



Annual Report

13-14

Benalla Rural City Council
enjoy the lifestyle



Our vision

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

Our purpose

Through leadership and quality service, we will seek to meet the needs and aspirations of our entire community with a focus on thoughtfully planned growth to maintain and enhance the high amenity and character of our 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.

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2013-2014 in summary



How to use this report

Welcome to the Benalla Rural City Council Annual Report for 2013-14.

This report presents a snapshot of significant events and achievements for the past year, and describes how the Council is achieving the objectives of the Council Plan 2013-17. It also explains changes in the organisation and presents the financial performance compared to the budget for 2013-14.

Pages 2-9

2013-2014 in summary

Read this section to get a quick general overview of the year.

Pages 10-27

About Benalla Rural City Council

Read this section to understand how the Council operates.

Pages 28-61

Council working for the community

Read this section to follow how the work of the Council matches the goals set out in the Council Plan 2013-2017.

Pages 62-132

Financial statements

This section contains our auditors' reports and financial and performance statements.

Building a better Benalla

Highlights from the Capital Projects Program for 2013-14

Civic Centre, Customer Service Centre, Sir Edward 'Weary' Dunlop Learning Centre



Other capital projects

- Completion of Urban Growth Project - \$4.42 million.
- Installation of commercial kitchen at the town hall and back-of-house improvements - \$440,000.
- Significant progress on the Swanpool Community Project - \$377,000.
- Commencement of the Tatong Community Hub - \$384,000.
- Commencement of the refurbishment of the Benalla Performing Arts and Convention Centre.



Roads and bridges

Work on roads and bridges for 2013-14 includes:

- Completed condition survey of 535km of sealed roads and detailed inspections for 32 bridges.
- Preparation and reseal of 36km of the sealed road network - \$268,262.
- 1,433 defects identified and rectified through inspections of roads, footpaths and bridges.
- Graded 521km out of 777km of unsealed roads - \$155,779.
- Graded 106km out of 535km of sealed road shoulders - \$22,733.
- Completion of 1.5km of pavement rehabilitation and sealing on North Road - \$406,000.
- Replacement of 88 lineal metres of kerb and channel to improve drainage in various locations throughout Benalla, including Quantril Avenue and Carrier Street - \$17,600.
- Installation of a raised pedestrian crossing in Wedge Street to improve the safety of school children by slowing vehicles moving through the school precinct - \$18,750.
- Replacement and reconstruction of bridges on Four Mile Road (\$141,000) and Baines Lane (\$153,000).
- Works on reshaping, re-sheeting and asphaltting on Tiger Hill Road, Tatong, Knight Road, Whitegate, Devenish/Wangaratta Road, Samaria Road - \$16,600.
- Treatment of 557km of road shoulders for weeds together with all urban drains and east and west main drains - \$14,743.



Capital grants received in 2013-14

	2014 \$'000	2013 \$'000
Airport Masterplan	99	-
Benalla Performing Arts Centre refurbishment	213	-
Blackspot project	-	75
Country roads and bridges initiative	1,000	1,000
Enterprise Park	135	-
Project feasibility planning	300	-
Former Shire offices refurbishment	43	-
Flood restoration projects	-	13
Natural disaster relief	502	645
Roads to Recovery	874	539
Sir Edward 'Weary' Dunlop Learning Centre and Customer Service Centre project	439	682
Skate Park redevelopment	-	200
Tatong revitalisation	113	-
Town hall restoration project	30	270
Swanpool revitalisation	243	-
Other	37	37
Total	4,028	3,461

Project highlights

July

- Benalla Rural City celebrates NAIDOC Week from 7–14 July 2013.

August

- Annual budget adopted.
- Meals on Wheels celebrates its 60th birthday in Australia, and 45 years in Benalla.
- Council urges residents to “Get It Right on Bin Night.”
- Who What Where Benalla website gives residents free and easy access to information about local services, groups and clubs.

September

- Funding of \$237,000 from Victorian Government is announced for BPACC refurbishment.
- Entry forms are made available for Benalla Nude art prize.

October

- Information session held on eradicating Indian Myna birds.
- The Civic Centre car-park is turned into a chalk gallery of indigenous-inspired art for Children’s Week.
- The businesses of Benalla participated in the Tourism North East Cycle Salute with brightly themed window displays.
- Benalla Rural City considers land use with a review of the draft planning scheme.
- Rare trees and the refurbishment of the children’s playground feature in the Benalla Botanical Gardens review.
- Cr Alexander is elected Mayor for another year.

November

- Creating Community Connections Expo engages volunteers and strengthens community engagement.
- Fred Williams’ *The Pilbara* exhibition opens at the Benalla Art Gallery.
- The Governor of Victoria, His Excellency the Honourable Alex Chernov AC QC, visits the Rural City of Benalla for a two-day tour.
- Benalla Rural City representatives participate in White Ribbon Day.
- Benalla Rural City Council’s planning process is reported as ahead of rural average again.
- BPACC launches its 2014 theatre season and its tenth year of artistic programming.
- Benalla’s Taskforce for the Future impresses Indi MP.

December

- Benalla residents are urged to close the gate on pool drownings.
- Council reminds community to tidy gardens to be fire safe through summer.





January

- Victorian Government funding announced for Tatong Community Hub and Swanpool Memorial Hall and Cinema redevelopment.
- BPACC hosts free movie sessions to help locals cope with the heatwave.
- The Essendon AFL team hit Benalla for an AFL training camp.
- Feasibility study announced for the aquatic centre redevelopment.

February

- Benalla Rural City Council opens its new Customer Service Centre in Bridge Street.
- Benalla farmers get on the front foot to determine the future in farming at a special forum.

March

- The Council announces a bike and walking path to connect Benalla to Winton Wetlands.
- The Benalla Nude 2014 short list is announced.
- Juan Davila wins the Benalla Nude 2014 \$50,000 art prize.

April

- V8 Supercar Drivers make an appearance ahead of the Winton Motor Raceway Supercars event.
- Benalla amazes tree-changers at the Victorian Regional Living Expo.
- Crowds flock to Benalla Nude 2014 opening.
- Benalla Rural City Council Plan review shows good progress.
- \$100,000 funding is received for the Benalla Airport masterplan.

May

- The Benalla CBA Car Parking Precinct Plan and amendment C10 is adopted.
- The draft Annual Budget 2014-15 is released for public comment.
- The revamped Benalla Art Gallery Shop opens and supports local artists.
- Classic, veteran and vintage vehicles hit the road for Historic Winton.
- Council says thank you to volunteers with a movie and afternoon tea at BPACC.
- Benalla hosts Regional Open Day visitors
- Landfill Cell construction commences.
- Council awards more than \$60,000 in community grants.

June

- The Council begins distributing free domestic asbestos removal kits to promote safe renovation.
- New Civic Centre almost completed.

Financial summary

The Council has an obligation to manage spending within budgetary guidelines. The Council budget is set at the beginning of each financial year. For a full set of financial reports, performance report and standard statements please see page 62.

The underlying operating result for the year ended 30 June 2014 was on budget after excluding non-reoccurring items.

Finances

Financial snapshot	2013/14 \$'000	2012/13 \$'000	2011/12 \$'000
Total revenue	\$26,074	\$26,499	\$31,809
Total expenses	\$26,541	\$24,568	\$25,955
Surplus/(deficit)	(\$467)*	\$1,931	\$5,854
Net current assets	122%	165%	175%
Total assets	\$219,702	\$210,798	\$207,524
Total liabilities	\$14,793	\$14,295	\$12,973
Net assets	\$204,909	\$196,503	\$194,551
Rates	\$14,113	\$13,449	\$13,307
Rates/total revenue	54%	51%	42%
Indebtedness (non-current liabilities/ own-sourced revenue)	47%	50%	45%
Capital projects	\$6,474	\$6,526	\$8,033

* The deficit is largely due to the change in the accounting treatment relating to the landfill rehabilitation provision, and the Swanpool and Tatong community projects.



About the municipality

At a glance

Population*

13,653

Approximately 4,500 live outside the urban area.

The median age is 46, higher than the regional average of 41.

The unemployment rate is 4.9%, lower than the regional average of 5.2%.

Median mortgage payments are \$1200, lower than the regional average of \$1300.

Area

235,059 hectares, covering 41 localities.

Climate

Benalla Rural City enjoys a temperate climate. Its warm dry summers have an average maximum of 31°C, and its cool winters have an average daily minimum of 3°C.

Localities

There are 41 localities in Benalla Rural City, including the townships of Benalla, Baddaginnie, Devenish, Goorambat, Swanpool, Tatong, Thoona and Winton.

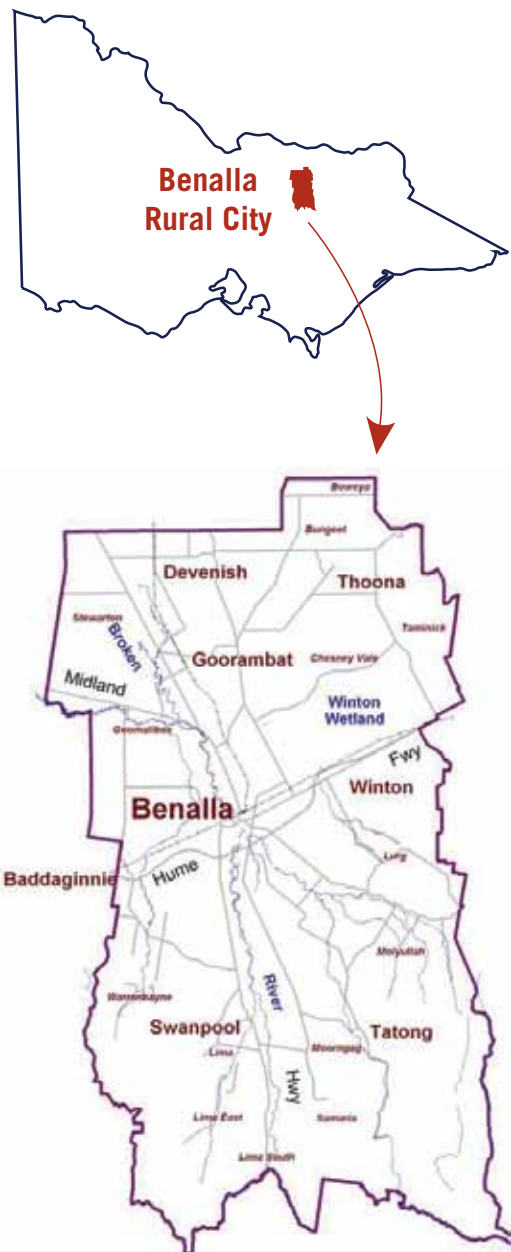
Location

Benalla Rural City is located approximately 193km north-east of Melbourne, an easy two hour drive up the Hume Freeway and a popular stop-over for travellers.

Rateable properties

7,749, up 35 from 2012-13, including 3 new business and 25 new residential rateable properties.

** Statistics from 2011 National Census data*



Around **1/3** of the residents of Benalla Rural City live outside the urban area.



Our people

Benalla Rural City is a diverse and welcoming community, with the proportion of people born outside Australia rising by 4.9% in the 2011 Census period compared to 2006. The median age of our residents is slightly higher than average, at 46 compared to the regional average of 41. Residents of Benalla Rural City volunteer at higher rates than average for Victoria, and are heavily involved in all areas of community living, from delivering Meals on Wheels, to assisting with art exhibitions, to managing recreational facilities.

Our places

Rural townships

With around one third of the population living outside the urban area, the rural townships have established their own distinct identities.

- Swanpool is famous for the 1950s style Swanpool Cinema, and more recently the Bald Archies exhibition.
- Thoona is renowned for the Thoona Pub and its hearty country meals, and the annual wheelie bin races.
- Tatong boasts a beautifully restored English-style country pub, a monthly market, and popular cycling terrain. It is also the home of Max's Paddock, some of the finest accommodation in the municipality.
- Baddaginnie has recently reopened its op shop and has a strong community spirit.
- Devenish features the Railway Hotel, an agricultural museum, and picturesque picnic grounds in Bicentennial Park.
- Winton is the home of the Winton Motor Raceway, a venue for many major events on the national motoring calendar as well as extensive land restoration projects in the surrounding rural area.



It is an easy drive from Benalla to several wineries in the north east and many local attractions including Glenrowan, the site of Ned Kelly's last stand, and the Rail Trail in Mansfield.

Natural attractions

Benalla Rural City is fortunate to have in its boundaries the Mt Samaria State Park, and the Reef Hills State Park, which has 2000 hectares of eucalypt forests, picnic areas and walking and cycling tracks.

The Winton Wetlands, re-established after the decommissioning of Lake Mokoan in 2009, are an increasingly important natural feature of the municipality. Described as the largest wetland restoration project in the southern hemisphere, plans include the development of facilities to provide wetland education, research, best-practice natural resource management, and nature-based tourism activities and recreation. The Winton Wetlands are managed by the Winton Wetlands Committee of Management Inc, appointed by the Victorian government.

Lake Benalla – an iconic feature of the town of Benalla – is an artificial lake surrounded by a 5km walking track that takes visitors through a range of environments, from natural bushland to the manicured landscape of the Benalla Botanical Gardens.



Our lifestyle

Lake Benalla, the Benalla Botanical Gardens and riverine parklands, walking paths, an attractive and vibrant centre, and world-class arts and culture facilities are key features of our lifestyle and amenity.

Our rural city offers exciting recreational and cultural opportunities including our aquatic centre, indoor recreation centre, the Benalla Art Gallery and the Benalla Performing Arts and Convention Centre.

Benalla's educational facilities cover every stage of education, including kindergarten, both public and private primary and secondary schools, and the Goulburn Ovens Institute of TAFE.

Health needs are well covered with the Benalla Hospital and Community Care Centre, and a wide range of allied health professionals.

Benalla Rural City is home to a host of sporting clubs and facilities, including the Winton Motor Raceway and the State Gliding Centre, and 24 recreational parks and reserves.

The municipality is also serviced by the Benalla Airport.



24 – the number of public recreation reserves and parks in Benalla Rural City.

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 (Australian Munitions), 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.



From the Mayor and CEO

Message from the CEO

The 2013-14 year will go down in the history of Benalla Rural City as one of significant achievement in enriching conditions and lifestyle in Benalla and placing the Rural City at the leading edge in presenting a very attractive alternative in Regional Victoria.

10-Year Forward Financial Plan

I am pleased to provide an overview of the 2013/14 financial year, the final year in the Council's first 10-Year Forward Financial Plan. Partnership projects totaling \$24.290m have been completed in the ten-year period and attracted \$18.994m of funding from external sources. This means that for every Council \$1 spent, \$3.60 has been received from other sources. In the same period \$44.195m has been directed to road maintenance and construction (refer to appendix partnership projects).

The Council's revenue target from rates and charges fell short by 5.7% over the ten-year period, which in today's terms is \$804,156. This is primarily due to the Council decision to pull back in the 2007-08 financial year due to difficult drought conditions in the region. This means the Council continues to carry an underlying deficit, which is budgeted to be \$1.165m in the 2014-15 financial year.

Building a better Benalla

In the last three years Benalla Rural City has achieved unprecedented success on a state-wide basis in attracting Federal and State Government capital projects funding. The Civic Precinct Revitalisation Project portrays a three-way partnership of all levels of government in Australia through a range of funding commitments as detailed below.

The addition of a new Learning Centre, Customer Service Centre and a refurbished Civic Centre to a wonderful range of community facilities places Benalla at a competitive advantage in regional Victoria in terms of future population growth.



The Customer Service Centre at 1 Bridge Street, Benalla, opened in February 2014 with the refurbished Civic Centre in Mair Street, Benalla, anticipated to be completed in August 2014, and the Sir Edward 'Weary' Dunlop Learning Centre expected to open in October 2014.

What is most satisfying to the Council is that these projects will be achieved without borrowing funds or increasing rate revenue beyond the Council's 10-Year Forward Financial Plan target levels.

In summary the project has received the following injection of funds which includes the Council's acquisition of property 1 Bridge Street, Benalla, from Australia Post (\$1.3m).

Federal Government	\$1.314m
State Government	\$2.244m
Benalla Rural City Council	\$2.492m
Total	\$6.050m

Partnership projects totaling **\$24.29m** have been completed in the last ten-year period.



Civic Precinct Revitalisation Project

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

**Excludes acquisition of 1 Bridge Street.*

The landscape and lifestyle characteristics of Benalla and its surrounding district together with an aquatic centre, indoor recreation centre, community care centre, regional art gallery and performing arts and convention centre and our urban and business growth potential, present a most comprehensive package to people and business considering relocation.

Community satisfaction

The 2014 state-wide Community Satisfaction Survey conducted independently on behalf of the State Government resulted in Benalla Rural City recording an overall performance rating of 55 against a statewide average of 61. This signifies room for improvement, however compared to the 2013 survey, we improved in 17 of the 20 key performance areas with ratings of 60 or better in the following areas:

	2014
Appearance of public areas	77
Elderly support services	76
Family support services	72
Waste management	72
Recreational facilities	69
Community and cultural	69
Emergency and disaster management	69
Traffic management	68
Disadvantaged support services	66
Parking facilities	64
Environmental sustainability	60

In response to the question: “What does Benalla Rural City Council **most** need to do to improve its performance?”, business development and sealed road maintenance rated the highest.

Financial management

The Council continues to enjoy a low-risk sustainability rating by the Auditor General Victoria and we will record an operating deficit of \$467,000 for the year ended 30 June 2014. For the full details of the financial report refer to page 62.

Council governance

This annual report reviews the second year of the current Council term and the elected Council can be proud of its achievements over the term so far. The Council has provided strategic direction in a stable environment.

The year under review will be singled out as one of great vision in the history of Benalla Rural City Council with three major projects under construction through the Civic Precinct Revitalisation Project.

Advancing Country Towns Program

Established in July 2011, the Advancing Country Towns Program is a Victorian Government-funded initiative to improve the quality of life for regional Victorians and reduce disadvantage. The project has delivered four project initiatives:

- Education readiness – families and early years (Fair Start)
- Service integration and accessibility (Super Services)
- Job readiness and aspirations (Job Readiness)
- Business and employment diversity (Benalla Business and Tourism Growth)

See the “our community” section on pages 29 to 30 for further information on this initiative.

Project planning

The 2013-2017 Council Plan provides that project planning be undertaken in respect of the following projects in anticipation of the next Council coming into office in October 2016 being in a position to strategically and financially consider the project priorities:

- Benalla Aquatic Centre redevelopment
- Business Growth (Enterprise Park) subdivision
- Benalla Airport redevelopment
- Benalla Visitor Information Centre Redevelopment
- Benalla Regional Art Gallery Master Plan development



I am pleased to report that project steering committees for each project were established in the first half of the financial year and significant progress is being made towards the October 2016 ‘shovel-ready’ deadline.

I commend the Council for its vision and thank it for its ongoing confidence, and the support of the leadership team.

A handwritten signature in black ink, appearing to read 'Tony McIlroy'.

Tony McIlroy
CEO

Message from the Mayor

The last year has been a very busy one for Benalla Rural City Council with our major projects either being completed or very near completion. We have had a complex array of items of business set before us and have been able to make our decisions based on our individual experiences and our collective view of what is best for Benalla Rural City. We have a strong team approach and we are a very stable Council which enables us to focus on our vision for the future and better outcomes for all residents and ratepayers.

This year we reviewed our Council Plan and noted our achievements against the Plan's outcomes, some of which included:

- The completion of the Customer Service Centre and the near completion of the Civic Centre in Mair Street.
- Engaging with our outlying communities and bringing them together to discuss projects they may be interested in pursuing, especially the Winton community and the projects they have highlighted.
- As part of the fourth initiative under the Advancing Country Towns project, local business people, government representatives and others who have an interest in economic development and tourism provided their expertise and contributed to robust discussion to develop our Economic Development and Tourism Strategy.
- Our Benalla Regional Art Gallery had two wonderful exhibitions – the Fred Williams' Exhibition and the Benalla Nude competition, which resulted in approximately 15,000 visits to the art gallery and a noticeable increase in traffic in the retail sector.
- We have had more than 100 business enquiries throughout the year and had several businesses start up in Benalla Rural City.
- We have set up our project control groups to enable Benalla Rural City Council to have plans shovel ready for the next Council to adopt if it wishes, which include the Benalla Airport Master Plan, the Benalla Aquatic Centre Redevelopment Plan, the Visitor Information Centre Development Plan and the Enterprise Park Business Growth Project. We have also included the Benalla Art Gallery Master Plan.



We have had many other achievements that have contributed to the vibrancy of our rural city. This all would not happen unless we had our eye on the ball, dedicating our time and effort to provide for our community now and into the future. I thank my Council colleagues, CEO and the Council staff who all work together tirelessly to provide good service, outstanding facilities and a sense of cohesion for Benalla Rural City.

Cr Barbara Alexander AO
Mayor

How the Council works

Accountability

Like all councils in Victoria, Benalla Rural City Council operates under the *Local Government Act 1989*. The act provides a strict legislative framework with which councils must comply, and they are accountable to the Victorian Government through the Minister for Local Government under the Department of Transport, Planning and Local Infrastructure.

Councils must report regularly to the Victorian Government and are also audited annually by independent auditors (see page 19 – Audit Advisory Committee). The Local Government Inspectorate and the Independent Broad-Based Anti-Corruption Commission (IBACC) are bodies that have been set up by the Victorian Government to ensure that local governments act properly and with integrity.

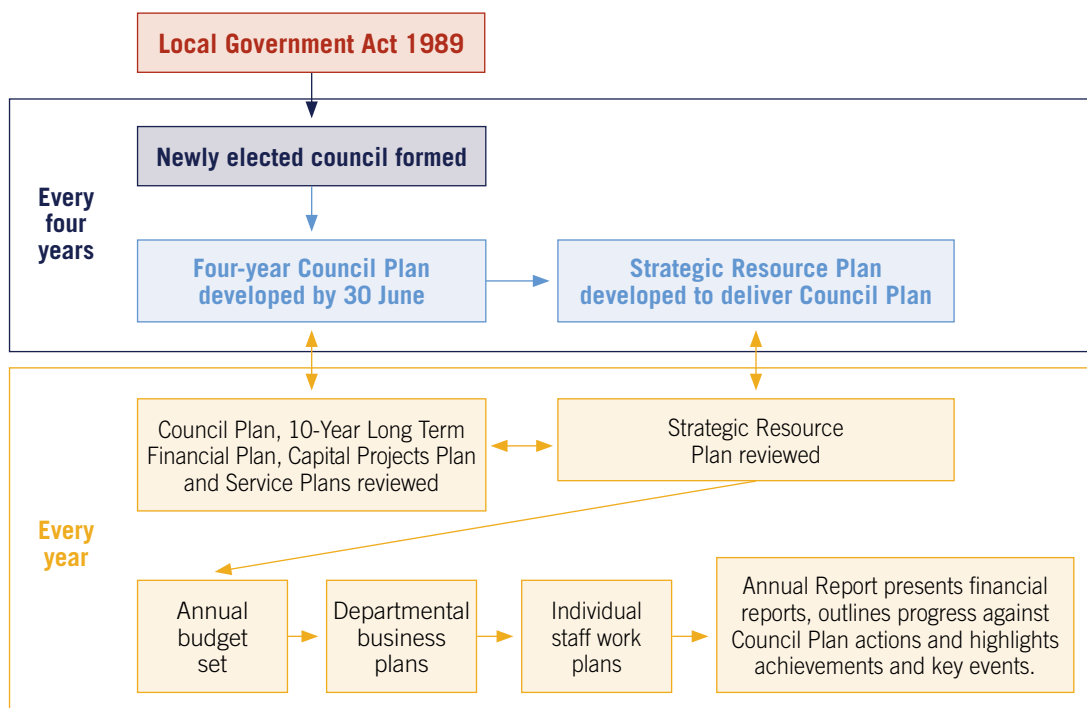
Benalla Rural City Council puts corporate governance systems in place to ensure the organisation:

- 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; and,
- engages with and advocates for our community as partners in the ongoing growth and development of Benalla Rural City where lifestyle, culture and safety are important.

Getting the job done

The Council, which is democratically elected every four years, meets regularly to make decisions that are informed by consultation with the community. These decisions are implemented by Council staff. The CEO is the only member of staff directly employed by the Council. All other staff are employed by the CEO under delegated authority from the Council.

The following framework is how the Council determines the community's priorities and then ensures they are implemented as far as possible.



Your elected representatives



Mayor
Cr Barbara Alexander AO
First elected: November 2008
Re-elected: October 2012



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

Council committee system and meeting cycle

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

Meeting type	Purpose
Business Review Forum	Information briefing for Councillors and management (not open to the public).
Planning and Development Committee	This committee considers all matters relating to strategic and statutory planning and associated matters, city infrastructure 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	Considers all governance and financial matters, social and cultural development and matters relating to the operation of Council's organisational administration. Membership: all Councillors. Quorum: a majority of the members.
Council	The Council meeting adopts, rejects or modifies recommendations from the committees and deals with other items. Issues may be debated further 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.

Council advisory committee	Purpose of committee
Audit Advisory Committee	An independent advisory committee, that assists the 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	Assists in the coordination of Australia Day celebrations.
Benalla Airport Advisory Committee	Assists Council in the management and operation of the Benalla Airport.
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.
Benalla Festival Advisory Committee	Manages the Benalla Festival and makes recommendations to Council about 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 assist in the management and operation of the Benalla Equestrian Centre and associated racecourse reserve land.
Communications Advisory Committee	Oversees Council communications and corporate publications.
CEO Performance Matters Advisory Committee	Regularly reviews the performance of the Chief Executive Officer and the organisation and to set performance targets for the Chief Executive Officer in accordance with the Council Plan.

55 – the number of committees in Benalla Rural City that have Councillor representatives.

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 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 Rita HP Ruyters	GradDipBus(Acc), GCP (Acc)	Has extensive experience and working knowledge in financial management accounting in the not for profit sector. Holds a Graduate Certificate in Professional Accounting. Executive Certificate in Corporate Governance and is a Fellow of the Institute of Public Accountants.
Mr John Stapleton	BBus	Currently the Business Support Manager at VicRoads in Benalla and has in excess of 20 years' experience working in government, primarily in the financial and business area. Has 20 years' experience as a volunteer treasurer to sporting clubs and associations in the Benalla area.
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 2013-14 financial year there was a quorum for each Audit Advisory Committee meeting, where the appointed Chair presided. Attendance of AAC members for the 2013-14 meeting schedule is as follows:

	July 2013	August 2013	December 2013	March 2014
Wayne Neylon, Chair	✓	✓	✓	✓
Rita HP Ruyters	✓	✓	✓	✓
John Stapleton	✓	✓	✓	✓
Jo Wise	✓	✓	✓	
Cr Barbara Alexander, Mayor	✓	✓	✓	✓
Cr Suzy Martin, 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; and,
- 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; and,
- review of financial statement.

Victorian Local Government Indicators

for the year ended 30 June 2014

How we have performed

The Victorian Local Government Indicators are a standard set of markers that all councils are required to measure and report on each year. The indicators aim to establish clearly defined benchmarks that 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.

Category	Indicator	2014	2013	2012
Overall performance	Community satisfaction rating for overall performance generally of Council	55%	48%	57%
Advocacy	Community satisfaction rating for Council's advocacy and community representation on key local issues	53%	47%	54%
Community consultation	Community satisfaction rating for Council's community consultation and engagement	51%	48%	54%
All rates	Average rates and charges per assessment	\$1,801	\$1,736	\$1,725
Residential rates	Average residential rates and charges per assessment	\$1,516	\$1,450	\$1,468
Operating costs	Average operating expenditure per assessment	\$3,358	\$3,170	\$3,365
Capital expenditure	Average capital expenditure per assessment	\$826	\$842	\$1,041
Infrastructure renewal	Ratio of current spending on capital renewal of existing infrastructure assets	121%	103%	81%
Infrastructure renewal and maintenance	Ratio of current spending on capital renewal of existing infrastructure assets plus current spending on maintenance	113%	102%	88%
Debts	Average liabilities per assessment	\$1,814	\$1,789	\$1,626
Operating result	Operating result per assessment	(\$60)	\$249	\$759

Legislative reporting

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.

Examples of how Council gave effect to the Best Value Principles during the 2013/14 financial year included:

- Completion of major projects, including Stage 3 of the Benalla Urban Growth project, Customer Service Centre and Benalla Civic Centre.
- Community consultation associated with the development of the *Benalla Rural City Early Years Plan*.
- Appointment of a Rural Access Worker.
- Participation in the 2014 Local Government Community Satisfaction Survey.
- Project steering committees, which included community representatives, established for a variety of redevelopment projects, including the Benalla Aquatic Centre, Benalla Airport and Benalla Visitor Information Centre.

Protected Disclosure Act 2012

The *Protected Disclosure Act 2012* protects persons from detrimental action in reprisal for disclosures about improper conduct by public bodies and public officers.

No disclosures under the *Protected Disclosure Act 2012* were made in 2013/14.

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, to people in care relations 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.

Documents for public inspection

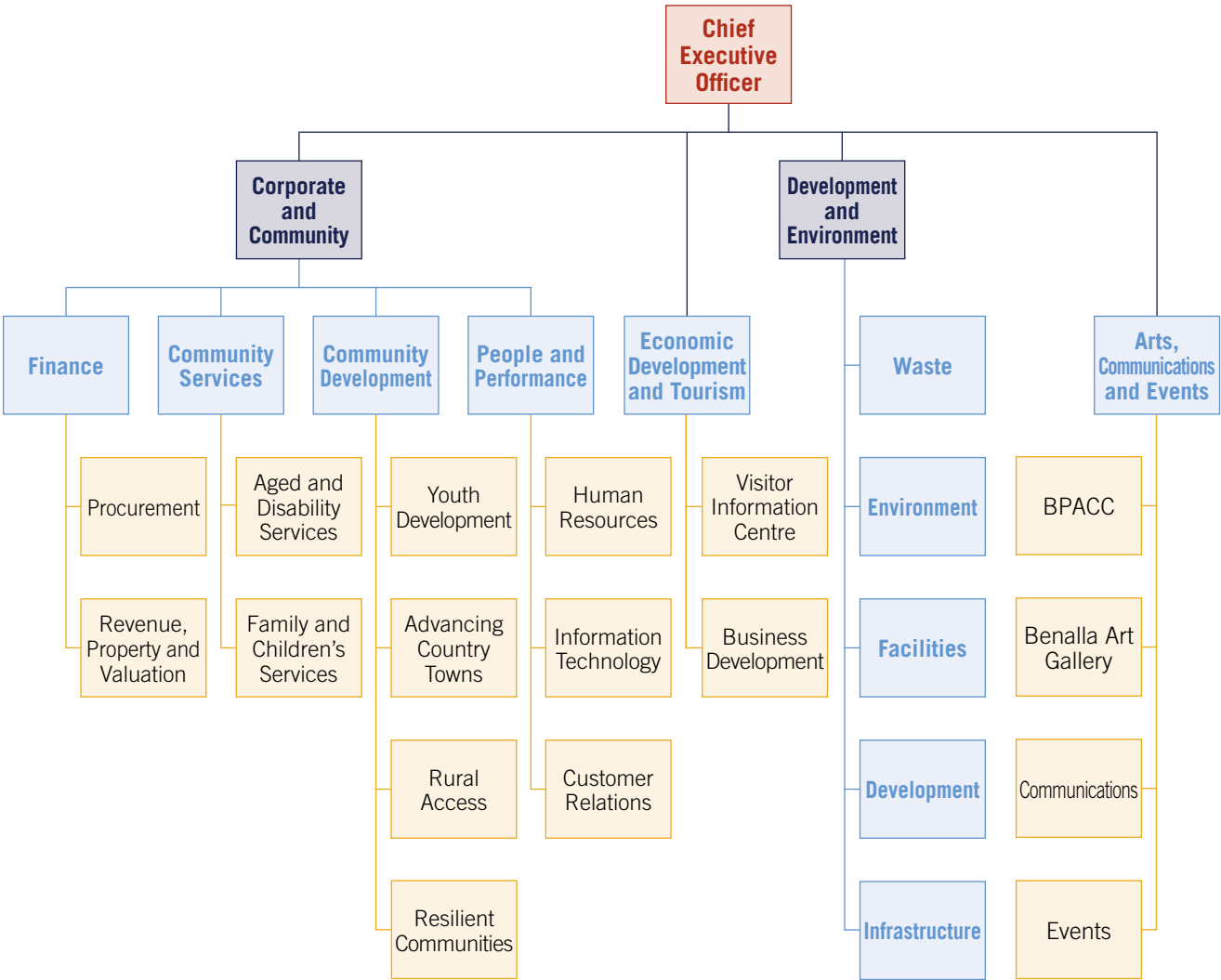
Listed below are documents available for public inspection pursuant to Section 11 of the Local Government (General) Regulations 2004. In accordance with Section 222 of the *Local Government Act 1989* inspection of these documents can be arranged by contacting the Governance Officer on 5760 2645.

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

Organisational structure

The Benalla Rural City Council is structured to deliver the broad range of services and infrastructure required by the community. It is focused on economic development, community services, infrastructure maintenance and development, tourism and community development, and a broadening of arts and culture.

Council staff operate in a number of facilities, including the Customer Service Centre, the Civic Centre, Community Care, the Council Depot, the Benalla Art Gallery, and the Benalla Performing Arts and Convention Centre.



Council operations by department



Community Development

The Community Development Department engages with the community to strengthen capacity, increase resilience and to develop and promote Benalla's liveability. Major functions include:

- Coordinating the Council's Community Support Program;
- Improving access and inclusion;
- Youth development programs, initiatives and advocacy;
- Community liaison with a focus on building resilience in small rural communities;
- Community skills development through workshops, forums and community events; and,
- Working collaboratively to address disadvantage and improve service coordination.

The Community Development Department comprises seven staff (4.6 EFT) and includes the following State Government funded programs - Advancing Country Towns Project, Transport Connections Innovation Fund Project, Building Inclusive Communities Program, Resilient Community Program, FReeZA Program and the Rural Inclusion Project.



Community Services

The Community Services Department comprises of Aged and Disability Services and the Family and Children's Services. The department has 22.7 equivalent full-time positions, with 50 staff and 20 contractors.

Aged and Disability Services contribute to the continued independence of the frail aged, and younger people with disabilities and their carers, by providing support within the community and in the home environment.

Programs that make up this part of the department are:

- Home and Community Care assessment services;
- Domestic support;
- Personal care;
- Respite care;
- Home maintenance;
- Home modifications;
- Food services (Meals on Wheels);
- Social support (planned activity groups); and,
- Community transport.

Family and Children's Services contribute to the promotion of health and well-being of Benalla's families, focusing on prevention and the early detection of physical, emotional and social factors affecting children and their families. Programs that make up this part of the department are:

- Maternal Child Health;
- Enhanced home visiting service;
- Family Day Care;
- In-home Family Day Care;
- Family services; and,
- Family liaison.

People and Performance

The People and Performance department strives to provide a responsive customer-focused service to all Council staff to support them in delivering their programs and services. The department comprises 9.4 equivalent full-time positions, with 11 staff and includes the following areas:

- **Customer relations** - provides courteous and efficient customer support to internal and external customers in the areas of customer service and administration.
- **Human resources** - responsible for training and development, recruitment and selection, staff induction, delivering sound advice on all industrial relations matters, Workcover claims management and return to work coordination.
- **Payroll** - coordinates the maintenance of the payroll database and for the provision of administration support and processing of wages and salaries in accordance with the relevant industrial awards and workplace agreements.
- **Risk management** - coordinates, monitors and provides professional advice about risk management, including occupational health and safety.
- **Records** - develops, implements and monitors the Council's records management frameworks, including the management of the Council's customer request management and electronic document management systems.
The Records Department also ensures organisational compliance to various State and Local Government acts including the Privacy Act and Freedom of Information Act.
- **Information systems** - develops, maintains and supports the Council's information and communication technology systems, providing support to all system users including:
 - Maintaining and improving IT infrastructure;
 - Providing customer service and support to all users across all BRCC sites; and,
 - Establishing and implementing strategic business plans and policies for IT.

Economic Development and Tourism

The Economic Development and Tourism Department strives to make Benalla a great place to base a business.

The department provides a range of business services to support new and expanding businesses, investment attraction and tourism.

The department is a conduit to new opportunity. Businesses are connected with the Benalla Business Network and State and Commonwealth Government business services.

The department works broadly across Council to support maximising the economic benefits for all local businesses. Business owners are provided with:

- Access to appropriate departments from the initial enquiry to ensure they have access to all the regulatory information required;
- Regular updates on how to connect with events and exhibitions;
- Information distribution on business seminars and business networking events; and,
- Information on how to secure government contracts and procurement processes.

The department staff work with the Council planning team to ensure appropriately zoned land is available for investment.

The department is also responsible for managing the Visitor Information Centre.

The department comprises 3.5 equivalent full-time positions and four staff.

Finance

The Finance Department ensures the long-term financial sustainability of Council through informed and transparent financial decision making. The primary functions of the department are:

- Financial reporting and planning;
- Revenue, property and valuations;
- Procurement;
- Accounts payable;
- Accounts receivable; and,
- Fleet.

The department comprises 5.5 equivalent full-time positions and six staff.

Development and Environment

The Development and Environment Unit provides advice and support to the Council and the community about the environment, sustainability and natural resource and waste management, as well as representing Council in various networks.

The Development Department provides a broad range of development services to the residents and ratepayers of the municipality. It frequently provides services to prospective new residents and to developers.

The Development Department is responsible for services such as town planning, land use studies, environmental health matters, building services, domestic animal management, school crossing safety, parking and the enforcement of local and state legislation.

The Infrastructure Department delivers three key functions:

- **Operations** – the delivery of maintenance services to meet the Council's responsibilities under the Road Management Act and the coordination of staff and resources to respond to emergency situations.
- **Asset Management** – delivering best practice asset management in accordance with the MAV STEP Guidelines.
- **Engineering** – the delivery of civil engineering reports that analyse the Council and community developments, and capital projects identified in the Council's Capital Projects Program.

The Facilities Department manages the strategic and operational management of key Council assets and covers a broad range of functions including parks, gardens and reserves, maintenance and capital works on Council buildings and grounds, recreation and open space management and planning, emergency management and Geographical Information Systems.

Arts, Communications and Events

The Arts, Communications and Events Department contributes to the liveability and community life within Benalla as well as economic activity and tourism through providing services, events and facilities within the management of the:

- Benalla Art Gallery;
- Benalla Performing Arts and Convention Centre;
- Communications;
- Events; and,
- Library Services.

The department comprises 9.5 equivalent full-time positions and 12 staff.



Our community

We are committed to building a healthy, active, safe and socially connected community that offers opportunities for people of all ages, backgrounds and abilities to participate in community life.



How the Council works

We plan our programs so that community needs are responded to and met through the efficient and effective delivery of customer service, information, and key infrastructure and community services.

Our rural community

The Council continues to fund a Rural Outreach Worker Ivan Lister one day a week to listen to people's concerns, provide social support for families and assist people in having their opinions heard. Ivan provides a valuable link between community members and various support services such as Centrelink and Community Health.

The Council also appointed a Resilient Community Program Coordinator in March 2014 through funding received from the Victorian government. The Local People Making Local Solutions Project focuses on assisting four small rural communities to build their resilience in order to better prepare for, respond to, and recover from disaster.

300 – the approximate number of visits undertaken over the last 12 months by the Rural Outreach Worker.

320 – the number of people who attended a two-day Bridges Out Of Poverty training workshops between 2011 and 2014.

Advancing Country Towns

Established in July 2011, the Advancing Country Towns (ACT) Program is a Victorian Government-funded program that targets equity of opportunity for regional Victorians.

Funding from the Benalla program has delivered a number of initiatives including the new Who What Where Benalla website (www.benallaservices.com.au), which details community services and organisations available to the Benalla Community. The database has 187 organisations listed totalling 336 published services. Between August 2013 and June 2014 the site saw over 9,000 visitors, viewing over 85,000 pages.

ACT has also funded Bridges Out of Poverty training and two associated Getting Ahead (GA) community workshops. GA participants are encouraged to develop their own successful outcomes from the workshops. For example, one GA participant successfully ran "Weight Options" classes for Benalla residents, through a negotiated partnership between Benalla Health and The Centre.

Other ACT outcomes for the community include:

- A Council–Benalla Business Network (BBN) Partnership Agreement developed to manage the funding provided by the Council to BBN.
- Three Benalla and District Community Taskforce "Strategic Planning for the Future" Workshops.
- Phased support to Waminda Community House with two projects for development of interaction between the Community House and local residents funded through ACT.

ACT Benalla - Paid Part Time Work (for Local Kids)

The Paid Part Time Work Project (PPTW) in Benalla is focused on the benefit of paid part-time work for young people, in particular young people from families with low economic status in Years 9-12 at local secondary colleges. The program provides training to support positive transitions to part-time employment and encourages young people to remain at school until Year 12.

Under a \$11,091 grant from ACT Benalla to NE Tracks LLEN the Project was delivered by a partnership between the LLEN, Benalla Rural City Council, Benalla P-12 College, FCJ College Benalla, Tomorrow Today Foundation, Worktrainers Ltd and the Department of Education, Employment and Workplace Relations (DEEWR).

From 2012-2014 there were three project intakes (each involving 12 hours training over four weeks).

- 25 employers voluntarily participated in the project training sessions.
- 31 student participants commenced the project.
- 27 completed the project training.

Of the 27 completing students:

- 13 students are in paid part-time work (including traineeships).
- Two moved away from Benalla.
- Two commenced TAFE courses in nursing and childcare.
- One student had a baby.
- One student with a physical disability is being supported in job search by a specialised recruitment agency.
- Eight students are being supported by the LLEN (if required) to look for paid part-time work.

Of these eight students:

- Two remained at school to complete Year 12.
- Six remain at school and are focused primarily on their studies. Support in part-time job search is provided by the LLEN if required.

The Paid Part Time Work Project was replicated (with modification) in 2013 in schools in Yarrawonga and Corowa under funding support from DEEWR.

Advancing Country Towns is a funding initiative from Regional Development Victoria.



130 – the number of young people connected with the Wots4Me? Facebook page to assist young people in the transition from secondary school to further education, training or employment.

An accessible Rural City

Benalla Rural City has a relatively high percentage of people who are aged or living with a disability.

A part-time (0.7) Rural Access Worker was appointed in July 2013 as a shared position with the Rural City of Wangaratta. The Rural Access Worker operates in project-based partnerships to increase access and inclusion, by strengthening the community's capacity to provide support to people with disabilities and other marginalised groups, including those of culturally diverse backgrounds. The work is geared to create change, educate, and raise awareness.

Areas where the Rural Access Worker has focused include:

- Advocacy about the removal by V-Line of 22 accessible train carriages for an 18-month period on the Albury and Shepparton lines;

- Representing both Benalla and Wangaratta Councils on the North East Multicultural Aged Care Coordination Project;
- Attendance at the Benalla Access and Awareness Group (BAAG) meetings each month; and,
- Assisting the Benalla Access and Awareness Group in partnering with Benalla P-12 College to organise the 'Walk a Mile in My Shoes' project.

In other moves to make the Rural City more accessible, the plans for the Sir Edward "Weary" Dunlop Learning Centre have been developed to include adult change facilities, the Customer Service Centre has accessible features including a lift, and the public toilet upgrade at Benalla Airport included a toilet for disabled patrons.

Providing opportunities for participation

Working in partnership with Waminda Community House and CVGT (a wage-subsidy employment scheme for people with disabilities), the Rural Access Worker was able to assist in developing an employment plan for a young woman who uses a wheelchair and has experience working in neighbourhood houses.

Building up our young people

Rural Youth Inclusion funding focuses on including young people in decision-making processes. Under this program, 30 Council staff were trained in youth engagement through a toolkit and DVD developed by a group of 40 young people as part of the Benalla Youth Connect Project.

Young people have been involved in a number of programs across Benalla Rural City that have engaged them with opportunities around entertainment, civic involvement, volunteering, and work readiness.

Key youth events included the Get Out There Youth Awards night, FReeZA events such as Benalla Festival's foreshore event, Skate 'n' Jam, and monthly skateboarding workshops hosted by Skate Boarding Australia.

The Council has continued to auspice the L2P program, supporting local young people to achieve 120 hours' driving, which is required to gain their licence. It has also continued to resource the Benalla Youth Service Provider network which oversees the implementation of the Benalla Youth Strategy Action Plan. The focus for 2013-14 was mental health.

Support for young people transitioning from school to further education, training or work continued with a pilot Tertiary Transitions Course, a university familiarisation bus tour, and the ongoing Country2City mentoring program, which has gathered support from more than 60 young mentors who will support a younger student in their transition to tertiary education.

Caring for our community

The Council is planning for a dynamic, healthy, strong, socially integrated and active community, where people of all ages, abilities and backgrounds are engaged in their local communities. Our aim is to develop a community that is resilient and owns its own plan for the future.

This involves working with our partners to support the community in leading lifestyles based on healthy eating and mental health and wellbeing, and developing plans and strategies that target specific health and wellbeing needs within our community, such as the Early Years Plan and Positive Ageing Plan.

Clients are assisted to enhance their quality of life and maintain their participation in the community, which for older clients, prevents premature admission into residential facilities. This program area has been striving to work as collaboratively as possible with all other services providers to ensure the support to clients is seamless. A total of 692 clients have been assisted as a result of the partnership with Benalla Health.

The Council has also sought to pursue the State Government's Integrated Health Promotion priorities of healthy eating and mental health and wellbeing, in partnership with Benalla Health and the Central Hume Primary Care Partnership.

Promoting healthy practises

An important part of keeping the community healthy is the oversight of food handling by both business and community organisations.

Education of the community in the importance of food safety has been encouraged by events such as a Community Group Basic Food Safety Information Night, a two-hour workshop attended by 35 community group volunteers.

Environmental Health Officers ensure compliance with health regulations through regular testing of premises and investigation when required.

Immunisation is also an important service provided by the Council.

The regular Waminda House immunisation session is growing in popularity, reaching vulnerable community groups.

Many Council Officers have also taken up the offer of free influenza immunisation and paid for their families to be immunised. Because many Council staff are in contact with customers across the Rural City, including vulnerable populations such as the aged and very young, this program was important to reduce the risk of a preventable pandemic strain passing through the community.

692 – the number of clients assisted through the Council's partnership with Benalla Health.



Community Services staff attended the welcome ceremony for the Governor and his wife hosted by the CEO at Community Care. Aged and Disability Services and Family and Children's Services provided a display highlighting the services delivered by the department.

A community that cares for the aged and people with a disability

Benalla Rural City Council delivers a broad range of services to meet the needs of the aged and those living with a disability, and other vulnerable groups.

Meals on Wheels celebrates 60th birthday in Australia

Benalla Rural City's Cr Ellen Crocker helped mark 60 years of Meals on Wheels in Victoria ahead of National Meals on Wheels Day on 28 August 2013.

This year Meals on Wheels has been in operation in Benalla for 45 years, and Cr Crocker is one of more than 150 volunteers who deliver meals locally to around 80 people. The service is available to those who are confined to their homes or are otherwise unable to cook for themselves.

The theme for National Meals on Wheels Day 2013 was "more than just a meal". Clients received a special placemat with a mug containing some goodies to have for afternoon tea when their meals are delivered.



Highlights of the year include:

- The Home and Community Care (HACC) Common Standards Audit in August 2013, which found the program met 17 of the 18 expected outcomes
- Commencement of community meals in November 2013 at the Benalla Lakeside Community Sports Centre.
- A successful Seniors' Festival, comprised of eight events including *The Kiss Me Sergeant Major* concert, a Government House visit, morning tea at the Benalla Library, senior citizen's open day, a Winton Wetlands tour, The Wendy Stapleton concert, the Benalla Gold Cup, and a movie afternoon at BPACC.

Volunteers are vital

Volunteering in our community is encouraged, supported and recognised by the Council, and we have been examining ways to promote and support ongoing volunteering by people of all ages, increasing recognition of the valuable contribution by volunteers to our community.

A volunteer induction process has been reviewed to ensure that volunteers are aware of their roles, rights and obligations, and all volunteers will participate in the new process.

The first edition of the Community Services Volunteer Newsletter was distributed in December 2013, and will be published quarterly.

150 – the number of volunteers who deliver meals locally to around 80 people, through the Council-run Meals on Wheels program.

125 – the number of birth notifications in Benalla Rural City in 2013-14.



90,037 – the number of hours of childcare provided through the Council in 2013-14.

The best start for families

Families with children in Benalla Rural City are able to access a range of services that are designed to be inclusive and ensure that all families and those who are disadvantaged are still able to provide their children with high-quality care and enriching community experiences.

Through these services, 1800 hours of support have been provided to the community, and 474 contacts were made to support Benalla families.

Through the Maternal and Child Health program, Key Age Stages targets have increased, which indicates that more children are being seen for their significant health and development checks, and breastfeeding rates have increased.

Highlights of the year include:

- Children's Week celebrations this year had a cultural theme with activities including aboriginal chalk drawings and dance, along with face painting with Uncle Wally and Chris Thorne and attendance by the local police youth engagement officer.
- NAIDOC Week celebrations were supported by staff purchasing and wearing NAIDOC t-shirts and wrist bands and decorating the reception area of the Community Care building.
- Funds were raised to send two additional Benalla children to the Portsea Camp.
- Family Day Care Playgroup relocated to the Community Care building which has enabled more Educators to attend with children and further opportunities for interaction with Coordination Unit staff.
- 125 birth notifications were received for the area.

A coordinated approach to supporting families

The Council has been working with a mother of three young children who has a disability that prevents her being able to give full-time care to the children. The father is away from home during the week and the children's grandparents were unable to continue giving support.

Community Services put a care package into place:

- Family Day Care provided care with an Educator who lived nearby, who provided socialisation and a learning environment for the children as well as taking the older children to and from school.
- Family Day Care provided an in-home care provider to take care of the children within the family home for some of the days. The in-home care provider was also able to teach the children valuable skills which helped them to have input into the running of the household.
- Aged and Disability Services through HACC provided the mother with personal care, enabling her to pursue some personal interests. HACC also provided domestic support that enabled the whole family to lead a family focused life regardless of the challenging issues faced by them.

The overall support provided through Community Services benefited each member of the family including the grandparents who were able to enjoy giving family support without being overburdened.

Arts, communications and events

Broad artistic programming at the Benalla Art Gallery, Benalla Performing Arts and Convention Centre and Benalla Festival has meant an inclusive approach to artistic and cultural activities and experiences. This has taken in the small towns, when BPACC toured a professional theatre show, *A Little Bit of Blue*, for 5–12 year olds.

Benalla Art Gallery

The focus for the Benalla Art Gallery included community engagement, fulfilling its role as a key tourism and cultural icon and providing patrons with opportunities to experience a deeper connection with a wide range of works.

As well as ensuring the care and development of the Benalla Art Gallery permanent collection, the gallery seeks to ensure the community derives maximum cultural, social and economic benefit from its operation.

A major exhibition was Fred Williams' *The Pilbara*, presented in partnership with Rio Tinto. The 13 oil on canvas works and five gouaches were on loan from the National Gallery of Victoria. More than 10,300 patrons visited this exhibition of nationally significant works, making it the most visited exhibition in the gallery's history.

After ten years of discussion, the first \$50,000 non-acquisitive Benalla Nude art prize and exhibition was hosted. The \$50,000 was put forward by the Friends of the Benalla Art Gallery Inc. More than 650 entries were received from artists across Australia and 400 people attended the opening night. The exhibition was an exercise in community and business engagement. A group of 60 volunteers worked on the door of the gallery to collect the entrance tickets. The main street was decorated with Benalla Nude flags and 24 businesses presented Benalla Nude-themed window displays.

The Council Plan 2013-2017 (2014 Review) committed the Council to develop a master plan for the Benalla Art Gallery to give a strategic direction for the future development of this iconic facility.

The development of the master plan includes two components, a business case and architect design. The Friends of the Benalla Art Gallery committed \$100,000 to the development of this work.



Events

More than 17,000 people participated in the 52 events that formed the Benalla Festival, from 1–17 November, with the theme 'We Are One'.

The Festival was a mix of iconic and new events. Old favourites included the street parade, fireworks, Saturday foreshore events and music program as well as the Day in the Gardens market.

Supported by the Benalla Art Gallery, the Regional Art Show was reinstated, presenting the work of artists from across the region.

The festival was extended to include three weekends and two weeks in response to community feedback.

The work of the Benalla Festival Advisory Committee and the major partners, sponsors and friends of the festival continued to enable nearly all the events to be low or no cost to patrons, making the festival accessible for all and a true celebration of the local lifestyle.

The Winton Wetlands officially reopened the internal road network on 16 November, marking a significant milestone in the history of this important place.

Benalla hosted Historic Winton from 23-25 May, bringing more than 2000 visitors to Benalla over the three-day event. This is Australia's largest and most popular all historic motor race and continues to grow each year both in terms of vehicle registrations and spectators.

On Australia Day, the chair of the Benalla Rural City Australia Day Advisory Committee Cr Barbara Alexander AO announced winners of Benalla Rural City's Australia Day Awards.

The Benalla Performing Arts and Convention Centre hosted celebrations where 23 nominees for awards were announced. The award winners were:

- Benalla Rural City Citizen of the Year – Barry O'Connor
- Benalla Rural City Young Citizen of the Year – Sam Heywood
- Benalla Rural City Community Event of the Year – Benalla Migrant Camp Photographic Exhibition
- Benalla Rural City Community Group of the Year – Swanpool and District Community Development Association

Achievement awards were also presented by district Australia Day Committees across Benalla Rural City:

- Baddaginnie Achiever of the Year – Lyle Cook
- Benalla Achiever of the Year – Sabine Smyth
- Devenish Achiever of the Year – Stephen Davies
- Goorambat Achiever of the Year – Bill Pauwels
- Lima/Swanpool Achiever of the Year – Barry O'Connor
- Tatong Achiever of the Year – Dennis Scott
- Thoona Achiever of the Year – Pauline Brown



Benalla Rural City residents participated enthusiastically in the 2014 Australia Day events.



“We were thrilled to be included in the Benalla Festival Program – it took us to the community.”

*Benalla Bendigo Bank Branch Manager,
Jenny Lee, Benalla Festival Major Sponsor*

Education and learning

Under the Council Plan 2013-2017, education and learning are recognised and embraced as a key to lifelong community wellbeing, social inclusion and tackling disadvantage.

The development of the Sir Edward ‘Weary’ Dunlop Learning Centre, within the Civic Revitalisation Project began in 2013 and is due to be completed in October 2014. A project control group was established to oversee the development of the project, and staff at the Benalla Library began preparations to relocate from the existing location, which had been their “temporary” accommodation since 1974.

This project will deliver expanded and modern library services and an important community resource centre.



BPACC

The Girls in Grey was a major presentation from the Benalla theatre season on 18 June. This powerful drama was written from the diaries and letters of Australian army nurses.

In early June, BPACC was awarded a highly competitive Australia Council of the Arts community engagement grant. This provided opportunity for five local emerging female theatre makers, facilitated by BPACC and led by the makers of the Girls in Grey, to develop a community theatre-based activity.

BPACC continues to be an important facility for theatre education in regional Victoria. This project, as well as the significant work done through the GOTAFE Regional Academy of Dramatic Arts (GRADA) at BPACC, is part of fulfilling this obligation to the community.

The Council secured \$237,000 from the State Government as part of the \$320,000 BPACC Refurbishment Project.

A major part of the refurbishment project included the purchase of a digital projector, which enabled later release movies to be shown at the Benalla Cinema. In the first three months of digital cinema, being from 14 March–13 June, the number of cinema tickets tripled from the previous three months during which movies were shown on the old reel-to-reel format.

Library services

The staff at Benalla Library, under the management of the High Country Library Corporation, began preparations to relocate from the existing Nunn Street location, which had been their “temporary” accommodation since 1974, into the Sir Edward ‘Weary’ Dunlop Learning Centre.

A project control group was established to oversee the refurbishment of this major facility, which was part of the bigger civic revitalisation project.

An informed community

The Communications Department continues to provide high quality, effective and timely communications and public relations support to the Council. An efficiency improvement was achieved from the change in the operational structure, which centralised all of the Council’s Communications activity from within the Arts, Communications and Events Department.

The Council delivered information through the Council website, regular Community Connect column in *The Ensign*, newsletters, community presentations, the Mayor’s fortnightly radio segment on 3SR, extensive print coverage plus the 108 media appearances on television or radio.

324% – the increase in ticket sales in the first three months of the digital projector at Benalla Cinema @ BPACC, compared to the previous three months.



108 – the number of media appearances by Councillors and Council representatives on television or radio in 2013-14.



95% of media mentions across broadcast and print about the Council were positive.

Community engagement and working together

We will actively and openly communicate and engage with our community and work collaboratively with others through strategic partnerships and relationships.



Work has begun on forming a representative advisory committee to oversee a long-term community plan. This work will complement other plans and initiatives such as the Council Plan, Resilient Community Program and Economic Development and Tourism Strategy.

Building community capacity

The Council has offered a diverse range of activities to help build skills and engage the local community in the development of their neighbourhoods and local environments.

More than 40 people attended community skills workshops offered during the year, which have covered topics such as funding opportunities, understanding social media and how it can be used to assist in promoting local clubs, and travel training workshops.

Engaging Winton

Ongoing engagement and support for rural communities has included supporting the Winton Community Group to survey their local community and develop an action plan.

148 surveys were hand delivered by volunteers to properties throughout Winton and in parts of Glenrowan West, Lurg and the outskirts of Benalla, with 48 returned by mid November - a response rate of 32 per cent. Findings from the survey and other consultations were presented to the broader community at a community BBQ at the Winton Primary School in December. Approximately 50 people attended the evening, which included a performance by children from the primary school.



40 – the number of community groups, clubs and organisations that participated in the Creating Community Connections Expo as part of the 2013 Benalla Festival program.

Other engagement projects have included:

- Seeing the Future in Farming Forum held in February and attended by more than 200 people.
- Benalla's National Aboriginal and Islander Day of Celebration (NAIDOC) week celebrations.
- The formation of the Benalla ANZAC Commemorative Partnership Project to acknowledge and honour all those who participated in WW1 from the Benalla area.

Community Grants Program 2013/14

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 2014 two information sessions were held in partnership with the Tomorrow Today Foundation, Regional Development Victoria and the Benalla Young Sportspeople's Trust for interested community groups and not-for-profit organisations.

45 applications were received under the program. A total of \$97,541 was sought in funding, with total project costs valued at \$197,194. A total of \$61,623 was allocated to 36 projects, with nine projects not receiving funding through the Community Grants Program in this round.

Grants allocated under the 2013/14 program:

Organisation	Project details	Funded amount
Astronomy Benalla	Purchase of computer hardware and software for the club.	\$477
Baddaginnie Community Inc	To assist Baddaginnie Community Inc. with an essential upgrade to electrical work at the old Baddaginnie store in preparation for the opening of a community opportunity store.	\$2,500
Benalla All Blacks Football Netball Club	Significant upgrading of hot water supply to change rooms.	\$2,500
Benalla Basketball Association	Assist with the purchase of two laptop computers for registration and scoring.	\$1,000
Benalla Cemetery Trust	Undercover area/shelter in the children's section of the Benalla Lawn Cemetery, providing an area for reflection.	\$2,500
Benalla Field and Game	Funding for a defibrillator through St John's Ambulance Community Defib Program which includes equipment and training.	\$2,069
Benalla Historical Society	Updated touch screen kiosk enabling the museum to display Benalla history in a modern touch-screen format.	\$1,443
Benalla Hockey Association	Purchase of new bibs for young players using updated design and new logo.	\$1,400
Benalla Indian Myna Action Group	Project to raise awareness and education levels about the threat of Indian Mynas and to encourage more trappers.	\$1,800
Benalla Lawn Tennis and Croquet Club	Assist with the replacement of an outdated power board at the club house.	\$1,000
Benalla Migrant Camp	Assist with the development of a historically correct map of the Benalla Migrant Camp.	\$1,650
Benalla Pistol Club	Improvements to the facility including earthworks.	\$2,500
Benalla Rifle Club	Installation of barriers to prevent unauthorised access to range and facilities.	\$1,762
Benalla Scout Group	Purchase of two automatic external training defibrillators.	\$1,860

Organisation	Project details	Funded amount
Benalla Support Group for Children with Special Needs	Assistance with costs associated with the annual Christmas celebration of International Day of People with Disabilities.	\$1,285
Benalla Sustainable Future Group	Contribution towards the costs of running the 2014 Swanpool Environmental Film Festival and the purchase of a gazebo.	\$750
Benalla Toy Library	Purchase of a banner to promote the toy library at various community events and functions.	\$300
Boweya Community	Improvements to the kitchen facilities at the Boweya Community Centre.	\$2,500
Devenish Memorial Sports Club	Assisting the Devenish community to host a theatre in the community production of "The Man They Call The Banjo".	\$2,000
Goorambat Football Netball Club	Safety improvements to the kitchen area at the clubrooms.	\$2,200
Goorambat Public Hall	Purchase of a new fridge at the Goorambat Hall to replace the 30-year-old fridge, which broke down last year.	\$1,099
Jazzaratta	Assistance with costs associated with a performance at the Benalla Aviation Museum in May.	\$850
Let Us Entertain You (LUEY)	Purchase of portable lighting equipment enabling LUEY to perform at a variety of venues using their own equipment.	\$2,387
Lima School Community Centre	Maintenance of grounds and equipment, including addressing elm tree infestation and water harvesting.	\$2,344
Lima South Hall Committee	Assistance with the purchase of kitchen equipment enabling the hall to adequately cater for 150 people, hence increasing community use of the facility.	\$2,350
Magpies Sports Club (Tatong Cricket Club)	Resurfacing of torn cricket pitch and repairs to tractor and mower.	\$2,332
Morngag Public Hall and Recreation Reserve	Exterior painting to help maintain and protect the integrity of the Morngag Hall as a well-loved community asset.	\$2,500
MS Australia	Assistance with the costs associated with staging of a Wellness Lunch event providing people with MS and other progressive neurological diseases, living in Benalla region.	\$650
RDA Benalla	Repair work on existing RDA building which has been significantly damaged by white ant infestation.	\$2,500
Ride Avenue Pre-school	Assisting Ride Avenue Pre-school to raise the profile of the centre through developing a website, banner, pamphlets and fridge magnets, ensuring the long term viability of the pre-school.	\$1,435

Organisation	Project details	Funded amount
Swanpool Bowling Club	Purchase and installation of inverter split system air conditioning in clubrooms used by the club and other groups within the community.	\$2,500
Tatong Community Market	Assistance with costs associated with staging Benalla Festival Arts Show at the Tatong Hall.	\$1,680
Waminda Community House	Assistance with costs associated with hosting four small, community driven engagement sessions (drop in morning teas) over the next 12 months.	\$1,000
Warrenbayne Recreation Reserve Committee of Management	Assistance with the building of a secure waterproof shed for safe storage of tables, chairs and table tennis tables, alleviating safety risks of ad hoc storage.	\$1,500
Winton Cemetery Trust	Assistance with the costs involved with the placement of historical information boards in relevant parts of Winton detailing Winton's history.	\$1,500
Winton Primary School Parents Association (auspiced by Winton Primary School)	Installation of a garden shed to store resources and equipment used by community volunteers at Winton Primary School.	\$1,500
Total		\$61,623

Community Sponsorship Program 2013/14

As detailed in the table below, in 2013/14, \$13,690 of assistance was provided to 30 community organisations from the Council's Community Sponsorship Program.

Applicant	Project/event	Value
Leukaemia Foundation	"Light the Night" fundraising event.	\$190
Baddaginnie Community Inc	Assist the Baddaginnie Fun Club to pilot a Thursday afternoon after-school program.	\$654
Victorian Bush Poetry and Music Association	Bush Entertainment Muster and Song Championship.	\$400
Winton Cemetery Trust	Winton Community Christmas Barbeque.	\$500
LUEY	To hire BPACC for rehearsals associated with LUEY's performance of "War of the Worlds Radio Play".	\$500
Benalla Rotary Club	To assist in covering the costs of the annual Portsea Camp.	\$348
Benalla P-12 College	Sponsorship of community service award at the Year 12 Graduation Ceremony.	\$100
Friends of BPACC	To help cover the costs associated with two film-making workshops as part of the 2013 Benalla Festival.	\$500
Benalla Camera Club	Support for a photographic art project as part of the Benalla Festival and a "Faces of Benalla" exhibition planned for late 2013.	\$500
Swanpool Cinema	Assistance with the costs for the Diwali Festival of Light event at the Swanpool Cinema.	\$400

Applicant	Project/event	Value
FCJ College	Sponsorship for an academic excellence award for a Year 12 student and support for the school magazine.	\$144
Benalla Support Group for Children with Special Needs	Assistance with the costs associated with the group's annual Christmas celebration.	\$500
Lima School Community Centre	Minor improvements to the Lima School Community Centre using volunteer labour.	\$443
Goomalibee Fire Brigade	Community Christmas barbeque to bring together people from the Goomalibee and district communities.	\$500
Baddaginnie CFA	Community Christmas barbeque.	\$500
Warrenbayne Hall Committee	Support to run an Australia Day breakfast.	\$500
Goorambat Rural Fire Brigade	Community barbeque.	\$500
Benalla Migrant Camp	To help cover the rent for its building at the Benalla Aero Park.	\$936
Benalla Lawn Tennis and Croquet Club	Australia Day events – an international tennis match and a community barbeque.	\$450
Goorambat Hall	Goorambat Idol and Family Fun Day.	\$500
International Women's Day (auspiced by Benalla Saints)	International Women's Day Celebration.	\$500
Soroptimist International of Benalla	To help cover the costs associated with the club's fundraising fashion parade.	\$500
Bendigo Bank	To help with the purchase of a community defibrillator for emergency use in the CBD.	\$500
Molyullah Hall	Bin hire for the annual Molyullah Easter Sports Day.	\$500
Yooralla on behalf of the Benalla Convent Quilters	Renting at the CAL farm.	\$500
NESAY	L2P community program dinner to recognise current volunteers and recruit new mentors.	\$500
Benalla and District Junior Football League	Cost of 25 tickets to the BPACC Cinema as an award to young players.	\$225
Benalla RSL	Administration of RSL sub-branch.	\$500
Tatong Tattler	Laptop computer.	\$500
Benalla Lions Club	Welcoming two walkers walking 900 kms from Sydney to Melbourne to raise funds for a cure for melanoma.	\$400

Thank you, Council

"The Benalla Sustainable Future Group wish to formally thank the Benalla Rural City Council for awarding a \$750 2014 Community Grant. We have advanced our contribution of \$500 towards the 2014 Swanpool Environmental Film Festival. We will soon be purchasing our new gazebo".

Our economy

We will support, promote and encourage the long-term growth, diversification and strengthening of our economy as a key contributor to a healthier and more sustainable community.



As the local economy across our Rural City continues to expand and diversify, the Economic Development and Tourism team is focused on developing and delivering a strategy to retain, support, promote and grow our local businesses, attract new businesses, and support industry innovation and diversification.

The Council is committed to developing strong working relationships with our community, government, business and industry support, and facilitating economic development and job creation.

As part of this approach, the Benalla Business and Tourism Growth (Economic Development and Tourism) Strategy was completed in April 2014, and a protocol to service business enquiry was developed and adopted by the leadership team and the Council.

Supporting local businesses

Three significant projects benefited from the securing of over \$400,000 in additional funding, including the Business Growth (Enterprise Park) Project, the Benalla Business and Tourism Development (Economic Development and Tourism Strategy) Project and the development of a Benalla Airport Masterplan. State Government Streetlife funding was also secured for the *Better Be Benalla* project.

Enterprise Park and the Benalla Airport continue to be developed as key economic assets with funding secured for the latter, the tender process complete and the project well underway and due to be finished December 2014.

Rural and regional businesses have been supported through the Faming Futures Forum, and the development of an “Ag Gap” rural industries farming workforce. The Council is currently working with two food manufacturers to locate in Benalla, and the establishment of a local producer group is under way.

Regular liaison with State Department of Business and Innovation regarding investment attraction for Benalla is an important part of the Council's role.

Communicating with business

Our local economy will benefit from strengthened connections and communication with our local business sector, and the Council encourages this by delivering an e-newsletter four times a year, engaging in “Street Talk,” a regular activity involving direct contact with retail businesses in the CBD, regular updates forwarded to businesses involved in Enterprise Park, an industry visitation program in conjunction with Regional Development Victoria, and monthly meetings between the Council's Business Development Officer with the BBN Executive.

Other achievements to benefit the local economy through 2013-14 include:

- Assisting local businesses attract funding for business expansion.
- Facilitating sales of land for new businesses at Link Road and Enterprise Park representing at least 25 jobs.
- Facilitating a Herald Sun Weekends journalist to visit Benalla.
- Engaging local businesses participation in high-profile tourism and population and attraction initiatives events in Cycle Salute (Tourism North East), Regional Victoria Living Expo, the Benalla Nude Dinner as part of the Harvest Festival, and activities at the Winton Wetlands.
- Working closely with the Benalla Business Network and hosting over 30 business seminars and events during the year.
- Engaging more than 100 businesses in street and window promotions linked to various events, including the very popular Bike Art window displays for Cycle Salute.
- CBD improvement with the Bridge Street pergola renovations completed as well as the painting of streetscape furniture completed in partnership with Rotary.

The team also worked with the Events Coordinator to deliver the Historic Winton event and the V8 Drivers' signing event.

Thank you, Council

The Economic Development team has some of Benalla's most passionate and inspirational advocates for Benalla Rural City. The team has done a tremendous amount of networking within the corridors of government to attract new infrastructure and services and to showcase Benalla. I would publicly like to thank Manager Economic Development and Tourism Jeanie Hall for her work. I would also like to thank the Mayor, CEO and the Council's executive team who have provided great support often at short notice to assist efforts to attract new industry.

Geoff Murphy - Link Road Industrial Estate



Council staff made Benalla proud in Benalla Nude t-shirts at the Regional Victoria Living Expo and followed up with 11 families who are now looking to move to Benalla.

120 – the number of enquiries for business start-ups or expansion information in 2013-14.

Benalla – a tourism destination

Benalla Rural City Council's strategic approach to developing the municipality as a tourism destination involves working actively with the Winton Motor Raceway, the State Gliding Centre, Benalla Racing Club and Winton Wetlands Committee of Management, to maximise the tourism benefits of these sites and facilities. All of these were engaged in consultation for the development of the Economic Development and Tourism Strategy.

Other activities included:

Winton Motor Raceway

- Engagement with the Jobs and Skills Development focus group as part of the Task Force.
- A V8 drivers signing session 3 April 2014-03-26 Winton Historics supported with Touring event in May 2014.

33,000 – the number of visitors who came through the Visitor Information Centre during 2013-14, attended to by our Visitor Information Centre Coordinator and a committed team of volunteers.

Winton Wetlands

- Participation in Cycle Strategy.
- Supported a Herald Weekly Times journalist to visit the Regent Honey Eater Project.

State Gliding Centre

- Participation in Regional Victoria Living Expo.
- Involvement in the Benalla Airport Masterplan process.
- Inclusion in Tourism North East nature-based promotion.
- Supported a Herald Weekly Times journalist to visit the Aviation Museum and GCV.
- Facilitated Herald Sun Weekends journalist to visit Benalla.

The Council has also supported accommodation providers in the region, working with them to develop accommodation packages for events such as the Benalla Nude 2014 exhibition, and holding a workshop for people intending to open bed and breakfast facilities. A central part of the activities to promote Benalla Rural City is developing the tourism potential of our iconic community-owned assets, including the Benalla Art Gallery, Benalla Botanical Gardens and Lake Benalla. This has involved creative programs such as tying the Benalla Nude Dinner to the Tourism North East Regional Harvest Festival, engaging businesses to partners with the gallery around major exhibitions, developing a “Lake Loop” app to increase visitation to the lake and gardens area, and promoting the book Koala Bill through the Visitor Information Centre.

The Benalla Art Gallery also received a “mini-facelift”, which included an exterior clean, new signage, a CCTV upgrade, re-seal and re-paint of the decking, concrete pylons and hand rails.

Preparing for the 2017 World Gliding Championships

The 2017 World Gliding Championships are an opportunity for Benalla Rural City to show off what it has to offer, and the Council is working to maximise the tourism and economic benefits from hosting the 2017 World Gliding Championships.

This involves ongoing participation in the World Gliding Championships steering committee, and working with State Government agencies to facilitate grants for necessary improvements to stage the event.

The need to upgrade facilities at the Benalla Airport was a strong factor in securing the funding for the Benalla Airport Masterplan.

Helping people find their way

The Council has committed to ensure that the Benalla Central Business District and Rural City gateways are improved to enhance attractiveness, vitality, safety and traffic management.

Tourists and residents alike need good signage to find their way to Benalla Rural City's attractions and services. To improve directional and promotional signage into rural townships and to ensure visitors can find our facilities, a Rural City Signage Strategy Working Group has been established, and the first stage audit is complete.

A group of cyclists, wearing helmets and carrying backpacks, are gathered in a field of tall, dry grass. In the background, there are several dead, skeletal trees against a cloudy sky. The scene is captured in a photograph that serves as the background for the page. A large, semi-transparent red shape is overlaid on the left side of the image, containing the text.

Places and spaces

We will provide community places and spaces to meet the needs of our community and focus on thoughtfully planned growth to maintain and enhance the high amenity and character of our Rural City.

Building for today and tomorrow

The Council works hard to ensure that community infrastructure – including roads, bridges, drains, footpaths, buildings and facilities – is maintained in accordance with best-practice asset management principles

This involves maintaining and renewing existing assets across our Rural City in accordance with the Infrastructure Strategy contained in the Strategic Resource Plan and the Council's Asset Management Policy.

To this end, staff are developing improvements to the management of capital projects and associated funding are being developed, as well as improving the Council's compliance with the National Asset Management Framework. This includes the development of a five year capital projects program.

Improving maintenance regimes with community support

The Council has committed to improve the infrastructure maintenance regime, particularly for rural areas, to ensure regular maintenance for key community infrastructure by fostering community ownership.

- Township street cleaning agreements with community groups in Devenish and Goorambat have been renewed.
- The Council is actively supporting the litter prevention volunteers.
- Community groups, such as the Boweya School Committee, have been provided with basic maintenance assistance.
- Community representatives from Sam's Hut Reserve, Thoona, were invited to give feedback to the Road Management Plan, which was also widely promoted throughout the Rural City.
- Community partnerships led to the development of a concept plan for the redevelopment of the Children's Precinct in the Benalla Botanical Gardens.



Planning for the future

Benalla Rural City Council seeks to ensure that land uses in urban and rural areas are well planned and appropriate development is managed to meet community needs and to maintain and enhance the high amenity and character of our Rural City.

Significant planning amendments have been developed in 2013-14, including the completed Amendment C10 – Implementation of Benalla Central Business Area Car Parking Precinct Plan, which involved thorough community consultation, and Amendment C18 – 17 Glen West Lane, Winton – Special Use Zone Schedule 4.

Ongoing work continues around Amendment C31 – Environmental Significance Overlay – Benalla Wastewater Treatment Plant; Amendment C11 – Winton Wetlands; Amendment C21 – The Gambling Planning Framework; Amendment C29 – Benalla Planning Scheme Review; Amendment C28 – Special Use Zone Schedule 3 (SUZ3), which relates to land at 167 Sydney Road; and, Benalla – CAL Community Farm.

The Building Unit has also been working on a swimming pool publication that will be sent with inspection letters to all owners to assist them to comply with the relevant laws.

Over **90%** – the percentage of planning applications that were processed under the 60 day statutory time frame during 2013-14.

Working for a safer community

Some ways the Council is working to make the community safer:

- More than 3500 animals are registered in Benalla Rural City.
- The Council's Compliance Department has completed the Emergency Animal Welfare Plan.
- The Integrated Municipal Fire Management Plan is now complete.
- The Council has established a regime auditing school crossing and additional training of School Crossing Supervisors.

1,433 – the number of rectifications of defects of roads, footpaths and bridges.

Capital works projects 2013/14

The Council has completed the following from its 2013-14 Capital Works Program:

- Completion and relocation to the Customer Service Centre from the former Civic Centre.
- Commencement of the Learning Centre project.
- Support for the Tatong and Swanpool communities with projects at the Tatong Recreation Reserve and the Swanpool Memorial Hall and Cinema.

Roads and bridges

- Condition survey of 535km of sealed roads and detailed bridge inspections for 32 bridges.
- Inspection, identification and rectification of 1,433 defects of roads, footpaths and bridges.
- Rehabilitation and sealing of 1.5km of pavement on North Road - \$406,000.
- Preparation and reseal in of 36km of the sealed road network - \$268,262.
- Grading of 521km out of 777km of unsealed roads - \$155,779.
- Replacement and reconstruction of bridges on Four Mile Road - \$141,000 - and Baines Lane - \$153,000.
- Grading of 106km out of 535km of sealed road shoulders - \$22,733.
- Installation of a raised pedestrian crossing in Wedge Street to improve the safety of school children by slowing vehicles moving through the school precinct - \$18,750.
- Replacement of 88 lineal metres of kerb and channel to improve drainage in various locations throughout Benalla, including Quantril Avenue and Carrier Street - \$17,600.
- Works on reshaping, re-sheeting and asphaltting on Tiger Hill Road, Tatong; Knight Road, Whitegate; Devenish/Wangaratta Road; Samaria Road - \$16,600.
- Treatment of 557km of road shoulders for weeds together with all urban drains and east and west main drains - \$14,743.
- 3km of edge repairs on Devenish/Wangaratta Road.
- Reshaping, minor re-sheeting and cleaning of drains along Lewis Road, Tatong.

Other projects:

- Completed upgrade of the roof access systems at the Benalla Indoor Recreation Centre and Benalla Aquatic Centre.
- Update of gable and runway markers at the airport.
- Community public safety lighting installed at a range of sites throughout the municipality and a further grant received.
- Installation of 500 metres of chain mesh fence around the old Taminick Gap quarry to keep the public out for safety reasons.
- Update of depot security with the installation of security gates.



521km – the distance of roads out of 777km of unsealed roads that were graded during 2013-14.



306 – the number of after-hours call outs attended by our Works Team.

Civic Precinct Revitalisation Project

Funding

Funding will be provided in staged payments and released progressively upon completion of agree 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 30/06/2014 \$'000	Balance of contribution to be received 2014/15 \$'000
State Government (Living Libraries Program)	500	200	200	-	300
Federal Government (Regional and Local Community Infrastructure Program)	155	155	155	-	-
Benalla Rural City	620	620	588	32	-
Federal Government (Regional Development Australia Fund)	1,159	521	190	331	638
Civic Centre					
State Government (Heritage Victoria)	144	138	138	-	6
Benalla Rural City	406	406	406	-	-
Customer Service Centre					
State Government (Local Government Infrastructure Program)	1,600	1,600	1,600	-	-
Total	4,584	3,640	3,277	363	944

Sporting and recreational facilities

In order to maintain our sporting and recreational facilities, reserves and parks to encourage and support increased participation in various sporting and recreational activities, work has commenced to develop standard user group agreements this year, and is well advanced. The Council also has secured funding to prepare a Strategic Recreation Plan and this will be completed in 2014/15.

Funding agreements with user groups have been revisited and includes appropriate risk management produces and processes. Recreation Funding Agreements have been finalised with site occupants to reflect best practice management of sites.

In order to enable maximum community use and ensure that our facilities meet safety standards, park safety audits have been completed and remedial actions taken.

Other highlights include:

- Securing funding to develop a recreation and open space strategy to identify priority future developments across our Rural City, with completion expected in late 2014.
- Continuing work in partnership with the Friends of the Benalla Botanical Gardens and Riverine Parklands for the redevelopment of the Children's park and Rocket play space.
- Cook and Goodwin streets have been identified as a potential site for an investigation into the development of a community garden to address food security.



The Council has worked with Rotary Benalla on the installation of exercise stations around the Benalla Lake Walk and public filtered water station installed at the Benalla Botanical Gardens.

Lake Benalla – a community asset

Lake Benalla is one of the iconic features of Benalla, providing space for exercise, recreation and the flourishing of the natural environment in the heart of the town.

The Council is working to improve the health, amenity and useability of the lake and the foreshore environment, in partnership with the community.

This has required active participation in the Goulburn Broken Regional Water Quality Partnership, and ongoing monitoring of the water quality followed by reporting to the Benalla Local Safety Committee and user groups.

Cabomba in the main water body of Lake Benalla has been eradicated and works to remove new infestations in the upstream branches of the waterways is in progress.

Staff have also worked with 13 north-east councils and water authorities as a collaborative approach with the Department of Environment and Primary Industries to jointly purchase a coordinated imagery program to obtain the best value for money.

Caring for our street trees

Part of Benalla Rural City's attractiveness is its well-treed streetscapes. Street trees require careful management however to ensure that services, drainage and buildings are not damaged, and the context of our particular local environment respected.

Council has reviewed and developed a consolidated approach to the management of street trees. Staff have commenced an audit and assessment of street trees to inform the development of a sequential replacement plan.

Street tree works in McConnan Street have been completed. This is a highly valued streetscape with large native red gums, and it required specialist management.



More than maps

The Council's Geographical Information Services do more than just produce maps. The skilled use of GIS technology provides high-quality images that enable the Council and community groups to plan and implement programs.



Our natural environment

We will take a proactive and strategic approach to protect our natural environment and safeguard its ability to support our community into the future.

Protecting our natural environment

The Council seeks to place itself within the community as an environmental leader. It promotes this by involving and informing the community on environmental issues, strategies and opportunities for reducing our environmental impact, understanding that community education facilitates a shift to a more sustainable future.

Examples of this during 2013-14 include:

- The development of the Draft Roadside Vegetation Management Plan ready for public consultation in July 2014.
- Forming an internal Green Team, which looks for ways to save resources and funds.
- Commencement of three partnership projects funded by the Victorian Adaptation and Sustainability Partnership to ensure the community and Council is ready for climate change:
 - Climate-Smart Agricultural Development in the Goulburn Broken Catchment
 - Resilient Community Facilities.
 - Rec Less – a program to encourage using less water less often to promote sustainable use of recreational facilities.
- Delivery of the Goulburn Broken Local Government Sustainability Training Program with staff and Councillors.

Council is represented on numerous regional networks that provide an ongoing opportunity to collaborate in funding opportunities, share information and resources, participate in projects that would otherwise be unviable for Benalla Rural City, and to have input into submissions to state and federal papers.

Appropriate land use is vital to the health of the natural environment, requiring development and biodiversity management, and advocacy on biodiversity issues.

We pursue this through activities such as:

- Mapping and treatment of Chilean Needle Grass infestations and other priority roadside weeds throughout the municipality.
- Approval of the Pest Plant and Animal Plan by the Department of Environment Primary Industries.
- Active support to the community development of an Indian Myna eradication program and ongoing efforts in controlling foxes, rabbits and feral cats.

Other activities are designed to increase the community's resilience to changes in energy uses and climate change effects, including:

- Promotion and practical support of the Benalla Sustainable Futures Group.
- Ongoing improvements to community buildings with a 5kW solar system installed at the Benalla Town Hall.
- Securing of grant funding received to assess community buildings suitability to climate change.
- Participation in the Watts Working Better Project (see page 56).
- Active involvement in the Goulburn Broken Greenhouse Alliance and facilitation of the North East Greenhouse Alliance.



Watts Working Better

As part of the effort to develop an ongoing collaborative approach to exploring alternative energies, Benalla Rural City Council is participating in the Watts Working Better Project, which will replace old mercury town street lights with energy efficient bulbs – saving money and reducing greenhouse gas into the future.

More than 12,600 street lights across Benalla, Campaspe, Greater Shepparton, Mansfield, Moira, Mitchell, Murrindindi, Strathbogie and Wangaratta will be changed to energy efficient alternatives as part of the federally funded Watts Working Better project.

The changeover of the new lights will save the Council and therefore the community \$972,081 in electricity costs over the next 20 years.

Benalla Rural City Council will be changing over 786 old mercury vapour lights to more efficient T5 fluorescent lights as a part of the project.

All councils involved in the project will collectively reduce greenhouse emissions by 93,100 tonnes over 20 years, which is the same as taking 21,000 cars off our roads.

The project is coordinated by the Goulburn Broken Greenhouse Alliance who received \$2.95 Million of funding from the Australian Government towards the Watts Working Better Project.

\$972,081 – the amount of money that will be saved by the Council and the community over 20 years due to the Watts Working Better Project.

Planning for sustainability

Our community will continue to be subject to a changing climate and environment. We are assisting our community to be prepared and equipped for the impact of natural disasters, including drought, flood and fire.

This involves monitoring and reporting back to the community on our progress in achieving actions identified in the Benalla Rural City Environment Strategy 2011-15 and the Climate Change Adaptation Action Plan.

Managing our water

A strategic and collaborative approach underpins the management of our water supply and resources. This requires partnering with other agencies and the community to manage and enhance natural environmental assets, water quality and river health across Benalla Rural City, and supporting the Goulburn Broken Catchment Management Authority Regional Catchment Strategy and other regional environment strategies.

Management of wastewater is integral to this, and approvals of wastewater systems within the Council are still continuing.

As part of its efforts to develop drainage and flood mitigation strategies for the Rural City, the Council is paying particular attention to enhancing the effectiveness of the east and west main drains and developing new drainage paths to relieve the pressure on these key assets.



Through 2013-14 this has entailed:

- Securing the former Lake Mokoan inlet channel, south of Sydney Road, as a potential drainage outfall.
- Designing a gross pollutant trap for the west main drain.
- Securing funding for drainage design across Enterprise Park, Kennedy Creek and Murray Road, Benalla.



Our organisation

We will be a high-performing, efficient and innovative organisation based on sound financial management, accountability and good governance to provide best-value service to our community.

Meet 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, Commu-
nications and Events**
Jilian Mulally



Manager Development
Nilesh Singh



Manager Infrastructure
Bryan Campbell



Manager Facilities
Greg Robertson

Benalla Rural City Council takes a proactive approach to ensuring that we are compliant with our legislative and risk management responsibilities and accountable to our community.

This is achieved through developing our staff and their skills, with explicit programs around training, Occupational Health and Safety, and risk management.



Council staff gather to farewell colleague.

A skilled workforce

We continue to implement strategies to attract, retain and develop staff to create a high-performance organisation.

Under these strategies, the development of a detailed Recruitment policy and procedure in conjunction with a new Minimum Employment Period has assisted managers in the induction and monitoring of new staff into the organisation.

E-Learning has further streamlined induction with 12 staff inducted via the system throughout 2013-14.

A detailed Recruitment policy and procedure has been developed along with a new Minimum Employment Period Booklet to assist managers in the induction and monitoring of new staff.

156 – the number of staff training applications processed.

Managing risk

The Council has undertaken a review of the Risk Management Framework, in order to embed strong risk management practices and a risk management culture within our organisation.

New risk management software captures and reports on all incidents, hazards and work safe claims to provide a more compliant approach to the organisation's risk and occupational health and safety obligations.

The Risk Management Framework has been reviewed, revised and adopted.

Risk Management has been included into all staff position descriptions and staff performance reviews to encourage awareness and discussion.

Departmental risk assessments have been carried out across the organisation.

For the 2013/14 period there were 55 workplace incidents, but only 12 Workcover claims, and ten of these were recorded as minor claims and resulted in no loss of time. The remaining two claims were recorded also as minor however there was a total loss of time for the two injuries combined of 20 days.

The introduction of the electronic incident/hazard and work cover reporting system (Elumina) has assisted in the streamlining of council's Risk Management Process.

Other initiatives to reduce risk include:

- The introduction of crowd barriers for the 2013 Benalla Festival parade, due to crowd numbers and their proximity to the parade vehicles. This was seen as a positive outcome a proactive way of protecting the community during the event.
- The introduction of online inductions for contractors and volunteers who are engaged by the Benalla Rural City Council. As part of Council's compliance obligations and Occupational Health and Safety policies, volunteers are required to be aware of safe work practices.
- Work with the various committees of management to improve hazard reporting and grounds repairs.



Serving our customers

Our customer service approach is to ensure accountability and responsiveness in our customer service role. As well as dealing with regular tasks such as booking Council facilities, managing customer requests and dealing with queries over the phone and at the service counter, the team have dealt with the challenge of providing consistent and reliable customer service during the relocation to the new Customer Service Centre.

The relocation has enabled a review of the customer service reception function, and changes made to improve customer service and increase organisational efficiency.

This year our Customer Service Team:

- Coordinated 687 Council facility bookings.
- Registered 1347 customer requests.
- Received 19,461 telephone enquiries.
- Received 16,350 counter enquiries.

Managing information

Information technology is a vital part of managing information into and out of the Council. This year, the IT Team set up microwave links between all Council sites to increase the speed of the network, enabling a considerable cost saving.

The team also dealt with the challenge of relocating the network and information systems infrastructure from the old Civic Centre to new Customer Service Centre and Civic Centre in Mair Street.

This year our Records Team:

- Processed 13,345 inwards mail documents.
- Processed 7,275 outwards items of mail.
- Received five Freedom of Information requests.
- Coordinated the re-location of approximately 200 cartons of records and files during the move to the new Customer Service Centre.



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Performance Statement

for the year ended 30 June 2014

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 2014 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 Our Community						
1.1.1	Identify opportunities and implement initiatives to develop community strength, capacity, independence and resilience.	Community satisfaction rating for our performance in community development activities.	60%	63%		Target achieved
1.2.1	Implement the Benalla Rural City Youth Strategy to ensure a whole of Council and community approach to youth related issues.	Community satisfaction rating for our performance in providing youth programs and activities.	60%		1	Target not achieved
1.4.1	Implement the development of expanded and modern library and community resource services and facilities with the establishment of the Sir Edward 'Weary' Dunlop Learning Centre.	Community satisfaction rating for our performance in providing libraries.	59%	66%		Target achieved
1.3.1	Implement a positive ageing strategy that emphasises the contribution of people, places and participation to building and sustaining a positive approach to ageing in our community.	Community satisfaction rating for our performance in providing elderly support services.	71%	76%		Target achieved
2 Places and Spaces						
2.6.1	Maintain, enhance and promote Council facilities and open space areas to enable maximum community use, benefit and enjoyment and to meet safety standards.	Community satisfaction rating for our performance in providing recreational facilities.	65%	69%		Target achieved
2.6.2	Develop a recreation and open space strategy to identify priority future developments across our Rural City.	Strategy development started.	Strategy development started	Strategy development started	2	Target achieved
2.4.1	Facilitate appropriate land use development and protection of environmental values through planning processes, particularly the <i>Benalla Planning Scheme</i> .	Community satisfaction rating for our performance in town planning policy and approvals.	47%	49%		Target achieved

Performance Statement

for the year ended 30 June 2014

Council Plan Action	Key Strategic Activity	Performance Measure	Performance Target	Actual Performance	Note	Outcome
3 Our Economy						
3.1.1	Develop a strategy to retain, support, promote and grow our local businesses, attract new businesses, and support industry innovation and diversification.	Community satisfaction rating for our performance in relation to economic (business) development.	54	47	3	Target not achieved
3.3.1	Support, promote and participate in local, regional and state-wide tourism and population attraction initiatives.	Participation in events to promote Benalla Rural City outside the region.	Attend at least two events a year	More than two events attended and held including the Regional Victoria Living Expo, Jobs and Skills Drive, Benalla Regional Open Days		Target achieved
3.7.1	Establish a long term strategic approach for the ongoing development of Enterprise Park and the Benalla Airport.	Strategy development started.	Strategy development started	Strategy development started		Target achieved
3.4.1	Develop the tourism potential of our iconic community-owned assets, including the Benalla Art Gallery, Benalla Botanical Gardens and Lake Benalla.	Community satisfaction rating for our performance in relation to tourism promotion and support.	54%	58%		Target achieved
4 Our Natural Environment						
4.1.1	Involve and inform the community on environmental issues, strategies and opportunities for reducing our environmental impact.	Community satisfaction rating for our performance in environmental sustainability.	56%	60%		Target achieved
4.6.1	Increase the recovery of resources, minimise waste disposal to landfill and promote opportunities for new waste management facilities.	Community satisfaction rating for our performance in waste management.	67%	72%		Target achieved
4.3.2	Review, adopt and implement the Roadside Vegetation Management Plan taking into account conservation values and public safety expectations.	Strategy reviewed.	Strategy reviewed	Strategy reviewed		Target achieved

Performance Statement

for the year ended 30 June 2014

Council Plan Action	Key Strategic Activity	Performance Measure	Performance Target	Actual Performance	Note	Outcome
5 Community Engagement and Working Together						
5.2.1	Continue to improve the effectiveness of our engagement with the whole community, including young people, in our decision making process.	Community satisfaction rating for our performance in community consultation and engagement.	48%	51%		Target achieved
5.3.2	Facilitate the development of a long-term Community Plan to identify common community values, aspirations and priorities for the future, and integrate into our business planning framework.	Community Plan development started.	Community Plan development started	Not started	4	Target not achieved
5.4.1	Actively participate in relevant regional forums and collaborations including the Hume Region Local Government Network and Hume Regional Management Forum.	Attend meetings of Hume Region Local Government Network and Hume Regional Management Forum.	100% attendance	100% attendance		Target achieved
6 Our Organisation						
6.4.1	Continue to implement strategies to attract, retain and develop staff to create a high performance organisation.	Staff turnover rate.	Higher than 5% and less than 10%	11%		Target not achieved
6.5.1	Pursue innovation and efficiency in our systems and processes.	Community satisfaction rating on our interaction and responsiveness in dealing with the public (customer service).	63%	67%		Target achieved
6.9.1	Actively advocate for our community in our relationships with State and Federal Governments and statutory authorities.	Community satisfaction rating on our performance in relation to advocacy (lobbying on behalf of the community).	47%	53%		Target achieved
6.7.1	Maintain viable and sustainable income sources through our revenue strategy and by seeking additional grant funding.	The result of the most recent published financial sustainability risk assessment undertaken by Victorian Auditor-General's Office following its review of the audited statements	Low Risk Sustainability Assessment	Low Risk Sustainability Assessment 2012/2013		Target achieved

Performance Statement

for the year ended 30 June 2014

Notes to the Performance Statement

Notes

1. Actual performance not measured in Community Satisfaction Survey.
2. Consultant appointed, steering committee established and individual stakeholder consultation undertaken.
3. Increased resources allocated to business development in the 2014/15 Budget, including an increase in the hours of the Business Development Officer and a \$15,000 allocation to the Benalla Business Network.
4. Long-term project. Community Plan development to commence in 2014/15.

Council approval of the Performance Statement

In our opinion the accompanying performance statement of Council in respect of the year ended 30 June 2014 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 10 September 2014 to certify the performance statement in its final form.



Mayor Cr Barbara Alexander
10 September 2014



Cr Suzy Martin
10 September 2014

Performance Statement

for the year ended 30 June 2014

VAGO

Victorian Auditor-General's Office

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INDEPENDENT AUDITOR'S REPORT

To the Councillors, Benalla Rural City Council

The Performance Statement

The accompanying performance statement for the year ended 30 June 2014 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 2014

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.

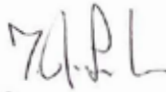
Auditor's Opinion

In my opinion, the performance statement of the Benalla Rural City Council in respect of the 30 June 2014 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

Matters Relating to the Electronic Publication of the Audited Performance Statement

This auditor's report relates to the performance statement of the Benalla Rural City Council for the year ended 30 June 2014 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
15 September 2014


R Dr Peter Frost
Acting Auditor-General

Standard Statements

for the year ended 30 June 2014

Note 1. Basis of preparation of Standard Statements

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

These statements and supporting notes form a special purpose financial report prepared to meet the requirements of the *Local Government Act 1989* and Local Government (Planning and Reporting) Regulations 2014.

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

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

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

The budget figures included in the Standard Statements are those adopted by Council on 21 August 2013. 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 2014

Standard Comprehensive Income Statement

	Notes	Actual \$'000	Budget \$'000	Variance \$'000	Variance %
Income					
Rates and charges		14,113	14,108	5	0%
Grants – Recurrent		4,008	3,918	90	2%
Grants – Non-recurrent	1	637	339	298	88%
User fees and fines		2,707	2,574	133	5%
Other income		581	483	98	20%
Total income		22,046	21,422	624	3%
Expenses					
Employee costs	2	10,909	10,489	420	4%
Materials and services	3	10,264	9,421	843	9%
Depreciation		3,503	3,728	(225)	(6%)
Contributions		401	382	19	5%
Finance costs		358	377	(19)	(5%)
Recognition of landfill rehabilitation provision	4	145	-	145	100%
Impairment write-down of landfill rehabilitation asset	4	528	-	528	100%
Share of net profits of associates and joint ventures accounted for by the equity method		(19)	-	(19)	(100%)
Other expenses		223	220	3	1%
Total expenses		26,312	24,617	1,695	7%
Net result prior to capital income and asset items		(4,266)	(3,195)	(1,071)	34%
Net gain/(loss) on disposal of assets	5	(229)	250	(479)	(192%)
Capital grants	6	4,028	5,817	(1,789)	(31%)
Contributions – non-monetary assets		-	-	-	-
Surplus(deficit) for the year		(467)	2,872	(3,339)	(116%)

The above comprehensive income statement should be read in conjunction with the accompanying notes set out on pages 75 to 77.

Standard Statements

for the year ended 30 June 2014

Standard Balance Statement

	Notes	Actual \$'000	Budget \$'000	Variance \$'000	Variance %
Current assets					
Cash and cash equivalents	7	3,022	4,594	(1,572)	(34%)
Trade and other receivables		1,943	1,952	(9)	(0%)
Financial assets	8	2,959	-	2,959	100%
Other		64	79	(15)	(19%)
Total current assets		7,988	6,625	1,363	21%
Current liabilities					
Trade and other payables	9	2,359	2,108	251	12%
Trust funds and deposits	10	583	457	126	28%
Provisions	11	2,276	2,703	(427)	(16%)
Interest-bearing loans		1,352	1,299	53	4%
Total current liabilities		6,570	6,567	3	0%
Net current assets		1,418	58	1,360	2,345%
Non-current assets					
Investments in associates accounted for using the equity method		485	443	42	9%
Property, infrastructure, plant and equipment		211,229	207,211	4,018	2%
Total non-current assets		211,714	207,654	4,060	2%
Non-current liabilities					
Provisions	11	2,271	2,008	263	13%
Interest-bearing loans	12	5,952	6,715	(763)	(11%)
Total non-current liabilities		8,223	8,723	(500)	(6%)
Net assets		204,909	198,989	5,920	3%
Equity					
Accumulated surplus		127,176	130,098	(2,922)	(2%)
Reserves	13	77,733	68,891	8,842	13%
Total equity		204,909	198,989	5,920	3%

The above balance sheet should be read in conjunction with the accompanying notes set out on pages 75 to 77.

Standard Statements

for the year ended 30 June 2014

Standard Cash Flow Statement

	Notes	Actual Inflows/ (Outflows) \$'000	Budget Inflows/ (Outflows) \$'000	Variance \$'000	Variance %
Cash flows from operating activities					
Receipts from ratepayers		13,944	14,108	(164)	(1%)
Grants (inclusive of GST)		9,598	10,074	(476)	(5%)
User fees and fines (inclusive of GST)		3,070	2,900	170	6%
Contributions		-	-	-	-
Interest		334	374	(40)	(11%)
Payments to employees		(10,838)	(10,222)	(616)	(6%)
Payments to suppliers (inclusive of GST)	14	(11,272)	(10,226)	(1,046)	(10%)
Finance costs		(361)	(377)	16	4%
Net cash provided by (used in) operating activities		4,475	6,631	(2,156)	(33%)
Cash flows from investing activities					
Payments for property, infrastructure, plant and equipment	15	(6,194)	(10,505)	4,311	41%
Proceeds from sales of property, infrastructure, plant and equipment		250	250	-	-
Cash transferred to term deposits	16	(2,959)	-	(2,959)	(100%)
Cash returned from term deposits	17	4,991	-	4,991	100%
Net cash provided by (used in) investing activities		(3,912)	(10,255)	6,343	62%
Cash flows from financing activities					
Repayment of interest bearing loans and borrowings	18	(1,369)	(1,228)	(141)	(11%)
Proceeds from interest bearing loans and borrowings		1,215	1,215	-	-
Net cash provided by (used in) financing activities		(154)	(13)	(141)	(1,085%)
Net increase in cash and cash equivalents		409	(3,637)	4,046	111%
Cash and cash equivalents at the beginning of the financial year		2,613	8,231	(5,618)	(68%)
Cash and cash equivalents at the end of the financial year		3,022	4,594	(1,572)	(34%)

The above cash flow statement should be read in conjunction with the accompanying notes set out on pages 75 to 77.

Standard Statements

for the year ended 30 June 2014

Standard Statement of Capital Works

	Notes	Actual \$'000	Budget \$'000	Variance \$'000	Variance %
Capital Works Areas					
Road infrastructure	19	2,124	2,836	(712)	(25%)
Underground drainage	20	16	340	(324)	(95%)
Open Space	21	36	167	(131)	(78%)
Landfill cell	22	97	624	(527)	(84%)
Land		10	-	10	100%
Buildings	23	4,053	5,916	(1,863)	(31%)
Plant and equipment	24	138	622	(484)	(78%)
Total capital works		6,474	10,505	(4,031)	(38%)

Represented by					
Renewal	25	4,228	5,182	(954)	(18%)
Upgrade	26	1,785	4,210	(2,425)	(58%)
New	27	461	1,113	(652)	(59%)
Total non-current assets		6,474	10,505	(4,031)	(38%)

Property, Infrastructure, Plant and Equipment movement

Reconciliation Worksheet

The movement between the previous year and the current year in property, infrastructure, plant and equipment as shown in the Balance Sheet links to the net of the following items:

Total capital works		6,474	10,505	(4,031)	(38%)
Recognition of landfill rehabilitation asset	28	(528)	-	(528)	(100%)
Asset revaluation increments	13	8,872	-	8,872	100%
Depreciation		(3,503)	(3,728)	225	6%
Written down value of disposals	29	(453)	-	(453)	(100%)
Net movement in property, infrastructure, plant and equipment		10,862	6,777	4,085	60%

The above statement of capital works should be read in conjunction with the accompanying notes set out on pages 75 to 77.

Standard Statements

for the year ended 30 June 2014

Notes to the Standard Statements

Standard Income Statement

Note 1. Grants – Non-recurrent

Non-recurrent grants were \$298,000 more than budget due to the receipt of grants that were not budgeted for including:

Resilient Community Grant	\$90,000
Building Inclusive Communities	\$68,000
Waminda Safe Lighting Project	\$44,000
Transport Innovation	\$34,000
Strategic Recreation Plan	\$27,000
BPACC Community Engagement Grant	\$15,000
Total	\$278,000

Note 2. Employee costs

Employee expenses were \$420,000 more than budget mainly due to:

- End of year recalculation of annual leave and long service leave entitlements and enterprise agreement pay increase not budgeted for \$166,000
- Organisational restructure payments \$66,000
- Grant funded Rural Access worker not budgeted \$58,000
- FBT increases relating to motor vehicles \$31,000
- Grant funded Community Liaison worker not budgeted \$17,000
- Grant funded Resilient Community worker not budgeted \$13,000.

Note 3. Materials and Services

Material and Services expenses were \$843,000 more than budget. The Tatong revitalisation project and Swanpool community project \$512,000 were budgeted as capital projects but later recognised as non-Council owned assets. Unforeseen landfill operating costs \$146,000 were incurred including machine hire, contract labour and higher than expected levies which were offset by increased landfill admission fees. The following grant funding was received in the 2012/13 financial year and the related expenditure incurred in the 2013/14 financial year:

Climate Change Adaptation Plan	\$35,000
Roadside Weeds	\$51,000
Street Life Project	\$14,000

Note 4. Recognition of Landfill Rehabilitation provision

Due to a change in accounting treatment a prior year landfill rehabilitation asset has been expensed \$528,000 and was not budgeted for. The increase in the provision for the 2013/14 financial year is \$145,000.

Note 5. Net gain/(loss) on disposal of assets

The proceeds from sale of land at 54 Arundel Street \$250,000 were offset by the written down value of disposal \$112,000. The Aquatic Centre Water Slide was written off due to its removal from service at a written down value of \$282,000. De-accessed artworks were removed from the collection at a written down value of \$85,000.

Standard Statements

for the year ended 30 June 2014

Notes to the Standard Statements (continued)

Note 6. Capital grants

Capital grant income was \$1.789 million less than budget which was mainly due to the timing of grants which will now be received in 2014/15 financial year:

Civic Precinct Revitalisation Project	\$943,000
Landfill Cell Liner	\$225,000
Airport Project	\$210,000
Tatong – Community Project	\$142,000
Total	\$1,520,000

Grant funding for the Devenish Township Infrastructure Upgrade Project \$234,000 was not approved and the project did not proceed.

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

BPACC Refurbishment	\$213,000
Airport Masterplan	\$99,000
Jaycee Island Bridge Restoration	\$25,000
Total	\$337,000

Standard Balance Sheet

Note 7. Cash and cash equivalents

The decrease of \$1.572 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 8). The remaining Civic Precinct Projects and landfill cell construction capital expenditure will now be delivered in 2014/15 financial year.

Note 8. Financial assets

The increase of \$2.959 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 7).

Note 9. Trade and other payables

The increase of \$251,000 compared to budget is due to large contract payments, not overdue but remaining unpaid at 30 June.

Note 10. Trust funds and deposits

The increase of \$126,000 compared to budget mainly relates to an increase in the balance of the Benalla Art Gallery Acquisition Trust Fund.

Note 11. Provisions

Current

The decrease of \$427,000 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 \$263,000 compared to budget mainly relates to the planned landfill rehabilitation at Lot 27B Old Farnley Road, Benalla in future years.

Note 12. Interest-bearing loans

The decrease of \$763,000 in the loan balance compared to budget relates to the advanced payment of loans resulting from new tendered loans and differing loan repayment schedules. The interest rates on these new loans are lower than budgeted.

Note 13. Reserves

The increase of \$8.842 million compared to budget is mainly due to the increased valuation of assets including infrastructure of \$10.572 million offset by a decreased valuation in artworks of \$1.7 million.

Standard Cash Flow Statement

Note 14. Payments to Suppliers

The increase of \$1.046 million compared to budget is mainly due to the increase in spending on materials and services expenses (refer note 3).

Standard Statements

for the year ended 30 June 2014

Notes to the Standard Statements (continued)

Note 15. Payments for property, infrastructure, plant and equipment

Cash outflows were \$4.309 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 2014/15 financial year.

Note 16. Cash transferred to term deposits

The decrease of \$2.959 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 8).

Note 17. Cash transferred from term deposits

The increase of \$4.991 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 8). Term deposits held at 30 June 2013 with maturities of three or more months had matured at balance date and increased Cash and Cash Equivalents.

Note 18. Repayment of interest bearing loans and borrowings

The repayment of interest bearing loans was \$141,000 more than budget as new loan schedule repayments are higher than budgeted.

Standard Statement of Capital Works

Note 19. Road Infrastructure

Road Infrastructure capital works were \$713,000 less than budget primarily due to funding for budgeted projects being reallocated to the construction of the new landfill cell and other projects that had not commenced. These projects will be delivered in 2014/15.

Note 20. Underground drainage

Underground drainage works were \$324,000 less than budget due to the Devenish drainage project not commencing.

Note 21. Open space

Open space works were \$131,000 less than budget due to the Street Light Retrofit Program not commencing and other safety lighting projects not being fully completed at 30 June 2014.

Note 22. Landfill cell

Due to wet weather the new landfill cell construction project has been delayed and will be completed during the 2014/15 financial year.

Note 23. Buildings

Building works were \$1.863 million less than budget mainly due to budgeted Civic Precinct Revitalisation projects and the Airport Upgrade that will be expended during the 2014/15 financial year.

Note 24. Plant and equipment

Plant and equipment purchases were \$484,000 less than budget mainly due to the budgeted purchase of the grader being reallocated to part fund the new landfill cell construction.

Note 25. Renewal

Renewal works were \$954,000 million less than budget mainly due to road infrastructure works (refer note 19).

Note 26. Upgrade

Upgrade works were \$2.425 million less than budget due to the budgeted Civic Precinct Revitalisation and other building projects that will now be expended during the 2014/15 financial year (refer note 23).

Note 27. New

New works were \$652,000 less than budget which is mainly due to the Landfill Cell construction, that will now be completed in the 2014/15 financial year (refer note 22).

Standard Statements

for the year ended 30 June 2014

Certification of the Standard Statements

In my opinion the accompanying standard statements have been prepared on accounting bases consistent with the financial statements and in accordance with the *Local Government Act 1989* and the *Local Government (Planning & Reporting) Regulations 2014*.



Brett Davies CPA
Principal Accounting Officer
10 September 2014

In our opinion the accompanying standard statements have been prepared on accounting bases consistent with the financial statements and in accordance with the *Local Government Act 1989* and the *Local Government (Planning & Reporting) Regulations 2014*.

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 10 September 2014 to certify the standard statements in their final form.



Mayor Cr Barbara Alexander
10 September 2014



Cr Suzy Martin
10 September 2014



Tony McIlroy B.Bus., MAICD
Chief Executive Officer
10 September 2014

Financial Report

for the year ended 30 June 2014

Comprehensive Income Statement

	Notes	2014 \$'000	2013 \$'000
Income			
Rates and charges	3	14,113	13,449
Grants – Recurrent	4	4,008	5,631
Grants – Non-recurrent	4	637	765
User fees and fines	5	2,707	2,574
Other income	7	581	481
Total income		22,046	22,900
Expenses			
Employee costs	8	10,909	10,360
Materials and services	9	10,264	9,752
Depreciation	10	3,503	3,571
Contributions	11	401	375
Finance costs		358	290
Recognition of landfill rehabilitation provision	22	145	-
Impairment write-down of landfill rehabilitation asset	19	528	-
Share of net (profits)/loss of investments in associates accounted for by the equity method	14	(19)	(1)
Other expenses	12	223	221
Total expenses		26,312	24,568
Surplus/(deficit) prior to capital income and asset items	2	(4,266)	(1,668)
Net gain/(loss) on disposal of assets	13	(229)	-
Capital grants	4	4,028	3,461
Contributions – non-monetary assets	6	-	138
Surplus/(deficit)		(467)	1,931
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	1	21
Net asset revaluation increment	24(b)	8,872	-
Comprehensive result		8,406	1,952

The above comprehensive income statement should be read in conjunction with the accompanying notes set out on pages 83 to 129.

Financial Report

for the year ended 30 June 2014

Balance Sheet

	Notes	2014 \$'000	2013 \$'000
Assets			
Current assets			
Cash and cash equivalents	15	3,022	2,613
Trade and other receivables	16	1,943	2,297
Financial assets	17	2,959	4,991
Other assets	18	64	65
Total current assets		7,988	9,966
Non-current assets			
Investments in associates accounted for using the equity method	14	485	465
Property, infrastructure, plant and equipment	19	211,229	200,367
Total non-current assets		211,714	200,832
Total assets		219,702	210,798
Liabilities			
Current liabilities			
Trade and other payables	20	2,359	2,171
Trust funds and deposits	21	583	433
Provisions	22	2,276	2,068
Interest-bearing loans	23	1,352	1,371
Total current liabilities		6,570	6,043
Non-current liabilities			
Provisions	22	2,271	2,165
Interest-bearing loans	23	5,952	6,087
Total non-current liabilities		8,223	8,252
Total liabilities		14,793	14,295
Net assets		204,909	196,503
Equity			
Accumulated surplus		127,176	127,757
Reserves	24	77,733	68,746
Total equity		204,909	196,503

The above balance sheet should be read in conjunction with the accompanying notes set out on pages 83 to 129.

Financial Report

for the year ended 30 June 2014

Statement of Changes in Equity

	Notes	Total 2014 \$'000	Accumulated Surplus 2014 \$'000	Asset Revaluation Reserve 2014 \$'000	Other Reserves 2014 \$'000
2014					
Balance at beginning of the financial year		196,503	127,757	68,613	133
Surplus/(deficit) for the year		(467)	(467)	-	-
Share of comprehensive income of associate		1	1	-	-
Impairment losses on revalued assets	24(b)	-	-	-	-
Transfers to asset revaluation reserves	24(b)	8,872	-	8,872	-
Transfers to reserves		-	(115)	-	115
Balance at the end of the financial year		204,909	127,176	77,485	248

	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

The above statement of changes in equity should be read in conjunction with the accompanying notes set out on pages 83 to 129.

Financial Report

for the year ended 30 June 2014

Cash Flow Statement

	Notes	2014 Inflows/ (Outflows) \$'000	2013 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates		13,944	13,445
Grants (inclusive of GST)		9,598	9,988
User fees and fines (inclusive of GST)		3,070	2,869
Contributions		-	-
Interest		334	408
Payments to employees		(10,838)	(12,149)
Payments to suppliers (inclusive of GST)		(11,272)	(11,121)
Finance costs		(361)	(269)
Net cash provided by (used in) operating activities	25	4,475	3,171
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(6,194)	(6,511)
Proceeds from sales of property, infrastructure, plant and equipment	13	250	-
Cash transferred to term deposits		(2,959)	(4,991)
Cash returned from term deposits		4,991	3,096
Net cash provided by (used in) investing activities		(3,912)	(8,406)
Cash flows from financing activities			
Repayment of interest-bearing loans and borrowings		(1,369)	(956)
Proceeds from interest-bearing loans and borrowings		1,215	3,906
Net cash provided by (used in) financing activities		(154)	2,950
Net increase (decrease) in cash and cash equivalents		409	(2,285)
Cash and cash equivalents at the beginning of the financial year		2,613	4,898
Cash and cash equivalents at the end of the financial year	15	3,022	2,613
Financing Arrangements	27		
Restrictions on cash assets	28		

The above cash flow statement should be read in conjunction with the accompanying notes set out on pages 83 to 129.

Financial Report

for the year ended 30 June 2014

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 Customer Service Centre, 1 Bridge Street East, Benalla.
- b) The purpose of Council is to:
- Provide for the peace, order and good government of its municipal district;
 - To promote the social, economic and environmental viability and sustainability of the municipal district;
 - To ensure that resources are used efficiently and effectively and services are provided in accordance with the Best Value Principles to best meet the needs of the local community;
 - To improve the overall quality of life of people in the local community;
 - To promote appropriate business and employment opportunities;
 - To ensure that services and facilities provided by Council are accessible and equitable;
 - To ensure the equitable imposition of rates and charges; and
 - To ensure transparency and accountability in Council decision making.

The financial report of the Benalla Rural City Council is a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity and Cash Flow Statement and notes accompanying these financial statements. This general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations, the *Local Government Act 1989* and the Local Government (Planning & Reporting) Regulations 2014.

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

AASB 13 Fair Value Measurement

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

Financial Report

for the year ended 30 June 2014

Note 1. Significant Accounting Policies (continued)

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

AASB 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, Council has not made any new disclosures required by AASB 13 for the 2013 comparative period (please see note 19 disclosures).

Other than the additional disclosures, the application of AASB 13 has not had any material impact on the amounts recognised in the financial statements.

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

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

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

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

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

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

AASB 119 Employee benefits

In the current year, Council has applied AASB 119 Employee Benefits (as revised in 2011) and the related consequential amendments for the first time. AASB 119 changes the definition of short-term employee benefits. These were previously benefits that were due to be settled within twelve months after the end of the reporting period in which the employees render the related service, however, short-term employee benefits are now defined as benefits expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service. As a result, accrued annual leave balances which were previously classified by Council as short-term benefits no longer meet this definition and are now classified as long-term benefits. This has resulted in a change of measurement for that portion of annual leave provision from an undiscounted to discounted basis

This change in classification has not materially altered Councils measurement of the annual leave provision

(c) Revenue Recognition

Rates, Grants, and Contributions

Rates, grants and contributions (including developer contributions) are recognised as revenues when 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.

Financial Report

for the year ended 30 June 2014

Note 1. Significant Accounting Policies (continued)

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 as it is earned.

(d) Depreciation of non-current assets

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

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

Land and road earthworks are not depreciated.

Artworks are not depreciated.

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

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

2014	
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

Financial Report

for the year ended 30 June 2014

Note 1. Significant Accounting Policies (continued)

(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.

Borrowing costs include interest on borrowings.

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

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

The following classes of assets have been recognised in note 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.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset. More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 19 Property Plant and Equipment.

Financial Report

for the year ended 30 June 2014

Note 1. Significant Accounting Policies (continued)

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. As at 30 June 2014 Council had not acquired any land under roads after 30 June 2008. Council does not recognise land under roads that it controlled prior to that period in its financial report. Council will commence reporting land under roads acquired prior to 30 June 2008 in the 2014/15 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.

(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

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

(i) Wages and salaries, and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values. Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Financial Report

for the year ended 30 June 2014

Note 1. Significant Accounting Policies (continued)

(ii) Long service leave

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

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

The components of this current liability are measured at :

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

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

This non-current LSL liability is measured at present value.

(iii) Termination benefits

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

Superannuation

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

The superannuation expense for the reporting year 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.

(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.

Financial Report

for the year ended 30 June 2014

Note 1. Significant Accounting Policies (continued)

(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 (including disposal groups) is measured at the lower of its carrying amount and fair value less costs to sell, and are not subject to depreciation. Non current assets, disposal groups and related liabilities are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group sale) is expected to be completed within 12 months from the date of classification.

(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 2014

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	Summary	Application Date	Impact on Council
AASB 9 Financial Instruments	<p>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.</p> <p>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.</p> <p>The new categories of financial assets are:</p> <ul style="list-style-type: none"> • Amortised cost – those assets with ‘basic’ loan features’. • Fair value through other comprehensive income – this treatment is optional for equity instruments not held for trading (this choice is made at initial recognition and is irrevocable). • Fair Value through profit and Loss – everything that does not fall into the above two categories. <p>The following changes also apply:</p> <ul style="list-style-type: none"> • Investments in unquoted equity instruments must be measured at fair value. However, cost may be the appropriate measure of fair value where there is insufficient more recent information available to determine a fair value. • There is no longer any requirement to consider whether ‘significant or prolonged’ decline in the value of financial assets has occurred. The only impairment testing will be on those assets held at amortised cost, and all impairments will be eligible for reversal. <p>Similarly, all movements in the fair value of a financial asset now go to the income statement, or, for equity instruments not held for trading, other comprehensive income. There is no longer any requirement to book decrements through the income statement, and increments through equity.</p>	1 Jul 2015	<p>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.</p> <p>This will also create a requirement to measure some instruments annually that has not previously existed.</p>

Financial Report

for the year ended 30 June 2014

Note 1. Significant Accounting Policies (continued)

(u) Pending Accounting Standards (continued)

Pronouncement	Summary	Application Date	Impact on Council
AASB 10 Consolidated Financial Statements	<p>This Standard forms the basis for determining which entities should be consolidated into an entity's financial statements. AASB 10 defines 'control' as requiring exposure or rights to variable returns and the ability to affect those returns through power over an investee, which may broaden the concept of control for public sector entities.</p> <p>The AASB has issued an exposure draft ED 238 Consolidated Financial Statements – Australian Implementation Guidance for Not-for-Profit Entities that explains and illustrates how the principles in the Standard apply from the perspective of not-for-profit entities in the private and public sectors.</p>	1 Jul 2014	The AASB have finalised deliberations on ED 238 and any modifications made to AASB 10 for not-for-profit entities, Council will need to re-assess the nature of its relationships with other entities, including those that are currently not consolidated.
AASB 11 Joint Arrangements	<p>This Standard deals with the concept of joint control, and sets out a new principles-based approach for determining the type of joint arrangement that exists and the corresponding accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement.</p>	1 Jul 2014	The AASB have finalised deliberations and any modifications made to AASB 11 for not-for-profit entities, Council will need to assess the nature of arrangements with other entities in determining whether a joint arrangement exists in light of AASB 11.
AASB 12 Disclosure of Interests in Other Entities	<p>This Standard requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the financial statements. This Standard replaces the disclosure requirements in AASB 127 Separate Financial Statements and AASB 131 Interests in Joint Ventures.</p> <p>The exposure draft ED 238 proposes to add some implementation guidance to AASB 12, explaining and illustrating the definition of a 'structured entity' from a not-for-profit perspective.</p>	1 Jul 2014	Impacts on the level and nature of the disclosures will be assessed based on the eventual implications arising from AASB 10, AASB 11 and AASB 128 Investments in Associates and Joint Ventures.

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Note 1. Significant Accounting Policies (continued)

(u) Pending Accounting Standards (continued)

Pronouncement	Summary	Application Date	Impact on Council
AASB 127 Separate Financial Statements	This revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	1 Jul 2014	The impact of this standard will need to be assessed in line with the final deliberations by the AASB on the application of this standard to not for profit entities.
AASB 128 Investments in Associates and Joint Ventures	This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1 Jul 2014	The impact of this standard will need to be assessed in line with the final deliberations by the AASB on the application of this standard to not for profit entities.
AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounts Standard arising from Reduced Disclosure Requirements	These standards set out the tiers of financial reporting and the reduced disclosure framework.	1 Jul 2014	Council has yet to determine the impact of this standard,

(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.

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Note 2. Underlying Surplus/(deficit)

	2014 \$'000	2013 \$'000
Surplus/(deficit) for the year before other comprehensive income	(467)	1,931
Less Non-operating income		
Net gain/(loss) on disposal of assets	(229)	-
Capital grants	4,028	3,461
Contributions – non-monetary assets	-	138
Underlying deficit	(4,266)	(1,668)

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 2013/14 was \$2,374 million (2012/13 \$2,355 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.

	2014 \$'000	2013 \$'000
General rates	10,649	10,164
Municipal charge	1,532	1,462
Waste Management charges	1,932	1,823
	14,113	13,449

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Note 4. Grants

	2014 \$'000	2013 \$'000
Summary		
Recurrent Operational Grants	4,008	5,631
Non-recurrent Operational Grants	637	765
Capital Grants	4,028	3,461
Total	8,673	9,857

Grants were received in respect of the following:

Recurrent Operational Grants		
Arts Victoria	140	140
Community Services	1,885	2,091
VicRoads	36	35
Victoria Grants Commission – general purpose	1,198	2,101
Victoria Grants Commission – local roads	694	1,243
Other	55	21
Total recurrent operational grants	4,008	5,631

Non-recurrent Operational Grants		
Advancing Country Towns Project	154	175
Arts and Culture	23	-
Community Services	102	224
Economic Development Projects	58	56
Environmental Projects	51	41
Flood Restoration Projects	-	51
Lakeside Community Sports Centre	-	-
Natural Disaster Relief	-	104
Recreation Planning	27	-
Resilient Communities	90	-
Waminda Safe Lighting	44	-
Youth Programs	76	92
Other	12	22
Total non-recurrent operational grants	637	765

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Note 4. Grants (continued)

	2014 \$'000	2013 \$'000
Capital Grants		
Airport Masterplan	99	-
Benalla Performing Arts Centre Refurbishment	213	-
Blackspot Project	-	75
Country Roads and Bridges Initiative	1,000	1,000
Enterprise Park	135	-
Project Feasibility Planning	300	-
Former Shire Offices refurbishment	43	-
Flood Restoration Projects	-	13
Natural Disaster Relief	502	645
Roads to Recovery	874	539
Sir Edward 'Weary' Dunlop Learning Centre and Customer Service Centre Project	439	682
Skate Park Redevelopment	-	200
Tatong Revitalisation	113	-
Town Hall Restoration Project	30	270
Swanpool Revitalisation	243	-
Other	37	37
Total capital grants	4,028	3,461
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
Airport Masterplan	64	-
Arts and Culture Events	15	-
Benalla Community Lighting Project	-	20
Benalla Performing Arts and Convention Centre Refurbishment	54	-
Climate Change Adaptation Plan	-	10
Community Services	55	72
Economic Development	-	10
Enterprise Park	22	-
Environmental Projects	-	33
Recreation Planning	18	-
Resilient Communities	74	-
Sir Edward 'Weary' Dunlop Learning Centre and Customer Service Centre Redevelopment	289	682
Swanpool Revitalisation	35	-
Town Hall Restoration	-	231
Transport Connections Project	-	68
Transport Innovation Project	-	15
Youth Programs	13	27
Waminda Safe Lighting	44	-
	683	1,282

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Note 4. Grants (continued)

	2014 \$'000	2013 \$'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	114	145
Benalla Community Lighting Project	20	-
Benalla Saints Netball Club Project	-	16
Climate Change Adaption Project	10	19
Community Services	72	3
Community Wastewater Education Project	-	15
Economic Development	10	-
Environmental Projects	33	-
Former Shire Offices refurbishment	-	17
Sir Edward 'Weary' Dunlop Learning Centre and Customer Service Centre Project	1,664	422
Town Hall Restoration	231	-
Transport Connections Project	3	117
Transport Innovation Project	15	-
Youth Programs	27	-
	2,199	754
Net increase (decrease) in restricted assets resulting from grant revenues for the year:	(1,516)	528

Note 5. User Fees and Fines

Benalla Performing Arts and Convention Centre	267	236
Community Services fees	530	583
Planning and Environment fees	347	318
Waste Management fees	1,101	920
Other fees	462	517
	2,707	2,574

Note 6. Capital Contributions

Non-monetary assets		
Artworks	-	7
Plant and Equipment	-	131
Total Contributions	-	138

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for the year ended 30 June 2014

Note 7. Other Income

	2014 \$'000	2013 \$'000
Contributions	259	134
Interest	322	347
	581	481

Note 8. Employee Costs

Wages and salaries	8,550	8,256
Annual leave	857	808
Long service leave	296	172
Superannuation	858	765
Fringe Benefits Tax	66	57
Work cover	282	302
	10,909	10,360

Note 9. Materials and Services

Benalla Art Gallery	242	118
Benalla Aquatic Centre	524	536
Benalla Performing Arts and Convention Centre	205	188
Benalla Saleyards	-	99
Civic Centre Operations	113	140
Community Services	985	1,250
Council Support	358	380
Customer Service	106	53
Executive Services	90	197
Economic Development	89	91
Finance	525	398
Human Resources	192	152
Infrastructure	1,497	1,641
Parks and Gardens	223	175
Planning and Environment	442	484
Property Management	1,442	806
Property and Information Services	471	582
Public Relations	294	277
Waste Management	2,282	2,010
Youth Services	100	108
Benalla Library	19	27
Other	65	40
	10,264	9,752

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Note 10. Depreciation

	2014 \$'000	2013 \$'000
Buildings	527	513
Roads	2,127	2,027
Footpaths	82	82
Surface drainage	160	159
Bridges	186	193
Underground drainage	165	160
Landfill cell	-	87
Plant and equipment	147	245
Office furniture and equipment	109	105
	3,503	3,571

Note 11. Contributions

Community Support	74	64
High Country Library Corporation	301	286
State Emergency Service	26	25
	401	375

Note 12. Other Expenses

Councillor allowances	170	166
External audit fee – Victorian Auditor-General	34	34
Internal audit fees – Richmond Sinnott & Delahunty	19	21
	223	221

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

Plant and Equipment		
Proceeds from sale of assets	250	-
Written down value of assets disposed	(479)	-
Profit(loss) on disposal of assets	(229)	-

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for the year ended 30 June 2014

Note 14. Investments in Associates

	2014 \$'000	2013 \$'000
Investments in associates accounted for by the equity method are:		
Increase/(decrease) in investment in High Country Library Corporation	20	22
Background		
Council has an investment with three other Council's in the High Country Library Corporation. The investment in the High Country Library Corporation represents a 23.12% interest in the net assets of the Corporation.		
Movement in carrying value of specific investment		
Carrying value of investment at start of year	465	443
Share of profit(loss) for year	19	1
Share of asset revaluation	1	21
Council's value of investment at end of year	485	465

Note 15. Cash and Cash Equivalents

	2014 \$'000	2013 \$'000
Cash on hand	2	2
Cash at bank	856	975
At call	1,050	1,115
Short term deposits	1,114	521
	3,022	2,613

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	715	530
Provision for doubtful debts	-	-
	715	530
Other debtors	1,236	1,775
Provision for doubtful debts	(8)	(8)
	1,228	1,767
	1,943	2,297

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Note 17. Financial Assets

	2014 \$'000	2013 \$'000
Term Deposits (note 1 (i))	2,959	4,991
	2,959	4,991

Note 18. Other Assets

Current		
Prepayments	31	35
Inventories	33	30
	64	65

Note 19. Property, Infrastructure, Plant and Equipment

Land		
At cost	540	530
At independent valuation 30 June 2012	27,283	27,394
	27,823	27,924
Buildings		
At cost	3,844	1,513
At independent valuation 30 June 2012	41,616	41,910
Less accumulated depreciation	(20,792)	(20,302)
	24,668	23,121

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Land – specialised			27,283
Buildings – specialised			20,878
Total			48,161

No transfers between levels occurred during the year.

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for the year ended 30 June 2014

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

	2014 \$'000	2013 \$'000
Roads		
At cost	-	4,285
At fair value as at 30 June 2014	164,809	148,123
Less accumulated depreciation	(60,158)	(55,450)
	104,651	96,958
Footpaths		
At cost	-	32
At fair value as at 30 June 2014	7,023	4,892
Less accumulated depreciation	(2,586)	(2,094)
	4,437	2,830
Surface Drainage		
At cost	-	71
At fair value as at 30 June 2014	11,102	11,680
Less accumulated depreciation	(5,376)	(5,970)
	5,726	5,781
Bridges		
At cost	-	2,941
At fair value as at 30 June 2014	19,134	14,487
Less accumulated depreciation	(5,479)	(5,172)
	13,655	12,256
Underground Drainage		
At cost	-	233
At fair value as at 30 June 2014	16,537	15,984
Less accumulated depreciation	(3,393)	(3,401)
	13,144	12,816

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for the year ended 30 June 2014

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

Fair value assessments have been performed at 30 June 2014 for infrastructure. The next scheduled full revaluation for this purpose will be conducted in 2016-2017.

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Roads			104,651
Footpaths			4,437
Surface drainage			5,726
Bridges			13,655
Underground drainage			13,144
Total			141,613

No transfers between levels occurred during the year.

	2014 \$'000	2013 \$'000
Landfill Cell		
At cost	521	521
Less accumulated depreciation	(521)	(521)
	-	-
Landfill Rehabilitation		
At cost	-	528
Less accumulated depreciation	-	-
	-	528
Plant and Equipment		
At cost	2,635	2,623
Less accumulated depreciation	(1,885)	(1,738)
	750	885
Office Furniture and Equipment		
At cost	1,828	1,702
Less accumulated depreciation	(1,413)	(1,303)
	415	399

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for the year ended 30 June 2014

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

	2014 \$'000	2013 \$'000
Artworks		
At cost	-	91
At fair value as at 20 May 2014	13,273	14,966
	13,273	15,057

Fair value assessments have been performed at 20 May 2014 for artworks. The next scheduled full revaluation for this purpose will be conducted in 2016-2017.

Details of the Council's artworks and information about the fair value hierarchy as at 20 May 2014 are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Artworks		13,273	
Total		13,273	

No transfers between levels occurred during the year.

	2014 \$'000	2013 \$'000
Works in Progress		
At cost	2,687	1,812
	2,687	1,812
Total	211,229	200,367

Reconciliation of Level 3 fair value

	Specialised Land and Land Improvements	Specialised Buildings	Infrastructure
2014			
Opening Balance	27,394	21,618	123,768
Depreciation	-	(483)	(2,720)
Impairment Loss	-	-	-
Revaluation	-	-	10,572
Acquisitions	-	-	2,109
Disposals	(111)	(257)	-
Transfers	-	-	7,884
Closing Balance	27,283	20,878	141,613

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for the year ended 30 June 2014

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

Depreciation of significant unobservable inputs into Level 3 valuations

	Valuation Technique	Significant Unobservable Inputs	Range	Sensitivity
Specialised Land	Market based direct comparison approach (refer below)	Extent and impact of restriction of use	\$0.55 to \$290	Increase or decrease in the extent of restriction would result in a significantly higher or lower fair value.
Specialised Buildings	Depreciated Replacement Cost	Direct cost per square metre	\$200 to \$2,400	Increase or decrease in the direct cost per square metre adjustment would result in a significantly lower or higher fair value.
		Useful life of specialised buildings	60 to 100 years	Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Infrastructure				
Road Seal	Depreciated Replacement Cost	Cost per unit	\$3.27 to \$21.51	Increase or decrease in the cost per unit would result in a significantly higher or lower fair value.
		Useful life of infrastructure	2 to 25 years	Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Sealed Road Pavement	Depreciated Replacement Cost	Cost per unit	\$37 to \$37.40	Increase or decrease in the cost per unit would result in a significantly higher or lower fair value.
		Useful life of infrastructure	100 years	Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Unsealed Road Pavement	Depreciated Replacement Cost	Cost per unit	\$1 to \$98.67	Increase or decrease in the cost per unit would result in a significantly higher or lower fair value.
		Useful life of infrastructure	15 to 100 years	Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Road Formation	Depreciated Replacement Cost	Cost per unit	\$1 to \$53.44	Increase or decrease in the cost per unit would result in a significantly higher or lower fair value.
		Useful life of infrastructure	100 to 200 years	Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Footpaths	Depreciated Replacement Cost	Cost per unit	\$8.38 to \$637.50	Increase or decrease in the cost per unit would result in a significantly higher or lower fair value.
		Useful life of infrastructure	15 to 80 years	Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Surface Drainage	Depreciated Replacement Cost	Cost per unit	\$65.83 to \$331.75	Increase or decrease in the cost per unit would result in a significantly higher or lower fair value.
		Useful life of infrastructure	70 to 100 years	Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Bridges	Depreciated Replacement Cost	Cost per unit	\$515.58 to \$3,808	Increase or decrease in the cost per unit would result in a significantly higher or lower fair value.
		Useful life of infrastructure	60 to 100 years	Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Underground drainage	Depreciated Replacement Cost	Cost per unit	\$74 to \$930	Increase or decrease in the cost per unit would result in a significantly higher or lower fair value.
		Useful life of infrastructure	100 years	Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.

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

2014	Balance at beginning of financial year	Acquisition of assets	Contributions and recognition (non-monetary assets)	Revaluation increments and impairment losses (note 24)	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	27,924	10	-	-	-	(111)	-	27,823
Buildings	23,121	2,016	-	-	(527)	(257)	315	24,668
Total property	51,045	2,026	-	-	(527)	(368)	315	52,491
Infrastructure								
Roads	96,958	1,662	-	7,670	(2,127)	-	488	104,651
Footpaths	2,830	21	-	1,668	(82)	-	-	4,437
Surface drainage	5,781	-	-	83	(160)	-	22	5,726
Bridges	12,256	415	-	1,171	(186)	-	-	13,656
Underground drainage	12,816	11	-	(20)	(165)	-	501	13,143
Total infrastructure	130,641	2,109	-	10,572	(2,720)	-	1,011	141,613
Landfill cell	-	-	-	-	-	-	-	-
Landfill rehabilitation	528	-	(528)	-	-	-	-	-
Landfill	528	-	(528)	-	-	-	-	-
Plant and Equipment								
Plant and equipment	885	12	-	-	(147)	-	-	750
Office furniture and equipment	399	126	-	-	(109)	-	-	416
Total plant and equipment	1,284	138	-	-	(256)	-	-	1,166
Artworks	15,057	-	-	(1,700)	-	(85)	-	13,272
Works in progress								
Property	665	2,073	-	-	-	-	(315)	2,423
Infrastructure	1,013	31	-	-	-	-	(1,011)	33
Landfill	134	97	-	-	-	-	-	231
Total works in progress	1,812	2,201	-	-	-	-	(1,326)	2,687
Total property, infrastructure, plant and equipment	200,367	6,474	(528)	8,872	(3,503)	(453)	-	211,229

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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 24)	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 and 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

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for the year ended 30 June 2014

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

Valuation basis

Specialised land and specialised buildings

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

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

An independent valuation of Council's specialised land and specialised buildings was performed by Marcus L W Hann, AAPI, Certified Practising Valuer, of LG Valuation Services. The valuation was performed using either the market based direct comparison method or depreciated replacement cost, adjusted for restrictions in use. The effective date of the valuation is 30 June 2012.

Infrastructure

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

Where it has not been possible to examine hidden works such as structural frames and floors, the use of reasonable materials and methods of construction have been assumed bearing in mind the age and nature of the building. The estimated cost of reconstruction

including structure services and finishes, also factors in any heritage classifications as applicable. Infrastructure assets contain significant unobservable adjustments, therefore these assets are classified as Level 3.

Roads, Footpaths, Surface Drainage, Bridge and Underground drainage assets were valued by Mr Ashley Bishop, Council's Assets Officer. The basis of valuation was written down replacement cost as at 30 June 2014.

The valuation of Council's Artworks was undertaken by an independent valuer, Warren Joel, Certified Practising Valuer No. 408, of Byjoel Valuations. The valuation of Artworks is at fair value, being market value. The valuation was at 20 May 2014.

Non-specialised artworks

Non-specialised artworks are valued using the market based direct comparison method. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

For non-specialised artworks, an independent valuation was performed by Warren Joel, Certified Practising Valuer No. 408, of Byjoel Valuations to determine the fair value using the market based direct comparison method. Valuation of the assets was determined by analysing comparable sales and other relevant factors specific to the asset being valued. The effective date of the valuation is 20 May 2014. To the extent that non-specialised artworks do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market based direct comparison approach.

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

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

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for the year ended 30 June 2014

Note 20. Trade and Other Payables

	2014 \$'000	2013 \$'000
Current		
Materials and contracts	2,013	1,724
Employee costs	318	416
Interest	28	31
	2,359	2,171

Note 21. Trust Funds and Deposits

Current		
Art Gallery Acquisition Trust Fund	420	295
Refundable deposits	163	138
	583	433

Note 22. Provisions

	Annual leave \$'000	Long service leave \$'000	Landfill rehabilitation \$'000	Total \$'000
2014				
Balance at beginning of financial year	678	1,680	1,875	4,233
Additional provisions	680	274	145	1,099
Amounts used	(608)	(177)	-	(785)
Balance at end of year	750	1,777	2,020	4,547
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

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Note 22. Provisions (continued)

(a) Employee Provisions	2014 \$'000	2013 \$'000
Current provisions expected to be settled within 12 months		
Annual Leave	750	678
Long Service Leave	177	155
	927	833
Current provisions expected to be settled after 12 months		
Annual Leave	-	-
Long Service Leave	1,349	1,235
	1,349	1,235
Total current provisions	2,276	2,068
Non-current (ii)		
Long Service Leave	251	290

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

Weighted average increase in employee costs	3.8%	3.8%
Weighted average discount rates	3.1%	3.3%
Weighted average settlement period	12	12

(b) Landfill rehabilitation

Council is obligated to restore its landfill site to a particular standard. Current projections indicate that the site will cease operation in 2084 and restoration work where waste filling operations have been completed is expected to commence in 2015. The forecast life of the site is based on current estimates of remaining capacity and the forecast rate of infill. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

	2014 \$'000	2013 \$'000
Current		
Landfill rehabilitation	-	-
Non-current		
Landfill rehabilitation	2,020	1,875

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Note 23. Interest Bearing Loans

Current		
Borrowings – secured	1,352	1,371
Non-current		
Borrowings – secured	5,952	6,087
Total	7,304	7,458

The maturity profile for Council's borrowings is:

Not later than one year	1,352	1,372
Later than one year and not later than five years	3,586	3,736
Later than five years	2,366	2,350
	7,304	7,458

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

Note 24. Reserves

2014	2013 \$'000	Transfer from Reserve \$'000	Transfer to Reserve \$'000	2014 \$'000
(a) Other Reserves				
Resort and Recreation	98	7	-	105
Art Gallery	-	-	-	-
Winton Land	35	-	-	35
Benalla Urban Growth Headworks Charge	-	38	-	38
Lake Mokoan Inlet Channel	-	70	-	70
	133	115	-	248
(b) Asset Revaluation Reserve				
Land	19,963	-	-	19,963
Buildings	10,790	-	-	10,790
Roads, Footpaths and Surface Drainage	29,522	9,421	-	38,943
Bridges	272	1,171	-	1,443
Underground drainage	2,017	-	(20)	1,997
Artworks	6,049	-	(1,700)	4,349
	68,613	10,592	(1,720)	77,485
Total Reserves	68,746	10,707	(1,720)	77,733

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Note 24. Reserves (continued)

2013	2012 \$'000	Transfer from Reserve \$'000	Transfer to Reserve \$'000	2013 \$'000
(a) Other 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 and 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

Other 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.
Benalla Urban Growth Headworks Charge	Contributions made by developers for connection to the Benalla Urban Growth drainage system.
Lake Mokoan Inlet Channel	A reserve of \$69,500 is to be made annually over the next 10 years to re-instate the compensation of \$695,000 received from Goulburn Murray Water in relation to the transfer of assets of the decommissioned Lake Mokoan Inlet Channel. The funding received under the terms of the agreement was to compensate the Council for the ongoing renewal of these assets and was not restricted. In the short term, the Council utilised the excess cash to part fund the acquisition of the former Australia Post building at 1 Bridge Street East, Benalla.
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.

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

	2014 \$'000	2013 \$'000
Surplus/ deficit	(467)	1,931
Items not involving cash		
Depreciation	3,503	3,571
Contributions – Non-monetary assets	-	(138)
Impairment write-down of landfill rehabilitation asset	528	-
Net loss/(gain) on disposal of assets	229	-
Assets written off	-	-
Share of net (profits)/ losses of associates accounted for by the equity method	(19)	(1)
Change in assets and liabilities		
(Increase)/Decrease in Receivables	355	(448)
(Increase)/Decrease in Other Assets	1	9
Increase/(Decrease) in Payables	31	(1,774)
Increase/(Decrease) in Provisions	314	21
Net cash provided by operating activities	4,475	3,171

Note 26. Reconciliation of Cash and Cash Equivalents

Cash and cash equivalents (note 15)	3,022	2,613
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Note 27. Financing Arrangements

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:

	2014 \$'000	2013 \$'000
Trust Funds (note 21)	583	433
Reserve Funds (note 24)	248	133
	831	566

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 22 due to a different basis of calculation prescribed by the regulation.

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Note 29. Commitments

Council has entered into the following commitments.

2014	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				
Cleaning Services	124	128	132	384
Food Services	176	176	176	528
Green Waste and Timber Mulching	31	31	10	72
Powerline Clearance	70	72	74	216
Slashing Lawnmowing	75	77	78	230
Vegetation Clearance	40	40	40	120
Waste and Recycling Collection	1,200	-	-	1,200
YMCA Benalla Aquatic Centre	523	-	-	523
Total	2,239	524	510	3,273
Capital				
Benalla Airport Masterplan	110	-	-	110
Jaycee Island Pedestrian Bridge	96	-	-	96
Sir Edward 'Weary' Dunlop Learning Centre	948	-	-	948
Tatong Community Centre Project	105	-	-	105
Total	1,259	-	-	1,259
Total commitments	3,498	524	510	4,532

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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
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
YMCA Benalla 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
Capital				
Roadside Spraying	11	11	-	22
Waller, Margaret and Thomas Streets	33	-	-	33
Townhall redevelopment	362	-	-	362
Sir Edward 'Weary' Dunlop Learning Centre	1,410	-	-	1,410
Total	1,816	11	-	1,827
Total commitments	3,840	1,681	770	6,291

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for the year ended 30 June 2014

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.

	2014 \$'000	2013 \$'000
The expenditures are payable		
Not later than one year	261	428
Later than one year and not later than five years	374	304
	635	732

Note 31. Superannuation

Council made contributions to the following funds:

	2014 \$'000	2013 \$'000
Defined benefit funds – Rate 9.25%		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	173	159
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date	-	-
Accumulation funds – Rate 9.25%		
Employer contributions to Superannuation Funds	678	642
Employer contributions payable to Superannuation Funds at reporting date	58	70

Council expects to make the following contributions in 2014-15: \$896,000.

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 the Comprehensive Income Statement when they are due.

Accumulation

The Fund's accumulation category, Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2014, this was 9.25% required under Superannuation Guarantee Legislation). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Effective from 1 July 2014, the Superannuation Guarantee contribution rate will increase to 9.50%, and will progressively increase to 12% by 2022.

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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 AAS 119, the 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. Council makes employer contributions to the Funds Defined Benefit category at rates determined by the Fund's Trustee. This rate is currently 9.25% of member's salaries (9.25% in 2012/13).

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.

Unfunded Superannuation Liability - Funding Calls

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

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

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

The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%. Since 30 June 2013 the VBI has been in excess of 100%. The 31 March estimated VBI was 104.6%. As this is greater than 100%, the fund is considered to be fully funded with no action required by employers at this stage.

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

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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.

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 and 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

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for the year ended 30 June 2014

Note 33. Income, Expenses and Assets by Functions/Activities (continued)

(b) Comparison of actual result by functions and activity

Functions/Activities	Executive Services \$'000	Corporate and Community Services \$'000	Development and Environment \$'000	Total \$'000
2014				
Grants	444	3,512	4,717	8,673
Other	674	13,155	3,572	17,401
Total	1,118	16,667	8,289	26,074
Expenses	3,056	8,179	15,306	26,541
Surplus/(deficit)	(1,938)	8,488	(7,017)	(467)
Assets attributed to functions/activities	13,691	8,021	197,990	219,702
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

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

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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 Barbara Alexander	Mayor 1 July 2013 to 30 June 2014
Councillor Ellen Crocker	1 July 2013 to 30 June 2014
Councillor Peter Davis	1 July 2013 to 30 June 2014
Councillor Justin King	1 July 2013 to 30 June 2014
Councillor Suzy Martin	1 July 2013 to 30 June 2014
Councillor Margaret Richards	1 July 2013 to 30 June 2014
Councillor Andrew Vale	1 July 2013 to 30 June 2014

Chief Executive Officer

Tony McIlroy

(ii) Remuneration of Responsible Persons

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

	2014 Number	2013 Number
< \$10,000	-	6
\$10,001 - \$20,000	6	5
\$20,001 - \$30,000	-	-
\$40,001 - \$50,000	-	1
\$50,001 - \$60,000	1	-
\$190,001 - \$200,000	-	-
\$200,001 - \$210,000	-	1
\$210,001 - \$220,000	1	-
Subtotal	8	13
	2014 \$'000	2013 \$'000
Total remuneration for the year for responsible persons included above amounted to:	385	366

(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.

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Note 34. Related Party Transactions (continued)

(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 \$133,000, or if remuneration is less than \$133,000 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:

	2014 Number	2013 Number
< \$133,000	2	2
\$133,000 - \$139,999	-	-
\$140,000 - \$149,999	1	1
\$150,000 - \$159,999	1	1
\$ 160,000 - \$169,999	-	-
	4	4
	\$'000	\$'000
Total remuneration for the reporting year for Senior Officers included above, amounted to:	547	522

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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	<p>Cash on hand and at bank and money at call are valued at face value.</p> <p>Interest is recognised as it accrues.</p> <p>Investments and bills are valued at cost.</p> <p>Investments are held to maximise interest returns of surplus cash.</p>	<p>During the year on-call deposits returned a floating interest rate of between 1.5% and 2.65% (0% and 3.4% in 2012/13).</p> <p>The average interest rate at balance date for cash and cash equivalents was 2.13% (3.75% 2012/13).</p>
Trade and other receivables			
Other debtors	16	<p>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. Collectability of overdue accounts is assessed on an ongoing basis.</p>	<p>General debtors are unsecured and interest free. Credit terms are based on 30 days.</p>
Other Financial assets	17	<p>Investments in term deposits with original maturities of three months or more at balance date are valued at face value.</p> <p>Interest is recognised as it accrues.</p> <p>Investments and bills are valued at cost.</p> <p>Investments are held to maximise interest returns of surplus cash.</p>	<p>The average interest rate at balance date for other financial assets was 3.55% (4.14% 2012/13).</p>
Financial liabilities			
Trade and other payables	20	<p>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.</p>	<p>General creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice date.</p>
Trust Funds	21	<p>Trust funds are recognised for amounts to be paid in the future for amounts received by Council as at balance date.</p>	<p>Trust funds are unsecured and are not subject to interest charges.</p>
Interest-bearing loans	23	<p>Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt.</p> <p>Interest is accrued over the period it becomes due and recognised as part of payables.</p>	<p>Borrowings are secured by way of mortgages over the general rates of Council. The weighted average interest rate for borrowings is 5.5% (5.6% 2012/13).</p>

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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:

2014	Notes	Floating Interest Rate \$'000	Fixed Interest maturing in			Non Interest Bearing \$'000	Total \$'000
			1 Year or Less \$'000	Over 1 to 5 Years \$'000	Over 5 Years \$'000		
(i) Financial Assets							
Cash and cash equivalents	15	1,906	1,114	-	-	2	3,022
Other financial assets	17	-	2,959	-	-	-	2,959
Trade and other receivables	16	-	-	-	-	1,027	1,027
Total financial assets		1,906	4,073	-	-	1,029	7,008
Weighted average interest rate		2.13%	3.55%	n/a	n/a	n/a	
(ii) General Payables							
Trade and other payables	20	-	-	-	-	2,359	2,359
Trust funds and deposits	21	-	-	-	-	583	583
Interest-bearing loans	23	1,109	1,240	3,092	1,863	-	7,304
Total financial liabilities		1,109	1,240	3,092	1,863	2,942	10,246
Weighted average interest rate		4.8%	6%	5.7%	5.1%	n/a	
Net financial assets (liabilities)		797	2,833	(3,092)	(1,863)	(1,913)	(3,238)

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							
Cash and cash equivalents	15	2,090	521	-	-	2	2,613
Other financial assets	17	-	4,991	-	-	-	4,991
Trade and other receivables	16	-	-	-	-	1,614	1,614
Total financial assets		2,090	5,512	-	-	1,616	9,218
Weighted average interest rate		2.24%	4.11%	n/a	n/a	n/a	
(ii) General Payables							
Trade and other payables	20	-	-	-	-	2,171	2,171
Trust funds and deposits	21	-	-	-	-	433	433
Interest-bearing loans	23	1,143	1,220	3,053	2,042	-	7,458
Total financial liabilities		1,143	1,220	3,053	2,042	2,604	10,062
Weighted average interest rate		5%	6.1%	6%	5.1%	n/a	
Net financial assets (liabilities)		947	4,292	(3,053)	(2,042)	(988)	(844)

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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:

		Carrying Amount \$'000		Net Fair Value \$'000	
	Notes	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Financial assets					
Cash and cash equivalents	15	3,022	2,613	3,022	2,613
Other financial assets	17	2,959	4,991	2,959	4,991
Trade and other receivables	16	1,027	1,614	1,027	1,614
Total financial assets		7,008	9,218	7,008	9,218
Financial liabilities					
Trade and other payables	20	2,359	2,171	2,359	2,171
Trust funds and deposits	21	583	433	583	433
Interest-bearing loans	23	7,304	7,458	7,120	7,663
Total financial liabilities		10,246	10,062	10,062	10,267

(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:

	2014 \$'000	2013 \$'000
Current (not yet due)	689	1,276
Past due by up to 30 days	203	203
Past due by between 31 and 60 days	53	53
Past due by more than 60 days	82	82
	1,027	1,614

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for the year ended 30 June 2014

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 (2013 \$8,000) were impaired. The amount of the provision raised against these debtors was \$8,000 (2013 \$8,000). 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:

	2014 \$'000	2013 \$'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	8
	8	8

Liquidity risk

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

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

To help reduce these risks Council:

- has a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- has readily accessible standby facilities and other funding arrangements in place;
- has a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitors budget to actual performance on a regular basis; and
- sets limits on borrowings relating to the percentage of loans to rate revenue.

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

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for the year ended 30 June 2014

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.

	6 months or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	> 5 years \$'000	Contracted cash flow \$'000	Carrying amount \$'000
2014							
Trade and other payables	2,359	-	-	-	-	2,359	2,359
Trust funds and deposits	583	-	-	-	-	583	583
Interest-bearing loans	665	687	1,100	2,486	2,366	8,563	7,304
Total financial liabilities	3,607	687	1,100	2,486	2,366	11,505	10,246
2013							
Trade and other payables	2,171	-	-	-	-	2,171	2,171
Trust funds and deposits	433	-	-	-	-	433	433
Interest-bearing loans	675	697	1,243	2,493	2,350	8,817	7,458
Total financial liabilities	3,279	697	1,243	2,493	2,350	11,421	10,062

(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 -2% 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		Interest rate risk				
		-1% (100 basis points)		1% (100 basis points)		
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	
2014		Carrying amount subject to interest \$'000				
Financial Assets						
Cash and cash equivalents	1,906	(19)	(19)	19	19	
Financial Liabilities						
Interest-bearing loans and borrowings	1,109	11	11	(11)	(11)	
2013						
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)	

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for the year ended 30 June 2014

Note 36. Financial Ratios

(a) Underlying operating result ratio

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

	2014	2013	2012
Underlying deficit	19%	7%	10%
Underlying revenue			

(b) Indebtedness ratio

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

	2014	2013	2012
Non-current liabilities	37%	36%	31%
Underlying revenue			

(c) Self financing ratio

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

	2014	2013	2012
Net cash from operating activities	18%	13%	38%
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)

	2014	2013	2012
Capital expenditure	185%	183%	226%
Depreciation			

(e) Debt servicing ratio

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

	2014	2013	2012
Debt servicing costs	1.4%	1.1%	1.1%
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.

Financial Report

for the year ended 30 June 2014

Note 36. Financial Ratios (continued)

(f) Debt commitment ratio

(to identify Council's debt redemption strategy)

	2014	2013	2012
Debt servicing and redemption costs			
Total rate revenue	13%	9%	9%

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)

	2014	2013	2012
Rate revenue			
Total revenue	54%	51%	42%

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

(h) Debt exposure ratio

(to identify Council's exposure to debt)

	2014	2013	2012
Total indebtedness			
Total realisable assets	35%	35%	33%

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.

Financial Report

for the year ended 30 June 2014

Note 36. Financial Ratios (continued)

(i) Working capital ratio

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

	2014	2013	2012
Current assets	122%	165%	175%
Current liabilities			

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

(j) Adjusted working capital ratio

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

	2014	2013	2012
Current assets	158%	214%	237%
Current liabilities			

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

Current liabilities have been reduced to reflect the long service leave that is shown as a current liability because Council does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date, but is not likely to fall due within 12 months after the end of the period.

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 2014

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
10 September 2014

In our opinion the accompanying financial statements present fairly the financial transactions of Council for the year ended 30 June 2014 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 10 September 2014 to certify the financial statements in their final form.



Mayor Cr Barbara Alexander
10 September 2014



Cr Suzy Martin
10 September 2014



Tony McIlroy B.Bus., MAICD
Chief Executive Officer
10 September 2014

Financial Report

for the year ended 30 June 2014

VAGO

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INDEPENDENT AUDITOR'S REPORT

To the Councillors, Benalla Rural City Council

The Financial Report and Standard Statements

The accompanying financial report for the year ended 30 June 2014 of the Benalla Rural City Council which comprises comprehensive income statement, balance sheet, statement of changes in equity and cash flow statement, notes comprising a summary of the significant accounting policies and other explanatory information, and the certification of the financial report has been audited.

The accompanying standard statements for the year ended 30 June 2014 of Benalla Rural City 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 standard statement has 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 2014

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 2014 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*
- (b) the standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in note 1 to the statements and the requirements of the *Local Government Act 1989*.

Basis of Accounting for Standard Statements

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

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

This auditor's report relates to the financial report and standard statements of the Benalla Rural City Council for the year ended 30 June 2014 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
15 September 2014


Dr Peter Frost
Acting Auditor-General



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