



PYRENEES SHIRE
**ANNUAL
REPORT 2010**



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The Pyrenees
Shire aims to be
recognised as:

- Progressive
- Sustainable
- Safe & healthy
- Supportive

Council's 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 6 pm in the Council Chambers at 5 Lawrence St, Beaufort.

Council elections:

Under the Local Government Act 1989, Council elections are held every four years. The next election will be in November 2012.





Pyrenees Shire is located in Victoria's west. It was formed in 1994 from the merger of the Shire of Avoca, Shire of Ripon and Shire of Lexton. The shire takes its name from the ranges in the north that hold similarity to the Pyrenees Ranges in Europe.

There are five wards that make up Pyrenees Shire – Avoca, Beaufort, Goldsmith, Mitchell and Warrenmang – giving the shire a total area of nearly 3,500 square kilometres.

The 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.

Council administration is based in the township of Beaufort, and a number of Council services also operate from the township of Avoca. These services include health and aged care, library and information centres.

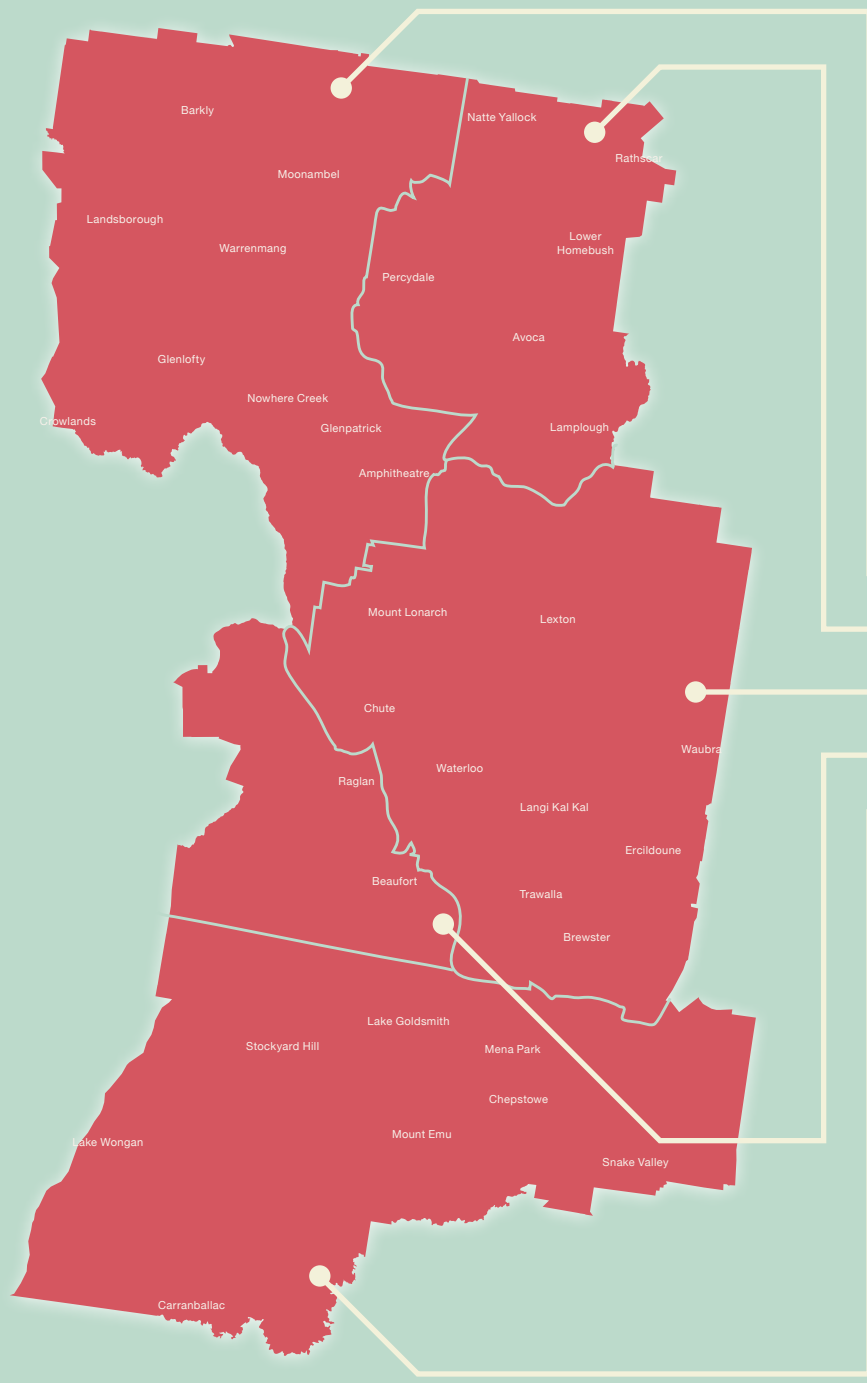
Excellent educational facilities are available in Pyrenees Shire, including primary schools, a secondary college and Community Enterprise Facilities incorporating adult education services.

Recreational activities are available in abundance in the region, giving community members and visitors wonderful opportunities to experience new pastimes. Most townships in the shire have their own sporting facilities, such as football fields and netball courts. Avoca and Beaufort also have skate parks.

In addition to this, hang-gliding from Mount Cole and the French game of Petanque in Avoca attract large numbers of visitors year round.

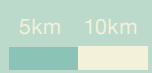
In recent years, the action sport of mountain bike riding has risen in popularity, with the inaugural Marathon Challenge held in Avoca this year.

Tourism is ever growing throughout the region. In addition to the sporting opportunities, the Pyrenees is renowned for its wineries and culinary delights. Farmers markets are a popular attraction as are events such as antique fairs, picnic horse races and music festivals.



NORTH

- Warrenmang ●
- Avoca ●
- Mitchell ●
- Beaufort ●
- Goldsmith ●



Welcome to our 2009/10 Annual Report. Annual reports are historical and very important records of the work of Council over the last year.

In the area of community facility maintenance and upgrades, Council has spent a record amount of \$1,004,000, reflecting a policy decision several years ago to try and protect the value of these facilities by spending funds on basic maintenance.

Council also delivers a broad range of home and community services, particularly for the aged and infants. In 2009/10 increases in spending have been matched by increased delivery of services to the community.

Strategic issues have been a key focus at the Council table. Council has reviewed and updated its planning scheme, dealing with issues of zoning, title consolidation and future development needs.

Our response to wind farm development remains supportive but critical of the protections afforded to communities through the current planning processes. Within this we are working hard with the State Government to correct the weaknesses we see within the planning and administration process.

A comprehensive, shire wide recreation strategy is now nearly complete, which will assist Council greatly in seeking grant funding for improved facilities at the community level.

Strategically, Council continues to grapple with how to fund the gap between its revenue options, principally rates, and the amount we need to spend to maintain our current road infrastructure. Council continues to predict rate increases

at around double the rate of inflation, while recognising that business income, especially rural business, is not moving at the same pace.

Council is investing in research to mount a case to State and Federal Government for a fairer share of funding to the rural Council sector. Such funding already represents 60% of our revenue base.

Our key community project activities were resourced through the Federal stimulus funding, seeing projects identified in community action plans delivered for each locality across the shire.

Council has also received key funding for projects that will be completed in early 2011, namely sewerage for Snake Valley and a new community hub at Waubra. This complements currently active projects for desalination in Landsborough and Avoca and sewerage in Waubra, which are expected to be completed soon.

Beyond rate income we rely heavily on a wide range of non recurrent grants to maintain such a high level of spending. For sourcing this I thank our key senior staff, for pursuing these resources with such energy.

I would like to compliment all our staff on their efforts over the past year in delivering good results for our community and thank my fellow Councillors for their ongoing energy and effort in the good governance of the shire.

David Clark
Mayor

I am pleased to report that Council has again maintained its high level of spending on road infrastructure, being \$5.8 million for the year. This is made up of \$1.84 million in maintenance and \$4.04 million in capital (road renewal) spending. This equates to an annual spend of \$3,015 per kilometre of road in the shire.

Reflecting the changing nature of agricultural production in the shire, our key road infrastructure projects have been on grain haulage routes such as the Mt William, Beaufort Carranballac Road, Snake Valley Smythesdale Road, Eurambeen Streatham Road, and Racecourse Road bridge, Windermere.

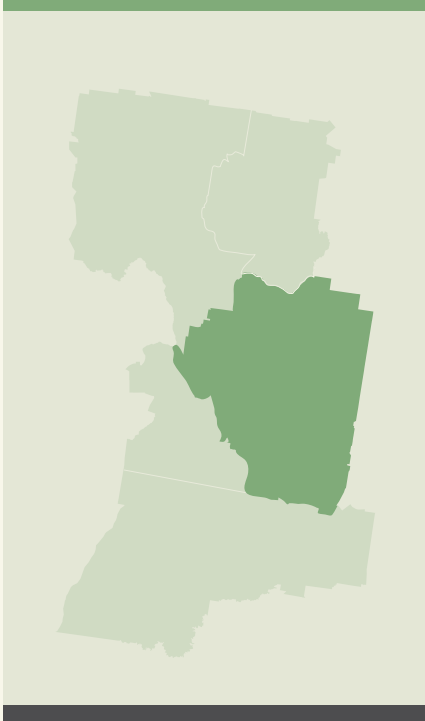
CR. DAVID CLARK

MITCHELL WARD

Mobile : 0417 374 704

Email : david.clark@pyrenees.vic.gov.au

Townships	Population:
Evansford	1050
Waubra	Housing:
Lexton	404
	Local road length (km):
	486



David Clark was elected to Council in November 2008, having previously been a Councillor for Pyrenees Shire between 1996 and 2004.

David's motivation to become a Councillor is his broad experience in strategic planning and leadership across a range of community and public roles.

David is passionate about where and how much Council invests in a range of infrastructure across the Shire. The quality of local roads, especially gravel roads, is a particular concern for David.

In the coming year, David wants to see key projects at Snake Valley and Waubra delivered, as well as seeing Council fully review the status of its road assets and how

these will be renewed into the future.

David is very involved in Landcare and natural resource management. He helps to manage the Lexton Post Office Cooperative and, with a young family, is also involved with the Waubra Pre School.



CR. JOHN QUINN

AVOCA WARD

Mobile : 0417 508 471

Email : john.quinn@pyrenees.vic.gov.au

Townships :	Population :
Percydale	1500
Housing :	
Laplough	577
Homebush	
Local road length (km)	
Lower Homebush	346
Bung Bong	
Natte Yallock	
Avoca	

John Quin was elected to Council in November 2008, and he continues to pursue the role with enthusiasm.

John and his wife Judith have lived in Avoca since retiring in 2002. John is a very active member of the community and enjoys the interest and surprises that have come with being the Avoca Ward Councillor.

He maintains his interest in the community, being involved with Avoca Business & Tourism; Avoca Festival & Events; Avoca Healthy Minds (the rebadged CORES Group); R.S.L.; Avoca Friends of the River; plus a number of others.

For recreation, John plays petanque with the Pyrenees Petanque Club and participates in the Avoca Strength Training Group.



CR. MICHAEL O'CONNOR

BEAUFORT

WARD

Mobile : 0437 662 295

Email : michael.oconnor@pyrenees.vic.gov.au

Townships

Shirley

Middle Creek

Raglan

Beaufort

Population:

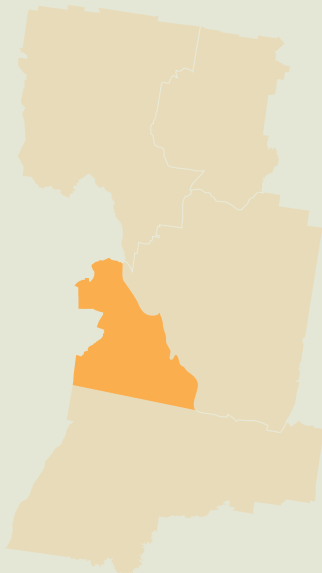
1500

Housing:

577

Local road length (km)

208



Michael was elected to the role of Councillor in November 2008, having stood for Council with the desire to be involved as an active participant in the decision making process for the region, rather than simply standing back and observing.

Keen to see growth and development across the shire, Michael believes that the region must continue to move forward

in order to stay strong and sustainable. Key interests as a Councillor include the Western Highway upgrade, the development of the Beaufort Streetscape and surrounds, and maintaining Mt Cole and The Pyrenees Ranges in their current status whilst ensuring that the shire optimises tourism opportunities.

Michael is particularly enthusiastic about the redevelopment of the

education facilities in Beaufort and looks forward to the many benefits that will result from these projects.

Having lived in the region for over ten years, Michael has become actively involved in many aspects of community life including membership of the Beaufort Football & Netball Club, the Beaufort Development Group, the Raglan Hall Committee and is an active member of the Raglan CFA.



CR. ALEC CARSON

GOLDSMITH WARD

Mobile : 0439 571 480

Email : alec.carson@pyrenees.vic.gov.au

Townships :

Carngham

Chepstowe

Stockyard Hill

Snake Valley

Population :

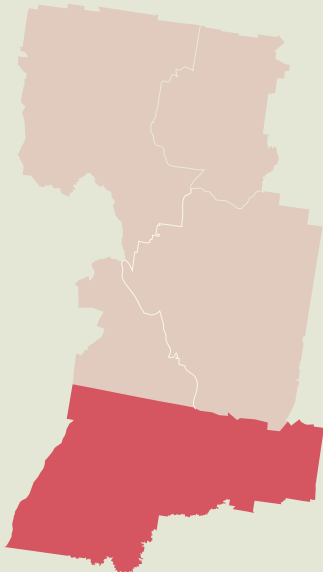
860

Housing :

331

Local road length (km)

552



Alec Carson was elected to Council in a by-election in February 2009. It is his first time in the role.

Alec decided to become a Councillor because the Goldsmith Ward is experiencing a time of change, and Alec wanted to be part of the decision making process for the ward.

Alec wants to ensure that as the Goldsmith Ward grows, the

area has suitable resources and infrastructure to accommodate the expansion. Alec believes it is important that new residents to the area are comfortable and their needs are met. He also knows the significance of maintaining the area's image and identity for existing residents.

Community consultation is important to Alec. He believes everyone who wants to speak

should have the chance to be heard. Community groups need continuous support in order to help them accomplish their plans and by working together, Council and the community will be able to achieve great outcomes.

Alec is a member of the CFA, the Snake Valley Hall Committee and currently manages the local webpage.



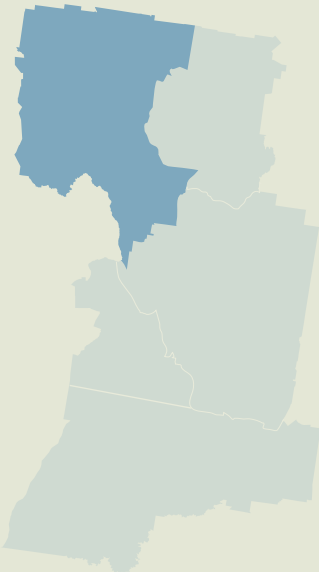
CR. ROBERT VANCE

WARRENMANG

WARD

Email : robert.vance@pyrenees.vic.gov.au

Townships	Population:
Barkly	1200
Crowlands	Housing:
Redbank	461
Moonambel	Local road length (km):
Amphitheatre	398
Landsborough	



Robert Vance was first elected to the role of Councillor in 1987. Following a six year break from the role, Robert was re-elected in a by-election in March 2008.

Robert has lived in Landsborough his entire life and his passion for his home town and surrounding region inspired him to become a member of Council.

Robert believes in a fair go for everyone and is a strong advocate for quality of life and living standards, as well as the equal distribution of funding across the Shire wards. Over the next 12 months, Robert is keen to see the plans for sewerage in Snake Valley progress, which in turn will help to increase the population of the area.

Robert is an active member of the community, belonging to several committees and social clubs. Robert is married to Jan and together they have three children and four grandchildren.



The 2009/2010 financial year has seen Council continue to make progress on Council's commitments under its Council Plan.

The ongoing challenge for Council is to have sufficient revenue to renew and maintain its roads and buildings. Council has been active in investigating long term solutions to its current funding gap and the long term sustainability of the shire.

Whilst the Municipal Association of Victoria report titled Trends on Local Government Finance – March 2011, has shown that Pyrenees Shire is under moderate financial pressure. It is evident that the capacity of Council to continue to raise rates on a long term basis is not sustainable.

Following the release of the Whelan Report, Council has been working with 18 other small rural councils in an endeavour to obtain additional funding from the State and Federal Governments.

During the year Council has again lobbied strongly for improved services for the shire. This includes funding being committed towards the Waubra Community Hub and the Federal Government commitment of \$1 million towards the provision of a sewerage scheme for Snake Valley. This is in addition to the \$1 million already committed by the State Government.

Work is also now well advanced on the provision of sewerage to Waubra and improved water quality to Landsborough and Avoca.

This year Council formally adopted a Communications Strategy, which was developed to assist in achieving the Council Plan objectives. A major focus for Council communications will be the increase in and improvement of electronic communications.

With limited resources, Pyrenees Shire has again shown leadership in Economic Development and Tourism. Council has been proactive in working with the central highlands mayors and CEO's group to develop the Central Highlands Regional Strategic Plan. This plan identifies a clear direction for the central Highlands region over the next 20 years. Council has also continued active support of Grampians Tourism and the Grampians Pyrenees Regional Development Board. The Board has managed a number of regional projects including Transport Connections, Rural Skills Connect and Global Skills, which have all assisted Pyrenees Shire residents.

Finally, I wish to congratulate the mayor and Councillors for their leadership and commitment. Congratulations to all staff for their commitment and effort over the last twelve months. Council cannot achieve its vision without the dedicated support from staff.

Stephen Cornish
Chief Executive officer

STEPHEN CORNISH

**Chief
Executive Officer**

Dip CE, Grad Dip Municipal Engineering

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 Assets and infrastructure, and was appointed to 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.

RHONDA LIVINGSTON

**Director of
Corporate & Community Services**

B.Bus (Acc)

Rhonda joined Pyrenees Shire in July 2005. She has held senior positions in the accounting and management fields with councils for the past 19 years including Northern Grampians, Central Goldfields and 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.

ANDREW LEACH

**Director of
Assets and Development**

Grad Cert Business Technology, Dip Bus

Andrew joined Pyrenees Shire in January 2007 and has over 25 years experience in local government. He has held major positions in infrastructure areas of Councils both at Pyrenees and Ballarat. He was appointed as Director in September 2008.

Andrew manages the operations, assets and development sections of Council. His responsibilities include the construction and maintenance of roads and bridges, waste management and recycling, parks and gardens, town planning and building services, local laws, fire prevention and emergency management.





Australian Government confirms contribution for Snake Valley Sewerage Scheme

Council's sewerage scheme for Snake Valley received a massive boost with the announcement that the Australian Government will contribute \$1 million to the project.

Pyrenees Shire Council has been working to raise the funds for the \$2.75 million project for some time. The announcement came as a result of a submission Council made to the Australian Government through the Regional and Local Community Infrastructure Program (RLCIP).

Council's current Domestic Waste Water Plan identified that public health and environmental risks exist from current septic tanks and other on-site discharges in Snake Valley. The absence of a proper sewerage system has also impeded the growth of Snake Valley.

The project will include improvements such: as the installation of septic tanks; the installation of a pipeline collection system, to remove wastewater from houses for treatment; construction of a treatment lagoon; and installation of distribution and irrigation systems for treated water.

Funding secured for the Waubra Community Hub

The Waubra Community Hub will provide a multi use facility which includes an expanded flexible community space, redeveloped kitchen, public amenities, change rooms and a new kindergarten.

Council is seeking to consolidate two existing aging facilities within the township into a modern user friendly facility that will meet the

needs of the community into the future. The project is in response to community demand identified over a number of years through the Community Action Planning process.

The project will cost \$1.39million and demonstrates an excellent partnership between Federal and State Governments, Council and local community all contributing towards the outcome.

Council adopts new communications strategy

This year Council adopted a new Communications Strategy. Improved communication between Council and the community continues to be a priority of Pyrenees Shire Council.

The strategy was developed to identify communication priority areas for the next four years. It includes steps to be implemented to ensure the improvement of communication between Council, the community and Council staff.

The communications strategy will enable Council to:

- Maximise its communications resources;
- Provide consistency across communications;
- Increase community awareness of its operations;
- Maximise community engagement;
- Improve internal communications; and
- Ensure communications efforts further the objectives of the 2009 – 2013 Council Plan.

A significant component of the strategy is the gradual shift in hard-copy communications to electronic over the next four years.

Council makes progress on new Recreation Strategy

Considerable public consultation was undertaken this year for Council's new Recreation Strategy, which is now in the final stage of development.

Residents have had the opportunity to comment via community forums in Snake Valley, Beaufort, Amphitheatre, Landsborough and Avoca, and via written survey and random phone interviews conducted across the shire.

Specific sporting club forums were held in Beaufort and Avoca, and youth forums in Beaufort, Waubra and Avoca.

Based on community feedback, Council prepared a draft

Municipal Recreation Strategy, which identifies priorities for the provision of recreation infrastructure development and program development for the short (current-5 years), medium (5-10 years) and long (10 years and beyond) term.

The strategy encompasses all recreational facilities and programs including pools, open waterways, playgrounds, skate parks, community meeting spaces (halls), trails and paths and passive recreation.

The information gathered has been a significant factor in Council's planning for the future of sports and recreation services and facilities in the shire.

Council looks forward to adopting the final version of the Recreation Strategy in the coming year.

Central Highlands Regional Strategic Plan finalised

The Central Highlands Regional Strategic Plan (CHRSP) forms part of the Regional Strategic Planning Initiative that is being coordinated by Regional Development Victoria and is reporting to a Ministerial Committee.

Pyrenees Shire Council is one of eight local government areas that form the Central Highlands region.

The CHRSP provides an analysis of the issues affecting the region; the key drivers of change, the major challenges confronting the region and the comparative

advantages that the Central Highlands Region offers over other regions in Victoria.

The Plan sets out a vision that is designed to best position the Central Highlands to 2030 and beyond so as to provide a productive, sustainable and liveable region for its people.

The Plan has been endorsed by each of the eight local governments in the Central Highlands. It therefore represents a strong regional partnership with all Councils committed to agreed directions and actions.

The Plan will continue to be refined and developed in response to the evolving regional agenda.

A strengthening restructure for the Pyrenees Review Board

In November the Pyrenees Review Board (PRB) was restructured to reflect ward based representation and include two independent members. The aim of the restructure was to ensure a more strategic approach to community planning and complement Community Action Plans (CAPs), which remain an integral part of Council's planning process.

Three new members joined the PRB this year and over the last six months, these members

have been busy familiarising themselves with the roles and responsibilities of the PRB; communicating with the various communities to which they belong; and developing relationships with their fellow board members.

As a whole, the PRB has been working towards implementing training programs; an annual event; and looking for opportunities to support communities with their CAP goals.

The PRB looks forward to a number of positive outcomes in the 2010/2011 year.



AIMS & 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

HIGHLIGHTS

- Completion of Trawalla Creek bridge rehabilitation
- 3.4km of Mount William Road completed under budget
- Beaufort – Carranballac Road completed under budget

DISAPPOINTMENTS

- Federal Government delays on processing native vegetation permits

THE FUTURE

- Waubra Hub redevelopment
- Shire office expansion
- Raglan – Elmhurst Road rehabilitation.
- Operational Asset Management System



CAPITAL WORKS

01

CAPITAL WORKS

MAJOR COMPLETED PROJECTS FOR 2009/10

MOUNT WILLIAM ROAD, STONELEIGH

3.4 kilometres stretch of road, which sees a lot of heavy primary industry traffic, was rehabilitated to ensure safety and ease of travel for all users. The pavement was strengthened and widened, as well as the shoulders constructed.

BEAUFORT – CARRANBALLAC ROAD, CARRANBALLAC

This stretch of road was constructed to improve pavement strength and provide a safer route for the rural traffic, which uses this as a key route.

SOLAR HEATING PROVIDED TO LANDSBOROUGH POOL

Council secured funding to enable the Landsborough community to heat the water temperature of the pool, making it more inviting to users. The system is mounted on the roof of the change facilities and adjusts water temperature on cooler days, making the pool usable all year round.

MOUNT EMU BRIDGE REHABILITATION AND WIDENING

The Mount Emu Bridge at the rear of Langi Kal Kal is on a collector class road, and has had a narrow deck with non conforming railing. The bridge has been widened, along with the eastern approach, to ensure safer crossing and traffic flow.

E X P E N D I T U R E

COUNCIL'S SATISFACTION RATINGS

GRAVEL
RE-SHEETING

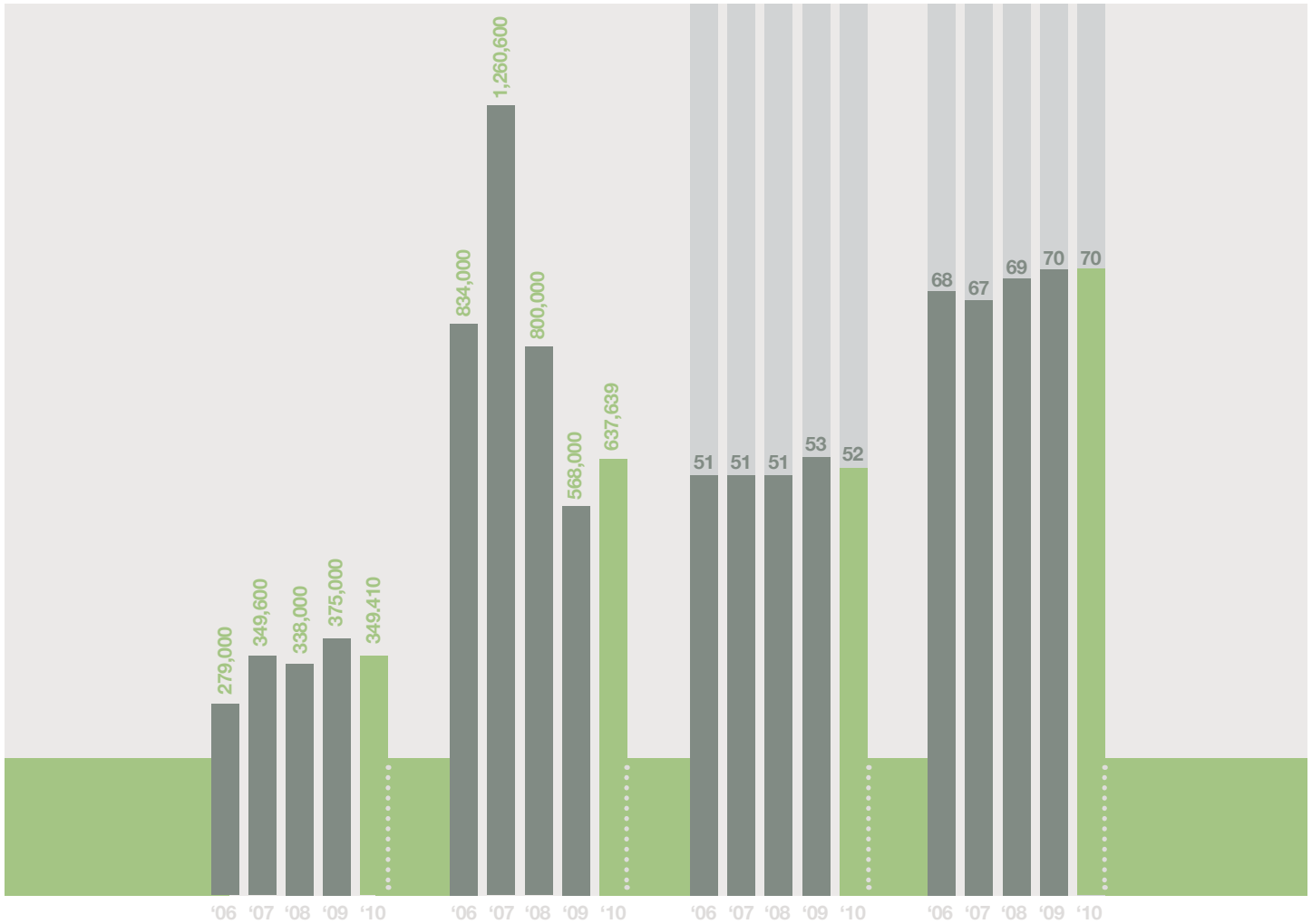
BITUMEN
RESEALING

COUNCIL'S
PERFORMANCE

COUNCIL'S
PERFORMANCE

LOCAL ROADS
+ FOOTPATHS

T R A F F I C
M A N A G E M E N T
+ P A R K I N G





AIMS & RESPONSIBILITIES

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

PRIORITIES

- Communicating Council's operations
- Effective internal communications
- Better community engagement

HIGHLIGHTS

- Council adopts a Communications Strategy for the 2009 – 2013 that focuses on improving electronic communications in the region
- New residents barbeques and information nights held in Beaufort and Avoca hailed a success
- Council launches a new Community Services Guide to provide residents with a thorough understanding of the services available to them

THE FUTURE

- The launch on Council's new website, which will better serve the community's and visitors needs.
- The implementation of a new monthly newsletter, to provide the community with more timely information about Council related developments, services and operations.



COMMUNICATION

MAJOR COMPLETED PROJECTS FOR 2009/10

NEW RESIDENTS' BBQ

New residents to the shire were invited to join free barbeques to meet members of the community and learn about the services and activities available in the region. Council hosted two events - one in Beaufort and one in Avoca – and both were well attended.

Present at the events were representatives from a variety of sporting and community groups in the area. The evenings were a great opportunity for new residents to meet people and learn more about the social activities they can become involved in.

Council representatives were also at the events to provide information on the extensive range of services Council offers its residents.

BROADBAND FOR SENIORS

Broadband for Seniors, a new internet education program, commenced in Beaufort and Avoca. The program enables the community's senior citizens to have free access to the internet and attend workshops to learn how to use it.

The program is a result of a successful grant application submitted by Council. The initiative by the Australian Government, in conjunction with NEC Australia, is aimed at addressing the needs of older Australians wishing to be trained in the use of the internet.

NEW COMMUNITY SERVICES GUIDE RELEASED

This year Council produced a new Services Guide for Shire residents. The booklet provides important information and details on the many services offered by Council.

New residents to the region will find the directory particularly useful, as it covers everything from emergency contact numbers to recreations services. There are details on Council's waste management services; community services such as aged care and maternal child and health; and regulations on animal ownership.

The directory is available for all Shire residents. It can be easily viewed and downloaded from the Pyrenees Shire Council website at www.pyrenees.vic.gov.au. Alternatively, residents can collect a free copy from the Council office in Beaufort, the Beaufort Community Resource Centre, or the Avoca Information Centre.

COUNCIL'S SATISFACTION RATINGS

COUNCIL'S PERFORMANCE

INTERACTION +
RESPONSIVENESS
IN DEALING WITH
THE PUBLIC

COUNCIL'S PERFORMANCE

ADVOCACY +
COMMUNITY
REPRESENTATION

COUNCIL'S PERFORMANCE

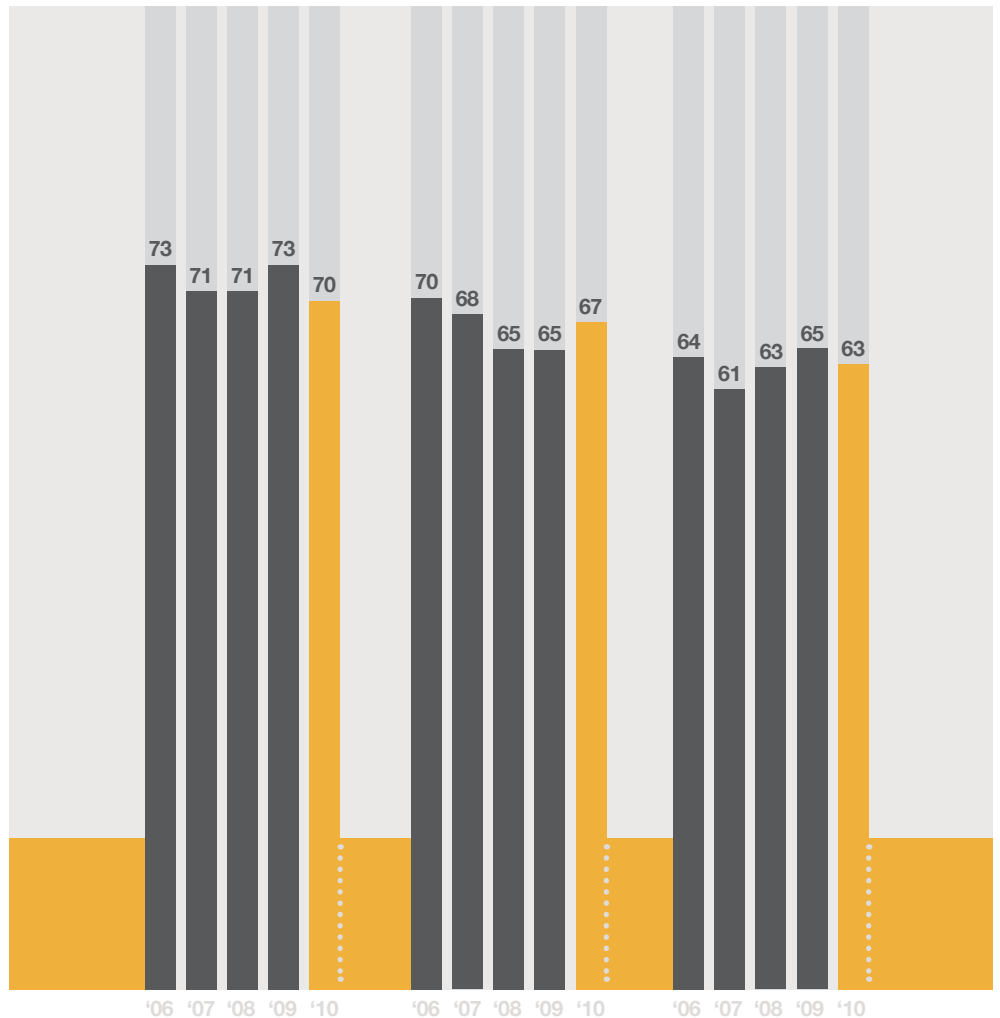
ENGAGEMENT IN
DECISION-MAKING
ON KEY
LOCAL ISSUES

PYRENEES YOUTH HAVE THEIR SAY

Young members of the shire were called on to give their opinion at the Pyrenees Shire Youth Forum. The free event was an opportunity for people aged 12 to 25 that live, work or study in the Pyrenees to express and identify youth issues.

The event aimed to give young people the opportunity to voice their opinions on different issues including youth focused events, employment and education, culture and identity.

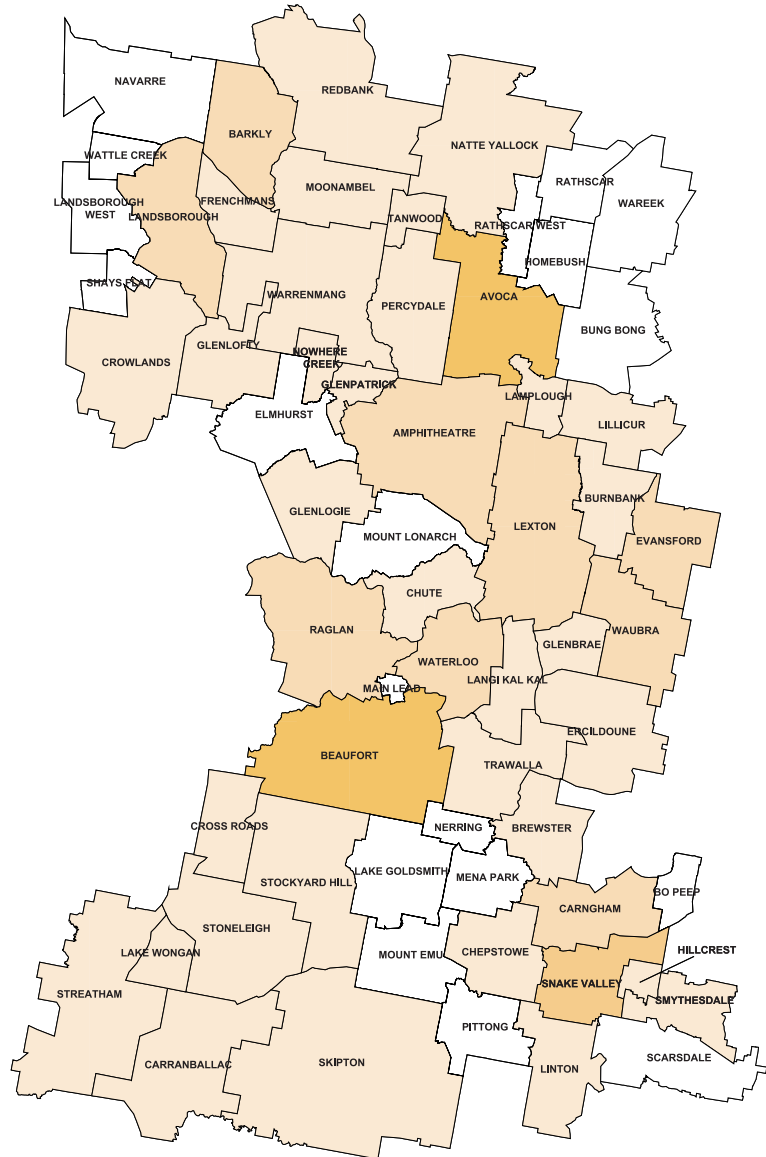
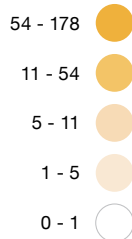
Following the forum, the first Pyrenees Youth Network was formed, and this group will continue to provide Council with guidance and advice as to the needs of young people in the community.



CUSTOMER ACTION REQUEST SYSTEM CARS

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

Customer Requests by Location
No. of Complaints



LOCALITY

COUNT

AMPHITHEATRE	23
AVOCA	73
BALLYROGAN	2
BARKLY	10
BEAUFORT	148
BREWSTER	1
BURNBANK	2
CARNGHAM	12
CARRANBALLAC	1
CHEPSTOWE	4
CHUTE	2
CROSS ROADS	1
CROWLANDS	3
ERCILDOUNE	1
EVANSFORD	11
FRENCHMANS	1
GLENBRAE	4
GLENLOFTY	1
GLENLOGIE	4
GLENPATRICK	3
HADDON	1
HILLCREST	3
LAKE WONGAN	1
LAMPLOUGH	2
LANDSBOROUGH	19
LANGI KAL KAL	1
LEXTON	19
LILLICUR	1
LINTON	2
MOONAMBEL	9
NATTE YALLOCK	3
NOWHERE CREEK	4
PERCYDALE	1
RAGLAN	14
REDBANK	4
SKIPTON	2
SMYTHESDALE	8
SNAKE VALLEY	41
STOCKYARD HILL	1
STONELEIGH	6
STREATHAM	2
TANWOOD	1
TRAWALLA	3
WARRENMANG	2
WATERLOO	16
WAUBRA	16

ACKNOWLEDGEMENT LETTER

<= 2 days: 422 (85.9%)

> 2 days: 69 (14.1%)



INSPECTION

<= 6 days: 201 (40.9%)

> 6 days: 290 (59.1%)



RESOLUTION

<= 10 days: 246 (50.1%)

> 10 days: 152 (31.0%)

Unresolved: 93 (18.9%)



AIMS & 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

HIGHLIGHTS

- Council obtained comprehensive media coverage on the issue of Family Day Care in the region. As a result, two new qualified carers were recruited for Beaufort & Avoca.
- A new Youth Advisory Network has been formed. The network will provide recommendations and advice to Council on issues and decisions that effect or are relevant to local young people.
- The highlighting of arts and culture activities and opportunities across the shire as the LEAP program is implemented in partnership with City of Ballarat, Hepburn Shire, Moorabool Shire, Golden Plains Shire & the Rural City of Ararat.
- Highly successful skate clinics were run in Beaufort and Avoca. It is anticipated that these will occur again in the coming year.

DISAPPOINTMENTS

- A low number of representatives from Shire sporting clubs attended the consultation sessions for Council's new Recreation Strategy. This is a major planning document for Council and it was disappointing that so few clubs valued the opportunity for input.
- Attracting new home based Family Day Care workers continues to be a difficulty for Council.

THE FUTURE

- Possible new in-venue sites for Family Day Care at Crossroads and at the planned new kindergartens in Beaufort and Waubra.
- Continuing to provide support and education to the shire's sports and recreation community through Sport Forums.
- The implementation of the Good Food Program across four communities in the shire.
- The ongoing development of the Sport and Recreation Strategy.





COMMUNITY
WELLBEING

03

COMMUNITY WELLBEING

MAJOR COMPLETED PROJECTS FOR 2009/10

ACTIVE PLACES PROGRAM

Council has continued to build relationships and partnerships with sport and recreation clubs, groups and organisations within the community. These relationships assist Council in delivering a better service in terms of the groups' needs.

Following a highly successful inaugural event, the Sports Club Forums will continue to run, with the next one scheduled for early 2011 in Avoca. The forums are designed to support local sports group through education and networking opportunities.

COMMUNITY DEVELOPMENT

Council has been working with the Waubra community to see their vision for a Community Hub become a reality. This work will continue in the coming year.

A number of very successful events have been hosted in the past 12 months including A Women's Health Night in Beaufort, and the inaugural Community Services Road Show. Council is planning to host more events such as these in the future.

Pyrenees Shire Council is partnering with Central Goldfields Shire Council for the Healthy Communities Initiative – a project that will help to improve the lifestyle of people across both

shires through education programs and community projects.

The Good Food program will be implemented across four communities in the Pyrenees Shire. The Good Food Program will allow low income families with young children to develop life skills by increasing knowledge and skills relating to food preparation; budgeting skills; confidence and self-esteem; literacy and numeracy skills; and nutritious eating.

HOME + COMMUNITY CARE

24 workers provide service to 348 clients in all areas of the Shire

11,296 Meals delivered through the meals on wheels service

114 new clients accessed service for the first time during the 2009/10 year.

COUNCIL'S SATISFACTION RATINGS

COUNCIL'S PERFORMANCE

INTERACTION +
RESPONSIVENESS
IN DEALING WITH
THE PUBLIC

COUNCIL'S PERFORMANCE

ADVOCACY +
COMMUNITY
REPRESENTATION

COUNCIL'S PERFORMANCE

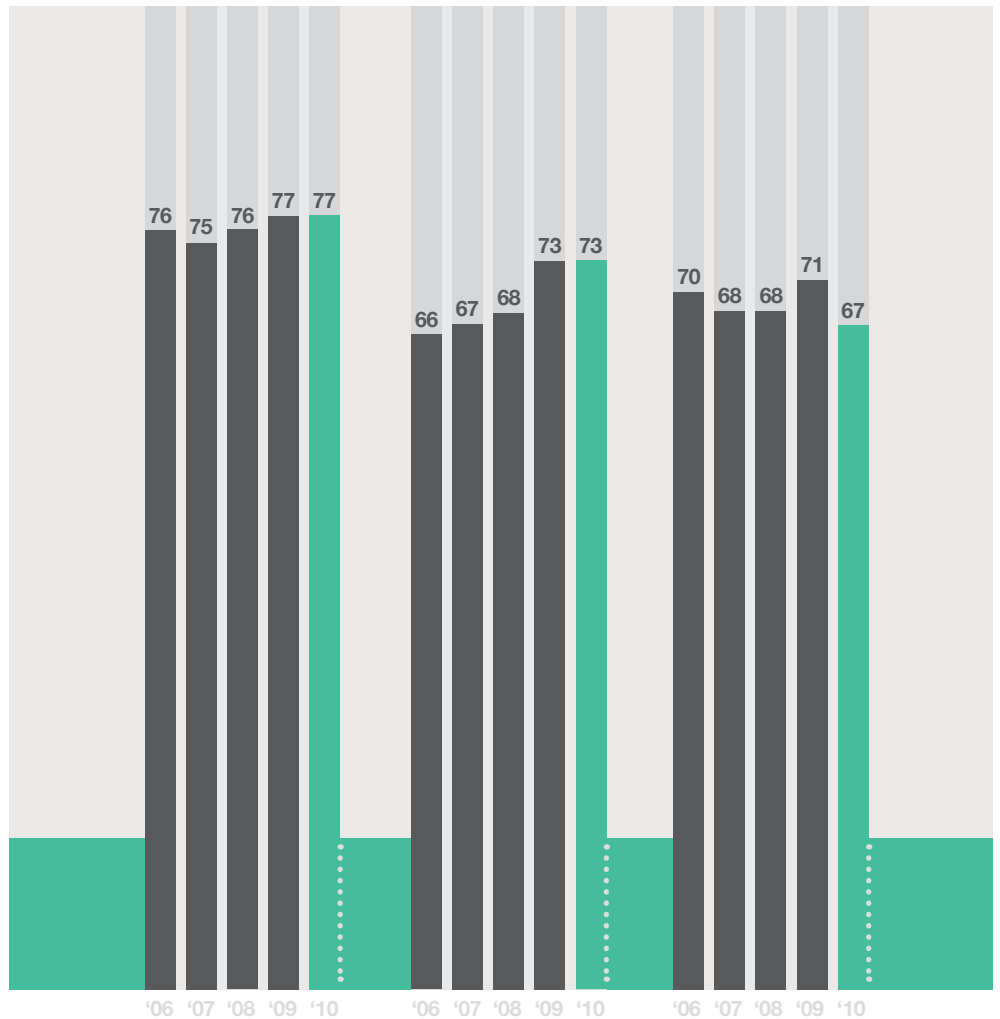
ENGAGEMENT IN
DECISION-MAKING
ON KEY
LOCAL ISSUES

MATERNAL & CHILD HEALTH

Maternal & Child Health visited 66 new babies across the shire and provided additional regular visits to 28 additional families through the enhanced home visiting service.

Commencement of Mothers Groups in August provided a greater level of support to new parents across the shire.

The "123 Magic" program, for parents of young children, was introduced to assist with discipline in a down-to-earth, kid friendly way. Run over 3 sessions, the program aims to assist in building happy and effective families.



AIMS & 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

HIGHLIGHTS

- Completing the Buy Local Program, and the highly successful networking events and loyalty rewards program.
- Pyrenees Shire participates in 2010 Ballarat Heritage Weekend.
- Six successful events for Farming in the 21st Century.

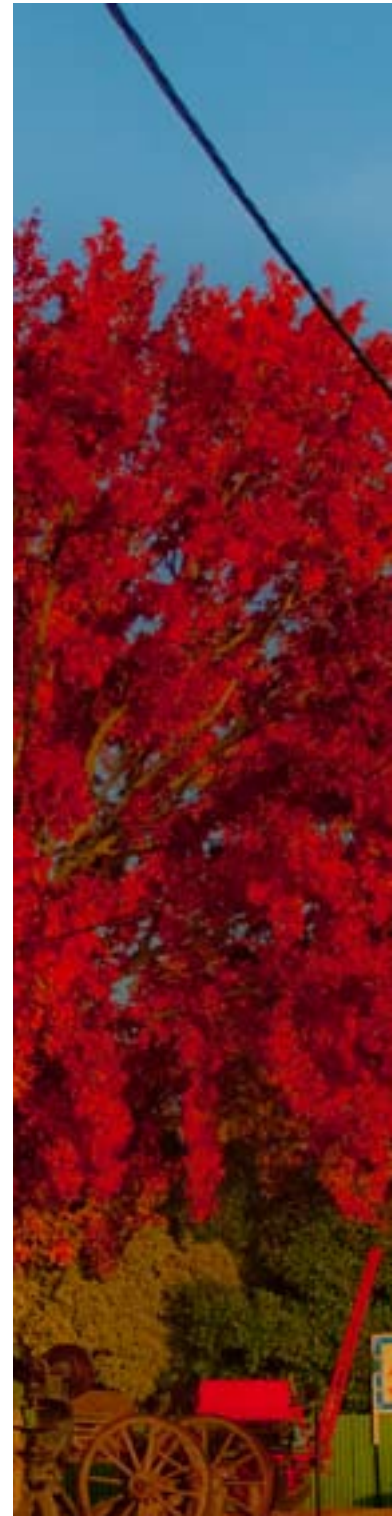
- The first official Visitor Guide for the region was launched in June, together with a regional touring map.
- The development of a number of new events including Waubra Wind Festival; The Eco Living Festival; The Pyrenees Escapade; & the National MTBA Mountain Bike Championships.
- The Beaufort Community Resource Centre attracted over 800 people to various workshops and events throughout the year including Broadband for Seniors, Education Week activities, book launches and multiplay activities.

DISAPPOINTMENTS

- Progress on the Landsborough Pipeline Proposal has been slower than anticipated.
- The Business Expansion and Retention Program (BEAR) survey lacked adequate resources to accomplish the desired goals of the program.
- Correa Park remains a work in progress.

THE FUTURE

- Continuing to work towards increased residential land development.
- Next stage of industrial land for Avoca and Beaufort.
- Planning for Urban Design and streetscapes for the two major towns.
- Advocacy with State and Federal Governments as a member of the Central Highlands 21 group of councils.
- Present new opportunities to the farming community through Farming in 21st Century and membership with Central Highland Agribusiness Forum.
- Provide small business with access to State and federal Government resources.
- Develop and promote the Shire's nature based tourist attractions such as mountain bike and walking tracks.



A photograph of a street at dusk or dawn. The sky is a clear, deep blue. On the left, there are trees with vibrant red and orange autumn foliage. A street sign for 'ANTIQUES' is visible in the bottom left corner. The street is lined with utility poles and streetlights. In the distance, a white van is visible on the road. A large, semi-transparent red rectangular box is overlaid on the center of the image, containing the text 'GROWTH + DEVELOPMENT' in a bold, white, sans-serif font.

GROWTH + DEVELOPMENT

04

GROWTH + DEVELOPMENT

MAJOR ACTIVITIES IN GROWTH + DEVELOPMENT 2009/10

BUY LOCAL CAMPAIGN

With the support of Regional Development Victoria, the “Buy Local” campaign aimed to better connect businesses across the Pyrenees Shire with a series of networking events; encourage a culture of buy local within the community; and increase business to business transactions across the Pyrenees Shire.

The campaign included a Loyalty Rewards program that awarded prizes to customers that frequented Pyrenees Shire businesses.

The finale to the campaign was a networking event at the Avoca Shire Turf Club convention centre, with guest speaker David Haymes, Managing Director of Haymes Paint

NEW TOURISM PARTNERSHIP

Pyrenees Shire has partnered with the Grampians region to create Grampians Pyrenees Tourism. This has brought increased strength to the regions tourism through the creation and development of a number of new events and festivals.

ASSISTING LANDSBOROUGH VIGNERONS

Council has worked closely with Landsborough vignerons over the past 12 months to improve water supply to the region. The partnership aims to secure enough water to make the area sustainable and production levels adequate during prolonged dry seasons.

DROUGHT SUPPORT

Council was able to extend the tenure of its Drought Officer until the end of 2009. This enabled the organisation to continue its support to drought affected farmers, through programs such as “Farming in the 21st Century”. The program held two events within the shire to provide farmers with the latest information on farming and technology which can assist them in their businesses.

COUNCIL'S SATISFACTION RATINGS

PYRENEES SHIRE JOINS BALLARAT HERITAGE WEEKEND

Pyrenees Shire residents were able to enjoy the Ballarat Heritage Weekend in their own home towns this year as a number of local community members and local businesses hosted a variety of activities as part of the event.

It was the first time that activities in the Pyrenees Shire have been incorporated with Ballarat's event. Locations included Beaufort, Avoca, Mt Lonarch and Raglan. Visitors were able to view open gardens, fine bone china and antiques and pottery demonstrations.

Increased service from Avoca Information Centre

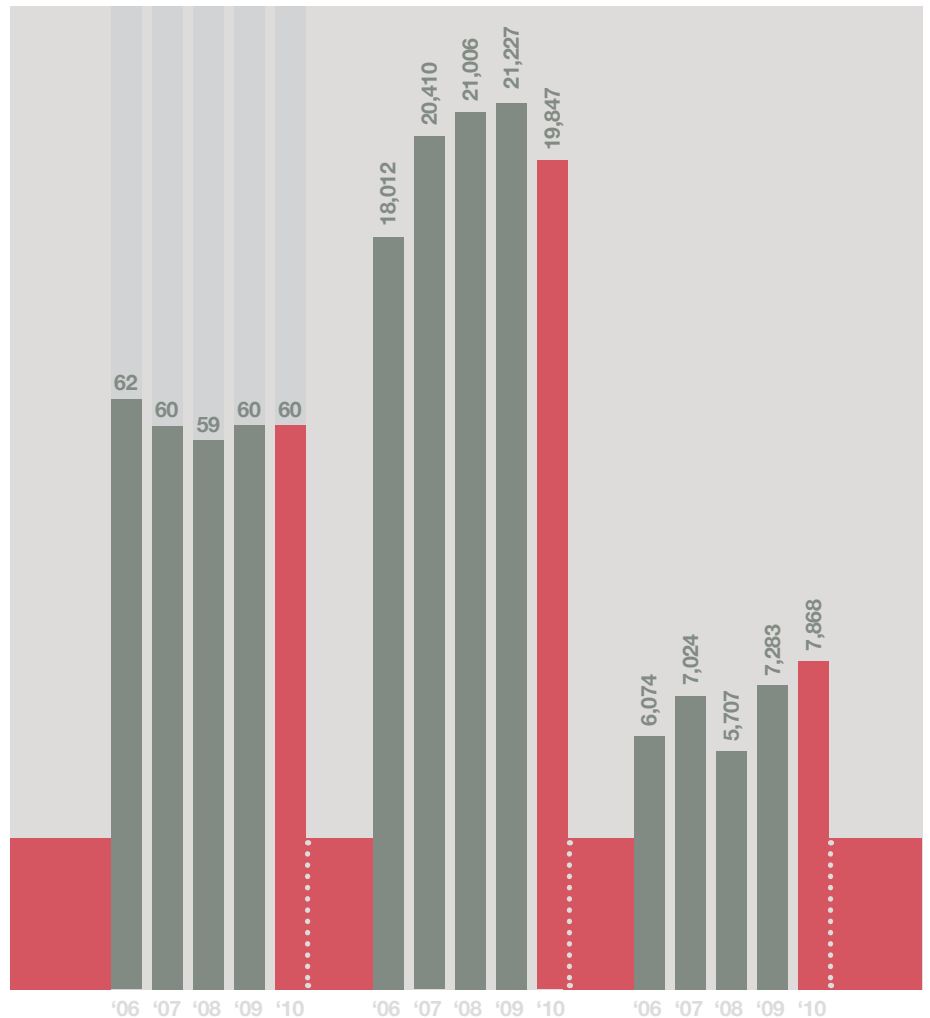
The Avoca Information Centre stepped up its level of service to the community by increasing its opening hours and offering new amenities.

The Broadband for Seniors program commenced, providing free internet kiosks and training for the community's senior citizens.

The library service at the Avoca Information Centre also increased its opening hours for the borrowing or returning of books. The library facility now operates seven days week from 9 am to 5 pm, meaning community members have better access and greater freedom to utilise the many services offered by the centre.

COUNCIL'S PERFORMANCE ECONOMIC DEVELOPMENT

VISITOR INFORMATION CENTRES TOURISM VISITS AVOCA BEAUFORT



RIMS & RESPONSIBILITIES

- Strategic planning
- Statutory planning
- By-law enforcement
- Environmental management

PRIORITIES

- Sustainable and effective planning
- Improved community safety and amenity

HIGHLIGHTS

- Australian Government commits \$1 million to the Snake Valley Sewerage Scheme
- Childhood immunisation rates continued to rise with rates currently consistent with the state average at 88% to 94%.
- There have not been any reports of food or water borne illness in the shire.
- Work has commenced on the Avoca and Landsborough water treatment plants and the “Boil Water” notice has been lifted for Beaufort.

DISAPPOINTMENTS

- The Waubra Sewerage Scheme's still proving to be elusive

THE FUTURE

- Continued improvement in the child immunisation rate.
- Implementation of a kerbside green waste collection service for the townships of Avoca and Beaufort.





PLANNING + ENVIRONMENT

MAJOR ACTIVITIES FOR
2009/10SNAKE
VALLEY
SEWERAGE
SCHEME

Solid progress has been made towards providing Snake Valley with a new sewerage scheme. In May this year the Australian Government confirmed it would contribute \$1 million to the project through the Regional and Local Community Infrastructure Program (RLCIP).

Council has been working to raise the funds for the \$2.75 million project for some time. The Victorian Government has committed \$1 million and Council \$650,000 towards this important project.

The project is also supported by Central Highlands Water and the Glenelg Hopkins Catchment Management Authority.

The project will include improvements such: as the installation of septic tanks; the installation of a pipeline collection system, to remove wastewater from houses for treatment; construction of a treatment lagoon; and installation of distribution and irrigation systems for treated water.

INTRODUCTION
OF GREEN
WASTE
COLLECTION

Council confirmed it will introduce a new kerbside green waste collection service for residents in the townships of Avoca and Beaufort. Over 500 households in Avoca and over 600 households in Beaufort will benefit from the new service.

The green waste collection service is being implemented in an effort to achieve two key objectives. The first is to provide an efficient service to Shire residents, in particular those restricted by mobility and ability to use the transfer station. The second objective is to reduce

the amount of green waste being wrongly placed in both kerb side recycling and garbage bins.

A recent audit of bins showed that 15% of household's garbage is green waste, resulting in a very costly transport and disposal fee. High amounts of green waste (and fireplace ash) in recycling bins spoils the value of other recyclables and can result in the rejection of entire truckloads into landfill at very high costs.

COUNCIL'S SATISFACTION RATINGS

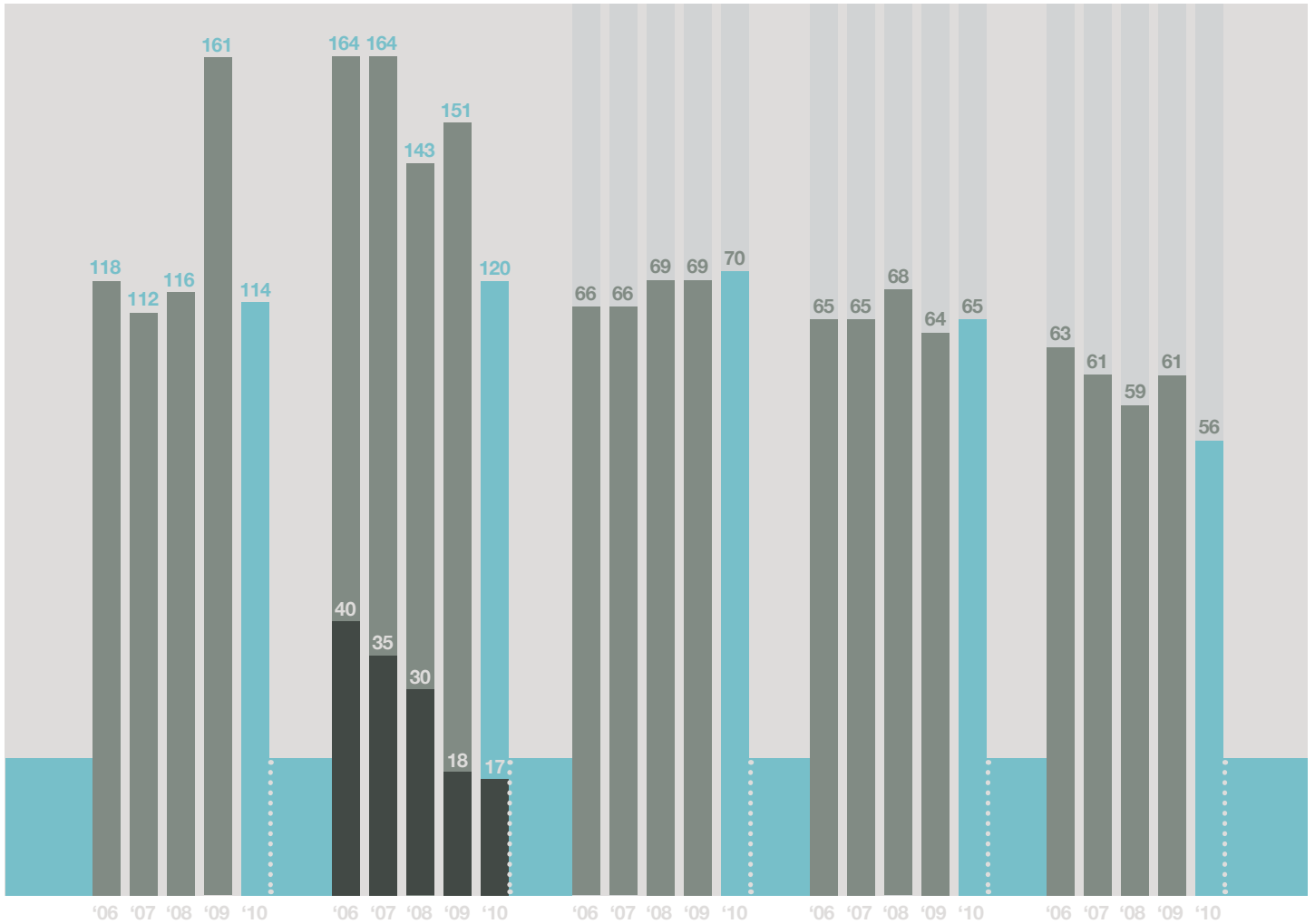
PLANNING PERMITS ISSUED

BUILDING PERMITS ISSUED {NEW HOUSES}

COUNCIL'S PERFORMANCE WASTE MANAGEMENT

COUNCIL'S PERFORMANCE ENFORCING LOCAL LAWS

COUNCIL'S PERFORMANCE TOWN PLANNING POLICY + APPROVAL



AIMS & 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

HIGHLIGHTS

- The Cambron Human Resource Manager, an electronic system for conducting staff appraisals, was used successfully for the second year in a row. The electronic database system allows employees to record achievement during the year and assists managers to monitor and track employee performance.
- A total of 38 staff reached long service milestones
- In 2009 an external staff survey was undertaken with a total of 70 staff responding. A working group was formed, and successfully addressed a number of the issues raised.

DISAPPOINTMENTS

THE FUTURE

- The new Enterprise Bargaining Agreement will be finalised.





ORGANISATIONAL DEVELOPMENT

TRAINING +
DEVELOPMENT

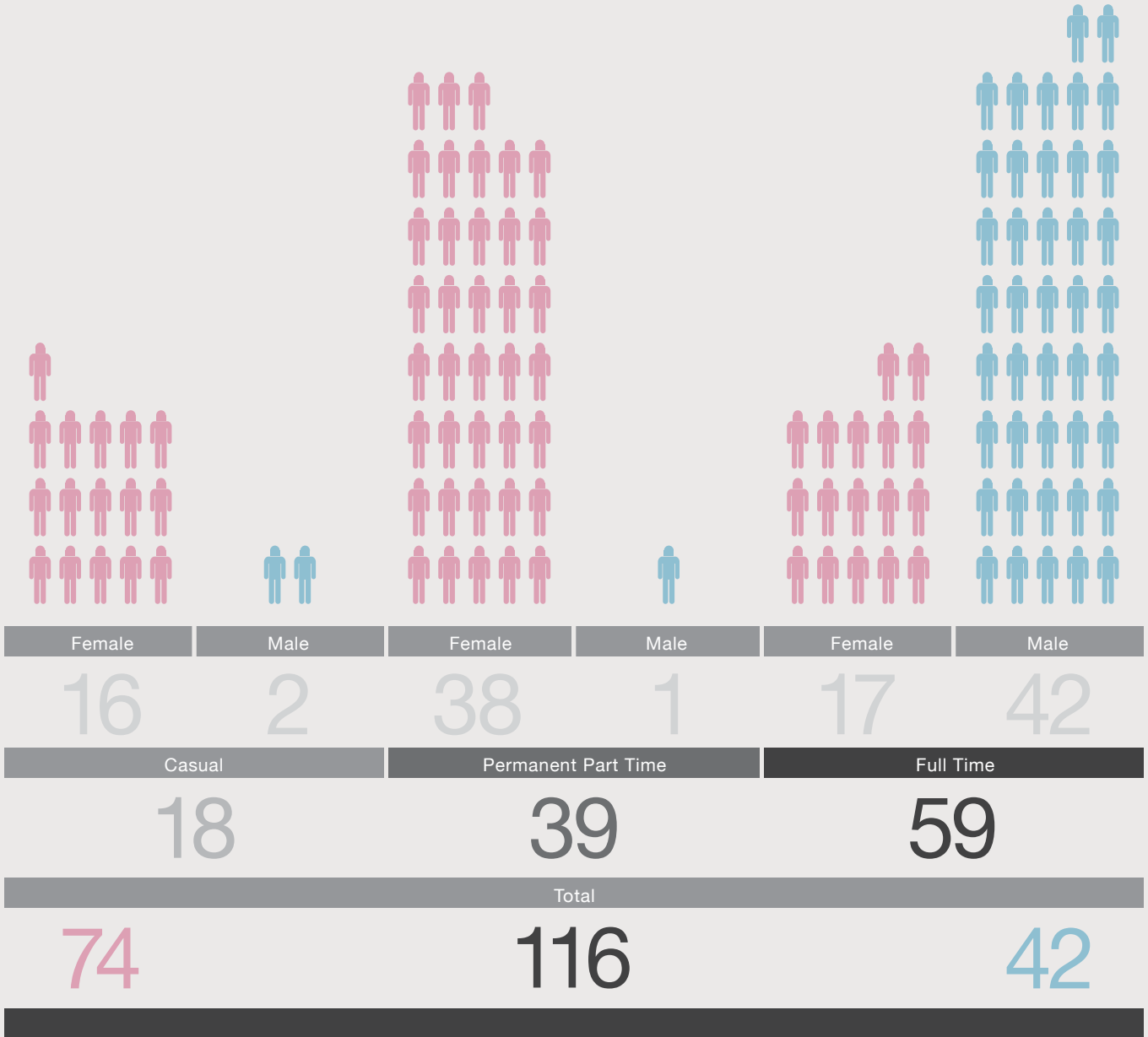
Council continues to provide ongoing training and development to all staff through internal and external training sessions. A number of specific staff development training programs were conducted during the year including:

Level 2 – Workplace First Aid**Apply First Aid & Perform CPR****HACC** – Staff Handbook/Medication Policy and Procedures**HACC** - Confidentiality Workshop**HACC** – Lifting /Hoist/Transferring techniques**HACC** – Interface between Depression and Dementia**HACC** – Identifying Elder Abuse**HACC** – Maintaining Professional Boundaries**MS Word** – Basic**MS Word** – Intermediate**MS Excel** – Basic**MS Excel** – Intermediate**Introduction to Emergency Management****Course in Safety Officer (Public Entertainment)****Public Events Risk Management****Hazard Tree Identification Awareness****Exponare Administration****Immunisation Emergencies – Management & resuscitation**

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

Certificate IV in Animal Control**Graduate Diploma in Occupational Hazard Management****Graduate Diploma in Rural & Regional Planning****Diploma in Information Technology****Diploma of Engineering – Technical (Civil)****Graduate Certificate in Business Technology**

Workforce Profile



Employees

During the year, council advertised 24 positions with 279 applications being considered.

As at 30 June, 2010 Council had a total workforce of 76.86 EFT positions.

Staff Milestones

Many staff members have provided long service to Council:

Years of Service	No. of Staff Members
40	1
30	3
25	13
20	8
15	6
10	7

Workcover

Council continues its strategy to encourage the return to work of injured employees.

Claims Profile

2009/2010

Claims – minor (under Council's liability)	3
- major (exceeds Council's liability)	3

46

Cambron Human Resource Manager

Council's 2010 annual employees' performance appraisals and reviews were undertaken on its electronic database system – Cambron Human Resource Manager.

The electronic database system allows employees to record achievement during the year and assists managers to monitor and track employee performance in three major areas:

Objective setting and review
Behavioural feedback and
Development planning and review.

In its second year of operation, Council employees and managers are embracing the new electronic system, which in turn is streamlining the employee annual review process.

Industrial Relations

Council's current 2008 Enterprise Bargaining Agreement is due to expire on the 15 October, 2010 and as required by legislation, negotiations for a new Enterprise Agreement commenced in April, 2010.

Council's Consultative Committee (made up of management and employee representatives) along with representatives from the Australian Services Union, the Australian Nurses Federation, meet on a monthly basis to negotiate a new enterprise

agreement under the Federal Government 2009 Fair Work Act.

The application of the new legislation is very clear that all negotiations must be undertaken in good faith and that any new agreement must reflect the new National Employment Standards.

Through amicable negotiations, Council is confident that a new three year agreement will be finalised prior to the expiry of the existing agreement.







GOVERNANCE

GOVERNANCE

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. David Clark became mayor of Pyrenees Shire in November 2009.

COUNCIL PLAN

The 2009-2013 Council Plan describes, in broad terms, the goals and aspirations of the Pyrenees Shire Council for the next four years. It describes what Council believes is important to the residents of the Pyrenees Shire, and what it hopes to achieve in the near future.

Armed with specific strategies, and guided by principles and vision, Council aims to continually improve its operation and its achievements for the future prosperity and fulfilment of the Pyrenees Shire.

The plan is reviewed annually by Councillors and senior management. A copy is available on Council's website.

MAYORAL + COUNCIL ALLOWANCES

The Mayoral allowance is currently \$54,074.90. The Councillor allowance is \$18,099.45. Allowances are reviewed annually by the Department of Planning and Community Development.

COUNCIL MEETINGS

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



RISK MANAGEMENT

Council is committed to proactive risk management and ensures the environment and facilities provided for the community and staff are safe with the necessary practices and procedures in place for the control of all identified risks.

We are currently working with the CFA and other agencies to develop a fire risk register for the Pyrenees Shire. For the first time a detailed analysis of all of the Shires assets has been completed and mitigation strategies for their protection are currently being put in place. Council has improved its capacity in the area of Emergency Management with all relevant staff being trained and a number of exercises completed. This will be a continued focus for the next twelve months as Council moves towards an “all hazards approach”.

External audits continue to show Council’s improvement in the areas of public liability, professional indemnity and asset protection.

PRIVACY

Council complies with the Victorian Information Privacy Act 2000. Council staff has 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.

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.

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.

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 & 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 a number of incidents, both reportable and non-reportable to Worksafe, and time lost due to injury.

The Occupational Health & Safety Committee has ensured that all Council's OH&S policies and procedures reflect the requirements of the new Occupational Health & Safety Act, 2004.

EQUAL EMPLOYMENT OPPORTUNITY

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.

WHISTLE BLOWER 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 2010. 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.

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 2 September 2009, 8 December 2009 and 7 June 2010.

The committee considered reports during the year from the internal auditor on Occupational Health and Safety, Statutory Health Services, Governance Processes including Public Register Documents and Statutory Planning Processes.



PYRENEES SHIRE



DOCUMENTS AVAILABLE FOR INSPECTION



- Details of current Mayoral and Councillor allowances.

- Agendas and minutes of ordinary or special meetings held in the previous 12 months.

- Submissions received under Sections 87, 88 and 98 of the Act over the past 12 months.

- 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.

- Details of senior officers' total salary packages.

- A list of all special committees established by Council and the purpose of which each committee was established.

- Agreements to establish regional libraries under Section 196 of the Act.

- Details of overseas or interstate travel by Councillors or Council staff in an official capacity during the financial year.

- A list of all special committees established by Council that were abolished or ceased to function during the financial year

- Details of property, finance and operating leases entered into by Council.

- A list of contracts valued at \$150,000 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.

- Names of Council officers who are required to submit a return of interest during the financial year.

- Minutes of meetings of special committees established under Section 86 of the Act held in the past 12 months.

- A register of authorised officers appointed under section 224 of the Act.

- Names of Councillors who submitted a return of interest during the financial year.

- A register of delegations under the Local Government Act.

- A list of donations and grants made by Council during the financial year.

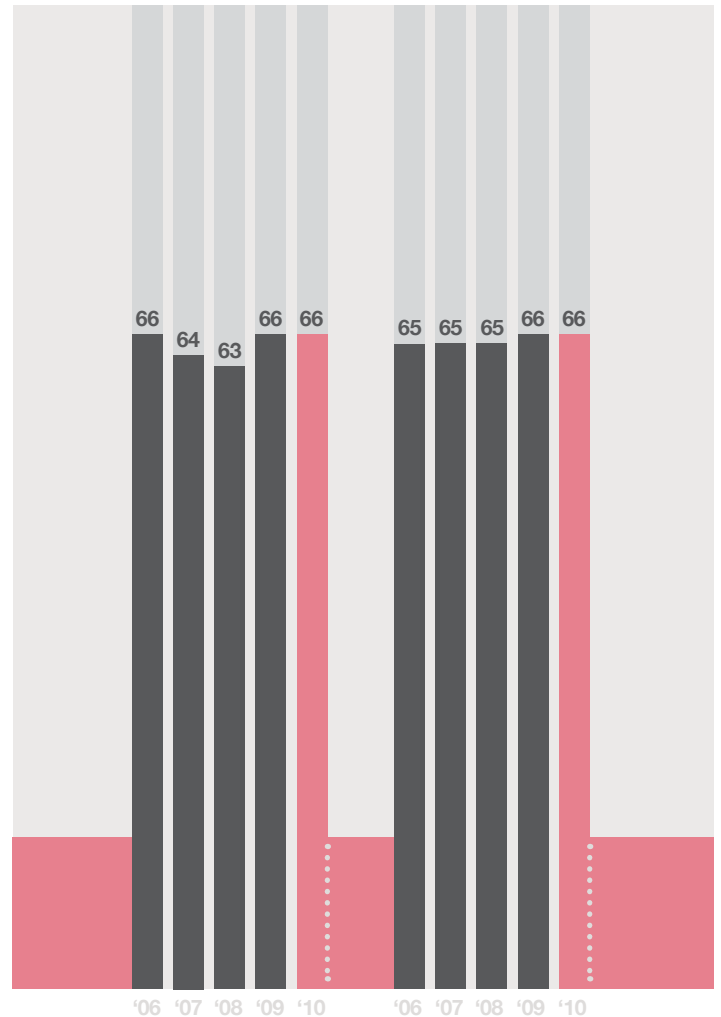
CONTRACT MANAGEMENT

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 2009/10 financial year Council entered into eight new contracts with a total value of \$3,291,000.

Contract	Value	No of tenderers
Beaufort Carranballac Road	\$467,000	4 ●●●●
Mt William Road	\$907,000	4 ●●●●
Smythesdale Snake Valley Road	\$466,000	5 ●●●●●
Flood Mitigation Study	\$57,000	3 ●●●
Cleaning Contract	\$65,000	8 ●●●●●●●●
Eurambien Streatham Rd Final Seal	\$465,000	4 ●●●●
Eurambien Streatham Rd	\$227,000	5 ●●●●●
Reseals	\$637,000	5 ●●●●●
Total	\$3,291,000	

COUNCIL'S PERFORMANCE ADVOCACY + COMMUNITY REPRESENTATION

COUNCIL'S PERFORMANCE ENGAGEMENT IN DECISION-MAKING ON KEY LOCAL ISSUES



COMMUNITY GRANTS 2010

The following community groups were awards funds under Council's Community Grants Scheme:

Snake Valley Golf Club	\$1,500
Landsborough & Dist Historical Group Inc	\$1,270
Avoca Sub- Branch RSL Women's Auxiliary	\$1,500
Avoca Breast Cancer Support Group	\$550
Avoca Festival & Events Committee Inc	\$1,000
Snake Valley Hall Committee of Management	\$720
Avoca Riding Club Inc	\$1,500
Beaufort & District Pony Club	\$1,262
Ballarat YMCA Youth Services Inc	\$1,000
Moonambel Mechanics Reserve	\$1,000
Avoca Primary School Parents Club	\$843
Beaufort Development Group	\$1,500
Beaufort Football & Netball Club Inc	\$1,000
Waubra Recreation Reserve Committee	\$1,500
Waubra Pre School Committee	\$1,000
Lexton Landcare Group Inc	\$1,000
Total	\$18,145

Round 1

Lexton Cricket Club	\$1,500
Lexton Golf Club	\$1,500
Beaufort Blue Light Motorcycle Club	\$1,500
Redbank Fire Brigade Ladies Auxiliary	\$600
Avoca Girl Guides	\$1,500
Barkly Hall & Recreation Reserve Committee	\$1,100
Landsborough & District Bowling Club	\$1,000
Beaufort Community House & Learning Centre	\$1,500
Amphitheatre Recreation Reserve	\$1,500
Amphitheatre School Holiday Program	\$1,102
Amphitheatre News - Mechanics Institute	\$240
Amphitheatre Cemetery Trust	\$1,000
Beaufort Playgroup	\$1,000
Raglan Hall & Recreation Reserve	\$1,500
Amphitheatre Mechanics Institute	\$720
Total	\$17,262

Round 2

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 2009/2010 financial year and the overall position at the end (30 June 2010) 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.

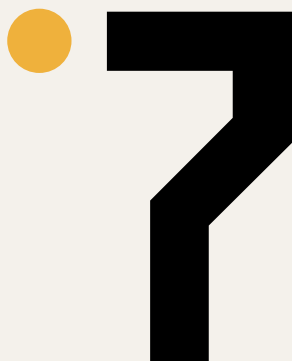
Cash Flows from Investing Activities

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.





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



FINANCIAL SNAPSHOT

Council's financial statements have been prepared in accordance with Australian Accounting Standards and local government financial reporting requirements. They include an Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and accompanying notes.

The accounts are audited by the Victorian Auditor-General.

OPERATING SUMMARY

Council reported an operating surplus of \$534,000 which included a charge for depreciation of assets of \$5.0 million. This result is consistent with budget and reflects council's continuing success in attracting external funding for operations and capital works. In particular council received \$3.15 million in non-recurrent grants, notably federal government funds for major road projects and Beaufort Multi-Purpose Centre and the Waubra Community Hub.

BALANCE SHEET

Council is in a sound financial position at 30 June 2010 with \$7.7 million in cash and investments on hand and a capital ratio (current assets to current liabilities) of 4.0 to 1. That ratio compared with previous years is shown in the following graph.

CASH FLOW

Council has achieved a cash surplus from operations of \$4.9 million in 2009-10. This cash surplus is the cash balance available to Council after normal operating expenses have been paid. These funds are then available to fund Council's capital works program and to meet Council's annual debt redemption obligations. After capital expenditure (cash flows from investing activities) and Council's cash flows requirements relating to its financing activities Council overall cash position has increase by \$0.4 million in 2009-2010. This significant increase has occurred largely as a result of the following four factors.

Council received \$1.1 million of its 2010-2011 Grants Commission allocation in advance. The earlier than normal payment of these funds was a Federal Government initiative to assist Councils with improving their cash flow positions.

Council received \$1.0 million of grants funds for the Snake Valley Sewerage Scheme in advance in 2008/2009. These funds will be expended in 2010-2011

Council received approximately \$1.0 million of grant funds for the Beaufort Multi Purpose Centre and the Waubra Community Hub in 2009-2010. These funds will be expended in 2010-2011.

Council had a number of projects that were unfinished at 30th June 2010. These projects, including the Beaufort Office upgrade will now be completed in 2010-2011.

CAPITAL WORKS


Council undertook \$5.6 million of capital works in 2009-10. Works included \$4.2 million on roads and \$1.6 million on Building, Land improvements and Plant and Equipment.

DEBT MANAGEMENT


Total council debt at 30 June is \$2,280,000 of which \$67,000 is repayable by a local community group. Council has a strategy of minimizing its debt which is reflected in all of the debt management ratios reported in the financial statements. It has minimal exposure to debt and its capacity to service its loans and commitment ratios are low compared to the industry average.


PERFORMANCE STATEMENT

ROADS, PARKS & BUILDINGS


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	≥53	52	
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COMMUNICATION


Strengthening Advocacy Processes	Community satisfaction rating for advocacy and representation on key local issues	Local Government Victoria Annual Community Satisfaction Survey	≥65	67	
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Improved Community Engagement	Community satisfaction rating for engagement on key local issues	Local Government Victoria Annual Community Satisfaction Survey	≥65	63	
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COMMUNITY WELLBEING

Enhance the Health and Wellbeing of our Community	Community satisfaction rating for health and human services	Local Government Victoria Annual Community Satisfaction Survey	≥77	77	
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GROWTH AND ECONOMIC DEVELOPMENT

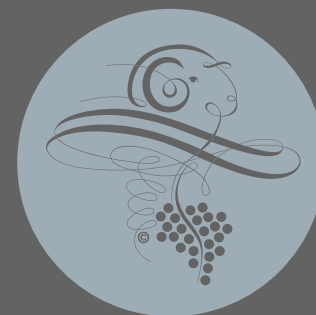
Business and Industry Development	Community satisfaction rating for economic development	Local Government Victoria Annual Community Satisfaction Survey	≥60	60	
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Membership of the Grampians Regional Development Board

Membership Registration

Payment Membership Registration

Membership Paid



COMMUNITY PARTICIPATION

Improving Community Relationships	Community satisfaction rating for interaction and responsiveness in dealing with the public	Local Government Victoria Annual Community Satisfaction Survey	≥73	70	
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QUALITY SERVICE

Improving Community Perceptions	Community satisfaction rating for overall performance generally of the Council	Local Government Victoria Annual Community Satisfaction Survey	≥66	66	
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RESOURCE MANAGEMENT

Budget Timelines	Budget for 2008/09 adopted within statutory timelines	Council Minutes			
Management of Council assets	Capital Expenditure to at least equal depreciation charge for the year	Audited Financial Statements			

URBAN DEVELOPMENT AND THE ENVIRONMENT

Effective Statutory Planning	Community satisfaction rating for town planning policy and approval	Local Government Victoria Annual Community Satisfaction Survey	≥61	56	
Environmental Stewardship and Responsibility	Community satisfaction rating for waste management	Local Government Victoria Annual Community Satisfaction Survey	≥69	70	

Standard Statements

1. Basis of preparation of Standard Statements

Council is required to prepare and include audited Standard Statements within its Annual Report.

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

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

The Standard Statements are not a substitute for the General Purpose Financial Report, which are included on pages 78 to 81 of the Annual Report. They have not been prepared in accordance with all Australian Accounting Standards or other authoritative professional pronouncements.

The Standard Statements compare council's financial plan, expressed through its budget, with actual performance. The Local Government Act 1989 requires explanation of any material variances. The Council has adopted a materiality threshold of ten per cent. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures included in the Standard Statements are those adopted by Council on 24 June 2008. The budget was based on assumptions that were relevant at the time of adoption of the budget. The Council set guidelines and parameters for revenue and expense targets in this budget in order to meet council's business plan and financial performance targets for both the short and long term. The budget did not reflect any changes to equity resulting from assets revaluations, as their impacts were not considered predictable.

Detailed information on the actual financial results are contained in the General Purpose Financial Statements Report on pages 78 to 81. The detailed budget can be obtained by contacting council or through the council's website. The Standard Statements must be read with reference to these documents.

Standard Income Statement

For the year ending 30 June 2010

	Budget 2009/2010 \$'000	Variance \$'000	Variance %	Actuals 2009/2010 \$'000	Ref
Revenue					
Rates and charges	6,055	80	1.3	6,135	
Recurrent grants	4,959	244	4.9	5,203	
Non-recurrent grants	3,139	10	0.3	3,149	
User fees	671	146	(21.8)	817	1
Contributions	729	(593)	81.3	136	2
Other revenue	185	339	183.2	524	3
Total revenue	15,738	226		15,964	
Expenses					
Employee benefits	5,128	341	(6.6)	4,787	
Materials and services	4,252	(819)	(19.3)	5,071	4
Depreciation	4,200	(824)	(19.6)	5,024	5
Finance costs	113	36	31.9	77	6
Net gain (loss) on disposal of assets	-	(265)	-	265	
Share of net profits of associates and joint ventures accounted for by the equity method	-	(2)	-	2	
Other expenses	228	24	(10.5)	204	7
Total expenses	13,921	(1,509)		15,430	
Surplus (deficit) for the period	1,817	1,735		534	

Variance Explanation Report

Ref.	Item	Explanation
1	User Fees	Higher than budget as a result of Council including the fees collected from the Goldfields Recreation Reserve Caravan Park for the first time. This park is managed by a Section 86 Committee and this is the first time that these fees have been incorporated into the financial accounts. These fees were not allowed in the original budget.
2	Contributions	Lower than budget as a result of the budget allowed a significant contribution from landowners for the Snake Valley Sewerage Scheme. Construction of this scheme has been delayed as a result of ongoing negotiation with Central Highlands Water. This has resulted in the land owner contributions not being received in the current financial year.
3	Other Revenue	Firstly, higher than budget as a result of income from contract supervision being higher than anticipated. And secondly as a result of interest on investments being higher than estimated. This has occurred as a result of cash balances being higher than projected as a result of delays in Council's capital works program and an increase in interest rates in the second half of the financial year.
4	Materials and services	Higher than budget as a result of carry over of a number of projects from the 2008/2009 year into the current financial year. Also over budget as a result of one off unbudgeted projects where Council has acted as the project "banker". The projects I refer to is the G21 Strategy Review. This has resulted in additional materials and services expenditure of \$205,000.
5	Depreciation	Council revalued its building assets at the 30.6.2008. This revaluation was the first time that Council recorded these assets at replacement value less accumulated depreciation. Previously these assets had been recorded at market value. The change to replacement cost has increased the depreciation expense on buildings by \$425,000 per annum. This increase was not known at budget time as the new valuations calculation was not completed until June 2009. This was after the budget for 2009/2010 had been adopted by Council.
6	Finance costs	Lower than budget as a result of take up of Council's new loan funds being later than budgeted for. This has occurred as a result of delays in Council's capital works program.
7	Other expenses	Other expenses are \$24,000 less than budget as a result of training expenses and leases costs being slightly less than anticipated.

Standard Balance Sheet

For the year ending 30 June 2010

	Budget 2009/2010 \$'000	Variance \$'000	Variance %	Actuals 2009/2010 \$'000	Ref
Current assets					
Cash and cash equivalents	1,086	6,612	608.8	7,698	8
Trade and other receivables	680	659	96.9	1,339	9
Other	132	83	62.9	215	10
Total current assets	1,898	7,354		9,252	
Non-current assets					
Trade and other receivables	74	(4)	(5.4)	70	
Property, plant and equipment, infrastructure	223,020	(21,861)	9.8	201,159	
Investments in associates	227	(2)	0.9	225	
Total non-current assets	223,321	21,867		201,454	
Total assets	225,219	14,513		210,706	
Current liabilities					
Trade and other payables	443	(310)	(70.0)	753	11
Interest bearing loans and borrowings	239	28	11.7	211	12
Provisions	1,074	(127)	(11.8)	1,201	13
Trust funds and deposits	60	(81)	(135.0)	141	
Total current liabilities	1,816	(490)		2,306	
Non-current liabilities					
Interest bearing loans and borrowings	2,013	(56)	(2.8)	2,069	
Provisions	137	(20)	(14.6)	157	14
Total non-current liabilities	2,150	(76)		2,226	
Total liabilities	3,966	566		4,532	
Net assets	221,253	(15,079)		206,174	
Equity					
Accumulated surplus	84,059	505	0.6	84,564	
Asset revaluation reserve	137,115	(15,584)	11.4	121,531	15
Other reserves	79	-	-	79	
Total equity	221,253	15,079		206,174	

Variance Explanation Report

Ref	Item	Explanation
8	Cash assets and cash equivalents	Higher as a result of grant funding being received earlier than anticipated and also the delay in completion of various operational and capital projects. This has resulted in Council holding higher levels of cash than anticipated.
9	Trade and other receivables - current	Higher as a result of a larger amount of government grant funds being outstanding than anticipated at budget time.
10	Other - current assets	Higher as a result of a larger amount of prepayments being paid in the 2009/2010 year than anticipated at budget time.
11	Trade and other payables	Higher as a result of Council's final creditors run for 2009/2010 in the first week of July was higher than anticipated. This larger amount of creditors being unpaid before year end was not anticipated at budget time.
12	Interest bearing loans - current	Lower than budget as a result of delays in Council's capital works program. This has meant that the take up of the new loan occurred in June 2010 instead of December 2009. This resulted in one less installment payment being made in 2009/2010 than budget for.
13	Provisions - current	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.
14	Provisions - non current	A minor increase in the non current component of long service leave has occurred as a result of recruitment of staff from other municipalities. These staff members have had their entitlement transferred with them during the year. This has caused a small variation from the original budget amount as the effect of this was not possible to project at budget time.
15	Asset revaluation reserve	Council has carried out a revaluation of infrastructure assets as at 30.6.2010. This has resulted in a reduction in the value of Council infrastructure assets of approximately \$15.6M. It was not possible to project the outcome of this revaluation process at budget time.

Standard Cash Flow Statement

For the year ending 30 June 2010

		Budget 2009/2010 \$'000	Variances \$'000	Variances %	Actuals 2009/2010 \$'000	Ref	
Cash flows from operating activities	Receipts	General rates	6,055	(35)	(0.6)	6,020	
		Operating grants and contributions	5,455	(168)	(3.1)	5,287	
		Capital grants and contributions	3,868	(591)	(15.3)	3,277	16
		Interest	160	104	(65.0)	264	17
		User charges	569	164	(28.8)	733	18
	Payments	Statutory fees	154	11	(7.1)	165	
		Other revenue	28	253	(903.6)	281	19
		Net GST Refund	750	64	(8.5)	814	
			17,039			16,841	
	Employee costs	(5,128)	423	(8.2)	(4,705)		
	Materials & contractors	(5,552)	(1,417)	(25.5)	(6,969)	20	
	Finance costs	(113)	33	(29.2)	(80)	21	
	Other expenses	(229)	5	(2.2)	(224)		
		(11,022)			(11,978)		
	Net cash inflow from operating activities	6,017			4,863		
Cash flows from investing activities	Proceeds from sale of property, plant and equipment, infrastructure	398	114	(28.6)	512	22	
	Payments for property, plant and equipment, infrastructure	(8,744)	2,852	32.6	(5,892)	23	
	Net cash (outflow) from investing activities	(8,346)	(2,966)		(5,380)		
Cash flows from financing activities	Trust funds and deposits	-	(207)	-	(207)	24	
	Proceeds from borrowings	1,325	(35)	(2.6)	1,290		
	Repayment of interest bearing loans and borrowings	(209)	55	26.3	(154)	25	
	Net cash inflow (outflow) from financing activities	1,116	(187)		929		
	Net increase (decrease) in cash and cash equivalents	(1,213)	1,625	134.0	412		
	Cash and cash equivalents at the beginning of the year	2,299	4,987	216.9	7,286		
	Cash and cash equivalents at the end of the year	1,086	6,612		7,698		
Reconciliation of Surplus (Deficit) and Net Cash Flows from Operating Activities							
	Surplus (deficit)	1,817	(1,283)	70.6	534		
For the year ending 30 June 2010							
	Depreciation and amortisation	4,200	824	19.6	5,024		
	(Profit) loss on sale of property, plant and equipment, infrastructure	-	(265)	-	(265)		
	Net movement in current assets and liabilities	-	(430)	-	(430)		
	Net cash inflow (outflow) from operating activities	6,017	1,154		4,863		

Variance Explanation Report

Ref.	Item	Explanation
16	Capital grants and contributions	Council budgeted to receive \$1,000,000 for the Snake Valley Sewerage Scheme in 2009/2010. Council did not receive these fund in 2009/2010. These fund were ultimately received in July 2010.
17	Interest received (inflow)	Higher than budget as a result of interest on investments being higher than estimated. This has occurred as a result of cash balances being higher than projected as a result of delays in Council's capital works program and an increase in interest rates in the second half of the financial year.
18	User charges	Higher than budget as a result of the inclusion of caravan park fee income for the first time. This was not allowed in the original budget.
19	Other income received (inflow)	Higher than budget as a result of income from private works being higher than anticipated.
20	Materials & contractors	Higher than budget as a result of carry over of a number of projects from the 2008/2009 year into the current financial year. Also over budget as a result of one off unbudgeted projects where Council has acted as the project "banker". The project I refer to is the Central Highlands Regional Strategy Review. This has resulted in additional materials and services expenditure of \$205,000.
21	Finance costs	Lower than budget as a result of take up of Council's new loan funds being later than budgeted for. This has occurred as a result of delays in Council's capital works program.
22	Proceeds from sale of property, plant and equipment, infrastructure (inflow)	The sale of the Waubra Hall for \$151,000 was not budgeted for.
23	Payments for property, plant and equipment, infrastructure (outflow)	Less than budget as a result of delays in Council's capital works program. The major component of this is the delay in the Snake Valley Sewerage Scheme project. Construction of this scheme has been delayed as a result of ongoing negotiation with Central Highlands Water.
24	Trust funds and deposits	Trust funds largely consist of the Grampians Pyrenees Regional Development Board Funds. This Board is currently being wound down and will cease to exist in 2010/2011. As a result of this the level of activity of this Board is in decline and the funds held have reduced as a consequence.
25	Repayment of interest bearing loans and borrowings	Lower than budget as a result of delays in Council's capital works program. This has meant that the take up of the new loan occurred in June 2010 instead of December 2009. This resulted in one less installment payment being made in 2009/2010 than budget for.

Standard Statement of Capital Works

For the year ending 30 June 2010

Capital Works Areas	Budget 2009/2010 \$'000	Variations \$'000	%	Actuals 2009/2010 \$'000	Ref
Roads	3,179	1,051	(33.0)	4,230	26
Land improvements	3,016	(2,636)	(87.4)	380	27
Buildings	1,500	(947)	(63.2)	553	28
Plant and equipment and other	1,050	(614)	(58.5)	436	29
Total capital works	8,745	(3,147)		5,598	

Represented by:

Renewal of infrastructure	5,745	(1,499)	(26.1)	4,246
Upgrade of infrastructure	900	(422)	(46.9)	478
New infrastructure	2,100	(1,226)	(58.4)	874
Total capital works	8,745	(3,147)		5,598

Property, plant and equipment, infrastructure movement reconciliation worksheet	Budget 2009/2010 \$'000	Variations \$'000	%	Actuals 2009/2010 \$'000
---	-------------------------------	----------------------	---	--------------------------------

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	8,745	(3,147)	(36.0)	5,598
Asset revaluation movement	-	(15,584)	-	(15,584)
Depreciation and amortisation	(4,200)	(824)	(19.6)	(5,024)
Written down value of assets sold	(398)	(369)	92.7	(767)
Net movement in property, plant and equipment, infrastructure	4,147	(19,924)		(15,777)

Variance Explanation Report

Ref.	Item	Explanation
26	Roads	Higher as result of a Council receiving Blackspot funding of \$465,000 for the Snake Valley-Smythesdale Rd Ch 0.27-6.27km project that wasn't anticipated at budget time. Also higher as a result of \$460,000 of expenditure on the Eurambeen-Streatham Rd project being carried over from the 2008/2009 year. At budget time it was anticipated that these funds would have been expended prior to the 30 June 2009.
27	Land Improvements	Less than budget as a result of delays in Council's capital works program. The major component of this is the delay in the Snake Valley Sewerage Scheme project. Construction of this scheme has been delayed as a result of ongoing negotiation with Central Highlands Water.
28	Buildings	Less than budget as a result of delays in Council's capital works program. The major component of this is the delay in the construction of the Beaufort Community Hub (\$1.2M). Construction of this project is being managed by the Department of Education. This project will now be completed in the 2010/2011 financial year.
29	Plant and equipment and other	The number of plant items traded during the year was lower than the amount that was budgeted for. These items will now be purchased in 2010/2011.

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Comprehensive Income Statement

	2010	2009	Note
	\$'000	\$'000	
Revenue			
Rates and garbage charge	6,135	5,595	2
User charges and other fines	817	648	3
Grants - Recurrent	5,203	5,848	4
Grants - Non Recurrent	3,149	7,356	4
Contributions	136	100	5
Other revenue	256	204	6
Other comprehensive income	268	244	
Total Revenue	15,964	19,995	
Expenses			
Employee benefits	(4,787)	(4,868)	8
Contract payments, materials and services	(5,071)	(4,303)	9
Depreciation	(5,024)	(4,845)	10
Finance costs	(77)	(62)	11
Other expenses	(204)	(228)	12
Net loss on disposal of property, plant and equipment, infrastructure	(265)	(38)	7
Share of net profits (losses) of associates and joint ventures accounted for by the equity method	(2)	33	13
Total Expenses	(15,430)	(14,311)	
Surplus for the year :	534	5,684	
Net asset revaluation increment(decrement) reversals	(15,584)	-	
Comprehensive result	(15,050)	5,684	

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

Balance Sheet

	2010	2009	Note
	\$'000	\$'000	
Assets			
Current assets			
Cash and cash equivalents	7,698	7,286	14
Trade and other receivables	1,339	1,019	15
Other assets	215	182	16
Total current assets	9,252	8,487	
Non-current assets			
Trade and other receivables	70	67	15
Investments in associates accounted for using the equity method	225	227	13
Property, infrastructure, plant and equipment	201,159	216,935	17
Total non-current assets	201,454	217,229	
Total Assets	210,706	225,716	
Current liabilities			
Trade and other payables	753	1,725	18
Trust funds and deposits	141	348	19
Provisions	1,201	1,129	20
Interest-bearing loans and borrowings	211	155	21
Total current liabilities	2,306	3,357	
Non-current liabilities			
Provisions	157	146	20
Interest-bearing loans and borrowings	2,069	989	21
Total non-current liabilities	2,226	1,135	
Total Liabilities	4,532	4,492	
Net Assets	206,174	221,224	
Represented by:			
Accumulated surplus	84,564	84,030	
Reserves	121,610	137,194	22
Total Equity	206,174	221,224	

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

Statement of Changes in Equity

	Note	Total 2010 \$'000	Total 2009 \$'000	Accumulated Surplus 2010 \$'000	Accumulated Surplus 2009 \$'000	Asset Revaluation Reserve 2010 \$'000	Asset Revaluation Reserve 2009 \$'000	Other Reserves 2010 \$'000	Other Reserves 2009 \$'000
Balance at beginning of the financial year		221,224	215,540	84,030	78,346	137,115	137,115	79	79
Surplus(deficit) for the year		534	5,684	534	5,684				
Net asset revaluation increment(decrement)	22(a)	(15,584)	-	-	-	(15,584)	-	-	-
Balance at end of the financial year		206,174	221,224	84,564	84,030	121,531	137,115	79	79

The above statement should be read with the accompanying notes.

Cash Flow Statement

	Note	2010 Inflows/ (Outflows) \$'000	2009 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates		6,020	5,532
User charges and other fines (inclusive of GST)		898	713
Grants (inclusive of GST)		8,436	13,235
Contributions (inclusive of GST)		128	107
Interest		264	240
Other receipts (inclusive of GST)		281	224
Net GST refund/payment		814	954
Payments to suppliers (inclusive of GST)		(6,969)	(4,802)
Payments to employees (including redundancies)		(4,705)	(4,865)
Other payments		(224)	(228)
Net cash provided by (used in) operating activities	23	4,943	11,110
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(5,892)	(8,582)
Proceeds from sale of property, infrastructure, plant and equipment		512	281
Net cash provided by (used in) investing activities		(5,380)	(8,301)
Cash flows from financing activities			
Trust funds and deposits		(207)	(118)
Proceeds from interest bearing liabilities		1,290	290
Repayment of interest bearing liabilities		(154)	(183)
Finance costs		(80)	(64)
Net cash provided by (used in) financing activities		849	(75)
Net increase (decrease) in cash held		412	2,734
Cash at the beginning of the financial year		7,286	4,552
Cash and cash equivalents at the end of the financial year	24	7,698	7,286
Financing arrangements	25		
Restrictions on cash assets	26		
The above statement should be read with the accompanying notes.			
Cash as per Note 16		7,698	7,286

1

Significant accounting policies (cont.)

- (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

This financial report is a general purpose financial report that consists of an Comprehensive 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.

- (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).

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

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

- (b) Change in accounting policies

There has been no change in accounting policy in the last financial year.

(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.

Trade and other receivables

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

Interest and rents

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

1

Significant accounting policies (cont.)

(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:

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

(e) Repairs and maintenance

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

1

Significant accounting policies (cont.)

(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.

(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:

Class of asset

Land and buildings

Land	Nil
Land under roads	Nil
Buildings	10
Land improvements	10

Plant and equipment

Plant and machinery	1
Furniture, equipment, and computers	1

Infrastructure

Roads	
• Earthworks	10
• Substructure	10
• Seal	10
Footpaths	10
Kerb and channel	10
Culverts	10
Bridges	
• Substructure	10
• Deck	10

Other

Mobile garbage bins/recycling crates	1
Irrigation & sprinkler systems	1
Street furniture	1
Parks & gardens furniture and equipment	1
Playground equipment	1
Fencing	1
Library books	1
Artworks	1

(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

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

(h) Cash and cash equivalents

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.

(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).

1

Significant accounting policies (cont.)

m) Employee benefits

Wages and salaries

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

Annual leave

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

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.

(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.

(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.

Significant accounting policies (cont.)

(x) Pending Accounting Standards

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.

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Local Government financial statements
AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project. [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	Some amendments will result in accounting changes for presentation, recognition or measurement purposes, while other amendments will relate to terminology and editorial changes.	Beginning 1 Jan 2010	Terminology and editorial changes. Impact minor.
AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions. [AASB 2]	The amendments clarify the scope of AASB 2.	Beginning 1 Jan 2010	No impact. AASB 2 does not apply to Local Government; consequently this Standard does not apply.
AASB 2009-9 Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters [AASB 1]	Applies to entities adopting Australian Accounting Standards for the first time, to ensure entities will not face undue cost or effort in the transition process in particular situations.	Beginning 1 Jan 2010	No impact. Relates only to first time adopters of Australian Accounting Standards.
AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]	The Standard makes amendments to AASB 132, stating that rights issues must now be classed as equity rather than derivative liabilities.	Beginning 1 Feb 2010	No impact. Local Government do not issue rights, warrants and options, consequently the amendment does not impact on the statements.
AASB 9 Financial Instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).	Beginning 1 Jan 2013	Detail of impact is still being assessed.

1

Significant accounting policies (cont.)

Significant accounting policies (cont.)

(x) Pending Accounting Standards

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.

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Local Government financial statements
AASB 2009-12 Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	This Standard amends AASB 8 to require an entity to exercise judgement in assessing whether a government and entities know to be under the control of that government are considered a single customer for purposes of certain operating segment disclosures. This Standard also makes numerous editorial amendments to other AASs.	Beginning 1 Jan 2011	AASB 8 does not apply to Local Government therefore no impact expected. Otherwise, only editorial changes arising from amendments to other standards, no major impact. Impacts of editorial amendments are not expected to be significant.
AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19. [AASB 1]	Consequential amendment to AASB 1 arising from publication of Interpretation 19	Beginning 1 Jul 2010	Local Governments do not extinguish financial liabilities with equity instruments, therefore requirements of Interpretation 17 and related amendments have no impact
AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	Amendment to Interpretation 14 arising from the issuance of Prepayments of a Minimum Funding Requirement	Beginning 1 Jan 2011	Expected to have no significant impact

Council has adopted a new policy in regards to the recognition of land under roads. Land under roads acquired after 30 June 2008 is brought to account using the fair value basis. Council does not recognise land under roads that is controlled prior to that period in its financial report. There has been no financial effect to Council as a result of this policy change in 2008/2009.

2

Rates and garbage charge

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 2009/2010 was \$1,414 million (2008/2009 \$1,411 million). The 2009/2010 rate in the CIV dollar was 0.3743 (2007/2008, was 0.3531).

	2010 \$'000	2009 \$'000
Residential	1,650	1,512
Commercial / Industrial	124	120
Recreation & Cultural	11	10
Farm/Rural	2,809	2,656
Vacant land	598	581
Wind Farm	185	33
Interest on rates	65	58
Garbage charge	693	625
	6,135	5,595

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

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

3

User charges and other fines

2010 \$'000

2009 \$'000

	2010 \$'000	2009 \$'000
Animal registration fees	62	59
Town planning fees	59	58
Building fees	86	83
Meals on wheels	55	54
General home help	118	108
Private works	56	24
Garbage disposal fees	10	9
Caravan park fees	126	-
Environmental health	23	22
Resource & information centre fees & charges	64	82
Land information certificates	7	7
Economic development	-	28
Hall hire	7	7
Rental and function fees	44	59
Goldfields Recreation Reserve venue hire	50	-
ADASS	8	9
Other	42	39
	817	648

4

Grants

2010 \$'000

2009 \$'000

Commonwealth Government

Roads to Recovery	1,039	998
Auslink	465	3,600
Regional and Local Community Infrastructure program	209	315
Family and children	117	114
Beaufort Community Hub	500	-
	2,330	5,027

State Government - General Purpose

Grants Commission	2,444	2,870
Local roads grant	1,824	2,186
Waubra community hub	400	-
Aged care & senior citizens	324	355
Central Highlands Regional Strategic plan	200	-
Moonambel multipurpose facility -RDV	125	125
Adult day care	123	120
Other	118	84
Maternal & child health	78	95
Avoca Recreation Reserve enhancement project	72	72
Community Support Fund	32	18
Events Officer	31	-
Youth Outreach program	28	35
Podiatry	26	25
Go For Your Life' active program	25	50
Strategic planning	24	35
Emergency relief program	23	-
Kindergarten participation	21	36
Moonambel multipurpose facility -Community Support Fund	20	176
Regional Development Victoria	20	20

4

Grants (cont)

	2010 \$'000	2009 \$'000
Healthy eating project	19	-
Avoca library	18	-
Meals on wheels	15	13
Fire access tracks	7	20
Heatwave plan	5	25
Snake Valley sewerage scheme	-	1,000
Landsborough - Navarre desalination plant	-	250
Avoca streetscape	-	100
Vinoca Road	-	100
Moonambel multipurpose facility -Local and Community Fund	-	80
Drought Support Officer	-	75
Council dams & bores	-	50
Avoca Bowling Green replacement	-	47
Goldfields Recreation Reserve - water harvesting project	-	33
Wine industry marketing	-	25
Small towns development fund - Raglan Hall	-	15
Event sponsorship	-	15
Avoca community conversations	-	15
Drought - relief funding	-	9
Drought - building drought resilient communities	-	3
	6,022	8,177
Total Grants	8,352	13,204
Victorian Grants Commission	4,268	5,056
Other Government Grants	4,084	8,148
Total	8,352	13,204
Recurrent	5,203	5,848
Non-Recurrent	3,149	7,356
Total	8,352	13,204

Grants (cont)

2010 \$'000

2009 \$'000

Conditions on Grants

		2010 \$'000	2009 \$'000
Grants recognised as revenue during the year or in previous years that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:			
	Snake Valley sewerage scheme	1,000	1,000
	Beaufort Community Hub	500	-
	Waubra community hub	400	-
	Roads to Recovery	-	126
	Auslink (Eurambeen - Streatham)	-	577
	Regional and Community Support program	-	182
	Landsborough - Navarre desalination plant	-	250
	Avoca Recreation Reserve enhancement project	-	72
	Go For Your Life' active program	-	50
	Heatwave plan	-	25
	Avoca community conversations	-	15
		1,900	2,297
Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:			
	Roads to Recovery	126	465
	Auslink (Waubra - Beaufort Road & Eurambeen - Streatham)	577	400
	Regional and Community Support program	182	-
	Landsborough - Navarre desalination plant	250	-
	Avoca Recreation Reserve enhancement project	72	-
	Go For Your Life' active program	50	-
	Heatwave plan	25	-
	Avoca community conversations	15	-
	Drought - building drought resilient communities	-	50
		1,297	915
Net increase (decrease) in restricted assets resulting from grant revenues for the year:		603	1,382

5

Contributions

2010 \$'000

2009 \$'000

Capital Works 46

General 90

136

71

29

100

6

Other revenue

Engineering administration 71

Private works - reimbursements 53

Administration exceptional circumstances claims 4

GIS Mapping Income -

Other 128

256

78

50

6

48

22

204

7

Proceeds from disposal of property, infrastructure, plant and equipment

Plant and equipment

Proceeds from sale of assets 184

Written down value of assets sold (245)

Profit(loss) on sale of land, plant and equipment (61)

58

(105)

(47)

Land and buildings

Proceeds from sale of land & buildings 318

Written down value of land & buildings sold (522)

Profit(loss) on sale of land and buildings (204)

223

(214)

9

Summary

Proceeds from sale of assets 502

Written down value of assets sold (767)

Profit(loss) on sale of assets (265)

281

(319)

(38)

8

Employee benefits

2010 \$'000

2009 \$'000

	2010 \$'000	2009 \$'000
Wages and salaries	3,834	3,802
Annual leave and long service leave	411	445
Superannuation	415	495
Fringe benefits tax and work cover	127	126
	4,787	4,868

9

Contract payments, materials and services

Conferences	28	32
Valuations	90	40
Contractors	2,042	1,734
Subscriptions and memberships	56	64
Councillor allowances	124	114
Stationery and printing	39	44
Photocopying	30	28
Advertising	79	74
Postage	38	30
Light, power and water	126	131
Cleaning	61	70
Audit - internal and external	49	36
Legal fees	50	38
Contributions and donations	451	260
Insurance	189	166
Plant expenses	293	357
Telephone	136	136
Information technology	66	54
Materials and services	1,124	895
Total Contract, Materials and Services Payments	5,071	4,303

10

Depreciation

	2010 \$'000	2009 \$'000
Buildings	595	590
Land improvements	116	103
Plant and machinery	404	410
Furniture, equipment, and computers	56	42
Roads	2,568	2,469
Road seals	898	846
Footpaths	13	13
Kerb and channel	30	30
Culverts	115	116
Bridges	214	211
Other Structures	15	15
	5,024	4,845

11

Finance costs

Interest - borrowings	77	62
	77	62

12

Other expenses

Other	204	228
	204	228

13

Investment in associates

2010 \$'000

2009 \$'000

Investments in associates accounted for by the equity method are:

- Equity in Central Highlands Regional Library Corporation (Refer Note 1)	225	227
	225	227

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 2010. That interest is calculated on the same ratio as its contribution to the operating costs of the service.

The Corporation reported a profit of \$9,000 for the year (2008/2009 a profit of \$509,000) of which Council's share was \$437 (2008/2009 share of loss of \$33,000). Council's share of retained earnings remained at \$142,000. 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 and cash equivalents

Cash on hand	2	2
Cash at bank	986	2,284
Bank term deposits	6,710	5,000
	7,698	7,286

15

Receivables

Current

Rates debtors	463	348
Loans and advances to community organisations	12	7
Sundry debtors	776	590
Net ATO receivable	88	74
	1,339	1,019

Non-current

Community loans	70	67
	70	67
Total	1,409	1,086

16

Other assets

	2010 \$'000	2009 \$'000
	21	17
Accrued income	190	162
Prepayments	4	3
Inventories	215	182
Total		

17

Property, infrastructure, plant and equipment

Summary

	9,352	24,612
at cost	(3,495)	(3,670)
Less accumulated depreciation	5,857	20,942
	32,454	33,329
at fair value as at 30 June 2008	(14,361)	(14,131)
Less accumulated depreciation	18,093	19,198
	-	240,782
at fair value as at 1 July 2006	253,001	-
at fair value as at 30 June 2010	(75,792)	(63,987)
Less accumulated depreciation	177,209	176,795
Total	201,159	216,935

17

Property, infrastructure, plant and equipment (cont.)

2010 \$'000

2009 \$'000

Land and Buildings

Land - Freehold

at fair value as at 30 June 2008 3,588

3,804

3,588

3,804

Land Improvements

at cost 3,041

2,776

Less accumulated depreciation (530)

(414)

2,511

2,362

Total Land 6,099

6,166

Buildings

at cost 1,118

809

Less accumulated depreciation (11)

-

1,107

809

at fair value as at 30 June 2008 28,866

29,525

Less accumulated depreciation (14,361)

(14,131)

14,505

15,394

Total Buildings 15,612

16,203

Total Land and Buildings 21,711

22,369

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.

17

Property, infrastructure, plant and equipment (cont.)

2010 \$'000

2009 \$'000

Plant and Machinery

	at cost	4,440	4,462
	Less accumulated depreciation	(2,358)	(2,072)
	Total Plant and Machinery	2,082	2,390

Furniture, Equipment, and Computers

	at cost	753	659
	Less accumulated depreciation	(596)	(540)
	Total Furniture, Equipment, and Computers	157	119

Total Plant and Equipment	2,239	2,509
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Infrastructure

Road Substructure

	at cost	-	12,501
	Less accumulated depreciation	-	(263)
		-	12,238
	at fair value as at 1 July 2006	-	196,031
	at fair value as at 30 June 2010	196,294	
	Less accumulated depreciation	(48,801)	(43,825)
		147,493	152,206
	Total Road Substructure	147,493	164,444

17

Property, infrastructure, plant and equipment (cont.)

2010 \$'000

2009 \$'000

Road Seal

	at cost	-	2,861
	Less accumulated depreciation	-	(371)
		-	2,490
	at fair value as at 1 July 2006	-	10,062
	at fair value as at 30 June 2010	15,805	-
	Less accumulated depreciation	(7,077)	(4,770)
		8,728	5,292
	Total Road Seal	8,728	7,782

Footpaths

	at cost	-	93
	Less accumulated depreciation	-	(2)
		-	91
	at fair value as at 1 July 2006	-	586
	at fair value as at 30 June 2010	1,709	-
	Less accumulated depreciation	(743)	(197)
		966	389
	Total Footpaths	966	480

17

	2010 \$'000	2009 \$'000
Property, infrastructure, plant and equipment (cont.)		
Kerb and Channel		
at cost	-	4
Less accumulated depreciation	-	-
	-	4
at fair value as at 1 July 2006	-	2,271
at fair value as at 30 June 2010	3,153	-
Less accumulated depreciation	(1,355)	(886)
	1,798	1,385
Total Kerb and Channel	1,798	1,389
Culverts		
at cost	-	30
Less accumulated depreciation	-	(1)
	-	29
at fair value as at 1 July 2006	-	11,078
at fair value as at 30 June 2010	9,726	-
Less accumulated depreciation	(4,191)	(5,190)
	5,535	5,888
Total Culverts	5,535	5,917

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Property, infrastructure, plant and equipment (cont.)

2010 \$'000

2009 \$'000

Bridges

	at cost	-	417
	Less accumulated depreciation	-	(7)
		-	410
	at fair value as at 1 July 2006	-	20,383
	at fair value as at 30 June 2010	25,519	-
	Less accumulated depreciation	(13,479)	(8,988)
		12,040	11,395
	Total Bridges	12,040	11,805

Other Structures

	at fair value as at 1 July 2006	-	371
	at fair value as at 30 June 2010	371	-
	Less accumulated depreciation	(146)	(131)
	Total	225	240
	Total Other Structures	225	240
	Total Infrastructure	176,785	192,057

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Property, infrastructure, plant and equipment (cont.)

2010 \$'000

2009 \$'000

Work in progress

	at cost	424	-
	Less accumulated depreciation	-	-
	Total	424	-
Total Work In Progress		424	-
Total property, infrastructure, plant and equipment		201,159	216,935

Valuation of infrastructure assets has been determined by the following independent valuations.

Sealed pavements, unsealed pavements, sealed surfaces, sealed road formation, kerg and channel and footpaths assets were valued by Mr Peter Moloney, Dip.C.E.C.E, MIE Aust as at 30 June 2010.

Unsealed pavements, unsealed surfaces, culverts and other structures assets were valued by Mr Stphen Cornish, Dip.C.E., Grad Dip Municipal Engineering as at 30 June 2010.

The valuation of all infrastructure assets are at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

	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
			(note 22)	(note 10)			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property							
land	3,804	-	-	-	216	-	3,588
land improvements	2,362	265	-	116	-	-	2,511
Total land	6,166	265	-	116	216	-	6,099
buildings	16,203	309	-	595	305	-	15,612
Total buildings	16,203	309	-	595	305	-	15,612
Total property	22,369	574	-	711	521	-	21,711
Plant and Equipment							
plant, machinery and equipment	2,390	341	-	404	245	-	2,082
fixtures, fittings and furniture	119	94	-	56	-	-	157
Total plant and equipment	2,509	435	-	460	245	-	2,239
Infrastructure							
road substructure	164,444	3,295	(17,678)	2,568	-	-	147,493
road seals	7,782	687	1,157	898	-	-	8,728
footpaths	479	40	460	13	-	-	966
kerb & channel	1,390	-	438	30	-	-	1,798
culverts	5,917	-	(267)	115	-	-	5,535
bridges	11,805	143	306	214	-	-	12,040
other structures	240	-	-	15	-	-	225
Total infrastructure	192,057	4,165	(15,584)	3,853	-	-	176,785
Work In Progress							
Work in Progress	-	424	-	-	-	-	424
Total property, plant and equipment, infrastructure	216,935	5,598	(15,584)	5,024	766	-	201,159

	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	(note 22) \$'000	(note 10) \$'000	\$'000	\$'000	\$'000
Property							
land	3,909	-	-	-	105	-	3,804
land improvements	2,049	416	-	103	-	-	2,362
Total land	5,958	416	-	103	105	-	6,166
buildings							
	16,078	715	-	590	-	-	16,203
Total buildings	16,078	715	-	590	-	-	16,203
Total property	22,036	1,131	-	693	105	-	22,369
Plant and Equipment							
plant, machinery and equipment	2,364	650	-	410	214	-	2,390
fixtures, fittings and furniture	122	39	-	42	-	-	119
Total plant and equipment	2,486	689	-	452	214	-	2,509
Infrastructure							
road substructure	160,574	6,339	-	2,469	-	-	164,444
road seals	7,964	664	-	846	-	-	7,782
footpaths	481	11	-	13	-	-	479
kerb & channel	1,420	-	-	30	-	-	1,390
culverts	6,023	10	-	116	-	-	5,917
bridges	11,891	125	-	211	-	-	11,805
other structures	254	1	-	15	-	-	240
Total infrastructure	188,607	7,150	-	3,700	-	-	192,057
Total property, plant and equipment, infrastructure	213,129	8,970	-	4,845	319	-	216,935

(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.

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Payables

2010 \$'000

2009 \$'000

	2010 \$'000	2009 \$'000
Trade creditors	401	1,379
Accrued expenses	352	346
Total	753	1,725

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Trust funds

	2010 \$'000	2009 \$'000
Refundable building deposits	28	45
Refundable contract deposits	21	15
Refundable Camp Hill trust funds	21	21
Refundable Grampians Pyrenees Regional Development Board	59	253
Other refundable deposits	12	14
Total	141	348

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Provisions

		Annual leave \$ '000	Long service leave \$ '000	Landfill restoration \$ '000	Total \$ '000
2010	Balance at beginning of the financial year	424	801	50	1,275
	Additional provisions	335	159	-	494
	Amounts used	(318)	(93)	-	(411)
	Balance at the end of the financial year	441	867	50	1,358
2009	Balance at beginning of the financial year	387	834	50	1,271
	Additional provisions	376	73	-	449
	Amounts used	(339)	(106)	-	(445)
	Balance at the end of the financial year	424	801	50	1,275

(a) Employee benefits

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

	2010 \$'000	2009 \$'000
Current		
Short term benefits, that fall due within 12 months after the end of the period measured at nominal value	411	445
Other long term employee benefits that do fall due within 12 months after the end of the period measured at nominal value	790	684
	1,201	1,129
Non-Current		
LSL representing less than 10 years of continuous service measured at present value	107	96
Landfill Restoration	50	50
	Total 157	146

Commentary - Employee Entitlements

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

(a) 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;

(b) 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:

(a) disclosed in accordance with AASB 101 as a non-current liability; and

(b) 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	4.48%	4.45%
Weighted average discount rates	5.16%	5.48%
Weighted average settlement period	11	11

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Interest-bearing liabilities

2010 \$'000

2009 \$'000

		2010 \$'000	2009 \$'000
Current	Borrowings - secured	211	155
Non-current	Borrowings - secured	2,069	989
Total		2,280	1,144

The maturity profile for Council's borrowings is:

		2010 \$'000	2009 \$'000
	Not later than one year	211	155
	Later than one year and not later than five years	1,169	461
	Later than five years	900	528
Total		2,280	1,144

Aggregate carrying amount of interest bearing liabilities:

		2010 \$'000	2009 \$'000
	Current	211	155
	Non-current	2,069	989
Total		2,280	1,144

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Reserves

		Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period	
		\$'000	\$'000	\$'000	
(a)	Asset revaluation reserves				
2010	Property	land	2,315	-	2,315
		buildings	9,691	-	9,691
			12,006	-	12,006
2010	Infrastructure	road substructure	109,717	(17,678)	92,039
		road seals	2,090	1,157	3,247
		footpaths	137	460	597
		kerb & channel	364	438	802
		culverts	4,845	(267)	4,578
		bridges	7,615	306	7,921
		plant & equipment	301	-	301
		furniture & fittings	40	-	40
		125,109	(15,584)	109,525	
	Total Asset revaluation reserves	137,115	(15,584)	121,531	
2009	Property	land	2,315	-	2,315
		buildings	9,691	-	9,691
			12,006	-	12,006
2009	Infrastructure	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	
	Total Asset revaluation reserves	137,115	-	137,115	

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Reserves (cont)

(b) Other reserves	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
	\$'000	\$'000	\$'000	\$'000
2010				
recreation land	9	-	-	9
gravel pits	70	-	-	70
Total Other reserves	79	-	-	79
2009				
recreation land	9	-	-	9
gravel pits	70	-	-	70
Total Other reserves	79	-	-	79

(i) recreation land (subdivisions)
- funds used for public open space.

(ii) gravel pits restoration reserve
- provides for the restoration of pits as required

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Reconciliation of result from ordinary activities with net cash from operations

2010 \$'000

2009 \$'000

	2010 \$'000	2009 \$'000
Comprehensive result	(15,050)	5,684
Finance costs	77	64
Depreciation/amortisation	5,024	4,845
(Profit)/loss on disposal of property, infrastructure, plant and equipment (see note 7)	265	38
Change in assets and liabilities:		
(Increase) in receivables	(319)	(336)
(Increase)/decrease in prepayments	(28)	(55)
(Increase)/decrease in accrued income	(4)	4
Increase/(decrease) in payables	(689)	895
Decrease in inventories	(1)	1
Increase in employee benefits	82	3
(Increase)/decrease in investment in library	2	(33)
Net cash provided by/(used in) operating activities	(10,641)	11,110

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Reconciliation of cash and cash equivalents

Cash and cash equivalents (see note 14)	7,698	7,286
	7,698	7,286

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Financing arrangements

Bank overdraft	400	400
Unused facilities	400	400

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Restricted assets

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).

	2010 \$'000	2009 \$'000
	760	791
	79	79
	141	348
	980	1,218

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.

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

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

Defined Benefit Plan

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

Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the 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);

The Fund surplus or deficit (ie the difference between fund assets and liabilities) is calculated differently for funding purposes (ie calculating required contributions) and for the calculation of accrued benefits as required in AAS 25 to provide the values needed for the AASB 119 disclosure in the council's financial statements. AAS 25 requires that the present value of the defined benefit liability to be calculated based on benefits that have accrued in respect of membership of the plan up to the measurement date, with no allowance for future benefits that may accrue. The actuarial investigation concluded that although the Net Market Value of Assets was in excess of Accrued Benefits at 31 December 2008, based on the assumptions adopted, there was a shortfall of \$71 million when the funding of future benefits was also considered. However, Council was advised that no additional contributions are required for 30 June 2010. The Actuary has commenced undertaking the next actuarial investigation to ascertain if additional contributions would be required. The Actuarial review will be as at 30 June 2010.

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Superannuation (cont.)

Accounting Standard Disclosure

The Fund's liability for accrued benefits was determined by the Actuary at 31 December 2008 pursuant to the requirements of Australian Accounting Standard AAS25 follows:

31 Dec 08
\$'000

Net Market Value of Assets	3,630,432
Accrued Benefits (per accounting standards)	3,616,422
Difference between Assets and Accrued Benefits	14,010
Vested Benefits	3,561,588

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

Net Investment Return	8.50% p.a.
Salary Inflation	4.25% p.a.
Price Inflation	2.75% p.a.

Fund	2010 \$'000	2009 \$'000
Defined benefit plans	▼	▼
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	200	200
	200	200
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date	-	-
	-	-
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	233	206
Employer contributions to		
Health Super	6	5
MIML Macquarie Super	7	7
Macquarie Investments Super	5	6
Adelaide Managed Fund	8	5
Sun Superannuation	7	4
	266	233

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Commitments

The Council has entered into the following commitments

2010	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
Capital				
Construction works	1,450	-	-	1,450
Operating				
Transfer station management	265	222	-	487
Garbage	133	133	243	509
Recycling	147	147	271	565
Green waste	42	42	77	161
Totals	2,037	544	591	3,172
2009				
	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
Capital				
Construction works	136	-	-	136
Operating				
Transfer station management	82	-	-	82
Garbage	269	-	-	269
Recycling	132	-	-	132
Plant and equipment	141	-	-	141
Totals	760	-	-	760

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Operating lease commitments

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):

	2010 \$'000	2009 \$'000
Not later than one year	103	112
Later than one year and not later than five years	126	229
	229	341

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Contingent liabilities

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)

The Council is presently involved in several confidential legal matters, which are being conducted through Council's solicitors. As these matters are yet to be finalised, and the financial outcomes are unable to be reliably estimated, no allowance for these contingencies has been made in the financial report.

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

(a) Accounting Policy, Terms and Conditions

Recognised Financial Instruments ▼	Note ▼	Accounting Policy ▼	Terms and Conditions ▼
Financial Assets			
Cash and cash equivalents	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 5.9% (4.0% in 2008/2009). Funds returned fixed interest rate of between 2.5% (2.5% in 2008/2009), and 6.4% (8.22% in 2008/2009) 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 10% (12% in 2008/2009%). 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 6.91% during 2009/2010 (6.93% in 2008/2009).
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.

(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:

2009/2010	Fixed interest maturing in:				Non-interest bearing \$'000	Total \$'000
	Floating Interest rate \$'000	1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
Financial assets						
Cash assets	986	6,710	-	-	2	7,698
Other financial assets	-	-	-	-	-	-
Receivables	-	12	47	23	1,257	1,339
Accrued income	-	-	-	-	21	21
Total financial assets	986	6,722	47	23	1,280	9,058
Weighted average interest rate	5.00%	6.00%				
Financial liabilities						
Payables	-	-	-	-	753	753
Trust funds	-	-	-	-	141	141
Interest-bearing liabilities	-	211	1,169	900		2,280
Total financial liabilities	-	211	1,169	900	894	3,174
Weighted average interest rate		6.91%	6.91%	6.91%		
Net financial assets (liabilities)	986	6,511	(1,122)	(877)	386	5,884

2008/2009	Fixed interest maturing in:				Non-interest bearing \$'000	Total \$'000
	Floating Interest rate \$'000	1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
Financial assets						
Cash assets	2,284	5,000	-	-	2	7,286
Other financial assets	-	-	-	-	-	-
Receivables	-	7	32	42	1,012	1,093
Accrued income	-	-	-	-	17	17
Total financial assets	2,284	5,007	32	42	1,031	8,396
Weighted average interest rate	7.50%	7.72%				
Financial liabilities						
Payables	-	-	-	-	1,725	1,725
Trust funds	-	-	-	-	348	348
Interest-bearing liabilities	-	155	461	528	-	1,144
Total financial liabilities	-	155	461	528	2,073	3,217
Weighted average interest rate		6.93%	6.83%	6.66%		
Net financial assets (liabilities)	2,284	4,852	(429)	(486)	(1,042)	5,179

(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.

(e) Risks and mitigation (cont.)**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.

(e) Risks and mitigation (cont.)**Ageing of Trade and Other Receivables**

At balance date other debtors representing financial assets were past due but not impaired.

These amounts relate to a number of independent customers for whom there is no recent history of default.

The ageing of the Council's Trade & Other Receivables was:

	2010 \$'000	2009 \$'000
	▼	▼
Current (not yet due)	281	153
Past due by up to 30 days	305	439
Past due between 31 and 180 days	360	80
Past due between 181 and 365 days	260	261
Past due by more than 1 year	200	153
Total Trade & Other Receivables	1,406	1,086

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 Reserve Bank of Australia):

- A parallel shift of +2% and -1% in market interest rates (AUD) from year-end rates of 6%(4% 2008/09).

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%		2%	
		100	basis points	200	basis points	
		Profit	Equity	Profit	Equity	
		\$'000	\$'000	\$'000	\$'000	
2010						
Financial assets:						
	Cash and cash equivalents	7,698	(77)	(77)	154	154
	Trade and other receivables	1,339	(13)	(13)	27	27
Financial liabilities:						
	Interest-bearing loans and borrowings	2,280	(23)	(23)	46	46
Market risk exposure		Interest rate risk				
		Carrying amount subject to interest	-1%		2%	
		100	basis points	200	basis points	
		Profit	Equity	Profit	Equity	
		\$'000	\$'000	\$'000	\$'000	
2009						
Financial assets:						
	Cash and cash equivalents	7,286	(73)	(73)	146	146
	Trade and other receivables	1,019	(10)	(10)	20	20
Financial liabilities:						
	Interest-bearing loans and borrowings	1,144	(11)	(11)	23	23

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Auditors' remuneration

	2010 \$'000	2009 \$'000
Audit fee to conduct external audit - Victorian Auditor-General	25	24
Internal audit fees	27	12
	52	36

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Events occurring after balance date

There have not been any material events that have occurred after balance day.

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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:

Councillors

Councillor D Clark Mayor

Councillor R Vance

Councillor A Carson

Councillor M O'Connor

Councillor J Quinn

Chief Executive Officer

Stephen Cornish

Related party transactions (cont.)

(ii) Remuneration of Responsible Persons

			2010 No.	2009 No.
The numbers of Responsible Officers, whose total remuneration from Council and any related entities fall within the following bands:	\$0	-	\$9,999	-
	\$10,000	-	\$19,999	3
	\$30,000	-	\$39,999	2
	\$160,000	-	\$169,999	-
	\$170,000	-	\$179,999	1
			6	10
Total Remuneration for the reporting year for Responsible Persons included above amounted to:			\$299,000	\$273,000

(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 (2008/2009 - Nil).****(v) Other Transactions**

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 (2008/2009 - 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 \$120,000 (2008/2009 - \$100,000).

Income Range:			No.	No.
	\$110,000	-	\$119,999	-
The number of Senior Officers other than the Responsible Persons, are shown below in their relevant income bands:	\$120,000	-	\$129,999	1
			1	2
Total Remuneration for the reporting year for Senior Officers included above, amounted to:			\$122,000	\$273,000

	Road Infrastructure		Community Infrastructure		Community Wellbeing		Growth & Employment Development		Governance & Community Leadership		Organisational Development		Environment		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
REVENUE																
Grants	3,456	8,362	1,262	600	905	1,266	54	29	-	-	2,444	2,872	231	75	8,352	13,204
Other	102	127	103	100	289	220	282	139	-	-	5,960	5,380	876	825	7,612	6,791
TOTAL	3,558	8,489	1,365	700	1,194	1,486	336	168	-	-	8,404	8,252	1,107	900	15,964	19,995
EXPENSES	1,887	1,798	800	900	1,985	1,868	947	804	946	900	7,347	6,699	1,518	1,342	15,430	14,311
Comprehensive Result																
Surplus / (Deficit)	1,671	6,691	565	(200)	(791)	(382)	(611)	(636)	(946)	(900)	1,057	1,553	(411)	(442)	534	5,684
ASSETS ATTRIBUTED TO FUNCTIONS / ACTIVITIES*	194,154	209,836	1,468	1,401	3,471	3,394	1,532	1,581	9,323	8,762	249	221	509	521	210,706	225,716

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

Road Infrastructure

To maintain a safe and effective road system that caters for all road users within the shire.

Community Infrastructure

To provide safe, well maintained and functional assets to support communities.

Community Wellbeing

To enhance the quality of life by building connected, active and resilient communities.

Growth & Employment Development

To develop the local economy and increase the population of the Pyrenees Shire.

Governance & Community Leadership

To provide leadership for the community and advocate on its behalf to improve the economic, social and environmental wellbeing of the Pyrenees Shire.

Organisational Development

To ensure the organisation is financially sustainable and has the capacity and capability to meet current and future needs.

Environment

To show effective leadership in the management of the natural and built environments.

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Capital Expenditure

Capital Expenditure Areas	Note	2010 \$'000	2009 \$'000
		▼	▼
Land improvements		380	416
Roads		4,230	7,152
Buildings		553	716
Plant, equipment and other		436	686
Total capital works		5,598	8,970
Represented by:			
Renewal		4,246	2,848
Upgrade		478	4,569
New assets		874	1,553
Total capital works		5,598	8,970

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		5,598	8,970
Asset revaluation movement	22(a)	(15,584)	-
Depreciation and amortisation	10	(5,024)	(4,845)
Written down value of assets sold	7	(767)	(319)
Net movement in property, plant & equipment	19	(15,777)	3,806

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Financial ratios

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

Debt servicing costs	77	0.48%	62	0.31%	76	0.52%
Total revenue	15,964		19,995		14,674	

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	231	3.77%	121	2.16%	243	4.68%
Rate revenue	6,135		5,595		5,192	

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	6,135	38.43%	5,595	27.98%	5,192	35.38%
Total revenue	15,964		19,995		14,674	

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	4,532	14.73%	4,492	14.46%	3,217	11.53%
Total realisable assets	30,761		31,070		27,907	

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	9,252	401.21%	8,487	252.82%	5,360	241.12%
Current liabilities	2,306		3,357		2,223	

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

The following Section 86 Committees of Council have been consolidated into this financial report

- * Goldfields Recreation Reserve Committee of Management
- * Beaufort Community Bank Complex

The following Section 86 Committees of Council have not been consolidated into this financial report as the annual turnover of these committees is minor and are not considered material in the context of this financial report.

Brewster Hall Committee

Snake Valley Hall Committee

Lexton Community Centre

Landsborough Swimming Pool/Caravan Park

Waubra Sporting Complex

Beaufort Mechanics Institute

Pyrenees Review Board

Landsborough Community Resource Centre

Beaufort Community Resource Centre

Certification of the Financial Report

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 2010, 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.



Rhonda Livingston
Principal Accounting Officer

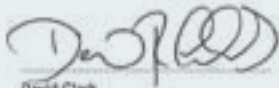
Dated at Beaufort this 7th day of September 2010

STATEMENT BY COUNCELLORS and CHIEF EXECUTIVE OFFICER

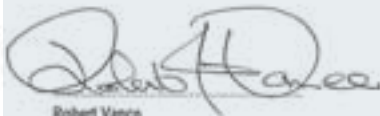
In our opinion the accompanying financial statements present fairly the financial transactions of Pyrenees Shire Council for the year ended 30 June 2010 and the financial position of the Council as at that date.

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.

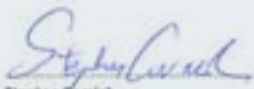
We have been authorized by the Council on 17th August 2010 to certify the financial statements in their final form.



David Clark
Mayor



Robert Vance
Councillor



Stephen Cornish
Chief Executive Officer

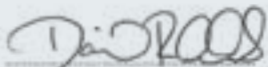
Dated at Beaufort this 7th day of September 2010

PYRENEES SHIRE COUNCIL
Performance Statement
for the year ended 30th June 2010

Council Approval of the Performance Statement

In our opinion, the accompanying performance statement of the Pyrenees Shire Council in respect of the 2009/2010 financial year is presented fairly 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.



David Clark
Mayor



Robert Vance
Councillor



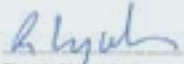
Stephen Cornish
Chief Executive Officer

Dated at Beaufort this 7th day of September 2010

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 2010 have been prepared on accounting bases consistent with the annual financial report and in accordance with the Local Government Act 1999, the Local Government (Finance and Reporting) Regulations 2004, and other mandatory professional reporting requirements.



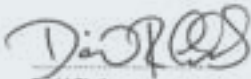
Rhonda Livingston
Principal Accounting Officer

Dated at Beaufort this 7th day of September 2010

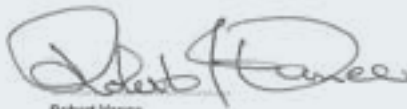
STATEMENT BY COUNCILLORS and CHIEF EXECUTIVE OFFICER

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 2010 and the financial position of the Council as at that date.

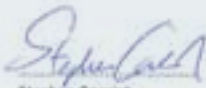
As at the date of signing, we are not aware of any circumstances which would render any particulars in the financial report to be misleading or inaccurate.



David Clark
Mayor



Robert Vance
Councillor



Stephen Cornish
Chief Executive Officer

Dated at Beaufort this 7th day of September 2010

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Pyrenees Shire Council

The Financial Report and Standard Statements

The accompanying financial report for the year ended 30 June 2010 of Pyrenees Shire Council which comprises of comprehensive income statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the Certification of the Financial Report has been audited.

The accompanying standard statements for the year ended 30 June 2010 of the 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 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 the internal control relevant to the entity's preparation and fair presentation of the financial report and standard statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates made by the Councillor's, as well as evaluating the overall presentation of the financial report and standard statements.

Independent Auditor's Report (continued)

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

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

This auditor's report relates to the financial report and standard statements published in both the annual report and on the website of Pyrenees Shire Council for the year ended 30 June 2010. The Councilor's of Pyrenees Shire Council are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. 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 Pyrenees Shire Council website.

Independence


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

Auditor's Opinion

In my opinion:

- (a) the financial report presents fairly, in all material respects, the financial position of Pyrenees Shire Council as at 30 June 2010 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Local Government Act 1989*.
- (b) The standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in note 1 to the statements and comply with the requirements of the *Local Government Act 1989*.

MELBOURNE
9 September 2010


D D R Pearson
Auditor-General

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Pyrenees Shire Council

The Performance Statement

The accompanying performance statement for the year ended 30 June 2010 of 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 Pyrenees Shire Council are responsible for the preparation and fair presentation of the performance statement in accordance with the *Local Government Act 1989*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the performance statement that is free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Matters Relating to the Electronic Presentation of the Audited Performance Statement

This auditor's report relates to the performance statement published in both the annual report and on the website of Pyrenees Shire Council for the year ended 30 June 2010. The Councillors are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. 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 Pyrenees Shire Council website.

Independent Auditor's Report (continued)

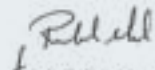
Independence

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

Auditor's Opinion

In my opinion, the performance statement of Pyrenees Shire Council in respect of the 30 June 2010 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

MELBOURNE
9 September 2010


D D R Pearson
Auditor-General

GLOSSARY

Auditor General

An independent officer of the Parliament, appointed under legislation to examine and report to Parliament and the community on efficient and effective management of public-sector resources, and provide assurance on the financial integrity of Victoria's system of government.

Capital Works

Work undertaken on Council-owned assets.

Code of Conduct

A statement of how the councillors will interact and work with colleagues and the community.

Community Satisfaction Survey

An independent, annual survey of community satisfaction, jointly sponsored by the Department of Planning and Community Development and local governments.

Council Plan

A document that guides the organisation's strategic direction for a four-year period.

Financial Year

This report is for the period 1 July 2008 to 30 June 2009.

Governance

Taking responsibility for the economic and ethical performance of the municipality, the underlying principles of which are openness, inclusion, integrity and accountability.

HACC

Home and Community Care services

Infrastructure

The basic facilities required for the functioning of the community. This includes roads, bridges, footpaths, public facilities and buildings.

Internal Audit

An independent appraisal function that examines and evaluates Council's financial, management and internal control systems.

Workcover

The Victorian Workcover Authority is the regulator of Victoria's workplace health and safety system.

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