

towongshire 

innovation : technology : sustainability **2012/13**

ANNUAL REPORT

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This information is available in alternative formats by request

Introduction

It is with pleasure that we introduce this Annual Report, which signals the conclusion of our Council Plan 2009 – 2013. When we originally developed the Council Plan, we recognised that firm action was needed to secure our long-term financial sustainability. Community issues were also at the forefront of our minds, including ageing recreation facilities, a Planning Scheme that limited growth and development in some areas as well as the lack of water supply and wastewater management infrastructure in some of our small towns. A comprehensive strategic planning program in consultation with the community, stakeholder organisations as well as state and commonwealth funding sources was the focus of the first years of the Council Plan's life. As a direct result of this work, we are currently delivering a \$12 million program of capital community projects.

We are really proud of our organisation. Councillors and staff are committed, enthusiastic advocates for our Shire. The level of commitment by our Councillors was clearly demonstrated at the 2012 Election – all five Councillors stood for re-election with four returned to Council. The effective, positive relationship between Councillors, management and staff has resulted in a stable and unified organisation.

Our staff have turned their attention to making sure our ratepayers get the best possible value from every dollar. Using a systematic tool-kit approach developed by our staff, recurrent annual savings of \$250,000 (6% of our rate revenue) have been achieved through process and procurement efficiency. We have also delivered best value to our residents through our success in securing competitive grant funding – over the past four years, for every \$1 of rates used in capital community projects, we have secured another \$11 of external funding.

Over the life of the Council Plan 2009 – 2013, we have been working through ten Planning Scheme Amendments. These will create

opportunities for residential and economic growth, protect and preserve the environment, and high quality agricultural land as well as recognise places that have significant heritage value. Despite this large body of work being undertaken by a very small planning team, it is pleasing to note that we are still one of the fastest Councils in Victoria when it comes to processing planning permit applications. Best value service delivery indeed.

After experiencing some delays, the innovative wastewater scheme in Walwa has been commissioned and will soon be taken over by North East Water. The project will deliver positive environmental outcomes for this small town on the banks of the Murray. Walwa was hit hard by the floods in March 2012 and so the announcement that a \$350,000 community recovery centre will be built to assist the town to prepare for and recover from natural disasters was welcome news.

Preparing for emergency situations continues to be a focus of Council. Council has recently appointed a Municipal Emergency (Fire) Co-ordinator as well as a Flood Recovery Officer. These fixed-term positions have been funded by the Victorian Government to assist Council to prepare for emergency situations.

This is a very exciting time for our Shire. We feel poised and prepared for a successful future. We extend our thanks to all of our people; Councillors, staff, volunteers, community members and helpful stakeholders. Your support has been instrumental to our success.



Cr Mary Fraser
Mayor



Juliana Phelps
Chief Executive Officer

About this report

The Annual Report provides a summary of Council's operations and performance during the 2012/13 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 2012/13.

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.

Acknowledgments

Towong Shire Council acknowledges the support of the Victorian Government.



About Towong Shire

Towong Shire is located in far north-eastern Victoria and possesses some of Australia's most pristine environment. 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	5,978 (2012)	Businesses	836
Area	6,635 km ²	Council roads	825 km
Households	2,336	Arterial roads	483 km

Towns and communities	Bellbridge, Berringama, Bethanga, Burrowye, Bullioh, Corryong, Cudgewa, Dartmouth, Eskdale, Granya, Koetong, Lucyvale, Mitta Mitta, Nariel, Old Tallangatta, Talgarno, Tallangatta, Tallangatta Valley, Tintaldra, Towong, Walwa
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Calendar 2012/13

<p>July 2012</p>	<p>Towong Planning Scheme Amendments</p> <p>Council resolved to progress a number of Planning Scheme Amendments to facilitate improved environmental, heritage, economic and social outcomes for communities around the Shire. The Amendments followed a comprehensive body of strategic plans developed over previous years.</p>
<p>August 2012</p>	<p>Cudgewa Multi-purpose Facility announced</p> <p>Victorian Minister for Sport and Recreation, the Hon Hugh Delahunty MLA, visited Cudgewa to announce the State Government's funding commitment to a new multi-purpose facility at the recreation reserve. The total project value for the new Cudgewa Multi-purpose Facility is over \$500,000.</p>
<p>September 2012</p>	<p>New Netball Courts for Corryong</p> <p>Funding to establish a new Netball Court at the Corryong Recreation Reserve was secured, adding to Council's growing list of successful recreation project funding applications. The construction of a safe court for players and spectators was the top priority from the Corryong Recreation Reserve Masterplan.</p>
<p>October 2012</p>	<p>Sandy Creek Bridge Official Opening</p> <p>The \$1.615 million Sandy Creek Bridge was officially opened by the Member for Benambra, Hon Bill Tilley MP on Saturday 20 October. The project was completed thanks to the partnership between the Victorian Government, City of Wodonga, Indigo Shire Council, Parklands Albury Wodonga and Towong Shire Council.</p>
<p>November 2012</p>	<p>Elected Council sworn in</p> <p>Four Councillors were returned following the 2012 Election; Mary Fraser OAM, Peter Joyce, David Wortmann and Debi Gadd and were joined by a new face on Council, Aaron Scales. Cr Mary Fraser was elected Mayor for a twelve month period.</p>
<p>December 2012</p>	<p>Centre for community recovery in Walwa</p> <p>The Upper Murray will be better prepared to face emergencies after funding from the Victorian Government's Disaster Resilience Grants Scheme was made available to establish the Walwa Community Recovery Centre. The \$350,000 Centre will double as a meeting and training space for local community service organisations.</p>

<p>January 2013</p>	<p>‘Our Bellbridge’ Masterplan progresses</p> <p>Initially launched to the community in early 2012, Council re-engaged with the community to progress the ‘Our Bellbridge’ Masterplan project. The Masterplan will acknowledge the natural strengths of Bellbridge and ensure that appropriate community infrastructure is in place for future development of the town.</p>
<p>February 2013</p>	<p>\$2.6 million community service hub to be built in Tallangatta</p> <p>Victorian Minister for Children and Early Childhood Development, Wendy Lovell, announced that one of the top priorities from the Tallangatta Tomorrow Masterplan would become a reality. The Tallangatta EcoEducation and Integrated Services Hub will house a new library, childcare and kindergarten services, a business centre and community space.</p>
<p>March 2013</p>	<p>Million dollar facility at Mitta Mitta</p> <p>At the 41st Mighty Mitta Muster, Member for Benambra, Mr Bill Tilley, confirmed that the current dilapidated and dysfunctional building at the Magorra Public Park would be replaced with a modern and accessible \$1 million multi-purpose building. This is a great outcome for the enthusiastic community who have raised \$250,000 toward the facility.</p>
<p>April 2013</p>	<p>Man from Snowy River Visitor Precinct</p> <p>The new Visitor Information Centre, part of the Man from Snowy River Visitor Precinct project, was unveiled in time for the Man from Snowy River Bush Festival. The new building, which doubles as the headquarters for the Bush Festival, is a modern interpretation of a high country hut and an attractive addition to Corryong’s central parkland.</p>
<p>May 2013</p>	<p>Recognition for organisational performance</p> <p>Council was recognised for its innovation and performance through the following award programs:</p> <ul style="list-style-type: none"> • National Local Government Awards - commendation Sandy Creek Bridge and Rail Trail – a new icon of the High Country • Australian Government ICT Awards - finalist Insight 360 – performance through measurement • ICAA/MAV Local Government Annual Report Awards – shortlisted
<p>June 2013</p>	<p>Library service delivery changes</p> <p>Council commenced the in-house management of its two fixed library services at Corryong and Tallangatta in partnership with Indigo Shire Council after Upper Murray Regional Library ceased operations. Council also entered into an agreement with Greater Hume Shire Council to deliver mobile library services across the Shire.</p>

Councillors

Cr Mary Fraser OAM - Mayor

Elected 15 March 1997

Cr Mary Fraser OAM has lived in Towong Shire all her life and resides in Tallangatta Valley on a farm with her husband and family. Cr Fraser OAM was elected Mayor in November 2012, her seventh term as either Mayor/Shire President for the Council.

Cr David Wortmann - Deputy Mayor

Elected 29 November 2008

Cr David 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 Wortmann serves as Deputy Mayor.

Cr Debi Gadd

Elected 29 November 2008

Cr Gadd has lived in the Towong Shire at Mount Alfred for over 30 years where she and her husband operate a mixed beef and sheep property.

Cr Peter Joyce

Elected 15 March 2003

Cr Joyce has resided in the Shire for over 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 Aaron Scales

Elected 27 October 2012

Cr Aaron Scales was raised on his family's farm at Dartmouth and has settled in the town with his wife Naomi and two children. Cr Scales studied in Law, Accounting and Hospitality/Tourism and is currently the owner and manager of a hotel.

All Councillors are due to retire in October 2016.

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.

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

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 2012/13 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 2013

Local Government Victoria introduced changes to the Statewide Local Government Community Satisfaction Survey during 2012 that resulted in a significant increase to the contributions required from participating Councils. When considering whether to participate in the 2013 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 to drive improvements and inform the decision making process. Council will continue to seek this data through methods tailored to our needs and budget on an ongoing basis.

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

With four of the five sitting Councillors returned to office, it was a very smooth transition following the 2012 Council Election. The top priority for the new Council was the development of the 2013 – 2017 Council Plan which was adopted in June 2013 after a thorough community engagement process.

Being accessible to and communicating effectively with the communities spread out over our 6,500 square kilometers is an ongoing priority for Council. Councillors and senior staff hosted evening community conversations in five venues in August and again in March and April, giving community members access to their elected representatives and Council information after hours. Relationships with the five community newspapers across the Shire gives us the opportunity to regularly distribute Council information in print, and the two radio stations also broadcast Council messages to the community. Keeping communication simple and using a range of distribution channels has been a key focus during 2012/13. Our website, social media and email communications are areas targeted for development during 2013/14.

Council's Corporate Services team continues to take action to reduce costs and achieve process efficiencies across the organisation. The Victorian Government has funded a joint Business Improvement Manager for Towong and Indigo Councils who has been systematically identifying productivity gains and procurement efficiencies while taking into consideration practices that promote environmental sustainability. Opportunities to maximise the resources of both Indigo and Towong Councils through collaborative service delivery have also been explored with environmental health, building, rates and property and fixed library services being delivered through partnership arrangements.

Council was pleased to receive further recognition for its innovative GPS tracking software *Insight 360* as a finalist at the Australian Government ICT Awards. Council's Annual Report 2011/12 was shortlisted at the MAV/ICAA Annual Report Awards which was especially pleasing considering the simplified approach taken to ensure legislative compliance using minimal resources.

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 2012/13

- Smooth conduct of 2012 Election
- Positive community engagement sessions held throughout the Shire in August 2012 and March/April 2013
- Finalist at Australian Government ICT Awards for Insight 360
- Partnership with Indigo Shire Council provides cost efficiencies and improve service delivery

Challenges of 2012/13

- Delays in the purchase of a new finance system and the development of new website delayed due to resource limitations
- 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 system improvements have been investigated and identified for future upgrade - Extra human resources in place in key customer request areas
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 2012 and being implemented progressively - New website under development and scheduled to go live during 2013/14
Develop a Long Term Financial Plan	✓	<ul style="list-style-type: none"> - Developed and integrated into budget
Engage an Internal Auditor to carry out risk-based audits across all areas of the organization	→	<ul style="list-style-type: none"> - Audits of OHS and Swimming Pools completed - WorkCover review of depots completed
Investigate new/additional funding streams with a view to reducing reliance on rate revenue and grant funding	✓	<ul style="list-style-type: none"> - Strategic community planning has attracted competitive grant funding for specific projects - Joint procurement and process efficiency program identified recurrent annual savings of \$250,000 (6% of rate revenue)
Continue to refine Council's Emergency Management Plans, including the identification and management of Neighbourhood Safer Places	✓	<ul style="list-style-type: none"> - Emergency Management Co-ordinator appointed - Municipal Emergency Management Plan reviewed - Municipal Fire Management Plan adopted in February 2013 - Three NSPs declared
Purchase and implement a new finance system	→	<ul style="list-style-type: none"> - Tender process completed - Tender submissions did not meet our needs and/or budget - Further product research underway
Minimise Council's corporate overhead and improve service delivery through process improvement	✓	<ul style="list-style-type: none"> - Systematic toolkit developed to drive the improvement process - Joint Business Improvement Manager appointed with Indigo Shire for two years

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

The Walwa Wastewater Scheme sustained considerable damage from the March 2012 flood, with the repairs undertaken during 2012/13 so that the final construction requirements could be met. We are now working with North East Water to identify any remaining construction and operational issues before the agreed handover of the asset to the Water Authority takes place.

After giving notice of its intention to withdraw from the regional contract for kerbside waste collection services, Council surveyed residents to explore further opportunities to tailor a collection service to the needs of our community. The responses allowed Council officers to develop a model that will meet the needs of the majority with minimal disruption to service delivery. Implementation will be staged throughout 2013/14.

Council was pleased to receive confirmation of funding from the Victorian Government for the next three years to control weeds on local roadsides. Recent mapping of blackberry outbreaks on our roads was encouraging and proved the effectiveness of our collaboration with local Landcare groups, the Blackberry Action Group and landholders.

Highlights of 2012/13

- Strong response to waste survey provided sound data to develop a flexible approach to kerbside waste collection service delivery
- Further funding obtained for the noxious weed eradication program
- Noxious weed eradication program completed for blackberries throughout the Shire and woody weeds around Bethanga
- Sealing and upgrade of the entry/exit to the Tallangatta Transfer Station
- Walwa Wastewater Scheme operational for collecting black water and grey water
- Inspections of all rehabilitated Landfill returned positive results

Challenges of 2012/13

- Flood repair works and assessments caused substantial delays to completion of the Walwa Wastewater Scheme
- Responsibility for 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"> - Works have been completed and scheme commissioned - North East Water to resume operation of the system during 2014
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 outside the scope of available funding
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 staged withdrawal from regional collection contract with Cleanaway - Council to commence the in-house delivery of kerbside waste collection services during 2014
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"> - Involved in regional initiatives through NevRwaste - Organics trial conducted - Member of HalveWaste campaign - Steel, battery, concrete and green waste recycling ongoing
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 program ongoing - Targeted eradication program for woody weeds at various locations completed
Continue to deliver positive economic and environmental outcomes through innovation in renewable energy and sustainable	→	<ul style="list-style-type: none"> - 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

development

at Tallangatta

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



- Community group led design and fundraising campaign for an all-ages accessible playground with \$60,000 community funds raised
 - Council contribution of \$60,000 confirmed and installation scheduled for 2013/14
-

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 the emphasis on undertaking large strategic planning projects to improve the operation of the Towong Planning Scheme.

A key focus has been the rezoning of land at Corryong, Walwa and Tallangatta. These rezonings are intended to allow for the consideration of a broader range of land uses that could contribute to the social and economic wellbeing of each town. Other major planning scheme changes have included introduction of an additional Heritage Overlay to protect places of heritage significance across the municipality, the introduction of more accurate Floodway and Land Subject to Inundation Overlays in the Mitta Mitta Valley and the protection of high quality agricultural land through an improved overlay within the Towong Planning Scheme. Another major strategic planning project has been the drafting of a new Municipal Strategic Statement to set the future land use planning direction for the municipality.

Despite a heavy strategic planning agenda, 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.

The implications arising from the *Planning Permit Applications in Open Potable Water Supply Catchment Areas Guidelines* continues to impact on Towong Shire and has impeded efforts to provide additional rural residential opportunities within the municipality.

Highlights of 2012/13

- Rezoning of land at Corryong, Tallangatta and Walwa
- Improved Floodway and Land Subject to Inundation Overlays in the Mitta Mitta Valley
- Expanded Heritage Overlay to protect places of heritage significance.
- Significant progress on a new Municipal Strategic Statement (MSS)
- Significant progress on improved Environmental Significance Overlay to protect high quality agricultural land
- Still among one of the fastest processing times for planning permit applications in the State

Challenges of 2012/13

- *Planning Permit Applications in Open Potable Water Supply Catchment Areas Guidelines* continues to restrict opportunities for future 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"> - Ministerial approval of Amendment C31 anticipated during 2013/14
Complete Heritage Study and implement recommendations as adopted by Council	→	<ul style="list-style-type: none"> - Ministerial approval of Amendment C28 anticipated during 2013/14

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 positions of Director and Manager of Economic Development were vacant over the 2012/13 year, difficult to believe when reflecting on the quality of work and outstanding outcomes achieved in Economic and Tourism Development over the last 12 months.

High quality planning was a strong theme with projects including the Upper Murray 2030 Vision Plan, the Our Valley Our Future project in the Mitta Valley, and the North East Dairy Pathways projects all gaining funding support during 2012/13. The Tallangatta Caravan Park planning study was also successful in attracting State Government investment, and will assist Council to investigate the future for this valuable community asset.

The Sandy Creek Rail Bridge was completed and officially opened in spring 2012. The bridge offers a spectacular walking / riding experience and has already seen the advent of unique, bridge-centric events. Council has been contributing to the ongoing Hume Region Significant Tracks and Trails Strategy, which features the High Country Rail Trail as a trail of regional significance.

The development of the High Country Scenic Drive infrastructure was completed in early 2013, with the redevelopment of six key lookout locations throughout the Shire. The upgraded lookouts now feature interpretative story boards with viewing platforms providing visitors with enhanced views at three of the six locations. An official opening for the lookouts is due to be held in November 2013.

The Corryong Visitor Information Centre (VIC) and Attree Park redevelopment was finished in time for the 2013 Man from Snowy River Bush Festival, and proved a hit with visitors. The new VIC features iconic images of high country brumbies on the exterior of the building, a generous deck and large windows giving view to the mountains.

Council participated in the Regional Victoria Living Expo in Melbourne which attracted over 9,000 people over a three day period. Council's information stand generated genuine interest from over 75 people interested in learning more about relocating to Towong Shire.

Highlights of 2012/13

- \$1.65 million Sandy Creek Bridge opened to the public
- Corryong Visitor Information Centre and Attree Park renovations completed and opened
- High Country Scenic Drive Lookout redevelopments completed
- Funding secured for high quality planning in the Upper Murray, Mitta Valley, and Tallangatta

Challenges of 2012/13

- Recruitment of staff for advertised positions proved challenging, resulting in a shortage of resources
- Responding to the communities concerns around the Tallangatta Caravan Park

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	→	- Various events hosted and/or supported between 2009 - 2013 - Funding submission 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 new Corryong Visitor Information Centre officially opened June 2013
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 and a number of detailed sub-plans complete - Rowen Park redevelopment and Tallangatta Eco Education and Integrated Services Hub funded and underway - Further priorities to be implemented as funding opportunities become available

Construct a NE Bushfire Camera Network, including strategic backhaul links	→	<ul style="list-style-type: none"> - Tender process complete - One camera installed, awaiting DEPI permission to install remainder
Develop and implement a Tourism Strategy	→	<ul style="list-style-type: none"> - Tourism Strategy completed - Staged implementation of Strategy progressing, including High Country Scenic Drives project, tourism branding, RV friendly town accreditation
Maintain Visitor Information Centre Accreditation (Corryong)	✓	<ul style="list-style-type: none"> - Accreditation maintained - Improved service delivery from new premises
Develop an online presence that attracts and services visitors and operators	→	<ul style="list-style-type: none"> - 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

The efforts of Council's Community Services team were largely directed at exploring every opportunity to fund priorities from masterplans developed in conjunction with community and recreation groups across the Shire. Exceptional results were achieved with over \$6 million secured for construction projects. Construction will be implemented over the next two years.

The 0-8 Network, comprising representatives from Council, local schools, kindergartens, Maternal and Child Health staff, local and regional health agencies, continues to work together to provide improved outcomes for Towong Shire families. Successful Family Fun Days were hosted by the Network in Corryong and Tallangatta to assist rural families access a full range of agency services.

Council has supported 15 hours Universal Access for Council's kindergarten services in Corryong, Tallangatta and Berringa in accordance with the Victorian Government Government's commitment to strengthen the National Quality Framework. Recent inspections of our Kindergartens revealed that we are meeting and exceeding the requirements of the National Quality Framework for Early Childhood Services. A fantastic result!

Following advice that the Upper Murray Regional Library would cease operations at the end of the 2012/13 financial year, Council, in partnership with Indigo Shire Council, is now delivering its two fixed library services. An agreement was reached with the Riverina Regional Library to deliver mobile library services.

Activities and support for young people in the Shire continues to be a focus for the Community Service's team. Council has been involved in various programs and initiatives, including a learner driver mentoring program (L2P), skate competition, creative writing workshops, open air movie nights, Battle of the Bands, and the Youth and Wellbeing Expo in Corryong.

Highlights of 2012/13

- 15 hours Universal Access implemented
- Funding announcements for the Tallangatta EcoEducation and Integrated Services Hub, Magorra Park Multi-purpose Facility, Walwa Community Recovery Centre, Corryong Netball Courts
- DEPI funding of \$234,000 secured to upgrade a number of community facilities on crown land
- \$120,000 to seal Colac Colac Walking Track

Challenges of 2012/13

- Unsuccessful funding applications for Wyeboo Recreation Reserve and Corryong Tennis Court Upgrade

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	→	- Joint position established to implement Towong Alliance strategies
In conjunction with the Tallangatta Revitalisation Strategy, investigate the viability of new or improved community facilities in Tallangatta	✓	- Funding secured for \$2.6 million Tallangatta Eco Education and Integrated Services Hub - \$1.3 million Tallangatta Multi-sport Precinct underway
Continue to pursue extended Childcare Services across Shire	✓	- Three-year old kinder program established at Bellbridge and Tallangatta - New Tallangatta Eco Education and Integrated Services Hub will include long-day and after school hours care
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 in partnership with Secondary Colleges - Facilitated music and skate competition events with youth
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, Mitta Mitta, 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	✓	- Two events held in conjunction with the Victorian Seniors Festival 2012 - 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	*	- Reassessed priority and directed resources into a business plan for an Arts focused space at Davis Cottage
Improve delivery of kindergarten services across the Shire, including capital improvements, and finalise preparations to facilitate the Universal Access to 15 hours of kindergarten	➔	- Quality Improvement Plans developed for each kindergarten to comply with the National Framework - 15 hrs offered at Corryong and Tallangatta from Term 1 2013 and scheduled for Berringa from Term 3 2013
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 Days hosted in Corryong and Tallangatta to promote the availability of early years services
Conduct a review of the long-term delivery of Maternal and Child Health Services	*	- Rescheduled for 2013/14

Performance Report

Asset Management

Strategic goal

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

Works continued from the March 2012 major flood event with damaged bridges, culverts and roads restored early in the financial year. One major culvert item remains outstanding while Council sought approval from the Natural Disaster Relief Fund to modify the scope of works to achieve a greater outcome cost effectively. While Council has received assistance from the Natural Disaster Financial Assistance scheme to fund the majority of the restoration works, co-ordinating the estimated \$3.8 million flood restoration program increased the demand on Council's resources significantly.

As part of Council's focus on process and procurement efficiencies organisation wide, refinements to Council's road maintenance area plan and plant replacement program have been made. The maintenance of our assets is Council's largest recurrent expenditure item so achieving efficiency gains in this area is critical for our organisation's sustainability.

Council accessed \$1 million from the Victorian Government's Country Roads and Bridges Initiative to upgrade a number of timber bridge assets into concrete structures. Not only will the new bridges have a longer lifespan and reduced maintenance requirements, their load limits are increased which can improve economic outcomes for the agricultural industry. Funds from this program have also been directed into major patching works in Towong Street, Tallangatta and other locations prior to the annual reseal program to ensure longevity of seal life.

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 in Bethanga and Walwa. Council also undertook other sealing works to improve road safety including the intersection of Goddes Road and the Omeo Highway and several blind corners on Lake Road.

Other major projects completed in 2012/13 included:

- Towong Street East received an upgrade through kerb and channel, drainage construction including footpath
- Hardys Road was realigned to create safer access to and from the Transfer Station and the Murray Valley Highway
- Georges Creek Road received a major culvert upgrade and land acquisition allowing for the future section of road to be constructed and sealed.
- Parish Lane construction included pavement, kerb, drainage and sealing from Wheeler Street for 120 metres was completed.

Highlights of 2012/13

- Streetscape upgrade of Towong Street East and Parish Lane
- Realignment of Hardy Road
- Major patching of sealed roads totalling \$550,000

Challenges of 2012/13

- 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 while 2012 flood damage still being addressed - Remaining projects deferred to 2013/14
Implement stock grid policy	→	- Policy adopted in March 2012 - Implementation not commenced
Develop a Plan to fund refurbishment of Dartmouth Hall in conjunction with Dartmouth Recreation Plan	✓	- Funded under Regional and Local Community Infrastructure Program - Completed 2010
Continue 3-yearly condition assessments for road assets and extend to include non-road assets (buildings and playgrounds)	✓	- Last assessment conducted March 2011 - Quote received and assessments scheduled for 2014
Prepare an Asset Management Plan for Tree Management	*	- To be completed with the National Asset Management Assessment Framework - Included as a priority in 2013 – 2017 Council Plan
Work with VicRoads and other stakeholders to progress the upgrade/sealing of Benambra-Corryong Road and the Omeo Highway	→	- Ongoing lobbying of VicRoads for the sealing of Benambra-Corryong Road - Pursuing the possibility of VicRoads assuming responsibility for the entire length of Benambra-Corryong Road - VicRoads have scheduled the sealing of remaining sections of the Omeo Highway during 2013/14
Develop a Corryong Saleyard strategy	→	- Preliminary research undertaken - Draft strategy prepared

Audit committee

Council's audit committee was established by resolution of Council on 19 January 1998. The committee is an advisory committee to Council to assist 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, chairing its Remuneration Committee and is Deputy Chair of the Investment Management Group.

Recently retired from full time teaching, he also 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 Business 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 Competition Principles Agreement and the Victorian Government's Competitive Neutrality Policy. Council recognises that applying these principles when considering 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.

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.

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 2012/13

- Employment of OHS Officer
- LMI Audit complete with improved result of 72% (previously 63%)
- Review of Fraud and Risk Management Policies completed
- Commenced implementation of Safety Audit Action Plan

Challenges of 2012/13

- Commenced a review of the Risk Management Strategy and Action Plan

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	14.3
Our Environment	0.7
Planning for the Future	2.8
Economic and Tourism Development	3.8
Our Community's Wellbeing	10.2
Asset Management	34.1

Employees by gender and status

Female	EFT
Full-time	8.1
Part-time	15.2
Casual	3.7
Male	
Full-time	34.4
Part-time	0.8
Casual	3.1

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.

Carers Recognition Act

Council has taken all practicable measures to comply with its responsibilities outlined in the Carers Recognition Act 2012. Council has promoted the principles of the Act to people in care relationships who receive council services; to people in care relationships, and to the wider community by:

- Distributing printed material through relevant council services
- Displaying posters at council community venues
- Providing information to organisations represented in council/community networks.

Council has taken all practicable measures to ensure staff, council agents and volunteers working for council are informed about the principles and obligations of the Act.

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

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 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 2012/13:

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

Freedom of Information Act

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 have 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 2012/13 financial year, Council received one application to access documents under the provisions of the Act. As at 30 June, Council was working with the applicant to provide the information requested.

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 2012/13
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	\$1,418
Residential rates	Average residential rates and charges per assessment	\$1,132
Operating costs	Average operating expenditure per assessment	\$2,896
Capital expenditure	Average capital expenditure per assessment	\$1,383
Infrastructure	Renewal	1.48
	Renewal and maintenance	2.3
Debts	Average liabilities per assessment	\$678
Operating result	Operating result per assessment	\$1,161

* Towong Shire Council did not participate in the 2013 Statewide Community Satisfaction Survey. See page 11 for a detailed explanation.

Financial overview 2012/13

Operating Result

The result shown in the Comprehensive Income Statement for the period was a surplus of \$5,128,000. A comparison of Council's Operating Result from 2007/08 to 2012/13 is provided in the graph below.



The current year's surplus 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 and charges revenue increased by 6.9% compared to the prior year. This was a budgeted increase.

Grant income was down on prior year by \$525,000. This is due to a reduction in recurring grants including the Victorian Grants Commission payments (advance made in 2011/12) and the deferral of the Local Government Infrastructure Program payment. Non-recurrent grants increased despite reduced flood recovery funding, mainly due to the receipt of \$1.2m for the Tallangatta EcoEducation and Integrated Services Hub. Council continues to achieve strong results when applying for competitive grants with 15% (13% in 2011/12) of all income coming from this source.

Expenses are significantly reduced on prior years due to a number of factors. These include the write-off of flood damaged assets and the completion of the Sandy Creek bridge project in 2011/12. Expenditure budgeted for the current year relating to the recreation reserve buildings has been deferred until 2013/14.

Capital Expenditure was lower than budgeted. This is due to the delay in completing all the flood recovery works and the allocation of resources against flood recovery works affecting completion of other projects. The budgeted purchase of a number of plant and equipment items has also been deferred until 2013/14.

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 2014 Council had \$10.5 million of cash reserves.

Standard statements

Standard Income Statement for the year ending 30 June 2013

	Actual \$'000	Budget \$'000	Variance		Note
			\$'000	%	
Income					
Rates and charges	6,268	6,259	9	0.1%	
Statutory fees and fines	156	164	(8)	(4.9%)	
User fees	418	456	(38)	(8.3%)	
Grants - Operating (recurrent)	4,456	3,581	875	24.4%	1
Grants - Operating (non-recurrent)	2,078	1,559	519	33.3%	2
Grants - Capital (recurrent)	1,617	1,719	(102)	(5.9%)	3
Grants - Capital (non-recurrent)	2,274	2,601	(327)	(12.6%)	4
Other income	657	742	(85)	(11.5%)	
Total income	17,924	17,081	843	4.9%	
Expenses					
Employee benefits	4,792	5,375	(583)	(10.8%)	5
Materials and services	3,782	5,411	(1,629)	(30.1%)	6
Depreciation and amortisation	3,479	3,400	79	2.3%	
Finance costs	44	44	-	-	
Other expenses	569	634	(65)	(10.3%)	
Total expenses	12,666	14,864	(2,198)	(14.8%)	
Surplus (deficit) for the year	5,258	2,217	3,041	137.2%	
Other income and expenses					
Revaluation of assets	442	-	442	n/a	
Net gain on disposal of property, infrastructure, plant and equipment	(130)	-	(130)	n/a	
Impairment of assets	-	-	-	n/a	
Total comprehensive result	5,570	2,217	3,353	151.2%	

Note	Item	Commentary
1	Grants - Operating (recurrent)	<p>Received Victorian Grants Commission payments (\$725,000) in advance of budgeted timing. Increase in pre-school hours from 10.75 to 15 per week resulted in increased funding (\$88,000). New unbudgeted, recurring funding for Municipal Emergency Management was received (\$60,000).</p>
2	Grants - Operating (non-recurrent)	<p>Additional funding received that was not included in the budget as not guaranteed at time of completing the budget, including Corryong Visitor Information Centre (\$139,000), Corryong Netball Courts (\$72,000), Local Government Shared Services (\$130,000) and DSE recovery funding (\$190,000)</p>
3	Grants - Capital (recurrent)	<p>Roads to recovery grant acquittal for \$102,000 delayed to 2014 as works not completed.</p>
4	Grants - Capital (non-recurrent)	<p>Flood recovery works not completed and subsequently not claimed in line with budget (\$1,343,000). Walwa Waste Water capital grant (\$300,000) was incorrectly classified in the budget. This should have been "Other income - special rate". The special rate was deferred until 2013/14. Tallangatta Eco Education and Community Hub grant funding received June 2013 and not included in budget (\$1,200,000).</p>
5	Employee benefits	<p>Vacancies during the year were higher than budgeted. There were significant vacancies within the Economic Development department.</p>
6	Materials and services	<p>Major non-recurring projects have not been completed within the original budgeted timelines. Recreation reserve projects such as Tallangatta Multi Sport Precinct (\$1,110,000) and Cudgewa Multi Purpose Facility (\$378,000). Stock grid policy implementation deferred (\$100,000).</p>

Standard Balance Sheet as at 30 June 2013

	Actual \$'000	Budget \$'000	Variance		Note
			\$'000	%	
Current assets					
Cash and cash equivalents	8,660	5,178	3,482	67.2%	1
Investments	1,800	-	1,800	n/a	2
Trade and other receivables	639	683	(44)	(6.4%)	
Other assets	169	560	(391)	(69.8%)	3
Total current assets	11,268	6,421	4,847	75.5%	
Non-current assets					
Trade and other receivables	-	-	-	-	
Property, infrastructure, plant and equipment	181,253	186,794	(5,541)	(3.0%)	4
Total non-current assets	181,253	186,794	(5,541)	(3.0%)	
Total Assets	192,521	193,215	(694)	(0.4%)	
Current liabilities					
Trade and other payables	1,354	643	711	110.6%	5
Provisions	954	891	63	7.1%	6
Total current liabilities	2,308	1,534	774	50.5%	
Non-current liabilities					
Interest-bearing loans and borrowings	404	451	(47)	(10.4%)	7
Provisions	285	198	87	43.9%	6
Total non-current liabilities	689	649	40	6.2%	
Total Liabilities	2,997	2,183	814	37.3%	
Net assets	189,524	191,032	(1,508)	(0.8%)	
Equity					
Accumulated surplus	71,252	73,202	(1,950)	(2.7%)	
Asset revaluation reserve	118,272	117,830	442	0.4%	
Total equity	189,524	191,032	(1,508)	(0.8%)	

Note	Item	Commentary
1	Cash and cash equivalents	Grant funding received ahead of budget, lower than expected payments for materials and services (see Standard Comprehensive Income Statement) and lower than expected payments for capital works (see Standard Capital Works Statement) has resulted in a higher than expected closing cash balance.
2	Investments	Investments were budgeted as part of cash and cash equivalents.
3	Other assets	Reduction of inventories on hand due to timing of gravel crushing.
4	Property, infrastructure, plant and equipment	Capital works were not completed as budgeted (see Standard Capital Works Statement). Impairment of assets due to March 2012 flood event was recorded following budget adoption. This reduced the opening balance compared to budget.
5	Trade and other payables	Significant level of capital works completed in June 2013 which were budgeted earlier in the year resulted in a high level of trade payables.
6	Provisions	Provision for Landfill rehabilitation was not included in the budgeted balance sheet. More Long Service Leave provisions have been classified as current than budgeted.
7	Interest-bearing loans and borrowings	Lower than expected borrowings were required for the Eskdale Water Scheme. Repayments made ahead of schedule on the loan relating to the Eskdale Water Scheme.

Standard Cash Flow Statement for the year ending 30 June 2013

	Actual \$'000	Budget \$'000	Variance		Note
			\$'000	%	
Cash flows from operating activities					
Rates and charges	6,161	6,259	(98)	(1.6%)	
Statutory fees and fines	156	164	(8)	(4.9%)	
User fees	418	456	(38)	(8.3%)	
Grants - operating	7,115	5,829	1,286	22.1%	1
Grants - capital	3,840	4,709	(869)	(18.5%)	2
Other revenue	657	742	(85)	(11.5%)	
Employee benefits	(5,979)	(5,245)	(734)	14.0%	3
Materials and consumables	(4,303)	(6,320)	2,017	(31.9%)	4
Net cash flows from operating activities	8,065	6,594	1,471	22.3%	
Cash flows from investing activities					
Proceeds from property, plant and equipment	94	-	94	n/a	
Payments for property, plant and equipment	(5,433)	(9,391)	3,958	(42.1%)	5
(Increase)/Decrease in investments	(67)	-	(67)	n/a	
Net cash flows from investing activities	(5,406)	(9,391)	3,985	(42.4%)	
Cash flows from financing activities					
Trust funds and deposits	(40)	-	(40)	n/a	
Finance costs	(44)	(44)	-	-	
Proceeds from borrowings	70	-	70	-	6
Repayment of borrowings	(87)	(72)	(15)	20.8%	
Net cash flows from financing activities	(101)	(116)	15	(12.9%)	
Net increase (decrease) in cash and cash equivalents	2,558	(2,913)	5,471	(187.8%)	
Cash and cash equivalents at the beginning of the year	6,102	8,091	(1,989)	(24.6%)	
Cash and cash equivalents at the end of the year	8,660	5,178	3,482	67.2%	

Note	Item	Commentary
1	Grants - operating	The increase in operating grants is explained in notes 1 and 2 supporting the Standard Comprehensive Income Statement.
2	Grants - capital	A delay in the completion of flood recovery works has resulted in flood recovery funding not being received in line with budget. Capital funding that was originally budgeted as a trade receivable to be received in July 2012 was received in June 2012, reducing expected cash inflow for the current year.
3	Employee benefits	Defined benefits shortfall payment was \$741,000 more than budgeted. There were also a number of offsetting variances relating to high employee vacancies and misallocations in opening balances in employee provisions.
4	Materials and consumables Other expenses	The decrease in materials and services is explained in note 6 supporting the Standard Comprehensive Income Statement.
5	Payments for property, plant and equipment	Capital works budget not met as detailed in the Standard Capital Works Statement. In addition, higher than budgeted trade payables as significant amount of capital work occurred in June 2013.
6	Proceeds from borrowings	Borrowings occurred in July 2012, was originally budgeted to occur in June 2012.

Standard Capital Works Statement for the year ending 30 June 2013

	Actual \$'000	Budget \$'000	Variance		Note
			\$'000	%	
Flood Recovery	-	3,049	(3,049)	(100.0%)	1
Roads	2,474	2,621	(147)	(5.6%)	2
Drains	87	90	(3)	(3.3%)	
Open space	-	40	(40)	(100.0%)	
Buildings	881	649	232	35.7%	3
Plant, equipment and other	371	1,131	(760)	(67.2%)	4
Bridges	2,177	1,524	653	42.8%	5
Footpath	42	44	(2)	(4.5%)	
Kerb and channel	79	123	(44)	(35.8%)	
Other	-	120	(120)	(100.0%)	
Total capital works	6,111	9,391	(3,280)	(34.93%)	
<u>Represented by</u>					
Asset renewal	5,150	7,449	(2,299)	(30.86%)	
New assets	290	843	(553)	(65.60%)	
Asset expansion or upgrade	671	1,099	(428)	(38.94%)	
Total capital works	6,111	9,391	(3,280)	(34.93%)	

Reconciliation of net movement in property, plant and equipment	Actual \$'000	Budget \$'000	Variance		Note
			\$'000	%	
Total capital works	6,111	9,391	(3,280)	(34.93%)	
Asset revaluation movement	442	-	442	n/a	
Depreciation and amortisation	(3,479)	(3,400)	(79)	2.32%	
Written down value of assets sold	(225)	-	(225)	n/a	
Transfers	70	-	70	n/a	
Net movement in property, plant and equipment	2,919	5,991	(3,072)	(51.28%)	

Note	Item	Commentary
1	Flood Recovery	<p>Expenditure on Flood recovery works has been allocated against a specific road or bridge, therefore no expenditure against this budget item.</p> <p>Approximately \$2.6m of flood recovery funding has been spent with \$419,000 of budgeted expenditure being carried forward to the 2013/14 financial year.</p>
2	Roads	<p>Roads have been underspent due to works being delayed to complete flood recovery items. \$763,000 of budgeted expenditure has been carried forward to the 2013/14 financial year.</p>
3	Buildings	<p>Purchase of land for Tallangatta EcoEducation and Community Hub and completion of Corryong Visitor Information Centre in excess of original budget.</p>
4	Plant, equipment and other	<p>A number of items included in the budget were not purchased, such as finance system (\$200,000), North East Bushfire Camera Network (\$455,000), IT hardware (\$40,000) and fleet replacement (\$35,000).</p>
5	Bridges	<p>Majority of bridge works complete were budgeted as Flood recovery. Further works delayed due to flood recovery carried over (\$1,096,000).</p>

Notes to the standard statements for the year ending 30 June 2013

1. Basis of preparation of Standard Statements

Council is required to prepare and include audited Standard Statements within its Annual Report. Four Statements are required - Standard Income Statement, Standard Balance Sheet, Standard Cash Flow Statement, and a Standard Capital Works Statement, 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 accounting bases consistent with those used for General Purpose Financial Statements and the Budget. The result 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. They have not been prepared in accordance with all Australian Accounting Standards or other authoritative 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. The Council has adopted a materiality threshold of ten per cent and a dollar variance of \$150,000. 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 Statements are those adopted by Council on 6 August 2012. The budget was based on assumptions that were relevant at the time of adoption of the budget.

The Council set guidelines and parameters for revenue and expense targets in this budget in order to meet its business plan and financial performance targets for both the short and long term. The budget did not reflect any changes to equity resulting from assets 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.

Certification of the standard statements

In my opinion, the accompanying standard statements have 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 17 September 2013
Tallangatta

In our opinion, the accompanying standard statements have 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 standard statements to be misleading or inaccurate.

On 17 September 2013 we were authorised by the Council to certify the financial report in its final form on behalf of the Council.



Cr Mary Fraser
Mayor

Tuesday 17 September 2013
Tallangatta



Cr Dave Wortmann
Deputy Mayor

Tuesday 17 September 2013
Tallangatta



Ms Juliana Phelps, Chartered Accountant
Chief Executive Officer

Tuesday 17 September 2013
Tallangatta

Annual financial report

Comprehensive Income Statement for the year ending 30 June 2013

	Note	2013 \$'000	2012 \$'000
Income			
Rates and charges	2	6,268	5,858
Statutory fees and fines	3	156	166
User fees	4	418	403
Grants – recurrent	5	6,073	6,994
Grants - non-recurrent	5	4,352	3,956
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	6	(130)	(6)
Other income	7	657	603
Total income		17,794	17,974
Expenses			
Employee benefits	8	4,792	6,137
Materials and services	9	3,782	5,653
Depreciation	10	3,479	3,454
Finance costs	11	44	43
Flood damaged assets written off	17	-	2,836
Other expenses	12	569	597
Total expenses		12,666	18,720
Surplus/(Deficit)		5,128	(746)
Other comprehensive income			
Net asset revaluation increment(decrement)	22	442	-
Comprehensive result		5,570	(746)

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

Balance Sheet for the year ending 30 June 2013

	Note	2013 \$'000	2012 \$'000
Assets			
Current assets			
Cash and cash equivalents	13	8,660	6,102
Investments	13	1,800	1,733
Trade and other receivables	14	639	1,005
Inventories	15	118	302
Other assets	16	51	99
Total current assets		11,268	9,241
Non-current assets			
Property, infrastructure, plant and equipment	17	181,253	178,334
Total non-current assets		181,253	178,334
Total assets		192,521	187,575
Liabilities			
Current liabilities			
Trade and other payables	18	1,215	595
Trust funds and deposits	19	139	179
Provisions	20	954	1,087
Interest bearing loans and borrowings	21	69	63
Total current liabilities		2,377	1,924
Non-current liabilities			
Provisions	20	285	1,339
Interest-bearing loans and borrowings	21	335	358
Total non-current liabilities		620	1,697
Total liabilities		2,997	3,621
Net Assets		189,524	183,954
Equity			
Accumulated surplus	22	71,252	66,124
Reserves	22	118,272	117,830
Total Equity		189,524	183,954

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

Statement of Changes in Equity for the year ending 30 June 2013

	Note	2013 \$'000	2012 \$'000
Accumulated Surplus			
Balance at beginning of the financial year		66,124	66,870
Surplus/(deficit)	22	5,128	(746)
Balance at end of the financial year		71,252	66,124
Asset Revaluation Reserve			
Balance at beginning of the financial year		117,830	117,830
Net asset revaluation increment(decrement)	22	442	-
Balance at end of the financial year		118,272	117,830
Total			
Balance at beginning of the financial year		183,954	184,700
Surplus/(deficit)	22	5,128	(746)
Net asset revaluation increment/(decrement)	22	442	-
Balance at end of the financial year		189,524	183,954

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 2013

	Note	2013 \$'000	2012 \$'000
Cash flows from operating activities			
Rates		6,161	5,787
Statutory fees and fines		156	166
User charges and other fines		418	533
Grants		10,955	11,195
Interest		378	246
Other receipts		279	359
Payments to suppliers		(4,303)	(6,380)
Payments to employees (including redundancies)		(5,979)	(5,047)
Net cash provided by (used in) operating activities	23	8,065	6,859
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(5,433)	(4,058)
Proceeds from sale of property, infrastructure, plant and equipment	6	94	250
(Increase)/Decrease in investments		(67)	(1,733)
Net cash provided by (used in) investing activities		(5,406)	(5,541)
Cash flows from financing activities			
Finance costs		(44)	(43)
Trust funds and deposits		(40)	122
Borrowings received		70	-
Repayment of interest bearing loans and borrowings		(87)	(58)
Net cash provided by (used in) financing activities		(101)	21
Net increase (decrease) in cash and cash equivalents		2,558	1,339
Cash and cash equivalents at the beginning of the financial year		6,102	4,763
Cash and cash equivalents at the end of the financial year	24	8,660	6,102
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.

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 annual financial report

For the year ending 30 June 2013

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 during the financial year.

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.

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.

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.

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.

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 revalued.

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

Land under roads

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, cash equivalents and investments

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.

Term deposits are classified as investments when the original maturity was greater than three months.

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 (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.

The amount charged to the Comprehensive Income Statement in respect of superannuation represents contributions made or due by Council to the relevant superannuation plans in respect to the services of Council's staff (both past and present). Superannuation contributions are made to the plans based on the relevant rules of each plan and any relevant compulsory superannuation requirements that Council is required to comply with.

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 recognised on a straight line basis.

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.

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

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on or after	Impact on financial statements
AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	The standards require the recognition of all re-measurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called "corridor" method), the immediate recognition of all past service cost in profit or loss and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset.	1 January 2013/ 1 July 2013	The entity is yet to assess its full impact.

There are no other 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.

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 2012/13 was \$1,267 million (2011/12 \$1,246 million). The 2012/13 rate in the CIV dollar was 0.33255 to 1.3302 (2011/12, 0.3192 to 1.2731).

	2013 \$'000	2012 \$'000
Residential	1,069	1,010
Commercial	118	112
Farm/Rural	3,274	3,081
Municipal charge	800	748
Garbage charge	647	585
Waste management charge	319	281
Revenue in lieu of rates	41	41
Total rates and charges	6,268	5,858

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

	2013 \$'000	2012 \$'000
Infringements and costs	8	-
Land information certificates	4	5
Permits	78	90
Town planning fees	66	71
Total statutory fees and fines	156	166

Note 4 User fees

	2013 \$'000	2012 \$'000
Child care/children's program fees	46	52
External private works	27	64
Leisure centre fees	38	42
Other fees and charges	100	116
Refuse disposal fees	112	103
Saleyard dues	19	18
Septic tank fees	6	6
Valuation fees/supplementary charges	70	2
Total user fees	418	403

Note 5 Grants

	2013 \$'000	2012 \$'000
Summary of grants		
Federally funded grants	853	922
State funded grants	9,572	10,028
Total	10,425	10,950
Recurrent		
Commonwealth Government - roads to recovery	616	719
Victoria Government - family and children	388	307
Victoria Grants Commission - unallocated	2,119	2,890
Victoria Grants Commission - local roads	1,355	1,717
Victoria Grants Commission - other infrastructure	1,500	1,319
School crossing supervisors	4	8
Emergency Services	91	34
Total recurrent	6,073	6,994
Non-recurrent		
Community Development	184	200
Economic Development	718	909
Emergency	827	1,717
Environment	152	296
Family and children	10	4
Governance	163	-
Infrastructure	1,379	567
Planning	118	39
Recreation	740	214
Roads	61	10
Total non-recurrent	4,352	3,956

	2013 \$'000	2012 \$'000
Conditions on grants		
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	177	166
Economic development and marketing	48	177
Emergency Response	142	1,298
Environment	5	57
Family and children	10	77
Governance	131	10
Infrastructure grant	1,593	1,112
Planning	116	27
Recreation	705	-
Roads	187	-
Total	3,114	2,924
Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:		
Community development	166	-
Emergency Response	1,298	-
Environment	57	33
Family and children	77	-
Governance	10	-
Infrastructure grant	-	1,111
Planning	27	25
Tourism, economic development and marketing	177	196
	1,812	1,365
Net increase (decrease) in restricted assets resulting from grant revenues for the year	1,302	1,559
Opening restricted assets resulting from grant revenues for the year	2,924	1,365
Net increase (decrease) in restricted assets resulting from grant revenues for the year	1,302	1,559
Closing restricted assets resulting from grant revenues for the year	4,226	2,924

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

	2013 \$'000	2012 \$'000
Proceeds of sale	94	250
Written down value of assets disposed	(224)	(256)
Total	(130)	(6)

Note 7 Other income

	2013 \$'000	2012 \$'000
Interest	354	224
Interest on rates	24	22
Community contributions	188	144
Other rent	47	64
Other	44	149
Total other income	657	603

Note 8 Employee benefits

	2013 \$'000	2012 \$'000
Wages and salaries	3,932	3,982
Work cover	75	74
Annual leave and long service leave	382	438
Superannuation (Note 28)	422	511
Superannuation - additional contribution (Note 28)	(47)	1,041
Fringe benefits tax	28	40
Redundancy	-	51
Total employee benefits	4,792	6,137

Note 9 Materials and services

	2013 \$'000	2012 \$'000
Materials and services	1,900	3,814
Contract payments	433	425
Building maintenance	878	882
Plant and equipment maintenance	356	362
Utilities	160	131
Consultants	55	39
Total materials and services	3,782	5,653

Note 10 Depreciation

	2013 \$'000	2012 \$'000
<i>Property</i>		
Buildings and improvements	446	426
<i>Plant and Equipment</i>		
Plant, machinery and equipment	604	625
Fixtures, fittings and furniture	58	70
<i>Infrastructure</i>		
Roads	1,936	1,904
Bridges	207	205
Footpaths and cycle ways	22	22
Drainage	55	54
Kerb and channel	84	81
Landfill	67	67
Total depreciation	3,479	3,454

Note 11 Finance costs

	2013 \$'000	2012 \$'000
Bank overdraft charges	6	5
Interest - Borrowings	-	-
Interest - Finance leases	38	38
Total finance costs	44	43

Note 12 Other expenses

	2013 \$'000	2012 \$'000
Auditors' remuneration	29	35
Councillors' allowances	137	126
Contributions	403	436
Total other expenses	569	597

Note 13 Cash, cash equivalents and investments

	2013 \$'000	2012 \$'000
Cash and cash equivalents		
Cash on hand	1	1
Cash at bank	1,767	666
Money market call account	3,709	3,821
Term deposits	4,983	3,347
Less: Term deposits greater than three months	(1,800)	(1,733)
Total cash and cash equivalents	8,660	6,102
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).		
- Reserve funds allocated for specific future purposes (Note 27)	4,226	2,924
- Trust funds and deposits (Note 19)	139	179
Restricted Funds	4,365	3,103
Total unrestricted cash and cash equivalents	4,295	2,999
Investments		
Term deposits greater than 3 months but less than 12 months	1,800	1,733
Term deposits greater than 12 months	-	-
	1,800	1,733

Note 14 Trade and other receivables

	2013 \$'000	2012 \$'000
Current		
Rates debtors	419	318
Loans and advances to community organisations	-	-
Other debtors	132	656
Net GST receivable	88	31
Total trade and other receivables	639	1,005

Note 15 Inventories

	2013 \$'000	2012 \$'000
Inventories held for internal use	118	233
Inventories held for sale	-	69
Total inventories	118	302

Note 16 Other assets

	2013 \$'000	2012 \$'000
Current		
Prepayments	51	99
Total	51	99

Note 17 Property, infrastructure, plant and equipment

Summary	2013 \$'000	2012 \$'000
at cost	21,766	15,455
at fair value	236,078	235,678
less accumulated depreciation	(76,591)	(72,799)
Total	181,253	178,334

Property	2013 \$'000	2012 \$'000
Land		
at cost	168	14
at fair value as at 1 July 2012	3,659	-
at fair value as at 30 June 2010	-	3,737
	3,827	3,751
Land under roads		
at deemed cost at 30 June 2009	1,545	1,545
	1,545	1,545
Total Land	5,372	5,296
Buildings		
at cost	713	1,154
at fair value as at 1 July 2012	21,935	-
at fair value as at 30 June 2010	-	19,912
less accumulated depreciation	(10,425)	(9,489)
Total Buildings	12,223	11,577
Total Property	17,595	16,873

Valuation of land (excluding land under roads) and buildings were undertaken by a qualified independent valuer (Marcus Hann, 62901, of LG Valuation Services Pty Ltd, ABN 77 095 763 625 as at 1 July 2012). 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.

Plant and equipment	2013	2012
	\$'000	\$'000
Plant, machinery and equipment		
at cost	6,516	6,316
less accumulated depreciation	(3,504)	(2,950)
	3,012	3,366
Fixtures, fittings and furniture		
at cost	237	245
less accumulated depreciation	(66)	(137)
	171	108
Total Plant and Equipment	3,183	3,474

Infrastructure	2013	2012
	\$'000	\$'000
Roads		
at cost	8,771	6,297
at fair value as at 30 June 2010	174,013	174,013
less accumulated depreciation	(42,760)	(40,824)
	140,024	139,486
Bridges		
at cost	3,092	915
at fair value as at 30 June 2010	21,376	21,376
less accumulated depreciation	(12,258)	(12,050)
	12,210	10,241
Footpaths and cycle ways		
at cost	180	137
at fair value as at 30 June 2010	1,324	1,324
less accumulated depreciation	(722)	(699)
	782	762
Drainage		
at cost	87	-
at fair value as at 30 June 2010	6,493	6,493
less accumulated depreciation	(2,662)	(2,607)
	3,918	3,886
Kerb and channel		
at cost	257	177
at fair value as at 30 June 2010	7,278	7,278
less accumulated depreciation	(4,060)	(3,976)
	3,475	3,479
Restoration of Landfill		
at cost	200	200
less accumulated depreciation	(134)	(67)
	66	133
Total Infrastructure	160,475	157,987
Total property, infrastructure, plant and equipment	181,253	178,334

2013	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	168	23	-	(45)	-	(70)	3,827
land under roads	1,545	-	-	-	-	-	-	1,545
Total land	5,296	168	23	-	(45)	-	(70)	5,372
buildings	11,577	713	419	(446)	(180)	-	140	12,223
Total buildings	11,577	713	419	(446)	(180)	-	140	12,223
Total property	16,873	881	442	(446)	(225)	-	70	17,595
Plant and Equipment								
plant, machinery and equipment	3,366	250	-	(604)	-	-	-	3,012
fixtures, fittings and furniture	108	121	-	(58)	-	-	-	171
Total plant and equipment	3,474	371	-	(662)	-	-	-	3,183
Infrastructure								
roads	139,486	2,474	-	(1,936)	-	-	-	140,024
bridges	10,240	2,177	-	(207)	-	-	-	12,210
footpaths and cycleways	762	42	-	(22)	-	-	-	782
drainage	3,886	87	-	(55)	-	-	-	3,918
kerb and channel	3,480	79	-	(84)	-	-	-	3,475
landfill	133	-	-	(67)	-	-	-	66
Total infrastructure	157,987	4,859	-	(2,371)	-	-	-	160,475
Total property, plant and equipment, infrastructure	178,334	6,111	442	(3,479)	(225)	-	70	181,253

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 cycle ways	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

Note 18 Trade and other payables

	2013 \$'000	2012 \$'000
Trade payables	1,056	482
Accrued expenses	159	113
Total trade and other payables	1,215	595

Note 19 Trust funds and deposits

	2013 \$'000	2012 \$'000
Refundable contract deposits	99	126
Other refundable deposits	40	53
Total trust funds and deposits	139	179

Note 20 Provisions

(a) Employee benefits	2013 \$'000	2012 \$'000
Current (i)		
Annual leave	252	285
Long service leave	688	782
Other	14	20
	954	1,087
Non-current (ii)		
Long service leave	85	98
	85	98
Aggregate carrying amount of employee benefits:		
Current	954	1,087
Non-current	85	98
	1,039	1,185
The following assumptions were adopted in measuring the present value of employee benefits:		
Weighted average increase in employee costs	4.31%	4.31%
Weighted average discount rates	3.05%	3.05%
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		
• Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value	369	422
• Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value	585	665
	954	1,087
(ii) Non-current		
Long service leave representing less than 7 years of continuous service measured at present value	85	98

(b) Landfill restoration	2013 \$'000	2012 \$'000
Current	-	-
Non-current	200	200
Total	200	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.

(c) Defined benefits call (Note 28)	2013 \$'000	2012 \$'000
Current	-	-
Non-current	-	1,041
Total	-	1,041

d) Movements in provisions 2013	Annual leave	Long service leave	Flexi Time	Other	Total
Balance at beginning of the financial year	285	880	20	1,241	2,426
Adjustments to opening balance	-	(74)	-	-	(74)
Additional provisions	264	59	61	-	384
Amounts used	(297)	(92)	(67)	(1,041)	(1,497)
Balance at the end of the financial year	252	773	14	200	1,239

e) Total provisions	2013 \$'000	2012 \$'000
Current	954	1,087
Non-current	285	1,339
Total	1,239	2,426

Note 21 Interest bearing loans and borrowings

	2013 \$'000	2012 \$'000
<i>Borrowings</i>		
Current	-	-
Non-current	46	-
Total Borrowings	46	-
<i>Finance leases</i>		
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):		
Not later than one year	96	96
Later than one year and not later than five years	297	393
Later than five years	-	-
Minimum lease payments	393	489
Less: Future finance charges	(35)	(68)
Recognised in the balance sheet as:	358	421
Leases		
Current	69	63
Non-current	289	358
Total Leases	358	421
Aggregate carrying amount of interest-bearing loans and borrowings:		
Current	69	63
Non-current	335	358
Total interest-bearing loans and borrowings	404	421

Note 22 Reserves and accumulated surplus

(a) Asset revaluation reserve	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
	\$'000	\$'000	\$'000
2013			
Property			
Land	8,751	23	8,774
Buildings	1,979	419	2,398
	10,730	442	11,172
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	442	118,272
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

(b) Accumulated surplus	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
	\$'000	\$'000	\$'000
2013	66,124	5,128	71,252
2012	66,870	(746)	66,124

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

	2013 \$'000	2012 \$'000
Surplus/(deficit)	5,128	(746)
Depreciation/amortisation	3,479	3,454
Profit/(loss) on disposal of property, infrastructure, plant and equipment	130	6
Financing activities included in operating result	44	43
Impairment of storm damaged assets	-	2,836
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	366	307
(Increase)/decrease in prepayments	48	(74)
(Increase)/decrease in inventories	115	89
Increase/(decrease) in trade and other payables	(58)	(346)
Increase/(decrease) in provisions	(1,187)	1,290
Net cash provided by/(used in) operating activities	8,065	6,859

Note 24 Reconciliation of cash and cash equivalents

	2013 \$'000	2012 \$'000
Cash and cash equivalents (Note 13)	8,660	6,102
Less bank overdraft	-	-
Total reconciliation of cash and cash equivalents	8,660	6,102

Note 25 Financing arrangements

	2013 \$'000	2012 \$'000
Bank overdraft	400	400
Used facilities	-	-
Unused facilities	400	400

Note 26 Non-cash financing and investing activities

	2013 \$'000	2012 \$'000
Purchase of assets under finance lease	-	-
Total non-cash financing and investing activities	-	-

Note 27 Restrictions on cash assets

Council has cash and cash equivalents (Note 13) that are subject to restrictions.

	2013 \$'000	2012 \$'000
Trust funds and deposits (Note 19)	139	179
Unexpended specific purpose grants (Note 5)	4,226	2,924
Total restrictions on cash assets	4,365	3,103

Note 28 Superannuation

Council made contributions to the following funds.

	2013 \$'000	2012 \$'000
Defined benefit funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	83	142
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date	(47)	1,041
	36	1,183
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	218	223
Employer contributions to other funds	121	146
	339	369

Towong Shire Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. The defined benefit section provides lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions and the legal or constructive obligation is limited to these contributions.

Obligations for contributions to the Fund are recognised as an expense in Comprehensive Income Statement when they are due.

Accumulation

The Fund's accumulation category, Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2013, this was 9% required under Superannuation Guarantee legislation). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Effective from 1 July 2013, the Superannuation Guarantee contribution rate will increase to 9.25%, and will progressively increase to 12% by 2019.

Defined Benefit

The Fund's Defined Benefit category is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated to each employer, the Actuary is unable to allocate

benefit liabilities, assets and costs between employers. As provided under Paragraph 32(b) of AASB 119, Towong Shire Council does not use defined benefit accounting for these defined benefit obligations.

Towong Shire Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 31 December 2011, Towong Shire Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. This rate is currently 9.25% of members' salaries (9.25% in 2011/12).

In addition, Towong Shire Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit (the funded resignation or retirement benefit is calculated as the VBI multiplied by the benefit).

Towong Shire Council is also required to make additional contributions to cover the contribution tax payable on the contributions referred to above.

Employees are also required to make member contributions to the Fund. As such, assets accumulate in the Fund to meet member benefits, as defined in the Trust Deed, as they accrue.

Shortfall amounts

The Local Authorities Superannuation Fund's latest actuarial investigation as at 31 December 2011 identified an unfunded liability of \$406 million (excluding contributions tax) in the defined benefit category of which Towong Shire Council is a contributing employer. Towong Shire Council was made aware of the expected shortfall during the 2011/12 year and was informed of its share of the shortfall on 2 August 2012.

The projected value of Council's contribution to the shortfall at 30 June 2012 (including contributions tax) amounted to \$1,041,000 which was accounted for in the 2011/12 Comprehensive Operating Statement within Employee Benefits (see Note 8) and in the Balance Sheet in Current Liabilities Provisions (see Note 20).

Towong Shire Council received an early payment discount of \$47,000 and this has been accounted for in the 2012/13 Comprehensive Income Statement within Employee Benefits (see Note 8).

The Fund surplus or deficit (ie the difference between fund assets and liabilities) is calculated differently for funding purposes (ie calculating required contributions) and for the calculation of accrued benefits as required in AAS 25 to provide the values needed for the AASB 119 disclosure in the Towong Shire Council's financial statements. AAS 25 requires that the present value of the defined benefit liability be calculated based on benefits that have accrued in respect of membership of the plan up to the measurement date, with no allowance for future benefits that may accrue.

The amount of the unpaid shortfall at 30 June 2013 is \$Nil (\$1,041,000 for 2011/12). This unpaid amount is included in the Balance Sheet in Current Liabilities Provisions (Note 20).

Retrenchment increments

During 2012-13, Council was not required to make payments to the Fund in respect of retrenchment increments (\$83,000 in 2011/12). Council's liability to the Fund as at 30 June 2013, for retrenchment increments, accrued interest and tax is \$Nil (\$Nil in 2011/12).

Accrued benefits

The Fund's liability for accrued benefits was determined in the 31 December 2011 actuarial investigation pursuant to the requirements of Australian Accounting Standard Board AAS25 follows:

	\$'000
Net Market Value of Assets	4,315,324
Accrued Benefits (per accounting standards)	4,642,133
Difference between Assets and Accrued Benefits	(326,809)
Vested Benefits (Minimum sum which must be paid to members when they leave the fund)	4,838,503

The financial assumptions used to calculate the Accrued Benefits for the defined benefit category of the Fund were:

Net Investment Return	7.50% p.a.
Salary Inflation	4.25% p.a.
Price Inflation	2.75% p.a.

Note 29 Commitments

2013	Not later than 1 year	1 to 2 years	2 to 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
LG Valuations	42	-	-	-	42
Other waste disposal	17	18	60	69	164
Indigo shire building and health	147	-	-	-	147
Total	206	18	60	69	353
Capital					
Bridge replacements	322	-	-	-	322
Road resealing	750	750	-	-	1,500
Total	1,072	750	-	-	1,822

Library services ceased with Upper Murray regional library in June 2013 and there is an intention to commence library services from July 2013 with the new provider, SWIFT.

Council authorised the contract for the building of the Tallangatta Multi-sport Precinct at the June 2013 Council Meeting. The contract was signed in August 2013.

2012	Not later than 1 year	1 to 2 years	2 to 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Upper Murray regional library	86	88	90	-	264
LG Valuations	77	-	-	-	77
Other waste disposal	17	18	58	61	154

2012	Not later than 1 year	1 to 2 years	2 to 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
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

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):

	2013 \$'000	2012 \$'000
Not later than one year	17	17
Later than one year and not later than five years	78	76
Later than five years	69	61
	164	154

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.

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>Term deposits less than 3 months in maturity at inception are classified as investments.</p> <p>Interest is recognised as it received.</p>	<p>Funds returned fixed interest rate of between 3.75% and 5.15% (3.75% and 6.18% in 2011/2012) net of fees.</p>
Investments	13	<p>Term deposits greater than 3 months in maturity at inception are classified as investments.</p> <p>Investments are held to maximise interest returns of surplus cash.</p> <p>Interest is recognised as it received.</p>	<p>Funds returned fixed interest rate of between 4.2% and 5.8% (5.2% and 6.35% in 2011/2012) 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>Loans are accounted for at the current loan balance.</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 2011/2012).</p> <p>Loans have an average term of 10 years and a fixed interest rate of 6.95%.</p>

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 2012/13 or 2011/12 financial years.

b) Interest rate risk

2013	Floating interest rate	1 year or less	1 to 5 years	More than 5 years	Non-interest bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
Cash and cash equivalents	5,476	3,183	-	-	1	8,660
Investments	-	1,800	-	-	-	1,800
Trade and other receivables	-	-	-	-	132	132
<i>Total financial assets</i>	5,476	4,983	-	-	133	10,592
Weighted average interest rate	2.65%	4.31%				
Financial liabilities						
Trade and other payables	-	-	-	-	1,215	1,215
Trust funds and deposits	-	-	-	-	139	139
Interest-bearing loans and borrowings	-	69	335	-	-	404
<i>Total financial liabilities</i>	-	69	335	-	1,354	1,758
Weighted average interest rate		8.52%	8.35%			
Net financial assets (liabilities)	5,476	4,914	(335)	-	(1,221)	8,834

2012	Floating interest rate	1 year or less	1 to 5 years	More than 5 years	Non-interest bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets						
Cash and cash equivalents	4,487	1,614	-	-	1	6,102
Investments	-	1,733	-	-	-	1,733
Trade and other receivables	-	-	-	-	656	656
Total financial assets	4,487	3,347	-	-	657	8,491
Weighted average interest rate	2.15%	5.30%				
Financial liabilities						
Trade and other payables	-	-	-	-	595	595
Trust funds and deposits	-	-	-	-	179	179
Interest-bearing loans and borrowings	-	63	358	-	-	421
Total financial liabilities	-	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

c) Net fair values

	Total carrying amount per Balance Sheet		Aggregate net fair value	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Financial assets				
Cash and cash equivalents	8,660	6,102	8,660	6,102
Investments	1,800	1,733	1,800	1,733
Trade and other receivables	132	656	132	656
Total financial assets	10,592	8,491	10,592	8,491
Financial liabilities				
Trade and other payables	1,215	595	1,215	595
Trust funds and deposits	139	179	139	179
Interest-bearing loans and borrowings	404	421	404	421
Total financial liabilities	1,758	1,195	1,758	1,195

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.

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.

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.

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:

	2013 \$'000	2012 \$'000
Current (not yet due)	48	69
Past due by up to 30 days	48	15
Past due between 31 and 180 days	5	260
Past due between 181 and 365 days	16	186
Past due by more than 1 year	15	126
Total Trade and Other Receivables	132	656

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.

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:

2013	6 months or less	6-12 months	1 to 2 years	2-5 years	Contracted cash flow	Carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	1,215	-	-	-	1,215	1,215
Trust funds and deposits	139	-	-	-	139	139
Interest-bearing loans and borrowings	48	48	343	-	439	404
Total financial liabilities	1,402	48	343	-	1,793	1,758

2012	6 months or less	6-12 months	1 to 2 years	2-5 years	Contracted cash flow	Carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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

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.

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
2013					
Financial assets					
Cash, cash equivalents and investments	10,460	(209)	(209)	105	105
Trade and other receivables	132	-	-	-	-
Financial liabilities					
Trade and other payables	1,215	-	-	-	-
Trust funds and deposits	139	-	-	-	-
Interest-bearing loans and borrowings	404	-	-	-	-

	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, cash equivalents and investments	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	-	-	-	-

Note 33 Auditors' remuneration

	2013 \$'000	2012 \$'000
Audit fee to conduct external audit - Victorian Auditor	29	35

Note 34 Events occurring after balance date

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

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:

- Councillors
 - Cr Debi Gadd (Mayor 1 July 2012 to 5 November 2012)
 - Cr Dave Wortmann
 - Cr Mary Fraser (Mayor from 5 November 2012 to current)
 - Cr Peter Joyce
 - Cr Phillip Coysh (from 1 July 2012 to 5 November 2012)
 - Cr Aaron Scales (from 5 November 2012 to current)
- Chief Executive Officer
 - Ms Juliana Phelps
 - Mr Dave Barry (acting from 18 December 2012 to 8 February 2013)

b) Remuneration of responsible persons

	2013 \$'000	2012 \$'000
\$0,000 - \$9,999	1	-
\$10,000 - \$19,999	1	-
\$20,000 - \$29,999	2	3
\$30,000 - \$39,999	1	2
\$40,000 - \$49,999	1	-
\$50,000 - \$59,999	-	-
\$170,000 - \$179,999	-	-
\$190,000 - \$199,999	-	1
\$210,000 - \$219,999	1	-
	7	6
Total Remuneration for the reporting year for Responsible Persons included above amounted to:	347	346

The remuneration of the acting Chief Executive Officer is included at Note 35 (f).

c) Retirement benefits

No retirement benefits have been made by the Council to a Responsible Person. (2011/12: nil).

d) Loans

No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2011/12: nil).

e) Other transactions

Cr Aaron Scales was elected as councillor on 5 November 2012. There was \$Nil of payments (including GST) made to Dartmouth Pub Pty Ltd after 5 November 2012. Cr Aaron Scales has an interest in this business. This is the first year that Cr Aaron Scales qualifies as a responsible person.

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).

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 \$130,000 (2011/12, \$127,000).

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

	2013 \$'000	2012 \$'000
<\$127,000	-	1
\$127,000 - \$129,999	-	1
\$130,000 - \$139,999	-	1
\$140,000 - \$149,999	1	-
\$150,000 - \$159,000	-	-
\$160,000 - \$169,999	1	-
	2	3
Total Remuneration for the reporting year for Responsible Persons included above amounted to:	308	385

This remuneration includes higher duties allowances paid while senior officers were acting as the Chief Executive Officer.

Note 36 Income, expenses and assets by function/activities

2013	AM \$'000	Env \$'000	Plan \$'000	CW \$'000	EDT \$'000	Gov \$'000	Total \$'000
Income							
Grants	3,011	1,663	73	2,446	930	2,302	10,425
Other	1	1,376	99	193	99	5,601	7,369
Total	3,012	3,039	172	2,639	1,029	7,903	17,794
Expenses	5,498	2,275	356	1,267	1,320	1,950	12,666
Surplus (deficit) for the year	(2,486)	764	(184)	1,372	(291)	5,953	5,128
Assets attributed to function	155,223	16,767	332	2,933	7,471	9,795	192,521

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

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.

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.

	2013 \$'000		2013 \$'000		2012 \$'000		2012 \$'000		2011 \$'000		2011 \$'000
Debt servicing costs	44	=	0.25%	43	=	0.24%	47	=	0.35%		
Total revenue	17,794			17,974			13,610				

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.

	2013 \$'000		2013 \$'000		2012 \$'000		2012 \$'000		2011 \$'000		2011 \$'000
Debt servicing and redemption costs	131	=	2.09%	101	=	1.72%	100	=	1.82%		
Rate revenue	6,268			5,858			5,486				

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.

	2013 \$'000		2013	2012 \$'000		2012	2011 \$'000		2011
Rate revenue	6,268	=	35.23%	5,858	=	32.59%	5,486	=	40.31%
Total revenue	17,794			17,974			13,610		

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.

	2013 \$'000		2013	2012 \$'000		2012	2011 \$'000		2011
Total indebtedness	2,858			3,442			1,913		
Total realisable assets	21,512	=	13.29%	20,379	=	16.87%	19,418	=	9.85%

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.

	2013 \$'000		2013	2012 \$'000		2012	2011 \$'000		2011
Current assets	11,268	=	474.04	9,241	=	480%	6,361	=	316%
Current liabilities	2,377			1,924			2,013		

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.

	2013 \$'000		2013		2012 \$'000		2012		2011 \$'000		2011
Current assets	11,268	=	628.79%		9,241	=	734%		6,361	=	434%
Current liabilities	1,792				1,259				1,466		

Certification of the annual 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

Tuesday 17 September 2013
Tallangatta

In our opinion the accompanying financial statements present fairly the financial transactions of Towong Shire Council for the year ended 30 June 2013 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 Tuesday 17 September 2013 to certify the financial statements in their final form.



Cr Mary Fraser
Mayor

Tuesday 17 September 2013
Tallangatta



Cr Dave Wortmann
Deputy Mayor

Tuesday 17 September 2013
Tallangatta



Ms Juliana Phelps, Chartered Accountant
Chief Executive Officer

Tuesday 17 September 2013
Tallangatta

Auditor General's report

VAGO

Victorian Auditor-General's Office

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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 2013 of the Towong Shire Council which comprises standard income statement, standard balance sheet, standard cash flow statement, standard capital works statement, the related notes and the certification of the standard statements have been audited.

The accompanying financial report for the year ended 30 June 2013 of the 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 1 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 about 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 and the reasonableness of accounting estimates made by the Councillors, as well as evaluating 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 1 to the statements and the requirements of the *Local Government Act 1989*
- (b) the financial report presents fairly, in all material respects, the financial position of the Towong Shire Council as at 30 June 2013 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 1 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 2013 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 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
20 September 2013


John Doyle
Auditor-General

Performance statement

For the year ending 30 June 2013

Strategies and priorities	Performance Measure	Target		Outcome
Governance and Decision Making				
Engage Internal Auditors to carry out specific risk-based audits across identified areas of the organisation	Number of audits completed during financial year.	Complete two audits	*	Not achieved
Minimise Council's corporate overhead and improve service delivery through process improvement	Number of reports presented at Council meetings on strategies to reduce overheads or improve service delivery efficiency	Complete three reports	✓	Achieved: Defined Benefit Superannuation Payment (Nov 2012). Procurement – Printing of Rates and Animal Registration Notices (Feb 2013). Green Streets – Best Practice Street Lighting in Indigo and Towong Shire Councils - CEEP Funding Application (Mar 2013).
Our Environment				
Design and construct Walwa sewerage scheme	Completion of scheme and issue of Special Rates notices by May 2013	Special Rates notices issued	*	Not achieved
Planning for the Future				
Assess development proposals against the requirements of the Planning Scheme and State and Local Planning Policies	Average response time of planning applications.	Average days less than 30	✓	Achieved: Average 27.07 days
Investigate and deliver opportunities for population growth in specific localities (Peninsula area, Corryong, Tallangatta)	Number of planning permits received during the year. Increased application is an indication that opportunities for growth exist.	Permits received greater than 52	✓	Achieved: 109 permits received

Performance statement

For the year ending 30 June 2013

Economic and Tourism Development				
Drive increased profitability within retail, commercial and industrial businesses by providing expert training, networking and collaboration opportunities	Corryong Innovation Space occupancy rate	Achieve 70% occupancy at 30 June 2013	✓	Achieved: 5 of 7 spaces (71%) occupied
Maintain Visitor Information Centre accreditation (Corryong)	Visitor Information Centre accreditation rating	Accreditation for 2013 - 2017 achieved	*	Assessment not undertaken of new premises as at 30 June 2013. Accreditation received August 2013.
Our Community's Wellbeing				
Conduct a review of public pools with a view to lowering operating costs and increasing safety and participation	Number of season ticket holders for Tallangatta and Corryong pools	Increase in season tickets issued over 2011/12 season	*	Not achieved: Tallangatta sold 273 tickets, no register for 2011/12. Tallangatta total admissions 4,401 (4,709 in 2011/12). Corryong sold 389 tickets (385 tickets in 2011/12).
Continue to pursue extended Childcare services across the shire	Number of available hours of kindergarten services	Increase the number of contact hours for 4 year olds at Towong Shire kindergartens	✓	Achieved – service increased from 10.75 to 15 hours in line with Universal Access arrangements.
Asset Management				
Complete 100% of projects on the adopted Capital Works Program	Amount of spend in capital budget versus actual for the full year.	Complete 100% of renewal works. Complete 100% of carried forward items.	*	Not achieved Not achieved

Notes to the performance statement

For the year ending 30 June 2013

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

Certification of the performance statement

In my opinion, the accompanying performance statements have 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 17 September 2013
Tallangatta

In our opinion, the accompanying performance statements have 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 statements to be misleading or inaccurate.

On 17 September 2013 we were authorised by the Council to certify the financial report in its final form on behalf of the Council.



Cr Mary Fraser
Mayor

Tuesday 17 September 2013
Tallangatta



Cr Dave Wortmann
Deputy Mayor

Tuesday 17 September 2013
Tallangatta



Ms Juliana Phelps, Chartered Accountant
Chief Executive Officer

Tuesday 17 September 2013
Tallangatta

Auditor General's report

VAGO

Victorian Auditor-General's Office

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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 2013 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* and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the performance statement that is free from 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. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about 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.

Independent Auditor's Report (continued)

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.

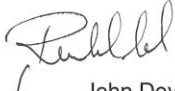
Auditor's Opinion


In my opinion, the performance statement of the Towong Shire Council in respect of the 30 June 2013 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 2013 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 audited performance statement to confirm the information contained in the website version of the performance statement.

MELBOURNE
20 September 2013


John Doyle
Auditor-General



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