

12-13

Annual Report

Benalla Rural City Council





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About this report

Benalla Rural City Council's 2012-13 Annual Report provides a snapshot of significant events and achievements throughout the past year.

It describes the Council's vision and how that vision is implemented through the many services we provide to the community.

The Annual Report is also an opportunity to explain changes in the organisation, our structure, and how our financial performance compared to the Budget for 2012-13.

Our Vision

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

Our Mission

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

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

Our Values

Leadership

We will provide strong, caring and innovative leadership.

Openness and Honesty

We will act with integrity, transparency and truthfulness.

Respect

We will respect the community, Councillors and Council staff.

Fairness and Equity

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

Accountability

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

Achievement

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



About us

Statistics at a glance

Population

13,754
Approximately 4,700 live outside the urban area.

Area

235,059 hectares covering 41 localities.

Climate

Temperature range from average winter minimum of 3°C to an average summer maximum of 31°C. Rainfall lies within an average of 600-700mm, falling mostly in Spring and Winter.

Localities

41 localities, with the townships of Benalla, Baddaginnie, Devenish, Goorambat, Swanpool, Tatong, Thoona and Winton.

Location

Approximately 193km north east of Melbourne, an easy two-hour drive up the Hume Freeway.

Rateable properties

| | |
|--------------------------------|--------------|
| Residential (Benalla) | 4,463 |
| Residential (Rural Township) | 214 |
| Business | 466 |
| Vacant Land (Benalla) | 145 |
| Vacant Land (Rural Township) | 17 |
| Rural – Non Farming | 1,107 |
| Rural – Farmland | 1,301 |
| Cultural and Recreational Land | 1 |
| Total | 7,714 |



Our profile

Our Lifestyle and Amenity

Benalla Rural City is renowned for its beautiful and picturesque rural landscape and welcoming rural towns. The central lake, botanical gardens and riverine parklands, walking paths, and an attractive and vibrant centre are key features of our lifestyle and amenity.

Our Rural City offers exciting recreational and cultural opportunities including our Aquatic Centre, Indoor Recreation Centre, Regional Art Gallery and Performing Arts and Convention Centre.

Our quality facilities and services include schools, colleges, the Goulburn Ovens Institute of TAFE, the Benalla Hospital and Community Care Centre and Benalla Airport.

Benalla Rural City is also home to the Winton Motor Raceway, Winton Wetlands, State Gliding Centre and a host of other sporting clubs and facilities.



Our Economy

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

Other key employers include Benalla's diverse mix of retailers and the health services industry as our fastest growing employment sector.

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



Message from the CEO

I am pleased to provide an overview of the 2012-13 Year.

Council Governance

The General Election in October 2012 and the subsequent filling of two extraordinary vacancies in the first quarter of 2013 has seen the Council welcome four newly elected members with an element of youth. The extended induction program was successfully completed and my observation is that a cohesive team of elected members has been established. The new Council has met the statutory requirements of preparing a four-year Council Plan (2013-2017) and Budget for the 2013-14 financial year.

Organisational Structure Review

The purpose of the organisational review was to better align the Council's human resources with the priorities of the Council as expressed in the 2009-2013 Council Plan.

The objective was not to reduce the overall number of staff but rather to improve the way we operate and communicate.

The new structure came into effect on 1 July 2012 and had a particular focus on improving operational efficiency in the areas of arts, culture and events, community development and economic development and tourism.

The standout achievements of the restructure over the subsequent 12 months have been the level of support provided to community groups particularly in the outlying rural areas through the community development function; the success of the Advancing Country Towns Project addressing disadvantage in the community; the integration of the operation of the Benalla Art Gallery and Benalla Performing Arts and Convention Centre and the extent of business development activity in the Economic Development and Tourism area.

Financial Management

The Council during the course of the financial year incurred additional costs associated with the organisational restructure, increased insurance premiums beyond financial projections due to natural disasters and a number of revenue shortfalls including State Government funding cuts.

This necessitated a rigorous budget review process being undertaken at the half-year interval and I commend the Leadership Team for its diligence in program budget management.

An operating surplus of \$1.931 million has been recorded for the year ended 30 June 2013.

For the full details of the Financial Reports refer to pages 66-132.

Capital Projects

The success of the Council in attracting significant capital funding for major projects from the Federal and State Governments has been well documented over the past three years. The completion of Stage 3 of the Urban Growth Project and the commencement of the Civic Precinct Revitalisation Project in the final quarter of the financial year marks a time of great satisfaction for both the Council and staff whose combined efforts have seen these projects realised.

Civic Precinct Revitalisation Project

The Council's acquisition of the former Australia Post retail outlet and mail sorting centre in September 2012 saw the final piece of the jigsaw in the Council's strategy for the Civic Precinct Revitalisation Project fall into place.

The opening of the Customer Service Centre is anticipated in early 2014 and the establishment of the Sir Edward 'Weary' Dunlop Learning Centre in the Civic Centre building is expected towards the end of 2014.

Benalla Town Hall Project

The Benalla Town Hall Project, which also commenced in the final quarter of the financial year, will enable greater community use of this iconic facility. The project will see the addition of a new commercial kitchen on the south side of the building adjoining the auditorium and back of house improvements. The project will provide an improved income stream for the Council through greater utilisation of the facility and will complement the wonderful range of community facilities Benalla has on offer, all of which will serve to attract population growth and give the Council a competitive advantage in Regional Victoria in the future.

Business Growth Project

The progress made in the development of a strategy for future business investment at the Enterprise Park Industrial Estate comprising a 20-lot subdivision will provide a significant boost to the local economy in the future. The feasibility study for the project was the subject of an application to the Department of State Development Business and Innovation in the last quarter of the financial year.

In Summary

The year under review has been a very rewarding one for both the Council and management and I thank the Mayor and Councillors for their ongoing confidence and support of the Leadership Team.

I celebrated 10 years in the position of Chief Executive Officer on 12 May 2013 and am proud of the achievements of the period, particularly the Rural City's financial sustainability status.



Tony McIlroy
Chief Executive Officer

Message from the Mayor

The last year has been an exciting one for Benalla Rural City Council and I'm proud to present this Annual Report outlining our achievements and activities.

It is a privilege to be serving as Mayor at a time when the Council and the community are working together with such goodwill and optimism.

The community elected a new council last year, a very balanced team with a good representation of men and women. It includes older and younger members, and provides a mixture of new perspectives and sound local government experience. An organisational restructure will enhance the organisation's ability to carry out the Council's vision, and I am grateful to the CEO and the staff for their hard work.

One of the major achievements of this last year has been the preparation for the new Council Plan, which will guide priorities and activities for the coming four years. The newly formed Community Development department worked hard to engage the community as much as possible. This included workshops in rural and urban areas, gathering people's opinions on what they thought Council ought to be focusing on. As a result, the 2013-17 Council Plan will be very representative of the community's hopes and aspirations.

Other achievements of note include:

- The commencement of the Civic Precinct Revitalisation Project, including a new Customer Service Centre, the refurbishment of the former Benalla Shire Offices and the development of the Sir Edward "Weary" Dunlop Learning Centre.
- The adoption of a Budget that ensured the Council could continue to provide the community with essential services and facilities, while also focusing on a number of exciting major projects including road projects worth \$3.41 million, and an upgrade to the Benalla Skate Park.

- The development of a Climate Adaptation Action Plan.
- Securing funding from Advancing Country Towns through Regional Development Victoria, which has helped the Council to deliver family liaison workers who have supported local families, especially with assistance to access essential family services, and the Parents Early Education Partnership (PEEP) Program.
- The receipt of funding for a hydrological study into Benalla's Enterprise Park, a necessary prior step to applying for vital funding for development of the site.

There have been challenges on the way but we have ended up with a team of councillors who are focused on the community and who are committed to delivering what they have been elected to do. I am grateful for their dedication and very hard work.



Barbara Alexander

Cr Barbara Alexander
Mayor

Meet your elected representatives

The Council is responsible for setting the strategic direction of the organisation and overseeing its performance. The Benalla Rural City Council comprises seven councillors elected from an unsubdivided municipality. The community elected the Council in October 2012 for a four-year term.



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



Cr Peter Davis
First elected: November 2005
Re-elected: November 2008 and October 2012



Cr Suzy Martin
First elected: November 2008
Re-elected: October 2012



Cr Margaret Richards
First elected: October 2012



Cr Justin King
First elected: October 2012



Cr Ellen Crocker
First elected: February 2013



Cr Andrew Vale
First elected: June 2013

Former councillors during 2012-13 period:

- Cr Don Firth**
Retired: October 2012
- Cr Campbell Griffin**
Retired: October 2012
- Cr Ken Whan**
Retired: October 2012
- Cr Peter Dunn**
Retired: January 2013
- Cr Ross Jenkins**
Retired: May 2013

A year of achievements



July

Council finalises its organisational restructure

For the first time in the life of the Benalla Rural City, the Council's management resources align with the priorities contained in the Council Plan. The mix of experience and new staff provides a well balanced team, including a gender balance of seven males and six females.

The restructure focuses on economic development, tourism and community development and a broadening of arts and culture. On that basis, on 1 July 2012, the Council takes over management of the Benalla Performing Arts and Convention Centre from the Goulburn Ovens Institute of TAFE.

Climate adaptation plan begins

Community consultation begins to develop a Climate Change Adaptation Action Plan to deal with climatic challenges that will see a continuation of the floods, heatwaves and storms that have been a challenge for the region in recent years.

The plan contains a series of actions to help the Council manage emergency events, including an increase in "Code Red" days, and adapt to changes in the accessibility of food and resources. There was a good community response to the consultation, and the project, partly funded by the Victorian Local Sustainability Accord, was overseen by a steering committee made up of representatives from farming and environmental groups, Benalla Rural City councillors and the State Government. The plan will go on to be adopted by Council in December 2012, and launched in mid-2013.

Benalla Rural City Council presents Australia's leading parent educator

Australia's leading parenting and educational presenter Michael Grose provides inspiration and motivation to parents to help them raise exceptional kids with confidence, character and resilience. Benalla Rural City Council hosts Michael at the Benalla Performing Arts and Convention Centre.

August

Taungurong Park signage installed

Naming signage is installed in parkland bounded by Arundel, Market, Benson and Maud streets, Benalla. The signage finalises a resolution made by the previous Council in 2006 to name the parkland Taungurong Park in recognition of the Taungurong People, an Indigenous tribe which resided on the west side of the Broken River.

Meals on Wheels celebrated

Cr Barbara Alexander helps to celebrate National Meals on Wheels day by assisting to deliver meals for the day. The 2012 theme is "Hydration" and all clients receive a brightly coloured placemat bearing a message reminding people to drink sufficient fluids to keep themselves adequately hydrated. In Benalla Rural City more than 150 volunteers deliver meals on a daily basis to around 80 home-bound residents.

Building Services survey launched

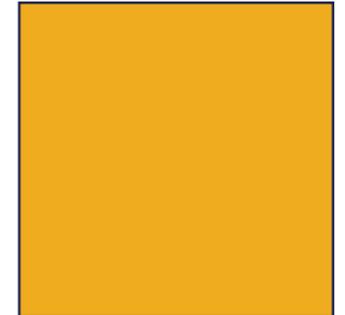
The Council's Building Unit puts out a survey to residents and ratepayers to help determine the level of community satisfaction with services already offered and help identify where improvements can be made. The group is responsible for issuing building permits for construction and demolition works and enforcing building regulations such as swimming pool safety standards.

September

BEAR Taskforce members recruited

Benalla Rural City Council, in conjunction with the Benalla Business Network, calls for taskforce members to drive another Business Expansion and Retention program. The BEAR Visitation Program gives local businesses within Benalla Rural City an opportunity to share their thoughts on what helps and hinders business operations and provide a forum to share ideas for building a better local business environment.

The taskforce goes on to meet regularly, and in February 2013, 65 community volunteers interview 86 businesses from a range of industries to gather their ideas on how Benalla can be an even better place in which to do business.



Youth strategy surveys open

Benalla Rural City Council calls on young people and the community as it develops its youth strategy. The *Benalla Rural City Youth Strategy* will consider the needs and aspirations of young people aged between 12 and 24. Two surveys are developed, one aimed at young people living, working or studying in Benalla rural City, and the other at parents and community members who want to share their hopes, dreams, concerns and aspirations for young people.

October

Lake Mokoan Inlet Channel transfers to Council ownership

Management of the decommissioned Lake Mokoan Inlet Channel between Sydney Road and the Winton Wetlands is transferred from Goulburn-Murray Water to Benalla Rural City Council.

An agreement between the Council and G-MW sees the Council appointed as the Committee of Management of the Crown Land Reserve associated with the channel. Under the agreement, the Council has received \$695,000 in compensation to provide future funding for the maintenance and renewal of the land and assets, including three bridges, which become the Council's responsibility once G-MW's decommissioning of irrigation infrastructure is complete.



Council calls for government action on superannuation liability

The Council writes to the Victorian and Australian governments seeking their assistance to mitigate the severe impact of unfunded superannuation liabilities on Victorian councils. Due to investment market volatility, Victorian councils collectively face a Defined Benefit Plan Superannuation Fund shortfall of \$533 million, and Benalla Rural City Council's share of the unfunded superannuation liability is \$1.55 million plus a contribution tax of \$273,000.

Grandstand refurbishment complete

Deputy Premier and Minister for Regional and Rural Development Peter Ryan join Member for Benalla Bill Sykes and members of the community to officially open the restored Benalla Showgrounds grandstand. The 99-year-old grandstand was identified as a high priority for the community after it was severely damaged by torrential rain and inundation during the December 2010 floods. The restoration involved reinstating electricity to the Agricultural and Pastoral Society beneath the grandstand competition shed, replacing internal and external gutters and downpipes, repairing wooden structures, restoring stairways and painting the grandstand. The magnificent community asset, a rare surviving example of Victoria's timber grandstands with its distinctive barrel roof and ornate timber and cast-iron lace frieze, is now restored to its former glory.

November

A new Council, and Cr Barbara Alexander elected Benalla Rural City Council Mayor

Following local government elections, a new Council is elected and Cr Barbara Alexander is elected Benalla Rural City Council Mayor. Originally coming to Council in 2008, Cr Alexander has chaired the Council's Finance and Operations Committee for the past two years. She is also chair of the Australia Day Advisory Committee and the Benalla and District Community Taskforce.

Community invited to engage in new Council Plan

A series of forums are held in Benalla, Baddaginnie, Devenish, Goorambat, Molyullah, Tatong and Thoona, to hear what business leaders, service providers, advisory committee members and our rural community have to say in preparation for developing a new Council Plan. The plan will set out the organisation's strategic direction for the four-year period between 2013-2017.

December

Festive spirit arrives in Benalla Rural City

Christmas arrives with the installation of the Rural City's decorations, including the return of the popular gift boxes that have been placed in the trees within the Benalla Central Business District. Council worked in partnership with CAL Industries Yooralla employees to put together more than 200 coloured gift boxes with bows of coloured satin ribbon, which are placed in street trees in the Benalla central business district and are a popular feature of the decorations. Decorations formerly used by the Melbourne City Council are used on the Rotary Pergolas in Bridge and Carrier Streets.





Benalla announces major art prize

The Benalla Art Gallery announces a non-acquisitive nude art prize worth \$50,000. Benalla Nude is a prize for the best work of the naked human figure in oil, acrylic, watercolour or mixed media. Shortlisted works will be exhibited over Easter 2014.

January

Australia Day – a time to celebrate what's great

Residents throughout the municipality celebrate everything that is great about being Australian with community events in Benalla, Baddaginnie, Devenish, Goorambat, Lima, Molyullah, Tatong and Thoon. The events feature community breakfasts, the official Benalla Rural City award presentations, an "Aussie" pool party and a free afternoon screening of the Australian film *Bran Nue Dae* at the Benalla Performing Arts and Convention Centre. BPACC hosts the Australia Day award presentations, based on the theme of "We Are One", recognising residents who have made an exceptional contribution to the community.



February

Stage 3 development Enterprise Park gets go ahead

The Council resolves to proceed with the Stage 3 development of Benalla Rural City's major industrial estate, which comprises a 20-lot subdivision and represents an important development opportunity for Benalla Rural City to provide strategically located land for future business development and investment attraction.

The first step is the development of a detailed feasibility study, which will include a hydrological assessment to find a solution to significant drainage issues at the 70-hectare estate located on Sydney Road.

Civic projects on the move

Benalla Rural City's Civic Precinct Revitalisation Project is progressing well with the first stage expected to be completed in January 2014. The Project includes the conversion of the current Civic Centre into the Sir Edward 'Weary' Dunlop Learning Centre. Following three years of planning and funding applications, the final design for the Learning Centre has been approved by the Project Control Group, and specifications are ready to go out to tender. Work for the new Customer Service Centre (council offices) in the former post office building on the corner of Bridge Street and Mair Street will soon be able to commence, following the compulsory acquisition process for the land being finalised in January.



The revitalisation project also includes refurbishment of the former Shire of Benalla building in Mair Street, which will be the new home for the Council with financial assistance provided by Heritage Victoria.

The Civic Centre Revitalisation Project is funded from:

- \$500,000 State Government (Living Libraries Program)
- \$155,000 Federal Government (Regional & Local Community Infrastructure Program)
- \$620,000 Benalla Rural City: 2010/11 – cash on term deposit
- \$1,158,500 Federal Government (Regional Development Australia Fund)
- \$144,000 State Government (Heritage Victoria)
- \$406,000 Benalla Rural City : 2011/12 – cash on term deposit
- \$1,600,000 State Government (Local Government Infrastructure Program)
- \$4,583,500 Total

March

International Women's Day Observed

Women of Benalla Rural City gather to celebrate International Women's Day at a breakfast at the Benalla Lakeside Sports and Community Centre on Wednesday 6 March.

Benalla Rural City hosts the breakfast in partnership with Benalla Health, with the theme, "The Gender Agenda: Gaining Momentum". The guest speaker was Mary Crooks, Executive Director of the Victorian Women's Trust, who has a background in tertiary teaching, research and public policy. She speaks about finding ways to make it easier for women and men to have a democratic voice regarding their interests and concerns.

Bigger bins trialled for a better environment

The Council launches a trial to determine whether more recycling space for households will result in less waste to the landfill. In partnership with the North East Regional Waste Management Group (NevRwaste), Cleanaway and the Rural City of Wangaratta, the Council conducts an assessment of its current recycling bins.

Sustainability Victoria and the National Package Covenant Industry Association provide funding support towards the trial, which involves 1000 household from across the two municipalities. Between March and May 2013 the trial identifies whether households are able to recycle even more when a bigger bin is provided to assist in the reduction of recycling materials making their way into the garbage bin.



April

Local childcare becomes more accessible and flexible

Benalla and Mansfield Family Day Care and In Home Care begin participating in an Australian Government trial to provide overnight and weekend childcare. Care is available at all hours of the day and night and, under certain circumstances, children can be in care for a 24-hour period. In Home Care is available to parents who are shift workers or families that have a child or parent with an illness or disability.

2013 Regional Victoria Living Expo

Benalla Rural City promotes everything that is great about living and working in country Victoria through its participation in the 2013 Regional Victoria Living Expo as part of the Goulburn River and Ranges collective, with an overall theme of "Welcome to Your Treehouse".

The regional information hub includes representation from local businesses including real estate agents and car dealerships, helping people find the information they need when making the move to regional Victoria a reality.

May

Benalla Rural City Draft Council Plan released

After extensive community consultation and input from Council staff and elected Councillors, Council releases its Draft Council Plan 2013-2017 for public comment. The plan addresses the vision for the Rural City over the next four years.

For the first time, health and wellbeing initiatives are incorporated in the Council Plan, which reflects the community desire to focus on achieving a more connected, cohesive, vibrant and financially sustainable Rural City. The plan contains six key strategic objectives: Our Community; Places and Spaces; Our Economy; Our Natural Environment; Community Engagement and Working Together; and Our Organisation.

Wedge Street safety survey results released

Benalla Rural City Council releases the results of a community survey to develop a model for managing traffic safety around school zones in Wedge Street, Benalla.

The relocation of the bus stop, raised table, parking controls and fencing were the most common responses in the survey. The next step in the process is for an implementation plan to be developed based on the survey results.



Improved flood warning and response times for Benalla

Work commences on upgrading a network of 15 flood monitoring gauges in the Benalla Flood Warning Network, with the Victorian Government providing \$150,000 as part of its \$19.3 million, four-year Flood Warning Repair and Improvement Program – popularly known as FloodZoom. Council is able to access the funding through its membership of the Northern Regional Water Monitoring Partnership which brings together public and private organisations to identify priority areas for upgrades and collectively contract surface water monitoring services.

Major drainage project nears completion

Stage 3 of Benalla's Urban Growth project nears completion. The \$4.5 million project provides major drainage infrastructure to the Cowan Street, Olivers Road and Grant Drive area and, with a catchment of 103ha, the area has the potential to be the future home for more than 1200 new dwellings. Stage 1 and 2 were completed in mid 2012 and comprised a major river outfall and pipe network, as well as the acquisition of land for a retention basin and easements.

Proposed 2013/14 Budget released for public comment

Benalla Rural City Council releases its proposed 2013/14 Budget for public comment.

The proposed budget seeks to balance the demand for quality services and community infrastructure while remaining sensitive to the community's capacity to pay. The Budget is devised with input from the Draft Council Plan in mind, and the Council decides to keep rates low, finish current infrastructure projects and lower its debt ratio over the next four years.

Capital Projects Program

Significant capital work projects during the 2012/13 financial year

| Project | Budget Amount \$ |
|---|------------------|
| Works are completed under the Natural Disaster Relief Funding, to address flood damage and rehabilitation works from storm events. | 976,000 |
| Work is completed in Council's road resealing program. | 940,000 |
| Dobson Road, Warrenbayne – Bridge deck overlay and guard rail installation is completed. | 108,000 |
| O'Dea Road Bridge is completed. | 109,000 |
| Pavement and Drainage Reconstruction of Waller Street is nearing its final stages. Completion is delayed by the replacement of North East Water asbestos water mains. | 488,000 |
| Pavement and Drainage Reconstruction of Moore, Short and Elizabeth Streets is in the final stages of clean-up. | 522,500 |
| Benalla Skate Park Redevelopment Project and Lights Project. | 374,311 |
| Flood Recovery Community Infrastructure - Benalla Grandstand (Regional Development Victoria). | 179,000 |



Our Governance Systems

Benalla Rural City Council puts corporate governance systems in place to ensure the organisation:

- operates within the spirit and intent of the relevant legislation
- outlines its powers and supports open and transparent decision-making processes
- establishes effective frameworks for planning
- monitors the efficiency and effectiveness of operations
- engages with and advocates for our community as partners in the ongoing growth and development of Benalla Rural City where lifestyle, culture, health and wellbeing are important.



Council Committee System and Meeting Cycle

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

| Meeting type | Purpose |
|---|---|
| Business Review Assembly of Councillors | 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 and environmental issues. Membership is all of the Councillors and the quorum for this Committee is a majority of the members. |
| Finance and Operations Committee | This Committee considers all governance and financial matters, social and cultural development and matters relating to the operation of Council's organisational administration. The membership of the Finance and Operations Committee is all of the Councillors and the quorum for this committee is a majority of members. |
| Council | The Council Meeting adopts, rejects or modifies recommendations from the committees and deals with other items. These meetings provide Councillors with another opportunity to debate issues discussed at the committee level before a final decision is made. |

Meetings of Council

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

Special Committees

Benalla Art Gallery

Total Meetings: 7

Finance and Operations Committee

Total Meetings: 12

Planning and Development Committee

Total Meetings: 12

Council Advisory Committees

These committees advise Council about a range of community and social issues that may influence policy, service and program development. Advisory Committees are reviewed following each local government election.

| Council Advisory Committee | Purpose of Committee |
|---|---|
| Audit Advisory Committee | The Audit Committee is an independent Advisory Committee to Council. The primary objective of the Audit Committee is to assist Council in the effective conduct of its responsibilities for financial reporting, management of risk, maintaining a reliable system of internal controls and facilitating the organisation's ethical development. |
| Australia Day Advisory Committee | The purpose of the Committee is to assist in the coordination of Australia Day Celebrations throughout the Rural City. |
| Benalla Airport Advisory Committee | Assists Council in the management and operation of the Benalla Airport including (but not limited to) flight/airport management to Australian Standards, hiring of facilities, maintenance of grounds and assets, and risk management functions. |
| Benalla and District Community Taskforce | Addresses social disadvantage in the community. |
| Benalla Botanical Gardens and Riverine Parklands Advisory Committee | Assists 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 | Manages the Benalla Festival and makes recommendations to Council with regard to Festival events and activities. |
| Benalla Saleyards Advisory Committee | Advises and assists in the management and development of the Benalla Livestock Marketing Centre. |
| Benalla Sports and Equestrian Reserve Advisory Committee | Guides and assists in the management and operation of the Benalla Equestrian Centre and associated racecourse reserve land. |
| Communications Advisory Committee | Oversees Council communications and corporate publications in a proactive approach to improving and providing a high quality control mechanism over Council's communications. |
| Management Review Advisory Committee | Regularly reviews the performance of the Chief Executive Officer and the organisation and sets performance targets for the Chief Executive Officer in accordance with the Council Plan. |

Audit Advisory Committee

Membership

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

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

Attendance

During the 2012-13 financial year there was a quorum for each Audit Advisory Committee meeting, where the appointed Chair presided. Attendance of members for the 2012-13 meeting schedule is summarised below.

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

Terms of Reference

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

Internal audit

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

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

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

External audit

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

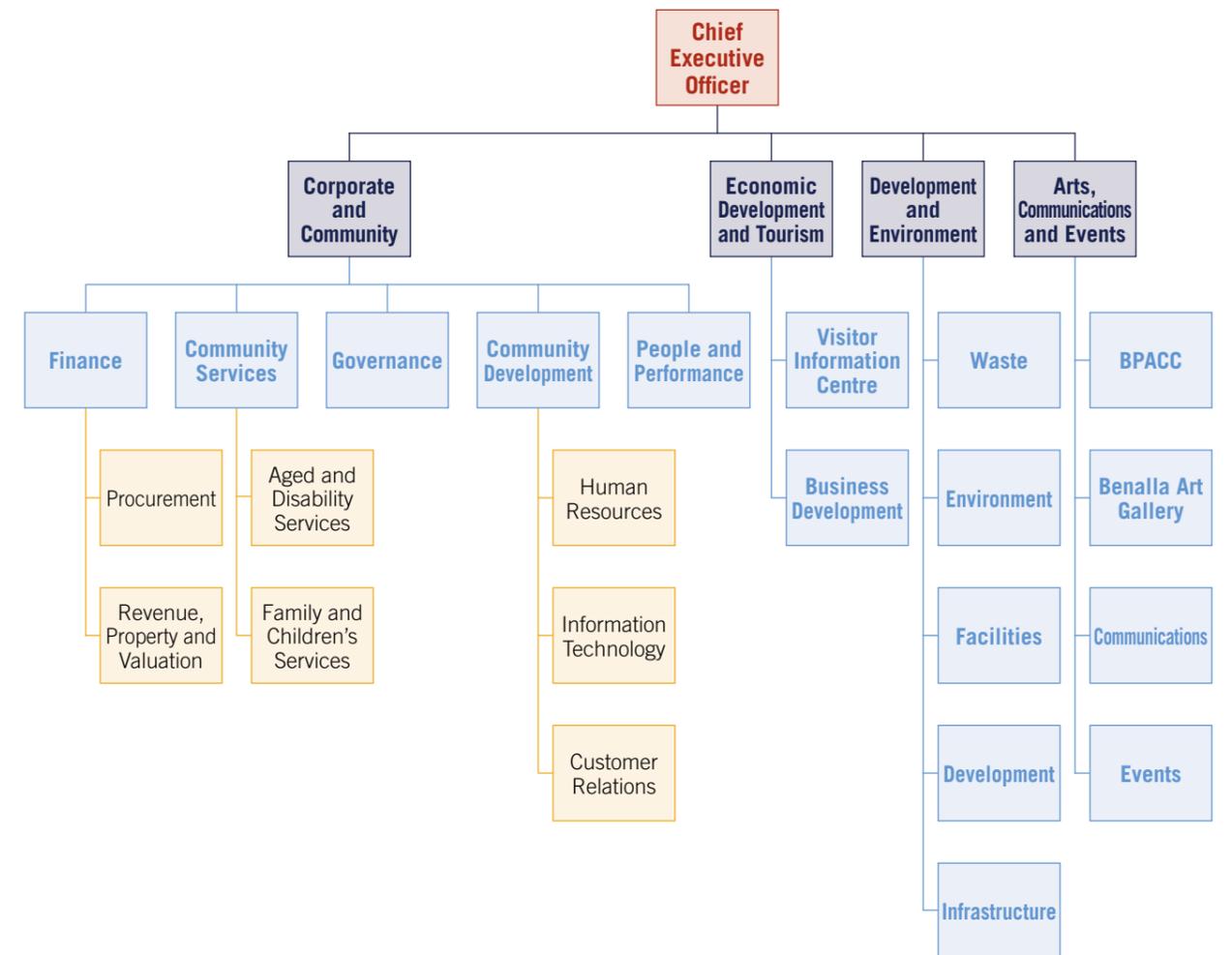
- strategic planning
- detailed audit system testing
- review of financial statements.

The Organisation

In 2012-13, Benalla Rural City Council finalised its organisational restructure, aligning the management structure with the priorities contained in the Council Plan.

The restructure focused on economic development, tourism and community development, and a broadening of arts and culture.

Organisational Structure



The Leadership Team



Chief Executive Officer
Tony McIlroy



General Manager Corporate and Community
Robert Barber



General Manager Development and Environment
Veronica Schilling



Manager Finance
Brett Davies



Manager Community Services
Deb Randich



Manager Community Development
Jane Archbold



Manager People and Performance
Janine McMaster



Manager Economic Development and Tourism
Jeanie Hall



Manager Arts, Communications and Events
Jilian Mulally



Manager Development
Nilesch Singh



Manager Infrastructure
Bryan Campbell



Manager Facilities
Greg Robertson

Chief Executive Officer Division

The Chief Executive Officer Division comprises the office of the Chief Executive Officer, Mayor and Council Support, Arts, Communications and Events and Economic Development and Tourism.



Arts, Communications and Events



The Arts, Communications and Events Department is within the Division of the Chief Executive Officer. It comprises management of the Benalla Art Gallery, Benalla Performing Arts and Convention Centre, Communications, Library Services and Events.

It is a new Department introduced as an outcome of the organisational restructure and was refined in May 2013 with the Communications function being added to the department.

Benalla Art Gallery

The Benalla Art Gallery is a highly respected regional gallery within north-east Victoria. It is the custodian of major collections of national and international significance with a focus on a broad history of Australian art. The collection is complemented by dynamic temporary exhibitions and a diverse range of public programs and events.

Arts Victoria is the major funding partner. The Benalla Art Gallery is overseen by the Benalla Art Gallery Special Committee, which is a Committee under Section 86 of the Local Government Act of 1989 and appointed by the Council.

Achievements/highlights

- High rotation of the Gallery's own permanent collection, including the Antipodeans and Angry Penguins, Australian Contemporary Landscapes and Bennett Bequest exhibitions.
- Launch of the 2014 Benalla Nude art prize, a non-acquisitive prize to be hosted over Easter 2014. The \$50,000 prize money was put forward by the Friends of the Benalla Art Gallery.
- 20 concerts run as part of the Benalla Music Program attracting more than 500 patrons.
- An Airman's Dream: Arch Simpson's Pin-Ups exhibition in the Simpson Gallery celebrated Arch's irrepressible spirit for life and a celebration of beauty.

Benalla Performing Arts and Convention Centre

The Benalla Performing Arts and Convention Centre (BPACC) comprises a 344-seat high performance auditorium, a flat floor space, meeting rooms, back-of-house facilities and a kiosk.

An annual theatre season of daytime and night-time shows, weekly cinema screenings and business conventions are held at BPACC. Arts Victoria and the Goulburn Ovens Institute of TAFE are major funding partners. The BPACC is overseen by the Benalla Performing Arts and Convention Centre Board of Management.



Achievements/highlights

- The management of the BPACC transferred to Benalla Rural City Council from the Goulburn Ovens Institute of TAFE, under a five-year Management Agreement, effective from 1 January 2012.
- Patrons made 7684 visits to the cinema.
- Local businesses partnered with BPACC, sponsoring shows across the theatre season.
- Local sponsors provided free tickets and lunch to selected Benalla residents to attend "My Fair Label" a musical by the Choir of Hope and Inspiration, previously the Choir of Hard Knocks. Many of these patrons had never been to BPACC before.
- A theatre show for children, "A Little Bit of Blue", was presented at the Thoona Primary School and Swanpool Memorial and District Hall, providing an introduction to professional theatre and the arts at these decentralised venues.

Benalla Festival

The annual Benalla Festival is run by the community-based Benalla Festival Advisory Committee with contributions from Council staff.

It is a celebration of the local lifestyle with events being provided at low or no cost. Local businesses sponsor the event. Benalla Rural City Council and FReeZA are the major funding bodies.

The 2012 Benalla Festival was held from 9-11 November and included more than 20 events. The Festival theme was "Local Heroes", celebrating and recognising the significant contribution many local people make to the community which often go without acknowledgement.

Achievements/highlights

- More than 10,000 people attended the highlight event – the free Shannon Noll concert at the Benalla foreshore on the evening of Saturday 8 September.
- More than 17,000 people participated in a Festival event over the three days.
- Iconic events included the Street Parade, the Friday Night Mair Street Mural party and the Sunday "Day in the Gardens" market.
- "Show us your Ink" tattoo competition was a new event added to the program and attracted new audiences to the Festival.
- Other new events included a writing competition, aquathon and festival activities for young people on the Saturday afternoon.



Australia Day

Australia Day celebrations are held annually on 26 January across Benalla Rural City.

In 2013, a variety of community events were held at Baddaginnie, Benalla, Devenish, Goorambat, Lima, Molyullah, Tatong and Thoona.

The major Benalla Rural City Australia Day Award presentations were held at the Benalla Performing Arts and Convention Centre with the theme 'We Are One' celebrating multiculturalism and all those that have made Benalla Rural City their home. The theme paid special tribute to residents from Benalla's former Migrant Accommodation Centre from 1949-1967.



Achievements/Highlights

More than 300 people attended the award presentation which featured:

- screening of the *Migration to Benalla* video created for the presentation theme which highlighted the diversity of migrants who have made Benalla their home and how their traditions and cultures have enriched Benalla Rural City's community. In particular the video followed the history of Benalla's former Migrant Accommodation Centre which is an historic and integral part of Benalla's history
- guest speaker Australia Day Ambassador Tony Schiavello
- a citizenship ceremony
- presentation of Australia Day Awards
- entertainment showcasing the skills of local young people.

Communications

Communications plays an integral part in promoting Council's role as civic leader and advocating to the community. It coordinates the planning and preparation of Council's communication projects and campaigns both internally and externally and facilitates the positive promotion of Council's services, programs, activities, events projects and brand.

Communications maintains coordinated and pro-active media and stakeholder relations and response to enquiries.

Achievements/Highlights

- Implementation of new Corporate Style Guide, communication templates and Written Style Guide to assist staff with internal and external communications.
- Production of Council's corporate publications including the 2011/12 Annual Report, community newsletters, new resident information and fortnightly Community Connect featuring in the local newspaper.
- Investigations into refreshing Council's website.
- Development of collateral for the Regional Victoria Living Expo.
- Issued 77 media releases with 90 per cent published or broadcast.

Library Services

The Benalla Library is managed on behalf of the Council by the High Country Library Corporation. The High Country Library Corporation also includes Wangaratta, Alpine and Mansfield as member Councils.

The Benalla Library offers traditional library services such as lending books and other material for recreational reading, education and research. The Benalla Library also provides a variety of services and programs that fall outside these traditional roles.

Achievements/Highlights

- Preschool Story Time and Rhyme Time were held weekly throughout the year for children and their parents.
- Book launches and author talks were held regularly including by Reg Egan, author of *Of Rivers, Baguettes and Billabongs*.
- Students from rural township schools, including Thoona Primary School and Devenish Primary School, attended the library to hear readings from *Possum Magic* prior to the theatre production at BPACC.



Economic Development and Tourism



Economic Development

Achievements/highlights

Bedding down the new economic development and tourism unit has been a clear focus over the past year. The addition of a funded Business Development Officer to the team has enabled a much stronger response to all business enquiries. The achievements for the year can be summarised as follows:

The Business Expansion and Retention Program

The Benalla BEAR (Business Expansion and Retention) program was launched on 30 January 2013. More than 80 businesses and 65 volunteers participated in the program which consisted of a structured conversation based on a 42-question survey about what can be done to assist business in Benalla. Visitors were surveyed at both the Visitor Information Centre and through local accommodation providers and the results of all the surveys and interviews have been collated into 12 key objectives to support businesses in Benalla. These will be delivered through the Economic Development and Tourism department in the next year.

Regional Victoria Living Expo 19-21 April 2013

The Council participated in the Regional Victoria Living Expo at the Melbourne Exhibition and Entertainment Centre. Now in its second year, visitation at the event increased to close to 10,000 people. Aimed at providing metropolitan residents with a comprehensive cache of information in regard to moving to rural Victoria, the officers staffing the stand commented that the level of enquiry was far more detailed and informed than in the previous year. The stand was attended by the Council Leadership Team and representatives of the Benalla business community and provided many follow up contacts. The Victorian Farmers Federation and the Gliding Club of Victoria (GCV) also participated in the Expo. The highlight of the weekend was the GCV winning the Ministers' Award for the best display at the Expo for their flight simulator exhibit.

Enterprise Park

The Enterprise Park Project Steering Committee has completed its research into the potential for the future development of the Council's industrial estate and been successful in attracting State Government funding to undertake a comprehensive review of the drainage at the estate and adjoining airport together with the development of plans for a 20-lot subdivision.

Funding Submissions

Continued success has been achieved in securing funding for small business events and \$20,000 was approved under the State Government 'Streetlife' Program for conducting a series of activities aimed at increasing business digital capability. The funds will also enable the creation of a digital promotional DVD to attract business investment in Benalla and create loyalty and pride amongst residents to shop local.

Tourism

This has been an exciting 12 months for Tourism and the Benalla Visitor Information Centre. The Digital Platform project, cycle tourism, product development, stakeholder engagement and increased tourism focus have all contributed to placing the Benalla Rural City in a strategic position to move forward in the next 12 months.

Benalla Visitor Information Centre

Activities and priorities for the year have included:

- Obtaining accreditation until December 2015 following the major accreditation audit completed in December 2012. Yearly desk-top accreditation is ongoing.
- Introduction of Point of Sale January 2013.
- Memorandum of Understanding with Benalla & District Historical Society Inc and the Creators Gallery.
- Implementation of Volunteer Tourism familiarisation tours.
- Increase in local awareness of the Visitor Information Centre.
- The completion of the Memorandum of Understanding with Benalla and District Historical Society Inc and the Creators Gallery Inc.
- Conducting a Visitor Information Centre Volunteers drive.
- Participating in Tourism Week - Discover your own backyard.
- Conducting familiarisation tours of accommodation providers and key products in Benalla including the Aviation Museum, the Swanpool Cinema and the Costume and Pioneer Museum.
- Liaising with the Family History Research Group and the Costume and Pioneer Museum to develop additional tourism product in Benalla and surrounds.
- Preparing for the Tourism Digital Platform.
- Hosting *Coxy's Big Break* and the Tour De Cure.



Gliding Club of Victoria

Significant assistance was provided by the Department in early 2013 to the Gliding Federation of Australia which was successful in its bid to host the World Gliding Championships in Benalla in 2016. A committee is being established to manage the competition which is expected to contribute over \$11 million directly to the Benalla economy. The conservative estimate is based on realising a 10 per cent increase in retail income and a 15 per cent lift in cafés, restaurants and accommodation providers during 2016/2017.



Tourism North East

The involvement with Tourism North East has seen the development of key areas such as product development and industry engagement with a regional as well as a destinational focus. An invigorated partnership between all stakeholders has seen excellent networks and cross-promotional opportunities develop.

Digital Platform

The platform will enable:

- development and marketing of commissionable product
- increased market share for the Benalla region and its operators

- cooperative marketing opportunities
- the promotion of the Benalla region and attractions
- linkages to Tourism Victoria and Tourism Australia websites
- cycling maps.

Tourism North East has developed and implemented a North-East Cycle Guide, to which Benalla contributed, and which is also part of tear-off cycle maps for the region. These maps show six rides around the Benalla region.

Planning is underway for two rides in the Reef Hill State Park aimed at the family and mountain bike markets.

Corporate and Community Division

The Corporate and Community Division is a broad portfolio including Customer Relations, Finance, Community Services, Governance, Community Development and People and Performance.



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 – 19,138 telephone and 18,259 over-the-counter contacts.
- Customer contacts resulted in 1,147 customer requests for Council to take action.
- 424 Land Information Certificates issued.

Community Satisfaction

Results from the Department of Community Planning and Development-sponsored Community Satisfaction Survey are detailed in the following table.

The survey is designed to assess the perception of Council's performance across a range of measures and to seek insight into ways to provide improved or more effective service delivery.

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



"The Council had nearly 40,000 customer contacts in 2012-13."

| Measure/Responsibility area | 2013 | 2012 |
|--|------|------|
| Overall performance | 48 | 57 |
| Advocacy – lobbying on behalf of the community | 48 | 54 |
| Community consultation and engagement | 47 | 54 |
| Customer service | 63 | 67 |
| Overall Council direction | 44 | 50 |
| Elderly support services | 71 | 74 |
| Appearance of public areas | 72 | 74 |
| Waste management | 67 | 73 |
| Recreational facilities | 65 | 69 |
| Family support services | 65 | 67 |
| Parking facilities | 66 | 66 |
| Community and cultural activities | 63 | 66 |
| Enforcement of local laws | 63 | 65 |
| Art centres and libraries | 59 | 64 |
| Traffic management | 64 | 63 |
| Disadvantaged support services | 63 | 61 |
| Informing the community | 54 | 57 |
| Business and community development and tourism | 54 | 55 |
| General town planning policy | 47 | 54 |
| Condition of local streets and footpaths | 47 | 45 |
| Emergency and disaster management | 66 | NA |
| Environmental sustainability | 56 | NA |
| Planning for population growth | 49 | NA |
| Planning and Building permits | 49 | NA |
| Slashing and weed control | 47 | NA |
| Unsealed roads | 40 | NA |

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 enable comparisons of data between councils. The indicators consist of community satisfaction ratings and financial ratios which are set as a representation of Benalla Rural City Council's overall performance.

Victorian Local Government Indicators for the year ended 30 June 2013

| Category | Indicator | 2013 | 2012 |
|--|---|---------|---------|
| Overall performance | Community satisfaction rating for overall performance generally of Council | 48% | 57% |
| Advocacy | Community satisfaction rating for Council's advocacy and community representation on key local issues | 47% | 54% |
| Community Consultation | Community satisfaction rating for Council's community consultation and engagement | 48% | 54% |
| All rates | Average rates and charges per assessment | \$1,736 | \$1,725 |
| Residential rates | Average residential rates and charges per assessment | \$1,450 | \$1,468 |
| Operating costs | Average operating expenditure per assessment | \$3,170 | \$3,365 |
| Capital expenditure | Average capital expenditure per assessment | \$842 | \$1,041 |
| Infrastructure renewal | Ratio of current spending on capital renewal of existing infrastructure assets | 103% | 81% |
| Infrastructure renewal and maintenance | Ratio of current spending on capital renewal of existing infrastructure assets plus current spending on maintenance | 102% | 88% |
| Debts | Average liabilities per assessment | \$1,789 | \$1,626 |
| Operating result | Operating result per assessment | \$249 | \$759 |

Finance

The functions of the Finance Department include rate collection and property valuation, procurement, management of investments, preparation of financial reports, accounts payable and fleet management.

| Financial snapshot | 2012/13 \$'000 | 2011/12 \$'000 | 2010/11 \$'000 |
|---|-------------------|-------------------|-------------------|
| Total Revenue | \$26,499 | \$31,809 | \$25,962 |
| Total Expenses | \$24,568 | \$25,955 | \$23,472 |
| Surplus/(Deficit) | \$1,931 | \$5,854 | \$2,490 |
| Net Current Assets | 165% | 175% | 142% |
| Total Assets | \$210,798 | \$207,524 | \$197,756 |
| Total Liabilities | \$14,295 | \$12,973 | \$13,106 |
| Net Assets | \$196,503 | \$194,551 | \$184,650 |
| Rates | \$13,449 | \$13,307 | \$12,203 |
| Rates/ Total Revenue | 51% | 42% | 47% |
| Indebtedness (Non Current Liabilities/ Own sourced revenue) | 50% | 45% | 39% |
| Capital Projects | \$6,526 | \$8,033 | \$6,140 |

The operating surplus of \$1.931 million for the 2012/13 financial year was mainly due to the receipt of capital grant income of \$3.461 million. This income is for the renewal of infrastructure and delivery of key strategic assets. Major capital grant income included:

| | |
|--|-------------|
| Country Roads and Bridges Initiative | \$1,000,000 |
| Sir Edward 'Weary' Dunlop Learning Centre/Civic Centre Project | \$682,000 |
| Natural Disaster Relief | \$645,000 |
| Roads to Recovery | \$539,000 |
| Town Hall Restoration Project | \$270,000 |
| Skate Park Redevelopment | \$200,000 |



The increase in the indebtedness ratio to 50 per cent was due to the budgeted loan borrowings of \$3.906 million. Council has resolved to reduce indebtedness to below 35 per cent by 30 June 2017.

Rate Collection and Property Valuations

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

Achievements/highlights

- Annual Valuation and Rate Notices, Instalment and Final Notice reminders issued in a timely and efficient manner.
- Valuation objections reviewed and processed within required timetables.
- Rate payments made via the external payment options Australia Post, B/pay, telephone and internet processed and reconciled daily.
- Pensioner Concessions processed, reconciled and reimbursed by State Government.
- Continued focus on debt recovery to maintain overall rate collection levels.
- Referral of completed dwellings and subdivided land to the Valuers for re-valuation.
- Ongoing database maintenance, including annual waste collection downsizing.
- Appointment of the Valuer General Victoria to manage the 2014 General Valuation of property.
- Implementation of system and software changes to process the State Government Fire Services Property Levy.
- Partnership with the Victorian Electoral Commission production of the Voters Roll for the 2012 Council Elections.
- Participation in the Victorian Auditor-General's Office performance audit on Rating Practices in Local Government.

| Property and Valuation statistics | 2012/13 | 2011/12 |
|-------------------------------------|---------|---------|
| Total rate collections | 97% | 97% |
| Change of ownership | 378 | 389 |
| Change of address processed | 306 | 327 |
| Mobile waste bins added or changed | 263 | 224 |
| Direct Debit rate payments in place | 196 | 175 |

Community Development

The Community Development Department was formed in July 2012 following the Council restructure. The department engages with the community to strengthen capacity and increase resilience and to develop and promote Benalla's liveability.

The Community Development Department is comprised of five staff (4.5 EFT). The main functions of the department include:

- Coordinating the Council's Community Support Program
- Improving access and inclusion
- Focusing on youth development
- Advocacy and liaison with dual communities
- Offering a variety of community skills workshops
- Working on partnerships with the Benalla and District Community Taskforce and others to address disadvantage and improve service integration.

Achievements/highlights

Youth Development

- Launch of the Benalla Skate Park redevelopment project in November 2012.
- The Benalla Rural City Youth Strategy 2013 – 2017 adopted by the Council in May 2013. This whole-of-community Youth Strategy was developed with the assistance of 25 youth researchers and saw over 900 people consulted.
- Key 2012/13 youth events included the Australia Day Pool Party, FReeZA events, Get Out There Youth Awards night, Benalla Festival, Skate n Jam and Skate Boarding Australia Hub activities.
- Work has begun on the \$30,000 DHS-funded Benalla Youth Connect project. This project has seen the establishment of a representative Youth Advisory Committee which will oversee the development of a youth engagement toolkit/DVD resource.
- Continued resourcing of the Benalla Youth Services Provider Network, a group of local service providers who meet monthly to consider youth issues and oversee the implementation of the Youth Strategy Action Plan.
- Auspicing the L2P program, which supports local young people to achieve the 120 hours driving required to gain a licence. This program is managed by North East Support and Action for Youth (NESAY).



Community Liaison

- Three community skills workshops and two information sessions were offered to community groups and organisations to assist with understanding funding opportunities, grant writing, club planning and the responsibilities of incorporated groups. Over 130 people attended these sessions.
- Ongoing engagement and support for rural communities, which has included two successful partnership projects for the Tatong and Swanpool communities, each securing over \$270,000 in State Government funding for key local projects, and the staging of seven community workshops enabling the smaller rural communities to have input into the Council Planning process.
- Continued funding for the Rural Outreach Worker position one day a week.
- Coordination of the Council's Community Support Program with 24 community groups receiving funding through the annual Community Grants Program, and 37 receiving funding through the monthly Community Sponsorship Program.
- A focus on access and inclusion through the Transport Connections Program, offering two Motorised Mobility Training Sessions, assisting many groups with transport subsidies, the launch of the Getting There Project in May and associated webpage and brochures and staging of a second Realistic Race, assisting participants to gain a clearer understanding of access issues for people with limited mobility.

Advancing Country Towns

- The Advancing Country Towns (ACT) Project is halfway through a four-year funded program. The program has identified four initiatives, three of which are in full implementation, with eight pilot projects in action.
- ACT Highlights to date include the employment of two part-time Family Liaison Workers who have visited an average of 37 families per month and referred 123 families to support services, a highly successful PEEP (Parents Early Education Program) with 22 local practitioners trained and over 150 families participating, over 20 local young people involved in the Paid Part Time Work Program, an energised Community House at Waminda with over 50 people consulted and contact hours at the house increasing from 30 hours per week to up to 300 hours a week.
- Benalla has become a recognised Bridges community with over 200 people attending the Bridges Out of Poverty training and 20-plus people participating in the Getting Ahead program.
- Work has begun on building an accessible database of service providers and community groups and organisations resourcing the Benalla community. The ACT project has resulted in a number of government departments, service providers, community groups, schools and philanthropic organisations working together to achieve significant outcomes for the Benalla community.



Community Grants Program 2012/13

Council's Community Grants Program encourages not-for-profit community-based organisations to seek funding for projects and activities that will assist in building healthy, vibrant and sustainable communities across the Benalla Rural City.

In February 2013, interested community groups and not-for-profit organisations were invited to apply for assistance under the program. Two information sessions were held in partnership with the Tomorrow Today Foundation (TTF), Foundation for Rural and Regional Renewal (FRRR), Department of Planning and Community Development (DPCD), Valley Sport and Multicultural Arts Victoria.

Twenty-four applications were received under the program. A total of \$50,288 in funding was awarded for projects totaling \$79,894.

Grants allocated under the 2012/13 program are detailed in the table below.

| Organisation | Event/Project | Value |
|--|--|---------|
| Astronomy Benalla | Reflector posts and data projector | \$1,867 |
| Baddaginnie Community | Adventure Playground installed at the Baddaginnie Primary School site | \$1,650 |
| Benalla and District Preschool Partnership | Air-conditioning unit | \$2,400 |
| Benalla Agricultural and Pastoral Society | New computer and associated software | \$1,398 |
| Benalla Bridge Club auspiced by Benalla Senior Citizens Club | Purchase of a dealing machine, card boards and cards appropriate for the dealing machine | \$2,500 |
| Benalla Bushwalking Club | Two canoes and safety gear | \$2,500 |
| Benalla Camera Club | New Laptop to cater for digital storage of images | \$2,339 |
| Benalla Migrant Camp | Video equipment and photo printing | \$2,280 |
| Benalla Rose City Band | Musical equipment – electric keyboard and tuba mouthpiece | \$1,569 |
| Benalla Saints Sports Club | Concrete area in front of canteen/gym/change rooms | \$2,500 |
| Benalla Sustainable Future Group | Film hire to assist with costs associated with Environmental Film Festival at Swanpool | \$311 |
| Benalla Showgrounds and Recreation Reserve Committee of Management | Replacement of sprinkler system on sports oval | \$2,250 |
| Benalla Triathlon Club | Extension of storage shed | \$2,500 |
| Carers & Parents Support Group | Minor capital works including pavers, curtains and outdoor seating | \$2,350 |
| Devenish Public Hall | Replacing and repairing windows and frames in kitchen and supper room | \$2,500 |
| Goorambat Football Netball Club | Playground fencing and softfall | \$2,500 |
| Goorambat Tennis Club | Resealing two tennis courts | \$4,830 |
| Lurg Public Hall Reserve Committee of Management | Painting of external walls of the Old Lurg School | \$1,410 |
| Regent Honeyeater Project | Planting open areas along key roadsides in Lurg Hills to save species | \$2,500 |

| Organisation | Event/Project | Value |
|---|--|-----------------|
| Rose City Rock 'n Roll Club | Provision of a rock 'n roll workshop as part of the Benalla Festival – instructors and hall hire | \$800 |
| Swanpool Football Netball Club | Outdoor awnings and sports equipment | \$2,500 |
| Tatong Cricket Club auspiced by Tatong Magpies Sports Club | Cricket nets | \$1,850 |
| Winton Primary School Parents Association – auspiced by Winton Primary School | Dishwasher and installation | \$898 |
| YMCA | Replacement of water safety equipment | \$2,086 |
| Total | | \$50,288 |

Community Sponsorship Program 2012/13

As detailed in the table below, in 2012/13, \$15,056 of assistance was provided to 37 community organisations from the Council's Community Sponsorship Program.

| Month | Applicant | Event/Project | Value |
|----------|---|-------------------------------------|-------------------------------|
| July | Swanpool & District Community Development Association | Ladies' & Men's Nights | \$500 |
| October | Benalla Garden Club | Beautiful Benalla | \$500 |
| | Benalla Relay for Life | Cancer Fundraiser | \$500 |
| | Waminda Community House | Benalla West Festival | \$500 |
| | Benalla College | Graduation Awards | \$100 |
| | The Leukaemia Foundation | Light the Night Community Event | \$86 |
| | Capability Building | Benalla Better Bike Hike Fundraiser | \$330 |
| | November | FCJ | Presentation Night Years 7-12 |
| | Benalla Rotary Club | Portsea Camp | \$670 |
| December | Thoona Primary School | Film Presentation Night | \$340 |
| | Benalla Triathlon Club | Annual Triathlon Competition | \$470 |
| | Thoona CWA | Christmas Carols | \$150 |
| | Lurg Hall | Community Christmas BBQ | \$225 |
| | Swanpool CD Association | Christmas Celebration | \$300 |
| | Baddaginnie Rural Fire Brigade | Christmas BBQ | \$300 |
| | Molyullah Community | Christmas BBQ | \$200 |
| | Tatong Young Bloods | Christmas Concert | \$300 |
| | Goorambat Hall Committee | Christmas Tea/Concert | \$270 |
| | Devenish | Carols by Candlelight | \$300 |
| | Thoona & District Progress Association | Christmas BBQ | \$150 |

| Month | Applicant | Event/Project | Value |
|---------|--|--|-----------------|
| January | Goorambat Rural Fire Brigade | Inter-brigade BBQ | \$300 |
| | Michael Rodger Act 2 D-Feet MN Disease | Fundraiser | \$500 |
| | Benalla Family Research Group | Development of a book on local stories | \$500 |
| | Morngag Community Hall | Annual Welcome to Newcomers | \$300 |
| | Albury Wodonga Carers Accommodation | Carer Accommodation Project | \$500 |
| March | Molyullah Recreation & Public Hall Reserve | Molyullah Easter Fair | \$500 |
| April | Benalla Health | Men's Health Week Programs | \$500 |
| | North East Tracks LLEN | Benalla Careers Day | \$1,000 |
| May | Friends of the Benalla Art Gallery | End of Year Piano Performances | \$500 |
| | Broken Catchment Landcare Network | Benalla Indian Myna Action Group | \$500 |
| | Benalla & District Junior Football League | Sponsorship of U12 Division | \$240 |
| | Benalla Family Research Group | National Family History Week | \$500 |
| | Australian Red Cross | Red Cross Connects | \$500 |
| June | Thoona & District Progress Association | Partnership with Hands on Learning | \$1,000 |
| | Benalla Young Sportspeople's Trust | Recognition Event | \$500 |
| | U3A | Meet & Mingle | \$455 |
| | Benalla Sustainable Future Group | Bioenergy & Small communities | \$500 |
| | Total | | \$15,056 |



People and Performance

Our People

The People and Performance Department provides support to all Council staff covering the areas of human resources, payroll, risk management, information technology and customer relations. This broad portfolio ensures that staff have the necessary knowledge and skills to contribute to the Council's success.

There are 125 staff EFT (equivalent full time) across the Council with a turnover for the 2012/13 period of 16 per cent.

Equal Opportunity and Human Rights

Benalla Rural City Council is an equal opportunity employer and is committed to creating a healthy and safe workplace free from discrimination, harassment and bullying and where all individuals associated with the organisation treat each other with respect.

The Charter of Human Rights places a responsibility on local councils to respect human rights in the way they go about their work and how they deliver their services.

New and existing staff are informed of Council's commitment to the principles of equal opportunity and human rights through the corporate induction program and the Staff Code of Conduct.

Employee Relations

During the 2012/13 period, management and staff successfully negotiated the Benalla Rural City Council Enterprise Agreement 2012 which resulted in a positive result for all parties.

Leadership Development

Council has been undertaking an ongoing program of leadership development and cultural change since 2009 and continues to place a high emphasis on the development of our Leadership Team.

As the organisation has continued to evolve and develop in terms of culture and formation, we have taken a more structured approach and have extended our leadership development to the next level within the organisation. We anticipate that development needs at this level will be mixed with a blend of personal and professional development required, targeting skills, knowledge and behaviours within both the leadership and management domains.

A Safe and Healthy Workforce

Council is committed to creating a workplace that is injury, illness and incident-free, providing a safe work environment for all staff. Council is also committed to consultation and cooperation between management and staff on workplace changes that may affect staff health and wellbeing. Health and safety consultation occurs both formally through monthly OH&S meetings and discussions with elected safety representatives, and informally through work team meetings.

Recognising Our People

Staff are recognised and thanked at Council's Staff Christmas Function and Service Awards presentation held each year in December. In 2012, Benalla Rural City Council recognised 22 staff for their service to the Council of five, 10, 15 and 25 years, and one staff member with 35 years of working in local government.



Employee Overview 2012-2013

| Type | Full Time | Part Time | Casual | Total | % |
|---------|-----------|-----------|--------|-------|-----|
| Males | 54 | 8 | 8 | 70 | 35% |
| Females | 28 | 54 | 48 | 130 | 65% |
| Total | 82 | 62 | 56 | 200 | |
| % | 41% | 31% | 28% | | |

Staff Profile

- 125 Equivalent Full Time (EFT) staff employed at 30 June 2013
- Full Time Staff (82) Part Time Staff (62) Casual Staff (56)
- Male Staff (70) Female Staff (130)

Recruitment

| | 2012/13 | 2011/12 |
|---|---------|---------|
| Employment applications processed | 182 | 136 |
| Employment vacancies filled | 18 | 11 |
| Major training and development programs | 2 | 7 |
| Training and development participants | 212 | 175 |

Staff turnover for the period 2012/13 was 16 per cent.

Information Management

The Council's Information Management System is maintained in accordance with relevant legislation and operates across all departments within the organisation.

Achievements/Highlights

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

| Statistics | 2012/13 | 2011/12 |
|-----------------------------------|---------|---------|
| Inward mail items | 11586 | 13105 |
| Outward letters | 5709 | 6004 |
| Internal documents | 4156 | 5332 |
| New files created | 474 | 512 |
| Archive boxes to external storage | 109 | 68 |
| Freedom of information requests | 2 | 2 |

Information Services

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

Achievements/Highlights

- Finalisation of network cabling to various work sites.
- Completed staff relocations.
- Installed mobile antenna at Community Care - Ray Sweeney building to enhance mobile signal.
- Renewed backup software.
- Upgraded anti virus server and installed new updated client software to all computers.
- Development of a four-year Information Systems Strategy.
- Ongoing implementation of the Server and Desktop Virtualisation project.
- Ongoing upgrades to various corporate software systems and licensing.

| Statistics | 2012/13 | 2011/12 |
|----------------------------------|---------|---------|
| New IT Help Desk requests lodged | 2116 | 1074 |

Community Services

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 Council.

Aged and Disability Services

The program delivers services to the frail, aged and younger people with disabilities and carers who are assessed as eligible for Home and Community Care Services. Services are designed to assist people to remain in their own home and community as safely and as independently as possible.

Clients are assisted to enhance their quality of life and maintain their participation in the community, thus preventing premature admission into residential facilities.

We work with clients to help them remain active, connected and independent.

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

Achievements/Highlights

- Delivered a successful Seniors' Festival. Eight events were organised including:
 - Seniors Social Dance
 - Normie Rowe concert in Shepparton
 - Government House visit
 - Benalla Library morning tea
 - Seniors Citizens' open day
 - Sentimental Journey
 - Concert and movie afternoon at BPACC
- The Volunteer Recognition Function held at the Benalla Performing Arts Centre in May 2013 was successful with over 100 volunteers in attendance. The volunteers were treated to a Sunday afternoon movie, *Best Exotic Marigold Hotel*, and afternoon tea.
- The Food Services contract was awarded to Benalla Health for the provision of Food Services, which includes Meals on Wheels, Planned Activity Group Meals and Centre-based meals.
- Successful partnership with Benalla Health providing a coordinated care approach to clients receiving services in the community.



Family and Children's Services

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

Services provided are: Maternal and Child Health, Enhanced Home Visiting, Family Support Services, Family Day Care, In Home Family Day Care and the Family Liaison program.

Achievements/Highlights

- Increased the capacity to deliver additional Mother Goose programs into rural townships.
- Joint work with Advancing Country Towns, DEECD and Tomorrow:Today Foundation with the delivery of PEEP programs in Benalla.
- Parent Education Working Group - development of a parenting training calendar.
- Parenting educator Michael Grose visits Benalla.
- Worked collaboratively with Benalla Health and Tomorrow:Today Foundation to deliver parenting programs.
- Improvement in the waiting time to obtain a Maternal and Child Health appointment to one week.
- Allocation of 50 additional In Home Care places.
- Accreditation for Family Services successfully renewed following a comprehensive audit.
- Family Day Care Assessment and Rating process achieved.
- Worked closely with the Aboriginal consultant from Mungabareena.



2012/13 2011/12

Aged and Disability Services

| | | | |
|------------------------|--|--------|--------|
| Assessment | hours provided | 3,254 | 2,225 |
| Food Services | meals supplied across the municipality | 10,748 | 13,457 |
| Home Care | hours provided to support people who are aged and/or disabled remain as independent as possible in their homes | 8,476 | 8,920 |
| Respite Care | hours provided to support people caring for loved ones who are aged and/or disabled | 1,747 | 2,011 |
| Personal Care | hours provided | 3,503 | 3,546 |
| Home Maintenance | hours supplied to provide basic home maintenance | 541 | 503 |
| Planned Activity | hours provided to support activities for older people with support needs | 10,759 | 11,112 |
| Volunteer Coordination | volunteer hours used to support clients with volunteer transport, meal delivery and in planned activity groups | 4,252 | 3,000 |

2012/13 2011/12

Family and Children's Services

| | | | |
|-------------------------|------------------------|--------|---------|
| Family Day Care | hours of care provided | 94,479 | 114,607 |
| Maternal & Child Health | birth notifications | 153 | 129 |
| Family Support Services | hours provided | 1,789 | 2,035 |

Development and Environment Division

The Development and Environment Division is comprised of the Infrastructure, Development and Facilities Departments, as well as environmental sustainability and waste management activities.



Infrastructure

Infrastructure Department

The Infrastructure Department is a high profile arm of Council that delivers three key functions of Engineering, Asset Management and Operations. The Engineering section involves the delivery of capital works projects identified in Council's Capital Projects Plan. The Asset Management section involves the implementation of Asset Management Plans for Council's assets which assist Council to meet legislated levels of service in a cost effective and sustainable way. The Operations section includes the delivery of maintenance services to meet responsibilities under the *Road Management Act* and community expectations.

Achievements/highlights

- 1,136 customer requests completed.
- 31 kilometres unsealed road resheeting, 16 kilometres sealed road shoulder resheeting, 700 metres of sealed road repair and resealing and 14 new culverts installed at locations that will minimise flood damage to the road network under the National Disaster Financial Assistance funding scheme (NDFAs).
- Gross Pollutant Traps maintenance program cleaned out four GPTs with the removal of 21.8 tonnes of waste. GPTs are designed as a filter system at the bottom end of the underground drainage network to improve water quality by preventing waste from entering the waterways.
- 25 kilometres of local sealed roads were resealed under the Capital Projects Program.
- A number of heavy rainfall events and a tornado event were recorded throughout the year that caused substantial damage to the road network, roadside trees and private properties. The after hours on call system received 166 calls in response to these events and other minor enquiries.
- Dobson Road, Warrenbayne – Bridge deck overlay and guard rail installation has been completed as has installation of 30 drivable end walls on Dobson Road/Davies Road as recommended as a high priority by the CPG Pty Ltd safety audit.

Roads and Drains

| | |
|------------------------------------|-----------|
| Local Sealed Roads and Roadsides | 561.95 km |
| Local Unsealed Roads and Roadsides | 785.89 km |
| Local Roads bridges | 85 |
| Footpaths | 73 km |
| Kerb and channel | 95 km |
| Brick lined drains | 19 km |
| Underground drains | 32 km |
| Pits | 995 |
| Gross Pollutant Traps (GPT) | 4 |

Major and Minor Capital Works Highlights

Capital Projects Program

Capital projects completed in 2012/13 included:

| Project | Cost |
|---|-----------|
| Works completed under the Natural Disaster Relief Funding, flood damage and rehabilitation works from storm events | \$976,000 |
| Reseal program | \$940,000 |
| Dobson Road, Warrenbayne – Bridge deck overlay and guard rail installation has been completed | \$108,000 |
| O'Dea Road Bridge completion | \$109,000 |
| Pavement and Drainage Reconstruction of Waller Street is nearing its final stages, with the replacement of North East Water asbestos water mains and weather causing some delay | \$488,000 |
| The Pavement and Drainage Reconstruction of Moore, Short and Elizabeth streets is in the final stages of clean up | \$522,500 |
| Benalla Skate Park/Redevelopment project and Lights Project | \$374,311 |
| Flood Recovery Community Infrastructure - Benalla Grandstand (RDV) | \$179,000 |



Civic Precinct Revitalisation Project

Funding

Funding will be provided in staged payments and released progressively upon completion of agreed project actions. This government funding cannot be used for other projects.

| Funding Source | Contribution \$'000 | Contribution Received \$'000 | Contribution Expended \$'000 | Balance of Unexpended Contribution \$'000 |
|--|---------------------|------------------------------|------------------------------|---|
| State Government (Living Libraries Program) | 500 | 200 | - | 200 |
| Federal Government (Regional & Local Community Infrastructure Program) | 155 | 155 | - | 155 |
| Benalla Rural City: 2010/11 – cash on term deposit | 620 | 620 | 133 | 487 |
| Federal Government (Regional Development Australia Fund) | 1,159 | 232 | 190 | 42 |
| State Government (Heritage Victoria) | 144 | 95 | - | 95 |
| Benalla Rural City: 2011/12 – cash on term deposit | 406 | 406 | 26 | 380 |
| State Government (Local Government Infrastructure Program) | 1,600 | 1,450 | 236 | 1,214 |
| Total | 4,584 | 3,158 | 585 | 2,573 |

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.

Achievements/Highlights

- The Gambling Planning Framework has been exhibited and presented to a Panel Hearing. The Panel member has outlined recommendations to the Policy which are currently being addressed by Council to be re-exhibited in the near future.
- A Parking Precinct Plan has been adopted and exhibited by Council. The planning scheme amendment is expected to be heard before a Panel in the near future.
- Council is currently in the initial stages of conducting a Planning Scheme Review, a process undertaken with each Council Plan cycle. The initial stages of the review will involve community and stakeholder consultation which will then evolve into a report with recommendations for updating the planning scheme. Amendments required to the Benalla Planning Scheme as a result of the review will require a planning scheme amendment.
- An amendment to the planning scheme is being processed to address anomalies and corrections to the Benalla Planning Scheme. The amendment has been exhibited and is currently awaiting approval from the Minister for Planning.
- An amendment to the Planning Scheme has been completed with land bound by Maginness Street, Hannah Street and Railway Place rezoned from Industrial 1 to a Mixed Use Zone containing an Environmental Audit Overlay.
- A further amendment to the Planning Scheme is being processed which rezones land at 17 Glen West Lane, Winton, from a Farming Zone to a Special Use Zone Schedule 4 to reflect the sites use as an Electricity Terminal Station. This amendment has been exhibited and is currently with the Minister for Planning awaiting approval.

| | 2012/13 | 2011/12 | 2010/11 |
|------------------------------|---------|---------|---------|
| Applications Decided | 203 | 170 | 202 |
| Permits/Notices of Decisions | 176 | 154 | 190 |
| Subdivisions | 38 | 27 | 41 |



“Over the last three years, Benalla Rural City Council planning staff have consistently performed better than the rural shires average against a number of key indicators.” - State Government Planning Permit Activity Report data

Building Services

The Building Unit consists of a full-time Building Coordinator, part-time Building Administration Officer and a contract Municipal Building Surveyor.

The Building Unit has a responsibility to administer and enforce *The Building Act* and Building Regulations, as well as providing a domestic building permit service to the community.

The Building Unit also has a responsibility to ensure that all types of structures are built and occupied within recognised standards, to follow up any illegal building works or dangerous structures and take appropriate action.

Achievements/highlights

The Building Department undertook a survey asking residents what they would like improved within the department. The majority of responses indicated they would like Council to be an alternative option, reduce building permit fees and be competitive with other Building Surveyors.

- 114 Building Certificates have been issued.
- 89 Building Notices/Orders have been issued.
- There are over 480 swimming pools located within our municipality. The Victorian building Authority has advised that there were approximately 61 open swimming pool building permits since 1997. There have been 36 building orders issue, 23 certificates of final inspections, four pools removed and 13 building orders still outstanding. The open swimming pool building permits at the main priority of building enforcement.
- There are over 600 open building permits, not including swimming pools, within the municipality. This will be the Building Unit's focus after the open swimming pool building permit audit has been completed.

| | 2012/13 | 2011/12 | 2010/11 |
|--|---------|---------|---------|
| Number of Permits Issued within Municipality | 191 | 240 | 270 |
| Dwellings | 54 | 64 | 69 |
| All other permits | 137 | 176 | 176 |

Environmental Health Services

This service is comprised of the Environmental Health Coordinator, Environmental Health Officer and Administrative Support Officer.

Our work is heavily integrated with the compliance, planning, building, environment and economic development services of Council.

Strategic and statutory responsibilities include food quality, safety and security for commercial premises and community groups, recreational and swimming pool water quality, asbestos, on-site wastewater management, development and subdivision in unsewered areas, private water supplies, public accommodation and caravan parks, infectious disease control, environmental health emergency management and supervision of the immunisation contract service provided by the Wodonga City Council.



Achievements/highlights

- The Baddaginnie Wastewater Project assessed 20 old on-site wastewater systems in Baddaginnie for innovative upgrade options and several households took up the 50per cent subsidy for trying these new techniques. The Peranbin Primary College Baddaginnie Campus redirected a 100-year-old kitchen sink discharge into the Council street drain across into a worm farm next to the school that also processes weeds and food scraps.
- Two warning notices were issued for sales of tobacco to students in accordance with a State-funded education and compliance program.
- Several food handler advice sessions were conducted for community groups.
- Compulsory reporting on food safety measures and food sampling were undertaken in accordance with State requirements with some non-compliance of butcher shop samples being reported to Primesafe.
- 15 unregistered public accommodation providers were registered and promoted through Council's Visitor Information Centre.
- There were two caravan park fires, with no injuries or lives lost.
- The first Wisconsin Mound system was installed in Benalla which processes basic septic tank water through sand in a mound and discharges it into a deep trench full of top soil.
- An additional immunisation session is now being run at Waminda Community House every month to reduce transport issues across Benalla for parents and make immunisation easier to access for people experiencing hardship.

Compliance

The Compliance Unit is responsible for domestic animal management, livestock control, parking enforcement and enforcement of the relevant sections of the Environment Protection Act, Planning and Environment Act and fire prevention under *The CFA Act* and Community Local Law. The Municipal Fire Management Plan and the Domestic Animal Management Plan were adopted by Council.

Achievements/Highlights

- Dogs on/off leash signs and animal waste bags have been installed around Lake Benalla.
- 397 infringements issued.
- 78 matters referred to relevant courts.

| | 2012/13 | 2011/12 | 2010/11 |
|-----------------------------------|---------|---------|---------|
| Domestic animal complaints | 1229 | 799 | 502 |
| Animal livestock complaints | 190 | 162 | 82 |
| EPA complaints | 62 | 68 | 16 |
| Parking and traffic infringements | 302 | 329 | 464 |
| Notice to Comply | 102 | | |



Facilities



The Facilities Department covers a broad range of functions which include: Parks and Gardens, Facilities Management, Recreation, Emergency Management and Spatial Data Management.

This group was formed as part of the organisational restructure to improve both strategic and operational management of key Council assets.

Parks and Gardens

The Parks and Gardens team consists of the Parks Coordinator and five field staff members who maintain parks, gardens, street trees and open spaces in both the urban and rural areas of the municipality. A high profile area of responsibility for the team is the Benalla Botanical Gardens.

Achievements/Highlights

- Street tree replacement program to the whole of the streetscape in Stapleton Court, Waller Street, Moore Street and Elizabeth Street.
- Commencement of pergola refurbishments in the CBD.
- Trees sourced for the replacement program on elms around oval boundary.
- Botanical Gardens staff worked in conjunction with the Friends of the Botanical Gardens and a local school on a project at the Indigenous Gardens. The works included installation of a path to the story telling area.
- Excavation of 50mm of cabomba weed roots and soil from the Jaycee billabong, in conjunction with the Goulburn Broken Catchment Management Authority.
- Project management of power line clearance works.
- Implement airport improvement actions arising from the routine Civil Aviation Safety Authority audit of the facility.
- Revised the Electric Line Clearance Management Plan ready for submission to Energy Safe Victoria.

Facilities Management

The Facilities Management team coordinates the programmed inspection and maintenance of Council facilities, manages the staffing and operation of the Landfill and Resource Recovery Centre, Airport and Livestock Saleyards.

Achievements/Highlights

- Completion of the Botanical Gardens Pavilion Refurbishment project.
- Staff project managed refurbishment of staff offices at the Benalla Art Gallery.
- Undertook detailed review of security system and access control at the Benalla Art Gallery in preparation for major upgrades in the first quarter of 2013/14.
- Improvements were made to the staff car parking arrangements at the Infrastructure Depot to address security issues.
- Maintenance works carried out at the Livestock Marketing Centre.
- Project management of the Customer Service Centre project.

Recreation

The Recreation Facilities Coordinator is a dedicated staff member assigned to work with Committees of Management and user groups at the Council's various recreation reserves and facilities.

Achievements/Highlights

- Commenced major review of current reserve funding, maintenance and risk management practices with the aim of introducing revised systems and process in consultation with stakeholders during 2013/14.
- An application for Strategic Recreation Planning grant funding was approved by Sport and Recreation Victoria. The Recreation Facilities Coordinator will form a project control group to assist with the project delivery over 2013/14.
- The Recreation Facilities Coordinator conducted audits to identify and prioritise preventative building and reserve maintenance issues on recreation reserves.

Emergency Management

The Emergency Management Coordinator is a new role responsible for emergency planning and policy development. The Coordinator maintains close interagency liaison with government and non-government organisations.

Achievements/Highlights

- 15 Flood Warning Sites as part of the Northern Region Water Monitoring Partnership were upgraded with \$150,000 of State Government funding.
- The Municipal Emergency Management Plan underwent major review and was audited by the SES.
- A new StormSafe Guide for Benalla was developed with the SES.
- Emergency information and warnings were updated on the Council website.

Spatial Data Management

The Geographical Information Systems Coordinator maintains Council's corporate spatial data and is responsible for data update and audit. This unit also provides project-specific data capture and reporting along with customaries desktop mapping and staff training.



Achievements/Highlights

- Mapped 5273 e-waste and Green waste vouchers provided with rate notices and provided maps and data for inclusion into Council reports.
- The Coordinator updated software to enable remote upgrading of mapping software on Council computers. This process previously was done manually with IT staff required to manually upgrade each computer.
- Extract property details around the LGA boundary to assist the Rates and Property Unit with identifying joint ownership with other municipalities as part of implementing the new Fire Levy Services Levy.
- Updated the Benalla Ensign Tear Off Map – provide additions/changes to map for printing.
- The GIS Coordinator hosted a newly formed North East Local Government GIS user group meeting.

Environment and Waste

Environment

The Environment Sustainability Coordinator (ESC) provides advice and support to the Council and the community in relation to environment, sustainability and natural resource management.

The ESC represents the Council on a number of regional networks which provide an ongoing opportunity to collaborate in funding opportunities, share information and resources as well as participate in projects that would otherwise be unachievable.

These networks include:

- North East Greenhouse Alliance
- Goulburn Broken Greenhouse Alliance
- Goulburn Broken Local Government Biodiversity Reference Group
- North East Local Government Environment Network
- Regional Water Quality Programs Forum
- North East Region Water Resource Monitoring Partnership
- Benalla Sustainable Future Group
- Cabomba – Lake Benalla – Project Control Board.

The ESC manages the following projects and day-to-day functions in relation to the environment, sustainability and natural resources:

- Liaising with relevant authorities regarding the management of Cabomba in Lake Benalla
- Developing offset management plans and managing subsequent offset plantings for Council works
- Seeking funding for specific roadside weed control. Currently managing two projects conducting treatment and mapping of Chilean Needle Grass, blackberry and gorse
- Conducting environmental assessments for Works on Road Reserve permits, firewood collection permits, stock grazing/moving permits and CFA fire prevention works
- Representing Council for liaison regarding roadside vegetation projects
- Overseeing implementation of the Environment Strategy and development of the Climate Adaptation Action Plan
- Liaising with and making presentations to community groups
- Keeping the community informed through the Council Column in *The Benalla Ensign*.

Waste

The Benalla Landfill and Resource Recovery Centre is a Council-owned facility providing municipal waste disposal and recycling facilities to the community.

The centre is staffed and operated by the Council, under an EPA licence. The Landfill also receives municipal waste from Mansfield Shire Council, Mt Buller and commercial waste.

The strategic planning for the site is the responsibility of the Waste Management Coordinator. The operation of the site is managed by the Facilities Department.

Council is part of the North East Victorian Regional Waste Management Group (NevRwaste) and the Landfill and Resource Recovery Centre operations include partnerships in the management and recovery of green waste mulching, the recycling of steel, electronic waste recycling and waste reduction education campaigns.



Achievements/Highlights

Climate Change Adaptation Action Plan

In order to identify the challenges and opportunities arising from climate change, Benalla Rural City Council developed a Climate Change Adaptation Action Plan. This Action Plan will assist Council to make the necessary changes it needs to make to adequately prepare for the impacts of a changing climate.

A series of workshops was held with Council staff and key stakeholders to determine actions that would address and prioritise identified risks.

The Action Plan includes:

- Encouraging local food production and support of local agriculture
- Supporting integrated allied health and community services that are easily accessible and affordable to the whole community
- Helping the community to be informed and resilient and prepared for extreme events through mitigation, response and recovery planning
- Increasing community capacity to adapt to changes in climate
- Increasing diversity in the local economy and ensuring community and Council engage in sustainable business practices
- Fostering healthy river systems and natural assets and appreciating them as a community asset at risk from a changing climate
- Ensuring delivery of Climate Change Adaptation Action Plan through transparent processes
- Council building stock and public assets exemplifying best practice resource efficiency
- Building and maintaining utilities and infrastructure to withstand increased flood events and heatwave events
- The community and Council becoming less reliant on fossil fuels and having access to less fossil fuel-dependent transport options.



Cabomba

Work to eradicate Cabomba around Jaycee Island continued in January 2012. Once spread throughout Lake Benalla and the Broken River, Cabomba is now contained to some small satellite populations, including the Jaycee Island area.

Currently, monitoring has failed to identify any Cabomba within the lake. The lake will continue to be monitored to ensure any new infestations of Cabomba are identified and management action taken.

Chilean Needle Grass

Chilean Needle Grass (*Nassella neesiana*) is tussock-forming grass native to South America. As a Weed of National Significance in Australia, Chilean needle grass is a highly invasive threat to agricultural, natural and urban environments.

During December and January, Council undertook extensive control works to reduce the pest on Council-managed road reserves and in the lake and Jaycee Island parkland areas.

Council officers are working closely with the GeckoClan Landcare Network and neighbouring Councils to actively pursue a regional and coordinated approach to Chilean Needle Grass control.

Goulburn Broken Greenhouse Alliance

The Goulburn Broken Greenhouse Alliance (GBGA) launched the 'Goulburn Broken local government sustainability training program' in August 2012 at the Benalla Art Gallery. This training program is being delivered by Ballarat University and aims to assist local government authorities to integrate lessons about sustainability into Council's operations in order to build its capacity to lead its communities in responding to the region's climate change adaptation and mitigation priorities.

Three staff members participated in the first part of the program, *Measuring and Managing Carbon in Local Government*. This part of the program was completed in early February where all participants presented their assignments to the group.

A Sustainable Decision Making Workshop is being held for Councillors and the Leadership team on 23 July 2013. Sustainability and Climate Change Workshops will be delivered to all Council staff later in the year.

The GBGA's application to the Australian Government's Community Energy Efficiency Program for the 'Watts Working Better' project was successful. The GBGA will receive \$2.95 million dollars to complete this \$4.68 million-dollar project which will involve changing 12,661 street lights to more energy efficient alternatives across the eight member councils and partner Rural City of Wangaratta.

The benefits to our community will be measured both in terms of reduced greenhouse gas emissions and in reduced operating costs across the street light network. Across the nine councils, this project is expected to reduce energy use by 3,644,863 kWh per year, a saving of \$782,921 per year.

Goulburn Broken Local Government Biodiversity Reference Group

The Goulburn Broken Local Government Biodiversity Reference Group meets on a quarterly basis to discuss regional projects and native vegetation issues. The group is currently undertaking a Catchment-wide Native Vegetation Offsets Scheme Scoping Study and developing a Biolinks website. Current issues of discussion are the Roadside Weeds and Pest Control Program and the Review of Victoria's Native Vegetation Permitted Clearing Regulations.

EPA Levies

Council is required to pay a landfill levy to the Environment Protection Agency (EPA) for every tonne of waste that is disposed at the Benalla Landfill under the *Environment Protection Act 1970*.

Garbage, Recycling and Street Bin Collection

Cleanaway operates under contract to provide the Council's garbage, recycling and street litter bin collection.

NevRwaste

NevRwaste and Council worked on a region-wide bin audit with Cleanaway on the collection of 500 360-litre bins.

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:

- a) Council services must meet quality and cost standards
- b) Council services must be responsive to the needs of its community
- c) Council services must be accessible to whom the services are intended
- d) Council services must achieve continuous improvement
- e) Council must consult with its community on the services it provides
- f) 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 2012/13 financial year included:

- an organisational restructure in July 2012 to management resources with the Council's priorities as contained in the Council Plan
- comprehensive community consultation associated with the development of the *Benalla Rural City Youth Charter 2013-2017* and *Council Plan 2013-2017*
- participation in the revised Local Government Community Satisfaction Survey
- a building services community satisfaction survey.

Whistleblower Protection

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

The *Protected Disclosure Act 2012* superseded the *Whistleblowers Protection Act 2001* in February 2013. The Act aims to protect persons from detrimental action in reprisal for disclosures about improper conduct by public bodies and public officers.

The Council has until August 2013 to prepare a manual which outlines procedures for facilitating the making of disclosures and the handling of disclosures in accordance with the *Protected Disclosure Act 2012* and guidelines from the Independent Broad-based Anti-corruption Commission.

No disclosures under either the *Whistleblowers Protection Act 2001* or the *Protected Disclosure Act 2012* were made in 2012/13.

Carers Recognition Act 2012

Council has taken all practicable measures to comply with its responsibilities outlined in the *Carers Recognition Act 2012* by:

- promoting the principles of the Act to people in care relationships who receive Council services and to the wider community
- ensuring staff, council agents and volunteers working for Council are informed about the principles and obligations of the Act
- reviewing and modifying policies, procedures and supports to include recognition of the carer relationship.

Legislative Reporting

Documents to be made available for public inspection

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

- (a) details of current allowances fixed for the Mayor, Lord Mayor (if any) and Councillors under section 74 or 74A of the Act;
- (b) the total annual remuneration for all senior officers in respect of the current financial year and the previous financial year, set out in a list that states—
 - (i) ranges of remuneration of senior officers, where the difference between the lower amount and the higher amount in each range must not exceed \$10 000; and
 - (ii) the number of senior officers whose total annual remuneration falls within the ranges referred to in subparagraph (i);
- (c) details of overseas or interstate travel (with the exception of interstate travel by land for less than three days) undertaken in an official capacity by Councillors or any member of Council staff in the previous 12 months, including the names of the Councillors or members of Council staff and the date, destination, purpose and total cost of the overseas or interstate travel, including accommodation costs;
- (d) names of Council officers who were required to submit a return of interest during the financial year and the dates the returns were submitted;
- (e) names of Councillors who submitted returns of interest during the financial year and the dates the returns were submitted;
- (f) agendas for and minutes of ordinary and special meetings held in the previous 12 months kept under section 93 of the Act except if the minutes relate to parts of meetings which have been closed to members of the public under section 89 of the Act;
- (g) a list of all special committees established by Council and the purpose for which each committee was established;
- (h) a list of all special committees established by the Council which were abolished or ceased to function during the financial year;
- (i) minutes of meetings of special committees established under section 86 of the Act and held in the previous 12 months except if the minutes relate to parts of meetings which have been closed to members of the public under section 89 of the Act;
- (j) a register of delegations kept under sections 87, 88 and 98 of the Act, including the dates on which the last review under section 98(6) of the Act took place;
- (k) submissions received in accordance with section 223 of the Act during the previous 12 months;
- (l) agreements to establish regional libraries under section 196 of the Act;
- (m) details of all property, finance and operating leases involving land, buildings, plant, computer equipment or vehicles entered into by the Council as lessor or lessee, including the name of the other party to the lease and the terms and the value of the lease;
- (n) a register of authorised officers appointed under section 224 of the Act;
- (o) a list of donations and grants made by the Council during the financial year, including the names of persons or bodies which have received a donation or grant and the amount of each donation or grant;
- (p) a list of the names of the organisations of which the Council was a member during the financial year and details of all membership fees and other amounts and services provided during that year to each organisation by the Council;
- (q) a list of contracts valued at \$100 000 (or such higher amount as is fixed from time to time under section 186(1) of the Act) or more—
 - (i) which the Council entered into during the financial year without first engaging in a competitive process; and
 - (ii) which are not contracts referred to in section 186(5) of the Act.

Financial Reports

Financial Reports

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Performance Statement

for the year ended 30 June 2013

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 2013 in accordance with section 132 of the *Local Government Act 1989*.

| Council Plan Action | Key Strategic Activity | Performance Measure | Performance Target | Actual Performance | Note | Outcome |
|---|---|---|--------------------|--------------------|------|---------------------|
| 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 | >57% | 48% | 1 | Target not achieved |
| 1.4.2 | <i>Actively advocate for a range of beneficial outcomes from the Winton Wetlands Project</i> | Community satisfaction rating for Council's advocacy and community representation on key local issues | >54% | 47% | 1 | Target not 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 with its return from rate revenue | Community satisfaction rating for Council's interaction and responsiveness in dealing with the public | >67% | 63% | 1 | Target not achieved |
| 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 | >\$2,747,000 | \$1,931,000 | 2 | Target not achieved |
| | | Net Current Assets | >101% | 165% | 3 | 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 | >(\$932,000) | \$116,000 | 4 | Target achieved |
| 2.6.5 | Construction of the Benalla Urban Growth Project | Works completed | 30 June 2013 | 6 June 2013 | 5 | Target achieved |
| 2.1.1 | Implement the Benalla Rural City Economic Development Strategy, including activities to attract new businesses, retain and grow business, encourage innovation and build strategic partnerships | Community satisfaction rating for Council's economic development performance | >55% | 54% | 1 | Target not achieved |
| | | Actual building activity | >\$24,500,000 | \$21,400,153 | 6 | Target not achieved |
| 2.3.2 | Secure additional external grants to fund services, programs and infrastructure | Actual external grants sourced | >\$9,215,000 | \$9,857,000 | 7 | Target achieved |
| 2.4.1 | Utilise loans to part fund capital projects in accordance with the Debt Management Strategy | Debt/Rate Revenue | <55% | 55% | 8 | Target not achieved |

Performance Statement

for the year ended 30 June 2013

| Council Plan Action | Key Strategic Activity | Performance Measure | Performance Target | Actual Performance | Note | Outcome |
|--|--|--|--------------------|--------------------|------|---------------------|
| 3 Healthy, Active, Safe and Engaged Community | | | | | | |
| 3.2.1 | Implementation of the Benalla Advancing Country Towns Project in conjunction with the Benalla and District Community Taskforce | Community satisfaction rating for disadvantaged support services | >61% | 63% | 1 | Target achieved |
| 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 | >65% | 63% | 1 | Target not achieved |
| 3.10.8 | Continue to identify opportunities to enhance traffic flow and pedestrian safety | Community satisfaction rating for Council's traffic management | >63% | 64% | 1 | Target achieved |
| 4 Appropriate Land Use and Environmental Sustainability | | | | | | |
| 4.1.1 | Provide a Planning Scheme that protects and reinforces town development and supports appropriate environmental outcomes. Ensure continued development through identified land capability | Community satisfaction rating for Council's town planning policy and approvals | >54% | 47% | 1 | Target not 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 | >73% | 67% | 1 | Target not achieved |
| | | Proportion of household waste collected in kerbside collections that was recycled | >42% | 47% | 9 | Target achieved |
| 5 Strategic Partnerships and Community Engagement | | | | | | |
| 3.1.1.1 | Facilitate the development and implementation of community plans. | Community satisfaction rating for community consultation and engagement | >54% | 48% | 1 | Target not achieved |
| 5.2.2 | Actively participate in and contribute to the Hume Regional Management Forum | Attend meetings of the Hume Regional Management Forum | 100% attendance | 100% attendance | 10 | Target achieved |

Performance Statement for the year ended 30 June 2013

Notes to the Performance Statement

Note 1. Community satisfaction

Several Key Strategic Activities Performance targets in the 2012/13 Budget were established using results from the 2012 Community Satisfaction Survey. Results from this survey could not be compared to previous findings due to significant changes to survey methodology and content. As such, performance targets were not based on long-term data. While the 2013 survey saw improvement in areas such as “maintenance of local streets and footpaths” and “disadvantaged support services”, declines were experienced in a number of other responsibility areas. Survey data will be further interrogated to identify actions required to improve 2014 survey results.

Note 2. Operating surplus

The operating surplus was \$1.931 million which was \$816,000 less than budget mainly due to timing differences in the receipt of capital grant income which will now be received in the 2013/14 financial year.

Note 3. Net current assets

The net current asset ratio was equal to 165% at 30 June 2013 which was 64% more than the budgeted ratio of 101%. Net current assets were \$3.847 million more than budget mainly due to the early receipt of \$1.798 million of the Council's 2013/14 Financial Assistance Grant from the Victoria Grants Commission.

Note 4. Renewal of infrastructure

Renewal works were \$1.048 million more than budget mainly due to Natural Disaster Relief Works of \$976,000.

Note 5. Construction of the Benalla Urban Growth Project

All additional construction and ancillary works funded by the Council for stage three (the Cowan Street Basin) were completed by 6 June 2013.

Note 6. Building activity

Building permits issued were less than budgeted due to a slow down in the building market.

Note 7. Grants

Grant income was \$643,000 more than budget which was mainly due to the early receipt of \$1.798 million of the Council's 2013/14 Financial Assistance Grant from the Victoria Grants Commission.

Note 8. Debt/Rate Revenue

The budgeted loans of \$3.906 million were drawn down during the financial year. As detailed in the 2013-17 Strategic Resource Plan, Council has committed to reducing the level of debt over this four-year period.

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

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

Note 10. Hume Regional Management Forum meetings

All meetings held were attended by a Council representative.

Performance Statement for the year ended 30 June 2013

Council approval of the Performance Statement

In our opinion the accompanying performance statement of Council in respect of the year ended 30 June 2013 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 18 September 2013 to certify the performance statement in its final form.



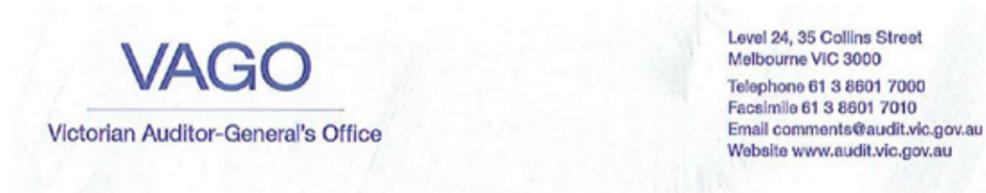
Mayor Cr Barbara Alexander
18 September 2013



Cr Suzy Martin
18 September 2013

Performance Statement

for the year ended 30 June 2013



INDEPENDENT AUDITOR'S REPORT

To the Councillors, Benalla Rural City Council

The Performance Statement

The accompanying performance statement for the year ended 30 June 2013 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* and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the performance statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Performance Statement

for the year ended 30 June 2013

Independent Auditor's Report (continued)

Independence

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

Auditor's Opinion

In my opinion, the performance statement of the Benalla Rural City Council in respect of the 30 June 2013 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

Matters Relating to the Electronic Publication of the Audited Performance Statement

This auditor's report relates to the performance statement of the Benalla Rural City Council for the year ended 30 June 2013 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
20 September 2013


John Doyle
Auditor-General

Standard Statements for the year ended 30 June 2013

Note 1. Basis of the Preparation of Standard Statements

Council is required to prepare and include audited standard statements within its Annual Report. Four Statements are required – Standard Income Statement, Standard Balance Sheet, Standard Cash Flow Statement, and a Standard Capital Works Statement, together with explanatory notes.

These statements and supporting notes form a special purpose financial report prepared to meet the requirements of the *Local Government Act 1989* and *Local Government (Finance and Reporting) Regulations 2004*.

The Standard Statements have been prepared on accounting bases consistent with those used for the General Purpose Financial Statements and the budget. The result reported in these statements are consistent with those reported in the General Purpose Financial Statements.

The Standard Statements are not a substitute for the General Purpose Financial Statements. They have not been prepared in accordance with all Australian Accounting Standards or other authoritative professional pronouncements.

The standard statements compare Council's financial plan, expressed through its budget, with actual performance. The *Local Government Act 1989* requires explanation of any material variances. Council has adopted a materiality threshold of 10 per cent 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 22 August 2012. The budget was based on assumptions that were relevant at the time of adoption of the budget. Council set guidelines and parameters for revenue and expense targets in this budget in order to meet Council's business plan and financial performance targets for both the short and long term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

Standard Statements for the year ended 30 June 2013

Standard Comprehensive Income Statement

| | Notes | Actual \$'000 | Budget \$'000 | Variance \$'000 | Variance % |
|--|-------|------------------|------------------|--------------------|---------------|
| Income | | | | | |
| Rates and charges | | 13,449 | 13,436 | 13 | 0% |
| Grants – Recurrent | 1 | 5,631 | 3,647 | 1,984 | 54% |
| Grants – Non-recurrent | 2 | 765 | 330 | 435 | 132% |
| User fees and fines | 3 | 2,574 | 3,033 | (459) | (15%) |
| Other income | | 481 | 470 | 11 | 2% |
| Total income | | 22,900 | 20,916 | 1,984 | 9% |
| Expenses | | | | | |
| Employee costs | 4 | 10,360 | 9,892 | 468 | 5% |
| Materials and services | | 9,752 | 9,005 | 747 | 8% |
| Depreciation | | 3,571 | 3,623 | (52) | (1%) |
| Contributions | | 375 | 446 | (71) | (16%) |
| Finance costs | 5 | 290 | 489 | (199) | (41%) |
| Recognition of landfill rehabilitation provision | | - | 45 | (45) | (100%) |
| Share of net profits of associates and joint ventures accounted for by the equity method | | (1) | - | (1) | (100%) |
| Other expenses | | 221 | 217 | 4 | 2% |
| Total expenses | | 24,568 | 23,717 | 851 | 4% |
| Net result prior to capital income and asset items | | (1,668) | (2,801) | 1,133 | 40% |
| Net gain/(loss) on disposal of assets | 6 | - | 310 | (310) | (100%) |
| Capital grants | 7 | 3,461 | 5,238 | (1,777) | (34%) |
| Contributions – non-monetary assets | 8 | 138 | - | 138 | 100% |
| Surplus(deficit) for the year | | 1,931 | 2,747 | (816) | (30%) |

Standard Statements

for the year ended 30 June 2013

Standard Balance Statement

| | Notes | Actual \$'000 | Budget \$'000 | Variance \$'000 | Variance % |
|---|-------|------------------|------------------|--------------------|---------------|
| Current assets | | | | | |
| Cash and cash equivalents | 9 | 2,613 | 4,497 | (1,884) | (42%) |
| Trade and other receivables | 10 | 2,297 | 1,987 | 310 | 16% |
| Financial assets | 11 | 4,991 | - | 4,991 | 100% |
| Other | | 65 | 66 | (1) | (2%) |
| Total current assets | | 9,966 | 6,550 | 3,416 | 52% |
| Current liabilities | | | | | |
| Trade and other payables | 12 | 2,171 | 2,577 | (406) | (16%) |
| Trust funds and deposits | 13 | 433 | 258 | 175 | 68% |
| Provisions | 14 | 2,068 | 2,372 | (304) | (13%) |
| Interest-bearing loans | | 1,371 | 1,267 | 104 | 8% |
| Total current liabilities | | 6,043 | 6,474 | (431) | (7%) |
| Net current assets | | 3,923 | 76 | 3,847 | 5,062% |
| Non-current assets | | | | | |
| Investments in associates accounted for using the equity method | | 465 | 477 | (12) | (3%) |
| Property, infrastructure, plant and equipment | | 200,367 | 199,746 | 621 | 0% |
| Total non-current assets | | 200,832 | 200,223 | 609 | 0% |
| Non-current liabilities | | | | | |
| Trade and other payables | 12 | - | 1,631 | (1,631) | (100%) |
| Provisions | 14 | 2,165 | 700 | 1,465 | 209% |
| Interest-bearing loans | | 6,087 | 5,931 | 156 | 3% |
| Total non-current liabilities | | 8,252 | 8,262 | (10) | (0%) |
| Net assets | | 196,503 | 192,037 | 4,466 | 2% |
| Equity | | | | | |
| Accumulated surplus | | 127,757 | 127,273 | 484 | 0% |
| Reserves | | 68,746 | 64,764 | 3,982 | 6% |
| Total equity | | 196,503 | 192,037 | 4,466 | 2% |

Standard Statements

for the year ended 30 June 2013

Standard Cash Flow Statement

| | Notes | Actual Inflows/ (Outflows) \$'000 | Budget Inflows/ (Outflows) \$'000 | Variance \$'000 | Variance % |
|--|-------|--|--|--------------------|---------------|
| Cash flows from operating activities | | | | | |
| Receipts from ratepayers | | 13,445 | 13,436 | 9 | 0% |
| Grants (inclusive of GST) | | 9,988 | 9,440 | 548 | 6% |
| User fees and fines (inclusive of GST) | 15 | 2,869 | 3,390 | (521) | (15%) |
| Contributions | | - | - | - | - |
| Interest | | 408 | 362 | 46 | 13% |
| Payments to employees | 16 | (12,149) | (9,724) | (2,425) | (25%) |
| Payments to suppliers (inclusive of GST) | | (11,121) | (10,377) | (744) | (7%) |
| Finance costs | 17 | (269) | (489) | 220 | 45% |
| Net cash provided by (used in) operating activities | | 3,171 | 6,038 | (2,867) | (47%) |
| Cash flows from investing activities | | | | | |
| Payments for property, infrastructure, plant and equipment | 18 | (6,511) | (11,163) | 4,652 | 42% |
| Proceeds from sales of property, infrastructure, plant and equipment | 19 | - | 310 | (310) | (100%) |
| Cash transferred to term deposits | 20 | (4,991) | - | (4,991) | (100%) |
| Cash returned from term deposits | 21 | 3,096 | - | 3,096 | 100% |
| Net cash provided by (used in) investing activities | | (8,406) | (10,853) | 2,447 | 23% |
| Cash flows from financing activities | | | | | |
| Repayment of interest bearing loans and borrowings | 22 | (956) | (1,120) | 164 | 15% |
| Proceeds from interest bearing loans and borrowings | | 3,906 | 3,906 | - | 0% |
| Net cash provided by (used in) financing activities | | 2,950 | 2,786 | 164 | 6% |
| Net increase in cash and cash equivalents | | (2,285) | (2,029) | (256) | (13%) |
| Cash and cash equivalents at the beginning of the financial year | | 4,898 | 6,526 | (1,628) | (25%) |
| Cash and cash equivalents at the end of the financial year | | 2,613 | 4,497 | (1,884) | (42%) |

Standard Statements

for the year ended 30 June 2013

Standard Statement of Capital Works

| | Notes | Actual \$'000 | Budget \$'000 | Variance \$'000 | Variance % |
|---|-------|------------------|------------------|--------------------|---------------|
| Capital Works Areas | | | | | |
| Road infrastructure | 23 | 3,231 | 3,860 | (629) | (16%) |
| Underground drainage | 24 | 619 | 110 | 509 | 463% |
| Landfill cell | 25 | 86 | 362 | (276) | (76%) |
| Land | | 530 | 516 | 14 | 3% |
| Buildings | 26 | 1,957 | 6,120 | (4,163) | (68%) |
| Plant and equipment | | 103 | 195 | (92) | (47%) |
| Total capital works | | 6,526 | 11,163 | (4,637) | (42%) |
| Represented by | | | | | |
| Renewal | 27 | 3,688 | 4,555 | (867) | (19%) |
| Upgrade | 28 | 617 | 4,069 | (3,452) | (85%) |
| New | 29 | 2,221 | 2,539 | (318) | (13%) |
| Total non-current assets | | 6,526 | 11,163 | (4,637) | (42%) |
| 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 | | | | | |
| Contributions – non-monetary assets | 8 | 138 | - | 138 | 100% |
| Recognition of landfill rehabilitation asset | 30 | 110 | - | 110 | 100% |
| Depreciation | | (3,571) | (3,623) | 52 | 1% |
| Written down value of disposals | | | | | |
| Net movement in property, infrastructure, plant and equipment | | 3,203 | 7,540 | (4,337) | (58%) |

Standard Statements

for the year ended 30 June 2013

Notes to the Standard Statements

Standard Income Statement

Note 1. Grants – Recurrent

Recurrent grants were \$1.984 million more than budget due to the early receipt of \$1.798 million of Council's 2013/14 Financial Assistance Grant from the Victoria Grants Commission.

Note 2. Grants – Non-recurrent

Non-recurrent grants were \$435,000 more than budget due to the receipt of grants including:

| | |
|---------------------------------|------------------|
| Advancing Country Towns Project | \$175,000 |
| Natural Disaster Relief | \$104,000 |
| Flood Restoration Projects | \$51,000 |
| Environmental Projects | \$41,000 |
| Total | \$371,000 |

User Fees and fines

The decrease of \$459,000 compared to budget mainly relates to lower than expected landfill admissions and Benalla Performing Arts and Convention Centre performance fees.

Note 4. Employee costs

Employee expenses were \$468,000 more than budget mainly due to restructuring costs of \$264,000 resulting from the 2011/12 Organisation Restructure. Work Cover premium costs of \$97,000 budgeted in 2011/12 were paid in 2012/13 and the 2012/13 Work Cover premium increased by \$46,000.

Note 5. Finance costs

Finance costs were \$199,000 less than budget as budgeted loans of \$3.906 million were not drawn down until May 2013.

Note 6. Net gain/(loss) on disposal of assets

The budgeted sale of land at Enterprise Park and 54 Arundel Street did not take place during the 2012/13 financial year.

Note 7. Capital grants

Capital grant income was \$1.777 million less than budget which was mainly due to the timing of grants being received in advance in the 2011/12 financial year or grants which will now be received in 2013/14 financial year:

| | |
|---------------------------------------|--------------------|
| Civic Precinct Revitalisation Project | \$1,520,400 |
| Natural Disaster Assistance | \$512,759 |
| Roads to Recovery | \$138,855 |
| Total | \$2,172,014 |

These timing differences have been offset by capital grants received but not budgeted for:

| | |
|---|------------------|
| Town Hall Kitchen upgrade | \$270,000 |
| Benson and Market Street intersection | \$75,361 |
| Benalla Community Safety Lighting Project | \$20,000 |
| Benalla Gardens Grandstand Flood Works | \$12,900 |
| Skate Park Lighting project | \$17,080 |
| Total | \$395,341 |

Note 8. Contributions – non-monetary assets

Includes the recognition of Plant and Equipment assets of \$131,000, that were previously expensed.

Standard Statements

for the year ended 30 June 2013

Notes to the Standard Statements (continued)

Standard Balance Sheet

Note 9. Cash and cash equivalents

The decrease of \$1.884 million compared to budget is mainly due to the reclassification of term deposits with maturities of three months or more to Financial Assets (refer note 11). This decrease in cash has been offset by the early receipt of 2013/14 Financial Assistance Grant funding from the Victoria Grants Commission of \$1.798 million. The Civic Precinct Projects and associated capital expenditure will now be delivered in the 2013/14 financial year.

Note 10. Trade and other receivables

The increase of \$310,000 compared to budget is due to Natural Disaster Relief claims lodged in June 2013.

Note 11. Financial assets

The increase of \$4.991 million compared to budget is due to the reclassification of term deposits with maturities of three months or more from Cash and Cash Equivalents to Financial Assets (refer note 9).

Note 12. Trade and other payables

Current

The decrease of \$406,000 compared to budget is due to less supplier invoices remaining unpaid at 30 June than in prior years.

Non-current

Represents Council's share of the Local Authorities Superannuation Fund Defined Benefit Plan unfunded liability of \$1.823 million which was paid in full on 1 May 2013.

Note 13. Trust funds and deposits

The increase of \$175,000 compared to budget mainly relates to an increase in the balance of the Benalla Art Gallery Acquisition Trust Fund.

Note 14. Provisions

Current

The decrease of \$304,000 compared to budget mainly relates to Landfill Rehabilitation works of \$170,000 now being delayed to the 2014/15 financial year and staff taking Long Service Leave.

Non-Current

The increase of \$1.465 million compared to budget mainly relates to the planned landfill rehabilitation at Lot 27B Old Farnley Road, Benalla in future years.

Standard Statements

for the year ended 30 June 2013

Notes to the Standard Statements (continued)

Standard Cash Flow Statement

Note 15. User fees and fines

Cash inflows from user fees and fines were \$521,000 less than budget which was mainly due to lower than expected landfill admission charges and Benalla Performing Arts Convention Centre performance fees.

Note 16. Payments to Employees

Represents Council's share of the Local Authorities Superannuation Fund Defined Benefit Plan unfunded liability of \$1.823 million which was paid in full on 1 May 2013 and restructuring costs resulting from the 2011/12 Organisational Restructure.

Note 17. Finance costs

Finance costs were \$220,000 less than budget as the budgeted loan of \$3.906 million was not drawn down until May 2013.

Note 18. Payments for property, infrastructure, plant and equipment

Cash outflows were \$4.652 million less than budget which is mainly due to the Civic Precinct Revitalisation Projects and Landfill Cell construction that will now be completed in the 2013/14 financial year.

Note 19. Proceeds from sales of property, infrastructure, plant and equipment

The budgeted sale of land at Enterprise Park and 54 Arundel Street did not take place during the 2012/13 financial year (refer note 6).

Note 20. Cash transferred to term deposits

The decrease of \$4.991 million compared to budget is due to the reclassification of term deposits with maturities of three months or more from Cash and Cash Equivalents to Financial Assets (refer note 9).

Note 21. Cash transferred from term deposits

The increase of \$3.096 million compared to budget is due to the reclassification of term deposits with maturities of three months or more between Cash and Cash Equivalents and Financial Assets (refer note 9). Term deposits held at 30 June 2012 with maturities of three or more had matured at balance date and increased Cash and Cash Equivalents.

Note 22. Repayment of interest bearing loans and borrowings

The repayment of interest bearing loans was \$164,000 less than budget as the budgeted loans of \$3.906 million were not drawn down until May 2013.

Standard Statements for the year ended 30 June 2013

Notes to the Standard Statements (continued)

Standard Statement of Capital Works

Note 23. Road Infrastructure

Road Infrastructure capital works were \$629,000 less than budget primarily due to Natural Disaster Relief works coming in under budget by \$858,000, offset by carried forward 2011/12 bridge works (O'Deas and Dobson) of \$218,000.

Note 24. Underground drainage

Underground drainage works were \$509,000 more than budget due to the completion of stage 3 (Cowan Street Basin) of the Benalla Urban Growth Project.

Note 25. Landfill cell

Unexpended landfill cell construction project funding of \$276,000 will be carried forward to part fund the construction of a new landfill cell during the 2013/14 financial year.

Note 26. Buildings

Building works were \$4.163 million less than budget mainly due to budgeted Civic Precinct Revitalisation projects that will be expended during the 2013/14 financial year.

Note 27. Renewal

Renewal works were \$867,000 less than budget mainly due to Natural Disaster Relief Works which were under budget by \$858,000 (refer note 23).

Note 28. Upgrade

Upgrade works were \$3.452 million less than budget due to the budgeted Civic Precinct Revitalisation projects that will now be expended during the 2013/14 financial year (refer note 26).

Note 29. New

New works were \$318,000 less than budget which is mainly due to the Landfill Cell construction, \$276,000 that will now be completed in the 2013/14 financial year (refer note 25).

Note 30. Recognition of landfill rehabilitation asset

Represents the increase in the landfill rehabilitation provision during the 2012/13 financial year that was not budgeted for.

Standard Statements for the year ended 30 June 2013

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
18 September 2013

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 18 September 2013 to certify the standard statements in their final form.



Mayor Cr Barbara Alexander
18 September 2013



Cr Suzy Martin
18 September 2013



Tony McIlroy B.Bus., MAICD
Chief Executive Officer
18 September 2013

Financial Report

for the year ended 30 June 2013

Comprehensive Income Statement

| | Notes | 2013 \$'000 | 2012 \$'000 |
|--|----------|----------------|----------------|
| Income | | | |
| Rates and charges | 3 | 13,449 | 13,307 |
| Grants – Recurrent | 4 | 5,631 | 6,567 |
| Grants – Non-recurrent | 4 | 765 | 895 |
| User fees and fines | 5 | 2,574 | 2,235 |
| Other income | 7 | 481 | 587 |
| Total income | | 22,900 | 23,591 |
| Expenses | | | |
| Employee costs | 8 | 10,360 | 11,162 |
| Materials and services | 9 | 9,752 | 10,076 |
| Depreciation | 10 | 3,571 | 3,552 |
| Contributions | 11 | 375 | 576 |
| Finance costs | | 290 | 339 |
| Share of net (gains)/ losses of associates accounted for by the equity method | 14 | (1) | 36 |
| Other expenses | 12 | 221 | 214 |
| Total expenses | | 24,568 | 25,955 |
| Surplus/(deficit) prior to capital income and asset items | 2 | (1,668) | (2,364) |
| Net gain/(loss) on disposal of assets | 13 | - | (76) |
| Capital grants | 4 | 3,461 | 6,175 |
| Capital Contributions – cash | 6(a) | - | 695 |
| Contributions – non-monetary assets | 6(b) | 138 | 1,424 |
| Surplus/(deficit) | | 1,931 | 5,854 |
| Other comprehensive income | | | |
| Items that will not be reclassified to surplus or deficit | | | |
| Share of other comprehensive income of associates accounted for by the equity method | 14 | 21 | 2 |
| Net asset revaluation increment | 24(b) | - | 4,045 |
| Comprehensive result | | 1,952 | 9,901 |

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

Financial Report

for the year ended 30 June 2013

Balance Sheet

| | Notes | 2013 \$'000 | 2012 \$'000 |
|---|-------|----------------|----------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 15 | 2,613 | 4,898 |
| Trade and other receivables | 16 | 2,297 | 1,849 |
| Financial assets | 17 | 4,991 | 3,096 |
| Other assets | 18 | 65 | 74 |
| Total current assets | | 9,966 | 9,917 |
| Non-current assets | | | |
| Investments in associates accounted for using the equity method | 14 | 465 | 443 |
| Property, infrastructure, plant and equipment | 19 | 200,367 | 197,164 |
| Total non-current assets | | 200,832 | 197,607 |
| Total assets | | 210,798 | 207,524 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 20 | 2,171 | 1,997 |
| Trust funds and deposits | 21 | 433 | 433 |
| Provisions | 22 | 2,068 | 2,276 |
| Interest-bearing loans | 23 | 1,371 | 949 |
| Total current liabilities | | 6,043 | 5,655 |
| Non-current liabilities | | | |
| Payables | 20 | - | 1,823 |
| Provisions | 22 | 2,165 | 1,936 |
| Interest-bearing loans | 23 | 6,087 | 3,559 |
| Total non-current liabilities | | 8,252 | 7,318 |
| Total liabilities | | 14,295 | 12,973 |
| Net assets | | 196,503 | 194,551 |
| Equity | | | |
| Accumulated surplus | | 127,757 | 125,730 |
| Reserves | 24 | 68,746 | 68,821 |
| Total equity | | 196,503 | 194,551 |

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

Financial Report

for the year ended 30 June 2013

Statement of Changes in Equity

| | Notes | Total 2013 \$'000 | Accumulated Surplus 2013 \$'000 | Asset Revaluation Reserve 2013 \$'000 | Other Reserves 2013 \$'000 |
|---|-------|-------------------------|--|---|-------------------------------------|
| 2013 | | | | | |
| Balance at beginning of the financial year | | 194,551 | 125,730 | 68,613 | 208 |
| Surplus/(deficit) for the year | | 1,931 | 1,931 | - | - |
| Share of comprehensive income of associate | | 21 | 21 | - | - |
| Impairment losses on revalued assets | 24(b) | - | - | - | - |
| Transfers to asset revaluation reserves | 24(b) | - | - | - | - |
| Transfers to reserves | | - | 75 | - | (75) |
| Balance at the end of the financial year | | 196,503 | 127,757 | 68,613 | 133 |
| | Notes | Total 2012 \$'000 | Accumulated Surplus 2012 \$'000 | Asset Revaluation Reserve 2012 \$'000 | Other Reserves 2012 \$'000 |
| 2012 | | | | | |
| Balance at beginning of the financial year | | 184,650 | 119,886 | 64,568 | 196 |
| Surplus/(deficit) for the year | | 5,854 | 5,854 | - | - |
| Share of comprehensive income of associate | | 2 | 2 | - | - |
| Impairment losses on revalued assets | 24(b) | (606) | - | (606) | - |
| Transfers to asset revaluation reserves | 24(b) | 4,651 | - | 4,651 | - |
| Transfers to reserves | | - | (12) | - | 12 |
| Balance at the end of the financial year | | 194,551 | 125,730 | 68,613 | 208 |

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

Financial Report

for the year ended 30 June 2013

Cash Flow Statement

| | Notes | 2013 Inflows/ (Outflows) \$'000 | 2012 Inflows/ (Outflows) \$'000 |
|--|-------|--|--|
| Cash flows from operating activities | | | |
| Rates | | 13,445 | 13,214 |
| Grants (inclusive of GST) | | 9,988 | 16,684 |
| User fees and fines (inclusive of GST) | | 2,869 | 2,309 |
| Contributions | | - | 695 |
| Interest | | 408 | 495 |
| Payments to employees | | (12,149) | (8,827) |
| Payments to suppliers (inclusive of GST) | | (11,121) | (12,696) |
| Finance costs | | (269) | (341) |
| Net cash provided by (used in) operating activities | 25 | 3,171 | 11,533 |
| Cash flows from investing activities | | | |
| Payments for property, infrastructure, plant and equipment | | (6,511) | (9,827) |
| Proceeds from sales of property, infrastructure, plant and equipment | 13 | - | - |
| Cash transferred to term deposits | | (4,991) | (3,096) |
| Cash returned from term deposits | | 3,096 | 1,437 |
| Net cash provided by (used in) investing activities | | (8,406) | (11,486) |
| Cash flows from financing activities | | | |
| Repayment of interest-bearing loans and borrowings | | (956) | (884) |
| Proceeds from interest-bearing loans and borrowings | | 3,906 | - |
| Net cash provided by (used in) financing activities | | 2,950 | (884) |
| Net increase (decrease) in cash and cash equivalents | | (2,285) | (837) |
| Cash and cash equivalents at the beginning of the financial year | | 4,898 | 5,735 |
| Cash and cash equivalents at the end of the financial year | 15 | 2,613 | 4,898 |
| Financing Arrangements | 27 | | |
| Restrictions on cash assets | 28 | | |

The above cash flow statement should be read with the accompanying notes.

Financial Report

for the year ended 30 June 2013

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
 - 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 2013

Note 1. Significant Accounting Policies

(a) Basis of Accounting

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

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

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

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

(b) Change in accounting policies

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

(c) Revenue Recognition

Rates, Grants, and Contributions

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

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

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

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

Contribution income is recognised when Council obtains control of the contribution or the right to

receive the contribution, it is probable that the economic benefits comprising the contribution will flow to Council and the amount of the contribution can be measured reliably.

Where grants recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged as at balance date, the unused grant is disclosed in note 4. The note also discloses the amount of unused grant from prior years that was expended on Council's operations during the current year.

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

User fees and fines

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

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

Sale of property, infrastructure, plant and equipment

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

Trade and other receivables

Receivables are carried at amortised cost using the effective interest rate method. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred.

Rental

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

Interest

Interest is recognised progressively as it is earned.

Financial Report

for the year ended 30 June 2013

Note 1. Significant Accounting Policies (continued)

(d) Depreciation of non-current assets

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

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

Land and road earthworks are not depreciated.

Artworks are not depreciated.

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

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

| 2013 | |
|--------------------------------|-----------------|
| Roads | 15 to 200 years |
| Footpaths | 15 to 75 years |
| Surface drainage | 25 to 100 years |
| Bridges | 80 to 100 years |
| Underground drainage | 100 years |
| Landfill cell | 1.5 years |
| Buildings | 60 to 100 years |
| Plant and equipment | 4 to 33 years |
| Office furniture and equipment | 3 to 14 years |

(e) Repairs and maintenance

Routine maintenance, repair costs and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

(f) Borrowing Costs

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

(g) Recognition and measurement of assets Acquisition

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

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.

Financial Report

for the year ended 30 June 2013

Note 1. Significant Accounting Policies (continued)

The following classes of assets have been recognised in note 19. In accordance with Council's policy, the threshold limits detailed below have been applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:

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

Revaluation

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

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

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

Land under Roads

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

(h) Cash and cash equivalents

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

(i) Financial assets

Financial assets are valued at fair value, being market value, at balance date. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

(j) Accounting for investments in associates

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

Financial Report

for the year ended 30 June 2013

Note 1. Significant Accounting Policies (continued)

(k) Tender deposits

Amounts received as tender deposits and retention amounts controlled by Council are recognised as Trust Funds and Deposits until they are returned or forfeited (Refer to note 21).

(l) Employee costs

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 per cent.

The superannuation expense for the reporting year represents contributions made or due by Council to the relevant superannuation plans in respect to the services of Council's staff (both past and present). Superannuation contributions are made to the plans based on the relevant rules of each plan and any relevant compulsory superannuation requirements that Council is required to comply with. Details of these arrangements are recorded in note 31.

Financial Report

for the year ended 30 June 2013

Note 1. Significant Accounting Policies (continued)

(m) Leases

Operating leases

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

(n) Allocation between current and non-current

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

(o) Website costs

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

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the balance sheet are shown inclusive of GST.

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

(q) Impairment of assets

At each reporting date Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

(r) Inventories

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

(s) Non-current assets held for sale

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

(t) Rounding

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

Financial Report

for the year ended 30 June 2013

Note 1. Significant Accounting Policies (continued)

(u) Pending Accounting Standards

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

| Pronouncement | What's new? | Impact/Action | Transition | Effective Date |
|---|--|---|---|--|
| AASB 9 Financial Instruments | AASB 9 standard is one of a series of amendments that are expected to eventually completely replace AASB 139. During 2010-11, the standard will be expanded to include new rules on measurement of financial liabilities and hedge accounting. Currently the existing provisions of AASB 139 will continue to apply in these areas. AASB 9 simplifies the classifications of financial assets into those to be carried at amortised cost and those to be carried at fair value – the 'available for sale' and 'held-to-maturity' categories no longer exists. AASB 9 also simplifies requirements for embedded derivatives and removes the tainting rules associated with held-to-maturity assets. | The impact is not likely to be extensive in the local government sector. Although it will vary considerably between entities. While the rules are less complex than those of AASB 139, the option to show equity instruments at cost has been largely removed, which is likely to lead to greater volatility within the income statement. However it may also lead to an improved financial position for some entities. This will also create a requirement to measure some instruments annually that has not previously existed. | Transitional arrangements are extensive – in general retrospective restatement is required, but there are exceptions. Early-adoption of the standard before 1 January 2014 removes the requirement for restatement of comparatives. | Periods beginning on or after 1 January 2015. The standard was amended in 2012 to delay the effective date by two years (previously 1 January 2013). |
| AASB 12 Disclosure of Involvement with Other Entities | AASB 12 requires the disclosure of information to enable users to evaluate <ul style="list-style-type: none"> The nature of, and risks associated with, its interests in other entities. The effect of those interests on its financial position, financial performance, and cash flows. AASB 12 applies to all entities that have subsidiaries, joint arrangements, associates, or unconsolidated structured entities. | The disclosures required will be both qualitative and quantitative. In particular, management should document and be able to justify its key judgments concerning control and significant influence. In the local government context this is likely to require increased disclosures around the operations of Library Corporations as well as other activities that Council have an interest in. | Early adoption is permitted, but AASB 10, AASB 11, AASB 12, AASB 127 (revised) and AASB 128 (revised) must all be adopted simultaneously. | Periods beginning on or after 1 January 2013. |

Financial Report

for the year ended 30 June 2013

Note 1. Significant Accounting Policies (continued)

(u) Pending Accounting Standards (continued)

| Pronouncement | What's new? | Impact/Action | Transition | Effective Date |
|---|--|--|---|---|
| AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements | The standards require the recognition of all re-measurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called "corridor" method), the immediate recognition of all past service cost in profit or loss and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. | Where adequate information is available, the entity will apply the new standard from 1 July 2013 when the new standard applies to Council. | Early adoption is permitted, but AASB 10, AASB 11, AASB 12, AASB 119, AASB 127 (revised) and AASB 128 (revised) must all be adopted simultaneously. | 1 January 2013/1 July 2013. |
| AASB 128 Investments in Associates and Joint Ventures | AASB 128 has been amended to ensure consistency with the new requirements of AASB 10 Consolidated Financial Statements and AASB 11 Joint Arrangements. The standard sets out how the equity method of accounting is to be applied, defines "significant influence," and how impairment is to be tested for investments in associates or joint ventures. | Some joint ventures which were previously accounted for under the proportionate consolidation method must now be accounted for as associates. These changes are not expected to impact significantly on Councils. | Early adoption is permitted, but AASB 10, AASB 11, AASB 12, AASB 127 (revised) and AASB 128 (revised) must all be adopted simultaneously. | Periods beginning on or after 1 January 2013. |

(v) Contingent assets and contingent liabilities and commitments

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

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

Financial Report

for the year ended 30 June 2013

Note 2. Underlying Surplus/(deficit)

| | 2013 \$'000 | 2012 \$'000 |
|---|----------------|----------------|
| Surplus for the year before other comprehensive income | 1,931 | 5,854 |
| Less Non-operating income | | |
| Net gain/(loss) on disposal of assets | - | (76) |
| Capital grants | 3,461 | 6,175 |
| Contributions – cash | - | 695 |
| Contributions – non-monetary assets | 138 | 1,424 |
| Underlying deficit | (1,668) | (2,364) |

Council measures its underlying surplus/(deficit)* to assist in the determination of whether it is operating in a sustainable manner. The underlying surplus/(deficit), together with other indicators as shown in Note 36 Financial Ratios, is an important indicator of Council's long-term financial sustainability. Whilst an underlying deficit in one financial year is not significant, underlying deficits over a sustained period gradually erodes the net assets of Council.

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

* The concept and measurement methodology of an underlying surplus/(deficit) is not defined by Australian Accounting Standards.

Note 3. Rates and Charges

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

The valuation base used to calculate general rates for 2012/13 was \$2,355 million (2011/12 \$2,267 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 2012, 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 2012.

The date of the previous general revaluation of land for rating purposes within the municipal district was 1 January 2010, and the valuation first applied to the rating period commencing 1 July 2010.

| | 2013 \$'000 | 2012 \$'000 |
|--------------------------|----------------|----------------|
| General rates | 10,164 | 9,550 |
| Municipal charge | 1,462 | 2,109 |
| Waste Management charges | 1,823 | 1,648 |
| | 13,449 | 13,307 |

Financial Report

for the year ended 30 June 2013

Note 4. Grants

| | 2013 \$'000 | 2012 \$'000 |
|----------------------------------|----------------|----------------|
| Summary | | |
| Recurrent Operational Grants | 5,631 | 6,567 |
| Non-recurrent Operational Grants | 765 | 895 |
| Capital Grants | 3,461 | 6,175 |
| Total | 9,857 | 13,637 |

Grants were received in respect of the following:

| Recurrent Operational Grants | | |
|--|--------------|--------------|
| Arts Victoria | 140 | 170 |
| Community Services | 2,091 | 1,851 |
| VicRoads | 35 | 34 |
| Victoria Grants Commission – general purpose | 2,101 | 2,895 |
| Victoria Grants Commission – local roads | 1,243 | 1,591 |
| Other | 21 | 26 |
| Total recurrent operational grants | 5,631 | 6,567 |

| Non-recurrent Operational Grants | | |
|---|------------|------------|
| Advancing Country Towns Project | 175 | 190 |
| Community Services | 224 | 252 |
| Flood Restoration Projects | 51 | 77 |
| Economic Development Projects | 56 | 49 |
| Environmental Projects | 41 | 60 |
| Lakeside Community Sports Centre | - | 206 |
| Natural Disaster Relief | 104 | - |
| Youth Programs | 92 | 50 |
| Other | 22 | 11 |
| Total non-recurrent operational grants | 765 | 895 |

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Note 4. Grants (continued)

| | 2013 \$'000 | 2012 \$'000 |
|--|----------------|----------------|
| Capital Grants | | |
| Benalla Urban Growth Project | - | 1,540 |
| Better Roads Victoria | - | 302 |
| Blackspot Project | 75 | - |
| Country Roads and Bridges Initiative | 1,000 | 1,000 |
| Flood Restoration Projects | 13 | 141 |
| Former Shire Offices refurbishment | - | 95 |
| Local Roads to Market Program | - | 147 |
| Natural Disaster Relief | 645 | 1,134 |
| Roads to Recovery | 539 | 789 |
| Sir Edward 'Weary' Dunlop Learning Centre and Customer Service Centre Project | 682 | 1,000 |
| Skate Park Redevelopment | 200 | - |
| Town Hall Restoration Project | 270 | - |
| Other | 37 | 27 |
| Total capital grants | 3,461 | 6,175 |
| 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 | 114 | - |
| Benalla Community Lighting project | 20 | - |
| Benalla Saints Netball Club Project | - | 16 |
| Climate Change Adaptation Plan | 10 | 22 |
| Community Services | 72 | - |
| Environmental Projects | 33 | - |
| Economic Development | 10 | - |
| Flood Restoration Project | - | 97 |
| Former Shire Offices refurbishment | - | 86 |
| Regional Urban Development Project | - | 22 |
| Sir Edward 'Weary' Dunlop learning Centre and Customer Service Centre Project | 682 | 882 |
| Town Hall Restoration | 231 | - |
| Transport Connections Project | 68 | 61 |
| Transport Innovation Project | 15 | - |
| Youth Programs | 27 | - |
| West Main Drain Project | - | 15 |
| | 1,282 | 1,201 |

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Note 4. Grants (continued)

| | 2013 \$'000 | 2012 \$'000 |
|---|----------------|----------------|
| Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were: | | |
| Advancing Country Towns Project | 145 | 47 |
| Benalla Rovers Soccer Club Project | - | 48 |
| Benalla Saints Netball Club Project | 16 | - |
| Benalla Urban Growth Project | - | 1,390 |
| Climate Change Adaption Project | 19 | - |
| Collaborative Procurement Project | - | 39 |
| Community Services | 3 | 65 |
| Community Wastewater Education Project | 15 | 50 |
| Former Shire Offices refurbishment | 17 | - |
| Flood Mitigation Project | - | 80 |
| Sir Edward 'Weary' Dunlop Learning Centre and Customer Service Centre Project | 422 | - |
| Transport Connections Project | 117 | - |
| | 754 | 1,719 |
| Net increase (decrease) in restricted assets resulting from grant revenues for the year: | 528 | (518) |

Note 5. User Fees and Fines

| | | |
|---|--------------|--------------|
| Benalla Performing Arts and Convention Centre | 236 | - |
| Community Services fees | 583 | 508 |
| Planning and Environment fees | 318 | 272 |
| Waste Management fees | 920 | 978 |
| Other fees | 517 | 477 |
| | 2,574 | 2,235 |

Note 6. Capital Contributions

| | | |
|--------------------------------|------------|--------------|
| (a) Cash | | |
| Bridges | - | 695 |
| (b) Non-monetary assets | | |
| Artworks | 7 | 85 |
| Bridges | - | 1,297 |
| Land | - | 42 |
| Plant and Equipment | 131 | - |
| Total Contributions | 138 | 1,424 |

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Note 7. Other Income

| | 2013 \$'000 | 2012 \$'000 |
|---------------|----------------|----------------|
| Contributions | 134 | 87 |
| Interest | 347 | 500 |
| | 481 | 587 |

Note 8. Employee Costs

| | 2013 \$'000 | 2012 \$'000 |
|---|----------------|----------------|
| Wages and salaries | 8,256 | 7,087 |
| Annual leave | 808 | 799 |
| Long service leave | 172 | 522 |
| Superannuation | 765 | 694 |
| Superannuation – additional contribution* | - | 1,823 |
| Fringe Benefits Tax | 57 | 33 |
| Work Cover | 302 | 204 |
| | 10,360 | 11,162 |

* During the prior period (2012) Council was required to make an additional contribution to Vision Super to meet our obligations to members of the defined benefit plan.

Note 9. Materials and Services

| | 2013 \$'000 | 2012 \$'000 |
|---|----------------|----------------|
| Benalla Art Gallery | 118 | 153 |
| Benalla Aquatic Centre | 536 | 542 |
| Benalla Performing Arts and Convention Centre | 188 | - |
| Benalla Saleyards | 99 | 106 |
| Civic Centre Operations | 140 | 158 |
| Community Services | 1,250 | 1,184 |
| Council Support | 380 | 293 |
| Customer Service | 53 | 41 |
| Executive Services | 197 | 108 |
| Economic Development | 91 | 89 |
| Finance | 398 | 367 |
| Human Resources | 152 | 191 |
| Infrastructure | 1,641 | 1,460 |
| Parks and Gardens | 175 | 174 |
| Planning and Environment | 484 | 582 |
| Property Management | 806 | 1,150 |
| Property and Information Services | 582 | 763 |
| Public Relations | 277 | 285 |
| Waste Management | 2,010 | 2,240 |
| Youth Services | 108 | 94 |
| Benalla Library | 27 | 17 |
| Other | 40 | 79 |
| | 9,752 | 10,076 |

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Note 10. Depreciation

| | 2013 \$'000 | 2012 \$'000 |
|--------------------------------|----------------|----------------|
| Buildings | 513 | 452 |
| Roads | 2,027 | 1,956 |
| Footpaths | 82 | 82 |
| Surface drainage | 159 | 159 |
| Bridges | 193 | 168 |
| Underground drainage | 160 | 116 |
| Landfill cell | 87 | 347 |
| Plant and equipment | 245 | 187 |
| Office furniture and equipment | 105 | 85 |
| | 3,571 | 3,552 |

Note 11. Contributions

| | 2013 \$'000 | 2012 \$'000 |
|---|----------------|----------------|
| Benalla Performing Arts and Convention Centre | - | 225 |
| Community Support | 64 | 58 |
| High Country Library Corporation | 286 | 269 |
| State Emergency Service | 25 | 24 |
| | 375 | 576 |

Note 12. Other Expenses

| | 2013 \$'000 | 2012 \$'000 |
|--|----------------|----------------|
| Councillor allowances | 166 | 165 |
| Doubtful Debts | - | 4 |
| External audit fee – Victorian Auditor-General | 34 | 30 |
| Internal audit fees – Richmond Sinnott & Delahunty | 21 | 15 |
| | 221 | 214 |

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

| Plant and Equipment | | |
|--|----------|-------------|
| Proceeds from sale of assets | - | - |
| Written down value of assets disposed | - | (76) |
| Profit (loss) on disposal of assets | - | (76) |

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Note 14. Investments in Associates

| | 2013 \$'000 | 2012 \$'000 |
|--|----------------|----------------|
| Investments in associates accounted for by the equity method are: | | |
| Increase/(decrease) in investment in High Country Library Corporation | 22 | (34) |
| Background | | |
| Council has an investment with three other Councils 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 | 443 | 477 |
| Share of profit(loss) for year | 1 | (36) |
| Share of asset revaluation | 21 | 2 |
| Council's value of investment at end of year | 465 | 443 |

Note 15. Cash and Cash Equivalents

| | | |
|---------------------|--------------|--------------|
| Cash on hand | 2 | 2 |
| Cash at bank | 975 | 541 |
| At call | 1,115 | 1,145 |
| Short term deposits | 521 | 3,210 |
| | 2,613 | 4,898 |

Users of the financial report should refer to Note 28 for details of restrictions on cash assets and Note 29 for details of existing Council commitments.

Note 16. Trade and Other Receivables

| Current | | |
|------------------------------|--------------|--------------|
| Rates debtors | 530 | 512 |
| Provision for doubtful debts | - | - |
| | 530 | 512 |
| Other debtors | 1,775 | 1,343 |
| Provision for doubtful debts | (8) | (6) |
| | 1,767 | 1,337 |
| | 2,297 | 1,849 |

Financial Report for the year ended 30 June 2013

Note 17. Financial Assets

| | 2013 \$'000 | 2012 \$'000 |
|-----------------------------|----------------|----------------|
| Term Deposits (note 1 (ii)) | 4,991 | 3,096 |
| | 4,991 | 3,096 |

Note 18. Other Assets

| Current | | |
|----------------|-----------|-----------|
| Prepayments | 35 | 39 |
| Inventories | 30 | 35 |
| | 65 | 74 |

Note 19. Property, Infrastructure, Plant and Equipment

| Land | | |
|---------------------------------------|---------------|---------------|
| At cost | 530 | - |
| At independent valuation 30 June 2012 | 27,394 | 27,394 |
| | 27,924 | 27,394 |
| Buildings | | |
| At cost | 1,513 | - |
| At independent valuation 30 June 2012 | 41,910 | 41,910 |
| Less accumulated depreciation | (20,302) | (19,789) |
| | 23,121 | 22,121 |
| Roads | | |
| At cost | 4,285 | 2,182 |
| At Council valuation 30 June 2011 | 148,123 | 148,123 |
| Less accumulated depreciation | (55,450) | (53,423) |
| | 96,958 | 96,882 |
| Footpaths | | |
| At cost | 32 | 32 |
| At Council valuation 30 June 2011 | 4,892 | 4,892 |
| Less accumulated depreciation | (2,094) | (2,012) |
| | 2,830 | 2,912 |

Financial Report for the year ended 30 June 2013

Note 19. Property, Infrastructure, Plant and Equipment (continued)

| | 2013 \$'000 | 2012 \$'000 |
|-----------------------------------|----------------|----------------|
| Surface Drainage | | |
| At cost | 71 | 53 |
| At Council valuation 30 June 2011 | 11,680 | 11,680 |
| Less accumulated depreciation | (5,970) | (5,811) |
| | 5,781 | 5,922 |
| Bridges | | |
| At cost | 2,941 | 2,305 |
| At Council valuation 30 June 2011 | 14,487 | 14,487 |
| Less accumulated depreciation | (5,172) | (4,980) |
| | 12,256 | 11,812 |
| Underground Drainage | | |
| At cost | 233 | - |
| At Council valuation 30 June 2012 | 15,984 | 15,984 |
| Less accumulated depreciation | (3,401) | (3,240) |
| | 12,816 | 12,744 |
| Landfill Cell | | |
| At cost | 521 | 521 |
| Less accumulated depreciation | (521) | (434) |
| | - | 87 |
| Landfill Rehabilitation | | |
| At cost | 528 | 418 |
| Less accumulated depreciation | - | - |
| | 528 | 418 |

Financial Report for the year ended 30 June 2013

Note 19. Property, Infrastructure, Plant and Equipment (continued)

| | 2013 \$'000 | 2012 \$'000 |
|---------------------------------------|----------------|----------------|
| Plant and Equipment | | |
| At cost | 2,623 | 2,431 |
| Less accumulated depreciation | (1,738) | (1,494) |
| | 885 | 937 |
| Office Furniture and Equipment | | |
| At cost | 1,702 | 1,661 |
| Less accumulated depreciation | (1,303) | (1,198) |
| | 399 | 463 |
| Artworks | | |
| At cost | 91 | 84 |
| At Independent valuation 30 June 2011 | 14,966 | 14,966 |
| | 15,057 | 15,050 |
| Works in Progress | | |
| At cost | 1,812 | 422 |
| | 1,812 | 422 |
| Total | 200,367 | 197,164 |

Financial Report for the year ended 30 June 2013

Note 19. Property, Infrastructure, Plant and Equipment (continued)

| 2013 | Balance at beginning of financial year | Acquisition of assets | Contributions and recognition (non-monetary assets) | Revaluation increments and impairment losses (note 23) | Depreciation (note 10) | Written down value of disposals (note 13) | Transfers | Balance at end of financial year |
|--|--|-----------------------|---|--|------------------------|---|--------------|----------------------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Property | | | | | | | | |
| Land | 27,394 | 530 | - | - | - | - | - | 27,924 |
| Buildings | 22,121 | 1,468 | - | - | (513) | - | 45 | 23,121 |
| Total property | 49,515 | 1,998 | - | - | (513) | - | 45 | 51,045 |
| Infrastructure | | | | | | | | |
| Roads | 96,882 | 2,084 | - | - | (2,027) | - | 19 | 96,958 |
| Footpaths | 2,912 | - | - | - | (82) | - | - | 2,830 |
| Surface drainage | 5,922 | 18 | - | - | (159) | - | - | 5,781 |
| Bridges | 11,812 | 623 | - | - | (193) | - | 14 | 12,256 |
| Underground drainage | 12,744 | 119 | - | - | (160) | - | 113 | 12,816 |
| Total infrastructure | 130,272 | 2,844 | - | - | (2,621) | - | 146 | 130,641 |
| Landfill cell | 87 | - | - | - | (87) | - | - | - |
| Landfill rehabilitation | 418 | - | 110 | - | - | - | - | 528 |
| Landfill | 505 | - | 110 | - | (87) | - | - | 528 |
| Plant and Equipment | | | | | | | | |
| Plant and equipment | 937 | 62 | 131 | - | (245) | - | - | 885 |
| Office furniture & equipment | 463 | 41 | - | - | (105) | - | - | 399 |
| Total plant and equipment | 1,400 | 103 | 131 | - | (350) | - | - | 1,284 |
| Artworks | 15,050 | - | 7 | - | - | - | - | 15,057 |
| Works in progress | | | | | | | | |
| Property | 221 | 489 | - | - | - | - | (45) | 665 |
| Infrastructure | 153 | 1,006 | - | - | - | - | (146) | 1,013 |
| Landfill | 48 | 86 | - | - | - | - | - | 134 |
| Total works in progress | 422 | 1,581 | - | - | - | - | (191) | 1,812 |
| Total property, infrastructure, plant and equipment | 197,164 | 6,526 | 248 | - | (3,571) | - | - | 200,367 |

Financial Report for the year ended 30 June 2013

Note 19. Property, Infrastructure, Plant and Equipment (continued)

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

Financial Report for the year ended 30 June 2013

Note 19. Property, Infrastructure, Plant and Equipment (continued)

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

Note 20. Trade and Other Payables

| | 2013 \$'000 | 2012 \$'000 |
|--|----------------|----------------|
| Current | | |
| Materials and contracts | 1,724 | 1,621 |
| Employee costs | 416 | 293 |
| Refundable flood mitigation grant | - | 73 |
| Interest | 31 | 10 |
| | 2,171 | 1,997 |
| Non-current | | |
| Employee costs | - | 1,823 |
| Aggregate carrying amount of trade and other payables | 2,171 | 3,820 |

Note 21. Trust Funds and Deposits

| | 2013 \$'000 | 2012 \$'000 |
|------------------------------------|----------------|----------------|
| Current | | |
| Art Gallery Acquisition Trust Fund | 295 | 249 |
| Refundable deposits | 138 | 184 |
| | 433 | 433 |

Financial Report for the year ended 30 June 2013

Note 22. Provisions

| | Annual leave \$'000 | Long service leave \$'000 | Landfill rehabilitation \$'000 | Total \$'000 |
|--|------------------------|---------------------------------|--------------------------------------|-----------------|
| 2013 | | | | |
| Balance at beginning of financial year | 628 | 1,819 | 1,765 | 4,212 |
| Additional provisions | 616 | 16 | 110 | 742 |
| Amounts used | (566) | (155) | - | (721) |
| Balance at end of year | 678 | 1,680 | 1,875 | 4,233 |
| 2012 | | | | |
| Balance at beginning of financial year | 581 | 1,412 | 1,347 | 3,340 |
| Additional provisions | 613 | 465 | 418 | 1,496 |
| Amounts used | (566) | (58) | - | (624) |
| Balance at end of year | 628 | 1,819 | 1,765 | 4,212 |

| (a) Employee Provisions | 2013 \$'000 | 2012 \$'000 |
|---|----------------|----------------|
| Current (i) | | |
| Annual Leave | 678 | 628 |
| Long Service Leave | 1,390 | 1,478 |
| | 2,068 | 2,106 |
| Non-current (ii) | | |
| Long Service Leave | 290 | 341 |
| Aggregate carrying amount of employee benefits | 2,358 | 2,447 |

The following assumptions were adopted in measuring the present value of employee benefits:

| | | |
|---|------|------|
| Weighted average increase in employee costs | 3.8% | 3.9% |
| Weighted average discount rates | 3.3% | 2.8% |
| Weighted average settlement period | 12 | 12 |

| (i) Current | | |
|---|--------------|--------------|
| All annual leave and the long service leave entitlements representing 7 or more years of continuous service: | | |
| Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value | 833 | 686 |
| Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value | 1,235 | 1,420 |
| | 2,068 | 2,106 |

Financial Report for the year ended 30 June 2013

Note 22. Provisions (continued)

(a) Employee Provisions (continued)

| (ii) Non-current | | |
|---|-----|-----|
| Long service leave representing less than 7 years of continuous service measured at present value | 290 | 341 |

(b) Landfill rehabilitation

Council is required to restore the Old Farnley Road landfill site to a particular standard. The provision for landfill rehabilitation has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on the current understanding of work required to reinstate the site to a particular standard. Accordingly, the estimation of the provision required is dependent upon the accuracy of the forecast timing of the work, work required and related costs.

| | 2013 \$'000 | 2012 \$'000 |
|---|----------------|----------------|
| Current | | |
| Landfill rehabilitation | - | 170 |
| Non-current | | |
| Landfill rehabilitation | 1,875 | 1,595 |
| Aggregate carrying amount of landfill rehabilitation | 1,875 | 1,765 |

(c) Provisions

| | | |
|--|--------------|--------------|
| Current | 2,068 | 2,276 |
| Non-current | 2,165 | 1,936 |
| Aggregate carrying amount of provisions | 4,233 | 4,212 |

Note 23. Interest Bearing Loans

| Current | | |
|----------------------|--------------|--------------|
| Borrowings – secured | 1,371 | 949 |
| Non-current | | |
| Borrowings – secured | 6,087 | 3,559 |
| Total | 7,458 | 4,508 |

The maturity profile for Council's borrowings is:

| | | |
|---|--------------|--------------|
| Not later than one year | 1,372 | 949 |
| Later than one year and not later than five years | 3,736 | 2,892 |
| Later than five years | 2,350 | 667 |
| | 7,458 | 4,508 |

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

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Note 24. Reserves

| 2013 | 2012 \$'000 | Transfer from Reserve \$'000 | Transfer to Reserve \$'000 | 2013 \$'000 |
|--------------------------------------|----------------|------------------------------------|----------------------------------|----------------|
| (a) Replacement Reserves | | | | |
| Restricted Reserves | | | | |
| Resort and Recreation | 98 | - | - | 98 |
| Art Gallery | 75 | - | (75) | - |
| Winton Land | 35 | - | - | 35 |
| | 208 | - | (75) | 133 |
| (b) Asset Revaluation Reserve | | | | |
| Land | 19,963 | - | - | 19,963 |
| Buildings | 10,790 | - | - | 10,790 |
| Roads, Footpaths & Surface Drainage | 29,522 | - | - | 29,522 |
| Bridges | 272 | - | - | 272 |
| Underground drainage | 2,017 | - | - | 2,017 |
| Artworks | 6,049 | - | - | 6,049 |
| | 68,613 | - | - | 68,613 |
| Total Reserves | 68,821 | - | (75) | 68,746 |

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

Financial Report for the year ended 30 June 2013

Note 24. 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 25. Reconciliation of Cash Flows from Operating Activities to Surplus or Deficit

| | 2013 \$'000 | 2012 \$'000 |
|---|----------------|----------------|
| Surplus/ deficit | 1,931 | 5,854 |
| Items not involving cash | | |
| Depreciation | 3,571 | 3,552 |
| Contributions – Non-monetary assets | (138) | (1,424) |
| Net loss/(gain) on disposal of assets | - | - |
| Assets written off | - | 76 |
| Share of net (gains)/ losses of associates accounted for by the equity method | (1) | 36 |
| Change in assets and liabilities | | |
| (Increase)/Decrease in Receivables | (448) | 1,324 |
| (Increase)/Decrease in Other Assets | 9 | (12) |
| Increase/(Decrease) in Payables | (1,774) | 1,255 |
| Increase/(Decrease) in Provisions | 21 | 872 |
| Net cash provided by operating activities | 3,171 | 11,533 |

Note 26. Reconciliation of Cash and Cash Equivalents

| | | |
|-------------------------------------|--------------|--------------|
| Cash and cash equivalents (note 15) | 2,613 | 4,898 |
|-------------------------------------|--------------|--------------|

Financial Report for the year ended 30 June 2013

Note 27. Financing Arrangements

| | 2013 \$'000 | 2012 \$'000 |
|-------------------|----------------|----------------|
| Bank Overdraft | - | - |
| Used Facilities | - | - |
| Unused Facilities | - | - |

Note 28. Restricted Assets

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

| | | |
|-------------------------|------------|------------|
| Trust Funds (note 21) | 433 | 433 |
| Reserve Funds (note 24) | 133 | 208 |
| | 566 | 641 |

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

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

Note 29. Commitments

Council has entered into the following commitments.

| 2013 | 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 | | | | |
| Roadside Weed Spraying | 3 | - | - | 3 |
| Recycling Collection | 600 | 600 | 300 | 1,500 |
| Waste Collection | 600 | 600 | 300 | 1,500 |
| Food Services | 171 | 175 | 52 | 398 |
| Aquatic Centre | 340 | - | - | 340 |
| Cleaning Services | 120 | 120 | 12 | 252 |
| Street Tree Pruning | 70 | 74 | 19 | 163 |
| Slashing Lawnmowing | 70 | 74 | 80 | 224 |
| Elm Leaf Beetle Spraying | 5 | - | - | 5 |
| Airconditioning Services | 20 | - | - | 20 |
| Flood Mitigation Vegetation Clearance | 25 | 27 | 7 | 59 |
| Total | 2,024 | 1,670 | 770 | 4,464 |

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Note 29. Commitments (continued)

| 2013 | 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 |
|-------------------------------------|---------------------------------|--|---|-----------------|
| Capital | | | | |
| Roadside Spraying | 11 | 11 | - | 22 |
| Waller, Margaret and Thomas Streets | 33 | - | - | 33 |
| Town Hall Restoration Project | 362 | - | - | 362 |
| Civic Centre Redevelopment | 1,410 | - | - | 1,410 |
| Total | 1,816 | 11 | - | 1,827 |
| Total commitments | 3,840 | 1,681 | 770 | 6,291 |
| 2012 | | | | |
| 2012 | Not later than 1 year \$'000 | Later than 1 year and not later than 2 years \$'000 | Later than 2 years and not later than 5 years \$'000 | Total \$'000 |
| Operating | | | | |
| Aquatic Centre | 498 | 516 | 534 | 1,548 |
| Cleaning Services | 120 | 120 | 360 | 600 |
| Electoral Service | 80 | - | - | 80 |
| eWaste Collection | 10 | 10 | - | 20 |
| Greenwaste Mulching | 30 | 30 | - | 60 |
| Landfill | 70 | - | - | 70 |
| Recycling Collection | 600 | 600 | 600 | 1,800 |
| Waste Collection | 600 | 600 | 600 | 1,800 |
| | 2,008 | 1,876 | 2,094 | 5,978 |
| Capital | | | | |
| O'Deas Road Bridge | 88 | - | - | 88 |
| Road Pavement | 327 | - | - | 327 |
| Total | 415 | - | - | 415 |
| Total commitments | 2,423 | 1,876 | 2,094 | 6,393 |

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Note 30. Operating Lease Commitments

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

| | 2013 \$'000 | 2012 \$'000 |
|---|----------------|----------------|
| The expenditures are payable: | | |
| Not later than one year | 428 | 296 |
| Later than one year and not later than five years | 304 | 129 |
| | 732 | 425 |

Note 31. Superannuation

Council made contributions to the following funds:

Defined benefit funds – Rate 9.25%

| | | |
|--|-----|-------|
| Employer contributions to Local Authorities Superannuation Fund (Vision Super) | 159 | 528 |
| Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date | - | 1,867 |

Accumulation funds – Rate 9%

| | | |
|--|-----|-----|
| Employer contributions to Superannuation Funds | 642 | 547 |
| Employer contributions payable to Superannuation Funds at reporting date | 70 | 48 |

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

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

Accumulation

The Fund's accumulation category, Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2013, this was 9% required under Superannuation Guarantee legislation). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund. Effective from 1 July 2013, the Superannuation Guarantee contribution rate will increase to 9.25%, and will progressively increase to 12% by 2019.

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Note 31. Superannuation (continued)

Defined Benefit

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

Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 31 December 2011, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. This rate is currently 9.25% of members' salaries (9.25% in 2011/12). In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit (the funded resignation or retirement benefit is calculated as the VBI multiplied by the benefit). Council is also required to make additional contributions to cover the contribution tax payable on the contributions referred to above. Employees are also required to make member contributions to the Fund. As such, assets accumulate in the Fund to meet member benefits, as defined in the Trust Deed, as they accrue.

Shortfall amounts

The Local Authorities Superannuation Fund's latest actuarial investigation as at 31 December 2011 identified an unfunded liability of \$453 million (excluding contributions tax) in the defined benefit category of which Council is a contributing employer. Council was made aware of the expected shortfall during the 2011/12 year and was informed of its share of the shortfall on 31 July 2012. Council has not been advised of any further adjustments.

The projected value of Council's contribution to the shortfall at 30 June 2012 amounted to \$1,823,133 which was accounted for in the 2011/12 Comprehensive Operating Statement within Employee Benefits (see Note 8) and in the Balance Sheet in Non Current Liabilities Payables (see Note 20).

Council received an early payment discount of \$21,903 and this has been accounted for in the 2012/13 Comprehensive Operating Statement within Employee Costs (see Note 8) and in the Balance Sheet in Non Current Liabilities Payables (see Note 20).

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

The amount of the unpaid shortfall at 30 June 2013 is \$Nil (\$1,823,133 2011/12). This payment of the total liability is included in the Balance Sheet in Non Current Liabilities Payables (see Note 20).

Retrenchment increments

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

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for the year ended 30 June 2013

Note 31. Superannuation (continued)

Accrued benefits

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

| | 31-Dec-11 \$'000 |
|---|---------------------|
| Net Market Value of Assets | 4,315,324 |
| Accrued Benefits (per accounting standards) | 4,642,133 |
| Difference between Assets and Accrued Benefits | (326,809) |

| | |
|--|-----------|
| Vested Benefits (Minimum sum which must be paid to members when they leave the fund) | 4,838,503 |
|--|-----------|

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

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

Note 32. Contingent Liabilities and Contingent Assets

Contingent liabilities

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

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

Council operates a landfill at Lot 27B Old Farnley Road, Benalla. Council will have to carry out site rehabilitation works in the future and has been requested by the Environment Protection Authority to provide a \$400,000 Bank Guarantee as financial assurance in respect of this operation. At balance date Council has recognised a landfill rehabilitation provision to reflect the financial implications of such assurances.

Contingent assets

No contingent assets are held.

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Note 33. 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 | |
| Corporate and Community Services | |
| Property & Valuations | Benalla Library |
| Information Systems | Community Services |
| Records Management | Finance |
| Human Resources | Community Development |
| Development and Environment | |
| Waste Management | Benalla Airport |
| Infrastructure Programs | Parks, Gardens and Reserves |
| Property Management | Planning and Environment |
| Benalla Saleyards | Compliance |

(b) Comparison of actual result by functions and activity

| Functions/Activities | Executive Services \$'000 | Corporate and Community Services \$'000 | Development and Environment \$'000 | Total \$'000 |
|--|------------------------------|--|---------------------------------------|-----------------|
| 2013 | | | | |
| Grants | 244 | 4,590 | 5,023 | 9,857 |
| Other | 115 | 12,635 | 3,892 | 16,642 |
| Total | 359 | 17,225 | 8,915 | 26,499 |
| Expenses | 2,866 | 7,135 | 14,567 | 24,568 |
| Surplus/ (deficit) | (2,507) | 10,090 | (5,652) | 1,931 |
| Assets attributed to functions/activities | 15,343 | 10,115 | 185,340 | 210,798 |

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(b) Comparison of actual result by functions and activity (continued)

| Functions/Activities | Executive Services \$'000 | Corporate and Community Services \$'000 | Development and Environment \$'000 | Total \$'000 |
|--|------------------------------|--|---------------------------------------|-----------------|
| 2012 | | | | |
| Grants | 233 | 5,191 | 8,213 | 13,637 |
| Other | 212 | 12,872 | 5,164 | 18,248 |
| Total | 445 | 18,063 | 13,377 | 31,885 |
| Expenses | 2,993 | 9,303 | 13,735 | 26,031 |
| Surplus/ (deficit) | (2,548) | 8,760 | (358) | 5,854 |
| Assets attributed to functions/activities | 15,298 | 10,077 | 182,149 | 207,524 |

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

Note 34. 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 Peter Dunn | 1 July 2012 to 15 January 2013 Mayor 1 July 2012 to 26 October 2012 |
| Councillor Barbara Alexander | 1 July 2012 to 30 June 2013 Mayor 31 October 2012 to 30 June 2013 |
| Councillor Ellen Crocker | 6 February 2013 to 30 June 2013 |
| Councillor Peter Davis | 1 July 2012 to 30 June 2013 |
| Councillor Donald Firth | 1 July 2012 to 26 October 2012 |
| Councillor Campbell Griffin | 1 July 2012 to 26 October 2012 |
| Councillor Ross Jenkins | 31 October 2012 to 22 May 2013 |
| Councillor Justin King | 31 October 2012 to 30 June 2013 |
| Councillor Suzy Martin | 1 July 2012 to 30 June 2013 |
| Councillor Margaret Richards | 31 October 2012 to 30 June 2013 |
| Councillor Andrew Vale | 5 June 2013 to 30 June 2013 |
| Councillor Ken Whan | 1 July 2012 to 26 October 2012 |
| Chief Executive Officer | |
| Tony McIlroy | 1 July 2012 to 30 June 2012 |

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Note 34. Related Party Transactions (continued)

(ii) Remuneration of Responsible Persons

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

| | 2013 Number | 2012 Number |
|---|----------------|----------------|
| < \$10,000 | 6 | 1 |
| \$10,001 - \$20,000 | 5 | 5 |
| \$20,001 - \$30,000 | - | 1 |
| \$40,001 - \$50,000 | 1 | - |
| \$50,001 - \$60,000 | - | 1 |
| \$190,001 - \$200,000 | - | - |
| \$200,001 - \$210,000 | 1 | 1 |
| | \$'000 | \$'000 |
| Total remuneration for the year for responsible persons included above amounted to: | 366 | 371 |

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

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

(v) Other transactions

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

(vi) Senior Officers Remuneration

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

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

| | 2013 Number | 2012 Number |
|--|----------------|----------------|
| < \$127,000 | 2 | 2 |
| \$127,000 - \$129,999 | - | - |
| \$130,000 - \$139,999 | - | - |
| \$140,000 - \$149,999 | 1 | 2 |
| \$ 150,000 - \$159,999 | 1 | - |
| | \$'000 | \$'000 |
| Total remuneration for the reporting year for Senior Officers included above, amounted to: | 522 | 506 |

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Note 35. 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 3.4% (0% and 3.4% in 2011/12). The average interest rate at balance date for cash and cash equivalents was 3.75% (5.75% 2011/12). |
| 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. |
| Other Financial assets | 17 | Investments in term deposits with original maturities of three months or more at balance date 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. | The average interest rate at balance date for cash and cash equivalents was 4.14% (5.45% 2011/12). |
| Financial liabilities | | | |
| Trade and other payables | 20 | 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 | 21 | 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 | 23 | 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 5.6% (6.7% 2011/12). |

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Note 35. 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:

| 2013 | 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 | | | | | | | |
| | 15 | 2,090 | 521 | - | - | 2 | 2,613 |
| | 17 | - | 4,991 | - | - | - | 4,991 |
| | 16 | - | - | - | - | 1,614 | 1,614 |
| | | 2,090 | 5,512 | - | - | 1,616 | 9,218 |
| | | 2.24% | 4.11% | n/a | n/a | n/a | |
| (ii) General Payables | | | | | | | |
| | 20 | - | - | - | - | 2,171 | 2,171 |
| | 21 | - | - | - | - | 433 | 433 |
| | 23 | 1,143 | 1,220 | 3,053 | 2,042 | - | 7,458 |
| | | 1,143 | 1,220 | 3,053 | 2,042 | 2,604 | 10,062 |
| | | 5% | 6.1% | 6% | 5.1% | n/a | |
| | | 947 | 4,292 | (3,053) | (2,042) | (988) | (844) |

| 2012 | Notes | Floating Interest Rate \$'000 | Fixed Interest maturing in | | | Non Interest Bearing \$'000 | Total \$'000 |
|------------------------------|-------|-------------------------------|----------------------------|--------------------------|---------------------|-----------------------------|--------------|
| | | | 1 Year or Less \$'000 | Over 1 to 5 Years \$'000 | Over 5 Years \$'000 | | |
| (i) Financial Assets | | | | | | | |
| | 15 | 1,686 | 3,210 | - | - | 2 | 4,898 |
| | 17 | - | 3,096 | - | - | - | 3,096 |
| | 16 | - | - | - | - | 793 | 793 |
| | | 1,686 | 6,306 | - | - | 795 | 8,787 |
| | | 3.3% | 5.6% | n/a | n/a | n/a | |
| (ii) General Payables | | | | | | | |
| | 20 | - | - | - | - | 3,820 | 3,820 |
| | 21 | - | - | - | - | 433 | 433 |
| | 23 | 1,278 | 821 | 2,299 | 110 | - | 4,508 |
| | | 1,278 | 821 | 2,299 | 110 | 4,253 | 8,761 |
| | | 6.4% | 6.6% | 6.8% | 8% | n/a | |
| | | 408 | 5,485 | (2,299) | (110) | (3,458) | 26 |

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Note 35. 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 | | |
|------------------------------|------------------------|---------------|-----------------------|---------------|--------------|
| | 2013 \$'000 | 2012 \$'000 | 2013 \$'000 | 2012 \$'000 | |
| Financial assets | | | | | |
| Cash and cash equivalents | 15 | 2,613 | 4,898 | 2,613 | 4,898 |
| Other financial assets | 17 | 4,991 | 3,096 | 4,991 | 3,096 |
| Trade and other receivables | 16 | 1,614 | 793 | 1,614 | 793 |
| | | 9,218 | 8,787 | 9,218 | 8,787 |
| Financial liabilities | | | | | |
| Trade and other payables | 20 | 2,171 | 3,820 | 2,171 | 3,820 |
| Trust funds and deposits | 21 | 433 | 433 | 433 | 433 |
| Interest-bearing loans | 23 | 7,458 | 4,508 | 7,663 | 4,590 |
| | | 10,062 | 8,761 | 10,267 | 8,843 |

(d) Credit risk

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

(e) Risks and mitigation

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

Market risk

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

Interest rate risk

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

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

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

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Note 35. Financial Instruments (continued)

Council manages the interest rate exposure on its net debt by appropriate budgeting strategies.

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:

| | 2013 \$'000 | 2012 \$'000 |
|------------------------------------|----------------|----------------|
| Current (not yet due) | 1,276 | 665 |
| Past due by up to 30 days | 203 | 38 |
| Past due by between 31 and 60 days | 53 | 7 |
| Past due by more than 60 days | 82 | 83 |
| | 1,614 | 793 |

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Note 35. Financial Instruments (continued)

Ageing of individually impaired trade and other receivables

At balance date other debtors representing financial assets with a nominal value of \$8,000 (2012 \$6,000) were impaired. The amount of the provision raised against these debtors was \$8,000 (2012 \$6,000). 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:

| | 2013 \$'000 | 2012 \$'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 | 8 | 6 |
| | 8 | 6 |

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
- 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.

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Note 35. Financial Instruments (continued)

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

| | 1 year or less \$'000 | 1 to 5 years \$'000 | Over 5 years \$'000 | Contracted cash flow \$'000 | Carrying amount \$'000 |
|------------------------------------|--------------------------|------------------------|------------------------|-----------------------------------|------------------------------|
| 2013 | | | | | |
| Trade and other payables | 2,171 | - | - | 2,171 | 2,171 |
| Trust funds and deposits | 433 | - | - | 433 | 433 |
| Interest-bearing loans | 1,371 | 3,736 | 2,351 | 8,817 | 7,458 |
| Total financial liabilities | 3,975 | 3,736 | 2,351 | 11,421 | 10,062 |
| 2012 | | | | | |
| Trade and other payables | 1,997 | 192 | 1,631 | 3,820 | 3,820 |
| Trust funds and deposits | 433 | - | - | 433 | 433 |
| Interest-bearing loans | 1,226 | 3,419 | 731 | 5,376 | 4,508 |
| Total financial liabilities | 3,656 | 3,611 | 2,362 | 9,629 | 8,761 |

(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 35(b)).

| Market risk exposure 2013 | 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 | 2,090 | (21) | (21) | 21 | 21 |
| Financial Liabilities | | | | | |
| Interest-bearing loans and borrowings | 1,143 | 11 | 11 | (11) | (11) |

| Market risk exposure 2012 | 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 | 1,685 | (17) | (17) | 17 | 17 |
| Financial Liabilities | | | | | |
| Interest-bearing loans and borrowings | 1,278 | 13 | 13 | (13) | (13) |

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Note 36. Financial Ratios

(a) Underlying operating result ratio
(compares Council's underlying operating deficit to its underlying operating revenue)

| | 2013 | 2012 | 2011 |
|--------------------|------|------|------|
| Underlying deficit | 7% | 10% | 9% |
| Underlying revenue | | | |

(b) Indebtedness ratio

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

| | 2013 | 2012 | 2011 |
|-------------------------|------|------|------|
| Non-current liabilities | 36% | 31% | 27% |
| Underlying revenue | | | |

(c) Self financing ratio

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

| | 2013 | 2012 | 2011 |
|---------------------------------------|------|------|------|
| Net cash from operating activities | 13% | 38% | 17% |
| Total revenue (less non-cash revenue) | | | |

(d) Investment gap ratio

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

| | 2013 | 2012 | 2011 |
|---------------------|------|------|------|
| Capital expenditure | 183% | 226% | 182% |
| Depreciation | | | |

Financial Report for the year ended 30 June 2013

Note 36. Financial Ratios (continued)

(e) Debt servicing ratio

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

| | 2013 | 2012 | 2011 |
|----------------------|------|------|------|
| Debt servicing costs | 1.1% | 1.1% | 1.5% |
| Total revenue | | | |

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

(f) Debt commitment ratio

(to identify Council's debt redemption strategy)

| | 2013 | 2012 | 2011 |
|-------------------------------------|------|------|------|
| Debt servicing and redemption costs | 9% | 9% | 10% |
| Total rate revenue | | | |

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

(g) Revenue ratio

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

| | 2013 | 2012 | 2011 |
|---------------|------|------|------|
| Rate revenue | 51% | 42% | 47% |
| Total revenue | | | |

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

Financial Report for the year ended 30 June 2013

Note 36. Financial Ratios (continued)

(h) Debt exposure ratio

(to identify Council's exposure to debt)

| | 2013 | 2012 | 2011 |
|-------------------------|------|------|------|
| Total indebtedness | 35% | 33% | 33% |
| Total realisable assets | | | |

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

Any liability represented by a restricted asset (note 28) is excluded from total indebtedness.

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

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

(i) Working capital ratio

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

| | 2013 | 2012 | 2011 |
|---------------------|------|------|------|
| Current assets | 165% | 175% | 142% |
| Current liabilities | | | |

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

Note 37. Events occurring after the reporting date

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

Financial Report

for the year ended 30 June 2013

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
18 September 2013

In our opinion the accompanying financial statements present fairly the financial transactions of Council for the year ended 30 June 2013 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.

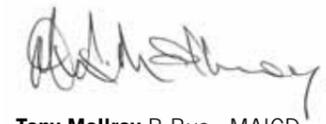
We have been authorised by Council on 18 September 2013 to certify the financial statements in their final form.



Mayor Cr Barbara Alexander
18 September 2013



Cr Suzy Martin
18 September 2013



Tony McIlroy B.Bus., MAICD
Chief Executive Officer
18 September 2013

Financial Report

for the year ended 30 June 2013



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 2013 of the Benalla Rural City Council which comprises comprehensive income statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of the significant accounting policies and other explanatory information, and the certification of the financial report has been audited.

The accompanying standard statements for the year ended 30 June 2013 of the Council which comprises standard comprehensive income statement, standard balance sheet, standard cash flow statement, standard statement of capital works, the related notes and the certification of the standard statements have been audited.

The Councillors' Responsibility for the Financial Report and Standard Statements

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

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

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

Auditor's Responsibility

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

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

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

Financial Report

for the year ended 30 June 2013

Independent Auditor's Report (continued)

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

Independence

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

Opinion

In my opinion:

- (a) the financial report presents fairly, in all material respects, the financial position of the Benalla Rural City Council as at 30 June 2013 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*
- (b) the standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in Note 1 to the statements and the requirements of the *Local Government Act 1989*.

Basis of Accounting for Standard Statements

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

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

This auditor's report relates to the financial report and standard statements of the Benalla Rural City Council for the year ended 30 June 2013 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
20 September 2013


John Doyle
Auditor-General



