



BULOKE
SHIRE COUNCIL

Annual Report
2013-2014

OUR VISION

Our vision is a sustainable community where everyone participates to enrich the cultural, social and economic viability of the Shire and cares for the natural environment.

OUR MISSION

Our mission is to ensure the community has the practical tools to make Buloke an amazing place to live.

We do this by:

- Providing a range of needed services.
- Engaging with the community to understand emerging needs.
- Advocating on behalf of the community for services to meet needs.
- Good governance and sound financial and risk management practices.
- Involving the community in making decisions that affect them directly and indirectly.
- Celebrating community achievements and milestones together.

Background photo: New bridge over the Tyrrell Creek at Culgoa.
Front cover photo by Philip Down.



ABOUT BULOKE

The Buloke Shire is located in north-western Victoria, between 210 and 360 kilometres north-west of Melbourne.

The Buloke Shire is bounded by Mildura and Swan Hill Rural Cities in the north, Gannawarra and Loddon Shires in the east, Northern Grampians Shire in the south, and Yarriambiack Shire in the west.

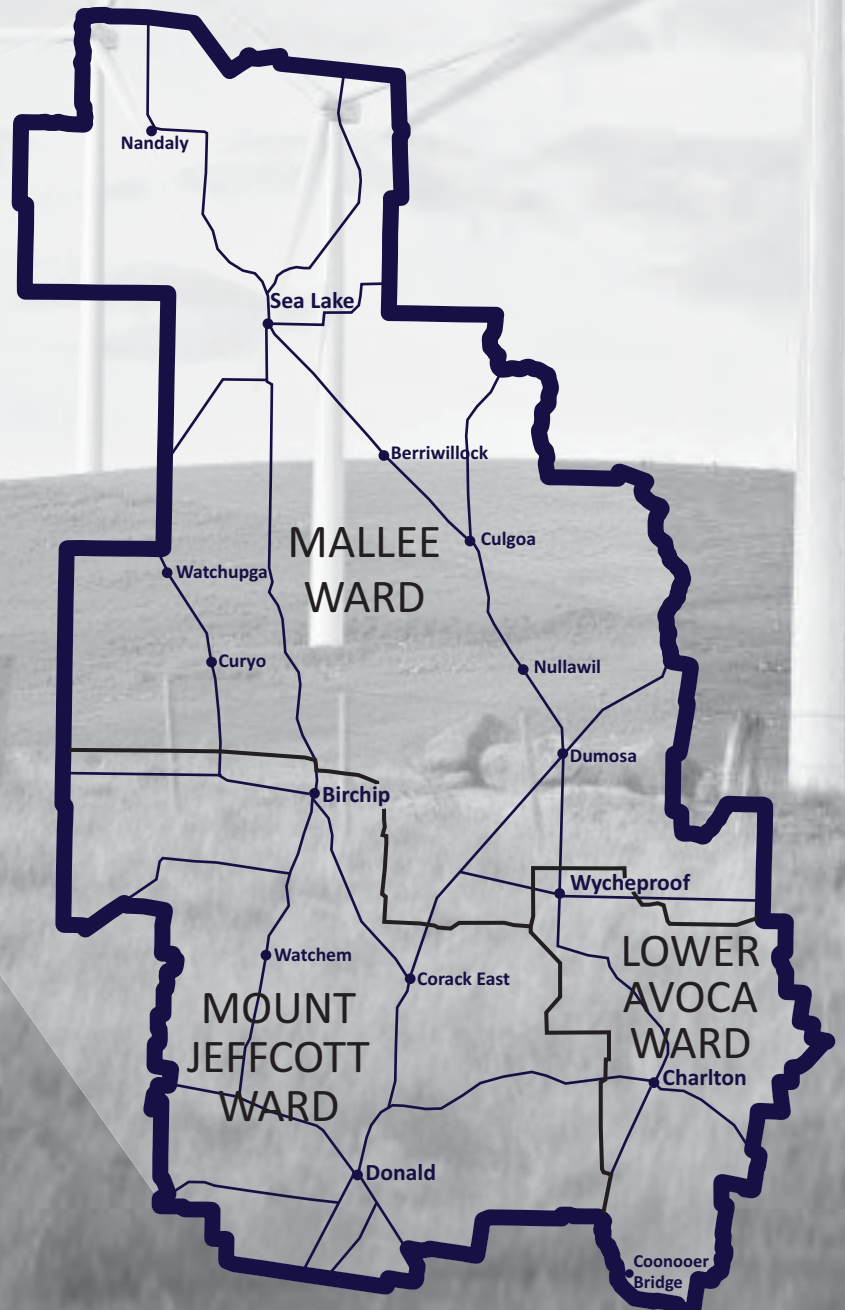
The Buloke Shire is a predominantly rural area. The main townships are Birchip, Charlton, Donald, Sea Lake and Wycheproof. Smaller townships include Berrivillock, Culgoa, Nandaly, Nullawil and Watchem.

The Buloke Shire encompasses a total land area of approximately 8,000 square kilometres. It is approximately 140 kilometres long and 60 kilometres wide.

Two main highways, the Calder Highway and the Sunraysia Highway, run north and south through the Buloke Shire.

Land is used largely for agriculture, particularly grain (wheat, oats and barley) production and sheep grazing.

The Buloke Shire is named after the 'buloke' or 'bullock tree', 'Allocasuarina Luehmannii' which is common in the area.



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MAYOR'S REPORT



Buloke Shire Council has decided to take its future into its own hands to provide residents with a sustainable, flexible, robust organisation capable of responding to the needs of its community into the future.

The year has been a tumultuous one for the Shire and its Council. Recovery from the devastating floods of 2011 has been slow but we have finally seen the completion of the flood reconstruction contract with \$50 million of reconstruction works to roads, drainage, bridges finalised prior to the end of the financial year. This has been a mighty effort by all concerned, and an excellent outcome.

The Berrimal Wind Farm is now well advanced in the planning process and we look forward to construction occurring in the medium term. Wind farms of this size typically provide a great deal of construction work, employ around five staff for operations and maintenance and provide significant payments to farmers and rates revenue to Council.

The State Government has also announced funding for further flood prevention works at Donald and Charlton along with construction of fire fighting infrastructure on the Wimmera Mallee Pipeline. This will see tanks and other fire fighting capability installed and improved across the municipality.

The activity required to implement the flood reconstruction works, along with the many other demands on Council, has resulted in unique pressures on Council's financial position. Local Government Victoria is assisting Council and has appointed a monitor. The assistance of this monitor and the excellent work of our Acting Chief Executive Officer, Paul Younis, have helped us plot a way forward to financial health. This work is embodied in the 2014-2015 Budget.

The environment within which the Shire operates continues to change. These changes include budget constraints at the State and Federal level, such as the freezing of Financial Assistance Grants by the Australian Government, and continued cost shifting by other levels of government. This leaves councils having to pick up larger and larger shares of the financial burden for the services needed by our communities. In order to provide these, Council has been spending more than it receives and this cannot continue into the future.

Buloke Shire Council has decided to take its future into its own hands to provide residents with a sustainable,

flexible, robust organisation capable of responding to the needs of its community into the future. It is cutting its cloth to suit its available funding to enable Council to be sustainable by balancing its Budget. To this end Council has brought in a new Budget for next year which will see it reducing its expenditures by \$4 million per annum over a two-year timeframe.

Inevitably, in times like these, people will be affected and change can be painful. To give us time to adjust we have spread the changes over two years and we will endeavour to provide the same level of service by different, more efficient methods. We would ask you for your patience.

The other key action Council is taking is the development of better and more robust links with its communities. We need to work to achieve the outcomes you need in a sustainable manner. Please be assured that we will work with you to be more responsive and effective into the future.

**Cr Reid Mather,
MAYOR**

CHIEF EXECUTIVE OFFICER'S REPORT



I am looking forward to the re-emergence of the Buloke Shire as a dynamic organisation linked into its community and providing responsive services to address its needs.

I have only been at the Shire since May 2014 and I have already seen many changes. Acting Chief Executive Officer Paul Younis preceded me on a six-month secondment from the City of Brimbank and, following a detailed financial analysis of Council's position, undertook an extensive review of services. This work informed Council's Budget for the next year, 2014-2015, and will see significant cuts in expenditure. This Budget will form the basis of our work over the next two years to introduce efficiencies and service level reductions to provide a sustainable Council into the future.

The year has seen the achievement of the largest capital works program in the municipality's history, \$50 million of flood reconstruction works, thanks to the assistance of the Victorian and Australian Governments, following the disastrous floods of 2011.

Council has also been successful in advocating for and achieving investment commitment from the State Government for further

flood prevention works and fire fighting infrastructure.

I am looking forward to the re-emergence of the Buloke Shire as a dynamic organisation linked into its community and providing responsive services to address its needs.

This can only happen once the planned expenditure cuts are implemented and Council resumes a sustainable financial position.

The other key driver will be for the organisation to expand and improve its links to the community it is serving. The financial and organisational changes will set Council up to make future investments in its community and to act in a robust, resilient manner advocating and acting for its community.

John Hicks
Chief Executive Officer



THE COUNCIL

Buloke Shire is the local government body responsible for the Buloke municipality. The Council consists of a Mayor, Deputy Mayor and five (5) Councillors.

LOWER AVOCA WARD

Councillor David Pollard



Mobile: 0458 918 638
Email: crpollard@buloke.vic.gov.au

Councillor Stuart McLean



Mobile: 0439 327 839
Email: crmclean@buloke.vic.gov.au

Councillor Gail Sharp



Mobile: 0437 090 172
Email: crsharp@buloke.vic.gov.au

MALLEE WARD

Councillor Reid Mather (Mayor)



Mobile: 0438 306 259
Email: crmather@buloke.vic.gov.au

Councillor Ellen White



Mobile: 0417 560 706
Email: crwhite@buloke.vic.gov.au

MT JEFFCOTT WARD

Councillor Leo Tellefson (Deputy Mayor)



Mobile: 0427 320 166
Email: crtellefson@buloke.vic.gov.au

Councillor Graeme Milne



Mobile: 0419 126 911
Email: crmilne@buloke.vic.gov.au

THE COUNCIL (continued)

THE COUNCIL'S ROLE

The *Local Government Act 1989* (Victoria) sets out the primary purposes and objectives of Buloke Shire and defines its functions and powers. Buloke Shire is a statutory body incorporated under the Act.

BULOKE SHIRE COUNCIL

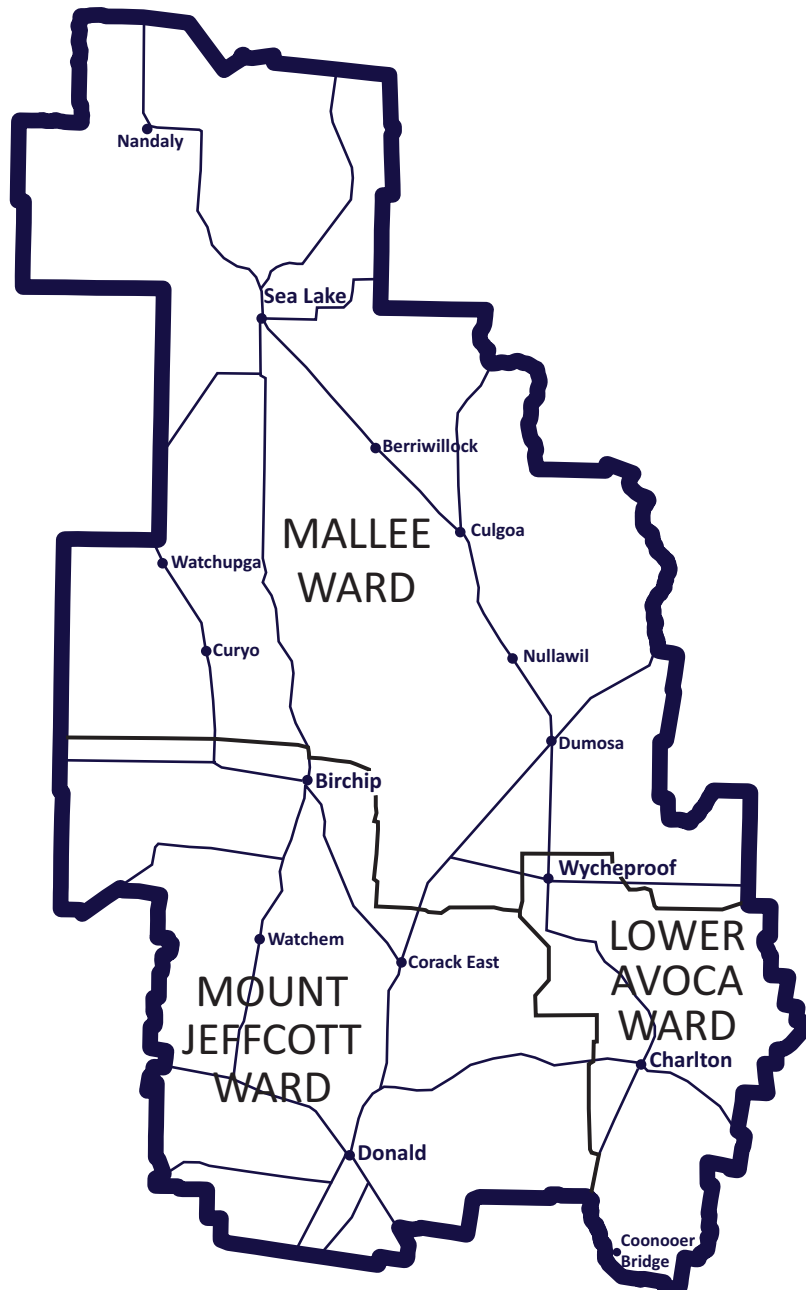
- Acts as a representative government and considers community needs when making decisions;

- Establishes strategic objectives for municipal services and monitors their achievement;
- Ensures the responsible and accountable management of the Council's resources;
- Advocates local community interests to other communities and governments;
- Provides fair and equitable representation of constituents;
- Is a responsible partner in

government, taking the needs of other communities into account;

- Fosters community cohesion and encourages participation in civic life;
- Manages community assets; and
- Enforces by-laws.

Buloke Shire Council was elected on 27 October 2012 for a four-year term.



THE YEAR IN REVIEW

JULY 2013

Parks and Gardens – Commencement of a standardisation of facilities with toiletries and dispensers in all of Council’s public toilets including buildings, depots and recreational lakes.

Information Technology – Minor wireless units around the Shire have been upgraded to assist with the increased demands on Council’s systems including an upgrade to the speed and connectivity.

AUGUST 2013

Customer Service – Completion and launch of the new Buloke Shire Council website in 2013, during which the site has had 193,547 views and 1.87 million hits.

Customer Service – Completion and implementation of the new Customer Request Management System.

SEPTEMBER 2013

Swimming Pools – Sea Lake Swimming Pool Redevelopment to reduce leaking at Sea Lake Pool.

Swimming Pools – Upgrade of pool disinfection systems at Sea Lake and Wycheproof to improve water quality and safety at Swimming Pools.

Swimming Pools – Irrigation System Stage 1 installation at Watchem Pool.

Aerodromes – Additional staff accredited to perform the functions of Aerodrome Reporting Officers (ARO).

Road Patrol – Cluster system commenced, this entails putting two or three crews working together on a project to get the job completed efficiently.

OCTOBER 2013

Swimming Pools – Painting of Birchip and Watchem Pools.

Parks and Gardens – Updates and improvements made to manual and automatic water systems in Council’s parks and garden beds. These improvements were carried out through until January 2014.

Environmental Health – Adopted the 2013-2017 Municipal Public Health and Wellbeing Plan.

Local Laws – Domestic Animal Management Plan was adopted by Council for increased service delivery to the community.



Sea Lake Swimming Pool upgrade.

THE YEAR IN REVIEW (continued)

NOVEMBER 2013

Recreation Services – Secured funding and contract let for Construction Drawings for Charlton Park Recreation Reserve.

Recreation Services – Secured funding for Birchip Gymnasium upgrade.

Swimming Pools – Circulation Pump upgrade at Watchem Pool to replace ageing pump.

Swimming Pools – Secured funding for the implementation of pool blankets at Swimming Pools to reduce water loss from evaporation and increase pool temperatures.

Road Patrol – A new jet master replaced the two old jet patchers. The new machine provides a better output as well as saving on labour cost as it needs only one operator, whereas the older machines required four operators.

DECEMBER 2013

Aerodromes – Replacement of damaged and weathered small runway cone markers at Birchip, Wycheproof and Sea Lake Aerodromes; 145 markers were replaced with new moulded plastic markers from December 2013 to April 2014.

Aerodromes – Replacement of wind directional socks and line marking maintenance from December 2013 to February 2014.

FEBRUARY 2014

Building and Property – Receipt of funding and contract let for the development of the Donald Family Services Facility.

Parks and Gardens – Standardisation of Council's herbicide, chemical and toilet store requirements into a more manageable system.

Road Patrol – New signage system in place to enable road patrol crews at the Wycheproof depot to erect the signage at a saving to Council.

Road Patrol – Line marking machine purchased and in use within the municipality.



Birchip Aerodrome, looking south along the taxiway to the runway.

Seal maintenance repairs being carried out in the Yuengroon Road Charlton area.

THE YEAR IN REVIEW (continued)



Buloke Shire/CFA Berriwillock Multipurpose Community Centre

MARCH 2014

Building and Property – Completion of the joint Buloke Shire/CFA Berriwillock Community Centre.

Aerodromes – Installed mains electricity for the Donald aerodrome during March to May 2014.

Aerodromes – Mechanical sweeping of sealed runway to remove displaced stones and other debris from March to May 2014.

Procurement – Training and Education for trainee procurement staff, including Certificate IV in Business Administration and Frontline Management.

APRIL 2014

Information Technology – Council went live to Stage 3 of the wireless upgrades, connecting Sea Lake with the existing Buloke Shire wireless system, which in turn reduces Council's ADSL data costs.

Community Development – Foundation For Rural and Regional Renewal (FRRR) funding secured for Gordon Caravan Park, Charlton, for the improvement of lighting infrastructure.

Economic Development – Participation in the Rural Victoria Living Expo to attract new residents to the Shire.

Building Services – Seven new Country Fire Authority sheds approved.

Environmental – Protecting and Enhancing Nationally Significant Communities Grant for rabbit control in Buloke Shire commenced in April 2014 and completed in June 2014. The project saw extensive rabbit ripping activities undertaken along Council-managed roadsides, with the works focussed on treating roadsides east of Curyo.



Wind Farm Energy Facilities (photo: Acciona Pty Ltd)

THE YEAR IN REVIEW (continued)

MAY 2014

Economic Development – Adoption of the Buloke Economic Development Strategy, which will guide Council’s involvement in the local and wider community through a focus on agriculture.

Planning – Two Wind Farm Energy Facilities received planning permission in February and May 2014, building on Buloke as a destination for renewable energy.

Planning – Planning scheme amendment C18 for industrial land supply adopted.

Planning – A new Municipal Strategic Statement for the Buloke Planning Scheme adopted.

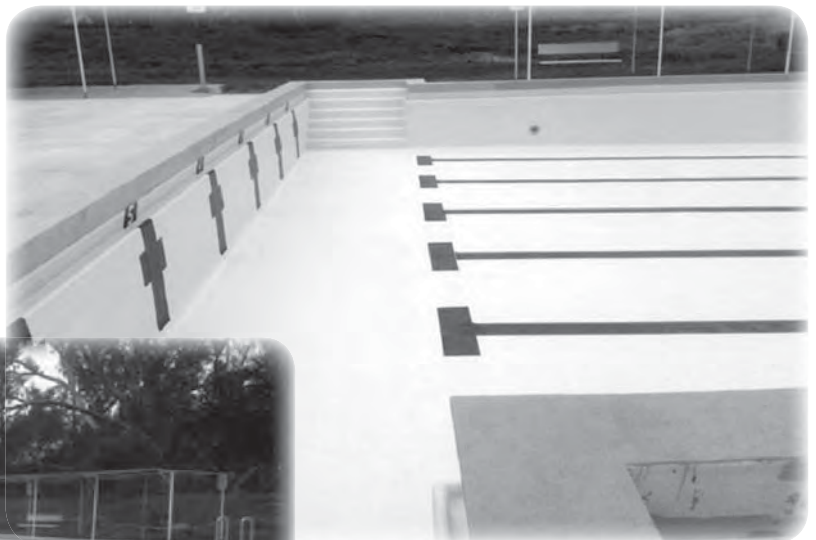
JUNE 2014

Swimming Pools – Charlton Swimming Pool Redevelopment undertaken to reduce leaking at Charlton Pool.

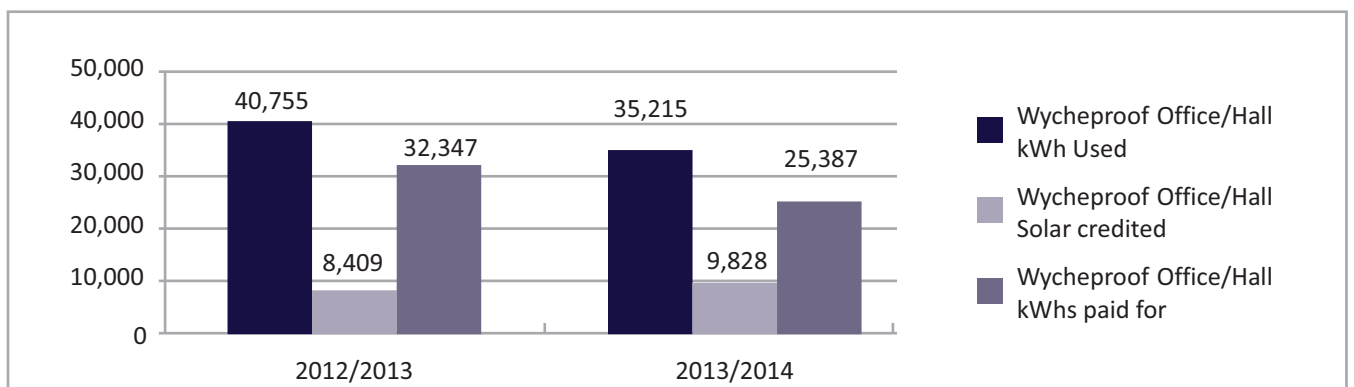
Swimming Pools – Development of an Aquatic Strategy including a review of Technical Audit 2008 to drive decision making for the next ten years.

Building and Property – Upgrades to Wycheproof Senior Citizens Kitchen, Sea Lake Senior Citizens Kitchen and Donald Senior Citizens Kitchen.

Environmental – Wycheproof Offices and Hall solar PV panels have generated a saving of 101,694 kg of CO2 emissions throughout the financial year.



Charlton Swimming Pool upgrade



THE YEAR IN REVIEW (continued)

Community Development – Funding secured for Nullawil Community Centre. The centre kitchen is being upgraded to address food and volunteer safety.

Community Development – Funding secured for Donald Police Camp. The Police Camp building will be re-roofed and the iconic cedar shingles on the verandah are being replaced.

Retail Support Project – Funding successfully obtained for the Charlton Streatlife program to implement business mentoring to six businesses.

Procurement – A 90% reduction in held inventory including clothing, stationery, PPE equipment, cleaning products, mower parts. This has been made possible in part due to increased relations and arrangements with suppliers so that ordering is streamlined with a lesser requirement for items to be kept in stock.

OTHER ACHIEVEMENTS THROUGHOUT THE YEAR

Building and Property – Completion of 261 maintenance projects identified through Council’s Customer Request System.

Aerodromes – Continued maintenance mowing and herbicide spraying to all aerodromes throughout the Shire and an introduction of a better weekly inspection and reporting document.

Grading Maintenance –

- Earth Roads 731.3 km
- Gravel Roads 528.4 km
- Sealed Road Shoulders 345.3 km
- Gravel Patching 8.38 km

Road Patrol – New handbook for patrol crews to include OHS safety requirements and procedures.

Environmental – Roadside Weed and Pest Management Program received funding from the Department of Planning and Community Development

to plan and manage weeds and rabbits on rural roadsides. The project aligns with State and regional priorities, with Council receiving \$50,000 to undertake rabbit and weed control works on rural roadsides within Buloke.

Environmental – Resilient Community Assets Project received funding through the Victorian Adaptation and Sustainability Partnership grant. This project is aimed at strengthening cooperation between six municipalities to facilitate improved local decision-making and region-level implementation capacity of climate adaptation policies and programs, especially in relation to:

- Solar energy
- Implementation of existing sustainability-related Council plans and strategies
- Resilient agriculture
- Integrated sustainability reporting.

The project started in May 2014 and will be completed by 15 May 2016.

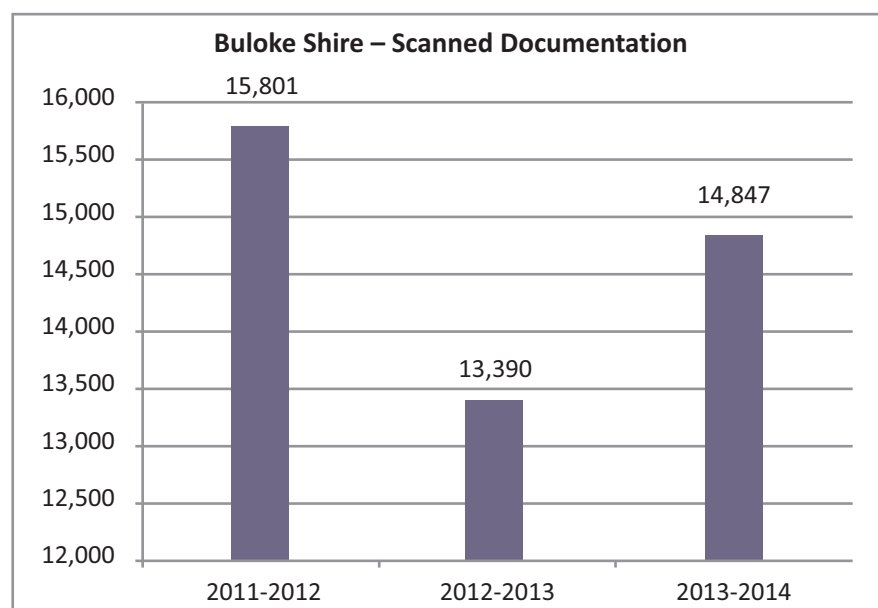
Environmental – In July 2013, the Lighting the Regions partnership was successful in its bid for Australian Government (Community Energy Efficiency Program) funding of \$5.129 million, over three years, to support a

large scale bulk streetlight changeover program to more energy efficient lights across its local government partner areas. The participating councils involved in this project will be changing Mercury Vapour lights to more energy-efficient LED street lights in the first phase of the project. Council will save 77% of energy per LED. Greenhouse emission saving will be 199 tonnes annually with cost reduced by 54%. The project runs until 2016.

Records Department – Buloke’s Records department continues to improve processes and efficiencies with scanned documentation consisting of information received from internal and external stakeholders.

Community Development – Completion of all community wellbeing-based flood recovery projects with the final projects focused on disaster awareness and preparedness and a record of local experiences over the flood period.

Community Development – Community grants and sponsorship program implemented with Council allocating funding through the budget process to support organisations and projects through an application based funding program.



THE YEAR IN REVIEW (continued)

Economic Development – Successful transition of several turkey producers to poultry production as per market demands.

Economic Development – Developed the inaugural Buloke Country Official Visitors Guide which has been distributed throughout the Shire and beyond, with a focus on tourism and retail provision within Buloke.

Economic Development – Four Young Professional Provincial Cadetship program participants placed with various businesses throughout the Shire to maintain links between university students and regional employment.

Retail Support Project – Provided governance assistance in the founding of Charlton Tourism, which will focus on strengthening Charlton businesses to capture more of the tourism market.

Retail Support Project – Worked cooperatively with the Department of State Development, Business and Innovation to conduct seven workshops to strengthen the skills of local retailers, with strong attendance numbers.

Environmental Health – Registered six new food premises and one new hairdresser.

Environmental Health – Issued twelve 'Permits to Install' for septic tanks, an increase of three from the previous year.

Environmental Health – Fifteen tobacco-related inspections were completed at retail outlets, licensed premises and eating establishments with all premises being compliant with the new legislation.

Environmental Health – Received eighty-four Statements of Trade for temporary food businesses on 'Street-rader', Victoria's online temporary food premises registration database.

Local Laws – Twenty-eight of thirty-six dogs that were impounded were reunited with their owners.

Local Laws – A decrease in the number of people who failed to renew their pet registrations from the previous year occurred.

Local Laws – Four dogs and sixteen cats were rehoused under Council's rehousing schemes.

Local Laws – A 30% reduction in fire clearances undertaken by Council from the previous financial year through constituent compliance with notices.

Planning – Fifty-two Planning Permits issued for the 2013-2014 financial year, an increase of four on the previous year.

Planning – New Indigenous Land Use Agreements covering Buloke Shire Crown Land to assist with cultural recognition.

Building Services – 146 Building Permits were issued.

Building Services – Over \$26.7 million worth of building works were undertaken in the Buloke Shire.

Building Services – All Essential Service Audits were completed for Council buildings.

Procurement – Enhancement and standardisation of procurement processes throughout the organisation, to ensure consistency and compliance.

Procurement – Introduction of e-tendering for public tenders.



Construction underway at the Berrivillock Multipurpose Community Centre.

THE YEAR IN REVIEW (continued)

Procurement – Continued development of Request for Quotation suite of templates with support and training provided to both suppliers and staff.

Procurement – Full maintenance outsourcing of light fleet (vehicles, ride on mowers and light trailers) resulted in \$35,000 of local spending.

Customer Service Achievements

Over 68,000 customer contacts over the counter and by telephone occurred. In part this included:

- 55,719 telephone calls handled by our main call operators;
- 2,305 VicRoads transactions totalling 355 hours over the five District Offices;
- 7,500 over-the-counter payments, including 1,103 payments for animal registrations and renewals and 3,925 property rates payments;
- 2,433 requests for service logged into our Customer Request Management System and all customers supplied with a request number to assist them to track the request if necessary.
- 986 customer bookings into Council community buildings at Birchip, Charlton, Donald and Wycheproof; and
- Bookings for community buses in Birchip and Charlton and enquiries and bookings for street stalls.

Customer service staff also developed and implemented a customer service charter into the Customer Request Management System, as well as ongoing development and rationalisation of the Corporate Forms library.

Human Resources Achievements

- Coordinate various training programs to ensure that all employees are certified and skills ready for relevant tasks within the Buloke Shire Council;
- Training programs have included manual handling training, aerodrome reporting officer, traffic control, traffic management, first aid, pool operator/lifeguard, chemical handling, health and safety representative, construction induction card, school crossing and asbestos awareness;
- Coordination of various professional development programs for employees, including formal qualifications in civil construction, horticulture and business administration;
- Full review of Council's Human Resource and Occupational Health and Safety policies and procedures suite;
- Participation in Local Government Victoria Collaborative Procurement Project: Provision of Worker's Compensation Insurer;
- Coordination and completion of a worksite bullying survey;
- Completion of Q Fever skin test and immunisations for employees working in an environment where they may come in contact with animals; this is a requirement under the *Occupational Health and Safety Act 2004* (Victoria);
- Successful implementation of Working from Home guide;
- Training in payroll activities to ensure coverage during periods of absence;
- Development and publication of Council Code of Conduct for Staff; and
- Review and monitoring of Incident and hazard reporting documentation to ensure all required details are captured.



CORPORATE GOVERNANCE

Buloke Shire is committed to good corporate governance. Corporate governance encompasses the processes, protocols, conduct and relationships that guide the Buloke Shire's actions and decision-making. Some mechanisms of governance are legislative requirements and others are initiatives of Buloke Shire.

The development of policies, codes of practice and systems together with adherence to legislative requirements and transparent reporting are all part of Buloke Shire's commitment to open and accountable Government.

COUNCIL CODE OF CONDUCT

The Local Government Act 1989 (Victoria) requires that the Chief

Executive Officer develop and implement a Code of Conduct for Staff, however Council believes that this Code of Conduct represents more than just a statement of compliance with the Act.

The Code is a statement of how employees will behave and work with each other, our community and our stakeholders. It promotes adherence with the Values and Staff Conduct Principles and provides guidance to employees on the responsibilities and obligations of working for Council, in order to meet community expectations

The Code of Conduct for Staff was adopted by Council in 2014. The Code of Conduct for staff includes a number of provisions that are similar to those incorporated into the Code of Conduct

for Councillors and Staff which was adopted by Council in November 2009.

The Code of Conduct for Staff also includes a number of new procedural matters which will form part of the employment conditions of all staff. Specifically, these provisions relate to the Charter of Human Rights and Responsibilities Act 2006 which include lobbying, criminal offences and disclosure, and, compliance with legislation.

COUNCIL MEETINGS

Buloke Shire conducts its business in open and publicly advertised meetings. In 2013-2014 there were eleven (11) Ordinary Meetings and seven (7) Special Meetings. These meetings are held on a rotating basis in each major town within the Shire.

Councillor Attendance (1 July 2013 – 30 June 2014)	Ordinary Meetings	Special Meetings
Number of meetings held	11	7
Councillor David Pollard	11	7
Councillor Leo Tellefson (Deputy Mayor)	11	7
Councillor Gail Sharp	11	5
Councillor Ellen White	11	7
Councillor Stuart McLean	10	6
Councillor Reid Mather (Mayor)	11	6
Councillor Graeme Milne	11	7

STATUTORY OFFICERS

Chief Executive Officer	John Hicks
Protected Disclosure Coordinator	Gaynor Doreian
Protected Disclosure Officer	Ingrid Hensley
Protected Disclosure Welfare Officer	Hannah Yu
Principal Accounting Officer	Tom O'Reilly
Councillor Conduct Panel Registrar	Gaynor Doreian
Freedom of Information Officer	Ann Twyford
Municipal Emergency Response Officer	Warren Hemopo
Municipal Recovery Manager	Melissa Wilson
Municipal Fire Prevention Officer	Wayne Wall
Environmental Health Officer	Melissa Wilson
Municipal Building Surveyor	Terry Hall

CORPORATE GOVERNANCE (continued)

COUNCILLOR ALLOWANCES

The *Local Government Act 1989* (Victoria) regulates the allowance payable to mayors and councillors in Victoria. The Act provides for the minimum and maximum allowances payable as set by an Order in Council from time to time. Each council must, within the allowable range, determine the allowances it will pay to its mayor and councillors, having regard to the local situations and priorities.

Buloke Shire's Mayor and Councillors are paid an allowance in accordance with Section 73B of the *Local Government Act 1989* (Victoria) which provides for an annual adjustment factor to be paid to these allowances.

The Mayor has use of a Council-funded mobile phone, a fully maintained vehicle for use on Council business and a laptop computer with intranet and internet access.

The Councillors also have the use of a Council-funded mobile phone, access to a fully maintained vehicle for use on Council business and an iPad with intranet and internet access.

In addition, all Councillors receive 9.25% in superannuation from Buloke Shire. Councillors are entitled to claim some expenses they have incurred in their capacities as councillors.

COUNCIL REPRESENTATION ON COMMITTEES

Councillors have been appointed as representatives on a number of organisations and committees that assist Council and the community in the provision of services to the people of Buloke Shire. These appointments are:

COMMITTEE APPOINTMENTS	COUNCILLOR
Central Murray Waste Management Group	Councillor Tellefson
Wimmera Regional Library Corporation	Councillor Milne, Councillor Tellefson
North West Municipalities Association	Mayor, Councillor White
Sea Lake Community Complex Committee	Councillor White
Wimmera Regional Transport Group	Councillor Tellefson (Councillor Pollard as substitute)
Municipal Association of Victoria (MAV)	Mayor (Councillor Tellefson as substitute)
Workspace Australia	Councillor Tellefson
Livestock Saleyards Association Victoria (representing Mallee Region)	Councillor McLean
Victorian Feedlot Committee (MAV/State Government Appointment)	Councillor McLean
North Central Local Learning Employment Network	Councillor Sharp (Councillor Tellefson as substitute)
Country Fire Authority – Municipal Fire Management Planning Committee	Councillor Pollard, Councillor Tellefson, Councillor Milne
Calder Highway Improvement Committee	Councillor Pollard
Central Vic Greenhouse Alliance	Councillor Tellefson, Councillor White
Sunraysia Highway Improvement Committee	Councillor Milne (Councillor Tellefson as substitute)
Business Excellence Awards /Regional Victoria Living Expo Committee	Councillor McLean, Councillor White and Councillor Tellefson
Australian Local Government Women's Association	Councillor White, Councillor Sharp
Charlton Stadium Committee	Councillor Pollard
Buloke and Northern Grampians Landcare Network	Councillor Tellefson
Central Mallee Regional Transport Group	Councillor White (Councillor Pollard as substitute)
Recreational Water Users Alliance	Councillor Sharp
Rural Councils Victoria	Councillor Tellefson
Alliance of Councils for Rail Freight Development	Councillor White (Councillor Tellefson as substitute)
The Charlton Information Resource Centre and Learning Environment (CIRCLE)	Councillor White
Sunraysia Mallee Rural Counselling Service	Councillor Tellefson
Wimmera Mallee Tourism Association	Councillor McLean
Municipal Emergency Management Planning Committee	Councillor Pollard

CORPORATE GOVERNANCE (continued)

AUDIT ADVISORY COMMITTEE

In accordance with Section 139 of the Local Government Act 1989, a Council must establish an Audit Committee which has the status as an Advisory Committee. Buloke Shire's Audit Advisory Committee (AAC) is comprised of the following members:

MEMBERS

Mr Tom Evans – Chair and Independent Member

Mr Ian Cuthbertson – Independent Member

Mr Brian Keane – Independent Member

Ms Jessica Adler – Independent Member

Cr Reid Mather – Mayor and Councillor Representative Member

The AAC fulfilled its obligations as contained within its Charter and met on four (4) occasions during the 2013-2014 financial year.

The AAC provided an essential and valued role to Council over the 2013-2014 year by providing guidance and input, along with reviewing and monitoring activities, across its range of responsibilities including:

- Regular review of the Council's Risk Register and contributing to the ongoing development

of the register and Council's overall Risk Management Strategy;

- Liaising with the Inspector of Municipal Administration in monitoring the implementation of the recommendations contained in the Minister for Local Government Section 135 Report prepared by Ernst & Young;
- Reviewing and monitoring Council's 2013-2014 monthly Financial Performance Reports, 2013-2014 Budget and mid-year Budget and adopted 2014-2015 Budget;
- Providing input, reviewing and assisting with the development of the following policies throughout 2013-2014; Financial Reporting Compliance Policy, Asset Capitalisation Policy, Depreciation Policy, Annual Budget Policy, Asset Revaluation Policy, Risk Management Policy, Fraud Prevention and Reporting Policy and Business Continuity Management Policy;
- Liaising with the appointed Victorian Auditor-General's Office (VAGO) audit agent, Accounting and Audit Solutions Bendigo Pty Ltd (AASB) in reviewing and

recommending for adoption the Annual Financial Statements and Performance Statements; and

- Reviewing and providing input to AASB on the VAGO 2013-2014 Audit Strategy.

The AAC responsibilities include monitoring the Internal Auditor's Annual Review Plan. Throughout 2013-2014, the Council's appointed internal auditors, AFS and Associates Pty Ltd of Bendigo, undertook the following Internal Audit Reviews in accord with the AAC's direction:

1. Cash Flow Management and Projections Review
2. Application of Internal Charges Review
3. Plant and Equipment Management and Accounting Review
4. Budget Setting, Budget Management and Management Financial Reporting Review.

The AAC's intensive focus on Buloke Shire's financial operations throughout 2013-2014 has assisted the Council in developing a unequivocal understanding of its financial position, along with the continued development of reporting systems, strategies and processes designed to mitigate risk and attain long-term financial sustainability.



CORPORATE GOVERNANCE (continued)

PROTECTED DISCLOSURE ACT 2012 (VICTORIA)

During the 2012-2013 financial year, the *Protected Disclosure Act 2012* (Victoria) repealed the *Whistleblowers Protection Act 2001* (Victoria) and created a new legislative framework for receiving protected disclosures and protecting those who make them.

The *Protected Disclosure Act 2012* also broadens the operation of the previous whistleblowers scheme to match the scope of the new integrity system and applies to disclosures about all public bodies and officers within the Independent Broad-based Anti-corruption Commission's (IBAC) jurisdiction.

As a requirement under the Act, Council is required to have effective procedures in place for the management of protected disclosures.

Buloke Shire recognises the value of transparency and accountability in its administrative and management practices and supports the making of a disclosure. In line with the requirements of the Act, Council has adopted its Protected Disclosure Policy and Guidelines to assist Council to manage the Protected Disclosure process. These documents are available on Council's website at www.buloke.vic.gov.au.

Number and types of disclosures made to public bodies	0
Number of disclosures referred to the Ombudsman for determination as to whether they were public interest disclosures	0
Number and types of disclosure matters referred to a public body by the Ombudsman for investigation	0
Number and types of investigations taken over from a public body by the Ombudsman	0
Number of requests made by a whistleblower to the Ombudsman to take over an investigation by a public body	0
Number and types of disclosed matter that a public body has declined to investigate	0
Number and types of disclosed matters that were substantiated upon investigation, and the action taken on completion of the investigation	0
Recommendations	0

INFORMATION PRIVACY ACT 2000 (VICTORIA)

Standards set out by the *Information Privacy Act 2000* (Victoria) control how we manage personal information. The *Privacy Act 1988* (Commonwealth) and *Health Records Act 2001* (Victoria) also include privacy principles that relate to the collection, use and disclosure of information. Privacy compliance is included in the Code of Conduct and the induction program for Council staff, which includes the signing of a Privacy and Confidentiality Agreement. Buloke Shire is committed to ensuring full compliance with the privacy principles contained in the legislation, together with the responsible management of any personal information or health information.

FREEDOM OF INFORMATION ACT 1982 (VICTORIA)

The *Freedom of Information Act 1982* (Victoria) ('FOI Act') establishes, as far as possible, the right of the community to access information in the Council's possession. The FOI Act requires discretions to be exercised to promote disclosure of documentation. However, Part IV of the FOI Act prescribes what documents may be considered exempt from disclosure.

PROCEDURES FOR REQUESTING ACCESS TO A DOCUMENT

The first approach to Buloke Shire for requesting a document is by telephone, in person or in writing. Unless reasons exist for not doing so, Buloke Shire will make documentation readily available. If an applicant wishes to make a formal application under the Freedom of Information legislation, a written application must be made on the prescribed form available from the Freedom of Information website at www.foi.vic.gov.au.

CORPORATE GOVERNANCE (continued)

FREEDOM OF INFORMATION	2011-2012	2012-2013	2013-2014
Total number of requests	3	2	2
Access granted in full	1	0	1
Access granted in part	0	2	0
Other	1	0	0
Access denied in full	0	0	0
Requests still under consideration	1	0	1
Number of internal reviews sought	0	0	0
Number of appeals lodged with the Administrative Appeals Tribunal	0	0	0
TOTAL CHARGES COLLECTED	\$24.40	\$0.00	\$51.40

N.B.: In 2012-2013 two (2) Freedom of Information requests received had associated costs of the application waived under hardship circumstances.

INFORMATION AVAILABLE FOR INSPECTION

Under Part 5 of the Local Government (General) Regulations 2004 Council must make available, for public inspection, documents containing the following prescribed matters:

- Details of current allowances fixed for the mayor and councillors.
- Range of remuneration for all senior officers.
- Details of overseas or interstate travel undertaken in an official capacity by councillors or any member of Council officers.
- Names of councillors and Council officers who were required to submit a return of interest during the financial year and the dates the returns were submitted.
- Agendas for and minutes of Ordinary and Special Meetings held in the previous twelve months except if the minutes relate to parts of meetings which have been closed to members of the public under Section 89 of the *Local Government Act 1989* (Victoria) (The Act).
- A list of all special committees established (and abolished or ceased to function) by Council and the purpose for which each committee was established.
- Minutes of meetings of special committees established under Section 86 of the Act.
- A register of delegations kept under Sections 87 and 98 of the Act.
- Submissions received in accordance with Section 223 of the Act during the previous twelve months.
- Agreements to establish regional libraries under Section 196 of the Act.
- Details of all property, finance and operating leases.
- A register of authorised officers appointed under Section 224 of the Act.
- A list of donations and grants made by the Council during the financial year.
- A list of the names of the organisations of which the Council was a member during the financial year.
- A list of contracts valued at \$100,000 or more.

In addition Council is required to keep and maintain registers required under the *Planning and Environment Act 1987* (Victoria), the *Building Act 1993* (Victoria) and the *Domestic Animals Act 1994* (Victoria).

RISK MANAGEMENT

The Buloke Shire Council maintains a risk management program to ensure that exposure to operational, environmental, human, legal, material and financial risks are minimised. It is a requirement of our insurers that appropriate risk management processes and practices are implemented throughout the Council to minimise its exposure to asset and public liability insurance claims. Risk management planning and activities are done as a Council-wide exercise, encompassing enterprise risks, which include major risks which have the ability to significantly affect Council's ability to achieve its strategic outcomes, in addition to operational risks which are focussed on individual functions and departments.

CORPORATE GOVERNANCE (continued)

RISK MANAGEMENT (continued)

The Council complies with its obligations under the *Local Government Act 1989* (Victoria) and maintains risk management practices, principles and procedures, with reference to the Australian Standard AS/NZS ISO 31000:2009, which address the process of risk identification, risk control, risk evaluation, risk treatment and risk financing. The Council is committed to continuous improvement and ensuring that controls are regularly reviewed to mitigate any risk.

Risk Management Achievements

- Development of Council's contractor management procedures and processes;
- Ongoing development of Council's Corporate Risk Register;
- Development and review of Council's risk management policies, including Accessing Private Property Policy, Fraud Prevention Policy, and Risk Management Policy;
- Administration of contractual agreements related to property ownership, control, acquisitions, disposals, leases, licences, memorandums of understanding and other formal instruments;
- Administration of the requirements for the acquisition, disposal and transfer of land to and from Council, including the preparation of supporting documentation required to ensure that transactions are undertaken in accordance with the relevant Acts, regulations and other statutory requirements; and
- Assistance and support in development of risk assessments for a variety of functions within Council.

BUSINESS CONTINUITY PLANNING

Business continuity management is a management process that identifies potential impacts that threaten an organisation and provides a framework for building resilience and the capacity for an effective response. This is in the interest of the Buloke Shire and its internal/external stakeholders by maintaining all critical functions as far as reasonably practicable.

Buloke Shire continues to develop and maintain a business continuity management system to effectively enable the Council to re-establish services in a timely and efficient manner with minimal disruption to stakeholders, should they be disrupted in any way.

MUNICIPAL EMERGENCY MANAGEMENT

Buloke Shire has a statutory obligation, under the *Emergency Management Act 1986* (Victoria), to plan for the best use of municipal resources in the prevention of, response to, and recovery from municipal emergencies. Typical emergencies may include storms and localised flooding, motor vehicle accidents, toxic spills, bushfire and fire damage to private and commercial properties.

Buloke Shire has a Municipal Emergency Management Plan that documents the requirements and procedures for emergency operations within the municipality. The aim of the Plan is to ensure an effective and coordinated response to minimise the effects of an emergency situation and to enable the community to recover from that emergency.

In 2013-2014, staff and the Municipal Emergency Management Planning Committee commenced a full-scale review of the plan to bring it into line with best practice guidelines and to ensure that all legislative and audit requirements are met. The final plan will be presented to Council in 2014-2015.

As a part of the process, the Municipal Flood Emergency Plan has been developed and endorsed by the Municipal Emergency Management Planning Committee and Council and includes a significant amount of intelligence gathered following the 2010-2011 flooding events.

The Municipal Emergency Management Committee is responsible for undertaking annual reviews of the Municipal Emergency Management Plan to ensure that the Plan is kept up to date with any changes or other amendments that are required.

CORPORATE GOVERNANCE (continued)

CARERS RECOGNITION ACT 2012 (VICTORIA)

Buloke Shire has taken all practicable measures to comply with its responsibilities outlined in the *Carers Recognition Act 2012* (Victoria). Council has promoted the principles of the Act to people in care relationships who receive Council services, to people in care relationships, and to the wider community by:

- Distributing printed material through relevant Council services;
- Displaying posters at Council community venues;
- Providing links to State Government resource materials on Council's website; and
- Providing information to organisations represented in Council and community networks.

Buloke Shire has taken all practicable measures to ensure staff, Council agents and volunteers working for Council are informed about the principles and obligations of the Act by including information on the care relationship in:

- Council induction and training programs for staff working in Home and Community Care and Disability Services;
- Council induction and training programs for staff working in frontline positions with the general community; and
- Induction and training programs for volunteers working directly with the community.

Buloke Shire has taken all practicable measures to review and modify policies, procedures and supports to include recognition of the carer relationship and has provided the following additional activities and resources to recognise the care relationship:

- All policies and procedures of our Aged and Disability Services refer to the *Carers Recognition Act 2012* (Victoria);
- Information regarding the *Carers Recognition Act 2012* (Victoria) is included in the client handbooks for all persons assessed as eligible to receive services through Council's Aged and Disability Services; and
- Information regarding the *Carers Recognition Act 2012* (Victoria) is provided to all persons at their initial point of contact with Council's Family and Children's Services program.



OUR ORGANISATION

Buloke Shire is a public statutory body under the *Local Government Act 1989* (Victoria). The Act sets out the primary purposes and objectives of the Buloke Shire, and defines its functions and powers.

The Buloke Shire's main administrative office is located in Wycheproof. The organisation also operates facilities, services and administrative functions from more than twenty (20) other locations in Birchip, Charlton, Donald and Sea Lake. These services include Maternal and Child Health Centres, Childcare Centres, depots and swimming pools.



OUR ORGANISATION (continued)

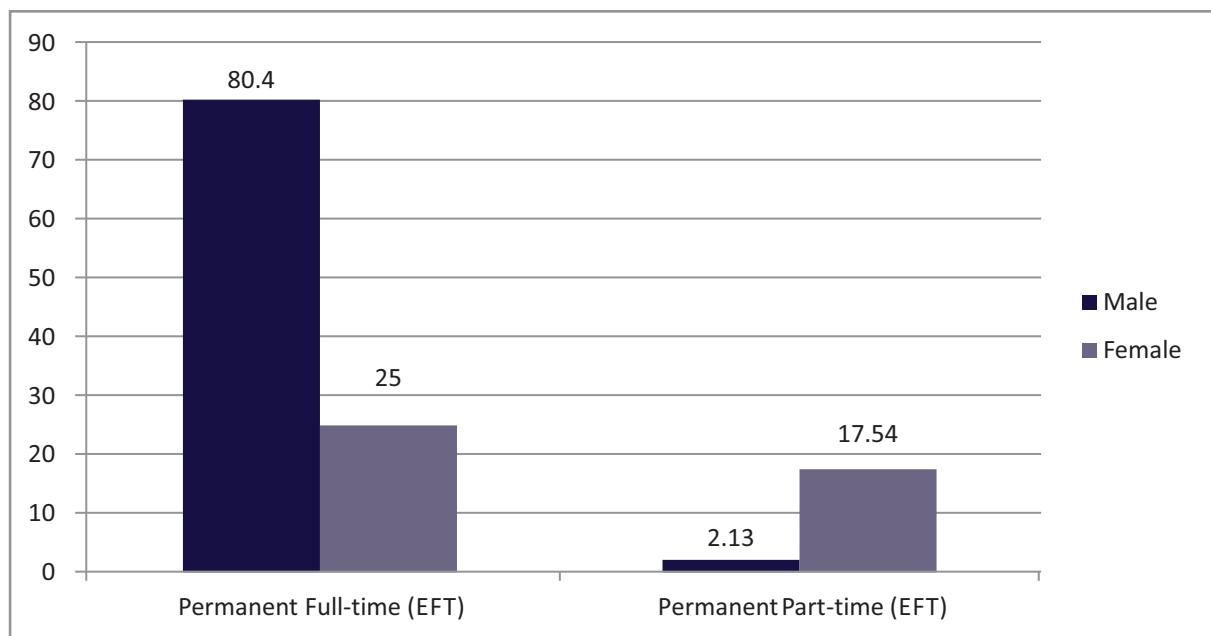
EMPLOYEE STATISTICS

	MALE (EFT)	FEMALE (EFT)	TOTAL (EFT)
FULL-TIME	80.40	25.00	105.40
PART-TIME	2.13	17.54	19.16

EFT = Equivalent full time

N.B. 5.95 EFT positions were vacant as at 30 June 2014, with 7.49 EFT positions not replaced on termination.

EMPLOYEES BY GENDER



During the course of 2013-2014, fifty-three (53) positions were advertised with an average of 6.54 applicants per position. The majority of these vacancies were in direct relation to seasonal appointments (for example, Pool Operators/Lifeguards), fully funded positions and the recruitment of long-term vacancy positions, including specialist and technical positions.

SERVICE MILESTONES

Seventeen (17) staff achieved service milestones of 5, 10, 15 or 20 years. Service milestone employees were recognised for their achievements and contributions to the Buloke Shire.

5 YEARS OF SERVICE	Seven (7) staff members
10 YEARS OF SERVICE	One (1) staff member
15 YEARS OF SERVICE	Two (2) staff members
20 YEARS OF SERVICE	Seven (7) staff members

OUR ORGANISATION (continued)

OUR VOLUNTEERS

Buloke Shire volunteers make a valuable contribution to the communities they live in. Volunteers are not only vital for their communities, but also assist Council in various ways, supporting our capacity to deliver quality, and reliable services.

Some of the ways Buloke volunteers have contributed over the 2013-2014 financial year include:

1. MEALS ON WHEELS

Approximately 170 dedicated volunteers are the backbone of the Meals on Wheels Program, delivering approximately 11,000 meals in the 2013-2014 financial year. This program aims to provide a nutritionally balanced meal to the frail aged and people with a disability residing in their own homes.

2. VOLUNTEER TRANSPORT

Our dedicated volunteers regularly drive Buloke's residents to specialist medical appointments across the region, including to Ballarat, Horsham, Mildura, Melbourne and many towns in between. In 2013-2014 volunteer transport was provided to 40 clients for 130 trips.

3. YOUTH VOLUNTEERS

The Buloke Youth Development Programs have a robust volunteer profile. The roles and responsibilities and benefits of volunteers in the youth area are:

- To provide non-paid staff support for local FReeZA events in the kiosk, front of house and other duties as needed. The local volunteer support people enable the Local Youth Action Group to meet the funding agreement for the FReeZA program.
- To provide local pathways for opportunities to build and or strengthen existing and or new relationships to support long-term development of the Local Youth Action Group and the local youth profile

- To support young people in local communities to fundraise, grant seek and facilitate local youth group activities.
- To provide opportunities for Local Youth Action Groups to build and or strengthen relationships with local community members through their involvement of local community volunteers in the LYAG and FReeZA events.

Our youth volunteers are utilising their volunteer roles to build résumés, etc. The program supports personal, leadership and real life skill development. Adult volunteers support role model support and employability skill development for young people. Multi-generational volunteers enhance the youth program through bringing the generations to work together on local projects.

In essence, youth program volunteers enable the program to meet compliance standards, the funding agreement and the program objectives. The volunteers are a great local asset, providing local expert knowledge in diverse areas, growing youth group partnerships and providing unofficial mentoring in real life, personal and leadership skill development.

4. OTHER VOLUNTEERING ACTIVITIES

- Ensuring the timely delivery of meals to residents in the community;
- Feedback and support given to the Aged and Disability staff for the purpose of monitoring the health and wellbeing of Buloke's residents;
- Provision of transport and support to residents who attend medical appointments; and
- Provision of social contact for people who may be socially isolated.

EQUAL OPPORTUNITY

Buloke Shire Council is committed to providing workplace harmony and refuses to tolerate workplace harassment, discrimination or offensive behaviour. To assist employees in identifying what their rights are and how they can recognise problems in the workplace and community, Council, in conjunction with the Victorian Equal Opportunity and Human Rights Commission, provides training to all employees on Human Rights Charter awareness.

Buloke Shire Council recognises the value of employees and will select or promote individuals for employment, training and career advancement on the basis of personal merit in fair and open competition according to skills, qualifications, knowledge and efficiency relevant to the position involved.

All employees are required to treat colleagues and members of the public with courtesy and sensitivity to their rights, duties and aspirations. Buloke Shire's Senior Human Resource Officer is the Equal Opportunity contact who is able to assist with resolving problems to create workplace harmony, positive morale and a productive environment for all.

HEALTH AND SAFETY

Buloke Shire manages risk and occupational hazards by continuously improving its work environment and OHS management system.

Initiatives in 2013-2014 included training provided to management and staff which covered a number of areas including contractor management, manual handling training, aerodrome reporting officer, traffic control, traffic management, first aid, pool operator/lifeguard, chemical handling, health and safety representative, construction induction card, school crossing and asbestos awareness.

OUR ORGANISATION (continued)

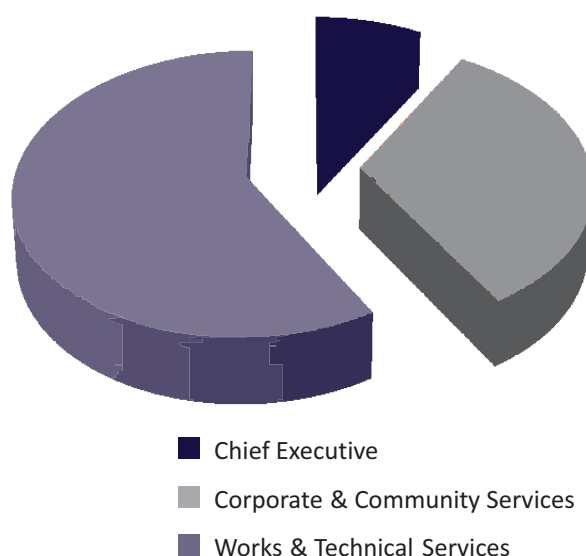
WORKPLACE INCIDENTS

Workplace incidents can include personal injuries, theft, abusive members of the public and vehicle damage.

2011-2012	2012-2013	2013-2014
51	66	66

EMPLOYEES BY DEPARTMENT

DEPARTMENT	EFT
CHIEF EXECUTIVE <i>(Human Resources, Finance, Road Reconstruction and Contract Supervision, Risk Management)</i>	10.71
CORPORATE AND COMMUNITY SERVICES <i>(Aged and Disability Services, Maternal and Child Health, Youth Development, Corporate Planning, Records Management, Information Technology, Environmental Health, Planning, Building and Compliance, Local Laws, Procurement, Economic Development, Customer Service, Community Development, Retail Support Project)</i>	41.12
WORKS AND TECHNICAL SERVICES <i>(Grading Maintenance, Parks and Gardens, Road Patrols, Urban Infrastructure, Waste and Environment, Heavy Plant, Saleyards, Aerodromes, Gravel Pits, Recreation, Swimming Pools, Building and Property, Emergency Management, Environmental Compliance)</i>	73.24



ABSENTEEISM

	2011-2012	2012-2013	2013-2014
Lost time injuries	10 injuries	13 injuries	8 injuries
Number of days lost to injury	385.2 days	496.9 days	227.2 days
Absence due to illness	1,311 days	1,582.6 days	1,544.8 days

WORKERS' COMPENSATION

FINANCIAL YEAR	STANDARD CLAIMS	MINOR CLAIMS	PREMIUM (\$)	CHANGE IN PREMIUM ON PAST YEAR (%)
2013-2014	6	2	270,953.93	-11
2012-2013	12	7	304,474.77	+3

GRANTS

GRANTS RECEIVED FROM EXTERNAL SOURCES

Community grants, donations and contributions are made to programs, projects and activities that enrich and promote the community both personally and economically. Contributions include membership of advocacy and peak organisations with specific relevance to Buloke Shire Council and/or the local community. The following grants, donations and contributions were made during the 2013-2014 financial year.

No.	FUNDING ORGANISATION	PROJECT SUMMARY	AMOUNT GRANTED (\$)
OPERATING GRANTS			
1.	Department of Transport, Planning and Local Infrastructure	Financial Assistance Grant	1,573,530
2.	Department of Transport, Planning and Local Infrastructure	Financial Assistance Grant – Road	1,105,731
3.	Department of Transport, Planning and Local Infrastructure	Library Services	98,566
4.	Department of State Development, Business and Innovation	Regional Living Expo	10,000
5.	Department of State Development, Business and Innovation	Rural Skills Cadetship	12,750
6.	Department of Health	Community Services Administration	37,367
7.	Department of Health	Senior Citizens Subsidy	51,201
8.	Department of Health	HACC Program	634,420
9.	Department of Health	Volunteer Coordination	38,031
10.	Department of Health	Youth Programs	54,500
11.	Department of Health	Vulnerable Persons Register	16,320
12.	Department of Health	Immunisation	7,338
13.	Department of Health	Tobacco Funding	3,405
14.	VicRoads	School Crossing Subsidy	6,555
15.	Department of Education and Early Childhood Development	Maternal & Child health Subsidy	138,949
16.	Department of Education and Early Childhood Development	Preschool Subsidy	56,518
17.	Victorian State Emergency Service	SES Grant	13,268
18.	Department of Transport, Planning and Local Infrastructure	Roadside Weed & Rabbit Control	80,000
19.	Department of Transport, Planning and Local Infrastructure	Municipal Recovery	20,860
20.	Department of Health	Senior Citizens Subsidy	2,200
21.	Department of Health	Youth Services	3,000
22.	Department of Health	Walk to School Program	7,500
23.	Department of Health	Smoking Bans – Recreation Reserves	5,000
24.	Department of State Development, Business and Innovation	Economic Development Project	30,000

GRANTS (continued)

CAPITAL GRANTS			
25.	Regional Development Australia	Donald Family Services Centre	50,000
26.	Department of State Development, Business and Innovation	Donald Family Services Centre	300,000
27.	Regional Development Victoria	Berriwillock Community Centre	300,000
28.	Department of State Development, Business and Innovation	Berriwillock Community Centre	261,000
29.	Department of State Development, Business and Innovation	Charlton Park Upgrade	90,000
30.	Sport and Recreation Victoria	Sea Lake Pool Upgrade	20,000
31.	Department of Transport, Planning and Local Infrastructure	Charlton Pool Upgrade	180,000
32.	VicRoads	Country Roads & Bridges Program	1,000,000
33.	Department of Treasury and Finance	Flood Restoration Works	37,900,000
34.	Department of Health	HACC Minor Capital Works	10,446
35.	Sport and Recreation Victoria	Wycheproof Netball Courts Upgrade	5,255
36.	Department of Transport, Planning and Local Infrastructure	Pool Audit and Strategy	27,000
37.	Department of State Development, Business and Innovation	Swimming Pools Audit	100,000
TOTAL			\$44,250,710



OUR COMMITMENT TO BEST VALUE

Council is dedicated to the continuous improvement of its services and projects to ensure the needs of the community are met in the best manner possible. This means that the principles of Best Value are applied in our day-to-day assessment of services and projects.

Our objective is to provide value for internal and external customers by eliminating waste and duplication. We aim to provide the right service, in the right place, at the right time, by the right person and done right the first time.

Where we do not meet these requirements we are honest and transparent in keeping the community informed as to why we could not achieve to the levels we expected.

A number of Best Value initiatives were undertaken during 2013-2014:

- Waste and Recycling services – review and tender
- Information Technology Support Services – review and tender
- Council Agendas and Minutes – review of procedures and processes
- Customer Request System – review and upgrade in relation to requests for service
- Road Management Plan – review of processes and systems in relation to the Road Management Plan.

Service reviews undertaken:

- Aged & Disability Services
- Customer Service
- Community Transport
- Environmental Health
- Community Support
- Procurement
- Light Fleet
- Road Services
- Swimming Pools
- Recreational Lakes Support
- Urban Areas
- Parks and Gardens
- Saleyards and Truckwash
- Property Maintenance.

COMMUNITY CONSULTATION

Council continues to be proud of its commitment to community consultation and involvement and the manner in which it meets this commitment.

Councillors and staff meet with the community on a continuous basis in a range of both formal and informal settings.

The community is invited to meet with and make presentations to councillors and senior staff a minimum of twice per month at varying locations across the Shire.

All decisions made by Council during 2013-2014 were made in

open meetings and a record of all Assembly of Council Meetings is tabled as part of the monthly Ordinary Meeting cycle.

Council also convenes consultation meetings in townships and localities across the Shire on a regular basis. Councillors and senior staff are regular attendees at Township Forum and Progress Association meetings. These meetings are generally well attended and provide an opportunity for Council to update the community on advocacy activities, plans and strategies. In addition to attendance at these town-based meetings, six 'Fire Shed'

meetings attended by more than 150 residents were held in late 2013. These meetings in small rural localities provide an opportunity for Council and representatives from a range of regional agencies to meet with residents to share information and listen to local concerns.

Council has also continued to publish its 'Community Matters' supplement in local newspapers. These one- or two-page supplements provide Council with the opportunity to inform the community on matters before it, to promote local events and to consult on key strategies and plans.

REPORTING ACHIEVEMENTS

Council regularly reported progress on its performance to the community through a variety of means in 2013-2014. These include the Annual Report,

regular articles such as 'Community Matters' in local newspapers, Council's website www.buloke.vic.gov.au and through publications such as the

Council Plan and Budget papers. Publications were forwarded to key local organisations and feedback was invited.

NATIONAL COMPETITION POLICY COMPLIANCE

The National Competition Policy is widely recognised as having made a significant contribution to Australia's welfare.

In 1995, Australia's governments agreed to the National Competition Policy and Related Reforms. The legislative package comprised the *Competition Policy Reform Act 1995* (Commonwealth) and associated state/territory application legislation. Governments also signed three agreements: the Competition Principles Agreement, the Conduct Code Agreement and the Agreement to Implement the National Competition Policy and Related Reforms.

The Competition Principles Agreement sets out the principles

agreed by governments for implementing the National Competition Policy, including on prices oversight, structural reform of public monopolies, review and reform of restrictive regulation, competitive neutrality and third party access to infrastructure services, and the application of these principles to local government.

Buloke Shire Council has an ongoing commitment to competition policy and competitive neutrality. The principles contained in the Competition Principles Agreement are aimed at encouraging efficient service provision by exposing public business functions to competition, where appropriate. Buloke Shire meets its wider responsibility to the community by requiring competitive

neutrality be applied only where it is in the public interest to do so. Factors taken into consideration include social, environmental, economic and regional responsibilities.

Council's Procurement Policy references the National Competition policy. A copy of Council's Procurement Policy can be found on Council's website at www.buloke.vic.gov.au.

Buloke Shire Council has complied with the requirements of the National Competition Policy (NCP) for the period 1 July 2013 to 30 June 2014, in accordance with the requirements outlined in National Competition Policy and Local Government (revised 2011).



COMMUNITY SATISFACTION

LOCAL GOVERNMENT COMMUNITY SATISFACTION SURVEY

The Office of Local Government undertakes an annual State-wide survey of Victorians, approximately 400 per municipality.

The purpose of the telephone survey is to measure community satisfaction with local council services.

The survey is undertaken by an independent market research consultancy and conducted by telephone with residents aged 18 and over.

The survey focuses on a number of

services and governance measures. Each of these is reported to show progress and improvements in performance, the importance of representation as well as an overall perception of performance.

Buloke Shire Council's performance on all five core measures – overall job performance, community consultation, customer service, advocacy and overall council direction – has remained steady relative to 2013, although continues to be down relative to 2012.

Buloke Shire Council's overall performance and overall council direction ratings remain significantly below the Small Rural Shires and State-wide averages.

Of all the core measures, Buloke Shire Council performs best on overall customer service (index score of 73), as do the Small Rural Shires group and the state as a whole. Buloke Shire Council scores well on customer service, and particularly so among residents aged 18 to 34 years – 82% of residents rate their most recent contact as very good or good.

Highest results in 2014	<ul style="list-style-type: none"> Customer Service Appearance of Public Areas
Lowest results in 2014	<ul style="list-style-type: none"> Overall Council Direction Unsealed Roads Sealed Roads
Most favourably disposed towards Council	<ul style="list-style-type: none"> 18-34 year old residents
Least favourably disposed towards Council	<ul style="list-style-type: none"> 35-49 year old residents

COMPARISON TO STATE AND SMALL RURAL SHIRE AVERAGES

Performance Measures	Buloke 2012	Buloke 2013	Buloke 2014	Small Rural Shires 2014	State-wide 2014
OVERALL PERFORMANCE	62	54	53	60	61
COMMUNITY CONSULTATION (Community consultation and engagement)	66	57	58	58	57
ADVOCACY (Lobbying on behalf of the community)	62	55	54	57	56
CUSTOMER SERVICE	80	73	73	71	72
OVERALL COUNCIL DIRECTION	51	39	39	54	53

* Councils listed in the Small Rural Shire group include Buloke, Alpine, Benalla, Central Goldfields, Gannawarra, Golden Plains, Hepburn, Hindmarsh, Indigo, Loddon, Mansfield, Mount Alexander, Murrindindi, Pyrenees, Queenscliff, Strathbogie, West Wimmera and Yarriambiack.

FINANCE

The finance team is responsible for Financial Management and Reporting, Internal and External Audit, Budget and Strategic Resource Plan, Accounts Payable and Accounts Receivable, along with Rates, Valuations and Property Administration.

The past financial performance of the Buloke Shire Council has been an area of significant redress during 2013-2014. Unresolved financial viability and sustainability concerns, raised in recent times by the Victorian Auditor-General's Office (VAGO), Local Government Victoria (LGV) and Buloke Shire Council's Audit Advisory Committee (AAC), instigated further initiatives, developments and actions in 2013-2014, designed to mitigate financial risk and improve financial performance as outlined below:

- Significant staffing changes occurred within the Finance team during 2013-2014. The departure of the Manager Finance and Senior Finance Officers was underpinned by support from LGV, who provided valued funding assistance and guidance, to enable the appointment of appropriately skilled and qualified finance professionals;
- The newly resourced Finance team worked cooperatively and positively with the ministerially appointed Inspector of Municipal Administration and successfully implemented the majority of recommendations contained in the Minister for Local Government Section 135 report as prepared by Ernst & Young;
- A new suite of Financial Performance Reports was developed mid-year for Council and submitted every month to Council to facilitate the accurate understanding and monitoring of Council's financial position;
- Under the direction of the Audit Advisory Committee, four (4) internal audit reviews were undertaken during 2013-2014, resulting in numerous financial performance improvement initiatives being identified and implemented. The reviews undertaken were Cash Flow Management and Projections Review, Application of Internal Charges Review, Plant and Equipment Management and Accounting Review and Budget Setting, Budget Management and Management Financial Reporting Review;
- In developing the 2014-2015 Budget, the Finance team facilitated organisation-wide service reviews, resulting in the identification of significant expenditure reduction opportunities into 2014-2015 and beyond, which have been integrated into the 2014-2015 Adopted Budget;
- The Finance team facilitated the formal adoption of the 2014-2015 Budget prior to 30 June 2014 with the document reflecting a clear, realistic and attainable plan to achieve short-term financial viability and progress towards long-term financial sustainability;
- The Finance team were trial participants in the new Local Government Performance Reporting Framework (LGPRF) which has mandatory effect from 1 July 2014;
- Alternative payment facilities were expanded with the online BPay facility being included on Sundry Debtor and Animal Registration Renewal Notices;
- Substantial progress in the Finance Policy Framework was achieved, given the development, review and adoption of the following policies throughout 2013-2014; Financial Reporting Compliance Policy, Asset Capitalisation Policy, Depreciation Policy, Annual Budget Policy, Asset Revaluation Policy, Risk Management Policy, Fraud Prevention and Reporting Policy and Business Continuity Management Policy;
- The new Fire Services Levy was successfully implemented and incorporated into the property administration and rating systems; and
- The 2014 Valuation was successfully completed in accordance with the *Valuation of Land Act 1960* (Victoria) for all of Council's rateable and non-rateable properties.

The intensive focus on Buloke Shire Council's financial operations throughout 2013-2014 has resulted in the finance team responding constructively and positively to assist the Council and community attain a clear understanding of its financial position, along with the continued development of reporting systems, strategies and processes designed to mitigate risk and attain and long-term financial sustainability.

PERFORMANCE STATEMENT

The Victorian Government is of the view that it is reasonable to expect all councils to collect and publish performance information. The Government has amended the *Local Government Act 1989* (Victoria), Section 153, to ensure that local government develops performance accountability mechanisms which allow for a consistent approach to the collection and reporting of information regarding financial performance, operating costs and community satisfaction.

The Key Strategic Activities that follow allow a comparison to be made between projected targets and actual figures in line with the Council Plan.

For a full copy of the Buloke Shire Council Plan, please visit www.buloke.vic.gov.au.

ANNUAL MEASURES AND TARGETS

Listed on the following pages are Council's Strategic Objectives, Strategic Statements, Indicators and activities for the 2013-2014 year.

Below is how we have measured our Indicators:

Scale Results	Indexed Score
Excellent – outstanding performance	100
Good – a high standard	80
Adequate – an acceptable standard	60
Needs some improvement	40
Needs a lot of improvement	20

PERFORMANCE STATEMENT

STRATEGIC OBJECTIVES, STRATEGIES, STRATEGIC INDICATORS AND PERFORMANCE MEASURES FOR 2013-2014

1. OUR COMMUNITY

Strategic statements:

- A Buloke community where people of all ages, backgrounds and abilities, are embraced and supported and can access the Council services they need to help live healthy and fulfilling lives.
- A Buloke community connected and involved in shaping decisions that affect them.

2013-2014 Strategic Indicator	Performance Measure	Performance Target	Outcome	Status
Community satisfaction with Council's overall performance	Survey Score	54	53	Target not met
Community satisfaction with Council's engagement in decision making on key local issues	Survey Score	57	56	Target not met
Councillors fulfilling their obligation to represent the views of their constituents and to allow decision making to take place	Councillor attendance at Ordinary and Special Meetings	100%	78%	Target not met
Use of Council's website	Number of hits annually	19,000	77,827	Target met
Community satisfaction with Council's provision of elderly support services	Survey Score	71	71	Target met
Community satisfaction with Council's provision of family support services	Survey Score	63	64	Target met

PERFORMANCE STATEMENT

STRATEGIC OBJECTIVES, STRATEGIES, STRATEGIC INDICATORS AND PERFORMANCE MEASURES FOR 2013-2014

2. OUR LOCAL ECONOMY

Strategic statements:

- A local economy in which the contribution of the agricultural sector and business sector is recognised and their continued growth actively encouraged and supported.
- A local economy in which new investment and new employment opportunities are actively encouraged and supported.

2013-2014 Strategic Indicator	Performance Measure	Performance Target	Outcome	Status
Community satisfaction with business and community development and tourism.	Survey Score	58	60	Target met
Level of commercial and industrial building development within the Shire	Value of building approvals maintained or increased	\$8.5M	\$258M	Target met

PERFORMANCE STATEMENT

STRATEGIC OBJECTIVES, STRATEGIES, STRATEGIC INDICATORS AND PERFORMANCE MEASURES FOR 2013-2014

3. OUR BUILT ENVIRONMENT

Strategic statements:

- A Shire plan to meet the current and future needs of the agricultural sector while maintaining and enhancing its natural environment.
- A Shire where roads, drains and public spaces, community facilities, parks and other essential infrastructure are fit for purpose, well maintained and contribute to the well-being of the community.

2013-2014 Strategic Indicator	Performance Measure	Performance Target	Outcome	Status
Community satisfaction with general town planning policy.	Survey Score	56	56	Target met
Community satisfaction with planning and building permit services	Survey Score	53	52	Target not met
100% of planning applications processed within the statutory limit	No applications outside of statutory limit	100%	97%	Target not met
Community satisfaction with recreation facilities	Survey Score	70	69	Target not met
Community satisfaction with swimming pool facilities**	Survey Score	50	**	**
Customer satisfaction with local streets and footpaths	Survey Score	55	58	Target met
Community satisfaction with the maintenance of unsealed roads	Survey Score	40	41	Target met

****Note:** Local Government Community Satisfaction Survey did not report on this Strategic Indicator.

PERFORMANCE STATEMENT

STRATEGIC OBJECTIVES, STRATEGIES, STRATEGIC INDICATORS AND PERFORMANCE MEASURES FOR 2013-2014

4. OUR NATURAL ENVIRONMENT

Strategic statements:

- A Shire working with the community to reduce our carbon footprint, protect and enhance the natural environment and share experiences and information.

2013-2014 Strategic Indicator	Performance Measure	Performance Target	Outcome	Status
Community satisfaction with the enforcement of local laws	Survey Score	63	65	Target met
Community satisfaction with the appearance of public areas	Survey Score	74	74	Target met
Community satisfaction with waste management services	Survey Score	74	73	Target not met
Waste diverted from landfill (Recyclables collection)	Kilograms of recyclables collected per household	275kgs	240kgs	Target not met
Community satisfaction with the roadside slashing and weed control	Survey Score	54	52	Target no met

PERFORMANCE STATEMENT

STRATEGIC OBJECTIVES, STRATEGIES, STRATEGIC INDICATORS AND PERFORMANCE MEASURES FOR 2013-2014

5. OUR PEOPLE AND ORGANISATION

Strategic statements:

- An organisation that is responsive to the evolving needs of the community.
- An organisation that is responsibly governed with a strong emphasis on sustainable financial and risk management.
- An organisation that values and supports the development of its people and strives to be an employer of choice.
- An organisation committed to active communication and engagement with our community.

2013-2014 Strategic Indicator	Performance Measure	Performance Target	Outcome	Status
Councillors fulfilling their obligation to represent the views of their constituents and to allow decision making to take place	Councillor attendance at Ordinary and Special Meetings	100%	78%	Target not met
Audit committee meetings conducted per annum	Minimum four meetings held per year	4	4	Target met
Community satisfaction with community consultation and engagement	Survey Score	57	58	Target met
Community satisfaction advocacy performance of Council	Survey Score	55	54	Target not met
Community satisfaction with informing the community	Survey Score	58	60	Target met
Community satisfaction with emergency and disaster management	Survey Score	66	70	Target met

PERFORMANCE STATEMENT

2013-2014 Strategic Indicator	Performance Measure	Performance Target	Outcome	Status
Underlying result (per cent) (Adjusted net surplus/total underlying revenue)	A positive result indicates a surplus. The larger the percentage, the stronger the result. A negative result indicates a deficit.	-49%	-51.63%	Target not met
Liquidity (current assets/current liabilities)	Ability to pay existing liabilities. A ratio higher than 1:1 means there is more cash and liquid assets than short-term liabilities.	11%	17.72%	Target met
Indebtedness (per cent) (non-current liabilities/ own-sourced revenue)	Comparison of non-current liabilities (mainly comprised of borrowing) to own-sourced revenue. The higher the percentage the less able the entity is to cover non-current liabilities from the revenue the entity generates itself.	8.1%	6.01%	Target met
Self-financing (per cent) Net operating cash flows/ underlying revenue.	Ability to replace assets using cash generated by the entity's operations. The higher the percentage the more effectively this can be done.	90%	237.75%	Target met
Capital replacement Capital expenditure/ depreciation	Comparison of the rate of spending on infrastructure with its depreciation. Ratios higher than 1:1 indicate spending is faster than the depreciation rate.	No target set	6.13%	**
Renewal gap Renewal and upgrade expenditure/depreciation	Comparison of the rate of spending on existing assets through renewing, restoring, and replacing existing assets with depreciation. Ratios higher than 1:1 indicate that spending on existing assets is greater than the depreciation rate.	544%	597.16%	Target met

****Note:** No target set for this Strategic Indicator.

PERFORMANCE STATEMENT

CERTIFICATION OF THE PERFORMANCE STATEMENT

In our opinion the accompanying Performance Statement of the Buloke Shire Council in respect of 2013/2014 financial year, is presented fairly and in accordance with the *Local Government Act 1989*.

The statement outlines the performance targets and measures set out in relation to the achievement of the business plan, in respect of that year described in the Council's corporate plan and describes the extent to which the business plan was met in that year, having regard to those targets and measures.

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

Tom O'Reilly FCPA



Principal Accounting Officer

Date : 24 September 2014

Wycheproof

Reid Mather (Mayor)



Councillor

Date : 24 September 2014

Wycheproof

Leo Tellefson (Deputy Mayor)



Councillor

Date : 24 September 2014

Wycheproof

John Hicks



Chief Executive Officer

Date : 24 September 2014

Wycheproof

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Buloke Shire Council

The Performance Statement

The accompanying performance statement for the year ended 30 June 2014 of the Buloke Shire Council which comprises the statement, the related notes and the certification of performance statement has been audited.

The Councillors' Responsibility for the Performance Statement

The Councillors of the Buloke Shire Council are responsible for the preparation and fair presentation of the performance statement in accordance with the *Local Government Act 1989* and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the performance statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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 Buloke Shire Council in respect of the 30 June 2014 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

Matters Relating to the Electronic Publication of the Audited Performance Statement

This auditor's report relates to the performance statement of the Buloke Shire Council for the year ended 30 June 2014 included both in the Buloke Shire Council's annual report and on the website. The Councillors of the Buloke Shire Council are responsible for the integrity of the Buloke Shire Council's website. I have not been engaged to report on the integrity of the Buloke 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 audited performance statement to confirm the information contained in the website version of the performance statement.

MELBOURNE
1 October 2014


R John Doyle
Auditor-General



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GENERAL PURPOSE FINANCIAL STATEMENTS

COMPREHENSIVE INCOME STATEMENT

For the year ended 30 June 2014

	Note	2014 \$'000	2013 \$'000
Income			
Rates and charges	2	10,445	9,865
Statutory fees and fines	3	105	122
User fees	4	668	722
Contributions - cash	6	503	289
Grants - Operating (recurrent)	5	3,858	5,262
Grants - Operating (non-recurrent)	5	199	256
Grants - Capital (recurrent)	5	-	2,064
Grants - Capital (non-recurrent)	5	40,194	7,800
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	7	46	(14)
Other revenue	8	1,016	531
Share of net profits / (losses) of associates and joint ventures accounted for by the equity method	15	27	(3)
Total income		57,061	26,894
Expenses			
Employee costs	9	(9,850)	(10,476)
Materials and services	10	(6,346)	(6,023)
Bad and doubtful debts	11	(8)	(19)
Depreciation and amortisation	12	(7,673)	(6,370)
Finance costs	13	(134)	(19)
Other expenses	14	(802)	(940)
Total expenses		(24,813)	(23,847)
Surplus/(deficit)		32,248	3,047
Other comprehensive income			
Net asset revaluation increment / (decrement)	25	(10,529)	38,095
Total comprehensive result		21,719	41,142

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

GENERAL PURPOSE FINANCIAL STATEMENTS

BALANCE SHEET

As at 30 June 2014

	Note	2014 \$'000	2013 \$'000
Assets			
Current assets			
Cash and cash equivalents	16	30	2,116
Trade and other receivables	17	1,924	1,211
Inventories	18	79	94
Other assets	19	203	153
Total current assets		2,236	3,574
Non-current assets			
Investments in regional library corporation	15	213	186
Property, infrastructure, plant and equipment	20	179,653	150,832
Total non-current assets		179,866	151,018
Total assets		182,102	154,592
Liabilities			
Current liabilities			
Trade and other payables	21	5,334	2,405
Trust funds and deposits	22	147	116
Provisions	23	2,211	2,412
Interest-bearing loans and borrowings	24	4,915	1,583
Total current liabilities		12,607	6,516
Non-current liabilities			
Provisions	23	539	1,040
Interest-bearing loans and borrowings	24	201	-
Total non-current liabilities		740	1,040
Total liabilities		13,347	7,556
Net Assets		168,755	147,036
Equity			
Accumulated surplus		83,130	50,882
Reserves	25	85,625	96,154
Total Equity		168,755	147,036

The above balance sheet should be read in conjunction with the accompanying notes.
Refer Note 1 (a) Financial Viability.

GENERAL PURPOSE FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY For the year ended 30 June 2014

	Note	Accumulated	Revaluation	Other	
		Total	Surplus	Reserve	Reserves
		2014	2014	2014	2014
2014		\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		147,036	50,882	96,149	5
Comprehensive result		21,719	32,248	(10,529)	-
Balance at end of the financial year		168,755	83,130	85,620	5

	Note	Accumulated	Revaluation	Other	
		Total	Surplus	Reserve	Reserves
		2013	2013	2013	2013
2013		\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		105,894	47,835	58,054	5
Comprehensive result		41,142	3,047	38,095	-
Balance at end of the financial year		147,036	50,882	96,149	5

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

GENERAL PURPOSE FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS For the year ended 30 June 2014

	2014 Inflows/ (Outflows) \$'000	2013 Inflows/ (Outflows) \$'000
Cash flows from operating activities		
Rates and charges	10,415	9,783
Statutory fees and fines	105	122
User fees	698	811
Grants - operating	4,124	5,709
Grants - capital	40,194	9,864
Contributions	144	289
Interest	64	158
Other receipts	831	403
Net GST refund/(payment)	4,805	1,114
Materials and consumables	(11,547)	(6,957)
Employee costs	(10,217)	(10,499)
Other payments	(752)	(1,154)
Net cash provided by (used in) operating activities	26 <u>38,864</u>	<u>9,643</u>
Cash flows from investing activities		
Payments for property, infrastructure, plant and equipment	(44,446)	(10,146)
Proceeds from sale of property, infrastructure, plant and equipment	66	215
Trust funds and deposits	31	16
Payment of loans and advances	(1,583)	-
Net cash provided by (used in) from investing activities	<u>(45,932)</u>	<u>(9,915)</u>
Cash flows from financing activities		
Finance costs	(134)	(19)
Proceeds from interest bearing loans and borrowings	1,550	-
Repayment of loans and advances	(565)	(445)
Net cash provided by (used in) financing activities	<u>851</u>	<u>(464)</u>
Net increase (decrease) in cash and cash equivalents	(6,217)	(736)
Cash and cash equivalents at the beginning of the financial year	2,116	2,852
Cash and cash equivalents at the end of the financial year	27 <u>(4,101)</u>	<u>2,116</u>
Financing arrangements	28 <u>4,500</u>	<u>4,500</u>
Restrictions on cash assets	29 <u>1,268</u>	<u>5,464</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

Refer Note 1 (a) Financial Viability.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Introduction

- (a) The Buloke 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 367 Broadway, Wycheproof, Victoria 3527.
- (b) The purpose of the Council is to:
- provide for the peace, order and good government of its municipal district;
 - to promote the social, economic and environmental viability and sustainability of the municipal district;
 - to ensure that resources are used efficiently and effectively and services are provided in accordance with the Best Value Principles to best meet the needs of the local community;
 - to improve the overall quality of life of people in the local community;
 - to promote appropriate business and employment opportunities;
 - to ensure that services and facilities provided by the Council are accessible and equitable;
 - to ensure the equitable imposition of rates and charges; and
 - to ensure transparency and accountability in Council decision making.

Additional Information

External Auditor - Auditor-General of Victoria

Internal Auditor - AFS - Chartered Accountants - Bendigo

Solicitors - Maddocks

- Karen Lee Probst Solicitors

- John R. Buman & Co

Bankers - Commonwealth Bank of Australia

- National Australia Bank

Website address www.buloke.vic.gov.au

This Financial Report is a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows 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).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 1 Significant accounting policies

(a) Basis of accounting

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

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

All entities controlled by Council such as Special Committees of Management, have been excluded from this financial report. Controlled entities are detailed in note 40.

Financial viability

As at 30 June 2014, Council had Equity, represented by Accumulated Surplus of \$83,130,000 (\$50,882,000 in 2013) and Reserves of \$85,625,000 (\$96,154,000 in 2013). Additionally, Council had working capital deficit of \$10,371,000 in 2014 (2,942,000 in 2013). This was heavily influenced by the completion and finalisation of flood restoration works at 30 June 2014.

Council recorded a Comprehensive Result for the year of \$21,719,000 compared to a Comprehensive Result of \$41,142,000 in 2013.

While Net Cash Flows from Operating Activities were positive in both years, there was a negative overall cash movement in 2014 of \$6,217,000 ((\$736,000) in 2013).

Unrestricted cash at end of year has decreased by \$4,196,000 to \$1,268,000 in 2014 (Reduced by \$4,330,000 to \$5,464,000 in 2013).

The cash flow from operating activities was \$38,864,000 (\$9,643,000 in 2013).

Because of the above conditions, there is material uncertainty which may cast significant doubt on the Council's ability to continue as a going concern and, therefore, the Council may be unable to realise its assets and discharge its liabilities in the normal course of business.

Accordingly, various actions have been taken to remedy the situation and are detailed in the following paragraphs

The financial viability of the Buloke Shire Council has been an area of significant attention during 2013/14. Financial viability concerns raised by the Victorian Auditor-General's Office, Local Government Victoria (LGV) and Buloke Shire Council's Audit Advisory Committee instigated the following initiatives, developments and strategies, in order to mitigate financial risk and improve financial performance to ensure ongoing financial viability:

- The support of LGV via the Ministerial appointment of an Inspector of Municipal administration to monitor the ongoing implementation of a range of financial improvement initiatives
- Restructuring of Senior Management, with funding support by LGV enabling the appointment of appropriately skilled and qualified finance professionals
- A new suite of Financial Performance Reports being provided to Council for review each month to facilitate the accurate understanding and monitoring of Council's financial position
- Four (4) internal audit reviews being undertaken since the restructuring of Senior Management, resulting in numerous financial performance improvement initiatives being identified and implemented
- Organisation wide service reviews have been undertaken, resulting in the identification of significant expenditure reduction opportunities into 2014/15 and beyond
- The formal adoption of Council's 2014/15 Budget that clearly outlines expenditure reduction initiatives over the next four (4) years to ensure Council remains financially viable
- Council's Statement of Cash Flows as contained in the adopted 2014/15 Budget reflects a Net Increase in Cash for 2014/15 and each forecast year to 30 June 2018
- Council's Balance Sheet as contained in the adopted 2014/15 Budget reflects vastly improving health liquidity with a forecast Cash at Bank balance of \$9.9M by 30 June 2018
- Council's Income Statement as contained in the adopted 2014/15 Budget reflects a Net Surplus for 2014/15 and an increasing surplus for each forecast year to 30 June 2018
- The Key Performance Indicators and Ratios contained in the adopted 2014/15 Budget show Council increasingly progressing towards long term financial sustainability in both the immediate year ahead and subsequent forecast years.

The successful implementation of the expenditure reduction initiatives as contained in the 2014/15 Budget are critical to Council in developing its ability to manage debt, generate surplus cash funds and aim to become financially sustainable within the forecast period to 30 June 2018.

The intensive focus on Buloke Shire Council's financial operations throughout 2013/14, has resulted in the Council developing an enhanced understanding of its financial position, along with the adoption of a clear, thorough plan which aims to achieve financial viability in the short to medium term and long term financial sustainability.

Councillors are of a view that Council's financial viability is dependant on achieving its Budget objectives and securing a suitable loan facility in 2014/15 and subject to these dependencies, have prepared the financial report on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 1 Significant accounting policies (cont.)

(b) Change in accounting policies

AASB 13 Fair Value Measurement

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

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

AASB 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, Council has not made any new disclosures required by AASB 13 for the 2013 comparative period (please see note 20).

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

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

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

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

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

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

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

AASB 119 Employee benefits

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

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 5. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current financial year.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at balance date.

User fees and fines

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

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

Sale of property, plant and equipment, infrastructure

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

Rental

Rents are recognised as revenue when the payment is due or is received, whichever first occurs. Rental payments received in advance are recognised as a prepayment until they are due.

Interest

Interest is recognised as it is earned.

Dividends

Dividend revenue is recognised when the Council's right to receive payment is established.

(d) Trade and other receivables and inventories

Trade and other receivables

Receivables are carried at amortised cost using the effective interest rate method.

A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 1 Significant accounting policies (cont.)

(e) Depreciation and amortisation of property, infrastructure, plant and equipment, intangibles

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

Where 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.

Artworks are not depreciated.

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

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

	Period
Property	
Buildings	
buildings	50 years
fittings	10 years
Leasehold improvements	
Plant and Equipment	
Plant	
plant, machinery and equipment	6 - 10 years
Machinery	
Infrastructure	
Roads	
road formation	100 years
sealed road pavements	60 years
unsealed road pavements	25 years
sealed road surfaces	13 - 15 years
Other Infrastructure	
footpaths and cycleways	45 - 50 years
kerb and channel	50 years
drainage	100 years
bridges	50 years
landfill	10 years
other structures	50 years
other fittings	6 - 10 years

(f) Repairs and maintenance

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

(g) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council. Except where specific borrowings are obtained for the purpose of specific asset acquisition, the weighted average interest rate applicable to borrowings at balance date, excluding borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised.

Borrowing costs include interest on bank overdrafts, interest on borrowings, and finance lease charges.

(h) Recognition and measurement of assets

Acquisition

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 1 Significant accounting policies (cont.)

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:

	Threshold Limit \$'000
Property	
Land	
land	All
land under roads	All
land improvements	All
Buildings	
buildings	All
building improvements	All
leasehold building improvements	All
Plant and Equipment	
plant, machinery and equipment	1
fixtures, fittings and furniture	1
computers and telecommunications	1
leased plant and equipment	1
Infrastructure	
Roads	
road pavements and seals	All
road substructure	All
road formation and earthworks	All
road kerb, channel and minor culverts	All
Bridges	
bridges deck	All
bridges substructure	All
footpaths and cycleways	All
drainage	All
recreational, leisure and community facilities	All
waste management	All
parks, open space and streetscapes	All
off street car parks	All
aerodromes	All
Intangible assets	
intangible assets	1

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the amount for which the assets could be exchanged between knowledgeable willing parties in an arms length transaction. At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date the class of asset was revalued.

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

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation surplus, 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 surplus 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

Council recognised the value of land under roads it controlled at 30 June 2008 at deemed cost. Land under roads acquired after 30 June 2008 is brought to account using the cost basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 1 Significant accounting policies (cont.)

(i) 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.

(j) Financial assets

Financial assets are valued at fair value, being market value, at balance date. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

(k) Investments

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

(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 entities. The investment is initially recorded at the cost of acquisition and adjusted thereafter for post-acquisition changes in the Council's share of the net assets of the entities. The Council's share of the financial result of the entities is recognised in the 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 costs

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Long service leave

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

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

The components of this current liability are measured at:

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

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

This non-current LSL liability is measured at present value. Gain or loss following revaluation of the present value of non-current LSL liability due to changes in bond interest rates is recognised as an other economic flow.

Superannuation

The amount charged to the Comprehensive Income Statement in respect of superannuation represents contributions made or due by Buloke Shire Council to the relevant superannuation plans in respect to the services of Buloke Shire Council's staff (both past and present). Superannuation contributions are made to the plans based on the relevant rules of each plan and any relevant compulsory superannuation requirements that Buloke Shire Council is required to comply with.

Termination benefits

There are no termination benefits payable to employees.

Employee benefits on-costs

Employee benefits on-costs (payroll tax, workcover, superannuation, annual leave and long service leave accrued while on LSL taken in service) are recognised separately from provision for employee benefits.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 1 Significant accounting policies (cont.)

(o) Leases

Finance leases

Leases of assets where substantially all the risks and rewards incidental to ownership of the asset are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are depreciated on a straight line basis over their estimated useful lives to the Council where it is likely that the Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter. Leased assets are currently being amortised over a 5 year period.

Operating leases

Lease payments for operating leases are required by the accounting standard to be recognised on a straight line basis, rather than expensed in the years in which they are incurred.

Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date, leasehold improvements are amortised over a 5 year period.

(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) Website 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 Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

Cash flows are presented in the statement of cash flows 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 asset's carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the Comprehensive Income Statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

(u) Rounding

Unless otherwise stated, amounts in the financial report have been rounded to the nearest thousand dollars. Figures in the financial statement may not equate due to rounding.

(v) Financial guarantees

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is material increase in the likelihood that the guarantee may have to be exercised, at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate. In the determination of fair value, consideration is given to factors including the probability of default by the guaranteed party and the likely loss to Council in the event of default.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 1 Significant accounting policies (cont.)

(w) Contingent assets and contingent liabilities and commitments

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

Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value by way of a note and are presented inclusive of the GST payable.

(x) Pending Accounting Standards

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

Pronouncement	Summary	Application Date	Impact on Council
AASB 9 Financial Instruments	<p>AASB 9 standard is one of a series of amendments that are expected to eventually completely replace AASB 139. During 2010-11, the standard was expanded to include new rules on measurement of financial liabilities and hedge accounting. Currently the existing provisions of AASB 139 will continue to apply in these areas.</p> <p>AASB 9 simplifies the classifications of financial assets into those to be carried at amortised cost and those to be carried at fair value – the 'available for sale' and 'held-to-maturity' categories no longer exists. AASB 9 also simplifies requirements for embedded derivatives and removes the tailing rules associated with held-to-maturity assets.</p> <p>The new categories of financial assets are:</p> <ul style="list-style-type: none"> • Amortised cost – those assets with 'basic' loan features. • Fair value through other comprehensive income – this treatment is optional for equity instruments not held for trading (this choice is made at initial recognition and is irrevocable). • Fair Value through profit and Loss – everything that does not fall into the above two categories. <p>The following changes also apply:</p> <ul style="list-style-type: none"> • Investments in unquoted equity instruments must be measured at fair value. However, cost may be the appropriate measure of fair value where there is insufficient more recent information available to determine a fair value. • There is no longer any requirement to consider whether 'significant or prolonged' decline in the value of financial assets has occurred. The only impairment testing will be on those assets held at amortised cost, and all impairments will be eligible for reversal. <p>Similarly, all movements in the fair value of a financial asset now go to the income statement, or, for equity instruments not held for trading, other comprehensive income. There is no longer any requirement to book decrements through the income statement, and increments through equity.</p>	1-Jul-15	<p>The impact is not likely to be extensive in the local government sector. Although it will vary considerably between entities. While the rules are less complex than those of AASB 139, the option to show equity instruments at cost has been largely removed, which is likely to lead to greater volatility within the income statement. However it may also lead to an improved financial position for some entities.</p> <p>This will also create a requirement to measure some instruments annually that has not previously existed.</p>
AASB 12 Disclosure of Interests in Other Entities	<p>This Standard requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the financial statements. This Standard replaces the disclosure requirements in AASB 127 Separate Financial Statements and AASB 131 Interests in Joint Ventures.</p> <p>The exposure draft ED 238 proposes to add some implementation guidance to AASB 12, explaining and illustrating the definition of a 'structured entity' from a not-for-profit perspective.</p>	1-Jul-14	Impacts on the level and nature of the disclosures will be assessed based on the eventual implications arising from AASB 10, AASB 11 and AASB 128 Investments in Associates and Joint Ventures.
AASB 127 Separate Financial Statements	This revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	1-Jul-14	The impact of this standard will need to be assessed in line with the final deliberations by the AASB on the application of this standard to not for profit entities.
AASB 128 Investments in Associates and Joint Ventures	This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1-Jul-14	The impact of this standard will need to be assessed in line with the final deliberations by the AASB on the application of this standard to not for profit entities.
AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounts Standard arising from Reduced Disclosure Requirements	These standards set out the tiers of financial reporting and the reduced disclosure framework.	1-Jul-14	Council has yet to determine the impact of this standard

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

	2014 \$ '000	2013 \$ '000
Note 2		
Rates and Charges		
Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV is the value of the land and all its improvements.		
The valuation base used to calculate general rates for 2013/14 was \$1.203 billion (2012/13 \$1.198 billion). The 2013/14 rate in the CIV dollar was a General Rate of 0.007621 cents (2012/13, 0.007298 cents) and a Farm Rate of 0.007469 cents (2012/13, 0.007218 cents).		
Rates - Residential	2,223	2,110
Rates - Commercial	540	506
Rates - Rural	6,275	5,995
Municipal Charge	569	463
Garbage Charges	852	801
Rates - Early payment discount	(14)	(10)
Total rates and charges	10,445	9,865
The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2012, and the valuation first applied in the rating year commencing 1 July 2012.		
The date of the previous general revaluation of land for rating purposes within the municipal district was 1 January 2010 and the valuation first applied to the rating period commencing 1 July 2010.		
Note 3		
Statutory fees and fines		
Compliance	92	85
Planning Permits & Certificates	5	27
Revenue Collection	5	6
Building Regulations and Inspections	3	4
Total statutory fees and fines	105	122
Note 4		
User fees		
Planning	29	.
Pound Fees	34	30
Senior Citizen's Centre	3	5
Home and Community Care	152	160
Brokered Programs Charges	152	218
Public Health and Wellbeing Charges	20	20
Building Services charges	88	87
Caravan Parks	21	23
Halls	6	19
Waste and Environment	70	70
Saleyards / Truck Wash	80	78
Other	13	12
Total user fees	668	722

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 5	Grants	2014 \$ '000	2013 \$ '000
	Grants were received in respect of the following :		
	Summary of grants		
	Federally funded grants	130	892
	State funded grants	44,121	14,490
	Total	<u>44,251</u>	<u>15,382</u>
	<i>State Government - General Purpose</i>		
	Recurrent		
	Assessment & Care Management	111	110
	Assets & Infrastructure Projects	-	50
	Community Services Administration	53	53
	Economic Development Programs	23	7
	Executive Manager	1,572	4,002
	Home and Community Care Grants	558	485
	Hospital to Home	4	27
	Library Services	99	98
	Maternal & Child Health	139	146
	Municipal Emergency Management	12	13
	Pre-Schools	57	145
	Public Health and Wellbeing Grants	11	4
	Road Services	1,106	-
	School Crossings	7	12
	Senior Citizens Centre	51	53
	Youth Development Programs	55	57
	Capital Grants Recurrent	-	2,064
	Total recurrent	<u>3,858</u>	<u>7,326</u>
	Non-recurrent		
	Economic Development Grants	30	40
	Municipal Recovery Grants	21	173
	Other Community Service Programs	8	30
	Public Health/Wellbeing Operating Grants	-	5
	Youth Development	3	-
	Other non-recurrent	137	8
	Capital Grants NDRAA Flood Reconstruction	37,900	4,917
	Capital Grants non-recurrent	2,294	2,883
	Total non-recurrent	<u>40,393</u>	<u>8,056</u>
	Total grants	<u>44,251</u>	<u>15,382</u>
	Conditions on grants		
	Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:		
	Flood Recovery	-	2,823
	Roadworks	-	1,054
	Community	16	50
	Other	1,105	1,421
	Total	<u>1,121</u>	<u>5,348</u>
	Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:		
	Flood Recovery	(2,823)	(7,241)
	Roadworks	(1,054)	(1,824)
	Community	(49)	(168)
	Other	(1,422)	(461)
		<u>(5,348)</u>	<u>(9,694)</u>
	Net increase (decrease) in restricted assets resulting from grant revenues for the year:	<u>(4,227)</u>	<u>(4,346)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

		2014	2013
		\$ '000	\$ '000
Note 6	Contributions		
	Cash		
	Economic Development Projects Contributions	1	15
	Revenue Collection Contributions	4	102
	Youth Development Contributions	29	38
	Other Community Service Contributions	16	35
	Capital Works Contributions	419	71
	Reimbursements	34	28
	Total Contributions	503	289
Note 7	Net gain/(loss) on disposal of property, infrastructure, plant and equipment		
	Proceeds of sale	66	215
	Written down value of assets disposed	(20)	(229)
	Total	46	(14)
Note 8	Other revenue		
	Interest on Rates and Charges	47	85
	Interest on Investments	17	73
	Rent Council Properties	38	20
	Office Services Income	12	16
	Other Income	902	337
	Total other revenue	1,016	531
Note 9	Employee costs		
	Wages and salaries	8,418	8,903
	Allowances	302	371
	Worksafe	21	33
	Superannuation	793	826
	FBT and Workcover	316	343
	Total employee costs	9,850	10,476

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 10	Materials and services	2014 \$ '000	2013 \$ '000
	Operational Materials	529	147
	Operational Contracts and Services	1,769	1,591
	Vehicle and Plant Costs	1,510	1,767
	Consultants Fees	703	588
	Utilities	507	538
	Insurance	302	271
	Information Technology	437	352
	Photocopier Charges	83	92
	Promotion/Public Education	49	41
	Purchased Labour/Labour Hire	93	299
	Repairs & Maintenance - Facilities	11	21
	Staff Amenities and Recruitment	113	78
	Subscriptions/Memberships/Publications	66	67
	Travel and Accommodation	27	27
	Training	93	93
	Garbage	54	51
	Total materials and services	<u>6,346</u>	<u>6,023</u>
Note 11	Bad and doubtful debts		
	Other debtors	8	19
	Total bad and doubtful debts	<u>8</u>	<u>19</u>
Note 12	Depreciation and amortisation		
	<i>Property</i>		
	Buildings	996	987
	<i>Plant and Equipment</i>		
	Plant, machinery and equipment	988	927
	Fixtures, fittings and furniture	43	59
	<i>Infrastructure</i>		
	Roads	4,743	3,428
	Bridges	61	82
	Footpaths and cycleways	181	129
	Kerb and channel	135	170
	Drainage	95	82
	Landfills	105	202
	Other infrastructure	326	304
	Total depreciation and amortisation	<u>7,673</u>	<u>6,370</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 13	Finance costs	2014 \$ '000	2013 \$ '000
	Bank overdraft and bank charges	78	19
	Interest - Borrowings	56	-
	Total	134	19
Note 14	Other expenses		
	Auditors' remuneration	45	46
	Councillors' allowances	146	149
	Council Contributions and Donations	358	521
	Council meeting expenses	1	4
	Miscellaneous	72	69
	Flood emergency management	13	66
	Legal Expenses	167	85
	Total other expenses	802	940
Note 15	Investments in associates		
	Investments in associates accounted for by the equity method are:		
	- Wimmera Regional Library Corporation	213	186
	Total	213	186
	Wimmera Regional Library Corporation		
	<i>Background</i>		
	Buloke Shire Council is one of six participating Councils with equity in the Wimmera Regional Library Corporation. The Shire currently holds a 7.12% share in the equity of this corporation.		
	Council's share of accumulated surplus (deficit) at start of year	91	92
	Comprehensive result	6	3
	Transfers (to) from reserves	(1)	(1)
	Variation - Change in equity	2	(3)
	Council's share of accumulated surplus (deficit) at end of year	98	91
	<i>Council's share of reserves</i>		
	Council's share of reserves at start of year	95	97
	Transfers (to) from reserves	1	1
	Variation - Change in Equity	19	(3)
	Council's share of reserves at end of year	115	95
	<i>Movement in carrying value of specific investment</i>		
	Carrying value of investment at start of year	186	189
	Share of surplus (deficit) for year	6	3
	Variation - Change in equity	21	(6)
	Carrying value of investment at end of year	213	186

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 16	Cash and cash equivalents	2014 \$ '000	2013 \$ '000
	Cash on hand	1	1
	Cash at bank - NAB	23	24
	Cash at bank - CBA Debit cards	4	3
	Cash at bank - CBA	2	80
	Term deposits	-	2,008
	Total cash and cash equivalents	30	2,116

Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:

- Reserve funds allocated for specific future purposes (Note 29)	1,121	5,348
- Trust funds and deposits (Note 22)	147	116
Restricted Funds	1,268	5,464
Total unrestricted cash and cash equivalents	(1,238)	(3,348)

The negative values shown in Total unrestricted cash and cash equivalents, reflects that cash and cash equivalents held are insufficient to cover Restricted Funds.

Note 17	Trade and other receivables		
	Current		
	Rates debtors	593	563
	Other debtors	867	308
	Provision for doubtful debts	(27)	(24)
	Net GST receivable	491	364
	Total trade and other receivables	1,924	1,211

Note 18	Inventories		
	Inventories held for distribution	79	94
	Total inventories	79	94

Note 19	Other assets		
	Current		
	Prepayments	153	134
	Accrued income	41	17
	Financial Asset: Community Bank Shares	2	2
	Other	7	-
	Total	203	153

The Council holds 2000 shares in North Central Financial Services Ltd (Charlton Community Bank) with a share value of \$1 per share. This amount was previously not recognised and has been brought to account in Note 19 as a prior period adjustment.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 20	Property, infrastructure, plant and equipment	2014	2013
		\$'000	\$'000
	Summary		
	at cost	16,312	16,475
	Less accumulated depreciation	9,940	8,844
		<u>6,372</u>	<u>7,631</u>
	at fair value as at 1 July 2011	1,838	2,277
	Less accumulated depreciation	1,502	1,535
		<u>336</u>	<u>742</u>
	at fair value as at 30 June 2012	-	57,746
	Less accumulated depreciation	-	31,239
		<u>-</u>	<u>26,506</u>
	at fair value as at 30 June 2013	25,237	238,188
	Less accumulated depreciation	13,144	122,235
		<u>12,093</u>	<u>115,953</u>
	at fair value as at 30 June 2014	259,552	-
	Less accumulated depreciation	98,699	-
		<u>160,853</u>	<u>-</u>
	Total	<u>179,653</u>	<u>150,832</u>
	Property		
	Land		
	at fair value as at 30 June 2012	-	4,361
	at fair value as at 30 June 2014	4,386	-
		<u>4,386</u>	<u>4,361</u>
	Land under roads		
	at cost	5	5
		<u>5</u>	<u>5</u>
	Total Land	<u>4,391</u>	<u>4,366</u>
	Buildings		
	at cost	-	1,035
	Less accumulated depreciation	-	-
		<u>-</u>	<u>1,035</u>
	at fair value as at 30 June 2012	-	53,385
	at fair value as at 30 June 2014	57,814	-
	Less accumulated depreciation	33,216	31,239
		<u>24,598</u>	<u>22,146</u>
	Total Buildings	<u>24,598</u>	<u>23,181</u>
	Total Property	<u>28,989</u>	<u>27,547</u>

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

	Level 1	Level 2	Level 3
Land - Non specialised	-	4,386	-
Land - Specialised	-	-	-
Land under roads	-	-	5
Land Improvements	-	24,670	-
Buildings - Non specialised	-	-	-
Buildings - Specialised	-	-	-
Building Improvements	-	-	-
Heritage Buildings	-	-	-
Total	<u>-</u>	<u>29,056</u>	<u>5</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 20	<i>Property, infrastructure, plant and equipment (cont.)</i>		
	Plant and Equipment	2014	2013
		\$ '000	\$ '000
	Plant, machinery and equipment		
	at cost	12,733	11,817
	Less accumulated depreciation	8,363	7,474
		<u>4,370</u>	<u>4,343</u>
	Fixtures, fittings and furniture		
	at cost	467	463
	Less accumulated depreciation	384	341
		<u>83</u>	<u>122</u>
	Total Plant and Equipment	<u>4,453</u>	<u>4,465</u>
	Infrastructure		
	Roads		
	Roads formation		
	at fair value as at 30 June 2013	-	15,778
	Less accumulated depreciation	-	78
		<u>-</u>	<u>15,700</u>
	at fair value as at 30 June 2014	15,778	-
	Less accumulated depreciation	86	-
		<u>15,692</u>	<u>-</u>
	Roads pavement		
	at fair value as at 30 June 2013	-	173,173
	Less accumulated depreciation	-	95,888
		<u>-</u>	<u>77,285</u>
	at fair value as at 30 June 2014	157,742	-
	Less accumulated depreciation	56,435	-
		<u>101,307</u>	<u>-</u>
	Roads seal		
	at fair value as at 30 June 2013	-	18,006
	Less accumulated depreciation	-	10,789
		<u>-</u>	<u>7,217</u>
	at fair value as at 30 June 2014	17,460	-
	Less accumulated depreciation	7,878	-
		<u>9,582</u>	<u>-</u>
	Total Roads	<u>126,581</u>	<u>100,202</u>
	Bridges		
	at fair value as at 30 June 2013	-	6,372
	Less accumulated depreciation	-	2,869
		<u>-</u>	<u>3,505</u>
	at fair value as at 30 June 2014	6,372	-
	Less accumulated depreciation	1,084	-
		<u>5,288</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 20	<i>Property, infrastructure, plant and equipment (cont)</i>	2014	2013
		\$'000	\$'000
	Footpaths and cycleways		
	at cost	3	-
	Less accumulated depreciation	-	-
		<u>3</u>	<u>-</u>
	at fair value as at 30 June 2013	8,593	8,593
	Less accumulated depreciation	3,913	3,733
		<u>4,680</u>	<u>4,861</u>
	Kerb and channel		
	at cost	30	-
	Less accumulated depreciation	-	-
		<u>30</u>	<u>-</u>
	at fair value as at 30 June 2013	6,827	6,827
	Less accumulated depreciation	3,728	3,592
		<u>3,099</u>	<u>3,234</u>
	Drainage		
	at cost	187	-
	Less accumulated depreciation	52	-
		<u>135</u>	<u>-</u>
	at fair value as at 30 June 2013	9,817	9,439
	Less accumulated depreciation	5,503	5,286
		<u>4,314</u>	<u>4,153</u>
	Landfill		
	at cost	1,094	1,094
	Less accumulated depreciation	1,039	933
		<u>55</u>	<u>160</u>
	Other		
	at cost	341	1,167
	Less accumulated depreciation	102	96
		<u>239</u>	<u>1,070</u>
	at fair value as at 30 June 2011	1,838	2,277
	Less accumulated depreciation	1,502	1,535
		<u>336</u>	<u>742</u>
	Total Infrastructure	<u>144,760</u>	<u>117,925</u>

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

	Level 1	Level 2	Level 3
Roads	-	-	126,581
Bridges	-	-	5,288
Footpaths and Cycleways	-	-	4,680
Kerb and Channel	-	-	3,099
Drainage	-	-	4,314
Other	-	-	336
Total	-	-	<u>144,298</u>

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

Works in progress

Other infrastructure at cost	1,452	894
Total Works in progress	<u>1,452</u>	<u>894</u>
Total property, infrastructure, plant and equipment	<u>179,653</u>	<u>150,832</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 20 Property, infrastructure, plant and equipment (cont)

Valuation basis

Non-specialised land, non-specialised buildings

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by LG Valuation Services Pty Ltd to determine the fair value using the market based direct comparison method. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. From the sales analysed, an appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2014.

To the extent that non-specialised land and non-specialised buildings do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market based direct comparison approach.

Specialised land and specialised buildings

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

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

An independent valuation of Council's specialised land and specialised buildings was performed by LG Valuation Services Pty Ltd. The valuation was performed using either the market based direct comparison method or depreciated replacement cost, adjusted for restrictions in use. The effective date of the valuation is 30 June 2014.

Land Under Roads

Land under roads is valued at fair value using 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. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the Comprehensive Income Statement.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 20 Property, infrastructure, plant and equipment (cont)

Infrastructure

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

Where it has not been possible to examine hidden works such as structural frames and floors, the use of reasonable materials and methods of construction have been assumed bearing in mind the age and nature of the building. The estimated cost of reconstruction including structure services and finishes, also factors in any heritage classifications as applicable.

Infrastructure assets contain significant unobservable adjustments, therefore these assets are classified as Level 3.

The Council adopted a new Road Management Plan at its Ordinary Meeting of 9 April 2014. The plan resulted in a number of road segments being reclassified to earthen standard as their condition had deteriorated. The key reason for this deterioration and reclassification was that they were no longer required to provide all weather access given there is no longer occupied residences on these roads.

The condition assessment score on these roads is high and has been assessed as having no future material economic benefit and the value of the road has been reduced to the formation value only. Examples of roads that have been reduced to formation value only include:

- Curyo Silo Road - pavement condition rating of 9.99 and seal condition rating of 8.64
- Morrison Lane – pavement condition rating of 8.6 and seal condition of 8.03.

In Council's road asset register, the condition rating of 10 indicates extremely poor condition.

Valuation of road infrastructure and bridges has been determined in accordance with a valuation undertaken by Assets Engineer, Naga Sundararajah, B Sc (Hons) in Civil engineering (UK) and M Engineering in Construction Management (SL) as at 30 June 2014.

A valuation of Council's kerb and channel assets was performed by Mr Peter Moloney, Dip Civil Engineering (FIT), Member Institute of Engineers (Aust) MIE. The effective date of the valuation is 30 June 2013.

Valuation of drains has been determined in accordance with a valuation undertaken by Assets Engineer, Naga Sundararajah, B Sc (Hons) in Civil engineering (UK) and M Engineering in Construction Management (SL) as at 30 June 2013.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 20 Property, infrastructure, plant and equipment (cont)

Reconciliation of Level 3 Fair Value

2014	Specialised Land and Land Improvements	Specialised Buildings	Land Under Roads	Infrastructure
Opening Balance	-	-	5	117,925
Depreciation	-	-	-	5,646
Impairment Loss	-	-	-	-
Revaluation	-	-	-	-
Acquisitions (Disposals)	-	-	-	33,060
Transfers	-	-	-	(579)
Closing Balance	-	-	5	144,760

Description of significant unobservable inputs into level 3 valuations

	Valuation Technique	Significant Unobservable Inputs	Range (Weighted Average)	Sensitivity
Specialised Land and Land Improvements	Market based direct comparison approach (refer above)	Extent and impact of restriction of use	N/A	Increase or decrease in the extent of restriction would result in a significantly lower or higher fair value.
Specialised Buildings	Depreciated Replacement Cost	Direct cost per square metre	N/A	Increase or decrease in the direct cost per square metre adjustment would result in a significantly lower or higher fair value.
		Useful life of specialised buildings	N/A	Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Land Under Roads	Valuation at Cost	Extent and impact of restriction of use	100%	Increase or decrease in the extent of restriction would result in a lower or higher valuation.
Infrastructure	Depreciated Replacement Cost	Cost per unit (Road Pavement)	\$20 - \$30 (\$22.75)	Increase or decrease in the cost per unit would result in a significantly lower or higher fair value
		Useful life of infrastructure	25 - 60 Years (45 Years)	Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 20 *Property, infrastructure, plant and equipment (cont.)*

2014	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements)	Depreciation and amortisation	Written down value of disposals	Impairment losses recognised in profit or loss	Transfers	Balance at end of financial year
	\$'000	\$'000	(note 25) \$'000	(note 12) \$'000	\$'000	(a) \$'000	\$'000	\$'000
Property								
land	4,361	-	25	-	-	-	-	4,386
land under roads	5	-	-	-	-	-	-	5
Total land	4,366	-	25	-	-	-	-	4,391
buildings	23,181	2,568	(603)	996	-	-	447	24,598
Total buildings	23,181	2,568	(603)	996	-	-	447	24,598
Total property	27,547	2,568	(578)	996	-	-	447	28,989
Plant and Equipment								
plant, machinery and equipment	4,343	903	-	988	20	-	132	4,370
fixtures, fittings and furniture	122	4	-	43	-	-	-	83
Total plant and equipment	4,465	907	-	1,031	20	-	132	4,453
Infrastructure								
roads	100,200	41,075	(9,951)	4,743	-	-	-	126,581
bridges	3,505	1,844	-	61	-	-	-	5,288
footpaths and cycleways	4,861	3	-	181	-	-	-	4,683
kerb and channel	3,234	30	-	135	-	-	-	3,129
drainage	4,153	29	-	95	-	-	362	4,449
landfill	160	-	-	105	-	-	-	55
other infrastructure	1,812	30	-	326	-	-	(941)	575
Total infrastructure	117,925	43,011	(9,951)	5,646	-	-	(579)	144,760
Works in progress								
works in progress at cost	894	558	-	-	-	-	-	1,452
Total works in progress	894	558	-	-	-	-	-	1,452
Total property, plant and equipment, infrastructure	150,831	47,044	(10,529)	7,673	20	-	-	179,653

(a) Impairment losses

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 20 *Property, infrastructure, plant and equipment (cont.)*

2013	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements)	Depreciation and amortisation	Written down value of disposals	Impairment losses recognised in profit or loss	Transfers	Balance at end of financial year
	\$'000	\$'000	(note 25) \$'000	(note 12) \$'000	\$'000	(a) \$'000	\$'000	\$'000
Property								
land	4,366	-	-	-	5	-	-	4,361
land under roads	5	-	-	-	-	-	-	5
Total land	4,371	-	-	-	5	-	-	4,366
buildings	23,237	1,036	-	987	105	-	-	23,181
Total buildings	23,237	1,036	-	987	105	-	-	23,181
Total property	27,608	1,036	-	987	110	-	-	27,547
Plant and Equipment								
plant, machinery and equipment	4,723	611	-	927	119	-	55	4,343
fixtures, fittings and furniture	213	24	-	59	-	-	(56)	122
Total plant and equipment	4,936	635	-	986	119	-	(1)	4,465
Infrastructure								
roads	61,843	8,348	33,437	3,428	-	-	-	100,200
bridges	1,534	-	2,053	82	-	-	-	3,505
footpaths and cycleways	3,157	73	1,760	129	-	-	-	4,861
kerb and channel	3,077	78	249	170	-	-	-	3,234
drainage	3,639	-	596	82	-	-	-	4,153
landfills	330	32	-	202	-	-	-	160
other infrastructure	1,415	700	-	304	-	-	1	1,812
Total infrastructure	74,995	9,231	38,095	4,397	-	-	1	117,925
Works in progress								
works in progress at cost	1,595	(701)	-	-	-	-	-	894
Total works in progress	1,595	(701)	-	-	-	-	-	894
Total property, infrastructure, plant and equipment	109,134	10,201	38,095	6,370	229	-	-	150,832

(a) Impairment losses

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

	2014	2013
	\$ '000	\$ '000
Note 21		
Trade and other payables		
Trade payables	5,241	2,124
Net GST payable	28	120
Accrued expenses	65	161
Total trade and other payables	<u>5,334</u>	<u>2,405</u>
Note 22		
Trust funds and deposits		
Grant funds held on behalf of community groups	53	53
Other funds held on behalf of third parties	18	15
Contract retention	26	4
Overpaid rates and charges	49	43
Other refundable deposits	1	1
Total trust funds and deposits	<u>147</u>	<u>116</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 23	Provisions	Annual leave	Long service leave	Accrued employee expenses	Landfill restoration	Pit restoration	Total
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
	2014						
	Balance at beginning of the financial year	665	1,437	439	766	145	3,452
	Additional provisions	-	-	-	-	324	324
	Amounts used	(88)	(146)	(366)	(426)	-	(1,026)
	Increase in the discounted amount arising because of time and the effect of any change in the discount rate	-	-	-	-	-	-
	Balance at the end of the financial period	577	1,291	73	340	469	2,750
	2013						
	Balance at beginning of the financial year	768	1,226	462	807	145	3,408
	Additional provisions	-	211	-	-	-	211
	Amounts used	(103)	-	(23)	(41)	-	(167)
	Increase in the discounted amount arising because of time and the effect of any change in the discount rate	-	-	-	-	-	-
	Balance at the end of the financial period	665	1,437	439	766	145	3,452
						2014	2013
						\$'000	\$'000
	Current Provisions expected to be settled within 12 months						
	Annual leave					577	447
	Long service leave					146	140
	Accrued employee expenses					73	439
						796	1,026
	Current Provisions expected to be settled after 12 months						
	Annual leave					-	218
	Long service leave					946	1,023
						946	1,241
	Non-current						
	Long service leave					199	274
						199	274
	Aggregate carrying amount of employee benefits:						
	Current					1,742	2,267
	Non-current					199	274
						1,941	2,541
	The following assumptions were adopted in measuring the present value of employee benefits:						
	Weighted average increase in employee costs					4.44%	4.50%
	Weighted average discount rates					2.99%	3.19%
	Weighted average settlement period					12	12
	(b) Other provisions						
	(i) Current						
	Pit restorations measured at present value					469	145
						469	145
	Under provisions of the <i>Mineral Resources (Sustainable Development) Act</i> (1990), Council is obliged to restore gravel pits currently operated under Work Authority Permits. The forecast life of gravel pits (currently under review) is based on current estimates of remaining suitable gravel availability and unrestored areas of individual sites. The provision for pit restoration has been calculated based on the present value of the expected cost of works to be undertaken.						
	Weighted average increase in costs					3.00%	4.50%
	Weighted average discount rates					3.23%	3.19%
	(ii) Non-current						
	Landfill restorations measured at present value					340	766
						340	766
	Weighted average increase in costs					3.00%	4.50%
	Weighted average discount rates					3.07%	3.19%

Council is obligated to restore landfill sites to a particular standard. Current engineering projections indicate that the landfill sites will cease operation on a staged basis as sites reach capacity. This time period will vary according to the size and actual usage of the sites. Restoration work is expected to commence shortly after the applicable site is closed. The forecast life of the landfill sites are 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 sites to a suitable standard and budgeted costs for that work. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 24	Interest-bearing loans and borrowings	2014 \$'000	2013 \$'000
	Current		
	Borrowings - secured	784	-
	Bank Overdraft	4,131	-
	Superannuation loan liability	-	1,583
		<u>4,915</u>	<u>1,583</u>
	Non-current		
	Borrowings - secured	201	-
		<u>201</u>	<u>-</u>
	Total	<u>5,116</u>	<u>1,583</u>
	The maturity profile for Council's borrowings is:		
	Not later than one year	4,915	1,583
	Later than one year and not later than five years	201	-
	Later than five years	-	-
	Total	<u>5,116</u>	<u>1,583</u>
	Aggregate carrying amount of interest-bearing loans and borrowings:		
	Current	4,915	1,583
	Non-current	201	-
	Total interest-bearing loans and borrowings	<u>5,116</u>	<u>1,583</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 25 Reserves

	Balance at beginning of reporting period	Increment (decrement)	Transfer to accumulated surplus	Balance at end of reporting period
	\$'000	\$'000	\$'000	\$'000
(a) Asset revaluation reserve				
2014				
Property				
Land	1,997	25	-	2,022
Buildings	7,918	(603)	-	7,315
	9,915	(578)	-	9,337
Infrastructure				
Roads	75,078	(9,951)	-	65,127
Bridges	2,085	-	-	2,085
Footpaths and cycleways	4,434	-	-	4,434
Kerb and channel	1,759	-	-	1,759
Drainage	2,515	-	-	2,515
Other infrastructure	363	-	-	363
	86,234	(9,951)	-	76,283
Total asset revaluation reserve	96,149	(10,529)	-	85,620
2013				
Property				
Land	1,997	-	-	1,997
Buildings	7,918	-	-	7,918
	9,915	-	-	9,915
Infrastructure				
Roads	41,641	33,437	-	75,078
Bridges	32	2,053	-	2,085
Footpaths and cycleways	2,674	1,760	-	4,434
Kerb and channel	1,510	249	-	1,759
Drainage	1,919	596	-	2,515
Other infrastructure	363	-	-	363
	48,139	38,095	-	86,234
Total asset revaluation reserve	58,054	38,095	-	96,149
(b) Other reserves				
2014				
General reserve	5	-	-	5
Total Other reserves	5	-	-	5
2013				
General reserve	5	-	-	5
Total Other reserves	5	-	-	5

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
Note 26	Reconciliation of cash flows from operating activities to surplus (deficit)	
Surplus / Deficit for the year	32,248	3,047
Non-cash movements:		
Depreciation/amortisation	7,673	6,370
Net (gain)/loss on disposal of property, infrastructure, plant and equipment	(46)	14
Movement in carrying value of associated entities	(27)	3
<i>Change in assets and liabilities:</i>		
(Increase)/Decrease in trade and other receivables	(713)	(146)
(Increase)/Decrease in inventories	15	50
(Increase)/Decrease in prepayments	(19)	220
(Increase)/Decrease in accrued income	(24)	3
(Increase)/Decrease in other assets	(7)	-
Increase/(Decrease) in trade and other payables	435	20
Increase/(Decrease) in other liabilities	-	-
Increase/(Decrease) in trust funds and deposits	31	16
Increase/(Decrease) in provisions	(102)	(41)
Increase/(Decrease) in employee benefits	(600)	85
Net cash provided by/(used in) operating activities	38,864	9,643
Note 27	Reconciliation of cash and cash equivalents	
Cash and cash equivalents (see note 16)	30	2,116
Less bank overdraft	4,131	-
Total reconciliation of cash and cash equivalents	(4,101)	2,116
Note 28	Financing arrangements	
Bank overdraft	4,500	4,500
Used facilities	4,131	-
Unused facilities	369	4,500
Note 29	Restricted assets	
Council has cash and cash equivalents (note 16) that are subject to restrictions. As at the reporting date, Council had advance grants in particular for flood capital works that need to be expended for that purpose. Council also holds funds in trust for specific purposes. (note 22)		
Trust funds and deposits (note 22)	147	116
Unexpended grants (note 5)	1,121	5,348
Total restricted assets	1,268	5,464

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 30 - Superannuation

Buloke Shire Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. The defined benefit section provides lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from Buloke Shire Council and the Buloke Shire Council's legal or constructive obligation is limited to these contributions.

Obligations for contributions to the Fund and all other funds are recognised as an expense in Comprehensive Operating Statement when they are due.

Accumulation

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

Defined Benefit

As provided under Paragraph 34 of AASB 119, Buloke Shire Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a multi-employer sponsored plan. As a multi-employer sponsored plan, the Fund was established as a mutual scheme to allow for the mobility of the workforce between the participating employers without attaching a specific liability to particular employees and their current employer. Therefore, there is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Buloke Shire Council in the Fund cannot be measured as a percentage compared with other participating employer. While there is an agreed methodology to allocate any shortfalls identified by the Fund Actuary for funding purposes, there is no agreed methodology to allocate benefit liabilities, assets and costs between the participating employers for accounting purposes. Therefore, the Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding arrangements

Buloke Shire Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. The Fund's employer funding arrangements comprise of three components (which are detailed below) are:

1. Regular contributions - which are ongoing contributions needed to fund the balance of benefits
2. Funding calls - which are contributions in respect of each participating employer's share of any funding shortfalls that arise; and
3. Retrenchment increments - which are additional contributions to cover the increase in liability arising from retrenchments.

Buloke Shire Council is also required to make additional contributions to cover the contribution tax payable on the contributions referred to above.

Employees are also required to make member contributions to the Fund. As such, assets accumulate in the Fund to meet member benefits, as defined in the Trust Deed, as they accrue.

Employer contributions

Regular contributions

On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 31 December 2011, Buloke Shire Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2014, this rate was 9.25% of members' salaries. This rate increased to 9.5% on 1 July 2014 and is expected to increase in line with the required Superannuation Guarantee contribution rate.

In addition, Buloke Shire Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit (the funded resignation or retirement benefit is calculated as the VBI multiplied by the benefit).

Funding calls

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

- a fund is in an unsatisfactory financial position at an actuarial investigation (i.e. its vested benefit index (VBI) is less than 100% at the date of the actuarial investigation); or
- a fund's VBI is below its shortfall limit at any time other than at the date of the actuarial investigations.
- the fund's VBI at 31 March 2014 was 104.6%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 30 - Superannuation (cont.)

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

The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Buloke Shire Council) are required to make an employer contribution to cover the shortfall. The methodology used to allocate the shortfall was agreed in 1997 to fairly and reasonably apportion the shortfall between the participating employers.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's defined benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

The pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund are based on:

- The service periods of all active members split between the active members pre-1 July 1993 and post-30 June 1993 service period;
- The service periods of all deferred members split between the deferred members pre-1 July 1993 and post-30 June 1993 service period; and
- The pensioner (including fixed term pension) liabilities which are allocated to the pre-1993 period.

The pre-1 July 1993 component of the shortfall is apportioned between the participating employers based on the employer's share of the total participating employer payroll at 30 June 1993.

The post-30 June 1993 component of the shortfall is apportioned between the participating employers based on the employer's share of the total participating employer payroll at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up. In the unlikely event that the Fund is wound up and there is a surplus in the Fund, the surplus cannot be applied for the benefit of the defined benefit employers where there are on-going defined benefit obligations. The surplus would be transferred to the fund accepting those defined benefit obligations (including the lifetime pension obligations) of the Fund.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

Differences between calculations

The Fund surplus or deficit (i.e. the difference between fund assets and liabilities) is calculated differently for funding purposes (i.e. calculating required contributions), for the calculation of accrued benefits as required in AAS 25 and for the values needed for the AASB 119 disclosure in the Buloke Shire Council's financial statements. AAS 25 requires that the present value of the defined benefit liability be calculated based on benefits that have accrued in respect of membership of the plan up to the measurement date, with no allowance for future benefits that may accrue.

Retrenchment increments

During 2013-14, Buloke Shire Council was not required to make payments to the Fund in respect of retrenchment increments.

Shortfall amounts

The Local Authorities Superannuation Fund's latest actuarial investigation as at 31 December 2011 identified an unfunded liability of \$406 million (excluding contributions tax) in the defined benefit category of which Buloke Shire Council is a contributing employer.

Buloke Shire Council was made aware of the expected shortfall during the 2011/12 year and was informed of its share of the shortfall on 2 August 2012. Buloke Shire Council has not been advised of any further adjustments.

Buloke Shire Council's share of the shortfall amounted to \$1,979,873 (excluding contributions tax) which was accounted for in the 2011/12 Comprehensive Operating Statement within Employee Benefits and in the Balance Sheet in Current Liabilities. (Note 24)

No further amount has been accounted for in the 2013/14 Comprehensive Operating Statement within Employee Benefits (see Note 9)

Buloke Shire elected to payout \$700,000 of the liability prior to June 2012. The outstanding liability was accounted for in the Balance Sheet in Current Liabilities. (Note 24)

An amount of \$1.55 million was borrowed to pay out the remainder of the liability to Vision Super. The loan was received in July 2013 and the liability to Vision Super was extinguished

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 30 Superannuation (cont.)

Accrued benefits

The Fund's liability for accrued benefits was determined in the 31 December 2011 actuarial investigation pursuant to the requirements of Australian Accounting Standard Board AAS25 follows:

The Fund's liability for accrued benefits was determined in the 31 December 2011 actuarial investigation pursuant to the requirements of Australian Accounting Standard Board AAS25 follows:

	31-Dec-11
	\$'000
Net Market Value of Assets	4,315,324
Accrued Benefits (per accounting standards)	4,642,133
Difference between Assets and Accrued Benefits	<u>-326,809</u>
Vested Benefits (Minimum sum which must be paid to members when they leave the fund)	4,838,503

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

Net Investment Return	7.50% p.a.
Salary Inflation	4.25% p.a.
Price Inflation	2.75% p.a.

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

Superannuation Contributions

Contributions by Buloke Shire Council (excluding any unfunded liability payments) to the following superannuation plans for the financial year ended 30 June 2014 are detailed below:

<u>Scheme</u>	<u>Type of Scheme</u>	<u>Rate</u>	<u>2014</u> <u>'000</u>	<u>2013</u> <u>'000</u>
Vision Super	Defined benefits	9.25%	104	104
Vision Super	Accumulation	9.25%	451	461
Australian Super	Accumulation	9.25%	47	35
HESTA	Accumulation	9.25%	16	14
Hostplus	Accumulation	9.25%	14	19
LUCRF	Accumulation	9.25%	16	13
Master	Accumulation	9.25%	11	10
Prime	Accumulation	9.25%	11	10
REST Master	Accumulation	9.25%	22	23
Vicsuper	Accumulation	9.25%	13	13
Other	Accumulation	9.25%	88	124
Total			<u>793</u>	<u>826</u>

The expected contributions to be paid to the defined benefit category of Vision Super for the year ending 30 June 2015 is \$84,108

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 31 Commitments

The Council has entered into the following commitments

2014	Not later	Later than 1	Later than 2	Later than 5	Total
	than 1 year	year and not	years and not		
	years	later than 2	later than 5	years	
	\$'000	years	years	years	\$'000
Operating					
Recycling	85	88	277	-	450
Garbage collection	222	228	718	-	1,168
Fire hazard reduction works	266	-	-	-	266
Road assets condition assessment	34	-	-	-	34
Valuation services	20	134	-	-	154
Information systems and technology	85	88	91	-	264
Provision of library services	310	248	178	-	736
Photocopier management agreement	92	77	-	-	169
Electricity	253	258	263	-	774
Total	1,367	1,121	1,527	-	4,015
Capital					
Buildings	1,442	-	-	-	1,442
Roads	74	-	-	-	74
Infrastructure	363	-	-	-	363
Total	1,879	-	-	-	1,879

2013	Not later	Later than 1	Later than 2	Later than 5	Total
	than 1 year	year and not	years and not		
	years	later than 2	later than 5	years	
	\$'000	years	years	years	\$'000
Operating					
Recycling	195	-	-	-	195
Garbage collection	236	-	-	-	236
Defined benefits super liability	1,583	-	-	-	1,583
Information systems and technology	41	41	-	-	82
Photocopier management agreement	84	174	-	-	258
Insurances	607	-	-	-	607
Electricity	246	253	521	-	1,020
Valuation Services	105	20	-	-	125
Total	3,097	488	521	-	4,106

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 32 Contingent liabilities and contingent assets

Contingent liabilities

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

Contingent Assets

Nil

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 33 Financial Instruments
(a) Accounting Policy, terms and conditions

Recognised financial instruments			
Financial assets	Note	Accounting Policy	Terms and Conditions
Cash and cash equivalents	16	Cash on hand and at bank and money market call account are valued at face value.	Cash on hand is not interest bearing. Cash at bank returning a floating interest rate of 2.25 % (2.50% in 2012/2013). The interest rate at balance date was 2.20% (2.50% in 2012/2013).
		Interest is recognised as it accrues.	Interest rate at balance date for term deposits ranged from 3.50% to 3.90% (5.00% to 5.00% in 2012/2013).
		Investments and bills are valued at cost.	
		Investments are held to maximise interest returns of surplus cash.	
		Interest revenues are recognised as they accrue.	
		Managed funds are measured at market value.	
Trade and other receivables			
Other debtors	17	Receivables are carried at amortised cost using the effective interest method. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured and no interest is charged. Credit terms are based on 30 days.
Financial Liabilities			
Trade and other payables	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.
Interest-bearing loans and borrowings	28	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 4.50% (7.72% in 2012/2013).
		Finance leases are accounted for at their principal amount with the lease payments discounted to present value using the interest rates implicit in the leases.	As at balance date, the Council had no finance leases.
Bank overdraft	28	Overdrafts are recognised at the principal amount. Interest is charged as an expense as it accrues.	The overdraft is subject to annual review. It is secured by a mortgage over the Council's general rates and is repayable on demand. Interest rates on utilised overdraft were 8.48% (9.08% in 2012/2013) . The interest rate as at balance date was 8.48 % (8.73% in 2012/2013).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

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:

2014

	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		
Financial assets						
Cash and cash equivalents	29	-	-	-	1	30
Trade and other receivables	-	-	-	-	1,924	1,924
Total financial assets	29	-	-	-	1,925	1,954
Weighted average interest rate	2.25%					
Financial liabilities						
Trade and other payables	-	-	-	-	5,334	5,334
Trust funds and deposits	-	-	-	-	147	147
Interest-bearing loans and borrowings	4,131	784	201	-	-	5,116
Total financial liabilities	4,131	784	201	-	5,481	10,597
Weighted average interest rate	8.48%	4.50%	4.50%			
Net financial assets (liabilities)	(4,102)	(784)	(201)	-	(3,556)	(8,643)

2013

	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		
Financial assets						
Cash and cash equivalents	2,115	-	-	-	1	2,116
Trade and other receivables	-	-	-	-	1,211	1,211
Total financial assets	2,115	-	-	-	1,212	3,327
Weighted average interest rate	2.25%					
Financial liabilities						
Trade and other payables	-	-	-	-	2,405	2,405
Trust funds and deposits	-	-	-	-	116	116
Interest-bearing loans and borrowings	-	598	985	-	-	1,583
Total financial liabilities	-	598	985	-	2,521	4,104
Weighted average interest rate		4.50%	4.50%			
Net financial assets (liabilities)	2,115	(598)	(985)	-	(1,309)	(777)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

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 Balance Sheet		Aggregate net fair value	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<i>Financial assets</i>				
Cash and cash equivalents	30	2,116	30	2,116
Trade and other receivables	1,924	1,211	1,924	1,211
Total financial assets	1,954	3,327	1,954	3,327
<i>Financial liabilities</i>				
Trade and other payables	5,334	2,405	5,334	2,405
Trust funds and deposits	147	116	147	116
Interest-bearing loans and borrowings	5,116	1,583	5,116	1,583
Total financial liabilities	10,597	4,104	10,597	4,104

(d) Credit Risk

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

(e) Risks and mitigation

The risks associated with Council's 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 33 Financial Instruments (cont.)

Interest rate risk

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

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

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

We manage the interest rate exposure on our debt portfolio by appropriate budgeting strategies and obtaining approval for borrowings from the Department of Planning and 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; and
- benchmarking of returns and comparison with budget.

Maturity will be staggered to provide for interest rate variations and to minimise interest rate risk.

Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us to make a financial loss. We have exposure to credit risk on some 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 33 Financial Instruments (cont.)

	2014 \$'000	2013 \$'000
Movement in Provisions for Doubtful Debts		
Balance at the beginning of the year	24	7
Amounts already provided for and written off as uncollectible	3	17
Balance at end of year	27	24

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:

	2014 \$'000	2013 \$'000
Current (not yet due)	498	94
Past due by up to 30 days	135	67
Past due between 31 and 120 days	102	62
Past due 120 days or more	132	85
Total Trade & Other Receivables	867	308

Ageing of individually impaired Trade and Other Receivables

There is no impaired Trade and Other Receivable at the balance date.

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;
- critically monitor cashflow including formally reporting to Council monthly on a rolling 12 month cashflow forecast;
- 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 33 Financial Instruments (cont.)

The table below lists the contractual maturities for Financial Liabilities

These amounts represent undiscounted gross payments including both principal and interest amounts.

2014	6 months or less	6-12 months	1-2 years	2-5 years	>5 years	Contracted Cash Flow	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	5,334	-	-	-	-	5,334	5,334
Trust funds and deposits	-	147	-	-	-	147	147
Interest-bearing loans and borrowings	4,538	407	203	-	-	5,148	5,116
Total financial liabilities	9,872	554	203	-	-	10,629	10,597

2013	6 mths or less	6-12 months	1-2 years	2-5 years	>5 years	Contracted Cash Flow	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and other payables	2,405	-	-	-	-	2,405	2,405
Trust funds and deposits	-	116	-	-	-	116	116
Interest-bearing loans and borrowings	237	407	815	203	-	1,662	1,583
Total financial liabilities	2,642	523	815	203	-	4,183	4,104

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 33 Financial Instruments (cont.)

(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 + 1% and -2% in market interest rates (AUD) from year-end rates of 4.4%.

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

		Interest rate risk			
		-2 %		+1 %	
		-200 basis points		+100 basis points	
2014	\$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial assets:					
Cash and cash equivalents	30	1	1	-	-
Trade and other receivables	1,924	-	-	-	-
Financial liabilities:					
Interest-bearing loans and borrowings	5,116	-	-	-	-

		Interest rate risk			
		-2 %		+1 %	
		-200 basis points		+100 basis points	
2013	\$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial assets:					
Cash and cash equivalents	2,116	42	42	21	21
Trade and other receivables	1,211	-	-	-	-
Financial liabilities:					
Interest-bearing loans and borrowings	1,583	-	-	-	-

(g) Fair Value Hierarchy

All financial assets carried at fair value are measured at quoted prices in active markets for identical assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

	2014	2013
	\$'000	\$'000
Note 34 Auditors' remuneration		
Audit fee to conduct external audit - Victorian Auditor-General	27	28
Internal audit fees	18	18
	<u>45</u>	<u>46</u>

Note 35 Events occurring after balance date

On the 28th July 2014, Council accepted an Offer of Finance from its bankers (CBA) for a short term loan of \$4.5 million with an expiry date of 30 September 2014. In accord with its adopted 2014/15 budget, Council intends to put in place a loan borrowing facility of \$7m through the Municipal Association of Victoria (MAV), Local Government Funding Vehicle (LGFV). Council is well advanced in negotiating the LGFV facility to extinguish the interim \$4.5 million bridging finance facility provided by the CBA.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 36 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

Reid Mather (Mayor)
David Pollard
Stuart McLean
Graeme Milne
Gail Sharp
Leo Tellefson
Ellen White

Chief Executive Officer

John Hicks (Acting)	15-May-14	30-Jun-14
Paul Younis (Acting)	12-Nov-13	14-May-14
Anthony Judd (Acting)	9-Oct-13	11-Nov-13
Leonie Burrows (Acting)	23-Sep-13	8-Oct-13
Anthony Judd (Acting)	11-Sep-13	22-Sep-13
Warwick Heine	1-Jul-13	12-May-14

(ii) Remuneration of Responsible Persons

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

	2014 No.	2013 No.
\$1 - \$9,999	1	1
\$10,000 - \$19,999	6	6
\$20,000 - \$29,999	1	-
\$50,000 - \$59,999	1	1
\$140,000 - \$149,999	1	-
\$190,000 - \$199,999	-	1
\$330,000 - \$349,999 Note (v)	1	-
	<u>11</u>	<u>9</u>
	2014	2013
	\$'000	\$'000
Total Remuneration for the reporting year for Responsible Persons included above amounted to:	680	323

(iii) No retirement benefits have been made by the Council to a Responsible Person. (2013/14, Nil).

(iv) No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2013/14, Nil).

(v) The full settlement of all employee entitlements for the former CEO.

(vi) Other Transactions

No transactions other than remuneration payments or the reimbursement of approved expenses were entered into by Council with Responsible Persons, or Related Parties of such Responsible Persons during the reporting year (2013/14, Nil).

(vii) Senior Officers Remuneration

A Senior Officer other than a Responsible Person, is an officer of Council whose total annual remuneration exceeds \$133,000, or if remuneration is less than \$133,000 has management responsibilities and reports directly to the Chief Executive Officer.

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

Income Range:	2014 No.	2013 No.
<\$133,000	3	7
\$133,000 - \$139,999	-	1
\$140,000 - \$149,999	-	1
\$150,000 - \$159,999	3	-
	<u>6</u>	<u>9</u>
Total Remuneration for the reporting year for Senior Officers included above, amounted to	794	949

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 37

Income, expenses and assets by function/activities

	Grant Revenue	Other Revenue	Total 2014	Total 2013
	2014 \$'000	2014 \$'000	2014 \$'000	2013 \$'000
INCOME				
Rates Revenue	-	9,607	9,607	9,074
Council Executive and Governance	1,660	42	1,702	4,289
Finance	-	124	124	327
Corporate Services	7	188	195	156
Community Services	1,139	435	1,574	1,709
Assets and Infrastructure	41,445	193	41,638	10,110
Works and Construction	-	2,221	2,221	1,229
Total Revenue as per Income Statement	44,251	12,810	57,061	26,894
			2014	2013
EXPENSES			\$'000	\$'000
Corporate Services			2,972	2,951
Community Services			2,472	2,721
Council Executive and Governance			2,104	2,103
Finance			914	849
Assets and Infrastructure			3,832	3,911
Works and Construction			12,519	11,312
Total Expenditure as per Income Statement			24,813	23,847
SURPLUS/(DEFICIT) FOR THE YEAR			32,248	3,047

Allocation of Assets

Assets have been attributed to the following functions/activities:

	2014 \$'000	2013 \$'000
Assets and Infrastructure	170,396	142,121
Community	1,986	1,868
Corporate	7,271	6,843
	179,653	150,832

The activities of the Council are categorised into the following broad functions:

Council Executive and Governance

Includes the revenue and expenses for the councillors, the CEO office, Procurement and Economic Development.

Finance

Administration of Council finances, preparation of budgets and the raising and collection of rates.

Corporate Services

Operations that provide record management services, human resources, information technology and customer service.

Community Services

Operations that provide maternal and child health service, senior citizens centres, meal on wheels, home care, youth services and voluntary services.

Assets and Infrastructure

Operations and maintenance of Council offices, property maintenance, recreational facilities, environmental planning and building regulation services.

Works and Construction

Operations and maintenance of the road network, urban infrastructure, waste services, parks and gardens.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 38 Financial ratios (Performance indicators)

	2014	2014	2013	2013	2012	2012
	\$'000	(%)	\$'000	(%)	\$'000	(%)

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

<u>Debt servicing costs</u>	134		19		92	
Total revenue	57,061	= 0.23%	26,894	= 0.07%	31,747	= 0.29%

Debt servicing costs refer to the payment of interest on loan borrowings, finance lease, and bank overdraft.

The ratio expresses the amount of interest paid as a percentage of Council's total revenue.

(b) Debt commitment ratio (to identify Council's debt redemption strategy)

<u>Debt servicing & redemption costs</u>	699		464		141	
Rate revenue	10,445	= 6.69%	9,865	= 4.70%	9,337	= 1.51%

The ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal.

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

<u>Rate revenue</u>	10,445		9,865		9,337	
Total revenue	57,061	= 18.30%	26,894	= 36.68%	31,747	= 29.41%

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

(d) Debt exposure ratio (to identify Council's exposure to debt)

<u>Total indebtedness</u>	12,079		2,092		-1,928	
Total realisable assets	22,347	= 54.05%	22,015	= 9.50%	21,432	= (9.00%)

Any liability represented by a restricted asset (note 29) is excluded from total indebtedness.

The following assets are excluded from total assets when calculating Council's realisable assets:
land and buildings on Crown land; restricted assets; heritage assets; total infrastructure assets and Council's investment in associate.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 38 Financial ratios (Performance indicators) (cont.)

	2014	2014	2013	2013	2012	2012
	\$'000	(%)	\$'000	(%)	\$'000	(%)

(e) **Working capital ratio** (to assess Council's ability to meet current commitments)

<u>Current assets</u>	2,236	=	17.74%	<u>3,574</u>	=	54.85%	<u>4,435</u>	=	70.13%
Current liabilities	12,607			6,516			6,324		

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

(f) **Adjusted working capital ratio** (to assess Council's ability to meet current commitments)

<u>Current assets</u>	2,236	=	18.93%	<u>3,574</u>	=	62.58%	<u>4,435</u>	=	81.51%
Current liabilities	11,811			5,711			5,441		

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 39 Capital expenditure	Note	2014 \$'000	2013 \$'000
Capital expenditure areas			
Roads		42,981	8,348
Land and buildings		3,126	1,036
Plant and equipment		907	635
Other infrastructure		30	182
Total capital works		47,044	10,201
Represented by:			
Asset renewal	(a)	45,462	8,983
Asset upgrade	(b)	359	1,036
Asset expansion	(c)	1,223	182
Total capital works		47,044	10,201

Property, plant and equipment, infrastructure movement

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

Total capital works		47,044	10,201
Asset revaluation movement	25(a)	(10,529)	38,095
Depreciation/amortisation	12	(7,673)	(6,370)
Written down value of assets sold	20	(20)	(229)
Net movement in property, plant and equipment, infrastructure	20	28,822	41,697

(a) Renewal

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

(b) Upgrade

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

(c) Expansion

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 40 Special committees and other activities

Council has control over the following entities which are managed through Special Committees.

- Berrillock Swimming Pool
- Birchip Community Housing Committee
- Birchip Community Leisure Centre Inc.
- Birchip Hall and Aerodrome Paddock
- Birchip Recreation Reserve
- Birchip Swimming Pool
- Charlton Memorial Hall
- Charlton Park
- Charlton Swimming Pool
- Culgoa Hall Committee
- Donald Hall
- Wycheproof Court House

CERTIFICATION OF THE FINANCIAL STATEMENTS

Certification of the Financial Statements

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.



Tom O'Reilly FCPA
Principal Accounting Officer

Date : 24 September 2014
Wycheproof

In our opinion the accompanying Financial Statements present fairly the financial transactions of Buloke Shire Council for the year ended 30 June 2014 and the financial position of the Council as at that date.

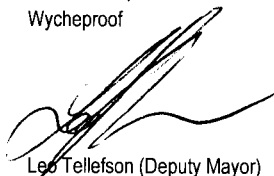
As at the date of signing, we are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

We have been authorised by the Council on 24 September 2014 to certify the financial statements in their final form.



Reid Mather (Mayor)
Councillor

Date : 24 September 2014
Wycheproof



Leo Tellefson (Deputy Mayor)
Councillor

Date : 24 September 2014
Wycheproof



John Hicks
Chief Executive Officer

Date : 24 September 2014
Wycheproof

STANDARD STATEMENTS

STANDARD INCOME STATEMENT For the year ended 30 June 2014

	Actual \$'000	Budget \$'000	Variance \$'000	%	Ref
Income					
Rates and charges	10,445	10,481	(36)	(0.3%)	
Statutory fees and fines	105	87	18	20.7%	1
User fees	668	809	(141)	(17.4%)	2
Contributions - cash	503	659	(156)	(24%)	3
Grants - Operating (recurrent)	3,858	3,754	104	2.8%	
Grants - Operating (non-recurrent)	199	63	136	100.0%	4
Grants - Capital (non-recurrent)	40,194	30,900	9,294	30.1%	5
Net gain (loss) on disposal of property, infrastructure, plant and equipment	46	14	32	228.6%	6
Share of net profit (loss) of associates	27	-	27	100.0%	7
Other income	1,016	430	586	136.3%	8
Total income	57,061	47,196	9,865	20.9%	
Expenses					
Employee costs	9,850	9,497	353	3.7%	9
Materials and services	6,346	6,583	(237)	(3.6%)	10
Bad and doubtful debts	8	13	(5)	(38.5%)	
Depreciation and amortisation	7,673	7,647	26	0.3%	
Finance costs	134	47	87	185.1%	11
Other expenses	802	834	(32)	(3.8%)	
Total expenses	24,813	24,621	192	0.8%	
Surplus (deficit) for the year	32,248	22,575	9,673	42.8%	
Other comprehensive expense					
Asset revaluation	10,529	-	10,529	100.0%	11
Total comprehensive result	21,719	22,575	(856)	(3.8%)	

STANDARD STATEMENTS

COMPARISON REPORT

Standard Income Statement

For the year ended 30 June 2014

Material variances considered to be either 10% or \$100,000 of comparative values.

Variance explanation report

Ref.	Item	Commentary
1	Statutory fees and fines	Above budget was primarily due to greater efficiency in monitoring fire hazards, issuing of notices and subsequent enforcement resulting in a positive variance of \$18k for this revenue area.
2	User Fees	User fees across a range of chargeable community services e.g. Home Help, Meals on Wheels, Benetas were under budget.
3	Contributions - cash	Capital Projects that involved community contributions have not progressed as quickly as expected, and thus contributions for 2013/14 were less than anticipated.
4	Grants - Operating (non-recurrent)	Three federal government unbudgeted grants worth \$130k were received.
5	Grants - Capital (non-recurrent)	Variance is almost totally due to the Flood Roadworks project. The \$9.3M increase above budget for the project is matched to actual expenditure as all grant monies are guaranteed for work completed by 30 June 2014.
6	Net gain (loss) on disposal of property, infrastructure, plant and equipment	Small gain due mostly to plant items that were sold having been depreciated to Nil carrying value.
7	Share of net profit (loss) of associates	Income due to an upward revaluation of book stocks at the Regional Library.
8	Other Income	A positive variance reflecting significant additional income (\$0.6M) from BSC outdoor crews undertaking external flood works for contractor.
9	Employee Costs	Were marginally (3.4%, \$319k) above budget. Employee costs are over budget as resources have been focussed on operating areas rather than on capital works.
10	Materials and services	Reduced spending on operational materials and mechanical repairs during 2013/2014, due to efficiency efforts.
11	Finance costs	Finance costs have exceeded budget due to Council being in deficit cashflow positions during this financial year.
12	Asset Revaluation	The adoption of a revised road management plan by Council, has caused a downward revaluation of roads at 30 June 2014.

STANDARD STATEMENTS

STANDARD BALANCE SHEET

As at 30 June 2014

	Actual	Budget	Variance		Ref
	\$'000	\$'000	\$'000	%	
Current assets					
Cash and cash equivalents	30	730	(700)	(95.9%)	1
Trade and other receivables	1,924	986	938	95.1%	2
Inventory	79	95	(16)	(16.8%)	3
Other assets	203	151	52	34.4%	4
Total current assets	2,236	1,962	274	14.0%	
Non current assets					
Investments in associates	213	186	27	14.5%	
Property, Infrastructure, Plant and Equipment	179,653	176,402	3,251	1.8%	5
Total non-current assets	179,866	176,588	3,278	1.9%	
Total assets	182,102	178,550	3,552	2.0%	
Current liabilities					
Trade and other payables	5,334	4,112	1,222	29.7%	6
Trust funds	147	116	31	26.7%	7
Interest bearing liabilities	4,915	783	4,132	527.7%	8
Provisions	2,211	2,194	17	0.8%	9
Total current liabilities	12,607	7,205	5,402	75.0%	
Non-current liabilities					
Provisions	539	1,535	(996)	(64.9%)	10
Interest-bearing liabilities	201	202	(1)	(0.5%)	
Total non-current liabilities	740	1,737	(997)	(57.4%)	
Total liabilities	13,347	8,942	4,405	49.3%	
Net assets	168,755	169,609	(854)	(1%)	
Equity					
Accumulated surplus	83,130	73,455	9,675	13.2%	11
Asset revaluation reserves	85,625	96,154	(10,529)	(11.0%)	12
Total equity	168,755	169,609	(854)	(0.5%)	

STANDARD STATEMENTS

COMPARISON REPORT Standard Balance Sheet As at 30 June 2014

Material variances considered to be 10% or \$100,000 of comparative values.

Variance explanation report		
Ref.	Item	Commentary
1	Cash and cash equivalents	Cash is much lower as the council has had a deficit cashflow during this financial year.
2	Trade and other receivables	Trade and other receivables greater than budgeted, and \$700k greater than 30 June 2013. Mainly due to an increase of in sundry debtors of \$500k at 30 June 2014, due to the timing for invoicing of Capital contributions and contracting work undertaken for Bitumill. Rate Debtors increased \$30k. GST Receivable increased by \$127k
3	Inventory	The variance is a reduction of \$16k from the previous year actual. Emulsion down \$7k, Fuel down \$7k
4	Other Assets	Level of prepayments and accrued income greater than budgeted.
5	Property, Infrastructure, Plant and Equipment	Increase primarily due to the additional works being undertaken on roads as part of the flood restoration works.
6	Trade and other payables	Variance almost totally due to Flood Road restoration project. The \$3.5M of work was completed in June 2014 but was not due for payment until July 2014.
7	Trusts Funds	Increase due to a an increased holding of contract retention monies for ongoing capital works.
8	Current interest bearing liabilities	The variance reflects Council's unbudgeted overdraft of \$4.1m.
9	Current Provisions	Decrease in provisions due to the payment of a 27th fortnightly pay in 2013/14 reducing the accrued wages by \$357k.
10	Non-current Provisions	Reduction of annual leave provision through constant monitoring of leave balances. Total leave liability reduced by \$200k after current year accruals absorbed.
11	Accumulated Surplus	Increase primarily due to the additional capital funds received to undertake work on roads as part of the road flood restoration works.
12	Asset revaluation Reserve	Decrease primarily due to the revaluation of roads at 30 June 2014, following adoption of the road management plan.

STANDARD STATEMENTS

STANDARD CASH FLOW STATEMENT For the year ended 30 June 2014

	Actual \$'000	Budget \$'000	Variance \$'000	%	Ref
Cash flows from operating activities					
Receipts					
Rates and charges	10,415	10,686	(271)	(2.5%)	1
Statutory fees and fines	105	87	18	20.7%	2
User fees	668	829	(161)	(19.4%)	3
Contributions - cash	144	659	(515)	(78.1%)	4
Grants - operating	4,057	3,817	240	6.3%	5
Grants - capital	40,194	30,900	9,294	30.1%	6
Interest	64	200	(136)	(68.0%)	7
Other receipts	752	230	522	227.0%	8
	56,399	47,407	8,991	19.0%	
Payments					
Employee costs	(10,217)	(9,497)	(720)	7.6%	9
Materials and consumables	(4,143)	(2,565)	(1,578)	61.5%	10
External Contracts	(1,916)	(1,877)	(39)	2.1%	
Utilities	(507)	(450)	(57)	12.7%	11
Other expenses	(752)	(834)	82	(9.8%)	12
	(17,535)	(15,222)	(2,312)	15.2%	
Net cash provided by operating activities	38,864	32,185	6,679	20.8%	
Cash flows from investing activities					
Proceeds from sale of property, infrastructure, plant and equipment	66	24	42	175.0%	13
Repayment of loans and advances	(1,583)		(1,583)	100.0%	14
Payments for property, infrastructure, plant and equipment	(44,446)	(34,533)	(9,913)	28.7%	15
Trust funds and deposits	31	-	31	100.0%	16
Net cash used in investing activities	(45,932)	(34,509)	(11,423)	33.1%	
Cash flows from financing activities					
Finance Costs	(134)	(47)	(87)	185.1%	17
Proceeds from borrowings	1,550	1,550	-	0.0%	
Repayment of borrowings	(565)	(565)	-	0.0%	
Net cash provided by (used in) financing activities	851	938	(87)	(9.3%)	
Net increase (decrease) in cash and cash equivalents	(6,217)	(1,386)	(4,831)	348.6%	
Cash and cash equivalents at beginning of year	2,116	2,116	-	0.00%	
Cash and cash equivalents at the end of the year	(4,101)	730	(4,831)	(662%)	

STANDARD STATEMENTS

COMPARISON REPORT

Standard Cash Flow Statement

For the year ended 30 June 2014

Material variances considered to be 10% or \$100,000 of comparative values

Variance explanation report

Ref.	Item	Commentary
1	Rates and charges	Rates and charges of \$10,445k were set and \$10,415 collected during the current Financial year. Rates debtors grew by \$30k during this period. Original Budget estimate was inadequate.
2	Statutory fees and fines	Increase was primarily due to greater efficiency in monitoring fire hazards, issuing of notices and subsequent enforcement resulting in a positive variance of \$18k for this revenue area.
3	User Fees	User fees across a range of chargeable community services e.g. Home Help, Meals on Wheels, Benetas were under budget.
4	Contributions - Cash	Capital Projects that involved community contributions have not progressed as quickly as expected, and thus contributions for 2013/14 were less than anticipated.
5	Grants - Operating	Three federal government one-off grants worth \$130k were received plus a number of smaller State one-off grants.
6	Grants - Capital	Variance almost totally due to Flood Roadworks unbudgeted grants received. The \$9.3M increase above budget for the project is matched to actual as all grant monies are guaranteed for all work completed by 30 June 2014.
7	Interest	Interest revenue has not reached budget due to Council being in deficit cashflow positions during this financial year.
8	Other receipts	A positive variance reflecting significant additional income (\$0.6M) from BSC outdoor crews undertaking external flood works for contractor.
9	Employee Costs	Employee costs are over budget as resources have been focussed on operating areas rather than on capital works. The original cashflow budget was inadequate as it did not take into account the 27 pays occurring in this financial year (\$380k).
10	Materials and consumables	Original cashflow budget for Materials and Consumables was inadequate and did not reflect expected operating expenditure.
11	Utilities	Decrease of \$31k on actual year-on-year due to reduced cost and usage of water, electricity and mobile phones. Original budget estimate was inadequate.
12	Other expenses	Below budget as Council contributions were reduced due to financial rectitude.
13	Proceeds from sale of property, infrastructure, plant and equipment	Proceeds from sale of plant and equipment assets realised more than anticipated.
14	Repayment of loans and advances	The \$1.582M repayment relates to the remainder of the original Vision Super defined benefits call which was paid out in 2013/14.
15	Payments for property, infrastructure, plant and equipment	Variance almost totally due to Flood Road restoration project. The \$9.5M increase above budget for the project is matched to actual as all grant monies are guaranteed for all work completed by 30 June 2014.
16	Finance costs	Finance costs have exceeded budget due to Council being in deficit cashflow positions during this financial year.
17	Trust funds and deposits	Holding of contract retention monies for ongoing capital works has increased inline with increased capital work in 2013/14

STANDARD STATEMENTS

STANDARD CAPITAL WORKS STATEMENT

For the year ended 30 June 2014

	Actual	Budget	Variance		
	\$'000	\$'000	\$'000	%	Ref
CAPITAL WORKS					
Roads	42,981	29,688	13,293	44.8%	1
Land and buildings	3,126	3,622	(496)	(13.7%)	2
Plant and equipment	907	1,104	(197)	(17.8%)	3
Other infrastructure	30	119	(89)	(74.8%)	4
Total capital works	47,044	34,533	12,511	36.2%	
Represented by :					
Asset renewal	45,462	33,059	12,403	37.5%	5
Asset expansion/upgrade	359	268	91	34.0%	6
New assets	1,223	1,206	17	1.4%	
Total Capital Works	47,044	34,533	12,511	36.2%	7
Reconciliation of net movement in property, infrastructure, plant and equipment					
Total capital works	47,044	34,533	12,511	36.2%	
Asset revaluation movement	(10,529)	-	(10,529)	100.0%	
Depreciation and amortisation	(7,673)	(7,647)	(26)	0.3%	
Written down value of assets sold	(20)	(10)	(10)	100.0%	
Net movement in property, plant and equipment	28,822	26,876	1,946	7.2%	

STANDARD STATEMENTS

COMPARISON REPORT Standard Capital Works Statement For the year ended 30 June 2014

Material variances considered to be 10% or \$100,000 of comparative values.

Variance explanation report		
Ref.	Item	Commentary
1	Roads	The significant variance in road works is due to the ramping up flood related road restoration.
2	Land and buildings	Variance in Land and Buildings is due to a number of projects being delayed and being carried forward into 2013/14. The major project being Donald Family Services Centre which was contracted to cost around \$2m.
3	Plant and equipment	The variance in plant and equipment is due to items not being purchased as part of a mid year review of immediate needs.
4	Other infrastructure	The variance in Other Infrastructure is due to items not being purchased as part of a mid year review of immediate needs.
5	Asset renewal	See point 1 above.
6	Asset expansion/upgrade	A second-hand jet patcher was purchased for \$360k.
7	Total capital works	See point 1 above.

STANDARD STATEMENTS

Notes to the Standard Statements

1 (a) Basis of preparation of Standard Statements

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

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

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

The Standard Statements are not a substitute for the General Purpose Financial Statements. They have not been prepared in accordance with all Australian Accounting Standards or other authoritative 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. Buloke Shire has adopted a materiality threshold of ten per cent or a positive or negative dollar variance of \$100,000. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

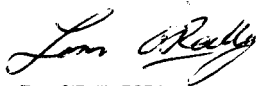
The budget figures included in the Statements are those adopted by Council on 28 August 2013. The budget was based on assumptions that were relevant at the time of adoption of the budget. The Council set guidelines and parameters for revenue and expense targets in this budget in order to meet its business plan and financial performance targets for both the short and long term. The budget did not reflect any changes to equity resulting from assets revaluations, as their impacts were not considered predictable.

Detailed information on the actual financial results are contained in the General Purpose Financial Statements. The detailed budget can be obtained by contacting Council. The Standard Statements must be read with reference to these documents.

STANDARD STATEMENTS

Certification of Standard Statements

In my opinion, the accompanying Standard Statements have been prepared on accounting bases consistent with the Financial Statements and in accordance with the Local Government Act 1989 and the Local Government (Finance and Reporting) Regulations 2004.



Tom O'Reilly FCPA
Principal Accounting Officer

Date : 24 September 2014
Wycheproof

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.

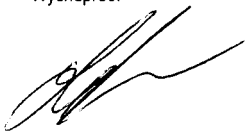
As at the date of signing, we are not aware of any circumstances which would render any particulars in the Standard Statements to be misleading or inaccurate.

We have been authorised by the Council on 24 September 2014 to certify the Standard Statements in their final form.



Reid Mather (Mayor)
Councillor

Date : 24 September 2014
Wycheproof



Leo Tellefson (Deputy Mayor)
Councillor

Date : 24 September 2014
Wycheproof



John Hicks
Chief Executive Officer

Date : 24 September 2014
Wycheproof

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Buloke Shire Council

The Financial Report and Standard Statements

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

The accompanying standard statements for the year ended 30 June 2014 of the Buloke Shire Council which comprises standard income statement, standard balance sheet, standard cash flow statement, standard capital works statement, the related notes and the certification of the standard statements has been audited.

The Councillors' Responsibility for the Financial Report and Standard Statements

The Councillors of the Buloke 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 about whether the financial report and standard statements are free from material misstatement.

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

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Councillors, as well as evaluating the overall presentation of the financial report and standard statements.

Independent Auditor's Report (continued)

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

Independence

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

Opinion

In my opinion:

- (a) the financial report presents fairly, in all material respects, the financial position of the Buloke Shire Council as at 30 June 2014 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*
- (b) the standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in note 1 to the statements and the requirements of the *Local Government Act 1989*.

Basis of Accounting for Standard Statements

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

Material Uncertainty Regarding Continuation as a Going Concern

Without modification to the opinion expressed above, attention is drawn to the following matter. For the financial year ended 30 June 2014, Buloke Shire Council recognised a negative net cash outflow of \$6.2 million and a working capital deficit of \$10.4 million. As indicated in Note 1(a) to the financial report, Buloke Shire Council has or intends to implement a number of initiatives to monitor and stabilise its cash flows from operations. In addition, the Council intends to put in place a loan borrowing facility of \$7 million through the Municipal Association of Victoria's Local Government Funding Vehicle, as disclosed in note 35 to the financial report.


These conditions, along with other matters as set forth in Note 1(a), indicate the existence of a material uncertainty that may cast significant doubt about Buloke Shire Council's ability to continue as a going concern, and therefore, whether it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Independent Auditor's Report (continued)

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 Buloke Shire Council for the year ended 30 June 2014 included both in the Buloke Shire Council's annual report and on the website. The Councillors of the Buloke Shire Council are responsible for the integrity of the Buloke Shire Council's website. I have not been engaged to report on the integrity of the Buloke 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
1 October 2014


John Doyle
Auditor-General



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