

Benalla Rural City Council **Annual Report**

# 11-12





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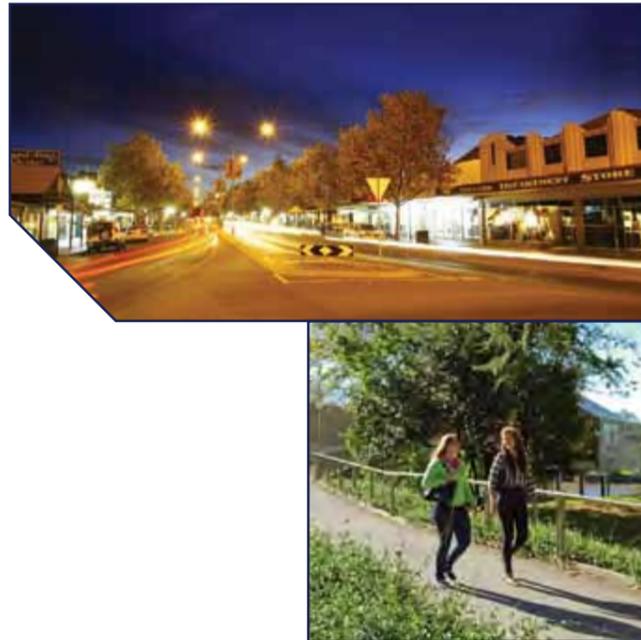
# About this report

Benalla Rural City Council's 2011-12 Annual Report captures a snapshot of significant events, achievements and changes that occurred throughout the year.

The Annual Report also summarises Council's performance against our strategic objectives in the Council Plan 2009-2013 as well as how our financial performance compared to the Budget for 2011-12.

Copies of this report are available upon request or can be obtained by visiting Council's website.

[www.benalla.vic.gov.au](http://www.benalla.vic.gov.au)



## Our Vision

A sustainable, thriving and cohesive community where lifestyle, culture and safety are important.

## Our Mission

Through leadership and quality service, we will seek to meet the needs and aspirations of the entire community of Benalla Rural City.

Sound financial management, accountability and good governance will underpin the delivery of services and infrastructure whilst we protect and develop our social, environmental and cultural character.



## Our Values

### Leadership

We will provide strong, caring and innovative leadership.

### Openness and Honesty

We will act with integrity, transparency and truthfulness.

### Respect

We will respect the community, Councillors and Council staff.

### Fairness and Equity

We will make decisions based on sound research and information and participative decision making which meet the needs of the whole community.

### Accountability

We will act conscientiously to govern for the community of the Benalla Rural City, making plans and decisions based on sound evidence.

### Achievement

We will provide quality work and services, with a focus on beneficial outcomes for Benalla Rural City.

# About us

## Statistics at a glance

- Estimated population**  
14,000
- Area**  
235,059 hectares
- Climate**  
Temperature range from average winter minimum of 3°C to an average summer maximum of 31°C. Rainfall is within 600-700mm average with most rain falling in the spring and winter.
- Townships**  
Benalla, Baddaginnie, Devenish, Goorambat, Swanpool, Tatong, Thoona and Winton.
- How far from Melbourne**  
Approximately 200kms north east of Melbourne – an easy two-hour drive.
- Major industries**  
Manufacturing, construction industry, agriculture, retail and health.
- Number of businesses**  
470
- Rateable properties**  
7,272
- Number of Employees**  
173
- Number of Councillors**  
7



# Our profile

## Economy

The largest employing industries are manufacturing, agriculture, retail and construction. The largest employer in the Rural City is the manufacturing industry which includes Thales Australia, D&R Henderson Pty Ltd, Schneider Electric (Australia) Pty Ltd, Bunnings Group, and a wide variety of smaller manufacturing businesses.

The Agriculture industry is historically a significant contributor to the municipality's economy.

Making up the remainder of key employers is Benalla's diverse mix of retailers with the fastest growing employment sector being the health services industry.

## Amenity and lifestyle

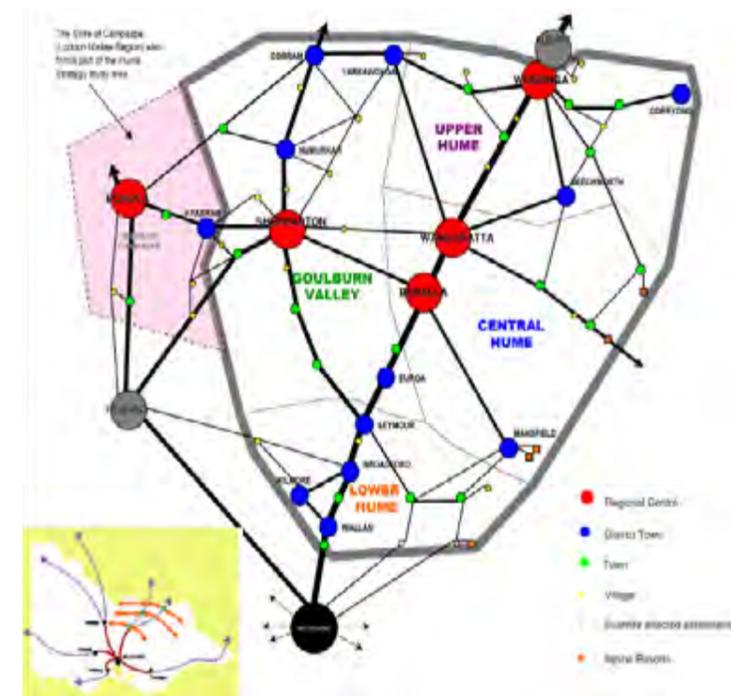
Benalla is renowned for its beautiful and picturesque rural landscape and welcoming rural towns. The central lake, botanical gardens and riverine parklands, walking paths, and an attractive and vibrant retail centre, are the key features.

The Rural City offers exciting recreational and cultural opportunities including the Benalla Aquatic Centre, Benalla Indoor Recreation Centre, Benalla Art Gallery and the Benalla Performing Arts and Convention Centre.

Benalla also has quality schools, colleges, Goulburn Ovens Institute of TAFE, the Benalla Hospital and a Community Care Centre.

Benalla Rural City is also home to the Benalla Racing Club, The Gliding Club of Victoria, Winton Motor Raceway, Benalla Golf Club, Benalla Bowling Club, and the Benalla Lawn Tennis Club.

## Hume Region Settlement Framework



## Message from the Mayor

It gives me great pleasure to present this Annual Report to our Benalla Rural City community for the 2011-12 year.

The report captures and summarises what we have been doing, how we have achieved it and how much it all costs. It highlights the wide range of projects, successful funding initiatives, maintenance programs and capital works that have all been undertaken to improve our Rural City, achieve our community's vision, deliver our Council priorities and quality services.

Our Council priorities outlined in our Council Plan aim to address the concerns and expectations of our community and Council has worked hard to achieve these priorities outlined in this report under the *Council Plan 2009 – 2013* and under a *Snapshot of our achievements*.

Some of the significant achievements and challenges that have faced us over the past 12 months:

- Works have been substantially completed on developing and constructing the Benalla Urban Growth Project under which a stormwater drainage system has been built to allow for a future housing subdivision in south-west Benalla.
- Securing of funding for the Sir Edward 'Weary' Dunlop Learning Centre/Civic Centre Project which will see a revitalisation of Benalla's civic precinct, including the conversion of the Benalla Civic Centre into a Learning Centre, relocation of Council's administration and the refurbishment of the heritage-listed former shire offices in Mair Street.
- The Council Plan and Budget have been debated at length with the Council team to help set the direction for the new Council.
- Natural Disaster Relief funding received to enable the repair of flood affected road infrastructure.
- Development of the Municipal Fire Management Plan to enable regional authorities, local government, fire agencies and other relevant organisations to work together to effectively anticipate, respond to and recover from bushfire events affecting the Rural City.

I would like to acknowledge the support, commitment and efforts of my fellow Councillor team as well as the hard work from Council's dedicated staff and valuable input from the community.

**Cr Peter Dunn**  
Mayor



## CEO Overview

I am pleased to present Benalla Rural City Council's Annual Report for the year ended 30 June 2012. This is the tenth annual report I have contributed to and it is my privilege to highlight some of the Council's achievements in the period 1 July 2011 to 30 June 2012.

### Financial management

The Council's financial position continues to improve with an operating surplus recorded for the fifth year in succession as the Council approaches the penultimate year of the 10-Year Forward Financial Plan.

An operating surplus of \$5.854m has been recorded for the 2011/12 financial year. The Financial Statements start on page 57 of this Annual Report.

This Council term has been a standout in the life of Benalla Rural City with unprecedented success in attracting capital projects funding from the Federal and State Governments. For the 2011/12 Financial Year, the Council received \$6.175m in capital grant income.

### Urban Growth Project

As I have previously stated, the project of greatest strategic benefit to the Rural City is the Urban Growth Project which has the potential to grow the population and the local economy.

The project was completed in June 2012 and was funded as follows:

Federal Government	\$3.2m
Benalla Rural City Council	\$1.2m
	<b>\$4.3m</b>

The project involved the construction of a storm water outfall drainage system to allow subdivision to occur in residential zoned land in the Benalla West area with the potential for 1,290 housing allotments.

### Sir Edward 'Weary' Dunlop Learning Centre/Civic Centre Project

The Council received advice on 12 June 2012 that its application to the Federal Government for funding of \$1.2m under the Regional Development Australia Fund had been successful. This announcement completed a funding strategy of \$4.6m which will see a revitalisation of Benalla's Civic Precinct and includes the conversion of the Benalla Civic Centre into the Sir Edward 'Weary' Dunlop Learning Centre, relocation of the Council's administration and the refurbishment of the heritage listed former Shire Offices in Mair Street, Benalla.

The partnership contributions for the project are as follows:

Federal Government	\$1.4m
State Government	\$1.6m
Benalla Rural City Council	\$1.6m
	<b>\$4.6m</b>

At the end of the project the Benalla Rural City Community will have three refurbished buildings: a modern learning centre, relocated Council Offices and a new Civic Centre in the restored former Shire Offices.

The new Learning Centre will add value to the extensive range of community facilities within the Rural City, namely: Benalla Aquatic Centre, Benalla Community Care Centre, Benalla Performing Arts and Convention Centre, Benalla Art Gallery, Benalla Indoor Recreation Centre and the new Benalla Lakeside Community Sports Centre. Collectively, these facilities will continue to place the Rural City at a competitive advantage in regional Victoria.

### Advancing Country Towns

As part of the State Government's Advancing Country Towns Program Benalla Rural City received \$810,000 over four financial years to identify and pilot innovative grassroots programs to tackle local disadvantage.

The overall project seeks to improve cross-government investment at a local level to improve quality of life outcomes and local solutions such as improved access to early years childhood services, educational attainment and employment opportunities.

The Benalla project builds on the work of the Benalla and District Community Taskforce and will create new opportunities for education, employment and industry development.

In particular, the Benalla Advancing Country Towns *Fair Start* initiative will pilot the internationally successful Parents Early Education Partnership (PEEP) program that supports parents and carers as their child's earliest and most significant educators.

The implementation of the first two Advancing Country Towns Initiatives will provide a unique opportunity for families and agencies to be involved in new, innovative programs from commencement.

### Services and Facilities

The above projects are important steps to ensure that the Council continues to provide quality services and facilities that meet the growing needs of the community for years to come.

### Acknowledgement

I wish to thank the Council members, advisory committees, community groups, management and staff all of which have contributed to the ongoing liveability and amenity of our Rural City and the achievement of the Council Plan objectives.



**Tony McIlroy**  
Chief Executive Officer

## Your elected representatives

Council is responsible for setting the strategic direction for the organisation and overseeing its performance. The Benalla Rural City Council comprises seven councillors elected from an un-subdivided municipality. The community elected the Council in November 2008 for a four-year term.



**Mayor Cr Bill Hill**

**First elected:** November 2003  
**Re-elected:** November 2005  
**Re-elected:** November 2008  
**Retired:** 30 November 2011



**Mayor Cr Peter Dunn**

**First elected:** November 2005  
**Re-elected:** November 2008  
Elected Mayor December 2011 on the retirement of Cr Bill Hill



**Cr Barbara Alexander, A.O.**

**First elected:** November 2008



**Cr Peter Davis**

**First elected:** November 2005  
**Re-elected:** November 2008



**Cr Don Firth**

**First elected:** November 2008



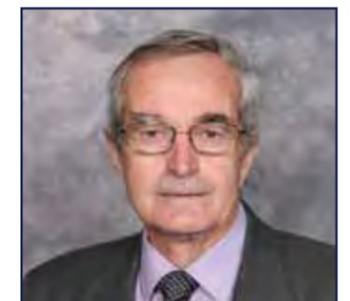
**Cr Campbell Griffin**

**First elected:** 14 December 2012 due to the retirement of Cr Bill Hill



**Cr Suzy Martin**

**First elected:** November 2008



**Cr Ken Whan**

**First elected:** 13 July 2011 due to the retirement of Cr Pat Claridge

# Snapshot of our achievements

## July

### Satisfaction improved

Council improves in 11 out of 13 categories in the annual Local Government Community Satisfaction Survey. Significant improvements recorded in the key service areas of recreational facilities; community representation on key local issues; and traffic management and parking facilities.

## August

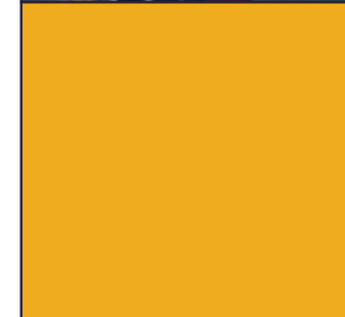
### Environment Strategy released

Following a comprehensive community consultation program, Council releases its draft Environment Strategy for public comment. The strategy focuses on four key strategic directions:

- Appropriate Land Use, Development and Biodiversity Management
- Acting to Respond and Adapt to a Changing Environment
- Efficient Management of Waste
- Strategic and Collaborative Water Management
- Supporting and Building Community Resilience and Capacity.

### Benalla Lakeside Community Sports Centre

After a decade in the making, the Benalla Lakeside Community Sports Centre is officially opened by the Deputy Premier of Victoria The Hon. Peter Ryan. The facility will accommodate not only the needs of sporting and community functions, but will provide the ability to attract and cater for significant external events.



### Flood funding welcomed

Council welcomes an announcement that it will receive \$148,500 from the Victorian Government's Flood Recovery Community Infrastructure Fund.

The State Government will contribute \$127,500 to repair the historic grandstand at the Benalla Showgrounds. Council will contribute the remaining \$42,500 to the \$170,000 project.

A \$28,000 project to repair flood damage to the United Friendlies Society Reserve will receive \$21,000 from the State Government and \$7,000 from Council.

### Partnership provides shade for Botanical Gardens playground

New shade sails are installed to provide a Sun Smart area at Benalla's popular Botanical Gardens playground. The project is the result of a partnership between the Rotary Club of Benalla and the Benalla and District Community Taskforce.

Council obtained a \$6,000 Department of Health grant and Rotary provided \$7,000 through the club and Rotary International to fund the project.

### Transport Connections Program helping to improve local transport

Council's Transport Connections Program embraces the Melbourne Medical Companion project which provides trained volunteers to accompany people to and from health appointments in Melbourne. The initiative complements Council's Transport Connections Program which aims to get communities to work together to improve local transport. As part of the program, a trail bus service currently runs between Benalla and Mansfield.

### New Mayor elected

Long serving Mayor Cr Bill Hill resigns due to ill health and Cr Peter Dunn is appointed, paying tribute to Cr Hill on his term as Mayor.

### Celebrating National Meals on Wheels Day

Benalla Rural City's Graeme Watt is recognised as a prime example of the "More Than Just a Meal" theme for the 2011 National Meals on Wheels Day. Even while on leave, Graeme could not resist the chance to help the community of Lighting Ridge by delivering meals to those in need.

## September

### Benalla Art Gallery looks to a bigger and better future

The Benalla Art Gallery takes a new direction to reinforce Benalla as regional Victoria's premier arts tourism destination by placing more emphasis on its own extensive collection and developing a structured education program for students to attend the gallery linking their course with what's on display. The gallery owns more than 2,000 art works, many worth between \$20,000 and \$300,000.

### Arts funding welcomed

Council welcomes the State Government's announcement of the continuation of the Regional Partnerships Program that provides funding support for councils operating regional art galleries and performing arts centres.

In the first year of a three-year funding program, Benalla Rural City will receive \$100,000 for the Benalla Art Gallery and \$70,000 for the Benalla Performing Arts and Convention Centre.

### Call for community input on access plan

Benalla Rural City Council calls for community input on its draft Community Access and Inclusion Plan 2011-2013.

The plan aims to improve access and inclusion for all people by reducing barriers and actively promoting participation.

### Youth Charter adopted

Council adopts a Youth Charter in recognition of the important part young people play in the local community.

The charter, which was strongly shaped by young people and youth service providers, commits Council to:

- hosting regular youth forums
- setting up a dedicated web page for young people
- consulting with young people through surveys and going to where young people are: schools, events and 'hangouts'
- developing a Youth Strategy
- developing a structure that regularly connects young people's views to Council
- providing employment and training opportunities for young people.

### Benalla Aquatic Centre consultation results released

Community consultation on the future direction of the Benalla Aquatic Centre finds strong support for the retention of its three outdoor pools and waterslide.

Surveys, public meetings and targeted focus groups conducted as part of the consultation program found that Benalla Rural City ratepayers and residents saw great value in the centre's outdoor facilities as a place for family and friends to meet, play and relax.



## October

### Children's Week celebrated

Benalla Rural City celebrates Children's Week between 22 and 28 October with a variety of activities, including a family fun day at the Lakeside Market.

### Search for local climate solutions underway

Benalla Rural City businesses and residents are invited to attend a workshop to have their say on a regional project to identify the social and economic impacts of a varying climate and develop local solutions to help them prepare and adjust.

### Nominate a community hero for an Australia Day Award

Council calls for nominations for the 2012 Citizen of the Year; Young Citizen of the Year; Community Event of the Year; and Community Group of the Year.

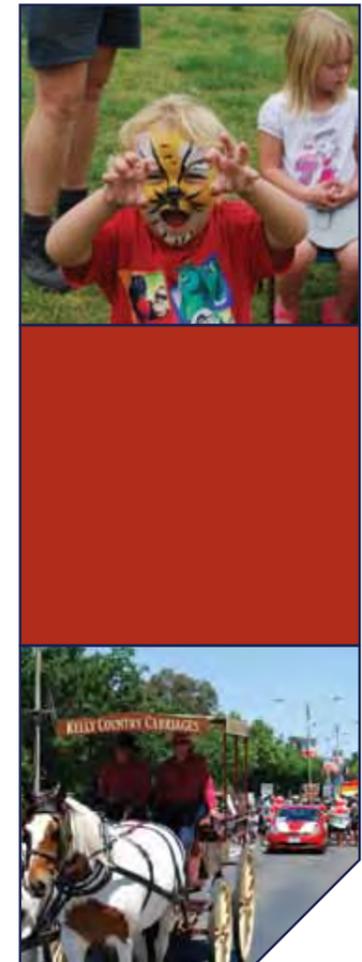
## November

### Benalla Festival

Benalla Rural City celebrates a weekend of fun and festivities with the theme '150 years into the future'.

### Mayor re-elected

Cr Peter Dunn is re-elected Mayor at a Special Meeting of Council.





## December

### Santa's elves help out

To herald the festive season Council works in partnership with CAL Industries employees to put together 200 coloured gift boxes ready for installation in street trees in the Benalla central business district.

### Community grants awarded

Council awards nearly \$53,000 in grants to 24 local community and sporting groups.

Council's annual Community Grants Program provides funding to assist groups develop facilities, programs and activities to enhance the social, cultural and environmental experience of Benalla Rural City residents.

### Have your say on transport services

The Benalla and District Community Taskforce conducts a survey to find out if there is a need for additional public transport services between Benalla and Wangaratta.

### Athletic Track named in honour

The official opening of the Laurie Elliott Athletic Track is held at the Benalla Churchill Reserve in memory of Laurie Elliott, a founding member of Senior Athletics and Little Athletics in Benalla.

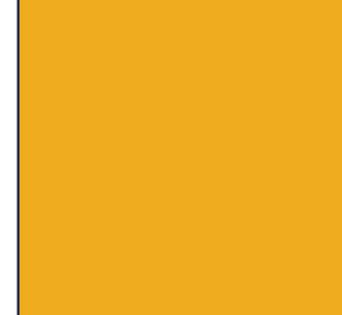


## January

### Environmental study grant

Benalla Rural City VCE school leavers studying environmental management in 2012 are encouraged to apply for a \$1,500 study grant.

The Benalla Rural City Council Environmental Study Grant is designed to help students cover study-related costs incurred during their first year of education at university, TAFE or other accredited training provider.



## Australia Day

Benalla Rural City celebrates Australia Day with a variety of activities throughout the community. The theme 'Good Sports' centred around celebrating the Rural City's sporting community, its sporting leaders and heroes and their achievements. Motivational speaker Tristan Miller – Australia's newest Marathon Man running 52 international marathons in 52 weeks – is the guest speaker at the major awards ceremony and seven new Aussies are welcomed at a Citizenship Ceremony.

- Citizen of the Year – Noel Baumgarten
- Young Citizen of the Year – Asha Baker
- Community Event of the Year – FCJ College's production of 'Grease'
- Community Group of the Year – Benalla Lakeside Craft and Farmer's Market.

Achievement Awards presented from district Australia Day Committees within the Benalla Rural City:

- Benalla Achiever of the Year – Michelle Parker
- Devenish Achiever of the Year – Russell Hooper
- Goorambat Achiever of the Year – Trevor Raeburn
- Lima/Swanpool Achiever of the Year – joint winners Kevin Smith and Shirley Swallow
- Thoona Achiever of the Year – joint winners Ivan and Robyn Goudie.

## March

### Significant rain event

Extraordinary rainfall causes several roads across the Benalla Rural City to be closed for several weeks.

### Benalla Urban Growth and Drainage Project

Around 60 people attend a community information session to hear about the progress of the Benalla Urban Growth and Drainage project. The \$4.3 million project will improve drainage for existing homes and future residential development in and around Cowan Street, Grant Drive and Olivers Road.

### Celebrating International Women's Day

A breakfast is held on Thursday 8 March at the Benalla Lakeside Sports and Community Centre to celebrate the day and offer the chance for young women to hear from other women in different professions about their journey into their current careers.

## April

### Inaugural Regional Victoria Living Expo

Benalla Rural City Council joins 48 Councils from across Victoria to promote everything that is great about living and working in regional Victoria.

The three-day expo is held at the Melbourne Convention and Exhibition Centre from Friday 27 to Sunday 29 April.

Benalla Rural City Council forms part of the Goulburn River and Ranges Group made up of Benalla Rural City, Mansfield, Mitchell, Murrindindi and Strathbogie at the expo and takes out the Rural Council of Victoria's Stand Award for best collaboration between councils.



### Environment Strategy launched

Council launches its Environment Strategy following an extensive community consultation program.

### Community Taskforce invites public comment

Public comment is sought on initiatives of the Benalla and District Community Taskforce.

The community has the opportunity to have

their say on a range of Taskforce initiatives at a public meeting held on Tuesday 24 April.

Presentation updates at the meeting include:

- Welcome Bus tour for new residents
- Introduction of speech screening in preschools
- Benalla Youth Engagement Program
- Reach Project to improve access to health services
- Preparations for the upcoming 'Benalla Jobs & Skills Drive' which aims to generate 31 new jobs in May.

## May

### Council volunteers celebrated

Benalla Rural City Council holds a lunchtime function during National Volunteers Week to recognise and thank its volunteers who represent a range of areas of Council.



### Classic vehicles hit the road

Benalla Rural City hosts Historic Winton, Australia's largest and most popular all historic motor race meeting. Council assists with the organisation of a classic car and motorbike tour that traverses a touring route through the north west of the Rural City to capture and promote the region

The Historic Winton weekend of 27-30 May features more than 400 historic racing cars and motorbikes from the 1920s to the 1980s. Council helps coordinate a classic car and motorbike tour to promote tourism within the region on the Friday.

### Council management jobs advertised

Council advertises four management positions as part of an organisational restructure to be effective from 1 July 2012. The restructure will better align the Council's resources with its priorities as expressed in the 2009-2013 Council Plan.

### Natural Disaster Relief funding received

Benalla Rural City Council receives an advance payment of \$390,000 to fund emergency protection and asset restoration works following severe storms in February and March 2012.

The rain event saw parts of Benalla Rural City record up to 400mm of rainfall causing extensive damage to road infrastructure, particularly in the north of the municipality.

### Skate Park upgrade

Concept plans and design drawings for an upgrade of the Benalla Skate Park go on public exhibition. The \$300,000 project is funded by a State Government grant of \$200,000 and a \$100,000 contribution from Council.



## June

### Senator visits Benalla Rural City

Senator for Victoria David Feeney visits Benalla Rural City Council for an update on two major projects – the Benalla Urban Growth Project and Council's application for Australian Government funding for the Sir Edward 'Weary' Dunlop Learning Centre/Civic Centre Project.

### Welcome new Aussies

Mayor of Benalla Rural City Council conducts a Citizenship Ceremony at the Benalla Art Gallery to welcome its latest new citizens.

### Sir Edward 'Weary' Dunlop Learning Centre

Council welcomes an additional \$1.2 million of Australian Government funding towards the Sir Edward Weary Dunlop Learning Centre/Civic Centre project.

The \$4.6 million project will see a revitalisation of Benalla's civic precinct and includes the conversion of the Benalla Civic Centre into a learning centre, relocation of Council's administration and the refurbishment of the heritage-listed former Shire offices in Mair Street.

The Australian Government will contribute a total of \$1.4 million to the project, the State Government \$1.6 million and the Council \$1.6 million. Council acknowledges the significant government funding and gratitude during its Council Meeting on Wednesday 27 June.



### Road Asset Management Plan

Council seeks public comment on its Draft Road Asset Management Plan and Draft Bridges Asset Management Plan.

The road and bridge asset management plans aim to set a sustainable level of asset management practices for Benalla Rural City Council.



### Advancing Country Towns

The Benalla Advancing Country Towns project's first two initiatives Fair Start (support for family involvement in education readiness) and Super Services (access to collaborative, integrated services) were launched by the Deputy Premier and Minister for Regional and Rural Development the Hon. Peter Ryan MP on 27 June 2012.

*L-R: Dr Bill Sykes MP, Ms Sally Gamble, The Hon Peter Ryan MP and Cr Barbara Alexander AO.*

*Photo courtesy of the Benalla Ensign.*

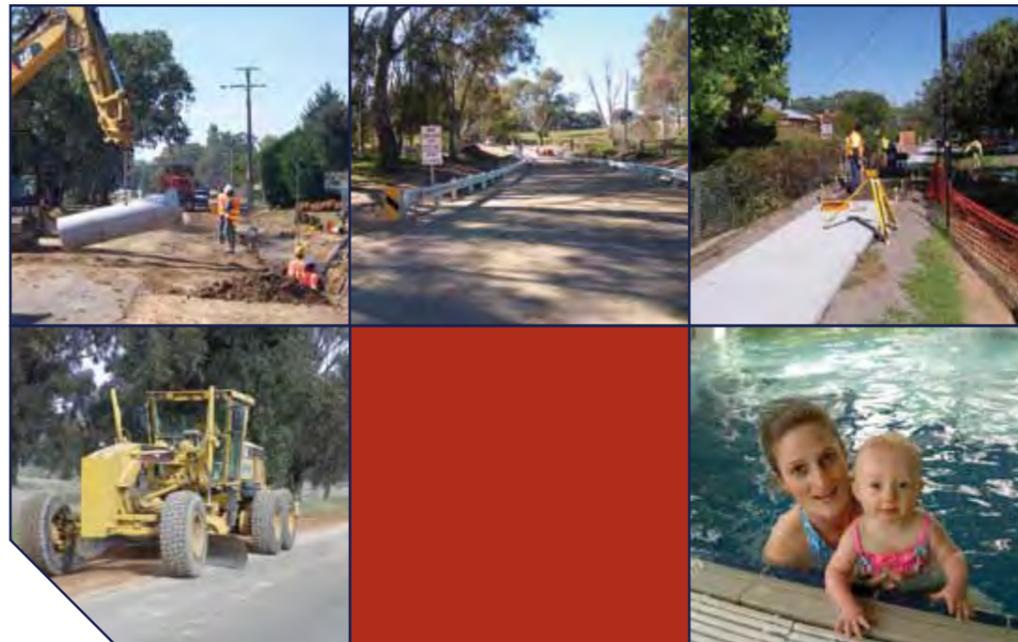
### Stand for Council

Council hosts a community information session run by the Municipal Association of Victoria for anyone thinking about running for Council at the upcoming October election. The session provides prospective candidates and members of the community with information about the objectives and functions of Council and the role of a councillor.

# Capital Projects Program

Significant capital projects during the 2011/12 financial year.

Project	Budget Amount \$
Benalla Urban Growth Project.	4,200,000
Local Road Improvements to road including Basin Road, Mitchell Road intersection (Tatong), Police Track, Jones Road (Tatong), Benson Street/Market Street intersection.	1,461,000
Bituminous surfacing of urban and rural road segments including Garden Street, King Street, McGill Street, Thomas Street, Railway Place, Devenish Wangaratta Road, Goorambat Chesney Road, Kilfeera Road, Smythe Street.	616,000
Extensive repairs and rehabilitation of rural road and bridge infrastructure following severe flooding and storm events (Natural Disaster Recovery Financial Assistance).	423,000
Replacement of bridges on O'Deas Road, Molyullah, Murray Road, Benalla.	400,000
Sealed pavement rehabilitation to roads including Goodwin Street, Wangandary Road.	236,000
Upgrade works to buildings including Benalla Aquatic Centre, Benalla Indoor Recreation Centre.	209,000
Rehabilitation of footpath in Gray Street, Benalla.	32,400



# Our People

## Organisational Structure



## Development and Environment

- Asset Services**
  - Asset Maintenance
  - Capital Projects Delivery
  - Emergency Response
  - Plant
- Infrastructure Services and Development**
  - Compliance
  - Development Design and Compliance
  - Environmental Health
  - Planning
- Strategic Infrastructure Programs**
  - Contract and Project Management
  - Infrastructure Strategic Planning
  - Sustainability and Environmental Management
  - Facility Management
  - Waste Management

## Corporate and Community Services

- Benalla Library Services**
- Finance**
  - Financial reporting
  - Risk Management
  - Procurement
  - Fleet Management
- Human Resources**
  - Recruitment and induction
  - Training
  - Performance
  - Health and Wellbeing
  - Industrial Relations
  - Payroll
- Property and Information Services**
  - Property and Valuations
  - Geographic Information Systems
  - Information Systems
  - Information Management
- Community Services**
  - Assessment
  - Home and Community Care
  - Meals on Wheels
  - Maternal and Child Care Health
  - Family Services
  - Family Day Care
  - Transport Connections

# The Corporate Management Team

Benalla Rural City Council's Corporate Management Team is made up of the Chief Executive Officer and two General Managers who meet weekly and then fortnightly with the organisation's other managers as the Senior Management Team.



**Tony McIlroy**  
Chief Executive Officer

**Commenced:** May 2003.

**Experience:** Prior to joining Benalla Rural City Council, Tony was Corporate Manager Finance and Information Services for Bayside City Council. Prior to this he was Director of Finance and Administration and Deputy Chief Executive Officer of Camberwell City Council.

**Qualifications:** Tony holds a Bachelor of Business degree and is a member of the Australian Institute of Company Directors.

### MAJOR FUNCTIONS

Council governance; Councillor support; economic development; customer service; public relations; and Benalla Art Gallery.



**Justin Finlayson**  
General Manager  
Corporate and Community Services

**Commenced:** March 2010.

**Experience:** Justin was previously the Manager Finance and Administration for the Benalla Rural City Council from 2004. Prior to this, Justin had been employed by PricewaterhouseCoopers.

**Qualifications:** Justin is a Chartered Accountant and holds a Bachelor of Commerce degree.

### MAJOR FUNCTIONS

Finance; property and information services; human resources; and community services.



**Veronica Schilling**  
General Manager  
Development and Environment

**Commenced:** November 2010.

**Experience:** Veronica brings to her position an extensive background in local government in both Queensland and Victoria, most recently as Manager Statutory Planning and Building for the City of Ballarat and Director Sustainable Development at Macedon Ranges.

**Qualifications:** Veronica holds a Bachelor of Regional and Town Planning degree.

### MAJOR FUNCTIONS

Statutory planning and regulations; infrastructure and asset development; environmental management; building surveying; fire prevention; local laws; major contracts; waste management.

# Service Areas Reporting



Benalla Rural City Council's organisational structure is divided into three main service areas.

## 1. Executive Services

- Customer service and public relations
- Economic development
- Governance
- Tourism
- Youth services
- Benalla Art Gallery

## 2. Corporate and Community Services

- Benalla Library Services
- Finance
- Human resources
- Property and information services
- Community services

## 3. Development and Environment

- Asset services
- Infrastructure services and development
- Strategic infrastructure programs

# 1. Executive Services

The Executive Services Division comprises the office of the Chief Executive Officer, Mayor and Councillor Support, Customer Service and Public Relations, Economic Development and Benalla Art Gallery.

The Customer Service and Public Relations Department is responsible for customer relations; public relations; tourism and youth development functions.

## Customer relations

The Council provides more than 100 services to ratepayers and residents and is committed to maintaining and improving these services. Customer relations plays a key role in delivering, promoting and providing access to high-quality customer service across Council.

### Achievements/highlights

- More than 40,000 customer contacts - 21,853 telephone and 19,109 over-the-counter contacts.
- Customer contacts resulted in 1,451 customer requests for action.
- 392 Land Information Certificates issued.

## Community satisfaction

Results from the 2012 the State Government Department of Planning and Community Develop sponsored Community Satisfaction survey are detailed in the table below.

Conducted in May and June 2012, the survey is designed to assess the performance of the Council across a range of measures and to seek insight into ways to provide improved or more effective service delivery.

Due to changes to survey content and methodology data from the survey is not directly comparable to previous surveys. However, results from the 2012 survey will act as a benchmark with tracking comparisons possible in future years to identify improving or deteriorating performance.

The survey's findings will also play an important role in assisting the incoming Council develop its *Council Plan 2013-2017*.

Results are reported as an "Index Score" which is calculated and represented as a score out of 100 (on a 0 to 100 scale) with "Can't say" responses excluded from the analysis.



Measure/Responsibility area	Indexed mean rating
Overall performance	57
Advocacy – lobbying on behalf of the community	54
Community consultation and engagement	54
Customer service	67
Overall Council direction	50
Elderly support services	74
Appearance of public areas	74
Waste management	73
Recreational facilities	69
Family support services	67
Parking facilities	66
Community and cultural activities	66
Enforcement of local laws	65
Art centres and libraries	64
Traffic management	63
Disadvantaged support services	61
Informing the community	57
Business and community development and tourism	55
General town planning policy	54
Condition of local streets and footpaths	45

## Public relations

Public relations promotes Council's role as a civic leader and advocate, provides information to the community in regard to Council's programs and services and engages the community in Council's decision making.

### Achievements/highlights

- Event coordination: Major 2011/12 events included Australia Day celebrations, Regional Living Expo, opening of the Benalla Lakeside Community Sports Centre, Historic Winton Classic Car and Motorbike Tour and citizenship ceremonies.
- Production of Council's corporate publications, including community newsletters, 2010/11 Annual Report, fortnightly Benalla Ensign Community Connect column and community newsletters.
- Development of a new Corporate Style Guide.
- Issued 65 media release with 56 (86 per cent) published or broadcast.

## Tourism

The Tourism function is responsible for:

- ensuring excellence in the delivery of visitor services provided throughout Benalla Rural City, including the volunteer-based Benalla Visitor Information Centre
- facilitating the attraction of new tourism businesses and support, guide and grow existing tourism businesses
- working cooperatively with relevant regional, state and national tourism organisations and liaise with local tourism and business committees and associations
- attracting new major events and to develop and facilitate existing events.

### Achievements/highlights

- On 1 July, 2011, the Council took control of management and operational responsibilities for the Benalla Visitor Information Centre – Australian Tourism Accreditation Program accreditation was renewed in early 2012.
- Event facilitation: Benalla Festival, Benalla Triathlon, 2012 Glider Championships, 2012 Beer Can Collectors canathon, Thoona Wheelie Bin Championships, Benalla Tourism Advisory Committee tourism networking function.
- Production of the 2012 Official Visitors Guide.
- Review of the *Benalla Tourism Strategy*.

## Youth development

The youth development function coordinates key youth events such as FReeZA and Australia Day celebrations; supports the Benalla Youth Services Providers Network; represents Council and advocates for young people on a wide range of local and regional committees and networks; and refers young people experiencing difficulties to appropriate assistance.

### Achievements/highlights

- Key 2010/11 events: Australia Day Pool Party, National Youth Week Get Out There Youth Awards, FReeZA events, Community Parenting Forum and Benalla Festival Youth Event.
- Finalisation of Benalla Rural City Council Youth Charter and development of a Benalla Rural City Youth Strategy.
- Purchase of \$10,000 of music equipment following the receipt of a Victoria Rock – Music Equipment Grant.
- Coordination of the Benalla Skate Park Redevelopment Project steering committee.
- Youth Development Coordinator appointed Deputy Convenor of North East Regional Youth Affairs Network.
- National Youth Week – Get Out There Youth Awards.



## Economic Development

### Achievements/highlights

Business vitality has improved steadily during the past twelve months. In spite of the difficult economy, many Benalla businesses have maintained steady growth. Agriculture is recovering from the extended drought and health-related industries remain buoyant. Business enquiry has lifted on previous years. The achievements for the year can be summarised as follows:

- **Regional Victoria Living Expo 27-29 April 2012**  
The Council participated in the inaugural Regional Victoria Living Expo at the Melbourne Exhibition and Entertainment Centre. Over 8000 people attended the event which provided metropolitan residents with a comprehensive cache of information in regard to moving to rural Victoria. The stand was attended by the Council Senior Management Team and provided many follow up contacts.
- **Enterprise Park**  
The Enterprise Park Project Steering Committee has continued its investigation into the potential for the future development of the Council's industrial estate, 'Enterprise Park'. A number of businesses have expressed interest in acquiring land at Enterprise Park for the purpose of business expansion. A key activity has been commissioning a report to identify a solution for effective Broadband supply at the industrial estate.
- **Developing the Benalla Jobs and Skills Drive - 31 Jobs in May 2012** campaign in collaboration with the Department of Education, Employment and Workplace Relations. The highly successful campaign consisted of work shops, seminars and a drop-in shopfront where businesses could post jobs and job seekers could look for work. The organisers were delighted with 56 job seekers finding work through the program.
- **Funding submissions**  
Continued success has been in the form of securing funding for a range of submissions including:
  - the recovery of flood-impacted community infrastructure including the Benalla Showgrounds Grandstand and the Benalla Gardens Oval Pavilion;
  - the Sir Edward Weary Dunlop Learning Centre;
  - Business Development Officer;
  - conservation of the former Benalla Shire Offices.

## 2. Corporate and Community Services

The Corporate and Community Services Division consists of the Departments of Finance, Property and Information Services, Human Resources and Community Services. The General Manager, Corporate and Community Services, is also responsible for the Benalla Library Services and supporting the Benalla and District Community Taskforce.

### Benalla Library Services

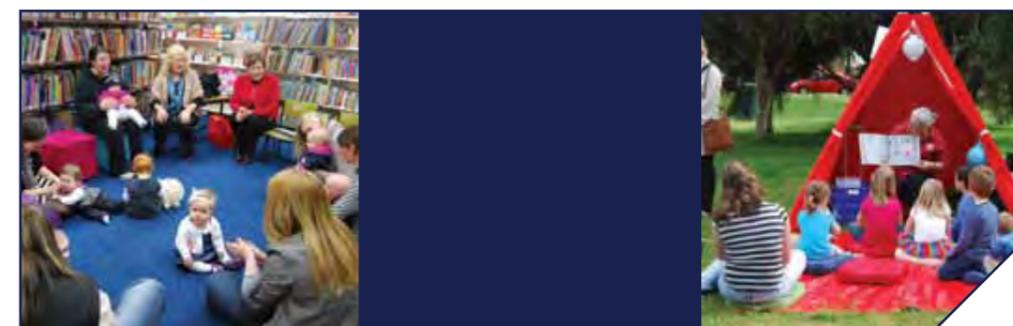
The Benalla Library provides a range of resources for information, recreation and life-long learning. Apart from lending items such as books, DVDs and magazines, the library provides computers for public Internet use and offers remote access to on-line databases and other services via its website.

#### Achievements/highlights

- The library is part of the Tomorrow Today Foundation's Connect 9 program. The participants and their mentors come to the library for a literary treasure hunt followed by hot dogs, which are supplied by the Friends of the Benalla Library.
- The library has formed many partnerships in the community such as Tomorrow Today, Benalla Ensign, NESAY, and Waminda. Staff also participate in the Benalla Rural City Task Force meetings.
- Author visits this year included writer, poet and musician Gregory Day and a local children's author, Kylie Pitts. To celebrate the National Year of Reading, Gregory Day conducted a successful writer's workshop. Participants were thrilled with the advice for their own writing. Kylie Pitts presented her picture book at Preschool Storytime.
- Weekly Preschool Storytime and Rhyme Time for parents and babies continued to be well supported.
- Children's groups, such as Joey scouts and the Benalla East School Holiday program, visit the Library.
- The library staff visited all Benalla Kindergartens and Child Care Centres in August to celebrate Children's Book Week.
- Staff visited the new mothers groups at the Maternal and Child health to explain the benefits of Rhyme time and what the library has to offer them.
- The library is part of the NESAY L to P program. The group of young learner drivers come to the library once a week for six weeks to practice for their learners' permit using the library computers.

- The Friends of the Library had a book launch for local author, Glen Wilson. Art Gallery Curator Simon Close presented the book *Landscaping Australia* and congratulated Glen on his achievements as an author.
- In partnership with Northeast Health Wangaratta and Mind Australia, the Library hosts Book Mates, an eight-week program of bibliotherapy sessions. This involves case workers and participants reading aloud and discussing literature and poetry. It is ongoing program.
- Groups from Central Access and Ed Space continued to visit the library twice weekly.
- Benalla Library, in partnership with the Benalla Ensign and Benalla Rural City, conducted a junior story writing competition. Winners were announced during Children's Week.
- The library participates in community events such as the Benalla Show, Benalla Festival parade, the Festival community market and the Benalla West Housing Festival.
- To celebrate Children's Week in October, Preschool storytime was held at Benalla's mural and attracted much curiosity.
- The library participated in the Australia-wide National Simultaneous Storytime, Children's Book Week and the Summer Reading Club.
- The Home Library service delivers reading material and DVDs to Alkoomi, Coinda, Morie Evans Wing and a number of patrons in their own homes.
- Wireless Internet access was used extensively by locals and travellers.
- School holiday activities were well attended. Children enjoyed all types of craft and story telling.

Statistics	2011/12	2010/11
Loans	94,444	91,020
Visits	69,890	70,581
Items in collection	31,581	29,435
Internet sessions	5,594	3,988
Wireless sessions	2,115	1,609
Program attendance	1,533	1,757
Members	4,517	4,670



## Finance

The functions of the Finance Department include procurement, management of investments, preparation of financial reports, fleet management, risk management, Occupational Health and Safety and insurance.

Financial snapshot	2011/12 \$'000	2010/11 \$'000	2009/10 \$'000
Total Revenue	\$31,809	\$25,962	\$23,530
Total Expenses	\$25,955	\$23,472	\$22,513
Surplus/(Deficit)	\$5,854	\$2,490	\$1,017
Net Current Assets	175%	142%	164%
Total Assets	\$207,524	\$197,756	\$183,274
Total Liabilities	\$12,973	\$13,106	\$12,896
Net Assets	\$194,551	\$184,650	\$170,378
Rates	\$13,307	\$12,203	\$11,531
Rates/Total Revenue	42%	47%	49%
Debt/Rates	34%	44%	54%
Capital Works	\$8,033	\$6,140	\$3,575

The operating surplus of \$5.854 million for the 2011/12 financial year was mainly due to the receipt of capital grant income of \$6.175 million. This income is for the renewal of infrastructure and delivery of key strategic assets. Major capital grant income included:

Benalla Urban Growth Project	\$1,540,000
Natural Disaster Relief	\$1,134,000
Country Roads and Bridges Initiative	\$1,000,000
Sir Edward 'Weary' Dunlop Learning Centre/Civic Centre Project	\$1,000,000



## Human Resources

The Human Resources Department provides support to all Council staff in a variety of areas including recruitment, induction, payroll, learning and development, performance reviews, health and wellbeing and industrial relations. This broad portfolio ensures staff have the necessary knowledge and skills to contribute to the Council's success.

### Equal Opportunity

The Council is an equal opportunity employer and is committed to providing a safe and supportive work environment that is free from discrimination, harassment and bullying and where all individuals associated with the organisation treat each other with respect.

The organisation has in place a number of policies and processes which outline the expected standards of behaviour and why these standards are important. As part of Council's commitment, we have designated contact officers in place and staff and managers continue to receive training on acceptable workplace behaviour.

### Health and Wellbeing

The Council has a Health and Wellbeing Group to promote awareness of health and wellbeing throughout the organisation. A number of initiatives have been introduced, one of which included a large number of staff participating in Worker Health Checks enabling the Council to receive a grant to fund further health initiatives and awareness programs.

### Learning and Development

Council is committed to providing staff with a range of professional development, skills enhancement, education and on-the-job training opportunities.

### Service Awards

At a special celebration to recognise staff commitment and long service, service awards were presented to 25 staff members. They included four staff who were acknowledge for 25 years of service and two staff who were acknowledge for 30 years of service.



### Staff Profile

- 115 Equivalent Full Time (EFT) staff employed as at 30 June 2012
- staff turnover 17%, up from 11% for the previous year
- One staff member was supported to obtain a Diploma or Certificate accreditation through Council's study assistance program

Type	Full Time	Part Time	Casual	Total	%
Males	57	7	2	66	38%
Females	24	54	29	107	62%
Total	81	61	31	173	
%	47%	35%	18%		

### Recruitment

	2011/12	2010/11
Employment applications processed	136	150
Employment vacancies filled	11	13
Major training and development programs	7	8
Training and development participants	175	180



## Property and Information Services

The Property and Information Services Department is comprised of the Property and Valuations, Geographic Information Systems, Information Management and Information Services units.

These units support and maintain efficient and reliable systems for the use, storage and retrieval of corporate information and documents, benefiting both internal and external stakeholders.

### Property and Valuations

This unit maintains an accurate and efficient property, valuation and rating system in accordance with the relevant legislation and adopted rating strategy.

#### Achievements/highlights

- Annual Valuation and Rate Notices, Instalment and Final Notice reminders issued in a timely and efficient manner.
- Valuation Objections reviewed and processed within required timetables.
- Rate payments made via the external payment options Australia Post, B/pay, Telephone and Internet, processed and reconciled daily.
- Pensioner Concessions processed, reconciled and reimbursed by State Government.
- Continued focus on debt recovery to maintain overall rate collection levels.
- Completion of the 2012 General Valuation of property.
- Referral of completed dwellings and subdivided land to the Valuers for re-valuation.
- Ongoing database maintenance, including annual waste collection downsizing.

Property and Valuation statistics	2011/12	2010/11
Number of external rate payments processed	22,699	20,944
Change of ownership	389	377
Change of address processed	327	292
Mobile Waste Bins added or changes	224	397
Direct Debit rate payments in place	175	128
Total rate collections	97%	97%



## Geographical Information Systems (GIS)

The GIS is a computerised mapping system used extensively across the organisation, enabling users to view and analyse a variety of data such as land parcels, road networks, assets, aerial photography, planning scheme zones and the like.

### Achievements/highlights

Updated mapping data received from the State Government.

- Provided new rural and urban addresses and relevant mapping details for use by various government departments and emergency services.
- Ongoing development, maintenance and auditing of GIS mapping data with the State Government, Council's property rating database and road register.
- Trained staff with mapping applications and provided ongoing assistance and Help Desk support.

Provide GIS assistance, support and mapping data for various internal and external projects, which included:

- Residential land – supply and demand analysis
- VCAT reviews and Gaming Submissions
- Rural Living Study Review
- Department of Primary Industries Flood Event Response
- Rural Townships Trees Assessment
- Stormwater Drainage Study
- Winton Wetlands, Wedge Street closure and flood mitigation proposals.

Statistics	2011/12	2010/11
Parcels modified/updated in the GIS mapping data	674	590

## Information Management

An Information Management System is maintained in accordance with relevant legislation and industry best practice and is used extensively across the whole organisation.

### Achievements/Highlights

- Attending meetings of the Records Management Association.
- Participated in the Enterprise Content Management Program instigated by the Municipal Association of Victoria.
- Ongoing archival, appraisal and destruction of Council corporate records pursuant to the Public Records Act 1973.
- Training of all new employees in the use of TRIM – Council's Electronic Document Management System.
- Processing of Freedom of Information requests.
- Ongoing database maintenance and review of security levels and access rights in TRIM.
- Participation in state-wide Digitisation Plan Project.
- Ongoing back-scanning of subdivision plans.

Statistics	2011/12	2010/11
Inward mail items	13,105	11,183
Outward letters	6,004	5,610
Internal memos	5,332	2,718
New files created	512	459
Archive boxes to external storage	68	97
Freedom of information requests	2	2

## Information Services

A comprehensive corporate information system is provided and maintained to support all computer network users across the organisation.

### Achievements/highlights

- Extension of wireless network to service the Visitor Information Centre.
- Conversion of InterPlan to self-hosted facility.
- Community Care systems integrated with Benalla Health for shared clients.
- Ongoing upgrades to MECC facility, including new MECC Central web-based system.
- Additional mobile computing devices – iPads and iPhones, for Councillors and staff.
- Completion of the Lotus Notes email and database system upgrade.
- Ongoing upgrades to various corporate software systems and licensing.
- Completion of programmed computer hardware refresh.

Statistics	2011/12
New IT Help Desk requests lodged	1,074



## Community Services

The Community Services Department provides a range of support services to residents of the Benalla Rural City. Service delivery is funded by a combination of external funding bodies, such as Department of Health, Department of Human Services, Department of Education and Early Childhood Development, Department of Employment Education and Workplace Relations, Department of Family Community Services and Indigenous Affairs and the Benalla Rural City Council.

### Aged and Disability Services

The program delivers services to the frail aged and younger people with disabilities and carers who are assessed as eligible for Home and Community Care Services. Services are designed to assist people to remain in their own home and community, as safely and as independently as possible. Clients are assisted to enhance their quality of life and maintain their participation in the community, thus preventing premature admission into residential facilities.

#### The Aged and Disability services provide:

Home and Community Care Assessment, Food Services, Home Care, Respite Care, Personal Care, Home Maintenance Program, Planned Activity Groups, Veterans Assessment and Volunteer Transport.

#### Achievements/Highlights:

- Transport Connections - Benalla Mansfield has been successful in gaining a grant of \$75,000 under the Innovation Fund provisions for "Improving Access to a TAFE Education for North East Victorian Students".
- The car pooling scheme TOAST has been nominated for the Regional Achievement and Community Award under the Prime Super Community Group of the Year Awards.
- Delivered a successful Seniors' Festival. Eight events were organised with more than 200 residents attending the events including:
  - Benalla Library visit, musical play "His mother's son" at the Town Hall, Senior Citizens' open day, Jade Hurley Concert in Wangaratta, bus trip to Kerrisdale Mountain Railway and Museum, screening of Jane Eyre at BPACC and a bus trip to Baileys Winery.
- The Volunteer Recognition Function held at the Benalla Lakeside Community Centre in October 2011 was well attended. The volunteers were treated to a Sunday Roast and guest speaker from Volunteering Victoria.
- At the Volunteer Recognition Function held at the Benalla Lakeside Community Centre in May 2012, 127 volunteers attended and were entertained by Colin Milligan and served a delicious afternoon tea.
- Vulnerable Clients Emergency Services Register developed to meet Emergency Services requirements.
- Benalla Rural City and Benalla Health have been successful in a joint application for \$35,000 to continue the Strengthening Partnership Project. To date the project has achieved:
  - agreed client-centred, integrated coordinated care reflecting ASM principles
  - shared protocols and procedures for sharing of client information meeting privacy requirements
  - Interoperability with Client Management systems
  - development of shared Client Care Plans and shared documentation
  - reduced duplication of assessments and information gathering
  - a consistent and unified assessment, care planning and service delivery model
  - agreed information sharing process.

		2011/12	2010/11
<b>Aged and Disability Services</b>			
Assessment	hours provided	2,225	2,106
Food Services	meals supplied across the municipality	13,457	14,141
Home Care	hours provided to support people who are aged and/or disabled remain as independent as possible in their homes	8,920	8,480
Respite Care	hours provided to support people caring for loved ones who are aged and/or disabled	2,011	1,899
Personal Care	hours provided	3,546	3,849
Home Maintenance	hours supplied to provide basic home maintenance	503	541
Planned Activity	hours provided to support activities for older people with support needs	11,112	11,670
Volunteer Coordination	volunteer hours used to support clients with volunteer transport, meal delivery and in planned activity groups	3,000	1,010

## Family and Children's Services

The team delivers services to promote health and wellbeing to families, focusing on prevention and the early detection of physical, emotional and social factors affecting children and their families.

#### The Family and Children Services provide:

Maternal and Child Health, Enhanced Home Visiting, Family Support Services, Financial Counselling, Family Day Care and In-home Family Day Care.

#### Achievements/highlights

- Introduced Parenting Programs 'Tuning into Kids' and 'Bringing up Great Kids'.
- Delivered a joint initiative with Benalla Health, providing the 3.5-year checks and speech screening in each of the Preschool programs.
- Re-introduced open sessions for the Maternal and Child Health clinics.
- Increased the capacity to deliver additional Mother Goose programs from one to three sessions per week.
- Delivered a successful Children's Week function on the Lake Benalla foreshore to coincide with the Benalla Lakeside Market.
- Joint work with Advancing Country Towns, DEECD and Tomorrow: Today towards bringing the PEEP training/program to Benalla.

		2011/12	2010/11
<b>Family and Children's Services</b>			
Family Day Care	hours of care provided	114,607	72,206
Maternal and Child Health	birth notifications	129	146
Family Support Services	hours provided	2,035	1,948

## Benalla and District Community Taskforce

The Benalla and District Community Taskforce has continued to act as the key community leadership forum of organisations working together to tackle disadvantage to develop, resource and implement strategies to address factors underlying existing socioeconomic disadvantage within the Benalla Rural City.

The Taskforce has continued to engage with health, education, community and government organisations to improve community health and wellbeing outcomes, by encouraging a commitment to reducing socioeconomic disadvantage.

The Victorian Government's \$9.4 million Advancing Country Towns Program will improve links between local, regional and rural services in nine locations across the state, including Benalla. The four-year program focuses on achieving better economic outcomes by enabling local people to take advantage of education, employment, skills and training opportunities and better integration of services.

Four key recommendations have been endorsed for development. The project includes the following initiatives that will be implemented in Benalla:

1. The Fair Start Initiative
2. The Super Services Initiative
3. The Job Readiness for the World of Work Initiative
4. The Benalla Core Business (Job Diversity) Initiative



## 3. Development and Environment

The Development and Environment Division comprises Asset Services, Infrastructure Services and Development and Strategic Infrastructure Programs. Development and Environment is responsible for providing waste management, environmental, engineering investigations, design, strategic infrastructure planning works and Compliance services. The division also manages key facilities including Benalla's Airport, Saleyards, Aquatic Centre and the Benalla Landfill and Resource Recovery Centre.

### Benalla Landfill

Council currently operates a landfill at Old Farnley Road, Benalla, under Environment Protection Authority (EPA) License ES503.

#### Achievements/highlights

- Leachate evaporation system installed.
- Upgrade of the computer system.
- Completion of the Landfill Strategic Report.
- Installation of new groundwater bores to improve environmental monitoring.
- Upgrade of the site including new site office, fencing improvements and enhanced security.

### Waste Management

Benalla Rural City Council offers a waste and recycle service to 6,854 properties in accordance with State Government best practice guidelines and also offers waste minimisation, promotion and education programs. Benalla Rural City is a member of NevRwaste, the North East Regional waste management group.

#### Achievements/highlights

- Free collection of televisions for recycling (funded by Sustainability Victoria).
- Commencement of the Composting Champion Pilot project.
- Electronic waste vouchers distributed to residents.
- Domestic asbestos funding received.

## Environment

The Environmental Sustainability Officer represents Council on numerous networks. These networks provide an ongoing opportunity to collaborate in funding opportunities, share information and resources, participate in projects that would otherwise be unviable for Benalla Rural City and to have input into submissions to State and Federal Papers.



### Networks

North East Local Government Environment Network  
North East Greenhouse Alliance  
Solar North East Project  
Goulburn Broken Greenhouse Alliance  
Goulburn Broken Local Government Regional Climate Change Adaptation Plan  
Goulburn Broken Local Government Sustainability Training Program  
Goulburn Broken Local Government Biodiversity Reference Group  
Backbones to Biolinks Project  
Land and Biodiversity Implementation Forum  
Environment Strategy Steering Committee  
Northern Regional Water Monitoring Partnership  
Goulburn Broken Catchment Regional Water Quality Programs  
Goulburn Broken Catchment Management Authority Cabomba Control Board.

### Major Projects

- Completed the 2011-2015 Environment Strategy
- Commenced development of a Climate Change Adaptation Action Plan
- Investigation of a suitable utility tracker to assist Council in reporting and tracking its energy consumption, water and gas use.

### Education and community projects:

- Detox Your Home program
- Clean Up Australia Day
- Through North East Waste Management Group Council gained funding for the installation of public place recycling facilities at Benalla Showgrounds and for "do the right thing" signage for public places
- Input into Sustainability Victoria's Strategic review
- Attended War on Weeds forum where the Department of Primary Industries research on Cabomba in Lake Benalla was presented
- Hosted Lima Stringybark workshop in collaboration with the Federal Government's Environmental Protection Biodiversity Conservation Act Compliance Department.

### Projects completed

- Mapping and treatment of Chilean Needle Grass infestations in Threatened Grassy Woodlands across the municipality
- Mapping and treatment of woody weeds including Blackberry and Gorse at identified locations throughout the municipality
- Review and implementation of new firewood collection process
- Recent floods resulted in a significant reduction of Cabomba biomass recorded by the Department of Primary Industries.

## Emergency Management

- Council has established the web-based MECC Central Software to run its Emergency Management Activities.
- Staff have been trained in the MECC Central software program and it was used when MECC was operational in March 2012.
- Staff have undertaken various training programs in Emergency Management and Emergency Recovery.
- Council is currently recruiting a dedicated 0.5 EFT Emergency Management Officer.
- Municipal Emergency Management Planning Committee meetings were held in October 2011 and April 2012.

## Strategic Infrastructure Programs

The functions of the Strategic Infrastructure Programs Department include strategic asset management, facility management, capital investment planning, major projects delivery, waste management, environmental sustainability, and emergency management.

## Strategic Asset Management

This area is responsible for the monitoring Council's infrastructure and development of asset management plans to document the level of maintenance and service necessary to meet the economic, safety and environmental needs and expectations of the community.

### Achievements/highlights

- Delivery of the Benalla Urban Growth drainage scheme.
- Works to move Council toward compliance with the National Asset Management Framework.

## Benalla Airport

The National Club and Sports Class Gliding Championship was held in January 2012 at Benalla Airport. Five additional hangar lease sites have been established and it is likely that they will all be taken up in the current calendar year.

The Gliding Club of Victoria has held working bees to assist in improving the grass cover on runways after a period of high rainfall.



## Benalla Saleyards

In 2011/12 the Benalla Saleyards operated on a fortnightly basis for cattle sales with 4,954 head of cattle sold. Sheep sales were held in November 2011 with 12,212 head sold. Regular maintenance on steel and timber yards has been undertaken.

## Benalla Aquatic Centre

The Benalla Aquatic Centre has a diverse range of programs designed to suit the needs of the community. The Centre hosts learn to swim programs, aqua aerobics, school sports, aqua movers, senior strength classes, yoga, power, boxing, disability programs, stroke correction and many supportive programs for a large number of community groups.

### Achievements/highlights

- Implementation of Watch Around the Water program.
- Aquatic Education enrolments peaked at 456.
- Australia Day – Family Day attracted 607 patrons to the centre with an increase number of teenagers in attendance.
- Increased number of people applying and receiving Open Doors benevolent funding.
- Inaugural Swimathon.

### Membership statistics

Category	Visits 2011/12	Visits 2010/11
Casual	37,767	37,659
12 Visit	3,813	4,700
DD memberships	19,882	14,908
Term memberships	3,385	3,831
Program memberships	2,734	1,877
Aquatic education visits	15,595	14,961
School visits	4,874	4,921
<b>Total</b>	<b>88,023</b>	<b>82,857</b>

## Infrastructure Services and Development

The Infrastructure Services and Development Department is responsible for services such as town planning, land use studies, environmental health matters, building services, domestic animal management, parking and enforcement of Local and State legislation.

### Achievements/highlights

- Discussions held with Department of Transport, Benalla and Benalla Bus Lines to redesign the town bus routes to provide better coverage of Benalla by the town bus service.
- Provided technical input into debate on the proposed closure of Wedge Street.
- Investigated and liaised with VicRoads on traffic issues.
- Investigated drainage in the Devenish Township resulting in ongoing discussions to open a closed drainage line.
- Investigated and improved drainage design in Moore Street, Benalla.
- Developed a plan showing all line-marked car parking bays within Benalla Township.
- Provided engineering input into rural and urban property access.

## Planning Services

The Planning Officers operate within the State planning system and the Benalla Planning Scheme to ensure Council is consistently making sound planning decisions which contribute towards sustainable objectives, economic development, heritage and environment conservation as well as guiding development for the long-term community benefit. The planning scheme contains state and local planning policies, zones and overlay controls and other provisions that affect how land can be used and developed.

### Achievements/highlights

- The Rural Living Study has been approved by the Minister for Planning and is now incorporated into the Benalla Planning Scheme.
- The Gambling Planning Framework has been exhibited and presented to a Panel Hearing. The Panel member has recently outlined recommendations to the Policy.
- A Car Parking Precinct Plan has been adopted by Council and is in the process of receiving full authorisation from the Minister for Planning to commence a Planning Scheme amendment. It is expected that the planning scheme amendment will be exhibited in the near future.
- An amendment to the planning scheme is being processed to address anomalies and corrections to the Benalla Planning Scheme. Conditional authorisation has been given by the Minister for Planning to proceed with this amendment.
- Worked with Benalla Auto Club to have the Minister for Planning resolve a long-standing problem with the planning controls for the Winton Motor Raceway site.

	2011/12	2010/11	2009/10
Applications Decided	170	202	207
Permits/Notices of Decisions	154	190	195
Subdivisions	27	41	30

## Building Services

The Building Unit consists of a Building Coordinator, Building Administration Officer and a contract Municipal Building Surveyor.

The Building Unit has a responsibility to provide a building permit service to Benalla Rural City residents. The Building Unit also has a responsibility for enforcing the *Building Regulations and Building Act* to ensure that all types of structures are built to and occupied within recognised standards.

### Achievements/highlights

- Developed an MOU with Moira Shire Council to provide contract Municipal Building Surveyor services.
- 186 Building Certificates issued.

	2011/12	2010/11	2009/2010
Number of permits issued	240	270	306
Total permits issued for dwellings	64	69	88
Permits issued for all other buildings	176	104	70

## Compliance

The Compliance Unit is responsible for domestic animal management, livestock control, parking management, enforcement of the relevant sections of the *Environmental Protection Act, Planning and Environment Act* and fire prevention under the *CFA Act* and Council Community Local Law.

### Achievements/highlights

- Dogs on/off leash signs and animal waste bags have been installed around Lake Benalla.
- 458 Infringements issued.
- 92 Matters referred to relevant court.

	2011/12	2010/11	2009/10
Domestic animal complaints	799	502	444
Animal livestock complaints	162	82	75
EPA complaints	68	16	25
Parking and traffic infringements	329	464	361

## Environmental Health

The Environmental Health Unit registers all food and accommodation premises, as well as carrying out statutory obligations such as inspections, sampling and complaint investigation. Surveillance under the new Public Health and Wellbeing Act and Tobacco Act is also conducted along with supervision of Council's Immunisation program.

### Achievements/highlights

- Carrying out the Department of Sustainability and Environment funded Baddaginnie Septic Tank Upgrade Project for research and education.
- Groundwork for preparing Domestic Wastewater Management Plan to enable a draft to be developed for public consultation.
- Implementation of changes to the *Food Act, Tobacco Act, Public Health and Wellbeing Act 2008, Septic Tank Code of Practice* and the new Australian Standard for Onsite Wastewater Management AS1547:2012.

	2011/2012	2010/2011	2009/2010
Total food and health premises registered	249	234	226
Food inspections undertaken	187	97	90
On-site wastewater permits (septic tanks) issued	35	21	28
Unsewered field inspections undertaken	116	88	99
Vaccinations administered	892	853	1979



## Infrastructure Investigations and Planning

This unit designs, reviews and scopes both public and private construction work relating to roads, drainage and other civil matters.

### Achievements/highlights

- Investigated drainage on Benalla Winton Road to alleviate drainage issues in Winton.
- Reviewed existing drainage at GOTAFE, Benalla.
- Liaised with Benalla Health regarding the redesign of the entrance to the Ray Sweeny Centre.
- Designed and prepared plans for the culvert replacement in Murray Road.
- Investigated drainage issue in Racecourse Road.
- Provided input into the Council Tendering and Procurement Policy.
- Investigated a proposal to install a DumpEze point within Benalla Rural City.
- Developed an Infrastructure Design Manual and reviewed current engineering standards.
- Liaised with Department of Transport for the construction of the central bus stop in Nunn Street Benalla.
- Designed and prepared documentation for two new bus shelters in Goorambat.
- Audited speed zones in Benalla Rural City to confirm they are compliant with the required standards.
- Closed an unnamed road reserve over Lake Mokoan Channel.
- Provided detailed design information relating to the required standards that apply to vehicle movements for the Benalla Lakeside Community Centre.
- Initiated the design and audit for the Benalla Lakeside Community Centre access from Arundel Street to the proposed car park.
- Reviewed driveway guidelines.
- Initiated the installation of Share the Road Bicycle signs on local roads used by the cycling community.



## Asset Services

### Asset Maintenance

This area is responsible for delivery and maintenance programs through direct labour and contract staff. The team also took primary responsibility for call-outs during and following numerous severe storm events in January and February 2012.

### Achievements/highlights

- Delivered 123 km of resheeting to various roads.
- Delivered 41 km of shoulder resheeting to various roads.
- Resealed 9.4 km of roads at various locations.
- 248 call out responses for the year.
- Construction of Watchbox Creek Bridge in O'Deas Road, Molyullah.
- Construction and sealing of 900 m of Basin Road.
- Construction and sealing of 2km of Police Track.



### Roads and Drains

Local Sealed Roads and Roadsides	619 km
Local Unsealed Roads and Roadsides	774 km
Local Roads bridges	85 no
Open drains	9.5 km
Underground drains	32 km
Footpaths	73 km

### Parks and Gardens

Street Trees	6,000
High Profile Parks	8 ha
Playgrounds	7
Parkland, Medians	73ha
Roundabouts	5
Public Toilets	9

# Corporate Governance Reporting

## Our Governance Systems

Benalla Rural City Council's corporate governance systems are in place to ensure the organisation operates within the spirit and intent of legislation outlining its powers, supports open and transparent decision-making processes, establishes effective frameworks for planning, monitors the efficiency and effectiveness of operations and engages with and advocates for our community as partners in the ongoing growth and development of Benalla Rural City where lifestyle, culture and safety are important.

## Council Committee System and Meeting Cycle

Council business is conducted on a monthly cycle of Wednesday evening meetings commencing at 6pm at the Benalla Civic Centre.

Meeting type	Purpose
Business Review Forum	Information briefing for Councillors and management (not open to the public).
Planning and Development Committee	This Committee considers all matters relating to strategic and statutory planning and associated matters, city infrastructure, environmental issues and matters referred to it from the Economic Development Committee. Membership is all of the Councillors and the quorum for this Committee is a majority of the members.
Finance and Operations Committee	This Committee considers all governance and financial matters, social and cultural development and matters relating to the operation of Council's organisational administration. The membership of the Finance and Operations Committee is all of the Councillors and the quorum for this committee is a majority of members.
Council	The Council Meeting adopts, rejects or modifies recommendations from the committees and deals with other items. These meetings provide Councillors with another opportunity to debate issues discussed at the committee level before a final decision is made.

## Meetings of Council

**Total Meetings:** 12 Ordinary Meetings, 9 Special Meetings of Council

## Special Committees

### Benalla Art Gallery

**Total Meetings:** 11

### Finance and Operations Committee

**Total Meetings:** 12

### Planning and Development Committee

**Total Meetings:** 12



## Council Advisory Committees

These committees advise Council about a range of community and social issues that may influence policy, service and program development.

Council Advisory Committee	Purpose of Committee
Audit Advisory Committee	The Audit Committee is an independent Advisory Committee to Council. The primary objective of the Audit Committee is to assist Council 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.
Australia Day Advisory Committee	The purpose of the Committee is to assist in the coordination of Australia Day Celebrations throughout the Rural City.
Benalla Airport Advisory Committee	The purpose of the Committee is to assist Council in the management and operation of the Benalla Airport including (but not limited to) flight/airport management to Australian Standards, hiring of facilities, maintenance of grounds and assets, and risk management functions.
Benalla and District Community Taskforce	To address social disadvantage in the community.
Benalla Botanical Gardens and Riverine Parklands Advisory Committee	The purpose of the Committee is to assist in the management, operation and development of the Benalla Riverine Parklands and Botanical Gardens. The Benalla Rural City recognises that the riverine parkland and botanical gardens together form a major asset of the community and economy of Benalla, with significant environmental, conservation, heritage and botanical value.
Benalla Festival Advisory Committee	The purpose of the Committee is to manage the Benalla Festival and make recommendations to Council with regard to Festival events and activities.
Benalla Saleyards Advisory Committee	The purpose of the Committee is to advise and assist in the management and development of the Benalla Livestock Marketing Centre.
Benalla Sports and Equestrian Reserve Advisory Committee	The purpose of this Committee is to guide and assist in the management and operation of the Benalla Equestrian Centre and associated racecourse reserve land.
Benalla Tourism Advisory Committee	The purpose of the Committee is to provide strategic advice and direction to Council on the development and implementation of the tourism development strategy plan.
Economic Development Advisory Committee	The purpose of the Committee is to advise Council on issues and to develop strategies for Council, related to economic development within the municipality.
Editorial Advisory Committee	The purpose of the Committee is to oversee Council communications and corporate publications in a proactive approach to improving and providing a high quality control mechanism over Council's communications.
Management Review Advisory Committee	The purpose of the Committee is to regularly review the performance of the Chief Executive Officer and the organisation and to set performance targets for the Chief Executive Officer in accordance with the Council Plan.

## Audit Advisory Committee

As part of the Council's duty to fulfil its governance obligations to the community, the Council has established an Audit Advisory Committee in accordance with Section 139 of the *Local Government Act 1989*.

The Audit Advisory Committee is an independent Advisory Committee to Council. The Committee is to assist Council in the effective conduct of its responsibilities for financial reporting, internal control, risk management, business continuity, internal audit, external audit and compliance.

The Audit Committee met four times during 2011-12. The committee considered many issues including:

- risk management activities
- the annual financial report, standard statements and performance statement
- purchase order compliance
- landfill operations internal audit
- accounts payable and purchasing internal audit
- Victorian Auditor-General Performance Reporting
- external audit strategy

### Membership

The Committee comprises of two Councillors and a majority of independent members. The committee's Councillor positions are held by the Mayor and Chair of the Finance and Operations Committee. The external members are:

Name	Qualifications	Professional Background
Mr Geoff Rowe Chairman	B.Bus., CA	A qualified Chartered Accountant with over 28 years of experience working in public practice. Currently the principal of Rowe and Associates Pty. Ltd Chartered Accountants.
Mr Wayne Neylon	FCPA	A qualified Fellow of the Certified Practising Accountants with over 40 years of experience working in the retailing, finance, stockbroking, aviation, financial services and insurance industries. Currently self-employed running an insurance administration company.
Ms Jo Wise	GradDipBus (Mgt), B.Bus, High Dip (Teaching Secondary), Dip (Physical Education)	Previously held senior management roles with the Department of Education and Training both at the school and regional level.

### Attendance

During the 2011-12 financial year there was a quorum for each Audit Advisory Committee meeting, where the appointed Chair presided. Attendance of members for the 2011-12 meeting schedule is summarised below.

	July	August	November	February
Geoff Rowe, Chair	✓	✓	✓	✓
Wayne Neylon	✓	✓	✓	✓
Jo Wise	✓	✓	✓	✓
Mayor			✓	✓
Chair Finance and Operations Committee	✓	✓	✓	✓

### Terms of Reference

The Audit Committee conducted an annual review of its Terms of Reference and measured its performance using *The Audit Committees - A Guide to Good Practice for Local Government* as a guide.

### Internal audit

The internal audit service helps Council and its management perform their responsibilities. The internal audit service helps Council maintain an organisational environment with strong, relevant and effective internal controls. The Council's internal auditor reports to the Audit Committee. The service has been contracted to Richmond Sinnott and Delahunty since 2003.

A strong internal control environment ensures our systems contribute effectively to the management of operations. Services provided by the internal audit service include:

- risk assessment
- development and management of an audit program
- conducting audits and reviews
- reporting audit opinions, findings and recommendations
- presenting, discussing and providing advice on key issues.

### External audit

The Victorian Auditor-General is responsible for the external audit of Council. Our external audit focuses on three key areas:

- strategic planning
- detailed audit system testing
- review of financial statements.

## Community Grants 2011/12

Council's Community Grants Program encourages clubs, groups and organisations to seek funding from Council to enhance their capacity to work in partnership with Council and others within the community to address local needs and encourage community participation.

In September 2011, Council invited interested community groups and not-for-profit organisations to apply for assistance under the program. Twenty-eight applications seeking \$63,803 were received.

Grants allocated under the 2011/12 program are detailed in the table below.

Organisation	Event/Project	Value
Benalla Aviation Museum Inc.	Provision of walkways, barriers and signage	\$2,500
Benalla Bandits Baseball Club	General maintenance and upgrade of facilities	\$2,500
Benalla Basketball Association Inc.	Purchase of electronic scoreboard	\$2,500
Benalla and District Environment Group	Storage equipment for Benalla Bulk Food Cooperative	\$2,050
Benalla and District Pre School Partnership - Bernard Briggs Kindergarten	Sandpit refurbishment and upgrade	\$2,000
Benalla Gardens Tennis Club	Resealing of flood-damaged courts and drainage improvement works	\$2,500
Benalla Girl Guides	Sand and polish floor of Guide Hall and install new toilet	\$2,000
Benalla Rifle Club Inc.	Road repairs	\$2,500
Benalla Scout Group	Installation of safety equipment	\$1,716
Benalla U3A Inc.	Purchase of computer equipment	\$2,398
Broken River Potters	Relocation of brick kiln from Benalla Art Gallery to BARC Hut	\$2,500
Carers and Parents Support Group	Office renovations and repairs	\$2,000
Cooinda Village	Purchase of electric piano	\$2,500
Goorambat Public Hall	Provision of storage	\$2,000
Lurg Hall and Reserves Committee Inc.	Replacement, repair and restoration of windows	\$2,500
Moirra Benalla Club	Enhance barbecue area	\$2,300
Molyullah Recreation and Public Hall Reserve Committee	Purchase of display equipment	\$2,429
NETRACKS LLEN	Benalla Careers Day 2012	\$2,000
Swanpool and District Community Development Association	Printing of Community Plan and establishment of website	\$2,100
Swanpool Football and Netball Club Inc.	Redevelopment of roadways and parking areas	\$2,500
Tatong Heritage Group	Purchase of storage and display unit	\$1,027
Tatong Memorial Hall Committee	Installation of water pressure pump	\$1,360
Tatong Village Market Inc.	Replacement of equipment	\$2,593
Waminda Community House	Benalla West Community Festival	\$2,500
<b>Total</b>		<b>\$52,973</b>

## Community Sponsorship Program 2011/12

As detailed in the table below, in 2011/12, \$13,203 of assistance was provided to 18 community organisations from the Council's Community Sponsorship Program.

Month	Applicant	Event/Project	Value
July	Cancer Council	Relay for Life - Benalla event	\$1,000
July	Australian NPCD Foundation Inc.	Fundraising event	\$350
August	Benalla Toy Library	Promotional material	\$260
August	Benalla Young Sportspersons Trust	Donation to trust	\$1,000
August	Molyullah Rural Fire Brigade	Septic Tank Permit Fee	\$134
August	Rotary Club of Benalla Inc.	Portsea Camp 2012	\$323
August	Swanpool Football and Netball Club	Septic Tank Permit Fee	\$340
September	Capability Building Inc.	Benalla Better Bike Hike	\$330
October	Benalla East Primary School	Benalla Music Camp	\$550
October	Benalla College	Benalla College Graduation Awards	\$110
November	Baddaginnie Rural Fire Brigade	Community Christmas Party	\$500
November	Benalla and District Junior Football League	Purchase of a defibrillator	\$500
December	Benalla U3A	Annual enrolment day and "Meet and Mingle" sessions	\$280
January	Benalla Unit Cancer Council Victoria	Morning tea fundraiser	\$135
January	Michael Rodger Act 2 D-Feet Motor Neurone Disease	Fundraising and promotional event	\$500
March	Molyullah Sports and Recreation Club Inc	Molyullah Easter Sports	\$500
April	Benalla and District Gymnastics Club	Refurbishment of Chiswell Pavillion	\$1,421
April	Benalla RSL Sub-Branch	ANZAC Day	\$2,300
April	GOTAFE Regional Academy of Performing Arts	Performing arts training program	\$770
May	Benalla Trust Foundation	Historic Winton welcome function	\$950
May	Friends of Benalla Art Gallery	Guitar workshop	\$450
June	Swanpool and District Community Development Association	Ladies' and Men's nights	\$500
<b>Total</b>			<b>\$13,203</b>

## Victorian Local Government Indicators

The Victorian Local Government indicators are a standard set of markers that all councils are required to measure and report on each year. The indicators aim to establish clearly defined benchmarks, which enables comparisons of data between councils. The indicators consist of community satisfaction ratings and financial ratios, which are set as a representation of Benalla Rural City Council's overall performance.

Victorian Local Government Indicators for the year ended 30 June 2012

Category	Indicator	2012
Overall performance	Community satisfaction rating for overall performance generally of Council	57%
Advocacy	Community satisfaction rating for Council's advocacy and community representation on key local issues	54%
Community Consultation	Community satisfaction rating for Council's community consultation and engagement	54%
All rates	Average rates and charges per assessment	\$1,830
Residential rates	Average residential rates and charges per assessment	\$1,468
Operating costs	Average operating expenditure per assessment	\$3,569
Capital expenditure	Average capital expenditure per assessment	\$1,105
Infrastructure renewal	Ratio of current spending on capital renewal of existing infrastructure assets	81%
Infrastructure renewal and maintenance	Ratio of current spending on capital renewal of existing infrastructure assets plus current spending on maintenance	88%
Debts	Average liabilities per assessment	\$1,724
Operating result	Operating result per assessment	\$805



## Best Value

Council commenced a review of its services in accordance with the *Local Government (Best Value Principals) Act 1999* following de-amalgamation.

### The Best Value Principals are:

- Council services must meet quality and cost standards
- Council services must be responsive to the needs of its community
- Council services must be accessible to whom the services are intended
- Council services must achieve continuous improvement
- Council must consult with its community on the services it provides
- Council must report to the community its achievements in relation to the principles.

The service reviews were completed by 31 December 2005 as required by the Act and can be accessed from Council's website.

### Examples of how Council gave effect to the Best Value Principals during the 2011/12 financial year include:

- community consultation regarding the architectural drawings for the Sir Edward "Weary Dunlop Learning Centre" project
- community consultation regarding the Benalla Skate Park Redevelopment project
- community consultation regarding the Youth Charter in recognition of the important part young people play in the local community
- a series of public briefings held within the community regarding the development of the Environment Strategy
- community consultation as part of the development of Council's Climate Change Adaptation Plan.

## Whistleblower Protection

*The Whistleblowers Protection Act 2001* aims to protect people who disclose information about serious wrong-doing within the Victorian public sector and to provide a framework for the investigation of these matters. The Council has detailed procedures for dealing with any disclosures it may receive.

The Act requires the Council to report on any whistleblower activity. No disclosures were made during 2011/12.

## Legislative Reporting

### Documents to be made available for public inspection

Listed below are documents available for public inspection pursuant to Section 11 of the *Local Government (General) Regulations 2004*. In accordance with Section 222 of the *Local Government Act 1989* inspection of these documents can be arranged by contacting the Governance Officer on 5760 2645.

- (a)** details of current allowances fixed for the Mayor, Lord Mayor (if any) and Councillors under section 74 or 74A of the Act;
- (b)** details of senior officers' total salary packages for the current financial year and the previous year including the gross salary, the amount of the Council or employer contribution to superannuation, the value of any motor vehicle provided by the Council and the total value of any other benefits and allowances provided by the Council;
- (c)** details of overseas or interstate travel (with the exception of interstate travel by land for less than three days) undertaken in an official capacity by Councillors or any member of Council staff in the previous 12 months, including the names of the Councillors or members of Council staff and the date, destination, purpose and total cost of the overseas or interstate travel;
- (d)** names of Council officers who were required to submit a return of interest during the financial year and the dates the returns were submitted;
- (e)** names of Councillors who submitted returns of interest during the financial year and the dates the returns were submitted;
- (f)** agendas for and minutes of ordinary and special meetings held in the previous 12 months kept under section 93 of the Act except if the minutes relate to parts of meetings which have been closed to members of the public under section 89 of the Act;
- (g)** a list of all special committees established by Council and the purpose for which each committee was established;
- (h)** a list of all special committees established by the Council which were abolished or ceased to function during the financial year;
- (i)** minutes of meetings of special committees established under section 86 of the Act and held in the previous 12 months except if the minutes relate to parts of meetings which have been closed to members of the public under section 89 of the Act;
- (j)** a register of delegations kept under sections 87, 88 and 98 of the Act, including the date on which the last review under section 98(6) of the Act took place;
- (k)** submissions received in accordance with section 223 of the Act during the previous 12 months;
- (l)** agreements to establish regional libraries under section 196 of the Act;
- (m)** 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;
- (n)** a register of authorised officers appointed under section 224 of the Act;
- (o)** a list of donations and grants made by the Council during the financial year, including the names of persons or bodies which have received a donation or grant and the amount of each donation or grant;
- (p)** 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;
- (q)** a list of contracts valued at \$100 000 (or such higher amount as is fixed from time to time under section 186(1) of the Act) or more—
  - (i)** which the Council entered into during the financial year without first engaging in a competitive process; and
  - (ii)** which are not contracts referred to in section 186(5) of the Act.

## Financial Reports

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# Performance Statement for the year ended 30 June 2012

## Introduction to the Performance Statement

The performance statement outlines the actual performance of Council against the performance targets set in its budget for the year ended 30 June 2012 in accordance with section 132 of the *Local Government Act 1989*.

Council Plan Action	Key Strategic Activity	Performance Measure	Performance Target	Actual Performance	Note	Outcome
<b>1 Governance, Service Delivery and Organisational Efficiency</b>						
1.1.1.1	Ensure that appropriate resources are managed to meet Council's statutory and operational needs	Community satisfaction rating for Council's overall performance in key service areas and responsibilities	>60%	Not completed	1	
1.1.3.2	Actively advocate for a range of beneficial outcomes from the <i>Winton Wetlands Project</i>	Community satisfaction rating for Council's advocacy and community representation on key local issues	>59%	Not completed	1	
1.3.1.3	Develop a strategy to better promote the full range of activities and functions delivered by Council and how rates are allocated to these functions to assist the community to understand what Council does and its return from rate revenue	Community satisfaction rating for Council's interaction and responsiveness in dealing with the public	>70%	Not completed	1	
<b>2 Financial and Infrastructure Sustainability</b>						
2.1.1.1	Adopt and monitor a Strategic Resource Plan and report annually on the financial performance of Council and ensure compliance with Ministerial reporting requirements	Actual operating surplus	>\$980,000	\$5,854,000	2	Target achieved
		Net Current Assets	>110%	175%	3	Target achieved
2.1.1.3	Pursue opportunities to secure external grant funding to invest in asset renewal projects	Capital renewal of existing infrastructure less depreciation expense	>(\$1,279,000)	(\$685,000)	7	Target achieved
2.1.1.5	Construction of the Benalla Urban Growth Project	Grant funded works completed	30 June 2012	30 June 2012	8	Target achieved
2.2.1.1	Implement the Benalla Rural City Economic Development Strategy, including activities to attract new businesses, retain and grow business, encourage innovation and build strategic partnerships	Community satisfaction rating for Council's economic development performance	>53%	Not completed	1	
		Actual building activity	>\$25,600,000	\$19,207,000	4	Target not achieved
2.3.2.2	Secure additional external grants to fund services, programs and infrastructure	Actual external grants sourced	>\$7,161,000	\$13,637,000	5	Target achieved
2.3.3.1	Utilise loans to part fund capital projects in accordance with the Debt Management Strategy	Debt/Rate Revenue	<57%	34%	6	Target achieved

# Performance Statement for the year ended 30 June 2012

Council Plan Action	Key Strategic Activity	Performance Measure	Performance Target	Actual Performance	Note	Outcome
<b>3 Healthy, Active, Safe and Engaged Community</b>						
3.1.2.1	Further develop the Municipal Public Health and Wellbeing Plan 2009-2013	Reviewed by Council	30 June 2012	27 June 2012		Target achieved
		Community satisfaction rating for Council's provision of health and human services	>74%	Not completed	1	
3.3.1.1	Ensure compliance throughout the community with local laws to protect the community and maintain public amenity	Community satisfaction rating for Council's enforcement of local laws	>63%	Not completed	1	
3.3.1.7	Continue to identify opportunities to enhance traffic flow and pedestrian safety	Community satisfaction rating for Council's traffic management and parking facilities	>60%	Not completed	1	
<b>4 Appropriate Land Use and Environmental Sustainability</b>						
4.1.1.1	Provide a planning scheme that protects and reinforces development and supports appropriate environmental outcomes. Ensure continued development through identified land capability	Community satisfaction rating for Council's town planning policy and approvals	>57%	Not completed	1	
		Proportion of household waste collected in kerbside collections that was recycled	>39%	47%	9	Target achieved
4.2.1.1	Provide best practice waste management services in accordance with the North Eastern Regional Waste Management Plan	Community satisfaction rating for Council's provision of waste management services	>68%	Not completed	1	
		Proportion of household waste collected in kerbside collections that was recycled	>39%	47%	9	Target achieved
<b>5 Strategic Partnerships and Community Engagement</b>						
5.1.1.5	Develop and support various networks, including the Benalla and District Community Taskforce	Community satisfaction rating for Council's engagement in decision making on key local issues	>56%	Not completed	1	
5.2.1.2	Actively participate in and contribute to the Hume Regional Management Forum	Attend meetings of the Hume Regional Management Forum	100% attendance	80% attendance	10	Target not achieved

# Performance Statement for the year ended 30 June 2012

## Notes to the Performance Statement

### Note 1. Community satisfaction

In 2012 the Department of Planning and Community Development introduced changes to the Community Satisfaction Survey methodology to provide councils with more meaningful and reliable information. These changes mean that in this instance councils are not be able to draw direct comparisons with previous years' survey results. Future results can be benchmarked against the 2012 results where the methodology and questions remain consistent. Due to the cost involved the Council did not perform the survey itself in the format consistent with the previous year's survey methodology.

### Note 2. Operating surplus

The operating surplus was \$5.854 million which was \$4.874 million more than budget mainly due to the receipt of grant income.

### Note 3. Net current assets

The net current asset ratio was equal to 175% at 30 June 2012 which was 65% more than the budgeted ratio of 110%. Net current assets were \$3.654 million more than budget mainly due to the early receipt of \$1.831 million of the Council's 2012/13 Financial Assistance Grant from the Victoria Grants Commission.

### Note 4. Building activity

Building permits issued were less than previous years due to a slow down in the building market as a result of the global financial situation.

### Note 5. Grants

Grant income was \$6.476 million more than budget which included:

- The early receipt of \$1.831 million of Council's 2012/13 Financial Assistance Grant from the Victoria Grants Commission.
- Natural Disaster Relief funding of \$1.133 million.
- Local Government Infrastructure Program Grant of \$1 million.
- Country Roads and Bridges Initiative Grant of \$1 million.

### Note 6. Debt/Rate Revenue

The budgeted loans of \$3.07 million were not drawn down during the financial year as the funding will not be required until the 2012/13 financial year.

### Note 7. Renewal of infrastructure

Renewal works were \$581,000 more than budget mainly due to Natural Disaster Relief Works of \$399,000.

### Note 8. Construction of the Benalla Urban Growth Project

All construction and ancillary works funded by the Federal Government were completed by 30 June 2012.

### Note 9. Proportion of household waste collected in kerbside collections that was recycled

As in the prior year the proportion of waste recycled was greater than the target established by the North East Victoria Regional Waste Management Group.

### Note 10. Hume Regional Management Forum meetings

Four out of the five meetings held were attended by a Council representative.

# Performance Statement for the year ended 30 June 2012

## Council approval of the Performance Statement

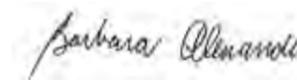
In our opinion the accompanying performance statement of Council in respect of the year ended 30 June 2012 is presented fairly in accordance with the *Local Government Act 1989*.

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

We have been authorised by the Council on 19 September 2012 to certify the performance statement in its final form.



**Mayor Cr Peter Dunn**  
19 September 2012



**Cr Barbara Alexander**  
19 September 2012

## Performance Statement for the year ended 30 June 2012



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](mailto:comments@audit.vic.gov.au)  
Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

### INDEPENDENT AUDITOR'S REPORT

**To the Councillors, Benalla Rural City Council**

*The Performance Statement*

The accompanying performance statement for the year ended 30 June 2012 of the Benalla Rural City Council which comprises the statement, the related notes and the council approval of the performance statement has been audited.

*The Councillors' Responsibility for the Performance Statement*

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

*Auditor's Responsibility*

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

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

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

*Independence*

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

*Auditing in the Public Interest*

## Performance Statement for the year ended 30 June 2012

### Independent Auditor's Report (continued)

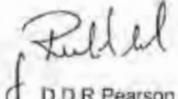
*Auditor's Opinion*

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

*Matters Relating to the Electronic Publication of the Audited Performance Statement*

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

MELBOURNE  
21 September 2012



D D R Pearson  
Auditor-General

*Auditing in the Public Interest*

## Standard Statements for the year ended 30 June 2012

### Introduction to the Standard Statements

Council is required to prepare and include audited standard statements within its Annual Report. These statements and supporting notes form a special purpose financial report prepared to meet the requirements of the *Local Government Act 1989* and *Local Government (Finance and Reporting) Regulations 2004*.

The standard statements have been prepared on accounting bases consistent with those used for the general purpose financial statements and the budget. The result reported in these statements are consistent with those reported in the general purpose financial statements.

The standard statements are not a substitute for the general purpose financial statements. They have not been prepared in accordance with all Australian Accounting Standards or other authoritative professional pronouncements.

The standard statements compare Council's financial plan, expressed through its budget, with actual performance. The *Local Government Act 1989* requires explanation of any material variances. Council has adopted a materiality threshold of ten percent and \$100,000. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures included in the standard statements are those adopted by Council on 29 June 2011. The budget was based on assumptions that were relevant at the time of adoption of the budget. Council set guidelines and parameters for revenue and expense targets in this budget in order to meet Council's business plan and financial performance targets for both 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.

Detailed information on the actual financial results is contained in the general purpose financial statements. The detailed budget can be obtained by contacting Council or through Council's website. The standard statements must be read with reference to these documents.

## Standard Statements for the year ended 30 June 2012

### Standard Comprehensive Income Statement

	Notes	Actual \$'000	Budget \$'000	Variance \$'000	Variance %
<b>Income</b>					
Rates and charges		13,307	13,312	(5)	(0%)
Grants – Recurrent	1	6,567	4,516	2,051	45%
Grants – Non-recurrent	2	895	127	768	605%
User fees and fines		2,235	2,303	(68)	(3%)
Other income	3	587	365	222	61%
<b>Total income</b>		<b>23,591</b>	<b>20,623</b>	<b>2,968</b>	<b>14%</b>
<b>Expenses</b>					
Employee benefits	4	11,162	8,870	2,292	26%
Materials and services	5	10,076	8,426	1,650	20%
Depreciation		3,552	3,566	(14)	(0%)
Contributions		576	579	(3)	(0%)
Finance costs	6	339	462	(123)	(27%)
Recognition of landfill rehabilitation provision		-	46	(46)	(0%)
Share of net profits of associates and joint ventures accounted for by the equity method		36	-	36	100%
Other expenses		214	212	2	1%
<b>Total expenses</b>		<b>25,955</b>	<b>22,161</b>	<b>3,794</b>	<b>17%</b>
<b>Net result prior to capital income and asset items</b>		<b>(2,364)</b>	<b>(1,538)</b>	<b>(826)</b>	<b>(54%)</b>
Net gain/(loss) on disposal of assets		(76)	-	(76)	(100%)
Capital grants	7	6,175	2,518	3,657	145%
Contributions – cash assets	8	695	-	695	100%
Contributions – non-monetary assets	9	1,424	-	1,424	100%
<b>Surplus(deficit) for the year</b>		<b>5,854</b>	<b>980</b>	<b>4,874</b>	<b>497%</b>

## Standard Statements for the year ended 30 June 2012

### Standard Balance Statement

	Notes	Actual \$'000	Budget \$'000	Variance \$'000	Variance %
<b>Current assets</b>					
Cash and cash equivalents	10	7,994	5,120	2,874	56%
Trade and other receivables	11	1,849	1,574	275	18%
Other		74	65	9	14%
<b>Total current assets</b>		<b>9,917</b>	<b>6,759</b>	<b>3,158</b>	<b>47%</b>
<b>Current liabilities</b>					
Trade and other payables	12	1,997	2,664	(667)	(25%)
Trust funds and deposits	13	433	296	137	46%
Provisions	14	2,276	2,085	191	9%
Interest-bearing loans	15	949	1,114	(165)	(15%)
<b>Total current liabilities</b>		<b>5,655</b>	<b>6,159</b>	<b>(504)</b>	<b>(8%)</b>
<b>Net current assets</b>		<b>4,262</b>	<b>600</b>	<b>3,662</b>	<b>610%</b>
<b>Non-current assets</b>					
Investments in associates accounted for using the equity method		443	476	(33)	(7%)
Property, infrastructure, plant and equipment	16	197,164	178,308	18,856	11%
<b>Total non-current assets</b>		<b>197,607</b>	<b>178,784</b>	<b>18,823</b>	<b>11%</b>
<b>Non-current liabilities</b>					
Trade and other payables	12	1,823	-	1,823	100%
Provisions	14	1,936	972	964	99%
Interest-bearing loans	15	3,559	6,369	(2,810)	(44%)
<b>Total non-current liabilities</b>		<b>7,318</b>	<b>7,341</b>	<b>(23)</b>	<b>(0%)</b>
<b>Net assets</b>		<b>194,551</b>	<b>172,043</b>	<b>22,508</b>	<b>14%</b>
<b>Equity</b>					
Accumulated surplus		125,730	123,455	2,275	2%
Reserves	17	68,821	48,588	20,233	42%
<b>Total equity</b>		<b>194,551</b>	<b>172,043</b>	<b>22,508</b>	<b>14%</b>

## Standard Statements for the year ended 30 June 2012

### Standard Cash Flow Statement

	Notes	Actual Inflows/ (Outflows) \$'000	Budget Inflows/ (Outflows) \$'000	Variance \$'000	Variance %
<b>Cash flows from operating activities</b>					
Receipts from ratepayers		13,214	13,312	(98)	(1%)
Grants (inclusive of GST)	18	16,684	7,625	9,059	119%
User fees and fines (inclusive of GST)		2,309	2,504	(195)	(8%)
Contributions	19	695	-	695	100%
Interest	20	495	346	149	43%
Payments to employees		(8,827)	(9,061)	(106)	(1%)
Payments to suppliers (inclusive of GST)	21	(12,696)	(9,988)	(2,708)	(27%)
Finance costs	22	(341)	(462)	121	26%
<b>Net cash provided by (used in) operating activities</b>		<b>11,533</b>	<b>4,276</b>	<b>7,257</b>	<b>170%</b>
<b>Cash flows from investing activities</b>					
Payments for property, infrastructure, plant and equipment	23	(9,827)	(8,505)	(1,322)	(16%)
Proceeds from sales of property, infrastructure, plant and equipment		-	-	-	0%
<b>Net cash provided by (used in) investing activities</b>		<b>(9,827)</b>	<b>(8,505)</b>	<b>(1,322)</b>	<b>(16%)</b>
<b>Cash flows from financing activities</b>					
Repayment of interest bearing loans and borrowings	24	(884)	(978)	94	10%
Proceeds from interest bearing loans and borrowings	25	-	3,070	(3,070)	(100%)
<b>Net cash provided by (used in) financing activities</b>		<b>(884)</b>	<b>2,092</b>	<b>(2,975)</b>	<b>(142%)</b>
Net increase in cash and cash equivalents		822	(2,138)	2,960	138%
Cash and cash equivalents at the beginning of the financial year		7,172	7,258	(86)	(1%)
<b>Cash and cash equivalents at the end of the financial year</b>		<b>7,994</b>	<b>5,120</b>	<b>2,874</b>	<b>56%</b>

## Standard Statements for the year ended 30 June 2012

### Standard Statement of Capital Works

	Notes	Actual \$'000	Budget \$'000	Variance \$'000	Variance %
<b>Capital Works Areas</b>					
Road infrastructure	26	3,099	1,319	1,780	135%
Underground drainage	27	3,776	4,327	(551)	(13%)
Landfill cell	28	48	155	(107)	(69%)
Land	29	550	-	550	100%
Buildings	30	275	2,312	(2,037)	(88%)
Plant and equipment	31	285	393	(108)	(27%)
<b>Total capital works</b>		<b>8,033</b>	<b>8,506</b>	<b>(473)</b>	<b>(6%)</b>
<b>Represented by</b>					
Renewal	32	2,867	2,287	580	25%
Upgrade	33	831	1,801	(970)	(54%)
New		4,335	4,418	(83)	(2%)
<b>Total non-current assets</b>		<b>8,033</b>	<b>8,506</b>	<b>(473)</b>	<b>(6%)</b>
<b>Property, Infrastructure, Plant and Equipment movement</b>					
<b>Reconciliation Worksheet</b>					
The movement between the previous year and the current year in property, infrastructure, plant and equipment as shown in the Balance Sheet links to the net of the following items:					
Total capital works		8,033	8,506	(473)	(6%)
Contributions – non-monetary assets	9	1,424	-	1,424	100%
Recognition of landfill rehabilitation asset	34	418	-	418	100%
Asset revaluation increments	35	4,651	-	4,651	100%
Asset impairment losses	36	(606)	-	(606)	(100%)
Depreciation		(3,552)	(3,566)	14	0%
Written down value of disposals		(76)	-	(76)	(100%)
<b>Net movement in property, infrastructure, plant and equipment</b>		<b>10,292</b>	<b>4,940</b>	<b>5,352</b>	<b>108%</b>

## Standard Statements for the year ended 30 June 2012

### Notes to the Standard Statements

#### Standard Income Statement

##### Note 1. Grants – Recurrent

Recurrent grants were \$2.051 million more than budget due to the early receipt of \$1.831 million of Council's 2012/13 Financial Assistance Grant from the Victoria Grants Commission.

##### Note 2. Grants – Non-recurrent

Non-recurrent grants were \$768,000 more than budget due to the receipt of grants including:

Lakeside Community Sports Centre	\$206,000
Advancing Country Towns Project	\$190,000
Flood Restoration Projects	\$77,000
Transport Connections Project	\$67,000
<b>Total</b>	<b>\$540,000</b>

##### Note 3. Other income

The increase of \$222,000 compared to budget mainly relates to more interest earned than budgeted of \$144,000 due to increased cash balances resulting from unexpended projects.

##### Note 4. Employee benefits

Employee benefits expense was \$2.292 million more than budget mainly due to recognition of Council's share of the Local Authorities Superannuation Fund Defined Benefit Plan unfunded liability of \$1.823 million which is payable from 1 July 2013.

##### Note 5. Materials and services

Materials and services expenditure was \$1.65 million more than budget which is due to a number of areas including:

Landfill Resource and Recovery Centre	\$341,000
Unsealed road maintenance	\$188,000
Sport and recreation projects	\$182,000
Expansion of the Family Day Care Program	\$179,000
Advancing Country Towns Project	\$142,000
Flood mitigation projects	\$127,000
<b>Total</b>	<b>\$1,159,000</b>

##### Note 6. Finance costs

Finance costs were \$123,000 less than budget as budgeted loans of \$3.07 million were not drawn down during the financial year as the funding will not be required until the 2012/13 financial year (refer note 25).

##### Note 7. Capital grants

Capital grant income was \$3.657 million more than budget due to the receipt of grants including:

Natural Disaster Relief	\$1,133,000
Country Roads and Bridges Initiative	\$1,000,000
Local Government Infrastructure Program	\$1,000,000
<b>Total</b>	<b>\$3,133,000</b>

## Standard Statements for the year ended 30 June 2012

### Notes to the Standard Statements (continued)

#### Note 8. Contributions – cash assets

Compensation received from Goulburn Murray Water of \$695,000 for the transfer of management responsibility of the Lake Mokoan Inlet Channel reserve which was not budgeted for.

#### Note 9. Contributions – non-monetary assets

Includes the recognition of Lake Mokoan Inlet Channel infrastructure assets transferred from Goulburn Murray Water valued at \$1.296 million which was not budgeted for.

#### Standard Balance Sheet

#### Note 10. Cash and cash equivalents

The increase of \$2.874 million compared to budget is mainly due to the early receipt of 2012/13 Financial Assistance Grant funding from the Victoria Grants Commission of \$1.831 million.

#### Note 11. Trade and other receivables

The increase of \$275,000 compared to budget is due to an increase in GST receivable of \$396,000 from the construction of the Benalla Urban Growth Project.

#### Note 12. Trade and other payables

##### Current

The decrease of \$667,000 compared to budget is due to less supplier invoices remaining unpaid at 30 June than in prior years.

##### Non-current

Represents Council's share of the Local Authorities Superannuation Fund Defined Benefit Plan unfunded liability of \$1.823 million which is payable from 1 July 2013 (refer note 4).

#### Note 13. Trust funds and deposits

The increase of \$137,000 compared to budget mainly relates to an increase in the balance of the Benalla Art Gallery Acquisition Trust Fund.

#### Note 14. Provisions

##### Current

The increase of \$191,000 compared to budget mainly relates to changes in long service leave recognitions. The entitlement to long service leave is now seven years instead of ten.

##### Non-current

The increase of \$964,000 compared to budget mainly relates to the planned landfill rehabilitation at Lot 27B Old Farnley Road, Benalla in future years.

#### Note 15. Interest Bearing Loans

The decrease compared to budget relates to the budgeted loans of \$3.07 million which were not drawn down during the financial year as the funding will not be required until the 2012/13 financial year (refer note 25).

#### Note 16. Property, infrastructure, plant and equipment

The increase of \$18.856 million compared to budget is mainly due to the increased valuation of assets including roads of \$9.017 million, buildings of \$3.131 million and drainage of \$1.124 million which was not budgeted for. Bridge assets of \$1.297 million were recognised and not budgeted for.

#### Note 17. Reserves

The increase of \$20.233 million compared to budget is mainly due to the increased valuation of assets including roads of \$9.017 million, buildings of \$3.131 million and drainage of \$1.124 million which was not budgeted for.

## Standard Statements for the year ended 30 June 2012

### Notes to the Standard Statements (continued)

#### Standard Cash Flow Statement

#### Note 18. Grants

Cash inflows from grants were \$9,059 million more than budget which was mainly due to capital grants of \$3.657 million (refer note 7), recurrent grants of \$2.051 million (refer note 1) and prior year grants of \$2.010 million received in the 2011/2 financial year.

#### Note 19. Contributions

Compensation received from Goulburn Murray Water of \$695,000 for the transfer of management responsibility of the Lake Mokoan Inlet Channel reserve which was not budgeted for (refer note 8)

#### Note 20. Interest

Cash inflows from interest received were \$149,000 more than budget due to increased cash balances resulting from unexpended project funding (refer note 3).

#### Note 21. Payments to suppliers

Payments to suppliers were \$2.708 million more than budget due to materials and services expenditure of \$1.65 million (refer note 5 GST exclusive) and prior year invoices of \$810,000 paid in the 2011/2 financial year.

#### Note 22. Finance costs

Finance costs were \$121,000 less than budget as the budgeted loan of \$3.07 million was not drawn down during the 2011/12 financial year, as it will not be required until the 2012/13 financial year (refer note 6).

#### Note 23. Payments for property, infrastructure, plant and equipment

Cash outflows were \$1.322 million more than budget due to the payment of prior year Natural Disaster Relief Works invoices during the 2011/12 financial year.

#### Note 24. Repayment of interest bearing loans and borrowings

The repayment of interest bearing loans was \$94,000 less than budget as the budgeted loans of \$3.07 million were not drawn down during the financial year as the funding will not be required until the 2012/13 financial year (refer note 25).

#### Note 25. Proceeds from interest bearing loans and borrowings

The budgeted loans of \$3.07 million were not drawn down during the financial year as the funding will not be required until the 2012/13 financial year.

## Standard Statements for the year ended 30 June 2012

### Notes to the Standard Statements (continued)

#### Standard Statement of Capital Works

##### Note 26. Road Infrastructure

Road Infrastructure capital works were \$1.780 million more than budget due to the following grant funded projects which were not budgeted for:

Country Roads and Bridges Initiative	\$760,000
Natural Disaster Relief	\$399,000
Local Roads to Market Program	\$364,000
Better Roads Victoria Program	\$281,000
<b>Total</b>	<b>\$1,801,000</b>

##### Note 27. Underground drainage

Underground drainage works were \$551,000 less than budget due to the reallocation of funding to acquire land as part of the Benalla Urban Growth Project (refer note 29).

##### Note 28. Landfill cell

Unexpended landfill cell construction project funding of \$107,000 will be carried forward to part fund the construction of a new landfill cell during the 2012/13 financial year.

##### Note 29. Land

Represents the acquisition of land as part of the Benalla Urban Growth Project.

##### Note 30. Buildings

Building works were \$2.037 million less than budget mainly due to budgeted Sir Edward 'Weary' Dunlop Learning Centre/Civic Centre Project works of \$1.683 million which will be expended during the 2012/13 financial year.

##### Note 31. Plant and equipment

Plant and equipment works were \$108,000 less than budget due to the budgeted acquisition of a computer server which will be undertaken during the 2012/13 financial year.

##### Note 32. Renewal

Renewal works were \$580,000 more than budget mainly due to Natural Disaster Relief Works of \$399,000 which were not budgeted for.

##### Note 33. Upgrade

Upgrade works were \$970,000 less than budget due to budgeted Sir Edward 'Weary' Dunlop Learning Centre/Civic Centre Project works of \$1.683 million which will be expended during the 2012/13 financial year (refer note 30).

##### Note 34. Recognition of landfill rehabilitation asset

Represents the increase in the landfill rehabilitation provision during the 2011/12 financial year.

##### Note 35. Asset Revaluation

The revaluation increment of \$4.651 million is mainly due to the increased valuation of buildings of \$3.131 million which was not budgeted for.

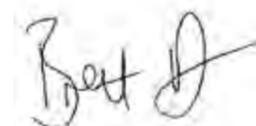
##### Note 36. Asset impairment losses

Impairment losses of \$606,000 represent the impact of storm and flooding events on road infrastructure during the 2012/13 financial year.

## Standard Statements for the year ended 30 June 2012

### Certification of the Standard Statements

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



**Brett Davies** CPA  
Principal Accounting Officer  
19 September 2012

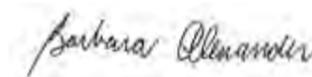
In our opinion the accompanying standard statements have been prepared on accounting bases consistent with the financial statements and in accordance with the *Local Government Act 1989* and the *Local Government (Finance & Reporting) Regulations 2004*.

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

We have been authorised by the Council on 19 September 2012 to certify the standard statements in their final form.



**Mayor Cr Peter Dunn**  
19 September 2012



**Cr Barbara Alexander**  
19 September 2012



**Tony McIlroy** B.Bus., MAICD  
Chief Executive Officer  
19 September 2012

## Financial Report for the year ended 30 June 2012

### Comprehensive Income Statement

	Notes	2012 \$'000	2011 \$'000
<b>Revenue</b>			
Rates and charges	3	13,307	12,203
Grants – Recurrent	4	6,567	5,312
Grants – Non-recurrent	4	895	1,266
User fees and fines	5	2,235	2,167
Other income	7	587	519
<b>Total revenue</b>		<b>23,591</b>	<b>21,467</b>
<b>Expenses</b>			
Employee benefits	8	11,162	9,198
Materials and services	9	10,076	9,636
Depreciation	10	3,552	3,373
Contributions	11	576	567
Finance costs		339	394
Recognition of landfill rehabilitation provision	21	-	88
Share of net losses of associates accounted for by the equity method	14	36	5
Other expenses	12	214	211
<b>Total expenses</b>		<b>25,955</b>	<b>23,472</b>
<b>Net result prior to capital income and asset items</b>	2	<b>(2,364)</b>	<b>(2,005)</b>
Net gain/(loss) on disposal of assets	13	(76)	66
Capital grants	4	6,175	4,429
Contributions – cash	6(a)	695	-
Contributions – non-monetary assets	6(b)	1,424	-
<b>Net Result</b>		<b>5,854</b>	<b>2,490</b>
<b>Other comprehensive income</b>			
Share of other comprehensive income of associates accounted for by the equity method	14	2	6
Net asset revaluation increment	23(b)	4,045	11,776
<b>Comprehensive result</b>		<b>9,901</b>	<b>14,272</b>

The above statement should be read with the accompanying notes.

## Financial Report for the year ended 30 June 2012

### Balance Statement

	Notes	2012 \$'000	2011 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	15	7,994	7,172
Trade and other receivables	16	1,849	3,173
Other assets	17	74	62
<b>Total current assets</b>		<b>9,917</b>	<b>10,407</b>
<b>Non-current assets</b>			
Investments in associates accounted for using the equity method	14	443	477
Property, infrastructure, plant and equipment	18	197,164	186,872
<b>Total non-current assets</b>		<b>197,607</b>	<b>187,349</b>
<b>Total assets</b>		<b>207,524</b>	<b>197,756</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	19	1,997	4,132
Trust funds and deposits	20	433	242
Provisions	21	2,276	2,083
Interest-bearing loans	22	949	883
<b>Total current liabilities</b>		<b>5,655</b>	<b>7,340</b>
<b>Non-current liabilities</b>			
Payables	19	1,823	-
Provisions	21	1,936	1,257
Interest-bearing loans	22	3,559	4,509
<b>Total non-current liabilities</b>		<b>7,318</b>	<b>5,766</b>
<b>Total liabilities</b>		<b>12,973</b>	<b>13,106</b>
<b>Net assets</b>		<b>194,551</b>	<b>184,650</b>
<b>Equity</b>			
Accumulated surplus		125,730	119,886
Reserves	23	68,821	64,764
<b>Total equity</b>		<b>194,551</b>	<b>184,650</b>

The above statement should be read with the accompanying notes.

# Financial Report

## for the year ended 30 June 2012

### Statement of Changes in Equity

	Notes	Total 2012 \$'000	Accumulated Surplus 2012 \$'000	Asset Revaluation Reserve 2012 \$'000	Other Reserves 2012 \$'000
<b>2012</b>					
Balance at beginning of the financial year		184,650	119,886	64,568	196
Surplus/(deficit) for the year		5,854	5,854	-	-
Share of comprehensive income of associate		2	2	-	-
Impairment losses on revalued assets	23(b)	(606)	-	(606)	-
Transfers to asset revaluation reserves	23(b)	4,651	-	11,228	-
Transfers to reserves		-	(12)	-	12
<b>Balance at the end of the financial year</b>		<b>194,551</b>	<b>125,730</b>	<b>68,613</b>	<b>208</b>

	Notes	Total 2011 \$'000	Accumulated Surplus 2011 \$'000	Asset Revaluation Reserve 2011 \$'000	Other Reserves 2011 \$'000
<b>2011</b>					
Balance at beginning of the financial year		170,378	117,390	52,792	196
Surplus/(deficit) for the year		2,490	2,490	-	-
Share of comprehensive income of associate		6	6	-	-
Transfers to asset revaluation reserves	23(b)	12,074	-	12,074	-
Transfers from asset revaluation reserves	23(b)	(298)	-	(298)	-
<b>Balance at the end of the financial year</b>		<b>184,650</b>	<b>119,886</b>	<b>64,568</b>	<b>196</b>

The above statement should be read with the accompanying notes.

# Financial Report

## for the year ended 30 June 2012

### Cash Flow Statement

	Notes	2012 Inflows/ (Outflows) \$'000	2011 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Rates		13,214	12,195
Grants (inclusive of GST)		16,684	9,951
User fees and fines (inclusive of GST)		2,309	2,471
Contributions		695	-
Interest		495	461
Payments to employees		(8,827)	(9,368)
Payments to suppliers (inclusive of GST)		(12,696)	(10,886)
Finance costs		(341)	(396)
<b>Net cash provided by (used in) operating activities</b>	24	<b>11,533</b>	<b>4,428</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment		(9,827)	(5,365)
Proceeds from sales of property, infrastructure, plant and equipment	13	-	138
<b>Net cash provided by (used in) investing activities</b>		<b>(9,827)</b>	<b>(5,227)</b>
<b>Cash flows from financing activities</b>			
Repayment of interest-bearing loans and borrowings		(884)	(881)
Proceeds from interest-bearing loans and borrowings		-	-
<b>Net cash provided by (used in) financing activities</b>		<b>(884)</b>	<b>(881)</b>
Net increase (decrease) in cash and cash equivalents		822	(1,680)
Cash and cash equivalents at the beginning of the financial year		7,172	8,852
<b>Cash and cash equivalents at the end of the financial year</b>	15	<b>7,994</b>	<b>7,172</b>
Financing Arrangements	26		
Restrictions on cash assets	27		

The above statement should be read with the accompanying notes.

# Financial Report for the year ended 30 June 2012

## Notes to the Financial Report

### Introduction

- a) The Benalla Rural City Council was established by an Order of the Governor in Council on 28 October 2002 and is a body corporate. Council's main office is located at the Civic Centre, Fawckner Drive, Benalla.
- b) The purpose of Council is to:
- Provide for the peace, order and good government of its municipal district;
  - To promote the social, economic and environmental viability and sustainability of the municipal district;
  - To ensure that resources are used efficiently and effectively and services are provided in accordance with the Best Value Principles to best meet the needs of the local community;
  - To improve the overall quality of life of people in the local community;
  - To promote appropriate business and employment opportunities;
  - To ensure that services and facilities provided by Council are accessible and equitable;
  - To ensure the equitable imposition of rates and charges; and
  - To ensure transparency and accountability in Council decision making.

The financial report of the Benalla Rural City Council is a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity and Cash Flow Statement and notes accompanying these financial statements. This general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations, the *Local Government Act 1989* and the *Local Government (Finance & Reporting) Regulations 2004*.

# Financial Report for the year ended 30 June 2012

## Note 1. Significant Accounting Policies

### (a) Basis of Accounting

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

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

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

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

### (b) Change in accounting policies

There have been no changes in accounting policy during the year.

### (c) Revenue Recognition

#### Rates, Grants, and Contributions

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

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

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

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

Contribution income is recognised when 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 Council and the amount of the contribution can be measured reliably.

Where grants 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 as at balance date, the unused grant is disclosed in note 4. The note also discloses the amount of unused grant from prior years that was expended on Council's operations during the current year.

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

#### User fees and fines

User fees and fines (including parking fees and fines) are recognised as revenue when the service has been provided or the payment is received whichever first occurs.

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

#### 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.

# Financial Report for the year ended 30 June 2012

## Note 1. Significant Accounting Policies (continued)

### 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 an impairment loss has occurred.

### Rental

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

### Interest

Interest is recognised progressively as it is earned.

### (d) Depreciation of non-current assets

Buildings, infrastructure, plant and equipment having limited useful lives are systematically depreciated over their useful lives to Council in a manner

which reflects the 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 infrastructure 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.

Land and road earthworks are not depreciated.

Artworks are not depreciated.

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

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

2012	
Roads	15 to 200 years
Footpaths	15 to 75 years
Surface drainage	25 to 100 years
Bridges	80 to 100 years
Underground drainage	100 years
Landfill cell	1.5 years
Buildings	60 to 100 years
Plant and equipment	4 to 33 years
Office furniture and equipment	3 to 14 years

### (e) 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.

### (f) 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. Except where specific borrowings are obtained for the purpose of specific asset acquisition, 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.

### (g) Recognition and measurement of assets

#### Acquisition

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

# Financial Report for the year ended 30 June 2012

## Note 1. Significant Accounting Policies (continued)

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

The following classes of assets have been recognised in note 18. In accordance with Council's policy, the threshold limits detailed below have been applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:

	Threshold \$'000
Land	-
Land under roads	5
Buildings	5
Roads	5
Footpaths	5
Surface drainage	5
Bridges	5
Underground drainage	5
Landfill cell	5
Plant and equipment	1
Office furniture and equipment	1
Artworks	-

### Revaluation

Subsequent to the initial recognition, non current physical assets other than plant and equipment and office furniture and equipment are measured at their fair value, being the amount for which the assets could be exchanged between knowledgeable willing parties in an arms length transaction. At balance date, Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date the class of asset was revalued.

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

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation reserve. To the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense, the increment is recognised as revenue up to the amount of the expense. Revaluation decrements are recognised as an expense. Where prior increments are included in the asset revaluation reserve for that class of asset 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

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

### (h) Cash and cash equivalents

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

### (i) Financial assets

Held to maturity financial assets are carried at amortised cost.

### (j) Accounting for investments in associates

Council's investment in associates is accounted for by the equity method as Council has the ability to influence rather than control the operations of the entities. The investment is initially recorded at the cost of acquisition and adjusted thereafter for post-acquisition changes in Council's share of the net assets of the entities. Council's share of the financial result of the entities is recognised in the income statement.

# Financial Report

## for the year ended 30 June 2012

### Note 1. Significant Accounting Policies (continued)

#### (k) Tender deposits

Amounts received as tender deposits and retention amounts controlled by Council are recognised as Trust Funds and Deposits until they are returned or forfeited (Refer to note 20).

#### (l) Employee benefits

##### Wages and salaries

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

##### Annual Leave

Annual leave entitlements are accrued on a pro rata basis in respect of services provided by employees up to balance date. Annual leave expected to be paid within 12 months is measured at nominal value based on the amount, including appropriate oncosts, expected to be paid when settled. Annual leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Commonwealth bond rates are used for discounting future cash flows.

##### Long Service Leave

Long service leave entitlements payable are assessed at balance date having regard to expected employee remuneration rates on settlement, employment related oncosts and other factors including accumulated years of employment, on settlement, and experience of employee departure per year of service. Long service leave expected to be paid within 12 months is measured at nominal value based on the amount expected to be paid when settled. Long service leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Commonwealth bond rates are used for discounting future cash flows.

##### Classification of employee benefits

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

##### Superannuation

A liability is recognised in respect of Council's present obligation to meet the unfunded obligations of defined benefit superannuation schemes to which its employees are members. The liability is defined as the Council's share of the scheme's unfunded position, being the difference between the present value of employees' accrued benefits and the net market value of the scheme's assets at balance date. The liability also includes applicable contributions tax of 15%.

The superannuation expense for the reporting year is the amount of statutory contribution Council makes to the superannuation plan which provides benefits to its employees. Details of these arrangements are recorded in note 30.

# Financial Report

## for the year ended 30 June 2012

### Note 1. Significant Accounting Policies (continued)

#### (m) Leases

##### Operating leases

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

#### (n) Allocation between current and non-current

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

#### (o) Web site costs

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

#### (p) 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 an item of expense. Receivables and payables in the balance sheet are shown inclusive of GST.

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

#### (q) 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 assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

#### (r) Inventories

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

#### (s) Non-current assets held for sale

A non-current asset held for sale is measured at the lower of its carrying amount and fair value less costs to sell.

#### (t) Rounding

Unless otherwise stated, amounts in the report have been rounded to the nearest thousand dollars.

# Financial Report

## for the year ended 30 June 2012

### Note 1. Significant Accounting Policies (continued)

#### (u) Pending Accounting Standards

The following Australian Accounting Standards have been issued and are applicable to Council but are not yet effective. These Australian Accounting Standards have not been adopted in preparation of the financial statements at reporting date.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Local Government financial statements
AASB 9: Financial Instruments and AASB 2010-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	<p>These standards are applicable retrospectively and amend the classification and measurement of financial assets. Council has not yet determined the potential impact on the financial statements. Specific changes include:</p> <ul style="list-style-type: none"> <li>simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;</li> <li>removing the tainting rules associated with held-to-maturity assets;</li> <li>simplifying the requirements for embedded derivatives;</li> <li>removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;</li> <li>allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and</li> <li>reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on: <ul style="list-style-type: none"> <li>a. the objective of the entity's business model for managing the financial assets; and</li> <li>b. the characteristics of the contractual cash flows.</li> </ul> </li> </ul>	Applicable for annual reporting periods commencing on or after 1 January 2013.	These changes are expected to provide some simplification in the accounting for and disclosure of financial instruments
AASB 2011-3 Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments.	These standards are aimed at limiting certain recognition and measurement options to align with GFS, and supplemented by additional disclosures.	Applicable for annual reporting periods commencing on or after 1 July 2012.	These amendments are not expected to impact Council directly.
Key Characteristics of the Public Sector with Potential Implications for Financial Reporting	These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project.	Applicable for annual reporting periods commencing from 1 January 2011.	These amendments are not expected to impact Council

# Financial Report

## for the year ended 30 June 2012

### Note 1. Significant Accounting Policies (continued)

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Local Government financial statements
Amendments to Australian Accounting Standards - Financial Instruments: Disclosures, Recognition and Measurement [AASB 7, 139]	These standards detail the proposed changes to be made to the recognition, disclosure and measurement of impairment of financial instruments.	Applicable for annual reporting periods commencing on or after 1 July 2011 but before 1 July 2012.	These amendments are not expected to impact Council
AASB 2010-9: Amendments to Australian Accounting Standards — Additional Exemptions for First-time Adopters [AASB 1]	These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome.	Applicable for annual reporting periods commencing on or after 1 January 2011.	These amendments are not expected to impact Council
AASB 2010-10: Amendments to Australian Accounting Standards — Classification of Rights Issues [AASB 132]	These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments.	Applicable for annual reporting periods commencing on or after 1 February 2011.	These amendments are not expected to impact Council

#### (v) 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 and exclusive of the GST payable.

## Financial Report for the year ended 30 June 2012

### Note 2. Underlying Operating Result

	2012 \$'000	2011 \$'000
<b>Net Result for the year before other comprehensive income</b>	<b>5,854</b>	<b>2,490</b>
<b>Less Non-operating income</b>		
Net gain/(loss) on disposal of assets	(76)	66
Capital grants	6,175	4,429
Contributions – cash	695	-
Contributions – non-monetary assets	1,424	-
<b>Underlying operating deficit</b>	<b>(2,364)</b>	<b>(2,005)</b>

Council measures its underlying operating result\* to assist in the determination of whether it is operating in a sustainable manner. The underlying operating result, together with other indicators as shown in Note 35 Financial Ratios, is an important indicator of Council's long term financial sustainability. Whilst an underlying operating deficit in one financial year is not significant, underlying operating deficits over a sustained period gradually erodes the net assets of Council.

The underlying operating result excludes a number of transactions which are either 'non-recurrent' or not operational in nature. These items are frequently unpredictable and typically change from one year to the next. The best example of these items is capital grants which are given to Council by other levels of government for the construction of assets.

\* The concept and measurement methodology of an underlying operational result is not defined by Australian Accounting Standards.

### Note 3. Rates and Charges

Council uses the Capital Improved Value as the basis of valuation of all properties within the municipal district. The Capital Improved Value of a property is its land plus all improvements on that land.

The valuation base used to calculate general rates for 2011/12 was \$2,267 million (2010/11 \$2,213 million). Council uses differential rates for the calculation of rates.

The date of the last general revaluation of land for rating purposes within the municipal district was 1 January 2010, by Mr Marcus Hann, F.A.P.I., Certified Practising Valuer of LG Valuation Services Pty Ltd, based in Kyabram. The valuation first applied to the rating period commencing 1 July 2010.

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

	2012 \$'000	2011 \$'000
General rates	9,550	9,200
Municipal charge	2,109	1,379
Waste Management charges	1,648	1,624
	<b>13,307</b>	<b>12,203</b>

## Financial Report for the year ended 30 June 2012

### Note 4. Grants

	2012 \$'000	2011 \$'000
<b>Summary</b>		
Recurrent Operational Grants	6,567	5,312
Non-recurrent Operational Grants	895	1,266
Capital Grants	6,175	4,429
<b>Total</b>	<b>13,637</b>	<b>11,007</b>

Grants were received in respect of the following:

<b>Recurrent Operational Grants</b>		
Arts Victoria	170	150
Community Services	1,851	1,602
VicRoads	34	-
Victoria Grants Commission – general purpose	2,895	2,209
Victoria Grants Commission – local roads	1,591	1,287
Other	26	64
<b>Total recurrent operational grants</b>	<b>6,567</b>	<b>5,312</b>

<b>Non-recurrent Operational Grants</b>		
Advancing Country Towns Project	190	192
Baddaginnie Wastewater Project	-	65
Community Services	252	101
Eastern Gateway Project	-	125
Flood Mitigation Project	-	50
Flood Restoration Projects	77	-
Lakeside Community Sports Centre	206	274
Local Roads to Market Program	-	143
Plant/Pest Control Projects	-	37
Swanpoll Football Netball Club	-	36
Tatong Football Netball Club	-	27
Warrenbayne Public Hall	-	51
Youth Programs	50	75
Environmental Projects	60	-
Other	60	90
<b>Total non-recurrent operational grants</b>	<b>895</b>	<b>1,266</b>

## Financial Report for the year ended 30 June 2012

### Note 4. Grants (continued)

	2012 \$'000	2011 \$'000
<b>Capital Grants</b>		
Benalla Art Gallery	-	436
Benalla Street Improvements Project	-	150
Benalla Urban Growth Project	1,540	-
Better Roads Victoria	302	-
Country Roads and Bridges Initiative	1,000	-
Flood Restoration Projects	141	-
Former Shire Offices refurbishment	95	-
Local Roads to Market Program	147	147
Natural Disaster Relief	1,134	2,887
Regional and Local Community Infrastructure Program	-	155
Roads to Recovery	789	654
Sir Edward 'Weary' Dunlop Learning Centre/Civic Centre Project	1,000	-
Other	27	-
<b>Total capital grants</b>	<b>6,175</b>	<b>4,429</b>
<b>Conditions on Grants</b>		
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:		
Advancing Country Towns Project	-	192
Benalla Saints Netball Club Project	16	-
Climate Change Adaptation Plan	22	-
Community Services	-	19
Community Wastewater Education Project	-	65
Flood Mitigation Project	-	50
Flood Restoration Project	97	-
Former Shire Offices refurbishment	86	-
Regional and Local Community Infrastructure Program	-	155
Regional Urban Development Project	22	-
Sir Edward 'Weary' Dunlop Learning Centre/Civic Centre Project	882	-
Transport Connections Project	61	-
West Main Drain Project	15	-
	<b>1,201</b>	<b>481</b>

## Financial Report for the year ended 30 June 2012

### Note 4. Grants (continued)

	2012 \$'000	2011 \$'000
Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:		
Advancing Country Towns Project	47	-
Benalla Rovers Soccer Club Project	48	-
Benalla Urban Growth Project	1,390	150
Collaborative Procurement Project	39	15
Community Services	65	17
Community Wastewater Education Project	50	-
Flood Mitigation Project	80	511
Lakeside Community Sports Centre	-	100
Planning for Change Project	-	29
Sir Edward 'Weary' Dunlop Learning Centre/Civic Centre Project	-	14
Transport Connections Project	-	103
	<b>1,719</b>	<b>939</b>
Net increase (decrease) in restricted assets resulting from grant revenues for the year:	<b>(518)</b>	<b>(458)</b>

### Note 5. User Fees and Fines

Community Services fees	508	523
Planning and Environment fees	272	294
Waste Management fees	978	989
Other fees	477	361
	<b>2,235</b>	<b>2,167</b>

### Note 6. Contributions

<b>(a) Cash</b>		
Bridges	695	-
<b>(b) Non-monetary assets</b>		
Land	42	-
Bridges	1,297	-
Artworks	85	-
<b>Total Contributions</b>	<b>1,424</b>	<b>-</b>

## Financial Report for the year ended 30 June 2012

### Note 7. Other Income

	2012 \$'000	2011 \$'000
Contributions	87	39
Interest	500	480
	<b>587</b>	<b>519</b>

### Note 8. Employee Benefits

	2012 \$'000	2011 \$'000
Wages and salaries	7,330	7,130
Annual leave	613	549
Long service leave	465	162
Superannuation	694	715
Superannuation – additional contribution*	1,823	354
Fringe Benefits Tax	33	31
Work cover	204	257
	<b>11,162</b>	<b>9,198</b>

\* Recognition of Council's share of the Local Authorities Superannuation Fund Defined Benefits Plan unfunded liability.

### Note 9. Materials and Services

	2012 \$'000	2011 \$'000
Asset Services	1,460	1,515
Benalla Art Gallery	153	217
Benalla Aquatic Centre	542	437
Benalla Saleyards	106	116
Civic Centre Operations	158	140
Community Services	1,184	975
Council Support	293	83
Customer Service	41	37
Executive Services	108	122
Economic Development	89	85
Finance	367	382
Human Resources	191	166
Parks and Gardens	174	171
Planning and Environment	582	466
Property Management	1,150	1,854
Property and Information Services	763	518
Public Relations	285	249
Waste Management	2,240	1,917
Youth Services	94	100
Benalla Library	17	23
Other	79	63
	<b>10,076</b>	<b>9,636</b>

## Financial Report for the year ended 30 June 2012

### Note 10. Depreciation

	2012 \$'000	2011 \$'000
Buildings	452	441
Roads	1,956	1,980
Footpaths	82	51
Surface drainage	159	168
Bridges	168	163
Underground drainage	116	115
Landfill cell	347	147
Plant and equipment	187	209
Office furniture and equipment	85	99
	<b>3,552</b>	<b>3,373</b>

### Note 11. Contributions

	2012 \$'000	2011 \$'000
Benalla Performing Arts and Convention Centre	225	222
Community Support	58	66
High Country Library Corporation	269	255
State Emergency Service	24	24
	<b>576</b>	<b>567</b>

### Note 12. Other Expenses

	2012 \$'000	2011 \$'000
Councillor allowances	165	158
Doubtful Debts	4	-
External audit fee – Victorian Auditor-General	30	30
Internal audit fees – Richmond Sinnott & Delahunty	15	23
	<b>214</b>	<b>211</b>

### Note 13. Net Gain (Loss) on Disposal of Property, Infrastructure, Plant and Equipment

Plant and Equipment		
	2012 \$'000	2011 \$'000
Proceeds from sale of assets	-	138
Written down value of assets disposed	(76)	(72)
<b>Profit(loss) on disposal of assets</b>	<b>(76)</b>	<b>66</b>

## Financial Report for the year ended 30 June 2012

### Note 14. Investments in Associates

	2012 \$'000	2011 \$'000
<b>Investments in associates accounted for by the equity method are:</b>		
Increase/(decrease) in investment in High Country Library Corporation	(34)	1
<b>Background</b>		
Council has an investment with three other Council's in the High Country Library Corporation. The investment in the High Country Library Corporation represents a 23.12% interest in the net assets of the Corporation.		
<b>Movement in carrying value of specific investment</b>		
Carrying value of investment at start of year	477	476
Share of profit(loss) for year	(36)	(5)
Share of asset revaluation	2	6
<b>Council's value of investment at end of year</b>	<b>443</b>	<b>477</b>

### Note 15. Cash and Cash Equivalents

	2012 \$'000	2011 \$'000
Cash on hand	2	2
Cash at bank	541	671
At call	1,145	1,421
Term deposits	6,306	5,078
	<b>7,994</b>	<b>7,172</b>

Users of the financial report should refer to Note 27 for details of restrictions on cash assets and Note 28 for details of existing Council commitments.

### Note 16. Trade and Other Receivables

<b>Current</b>		
Rates debtors	512	413
Provision for doubtful debts	-	-
	<b>512</b>	<b>413</b>
Other debtors	1,343	2,762
Provision for doubtful debts	(6)	(2)
	<b>1,337</b>	<b>2,760</b>
	<b>1,849</b>	<b>3,173</b>

## Financial Report for the year ended 30 June 2012

### Note 17. Other Assets

	2012 \$'000	2011 \$'000
<b>Current</b>		
Prepayments	39	39
Inventories	35	23
	<b>74</b>	<b>62</b>

### Note 18. Property, Infrastructure, Plant and Equipment

<b>Land</b>		
At cost	-	65
At independent valuation 30 June 2012	27,394	-
At independent valuation 30 June 2009	-	26,341
	<b>27,394</b>	<b>26,406</b>

<b>Buildings</b>		
At cost	-	1,518
At independent valuation 30 June 2012	41,910	-
At independent valuation 30 June 2009	-	35,603
Less accumulated depreciation	(19,789)	(17,748)
	<b>22,121</b>	<b>19,373</b>

<b>Roads</b>		
At cost	2,182	-
At Council valuation 30 June 2011	148,123	148,123
Less accumulated depreciation	(53,423)	(51,467)
	<b>96,882</b>	<b>96,656</b>

<b>Footpaths</b>		
At cost	32	-
At Council valuation 30 June 2011	4,892	4,892
Less accumulated depreciation	(2,012)	(1,930)
	<b>2,912</b>	<b>2,962</b>

## Financial Report for the year ended 30 June 2012

### Note 18. Property, Infrastructure, Plant and Equipment (continued)

	2012 \$'000	2011 \$'000
<b>Surface Drainage</b>		
At cost	53	-
At Council valuation 30 June 2011	11,680	11,680
Less accumulated depreciation	(5,811)	(5,652)
	<b>5,922</b>	<b>6,028</b>
<b>Bridges</b>		
At cost	2,305	-
At Council valuation 30 June 2011	14,487	14,487
Less accumulated depreciation	(4,980)	(4,256)
	<b>11,812</b>	<b>10,231</b>
<b>Underground Drainage</b>		
At cost	-	194
At Council valuation 30 June 2012	15,984	-
At Council valuation 30 June 2009	-	11,168
Less accumulated depreciation	(3,240)	(3,432)
	<b>12,744</b>	<b>7,930</b>
<b>Landfill Cell</b>		
At cost	521	521
Less accumulated depreciation	(434)	(87)
	<b>87</b>	<b>434</b>
<b>Landfill Rehabilitation</b>		
At cost	418	-
Less accumulated depreciation	-	-
	<b>418</b>	<b>-</b>

## Financial Report for the year ended 30 June 2012

### Note 18. Property, Infrastructure, Plant and Equipment (continued)

	2012 \$'000	2011 \$'000
<b>Plant and Equipment</b>		
At cost	2,431	2,296
Less accumulated depreciation	(1,494)	(1,381)
	<b>937</b>	<b>915</b>
<b>Office Furniture and Equipment</b>		
At cost	1,661	1,630
Less accumulated depreciation	(1,198)	(1,154)
	<b>463</b>	<b>476</b>
<b>Artworks</b>		
At cost	84	-
At Independent valuation 30 June 2011	14,966	15,037
	<b>15,050</b>	<b>15,037</b>
<b>Works in Progress</b>		
At cost	422	424
	<b>422</b>	<b>424</b>
<b>Total</b>	<b>197,164</b>	<b>186,872</b>

# Financial Report

## for the year ended 30 June 2012

### Note 18. Property, Infrastructure, Plant and Equipment (continued)

2012	Balance at beginning of financial year	Acquisition of assets	Contributions and recognition (Non-monetary assets)	Revaluation increments and impairment losses (note 23)	Depreciation (note 10)	Written down value of disposals (note 13)	Transfers	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Property</b>								
Land	26,406	550	42	396	-	-	-	27,394
Buildings	19,373	69	-	3,131	(452)	-	-	22,121
<b>Total property</b>	<b>45,779</b>	<b>619</b>	<b>42</b>	<b>3,527</b>	<b>(452)</b>	<b>-</b>	<b>-</b>	<b>49,515</b>
<b>Infrastructure</b>								
Roads	96,656	2,586	-	(509)	(1,956)	-	105	96,882
Footpaths	2,962	32	-	-	(82)	-	-	2,912
Surface drainage	6,028	53	-	-	(159)	-	-	5,922
Bridges	10,231	394	1,297	(97)	(168)	-	155	11,812
Underground drainage	7,930	3,657	-	1,124	(116)	-	149	12,744
<b>Total infrastructure</b>	<b>123,807</b>	<b>6,722</b>	<b>1,297</b>	<b>518</b>	<b>(2,481)</b>	<b>-</b>	<b>409</b>	<b>130,272</b>
<b>Landfill</b>								
Landfill cell	434	-	-	-	(347)	-	-	87
Landfill Rehabilitation	-	-	418	-	-	-	-	418
<b>Landfill</b>	<b>434</b>	<b>-</b>	<b>418</b>	<b>-</b>	<b>(347)</b>	<b>-</b>	<b>-</b>	<b>505</b>
<b>Plant and Equipment</b>								
Plant and equipment	915	213	-	-	(187)	(4)	-	937
Office furniture and equipment	476	72	-	-	(85)	-	-	463
<b>Total plant and equipment</b>	<b>1,391</b>	<b>285</b>	<b>-</b>	<b>-</b>	<b>(272)</b>	<b>(4)</b>	<b>-</b>	<b>1,400</b>
<b>Artworks</b>								
<b>Artworks</b>	<b>15,037</b>	<b>-</b>	<b>85</b>	<b>-</b>	<b>-</b>	<b>(72)</b>	<b>-</b>	<b>15,050</b>
<b>Works in progress</b>								
Property	15	206	-	-	-	-	-	221
Infrastructure	409	153	-	-	-	-	(409)	153
Landfill cell	-	48	-	-	-	-	-	48
<b>Total works in progress</b>	<b>424</b>	<b>407</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(409)</b>	<b>422</b>
<b>Total property, infrastructure, plant and equipment</b>	<b>186,872</b>	<b>8,033</b>	<b>1,842</b>	<b>4,045</b>	<b>(3,552)</b>	<b>(76)</b>	<b>-</b>	<b>197,164</b>

# Financial Report

## for the year ended 30 June 2012

### Note 18. Property, Infrastructure, Plant and Equipment (continued)

2011	Balance at beginning of financial year	Acquisition of assets	Contributions and recognition (Non-monetary assets)	Revaluation increments and impairment losses (note 23)	Depreciation (note 10)	Written down value of disposals (note 13)	Transfers	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Property</b>								
Land	26,382	24	-	-	-	-	-	26,406
Buildings	19,058	729	-	-	(441)	-	27	19,373
<b>Total property</b>	<b>45,440</b>	<b>753</b>	<b>-</b>	<b>-</b>	<b>(441)</b>	<b>-</b>	<b>27</b>	<b>45,779</b>
<b>Infrastructure</b>								
Roads	85,337	4,285	-	9,017	(1,980)	-	(4)	96,656
Footpaths	1,931	17	-	1,065	(51)	-	-	2,962
Surface drainage	5,867	22	-	307	(168)	-	-	6,028
Bridges	10,617	76	-	(298)	(163)	-	-	10,231
Underground drainage	8,045	-	-	-	(115)	-	-	7,930
<b>Total infrastructure</b>	<b>111,797</b>	<b>4,400</b>	<b>-</b>	<b>10,091</b>	<b>(2,477)</b>	<b>-</b>	<b>(4)</b>	<b>123,807</b>
<b>Landfill cell</b>								
<b>Landfill cell</b>	<b>61</b>	<b>471</b>	<b>-</b>	<b>-</b>	<b>(147)</b>	<b>-</b>	<b>49</b>	<b>434</b>
<b>Plant and Equipment</b>								
Plant and equipment	1,098	26	-	-	(209)	-	-	915
Office furniture and equipment	512	135	-	-	(99)	(72)	-	476
<b>Total plant and equipment</b>	<b>1,610</b>	<b>161</b>	<b>-</b>	<b>-</b>	<b>(308)</b>	<b>(72)</b>	<b>-</b>	<b>1,391</b>
<b>Artworks</b>								
<b>Artworks</b>	<b>13,352</b>	<b>-</b>	<b>-</b>	<b>1,685</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,037</b>
<b>Works in progress</b>								
Property	27	14	-	-	-	-	(27)	15
Infrastructure	65	341	-	-	-	-	4	409
Landfill cell	49	-	-	-	-	-	(49)	-
<b>Total works in progress</b>	<b>141</b>	<b>355</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(72)</b>	<b>424</b>
<b>Total property, infrastructure, plant and equipment</b>	<b>172,401</b>	<b>6,140</b>	<b>-</b>	<b>11,776</b>	<b>(3,373)</b>	<b>(72)</b>	<b>-</b>	<b>186,872</b>

## Financial Report for the year ended 30 June 2012

### Note 18. Property, Infrastructure, Plant and Equipment (continued)

- Valuation of land and buildings were undertaken by an independent valuer, Marcus L W Hann, AAPI, Certified Practising Valuer, of LG Valuation Services. The valuation of buildings is at fair value based on current replacement cost less accumulated depreciation at the date of valuation. The valuation of land is at fair value, being market value based on highest and best use permitted by relevant planning provisions as at 30 June 2012.
- Roads, Footpaths, Surface Drainage and Bridge assets were valued by Mr Norm Cook Cert. C.E., Council's Assets Officer. The basis of valuation was written down replacement cost as at 30 June 2011.
- Underground drainage assets were valued by Mr Norm Cook Cert. C.E., Council's Asset Management Coordinator. The basis of valuation was written down replacement cost as at 30 June 2012.
- The valuation of Council's Artworks was undertaken by an independent valuer, Warren Joel, Certified Practising Valuer No. 407, of Leonard Joel. The valuation of Artworks is at fair value, being market value. The valuation was at 9 August 2010.

### Note 19. Trade and Other Payables

	2012 \$'000	2011 \$'000
<b>Current</b>		
Materials and contracts	1,621	3,764
Employee costs	293	252
Refundable flood mitigation grant	73	103
Interest	10	13
	<b>1,997</b>	<b>4,132</b>
<b>Non-current</b>		
Employee costs	1,823	-
<b>Aggregate carrying amount of trade and other payables</b>	<b>3,820</b>	<b>4,132</b>

### Note 20. Trust Funds and Deposits

	2012 \$'000	2011 \$'000
<b>Current</b>		
Art Gallery Acquisition Trust Fund	249	119
Refundable deposits	184	123
	<b>433</b>	<b>242</b>

## Financial Report for the year ended 30 June 2012

### Note 21. Provisions

	Annual leave \$'000	Long service leave \$'000	Landfill rehabilitation \$'000	Total \$'000
<b>2012</b>				
Balance at beginning of financial year	581	1,412	1,347	3,340
Additional provisions	613	465	418	1,496
Amounts used	(566)	(58)	-	(624)
<b>Balance at end of year</b>	<b>628</b>	<b>1,819</b>	<b>1,765</b>	<b>4,212</b>
<b>2011</b>				
Balance at beginning of financial year	571	1,361	1,287	3,219
Additional provisions	549	162	88	799
Amounts used	(539)	(111)	(28)	(678)
<b>Balance at end of year</b>	<b>581</b>	<b>1,412</b>	<b>1,347</b>	<b>3,340</b>

#### (a) Employee benefits

	2012 \$'000	2011 \$'000
<b>Current (i)</b>		
Annual Leave	628	581
Long Service Leave	1,478	1,010
	<b>2,106</b>	<b>1,591</b>
<b>Non-current (ii)</b>		
Long Service Leave	341	402
<b>Aggregate carrying amount of employee benefits</b>	<b>2,447</b>	<b>1,993</b>

#### (i) Current

All annual leave and the long service leave entitlements representing 7 or more years of continuous service:

	2012 \$'000	2011 \$'000
Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value	686	581
Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value	1,420	1,010
	<b>2,106</b>	<b>1,591</b>

#### (ii) Non-current

	2012 \$'000	2011 \$'000
Long service leave representing less than 7 years of continuous service measured at present value	341	402

## Financial Report for the year ended 30 June 2012

### Note 21. Provisions

#### (b) Landfill rehabilitation

Council is required to restore the Old Farnley Road landfill site to a particular standard. The provision for landfill rehabilitation 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 the current understanding of work required to reinstate the site to a particular standard. Accordingly, the estimation of the provision required is dependent upon the accuracy of the forecast timing of the work, work required and related costs.

	2012 \$'000	2011 \$'000
<b>Current</b>		
Landfill rehabilitation	170	492
<b>Non-current</b>		
Landfill rehabilitation	1,595	855
<b>Aggregate carrying amount of landfill rehabilitation</b>	<b>1,765</b>	<b>1,347</b>

#### (c) Provisions

<b>Current</b>	2,276	2,083
<b>Non-current</b>	1,936	1,257
<b>Aggregate carrying amount of provisions</b>	<b>4,212</b>	<b>3,340</b>

### Note 22. Interest Bearing Loans

<b>Current</b>		
Borrowings – secured	949	883
<b>Non-current</b>		
Borrowings – secured	3,559	4,509
<b>Total</b>	<b>4,508</b>	<b>5,392</b>

The maturity profile for Council's borrowings is:

Not later than one year	949	883
Later than one year and not later than five years	2,892	3,412
Later than five years	667	1,097
	<b>4,508</b>	<b>5,392</b>

Borrowings are secured by way of mortgages over the general rates of Council.

## Financial Report for the year ended 30 June 2012

### Note 23. Reserves

2012	2011 \$'000	Transfer from Reserve \$'000	Transfer to Reserve \$'000	2012 \$'000
<b>(a) Asset Reserves</b>				
<b>Restricted Reserves</b>				
Resort and Recreation	86	12	-	98
Art Gallery	75	-	-	75
Winton Land	35	-	-	35
	<b>196</b>	<b>12</b>	<b>-</b>	<b>208</b>
<b>(b) Asset Revaluation Reserve</b>				
Land	19,567	396	-	19,963
Buildings	7,659	3,131	-	10,790
Roads, Footpaths and Surface Drainage	30,031	-	(509)	29,522
Bridges	369	-	(97)	272
Underground drainage	893	1,124	-	2,017
Artworks	6,049	-	-	6,049
	<b>64,568</b>	<b>4,651</b>	<b>(606)</b>	<b>68,613</b>
<b>Total Reserves</b>	<b>64,764</b>	<b>4,663</b>	<b>(606)</b>	<b>68,821</b>

2011	2010 \$'000	Transfer from Reserve \$'000	Transfer to Reserve \$'000	2011 \$'000
<b>(a) Replacement Reserves</b>				
<b>Restricted Reserves</b>				
Resort and Recreation	86	-	-	86
Art Gallery	75	-	-	75
Winton Land	35	-	-	35
	<b>196</b>	<b>-</b>	<b>-</b>	<b>196</b>
<b>(b) Asset Revaluation Reserve</b>				
Land	19,567	-	-	19,567
Buildings	7,659	-	-	7,659
Roads, Footpaths and Surface Drainage	19,642	10,389	-	30,031
Bridges	667	-	(298)	369
Underground drainage	893	-	-	893
Artworks	4,364	1,685	-	6,049
	<b>52,792</b>	<b>12,074</b>	<b>(298)</b>	<b>64,568</b>
<b>Total Reserves</b>	<b>52,988</b>	<b>12,074</b>	<b>(298)</b>	<b>64,764</b>

## Financial Report for the year ended 30 June 2012

### Note 23. Reserves (continued)

Replacement Reserves	
Reserve	Nature and Purpose
Resort and Recreation	Contributions made by developers for recreation purposes (minimum of 5% for any new developments for open space reserves).
Art Gallery Acquisitions	Remainder of monies bequeathed to Benalla Art Gallery by Gladys Bennett.
Winton Land	Originated from the former Shire of Benalla for a community project within the Winton township.
Asset Revaluation Reserves	The various Asset Revaluation Reserves reflect movements arising from revaluations of non current assets undertaken by Council in accordance with Australian Accounting Standards.

### Note 24. Reconciliation of Cash Flows from Operating Activities to Surplus or Deficit

	2012 \$'000	2011 \$'000
<b>Comprehensive result</b>	<b>9,901</b>	<b>14,272</b>
<b>Items not involving cash</b>		
Depreciation	3,552	3,373
Contributions – Non-monetary assets	(1,424)	-
Net loss/(gain) on disposal of assets	-	(66)
Assets written off	76	-
Impairment losses	606	-
Revaluation increments	4,651	(11,776)
(Increase)/Decrease in Library Equity	34	(1)
<b>Change in assets and liabilities</b>		
(Increase)/Decrease in Receivables	1,324	(1,689)
(Increase)/Decrease in Other Assets	(12)	(1)
Increase/(Decrease) in Payables	1,255	195
Increase/(Decrease) in Provisions	872	121
<b>Net cash provided by operating activities</b>	<b>11,533</b>	<b>4,428</b>

### Note 25. Reconciliation of Cash and Cash Equivalents

Cash and cash equivalents (note 15)	<b>7,994</b>	<b>7,172</b>
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## Financial Report for the year ended 30 June 2012

### Note 26. Financing Arrangements

	2012 \$'000	2011 \$'000
Bank Overdraft	-	-
Used Facilities	-	-
Unused Facilities	-	-

Council has a \$400,000 Bank Guarantee with the Environment Protection Authority to provide financial assurance in respect of the operation of the landfill at Lot 27B Old Farnley Road, Benalla.

### Note 27. Restricted Assets

Council has cash and cash equivalent assets (note 15) that are subject to restrictions. As at the reporting date Council had legislative restrictions, as well as the following other internal and external restrictions in respect of:

Unexpended government grants (note 4)	2,162	2,680
Trust Funds (note 20)	433	242
Long Service Leave	-	1,343
Reserve Funds (note 23)	208	196
	<b>2,803</b>	<b>4,461</b>

The revised Local Government (Long Service Leave) regulations no longer require the establishment of a separate account to hold an amount calculated in accordance with the former regulations.

Restricted asset for long service leave is based on the Local Government (Long Service Leave) Regulations 2002 and does not necessarily equate to the Long Service Leave liability disclosed in note 21 due to a different basis of calculation prescribed by the regulation.

## Financial Report for the year ended 30 June 2012

### Note 28. Commitments

Council has entered into the following commitments.

2012	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Total \$'000
<b>Operating</b>				
Aquatic Centre	498	516	534	1,548
Cleaning Services	120	120	360	600
Electoral Service	80	-	-	80
eWaste Collection	10	10	-	20
Greenwaste Mulching	30	30	-	60
Landfill	70	-	-	70
Recycling Collection	600	600	600	1,800
Waste Collection	600	600	600	1,800
<b>Total</b>	<b>2,008</b>	<b>1,876</b>	<b>2,094</b>	<b>5,978</b>
<b>Capital</b>				
O'Deas Road Bridge	88	-	-	88
Road Pavement	327	-	-	327
<b>Total</b>	<b>415</b>	<b>-</b>	<b>-</b>	<b>415</b>
<b>Total commitments</b>	<b>2,423</b>	<b>1,876</b>	<b>2,094</b>	<b>6,393</b>

2011	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Total \$'000
<b>Operating</b>				
Aquatic Centre Management	355	355	1,065	1,775
eWaste Collection	36	36	-	72
Food Services	120	-	-	120
General Valuation	120	-	-	120
Greenwaste Mulching	30	30	30	90
Landfill	65	-	-	65
Recycling Collection	546	562	1,176	2,284
Waste Collection	689	709	1,484	2,882
<b>Total Commitments</b>	<b>1,961</b>	<b>1,692</b>	<b>3,755</b>	<b>7,408</b>

## Financial Report for the year ended 30 June 2012

### Note 29. Operating Lease Commitments

At reporting date, Council had the following obligations under non-cancellable operating leases for the lease of plant and equipment for use within Council's activities. These obligations are not recognised as liabilities.

	2012 \$'000	2011 \$'000
<b>The expenditures are payable:</b>		
Not later than one year	296	423
Later than one year and not later than five years	129	202
	<b>425</b>	<b>625</b>

### Note 30. Superannuation

Council made contributions to the following funds:

	2012 \$'000	2011 \$'000
<b>Defined benefit funds</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	528	115
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date	1,867	354
<b>Accumulation funds</b>		
Employer contributions to Superannuation Funds	547	570
Employer contributions payable to Superannuation Funds at reporting date	48	57

The Local Authorities Superannuation Fund latest 31 December 2011 actuarial investigation identified an unfunded liability of \$453 million excluding contributions tax in the defined benefit fund of which Council is a member. Council was informed of its share of the shortfall on 31 July 2012 which amounted to \$1,823,133 including contributions tax.

The unfunded liability may either be paid:

- by equal annual installments over a 15 year period from 1 July 2013
- as a lump sum
- by any combination of the two

Repayment options, including loan funding, will be considered by the Council as part of the development of the Council Plan 2013-2017.

This shortfall has been accounted for in the Comprehensive Income Statement in Employee Benefits (note 8) and in the Balance Sheet in non-current Trade and Other Payables (note 19).

## Financial Report for the year ended 30 June 2012

### Note 31. Contingent Liabilities and Contingent Assets

#### Contingent liabilities

Council is presently involved in minor confidential legal matters, which are being conducted through Council's solicitors. As these matters are yet to be finalised, and the financial outcomes are unable to be reliably estimated, no allowance for these contingencies has been made in the financial report. Council does not expect significant losses to arise.

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

Council operates a landfill at Lot 27B Old Farnley Road, Benalla. Council will have to carry out site rehabilitation works in the future and has been requested by the Environment Protection Authority to provide financial assurance in respect of this operation. At balance date Council has recognised a landfill rehabilitation provision to reflect the financial implications of such assurances.

#### Contingent assets

No contingent assets are held.

### Note 32. Income, Expenses and Assets by Functions/Activities

(a) The activities of Council are categorised into the following broad functions:

#### Executive Services

Council Support	Customer Relations
Economic Development	Public Relations
Benalla Art Gallery	Tourism Development
Benalla Performing Arts and Convention Centre	Youth Services

#### Corporate and Community Services

Property and Valuations	Benalla Library
Information Systems	Community Services
Records Management	Finance
Human Resources	

#### Development and Environment

Waste Management	Benalla Airport
Strategic Infrastructure Programs	Asset Services
Property Management	Parks, Gardens and Reserves
Vic Roads Program	Planning and Environment
Benalla Saleyards	

## Financial Report for the year ended 30 June 2012

### Note 32. Income, Expenses and Assets by Functions/Activities (continued)

(b) Comparison of actual result by functions and activity

Functions/Activities	Executive Services \$'000	Corporate and Community Services \$'000	Development and Environment \$'000	Total \$'000
<b>2012</b>				
Grants	233	5,191	8,213	13,637
Other	212	12,872	5,164	18,248
<b>Total</b>	<b>445</b>	<b>18,063</b>	<b>13,377</b>	<b>31,885</b>
Expenses	2,993	9,303	13,735	26,031
<b>Surplus/ (deficit)</b>	<b>(2,548)</b>	<b>8,760</b>	<b>(358)</b>	<b>5,854</b>
<b>Assets attributed to functions/activities</b>	<b>15,298</b>	<b>10,077</b>	<b>182,149</b>	<b>207,524</b>
<b>2011</b>				
Grants	736	4,261	6,010	11,007
Other	165	11,579	3,211	14,955
<b>Total</b>	<b>901</b>	<b>15,840</b>	<b>9,221</b>	<b>25,962</b>
Expenses	2,864	6,768	13,840	23,472
<b>Surplus/(Deficit)</b>	<b>(1,963)</b>	<b>9,072</b>	<b>(4,619)</b>	<b>2,490</b>
<b>Assets attributed to functions/activities</b>	<b>15,037</b>	<b>10,861</b>	<b>171,858</b>	<b>197,756</b>

Assets have been attributed to functions/activities based on the control and/or custodianship of assets.

## Financial Report for the year ended 30 June 2012

### Note 33. Related Party Transactions

#### (i) Responsible Persons

Names of persons holding the position of Responsible Person at Council at any time during the year are:

Councillors	Period
Councillor Bill Hill	1 July 2011 to 30 November 2011 Mayor 1 July 2011 to 11 August 2011
Councillor Peter Dunn	1 July 2011 to 30 June 2012 Acting Mayor 22 June 2011 to 11 August 2011 Acting Mayor 16 August 2011 to 23 August 2011 Mayor 24 August 2011 to 30 June 2012
Councillor Barbara Alexander	1 July 2011 to 30 June 2012
Councillor Pat Claridge	1 July 2011 to 1 July 2011
Councillor Peter Davis	1 July 2011 to 30 June 2012
Councillor Donald Firth	1 July 2011 to 30 June 2012
Councillor Campbell Griffin	14 December 2011 to 30 June 2012
Councillor Suzy Martin	1 July 2011 to 30 June 2012
Councillor Ken Whan	13 July 2011 to 30 June 2012
<b>Chief Executive Officer</b>	
Tony McIlroy	

#### (ii) Remuneration of Responsible Persons

The numbers of Responsible Persons, whose total remuneration from Council fall within the following bands:

	2012 Number	2011 Number
< \$10,000	1	-
\$10,001 - \$20,000	5	5
\$20,001 - \$30,000	1	1
\$50,001 - \$60,000	1	1
\$190,001 - \$200,000	-	1
\$200,001 - \$210,000	1	-
	<b>\$'000</b>	<b>\$'000</b>
Total remuneration for the year for responsible persons included above amounted to:	371	358

## Financial Report for the year ended 30 June 2012

### Note 33. Related Party Transactions (continued)

(iii) No retirement benefits have been made by Council to a Responsible Person.

(iv) No loans have been made, guaranteed or secured by Council to a Responsible Person.

#### (v) Other transactions

Council entered into transactions with related parties of Responsible Persons within normal customer or relationships on terms and conditions no more favourable than those available in similar arm's length dealings.

#### (vi) Senior Officers Remuneration

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

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

	2012 Number	2011 Number
< \$127,000	2	4
\$130,001 - \$140,000	-	1
\$140,001 - \$150,000	2	-
	<b>\$'000</b>	<b>\$'000</b>
Total remuneration for the reporting year for Senior Officers included above, amounted to:	506	470

## Financial Report for the year ended 30 June 2012

### Note 34. Financial Instruments

(a) Financial Instruments – Accounting policy, Terms and Conditions

Financial Instruments	Notes	Accounting Policy	Terms and Conditions
<b>Financial Assets</b>			
Cash and cash equivalents	15	Cash on hand and at bank and money at call are valued at face value. Interest is recognised as it accrues. Investments and bills are valued at cost. Investments are held to maximise interest returns of surplus cash.	During the year on-call deposits returned a floating interest rate of between 0% and 3.4% (0% and 4.7% in 2010/11).  The average interest rate at balance date for cash and cash equivalents was 5.1% (5.6% 2010/11).
<b>Trade and other receivables</b>			
Other debtors	16	Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection is no longer probable. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured and interest free. Credit terms are based on 30 days.
<b>Financial liabilities</b>			
Trade and other payables	19	Liabilities are recognised for amounts to be paid in the future for goods received and services provided to Council as at balance date whether or not invoices have been received.	General creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice date.
Trust Funds	20	Trust funds are recognised for amounts to be paid in the future for amounts received by Council as at balance date.	Trust funds are unsecured and are not subject to interest charges.
Interest-bearing loans	22	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.	Borrowings are secured by way of mortgages over the general rates of Council.  The weighted average interest rate for borrowings is 6.7% (6.8% 2010/11).

## Financial Report for the year ended 30 June 2012

### Note 34. Financial Instruments (continued)

(b) Interest Rate Risk

The exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities at balance date are as follows:

2012	Notes	Floating Interest Rate \$'000	Fixed Interest maturing in			Non Interest Bearing \$'000	Total \$'000
			1 Year or Less \$'000	Over 1 to 5 Years \$'000	Over 5 Years \$'000		
<b>(i) Financial Assets</b>							
Cash and cash equivalents	15	1,686	6,306	-	-	2	7,994
Trade and other receivables	16	-	-	-	-	1,337	1,337
<b>Total financial assets</b>		<b>1,686</b>	<b>6,306</b>	<b>-</b>	<b>-</b>	<b>1,339</b>	<b>9,331</b>
Weighted average interest rate		3.3%	5.6%	n/a	n/a	n/a	
<b>(ii) General Payables</b>							
Trade and other payables	19	-	-	-	-	3,820	3,820
Trust funds and deposits	20	-	-	-	-	433	433
Interest-bearing loans	22	1,278	821	2,299	110	-	4,508
<b>Total financial liabilities</b>		<b>1,278</b>	<b>821</b>	<b>2,299</b>	<b>110</b>	<b>4,253</b>	<b>8,761</b>
Weighted average interest rate		6.4%	6.6%	6.8%	8%	n/a	
<b>Net financial assets (liabilities)</b>		<b>407</b>	<b>5,485</b>	<b>(2,299)</b>	<b>(110)</b>	<b>(2,914)</b>	<b>570</b>
2011	Notes	Floating Interest Rate \$'000	Fixed Interest maturing in			Non Interest Bearing \$'000	Total \$'000
			1 Year or Less \$'000	Over 1 to 5 Years \$'000	Over 5 Years \$'000		
<b>(i) Financial Assets</b>							
Cash and cash equivalents	15	2,092	5,078	-	-	2	7,172
Trade and other receivables	16	-	-	-	-	2,760	2,760
<b>Total financial assets</b>		<b>2,092</b>	<b>5,078</b>	<b>-</b>	<b>-</b>	<b>2,762</b>	<b>9,932</b>
Weighted average interest rate		4.3%	6.2%	n/a	n/a	n/a	
<b>(ii) General Payables</b>							
Trade and other payables	19	-	-	-	-	4,132	4,132
Trust funds and deposits	20	-	-	-	-	242	242
Interest-bearing loans	22	1,392	770	2,877	353	-	5,392
<b>Total financial liabilities</b>		<b>1,392</b>	<b>770</b>	<b>2,877</b>	<b>353</b>	<b>4,374</b>	<b>9,766</b>
Weighted average interest rate		6.8%	6.6%	6.7%	7.7%	n/a	
<b>Net financial assets (liabilities)</b>		<b>700</b>	<b>4,308</b>	<b>(2,877)</b>	<b>(353)</b>	<b>(1,612)</b>	<b>166</b>

## Financial Report for the year ended 30 June 2012

### Note 34. Financial Instruments (continued)

#### (c) Net fair values

The aggregate fair values of financial assets and financial liabilities as at balance date are as follows:

	Notes	Carrying Amount \$'000		Net Fair Value \$'000	
		2012 \$000	2011 \$000	2012 \$000	2011 \$000
<b>Financial assets</b>					
Cash and cash equivalents	15	7,994	7,172	7,994	7,172
Trade and other receivables	16	1,337	2,760	1,337	2,760
<b>Total financial assets</b>		<b>9,331</b>	<b>9,932</b>	<b>9,331</b>	<b>9,932</b>
<b>Financial liabilities</b>					
Trade and other payables	19	3,820	4,132	3,820	4,132
Trust funds and deposits	20	433	42	433	242
Interest-bearing loans	22	4,508	5,392	4,590	5,376
<b>Total financial liabilities</b>		<b>8,761</b>	<b>9,766</b>	<b>8,843</b>	<b>9,750</b>

#### (d) Credit risk

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

#### (e) Risks and mitigation

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

#### Market risk

Market risk is the risk that the fair value of future cash flows of our financial instruments will fluctuate because of changes in market prices. Council's exposures to market risk are primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk. Components of market risk to which we are exposed are discussed below.

#### Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that we use. Non derivative interest bearing assets are predominantly short term liquid assets. Council's interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk.

Council's loan borrowings are sourced from Australian banks by a tender process. Council manages interest rate risk on its net debt portfolio by:

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

## Financial Report for the year ended 30 June 2012

### Note 34. Financial Instruments (continued)

Council manages the interest rate exposure on its net debt by appropriate budgeting strategies and obtaining approval for borrowings from the Department of Planning and Community Development each year.

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

- Conformity with State and Federal regulations and standards,
- Appropriate liquidity,
- Diversification by financial institution,
- Monitoring return on investment,
- Benchmarking returns and comparison with budget.

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

#### Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council has exposure to credit risk on some financial assets included in Council's Balance Sheet. To help manage this risk Council:

- may require collateral where appropriate; and
- only invests surplus funds with financial institutions which have a recognised credit rating specified in Council's Investment Policy.

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

#### Ageing of trade and other receivables

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

	2012 \$'000	2011 \$'000
Current (not yet due)	1,215	2,317
Past due by up to 30 days	38	186
Past due by between 31 and 60 days	7	191
Past due by more than 60 days	83	68
	<b>1,343</b>	<b>2,762</b>

## Financial Report for the year ended 30 June 2012

### Note 34. Financial Instruments (continued)

#### Ageing of individually impaired trade and other receivables

At balance date other debtors representing financial assets with a nominal value of \$6,000 (2011 \$2,000) were impaired. The amount of the provision raised against these debtors was \$6,000 (2011 \$2,000). The individually impaired debtors relate to other debtors and have been impaired as a result of their doubtful collection.

The ageing of trade and other receivables that have been individually determined as impaired at reporting date was:

	2012 \$'000	2011 \$'000
Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due by between 31 and 60 days	-	-
Past due by more than 60 days	6	2
	<b>6</b>	<b>2</b>

#### Liquidity risk

Liquidity risk includes the risk that, as a result of Council's operational liquidity requirements Council:

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

To help reduce these risks Council:

- has a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- has readily accessible standby facilities and other funding arrangements in place;
- 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; and
- sets limits on borrowings relating to the percentage of loans to rate revenue.

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

## Financial Report for the year ended 30 June 2012

### Note 34. Financial Instruments (continued)

The table below lists the contractual maturities for financial liabilities. These amounts represent undiscounted gross payments including both principal and interest amounts.

	1 year or less \$'000	1 to 5 years \$'000	Over 5 years \$'000	Contracted cash flow \$'000	Carrying amount \$'000
<b>2012</b>					
Trade and other payables	1,997	192	1,631	3,820	3,820
Trust funds and deposits	433	-	-	433	433
Interest-bearing loans	1,226	3,419	731	5,376	4,508
<b>Total financial liabilities</b>	<b>3,656</b>	<b>3,611</b>	<b>2,362</b>	<b>9,629</b>	<b>8,761</b>
<b>2011</b>					
Trade and other payables	4,132	-	-	4,132	4,132
Trust funds and deposits	242	-	-	242	242
Interest-bearing loans	1,224	4,177	1,034	6,435	5,392
<b>Total financial liabilities</b>	<b>5,598</b>	<b>4,177</b>	<b>1,034</b>	<b>10,809</b>	<b>9,766</b>

#### (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 (Base rates are sourced from Reserve Bank of Australia):

- A parallel shift of +1% and -1% in market interest rates (AUD) from year end rates of 4.4%.

The table below discloses the impact on net operating result and equity for each category of financial instruments held by Council at year end, if the above movements were to occur. The table below does not include financial instruments which are non interest bearing or which are held at fixed interest rates (refer note 34(b)).

Market risk exposure	Carrying amount subject to interest \$'000	Interest rate risk			
		-1% (100 basis points)		1% (100 basis points)	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<b>2012</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	1,685	(17)	(17)	17	17
<b>Financial Liabilities</b>					
Interest-bearing loans and borrowings	1,278	13	13	(13)	(13)
<b>2011</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	2,092	(20)	(20)	20	20
<b>Financial Liabilities</b>					
Interest-bearing loans and borrowings	1,392	14	14	(14)	(14)

## Financial Report for the year ended 30 June 2012

### Note 35. Financial Ratios

#### (a) Underlying operating result ratio

(compares Council's underlying operating deficit to its underlying operating revenue)

	2012	2011	2010
Underlying deficit	10%	9%	13%
Underlying revenue			

#### (b) Indebtedness ratio

(is a longer term measure that compares Council's non-current liabilities to revenue excluding capital grants)

	2012	2011	2010
Non-current liabilities	31%	27%	33%
Underlying revenue			

#### (c) Self financing ratio

(to identify Council's ability to fund the replacement of assets from cash generated by its operations)

	2012	2011	2010
Net cash from operating activities	38%	17%	21%
Total revenue (less non-cash revenue)			

#### (d) Investment gap ratio

(to identify whether Council is spending on infrastructure at a greater rate than the infrastructure is depreciating)

	2012	2011	2010
Capital expenditure	226%	182%	106%
Depreciation			

#### (e) Debt servicing ratio

(to identify the capacity of Council to service its outstanding debt)

	2012	2011	2010
Debt servicing costs	1.1%	1.5%	1.5%
Total revenue			

Debt servicing costs refer to the payment of interest on loan borrowings.  
The ratio expresses the amount of interest paid as a percentage of Council's total revenue.

#### (f) Debt commitment ratio

(to identify Council's debt redemption strategy)

	2012	2011	2010
Debt servicing and redemption costs	9%	10%	10%
Total rate revenue			

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

## Financial Report for the year ended 30 June 2012

### Note 35. Financial Ratios (continued)

#### (g) Revenue ratio

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

	2012	2011	2010
Rate revenue	42%	47%	49%
Total revenue			

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

#### (h) Debt exposure ratio

(to identify Council's exposure to debt)

	2012	2011	2010
Total indebtedness	28%	33%	33%
Total realisable assets			

For the purposes of the calculation of financial ratios, realisable assets are those assets which can be sold and which are not subject to any restriction on realisation or use.

Any liability represented by a restricted asset (note 27) is excluded from total indebtedness.

The following asset classes have been excluded when calculating Council's realisable assets: restricted assets, land and buildings on crown land, infrastructure assets, landfill cell, artworks, works in progress and Council's investment in associates.

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

#### (i) Working capital ratio

(to assess Council's ability to meet current commitments)

	2012	2011	2010
Current assets	175%	142%	164%
Current liabilities			

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

### Note 36. Events occurring after the reporting date

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

## Financial Report for the year ended 30 June 2012

### Certification of the Financial Report

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



**Brett Davies** CPA  
Principal Accounting Officer  
19 September 2012

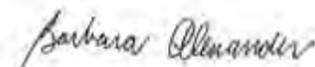
In our opinion the accompanying financial statements present fairly the financial transactions of Council for the year ended 30 June 2012 and the financial position of Council as at that date.

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 on 19 September 2012 to certify the financial statements in their final form.



**Mayor Cr Peter Dunn**  
19 September 2012

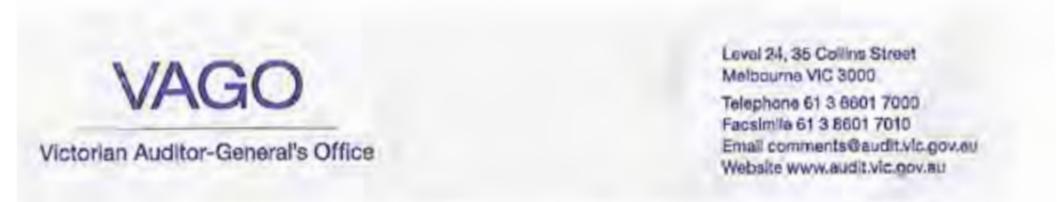


**Cr Barbara Alexander**  
19 September 2012



**Tony McIlroy** B.Bus., MAICD  
Chief Executive Officer  
19 September 2012

## Financial Report for the year ended 30 June 2012



**VAGO**  
Victorian Auditor-General's Office

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### INDEPENDENT AUDITOR'S REPORT

**To the Councillors, Benalla Rural City Council**

*The Financial Report and Standard Statements*

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

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

*The Councillors' Responsibility for the Financial Report and Standard Statements*

The Councillors of the Benalla Rural City Council are responsible for the preparation and the fair presentation of:

- the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*
- the standard statements in accordance with the basis of preparation as described in Note 1 to the statements and the requirements of the *Local Government Act 1989*.

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

*Auditor's Responsibility*

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

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

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

*Auditing in the Public Interest*

# Financial Report

## for the year ended 30 June 2012

### Independent Auditor's Report (continued)

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

#### Independence

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

#### Opinion

In my opinion:

- (a) the financial report presents fairly, in all material respects, the financial position of Benalla Rural City Council as at 30 June 2012 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*
- (b) the standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in Note 1 to the statements and comply with the requirements of the *Local Government Act 1989*.

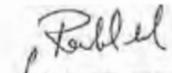
#### Basis of Accounting for Standard Statements

Without modifying my opinion, I draw attention to Note 1 to the standard statements, which describes the basis of accounting. The standard statements are prepared to meet the requirements of the *Local Government Act 1989*. As a result, the standard statements may not be suitable for another purpose.

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

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

MELBOURNE  
21 September 2012

  
DDR Pearson  
Auditor-General



