

2013/
14

ANNUAL REPORT

INNOVATION : TECHNOLOGY : SUSTAINABILITY

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This information is available in alternative formats by request

Introduction

Reflecting on this past financial year, it is evident that our small team continues to do all it can to deliver significant results for residents and visitors in this upper north-east corner of Victoria.

Over the year our team was kept busy implementing an ambitious program to build a number of community facilities. Major construction projects at the Corryong, Cudgewa, Rowen Park (Tallangatta) and Walwa Recreation Reserves were completed and officially opened. All projects were initiatives arising from strategic masterplans developed in consultation with the community and Council was pleased to work closely with the communities throughout the construction phase of these facilities. We wish to express our appreciation to the Victorian and Commonwealth Governments for their contributions to these projects.

Based on Council's experience, the development of comprehensive masterplans in close consultation with the community has consistently yielded results when applying for competitive grant funding. With several other community planning projects underway in 2013/14, including the Upper Murray 2030 Vision Plan, Our Bellbridge and Our Valley Our Future, we look forward to seeing many more initiatives brought to life in our communities in the not too distant future.

Council continues to strongly advocate for our community's interests at a State and Federal Government level. We regularly meet with local MPs, Ministers, Shadow Ministers, and senior representatives from government departments to ensure that the needs of Towong Shire residents are known. Issues that Council continues to lobby for are upgrades of arterial roads, mobile telecommunications and the NBN and local issues such as wild-dog control. We are committed to doing all we can to take the concerns of our community to the next level.

For some time now, Council has taken an aggressive approach to reduce its operational costs to secure a sustainable future for our organisation. The announcement in May 2014 that the Federal Government would freeze the indexation of its Financial Assistance Grants to local government has significantly impacted on Council's already lean financial situation. We are investigating ways to reduce our costs even further and will consult with the community about the levels of service expected from Council. We hope that by taking this approach we will minimise the impact of the Federal Government's decision on our ongoing service delivery.

Among the initiatives Council is pursuing to reduce operational costs is shared service delivery with neighbouring councils. Ratepayers in Indigo and Towong Shire already benefit from the collaborative delivery of building, environmental health and rates and property services. Further opportunities are currently being explored for shared services between North East Councils through a project funded by Local Government Victoria.

We are pleased with the progress we have made over this first year of the life of our 2013 – 2017 Council Plan. We are confident of our ability to offer best value service delivery that is tailored to our community's needs into the future.



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 2013/14 financial year. It reports on the progress Council has made towards achieving the objectives, measures and priorities set out in the Council Plan 2013 - 17 as well as how our financial performance compared to the Budget for 2013/14.

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 decisive actions to address this situation through strategies that promote economic and population growth as well as by implementing 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, Bullioh, Burrowye, Corryong, Cudgewa, Dartmouth, Eskdale, Granya, Koetong, Lucyvale, Mitta Mitta, Nariel, Old Tallangatta, Talgarno, Tallangatta, Tallangatta Valley, Tintaldra, Towong, Walwa
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Calendar 2013/14

<p>July 2013</p>	<p>New arrangements for mobile library services commenced</p> <p>Council engaged Riverina Regional Library to deliver regular mobile library services to the small communities spread out across the Shire. This partnership was formed after Upper Murray Regional Library ceased operations in June 2013.</p>
<p>August 2013</p>	<p>Robust emergency management and recovery planning</p> <p>Planning for emergencies and recovery was a key focus during 2013/14 with the Shire's third Neighbourhood Safer Place designated in Corryong, an update of the Municipal Emergency Management Plan undertaken and a range of resources launched to support communities in times of disaster.</p>
<p>September 2013</p>	<p>Engaging online with our community</p> <p>Social media has proved to be a very effective mechanism to connect with the community since Council joined Facebook in September. Improving our online communications further, Council launched a redeveloped, easy to navigate, website later in the year.</p>
<p>October 2013</p>	<p>Proactive Safety Management System delivers results</p> <p>Council considered information from a WorkSafe Victoria report that revealed our organisation had the lowest ranking in WorkCover claims for Local Government in Victoria during the 2011/12 year. Council implements a proactive Safety Management System to minimise any negative impact on WorkCover premiums resulting from compensation claims.</p>
<p>November 2013</p>	<p>'Rockorryong' youth event staged</p> <p>Developed especially for young people and funded through the Victorian Government's FReeZa fund, <i>Rockorryong</i> showcased local musical talent and provided budding musicians with the opportunity to gain valuable performing experience. This event was delivered as part of Council's annual youth events program.</p>
<p>December 2013</p>	<p>High Country Scenic Drives officially opened</p> <p>Member for Benambra, Mr Bill Tilley MLA, officially opened the \$312,500 High Country Scenic Drives project. Five lookouts across the Shire were redeveloped to deliver improved infrastructure, including viewing platforms, interpretive signage and picnic facilities, for self-drive visitors to the Shire.</p>

Calendar 2013/14

<p>January 2014</p>	<p>Library relocated in preparation for \$2.6 million project</p> <p>The Tallangatta Library moved into temporary premises in advance of the construction of the new Tallangatta Integrated Community Centre (TICC). Located in Tallangatta's CBD, the TICC will house the new library, childcare and kindergarten services, a business centre and community space.</p>
<p>February 2014</p>	<p>Council brings kerbside waste collection 'in-house'</p> <p>Council staff commenced collecting garbage and recyclables across the Upper Murray in the first stage of the transition from contracted arrangements. Extensive cost analysis and route modelling revealed that Council could deliver this service using in-house resources with improved cost, environmental and local employment outcomes.</p>
<p>March 2014</p>	<p>Upper Murray 2030 Vision Plan and Our Valley Our Future</p> <p>Two community-driven planning projects were underway in 2013/14 that will help shape the Upper Murray and Mitta Valley communities into the future. The Upper Murray 2030 Vision Plan and the Our Valley Our Future projects are auspiced by Council and supervised by Steering Committees including community and Council representatives.</p>
<p>April 2014</p>	<p>New Upper Murray sporting facilities opened</p> <p>Two new facilities with a combined value of over \$730,000 were officially opened by Mr Bill Tilley MLA and Cr Mary Fraser OAM. The new Corryong Netball Courts and the Community Centre at the Cudgewa Recreation Reserve have replaced dilapidated, unsafe and inaccessible facilities. Both projects received significant funding from the Victorian Government and the community.</p>
<p>May 2014</p>	<p>Grand opening of Tallangatta Sports Centre</p> <p>The \$1.85 million project to redevelop the Rowen Park Recreation Reserve was completed in time for the opening football game of the season. The Tallangatta community received almost \$900,000 of support from the Victorian Government to deliver one of the top priorities identified in the Tallangatta Tomorrow Masterplan.</p>
<p>June 2014</p>	<p>Walwa Community Recovery Centre a base for times of crisis</p> <p>Federal Member for Murray, the Hon Dr Sharman Stone MP, officially opened the Walwa Community Recovery Centre. The project received \$250,000 from the Federal Government under the Commonwealth Disaster Resilience Program, \$90,000 from Towong Shire Council and generous cash and in-kind support from the local community.</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 re-elected Mayor in November 2013, her eighth term as 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, operator of a Café/Restaurant and Funeral Director.

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.

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.

Jo Shannon

Director Community and Corporate Services
(From December 2013)

Jo previously worked with the Falls Creek Alpine Resort Management Board, a Victorian public sector body. She managed a range of corporate services functions, most recently as the Corporate Development and Governance Manager. She has a Bachelor of Business (Accounting) and is a member of CPA Australia and the Australian Institute of Company Directors.

Dave Barry

Director Community and Corporate Services
(Until December 2013)

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).

The organisation

Chief Executive Officer

Juliana Phelps

Executive Services

Executive and Councillor support
Customer service

Planning

Community planning
Strategic and statutory land-use planning

Economic and Tourism Development

Business support
Agricultural diversity
Visitor information centres
Event support

Community and Corporate Services

Director – Jo Shannon

Community

Community health
Kindergartens
Maternal and child health
Recreation
Youth services

Finance

Accounting
Budget
Rates and property
Payroll

Corporate

Communications
Risk management and insurance
Governance

Technical Services

Director – Jamie Heritage

Works

Infrastructure maintenance
Parks and open spaces

Projects

Construction and development

Assets

Asset management
Capital projects

Regulatory control

Animal control and local laws
Building services
Environmental health

Environment

Waste management
Wastewater and water supply projects
Forest industry support

Emergency Management

Report of operations

The following reports detail significant factors and events that have influenced Council's performance over the 2013/14 year, policy and organisation changes and the progress that has been made with implementing the Towong Shire Council Plan 2013 – 2017.

The Council Plan 2013 – 2017 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*.

Council Plan review

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

- Organisational improvement
- Community wellbeing
- Asset management
- Land-use planning
- Environmental sustainability
- Economic and tourism development

This report contains a review of the performance for each key result area against the 2013 - 2017 Council Plan and includes outcomes in relation to the strategic indicators set out in the Plan. This year marked the first year of the 2013 – 2017 Council Plan's implementation and the first full financial year of the present Council. The majority of strategies have multi-year timeframes and the following terms have been adopted to explain our progress:

Achieved:	The strategy and strategic indicator has been completed/met
Not achieved:	The strategy and strategic indicator has not been completed/met
Commenced:	The strategy and strategic indicator is not due for completion but work has commenced
Not commenced:	The strategy and strategic indicator is not due for completion and is scheduled to commence in the future

Please refer to the notes column for a further explanation of Council's progress against each Council Plan item.

Performance Report

Organisational improvement

Council Plan 2013 – 2017

Strategic goal

Embed organisational excellence into our governance and management processes in order to deliver the best possible outcomes for our residents and ratepayers.

Our teams have continued to deliver quality services and made excellent progress to implement Council Plan priorities over the 2013/14 year. This is especially pleasing given that a number of organisational changes took place.

From July 2013, Council commenced delivering property and rates services on behalf of Indigo Shire Council. Part of our ongoing partnership with Indigo Shire, this shared services approach achieves results through economies of scale and process efficiencies. We are auspicing an externally funded project between Councils in North East Victoria to explore further opportunities for collaborative service delivery.

Having a positive and supportive work environment certainly contributed to a smooth transition following personnel changes in the Director Community and Corporate Services and the Manager Corporate Services positions.

Online communications was a key focus throughout the year and social media has proven to be an effective tool to engage with our community. Our redeveloped and rebranded website was launched in March 2014.

We are committed to reducing costs wherever possible and with the Federal Government's recent freeze on the indexation of local government funding allocations this has become more critical than ever. Action taken to save even relatively small amounts is important because the cumulative effect of these will reduce the financial burden on ratepayers into the future.

The audit committee continues to play a key role to ensure Council meets its finance and reporting obligations and appropriately manages risk. We wish to thank outgoing independent committee member, Mr Peter Haysey, for his years of service on the committee, and welcome new independent committee member, Ms Narelle Klein. Mr Matthew Fagence has taken on the role of Chair.

Highlights of 2013/14

- Successful delivery of property and rates function on behalf of Indigo Shire Council
- Launch of redeveloped website and increased presence on social media platforms
- Over 80% of recommendations in 2012 Echelon Safety Audit have been addressed
- Significant cost savings identified in a review of fuel purchasing and banking services

Challenges of 2013/14

- Freeze in indexation of Federal funding allocations significantly impacted on the preparation of and the financial outlook in the 2014/15 Budget and Council's long term financial plan
- Operating at less than budgeted staffing levels for much of the year

Council Plan progress report

Organisational improvement

Strategy		Strategic indicator	Indicator outcome	Scheduled completion	Comments
1.1	Redevelop the Council website	- Redeveloped website completed and in operation by Dec 2013	Achieved	December 2013	Social media platforms launched in September 2013 and redeveloped website launched in March 2014
1.2	Commercialise Insight 360	- Business plan completed by Dec 2013 - First commercial customer secured by Sept 2014	Not achieved	Ongoing	Council is currently exploring options to progress this item
1.3	Progressively update all Council collateral with our new brand	- All Council collateral updated by December 2015	Commenced	December 2015	Corporate print and electronic branded collateral has been updated. Council facility, town and locality entrance and tourism signage scheduled for 2014/15
1.4	Develop a succession plan for key positions within the organisation	- Succession plan developed by December 2015	Not commenced	December 2015	Scheduled to commence in January 2015
1.5	Improve communication with residents and ratepayers across the Shire and implement feedback mechanisms to assess our engagement with them	- Targeted satisfaction survey(s) conducted each year and achievement of improved survey results over the life of the Council Plan	Commenced	Ongoing	Surveys following Council events have been undertaken. Further surveys targeting specific service delivery areas are currently under consideration
1.6	Continue to improve our Long Term Financial Plan	- Plan reviewed and adopted annually	Achieved	Ongoing	Updated and adopted as part of 2013/14 Budget and reviewed and updated during the preparation of the 2014/15 Budget

Strategy		Strategic indicator	Indicator outcome	Scheduled completion	Comments
1.7	Implement business improvements in the areas of OHS, risk management, swimming pools and landfills as identified by previous internal audits and engage internal auditors to carry out specific risk-based audits in areas (as determined) upon completion of above	- Improvements implemented in the following areas over the life of the Council Plan: OHS, Risk management, Swimming pools, Landfills	Achieved	Ongoing	Over 80% of the actions identified in Echelon Safety Report have been addressed and over 90% of actions from the Life Saving Victoria report of Council's swimming pools have been addressed. Operational reviews have been undertaken and implemented at Council's waste disposal sites
1.8	Improve service delivery and reduce costs through process improvement and shared services	- Two Council processes reviewed annually and improvement opportunities implemented	Achieved	Ongoing	Banking services and fuel purchasing reviewed during 2013/14. Project to explore opportunities for collaborative service delivery across North East Councils commenced in 2013/14
1.9	Investigate new/additional funding streams with a view to reducing reliance on rate revenue (in conjunction with other small Councils)	- Continued participation in 'Whelan' work and continued lobbying of the State and Federal Governments - Report(s) presented to Council on progress in this area over the life of the Council Plan	Commenced	Ongoing	Council continues to work closely with Rural Councils Victoria on the Rural Council Sustainability project
1.10	Deploy IT infrastructure that enables Council to move to virtualised, thin and cloud based solutions	- Virtualised and thin infrastructure delivered during the life of the Council Plan	Not commenced	June 2017	Scheduled to commence during 2014/15

Strategy	Strategic indicator	Indicator outcome	Scheduled completion	Comments
1.11 Deploy software that leverages improved IT infrastructure with a particular focus on the areas of shared services, record management and business process workflows	- Solutions delivered that drive business productivity during the life of the Council Plan	Not commenced	June 2017	Scheduled to commence during 2014/15

Performance Report

Community wellbeing

Council Plan 2013 – 2017

Strategic goal

Assist Towong Shire residents in the attainment of a high level of health and safety, resilience and connectedness to their communities.

The Council Plan 2013 - 2017 includes a diverse range of strategies to achieve its goal for the wellbeing of Towong Shire communities and throughout the 2013/14 year projects to plan for the future needs of our communities progressed, funding opportunities were pursued and quality community services continued to be delivered.

A number of community planning projects were underway during the 2013/14 year including the Upper Murray 2030 Vision Plan project and the Our Valley Our Future project. The Upper Murray 2030 Vision Plan will provide a roadmap to the future of the Upper Murray, and is an exciting cross border collaboration with our partners, the Tumbarumba Shire Council. The Our Valley Our Future project aims to create a strong, sustainable and vibrant community in the dairy-focused Mitta Valley.

We were advised of several successful funding applications during the 2013/14 year, including the upgrade of the Berringa Community Centre to accommodate the expansion of children's and family services in that area and \$445,000 from the Victorian Government towards the \$745,000 project to upgrade facilities at the Wyeboo Recreation Reserve. Several more funding applications were developed by our team and Council anticipates further positive outcomes.

Our teams implemented new initiatives across our kindergartens, Maternal and Child Health Services, libraries and youth in response to the emerging needs of our community and to ensure that these services continually improve.

The partnership between Council and local health services, known as the Towong Alliance, aims to improve the health and wellbeing of the local community through a collaborative approach. The adoption of the Healthy Communities Plan 2013 – 2017 in June 2014 will provide the strategic direction for the Alliance over the next four years.

Highlights of 2013/14

- Adoption of Towong Healthy Communities Plan 2013-2017
- Family events held including Teddy Bears Picnic and 0-8 Family Fun Day
- Funding for infrastructure projects at the Berringa Community Centre and Wyeboo Recreation Reserve
- Victorian Government funding for short-term positions of Access and Inclusion Officer and Community Development Officer
- 99% participation rate for Maternal and Child Health's Key Ages and Stages program

Challenges of 2013/14

- Children's Services Review yet to commence
- Difficulties recruiting Access and Inclusion Officer

Council Plan Progress Report

Community wellbeing

Strategy	Strategic indicator	Indicator outcome	Scheduled completion	Comments	
2.1	Develop a Business Plan for the Corryong Arts Space at Davis Cottage	- Business plan developed by Dec 2013	Not achieved	December 2013	In partnership with Murray Arts options to support operation of Arts Space are being explored. Community workshops held in April 2014
2.2	Support Community responses to natural disasters	- Resources developed by June 2014	Achieved	June 2014	Community resources and educational information developed and available on our website. Resources to support emergency response developed
2.3	Successfully deliver the Tallangatta Multi-sport Project	- Project successfully completed by June 2014	Achieved	June 2014	Tallangatta Sports Centre officially opened by Mr Bill Tilley MP on 4 May 2014
2.4	Successfully deliver the Cudgewa Multi-purpose Centre Project	- Project successfully completed by June 2014	Achieved	June 2014	Cudgewa Community Centre officially opened by Mr Bill Tilley MP on 23 April 2014
2.5	Successfully deliver the Walwa Community Recovery Centre Project	- Project successfully completed by June 2014	Achieved	June 2014	Walwa Community Recovery Centre officially opened by The Hon Dr Sharman Stone on 21 June 2014
2.6	Successfully deliver the Tallangatta Eco-education and Integrated Services Hub Project	- Project successfully completed by January 2015	Commenced	January 2015	Pre-construction planning well underway including site consolidation, road closure and architectural design

Strategy		Strategic indicator	Indicator outcome	Scheduled completion	Comments
2.7	Complete the Tallangatta Caravan Park Planning Study and implement the adopted recommendations from the plan	- Planning Study completed by Sept 2013 - Adopted recommendations from the Planning Study implemented over the life of the Council Plan	Achieved	Ongoing	Draft study completed and scheduled for adoption by Council early in the 2014/15 year
2.8	Seek funding for the Corryong Tennis Court project	- Funding application submitted by Dec 2014	Achieved	December 2014	Advised that our initial funding application was unsuccessful in August 2013. Revised application developed for submission early in 2014/15 year
2.9	Conduct a review of public pools with a view to lowering operating costs and increasing safety and participation	- Review completed and presented to Council by June 2015	Commenced	June 2015	Review commenced and trialled for 2013/14 season
2.10	Successfully deliver the Magorra Park Multi-purpose Centre Project	- Project successfully completed by Dec 2015	Commenced	December 2015	Tender for construction advertised in May 2014 with works due to commence early 2014/15
2.11	Seek funding for the Corryong Aquatic Training Centre Project	- Funding application submitted by Dec 2014	Commenced	December 2014	Preliminary project proposal submitted to funding body April 2014
2.12	Auspice and support the successful delivery of the Mitta Valley 'Our Valley, Our Future'	- Project successfully completed by Dec 2015	Commenced	December 2015	Project milestones being met
2.13	Auspice and support the successful delivery of the Upper Murray 2030 Vision Plan	- Project successfully completed by Dec 2014 and commitment by Council to pursue key priority(s) from the Plan	Commenced	December 2014	Project underway

Strategy		Strategic indicator	Indicator outcome	Scheduled completion	Comments
2.14	Continue to pursue extended childcare services across the Shire	- Extended childcare services delivered during the life of the Council Plan	Commenced	Ongoing	Funding secured to investigate capacity to deliver children's services. Funding also secured for renovation of Berringa Community Centre for expanded child care and family services
2.15	Continue to implement the key priorities from 'Tallangatta Tomorrow' including residential development	- Tallangatta Multi-sport Project delivered by June 2014 - Caravan Park Planning Study implemented by Dec 2014 - Integrated Community Hub delivered by Jan 2015 - Adopted recommendations from the report to Council on Horse Paddocks by June 2015	Achieved Commenced Commenced Not commenced	Ongoing	Refer to strategies 2.3, 2.6 and 2.7 above
2.16	Seek funding for the delivery of key priority(s) from the 'Our Bellbridge' project	- Funding applications submitted for at least one project by Dec 2014	Achieved	Ongoing	Achieved funding to expand children's services at the Berringa Community Centre in Bellbridge
2.17	Develop and implement a youth activities program	- Program presented to Council by Dec 2013 - Implementation over the life of the Council Plan	Achieved	Ongoing	Youth program for 2014 adopted in December and all activities delivered
2.18	Facilitate an annual Seniors Week activity	- Annual activity held	Achieved	Ongoing	Michael Buble Tribute Show held on 11 October 2013

Strategy		Strategic indicator	Indicator outcome	Scheduled completion	Comments
2.19	Host an annual Disability Day activity	- Annual activity held	Not achieved	Ongoing	Delayed pending recruitment of Access and Inclusion Officer
2.20	Continue to refine Council's Emergency Management Plan, including the identification and management of Neighbourhood Safer Places	- Plan reviewed and adopted annually - Annual identification of NSPs (CFA approval process)	Achieved	Ongoing	Plan updated and circulated September 2013. A designated NSP in Corryong became effective August 2013
2.21	Actively participate in the Towong Alliance with the three Shire based Health Services	- Ongoing participation in the Alliance	Achieved	Ongoing	Towong Healthy Communities Plan 2013 – 2017 adopted in June 2014
2.22	Continue the delivery of library services including service provision to rural areas	- Library services delivered to a service level determined by Council	Achieved	Ongoing	Commenced review of mobile library service delivery into the future

Performance Report

Asset management

Council Plan 2013 – 2017

Strategic goal

Maintain and improve our Shire's infrastructure to meet agreed levels of service.

In addition to delivering our maintenance and capital works programs, our asset management team trialled and implemented various initiatives that have resulted in process efficiencies, cost reductions and improved service delivery during the 2013/14 year.

Refinements to our grading and works program were made to achieve greater efficiency, given the vast distances involved and the costs of plant transport and staff travel times. Keeping within Council's EBA arrangements, we are currently working with our maintenance grading crews to trial a ten hour work day to maximise productivity during peak grading times without incurring additional overtime costs.

A digital data collection application is assisting Council staff to complete mapping and a condition inventory of all minor recreation and open space assets including trees of significance, street furniture and playgrounds.

A new stock grid policy was prepared and is scheduled for implementation early in the 2014/15 year. The objective of this policy is to improve Council's service delivery on our unsealed road network.

The results of an independent 5-yearly condition assessment completed on all sealed and unsealed roads, bridges, major culverts, footpath and kerb and channel assets were encouraging, with the report noting that Council had achieved an outstanding improvement in the condition of our assets compared to other Victorian councils.

Four timber bridges were replaced with the assistance of the \$1 million funding from the Victorian Government's Country Roads and Bridges program. The new concrete bridge structures have less maintenance requirements and a significantly longer lifespan. The Country Roads and Bridges program also assisted Council to carry out major patching works and our annual reseal program.

Major works were undertaken over the year on Kurrajong Gap Road using funds from the Commonwealth Government's Black Spot program. Widening the road, improved sight distances and the installation of additional motorcycle barrier rail along the road will make this popular and scenic road safer for locals and visitors alike.

Highlights of 2013/14

- Completion of remaining flood-damage restoration works from March 2012 flood
- Akuna Street upgrade including drainage, turning lanes and parking
- Georges Creek Road upgrade Stage 2

Challenges of 2013/14

- Difficulties in recruiting key engineer positions meant a delay to starting some Council Plan items

Council Plan Progress Report

Asset management

Strategy		Strategic indicator	Indicator outcome	Scheduled completion	Comments
3.1	Prepare an Asset Management Plan for Recreation	- Asset management plan for Recreation adopted by Council by December 2013	Not achieved	December 2013	Plan currently being prepared following a delay due to staff resourcing shortage
3.2	Prepare an Asset Management Plan for Parks and Gardens (inclusive of trees of significance (eg. Cudgewa avenue, Tallangatta Triangles, etc)	- Asset management plan for Parks and Gardens (inclusive of trees of significance) adopted by Council by December 2013	Not achieved	December 2013	Plan currently being prepared following a delay due to staff resourcing shortage
3.3	Review the method of performing condition assessments (internal vs external) with a view to bringing it in-house (and implement most appropriate method)	- Review conducted by June 2014	Not achieved	June 2014	Digital collection method developed with trials to be undertaken early 2014/15
3.4	Implement the stock grid policy	- Stock grid policy implemented by Dec 2014	Commenced	December 2014	Policy and implementation plan adopted
3.5	Deliver the adopted Capital Works program	- Complete 100% of adopted program	Not achieved	Ongoing	83% of \$3.9 million budget completed

Strategy	Strategic indicator	Indicator outcome	Scheduled completion	Comments
3.6	Complete condition assessments for road assets and non-road assets (eg. buildings, playgrounds)	Not achieved Achieved	February 2014	Assessments completed for buildings. Assessments for other non-road assets re-scheduled to 2014/15 Condition assessments for road assets completed
3.7	Develop a town beautification program for all towns and deliver over the life of the Council Plan	Not achieved	Ongoing	Program under development as at June 2014
3.8	Develop and deliver a footpath replacement and extension program for strategic community links	Achieved	September 2014	Program developed and implementation ongoing
3.9	Work with VicRoads and other stakeholders to progress the upgrade/sealing of the Benambra-Corryong Road and the Shelley-Walwa Road	Commenced	June 2017	Funding obtained to widen sections of the Shelley-Walwa Road in 2014/15

Performance Report

Land-use planning

Council Plan 2013 – 2017

Strategic goal

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 finalising strategic planning projects to improve the operation of the Towong Planning Scheme.

A key focus has been completing an amendment to the Towong Planning Scheme to ensure the protection of high quality agricultural land through an improved overlay within the Towong Planning Scheme and the finalisation 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 achieved the fastest planning permit processing times in Victoria. 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. It has necessitated the preparation of a Domestic Wastewater Management Plan to guide the future management of domestic wastewater across the municipality.

Highlights of 2013/14

- New Municipal Strategic Statement (MSS) finalised
- Bushfire Management Overlay project for Eskdale, Mitta Mitta and Dartmouth completed
- Environmental Significance Overlay to protect high quality agricultural land finalised
- New aerial photography for municipality acquired
- Preparation of Domestic Wastewater Management Plan
- Fastest processing times for planning permit applications in Victoria

Challenges of 2013/14

- Planning Permit Applications in Open Potable Water Supply Catchment Areas Guidelines continues to restrict opportunities for future development within the Shire
- Increased planning enforcement
- Staff turnover

Council Plan Progress Report

Land-use planning

Strategy	Strategic indicator	Indicator outcome	Scheduled completion	Comments	
4.1	Improve our communication in relation to town and land use planning	<ul style="list-style-type: none"> - Planning 'Information Pack' prepared and available from June 2014 - Relevant information available from the Visitor Information Centres by Dec 2014 - Meetings with real estate agents conducted annually 	Not achieved	Ongoing	An informative section of our redeveloped website has been launched. Further work has commenced to improve our communication about planning processes
4.2	Develop and implement a Domestic Wastewater Management Plan	- Plan adopted by Council by June 2014 and implemented over the life of the Council Plan	Not achieved	Ongoing	Draft Plan completed and briefings are scheduled with Councillors and water authority
4.3	Finalise the Rural Living Zone Planning Scheme Amendment	- Amendment finalised by Dec 2014	Not achieved	December 2014	Pending adoption of Domestic Wastewater Management Plan (see 4.2 above)
4.4	Complete BMO Schedule Project (including the refining of hazard mapping where necessary)	- Project completed and amendment finalised by June 2015	Achieved	June 2015	Project is complete and a Planning Scheme Amendment will proceed once BMO mapping has been provided
4.5	Complete a section 12B (Planning and Environment Act) review of Towong Planning Scheme	- Review completed by June 2015	Not achieved	June 2015	Scheduled to commence in 2014/15

Strategy	Strategic indicator	Indicator outcome	Scheduled completion	Comments	
4.6	Revise Local Planning Policies with a view to protecting strategically important land for food production	- Policies developed and adopted by Dec 2015	Not achieved	December 2015	Scheduled to commence in 2014/15
4.7	Implement key MSS recommendations including individual town structure plans via Planning Scheme Amendments	- Amendments finalised by Dec 2016	Not achieved	December 2016	Scheduled to commence in 2015/16
4.8	Acquire updated Aerial photography for rural areas and townships	- Improved aerial photography acquired over the life of the Council Plan	Achieved	Ongoing	Photography received and uploaded March 2014
4.9	Lobby for improved hazard mapping (fire and flood) NECMA/State Govt	- Improved mapping acquired over the life of the Council Plan	Not achieved	Ongoing	Regular meetings being held with stakeholders and a joint project application has been submitted to Natural Disaster Resilience Grants Scheme in partnership with NECMA

Performance Report

Environmental sustainability

Council Plan 2013 – 2017

Strategic goal

Integrate sustainable natural resource management into all of our business activities.

We are pleased with the progress Council has made to ensure the impact of Council's operations on the environment are minimised and with the initiatives we have implemented to assist our residents to do the same.

The Walwa Wastewater Scheme was officially handed over to North East Water who will have the ongoing responsibility for the maintenance and operation of the system. The Scheme is a critical item of infrastructure for the Walwa community in terms of environmental sustainability and also for the future development of the town.

Council staff commenced collecting both garbage and recyclables across the Upper Murray in the first stage of the transition from contracted arrangements. The new arrangements allow Council to offer a flexible service and expanded recycling collections with improved cost, local employment and environmental outcomes. As part of the new arrangements, a new shed was built at the Tallangatta Transfer Station to accommodate the collection of recyclables, and a new compactor truck ordered in preparation for the remaining implementation stages now scheduled for late 2014.

Working with the Environment Protection Authority and external consultants, we are currently developing procedures to ensure that our operation of the Corryong Landfill meets the new guidelines for the best practice management of small landfills. We have obtained the consent of the EPA to continue to operate the landfill into the foreseeable future within the existing boundary of the leased property. We also have a number of closed landfills which we pro-actively monitor and, apart from some minor maintenance required, no negative issues have been identified at these rehabilitated sites.

A funding proposal to upgrade both of our waste disposal facilities in Corryong and Tallangatta was submitted to Sustainability Victoria with an outcome expected to be known early in 2014/15.

The Victorian Government confirmed that it will provide funding to Council for weed control on local roadsides. Council has mapped blackberry locations throughout the Shire and is targeting them accordingly. We continue to work with the Blackberry Action Group, Landcare groups and landholders to ensure that our weed eradication program is effective. Council also undertakes programs to control other noxious weeds, such as plum trees, with a large area recently being completed in the Bethanga township.

Highlights of 2013/14

- Stage 1 of kerbside garbage and recycling collection arrangements implemented
- Walwa Wastewater Scheme handover to North East Water

Challenges of 2013/14

- Delivery timeframes for new waste compactor delayed future stages of new collection arrangements

Council Plan Progress Report

Environmental sustainability

Strategy		Strategic indicator	Indicator outcome	Scheduled completion	Comments
5.1	Finalise the Bushfire Camera Network project	- Project completed by Dec 2013	Achieved	June 2014	Project acquitted June 2013
5.2	Explore solutions for Bellbridge water and waste water expansion (in conjunction with NEW)	- Options paper prepared by June 2014	Not achieved	June 2014	Discussions with North East Water are ongoing
5.3	Lobby for the expansion/improvement of the NE Water Tallangatta wastewater plant to accommodate future development in Tallangatta and the elimination of odour emanating from the plant	- Commitment from North East Water to have a system in place that can accommodate future development in Tallangatta over the life of the Council Plan	Not commenced	December 2015	Scheduled to commence 2014/15
5.4	Implement the adopted outcomes from the Waste Management Services review and refine our Waste Management services over the life of the Council Plan	<ul style="list-style-type: none"> - Implement adopted outcomes by Dec 2013 - Satisfaction Survey conducted Dec 2014 - Achievement of a sustainable financial outcome for the Council - Increased employment within Shire 	<ul style="list-style-type: none"> Achieved Not achieved Commenced Achieved 	Ongoing	Stage 1 implemented in February 2014 with future stages scheduled for 2014/15

Strategy		Strategic indicator	Indicator outcome	Scheduled completion	Comments
5.5	Explore waste to energy options suitable for a small municipality	- Report prepared for Council by December 2015	Not commenced	December 2015	Scheduled to commence in January 2015
5.6	Consider the options available for the Bethanga Wastewater project and deliver a solution (if feasibility can be established)	- Direction to be taken determined and agreed by Dec 2014 - Agreed approach (if any) implemented by December 2016	Not commenced	December 2015	Scheduled to commence in 2014/15
5.7	Provide proactive support to DEPI Wild Dog Program and lobby for increased resourcing in the Towong Shire	- Agri-IQ developed and implemented by June 2016	Not commenced	June 2016	Agri-IQ scheduled for implementation in 2015/16
5.8	Continue to implement noxious weed controls along roadsides and encourage adjoining landowners (including DSE and Parks Vic) to also implement controls on their property	- Reduction in noxious weeds (as identified through mapping) - Development and implementation of a Roadside Management Plan	Achieved	Ongoing	Funding secured for 2013/14 program
5.9	Continue to maintain and monitor operational and closed landfills within EPA guidelines	- All EPA requirements met over the life of the Council Plan	Achieved	Ongoing	Regular inspections of closed landfills completed in August 2013

Strategy	Strategic indicator	Indicator outcome	Scheduled completion	Comments
5.10 Support waste minimisation and management initiatives in the North East Regional Waste Implementation Plan and Regional Waste Minimisation Strategy	- Reduction in waste being deposited in landfills (local and external)	Achieved	Ongoing	Expansion of recycling services made possible through new service delivery arrangements. Council continues to participate in NevRwaste initiatives

Performance Report

Economic and tourism development

Council Plan 2013 – 2017

Strategic goal

Expand long-term employment and economic opportunities whilst continuing to maintain and promote our natural environment and the lifestyle our municipality offers.

With an ambitious portfolio of strategies included in the Council Plan 2013 – 2017 designed to draw out Towong Shire’s potential from an investment, business and tourism perspective, the appointment of a Manager Economic Development in August 2013 following an extended vacancy was welcome news.

The sealing of the Omeo Highway was completed, and we are working closely with the communities of Mitta Mitta, Dartmouth and Eskdale to ensure that the opportunity this provides can be capitalised on.

Council staff have been involved in lobbying for improved mobile telephone coverage in a bid to attract funding for a new mobile telephone tower in the Shire. Working with the Indi Telecommunications Action Group, a strategic approach to the Federal Governments \$100M Black Spots Funding program has been developed and is currently being implemented.

We were pleased to work alongside our partners in the Alpine Valley’s Dairy Pathways Project to deliver and launch the North East Dairy Regional Growth Plan and Workforce Development Strategy. Copies of the strategy are available through our website. We are now working with the Alpine Valley’s Dairy Pathways Project partners to deliver on the priorities from the project, and promote dairy as a growth industry in the Towong Shire.

In addition to supporting established events in the Shire, such as the Man from Snowy River Bush Festival, the Tallangatta Fifties Festival, the Upper Murray Challenge and Dartmouth Women’s Fishing Classic, we were pleased to provide support for other events held throughout the year, including paragliding events at the Corryong Airport, the 25th Women on Farms Gathering and the Tallangatta Sports Festival.

Highlights of 2013/14

- Commencement of the Narrows Feasibility Study
- Launch of the North East Dairy Regional Growth Plan and Workforce Development Strategy at the Tallangatta Expo

Challenges of 2013/14

- Delay in launching Corryong and Tallangatta tourism websites

Council Plan Progress Report

Economic and tourism development

Strategy	Strategic indicator	Indicator outcome	Scheduled completion	Comments	
6.1	Explore options in relation to the Corryong Airport upgrade (including lighting)	<ul style="list-style-type: none"> - Feasibility of upgrade determined by Dec 2013 - Project funding pursued (if project is feasible) by June 2014 	Not achieved	June 2014	Funding application drafted and will be submitted in 2014/15
6.2	Auspice and support the successful delivery of the Alpine Valleys Dairy Pathways Project	<ul style="list-style-type: none"> - Project successfully completed 	Achieved	February 2014	Project acquitted in April 2014
6.3	Develop, launch and maintain the Corryong and Tallangatta Tourism Websites	<ul style="list-style-type: none"> - Websites developed and launched by December 2013 	Not achieved	December 2013	Project partner Tourism North East has experienced delays with the website developer. Rescheduled for completion in 2014/15
6.4	Review Council's role in the delivery of Tallangatta Visitor Information Services and implement the adopted outcomes from the review	<ul style="list-style-type: none"> - Review conducted by Dec 2013 and recommendations adopted by Council by March 2014 - Adopted recommendations implemented by Dec 2014 	Commenced	June 2015	A preliminary review has been carried out and arrangements will be finalised prior to June 2015
6.5	Seek funding to seal the Colac Colac Walking Track	<ul style="list-style-type: none"> - Application for funding submitted by June 2014 	Achieved	June 2014	Sealing of track completed in February 2014

Strategy		Strategic indicator	Indicator outcome	Scheduled completion	Comments
6.6	Develop a Corryong Saleyards strategy	- Strategy developed by June 2014 and adopted recommendations implemented by June 2015	Not achieved	June 2015	Project scope currently being established
6.7	Continue to work towards the availability of Industrial land in Corryong and Tallangatta	- Report to Council on Industrial Land supply options by June 2016	Not achieved	June 2016	Scheduled to commence in 2015/16
6.8	Lobby the Federal Government in order to maximise the NBN outcomes for our communities	- Improved high speed Broadband delivery	Commenced	Ongoing	Council will continue to maximise outcomes for Towong communities
6.9	Lobby Federal Government and private telcos for improved mobile coverage	- Improved mobile coverage achieved over the life of the Council Plan	Commenced	Ongoing	Participant in the Indi working group for telecommunications
6.10	Support the Agribusiness sector in Towong Shire to achieve profitability and sustainability	- Report to Council on strategy and possible actions to support the sector by June 2014 and implement adopted recommendations over the life of the Council Plan	Not achieved	Ongoing	Scheduled to commence in 2014/15
6.11	Support the Retail, Commercial and Industrial sectors in Towong Shire to achieve profitability and sustainability	- Report to Council on strategy and possible actions to support the sectors by Dec 2014 and implement adopted recommendations over the life of the Council Plan	Not commenced	Ongoing	Scheduled to commence in 2014/15

Strategy		Strategic indicator	Indicator outcome	Scheduled completion	Comments
6.12	Promote the Omeo Highway and the Benambra-Corryong Road as touring links to the Gippsland region	- Promotional campaign developed by Dec 2014 and implemented over the life of the Council Plan	Commenced	Ongoing	Scheduled to commenced in 2014/15
6.13	Develop a strategic plan to manage the outcomes for Corryong with the possible establishment of the molybdenum mine	- Strategic plan developed by Dec 2014 and recommendations implemented if the mine proceeds	Not commenced	Refer comments	Uncertainty as to whether mine will proceed has resulted in this item being put on hold
6.14	Encourage (and where possible deliver) sustainable design for community buildings and residential estate development	- Best practice environmental design principles used in the delivery of the Integrated Community Hub	Achieved	Ongoing	Sustainable design principles being incorporated into the design of the Tallangatta Integrated Community Centre

Audit committee

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

The committee is comprised of the Mayor and two independent external members. The external independent members of the audit committee are appointed for a maximum four year term.

The audit committee meets quarterly to discuss Council's budget, finance reports, Council Plan priorities, external and internal audits, OHS, tendering, performance reporting, finance systems, legal compliance 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.

During 2013/14, the audit committee considered:

Financial reporting

Annual financial statements and the external Auditor's reports

Internal audit and internal controls

Internal audit plans:

- Safety audit action plan
- Staff risk assessment training and safe work method statements
- Hazardous substance and dangerous goods audit
- Tallangatta and Corryong swimming pool safety audits

Risk management

Risk management strategy and action plan development

Compliance

Systems and procedures surrounding legal matters

Reporting Responsibilities

Findings of relevant Performance Audits undertaken by the Victorian Auditor-General

Audit committee members

Cr Mary Fraser OAM, Mayor:

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 re-elected Mayor in November 2013, her eighth term as either Mayor/Shire President for the Council.

Mr Peter Haysey (Chair to 30 September 2013):

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. Peter holds Economics and Masters of Administration degrees. Peter's term on the audit committee came to an end on 3 March 2014.

Mr Matthew Fagence (Chair from 1 October 2013): Matthew and his family live in Bethanga. Matthew is the Manager Business Services with the North East Catchment Management

Authority and has vast experience in the areas of strategic risk management, financial and management reporting and internal and external audit processes. Matthew is a Councillor for the Albury Wodonga CPA Australia Branch and is also an active member of the Bethanga Rural Fire Brigade.

Matthew is a Justice of the Peace (Qualified), holds a Bachelor of Commerce degree, is a Fellow Certified Practising Accountant (FCPA), and is a Certified Professional Member of the Australian Human Resources Institute (CAHRI).

Ms Narelle Klein (Member from March 2014):

Narelle, a Chartered Accountant, is the Financial Reporting and Audit Liaison Manager at the Australian Taxation Office and a member of the Tallangatta Health Service Board of Management. She has substantial experience in financial, management and taxation accounting, external audit processes, corporate and strategic planning, corporate governance and risk management. Narelle resides on a small rural property near Bethanga with her family.

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

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
Organisational improvement	14.8
Community wellbeing	9.0
Asset management	29.9
Land-use planning	1.0
Environmental sustainability	0.2
Economic and tourism development	2.9

Employees by gender and status

Female	EFT
Full-time	8.5
Part-time	14.3
Casual	2.1
Male	
Full-time	31.5
Part-time	0.3
Casual	1.2

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.

Protected Disclosure Act

A protected disclosure is a complaint regarding serious corrupt conduct by a public officer or body, including the Towong Shire Council, its Councillors, CEO and employees.

The purposes of the Protected Disclosure Act 2012 are:

- a) to encourage and facilitate disclosures of
 - i) improper conduct by public officers, public bodies and other persons;
 - ii) detrimental action taken in reprisal for a person making a disclosure under this Act

- b) to provide protection for
 - i) persons who make these disclosures; and
 - ii) persons who may suffer detrimental action in reprisal for those disclosures

- c) to provide for the confidentiality of the content of those disclosures and the identity of persons who make those disclosures.

Council has established procedures to receive and assess disclosures and to manage the welfare of any person making a disclosure. The document is available for download from our website www.towong.vic.gov.au or hard copies can be obtained from the Council office in Tallangatta.

The Independent Broad-based Anti-corruption Commission (IBAC) has been established to promote integrity and accountability across the Victorian public sector, including councils and to lead the implementation of the Protected Disclosure Act.

Section 69 of the Protected Disclosure Act requires Council to include in its Annual Report the following details for 2013/14:

The number and types of disclosures notified to the IBAC under section 21(2) or 22	0
The number and types of protected disclosure complaints referred to the investigating entity by the IBAC	0
The number and types of protected disclosure complaints investigated by the investigating entity	0
The number and types of protected disclosure complaints dismissed by the investigating entity	0
The number of applications for an injunction made by the investigating entity under section 50 during the financial year	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 2013/14 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.

Financial overview 2013/14

Operating Result

The result shown in the Comprehensive Income Statement for the period was a surplus of \$892,000. A comparison of Council's Operating Result from 2008/09 to 2013/14 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 also includes expenditure constructing or redeveloping community buildings located on non-Council owned land, where control of the building returns to the landowner on completion of the project. It does not include expenses of a capital nature, such as upgrading roads or purchasing equipment or developing buildings on Council owned land.

Rate and charges revenue increased by 5.2% compared to the prior year. This was a budgeted increase.

Grant income was down on prior year by \$3.4 million. This is due to a reduction in recurring grants mainly from the Victorian Grants Commission payments (\$1.8 million) and non-recurrent grants for the Tallangatta Integrated Community Centre (\$0.8 million) due to bulk of funding for this project being received (\$1.2 million) in 2012/13. Council continues to achieve strong results when applying for competitive grants with 11% (15% in 2012/13) of all income coming from this source.

Expenses are above prior year by \$2.1 million. This is mainly due to expenses incurred in developing the Tallangatta Multi Sport Precinct \$1.2 million, Cudgewa Multi Purpose Facility \$0.5 million and the Walwa Community Recovery Centre \$0.4 million.

Capital Expenditure was lower than budgeted. This is due to some projects being completed for significantly less than budget and projects started in 2013/14 but not completed that will be completed in 2014/15.

Cash Position was significantly higher than budgeted predominantly due to unbudgeted income received for the Walwa Waste Water Scheme and lower than budgeted payments on capital expenditure.

Standard statements

Standard Balance Sheet as at 30 June 2014

	Actual	Budget	Variance		Note
	\$'000	\$'000	\$'000	%	
Income					
Rates and charges	6,597	6,586	11	0%	
Statutory fees and fines	152	154	(2)	(1%)	
User fees	458	673	(215)	(32%)	1
Grants - Operating (recurrent)	2,365	2,362	3	0%	
Grants - Operating (non-recurrent)	994	949	45	5%	
Grants - Capital (recurrent)	2,321	1,821	500	28%	2
Grants - Capital (non-recurrent)	1,361	1,484	(123)	(8%)	
Other income	1,273	511	762	149%	3
Total income	15,521	14,540	981	7%	
Expenses					
Employee benefits	4,846	5,586	740	13%	4
Materials and services	5,816	5,268	(548)	(10%)	5
Depreciation and amortisation	3,561	3,513	(48)	(1%)	
Finance costs	37	40	3	7%	
Other expenses	466	382	(84)	(22%)	6
Total expenses	14,726	14,789	63	0%	
Surplus (deficit) for the year	795	(249)	1,044	419%	
Other income and expenses					
Revaluation of assets	(7,859)	-	(7,859)	n/a	7
Net gain on disposal of property, infrastructure, plant and equipment	97	-	97	n/a	
Total comprehensive result	(6,967)	(249)	(6,718)	(2,698%)	

Standard statements

Note	Item	Commentary
1	User Fees	The budgeted Walwa Waste Water Special Charge income of \$260,000 was budgeted under User Fees, however the actuals have been classified under Other Income.
2	Grants – Capital (Recurrent)	Local Government Infrastructure Projects funding of \$500,000 was received in 2013/14 but was not budgeted until 2014/15.
3	Other income	Shared Services Income of \$109,000 was not included in the budget. Interest on investments was \$137,000 above budget. The actual Walwa Waste Water Special Charge invoiced was \$438,000 however was budgeted under User Fees.
4	Employee benefits	There were several positions budgeted to be filled during the 2013/14 financial year which were not filled or vacant longer than expected.
5	Materials and services	The main contributors to the variance were the Tallangatta Multi Sporting Precinct - \$266,000 and Cudgewa Multi-Purpose Facility - \$45,000 above the Operating Budget. This was due to \$190,023 being originally budgeted in the Capital Works Program however expended in the Operating Budget.
6	Other expenses	Councillor and Mayoral allowances and Contributions were greater than originally budgeted.
7	Revaluation of assets	Revaluations are not budgeted.

Standard statements

Standard Balance Sheet as at 30 June 2014

	Actual	Budget	Variance		Note
	\$'000	\$'000	\$'000	%	
Current assets					
Cash and cash equivalents	7,888	6,347	1,541	24%	1
Trade and other receivables	1,328	582	746	128%	2
Inventories	265	300	(35)	(12%)	
Other assets	29	10	19	190%	
Total current assets	9,510	7,239	2,271	31%	
Non-current assets					
Trade and other receivables	-	52	(52)	(100%)	
Property, infrastructure, plant and equipment	175,771	184,680	(8,909)	(5%)	
Total non-current assets	175,771	184,732	(8,961)	(5%)	
Total Assets	185,281	191,971	(6,690)	(3%)	
Current liabilities					
Trade and other payables	956	697	(259)	(37%)	3
Trust funds and deposits	129	189	60	32%	
Provisions	1,000	1,061	61	6%	
Interest-bearing loans and borrowings	290	14	(276)	(1971%)	4
Total current liabilities	2,375	1,961	(414)	(21%)	
Non-current liabilities					
Interest-bearing loans and borrowings	50	223	173	78%	5
Provisions	299	37	(262)	(708%)	5
Total non-current liabilities	349	260	(89)	(34%)	
Total Liabilities	2,724	2,221	(503)	(23%)	
Net assets	182,557	189,750	(7,193)	(4%)	
Equity					
Accumulated surplus	72,144	71,920	224	0%	
Asset revaluation reserve	110,413	117,830	(7,417)	(6%)	
Total equity	182,557	189,750	(7,193)	(4%)	

Standard statements

Note	Item	Commentary
1	Cash and cash equivalents	Unbudgeted income received (see Standard Income Statement) as well as lower than expected payments for property, plant and equipment (see Standard Cash Flow Statement) has resulted in a higher than expected closing cash balance.
2	Trade and other receivables	The invoicing of the Walwa Waste Water Scheme Special Charge has increased debtors by \$340,000. Sundry debtors have increased by \$140,000 largely due to the North East Water \$100,000 contribution to the Walwa Waste Water Scheme.
3	Trade and other payables	A higher level of trade payables is due to higher than budgeted expenditure levels in the latter part of the year.
4	Interest bearing loans and borrowings(Current)	Payouts on leases for the Garbage Truck and Paveliner are due in the first half of the 2014/15 financial year despite being budgeted in the 2013/14 financial year.
5	Interest bearing loans and borrowings (Non-current) & Provisions (Non-current)	This is due to an error in budget allocation. The budget for Provisions (Non-current) was \$223,000, however it was erroneously published as Interest bearing loans and borrowings. The budget for Interest bearing loans and borrowings (Non-current) was \$37,000, however it was erroneously published as Provisions.

Standard statements

Standard Cash Flow Statement for the year ending 30 June 2014

	Actual \$'000	Budget \$'000	Variance		Note
			\$'000	%	
Cash flows from operating activities					
Rates and charges	6,482	6,576	(94)	(1%)	
Statutory fees and fines	152	154	(2)	(1%)	
User fees	458	673	(215)	(32%)	1
Grants - operating	3,359	3,514	(155)	(4%)	
Grants - capital	3,682	3,305	377	11%	2
Other income	774	511	263	51%	3
Employee benefits	(4,818)	(5,405)	587	11%	4
Materials and consumables	(6,261)	(5,415)	(846)	(16%)	5
Net cash flows from operating activities	3,828	3,913	(85)	(2%)	
Cash flows from investing activities					
Proceeds from property, plant and equipment	166	-	166	n/a	
Payments for property, plant and equipment	(6,455)	(8,683)	2,228	26%	6
(Increase)/ Decrease in investments	1,800	-	1,800	n/a	8
Net cash flows from investing activities	(4,489)	(8,683)	4,194	48%	
Cash flows from financing activities					
Trust funds and deposits	(10)	5	(15)	(300%)	
Finance costs	(37)	(40)	3	7%	
Repayment of borrowings	(64)	(371)	307	83%	7
Net cash flows from financing activities	(111)	(406)	295	73%	
Net increase/ (decrease) in cash and cash equivalents	(772)	(5,176)	4,404	85%	
Cash and cash equivalents at the beginning of the year	8,660	11,523	(2,863)	(25%)	8
Cash and cash equivalents at the end of the year	7,888	6,347	1,541	24%	

Standard statements

Note	Item	Commentary
1	User fees	The Walwa Waste Water Scheme Special Charge originally budgeted for \$260,000, has been invoiced and classified under Other Income instead of under User fees.
2	Grants - capital	Local Government Infrastructure Projects funding of \$500,000 was received in 2013/14 but was not budgeted to be received until 2014/15.
3	Other income	Walwa Waste Water Scheme Special Charge income was \$438,000 and was invoiced in full in 2013/14. This is \$178,000 above the original budget of \$260,000 under User Fees due to income being budgeted over two financial years (2013/14 & 2014/15). The majority of this is currently in Trade and other receivables and is payable in future years.
4	Employee benefits	There were several positions budgeted to be filled during 2013/14 financial year which were either not filled or vacant longer than expected.
5	Materials and consumables	The main contributors to the variance were the Tallangatta Multi Sporting Precinct - \$266,000 and Cudgewa Multi-Purpose Facility - \$45,000 above the Operating Budget.
6	Payments for property, plant and equipment	See detailed explanation in the notes accompanying the Standard Capital Works Statement.
7	Repayment of borrowings	Payouts on leases for the Garbage Truck and Paveliner are due in the first half of the 2014/15 financial year despite being budgeted in the 2013/14 financial year.
8	Cash and cash equivalents and investments	For budgeting purposes, term deposits due in three months were considered as cash. These were treated as investments in the 2012/13 financial statements.

Standard statements

Standard Capital Works Statement for the year ending 30 June 2014

	Actual \$'000	Budget \$'000	Variance		Note
			\$'000	%	
Roads	2,662	3,439	(777)	(23%)	1
Drains	211	91	120	132%	
Buildings	793	1,597	(804)	(50%)	2
Plant, equipment and other	501	1,187	(686)	(58%)	3
Bridges	1,699	2,239	(540)	(24%)	4
Footpath	24	30	(6)	(20%)	
Kerb and channel	85	100	(15)	(15%)	
Other	32	-	32	n/a	
Total capital works	6,007	8,683	(2,676)	(31%)	
<u>Represented by</u>					
Asset renewal	5,013	5,723	(710)	(12%)	
New assets	793	1,675	(882)	(53%)	
Asset expansion or upgrade	201	1,285	(1,084)	(84%)	
Total capital works	6,007	8,683	(2,676)	(31%)	

Reconciliation of net movement in property, plant and equipment	Actual \$'000	Budget \$'000	Variance		Note
			\$'000	%	
Total capital works	6,007	8,683	(2,676)	31%	
Asset revaluation movement	(7,859)	-	(7,859)	n/a	
Depreciation and amortisation	(3,561)	(3,513)	(48)	(1%)	
Written down value of assets sold	(69)	-	(69)	n/a	
Net movement in property, plant and equipment	(5,482)	5,170	(10,652)	(206%)	

Standard statements

Note	Item	Commentary
1	Roads	Flood damage works, sealing and resealing have been completed for less than the cost originally budgeted. Kurrajong Gap Road has been carried forward into the 2014/15 Budget.
2	Buildings	Buildings and building improvement works underway but not completed at 30 June 2014 - Tallangatta Integrated Community Centre (\$520,000), Attree Playground (\$120,000), Colac Colac Caravan Park upgrade (\$102,000).
3	Plant and equipment	A number of projects included in the budget were not finalised in the financial year including the Finance System upgrade (\$200,000). The North East Bushfire Camera Network (\$455,000) project was completed significantly under budget.
4	Bridges	Four bridges were completed for less than the cost originally budgeted. The contract for the Jarvis Creek Bridge was awarded in May 2014 and will be completed in the 2014/15 financial year.

Standard statements

Notes to the Standard Statements

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 (Planning and Reporting) Regulations 2014.

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.

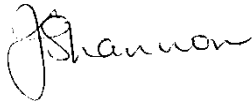
The budget figures included in the Statements are those adopted by Council on 6 August 2013. The budget was based on assumptions that were relevant at the time of adoption of the budget.

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 (Planning and Reporting) Regulations 2014.



Jo Shannon, Certified Practicing Accountant
Principal Accounting Officer

Wednesday 24 September 2014
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 (Planning and Reporting) Regulations 2014.

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

On September 16 2014 we were authorised by the Council to certify the financial report in its final form on behalf of the Council.



Cr Mary Fraser
Mayor

Wednesday 24 September 2014
Tallangatta



Cr David Wortmann
Councillor

Wednesday 24 September 2014
Tallangatta



Ms Juliana Phelps, Chartered Accountant
Chief Executive Officer

Wednesday 24 September 2014
Tallangatta

Annual financial report

Comprehensive Income Statement for the year ending 30 June 2014

	Note	2014 \$'000	2013 \$'000
Income			
Rates and charges	2	6,597	6,268
Statutory fees and fines	3	152	156
User fees	4	458	418
Grants - recurrent	5	4,686	6,073
Grants - non-recurrent	5	2,355	4,352
Net gain/ (loss) on disposal of property, infrastructure, plant and equipment	6	97	(130)
Other income	7	1,273	657
Total income		15,618	17,794
Expenses			
Employee benefits	8	4,846	4,792
Materials and services	9	5,816	3,782
Depreciation	10	3,561	3,479
Finance costs	11	37	44
Other expenses	12	466	569
Total expenses		14,726	12,666
Surplus/(Deficit)		892	5,128
Other comprehensive income			
Net asset revaluation increment(decrement)	22	(7,859)	442
Comprehensive result		(6,967)	5,570

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

Annual financial report

Balance Sheet for the year ending 30 June 2014

	Note	2014 \$'000	2013 \$'000
Assets			
Current assets			
Cash and cash equivalents	13	7,888	8,660
Investments	13	-	1,800
Trade and other receivables	14	1,328	639
Inventories	15	265	118
Other assets	16	29	51
Total current assets		9,510	11,268
Non-current assets			
Property, infrastructure, plant and equipment	17	175,771	181,253
Total non-current assets		175,771	181,253
Total assets		185,281	192,521
Liabilities			
Current liabilities			
Trade and other payables	18	956	1,215
Trust funds and deposits	19	129	139
Provisions	20	1,000	954
Interest bearing loans and borrowings	21	290	69
Total current liabilities		2,375	2,377
Non-current liabilities			
Provisions	20	299	285
Interest-bearing loans and borrowings	21	50	335
Total non-current liabilities		349	620
Total liabilities		2,724	2,997
Net Assets		182,557	189,524
Equity			
Accumulated surplus	22	72,144	71,252
Reserves	22	110,413	118,272
Total Equity		182,557	189,524

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

Annual financial report

Statement of Changes in Equity for the year ending 30 June 2014

	Note	2014 \$'000	2013 \$'000
Accumulated Surplus			
Balance at beginning of the financial year		71,252	66,124
Surplus/(deficit)	22	892	5,128
Balance at end of the financial year		72,144	71,252
Asset Revaluation Reserve			
Balance at beginning of the financial year		118,272	117,830
Net asset revaluation increment/(decrement)	22	(7,859)	442
Balance at end of the financial year		110,413	118,272
Total			
Balance at beginning of the financial year		189,524	183,954
Surplus/(deficit)	22	892	5,128
Net asset revaluation increment/(decrement)	22	(7,859)	442
Balance at end of the financial year		182,557	189,524

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Annual financial report

Cash Flow Statement for the year ending 30 June 2014

	Note	2014 \$'000	2013 \$'000
Cash flows from operating activities			
Rates		6,482	6,161
Statutory fees and fines		152	156
User charges and other fines		458	418
Grants		7,041	10,955
Interest		383	378
Other receipts		391	279
Payments to suppliers		(6,261)	(4,303)
Payments to employees		(4,818)	(5,979)
Net cash provided by (used in) operating activities	23	3,828	8,065
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(6,455)	(5,433)
Proceeds from sale of property, infrastructure, plant and equipment	6	166	94
(Increase)/ Decrease in investments		1,800	(67)
Net cash provided by (used in) investing activities		(4,489)	(5,406)
Cash flows from financing activities			
Finance costs		(37)	(44)
Trust funds and deposits		(10)	(40)
Borrowings received		-	70
Repayment of interest bearing loans and borrowings		(64)	(87)
Net cash provided by (used in) financing activities		(111)	(101)
Net increase/ (decrease) in cash and cash equivalents		(772)	2,558
Cash and cash equivalents at the beginning of the financial year		8,660	6,102
Cash and cash equivalents at the end of the financial year	24	7,888	8,660
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.

Annual financial report

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:

- Australia and New Zealand Banking Group Limited (ANZ)
- 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 (Planning and Reporting) Regulations 2014.

Notes to the financial statements

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

AASB 13 Fair Value Measurement

Council has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements. The fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other A-IFRS require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of AASB 2 Share-based Payment, leasing transactions that are within the scope of AASB 17 Leases, and measurements that have some similarities to fair value but not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

AASB 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, Council has not made any new disclosures required by AASB 13 for the 2013 comparative period. Other than the additional disclosures, the application of AASB 13 has not had any material impact on the amounts recognised in the financial statements.

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

Notes to the financial statements

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

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

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

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

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

AASB 119 Employee benefits

In the current year, Council has applied AASB 119 Employee Benefits (as revised in 2011) and the related consequential amendments for the first time. AASB 119 changes the definition of short-term employee benefits. These were previously benefits that were due to be settled within twelve months after the end of the reporting period in which the employees render the related service, however, short-term employee benefits are now defined as benefits expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service.

This change in classification has not materially altered Council's measurement of the annual leave provision.

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.

Notes to the financial statements

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 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.

Other Income

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

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

Notes to the financial statements

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:

	2014
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	68 years
kerb and channel	90 years
Bridges	
bridges	119 years
added features	80 years
Drainage	
underground drainage	120 years

Notes to the financial statements

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 price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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	2014 \$'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 price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date the class of asset was revalued.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset. More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 17 Property Plant and Equipment. 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.

Notes to the financial statements

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, and annual leave

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

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

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits. Current Liability - unconditional LSL representing 7 years is disclosed as a current liability even when the council does not expect to settle the liability within 12 months because it will not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months.

Notes to the financial statements

The components of this current liability are measured at :

- present value - component that is not expected to be settled within 12 months.
- nominal value - component that is expected to be settled within 12 months.

Non-current liability - conditional LSL representing less than 7 years is disclosed as a non - current liability. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value. Gain or loss following revaluation of the present value of non-current LSL liability due to changes in bond interest rates is recognised as an other economic flow.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The council recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

Employee benefits on-costs

Employee benefits on-costs (payroll tax, workers compensation, superannuation, annual leave and long service leave accrued while on LSL taken in service) are recognised separately from provision for employee benefits.

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

Notes to the financial statements

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.

Notes to the financial statements

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 standards

A number of Australian Accounting Standards have been issued or amended, but not yet effective. Council have assessed these pending accounting standards and has concluded that they are unlikely to have a material impact on future financial reports of Council.

s) Contingent assets and contingent liabilities and commitments

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

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

Notes to the financial statements

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 2013/14 was \$1,276 million (2012/13 \$1,267 million). The 2013/14 rate in the CIV dollar was 0.3490 cents to 1.3960 cents (2012/13, 0.33255 cents to 1.3302 cents).

	2014 \$'000	2013 \$'000
Residential general rates	1,141	1,069
Business general rates	125	118
Rural Residential general rates	744	701
Rural general rates	2,695	2,573
Municipal charge	866	800
Garbage charge	645	647
Waste management charge	339	319
Revenue in lieu of rates	42	41
Total rates and charges	6,597	6,268

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2014, and the valuation will be first applied in the rating year commencing 1 July 2014.

The date of the previous general revaluation of land for rating purposes within the municipal district was 1 January 2012, and the valuation first applied to the rating period commencing 1 July 2012.

Note 3. Statutory fees and fines

	2014 \$'000	2013 \$'000
Infringements and costs	5	8
Land information certificates	4	4
Permits	81	78
Town planning fees	62	66
Total statutory fees and fines	152	156

Notes to the financial statements

Note 4. User fees

	2014 \$'000	2013 \$'000
Children's program fees	67	46
External private works	11	27
Refuse disposal fees	142	112
Saleyard dues	27	19
Septic tank fees	8	6
Swimming pool fees	41	38
Valuation fees/supplementary charges	9	70
Other fees and charges	153	100
Total user fees	458	418

Note 5. Grants

	2014 \$'000	2013 \$'000
Summary of grants		
Federally funded grants	822	853
State funded grants	6,210	9,572
Other grants	9	-
Total	7,041	10,425
Recurrent		
Commonwealth Government - roads to recovery	822	616
Victoria Government - family and children	389	388
Victoria Grants Commission - unallocated	1,212	2,119
Victoria Grants Commission - local roads	662	1,355
Victoria Grants Commission - other infrastructure	1,500	1,500
School crossing supervisors	9	4
Emergency Services	92	91
Total recurrent	4,686	6,073
Non-recurrent		
Community Development	191	184
Economic Development	102	718
Emergency	576	827
Environment	-	152
Family and children	70	10
Governance	-	163
Infrastructure	1,357	1,379
Planning	-	118
Recreation	59	740
Roads	-	61
Total non-recurrent	2,355	4,352

Notes to the financial statements

	2014 \$'000	2013 \$'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	193	177
Economic development and marketing	84	48
Emergency Response	57	142
Environment	36	5
Family and children	45	10
Governance	-	131
Infrastructure grant	1,488	1,593
Planning	-	116
Recreation	20	705
Roads	-	187
Total	1,923	3,114
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	105	166
Economic Development	40	-
Emergency Response	93	1,298
Environment	5	57
Family and children	10	77
Governance	50	10
Infrastructure grant	1,715	-
Planning	58	27
Recreation	279	-
Tourism, economic development and marketing	-	177
	2,355	1,812
Net increase (decrease) in restricted assets resulting from grant revenues for the year	(432)	1,302
Opening restricted assets resulting from grant revenues for the year	4,226	2,924
Net increase (decrease) in restricted assets resulting from grant revenues for the year	(432)	1,302
Closing restricted assets resulting from grant revenues for the year	3,794	4,226

Notes to the financial statements

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

	2014 \$'000	2013 \$'000
Proceeds of sale	166	94
Written down value of assets disposed	(69)	(224)
Total	97	(130)

Note 7. Other income

	2014 \$'000	2013 \$'000
Interest	347	354
Interest on rates	36	24
Community contributions	119	188
Other rent	51	47
Shared service	109	-
Walwa Waste Water Special Charge	438	-
Other	173	44
Total other income	1,273	657

Note 8. Employee benefits

	2014 \$'000	2013 \$'000
Wages and salaries	3,797	3,932
Work cover	72	75
Annual leave and long service leave	516	382
Superannuation (Note 28)	436	422
Superannuation - additional contribution (Note 28)	-	(47)
Fringe benefits tax	25	28
Total employee benefits	4,846	4,792

Notes to the financial statements

Note 9. Materials and services

	2014 \$'000	2013 \$'000
Materials and services	3,568	1,900
Contract payments	493	433
Building maintenance	1,122	878
Plant and equipment maintenance	382	356
Utilities	171	160
Consultants	80	55
Total materials and services	5,816	3,782

Note 10. Depreciation

	2014 \$'000	2013 \$'000
<i>Property</i>		
Buildings and improvements	454	446
<i>Plant and Equipment</i>		
Plant, machinery and equipment	564	604
Fixtures, fittings and furniture	81	58
<i>Infrastructure</i>		
Roads	1,977	1,936
Bridges	222	207
Footpaths and cycle ways	23	22
Drainage	57	55
Kerb and channel	85	84
Landfill	98	67
Total depreciation	3,561	3,479

Note 11. Finance costs

	2014 \$'000	2013 \$'000
Bank overdraft charges	6	6
Interest - Finance leases	31	38
Total finance costs	37	44

Notes to the financial statements

Note 12. Other expenses

	2014 \$'000	2013 \$'000
Auditors' remuneration *	44	29
Councillors' allowances	146	137
Contributions	276	
Total other expenses		
* as disclosed at Note 33 the annual audit fee is \$29,000. The expense is higher this year because Council brought to account accrued audit fees for the first time.	466	569

Note 13. Cash, cash equivalents and investments

	2014 \$'000	2013 \$'000
Cash and cash equivalents		
Cash on hand	1	1
Cash at bank	203	1,767
Money market call account	2,260	3,709
Term deposits	5,424	4,983
Less: Term deposits greater than three months	-	(1,800)
Total cash and cash equivalents	7,888	8,660
Council's 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)	3,794	4,226
- Trust funds and deposits (Note 19)	129	139
Restricted Funds	3,923	4,365
Total unrestricted cash and cash equivalents	3,965	4,295
Investments		
Term deposits greater than 3 months but less than 12 months	-	1,800
	-	1,800

Notes to the financial statements

Note 14. Trade and other receivables

	2014 \$'000	2013 \$'000
Current		
Rates debtors	469	419
Walwa Waste Water Special Scheme debtors	340	-
Fire Service Property Levy debtors	65	-
Other debtors	291	132
Net GST receivable	163	88
Total trade and other receivables	1,328	639

Note 15. Inventories

	2014 \$'000	2013 \$'000
Inventories held for internal use	265	118
Total inventories	265	118

Note 16. Other assets

	2014 \$'000	2013 \$'000
Current		
Prepayments	29	51
Total	29	51

Notes to the financial statements

Note 17. Property, infrastructure, plant and equipment

Summary	2014 \$'000	2013 \$'000
at cost	10,495	21,766
at fair value	234,286	236,078
less accumulated depreciation	(69,010)	(76,591)
Total	175,771	181,253

Property	2014 \$'000	2013 \$'000
Land		
at cost	168	168
at fair value as at 1 July 2012	3,659	3,659
	3,827	3,827
Land under roads		
at deemed cost at 30 June 2009	1,545	1,545
	1,545	1,545
Total Land	5,372	5,372
Buildings		
at cost	1,506	713
at fair value as at 1 July 2012	21,935	21,935
less accumulated depreciation	(10,879)	(10,425)
Total Buildings	12,562	12,223
Total Property	17,934	17,595

Plant and equipment	2014 \$'000	2013 \$'000
Plant, machinery and equipment		
at cost	6,423	6,516
less accumulated depreciation	(3,628)	(3,504)
	2,795	3,012
Fixtures, fittings and furniture		
at cost	323	237
less accumulated depreciation	(148)	(66)
	175	171
Total Plant and Equipment	2,970	3,183

Notes to the financial statements

Infrastructure	2014 \$'000	2013 \$'000
Roads		
at cost	-	8,771
at fair value as at 30 June 2014	168,450	-
at fair value as at 30 June 2010	-	174,013
less accumulated depreciation	(36,018)	(42,760)
	132,432	140,024
Bridges		
at cost	-	3,092
at fair value as at 30 June 2014	24,856	-
at fair value as at 30 June 2010	-	21,376
less accumulated depreciation	(10,947)	(12,258)
	13,909	12,210
Footpaths and cycle ways		
at cost	-	180
at fair value as at 30 June 2014	1,375	-
at fair value as at 30 June 2010	-	1,324
less accumulated depreciation	(624)	(722)
	751	782
Drainage		
at cost	298	87
at fair value as at 30 June 2010	6,493	6,493
less accumulated depreciation	(2,719)	(2,662)
	4,072	3,918
Kerb and channel		
at cost	-	257
at fair value as at 30 June 2014	7,518	-
at fair value as at 30 June 2010	-	7,278
less accumulated depreciation	(3,815)	(4,060)
	3,703	3,475
Restoration of Landfill		
at cost	232	200
less accumulated depreciation	(232)	(134)
	-	66
Total Infrastructure	154,867	160,475
Total property, infrastructure, plant and equipment	175,771	181,253

Notes to the financial statements

2014	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	3,827	-	-	-	-	-	-	3,827
land under roads	1,545	-	-	-	-	-	-	1,545
Total land	5,372	-	-	-	-	-	-	5,372
buildings	12,223	793	-	(454)	-	-	-	12,562
Total buildings	12,223	793	-	(454)	-	-	-	12,562
Total property	17,595	793	-	(454)	-	-	-	17,934
Plant and Equipment								
plant, machinery and equipment	3,012	416	-	(564)	(69)	-	-	2,795
fixtures, fittings and furniture	171	85	-	(81)	-	-	-	175
Total plant and equipment	3,183	501	-	(645)	(69)	-	-	2,970
Infrastructure								
roads	140,024	2,662	(8,277)	(1,977)	-	-	-	132,432
bridges	12,210	1,699	222	(222)	-	-	-	13,909
footpaths and cycleways	782	24	(32)	(23)	-	-	-	751
drainage	3,918	211	-	(57)	-	-	-	4,072
kerb and channel	3,475	85	228	(85)	-	-	-	3,703
landfill	66	32	-	(98)	-	-	-	-
Total infrastructure	160,475	4,713	(7,859)	(2,462)	-	-	-	154,867
Total property, plant and equipment, infrastructure	181,253	6,007	(7,859)	(3,561)	(69)	-	-	175,771

Notes to the financial statements

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 cycle ways	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

Notes to the financial statements

Valuation basis

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

Specialised land and specialised buildings

The market based direct comparison method is also used for specialised land although is adjusted to reflect the specialised nature of the assets being valued. For Council specialised buildings, the depreciated replacement cost method is used, adjusting for the associated depreciations. Specialised assets contain significant, unobservable adjustments, therefore these assets are classified as Level 3 fair value measurements.

An adjustment is made to reflect a restriction on the sale or use of an asset by Council. The adjustment is an allowance made to reflect the difference in value between unrestricted assets and those held by the Council which are impacted by external restraints on their use.

Infrastructure

Infrastructure is valued using the depreciated replacement cost method. This cost represents the replacement cost of the asset after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the property to an "as new" standard. Economic obsolescence has also been factored into the depreciated replacement cost calculation.

Where it has not been possible to examine hidden works, the use of reasonable materials and methods of construction have been assumed bearing in mind the age and nature of the asset. Infrastructure assets contain significant unobservable adjustments, therefore these assets are classified as Level 3.

A valuation of Council's, infrastructure assets was performed by Moloneys Asset Management Systems. The valuation was performed based on the depreciated replacement cost of the assets. The effective date of the valuation is 30 June 2014.

There were no changes in valuation techniques throughout the period to 30 June 2014.

For all assets measured at fair value, the current use is considered the highest and best use.

Notes to the financial statements

Details of the Council's property and infrastructure and information about the fair value hierarchy as at 30 June 2014 are as follows:

	2014			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Property				
land	-	-	3,827	3,827
land under roads	-	-	1,545	1,545
Total land	-	-	5,372	5,372
buildings	-	-	12,562	12,562
Total property	-	-	12,562	12,562
Infrastructure				
roads	-	-	132,432	132,432
bridges	-	-	13,909	13,909
footpaths and cycle ways	-	-	751	751
drainage	-	-	4,072	4,072
kerb and channel	-	-	3,703	3,703
landfill	-	-	-	-
Total infrastructure	-	-	154,867	154,867
Total property and infrastructure	-	-	172,801	172,801

No transfers between levels occurred during the year.

Notes to the financial statements

Description of significant unobservable inputs into level 3 valuations

	Valuation Technique	Significant Unobservable Inputs	Range	Sensitivity
Specialised Land and Land Improvements	Market based direct comparison approach (refer above)	Extent and impact of restriction of use		Increase or decrease in the extent of restriction would result in a significantly lower or higher fair value.
Specialised Buildings	Depreciated Replacement Cost	Cost per building Useful life of specialised buildings	\$10,000 - \$1,540,000 50 years	Increase or decrease in the direct cost per square metre adjustment would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Land Under Roads	Market based direct comparison approach (refer above)	Extent and impact of restriction of use	85% - 95%	Increase or decrease in the extent of restriction would result in a significantly lower or higher fair value.
Infrastructure Roads	Depreciated Replacement Cost	Cost per unit Useful life of infrastructure	\$2/sqm - \$40/sqm (\$12/sqm) 11-100 years	Increase or decrease in the cost per unit would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life would result in a significantly lower or higher fair value.

Notes to the financial statements

	Valuation Technique	Significant Unobservable Inputs	Range	Sensitivity
Infrastructure <i>Bridges</i>	Depreciated Replacement Cost	Cost per unit Useful life of infrastructure	\$1400/sqm - \$2000/sqm (\$1920/sqm) 60-130 years (122 years)	Increase or decrease in the cost per unit would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life would result in a significantly lower or higher fair value.
Infrastructure <i>Footpaths and Cycleways</i>	Depreciated Replacement Cost	Cost per unit Useful life of infrastructure	\$10/sqm - \$100/sqm (\$40/sqm) 15-70 years (68 years)	Increase or decrease in the cost per unit would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life would result in a significantly lower or higher fair value.
Infrastructure <i>Drainage</i>	Depreciated Replacement Cost	Cost per unit Useful life of infrastructure	\$1500/pit \$170/m pipes 120 years	Increase or decrease in the cost per unit would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life would result in a significantly lower or higher fair value.
Infrastructure <i>Kerb and Channel</i>	Depreciated Replacement Cost	Cost per unit Useful life of infrastructure	\$10/metre - \$140/metre (\$102/metre) 90 years	Increase or decrease in the cost per unit would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life would result in a significantly lower or higher fair value.

Notes to the financial statements

Note 18. Trade and other payables

	2014 \$'000	2013 \$'000
Trade payables	711	1,056
Other payables (Fire Services Property Levy)	69	-
Accrued wages	91	159
Accrued expenses	85	-
Total trade and other payables	956	1,215

Note 19. Trust funds and deposits

	2014 \$'000	2013 \$'000
Refundable contract deposits	94	99
Other refundable deposits	35	40
Total trust funds and deposits	129	139

Notes to the financial statements

Note 20. Provisions

(a) Employee benefits

	2014 \$'000	2013 \$'000
Current (refer (i) below)		
Expected to be settled within 12 months		
Annual leave	245	252
Long service leave	741	688
Flexi Time	14	14
	1,000	954
Non-current (refer (ii) below)		
Long service leave	67	85
	67	85
Aggregate carrying amount of employee benefits:		
Current	1,000	954
Non-current	67	85
	1,067	1,039
The following assumptions were adopted in measuring the present value of employee benefits:		
Weighted average increase in employee costs	4.44%	4.31%
Weighted average discount rates	3.57%	3.05%
Weighted average settlement period	12 years	12 years
(i) Current		
All annual leave and the long service leave entitlements representing 7 or more years of continuous service		
<ul style="list-style-type: none"> • Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value 	370	369
<ul style="list-style-type: none"> • Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value 	630	585
	1,000	954
(ii) Non-current		
Long service leave representing less than 7 years of continuous service measured at present value	67	85

Notes to the financial statements

(b) Landfill restoration

	2014 \$'000	2013 \$'000
Current	-	-
Non-current	232	200
Total	232	200

A provision for progressive landfill restoration has been calculated based on the present value of the estimated costs of 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) Movements in provisions 2014

	Annual leave	Long service leave	Flexi Time	Other	Total
Balance at beginning of the financial year	252	773	14	200	1,239
Additional provisions	318	144	82	32	576
Amounts used	(325)	(109)	(82)	-	(516)
Balance at the end of the financial year	245	808	14	232	1,299

(d) Total provisions

	2014 \$'000	2013 \$'000
Current	1,000	954
Non-current	299	285
Total	1,299	1,239

Notes to the financial statements

Note 21. Interest bearing loans and borrowings

	2014 \$'000	2013 \$'000
<i>Borrowings</i>		
Current	-	-
Non-current	50	46
Total Borrowings	50	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	296	96
Later than one year and not later than five years	-	297
Later than five years	-	-
Minimum lease payments	296	393
Less: Future finance charges	(6)	(35)
Recognised in the balance sheet as:	290	358
Leases		
Current	290	69
Non-current	-	289
Total Leases	290	358
Aggregate carrying amount of interest-bearing loans and borrowings:		
Current	290	69
Non-current	50	335
Total interest-bearing loans and borrowings	340	404

Notes to the financial statements

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
2014			
Property			
Land	8,774	-	8,774
Buildings	2,398	-	2,398
	11,172	-	11,172
Infrastructure			
Roads	88,795	(8,277)	80,518
Bridges	10,567	222	10,789
Footpaths and cycleways	545	(32)	513
Drainage	3,663	-	3,663
Kerb and channel	3,530	228	3,758
	107,100	(7,859)	99,241
Total asset revaluation reserve	118,272	(7,859)	110,413
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

Notes to the financial statements

(b) Accumulated surplus

	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
	\$'000	\$'000	\$'000
2014	71,252	892	72,144
2013	66,124	5,128	71,252

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

	2014 \$'000	2013 \$'000
Surplus/ (deficit)	892	5,128
Depreciation/amortisation	3,561	3,479
Profit/ (loss) on disposal of property, infrastructure, plant and equipment	(97)	130
Financing activities included in operating result	37	44
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(689)	366
(Increase)/decrease in prepayments	22	48
(Increase)/decrease in inventories	(147)	115
Increase/(decrease) in trade and other payables (operating)	189	(58)
Increase/(decrease) in provisions	60	(1,187)
Net cash provided by/(used in) operating activities	3,828	8,065

Note 24. Reconciliation of cash and cash equivalents

	2014 \$'000	2013 \$'000
Cash and cash equivalents (Note 13)	7,888	8,660
Less bank overdraft	-	-
Total reconciliation of cash and cash equivalents	7,888	8,660

Notes to the financial statements

Note 25. Financing arrangements

	2014 \$'000	2013 \$'000
Bank overdraft	400	400
Used facilities	-	-
Unused facilities	400	400

Note 26. Non-cash financing and investing activities

	2014 \$'000	2013 \$'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.

	2014 \$'000	2013 \$'000
Trust funds and deposits (Note 19)	129	139
Unexpended specific purpose grants (Note 5)	3,794	4,226
Total restrictions on cash assets	3,923	4,365

Note 28. Superannuation

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 2014, this was 9.25% required under Superannuation Guarantee legislation). Our commitment to defined contribution plans is

Notes to the financial statements

limited to making contributions in accordance with our minimum statutory requirements. 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 2014, the Superannuation Guarantee contribution rate will increase to 9.50%.

Defined Benefit

As provided under Paragraph 34 of AASB 119, Towong Shire Council does not use defined benefit accounting for these defined benefit obligations. This is because the Fund's Defined Benefit category is a multi-employer sponsored plan.

As a multi-employer sponsored plan, the Fund was established as a mutual scheme to allow for the mobility of the workforce between the participating employers without attaching a specific liability to particular employees and their current employer. Therefore, there is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Towong Shire Council in the Fund cannot be measured as a percentage compared with other participating employer. While there is an agreed methodology to allocate any shortfalls identified by the Fund Actuary for funding purposes, there is no agreed methodology to allocate benefit liabilities, assets and costs between the participating employers for accounting purposes. Therefore, the Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding arrangements

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. The Fund's employer funding arrangements comprise of three components (which are detailed below) are:

- 1 – Regular contributions – which are ongoing contributions needed to fund the balance of benefits for current members and pensioners;
- 2 – Funding calls – which are contributions in respect of each participating employer's share of any funding shortfalls that arise; and
- 3 – Retrenchment increments – which are additional contributions to cover the increase in liability arising from retrenchments.

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.

Notes to the financial statements

Employer Contributions

Regular contributions

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. For the year ended 30 June 2014, this rate was 9.25% of members' salaries. This rate increased to 9.5% on 1 July 2014 and is expected to increase in line with the required Superannuation Guarantee contribution rate.

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).

Funding calls

The Fund is required to comply with the superannuation prudential standards. Under the superannuation prudential standard SPS 160, the Fund is required to target full funding of its vested benefits. There may be circumstances where:

- a fund is in an unsatisfactory financial position at an actuarial investigation (i.e. its vested benefit index (VBI) is less than 100% at the date of the actuarial investigation); or
- a fund's VBI is below its shortfall limit at any time other than at the date of the actuarial investigations.

If either of the above occur, the fund has a shortfall for the purposes of SPS 160 and the fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. There may be circumstances where the Australian Prudential Regulation Authority (APRA) may approve a period longer than three years.

The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Towong Shire Council) are required to make an employer contribution to cover the shortfall. The methodology used to allocate the shortfall was agreed in 1997 to fairly and reasonably apportion the shortfall between the participating employers.

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

The pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund are based on:

Notes to the financial statements

- The service periods of all active members split between the active members pre-1 July 1993 and post-30 June 1993 service period;
- The service periods of all deferred members split between the deferred members pre-1 July 1993 and post-30 June 1993 service period; and
- The pensioner (including fixed term pension) liabilities which are allocated to the pre-1993 period.

The pre-1 July 1993 component of the shortfall is apportioned between the participating employers based on the employer's share of the total participating employer payroll at 30 June 1993.

The post-30 June 1993 component of the shortfall is apportioned between the participating employers based on the employer's share of the total participating employer payroll at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up. In the unlikely event that the Fund is wound up and there is a surplus in the Fund, the surplus cannot be applied for the benefit of the defined benefit employers where there are on-going defined benefit obligations. The surplus would be transferred to the fund accepting those defined benefit obligations (including the lifetime pension obligations) of the Fund.

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

Retrenchment increments

During 2013-14, Council was not required to make payments to the Fund in respect of retrenchment increments (\$nil 2012/13). Council's liability to the Fund as at 30 June 2014, for retrenchment increments, accrued interest and tax is \$Nil (\$Nil in 2012/13).

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. Towong Shire Council has not been advised of any further adjustments.

Council's share of 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 and in the Balance Sheet in Current Liabilities Provisions. No further amount

Notes to the financial statements

has been accounted for in the 2013/14 Comprehensive Operating Statement with Employee Benefits and in the Balance Sheet in Current Liabilities Provisions.

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 amount of the unpaid shortfall at 30 June 2014 is \$nil (\$nil for 2012/13).

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.

The next full actuarial investigation of the Fund's liability for accrued benefits will be based on the Fund's position as at 30 June 2014. The anticipated completion date of this actuarial investigation is 19 December 2014.

Council made contributions to the following funds.

	2014 \$'000	2013 \$'000
Defined benefit funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	77	83
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date	-	(47)
	77	36
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	194	218
Employer contributions to other funds	165	121
	359	339

Notes to the financial statements

Note 29. Commitments

2014	Not later than 1 year	1 to 2 years	2 to 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Other waste disposal	18	19	58	49	144
Total	18	19	58	49	144
Capital					
Bridge replacements	187	-	-	-	187
Magorra Park Multi Purpose	871	-	-	-	871
Road resealing	750	-	-	-	750
Total	1,808	-	-	-	1,808

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

Notes to the financial statements

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):

	2014 \$'000	2013 \$'000
Not later than one year	19	17
Later than one year and not later than five years	86	78
Later than five years	24	69
	129	164

Note 31. Contingent liabilities

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

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

Notes to the financial statements

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 cash.</p> <p>Interest is recognised as it received.</p>	Funds returned fixed interest rate of between 2.25% and 3.75% (3.75% and 5.15% in 2012/13) net of fees.
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>	Funds returned fixed interest rate of between 3.5% and 4.3% (4.2% and 5.8% in 2012/13) net of fees.
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>	General debtors are unsecured and not subject to interest. Credit terms are 30 days from invoice date.
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>	General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.

Notes to the financial statements

Recognised financial instrument	Note	Accounting Policy	Terms and conditions
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 8.72% (8.52% in 2012/13).</p> <p>Loans have an average term of 10 years and a fixed interest rate of 6.95%.</p>
Financing arrangements/ Bank overdraft	25	<p>Overdrafts are recognised at the principal amount. Interest is charged as an expense as it accrues.</p>	<p>The overdraft is subject to annual review.</p> <p>It is secured by a mortgage over Council's general rates and is repayable on demand. The overdraft was not utilised in the 2013/14 or 2012/13 financial years.</p>

Notes to the financial statements

b) Interest rate risk

2014	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	2,463	5,424	-	-	1	7,888
Trade and other receivables	-	-	-	-	291	291
<i>Total financial assets</i>	2,463	5,424	-	-	292	8,179
Weighted average interest rate	2.09%	3.48%				
Financial liabilities						
Trade and other payables	-	-	-	-	956	956
Trust funds and deposits	-	-	-	-	129	129
Interest-bearing loans and borrowings	-	290	50	-	-	340
<i>Total financial liabilities</i>	-	290	50	-	1,085	1,425
Weighted average interest rate		8.54%	6.95%			
Net financial assets (liabilities)	2,463	5,134	(50)	-	(793)	6,754

Notes to the financial statements

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

Notes to the financial statements

c) Net fair values

	Total carrying amount per Balance Sheet		Aggregate net fair value	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<i>Financial assets</i>				
Cash and cash equivalents	7,888	8,660	7,888	8,660
Investments	-	1,800	-	1,800
Trade and other receivables	291	132	291	132
Total financial assets	8,179	10,592	8,179	10,592
<i>Financial liabilities</i>				
Trade and other payables	956	1,215	956	1,215
Trust funds and deposits	129	139	129	139
Interest-bearing loans and borrowings	340	404	340	404
Total financial liabilities	1,425	1,758	1,425	1,758

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.

Notes to the financial statements

Our loan borrowings are sourced from local and 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.

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. 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.

Notes to the financial statements

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:

	2014 \$'000	2013 \$'000
Current (not yet due)	265	48
Past due by up to 30 days	6	48
Past due between 31 and 180 days	8	5
Past due between 181 and 365 days	3	16
Past due by more than 1 year	9	15
Total Trade and Other Receivables	291	132

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:

Notes to the financial statements

2014	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	956	-	-	-	956	956
Trust funds and deposits	129	-	-	-	129	129
Interest-bearing loans and borrowings	298	2	4	62	366	340
Total financial liabilities	1,383	2	4	62	1,451	1,425

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

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 -1% 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.

Notes to the financial statements

2014	Interest rate risk				
	Carrying value	-1% (100 basis points)		+1% (100 basis points)	
	\$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial assets					
Cash, cash equivalents and investments	7,888	(79)	(79)	79	79
Trade and other receivables	291	-	-	-	-
Financial liabilities					
Trade and other payables	956	-	-	-	-
Trust funds and deposits	129	-	-	-	-
Interest-bearing loans and borrowings	340	-	-	-	-

2013	Interest rate risk				
	Carrying value	-2% (200 basis points)		+1% (100 basis points)	
	\$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
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	-	-	-	-

Note 33. Auditors' remuneration

	2014 \$'000	2013 \$'000
Audit fee to conduct external audit – Auditor-General of Victoria	29	29

Note 34. Events occurring after balance date

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

Notes to the financial statements

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 Mary Fraser (Mayor)
 - Cr Debi Gadd
 - Cr Peter Joyce
 - Cr Aaron Scales
 - Cr Dave Wortmann
- Chief Executive Officer
 - Ms Juliana Phelps
 - Mr Dave Barry (acting from 1 July 2013 to 15 July 2013)

b) Remuneration of responsible persons

	2014 \$'000	2013 \$'000
\$0,000 - \$9,999	-	1
\$10,000 - \$19,999	-	1
\$20,000 - \$29,999	4	2
\$30,000 - \$39,999	-	1
\$40,000 - \$49,999	-	1
\$60,000 - \$69,999	1	-
\$170,000 - \$179,999	-	-
\$190,000 - \$199,999	1	-
\$210,000 - \$219,999	-	1
	6	7
Total Remuneration for the reporting year for Responsible Persons included above amounted to:	344	347

c) Retirement benefits

No retirement benefits have been made by the Council to a Responsible Person (2012/13: nil).

d) Loans

No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2012/13: nil).

Notes to the financial statements

e) Other transactions

Cr Aaron Scales was elected as councillor on 5 November 2012. There were payments of \$2,923.90 (including GST) made to Dartmouth Pub Pty Ltd in 2013/14. Cr Aaron Scales has an interest in this business. There was \$Nil payments made in 2012/13 after 5 November 2012.

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 (2012/13: 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 \$133,000 (2012/13: \$130,000).

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

	2014 \$'000	2013 \$'000
<\$133,000	2	-
\$133,000 - \$139,999	-	-
\$140,000 - \$149,999	-	1
\$150,000 - \$159,000	1	-
\$160,000 - \$169,999	-	1
	3	2
Total Remuneration for the reporting year for Responsible Persons included above amounted to:	269	308

Notes to the financial statements

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

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.

Environmental sustainability (ENV)

The Environmental sustainability 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.

Land-use planning (LUP)

Land-use Planning 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 and tourism development (ETD)

Economic and tourism development 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.

Organisational improvement (ORG)

Organisational improvement 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.

Notes to the financial statements

2014	AM \$'000	ENV \$'000	LUP \$'000	CW \$'000	ETD \$'000	ORG \$'000	Total \$'000
Income							
Grants	1,822	1,447	0	1,712	335	1,725	7,041
Other	1	1,412	104	632	106	6,322	8,577
Total	1,823	2,859	104	2,344	441	8,047	15,618
Expenses	5,491	4,423	325	1,563	737	2,187	14,726
Surplus (deficit) for the year	(3,668)	(1,564)	(221)	781	(296)	5,860	892
Assets attributed to function	153,349	12,358	302	2,203	7,217	9,852	185,281

2013	AM \$'000	ENV \$'000	LUP \$'000	CW \$'000	ETD \$'000	ORG \$'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

Notes to the financial statements

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.

	2014 \$'000		2014 \$'000		2013 \$'000		2013 \$'000		2012 \$'000		2012 \$'000
Debt servicing costs	37	=	0.24%	44	=	0.25%	43	=	0.24%		
Total revenue	15,618			17,794			17,974				

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.

	2014 \$'000		2014 \$'000		2013 \$'000		2013 \$'000		2012 \$'000		2012 \$'000
Debt servicing and redemption costs	101	=	1.53%	131	=	2.09%	101	=	1.72%		
Rate revenue	6,597			6,268			5,858				

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.

	2014 \$'000		2014 \$'000		2013 \$'000		2013 \$'000		2012 \$'000		2012 \$'000
Rate revenue	6,597	=	42.24%	6,268	=	35.23%	5,858	=	32.59%		
Total revenue	15,618			17,794			17,974				

Notes to the financial statements

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:

- land and buildings on Crown land;
- restricted assets;
- heritage assets;
- total infrastructure assets; and
- 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.

	2014 \$'000		2014		2013 \$'000		2013		2012 \$'000		2012
Total indebtedness	2,595				2,858				3,442		
Total realisable assets	20,322	=	12.77%	=	21,512	=	13.29%	=	20,379	=	16.87%

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.

	2014 \$'000		2014		2013 \$'000		2013		2012 \$'000		2012
Current assets	9,510				11,268				9,241		
Current liabilities	2,375	=	400%	=	2,377	=	474%	=	1,924	=	480%

Notes to the financial statements

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

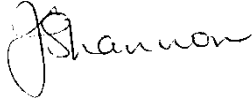
The ratio expresses the level of current assets the Council has available to meet its current liabilities.

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.

	2014		2014	2013		2013	2011		2011
	\$'000			\$'000			\$'000		
Current assets	9,510	=	545%	11,268	=	629%	9,241	=	734%
Current liabilities	1,745			1,792			1,259		

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 (Planning and Reporting) Regulations 2014, Australian Accounting Standards and other mandatory professional reporting requirements.



Jo Shannon, Certified Practicing Accountant
Principal Accounting Officer

Wednesday 24 September 2014
Tallangatta

In our opinion the accompanying financial statements present fairly the financial transactions of Towong Shire Council for the year ended 30 June 2014 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 September 16, 2014 to certify the financial statements in their final form.



Cr Mary Fraser
Mayor

Wednesday 24 September 2014
Tallangatta



Cr David Wortmann
Councillor

Wednesday 24 September 2014
Tallangatta



Ms Juliana Phelps, Chartered Accountant
Chief Executive Officer

Wednesday 24 September 2014
Tallangatta

Auditor General's report

VAGO

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INDEPENDENT AUDITOR'S REPORT

To the Councillors, Towong Shire Council

The Financial Report and Standard Statements

The accompanying financial report for the year ended 30 June 2014 of the Towong Shire Council which comprises the 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 accompanying standard statements for the year ended 30 June 2014 of Towong Shire Council which comprises the standard income statement, standard balance sheet, standard cash flow statement, standard capital works statement, the related notes and the certification of standard statements have been audited.

The Councillors' Responsibility for the Financial Report and Standard Statements

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

- the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*
- 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 Councillors are responsible for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial report and standard statements 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 financial report and standard statements 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 financial report and standard statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and standard statements. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report and standard statements, 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 financial report and standard statements 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 financial report and standard statements.

Auditing in the Public Interest

Auditor General's report

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 financial report presents fairly, in all material respects, the financial position of the Towong Shire Council as at 30 June 2014 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*
- (b) 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*.

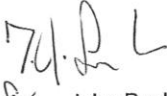
Basis of Accounting for Standard Statements

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 Financial Report and Standard Statements

This auditor's report relates to the financial report and standard statements of the Towong Shire Council for the year ended 30 June 2014 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 financial report and standard statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and standard statements to confirm the information contained in the website version of the financial report and standard statements.

MELBOURNE
29 September 2014


John Doyle
Auditor-General

Performance report

Performance report for the year ending 30 June 2014

Strategies and priorities	Performance Measure	Target		Outcome
Organisational improvement				
Governance - attendance	Councillors attendance at council meetings and special committees / Total eligible council and special committee meetings	90%	✓	Achieved: 94% attendance rate
Governance - compliance	Number of LGI full investigations that lead to a prosecution. Number of applications for councillor conduct panels. Number of probity auditor appointments. Number of councillor suspensions/forced leave of absences.	Nil	✓	Achieved: There were no LGI investigations, applications for councillor conduct panels, probity auditors appointed, or councillor suspensions or forced leave of absence.
Commercialise Insight 360	Business plan completed by Dec 2013	Plan presented to Council	✗	Business plan has not been completed due to departure of key staff member. Council will consider feasibility of commercialisation in 2014/15.
Improve service delivery and reduce costs through process improvement and shared services	Two Council processes reviewed annually and improvement opportunities implemented	Two reports presented to Council	✓	Achieved: Banking services and fuel purchasing card services were reviewed and cost savings implemented.
Community Wellbeing				
Participation (Pools)	Number of season tickets sold	Increase on prior year	✗	There was a 6% reduction in the number of season tickets sold.
Safety (Pools)	Number of incident reports	Decrease on prior year	✗	There were 14 incidents at the swimming pools in 2013/14. This is the same as in 2012/13.
Participation (MCH)	Number of infants receiving MCH service home consultation / Total eligible infants (per Victorian Child and Adolescent Monitoring System)	Same as or increase prior year	✗	In 2013/14 84% of eligible infants received the MCH home consultation compared to 94% in the previous year.

Strategies and priorities	Performance Measure	Target	Outcome	
Successfully deliver the Tallangatta Multi-sport Project	Project successfully completed by June 2014	Building officially opened	✓	Officially opened 4 May 2014.
Successfully deliver the Cudgewa Multi-purpose Centre Project	Project successfully completed by June 2014	Building officially opened	✓	Officially opened 23 April 2014
Successfully deliver the Walwa Community Recovery Centre Project	Project successfully completed by June 2014	Building officially opened	✓	Officially opened 21 June 2014.
Asset Management				
Deliver the adopted Capital Works program	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.	✗ ✗	Infrastructure renewal works in the 2013/14 budget totalled \$3.9 million and of this 83% was completed. There was a delay in completing one bridge and some road improvements due to delays in the tender process. Carry forward infrastructure renewal works in the 2013/14 budget totalled \$2.4 million and of this 91% was completed.
Prepare an asset management plan for recreation	Adoption by Council minute	Asset management plan for recreation adopted by Council	✗	Asset management plan not completed due to vacancy in position of Asset Engineer. With appointment of the new Asset Engineer this will now proceed in 2014/15.
Prepare an asset management plan for parks and gardens	Adoption by Council minute	Asset management plan for parks and gardens adopted by Council	✗	Asset management plan not completed due to vacancy in position of Asset Engineer. With appointment of the new Asset Engineer this will now proceed in 2014/15.

Strategies and priorities	Performance Measure	Target	Outcome	
Complete condition assessments for road assets and non-road assets (e.g.. buildings, playgrounds)	Condition assessments for non-road assets completed by Dec 2013 Condition assessments for road assets completed by Feb 2014	Maloney system updated with new condition assessments.	* ✓	Condition assessments for buildings completed. Condition assessments for other non-road assets postponed to the 2014/15 financial year following appointment of Asset Engineer. Condition assessments for road assets completed.
Land use planning				
Timeliness of service	Median net days to make a planning decision (per Planning Permit Activity Reporting System)	Less than 31	✓	Achieved: Median 19.0 days
Service standard	Number of planning decisions completed within sixty days/ Total number of planning decisions made (per Planning Permit Activity Reporting System)	Maintain standard of prior year	✓	Achieved: 96% of planning decisions completed within sixty days (2012/13: 91%)
Improve our communication in relation to town and land use planning	Planning 'Information Pack' prepared and available from June 2014	Information pack is available	*	Not achieved
Develop and implement a Domestic Wastewater Management Plan	Plan adopted by Council by June 2014 and implemented over the life of the Council Plan	Plan adopted by Council	*	Draft Plan has been developed and provided to water authority. Implementation will take place in 2014/15.
Environmental sustainability				
Explore solutions for Bellbridge water and waste water expansion (in conjunction with NEW)	Options paper prepared by June 2014	Options paper presented to Council	*	North East Water are leading this project and have established a working group. The paper will be presented to Council in February 2015.

Strategies and priorities	Performance Measure	Target	Outcome	
Economic and Tourism Development				
Auspice and support the successful delivery of the Alpine Dairies Pathways Project	Project successfully completed	Project acquitted	✓	Achieved: Project acquitted in April 2014
Participation (Tourism)	Number of visitors to the Corryong Visitor Information Centre	Increase on prior year	✓	Achieved: A 10% increase in visitors were recorded in 2013/14 (21,252) compared to 2012/13 (19,284)

Notes to the performance report

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.

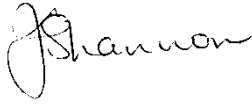
Section 132 of the Local Government Act 1989 requires councils to prepare a performance statement which must include the key strategic activities and performance targets and measures specified in the budget together with the actual results achieved in respect to those performance targets and measures.

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 report

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.



Jo Shannon Certified Practising Accountant
Principal Accounting Officer

Wednesday 24 September 2014
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.

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 September 16 2014 we were authorised by the Council to certify the financial report in its final form on behalf of the Council.



Cr Mary Fraser OAM
Mayor

Wednesday 24 September 2014
Tallangatta



Cr David Wortmann
Councillor

Wednesday 24 September 2014
Tallangatta



Ms Juliana Phelps, Chartered Accountant
Chief Executive Officer

Wednesday 24 September 2014
Tallangatta

Auditor General's report

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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 2014 of the Towong Shire Council which comprises the statement, the related notes and the certification of performance statement has 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.

Independence

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

Auditing in the Public Interest

Auditor General's report

Independent Auditor's Report (continued)


Auditor's Opinion

In my opinion, the performance statement of the Towong Shire Council in respect of the 30 June 2014 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 2014 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
29 September 2014


R John Doyle
Auditor-General

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