asset Management covers a broad range of engineering and management functions within the municipality and is involved primarily in the maintenance of the roads infrastructure of the Council. Key functional responsibilities are traffic management, works (including planning design, construction and maintenance) and co-ordination of public transport facilities.

Environment (Env)

The Environment program focuses on enhancing the quality of life of our citizens and preserving our natural environment. Key functional responsibilities include the cleaning of streets, waste management and parks and gardens.

Planning for the Future (Plan)

Planning for the Future covers strategic planning and building services for the Council. Its prime responsibility is to ensure that all development is carried out within a rational policy framework, which ensures the appropriate outcomes for the community.

Notes to the financial report for the year ending 30 June 2012

Community Wellbeing (CW)

Community Wellbeing is responsible for a range of community and cultural services. It facilitates services for children, youth, aged, family support and health.

Economic Development and Tourism (EDT)

Economic Development and Tourism focus is to increase the Council's profile as a regional tourist destination. It encourages investment in diverse sustainable pursuits and also facilitates new businesses and expansion and diversification of existing businesses.

Governance and Decision Making (Gov)

Governance and Decision Making function advises on matters of general policy and ensures that Council's objectives and decisions are carried out. An important function is to foster and maintain sound communication and good external relations with the community and other levels of government. Another significant role is to ensure that the corporate issues such as forward planning and customer services are carried out constructively. In addition it is the major provider of internal customer service functions. Primary responsibilities are the efficient and effective use of the Council's resources through financial management, production of timely and reliable financial information for sound decision making purposes and forward financial planning and strategy development. It also encompasses corporate responsibility for administration, valuations and information technology.

Note 37. Financial ratios (Performance indicators)

a) Debt servicing ratio (to identify the capacity of Council to service its outstanding debt)

Debt servicing costs refer to the payment of interest on loan borrowings, finance lease, and bank overdraft.

The ratio expresses the amount of interest paid as a percentage of Council's total revenue.

| | 2012 \$'000 | | 2012 \$'000 | | 2011 \$'000 | | 2011 \$'000 | | 2010 \$'000 | | 2010 \$'000 |
|----------------------|----------------|---|----------------|--|----------------|---|----------------|--|----------------|---|----------------|
| Debt servicing costs | 43 | = | 0.24% | | 47 | = | 0.35% | | 41 | = | 0.32% |
| Total revenue | 17,974 | | | | 13,610 | | | | 12,701 | | |

b) Debt commitment ratio (to identify Council's debt redemption strategy)

The ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal.

| | 2012 \$'000 | | 2012 \$'000 | | 2011 \$'000 | | 2011 \$'000 | | 2010 \$'000 | | 2010 \$'000 |
|-------------------------------------|----------------|---|----------------|--|----------------|---|----------------|--|----------------|---|----------------|
| Debt servicing and redemption costs | 101 | = | 1.72% | | 100 | = | 1.82% | | 87 | = | 1.73% |
| Rate revenue | 5,858 | | | | 5,486 | | | | 5,035 | | |

Notes to the financial report for the year ending 30 June 2012

c) Revenue ratio (to identify Council's dependence on non-rate income)

The level of Council's reliance on rate revenue is determined by assessing rate revenue as a proportion of the total revenue of Council.

| | 2012 | | 2012 | | 2011 | | 2011 | | 2010 | | 2010 |
|---------------|--------|---|--------|--|--------|---|--------|--|--------|---|--------|
| | \$'000 | | | | \$'000 | | | | \$'000 | | |
| Rate revenue | 5,858 | = | 32.59% | | 5,486 | = | 40.31% | | 5,035 | = | 39.64% |
| Total revenue | 17,974 | | | | 13,610 | | | | 12,701 | | |

d) Debt exposure ratio (to identify Council's exposure to debt)

Any liability represented by restrictions on cash assets (note 27) is excluded from total indebtedness.

The following assets are excluded from total assets when calculating Council's realisable assets:

- o land and buildings on Crown land;
- o restricted assets;
- o heritage assets;
- o total infrastructure assets; and
- o Council's investment in associate.

This ratio enables assessment of Council's solvency and exposure to debt. Total indebtedness refers to the total liabilities of Council. Total liabilities are compared to total realisable assets which are all Council assets not subject to any restriction and are able to be realised. The ratio expresses the percentage of total liabilities for each dollar of realisable assets.

| | 2012 | | 2012 | | 2011 | | 2011 | | 2010 | | 2010 |
|-------------------------|--------|---|--------|--|--------|---|-------|--|--------|---|--------|
| | \$'000 | | | | \$'000 | | | | \$'000 | | |
| Total indebtedness | 3,442 | | | | 1,913 | | | | 2,321 | | |
| Total realisable assets | | = | 16.87% | | | = | 9.85% | | | = | 11.86% |
| | 20,379 | | | | 19,418 | | | | 19,573 | | |

e) Working capital ratio (to assess Council's ability to meet current commitments)

The ratio expresses the level of current assets the Council has available to meet its current liabilities.

| | 2012 | | 2012 | | 2011 | | 2011 | | 2010 | | 2010 |
|---------------------|--------|---|------|--|--------|---|------|--|--------|---|------|
| | \$'000 | | | | \$'000 | | | | \$'000 | | |
| Current assets | 9,241 | = | 480% | | 6,361 | = | 316% | | 5,466 | = | 222% |
| Current liabilities | 1,924 | | | | 2,013 | | | | 2,458 | | |

Notes to the financial report for the year ending 30 June 2012

f) Adjusted working capital ratio (to assess Council's ability to meet current commitments)

The ratio expresses the level of current assets the Council has available to meet its current liabilities.

Current liabilities have been reduced to reflect the long service leave that is shown as a current liability because Council does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date, but is not likely to fall due within 12 months after the end of the period.

| | 2012 \$'000 | | 2012 | 2011 \$'000 | | 2011 | 2010 \$'000 | | 2010 |
|---------------------|----------------|---|------|----------------|---|------|----------------|---|------|
| Current assets | 9,241 | = | 734% | 6,361 | = | 434% | 5,466 | = | 283% |
| Current liabilities | 1,259 | | | 1,466 | | | 1,928 | | |

Certification of the financial report

In my opinion the accompanying financial statements have been prepared in accordance with the Local Government Act 1989, the Local Government (Finance and Reporting) Regulations 2004, Australian Accounting Standards and other mandatory professional reporting requirements.



Peter Barber, Chartered Accountant
Principal Accounting Officer

Wednesday 26 September 2012
Tallangatta

In our opinion the accompanying financial statements present fairly the financial transactions of Towong Shire Council for the year ended 30 June 2012 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 on Monday September 17, 2012 to certify the financial statements in their final form.



Cr Debi Gadd
Mayor

Wednesday 26 September 2012
Tallangatta



Cr Dave Wortmann
Deputy Mayor

Wednesday 26 September 2012
Tallangatta



Ms Juliana Phelps, Chartered Accountant
Chief Executive Officer

Wednesday 26 September 2012
Tallangatta

Auditor General's report

VAGO

Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000
Telephone 61 3 8601 7000
Facsimile 61 3 8601 7010
Email comments@audit.vic.gov.au
Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Towong Shire Council

The Standard Statements and Financial Report

The accompanying standard statements for the year ended 30 June 2012 of the Council which comprises standard income statement, standard balance sheet, standard cash flow statement, standard statement of capital works, the related notes and the certification of the standard statements have been audited.

The accompanying financial report for the year ended 30 June 2012 of Towong Shire Council which comprises comprehensive income statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of the significant accounting policies and other explanatory information, and the certification of the financial report has been audited.

The Councillors' Responsibility for the Standard Statements and Financial Report

The Councillors of the Towong Shire Council are responsible for the preparation and the fair presentation of:

- the standard statements in accordance with the basis of preparation as described in Note A to the statements and the requirements of the *Local Government Act 1989*
- the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.

The Councillors are responsible for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the standard statements and financial report that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994* and the *Local Government Act 1989*, my responsibility is to express an opinion on the standard statements and financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the standard statements and financial report are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standard statements and financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the standard statements and financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the standard statements and financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating:

- the appropriateness of the accounting policies used in the financial report
- the reasonableness of accounting estimates made by the Councillors
- the overall presentation of the standard statements and financial report.

Auditing in the Public Interest

Independent Auditor's Report (continued)

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion

In my opinion:

- (a) the standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in Note A to the statements and comply with the requirements of the *Local Government Act 1989*
- (b) the financial report presents fairly, in all material respects, the financial position of Towong Shire Council as at 30 June 2012 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.

Basis of Accounting for Standard Statements

Without modifying my opinion, I draw attention to Note A to the standard statements, which describes the basis of accounting. The standard statements are prepared to meet the requirements of the *Local Government Act 1989*. As a result, the standard statements may not be suitable for another purpose.

Matters Relating to the Electronic Publication of the Audited Standard Statements and Financial Report

This auditor's report relates to the standard statements and financial report of the Towong Shire Council for the year ended 30 June 2012 included both in the Towong Shire Council's annual report and on the website. The Councillors of the Towong Shire Council are responsible for the integrity of the Towong Shire Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the standard statements and financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited standard statements and financial report to confirm the information contained in the website version of the standard statements and financial report.

MELBOURNE
26 September 2012


J D R Pearson
Auditor-General

Performance statement

For the year ending 30 June 2012

| Governance and Decision Making | | | | | |
|--------------------------------|---|-------------|--|---------------|---|
| | Key Strategic Activity | Timeframe | Performance targets and measures | Result | Notes |
| 1 | Develop a Community Engagement/Consultation Strategy and implement across the Shire | 2010 – 2013 | Community Engagement Strategy developed | Not Achieved | |
| | | | Consultation process implemented | Not Achieved | |
| | | | Community Satisfaction Survey Rating 'Council's engagement in decision making on key local issues' - a score of 70 or greater by 2012-2013 | Not Completed | No measurement, Community Satisfaction Survey not undertaken (note 2) |
| 2 | Improve the way ratepayer and resident requests are dealt with (eg. better communication and faster turnaround) | 2010 – 2013 | Customer Action Request System used by all staff | Not Achieved | |
| | | | 100% response to requests by staff within 1 month of receipt (reducing to 2 weeks by 2012-2013) | Not Achieved | |
| | | | Community Satisfaction Survey Rating 'Council's interaction and responsiveness in dealing with the public' - a score of 80 or greater by 2012-2013 | Not Completed | No measurement, Community Satisfaction Survey not undertaken (note 2) |

Performance statement for the year ending 30 June 2012

| Governance and Decision Making | | | | | |
|--------------------------------|---|-------------|---|--------------|---|
| | Key Strategic Activity | Timeframe | Performance targets and measures | Result | Notes |
| 3 | Refresh Council's brand and progressively update core marketing collateral with priority emphasis on developing a new website | 2010 – 2012 | New 'user friendly' website in place | Not Achieved | |
| | | | Increased use of website by community (increase in number of 'site visits') | Not Achieved | Measurement not taken (note 3) |
| 4 | Develop a Long Term Financial Plan | 2010 – 2012 | Plan completed and adopted by Council by December 31, 2011 | Not Achieved | Published in 2012/13 budget |
| | | | Plan communicated to community by December 31, 2011 | Not Achieved | Published in 2012/13 budget |
| | | | Plan used to develop annual budget | Achieved | Published in 2012/13 budget |
| 5 | Engage Internal Auditor to carry out specific risk-based audits across identified areas of the organisation | 2010 – 2013 | Auditor appointed in 2010-2011 | Not Achieved | Newly appointed Audit Committee recommended an alternative approach to this priority to be implemented in 2011/12 |
| | | | Bi-annual report to Audit Committee received | Not Achieved | |
| 6 | Investigate new/additional funding streams with a view to reducing reliance on rate revenue and grant funding | 2010 – 2013 | Additional funding secured by 2012-2013 | Not Achieved | Unable to measure achievement (note 3) |

Performance statement for the year ending 30 June 2012

| Governance and Decision Making | | | | | |
|---------------------------------------|--|------------------|---|---------------|---|
| | Key Strategic Activity | Timeframe | Performance targets and measures | Result | Notes |
| 7 | Continue to refine Council's Emergency Management Plans, including the identification and management of Neighbourhood Safer Places | 2010 – 2012 | Review of Council's Emergency Management Plans complete | Achieved | Achieved in prior year |
| | | | NSP review process complete | Not Achieved | This is a continuously ongoing process. Township protection plans for Mitta Mitta, Eskdale and Dartmouth have been prepared |
| 8 | Purchase and implement a new finance system | 2010 – 2012 | New finance system implemented | Not Achieved | Tender submissions received, not evaluated |
| 9 | Minimise Council's corporate overhead and improve services delivery through process improvement | 2011 – 2013 | Review 2 processes in 2011-2012 | Achieved | Motor vehicle and printing copying cost reductions realised |

Performance statement for the year ending 30 June 2012

| Our Environment | | | | | |
|------------------------|---|-------------|--|--------------|---|
| Key Strategic Activity | | Timeframe | Performance targets and measures | Result | Notes |
| 1 | Design and construct Walwa sewerage scheme | 2010 – 2012 | Scheme in place by December 2011 | Not Achieved | Sewerage scheme operational. Handover to NE Water in June 2013 will signal completion |
| 2 | Develop and Implement Eskdale water solutions | 2010 – 2012 | Assess level of support for North East Water Business Case | Achieved | Achieved in prior year (2010) |
| 3 | Progress Bethanga Wastewater project | 2010 – 2012 | Decide on a direction to be taken and implement agreed approach by December 2011 | Not Achieved | |
| 4 | Implement the four year plan to rehabilitate landfill sites and determine the extent of Council's liability | 2010 – 2013 | Plan implemented with annual report on progress to Council | Achieved | Walwa, Dartmouth, Eskdale and Granya complete in prior year (2011) |
| | | | Corryong Landfill progressively rehabilitated | Achieved | Corryong Stage 1 complete. Plan for Stage 2 in 2014 |

Performance statement for the year ending 30 June 2012

| Our Environment | | | | | |
|------------------------|--|-------------|---|--------------|---|
| Key Strategic Activity | | Timeframe | Performance targets and measures | Result | Notes |
| 5 | Review all Waste Management services and charges including investigating community support for a kerbside green waste collection and the operating hours of the Corryong Landfill and Tallangatta Transfer Station | 2010 – 2013 | Review kerbside waste collection services and charges in conjunction with new regional contract | Not achieved | Report tabled in 2012/13 financial year |
| | | | Consultation undertaken with community during 2011-2012 | Not achieved | |
| | | | Changes to service communicated to ratepayers | Not Achieved | |
| | | | Increase in use of facilities | Not Achieved | Measurement not taken (note 3) |
| 6 | Support waste minimisation initiatives in the North East Regional Waste Implementation Plan and Regional Waste Minimisation Strategy in order to address rising waste management costs | 2010 – 2013 | Reduction in waste going to landfill | Not Achieved | Analysis not performed (note 3) |
| | | | Reduction of contaminates in recyclables | Not Achieved | Analysis not performed (note 3) |

Performance statement for the year ending 30 June 2012

| Our Environment | | | | | |
|------------------------|---|-------------|--|--------------|---|
| Key Strategic Activity | | Timeframe | Performance targets and measures | Result | Notes |
| 7 | Provide pro-active support to DPI Wild Dog Program | 2010 – 2013 | Maintain regular contact with DPI | Not Achieved | |
| | | | Support initiatives as appropriate | Achieved | Achieved in prior year (2011) with deployment of Agri 360 for wild dog fence. |
| 8 | Provide pro-active support to DSE and Parks Vic in addressing Noxious Weeds | 2010 – 2013 | Maintain regular contact with DSE and Parks Vic | Achieved | Achieved with ongoing weed control program |
| | | | Support initiatives as appropriate | Achieved | Achieved with ongoing weed control program |
| 9 | Continue to deliver positive economic and environmental outcomes through innovation in renewable energy and sustainable development | 2010 – 2013 | Complete technology assessment and business case on identified options | Achieved | Achieved in prior year (2011) |
| | | | One project established by end 2012-2013 | Achieved | Achieved in prior year (2011) – Solar NE Project |
| 10 | Develop a plan for improvement to the P.W. Attree Centre playground and seek external funding | 2010 – 2012 | Plan completed | Not Achieved | Project continuing |
| | | | External funding secured | Not Achieved | |

Performance statement for the year ending 30 June 2012

| Planning for the future | | | | | |
|-------------------------|--|-------------|--|--------------|--|
| | Key Strategic Activity | Timeframe | Performance targets and measures | Result | Notes |
| 1 | Investigate and deliver opportunities for population growth in specific localities (Peninsula area, Corryong, Tallangatta) | 2010 – 2013 | Rural Land Use Study and Residential Settlement Strategy completed | Achieved | Achieved in prior year (2011) |
| | | | Community consultation held regarding proposed developments | Achieved | Achieved in prior year (2011) |
| | | | Recommendations adopted by Council | Achieved | Achieved in prior year (2011) |
| 2 | Implement Rural Land Use Study recommendations (Planning Scheme amendments) | 2010 – 2012 | Amendments completed | Not Achieved | Rural Living Zone Amendment (C25) has been prepared but is unable to be progressed due to DPCD Potable Water Supply Guidelines |
| | | | Results and development options communicated with community | Not Achieved | |
| 3 | Implement Residential Settlement Strategy recommendations (Planning Scheme amendments) | 2010 – 2012 | Amendments completed | Not Achieved | Rural Living Zone Amendment (C25) has been prepared but is unable to be progressed due to DPCD Potable Water Supply Guidelines |
| | | | Results communicated with community | Not Achieved | |
| 4 | Review Restructure Overlay and evaluate alternative options with a view to preserving the character of small towns | 2010 – 2012 | Review completed | Achieved | Achieved in prior year (2011) |
| | | | Evaluation with recommendations complete | Achieved | Amendment C23 finalised |

Performance statement for the year ending 30 June 2012

| Planning for the future | | | | | |
|-------------------------|--|-------------|---|--------------|--|
| | Key Strategic Activity | Timeframe | Performance targets and measures | Result | Notes |
| 5 | Implement a marketing and education strategy and method to inform people on the Planning Process | 2010 – 2012 | Options paper developed | Achieved | Achieved in prior year (2011) |
| | | | Workshop with Council | Achieved | Achieved in prior year (2011) |
| | | | Tool developed and distributed | Not Achieved | Marketing approach partially developed |
| 6 | Review Local Planning Policies | 2011 – 2012 | Ministerial Authorisation received | Achieved | Achieved in prior year (2010) with finalisation of amendment C20 |
| | | | Communication of outcomes with the community | Achieved | Achieved in prior year (2010) |
| 7 | Undertake Municipal Strategic Statement (MSS) Review | 2010 – 2012 | Review completed by 2012 | Achieved | Draft report prepared and presented, on exhibition |
| | | | Identified Planning amendment complete | Not Achieved | |
| 8 | Complete Heritage Study and implement recommendations as adopted by Council | 2010 – 2012 | Study completed and adopted by Council | Not Achieved | On exhibition August and September 2012 |
| | | | Identified amendments to Heritage Overlay completed | Not Achieved | |

Performance statement for the year ending 30 June 2012

| Economic and Tourism Development | | | | | |
|----------------------------------|---|-------------|---|--------------|--|
| Key Strategic Activity | | Timeframe | Performance targets and measures | Result | Notes |
| 1 | Deliver high speed broadband throughout the Towong Shire (5 megabit per second) | 2010 – 2013 | Complete feasibility study and business case | Achieved | Achieved in prior year (2011) |
| | | | Preparation of funding submissions | Achieved | Achieved in prior year (2011) |
| 2 | Deliver an innovative residential estate that demonstrates world's best practice in environmental sustainability | 2010 – 2013 | Complete feasibility study and business case | Achieved | Achieved in prior year (2010) |
| | | | Preparation of funding submissions | Not Achieved | |
| 3 | Develop the Aviation industry within Towong Shire with specific focus on Corryong Airport | 2010 – 2013 | Conduct 2 fly-ins per annum | Not Achieved | |
| | | | Undertake Fly Corryong Marketing program | Achieved | Fly Corryong marketing program complete and grant acquitted in prior year (2011) |
| 4 | Drive increased profitability and sustainability with the Agribusiness sector through innovation, technology and water use efficiency | 2010 – 2013 | Completion of grazing the hills project | Achieved | Achieved in prior year (2011) |
| | | | Increased involvement in agribusiness program | Achieved | Achieved in prior year (2011) |

Performance statement for the year ending 30 June 2012

| Economic and Tourism Development | | | | | |
|----------------------------------|---|-------------|--|--------------|-------------------------------|
| Key Strategic Activity | | Timeframe | Performance targets and measures | Result | Notes |
| 5 | Drive increased profitability within retail, commercial and industrial businesses by providing expert training, networking and collaboration opportunities | 2010 – 2013 | Completion of annual business builders program | Not achieved | |
| | | | Increased involvement in business builders program | Not achieved | |
| | | | Corryong Innovation Space 70% occupancy by 2013 | Achieved | |
| 6 | Ensure supply of industrial land within Corryong to stimulate and respond to market demand | 2010 – 2013 | Master plan completed | Achieved | Achieved in prior year (2011) |
| 7 | Implement the Man from Snowy River Museum Extension Project | 2010 – 2012 | Project completed | Achieved | Achieved in prior year (2011) |
| 8 | Implement the P.W. Attree Centre Redevelopment Project | 2010 – 2012 | Project completed | Not Achieved | |
| 9 | Develop a Master Plan for Tallangatta's redevelopment and revitalisation with specific focus on CBD, residential land, Community Hub, Triangles, Rowan Park, Museum and Lake Hume Foreshore | 2010 – 2012 | In consultation with the community prepare a Master Plan | Achieved | Tallangatta Tomorrow |
| 10 | Construct a NE Bushfire Camera Network, including strategic backhaul links | 2010 – 2012 | Network constructed | Not Achieved | |

Performance statement for the year ending 30 June 2012

| Economic and Tourism Development | | | | | |
|----------------------------------|--|-------------|----------------------------------|--------------|-------------------------------|
| Key Strategic Activity | | Timeframe | Performance targets and measures | Result | Notes |
| 11 | Develop and implement a Tourism Strategy | 2010 – 2013 | Strategy developed by June 2010 | Achieved | Achieved in prior year (2010) |
| | | | Strategy implemented 2010-2013 | Not Achieved | Ongoing |
| 12 | Maintain Visitor Information Centre Accreditation (Corryong) | 2010 – 2013 | Accreditation retained 2009-2013 | Achieved | Achieved in prior year (2011) |
| 13 | Develop an online presence that attracts and services visitors and operators | 2010 – 2013 | New Website launched | Not Achieved | |

Performance statement for the year ending 30 June 2012

| Our Community's Wellbeing | | | | | |
|---------------------------|---|-------------|--|--------------|-------------------------------|
| Key Strategic Activity | | Timeframe | Performance targets and measures | Result | Notes |
| 1 | Actively participate in the Towong Health Alliance with the three Shire based Health Services | 2010 – 2013 | Delivery of the priorities contained in the Health Alliance work program | Not Achieved | Ongoing program |
| 2 | In conjunction with the Tallangatta Revitalisation Strategy, investigate the viability of new or improved community facilities in Tallangatta | 2010 – 2012 | Viability of a Community Services Hub investigated and funding sought | Not Achieved | |
| | | | Viability of Independent Living Units investigated with Tallangatta Health Service | Not Achieved | |
| 3 | Continue to pursue extended Childcare Services across Shire | 2010 – 2013 | Need for new services identified/confirmed | Not Achieved | |
| | | | New service providers identified | Not Achieved | |
| 4 | Continue Council's Youth Events Programs and encourage participation by younger people in Council activities | 2010 – 2013 | Review of program undertaken | Achieved | Achieved in prior year (2011) |
| | | | Recommendations implemented | Achieved | Achieved in prior year (2011) |
| | | | Increased participation | Achieved | Increased event numbers |
| 5 | Support the Community Support Committee as appropriate | 2010 – 2013 | Inclusion of Committee minutes in Council meeting agendas | Achieved | Achieved in prior year (2011) |
| | | | Bi-annual meeting with Committee | Not Achieved | Committee in recess |
| 6 | Ensure the long-term viability/sustainability of Berringa Community Centre | 2010 – 2012 | Options for use identified | Not Achieved | |
| | | | Community Consultation held | Not Achieved | |

Performance statement for the year ending 30 June 2012

| Our Community's Wellbeing | | | | | |
|---------------------------|--|-------------|--|--------------|---|
| Key Strategic Activity | | Timeframe | Performance targets and measures | Result | Notes |
| 7 | Conduct a review of public pools with a view to lowering operating costs and increasing safety and participation | 2010 – 2012 | Future of Eskdale Pool determined in consultation with all parties | Not Achieved | Ongoing financial contribution to Eskdale Pool |
| | | | Corryong and Tallangatta Pool usage increased | Not Achieved | Entry fee income reduced from prior year |
| | | | Improved OHS and risk processes | Not Achieved | OH&S audit completed prior to 2011/12 season |
| 8 | Develop Master Plans for Recreation Reserves throughout the Shire and progress funding opportunities | 2010 – 2013 | Funding for Master Plans received | Achieved | Strengthening Basin Communities funding |
| | | | Master Plans developed | Achieved | 10 master plans developed |
| | | | Funding applications for capital works submitted | Not Achieved | Council determined priorities and set out funding applications to be submitted at 4 June 2012 meeting |
| 9 | Investigate opportunities to support the renovation of the Tallangatta Bowling Club | 2010 – 2013 | Funding application for capital works submitted | Achieved | |
| 10 | Review Council's focus on Older People and improve service delivery where possible | 2010 – 2012 | Investigate gaps in services to senior residents | Not Achieved | |
| | | | Develop action plan to address gaps | Not Achieved | |
| | | | Implement action plan | Not Achieved | |

Performance statement for the year ending 30 June 2012

| Our Community's Wellbeing | | | | | |
|---------------------------|--|-------------|---|--------------|---|
| Key Strategic Activity | | Timeframe | Performance targets and measures | Result | Notes |
| 11 | Extend delivery of Mother Goose Parenting program | 2010 – 2013 | Funding allocated in budget | Achieved | Achieved in prior year (2011) |
| | | | Appropriate training undertaken | Achieved | Achieved in prior year (2011) |
| | | | Services commenced in western end of Shire | Achieved | Achieved in prior year (2011) |
| 12 | Conduct a Shire-wide audit of disability access to public facilities | 2011 – 2012 | Audit completed | Not Achieved | Audit of recreation reserves and three community halls complete as part of master plan process (item 9) |
| | | | Report prepared and submitted to Council | Not Achieved | Audit of recreation reserves and three community Halls complete |
| 13 | Develop an Arts and Culture Policy | 2010 – 2011 | Policy completed | Not Achieved | |
| 14 | Improve delivery of kindergarten services across the Shire, including capital improvements, and finalise preparations to facilitate the Universal Access to 15 hours of kindergarten | 2010 – 2013 | Increased enrolments and parent satisfaction | Not Achieved | Increase in fees and grant funding (calculated on enrolments) |
| | | | Targets set by State Government to deliver 15 hours of services are met | Not Achieved | Commitment to 15 hours from January 2013 |

Performance statement for the year ending 30 June 2012

| Our Community's Wellbeing | | | | | |
|---------------------------|---|-------------|---|--------------|--|
| Key Strategic Activity | | Timeframe | Performance targets and measures | Result | Notes |
| 15 | Initiate opportunities for a co-ordinated approach between the east and west youth groups | 2010 – 2013 | One joint project completed each year | Achieved | L2P program being delivered across the Shire Murray River Masterchef program developed Girl Studio self esteem workshop completed in March at Corryong and Tallangatta |
| 16 | Co-ordinate a collaborative approach to early years services in the Shire between maternal and child health services, kindergartens, child care and primary schools | 2010 – 2013 | 0-8 network established with regular meetings | Achieved | Established in March 2012 |
| | | | Early years information day/event held | Achieved | 21 May 2012 |
| 17 | Conduct a review of the long-term delivery of Maternal and Child Health Services | 2011 – 2013 | Review conducted | Not Achieved | |
| | | | Report presented to Council | Not Achieved | |

Performance statement for the year ending 30 June 2012

| Asset Management | | | | | |
|------------------|--|-------------|--|--------------|---|
| | Key Strategic Activity | Timeframe | Performance targets and measures | Result | Notes |
| 1 | Complete all projects on the adopted Capital Works Program | 2010 – 2013 | All projects completed | Not Achieved | |
| 2 | Implement Stock Grid Policy | 2010 – 2011 | Policy updated and adopted by Council | Achieved | Policy adopted March 2012 |
| | | | Implementation complete | Not Achieved | |
| 3 | Develop a Plan to fund refurbishment of Dartmouth Hall in conjunction with Dartmouth Recreation Plan | 2010 – 2011 | Develop plan | Achieved | Achieved in prior year (2011) |
| | | | Investigate funding opportunities | Achieved | Achieved in prior year (2011) |
| 4 | Continue 3-yearly condition assessments for road assets and extend to include non-road assets | 2010 – 2011 | Condition assessment undertaken during 2010-2011 | Achieved | Achieved in prior year (2011) |
| 5 | Prepare an Asset Management Plan for Tree Management | 2010 – 2012 | Plan adopted by Council | Not Achieved | |
| | | | Plan implemented with regular report to Council | Not Achieved | |
| 6 | Work with VicRoads and other stakeholders to progress the upgrade/sealing of Benambra-Corryong Road and the Omeo Highway | 2010 – 2013 | Condition of road improved | Not Achieved | VicRoads proceeding with declaration as an arterial road and will then prepare a management plan for the road in accordance with Transport Minister's direction |
| 7 | Develop a Corryong Saleyard strategy | 2010 – 2012 | Long-term saleyard strategy completed | Not Achieved | Report prepared with strategy yet to be formally adopted |

Notes to the performance statement for the year ending 30 June 2012

Note 1. Introduction

The Victorian Government is of the view that it is reasonable to expect all councils to collect and publish performance information.

Section 127 of the Local Government Act 1989 requires councils to include in their annual budgets separately identified key strategic activities to be undertaken during the financial year and performance targets and measures in relation to each strategic activity.

Section 132 of the Local Government Act 1989 requires councils to prepare a performance statement which must include the key strategic activities and performance targets and measures specified in the budget together with the actual results achieved in respect to those performance targets and measures.

The use of performance information by councils is an important step towards achieving:

- An improved capacity to objectively measure council performance leading to a better set of relationships between state and local government; and
- Better informed local communities

Note 2. Community Satisfaction Survey

Council decided not to participate in the Community Satisfaction Survey this year due to significant increase in cost and changes to the survey which made it non-comparable to prior years.

Note 3. Other Measures

There are a number of targets and measures set in the budget which have subsequently proved to be impractical to measure. The result has been recorded as "not achieved".

Certification of the performance statement

In my opinion, the accompanying performance statement has been prepared on accounting bases consistent with the financial statements and in accordance with the Local Government Act 1989 and the Local Government (Finance and Reporting) Regulations 2004.



Peter Barber, Chartered Accountant
Principal Accounting Officer

Tuesday 25 September 2012
Tallangatta

In our opinion, the accompanying performance statement has been prepared on accounting bases consistent with the financial statements and in accordance with the Local Government Act 1989 and the Local Government (Finance and Reporting) Regulations 2004.

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

On September 17 2012 we were authorised by the Council to certify the performance statement in its final form on behalf of the Council.



Cr Debi Gadd
Mayor

Tuesday 25 September 2012
Tallangatta



Cr Dave Wortmann
Deputy Mayor

Tuesday 25 September 2012
Tallangatta



Ms Juliana Phelps, Chartered Accountant
Chief Executive Officer

Tuesday 25 September 2012
Tallangatta

Auditor General's report

VAGO

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INDEPENDENT AUDITOR'S REPORT

To the Councillors, Towong Shire Council

The Performance Statement

The accompanying performance statement for the year ended 30 June 2012 of the Towong Shire Council which comprises the statement, the related notes and the certification of the performance statements have been audited.

The Councillors' Responsibility for the Performance Statement

The Councillors of the Towong Shire Council are responsible for the preparation and fair presentation of the performance statement in accordance with the *Local Government Act 1989*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the performance statement that is free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Local Government Act 1989*, my responsibility is to express an opinion on the performance statement based on the audit, which has been conducted in accordance with Australian Auditing Standards. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the performance statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the performance statement. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the performance statement, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the performance statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the overall presentation of the performance statement.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Auditing in the Public Interest

Independent Auditor's Report (continued)

Auditor's Opinion

In my opinion, the performance statement of the Towong Shire Council in respect of the 30 June 2012 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

Matters Relating to the Electronic Publication of the Audited Performance Statement

This auditor's report relates to the performance statement of the Towong Shire Council for the year ended 30 June 2012 included both in the Towong Shire Council's annual report and on the website. The Councillors of the Towong Shire Council are responsible for the integrity of the Towong Shire Council's website. I have not been engaged to report on the integrity of the Towong Shire Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this statement. If users of the performance statement are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the performance statement to confirm the information contained in the website version of the performance statement.

MELBOURNE
26 September 2012


D D R Pearson
Auditor-General