



Pyrenees Shire Victoria  
Annual Report

2008





# Contents

Council vision and guiding principles	3
Performance statement	4
About the shire	6
Mayor's report	8
Councillors	9
CEO's report	14
Executive management team	15
Highlights of the year	16

Capital works, roads, parks and buildings	20
Communications	26
Community wellbeing	32
Growth and employment	38
Planning and environment	44
Organisational development	48
Governance	54

Plain english guide to the report	60
-----------------------------------	----

## Standard Statements

Income Statement	64
Balance Sheet	66
Cash Flow	68
Capital Works	70

## Financial Reports

Income Statement	74
Balance Sheet	75
Changes in Equity	76
Cash Flow	77
Notes	78



Australian Made

100% Recycled

ECF Compliant

ISO 14001 Compliant

ISO 9001 Compliant

#### **council vision :**

The Pyrenees Shire aims to be recognised as:

Progressive  
Sustainable  
Safe and healthy  
Supportive

#### **mission :**

We will achieve our vision and meet our community's needs through leadership and partnership.

#### **guiding principles :**

Integrity and accountability  
Community building  
Accessible and responsive  
Dynamic and progressive  
Sound risk-management

#### **council meetings :**

Ordinary meetings of the Pyrenees Shire Council are held on the 3rd Tuesday of each month at 6pm in the Council Chambers at 5 Lawrence Street, Beaufort.

#### **council elections :**

Under the Local Government Act 1989, council elections are held every four years.  
The next election will be in November 2008.

# Performance Statement

for the year ending 30 June 2008

This statement reviews Council's annual budget's key strategic activities performance targets against Council's actual performance for the year

Key Strategic Activity	Performance Measure	How Data is Reported	Performance Target	Actual Performance	Target Achieved
<b>Roads Parks and Buildings</b>					
A strategic approach to the management of Council's Assets	Community satisfaction rating for local roads and footpaths	Local Government Victoria Annual Community Satisfaction Survey	≥50%	51%	✓
<b>Communication</b>					
Strengthening Advocacy Processes	Community satisfaction rating for advocacy and representation on key local issues	Local Government Victoria Annual Community Satisfaction Survey	≥69%	68%	✗
Improved Community Engagement	Community satisfaction rating for engagement on key local issues	Local Government Victoria Annual Community Satisfaction Survey	≥67%	61%	✗
<b>Community Wellbeing</b>					
Enhance the Health and Wellbeing of our Community	Community satisfaction rating for health and human services	Local Government Victoria Annual Community Satisfaction Survey	≥75%	75%	✓
<b>Growth and Economic Development</b>					
Business and Industry Development	Community satisfaction rating for economic development	Local Government Victoria Annual Community Satisfaction Survey	≥62%	60%	✗
	Membership of the Grampians Regional Development Board	Membership Registration	Payment Membership Registration	Membership Paid	✓

# Performance Statement

for the year ending 30 June 2008

Key Strategic Activity	Performance Measure	How Data is Reported	Performance Target	Actual Performance	Target Achieved
<b>Community Participation</b>					
Improving community relationships	Community satisfaction rating for interaction and responsiveness in dealing with the public	Local Government Victoria Annual Community Satisfaction Survey	≥72%	71%	×
<b>Quality Service</b>					
Improving community perceptions	Community satisfaction rating for overall performance generally of the Council	Local Government Victoria Annual Community Satisfaction Survey	≥70%	64%	×
<b>Resource Management</b>					
Achieving the budgeted operating result	The difference between the budgeted operating result and the actual operating result for the financial year	Audited Financial Statements	<25%	70%	×
Completing the Capital Works Program	The percentage of budgeted Capital Works monies expended at the conclusion of the financial year	Audited Financial Statements	≥80%	54%	×
<b>Urban Development and the Environment</b>					
Effective Statutory Planning	Community satisfaction rating for town planning policy and approval	Local Government Victoria Annual Community Satisfaction Survey	≥63%	61%	×
Environmental Stewardship and Responsibility	Community satisfaction rating for waste management	Local Government Victoria Annual Community Satisfaction Survey	≥69%	66%	×



## The Pyrenees Shire

The Pyrenees Shire is a very productive agricultural region covering 3,500 square kilometres. The shire takes its name from the ranges in the north, named by Major Mitchell in 1836, as they reminded him of the Pyrenees in Europe.

This area is renowned for its cereal and hay crops, wool, viticulture and forestry activity. Gold, along with sand, gravel and slate, all contribute to the region's economy. Thirty per cent of the workforce is involved in agriculture, which produces commodities with a gross value of about \$550 million each year.

The climate varies across the region. North of the Pyrenees Ranges there is a warmer, drier climate, with rainfall of about 650 millimetres a year (historically). South of the Pyrenees Ranges is a cooler, wetter climate with rainfall in excess of 750mm per year (historically).

Four major highways run through the region. The Western Highway, through Beaufort, is the main road route from Melbourne to Adelaide and Perth. The Sunraysia Highway runs through the north of the Shire to Mildura, connecting with the Western Highway at Ballarat.

The Pyrenees Highway runs from Maryborough to Ararat through the north-central area of the shire. The southern section is serviced by the Glenelg Highway linking Melbourne with south-western Victoria. A passenger rail service operates twice a day between Ballarat and Ararat, stopping at Beaufort. Although there are no airstrips in the region, Ballarat airport in the south and Maryborough in the north are readily accessible.

The region is serviced by a major hospital at Beaufort and aged-care facilities in Avoca and Beaufort. The council delivers a range of aged-care and maternal and child health services. Other general health services are available on a visiting basis, so that most medical situations are covered. Excellent educational facilities are available in the shire, including primary schools, a secondary college and Community Enterprise Facilities incorporating adult education organisations.

The recreational interests of the community and the visitor are well served across the region, with most towns having their own sporting facilities. Apart from all the traditional sporting activities, hang-gliding from Mt Cole and the French game of Petanque in Avoca attract considerable interest among visitors and the local community.





## Mayor's report

This year, 2008, is the final year in this term of council. It has been another year of seeking to find a balance of maintaining and improving shire infrastructure and services, without crossing the border of affordability to our ratepayers.

Council still aims to allocating at least 50% of its discretionary income to infrastructure works. Even so, councillors are aware that there is a wide gap between the funds we can commit to infrastructure works and the level of funding that is needed to maintain our assets appropriately in the long term. High levels of State Government funding ensure that major projects such as the Avoca streetscape development can proceed, and joint Federal/ State Government funding has provided for the continuing major improvement of the Eurambreen-Streatham Road.

The removal of the Federal Regional Partnerships program as a source of funding has had a serious effect on this shire. Although I have no doubt that there will be an alternative source of federal funding put in place, it is unlikely to be in the 2008-09 financial year. Pyrenees Shire Council relies on matching State Government to Federal Government funds to achieve many of its projects, and the loss of a Federal Government funding source makes projects such as the proposed Moonambel Pavilion much more challenging.

This year, for the first time, Council has put together a thorough 10-year plan. It is impossible to gauge perfectly the requirements of the shire in 10 years, but it is possible to evaluate the maintenance and

renewal requirements of our current and proposed assets. This evaluation has been done objectively, with the assistance of the MAV STEP Program, and will be updated continually. Following this evaluation, council has decided to allow for sufficient borrowings to complete one major bridge project for each year of the 10-year plan. Council made this decision to avoid placing all of the costs of renewing a facility that should last at least 60 years on the ratepayers of any particular year.

Council is aware of the separate issues of climate change and drought, and the pressures that these issues place on our residents. While we are continuing to have below-average rainfall, council also has to prepare for the increased frequency of more extreme weather, including the flooding associated with the 'one in one hundred year' storms. It seems ironic to be looking at ways of providing flood mitigation in the context of the drought conditions of the past 10 years.

One of the shire-wide projects nearing completion is the construction of the stone township entrance signs. These signs badge our shire in a striking manner, and have drawn many positive comments from neighbouring municipalities and visitors to our part of the world.

Council continues to have excellent working relations with Federal and State Government representatives, especially our local members David Hawker and Joe Helper. Representatives of the Central Highlands Area Consultative Committee and regional representatives of State Government departments are universally supportive and encouraging.

CEO Stephen Cornish is tireless in his pursuit of projects and the appropriate funding to ensure the ongoing development of the Pyrenees Shire. His efforts on behalf of Pyrenees Shire residents go far beyond what any council could reasonably expect. The calibre of the staff team that Stephen has put together has also contributed to ensuring positive outcomes for all residents.

I would like to acknowledge the efforts and expertise of Cr Lysette Ashford, Cr Glenice Harrison, Cr Raelene Neil, Cr Gabriel Horvat, until his resignation in January, and Cr Robert Vance since his return to the council chamber on March 25th this year. Councillors have worked closely as a team during their whole four-year term of office, and I thank them for their dedicated endeavours to ensure that the best interests of the residents of this municipality, and the wider region, are promoted actively and positively at all times.

There will be a new look council from December 2008, as Cr Robert Vance is the only current councillor intending to contest the November election.

**Lester J. Harris, Mayor**

## Cr Lester Harris

Beaufort Ward  
Current Mayor

A former schoolteacher, Cr Harris was first elected to Pyrenees Shire Council in 1996, and has been Shire President on three previous occasions, 1996-97, 2000-01 and 2004-05. He was also a councillor and Shire President of the former Ripon Shire. He is married to Elizabeth and has three children.

## Committees

Best Value
Internal Audit
Beaufort CRC
Goldfields Multipurpose Centre
Safe and Healthy Living and Public Health Plan
Disaster Recovery Committee
Municipal Association
Grampians Pyrenees RDB
Ballarat Growth Corridor Strategy/CH21
Beaufort/Skipton Health Services
Beaufort Secondary College Committee
Avoca Exhibition Centre Committee
Beaufort Bus Assoc
CHW Ref Committee Beaufort
WHAC

phone: 5349 2566

e-mail: lester.harris@pyrenees.vic.gov.au

Shirley  
Middle Creek  
Raglan  
Beaufort



# Councillors

## Cr Gabriel Horvat

Warrenmang Ward (2002–2008)

Gabriel Horvat was elected to Council in 2002, and resigned in January 2008. Gabriel is involved in viticulture and wine making in his family business. He is a past-president of the Pyrenees Grape Growers Group and is also a CFA volunteer firefighter.

## Cr Robert Vance

Warrenmang Ward (2008 –)

Robert Vance is a Landsborough farmer and former mayor of the Pyrenees Shire. Cr Vance started his career in local government with the Avoca Shire Council, where he served from 1987 to 1994, including one term as mayor. He joined the post-amalgamation Pyrenees Shire Council in 1996. Cr Vance was elected to represent Warrenmang Ward in a by-election in March 2008.

## Committees

Asset Management

Municipal Fire Prevention

Central Victoria Green House Alliance

Timber Towns

Barkly  
Crowlands  
Redbank  
Moonambel  
Amphitheatre  
Landsborough



e-mail: [robert.vance@pyrenees.vic.gov.au](mailto:robert.vance@pyrenees.vic.gov.au)

## Cr Glenice Harrison

Avoca Ward

Cr Harrison and her husband Trevor have lived in Avoca for 48 years. They have three adult children. Glenice is involved in a number of community groups including CWA, Probus and the Avoca Senior Citizens Club. She is a member of the Avoca Community Bus Project Management Group and the Avoca Health Services Pyrenees Group. Glenice is keen to listen to and represent the views of her community. She believes that there are many issues that need addressing, including jobs for all ages, especially the youth; rising rates; and young families, local businesses and other sectors of the community battling to stay afloat.

## Committees

Best Value

Internal Audit

Asset Management

Beaufort/Skipton Health Services

Avoca Exhibition Centre Committee

Avoca Bus Assoc

Percydale  
Lamplough  
Homebush  
Lower Homebush  
Bung Bong  
Natte Yallock  
Avoca



phone: 5465 3041

e-mail: [glenice.harrison@pyrenees.vic.gov.au](mailto:glenice.harrison@pyrenees.vic.gov.au)

# Councillors

## Cr Raelene Neil

Mitchell Ward

Cr Neil was first elected to council in February 2003. Her interests include the development of agriculture, business, local communities, industry and tourism.

## Committees

Central Highlands Local Learning and Employment Network

phone: 5332 4002

e-mail: [raelene.neil@pyrenees.vic.gov.au](mailto:raelene.neil@pyrenees.vic.gov.au)

Evansford  
Waubra  
Lexton



## Cr Lysette Ashford

Goldsmith Ward

Lysette Ashford was elected to council in March 2002, then re-elected in November 2004. Lysette represents the Goldsmith Ward, which encompasses the sparsely populated but agriculturally productive communities around Carranballac, Lake Goldsmith, Stoneleigh and Mount Emu in the west, and the growing township of Snake Valley in the east.

Lysette is a passionate advocate of community capacity building, and has championed the development of Community Action Plans across the shire.

As farming practices and demographics change, Lysette believes that the shire's residents will face many challenges as they endeavour to strike a balance between competing interests. She is adamant that this should not happen at the cost of our heritage streetscapes and the natural environment.

Lysette's volunteer work includes co-ordinating a local community newsletter and being an active firefighter with the Snake Valley CFA.

## Committees

Pyrenees Review Board
Emergency Management
Municipal Fire Prevention
VLGA
Central Highlands Regional Library
Highlands Regional Waste Management
Small Towns Victoria Steering Committee
Waste Wise Committee

phone: 5344 9295

e-mail: [lysette.ashford@pyrenees.vic.gov.au](mailto:lysette.ashford@pyrenees.vic.gov.au)

Carngham  
Chepstowe  
Stockyard Hill  
Snake Valley



## Chief Executive Officer's report



In the 2007-08 financial year, council has continued to make progress on its commitments under the council plan. Council continues in a strong financial position — at 30 June 2008 council's cash position was \$4.5 million. The higher than normal level of cash occurred as a result of council holding government grants for various road construction projects. These funds will be expended in the 2008-09 financial year.

Operating revenue for the year was \$14.7 million, which was down \$1.6 million from the previous year. Operating expenses increased by \$0.8 million to \$13.1 million, and council's operating surplus was \$1.9 million. Council's working capital ratio at the end of the year was a healthy 2.41 to 1, and there were \$219 million of assets on the balance sheet.

In January 2008 council adopted a 10-year

financial plan, which allows a focus on how council will maintain its asset base in the future.

The ongoing challenge for council is to have sufficient revenue to renew and maintain its roads and buildings. Council is actively meeting this challenge, despite the difficulty of the Federal Government's abolishing the Regional Partnerships Fund. Council can only achieve the funding of infrastructure projects when there is Federal, State and Local Government partnership. It is hoped that the Federal Government will expedite the introduction of Regional Development Australia and determine an alternative source of funding.

Pyrenees Shire has again shown leadership in economic development, with strong membership of the Grampians Pyrenees

Regional Development Board. Through this board the Grampians tourism organisation, incorporating five municipalities, is nearing establishment, which will greatly benefit the Grampians region, including the Pyrenees.

Finally, I wish to thank the Mayor and Councillors for their continued commitment. Congratulations to all staff for their commitment and effort over the last twelve months. Council cannot achieve its vision or objectives without the dedicated support of staff and councillors.

**Stephen Cornish, CEO**





**Rhonda Livingston**

B.Bus(Acc)

**Director of Corporate and Community Services**

**Stephen Cornish**

Dip CE, Grad Dip Municipal Engineering

**Chief Executive Officer**

**Bruce Andrews**

Dip CE, Grad Dip Rural and Regional Planning

**Director of Assets and Development**

Rhonda joined Pyrenees Shire in July 2005. She has held senior positions in the accounting and management fields with councils for the past 18 years, including Northern Grampians, Central Goldfields and the Hepburn Shire Council. Rhonda is responsible for the overall management of the Corporate and Community Services Department, which includes finance and administration, information technology, customer service, human resources and community services.

Stephen has been involved in local government in the Ballarat area for more than 30 years. He joined Pyrenees Shire in May 1995 as the Director of Assets and Infrastructure, and was appointed Chief Executive Officer in November 1999. As CEO, Stephen is responsible for the day-to-day operations of council in accordance with the council plan, and the implementation of council decisions. The department also incorporates quality assurance, tourism and economic development.

Bruce joined Pyrenees Shire in August 2005 and has more than 30 years of engineering experience in municipalities in Western Victoria. He has held positions of Shire Engineer, Works Manager and Services Director. Bruce manages the operations and asset areas of council. His responsibilities include the construction and maintenance of roads and bridges, waste management and recycling, park and gardens, town planning and building services, local laws, fire prevention and emergency management.

# Highlights

of the year



The "What the Flock" ute, decorated by the Pyrenees Arts Council, at this year's Australia Day celebrations

## Australia Day at Amphitheatre

About 200 people gathered at in Amphitheatre for the Pyrenees Shire's official Australia Day celebration on Saturday, January 26. The Australia Day Ambassador, Dr Bernard Jenner, a community paediatrician, addressed the crowd and presented the Australia Day awards for Community Event of the Year , Young Citizen of the Year and Citizen of the Year. This year, there were two winners of Citizen of the Year: Pat Yeoman and Peter Oddie. The Young Citizen of the Year was Avoca's Jessica Redpath. The Avoca Festivals and Events Committee won the Community Event of the Year for their Christmas Eve Street Party, and Virginia Nugent, of Beaufort, received a Community Recognition Award for her involvement in many community organisations over the years.

## Weed booklet produced

A new weed identification booklet, 'Weeds of the Pyrenees Region', has been produced by the Pyrenees Shire Council to help residents and landholders in the fight against weed pests in the shire.

The 64-page booklet has colour photos, basic descriptions, legislative status, methods of spread and general control methods for 100 weeds of concern that are either within the shire or threaten to be introduced.



Celebrating the first anniversary of the highly successful Avoca Market  
Photo courtesy of The Pyrenees Advocate

### Pyrenees Review Board

The Pyrenees Review Board has granted seeding funds to various community groups during the year: \$21,675 in grants during 2007-08. These groups include the Avoca Play Group, the Crowlands Film Society, the Avoca Market and The Beaufort Municipal Band.

### The 'Flame' project

The Pyrenees Review Board and local artist berni m janssen were awarded a \$35,000 grant from Arts Victoria to develop a community-based arts project, called 'Flame', across the Pyrenees Shire.

The project was an initiative of the Pyrenees Review Board, in response to comments from local communities that arts events are important to the shire's economic and social development.

# Highlights

of the year



## Warrenmang by-election

In March 2008, a by-election was held for the Warrenmang Ward, following the resignation of Cr Gabriel Horvat in January. Robert Vance from Landsborough was elected. Cr Vance was previously the Warrenmang Ward councillor, from 1996 until 2002, and has twice been mayor of the Pyrenees Shire.

## Grampians Pyrenees tourism

The Pyrenees Shire has joined with four other local councils surrounding the Grampians to form a new and larger regional tourism organisation. Grampians Tourism will develop the work already done by the region's tourism marketing association, Grampians Marketing Incorporated.

In addition to marketing, Grampians Tourism will provide greater coordination of the overall Grampians tourism industry, including product development and investment attraction.



## Bridge replacement program

There are 171 bridges and 135 major culverts across the shire, and the council has begun to replace and upgrade many of these structures that are old and in need of repair or replacement.

## Avoca streetscape

A \$300,000 redevelopment is under way in the centre island of High Street, Avoca, to improve the landscaping, facilities and signage in the middle of town. A new amenities block will provide facilities for locals and visitors, encouraging people to stop (and shop) in Avoca.

The project will highlight several local themes, beginning with the wine industry, which is integral to the Pyrenees district. Giant wine barrels, signposts to wineries, redgum sculptures and a large-scale planting of native Australian plants will be features of the first stages of the project.

# Capital Works

roads, parks and buildings



## Aims and responsibilities

Meet the community's needs for road infrastructure

Maintain the life of all council assets and fund their replacement

Have the capacity to raise income for new assets

## Priorities

Take a strategic approach to managing council assets

Provide a safer road network

Maximise funding for roads

## Roads expenditure comparison

### Gravel resheeting

2008	\$338,000
2007	\$349,600
2006	\$279,000
2005	\$291,000

### Bitumen resealing

2008	\$800,000
2007	\$1,260,000
2006	\$834,000
2005	\$874,000

### Community satisfaction rating for local roads and footpaths

2008	51
2007	51
2006	51
2005	49
2004	49

### Community satisfaction rating for traffic management and parking facilities

2008	69
2007	67
2006	68
2005	65
2004	66

10 20 30 40 50 60 70 80 90

# Capital Works

roads, parks and buildings

## Highlights

- Bridge upgrade and replacement program throughout the shire.
- Streetscape works on High St, Avoca.
- Funding for the Eurambeen-Streatham Road.
- 'Water harvesting' project announced for Goldfields Complex in Beaufort.
- Completion of many community projects throughout the shire, funded by the State Government's drought assistance program.

## Disappointments

- Continued delays with the Waubra sewerage project.
- Delays in improving the water quality in Landsborough and Avoca.
- Beaufort flood study not yet completed.
- The initial plan for a children's health centre in Beaufort is being revised, pending a review of the federal Regional Partnerships Program. The council is confident that a children's health centre will go ahead, but now has to negotiate a new Federal/ State/Pyrenees/community funding package.

## The future

- Completion of the bridge upgrade and replacement program.
- Continue work on water quality in Landsborough and Avoca.
- The proposed multi-purpose community building in Moonambel is under review, because \$235,000 of federal funding has been lost with the scrapping of the Regional Partnerships program. However, discussions are under way about other sources of funding, and the council has advertised for expressions of interest from builders to gauge the costs.
- Complete the Beaufort flood study.

## Bridge replacement program

There are 171 bridges and 135 major culverts across the shire, which form a vital part of the road network. The shire has assessed all these structures as part of its asset management process and has begun a program of replacements and upgrades, as many of these structures are old and need repair or replacement.

### **In 2007-08 council replaced the following timber bridges, at a total cost of \$227,000:**

Long Gully Road, at Homebush

Chepstow-Pittong Road, Pittong

Pitchers Lane, Raglan

Carngham-Trawalla Road, Carngham

Linton Road, Snake Valley

### **In 2008-09, the following bridges will be replaced or upgraded:**

Carngham-Lake Goldsmith Road

Two bridges on Racecourse Rd, Lang Kal Kal

MacDonalds Road, Amphitheatre

Another six bridges throughout the shire will be rehabilitated.







## Capital Works

roads, parks and buildings

### Avoca High Street streetscaping works

In the centre island of High Street, Avoca, a \$300,000 redevelopment is under way to improve the landscaping, facilities and signage in the middle of town. A new amenities block will provide facilities for locals and visitors, encouraging people to stop (and shop) in Avoca.

The project will highlight several local themes, beginning with the wine industry, which is integral to the Pyrenees district. Giant wine barrels, signposts to wineries, redgum sculptures and a large-scale planting of native Australian plants will be features of the first stages of the project.

Later stages will be developed to highlight the war memorial and petanque areas of the High Street centre island.

The project also includes new township signs on the highway leading into Avoca.



### Eurambien-Streatham Road

The Pyrenees Shire Council has been successful in obtaining funding totalling \$7.5 million from various grants for the upgrade of the Eurambien-Streatham Road (work commenced as part of this funding in 2005).

The funding is from the Federal Auslink program, Roads to Recovery, and the Better Roads Victoria program. Other funding comes from Pyrenees Shire, the Rural City of Ararat, the grains industry and road users. Total funding of the project is now \$10.5 million.

The Pyrenees Shire works unit won the tender for a 6.62 kilometre section under a competitive contract bid, to the value of \$1.71 million. The work was completed at the end of April 2008.

Another contract as part of this project was let to Quality Roads Pty Ltd, for \$3.714 million for the construction of 16.5 kilometres. This work will be completed by February 2009.

### Water harvesting for Beaufort Lake

Beaufort Lake will be replenished with rainwater piped from the nearby Goldfields Recreation Reserve, with the help of a \$66,000 state government grant announced in November 2007 by the Minister for Regional and Rural Development, Jacinta Allan.

The grant for the \$100,000 Beaufort Lake Water Harvesting project will be provided to the Pyrenees Shire Council through the government's Small Towns Development Fund.

The project will collect rainwater from the 930-square-metre roof of the Goldfields Recreation Reserve complex and pipe it into the Beaufort Lake. The project also involves constructing hard-stand areas near the building to increase the collection of stormwater run-off, which will also be piped to the lake.

### Garbage and recycling

New contracts have been let for garbage and recycling kerbside pickups and for transfer station management. Participation rates in the recycling program are reasonable and all residents are encouraged to divert as much material from the waste stream as possible. This has obvious environmental benefits and reduces garbage disposal costs for council and residents.

### Beaufort flood study

The flood study for the Beaufort township, to identify areas that will be restricted for development, has not yet been completed. Funding has been sought for further analysis to determine the remedial works required for development in these areas.

### Drought-assistance projects

Drought-affected communities in the Pyrenees Shire shared in a \$300,000 grant from the State Government's drought assistance program for a list of local infrastructure projects. Funded by the Government's \$14.4-million Local Infrastructure Works Program, the projects were in communities that were declared to be in Exceptional Circumstances because of the drought.

Councillors and council staff worked with the communities in all wards to identify worthwhile projects to receive funding. Many of them were part of the Community Action Plans that were created by the communities themselves over recent years. There were more than 30 important projects across the shire, and all of them, where possible, employed local workers and tradespeople.

The projects in the Pyrenees include upgrades to several recreation reserves, including provision of "soft fall" play areas, shelters, barbecues, seating, paving, sprinklers and fencing; stone township-entrance signs at Lexton, Raglan and Waubra; information booths at Landsborough and Moonambel; directional signs at Lake Goldsmith; walking paths at Amphitheatre, Avoca, Landsborough, Mag Dam (in Snake Valley) and Moonambel; and upgrades to halls and meeting rooms across the shire.

### Landsborough and Avoca water quality

Central Highlands Water has established its timeframes for providing sewerage in Waubra and improving the water quality in Avoca and Landsborough. Council is working with CHW to move these projects ahead as quickly as possible.

# Communication



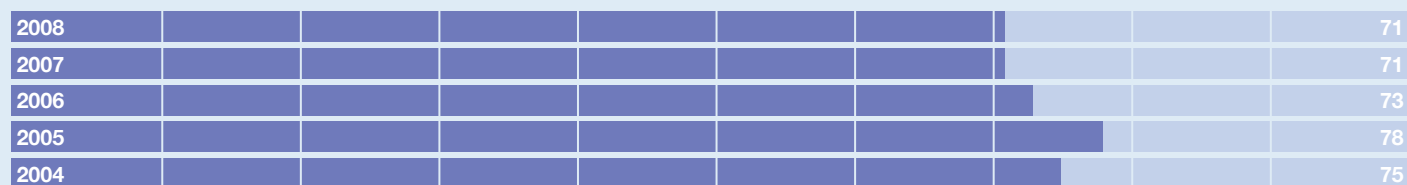
## Aims and responsibilities

External communication  
 Internal communication  
 Community engagement  
 Customer service  
 Strategies for better communication

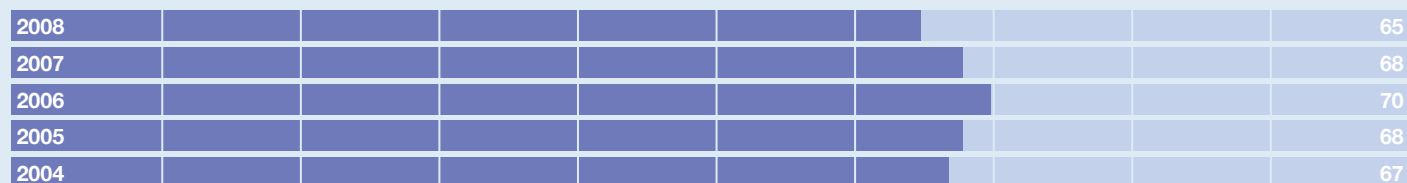
## Priorities

Communicating council's operations  
 Effective internal communications  
 Better community engagement

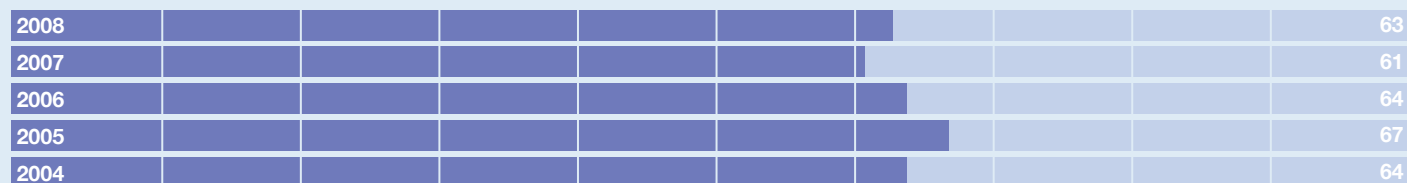
### Community satisfaction rating for council's interaction and responsiveness in dealing with the public



### Community satisfaction rating for council's advocacy and community representation



### Community satisfaction rating for council's engagement in decision-making on key local issues



10      20      30      40      50      60      70      80      90

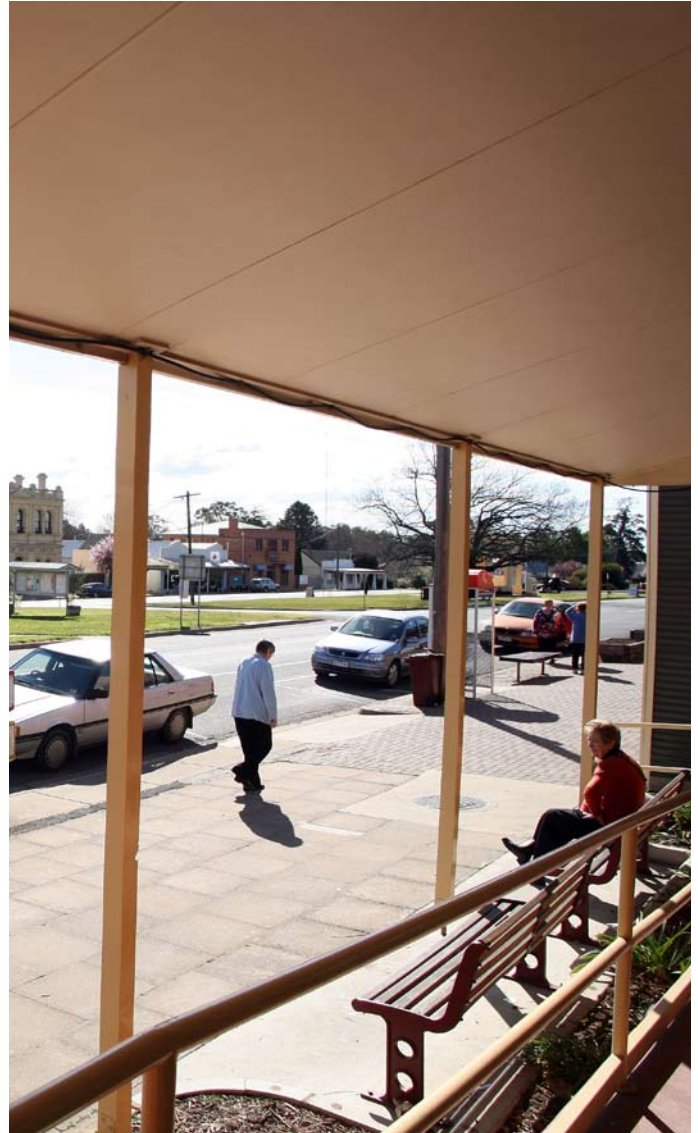
# Communication

## Highlights

- Council appointed Stephen Hemphill as Economic and Community Development Officer (Drought)
- The Pyrenees Review Board and local communities guided several local projects to completion.
- Students from Beaufort Secondary College worked for a week at the shire offices as part of the Mindscape program.

## Future

- Consult with business and community groups around the shire to further strengthen their links with the community.
- Publish and distribute the community services directory
- Participate again in the Mindscape program



## Drought officer

With funding from the state government, council has appointed Steve Hemphill as Economic and Community Development Officer (Drought). Steve has been hired to work with business around the shire. His job, as he puts it, is “to help business find out what’s available and then go in the right direction. I hope to help them find out what they want and then help them get it.”

This includes help with grant funding, training or workshops, such as farm succession planning workshops and grant application workshops.

## Pyrenees Review Board

Inspired by the state government’s community building project, the Pyrenees Review Board was set up to consider a wide range of community projects and make recommendations to council.

The board has 12 members from across the shire, with a diverse range of experiences and interests. It has shown excellent communication skills and sound thinking about the issues that are raised, producing valuable results for the communities of the Pyrenees Shire.

The Pyrenees Review Board has a strong link to council and ongoing administrative and directional support from the Economic Development and Tourism unit.

Community forums across the shire are regularly contacted and encouraged to communicate with their broader communities on issues that affect their districts.

## Community directory

The community directory is a valuable resource for the residents and businesses of the Pyrenees Shire. It provides information on community groups, local government and state government departments and services, as well as a telephone directory for the Pyrenees region.

## Mindscape program

In October 2007, six Year 10 students from Beaufort Secondary College spent a week in the shire offices as part of the Mindshop International Program, a hands-on exercise in leadership, team-building and decision-making. The students were given a real-life problem to work on, and five days to come up with a possible solution.

The students — Laura Briody, Kylie Bruty, Justin Hall, Mel Holtkamp, Lachlan Murray and Joel Turner — worked on the problem of staff retention. They interviewed and surveyed council staff and held brainstorming sessions.

At the end of the week, they presented their ideas to senior staff from council and Beaufort Secondary College. Their solutions ranged from proving better training for staff and improving equipment to outsourcing or contracting more of the work of the council.

The Mindshop program has been operating in Australia for 15 years. It is a structured five-day work-experience program for small groups of year 10-12 students. The students are immersed in a real problem, selected by the host company, and learn to develop skills in presentation, critical thinking, goal-setting and meeting deadlines.

The Pyrenees Shire plans to continue its support of the program.

## Survey of businesses and community groups

In late 2007, all businesses, farms and community groups in the Pyrenees Shire were invited to participate in a survey to find what they needed to grow and prosper, and what they perceived to be holding them back. The council asked what these groups needed in the way of training and other assistance, what sort of services they needed from council, and what hopes they had for the future. With the information from the survey, council hopes to form a clear picture of the commercial, agricultural and community life of the shire.

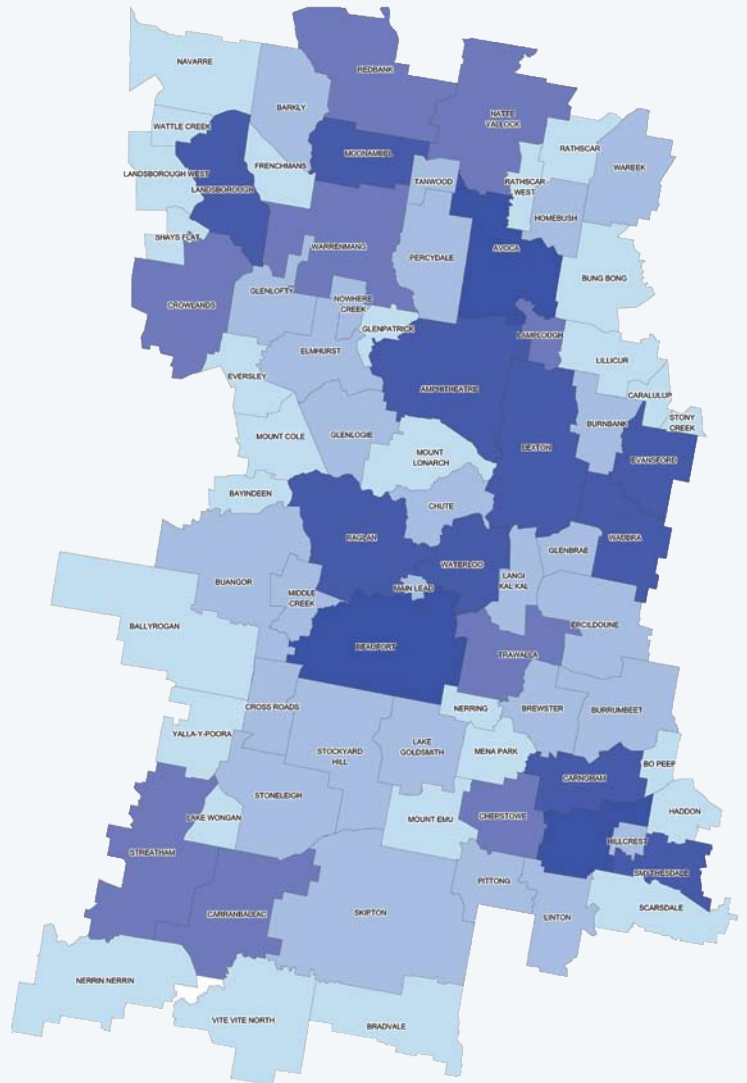
More than 200 survey forms were sent out. The main requests for assistance were for writing grant applications and for occupational health and safety training. Training was organised in these two areas, and other support and training strategies for the next two years are being developed.

# Communication

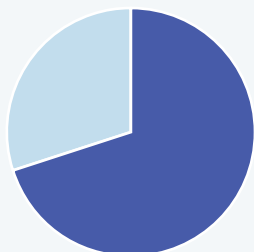
## Customer Action Request System (CARS)

The Customer Action Request System (CARS) tracks and records all requests and complaints from the public. All requests and complaints are investigated, and council aims to advise of the outcome within 10 working days.

Customer Requests by Location  
No. of Complaints

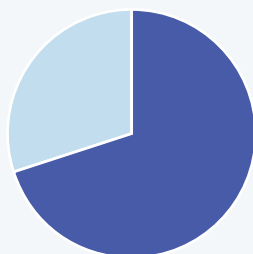






Acknowledgement Letter

● ≤ 6 working days (418) 69.32%  
 ● > 6 working days (185) 30.68%



Inspection

● ≤ 10 working days (414) 68.65%  
 ● > 10 working days (189) 31.34%

AMPHITHEATRE	15	LANDSBOROUGH	13
ARARAT	2	LANGI KAL KAL	2
AVOCA	54	LEXTON	12
BALLARAT	3	LINTON	3
BARKLY	3	MAIN LEAD	4
BEAUFORT	178	MIDDLE CREEK	1
BREWSTER	4	MOONAMBEL	17
BRIGHTON	1	MT EMU	1
BUANGOR	2	MT LONARCH	8
BURNBANK	3	NATTE YALLOCK	7
BURRUMBEET	3	NOWHERE CREEK	2
CARNGHAM	14	PERCYDALE	2
CARRANBALLAC	6	PITTING	3
CHEPSTOWE	8	RAGLAN	23
CHUTE	4	REDBANK	8
CROSS ROADS	2	SANDRINGHAM	1
CROWLANDS	7	SKIPTON	3
DONCASTER	1	SMYTHESDALE	12
ELMHURST	3	SNAKE VALLEY	64
ERCILDOUNE	1	STAWELL	4
EURAMBEEN	1	STOCKYARD HILL	2
EVANSFORD	11	STONELEIGH	4
GLENBRAE	2	STREATHAM	5
GLENLOFTY	4	TALBOT	2
GLENLOGIE	2	TANWOOD	3
HILLCREST	3	TRAWALLA	6
HOMEBUSH	3	WAREEK	1
LAKE GOLDSMITH	3	WARRENMANG	8
LAMPLOUGH	8	WATERLOO	13
		WAUBRA	18

TOTAL

603

# Community

Wellbeing



## Aims and responsibilities

Community building  
 Health planning  
 Aged care services  
 Jobs for youth  
 Partnerships with other agencies  
 Art and recreational programs

## Priorities

Develop and support strong, resourceful and empowered communities  
 Integrate community-building principles into council's operations  
 Enhance the health of the community  
 Develop a vision for the youth of the shire  
 Increase awareness of, and participation in, indigenous reconciliation issues

### Community satisfaction rating for council's performance in health and human services

2008	75
2007	75
2006	76
2005	74
2004	74

### Community satisfaction rating for council's recreational facilities

2008	68
2007	67
2006	66
2005	63
2004	60

### Community satisfaction rating for the appearance of public areas

2008	68
2007	68
2006	70
2005	70
2004	70

10 20 30 40 50 60 70 80 90

# Community

## Wellbeing

### Highlights

- The “Flame” community arts project launched
- Funding granted to extend and resurface the Avoca netball courts, and to construct football training lights in Avoca.
- The playground audit has been completed and new playground equipment has been purchased for the area behind the Snake Valley Hall
- The Transport Connection Project, funded by the state government, has been implemented, and a project officer has been engaged. The project aims to improve community transport options by using the existing infrastructure.
- A new volunteer support project, called ‘The Missing Link’, funded by the state government, was implemented in the fourth quarter of the year.
- Municipal ‘early years’ plan has been adopted by council
- The health action plan, which sets the health priorities for the shire for coming years and aims to strengthen the health and wellbeing of Pyrenees communities, has been presented to council.

### Disappointments

- The revised Section 86 manual has yet to be completed
- Council is no longer involved with the Family Support Program, however other services in the region are continuing the important work of supporting the district’s most vulnerable families.
- There is a continuing struggle to recruit carers for the family day care service.
- The Community Services unit was disappointed to lose its Children’s Services manager, Gina Scuffins, who resigned after 10 years’ service.
- The gym at the Goldfields Community Complex in Beaufort has closed, despite council’s support of the Beaufort Community House in its application for funding
- Plans for a Children’s Health Centre in Beaufort are being reviewed, following the abolition of the Federal Regional Partnerships Program, and the subsequent loss of funding.

### Future

- Council has approval from the Victorian Department of Sport and Recreation to ‘drought-proof’ the greens at the Avoca Bowling Club. This will involve redesigning the rink, planting a drought-tolerant grass species and recycling water. Funding has been approved for implementation in 2008-09. The council now wishes to develop a similar master-plan approach to ‘drought-proofing’ swimming pools in the shire.
- Redevelopment of Amphitheatre tennis courts, funded under the state government’s Community Facility Funding Program, is expected to be completed in November 2008.
- \$10,000 funding has been obtained from the Municipal Association of Victoria to develop Positive Ageing strategies in the shire. The Positive Ageing Project is a four-year initiative funded by the Office of Senior Victorians, running from 2005 to 2008. Total funding is \$1.4 million to allow Victorian councils to undertake Positive Ageing projects and to have a facilitator support the program. The Pyrenees Shire’s project will be implemented in the first quarter of 2008-09.
- The Walking School Bus program in the Grampians Pyrenees region is continuing under the auspices of council

### Flame community arts project

The Pyrenees Review Board and local artist berni m janssen (pictured at right) were awarded a \$35,000 grant from Arts Victoria to develop a community-based arts project, called 'Flame', across the Pyrenees Shire.

The project was an initiative of the Pyrenees Review Board, in response to comments from local communities that arts events are important to the shire's economic and social development.

'Flame' will be a series of events of many types, devised and produced by the people of the Pyrenees Shire and organised under a common theme. It is based on the idea of fire: as a source of light, warmth and inspiration, and as a threat. The theme was suggested in community meetings, where campfires, bonfires, fireworks and cooking were all mentioned as possible elements for local events. The idea of fire — and its association with passion, inspiration and transformation, as well as the widespread experience of bushfires — provided the framework for community members to work with.

The 'Flame' project is being developed to build social strength and networking. Community events will be devised, developed and organised by groups and individuals, in consultation with the Pyrenees Review Board and berni, and will all be based on the theme of fire.

### Community Resource Centres

The number of visitors to the Community Resource Centres in Beaufort and Avoca continues to grow, in line with the growing number of tourists to the region and the number of events held at the centres.

Both centres held many successful events during the year, from art exhibitions to book launches to a Manga cartoon workshop.



# Community

## Wellbeing

### Recreation and leisure

Funding was obtained from the Country Football and Netball Program to resurface and extend the Amphitheatre netball court and upgrade the lights at the Avoca football oval. Redevelopment of the Amphitheatre tennis courts has been delayed, but will be completed in November 2009.

The audit of playgrounds has been completed, and council is progressively removing non-standard play equipment. New equipment has been purchased for the area behind the Snake Valley Hall, and planning has begun for a new playground at Landsborough.

An irrigation water bore has been sunk at the Natte Yallock recreation reserve. Other bores are planned for elsewhere in the shire, including Lexton and Snake Valley, during the coming year.

### Emergency support

Severe wind storms swept across the state on 2 April 2008. This resulted in substantial damage to the roofs of two houses in Trawalla. Council's municipal recovery manager and building inspector provided support to the residents. Under Council's emergency management recovery sub-plan, assistance was provided for the affected households.

### Youth Services

Youth forums are continuing across the shire, with the aim to develop an overarching forum for youth in the Pyrenees. Also, funding has been obtained for activities in Youth Week in April 2009.



## Home and Community Care

Pyrenees Shire Council provides a range of services to enable residents who are frail, aged or have a disability to remain in their homes and actively participate in their communities. Among these services, Pyrenees provides Home and Community Care services, adult day activity programs, recreational and social support programs, assisted transport and carer support.

Worldwide, people are living longer and the proportion of older people in the population is increasing. Over the next 10 years, the population of the Pyrenees Shire is expected to follow the international trend of an ageing population — the percentage of the population aged 55 years and over is expected to increase from 33.1% (in 2004) to 47.9%. These demographic changes will increase the demand for aged care services and services for people with disabilities. This means that local governments are more likely to face budgetary pressures from an ageing population than from traditional activities such as the provision and maintenance of roads and infrastructure.

The council has adopted a Positive Ageing Strategy to fulfill the following purposes:

- Plan for and prepare council for the changes happening within the population.
- Understand the challenges regarding the ageing population, and suggestions from the community about how to overcome these challenges.
- Create strategies for a healthy, vibrant and independent older community by creating a healthy, vibrant and independent wider community.
- Capture the things that older people like about living in Pyrenees Shire, and the services we provide and provide well, so we can focus on continuing and improving them.

During 2007-08, council provided general home care, personal care, meals on wheels and respite care. Council provides HACC services to 232 clients. Nine new workers were recruited during the year, in all townships except Amphitheatre. Having workers based in townships will reduce travel costs and allow more money for services.

In 2007-08, council updated its data management system to allow more accurate reporting and greater efficiency. As a result, council has been able to provide the Department of Human Services with more accurate information, which has resulted in additional funding for the next three years to provide additional HACC services.

In October 2007, Seniors Week activities were conducted in Avoca, Landsborough and Beaufort, with the theme of lifelong learning. Participants had training on the use of computers, mobile phones, ATMs and internet banking through a range of community groups.

Pyrenees Shire has undergone a rigorous selection process to be appointed the Designated Living at Home Assessment agency in this area.

# Growth and Employment





## Aims and responsibilities

Population growth  
 New employment opportunities  
 Attract and retain industry  
 Attract investment  
 Tourism development

## Priorities

Maintain a focus on regular development  
 Enhance existing business and industry  
 Pursue opportunities for local industry growth  
 Promote tourism opportunities  
 Sustain the Community Resource Centres

\*

This year's figures are for tourists only, and do not include users of the Community Resource Centre, which were counted in previous years.

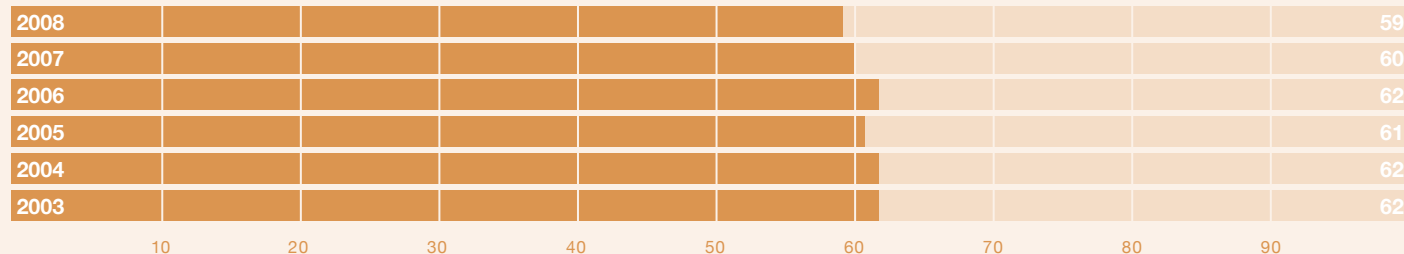
### Visitor numbers to Beaufort Information Centre \*



### Visitor numbers to Avoca Information Centre



### Community satisfaction rating for council's performance in economic development



10 20 30 40 50 60 70 80 90

# Growth and Employment

## Highlights

- Launch of the Grampians Pyrenees tourism campaign
- \$2 million from State Government for new buildings at the Snake Valley Primary School
- The monthly Avoca Market celebrates a year of success
- 10 years of the Rainbow Serpent Festival being held in the shire. Council continues to support and facilitate this important cultural event, which attracts thousands of visitors to the shire each year.

## Future

- Council continues its support of the Rainbow Serpent festival, which attracts about 7000 visitors to the shire every January, and is investigating a permanent site at Lexton.
- Continue implementing the Economic Development Strategy
- The Pyrenees Review Board will continue its work to strengthen the links between council and the community
- Possible development of affordable housing



### Grampians Pyrenees tourism

The Pyrenees Shire has joined with four other local councils surrounding the Grampians to form a new and larger regional tourism organisation. Grampians Tourism will develop the work already done by the region's tourism marketing association, Grampians Marketing Incorporated.

In addition to marketing, Grampians Tourism will provide greater coordination of the overall Grampians tourism industry, including product development and investment attraction.

Grampians Tourism will have representatives from each of the five local government areas surrounding the Grampians – the Northern and Southern Grampians, Horsham, Ararat and Pyrenees shires. It will also have representatives from the tourism industry and from Parks Victoria.

All five local councils have committed funds to support the new organisation, and Tourism Victoria will provide \$120,000 over three years to establish the organisation and appoint a general manager to work with the tourism industry and focus on events such as the Great Victorian Bike Ride and the Great Grape Escape, and to help with projects such as establishing a hiking trail through the Grampians.

### Wind farms

Construction of the Waubra wind farm (128 turbines) is well under way and is expected to be operational early in 2009. The planning panel has still not given a report on the Crowlands wind farm (75 turbines), and the Lexton wind farm (19 turbines) is yet to be developed.

### Population and industry

The most recent figures from the Australian Bureau of Statistics show that the Pyrenees Shire has a total population of 6772 (3520 males and 3252 females). There are more than 700 businesses in the shire. The unemployment rate in the shire is 8.5%. More than 33% undertake voluntary work for an organisation or group.

The most common employment category is management (26.3%), followed by technicians and trades workers (14.8%), labourers (14.6%) and professionals (10.4%).

### Regional development

The Pyrenees Shire Council is heavily involved in many regional groups and issues, and champions the broader development of western Victoria. The council is represented on the Grampians Pyrenees Regional Development Board, the Central Highlands Regional Waste Management Group, and the Central Highlands Regional Library Board, among others. Councillors and staff have been involved in a wide range of regional issues, including transport development and tourism.

## Community Building

The council's community building program aims to build on the social capital in the Pyrenees Shire. The council has recognised a growing willingness among people in the shire to contribute to the strengthening of individual communities and the broader Pyrenees community. As part of this process, Community Action Plans have been developed to allow communities to gather information and set their directions. The CAPs are recognised by the community and by council as an essential tool for planning.

The Pyrenees Review Board has granted seeding funds to various community groups during the year: \$21,675 in grants during 2007-08. These groups include the Avoca Play Group, which, with their own fundraising and a grant from the Pyrenees Review Board, has established a safe and friendly outdoor play area for children. Also the Crowlands Film Society has new seating and a better-placed noticeboard, thanks to seeding funds from the Pyrenees Review Board.

The Avoca Market is another success story. Established with funding from the review board, it celebrated its first birthday during the year. The market has grown quickly since its inception, and now has more than 60 stalls. The Avoca Market is held on the fourth Sunday of the month throughout the year, near the river.

The Beaufort Municipal Band is another recipient of seeding funds from the review board. This money has helped several students in the district to learn to play either a brass instrument or a percussion instrument. The Junior Band consists of a small group of three who attended Band Camp in St Arnaud, where they further developed their practical skills and learnt music theory. Without support from the review board, these young musicians might not have had such an opportunity.

Residents of the Pyrenees Shire have had the opportunity to participate in the Flame Project, a project funded by Regional Arts Victoria and supported by the Pyrenees Review Board. This project will continue until December 2008. (See the Community Development section)

Another great success for Community Building was the hosting of Community Expos in Beaufort and Avoca. These two events collectively involved more than 500 members of the community and more than 70 community groups. Many groups had a boost to their membership, as the Expos helped them raise awareness of their activities.

The Beaufort Expo was held in conjunction with the Beaufort Market and assisted with its ongoing success. The Beaufort Market has been running for three years, and started its fourth season in September 2008, running until April 2009.

Along with the successes of the review board, there have been some disappointments in the past 12 months. One of these has been the difficulty in engaging with the broader Waubra Community to update their preliminary Community Action Plan from 2005. It is a central goal of the Community Building program to work with the Pyrenees communities to complete and update all plans by November 2008 and to have new plans in place for those communities that are yet to establish one.

Pyrenees Review Board Grants 2007-08

Group	Purpose	
Beaufort Municipal Band	Encouraging new members	\$6,500
Crowlands Film Society	Signs and seating	\$925
Avoca Scout Group	Leadership training	\$850
Beaufort & District Adult Riders Club	Dressage arena	\$2,000
Friends of the Beaufort Pool	Safety upgrades	\$2,150
Great Victorian Bike Ride Overnight Stay Committee	Promotion and community engagement	\$480
Landsborough Community	Playground equipment	\$2,500
Lexton Progress Association	Purchase of community equipment	\$1,500
Snake Valley Hall Committee of Management	Sound equipment	\$4,770



## Aims and responsibilities

Strategic planning  
 Statutory planning  
 By-law enforcement  
 Environmental management

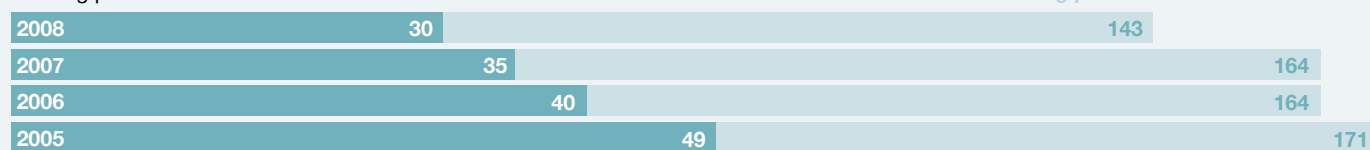
## Priorities

Sustainable and effective planning  
 Improved community safety and amenity  
 Environmental stewardship and responsibility

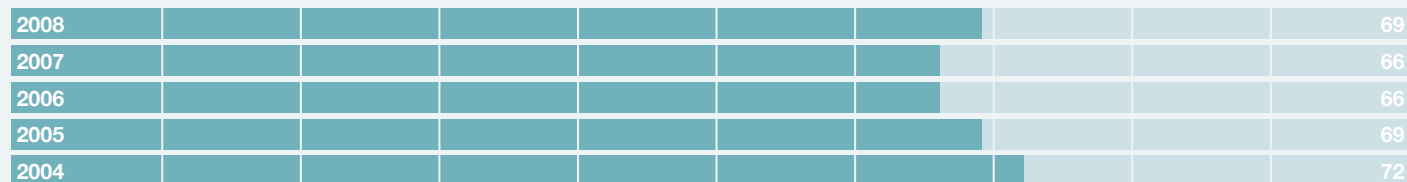
### Planning permits issued



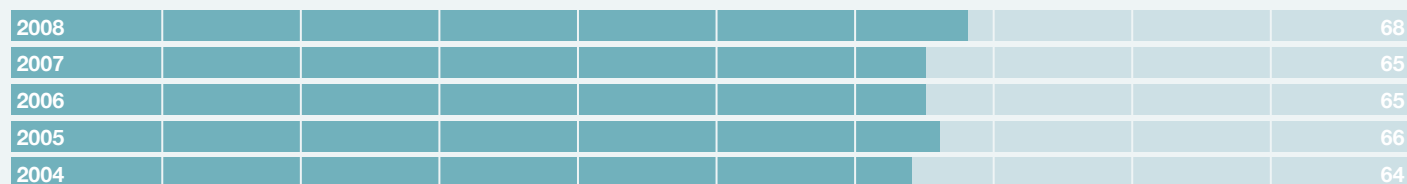
### Building permits issued



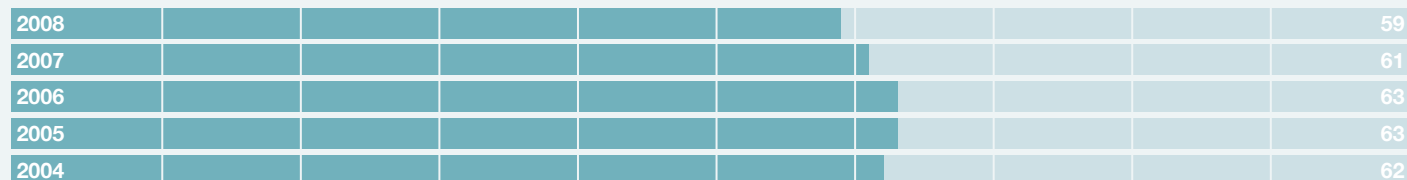
### Community satisfaction rating for council's performance in waste management



### Community satisfaction rating for council's performance in enforcing by-laws



### Community satisfaction rating for council's performance in town planning policy and approval



10 20 30 40 50 60 70 80 90

## Highlights

- The new weed identification booklet produced and distributed
- The Waste Wise Program was introduced
- Household garbage and recycling collection system progressing well
- Council continues its support of the Rainbow Serpent festival, held in the shire every January, and is investigating a permanent site at Lexton.

## Disappointments

- Continued slow progress on sewerage planning for Waubra and water treatment in Avoca.
- The Beaufort flood study has not yet been completed.
- There has been an unacceptably slow turnaround time for planning permits.

## Future

- Central Highlands Water has established its timeframes for providing sewerage in Waubra and improving the water quality in Avoca and Landsborough. Council is working with CHW to move these projects ahead as quickly as possible.
- Complete the Beaufort flood study
- With new staff and additional resources, the council is improving its turnaround time for planning permits.
- Council is lobbying the State Government and Central Highlands Water to get the Snake Valley development plan on the agenda for the near future.

## Weed Booklet

A new weed identification booklet, 'Weeds of the Pyrenees Region', has been produced by the Pyrenees Shire Council to help residents and landholders in the fight against weed pests in the shire.

The 64-page booklet has colour photos, basic descriptions, legislative status, methods of spread and general control methods for 100 weeds of concern that are either within the shire or threaten to be introduced.

The booklet was prepared by Andrew Steed, who was hired as the Shire's Weed Management Officer for the duration of this project.

Most of the weeds in the booklet have two photos, which show detailed close-ups of flowers and other identifying features. There is a written description of the weed, where the plant comes from, how it may spread, and a few basic steps to eradicate it.

The booklet is a joint project with the Local Government Weed Management Grant Program, which provided funding of \$28,000 towards the project, whose total value was \$68,000.

## Waste Wise strategy

During the last quarter of 2007-08, a council team prepared a Waste Reduction Action Plan (WRAP) to reduce waste through staff engagement and education. The team was drawn from a cross-section of council departments, and the plan is likely to produce some cost savings for council. The plan was circulated to all staff for comment, and it was adopted by council in June 2008. Now the Pyrenees Shire can be certified as Waste Wise for two years and may be eligible for further funding as opportunities arise through Sustainability Victoria programs.

The Waste Wise program is part of a wider community engagement strategy of the Highlands Regional Waste Management Group, of which the Pyrenees Shire Council is a member. The group responds to specific programs and actions of the Sustainability Victoria Business Plan and has an overall focus on a Zero Waste Strategy.



### Rubbish and recycling collection

New contracts were let for kerbside pickup of garbage and recycling, and for the management of the shire's transfer stations. The participation rate in the recycling program is reasonable and residents are being encouraged to recycle as much as possible. However, there have been continuing problems with contamination, as residents have been putting household rubbish or other inappropriate items into the recycling bins.

### Farming Zone review

The council is conducting a review of the Farming Zone on the winery and tourism areas of Moonambel, Avoca and Landsborough, to prepare a strategy to overcome difficulties with restrictions that are now imposed on certain non-core rural uses. The review of Restructure Overlays and the objectives of the Farming Zone is expected to be finished at the end of October 2008.

### Flood study in Beaufort

The Beaufort flood study, carried out by the Glenelg-Hopkins Catchment Management Authority, reviews the flood-prone areas around Beaufort, to better understand the threat of flooding within the township. This work was prompted by the pressure for further residential and industrial development within the floodplains of Beaufort's creek system.

### Environmental and heritage planning

The Pyrenees Shire Council takes pride in its cultural and environmental heritage, and recognises that protecting and retaining sites of natural and historical significance enhances the amenity of the district and the well-being of its residents. It is important to protect and preserve historically important buildings — public and private — and gold mining sites, as well as monuments, archaeological sites, landscapes and endangered flora and fauna.



# Organisational Development



**Aims and responsibilities**

Long-term financial sustainability  
 Education and training for councillors and staff  
 Risk management  
 Continuous improvement  
 Staff management and performance

**Priorities**

Maintain financial viability  
 Reduce corporate and community risks  
 Support development of councillors and staff  
 Continuously improve organisational effectiveness

**Sources of Revenue :****Rates and charges (\$000)**

2008	5192
2007	4761
2006	4412
2005	4100
2004	3797

**User charges (\$000)**

2008	775
2007	709
2006	634
2005	503
2004	410

**Government grants (\$000)**

2008	7868
2007	10162
2006	7850
2005	5421
2004	6052

## Highlights

- New payroll system installed
- Streamlined IT systems to improve reporting and integration within the shire offices

## Disappointments

- The continuing difficulty in recruiting qualified and experienced staff

## National Competition Policy Compliance - 2007/08

Certification by Chief Executive Officer

1. The Pyrenees Shire Council has complied with the requirements of the National Competition Policy (NCP) for the period 1 July 2007 to 30 June 2008, in accordance with *National Competition Policy and Local Government - A Revised Statement of Victorian Government Policy* (January 2002) as set out below:

### A. Trade Practices Compliance

State whether the Council is compliant or non-compliant. If non-compliant, justify or cite actions to redress **COMPLIANT**

### B. Local Laws Compliance

State whether the Council is compliant or non-compliant. If non-compliant, justify or cite actions to redress **COMPLIANT**

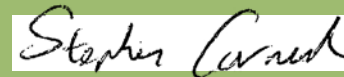
### C. Competitive Neutrality Compliance

State whether the Council is compliant or non-compliant. If non-compliant, justify or cite actions to redress **COMPLIANT**

### I certify that:

- a) this statement has been prepared in accordance with the 2007/08 Local Government Improvement Incentive guidelines issued in May 2008 for reporting on the following criterion :- National Competition Policy in accordance with *National Competition Policy and Local Government - A Revised Statement of Victorian Government Policy* (January 2002); and
- b) this statement fairly represents the Council's implementation of the National Competition Policy.

### Signed:



**Stephen Cornish**

(Chief Executive Officer)

Date: 22nd September 2008

## Human resources

## Training and development

The Pyrenees Shire Council continues to provide ongoing training and development to all staff through internal and external training sessions. A number of specific staff development training programs were conducted during the year including:

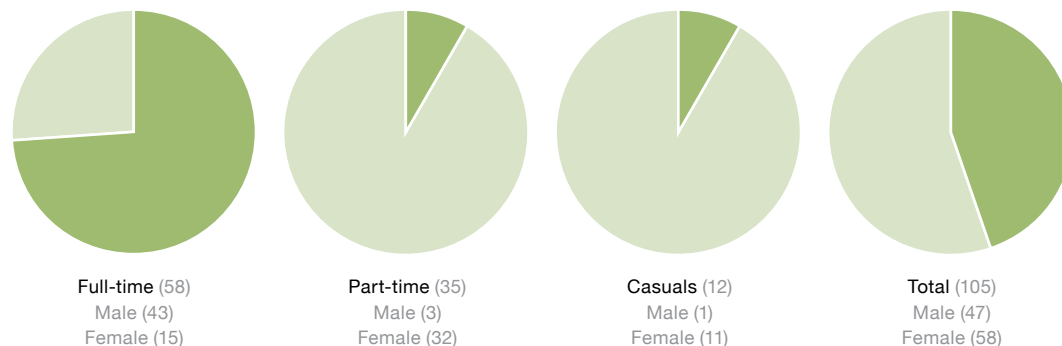
- Review of the Human Rights Charter (Charter of Human Rights and Responsibilities Act, 2006) – undertaken by all staff
- Respectful Workplace Behaviour
- First Aid Level 2 – Senior First Aid
- Risk Management Training
- Occupational Health & Safety for Managers and Supervisors
- Occupational Health & Safety Induction – Red card
- Introduction to Emergency Management
- Business Disaster Recovery
- Workplace & Emergency Response
- Operate as part of an Emergency Control Organisation & Lead an Emergency Control Organisation
- Manual Handling & Spinal Care for Home Based Carers
- Active Clients – Active Choices

In addition to the specific staff development program, the Pyrenees Shire Council also provides and encourages professional development education programs with a number of staff undertaking the following professional courses:

- Diploma in Information Technology (ongoing) – 1 staff member
- Certificate III in Rural Operations (ongoing) - 4 staff members
- Certificate IV in Animal Control & Regulation – 1 staff member
- Certificate 111 in Rural & Regional Planning – 1 staff member
- Graduate Diploma of Occupational Hazard Management – 1 Staff member

## Employees

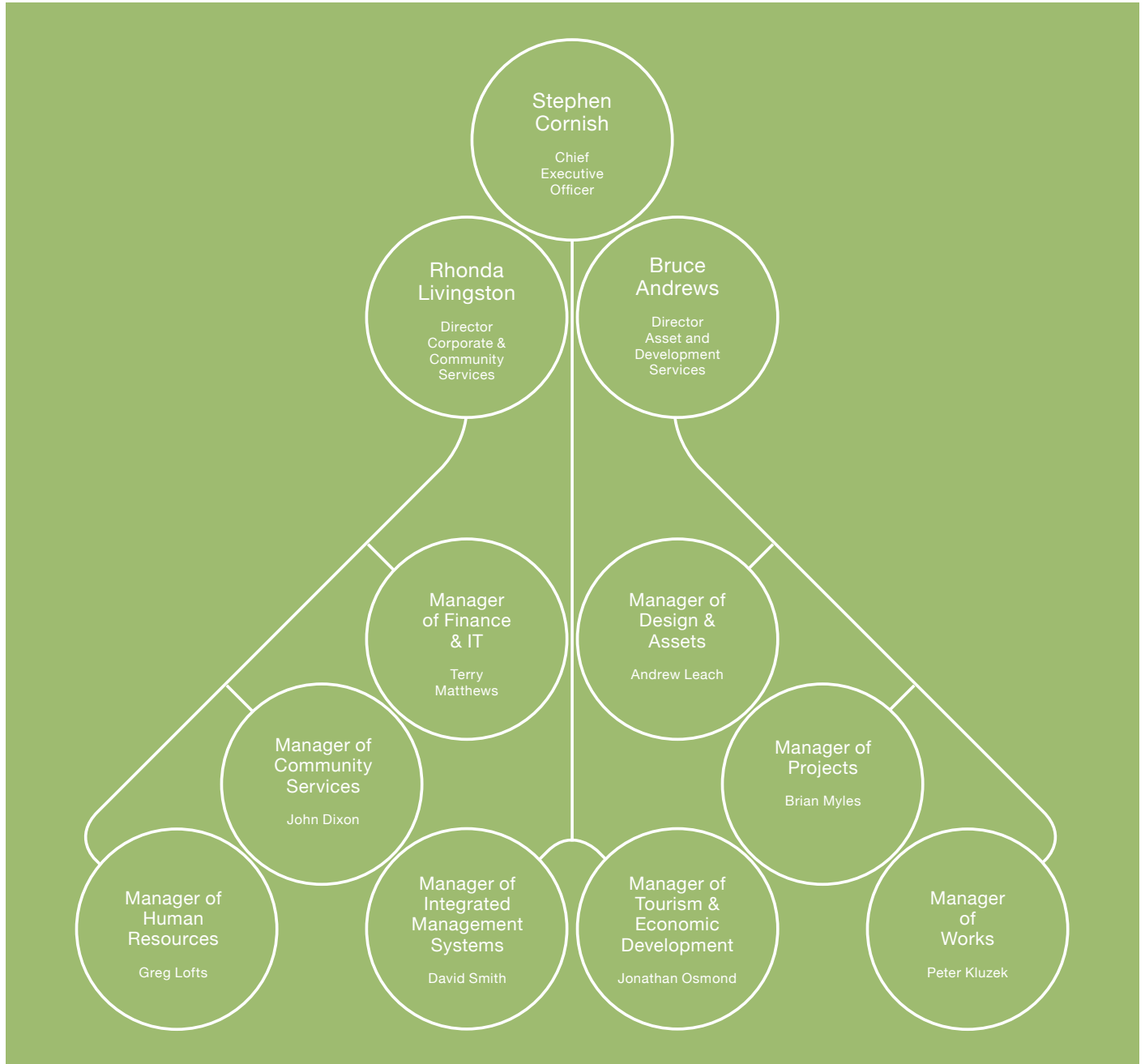
● Male  
● Female



14 positions were advertised during the year, and 69 applications were considered

# Organisational

Development



### Information technology

The shire has implemented several new technologies to improve business processes and further extend its capabilities.

After Telstra closed the CDMA mobile-phone network, the shire joined the NextG network, which has provided far greater coverage for the majority of staff.

Councillors have been equipped with mobile phones and mobile internet access on the NextG network.

The SynergySoft business software was installed to improve the efficiency and integration of the shire office

### IT in the community

In Landsborough, a multi-function machine was purchased and installed for printing, photocopying, scanning and faxing. Landsborough public internet access was modified from one-way satellite to two-way satellite, which is cheaper to operate and has increased the speed.

The Beaufort public access computers were configured to use DynaWizard imaging software, which allows users to install and configure whatever they want, and then restores the computer back to standard configuration afterwards.

In Avoca the public access computer was replaced with new machine and configured with DynaWizard imaging software.

### SynergySoft implementation

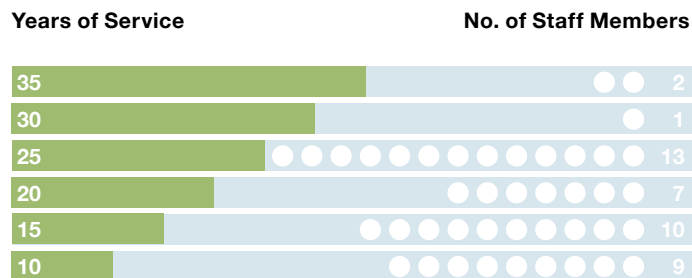
Before July 2007 council used four different software programs in the areas of rates, property, animals, infringements, financials, payroll and building and planning. This affected our ability to serve our customers efficiently as a lot of manual processes were required, but certain functional areas were not linked to others and it was extremely cumbersome to extract meaningful reports.

ITVision's SynergySoft product was determined to be the most suitable. Data conversion commenced in March 2007 and the system went live, as scheduled, on July 1, 2007.

The new system has improved council's reporting and payment systems and has improved integration between departments.

### Staff milestones

Many staff members have provided long service to the Pyrenees Shire and its predecessor organisations.



### Workcover claims 2007-08

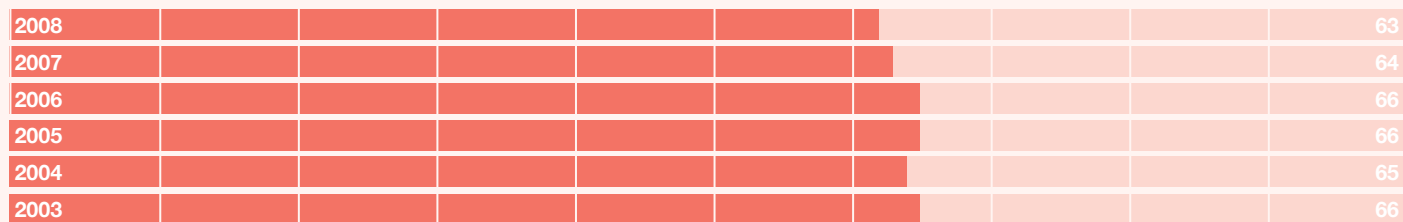


## Governance

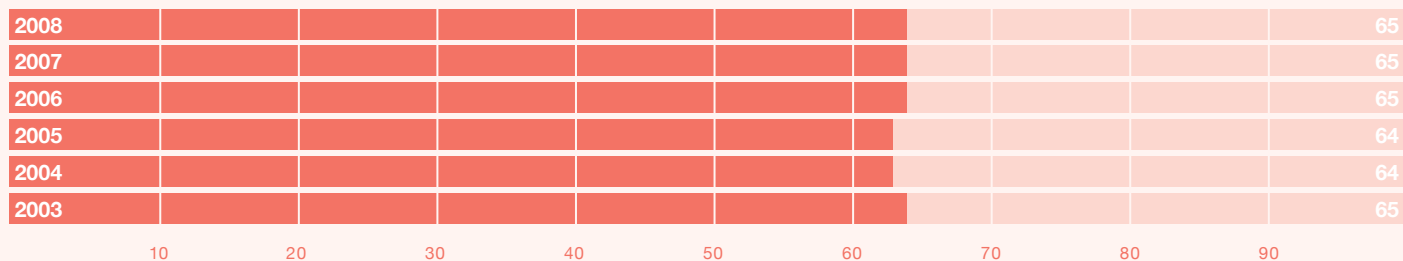




Community satisfaction rating for council's general performance



Community satisfaction rating for council's overall performance in key service areas and responsibilities



10 20 30 40 50 60 70 80 90

# Governance

## The council

The Pyrenees Shire Council was established by an Order of the Governor in Council on 23 September 1994 and is a body corporate. The Local Government Act 1989 sets out the roles and responsibilities of council.

Pyrenees Shire Council is represented by five ward councillors, who were elected for a four-year term in November 2004.

During 2007-08, two councillors served as mayor: Cr Gabriel Horvat, and Cr Lester Harris, who was elected mayor at the statutory meeting in at the end of 2007.



## Warrenmang by-election

In March 2008, a by-election was held for the Warrenmang Ward, following the resignation of Cr Gabriel Horvat in January.

Councillor Horvat had represented the Warrenmang Ward, in the north of the shire, since 2002. He served as mayor of the Pyrenees Shire from December 2006 to November 2007. At 30, he was the youngest mayor in the history of the shire.

At a by-election in March, Robert Vance from Landsborough was elected to represent the ward. Cr Vance was previously the Warrenmang Ward councillor, from 1996 until 2002, and has twice been mayor of the Pyrenees Shire.

**The official results of the by-election, from the Victorian Electoral Commission, were:**

### First preference votes:

Matthews, Michael	349
Vance, Robert James	378
Murphy, Peter	299

### After the distribution of preferences:

Matthews, Michael	477
Vance, Robert James	549

A general election of the full council will be held in November. All five wards will be open to candidates, and the elections will be decided by a postal ballot.

## Council plan

The council plan defines the strategic direction of council for the next four years in relation to its assets, the community, growth, employment and planning. It establishes priorities, taking into consideration financial, social and environmental implications. The annual report details the successes, failures and future directions of these commitments. The plan is reviewed annually by councillors and senior management. A copy is available on council's website.

## Mayoral and councillor allowances

Allowances are reviewed each year, and for 2007-08 there was no change to the annual mayoral allowance of \$36,000 and the annual councillor allowance of \$12,000.

## Council meetings

Council meetings are held on the 3rd Tuesday of each month at the Council Chambers in Beaufort, commencing at 6 o'clock.

## Councillor attendance

Attendance record of councillors at council meetings in 2007-08 (including statutory and special meetings)

	Absent
	Apology
	Attended

	G. Horvat	G. Harrison	L. Harris	L. Ashford	R. Neil	R. Vance
06/2007						
07/2007						
08/2007						
09/2007						
10/2007						
11/2007						
12/2007						
01/2008						
02/2008						
03/2008						
04/2008						
05/2008						
06/2008						

## Conflict of interest

In March 2008, the Victorian Ombudsman published a report on managing conflicts of interest and conflicts of duty in local government bodies. The Pyrenees Shire Council is considering the report with a view to adopting a formal policy on such conflicts.

## Code of conduct

Council has adopted a code of conduct to provide guidance to councillors on ethical conduct and the standard of behaviour expected in relation to other councillors, council staff and the community. The code of conduct is to be reviewed annually and is available upon request from the shire office.

## Internal audit

The internal audit committee is an advisory committee of council and monitors internal controls, financial management and risk management. Council's internal audit committee is comprised of two independent external members and two councillors.

Meetings were held on 27 August 2007, 6 December 2007, 11 March 2008 and 10 June 2008.

The committee considered reports during the year from the internal auditor on tender administration, contract management processes and the fraud awareness program.

The committee also considered reports during the year from officers and external consultants on a pandemic plan, business assessment and staff management and the disaster recovery plan.

## Standards assurance

The Pyrenees Shire Council is an accredited Quality, Safety and Environmentally endorsed company, complying with International Standards and Australian Standards, one of only a small number of municipalities to achieve this endorsement. In accordance with the aims of the council plan, the shire is committed to ensuring that best business practice and values are applied to the services we provide to our community. To ensure compliance, council is constantly subject to external third-party audit of our systems and procedures and has on all occasions retained certification.

# Governance

## Occupational Health and Safety (OH&S)

The Pyrenees Shire Council recognises and is committed to preventing injury and illness by providing as far as practicable, a safe and healthy environment for its employees, contractors and the public. Council is not only committed to ensuring that all legislative requirements are met, but to maintaining a position of excellence in its handling of the occupational health, safety and welfare issues affecting its workforce. The Occupational Health and Safety committee is responsible for maintaining an active oversight of health and safety issues in the workplace and monitoring the organisation's performance against established indicators. These include the number of incidents, both reportable and non-reportable to Worksafe, and time lost due to injury. The Occupational Health and Safety Committee has ensured that all council's OH&S policies and procedures reflect the requirements of the new Occupational Health and Safety Act, 2004.

## Equal Employment Opportunity

The Pyrenees Shire Council is committed to the principles of Equal Employment Opportunity and has adopted the following policy: Employees and applicants for employment should not be discriminated against on the grounds of sex, marital status, race, physical or mental impairment, pregnancy, colour, religious or political belief, or because they are a parent, childless or a defacto spouse. All individuals employed or considered for employment will be treated on merit, according to their skill, aptitude, qualifications and experience relevant to the work to be performed.

## Privacy

Council complies with The Victorian Information Privacy Act 2000. Council staff have attended privacy training to ensure understanding and compliance with the legislation. A copy of council's policy is available for viewing at the shire office. Questions, complaints or further information can be obtained by calling Council's Privacy Officer, the Human Resources Manager or the Records Officer on 5349 1100.

## Freedom of Information

The Freedom of Information Act allows the community to access documents held by Council. During the year three requests were received. Requests for access to information should be made in writing to the Freedom of Information Officer, 5 Lawrence Street, Beaufort 3373.

## Whistleblower Protection

The Whistleblowers Protection Act 2001 protects people who disclose information about serious wrongdoing by councillors and council officers. There have not been any disclosures, as at 30 June 2007. Pyrenees Shire Council has procedures in place to provide protection from reprisals for persons making disclosures and provide a framework for investigation. Council's policy is available for viewing at the shire offices, 5 Lawrence Street, Beaufort.

## Contract Management

Council's Asset and Infrastructure Department tenders and manages contracts within the municipality. All works that are tendered are done so in accordance with council policies and procedures to maintain fair, open and effective competition, in keeping with Best Practice principles. During the 2007-08 financial year council entered into six new contracts with a total value of \$6,448,168.

Contract name	No. of Tenders	Contract Value
Swimming Pool Management	2	\$81,500
Avoca Public Amenities construction	4	\$252,000
Rehabilitation of Eurambeen-Streatham Rd	3	\$1,707,304
Carngham-Streatham Rd	2	\$345,391
Beaufort-Carranballac Rd	2	\$347,560
Eurambeen-Streatham Rd	10	\$3,714,413
<b>TOTAL</b>		<b>\$6,448,168</b>

## Documents available for inspection :

- Details of current mayoral and councillor allowances.
- Details of senior officers' total salary packages.
- Details of overseas or interstate travel by councillors or council staff in an official capacity during the financial year.
- Names of council officers who are required to submit a return of interest during the financial year.
- Names of councillors who are required to submit a return of interest during the financial year.
- Agendas and minutes of ordinary or special meetings held in the previous 12 months.
- A list of all special committees established by council and the purpose for which each committee was established.
- Minutes of meetings of special committees held in the past 12 months
- A register of delegations under the Local Government Act
- Submissions received under section 223 of the Act over the past 12 months.
- Agreements to establish regional libraries
- Details of property, finance and operating leases entered into by council.
- A register of authorised officers appointed under section 224 of the Act.
- A list of donations and grants made by council during the financial year.
- A list of the names of organisations of which council was a member during the financial year and details of all membership fees and other amounts and services provided to each organisation by council during that year.
- A list of contracts valued at \$100,000 or more which council entered into during the financial year without first engaging in a competitive process and which are not contracts referred to in section 186(5) of the Act.

## Community grants

Organisation	Total
Amphitheatre Mechanics Institute	340
Amphitheatre Tennis Club/Mechanics Inst	900
Avoca and District Historical Society	1,500
Avoca Breast Cancer Support Group	550
Avoca Business and Tourism Inc	1,500
Avoca Country Golf Bowling Club	1,200
Avoca District Guides & Scouts	1500
Avoca Festivals and Events Committee Inc	1,500
Avoca Football/Netball Club	1,500
Avoca Netball Club	1,485
Beaufort Angling Club Inc	1,500
Beaufort Croquet Club Inc	1,200
Beaufort Historical Society	1,500
Beaufort Service Group Inc	1,500
Carngham Cricket Club Inc	1,500
Carngham Recreation Reserve	1,500
Crowlands Film Society	1,200
Lake Goldsmith Hall Committee	748
Landsborough & District Historical Group Inc	650
Landsborough & District Senior Citizens	1,500
Landsborough Public Hall Committee of Management	1,500
Lexton Cricket Club	1,150
Lexton Racecourse & Recreation Reserve	1,500
Pyrenees Petanque Club Inc	1,375
Redbank CFA	495
Snake Valley Hall Bouncercise Group	750
Snake Valley Hall Committee of Management	1,397
Snake Valley Golf Club Inc	1,263
Upper Mt Emu Creek Landcare Network Waterloo Hall & Rec Reserve Committee of Management	1,500
Wildlife Victoria Inc	1,500
<b>TOTAL</b>	<b>38,703</b>

# A Plain English Guide to the Financial Report

## 1. Introduction

The Financial Report is a key report by the local government of the Pyrenees Shire Council. It shows how Council performed financially during the 2007/2008 financial year and the overall position at the end (30 June 2008) of the financial year.

Council presents its financial report in accordance with the Australian Accounting Standards. Particular terms required by the Standards may not be familiar to some readers. Further, Council is a 'not for profit' organisation and some of the generally recognised terms used in private sector company reports are not appropriate to Council's reports.

Council is committed to accountability. It is in this context that the Plain English Guide has been developed to assist readers understand and analyse the financial report.

## 2. What is contained in the Annual Financial Report?

Council's financial report has two main sections, namely; the Report and the Notes. There are four Statements and 37 Notes. These are prepared by Council's staff, examined by the Council Audit Committee and by Council, and then are audited by the Victorian Auditor-General.

The four Statements are included in the first few pages of the report. They are the Income Statement, Balance Sheet, Statement of Changes in Equity and Statement of Cash Flows.

The Notes detail Council's accounting policies and make up of values contained in the Statements.

## 3. Income Statement

The Income Statement is sometimes referred to as a 'Profit and Loss Statement' and shows the sources of Council's revenue under various income headings; and the expenses incurred in running the Council during the year. These expenses relate only to the 'Operations' and do not include the cost associated with the purchase or the building of assets. While asset purchase costs are not included in the Expenses there is an item for 'Depreciation'. This value is the value of the assets used up during the year.

The key figure to look at is the surplus or (deficit) for the year which is the equivalent to the profit or (loss) of Council for the year. A surplus means that the revenue was greater than the expenses.

## 4. Balance Sheet

This Statement is sometimes referred to as a 'Balance Sheet'. This one page summary is a snap shot of the financial situation as at 30 June. It shows what the Council owns as Assets and what it owes as Liabilities. The bottom line of this Statement is Net Assets. This is the net worth of Council which has been built up over many years.

The assets and liabilities are separated into Current and Non-current. Current means those assets or liabilities which will fall due in the next 12 months.

The components of the Balance Sheet are described here.

### 4.1 Current and Non-Current Assets

Cash includes cash and investments, ie cash held in the bank and in petty cash and the market value of Council's investments.

Receivables are monies owed to Council by Ratepayers and others.

Other is inventory and accounts which have been prepaid.

Non-Current Investments represent the value of shares held by Council.

Property, Infrastructure, Plant & Equipment is the largest component of Council's worth and represents the value of all the land, buildings, roads, vehicles, equipment, etc. which has been built up by Council over many years.

### 4.2 Current and Non-Current Liabilities

Payables are those to whom Council owes money as at 30 June.

Employee Benefits includes accrued Long Service and Annual Leave owed to employees.

Trust Monies represents monies held in Trust by Council.

### 4.3 Net Assets

This term is used to describe the difference between the value of Total Assets and the value of Total Liabilities. It represents the net worth of Council as at 30 June.

## 4.4 Total Equity

This always equals Net Assets. It is made up of the following components:

Asset Revaluation Reserve is the difference between the previously recorded value of assets and their current valuations;

General Reserves are allocations of the Accumulated Surplus to specific projects; and

Accumulated Surplus is the value of all net assets accumulated over time.

## 5. Statement of Changes in Equity

During the course of the year the value of Total Ratepayers Equity as set out in the Statement of Income changes. This Statement shows the values of such changes and how these changes arose.

The main reasons for a change in equity stem from:

the 'profit or loss' from operations, described in the Statement as Operating Surplus or (Deficit) for the year;

the use of monies from Council's reserves;

revaluation of the assets; this takes place on a regular basis. It also occurs when existing assets are taken up in the books for the first time.

## 6. Statement of Cash Flows

The Statement of Cash Flows summarises Council's cash payments and cash receipts for the year. This Statement is presented according to a very specific Accounting Standard and needs some care in analysis. The values may differ from those shown in the Statement of Income because the Statement of Income is prepared on an accrual accounting basis.

Cash in this Statement refers to Bank Deposits and other forms of highly liquid investments that can readily be converted to cash, such as cash invested with Funds Managers.

Council's cash arises from, and is used in, three main areas:

**Cash Flows from Operating Activities:**

**Receipts** – All cash received into Council's bank account from Ratepayers and others who owed money to Council. Receipts also include the interest earnings from Council's cash investments. It does not include the costs associated with the sale of assets.

**Payments** – All cash paid by Council from its bank account to staff, creditors and other persons. It does not include the costs associated with the creation of assets.

**Cash Flows from Investing Activities**

This section shows the cash invested in the creation or purchase of Property, Infrastructure, Plant & Equipment assets and the cash received from the sale of these assets.

**Cash Flows from Financing Activities**

This is where the receipt and repayment of borrowed funds are recorded.

The bottom line of the Statement of Cash Flows is the Cash at End of Financial Year. This shows the capacity of Council to meet its cash debts and other liabilities.

## A Plain English Guide to the Financial Report

### 7. Notes to the Accounts

The Notes are a very important and informative section of the report. The Australian Accounting Standards are not prescriptive in a lot of issues. Therefore, to enable the reader to understand the basis on which the values shown in the Statements are established it is necessary to provide details of Council's accounting policies. These are described in Note 1.

Apart from the accounting policies, the Notes also give details behind many of the summary figures contained in the Statements. The Note numbers are shown beside the relevant items in the Income Statement, Balance Sheet and the Statement of Cash Flows.

Where Council wishes to disclose other information which cannot be incorporated into the Statements then this is shown in the Notes.

Other Notes include:

- the cost of the various functions of Council;
- the break down of expenses, revenues, reserves and other assets;
- contingent liabilities;
- transactions with persons related to Council; and
- financial performance indicators.

The Notes should be read at the same time as, and together with, the other parts of the Financial Statements to get a clear picture of the accounts.

### 8. Standard Statements

The Standard Statements section provides three of the four statements mentioned above (Income Statement, Balance Sheet and Statement of Cash Flows) together with a further statement (Statement of Capital Works).

The Statement of Capital Works sets out the expenditure on creating or buying Property, Infrastructure, Plant & Equipment assets by each category of asset. It also shows how much has been spent on renewing, upgrading, expanding or creating new assets of this type.

These Standard Statements provide a comparison between the actual results for the year and the budget that was set at the start of the year. All major differences are explained in accompanying notes.

### 9. Statements by Principal Accounting Officer and Councillors

The Certification of the Principal Accounting Officer is made by the person responsible for the financial management of Council that, in her/his opinion, the Financial Statements have met all the statutory and professional reporting requirements.

The Certification of Councillors is made by two Councillors on behalf of Council that, in their opinion, the Financial Statements are fair and not misleading.

### 10. Auditor General's Report

The Independent Audit Report provides the reader with an external and independent opinion on the Financial Statements. It confirms that the Financial report has been prepared in accordance with relevant legislation and professional standards and that it represents a fair picture of the financial affairs of the Council.

### 11. General

The Pyrenees Shire Council was established by an Order of the Governor in Council on the 23rd of September 1994 and is a body corporate.

The Council's main office is located at  
5 Lawrence Street Beaufort.

External Auditor - Auditor-General of Victoria  
Internal Auditor - DJK Consulting  
Solicitors - Peter S Glare and Associates  
Bankers - Bendigo Community Bank  
Website address - [www.pyrenees.vic.gov.au](http://www.pyrenees.vic.gov.au)



Standard Statements

# Standard Income Statement

for the year ending 30 June 2008

	Budget 2007/2008 \$'000	Variance \$'000	Variance %	Ref	Actuals 2007/2008 \$'000
<b>Revenue</b>					
Rates and charges	5,120	72	1.4		5,192
Recurrent grants	4,415	327	7.4		4,742
Non-recurrent grants	8,474	5,348	63.1	1	3,126
User fees	722	(53)	(7.3)		775
Contributions	274	(111)	(40.5)	2	385
Other revenue	196	(258)	(131.6)	3	454
<b>Total revenue</b>	<b>19,201</b>	<b>4,527</b>	<b>23.6</b>		<b>14,674</b>
<b>Expenses</b>					
Employee benefits	4,445	(66)	(1.5)		4,379
Materials and services	3,730	(306)	(8.2)		4,036
Finance costs	73	(3)	(4.1)		76
Depreciation and amortisation	4,349	(145)	(3.3)		4,204
Other expenses	420	(13)	(3.1)		433
<b>Total expenses</b>	<b>13,017</b>	<b>(111)</b>	<b>(0.9)</b>		<b>13,128</b>
Net gain (loss) on disposal of assets	-	(332)	-	4	332
Share of net profits of associates and joint ventures accounted for by the equity method	-	(11)	-		(11)
<b>Surplus (deficit) for the period</b>	<b>6,184</b>	<b>4,317</b>	<b>69.8</b>		<b>1,867</b>

## Variance Explanation Report



Ref	Item	Explanation
1	<b>Non-recurrent grants</b>	Lower than budget as a result of a delay in the Eurambeen - Streatham Road project and Council being unsuccessful in obtaining grant funding for Moonambel Multipurpose Facility and the Beaufort Community Hub.
2	<b>Contributions</b>	Higher than budget as a result of the contribution for some road projects not being anticipated at budget time.
3	<b>Other Revenue</b>	Higher than budget as a result of delay in various capital works project which resulted in an increase in interest on investment as a consequence of Council holding higher levels of cash throughout the year than projected.
4	<b>Net gain (loss) on disposal of assets</b>	The profit on number of plant items actually traded during the year was higher than budgeted for.

# Standard Balance Sheet

for the year ending 30 June 2008

	Budget 2007/2008 \$'000	Variance \$'000	Variance %	Ref	Actuals 2007/2008 \$'000
<b>Current assets</b>					
Cash and cash equivalents	2,149	2,403	111.8	5	4,552
Trade and other receivables	800	124	15.5	6	676
Other	141	9	6.4		132
<b>Total current assets</b>	<b>3,090</b>	<b>2,270</b>	<b>73.5</b>		<b>5,360</b>
<b>Non-current assets</b>					
Trade and other receivables	10	64	640.0	7	74
Property, plant and equipment, infrastructure	219,995	6,866	3.1		213,129
Investments in associates	205	(11)	(5.4)		194
<b>Total non-current assets</b>	<b>220,210</b>	<b>6,813</b>	<b>3.1</b>		<b>213,397</b>
<b>Total assets</b>	<b>223,300</b>	<b>4,543</b>	<b>2.0</b>		<b>218,757</b>
<b>Current liabilities</b>					
Trade and other payables	1,453	(1,010)	(69.5)	8	443
Interest bearing loans and borrowings	172	(8)	4.7		180
Provisions	1,002	(132)	(13.2)	9	1,134
Trust funds and deposits	130	(336)	(258.5)		466
<b>Total current liabilities</b>	<b>2,757</b>	<b>(534)</b>	<b>(19.4)</b>		<b>2,223</b>
<b>Non-current liabilities</b>					
Interest bearing loans and borrowings	782	75	9.6		857
Provisions	122	15	12.3	10	137
<b>Total non-current liabilities</b>	<b>904</b>	<b>90</b>	<b>10.0</b>		<b>994</b>
<b>Total liabilities</b>	<b>3,661</b>	<b>444</b>	<b>12.1</b>		<b>3,217</b>
<b>Net assets</b>	<b>219,639</b>	<b>4,099</b>	<b>1.9</b>		<b>215,540</b>
<b>Equity</b>					
Accumulated surplus	82,086	3,740	4.6		78,346
Asset revaluation reserve	137,485	370	0.3		137,115
Other reserves	68	11	16.2	11	79
<b>Total equity</b>	<b>219,639</b>	<b>4,099</b>	<b>1.9</b>		<b>215,540</b>

## Variance Explanation Report

Ref	Item	Explanation
5	<b>Cash assets and cash equivalents</b>	Higher as a result of Auslink funding being received earlier than anticipated and also the delay in completion of some capital projects. This has resulted in Council holding higher levels of cash than anticipated.
6	<b>Trade and other receivables - current</b>	Lower as a result of a smaller amount of government grant funds being outstanding than anticipated at budget time.
7	<b>Trade and other receivables - non current</b>	Higher as a result of the amount of community loans being outstanding being slightly higher than anticipated at budget time.
8	<b>Trade and other payables</b>	Lower as a result of a larger amount of creditors being paid before year end than anticipated at budget time.
9	<b>Provisions - current</b>	Lower levels of leave taken during the year than anticipated. This has caused a small variation from the original budget amount as the effect of this was not allowed in the budget.
10	<b>Provisions - non current</b>	Lower levels of leave taken during the year than anticipated. This has caused a small variation from the original budget amount as the effect of this was not allowed in the budget.
11	<b>Other reserves</b>	Higher than budget as a result of the opening balance brought forward being higher than anticipated.

# Standard Cash Flow Statement

for the year ending 30 June 2008

	Budget 2007/2008 \$'000	Variance \$'000	Variance %	Ref	Actuals 2007/2008 \$'000
<b>Cash flows from operating activities</b>					
Receipts from customers	5,842	(1,223)	(20.9)	12	7,065
Payments to suppliers and employees	(8,595)	1,377	16.0	13	(9,972)
<b>Net cash inflow (outflow) from customers/suppliers</b>	<b>(2,753)</b>	<b>154</b>	<b>5.6</b>		<b>(2,907)</b>
Interest received	187	125	66.8	14	312
Government receipts	4,689	(53)	(1.1)		4,742
Other	9	147	1,633.3	15	156
Capital grants and contributions	8,474	4,424	52.2	16	4,050
<b>Net cash inflow (outflow) from operating activities</b>	<b>10,606</b>	<b>4,253</b>	<b>40.1</b>		<b>6,353</b>
<b>Cash flows from investing activities</b>					
Proceeds from sale of property, plant and equipment, infrastructure	414	(256)	(61.8)	17	670
Payments for property, plant and equipment, infrastructure	(13,254)	(5,962)	(45.0)	18	(7,292)
<b>Net cash inflow (outflow) from investing activities</b>	<b>(12,840)</b>	<b>(6,218)</b>	<b>(48.4)</b>		<b>(6,622)</b>
<b>Cash flows from financing activities</b>					
Trust funds and deposits	-	(253)	-	19	253
Finance costs	(73)	5	6.8		(78)
Repayment of interest bearing loans and borrowings	(162)	5	3.1		(167)
<b>Net cash inflow (outflow) from financing activities</b>	<b>(235)</b>	<b>243</b>	<b>103.4</b>		<b>8</b>
Net increase (decrease) in cash and cash equivalents	(2,469)	2,208	89.4		(261)
Cash and cash equivalents at the beginning of the year	4,618	195	4.2		4,813
<b>Cash and cash equivalents at the end of the year</b>	<b>2,149</b>	<b>2,403</b>	<b>111.8</b>		<b>4,552</b>
<b>Reconciliation of Surplus (Deficit) and Net Cash Flows from Operating Activities</b>					
For the year ending 30 June 2008					
<b>Surplus (deficit)</b>	<b>6,184</b>	<b>4,317</b>	<b>69.8</b>		<b>1,867</b>
Depreciation and amortisation	4,349	145	3.3		4,204
(Profit) loss on sale of property, plant and equipment, infrastructure	-	(332)	-		(332)
Finance costs	73				76
Net movement in current assets and liabilities	-	792	-		792
<b>Net cash inflow (outflow) from operating activities</b>	<b>10,606</b>	<b>3,999</b>	<b>37.7</b>		<b>6,607</b>

## Variance Explanation Report

Ref	Item	Explanation
12	<b>Receipts from customers (inflow)</b>	Higher than budget as a result of the GST impact on income not being included in the budget.
13	<b>Payments to suppliers and employees (outflow)</b>	Higher than budget as a result of the GST impact on expenditure not being included in the budget.
14	<b>Interest received (inflow)</b>	Higher as a result of Auslink funding being received earlier than anticipated and also the delay in completion of some capital projects. This has resulted in Council holding higher levels of cash than anticipated.
15	<b>Other receipts (inflow)</b>	Higher as a result of a greater level of design and supervision revenue occurring than anticipated.
16	<b>Capital grants income received (inflow)</b>	Lower as a result of delays in Auslink and Roads to Recovery capital projects. This has resulted in lower levels of grant funds being received than anticipated. These funds will now be received in the 2008/2009 year.
17	<b>Proceeds from sale of property, plant and equipment, infrastructure (inflow)</b>	The number of plant items actually traded during the year was more than budgeted for.
18	<b>Payments for property, plant and equipment, infrastructure (outflow)</b>	Lower as a result of certain capital works projects being delayed.
19	<b>Trust funds</b>	Higher as result of a higher level of receipts being received associated with Grampians Pyrenees Regional Development Board than in prior periods.

# Standard Statement of Capital Works

for the year ending 30 June 2008

	Budget 2007/2008 \$'000	Variance \$'000	Variance %	Ref	Actuals 2007/2008 \$'000
--	-------------------------------	--------------------	---------------	-----	--------------------------------

Capital Works Areas					
Roads	10,053	(5,029)	(50.0)	20	5,024
Parks, open space and streetscapes	15	(15)	-		-
Land improvements	600	(23)	(3.8)		577
Buildings	1,016	(885)	(87.1)	21	131
Plant and equipment and other	1,570	(156)	(9.9)		1,414
<b>Total capital works</b>	<b>13,254</b>	<b>(6,108)</b>	<b>(46.1)</b>		<b>7,146</b>

Represented by:

Renewal of infrastructure	10,273	(4,703)	(45.8)		5,570
Upgrade of infrastructure	-				2
New infrastructure	2,981	(1,407)	(47.2)		1,574
<b>Total capital works</b>	<b>13,254</b>	<b>(6,108)</b>	<b>(46.1)</b>		<b>7,146</b>

	Budget 2007/2008 \$'000	Variance \$'000	Variance %	Ref	Actuals 2007/2008 \$'000
--	-------------------------------	--------------------	---------------	-----	--------------------------------

## Property, plant and equipment, infrastructure movement reconciliation worksheet

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

Total capital works	13,254	6,108	46.1		7,146
Asset revaluation movement	-	8,919	-	22	8,919
Depreciation and amortisation	(4,349)	145	3.3		(4,204)
Written down value of assets sold	(414)	82	19.8	23	(332)
<b>Net movement in property, plant and equipment, infrastructure</b>	<b>8,491</b>	<b>3,038</b>	<b>35.8</b>		<b>11,529</b>



## Variance Explanation Report

<b>Ref</b>	<b>Item</b>	<b>Explanation</b>
20	<b>Roads</b>	Lower as a result of a number of road works projects being delayed. These include Eurambeen Streatham Road project that was \$4.9 million under budget as a result of construction delays. This expenditure will now occur in 2008-2009. The Waubra-Beaufort Road project which had a budget of \$640,000 has also been delayed. This project will now occur in 2008-2009.
21	<b>Buildings</b>	Lower as a result of the Moonambel Multipurpose Facility (\$500,000) and Beaufort Community Hub (\$800,000) projects being reliant on government grant funding. Applications for grant funds for these works were not successful in 2007-2008 and as a consequence these projects have now been delayed until 2008/2009.
22	<b>Asset revaluation movement</b>	It was not possible to predict the level of asset revaluation at budget time.
23	<b>WDV of disposal of assets</b>	The number of plant items actually traded during the year was higher than budgeted for.

	<b>Financial Statements</b>	
	Income Statement	<b>74</b>
	Balance Sheet	<b>75</b>
	Statement of Changes in Equity	<b>76</b>
	Statement of Cash Flows	<b>77</b>
	<b>Notes to Financial Statements</b>	
	Introduction	<b>78</b>
1	Significant accounting policies	<b>78</b>
2	Rates	<b>88</b>
3	User charges and other fines	<b>89</b>
4	Grants	<b>90</b>
5	Contributions	<b>92</b>
6	Other revenue	<b>92</b>
7	Proceeds from disposal of property, infrastructure, plant and equipment	<b>93</b>
8	Employee benefits	<b>93</b>
9	Contract payments, materials and services	<b>94</b>
10	Depreciation and amortisation	<b>95</b>
11	Finance costs	<b>95</b>
12	Other expenses	<b>95</b>
13	Investments in associates	<b>96</b>
14	Cash assets	<b>96</b>
15	Receivables	<b>96</b>
16	Other assets	<b>97</b>
17	Property, infrastructure, plant and equipment	<b>97</b>
18	Payables	<b>104</b>
19	Trust funds	<b>104</b>
20	Provisions	<b>104</b>
21	Interest bearing liabilities	<b>106</b>
22	Reserves	<b>107</b>
23	Reconciliation of operating result with net cash from operations	<b>109</b>
24	Reconciliation of cash at year-end to cash assets	<b>109</b>
25	Financing arrangements	<b>109</b>
26	Restricted assets	<b>110</b>
27	Superannuation	<b>110</b>
28	Commitments	<b>112</b>
29	Operating lease commitments	<b>113</b>
30	Contingent liabilities	<b>113</b>
31	Financial instruments	<b>114</b>
32	Auditors' remuneration	<b>119</b>
33	Events occurring after balance date	<b>119</b>
34	Related party transactions	<b>119</b>
35	Revenue, expenses and assets by function/activities	<b>121</b>
36	Capital Expenditure	<b>122</b>
37	Financial ratios (Performance indicators)	<b>123</b>
	Certifications	<b>124</b>

Annual Report

## Income Statement

for the Year ended 30 June 2008

	Note	2008 \$,000 ▼	2007 \$,000 ▼
<b>Revenue</b>			
Rates and garbage charge	2	5,192	4,761
User charges and other fines	3	775	709
Grants - Recurrent	4	4,742	4,561
Grants - Non Recurrent	4	3,126	5,601
Contributions	5	385	476
Other revenue	6	142	68
Interest		312	166
<b>Total Revenue</b>		<b>14,674</b>	<b>16,342</b>
<b>Expenses</b>			
Employee benefits	8	4,379	4,262
Contract payments, materials and services	9	4,036	3,152
Depreciation	10	4,204	4,049
Finance costs	11	76	81
Other expenses	12	433	713
<b>Total Expenses</b>		<b>13,128</b>	<b>12,257</b>
Net gain on disposal of property, plant and equipment, infrastructure	7	332	37
Share of net profits (losses) of associates and joint ventures accounted for by the equity method	13	(11)	(18)
<b>Surplus(deficit) for the period</b>		<b>1,867</b>	<b>4,104</b>

## Balance Sheet

for the Year ended 30 June 2008

	Note	2008 \$,000 ▼	2007 \$,000 ▼
<b>Assets</b>			
Current assets			
Cash assets	14	4,552	4,813
Receivables	15	676	1,254
Other assets	16	132	54
<b>Total current assets</b>		<b>5,360</b>	<b>6,121</b>
Non-current assets			
Receivables	15	74	81
Investments in associates	13	194	205
Property, infrastructure, plant and equipment	17	213,129	201,600
<b>Total non-current assets</b>		<b>213,397</b>	<b>201,886</b>
<b>Total Assets</b>		<b>218,757</b>	<b>208,007</b>
<b>Liabilities</b>			
Current liabilities			
Payables	18	443	753
Trust funds	19	466	213
Provisions	20	1,134	950
Interest-bearing liabilities	21	180	175
<b>Total current liabilities</b>		<b>2,223</b>	<b>2,091</b>
Non-current liabilities			
Provisions	20	137	133
Interest-bearing liabilities	21	857	1,029
<b>Total non-current liabilities</b>		<b>994</b>	<b>1,162</b>
<b>Total Liabilities</b>		<b>3,217</b>	<b>3,253</b>
<b>Net Assets</b>		<b>215,540</b>	<b>204,754</b>
Represented by:	Accumulated surplus	78,346	76,479
	Reserves	137,194	128,275
<b>Equity</b>		<b>215,540</b>	<b>204,754</b>

The above statement should be read with the accompanying notes

## Statement of Changes in Equity

for the Year ended 30 June 2008

	Note	Total 2008 \$'000	Total 2007 \$'000	Accumulated Surplus 2008 \$'000	Accumulated Surplus 2007 \$'000	Asset Revaluation Reserve 2008 \$'000	Asset Revaluation Reserve 2007 \$'000	Other Reserves 2008 \$'000	Other Reserves 2007 \$'000
Balance at beginning of the financial year		204,754	209,939	76,479	71,695	128,196	137,485	79	759
Result for the year		1,867	4,104	1,867	4,104	-	-	-	-
Net asset revaluation increment(decrement)	22(a)	8,919	(9,289)	-	-	8,919	(9,289)	-	-
Transfers to Other reserves	22(b)	-	-	-	-	-	-	-	-
Transfers from Other reserves	22(b)	-	-	-	680	-	-	-	(680)
<b>Balance at end of the financial year</b>		<b>215,540</b>	<b>204,754</b>	<b>78,346</b>	<b>76,479</b>	<b>137,115</b>	<b>128,196</b>	<b>79</b>	<b>79</b>

## Statement of Cash Flows

for the Year ended 30 June 2008

Note	2008 Inflows / (Outflows) \$'000	2007 Inflows / (Outflows) \$'000
<b>Cash flows from operating activities</b>		
Rates	5,152	4,670
User charges and other fines (inclusive of GST)	851	780
Grants (inclusive of GST)	8,792	10,203
Contributions (inclusive of GST)	437	394
Interest	312	166
Other receipts (inclusive of GST)	156	75
Net GST refund/payment	625	542
Payments to suppliers (inclusive of GST)	(4,256)	(4,517)
Payments to employees (including redundancies)	(5,283)	(4,711)
Other payments	(433)	(712)
<b>Net cash provided by (used in) operating activities</b>	<b>6,353</b>	<b>6,890</b>
<b>Cash flows from investing activities</b>		
Payments for property, infrastructure, plant and equipment	(7,292)	(6,641)
Proceeds from sale of property, infrastructure, plant and equipment	670	375
<b>Net cash provided by (used in) investing activities</b>	<b>(6,622)</b>	<b>(6,266)</b>
<b>Cash flows from financing activities</b>		
Trust funds and deposits	253	61
Proceeds from interest bearing liabilities	-	87
Repayment of interest bearing liabilities	(167)	(151)
Finance costs	(78)	(83)
<b>Net cash provided by (used in) financing activities</b>	<b>8</b>	<b>(86)</b>
Net increase (decrease) in cash held	(261)	538
Cash at the beginning of the financial year	4,813	4,275
<b>Cash at the end of the financial year</b>	<b>4,552</b>	<b>4,813</b>
Financing arrangements	400	400
Restrictions on cash assets	834	706

## Introduction

(a)

The Pyrenees Shire Council was established by an Order of the Governor in Council on 23 September 1994 and is a body corporate. The Council's main office is located at 5 Lawrence Street Beaufort.

(b)

The purpose of the 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 the Council are accessible and equitable;
- to ensure the equitable imposition of rates and charges; and
- to ensure transparency and accountability in Council decision making.

**External Auditor** - Auditor-General of Victoria

**Internal Auditor** - DJK Consulting

**Solicitors** - Peter S Glare and Associates

**Bankers** - Bendigo West Community Bank

**Website address** - [www.pyrenees.vic.gov.au](http://www.pyrenees.vic.gov.au)

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

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(i), and 1(k). 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 the Council have been eliminated in full.



## Significant accounting policies (cont.)

## (b) Change in Accounting Policy

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

AASB amendment	Standards affected		Outline of amendment	Application date of Standard	Application date for Council
AASB 2006-3 Amendments to Australian Accounting Standards	AAS 27  AASB 1045	Financial Reporting by Local Governments  Land Under Roads: Amendments to AAS 27A, AAS 29A and AAS 31A	From the beginning of the reporting period to which this Standard is first applied, until the end of the first reporting period ending on or after 31 December 2007, transitional provisions shall apply. Under those provisions, local governments, while encouraged to apply the full provisions of this Standard, may elect instead not to recognise land under roads as an asset in the balance sheet. Council will recognise land under roads in the 2008/2009 financial year.	October 2006	1-Jul-08
AASB 1004 Contributions	AAS 27	Financial Reporting by Local Governments	As this Standard broadly reproduces the requirements relating to contributions contained in AAS 27, there will be no direct impact on the financial report.	1-Jul-08	1-Jul-08
AASB 1051 Land Under Roads	AAS 27	Financial Reporting by Local Governments	In respect to land under roads acquired before 30 June 2008: allows a Council to elect to recognise or not to recognise an asset; requires any adjustment upon recognition to be made against accumulated surplus; requires a Council to disclose its accounting policy; allows a Council to elect to adopt the fair value or a previous evaluation; requires any above elections to be made effective as at 1 July 2008. Requires that land under roads acquired after 30 June 2008 is accounted for in accordance with AASB 116. The impact of any changes that may be required cannot be reliably estimated and is not disclosed in the financial report.	1-Jul-08	1-Jul-08
AASB 1052 Disaggregated Disclosures	AAS 27	Financial Reporting by Local Governments	As this Standard broadly reproduces the requirements relating to disaggregated disclosures contained in AAS 27, there will be no direct impact on the financial report.	1-Jul-08	1-Jul-08
AASB 2007-9 Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31	AAS 27  Amendments to: AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127, AASB 137	Financial Reporting by Local Governments	As this Standard broadly reproduces the requirements relating to certain relevant requirements contained in AAS 27, there will be no direct impact on the financial report.	1-Jul-08	1-Jul-08

## Significant accounting policies (cont.)

### (c) Revenue recognition

#### Rates, grants and contributions

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

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

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

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

Income is recognised when the Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Council and the amount of the contribution can be measured reliably.

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

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, the payment is received, or when the penalty has been applied, whichever first occurs.

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

#### Sale of property, plant and equipment, infrastructure

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

#### Interest and rents

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

## Significant accounting policies (cont.)

1

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

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

Where 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.

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

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

<b>Property</b>	<b>Period 2008</b>
<b>Land and buildings</b>	
Buildings	50 years
Land improvements	25 years
<b>Heritage assets</b>	
Heritage assets	50 years
<b>Plant and equipment</b>	
Plant and machinery	5-10 years
Furniture, equipment, and computers	3-10 years
<b>Infrastructure</b>	
<b>Roads</b>	
- Substructure	50 years
- Seal	13 years
Footpaths	50 years
Kerb and channel	50 years
Culverts	50 years
<b>Bridges</b>	
- Substructure	50-75 years
- Deck	50-75 years
<b>Other</b>	
Other structures	25 years

**Significant accounting policies (cont.)**

**(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 bank overdrafts, interest on borrowings, and finance lease charges.

## Significant accounting policies (cont.)

1

## (g) Recognition and measurement of assets

**Acquisition**

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

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

The following classes of assets have been recognised in note 17. In accordance with Council's policy, the threshold limits detailed below have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:

Threshold Limit \$'000

<b>Land and buildings</b>	Land	10	
	Buildings	10	
	Land improvements	10	
<b>Plant and equipment</b>	Plant and machinery	1	
	Furniture, equipment, and computers	1	
<b>Infrastructure</b>	<b>Roads</b>	- Earthworks	10
		- Substructure	10
		- Seal	10
	Footpaths	10	
	Kerb and channel	10	
	Culverts	10	
	<b>Bridges</b>	- Substructure	10
		- Deck	10
	<b>Other</b>	Mobile garbage bins/recycling crates	1
Irrigation & sprinkler systems		1	
Street furniture		1	
Parks & gardens furniture & equipment		1	
Playground equipment		1	
Fencing		1	
Library books		1	
Artworks		1	

Significant accounting policies (cont.)

(g) Recognition and measurement of assets (cont.)

**Revaluation**

Subsequent to the initial recognition of assets, non-current physical assets are measured at their fair value. Fair value is the written down current replacement cost. At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date the class of asset was revalued.

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 2 to 3 years. The valuation is performed either by experienced council officers or independent experts.

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

**Land under roads**

The Council has elected not to recognise land under roads as an asset in accordance with AASB 1045 Land under Roads, which extends the requirement to recognise and measure land under roads as an asset of Council until 30 June 2009.

(h) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

(i) Other financial assets

Managed funds 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) Investments

Investments, other than investments in associates, are measured at cost.

**Significant accounting policies (cont.)****(k) Accounting for investments in associates**

Council's investment in associates is accounted for by the equity method as the 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 the Council's share of the net assets of the entities. The Council's share of the financial result of the entities is recognised in the income statement.

**(l) Tender deposits**

Amounts received as tender deposits and retention amounts controlled by Council are recognised as Trust funds until they are returned or forfeited (refer to note 19).

**(m) Employee benefits****Wages and salaries**

Liabilities for wages and salaries and rostered days off are recognised and are measured as the amount unpaid at balance date and include appropriate oncosts such as work cover charges.

**Annual leave**

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

Annual leave is classified as a current liability as the entity does not have an unconditional right to defer settlement of the liability.

**Long service leave**

A liability for long service leave is recognised and is measured as the present value of expected future payments to be made in respect of services provided by employees up to reporting date. Consideration is given to expected future wage levels, including oncosts, experience of employee departures and periods of service.

Where Council does not have an unconditional right to defer long service leave it is treated as current. Only pro rata conditional long service leave is treated as non-current.

**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 17.25 %.

The superannuation expense for the reporting year is the amount of the statutory contribution the Council makes to the superannuation plan which provides benefits to its employees together with any movements (favourable/unfavourable) in the position of any defined benefits schemes. Details of these arrangements are recorded in note 27.

## Significant accounting policies (cont.)

### (n) Leases

#### **Operating leases**

Lease payments for operating leases are recognised as an expense in the years in which they are incurred as this reflects the pattern of benefits derived by the Council.

#### **Leasehold improvements**

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date, leasehold improvements are amortised over a 20 year period.

### (o) 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 twelve months, being the Council's operational cycle, or if the Council does not have an unconditional right to defer settlement of a liability for at least 12 months after the reporting date.

### (p) Agreements equally proportionately unperformed

The Council does not recognise assets and liabilities arising from agreements that are equally proportionately unperformed in the balance sheet. Such agreements are recognised on an 'as incurred' basis.

### (q) Web site costs

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

### (r) 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 Tax 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 the 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.



## Significant accounting policies (cont.)

### (s) Impairment of assets

At each reporting date, the 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 income statement.

### (t) Rounding

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

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

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

### (v) 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.

## Rates and garbage charge

2008 \$'000

2007 \$'000

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is its market value (land and buildings inclusive).

The valuation base used to calculate general rates for 2007/2008 was \$1,202 million (2006/2007 \$1,190 million). The 2007/2008 rate in the CIV dollar was 0.3848 (2006/2007, was 0.3596).

Residential	1,446	1,303
Commercial / Industrial	116	104
Recreation & Cultural	10	4
Farm/Rural	2,468	2,296
Vacant Land	519	504
Interest on rates	52	39
Garbage charge	581	511
	<b>5,192</b>	<b>4,761</b>

The date of the last general revaluation of land for rating purposes within the municipal district was 1 January 2008, and the valuation will first applied to the rating period commencing 1 July 2008.

The date of the next general revaluation of land for rating purposes within the municipal district is 1 January 2010, and the valuation will be first applied in the rating year commencing 1 July 2010.

User charges and other fines	2008 \$'000	2007 \$'000
Animal Registration Fees	54	56
Town planning fees	36	56
Building fees	87	84
Meals on Wheels	67	74
General Home Help	147	149
Private Works	70	64
Garbage Disposal fees	16	9
Valuation fees/supplementary charges	47	50
Environmental health	20	22
Resource & information centre fees & charges	75	65
Land information certificates	8	7
Economic development	63	-
Hall hire	6	4
Rental and room hire charges	67	47
ADASS	9	9
Other	3	13
	<b>775</b>	<b>709</b>

## Grants

2008 \$'000

2007 \$'000

Grants were received in respect of the following :

	2008 \$'000	2007 \$'000
<b>Commonwealth Government</b>		
Roads to Recovery	465	1,280
Auslink	400	884
Goldfields Community Building	-	368
Family and children	158	174
	<b>1,023</b>	<b>2,706</b>
<b>State Government - General Purpose</b>		
Grants Commission	2,046	1,931
Better Roads Program	2,018	1,026
Local Roads Grants	1,635	1,565
Aged care & senior citizens	318	311
Adult day care	116	114
Avoca streetscape	100	-
Maternal & Child Health	73	77
Snake Valley Fire	51	20
Drought - Building Drought Resilient Communities	50	50
Drought - Relief Funding	44	50
Local Area Planning Project	40	-
Drought Support Officer	38	-
Arts Victoria - Flame Project	35	-
Goldfields recreation reserve water harvesting project	33	-
Youth Outreach Program	32	17
Natte Yallock Toilet Block	27	-
Podiatry	24	-
Moonambel multipurpose facility	20	-
Community Building	16	28
Small towns development fund - Raglan Hall	15	-
Event sponsorship	15	-
Environmental Health	14	15
Meals On Wheels	10	12
Avoca War Memorial	10	-
Strategic planning	10	-
Walking School Bus Program	9	9
Fire access tracks	8	-
Heritage Advice	6	6
Goldfields Community Building	-	1,152
Exceptional Circumstances Drought Program	-	300
Council Dams & Bores	-	222
Beaufort Industrial Estate	-	125
Avoca Industrial Estate	-	75
Goldfields Boatshed Upgrade	-	75
Avoca Sporting & Recreation Reserve	-	40
Environment - Weed Management Program	-	38
Amphitheatre Tennis Courts	-	38
Moonambel Walking Path	-	24
Rural Communities Support Program - Beaufort Pool	-	22
Rural Communities Support Program - Snake Vallet Rec. Reserve	-	17
Kerbside Waste Disposal Program	-	17
Other	32	80
	<b>6,845</b>	<b>7,456</b>

Grants	2008 \$'000	2007 \$'000
Total Grants	7,868	10,162
Victorian Grants Commission	4,064	2,957
Other Government Grants	3,804	7,205
Total	<b>7,868</b>	<b>10,162</b>
Recurrent	4,742	4,561
Non-Recurrent	3,126	5,601
Total	<b>7,868</b>	<b>10,162</b>
<b>Conditions on Grants</b>		
Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:	Roads to Recovery	1,681
	Auslink ( Waubra - Beaufort Road & Eurambeen - Streatham)	884
	Drought - Relief Funding	50
	Beaufort Industrial Estae	47
	Exceptional Circumstances Drought Program	284
	Drought - Building Drought Resilient Communities	50
	Better Roads Program	120
	Recreation and Sporting Facilities Planning Grant	11
	Council Dams & Bores	87
	Recreation and Sporting Facilities Planning Grant	11
	Amphitheatre Tennis Courts	38
	Goldfields Boatshed Upgrade	75
	<b>915</b>	<b>3,338</b>
Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:	Exceptional Circumstances Drought Program	-
	Better Roads Program	-
	Council Dams & Bores	-
	Goldfields Boatshed Upgrade	-
	Drought - Relief Funding	-
	Beaufort Industrial Estate	-
	Recreation and Sporting Facilities Planning Grant	-
	Roads to Recovery	567
	Community Building	32
	Domestic Waste Water Improvement	8
	Goldfields Community Building	50
	Natte Yallock Toilet Block	27
	Snake Valley Improvements	49
	SWMP Avoca	40
	Toll Bar Park	6
	<b>685</b>	<b>779</b>
Net increase (decrease) in restricted assets resulting from grant revenues for the year:	<b>230</b>	<b>2,559</b>

5

Contributions	2008 \$'000	2007 \$'000
Eurambeen- Streatham Road	184	212
Private Works	68	-
Beaufort Boatshed	39	-
Other contributions	32	10
Roadside Conservation Management	27	11
Avoca Recreation Reserve	25	-
Transport Operators	10	-
Natte Yallock Toilet Block	-	12
Goldfields Community Building - Caretaker's Residence	-	87
Wine Industry Marketing	-	11
Goldfields Community Building	-	133
	<b>385</b>	<b>476</b>

6

Other revenue	2008 \$'000	2007 \$'000
Engineering administration	62	-
Private Works - reimbursements	39	-
Administration Exceptional Circumstances Claims	7	7
Agricultural Services	-	5
Other	34	56
	<b>142</b>	<b>68</b>

## Proceeds from disposal of property, infrastructure, plant and equipment

2008 \$'000

2007 \$'000

7

**Plant and equipment**

Proceeds from sale of assets	502	300
Written down value of assets sold	(274)	(263)
Profit(loss) on sale of land, plant and equipment	228	37

**Land and buildings**

Proceeds from sale of land & buildings	162	75
Written down value of land & buildings sold	(58)	(75)
Profit(loss) on sale of land and buildings	104	-

**Summary**

Proceeds from sale of assets	664	375
Written down value of assets sold	(332)	(338)
Profit(loss) on sale of assets	332	37

## Employee benefits

2008 \$'000

2007 \$'000

8

Wages and salaries	3,392	3,313
Annual leave and long service leave	450	436
Superannuation	396	391
Fringe benefits tax and work cover	141	122
	4,379	4,262

Contract payments, materials and services	2008 \$'000	2007 \$'000
Conferences	39	25
Valuations	61	29
Contractors	1,664	1,056
Subscriptions	53	31
Councillor allowances	84	84
Stationery and printing	38	56
Advertising	57	47
Postage	27	24
Light, power and water	105	119
Cleaning	79	80
Audit - internal and external	23	31
Legal fees	63	11
Contributions and donations	233	203
Insurance	147	131
Plant expenses	267	425
Telephone	140	88
Information technology	205	117
Materials and services	751	437
Other materials, services and contractor payments	-	158
<b>Total Contract, Materials and Services Payments</b>	<b>4,036</b>	<b>3,152</b>



Depreciation and amortisation	2008 \$'000	2007 \$'000
<b>Depreciation</b>		
Buildings	165	131
Land improvements	99	99
Plant and machinery	387	404
Furniture, equipment, and computers	39	41
Roads	2,349	2,344
Road Seals	790	655
Footpaths	11	11
Kerb and channel	30	30
Drains	115	115
Bridges	204	204
Other Structures	15	15
	<b>4,204</b>	<b>4,049</b>
Finance costs	2008 \$'000	2007 \$'000
Interest - Borrowings	76	81
Borrowing costs	<b>76</b>	<b>81</b>
Other expenses	2008 \$'000	2007 \$'000
Other	433	713
	<b>433</b>	<b>713</b>

10

11

12

13

**Investment in associates**

2008 \$'000

2007 \$'000

Investments in associates accounted for by the equity method are:

- Equity in Central Highlands Regional Library Corporation (Refer Note 1)

194

205

**194****205**

Council recognises its interest in the Central Highlands Regional Library Corporation by recording an investment in its financial statements based on Council's interest in the net assets of the Library as disclosed in its unaudited financial statements for the year ended 30 June 2008 . That interest is calculated on the same ratio as its contribution to the operating costs of the service.

The Corporation reported a loss of \$407,000 for the year (2006/2007 a loss of \$309,000) of which Council's share was \$11,000 (2006/2007 share of loss of \$18,000), reducing its share of retained earnings to \$120,000. Council's share of the Asset Revaluation Reserve remained unchanged at \$85,000.

At balance date the Central Highlands Regional Library Corporation is unaware of any contingent liabilities.

14

**Cash assets**

2008 \$'000

2007 \$'000

Cash on hand

2

1

Cash at bank

523

731

Money market call account

4,027

4,081

**4,552****4,813**

15

**Receivables**

2008 \$'000

2007 \$'000

**Current**

Rates debtors

285

245

Loans and advances to community organisations

7

12

Other debtors

331

921

Net ATO receivable

53

76

**676****1,254****Non-current**

Community Loans

74

81

**74****81****Total****750****1,335**

Other assets	2008 \$'000	2007 \$'000
Accrued Income	21	18
Prepayments	107	30
Inventories	4	6
<b>Total</b>	<b>132</b>	<b>54</b>

16

Property, infrastructure, plant and equipment	2008 \$'000	2007 \$'000
Summary		
at cost	16,093	12,544
Less accumulated depreciation	(2,969)	(2,850)
	<b>13,124</b>	<b>9,694</b>
at fair value as at 1 January 2006	33,434	-
Less accumulated depreciation	(13,541)	-
	<b>19,893</b>	<b>-</b>
at fair value as at 1 January 2006	-	12,428
Less accumulated depreciation	-	(3,950)
	<b>-</b>	<b>8,478</b>
at fair value as at 1 July 2006	240,783	240,783
Less accumulated depreciation	(60,671)	(57,355)
	<b>180,112</b>	<b>183,428</b>
<b>Total</b>	<b>213,129</b>	<b>201,600</b>

17

Property, infrastructure, plant and equipment (cont.)	2008 \$'000	2007 \$'000
<b>Land and Buildings</b>		
<b>Land - Freehold</b>		
at cost	-	85
at fair value as at 1st Jan 2006	-	2,708
at fair value as at 30 June 2008	3,909	-
	<b>3,909</b>	<b>2,793</b>
at cost	2,360	2,256
Less accumulated depreciation	(311)	(266)
	<b>2,049</b>	<b>1,990</b>
<b>Total Land</b>	<b>5,958</b>	<b>4,783</b>
<b>Buildings</b>		
at cost	94	2,191
Less accumulated depreciation	-	(13)
	<b>94</b>	<b>2,178</b>
at fair value as at 1st Jan 2006	-	9,720
at fair value as at 30 June 2008	29,525	-
Less accumulated depreciation	(13,541)	(3,950)
	<b>15,984</b>	<b>5,770</b>
<b>Total Buildings</b>	<b>16,078</b>	<b>7,948</b>
<b>Total Land and Buildings</b>	<b>22,036</b>	<b>12,731</b>

Valuation of land and building assets has been determined in accordance with a valuation carried out by , Mr Peter Hann, FAPI, Certified Practising Valuer of LG Valuation Services.

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

Property, infrastructure, plant and equipment (cont.)	2008 \$'000	2007 \$'000
<b>Plant and Machinery</b>		
at cost	4,266	3,704
Less accumulated depreciation	(1,902)	(2,052)
<b>Total Plant and Machinery</b>	<b>2,364</b>	<b>1,652</b>
<b>Furniture, Equipment, and Computers</b>		
at cost	621	578
Less accumulated depreciation	(499)	(460)
Total Furniture, Equipment, and Computers	122	118
<b>Total Plant and Equipment</b>	<b>2,486</b>	<b>1,770</b>
<b>Infrastructure</b>		
Road Substructure		
at cost	6,159	2,402
Less accumulated depreciation	(77)	(9)
	<b>6,082</b>	<b>2,393</b>
at fair value as at 1 July 2006	196,032	196,032
Less accumulated depreciation	(41,540)	(39,255)
	<b>154,492</b>	<b>156,777</b>
<b>Total Road Substructure</b>	<b>160,574</b>	<b>159,170</b>
<b>Road Seal</b>		
at cost	2,195	1,311
Less accumulated depreciation	(179)	(50)
	<b>2,016</b>	<b>1,261</b>
at fair value as at 1 July 2006	10,062	10,062
Less accumulated depreciation	(4,114)	(3,458)
	<b>5,948</b>	<b>6,604</b>
<b>Total Road Seal</b>	<b>7,964</b>	<b>7,865</b>

Property, infrastructure, plant and equipment (cont.)	2008 \$'000	2007 \$'000
<b>Footpaths</b>		
at cost	82	-
Less accumulated depreciation	(1)	-
	<b>81</b>	<b>-</b>
at fair value as at 1 July 2006	586	586
Less accumulated depreciation	(186)	(175)
	<b>400</b>	<b>411</b>
<b>Total Footpaths</b>	<b>481</b>	<b>411</b>
<b>Kerb and Channel</b>		
at cost	4	-
Less accumulated depreciation	-	-
	<b>4</b>	<b>-</b>
at fair value as at 1 July 2006	2,271	2,271
Less accumulated depreciation	(855)	(825)
	<b>1,416</b>	<b>1,446</b>
<b>Total Kerb and Channel</b>	<b>1,420</b>	<b>1,446</b>
<b>Culverts</b>		
at cost	20	-
Less accumulated depreciation	-	-
	<b>20</b>	<b>-</b>
at fair value as at 1 July 2006	11,078	11,078
Less accumulated depreciation	(5,075)	(4,960)
	<b>6,003</b>	<b>6,118</b>
<b>Total Culverts</b>	<b>6,023</b>	<b>6,118</b>

Property, infrastructure, plant and equipment (cont.)	2008 \$'000	2007 \$'000
<b>Bridges</b>		
at cost	292	17
Less accumulated depreciation	-	-
	<b>292</b>	<b>17</b>
at fair value as at 1 July 2006	20,383	20,383
Less accumulated depreciation	(8,784)	(8,580)
	<b>11,599</b>	<b>11,803</b>
<b>Total Bridges</b>	<b>11,891</b>	<b>11,820</b>
<b>Other Structures</b>		
at fair value as at 30 June 2003	-	-
at fair value as at 1 July 2006	371	371
Less accumulated depreciation	(117)	(102)
<b>Total</b>	<b>254</b>	<b>269</b>
<b>Total Other Structures</b>	<b>254</b>	<b>269</b>
<b>Total Infrastructure</b>	<b>188,607</b>	<b>187,099</b>
<b>Total property, infrastructure, plant and equipment</b>	<b>213,129</b>	<b>201,600</b>

Valuation of infrastructure assets has been determined in accordance with a valuation carried out by Council's Director Assets and Development Services, Mr Bruce Andrews Dip. CE, Grad Dip Planning. An independent review of the valuation methodology and unit rates applied was undertaken by Mr Bruce Mitchell Qualified Municipal and Civil Engineer of Land Management Surveys Melbourne. The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

## Property, infrastructure, plant and equipment (cont.)

2008		Balance at	Acquisition	Revaluation	Depreciation	Written	Transfers	Balance
		beginning		increments	and	down value		at end of
		of financial	of assets	(decrements)	amortisation	of		financial
		year				disposals		year
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
				note 22	note 11			
<b>Property</b>	land	2,793	-	1,116	-	-	-	3,909
	land improvements	1,990	579	(363)	99	58	-	2,049
	<b>Total land</b>	<b>4,783</b>	<b>579</b>	<b>753</b>	<b>99</b>	<b>58</b>	<b>-</b>	<b>5,958</b>
	buildings	7,948	129	8,166	165	-	-	16,078
	<b>Total buildings</b>	<b>7,948</b>	<b>129</b>	<b>8,166</b>	<b>165</b>	<b>-</b>	<b>-</b>	<b>16,078</b>
	<b>Total property</b>	<b>12,731</b>	<b>708</b>	<b>8,919</b>	<b>264</b>	<b>58</b>	<b>-</b>	<b>22,036</b>
<b>Plant + Equipment</b>	plant, machinery and equipment	1,652	1,373	-	387	274	-	2,364
	fixtures, fittings and furniture	118	43	-	39	-	-	122
	<b>Total plant and equipment</b>	<b>1,770</b>	<b>1,416</b>	<b>-</b>	<b>426</b>	<b>274</b>	<b>-</b>	<b>2,486</b>
<b>Infrastructure</b>	road substructure	159,170	3,753	-	2,349	-	-	160,574
	road seals	7,865	889	-	790	-	-	7,964
	footpaths	411	81	-	11	-	-	481
	kerb & channel	1,446	4	-	30	-	-	1,420
	culverts	6,118	20	-	115	-	-	6,023
	bridges	11,820	275	-	204	-	-	11,891
	other structures	269	-	-	15	-	-	254
	<b>Total infrastructure</b>	<b>187,099</b>	<b>5,022</b>	<b>-</b>	<b>3,514</b>	<b>-</b>	<b>-</b>	<b>188,607</b>
<b>Total property, plant and equipment, infrastructure</b>		<b>201,600</b>	<b>7,146</b>	<b>8,919</b>	<b>4,204</b>	<b>332</b>	<b>-</b>	<b>213,129</b>



## Property, infrastructure, plant and equipment (cont.)

2007

	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements)	Depreciation and amortisation	Written down value of disposals	Transfers	Balance at end of financial year	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
			note 22	note 11				
<b>Property</b>	land	2,793	-	-	-	-	2,793	
	land improvements	1,715	449	-	99	75	1,990	
	<b>Total land</b>	<b>4,508</b>	<b>449</b>	<b>-</b>	<b>99</b>	<b>75</b>	<b>4,783</b>	
	buildings	6,070	2,009	-	131	-	7,948	
	<b>Total buildings</b>	<b>6,070</b>	<b>2,009</b>	<b>-</b>	<b>131</b>	<b>-</b>	<b>7,948</b>	
	<b>Total property</b>	<b>10,578</b>	<b>2,458</b>	<b>-</b>	<b>230</b>	<b>75</b>	<b>12,731</b>	
	<b>Plant + Equipment</b>	plant, machinery and equipment	1,711	610	-	404	265	1,652
		fixtures, fittings and furniture	144	15	-	41	-	118
		<b>Total plant and equipment</b>	<b>1,855</b>	<b>625</b>	<b>-</b>	<b>445</b>	<b>265</b>	<b>1,770</b>
<b>Infrastructure</b>	road substructure	176,226	2,362	(17,125)	2,293	-	159,170	
	road seals	5,964	1,311	1,296	706	-	7,865	
	footpaths	354	40	28	11	-	411	
	kerb & channel	1,253	-	223	30	-	1,446	
	culverts	3,559	-	2,674	115	-	6,118	
	bridges	8,392	17	3,615	204	-	11,820	
	other structures	284	-	-	15	-	269	
	<b>Total infrastructure</b>	<b>192,032</b>	<b>3,730</b>	<b>(9,289)</b>	<b>3,374</b>	<b>-</b>	<b>187,099</b>	
<b>Total property, plant and equipment, infrastructure</b>	<b>208,465</b>	<b>6,813</b>	<b>(9,289)</b>	<b>4,049</b>	<b>340</b>	<b>-</b>	<b>201,600</b>	

**(a) Impairment losses**

Impairment losses are recognised in the income statement under other expenses.

Reversals of impairment losses are recognised in the income statement under other revenue.

18

Payables	2008 \$'000	2007 \$'000
Trade creditors	272	602
Accrued expenses	171	151
	<b>443</b>	<b>753</b>

19

Trust funds	2008 \$'000	2007 \$'000
Refundable building deposits	38	42
Refundable contract deposits	10	1
Refundable Camp Hill trust funds	21	22
Refundable CH21 Strategy trust funds	-	50
Refundable Grampians Pyrenees Regional Development Board	339	85
Refundable contract retension deposits trust funds	44	-
Other refundable deposits	14	13
	<b>466</b>	<b>213</b>

20

## Provisions

	Annual Leave \$ '000	Long service leave \$ '000	Landfill restoration \$ '000	Total \$ '000	
2008	Balance at beginning of the financial year	327	706	50	<b>1,083</b>
	Additional provisions	310	202	-	<b>512</b>
	Amounts used	(250)	(74)	-	<b>(324)</b>
	Balance at the end of the financial year	387	834	50	<b>1,271</b>
2007	Balance at beginning of the financial year	386	688	50	<b>1,124</b>
	Additional provisions	328	108	-	<b>436</b>
	Amounts used	(387)	(90)	-	<b>(477)</b>
	Balance at the end of the financial year	327	706	50	<b>1,083</b>

Provisions (cont.)	2008 \$'000	2007 \$'000
--------------------	-------------	-------------

**(a) Employee benefits**

All annual leave and LSL entitlements representing more than 10 years of continuous service

**Current**

Short term benefits, that fall due within 12 months after the end of the period measured at nominal value

324	477
-----	-----

Other long term employee benefits that do not fall due within 12 months after the end of the period measured at nominal value

810	473
-----	-----

**Total**

1,134	950
-------	-----

**Non-Current**

LSL representing less than 10 years of continuous service measured at present value

87	83
----	----

Landfill Restoration

50	50
----	----

**Total**

137	133
-----	-----

**Commentary - Employee Entitlements**

All annual leave and unconditional vested LSL representing more than 10 years of continuous service is:

- disclosed in accordance with AASB 101, as a current liability even where the agency does not expect to settle the liability within 12 months as it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months;
- measured at:
  - nominal value under AASB 119 where a component of this current liability is expected to fall due within 12 months after the end of the period; and
  - present value under AASB 119 where the entity does not expect to settle a component of this current liability within 12 months.

LSL representing less than 10 years of continuous service is:

- disclosed in accordance with AASB 101 as a non-current liability; and
- measured at present value under AASB 119 as the entity does not expect to settle this non-current liability within 12 months.

The following assumptions were adopted in measuring the present value of long service leave and retirement gratuity:

Weighted average increase in employee costs	4.75%	4.75%
Weighted average discount rates	6.55%	6.34%
Weighted average settlement period	11	11

Interest-bearing liabilities	2008 \$'000	2007 \$'000
<b>Current</b>		
Borrowings - Secured	180	175
<b>Non-current</b>		
Borrowings - Secured	857	1,029
<b>Total</b>	<b>1,037</b>	<b>1,204</b>
<b>The maturity profile for Council's borrowings is:</b>		
Not later than one year	180	175
Later than one year and not later than five years	641	556
Later than five years	216	473
	<b>1,037</b>	<b>1,204</b>
Aggregate carrying amount of interest bearing liabilities:		
Current	180	175
Non-current	857	1,029
	<b>1,037</b>	<b>1,204</b>

Reserves		Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
<b>Asset revaluation reserves</b>				
2008	<b>Property</b>			
	land	1,562	753	2,315
	buildings	1,525	8,166	9,691
		3,087	8,919	12,006
	<b>Infrastructure</b>			
	road substructure	109,717	-	109,717
	road seals	2,090	-	2,090
	footpaths	137	-	137
	kerb & channel	364	-	364
	culverts	4,845	-	4,845
	bridges	7,615	-	7,615
	plant & equipment	301	-	301
	furniture & fittings	40	-	40
		125,109	-	125,109
	<b>Total Asset revaluation reserves</b>	<b>128,196</b>	<b>8,919</b>	<b>137,115</b>
2007	<b>Property</b>			
	land	1,562	-	1,562
	buildings	1,525	-	1,525
		3,087	-	3,087
	<b>Infrastructure</b>			
	road substructure	126,842	(17,125)	109,717
	road seals	794	1,296	2,090
	footpaths	109	28	137
	kerb & channel	141	223	364
	culverts	2,171	2,674	4,845
	bridges	4,000	3,615	7,615
	plant & equipment	301	-	301
	furniture & fittings	40	-	40
		134,398	(9,289)	125,109
	<b>Total Asset revaluation reserves</b>	<b>137,485</b>	<b>(9,289)</b>	<b>128,196</b>

## Reserves (cont.)

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
<b>Other reserves</b>				
<b>2008</b>				
recreation land	9	-	-	9
gravel pits	70	-	-	70
<b>Total Other reserves</b>	<b>79</b>	<b>-</b>	<b>-</b>	<b>79</b>
<b>2007</b>				
recreation land	9	-	-	9
gravel pits	70	-	-	70
road reconstruction	680	-	(680)	-
<b>Total Other reserves</b>	<b>759</b>	<b>-</b>	<b>(680)</b>	<b>79</b>

- (i) recreation land (subdivisions) - funds used for public open space.  
(ii) gravel pits restoration reserve - provides for the restoration of pits as required  
(iii) road reconstruction - funds for road improvements when required

Reconciliation of result from ordinary activities with net cash from operations	2008 \$'000	2007 \$'000
Surplus(deficit) for the period	1,867	4,104
Finance costs	76	83
Depreciation/amortisation	4,204	4,049
(Profit)/loss on disposal of property, infrastructure, plant and equipment (see note 7)	(332)	(37)
Change in assets and liabilities:		
(Increase) in receivables	585	(594)
(Increase)/decrease in prepayments	(77)	100
(Increase)/decrease in accrued income	(3)	51
Increase/(decrease) in payables	(168)	(848)
(Increase)/decrease in inventories	2	5
(Decrease) in employee benefits	188	(41)
Investment in Library	11	18
<b>Net cash provided by/(used in) operating activities</b>	<b>6,353</b>	<b>6,890</b>

Reconciliation of cash at year-end to cash assets	2008 \$'000	2007 \$'000
Cash assets (see note 14)	4,552	4,813
	4,552	4,813

Financing arrangements	2008 \$'000	2007 \$'000
Bank overdraft	400	400
Unused facilities	400	400

23

24

25

## Restricted assets

2008 \$'000

2007 \$'000

Council has cash assets (note 14) that are subject to restrictions. As at the reporting date, Council had legislative restrictions in relation to employee entitlements (Long Service Leave).

**Long service leave (note 20)**

834	706
834	706

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

## Superannuation

Council makes employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). The Fund has two categories of membership, each of which is funded differently.

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

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

Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's actuary as at 30 June 2006, the Trustee has determined that the current funding arrangements are adequate for the expected Defined Benefit Plan liabilities. Council makes the following contributions:-

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



## Superannuation (cont.)

The Fund's liability for accrued benefits was determined in the 30 June actuarial investigation pursuant to the requirements of Australian Accounting Standard AAS 25 as follows:

	30 June 06
	\$'000
Net Market Value of Assets	3,443,686
Accrued Benefits (per accounting standards)	3,319,598
Difference between Assets and Accrued Benefits	124,088
<b>Vested Benefits</b>	<b>3,040,443</b>

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

Net Investment Return	8.0% p.a.
Salary Inflation	5.5% p.a.
Price Inflation	3.0% p.a.

Fund	2008 \$'000	2007 \$'000
Defined benefit plans		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	150	149
	150	149
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date	-	-
	-	-
<b>Accumulation funds</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	257	227
<b>Employer contributions to -</b>		
Pimp-ATF Select Super	3	2
Mercer Super trust	1	-
Health Super	4	3
MIML Macquarie Super	6	6
Macquarie Investments Super	5	4
	<b>276</b>	<b>242</b>

## Commitments

## The Council has entered into the following commitments

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Total \$'000
<b>2008</b>				
Capital - Construction works	3,055	-	-	3,055
<b>Operating</b>				
Swimming pool management	82	82	-	164
Transfer station management	212	212	-	424
Garbage	189	189	-	378
Recycling	141	141	-	282
<b>Totals</b>	<b>3,679</b>	<b>624</b>	<b>-</b>	<b>4,303</b>
	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Total \$'000
<b>2007</b>				
Capital - Construction works	42	-	-	42
<b>Operating</b>				
Transfer station management	212	212	212	636
Garbage	87	87	87	261
Recycling	130	130	130	390
Plant and equipment	115			115
<b>Totals</b>	<b>586</b>	<b>429</b>	<b>429</b>	<b>1,444</b>

## Operating lease commitments

2008 \$'000

2007 \$'000

29

At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):

Not later than one year	133	122
Later than one year and not later than five years	50	159
Later than five years	-	-
	<b>183</b>	<b>281</b>

## Contingent liabilities

30

Council formerly operated landfill sites at Lexton, Ampitheatre and Beaufort under S194(2A) and 2I of the Environment Protection Act 2002. Council has rehabilitated these sites in recent years. Council monitors the ground water at these sites on an ongoing basis. At balance date Council believes that the costs of any additional rehabilitation works associated with these sites shall not exceed the \$50,000 allowed as a provision. (See note 20)

## Financial Instruments

**(a) Accounting Policy, Terms and Conditions**

Recognised Financial Instruments	Note	Accounting Policy	Terms and Conditions
<b>Financial Assets</b>			
Cash assets	14	Cash on hand and at bank and money market call account are valued at face value. Interest is recognised as it accrues. Investments and Bills are valued at cost. Investments are held to maximise interest returns of surplus cash. Interest revenues are recognised as they accrue. Managed funds are measured at market value.	On call deposits return a floating interest rate. The interest rate at balance date was 7.87% (6.31% in 2006/2007). Funds returned fixed interest rate of between 7.1% (5.0% in 2006/2007), and 7.87% (6.31% in 2006/2007) net of fees.
Receivables - other debtors	15	Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection in full is no longer probable. Collectibility of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured and arrears attract an interest rate of 12% (12% in 2007/2008). Credit terms are based on 30 days.
Payables	18	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.	General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.
Interest bearing liabilities	21	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.	Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings is 6.95% during 2007/2008 (6.95% in 2005/2006).
Bank overdraft	25	Overdrafts are recognised at the principal amount. Interest is charged as an expense as it accrues.	The overdraft is subject to annual review.  It is secured by a mortgage over Council's general rates and is repayable on demand.

## Financial Instruments (cont.)

**(b) Interest Rate Risk**

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

	Fixed interest maturing in:					Total \$'000
	Floating Interest rate \$'000	1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000	Non-interest bearing \$'000	
<b>2007/2008</b>						
<b>Financial assets</b>						
Cash assets	523	4,027	-	-	2	4,552
Other financial assets	-	-	-	-	-	-
Receivables	-	7	32	42	669	750
Accrued income	-	-	-	-	21	21
<b>Total financial assets</b>	<b>523</b>	<b>4,034</b>	<b>32</b>	<b>42</b>	<b>692</b>	<b>5,323</b>
Weighted average interest rate	7.50%	7.72%				
<b>Financial liabilities</b>						
Payables	-	-	-	-	443	443
Trust funds	-	-	-	-	466	466
Interest-bearing liabilities	-	180	641	216		1,037
<b>Total financial liabilities</b>	<b>-</b>	<b>180</b>	<b>641</b>	<b>216</b>	<b>909</b>	<b>1,946</b>
Weighted average interest rate		6.95%	6.95%	6.66%		
<b>Net financial assets (liabilities)</b>	<b>523</b>	<b>3,854</b>	<b>(609)</b>	<b>(174)</b>	<b>(217)</b>	<b>3,377</b>

## Financial Instruments (cont.)

**(b) Interest Rate Risk (cont.)**

	Fixed interest maturing in:					Total \$'000
	Floating Interest rate \$'000	1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000	Non-interest bearing \$'000	
<b>2006/2007</b>						
<b>Financial assets</b>						
Cash assets	731	4,081	-	-	1	4,813
Other financial assets	-	-	-	-	-	-
Receivables	-	12	30	51	1,242	1,335
Accrued income	-	-	-	-	18	18
<b>Total financial assets</b>	<b>731</b>	<b>4,093</b>	<b>30</b>	<b>51</b>	<b>1,261</b>	<b>6,166</b>
Weighted average interest rate	5.00%	6.31%				
<b>Financial liabilities</b>						
Payables	-	-	-	-	838	838
Trust funds	-	-	-	-	128	128
Interest-bearing liabilities	-	175	556	473	-	1,204
<b>Total financial liabilities</b>	<b>-</b>	<b>175</b>	<b>556</b>	<b>473</b>	<b>966</b>	<b>2,170</b>
Weighted average interest rate		6.95%	6.95%	6.66%		
<b>Net financial assets (liabilities)</b>	<b>731</b>	<b>3,918</b>	<b>(526)</b>	<b>(422)</b>	<b>295</b>	<b>3,996</b>

**(c) Net Fair Values**

The net fair value of financial assets and liabilities as disclosed in the Statement of Financial Position are not materially different to the the carrying value of the financial assets and liabilities.

**(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 statement of financial position.

**(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 or future cash flows of our financial instruments will fluctuate because of changes in market prices. The 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. Our interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk.

Our loan borrowings are sourced from major Australian banks by a tender process. Finance leases are sourced from major Australian financial institutions. Overdrafts are arranged with major Australian banks. We manage interest rate risk on our 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.

We manage the interest rate exposure on our net debt portfolio by appropriate budgeting strategies and obtaining approval for borrowings from the Australian Loan Council each year.

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

- conformity with State and Federal regulations and standards,
- adequate safety,
- appropriate liquidity,
- diversification by credit rating, financial institution and investment product,
- monitoring of return on investment,
- benchmarking of 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 us to make a financial loss. We have exposure to credit risk on all financial assets included in our balance sheet. To help manage this risk:

- we have a policy for establishing credit limits for the entities we deal with;
- we may require collateral where appropriate; and
- we only invest surplus funds with financial institutions which have a recognised credit rating.

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

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

## Financial Instruments (cont.)

**(e) Risks and mitigation cont**

## Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements:

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

To help reduce these risks we:

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

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

**(f) Sensitivity disclosure analysis**

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Council believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from Federal Bank of Australia):

- A parallel shift of +2% and -1% in market interest rates (AUD) from year-end rates of 7%.

The table below discloses the impact on net operating result and equity for each category of financial instruments held by the Council at year-end, if the above movements were to occur.

**Market risk exposure****Interest rate risk**

Carrying amount subject to interest	-1% 100 basis points		2% 200 basis points		
	Profit	Equity	Profit	Equity	
	\$'000	\$'000	\$'000	\$'000	
<b>2008</b>					
<b>Financial assets:</b>					
Cash and cash equivalents	4,552	(46)	(46)	91	91
Trade and other receivables	676	(7)	(7)	14	14
<b>Financial liabilities:</b>					
Interest-bearing loans and borrowings	1,037	(10)	(10)	21	21



**Auditors' remuneration**

	2008	2007
Audit fee to conduct external audit - Victorian Auditor-General	13	13
Internal audit fees	18	18
	<b>31</b>	<b>31</b>

**Events occurring after balance date**

Nil

**Related party transactions****(i) Responsible Persons**

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

<b>Councillors</b>	Councillor L Harris (Mayor)
	Councillor G Horvat (Resigned January 21st 2008)
	Councillor L Ashford
	Councillor R Neil
	Councillor G Harrison
	Councillor R Vance ( Commenced 21 April 2008)
<b>Chief Executive Officer</b>	Stephen Cornish

**(ii) Remuneration of Responsible Persons**

The numbers of Responsible Officers, whose total remuneration from Council and any related entities fall within the following bands:

	2008	2007
	No.	No.
\$0 - \$9,999	1	-
\$10,000 - \$19,999	3	3
\$20,000 - \$29,999	2	2
\$140,000 - \$149,999	1	1
	<b>7</b>	<b>6</b>
	<b>\$'000</b>	<b>\$'000</b>
Total Remuneration for the reporting year for Responsible Persons included above amounted to:	238	231

32

33

34

## Related party transactions (cont.)

- (iii) No retirement benefits have been made by the Council to a Responsible Person
- (iv) No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2006/2007 - Nil).
- (v) Other Transactions

Council sold a block of land to Cr Horvat during the the year for \$21,000. This land was sold at the normal market price. There were no other transactions other than remuneration payments or the reimbursement of approved expenses entered into by Council with Responsible Persons, or Related Parties of such Responsible Persons during the reporting year (2006/2007 - Nil).

- (vi) Senior Officers Remuneration

A Senior Officer other than a Responsible Person, is an officer of Council who has management responsibilities and reports directly to the Chief Executive Officer or whose total annual remuneration exceeds \$100,000.

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

	2008	2007
<b>Income Range:</b>	No.	No.
\$110,000 - \$119,999	2	2
	2	2
	\$'000	\$'000
Total Remuneration for the reporting year for Senior Officers included above, amounted to:	234	220

## Revenues, expenses and assets by function/activity.

	Roads Parks & Buildings		Communication		Community Wellbeing		Growth & Employment		Organisational Development		Planning & Environment		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>REVENUE</b>														
<b>Grants</b>	4,520	5,666	-	-	1,241	2,210	17	300	2,053	1,936	37	50	7,868	10,162
<b>Other</b>	935	334	-	10	317	345	134	237	5,003	4,622	749	669	7,138	6,217
<b>TOTAL</b>	<b>5,455</b>	<b>6,000</b>	<b>-</b>	<b>10</b>	<b>1,558</b>	<b>2,555</b>	<b>151</b>	<b>537</b>	<b>7,056</b>	<b>6,880</b>	<b>786</b>	<b>719</b>	<b>15,006</b>	<b>16,379</b>
<b>EXPENSES</b>	1,934	1,762	752	613	2,190	2,408	739	842	6,352	5,947	1,172	703	13,139	12,275
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>	3,521	1,134	(752)	(603)	(632)	147	(588)	(305)	704	933	(386)	16	1,867	4,104
<b>ASSETS ATTRIBUTED TO FUNCTIONS / ACTIVITIES*</b>	207,620	201,112	-	-	5,962	4,358	1,588	1,399	3,054	809	533	247	218,757	207,925

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

### Roads Parks & Buildings

To maximise the quality of the Shire's roads, parks and buildings within given financial constraints.

### Communication

To provide strong leadership for the support and welfare of all sections of the community.

### Community Wellbeing

To provide relevant quality services to Council's customers in line with the Best Value Policy.

### Growth & Employment

To promote the level of economic activity and employment opportunities within the Shire through facilitating business development and tourism.

### Organisational Development

To development an organisational culture of continuous improvement based on quality, trust and accountability.

### Planning & Environment

To provide sustainable development with regard for community safety and environmental wellbeing

Capital Expenditure	Note	2008 \$'000	2007 \$'000
---------------------	------	-------------	-------------

**Capital Expenditure Areas**

Land improvements		577	-
Roads		5,024	3,730
Open space		-	186
Buildings		131	2,025
Plant, equipment and other		1,414	625
Other		-	247
<b>Total capital works</b>		<b>7,146</b>	<b>6,813</b>

## Represented by:

Renewal		5,570	2,174
Upgrade		2	1,606
New assets		1,574	3,033
<b>Total capital works</b>		<b>7,146</b>	<b>6,813</b>

**Property, Infrastructure, Plant and Equipment movement**

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

Total capital works		7,146	6,813
Asset revaluation movement	24(a)	8,919	(9,289)
Depreciation and amortisation	11	(4,204)	(4,049)
Written down value of assets sold	8	(332)	(340)
<b>Net movement in property, plant &amp; equipment</b>	<b>19</b>	<b>11,529</b>	<b>(6,865)</b>

Financial ratios	2008	2008	2007	2007	2006	2006
	\$'000	(%)	\$'000	(%)	\$'000	(%)

**(a) Debt servicing ratio**

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

Debt servicing costs	76	0.52%	81	0.50%	91	0.68%
Total revenue	14,674		16,342		13,463	

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

**(b) Debt commitment ratio**

(to identify Council's debt redemption strategy)

Debt servicing & redemption costs	243	4.68%	232	4.87%	240	5.44%
Rate revenue	5,192		4,761		4,412	

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

**(c) Revenue ratio**

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

Rate revenue	5,192	35.38%	4,761	29.13%	4,412	32.77%
Total revenue	14,674		16,342		13,463	

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

**(d) Debt Exposure Ratio**

(to identify Council's exposure to debt)

Total indebtedness	3,217	11.53%	3,253	17.38%	3,975	24.93%
Total realisable assets	27,907		18,713		15,944	

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 26) is excluded from total indebtedness.

The following assets are excluded from total assets when calculating Council's realisable assets:

land - other controlled; buildings on other controlled land; restricted assets; heritage assets; roads and lanes; footpaths; kerb and channel; drains; bridges; and Council's investment in associate.

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

**(e) Working Capital Ratio**

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

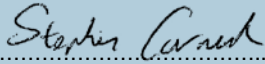
Current assets	5,360	241.12%	6,121	292.73%	5,216	190.64%
Current liabilities	2,223		2,091		2,736	

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

## Certification of the Standard Statements

### Statement By Principal Accounting Officer

In my opinion, the accompanying Standard Statements of Pyrenees Shire Council for the year ended 30 June 2008 have been prepared on accounting bases consistent with the annual financial report and in accordance with the Local Government Act 1989, the Local Government (Finance and Reporting) Regulations 2004, and other mandatory professional reporting requirements.



**Stephen Cornish**

Principal Accounting Officer

Dated at Beaufort this 5th day of September 2008

### Statement By Councillors and Chief Executive Officer

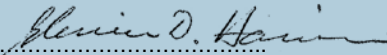
In our opinion, the accompanying Standard Statements have been prepared on accounting bases consistent with the annual financial report and presents fairly the financial transactions of Pyrenees Shire Council for the financial year ended 30 June 2008 and the financial position of the Council as at that date.

As at the date of signing, we are not aware of any circumstances which would render any particulars in the financial report to be misleading or inaccurate.



**Lester Harris**

Mayor



**Glenice Harrison**

Councillor



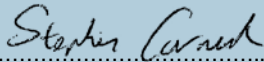
**Stephen Cornish**

Chief Executive Officer

Dated at Beaufort this 5th day of September 2008

## Statement By Principal Accounting Officer

I certify that in my opinion the accompanying financial statements present fairly the results of Pyrenees Shire Council for the year ended 30 June 2008, and have been prepared in accordance with the *Local Government Act* 1989, the Local Government (Finance and Reporting) Regulations 2004, Australian Accounting Standards and other mandatory professional reporting requirements.



**Stephen Cornish**

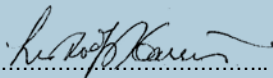
Principal Accounting Officer

Dated at Beaufort this 5th day of September 2008

## Statement By Councillors and Chief Executive Officer

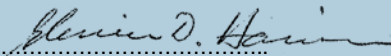
In our opinion, the accompanying financial statements present fairly the financial transactions of Pyrenees Shire Council for the year ended 30 June 2008 and the financial position of the Council as at that date.

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 the Council on 19th August 2008 to certify the financial statements in their final form



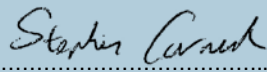
**Lester Harris**

Mayor



**Glenice Harrison**

Councillor



**Stephen Cornish**

Chief Executive Officer

Dated at Beaufort this 5th day of September 2008

# VAGO

Victorian Auditor-General's Office

## INDEPENDENT AUDITOR'S REPORT

### To the Councillor's, Pyrenees Shire Council

#### *The Financial Report and Standard Statements*

The accompanying financial report for the year ended 30 June 2008 of the Pyrenees Shire Council which comprises of income statement, balance sheet, statement of changes in equity, statement of cash flow, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the certification of the financial report has been audited.

The accompanying standard statements for the year ended 30 June 2008 of the Pyrenees Shire Council which comprises of standard income statement, standard balance sheet, standard cash flow statement, standard statement of capital works, the related notes and the certification of the standard statements have been audited.

#### *The Councillor's Responsibility for the Financial Report and Standard Statements*

The Councillor's of the Pyrenees Shire Council are responsible for the preparation and the fair presentation of:

- the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the *Local Government Act 1989*
- the standard statements in accordance with the basis of preparation as described in note 1 of the statements and the requirements of the *Local Government Act 1989*.

This responsibility includes:

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

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and standard statements. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report and standard statements, whether due to fraud or error. In making those risk assessments, consideration is given to 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.

1

Level 24, 35 Collins Street, Melbourne Vic. 3000

Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au) Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

*Auditing in the Public Interest*



# VAGO

Victorian Auditor-General's Office

## Independent Auditor's Report (continued)

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.

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

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

This auditor's report relates to the financial statements published in both the annual report and on the website of the Pyrenees Shire Council for the year ended 30 June 2008. The Councillors are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Pyrenees Shire Council web site.

### *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 financial report presents fairly, in all material respects, the financial position of the Pyrenees Shire Council as at 30 June 2008 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Local Government Act 1989*.
- The standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in note 1 to the statements and comply with the requirements of the *Local Government Act 1989*.

MELBOURNE  
9 September 2008

  
D D R Pearson  
Auditor-General

2

Level 24, 35 Collins Street, Melbourne Vic. 3000  
Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au) Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

*Auditing in the Public Interest*

# VAGO

Victorian Auditor-General's Office

## INDEPENDENT AUDIT REPORT

### To the Councillors, Pyrenees Shire Council

#### *The Performance Statement*

The accompanying performance statement for the year ended 30 June 2008 of the Pyrenees Shire 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 Pyrenees Shire Council are responsible for the preparation and the fair presentation of the performance statement in accordance with the *Local Government Act 1989*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the performance statement that is free of material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the performance statement. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the performance statement, whether due to fraud or error. In making those risk assessments, consideration is given to 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 obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### *Matters Relating to the Electronic Presentation of the Audited Performance Statement*

This auditor's report relates to the statement of performance published in both the annual report and on the website of the Pyrenees Shire Council for the year ended 30 June 2008. The Councillors are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited performance statement to confirm the information included in the audited performance statement presented on the Council's web site.

Level 24, 35 Collins Street, Melbourne Vic. 3000

Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au) Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

*Auditing in the Public Interest*

# VAGO

Victorian Auditor-General's Office

## Independent Audit 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 Pyrenees Shire Council in respect of the 30 June 2008 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

MELBOURNE  
9 September 2008



D D R Pearson  
Auditor-General

2

Level 24, 35 Collins Street, Melbourne Vic. 3000  
Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au) Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

*Auditing in the Public Interest*

## Council Approval of the Performance Statement

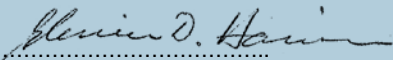
In our opinion, the accompanying performance statement of the Pyrenees Shire Council in respect of the 2007/2008 financial year is presented in accordance with the Local Government Act 1989. The statement outlines the Key Strategic Activities set out in Council's Budget and describes the extent to which these activities were achieved in the year.

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



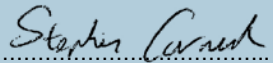
**Lester Harris**

Mayor



**Glenice Harrison**

Councillor



**Stephen Cornish**

Chief Executive Officer

Dated at Beaufort this 5th day of September 2008

