

2011/12 ANNUAL REPORT

PYRENEES
— S H I R E —



OUR VISION

We want the Pyrenees area to be a healthy, vibrant, prosperous and connected community.

OUR MISSION

To achieve this, Pyrenees Shire Council will:

- Provide quality road and built infrastructure for the community;
- Work with others to provide services to maintain the wellbeing of the community, and
- Operate an efficient, forward looking organisation.

GUIDING PRINCIPLES

To achieve this, Pyrenees Shire Council will:

- **ACCESSIBILITY AND RESPONSIVENESS**
Ensure access to services is equitable. Respect our communities and respond in a timely manner.
- **INTEGRITY AND ACCOUNTABILITY**
Operate honestly and openly, serving the best interests of our greater community at all times. Be accountable for our actions and decisions. Actively seek ideas and responses from our community.
- **STANDARDS FOR COUNCIL ACTIVITY**
Be guided by written policies, maintain quality, safety and environmental certification, work with our communities to manage and adapt to risk.



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PYRENEES
— S H I R E —



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Three strong elements make up the Pyrenees Shire Council logo: wool, the Pyrenees mountain range and wine. The logo embraces all three images in an elegant and stylised representation, intertwining as a consolidated unit.





PURPOSE OF THIS REPORT

This Annual Report informs the Pyrenees community and stakeholders about Council's performance for the financial year 1 July, 2011 to 30 June, 2012.

Performance is measured against Council's strategic goals and objectives through a sustainable approach to achieving the community's vision for our shire.

As outlined on page 7 of this report, Council's strategic framework is based on the following key areas:

- Road Infrastructure
- Community Infrastructure
- Community Wellbeing
- Growth and Employment Development
- Governance and Community Leadership
- Organisational Development
- The Environment

This report includes Council's audited financial statements, an audited performance statement, the Victorian Local Government Indicators and other details as required by the *Local Government Act 1989*.

To reduce environmental impact, a limited number of printed copies of this Annual Report have been produced. Residents and interested parties are encouraged to access the report via Council's website, www.pyrenees.vic.gov.au

Electronic copies are also available on CD and can be obtained by contacting Customer Services on (03) 5349 1100.



SHIRE PROFILE

LOCATION

Pyrenees Shire is in the Central West of Victoria, about 130 kilometres north west of Melbourne. It is heavily dependent on primary industry and is renowned for its wool, viticulture and forestry industries. 30% of the workforce is involved in agriculture. Key areas of production are wool, cereal, hay crops and meat. Grape and wine production has recently expanded significantly. Gold, along with sand, gravel and slate all contribute to the economy.

CHARACTERISTICS

The Pyrenees Shire comprises an area of nearly 3,500 square kilometres and a population of 6,885 residents. The Shire takes its name from the ranges in the north that hold similarity to the Pyrenees Ranges in Europe.

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.

Tourism is ever growing throughout the region. 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.

In addition to the sporting opportunities, the Pyrenees is known for its wineries and culinary delights. Farmers markets are a popular attraction, as are the region's antique fairs, picnic horse races and music festivals.

PYRENEES

SHIRE

ABOUT US

Pyrenees Shire Council was established by an Order of the Governor in Council on 23 September 1994 and operates in accordance with the *Local Government Act 1989*, as amended by the *Local Government (Democratic Reform) Act 2003*.

The role of Council is to:

- Act as a representative government by taking into account the diverse needs of the local community in decision-making
- Provide leadership by establishing strategic objectives and monitoring their achievement
- Maintain the viability of the Council by ensuring that resources are managed in a responsible and accountable manner
- Advocate the interests of the local communities to other communities and governments
- Act as a responsible partner in government by taking into account the needs of other communities
- Foster community cohesion and encourage active participation in civic life.

The Council comprises five elected representatives who are supported by an organisation of 112 staff and many dedicated volunteers, including members of Council Advisory Committees and Committees of Management.

STRATEGIC FRAMEWORK

The Council Plan 2009–2013 is the primary vision and planning document on which Council broadly bases its decisions. The Plan contains 50 specific initiatives under the following seven themes:

- **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, functional and well utilised assets to support communities.
- **COMMUNITY WELLBEING**
To enhance the quality of life of residents by building connected, active and resilient communities.
- **GROWTH AND EMPLOYMENT**
To develop the local economy and increase the population of the Pyrenees Shire.
- **GOVERNANCE AND 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 to meet current and future needs.
- **THE ENVIRONMENT**
To show effective leadership in the management of the natural and build environments.

STRATEGIC PLANNING FRAMEWORK

The Strategic Resource Plan, which flows from the Long Term Financial Plan, summarises the financial and non-financial impacts of Council's objectives and strategies and determines the sustainability of these objectives and strategies.

The Annual Budget is then framed within this plan, taking into account the activities and initiatives included in the Annual Budget which contribute to achieving the objectives specified in the Council Plan.



MAYOR'S REPORT

CR JOHN QUINN

As Mayor during the 2011/12 financial year, we have experienced a number of achievements and challenges.

ACHIEVEMENTS

The following achievements included:

- The cohesion and camaraderie demonstrated by our Councillors
- The excellent working relationship between Councillors and all levels of our Council staff
- The sterling efforts by our CEO and senior staff in sourcing vital funding for Council projects
- Undertaking capital projects which make our Shire a better place and which will attract more residents and more investment including:
 - My personal favourite, the Avoca Family & Children's Centre
 - Correa Park Land Development in Beaufort
 - Landsborough Water Supply
 - Snake Valley and Waubra Sewerage
 - Second stage of the Avoca Industrial Park
 - Beaufort Railway culvert replacement/upgrade

Another major achievement was finally getting on top of the repairs to roads, bridges and culverts throughout the Shire caused by the devastating floods of the previous year. Our Shire staff, especially the engineering, planning and works people, suspended normal activity to concentrate on flood rehabilitation projects.

In many cases, the Shire will be better off due to the floods with some old and somewhat dilapidated, infrastructure replaced with new and more up-to-date structures, e.g. the 19th Century Back Amphitheatre Road bridge, the Avoca Recreation Reserve playing areas and buildings, and the Lexton and Natte Yallock Recreation reserves.

PYRENEES

SHIRE



CHALLENGES

During the year, some of our challenges included:

- Continuing concerns about the Waubra and, soon to be started, Stockyard Hill wind farms
- Our continuing endeavour to keep the rate burden on Shire residents as low as possible and consistent with funding the necessary services that our people require
- Getting our wineries to work together and with various business associations and tourism structures
- Maintaining and improving our ratings in the annual Community Satisfaction Survey
- Continue the pressure on State and Federal Government entities for a final and definite route for the Beaufort bypass

THE FUTURE

- The Southern part of our Shire to benefit from the expected four-lane highway direct to the expanding Ballarat West Employment Zone
- A greater effort to attract younger families and indeed new residents to our Shire
- Smaller towns to be sewerred e.g. Lexton
- Train and retain our dedicated and knowledgeable staff

On a personal note, I have taken the difficult decision after much soul-searching to not stand again in the upcoming Council Elections. Judy and I came to Avoca to retire and enjoy life together among a very welcoming community and I have found that being totally committed to my three years as a local Councillor and one year as Shire Mayor, we do not have the time to relax and enjoy life as we wish to.

I would like to sincerely thank the people of the Avoca Ward for the faith they showed in electing me as a relative newcomer to the area in October 2008. I would also like to take this opportunity to thank my fellow Councillors for the honour they conferred on me as Mayor of our great Shire - it will long live in my memory.

To our CEO and all our staff, thank you so much for the guidance and assistance you have so unstintingly provided and I would be remiss in not specifically mentioning Council's Personal Assistant, Mrs Pam Burns who does so much for the Council behind the scenes.

COUNCILLOR PROFILES



CR DAVID CLARK

P 0417 374 704 | E mitchell@pyrenees.vic.gov.au

FIRST ELECTED: 1996, re-elected November 2008

TERM EXPIRES: 27 October 2012

WARD: Mitchell

POPULATION: 1334

Cr David Clark and his wife Peta operate a mixed farming property at Glenbrae, in the centre of the Mitchell Riding. At Waubra, David is involved with the Wind Farm Community Fund and the CFA. He works for Landcare and is part of the community co-operative that operates the Lexton Post Office and Store.

Cr Clark was a Councillor in the Pyrenees Shire from 1996 - 2004, and was Mayor in 1999, 2003-04 and 2010. Cr Clark is the Rural South Central Representative on the Municipal Association of Victoria.

ACHIEVEMENTS

- Flood damaged bridge work complete in Glenbrae, Langi Kal Kal areas
- Repair southern section of Blackbottom Rd
- Drainage and clean up works for flood mitigation in Waubra and Lexton
- Facilities redevelopments for Lexton and Waubra Recreation Reserves and planned for the Evansford Community Centre

CHALLENGES

- Flood damaged bridge work not yet complete in Brewster, Raglan and Amphitheatre
- Better gravel road management outcomes for the area
- Impact of potable water supply regulations on development in the Lexton, Waubra, Evansford areas
- Ongoing non resolution of noise complaints relating to the operation of the Waubra Wind Farm
- Non completion of Waubra Sewerage project

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CR MICHAEL O'CONNOR

P 0437 662 295 | E beaufort@pyrenees.vic.gov.au

FIRST ELECTED: November 2008

TERM EXPIRES: 27 October 2012

WARD: Beaufort

POPULATION: 1238

Cr Michael O'Connor's professional background is in personnel, training and development in a wide range of industries.

Cr O'Connor moved to the Pyrenees Shire in January 2000 and lives at Waterloo, where he runs a small farm and is actively involved in the CFA and Landcare. Since joining the Council, Cr O'Connor has served as a Director of the Highlands Regional Waste Management Association and is currently a member of the Beaufort Secondary College school council. He is married to Judy and has four adult children.

ACHIEVEMENTS

- Preschool Infrastructure
- Correa Park Residential Land Development
- Snake Valley Sewerage Scheme
- Implementation of Healthy Living Programmes

CHALLENGES

- Industrial Land Development
- Planning - Wind Farms
- Funding
- Health and Wellbeing of the Community



CR ROBERT VANCE

P 0447 384 500 | E warrenmang@pyrenees.vic.gov.au

FIRST ELECTED: 1987

TERM EXPIRES: 27 October 2012

WARD: Warrenmang

POPULATION: 1359

Cr Robert Vance started his career in local government with the Avoca Shire Council, where he served from 1987 to 1994, including one term as Mayor. He joined the post amalgamation Pyrenees Shire Council in 1996 when he was the Warrenmang Ward Councillor from 1996 until 2002, and was Mayor in 1997-98.

Cr Vance returned to Council again to represent the Warrenmang Ward in March 2008, and was Mayor in 2008-09. Cr Vance represents Council on the Asset Management Committee, Municipal Fire Prevention, Central Victorian Green House Alliance and Timber Towns. Cr Vance offers good honest representation and enjoys meeting with the different committees from the smaller towns across Warrenmang Ward.

Cr Vance is a farmer in Landsborough and is married to Jan.

ACHIEVEMENTS

- Completion of Glenlofty Bridge
- Construction and sealing of Raglan/Elmhurst Road
- Completion of Desal Plant
- Landsborough Water Supply
- Increase in Community Satisfaction - Council Performance

CHALLENGES

- Flood Damage
- Reinstatement of Flood Damage in a timely manner
- Budget
- Maintaining a 5.5% budget increase

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SHIRE



CR ALEC CARSON

P 0439 571 480 | E goldsmith@pyrenees.vic.gov.au

FIRST ELECTED: February 2009
TERM EXPIRES: 27 October 2012
WARD: Goldsmith
POPULATION: 1352

Cr Alec Carson comes from a farming background. He enjoys cricket and cooking. Alec is a long time St Kilda supporter. Alec and his wife Shirley first moved to Snake Valley in 1978. After a 15 year break in Melbourne to pursue their respective careers, Alec and Shirley returned to Snake Valley in 2003 for their final tree change.

Cr Carson's current community involvement includes running the local Snake Valley website, member of the Snake Valley CFA, treasurer of the Snake Valley Hall Committee of Management, assistant coach of the Carngham Crocs Under-14 Cricket team, assisting local businesses to develop websites and providing computer software training to residents at the resource centre.

ACHIEVEMENTS

- Securing funding to upgrade the culverts under the Ballarat-Ararat railway line at Beaufort
- Near completion of the Snake Valley Sewerage project
- Flood recovery works associated with both community facilities and road infrastructure
- Securing of funding for Avoca Family and Children's Centre

CHALLENGES

- Coordinated local and State government response to noise complaints from wind farms
- Developing the transport and residential infrastructure required to attract and retain residents
- Ongoing funding to ensure financial viability and ability to maintain conformance asset renewal program
- Quality of unsealed road network
- Access to broadband internet and mobile phone reception for unserved areas



CEO'S REPORT

STEPHEN CORNISH

It is with pleasure that I reflect and report on the activities of our Shire for the 2011/12 financial year.

While we have achieved much over the past 12 months there have also been some disappointments and times when we have not achieved what we would have wished. Despite this the Shire is in a healthy financial position which bodes well for an exciting and progressive future for all our residents.

ACHIEVEMENTS

Returning our communities to their pre-flood condition in a timely and cohesive fashion has proven a major challenge; a challenge which the Shire has shouldered with great success. Our commitment to flood recovery has enabled completion of the majority of works with the remainder to be finished next financial year. It will also see us take steps to protect our communities from any such future events.

This Council has focused strongly on preparing our Shire for the years ahead with projects such as the completion of Stage 1 of the residential land development at Correa Park and Stage 3 of the industrial estate at Avoca and completing 80% of the Snake Valley Sewerage Scheme.

Strategic planning has also been a major consideration with our involvement in developing the Central Highlands Growth Plan and Central Highlands Transport Plan, the update of the Small Town Enhancement Project (Central Highlands), enhancement of Community Action Plans for 16 townships/locations, a review of the Grampians Tourism Plan, a new Pyrenees Shire Tourism Plan and an improved communication strategy for the Shire.

PYRENEES

SHIRE



Along with this we have campaigned for and received funding for two critical projects - the Avoca Family and Children's Centre valued at \$1.5m and the Beaufort Flood Mitigation Works (railway culverts) valued at \$3.0m. A great achievement indeed.

CHALLENGES

Financial stability remains Council's major challenge, especially in light of the Whelan Report which provided criteria for assessing the sustainability of councils, i.e. providing the required range and level of services, levying rates at equitable levels based on the community's capacity to pay.

As a Council we are acutely aware of the tough economic times faced by our ratepayers and must therefore weigh up carefully our capacity to continue to raise rates in the long term against the rural community's ability to pay.

Not achieving funding for the detailed planning study of the Beaufort bypass was a major blow but we will continue to take representations on this issue to State and Federal governments.

Other challenges still confronting us are improved telecommunications via a mobile phone tower at Moonambel and natural gas for Avoca.

Results of our Community Satisfaction Survey (Department of Planning and Community Development) 2012 for advocacy/communication were a major disappointment and this is an area we are working hard to rectify – hopefully the results for the next 12 months will show a major improvement.

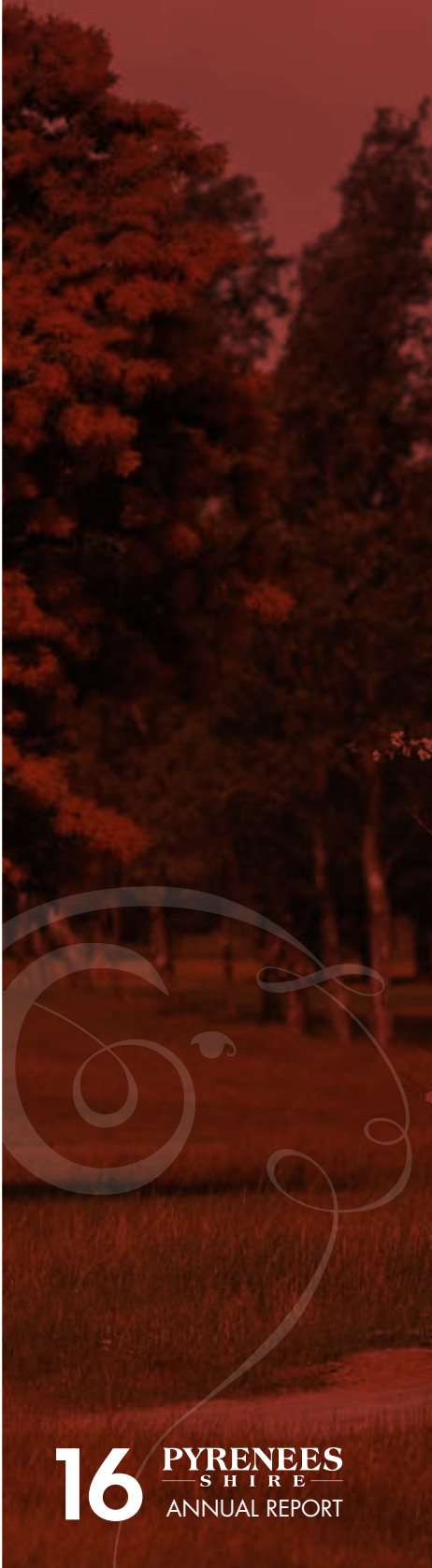
Development in potable water supply catchments and our responsibility for the enforcement and administration of wind farms are other issues confronting the Shire.

Ratepayers can be reassured that Council is committed to tackling all these issues for the betterment of individual ratepayers and the Shire as a whole.

FUTURE

Developments in the Beaufort and Snake Valley areas as part of Central Highlands regional strategy and a planned development in the Lexton/Waubra area auger well for the Pyrenees Shire.

However, to make the most of such developments we, as a whole, must focus on developing the social and community structures, infrastructure and communications that will attract more young families and home-based businesses to our Shire. It is these families and businesses that will allow us to continue to flourish.



OUR EXECUTIVE MANAGEMENT TEAM



STEPHEN CORNISH
DIP CE, GRAD DIP MUNICIPAL ENGINEERING
CHIEF EXECUTIVE OFFICER

Stephen Cornish has been involved in local government in the Ballarat area for more than 30 years.

Stephen joined Pyrenees Shire Council in May 1995 as the Director Assets and Infrastructure, and was appointed Chief Executive Officer in November 1999.

Stephen is responsible for the day-to-day operations of Council in accordance with the Council plan, and in the implementation of Council decisions. His responsibilities also include quality assurance, tourism and economic development.



TERRY MATHEWS
BACHELOR ECONOMICS, CPA
DIRECTOR CORPORATE AND COMMUNITY SERVICES

Terry joined Pyrenees Shire Council in 2008. Terry was appointed Director Corporate and Community Services in March 2012. He has worked in the local government sector for 30 years, most recently and in recent years at Northern Grampians Shire Council, Borough of Queenscliffe and Darwin City Council.

Terry is responsible for the strategic management of the Corporate and Community Services Department, which includes finance and administration, information technology, governance, human resources, customer services and community wellbeing.



ANDREW LEACH
GRAD CERT BUSINESS TECHNOLOGY, DIP BUSINESS
DIRECTOR ASSETS AND DEVELOPMENT

Andrew joined Pyrenees Shire Council in January 2007 and has over 26 years experience in local government. He has held senior positions in infrastructure areas at both Pyrenees and Ballarat. Andrew was appointed Director in September 2008.

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

THE YEAR IN REVIEW

JULY

- Council launches “Healthy Community Champions” program as part of the Healthy Communities Initiative.
- Council hosts a small business workshop in Avoca to assist small businesses in maximizing their websites.
- Minister for Local Government, Jeanette Powell announces \$200,000 for Pyrenees Shire Council under the Flood Clean Up Fund.
- Council adopts an Environmental Sustainability Strategy.
- Pyrenees Shire hosts the annual Wimmera Bands Group Music School Camp in Beaufort.
- Avoca’s newly refurbished Information and Community Centre is officially opened by Member for Western Victoria, David O’Brien.

AUGUST

- Council welcomes the State Government decision to withdraw its proposed cuts to libraries.
- Beaufort Kindergarten relocates to the new purpose-built Children’s Hub.
- Council hosts the Victorian Parliamentary Inquiry into the January floods in Beaufort.
- Council conducts a public meeting in Beaufort to update the community on flood mitigation works.
- In-venue Family Day Care is launched at Crossroads providing quality, childcare services for local families.

SEPTEMBER

- Council announces funding of \$26,000 for 18 not-for-profit community groups for flood recovery projects within the Shire.
- Council awards \$1.6 million in contracts for significant flood repair works in the Shire.
- Council is advised that its application for funding to the Commonwealth Government for the \$1.5 million development of the Avoca Family and Children’s Centre is not successful.
- Council hosts a Community Wellbeing Forum in Beaufort with renowned trauma specialist Dr. Rob Gordon, as part of its Flood Recovery Plan.
- Council agrees to transfer the former Elizabeth Watkin Kindergarten site in Beaufort to Ambulance Victoria for the development of a new Ambulance Station.
- Council welcomes the State Government funding announcement for Flood Studies in the Shire.

OCTOBER

- Red Cross volunteers visit flood impacted residents across the Shire offering personal support as part of Council’s Flood Recovery Plan.
- Mayor, Cr. Michael O’Connor officially opens the Avoca Men’s Shed.
- Chief Executive Officer, Stephen Cornish and Mayor, Cr Michael O’Connor travel to Canberra as part of a regional local government delegation to meet with various Government Ministers regarding road and infrastructure funding.
- Pyrenees Shire Council celebrates local businesses success in the Powercor Grampians Pyrenees Business Achievement Awards.
- Council secures \$600,000 from the State Government for an innovative bio-energy project.
- Robin Davis, a long term employee of Council, is acknowledged by Council for his 30 years of service to Council.
- Council announces nine Neighbourhood Safer Places.

NOVEMBER

- State Government Minister for Ageing, David Davis announces funding of \$100,000 to Council for the new "Improving Livability for Older People Initiative".
- Minister for Sport and Recreation, Hugh Delahunty announces \$60,000 funding for the construction of netball courts at the Carngham Reserve.
- Council welcomes announcement of \$2.3 million in Flood Recovery Funding for eight recreation reserves and community facilities.
- Thirteen community groups benefit from funding of \$11,885 under Council's Community Grants program.
- Council launches "Art of Ageing" Community forums in Avoca and Beaufort as part of its Positive Ageing Strategy.

DECEMBER

- Cr John Quinn is elected Mayor of the Pyrenees Shire Council at the Statutory Meeting in Lexton.
- Council's Community Liaison Officer hosts a Youth FReeZa event "Rock the Valley" at the Snake Valley Hall.
- Minister for Sport and Recreation, Hugh Delahunty announces \$100,000 funding for upgrades of the Avoca and Beaufort Swimming Pools.
- Parts of the Shire including the North Western area experience a severe weather event with up to 91 millimetres of rain falling in a 24-hour period.

JANUARY

- Councillors meet with Minister for Planning, Matthew Guy to discuss a number of planning issues, in particular wind farms.
- Former Chief Police Commissioner, Christine Nixon provides the key note address at the Snake Valley Australia Day celebrations.

FEBRUARY

- Council forms a sister-city relationship with Moonee Valley City Council to develop supportive relationships focused on economic and community wellbeing.
- Minister for Children and Early Childhood Development, Wendy Lovell officially opens Beaufort's new \$1.5 million Children's Hub.
- Council adopts the Pyrenees Shire Tourism Strategy 2012 - 2014.
- Council hosts "Smart Farms" at the Natte Yallock Recreation Reserve.

MARCH

- Council establishes a Working Party to address concerns over the proposed Stockyard Hill Wind Farm.
- The Victoria Concert Orchestra performs at Cave Hill Creek, a free community event as part of Council's Flood Recovery Anniversary events.

- Mayor, Cr John Quinn officially opens the \$1.1 million Glenlofty Bridge which was severely damaged in the January 2011 floods.
- The Avoca Community Food Pantry is extended to Landsborough.
- Council approves a \$440,000 contract to develop a new amenities block at the Avoca Caravan Park.
- Council hosts a New Resident Welcome event in Beaufort attracting 20 new residents.

APRIL

- New Library Services are launched in Snake Valley, Lexton and Landsborough.
- Funding is announced from the Flood Community Recovery Fund of \$125,800 for new netball courts at the Goldfields Recreation Reserve.
- Twenty-seven new residents from Avoca and district participate in the New Resident Welcome event at Avoca.
- Council adopts revised Council Plan.

MAY

- 51 tonnes of hard waste is collected in Avoca and Beaufort.
- Council adopts Municipal Fire Management Plan.
- Council in conjunction with the Pyrenees Review Board conducts Pyrenees Volunteers Event at Amphitheatre to recognise the significant contribution volunteers make to our communities.
- Community Food Pantry officially opens at the Beaufort Community Resource Centre.
- Beaufort Girl Guides together with Council host the inaugural "Longest Afternoon Tea" in the Beaufort Library.
- Minister for Children and Early Childhood Development, Wendy Lovell announces \$529,901 in funding towards the \$1.5 million Avoca Family and Children's Centre.

JUNE

- Beaufort Economic Growth project receives \$3 million from the State Government
- Council's Economic Development unit hosts small business workshops in Beaufort and Avoca.
- Council in conjunction with Grampians Tourism hosts a free community workshop – Successful Community Events.
- Council adopts 2012/2013 Annual Budget.
- Council resolves to re-activate the Road Management Plan following extensive repairs to the road network after 2011 floods.
- More than 20 community groups share in \$21,000 in funding through Council's Community Grants program.



COMMUNITY INFRASTRUCTURE

"The major road works were completed within budget with an excellent result for road users. A significant amount of time and effort remains committed to flood repair works on infrastructure throughout the Shire with \$15M spent thus far on flood works alone. Bridges at Mount Emu, Glenlofty and Amphitheatre were completed."



COMMUNITY INFRASTRUCTURE

Capital works is one of Council's largest areas of responsibility and accounts for a significant portion of the annual budget.

Through its capital works program, Council aims to meet the road infrastructure needs of the community; maintain Council assets; and raise income for new assets when required.

The priorities of the program are to manage Council assets in a strategic manner; provide a safer road network and maximise the funding obtained for roads.

The following works were programmed to be completed in the year;

- Reconstruction of 2.6km of the Moonambel Natte Yallock Road
- Construction of 3.5km of the Raglan Elmhurst Road
- Road safety treatments along Main Lead Road
- Construction of Waubra Community Hub

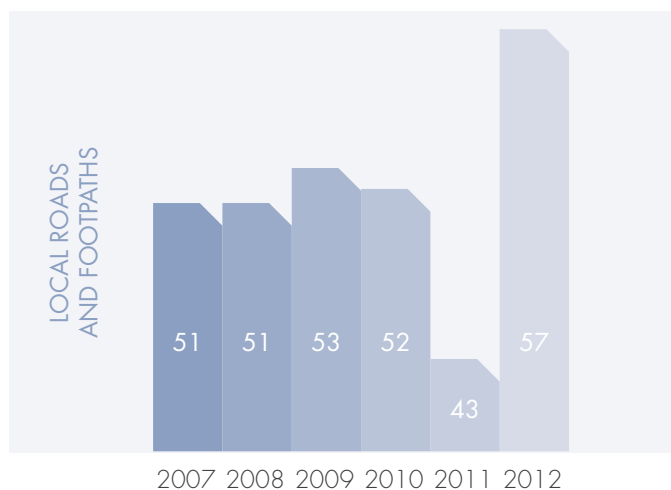
The major road works were completed within budget with an excellent result for road users. A significant amount of time and effort remains committed to flood repair works on infrastructure throughout the Shire with \$15M spent thus far on flood works alone. Bridges at Mount Emu, Glenlofty and Amphitheatre were completed. Waubra Community Hub building was completed.

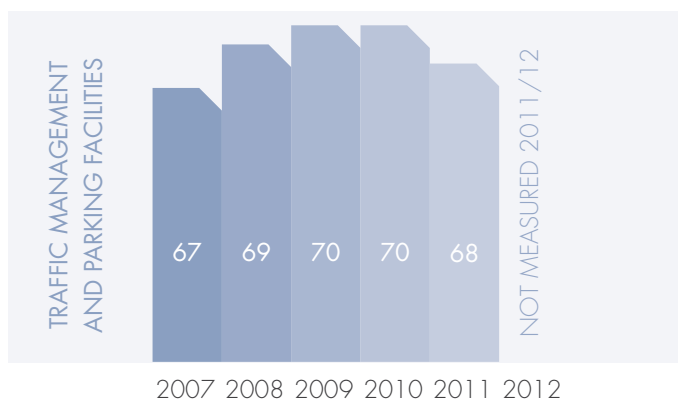
There was a delay in minor flood works throughout Beaufort due to the availability of contractors to undertake the works within allocated budgets. The external works at Waubra Hub were suspended due to weather conditions and contractor availability.

Major road works were delivered by Pyrenees Works Group and the quality results were outstanding. The works undertaken in securing funding from the State Government for flood recovery works has been diligent and resulting in Council being able to undertake appropriate works.

The coming 12 months will see works concentrate on the completion of two bridges and 10 major culverts, removal of 500 fallen and dangerous trees, repair of sealed and unsealed road drains, minor culverts and shoulders. Also programmed are flood works in four sites in Beaufort along with construction of another section of Vinoca Road Avoca, Beaufort Carngham Road and Carngham Linton Road.

2012 LOCAL GOVERNMENT COMMUNITY SATISFACTION SURVEY RESULTS - COUNCIL'S PERFORMANCE





The Department of Planning and Community Development Annual Community Satisfaction Survey no longer seeks comment on Traffic Management and Parking Facilities.

The 2012 Satisfaction Survey now invites comment in relation to Maintenance of Unsealed Roads. The Pyrenees Index Score was 47 for performance and 82 for importance.

ROADS AND COMMUNITY INFRASTRUCTURE - ACHIEVEMENTS, CHALLENGES AND THE FUTURE

	ACHIEVEMENTS	CHALLENGES	THE FUTURE
CAPITAL WORKS	<p>Completion of Road Projects</p> <ul style="list-style-type: none"> Raglan Elmhurst Road Moonambel Nattie Yallock Road Road Re-seal Program Main Lead Road 	<p>Undertaking the works through wet conditions as projects had to be suspended so at various times. Securing suitable civil contractors as flood recovery works created a demand for contractors in the region. Ensuring that environmental legislation was considered and adhered to in all projects and works.</p>	<p>Council working within a regional collaborative contract for provision of civil works such as re-sealing. Concentrating on proactive works rather than reactive flood repair works.</p>
ROADS AND COMMUNITY INFRASTRUCTURE	<p>Construction of the Snake Valley sewerage system infrastructure to allow for the further development, and improved health and wellbeing, of the Snake Valley township.</p> <p>Completion of the Beaufort Children's Hub in the education precinct adjacent to Beaufort High School.</p> <p>Securing funding for the Avoca Family and Children's Centre to allow for a modern facility to be constructed on the site of the existing building.</p>	<p>The ability to keep the community informed of the progress of projects and maintain open channels of communication.</p> <p>Working with external authorities such as Department of Sustainability and Environment, VicTrack, Catchment Management Authorities and Central Highlands Water to gain approvals to undertake works under their jurisdiction.</p>	<p>The project managing of major infrastructure renewal/repairs works such as the Nattie Yallock Recreation Reserve, the Avoca Recreation Reserve, the Beaufort Scout Hall, the Beaufort Lake Precinct, Avoca and Beaufort streetscapes.</p>
FLOOD RECOVERY	<p>Securing funding for the construction of larger culvert structures under the railway line in Beaufort to alleviate flooding in the Beaufort township, improved access to industrial land and reduced risk of flooding to residences.</p> <p>Renewal of the Avoca Caravan Park amenity blocks following storm damage.</p> <p>Identification, project management and delivery of road, drain and bridge works across the Shire to the value of \$15.4M</p>	<p>A major challenge was switching from recovery mode to repair mode through the identification of flood damage across the shire, the submission of claims, and the monitoring and distribution of funds to the various areas of Council which needed to undertake the works.</p> <p>Liaison with a variety of funding agencies and the information relative to individual reporting and funding approvals.</p>	<p>Undertaking mitigation works in some areas which were affected by flooding to reduce the risk to the community.</p>
ENVIRONMENT & SUSTAINABILITY	<p>Allocated as leading Council in a key bioenergy project for the region. The main focus of the project is to provide a bioenergy heat plant at Beaufort Hospital using wood chip/pellet resources from the district. Securing funding to provide solar energy to two Council buildings.</p>	<p>Working through environmental issues regarding roadside management and ensuring that contractors and the community are aware of their obligations.</p> <p>Establishing appropriate work practices for plantation harvesting contractors.</p> <p>Understanding the extent of the Carbon Tax on Council and community operating practices and costs.</p>	<p>Registering Council's carbon footprint and working to reduce it. Continuing to provide strategic direction to constantly improve Council's sustainability.</p>

COUNCIL PLAN COMMITMENTS - COMMUNITY INFRASTRUCTURE

<p>Complete and implement the community infrastructure asset management strategy and review the policy annually.</p>	<ul style="list-style-type: none"> • Asset Management Strategy Adopted by Council June 2011. • Asset Management Policy reviewed and adopted by Council December 2011. 	<p>Completed</p>
<p>Implement and review annually Council's Recreation Strategy.</p>	<ul style="list-style-type: none"> • Funding received for Pool Upgrade, Carngham and Beaufort Netball Courts as per the Recreation Strategy. • Funding as a result of the 2011 floods from the Department of Sustainability and Environment has resulted in repairs for many of our recreation and community facilities including Avoca, Natte Yallock, Moonambel, Beaufort, Lexton, Crowlands, Landsborough, Evansford, Carngham, Raglan and Waubra. When complete, this will result in much of our Recreation Strategy being implemented. • Planned flood recovery works complete at Landsborough, Lexton, Moonambel, Carngham. Work underway at Avoca, Natte Yallock, Beaufort, Evansford, Raglan and Waubra. • Scope of works prepared for Pool upgrade. 	<p>Completed</p> <p>In progress, continuing in 2012/13</p> <p>In progress, continuing in 2012/13</p>
<p>Use Community Action Plans to inform Council's priorities for determining the use of, and future needs for, community facilities.</p>	<ul style="list-style-type: none"> • Funding allocated for new floor coverings at Crowlands Hall in response to Community Action Plan (CAP) and demonstrated high level of usage. • New Avoca Family & Children's Centre Development identified as a key priority during CAP planning processes. • Flood repair works at Natte Yallock Recreation Reserve and Evansford is being guided by priorities in their Community Action Plan. 	<p>Completed</p> <p>In progress, continuing in 2012/13</p> <p>In progress, continuing in 2012/13</p>
<p>Support and promote the development of community hubs as a means of increasing the utilisation of community assets throughout the Shire.</p>	<ul style="list-style-type: none"> • Avoca Family & Children's Centre – funding of \$529,901 announced by Department of Education and Early Childhood Development on May 30, 2012. Construction of the Avoca Family & Children's Centre is scheduled to commence in 2012/13. • Waubra Hub won design award – promotion of Hub concept. 	<p>In progress, continuing in 2012/13</p> <p>Completed</p>
<p>Continue to educate, encourage and support user groups regarding the governance, resourcing and use of community facilities.</p>	<ul style="list-style-type: none"> • Meetings have been held with each of the Committees of Management • Training in Risk Management was delivered in April 2012, with committee representatives receiving training regarding their responsibilities and risk mitigation. • Event Organisers training delivered in June 2012 in Stawell, attended by Pyrenees Shire community representatives. 	<p>Completed</p> <p>Completed</p> <p>Completed</p>
<p>Promote community pride through developing tidy, attractive and functional streetscapes that encourage tourism, town pride and new residents.</p>	<ul style="list-style-type: none"> • Beaufort Streetscape endorsed by Council and soon to go to tender on finalisation of technical drawings. • Avoca Streetscape concept drawings in progress. • Minor town plan reviews of Moonambel, Snake Valley, Lexton and Waubra currently underway. 	<p>In progress, continuing in 2012/13</p>



FLOOD RECOVERY



The Pyrenees Shire Council has continued to support flood affected communities in recovering from the January 2011 floods.

The Flood Recovery Committee operated through to the end of 2011. The key role of the Committee was to develop partnerships between the affected communities and agencies involved in recovery including local government, state and federal governments, local non-government agencies and other organisations in order to support community recovery. The Committee was supported by two part-time Flood Recovery Officers.

The Flood Recovery Committee developed a Recovery Plan and all 17 objectives were completed by the end of December 2011. Initiatives included:

- Providing relevant information to impacted residents
- Co-ordinating Red Cross Community Outreach visits
- Liaison and advocacy with relevant agencies - Department of Human Services, Red Cross, Community Health, Financial Counselling, Insurance Ombudsman
- Planning a number of Community Events
- Allocating funding for 18 local Flood Recovery community events

COMMUNITY INFRASTRUCTURE

Many community facilities received flood or storm damage and Council has been responsible for applying for funding and managing the restoration process of these facilities.

FACILITYSTATUS AS AT 30 JUNE 2012

1. Avoca & Beaufort Skate Parks.....Not Commenced
2. Beaufort Scout Hall.....Tender documents being finalised
3. Beaufort Apex Club RoomsNot Commenced
4. Avoca Swimming Pool Entrance..... Tender documents being finalised
5. Avoca Caravan Park Underway
6. Avoca Recreation Reserve Building Tender documents being finalised
7. Avoca tennis courts..... Complete
8. Avoca netball court Complete
9. Avoca football oval Complete
10. Avoca cricket nets Complete
11. Natte Yallock Recreation reserve building Tender documents being finalised
12. Natte Yallock oval and light towers..... Underway
13. Natte Yallock netball tennis courts..... Underway
14. Natte Yallock playground..... Underway
15. Natte Yallock cricket nets Complete
16. Natte Yallock Recreation Reserve entrance Tender documents being finalised
17. Evansford HallTender documents being finalised
18. Moonambel tennis courts Complete
19. Landsborough tennis courts..... Complete
20. Landsborough Recreation Reserve Complete



21 .Crowlands Hall.....	Underway
22.Lexton oval.....	Complete
23.Lexton netball court.....	Underway
24.Beaufort oval.....	Complete
25.Beaufort netball court.....	Planning commenced
26.Beaufort Lake, walking tracks and surrounds.....	Tender documents being finalised
27.Snake Valley oval.....	Completed
28.Raglan Recreation Reserve.....	Completed
29.Beaufort motor cycle track.....	Underway
30.Lake Goldsmith steam rally site.....	Underway
31.Waubra Recreation Reserve.....	Tender documents being finalised

COMMUNITY FACILITY FUNDING

In addition to the flood restoration works the following projects were undertaken with funding support from government.

1. New cricket nets at Snake Valley and Lexton
2. The upgrading of the surface of the Natte Yallock Netball Tennis Courts

The Pyrenees Shire successfully applied for funding for the following projects to be completed in the 2012/2013 financial year:

1. The Avoca Children’s and Family Centre
2. Upgrade works at the Beaufort and Avoca Pools
3. A new netball court at the Carngham Recreation Reserve

COMMUNICATION

During 2011/12 Council audited its communications activities to determine what was the most effective measure in communicating with the community. As a result, Council introduced a number of new measures including the Public Notice section in the local newspapers. This was deemed to be the most effective tool in communicating with the community.

Information technology plays an important role in the efficient functioning of the Pyrenees Shire and its ability to provide residents and other stakeholders with access to information regarding Council plans and activities.

Council's Information Technology Department develops, configures and maintains existing softwares and technologies and integrates new softwares and technologies to maximise efficiency of Council processes and is responsible for the installation of appropriate electronic equipment to improve community services.

The following projects were identified for completion by June 2012:

- Maintain Shire software and hardware
- Maintain Public Access Computer facilities
- Implement Office 2010
- Implement Exchange 2010
- Implement Electronic Records System
- Installation of audio-visual equipment at Beaufort Community Development Centre
- Implement hardware components of Mobile Library Service
- Implement Diesel Generator for Shire Offices

Most of these projects were achieved, with an upgrade of all Personal Computers to Office 2010, upgrade of mail server to Exchange 2010, installation of audio-visual equipment at Beaufort Community Development Centre and installation, configuration and implementation of software and acquisition of hardware components of Electronic Records System and Mobile Library Service plus replacement of the Beaufort Community Resource Centre photocopier.

Unfortunately the Diesel Generator project has not been completed due to factors beyond our control.

Projects identified for the next 12 months are:

- Implementation of improved Customer Action Request software
- Installation of the Diesel Generator
- Upgrade of Asset Management Software
- Storage Area Network Implementation

Council is keen to see its public access computer facilities used to their fullest potential. Shire residents are encouraged to visit the centres in Avoca and Beaufort and speak with the staff who are more than happy to assist in the use of the Public Access Computers and navigation of the Pyrenees Shire website.



COMMUNITY WELLBEING

"In March 2010 the Pyrenees Shire in partnership with Central Goldfields Shire was announced as one of 12 successful pilot programs under the new Federal Government Healthy Communities initiative."





COMMUNITY WELLBEING

1. HEALTHY COMMUNITIES PROGRAM UPDATE

In March 2010 Pyrenees Shire, in partnership with Central Goldfields Shire, became one of 12 pilot programs under the Federal Government Healthy Communities Initiative. Funding of \$410,130 was available over 15 months under the pilot phase. The Pyrenees Shire/Central Goldfields Shire initiative has since secured \$566,042 to continue the program into 2012/13 with the addition of several new programs.

The Healthy Communities Initiative aims to reduce the prevalence of overweight and obese residents in the community by maximising the number of at-risk individuals in physical activity and dietary education programs.

HEALTHY COMMUNITIES INITIATIVE ACTIVITY REPORT FOR 2012

- **BeatIt:** A healthy lifestyle program with motivational interviewing, resistance and aerobic training and lifestyle modification consultations. Five staff members have been trained to deliver the program but no date has been set for its commencement.
- **Mobile Tool Library:** Trailers are visiting Avoca, Beaufort, Landsborough, Talbot, Dunolly and Maryborough each week with 45 members using the tools for home maintenance and gardening.
- **Zumba:** Zumba is running in Beaufort using DVD instruction and a trained Zumba instructor is delivering weekly sessions in Waubra and Avoca. The 103 participants list exercise and fitness, fun, weight loss, socializing and meeting people as reasons for attending.
- **Lifestyle Challenge:** Lifestyle Challenge is run by Maryborough District Health Service and Beaufort and Skipton Health Service. 31 participants have completed the program which focuses on healthier eating, increased fitness, weight loss and increased self esteem.
- **Heart Foundation Walking:** There are 12 groups across the two shires. There are 114 participants with 97% of walkers reporting increased levels of physical activity and 85% reporting increased social connection.
- **Street Harvest:** This fresh produce collection and redistribution program provides those in need with emergency food relief. In Avoca 100kg of fresh produce has been collected and distributed through the Avoca Food Pantry. The project will be rolled out in Maryborough and Beaufort soon as will a website to assist community involvement.
- **Beaufort and Dunolly Community Gardens:** Beaufort Community Garden continues to grow slowly and has been renamed 'The Vegie Patch'. The Dunolly Community Garden is being directed by a community committee and co-located on the Dunolly Pre-school site. There are 38 people involved in the gardens.
- **Food Forests:** This proposed project involves small plantations of fruit trees and vegetable and herb boxes which can be accessed by community members. Talks to identify the best locations for the Food Forests are underway.
- **Community Lunches:** Both Landsborough and Beaufort community lunches are continuing. Another community kitchen will start in Talbot in July following successful cooking classes there last year.
- **Healthy Community Champions:** Three Healthy Community Champions workshops have attracted 40 participants with another workshop planned. Participants receive information about healthy lifestyles and the Shire's programs which they are asked to pass on to their community.

- **Sports Club Development Program:** Three clubs or organisations from each shire will be supported to build skills and capacity within local sporting organisations to engage members of our target population and to develop innovative, flexible and low-cost participation opportunities.
- **Bridges Out of Poverty Workshop:** 87 people from more than 40 organisations attended the March workshop which provided a wonderful networking opportunity and provided numerous perspectives. The workshop aimed to help our local workforce better engage members of our target population, develop greater understanding of the reasons why we are not good at engaging them and to improve outcomes.
- **'Swap It' Local Social Marketing campaign:** In partnership with Maryborough District Health Service and Beaufort and Skipton Health Service the 'Swap It' campaign is being rolled out over coming months. There will be food demonstrations and tastings at events and markets and distribution of resources via a range of mediums.
- **Policy review:** Healthy Communities Initiative staff have provided recommendations on the Shire's Municipal Public Health and Wellbeing Plan to ensure that healthy lifestyles are being supported and have developed a Healthy Options catering policy which has been adopted by Council.

2. PYRENEES GOOD FOOD PROGRAM

In April 2010 The Pyrenees Shire Council received Emergency Relief funding to deliver a "Good Food" project for three years until June 2014.

The aim of the program is to support low income families and their children to:

- Develop skills to prepare nutritious meals
- Identify affordable and low cost meals
- Develop social support networks
- Access a meal preparation program on a regular basis
- Learn how to develop a budget, and
- Purchase nutritious food for meal preparation.

3. LOCALITIES ENHANCING ARTS PARTICIPATION (LEAP) ART OF AGEING PROJECT

This project aims to increase older adults participation in community life through the arts. The project celebrates older adult's capabilities, potential and social and economic contribution. It focuses on those aged over 50 who live independently but may experience social or physical isolation.

4. PREVENTION COMMUNITY MODEL

This initiative of the Victorian Government aims to reduce the consumption of sugar, alcohol and tobacco and increase the levels of physical activity and intake of fresh fruit and vegetables across the three shires.

The Grampians Goldfields Healthier Communities team will implement the Prevention Community Model and realign the Healthy Communities Initiative (HCI) across the Shires of Central Goldfields, Pyrenees and Rural City of Ararat. The team is one of 12 prevention communities jointly funded by the State Government of Victoria and the Australian Government.

It will deliver a comprehensive approach to chronic disease prevention through a settings approach. The work will seek to influence health behaviours where people learn (early childhood, schools and higher education), work (business and industry including local government) and play (sporting clubs).

YOUTH PROGRAM

Pyrenees Shire receives two funding streams for the delivery of youth programs.

'Engage' funding administers the youth program and funds the Youth Officer's 0.5 EFT allocation. The current funding ends on 31 December, 2014. FReeZa program funding has been extended until the end of 2012 to allow for a review and for the long term direction of the program to be determined.

FReeZa assists in the delivery of youth events across the Shire. It can be used for any purpose that will lead to a youth event, i.e. training, hire of equipment or venue, transport etc.

In 2011/ 2012 events funded by FReeZa were:

- BeauJam – Skate Scooter and BMX Competition
- Landsborough Youth Performance and Dance
- Beaufort Girls Leadership
- Rock the Valley – Youth Music Event
- Circus Challenge
- Skate Avoca
- Avoca Photographic Workshops

COMMUNITY ACTION PLANNING

A Community Action Plan is a list of objectives and issues that a community puts together to create a catalogue of needs for their community. The plan lists issues and has timelines set against them.

16 communities in the Pyrenees Shire have already established Community Action Plans.

A Community Action Plan is an important community document which helps a community prioritise community needs, set out a list of activities for a community and helps the various levels of government understand what the needs are for communities.

Council refers to all Community Plans when making future plans that effect the shire and the communities within the Pyrenees Shire.

At its June Council Meeting, Council endorsed the allocation of additional staff resources to support the Community Action Planning process. This support recognises the leadership that coordinators provide in keeping the Community Action Plans up-to-date and relevant.

Community Action Plans play a significant role in keeping community aspirations at the forefront of Council planning. Projects such as the Moonambel Pavilion, Waubra Community Hub and the upcoming Avoca Family and Children's Centre, streetscape planning in Beaufort and Avoca and the new netball court at Snake Valley all happened as a result of being identified in the Community Action Plans.

HACC STATISTICS FOR 2011/12

FUNCTION	JULY- SEPT	OCT- DEC	JAN- MAR	APRIL- JUNE	TOTAL
Domestic support	1831	1993	2117	2140	8081 hours
Personal Care	624	408	425	442	2464 hours
Respite	473	466	490	441	2770 hours
Meals	2911	2584	2628	2601	7540 meals
Home modifications	89	81	57	19	246 hours

MATERNAL AND CHILD HEALTH CONSULTATIONS FOR 2011/12

Number of infants enrolled from birth notifications	60
Number of new enrolments	83
Number of active infant records	267
Additional consultations	285
Telephone consultations	89
Community Strengthening activities	6

PYRENEES SHIRE COUNCIL LIBRARIES

On 1 July, 2011 Pyrenees Shire Council became responsible for the delivery of library services within the Shire following the wind up of the Central Highlands Regional Library Corporation (CHRLC). This was achieved through a Library Service Level Agreement with City of Ballarat and the recruitment of former library staff.

During the last 12 months a review of the mobile library service was completed and new arrangements will be implemented in 2012-13 year with Pyrenees Shire delivering outreach services to the towns of Snake Valley, Lexton and Landsborough through internet access to the library website and Information Technology systems.

LIBRARY ACTIVITY

LIBRARY	NUMBER OF LIBRARY SERVICES	CIRCULATIONS	RETURNS	PARTICIPATIONS AT EVENTS
Avoca 2011/12	4298	7995	7644	250
Avoca 2010/11	4053	7217	7471	0
Beaufort 2011/12	7521	20312	18087	994
Beaufort 2010/11	7090	20232	18459	1312

2012 LOCAL GOVERNMENT COMMUNITY SATISFACTION SURVEY RESULTS - COUNCIL'S PERFORMANCE




The Department of Planning and Community Development introduced a new category – Elderly Support Services for the 2012 Annual Community Satisfaction Survey. Pyrenees Shire Council scored 72 for performance and 80 for importance.

COUNCIL PLAN COMMITMENTS - COMMUNITY WELLBEING

<p>Ensure community action plans are relevant, current, and representative of the views of each community. Encourage participation in the review of the CAPS. Support communities to implement their plans and access grant funding.</p>	<ul style="list-style-type: none"> • A new process and structure that provides a direct link to council officers and enhanced support for Community Action Plan Coordinators has been endorsed and will be implemented from 1 July, 2012. 	<p>In progress, continuing in 2012/13</p>
<p>Encourage volunteers through recognition and celebration of their valuable contribution.</p>	<ul style="list-style-type: none"> • Pyrenees Community Volunteering Awards were held in Amphitheatre in May 2012. • Five individuals and two community groups were nominated. • More than 100 people from across the Pyrenees Shire attended the event. 	<p>Completed</p>
<p>Provide responsive and sustainable community services in aged care, family day care and maternal and child health.</p>	<ul style="list-style-type: none"> • Eureka Community Kindergarten Association (ECKA) engaged to provide Family Day Care Coordination through coordinators maternity leave. 	<p>In progress, continuing in 2012/13</p>
<p>Engage young people in community life.</p>	<ul style="list-style-type: none"> • Successful funding application for next three years of youth 'Engage' program. Workplan to be developed outlining strategies to meet outcome. • Pyrenees Shire has directly engaged with 200 young people across the Shire in the last six months. 	<p>Completed</p>
<p>Review and implement the Municipal Public Health and Wellbeing Plan.</p>	<ul style="list-style-type: none"> • Municipal Public Health and Wellbeing Plan reviewed and endorsed by Council in December 2011. • Report on actions against the Municipal Public Health and Wellbeing Plan endorsed by Council in July 2012. • Discussion began between Department of Human Services, Central Goldfields Shire and Rural City of Ararat around the process and resources required for the development of a new Municipal Public Health and Wellbeing Plan following Council elections in November taking into account the partnerships in the Healthy Communities Initiative and the Prevention Community Model. 	<p>Completed</p>

<p>Promote arts and culture within the Shire to enhance community participation and develop sustainable cultural events.</p>	<ul style="list-style-type: none"> • “The Weather and Your Health” Performance delivered in partnership with Pyrenees Arts Council. Support from Regional Arts Victoria and Her Majesty’s Ballarat to assist PAC with process needed to put on a performance. • Localities Enhancing Arts Participation (LEAP) Project consultations complete. Community Reference Group formed and project plan being developed. 	<p>Completed</p>
<p>Ensure communities have access to resources and facilities that encourage participation in sport and recreation throughout the Shire.</p>	<ul style="list-style-type: none"> • Football ovals at Carngham, Beaufort, Lexton, Avoca and Natte Yallock have been resurfaced. • New cricket practice nets constructed at Lexton and Carngham. • Moonambel tennis courts have been resurfaced and new fencing installed through flood funding. • Funding approved for new netball court at Carngham. These facilities will provide practice facilities and allow competition to return to this location. • Landsborough tennis courts have been resurfaced and new fencing installed through flood funding. • Natte Yallock netball/ tennis courts have been resurfaced and new fencing installed through flood funding. • Lexton Netball court has been resurfaced through flood funding and new light poles installed. 	<p>Completed</p>
<p>Promote the use of community resource centre to enhance the community’s educational, training and social networking opportunities.</p>	<ul style="list-style-type: none"> • LEAP Art of Ageing writing group now based at the Resource Centres. • LEAP Art of Ageing Community Reference Group monthly meetings are held at the Beaufort Resource Centre. • New signage installed at Beaufort Community Resource Centre. 	<p>Completed</p>



GROWTH & EMPLOYMENT

"During the 2011 - 12 year Pyrenees Shire Council was successful in obtaining funding for three of its top five priority projects identified in the Small Towns Enhancement Project (STEP) of the Central Highlands group of Councils."



GROWTH & EMPLOYMENT

Employment opportunities are the key to ensuring the future population growth of the Shire. With the aim of enhancing population growth, this department is responsible for developing strategies that will create employment opportunities, attract and retain industry, attract investment and increase tourism development.

Priorities over the past 12 months have been to:

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

During the 2011/12 year Pyrenees Shire Council was successful in obtaining funding for three of its top five priority projects identified in the Small Towns Enhancement Project (STEP) of the Central Highlands Group of Councils.

The projects included the subdivision of residential land at Correa Park in Beaufort, the development of the Avoca Family and Children's Centre and the installation of culverts under the railway line at Beaufort to mitigate flooding and its impact on the industrial estate and residential properties.

The Correa Park development of 19 residential blocks has been completed and eleven blocks had been sold at the end of the financial year.

Funding has been confirmed for the Avoca Family & Children's Centre with construction to be completed by the end of 2012.

Council is working in partnership with the Department of Transport and Regional Development Victoria on the \$3M Beaufort railway culvert project which is due for construction in the latter half of 2012. It is anticipated that these works will contribute to an estimated 29 new jobs by unlocking the opportunities for growth in the industrial precinct.

The guidelines for suitability of projects included under the Central Highlands STEP program are:-

1. **Liveability** - project makes the town more attractive in which to live
2. **Sustainability** - project enhances the town environmental and economic sustainability
3. **Economic development potential** - ability of the project to generate or support economic development
4. **Population growth** - ability of the project to generate or support population growth; and
5. **Community wellbeing** - how the project addresses disadvantage or enhances wellbeing.

During the year Council completed the second stage of development of the Avoca Industrial Estate consisting of 15 blocks, with seven having been sold.

Funding was obtained under the Digital Enterprise Program to train small businesses and not-for-profit organisations in maximizing the benefits of high speed broadband, which is being rolled out by National Broadband Network Co in the Central Highlands Region. The \$820,000 project is in partnership with University of Ballarat, Hepburn Shire Council, Golden Plains Shire Council, City of Ballarat and Regional Development Victoria.

Regional Development Victoria has approved funding to complete Beaufort streetscape works estimated to cost \$500,000.

Other achievements of the Economic Development and Tourism Unit were:-

- Representing Pyrenees to a crowd of 8405 people attending the first Victorian Regional Living Expo in April 2012.
- Completing a Memorandum of Understanding with Moonee Valley Council.
- Running two New Residents BBQ's at Avoca and Beaufort
- Running two Farming in 21st Century events to support our agriculture sector.
- Hosting two small business workshops.
- Completing a Tourism Strategy for the Shire from which we are seeking funding for a project officer to deliver key actions identified.
- Continuing our partnership with Grampians Tourism
- Continuing our partnership with Central Highlands Agribusiness Forum.
- Increased door count Numbers at Avoca VIC this financial year by 25% after relocating into the newly renovated premises.
- Avoca became an RV friendly town with the installation of a dump point to support the campervan and motorhome tourist visitation.
- Tourism Victoria selected Avoca to be included in the Villages of Victoria campaign. Tourism Victoria, in conjunction with Grampians Tourism board, has implemented a multimedia marketing campaign consisting of television and radio promotions and advertising on Yahoo7 and Total Travel.
- The tourism team represented the Pyrenees at the Melbourne Caravan and Camping Show, Melbourne International Flower Show, and Destinations Victoria Show at Federation Square.
- The Avoca-Beaufort Visitor Info facebook page was developed in August 2011.
- Continued our support of local events by providing sponsorship and assistance with regulatory requirements to events including:-
 - Lake Goldsmith Steam Rally
 - Longest lunch at Moonambel
 - Fireworks and Party in the Park at Moonambel
 - Avoca Shire Turf Clubs three events
 - Victorian Concert Orchestra
 - Mountain Bike events at Avoca
 - Pyrenees Arts Sale and Exhibition
 - Grampians Produce Culinary Challenge

The current challenges for the Shire are:

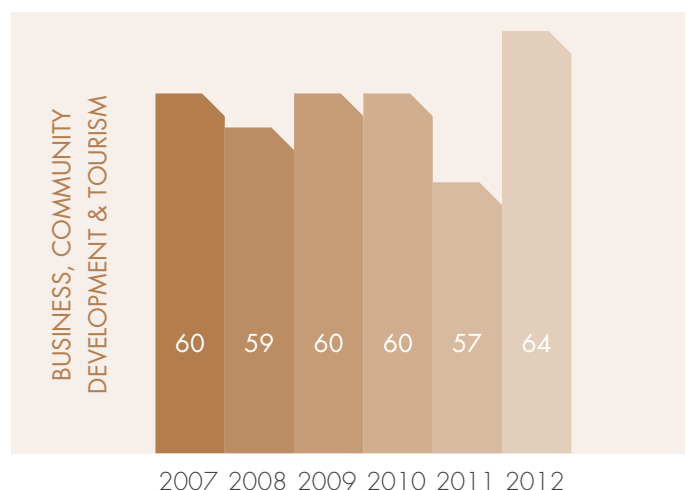
- Funding for planning of the Beaufort Highway bypass.
- Lack of reliable access to mobile phone and internet communications throughout much of the Shire is adding a significant burden to small businesses, in particular the tourism and wine sectors. The agriculture sector is also becoming more dependent on the internet and mobile phone. Mobile telecommunications are also an important consideration during emergencies such as farm accidents and bushfires. Improved Information and Communications Technology infrastructure would assist with employment and population growth due to improved access for home-based businesses and local communities.

- The Landsborough Pipeline Project is a priority project but funding remains outstanding. Council will continue to support the vigneron with this project.
- Capitalising on the opportunities for local small businesses arising from large infrastructure projects such as the highway duplication and wind farm developments.

The future looks bright with many projects about to be rolled out, including:

- Implementation of streetscape works at Beaufort (\$500,000) and Avoca (400,000) during 2012 and 2013.
- Access to high speed broadband through rollout of the National Broadband Network including training for small business and community groups over the next two years.
- Planning of a future highway bypass of Beaufort.
- Continued growth of the Shire's population on the hinterland of the Ballarat Urban Growth Boundary and the Ballarat West Employment Zone.
- Many of the access roads at Mount Cole and Mount Buangor Parks were closed for an extensive period after the Mount Cole fire and subsequent floods which deterred visitors from entering the parks. Both parks have reopened and visitation numbers are expected to improve and tourism activity increase with these parks developed and promoted as destinations for bush walking, 4WD driving and camping.
- Reviewing our requirements for industrial and residential land.

2012 LOCAL GOVERNMENT COMMUNITY SATISFACTION SURVEY RESULTS - COUNCIL'S PERFORMANCE



COUNCIL PLAN COMMITMENTS - GROWTH AND EMPLOYMENT

<p>Continue Council's involvement with the Central Highlands Regional Strategic Plan, Grampians Tourism, Regional Management Forum, and Regional Development Australia, to maintain and expand the regional development focus.</p>	<ul style="list-style-type: none"> • Council Officers representing Council at the Central Highlands Regional Strategic Plan, Grampians Tourism, Regional Management Forum, and Regional Development Australia. • CEO representing Council in the preparation of the Central Highlands Regional Growth Plan, membership on the Central Highlands Regional Planning Committee and Regional Management Forum. • Manager Economic Development and Tourism represents Council on the Grampians Tourism Board, Central Highlands Agribusiness Forum Board and Central Highlands Economic Development Managers Forum. 	<p>In progress, continuing in 2012/13</p> <p>In progress, continuing in 2012/13</p> <p>In progress, continuing in 2012/13</p>
<p>Implement the priority actions in the Economic Development Strategy and the Tourism Strategy to attract, retain and develop business, industry and tourism.</p>	<ul style="list-style-type: none"> • Tourism Strategy adopted by Council and submission lodged with Regional Development Victoria to support a project officer role to deliver on four objectives: <ul style="list-style-type: none"> - Develop and promote nature based tourism - Adopt the recommendations of the "First Heritage Region Project" - Promote the Pyrenees Wine Brand - Develop farm based tourism product. • Attended Regional Living Expo and follow up leads and develop promotional materials. • Coordinate staff training to Resource Centre Staff regarding promotion of the area to visitors, and develop referrals to Economic Development. • Hold two Small Business Workshops during June; <ul style="list-style-type: none"> - Improving "Cash Flow and Profitability" - "Financing your Business". • Develop brief for completion of Beaufort Lake Caravan Park Master Plan. 	<p>Completed</p> <p>In progress, continuing in 2012/13</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p>
<p>Work with the telecommunications companies and government representatives to improve mobile phone and broadband internet access throughout the Shire.</p>	<ul style="list-style-type: none"> • Negotiations with Telstra and other providers regarding Moonambel mobile tower continuing. • Partner in \$820K funding bid with University of Ballarat (lead organisation), City of Ballarat, Hepburn and Golden Plains Shire Councils for Digital Enterprise Program. 	<p>In progress, continuing in 2012/13</p> <p>In progress, continuing in 2012/13</p>
<p>Review industrial land requirements in Beaufort and Avoca in conjunction with the review of the current land strategy.</p>	<ul style="list-style-type: none"> • Options currently being considered for Industrial land requirements in Beaufort. • Engineering consultant reviewing two potential sites for Avoca. 	<p>In progress, continuing in 2012/13</p>

Review residential land requirements in Beaufort and Avoca in conjunction with the review of the current residential land strategy.	<ul style="list-style-type: none"> Two lot subdivision of land in Beaufort finalised. Council can now proceed to purchase the vacant land for a future stage two at Correa Park. 	Completed
Demonstrate the liveability of the shire by continuing to support existing, and promoting future events in the Shire.	<ul style="list-style-type: none"> A range of successful community events supported by Council including Rainbow Serpent Festival and Avoca Music Festival. Supported Lake Goldsmith Steam Rally by drafting grant submissions to Regional Development Victoria for \$20K and Tourism Vic for \$10K to assist with 100th steam rally. 	Completed Completed
Provide support to the Pyrenees wine region.	<ul style="list-style-type: none"> Funding sought for tourism project officer to promote the Pyrenees Wine Brand. Developed brief for completion of wine marketing strategy to support promotion of Pyrenees Wine Brand by Pyrenees Grape Growers and Wine Makers. 	In progress, continuing in 2012/13
Advocate for the Landsborough pipeline.	<ul style="list-style-type: none"> At this stage, project lacks funding support. Other funding options are being considered. 	In progress, continuing in 2012/13

PLANNING & ENVIRONMENTAL SUSTAINABILITY

A strategic role within Council, the Environment and Sustainability Officer's dual role is to provide technical environmental and sustainability information within Council and to the community. Provision of information aligns to environmental legislation and becomes a conduit for decision making.

One of Council's seven pillars in the Council Plan 2009 - 2013, the environment sector aims to: *show leadership in the management of the natural and built environments.*

The Environment and Sustainability Officer responds to queries around native vegetation in relation to fencing, roadsides and weeds on roadsides and private land. Many queries are received and responded to from new landholders followed by site visits. Many partnerships have been formed with state authorities and funding sources identified and applications made to carry out on-ground and strategic work.

Pyrenees has been appointed a leading Council in a key bioenergy project for the region. The main focus is to provide a bioenergy heat plant at Beaufort Hospital using wood chip/pellet resources from the district. Council has also secured funding to


provide solar energy to two Council buildings and provide energy education to the community.

PLANNING 2011/12

Town planning is a process of ensuring orderly development, be it residential, commercial, industrial or rural.

Council's planning unit is responsible for assessing a wide range of planning permit applications for a variety of land uses and developments as determined under the provisions of the Pyrenees Planning Scheme. The types of applications commonly considered by Council include:

- Developments within heritage overlay areas
- Dwelling and accommodation developments in rural areas, especially on land within potable water supply catchments and within bushfire prone areas
- Proposals to subdivide land
- Use and development of land for commercial and industrial purposes.



The planning unit is also responsible for co-ordinating a range of strategic amendments to the scheme which can include re-zonings, changes to overlay controls and development of Structure Plans for townships.

It's been a busy 12 months for the planning department, with 135 planning permit applications received during the 2011/12 calendar year. There was an increase in the number of planning permits issued compared with the previous 12-month period.

Several strategic projects have been completed during the last 12 months, these include:

- Rezoning of the winery precinct around Moonambel to Rural Activity Zone
- Completion of a draft Structure Plan for the Snake Valley township
- Preparation of general amendment C32 to correct a number of anomalies in the planning scheme as well as introducing additional planning permit exemptions
- Preparation of amendment C31 which proposes to introduce new flood controls over Beaufort township.

Several major strategic planning projects are planned for the next 12 months, these include:

- Amendment C27 – this amendment proposes several changes to our current Restructure Overlay provisions, along with the re-zoning of several rural areas;
- Rewrite of the current Municipal Strategic Statement and Local Planning Policy Framework;
- Development of a structure plan for Lexton and completion of the Avoca structure plan review

Extensive community consultation will be undertaken in relation to all these major projects. Feedback in relation to the rewrite of the Municipal Strategic Statement and Local Planning Policy Framework, along with the Avoca structure plan will be particularly welcome.

ENVIRONMENTAL HEALTH

The Environmental Health Officer is responsible to Council for its Public and Environmental Health programs which include immunisation, food surveillance and regulation of food offered for sale, regulation of premises such as hairdressers, tattooists, accommodation businesses and caravan parks and regulation of the installation and maintenance of septic tank systems in un-sewered areas.

The officer also provides comments on referrals from other sections of Council, such as planning, building and Local Laws and investigates and resolves public health nuisances.

In the last financial year, the principal aims of this officer were to complete the statutory responsibilities of the Council, maintain and increase immunisation rates, ensure all premises were registered as required, enforce the provisions of the Tobacco Act, provide information and education to the community on a variety of health matters, and respond to the public in relation to nuisance complaints.

A highlight of the year was the immunisation rate within the Shire being within the 95-100% range for each quarter. This task fell to a part-time nurse vaccinator and the Council's maternal and child health nurse, both of whom earned praise from the Environmental Health Officer for their skill, enthusiasm and ability to put people at ease.

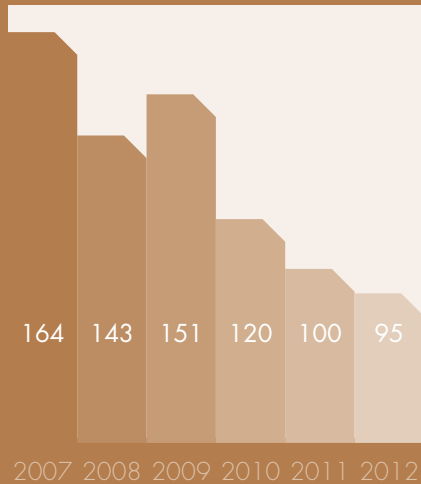
Other highlights have been the lack of a food-related disease outbreak associated with unsafe food with the Environmental Health Officer attending most mass gatherings and a representative number of markets and food stalls to advise on and monitor food safety and Council's ability to meet its obligations under the Tobacco Act.

In other health related matters:

- 45 permits were issued to install septic tank systems within the Shire
- Nuisance complaints were investigated and responded to

FAST FACT

For the year 2011/12, 84 domestic and 11 commercial building permits were issued.



- Referrals from other sections of Council were generally addressed within the required timelines.

Unfortunately due to time constraints, not all premises inspections, food sampling and registration renewals were achieved.

During the next 12 months the Environmental Health Officer plans to complete all statutory tasks, introduce various changes to legislation that has an impact on Council and the community and find a way to streamline processes in order to achieve the Environmental Health Program.

LOCAL LAWS

Council's Local Laws department is responsible for providing a safe and healthy environment so that the community can enjoy a quality of life that meets expectations. This involves ensuring the safe and fair use of public places; fair and responsible use of private land; and peace, order and good government of the municipality.

It is also the role of Local Laws to advise and assist residents in managing their animals and to ensure that any nuisance which may arise is eliminated or managed to achieve a reasonable outcome for all involved.

As part of an ongoing campaign Council encourages responsible animal ownership which reduces the number of animal related complaints made each year.

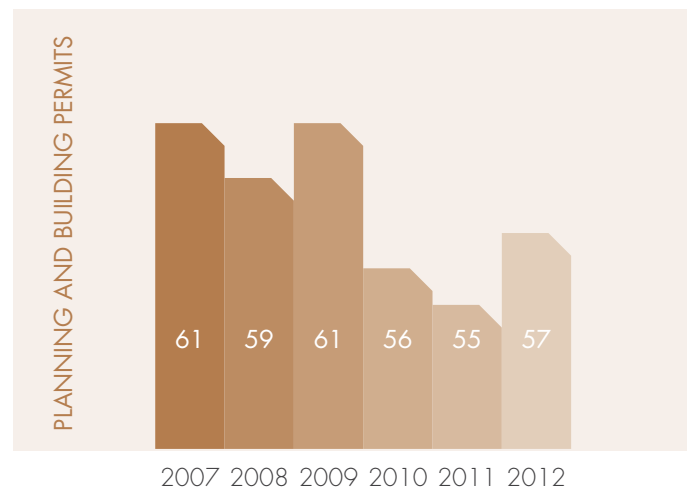
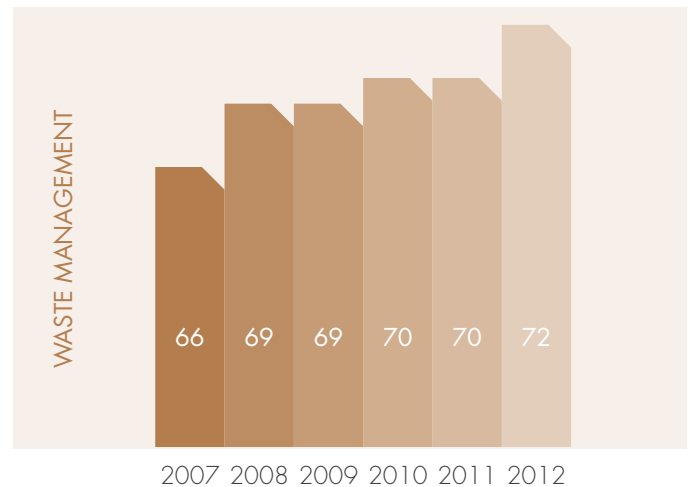
A significant amount of time is taken up annually with collecting stray and unwanted cats so Pyrenees Shire has introduced a Local Law which requires cats to be desexed to reduce the number of unwanted litters. This is proving successful with a decrease in the number of impounded and surrendered cats and kittens.

In other developments during the past year, there were 20 break-out infringements under Local Laws and 17 notices for impounding of livestock.

Officers spent a lot of time impounding stray and roaming livestock to make roads safer for vehicles and to reduce the number of stray animals invading adjoining properties. Much of this work is out of normal working hours and relies on dedication from the officers and rangers involved. As a result of these actions Council sent a record number of animals to market after seizure. This will continue while stock owners allow their animals to stray. Animals may carry disease and lice and stock straying onto neighbouring properties can infest other animals, which is a huge cost to farmers in both resources and time.

During the next 12 months officers will continue to assist animal owners with compliance, remain diligent about the impounding of roaming livestock and make property owners aware of their responsibilities.

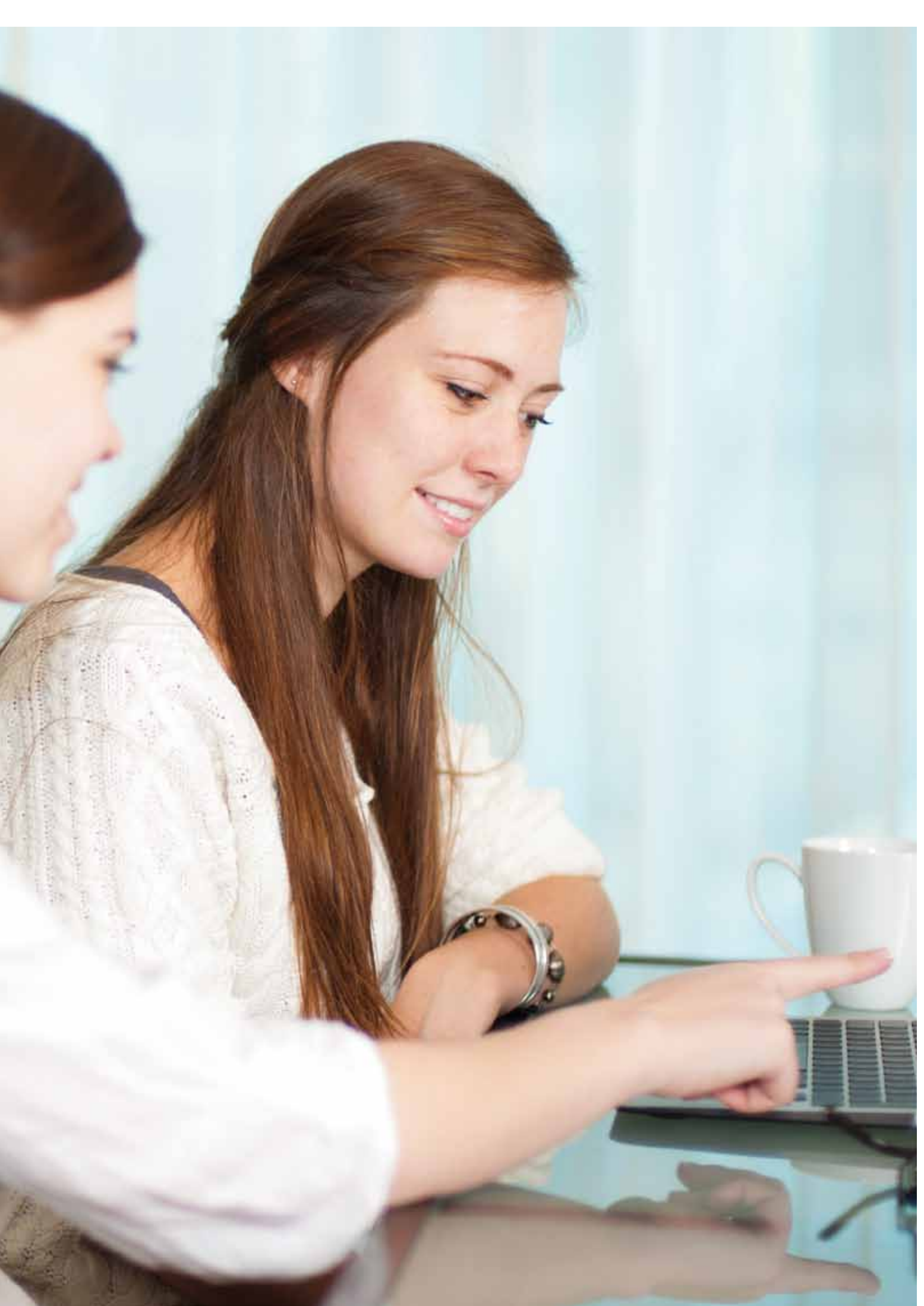
2012 LOCAL GOVERNMENT COMMUNITY SATISFACTION SURVEY RESULTS - COUNCIL'S PERFORMANCE

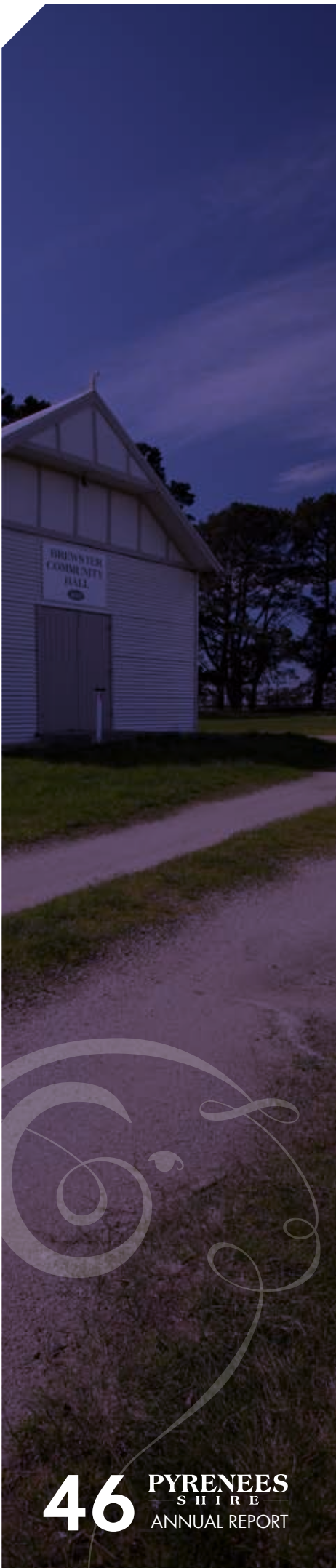




ORGANISATIONAL DEVELOPMENT

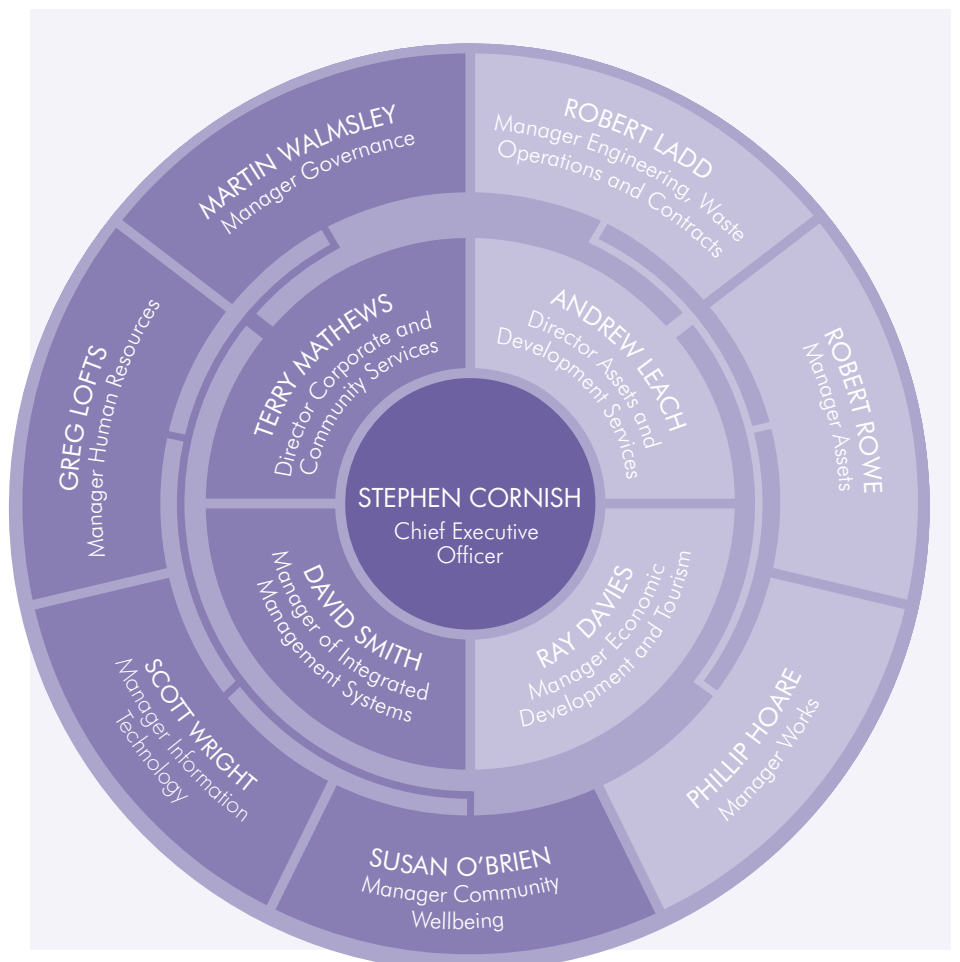
“Council continues to provide students from the Beaufort Secondary College with the opportunity to participate in work experience programs. Such programs allow students the opportunity to work in a Local Government environment - this year placements were made in Council’s Building and Assets Departments and the Beaufort Resource Centre (incorporating library services and tourism).”





ORGANISATIONAL DEVELOPMENT

ORGANISATIONAL STRUCTURE



LEARNING & DEVELOPMENT

The Pyrenees Shire Council continues to provide ongoing learning and development to all staff through internal and external training sessions.

A sample of the training undertaken in 2011/12 includes:

TRAINING	ATTENDEES	TRAINING	ATTENDEES
Microsoft Office Word 2010 - Beginner	59	Control Traffic at a Worksite	25
Micro Office Excel 2010 - Beginner	60	Oversee Traffic Control Plan around a Worksite	25
Equal Employment Opportunity/Workplace Behaviour - Managers	30	Clean & Inspect Machinery of Plant, Animal and Soil Material	25
Equal Employment Opportunity/Workplace Behaviour - Staff	85	Weed Movement - Machinery Inspection	25
Refind 6 – Electronic End User Training	43	Apply First Aid – Incorporating CPR	5
Dispute Settlement (Dispute Settlement Centre of Victoria)	20	Understanding Dementia - Parts 1, 2, 3, 4 & 5	4
Work in an Emergency Management Context	5		

In addition to the specific staff development program, Council provides and encourages professional development education programs. Council is committed to ongoing training and development of employees to increase efficiency, improve service delivery and develop staff skills and knowledge.

Our Educational Support Policy provides financial assistance for tertiary study in courses that are beneficial to our staff and organisation. During the year, one staff member completed her Diploma of Business Administration and in doing so received an award for excellence from the University of Ballarat.

WORK EXPERIENCE

Council continues to provide students from Beaufort Secondary College with the opportunity to participate in work experience programs. Such programs allow students to work in a Local Government environment – this year placements were made in Council’s Building and Assets Departments and the Beaufort Resource Centre (incorporating library services and tourism).

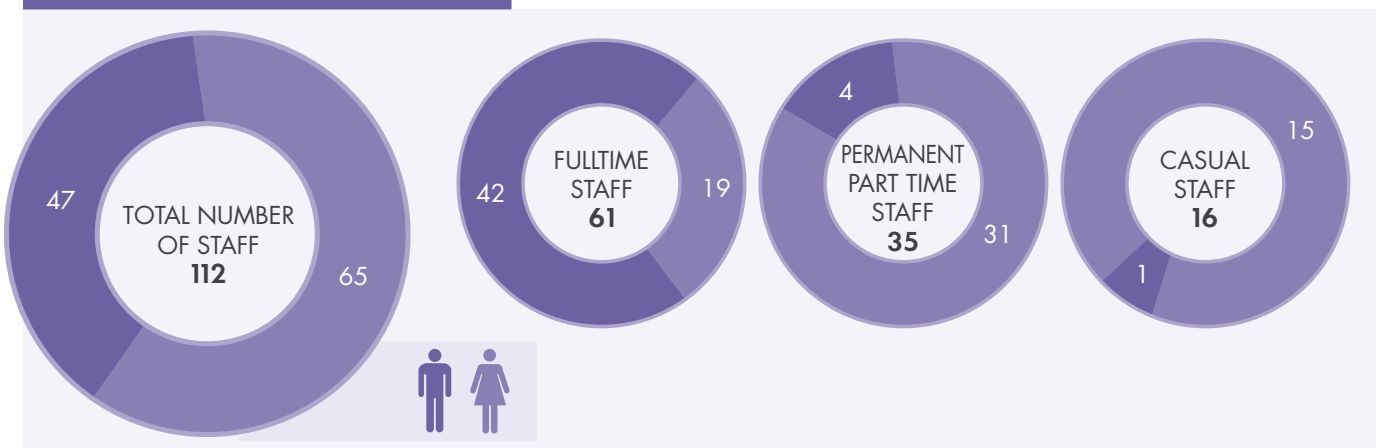
RECRUITMENT

During the year, Council advertised 17 positions with 107 applications being considered. Being close to the regional City of Ballarat, Council continues to receive multiple applications for all positions advertised with a senior management position (Director) attracting 35 applications. All positions advertised were filled.

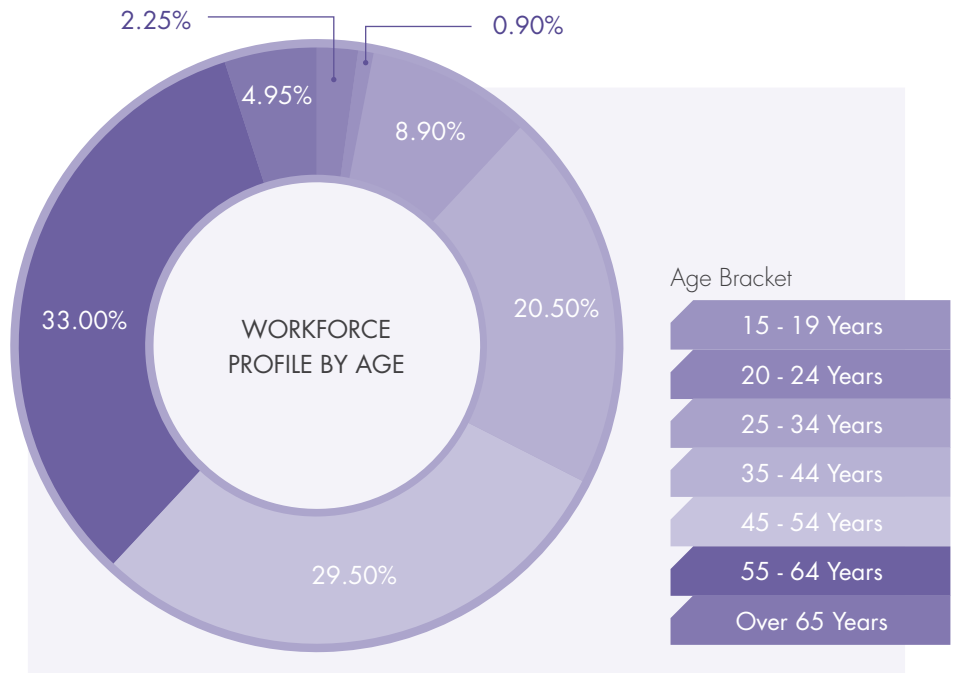
EMPLOYEES

As at the 30 June, 2012 the Pyrenees Shire Council had a total workforce of 77.87 EFT positions.

WORKFORCE PROFILE: 30 JUNE 2012



WORKFORCE AGE



In summary, Council's workforce is ageing with 37.95% of the workforce over the age of 55. Many of the staff over the age of 55 have been with Council considerable time and in the coming years Council will experience a significant change to its workforce, particularly that of the Works Department. Many years of experience will be lost through retirement and Council will need to implement strategies to overcome that loss of experience.

STAFF MILESTONES

Pyrenees Shire Council recognises and appreciates staff milestones.

Staff to have reached milestones are:

15 YEARS:

Stephen Cornish, *Chief Executive Officer*
 Gina Angus, *Authorised Municipal Officer*
 Philip Diprose, *Contract Officer*
 Susan Mahony, *Support Worker (HACC)*
 Sharon Moran, *Support Worker & PAG Coordinator (HACC)*
 Brendan Amarant, *Truck Driver*
 Dean Nunn, *Truck Driver*
 Darren Kerr, *Plant Operator*

20 YEARS:

Robert Rayne, *Revenue Officer*
 Lorraine Thomson, *Finance Officer Payroll & Accounts Receivable*
 Paul Karlake, *Grader Driver/Leading Hand*
 Shayne Murphy, *Water Truck/Tractor Driver*

25 YEARS:

Lorraine Cooper, *Support Worker (HACC)*
 Sandra Hunter, *Support Worker (HACC)*
 Anita Impey, *Support Worker & PAG Assistant (HACC)*
 Maree Neil, *Support Worker (HACC)*
 Peter Flenley, *Grader Driver/Leading Hand*
 Brian Hayes, *Grader Driver/Leading Hand*
 Desmond Lindsay, *Loader Backhoe Operator*
 Peter Moran, *Grader Driver/Leading Hand*
 Trevor Robinson, *Truck Driver*
 Kevin Trengove, *Loader Backhoe Operator*

30 YEARS +

Greg Lofts, *Manager Human Resources, 31 years*
 Lynne Grant, *Support Worker (HACC), 31 years*
 Robin Davis, *Loader Driver, 33 years*
 Trevor Thomson, *Works Officer Beaufort, 34 years*
 Lance Farnsworth, *Plant Operator, 31 years*
 Ian Robinson, *Works Officer Avoca, 32 years*

Council provide service awards when staff reach milestones at 15 years and 30 years service respectfully - a formal function is held to celebrate the milestones.

SUMMARY OF YEARS OF SERVICE

YEARS OF SERVICE	NO. OF STAFF MEMBERS
10	7
15	8
20	4
25	11
30	6
35	0

WORKCOVER

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

CLAIMS PROFILE

	2011/12
Claims under Section 98, 98A, 98C, 98E 7 103(1)(b) of the Act	2
Claims - minor (under Council's liability)	6
- major (exceeds Council's liability)	0

The total time lost due to injury for the financial years was 166 hours.

CAMBRON HUMAN RESOURCE MANAGER

Council's 2012 annual employees performance appraisals and reviews are being 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.

INDUSTRIAL RELATIONS

Council continues to operate under its 2010 Enterprise Bargaining Agreement. The current agreement is due to expire on the 15 October, 2013.

COUNCIL PLAN COMMITMENTS - ORGANISATIONAL DEVELOPMENT

Review the Council's long-term financial strategy each year.	<ul style="list-style-type: none"> • The Long Term Strategic Resource Plan was reviewed in December 2011. A copy of the updated plan was placed on public exhibition in February 2012. 	Completed
Improve the Council's financial position, with an operating surplus to meet the needs of asset maintenance and renewal.	<ul style="list-style-type: none"> • Council continues to be in a sound financial position. Council had a cash balance of \$22.million at 30 June 2012. 	In progress, continuing in 2012/13
Attract, develop and retain good staff.	<ul style="list-style-type: none"> • The percentage of employees continuing with Council annually is 90%. 	Ongoing
Develop and implement a succession plan for critical organisation positions.	<ul style="list-style-type: none"> • Succession planning forms part of Council's 3 Year Strategic Human Resource Management Plan. 	In progress, continuing in 2012/13
Respond to the community in a timely manner, in accordance with Council's customer service charter.	<ul style="list-style-type: none"> • Council continues to respond to its community in a timely manner. In the twelve months ending 30/06/2012 Council acknowledged 95.26% (462/487) of its customer action requests within the customer service charter requirement of two days target. 	In progress, continuing in 2012/13

A close-up photograph of two hands shaking, one darker-skinned and one lighter-skinned, symbolizing agreement or partnership. The background is a gradient from dark purple to light blue.

GOVERNANCE & COMMUNITY LEADERSHIP

"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."





GOVERNANCE & COMMUNITY LEADERSHIP

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. Cr. John Quinn became Mayor of Pyrenees Shire in December 2011.

COUNCIL PLAN

The 2009-2013 Council Plan describes, in broad terms, the goals and aspirations of the Pyrenees Shire Council for those 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 the Management Team. A copy is available on Council's website.

MAYORAL & COUNCILLOR ALLOWANCES

The Mayoral allowance is currently \$57,089. The Councillor allowance is \$19,108. Allowances are reviewed annually by the Department of Planning and Community Development.

COUNCIL MEETINGS

Council conducts its business in open and publically advertised meetings. Ordinary Council Meetings are usually held on the third Tuesday of each month at the Council Chambers in Beaufort, commencing at 6pm.

During the year Ordinary Council Meetings were also held in Avoca in November 2011 and April 2012.

The Statutory Meeting, which included election of the Mayor, was held in Lexton in December 2011.

COUNCILLOR ATTENDANCE AT COUNCIL MEETINGS

DATE	CR CARSON	CR CLARK	CR O'CONNOR	CR QUINN	CR VANCE
19 July, 2011	Y	Y	Y	Y	Y
16 August, 2011	Y	Y	Y	Y	Y
20 September, 2011	Y	Y	Y	Y	Y
18 October, 2011	Y	Y	Y	Y	Y
15 November, 2011	Y	Y	Y	Y	Y
6 December, 2011 (Statutory)	Y	Y	Y	Y	Y
13 December, 2011	Y	Y	Y	Y	Y
21 February, 2012	Y	Y	Y	Y	Y
20 March, 2012	Y	Y	Y	Y	Y
17 April, 2012	Y	Y	Y	Y	Y
15 May, 2012	Y	Y	Y	Y	Y
12 June, 2012	Y	Y	Y	Y	Y

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 29 August, 2011, 28 November, 2011 and 29 May, 2012.

The Committee considered reports from the internal auditor on procurement practices; administration and tender management processes; capital works planning and management processes; asset management policies, procedures and practices.

COMMITTEES (SECTION 86)

Council could not operate effectively without the assistance of the many volunteers represented on Council's Special Committees (Section 86 Committees) and Advisory Committees.

The following Committees have been established under the Local Government Act 1989 for the purpose of advising Council on specific matters. Meetings of these Committees are open to the public and Minutes of the meetings are available for public inspection.

- Beaufort Community Resource Centre
- Beaufort Mechanics Institute
- Beaufort Community Bank Complex
- Brewster Hall
- Goldfields Recreation Reserve
- Landsborough Community Resource Centre
- Landsborough Swimming Pool and Caravan Park
- Lexton Community Centre
- Snake Valley Hall
- Waubra Community Hub
- Pyrenees Review Board*

*Council undertook a review of the role of the Pyrenees Review Board in April 2012 and resolved to abolish the Board and revoke the Deed of Delegation in June 2012.

COUNCIL MEMBERSHIPS

ORGANISATION	AMOUNT \$	COMMENT
Local Government Professionals	1000	Membership 2011/12
Victorian Local Governance Association	2250	Membership 2011/12
Committee for Ballarat	3600	LG Membership 2011/12
Play Australia	250	Membership 2011/12
Safety Institute of Australia	127.27	Membership 2011/12
National Timber Council Taskforce	1500	Membership 2011/12
Timber Towns Victoria	2500	Membership 2011/12
VECCI	5000	Membership 2011/12
KABV Inc	500	Membership 2011/12
MAV	16,852	Subscription 2011/12
Informed Decisions	275	Subscription Qtr Aug-Oct 2011
Blue Star Gazette	185.58	Subscription 2011/12
Local Govt Managers Aust	100	Magazine Subscription 2011/12
Institute of Public Works Engineering	610	Subscription 2011/12
The Aust. Local Government	650	Subscription 2011/12
MAV	500	Membership of LGICT Committee 2012
Informed Decisions	275	Subscription Qtr Nov 2011/Jan 2012
Informed Decisions	275	Subscription Qtr Feb-April 2012
Horsham Rural City Council	826	WHAC membership
Maddocks	775	Subscription July-Dec 2011
Mildura Rural City Council	333.32	Membership May/June 2012
Informed Decisions	183.33	May/June 2012
Lexisnexis	407	Subscription - Plan Environment
Central Victorian Greenhouse	1000	Membership 2011/12
CPA	429.55	Membership
Local Govt Finance Profess.	95.45	Membership
Pest Genie	359.09	Subscription

COUNCIL ELECTIONS

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

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.

EMERGENCY MANAGEMENT

We have worked with the Country Fire Authority and other agencies to develop a fire risk register for the Pyrenees Shire. For the first time a detailed analysis of all of the Shire's assets has been completed and mitigation strategies for their protection are being put in place.

Council has improved its capacity in the area of Emergency Management with all relevant staff being trained and several exercises completed. Council is currently working with the SES to develop an Emergency Flood Plan. This will be a focus for the next 12 months as Council moves towards an "all hazards approach".

The Department of Planning and Community Development Annual Community Satisfaction Survey introduced a new performance measure in 2012 - Emergency and Disaster Management. The community scored Council an index score of 80 for importance and 69 for performance.

QUALITY ASSURANCE

Pyrenees Shire Council continues to be the only small rural Council that has received certification in Quality Management Systems - Environment and Occupational Health and Safety.

External insurance 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 have attended privacy training to ensure understanding and compliance with the legislation. A copy of Council's policy is available for viewing at the Shire office. Questions, complaints or further information can be obtained by calling Council's Privacy Officer, the Human Resources Manager or

the Records Officer on 03 5349 1100.

FREEDOM OF INFORMATION

The Freedom of Information Act (1982) provides all residents and ratepayers with a legally enforceable right to obtain access to a document in accordance with the Act. The Officer with authority to make a decision in relation to a request for access to documents under the Act is Martin Walmsley, Manager Governance. All requests must be made in writing and be accompanied by an application fee.

Council processed seven applications under the Freedom of Information Act during 2011/12.

A report on the operation of the act is prepared each year and a copy of the report is available for inspection. Publications under Section 7 and 8 of the Act are available to the public and can be obtained by contacting the Freedom of Information Officer.

CHIEF EXECUTIVE OFFICER DELEGATION

Not all powers and functions of Council are exercised directly by the Council. The Chief Executive Officer (CEO) is appointed by Council for the purposes of managing the daily business of the organisation. To assist in the efficient operation of the organisation, an instrument of delegation exists which provides the CEO with the necessary authority to perform the duties of the position. Some of these powers are further delegated to staff.

OCCUPATIONAL HEALTH & SAFETY (OH&S)

The Pyrenees Shire Council recognises and is committed to preventing injury and illness by providing as far as practicable, a safe and healthy environment for its employees, contractors and the public. Council is not only committed to ensuring that all legislative requirements are met, but to maintaining a position of excellence in its handling of the occupational health, safety and welfare issues affecting its workforce.

The Occupational Health and Safety Committee is responsible for maintaining an active oversight of health and safety issues in the workplace and monitoring the organisation's performance against established indicators. These include a number of incidents, both reportable and non-reportable to Worksafe, and time lost due to injury.

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

EQUAL EMPLOYMENT OPPORTUNITY

Council is committed to providing a workplace free of any form of discrimination and harassment through its Equal Opportunity Policy and Code of Conduct. This is achieved by mandating a work environment that provides for mutual respect and a professional approach to relationships at all levels.

Pyrenees Shire Council is committed to the recruitment, training, transfer and promotion of employees on the basis of merit and open competition regardless of age, sex or gender identity, disability, industrial or political activity or inactivity, lawful sexual activity, marital status, physical features, pregnancy, race, religion, parental status or personal association.

The Equal Opportunity Policy describes the rights and responsibilities of all employees and provides a means of addressing any issues of concern. Trained Contact Officers are available to provide an initial point of contact for employees.

Our employee induction process includes training in equal opportunity awareness and compliance.

Council's holistic approach to risk management relies on the commitment of employees at all levels to ensure not only their own safety, but also the safety of other staff, safety of the public and the protection of corporate assets.

WHISTLEBLOWER PROTECTION

The Whistleblowers Protection Act 2001 protects people who disclose information about serious wrongdoing by Councillors and Council officers. There have not been any disclosures, as at 30 June 2012. Pyrenees Shire Council has procedures in place to provide protection from reprisals for persons making disclosures and provides a framework for investigation. Council's policy is available for viewing at the Shire Offices, 5 Lawrence Street, Beaufort.

DOCUMENTS AVAILABLE FOR INSPECTION

Documents are available at the Beaufort Council Offices during normal business hours.

- Details of current allowances fixed for the Mayor and Councillors under Section 74 or 74A of the Local Government Act 1989.
- The total annual remuneration for all senior officers in respect of the current financial year and the previous financial year, set out in a list that states:
 - 1) Ranges of remuneration, where the maximum difference in each range must not exceed \$10,000; and
 - 2) The number of senior officers whose total annual remuneration falls within the ranges referred to in sub-paragraph (1).
- Details of overseas or interstate travel (with the exception of interstate travel by land for less than three days) undertaken in an official capacity by Councillors or any member of Council staff in the previous 12 months, including the names of the Councillors or members of Council staff and the date, destination, purpose and total cost to Council of the overseas or interstate travel, including accommodation costs.
- Names of Council officers who were required to submit a return of interest during the financial year and the dates the returns were submitted.
- Names of Councillors who submitted returns of interest during the financial year and the dates the returns were submitted.
- Agendas and Minutes of ordinary and special meetings held in the previous 12 months kept under Section 93 of the Act except if the Minutes relate to parts of meetings which have been closed to members of the public under Section 89 of the Act.

- A list of all special committees established by the Council and the purpose for which each committee was established.
- A list of all special committees established by the Council which were abolished or ceased to function during the financial year.
- Minutes of meetings of Special Committees established under Section 86 of the Act and held in the previous 12 months except if the Minutes relate to parts of meetings which have been closed to members of the public under Section 89 of the Act.
- Register of delegations kept under Sections 87, 88 and 98 of the Act, including the date on which the last review under section 98(6) of the Act took place.
- Submissions received in accordance with Section 223 of the Act during the previous 12 months.
- Agreements to establish regional libraries under Section 196 of the Act.
- Details of all property, finance and operating leases involving land, buildings, plant, computer equipment or vehicles entered into by the Council as lessor or lessee, including the name of the other party to the lease and the terms and the value of the lease.
- A Register of authorised officers appointed under Section 224 of the Act.
- A list of donations and grants made by the Council during the financial year, including the names of persons or bodies which have received a donation or grant and the amount of each donation or grant.
- A list of the names of the organisations of which the Council was a member during the financial year and details of all membership fees and other amounts and services provided during that year to each organisation by the Council.
- A list of contracts valued at \$100,000 (or such higher amount as is fixed from time to time under section 186(1) of the Act) or more which the 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) or (5A) of the Act.

COMMUNITY GRANTS

The following community groups were awarded funding under Council's Community Grant Scheme:

ROUND 1 2011/12

Organisation

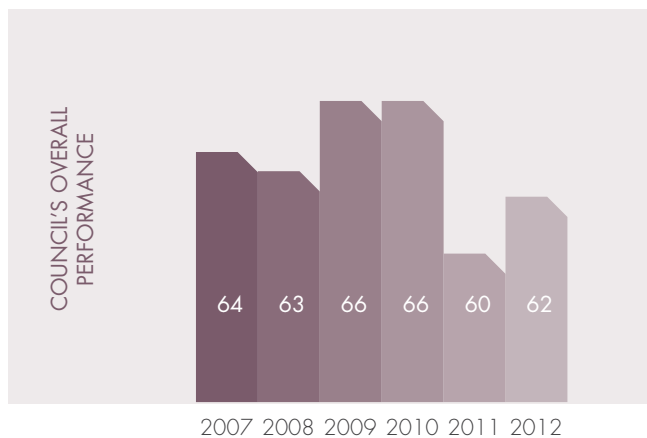
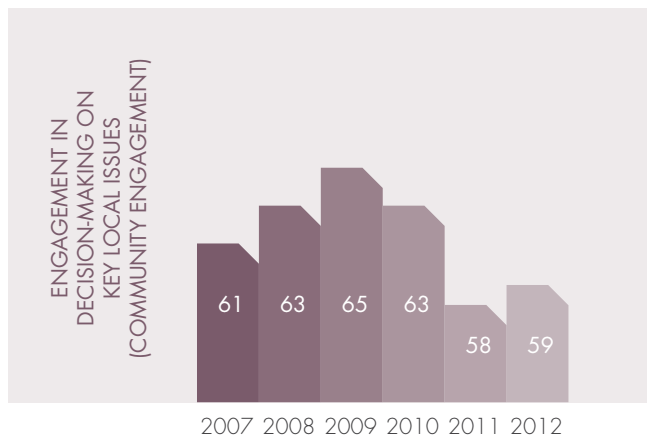
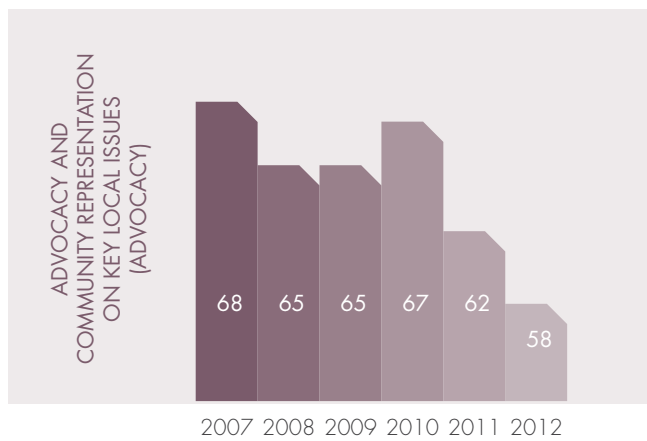
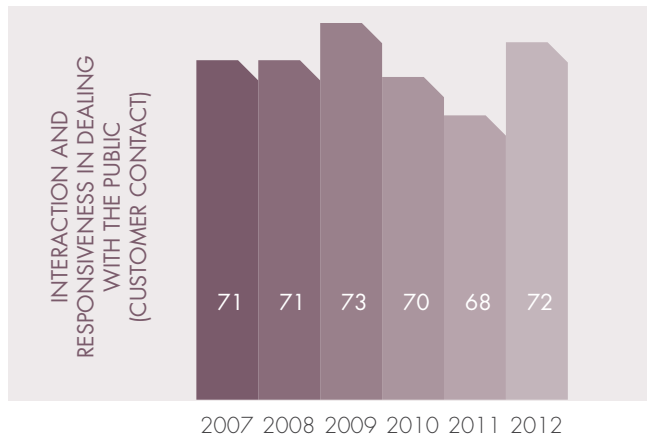
Beaufort Municipal Band	\$750
Snake Valley Golf Club	\$700
Ripon Beaufort RSL Sub Branch	\$1,500
Avoca Festivals and Events Committee.....	\$500
Avoca Shire Turf Club.....	\$500
Avoca Opportunity Shop Incorporated	\$1,000
Redbank Reserves Committee	\$1,500
Moonambel Playgroup	\$280
Avoca Breast Cancer Support Group	\$600
Moonambel Theatre Company	\$700
Pyrenees Rural Schools Cluster	\$500
Crossroads Playgroup	\$500
Avoca Sport & Recreation Committee of Management Community Gym	\$800
Avoca Lions Club	\$750
Beaufort Apex Club	\$750
Beaufort Playgroup	\$500
Beaufort Community Bank Complex	\$1,500
Amphitheatre Mechanics Institute	\$500
Snake Valley Exercise Group	\$500
Snake Valley Hall Committee of Management.....	\$1,500
UMEC Landscare Network.....	\$1,200
TOTAL GRANTS	\$17,530

ROUND 2 2011/12

Organisation

Landsborough Festivals Inc.	\$660
Beaufort Tennis Club	\$1,000
Beaufort Cemetery Trust	\$709.95
Carrnham Uniting Church	\$750
Business for Beaufort (B4B)	\$1,000
Waubra Football Netball Club.....	\$1,500
Moonambel Events Inc	\$726
The Friends of the RSL - Snake Valley Carrnham Branch	\$300
Amphitheatre Tennis Club (Auspiced by Amphitheatre Mechanic's Institute).....	\$1,000
Pyrenees Small Schools Cluster	\$500
Landsborough Ladies Night (Auspiced by Grampians Community Health)	\$750
Beaufort Mechanic's Institute Committee of Management	\$1,490
Lexton Cricket Club.....	\$1,500
Landsborough Swimming Pool & Caravan Park	\$1,500
TOTAL GRANTS.....	\$13,386

2012 LOCAL GOVERNMENT COMMUNITY SATISFACTION SURVEY RESULTS - COUNCIL'S PERFORMANCE



COUNCIL PLAN COMMITMENTS - GOVERNANCE AND COMMUNITY LEADERSHIP

Ensure that the community's views are expressed and considered by Council in its decision making.	<ul style="list-style-type: none"> • Council Plan was updated and placed on exhibition in February 2012. Advertisements were placed in local media requesting submissions and comment. • Community Satisfaction Survey June 2012 completed with results to be presented to future Council meeting. 	Completed Ongoing
Communicate the Council's decisions, policies and activities and the reasons behind them, in a form relevant to ratepayer needs and expectations.	<ul style="list-style-type: none"> • Council completed a review of its Communications Strategy at the time it reviewed its Council Plan in February 2012. New initiatives in this area include: <ul style="list-style-type: none"> - Weekly public notices column - Premier PR developing regular Media Releases. 	Completed Ongoing
Mitigate risk and improve employee safety through proactive risk management.	<ul style="list-style-type: none"> • Active Occupational Health and Safety Committee. • Risk Register updated. 	In progress, continuing in 2012/13
Continue Councillor training and development and ensure adherence to Councillor code of conduct.	<ul style="list-style-type: none"> • Councillors have attended the following training development sessions in the first quarter of the year: <ul style="list-style-type: none"> - VLGA Essential Mayors Weekend - Lobbying Training Session. • Election Caretaker Policy adopted by Council. • There have been no Councillor Code of Conduct issues. 	Completed Completed
Work with the State and Federal governments and the MAV on a new and sustainable funding model for local government.	<ul style="list-style-type: none"> • Training session conducted with Premier PR on effective lobbying for Councillors. • Mayor and a Councillor attended the ALGA conference in Canberra. Extensive lobbying on funding issues (Regional Development Victoria). 	Completed
Advocate to ensure adequate grant funding to provide and improve infrastructure, such as telecommunications, housing, water, sewerage and energy.	<ul style="list-style-type: none"> • Council has been active seeking grant funding for the following projects: <ul style="list-style-type: none"> - Beaufort Railway Culverts Project - Avoca Family & Children's Centre. 	Ongoing
Improve community engagement.	<ul style="list-style-type: none"> • Council conducted two Budget information sessions with the community. • In January Council introduced a public notice information section in the local paper. • Council at its June Council Meeting adopted a new method of managing Council's Community Action Planning process. 	Completed
Develop and implement the emergency management plan.	<ul style="list-style-type: none"> • Municipal Emergency Management Plan currently being reviewed. • Municipal Emergency Management Flood Sub-Plan commenced. • Heat Wave Strategy reviewed and updated. • Municipal Fire Management Plan completed and endorsed. • Vulnerable people process developed and implemented. 	In progress, continuing in 2012/13
Work with the MAV and State Government departments to bring about improvements in guidelines and regulations regarding wind farm development.	<ul style="list-style-type: none"> • Meeting occurred with Planning Minister on Wind Farms Meeting coordinated by the MAV and involved three other Councils. 	In progress, continuing in 2012/13
Review CARS and other related systems to improve customer inquiry and response.	<ul style="list-style-type: none"> • Review of CARS has commenced including related policy and procedures. 	In progress, continuing in 2012/13

CORPORATE GOVERNANCE

VICTORIAN LOCAL GOVERNMENT INDICATORS

	2007/08	2008/09	2009/10	2010/11	2011/12
AFFORDABILITY					
Average rates and charges per assessment	\$910	\$973	\$1,064	\$1,138	\$1,158
Average rates and charges per Residential assessment	\$536	\$696	\$747	\$798	\$846
SUSTAINABILITY					
Average liabilities per assessment	\$575	\$790	\$795	\$1,025	\$1,474
Operating result per assessment – surplus/(deficit)	\$334	\$999	\$94	\$1,391	\$1,188
SERVICES					
Average operating expenditure per assessment	\$2,348	\$2,522	\$2,706	\$3,403	\$5,800
Community Satisfaction Survey for overall performance of the Council	64	66	66	60	62
INFRASTRUCTURE					
Average capital expenditure per assessment	\$1,277	\$1,577	\$982	\$1,457	\$1,163
<i>Renewal</i>					
Current spending on renewal to Asset base consumed during the year	99%	81%	49%	66%	20%
<i>Renewal and Maintenance</i>					
Current spending on renewal plus maintenance to Asset base consumed during the year, plus maintenance	100%	87%	71%	77%	140%
GOVERNANCE					
Community Satisfaction Survey for Council's advocacy and community representation on key local issues	68	65	67	62	58
Community Satisfaction Survey for Council's engagement in decision-making on key local issues	61	65	63	58	59

National Competition Policy Compliance: 2011/2012

Certification by Chief Executive Officer

Council has complied with the requirements of the national Competition Policy (NCP) for the period 1st July 2011 to 30th June 2012, in accordance with the requirements outlined in National Competition Policy and Local Government (Revised 2011) as set out below:

A. Trade Practice Compliance

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

B. Local Laws Compliance

State whether the Council is compliant or non-compliant. List all local laws made or re-made during 2011/12 which impose a restriction on competition. COMPLIANT

C. Competitive Neutrality Compliance

State whether the Council is compliant or non-compliant for all significant businesses. List any significant businesses that are non-compliant. COMPLIANT

I certify that:

- a. This statement has been prepared in accordance with the 2011/12 National Competition Policy recording guidelines, and
- b. This statement presents fairly the Council's implementation of the National Competition Policy.

Signed:



Stephen Cornish
Chief Executive Officer

Date: 22/8/12



FINANCIAL REPORTS

"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."



51,85%

51,85%

37,90%

17,90

21,85%

30%

FINANCIAL REPORTS

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 2011/2012 financial year and the overall position at the end (30 June 2012) 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 39 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 Assets as held for sale. This includes land assets that Council holds that are currently for sale.

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 23 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 \$7 million, which included a charge for depreciation of assets of \$5.8 million. This result is considerably higher than budget. It occurred as a result of the receipt of \$14.3 million in grant funding for the September 2010 and January 2011 floods. Council received \$8.8 million for flood works in the previous financial year.

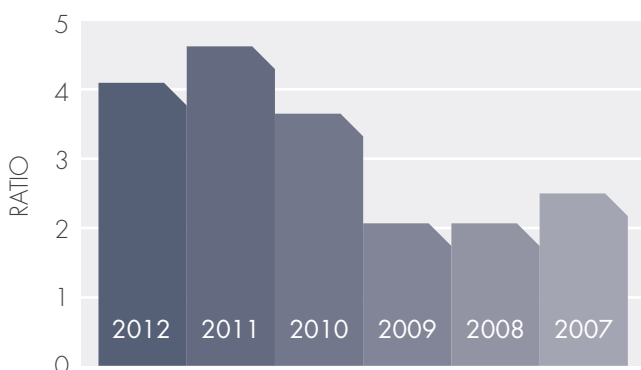
At balance date, Council had expended \$16.2 million of these funds on flood restoration works over the past two financial years. The remainder of these funds will be expended in the current year.

Council's overall grant income for the year was \$31.2 million. While the flood grant funds contribute significantly to this amount, the remaining balance of \$16.9 million reflects Council's continuing success in attracting external funding for operations and capital works. In particular, Council received \$5 million in non-recurrent grants for projects other than flood restoration, notably Federal Government funds for major road projects such as the Avoca Family and Children's Centre; Snake Valley Sewerage Scheme; and the Beaufort railway culverts projects.

BALANCE SHEET

Council is in a sound financial position at 30 June 2012 with \$21.9 million in cash and investments on hand and a capital ratio (current assets to current liabilities) of 4.4 to 1. That ratio compared with previous years is shown in the following graph.

WORKING CAPITAL RATIO



CASH FLOW

Council has achieved a cash surplus from operations of \$21.9 million in 2011/12. This cash surplus is the cash balance available to Council after normal operating expenses have been paid. (The balance this year is higher than normal as a result of the flood grants received.) 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 flow requirements relating to its financing activities, Council's overall cash position has increased by \$7.8 million in 2011/12. This significant increase in cash levels has occurred largely as a result of the following four factors.

1. Council received \$1.1 million of its 2011/12 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.
2. Council has received \$12.3 million of grants funds for projects in advance. The majority of the funds relate to flood restoration works. These funds will be expended in 2012/13.
3. Council had a number of projects that were unfinished at 30 June 2012. These projects, including the flood mitigation works and the Avoca Family and Children's centre, will now be completed in 2012/13.

CAPITAL WORKS

Council undertook \$6.7 million of capital works in 2011/12. Works included \$4.8 million on roads; \$0.1 million on buildings; \$0.8 million on land improvements; and \$1.0 million on plant and equipment.

DEBT MANAGEMENT

Total Council debt at 30 June is \$2,454,000 of which \$63,000 is repayable by a local community group. Council has a strategy of minimising 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

FOR THE YEAR ENDING 30 JUNE 2012

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

KEY STRATEGIC ACTIVITIES

FOR THE YEAR ENDING 30 JUNE 2012

FOUR YEAR PLAN		ANNUAL PLAN			
OBJECTIVES	STRATEGIES	KEY STRATEGIC ACTIVITIES	TARGETS	ACHIEVEMENT	EXPLANATION
1 - To maintain a safe and effective road system that caters for all road users within the shire.	1.1 - Develop strategies to increase the funds available to maintain and improve Councils road network.	1.1.1 - Seek external funding to support road renewal programs within the shire. Pursue funding commitments from State and Federal Government bodies.	Quantity - Council to obtain grant income of \$2.0 million in the year (including Roads to Recovery funding) in capital grant funding to fund specific road infrastructure projects.	Yes	Actual income was \$4,056,835.
			Quality - Maintaining a community satisfaction rating for Customer Contact above 72.	No	Community Satisfaction Survey Performance Index Score of 72.
		1.2.1 - Ensure that yearly capital works program identified from the 10 year financial plan is completed.	Quantity - 90% of the budgeted roads capital works is completed (excluding carry forwards) in the 2011/2012 year.	No	Actual result was 61%. level of capital road works were impacted by the flood events of Sept 2010 and Jan 2011.
			Quality - Maintain a community satisfaction rating for Local Roads and Footpaths above 52.	Yes	Community Satisfaction Survey Index Score of 57.

FOUR YEAR PLAN		ANNUAL PLAN			
OBJECTIVES	STRATEGIES	KEY STRATEGIC ACTIVITIES	TARGETS	ACHIEVEMENT	EXPLANATION
2 - To provide safe, well maintained and functional assets to support communities.	2.1 - Continue to develop tidy, attractive and functional streetscapes that encourage tourism, town pride and new residents.	2.1.1 - Completion of the construction of the Snake Valley Sewerage Scheme Project.	Time - Construction to be completed prior to 30.6.2012.	No	Wet weather has forced suspension of works. Estimated completion of works October 2012.
		2.1.2 - Completion of the Waubra, Snake Valley, Lexton and Moonambel Streetscape Plans.	Time - Plans to be considered and adopted by Council prior to 30.6.2012.	No	Plans currently being assessed and reviews completed by October 2012.
	2.2 - Continue to educate, encourage and support user groups to source external funding for development of community facilities.	2.2.1 - Completion of the Avoca Kindergarten Plans	Time - Plan to be considered and adopted by Council prior to 30.6.2012.	Yes	Avoca Family & Children's Centre proposal endorsed by Council April 2012 - Contract awarded 2 May 2012.
			Quality - Maintaining a community satisfaction rating for recreational facilities above 67.	Yes	Community Satisfaction Survey Performance Index Score of 70.
			Quality - Maintaining a community satisfaction rating for appearance of public areas above 70.	Yes	Community Satisfaction Survey Performance Index Score of 73.
3 - To enhance the quality of life of residents by building strong, active and resilient communities.	3.1 - Ensure the Community Action Plans are relevant, current and representative of the view of each community. Encourage participation in the review of the plans. Support communities to implement their plans and access grant funding.	3.1.1 - Ensure that all CAPs are current and are up to date.	Time - All community Action Plans to be available on Council's website prior to 31.12.2011.	Yes	Community Action Plans were listed on Council's website prior to 31.12.2011.
			Quality - A CAP training session for interested residents to be conducted annually.	No	Training not provided 2011/12.

FOUR YEAR PLAN		ANNUAL PLAN			
OBJECTIVES	STRATEGIES	KEY STRATEGIC ACTIVITIES	TARGETS	ACHIEVEMENT	EXPLANATION
	3.2 - Provide responsive and sustainable community services in aged care, family day care and maternal and child health.	3.2.1 - Maintain the levels of high quantity aged care service delivery.	Quantity: Zero waiting list for the provision of home help services for aged clients.	Yes	Council does not have a waiting list for the provision of home help services for aged clients.
			Quality - Maintain a community satisfaction rating for Health and Human Services above 75.	No	No longer a DPCD Community Satisfaction Survey Indicator. Pyrenees scored 72 for performance of Elderly Support Services.
	3.3 - Promote the use of libraries and community resource centres to enhance the community's educational, training and social networking opportunities.	3.3.1 - Improve the usage of Council's library facilities.	Quantity - Increase library materials usage by 10% over 2010/11 levels.	No	The Number of Library Services in Avoca increased by 6%, Circulation increased by 7.1% from 2010/2011. In Beaufort, number of Library Services' increased by 6%, 'Circulation' increased by 0.4% compared to 2010/2011.

FOUR YEAR PLAN		ANNUAL PLAN			
OBJECTIVES	STRATEGIES	KEY STRATEGIC ACTIVITIES	TARGETS	ACHIEVEMENT	EXPLANATION
4 - To develop the local economy and increase the population of the Pyrenees Shire.	4.1 - Review the Economic Development Strategy for attracting, retaining and developing business and industry.	4.1.1 - Revised Economic Development Strategy adopted by Council.	Time - To be adopted by November 2011.	No	Economic Development Strategy due for review in 2013/14.
			Quality - Increase the community satisfaction survey rating for Economic Development from 60% to 61%.	Yes	Community Satisfaction Survey Performance Index of 64.
			4.2 - Industrial land developed in Avoca.	4.2.1 - The continued development of land for industrial blocks in Avoca.	Time - Land identified for the next stage of the Avoca industrial land development prior to 30/06/2012.
4.3 - Industrial land in Beaufort.	4.3.1 - The continued development of land for industrial blocks in Beaufort.	Time - Land identified for future industrial land development prior to 30/06/2012.	No	Currently all lots in stage two of Broadbent Court have been sold. A preliminary investigation has occurred for future industrial land however, potential development costs are limiting a positive outcome. Also the lack of knowledge of the bypass route around Beaufort is restricting further consideration of land.	

FOUR YEAR PLAN		ANNUAL PLAN			
OBJECTIVES	STRATEGIES	KEY STRATEGIC ACTIVITIES	TARGETS	ACHIEVEMENT	EXPLANATION
5 - To provide leadership for the community and advocate on its behalf to improve the economic, social and environmental wellbeing of the Pyrenees Shire.	5.1 - Mitigate public risk and improve employee safety through pro-active risk management.	5.1.1 - Improved performance in Council's risk management areas.	5.1.1 - Review and update Council's risk register and present to the December 2011 Audit Committee Meeting.	No	Report considered by the Audit Committee at its May 2012 meeting.
		5.1.2 - Continued certification to Australian Standards for safety, quality and environment.	Quality - ISO certification in Quality, Environment and Safety maintained.	Yes	ISO certifications maintained. Audit available after Tuesday 21/8.
			Quality - Improved performance in Council's public liability and building insurance audit by 2.5% compared with 2010/2011.	No	JMAPP remained the same at 79.3%. (Audit every two years)
6 - To ensure the organisation is financially sustainable and has the capacity and capability to meet future and current needs.	6.1 - Continue to review Council's long term financial strategy annually.	6.1.1 - Continue to review and update Council's long term financial strategy each year.	Time - Council to consider a report on its long term financial strategy in the 2011/2012 financial year.	Yes	Report considered by Council in September 2011 and June 2012.
			Quality - Maintain a ratio of current assets to current liabilities at a level in excess of 100% at 30.6.2011.	Yes	Actual is 444.64% at 30.6.2012.
			Quality - Maintain indebtedness to rate revenue at less than 60% at 30.6.2011.	Yes	Actual is 35.4% at 30.6.2012.

FOUR YEAR PLAN		ANNUAL PLAN			
OBJECTIVES	STRATEGIES	KEY STRATEGIC ACTIVITIES	TARGETS	ACHIEVEMENT	EXPLANATION
7 - Manage the natural and built environment.	7.1 - Implement community education campaigns to reduce the amount of waste sent to landfill and to encourage recycling.	7.1.1 - A reduction in the amount of waste sent to council landfills.	Quality - Two waste reduction educational documents to be circulated in the Pyrenees Advocate in the 2011/2012 year.	No	Not provided.
			Quantity - Conduct an annual hard waste collection in the townships of Avoca and Beaufort prior to 15/06/2012.	Yes	Hard Waste collection conducted in Beaufort in April and Avoca in May 2012.
			Quality - Maintain waste per assessment (excluding green waste) below the target of 380kg in 2011/2012.	Yes	Actual average waste per assessment was 290.47kg.
			Quality - Improve the customer satisfaction rating for Waste Management from 70 to 71.	Yes	Community Satisfaction Survey Performance Index of 72.



STANDARD STATEMENT



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 87 to 89 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 10 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 14 June 2011. 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 87 to 89. 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 2012

	BUDGET 2011/12 \$'000	VARIANCES \$'000	VARIANCES %	ACTUALS 2011/12 \$'000	
REVENUE					
Rates and charges	6,871	57	0.8	6,928	
Grants - operating	10,770	11,202	104.0	21,972	1
Grants - capital	8,371	882	10.5	9,253	2
User fees	825	23	(2.8)	848	
Contributions	86	73	84.9	159	3
Other revenue	291	889	305.5	1,180	4
TOTAL REVENUE	27,214	13,126		40,340	
EXPENSES					
Employee benefits	5,614	2,014	(35.9)	7,628	5
Materials and services	20,428	(940)	(4.6)	19,488	
Depreciation	5,100	655	(12.8)	5,755	6
Finance costs	203	(20)	9.9	183	
Other expenses	189	32	(16.9)	221	7
Net gain (loss) on disposal of assets	-	209	-	209	
TOTAL EXPENSES	31,534	1,950		33,484	
SURPLUS (DEFICIT) FOR THE PERIOD	(4,320)	11,176		6,856	

VARIANCE EXPLANATION REPORT

REF	ITEM	EXPLANATION
1	Grants - operating	Higher than budget as a result of the flood events experienced in September 2010 and January 2011. Council received \$12.0M in operating grants for restoration works associated with these floods in 2011/12.
2	Grants - capital	Higher than budget as a result of the flood events experienced in September 2010 and January 2011. Council received \$2.3M in capital grants for restoration works associated with these floods in 2011/12.
3	Contributions	Higher than budget for two reasons. Firstly, contributions to the Waubra Hub Project were higher than budget as a result of a change to the timing of the contributions of the community groups to this project. The second reason was increased contributions from community groups to fund various minor works.
4	Other revenue	Higher than budget as a result of interest on investments being higher than budget. The higher than anticipated level of non-recurrent grants has resulted in Council maintaining higher levels of investments than normal. This has increased interest on investment in the current year.
5	Employee benefits	The Local Authorities Superannuation Fund latest 31 December 2011 actuarial investigation identified an unfunded liability of \$333 million excluding the contributions tax in the defined benefit fund of which we are a member. Council was made aware of the expected shortfall through the year and was informed formally of it's share of the shortfall on 31 July 2012 which amounted to \$1,840,057. Council has elected to pay this shortfall by lump sum on the 31 August 2012. This large payment was unknown at budget time.
6	Depreciation	Council revalued its building assets at the 30.6.2011. This revaluation 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 2011. This was after the budget for 2011/2012 had been adopted by Council.
7	Other expenses	Other expenses are \$32,000 higher than budget as a result of training expenses and lease costs being slightly higher than anticipated.

STANDARD BALANCE SHEET

AS AT 30 JUNE 2012

	BUDGET 2011/12 \$'000	VARIANCES \$'000	VARIANCES %	ACTUALS 2011/12 \$'000	
CURRENT ASSETS					
Cash and cash equivalents	1,486	20,411	1,373.6	21,897	8
Trade and other receivables	589	2,841	482.3	3,430	9
Other	215	261	121.4	476	10
Non-current assets classified as held for sale	-	1,102	-	1,102	11
TOTAL CURRENT ASSETS	2,290	24,615		26,905	
NON-CURRENT ASSETS					
Trade and other receivables	70	(20)	(28.6)	50	12
Property, plant and equipment, infrastructure	214,089	(14,643)	6.8	199,446	
Investments in associates	227	(227)	100.0	-	13
Total non-current assets	214,386	14,890		199,496	
TOTAL ASSETS	216,676	9,725		226,401	
CURRENT LIABILITIES					
Trade and other payables	755	3,200	(423.8)	3,955	14
Interest bearing loans and borrowings	250	5	2.0	255	
Provisions	1,201	426	(35.5)	1,627	15
Trust funds and deposits	141	73	(51.8)	214	16
TOTAL CURRENT LIABILITIES	2,347	3,704		6,051	
NON-CURRENT LIABILITIES					
Trade and other payables	-	58	-	58	17
Interest bearing loans and borrowings	2,194	5	(0.2)	2,199	
Provisions	158	43	(27.2)	201	18
TOTAL NON-CURRENT LIABILITIES	2,352	106		2,458	
TOTAL LIABILITIES	4,699	3,810		8,509	
NET ASSETS	211,977	5,915		217,892	
EQUITY					
Accumulated surplus	90,367	9,013	10.0	99,380	
Asset revaluation reserve	121,531	(3,098)	2.5	118,433	
Other reserves	79	-	-	79	
TOTAL EQUITY	211,977	5,915		217,892	

VARIANCE EXPLANATION REPORT

REF	ITEM	EXPLANATION
8	Cash assets and cash equivalents	Higher as a result of grant funding being received for the flood events experienced in September 2010 and January 2011. There has also been delays 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 at the end of the financial year than anticipated at budget time.
10	Other - current assets	Higher as a result of the level of prepayments accrued at 30.6.2012 and accrued interest on investments being higher than that anticipated at budget time.
11	Trade and other receivables - non current	Higher level of repayment of community loans than anticipated
12	Non-current assets classified as held for sale	At budget time there was uncertainty as to when this land would be available for sale. As a consequence no specific line item was recorded in the budget for this item.
13	Investments in associates	The seven Councils that make up the Central Highlands Regional Library Corporation resolved at a meeting held on the 22 August 2011 to wind up the Corporation. It was not possible to anticipated the formal winding up of the Corporation at budget time.
14	Trade and other payables - current	Firstly, higher than budget as a result of the flood events experienced in September 2010 and January 2011. Council has received \$22.0M for restoration works associated with these floods. At the end of the year Council had expended \$16.2M on works on various flood projects. With the higher than anticipated level of expenditure there has been a corresponding increase in Council's level of creditors at year end. Secondly the Local Authorities Superannuation Fund latest 31 December 2011 actuarial investigation identified an unfunded liability of \$406 million in the defined benefit fund of which we are a member. Council was made aware of the expected shortfall through the year and was informed formally of it's share of the shortfall on 31st July 2012 which amounted to \$1,840,057. Council has elected to pay this shortfall by lump sum on the 31 August 2012. This large payment has been accrued at year end and was unknown at budget time.
15	Provisions - current	There have been lower levels of leave taken during the year than anticipated. This has caused a variation from the original budget amount as the effect of this was not allowed in the budget. The lower level of leave taken can be attributed to the flood events experienced in September 2010 and January 2011. The ongoing works associated with this meant that it was not possible for staff to take their normal leave entitlements.
16	Trust funds and deposits	These vary from year to year and they are difficult to predict at budget time each year.
17	Trade and other payables - non current	Council negotiated a terms contract for the purchase of a parcel of land. As it was financially advantageous for Council to pay for the land this way, it did so. This information was not available at budget time.
18	Provisions - non current	Lower levels of leave taken during the year than anticipated. This has caused a variation from the original budget amount as the effect of this was not allowed in the budget. The lower level of leave taken can be attributed to the flood events experienced in September 2010 and January 2011. The works associated with meant that it was not possible for staff to take their normal leave entitlements.

STANDARD CASH FLOW STATEMENT

FOR THE YEAR ENDING 30 JUNE 2012

	BUDGET 2011/12 \$'000	VARIANCES \$'000	VARIANCES %	ACTUALS 2011/12 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
RECEIPTS				
General rates	6,871	213	(3.1)	7,084
Operating grants and contributions			(98.0)	19
Capital grants and contributions	8,371	(1,241)	(14.8)	7,130
Interest	274	662	(241.6)	936
User charges	735	64	(8.7)	799
Statutory fees	157	(23)	(14.6)	134
Other revenue	113	15	(12.9)	128
Net GST Refund	2,911	(2,584)	(88.8)	327
	31,279			39,994
PAYMENTS				
Employee costs	(5,614)	(127)	(2.3)	(5,741)
Materials & contractors	(22,471)	2,108	(9.4)	(20,363)
Other expenses	(223)	(20)	(9.0)	(243)
	(28,308)			(26,347)
NET CASH INFLOW FROM OPERATING ACTIVITIES	2,971			13,647
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of property, plant and equipment, infrastructure	905	357	(39.4)	1,262
Payments for property, plant and equipment, infrastructure	(14,675)	8,025	54.7	(6,650)
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES	(13,770)	(8,382)		(5,388)
CASH FLOWS FROM FINANCING ACTIVITIES				
Trust funds and deposits	-	(13)	-	(13)
Finance costs	(189)	6	(3.2)	(183)
Proceeds from borrowings	-	-	-	-
Repayment of interest bearing loans and borrowings	(264)	(3)	1.1	(267)
NET CASH INFLOW (OUTFLOW) FROM FINANCING ACTIVITIES	(453)	(10)		(463)

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(11,252)	19,048	169.3	7,796
Cash and cash equivalents at the beginning of the year	12,738	1,363	10.7	14,101
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1,486	20,411		21,897

RECONCILIATION OF SURPLUS (DEFICIT) AND NET CASH FLOWS FROM OPERATING ACTIVITIES FOR THE YEAR ENDING 30 JUNE 2012				
SURPLUS (DEFICIT)	(4,320)	11,176	258.7	6,856

Depreciation and amortisation	5,100	655	12.8	5,755
(Profit) loss on sale of property, plant and equipment, infrastructure	-	209	-	209
Finance costs	-	(183)	-	(183)
Net movement in current assets and liabilities	-	1,010	-	1,010
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES	780	12,867		13,647

VARIANCE EXPLANATION REPORT

REF	ITEM	EXPLANATION
19	Operating grants and contributions	Higher than budget as a result of the flood events experienced in September 2010 and January 2011. Council has received \$22.0M for restoration works associated with these floods.
20	Capital grants and contributions	Council budgeted to receive funding for the Avoca Family and Children's Centre in 2011/2012. Council did not receive all of these fund in 2011/2012. The additional funds will be received in 2012/13.
21	Interest received (inflow)	Higher than budget as a result of interest on investments being higher than budget. The higher than anticipated level of non-recurrent grants has resulted in Council maintaining higher levels of investments than normal. This has increased interest on investment in the current year.
22	Statutory fees	Lower than budget as a result of a reduction in the level of building fees received in 2011/12.
23	Other income received (inflow)	Higher than budget as a result of income from private works being higher than anticipated.
24	Net GST Refund	Lower than budget as a result of the flood events experienced in September 2010 and January 2011. Council has received \$22.0M in total for restoration works associated with these floods. The grant funds has reduced Council's net GST refund position.
25	Proceeds from sale of property, plant and equipment, infrastructure	The sale of residential and industrial land blocks has been higher than budgeted for.
26	Payments for property, plant and equipment, infrastructure	Less than budget as a result of delays in Council's capital works program. One of the major projects that has experienced delay is the Snake Valley Sewerage Scheme. Construction of this scheme was delayed as a result of inclement weather. Other projects have been delayed as they were reliant on government funding to be approved.

STANDARD STATEMENT OF CAPITAL WORKS

FOR THE YEAR ENDING 30 JUNE 2012

CAPITAL WORKS AREAS	BUDGET 2011/12 \$'000	VARIANCES \$'000	VARIANCES %	ACTUALS 2011/12 \$'000
Land	100	(100)	-	- 27
Roads	7,382	(1,844)	(25.0)	5,538 28
Land improvements	3,595	(3,515)	(97.8)	80 29
Buildings	1,330	(1,229)	(92.4)	101 30
Plant and equipment and other	934	61	(6.5)	995
TOTAL CAPITAL WORKS	13,341	(6,627)		6,714

REPRESENTED BY:

Renewal of infrastructure	9,047	(8,069)	(89.2)	978
Upgrade of infrastructure	10	2,069	(20,690.0)	2,079
New infrastructure	4,284	(627)	(14.6)	3,657
TOTAL CAPITAL WORKS	13,341	(6,627)		6,714

PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE MOVEMENT RECONCILIATION WORKSHEET

	BUDGET 2011/12 \$'000	VARIANCES \$'000	VARIANCES %	ACTUALS 2011/12 \$'000
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The movement between the previous year and the current year in property, plant and equipment, infrastructure as shown in the Balance Sheet links to the net of the following items:

Total capital works	13,341	(6,627)	(49.7)	6,714
Asset revaluation movement	-	-	-	-
Depreciation and amortisation	(5,000)	(755)	(15.1)	(5,755)
Written down value of assets sold	(477)	(994)	208.4	(1,471)
NET MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE	7,864	(8,376)		(512)

REF	ITEM	EXPLANATION
27	Land	Council has been investigating the purchase of additional industrial land for development. To date Council has been unable to find land in a suitable location.
28	Roads	Less than budget as a result of delays in Council's capital works program. Some projects have been delayed as they were reliant on government funding to be approved before the project can be started.
29	Land improvements	Less than budget as a result of delays in Council's capital works program. One of the major projects that has experienced delay is the Snake Valley Sewerage Scheme. Construction of this scheme was delayed as a result of inclement weather. This project is now scheduled for completion in the 2012/2013 year.
30	Buildings	Council made a number of successful grant applications to improve and upgrade buildings during the year. These include the Avoca Family and Children's Centre. The delay in the approval of grant funding for this project will now see this project completed in 2012/13 rather than 2011/12.

FINANCIAL STATEMENT

FINANCIAL STATEMENTS

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COMPREHENSIVE INCOME STATEMENT

FOR THE YEAR ENDING 30 JUNE 2012

	2012 \$'000	2011 \$'000	NOTE
REVENUE			
Rates and garbage charge	6,928	6,572	2
User charges and other fines	848	1,062	3
Grants - Recurrent	7,130	5,585	4
Grants - Non Recurrent	24,095	13,397	4
Contributions - cash	159	109	5
Other income	1,180	708	6
Share of net profits (losses) of associates and joint ventures accounted for by the equity method	-	4	13
TOTAL REVENUE	40,340	27,437	
EXPENSES			
Employee benefits	(7,628)	(5,799)	
Contract payments, materials and services	(19,488)	(7,888)	8
Depreciation	(5,755)	(5,305)	9
Finance costs	(183)	(154)	10
Other expenses	(221)	(184)	11
Net loss on disposal of property, plant and equipment, infrastructure	(209)	(147)	12
TOTAL EXPENSES	(33,484)	(19,477)	7
SURPLUS FOR THE YEAR :	6,856	7,960	
OTHER COMPREHENSIVE INCOME			
Net asset revaluation increment (decrement) reversals	-	(3,098)	
COMPREHENSIVE RESULT	6,856	4,862	

BALANCE SHEET

AS AT 30 JUNE 2012

	2012 \$'000	2011 \$'000	NOTE
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	21,897	14,101	14
Trade and other receivables	3,430	1,521	15
Other assets	476	266	16
Non-current assets classified as held for sale	1,102	-	17
TOTAL CURRENT ASSETS	26,905	15,888	
NON-CURRENT ASSETS			
Trade and other receivables	50	61	15
Investments in associates accounted for using the equity method	-	229	13
Property, infrastructure, plant and equipment	199,446	200,724	18
TOTAL NON-CURRENT ASSETS	199,496	201,014	
TOTAL ASSETS	226,401	216,902	
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	3,955	1,212	19
Trust funds and deposits	214	227	20
Provisions	1,627	1,419	21(A)(I)
Interest-bearing loans and borrowings	255	263	22
TOTAL CURRENT LIABILITIES	6,051	3,121	
NON-CURRENT LIABILITIES			
Trade and other payables	58	87	19
Provisions	201	200	21(A)(II)
Interest-bearing loans and borrowings	2,199	2,458	22
TOTAL NON-CURRENT LIABILITIES	2,458	2,745	
TOTAL LIABILITIES	8,509	5,866	
NET ASSETS	217,892	211,036	
EQUITY			
Accumulated surplus	99,380	92,524	
Reserves	118,512	118,512	23
TOTAL EQUITY	217,892	211,036	

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

	TOTAL 2012 \$'000	TOTAL 2011 \$'000	ACCU- MULATED SURPLUS 2012 \$'000	ACCU- MULATED SURPLUS 2011 \$'000	ASSET REVALU- ATION RESERVE 2012 \$'000	ASSET REVALU- ATION RESERVE 2011 \$'000	OTHER RESERVES 2012 \$'000	OTHER RESERVES 2011 \$'000	NOTE
REVENUE									
Balance at beginning of the financial year	211,036	206,174	92,524	84,564	118,433	121,531	79	79	
Surplus (deficit) for the year	6,856	7,960	6,856	7,960					
Net asset revaluation increment (decrement)	-	(3,098)	-	-	-	(3,098)	-	-	23(A)
BALANCE AT END OF THE FINANCIAL YEAR	217,892	211,036	99,380	92,524	118,433	118,433	79	79	

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

	2012 INFLOWS/ (OUTFLOWS) \$'000	2011 INFLOWS/ (OUTFLOWS) \$'000	NOTE
CASH FLOWS FROM OPERATING ACTIVITIES			
Rates	7,084	6,652	
User charges and other fines (inclusive of GST)	933	1,168	
Grants (inclusive of GST)	30,417	19,766	
Contributions (inclusive of GST)	169	118	
Interest	936	413	
Other receipts (inclusive of GST)	128	146	
Net GST (refund)/payment	327	301	
Payments to suppliers (inclusive of GST)	(20,363)	(8,892)	
Payments to employees (including redundancies)	(5,741)	(5,530)	
Other payments	(243)	(202)	
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	13,647	13,941	24
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, infrastructure, plant and equipment	(6,650)	(8,138)	
Proceeds from sale of property, infrastructure, plant and equipment	1,262	227	
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(5,388)	(7,911)	
CASH FLOWS FROM FINANCING ACTIVITIES			
Trust funds and deposits	(13)	86	
Proceeds from interest bearing liabilities	-	650	
Repayment of interest bearing liabilities	(267)	(209)	
Finance costs	(183)	(154)	
Net cash provided by (used in) financing activities	(463)	373	
Net increase (decrease) in cash and cash equivalents held	7,796	6,403	
Cash and cash equivalents at the beginning of the financial year	14,101	7,698	
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	21,897	14,101	25
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CASH AS PER NOTE 16	21,897	14,101	

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



NOTES TO THE FINANCIAL REPORT

INTRODUCTION

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

(b) The purpose of the Council is to:

- provide for the peace, order and good government of its municipal district;
- to promote the social, economic and environmental viability and sustainability of the municipal district;
- to ensure that resources are used efficiently and effectively and services are provided in accordance with the Best Value Principles to best meet the needs of the local community;
- to improve the overall quality of life of people in the local community;
- to promote appropriate business and employment opportunities;
- to ensure that services and facilities provided by the Council are accessible and equitable;
- to ensure the equitable imposition of rates and charges; and
- to ensure transparency and accountability in Council decision making.

External Auditor - Auditor-General of Victoria

Internal Auditor - DJK Consulting

Solicitors - Peter S Glare and Associates

Bankers - Bendigo West Community Bank

Website address - www.pyrenees.vic.gov.au

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

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

A) BASIS OF ACCOUNTING

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

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

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.

(D) DEPRECIATION AND AMORTISATION OF PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE, INTANGIBLES

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

PROPERTY	PERIOD 2012
Land and buildings	
Buildings	50 years
Land improvements	25 years
Heritage assets	
Heritage assets	50 years
Plant and equipment	
Plant and machinery	5-10 years
Furniture, equipment and computers	3-10 years
Infrastructure	
Roads	
- Substructure	50 years
- Seal	13 years
Footpaths	50 years
Kerb and channel	50 years
Culverts	50 years
Bridges	
- Substructure	50-75 years
- Deck	50-75 years
Other	
Other structures	25 years
Library books	3-10 years

E) REPAIRS AND MAINTENANCE

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

(F) BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council. Except where specific borrowings are obtained for the purpose of specific asset acquisition, the weighted average interest rate applicable to borrowings at

balance date, excluding borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised.

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 18. In accordance with Council's policy, the threshold limits detailed below have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:

	THRESHOLD LIMIT \$'000
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

NOTE 1 (G): CONTINUED

Street furniture	1
Parks & gardens furniture & equipment	1
Playground equipment	1
Fencing	1
Library books	1
Artworks	1

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 two to three 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.

(I) ROUNDING

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

(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 20).

(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 28.

(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 12 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) WEBSITE 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) 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.

(U) 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.

NOTE 1: CONTINUED

(V) 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 9: Financial Instruments and AASB 20010-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	<p>These standards are applicable retrospectively and amend the classification and measurement of financial assets. Council has not yet determined the potential impact on the financial statements. Specific changes include:</p> <ul style="list-style-type: none"> • simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value; • removing the tainting rules associated with held-to-maturity assets; • simplifying the requirements for embedded derivatives; • removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost; • allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and • reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on: <ul style="list-style-type: none"> a. the objective of the entity's business model for managing the financial assets; and b. the characteristics of the contractual cash flows. 	Applicable for annual reporting periods commencing on or after 1 January 2013.	These changes are expected to provide some simplification in the accounting for and disclosure of financial instruments
AASB 2011-3 Amendments to Australian Accounting Standards - Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments	These standards are aimed at limiting certain recognition and measurement options to align with GFS, and supplemented by additional disclosures.	Applicable for annual reporting periods commencing on or after 1 July 2011.	These amendments are not expected to impact Council

Key Characteristics of the Public Sector with Potential Implications for Financial Reporting	These standards detail with numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project.	Applicable for annual reporting periods commencing on or after 1 January 2011.	These amendments are not expected to impact Council
Amendments to Australian Accounting Standards - Financial Instruments: Disclosures, Recognition and Measurement [AASB 7, 139]	These standards detail the proposed changes to be made to the recognition, disclosure and measurement of impairment of financial instruments.	Applicable for annual reporting periods commencing on or after 1 July 2011 but before 1 July 2012.	These amendments are not expected to impact Council
AASB 2010-9: Amendments to Australian Accounting Standards - Additional Exemptions for First-time Adopters [AASB 1]	These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome.	Applicable for annual reporting periods commencing on or after 1 January 2011.	These amendments are not expected to impact Council
AASB 2010-10: Amendments to Australian Accounting Standards - Classification of Rights Issues [AASB 132]	These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instrument for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non derivative equity instruments.	Applicable for annual reporting periods commencing on or after 1 February 2011.	These amendments are not expected to impact Council

(W) CONTINGENT ASSETS AND CONTINGENT LIABILITIES AND COMMITMENTS

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

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

NOTE 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 2011/2012 was \$1,533 million (2010/2011 \$1,524 million). The 2011/2012 rate in the CIV dollar was 0.4016 (2010/2011, was 0.3801).

	2012 \$'000	2011 \$'000
Residential	1,884	1,718
Commercial / Industrial	136	127
Recreation & Cultural	12	11
Farm/Rural	3,180	3,057
Vacant land	677	661
Wind Farm	197	191
Interest on rates	48	59
Garbage charge	794	748
	6,928	6,572

The date of the last general revaluation of land for rating purposes within the municipal district was 1 January 2012, and the valuation was first applied to the rating period commencing 1 July 2012.

The date of the next general revaluation of land for rating purposes within the municipal district is 1 January 2014, and the valuation will be first applied in the rating year commencing 1 July 2014.

NOTE 3: USER CHARGES AND OTHER FINES

	2012 \$'000	2011 \$'000
Animal registration fees & fines	63	63
Town planning fees	62	50
Building fees	73	85
Meals on wheels	55	69
General home help	119	103
Private works	-	331
Legal fees - rates	37	45
Community transports fees	12	12
Garbage disposal fees	13	12
Caravan park fees	161	119
Environmental health	32	24
Resource & information centre fees & charges	62	59
Land information certificates	7	9
Economic development	8	3
Hall hire	7	7
Rental and function fees	26	17
Goldfields Recreation Reserve venue hire	27	32
ADASS	8	7
Other	76	15
	848	1,062

NOTE 4: GRANTS

Grants were recieved in respect of the following;

	2012 \$'000	2011 \$'000
Commonwealth Government		
Commonwealth Government - roads to recovery	835	915
Regional and Local		
Community Infrastructure program	-	1,169
Family and children	95	92
	930	2,176

	2012 \$'000	2011 \$'000
State Government - General Purpose		
Flood restoration natural disaster	13,234	8,784
Victoria Grants Commission - unallocated	3,479	2,713
Flood restoration - DSE	2,611	-
Victoria Grants Commission - local roads	2,497	1,953
Rural roads and bridges program	2,000	-
Local Government infrastructure program	1,320	-
Beaufort flood mitigation works	1,100	-
Flood restoration - RDV	813	-
Main Lead Road black spot program	463	38
Raglan - Elmhurst Road - Vic Roads	387	385
Bio energy	375	-
Raglan - Elmhurst Road - Timber Towns	373	154
Aged care & senior citizens	369	368
Other	197	152
Flood - community recovery program	184	45
Adult day care	131	127
Netball facilities - DYSR	102	-
Library	85	-
Improved liveability for older persons	80	-
Maternal & child health	77	82
Flood restoration - DCPD	65	-
Global skills program	63	-
Garibaldi Creek flood mitigation project	60	205
Transport connections project	49	-
Emergency volunteer program	35	-
Youth Outreach program	29	30
Podiatry	28	27
Emergency relief program	24	30
Healthy eating project	19	19
Meals on wheels	16	16
Tobacco	13	9
FreeZa program	12	12
Go For Your Life' active program	5	-
Avoca Library and Visitor Information Centre	-	416
Waubra community hub	-	359
Landsborough - Navarre desalination plant	-	250
Avoca industrial estate	-	250
Beaufort Hall - RDV		120
Flood - emergency clean-up project		100
Central Highlands Regional Strategic Plan		92
Flood mitigation planning		70
	30,295	16,806
TOTAL GRANTS	31,225	18,982

	2012 \$'000	2011 \$'000
Victorian Grants Commission	6,090	2,713
Other Government Grants	25,135	16,269
TOTAL	31,225	18,982
Recurrent	7,130	5,585
Non-Recurrent	24,095	13,397
TOTAL	31,225	18,982

CONDITIONS ON GRANTS

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	350	1,000
Rural roads and bridges program	1,000	-
Flood restoration - DSE	1,459	-
Flood restoration - RDV	777	-
Flood restoration - DCPD	65	-
Bio energy	366	-
Beaufort flood mitigation works	1,100	-
Local government infrastructure program	1,090	-
Raglan Elmhurst Rd roads to recovery	-	244
Raglan Elmhurst timber towns	-	154
Flood restoration	5,829	6,449
Garibaldi Creek flood mitigation	249	172
Main Lead Road (Blackspot) State Govt	-	38
Generator for Beaufort MECC	12	12
	12,297	8,069

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

Beaufort Community Hub	-	500
Waubra Community Hub	-	400
Raglan Elmhurst Rd roads to recovery	244	-
Raglan Elmhurst timber towns	144	-
Main Lead Road (Blackspot) State Govt	38	-
Snake Valley sewerage scheme	650	-
Flood restoration	6,449	-
	7,525	900
NET INCREASE (DECREASE) IN RESTRICTED ASSETS RESULTING FROM GRANT REVENUES FOR THE YEAR:	4,772	7,169

**NOTE 5:
CONTRIBUTIONS - CASH**

	2012 \$'000	2011 \$'000
Capital Works	65	104
General	94	5
	159	109

**NOTE 6:
OTHER REVENUE**

	2012 \$'000	2011 \$'000
Interest on investments	1,064	575
Private works - reimbursements	56	118
Other	60	15
	1,180	708

**NOTE 7:
NET GAIN/(LOSS) ON DISPOSAL OF
PROPERTY, INFRASTRUCTURE, PLANT
AND EQUIPMENT**

	2012 \$'000	2011 \$'000
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BRIDGES

Written down value of bridge assets destroyed in Jan 2011 floods	-	(201)
Loss on bridge assets written off	-	(201)

PLANT AND EQUIPMENT

Proceeds from sale of assets	256	112
Written down value of assets sold	(149)	(76)
Profit(loss) on sale of land, plant and equipment	107	36

LAND AND BUILDINGS

Proceeds from sale of land & buildings	899	115
Written down value of land & buildings sold	(1,093)	(97)
Profit (loss) on sale of land and buildings	(194)	18

	2012 \$'000	2011 \$'000
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EQUITY IN REGIONAL LIBRARY

Proceeds from the disposal of Council's share of the equity in the regional library	107	-
Written down value of library equity	(229)	-
Profit (loss) on disposal of Council's share of the equity in the regional library	(122)	-

SUMMARY

Proceeds from sale of assets	1,262	227
Written down value of assets sold	(1,471)	(374)
Profit (loss) on sale of assets	(209)	(147)

**NOTE 8:
EMPLOYEE BENEFITS**

	2012 \$'000	2011 \$'000
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Wages and salaries	4,579	4,276
Annual leave and long service leave	600	641
Superannuation	469	736
Superannuation - defined benefit - additional call *	1,840	-
Fringe benefits tax and work cover	140	146
	7,628	5,799

*The Local Authorities Superannuation Fund latest 31 December 2011 actuarial investigation identified an unfunded liability of \$406 million excluding the contributions tax in the defined benefit fund of which we are a member. Council was made aware of the expected shortfall through the year and was informed formally of their share of the shortfall on 31st July 2012 which amounted to \$1,840,057. Council has elected to pay this shortfall by lump sum on the 31 August 2012. Council has accounted for this shortfall in the Balance Sheet in Current Liabilities (See Note 19).

**NOTE 9:
CONTRACT PAYMENTS,
MATERIALS AND SERVICES**

	2012 \$'000	2011 \$'000
Advertising	91	54
Audit - internal and external	50	53
Cleaning	81	61
Conferences	35	36
Contractors	13,799	4,239
Contributions and donations	404	227
Councillor allowances	135	124
Information technology	119	86
Insurance	238	207
	2012 \$'000	2011 \$'000
Legal fees	43	53
Light, power and water	147	148
Materials and services	3,649	1,875
Photocopying	37	36
Plant expenses	327	374
Postage	27	27
Stationery and printing	37	41
Subscriptions and memberships	80	68
Telephone	146	150
Valuations	43	29
	19,488	7,888

**NOTE 10:
DEPRECIATION**

	2012 \$'000	2011 \$'000
Buildings	951	618
Land improvements	121	121
Plant and machinery	446	427
Furniture, equipment and computers	133	91
Roads	2,678	2,660
Road seals	964	946
Footpaths	38	37
Kerb and channel	63	63
Culverts	125	124
Bridges	223	204
Other Structures	13	14
	5,755	5,305

**NOTE 11:
FINANCE COSTS**

	2012 \$'000	2011 \$'000
Interest - borrowings	183	154
	183	154

**NOTE 12:
OTHER EXPENSES**

	2012 \$'000	2011 \$'000
Other	221	184
	221	184

**NOTE 13:
INVESTMENT IN ASSOCIATES**

	2012 \$'000	2011 \$'000
Investments in associates accounted for by the equity method are:		
- Equity in Central Highlands Regional Library Corporation	-	229
	-	229

The seven Councils that make up the Central Highlands Regional Library Corporation resolved at a meeting held on the 22 August 2011 to wind up the Corporation. The change in method of the provision of library services commenced on 1 July 2011. It is anticipated that the formal winding up of the Corporation will be completed prior to December 2012.

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

**NOTE 14:
CASH AND CASH EQUIVALENTS**

	2012 \$'000	2011 \$'000
Cash on hand	2	2
Cash at bank	375	330
Bank term deposits	21,520	13,769
	21,897	14,101

**NOTE 15:
RECEIVABLES**

	2012 \$'000	2011 \$'000
CURRENT		
Rates debtors	227	383
Loans and advances to community organisations	13	12
Sundry debtors	3,190	934
Net ATO receivable	-	192
Total	3,430	1,521
NON-CURRENT		
Community loans	50	61
Total	50	61
Total trade and other receivables	3,480	1,582

**NOTE 16:
OTHER ASSETS**

	2012 \$'000	2011 \$'000
Accrued income	312	183
Prepayments	161	79
Inventories	3	4
Total	476	266

**NOTE 17:
ASSETS HELD FOR SALE**

	2012 \$'000	2011 \$'000
Cost of acquisition	1,102	-
Total	1,102	-

**NOTE 18:
PROPERTY, INFRASTRUCTURE,
PLANT AND EQUIPMENT**

	2012 \$'000	2011 \$'000
SUMMARY		
at cost	17,616	13,205
Less accumulated depreciation	(4,220)	(3,932)
Total	13,396	9,273

at fair value as at 30 June 2010	251,855	251,855
Less impairment	(11,926)	(11,926)
Less accumulated depreciation	(83,352)	(79,311)
Total	156,577	160,618

at fair value as at 30 June 2011	46,567	47,103
Less accumulated depreciation	(17,201)	(16,270)
Total	29,366	30,833

at fair value as at 30 June 2012	107	-
Less accumulated depreciation	-	-
Total	107	-
Total	199,446	200,724

LAND AND BUILDINGS

LAND - FREEHOLD

at fair value as at 30 June 2011	3,032	3,466
Total	3,032	3,466

LAND IMPROVEMENTS

at cost	3,121	3,041
Less accumulated depreciation	(772)	(651)
Total	2,349	2,390
Total Land	5,381	5,856

BUILDINGS

at cost	101	-
Less accumulated depreciation	(1)	-
Total	100	-

at fair value as at 30 June 2008	-	-
at fair value as at 30 June 2011	43,535	43,637
Less accumulated depreciation	(17,201)	(16,270)
Total	26,334	27,367

	2012 \$'000	2011 \$'000
Total Buildings	26,434	27,367
Total Land and Buildings	31,815	33,223

Valuation of land and building assets has been determined in accordance with a valuation carried out by Mr Chris Barrett BSc, MBA, AAPI, Certified Practising Valuer of VRC Property Valuations.

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

PLANT AND MACHINERY

at cost	4,858	4,652
Less accumulated depreciation	(2,555)	(2,585)
Total Plant and Machinery	2,303	2,067

FURNITURE, EQUIPMENT, AND COMPUTERS

at cost	1,121	957
Less accumulated depreciation	(820)	(688)
Total Furniture, Equipment, and Computers	301	269
Total Plant and Equipment	2,604	2,336

INFRASTRUCTURE

ROAD SUBSTRUCTURE

at cost	3,051	387
Less accumulated depreciation	(25)	(3)
	3,026	384

at fair value as at 30 June 2010	196,294	196,294
Less impairment	(7,499)	(7,499)
Less accumulated depreciation	(54,115)	(51,458)
	134,680	137,337

ROAD SEAL

at cost	1,366	619
Less accumulated depreciation	(22)	(2)
	1,344	617

at fair value as at 30 June 2010	15,805	15,805
Less impairment	(517)	(517)
Less accumulated depreciation	(8,965)	(8,021)
	6,323	7,267

FOOTPATHS

at fair value as at 30 June 2010	1,709	1,709
Less accumulated depreciation	(818)	(780)
	891	929

KERB AND CHANNEL

at fair value as at 30 June 2010	3,153	3,153
Less accumulated depreciation	(1,481)	(1,418)
	1,672	1,735

	2012 \$'000	2011 \$'000
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CULVERTS

at cost	411	-
Less accumulated depreciation	(1)	-
	410	-

at fair value as at 30 June 2010	9,726	9,726
Less impairment	(1,961)	(1,961)
Less accumulated depreciation	(4,439)	(4,315)
	3,326	3,450

BRIDGES

at cost	2,312	210
Less accumulated depreciation	(24)	(3)
	2,288	207

at fair value as at 30 June 2010	24,797	24,797
Less impairment	(1,949)	(1,949)
Less accumulated depreciation	(13,361)	(13,159)
	9,487	9,689

OTHER STRUCTURES

at fair value as at 30 June 2010	371	371
Less accumulated depreciation	(173)	(160)
Total	198	211
Total Infrastructure	163,645	161,826

LIBRARY MATERIALS

at fair value as at 30 June 2012	235	-
Less accumulated depreciation	(128)	-
Total	107	-

WORK IN PROGRESS

at cost	1,275	3,339
Total	1,275	3,339

Total property, infrastructure, plant and equipment	199,446	200,724
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Valuation of infrastructure assets has been determined by the following independent valuations.

Sealed pavements, unsealed pavements, sealed surfaces, sealed road formation, kerb 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 Stephen 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.

NOTE 18:
CONTINUED

2012	BALANCE AT BEGINNING OF FINANCIAL YEAR	ACQUISITION OF ASSETS	REVALUATION INCREMENTS (DECREMENTS)	DEPRECIATION AND AMORTISATION	WRITTEN DOWN VALUE OF DISPOSALS	IMPAIRMENT (DECREMENTS)	TRANSFERS	BALANCE AT END OF FINANCIAL YEAR
			(NOTE 22)	(NOTE 10)				
PROPERTY								
land	3,466				1,010		576	3,032
land improvements	2,390	80		121				2,349
Total land	5,856	80	-	121	1,010	-	576	5,381
buildings	27,367	101		951	83			26,434
Total buildings	27,367	101	-	951	83	-	-	26,434
Total property	33,223	181	-	1,072	1,093	-	576	31,815
PLANT & EQUIPMENT								
plant, machinery and equipment	2,067	831		446	149			2,303
fixtures, fittings and furniture	269	164		132				301
Total plant and equipment	2,336	995	-	578	149	-	-	2,604
INFRASTRUCTURE								
road substructure	137,721	1,809		2,679			855	137,706
road seals	7,884	747		964				7,667
footpaths	929			38				891
kerb & channel	1,735			63				1,672
culverts	3,450	411		125				3,736
bridges	9,896	1,916		223			186	11,775
other structures	211			13				198
Total infrastructure	161,826	4,883	-	4,105	-	-	1,041	163,645
LIBRARY MATERIALS								
book stock	-	-		-	-		107	107
Total library materials	-	-	-	-	-	-	107	107
WORK IN PROGRESS								
work in progress	3,339	655		-			(2,719)	1,275
TOTAL PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE	200,724	6,714	-	5,755	1,242	-	(995)	199,446

2011	BALANCE AT BEGINNING OF FINANCIAL YEAR	AQUISITION OF ASSETS	REVALUATION INCREMENTS (DECREMENTS)	DEPRECIATION AND AMORTISATION	WRITTEN DOWN VALUE OF DISPOSALS	IMPAIRMENT (DECREMENTS)	TRANSFERS	BALANCE AT END OF FINANCIAL YEAR
			(NOTE 22)	(NOTE 10)				
PROPERTY								
land	3,588	215	(240)	-	97	-	-	3,466
land improvements	2,511	-	-	121	-	-	-	2,390
Total land	6,099	215	(240)	121	97	-	-	5,856
buildings	15,612	3,061	9,068	618	-	-	244	27,367
Total buildings	15,612	3,061	9,068	618	-	-	244	27,367
Total property	21,711	3,276	8,828	739	97	-	244	33,223
PLANT & EQUIPMENT								
plant, machinery and equipment	2,082	488	-	427	76	-	-	2,067
fixtures, fittings and furniture	157	203	-	91	-	-	-	269
Total plant and equipment	2,239	691	-	518	76	-	-	2,336
INFRASTRUCTURE								
road substructure	147,493	387	-	2,660	-	(7,499)	-	137,721
road seals	8,728	619	-	946	-	(517)	-	7,884
footpaths	966	-	-	37	-	-	-	929
kerb & channel	1,798	-	-	63	-	-	-	1,735
culverts	5,535	-	-	124	-	(1,961)	-	3,450
bridges	12,040	210	-	204	201	(1,949)	-	9,896
other structures	225	-	-	14	-	-	-	211
Total infrastructure	176,785	1,216	-	4,048	201	(11,926)	-	161,826
WORK IN PROGRESS								
work in progress	424	3,159	-	-	-	-	(244)	3,339
TOTAL PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE	201,159	8,342	8,828	5,305	374	(11,926)	-	200,724

**NOTE 19:
PAYABLES**

	2012 \$'000	2011 \$'000
CURRENT		
Trade creditors	1,328	742
Land purchase creditor	29	29
Accrued expenses	758	441
Defined benefits superannuation		
- additional call	1,840	-
	3,955	1,212
NON-CURRENT		
Land purchase creditor	58	87
	58	87
Total	4,013	1,299

**NOTE 20:
TRUST FUNDS AND DEPOSITS**

	2012 \$'000	2011 \$'000
Refundable building deposits	71	31
Refundable contract deposits	29	9
Refundable Camp Hill trust funds	21	21
Refundable Grampians Pyrenees		
Regional Development Board	88	151
Other refundable deposits	5	15
Total trust funds and deposits	214	227

NOTE 21: PROVISIONS

2012	ANNUAL LEAVE \$'000	LONG SERVICE LEAVE \$'000	LANDFILL RESTORATION \$'000	TOTAL \$'000
Balance at beginning of the financial year	486	1,083	50	1,619
Additional provisions	423	386	-	809
Amounts used	(380)	(220)	-	(600)
Balance at the end of the financial year	529	1,249	50	1,828

2011	ANNUAL LEAVE \$'000	LONG SERVICE LEAVE \$'000	LANDFILL RESTORATION \$'000	TOTAL \$'000
Balance at beginning of the financial year	441	867	50	1,358
Additional provisions	399	282	-	681
Amounts used	(354)	(66)	-	(420)
Balance at the end of the financial year	486	1,083	50	1,619

(A) EMPLOYEE BENEFITS

All annual leave and LSL entitlements representing more than 7 years of continuous service

(I) CURRENT

Short term benefits, that fall due within 12 months after the end of the period

measured at nominal value	600	420
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Other long term employee benefits that fall due within 12 months after the end of the period measured at nominal value

	1,027	999
Total	1,627	1,419

(II) NON-CURRENT

LSL representing less than 7 years of continuous service measured at present value

	151	150
Total	151	150

COMMENTARY - EMPLOYEE ENTITLEMENTS

All annual leave and unconditional vested LSL representing more than 7 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 7 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	4.13%	4.60%
Weighted average discount rates	3.06%	5.28%
Weighted average settlement period	15	15

(B) LANDFILL RESTORATION

(ii) Non-Current

Landfill Restoration	50	50
Total	50	50

NOTE 22:
INTEREST-BEARING LIABILITIES

	2012 \$'000	2011 \$'000		2012 \$'000	2011 \$'000
CURRENT			Aggregate carrying amount of interest bearing liabilities:		
Borrowings - secured	255	263	CURRENT	255	263
NON-CURRENT			NON-CURRENT	2,199	2,458
Borrowings - secured	2,199	2,458		2,454	2,721
Total	2,454	2,721			

The maturity profile for Council's borrowings is:

Not later than one year	255	263
Later than one year and not later than five years	1,206	1,446
Later than five years	993	1,012
Total	2,454	2,721

NOTE 23:
RESERVES

(A) ASSET REVALUATION RESERVES

2012	BALANCE AT BEGINNING OF REPORTING PERIOD \$'000	INCREMENT (DECREMENT) \$'000	BALANCE AT END OF REPORTING PERIOD \$'000
PROPERTY			
land	2,075		2,075
buildings	18,759		18,759
	20,834	-	20,834
INFRASTRUCTURE			
road substructure	84,540		84,540
road seals	2,730		2,730
footpaths	597		597
kerb & channel	802		802
culverts	2,617		2,617
bridges	5,972		5,972
plant & equipment	301		301
furniture & fittings	40		40
	97,599	-	97,599
Total Asset revaluation reserves	118,433	-	118,433

2011	BALANCE AT BEGINNING OF REPORTING PERIOD \$'000	INCREMENT (DECREMENT) \$'000	BALANCE AT END OF REPORTING PERIOD \$'000
PROPERTY			
land	2,315	(240)	2,075
buildings	9,691	9,068	18,759
	12,006	8,828	20,834
INFRASTRUCTURE			
road substructure	92,039	(7,499)	84,540
road seals	3,247	(517)	2,730
footpaths	597	-	597
kerb & channel	802	-	802
culverts	4,578	(1,961)	2,617
bridges	7,921	(1,949)	5,972
plant & equipment	301	-	301
furniture & fittings	40	-	40
	109,525	(11,926)	97,599
Total Asset revaluation reserves	121,531	(3,098)	118,433

(A) OTHER RESERVES

2012	BALANCE AT BEGINNING OF REPORTING PERIOD \$'000	TRANSFER FROM ACCUMULATED SURPLUS \$'000	TRANSFER TO ACCUMULATED SURPLUS \$'000	BALANCE AT END OF REPORTING PERIOD \$'000
recreation land	9	-	-	9
gravel pits	70	-	-	70
Total Other reserves	79	-	-	79

2011	BALANCE AT BEGINNING OF REPORTING PERIOD \$'000	TRANSFER FROM ACCUMULATED SURPLUS \$'000	TRANSFER TO ACCUMULATED SURPLUS \$'000	BALANCE AT END OF REPORTING PERIOD \$'000
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

NOTE 24:
RECONCILIATION OF CASH
FLOWS FROM OPERATING
ACTIVITIES TO SURPLUS (DEFICIT)

	2012 \$'000	2011 \$'000
Surplus for Year	6,856	7,960
Finance costs	183	154
Depreciation/amortisation	5,755	5,305
Net gain/loss on disposal of property, infrastructure, plant and equipment (note 7)	209	147

CHANGE IN ASSETS AND LIABILITIES:

(Increase) in receivables	(1,898)	(172)
(Increase)/decrease in prepayments	(82)	111
(Increase) in accrued income	(128)	(162)
Increase in payables	2,542	333
Decrease in inventories	1	-
Increase in provisions	209	269
Decrease in investment in library	-	(4)
Net cash provided by/ (used in) operating activities	13,647	13,941

NOTE 25:
RECONCILIATION OF CASH
AND CASH EQUIVALENTS

	2012 \$'000	2011 \$'000
Cash and cash equivalents (see note 14)	21,897	14,101
Less bank overdraft	-	-
Total reconciliation of cash and cash equivalents	21,897	14,101

NOTE 26:
FINANCING ARRANGEMENTS

	2012 \$'000	2011 \$'000
Bank overdraft	400	400
Unused facilities	400	400

NOTE 27:
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 reserve funds (Recreational Lands Reserves).

	2012 \$'000	2011 \$'000
Reserves (note 23b)	79	79
Trust funds (note 20)	214	227
	293	306

NOTE 28:
SUPERANNUATION

Council made contributions to the following funds:

	2012	2011
DEFINED BENEFIT FUNDS		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	298	474
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date.	1,840	-

ACCUMULATION FUNDS

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	300	248
Employer contributions to -		
Health Super	6	6
Rowe Family Superannuation Fund	33	-
Elliott & Strietman Superannuation Fund	43	-
Adelaide Managed Fund	21	8
Sun Superannuation	-	2
Australian Super	7	5
Australian Ethical Investments	33	6
Mathews Superannuation Fund	3	-
	446	275

Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date.	-	-
Employer contributions payable to (insert details)	-	-
	-	-

The Local Authorities Superannuation Fund latest 31 December 2011 actuarial investigation identified an unfunded liability of \$406 million excluding the contributions tax in the defined benefit fund of which we are a member. Council was made aware of the expected shortfall through the year and was informed formally of their share of the shortfall on 31st July 2012 which amounted to \$1,840,057. Council has elected to pay this shortfall by lump sum on the 31 August 2012. Council has accounted for this shortfall in the Comprehensive Income Statement in Employee Benefit (See Note 8) and in the Balance Sheet in Current Liabilities (See Note 19).

NOTE 29: COMMITMENTS

The Council has entered into the following commitments:

2012	NOT LATER THAN 1 YEAR	LATER THAN 1 YEAR AND NO LATER THAN 2 YEARS	LATER THAN 2 YEARS AND NOT LATER THAN 5 YEARS	TOTAL \$'000
CAPITAL				
Construction works	2,884			2,884
OPERATING				
Delivered meals	129	129		258
Swimming pool management	146			146
Waste services	616	513		1,129
Totals	3,775	642	-	4,417

2011	NOT LATER THAN 1 YEAR	LATER THAN 1 YEAR AND NO LATER THAN 2 YEARS	LATER THAN 2 YEARS AND NOT LATER THAN 5 YEARS	TOTAL \$'000
CAPITAL				
Construction works	847	-	-	847
OPERATING				
Delivered meals	129	129	129	387
Swimming pool management	146	146	-	292
Waste services	641	322	268	1,231
Totals	1,763	597	397	2,757

NOTE 30: 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):

	2012 \$'000	2011 \$'000
Not later than one year	141	112
Later than one year and not later than five years	152	182
	293	294

NOTE 31: CONTINGENT LIABILITIES

The Council is presently involved in 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.

NOTE 32:
FINANCIAL INSTRUMENTS

(A) ACCOUNTING POLICY, TERMS AND CONDITIONS

RECOGNISED FINANCIAL INSTRUMENTS	NOTE	ACCOUNTING POLICY	TERMS AND CONDITIONS
FINANCIAL ASSETS			
Cash and cash equivalents	14	<p>Cash on hand and at bank and money market call account are valued at face value.</p> <p>Interest is recognised as it accrues.</p> <p>Investments and Bills are valued at cost.</p> <p>Investments are held to maximise interest returns of surplus cash.</p> <p>Interest revenues are recognised as they accrue.</p> <p>Managed funds are measured at market value.</p>	<p>On call deposits return a floating interest rate. The interest rate at balance date was 5.5% (6.2% in 2010/2011).</p> <p>Funds returned fixed interest rate of between 4.75% (5.5% in 2010/2011), and 6.35% (6.4% in 2010/2011) net of fees.</p>
Receivables - other debtors	15	<p>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.</p> <p>Collectability of overdue accounts is assessed on an ongoing basis.</p>	<p>General debtors are unsecured and arrears attract an interest rate of 10.5% (10.5% in 2010/2011). Credit terms are based on 30 days.</p>
FINANCIAL LIABILITIES			
Payables	19	<p>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.</p>	<p>General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.</p>
Interest bearing liabilities	22	<p>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.</p>	<p>Borrowings are secured by way of mortgages over the general rates of the Council.</p> <p>The weighted average interest rate on borrowings is 6.96% during 2011/2012 (6.96% in 2010/2011).</p>
Bank overdraft	26	<p>Overdrafts are recognised at the principal amount. Interest is charged as an expense as it accrues.</p>	<p>The overdraft is subject to annual review.</p> <p>It is secured by a mortgage over Council's general rates and is repayable on demand.</p>

NOTE 32:
CONTINUED

(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:

2011/2012	FLOATING INTEREST RATE \$'000	FIXED INTEREST MATURING IN:			NON- INTEREST BEARING \$'000	TOTAL \$'000
		1 YEAR OR LESS \$'000	1 TO 5 YEARS \$'000	MORE THAN 5 YEARS \$'000		
FINANCIAL ASSETS						
Cash assets	375	21,520	-	-	2	21,897
Other financial assets	-	-	-	-	-	-
Receivables	-	13	46	23	3,348	3,430
Accrued income	-	-	-	-	312	312
Total financial assets	375	21,533	46	23	3,662	25,639
Weighted average interest rate	4.50%	5.25%				
FINANCIAL LIABILITIES						
Payables	-	-	-	-	3,955	3,955
Trust funds and deposits	-	-	-	-	214	214
Interest-bearing liabilities	-	255	1,206	993		2,454
Total financial liabilities	-	255	1,206	993	4,169	6,623
Weighted average interest rate		6.96%	6.96%	6.96%		
Net financial assets (liabilities)	375	21,278	(1,160)	(970)	(507)	19,016

2011/2012	FLOATING INTEREST RATE \$'000	FIXED INTEREST MATURING IN:			NON- INTEREST BEARING \$'000	TOTAL \$'000
		1 YEAR OR LESS \$'000	1 TO 5 YEARS \$'000	MORE THAN 5 YEARS \$'000		
FINANCIAL ASSETS						
Cash assets	330	13,769	-	-	2	14,101
Other financial assets	-	-	-	-	-	-
Receivables	-	12	47	23	1,439	1,521
Accrued income	-	-	-	-	183	183
Total financial assets	330	13,781	47	23	1,624	15,805
Weighted average interest rate	5.00%	6.00%				
FINANCIAL LIABILITIES						
Payables	-	-	-	-	1,212	1,212
Trust funds and deposits	-	-	-	-	227	227
Interest-bearing liabilities	-	263	1,446	1,012	-	2,721
Total financial liabilities	-	263	1,446	1,012	1,439	4,160
Weighted average interest rate		6.96%	6.96%	6.96%		
Net financial assets (liabilities)	330	13,518	(1,399)	(989)	185	11,645

(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 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 exposure to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk. Components of market risk to which we are exposed are discussed below.

INTEREST RATE RISK

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

NOTE 32: CONTINUED

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.

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:

	2012 \$'000	2011 \$'000
Current (not yet due)	2,812	1,006
Past due by up to 30 days	250	163
Past due between 31 and 180 days	300	255
Past due between 181 and 365 days	30	36
Past due by more than 1 year	88	122
Total Trade & Other Receivables	3,480	1,582

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 asset 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 Council's 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 6.2%(6% 2009/10).

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 2012	CARRYING AMOUNT SUBJECT TO INTEREST \$'000	INTEREST RATE RISK			
		-1% 100 BASIS POINTS		2% 200 BASIS POINTS	
		PROFIT \$'000	EQUITY \$'000	PROFIT \$'000	EQUITY \$'000
FINANCIAL ASSETS					
Cash and cash equivalents	21,897	(219)	(219)	438	438
Trade and other receivables	3,430	(34)	(34)	69	69
FINANCIAL LIABILITIES:					
Interest-bearing loans and borrowings	2,454	(25)	(25)	49	49

MARKET RISK EXPOSURE 2011	CARRYING AMOUNT SUBJECT TO INTEREST \$'000	INTEREST RATE RISK			
		-1% 100 BASIS POINTS		2% 200 BASIS POINTS	
		PROFIT \$'000	EQUITY \$'000	PROFIT \$'000	EQUITY \$'000
FINANCIAL ASSETS					
Cash and cash equivalents	14,101	(141)	(141)	282	282
Trade and other receivables	1,521	(15)	(15)	30	30
FINANCIAL LIABILITIES:					
Interest-bearing loans and borrowings	2,280	(27)	(27)	54	54

**NOTE 33:
AUDITORS' REMUNERATION**

	2012 \$'000	2011 \$'000
Audit fee to conduct external audit - Victorian Auditor-General	25	25
Internal audit fees	23	28
	48	53

**NOTE 34:
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 J Quinn Mayor
	Councillor R Vance
	Councillor A Carson
	Councillor D Clark
	Councillor M O'Connor

Chief Executive Officer Stephen Cornish

(ii) REMUNERATION OF RESPONSIBLE PERSONS

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

	2012 No.	2011 No.
\$10,000 - \$19,999	3	3
\$30,000 - \$39,999	2	1
\$40,000 - \$49,999	-	1
\$170,000 - \$179,999	-	1
\$180,000 - \$189,999	1	-
	6	6

Total Remuneration for the reporting year for Responsible Persons included above amounted to: \$319,000 \$308,000

(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 (2010/2011 - 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 (2010/2011 - 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 \$127,000 (2010/2011 - \$124,000).

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

INCOME RANGE	NO.	NO.
>\$127,000	2	1
\$134,000 - \$143,999	-	1
\$144,000 - \$154,999	1	-
	2	2

Total Remuneration for the reporting year for Senior Officers included above amounted to: \$300,000 \$247,000

NOTE 35:
REVENUES, EXPENSES AND ASSETS BY FUNCTION/ACTIVITY

	ROAD INFRASTRUCTURE		COMMUNITY INFRASTRUCTURE		COMMUNITY WELLBEING		GROWTH & EMPLOYMENT DEVELOPMENT	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
REVENUE								
Grants	24,727	12,536	147	421	1,934	892	499	2,162
Other	69	385	135	125	305	346	329	266
Total	24,796	12,921	282	546	2,239	1,238	828	2,428
EXPENSES								
	14,359	7,298	2,649	644	2,306	2,040	1,146	798
COMPREHENSIVE RESULT								
Surplus / (Deficit)	10,437	5,623	(2,367)	(98)	(67)	(802)	(318)	1,630
Assets attributed to functions/ *	194,144	191,384	-	-	3,614	3,662	1,712	1,542

	GOVERNANCE & COMMUNITY LEADERSHIP		ORGANISATIONAL DEVELOPMENT		ENVIRONMENT		TOTAL	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
REVENUE								
Grants	-	12	3,519	2,713	399	246	31,225	18,982
Other	-	-	7,391	6,434	886	899	9,115	8,455
Total	-	12	10,910	9,147	1,285	1,145	40,340	27,437
EXPENSES								
	1,030	995	10,596	8,381	1,398	2,419	33,484	22,575
COMPREHENSIVE RESULT								
Surplus / (Deficit)	(1,030)	(983)	314	766	(113)	(1,274)	6,856	4,862
Assets attributed to functions/ *	26,088	19,519	404	343	439	452	226,401	216,902

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

NOTE 35: CONTINUED

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.

NOTE 36: CAPITAL EXPENDITURE

CAPITAL EXPENDITURE AREAS

	2012 \$'000	2011 \$'000
Land	-	215
Land improvements	80	2,094
Buildings	101	3,070
Plant, equipment and other	995	691
Roads	4,883	2,272
Work in progress	655	-
Total capital works	6,714	8,342
Represented by:		
Renewal	978	3,056
Upgrade	2,079	2,292
New assets	3,657	2,994
Total capital works	6,714	8,342

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:

	2012 \$'000	2011 \$'000	NOTE
Total capital works	6,714	8,342	
Asset revaluation movement	-	(3,098)	23(a)
Depreciation and amortisation	(5,755)	(5,305)	10
Written down value of assets sold	(1,471)	(374)	7
Net movement in property, plant & equipment	(512)	(435)	18

(A) RENEWAL

Expenditure on an existing asset which returns the service potential or the life of the asset up to that which it had originally. It is periodically required expenditure, relatively large (material) in value compared with the value of the components or sub-components of the asset being renewed. As it reinstates existing service potential, it has no impact on revenue, but may reduce future operating and maintenance expenditure if completed at the optimum time.

(B) UPGRADE

Expenditure which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operating and maintenance expenditure in the future because of the increase in the council's asset base.

(C) EXPANSION

Expenditure which extends an existing asset, at the same standard as is currently enjoyed by residents, to a new group of users. It is discretionary expenditure which increases future operating and maintenance costs, because it increases council's asset base, but may be associated with additional revenue from the new user group.

NOTE 37: FINANCIAL RATIOS

	2012 \$'000	2012 (%)	2011 \$'000	2011 (%)	2010 \$'000	2010 (%)
(A) Debt servicing ratio (to identify the capacity of Council to service its outstanding debt)						
<u>Debt servicing costs</u> Total revenue	$\frac{183}{40,340}$	0.45%	$\frac{154}{27,437}$	0.56%	$\frac{77}{15,964}$	0.48%

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)

<u>Debt servicing & redemption costs</u> Rate revenue	$\frac{450}{6,928}$	6.50%	$\frac{363}{6,572}$	5.52%	$\frac{231}{6,135}$	3.77%
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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)

<u>Rate revenue</u> Total revenue	$\frac{6,928}{40,340}$	17.17%	$\frac{6,572}{27,437}$	23.95%	$\frac{6,135}{15,964}$	38.43%
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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)

<u>Total indebtedness</u> Total realisable assets	$\frac{8,509}{56,421}$	15.08%	$\frac{5,866}{49,118}$	11.94%	$\frac{4,532}{30,761}$	14.73%
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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 25) 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.

**NOTE 37:
CONTINUED**

	2012 \$'000	2012 (%)	2011 \$'000	2011 (%)	2010 \$'000	2010 (%)
(E) Working Capital Ratio (to assess Council's ability to meet current commitments)						
<u>Current Assets</u>	26,905		15,888		9,252	
<u>Current Liabilities</u>	6,051	444.64%	3,121	509.07%	2,306	401.21%

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

**NOTE 38:
SPECIAL COMMITTEES
AND OTHER ACTIVITIES**

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
- Landsborough Community Resource Centre
- Beaufort Community Resource Centre

**NOTE 39:
EVENTS OCCURRING
AFTER BALANCE DATE**

**CENTRAL HIGHLANDS
REGIONAL LIBRARY CORPORATION**

The seven Councils that make up the Central Highlands Regional Library Corporation resolved at a meeting held on the 22 August 2011 to wind up the Corporation. It is anticipated that the formal winding up of the Corporation will be complete by prior to December 2012. Council during the 2011/12 year negotiated a memorandum of understanding with the City of Ballarat for a range of library services that were previously provided by the Corporation.


CERTIFICATION OF THE FINANCIAL REPORT

PYRENEES SHIRE COUNCIL
2011/2012 Financial Report

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 2012, 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.



Terrence Mathews CPA
Principal Accounting Officer

Dated at Beaufort this 12th day of September 2012

STATEMENT BY COUNCILLORS and CHIEF EXECUTIVE OFFICER

In our opinion the accompanying financial statements present fairly the financial transactions of Pyrenees Shire Council for the year ended 30 June 2012 and the financial position of the Council as at that date.

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

We have been authorised by the Council on 21st August 2012 to certify the financial statements in their final form.



John Quinn
Mayor


Michael O'Connor
Councillor
Stephen Cornish
Chief Executive Officer

Dated at Beaufort this 12th day of September 2012

COUNCIL APPROVAL OF THE PERFORMANCE STATEMENT

PYRENEES SHIRE COUNCIL
Performance Statement
for the year ended 30th June 2012

Council Approval of the Performance Statement

In our opinion, the accompanying performance statement of the Pyrenees Shire Council in respect of the 2011/2012 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.



.....
John Quinn
Mayor



.....
Michael O'Connor
Councillor



.....
Stephen Cornish
Chief Executive Officer

Dated at Beaufort this 12th day of September 2012

CERTIFICATION OF THE STANDARD STATEMENTS

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 2012 have been prepared on accounting bases consistent with the annual financial report and in accordance with the *Local Government Act 1989*, the *Local Government (Finance and Reporting) Regulations 2004*, and other mandatory professional reporting requirements.



Terrence Mathews CPA
Principal Accounting Officer

Dated at Beaufort this 12th day of September 2012

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 2012 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.



John Quinn
Mayor



Michael O'Connor
Councillor



Stephen Cornish
Chief Executive Officer

Dated at Beaufort this 12th day of September 2012

INDEPENDENT AUDITORS REPORT

VAGO

Victorian Auditor-General's Office

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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 2012 of Pyrenees Shire Council which comprises the comprehensive income statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of the significant accounting policies and other explanatory information, and the certification of the financial report has been audited.

The accompanying standard statements for the year ended 30 June 2012 of the Council which comprises the 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 Councillors' Responsibility for the Financial Report and Standard Statements

The Councillors of the Pyrenees Shire Council are responsible for the preparation and the fair presentation of:

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

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

Auditor's Responsibility

As required by the *Audit Act 1994* and the *Local Government Act 1989*, my responsibility is to express an opinion on the financial report and standard statements based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance 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 in the financial report
- the reasonableness of accounting estimates made by the Councillors
- the overall presentation of the financial report and standard statements.

Auditing in the Public Interest

Independent Auditor's Report (continued)

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

Independence

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

Opinion

In my opinion:

- (a) the financial report presents fairly, in all material respects, the financial position of Pyrenees Shire Council as at 30 June 2012 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.
- (b) the standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in Note 1 to the statements and comply with the requirements of the *Local Government Act 1989*.

Basis of Accounting for Standard Statements

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

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

This auditor's report relates to the financial report and standard statements of the Pyrenees Shire Council for the year ended 30 June 2012 included both in the Pyrenees Shire Council's annual report and on the website. The Councillors of the Pyrenees Shire Council are responsible for the integrity of the Pyrenees Shire Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report and standard statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and standard statements to confirm the information contained in the website version of the financial report and standard statements.

MELBOURNE
17 September 2012


J. D. R. Pearson
Auditor-General

INDEPENDENT AUDITORS REPORT CONTINUED

VAGO

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INDEPENDENT AUDITOR'S REPORT

To the Councillors, Pyrenees Shire Council

The Performance Statement

The accompanying performance statement for the year ended 30 June 2012 of the Pyrenees Shire Council which comprises the statement, the related notes and the council approval of the performance statement has been audited.

The Councillors' Responsibility for the Performance Statement

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

Auditor's Responsibility

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

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

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

Independence

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

Auditing in the Public Interest

Independent Auditor's Report (continued)

Auditor's Opinion

In my opinion, the performance statement of the Pyrenees Shire Council in respect of the 30 June 2012 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

Matters Relating to the Electronic Publication of the Audited Performance Statement

This auditor's report relates to the performance statement of the Pyrenees Shire Council for the year ended 30 June 2012 included both in the Pyrenees Shire Council's annual report and on the website. The Councillors of the Pyrenees Shire Council are responsible for the integrity of the Pyrenees Shire Council's website. I have not been engaged to report on the integrity of the Pyrenees Shire Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this statement. If users of the performance statement are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the performance statement to confirm the information contained in the website version of the performance statement.

MELBOURNE
17 September 2012


D D R Pearson
Auditor-General





PYRENEES
— SHIRE —



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