

ANNUAL REPORT

INNOVATION : TECHNOLOGY : SUSTAINABILITY

2014/15

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This information is available in
alternative formats by request

Introduction

Council is committed to transparent reporting and accountability to the community. This Annual Report provides a summary of Council's operations and performance for the 2014/15 financial year. It reports Council's progress 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 that was adopted for 2014/15.

This report also contains 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.

Acknowledgments

Towong Shire Council acknowledges the support of the Commonwealth Government of Australia and the State Government of Victoria.



Australian 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.

Statistics

Population	5,896 (2011)	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		

About our organisation

Vision

We will be a World Class small Council and Towong Shire will be the ideal place to live.

Mission

To provide leadership and service to the Towong Shire community that adds value and enhances social, economic and environmental wellbeing now and in the future.

Values:

Respect

We will listen and consider other perspectives and treat each other with courtesy

Integrity

We will seek the common good

Pride

We will always take care in what we do

Teamwork

We will help others to achieve by being positive, enthusiastic and confident

Council Offices

Tallangatta Office

32 Towong Street (PO Box 55)
Tallangatta Vic 3700
T 02 6071 5100
F 02 6071 2747

Corryong Office

76 Hanson Street
Corryong Vic 3700
T 02 6076 2160
F 02 6076 1967

www.towong.vic.gov.au
info@towong.vic.gov.au

A message from the Mayor and Chief Executive Officer

As leaders of this organisation we are very proud of the results contained in this year's Annual Report. Our achievements are especially pleasing given the continuing challenges to our financial sustainability, and proof that innovation and a positive organisational culture is a winning combination.

Over the last five years Council has implemented an aggressive cost-reduction program and we are recognised by our peers as leaders in efficiency and productivity. However, our very lean approach means that we are vulnerable when financial decisions are made outside of our control, including the Victorian Government's announcement that it would introduce a rate-capping policy. This decision follows the Commonwealth Government's freeze to the indexation of its Financial Assistance Grants, which has already impacted on Council's financial position. Therefore a key focus for Council during this financial year has been advocating Federal and State Government representatives for fair funding outcomes for Council's like ours that have a very limited financial capacity.

With this in mind, we continue to seek ways to further reduce costs while providing best value service delivery. An innovative change to our fleet management practices has seen us replace aged six-cylinder sedans with second-hand small fuel efficient vehicles (e.g. Hyundai i30). We are also keeping vehicles and larger plant items for extended periods until the maintenance costs mean that they are no longer viable to keep. We understand that this is not the 'norm' for public sector fleet management – and this is yet another example of how Council is prepared to do whatever it takes to secure a sustainable future.

Earlier this year the \$1 million Magorra Park Multi-purpose Community Hub was officially opened. With a \$250,000 contribution from Council, a matching contribution of funds raised entirely by the Mitta Valley community, and \$500,000 from the Victorian Government,

the new facility is already a much valued asset in the Mitta Valley. We were pleased to work closely with the community throughout the planning and construction phase of the project and we appreciate the Victorian Government's support. This project is part of Council's continuing program of capital works for recreation facilities across the Shire and we look forward to implementing further recreation projects in Corryong and Tallangatta Valley over the next financial year.

It was exciting to see construction commence on the \$2.6 million Tallangatta Integrated Community Centre (TICC) this year. One of the major priorities identified in the Tallangatta Tomorrow masterplan, the TICC will fill a critical need for extended childrens services in the town. To implement remaining priorities from the Tallangatta Tomorrow masterplan, Council has developed an application to the National Stronger Regions Fund for 'Destination Tallangatta'; a \$5.3 million project to drive residential, tourism and business growth in the town.

Council's advocacy for improved mobile coverage has yielded results with the announcement that four new mobile towers would be built under the Commonwealth Government's Mobile Blackspots Program. Increased mobile service in these areas will improve safety, enhance our visitor's experience and assist small businesses and farming enterprises.

We are very pleased with the progress we have made over the last 12 months and are confident that the work we are doing now is laying the groundwork for a vibrant and sustainable future for our Shire.



Cr David Wortmann
Mayor

Juliana Phelps
Chief Executive Officer

Calendar 2014/15

<p>July 2014</p>	<p>New Wyeewoo Multi-purpose Community Facility announced</p> <p>The announcement that new facilities would be constructed at the Wyeewoo Recreation Reserve was met with excitement by the Bullioh Football/Netball Club and the Tallangatta Valley Community. The \$745,000 project is being funded by the Victorian Government, Council and the community.</p>
<p>August 2014</p>	<p>Council partners with junior workforce at Bethanga</p> <p>An enthusiastic junior workforce planted 120 trees and shrubs at a tree-planting day in Bethanga; an experience that helped local youngsters to grow their appreciation for the environment. The initiative was part of a three-year program to replace pest plants with appropriate native species.</p>
<p>September 2014</p>	<p>Building bridges with Victorian funding</p> <p>Construction of the new Jarvis Creek bridge in Old Tallangatta commenced; courtesy of funds made available under the Victorian Government's Country Roads and Bridges Program. The new bridge has a longer lifespan, reduced maintenance requirements and an increased load limit.</p>
<p>October 2014</p>	<p>A boost for summer sports in Corryong</p> <p>Council continues its record of achieving Victorian Government funding support for improved recreation facilities with the announcement of two further projects in Corryong: a \$540,000 upgrade of the swimming pool and \$166,000 for new tennis courts.</p>
<p>November 2014</p>	<p>Mayor and Deputy Mayor appointments</p> <p>At Council's November meeting, Cr David Wortmann was elected to serve as Mayor for a 12 month period. Cr Wortmann assumed the role from Cr Mary Fraser who has served eight terms as either Mayor or Shire President. Cr Aaron Scales was appointed Deputy Mayor.</p>
<p>December 2014</p>	<p>Site works commence on \$2.6 million community centre</p> <p>Following the relocation of Lord's Hut and The Hub Cottage Industries, on-ground works commenced on the Tallangatta Integrated Community Centre (TICC). Located in Tallangatta's CBD, the TICC will house a new library, childcare and kindergarten services, a business centre and community space.</p>

Calendar 2014/15

January 2015	<p>Popular family fun nights continue</p> <p>Family fun nights, including a 'dive-in' movie, held at Council's swimming pools in Corryong and Tallangatta continue to be a popular part of Council's youth activities program. These events are supported by the Victorian Government's FReeZA fund.</p>
February 2015	<p>Corryong Saleyards Futures Study gets underway</p> <p>Consultation with local farmers and community stakeholders commenced as part of the Corryong Saleyards Futures Study. The Study recommended that Council take over the operation of the Saleyards following the expiration of the long-term lease arrangements this year.</p>
March 2015	<p>Magorra's million dollar facility opened</p> <p>The \$1 million multi-purpose community building at the Magorra Recreation Reserve was officially opened by Council's Mayor, Cr David Wortmann, at the Mighty Mitta Muster. The modern and accessible building is a credit to the community who raised more than \$250,000 toward the facility.</p>
April 2015	<p>Community consultation, the indexation freeze and rate-capping</p> <p>Discussions opened with the community about how the decisions by the Commonwealth and Victorian Governments could affect the delivery of Council services. Services that have already been reduced as a cost-saving measure include the cleaning of public facilities on weekends and the length of the summer swimming pool season.</p>
May 2015	<p>Kerbside bin collection arrangements</p> <p>Council completed its staged withdrawal from contracted kerbside bin collection arrangements. The two-bin collection service is now delivered Shire-wide using in-house resources with improved cost, environmental and local employment outcomes.</p>
June 2015	<p>Strong community satisfaction results</p> <p>Towong Shire residents reported strong levels of satisfaction with Council according to the results of the State-wide Community Satisfaction Survey. Across all seven of the core measures Council received satisfaction ratings that were higher than the State-wide average results. Council last participated in the State-wide survey in 2011.</p>

Our operations 2014/15

Towong Shire Council is responsible for delivering a broad range of projects and services to meet the unique needs of our communities. Our Council Plan 2013 – 2017 established clear strategic goals for each area of Council's operations and specific strategies to ensure that Council will realise these goals and achieve its vision *to be a World Class small Council*.

Council's operations are divided into six key result areas. A detailed description of Council's performance across each of the six key result areas is contained in the section 'Our performance'.

Key result area	Services
1. Organisational improvement	Council governance, administration and support Customer service Risk management, insurance Human resources, OHS and payroll Accounting, budget, rates and property
2. Community wellbeing	Kindergartens Maternal and child health services Libraries Recreation Youth, family and senior programs
3. Asset management	Infrastructure maintenance Parks and open spaces Construction and development Asset management
4. Land-use planning	Strategic planning Statutory planning
5. Environmental sustainability	Kerbside waste collections and other waste disposal facilities Wastewater and water supply projects Forest industry support Animal control and local laws Building control services Environmental health
6. Economic and tourism development	Business support Agricultural diversity Visitor information centres Event support

Our operations 2014/15

Major achievements

Community Satisfaction Survey results	Towong Shire residents reported strong levels of satisfaction with Council according to the results of the State-wide Community Satisfaction Survey. Across all seven of the core measures, Council received satisfaction ratings that were higher than the State-wide average results. Council last participated in the State-wide survey in 2011.
Planning Permit application timeframes	For the 2014/15 year, Council's planning team processed 96% of planning permit applications well within the 60 day time-frame set by legislation. This positive result continues to build the Council's reputation as one of the fastest planning authorities in Victoria with monthly statistics demonstrating consistently high results for the past three years.
Process and operational efficiencies	<p>Council continues to implement initiatives to reduce costs and improve service delivery. This has become even more important in the context of the Australian Government's freeze to the indexation of its Financial Assistance Grants and the proposed introduction of rate-capping for Victorian Councils. Examples of efficiency gains and/or cost reductions implemented in 2014/15:</p> <ul style="list-style-type: none">- 10 hour shifts for summer maintenance grading crews- Changes to our fleet replacement program including purchasing small second-hand vehicles and retaining items for longer periods- Migration to Victorian Government banking services contract- Building on shared services arrangements by establishing an IT support partnership with Alpine Shire Council.

Our operations 2014/15

Major changes

Kerbside waste collection services	In May 2015 Council completed its staged withdrawal from contracted kerbside bin collection arrangements. The service is now delivered Shire-wide using in-house resources. To finalise the transition, Council purchased an additional waste compacting truck (see capital works item above) and increased the number of employees involved in this service delivery area by 1.055 EFT.
Mobile library services	After almost two-years, Riverina Regional Library advised Council early in 2015 that it would withdraw from its arrangement to deliver mobile library services across the Shire effective in June. Cost-effective alternative arrangements for servicing more remote communities around the Shire will be considered during 2015/16.
Towong Alliance position	Council is a member of the Towong Alliance with the three local health services – Tallangatta Health Service, Upper Murray Health and Community Services and Walwa Bush Nursing Centre. In May 2015 it was determined to no longer fund a joint position to facilitate the Alliance partnership.

Our operations 2014/15

Major capital works

Corryong Landfill Development	\$510,796	A new landfill hole was created and leachate dam liner installed. The development works will ensure that the Corryong Landfill can maintain its EPA approval. The Landfill has the capacity to receive waste collected from most areas in the Towong Shire in coming decades.
Our Bellbridge – masterplan works	\$573,095	Works commenced on implementing key priorities from the Our Bellbridge masterplan, including enhancements to foreshore areas, improved playground and recreation facilities and visitor infrastructure. Works will continue in 2015/16.
Road infrastructure – major patching program	\$539,733	The major patching program was carried out in November and December 2014. Sections of Briggs Gap Road, Bunroy Road, Hindleton Road, Jardine Street, Lees Crescent, Mongans Lane, Mt Alfred Road, Sullivan Street, Thowgla Road, Tintaldra Back Road, Towong Hill Road, and Upper Murray Road were stabilised in this year's program.
Road infrastructure – reseal program	\$722,900	Council's annual reseal program was carried out in February and March 2015. The program covered areas in Bellbridge, Bullioh, Corryong, Cudgewa, Tallangatta and a section of Yabba Road.
Road infrastructure – Kurrajong Gap Road	\$418,989	Kurrajong Gap Road received a major upgrade to improve its safety courtesy of the Australian Government's Nation Building Blackspot Program. The project was undertaken across the 2013/14 and 2014/15 financial years.
Waste compacting truck	\$325,606	Council took delivery of a new waste compacting truck in March 2015. This addition to our fleet of waste collection trucks was needed to finalise Council's withdrawal from contracted kerbside collection arrangements.

Note: Further information about capital works expenditure for 2014/15 has been included in the financial summary on page 17 of this report.

Our sustainability challenge

Why we are vulnerable

Like other small Councils across rural Victoria, Towong Shire's large geographic area and small population presents a significant challenge – to adequately fund the maintenance and renewal of community assets and deliver responsive services that meet the needs of the community. A static population, vast distances between communities and an economy that largely revolves around climatic conditions are further factors which have an impact on our financial capacity.

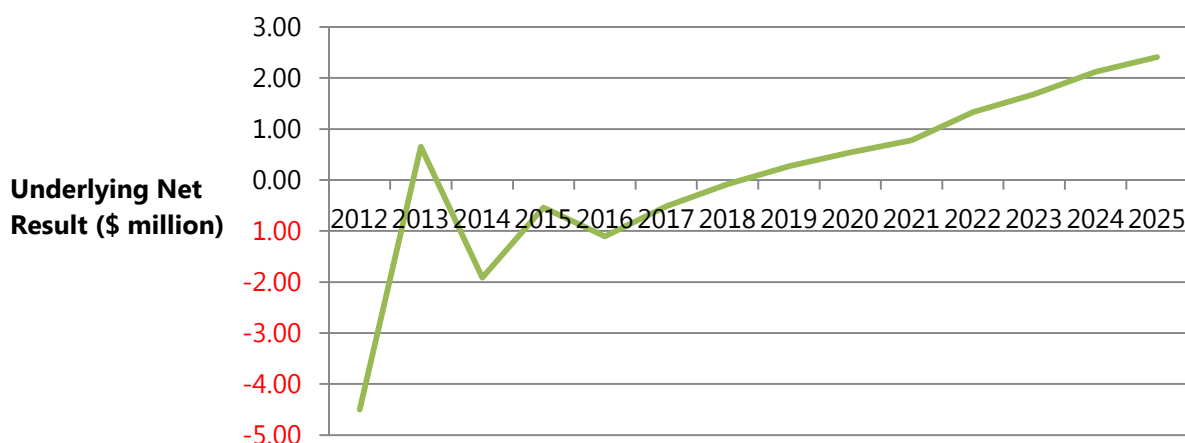
Decisive action

While our organisation has long recognised the risks to our long-term sustainability, in 2009 Council received the results of the 'Whelan Report' which presented a very low sustainability rating for our organisation. How did we respond?

The development of a robust long-term financial plan gave us a clear picture of our financial future. In the medium term, Council is aiming towards a 'break-even' underlying net result (ie. this means our operating expenditure equals operating income). We introduced a systematic and aggressive cost reduction program and incorporated these savings into the long-term financial plan. On the basis of:

- maintaining existing levels of service and the current approach to asset renewal,
- continuing to implement our cost reduction program,
- adopt annual rates increases of between 4% and 6%, and
- an assumption that the Financial Assistance Grants would continue to increase at a level of 3% per annum,

our organisation could look forward to a 'break-even' financial result in 2017/18 as reported in the following chart.



With a focus on maximising external funding for community projects, and a continued commitment to reducing costs and achieving process efficiencies, Council felt confident that it was facing a sustainable future. However, since May 2014 a number of decisions made outside of Council's control have negatively impacted our long-term financial outlook.

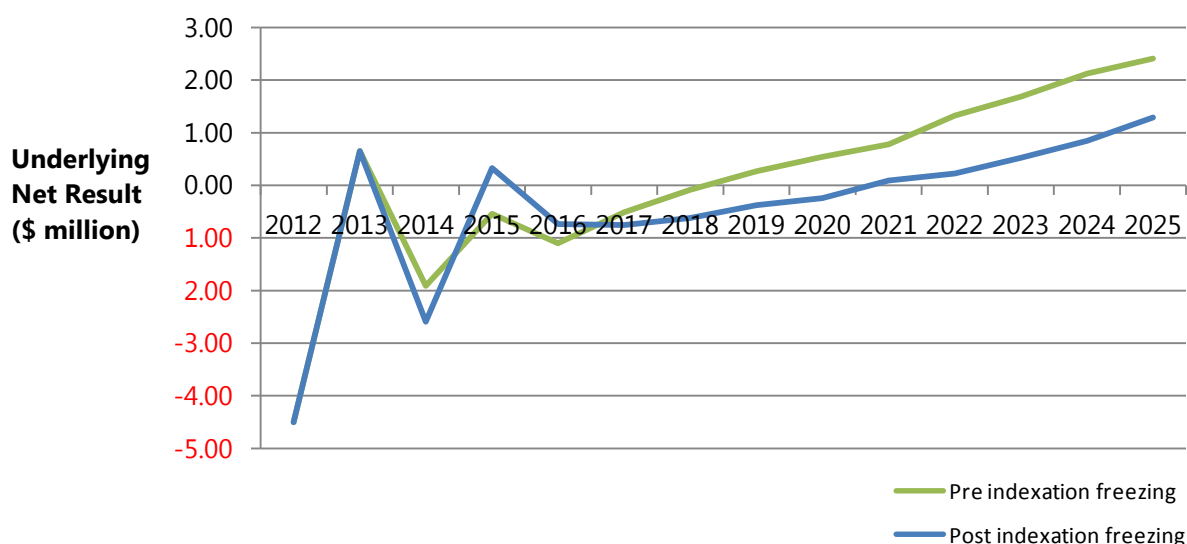
Our sustainability challenge

Cost reduction program 2010-2014

- Water supply and usage (savings of \$20,000 pa)	- In-house garbage collection services (savings of \$70,000 pa)	- Shared services for property and rates (reduced cost of service per property by 15%)
- Motor vehicle policy changes (savings of \$130,000 pa)	- Organisational structure changes (savings of \$250,000 pa)	- Rationalisation of overheads including printing, subscriptions and advertising
- Banking services (savings of \$16,000 pa)		

Federal funding freeze

The announcement in May 2014 that the Federal Government would freeze the indexation of its Financial Assistance Grants to local government significantly impacted Council's already lean financial situation. This decision has resulted in a \$658,000 decrease to Council's projected income over the 2014/15, 2015/16 and 2016/17 financial years.



To put this into perspective, a 1% increase to Council's rates income generates an additional \$63,000 (using 2015/16 budget figures). This means that our ratepayers would be subjected to significant rate increases to offset this income loss.

The freeze compounds the issue of road funding allocation for councils. The funding is allocated to Councils based on their proportionate share of the State's local roads. Whilst the local road network across the State is growing, our Shire's road network remains static. This has resulted in less funds for our Council to maintain the same network of roads.

To partially offset the loss of income from the funding freeze Council has introduced the following measures:

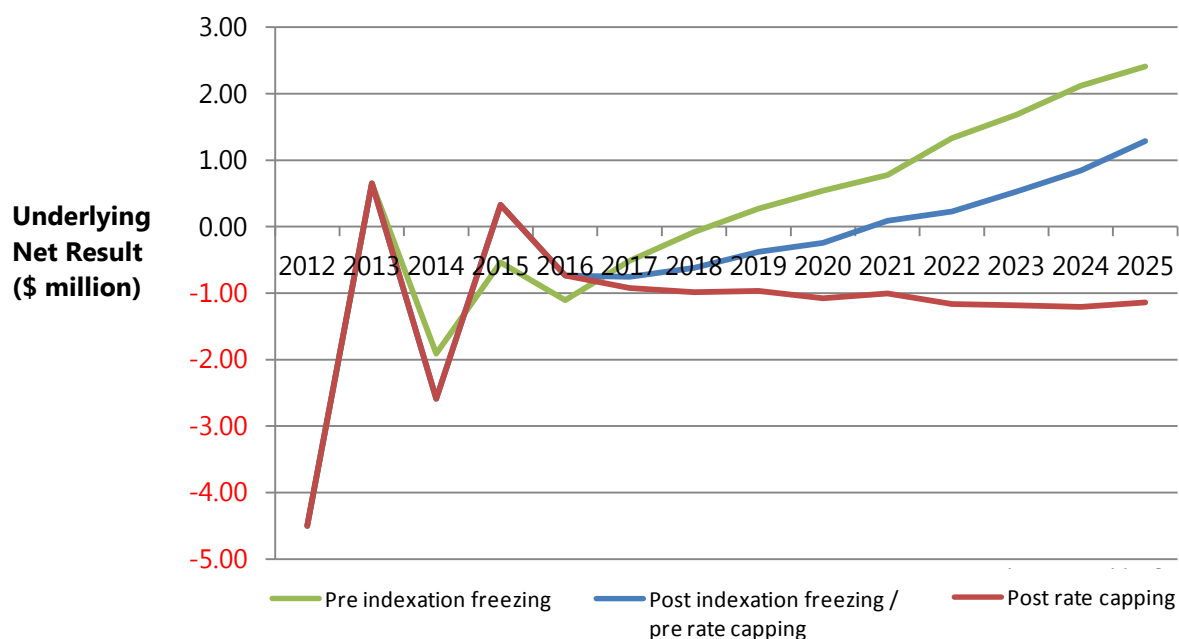
- reduced the length of the summer swimming pool season
- reduced its casual roads maintenance workforce
- ceased mobile library services
- ceased the funded position for the Towong Alliance partnership, and
- reduced the opening hours of the Corryong Office/Library.

Our sustainability challenge

Victorian rate-capping policy

Adding further strain to Council's long-term financial outlook is the Victorian Government's decision to implement a rate-capping policy from the 2016/17 financial year. Unlike larger councils who can generate income through parking fines, development contributions and levies, councils like ours rely on income from rates and grants to deliver core services.

Indicative caps have been released and Council has used these in the model below.



Council supports the principle of keeping rate increases to a minimum. We do not believe that ratepayers should be subject to ongoing high rate increases. However without additional external funding we are extremely limited in terms of the income we have access to and accordingly the services and infrastructure we can provide for our communities.

What are we doing about it?

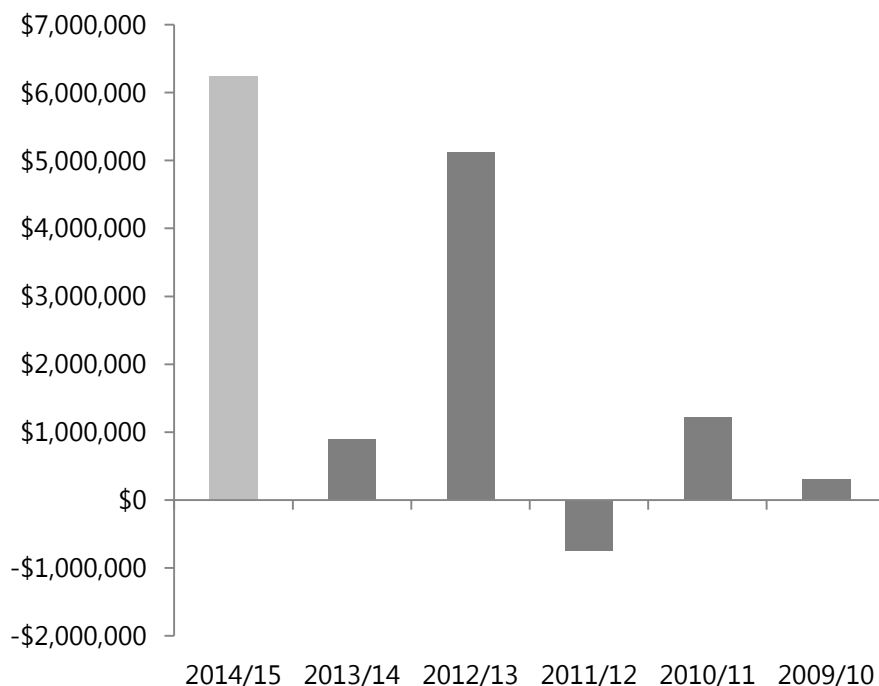
Council is very concerned about the impact of the decisions by the Commonwealth and Victorian Governments. Because we have pursued an aggressive cost reduction program over recent years we are concerned that we may have to accept an increasing deficit to our underlying result or reduce the level of services we provide to our communities. We are actively addressing our concerns by:

1. Engaging with Commonwealth and Victorian Government representatives through meetings, formal submissions and collaborative campaigns;
2. Exploring further opportunities to reduce the cost of doing business, especially through shared service delivery arrangements; and
3. Consulting with our communities about their expectations for the delivery of Council services and on their acceptance of a rate increase above the cap to maintain current services.

Financial summary 2014/15

Operating result

The result shown in the Comprehensive Income Statement for the period was a surplus of \$6,242,000. A comparison of Council's Operating Result from 2009/10 to 2014/15 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.

Grant income

Grant income increased from the prior year by \$3.6 million. The main contributor is the timing of payments from the Victorian Grants Commission (VGC). In June 2015, Council was pre-paid \$1.8 million from the VGC, which meant the 2014/15 grants received were \$1.8 million more than anticipated.

Financial summary 2014/15

Expenses

Expenses have decreased from the prior year by \$1.475 million. Expenditure in the 2013/14 year was greater than usual as it included construction of a number of community facilities, such as the Tallangatta Multi-sport Precinct, that were on land not controlled by Council. When this occurs the costs of construction are expensed in the year incurred.

Capital Expenditure

Capital works budgeted for in the 2014/15 Budget included projects that would be completed and capitalised in future years. In some instances Council commitment to the full project is required before construction contracts can be awarded, for example the construction of the Tallangatta Integrated Community Centre. Some projects have been provided for by Council with a view to implementing in future financial years. This enables appropriate planning to be undertaken to prepare the organisation for significant changes such as introducing a new finance system. These multi-year projects are considered as work in progress at 30 June 2015 (refer Note 20 to the Financial Statements).

In addition the delivery of eleven capital projects has been postponed pending the outcomes of government funding applications. If successful in securing funding these projects will form part of a greater capital works project. If unsuccessful these projects will proceed as originally planned.

	Actual 2015 # of projects	Budget 2015 # of projects	Delivered
Capital works - completed 2014/15	35	36	97%
Capital works - postponed pending additional funding	-	11	0%
Capital works - multi year projects	-	5	0%
Capital works - future year delivery	-	2	0%
	35	54	

Councillors

The Council is elected to leader our municipality. Towong Shire is represented by five Councillors who were elected by the local community. Towong Shire is unsubdivided (that is, there are no wards) and Councillors advocate for the interests of all residents across the Shire.

Councillors are responsible for setting the strategic direction of the Shire, policy development, identifying service standards and monitoring the performance of the organisation.

Cr David Wortmann - Mayor

First 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 was elected Mayor in November 2014.

Cr Aaron Scales – Deputy Mayor

First 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. Cr Scales serves as Deputy Mayor.

Cr Mary Fraser OAM

First 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 has served eight terms as Mayor/Shire President with Towong Shire Council and the former Shire of Tallangatta.

Cr Debi Gadd

First 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 Gadd's career background is in nursing and management. She is a member of the Australian Institute of Company Directors.

Cr Peter Joyce

First 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.

All Councillors were elected (or re-elected) to Council at elections held on Saturday 27 October 2012. They were elected for a four-year term and are due to retire in October 2016.

Management team

The Chief Executive Officer is appointed by Council to oversee the operations of the organisation. The Chief Executive Officer, together with a team of senior managers, ensure that the priorities identified in the Council Plan are achieved and that day-to-day responsibilities of the Council are effectively undertaken.

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.

Jo Shannon

Director Community and Corporate Services

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.

Jamie Heritage

Director Technical Services

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

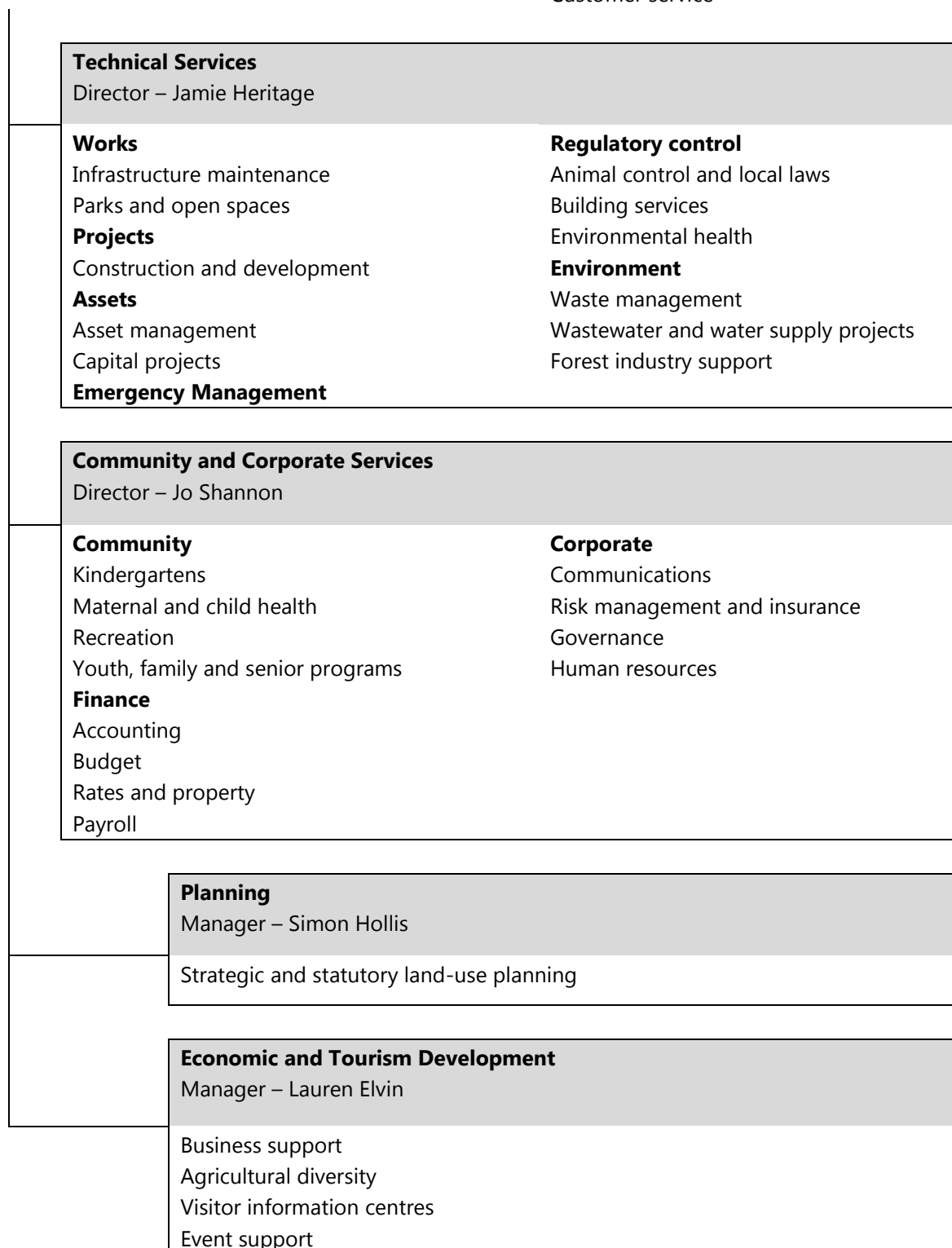
The organisation structure

Chief Executive Officer

Juliana Phelps

Executive Services

Executive and Councillor support
Customer service



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.

Workforce statistics

A summary of the number of full time equivalent (FTE) council staff, as at 30 June 2015, by organisational structure, employment type and gender is set out below.

	FT Female	FT Male	PT Female	PT Male	Casual Female	Casual Male	Total FTE
Executive services	2	1	1.9		0.3		5.2
Technical services	1	28	1.4	1.6	0.4	0.5	32.9
Community and corporate services	4	3	9.7		0.4		17.1
Planning		2					2
Economic and tourism development	1		1.1				2.1
	8	34	14.1	1.6	1.1	0.5	59.3

* (FT = full time, PT = part time)

A summary of the number of full time equivalent (FTE) council staff, as at 30 June 2015, by employment classification and gender is set out below.

Employment classification	Female FTE	Male FTE	Total FTE
Band 1	0.6	0.0	0.6
Band 2	0.6	0.5	1.1
Band 3	0.5	15.0	15.5
Band 4	4.9	7.2	12.1
Band 5	2.2	4.0	6.2
Band 6	3.0	2.5	5.5
Band 7	2.5	1.0	3.5
Band 8	0.0	1.0	1.0
Band not applicable	8.8	5.0	13.8
	23.1	36.2	59.3

Our people

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 and knowledge relevant to the position involved.

The objectives of this policy are:

- Create a working environment which is free from discrimination and harassment and where all members of staff are treated with dignity, courtesy and respect;
- Implement training and awareness raising strategies to ensure that all employees know their rights and responsibilities;
- Provide an effective procedure for complaints based on the principles of natural justice;
- Treat all complaints in a sensitive, fair, timely and confidential manner;

- Guarantee protection from any victimisation or reprisals;
- Encourage the reporting of behaviour which breaches the discrimination and harassment
- Promote appropriate standards of conduct at all times.

Actions taken to implement Council's equal employment opportunity policy include:

- Awareness training of equal employment opportunity principles at staff meetings
- Recruitment processes support the engagement of staff based on merit
- Flexible working arrangements are supported to enable all employees to balance work and family commitments / responsibilities
- Expectations regarding employee conduct discussed as part of employee induction and thereafter on a quarterly basis

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.

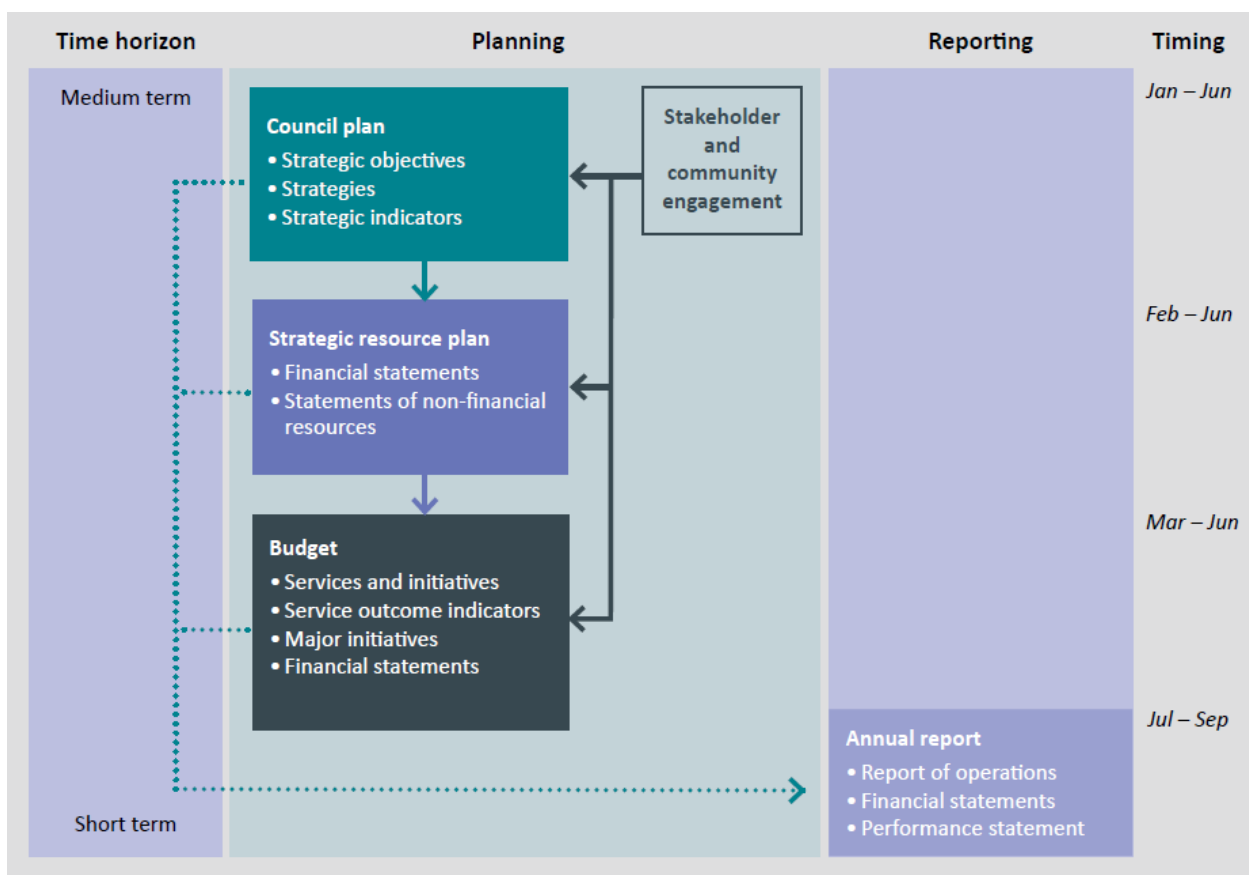
Our performance

Planning and accountability framework

The Planning and Accountability Framework is found in Part 6 of the Act. The Act requires councils to prepare the following planning and reporting documents:

- A Council Plan within six months after each general election or by 30 June, whichever is later
- A Strategic Resource Plan for a period of at least four years and include this in the Council Plan
- A Budget for each financial year
- An Annual Report in respect of each financial year.

The following diagram shows the relationships between the key planning and reporting documents that make up the planning and accountability framework for local government. It also shows that there are opportunities for community and stakeholder input and feedback at each stage of the planning and reporting cycle.



Our performance

Council Plan

The Council Plan 2013-2017 includes strategic objectives, strategies for achieving these objectives over the four-year period, strategic indicators and a strategic resource plan.

Our Council Plan presents Council's objectives across six key result areas as follows:

Key result area	Strategic objective
1. Organisational improvement	Embed organisational excellence into our governance and management processes in order to deliver the best possible outcomes for our residents and ratepayers.
2. Community wellbeing	Assist Towong Shire residents in the attainment of a high level of health and safety, resilience and connectedness to their communities.
3. Asset management	Maintain and improve our Shire's infrastructure to meet agreed levels of service.
4. Land-use planning	Develop a strategic and sustainable long-term land-use direction for the Shire based on an integrated approach to the natural and built environment.
5. Environmental sustainability	Integrate sustainable natural resource management into all of our business activities.
6. Economic and tourism development	Expand long-term employment and economic opportunities whilst continuing to maintain and promote our natural environment and the lifestyle our municipality offers.

Reporting our performance

Council's performance for the 2014/15 year has been reported against the strategic objectives, strategies and indicators set out in our Council Plan 2013-2017.

This report measures Council's progress in achieving its objectives as follows:

- Results achieved in relation to the strategic indicators in the Council Plan
- Progress in relation to the major initiatives identified in the Budget
- Services funded in the budget and the persons or sections of the community who are provided those services
- Results against the prescribed service performance indicators and measures.

Our performance

1. Organisational improvement

Our teams have continued to deliver quality services while making excellent progress to implement Council Plan priorities over the 2014/15 year.

Council has successfully delivered a second year of shared property and rates services with Indigo Shire Council. Part of our ongoing partnership, this shared services approach continues to achieve results through economies of scale and process efficiencies and reduces the operational risk exposure for both councils. Another shared service arrangement for information technology support services was established with Alpine Shire Council during the year.

We continue to look for opportunities to reduce costs wherever possible, especially in light of our current financial environment. This year we have achieved cost reductions across our fleet management practices, fuel purchasing, valuation arrangements and banking services. We take action to save even relatively small amounts because the cumulative affect makes a difference to our long-term financial outlook and will ease the burden on ratepayers into the future. At the same time, we take every opportunity to present our sustainability challenges to representatives from the Commonwealth and State Governments.

Particularly pleasing were the results from the State-wide Community Satisfaction Survey facilitated by the Department of Environment, Land, Water and Planning. Across all seven of the core measures covered by the survey, Council received satisfaction ratings that were higher than the State-wide average results. However, Council has expressed its concern that the cost associated with participation in the survey is significant for a small Council facing severe sustainability issues (\$11,500 in 2015).

New processes were introduced to collect the data required for Council to comply with the new Local Government Performance Reporting Framework. The new requirements have resulted in the diversion of Council's resources from other priorities.

Along with traditional print media, volunteer newsletters and community radio, the increased use of online tools like social media, web-based surveys, emailed newsletters and our website has helped us to engage effectively with our communities throughout the year and streamlined project-specific communications and data collection.

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 Matthew Fagence, for his years of service on the committee, and welcome two new independent committee members, Ms Kerrie Clarke and Mr Rob Lees to the committee. Ms Narelle Klein has taken on the role of Chair.

Highlights

- Strong community satisfaction survey results, including a rating of 64 for overall satisfaction (State average, 60) and a rating of 58 for satisfaction with the overall direction of Council (State average, 53)
- Continued shared services arrangements for building control, environmental health and rates and property services

Challenges

- Planning for a sustainable future in the context of the freeze to the Commonwealth Government's Financial Assistance Grants and the proposed introduction of rate-capping across Victorian councils.

Our performance

1. Organisational improvement

Performance Update

The following table reviews Council's performance against the Council Plan 2013-2017, including major initiatives from the 2014/15 budget.

Strategy and Strategic Indicator		Status	Comments
1.1	Redevelop the Council website <i>- Redeveloped website completed and in operation by Dec 2013</i>	Complete	Completed in prior year.
1.2	Commercialise Insight 360 <i>- Business plan completed by Dec 2013</i> <i>- First commercial customer secured by Sept 2014</i>	Complete	Completed in prior year.
1.3	Progressively update all Council collateral with our new brand <i>- All Council collateral updated by December 2015</i>	In progress	Corporate print and electronic collateral updated. Signage project will be completed in 2015/16 year.
1.4	Develop a succession plan for key positions within the organisation <i>- Succession plan developed by December 2015</i>	In progress	Scheduled for completion late 2015.
1.5	Improve communication with residents and ratepayers across the Shire and implement feedback mechanisms to assess our engagement with them <i>- Targeted satisfaction survey(s) conducted each year and achievement of improved survey results over the life of the Council Plan</i>	Ongoing	Broad range of communication tools used during 2014/15 including: <ul style="list-style-type: none"> - Social media - Community newspapers, newsletters and radio, - Project and service-specific newsletters and flyers - Project specific surveys We achieved a score of 59 for 'Community Consultation and Engagement' in the 2015 State-wide Community Satisfaction Survey (small rural council average 56; State-wide average 56).
1.6	Continue to improve our Long Term Financial Plan <i>- Plan reviewed and adopted annually</i>	Ongoing	Updated to reflect current financial environment as part of the 2015/16 Budget.

Strategy and Strategic Indicator	Status	Comments
<p>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</p> <ul style="list-style-type: none"> - <i>Improvements implemented in the following areas over the life of the Council Plan: OHS, Risk management, Swimming pools, Landfills</i> 	Ongoing	<p>An OHS review was conducted and an Action Plan developed and scheduled for implementation in 2015/16.</p> <p>Audits of swimming pools undertaken by Life Saving Victoria in December 2014 with a plan to implement recommendations over the next two years.</p> <p>A monitoring program, in accordance with EPA guidelines, has been implemented for closed landfills.</p>
<p>1.8 Improve service delivery and reduce costs through process improvement and shared services</p> <ul style="list-style-type: none"> - <i>Two Council processes reviewed annually and improvement opportunities implemented</i> 	Ongoing	<p>Achieved cost reductions across our fleet management practices, fuel purchasing, valuation arrangements and banking services.</p> <p>Shared services arrangements (building, environmental health, rates and property) with Indigo Shire Council continued and new IT support partnership with Alpine Shire Council commenced.</p>
<p>1.9 Investigate new/additional funding streams with a view to reducing reliance on rate revenue (in conjunction with other small Councils)</p> <ul style="list-style-type: none"> - <i>Continued participation in 'Whelan' work and continued lobbying of the State and Federal Governments</i> - <i>Report(s) presented to Council on progress in this area over the life of the Council Plan</i> 	Ongoing	See 'Our Sustainability Challenge' on page 13 of this report.
<p>1.10 Deploy IT infrastructure that enables Council to move to virtualised, thin and cloud based solutions</p> <ul style="list-style-type: none"> - <i>Virtualised and thin infrastructure delivered during the life of the Council Plan</i> 	In progress	<p>New server hardware installed, virtual desktops for remote locations deployed and VOIP implemented at the Corryong Office.</p> <p>VOIP rollout at Tallangatta Office scheduled 2015/16.</p>
<p>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</p> <ul style="list-style-type: none"> - <i>Solutions delivered that drive business productivity during the life of the Council Plan</i> 	In progress	Established shared IT helpdesk with Alpine Shire Council, implemented new valuation software, harmonized our GIS software with shared service partners to enable more efficient support and commenced trial of software for iPads.

Our performance

1. Organisational improvement

Council Services

The following table presents information in relation to the services funded in Council's 2014/15 Budget.

Service area	Description
Councillors, Chief Executive and Executive Team	This area of governance includes the Mayor, Councillors, Chief Executive Officer and Senior Management Group and associated support which cannot be easily attributed to the direct service provision areas.
Executive Services	This service provides Council with operational organisational support to Council, CEO and the Senior Management Group and acts as the main customer interface with the community. The service also assists with delivering on human resource, communication and governance needs of the Council.
Corporate Services	This service provides financial and corporate based services to internal and external customers, including the management of Council's finances, payment of salaries and wages to employees, procurement and contracting of services, raising and collection of rates and charges, managing Council's records and delivering on Council's occupational health and safety responsibilities. This service also maintains reliable and cost effective communications and computing systems, facilities and infrastructure to support Council staff.

Our performance

1. Organisational Improvement

Service Performance Indicators

The following table lists the prescribed indicators of service performance for the services provided by Council, the prescribed measures relating to the indicators, and Council's results for the 2014/15 year.

Service indicator	Measure	Result
Governance		
<u>Transparency</u> Council decisions made at meetings closed to the public	[Number of Council resolutions made at ordinary or special meetings of Council, or at meetings of a special committee consisting only of Councillors, closed to the public / Number of Council resolutions made at ordinary or special meetings of Council or at meetings of a special committee consisting only of Councillors] x100	6.41%
<u>Consultation and engagement</u> Satisfaction with community consultation and engagement	[Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement] <i>This result was obtained from the 2015 Community Satisfaction Survey facilitated by the Department of Environment, Land, Water and Planning.</i>	59
<u>Attendance</u> Councillor attendance at council meetings	[The sum of the number of Councillors who attended each ordinary and special Council meeting / (Number of ordinary and special Council meetings) × (Number of Councillors elected at the last Council general election)] x100	94.29
<u>Service cost</u> Cost of governance	[Direct cost of the governance service / Number of Councillors elected at the last Council general election]	\$36,800
<u>Satisfaction</u> Satisfaction with Council decisions	[Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community] <i>This result was obtained from the 2015 Community Satisfaction Survey facilitated by the Department of Environment, Land, Water and Planning.</i>	60

Our performance

2. Community wellbeing

The Community wellbeing key result area draws a diverse range of services together to achieve Council's goal for the wellbeing of Towong Shire communities. From emergency management planning, to early childhood services, to pursuing funding for future community infrastructure projects and many more initiatives and services, our teams had a productive year progressing Council Plan priorities throughout 2014/15.

Council continues to focus on ensuring that its early childhood services are responsive to the needs of families across the Shire. An upgrade to the Berringa Kindergarten was completed earlier this year and plans were confirmed for renovations at the Corryong Kindergarten. The construction of the new Tallangatta Integrated Community Centre commenced and the Tallangatta Kindergarten will relocate to the new facility from 2016. With all this activity underway, Council commissioned a Childrens Services Review to examine appropriate models of service for all early childhood services into the future. The Childrens Services Review will be finalised in 2015/16.

The partnership with Riverina Regional Library to deliver mobile library services across the Shire came to an end in June 2015. Council will work with communities to investigate cost-effective alternatives to service more remote communities in 2016. In the meantime, our static libraries in Corryong and Tallangatta continue to service a vibrant membership base. Our teams have commenced planning for the establishment of a brand new library within the Tallangatta Integrated Community Centre in 2016.

While the establishment of the Tallangatta Integrated Community Centre is one of Tallangatta Tomorrow's key priorities, Council continues to pursue opportunities to implement other recommendations from Tallangatta Tomorrow. '*Destination Tallangatta*', an infrastructure project to promote residential, tourism and business development in the town, has been put forward to the National Stronger Regions Fund.

We were pleased to be advised of several successful funding applications during the 2014/15 year, including two recreation projects in the Upper Murray. The Victorian Government has allocated \$200,000 to the upgrade of the Corryong Swimming Pool as well as \$100,000 towards upgraded Tennis Courts at Corryong with these projects to get underway later in 2015/16. With the Upper Murray 2030 Vision Plan project progressing substantially, we anticipate further exciting community projects in Corryong and surrounds in coming years.

Council continues to participate in the partnership between Council and local health services, known as the Towong Alliance. Initiatives from the Towong Shire Healthy Communities Plan 2013 – 2017 continue to be implemented by Alliance partners to improve the health and wellbeing outcomes of Towong Shire communities.

Highlights	Challenges
<ul style="list-style-type: none">- Official opening of the \$1 million Magorra Park Multi-purpose Community Hub- Construction commenced on \$2.6 million Tallangatta Integrated Community Centre- Delivery of successful youth event program, Seniors Festival event and community access event, 'Speak Out Loud'	<ul style="list-style-type: none">- Reduction in kinder enrolments for 2015 year- Recruitment of staff for Corryong Kindergarten- Cessation of mobile library service arrangement

Our performance

2. Community wellbeing

Performance Update

The following table reviews Council's performance against the Council Plan 2013-2017, including major initiatives from the 2014/15 budget.

Strategy and Strategic Indicator		Status	Comments
2.1	Develop a Business Plan for the Corryong Arts Space at Davis Cottage - <i>Business plan developed by Dec 2013</i>	Complete	Incorporated into the Upper Murray 2030 Vision Plan.
2.2	Support Community responses to natural disasters - <i>Resources developed by June 2014</i>	Complete	Completed in prior year.
2.3	Successfully deliver the Tallangatta Multi-sport Project - <i>Project successfully completed by June 2014</i>	Complete	Completed in prior year.
2.4	Successfully deliver the Cudgewa Multi-purpose Centre Project - <i>Project successfully completed by June 2014</i>	Complete	Completed in prior year.
2.5	Successfully deliver the Walwa Community Recovery Centre Project - <i>Project successfully completed by June 2014</i>	Complete	Completed in prior year.
2.6	Successfully deliver the Tallangatta Eco-education and Integrated Services Hub Project - <i>Project successfully completed by January 2015</i>	In progress	Construction underway. Revised completion date to December 2015.
2.7	Complete the Tallangatta Caravan Park Planning Study and implement the adopted recommendations from the plan - <i>Planning Study completed by Sept 2013</i> - <i>Adopted recommendations from the Planning Study implemented over the life of the Council Plan</i>	In progress	Planning Study completed. Recommendations from the Planning Study incorporated into 'Destination Tallangatta' project funding application to the National Stronger Regions Fund.

Strategy and Strategic Indicator	Status	Comments
2.8 Seek funding for the Corryong Tennis Court project - <i>Funding application submitted by Dec 2014</i>	Complete	Funding of \$100,000 from the Victorian Government announced in October 2014.
2.9 Conduct a review of public pools with a view to lowering operating costs and increasing safety and participation - <i>Review completed and presented to Council by June 2015</i>	In progress	A number of initiatives to lower costs and improve safety were trialled in the 2014/15 season. Life Saving Victoria audits of swimming pools were undertaken in December 2014 with a plan to implement recommendations under development.
2.10 Successfully deliver the Magorra Park Multi-purpose Centre Project - <i>Project successfully completed by Dec 2015</i>	Complete	Building completed and officially opened in March 2015.
2.11 Seek funding for the Corryong Aquatic Training Centre Project - <i>Funding application submitted by Dec 2014</i>	In progress	Funding of \$200,000 confirmed with additional funding currently being sought to complete the entire project.
2.12 Auspice and support the successful delivery of the Mitta Valley 'Our Valley, Our Future' - <i>Project successfully completed by Dec 2015</i>	In progress	Project currently being delivered in partnership with the community and the Gardiner Foundation.
2.13 Auspice and support the successful delivery of the Upper Murray 2030 Vision Plan - <i>Project successfully completed by Dec 2014 and commitment by Council to pursue key priority(s) from the Plan</i>	In progress	Project currently underway with draft concept plans developed. Project has been extended to 30 September 2015.
2.14 Continue to pursue extended childcare services across the Shire - <i>Extended childcare services delivered during the life of the Council Plan</i>	Ongoing	A review of Childrens Services commenced to explore opportunities and appropriate service models. The Review is scheduled for adoption in 2015/16. Renovations were completed at Berringa Kindergarten to allow for flexible service delivery options in the future.

Strategy and Strategic Indicator	Status	Comments
2.15 Continue to implement the key priorities from 'Tallangatta Tomorrow' including residential development <ul style="list-style-type: none"> - <i>Tallangatta Multi-sport Project delivered by June 2014</i> - <i>Caravan Park Planning Study implemented by Dec 2014</i> - <i>Integrated Community Hub delivered by Jan 2015</i> - <i>Adopted recommendations from the Report to Council on Horse Paddocks by June 2015</i> 	Ongoing	Refer to strategies 2.3, 2.6 and 2.7 above. An application to the National Stronger Regions Fund for the 'Destination Tallangatta' infrastructure project has been developed. The outcome of the application is expected late in 2015.
2.16 Seek funding for the delivery of key priority(s) from the 'Our Bellbridge' project <ul style="list-style-type: none"> - <i>Funding applications submitted for at least one project by Dec 2014</i> 	Ongoing	Foreshore and park infrastructure improvements were implemented courtesy of funds from the Local Government Infrastructure Program. Funding opportunities are being sought for further 'Our Bellbridge' projects.
2.17 Develop and implement a youth activities program <ul style="list-style-type: none"> - <i>Program presented to Council by Dec 2013</i> - <i>Implementation over the life of the Council Plan</i> 	Ongoing	Programs for 2014 and 2015 successfully delivered.
2.18 Facilitate an annual Seniors Week activity <ul style="list-style-type: none"> - <i>Annual activity held</i> 	Ongoing	Successful 'Welcome to Broadway' event held in Tallangatta.
2.19 Host an annual Disability Day activity <ul style="list-style-type: none"> - <i>Annual activity held</i> 	Ongoing	Successful 'Speak Out Loud' event held in Corryong.
2.20 Continue to refine Council's Emergency Management Plan, including the identification and management of Neighbourhood Safer Places <ul style="list-style-type: none"> - <i>Plan reviewed and adopted annually</i> - <i>Annual identification of NSPs (CFA approval process)</i> 	Ongoing	A comprehensive review of the Emergency Management Plan was undertaken during 2014/15. The revised plan will be audited in early 2015/16. The Eskdale Recreation Reserve was identified as a Neighbourhood Safer Place in August 2014.
2.21 Actively participate in the Towong Alliance with the three Shire based Health Services <ul style="list-style-type: none"> - <i>Ongoing participation in the Alliance</i> 	Ongoing	Jointly-funded Alliance position discontinued in May 2015. Additional resources to support specific Alliance projects will be engaged as required.

Strategy and Strategic Indicator	Status	Comments
2.22 Continue the delivery of library services including service provision to rural areas <i>- Library services delivered to a service level determined by Council</i>	Ongoing	Static libraries in Corryong and Tallangatta continued. Mobile library services ceased in June 2015 when Riverina Regional Library withdrew from service. Cost-effective alternative arrangements for servicing more remote communities around the Shire will be considered during 2015/16.

Our performance

2. Community Wellbeing

Council Services

The following table presents information in relation to the services funded in Council's 2014/15 Budget.

Service area	Description
Community services	This service provides family oriented support services including kindergartens, maternal and child health, immunisations and youth services. It also supports Council's commitment to improved access for all residents, delivers an annual Seniors event and is exploring opportunities to support arts and culture throughout the Shire.
Library services	This service provides public library services at two locations with a customer focus that caters for the cultural, educational and recreational needs of residents.
Community facilities	This service identifies opportunities for Council or community groups to access funding to better meet community needs and delivers on key Council funding applications.
Community health and wellbeing	This service actively drives community health initiatives through the Towong Alliance partnership with the health services and the Towong Healthy Communities Plan 2013 - 2017.

Our performance

2. Community Wellbeing

Service Performance Indicators

The following table lists the prescribed indicators of service performance for the services provided by Council, the prescribed measures relating to the indicators, and Council's results for the 2014/15 year.

Service indicator	Measure	Result
Aquatic facilities		
<u>Service cost</u> Cost of outdoor aquatic facilities	[Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]	\$22.27
<u>Utilisation</u> Utilisation of aquatic facilities	[Number of visits to aquatic facilities / Municipal population]	1.13
Libraries		
<u>Utilisation</u> Library collection usage	[Number of library collection item loans / Number of library collection items]	2.42
<u>Resource standard</u> Standard of library collection	[Number of library collection items purchased in the last 5 years / Number of library collection items] x100	38.28%
<u>Service cost</u> Cost of library service	[Direct cost of the library service / Number of visits]	\$20.84
<u>Participation</u> Active library members	[Number of active library members / Municipal population] x100	4.36%
Maternal and child health		
<u>Satisfaction</u> Participation in first MCH home visit	[Number of first MCH home visits / Number of birth notifications received] x100	98.21%
<u>Service standard</u> Infant enrolments in the MCH service	[Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x100	100%
<u>Service cost</u> Cost of the MCH service	[Cost of the MCH service / Hours worked by MCH nurses]	\$58.52
<u>Participation</u> Participation in the MCH service	[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	100%

Service indicator	Measure	Result
<u>Participation</u> Participation in the MCH service by Aboriginal children	[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100 <i>No children currently registered with the MCH service have identified as having an Aboriginal or Torres Strait Islander background.</i>	0%

Our performance

3. Asset Management

In addition to delivering our routine maintenance and capital works programs, our asset management team implemented various initiatives that have resulted in process efficiencies, cost reductions and improved service delivery during the 2014/15 year.

Refinements to our grading and works program were made to achieve greater efficiency. Keeping within Council's EBA arrangements, our grading maintenance crews operated a 10 hour day during peak grading times to achieve improved service delivery.

A condition inventory of all minor recreation and open space assets was compiled including trees of significance, street furniture and playgrounds. This data has enabled the development of an annual renewal and maintenance plan to reduce costs and improve the amenity of parks and recreation areas across the Shire.

The ongoing implementation of the stock policy has seen the removal of stock grids, fencing of roads, and the repair of a number of stock grids across the Shire achieving the objective of improving service delivery on our unsealed road network.

Strategic path links were constructed in Tallangatta with funding from the Department of Economic Development, Jobs, Transport and Resources improving pedestrian access from the town centre to the hospital, foreshore and rail trail. Council also funded footpath extensions in Corryong to improve pedestrian access to the town centre.

Two 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 Federal Government's Roads to Recovery program assisted Council to carry out major patching works, our annual resealing program and further widening and sealing of Georges Creek Road.

Highlights

- Completion of the Georges Creek Road upgrade
- Redevelopment and beautification of the Bellbridge foreshore
- Upgrade of the Eastern Tallangatta town entrance

Challenges

- Resource limitations delayed progress with developing asset management plans and the implementation of the stick grid policy

Our performance

3. Asset Management

Performance Update

The following table reviews Council's performance against the Council Plan 2013-2017, including major initiatives from the 2014/15 budget.

Strategy and Strategic Indicator		Status	Comments
3.1	Prepare an Asset Management Plan for Recreation - <i>Asset management plan for Recreation adopted by Council by December 2013</i>	In progress	Draft plan prepared and scheduled for adoption in early 2015/16 year.
3.2	Prepare an Asset Management Plan for Parks and Gardens (inclusive of trees of significance (e.g. Cudgewa avenue, Tallangatta Triangles, etc) - <i>Asset management plan for Parks and Gardens (inclusive of trees of significance) adopted by Council by December 2013</i>	In progress	Draft plan prepared and scheduled for adoption in early 2015/16 year.
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) - <i>Review conducted by June 2014</i>	Complete	Digital collection method introduced. Protocols in place to engage specialist inspections as required to satisfy financial reporting obligations and to address substantial deterioration issues.
3.4	Implement the stock grid policy - <i>Stock grid policy implemented by Dec 2014</i>	In progress	Implementation underway including arrangements for legal agreements with landholders and bulk grid purchasing.
3.5	Deliver the adopted Capital Works program - <i>Complete 100% of adopted program</i>	Not complete	Our Capital Works program for 2014/15 included projects that would be completed in future years. See detailed explanation in the Financial Summary on page 17.
3.6	Complete condition assessments for road assets and non-road assets (e.g. buildings, playgrounds) - <i>Condition assessments for non-road assets completed by Dec 2013</i> - <i>Condition assessments for road assets completed by Feb 2014</i>	Complete	Condition assessments for roads, bridges, buildings, playgrounds, street furniture, trees and all other assets completed. An annual inspection program has been implemented.

Strategy and Strategic Indicator	Status	Comments
3.7 Develop a town beautification program for all towns and deliver over the life of the Council Plan <i>- Town Beautification Program developed by June 2014 and implemented over the life of the Council Plan</i>	In progress	Concept plans have been developed. Works on Tallangatta entrances are underway. Cudgewa Avenue of Honour assessed and works scheduled for August 2015.
3.8 Develop and deliver a footpath replacement and extension program for strategic community links <i>- Footpath replacement and extension program developed by September 2014</i>	Complete	Program developed and incorporated into future capital program.
3.9 Work with VicRoads and other stakeholders to progress the upgrade/sealing of the Benambra-Corryong Road and the Shelley-Walwa Road <i>- Funding obtained and/or works commenced by VicRoads by June 2017</i>	Ongoing	Funding obtained for widening of section of Shelley-Walwa Road and a further application under the Heavy Vehicle Safety and Productivity Program is being developed. Meetings held with VicRoads, State and Commonwealth Government representatives to advocate for upgrades to both roads.

Our performance

1. Asset Management

Council Services

The following table presents information in relation to the services funded in Council's 2014/15 Budget.

Service area	Description
Engineering services	This service undertakes design, tendering, contract management and supervision of various works within Council's capital works program. This service also conducts asset renewal and maintenance planning for Council's main infrastructure assets in an integrated and prioritised manner in order to optimise their strategic value and service potential. These include: <ul style="list-style-type: none">-roads, bridges, footpaths-buildings-drainage-recreation and open spaces
Depots	This service maintains Council infrastructure, vehicles, plant and equipment to meet functional and safety needs.

Our performance

3. Asset Management

Service Performance Indicators

The following table lists the prescribed indicators of service performance for the services provided by Council, the prescribed measures relating to the indicators, and Council's results for the 2014/15 year.

Service indicator	Measure	Result
Roads		
<u>Satisfaction of use</u> Sealed local road requests	[Number of sealed local road requests / Kilometres of sealed local roads] x 100	8.63
<u>Condition</u> Sealed local roads below the intervention level	[Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] x100	100.00%
<u>Service cost</u> Cost of sealed local road reconstruction	[Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]	\$20.68
<u>Service cost</u> Cost of sealed local road resealing	[Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]	\$5.77
<u>Satisfaction</u> Satisfaction with sealed local roads	[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads] <i>This result was obtained from the 2015 Community Satisfaction Survey facilitated by the Department of Environment, Land, Water and Planning.</i>	59

Our performance

4. Land-use Planning

Across the 2014-15 financial year Council's planning department has been focused on improving its statutory planning performance. Over this period the planning department has achieved the equal fastest planning permit processing times in Victoria and has also achieved a very high proportion of applications decided within the prescribed statutory time frame compared to the rural municipal average.

The implications arising from the Ministerial *Planning Permit Applications in Open Potable Water Supply Catchment Areas Guidelines* continue to impact on the Shire and have impeded efforts to provide additional rural residential opportunities within the municipality. These *Guidelines* have necessitated the preparation of a Domestic Wastewater Management Plan to guide the future management of domestic wastewater across the municipality. The Domestic Wastewater Management Plan is now complete and ready for implementation in 2016. Completion of the Domestic Wastewater Management Plan will enable future positive changes to the Towong Planning Scheme.

The Towong Shire planning department endeavours to be as accessible to the community as possible and to provide consistent, courteous and timely advice for all planning matters.

Highlights	Challenges
<ul style="list-style-type: none">- Completion of Domestic Wastewater Management Plan- Equal fastest processing times for planning permit applications in Victoria- Median planning permit processing time for Towong was 24 days compared to a rural average of 57 days- 96% permits decided within statutory time frames compared to a rural average of 71%	<ul style="list-style-type: none">- The requirements of the Planning Permit Applications in Open Potable Water Supply Catchment Areas Guidelines continues to hinder efforts to undertake changes to the planning scheme to introduce additional rural living options across the municipality- High level of planning enforcement- Staff turnover

Our performance

4. Land-use Planning

Performance Update

The following table reviews Council's performance against the Council Plan 2013-2017, including major initiatives from the 2014/15 budget.

Strategy and Strategic Indicator		Status	Comments
4.1	Improve our communication in relation to town and land use planning - <i>Planning 'Information Pack' prepared and available from June 2014</i> - <i>Relevant information available from the Visitor Information Centres by Dec 2014</i> - <i>Meetings with real estate agents conducted annually</i>	In progress	Planning content on website and planning information flyer reviewed and a simplified flyer is under development. The planning team is in regular contact with agents and other industry stakeholders. Pre-development face-to-face or phone meetings are held with the vast majority of applicants.
4.2	Develop and implement a Domestic Wastewater Management Plan - <i>Plan adopted by Council by June 2014 and implemented over the life of the Council Plan</i>	Ongoing	Draft Plan developed in conjunction with Goulburn Murray Water and North East Water. Community engagement and adoption of the Plan scheduled for Sept-Nov 2015.
4.3	Finalise the Rural Living Zone Planning Scheme Amendment - <i>Amendment finalised by Dec 2014</i>	In progress	Preliminary documentation being prepared pending adoption of the Domestic Wastewater Management Plan.
4.4	Complete BMO Schedule Project (including the refining of hazard mapping where necessary) - <i>Project completed and amendment finalised by June 2015</i>	Complete	Completed in prior year.
4.5	Complete a section 12B (Planning and Environment Act) review of Towong Planning Scheme - <i>Review completed by June 2015</i>	Not commenced	Delayed due to change of State Government commitment to the 'Flying Squad' project.
4.6	Revise Local Planning Policies with a view to protecting strategically important land for food production - <i>Policies developed and adopted by Dec 2015</i>	Not commenced	Scheduled to commence in 2015/16

Strategy and Strategic Indicator	Status	Comments
4.7 Implement key MSS recommendations including individual town structure plans via Planning Scheme Amendments <i>- Amendments finalised by Dec 2016</i>	Not commenced	Scheduled to commence in 2015/16.
4.8 Acquire updated Aerial photography for rural areas and townships <i>- Improved aerial photography acquired over the life of the Council Plan</i>	Complete	Completed in prior year.
4.9 Lobby for improved Hazard mapping (fire and flood) NECMA/State Govt <i>- Improved mapping acquired over the life of the Council Plan</i>	In progress	Scheduled for completion in 2015/16.

Our performance

4. Land-use Planning

Council Services

The following table presents information in relation to the services funded in Council's 2014/15 Budget.

Service area	Description
Planning	This statutory planning service processes all planning applications, provides advice and makes decisions about development proposals which require a planning permit, as well as representing Council at the Victorian Civil and Administrative Tribunal where necessary. It administers the Towong Planning Scheme as well as preparing major policy documents shaping the future of the Shire. It also prepares amendments to the Towong Planning Scheme and carries out research on demographic, urban development, economic and social issues affecting Council.
Building services	This service provides statutory building services to the Council community including processing of building permits, fire safety inspections, audits of swimming pool barriers and investigations of complaints and illegal works.
Environmental health	This service protects the community's health and well-being by coordinating food safety support programs, Tobacco Act activities and smoke free dining and gaming venue issues. The service also works to rectify any public health concerns relating to unreasonable noise emissions, housing standards and pest controls.

Our performance

4. Land-use Planning

Service Performance Indicators

The following table lists the prescribed indicators of service performance for the services provided by Council, the prescribed measures relating to the indicators, and Council's results for the 2014/15 year.

Service indicator	Measure	Result
Food safety		
<u>Timeliness</u> Time to action food complaints	[Number of days between receipt and first response action for all food complaints / Number of food complaints]	0.50
<u>Service standard</u> Food safety assessments	[Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the Food Act 1984 / Number of registered class 1 food premises and class 2 food premises that require an annual food safety assessment in accordance with the Food Act 1984] x100	100.00%
<u>Service cost</u> Cost of food safety service	[Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984]	\$928.57
<u>Health and safety</u> Critical and major non-compliance outcome notifications	[Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	100.00%
Statutory planning		
<u>Timeliness</u> Time taken to decide planning applications	[The median number of days between receipt of a planning application and a decision on the application]	19.00
<u>Service standard</u> Planning applications decided within 60 days	[Number of planning application decisions made within 60 days / Number of planning application decisions made] x100	94.39%
<u>Service cost</u> Cost of statutory planning service	[Direct cost of the statutory planning service / Number of planning applications received]	\$1,884.96

Service indicator	Measure	Result
<u>Decision making</u> Council planning decisions upheld at VCAT	[Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100 <i>There were a total of three VCAT matters for 2014/15.</i>	33.33%

Our performance

5. Environmental Sustainability

It was pleasing to see the significant progress made towards achieving Council's environmental sustainability priorities throughout the 2014/15 year.

The transition from contracted residential bin collection arrangements to a full in-house service delivery model was completed in May 2015 following the delivery of a new waste compacting truck. With a fleet of three trucks, Council staff collect garbage and recycling bins from all serviced properties in the Shire as well from southern areas of neighbouring Tumbarumba Shire.

An analysis of the operation hours for both waste disposal facilities at Corryong and Tallangatta has been completed and is under consideration.

A new future cell layout for the next 20 years has been developed for the Corryong landfill to comply with the EPA's new guidelines and a new cell and leachate dam was constructed at the facility. We were pleased with the positive feedback received from the EPA following their site inspection in May 2015. Council continues to monitor all closed landfills with no significant risks identified.

Council has successfully received funding from Sustainability Victoria for an upgrade of both the Tallangatta and Corryong waste facilities. The projects are currently under construction and will be completed before the end of 2015 calendar year.

A program to control noxious weeds was successfully carried out during the year and we were also pleased that funding from the Victorian Government has been confirmed to continue the program in 2015/16.

Council has commenced an LED streetlighting upgrade project with the design and data analysis getting underway this year. It is anticipated that the new lights will be installed in early 2016.

Highlights

- Completed transition from contracted kerbside bin collections
- Positive feedback received from the EPA following works at the Corryong Landfill
- Funding received for improvements to the Corryong and Tallangatta Waste Disposal Facilities

Challenges

- Delay in taking delivery of new waste compacting truck to finalise transition deferred new bin collection arrangements to late in the financial year

Our performance

5. Environmental Sustainability

Performance Update

The following table reviews Council's performance against the Council Plan 2013-2017, including major initiatives from the 2014/15 budget.

Strategy and Strategic Indicator		Status	Comments
5.1	Finalise the Bushfire Camera Network project - <i>Project completed by Dec 2013</i>	Complete	Completed in prior year.
5.2	Explore solutions for Bellbridge water and waste water expansion (in conjunction with NEW) - <i>Options paper prepared by June 2014</i>	In progress	North East Water is scheduled to discuss this priority with Council early in 2015/16.
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 - <i>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</i>	In progress	North East Water is scheduled to discuss this priority with Council early in 2015/16.
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 - <i>Implement adopted outcomes by Dec 2013</i> - <i>Satisfaction Survey conducted Dec 2014</i> - <i>Achievement of a sustainable financial outcome for the Council</i> - <i>Increased employment within Shire</i>	Ongoing	Final stage of in-house service delivery model implemented in May 2015. Increased employees in this service area by 1.055EFT.
5.5	Explore waste to energy options suitable for a small municipality - <i>Report prepared for Council by December 2015</i>	In progress	Scheduled for consideration early in 2015/16.

Strategy and Strategic Indicator	Status	Comments
5.6 Consider the options available for the Bethanga Wastewater project and deliver a solution (if feasibility can be established) <ul style="list-style-type: none"> - <i>Direction to be taken determined and agreed by Dec 2014</i> - <i>Agreed approach (if any) implemented by December 2016</i> 	In progress	North East Water is scheduled to discuss this priority with Council early in 2015/16.
5.7 Provide proactive support to DEPI Wild Dog Program and lobby for increased resourcing in the Towong Shire <ul style="list-style-type: none"> - <i>Agri-IQ developed and implemented by June 2016</i> 	Not commenced	Scheduled for consideration early 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 <ul style="list-style-type: none"> - <i>Reduction in noxious weeds (as identified through mapping)</i> - <i>Development and implementation of a Roadside Management Plan</i> 	Ongoing	Program successfully completed for 2014/15.
5.9 Continue to maintain and monitor operational and closed landfills within EPA guidelines <ul style="list-style-type: none"> - <i>All EPA requirements met over the life of the Council Plan</i> 	Ongoing	Works at Corryong Landfill completed in accordance with EPA requirements. Closed landfills are being monitored in accordance with guidelines.
5.10 Support waste minimisation and management initiatives in the North East Regional Waste Implementation Plan and Regional Waste Minimisation Strategy <ul style="list-style-type: none"> - <i>Reduction in waste being deposited in landfills (local and external)</i> 	Ongoing	Educational initiatives implemented during the introduction of the in-house kerbside service delivery model. Community greenwaste disposal sites are currently under consideration.

Our performance

5. Environmental Sustainability

Council Services

The following table presents information in relation to the services funded in Council's 2014/15 Budget.

Service area	Description
Waste services	This service provides waste collection including kerbside collections of rubbish and recycling from households and commercial properties, special hard waste, green waste collections, transfer station and land fill management.
Emergency management	This service provides Council's emergency management planning function.
Animal control	This service provides animal management services including a cat trapping program, dog / cat collection service, lost and found notification service, pound service, registration / administration service and an afterhours emergency service. It also provides education, regulation and enforcement of the Local Law and relevant State legislation.
Swimming pools	This service provides two community swimming pools that operate from November to March each year.
Community facilities	This service manages and maintains Council owned community facilities, parks and gardens and public toilets.

Our performance

5. Environmental Sustainability

Service Performance Indicators

The following table lists the prescribed indicators of service performance for the services provided by Council, the prescribed measures relating to the indicators, and Council's results for the 2014/15 year.

Service indicator	Measure	Result
Animal management		
<u>Timeliness</u> Time to action animal management requests	[Number of days between receipt and first response action for all animal management requests / Number of animal management requests]	3.26
<u>Service standard</u> Animals reclaimed	[Number of animals reclaimed / Number of animals collected] x100	36.84%
<u>Service cost</u> Cost of animal management service	[Direct cost of the animal management service / Number of registered animals]	\$40.75
<u>Health and safety</u> Animal management prosecutions	[Number of successful animal management prosecutions]	0.0%
Waste collection		
<u>Satisfaction</u> Kerbside bin collection requests	[Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x1000	73.62
<u>Service standard</u> Kerbside bin collections missed	[Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x10,000	1.31
<u>Service cost</u> Cost of kerbside garbage collection service	[Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]	\$121.39
<u>Service cost</u> Cost of kerbside recyclables collection service	[Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]	\$42.73
<u>Waste diversion</u> Kerbside collection waste diverted from landfill	[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	32.49%

Our performance

6. Economic and Tourism Development

The 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, has been well advanced this year, with several projects completed and others now well underway.

Council staff lobbied 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 \$100 million Black Spots Funding program was developed and implemented, and a stunning result was achieved, with four new mobile phone towers announced for Towong Shire. In the next three years, towers will be installed at Bethanga, Cudgewa, Granya and Dartmouth, providing improved services to many residents. Lobbying for Round 2 of the Black Spot Funding program is now underway.

The Tallangatta Holiday Park Planning Study was completed, providing Council with a clear picture of the types of improvements which could be undertaken at the Park to provide a high quality tourism experience. Council hopes to influence the future development of the Park, and discussions with the Park operators, Goulburn Murray Water, are ongoing.

The Upper Murray 2030 Vision Plan project and the Corryong Airport Redevelopment project were both focuses for Council in the Upper Murray this year, while in the Mitta Valley, Council’s support of the Our Valley, Our Future project continued to provide quality outcomes for the community.

Highlights	Challenges
<ul style="list-style-type: none">- Phase one of the Narrows Feasibility Study commenced- New approach for Corryong Saleyards operation adopted by Council	<ul style="list-style-type: none">- Delay in launching Corryong and Tallangatta tourism websites- Resource constraints at the Corryong VIC

Our performance

6. Economic and Tourism Development

Performance Update

The following table reviews Council's performance against the Council Plan 2013-2017, including major initiatives from the 2014/15 budget.

Strategy and Strategic Indicator		Status	Comments
6.1	Explore options in relation to the Corryong Airport upgrade (including lighting) - <i>Feasibility of upgrade determined by Dec 2013</i> - <i>Project funding pursued (if project is feasible) by June 2014</i>	In progress	Funding application submitted and discussions with Regional Development Victoria to progress are underway.
6.2	Auspice and support the successful delivery of the Alpine Valleys Dairy Pathways Project - <i>Project successfully completed</i>	Complete	Completed in prior year.
6.3	Develop, launch and maintain the Corryong and Tallangatta Tourism Websites - <i>Websites developed and launched by December 2013</i>	In progress	Creative development of website complete. Additional resources engaged to develop content early in 2015/16 year.
6.4	Review Council's role in the delivery of Tallangatta Visitor Information Services and implement the adopted outcomes from the review - <i>Review conducted by Dec 2013 and recommendations adopted by Council by March 2014</i> - <i>Adopted recommendations implemented by Dec 2014</i>	In progress	A partnership with the Hub Cottage Industries to provide Visitor Information services in Tallangatta was established.
6.5	Seek funding to seal the Colac Colac Walking Track - <i>Application for funding submitted by June 2014</i>	Complete	Completed in prior year.
6.6	Develop a Corryong Saleyards strategy - <i>Strategy developed by June 2014 and adopted recommendations implemented by June 2015</i>	Complete	Corryong Saleyards Futures Study completed and recommendations adopted in April 2015.

Strategy and Strategic Indicator	Status	Comments
6.7 Continue to work towards the availability of Industrial land in Corryong and Tallangatta <i>- Report to Council on Industrial Land supply options by June 2016</i>	Not commenced	Scheduled to commence in 2015/16.
6.8 Lobby the Federal Government in order to maximise the NBN outcomes for our communities. <i>- Improved high speed Broadband delivery</i>	Ongoing	Council continues to raise this with Federal Government representatives at every opportunity. Council has received two permit applications for the installation of NBN infrastructure in Bellbridge and Bethanga.
6.9 Lobby Federal Government and private telcos for improved mobile coverage <i>- Improved mobile coverage achieved over the life of the Council Plan</i>	Ongoing	Funding announced for blackspot towers in Bethanga, Cudgewa, Dartmouth and Granya in June 2015.
6.10 Support the Agribusiness sector in Towong Shire to achieve profitability and sustainability <i>- 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</i>	In progress	Strategy scheduled for development in 2015/16.
6.11 Support the Retail, Commercial and Industrial sectors in Towong Shire to achieve profitability and sustainability <i>- 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</i>	In progress	Strategy scheduled for development in 2015/16.
6.12 Promote the Omeo Highway and the Benambra-Corryong Road as touring links to the Gippsland region <i>- Promotional campaign developed by Dec 2014 and implemented over the life of the Council Plan</i>	Ongoing	A signage plan is under development in consultation with the community. Promotional material has been distributed to Visitor Information Centres.
6.13 Develop a strategic plan to manage the outcomes for Corryong with the possible establishment of the molybdenum mine <i>- Strategic plan developed by Dec 2014 and recommendations implemented if the mine proceeds</i>	Ongoing	Mining development is being monitored. Regular meetings occur with representatives from Dart Mining.

Strategy and Strategic Indicator	Status	Comments
6.14 Encourage (and where possible deliver) sustainable design for community buildings and residential estate development. <i>- Best practice environmental design principles used in the delivery of the Integrated Community Hub</i>	Ongoing	Best practice design principles have been used for the Tallangatta Integrated Community Centre.

Our performance

6. Economic and Tourism Development

Council Services

The following table presents information in relation to the services funded in Council's 2014/15 Budget.

Service area	Description
Economic development	The economic development service assists the organisation to facilitate an environment that is conducive to a sustainable and growing local business sector and provides opportunities for local residents to improve their skill levels and access employment.
Tourism	This service provides a Visitor Information Centre in Corryong to provide advice to visitors to the Upper Murray.

Governance, management and other information

Governance

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.

Council recognises that effective governance is the key to ensuring that Council meets the community's priorities. The community has opportunity to provide formal input into Council's decision making processes through specific community engagement sessions, the 'Open Forum' held in conjunction with Council's monthly meeting, as well as the formal submission process involved with many of Council's key plans.

Many formal decisions are made at Council Meetings; however some of Council's powers have been delegated to Council staff. These delegations are exercised in accordance with Council policies.

Council Meetings

Council's ordinary meetings are held monthly (except January where there is no meeting). These meetings are conducted in accordance with Council's Meeting Procedures Local Law.

For the 2014/15 year Council held the following meetings:

- 11 Ordinary Council Meetings
- 3 Special Council Meetings

Councillor	Ordinary Meeting	Special Meeting	Total
Cr David Wortmann	11	3	14
Cr Aaron Scales	10	3	13
Cr Mary Fraser	11	3	14
Cr Debi Gadd	10	3	13
Cr Peter Joyce	9	3	12

Governance, management and other information

Code of conduct

The Local Government Act 1989 requires councils to develop and approve a Councillor Code of Conduct within 12 months after each general election. On 1 October 2013 Council adopted a Councillor Code of Conduct.

The Councillor Code of Conduct is designed to:

- Provide good governance for the Towong municipality
- Create common understandings of the different roles of the Mayor, Councillors, Chief Executive Officer and the administration
- Identify key relationships and how they can contribute to good governance
- Support good governance by creating a framework in which legitimate differences in opinions, beliefs and values can be discussed constructively and resolved in the interests of the Towong municipality.

In addition to setting out good governance protocols, the Councillor Code of Conduct also outlines:

- Councillor behaviour principles
- Conflict of interest procedures
- Dispute resolution procedures
- Decisions during caretaker periods, and
- Appropriate use of Council resources.

Conflict of interest

Councillors are elected by the residents and ratepayers to act in the best interests of the community. This is a position of trust. Council officers, as delegated and authorised representatives of Council, are also required to act in the public interest.

A conflict of interest occurs when a personal or private interest might compromise the ability to act in the public interest. A conflict of interest exists even if no improper act results from it. Council has procedures in place to accommodate the disclosure of a conflict of interest. Declaration of a conflict of interest is a standard agenda item for all Council Meetings.

There were four conflicts of interest declared at Council Meetings during 2014/15.

Governance, management and other information

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 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 2014/15, the Audit Committee considered:

Financial management and performance reporting

Annual financial statements and the external Auditor's reports

Budget development

Financial and Council Plan reporting

Local Government Performance Reporting framework

Risk management

Risk assessments for major projects

Risk management strategy and action plan

OHS Safety Management System

JMAPP audit

Echelon audit

Swimming pool audits

Emergency management planning

Business continuity

Human resource management

Compliance

Systems and procedures surrounding legal matters

Reporting Responsibilities

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

Governance, management and other information

Audit Committee (continued)

The Committee is comprised of the Mayor and two or more independent external members. The external independent members of the Audit Committee are appointed for a maximum four year term.

The following independent members served on Council's Audit Committee during 2014/15:

Ms Narelle Klein

Current Chair

Narelle was appointed to the Audit Committee in March 2014. A Chartered Accountant, Narelle 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.

Ms Kerrie Clarke

Current Member

Kerrie was appointed to the Audit Committee in March 2015. Kerrie is a Certified Practising Accountant and is the Chief Finance Officer at Upper Murray Health and Community Services in Corryong; a position she has held for over 10 years. She holds a Bachelor of Business (Accounting / Finance), is involved in the Corryong SES and resides on 6 acres at Cudgewa with her family.

Mr Robert Lees

Current Member

Robert was appointed to the Audit Committee in March 2015. He is currently the Senior Procurement Officer for Albury Wodonga Health after a varied local and international career in commercial development, commodity trading, procurement and operations management. Robert has significant experience in corporate governance, procurement, strategic planning, lean manufacture, and general management. He has positions on the boards of Hume Employment Services Limited, Belmore Pty Ltd and Tallangatta Health Service and is also a member of the Rotary Club of Bellbridge Lake Hume. Robert has lived in the Shire for most of his life and currently lives in Bellbridge.

Mr Matthew Fagence

Retired Member and Chair

Matthew served on the Audit Committee from October 2010 to December 2014. Matthew lives with his family in Bethanga.

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).

Governance, management and other information

External audit

Council is externally audited by the Victorian Auditor-General. For the 2014/15 year the annual external audit of Council's Financial Statements and Performance Statement was conducted by the Victorian Auditor-General's representative, Johnsons MME. The external auditors engage with Council's Audit Committee to present their independent audit report. The external audit management letter and responses are also provided to the Audit 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.

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. Council is also recognised for its innovative 'Shared Services' arrangements which have resulted in improved service delivery and reduced costs through collaboration with neighbouring Councils. Shared services have been established for the following services:

- Building control
- Environmental health
- Rates and property
- Information Technology support, and
- Immunisations.

Governance, management and other information

Governance and Management Checklist

The following are the results in the prescribed form of Council's assessment against the prescribed governance and management checklist.

Column 1 Governance and Management Items	Column 2 Assessment
1 Community engagement policy (policy outlining council's commitment to engaging with the community on matters of public interest)	Policy Yes Date of operation of current policy: 1 December 2009 Draft updated policy has been prepared though not formally adopted.
2 Community engagement guidelines (guidelines to assist staff to determine when and how to engage with the community)	Guidelines Yes Date of operation of guidelines: 1 December 2009 Draft updated guidelines have been prepared though not formally adopted.
3 Strategic Resource Plan (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next 4 financial years)	Adopted in accordance with section 126 of the Act Yes Date of adoption: 2 June 2015
4 Annual budget (plan under section 130 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required)	Adopted in accordance with section 130 of the Act Date of adoption: 2 June 2015
5 Asset management plans (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	Current plans in operation Yes Date of operation of current plans: Roads – 6 August 2012 Drainage – Draft Buildings and structures - Draft

Governance, management and other information

Governance and Management Checklist (continued)

Column 1 Governance and Management Items	Column 2 Assessment	
6 Rating strategy (strategy setting out the rating structure of Council to levy rates and charges)	Current strategy in operation Date of operation of current strategy: 2 June 2015	Yes
7 Risk policy (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	Current policy in operation Date of operation of current policy: 1 April 2014	Yes
8 Fraud policy (policy outlining council's commitment and approach to minimising the risk of fraud)	Current policy in operation Date of operation of current policy: 2 December 2014	Yes
9 Municipal emergency management plan (plan under section 20 of the <i>Emergency Management Act 1986</i> for emergency prevention, response and recovery)	Prepared and maintained in accordance with section 20 of the <i>Emergency Management Act 1986</i> Date of preparation: 10 January 2011	Yes
10 Procurement policy (policy under section 186A of the <i>Local Government Act 1989</i> outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)	Prepared and approved in accordance with section 186A of the <i>Local Government Act 1989</i> Date of approval: 5 May 2015	Yes
11 Business continuity plan (plan setting out the actions that will be undertaken to ensure that key services continue to operate in the event of a disaster)	Current plan in operation Date of preparation: 1 March 2014	Yes
12 Disaster recovery plan (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	Current plan in operation Date of preparation: 1 March 2014	Yes

Governance, management and other information

Governance and Management Checklist (continued)

Column 1 Governance and Management Items	Column 2 Assessment	
13 Risk management framework (framework outlining council's approach to managing risks to the Council's operations)	Current framework in operation Date of operation of current framework: 1 July 2014	Yes
14 Audit Committee (advisory committee of council under section 139 of the Act whose role is to oversee the integrity of a council's financial reporting, processes to manage risks to the council's operations and for compliance with applicable legal, ethical, and regulatory requirements)	Committee established in accordance with section 139 of the Act Date of establishment: 1 July 2014	Yes
15 Internal audit (independent accounting professionals engaged by the council to provide analyses and recommendations aimed at improving council's governance, risk and management controls)	Internal auditor engaged Reason why no auditor engaged: Council has completed a strategic risk assessment and subsequently engaged relevant technical experts to conduct audits of its high risk exposures. At this point in time it has not been considered necessary to engage an independent accounting professional.	No
16 Performance reporting framework (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act)	Current framework in operation Date of operation of current framework: 2 June 2015	Yes
17 Council Plan reporting (report reviewing the performance of the council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year)	Current report Date of current report: 5 May 2015	Yes
18 Financial reporting (quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)	Statements presented to council in accordance with section 138(1) of the Act Date statement presented: 2 June 2015	Yes

Governance, management and other information

Governance and Management Checklist (continued)

Column 1 Governance and Management Items	Column 2 Assessment	
19 Risk reporting (six-monthly reports of strategic risks to council's operations, their likelihood and consequences of occurring and risk minimisation strategies)	Reports prepared and presented Date of reports: 21 October 2014, 5 May 2015	Yes
20 Performance reporting (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act)	Reports prepared and presented Date of reports: 7 October 2014, 2 June 2015	Yes
21 Annual report (annual report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial and performance statements)	Considered at a meeting of council in accordance with section 134 of the Act Date statements presented: 21 October 2014	Yes
22 Councillor Code of Conduct (Code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)	Reviewed in accordance with section 76C of the Act Date reviewed: 1 October 2013	Yes
23 Delegations (a document setting out the powers, duties and functions of council and the Chief Executive Officer that have been delegated to members of staff)	Reviewed in accordance with section 98(6) of the Act Date of review: 1 October 2013	Yes
24 Meeting procedures (a local law governing the conduct of meetings of council and special committees)	Meeting procedures local law made in accordance with section 91(1) of the Act Date local law made: 1 October 2013	Yes

Governance, management and other information

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.

- details of current allowances fixed for the Mayor and Councillors
- the total annual remuneration for all senior officers in respect of the current financial year and the previous financial year
- 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 member of Council staff in the previous 12 months
- 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 except if the minutes relate to parts of meetings which have been closed to members of the public
- a list of all special committees established by Council and the purpose for which each committee was established
- a list of all special committees established by the Council which were abolished or ceased to function during the financial year
- minutes of meetings of special committees held in the previous 12 months except if the minutes relate to parts of meetings which have been closed to members of the public
- a register of delegations
- submissions received in accordance with section 223 of the Act during the previous 12 months
- agreements to establish regional libraries
- details of all property, finance and operating leases involving land, buildings, plant, computer equipment or vehicles entered into by the Council as lessor or 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
- a list of donations and grants made by the Council during the financial year
- 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, and
- a list of contracts valued at \$150,000 or more which the Council entered into during the financial year without first engaging in a competitive process.

Governance, management and other information

Carers Recognition Act

In accordance with the *Carers Recognition Act 2012* Council is required to report annually on its care management obligations under Section 11 of that 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
- 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.

Contracts

During the year Council did not enter into any contracts valued at \$150,000 or more without first engaging in a competitive process.

Disability Action Plan

In accordance with Section 38 of the Disability Act 2006, as Council has prepared a draft Disability Action Plan (known as the Towong Shire Access and Inclusion Plan). Council anticipates adopting the Plan early in the 2015/16 year. Council will report on its implementation in next year's Annual Report.

Domestic Animal Management Plan

In accordance with the Domestic Animals Act 1994 Council is required to prepare a Domestic Animal Management Plan at four yearly intervals and evaluate its implementation in the Annual Report. Council adopted its Domestic Animal Management Plan 2013-2017 in September 2014.

The development of Council's Domestic Animal Management Plan was guided by the following principles:

- The belief that pets contribute to quality of life
- A requirement to balance the needs of those who own pets and those who do not
- Valuing responsible pet ownership
- Proactive animal management and education within the community
- Protection of the environment from any negative impacts of dogs and cats
- Working in partnership with others to achieve positive outcomes for the community, and
- Local Government plays a leadership role in animal management

Council's Domestic Animal Management Plan includes an Action Plan to assist Council to achieve the Plan's objectives over a four year period. The following table evaluates the implementation of the Action Plan.

Governance, management and other information

Domestic Animal Management Plan (cont.)

Action	Measure	Status	
Training of Authorised Officers			
1	Continue to update work plan including training requirements for local law officer to ensure staff are kept informed of and trained in changes to relevant legislation, policies, processes and procedures in a timely manner	Work plan completed, reviews ongoing Changes to legislation, policies, processes and procedures to be highlighted on the Local Laws Intranet	✓
2	Review in consultation with staff training requirements for all Authorised officers undertaking animal management duties	Consultation with relevant staff occurred; agreed list of skills required to undertake animal management duties developed	✓
3	Maintain a training register/skills matrix with OH&S officer	Central training register developed and maintained	✓
4	Regularly assess Officers skills, compliance and knowledge of policies, processes and procedures	Annual skills and knowledge assessments undertaken for each Officer	✓
Registration and Identification			
5	Continue to annually cross check microchip registries to identify micro chipped animals within Towong Shire that are not registered	Cross check undertaken and contact made with owners when discrepancies are identified	✓
6	Continue to send out registration reminder notices to pet owners who have failed to re register their pets by 10 April each year	Reminder notices sent for previously registered animals that have not been renewed	✓
7	Facilitate discount micro chipping sessions prior to April each year	Annual discount micro chipping session held	Postponed for 2014/15.
8	Continue to ensure that all seized and impounded animals are registered prior to release to their owner	More registered animals	✓
9	Undertake annual random neighborhood door knocks to check for unregistered dogs and cats	Increased number of neighbourhood door knocks across the Shire	✓

Governance, management and other information

Domestic Animal Management Plan (cont.)

Animal Nuisance Complaints			
10	Provide educational materials to pet owners	Sourcing, preparation and distribution of educational materials	Currently underway
11	Maintain an appropriate supply of cat cages for hire to meet community demand	Maintain a waiting period of no longer than seven working days	✓
12	Maintain accurate and relevant information on Council's website about how to make a complaint	Dedicated page on animal complaints to be developed and regularly checked for accuracy	✓
13	Further refine the CARS system and implement iForm builder app for incident and inspection reporting to facilitate timely resolutions	Process implemented	iForm builder app currently being trialled
14	Update and distribute barking dog information packs to provide complainants and owners of alleged barking dogs to assist in timely resolution of complaints	Information packs updated and available for distribution	✓
Dog Attacks			
15	Continue to action dog attack investigation and enforcement procedures	Procedure developed and implemented	✓
16	Conduct an education campaign for farmers regarding their responsibilities when owning working dogs	Annual education program developed and delivered	✓
17	Maintain accurate and relevant information on Council's website about how to report a dog attack	Dedicated page on dog attacks to be developed and regularly checked for accuracy	✓
18	Increase public understanding and awareness of what dog attack, dangerous, menacing and restricted breed dogs means and how to report it through media articles and brochures	Number of media articles sent to local media; brochure developed and number of brochures distributed	✓
19	Promote a greater awareness of the consequences for owners and their dogs should their dog rush at or attack a person or animal	Number of media articles sent to local/social media and information on Council website	Currently underway
21	Continue to use CARS to document incidents where animals are reported, or found, to have attacked people, pets, wildlife and livestock	Accurate and current details recorded	✓

Governance, management and other information

Domestic Animal Management Plan (cont.)

Dangerous, menacing and restricted dog breeds			
22	Continue to use CARS to document complaints and follow procedures to facilitate timely resolutions	Timely resolution of complaints	✓
23	Place links and phone numbers on Council website to promote the 'Dangerous Dogs Hotline'	Links and phone numbers placed on website	Updates scheduled for 2015/16
24	Ensure all declared menacing, dangerous and restricted breed dogs are entered into the Victorian Declared Dog Registry	All declared menacing, dangerous and restricted breed dogs entered into the Victorian Declared Dog Registry within seven days of declaration	✓
25	Audit properties where there are registered declared dogs	Annual audits performed and recorded	✓

Food Act Ministerial Directions

In accordance with section 7E of the *Food Act 1984* Council is required to publish a summary of any ministerial directions received during the financial year in its Annual Report. No such ministerial directions were received by Council during the financial year.

Freedom of Information (FoI)

In accordance with section 7(4AA)(a) and 7(4AA)(b) of the *Freedom of Information Act 1982* Council is required to publish certain statements in their Annual Report or separately (such as on its website) concerning its functions and information available.

Access to documents may be obtained through written request to the Freedom of Information Officer, as detailed in Section 17 of the Freedom of Information Act 1982 and in summary as follows:

- It should be in writing
- It should identify as clearly as possible which document is being requested
- It should be accompanied by the appropriate application fee (the fee may be waived in certain circumstances).

Access charges may also apply once documents have been processed and a decision on access is made (e.g. photocopying, search and retrieval charges). Further information regarding FoI can be found at www.foi.vic.gov.au or on Council's website www.towong.vic.gov.au.

No Freedom of Information applications were received by Council during the 2014/15 financial year.

Governance, management and other information

Protected Disclosure Procedures

In accordance with Section 69 of the *Protected Disclosure Act 2012* Council must include in their Annual Report information about how to access the procedures established by the Council under Part 9 of that Act. It is also required to provide certain information about the number and types of protected disclosures complaints investigated during the financial year.

The Protected Disclosure Act 2012 aims to ensure openness and accountability in government by encouraging people to disclose improper conduct within the public sector and provide protection for people who make disclosures. Procedures on how to make a disclosure are publicly available on Council's website.

During the 2014/15 year no disclosures were notified to Council officers appointed to receive disclosures or to the Independent Broad-based Anti-corruption Commission (IBAC).

Road Management Act Ministerial Direction

In accordance with Section 22 of the *Road Management Act 2004* Council must publish a copy or summary of any ministerial direction in its Annual Report. No such ministerial directions were received by Council during the financial year.

Performance statement for the year ending 30 June 2015

Sustainable Capacity Indicators		
<i>Indicator/measure</i>	Results 2015	Material Variations
Population <i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$2,247.46	
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$29,344.81	Towong Shire has a small population base compared to its large infrastructure network. The roads and bridges network account for approximately 83% of the dollar value of Council's total infrastructure.
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	4.98	
Own-source revenue <i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,497.12	
Recurrent grants <i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$1,406.04	This result is greater than expected due to receiving \$1.8million of the 2015/16 Financial Assistance Grants allocation from the Victorian Grants Commission in advance on 30 June 2015. This was expected to be received in 2015/16.
Disadvantage <i>Relative Socio-Economic Disadvantage</i> [Index of Relative Socio-Economic Disadvantage by decile]	7	

Performance statement for the year ending 30 June 2015

Service Performance Indicators		
Service/ <i>indicator</i> / <i>measure</i>	Results 2015	Material Variations
Aquatic Facilities Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	1.13	There were some limitations in data collection for this measure.
Animal Management Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	0	
Food Safety Health and safety <i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	100.00%	

Performance statement for the year ending 30 June 2015

Service Performance Indicators (continued)		
Service/indicator/measure	Results 2015	Material Variations
<p>Governance Satisfaction <i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]</p>	60	This result was obtained from the 2015 Community Satisfaction Survey facilitated by the Department of Environment, Land, Water and Planning.
<p>Libraries Participation <i>Active library members</i> [Number of active library members / Municipal population] x100</p>	4.36%	
<p>Maternal and Child Health (MCH) Participation <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100</p>	100.00%	
<p>Participation <i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100</p>	0.00%	No children currently registered with the MCH service have identified as having an Aboriginal or Torres Strait Islander background.

Performance statement for the year ending 30 June 2015

Service Performance Indicators (continued)		
Service/indicator/measure	Results 2015	Material Variations
<p>Roads Satisfaction <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]</p>	59	This result was obtained from the 2015 Community Satisfaction Survey facilitated by the Department of Environment, Land, Water and Planning.
<p>Statutory Planning Decision making <i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100</p>	33.33%	There were a total of three VCAT matters for 2014/15.
<p>Waste Collection Waste diversion <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100</p>	32.49%	

Performance statement for the year ending 30 June 2015

Financial Performance Indicators						
Dimension/ <i>indicator</i> /measure	Results	Forecasts				Material Variations
	2015	2016	2017	2018	2019	
Efficiency Revenue level <i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]	\$669.50	\$704.00	\$745.64	\$790.66	\$837.93	The "Revenue level" financial performance indicator contained in the 2015/16 Budget for comparison purposes is misstated. The formula used in the budget document has used "Total Rate Revenue" / "Number of rateable assessments" instead of residential only. The figures provided in the Performance Statement calculation are true and correct.
Expenditure level <i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$3,012.96	\$3,188.31	\$3,197.86	\$3,265.18	\$3,348.65	
Workforce turnover <i>Resignations and terminations compared to average staff</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	18.06%	5.67%	5.80%	5.80%	5.80%	The forecast results have assumed a stable number of permanent staff and that all resignations/terminations will be replaced.

Performance statement for the year ending 30 June 2015

Financial Performance Indicators (continued)						
Dimension/ <i>indicator</i> /measure	Results	Forecasts				Material Variations
	2015	2016	2017	2018	2019	
Liquidity Working capital <i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	633.48%	417.28%	397.67%	379.38%	348.16%	The 2015 result is greater than expected due to receiving \$1.8million of the 2015/16 Financial Assistance Grants allocation from the Victorian Grants Commission in advance on 30 June 2015. This was expected to be received in 2015/16.
Unrestricted cash <i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	281.66%	350.65%	334.24%	314.93%	282.44%	Council's result for 2015 is lower than the forecast for 2016 to 2019 due to Council using the assumptions in its long term financial plan that all capital works are completed and all grants are expended by 30 June each financial year. The unrestricted cash figure is comprised of the cash and cash equivalents balance from the balance sheet.
Obligations Asset renewal <i>Asset renewal compared to depreciation</i> [Asset renewal expense / Asset depreciation] x100	76.64%	92.29%	95.82%	101.86%	107.08%	The 2015 result is lower than expected due to a number of asset renewal projects being carried forward into the 2015/16 financial year.

Performance statement for the year ending 30 June 2015

Financial Performance Indicators (continued)						
Dimension/ <i>indicator</i> /measure	Results	Forecasts				Material Variations
	2015	2016	2017	2018	2019	
Loans and borrowings <i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	0.46%	7.14%	6.59%	6.07%	5.59%	The increase in 2016 is due to Council's intention to take out a loan to complete a significant infrastructure project.
<i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	4.64%	0.87%	0.81%	0.74%	0.68%	There were two finance leases paid out in 2015 for plant. These plant items have subsequently been added to Council's fixed asset register.
Indebtedness <i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x100	5.97%	8.61%	8.23%	7.81%	7.31%	

Performance statement for the year ending 30 June 2015

Financial Performance Indicators (continued)						
Dimension/ <i>indicator</i> /measure	Results	Forecasts				Material Variations
	2015	2016	2017	2018	2019	
Operating position Adjusted underlying result Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	26.57%	7.04%	-0.62%	0.37%	1.96%	<p>The 2015 result is greater than expected due to receiving \$1.8million of the 2015/16 Financial Assistance Grants allocation from the Victorian Grants Commission in advance on 30 June 2015. This was expected to be received in 2015/16. Also please note that the 2016 forecast includes the full allocation of 2015/16 of Financial Assistant Grants and does not take into account the payment in advance received in 2015 as notification was received after the budget was adopted by Council.</p> <p>The forecasts for 2016 to 2019 in the Performance Statement differ to the 2015/16 Budget due to different assumptions being used to calculate the adjusted underlying surplus/ (deficit). The underlying surplus/ (deficit) in the 2015/16 Budget removes the impact of all capital grants, whereas in the Performance Statement it is adjusted only for the impact of non-recurrent capital grants.</p>

Performance statement for the year ending 30 June 2015

Financial Performance Indicators (continued)						
Dimension/ <i>indicator</i> / <i>measure</i>	Results	Forecasts				Material Variations
	2015	2016	2017	2018	2019	
Stability Rates concentration <i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100	38.78%	49.30%	56.35%	57.93%	58.94%	<p>The 2015 result is lower than expected due to receiving \$1.8million of the 2015/16 Financial Assistance Grants allocation from the Victorian Grants Commission in advance on 30 June 2015. This was expected to be received in 2015/16.</p> <p>The forecasts for 2016 to 2019 in the Performance Statement differ to the 2015/16 Budget due to different assumptions being used to calculate the adjusted underlying revenue. The adjusted underlying revenue in the 2015/16 Budget removes the impact of all capital grants, whereas in the Performance Statement it is adjusted only for the impact of non-recurrent capital grants.</p> <p>The other difference is the rate revenue in the 2015/16 Budget includes special rates, whereas the Performance Statement excludes the special rates from rate revenue.</p>

Performance statement for the year ending 30 June 2015

Financial Performance Indicators (continued)						
Dimension/ <i>indicator</i> /measure	Results	Forecasts				Material Variations
	2015	2016	2017	2018	2019	
<p>Rates effort</p> <p><i>Rates compared to property values</i></p> <p>[Rate revenue / Capital improved value of rateable properties in the municipality] x100</p>	0.53%	0.56%	0.59%	0.63%	0.66%	The forecast "Rates effort" in the 2015/16 Budget does not align with the results in the Performance Statement. The Performance Statement does not include special rates in the rates revenue calculation. Council has special rates of \$43,000 in 2016 and these will increase to \$46,000 in the 2019 forecast.

Performance statement for the year ending 30 June 2015

Basis of preparation

Council is required to prepare and include a Performance Statement within its annual report. The Performance Statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the Local Government Act 1989 and Local Government (Planning and Reporting) Regulations 2014.

Where applicable the results in the Performance Statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from Council information systems or from third parties (e.g. Australian Bureau of Statistics).

The Performance Statement presents the actual results for the current year and forecast by Council's Strategic Resource Plan for the prescribed financial performance indicators and measures. The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material variations in the results contained in the performance statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the Performance Statement are those adopted by Council in its Strategic Resource Plan on 2 June 2015 which forms part of the Council Plan. The Strategic Resource Plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The Strategic Resource Plan can be obtained by visiting Council's website www.towong.vic.gov.au or is available for viewing at the Tallangatta or Corryong offices.

Performance statement for the year ending 30 June 2015

Certification of the Performance Statement

In my opinion, the accompanying Performance Statement has been prepared in accordance with the Local Government Act 1989 and the Local Government (Planning and Reporting) Regulations 2014.



Mr Blair Phillips, Certified Practising Accountant

Principal Accounting Officer

Tuesday 22 September 2015

In our opinion, the accompanying Performance Statement of Towong Shire Council for the year ended 30 June 2015 presents fairly the results of Council's performance in accordance with the Local Government Act 1989 and the Local Government (Planning and Reporting) Regulations 2014.

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

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

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



Cr David Wortmann

Mayor

Tuesday 22 September 2015



Cr Debi Gadd

Councillor

Tuesday 22 September 2015



Ms Juliana Phelps, Chartered Accountant

Chief Executive Officer

Tuesday 22 September 2015

Auditor General's report

VAGO

Victorian Auditor-General's Office

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

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Towong Shire Council

The Performance Statement

The accompanying performance statement for the year ended 30 June 2015 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.

Auditing in the Public Interest

Auditor General's report

Independent Auditor's Report (continued)


Independence

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

Auditor's Opinion

In my opinion, the performance statement of the Towong Shire Council in respect of the 30 June 2015 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

MELBOURNE
25 September 2015


Dr Peter Frost
Acting Auditor-General

Financial statements

for the year ending 30 June 2015

Comprehensive Income Statement for the year ending 30 June 2015

	Note	2015 \$'000	2014 \$'000
Income			
Rates and charges	3	7,042	6,597
Statutory fees and fines	4	176	171
User fees	5	623	439
Grants – operating	6	7,111	4,094
Grants – capital	6	3,555	2,947
Net gain/ (loss) on disposal of property, infrastructure, plant and equipment	7	8	97
Other income	8	978	1,273
Total income		19,493	15,618
Expenses			
Employee costs and benefits	9	5,009	4,846
Materials and services	11	4,622	5,816
Depreciation	12	3,287	3,561
Borrowing costs	13	17	37
Other expenses	14	316	466
Total expenses		13,251	14,726
Surplus/(Deficit)		6,242	892
Other comprehensive income			
Net asset revaluation increment(decrement)	25	-	(7,859)
Comprehensive result		6,242	(6,967)

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

Financial statements

for the year ending 30 June 2015

Balance Sheet as at 30 June 2015

	Note	2015 \$'000	2014 \$'000
Assets			
Current assets			
Cash and cash equivalents	15	8,675	7,888
Other financial assets	17	2,836	-
Trade and other receivables	16	1,066	1,328
Inventories	18	253	265
Other assets	19	17	29
Total current assets		12,847	9,510
Non-current assets			
Trade and other receivables	16	185	-
Property, infrastructure, plant and equipment	20	178,322	175,771
Total non-current assets		178,507	175,771
Total assets		191,354	185,281
Liabilities			
Current liabilities			
Trade and other payables	21	660	887
Trust funds and deposits	22	276	198
Provisions	23	1,092	1,000
Interest bearing loans and borrowings	24	-	290
Total current liabilities		2,028	2,375
Non-current liabilities			
Provisions	23	495	299
Interest-bearing loans and borrowings	24	32	50
Total non-current liabilities		527	349
Total liabilities		2,555	2,724
Net Assets		188,799	182,557
Equity			
Accumulated surplus		78,386	72,144
Reserves	25	110,413	110,413
Total Equity		188,799	182,557

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

Financial statements for the year ending 30 June 2015

Statement of Changes in Equity for the year ending 30 June 2015

	Note	2015 \$'000	2014 \$'000
Accumulated Surplus			
Balance at beginning of the financial year		72,144	71,252
Surplus		6,242	892
Balance at end of the financial year		78,386	72,144
Asset Revaluation Reserve			
Balance at beginning of the financial year		110,413	118,272
Net asset revaluation increment/(decrement)	25	-	(7,859)
Balance at end of the financial year		110,413	110,413
Total			
Balance at beginning of the financial year		182,557	189,524
Surplus		6,242	892
Net asset revaluation increment/(decrement)	25	-	(7,859)
Balance at end of the financial year		188,799	182,557

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

Financial statements

for the year ending 30 June 2015

Statement of Cash Flows for the year ending 30 June 2015

	Note	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Rates and charges		6,958	6,482
Statutory fees and fines		176	171
User fees		623	439
Grants – operating		7,111	5,094
Grants – capital		3,555	1,947
Interest		316	383
Other receipts		885	391
Trust funds and deposits		78	59
Payments to suppliers		(5,010)	(6,330)
Payments to employees		(4,914)	(4,818)
Net cash provided by (used in) operating activities	26	9,778	3,818
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	20	(5,908)	(6,455)
Proceeds from sale of property, infrastructure, plant and equipment	7	78	166
(Increase)/ decrease in investments		(2,836)	1,800
Net cash provided by (used in) investing activities		(8,666)	(4,489)
Cash flows from financing activities			
Finance costs		(17)	(37)
Repayment of interest bearing loans and borrowings		(308)	(64)
Net cash provided by (used in) financing activities		(325)	(101)
Net increase/ (decrease) in cash and cash equivalents		787	(772)
Cash and cash equivalents at the beginning of the financial year		7,888	8,660
Cash and cash equivalents at the end of the financial year	15	8,675	7,888

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

Financial statements

for the year ending 30 June 2015

Statement of Capital Works for the year ending 30 June 2015

	Note	2015 \$'000	2014 \$'000
Property			
Buildings		352	793
Total Buildings		352	793
Total Property		352	793
Plant and equipment			
Plant, machinery and equipment		459	416
Fixtures, fittings and equipment		62	85
Total plant and equipment		521	501
Infrastructure			
Roads		2,195	2,662
Bridges		664	1,699
Footpaths and cycleways		132	24
Drainage		94	211
Kerb and channel		48	85
Landfill		511	-
Other infrastructure		24	32
Total infrastructure		3,668	4,713
Total capital works expenditure	20	4,541	6,007
Represented by:			
New asset expenditure		1,141	793
Asset renewal expenditure		2,519	5,013
Asset upgrade expenditure		881	201
Total capital works expenditure	20	4,541	6,007

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

Notes to the financial statements

for the year ending 30 June 2015

Introduction

- a) 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 Street, Tallangatta, Victoria.

Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the Local Government Act 1989, and the Local Government (Planning and Reporting) Regulations 2014.

Note 1. Significant accounting policies

a) Basis of accounting

The accrual basis of accounting has been used in the preparation of these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AAS that have significant effects on the financial statements and estimates relate to the:

- recognition and measurement of property, plant and equipment, infrastructure and other assets (refer to Note 1 (j));
- determination of depreciation and amortisation of property, plant and equipment, infrastructure and other assets (refer to Note 1 (k)); and
- the determination of employee costs and benefits (refer to Note 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.

b) Change in accounting policies

There have been no changes in accounting policies from the previous period.

Notes to the financial statements

for the year ending 30 June 2015

c) Committees of management

All entities controlled by Council that have material revenues, expenses, assets or liabilities, such as committees of management, have been included in this financial report. Any transactions between these entities and Council have been eliminated in full.

d) Revenue recognition

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.

Rates and Charges

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

Statutory fees and fines

Statutory 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 occurs first.

User fees

User fees are recognised as revenue when the service has been provided or the payment is received, whichever occurs first.

Grants

Grant income is recognised as revenue when Council obtains control of the contribution. This is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured and they are valued at their fair value at the date of transfer.

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 6. 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.

Contributions

Monetary and non monetary contributions are recognised as revenue when Council obtains control over the contributed asset.

Sale of property, infrastructure, plant and equipment

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

Interest

Interest is recognised as it is earned.

Notes to the financial statements

for the year ending 30 June 2015

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.

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

e) Fair value measurement

Council measures certain assets and liabilities at fair value where required or permitted by Australian Accounting Standards. AASB 13 Fair value measurement, aims to improve consistency and reduce complexity by providing a definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards.

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

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

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

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

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

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

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

f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of 90 days or less, net of outstanding bank overdrafts.

g) 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.

Notes to the financial statements

for the year ending 30 June 2015

h) Other financial assets

Other financial assets are valued at fair value, being market value, at balance date. Term deposits are measured at amortised cost. Other financial assets include term deposits with an original maturity of greater than three months. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

i) Inventories

Inventories held for distribution are measured at cost adjusted when applicable for any loss of service potential. Inventories are measured at the lower of cost and net realisable value.

All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

j) Recognition and measurement of property, plant and equipment, infrastructure and other assets

Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

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

In accordance with Council's policy, the threshold limits detailed in Note 1 (k) have been applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

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. Further details regarding the fair value hierarchy are disclosed at Note 20 - Property, infrastructure, plant and equipment.

Notes to the financial statements

for the year ending 30 June 2015

In addition, Council undertakes a formal revaluation of land, buildings and infrastructure assets on a regular basis ranging from 3 to 5 years. The valuation is performed by experienced council officers or independent experts.

Where 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 recognises land under roads it controls at fair value.

k) Depreciation and amortisation of property, plant and equipment, infrastructure and other assets

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

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

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

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

Notes to the financial statements

for the year ending 30 June 2015

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

	2015	2014
Buildings		
buildings	50 years	50 years
Plant and Equipment		
vehicles	5 years	5 years
trucks (less than 3.5 t)	12 years	12 years
trucks (greater than 3.5 t)	15 years	15 years
front end loaders, backhoes and tractors	9 years	9 years
graders and dozers	10 years	10 years
rollers	15 years	15 years
mowers	5 years	5 years
trailers (less than 4.5 t)	10 years	10 years
trailers (greater than 4.5 t)	15 years	15 years
other plant	10 years	10 years
minor tools	3 years	3 years
Machinery		
office furniture and telecommunications	3 years	3 years
Infrastructure		
Roads		
sealed pavements	70 years	70 years
unsealed pavements	30 years	30 years
footpaths	68 years	68 years
kerb and channel	90 years	90 years
Bridges		
bridges	119 years	119 years
added features	80 years	80 years
Drainage		
underground drainage	120 years	120 years

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	2015 \$'000	2014 \$'000
Land	Nil	Nil
Buildings	5	5
Plant and equipment	1	1
Infrastructure	10	10

Notes to the financial statements

for the year ending 30 June 2015

l) 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.

m) Impairment of assets

At each reporting date, 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 asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

n) Trust funds and deposits

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited (refer to Note 22).

o) Borrowings

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs. The measurement basis subsequent to initial recognition depends on whether Council has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through the profit and loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in the net result over the period of the borrowing using the effective interest method.

The classification depends on the nature and purpose of the interest bearing liabilities. Council determines the classification of its interest bearing liabilities at initial recognition.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council. The weighted average interest rate applicable to borrowings at balance date, excluding borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised, except where specific borrowings are obtained for the purpose of specific asset acquisition. Borrowing costs include interest on bank overdrafts, interest on borrowings, and finance lease charges.

p) Employee costs and benefits

Notes to the financial statements for the year ending 30 June 2015

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

Wages and salaries and annual leave

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

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

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits. Current Liability - unconditional LSL 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.

The components of this current liability are measured at:

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

Conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability. 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.

q) Landfill rehabilitation provision

Council is obligated to restore landfill sites to a particular standard. The forecast life of the site is based on current estimates of remaining capacity and the forecast rate of infill. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

r) Leases

Operating Leases

Lease payments for operating leases are required by AASB 117 - Leases to be recognised on a straight line basis, rather than expensed in the years in which they are incurred.

Notes to the financial statements

for the year ending 30 June 2015

s) Website costs

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

t) 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 Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

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

u) 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.

v) 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.

w) Pending accounting standards

Certain new AAS have been issued that are not mandatory for the 30 June 2015 reporting period. Council has assessed these pending standards and has identified that no material impact will flow from the application of these standards in future reporting periods.

Notes to the financial statements

for the year ending 30 June 2015

Note 2. Budget comparison

The budget comparison note compares Council's financial plan, expressed through its annual budget, with actual performance. The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material variances. Council has adopted a materiality threshold of \$100,000 or 10% where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature. Positive variances are favourable to Council's financial position whilst negative variances are unfavourable to Council's financial position.

The budget figures detailed below are those adopted by Council on 5 August 2014. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for revenue and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

a) Income and expenditure

	Actual	Budget	Variance		Ref
	2015 \$'000	2015 \$'000	\$'000	%	
Income					
Rates and charges	7,042	6,985	57	1%	
Statutory fees and fines	176	159	17	11%	1
User fees	623	658	(35)	(5%)	
Grants – operating	7,111	5,205	1,906	37%	2
Grants – capital	3,555	3,169	386	12%	3
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	8	-	8	100%	4
Other income	978	966	12	1%	
Total income	19,493	17,142	2,351	14%	
Expenses					
Employee costs and benefits	5,009	5,886	877	15%	5
Materials and services	4,622	5,189	567	11%	6
Depreciation and amortisation	3,287	3,596	309	9%	
Borrowing costs	17	35	18	51%	7
Other expenses	316	379	63	17%	8
Total expenses	13,251	15,085	1,834	12%	
Surplus/ (deficit) for the year	6,242	2,057	4,185	203%	

Notes to the financial statements for the year ending 30 June 2015

Explanation of material variations

Ref	Item	Explanation
1	Statutory fees and fines	Health registrations fees for 2014/15 were \$10,000 more than anticipated.
2	Grants – operating (recurrent)	The Victorian Grants Commission paid \$1,825,442 of Council's 2015/16 funding allocation. This was budgeted to be received in 2015/16.
3	Grants – capital (non-recurrent)	Blackspot funding of \$309,000 was budgeted to be received in 2013/14, but was not received until 2014/15.
4	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	Gain on sale of plant and equipment was not budgeted.
5	Employee costs	There were several positions budgeted in the 2014/15 financial year which were not filled or were vacant longer than expected.
6	Materials and services	The main contributor to the favourable variance was the budgeted expenditure for the Wyeboon Multi Purpose Facility of \$745,000 which will not be spent until the 2015/16 financial year.
7	Borrowing costs	The 2014/15 Budget allowed for a loan to be taken out to fund the underground power project in Tallangatta. The project has been put on hold as it was included in the submission for the National Stronger Regions Funding which will be announced in 2015/16.
8	Other expenses	The \$63,000 saving is due to the budgeted expenditure for library contributions has been spent under library materials and services expenses above in item 6.

Notes to the financial statements

for the year ending 30 June 2015

b) Capital works

	Actual	Budget	Variance		Ref
	2015 \$'000	2015 \$'000	\$'000	%	
Property					
Buildings	352	3,027	2,675	88%	1
Total buildings	352	3,027	2,675	88%	
Total property	352	3,027	2,675	88%	
Plant and equipment					
Plant, machinery and equipment	459	462	3	1%	
Fixtures, fittings and furniture	-	13	13	100%	2
Computers and telecommunications	62	272	210	77%	3
Total plant and equipment	521	747	226	30%	
Infrastructure					
Roads	2,195	2,507	312	12%	4
Bridges	664	1,055	391	37%	5
Footpaths and cycleways	132	143	11	8%	
Drainage	94	30	(64)	(213%)	6
Parks, open space and streetscapes	24	1,310	1,286	98%	7
Kerb and channel	48	166	118	71%	8
Landfill	511	-	(511)	(100%)	9
Other infrastructure	-	793	793	100%	10
Total infrastructure	3,668	6,004	2,336	39%	
Total capital works expenditure	4,541	9,778	5,237	54%	
Represented by:					
New asset expenditure	1,141	4,133	2,992		
Asset renewal expenditure	2,519	3,240	721		
Asset upgrade expenditure	881	2,405	1,524		
Total capital works expenditure	4,541	9,778	5,237	54%	

Notes to the financial statements

for the year ending 30 June 2015

Explanation of material variations

Ref	Item	Explanation
1	Buildings	Buildings and building improvement works that were expected to be completed in 2014/15 will be carried forward into 2015/16 include the – Tallangatta Integrated Community Centre (\$2,150,000), Tallangatta Holiday Park (\$300,000) and Colac Colac Caravan Park (\$124,000).
2	Fixtures, fittings and furniture	These works were carried out however have been included in the Buildings category above.
3	Computers and telecommunications	The Finance System upgrade (\$200,000) will be carried forward into 2015/16.
4	Roads	The LED street lighting project (\$195,000) and Towong Street construction will be carried forward into 2015/16.
5	Bridges	Council agreed to a bridge renewal program in 2014/15 however funds were allocated to other capital projects considered by Council to be a higher priority.
6	Drainage	The Callaghan Creek Culverts (\$47,000) were carried out from the savings from the bridge renewal program above.
7	Parks, open spaces and streetscapes	Major projects that have started but are not complete at 30 June 2015 include Our Bellbridge (\$950,000), Tallangatta streetscape (\$112,000), and town streetscapes (\$55,000).
8	Kerb and channel	The kerb replacement program (\$118,000) will be carried forward into 2015/16.
9	Landfill	The construction of the new landfill cell was brought forward into 2014/15 to meet Council's operational needs. It was originally provided for in 2015/16.
10	Other infrastructure	The Towong Street underground power project (\$493,000) and other infrastructure works (\$300,000) will be carried forward into 2015/16.

Note: The projects listed below are being carried forward into 2015/16 due to them being part of the application for National Stronger Regions Funding. The result of this funding announcement will not be made until late 2015.

- Tallangatta Holiday Park - \$300,000
- Tallangatta streetscape - \$112,000
- Kerb replacement program - \$118,000
- Towong Street underground power - \$493,000

Notes to the financial statements

for the year ending 30 June 2015

Note 3. 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 2014/15 was \$1,318 million (2013/14 \$1,276 million). The 2014/15 rate in the CIV dollar was 0.3574 cents to 1.4296 cents (2013/14, 0.3490 cents to 1.3960 cents).

	2015 \$'000	2014 \$'000
Residential general rates	1,183	1,141
Business general rates	131	125
Rural Residential general rates	801	744
Rural general rates	2,888	2,695
Municipal charge	928	866
Garbage charge	707	645
Waste Management charge	361	339
Revenue in lieu of rates	43	42
Total rates and charges	7,042	6,597

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

Note 4. Statutory fees and fines

	2015 \$'000	2014 \$'000
Infringements and costs	8	5
Land information certificates	4	4
Health registration fees	30	19
Permits	99	81
Town planning fees	35	62
Total statutory fees and fines	176	171

Notes to the financial statements

for the year ending 30 June 2015

Note 5. User fees

	2015 \$'000	2014 \$'000
Childrens program fees	26	48
External private works	58	11
Refuse disposal fees	138	142
Saleyard dues	33	27
Septic tank fees	7	8
Swimming pool fees	37	41
Valuation fees/supplementary charges	76	9
Other fees and charges	248	153
Total user fees	623	439

Notes to the financial statements

for the year ending 30 June 2015

Note 6. Grants

	2015 \$'000	2014 \$'000
Summary of grants		
Federally funded grants	618	822
State funded grants	10,039	6,210
Other grants	9	9
Total	10,666	7,041
Operating Grants		
<i>Recurrent</i>		
Victoria Grants Commission – General Purpose	3,433	1,064
Victoria Grants Commission – Local Roads	2,059	661
Family and Children	483	414
Community	106	124
Emergency Services	92	92
School crossing supervisors	9	9
<i>Total recurrent</i>	<i>6,182</i>	<i>2,364</i>
<i>Non-recurrent</i>		
Community Development	193	246
Family and Children	-	59
Infrastructure	621	675
Emergency	-	576
Environment	-	55
Economic Development	115	119
<i>Total non-recurrent</i>	<i>929</i>	<i>1,730</i>
Total operating	7,111	4,094
Capital Grants		
<i>Recurrent</i>		
Roads to Recovery	618	822
Country Roads and Bridges	1,000	1,000
Local Government Infrastructure Program	490	500
<i>Total recurrent</i>	<i>2,108</i>	<i>2,322</i>
<i>Non-recurrent</i>		
Infrastructure (buildings)	814	625
Roads/ Blackspot	594	-
Other infrastructure	39	-
<i>Total non-recurrent</i>	<i>1,447</i>	<i>625</i>
Total capital grants	3,555	2,947
Total Grants	10,666	7,041

Notes to the financial statements

for the year ending 30 June 2015

	2015 \$'000	2014 \$'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	108	193
Economic development and marketing	64	84
Emergency management	-	57
Environment	-	36
Family and children	-	45
Infrastructure grant	913	1,488
Recreation	-	20
Total	1,085	1,923
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	164	105
Economic development	84	40
Emergency management	63	93
Environment	29	5
Family and children	9	10
Governance	49	50
Infrastructure grant	2,381	1,715
Planning	-	58
Recreation	86	279
	2,865	2,355
Net increase (decrease) in restricted assets resulting from grant revenues for the year	(1,780)	(432)
Opening restricted assets resulting from grant revenues	3,794	4,226
Net increase/ (decrease) in restricted assets resulting from grant revenues	(1,780)	(432)
Closing restricted assets resulting from grant revenues	2,014	3,794

Notes to the financial statements

for the year ending 30 June 2015

Note 7. Net gain/(loss) on disposal of property, infrastructure, plant and equipment

	2015 \$'000	2014 \$'000
Proceeds of sale	78	166
Written down value of assets disposed	(70)	(69)
Total net gain/ (loss) on disposal of property, infrastructure, plant and equipment	8	97

Note 8. Other income

	2015 \$'000	2014 \$'000
Interest	321	347
Interest on rates	48	36
Community contributions	325	119
Other rent	49	51
Shared service	109	109
Walwa Waste Water Supply Scheme Special Charge	-	438
Other	126	173
Total other income	978	1,273

Note 9. Employee costs and benefits

	2015 \$'000	2014 \$'000
Wages and salaries	4,059	3,797
WorkCover	71	72
Annual leave and long service leave	461	516
Superannuation (Note 10)	403	436
Fringe benefits tax	15	25
Total employee benefits	5,009	4,846

Notes to the financial statements for the year ending 30 June 2015

Note 10. Superannuation

Council made contributions to the following funds:

	2015 \$'000	2014 \$'000
Defined benefit funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	49	77
	49	77
Employer contributions payable at reporting date	-	-
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	181	194
Employer contributions to other funds	173	165
	354	359
Employer contributions payable at reporting date	-	-
Total Superannuation	403	436

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

Accumulation

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2015 this was 9.5% required under Superannuation Guarantee legislation (2013/14: 9.25%)).

Defined benefit

Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan.

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 Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Notes to the financial statements

for the year ending 30 June 2015

Note 11. Materials and services

	2015 \$'000	2014 \$'000
Materials and services	2,736	3,568
Contract payments	301	493
Building maintenance	1,062	1,122
Plant and equipment maintenance	351	382
Utilities	166	171
Consultants	6	80
Total materials and services	4,622	5,816

Note 12. Depreciation and amortisation

	2015 \$'000	2014 \$'000
<i>Property</i>		
Buildings and improvements	472	454
<i>Plant and Equipment</i>		
Plant, machinery and equipment	527	564
Fixtures, fittings and furniture	-	2
Computers and telecommunications	99	79
<i>Infrastructure</i>		
Roads	1,797	1,977
Bridges	216	222
Footpaths and cycle ways	22	23
Drainage	57	57
Kerb and channel	84	85
Landfill	12	98
Streetscapes	1	-
Total depreciation	3,287	3,561

Refer to Note 20 for a more detailed breakdown of depreciation and amortisation charges

Note 13. Borrowing costs

	2015 \$'000	2014 \$'000
Bank fees and overdraft charges	8	6
Interest - Finance leases	9	31
Total borrowing costs	17	37

Notes to the financial statements

for the year ending 30 June 2015

Note 14. Other expenses

	2015 \$'000	2014 \$'000
Auditors' remuneration	29	44
Councillors' allowances	150	146
Contributions	137	276
Total other expenses	316	466

Note 15. Cash and cash equivalents

	2015 \$'000	2014 \$'000
Cash and cash equivalents		
Cash on hand	1	1
Cash at bank	1,900	203
Money market call account	2,124	2,260
Term deposits	7,486	5,424
Less: Term deposits greater than three months	(2,836)	-
Total cash and cash equivalents	8,675	7,888
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. These include:		
- Reserve funds allocated for specific future purposes (Note 6)	2,014	3,794
- Trust funds and deposits (Note 22)	276	198
Restricted Funds	2,290	3,992
Total unrestricted cash and cash equivalents	6,385	3,896
Intended allocations		
Although not externally restricted the following amount has been allocated for specific future purposes by Council:		
- Cash held to fund carried forward capital works	3,509	936

Notes to the financial statements for the year ending 30 June 2015

Note 16. Trade and other receivables

	2015 \$'000	2014 \$'000
Current		
Rates debtors	546	474
Walwa Waste Water Supply Scheme debtors	17	300
Eskdale Water Supply Scheme debtors	9	35
Fire Service Property Levy debtors	72	65
Sundry debtors	134	272
Accrued income	72	19
Net GST receivable	216	163
Total current trade and other receivables	1,066	1,328
Non-current		
Walwa Waste Water Supply Scheme debtors	167	-
Eskdale Water Supply Scheme debtors	18	-
Total non-current trade and other receivables	185	-
Total trade and other receivables	1,251	1,328

Note – Walwa Waste Water Supply Scheme and Eskdale Water Supply Scheme debtors were reclassified between current and non-current receivables in 2014/15.

a) Ageing of trade receivables

At balance date sundry 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 Council's trade receivables (excluding statutory receivables) was:

	2015 \$'000	2014 \$'000
Current (not yet due)	98	246
Past due by up to 30 days	2	6
Past due between 31 and 180 days	21	8
Past due between 181 and 365 days	3	3
Past due by more than 1 year	10	9
Total trade receivables	134	272

Notes to the financial statements

for the year ending 30 June 2015

Note 17. Other financial assets

	2015 \$'000	2014 \$'000
Term deposits	2,836	-
Total other financial assets	2,836	-

Note 18. Inventories

	2015 \$'000	2014 \$'000
Inventories held for internal use	253	265
Total inventories	253	265

Note 19. Other assets

	2015 \$'000	2014 \$'000
Current		
Prepayments	17	29
Total	17	29

Notes to the financial statements for the year ending 30 June 2015

Note 20. Property, infrastructure, plant and equipment

Property, infrastructure, plant and equipment 2015	Property (Note a)	Plant and equipment (Note b)	Infrastructure (Note c)	Capitalised property, infrastructure, plant and equipment	Work in Progress	Total property, infrastructure, plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2014	28,813	6,747	209,228	244,787	-	244,787
Accumulated depreciation at 1 July 2014	(10,879)	(3,777)	(54,361)	(69,016)	-	(69,016)
Written down value at 1 July 2014	17,934	2,970	154,867	175,771	-	175,771
Movements in fair value						
Acquisition of assets at fair value	352	521	3,668	4,541	1,367	5,908
Revaluation increments/ (decrements)	-	-	-	-	-	-
Fair value of assets disposed	(67)	(211)	-	(278)	-	(278)
Impairment losses recognised in operating result	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Total movements in fair value	285	310	3,668	4,263	1,367	5,630
Movements in accumulated depreciation						
Depreciation and amortisation	(472)	(626)	(2,189)	(3,287)	-	(3,287)
Revaluation increments/ (decrements)	-	-	-	-	-	-
Accumulated depreciation of disposals	-	208	-	208	-	208
Transfers	-	-	-	-	-	-
Total movements in accumulated depreciation	(472)	(418)	(2,189)	(3,079)	-	(3,079)
At fair value 30 June 2015	29,098	7,057	212,896	249,050	1,367	250,411
Accumulated depreciation at 30 June 2015	(11,351)	(4,195)	(56,550)	(72,095)	-	(72,089)
Written down value at 30 June 2015	17,747	2,862	156,346	176,955	1,367	178,322

Notes to the financial statements for the year ending 30 June 2015

Property, infrastructure, plant and equipment 2014	Property	Plant and equipment	Infrastructure	Capitalised property, infrastructure, plant and equipment	Work in Progress	Total property, infrastructure, plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2013	28,020	6,656	223,070	257,746	-	257,746
Accumulated depreciation at 1 July 2013	(10,425)	(3,473)	(62,595)	(76,493)	-	(76,493)
Written down value at 1 July 2013	17,595	3,183	160,475	181,253	-	181,253
Movements in fair value						
Acquisition of assets at fair value	793	501	4,713	6,007	-	6,007
Revaluation increments/ (decrements)	-	-	(18,555)	(18,555)	-	(7,859)
Fair value of assets disposed	-	(410)	-	(410)	-	-
Impairment losses recognised in operating result	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Total movements in fair value	793	91	(13,842)	(12,958)	-	(12,958)
Movements in accumulated depreciation						
Depreciation and amortisation	(454)	(645)	(2,462)	(3,561)	-	(3,561)
Revaluation increments/ (decrements)	-	-	10,696	10,696	-	10,696
Accumulated depreciation of disposals	-	341	-	341	-	341
Transfers	-	-	-	-	-	-
Total movements in accumulated depreciation	(454)	(304)	8,234	7,476	-	7,476
At fair value 30 June 2014	28,813	6,747	209,228	244,787	-	244,787
Accumulated depreciation at 30 June 2014	(10,879)	(3,777)	(54,361)	(69,016)	-	(69,016)
Written down value at 30 June 2014	17,934	2,970	154,867	175,771	-	175,771

Notes to the financial statements for the year ending 30 June 2015

a. Property

Property	Land - specialised \$'000	Land – non specialised \$'000	Total Land \$'000	Buildings – non specialised \$'000	Total land and buildings \$'000	Work in progress (WIP) \$'000	Total property including WIP \$'000
At fair value 1 July 2014	1,545	3,827	5,372	23,441	28,813	-	28,813
Accumulated depreciation at 1 July 2014	-	-	-	(10,879)	(10,879)	-	(10,879)
Written down value at 1 July 2014	1,545	3,827	5,372	12,562	17,934	-	17,934
Movements in fair value							
Acquisition of assets at fair value	-	-	-	352	352	1,362	1,714
Revaluation increments/decrements	-	-	-	-	-	-	-
Fair value of assets disposed	-	(67)	(67)	-	(67)	-	(67)
Impairment losses recognised in operating result	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Total movements in fair value	-	(67)	(67)	352	285	1,362	1,647
Movements in accumulated depreciation							
Depreciation and amortisation	-	-	-	(472)	(472)	-	(472)
Revaluation increments/ (decrements)	-	-	-	-	-	-	-
Accumulated depreciation of disposals	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Total movements in accumulated depreciation	-	-	-	(472)	(472)	-	(472)
At fair value 30 June 2015	1,545	3,760	5,305	23,793	29,098	1,362	30,460
Accumulated depreciation at 30 June 2015	-	-	-	(11,351)	(11,351)	-	(11,351)
Written down value at 30 June 2015	1,545	3,760	5,305	12,442	17,747	1,362	19,109

Notes to the financial statements for the year ending 30 June 2015

b. Plant and equipment

	Plant, machinery and equipment	Fixtures, fittings and furniture	Computers	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2014	6,423	17	307	6,747
Accumulated depreciation at 1 July 2014	(3,628)	(17)	(132)	(3,777)
Written down value at 1 July 2014	2,795	-	175	2,970
Movements in fair value				
Acquisition of assets at fair value	459	-	62	521
Revaluation increments/decrements	-	-	-	-
Fair value of assets disposed	(189)	-	(22)	(211)
Impairment losses recognised in operating result	-	-	-	-
Transfers	-	-	-	-
Total movements in fair value	270	-	40	310
Movements in accumulated depreciation				
Depreciation and amortisation	(527)	-	(99)	(626)
Revaluation increments/ (decrements)	-	-	-	-
Accumulated depreciation of disposals	186	-	22	208
Transfers	-	-	-	-
Total movements in accumulated depreciation	(341)	-	(77)	(418)
At fair value 30 June 2015	6,693	17	347	7,057
Accumulated depreciation at 30 June 2015	(3,969)	(17)	(209)	(4,195)
Written down value at 30 June 2015	2,724	-	138	2,862

Notes to the financial statements for the year ending 30 June 2015

c. Infrastructure

Infrastructure	Roads	Bridges	Footpaths and cycleways	Drainage	Parks, open spaces and streetscapes	Kerb and channel	Landfill	Total infrastructure	Work in progress	Total infrastructure including WIP
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2014	168,450	24,856	1,375	6,791	-	7,518	238	209,228	-	209,228
Accumulated depreciation at 1 July 2014	(36,018)	(10,947)	(624)	(2,719)	-	(3,815)	(238)	(54,361)	-	(54,361)
Written down value at 1 July 2014	132,432	13,909	751	4,072	-	3,703	-	154,867	-	154,867
Movements in fair value										
Acquisition of assets at fair value	2,195	664	132	94	24	48	511	3,668	5	3,673
Revaluation increments/decrements	-	-	-	-	-	-	-	-	-	-
Fair value of assets disposed	-	-	-	-	-	-	-	-	-	-
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total movements in fair value	2,195	664	132	94	24	48	511	3,668		3,673
Movements in accumulated depreciation										
Depreciation and amortisation	(1,797)	(216)	(22)	(57)	(1)	(84)	(12)	(2,189)	-	(2,189)
Revaluation increments/ (decrements)	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation of disposals	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total movements in accumulated depreciation	(1,797)	(216)	(22)	(57)	(1)	(84)	(12)	(2,189)	-	(2,189)
At fair value 30 June 2015	170,645	25,520	1,507	6,885	24	7,566	749	212,896	5	212,901
Accumulated depreciation at 30 June 2015	(37,815)	(11,163)	(646)	(2,776)	(1)	(3,899)	(250)	(56,550)	-	(56,550)
Written down value at 30 June 2015	132,830	14,357	861	4,109	23	3,667	499	156,346	5	156,351

Notes to the financial statements for the year ending 30 June 2015

Valuation of land and buildings

Valuation of land 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 land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the Comprehensive Income Statement.

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

Any significant movements in the unobservable inputs for land and land under roads will have a significant impact on the fair value of these assets.

Details of Council's land and buildings and information about the fair value hierarchy as at 30 June 2015 are as follows:

	Level 1	Level 2	Level 3
Land	-	-	3,760
Specialised land	-	-	1,545
Buildings	-	-	12,442
Total	-	-	17,747

Valuation of infrastructure

A valuation of Council's infrastructure assets was performed by Moloney Asset Management Systems. The effective date of the valuation is 30 June 2014, for all infrastructure assets other than drainage assets. A valuation of Council's drainage assets was performed by Bruce Braines, Manager Assets Towong Shire Council effective 30 June 2009.

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

Details of Council's infrastructure and information about the fair value hierarchy as at 30 June 2015 are as follows:

Notes to the financial statements for the year ending 30 June 2015

	Level 1	Level 2	Level 3
Roads	-	-	132,830
Bridges	-	-	14,357
Footpaths and cycleways	-	-	861
Drainage	-	-	4,109
Parks, open space and streetscapes	-	-	23
Kerb and channel	-	-	3,667
Landfill	-	-	499
Total	-	-	156,346

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 85% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$3,000 and \$245,000.

Non-Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement cost is calculated per building and ranges from \$10,000 to \$1,540,000. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and start from 50 years useful life. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 11 years to 120 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

Notes to the financial statements for the year ending 30 June 2015

Note 21. Trade and other payables

	2015 \$'000	2014 \$'000
Trade payables	397	711
Accrued wages	122	91
Accrued expenses	141	85
Total trade and other payables	660	887

Note 22. Trust funds and deposits

	2015 \$'000	2014 \$'000
Retention amounts	100	94
Fire Services Property Levy	121	69
Refundable deposits	55	35
Total trust funds and deposits	276	198

Purpose and nature of items

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

Fire Services Property Levy - Council is the collection agent for the Fire Services Property Levy on behalf of the State Government. Council remits amounts received on a quarterly basis. Amounts disclosed here will be remitted to the State Government in line with that process.

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

Notes to the financial statements

for the year ending 30 June 2015

Note 23. Provisions

	Annual leave	Long service leave	Flexi time	Landfill rehabilitation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2015					
Balance at beginning of the financial year	245	808	14	232	1,299
Additional provisions	333	127	96	205	761
Amounts used	(288)	(79)	(94)	(12)	(473)
Balance at the end of the financial year	290	856	16	425	1,587
2014					
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

Notes to the financial statements for the year ending 30 June 2015

(a) Employee benefits

	2015 \$'000	2014 \$'000
Current provisions expected to be wholly settled within 12 months		
Annual leave	290	245
Long service leave	786	741
Flexi Time	16	14
	1,092	1,000
Non-current (refer (ii) below)		
Long service leave	70	67
	70	67
Aggregate carrying amount of employee benefits:		
Current	1,092	1,000
Non-current	70	67
	1,162	1,067
The following assumptions were adopted in measuring the present value of employee benefits:		
Weighted average increase in employee costs	4.44%	4.44%
Weighted average discount rates	3.03%	3.57%
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		
• Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value	424	370
• Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value	668	630
	1,092	1,000
(ii) Non-current		
Long service leave representing less than 7 years of continuous service measured at present value	70	67

Notes to the financial statements

for the year ending 30 June 2015

(b) Landfill restoration

	2015 \$'000	2014 \$'000
Current	-	-
Non-current	425	232
Total	425	232
Weighted average increase in costs	3.000%	
Weighted average discount rates	3.028%	
Weighted average settlement period	30 years	

Notes to the financial statements for the year ending 30 June 2015

Note 24. Interest bearing loans and borrowings

	2015 \$'000	2014 \$'000
<i>Borrowings</i>		
Current	-	-
Non-current	32	50
Total Borrowings	32	50
<i>Interest bearing loans and 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
Minimum lease payments	-	296
Less: Future finance charges	-	(6)
Recognised in the balance sheet as:	-	290
Leases		
Current	-	290
Non-current	-	-
Total Leases	-	290
The leasing arrangements were equal monthly payments with a balloon payment at lease end to purchase the equipment outright.		
Aggregate carrying amount of interest-bearing loans and borrowings:		
Current	-	290
Non-current	32	50
Total interest-bearing loans and borrowings	32	340

Notes to the financial statements

for the year ending 30 June 2015

Note 25. Reserves

Asset revaluation reserve

	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
	\$'000	\$'000	\$'000
2015			
Property			
Land	8,774	-	8,774
Buildings	2,398	-	2,398
	11,172	-	11,172
Infrastructure			
Roads	80,518	-	80,518
Bridges	10,789	-	10,789
Footpaths and cycleways	513	-	513
Drainage	3,663	-	3,663
Kerb and channel	3,758	-	3,758
	99,241	-	99,241
Total asset revaluation reserve	110,413	-	110,413
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

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

Notes to the financial statements for the year ending 30 June 2015

Note 26. Reconciliation of cash flows from operating activities to surplus (deficit)

	2015 \$'000	2014 \$'000
Surplus/ (deficit)	6,242	892
Depreciation/amortisation	3,287	3,561
Profit/ (loss) on disposal of property, infrastructure, plant and equipment	(8)	(97)
Financing activities included in operating result	17	37
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	77	(689)
(Increase)/decrease in prepayments	12	22
(Increase)/decrease in inventories	12	(147)
Increase/(decrease) in trade and other payables (operating)	(227)	189
Increase/(decrease) in provisions	288	60
Increase/ (decrease) in trust funds and deposits	78	(10)
Net cash provided by/(used in) operating activities	9,778	3,818

Note 27. Financing arrangements

	2015 \$'000	2014 \$'000
Bank overdraft	-	400
Used facilities	-	-
Unused facilities	-	400

Notes to the financial statements

for the year ending 30 June 2015

Note 28. Commitments

2015	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	19	20	66	24	129
Total	19	20	66	24	129
Capital					
Digouts/major patching	600	-	-	-	600
Colac Colac Caravan park	145	-	-	-	145
Bellbridge streetscape	146	-	-	-	146
Tallangatta Integrated Community Centre	1,443	-	-	-	2,120
Total	2,334	-	-	-	2,334

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 Centre	871	-	-	-	871
Road resealing	750	-	-	-	750
Total	1,808	-	-	-	1,808

Notes to the financial statements for the year ending 30 June 2015

Note 29. Operating leases

At the reporting date, 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):

	2015 \$'000	2014 \$'000
Not later than one year	19	18
Later than one year and not later than five years	110	77
Later than five years	-	49
	129	144

Note 30. Contingent liabilities

a. Defined benefit superannuation

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 volatility in financial markets the likelihood of making such contributions in future periods exists. At this point in time it is not known if additional contributions will be required, their timing or potential amount.

Funding arrangements

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 latest actuarial investigation was held as at 30 June 2014 and it was determined that the vested benefit index (VBI) of the defined benefit category of which Council is a contributing employer was 103.4%. To determine the VBI, the fund Actuary used the following long-term assumptions:

Net investment returns	7.5% pa
Salary information	4.25% pa
Price inflation (CPI)	2.75% pa.

Vision Super has advised that the estimated VBI at 30 June 2015 was 105.8%.

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

Notes to the financial statements

for the year ending 30 June 2015

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 30 June 2014, 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 2015, this rate was 9.5% of members' salaries. This rate will increase in line with any increase to the Superannuation Guarantee (SG) contribution rate.

In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

Funding calls

If the defined benefit category is in an unsatisfactory financial position at actuarial investigation or the defined benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the defined benefit category 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. 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.

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.

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.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

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.

Latest actuarial investigation surplus amounts

The Fund's latest actuarial investigation as at 30 June 2014 identified the following in the defined benefit category of which Council is a contributing employer:

- A VBI surplus of \$77.1 million; and
- A total service liability surplus of \$236 million.

Notes to the financial statements for the year ending 30 June 2015

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2014.

The total service liability surplus means that the current value of the assets in the Fund's defined benefit category plus expected future contributions exceeds the value of expected future benefits and expenses.

Council was notified of the results of the actuarial investigation during January 2015.

(a) Superannuation contributions

Contributions by Towong Shire Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2015 are detailed below:

Scheme	Type of scheme	Rate	2015 \$'000	2014 \$'000
Vision Super	Defined benefits	9.5%	49	77
Vision Super	Accumulation	9.5%	181	194
Other funds	Accumulation	9.5%	173	165

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2015.

Note 31. Financial Instruments

(a) Objectives and policies

Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in Note 1 of the financial statements. Risk management is carried out by senior management under policies approved by Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

(b) Market risk

Notes to the financial statements for the year ending 30 June 2015

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. Council's exposure to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Council does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rate.

Investment of surplus funds is made with approved financial institutions under the Local Government Act 1989. We manage interest rate risk by adopting an investment policy that ensures:

- diversification of investment product
- monitoring of return on investment
- benchmarking of returns and comparison with budget

There has been no significant change in Council's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on Council's year end result.

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us to make a financial loss. 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
- we only invest surplus funds with financial institutions which have a recognised credit rating specified in our investment policy

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

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

Notes to the financial statements for the year ending 30 June 2015

We may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 30.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not hold any collateral.

(d) Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements we will not have sufficient funds to settle a transaction when required.

To help reduce these risks Council:

- has a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitors budget to actual performance on a regular basis

Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the balance sheet and is deemed insignificant based on prior periods' data and current assessment of risk.

There has been no significant change in Council's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 24.

e) Fair value

Unless otherwise stated, the carrying amount of financial instruments reflect their fair value.

Fair value hierarchy

Council's financial assets and liabilities are not valued in accordance with the fair value hierarchy.

Council's financial assets and liabilities are measured at amortised cost.

(f) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Council believes the following movements are 'reasonably possible' over the next 12 months:

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

These movements will not have a material impact on the valuation of Council's financial assets and liabilities, nor will they have a material impact on the results of Council's operations.

Notes to the financial statements for the year ending 30 June 2015

Note 32. Related party transactions

a) Responsible persons

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

- Councillors
 - Cr Mary Fraser (Mayor - 1 July 2014 to 11 November 2014)
 - Cr David Wortmann (Mayor - 11 November 2014 to 30 June 2015)
 - Cr Debi Gadd
 - Cr Peter Joyce
 - Cr Aaron Scales
- Chief Executive Officer
 - Ms Juliana Phelps
 - Mr Jamie Heritage (acting from 16 March 2015 to 22 May 2015)

b) Remuneration of responsible persons

	2015 Number of responsible persons	2014 Number of responsible persons
\$20,000 - \$29,999	3	4
\$30,000 - \$39,999	1	-
\$50,000 - \$59,999	1	-
\$60,000 - \$69,999	-	1
\$180,000 - \$189,999	1	-
\$190,000 - \$199,999	-	1
	6	6
	\$'000	\$'000
Total Remuneration for the reporting year for Responsible Persons included above amounted to:	347	344

c) 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 \$136,000 (2013/14: \$133,000).

Notes to the financial statements for the year ending 30 June 2015

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

	2015 Number of senior officers	2014 Number of senior officers
<\$136,000	2	2
\$140,000 - \$149,999	1	-
\$150,000 - \$159,000	-	1
\$160,000 - \$169,999	1	-
	4	3
	\$'000	\$'000
Total Remuneration for the reporting year for Responsible Persons included above amounted to:	490	269

Note –due to change in organisational structure in 2014/15 from three Directors to two Directors, two Managers now report directly to the CEO as well as the two Directors.

d) Responsible persons retirement benefits

No retirement benefits have been made by Council to a Responsible Person (2013/14: nil).

e) Loans to responsible persons

No loans have been made, guaranteed or secured by Council to a Responsible Person during the reporting year (2013/14: nil).

f) Transactions with responsible persons

There were payments of \$2,998.41 (including GST) made to Dartmouth Pub Pty Ltd in 2014/15 (2013/14 \$2,923.90). Cr Aaron Scales has an interest in this business.

No other transactions other than remuneration payments or the reimbursement of approved expenses were entered into by Council with Responsible Persons, or Related Parties of such Responsible Persons during the reporting year (2013/14: nil).

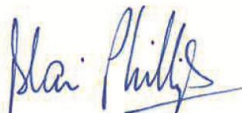
Note 33. Events occurring after balance date

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

Notes to the financial statements for the year ending 30 June 2015

Certification of the Financial Statements

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.



Mr Blair Phillips, Certified Practicing Accountant

Principal Accounting Officer

Tuesday 22 September 2015

Tallangatta

In our opinion the accompanying financial statements present fairly the financial transactions of Towong Shire Council for the year ended 30 June 2015 and the financial position of 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 Council and by the Local Government (Planning and Reporting) Regulations 2014 to certify the financial statements in their final form.



Cr David Wortmann

Mayor

Tuesday 22 September 2015

Tallangatta



Cr Debi Gadd

Councillor

Tuesday 22 September 2015

Tallangatta



Ms Juliana Phelps, Chartered Accountant

Chief Executive Officer

Tuesday 22 September 2015

Tallangatta

Auditor General's report

VAGO

Victorian Auditor-General's Office

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

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Towong Shire Council

The Financial Report

The accompanying financial report for the year ended 30 June 2015 of the Towong Shire Council which comprises the comprehensive income statement, balance sheet, statement of changes in equity, statement of cash flows, statement of capital works, notes comprising a summary of the significant accounting policies and other explanatory information, and the certification of the financial statements has been audited.

The Councillors' Responsibility for the Financial Report

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 Councillors are responsible for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial report that is 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 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 is free from material misstatement.

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

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Councillors, as well as evaluating the overall presentation of the financial report.

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

Auditing in the Public Interest

Auditor General's report

Independent Auditor's Report (continued)

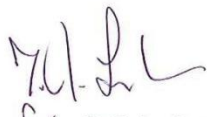
Independence

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

Opinion

In my opinion the financial report presents fairly, in all material respects, the financial position of the Towong Shire Council as at 30 June 2015 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*.

MELBOURNE
25 September 2015



Dr Peter Frost
Acting Auditor-General