

Annual Report

10-11

Benalla Rural City Council



enjoy the lifestyle



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about this report

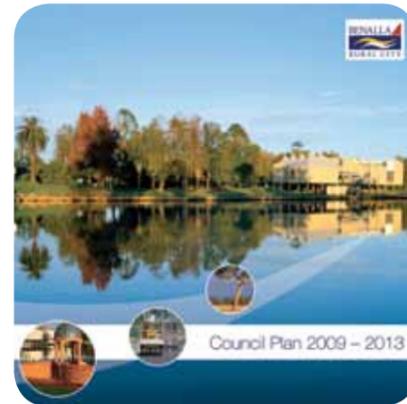


Benalla Rural City Council is proud to present its 2010–2011 Annual Report. This report captures Council's performance and achievements from 1 July 2010 to 30 June 2011 and details to the community and government departments how Council is meeting its strategic objectives set out in the Council Plan 2009–2013.

The Council Plan provides the framework for Council activities and reflects the community's priorities as identified during extensive consultation. The Plan contains five key strategies objectives which are used as the structure for the Annual Report.

It is a requirement under the Victorian Local Government Act (1989) that all Councils present an Annual Report to the Minister for Local Government by 30 September each year and is then presented to Council and the community at the October Council Meeting each year.

Copies of this report are available from the Benalla Civic Centre in Fawckner Drive or can be obtained by visiting Council's website. www.benalla.vic.gov.au



Our Vision

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

Our Mission

Though 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.

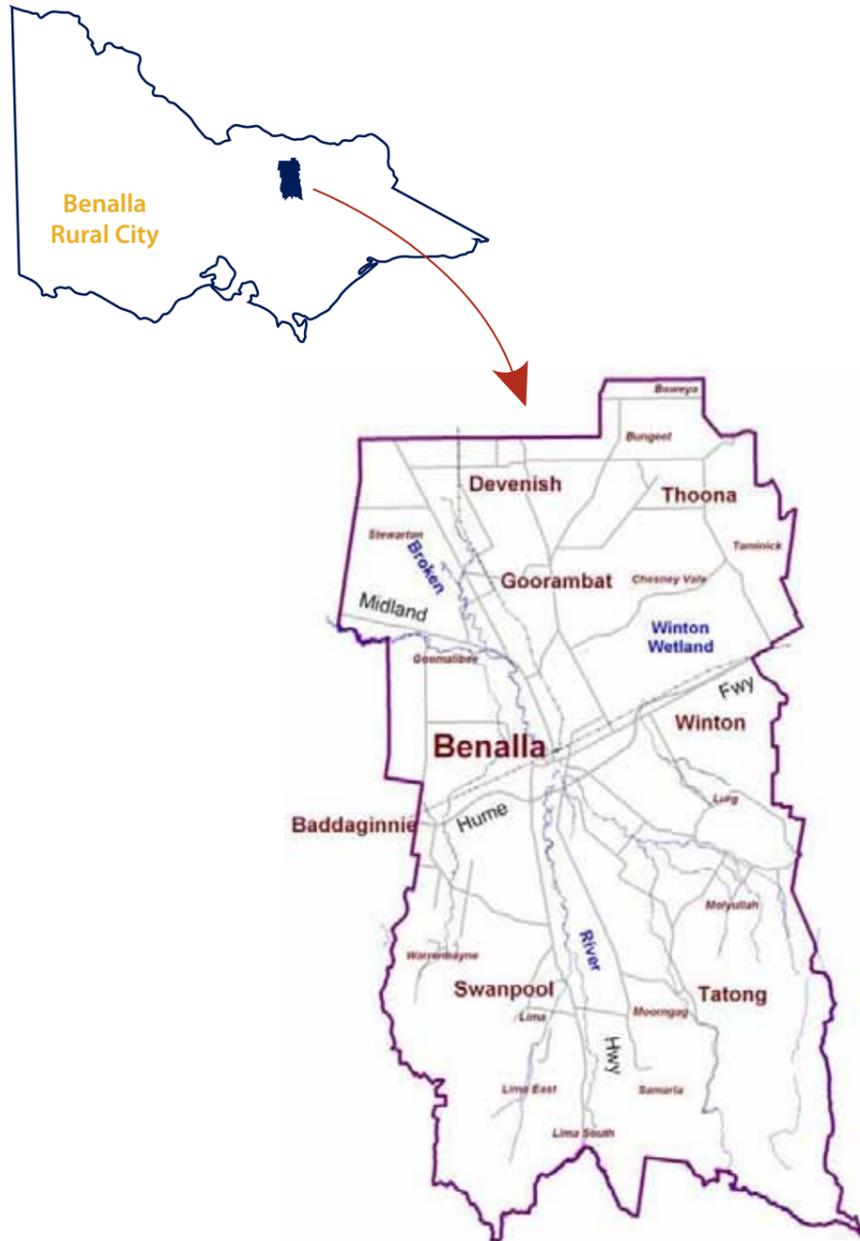
Achievement

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



about us

Benalla Rural City Council at a glance



Estimated population
14,208

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, Thoonia and Winton.

How far from Melbourne
Approximately 200 kilometres north east of Melbourne – an easy two hour drive.

Major industries
Manufacturing, construction industry, agriculture, retail and health.

Number of businesses
470

Rateable properties
7,522

Number of Employees
180

Number of Councillors
7

our profile

The beautiful and productive rural landscapes of Benalla Rural City surround the township of Benalla and the communities of Baddaginnie, Devenish, Goorambat, Swanpool, Tatong, Thoonia, and Winton.

The Rural City comprises 235,059 hectares covering 41 localities. It has a population of just over 14,000, of which 9,000 live in urban areas. Benalla Rural City was created on 28 October, 2002, with the first Council elected on 15 March, 2003.

Major features of the Rural City include Lake Benalla, Mount Samaria State Park and Reef Hills State Park. The Rural City offers exciting recreation opportunities including numerous sporting facilities, the Benalla Aquatic Centre, Benalla Indoor Recreation Centre, Benalla Art Gallery, Benalla Performing Arts and Convention Centre, Benalla Airport and Benalla Botanical Gardens.

The Rural City is ideally located in the north east region of Victoria and is surrounded by quality wineries, fishing and water activities. It is close to all Victorian Alpine areas.

Benalla is 193 kilometres, or two hours, north east of Melbourne and is served by the Hume Freeway M31, Midland Highway and the Melbourne to Wodonga railway line.

Benalla is well served in terms of education and other services, with quality schools, colleges, Goulburn Ovens Institute of TAFE, the Benalla and District Memorial Hospital, Community Care Centre and a wide range of shopping facilities.

Benalla is classified as a Regional Centre in the recently released Hume Strategy for Sustainable Communities. The largest employer in the Rural City is the manufacturing industry which includes Schneider Electric (Australia) Pty Ltd, D & R Henderson Pty Ltd, Thales Australia (formerly Australian Defence Industries), Bunnings Group, Godfrey Hirst Australia Pty Ltd (Benalla Spinners Pty Ltd) and a wide variety of smaller manufacturing businesses.

The construction industry is demonstrating consistent growth with \$35 million of construction permits issued during the year ended 30 June 2011. Large scale construction has slowed marginally due to adjustment post Federal Government stimulus packages. Private sector house construction remains buoyant. Property indicators suggest confidence in investment.

The agriculture industry, normally a significant contributor to the municipality's economy, is slowly recovering from the impact of the extended drought, bushfires and flood. Retail, education and a fast growing health sector make up the next key contributors to our economy.

More detail about our community profile can be found under 'statistics about us' on the Benalla Rural City website.

www.benalla.vic.gov.au



council plan

strategic objectives, strategies and strategic indicators

The Benalla Rural City Council has adopted five strategic objectives that identify key outcomes the Council is working toward achieving over the long-term. These relate to both what Council delivers and how it delivers it as a responsible, resourced and sustainable organisation. The objectives have been identified based on the wide ranging conversation with the Benalla Rural City community in the course of developing this Council Plan and reflect the delivery of Council's core business.

STRATEGIC OBJECTIVE

1 Governance, Service Delivery and Organisational Efficiency

OUTCOMES SOUGHT

- **1.1** The Benalla Rural City Council is well governed by its elected Councillors and administration who share goals for the future. Council complies with its legislative responsibilities, manages risk and is accountable to the community it represents.
- **1.2** The Benalla Rural City Council is recognised as a professional and stable organisation with a healthy workforce of quality staff that share a culture of innovation, efficiency and best value. Integrated planning underpins the organisation's approach to the planning, coordination and delivery of services and infrastructure.
- **1.3** Through the efficient delivery of customer service, information, key infrastructure and community services, community satisfaction is maintained and progressively improved over time. Services meet the needs of the community.

ACHIEVEMENTS

- Mr Ken Whan declared elected by the Victorian Electoral Commission to fill the extraordinary vacancy that arose following the resignation of Councillor Pat Claridge effective from 30 June 2011.
- General Manager Development and Environment appointed November 2010.
- Participated in integrated planning with other agencies to complete the Hume Strategy for Sustainable Communities.
- Embedded Winton Wetlands into Hume Strategy for Sustainable Communities published July 2010. Council representative appointed to Winton Wetlands Committee of Management.
- A Staff Satisfaction Survey was undertaken in February 2011.
- Participated in the Councils Reforming Business Program such as Procurement, Shared Services, Easy Biz, SPEAR, Infrastructure Design Manual and Better Practice Local Laws.

CHALLENGES

- Additional resources required to develop and implement a key service area survey strategy aimed at ascertaining community satisfaction with Council's core business delivery.



STRATEGIC INDICATORS

Strategic Indicator	Target	Actual
Community satisfaction rating for overall performance of Council.	>61%	63%
Community satisfaction rating for Council's overall performance in key service areas and responsibilities.	>63%	64%
Community satisfaction rating for Council's interaction and responsiveness in dealing with the public.	>67%	70%
Community satisfaction rating for Council's advocacy and community representation on key local issues.	>62%	64%
Overall staff job satisfaction.	>68%	64%

FUTURE

- 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.



Council Plan 2009-2013 (2010 Review)

The Council Plan is reviewed annually to ensure that it continues to reflect the priorities of Council and the community. Council measures its progress using the indicators contained in the Council Plan. Council's performance against the Council Plan ended 30 June 2011 is detailed below:

STRATEGIC OBJECTIVE

2 Financial and Infrastructure Sustainability

OUTCOMES SOUGHT

- **2.1** Council maintains key community infrastructure such as roads, bridges, drains, footpaths, buildings and facilities in accordance with best practice asset management principles.
- **2.2** The economy across the Benalla Rural City continues to expand and diversify. Local job creation, business attraction and retention, industry and business development and tourism promotion are the key to the municipality's success.
- **2.3** Council maintains its financially sustainable status. Assets are prudently managed and revenue is increased through grants and other external funding.



ACHIEVEMENTS

- Regular communication with various funding agencies to identify opportunities.
- Grant applications have been developed and submitted.
- External funding secured for a number of projects including:
 - Benalla Urban Growth Project \$3.079 million from the Federal Government.
 - Art Gallery Amenities Project \$436,000 (State) and \$152,000 (Federal).
 - Lakeside Community Sports Centre \$300,000 from Regional Development Victoria.
 - Local Roads to market Program \$580,000 from Regional Development Victoria.
 - Benalla Library \$500,000 from the (Living Libraries Program).
 - Warrenbayne Hall \$176,000 from Regional Development Victoria.
- Benalla Ceramic Mural Project completed November 2010.
- Investigations have been undertaken to review a number of properties surplus to Council's needs.
- 2010 – 2013 Economic Development Strategy adopted in December 2010.
- The Benalla Visitor Information Centre accreditation has been maintained through the employment of a full-time Visitor Information Centre Coordinator.



CHALLENGES

- Advocating directly and through peak local government bodies to State and Federal Governments for a more equitable distribution of national taxation to local government through:
 - Australian Local Government Association.
 - Municipal Association of Victoria.
 - Victorian Local Governance Association.
 - North East Local Government Network.

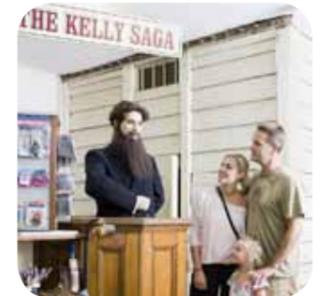


STRATEGIC INDICATORS

Strategic Indicator	Target	Actual
Net Current Assets (Current Assets / Current Liabilities).	>110%	142%
Debt Management (Total Debt / Total Rate Revenue).	<61%	44%
Actual operating surplus.	>\$1.212m	\$2,490m
Depreciation less capital renewal of existing infrastructure.	<\$1.491m	\$1,036m
External grants sourced each year.	>\$8.983m	\$11,007m
Community satisfaction rating for Council's provision of local roads and footpaths.	>49%	47%
Community satisfaction rating for Council's provision of recreational facilities.	>64%	66%
Community satisfaction rating for the appearance of public areas.	>69%	72%
Community satisfaction rating for Council's economic development performance.	>55%	55%
Level of actual building activity.	>\$25.6m	\$24.5m

FUTURE

- State Government commitment to provide additional funding for local roads (\$1 million annually for rural councils) and other community infrastructure.
- Completion of the Benalla Urban Growth Project and the Lakeside Community Sports Centre.
- Development of an Asset Management Strategy and long-term capital works program.
- Sale of properties no longer required by Council.
- Implementation of Enterprise Park Strategy Action Plan.
- Review of Tourism Strategy in consultation with revamped Benalla Tourism Advisory Committee.



STRATEGIC OBJECTIVE

3 Healthy, Active, Safe and Engaged Community

OUTCOMES SOUGHT

- **3.1** The community of the Rural City is dynamic, strong, socially integrated, healthy and active. People of all ages are engaged in their local communities. The community is resilient and owns its own plan for the future.
- **3.2** Education and learning are recognised and embraced as a key to life-long community wellbeing, social inclusion and tackling disadvantage. The community is culturally aware and engaged in a wide variety of arts and culture.
- **3.3** The Benalla Rural City is a safe and accessible community in which individuals, families and communities can move about and enjoy their lives in comfort, free from threats. Physical and social environments are carefully managed to reduce risks. The potential impact of natural disasters and other emergencies are planned for and mitigated where possible.
- **3.4** Council plans and provides key community infrastructure such as roads, bridges, drains, footpaths, buildings and facilities that best meet community needs.



ACHIEVEMENTS

- Lighthouse Community Planning Projects complete.
- State Government announced Advancing Country Towns Project 2011-2015.
- Council's Volunteer Recognition Function is held annually during National Volunteer Recognition Week.
- Australia Day Awards acknowledged the contribution of young people.
- Council participated in the Community Skills Bank Program auspiced by The Centre Community College.
- Council is a member of the North East Multicultural Association.
- Staff have undertaken Aboriginal Cultural Competency Training. Ways to acknowledge the traditional land owners and people from all cultural backgrounds are being explored.
- Council supporting the L2P Program in partnership with NESAY and the Rotary Club of Benalla.
- Council adopted its Municipal Public Health and Wellbeing Plan.
- Health and Wellbeing Action Development Team established.
- Council is participating in the Hume Community Mental Health Planning and Services Co-ordination Steering Group.
- Council met with the communities of Swanpool, Molyullah and Thoona.
- Council operated a Drought and Fire Recovery Strategy Advisory Committee. 2007-2009 program report submitted to Council. Advisory Committee reconstituted as Rural Transitional Support Group 2010.
- Council contributed funding to support the employment of the Rural Outreach Worker by Violet Town Bush Nursing Centre.
- Flood Recovery Officer employed to support rural communities affected by flood.
- Recycle Waste Collection extended to rural areas July 2010.
- Planned Activity Group established in Swanpool.
- In-Home Family Day Care extended to rural areas.
- Trialling Benalla-Mansfield bus service through Transport Connections Program.

CHALLENGES

- Future Lighthouse Community Planning Projects dependent upon State Government and Council funding.
- Additional funding required to progress the Benalla Library/Civic Centre Project.
- Additional resources required to appoint a Community Development Manager to engage with the rural communities to plan for their future management and development.
- Benalla Library Feasibility Study completed.
- Council has been successful in its application for grant funding of \$500,000 from the State Government Living Libraries Program.
- Benalla Art Gallery Master Plan 2010 developed. Art Gallery Amenities Improvement Project complete.
- Art Gallery Café lessee secured. Access ramp, decking and Café area refurbished. External lighting improvements undertaken.
- Benalla Performing Arts and Convention Centre now fully operational with addition of Cinema and Kiosk and landscaping project completed February 2011.
- Trialled additional hours at the Benalla Aquatic Centre.
- Community Local Laws 2009 gazetted in December 2009.
- Benalla Local Safety Committee reconstituted 2010.
- Council continues to be represented on the Benalla Liquor Accord and the Benalla Alcohol Action Group.
- Council conducts food premises inspections, transfer of food premises, new business registration, continuous food sampling, investigations, education, food handler hygiene, cleanness with premises and compliance.
- Council is part of the Benalla Traffic Liaison Committee and continues to advocate for pedestrian and transport safety.

STRATEGIC INDICATORS

Strategic Indicator	Target	Actual
Community satisfaction rating for Council's provision of health and human services.	>78%	78%
Community satisfaction with Council's enforcement of local laws.	>63%	65%
Community satisfaction with Council's traffic management and parking facilities.	>67%	65%
Child Health Assessments. Participation rate for children eligible for an assessment by Maternal and Child Health Service at 3.5-years-old.	>64%	66%
Community satisfaction rating for Council's provision of recreational facilities.	>69%	72%
Community satisfaction rating for the appearance of public areas.	>49%	47%
Community satisfaction rating for Council's provision of local roads and footpaths.	>49%	47%

- The Transport Connections Program has coordinated the relocation of the Benalla Taxi Rank to Carrier Street, Benalla.
- The Transport Connections Program co-ordinated the Realistic Race. Council is continuing to liaise with the Benalla Access Awareness Group.
- Municipal Recovery Plan completed and presented to Council in April 2010 and has been incorporated into the Municipal Emergency Management Plan.
- Flood Mitigation works that could be practicably carried out in accordance with the Benalla Water Management

FUTURE

- Advancing Country Towns Project 2011-2015 will commence.
- The adoption of the Municipal Early Years Plan, Youth Strategy and Positive Ageing Strategy to support Council's Municipal Public Health and Wellbeing Plan.
- The Car Parking Precinct Plan will be placed on display for public submissions.
- Feasibility of additional flood mitigation projects will be investigated.
- Council will continue to meet with rural communities.



- Scheme have been completed. 109 to 187 houses have been protected from an event equivalent to the 1993 flood.
- Council is participating in MAV's Regional Asset Management Services Program.
- Infrastructure Design Manual adopted in partnership with other municipalities.
- Supported the upgrade of facilities at the Indoor Recreation Centre, Swanpool Football Netball Club, Tatong Football Netball Club and Benalla Lakeside Community Sports Centre.

STRATEGIC OBJECTIVE

4 Appropriate Land Use and Environmental Sustainability

OUTCOMES SOUGHT

- **4.1** Land uses in urban and rural areas are well planned and appropriate development managed to meet community needs. The natural environment is actively cared for and is sustainable.
- **4.2** Council has established itself as a key environmental leader.
- **4.3** Council provides a key community education role in facilitating a shift to a more sustainable future.



ACHIEVEMENTS

- Amendments to the Scheme have been adopted by Council including the Lake Benalla Environs Study, the Gambling Framework and the Rural Living Study.
- Proactive land use enforcement and planning permit compliance undertaken.
- Enforcement action carried out to uphold the Scheme.
- Amendment C13 to the Benalla Planning Scheme – Lake Benalla Environs Study 2007 referred to the Minister for Planning for gazettal. Council continuing to work with developers to maximise development opportunities in the precinct.
- Work on CBD Strategy and Car Parking Strategy in progress.
- Council continues to manage its waste in accordance with the Regional Waste Management Plan.
- Council actively participates in the committees and programs of the NevRwaste Board.
- Specialist officer to manage the Benalla Landfill has been appointed.
- Kerbside collection recycling services has been extended to previously unserviced areas.

CHALLENGES

- To seek funding to undertake a Rural Land Study to review rural zones.



STRATEGIC INDICATORS

Strategic Indicator	Target	Actual
Community satisfaction rating for Council's provision of waste management services.	>69%	72%
Community satisfaction rating for Council's town planning policy and approvals.	>55%	60%
Proportion of household waste collected in kerbside collections recycled versus landfill.	>37%	48%



FUTURE

- Adoption of Council's Environment Policy and Strategy.
- Council is a partner in the 'North East Solar PV Community Hub – Beyond Zero' project, which will encourage joint action on climate change through the installation of solar panels and increasing community awareness.
- Development of a Lake Benalla Asset Management Plan in conjunction with other authorities.
- Planning between agencies and local stakeholders is underway for a Summer 2012 drawdown of Lake Benalla.



STRATEGIC OBJECTIVE

5 Strategic Partnerships and Community Engagement

OUTCOMES SOUGHT

- 5.1 Council recognises the need to work through partnerships and collaborate to create new opportunities to enhance community wellbeing in an affordable and efficient manner.
- 5.2 Council maintains strong partnerships with the community, key community leadership organisations, other local governments and the State and Federal Governments.
- 5.3 Council recognises that it is working in a dynamic, political environment that promotes and requires Council to work with others.
- 5.4 Within the Benalla Rural City Council there is a strong commitment to integrated planning that supports the working together of departments.
- 5.5 Effective and open community engagement and communication underpin Council's successful relationship with the community.



ACHIEVEMENTS

- Foundation Council in MAV Information Communication Technology Shared Services Project.
- Formal partner for North East and Goulburn Broken Greenhouse Alliance.
- Integration of Community Services with Benalla and District Memorial Hospital explored.
- Benalla Family Day Care Scheme expanded into Mansfield Shire.
- Transport Connections Project Phase 3 being undertaken in partnership with Mansfield Shire Council.
- Participated in the Central Hume Assessment Partnership with Home and Community Care Services from Alpine, Mansfield and Wangaratta Councils.
- Member of North East Greenhouse Alliance and the Goulburn Broken Greenhouse Alliance.
- Council foundation member of North East Victoria Tourism Board Inc.
- Council participation in the North East Local Government Network and Hume Regional Management Forum.
- The Advancing Country Towns Program 2011-2015 has been developed in consultation with the Hume Regional Management Forum and Benalla and District Community Taskforce.
- The Benalla and District Community Taskforce and its associated Action Development Teams have been supported by Council.
- Education is a key focus of the Benalla and District Community Taskforce. The Tomorrow Today Foundation Project and the Department of Education and Early Childhood Development Regeneration Project have been supported by the Taskforce.
- Council contributed to the development of the Hume Strategy for Sustainable Communities – Regional Plan 2010-2020 and its implementation.
- Contributing to Medicare Locals and Home and Community Care Review by Council of Australian Governments.

CHALLENGES

- Development of a community leadership program, drawing on the skills, knowledge and resources of existing community leaders, dependent upon additional resources for the appointment of a Community Development Manager.



STRATEGIC INDICATORS

Strategic Indicator	Target	Actual
Community satisfaction rating for Council's engagement in decision making on key local issues.	>58%	58%
Success of the Community Enhancement Project Stage 3, such that subsequent funding is received from the Hume Regional Management Forum.	Sufficient funds to progress Stage 4	
Advancing Country Towns Program funding of \$180,000	Awarded	Not yet established
Establishment of a Community Leaders Forum.	Forum established	
Attendance at the North East Local Government Network Forum.	100% attendance	

FUTURE

- Development of a Community Vision incorporating social, economic and environmental aspirations.
- Council's Consultation and Communication Strategy to be updated.
- Engagement of young people to be considered as part of the development Council's Youth Strategy.



a message from the mayor and ceo

This Annual Report marks the end of the second year of the current Council term. This commenced in November 2008 with the general election of Councillors and the beginning of the implementation of the four-year Council Plan on 1 July 2009.

The 2010/11 year has been a period of significant achievement on behalf of the Community of the Rural City.

A Year of Achievement

Community Satisfaction Survey

The 2011 Statewide Community Satisfaction Survey conducted independently by the State Government resulted in Benalla Rural City recording an overall performance rating of 63 out of 100. This was up from 60 in 2010 and against the best overall performance rating of 65 in 2008.

Compared to the 2010 survey, the performance improved in 11 of the 13 performance areas which is a credit to the hard work of the Council, management team and staff in meeting community expectations. The key service areas which recorded the highest ratings were:

Customer Contact	70
Health and Human Services	78
Appearance of Public Areas	72
Waste Management	72
Recreation Facilities	66
Traffic Management and Parking	65
Enforcement of Local Laws	65

Local roads and footpaths recorded the lowest rating of 47 which serves to reinforce the Council's highest priority in spending over the last seven years and may be a reflection of the substantial damage caused to the rural roads and bridge network during the floods and rain events in late 2010 and early 2011.

Responsible Financial Management

The Council's financial position cannot be described as strong. However, it continues to improve and performance is closely monitored against the Strategic Resource Plan and the Ten Year Forward Financial Plan.

The financial health of the Rural City along with the other 78 Councils in Victoria is overseen by the Auditor General Victoria and based on the Auditor General's Standards we continue to remain sustainable. Recurrent expenditure is tightly controlled and with the benefit of Federal and State Government Capital Grants an operating surplus has been recorded in the last four financial years.

The Financial Statements for the year ended 30 June 2011 report a year ended surplus of \$5.085m against a budgeted surplus of \$1.212m. Differences between the actual and budgeted result are \$2.49m explained in detail in the accompanying reports.

Capital Projects

Foremost in the achievements of the Council has been the significant progress on a number of infrastructure projects identified in the 2009 – 2013 Council Plan.

Urban Growth Project

The project of greatest strategic benefit to the Rural City in the future in terms of growing the population and the local economy is the Benalla Urban Growth Project.

The Honourable Tony Burke Minister for Population announced on 28 May 2010 Federal Government funding of \$3.08m under the Regional Local Community Infrastructure Program (Strategic Projects) to match a Council funding commitment of \$1.22m. The project involves the construction of a stormwater outfall drainage system to allow subdivision to occur in residential zoned land in the Benalla West area with the potential for 1290 housing allotments. A project control group was established in December 2010 and a final design of the drainage infrastructure is nearing completion. The acquisition of land for a retardation basin and drainage easements is also in progress.

Ceramic Mural

The Ceramic Mural on the lake foreshore next to the Benalla Monash Bridge was completed after some 27 years of construction and was officially opened on 5 November 2010 which coincided with the centenary of the construction of the Bridge.

The Ceramic Mural was assigned as an artwork during the year and is now in the permanent collection of the Benalla Art Gallery.

Benalla Lakeside Community Sports Centre

Stage 2 of the Benalla Lakeside Community Sports Centre was completed in June 2011 and is a welcomed addition to the landscape and the aesthetics of the lake and its environs. The success of the project is attributed to the project control group which has overseen the project development and also the partnership funding which has made the project possible. We are particularly grateful for the overall community support for the complex in the form of funding contributions made through the Co-operative formed and the volunteer labour and materials contributed to the project.

The project was funded as detailed below:

State Government (Regional Development Victoria)	\$300,000
Benalla Rural City	\$150,000
Benalla Sports Entertainment Centre Incorporated (Ledger Charitable Trust)	\$60,000
Benalla Lakeside Community Sports Centre Co-Operative	\$190,000
State Government (Sport and Recreation Victoria)	\$60,000
	\$760,000
Community 'In-kind' Support	\$50,000
	\$810,000

Benalla Library/Civic Centre Project

On May 4, 2011, the Council adopted a proposed funding strategy for the refurbishment and conversion of the Civic Centre into the new Benalla Library and the relocation of Council to the refurbished former Shire Offices in Mair Street, Benalla. It also identified the Australia Post building on the corner of Mair and Bridge streets as the preferred relocation for Council staff and will seek to acquire the property when it is presented for sale.

Architects are in the process of finalising the design and specifications for the new Benalla Library in readiness to proceed to invite tenders for the project.

Advancing Country Towns Program

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

The project will be seeking 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.

Thank You

The strong partnership between the elected Council, the Management Team and staff continued throughout the second year of the Council term and we wish to thank the Councillors, Council staff and members of the Advisory Committees to the Council for their ongoing contribution towards our mission.

Our Mission

Through leadership and quality service, we will seek to meet the needs and aspirations of the entire community of the 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 environment and cultural character.



Councillor Bill Hill
Mayor



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 and 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

At 30 June, 2011 Cr Hill represented Council on the following committees:

- Audit Advisory Committee
- Rural Transitional Support Group
- Economic Development Advisory Committee
- Editorial Advisory Committee
- Management Review Advisory Committee
- Municipal Association of Victoria Strategic Environment Advisory Group
- Municipal Association of Victoria
- Municipal Association of Victoria Rural Councils Victoria
- Municipal Association of Victoria Timbertowns Victoria
- North East Multicultural Association
- North East TIRES (Timber Industry Road Evaluation Study) Committee
- North East Victoria Regional Waste Management Group (NevRwaste)
- Victorian Local Governance Association
- Plantations North East
- Benalla Gardens Oval Committee of Management Incorporated
- Benalla Showgrounds and Recreation Reserve Committee of Management



Cr Barbara Alexander, A.O.
First elected: November 2008

As at 30 June 2011 Cr Alexander represented Council on the following committees:

- Audit Advisory committee
- Australia Day Advisory Committee
- Benalla & District Community Taskforce
- Benalla Botanical Gardens & Riverine Parklands Advisory Committee
- Economic Development Advisory Committee
- Editorial Advisory Committee
- Benalla Tourism Advisory Committee
- Benalla Community Care Centre Board of Management
- Benalla Youth Service Providers Network
- Churchill Reserve Committee of Management
- Rural Transitional Support Group
- North East Greenhouse Alliance
- Urban Growth Project, Project Control Group



Cr Pat Claridge

First elected: November 2003

Re-elected: November 2005

Re-elected: November 2008

As at 30 June 2011 Cr Claridge represented Council on the following committees:

- Benalla & District Community Taskforce
- Benalla Airport Advisory Committee
- Economic Development Advisory Committee
- Editorial Advisory Committee
- Management Review Advisory Committee
- Local Learning & Employment Network (LLEN)
- Revitalising Regional Towns
- High Country Library Corporation
- State Gliding Centre Committee of Management Incorporated
- Adult Community & Further Education
- Benalla Education Regeneration Governance Board
- Benalla Safety Committee



Cr Peter Davis

First elected: November 2005

Re-elected: November 2008

As at 30 June 2011 Cr Davis represented Council on the following committees:

- Benalla Airport Advisory Committee
- Economic Development Advisory Committee
- Benalla Botanical Gardens & Riverine Parklands Advisory Committee
- Benalla Tourism Advisory Committee
- Benalla Community Care Centre Board of Management
- Benalla Performing Arts & Convention Centre Board of Management
- L2P Learner Driver Mentor Program Steering Committee
- Benalla Education Regeneration Governance Board



Cr Peter Dunn

First elected: November 2005

Re-elected: November 2008

As at 30 June 2011 Cr Dunn represented Council on the following committees:

- Benalla Art Gallery Special Committee
- Management Review Advisory Committee
- Municipal Emergency Management Committee
- Municipal Fire Prevention Committee
- Municipal Association of Victoria Timbertowns Victoria
- North TIRES (Timber Industry Road Evaluation Study) Committee
- Benalla Safety Committee
- Benalla & District Historical Society Incorporated
- Benalla Sports & Equestrian Reserve Advisory Committee
- Benalla Environment Strategy Steering Committee



Cr Don Firth

First elected: November 2008

As at 30 June 2011 Cr Firth represented Council on the following committees:

- Economic Development Advisory Committee
- Lakeside Community Centre Project Control Group
- Benalla Safety Committee
- Urban Growth Project, Project Control Group
- Benalla Indoor Recreation Centre Committee of Management Incorporated
- United Friendly Society Reserve Committee of Management Incorporated



Cr Suzy Martin

First elected: November 2008

As at 30 June 2011 Cr Martin represented Council on the following committees:

- Benalla Art Gallery Special Committee
- Benalla Festival Advisory Committee
- Benalla Saleyards Advisory Committee
- Rural Transitional Support Group
- Economic Development Advisory Committee
- Editorial Advisory Committee
- Municipal Emergency Management Committee
- Municipal Fire Prevention Committee
- Transport Connections Steering Committee
- Benalla & District Family History Group

the year at a glance

July

General Manager resignation

General Manager Infrastructure announces his resignation to take up the position of Executive Director Reconstruction and Recovery at Murrindindi Shire.

Over \$5 million in grants

Council receives more than \$5 million in grant funding during the financial year. The \$5.15m received from the Australian and Victorian Government was put towards projects totalling \$8.75m.

Regional strategy

Council endorses a key strategic plan that will inform regional decision making and investment for the next 10 years.

Developed over the past two years by 12 councils, the State Government, business and other key stakeholders, the *Hume Strategy for Sustainable Communities* is an integrated strategic plan designed to manage the growth and development of local communities in a sustainable way.

August

Gateway entrance

Council contributes \$190,000 to a \$505,000 project to create an Eastern Gateway entrance into Benalla. The project will create a significant entry point on arrival in Benalla and will also address safety concerns and traffic flow problems. The project is also funded through Regional Development Victoria and VicRoads.

Commercial Hotel development site

Council recommends the approval of a planning permit for a significant development that will see the construction of a five story building to extend the Commercial Hotel, provide retail premises and serviced apartment accommodation.

Future planning for farming

Council hosts two seminars to assist farming families consider their future on the land.

September

Major flooding

Council's emergency response prepares for the possibility of major flooding. The VIC SES holds a community meeting on 7 September to update the community on flooding in the Benalla Rural City.



October

Citizenship

A Citizenship Ceremony is conducted for six new Australian citizens.

Revitalising Regional Towns

Council welcomes \$750,000 in funding from the Victorian State Government's Revitalising Regional Towns program.

November

Festival Celebrations

Benalla celebrates the official opening of the Ceramic Mural after 30 years of construction.

Centenary Celebrations are held for Benalla's much-loved Benalla Monash Bridge – the crown that links the jewels that surround beautiful Lake Benalla.

Gallery goes 'green'

A \$686,000 project commences at the Benalla Art Gallery to install a new air conditioning system and stormwater capture and reuse system.

Victorian Councillor Service Awards

Mayor Cr Bill Hill is recognised for his outstanding service to the community at the Victorian Councillor Service Awards where he received the honorary title of Mayor Emeritus for completing five terms as Mayor of Delatite Shire and Benalla Rural City Council.

Benalla Rural City Council employee wins state award

Sarah completed a Building Surveyor cadetship in March 2010 and is currently undertaking an Advanced Diploma of Building Surveying through Gordon Institute of TAFE. She plans to complete the qualification by the end of 2011.



December

General Manager joins Benalla Rural City Council

Veronica Schilling is appointed as the new General Manager Development and Environment. Veronica is responsible for Asset Services, Infrastructure Services and Development and Strategic Infrastructure Programs service areas.

\$500,000 to deliver North East solar energy hub

Benalla Rural City Council and six other north-east Victorian councils receive \$500,000 to subsidise solar panel installation in homes.

Major weather event

Significant heavy rains and strong winds cause damage to Council infrastructure such as roads and drains in rural areas.



January

Australia Day

Benalla Rural City celebrates Australia Day with a variety of activities through the community the theme 'Growing Benalla and District from the Ground Up'. Australia Day Ambassador Christine Nixon APM is guest speaker at the awards ceremony.

Citizen of the Year: Anthony Hill
Young Citizen of the Year: Chloe Bennett
Community Event of the Year: Official Opening of Benalla's Ceramic Mural



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

- Benalla Achiever of the Year – Merle Nolan
- Devenish Achiever of the Year – Pat Mitchell
- Goorambat Achiever of the Year – Bill Burdett
- Molyullah Achiever of the Year – Anthony Hill
- Thoona Achiever of the Year – Betty Nicol



May

Winton Motor Raceway major events

Benalla Rural City hosts the V8 Supercar Series. Council coordinates a successful V8 Autograph Session on Thursday 12 May. The session gives the community, especially young people, a chance to meet their favourite racing car drivers.

Benalla Rural City welcomes Historic Winton from 27-30 May. The weekend features over 400 historic racing cars and motorbikes from the 1920's to the 1980's. Council assists to coordinate a classic car and motorbike tour to promote tourism within the region on the Friday.



Aquatic Centre

A community consultation program on the future of the Benalla Aquatic Centre commences.

Benalla Library

A project to convert the Benalla Civic Centre into a library takes a major step forward with Council identifying a preferred home for its relocated administration operations.

Master the next Disaster! – Community Discovery Day

Benalla Rural City Council, in partnership with the State Emergency Service, Benalla hosts the

upcoming "Master the next Disaster!...Community Discovery Day".



Cr Claridge resigns

Cr Pat Claridge resigns to take up a position with the Tomorrow: Today Foundation.

June

Acting Mayor appointed

The Benalla Rural City Council appoints Cr Peter Dunn as Acting Mayor while Mayor Cr Bill Hill recovers from illness.

Goulburn Broken Greenhouse Alliance launched

Benalla Rural City Council unites with six neighbouring councils and the Goulburn Broken Catchment Management Authority to tackle climate change.



capital projects program

Significant capital projects during the 2010/11 financial year included:

Project	Budget Amount
Extensive repairs and rehabilitation of rural road and bridge infrastructure following severe flooding and storm events (Natural Disaster Recovery Financial Assistance).	\$4,500,000
Bituminous surfacing of urban and rural road segments, including Church Street, Smythe Street, William Street South, Winton-Glenrowan Road, and Taminick Gap Road.	\$692,000
Sustainability improvements works at the Benalla Regional Art Gallery including air conditioning upgrade, installation of solar panels and installation of storm water harvesting and re-use infrastructure (various funding partners).	\$685,000
Construction of a waste containment cell at the Benalla Landfill and Resource Recovery Centre.	\$499,000
Upgrading of the intersection of Mitchell Road and Tatong-Moorngag Road for logging truck access (Victorian Government's Local Roads to Markets Program).	\$147,000
Asphalt surfacing and heavy patching of road pavements on Clarke Street, Samaria Road and Boger Street.	\$137,500
Replacement of culvert on Mitchell Road to remove load limit and provide for logging truck access (Victorian Government's Local Roads to Markets Program).	\$87,900
Construction of shared path connection between Cooina Village and Benalla Performing Arts and Convention Centre.	\$20,000



our people

organisational structure



the corporate 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; strategic planning; Benalla Art Gallery; economic development; customer service and public relations.



Veronica Schilling
General Manager Environment and Planning

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 contract; waste management.



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 Price Waterhouse Coopers.
Qualifications: Justin is a Chartered Accountant and holds a Bachelor of Commerce degree.

MAJOR FUNCTIONS
Finance; property and information services, human resources; community services.

service areas reporting

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

1. Executive Services

Customer Service and Public Relations
Benalla Art Gallery
Economic Development
Governance

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.

Customer Service and Public Relations

The Customer Service and Public Relations Department is responsible for customer relations; facility management; public relations; business development and tourism; and youth services coordination functions.

Customer Relations

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

- Nearly 40,000 customer contacts - 20,869 telephone and 19,109 over-the-counter contacts.
- Customer contacts resulted in 1,963 customer requests for Council to take action.
- 396 Land Information Certificates issued.

Community satisfaction

In May 2011 the State Government released the results of the State Government's *Local Government Community Satisfaction Survey 2011*.

The telephone survey measures residents' satisfaction with Council's overall performance, advocacy, responsiveness and community engagement to provide information about how a council's performance is rated by the communities it represents.



The table following details the annual survey results for the years 2007 to 2011.

Indicator/Key service areas	Indexed mean rating 2011	Change in performance (2010-2011) %	Indexed mean rating 2010	Indexed mean rating 2009	Indexed mean rating 2008	Indexed mean rating 2007
Overall performance of Council	63	5↑	60	61	65	62
Advocacy and community representation on key local issues	64	8.5↑	59	62	61	59
Engagement in decision making on key local issues	58	3.6↑	56	58	62	60
Interaction and responsiveness in dealing with the public	70	0.0	70	67	72	71
Local roads and footpaths	47	4.1↓	49	49	49	49
Health and human services	78	5.4↑	74	78	78	77
Recreational facilities	66	11.9↑	59	64	70	73
Appearance of public areas	72	4.3↑	69	69	72	72
Traffic management and parking facilities	65	8.3↑	60	67	65	69
Waste management	72	5.9↑	68	69	70	69
Enforcement of local laws	65	3.2↑	63	63	68	65
Economic development	55	3.8↑	53	55	58	55
Town planning policy and approvals	60	5.3↑	57	55	62	59

An indexed score of 60 is considered "adequate – an acceptable standard".

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, Benalla Triathlon, Skate 'n Jam, Historic Winton Classic Car and Motorbike Tour, V8 Supercar Drivers Autograph Session.
- Production of Council's corporate publications, including community newsletters, Annual Report, weekly *Benalla Ensign* *Community Connect* column, community newsletters and staff newsletter.
- Community engagement projects: Benalla Aquatic Centre, Environment Strategy.
- Coordination of the regional *Make It Happen in Provincial Victoria* campaign.





Business Development and Tourism

In May 2009, with Victorian State Government funding assistance, Council appointed a part-time Business Development and Tourism Officer to facilitate business and tourism development in line with Council's *Economic Development Strategy and Benalla Tourism Strategy 2005-2010*.



Achievements/Highlights

- Benalla Business Excellence Awards.
- Reformation of Benalla Tourism Advisory Committee.
- Management of Benalla Visitor Information Centre transferred from Creators Gallery volunteers to Council.
- Benalla Festival and Benalla Bridge 100th Birthday and naming celebrations.



Youth Services Coordination

The Council's Youth Services Coordination function plays an important role in ensuring advocacy for, and responding to, young people's issues and needs through local government planning, policy and service referral activities.

The Youth Services Coordinator is strongly connected to local networks associated with young people, coordinating local responses to strengthen the capacity of the community to respond to local issues.

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.
- Development of Council Youth Charter.
- Coordination of the Benalla Youth Service Providers Network.
- Youth Development Coordinator appointed Deputy Convenor of North East Regional Youth Affairs Network.

Benalla Art Gallery

History

The Benalla Art Gallery is the State Regional Gallery for the north east of Victoria. An initiative of committed local individuals and organisations, the gallery commenced operations in temporary premises in the Soldiers Memorial Hall in Nunn Street in 1967. The gallery's art collection began in the same year with an Acquisitive Art Prize sponsored by the Benalla Apex Club.

In 1972 a \$75,000 donation from the local art patron, Mr Laurence Ledger, towards the building of a new gallery, together with a gift of 150 Australian paintings, traditional landscapes in nature, substantially transformed the gallery's scope and operations. Melbourne-based architects Colin Munro and Philip Sargeant were engaged to prepare plans for the new gallery which opened in 1975 on the shore of Lake Benalla. In the late 1990s a further large donation from a niece of Laurence Ledger, Gladys Bennett, allowed for major contemporary works to be purchased, complementing the Ledger collection of artworks.

The collection now comprises some 2000 individual works broadly outlining the history of Australian art, including some important contemporary Aboriginal works. The collection has been built through the donation of funds from government, community organisations, individuals and the Friends of the Gallery.

The collection of artworks was valued at \$16.5m as at 30 June 2011.

The Gallery also supports cultural and tourism events and is available for function hire.

Gallery Operations

The Gallery is a major tourist attraction operated by Benalla Rural City Council with funding support from the State Government through Arts Victoria. For the 2010/11 financial year the net cost to the Council for operating the facility was \$309,555 after funding of \$85,000 from Arts Victoria.

A commercial café under lease from the Council operates from 10am-4pm seven days a week and provides catering for functions.

Benalla Art Gallery Special Committee

The development of the art collection is overseen by a Special Committee appointed by the Council under Section 86(1) of the Local Government Act 1989.

The 2010/11 members were:

- Ms Margaret Richards (Chair)
- Mr Danny Claridge
- Mr Ian Cuming
- Cr. Peter Dunn
- Mr Ivan Durrant
- Ms Lynne Lidgerwood
- Cr Suzy Martin
- Mr Tony McIlroy
- Dr Beth Randell
- Ms Priscilla Tanner

The Director of the Art Gallery Mr Simon Klose attends meetings of the Special Committee.

The Terms of Reference for the Special Committee relate to policy development, acquisition and deaccession of artworks and an advisory source for the Council on issues affecting the Benalla Art Gallery.





Benalla Art Gallery Acquisition Trust Fund

The Art Gallery Special Committee receives support from the Trustees of the Benalla Art Gallery Acquisition Trust Fund which was established by a Declaration of Trust dated 14 July 1986.

The current trustees are:

- Mr Philip Messenger (Chairman)
- Ms Glenice Fox
- Mr Simon Klose
- Mr Tony McIlroy
- Mr Richard Tallis

The Chair of the Art Gallery Special Committee Margaret Richards attends meetings of the Trustees.

The Trustees are the custodians of Trust funds which are utilised for the acquisition of services or materials to support cultural or promotional activities in or for the benefit of the Gallery. The Trust also administers cash donations made to the Art Gallery.

Friends of the Gallery

The Friends of the Benalla Art Gallery Inc. is an invaluable support group for the Gallery. With more than 425 members, the Friends provides access to volunteers, funding support, collective knowledge and encouragement. In the 2010/11 year the Friends made a funding contribution of \$28,000 for the major upgrade of the air-conditioning system. The total project cost was \$686,000 and has taken the gallery into a more sustainable future and has lessened operating overheads through the installation of environmentally efficient energy systems.

The 2010/11 office-bearers of the Friends of the Gallery were:

- Ms Margaret Richards (President)
- Mr Danny Claridge (Vice President)
- Ms Val Dunin (Secretary)
- Ms Lisa Adams (Treasurer)



Economic Development

Achievements/Highlights

Economic Development has been steady but constrained for the past 12 months due to the global economy, floods and natural disasters. Work opportunities generated through the construction projects associated with the Building the Education Revolution and Council's success with grant applications during the 2010/11 financial year have been steady with most projects nearing completion. The lead up to the State Election and subsequent change in government towards the end of 2010 temporarily put a hold on funding programs. The new programs released in July 2011 promise a vibrant future. The achievements for the year can be summarised as follows:

- **Flood recovery support**

Council wrote a successful application to fund a Flood Recovery Officer for the municipalities of Benalla, Murrindindi, Mansfield and Mitchell. Ms Trish Curtis of Intalink provided excellent support to assist 45 flood affected people in Benalla to access grants and support through Rural Finance. She hosted two landholder information sessions at Goomalibee and Molyullah and in partnership with the Benalla State Emergency Service (SES) ran the "Master the next Disaster – community discovery day" run in Benalla.

- **Business Support**

Council Officers continue to deal with daily enquiry and information dispersal for a range of businesses interested in expanding or investing in Benalla. The Business Development and Tourism Officer worked to support the Benalla Business Awards. The popular Industry Forums were run at HVP Plantations in conjunction with D & R Henderson Pty Ltd.

- **Working with young people**

Council hosted a number of students throughout 2010. Students were placed with Council to gain hands-on work experience and learn valuable skills to take to their future employment.

Placements included working in Engineering and Planning departments of the Council as part of the Young Professional Provincial Victoria Cadetship Program.

- **Enterprise Park**

The Economic Development Manager has been investigating the potential for the future development of the Council's industrial estate 'Enterprise Park'. Over 160 businesses, tradesmen and manufacturers were surveyed to establish the ongoing level of demand for business relocation or establishment. The Council will consider the findings in November 2011.



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 Rural Outreach Worker whose position is provided by the Violet Town Bush Nursing Centre and the Benalla Library Services which are provided by the High Country Library Corporation.

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

- A program targeting teenage boys was conducted over four weeks in partnership with the Tomorrow Today Foundation. 'More than words' involved mentoring, breaking down barriers and promoting the pleasure of reading. Guests included author Justin D'arth, illustrator Kevin Burgemeestre and a number of local identities in the sporting and media fields.
- Author visits included John Bauer (listed for the Miles Franklin Literary Award)
- Weekly Preschool Storytime and Rhyme Time for parents and babies continued to be well supported.
- The popular Philosopher's Group commenced regular meetings at the Library.
- In partnership with Northeast Health Wangaratta and Mind Australia, the Library hosted Book Mates, a six-week program of bibliotherapy sessions. This involved case workers and participants reading aloud and discussing literature and poetry.
- Groups from Central Access and EdSpace 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.
- Staff maintained a program of regular visits to local kindergartens and child care centres.
- To celebrate Children's Week in October, Preschool Storytime was held at Benalla's mural and attracted much curiosity. The Friends of Benalla Library assisted with security.
- Participated in the Australia-wide National Simultaneous Storytime, Children's Book Week and the Summer Reading Club.
- Home Library service maintained for Alkoomi, Cooinda, 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. A traditional puppet show and science activity box from the Melbourne Museum were each very popular.



Statistics	2010/11	2009/10
Loans	91,020	96,516
Visits	70,581	72,147
Internet sessions	3,988	3,909
Wireless sessions	1,609	801
Program attendance	1,757	1,707
Members	4,670	4,749
Items in collection	29,435	28,068

Finance

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

Financial snapshot	2010/11 \$'000	2009/10 \$'000	2008/09 \$'000
Total Revenue	\$25,962	\$23,530	\$21,978
Total Expenses	\$23,472	\$22,513	\$20,852
Surplus/(Deficit)	\$2,490	\$1,017	\$1,126
Net Current Assets	142%	164%	152%
Total Assets	\$197,756	\$183,274	\$180,168
Total Liabilities	\$13,106	\$12,896	\$10,768
Net Assets	\$184,650	\$170,378	\$169,400
Rates	\$12,203	\$11,531	\$11,007
Rates/Total Revenue	47%	49%	50%
Debt/Rates	44%	54%	50%
Capital Works	\$6,140	\$3,575	\$4,095

The operating surplus of \$2.49 million for the 2010/11 financial year was mainly due to the receipt of Natural Disaster Relief Assistance of \$2.887 million to repair road infrastructure which was damaged by flood events in September and December 2010.

Human Resources

The Human Resources Department provides support to all Council staff in 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 Council's success.

Enterprise Agreement

Following a negotiation period between management, unions and staff a new Enterprise Agreement was certified on 29 December 2010. The Enterprise Agreement includes many flexible workplace provisions including:

- flexible working hours
- purchase leave options
- commitment to staff training and development
- commitment to mature aged staff.



Employee overview

Type	Full-time	Part-time	Casual	Total	%
Males	56	7	6	69	38%
Females	29	49	33	111	62%
Total	85	56	39	180	
%	47%	31%	22%		

Staff Profile

- 115.7 Equivalent Full Time (EFT) staff employed as at 30 June 2011
- Staff turnover 11%, down from 16% for the previous year
- Six staff were supported to obtain Diploma or Certificate accreditation
- Full-time staff (85) part time (57) casual (39)
- Male staff (69) female staff (112)

Recruitment

	2011	2010
Employment applications processed	150	99
Employment vacancies filled	13	16
Major training and development programs	8	13
Training and development participants	180	185

Learning and Development

Council is committed to encouraging all staff to develop their skills and knowledge through the identification and provision of training and learning opportunities.

An E-Learning version of Council's Induction Program has been developed for staff.

Service Awards

At a special celebration to recognise staff commitment and long service, service awards were presented to 23 staff members including two staff who were acknowledged for 20 years of service and two staff who were acknowledged for 30 years of service.

Staff health and wellbeing

A Health and Wellbeing Working Group has been formed to promote staff awareness of health and wellbeing throughout the organisation. A number of initiatives have been introduced as part of this program.

Equal Opportunity

Benalla Rural City Council promotes a workplace free from workplace bullying, sexual harassment and discrimination. Equal Opportunity training is provided to both new and existing staff. Council has two trained Contact Officers which demonstrates the organisation's commitment to implementing the principles of equal opportunity and human rights.

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 timeframes.
- Rate payments made via the external payment options Australia Post, B/pay, Telephone and Internet, processed and reconciled daily.
- Continued focus on debt recovery to maintain overall rate collection levels.
- Appointment of the Contract Valuers for the 2012 General Valuation.
- Referral of completed dwellings and subdivided land to the Valuers for re-valuation.
- Ongoing database maintenance, including annual waste collection downsizing.

Property and Valuations Statistics 2010/11

	2010/11	2009/10
Change of Ownership	377	450
Mobile Waste Bins added or changes	397	375
Direct Debit Rate Payments in place	128	118
Change of address processed	292	323
Number of external rate payments processed	20,944	18,897
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, i.e land parcels, road networks, assets, aerial photography, planning scheme zones etc.

Achievements/Highlights

- Updated mapping data received from the State Government.
- Provide 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.
- Train staff with mapping applications and provide ongoing assistance and Help Desk support.

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

- Municipal Emergency Coordination Centre (MECC)
- DPI plague locusts and Chilean Needle Grass
- Rural Living Zones review and Community Local Law amendments
- No Firewood collection areas
- Road works on Police Track and Jones Road
- Mobile data collection for Local Laws staff
- CFA with road name identification for the Spatial Vision Map Book

Statistics	2010/11	2009/10
Parcels modified/updated in the GIS mapping data	590	1,045

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.
- 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.
- Department Risk Assessment completed.
- Ongoing Backscanning of all subdivision plans.

Statistics	2010/11	2009/10
Inwards mail items	11,183	10,733
Outwards letters	5,610	4,783
Internal memos	2,718	2,071
New files created	459	458
Archive boxes to external storage	97	66
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

- Membership of the Municipal Association of Victoria - Shared Services Project.
- Purchase of new hardware and initial virtualisation of server environment.
- Installed dedicated server for GIS Exponare hosting and development.
- Further upgrade to the Town Hall high speed wireless network.
- Ongoing upgrades to MECC facility at the Benalla Drill Hall Community Activity Centre.
- Implement mobile computing (Home assessment for HACC Officers) .
- Major upgrade to Lotus Notes email and database system.
- Ongoing software update regime, Synergysoft, AsystAsyst, Xpedite, Mach's, CRMS, IRIS, Mapinfo, Mail Marshal.
- Upgrade to Benalla Art Gallery digital security surveillance system.
- New uninterruptable power supplied at all remote sites.



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 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' Telephone Support, Volunteer Transport and Transport Connections.

Achievements/Highlights

- Relocation of the Benalla Taxi Rank to a safer area on Carrier Street.
- Department of Transport funding for the three trial bus services in the Benalla and Mansfield municipalities were extended to 31 December 2011.
- A "Realistic Race" was delivered to participants of the Alpine Leadership program whilst visiting Benalla. The participants gained an insight to the difficulties people with disabilities encounter when moving around, especially in the Central Business District.
- A new method for soup delivery for the Food Service Program was introduced with soup being delivered chilled and in recyclable plastic containers.
- Seniors' Festival was a very successful week-long event with over 350 people attending activities.
- A Joint Food Service Project has been continued with the Dietetics Team of Ovens and King Community Health Service, investigating better ways of providing Food Services in Benalla.
- Additional funding for the Property Maintenance Program was provided by the Department of Health effective from 1 January 2011, in recognition of the particular need in Benalla.

Family and Children's Services

The program delivers services to promote health and well-being 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

- The partnership with Benalla Health has supported project work with the Community Health Service to trial joint work with clients-in-common, to support the seamless care support of the Benalla community.
- All Maternal Child Health appointments are now managed by the Benalla Community Care front reception due to the improved computer system.
- The Benalla Family Day Care Scheme received accreditation status from the National Childcare Accreditation Council – High Quality.
- The Benalla Family Day Care Scheme received a full license from the Department of Education Early Childhood Development.
- Family Day Care play sessions commenced at Munro Avenue Preschool.
- Mansfield Family Day Care Scheme was incorporated with Benalla Family Day Care.
- Benalla Family Day Care subcontracted to coordinate the Mansfield Shire Council's In-home Family Day Care.
- R.E.D (Read Every Day) tent launched during Children's Week.
- Maternal and Child Health Outreach provided at Gumnuts Childcare Centre to undertake the three-and-a-half-year Key Age Stage check.
- Successful partnerships with the Friends of the Botanical Gardens and the Benalla Rotary Club to erect shade sails in the Rocket Park.

		10-11	09-10
Aged and Disability Services			
Assessment	hours provided	2,106	1,489
Food Services	meals supplied across the municipality	14,141	18,270
Home Care	hours provided to support people who are aged and/or disabled remain as independent as possible in their homes	8,480	8,332
Respite Care	hours provided to support people caring for loved ones who are aged and/or disabled	1,899	1,608
Personal Care	hours provided to assist with	3,849	3,284
Home Maintenance	hours supplied to, to provide basic home maintenance	541	756
Planned Activities	hours provided to support activities for older people with support needs	11,670	11,416
Volunteer Coordination	volunteer hours used to support clients with volunteer transport, meal delivery and in planned activity groups	1010	938
Family and Children's Services			
Family Day Care	hours of care provided	72,206	70,003
Maternal and Child Health	birth notifications	146	131
Family Support Services	hours provided	1948	n/a
Financial Counselling	individuals assisted	68	49



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.

Asset Services

Asset Maintenance

This area is responsible for delivery of maintenance programs through direct labour and contract staff. The team also took primary responsibility for call outs during and following numerous severe storms and two flood events in September and December 2010.

Achievements/Highlights

- Delivered 75 km of resheeting to various roads.
- Delivered 240 km of shoulder resheeting to various roads.
- Resealing 12 km of roads at various locations.
- 2,918 call out responses for the year.

Roads and Drains

Local Sealed Roads and Roadsides	619 km
Local Unsealed Roads and Roadsides	774 km
Local Roads bridges	85
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	73 ha
Roundabouts	5
Public Toilets	9



Infrastructure Services and Development

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 Lake Benalla Environs Study has been approved by the Minister for Planning and is now incorporated into the Benalla Planning Scheme.
- The Rural Living Study has been exhibited and is awaiting a panel hearing.
- The Gambling Planning Framework has been exhibited and is awaiting a panel hearing.
- A Car Parking Precinct Plan has been adopted by Council and is in the process of receiving authorisation from the Minister for Planning to commence a Planning Scheme Amendment.



	2010/11	2009/10	2008/09
Applications decided	202	207	178
Permits/Notices of Decision	190	195	190
Subdivisions	41	30	33

Building Services

The Municipal Building Surveyor (MBS) carries out the administration of all relevant legislation and regulations (Building Act, Building Regulations 2006 and the Building Code of Australia) to ensure that all types of structures are built to and occupied within recognized standards. Council also has a role in recording activities of the private certifiers and providing information on building activity when properties are sold.

	2010/11	2009/10	2008/09
Number of permits issued	270	306	230
Total permits issued for dwellings	69	88	156
Permits issued for garages/sheds	104	70	184

Compliance

The compliance staff are 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 Local Laws.



Achievements/highlights

- An audit of all parking signs was undertaken - the non-compliant signs are to be replaced over the coming months.
- Compliance Department now manages the Asset Protection Permits and Works on Roads Permits.
- Dogs on/off leash signs have been installed around the lake. The off-leash areas were reviewed and amended by Council.
- 627 Infringements issued.
- 66 Matters referred to relevant court.

	2010/11	2009/10	2008/09
Domestic animal complaints	502	444	473
Animal livestock complaints	82	75	96
EPA complaints	16	25	39
Parking and traffic infringements	464	361	245

Environmental Health

The Environmental Health Unit registers all food premises and carries 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

- Securing DSE Funding for the Baddaginnie Septic Tank and Education and Upgrade Project.
- Regular consultation with North East Water has commenced regarding the strategic options and issues associated with the upgrade of onsite wastewater systems and extension of town sewerage.
- Implementation of changes to the Food Act, Tobacco Act, Public Health and Wellbeing Act and Septic Tank Code of Practice.

	2010/11	2009/10	2008/09
Total food and health premises registered	234	226	153
Food inspections undertaken	97	90	88
Onsite wastewater permits (septic tanks) issued	21	28	47
Unsewered field inspections undertaken	88	99	89
Vaccinations administered	853	1,979	1,642

Infrastructure Investigations and Planning

Infrastructure Investigations and Planning ensures appropriate engineering outcomes for public and private infrastructure in the municipality.

Achievements/highlights

- Investigated and implemented Infrastructure Design Manual and review of current engineering standards.
- Project management upgrades to the Warrenbayne Hall and Swanpool Change Rooms and Molyullah Hall.
- Provided engineering input into the former Lake Mokoan Inlet Channel decommissioning including bicycle path alignment.
- Approval and supervision of pedestrian bridge, River Gums Estate.
- Development of an Asset Protection Permit.
- Commenced the Road Closure process for McKellar Road.
- Molyullah Hall upgrade completed.
- Detailed design for a grant application for the redevelopment of the Benalla Taxi Rank.
- Issued 138 Works Within Road Reserve Permits.
- Review of Driveway guidelines and Building Site Guidelines.

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

- Participated in the Municipal Association of Victoria's Regional Asset Management Services Program.
- Reviewed and adopted a revised Asset Management Policy.
- Developed an Asset Management Improvement Strategy.
- Developed the annual capital works program for 2011/12.
- Inspected and undertook condition ratings on 204 major culverts.
- Undertook road network inspections to assess damage following severe flood and storm events and condition rating assessments upon completion of repairs for asset valuation and accounting purposes.
- Continued with urban tree inspection, condition rating, and risk assessment program.

Benalla Airport

Maintenance in the BARC hut area was undertaken involving removing dead pine trees and levelling works to enable ease of maintenance.

- In January 2011 the Sport and Club Class National Championships were conducted.
- Approximately 200 metres of airport fence were renewed.
- Rearrangement of hangars between major sheds.

Benalla Saleyards

In 2010/11 the Benalla Saleyards operated on a fortnightly basis for cattle sales with 6,180 head of cattle sold. Sheep sales were held in November 2010 with 6,120 head sold.

Achievements/Highlights

- Regular maintenance on steel and timber yards has been undertaken.
- Flow metre and pump well have been regularly serviced and maintained.
- There were several trees damaged at the saleyards in windstorm events and these have been tidied up and made safe.

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, regional short course championships, school sports, aqua movers, senior strength classes, body balance, disability programs, stroke correction and many supportive programs for a large number of community groups.

Achievements/Highlights

- Reception given a facelift with the installation of a new front counter.
- Aquatic Education enrolments reach an all-time high at 478.
- Australia Day – Family Day attracted 720 patrons to the centre.
- Youth Gym introduced in October 2010.
- Aquathon held in January 2011 with 45 participants.

Category	Visits 2010/11	Visits 2009/10
Casual	37,659	42,130
12 Visit	4,700	4,636
DD memberships	14,908	13,945
Term memberships	3,831	4,142
Program memberships	1,877	936
Aquatic education visits	14,961	14,350
School visits	4,921	8,119
Total	82,857	88,258



Benalla Landfill

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

Achievements/highlights

- Implementation of a new e-waste recycling program.
- Tenders let for a steel recycler and green waste mulching.
- New cell construction completed.
- Upgrading of ticketing office, computer system, fencing and lighting.
- Two DrumMuster chemical container collections were conducted.

Waste Management

Benalla Rural City Council offers a waste and recycle service to 6854 properties in accordance with State Government Best practice Guidelines and also offers waste minimisation, promotion and education programs.

Achievements/highlights

- Transpacific Cleanaway has rebadged the Benalla fleet of trucks featuring waste and recycle symbols on a tree on both sides of the new trucks.
- Installation of Public Place Recycling bins at the Benalla Showgrounds.
- Rural hard waste collection in seven townships including scrap metal recycling.

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.
- Collaborative project to form the Goulburn Broken Local Government Regional Adaptation Plan.
- Goulburn Broken Local Government Regional Climate Change Adaptation Plan.
- Biodiversity Risk Management Reference Group.
- Backbones to Biodiversity Project.
- Land and Biodiversity Implementation Forum.
- Environment Strategy Steering Committee.
- North East Regional Waste Management Group.
- North East Water Monitoring Project.
- Goulburn Broken Catchment Management Authority Cabomba Control Board.

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.
- 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.

Major Projects

- Council has almost completed its first Environment Strategy.
- Work has begun on the development of Lake Benalla Asset Management Plan.
- Investigation of a suitable utility tracker to assist Council in reporting and tracking its energy consumption, water and gas use.

Emergency Management

The Municipal Emergency Management plan has been updated. Council staff responded to flood events in September and December 2010 with the Municipal Emergency Coordination Centre being opened on both occasions. Council experienced windstorms in December 2010 and January 2011 resulting in 64 callouts for assistance and clean-up.

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, support open and transparent decision-making processes, establish effective frameworks for planning, monitor the efficiency and effectiveness of operations and engage with and advocate for our community as partners in the ongoing growth and development of Benalla Rural City where lifestyle, culture and safety are important.

Victorian Local Government Indicators

The Victorian Local Government indicators is 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.

Category	Indicator	2011	2010	2009
Overall performance	Community satisfaction rating for overall performance generally of Council	64%	60%	61%
Advocacy	Community satisfaction rating for Council's advocacy and community representation on key local issues	64%	59%	62%
Engagement	Community satisfaction rating for Council's engagement in decision making on key local issues	58%	56%	58%
All rates	Average rates and charges per assessment	\$1,583	\$1,522	\$1,465
Residential rates	Average residential rates and charges per assessment	\$1,331	\$1,284	\$1,250
Operating costs	Average operating expenditure per assessment	\$3,045	\$2,991	\$2,773
Capital expenditure	Average capital expenditure per assessment	\$796	\$473	\$544
Infrastructure renewal	Ratio of current spending on capital renewal of existing infrastructure assets	131%	66%	73%
Infrastructure renewal and maintenance	Ratio of current spending on capital renewal of existing infrastructure assets plus current spending on maintenance	118%	72%	83%
Debts	Average liabilities per assessment	\$1,669	\$1,587	\$1,399
Operating result	Operating result per assessment	\$323	\$129	\$156

Whistleblower protection

The Whistleblowers' Protection Act 2001 aims to protect people who disclose information about serious wrongdoing 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 2010/11.

Council Committee System and Meeting Cycle

Council business is conducted on a monthly cycle of Wednesday evening meetings commencing at 5.45pm 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

Chair: Mayor Cr Bill Hill from 3 December 2008

Total Meetings: 12 Ordinary meetings, 4 Special Meetings of Council

Special Committees

Benalla Art Gallery

Chair: Margaret Richards

Total Meetings: 9

Finance and

Operations Committee

Chair: Cr Barbara Alexander

Total Meetings: 12

Planning and

Development Committee

Chair: Cr Don Firth

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	Council Representatives	Purpose of Committee
Audit Advisory Committee	Mayor Cr Bill Hill Cr Pat Claridge (to 2 December 2009) Cr Don Firth (from 2 December 2009)	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	Cr Bill Hill Cr Barbara Alexander	The purpose of the Committee is to assist in the coordination of Australia Day Celebrations throughout the Rural City.
Benalla Airport Advisory Committee	Cr Pat Claridge Cr Peter Davis	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 & District Community Taskforce	Cr Pat Claridge Cr Barbara Alexander	To address social disadvantage in the community.
Benalla Botanical Gardens and Riverine Parklands Advisory Committee	Cr Barbara Alexander Cr Peter Davis	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	Cr Suzy Martin	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	Cr Suzy Martin	The purpose of the Committee is to advise and assist in the management and development of the Benalla Saleyards.
Benalla Sports and Equestrian Reserve Advisory Committee	Cr Peter Dunn	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	Cr Barbara Alexander Cr Peter Davis	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.
Rural Transition Support Group	Mayor Cr Bill Hill Cr Barbara Alexander Cr Suzy Martin	The purpose of the Committee is to deal with strategic issues associated with the impact of the drought and bush fires across the municipality.
Economic Development Advisory Committee	All Councillors	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	Mayor Cr Bill Hill Cr Barbara Alexander Cr Pat Claridge Cr Suzy Martin	The purpose of the Committee is to oversee Council communications and corporate publications in a pro-active approach to improving and providing a high quality control mechanism over Council's communications.
Management Review Advisory Committee	Mayor Cr Bill Hill Cr Pat Claridge Cr Peter Dunn	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.

Community Grants 2010/11

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 August 2010, Council invited interested community groups and not-for-profit organisations to apply for assistance under the program. Thirty-six applications were received seeking \$84,275 in assistance for projects valued at \$187,509.

Grants allocated under the 2010/11 program are detailed in the table below.

No.	Organisation	Event/Project	Value
1	Astronomy Benalla	Purchase of telescopes.	\$2,300
2	Benalla Agricultural and Pastoral Society	Installation of emergency/safety lighting in multi-purpose building.	\$2,350
3	Benalla and District Adult Riding Club	Purchase of materials to construct two dressage arenas.	\$2,350
4	Benalla and District Family History Group	Retrieving and photographing historic Benalla City and Borough of Benalla rate cards.	\$1,230
5	Benalla and District Historical Society	Preservation of Benalla newspapers and organisational records. Production of Heritage Walk brochures.	\$1,000
6	Benalla and District Preschool Partnership - Bernard Briggs Kindergarten Campus	Purchase and installation of sun protection for Road Safety and Exercise Course.	\$2,350
7	Benalla Caledonian Pipe Band	Partial replacement of holey kilts, hose and other uniform items.	\$2,350
8	Benalla Camera Club	Purchase of mobile display board units.	\$2,000
9	Benalla Girl Guides	Preparation and painting of internal areas of the Girl Guides Hall.	\$1,500
10	Benalla Lawn Tennis and Croquet Club	Possum proofing of club house.	\$2,350
11	Benalla Little Athletics Centre	Replacement of loud speaker system.	\$1,500
12	Benalla Pony Club	Purchase of public address system.	\$1,500
13	Benalla Social Dance Group	Purchase of sound equipment and music.	\$1,400
14	Benalla Squash and Racquetball Association	Purchase of glass walls.	\$2,350
15	Carers and Parents Support Group	Carers Supporting Carers web page and newsletter.	\$1,000
16	Golden Vale Golf Club	Course improvements – build-up of tees and planting of drought resistant grass.	\$2,000
17	Goorambat Football Netball Club	Purchase and installation of kitchen equipment – bain-marie and cook top.	\$2,000
18	Lima School Community Centre	Upgrade of amenities – toilet block, access ramp and storage areas.	\$1,618
19	Lima South Hall	Purchase of fans.	\$2,000
20	Little Footprints Community Playgroup	Purchase of Perceptual Motor Program equipment (assists in development of motor skills).	\$2,300
21	Munro Avenue Preschool	Purchase of office furniture.	\$2,000
22	NETRACKS LLEN	Benalla Careers Day 2011 - Get The Life You Love!	\$2,350
23	Ride Avenue Pre School	50th Year Anniversary Celebration.	\$1,000
24	Rose City Rock'n Roll Club	Volunteer training - accreditation and training of instructors.	\$2,000
25	Swanpool and District Community Development Association	"Blokies for Blokies" community development event.	\$2,350
26	Tatong and District Lighthouse Steering Group	Purchase of equipment and materials to be used to promote Tatong and installation of a "What's On In Tatong" community notice board.	\$2,422
Total			\$49,570

Community Sponsorship Program 2010/11

As detailed in the table below, in 2010/11, \$20,781 of assistance was provided to 18 community organisations, including a one-off \$10,000 grant to the Tomorrow Today Foundation's Challenge Grant Appeal.

Month	Applicant	Event/Project	Value
July	Cancer Council Relay for Life Team - Purple Dragons	Trivia fundraising night at the Benalla Senior Citizens Centre.	\$320
August	Tatong CFA	Transport of volunteers to Caulfield Cup races to undertake fundraising activities.	\$500
September	Benalla Rural City Council	Future Planning for Families seminars.	\$3,361
October	Capability Building Inc.	Better Bike Hike 2010.	\$500
October	Benalla College	Benalla College Graduation Awards.	\$100
October	Rotary Club of Benalla	Rotary Portsea Camp.	\$1,260
November	FCJ College	Presentation Night.	\$77
January	Benalla Lions Club	Carols by Candlelight.	\$420
December	Tomorrow Today Foundation	Challenge Grant Appeal.	\$10,000
January	Baddaginnie Community Inc.	Baddaginnie Sesquicentenary.	\$2,350
\$500	Benalla Little Athletics Centre	Replacement of loud speaker system.	\$1,500
February	Benalla Cancer Council Fundraising Unit	Fundraising event.	\$140
February	KIDS Foundation	Fundraising trivia night.	\$320
February	Thoona Hotel - Good Friday Appeal	Thoona Hotel Seafood Night fundraiser.	\$100
February	Australian Red Cross	Contribution to Red Cross Calling fundraising campaign.	\$100
March	Friends of Benalla Trust Foundation	Fundraising evening at Benalla Art Gallery - Historic Winton.	\$733
March	Benalla College VCAL	Skate 'n Jam.	\$80
March	Molyullah Community Sports and Recreation Club	Molyullah Easter Sports.	\$250
April	Benalla RSL Sub-Branch	Anzac Day.	\$2,020
Total			\$20,781

Best Value

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

The Best Value Principles 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 Principles during the 2010/11 financial year include:

- reviewing its Procurement Policy which requires value for money and quality in the acquisition of goods services and works by Council
- consulting with the community regarding the development of Council's Environment Strategy
- consulting with the community regarding the future of Council's Outdoor Pool.

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.

- details of current allowances fixed for the Mayor, Lord Mayor (if any) and Councillors under section 74 or 74A of the Act;
- details of senior officers' total salary packages for the current financial year 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;
- 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;
- names of Council officers who were required to submit a return of interest during the financial year and the dates the returns were submitted;
- names of Councillors who submitted returns of interest during the financial year and the dates the returns were submitted;
- agendas for and minutes of ordinary and special meetings held in the previous 12 months kept under section 93 of the Act except if the minutes relate to parts of meetings which have been closed to members of the public under section 89 of the Act;
- a list of all special committees established by Council and the purpose for which each committee was established;
- a list of all special committees established by the Council which were abolished or ceased to function during the financial year;
- minutes of meetings of special committees established under section 86 of the Act and held in the previous 12 months except if the minutes relate to parts of meetings which have been closed to members of the public under section 89 of the Act;
- a register of delegations kept under 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;
- submissions received in accordance with section 223 of the Act during the previous 12 months;
- agreements to establish regional libraries under section 196 of the Act;
- details of all property, finance and operating leases involving land, buildings, plant, computer equipment or vehicles entered into by the Council as lessor or lessee, including the name of the other party to the lease and the terms and the value of the lease;
- a register of authorised officers appointed under section 224 of the Act;
- 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;
- a list of the names of the organisations of which the Council was a member during the financial year and details of all membership fees and other amounts and services provided during that year to each organisation by the Council;
- a list of contracts valued at \$100 000 (or 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.

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financial reports



Performance Statement

for the year ended 30 June 2011

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 2011 in accordance with section 132 of the *Local Government Act 1989*.

Council Plan Action	Key Strategic Activity	Performance Measure	Performance Target	Actual Performance	Comments
1 Governance, Service Delivery and Organisational Efficiency					
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	>63%	64%	Target achieved
1.3.1	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	>67%	70%	Target achieved
1.4.2	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	>62%	64%	Target achieved
1.6.3	Monitor results and feedback from staff satisfaction surveys and implement initiatives aimed at improving staff satisfaction across the organisation	Staff satisfaction survey result	>68%	64%	Target not met
2 Financial and Infrastructure Sustainability					
2.1.1	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	>\$1,212,000 surplus	\$2,490,000 surplus	Target achieved
		Net Current Assets	>110%	142%	Target achieved
2.2.1	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	>55%	55%	Target not met
		Actual building activity	>\$25,600,000	\$24,462,863	Target not met
2.3.2	Secure additional external grants to fund services, programs and infrastructure	Actual external grants sourced	>\$8,983,000	\$11,007,000	Target achieved
2.4.1	Utilise loans to part fund capital projects in accordance with the Debt Management Strategy	Debt/Rate Revenue	<61%	44%	Target achieved
2.6.3	Pursue opportunities to secure external grant funding to invest in asset renewal projects	Capital renewal of existing infrastructure less depreciation expense	>(\$1,491,000)	\$1,036,000	Target achieved

Performance Statement

for the year ended 30 June 2011

Council Plan Action	Key Strategic Activity	Performance Measure	Performance Target	Actual Performance	Comments
2.6.5	Construction of the Benalla Urban Growth Project	Grant funded works completed	30 June 2011	Works not commenced due to redesign. Grant extended to 30 June 2012.	Target not met
3 Healthy, Active, Safe and Engaged Community					
3.2.1	Further develop the Municipal Public Health and Wellbeing Plan 2009-2013	Reviewed by Council	30 June 2011	29 June 2011	Target achieved
		Community satisfaction rating for Council's provision of health and human services	>78%	78%	Target not met
3.10.1	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%	65%	Target achieved
3.10.8	Continue to identify opportunities to enhance traffic flow and pedestrian safety	Community satisfaction rating for Council's traffic management and parking facilities	>67%	65%	Target not met
4 Appropriate Land Use and Environmental Sustainability					
4.1.1	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	>55%	60%	Target achieved
4.4.1	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	>69%	72%	Target achieved
		Proportion of household waste collected in kerbside collections recycled	>37%	48%	Target achieved
5 Strategic Partnerships and Community Engagement					
5.1.5	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	>58%	58%	Target not met
5.2.2	Actively participate in and contribute to the Hume Regional Management Forum	Attend meetings of the Hume Regional Management Forum	100% attendance	83% attendance	Target not met

Performance Statement for the year ended 30 June 2011

Council approval of the performance statement

In our opinion the accompanying performance statement of Council in respect of the year ended 30 June 2011 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 24 August 2011 to certify the performance statement in its final form.



Cr Bill Hill

12 September 2011



Cr Barbara Alexander

12 September 2011

Performance Statement for the year ended 30 June 2011

VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Benalla Rural City Council

The Performance Statement

The accompanying performance statement for the year ended 30 June 2011 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.

Performance Statement for the year ended 30 June 2011

VAGO

Victorian Auditor-General's Office

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 2011 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 2011 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 audited performance statement to confirm the information contained in the website version of the performance statement.

MELBOURNE
16 September 2011


D D R Pearson
Auditor-General

Standard Statements for the year ended 30 June 2011

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 report and the budget. The result reported in these statements are consistent with those reported in the general purpose financial report.

The standard statements are not a substitute for the general purpose financial report, which is included on pages 66 to 72 of the Annual Report. They have not been prepared in accordance with all Australian Accounting Standards or other authoritative professional pronouncements.

The standard statements compare Council's financial plan, expressed through its budget, with actual performance. The *Local Government Act 1989* requires explanation of any material variances. Council has adopted a materiality threshold of 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 11 August 2010. 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 report on pages 73 to 118. 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 2011

Standard Income Statement

	Notes	Actual 2011 \$'000	Budget 2011 \$'000	Variance \$'000	Variance %
Income					
Rates and charges		12,203	12,143	60	0%
Grants – Recurrent	1	5,312	4,179	1,133	27%
Grants – Non-recurrent	2	5,695	4,804	891	19%
User fees and fines	3	2,167	1,967	200	10%
Other income		519	460	59	13%
Net gain on disposal of property, infrastructure, plant and equipment		66	-	66	100%
Total income		25,962	23,553	2,409	10%
Expenses					
Employee benefits	4	9,198	8,175	1,023	13%
Materials and services		9,636	9,560	76	1%
Depreciation		3,373	3,463	(90)	(3%)
Contributions		567	486	81	17%
Finance costs		394	405	(11)	(3%)
Recognition of landfill rehabilitation provision		88	43	45	105%
Share of net profits of associates and joint ventures accounted for by the equity method		5	-	5	100%
Other expenses		211	209	2	1%
Total expenses		23,472	22,341	1,131	5%
Surplus (deficit) for the year		2,490	1,212	1,278	105%

Standard Statements

for the year ended 30 June 2011

Standard Balance Sheet

	Notes	Actual 2011 \$'000	Budget 2011 \$'000	Variance \$'000	Variance %
Current assets					
Cash and cash equivalents	5	7,172	4,582	2,590	57%
Trade and other receivables	6	3,173	1,172	2,001	171%
Other		62	72	(10)	(14%)
Total current assets		10,407	5,826	4,581	79%
Current liabilities					
Trade and other payables	7	4,132	2,028	2,104	104%
Trust funds and deposits		242	258	(16)	(6%)
Provisions		2,083	2,062	21	1%
Interest-bearing loans		883	971	(88)	(9%)
Total current liabilities		7,340	5,319	2,021	38%
Net current assets		3,067	507	2,560	505%
Non-current assets					
Investments in associates accounted for using the equity method		477	516	(39)	(8%)
Property, infrastructure, plant and equipment		186,872	178,753	8,119	5%
Total non-current assets		187,349	179,269	8,080	5%
Non-current liabilities					
Provisions	8	1,257	960	297	31%
Interest-bearing loans	9	4,509	6,394	(1,885)	(29%)
Total non-current liabilities		5,766	7,354	(1,588)	(22%)
Net assets		184,650	172,422	12,228	7%
Equity					
Accumulated surplus		119,886	119,439	447	1%
Reserves	10	64,764	52,983	11,781	22%
Total equity		184,650	172,422	12,228	7%

Standard Statements

for the year ended 30 June 2011

Standard Cash Flow Statement

	Notes	Actual 2011 Inflows/ (Outflows) \$'000	Budget 2011 Inflows/ (Outflows) \$'000	Variance \$'000	Variance %
Cash flows from operating activities					
Receipts from ratepayers		12,195	12,143	52	0%
Grants (inclusive of GST)		9,951	9,210	741	8%
User fees and fines (inclusive of GST)		2,471	2,148	323	9%
Interest		461	441	20	5%
Payments to employees	11	(9,368)	(8,012)	(1,356)	(17%)
Payments to suppliers (inclusive of GST)		(10,886)	(10,772)	(114)	(1%)
Finance costs		(396)	(405)	9	2%
Net cash provided by (used in) operating activities		4,428	4,753	(325)	(7%)
Cash flows from investing activities					
Payments for property, infrastructure, plant and equipment	12	(5,365)	(9,794)	4,429	45%
Proceeds from sales of property, infrastructure, plant and equipment	13	138	-	138	100%
Net cash provided by (used in) investing activities		(5,227)	(9,794)	4,567	47%
Cash flows from financing activities					
Repayment of interest bearing loans and borrowings		(881)	(878)	(3)	0%
Proceeds from interest bearing loans and borrowings	14	-	1,966	(1,966)	(100%)
Net cash provided by (used in) financing activities		(881)	1,088	(1,969)	(181%)
Net increase in cash and cash equivalents		(1,680)	(3,953)	2,273	58%
Cash and cash equivalents at the beginning of the financial year		8,852	8,535	317	4%
Cash and cash equivalents at the end of the financial year		7,172	4,582	2,590	57%

Standard Statements

for the year ended 30 June 2011

Standard Statement of Capital Works

	Notes	Actual 2011 \$'000	Budget 2011 \$'000	Variance \$'000	Variance %
Capital Works Areas					
Road infrastructure	15	4,591	2,557	2,034	80%
Underground drainage	16	150	4,296	(4,146)	(97%)
Landfill cell		471	499	(28)	(6%)
Land		24	0	24	100%
Buildings	17	743	2,163	(1,420)	(66%)
Plant and equipment	18	161	279	(118)	(42%)
Total capital works		6,140	9,794	(3,654)	(37%)
Represented by					
Renewal	19	4,410	1,972	2,438	124%
Upgrade	20	1,027	2,952	(1,925)	(65%)
New	21	703	4,870	(4,167)	(86%)
Total non-current assets		6,140	9,794	(3,654)	(37%)
Property, Infrastructure, Plant and Equipment movement					
Reconciliation Worksheet					
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		6,140	9,794	(3,654)	(37%)
Asset revaluation	22	11,776	-	11,776	100%
Contributions – Non-monetary assets		-	-	-	100%
Depreciation		(3,373)	(3,463)	90	3%
Written down value of non-current assets disposed		(72)	-	(72)	(100%)
Net movement in property, infrastructure, plant and equipment		14,471	6,331	8,140	129%

Standard Statements for the year ended 30 June 2011

Notes to the Standard Statements

Note 1. Grants – Recurrent

Recurrent grants increased by \$1.133 million compared to budget mainly due to the early receipt of \$882,000 or 25% of Council's 2011/12 Financial Assistance Grant from the Victoria Grants Commission which was not budgeted.

Note 2. Grants – Non-recurrent

The increase of \$891,000 compared to budget is mainly due to the receipt of Natural Disaster Financial Assistance of \$2.887 million during the financial year was not budgeted.

The impact of the Natural Disaster Financial Assistance was partially offset by budgeted grants which were not received during the financial year including \$1.54 million for the Benalla Urban Growth Project.

Note 3. User fees and fines

The increase of \$200,000 compared to budget is mainly due to an increase of \$184,000 in income received by the Landfill and Recovery Centre.

Note 4. Employee benefits

The increase of \$1.023 million compared to budget mainly relates to the recognition of Council's Unfunded Superannuation Liability of \$354,000 and employee costs of \$224,000 associated with flood events.

Note 5. Cash and cash equivalents

The increase of \$2.59 million compared to budget is mainly due to unexpended grants including:

Benalla Urban Growth Project	\$1,540,000
Council's 2011/12 Financial Assistance Grant	\$882,000
Advancing Country Towns Project	\$192,000
Living Libraries Program	\$200,000
Total	\$2,814,000

Note 6. Trade and other receivables

The increase of \$2.001 million compared to budget is mainly due to Natural Disaster Relief Assistance of \$1.3 million which was receivable at year end.

Note 7. Trade and other payables

The increase of \$2.104 million compared to budget is mainly due to supplier invoices for Natural Disaster Relief Works of \$1.449 million which were outstanding at year end.

Note 8. Non-Current Provisions

The increase of \$297,000 compared to budget relates to an increase in the estimated cost to rehabilitate the Old Farnley Road Landfill.

Note 9. Non-Current Interest Bearing Loans

The decrease of \$1.885 million compared to budget relates to the budgeted loan of \$1.966 million which was not drawn down during the 2010/11 financial year, as it will not be required until the 2011/12 financial year.

Note 10. Reserves

The increase of \$11.781 million compared to budget is mainly due to the increased valuation of roads of \$9.017 million which was not budgeted for.

Note 11. Payments to employees

The increase of \$1.356 million compared to budget is mainly due to the recognition of Council's Unfunded Superannuation Liability of \$354,000 and employee costs of \$224,000 associated with flood events (refer note 5).

Note 12. Payments for property, infrastructure, plant and equipment

The decrease of \$4.429 million compared to budget is mainly due to payments relating to the Benalla Urban Growth Project of \$4.146 million which were not expended during the 2010/11 financial year due to the need to change the project design.

Note 13. Proceeds from sales of property, infrastructure, plant and equipment

Proceeds from the sale of plant and equipment were not budgeted for.

Standard Statements for the year ended 30 June 2011

Note 14. Proceeds from interest bearing loans and borrowings

The budgeted loan of \$1.966 million was not drawn down during the 2010/11 financial year, as it will not be required until the 2011/12 financial year (refer note 9).

Note 15. Road Infrastructure

The increase of \$2.034 million compared to budget is mainly due Natural Disaster Relief Works of \$3.245 million which were not budgeted for.

Note 16. Underground drainage

The decrease of \$4.146 million compared to budget is due to the Benalla Urban Growth Project which was not expended during the financial year due to the need to change the project design.

Note 17. Buildings

The decrease of \$1.420 million compared to budget is mainly due to the Benalla Library/ Civic Centre Project of \$1.146 million which was not expended during the financial year as additional funding is required to progress the project.

Note 18. Plant and equipment

The decrease of \$118,000 compared to budget is mainly due to the purchase of a truck for \$80,000 which will not be ordered until new models are available.

Note 19. Renewal

The increase of \$2.438 million compared to budget is mainly due to Natural Disaster Relief Works of \$3.245 million which were not budgeted for (refer note 15).

Note 20. Upgrade

The decrease of \$1.925 million compared to budget is partly due to the Benalla Library/ Civic Centre Project of \$1.146 million which was not expended during the financial year as additional funding is required to progress the project (refer note 17).

Note 21. New

The decrease of \$4.167 million compared to budget is mainly due to the Benalla Urban Growth Project of \$4.146 million which was not expended during the financial year due to the need to change the project design (refer note 16).

Note 22. Asset Revaluation

The revaluation of assets was not budgeted for (refer note 10).

Standard Statements

for the year ended 30 June 2011

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
12 September 2011

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 24 August 2011 to certify the standard statements in their final form.



Cr Bill Hill
12 September 2011



Cr Barbara Alexander
12 September 2011



Tony McIlroy B.Bus., MAICD
Chief Executive Officer
12 September 2011

Financial Report

for the year ended 30 June 2011

Comprehensive Income Statement

	Notes	2011 \$'000	2010 \$'000
Revenue			
Rates and charges	3	12,203	11,531
Grants – Recurrent	4	5,312	5,009
Grants – Non-recurrent	4	5,695	4,511
User fees and fines	5	2,167	2,045
Contributions – Non-monetary assets	6	-	29
Other income	7	519	405
Net gain on disposal of property, infrastructure, plant and equipment	13	66	-
Total revenue		25,962	23,530
Expenses			
Employee benefits	8	9,198	8,042
Materials and services	9	9,636	9,141
Depreciation	10	3,373	3,365
Contributions	11	567	482
Finance costs		394	349
Recognition of landfill rehabilitation provision	21	88	210
Net loss on disposal of property, infrastructure, plant and equipment	13	-	98
Share of net losses of associates accounted for by the equity method	14	5	1
Other expenses	12	211	825
Total expenses		23,472	22,513
Surplus/(Deficit)		2,490	1,017
Other comprehensive income			
Share of other comprehensive income of associates accounted for by the equity method	14	6	(39)
Net asset revaluation increment	23(b)	11,776	-
Comprehensive result		14,272	978

The above statement should be read with the accompanying notes.

Financial Report

for the year ended 30 June 2011

Balance Sheet

	Notes	2011 \$'000	2010 \$'000
Assets			
Current assets			
Cash and cash equivalents	15	7,172	8,852
Trade and other receivables	16	3,173	1,484
Other assets	17	62	61
Total current assets		10,407	10,397
Non-current assets			
Investments in associates accounted for using the equity method	14	477	476
Property, infrastructure, plant and equipment	18	186,872	172,401
Total non-current assets		187,349	172,877
Total assets		197,756	183,274
Liabilities			
Current liabilities			
Trade and other payables	19	4,132	3,125
Trust funds and deposits	20	242	279
Provisions	21	2,083	2,047
Interest-bearing loans	22	883	883
Total current liabilities		7,340	6,334
Non-current liabilities			
Provisions	21	1,257	1,172
Interest-bearing loans	22	4,509	5,390
Total non-current liabilities		5,766	6,562
Total liabilities		13,106	12,896
Net assets		184,650	170,378
Equity			
Accumulated surplus		119,886	117,390
Reserves	23	64,764	52,988
Total equity		184,650	170,378

The above statement should be read with the accompanying notes.

Financial Report

for the year ended 30 June 2011

Statement of Changes in Equity

	Notes	Total 2011 \$'000	Accumulated Surplus 2011 \$'000	Asset Revaluation Reserve 2011 \$'000	Other Reserves 2011 \$'000
2011					
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)	-
Balance at the end of the financial year		184,650	119,886	64,568	196
2010					
Balance at beginning of the financial year		169,400	116,417	52,792	191
Surplus/(Deficit) for the year		1,017	1,017	-	-
Share of comprehensive income of associate		(39)	(39)	-	-
Transfers to other reserves	23(a)	-	(5)	-	5
Balance at the end of the financial year		170,378	117,390	52,792	196

The above statement should be read with the accompanying notes.

Financial Report

for the year ended 30 June 2011

Cash Flow Statement

	Notes	Actual 2011 Inflows/ (Outflows) \$'000	Budget 2011 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates		12,195	11,463
Grants (inclusive of GST)		9,951	9,794
User fees and fines (inclusive of GST)		2,471	2,181
Interest		461	289
Payments to employees		(9,368)	(7,798)
Payments to suppliers (inclusive of GST)		(10,886)	(10,626)
Finance costs		(396)	(351)
Net cash provided by (used in) operating activities	24	4,428	4,952
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(5,365)	(3,046)
Proceeds from sales of property, infrastructure, plant and equipment	13	138	12
Net cash provided by (used in) investing activities		(5,227)	(3,034)
Cash flows from financing activities			
Repayment of interest-bearing loans and borrowings		(881)	(773)
Proceeds from interest-bearing loans and borrowings		-	1,500
Net cash provided by (used in) financing activities		(881)	727
Net increase (decrease) in cash and cash equivalents		(1,680)	2,645
Cash and cash equivalents at the beginning of the financial year		8,852	6,207
Cash and cash equivalents at the end of the financial year	15	7,172	8,852
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 2011

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 2011

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(f), 1(i), 1(p) and 1(r).

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) 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.

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.

Interest and rents

Interest and rents are recognised as revenue on a proportional basis when the payment is due, the value of the payment is notified, or the payment is received, whichever first occurs.

Financial Report

for the year ended 30 June 2011

Note 1. Significant Accounting Policies (continued)

(c) 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 unless otherwise stated:

	2011	2010
Roads	15 to 200 years	15 to 200 years
Footpaths	15 to 75 years	15 to 75 years
Surface drainage	25 to 100 years	25 to 100 years
Bridges	80 to 100 years	80 to 100 years
Underground drainage	100 years	100 years
Buildings	60 to 100 years	60 to 100 years
Plant and equipment	4 to 33 years	4 to 33 years
Office furniture and equipment	3 to 14 years	3 to 14 years

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for the year ended 30 June 2011

Note 1. Significant Accounting Policies (continued)

(d) 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.

(e) 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.

(f) 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.

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	-

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for the year ended 30 June 2011

Note 1. Significant Accounting Policies (continued)

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.

(g) 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.

(h) Financial assets

Held to maturity financial assets are carried at amortised cost.

(i) 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.

(j) 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).

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for the year ended 30 June 2011

Note 1. Significant Accounting Policies (continued)

(k) 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 2011

Note 1. Significant Accounting Policies (continued)

(l) 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.

(m) 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.

(n) Web site costs

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

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian 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.

(p) 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.

(q) 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.

(r) 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.

(s) Rounding

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

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for the year ended 30 June 2011

Note 2. 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 2009-11: 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"> simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value; removing the tainting rules associated with held-to-maturity assets; 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 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"> a. the objective of the entity's business model for managing the financial assets; and b. the characteristics of the contractual cash flows. 	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 124: Related Party Disclosures	This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard.	Applicable for annual reporting periods commencing on or after 1 January 2011.	Although this standard does not strictly apply to Local Government it is often used as guidance, as such there will be greater clarity on the disclosure of inter government transactions.

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for the year ended 30 June 2011

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 2010/11 was \$2,213 million (2009/10 \$2,133 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 next general revaluation of land for rating purposes within the municipal district is 1 January 2012, and the valuation will be first applied in the rating year commencing 1 July 2012.

	2011 \$'000	2010 \$'000
General rates	9,200	8,649
Municipal charge	1,379	1,359
Waste Management charges	1,624	1,523
Total	12,203	11,531

Note 4. Grants

	2011 \$'000	2010 \$'000
Summary		
Recurrent	5,312	5,009
Non-recurrent	5,695	4,511
Total	11,007	9,520

Grants were received in respect of the following:

Recurrent		
Arts Victoria	150	125
Community Services	1,602	1,430
VicRoads	-	121
Victoria Grants Commission – general purpose	2,209	2,096
Victoria Grants Commission – local roads	1,287	1,130
Other	64	107
Total recurrent	5,312	5,009

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for the year ended 30 June 2011

Note 4. Grants (continued)

	2011 \$'000	2010 \$'000
Non-recurrent		
Advancing Country Towns Project	192	-
Baddaginnie Wastewater Project	65	-
Benalla Art Gallery	444	50
Benalla Aquatic Centre	-	10
Benalla Library Project	-	225
Benalla Rovers Soccer Club	-	48
Benalla Street Improvements Project	150	150
Benalla Urban Growth Project	-	1,540
Clarke St Roundabout	-	77
Community Services	101	95
Eastern Gateway Project	125	39
Flood Mitigation Project	50	-
Lakeside Community Sports Centre	274	100
Local Roads to Market Program	290	143
Molyullah Hall	-	158
Natural Disaster Relief	2,887	-
Planning for Change	-	25
Plant/Pest Control Projects	37	-
Regional and Local Community Infrastructure Program	155	152
Regional Collaborative Procurement Project	-	15
Roads to Recovery	654	536
Rural Cadetship	7	15
Smythe St traffic islands	-	67
Swanpool Football Netball Club	36	-
Tatong Football Netball Club	27	-
Timber Roads	-	197
Transport Connections	-	117
VicRoads	-	596
Warrenbayne Public Hall	51	-
Youth Programs	75	-
Other	75	156
Total non-recurrent	5,695	4,511

Financial Report

for the year ended 30 June 2011

Note 4. Grants (continued)

	2011 \$'000	2010 \$'000
Conditions on Grants		
Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:		
Advancing Country Towns Project	192	-
Baddaginnie Wastewater Project	65	-
Benalla Library Project	-	225
Benalla Rovers Soccer Club	-	48
Benalla Urban Growth Project	-	1,540
Community Services	19	213
Flood Mitigation Project	50	-
Lakeside Community Sports Centre	-	100
Planning for Change	-	25
Regional and Local Community Infrastructure Program	155	152
Regional Collaborative Procurement Project	-	15
Transport Connections Project	-	117
	481	2,435

Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:

Benalla Library Project	14	-
Benalla Urban Growth Project	150	-
Community Services	17	50
Flood Mitigation Project	511	51
Drought Works	-	60
Hume Regional Management Forum	-	13
Lakeside Community Sports Centre	100	-
Planning for Change	29	31
Regional and Local Community Infrastructure Program	-	380
Regional Collaborative Procurement Project	15	21
Risk Management and Emergency Response	-	65
Recreation	-	36
Transport Connections Project	103	100
	939	807

Net increase (decrease) in restricted assets resulting from grant revenues for the year:	(458)	1,628
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for the year ended 30 June 2011

Note 5. User fees and fines

	2011 \$'000	2010 \$'000
Community Services fees	523	573
Planning and Environment fees	294	316
Waste Management fees	989	658
Other fees	361	498
	2,167	2,045

Note 6. Contributions – Non-monetary assets

	2011 \$'000	2010 \$'000
Artworks at Council valuation	-	29
	-	29

Note 7. Other income

	2011 \$'000	2010 \$'000
Public contributions	39	80
Interest	480	325
	519	405

Note 8. Employee benefits

	2011 \$'000	2010 \$'000
Wages and salaries	7,130	6,611
Annual leave	549	458
Long service leave	162	65
Superannuation	1,069	627
Fringe Benefits Tax	31	62
Work cover	257	219
	9,198	8,042

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for the year ended 30 June 2011

Note 9. Materials and services

	2011 \$'000	2010 \$'000
Asset Services	1,515	1,141
Benalla Art Gallery	217	259
Benalla Aquatic Centre	437	431
Benalla Saleyards	116	100
Civic Centre Operations	140	113
Community Development	-	51
Community Services	975	845
Council Support	83	85
Customer Service	37	38
Engineering	-	147
Executive Services	122	176
Economic Development	85	106
Finance	382	342
Human Resources	166	153
Parks and Gardens	171	486
Planning and Environment	466	428
Property Management	1,854	1,934
Property and Information Services	518	567
Public Relations	249	121
Special projects	-	26
VicRoads Contract	-	80
Waste Management	1,917	1,430
Youth Services	100	37
Library	23	-
Other	63	45
	9,636	9,141

Note 10. Depreciation

	2011 \$'000	2010 \$'000
Buildings	441	436
Roads	1,980	1,935
Footpaths	51	51
Surface Drainage	168	174
Bridges	163	159
Underground drainage	115	112
Landfill cell	147	145
Plant and Equipment	209	238
Office Furniture and Equipment	99	115
	3,373	3,365

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for the year ended 30 June 2011

Note 11. Contributions

	2011 \$'000	2010 \$'000
Benalla Performing Arts and Convention Centre	222	170
Community Support	66	56
High Country Library Corporation	255	238
State Emergency Service	24	18
	567	482

Note 12. Other expenses

	2011 \$'000	2010 \$'000
Councillor allowances	158	153
External audit fee – Victorian Auditor-General	30	31
Internal audit fees – Richmond Sinnott & Delahunty	23	26
Refundable flood mitigation grant	-	615
	211	825

Note 13. Net gain(loss) on disposal of property, infrastructure, plant and equipment

	2011 \$'000	2010 \$'000
Plant and Equipment		
Proceeds from sale of assets	138	12
Written down value of assets disposed	(72)	(110)
Profit (loss) on sale of assets	66	(98)

Note 14. Investments in associates

	2011 \$'000	2010 \$'000
Investments in associates accounted for by the equity method are:		
Increase/(decrease) in investment in High Country Library Corporation	1	(40)

Background

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.

Movement in carrying value of specific investment

Carrying value of investment at start of year	476	516
Share of profit(loss) for year	(5)	(1)
Share of asset revaluation	6	(39)
Council's value of investment at end of year	477	476

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for the year ended 30 June 2011

Note 15. Cash and cash equivalents

	2011 \$'000	2010 \$'000
Cash on hand	2	2
Cash at bank	671	488
At call	1,421	323
Term deposits	5,078	8,039
	7,172	8,852

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

	2011 \$'000	2010 \$'000
Current		
Rates debtors	413	402
Provision for doubtful debts	-	-
	413	402
Other receivables		
Other debtors	2,762	1,084
Provision for doubtful debts	(2)	(2)
	2,760	1,082
	3,173	1,484

Note 17. Other assets

	2011 \$'000	2010 \$'000
Current		
Prepayments	39	36
Inventories	23	25
	62	61

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for the year ended 30 June 2011

Note 18. Property, infrastructure, plant and equipment

	2011 \$'000	2010 \$'000
Land		
At cost	65	41
At independent valuation 30 June 2009	26,341	26,341
	26,406	26,382
Buildings		
At cost	1,518	762
At independent valuation 30 June 2009	35,603	35,603
Less accumulated depreciation	(17,748)	(17,307)
	19,373	19,058
Roads		
At cost	-	3,745
At Council valuation 30 June 2011	148,123	-
At Council valuation 30 June 2008	-	126,074
Less accumulated depreciation	(51,467)	(44,482)
	96,656	85,337
Footpaths		
At cost	-	31
At Council valuation 30 June 2011	4,892	-
At Council valuation 30 June 2008	-	3,197
Less accumulated depreciation	(1,930)	(1,297)
	2,962	1,931
Surface Drainage		
At cost	-	611
At Council valuation 30 June 2011	11,680	-
At Council valuation 30 June 2008	-	9,341
Less accumulated depreciation	(5,652)	(4,085)
	6,028	5,867
Bridges		
At cost	-	1,036
At Council valuation 30 June 2011	14,487	-
At Council valuation 30 June 2008	-	14,075
Less accumulated depreciation	(4,256)	(4,494)
	10,231	10,617

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for the year ended 30 June 2011

Note 18. Property, infrastructure, plant and equipment (continued)

	2011 \$'000	2010 \$'000
Underground Drainage		
At cost	194	194
At Council valuation 30 June 2009	11,168	11,168
Less accumulated depreciation	(3,432)	(3,317)
	7,930	8,045
Landfill Cell		
At cost	521	434
Less accumulated depreciation	(87)	(373)
	434	61
Plant and Equipment		
At cost	2,296	2,269
Less accumulated depreciation	(1,381)	(1,171)
	915	1,098
Office Furniture and Equipment		
At cost	1,630	1,633
Less accumulated depreciation	(1,154)	(1,121)
	476	512
Artworks		
At cost	-	263
At Independent valuation 30 June 2011	15,037	-
At Council valuation 30 June 2008	-	13,089
	15,037	13,352
Works in Progress		
At cost	424	141
	424	141
Total	186,872	172,401

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for the year ended 30 June 2011

Note 18. Property, infrastructure, plant and equipment (continued)

2011	Balance at beginning of financial year \$'000	Acquisition of assets \$'000	Contributions (Non-monetary assets) \$'000	Revaluation increments (decrements) (note 23) \$'000	Depreciation (note 10) \$'000	Written down value of disposals (note 13) \$'000	Transfers \$'000	Balance at end of financial year \$'000
Property								
Land	26,382	24	-	-	-	-	-	26,406
Buildings	19,058	729	-	-	(441)	-	27	19,373
Total property	45,440	753	-	-	(441)	-	27	45,779
Infrastructure								
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
Total infrastructure	111,797	4,400	-	10,091	(2,477)	-	(4)	123,807
Landfill cell	61	471	-	-	(147)	-	49	434
Plant and Equipment								
Plant and equipment	1,098	26	-	-	(209)	-	-	915
Office furniture & equipment	512	135	-	-	(99)	(72)	-	476
Total plant and equipment	1,610	161	-	-	(308)	(72)	-	1,391
Artworks	13,352	-	-	1,685	-	-	-	15,037
Works in progress								
Property	27	14	-	-	-	-	(27)	15
Infrastructure	65	341	-	-	-	-	4	409
Landfill cell	49	-	-	-	-	-	(49)	-
Total works in progress	141	355	-	-	-	-	(72)	424
Total property, infrastructure, plant and equipment	172,401	6,140	-	11,776	(3,373)	(72)	-	186,872

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for the year ended 30 June 2011

Note 18. Property, infrastructure, plant and equipment (continued)

2010	Balance at beginning of financial year \$'000	Acquisition of assets \$'000	Contributions (Non-monetary assets) \$'000	Revaluation increments (decrements) (note 23) \$'000	Depreciation (note 10) \$'000	Written down value of disposals (note 13) \$'000	Transfers \$'000	Balance at end of financial year \$'000
Property								
Land	26,341	34	-	-	-	-	7	26,382
Buildings	18,827	730	-	-	(436)	(95)	32	19,058
Total property	45,168	764	-	-	(436)	(95)	39	45,440
Infrastructure								
Roads	85,520	1,683	-	-	(1,935)	-	69	85,337
Footpaths	1,977	5	-	-	(51)	-	-	1,931
Surface drainage	5,724	247	-	-	(174)	-	70	5,867
Bridges	10,294	478	-	-	(159)	-	4	10,617
Underground drainage	7,963	93	-	-	(112)	-	101	8,045
Total infrastructure	111,478	2,506	-	-	(2,431)	-	244	111,797
Landfill cell	206	-	-	-	(145)	-	-	61
Plant and Equipment								
Plant and equipment	1,244	107	-	-	(238)	(15)	-	1,098
Office furniture & equipment	501	126	-	-	(115)	-	-	512
Total plant and equipment	1,745	233	-	-	(353)	(15)	-	1,610
Artworks	13,323	-	29	-	-	-	-	13,352
Works in progress								
Property	52	14	-	-	-	-	(39)	27
Infrastructure	300	9	-	-	-	-	(244)	65
Landfill cell	-	49	-	-	-	-	-	49
Total works in progress	352	72	-	-	-	-	(283)	141
Total property, infrastructure, plant and equipment	172,272	3,575	29	-	(3,365)	(110)	-	172,401

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for the year ended 30 June 2011

Note 18. Property, infrastructure, plant and equipment (continued)

1. 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 2009.

2. 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.

3. Underground drainage 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 2009.

4. 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

	2011 \$'000	2010 \$'000
Current		
Materials and contracts	3,764	2,029
Employee costs	252	466
Refundable flood mitigation grant	103	615
Interest	13	15
	4,132	3,125

Note 20. Trust funds and deposits

	2011 \$'000	2010 \$'000
Current		
Art Gallery Acquisition Trust Fund	119	158
Refundable deposits	123	121
	242	279

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for the year ended 30 June 2011

Note 21. Provisions

	Annual leave \$'000	Long service leave \$'000	Landfill rehabilitation \$'000	Total \$'000
2011				
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)
Balance at end of year	581	1,412	1,347	3,340

	Annual leave \$'000	Long service leave \$'000	Landfill rehabilitation \$'000	Total \$'000
2010				
Balance at beginning of financial year	601	1,389	1,077	3,067
Additional provisions	458	65	210	733
Amounts used	(488)	(93)	-	(581)
Balance at end of year	571	1,361	1,287	3,219

(a) Employee benefits	2011 \$'000	2010 \$'000
Current (i)		
Annual Leave	581	571
Long Service Leave	1,010	1,079
	1,591	1,650

Non-current (ii)		
Long Service Leave	402	282
Aggregate carrying amount of employee benefits	1,993	1,932

(i) Current		
All annual leave and the long service leave entitlements representing 10 or more years of continuous service:		
Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value	581	571
Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value	1,010	1,079
	1,591	1,650

(ii) Non-current		
Long service leave representing less than 10 years of continuous service measured at present value	402	282

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for the year ended 30 June 2011

Note 21. Provisions (continued)

(b) Landfill rehabilitation	2011 \$'000	2010 \$'000
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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.

Current

Landfill rehabilitation	492	397
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Non-current

Landfill rehabilitation	855	890
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Aggregate carrying amount of landfill rehabilitation	1,347	1,287
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(c) Provisions	2011 \$'000	2010 \$'000
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Current	2,083	2,047
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Non-current	1,257	1,172
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Aggregate carrying amount of provisions	3,340	3,219
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Note 22. Interest Bearing Loans

	2011 \$'000	2010 \$'000
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Current

Borrowings – secured	883	883
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Non-current

Borrowings – secured	4,509	5,390
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Total	5,392	6,273
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The maturity profile for Council's borrowings is:

Not later than one year	883	883
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Later than one year and not later than five years	3,412	3,657
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Later than five years	1,097	1,733
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	5,392	6,273
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Borrowings are secured by way of mortgages over the general rates of Council.

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for the year ended 30 June 2011

Note 23. Reserves

2011	2010 \$'000	Transfer from Reserve \$'000	Transfer to Reserve \$'000	2011 \$'000
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(a) Replacement Reserves

Restricted Reserves

Resort and Recreation	86	-	-	86
Art Gallery	75	-	-	75
Winton Land	35	-	-	35
	196	-	-	196

(b) Asset Revaluation Reserve

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
	52,792	12,074	(298)	64,568

Total Reserves	52,988	12,074	(298)	64,764
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2010	2009 \$'000	Transfer from Reserve \$'000	Transfer to Reserve \$'000	2010 \$'000
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(a) Replacement Reserves

Restricted Reserves

Resort and Recreation	86	-	-	86
Art Gallery	75	-	-	75
Winton Land	35	-	-	35
	196	-	-	196

(b) Asset Revaluation Reserve

Land	19,567	-	-	19,567
Buildings	7,659	-	-	7,659
Roads, Footpaths and Surface Drainage	19,642	-	-	19,642
Bridges	667	-	-	667
Underground drainage	893	-	-	893
Artworks	4,364	-	-	4,364
	52,792	-	-	52,792

Total Reserves	52,988	-	-	52,988
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for the year ended 30 June 2011

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

	2011 \$'000	2010 \$'000
Surplus/(Deficit)	2,490	1,017
Items not involving cash:		
Depreciation	3,373	3,365
Contributions – Non-monetary assets	-	(29)
Net loss/(gain) on disposal of assets	(66)	98
Assets written off	-	-
(Increase)/Decrease in Library Equity	5	1
Change in assets and liabilities:		
(Increase)/Decrease in Receivables	(1,689)	(379)
(Increase)/Decrease in Other Assets	(1)	7
Increase/(Decrease) in Payables	195	720
Increase/(Decrease) in Provisions	121	152
Net cash provided by operating activities	4,428	4,952

Note 25. Reconciliation of cash and cash equivalents

	2011 \$'000	2010 \$'000
Cash and cash equivalents (note 15)	7,172	8,852

Note 26. Financing Arrangements

	2011 \$'000	2010 \$'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.

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for the year ended 30 June 2011

Note 27. Restricted assets

	2011 \$'000	2010 \$'000
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)	2,680	3,138
Trust Funds (note 20)	242	279
Long Service Leave	1,343	1,254
Reserve Funds (note 23)	196	196
	4,461	4,867

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.

Note 28. Commitments

Council has entered into the following commitments

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
Operating				
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
Total Commitments	1,961	1,692	3,755	7,408

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for the year ended 30 June 2011

Note 28. Commitments (continued)

2010	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
Operating				
Aquatic Centre Management	345	355	743	1,443
Food Services	171	188	-	359
Recycling Collection	421	433	1,378	2,232
Street Tree Maintenance	118	45	-	163
Waste Collection	557	574	1,827	2,958
Total	1,612	1,595	3,948	7,155
Capital				
Art Gallery Upgrade	588	-	-	588
Landfill Cell Construction	432	-	-	432
Urban Growth Project	3,079	-	-	3,079
Total	4,099	-	-	4,099
Total Commitments	5,711	1,595	3,948	11,254

Note 29. Operating lease commitments

	2011 \$'000	2010 \$'000
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.		
The expenditures are payable:		
Not later than one year	423	342
Later than one year and not later than five years	202	266
	625	608

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for the year ended 30 June 2011

Note 30. Superannuation

Council makes employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). Obligations for contributions are recognised as an expense in profit or loss when they are due. The Fund has two categories of membership, each of which is funded differently.

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

Defined Benefit Plan

The Fund's Defined Benefit Plan is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under Paragraph 32(b) of AASB 119, Council does not use defined benefit accounting for these contributions.

Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Funds actuary as at 31 December 2008, Council makes the following contributions :

- 9.25% of members' salaries (same as previous year);
- the difference between resignation and retrenchment benefits paid to any retrenched employees, plus contribution tax (same as previous year);

Fund surplus or deficit (ie the difference between fund assets and liabilities) are calculated differently for funding purposes (ie calculating required contributions) and for the calculation of accrued benefits as required in AAS 25 to provide the values needed for the AASB 119 disclosure in Council's financial statements. AAS 25 requires that the present value of the benefit liability which is calculated in respect of membership completed at the calculation date makes no allowance for future benefits that may accrue. The actuarial investigation concluded that although the Net Market Value of Assets was in excess of Accrued Benefits at 31 December 2008, based on the assumptions adopted, there was a shortfall of \$71 million when the funding of future benefits was also considered.

Following an actuarial review finalised in late 2010, the amount of the 31 December 2008 funding shortfall of \$71 million was requested as additional contributions with payment being required from Employers from 1 July 2011. A further actuarial review will be undertaken as at 31 December 2011. Based on the result of this review, a detailed funding plan will be developed and implemented to achieve the target of fully funding the Fund by 31 December 2013. Any additional contributions required from the Council will be notified in late 2012 with payment no earlier than 1 July 2013.

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for the year ended 30 June 2011

Note 30. Superannuation (continued)

Accounting Standard Disclosures

The Fund's liability for accrued benefits was determined in the 31 December 2008 actuarial review pursuant to the requirements of Australian Accounting Standard AAS25 as follows:

	31 December 2008 \$'000
Net Market Value of Assets	3,630,432
Accrued Benefits	3,616,422
Difference between Assets and Accrued Benefits	14,010
Vested Benefits (Minimum sum which must be paid to members when they leave the fund)	3,561,588

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

Net investment return	8.50% p.a.
Salary inflation	4.25% p.a.
Price inflation	2.75% p.a.

Fund

	2011 \$'000	2010 \$'000
Defined benefit plans		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	115	121
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date	354	-
Accumulation funds		
Employer contributions to accumulation funds	570	434
Employer contributions payable to accumulation funds at reporting date	57	56

Contingent Liability

Due to fluctuations in the value of assets underlying the fund and movements in the liabilities of the fund Council may be required to make an additional contribution to the fund. At this point in time the amount, and the likelihood of payment is not certain. Further detail of this matter is disclosed at note 31 – Contingent liabilities.

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for the year ended 30 June 2011

Note 31. Contingent liabilities

A Writ was lodged in the Supreme Court of Victoria on 29 June 2011 by Broken Creek Developments Pty Ltd and Mr Graham Colling seeking payment of loss and damages of \$1,737,300 by Benalla Rural City Council. The matter relates to an application to rezone land to rural living which was not approved. Council has Public and Products Liability, and Professional Indemnity insurance cover in place and solicitors have been appointed by the policy provider to deal with these matters. No allowance for this matter has been made in the financial report.

Council is presently involved in other 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.

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	Library Operations
Information Systems	Community Services
Records Management	Finance
Human Resources	

Development and Environment

Waste Management	Benalla Airport
Engineering Services	Asset Services
Property Management VicRoads Program	Parks, Gardens and Reserves
Benalla Saleyards	Planning and Environment

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for the year ended 30 June 2011

Note 32. Income, expenses and assets by functions/activities (continued)

(b) Comparison of actual result by functions and activity

2011 Functions/Activities	Executive Services \$'000	Corporate and Community Services \$'000	Development and Environment \$'000	Total \$'000
Grants	736	4,261	6,010	11,007
Other	165	11,579	3,211	14,955
Total	901	15,840	9,221	25,962
Expenses	2,864	6,768	13,840	23,472
Surplus/(Deficit)	(1,963)	9,072	(4,619)	2,490
Assets attributed to functions/activities	15,037	10,861	171,858	197,756

2010 Functions/Activities	Executive Services \$'000	Corporate and Community Services \$'000	Infrastructure Services \$'000	Total \$'000
Grants	487	3,977	5,056	9,520
Other	310	11,028	2,672	14,010
Total	797	15,005	7,728	23,530
Expenses	2,629	5,995	13,889	22,513
Surplus/(Deficit)	(1,832)	9,010	(6,161)	1,017
Assets attributed to functions/activities	13,510	10,690	159,074	183,274

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

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for the year ended 30 June 2011

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 2009 to 30 June 2011
Mayor	1 July 2009 to 30 June 2011
Councillor Peter Dunn	1 July 2009 to 30 June 2011
Acting Mayor	22 June 2010 to 30 June 2011
Councillor Barbara Alexander	1 July 2009 to 30 June 2011
Councillor Pat Claridge	1 July 2009 to 30 June 2010
Councillor Peter Davis	1 July 2009 to 30 June 2011
Councillor Donald Firth	1 July 2009 to 30 June 2011
Councillor Suzy Martin	1 July 2009 to 30 June 2011

Chief Executive Officer
Tony McLroy

(ii) Remuneration of Responsible Persons

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

	2011 Number	2010 Number
< \$10,000	-	-
\$10,001 - \$20,000	5	6
\$20,001 - \$30,000	1	-
\$30,001 - \$40,000	-	-
\$40,001 - \$50,000	-	-
\$50,001 - \$60,000	1	1
\$60,001 - \$70,000	-	-
\$70,001 - \$80,000	-	-
\$80,001 - \$90,000	-	-
\$90,001 - \$100,000	-	-
\$100,001 - \$110,000	-	-
\$110,001 - \$120,000	-	-
\$120,001 - \$130,000	-	-
\$130,001 - \$140,000	-	-
\$140,001 - \$150,000	-	-
\$150,001 - \$160,000	-	-
\$160,001 - \$170,000	-	-
\$170,001 - \$180,000	-	-
\$180,001 - \$190,000	-	-
\$190,001 - \$200,000	1	1

	\$'000	\$'000
Total remuneration for the year for responsible persons included above amounted to:	358	345

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

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for the year ended 30 June 2011

Note 33. Related party transactions (continued)

(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 \$124,000, or if remuneration is less than \$124,000 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:

	2011 Number	2010 Number
< \$124,000	4	5
\$124,001 - \$130,000	-	-
\$130,001 - \$140,000	1	-
\$140,001 - \$150,000	-	1

	\$'000	\$'000
Total remuneration for the reporting year for Senior Officers included above, amounted to:	470	454

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for the year ended 30 June 2011

Note 34. Financial instruments

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

Financial Instruments	Notes	Accounting Policy	Terms and Conditions
Financial Assets			
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 4.7% (0% and 4.4% in 2009/10). The average interest rate at balance date for cash and cash equivalents was 5.6% (5.9% 2009/10).
Trade and other receivables			
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.
Financial liabilities			
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 6.8% (6.6% 2009/10).

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for the year ended 30 June 2011

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:

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		
(i) Financial Assets							
Cash and cash equivalents	15	2,092	5,078	-	-	2	7,172
Trade and other receivables	16	-	-	-	-	2,760	2,760
Total financial assets		2,092	5,078	-	-	2,762	9,932
Weighted average interest rate		4.3%	6.2%	n/a	n/a	n/a	
(ii) General Payables							
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
Total financial liabilities		1,392	770	2,877	353	4,374	9,766
Weighted average interest rate		6.8%	6.6%	6.7%	7.7%	n/a	
Net financial assets (liabilities)		700	4,308	(2,877)	(353)	(1,612)	166

2010	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		
(i) Financial Assets							
Cash and cash equivalents	15	811	8,039	-	-	2	8,852
Trade and other receivables	16	-	1	-	-	1,081	1,082
Total financial assets		811	8,040	-	-	1,083	9,934
Weighted average interest rate		3.5%	5.9%	n/a	n/a	n/a	
(ii) General Payables							
Trade and other payables	19	-	-	-	-	3,125	3,125
Trust funds and deposits	20	-	-	-	-	279	279
Interest-bearing loans	22	1,500	773	2,470	1,530	-	6,273
Total financial liabilities		1,500	773	2,470	1,530	3,404	9,677
Weighted average interest rate		6.5%	6.5%	6.6%	7.0%	n/a	
Net financial assets (liabilities)		(689)	7,267	(2,470)	(1,530)	(2,321)	257

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for the year ended 30 June 2011

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	
		2011 \$000	2010 \$000	2011 \$000	2010 \$000
Financial assets					
Cash and cash equivalents	15	7,172	8,852	7,172	8,852
Trade and other receivables	16	2,760	1,082	2,760	1,082
Total financial assets		9,932	9,934	9,932	9,934
Financial liabilities					
Trade and other payables	19	4,132	3,125	4,132	3,125
Trust funds and deposits	20	242	279	242	279
Interest-bearing loans	22	5,392	6,273	5,376	6,371
Total financial liabilities		9,766	9,677	9,750	9,775

(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.

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for the year ended 30 June 2011

Note 34. Financial instruments (continued)

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.

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:

	2011 \$'000	2010 \$'000
Current (not yet due)	2,317	978
Past due by up to 30 days	186	27
Past due by between 31 and 60 days	191	12
Past due by more than 60 days	68	65
	2,762	1,084

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for the year ended 30 June 2011

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 \$2,000 (2010 \$2,000) were impaired. The amount of the provision raised against these debtors was \$2,000 (2010 \$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:

	2011 \$'000	2010 \$'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	2	2
	2	2

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.

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

2011	1 year or less \$'000	1 to 5 years \$'000	Over 5 years \$'000	Contracted cash flow \$'000	Carrying amount \$'000
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
Total financial liabilities	5,598	4,177	1,034	10,809	9,766

2010	1 year or less \$'000	1 to 5 years \$'000	Over 5 years \$'000	Contracted cash flow \$'000	Carrying amount \$'000
Trade and other payables	3,125	-	-	3,125	3,125
Trust funds and deposits	279	-	-	279	279
Interest-bearing loans	1,073	3,880	3,343	8,296	6,273
Total financial liabilities	4,477	3,880	3,343	11,700	9,677

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for the year ended 30 June 2011

Note 34. Financial instruments (continued)

(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 2011	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
Financial Assets					
Cash and cash equivalents	2,092	(20)	(20)	20	20
Financial Liabilities					
Interest-bearing loans and borrowings	1,392	14	14	(14)	(14)

Market risk exposure 2010	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
Financial Assets					
Cash and cash equivalents	811	(8)	(8)	8	8

Note 35. Financial ratios

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

	2011 \$'000	2011 %	2010 \$'000	2010 %	2009 \$'000	2009 %
Debt servicing costs	387	1.5%	349	1.5%	396	1.8%
Total revenue	25,962		23,530		21,942	

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.

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

	2011 \$'000	2011 %	2010 \$'000	2010 %	2009 \$'000	2009 %
Debt servicing costs and redemption costs	1,268	10%	1,122	10%	1,121	10%
Total rate revenue	12,203		11,531		11,007	

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.

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for the year ended 30 June 2011

Note 35. Financial ratios (continued)

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

	2011 \$'000	2011 %	2010 \$'000	2010 %	2009 \$'000	2009 %
Rate revenue	12,203	47%	11,531	49%	11,007	50%
Total revenue	25,962		23,530		21,942	

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

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

	2011 \$'000	2011 %	2010 \$'000	2010 %	2009 \$'000	2009 %
Total indebtedness	8,645	25%	8,029	23%	7,703	23%
Total realisable assets	35,193		34,498		33,229	

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.

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

	2011 \$'000	2011 %	2010 \$'000	2010 %	2009 \$'000	2009 %
Current assets	10,407	142%	10,397	164%	7,379	152%
Current liabilities	7,340		6,334		4,846	

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

Note 36. Events occurring after the reporting date

Council on 27 June 2011 entered into agreement with the Goulburn Murray Rural Water Corporation (G-MW) for the transfer and relinquishment of assets comprising the works of the recently decommissioned Lake Mokoan Inlet Channel owned by G-MW between Sydney Road and Nelson Road, Winton Victoria 3673.

The Agreement provides for the payment by G-MW to Council of \$695,000 when Council is appointed as the Committee of Management of the reserve. As at 30 June 2011, Council had not been appointed the Committee of Management. These assets have not been brought to account in the financial statements on the basis that Council did not control the assets and will not do so until appointed the Committee of Management.

Financial Report

for the year ended 30 June 2011

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
12 September 2011

In our opinion the accompanying financial statements present fairly the financial transactions of Council for the year ended 30 June 2011 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 24 August 2011 to certify the financial statements in their final form.



Cr Bill Hill
12 September 2011



Cr Barbara Alexander
12 September 2011



Tony McIlroy B.Bus., MAICD
Chief Executive Officer
12 September 2011

Financial Report

for the year ended 30 June 2011

VAGO

Victorian Auditor-General's Office

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 2011 of the Benalla Rural City Council which comprises of comprehensive income statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the certification of the financial report has been audited.

The accompanying standard statements for the year ended 30 June 2011 of the Council which comprises of standard comprehensive income statement, standard balance sheet, standard cash flow statement, standard statement of capital works, the related notes and the certification of standard statements have been audited.

The Councillor's 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 (including the Australian Accounting Interpretations) 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 of the statements and the requirements of the *Local Government Act 1989*.

This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report and standard statements that are free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

As required by the *Audit Act 1994*, 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. 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 financial report and standard statements are free from material misstatement.

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

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Financial Report

for the year ended 30 June 2011

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Victorian Auditor-General's Office
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.

Auditor's Opinion

In my opinion:

- (a) the financial report presents fairly, in all material respects, the financial position of the Benalla Rural City Council as at 30 June 2011 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), 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*.

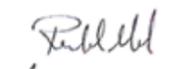
Basis of Accounting for Standard Statements

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 2011 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 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
16 September 2011


J D R Pearson
Auditor-General



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