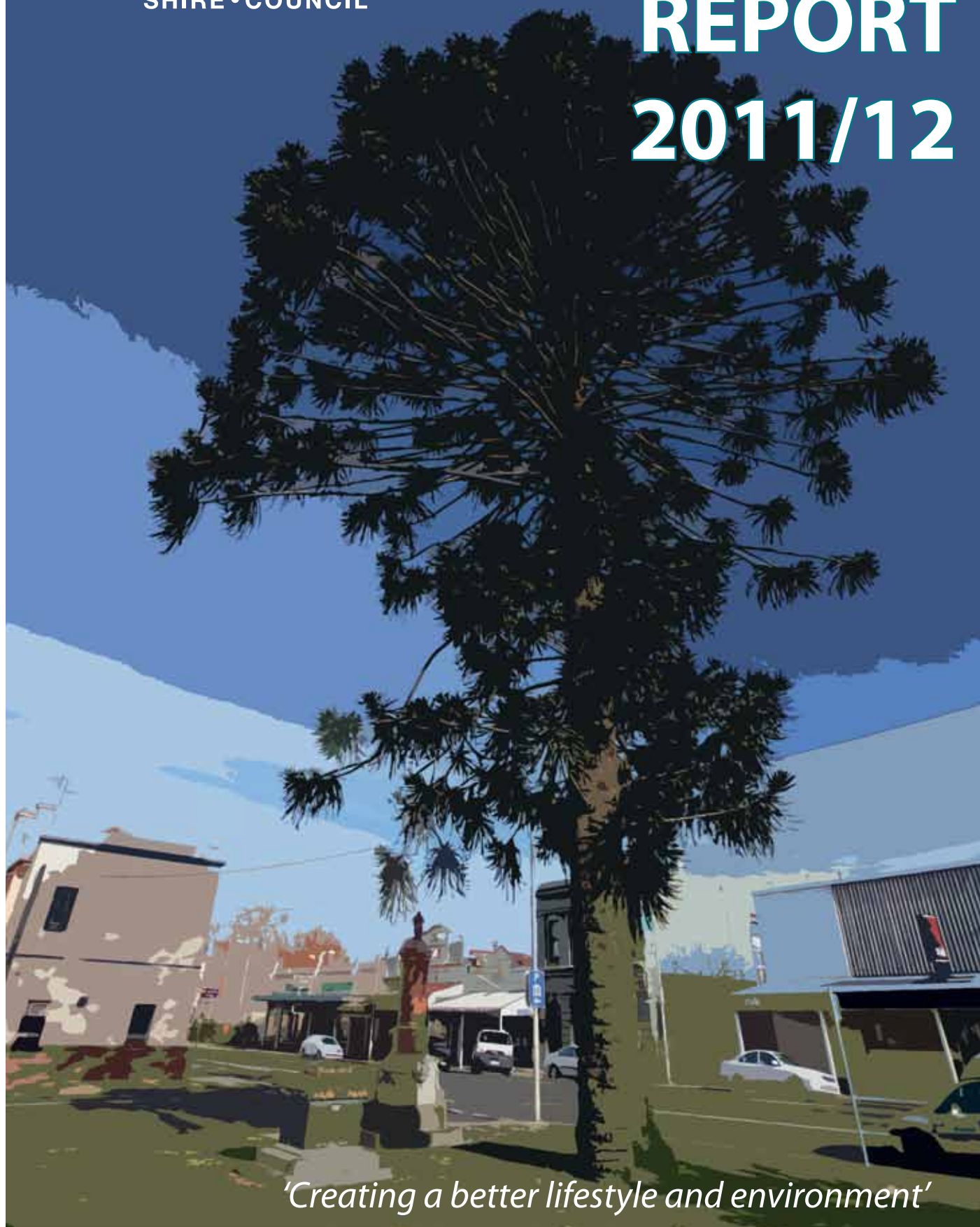




# ANNUAL REPORT 2011/12



*'Creating a better lifestyle and environment'*

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# OUR VISION

## Our Affirmation

"We recognise the traditional owners of the land. We are inspired by the early pioneers and by those who gave their lives for our country. We now ask God's blessing on our deliberations and on our commitment to build a better lifestyle and environment."

## Our Vision

Creating a better lifestyle and environment.

## Our Mission

As community leaders we provide valued services, care for our community and the environment and promote the Shire's strengths.

## Our Core Values

Northern Grampians Shire Council is a skilled and capable organisation which is:

**Responsive:** through community engagement, listening to and responding appropriately to community needs

**Accountable:** being transparent and honest in dealings and responsible in decision making

**Fair:** being informed and impartial in decision making

**Innovative:** being positive and able to find solutions

**Sustainable:** stewardship of the community, environment, economy and Council.

**Respectful:** of other people's views and diversity

## Our Commitments

- A healthy, supportive and safe community providing a sustainable, quality lifestyle
- A sustainable, natural and built environment that meets current and future needs
- A sustainable economy attracting and encouraging new enterprises while supporting existing businesses
- Progressive leadership, good governance, efficient and cost-effective services



# OUR SHIRE AT A GLANCE



Possessing some of the world's most spectacular natural scenery and a rich golden heritage, Northern Grampians Shire has established an exceptional reputation as an ideal place to live, work and invest.

## Location

Located in the picturesque Grampians region of provincial Victoria, the shire covers almost 6,000 square kilometres and services the major towns and villages of Stawell, St Arnaud, Great Western, Halls Gap, Navarre, Glenorchy, Marnoo and Stuart Mill.

## National Parks

The Grampians National Park is one of Victoria's most iconic holiday destinations, attracting more than 1.5 million visitors each year. Renowned for its breathtaking views and unspoilt nature, the area is a noted rock climbing destination, popular among campers and bushwalkers. Declared in 1884, the 168,000 hectare park is rich in Aboriginal culture, European heritage and stunning wildflower displays. It is also home to almost a third of the state's plant species and an abundance of wildlife.

St Arnaud Range National Park spans 13,900 hectares of predominantly steep terrain and allows visitors to experience what the forests were like before the gold rushes. The park has one of the largest intact areas of Box-Ironbark vegetation and encompasses the former Kara Kara State Park and much of the St Arnaud Range State Forest.



## Quick stats:

**Area:** Approximately 5,918 square kilometres

**Population:** Approximately 11,942

**Road Length:** 3408km of local roads

**Rateable Properties:** 9200

**Rate and Charge Revenue:** \$12.7 million

**Total Revenue (inc grants):** \$41.1 million

**Industry:** There are more than 720 businesses operating in the shire, with major activity based in the thriving tourism, mining, textile, manufacturing and agricultural industries

**Major Attractions:** Stawell Easter Gift Festival, Grampians Grape Escape, Arts Trail, Grampians Wildflower Festival, Festival of St Arnaud, St Arnaud Country Music Festival, Great Western Cup, Stawell Cup, St Arnaud Cup, Halls Gap Film Festival, Stawell Gift Hall of Fame and Grampians National Park



Local industry - turkey farm



Local industry - meat production

## Industry

The shire's economy is based on manufacturing, mining, agriculture, tourism and wine production. The two main centres of Stawell and St Arnaud supply and service agricultural machinery and are home to industries including brick, textile and meat production.

# FROM THE MAYOR

*During the past 12 months, Council has continued with its high standard of service delivery and project activity, both of which have been running parallel to the continuing flood recovery works in several locations across the shire.*

The resulting extra workload and coordination of these projects and services has been a challenge capably met by Council's general staff and senior managers and efficient results have been achieved. Over 30 projects have been underway to repair flood damage to community infrastructure, including damaged bowling greens and community halls, along with washed out roads and bridges.

At the 2012 National Awards for Local Government held in Canberra in June, Northern Grampians Shire Council was recognised for 'Excellence in Land-use Planning – Addressing Disaster Risk and Enhancing Resilience.' The award was a result of the hard work that went into developing a set of guidelines to ensure safety, after flooding caused 190 landslides in the Grampians National Park which adjoins Halls Gap. Our Council was also a finalist in a Victorian award recognising leadership in the public sector and in risk management strategies.

In keeping with our Council Plan, there is ongoing practical support for the aged and disabled within the shire through our Health and Community Care (HACC) services. Families are also supported through the delivery of childcare and kindergarten services in Stawell and St Arnaud, along with maternal and child health services in both major towns.

Council continues to deliver leisure services, with swimming pools, squash and basketball facilities provided to complement other sports and activities within our communities. The bike path in Halls Gap has been extended to allow for increased safety when riding or walking through the township. This project will continue in the coming year to further link the town's businesses and tourist attractions.

This year there has been a concerted effort to replace and add to the street trees throughout our towns. Following several years of extremely dry conditions, along with clearance and safety requirements within residential and business precincts, plantings are necessary to maintain an attractive appearance and to provide summer shade. St Arnaud's ongoing streetscape works in Napier Street have also progressed well this year and are lifting the appearance of the town's retail precinct.

Northern Grampians Shire Council played an active part in the inaugural Rural Living Expo in Melbourne in April, where the opportunity to showcase our towns and to promote rural living as an attractive option was taken up enthusiastically.

I commend the dedication shown to our shire by our CEO, staff and Councillors over the past twelve months and look forward to further successful projects and services to take our shire into the future.



A handwritten signature in dark ink, reading 'Cr. Dorothy Patton'.

Cr Dorothy Patton  
**Mayor**

# FROM THE CEO

## *2011-12 has been a big year in Northern Grampians Shire.*

This year witnessed the delivery of our largest annual expenditure on record, with over \$40 million of services and capital works carried out across the municipality. With almost \$17 million spent on roads, bridges, buildings and other assets, Council has made significant progress on lessening the infrastructure and asset renewal gap. It is with some pride that I report that 98 per cent of the non-flood-related capital works program was delivered on time and on budget.

Key projects completed during the year included stage two of the major Stawell Airport upgrade, improvements to recreation facilities throughout the shire, stage two heritage works at the former Shire Offices in Stawell, further streetscape works in St Arnaud, the installation of a heating and cooling system in the former Kara Kara Shire Hall in St Arnaud, the refurbishment of the outdoor pool and backwash facility at the Stawell Leisure Centre and installation of an additional stretch of bicycle path in Halls Gap between Delleys Bridge and Pomonal Road.

In addition to these projects, replacement work and improvements are being undertaken in many of the shire's smaller communities. Much of this work has been brought forward as a result of the impact of the 2010 and 2011 floods.

Our focus on community and economic development has stepped up with the implementation of industry sector plans for manufacturing, tourism, health services, agriculture, retail and transport and logistics. With over 4,700 jobs in various industries in the shire, Northern Grampians is a net generator of employment in the region.

Over 80 events throughout the shire were supported by Council, bringing activity, people and of course money into the local economy. These events included the Australia Post Stawell Easter Gift, Grampians Jazz Festival, Grampians Arts Trail, Festival of St Arnaud, the 21st birthday celebrations for the Grampians Grape Escape, Great Western Rodeo, Stawell, St Arnaud and Great Western races and the St Arnaud and Stawell agricultural shows to name a few. There were also some exciting new events, including the Stawell Rotary Club's Chinese Moon Lantern Festival, Run the Gap in Halls Gap, Grampians Brushes and Keepin' it Bushy, a flood recovery event featuring well loved performers Frankie J Holden and Wilbur Wilde.

On the regional front, Council is taking an increased leadership role and is involved in the Central Highlands Mayors' and CEOs' Forum, the Western Highway Action Committee, the Wimmera Regional Transport Plan Group, Grampians Tourism Inc, the Wimmera Sustainability Alliance and the Regional Strategic Planning Committee for both the Wimmera Southern Mallee and Central Highlands regions. Council has maintained collaborative roles with other councils in Solar Cities, Water Management and the Wimmera Library Corporation and this year re-joined the Wimmera Development Association.

Over the past 12 months we have worked consistently on developing the culture of our own organisation, moving away from a working environment dominated by conventional thinking, to one that is more achievement focused and constructive. We have reviewed many of the services we provide, with a particular emphasis on Leisure Services and Children's Services in 2011-12.

Many thanks to the staff of Northern Grampians Shire Council and in particular to Mr Vaughan Williams, Mr Jim Nolan, Mrs Samantha Magill (who left us in April for a new career) and Mr Sanjay Manivasagasivam for their commitment to the organisation and their wise counsel and support.

A thank you also to all Councillors who have stood firmly by the vision of 'creating a better lifestyle and environment' in Northern Grampians, despite multiple challenges. Council has demonstrated that, with courage, there is a better way of connecting communities, showing leadership and supporting initiative in local government. This annual report is yet another record of that achievement.



A handwritten signature in dark ink, reading 'Justine Linley'.

Justine Linley  
Chief Executive Officer



# OUR COUNCILLORS



## **Mayor Cr Dorothy Patton**

*Kara Kara Ward*

*First elected: 26 November 2005*

*Term expires: 27 October 2012*



## **Cr Kevin Erwin**

*Central Ward*

*First elected: 14 March 2003*

*Term expires: 27 October 2012*



## **Cr Ray Hewitt**

*Kara Kara Ward*

*First elected: 26 November 2005*

*Term expires: 27 October 2012*



## **Cr Ross Clementson**

*South West Ward*

*First elected: 27 January 2006*

*Term expires: 27 October 2012*



## **Cr Wayne Rice**

*Stawell Ward*

*First elected: 26 November 2005*

*Term expires: 27 October 2012*



## **Cr Andrea Cooper**

*Stawell Ward*

*First elected: 1 December 2008*

*Term expires: 27 October 2012*



## **Cr Barry Marrow**

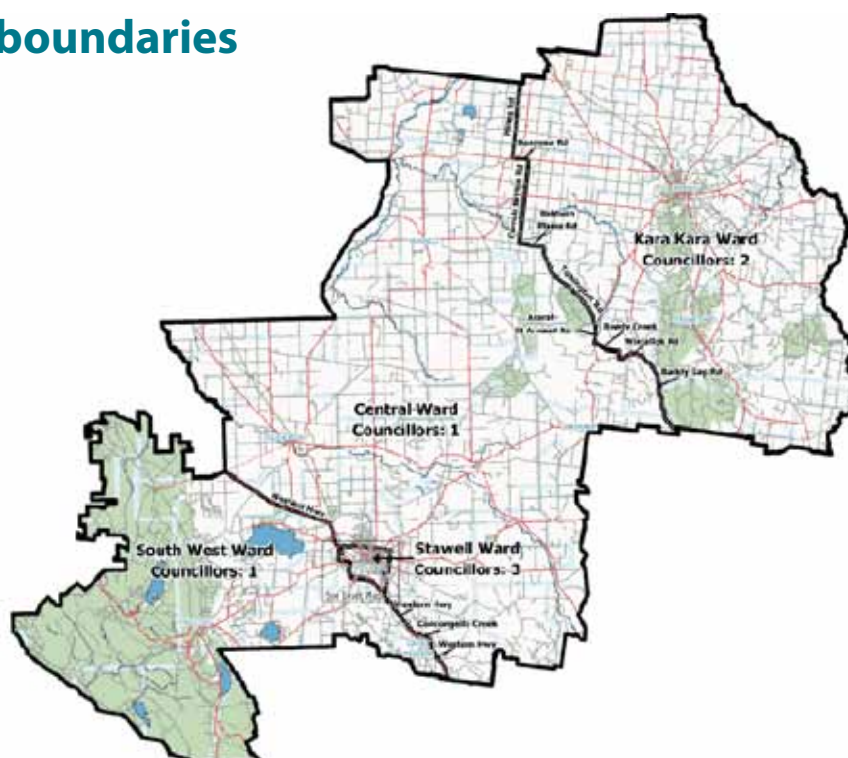
*Stawell Ward*

*First elected: 1 December 2008*

*Term expires: 27 October 2012*



## Ward boundaries



## Council meeting attendance register

During 2011/12 there were 12 ordinary council meetings and three special council meetings.

Generally meetings are held on the fourth Thursday of each month at 6pm. Venues for council meetings alternate between Stawell and St Arnaud. Any additional special meetings or changes to the timetable are publicised through the media. Meetings are open to members of the community. Public question time is a regular feature at ordinary meetings, giving residents the opportunity to ask questions on any Council related matter.

	Ordinary Council Meetings Attended	Special Council Meetings Attended
<b>No. of Meetings</b>	<b>12</b>	<b>3</b>
Cr Ross Clementson	12	3
Cr Andrea Cooper	11	3
Cr Kevin Erwin	10	2
Cr Ray Hewitt	12	3
Cr Barry Marrow	12	3
Cr Dorothy Patton	11	3
Cr Wayne Rice	10	1

## Council meeting attendance register cont...

Community, Recreation & Emergency Committee	
No. of Meetings	8
Cr Ross Clementson	5
Cr Andrea Cooper	8
Cr Kevin Erwin	6
Cr Ray Hewitt	8
Cr Barry Marrow	8
Cr Dorothy Patton	8
Cr Wayne Rice	5

Finance Committee	
No. of Meetings	4
Cr Ross Clementson	4
Cr Andrea Cooper	3
Cr Kevin Erwin	4
Cr Ray Hewitt	4
Cr Barry Marrow	4
Cr Dorothy Patton	3
Cr Wayne Rice	3

Audit Committee	
No. of Meetings	4
Cr Kevin Erwin	4
Cr Barry Marrow	4

Economic Development & Marketing Committee	
No. of Meetings	6
Cr Ross Clementson	4
Cr Andrea Cooper	6
Cr Kevin Erwin	5
Cr Ray Hewitt	6
Cr Barry Marrow	5
Cr Dorothy Patton	6
Cr Wayne Rice	4

Natural & Built Environment Committee	
No. of Meetings	8
Cr Ross Clementson	8
Cr Andrea Cooper	8
Cr Kevin Erwin	8
Cr Ray Hewitt	7
Cr Barry Marrow	7
Cr Dorothy Patton	7
Cr Wayne Rice	6

Northern Grampians Planning Committee	
No. of Meetings	5
Cr Ross Clementson	5
Cr Andrea Cooper	5
Cr Kevin Erwin	5
Cr Ray Hewitt	4
Cr Barry Marrow	4
Cr Dorothy Patton	4
Cr Wayne Rice	3

Corporate & Governance Committee	
No. of Meetings	6
Cr Ross Clementson	6
Cr Andrea Cooper	6
Cr Kevin Erwin	5
Cr Ray Hewitt	6
Cr Barry Marrow	6
Cr Dorothy Patton	6
Cr Wayne Rice	5

# OUR ORGANISATION

The Executive Management Team comprises the Chief Executive Officer and three directors. Each directorate is responsible for a number of service units, each headed by a service unit manager. Some service units contain as many as 40 staff members, while others have as few as one.



**Justine Linley**  
Chief Executive  
Officer



**Vaughan Williams**  
Director  
Corporate Services

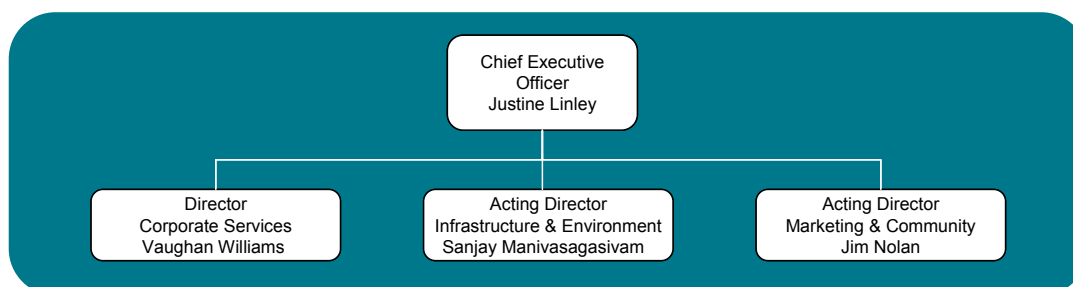


**Sanjay Manivasagasivam**  
Acting Director  
Infrastructure & Environment



**Jim Nolan**  
Acting Director  
Marketing & Community Development

Executive Management Team





An aerial photograph of a town street. On the left, there are several buildings, including a prominent one with a red roof. A person is walking on the sidewalk. The street is paved and has several cars parked or driving. On the right, there are trees and a bench. In the background, there are hills and more buildings. The text "OUR ACHIEVEMENTS 2011/12" is overlaid on the right side of the image.

# **OUR ACHIEVEMENTS 2011/12**



A Healthy, Supportive & Sustainable Community (see page 13)



Attracting & Encouraging New & Existing Business (see page 21)



A Sustainable & Natural Built Environment (see page 25)



Supporting Our Communities to Recover from Flood (see page 35)



Progressive Leadership and Good Governance (see page 41)

A photograph of a woman with blonde hair, wearing a white wide-brimmed hat with a pink flower and a white dress with a large floral pattern. She is sitting on a patterned blanket outdoors, with green foliage in the background. The image has a soft, slightly blurred quality.

*Working towards...*

**A HEALTHY, SUPPORTIVE &  
SUSTAINABLE COMMUNITY**



## Children's services providing a happy learning environment

Northern Grampians Shire Council offers a range of family and children's services to meet the needs of families requiring childcare. Our long daycare centres and vacation care program provide flexible arrangements for the convenience of the community. Our main centres, St Arnaud Children's Precinct and Taylor's Gully Children's Centre, host visiting health practitioners and conduct information sessions for families. Council also offers maternal and child health services across the shire. All of our children's services provide a happy, safe, secure and fun environment, filled with a variety of learning opportunities.

## Childcare in demand

Long daycare programs at Taylor's Gully Children's Centre and St Arnaud Children's Precinct provided 249 families with a total of 149,832 hours of childcare during 2011/12. This compares to 133,892 hours in 2010/11, representing a 12 percent increase in childcare hours provided across both centres.

The number of families utilising Council's vacation care programs has also increased. A total of 48 families were registered during 2011/12 and received 4465 hours of care for their children.

The St Arnaud Kindergarten has 40 children enrolled for four-year-old kinder in 2012 and 21 children enrolled in the three-year-old kindergarten session.

## End of an era for 'Take a Break'

'Take A Break' occasional care ceased operation in December 2011. After surveying families utilising this service, Taylor's Gully Children's Centre created an additional long daycare room, the Echidna Room. This room allows families to continue booking their children in for shorter care sessions as they could with the 'Take a Break' occasional care program. The room offers care to children aged six weeks to five years of age and siblings can be cared for together.

Sessions are provided from 9am to 1pm or 1pm to 5pm. Families are also able to book all day sessions from 9am to 5pm. The Echidna Room operates on a Monday, Tuesday and Thursday, 50 weeks of the year.



*Cutting the cake for the end of 'Take a Break' occasional care*



*An excursion to the Halls Gap Zoo*



*Outside play at Taylor's Gully*



## Staff going above and beyond

The provision of quality care is facilitated by quality staff. The Home and Community Care (HACC) Direct Care team has more than 210 years combined experience, with annual staff training ensuring standards are maintained and the best care is provided. Thirty direct care staff have been trained in the Active Service Model of HACC service provision. Assessment officers who provide living at home assessments for all new clients are more than half way through completing a Graduate Certificate in Human Services.

## Celebrating our seniors

Council's Aged and Disability Services continue to partner with local, regional and state community organisations and government to ensure older members of the community are catered for. The *Seniors Participation and Care Plan 2008/12* is guiding the focus of service provision in Northern Grampians Shire and recognises that seniors have a great deal to contribute and much to gain by actively participating in recreational pursuits, cultural activities and broader community life. Council encourages positive community attitudes to older people by supporting events including the Seniors Festival, Seniors Expo and celebrations of Senior Citizen Club milestones.

## Direct care workers hit the road

In 2011/12, 473 'active' clients were registered in Council's Aged and Disability programs. A total of 21,326 hours of direct care support, including home care, personal care and respite care, was provided to meet the needs of the community. Direct care workers travelled more than 98,000 kilometres to deliver these services to people in their own homes.

## Council says thanks to volunteers

Meals on Wheels volunteers also covered a significant number of kilometres, distributing a total of 18,540 meals in 2011/12. This is an average of 51 meals a day, every day of the week. A special thank you to the volunteers who make this possible.

## Promoting participation

HACC continues to enable frail, aged and disabled community members to remain involved in home and community life. Strong networks with East Wimmera Health Service, Stawell Regional Health and the Department of Veteran Affairs allow Council to provide quality direct home care services and activities.

## Collaboration key

The 'HACC Active Service Model Project, Northern Grampians Steering Committee' has members from Stawell Regional Health, Grampians Community Health,

East Wimmera Health Service, Department of Health and Northern Grampians Shire Council all working towards a collaborative approach to the provision of client services in an Active Service model. The goal for this model is for people in the HACC target group to live in the community as independently and autonomously as possible.

## Looking out for the vulnerable

In response to the Victorian Bushfire Royal Commission, Northern Grampians Shire Council's Aged and Disability Services maintain a vulnerable people list. This is a list of agencies that support vulnerable people in our community such as schools, hospitals, aged care facilities and service providers. This list is for bushfire emergencies only and encourages all agencies to support vulnerable individuals in our community to develop their own leave early plans.

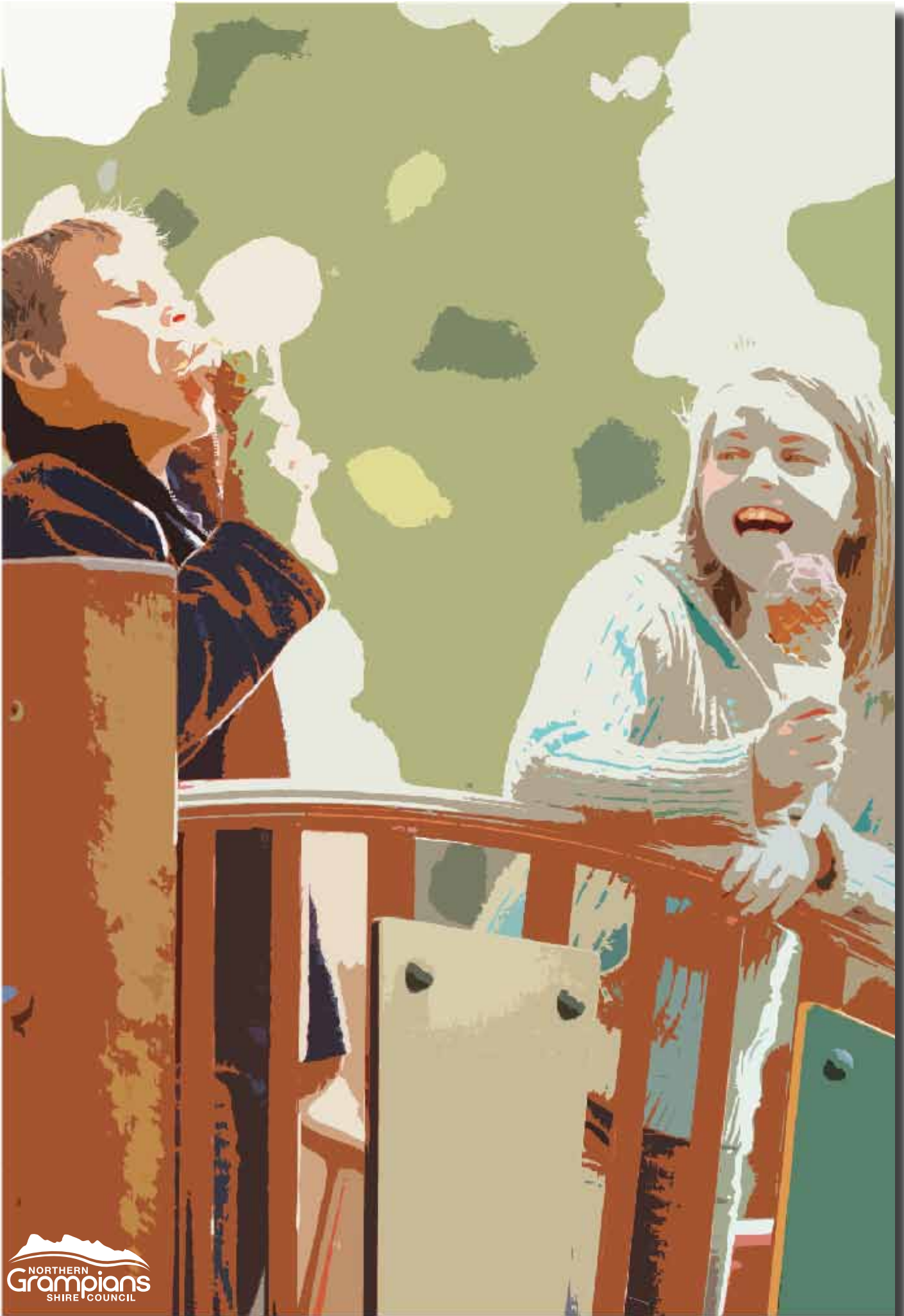


*The Victoria Police Pipe Band performs during the 2012 Seniors Festival*

## Seniors shine during festival

Northern Grampians Shire Council was a key contributor to the 2011 Seniors Festival. Community expos in both St Arnaud and Stawell provided an opportunity for seniors across the shire to participate in an exhibition promoting a healthy lifestyle. Performances by the Victoria Police Pipe Band in Stawell and St Arnaud were among the highlights of the festival.





## Strengthening diversity

Northern Grampians Shire Council has worked in collaboration with the Primary Care Partnership and the Grampians Pyrenees HACC service providers to develop the *Northern Grampians Shire Council Aged & Disability Services Strengthening Diversity Plan 2012-2015*.

## CAAG going strong

The Community Access Advisory group was established in 2002 to advise Council in relation to disability issues in the community and compliance with the *Disability Discrimination Act 1992* (now the *Disability Act 2006*). The Community Access Advisory Group oversees the implementation of Council's *Community Access Plan* and recommends changes to be implemented by Council.

Changes were made to the plan and accepted by Council in June 2011. The CAAG has continued to meet bi monthly for the past 12 months, reviewing the access plan at each meeting and making recommendations to the infrastructure department regarding the priorities of the DDA budget.

## Facilities modified

In the past year, Council's toilet facilities have been systematically modified to meet universally accessible standards as identified in the Northern Grampians Shire Council AAA access audit. The Stawell Visitor Information Centre has a new electronically operated sliding glass door to meet the new building 'all access' standards. Scallon Street and Wimmera Street intersections have been upgraded to 'all access' standards including tactile indicators and gradient modification. The shared bicycle and walking path in Halls Gap is 'all access' from Delleys Bridge to the Ararat-Halls Gap Road. This links the Halls Gap shops to caravan parks, holiday accommodation and public facilities.

## Building strong communities

A new community development team started in June 2011, and hit the ground running. The focus of the community development team has been to foster and maintain strong working partnerships with organisations and groups across the shire to support and facilitate programs and projects that enhance our community.

## Community plans in action

Community planning is an important process that allows Council to engage with communities to gain a greater understanding of the issues that are important to each individual town. Council's original Community Plans were developed in 2009 after extensive consultation with local communities.

During 2011/2012, the community development team met with community leaders to review the Community Plans, report on progress towards meeting identified priorities and ensure they continue to meet the visions that have been created for each of the towns. Meetings were held in St Arnaud, Stawell, Navarre, Stuart Mill, and Halls Gap. Our next goal is to meet with the communities of Marnoo, Great Western and Glenorchy.

The community development team values Community Plans not just as a process that informs Council and other government departments of the identified visions and goals of a community, but as a means to enhance community participation and strengthen communities.

## Youth engaged

In December 2011, the Community Development team successfully applied for funding under the 2012-2014 Engage! Program. This State Government funded program will enable us to employ a Youth and Community Development Officer for a three year period.

Northern Grampians Shire Council's Engage! Program will provide young people with the opportunity to actively contribute, participate and benefit from civic and social activities in the community.

There will be exciting opportunities for young people (aged 12-25) across our shire to form a Youth Action Council, develop the first youth strategy for the municipality and further involve themselves in youth events and activities.

## Grants enhancing social connectedness

A total of 21 community organisations were assisted under Council's Youth and Community Grants program during 2011/12, receiving in excess of \$55,000 in funding. The program is helping to enhance community participation and facilitate social connectedness within the shire.

“The Engage! Program will provide young people with the opportunity to actively contribute, participate and benefit from civic and social activities in the community.”



## Community development in action

- Walktober saw the team join forces with Stawell Regional Health and local primary schools. Hundreds of primary school children warmed up with a 'Zumba' session before participating in walking activities.
- National Volunteer Week was celebrated as an opportunity to acknowledge the dedication and hard work of local volunteers and thank them for their valuable contribution to the community.
- Fifteen community groups received desktop computers through the Computers up for Grabs Program. This program enables groups to apply for superseded Council computers at no charge.
- NAIDOC Week was celebrated in our primary schools, with students being invited to enter a national colouring or short story competition.
- Reconciliation Week was an opportunity for communities to come together and learn more about the Australian reconciliation journey. Community screenings were held of the ground breaking documentary 'Our Generation.'
- Summer fire ready information sessions were conducted in Stawell and St Arnaud. Residents received the latest advice from the CFA including; bushfire survival plans, what to do if you are caught in a bushfire, fire safety on the road and the importance of planning ahead.
- Six residents from Northern Grampians Shire attended the Victorian Senior of the Year awards at Government House, Melbourne.
- Five recreation clubs in Halls Gap received defibrillator units jointly funded by Baulderstone and VicRoads.



## Getting the community involved

The Community Development Team undertook a number of activities to provide opportunities for residents in the Northern Grampians Shire to actively participate in their communities.

See opposite for a small taste of what Council's Community Development team has been up to over the past 12 months.



st Arnaud Pool

## Pools set for summer season

Council was successful in obtaining a State Government Better Pools Grant to undertake a major refurbishment of the outdoor pool at the Stawell Leisure Complex. Council contributed \$150,000 to the project which involved re-tiling the main pool and toddler pool and installing a new backwash and filtration system to support water savings.

Approximately 51,240 visitations occurred during 2011/12, an increase of 2.9 per cent on the previous year. These figures do not include local swimming carnivals which can attract in excess of 200 people, or the many spectators who visit the pool throughout the year. Total program income across both facilities increased by 10 per cent.

Council adopted a 'no fees' policy for St Arnaud Pool which saw numbers for the season reach 9,872 visits from the community. This figure was an increase of 624 visits or 6.75 per cent on 2008/2009, 1748 or 21.5 per cent on 2009/2010 and 4,981 or 102 per cent increase on 2010/2011 seasons.



Schools participate in the Walktober Zumba session

## Recreation and Leisure project update

St Arnaud TOTE building redevelopment project  
IN PROGRESS

St Arnaud Lord Nelson Park Multipurpose Facility  
COMPLETED ✓

Stawell North Park Netball courts  
COMPLETED ✓

St Arnaud Basketball Stadium (maintenance work and projects)  
COMPLETED ✓

Stawell Golf Bowls Club synthetic green  
IN PROGRESS

St Arnaud Golf Club Recycled Water Project  
COMPLETED ✓

Security Lighting (Queen Mary Gardens, Cato Lake and Eventide Homes)  
IN PROGRESS



*Working towards...*

# **ATTRACTING & ENCOURAGING NEW & EXISTING BUSINESS**



Industry sector card images - Agriculture



Stawell Gift 2012

## Industry under the microscope

Council has completed a set of Industry Sector Plans which will establish a basis for decision making. The plans will guide Council on where to invest economic development resources to achieve 'best benefit' outcomes in areas including health, manufacturing, agriculture, tourism, retail and transport and storage. The plans were created in conjunction with the key stakeholders of each industry and will present recommendations to support business growth while attracting new investment.

The aims of the documents are to:

- Provide an overview and better, evidence based understanding, of the key industry sectors in the shire
- Provide options and scenarios for immediate and future growth within the identified sectors
- Provide recommendations on possible local government interventions to achieve better return on investment, to secure business expansion, new external investment or the attraction of new business to the shire

Fact sheets for each of the six industries can be found on our website.

## The place to be at Easter

Another action-packed Easter was held in Stawell, with thousands of visitors coming to participate in our many unique events. In 2012, the Stawell Easter Festival ran

from Thursday April 5 through to Monday April 9. As in previous years, a brochure was developed to outline the events and activities that occurred in and around Stawell over the Easter period. This brochure was distributed widely across the region and to all Visitor Information Centres.

Major events held during the Stawell Easter Festival include:

### • The Stawell Athletic Club Easter Gift

The Gift incorporates:

- Calcutta and Call of the Card, Friday night
- Ladies Day, Saturday
- Family Day, Sunday
- Finals Day, Monday

- Great Western Good Friday Rodeo
- StawellBiz Main Street Sensation
- 2012 Stawell Gold Cup
- Grampians Arts Trail
- Stawell Easter Carnival

During this period, there were many other small events and activities, which included:

- Stawell Golf Club Open Day
- Big Bucks Bingo
- Stawell Golf Club stroke competition
- Wander Inn Easter Market
- Halls Gap Primary School Market
- Lindsay Kent Memorial 5km Fun Run/3km Walk
- Deep Lead Easter Art & Craft Exhibition
- Grampians Easter Art Show
- Shakespeare in the Grampians
- Stawell SES Market
- Stawell Regional Arts 'Talent on Tap'



## Farmers flock to annual forum

Farming in the 21st Century is a series of events held annually to provide the latest information to the agriculture sector. The events cover a variety of topics aimed at improving the productivity and sustainability of farmers.

Farming in the 21st Century is made possible by a partnership between Northern Grampians Shire Council, Pyrenees Shire Council, Ararat Rural City Council, Project Platypus and the Department of Primary Industries. It is supported by the William Buckland Foundation, as well as sponsors including Central Highlands Agribusiness Forum and Wimmera Catchment Management Authority.

The forums are free and open to anybody with an interest in agriculture, especially farmers and farming families wanting to sharpen their knowledge and skills and unearth practical alternatives.

In 2011/12, Council has continued to support events under the Farming in the 21st Century banner and has received a positive response from the local farming community.



## Events for everyone

Council continues its support of events across the shire. A total of 74 events were registered through Council in the past 12 months. Of these events, 29 were financially supported by Council to the tune of approximately \$58,465.

In addition to this, the Stawell Athletic Club received \$25,000 from Council to support the running of the Stawell Easter Gift. Council also continues to provide in-kind support to the Easter Gift which attracted over 10,000 people over the three days.



Melbourne University students work on the Industrial Land Audit

## Land audit unearths development potential

Council recently participated in Melbourne University's Volunteer Business Practicum, hosting a group of four students. The program aims to provide students with real experience in a workplace environment, working on a challenging project.

The students compiled an Industrial Land Audit for Stawell and St Arnaud which has delivered an

economic impact study on the development of industrial land proposed in the Northern Grampians Shire.

This report has provided an audit of the current industrial land available, an insight into the demand for industrial land across the shire and has also identified opportunities that exist from the proposed development of industrial land.

## Tourism ties strengthen

Council is working closely with Grampians Tourism at both board level and through participation in a working group. This relationship ensures that Northern Grampians Shire Council is involved in all Grampians Tourism projects such as the Grampians Peaks Trail, Grampians Way and their annual 'Spring into the Grampians' program.

The Halls Gap Visitor Information Centre continues to be one of the busiest in regional Victoria with in excess of 100,000 people visiting the centre during the 2011 year.

## Living expo sparks tree change enquiries

Council participated in the inaugural Regional Living Expo in Melbourne. The event was held at the Melbourne Convention and Exhibition Centre from April 27 to 29 and gave patrons an opportunity to explore everything that's great about living and working in country Victoria. During the three days, Northern Grampians Shire Council staff provided information and assistance to those looking for a 'tree change'.

The expo provided a valuable opportunity to showcase the shire and the results exceeded expectation. Enquiries were received in relation to jobs, education and housing, with the emphasis on job availability.

To help promote the shire, Council produced a short film which features some of the many attractions in the area. Filming was carried out in several towns, including St Arnaud, Stawell and Halls Gap.

“Halls Gap Visitor Information Centre continues to be one of the busiest in regional Victoria with in excess of 100,000 visitors during 2011.”

*Working towards...*

# **A SUSTAINABLE & NATURAL BUILT ENVIRONMENT**

**STAWELL**

## Landslide policy in action

During January 2011, numerous landslides were experienced in the Grampians National Park following a series of intense rainfall events. The landslides resulted in significant damage to public infrastructure and private property, and had social and economic impacts, particularly on the Halls Gap community.

To address these issues, a *Landslide Susceptibility Policy* was adopted by Council in June 2011 and was supplemented with the *Landslide Susceptibility Map* in August 2011. This map clearly identified those areas of land in the Halls Gap which were susceptible to debris flow type landslide, and to which the requirements of the policy would apply.

Since the adoption of the Landslide Policy and Map, Council's planning team has worked to explain the policy's requirements during discussions with landholders. Council's planners have prepared information sheets and spent much time with land owners, sharing their understanding of the geo-technical requirements of the policy, as these requirements must now be considered in the assessment of planning applications.

This work has ensured better protection for developments on land that has been identified in the map as susceptible to landslide.

## Residential growth a top priority

At its meeting in February 2012, Council reinforced its commitment to proceed with its Residential Strategy for Stawell (C15 Amendment), as a priority.

The proposed Stawell Residential Strategy is expected to ensure a ready supply of land is available for new residential development. The residential growth strategy requires an amendment to the planning scheme, which applies to approximately 61 hectares of land located south to south-south-east of Stawell's Central Business District.

The amendment proposes the rezoning of the subject Rural Living Zone – Schedule 2 (RLZ2) land to the Residential 1 Zone (R1Z), and the rezoning of both the subject Crown Land from the Residential 1 Zone (R1Z) and Rural Living Zone – Schedule 2 (RLZ2), to the Public

Park and Recreation Zone (PPRZ). Northern Grampians planners have been working with consultants and the Department of Planning and Community Development to progress the Residential Amendment since May 2012.

## Planning for bushfire risk

The 2009 Victorian Bushfires Royal Commission made 67 recommendations. Recommendations 37 to 55 relate to planning and building. In response, the State Government introduced the new Bushfire Planning Provisions on 18 November 2011, including the Bushfire Management Overlay.

The Bushfire Management Overlay (BMO) stresses the primacy of life and the importance of maintaining developments to the appropriate standard in perpetuity. In order to achieve this and to ensure that future owners are informed, Council has introduced mechanisms to ensure continuing maintenance of bushfire protection measures required of all new developments under the BMO, as well as measures to inform future owners.

Council adopted its BMO Assessment Policy in May 2012. The policy gives direction for planners exercising their discretionary functions with regard to the BMO requirements, establishes standard procedures for the assessment of permits applications under the BMO, and sets up standard conditions and requirements for permits granted in the BMO.

## Makeover for roads and culverts

Over the past year, Council's infrastructure works team completed some major culvert and road upgrade works across the shire. Some of these major culvert upgrade works were completed on Callawadda Forest Road and Willaring Road. These works involved upgrading the existing floodway with large concrete box culverts which will now allow access for residents when high rainfall events are experienced. Council also undertook a major road upgrade project on Bellellen Road. The five kilometre stretch of road was sealed which involved upgrading drainage and re-aligning an unsafe section of the road.



## Business continues to take off at airport

Since the completion of the main Stawell Airport upgrade in 2011, the facility has improved its safety, accessibility and aviation capacity to enable larger planes to land. In addition to supporting existing jobs, the upgrade has created new opportunities for local business to attract investment in the region.

In 2011/12, Council carried out significant pre-planning for further works as part of a stage three project to ensure the airport infrastructure is in place for the next 10 to 15 years.



St Arnaud streetscape work



Stage 2 works - Stawell Airport



Parks and Gardens

## State support for planning program

Northern Grampians' application to the new Rural Planning Flying Squad for planning support in January 2012 attracted funding for three of Council's priority strategic projects, as set out below:

### *Stawell Residential Land Strategy (C15)*

The adopted *Northern Grampians Shire Residential Land Strategy Final Report (2005)* listed an objective to prepare a residential land strategy to provide for the residential needs of the townships of Halls Gap, St Arnaud and Stawell to the year 2035 in a co-ordinated manner. This study needs to be updated in order to inform the *Stawell Residential Land Strategy (C15 Amendment)*.

### *Heritage Amendment (C17)*

The amendment proposes to implement the recommendations of the Northern Grampians Shire Heritage Study Stage 2 – 2004 by applying the Heritage Overlay to approximately 500 individual places and nine precincts across three towns.

### *Landslide Amendment (C42)*

At the same time Council adopted its Landslide Policy at its Meeting on 23 June 2011, it also resolved to amend its planning scheme to include the requirements of the policy, in the form of an Erosion Management Overlay over the affected areas of land.

## Towns in full bloom

Council's parks and garden team has been busy beautifying streets in Stawell and St Arnaud as part of an extensive tree planting and replacement program. These trees were selected from a carefully prepared preferred species list to limit any damage to drainage, footpaths, underground assets and overhead power lines. Over 600 trees were planted on roadsides throughout the urban townships within the shire which will improve the amenity and appearance of streetscapes.

## Streetscape works surge ahead

Another section of the St Arnaud heritage streetscape was completed during the past year. This project is being delivered over several years and is bringing about a transformation of Napier Street into a beautiful and lively business precinct. With the assistance of a \$300,000 grant from the Victorian Government through the Small Town Development Fund, Council has extended the footpath works and kerb and channel replacement in Napier Street from Alma to Walker Streets, and Raglan to Market Streets. Significant drainage upgrades were also made to improve localised flooding in the main shopping area. The coming year will see the project continue with more paving and the planting of grape vines in the street.

## Bike path extension on track

The existing off-road shared bicycle and walking path was extended from Delleys Bridge through to the Ararat-Halls Gap Road intersection, to connect several tourism businesses, the Halls Gap Hotel and local residents through to the main Halls Gap shopping area and beyond. The \$366,000 works were funded by a Road Safety grant from VicRoads and will improve safety to walkers and bicycle riders as they will no longer need to use the busy Grampians Road. Use by family groups, children and holiday makers is expected to significantly increase.

Extensive pre-planning was also carried out on a further extension of the path from Brambuk through to the Adventure Golf Centre and Bellfield Dam viewing area. This extension will be constructed in 2012/2013.





## Strategy sets out plans for triangle

The Ararat-Stawell – Halls Gap Triangle Rural Zone Review is a strategic planning project, and an initiative funded by the Department of Planning and Community Development (DPCD), to address rural land use issues in the study area.

Council commented on the Draft Issues and Opportunities Paper in October 2011 and followed up with extensive community consultation, including specific input from business stakeholders. After the public workshops in November 2011, the draft report was ready for public exhibition, which allowed final public comments to be incorporated into the document between May and June 2012.

The original intent of this project, as established and co-funded by DPCD, was to review rural land use planning within areas of interest, and in the case of this being a joint strategic project with the Ararat Rural City, to ensure consistency between adjoining shires.

The research project will inform timely changes to the rural planning zones which will create wider opportunities for economic development in the triangle area.

## All roads lead to market

Council has continued to improve the efficiency and competitiveness of the local agriculture and horticulture industries through the strategic upgrading of local road infrastructure. Round two of Regional Development Victoria's Local Roads to Market Program is now complete and allows access for higher productivity HML vehicles such as B-Doubles. Round two of the program included road upgrades to School Loop Road in Landsborough West, Nelson Road, Baldwin Plains Road, Carrols Bridge Road and Bolangum Inn Road.

Bridge strengthening works also took place on Sutherland Road, Carrols Bridge Road and Baldwin Plains Road to allow heavy vehicles to continue using these routes.

## Drainage working smoothly

As a result of three major flooding events in two years, Council increased its drainage improvements

program to \$200,000 in the 2011/12 year. This allowed Council to upgrade stormwater drainage in known problem areas across the shire so flood damage to both private property and Council assets could be reduced. This included works in Heath Street in Halls Gap, Mary Street in Stawell, Rea Road in Glenorchy and Lock Road in St Arnaud.



*Lining being installed at Curtis St dam*

## Council builds on water savings

Northern Grampians Shire Council has built on initial work to substitute potable water with harvested stormwater. In the past 12 months, harvesting and transfer pumps have been automated to improve efficiency, while dams have been lined to assist in silt removal and maximise collection capacity.

Council has also conducted risk evaluations of climate variability impacts to test the system under drought and intense storm events, while dam stability has been checked. Council's continued emphasis on potable water substitution has enabled it to deliver green reserves within its major towns, without reliance on their potable water supply systems and at the same time delivered good environmental outcomes by cleaning the stormwater flowing into river systems.

The stormwater project has been partially funded by the Northern Grampians Shire Council and the Australian Government's Water for the Future through the Strengthening Basin Communities program.



## Waste strategy adopted

Our Waste Management Strategy was adopted in June 2012. The strategy outlines the strategic direction for Council's waste management program for the next five years. It also provides details on the nine key service areas within the waste program, including kerbside services, public litter bins, transfer stations, open and closed landfills and Council's waste.

In 2011/12, the waste management program cost approximately \$1.3 million. There are opportunities to improve service standards within the waste program that meet social, environmental and financial objectives.

During 2011/12, over 3000 tonnes of waste was deposited to landfill from the kerbside waste services and 1,100 tonnes of recyclables was recovered through the kerbside recycling service. On average, 528kg of waste is sent to landfill from households each year and 27 per cent of material is recycled.

Through the delivery of waste programs, Council can assist the community to reduce waste to landfill, increase resource recovery and improve access to waste management infrastructure.

## Dog attacks addressed

A policy on the registration of Restricted Breed and Declared Dangerous Dogs was adopted at Council's Ordinary Meeting in June 2012. The policy enables Council officers to refuse to register restricted breeds and declared dangerous dogs. This policy builds on the work undertaken in 2009/10 to address dog attacks within the municipality.

## Upgrade for emergency centre

Council received \$63,000 through the Natural Disaster Resilience fund to relocate and upgrade its Municipal Emergency Coordination Centre (MECC). The MECC is used to coordinate resources to respond to emergencies. The MECC provides the necessary resources for agencies involved in emergency response to work cooperatively. The relocation and upgrade works have assisted with the provision of back up power, updated communication and electronic equipment, and staff training. The new location and equipment was tested during the December 2011 floods and was a significant improvement from the previous facility.

## Management plan gets the nod

The *Municipal Fire Management Plan (MFMP)* was endorsed in October 2011. The MFMP is a risk based plan relating to the social, economic, built and natural environment aspects of fire and guides participants involved in fire management activities. The plan was developed in partnership with other agencies involved in fire and emergency management to achieve an integrated approach to the management of fire across the municipality.

## Fire Coordinator joins the team

Council received \$100,000 through the Department of Planning and Community Development's Municipal Emergency Resourcing program to appoint an Emergency Management (Fire) Coordinator to assist with the implementation of the recommendations from the Victorian Bushfire Royal Commission Report 2009. The funding has assisted Council to review, update and develop plans and initiatives to assist with emergency management in the municipality.

## Shire on show at state conference

Northern Grampians Shire hosted the State Environmental Health Forum in Halls Gap in October 2011. The forum brought together over 150 experts and specialists in the field of environmental health. The forum provided an excellent opportunity for participants to share their knowledge and skills. It also gave Council a chance to showcase its environmental health program and the municipality.

## Tasks ticked off Living Strategy

Council received \$45,000 through the State Government Sustainability Accord Funding program to progress the implementation of its Sustainable Living Strategy, adopted in late 2010/11. Progress has been made on 11 of the 16 priority actions that were identified in the strategy. These include the offsetting of greenhouse emissions from Council fleet vehicles, improvements in water efficient projects, identifying options to reduce energy consumption in Council buildings and support for community initiatives that address sustainable farm management.

Implementation of the Sustainable Living Strategy is ongoing and reported to Council on an annual basis.

“The State Environmental Health forum provided Council with an opportunity to showcase work on its environmental health program and promote the municipality.”





# Domestic Animal Management Plan

Council's Domestic Animal Management Plan sets out the strategic framework for the management of domestic animals within the municipality. Key actions implemented during 2011/12 include:

## *Strategic issue 4.1 – Animal Management Officer Training*

Staff involved with animal management participated in training on the use of equipment to assist with animal management

## *Strategic issue 4.2 – Encourage Responsible Pet Ownership*

Council held a micro-chipping day where in excess of 180 animals were micro-chipped. Participants were provided with information on responsible pet ownership during the activity.

## *Strategic issue 4.3 – Compliance and Enforcement*

Council has adopted a new fee structure at the pound. The structure allows for reduced fees for animals presented to the pound for the first time if they are already registered and increases fees substantially for animals that are impounded multiple times within the one year.

## *Strategic issue 4.4 - Identification and Registration*

Council introduced metal animal registration tags which are more cost effective, durable and reliable in

the field to assist with the identification of registered animals in the municipality.

## *Strategic issue 4.5 –Confinement of Dogs and Cats*

Council officers continued to provide community information through customer service offices, during animals registration period, and at the pound on responsible pet ownership and confinement of animals.

## *Strategic issue 4.6 – Prevention of Animal Attacks and Risk to the Community*

Council adopted the Registration of Restricted Breed Dogs and Declared Dangerous Dogs Policy which enables Council officers to refuse to register dogs that are a restricted breed dog or part thereof, and declared dangerous dogs.

## *Strategic issue 4.7 – The Welfare of Pets*

Council has undertaken works at the Stawell pound to improve the cat area. Council has increased the use of Section 84YC Agreements, increasing the rehoming of both cats and dogs. Additionally, Council has introduced changes to address staff risks and stress on animals to be euthanised.

Council's Domestic Animal Management Plan will be reviewed and updated during the 2012/13 financial year.



*Working towards...*

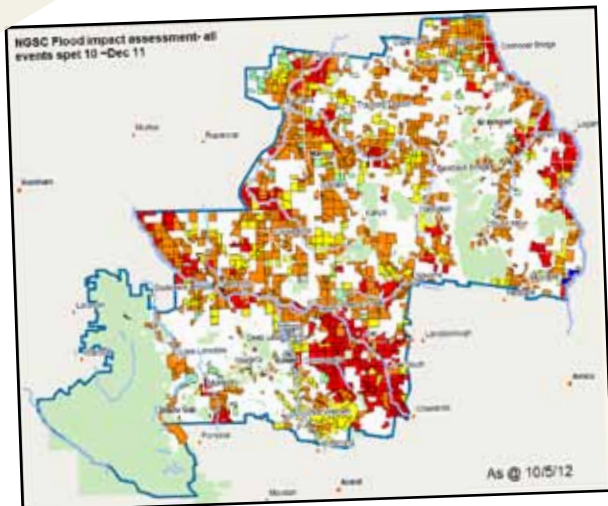
# **SUPPORTING OUR COMMUNITIES TO RECOVER FROM FLOOD**



The rain events and flooding that swept through the shire in September 2010 and January 2011 continue to have a long-lasting effect on the Northern Grampians community, both physically and socially. The flood caused approximately \$22 million damage to Council road and bridge infrastructure, and disrupted farming operations, damaged houses and property, and affected livelihoods.

As anticipated, recovery from the floods is taking time and will continue into the foreseeable future. Council's Flood Recovery Team has been coordinating the recovery effort over the past 18 months and will continue with its important work as long as is needed.

A snapshot of figures below paints a picture of the impact that the three floods have had on the Northern Grampians Shire community. Read on to find out how the Council is managing the flood recovery efforts.



Northern Grampians Shire flood impacts -  
September 2010 to December 2011

## Floods snapshot

- 819** – roads damaged in the floods.
- 602** – owners of 1,313 rateable properties impacted by the September and January floods.
- 269** – properties impacted by the December floods.
- 160** – property owners who have been flooded on more than one occasion.
- 1,779** – people who have attended flood recovery community events.
- 46** – community meetings since the first flood in September 2010.
- 9** – community halls that will be repaired.
- \$29 million** – the cost currently estimated to complete the flood recovery program.

## December 2011 – a setback for all

On 18 December 2011, storms and floods swept through the upper Wimmera catchment area of the shire adding to the damage. A devastating burst of rain was dumped on three major townships – Stawell, Halls Gap and Great Western – and a 1,000km<sup>2</sup> area around the communities of Shays Flat, Landsborough West, Joel Joel, Greens Creek, Concongella and Glynwylln, which were all heavily impacted. For the farming communities in the area, the destruction was significantly worse than the floods of September 2010 and January 2011.

Most of this area was isolated and suffered mass road closures, road and bridge damage and widespread property damage. Flash flooding of creeks and tributaries of the upper Wimmera River catchment, notably the Six and Seven Mile Creeks, Mt William Creek and the Wimmera River itself, destroyed farm fences and swept away livestock. In the townships, stormwater systems struggled to cope with the one-in-fifty-year event, with roads and lanes becoming streams, water storage dams and lakes breached, and private properties flooded.

The damage bill for Council from this event was around \$3 million and many more millions of dollars damage and loss was caused to private and community assets. Ninety-nine businesses, community groups and homes suffered damage.

## MRAP – guiding the way

The *Municipal Recovery Action Plan 2011-2013* was reviewed by Council in April 2012. The plan review took into account the work that was remaining from the January floods and the need to include the December event in recovery actions. The plan provides the structure necessary to ensure recovery is undertaken in a systematic, effective and timely manner, appropriate to the community's capacity.

## Keeping a watchful eye

Oversight of the flood recovery program is undertaken by the Municipal Flood Recovery Committee. The committee is chaired by the Mayor Cr Dorothy Patton and includes senior Council management along with executives from regional and local agencies involved in supporting flood-affected communities.

To ensure localised community and agency input is included in the delivery of the plan, urban and rural issue working groups, which include community and agency representatives, meet to offer direct input into the delivery of Council's flood recovery services.



## Fixing the heart of the communities

Community halls, sports grounds, recreation reserves, playgrounds, gardens and historical collections are at the heart of our communities, both big and small. More than 30 different recovery projects are being delivered to replace or repair destroyed community infrastructure, at a cost of more than \$3.5 million. Some of these projects include repairs to golf club courses, replacement of damaged bowling greens, repairs to community halls and even restoration of damaged theatre backdrops by a paintings conservator from the University of Melbourne.



Army cadet weekend at Joel Joel



Work gets underway on a floodway in Vineyard Rd

## Funded to do the job right

Council has sourced financial commitments of more than \$26 million from the National Disaster Recovery Fund (NDRF), government grants and donations to meet the enormous cost of flood recovery. Every recovery action is fully justified and costed and must meet strict guidelines that are in place to ensure the funding is used to repair essential infrastructure and rebuild the capacity of the community after the floods.

Council's Flood Recovery Team faces the challenge of using the funding prudently while making sure that at the end of the day, the job is done right. Northern Grampians Shire Council is grateful to the State and Federal Governments for making these funds available.

## No secrets

The flood recovery process takes time. The community has been extremely patient in allowing work to progress in a planned manner, utilising resources in the best way while prioritising needs. It has been incredibly important that the community is aware of where recovery is at, what is scheduled and what progress has been made.

Since the floods hit, the Flood Recovery Team continues to make use of a variety of techniques to convey information including a Flood Recovery Update newsletter, articles in local newspapers and stories on radio and television. Flood recovery e-bulletins, Council's Facebook page and dedicated flood recovery web pages are also being used with great success. A publication 'Rain, Hail or Shine – stories from the floods' has also been widely distributed to highlight the impact on people, community organisations and businesses right across the shire.

## Road infrastructure repairs on track

Northern Grampians Shire Council is continuing to make steady progress on flood-damaged road infrastructure repairs, with work started on nearly three quarters of projects. As of the end of June 2012, work has started on 80 per cent of the repair projects created by the September 2010, January 2011 and December 2011 floods. The damage bill totalled more than \$22 million, three times the annual works budget. The three floods created 2,196 repair projects on infrastructure including roads, bridges, drains and major culverts.

Council is using local contractors wherever possible and is dependent to some extent on their availability. The December floods in the upper Wimmera catchment have seen some work reprioritisations but Council is on track to finish all flood repair projects within 18 to 24 months. Monthly restoration expenditure is around half a million dollars.

There are clear guidelines around how infrastructure recovery work must be undertaken. Emergency recovery arrangements require that the restoration work must be completed by contractors and not by Council's direct labour force. Under government funding guidelines, damaged infrastructure can only be restored to its original condition and can not be upgraded.





## Sewing the social fabric together

It is important in recovery that communities have the opportunity to come together, recognise the hurt that the floods caused, celebrate progress and have some fun again. Council and the State Government's Community Recovery Fund has facilitated 12 community events ranging from football, cricket and social trips, community parties, live entertainment, workshops, come-and-try days, road opening celebrations and community memorials.

In determining these community events, Council has been fortunate to have community input through the Urban Social Recovery Working Group, Rural Recovery Working Group and Stawell Regional Arts.



*National Awards for Local Government 2012*

## No stone unturned

Having Flood Recovery Officers and support organisations out in the community has been an important part of ascertaining the impacts and needs of the community. Meetings with impacted people have been held in all districts of the shire, acknowledging that everyone has the same right to recovery support, no matter how big or small their community.

Nine rural-focused information exchanges were highlighted by a live on-site broadcast by the ABC Radio Rural Report at Carapooee. Three meetings regarding the December 2011 flood have been held at Joel Joel. The Landslide Contingency Plan and planning amendments were discussed with Halls Gap residents at a series of closed and open community meetings. Recovery Officers and Red Cross volunteers have conducted four week-long door-knock efforts, attempting to visit each rural home to meet people or leave recovery information.

Specific community sessions on coping with stress, the State Government review into the floods, a visit from the Ombudsman and a grants roadshow have also been facilitated by the Flood Recovery Team to try and address residents' needs after the floods.

## Up with the best

Being recognised by government and industry peak bodies for the work Council is doing has given us the confidence that we are delivering best practice. In the 2012 National Awards for Local Government, recognising excellence for innovative projects from councils around Australia, the Northern Grampians Shire was recognised as the 'small council' winner of

the Land-Use Planning – Addressing Disaster Risk and Enhancing Resilience Award. This award recognised Council's work after the January 2011 floods, which triggered more than 190 landslides throughout the Grampians National Park, in developing guidelines to ensure the safety of residents and visitors.

The Institute of Public Administration Australia (Victoria) also named the Northern Grampians Shire Council's Flood Recovery Project as a finalist in a state-wide award recognising leadership in the public sector and a commitment to promoting a culture of risk management across the organisation.

## Rallying the troops

Flood Recovery has relied on a wide range of people and organisations to lend a hand voluntarily. The Australian Army Cadets, led by the Stawell Unit, delivered a mighty 700 hours worth of work in one weekend at Joel Joel helping flood-affected farmers.

Through collaboration between Council, the State Government, Catchment Management Authorities and Landcare groups, the use of the Ararat and Langi Kal Kal Prison work crews have also been used to restore fences and repair environmental damage. Stawell Secondary College students and VATMI Recycling Stawell have also given their time to help with the clean up after the floods.

Incredibly valuable donations to support communities to recover have also been received from the Stawell, Moyhu and Whitfield (in the Ovens Valley) Neighbourhood Watch committees, the Stawell Farmers' Market, the Victorian Disaster Relief Fund and the Municipal Association of Victoria.



*Working towards...*

# **PROGRESSIVE LEADERSHIP & GOOD GOVERNANCE**



Northern Grampians Shire Council has customer service centres located in Stawell and St Arnaud. These centres provide an important resource for the community and serve as the principal point of contact from which staff provide information. Our friendly customer service staff will endeavour to answer all your enquiries, and can respond to requests for a wide range of services, including receipting, VicRoads procedures and animal registration.

## Audit committee

The Local Government Act requires all local governments to establish an audit committee. These committees assist councils to fulfil corporate governance, stewardship, leadership and control responsibilities.

Council's Audit Committee is composed of two Councillor and three external representatives.

The Committee focuses on the risks that are identified by the Risk Management Committee and reviews procedure and process to ensure that good governance is maintained within the organisation

## Risk management

As part of our ongoing commitment to good governance practices, Council continually seeks to improve risk management processes. The focus of Council's Risk Management Committee over the last twelve months has been integrating these processes to ensure that identified risks are treated appropriately. The committee communicates its highest priority concerns to the Audit Committee for review.

## Privacy

Northern Grampians Shire Council believes that the responsible handling of personal information is a key aspect of democratic governance and is committed to full compliance with its obligations under the *Information Privacy Act 2000 (Vic)* and the *Health Records*

*Act 2001*. All privacy enquiries should be directed to the Privacy Officer, telephone 5358 8700.

## Whistleblowers Protection Act

Council has adopted guidelines and procedures in accordance with the requirements of the *Whistleblowers Protection Act 2001 (Act)*. No applications or submissions were received in relation to the Act during the year.

## National Competition Policy

Council is obliged to apply competitive neutrality policy and principles to all significant business activities undertaken by it where the benefits of applying competitive neutrality exceed the costs.

Competitive neutrality is about transparent cost identification and pricing in a way which removes net cost advantages arising from public ownership. It means that public interest considerations are to be taken into account.

## Strategic advisory committees

Council undertook an internal review of existing Council committee process and formed the following four full Council advisory committees. A new meeting cycle saw the committees meet every Thursday of the month not already committed to formal Council meetings.

Community, Recreation & Emergency Committee  
Natural & Built Environment Committee  
Economic Development & Marketing Committee  
Corporate & Governance Committee

The focus of the four committees is to ensure all aspects of the Council Plan remain at the forefront of decision making.

“As part of our ongoing commitment to good governance practices Council continually seeks to improve risk management processes.”

## Equal opportunity

The Northern Grampians Shire Council continues to be committed to the principles of Equal Employment Opportunity. In April 2010 the Victorian Government passed a new *Equal Opportunity Act (EOA) 2010* and staff have been trained in the implementation of the new requirements under this Act. Both harassment and discrimination in the provision of Council services are unlawful and will not be tolerated. Any allegations of harassment or discrimination by an employee, independent contractor, volunteer or Councillor will be immediately acted upon in accordance with Council's Equal Opportunity, Harassment & Bullying policy and procedure.

In undertaking its obligations to implement an equal employment opportunity program under Schedule 6 of the *Local Government Act 1989*, Council has reviewed and endorsed the following policy statement setting out the objectives of its EEO Program:

- The Northern Grampians Shire Council is wholly committed to the principles of providing a workplace free from all forms of discrimination and harassment including bullying, racial and religious vilification.
- All employees, independent contractors, volunteers and Councillors of the Northern Grampians Shire Council have the right to be treated fairly and with respect.

Northern Grampians Shire Council, as an employer, seeks to promote a work environment which supports the productivity, self-esteem and personal work goals of all staff members. Council is committed to combating discrimination, harassment, bullying and vilification by:

- encouraging employee awareness through induction and training
- providing appropriate counselling services for employees involved in such behaviour
- possible dismissal for behaviour considered inappropriate
- ensuring there is no retaliation against employees who report such incidents

## Memberships

Council was a member of the following organisations during the 2011/12 year:

- Australian Airports Association
- Australian Institute of Building Surveyors
- Central Victorian Greenhouse Alliance
- Civil Contractors Federation
- FKA Children's Services Inc.
- Grampians Produce
- IPWEA Victorian Division
- LGPRO Incorporated
- Life Saving Victoria Ltd
- Municipal Association of Victoria
- North West Municipalities Association
- Rail Freight Development Alliance
- SAI Global
- Sunraysia Highway Improvement Committee
- Vicsport
- Waste Management Association of Australia
- Western Highway Action Committee
- Wimmera Development Association
- Wimmera Regional Library Corporation
- Wimmera Regional Transport Group

## Committees

The following committees have been established under Section 86 of 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 these meetings are available for public inspection.

- Lake Batyo Catyo Committee of Management
- Queen Mary Gardens Committee of Management
- Stawell Recreation Board of Management
- St Arnaud Recreation Board of Management
- Navarre Recreation Reserve Committee of Management
- Great Western Public Park Reserve Committee of Management
- Halls Gap Public Hall Reserve Committee of Management
- Deep Lead Public Hall Reserve Committee of Management
- Rich Avon (Guthrie Park) Recreation Reserve Committee of Management

The following committee has been established under Section 188 of the *Planning & Environment Act 1987*

- Northern Grampians Shire Council Planning Committee



## Australia Day Awards 2012

In 2012, Northern Grampians Shire marked Australia Day with celebrations in Stawell, St Arnaud, Marnoo, Stuart Mill, Navarre and Great Western.

All events were well attended and Stawell and St Arnaud had the pleasure of hosting Australia Day ambassadors Amy Tubbs, Australasian Young Driver Champion (Harness Racing) and Dr Noel Alpines, cataract specialist.

### *Citizen of the Year*

Jim Melbourne (Stawell)  
Marg Batters (St Arnaud)

### *Senior of the Year*

Ken Woodcock (Stawell)  
Beryl Crone (St Arnaud)

### *Young Citizen of the Year*

Kieran Ryan (Stawell)  
Kate Gifford (St Arnaud)

### *Community Event of the Year*

Stawell Chinese Festival- Rotary Club (Stawell)  
St Arnaud Festival (St Arnaud)



## Occupational health and safety

The Northern Grampians Shire Council is committed to providing and maintaining a working environment for employees, Councillors, contractors, volunteers, clients and members of the public that is safe and without risks to health, so far as is reasonably practicable.

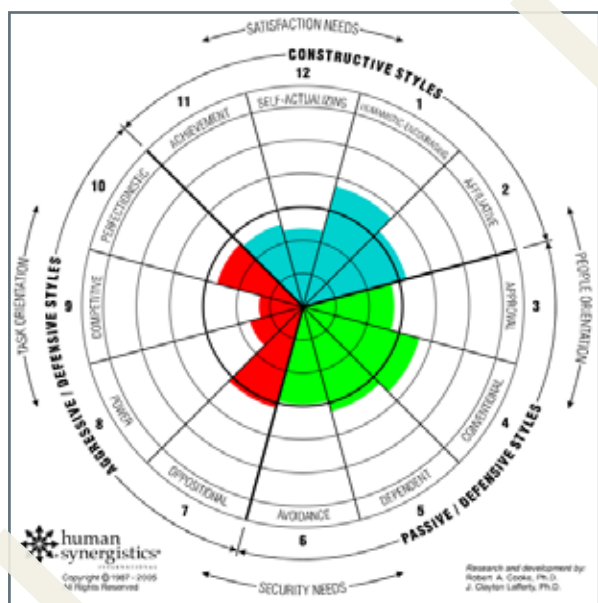
An external compliance audit was undertaken to assess Council against the requirements of the *Occupational Health & Safety Act (Vic) 2004*. The audit was undertaken by means of a documentation review, and included interviews with staff and workplace inspections. The Council was assessed for the level of compliance against five objectives covering 89 separate criteria.

It was determined that, in general, Council displays a high level of awareness of health and safety in the workplace and reacts quickly to identify health and safety hazards. The recommendations of the audit have been incorporated into the 2012-13 OHS Plan for implementation. It is recognised that these recommendations require a significant commitment by Council of time and resources and will be a major objective across the organisation in 2012-13.

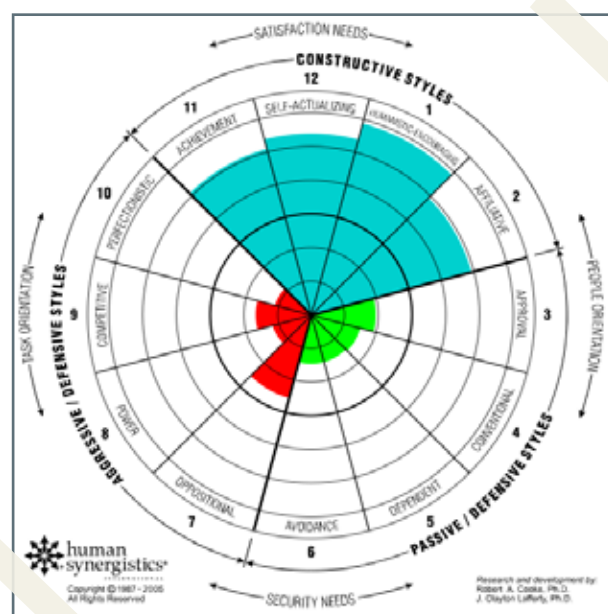
## Organisational development

In mid-2011, Council commenced a process of looking at organisational culture and leadership and how this impacts on the ability of the organisation to effectively deliver the projects and services contained in the Council Plan.

The following diagrams show the Northern Grampians Shire Council's actual organisational culture as at June 2011 and the preferred organisational culture.



Actual culture – June 2011



Preferred culture

A Key Strategic Activity in the 2011-2012 budget was the implementation of the organisational culture and performance strategy, in particular the development of key actions to move towards the preferred 'constructive' culture style with three improvement actions per directorate.

## Contracts

Council did not enter into any contracts valued at \$100,000 (or such higher amount as is fixed from time to time under section 186 (1) of the *Local Government Act 1989* (Act) during the year without first engaging in a competitive process and which are not contracts referred to in section 186 (5) of the Act. Note: The Act provides that an amount higher than \$150,000 may be fixed by Order in Council made under section 186 (1) of the Act. By Order in Council the value for which a public tender must be carried out under s.186 (1) has been increased to the following amounts: \$150,000 for contracts for the purpose of goods and services and \$200,000 for contracts for the carrying out of works.

## Staffing levels

	Male	Female	No. of staff
Full Time	73	46	119
Part Time / Casual	15	125	140

TOTAL	88	171	259
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Work Group	No. of staff	EFT
Corporate Services	34	30.34
Infrastructure & Environment	80	68.82
Marketing & Community	145	75.97
TOTAL	259	175.12

## Local Government Indicators

INDICATOR	2011-12
<b>Affordability/Cost of Governance</b>	
Average Rates and Charges per assessment	1,381
Average Rates and Charges per residential assessment	1,302
<b>Sustainability</b>	
Average Liabilities per assessment	1,062
Operating expenditure per assessment	3,505
Operating result per assessment (This result is affected by high levels of grants for flood restoration works)	709
Working Capital Ratio (This figure is affected by high levels of capital grants for flood restoration works)	236%
<b>Infrastructure</b>	
Average Capital Expenditure per Assessment	1,847
Renewal Gap	392%
Renewal and Maintenance Gap (These figures are affected by high levels of funded capital restoration works following the floods)	270%





# Standard Statements

FOR THE YEAR ENDED 30 JUNE 2012



**Northern Grampians Shire Council**  
**Standard Statements**  
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## Note to and forming part of the Standard Statements for the Financial Year Ending 30 June 2012

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### 1 BASIS OF PREPARATION OF STANDARD STATEMENTS

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

These statements and supporting notes form a Special Purpose Financial Report prepared to meet the requirements of the Local Government Act 1989 and Local Government (Finance and Reporting) Regulations 2004.

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

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

The Standard Statements compare Council's financial plan, expressed through its budget, with actual performance. The Local Government Act 1989 requires explanation of any material variances. The Council has adopted a materiality threshold of ten percent. 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 Statements are those adopted by Council on 23 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 asset revaluations, as their impacts were not considered predictable.

Detailed information on the actual financial results are contained in the General Purpose Financial Statements. 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



# Northern Grampians Shire Council

## Standard Income Statement Comparison Report for the Financial Year Ending 30 June 2012

	Budgeted 2011/2012 (\$'000)	Variances			Actuals 2011/2012 (\$'000)
		(\$'000)	%	Ref	
<b>Operating Activities</b>					
<b>Operating Revenue</b>					
Rates and Charges	12,659	71	1%		12,730
Government Grants - Capital	11,822	(537)	(5%)		11,285
Government Grants - Operational	7,529	2,010	27%	1	9,539
User Fees and Charges	2,800	(407)	(15%)	2	2,393
Contributions - Capital	35	6	17%		41
Contributions - Operating	647	164	25%	3	811
Interest Revenue	221	197	89%	4	418
Other Revenue	145	201	139%	5	346
Net gain(loss) on Disposal of Property, Infrastructure, Plant and Equipment	0	(2,406)	100%	6	(2,406)
Share of net profit(loss) of Associates accounted for by the equity method	0	(63)	100%	7	(63)
<b>Operating Revenue</b>	<b>35,858</b>	<b>(764)</b>	<b>(2%)</b>		<b>35,094</b>
<b>Operating Expenses</b>					
Employee Benefits	(11,742)	(212)	2%		(11,954)
Superannuation Call on Defined Benefits	0	(2,099)	100%	8	(2,099)
Materials and Services	(9,351)	579	(6%)		(8,772)
Depreciation	(6,148)	(152)	2%		(6,300)
Borrowing Costs	(195)	14	(7%)		(181)
Other Expenses	(815)	50	(6%)		(765)
Bad and Doubtful Debts	0	(36)	100%	9	(36)
<b>Operating Expenses</b>	<b>(28,251)</b>	<b>(1,856)</b>	<b>7%</b>		<b>(30,107)</b>
<b>Flood Operating Activities</b>					
Operating Grants	2,947	242	8%		3,189
Other Revenue	0	328	100%	10	328
<b>Flood Operating Revenue</b>	<b>2,947</b>	<b>570</b>	<b>19%</b>		<b>3,517</b>
Employee Benefits	(195)	(358)	184%	11	(553)
Materials & Services	(2,752)	1,294	(47%)	12	(1,458)
<b>Flood Operating Expenses</b>	<b>(2,947)</b>	<b>936</b>	<b>(32%)</b>		<b>(2,011)</b>
<b>Net Surplus (deficit) from operations</b>	<b>7,607</b>	<b>(1,114)</b>	<b>4%</b>		<b>6,493</b>

**Standard Income Statement  
Comparison Report for the Year Ending 30 June 2012**

**Variance Explanation Report**

Ref.	Item	Commentary
1	Government Grants - Operational	Operating grants were higher than budgeted as a result of several unbudgeted operational and project grants, and the variation resulting from early payment of the Victorian Grants Commission financial assistance grants.
2	User Fees and Charges	Lower than anticipated depot private works were undertaken as a result of the prioritisation to restore flood damaged assets. Unseasonal weather resulted in lower Leisure Centre attendance, and the fees for aged and disabled services were lower than expected. Childcare fees were lower than budgeted, due to the allocation between fees and childcare benefit.
3	Contributions - Operating	Operating contributions were higher than anticipated due to the higher allocation of childcare income to childcare benefits rather than fees, and higher than budgeted insurance and workcover reimbursements.
4	Interest Revenue	Higher than anticipated interest income was earned during 2011/12, as the result of conservative budget estimates made due to the global economic crisis, and additional funds held due to early payments of Victorian Grants Commission financial assistance grants and prepayments of both Country Roads and Bridges Initiative funding and Local Government Infrastructure Program funding.
5	Other Revenue	No provision was made in the budget for the reversal of impairment losses, for restoration of open space assets damaged in the 2010-11 floods.
6	Net gain(loss) on Disposal of Property, Infrastructure, Plant and Equipment	No allowance was made at the time of the budget for a profit or loss on disposal of Council's assets, however a loss has resulted due to the gifting of several land & buildings, as part of Council's asset rationalisation plan.
7	Share of net profit(loss) of Associates accounted for by the equity method	No provision was made in the budget for a profit or loss on Council's share of investment in the Wimmera Regional Library.
8	Superannuation Call on Defined Benefits	No provision was made in the budget for an additional Defined Benefits Superannuation call, required as a result of the 31 December, 2011 Actuarial Investigation.
9	Bad and Doubtful Debts	No provision was made in the budget for doubtful debts however a provision has been made for several debts outstanding at 30 June, 2012.
10	Other Revenue - Flood	No provision was made in the budget for interest income from flood recovery funding, or insurance reimbursements for flood restoration.
11	Employee Benefits - Flood	The original budget allowed for works to be undertaken by contractors and contract employees, however works have been undertaken by additional Council staff.
12	Materials & Services - Flood	Works budgeted to be undertaken by contractors and contract employees were rescope to be carried out by temporary staff members. There were higher levels of asset restoration than operational recovery undertaken than originally budgeted.

**Commentary on the Standard Income Statement for the Annual Report:**

The Standard Income Statement for the Annual Report shows what has happened during the year in terms of revenue, expenses and other adjustments from all activities. The 'Total Changes in Equity' or 'bottom line' shows the total difference between the financial position at the beginning and the end of the year.

The Standard Income Statement requires revenues to be separately disclosed where the item is of such a size, nature or incidence that its disclosure is relevant in explaining the performance of the council.

The Standard Income Statement for the Annual Report also shows the movement in equity, so that a separate Statement of Changes in Equity is not necessary. The most common disclosures under this category are movements in asset revaluation reserves which arise upon revaluations of assets and adjustments to opening accumulated surplus due to the adoption of a new accounting standard.

# Northern Grampians Shire Council

## Standard Balance Sheet Comparison Report for the Year Ending 30 June 2012

	Budgeted 2011/2012 (\$'000)	Variances			Actual 2011/2012 (\$'000)
		(\$'000)	%	Ref	
<b>Curent Assets</b>					
Cash Assets	1,674	8,013	479%	13	9,687
Receivables	1,195	1,278	107%	14	2,473
Inventories	46	4	9%		50
Other	133	90	68%	15	223
<b>Total Current Assets</b>	<b>3,048</b>	<b>9,385</b>	<b>308%</b>		<b>12,433</b>
<b>Non Current Assets</b>					
Receivables	0	98	100%	16	98
Property, Plant & Equipment	262,374	(10,873)	(4%)		251,501
Financial Assets	916	91	10%		1,007
Other	583	91	16%	17	674
<b>Total Non-Current Assets</b>	<b>263,873</b>	<b>(10,593)</b>	<b>(4%)</b>		<b>253,280</b>
<b>Total Assets</b>	<b>266,921</b>	<b>(1,208)</b>	<b>(0%)</b>		<b>265,713</b>
<b>Current Liabilities</b>					
Payables	1,227	984	80%	18	2,211
Interest Bearing Liabilities	383	9	2%		392
Employee Benefits	2,282	363	16%	19	2,645
Other	48	(19)	(40%)	20	29
<b>Total Current Liabilities</b>	<b>3,940</b>	<b>1,337</b>	<b>34%</b>		<b>5,277</b>
<b>Non Current Liabilities</b>					
Payables	0	2,099	100%	21	2,099
Interest Bearing Liabilities	1,810	(18)	(1%)		1,792
Employee Benefits	197	119	60%	19	316
Land Improvement Liability	275	0	0%		275
<b>Total Non-Current Liabilities</b>	<b>2,282</b>	<b>2,200</b>	<b>96%</b>		<b>4,482</b>
<b>Total Liabilities</b>	<b>6,222</b>	<b>3,537</b>	<b>57%</b>		<b>9,759</b>
<b>Net Assets</b>	<b>260,699</b>	<b>(4,745)</b>	<b>(2%)</b>		<b>255,954</b>
<b>Equity</b>					
Accumulated Funds	124,134	599	0%		124,733
Asset Revaluation Reserve	135,177	(5,555)	(4%)		129,622
General Reserves	1,388	211	15%	22	1,599
<b>Total Equity</b>	<b>260,699</b>	<b>(4,745)</b>	<b>(2%)</b>		<b>255,954</b>



**Standard Balance Sheet  
Comparison Report for the Year Ending 30 June 2012**

**Variance Explanation Report**

Ref.	Item	Commentary
13	Cash Assets	Higher than budgeted cash balances are the result of higher than budgeted opening cash balances, unbudgeted grants received for flood recovery and restoration works, grants not yet expended to be carried forward to 2012/13, and early payment of the Victorian Grants Commission financial assistance grant for 2012/13.
14	Receivables - current	No movement in receivables was budgeted for, however a large invoice was raised prior to the end of the year for Country Roads and Bridges Initiative funding.
15	Other - current	Prepayments were lower than budgeted, due to timing of payments, however accrued income was higher due to the accrual of valuation reimbursements due for the 2012 revaluation.
16	Receivables - non current	No provision was made in the budget for Community Loans.
17	Other - non current	Council's investment in the Wimmera Regional Library Corporation was higher than budgeted.
18	Payables - current	The budget assumed lower levels of payables than actually occurred, due to higher levels of payables resulting from flood restoration works.
19	Employee Benefits	Annual leave and long service leave provisions have risen more than anticipated.
20	Other	No movement in trust funds was budgeted for, however there was a slight decrease in funds held due to refunds as appropriate.
21	Payables - non current	No provision was made in the budget for an additional Defined Benefits Superannuation call, required as a result of the 31 December, 2011 Actuarial Investigation.
22	General Reserves	A reduction in the Community Loans general reserve was budgeted for, however the policy was not reviewed during 2011/12.

**Commentary on the Standard Balance Sheet for the Annual Report:**

The Standard Balance Sheet for the Annual Report shows a snap shot of the financial situation as at the end of the year. It shows the total of what is owned (assets) less what is owed (liabilities). The bottom line of the statement is net assets, which is the net worth of the Council.

The change in net assets between two year's Standard Balance Sheet's shows how the financial position has changed over that period which is described in more detail in the Standard Income Statement.

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

Standard Cash Flow Statement  
for the Financial Year Ending 30 June 2012

	Budgeted 2011/2012 (\$'000)	Variances			Actuals 2011/2012 (\$'000)
		(\$'000)	%	Ref	
Operating Activities	Inflows (Outflows)				Inflows (Outflows)
<b>Income</b>					
Rates & Charges	12,659	81	1%		12,740
Operating Grants	7,529	2,010	27%	23	9,539
User Fees & Charges	2,800	(443)	(16%)	24	2,357
Contributions - Operating	647	64	10%	25	711
Interest Revenue	221	157	71%	26	378
Other	145	2	1%		147
Net GST Refund/(Payment)	0	253	100%	27	253
	<b>24,001</b>	<b>2,124</b>	<b>9%</b>		<b>26,125</b>
<b>Expenditure</b>					
Employee Benefits	(11,742)	126	(1%)		(11,616)
Materials and Services	(9,351)	246	(3%)		(9,105)
Other Expenses	(815)	50	(6%)		(765)
Borrowing Costs	(195)	14	(7%)		(181)
	<b>(22,103)</b>	<b>436</b>	<b>(2%)</b>		<b>(21,667)</b>
<b>Flood Operating Activities</b>					
<b>Income</b>					
Operating Grants	2,947	242	8%		3,189
Other Revenue	0	328	100%	28	328
	<b>2,947</b>	<b>570</b>	<b>19%</b>		<b>3,517</b>
<b>Expenditure</b>					
Employee Benefits	(195)	(358)	184%	29	(553)
Materials and Services	(2,752)	1,294	(47%)	30	(1,458)
	<b>(2,947)</b>	<b>936</b>	<b>(32%)</b>		<b>(2,011)</b>
<b>Net Operating</b>	<b>1,898</b>	<b>4,066</b>	<b>214%</b>		<b>5,964</b>
<b>Investing Activities</b>					
Capital Expenditure	(7,523)	628	(8%)		(6,895)
Payments for Financial Assets	0	(100)	100%	31	(100)
Government Grants - Capital	3,844	598	16%	32	4,442
Capital Income	350	(28)	(8%)		322
Capital Contributions	35	6	17%	33	41
<b>Net Investing Activities</b>	<b>(3,294)</b>	<b>1,104</b>	<b>(34%)</b>		<b>(2,190)</b>
<b>Flood Restoration Investing Activities</b>					
Capital Expenditure	(7,978)	(2,057)	26%	34	(10,035)
Capital Grants	7,978	(1,786)	(22%)	35	6,192
<b>Net Flood Investing Activities</b>	<b>0</b>	<b>(3,843)</b>	<b>100%</b>		<b>(3,843)</b>
<b>Financing Activities</b>					
New Loans	0	0	0%		0
Principal Repayments	(534)	(9)	2%		(543)
Trust Deposit Movements (Net)	0	(69)	100%	36	(69)
<b>Total Financing Activities</b>	<b>(534)</b>	<b>(78)</b>	<b>15%</b>		<b>(612)</b>
<b>Net Movements for Year</b>	<b>(1,930)</b>	<b>1,249</b>	<b>(65%)</b>		<b>(681)</b>
<b>Opening Cash</b>	<b>4,520</b>	<b>5,848</b>	<b>129%</b>		<b>10,368</b>
<b>Closing Cash</b>	<b>2,590</b>	<b>7,097</b>	<b>274%</b>		<b>9,687</b>

**Standard Cash Flow Statement  
Comparison Report for the Year Ending 30 June 2012**

**Variance Explanation Report**

Ref.	Item	Commentary
23	Operating Grants	Operating grants were higher than budgeted as a result of several unbudgeted operational and project grants, and the variation resulting from early payment of the Victorian Grants Commission financial assistance grants.
24	User Fees & Charges	Lower than anticipated depot private works were undertaken as a result of the prioritisation to restore flood damaged assets. Unseasonal weather resulted in lower Leisure Centre attendance, and the fees for aged and disabled services were lower than expected. Childcare fees were lower than budgeted, due to the allocation between fees and childcare benefit.
25	Contributions - Operating	Operating contributions were higher than anticipated due to the higher allocation of childcare income to childcare benefits rather than fees, and higher than budgeted insurance and workcover reimbursements.
26	Interest Revenue	Higher than anticipated interest income was earned during 2011/12, as the result of conservative budget estimates made due to the global economic crisis, and additional funds held due to early payments of Victorian Grants Commission financial assistance grants and prepayments of both Country Roads and Bridges Initiative funding and Local Government Infrastructure Program funding.
27	Net GST Refund/(Payment)	No provision is made in the budget for GST adjustments.
28	Other Revenue - Flood	No provision was made in the budget for interest income from flood recovery funding, or insurance reimbursements for flood restoration.
29	Employee Benefits - Flood	The original budget allowed for works to be undertaken by contractors and contract employees, however works have been undertaken by additional Council staff.
30	Materials and Services - Flood	Works budgeted to be undertaken by contractors and contract employees were rescope to be carried out by temporary staff members. There were higher levels of asset restoration than operational recovery undertaken than originally budgeted.
31	Payments for Financial Assets	No movement in financial assets was budgeted for, however the floating rate note that matured during 2011/12 was reinvested at a higher amount than previously held.
32	Government Grants - Capital	Higher than anticipated capital grants were received as the result of unbudgeted grants for additional sections of the Halls Gap Bike Path project.
33	Capital Contributions	Unbudgeted contributions towards projects at Stawell Bowling Club following flood restoration works.
34	Capital Expenditure - Flood	Carried forward works from 2010/11 resulted in higher than budgeted flood restoration works.
35	Capital Grants - Flood	Grant funds for flood restoration works are being claimed on a periodic basis.
36	Trust Deposit Movements (Net)	No movement in trust funds was budgeted for, however there was a decrease in funds held due to retained contractor payment being refunded.

**Commentary on the Standard Cash Flow Statement for the Annual Report:**

A Standard Cash Flow Statement for the Annual Report shows what has happened during the year in terms of cash. It explains what cash movements have resulted in the difference in the cash balance at the beginning and the end of the year.

The net cash flows from operating activities, shows how much cash remains, after paying for providing services to the community, which may be invested in things such as capital works.

The information in the Standard Cash Flow Statement assists users in the assessment of the ability to generate cash flows, meet financial commitments as they fall due, including the servicing of borrowings, fund changes in the scope or nature of activities and obtaining external finance.



# Northern Grampians Shire Council

## Standard Statement of Capital Works for the Financial Year Ending 30 June 2012

	Budgeted 2011/2012 (\$'000)	Variances			Actuals 2011/2012 (\$'000)
		(\$'000)	%	Ref	
Capital Works					
Roads	9,511	3,139	33%	37	12,650
Plant & Equipment	1,868	(54)	(3%)		1,814
Bridges & Culverts	1,850	(1,477)	(80%)	38	373
Buildings	1,020	(224)	(22%)	39	796
Open Spaces	592	90	15%	40	682
Drainage	482	(93)	(19%)	41	389
Computer & Office Equipment	178	48	27%	42	226
Total Capital Works	15,501	1,429	9%		16,930
Represented by:					
Renewal	12,598	1,822	14%	43	14,420
New	531	530	100%	44	1,061
Expansion	2,372	(923)	(39%)	45	1,449
Total Capital Works	15,501	1,429	9%		16,930
Property, Plant & Equipment Movement Reconciliation Worksheet					
	Budgeted 2011/2012 (\$'000)	Variances			Actuals 2011/2012 (\$'000)
		(\$'000)	%		
Total Capital Works	15,501	1,429	9%		16,930
Depreciation	(6,148)	(152)	2%		(6,300)
Revaluation	0	1,867	100%	46	1,867
Impairment	0	619	100%	47	619
Written Down Value of Assets Sold	(350)	(2,378)	679%	48	(2,728)
Net Movement in Property, Plant and Equipment	9,003	1,385	15%		10,388

**Standard Statement of Capital Works  
Comparison Report for the Year Ending 30 June 2012**

**Variance Explanation Report**

Ref.	Item	Commentary
37	Roads	Carried forward flood restoration works from 2010/11 resulted in higher than budgeted capital expenditure on roads.
38	Bridges & Culverts	The flood restoration works for bridges and major culverts is still in the planning stage, and will be carried forward to 2012/13.
39	Buildings	Several projects budgeted for, including Halls Gap Community Hub, did not go ahead due to unsuccessful grant applications.
40	Open Spaces	The additional open space expenditure is the result of parts of the several projects, budgeted for as other infrastructure assets, being classified as open space assets.
41	Drainage	The reduced expenditure on the drainage program is the result of the part of the Strengthening Communities Basins project, budgeted for in 2011/12, being carried forward to 2012/13, and part of the works being classified as open space assets.
42	Computer & Office Equipment	The higher than budgeted computer and office equipment expenditure is the result of additional requirements for flood recovery and restoration works.
43	Renewal	The additional expenditure on renewal works is the result of restoration works carried forward from 2010/11, undertaken as a result of the flood events.
44	New	Expenditure on new works is higher than budgeted as the result of grants received during the year for new projects, including a new segment of Halls Gap bike path, and projects on new works carried forward from 2010/11.
45	Expansion	Expenditure on expansion works is lower than budgeted as the result of delays in securing grant funding for several upgrade projects, including Halls Gap Community Hub and Stawell Linking Project, and reclassification of several projects.
46	Revaluation	There was no provision in the budget for the movement in valuation as a result of the 2011/12 drainage revaluation.
47	Impairment	No provision was made in the budget for impairment, however due to repairs of some of the road network, bridges, and open space assets, there was an unbudgeted reversal to previous impairment recognised as a result of the floods in 2010/11.
48	Written Down Value of Assets Sold	The written down value of assets sold was higher than anticipated as the result of several unbudgeted building disposals, negotiated as part of Council's asset rationalisation plan.

**Commentary on the Standard Statement of Capital Works for the Annual Report:**

The Standard Statement of Capital Works sets out the expenditure on creating or buying property, infrastructure, plant and 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.

**Certification of Standard Statements  
for the Financial Year Ending 30 June 2012**

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**Statement by Principal Accounting Officer**

In my opinion, the accompanying Standard Statements of Northern Grampians Shire Council for the year ended 30 June, 2012 have been prepared on accounting bases consistent with the financial statements and in accordance with the Local Government Act 1989, and the Local Government (Finance and Reporting ) Regulations 2004.



Julia Smith  
Principal Accounting Officer

Date: 6 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 financial statements and in accordance with the Local Government Act 1989 and the Local Government (Finance and Reporting) Regulations 2004.

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

On 6 September, 2012 we were authorised by the Council to certify the Standard Statements in their final form on behalf of the Council.



Cr Kevin Erwin  
Councillor

Date: 6 September, 2012



Cr Barry Marrow  
Councillor

Date: 6 September, 2012



Justine Linley  
Chief Executive Officer

Date: 6 September, 2012





# Annual Financial Report

FOR THE YEAR ENDED 30 JUNE 2012



# Northern Grampians Shire Council

## Annual Financial Report

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## Comprehensive Income Statement For the Year Ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
<b>Revenue</b>			
Rates and Charges	2	12,730	11,759
User Fees	3	2,395	2,218
Contributions - Cash	5	1,008	753
Grants - Recurrent	4	12,728	8,304
Grants - Non Recurrent	4	11,285	12,255
Other Revenue	7	934	512
Net gain(loss) on disposal of property, infrastructure, plant and equipment	6	(2,406)	(1,718)
Share of net profits(losses) of associates and joint ventures accounted for by the equity method	14	(63)	114
<b>Total Revenue</b>		<b>38,611</b>	<b>34,197</b>
<b>Expenses</b>			
Employee Benefits	8	(12,507)	(10,770)
Superannuation Call on Defined Benefits	8	(2,099)	0
Materials and Services	9	(10,230)	(8,977)
Bad & Doubtful Debts	10	(36)	(8)
Depreciation and Amortisation	11	(6,300)	(5,986)
Finance Costs	12	(181)	(135)
Other Expenses	13	(765)	(1,170)
Lost Assets	20	0	(430)
<b>Total Expenses</b>		<b>(32,118)</b>	<b>(27,476)</b>
<b>Profit / (Loss)</b>		<b>6,493</b>	<b>6,721</b>
<b>Other Comprehensive Income</b>			
Fair value adjustments for financial assets at fair value	18	(1)	(8)
Share of other comprehensive income of associates accounted for by the equity method	14	33	7
Net asset revaluation increment (decrement)		2,278	(7,821)
<b>Comprehensive Result</b>		<b>8,803</b>	<b>(1,101)</b>

The accompanying notes form part of this financial report



## Statement of Financial Position

### As at 30 June 2012

	Note	2012 \$'000	2011 \$'000
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	15	9,687	10,368
Trade and Other Receivables	16	2,473	1,806
Inventories	17	50	49
Other Assets	19	223	158
<b>Total Current Assets</b>		<b>12,433</b>	<b>12,381</b>
<b>Non-current Assets</b>			
Trade and Other Receivables	16	98	124
Other financial assets	18	1,007	908
Investments in Associates accounted for using the equity method	14	674	703
Property, Plant and Equipment, Infrastructure	20	251,501	241,113
<b>Total Non-current Assets</b>		<b>253,280</b>	<b>242,848</b>
<b>Total Assets</b>		<b>265,713</b>	<b>255,229</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	21	2,211	2,355
Trust Funds and Deposits	22	29	98
Provisions	23	2,645	2,406
Interest-bearing Loans and Borrowings	24	392	543
<b>Total Current Liabilities</b>		<b>5,277</b>	<b>5,402</b>
<b>Non-current Liabilities</b>			
Trade and Other Payables	21	2,099	0
Provisions	23	591	492
Interest-bearing Loans and Borrowings	24	1,792	2,184
<b>Total Non-current Liabilities</b>		<b>4,482</b>	<b>2,676</b>
<b>Total Liabilities</b>		<b>9,759</b>	<b>8,078</b>
<b>Net Assets</b>		<b>255,954</b>	<b>247,151</b>
<b>Equity</b>			
Accumulated Surplus		124,733	117,640
Reserves	25	131,221	129,511
<b>Total Equity</b>		<b>255,954</b>	<b>247,151</b>

The accompanying notes form part of this financial report

## Statement of Changes in Equity For the Year Ended 30 June 2012

			Asset	
	Note	Total	Accumulated Surplus	Revaluation Reserve
		2012	2012	2012
		\$'000	\$'000	\$'000
2012				
Balance at beginning of the financial year		247,151	117,640	127,345
Comprehensive Result		8,803	6,526	2,277
Transfers to other reserves	25(b)	0	(25)	0
Transfers from other reserves	25(b)	0	592	0
<b>Balance at end of the financial year</b>		<b>255,954</b>	<b>124,733</b>	<b>129,622</b>

			Asset	
		Total	Accumulated Surplus	Revaluation Reserve
		2011	2011	2011
		\$'000	\$'000	\$'000
2011				
Balance at beginning of the financial year		248,252	110,753	135,174
Comprehensive Result		(1,101)	6,728	(7,829)
Transfers to other reserves	25(b)	0	(24)	0
Transfers from other reserves	25(b)	0	183	0
<b>Balance at end of the financial year</b>		<b>247,151</b>	<b>117,640</b>	<b>127,345</b>

The accompanying notes form part of this financial report

## Cash Flow Statement

### For the Year Ended 30 June 2012

		<b>2012</b>	<b>2011</b>
		<b>Inflows/ (Outflows)</b>	<b>Inflows/ (Outflows)</b>
	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>			
Rates and Charges		12,740	11,566
User Fees		2,359	1,773
Grants		23,362	20,435
Contributions		908	753
Other Revenue		695	494
Net GST (Refund)/Payment		253	488
Employee Benefits		(12,169)	(10,552)
Materials and Services		(10,563)	(8,401)
Finance Costs		(181)	(135)
Other Expenses		(765)	(796)
<b>Net cash provided by (used in) operating activities</b>	<b>26</b>	<b>16,639</b>	<b>15,625</b>
<b>Cash flows from investing activities</b>			
Payments for Property, Infrastructure, Plant and Equipment		(16,930)	(11,098)
Payments for Financial Assets		(100)	0
Proceeds from Sale of Property, Infrastructure, Plant and Equipment		322	517
<b>Net cash provided by (used in) investing activities</b>		<b>(16,708)</b>	<b>(10,581)</b>
<b>Cash flows from financing activities</b>			
Trust Funds and Deposits		(69)	50
Proceeds from Interest Bearing Loans and Borrowings		0	1,100
Repayment of Interest Bearing Loans and Borrowings		(543)	(430)
<b>Net cash provided by (used in) financing activities</b>		<b>(612)</b>	<b>720</b>
Net increase (decrease) in Cash and Cash Equivalents		(681)	5,764
Cash and Cash Equivalents at the Beginning of the Financial Year		10,368	4,604
<b>Cash and Cash Equivalents at the End of the Financial Year</b>	<b>15</b>	<b>9,687</b>	<b>10,368</b>

The accompanying notes form part of this financial report

## **Introduction**

- (a) The Northern Grampians Shire Council was established by an Order of the Governor in Council on 20 January, 1995 and is a body corporate. The Council's main office is located at Main St Stawell.
- (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
  - 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

Bankers - Commonwealth Bank Australia

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

This financial report is a general purpose financial report that consists of a Comprehensive Income Statement, Statement of Financial Position, 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 basis.

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

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 have been no changes in accounting policies during the financial year.



**Note 1 Significant Accounting Policies (cont.)**

**(c) Revenue Recognition**

***Rates, Grants and Contributions***

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

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

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

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

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

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

User fees and fines are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

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

***Sale of Property, Infrastructure, Plant and Equipment***

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

***Trade & Other Receivables***

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

***Rental***

Rents are recognised as revenue when the payment is due or received, whichever first occurs.

***Interest***

Interest is recognised progressively as it is earned.

**Note 1 Significant Accounting Policies (cont.)**

**(d) Depreciation and Amortisation of Non-current Assets**

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

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.

For buildings, consumption based depreciation is charged on the remaining service potential of the asset as determined each year.

For all other assets with limited useful lives, straight line depreciation is charged based on the residual useful life as determined each year.

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

	<b>2012</b>
<b>Land and Buildings</b>	
Buildings	60 Years
Land improvements	10 years
<b>Heritage Assets</b>	
Heritage Assets	100 years
<b>Plant and Equipment</b>	
Plant and Machinery	2-66 years
Furniture, Equipment and Computers	2-8 years
<b>Infrastructure</b>	
Roads	
- Formations (Sealed & Unsealed)	30-200 years
- Sealed Pavement	90 years
- Unsealed Pavement	40 years
- Seal	14 years
Footpaths	74 years
Kerb and Channel	85 years
Drains	142 years
Bridges	100 years
<b>Other</b>	
Street Furniture	28 years
Parks & Gardens	25 years

**(e) Repairs and Maintenance**

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

**(f) Borrowing Costs**

Borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs include interest on bank overdrafts and interest on borrowings.

**Note 1 Significant Accounting Policies (cont.)**

**(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 and an appropriate share of directly attributable variable and fixed overheads.

The following classes of assets have been recognised in note 20. 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:

<b>Class of Asset</b>	<b>Threshold Limit \$'000</b>
<b>Land and Buildings</b>	
Land	All assets
Land Under Roads	All assets
Land Improvements	5
Buildings	5
<b>Heritage Assets</b>	
Heritage Assets	10
<b>Plant and Equipment</b>	
Plant and Machinery	1
Furniture, Equipment, and Computers	1
<b>Infrastructure</b>	
Roads	
- Formation	5
- Substructure	5
- Seal	1
Footpaths	5
Kerb and Channel	5
Drains	5
Bridges	15
<b>Other</b>	
Street Furniture	1
Parks & Gardens	1
- Irrigation	5
- Minor Structures	5
- Sporting Surfaces	5
- Playgrounds	5
- Landscaping	10
- Fencing	5

**Note 1 Significant Accounting Policies (cont.)**

**(g) Recognition and Measurement of Assets (cont.)**

***Revaluation***

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, motor vehicles, heritage assets, computer equipment, furniture and fittings, street furniture, parks and gardens, land improvements and land under roads are measured at their fair value, being the amount for which the assets could be exchanged between knowledgeable willing parties in an arms length transaction. At balance date, 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 1 to 4 years. The valuation is performed either by experienced Council officers or independent experts.

The infrastructure revaluation scheduled to be undertaken in 2010/11 was delayed due to the impact of the flood events on the assets to be revalued.

The infrastructure revaluation was rescheduled to be undertaken in 2011/12. A tender for bridge inspections was advertised in October 2011 and a contract appointed in December 2011. A tender for road inspections was advertised in January 2012 and a contract appointed in March 2012. Both contracts were to be completed by 30 June, 2012. Due to under performance of the contractors, resulting in failure to provide the required information by the due date, Council has been unable to complete the infrastructure revaluation as scheduled. It is anticipated that the revaluation will be completed by October 2012.

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

**(i) 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.

**(j) Financial Assets**

Other financial assets held by the Council are classified as being available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the profit or loss for the period.

**(k) Investments**

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



**Note 1 Significant Accounting Policies (cont.)**

**(l) 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 entity. 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 entity. The Council's share of the financial result of the entity is recognised in the Comprehensive Income Statement.

**(m) 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 22).

**(n) Employee Benefits**

***Wages and Salaries***

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

***Annual Leave***

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

***Long Service Leave***

Long service leave entitlements payable are assessed at balance date having regard to expected employee remuneration rates on settlement, employment related oncosts and other factors including accumulated years of employment, on settlement, and experience of employee departure per year of service. Long service leave expected to be paid within 12 months is measured at nominal value based on the amount expected to be paid when settled. Long service leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Commonwealth bond rates are used for discounting future cash flows.

***Classification of Employee Benefits***

An employee benefit liability is classified as a current liability if the Council does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the period. This would include all annual leave and unconditional long service leave entitlements.

***Superannuation***

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

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 29.

**Note 1 Significant Accounting Policies (cont.)**

**(o) 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.

**(p) Allocation between Current and Non-current**

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

**(q) 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.

**(r) Web Site Costs**

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

**(s) 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.

**(t) 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 Comprehensive Income Statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation reserve for that same class of asset.

**(u) Rounding**

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

**Note 1 Significant Accounting Policies (cont.)**

**Note (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 2010-11: 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"> <li>* simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;</li> <li>* removing the tainting rules associated with held-to-maturity assets;</li> <li>* simplifying the requirements for embedded derivatives;</li> <li>* removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;</li> <li>* 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</li> <li>* 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"> <li>a. the objective of the entity's business model for managing the financial assets; and</li> <li>b. the characteristics of the contractual cash flows.</li> </ul> </li> </ul>	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 2012.	These amendments are not expected to impact on Council directly.

**Note 1 Significant Accounting Policies (cont.)**

**Note (v) Pending Accounting Standards (cont.)**

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Local Government financial statements
Key Characteristics of the Public Sector with Potential Implications for Financial Reporting	These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project.	Applicable for annual reporting periods commencing from 1 January 2011.	These amendments are not expected to impact on 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 on 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 on 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 instruments 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 on Council.

**(w) Contingent Assets, Contingent Liabilities & 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. Commitments are not recognised in the Balance Sheet.



	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 2 Rates &amp; Charges</b>		
Council uses capital improved value as the basis of valuation of all properties within the municipal district. The capital improved value of a property is its estimated realisable value if offered for sale at the time of the valuation.		
The valuation base used to calculate general rates for 2011-12 was \$1,958 million (2010-11, \$1,949 million). The 2011-12 rate in the capital improved value dollar was 0.6402 cents (2010-11 0.6011 cents).		
Residential	5,811	5,385
Commercial	905	850
Industrial	62	56
Farm/Rural	3,151	2,986
Cultural & Recreational	11	10
Garbage Charge	1,858	1,600
Municipal Charge	932	872
	<b>12,730</b>	<b>11,759</b>
The date of the last general revaluation of land for rating purposes within the municipal district was 1 January 2012, & the valuation first applied to the rating period commencing 1 July 2012.		
The date of the previous general revaluation of land for rating purposes within the municipal district was 1 January 2010, & the valuation first applied in the rating year commencing 1 July 2010.		
<b>Note 3 User Fees</b>		
Aged and Disability Service Fees	561	596
Child Care	493	419
Leisure Centre	305	283
Private Works - Infrastructure	225	167
Other	202	180
Local Laws Fines & Permits	141	104
Waste Management Fees	127	83
Building	108	119
Property Rentals	75	77
Environmental Health Fees	64	77
Town Planning Fees	52	49
Economic Development Fees	42	64
	<b>2,395</b>	<b>2,218</b>

	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 4 Grants</b>		
Income from federal & state government grants & subsidies for the year consist of:-		
<b>Recurrent</b>		
General Revenue Grant	7,496	5,920
Disaster Recovery Grants	3,189	782
Aged and Disability Services	624	694
LGIP Infrastructure Grant	440	0
Child Care	324	370
Other Grants	218	184
Economic Development Grants	160	226
Environmental Grants	132	60
Sporting & Recreation Grants	115	0
Public Safety	30	68
<i>Total</i>	<b>12,728</b>	<b>8,304</b>
<b>Non-recurrent</b>		
Disaster Recovery	6,192	7,568
CRBI Roads & Bridges Grant	2,000	0
Roads to Recovery	1,251	1,240
LGIP Infrastructure Grant	540	0
Halls Gap Bike Path Grants	535	0
Aerodrome Redevelopment	250	2,247
RLCIP Funding	112	0
Building Grants	104	217
Sporting Recreation Grants	90	290
Emergency Preparation Grants	63	0
Water Management Grants	50	18
Other Grants	50	12
Roads & Bridges	48	0
Roads to Market Grant	0	363
Streetscape Grants	0	300
<i>Total</i>	<b>11,285</b>	<b>12,255</b>

	2012 \$'000	2011 \$'000
<b>Note 4 Grants (cont.)</b>		
<b>Conditions on Grants</b>		
Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:		
Flood Restoration Grants	1,019	0
Country Roads & Bridges Initiative Grant	972	0
Local Government Infrastructure Program Grant	565	0
Halls Gap Bike Path Grant	237	0
Flood Recovery Operational Grants	143	370
Other Operational Grants	99	0
Other Capital & Projects Grants	103	0
R2R Grant	73	101
DTF Natural Disaster Funding	0	4,067
St Arnaud Streetscape	0	112
RLCIP (3) North Park Redevelopment	0	37
Early Years Universal Access Program	0	30
Grampians Grape Escape	0	15
DPCD Future of North Park	0	9
St Arnaud Country Club	0	2
	<b>3,211</b>	<b>4,743</b>

	2012 \$'000	2011 \$'000
<b>Note 4 Grants (cont.)</b>		
<i>Conditions on Grants (cont.)</i>		
Grants which were recognised as revenue in prior years & were expended during the current year in the manner specified by the grantor were:		
DTF Natural Disaster Funding	4,067	0
Flood Recovery Operational Grants	322	0
St Arnaud Streetscape	112	0
R2R	101	0
RLCIP 3 North Park Redevelopment	37	0
Early Years Universal Access Program	30	0
Grampians Grape Escape	15	0
DPCD Future of North Park	9	0
St Arnaud Country Club	2	0
RLCIP (2) - Grant Funding	0	100
Western Highway Office Grant	0	66
Stuart Mill Urban Development Grant	0	29
DPCD Drought Relief Grant	0	23
Waste Management Innovation Fund	0	19
R2R Grant	0	15
Great Western War Memorial Grant	0	6
Halls Gap Signage Grant	0	5
Buy Local Grant	0	4
	4,695	267
Net increase (decrease) in restricted assets resulting from grant revenues for the year:	(1,484)	4,476
<b>Note 5 Contributions - Cash</b>		
Child Care Benefits	540	435
Capital	164	87
Other	161	101
Revaluation Process	116	103
Legal Expenses	27	27
	1,008	753

	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 6 Net Gain/(Loss) on Disposal of Property, Plant and Equipment</b>		
Proceeds of Sale	322	517
Written Down Value of Assets Disposed	(2,728)	(2,235)
	<u>(2,406)</u>	<u>(1,718)</u>
<b>Note 7 Other Revenue</b>		
Interest	534	330
Interest on Rates	54	45
Reversals of Impairment Losses	208	0
Other Revenue	138	137
	<u>934</u>	<u>512</u>
<b>Note 8 Employee Benefits</b>		
Wages & Salaries	11,085	9,304
Less Capitalised Salary & Wages	(360)	(234)
	<u>10,725</u>	<u>9,070</u>
Increase/(decrease) in Long Service Leave	240	125
Increase/(decrease) in Annual Leave & RDO's	98	93
Superannuation	959	788
Superannuation - additional call*	2,099	401
Fringe Benefits Tax	50	48
Work Cover	435	245
	<u>3,881</u>	<u>1,700</u>
	<u>14,606</u>	<u>10,770</u>
*Council was required to make an additional contribution to Vision Super to meet obligations in relation to members of the defined benefit plan.		
<b>Note 9 Materials &amp; Services**</b>		
Other Materials & Services	6,282	5,252
Contract Employees	638	749
Fuel	689	586
Equipment Maintenance & Repair	619	568
Utilities	404	375
Insurance	296	253
Software Costs	272	247
Goods for resale	213	227
Communications	181	192
Training	127	108
Advertising/Marketing	121	100
Legal Expenses	80	97
Memberships and Subscriptions	106	52
Bank Fees	48	47
Catering	63	43
Postage and Freight	43	42
Audit Fees	48	39
	<u>10,230</u>	<u>8,977</u>
**It should be noted that the total Materials & Services includes the following:		
Flood Related Materials & Services	1,458	1,152



	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 10 Bad &amp; Doubtful Debts</b>		
Local Law Debtors	3	3
Childcare Debtors	10	4
Other Debtors	23	1
	<u>36</u>	<u>8</u>
<b>Note 11 Depreciation &amp; Amortisation</b>		
Sealed Pavements	1,247	1,246
Sealed Surfaces	1,289	1,046
Buildings	956	967
Plant & Equipment	625	587
Major Bridges & Culverts	425	429
Unsealed Pavement	704	602
Computer Equipment	192	311
Motor Vehicles	258	217
Kerb & Channel	165	164
Drainage	139	138
Footpaths	120	116
Parks & Gardens	104	88
Land Improvements	28	28
Furniture & Fittings	22	21
Street Furniture	16	16
Formations Sealed	4	4
Formations Unsealed	4	4
Heritage Assets	2	2
	<u>6,300</u>	<u>5,986</u>
<b>Note 12 Finance Costs</b>		
Interest - Borrowings	181	135
	<u>181</u>	<u>135</u>
<b>Note 13 Other Expenses</b>		
Impairment Losses	0	374
Other	590	627
Councillors Allowances	175	169
	<u>765</u>	<u>1,170</u>

	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 14 Investment in Associates</b>		
<i>Background</i>		
Council's investment in the Wimmera Regional Library Corporation is based on the equity method of accounting		
Council's interest in equity	25.69%	24.53%
Wimmera Regional Library Corporation	674	703
<i>Council's share of accumulated surplus(deficit)</i>		
Council's share of accumulated surplus(deficit) at start of year	378	232
Change in equity share appointment	18	3
Reported surplus(deficit) for year	(63)	114
Transfers (to) from reserves	(4)	29
Council's share of accumulated surplus(deficit) at end of year	329	378
<i>Council's share of reserves</i>		
Council's share of reserves at start of year	326	351
Change in equity share appointment	15	4
Transfers (to) from reserves	4	(29)
Share of asset revaluation	0	0
Council's share of reserves at end of year	345	326
<i>Movement in carrying value of specific investment</i>		
Carrying value of investment at start of year	703	583
Change in equity share appointment	33	7
Share of surplus(deficit) for year	(63)	114
Share of asset revaluation	0	0
Carrying value of investment at end of year	674	703
<b>Note 15 Cash &amp; Cash Equivalents</b>		
Cash on Hand	2	4
Cash at Bank	327	570
Short Term Deposits	9,358	9,794
	9,687	10,368

Users of the financial report should refer to Note 28 for details of restrictions on cash assets and Note 30 for details of existing Council commitments.

	2012 \$'000	2011 \$'000
<b>Note 16 Trade &amp; Other Receivables</b>		
<b>Current</b>		
Rates Debtors	585	595
Loans & Advances to Community Organisations	26	24
Other Debtors	1,643	704
Provision for Doubtful Debts	(34)	(5)
GST Receivable	253	488
	<u>2,473</u>	<u>1,806</u>
<b>Non-current</b>		
Loans & Advances to Community Organisations	98	124
	<u>98</u>	<u>124</u>
<b>Total</b>	<u>2,571</u>	<u>1,930</u>
<b>Note 17 Inventories</b>		
Inventories for distribution	47	43
Inventories held for sale	3	6
	<u>50</u>	<u>49</u>
<b>Note 18 Financial Assets</b>		
Floating rate note at fair value	1,007	908
	<u>1,007</u>	<u>908</u>
<b>Note 19 Other Assets</b>		
Prepayments	55	121
Accrued Income	168	37
	<u>223</u>	<u>158</u>

	2012 \$'000	2011 \$'000
<b>Note 20 Property, Plant and Equipment, Infrastructure</b>		
<b>Summary</b>		
at cost	44,923	31,003
at fair value as at 30 June 2008	245,077	263,800
at fair value as at 30 June 2010	11,826	11,931
at fair value as at 30 June 2011	66,035	68,802
at fair value as at 30 June 2012	18,979	0
Work In Progress	145	10
	<b>386,985</b>	<b>375,546</b>
Less accumulated depreciation	(125,354)	(123,546)
Less impairment	(10,130)	(10,887)
Total	<b>251,501</b>	<b>241,113</b>
<b>Property</b>		
<b>Land</b>		
at fair value as at 30 June 2010	11,826	11,931
	<b>11,826</b>	<b>11,931</b>
<b>Land Under Roads</b>		
at cost	2	2
	<b>2</b>	<b>2</b>
<b>Land Improvements</b>		
at cost	275	275
Less accumulated depreciation	(110)	(83)
	<b>165</b>	<b>192</b>
<b>Total Land</b>	<b>11,993</b>	<b>12,125</b>
<b>Buildings</b>		
at cost	669	0
at fair value as at 30 June 2011	66,035	68,802
Work In Progress	137	10
Less accumulated depreciation	(11,871)	(11,332)
<b>Total Buildings</b>	<b>54,970</b>	<b>57,480</b>
<b>Total Property</b>	<b>66,963</b>	<b>69,605</b>

The valuation of land (excluding land under roads) was determined by Council's independent contract valuer Mr. Ian Wilson, Dip. Valuations RMIT, as at 30th June 2010. The valuation of land is at fair value, being market value based on highest and best use permitted by relevant land planning provisions.

The valuation of buildings was determined by Council's independent contract valuers APV Valuers & Asset Management, as at 30th June 2011. The valuation of buildings is at fair value based on current replacement cost less accumulated depreciation at the date of valuation.

Land under roads is valued at deemed cost. Deemed cost is based on site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services at the date acquired.

	2012 \$'000	2012 \$'000
<b>Note 20 Property, Plant and Equipment, Infrastructure (cont.)</b>		
<b>Plant, Machinery &amp; Motor Vehicles</b>		
<b>Plant &amp; Machinery</b>		
at cost	8,529	7,554
Less accumulated depreciation	(3,725)	(3,502)
	4,804	4,052
<b>Motor Vehicles</b>		
at cost	1,158	1,146
Less accumulated depreciation	(546)	(439)
	612	707
<b>Total Plant, Machinery &amp; Motor Vehicles</b>	5,416	4,759
<b>Equipment</b>		
<b>Furniture &amp; Fittings</b>		
at cost	428	425
Less accumulated depreciation	(370)	(348)
	58	77
<b>Computer Equipment</b>		
at cost	1,943	1,816
Less accumulated depreciation	(1,541)	(1,445)
	402	371
<b>Total Equipment</b>	460	448



	2012 \$'000	2011 \$'000
<b>Note 20 Property, Plant and Equipment, Infrastructure (cont.)</b>		
<b>Infrastructure</b>		
<b>Footpaths</b>		
at cost	735	243
at fair value as at 30 June 2008	8,065	8,065
Less accumulated depreciation	(4,142)	(4,022)
<b>Total Footpaths</b>	<b>4,658</b>	<b>4,286</b>
<b>Kerb &amp; Channel</b>		
at cost	652	514
at fair value as at 30 June 2008	13,369	13,369
Less accumulated depreciation	(6,606)	(6,442)
<b>Total Kerb &amp; Channel</b>	<b>7,415</b>	<b>7,441</b>
<b>Roads</b>		
at cost	25,385	13,366
at fair value as at 30 June 2008	180,453	180,453
Less accumulated depreciation	(72,889)	(69,640)
Less accumulated impairment	(8,734)	(8,901)
<b>Total Roads</b>	<b>124,215</b>	<b>115,278</b>
<b>Bridges &amp; Major Culverts</b>		
at cost	1,464	1,091
at fair value as at 30 June 2008	43,190	43,190
Less accumulated depreciation	(17,831)	(17,405)
Less accumulated impairment	(1,366)	(1,480)
<b>Total Bridges &amp; Major Culverts</b>	<b>25,457</b>	<b>25,396</b>
<b>Drainage</b>		
at cost	0	1,411
at fair value as at 30 June 2008	0	18,723
at fair value as at 30 June 2012	18,979	0
Less accumulated depreciation	(5,087)	(8,359)
Less impairment	0	(132)
<b>Total Drainage</b>	<b>13,892</b>	<b>11,643</b>
<b>Total Infrastructure</b>	<b>175,637</b>	<b>164,044</b>

The valuations of Footpath, Kerb & Channel, Sealed Surfaces, Sealed Pavement, Sealed Formations were determined by Mr. Peter Moloney, Dip.C.E.C.E, MIE Aust. as at 30 June 2008 and were based on current written down replacement value of the assets.

Valuations for Bridges, Unsealed Pavement and Unsealed Formations were determined by Mr Sanjay Maniasagasivam B. Engineering(Civil) MIE Aust. as at 30 June 2008 and were based on current written down replacement value of the assets.

Valuations for Drainage were determined by Mr Sanjay Maniasagasivam B. Engineering(Civil) MIE Aust. as at 30 June 2012 and were based on current written down replacement value of the assets.

As detailed in Note 1(g), the revaluation of infrastructure assets (footpaths, kerb & channel, roads and bridges) scheduled for 2010/11 was delayed due to flood events, and was rescheduled to be undertaken in 2011/12. This revaluation, however, was not completed in 2011/12 due to the failure of the parties contracted to provide the requisite information within the required timeframe. The revaluation will be completed in 2012/13.

	2012 \$'000	2011 \$'000
<b>Note 20 Property, Plant and Equipment, Infrastructure (cont.)</b>		
<b>Street Furniture</b>		
at cost	463	463
Less accumulated depreciation	(134)	(117)
<b>Total Street Furniture</b>	<b>329</b>	<b>346</b>
<b>Parks &amp; Gardens</b>		
at cost	3,010	2,487
Work In Progress	8	0
Less accumulated depreciation	(476)	(388)
Less accumulated impairment	(30)	(374)
<b>Total Parks &amp; Gardens</b>	<b>2,512</b>	<b>1,725</b>
<b>Heritage Assets</b>		
at cost	210	210
Less accumulated depreciation	(26)	(24)
<b>Total Heritage Assets</b>	<b>184</b>	<b>186</b>
<b>Total Property, Plant and Equipment, Infrastructure</b>	<b>251,501</b>	<b>241,113</b>

**Note 20 Property, Plant and Equipment, Infrastructure (cont.)**

<b>2012</b>	Balance at Beginning of Financial Year	Acquisition of Assets	Revaluation Increments (Decrements) (note 25)	Depreciation (note 11)	WDV of Disposals	Impairment	Balance at End of Financial Year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Property</b>							
Land	11,931	0	0	0	(105)	0	11,826
Land Improvements	192	0	0	(27)	0	0	165
Land Under Roads	2	0	0	0	0	0	2
Buildings	57,470	669	0	(956)	(2,350)	0	54,833
<b>Total Property</b>	<b>69,595</b>	<b>669</b>	<b>0</b>	<b>(983)</b>	<b>(2,455)</b>	<b>0</b>	<b>66,826</b>
<b>Other Assets</b>							
Plant & Equipment	4,052	1,516	0	(625)	(139)	0	4,804
Motor Vehicles	707	298	0	(258)	(134)	0	613
Furniture & Fittings	77	3	0	(22)	0	0	58
Computers	371	223	0	(192)	0	0	402
Street Furniture	346	0	0	(17)	0	0	329
Heritage Assets	186	0	0	(2)	0	0	184
<b>Total Other Assets</b>	<b>5,739</b>	<b>2,040</b>	<b>0</b>	<b>(1,116)</b>	<b>(273)</b>	<b>0</b>	<b>6,390</b>
<b>Infrastructure</b>							
Roads	115,278	12,019	0	(3,248)	0	166	124,215
Bridge & Major Culverts	25,396	373	0	(425)	0	113	25,457
Footpaths	4,286	492	0	(120)	0	0	4,658
Kerb & Channel	7,441	139	0	(165)	0	0	7,415
Drainage	11,643	389	1,867	(139)	0	132	13,892
Parks & Gardens	1,725	674	0	(104)	0	208	2,503
<b>Total Infrastructure</b>	<b>165,769</b>	<b>14,086</b>	<b>1,867</b>	<b>(4,201)</b>	<b>0</b>	<b>619</b>	<b>178,140</b>
<b>Works in Progress</b>							
Buildings	10	127	0	0	0	0	137
Parks & Gardens	0	8	0	0	0	0	8
<b>Total Works in Progress</b>	<b>10</b>	<b>135</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>145</b>
<b>Total Property, Plant and Equipment and Infrastructure</b>	<b>241,113</b>	<b>16,930</b>	<b>1,867</b>	<b>(6,300)</b>	<b>(2,728)</b>	<b>619</b>	<b>251,501</b>

**Note 20 Property, Plant and Equipment, Infrastructure (cont.)**

2011	Balance at Beginning of Financial Year	Acquisition of Assets	Lost & Found Assets (a) \$'000	Revaluation Increments (Decrements) (note 25) \$'000	Depreciation (note 11) \$'000	WDV of Disposals \$'000	Impairment \$'000	Balance at End of Financial Year \$'000
<b>Property</b>								
Land	12,305	0	(16)	0	0	(358)	0	11,931
Land Improvements	220	0	0	0	(28)	0	0	192
Land Under Roads	2	0	0	0	0	0	0	2
Buildings	57,269	455	(414)	2,691	(967)	(1,564)	0	57,470
<b>Total Property</b>	<b>69,796</b>	<b>455</b>	<b>(430)</b>	<b>2,691</b>	<b>(995)</b>	<b>(1,922)</b>	<b>0</b>	<b>69,595</b>
<b>Other Assets</b>								
Plant & Equipment	4,071	763	0	0	(587)	(195)	0	4,052
Motor Vehicles	664	378	0	0	(217)	(118)	0	707
Furniture & Fittings	79	19	0	0	(21)	0	0	77
Computers	467	215	0	0	(311)	0	0	371
Street Furniture	355	7	0	0	(16)	0	0	346
Heritage Assets	188	0	0	0	(2)	0	0	186
<b>Total Other Assets</b>	<b>5,824</b>	<b>1,382</b>	<b>0</b>	<b>0</b>	<b>(1,154)</b>	<b>(313)</b>	<b>0</b>	<b>5,739</b>
<b>Infrastructure</b>								
Roads	118,659	8,422	0	0	(2,902)	0	(8,901)	115,278
Bridge & Major Culverts	27,026	279	0	0	(429)	0	(1,480)	25,396
Footpaths	4,322	80	0	0	(116)	0	0	4,286
Kerb & Channel	7,463	142	0	0	(164)	0	0	7,441
Drainage	11,780	133	0	0	(138)	0	(132)	11,643
Parks & Gardens	1,992	195	0	0	(88)	0	(374)	1,725
<b>Total Infrastructure</b>	<b>171,242</b>	<b>9,251</b>	<b>0</b>	<b>0</b>	<b>(3,837)</b>	<b>0</b>	<b>(10,887)</b>	<b>165,769</b>
<b>Works in Progress</b>								
Buildings	0	10	0	0	0	0	0	10
<b>Total Works in Progress</b>	<b>0</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>
<b>Total Property, Plant and Equipment and Infrastructure</b>	<b>246,862</b>	<b>11,098</b>	<b>(430)</b>	<b>2,691</b>	<b>(5,986)</b>	<b>(2,235)</b>	<b>(10,887)</b>	<b>241,113</b>

**(a) Reconciliation of Lost & Found Assets**

Lost assets are recognised in the income statement as expenses. Found assets are recognised in the income statement as revenue.

Asset Category	Lost Assets	Found Assets	Net Lost & Found
Land	(16)	0	(16)
Buildings	(414)	0	(414)
<b>Total</b>	<b>(430)</b>	<b>0</b>	<b>(430)</b>

	2012 \$'000	2011 \$'000
<b>Note 21 Trade &amp; Other Payables</b>		
<b>Current</b>		
Trade Payables	1,969	2,106
Accrued Salary & Wages	183	142
Accrued Expenses	59	107
	<u>2,211</u>	<u>2,355</u>
<b>Non-current</b>		
Trade Payables	2,099	0
	<u>2,099</u>	<u>0</u>
<b>Note 22 Trust Funds &amp; Deposits</b>		
Retained Contractor Payments	0	69
Refundable Building Deposits	20	20
Other Refundable Trusts & Deposits	9	9
	<u>29</u>	<u>98</u>

**Note 23 Provisions**

	Landfill Restoration	Annual Leave	Rostered Days Off	Long Service Leave	Total
2012	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Balance at beginning of the financial year	275	1,009	52	1,562	2,898
Additional Provisions	0	769	203	533	1,505
Reduction of Provisions	0	(676)	(198)	(293)	(1,167)
Balance at the end of the financial year	<u>275</u>	<u>1,102</u>	<u>57</u>	<u>1,802</u>	<u>3,236</u>
<b>2011</b>					
Balance at beginning of the financial year	275	929	39	1,437	2,680
Additional Provisions	0	569	157	459	706
Reduction of Provisions	0	(489)	(144)	(334)	(488)
Balance at the end of the financial year	<u>275</u>	<u>1,009</u>	<u>52</u>	<u>1,562</u>	<u>2,898</u>

	2012 \$'000	2011 \$'000
<b>(a) Employee Benefits</b>		
<b>(i) Current</b>		
Annual Leave	1,102	1,009
Long Service Leave	1,486	1,345
Rostered Days Off	57	52
	<u>2,645</u>	<u>2,406</u>
<b>(ii) Non-current</b>		
Long Service Leave	316	217
	<u>316</u>	<u>217</u>
Aggregate carrying amount of Employee Benefits:		
Current	2,645	2,406
Non-current	316	217
	<u>2,961</u>	<u>2,623</u>



	2012 \$'000	2011 \$'000
<b>Note 23 Provisions (cont.)</b>		
<b>(a) Employee Benefits (cont.)</b>		
The following assumptions were adopted in measuring the present value of employee benefits:		
Weighted average increase in employee costs	3.7%	3.7%
Weighted average discount rates	1.8%	2.9%
Weighted average settlement period	14	14
<b>(i) Current</b>		
All annual leave and the long service leave entitlements representing 7 or more years of continuous service		
- Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value	1,294	1,213
- Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value	1,351	1,193
	<u>2,645</u>	<u>2,406</u>
<b>(ii) Non-current</b>		
Long service leave representing less than 7 years of continuous service measured at present value	316	217
Total	<u>2,961</u>	<u>2,623</u>
<b>(b) Landfill Restoration</b>		
Council is obligated to restore a landfill site to a particular standard. Current predictions indicate that the landfill site will cease operations in 2019 and restoration work is expected to commence shortly thereafter. The forecast of the life of the landfill site is based on current estimates of remaining capacity and the forecast rate of infill. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard. Accordingly the estimation of the provision required is dependant on the accuracy of the forecast timing of the work and the related work.		
<b>Non-current</b>		
Landfill Restoration	275	275
	<u>275</u>	<u>275</u>

	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 24 Interest-bearing Loans and Borrowings</b>		
<b><i>Current</i></b>		
Borrowings - secured	392	543
<b><i>Non-current</i></b>		
Borrowings - secured	1,792	2,184
Total	2,184	2,727
The maturity profile for Council's borrowings is:		
Not later than one year	392	543
Later than one year and not later than five years	1,048	1,210
Later than five years	744	974
	2,184	2,727

**Note 25 Reserves**

**(a) Asset Revaluation Reserve**

	Balance at Beginning of Reporting Period \$'000	Increment (Decrement) \$'000	Balance at End of Reporting Period \$'000
<b>2012</b>			
<b>Property</b>			
Land	6,056	0	6,056
Buildings	49,910	0	49,910
<b>Infrastructure</b>			
Footpaths	1,646	0	1,646
Kerb & Channel	1,906	0	1,906
Bridges & Major Culverts	7,669	113	7,782
Drains	2,203	1,999	4,202
Street Furniture	20	0	20
Sealed Pavements	47,430	108	47,538
Sealed Surfaces	4,932	0	4,932
Unsealed Pavements	1,081	58	1,139
Sealed Formations	1,815	0	1,815
Unsealed Formations	2,650	0	2,650
<b>Other</b>			
Financial Assets	8	(1)	7
Investment in Associates	19	0	19

<b>Total Asset Revaluation Reserves</b>	<b>127,345</b>	<b>2,277</b>	<b>129,622</b>
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	Balance at Beginning of Reporting Period \$'000	Increment (Decrement) \$'000	Balance at End of Reporting Period \$'000
<b>2011</b>			
<b>Property</b>			
Land	6,056	0	6,056
Buildings	47,218	2,692	49,910
<b>Infrastructure</b>			
Footpaths	1,646	0	1,646
Kerb & Channel	1,906	0	1,906
Bridges & Major Culverts	9,149	(1,480)	7,669
Drains	2,335	(132)	2,203
Street Furniture	20	0	20
Sealed Pavements	48,171	(741)	47,430
Sealed Surfaces	5,022	(90)	4,932
Unsealed Pavements	9,151	(8,070)	1,081
Sealed Formations	1,815	0	1,815
Unsealed Formations	2,650	0	2,650
<b>Other</b>			
Financial Assets	16	(8)	8
Investment in Associates	19	0	19
<b>Total Asset Revaluation Reserves</b>	<b>135,174</b>	<b>(7,829)</b>	<b>127,345</b>

**Asset Revaluation Reserves** - These reserves have been established to disclose revaluation movements.

Note 25 Reserves (cont.)

(b) General Reserves

	Balance at Beginning of Reporting Period \$'000	Transfer to/(from) Reserves \$'000	Balance at End of Reporting Period \$'000
<b>2012</b>			
Plant Replacement	1,618	(574)	1,044
St Arnaud Cemetery	18	(18)	0
Stawell Cemetery	35	2	37
Gravel Pits Restoration	122	0	122
Community Loans	353	23	376
Heritage Restoration	20	0	20
<b>Total General Reserves</b>	<b>2,166</b>	<b>(567)</b>	<b>1,599</b>

	Balance at Beginning of Reporting Period \$'000	Transfer to/(from) Reserves \$'000	Balance at End of Reporting Period \$'000
<b>2011</b>			
Plant Replacement	1,618	0	1,618
Public Open Spaces	87	(87)	0
St Arnaud Cemetery	29	(11)	18
Stawell Cemetery	11	24	35
Gravel Pits Restoration	122	0	122
Western Highway Action	13	(13)	0
Community Loans	425	(72)	353
Heritage Restoration	20	0	20
<b>Total General Reserves</b>	<b>2,325</b>	<b>(159)</b>	<b>2,166</b>

Description of General Reserves

**Plant Replacement Reserve** - Used to smooth out cash flow demands of future plant purchases.

**Public Open Spaces Reserve** - Funds from sub divisions that are to be applied to public open space.

**St Arnaud Cemetery** - To account for surpluses and deficits in the running of this cemetery.

**Stawell Cemetery** - To account for surpluses and deficits in the running of this cemetery.

**Gravel Pits Restoration** - Provision for future rehabilitation of pits.

**Western Highway Action Reserve** - Funds held for the Western Highway Action Committee.

**Community Loan Reserve** - Funds held for lending to community groups.

**Heritage Verandah Restoration Reserve** - Funds held for the restoration of shop front verandahs.

	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 26 Reconciliation of Cash Flows from Operating Activities to Profit/(Loss)</b>		
Profit /(Loss)	6,493	6,721
Lost & Found assets	0	430
Impairment loss reversals	(208)	374
Depreciation	6,300	5,986
(Profit)/loss on Disposal of Property, Plant and Equipment and Infrastructure	2,406	1,718
Share of net result of associates	63	(114)
<i>Change in Assets and Liabilities:</i>		
(Increase)/decrease in Trade and Other Receivables	(641)	(753)
Increase/(decrease) in Other Assets	(131)	(18)
Increase/(decrease) in Trade and Other Payables	2,020	1,066
(Increase)/decrease in Inventories	(1)	(3)
Increase/(decrease) in Provisions	338	218
Net Cash provided by Operating Activities	<u>16,639</u>	<u>15,625</u>
<b>Note 27 Financing Arrangements</b>		
Bank Overdraft	0	200
Unused Facilities	<u>0</u>	<u>200</u>
<b>Note 28 Restricted Assets</b>		
Council has cash and cash equivalents (note 15) that are subject to restrictions. As at the reporting date, Council had trusts & deposits (note 22), reserve funds (note 25) and unspent grants (note 4).		
Long Service Leave*	0	1,241
Trusts & Deposits (note 22)	29	98
Reserve Funds (note 25)	1,599	2,166
Unspent Grants (note 4)	3,259	4,839
	<u>4,887</u>	<u>8,344</u>

\* The requirement for restricted assets for long service leave was previously based on the Local Government (Long Service Leave) Regulations 2002 which were updated in February 2012. The Local Government (Long Service Leave) Regulations 2012 no longer requires restriction of assets for long service leave and as at reporting date Council had not resolved to maintain a general reserve for Long Service Leave.



## Note 29 Superannuation

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

Accumulation Funds receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (9% required under Superannuation Guarantee Legislation). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

### Defined Benefit Plan

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

Council makes employer contributions to the defined benefits category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's actuary as at 31 December 2011, Council makes the following contributions:-

- 9.25% of members' salaries (same as previous year)
- the difference between resignation and retrenchment benefits paid to its retrenched employees, plus contribution tax (same as previous year)

The Local Authorities Superannuation Fund latest actuarial investigation, as at 31 December 2011, identified an unfunded liability of \$406 million (excluding contributions tax) in the defined benefit fund of which Council is a member. Council was made aware of the expected short fall in June 2012, and was formally informed of their share of the shortfall early in August 2012. Council's share of the shortfall amounts to \$2.1 million, including contributions tax, and options regarding payment of the shortfall are still under consideration. The shortfall has been accounted for in the Comprehensive Income Statement in Employee Benefits (note 8) and in the Balance Sheet in Non Current Trade Payables (note 21).

Details of contributions to superannuation funds during the year are as follows:

	2012 \$'000	2011 \$'000
<b>Fund</b>		
<b>Defined benefit plans</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	114	515
	114	515
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date	2,099	0
	2,099	0
<b>Accumulation funds</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	618	505
Employer contributions to Employees Choice Superannuation Funds	227	169
	845	674

### Note 30 Commitments

The Council has entered into the following commitments

2012	Not later than 1 year \$'000	Later than 1 year & not later than 2 years \$'000	Later than 2 years & not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
<b>Operating</b>					
Waste Management	721	0	0	0	721
Asset Condition Assessments	184	0	0	0	184
Meals on Wheels	184	0	0	0	184
Cleaning Services	100	0	0	0	100
Municipal Property Valuation	86	0	0	0	86
	<b>1,275</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,275</b>
<b>Capital</b>					
Restoration of Flood Damaged Public Assets	913	0	0	0	913
Bowling Green	108	0	0	0	108
	<b>1,021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,021</b>
<b>Total</b>	<b>2,296</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,296</b>

2011	Not later than 1 year \$'000	Later than 1 year & not later than 2 years \$'000	Later than 2 years & not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
<b>Operating</b>					
Meals Service	241	252	0	0	493
Waste Management	203	48	0	0	251
Valuations	183	0	0	0	183
Water Management	27	0	0	0	27
	<b>654</b>	<b>300</b>	<b>0</b>	<b>0</b>	<b>954</b>
<b>Capital</b>					
Bowling Green	296	0	0	0	296
Pool Upgrade	278	0	0	0	278
	<b>574</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>574</b>
<b>Total</b>	<b>1,228</b>	<b>300</b>	<b>0</b>	<b>0</b>	<b>1,528</b>

	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 31 Operating Lease Commitments</b>		
At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment for use within Council's activities (these obligations are not recognised as liabilities):		
Not later than one year	101	102
Later than one year and not later than five years	171	180
Later than five years	338	22
	<b>610</b>	<b>304</b>
<b>Note 32 Contingent Liabilities</b>		
The Council is presently involved in several confidential legal matters, which are being conducted through Council's solicitors.		
As these matters are yet to be finalised, and the financial outcomes are unable to be reliably estimated, no allowance for these contingencies has been made in the financial report.		
Council operates several landfills & transfer stations. Council will have to carry out site rehabilitation works in the future. At balance date Council is unable to accurately assess the financial implications of such works.		
(i) Insurances		
As at 30 June 2012 the Northern Grampians Shire Council has ascertained a number of matters resulting in possible future liability to Council.		
A number of minor public liability claims are outstanding. Whilst Council will be required to meet the insurance excess deductible on any claims that are successful, its potential liability under those claims is otherwise adequately insured.		
(ii) There is the potential for Council to have to pay for restoration costs on gravel pits for land controlled by the D.S.E, these risks are covered by way of bank guarantee.		
(iii) Bank Guarantees		
The Council has provided bank guarantees in favour of the Commonwealth Bank to secure debts. The liability is contingent upon the satisfactory completion of contracts involving the following organisations.		
Minister for Resources	50	50
Minister for Energy & Resources	12	0
Minister for Agriculture & Resources	6	6
	<b>68</b>	<b>56</b>

**Note 33 Financial Instruments**

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

Recognised Financial Instruments	Note	Accounting Policy	Terms and Conditions
<b>Financial Assets</b>			
<b>Cash and Cash Equivalents</b>	15	Cash on hand and at bank and money market call account are valued at face value.	Deposits returned a floating interest rate of between 3.0% and 6.58% (4.0% and 6.62% in 2010-11). The average rate at balance date was 4.38% (5.23% in 2010-11).
<b>Trade and Other Receivables</b>			
<b>Other Debtors</b>	16	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. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured and are interest free. Credit terms are based on 30 days.
<b>Financial Liabilities</b>			
<b>Trade and Other Payables</b>	21	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.	General creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.
<b>Interest-bearing Loans and Borrowings</b>	24	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.	Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings is 7.10% at balance date (7.06% in 2010-11).
<b>Bank Overdraft</b>	27	Overdrafts are recognised at the principal amount. Interest is charged as an expense as it accrues.	The overdraft is subject to annual review. Council does not currently have an overdraft facility (\$200,000 in 2010-11).  (The interest rate was 10.74% in 2010-11).

**Note 33 Financial Instruments (cont.)**

**(b) Interest Rate Risk**

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

<b>2012</b>						
	Floating interest rate \$'000	Fixed Interest Maturing in:			Non- interest bearing \$'000	Total \$'000
		1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
<b>Financial Assets</b>						
Cash and Cash Equivalents	1,783	7,902	0	0	2	9,687
Available-for-Sale Assets	1,007	0	0	0	0	1,007
Trade and Other Receivables	0	26	98	0	2,447	2,571
<i>Total Financial Assets</i>	2,790	7,928	98	0	2,449	13,265
Weighted Average Interest Rate	3.93%	4.56%	7.67%			
<b>Financial Liabilities</b>						
Trade and Other Payables	0	0	0	2,099	2,211	4,310
Trust Funds and Deposits	0	0	0	0	29	29
Interest-bearing Liabilities	0	392	1,048	744	0	2,184
<i>Total Financial Liabilities</i>	0	392	1,048	2,843	2,240	6,523
Weighted Average Interest Rate		6.69%	7.13%	7.44%		
<i>Net Financial Assets (Liabilities)</i>	2,790	7,536	(950)	(2,843)	209	6,742
<b>2011</b>						
	Floating interest rate \$'000	Fixed Interest Maturing in:			Non- interest bearing \$'000	Total \$'000
		1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
<b>Financial Assets</b>						
Cash and Cash Equivalents	7,831	2,533	0	0	4	10,368
Available-for-Sale Assets	908	0	0	0	0	908
Trade and Other Receivables	0	24	124	0	1,782	1,930
<i>Total Financial Assets</i>	8,739	2,557	124	0	1,786	13,206
Weighted Average Interest Rate	4.91%	5.58%	7.62%			
<b>Financial Liabilities</b>						
Trade and Other Payables	0	0	0	0	2,355	2,355
Trust Funds	0	0	0	0	98	98
Interest-bearing Liabilities	0	543	1,210	974	0	2,727
<i>Total Financial Liabilities</i>	0	543	1,210	974	2,453	5,180
Weighted Average Interest Rate		6.87%	6.95%	7.30%		
<i>Net Financial Assets (Liabilities)</i>	8,739	2,014	(1,086)	(974)	(667)	8,026



**Note 33 Financial Instruments (cont.)**

**(c) Net Fair Values**

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at balance date are as follows:

Financial Instruments	Total Carrying Amount as per Statement of Financial Position		Aggregate Net Fair Value	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<i>(1) Financial Assets</i>				
Cash and Cash Equivalents	9,687	10,368	9,687	10,368
Available-for-Sale	1,007	908	1,007	908
Trade and Other Receivables	2,571	1,930	2,571	1,930
<b>Total Financial Assets</b>	<b>13,265</b>	<b>13,206</b>	<b>13,265</b>	<b>13,206</b>
<i>(2) Financial Liabilities</i>				
Trade and Other Payables	4,310	2,355	4,310	2,355
Trust Funds and Deposits	29	98	29	98
Interest Bearing Loans & Borrowings	2,184	2,727	2,118	2,580
<b>Total Financial Liabilities</b>	<b>6,523</b>	<b>5,180</b>	<b>6,457</b>	<b>5,033</b>

**(d) Credit Risk**

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

**(e) Risks and Mitigation**

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

**Market risk**

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

**Interest rate risk**

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

Loan borrowings are sourced from major Australian banks by a tender process. Finance leases are sourced from major Australian financial institutions. Interest rate risk on our net debt portfolio is managed by:

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

We manage the interest rate exposure on our net debt portfolio by appropriate budgeting strategies and obtaining approval for borrowings from the Department of Planning & Community Development 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,
- capital protection,
- 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.

**Note 33 Financial Instruments (cont.)**

**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 specified in our investment policy.

Trade and other receivables consist of a large number of customers, spread across the consumer, business and government sectors. Credit risk associated with 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 32.

	2012 \$'000	2011 \$'000
<b>Movement in Provisions for Doubtful Debts</b>		
Balance at the beginning of the year	5	14
New Provisions recognised during the year	31	4
Amounts already provided for and written off as uncollectible	(2)	(13)
Amounts provided for but recovered during the year	0	0
Balance at end of year	34	5

**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)	1,829	1,014
Past due by up to 30 days	86	447
Past due between 31 and 90 days	106	161
Past due between 91 and 365 days	459	216
Past due by more than 1 year	125	97
Total Trade & Other Receivables	2,605	1,935

**Ageing of individually impaired Trade and Other Receivables**

At balance date, other debtors representing financial assets with a nominal value of \$34,053 (\$5,116 in 2011) were impaired. The amount of the provision raised against these debtors was \$34,053 (\$5,116 in 2011). The individually impaired debtors relate to sundry and childcare debts and have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collection agency or are on payment arrangements.

**Liquidity risk**

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

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

To help reduce these risks we:

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

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

**Note 33 Financial Instruments (cont.)**

The table below lists the contractual maturities for Financial Liabilities. These amounts represent undiscounted gross payments

2012	1 Year or less	2 - 5 Years	> 5 Years	Carrying Amount
Trade and Other Payables	2,211	700	1,399	4,310
Trust Funds and Deposits	29			29
Interest Bearing Loans & Borrowings	392	1,048	744	2,184
Total Financial Liabilities	2,632	1,748	2,143	6,523

2011	1 Year or less	2 - 5 Years	> 5 Years	Carrying Amount
Trade and Other Payables	2,355			2,355
Trust Funds and Deposits	98			98
Interest Bearing Loans & Borrowings	543	1,210	974	2,727
Total Financial Liabilities	2,996	1,210	974	5,180

**(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 3.4%.

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	Carrying amount subject to interest	Interest rate risk			
		(1%) 100 basis points		2% 200 basis points	
		Profit	Equity	Profit	Equity
2012	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets:</b>					
Cash and cash equivalents	9,687	(97)	(97)	194	194
Available for sale	1,007	(10)	(10)	20	20
Trade and other receivables	2,739	0	0	0	0
<b>Financial liabilities:</b>					
Trade and Other Payables	4,310	0	0	0	0
Trust Funds and Deposits	29	0	0	0	0
Interest Bearing Loans & Borrowings	2,184	7	7	(15)	(15)

Market risk exposure	Carrying amount subject to interest	Interest rate risk			
		(1%) 100 basis points		2% 200 basis points	
		Profit	Equity	Profit	Equity
2011	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets:</b>					
Cash and cash equivalents	10,368	(104)	(104)	207	207
Available for sale	908	(9)	(9)	18	18
Trade and other receivables	1,967	0	0	0	0
<b>Financial liabilities:</b>					
Trade and Other Payables	2,355	0	0	0	0
Trust Funds and Deposits	98	0	0	0	0
Interest-bearing loans and borrowings	2,727	10	10	(19)	(19)

**Note 34 Auditors' Remuneration**

Audit Fee to conduct external audit - Victorian Auditor-General  
Internal Audit Fees

2012 \$'000	2011 \$'000
26	26
22	13
48	39

**Note 35 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**

Mayor Ray Hewitt - to November 2011  
Councillor Ray Hewitt - from December 2011  
Mayor Dorothy Patton - from December 2011  
Councillor Dorothy Patton - to November 2011  
Councillor Kevin Erwin  
Councillor Ross Clementson  
Councillor Wayne Rice  
Councillor Barry Marrow  
Councillor Andrea Cooper

**Chief Executive Officer** Justine Linley

**(ii) Remuneration of Responsible Persons**

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

	<b>2012 No.</b>	<b>2011 No.</b>
\$10,000 - \$19,999	4	4
\$20,000 - \$29,999	1	2
\$30,000 - \$39,999	1	2
\$40,000 - \$49,999	1	1
\$120,000 - \$129,999	0	1
\$180,000 - \$189,999	1	0
	<b>8</b>	<b>10</b>
	<b>\$'000</b>	<b>\$'000</b>
Total Remuneration for the reporting year for Responsible Persons included above amounted to:	<b>354</b>	<b>361</b>

**(iii)** No retirement benefits have been made by the Council to a Responsible Person. (2010-11, \$0).

**(iv)** No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2010-11, \$0).

**(v) Other Transactions**

The following responsible persons and senior officers provided services/goods to Council during the reporting period. All purchases were at arms length and in the normal course of the Shire's business.

CEO - Justine Linley	Grampians Printing & Design - provision of printing services. Owned by husband of Justine Linley.	<b>2</b>	<b>2</b>
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**Note 35 Related Party Transactions (cont.)**

**(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.

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

Income Range:	2012 No.	2011 No.
< \$127,000	1	1
\$127,000 - \$129,999	1	1
\$130,000 - \$139,999	0	1
\$150,000 - \$159,999	1	0
\$160,000 - \$169,999	1	0
	<u>4</u>	<u>3</u>
	<b>\$'000</b>	<b>\$'000</b>
Total remuneration for the reporting year for Senior Officers included above, amounted to	574	373

**Note 36 Events occurring after balance date**

There were no events occurring after the balance date which impact upon the balance shown in these Financial Statements.



**Note 37 Income, Expenses and Assets by Function/Activities**

	Corporate Services		Infrastructure & Environment		Marketing & Community		Emergency Event Flood		Total	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>INCOME</b>										
Grants	7,495	5,920	12,320	12,759	1,009	1,098	3,189	782	24,013	20,559
Other	11,358	10,836	887	819	2,025	1,951	328	32	14,598	13,638
<b>TOTAL</b>	<b>18,853</b>	<b>16,756</b>	<b>13,207</b>	<b>13,578</b>	<b>3,034</b>	<b>3,049</b>	<b>3,517</b>	<b>814</b>	<b>38,611</b>	<b>34,197</b>
<b>EXPENSES</b>										
	(13,487)	(11,806)	(10,173)	(8,261)	(6,447)	(5,577)	(2,011)	(1,832)	(32,118)	(27,476)
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	<b>5,366</b>	<b>4,950</b>	<b>3,034</b>	<b>5,317</b>	<b>(3,413)</b>	<b>(2,528)</b>	<b>1,506</b>	<b>(1,018)</b>	<b>6,493</b>	<b>6,721</b>
<b>ASSETS ATTRIBUTED TO FUNCTIONS/ACTIVITIES*</b>	<b>27,249</b>	<b>27,344</b>	<b>238,464</b>	<b>227,885</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>265,713</b>	<b>255,229</b>

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

**Corporate Services**

Corporate Services is the area of Council responsible for providing a range of strategic and operational services to Council as a whole.

The Division includes the following Branches :

Governance & Civic Support  
Human Resources

Corporate Services  
Financial Services

Customer Support  
Information Services

Organisational Development

**Infrastructure & Environment**

Infrastructure & Environment is the area of Council responsible for protecting, enhancing and developing the natural and built environment.

The Division includes the following Branches :

Infrastructure Operations  
Infrastructure Development

Emergency Services  
Environment

Public Health  
Local Laws

Planning  
Building

**Marketing & Community**

Marketing & Community is the area of Council responsible for enhancing community wellbeing and encouraging growth within the municipality.

The Division includes the following Branches :

Economic Development  
Marketing & Communication

Community Development  
Emergency Recovery

Aged & Disabled Services  
Childcare Services

Tourism  
Recreation

**Emergency Event Flood**

Emergency Event Flood is an area of Council that has been set up specifically as a result of the flood events in 2010 and 2011, and is responsible for flood related response, recovery and future planning.

	2012 \$'000	2012 (%)	2011 \$'000	2011 (%)	2010 \$'000	2010 (%)
<b>Note 38 Financial Ratios (Performance Indicators)</b>						
<b>(a) Debt Servicing Ratio</b> (to identify the capacity of Council to service its outstanding debt)						
<u>Debt Servicing Costs</u>	181		135		162	
Total Revenue	41,080	= 0.44%	35,801	= 0.38%	23,202	= 0.70%
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>(b) Debt Commitment Ratio</b> (to identify Council's debt redemption strategy)						
<u>Debt Servicing &amp; Redemption Costs</u>	724		565		564	
Rate Revenue	12,730	= 5.69%	11,759	= 4.80%	10,685	= 5.28%
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.						
<b>(c) Revenue Ratio</b> (to identify Council's dependence on non-rate income)						
<u>Rate Revenue</u>	12,730		11,759		10,685	
Total Revenue	41,080	= 30.99%	35,801	= 32.85%	23,202	= 46.05%
The level of Council's reliance on rate revenue is determined by assessing rate revenue as a proportion of the total revenue of Council.						
<b>(d) Debt Exposure Ratio</b> (to identify Council's exposure to debt)						
<u>Total Indebtedness</u>	9,730		6,837		4,958	
Total Realisable Assets	30,317	= 32.09%	31,567	= 21.66%	26,625	= 18.62%
For the purposes of the calculation of financial ratios, realisable assets are those assets which can be sold and which are not subject to any restriction on realisation or use.						
Any liability represented by a restricted asset (note 28) is excluded from total indebtedness.						
The following assets are excluded from total assets when calculating Council's realisable assets: land - other controlled; buildings on other controlled land; restricted assets; heritage assets; total infrastructure assets; and Council's investment in associates.						
This ratio enables assessment of Council's solvency and exposure to debt. Total indebtedness refers to the total liabilities of Council. Total liabilities are compared to total realisable assets which are all Council assets not subject to any restriction and are able to be realised. The ratio expresses the multiple of total liabilities for each dollar of realisable assets.						

	2012 \$'000	2012 (%)	2011 \$'000	2011 (%)	2010 \$'000	2010 (%)
<b>Note 38 Financial Ratios (Performance Indicators) (cont.)</b>						
<b>(e) Working Capital Ratio</b> (to assess Council's ability to meet current commitments)						
<u>Current Assets</u>	12,433		12,381		5,978	
Current Liabilities	5,277	= 235.61%	5,402	= 229.19%	3,987	= 149.94%
The ratio expresses the level of current assets the Council has available to meet its current liabilities.						
<b>(f) Adjusted working capital ratio</b> (to assess Council's ability to meet current commitments)						
<u>Current assets</u>	12,433		12,381		5,978	
Current liabilities	3,926	= 316.68%	4,209	= 294.16%	2,970	= 201.28%
The ratio expresses the level of current assets the Council has available to meet its current liabilities.						
Current liabilities have been reduced to reflect the long service leave that is shown as a current liability because Council does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date, but is not likely to fall due within 12 months after the end of the period.						

## Northern Grampians Shire Council

### Certification of the Financial Report for the Financial Year Ending 30 June 2012

#### Statement by Principal Accounting Officer

In my opinion the accompanying financial statements 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.



Julia Smith  
Principal Accounting Officer

Date: 6 September, 2012

#### Statement by Councillors and Chief Executive Officer

In our opinion the accompanying financial statements present fairly the financial transactions of Northern Grampians 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 6 September, 2012 to certify the financial statements in their final form.




Cr Kevin Erwin  
Councillor

Date: 6 September, 2012



Cr Barry Marrow  
Councillor

Date: 6 September, 2012



Justine Linley  
Chief Executive Officer

Date: 6 September, 2012



# Performance Statement

FOR THE YEAR ENDED 30 JUNE 2012



## KEY STRATEGIC ACTIVITIES 2011/2012

For the year ending 30 June, 2012.

### Key Strategic Activity

Enhance Community Safety		
Performance Measure	Performance Target	Achieved
Time: Security systems in place in key public spaces in the Shire	February 2012	Not achieved Public Safety Infrastructure Fund grants received in June 2012 will be used to provide public safety lighting in early 2012/13.
Quality: Incidents of vandalism and public property damage diminished	10% decrease	Achieved

Reduce the time taken to process planning applications		
Performance Measure	Performance Target	Achieved
Quantity: The proportion of planning applications processed within 60 days	≥ 90%	Not achieved Additional resources applied to clear backlog of deferred planning permit applications (PPA) and discretionary services have impacted on the target measure.
Quality: The proportion of Council decisions upheld at VCAT	≥ 90%	No appeals against PPA decisions by Council referred to VCAT in 2011/12

Implement key strategies in industry sector plans		
Performance Measure	Performance Target	Achieved
Time: Commence industrial land audit and investment strategy	By December 2011	Achieved
Quality: Enquiry from targeted industry reported to Council	≥ 10	Achieved

Implement an organisational culture and performance strategy		
Performance Measure	Performance Target	Achieved
Time: Develop key actions for first stage implementation across the organisation	By April 2012	Achieved
Quality: Functional areas and work teams within each of the three Directorates implementing positive cultural change programs	3 improvement actions per Directorate	Achieved



**Council Approval of the Performance Statement  
for the Financial Year Ending 30 June 2012**

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**Statement by Councillors and Chief Executive Officer**

In our opinion the accompanying Performance Statement of the Northern Grampians Shire Council in respect of the 2011/12 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.

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

On 6 September, 2012 we were authorised by the Council to certify the Performance Statement in its final form on behalf of the Council.



Cr Kevin Erwin  
Councillor

Date: 6 September, 2012



Cr Barry Marrow  
Councillor

Date: 6 September, 2012



Justine Linley  
Chief Executive Officer

Date: 6 September, 2012

## INDEPENDENT AUDITOR'S REPORT

### To the Councillors, Northern Grampians Shire Council

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

The accompanying financial report for the year ended 30 June 2012 of Northern Grampians Shire Council which comprises the comprehensive income statement, statement of financial position, 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 Northern Grampians 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.



## 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 Northern Grampians 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 Northern Grampians Shire Council for the year ended 30 June 2012 included both in the Northern Grampians Shire Council's annual report and on the website. The Councillors of the Northern Grampians Shire Council are responsible for the integrity of the Northern Grampians 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  
12 September 2012

  
D D R Pearson  
Auditor-General

## INDEPENDENT AUDITOR'S REPORT

### To the Councillors, Northern Grampians Shire Council

#### *The Performance Statement*

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

#### *The Councillors' Responsibility for the Performance Statement*

The Councillors of the Northern Grampians 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.



## **Independent Auditor's Report (continued)**

### *Auditor's Opinion*

In my opinion, the performance statement of the Northern Grampians 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 Northern Grampians Shire Council for the year ended 30 June 2012 included both in the Northern Grampians Shire Council's annual report and on the website. The Councillors of the Northern Grampians Shire Council are responsible for the integrity of the Northern Grampians Shire Council's website. I have not been engaged to report on the integrity of the Northern Grampians 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  
12 September 2012



D D R Pearson  
Auditor-General



#### **Council Office Locations**

Customer Service Centres are open  
Monday to Friday between 8.15am  
and 4.45pm.

##### **Stawell**

Town Hall, Main Street, Stawell  
Victoria 3380

##### **St Arnaud**

Napier Street, St Arnaud  
Victoria, 3478

#### **Visitor Information Centres**

Stawell: Freecall 1800 330 080  
St Arnaud: Freecall 1800 014 455  
Halls Gap: Freecall 1800 065 599

#### **Emergency After Hours (All Areas)**

Phone: (03) 5358 8700

#### **Postal Address**

PO Box 580, Stawell Victoria 3380  
Phone: (03) 5358 8700  
Fax: (03) 5358 4151  
Email: [ngshire@ngshire.vic.gov.au](mailto:ngshire@ngshire.vic.gov.au)  
Website: [www.ngshire.vic.gov.au](http://www.ngshire.vic.gov.au)