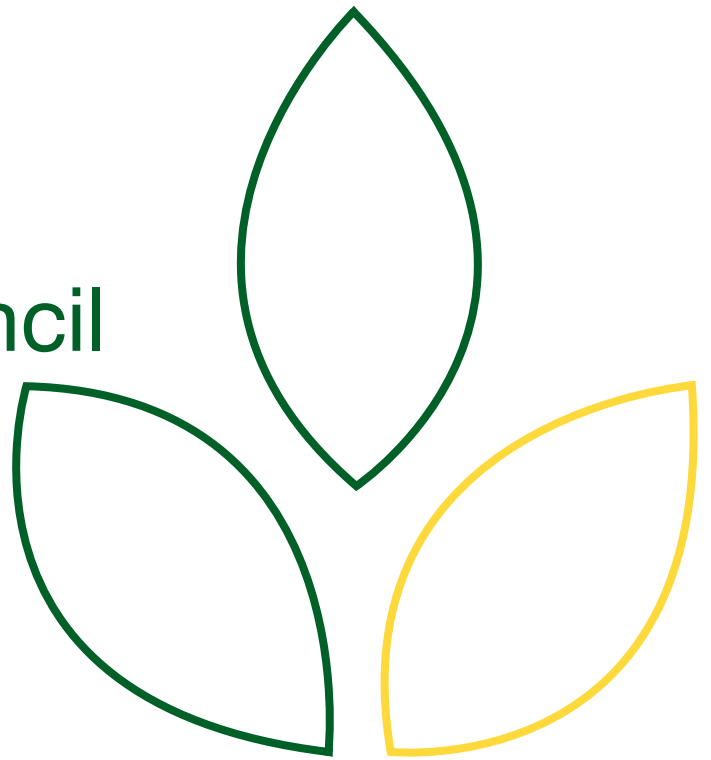


 Hindmarsh
Shire Council



Annual Report 2007/08





Photograph: Val Wilkinson

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SHIRE PROFILE

VISION

A responsive, vibrant community working together in a sustainable environment with a dynamic economy.

MISSION

Our mission is to;

- to meet our community's economic and social needs;
- to engage with our community to realise its aspirations;
- to focus on the needs of our young people;
- to adjust to an ageing population in a positive, progressive manner;
- to ensure security of quality water and sustainability of our environment; and
- to promote the Shire's attributes.

VALUES

1. leadership and good governance;
2. serving the community;
3. efficiency and effectiveness;
4. acting in the best interests of the Shire as a whole;
5. striving to improve;
6. the diversity of our community;
7. the importance of health and safety;
8. transparency in decision making;
9. life long learning; and
10. giving everyone a fair go.

LOCATION

Hindmarsh Shire is located in central North West Victoria and is bounded in the north by the Big Desert/Wyperfeld National Park and in the south by the Little Desert National Park. On the east, west and south lie the Shires of Yarriambiack, West Wimmera and the Rural City of Horsham respectively, comprising the area generally referred to as 'the Wimmera'. The northern section of the Shire lies in the Mallee region.

HISTORY

The Hindmarsh Shire Council was created in January 1995 as part of state-wide local government reform program. The Hindmarsh Shire consists of the former Shire of Dimboola (created 1885), and the Shire of Lowan (created 1875).

WOTJOBALUK COMMUNITY

Prior to European settlement, the Wotjobaluk community lived in the area. Council policy acknowledges them as the first owners of the land. Prior to all civic ceremonies the following statement is made – "Welcome to Hindmarsh Shire. We acknowledge the Wotjobaluk Community as the first owners of this country. We recognise the important ongoing role that indigenous people have in our community."

In 2005, the native title of the Wotjobaluk was recognised by the High Court of Australia at an historic hearing in Dimboola. This was a joyous and significant day for all in the Shire and the first recognition of native title in the State of Victoria.

GOVERNANCE

Six elected Councillors represent three wards with two Councillors in each of the wards. Councillors elected in November 2005 for a three-year term are Rob Gersch (Mayor), Darryl Argall, Joan Bennett, Mick Gawith, Ross Heinrich and Cliff Unger. Council elections will next be held in November 2008, after which Councillors will serve for four-year terms.

An independent Electoral Boundaries Commission reviewed these electoral arrangements in 2005 and maintained the existing arrangements with some minor changes to ward boundaries in the North and West wards.

LANDFORM AND VEGETATION

The Hindmarsh Shire has an area of 7,527 square kilometres, and is gently undulating. It averages an elevation equivalent to sea level. Large areas of the local soils are well suited to dryland agriculture.

SHIRE PROFILE CONT'D



Photograph: Val Wilkinson

There is a very low percentage of vegetation, outside the National Park areas, with 97% of the native vegetation cleared. A major focus is to preserve the indigenous vegetation remnants, protect bio-diversity via planted corridors (bio-links) linking the Big and Little Deserts, and to generally increase the amount of cover, by revegetation on private land.

Council considers it of the utmost importance to preserve and enhance our biodiversity. The Council is committed to an environmental overlay of bio-link corridors.

Council has been very successful in the implementation of landcare projects throughout the Shire linking up the Little and Big Deserts and facilitating improved agricultural and land use practices. A rate rebate scheme to encourage landowners to preserve remnant vegetation or re-establish native vegetation is in place.

POPULATION

According to the Australian Bureau of Statistics, the Shire's estimated residential population at 30 June 2006 was 6,316. Australian Bureau of Statistics figures for estimated resident population recently showed a population loss for the 2005/06 year 0.5%.

From the last census the major towns and their approximate district populations were Nhill 2,550, Dimboola 1,863, Rainbow 691, and Jeparit 583. In the past the majority of population loss has occurred in the rural area as a product of farm amalgamation and the use of modern technology.

On census night 2006, there were 2,968 males and 3,071 females in the Shire. There were 62 people of indigenous origin. There were 2,763 married people (57%), 428 separated people and divorced people (8.0%), 558 widowed people (12%) and 1,123 never married (23%).

The median age in Hindmarsh is 45 years compared with Australia's median of 37 years. It has the fifth highest proportion of any municipality for people aged over 60 in the State. The most common 90.2% stated they were Australian-born. English was the only language spoken at home by 95%.

WATER

The Wimmera River is a major lifeline of our towns and communities but it is a heavily over-utilised source of water. In recent years it has essentially been dry with the exception of weir pools. Lake Hindmarsh and Lake Albacutya, at the end of the system, are dry, and the GWM Water water storages at February 2008 were only 4% full. The extended dry period has had major adverse environmental, social and economic consequences.

The open channel water supply system has been replaced by a piped system 86% of the natural flows of the Wimmera River were previously harvested upstream to feed the Wimmera Mallee stock and domestic system – with some 90% lost to seepage and evaporation. Dimboola, Jeparit and Rainbow were supplied water via earthen channels from Grampians reservoirs. In Rainbow and Dimboola, the water is treated to national standards for potability. Nhill is supplied via six bores from an underground aquifer and does not have water to potable standards. It is vital this aquifer is not polluted in any way. GWM Water is looking to supply Nhill by pipeline from Dimboola once the Wimmera Mallee Pipeline is complete. An integrated water plan for Nhill is likely to be undertaken as part of a GWM Water Pipeline Project.

THE WIMMERA MALLEE PIPELINE

Of 120,000 megalitres released into the channel system in an average year, only 17,000 megalitres was actually used by customers. The rest was wasted - up to 80% of water lost from open channels due to evaporation and seepage. Piping channels will result in the saving of more than 100,000 megalitres per year. Farm properties will benefit from a secure, 365-days-a-year high quality piped water supply with a range of economic opportunities not accessible to them at the moment. The positive effects of returning water to the rivers and lakes on the environment and the economies of towns and farms will be dramatic. The Western leg of the pipeline through Dimboola to Yaapeet is expected to be completed in the 2008 calendar year.

SHIRE PROFILE CONT'D



Photograph: Val Wilkinson

AGRICULTURE

Agricultural land covers a large part of the Shire and as a major source of employment and wealth, is one of its most valuable assets. Hindmarsh is essentially 'broad acre' dryland farming. The current and future prosperity of the Shire depends heavily on the health and productivity of the land. The dollar value of selected agricultural commodities in 2001 (ABS) was over \$141M. Council supports a moratorium on the introduction of GM crops pending more scientific evidence.

Major crops include wheat, barley, oats, lupins, field peas, chick peas, canola, vetches, lentils and faba beans. Hindmarsh Shire also produces over 80% of all ducks in Victoria. Wool and sheep meat are also significant.

62% of all business enterprises in Hindmarsh are in the Agriculture sector.

There are opportunities for growth in diversification and value adding, especially with the introduction of the pipeline, e.g. cattle feedlots. Augmented, secure, quality water supply will mean a major boost to production and possible employment increases and an opportunity for diversification to reduce vulnerability to drought.

OTHER INDUSTRY AND TOURISM

The Shire has an 'industry cluster' in silo and grain handling equipment. There are three businesses in the Shire, which manufacture silos and field bins. The silo and field bin producers in Hindmarsh Shire have a large market share of the South East Australian market.

Major employers are 'Luv-a-Duck', Lowan Whole Foods, Ahrens, Campbells, the West Wimmera Health Service (which operates campuses at Nhill, Rainbow, Jeparit, Goroke, Natimuk, and Kaniva), Wimmera Health Care Group (Dimboola Hospital), Jaeschke's of Tarranyurk, Blue Lake Milling, Council and the schools. Other industries include train driver relief and exchange in Dimboola as well as truck and trailer exchanges conducted in Dimboola and Nhill.

The regional AWB grain receipt and storage facility in Dimboola is strategically located on the Western Highway, and has a private rail spur to the standard gauge Melbourne-Adelaide line. The facility loads a 2,000 tonne train in two hours.

The estimated number of visitors to the Shire is 85,000 - 110,000 per year. These people visit the Little Desert National Park, Wyperfeld National Park, Big Desert Wilderness, Little Desert Nature Lodge, Wimmera River, Lake Hindmarsh, Lake Albacutya, Ebenezer Mission, Wimmera Mallee Pioneer Museum, John Shaw Neilson Cottage, Yurunga Homestead, Pella Church, Pink Lake, fauna & flora, walks, drives, picnic grounds, accommodation, tours, arts, crafts, collectibles, gifts, host farms and major events such as the Wimmera German Fest, the Nhill Duck and Jazz Festival and performances of the play 'Dimboola'. Tourism information is provided at visitor information centres.

The return of water to the rivers and lakes following the construction and operation of the Wimmera Mallee Pipeline will see a renaissance in water sports such as skiing, sailing, swimming, canoeing and fishing, as well as camping, bushwalking and the observation of birds and wildflowers.

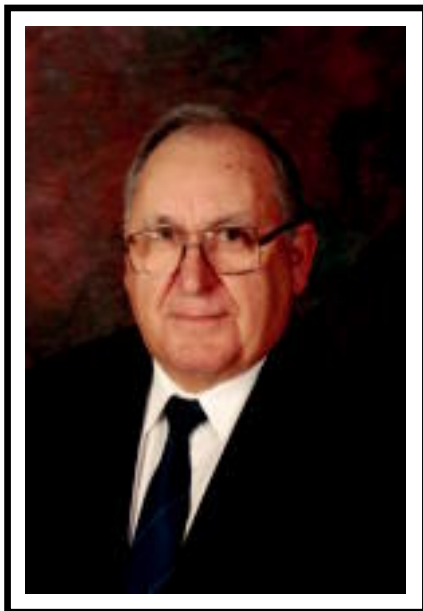
VOLUNTEERS

Our greatest asset is our people. Our communities rely on volunteers. They contribute critically to the quality of life and safety of our community. Volunteers provide assistance in the event of fire, storm damage, enhance our environment, and run nearly every sporting, social, religious, service, and other community organisation.

COMMUNITY SERVICES

Four Kindergartens continue to operate in four communities managed by Wimmera Uniting Care. Council provides a significant operating subsidy. West Wimmera Health Service delivers Maternal and Child Health Services through an agreement with Council.

The Council provides Home and Community Care Services to 560 clients. This includes home handyman and meals on wheels services. Council is a member of the Wimmera Regional Library Service.



2007/08 MAYORAL REPORT

This year has been one of accomplishment and endeavour set against some very difficult circumstances. We have faced continued dry conditions, high fuel costs, the end of a long period of growth in the general economy and increasing prices for the inputs of our main industry – agriculture – as well as a chronic skills shortage. In the face of this the Shire has produced its best capital works outcome for a number of years with 92% of its capital works completed and our farmers had a reasonable to average year.

Positive outcomes for the Shire have included the completion of the Dimboola Early Learning Centre, the formation of Business Nhill, the adoption of the Wetlands Environmental Sustainability Overlay and the development of community plans for all towns. This sees Council more and more attuned to the aspirations of its community and we intend to further develop community planning to cover the rural communities in the coming financial year. For the first time in the history

of the Shire we have undertaken a comprehensive footpath construction program and hope to continue this with the assistance of the Victorian Government this year.

Council continues to be rated the seventh most viable Council in the state; ahead of most of our city rivals and the leader in the bush, despite our inbuilt disadvantages of long road lengths, small population and isolation. We have initiated a Friendship Agreement with Port Phillip and will look to this to assist us in building staff expertise and linking rural and city communities.

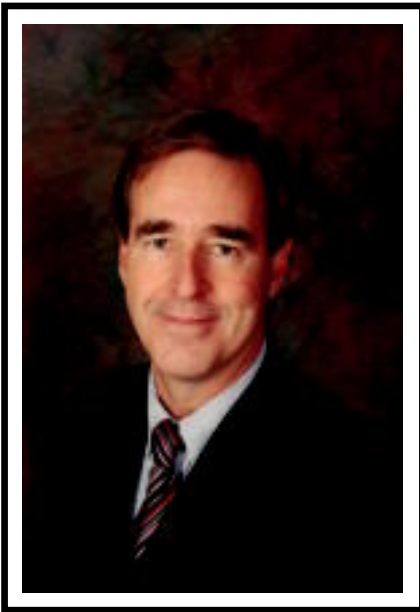
The year highlights what can be achieved when we all work together as a team despite whatever the fates can throw at us. One of the huge challenges we have is to address is the difficulty in attracting and retaining skilled people in the Shire, not just in terms of Council operations but also in the population more generally. We will have an ongoing emphasis on retaining our young people – creating and continuing a community that nurtures its young people where they can see their future with our businesses and community. Council has its Hindmarsh Cadetship Scheme and the Victorian Government has taken our cue by introducing its rural cadetships as well.

Council continue to take a lead in regional initiatives including the development of a new body to progress sustainability activities, the Wimmera Mallee Sustainability Alliance, chairing Rural Councils Victoria, and active membership of the North West Municipalities Association, the Wimmera Development Association and the Wimmera Regional Transport Group. We have also seen the commencement of a Wimmera Southern Mallee Economic Growth Strategy and hope to see many benefits arise from it in the medium term.

With Councillor Elections due at the end of November, we will be seeing new faces at the Council table. Hopefully this will see continuation of the successful policies of the past with a dash of young blood and enthusiasm. I thank the outgoing Councillors for their great contributions during the year and wish the new Councillors all the best. The work load keeps increasing, but I look forward to a return to normal weather patterns so that we can again focus all our efforts into Shire business and progressing the interests of our community.

I would like to take this opportunity to thank all Councillors and staff for their continued efforts in helping to make Hindmarsh Shire such a great place to live.

Cr. Rob Gersch
Mayor



CHIEF EXECUTIVE OFFICER'S REPORT

This year has been one of achievement and involvement in many local and regional initiatives and developments. Council has been a regional leader in many activities despite the familiar, but ever more pressing, constraints of skills shortages and minimal resources. Council's elected members and staff have worked very hard to achieve these results and should be proud of their achievements.

On a regional basis, Council has conceived, convened and achieved funding for the Wimmera Mallee Sustainability Alliance, which includes seven municipalities and the other public bodies with an interest in sustainability. This provides the vehicle for action on the sustainability of our communities into the future and can be further developed to bring in the private sector. Council has also had a major role chairing Rural Councils Victoria, the umbrella group for the 38 rural shires, bringing economic development initiatives to the sector with a community sustainability focus. It has also been active in the development of the regional economic growth strategy, the Wimmera Regional Transport Group and has chaired the North West Municipalities Association. A regional working group, lead by Council, convened a successful forum on the retention of young people in the Wimmera, with activities flowing into next year. All these activities are vital for the future and for the economic development of our communities.

On a more shire specific basis, the community satisfaction survey showed the Shire is ranked amongst the highest of the small shires, by its residents. It was especially pleasing to see the community's rating of Council's activities with direct effect on residents such as advocacy, town planning and local laws. In the new year we will focus on enhancing economic development as a key area of importance for our community. The redevelopment of our Shire Office has also been completed providing greater efficiencies and a better presentation to our community and visitors.

In our towns, Council undertook its largest ever footpath construction program with more to follow in the coming year. It was pleasing to obtain tax free status for the Wimmera Mallee Pioneer Museum, to see our new Dimboola Early Learning Centre come into operation, the commencement of the new Federal St Streetscape, and the emergence of Business Nhill. The redevelopment of the front of the Pioneer Museum also won two state wide architectural awards including the 'Small Project Architecture Award 2008' and the 'Regional Prize 2008'

In relation to more difficult matters, the safety issues surrounding the derelict Dimboola Hotel were resolved following the issuing of Council orders. The building is now safe and Council will continue to push for its redevelopment. At Rainbow, Council was forced to take the former owners of the Yurunga Homestead to court as they would not process the transfer of title, despite the contract of sale having been completed many years ago. It is hoped that this issue will be resolved soon as it has created unnecessary delays to restoration works and uncertainty for the many volunteers that have spent decades restoring and showing the historic old building.

Council has been very active in working with residents developing community plans for Rainbow, Nhill, Dimboola and Jeparit, and nurturing and supporting the many working groups developing projects for their area. The year has seen a proliferation of this community activity and Council can be proud of the way it has worked with residents to identify their aspirations and assist them towards realising them. The Victorian Government has strongly supported this process, with the Community Building Initiative, and Rural Councils Victoria has also assisted, with its Business Vitality Initiative in Dimboola. Council is now extending the program in the new year to the rural communities, based on their community halls.

Council also became the first municipality to send a planning scheme amendment to the Victorian Planning Minister for an overlay to protect its wetland areas. This amendment will see protections in place for the Shire's vital wetland areas and their preservation into the future. In regard to other planning matters, Council's Planning Scheme Review is well underway and will be completed in 2008.

The truck industry has been important for Hindmarsh ever since the first interstate exchange of cargo by truck occurred in Nhill in 1955. It became apparent during the year that the Nhill Truck Exchange was far too small and change-overs were occurring in other parts of the town. Council brought VicRoads, the Victoria Police and other interested parties together and I am sure this will see development of plans for expansion in the near future.

The Shire's website has been a poor performer in recent years and it was upgraded during the year. The site now provides far better access to information and Council services, for residents and visitors alike. Council's tourism, business and liveability

CHIEF EXECUTIVE OFFICER'S REPORT CONT'D



brochure is also nearing completion and will provide a much needed aid in marketing and publicising the fact that Hindmarsh is a wonderful place in which to live and work.

Council has taken a very active role in addressing the skill gap that has been developing in the Wimmera, and elsewhere throughout the State, by convening regional activity and developing local responses. It is pleasing to see our community development area working to assist businesses and young people coming together. Council has appointed its first cadet, paying an annual allowance, providing holiday employment and bonding the cadet to work for Council after qualification. This model influenced the Victorian Government who has funded 100 rural cadetships across the State.

Port Phillip Council has been an active partner with the Shire this year and we have set up a friendship agreement whereby we intend to develop community connections, cultural exchange and staff development. This will not only assist Council in its endeavours to improve services but also to bridge the country-city gap.

2007/8 has been a very busy year with many achievements and yet more work commenced. We will see the results of much of this work come to fruition in the next few years and the Shire and its staff aim to continue to learn, develop and improve.

John Hicks
Chief Executive Officer

COUNCILLORS

Cr Rob Gersch is currently Mayor and a councillor for the West Ward. He is the Chair of Rural Councils Victoria, Council's representative on the Wimmera Development Association, the Municipal Saleyards Association, Nhill Duck and Jazz Festival Committee, the Nhill Swimming Pool Advisory Committee and the Nhill Saleyards Committee. Locally, Cr Gersch is the Vice President of the Nhill & District Football Club, member of the Nhill and District Back To Committee and a Justice of the Peace.



Cr Darryl Argall is a councillor for the East Ward. Cr Argall is Rural Vice President of the Municipal Association of Victoria (MAV), and represents the Rural North West Region on the Board. He chairs the Strategic Environment Advisory Group and is a member of the Australian Local Government Association Board. Cr Argall is a Shire representative on the North West Municipalities Association, the Dimboola Town Committee, the Hindmarsh Drought Committee, the Dimboola and District Sporting and Recreation Committee, the Hindmarsh Landcare Network, the Wimmera Sustainability Alliance, the Port Phillip Friendship Alliance and chairs the Wimmera Regional Transport Group. Cr Argall is Deputy Chairperson of the Wimmera Catchment Management Authority board. Locally, Cr Argall is a member of the Gerang Landcare Group, the Gerang Fire Brigade and is Secretary of the Kiata Progress Association.



Cr Joan Bennett is a councillor for the West Ward. She is Council's delegate to the Nhill Town Committee, MAV Water Task Force, Rural Combined Services, Nhill Memorial Community Centre Committee of Management, the Nhill SES, Hindmarsh Visitor Information Centre Committee of Management and a member of the Council Audit Committee. Cr Bennett chairs the Positive Ageing Plan Steering Committee and the Hindmarsh Shire Municipal Emergency Management Plan Steering Committee. Locally, Cr Bennett is President of the Nhill Neighbourhood House Learning Centre and member of the Mt Elgin Committee of Management and Nhill & District Historical Society.



Cr Michael Gawith is a councillor for the North Ward. He is a Council representative and Deputy Chairperson on the Desert Fringe Regional Waste Management Group. Cr. Gawith is Chairperson of the Hindmarsh Drought Advisory Committee and Council representative on the Wimmera Regional Library Corporation, the North West Municipalities Association, the Grampians Stock and Domestic Consultative Committee, the Wimmera Police Safety Consultative Committee, the Wimmera Mallee Pioneer Museum Committee and the Jeparit Town Committee. Locally, Cr Gawith is also a member of the Jeparit Community Emergency Response Team and a member of the Friends of Lake Hindmarsh Committee, the Jeparit A&P Society, Jeparit Heritage Walking Trail Committee and the Jeparit Community Health Committee.



Cr Ross Heinrich is a councillor for the North Ward. He is a Council representative on the Desert Fringe Regional Waste Management Committee, the Rainbow West Pipeline Committee, the Wimmera Sports Assembly, the Yanac Hall Committee, the Wimmera Southern Mallee LLEN, the Friends of Ebenezer Mission, the Rainbow Civic Centre, the Rainbow Town Committee and the Rainbow CEC. Cr Heinrich is the Chair of the Rainbow Recreation Reserve Committee.



Cr Cliff Unger is a councillor for the East Ward. He is Council's representative on the Dimboola Town Committee, the Dimboola Community Enterprise Centre Committee, the Dimboola and District Sporting and Recreation Committee, the Hindmarsh Landcare Network, the Dimboola Memorial Swimming Pool Committee, the Wimmera Mallee Rail Association, the Rail Freight Alliance, the Dimboola State Emergency Service, the Rural Combined Services, the Western Highway Action Committee and the Council Risk Management and Audit Committees. Locally, Cr Unger is President of the Dimboola Bowling Club Committee and is also on the committees of the Dimboola Rowing Club and the Snape Reserve Committee of Management.



All councillors were elected in Nov. 2005 and retire in Nov. 2008.



SENIOR MANAGEMENT & COUNCIL OFFICES



HINDMARSH SHIRE

The Hindmarsh Shire Council is a legally constituted entity under the Local Government Act 1989, and was formed from the former Dimboola and Lowan Shire Councils in 1995.

SENIOR MANAGEMENT

Chief Executive Officer	John Hicks
Director Corporate Services	Peter Smith
Director Assets	Gary Marsom
Director Development	Vacant

COUNCIL OFFICES

Main Office
92 Nelson Street
Nhill, 3418
Phone: 03 5391 1811

Customer Service Centres
10 Roy Street
Jeparit, 3423
Phone: 03 5397 2070

101 Lloyd Street
Dimboola, 3414
Phone: 03 5389 1734

Federal Street,
Rainbow, 3424
Phone: 03 5395 1436

CORPORATE SERVICES REPORT



Corporate Services is pleased to present this report on its activities for 2007/2008, a year of challenges but also some very good progress despite difficulties in areas such as staff recruitment.

FINANCIAL VIABILITY

Council was again ranked very highly in terms of its financial viability. The majority of Council's outstanding loans were paid off during the year, Council will be debt free by May 2009 so it is well placed not only to meet its strategic objectives but also to capitalise on initiatives that will become available from the regional economic growth strategy and the Wimmera Mallee Pipeline.

2007/2008 BUDGET AND THE LONG TERM FINANCIAL PLAN

The Shire is substantially agriculture based and is experiencing drought conditions. Budget implications arise in Council having to cope with infrastructure renewal,

such as a large local road network, without the ability to source funds from a dwindling ratepayer base. The issues are compounded as approximately 40%, or 800 of the 2,000 farm properties in the Hindmarsh Shire, are receiving exceptional circumstances rate relief, a 50% concession. Moreover, 880 ratepayers are entitled to the pensioner rebate; this represents 1 in 3 of all residential properties. The adoption of significant rate increases has a real impact on the disposable income of a significant proportion of our community. Council is the third lowest rating Council in Victoria on a per assessment basis, Municipal Association of Victoria (2008).

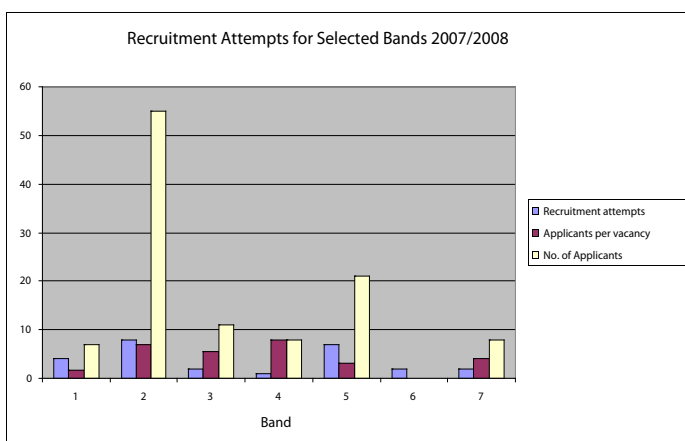
Despite these difficulties the 2007/2008 Budget was a major achievement. The increased expenditure on infrastructure maintenance and renewal will keep the infrastructure gap under control; other positive results as demonstrated by the key indicators are;

- The expected operating result for the 2008/09 year is a surplus of \$1.9 million, which is an increase of \$347,000 over 2007/08;
- Council will be debt free by May 2009;
- VGC general purpose grants will increase by over 8%;
- The capital works program for the 2008/09 year is expected to be \$6.7 million, an unprecedented figure, Council will have invested \$600,000 in new footpaths over the period 2007 to 2009 as a result of major grants, the catalyst for these being the Hindmarsh Positive Ageing Plan. Road investment is also at record levels for the Shire, with over \$4 million in capital to be spent on roads in 2008-9 and a similar amount in road maintenance.

STAFF RECRUITMENT

Skills shortages necessitated additional recruitment and restructuring costs and the appointment of several contract staff. Skills shortages are compounding on Council because increased work loads generated require more specialist staff and when staff cannot be sourced training must be provided but the risk to Council is delays in the program of works and services and quality issues. Whilst Council coped well again during 2007/2008, the current efforts will become more and more difficult to sustain. HR

Monthly magazine claims that the costs to Australian employers due to the national increase in staff turnover are \$20 billion more. The magazine says employee turnover is now 18.5 % per year in Australia, a sharp increase from 10.5% less than five years ago. At Hindmarsh, the turnover rate has increased from 6.8% in 2006/07 to 15.38% in 2007/2008. The adjacent graph depicts the results of recruitment attempts by Council across selected Band Levels during 2007/2008. The key indicator is the low number of applicants per vacancy.



HINDMARSH POSITIVE AGEING PLAN AND HOME AND COMMUNITY CARE

Additional funding streams have been accessed and Council allocated further funding in areas of Climate Change \$10,000, Assessment Action Planning \$15,000, Growth funding \$19,429 – assessment, general home care and personal care. The Hindmarsh Positive Ageing Plan finally received its commendation in the "Planning for an Ageing Community" Category of the 2007 National Awards for Local Government (Department of Transport and Regional Services). Without initiatives such as the

Hindmarsh Positive Ageing Plan Council would find it difficult to provide residents with the funding opportunities referred to above but also projects such as new pathways of access, Mobility Maps and Men Outdoors community volunteer group.

CHILDREN'S SERVICES CENTRE DIMBOOLA

A total of \$350,000 in grants was obtained from the Department of Human Services, the Department of Transport and Regional Services and the Dimboola Kindergarten Committee to construct the Dimboola Early Learning Centre, a project officially opened in June 2008 by the Hon. Maxine Morand, Minister for Children and Early Childhood Development.

RISK MANAGEMENT

Council are annually audited by its Insurers, Civic Mutual Plus (CMP) for the management of areas of public risk and by Jardine Lloyd Thompson for the management of Councils buildings (JMAPP). Following Council's audit score, Council is ranked 6th in the state for JMAPP so it received a \$12,861 Risk Management bonus. Risk Management Officer Wayne Schulze has worked hard in all areas relating to risk management so it is very rewarding for him and Council that his efforts are paying off.

OTHER MAJOR ACTIVITIES

Other major activities that the Corporate Services Section was involved with during the year include;

- Sourcing funds and other resources for Council to deliver on its strategic activities;
- Presentations at community meetings on Council strategic financial progress;
- New 5 Year Kindergarten Agreement with Wimmera Uniting Care as well as maintenance and capital works at Nhill, Dimboola, Jeparit and Rainbow Kindergartens and program planning;
- Key strategic activities for Council Plan combining links to Budget, other financial systems, operational and best value plans;
- Internal Audit program;
- Corporate Risk Management Committee;
- Overseas Qualified Professionals program with the Victorian Local Governance Association including the appointment of Chandana Karunaratne on a 16 week I.T. placement.
- Workforce Planning Advisory Committee, incorporating MAV LG Employment Branding Strategy;
- Better Local Governance program (Department of Planning and Community Development);
- Wimmera Community Services Taskforce, incorporating Wimmera Wide Aged Care Plan;
- Wimmera Regional Library Corporation including Board attendances, mobile library review and funding and regional agreements;
- STEP Asset Management Program;
- Review of surplus Council property;
- Council property leases;
- Fire wood permit system in consultation with the Department of Sustainability and Environment;
- Hindmarsh Municipal Public Health Plan;
- Hindmarsh Disability Access Plan;
- Hindmarsh Influenza Pandemic Plan;
- Municipal Emergency Management including updates to the Council's Municipal Emergency Management Plan, Audit clearances, establishing the Hindmarsh Emergency Recovery Committee and briefings for communities during the 2007 Little Desert fires;
- Municipal Fire Prevention Plan Audit;
- Council web page redevelopment;
- Various road closures and associated risk assessments;
- Yurunga Homestead, Title claim;
- HACCC Standards 2007;
- Section 86 Instruments of Delegation to various committees;
- Review of Cemetery Trust arrangements;
- Council policy review;
- Global Skills for Provincial Victoria with Wimmera Development Association;
- Swimming Pool Tenders and Contracts;
- Wimmera Transport Connections;
- Deductibility Gift Recipient Status, Wimmera Mallee Pioneer Museum;
- 2008 Council Elections Contract with Victorian Electoral Commission.

Corporate Services looks forward to continuing to provide important services to the community.



DIRECTOR ASSETS REPORT

The Assets and Development Sections include key core functions such as infrastructure maintenance and infrastructure works activities associated with roads, bridges, roadside infrastructure, parks & gardens, council controlled buildings, plant & equipment, recreational assets, depot facilities and asset management activities. Other activities include the management of the Council outdoor staff, waste & recycling services, Municipal Emergency Response Management services, recreational services, property services, building services and parks & gardens services.

The Assets and Development Sections have tackled some major challenges, such as an increase in the infrastructure maintenance and infrastructure works program or activities, and have made good progress in completing these programs within the planned time frames and budgets. Congratulations to all involved. Examples include:

ROADS AND ASSOCIATED INFRASTRUCTURE - ROADS TO RECOVERY (R2R) AND AUSLINK

The Federal Governments Roads 2 Recovery Program has again been a major contributor to our roads funds in the past year and has been guaranteed to June 2009. Further development of the Wimmera Regional Transport Plan and the next round of R2R3 Auslink funding has involved significant Council efforts over the past twelve months. Some of the projects under consideration include some Council bridge projects, some Council sub-arterial road projects and some truck route projects.

DROUGHT RELIEF BORES

Council has successfully operated a permit system to allow the extraction of water from the drought relief bores located at various strategic locations around the Shire including Dimboola and Jeparit which has been well supported by those requiring emergency relief water.

COUNCILS LOCAL ROADS AND STREETS

Maintenance works, including road pavement reseals and resheets, account for a large proportion of our road funding expenditure. Resealing is carried out every twelve to sixteen years on existing sealed pavements under the "renewal" program. Reseals are essential in maintaining the long term condition of the road pavement, to maximize the life of the road asset and to maintain a safe surface condition. Pavements that have deteriorated beyond their asset life are often maintained by spot patching for a number of years until full reconstruction can be carried out. Resheeting of unsealed roads is carried out when there is insufficient pavement to support the traffic using the road and to renew the pavement. The past year has seen the reconstruction (upgrading) of Rainbow Rises Road, Woorak Ni Ni Lorquon Road, Kumbrunin Road, Malvern Road and the Albacutya Bridge Rehabilitation. New footpath works have been completed in Rainbow, Jeparit, Dimbola and Nhill.

COUNCIL BUILDING WORKS

Council has either direct or support responsibility for over 90 buildings or properties within the Shire. Protective maintenance, accessibility and safety are key factors when determining building maintenance works. In the past year improvements, or substantial works, have been carried on many of our properties.

WASTE MANAGEMENT

Major construction works have been completed on the Jeparit Transfer Station. Minor site reorganisation has also been completed to allow easy and efficient disposal of waste and recyclables. Transfer station waste is transported to Horsham Rural City Council's Doon Landfill. Recyclables are transported to the recycle sorter in Horsham. To minimize costs and end charges to consumers, it will be essential to separate and maximize recyclables.

ASSET MANAGEMENT

The Council is currently involved in a full review of Council's Asset Management system requirements including information technology system requirements via the STEP asset management program. The STEP asset management program has been facilitated by the MAV on behalf of all Victorian Councils. Asset management systems have been successfully implemented into many of Victoria's Councils and provide many opportunities for improved and advanced forms of asset management techniques.

OTHER MAJOR ACTIVITIES DURING THE PAST YEAR

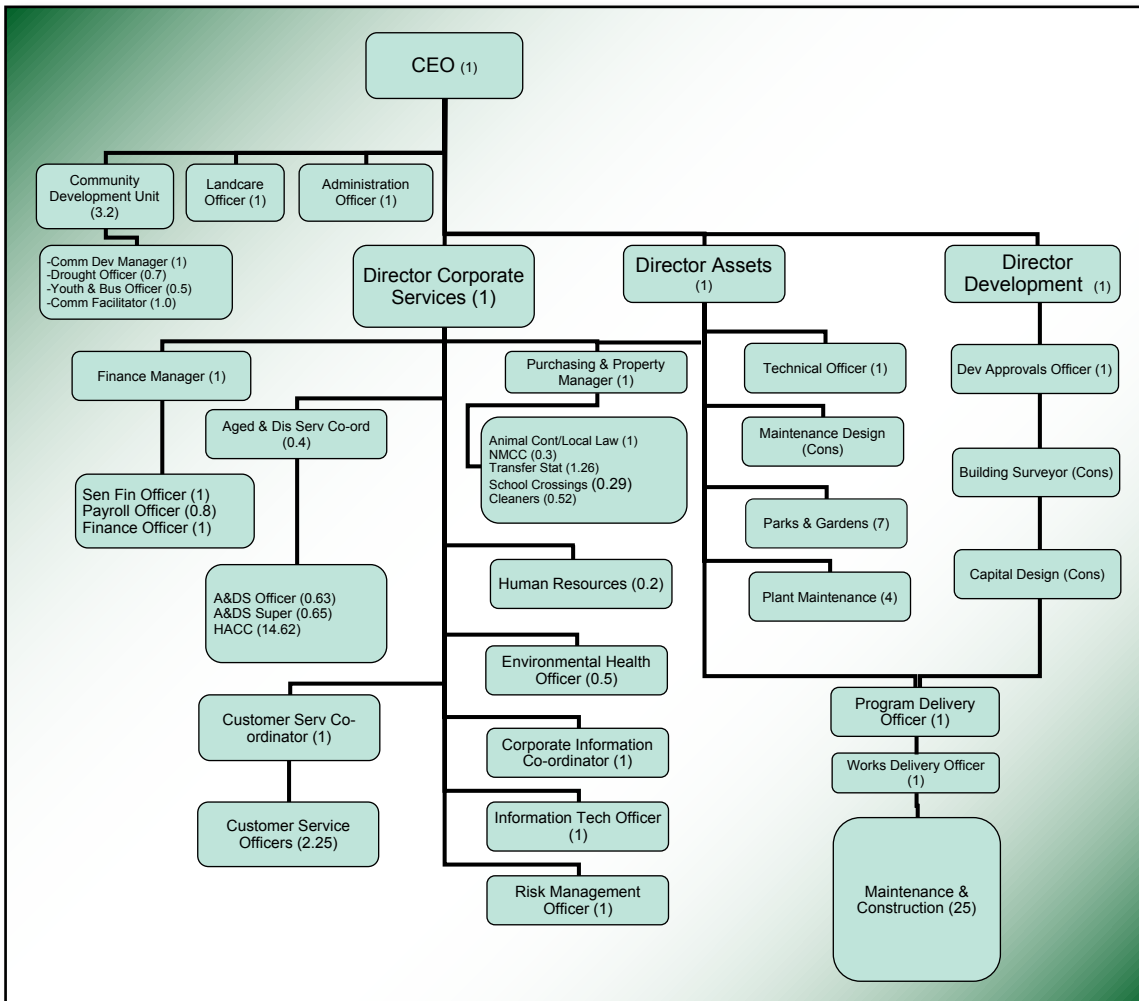
Other major activities that the Assets and Development Sections were involved in during the past year have included:

- \$300,000 of new footpath works in Rainbow, Jeparit, Nhill and Dimboola. The \$300,000 was a grant received from Rural Development Victoria.
- The Nhill Hospital car park works.
- Underground Drainage in the Dawson Lane area.
- The Tarranyurk and Antwerp Bridges refurbishment works.
- The McKenzie Avenue Truck Bypass design and project management work.
- Street bins in the Nhill Commercial area.
- Church Street Works.
- Extensive Re-Sheet works on roads throughout the Shire.
- Extensive Re-Seal works on roads throughout the Shire.
- The Dimboola Swimming Pool Ramp and Rails.
- The Rainbow Civic Centre maintenance works.
- The Nhill Swimming Pool Fencing and Tanks.

Gary Marsom
Director Assets

STAFF STRUCTURE

Numbers in brackets are EFT's (Equivalent full time positions)



Director Development Position Vacant as at 30 June 2008

STAFF NUMBERS & CLASSIFICATIONS

Designated Work Groups	Number	Males	Females
Senior Management	3	3	
Finance, Admin & Customer Service	13	3	10
Building & Planning	1	1	
Environmental Health	1	1	
Landcare Co-Ordinator	1	1	
Engineering Support	3	2	1
Community Development	3	1	2
Technical Services		30	30
Town & Property Maintenance	6	6	
Homecare/Maintenance	36	3	33
Community Centre	3	1	2
School Crossing	2	2	
Property, Purchasing & Risk Management	2	2	
Animal Control/Local Laws	1	1	
Other	11	6	5
TOTAL	116	59	57

EQUAL OPPORTUNITY - POLICY STATEMENT

The objective of Council's Equal Employment Opportunity Program is to establish and maintain a non-discriminatory working environment.

POLICY STATEMENT

The Hindmarsh Shire Council is wholly committed to the principle of Equal Employment Opportunity.

In all policies and practices of Council there shall be no discrimination relating to sex, marital status, parenthood, race, colour, national origin, physical or mental impairment, religious or political affiliation.

Selection of individuals for employment promotion or advancement, training and staff development will be on the basis of personal merit in fair and open competition according to the skills, qualifications, knowledge and efficiency relevant to the position involved.

Council's policy on Equal Opportunity reflects our desire to enjoy a workplace free of discrimination where each person has the opportunity to progress to the extent of their ability.

LOCAL LAWS

Local Laws operational as at 30th June, 2008

- Hindmarsh Meeting Procedure and Common Seal Local Law

WHISTLEBLOWERS PROTECTION ACT 2001

There have been no disclosures, investigations, matters, requests, or recommendations, made or received in connection with this Act, during the financial year 2007/08.



Photograph: Val Wilkinson

INFORMATION TO BE MADE AVAILABLE TO THE PUBLIC

The following information is available for public inspection at the Nhill Office in accordance with the Local Government (General) Regulations 2004 No.130, Part 5, Regulation number 11.

- (a) Details of current allowances fixed for the Mayor and Councillors under Section 74 or 74A of the Act;
- (b) Details of senior officers' total salary packages for the current financial year and the previous year including the gross salary, the amount of the Council or employer contribution to superannuation, the value of any motor vehicle provided by the Council and the total value of any other benefits and allowances provided by the Council;
- (c) Details of overseas or interstate travel (with the exception of interstate travel by land for less than three days) undertaken in an official capacity by Councillors or any member of Council staff in the previous 12 months, including the names of the Councillors or members of Council staff and the date, destination, purpose and total cost of the overseas or interstate travel;
- (d) Names of Council officers who were required to submit a return of interest during the financial year and the dates the returns were submitted;
- (e) Names of Councillors who submitted returns of interest during the financial year and the dates the returns were submitted;
- (f) Agendas for and minutes of ordinary and special meetings held in the previous 12 months kept under Section 93 of the Act except where such minutes relate to parts of meetings which have been closed to members of the public under Section 89 of the Act;
- (g) A list of all special committees established by Council and the purpose for which each committee was established;
- (h) A list of all special committees established by the Council which were abolished or ceased to function during the financial year;
- (i) Minutes of meetings of special committees established under Section 86 of the Act and held in the previous 12 months except where such minutes relate to parts of meetings which have been closed to members of the public under Section 89 of the Act;
- (j) A register of delegations kept under Sections 87, 88 and 98 of the Act, including the date on which the last review under section 98(6) of the Act took place;
- (k) Submissions received under Section 223 of the Act during the previous 12 months;
- (l) Agreements to establish regional libraries under Section 196 of the Act;
- (m) Details of all property, finance and operating leases involving land, buildings, plant, computer equipment or vehicles entered into by the Council as lessor or lessee, including the name of the other party to the lease and the terms and the value of the lease;
- (n) A register of authorised officers appointed under Section 224 of the Act.
- (o) A list of donations and grants made by the Council during the financial year, including the names of persons or bodies which have received a donation or grant and the amount of each donation or grant.
- (p) A list of the names of the organisations of which the Council was a member during the financial year and details of all membership fees and other amounts and services provided during that year to each organization by the Council;
- (q) A list of contacts valued at over \$100,000 or more which the Council entered into during the financial year without first engaging in a competitive process and which are not contracts referred to in Section 186 (5) of the Act.



COUNCIL GRANTS, CONTRIBUTIONS & MEMBERSHIPS

COMMUNITY CONTRIBUTIONS

	\$
Jeparit and District Lawn Bowls Club	1,000.00
Nhill A & P Society Vintage Machinery Club	600.00
Lorquon Memorial Hall	1,000.00
Winiam Hall Inc.	968.00
Nhill and District Historical Society	780.00
Rainbow Town Committee	550.00
Pella Lutheran Church	587.44
Rainbow Secondary College	500.00
Rainbow Playgroup	350.00
Rainbow Swimming Pool Advisory Committee	200.00
Dimboola & District Historical Society	450.00
Nhill Camera Club	800.00
Nhill-Sing Australia	262.00
Nhill Pony Club Inc.	500.00
Dimboola Playgroup	1,000.00
Dimboola Rotary Club and COM of Allambi Elderly People's Home	1,000.00
Jeparit Tennis Club	500.00
TOTAL	\$11,047.44

COUNCIL CONTRIBUTIONS

	\$
Jeparit RSL	200.00
Rainbow RSL	200.00
Dimboola RSL	400.00
Rotary Club - Nhill	400.00
Lions Club - Nhill	200.00
Department of Sustainability & Environment (Rainbow Airstrip)	15,000
Jeparit Kindergarten	166.66
Nhill Kindergarten	166.66
Rainbow Kindergarten	166.67
Dimboola Lions Club - Grant from DFWMG for erection of a shed	5,000.00
Hindmarsh Landcare Network	5,000.00
TOTAL	\$26,899.99

COUNCIL MEMBERSHIPS

	\$
Alliance of Councils for Rail Freight	1,000.00
Australian Airports Association	385.00
Desert Fringe Regional Waste Management Group	7,500.00
Keep Australia Beautiful Council	1,000.00
Livestock Saleyards Association of Victoria	1,125.00
Municipal Association of Victoria	14,975.00
North Western Municipalities Association	400.00
Victorian Employers Chamber of Commerce and Industry	2,183.10
Wimmera Development Association	24,586.00
Wimmera Mallee Rail Services Association	50.00
Wimmera Regional Library Corporation	117,627.00
Wimmera Regional Transport Group	1,372.00
Mildura Rural City	12,248.66
Wimmera Information	1,500.00
Wimmera Hub Inc.	90.91
Koori Kids Pty Ltd	450.00
Horsham Rural City Council - Wim. Reg. Transport Group 08/09	1,372.00
Mildura Rural City Council - Alliance of Council for Rail Deve. Members	2,200.00
TOTAL	\$190,064.67

COUNCIL GRANTS

	\$
Dimboola State Emergency Service	10,460.00
Nhill State Emergency Service	10,460.00
TOTAL	\$20,920.00



Photograph: Val Wilkinson

2007/08 PERFORMANCE STATEMENT

Council must prepare a budget for each financial year and the Council must ensure that the budget contains separately identified “Key Strategic Activities” to be undertaken during the financial year and performance targets and measures in relation to each KSA;

Our overall **Strategic Objectives** are:

- Protect and improve the Environment (Environmental Sustainability)
- Foster and encourage a healthy, safe and happy Community (Community Sustainability)
- Encourage business and employment growth, and improve the effectiveness of the Council organisation (Sustainable Economy)
- Good Governance

OBJECTIVE – ENVIRONMENTAL SUSTAINABILITY

KSA	PERFORMANCE MEASURE & TARGET	ACHIEVED	COMMENTS
KSA 1 - Work with town committees to establish an environmentally wise culture and resulting work program by June 2008	Work plan detailing costs to ratepayers completed and reported to Council by 30 June 2008	Did not meet target, work program not in place	Not Achieved
KSA 2 - Be a leading player in the formation of a regional sustainability group by December 2007	Formation of a regional sustainability group and Report to Council by December 2007	Report provided to Council on 12 Dec 2007	Achieved

OBJECTIVE – COMMUNITY SUSTAINABILITY

KSA	PERFORMANCE MEASURE & TARGET	ACHIEVED	COMMENTS
KSA 3 - Develop and implement an effective sustainable website	Website and processes in place by December 2007. Council Report on web site features, functionality and linkages	Website functional in June 2008	Not achieved
KSA 4 - Employ a worker to implement youth based activities including careers days, events, school liaison etc. in 2007/08	Implement youth based activities including careers days, events, school liaison etc. implemented by a Hindmarsh Shire Council employee by June 2008, Report to Council	Kylie Helyar employed on 28 May 2007. There was also another appointee prior to this for a short period of time	Achieved
KSA 5 - Young people to address Council at each meeting	Attendance at each 2007/2008 Council meeting except where meetings fall into end of term holidays	Attendances: Nhill College Students on 19/3/08 and 21/11/07 Rainbow Alpine School 20/2/08 Dimboola College 21/5/08. Rainbow Secondary College 18/7/07	Achieved

2007/08 PERFORMANCE STATEMENT CONT'D



OBJECTIVE – ENVIRONMENTAL SUSTAINABILITY

KSA	PERFORMANCE MEASURE & TARGET	ACHIEVED	COMMENTS
KSA 6 - Have the Regional Tourism Association in place and operating	Regional agreement endorsed by the relevant authorities, Report to Council	(Funding not available)	Not achieved
KSA 7 - Commence implementation of Advanced STEP	“Sign off” on a Renewal Gap Improvement Plan by 30 June 2008, Report to Council	Formal “sign off” not a STEP requirement as MAV now pursuing issues at a regional level, e.g. shared asset system (advertised early 2008/2009)	Not achieved

OBJECTIVE – GOVERNANCE

KSA	PERFORMANCE MEASURE & TARGET	ACHIEVED	COMMENTS
KSA 8 - Implement a program of governance training for Councillors and staff by June 2008	Training, report and two presentations to the Audit Committee and Council, one by a councillor and one by a staff member	(Program could not be designed in time as the Corporate Governance Report by RSD, Internal Auditor did not go to the Audit Committee until May 2008)	Not achieved

OBJECTIVE – OPERATIONS

KSA	PERFORMANCE MEASURE & TARGET	ACHIEVED	COMMENTS
KSA 9 - Council to consider future library delivery model options to areas currently serviced by the WRLC mobile library	Council submission to the WRLC on mobile library delivery options during 2007/2008, within 30 days of receipt of WRLC options paper	No detailed options paper received but Council did consider options presented by the Director Corporate Service on 23 January 2008	Not achieved

CERTIFICATION OF THE PERFORMANCE STATEMENT

HINDMARSH SHIRE COUNCIL

CERTIFICATION OF THE PERFORMANCE STATEMENT

In our opinion, the accompanying Performance Statement of the Hindmarsh Shire Council in respect of the 2006/2007 financial year is presented fairly 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 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.

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

Councillor R.L. Gersch
23 September 2008



Councillor E.J. Bennett
23 September 2008



Mr John A Hicks
Chief Executive Officer
23 September 2008



AUDITOR GENERALS REPORT ON THE PERFORMANCE STATEMENT



VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDIT REPORT

To the Councillors, Hindmarsh Shire Council

The Performance Statement

The accompanying performance statement for the year ended 30 June 2008 of Hindmarsh Shire Council which comprises the statement, the related notes and the certification of the performance statement has been audited.

The Councillors' Responsibility for the Performance Statement

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

Auditor's Responsibility

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

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

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

Matters Relating to the Electronic Presentation of the Audited Performance Statement

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

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Level 24, 35 Collins Street, Melbourne Vic. 3000

Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au

AUDITOR GENERALS REPORT ON THE PERFORMANCE STATEMENT CONT'D



VAGO

Victorian Auditor-General's Office

Independent Audit Report (continued)

Independence

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

Auditor's Opinion

In my opinion, the performance statement of Hindmarsh Shire Council in respect of the 30 June 2008 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

MELBOURNE
26 September 2008

D D R Pearson
Auditor-General

2007/08 COUNCIL PLAN STRATEGIES



OBJECTIVE – ENVIRONMENTAL SUSTAINABILITY

STRATEGIC OBJECTIVES & STRATEGIES	ACHIEVEMENT INDICATORS
-----------------------------------	------------------------

Strategic Objective 1 - Implement a Hindmarsh Environmental Sustainability Strategy

<p>Strategy 1A: Work with DPI, DSE, Parks, WCMA, GMMWATER, Hindmarsh Landcare Network, Sustainability Victoria, DFWMG, local communities and other bodies to develop the strategy by June 2008.</p>	<p>Sustainability Action Plan – Dec. Develop the strategy - June 2008</p>
--	---

Status: Wimmera Mallee Sustainability Alliance formed. Meetings held. EoI for Alliance and Strategy drafted. Funding for Hindmarsh Strategy approved. Application for Alliance pending.

<p>Strategy 1B: Complete a plan for wetland filtering and storage of stormwater in Dimboola by June 2008</p>	<p>Complete plan - June 2008</p>
---	----------------------------------

Status: Plans developed by Working Group, planning permit granted, funding achieved.

<p>Strategy 1C: Work with GMMWater to have sustainable overall water plans for each town developed with consultation by June 2010. Plans to include potable, recreational, environmental, recyclable and underground water as well as stormwater.</p>	<p>Obtain agreement to proceed and timetable by June 2008</p>
--	---

Status: Letter written in regard to GMMWater Water Plan. Request sent to seek GMMWater agreement to plans and timetable. GMMW agreed to run Nhill integrated water plan pilot.

<p>Strategy 1D: Develop a strategy for the control of pest plants and pest animals within the Shire by June 2009.</p>	<p>Negotiate for DPI assistance – Jan 2008</p>
--	--

Status: No positive response from DPI. LCO undertaking preparatory work.

Strategic Objective 2 - Actively pursue the development of all Hindmarsh towns as environmentally wise towns.

<p>Strategy 2A: Work with the state government and energy suppliers to change all streetlights to energy efficient globes by June 2010.</p>	<p>Activate political agreement for funding – June 2008</p>
--	---

Status: Continuing

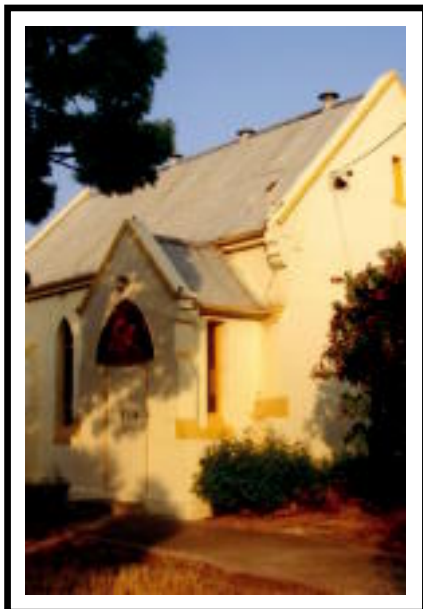
<p>Strategy 2B: Work with town committees to establish an environmentally wise culture and resulting work program by June 2008.</p>	<p>Work Program – June 2008</p>
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Status: The Nhill Environmentally Wise Town Project Working Group held Carbon Trading Seminar 18 June, 50 participants. Planning for future NEWT includes seminars, integrated Water Plan, household battery recycling and replacing showerhead and incandescent light globes.

Strategic Objective 3 - Encourage and assist programs for environmental responsibility and realise opportunities arising.

<p>Strategy 3A: Promote carbon offsets programs and possibilities arising during the period to June 2009.</p>	<p>Monitor developments & report to Council – June 2008</p>
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Status: Report to July 2008 meeting.



2007/08 COUNCIL PLAN STRATEGIES CONT'D

OBJECTIVE – ENVIRONMENTAL SUSTAINABILITY CONT'D

STRATEGIC OBJECTIVES & STRATEGIES	ACHIEVEMENT INDICATORS
Strategy 3B: Promote the propagation of environmentally responsible agriculture on an ongoing basis.	Promote Birchip Cropping Group & Landcare Outcomes - ongoing

Status: Organised meetings between Birchip Cropping Group and HLN as well as meeting with Woody Yallock Landcare Network (one of Victoria's premier Landcare Networks). Working groups being established to assist HLN. Meeting with BCG for Caring for our country grants. Looking to support them in projects, or develop joint project. Attended Climate Change forum at BCG. Working groups taking shape.

Strategy 3C: Be a leading player in the formation of a regional sustainability group by December 2007.	Have agreement by all parties – Dec 2007
---	--

Status: All parties agreed. EoI for funding of Alliance submitted and draft inter-agency MoU drafted. Funding for Eviro strategy via Alliance successful. Awaiting response to funding application for Alliance.

Strategic Objective 4 - Protect groundwater resources in the Shire.

Strategy: Seek information from GWMWater in regard to sustainability of groundwater reserves during 2007.	Request information – Nov 2007
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Status: Continuing

OBJECTIVE – ECONOMIC SUSTAINABILITY

STRATEGIC OBJECTIVES & STRATEGIES	ACHIEVEMENT INDICATORS
Strategic Objective 5 - Establish a Regional Tourism Association based on a Pioneer/Outback theme.	
Strategy 5A: Have the RTA in place and operating by June 2008 and provide resources in the 2007/08 budget by June 2007.	Funding application – Sep 2007 Formal structure in place – June 2008 Resources in Budget.

Status: C'wealth declined to fund. RDV also declined to fund. Meeting held with Tourism Vic officer and Councillors in early May. No follow up received from Tourism Vic.

Strategic Objective 6. Develop and adopt an Economic Development Strategy.

Strategy 6A: Identify and access funding by June 2008 for the development of the Strategy.	Negotiate source – Feb 2008 Access funding – June 2008
---	---

Status: C'wealth declined to fund. RDV also declined to fund. Meeting held with Tourism Vic officer and Councillors in early May. No follow up received from Tourism Vic.

2007/08 COUNCIL PLAN STRATEGIES



OBJECTIVE – ECONOMIC SUSTAINABILITY CONT'D

STRATEGIC OBJECTIVES & STRATEGIES	ACHIEVEMENT INDICATORS
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Strategy 6B: Complete the Economic development Strategy by June 2009.	Complete the Strategy by June 2009
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Status: Continuing

Strategy 6C: Assist the development of business and industry associations on an ongoing basis.	Assist Business Nhill establish – Sep 2007 Work toward other town associations - ongoing
---	---

Status: Business Nhill established and active. Dimboola Traders Group happy to continue as an informal group. Working with Rainbow & Jeparit Groups toward formation this year.

Strategy 6D: Conduct regular communication sessions with industry as part of the Strategy by June 2009.	Community plans for all communities in Shire.
--	---

Status: Attending meetings with Business Nhill & Dimboola Traders Group.

Strategic Objective 7 - Advocate for the future of small rural towns.

Strategy 7A: Active involvement in Rural Councils Victoria on an ongoing basis.	Council continue to support via delegate.
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Status: Continuing – Dimboola CIEL BVI project completed.

Strategy 7B: Foster leadership activities in the region through the Wimmera Development Association on an ongoing basis.	Council continue to support via delegate.
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Status: Supported Powercor Business Awards; Continued involvement with WDA and attendance at board meetings. Business workshops held in Dimboola, Nhill and Rainbow, business planning workshop held in Jeparit in April. Attended Leadership Wimmera Sponsor's Breakfast 27 June.

Strategic Objective 8 - Promote economic opportunities arising from the construction of the Wimmera Mallee Pipeline.

Strategy: Seek to facilitate economic opportunities and activities that arise with the operation of the pipeline on an ongoing basis.	Watching brief, active participation in SAOW
--	--

Status: Regular report to Council Briefing sessions

Strategic Objective 9 - Implement best practice asset planning and management.

Strategy 9A: Commence implementation of Advanced STEP program during 2007/8.	Implement activities to commence rationalisation of infrastructure by Dec 2009.
---	---

Status:

<ul style="list-style-type: none"> • Meeting held with Peter Drummy, DA and other officers. • Road Management Plan reviewed. • MAV Advanced Step action list addressed. • Working group reviewed best Asset Management package. 	<ul style="list-style-type: none"> • Preferred package identified. • Funding assistance from MAV confirmed. • Work continuing to introduce an Asset Management System for region by December 2008 with EOI being prepared
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Strategy 9B: Discuss infrastructure use with all communities	Discussions at all Community Meetings by Dec 2009.
---	--

Status: Community meetings in recess except for main towns and Pella.

Strategy 9C: Implement activities to commence rationalisation of infrastructure by Dec 2009.	Regular reports to Briefings complete – June 2008
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Status: Dimboola Building Asset Condition report to December Briefing. Jeparit buildings report went to May Briefing Session.

2007/08 COUNCIL PLAN STRATEGIES CONT'D



Photograph: Val Wilkinson

OBJECTIVE – COMMUNITY SUSTAINABILITY

STRATEGIC OBJECTIVES & STRATEGIES	ACHIEVEMENT INDICATORS
-----------------------------------	------------------------

Strategic Objective 10 - Actively and vigorously pursue community engagement.

Strategy 10A: Continue active involvement in the Community Building Initiative through to the end of the program and its successors.	Progress CBI to Community Plans – June 2008
---	---

Status: Program extended to 4 years. Community Plans developed for Dimboola, Rainbow, Nhill and Jeparit. Used in development of Council Plan.

Strategy 10B: Support and assist the Town Committees on an ongoing basis.	Support and assist the Town Committees on an ongoing basis.
--	---

Status: Continuing

Strategic Objective 10 - Actively and vigorously pursue community engagement.

Strategy 10C: Facilitate community organisations involved in the development and holding of events.	Ongoing
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Status:

<p>Working with:</p> <ul style="list-style-type: none"> • Local A&P groups • Nhill Memorial Community Centre • Jeparit Events • Friends of Albacutya • Friends of Hindmarsh • Duck and Jazz • Iris Festival • German Festival 	<ul style="list-style-type: none"> • Wimmera Mallee Pioneer Museum • Rainbow Day on the Lake • Nhill Frolic and Frolic • Broughton Hall • Nhill Arts Council • Back to Nhill • Jeparit Golf Club • Regional Festival Conference
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Strategy 10D: Develop and implement an effective sustainable website.	Have website up and running effectively – Dec 2007
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Status: Website live on 30 June 2008.

Strategy 10E: Continue to hold monthly community meetings with all members of our community on an ongoing basis.	Ongoing communication with community.
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Status: In recess due to waning interest.

STRATEGIC OBJECTIVES & STRATEGIES	ACHIEVEMENT INDICATORS
Strategy 10E: Continue to hold monthly community meetings with all members of our community on an ongoing basis.	Ongoing communication with community.

Status: In recess due to waning interest.

Strategic Objective 11. Advocate, promote and assist community groups achieve their aims.

Strategy 11A: Provide community groups with linkages or referrals to representatives (government and other), funding sources and other resources on an ongoing basis.	Ongoing assistance
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Status:

Groups assisted include:

- | | |
|--|---|
| <ul style="list-style-type: none"> • Wimmera Mallee Pioneer Museum • Jeparit Golf Club • Broughton Hall Committee • Nhill Duck and Jazz • Nhill Motors Sports • Nhill Memorial Community Centre • Dimboola Bowling Club • Town committees • Nhill Tennis Club | <ul style="list-style-type: none"> • Rainbow Tennis Club • Jeparit/Rainbow Football Club • Jeparit and Dimboola Netball Clubs. • Jeparit Tennis Club • Nhill Historical Society • Dimboola Historical Society • Secondary colleges • Rainbow, Dimboola and Nhill Bowling clubs • Nhill Rotary • Rainbow K12 Committee |
|--|---|

Strategy 11B: Lobby and advocate on behalf of the community on an ongoing basis.	Ongoing assistance.
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Status: As above. Australia 2020 Summit

Strategy 11C: Provide technical assistance to the community groups on an ongoing basis.	Ongoing assistance.
--	---------------------

Status: Ongoing

Strategy 11D: Promote and recognise the achievements of the community and its many groups on an ongoing basis.	Ongoing assistance.
---	---------------------

Status: Volunteer celebrations in Nhill, Jeparit and Dimboola held.

Strategic Objective 12. Retain young people in our community.

Strategy 12A: Develop a scheme for cadetships/traineeships to retain young people in our community, by June 2009.	Draft legal agreement – Dec 2007 Award 1 cadetship – Jan 2008
--	--

Status: Info to schools. Legal agreement in place. One cadetship awarded.

Strategy 12B: Provide a cadetships/traineeship at Council to commence in 2008.	Award 1 cadetship – Jan 2008
---	------------------------------

Status: One application received. Interview in January. Accountancy cadetship awarded to Eliot Borgelt.

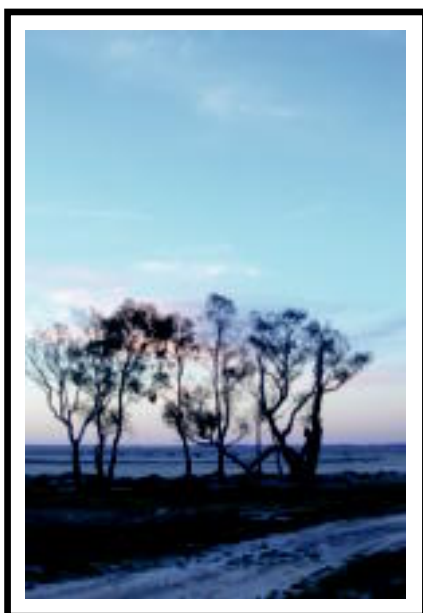
Strategy 12C: Employ a worker to implement youth based activities including careers days, events, school liaison etc. in 2007/08.	Employ worker by Sep 2007
--	---------------------------

Status: Completed, then resignation and reappointment.

Strategy 12D: Promote a culture of valuing, looking after and working with our youth throughout the community by June 2009.	Work with youth groups, schools & businesses on ongoing basis
--	---

Status: Application for FReeZA funding for 2008-2009 to hold youth events successful. Careers days and industry tours undertaken in August/September 2007. Developing pilot projects involving youth website design with DMSC, men's outdoors, edit of a double page of Dimboola Banner. FReeZA event held in Nhill in May, further events in planning. Participation in Wimmera Careers Day 30/31 July. Convened Retention of Young People in Wimmera Forum for Grampians Regional Management Forum.

2007/08 COUNCIL PLAN STRATEGIES CONT'D



Photograph: Val Wilkinson

OBJECTIVE – COMMUNITY SUSTAINABILITY CONT'D

STRATEGIC OBJECTIVES & STRATEGIES	ACHIEVEMENT INDICATORS
Strategy 12E: Provide for young people to address Council at each meeting - immediately.	Young people address Council at each meeting - immediately.

Status: Students addressing Council each school month on particular activities they have been involved in.

Strategy 12F: Implement the Youth Options Guarantee program – ongoing.	Ongoing activity.
---	-------------------

Status: Ongoing.

Strategic Objective 13 - Implement Council's Community Sustainability Strategies.

Strategy 13A: Implement the activities and recommendations of the Youth Plan by June 2010.	Report to Council – June 2008
---	-------------------------------

Status: Re-appointment of a Youth & Business Officer enabling regular planning meetings with youth to resume. Networks include RYAN, schools etc. Youth summit remains to be conducted - anticipated as part of one Shire wide FreeZA event.

Strategy 13B: Implement the activities and recommendations of the Recreation Strategy by June 2010.	Report to Council – June 2008
--	-------------------------------

Status: Water recycling programs for recreation reserves in Rainbow and Dimboola. Works on footpaths (walkways) to encourage exercise undertaken. Dimboola Netball timekeeper facilities project underway. Jeparit Skatepark funding received. Nhill Motorsport Club funding application unsuccessful. The first stage of the Rainbow multi-purpose tennis/netball facility has been completed.

Strategy 13C: Implement the activities and recommendations of the Positive Ageing Plan by June 2010.	Report to Council – June 2008
---	-------------------------------

Status: Positive Ageing Plan adopted in 2006. Implementation ongoing. Steering Committee active in further initiatives. Officer support provided for Wimmera Wide Aged Care project.

Strategy 13D: Implement the activities and recommendations of the Disability Access Plan by June 2010.	Report to Council – June 2008
---	-------------------------------

Status: Disability Access Plan adopted in September 2007. Implementation ongoing.

STRATEGIC OBJECTIVES & STRATEGIES	ACHIEVEMENT INDICATORS
-----------------------------------	------------------------

Strategic Objective 14 - Promote good governance through active training programs.

Strategy 14A: Implement a program of governance training for Councillors and staff by June 2008.	Complete program and commence training – Feb 2008.
---	--

Status: Program to be designed with Audit Committee program on Corporate Governance. RSD (Internal Auditor) Report to the May Audit Committee. Options may include Corporate Awareness (LGPro) or Top Teams (MAV).

Strategy 14B: Implement a governance training program for community members focussing on succession planning by June 2008.	Develop program and commence rollout – June 2008.
---	---

Status: A workshop was held in July 2007 in Nhill. Wimmera Regional Sports Assembly was organising workshops which are now being rescheduled.

Strategic objective 15 - Initiate a regional skills structure to address the shortage of regional council officer skill sets.

Strategy: Promote, develop and work with regional councils and the MAV to implement a regional regulatory services body by December 2008.	Initiate discussion in North West Municipalities Association – Dec 2007 Further development with MAV – June 2008.
--	--

Status: Project raised at North West Municipalities Association and CEO sub-committee formed. Continuing.

Strategic Objective 16 - Develop community governance structures.

Strategy 16A: Advocate, source funding and promote a program of meeting process training for community groups by June 2008.	Develop program and commence rollout – June 2008
--	--

Status: A workshop was held in July 2007 in Nhill. Wimmera Regional Sports Assembly was organising workshops which are now being rescheduled.

Strategy 16B: Advocate, source funding and promote a program of treasury function training for community groups by June 2008.	Develop program and commence rollout – June 2008.
--	---

Status: Wimmera Regional Sports Assembly was organising workshops which are now being rescheduled.

Strategic Objective 17 - Maintain and develop risk management processes.

Strategy 17A: Continue to develop and adopt best practice for audit of Council activities on an ongoing basis.	Audit Program adopted by Council by July 2007; complete by 2009/2010
---	--

Status: Program adopted.

Strategy 17B: Continue to develop and adopt best practice for risk management of Council activities on an ongoing basis.	Review objectives of the Risk Management Program, confirm program and complete by May 2008.
---	---

Status: Risk Management Committee was asked to consider this at its May meeting. The matter will be relisted for discussion at the next meeting of the Risk Management Committee in September 2008.

Strategy 17C: Develop and adopt best practice for emergency management by June 2008.	To be clarified after MAV benchmarking project.
---	---

Status: MAV benchmarking not proceeding.

Strategy 17D: Develop and adopt best practice for transparency of Council activities by June 2008.	Excellence in Governance program.
---	-----------------------------------

Status: Program was to be designed and considered along with Audit Committee program on Corporate Governance, report dated Feb 2008 but not received until April 2008. The issue will be considered at the next Audit Committee meeting in September 2008. Refer 14a) also.



VICTORIA LOCAL GOVERNMENT INDICATORS

HINDMARSH SHIRE COUNCIL YEAR ENDED JUNE 30 2008

	2008	2007	2006	2005	2004
Affordability / Cost of Governance					
1 Average Rates and Charges per Assessment	897.13	858.24	793.74	771.94	709.85
2 Average Rates and Charges per Residential Assessment	625.05	553.63	525.60	498.10	440.71
Sustainability					
3 Average Liabilities Per Assessment	447.00	460.07	637.95	589.37	664.29
4 Operating Result Per Assessment	(42.66)	(133.38)	15.92	(137.51)	(74.97)
Services					
5 Average Operating Expenditure per Assessment	2394.97	2269.94	2096.41	2321.56	2,174.77
6 Community Satisfaction Rating for Overall Performance Generally of the Council	67	65	67	66	64
Infrastructure					
7 Average Capital Expenditure Per Assessment	1,104.94	721.92	568.38	543.01	489.34
8 Renewal Gap Ratio of current spending on renewal to the long term Average Annual Asset Consumption (AAAC)	122%	75%	56%	37%	52%
9 Renewal and Maintenance Gap Ratio of current spending on renewal plus Maintenance to the (AAAC)	113%	85%	74%	62%	71%
Governance					
10 Community Satisfaction Rating for Council's Advocacy and Community Representation on Key Local Issues	68	67	71	68	68
11 Community Satisfaction Rating for Council's Engagement in Decision Making on Key Local Issues	65	63	64	61	61



BEST VALUE VICTORIA REPORT 2007/08

The Council reviewed governance in 2000/2001 and in 2001/2002 the Council reviewed small units (Landcare, Tourism and Engineering Support) and regulatory (Building/Planning and Environmental Health). In 2002/2003 Council reviewed corporate services (Corporate, administration and finance) and community services (Home care and home maintenance and other human/community services including immunisation, M&CH, kindergartens, MOH, senior citizens, meals on wheels, library, school crossing supervision). In 2003/2004 Council reviewed miscellaneous - local laws, animal control, fire prevention, waste collection, landfills, halls, community centres, town committees, museums, caravan parks, camping areas, emergency management, Property and Risk Management. The Technical Services Best Value Review was completed in the 2006/2007 year.

GUIDING PRINCIPLES

The following guiding principles relate to best value reviews at the Hindmarsh Shire Council;

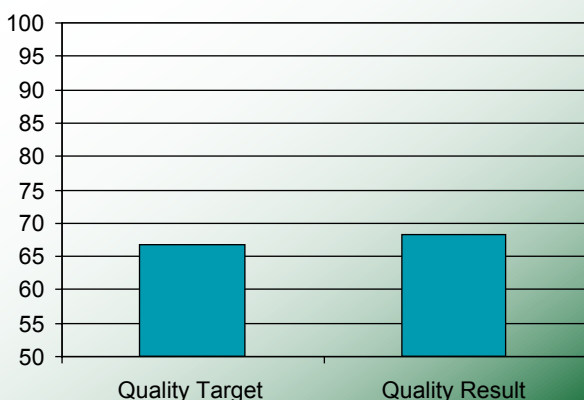
- all services must meet quality and cost standards;
- all services must be responsive to community needs;
- all services must be accessible for service users;
- all services must achieve continuous improvement; and
- all services must be subject to a program of regular community consultation.

ACTUAL PERFORMANCE AGAINST THE PERFORMANCE IMPROVEMENT TARGET SET FOR THE YEAR; AND THE DIFFERENCE; AND EXPLANATION FOR ANY DIFFERENCES BETWEEN TARGETED AND ACTUAL PERFORMANCE

GOVERNANCE

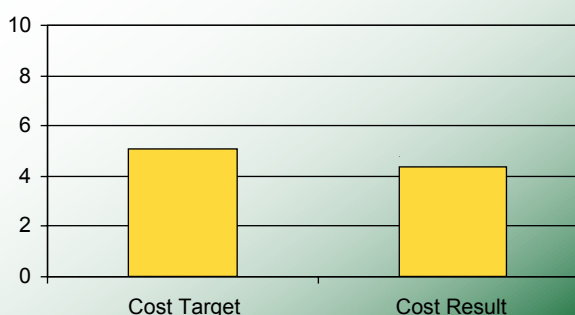
Quality Indicator - Community satisfaction rating for Council's advocacy and community representation on key local issues.

PERFORMANCE	68%
TARGET	67%
DIFFERENCE	1%
EXPLANATION	Target exceeded



Cost Indicator - cost of governance as a proportion of total expenditure (including depreciation and capital works).

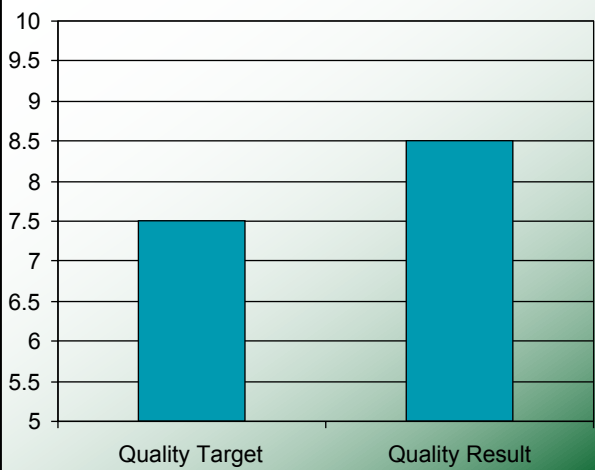
PERFORMANCE	4.4%
TARGET	5.0%
DIFFERENCE	+0.4%
EXPLANATION	Small variance (favourable)



LANDCARE

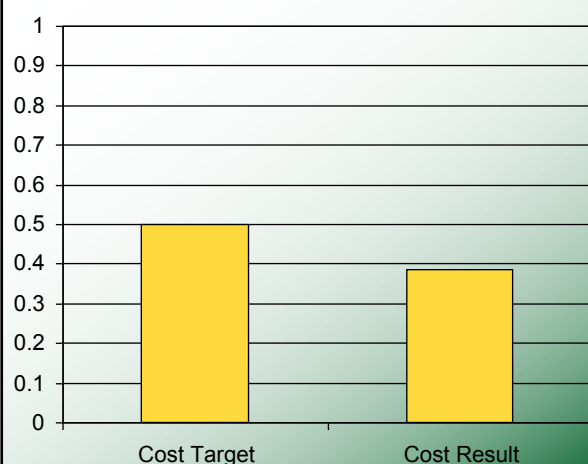
Quality Indicator - assessment (by survey) of satisfaction with the Council's Landcare efforts by local Landcare groups

PERFORMANCE	8.53%
TARGET	7.5%
DIFFERENCE	-1.03%
EXPLANATION	Target exceeded (result is based on a small sample only)



Cost Indicator - cost of Landcare as a proportion of total expenditure (including depreciation and capital works).

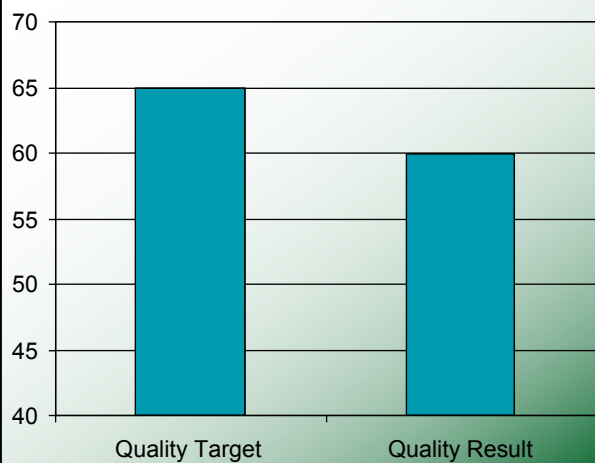
PERFORMANCE	0.389%
TARGET	0.5%
DIFFERENCE	+0.111%
EXPLANATION	Small variance (favourable)



TOURISM AND BUSINESS DEVELOPMENT

Quality Indicator - Community satisfaction rating for economic development

PERFORMANCE	60%
TARGET	65%
DIFFERENCE	-5%
EXPLANATION	Some progress but Council recognises that this is an area for improvement



Cost Indicator - cost of tourism and business development as a proportion of total expenditure (including depreciation and capital works).

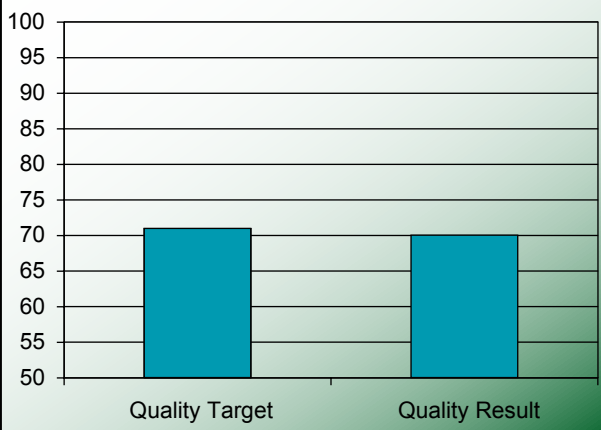
PERFORMANCE	0.43%
TARGET	0.8%
DIFFERENCE	+0.37%
EXPLANATION	High staff turnover in tourism and business area in 2007/2008 meant less costs



ENGINEERING SUPPORT

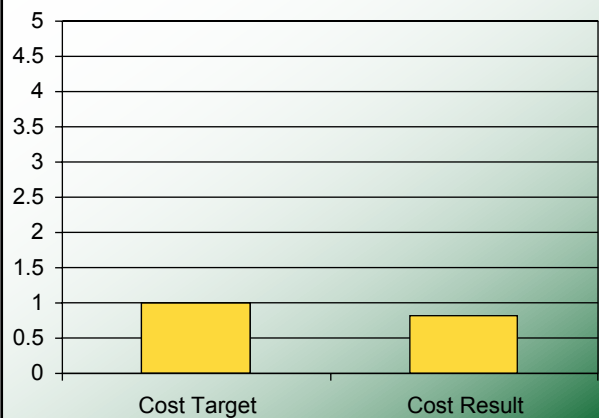
Quality Indicator - Community satisfaction rating for traffic management and parking facilities

PERFORMANCE	70%
TARGET	71%
DIFFERENCE	-1 %
EXPLANATION	Small variance (unfavourable)



Cost Indicator - cost of Engineering Support Services as a proportion of total expenditure (including depreciation and capital works).

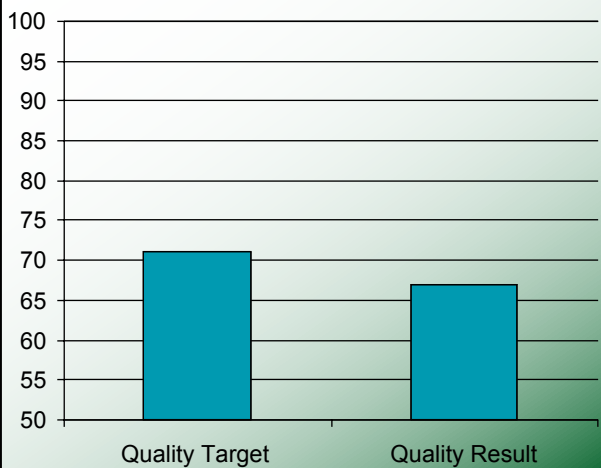
PERFORMANCE	0.797%
TARGET	1.0%
DIFFERENCE	+0.203%
EXPLANATION	Small variance (favourable)



BUILDING AND PLANNING

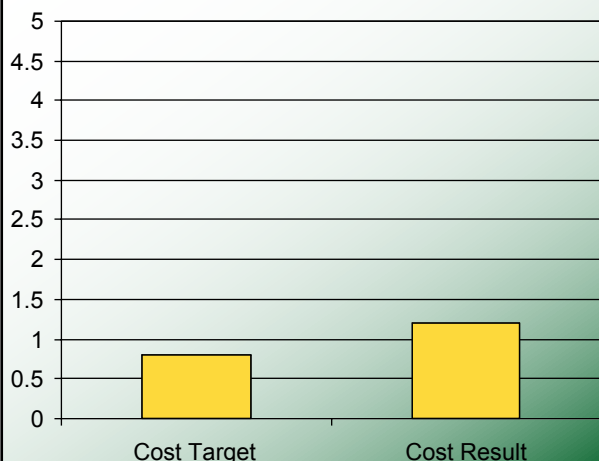
Quality Indicator - Community satisfaction rating for Town Planning Policy and Approvals

PERFORMANCE	67%
TARGET	71%
DIFFERENCE	-4%
EXPLANATION	Some progress but Council recognises that this is an area for improvement



Cost Indicator - cost of Building/Planning Services as a proportion of total expenditure (including depreciation and capital works).

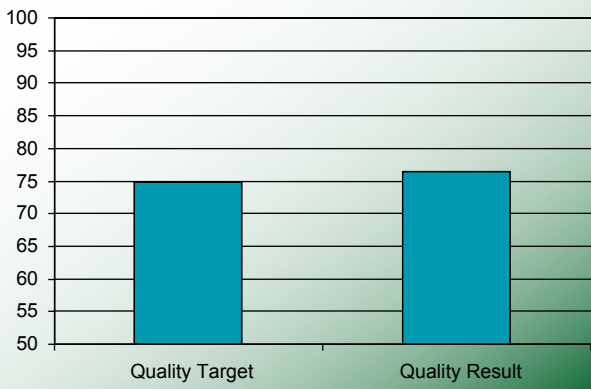
PERFORMANCE	1.29%
TARGET	0.8%
DIFFERENCE	-0.49%
EXPLANATION	Higher costs due to market conditions in areas such as Development Approvals and Building Services



ENVIRONMENTAL HEALTH

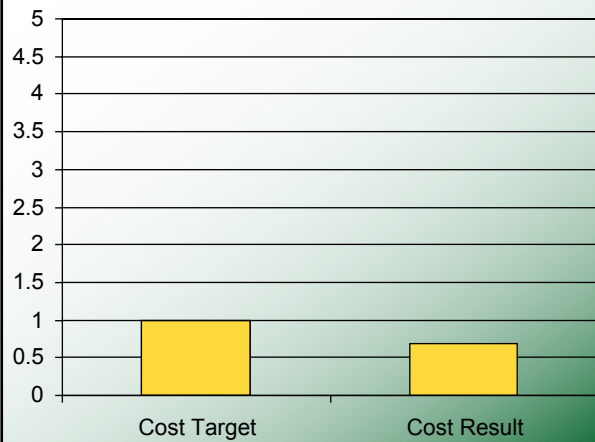
Quality Indicator - Community satisfaction rating for Health and Human Services

PERFORMANCE	77%
TARGET	75%
DIFFERENCE	+2%
EXPLANATION	Target exceeded



Cost Indicator - cost of Environmental Health Services as a proportion of total expenditure (including depreciation and capital works).

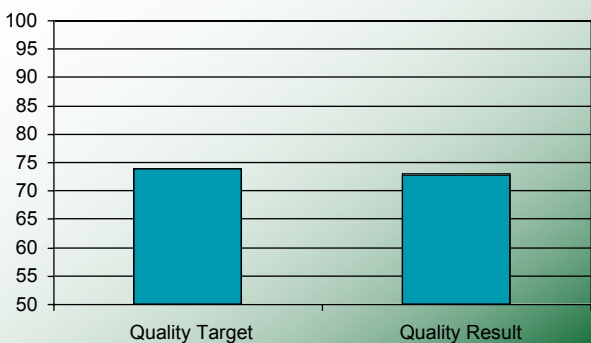
PERFORMANCE	0.66%
TARGET	1.0%
DIFFERENCE	+0.34%
EXPLANATION	Target exceeded



CORPORATE SERVICES

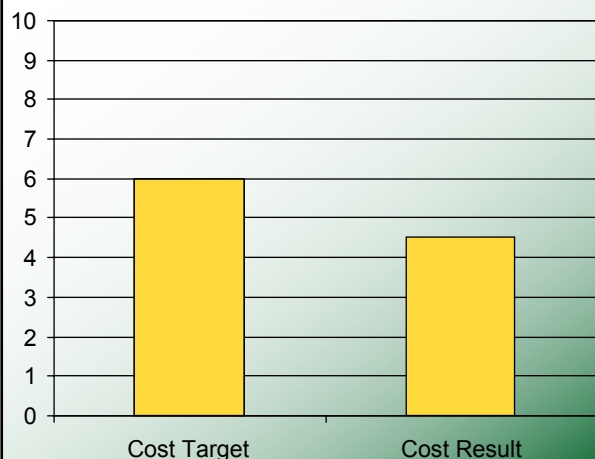
Quality Indicator - Community satisfaction rating with Council's interaction and responsiveness in dealing with the public.

PERFORMANCE	73%
TARGET	74%
DIFFERENCE	-1%
EXPLANATION	Small variance (unfavourable)



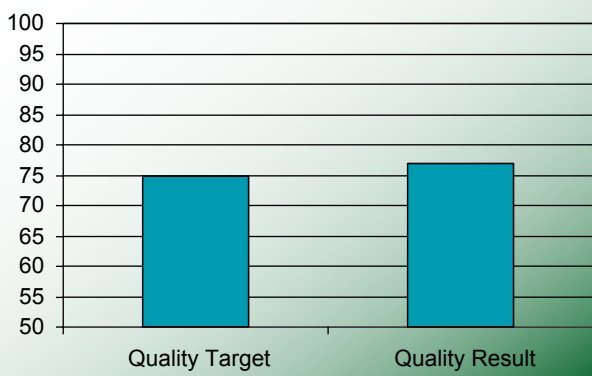
Cost Indicator - cost of Corporate Services as a proportion of total expenditure (including depreciation and capital works).

PERFORMANCE	4.56%
TARGET	7.5%
DIFFERENCE	+ 2.94%
EXPLANATION	Target exceeded



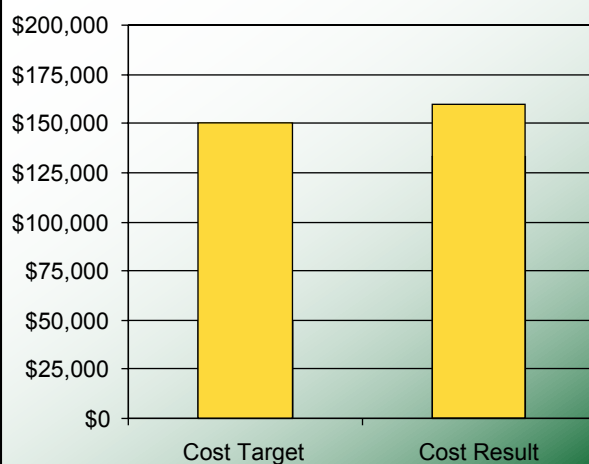
COMMUNITY SERVICES

Quality Indicator - Community satisfaction rating for Health and Human Services	
PERFORMANCE	77%
TARGET	70%-80%
DIFFERENCE	-
EXPLANATION	On target



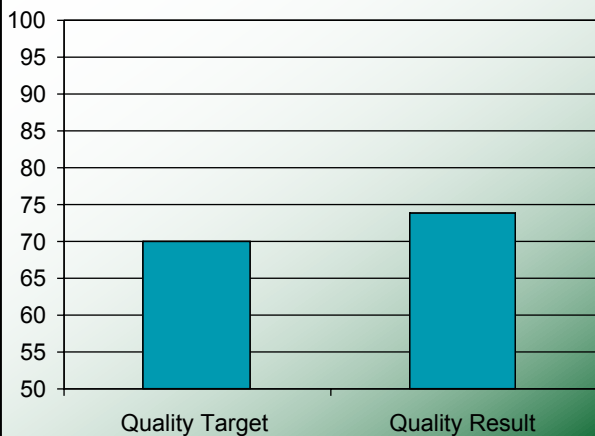
Cost Indicator - nett cost of Community Services (including depreciation and capital works) based on a three year moving average.

PERFORMANCE	\$161,397
TARGET	\$150,000
DIFFERENCE	-\$11,397
EXPLANATION	Additional nett costs in home care area as a result of Government sharing less cost in percentage terms



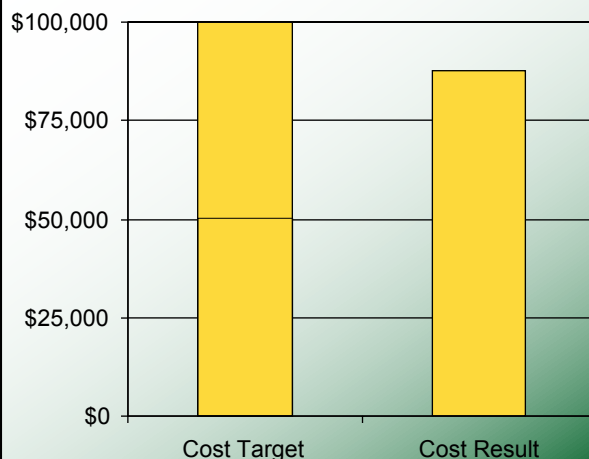
MISCELLANEOUS SERVICES

Quality Indicator - Community satisfaction rating for Waste Management	
PERFORMANCE	74%
TARGET	70%
DIFFERENCE	+4%
EXPLANATION	Target exceeded

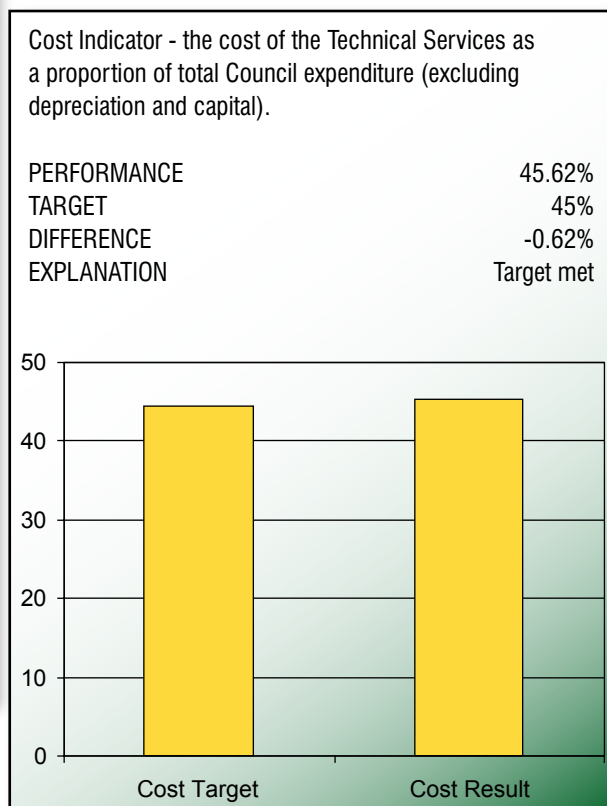
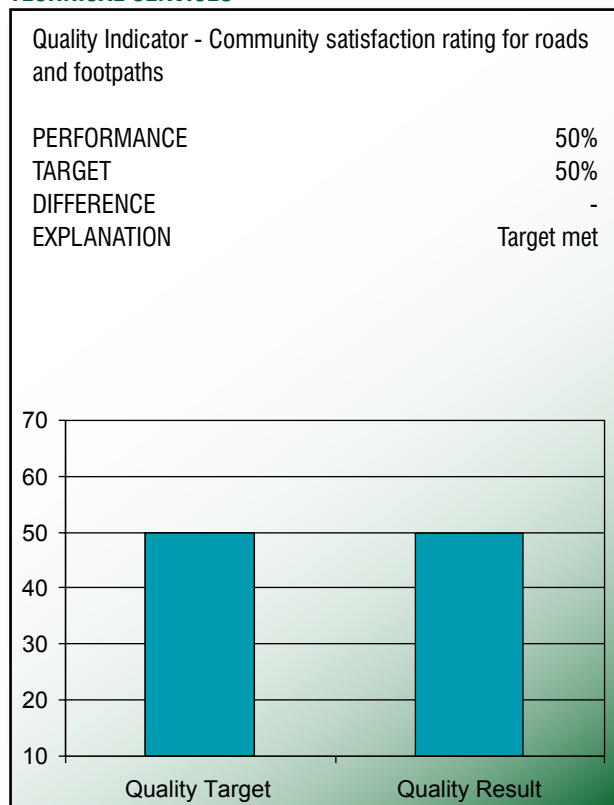


Cost Indicator - cost of Animal Control and Local Laws

PERFORMANCE	\$88,855
TARGET	\$100,000
DIFFERENCE	+\$11,145
EXPLANATION	Target exceeded



TECHNICAL SERVICES



TRENDS IN PERFORMANCE AS COMPARED WITH STANDARDS AND TARGETS FOR THE PREVIOUS YEAR OR YEARS.

GOVERNANCE

The recent quality results (advocacy) have been:

2004 - 68%	2007 - 67%
2005 - 71%	2008 - 68%
2006 - 71%	

The recent cost trends (cost of governance as a proportion of total expenditure, including depreciation and capital works) have been:

2003/04 - 5.17%	2006/07 - 4.8%
2004/05 - 4.9%	2007/08 - 6.8%
2005/06 - 5.4%	

LANDCARE

The recent quality results (survey) have been:

2003/04 - 8.2% (third survey of Landcare Groups).
2004/05 - 8.67% (fourth survey of Landcare Groups).
2005/06 - 5.67% (fifth survey of Landcare Groups).
2006/07 - 8.5% (sixth survey of Landcare Groups).
2007/08 - 8.53% (seventh survey of Landcare Groups).

The recent cost trends (cost of landcare as a proportion of total expenditure (including depreciation and capital works) have been:

2003/04 - 0.47%	2006/07 - 0.49%
2004/05 - 0.52%	2007/08 - 0.39%
2005/06 - 0.57%	

TOURISM AND BUSINESS DEVELOPMENT

The recent quality results (economic development) have been:

2004 - 59%	2007 - 59%
2005 - 59%	2008 - 60%
2006 - 60%	

The recent cost trends (cost of tourism and business development as a proportion of total expenditure, including depreciation and capital works) have been:

2003/04 - 0.02%	2006/07 - 0.07%
2004/05 - 0.54%	2007/08 - 0.43%
2005/06 - 0.18%	

ENGINEERING SUPPORT

The recent quality results (traffic management and parking) have been:

2004 - 68%	2007 - 67%
2005 - 68%	2008 - 70%
2006 - 69%	

The recent cost results (cost of engineering support as a proportion of total expenditure, including depreciation and capital works) have been:

2003/04 - 0.96%	2006/07 - 0.94%
2004/05 - 1.06%	2007/08 - 0.79%
2005/06 - 0.84%	



BEST VALUE VICTORIA REPORT 2007/08 CONT'D

BUILDING AND PLANNING

The recent quality results (planning policy and approvals) have been:

2004 – 65%	2007 – 63%
2005 – 65%	2008 – 67%
2006 – 65%	

The cost trends (cost of building/planning services as a proportion of total expenditure, including depreciation and capital works) have been:

2003/04 – 0.74%
2004/05 – 0.94%
2005/06 – 1.2%
2006/07 – 1.3%
2007/08 – 1.29%

ENVIRONMENTAL HEALTH

The recent quality results (health & human services) have been:

2004 – 72%	2007 – 75%
2005 – 74%	2008 – 77%
2006 – 77%	

The recent cost results (cost of environmental health services as a proportion of total expenditure, including depreciation and capital works) have been:

2003/04 – 0.58%
2004/05 – 0.57%
2005/06 – 0.72%
2006/07 – 0.78%
2007/08 – 0.66%

CORPORATE SERVICES

The recent quality results (Community satisfaction to Council's interaction and responsiveness in dealing with the public) have been:

2004 – 75%	2007 – 73%
2005 – 72%	2008 – 73%
2006 – 74%	

The recent cost trends (cost of corporate services as a proportion of total expenditure, including depreciation and capital works) have been:

2003/04 – 4.83%
2004/05 – 4.67%
2005/06 – 5.73%
2006/07 – 5.5%
2007/08 – 4.56%

COMMUNITY SERVICES

The recent quality results (health & human services) have been:

2004 – 72%
2005 – 74%
2006 – 77%
2007 – 75%

The recent quality result (HACC target for quality from the annual client survey) has been:

2008 – 77%

The cost trends have been:

2003/04 – \$58,000
2004/05 – \$91,650
2005/06 – \$93,652
2006/07 – \$133,523
2007/08 – \$161,397

MISCELLANEOUS SERVICES

The recent quality results (community satisfaction rating for waste management) have been:

2004 – 68%	2007 – 75%
2005 – 68%	2008 – 74%
2006 – 67%	

The cost trends (cost of animal control and local laws) have been:

2003/04 – \$51,974
2004/05 – \$69,768
2005/06 – \$70,656
2006/07 – \$92,262
2007/08 – \$88,855

TECHNICAL SERVICES

The recent quality target results (community satisfaction rating for roads and footpaths) have been:

2007 – 52%
2008 – 50%

The recent quality target results (cost of technical services as a proportion of total expenditure, excluding depreciation and capital works) have been:

2006/07 – 44.4%
2007/08 – 45.62%



Hindmarsh
Shire Council

STANDARD STATEMENTS

FOR THE YEAR
1 JULY 2007 TO 30 JUNE 2008

NOTES TO THE STANDARD STATEMENTS



FOR THE YEAR ENDED 30 JUNE 2008

1(a). Basis of preparation of Standard Statements

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

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

The Standard Statements are not a substitute for the General Purpose Financial Statements, which are included on pages 51 to 93 of the Annual Report. They have not been prepared in accordance with all Australian Accounting Standards or other authoritative Professional Pronouncements.

The Standard Statements compare council's financial plan, expressed through its budget, with actual performance. The **Local Government Act 1989** requires explanation of any material variances. The Council has not adopted a materiality threshold, however an explanation has been provided if the variance is considered to be material because of its nature, ie more than 10%

The budget figures included in the Statements are those adopted by Council on .

The budget was based on assumptions that were relevant at the time of adoption of the budget. The Council set guidelines and parameters for revenue and expense targets in this budget in order to meet council's business plan and financial performance targets for both the short and long term.

Detailed information on the actual financial results are contained in the General Purpose Financial Statements on pages 51 to 93.

The detailed budget can be obtained by contacting Council or through the Council's website.

The Standard Statements must be read with reference to these documents.

1(b). Basis of preparation of Standard Statements (cont.)

The Standard Income Statement compares actual result with the Budget for 2006/07, while the Income Statement has been prepared to give a comparison with the previous year.

Consequently some line items have the same description while actual figures in one statement may not agree with the other.

Major Variances are listed below:

Standard Statement	Financial Statement	Variance
\$	\$	\$

This note also applies to the Standard Statement of Cash Flows.

The other major variance in the Standard Statement of Cash Flows, is that GST has not been included on the relevant items on the Standard Statement. This is included as part of Government Receipts.

STANDARD INCOME STATEMENT



YEAR ENDED 30 JUNE 2008

	Actual 2008 \$	Budget 2008 \$	Variations \$	%	Ref
REVENUES					
Rates and charges	4,068,651	4,072,210	(3,559)	(0.09)	
Statutory fees and fines	99,134	138,516	(39,382)	(28.43)	1
User fees	1,244,741	1,171,715	73,026	6.23	
Contributions	380,011	166,350	213,661	128.44	2
Grants Operating	4,272,794	3,830,550	442,244	11.55	3
Grants Capital	1,474,732	2,461,300	(986,568)	(40.08)	4
Other revenue	1,893,459	1,467,569	425,890	29.02	5
Total Revenues from ordinary activities	13,433,522	13,308,210	125,312	0.94	
EXPENSES					
Employee benefits	3,854,545	3,488,400	366,145	10.50	6
Materials and Services	4,096,257	3,464,250	632,007	18.24	7
Depreciation and amortisation	3,040,840	2,950,000	90,840	3.08	
Finance Costs	38,221	28,800	9,421	32.71	8
Other expenses	942,606	1,350,200	(407,594)	(30.19)	9
Total Expenses from ordinary activities	11,972,469	11,281,650	690,819	6.12	
PROFIT / (LOSS) RESULT FROM ORDINARY ACTIVITIES					
	1,461,053	2,026,560	(565,507)	(27.90)	
Net gain on disposal of property, infrastructure, plant and equipment	124,414	30,000	94,414	314.71	10
Share of net profit (losses) of associates and joint ventures accounted for by the equity method	(49,878)	0	(49,878)	-	11
	1,535,589	2,056,560	(471,093)	(22.91)	

STANDARD INCOME STATEMENT COMPARISON REPORT



YEAR ENDED 30 JUNE 2008

Variation Explanation Report

Ref	Item	Commentary
1	Statutory fees and fines (revenue)	The budget allowed for Animal Registration fees, but the actuals figure has been included under user fees.
2	Contributions (revenue)	The budget figure is for contributions to street scheme projects, but other contributions for the Nhill State Emergency Service upgrade and recreational facilities has provided additional income.
3	Grants operating (revenue)	Unbudgeted grants received in 2008 were \$70,700 for Community Building, \$37,500 for a Drought Response Officer, \$51,666 for the Nhill State Emergency Service building works and \$172,137 for sporting club and recreational facilities upgrades
4	Grants capital (revenue)	Council budgeted to receive capital grants of \$804,000 for the Nhill Memorial Community Centre upgrade works and \$400,000 for the Albacutya Bridge. A total of only \$261,000 has been received in the 2008 year due to delays in these projects. Funds will be received in 2009.
5	Other (revenue)	The main areas of variance are created by additional interest on investment of \$124,200, additional income from sale of ready mix concrete due to the construction of the Wimmera Mallee Pipeline, and unbudgeted income from Section 86 Committees of Council of \$191,800.
6	Employee benefits (expense)	An unbudgeted restructure within the Technical Services Department imposed a variance of approximately \$220,000, along with additional staff costs in the Home Care area of \$79,600.
7	Materials and services (expense)	Council incurred additional costs due to unbudgeted expenditure incurred by Section 86 Committees of Council of \$172,100, additional materials used for the concrete works due to the construction of the Wimmera Mallee Pipeline, and expenditure incurred on unbudgeted recreational facilities in Note 3 above.
8	Finance costs (expense)	The actual figures include bank charges of \$9,320. These are not included in the budget figure.
9	Other expenses (expense)	The budget allowed for an increase in Councillor Allowances, but this did not occur in 2008, and other savings in Insurance, Leases and Council Contributions has produced the variance
10	Net gain on disposal of property, infrastructure, plant and equipment (revenue)	A number of plant purchases were delayed from 2007, so the corresponding trade and book values have flowed through into 2008. Several of the trades brought better values than anticipated.
11	Share of net profit (losses) of associates and joint ventures accounted for by the equity method.	No budget was allowed for this item.

STANDARD STATEMENT OF BALANCE SHEET

AS AT 30 JUNE 2008

	Actual 2008	Budget 2008	Variances		Ref
	\$	\$	\$	%	
CURRENT ASSETS					
Cash and cash equivalents	4,161,757	3,677,462	484,295	13.17	12
Trade and other receivables	1,030,886	351,257	679,629	193.48	13
Financial assets	123,255	100,383	22,872	22.78	14
Other financial assets	267,420	359,180	(91,760)	(25.55)	15
Total current assets	5,583,318	4,488,282	1,095,036	24.40	
NON CURRENT ASSETS					
Trage and Other Recievables	8,550	165,416	(156,866)	(94.83)	16
Property, Infrastructure,Plant and Equipment	86,458,256	91,620,728	(5,162,472)	(5.63)	
Total non-current Assets	86,466,806	91,786,144	(5,319,338)	(5.80)	
TOTAL ASSETS	92,050,124	96,274,426	(4,224,302)	(4.39)	
CURRENT LIABILITIES					
Trade and other payables	1,097,855	1,106,210	(8,355)	(0.76)	
Interest-bearing liabilities	45,846	94,000	(48,154)	(51.23)	17
Provisions	986,723	942,479	44,244	4.69	
Total current liabilities	2,130,424	2,142,689	(12,265)	(0.57)	
NON CURRENT LIABILITIES					
Interest bearing loans and borrowings	0	273,842	(273,842)	(100.00)	17
Provisions	142,034	104,765	37,269	35.57	18
Other non-current liabilities	0	76,700	(76,700)	(100.00)	19
Total non current liabilities	142,034	455,307	(313,273)	(68.80)	
TOTAL LIABILITIES	2,272,458	2,597,996	(325,538)	(12.53)	
NET ASSETS	89,777,666	93,676,430	(3,898,764)	(4.16)	
EQUITY					
Accumulated surplus	26,777,463	27,588,058	(810,595)	(2.94)	
Asset Revaluation Reserves	63,000,203	66,088,372	(3,088,169)	(4.67)	
Other Reserves					
TOTAL EQUITY	89,777,666	93,676,430	(3,898,764)	(4.16)	

STANDARD STATEMENT OF BALANCE SHEET COMPARISON REPORT



FOR THE YEAR ENDED 30 JUNE 2008

Variation Explanation Report

Ref	Item	Commentary
12	Cash and cash equivalents (current)	Delays in completion of capital works in 2008 has assisted in maintaining a better than expected cash position. At 30 June 2008, Council held \$1.8 million in unspent grant money for specific projects
13	Trade and other receivables (current)	At end of year the claim for pensioner concessions and exceptional circumstances totalling \$88,000 was outstanding as well as debtors being raised for grant projects completed or due to commence in 2009. These were not included in the budget.
14	Financial assets (current)	The budget allowed for the sale of the last block in the industrial estate in Nhill. This will not be completed until 2009.
15	Other financial assets (current)	The accrued income at end of year included a street construction scheme and the sale of the revaluation data. These were not allowed in the budget figures.
16	Trade and other receivables (non-current)	The level of receivables in the budget included unpaid contributions to street construction schemes which were taken up as accrued income. Refer Note 15.
17	Interest bearing liabilities (current and non current)	The payout of two loans due for renegotiation totalling \$339,000 was not included in the budget.
18	Provisions (non current)	The budget for provisions was insufficient to meet the cost of additional staff entitlements.
19	Other liabilities (non current)	At end of year Council had paid out all of its other non current liabilities

STANDARD STATEMENT OF CASH FLOW



FOR THE YEAR ENDED 30 JUNE 2008

	Actual 2008 \$	Budget 2008 \$	Variations \$	%	Ref.
Receipts					
General rates and charges	7,539,442	6,804,442	735,000	10.8	20
Operating grants and contributions	4,352,872	3,830,550	522,322	13.6	21
Capital grants and contributions	1,554,732	2,461,300	(906,568)	(36.8)	22
Interest	335,228	196,517	138,711	70.6	23
Total Receipts	13,782,274	13,292,809	489,465	3.7	
Payments					
Employee costs	(3,833,691)	(3,543,400)	(290,291)	8.2	
Materials and consumables	(5,534,681)	(4,642,479)	(892,202)	19.2	24
Finance costs	(38,221)	(28,800)	(9,421)	32.7	25
Total Payments	(9,406,593)	(8,214,679)	(1,191,914)	14.5	
Net cash provided by operating activities	4,375,681	5,078,130	(702,449)	(13.8)	
Cash Flows from Investing Activities					
Proceeds from Sale of Property, Plant and Equipment	455,320	459,000	(3,680)	(0.8)	
Payments for Property, Plant and Equipment	(5,523,577)	(6,155,390)	631,813	(10.3)	26
Other	-	12,660	(12,660)	(100.0)	27
Net Cash Provided in Investment Activities	(5,068,257)	(5,683,730)	615,473	(10.8)	
Cash Flows from Financing Activities					
Proceeds from Borrowings	-	-	-	-	
Repayment of Borrowings	(441,167)	(121,500)	(319,667)	263.1	28
Net Cash Inflow (Outflow) from Financing Activities	(441,167)	(121,500)	(319,667)	263.1	
Net Increase (Decrease) in cash and cash equivalents	(1,133,743)	(727,100)	(406,643)	55.9	29
Cash and cash equivalents at beginning of year	5,295,500	4,404,562	890,938	20.2	30
Cash and cash equivalents at end of year	4,161,757	3,677,462	484,295	13.2	30

STANDARD CASH FLOW STATEMENT COMPARISON REPORT



FOR THE YEAR ENDED 30 JUNE 2008

Variation Explanation Report

Ref	Operating Item	Commentary
20	General rates and charges (inflow)	Additional income was received from contributions from the construction of Malvern Rd which was budgeted in 2007. Additional income was received from the sale of the concrete works due to the construction of the Wimmera Mallee Pipeline.
21	Operating grants and contributions (inflows)	Additional grant funding was received from the Victorian Grants Commission, home care services, community building initiative, drought recovery officer and community water grants for non council sporting facilities.
22	Capital grants and contributions (inflows)	Only \$120,000 of the budget of \$802,000 was received for the upgrade works on the Nhill Memorial Community Centre. The project has been delayed and therefore the grant proceeds have been delayed.
23	Interest received (inflow)	Additional interest has been raised due to Council being in a strong cash position throughout the year due largely to grant funds being carried forward from 2007.
24	Materials and consumables (outflow)	The budget has not allowed for GST on materials and consumables.
25	Finance costs	The budget did not include bank charges. Expenditure incurred was \$9,307
Investing		
26	Payments for property plant and equipment (outflows)	The delay in the upgrade of the Nhill Memorial Community Centre has produced the variance.
27	Other (inflows)	The budget of \$12,660 was for the decrease in street scheme debtors. The delay in completing these works before end of year resulted in no debtors being realised at June 30 2008 for these works..
Financing		
28	Repayments of interest bearing loans and borrowings (outflow)	Council repaid additional loan repayments at the time of their renegotiation of \$339,000 to fully repay two loans.
Cash at end of year		
29	Net increase (decrease) in cash and cash equivalents	The carry over of a number of capital projects from 2007 such as plant purchases and the construction of Malvern Road has seen a larger reduction in cash used for the year than budgeted.
30	Cash and cash equivalents at the end of the year	Council started the year with \$891,000 more in cash than budgeted due largely to capital works carried forward and certain grant funds received in advance. This has also been responsible for the higher than budgeted cash at the end of the financial year.

STANDARD STATEMENT OF CAPITAL WORKS



FOR THE YEAR ENDED 30 JUNE 2008

CAPITAL WORKS AREA	Actuals	Budget	Variances		Ref
	2008	2007/2008	\$	%	
	\$	\$	\$	%	
Roads	2,212,609	2,171,800	(40,809)	(1.88)	
Drains	50,764	45,000	(5,764)	(12.81)	31
Open space	233,728	228,750	(4,978)	(2.18)	
Buildings	389,729	1,398,940	1,009,211	72.14	32
Plant, equipment and other	1,571,230	1,100,000	(471,230)	(42.84)	33
Other Infrastructure	1,065,517	1,210,900	145,383	12.01	34
Total Capital Works	5,523,577	6,155,390	631,813	10.26	
Represented by :					
Renewal	4,227,474	5,063,840	836,366	16.52	35
Expansion	241,084	162,000	(79,084)	(48.82)	36
Upgrade	1,055,019	929,550	(125,469)	(13.50)	37
Total Capital Works	5,523,577	6,155,390	631,813	10.26	

STANDARD STATEMENT OF CAPITAL WORKS COMPARISON REPORT



FOR THE YEAR ENDED 30 JUNE 2008

Variation Explanation Report

Ref	Item	Commentary
31	Drains	The drainage associated with the Malvern Road street scheme was carried forward from last year, and not part of the current year budget.
32	Buildings	The upgrade works at the Nhill Memorial Community Centre have been delayed due to the costs of the project and finding a suitable contractor.
33	Plant and equipment	Several large items of plant were held over from 2007, so additional costs have been incurred in 2008, but not part of the original budget.
34	Other infrastructure	The budget allowed for projects such as the Federal St Footpath, and Church St drainage to be completed. Federal St (stage 1) was not completed by June 2008 and The Church st drainage has been held over to 2009.
35	Renewal	The fact that the full capital works budget was not achieved has created the variance
36	Expansion	Unbudgeted works from new or carried forward projects has created the variance
37	Upgrade	Unbudgeted works from new or carried forward projects has created the variance

CERTIFICATION OF THE STANDARD STATEMENT



FOR THE YEAR ENDED 30 JUNE 2008

HINDMARSH SHIRE COUNCIL

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.

A handwritten signature in blue ink, appearing to read 'P. C. Smith'.

Mr. Peter C Smith
Bach Bus (Local Govt), Grad Dip of Business, Master of Business Administration
Principal Accounting Officer
Dated: 23 September 2008
Location - Nhill

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 17 September 2008 to certify the standard statements in their final form.

Councillor R.L. Gersch
Dated: 23 September 2008
Location - Nhill

A handwritten signature in blue ink, appearing to read 'R.L. Gersch'.

Councillor E. J. Bennett
Dated: 23 September 2008
Location - Nhill

A handwritten signature in blue ink, appearing to read 'E. J. Bennett'.

Mr. John A Hicks
Chief Executive Officer
Dated: 23 September 2008
Location - Nhill

A handwritten signature in blue ink, appearing to read 'John A Hicks'.

DESCRIPTION OF FINANCIAL POSITION

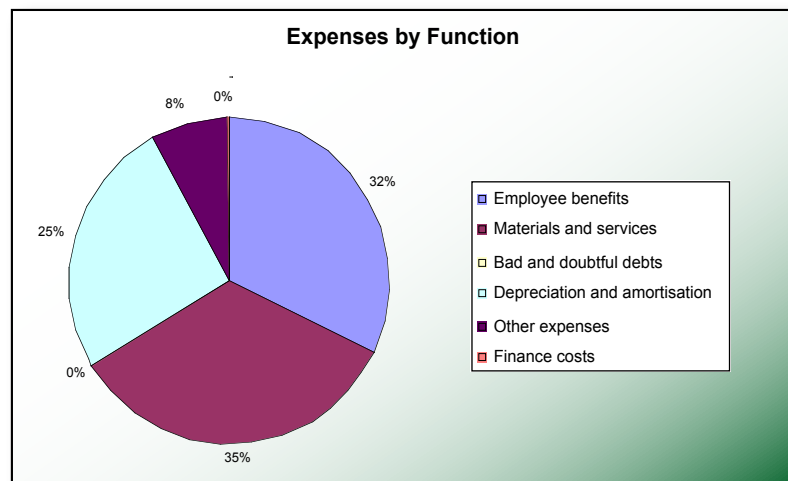
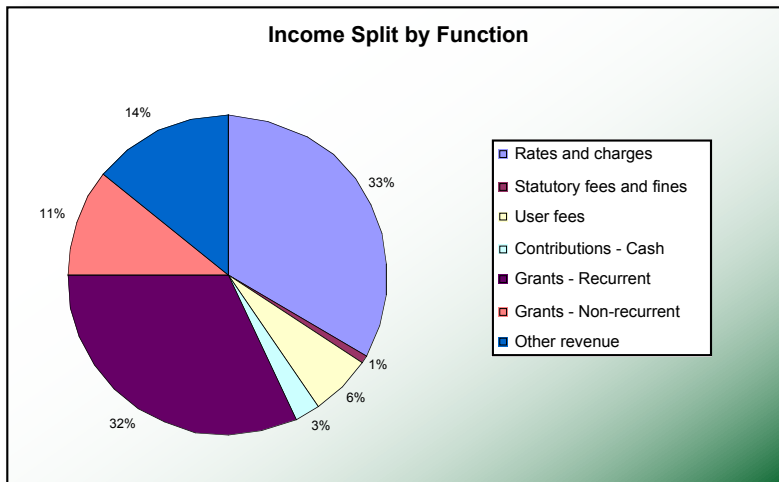


FOR THE YEAR ENDED 30 JUNE 2008

The end of the 2007-2008 financial year found Hindmarsh Shire Council in a sound and financially stable environment. Council produced a net surplus from operations of \$1,535,189 compared to \$1,783,841 for the previous year. A net surplus from operations is similar to a net profit in the private sector. It is used to fund the renewal and expansion of Council's asset base, the repayment of loans, the expansion of Council services to the community, while safeguarding Council's financial position. The forecast operating result for the year at the time of the Budget was \$2,056,560. A summary of revenue and expenses compared to last year is contained in the following Table.

	2008 \$	2007 \$
Revenue		
Rates and charges	4,488,625	4,243,150
Statutory fees and fines	99,134	95,744
User fees	824,767	846,130
Contributions - Cash	380,011	225,145
Grants - Recurrent	4,272,794	3,770,289
Grants - Non-recurrent	1,474,732	2,216,997
Other revenue	1,893,459	1,609,260
Total revenue	<u>13,433,522</u>	<u>13,006,715</u>
Expenses		
Employee benefits	(3,854,545)	(3,667,159)
Materials and services	(4,096,257)	(3,445,924)
Bad and doubtful debts	(1,274)	(4,397)
Depreciation and amortisation	(3,040,840)	(3,059,041)
Finance costs	(38,221)	(63,071)
Other expenses	(941,332)	(980,711)
Total expenses	<u>(11,972,469)</u>	<u>(11,220,303)</u>
Net gain(loss) on disposal of property, plant and equipment, infrastructure	124,414	3,321
Share of net profits(losses) of associates and joint ventures accounted for by the equity method	(49,878)	(5,892)
Surplus(deficit) for the period	<u>1,535,589</u>	<u>1,783,841</u>

DESCRIPTION OF FINANCIAL POSITION CONT'D



Council generally adhered to its Budget and acted responsibly throughout the year. All of the major financial performance indicators apart from working capital showed improvement, a positive trend. The working capital ratio fell from 356% to 266% but this is still well above prudential limits. Council remains reliant on government support with only one third of its total income coming from rate revenue. Council paid out 2 loans owing the year totalling \$339,000 and will achieve its strategic objective of being debt free in May 2009. Insurance costs, interest costs and investment returns all improved again this year.

The major reason for the variance in the net surplus from operations from Budget was due to grants and contributions for the Nhill Memorial Community Centre capital works refurbishment of \$780,000 not being received due to delays in the project. Outstanding rates at year end were high again but, given the impact of the drought and outstanding claims for exceptional circumstances drought relief and Pension Rebates totalling \$88,000, the result is still considered a good one.

Government Grants for capital works are a major source of income and in 2007/2008 were \$1,474,732 or \$742,265 less than last years figure of \$2,216,997. The major reasons for the discrepancy between the Government Grants received last year and this year were the deferment of income for the Nhill Memorial Community Centre capital works refurbishment of \$780,000 referred to earlier and due to the receipt in 2006/2007 of a once off grant for the McKenzie Avenue Upgrade of \$854,000, a project that will now commence in 2008/2009. Other major sources of funding in 2007/2008 were Council Rates and Charges \$4,488,625, Recurrent Grants \$4,272,794, User Fees \$824,787, Contributions \$380,011 and Statutory Fines and Fees \$99,134.

Council rates levied for 2007/2008 were based on a 5.4% increase on the previous year which is lower than the average increase applied elsewhere in Victoria and is in accord with Council's long term objectives, especially in the current uncertain economic environment caused by the drought. Interest Bearing Liabilities (borrowings) decreased by \$441,167 to \$45,846. Council has a 12.96% or \$209,624 equity in the Wimmera Regional Library Corporation. Long Service Entitlements payable to employees is fully funded and identified through a separate bank account for this purpose \$612,927 and the overall cash balance at 30 June 2008 is \$4,161,757 as per the following Table;

DESCRIPTION OF FINANCIAL POSITION CONT'D



	2008	2007
Cash on hand	3,221,035	4,414,510
Cash at Bank-Bequest	117,351	112,683
Long Service Leave	612,927	575,515
Section 86 Committees of Council	<u>210,444</u>	<u>192,792</u>
	<u>4,161,757</u>	<u>5,295,500</u>

The 2007/08 Works Program and Routine Maintenance Program is summarised as follows:

- Total capital works budget allowance was approximately \$5,325,486 (main items).
- The total actual capital works expenditure was \$4,904,962 (main items). This was a completion rate of approximately 92%. Most of the 8% balance has been carried forward because of delays caused by external issues out of the Council's control.
- The Routine Maintenance budget allowance was approximately \$1,572,566 (main items). Total actual routine maintenance expenditure was \$1,664,483 (main items).

The following capital works program summary illustrates that Council is applying significant funds to renew and expand its asset base;

Capital expenditure areas	2008	2007
Roads	2,212,609	1,941,407
Drainage	50,764	44,362
Land and buildings	389,729	196,338
Plant and equipment	1,482,362	567,461
Furniture and equipment	88,868	14,233
Other Infrastructure	1,127,196	301,472
Work in progress	172,049	503,192
Total capital works	<u>5,523,577</u>	<u>3,568,465</u>

Spent as per the following

Renewal of infrastructure	3,424,547	2,182,661
Upgrade of infrastructure	1,055,019	126,223
Expansion of infrastructure	241,084	544,014
New assets	630,878	212,375
Work in progress	172,049	503,192
Total capital works	<u>5,523,577</u>	<u>3,568,465</u>

Expenditure on infrastructure maintenance and renewal is increasing. This is in keeping with Councils strategic objectives and will ensure that Council can keep the infrastructure gap under control.



Hindmarsh
Shire Council

FINANCIAL STATEMENTS

FOR THE YEAR
1 JULY 2007 TO 30 JUNE 2008

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INCOME STATEMENT



FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 \$	2007 \$
Revenue			
Rates and charges	2	4,488,625	4,243,150
Statutory fees and fines	3	99,134	95,744
User fees	4	824,767	846,130
Contributions - Cash	6	380,011	225,145
Grants - Recurrent	5	4,272,794	3,770,289
Grants - Non-recurrent	5	1,474,732	2,216,997
Other revenue	7	1,893,459	1,609,260
Total revenue		<u>13,433,522</u>	<u>13,006,715</u>
Expenses			
Employee benefits	8	(3,854,545)	(3,667,159)
Materials and services	9	(4,096,257)	(3,445,924)
Bad and doubtful debts	10	(1,274)	(4,397)
Depreciation and amortisation	11	(3,040,840)	(3,059,041)
Finance costs	12	(38,221)	(63,071)
Other expenses	13	(941,332)	(980,711)
Total expenses		<u>(11,972,469)</u>	<u>(11,220,303)</u>
Net gain(loss) on disposal of property, plant and equipment, infrastructure	14	124,414	3,321
Share of net profits(losses) of associates and joint ventures accounted for by the equity method	15	(49,878)	(5,892)
Surplus(deficit) for the period		<u>1,535,589</u>	<u>1,783,841</u>

The above statement should be read with the accompanying notes.

BALANCE SHEET

FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 \$	2007 \$
Assets			
Current assets			
Cash and cash equivalents	16	4,161,757	5,295,500
Trade and other receivables	17	1,030,886	759,382
Other assets	18	267,420	40,516
Inventories	19	104,755	75,465
Non-current assets classified as held for sale	20	18,500	18,500
Total current assets		<u>5,583,318</u>	<u>6,189,363</u>
Non-current assets			
Trade and other receivables	17	8,550	6,792
Investments in associates accounted for using the equity method	15	209,624	259,502
Property, plant and equipment, infrastructure	21	86,248,632	83,300,343
Total non-current assets		<u>86,466,806</u>	<u>83,566,637</u>
Total assets		<u>92,050,124</u>	<u>89,756,000</u>
Liabilities			
Current liabilities			
Trade and other payables	22	1,059,936	643,241
Trust funds and deposits	23	37,919	34,872
Provisions	24	986,723	967,057
Interest-bearing loans and borrowings	25	45,846	121,515
Total current liabilities		<u>2,130,424</u>	<u>1,766,685</u>
Non-current liabilities			
Provisions	24	142,034	176,826
Interest-bearing loans and borrowings	25	-	365,498
Total non-current liabilities		<u>142,034</u>	<u>542,324</u>
Total liabilities		<u>2,272,458</u>	<u>2,309,009</u>
Net Assets		<u>89,777,666</u>	<u>87,446,991</u>
Equity			
Accumulated surplus		26,777,463	25,241,874
Reserves	26	63,000,203	62,205,117
Total Equity		<u>89,777,666</u>	<u>87,446,991</u>

The above statement should be read with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY



FOR THE YEAR ENDED 30 JUNE 2008

	Note	Total 2008 \$	Accumulated Surplus 2008 \$	Asset Revaluation Reserve 2008 \$	Other Reserves 2008 \$
2008					
Balance at beginning of the financial year		87,446,991	25,241,874	62,205,117	-
Surplus(deficit) for the year		1,535,589	1,535,589	-	-
Net asset revaluation increment(decrement)	26	795,086	-	795,086	-
Balance at end of the financial year		89,777,666	26,777,463	63,000,203	-
		Total 2007 \$	Accumulated Surplus 2007 \$	Asset Revaluation Reserve 2007 \$	Other Reserves 2007 \$
2007					
Balance at beginning of the financial year		84,604,399	23,458,033	61,146,366	-
Surplus(deficit) for the year		1,783,841	1,783,841	-	-
Net asset revaluation increment(decrement)	26	1,058,751	-	1,058,751	-
Balance at end of the financial year		87,446,991	25,241,874	62,205,117	-

The above statement should be read with the accompanying notes.

CASH FLOW STATEMENT



FOR THE YEAR ENDED 30 JUNE 2008

	2008 Inflows/ (Outflows)	2007 Inflows/ (Outflows)
	Note	
Cash flows from operating activities		
Rates	4,458,364	4,034,224
Statutory fees and fines	99,134	95,744
User charges and other fines (inclusive of GST)	899,767	921,130
Grants (inclusive of GST)	5,907,604	6,109,907
Contributions (inclusive of GST)	390,011	240,145
Interest	335,228	284,701
Other receipts (inclusive of GST)	1,098,327	1,502,003
Net GST refund/payment	593,839	370,866
Payments to suppliers (inclusive of GST)	(5,534,681)	(5,610,211)
Payments to employees (including redundancies)	(3,833,691)	(3,549,672)
Net cash provided by / (used in) operating activities	27 <u>4,413,902</u>	<u>4,398,837</u>
Cash flows from investing activities		
Payments for property, plant and equipment, infrastructure	42 (5,523,577)	(3,568,465)
Proceeds from sale of property, plant and equipment, infrastructure	14 455,320	292,370
Repayment of loans and advances from community organisations		0
Net cash provided by / (used in) investing activities	<u>(5,068,257)</u>	<u>(3,276,095)</u>
Cash flows from financing activities		
Finance costs	(38,221)	(63,071)
Repayment of interest bearing loans and borrowings	(441,167)	(394,901)
Net cash provided by / (used in) financing activities	<u>(479,388)</u>	<u>(457,972)</u>
Net increase (decrease) in cash and cash equivalents	(1,133,743)	664,770
Cash and cash equivalents at the beginning of the financial year	5,295,500	4,630,730
Cash and cash equivalents at the end of the financial year	34 <u>4,161,757</u>	<u>5,295,500</u>
Financing arrangements	29	
Restrictions on cash assets	30	

The above statement should be read with the accompanying notes.

NOTES TO THE FINANCIAL REPORT



FOR THE YEAR ENDED 30 JUNE 2008

Introduction

- (a) The Hindmarsh 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 92 Nelson St, Nhill, Victoria .
- (b) The purpose of the Council is to:
- provide for the peace, order and good government of its municipal district;
 - to promote the social, economic and environmental viability and sustainability of the municipal district;
 - to ensure that resources are used efficiently and effectively and services are provided in accordance with the Best Value Principles to best meet the needs of the local community;
 - to improve the overall quality of life of people in the local community;
 - to promote appropriate business and employment opportunities;
 - to ensure that services and facilities provided by the Council are accessible and equitable;
 - to ensure the equitable imposition of rates and charges; and
 - to ensure transparency and accountability in Council decision making.

External Auditors - Auditor General of Victoria - Melbourne

Internal Auditors - Richmond Sinnott and Delahunty - Bendigo

Bankers - National Australia Bank

Website - www.hindmarsh.vic.gov.au

Note 1 Significant accounting policies

(a) Basis of accounting

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

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

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

All entities controlled by Council that have material assets or liabilities, such as Special Committees of Management, have been included in this financial report. All transactions between these entities and the Council have been eliminated in full. Details of entities not included in this financial report based on their materiality are detailed in note 43.

NOTES TO THE FINANCIAL REPORT



FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(b) **Change in accounting policies**

There has been no material changes in this accounting period to policies that would impact on the Financial Statements.

(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.

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 year.

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

User fees and fines

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

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

Sale of property, plant and equipment, infrastructure

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

Interest and rents

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

Dividends

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

NOTES TO THE FINANCIAL REPORT



FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(d) **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.

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

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

Where infrastructure assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and residual values and a separate depreciation rate is determined for each component.

Road earthworks are not depreciated.

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
<u>Property</u>	
Buildings	Up to 75 years
<u>Plant and Equipment</u>	
plant, machinery and equipment	1 to 30 years
fixtures, fittings and furniture	1 to 50 years
<u>Infrastructure</u>	
Roads	
Substructure	100 years
Unsealed	11 to 30 years
Sealed	12 to 16 years
Sealed Road Pavement	60 years
Bridges	70 to 100 years
Footpaths and Cycleways	1 to 87 years
Kerb and Channell	1 to 87 years
Drainage	80 years
other infrastructure	10 to 45 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.

NOTES TO THE FINANCIAL REPORT



FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(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.

The following classes of assets have been recognised in note 21. 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:

	<u>Threshold Limit</u>
<u>Property</u>	
land	\$1,000
land improvements	\$1,000
<u>Buildings</u>	\$1,000
buildings	\$1,000
<u>Plant and Equipment</u>	
plant, machinery and equipment	\$1,000
fixtures, fittings and furniture	\$1,000
<u>Infrastructure</u>	
Roads	\$1,000
Bridges	\$1,000
Footpaths and cycleways	\$1,000
Drainage	\$1,000
Kerb and channel	\$1,000

NOTES TO THE FINANCIAL REPORT



FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant, furniture 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 reserve except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense in which case the increment is recognised as revenue up to the amount of the expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation reserve for that class of asset in which case the decrement is taken to the reserve to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements within the year are offset.

Land under roads

The Council has elected at the meeting of 21 May 2008, not to recognise land under roads as an asset in accordance with AASB 1045 "Land under Roads", which extends the requirement to recognise and measure land under roads as an asset of Council until 30 June 2008.

(h) Cash and cash equivalents

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

(i) Other financial assets

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

(j) Investments

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

(k) Accounting for investments in associates

Council's investment in associates is accounted for by the equity method as the Council has the ability to influence rather than control the operations of the entities. The investment is initially recorded at the cost of acquisition and adjusted thereafter for post-acquisition changes in the Council's share of the net assets of the entities. The Council's share of the financial result of the entities is recognised in the income statement.

NOTES TO THE FINANCIAL REPORT



FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(l) Tender deposits

Amounts received as tender deposits and retention amounts controlled by Council are recognised as Trust funds until they are returned or forfeited (refer to note 23).

(m) Employee benefits

Wages and salaries

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

Annual leave

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

Long service leave

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

Classification of employee benefits

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

Superannuation

A liability is recognised in respect of Council's present obligation to meet the unfunded obligations of defined benefit superannuation schemes to which its employees are members. The liability is defined as the Council's share of the scheme's unfunded position, being the difference between the present value of employees' accrued benefits and the net market value of the scheme's assets at balance date. The liability also includes applicable contributions tax of 17.65 %.

The superannuation expense for the reporting year is the amount of the statutory contribution the Council makes to the superannuation plan which provides benefits to its employees together with any movements (favourable/unfavourable) in the position of any defined benefits schemes. Details of these arrangements are recorded in note 31.

NOTES TO THE FINANCIAL REPORT



FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(n) Leases

Finance leases

Leases of assets where substantially all the risks and benefits incidental to ownership of the asset, but not the legal ownership, are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to 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 amortised 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 recognised as an expense in the years in which they are incurred as this reflects the pattern of benefits derived by the Council.

(o) Allocation between current and non-current

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

(p) Agreements equally proportionately unperformed

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

(q) Web site costs

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

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(s) Impairment of assets

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

(v) Non-current assets held for sale

Non-current assets held for sale are measured at the lower of its carrying amount and fair value less costs to sell.

NOTES TO THE FINANCIAL REPORT CONT'D



FOR THE YEAR ENDED 30 JUNE 2008

2008
\$

2007
\$

Note 2 Rates and charges

Council uses Capital Improved Value as the basis of valuation of all properties within the municipal district. The Capital Improved Value of a property is its estimated value of the property including improvements at the date of

The valuation base used to calculate general rates for 2007/2008 was \$842.367 million (2006/2007 \$836.981million). The 2007/2008 rate on the Capital Improved Value in the dollar 0.0046155 cents, Farm Rate 0.0041537 cents, Cultural/Recreation 0.0023077 cents (2006/2007, in the CIV dollar was 0.004525 cents and the Farm Rate was 0.0040723 cents.)

General	3,607,971	3,529,059
Municipal charge	460,680	325,377
Garbage charge	419,974	388,714
	<u>4,488,625</u>	<u>4,243,150</u>

The date of the last general revaluation of land for rating purposes within the municipal district was 1 January 2006, and the valuation first applied to the rating period commencing 1 July 2006.

The date of the latest general revaluation of land for rating purposes within the municipal district is 1 January 2008, and the valuation will be first applied in the rating year commencing 1 July 2008.

Note 3 Statutory fees and fines

Parking, election, fire prevention and animal control fines	6,647	6,551
Building fees	61,804	49,540
Health fees	15,088	14,187
Town planning fees	15,595	25,466
	<u>99,134</u>	<u>95,744</u>

Note 4 User fees

Environmental Health services	47,312	48,375
Recreation fees	4,146	5,886
Tip fees	85,238	103,306
Private works	157,667	192,540
Aged services fees	376,301	350,086
Animal registration fees	39,912	43,249
Saleyard fees	14,926	15,091
Other fees and charges	99,265	87,597
	<u>824,767</u>	<u>846,130</u>

NOTES TO THE FINANCIAL REPORT CONT'D



FOR THE YEAR ENDED 30 JUNE 2008

	2008 \$	2007 \$
Note 5 Grants		
Grants were received in respect of the following :		
Recurrent		
Fire Prevention	-	1,000
Winiam Hall Toilets	-	6,688
Parks and Gardens	-	76,720
Economic Community Building	-	47,293
Traineeship Grants	-	4,500
Other Economic Projects	-	23,052
Ageing Population Plan	5,000	10,000
Black House Cemetery - Fencing	11,000	-
Build Resilient Communities	50,000	50,000
Charles St Bus Shelter Works	30,000	-
Charles St Bus Shelter Works - Vis Roads	8,500	-
Childrens Week	500	-
Community Building Initiative - 2 Years	70,700	-
Community Enterprise Centre	3,750	-
Delivered Meals	16,944	16,446
Dimboola Bowling Club - Water Grant	93,455	-
Drought Response Officer	37,500	-
Drum Muster	10,354	-
DVC - Community Project Officer	12,500	-
Home Care Services	366,413	320,972
Home Maintenance	35,082	35,021
Immunisation	1	2,081
Landcare Co-Ordinator	75,000	74,900
Local Government Improvement Incentive Program	7,883	-
Nhill Bowling Club - Syntetic Greens	93,479	-
Nhill Duck & Jazz	5,000	-
Nhill Golf Club - Water Grant	45,455	-
Nine Creeks Reserve Upgrade	33,229	-
Property Addressing	2,273	-
Rainbow Golf Club - Macinery Shed etc	4,418	-
Regional Arts Victoria	1,500	-
Regional Enviroment Strategy	5,000	-
School Crossings Supervisor	2,605	2,605
Dimboola Reserve - Water Carting - SRV	693	-
Senior Citizens	19,979	19,546
SES Emergency Relief Centres	5,500	-
State Emergency Service	10,460	10,200
STDF - Broughton Hall	2,500	-
Tobacco Grant	4,495	4,927
Victoria Grants Commission - General Purpose Grant	1,931,929	1,820,498
Victorian Grants Commission-Road Funding	1,257,291	1,203,793
Western Highway- Median Mtce	7,544	-
Youth Services	4,862	3,875
Other	-	36,172
Total recurrent	4,272,794	3,770,289

NOTES TO THE FINANCIAL REPORT CONT'D



FOR THE YEAR ENDED 30 JUNE 2008

	2008 \$	2007 \$
Non-recurrent		
Auslink - Albacutya Bridge	140,700	-
Davis Park Oval Upgrade	93,455	-
Davis Park Upgrade - Stage 2	12,500	-
Jeparit Pool - Drought Relief - SRV	1,302	-
DFRWMG - 2 Cardboard Bale Process	38,404	-
Dimboola Child Care Project	9,091	27,273
Dimboola Netball Club - All Weather Shelter	12,286	-
Jeparit Rainbow Netball Club Toilets	12,836	-
Jeparit Skatepark - Sport & Rec - DVC	22,668	-
Jeparit Transfer Stations Construction	22,500	-
Local Areas Acces Program	184,545	-
Local Works Infrastructure Program	-	300,000
Nhill Community Centre Upgrade	120,540	-
Rainbow Pool - Drought Relief - SRV	3,480	-
Recreation Reserve Facilities	-	319,494
Roads to Recovery-Normal Program	688,173	693,729
SES Building Works	51,666	-
Small Town Development Fund	-	-
STDF - Federal St - Stage 2	25,000	-
STDF - Jeparit Caravan Park	16,500	-
Transport	-	861,544
Water Initiative - Federal St Gardens - Stage 2	19,086	-
Other	-	14,957
Total non-recurrent	1,474,732	2,216,997

NOTES TO THE FINANCIAL REPORT CONT'D



FOR THE YEAR ENDED 30 JUNE 2008

	2008 \$	2007 \$
<i>Conditions on Grants</i>		
Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:		
Roads to Recovery	296,845	511,695
Auslink-McKenzie Avenue	830,200	854,000
Dimboola Child Care	-	137,809
Rainbow Urban Design Footpath Works	25,000	23,700
Sports Water Initiative	-	47,491
Nhill Bowling Club	-	48,500
Dimboola Reserve Water Grant - Stage 3	-	43,636
Other Heritage-Yurunga Homestead	60,000	60,000
Davis Park Upgrade	93,455	-
DSE-Jaypex Park tree removal	7,000	10,000
Building Resilient Communities Events Funding	-	9,151
HACC Water Saving Grant	-	10,000
Ageing Population Grant	-	5,240
Community Learning Program	-	1,227
Community Project Officer Grant	-	4,990
Sustainable Working Group	10,000	10,000
Business Continuity / Capacity Building	10,000	10,000
Landfill Rehabilitation	-	7,722
Quick Win Proposals	-	3,427
Local Infra Works Program	-	300,000
Drought Response Officer	19,250	-
State Emergency Service Building Upgrade	38,169	-
State Emergency Relief Centres	4,031	-
Bleak House Cemetery	1,600	-
Jeparit Skatepark	22,668	-
Dimboola Netball Club Shelter	12,286	-
Rainbow Rainwater Harvesting - Stage 2	4,414	-
Regional Environmental Strategy	5,000	-
Dimboola Bowling Club	93,455	-
Nine Creeks Reserve	33,229	-
Local Area Works Program	184,545	-
Nhill Memorial Community Centre Refurbishment	120,540	-
	<u>1,871,687</u>	<u>2,098,588</u>

Note 6 Contributions

Road maintenance and construction	201,337	33,666
Recreational, leisure and community facilities	95,282	62,971
Emergency Management	0	111,484
Other	83,392	17,024
	<u>380,011</u>	<u>225,145</u>

Note 7 Other revenue

Plant operations	439,162	462,750
Interest	335,228	284,701
Concrete works	237,600	159,353
Quarry operations	523,694	403,014
Sale of revaluation data	60,924	-
Section 86 Committee Revenue	191,818	165,464
Recoupments	36,930	110,497
Sales	17,871	19,758
Other	50,232	3,723
	<u>1,893,459</u>	<u>1,609,260</u>

NOTES TO THE FINANCIAL REPORT CONT'D



FOR THE YEAR ENDED 30 JUNE 2008

	2008 \$	2007 \$
Note 8 Employee benefits		
Wages and salaries	2,902,057	2,947,163
Annual leave and long service leave	274,847	188,208
Superannuation	656,037	512,315
Fringe benefits tax	<u>21,604</u>	<u>19,473</u>
	<u>3,854,545</u>	<u>3,667,159</u>
Note 9 Materials and services		
Bituminous Surfacing Works	143,910	139,784
Quarry Operations	173,801	129,685
Swimming Pool Management	168,101	124,906
Information Technology	219,398	158,324
Animal Control	8,756	10,589
Waste Disposal	62,330	68,037
Business Development	19,315	16,374
Garbage Collection	204,023	199,787
Recycling Collection	154,553	155,328
Audit Expenses-External	25,700	23,800
Audit Expenses-Internal	17,647	14,269
Rating and Valuation	96,582	44,507
Council Election	2,073	1,175
Engineering services	71,358	21,364
Building services	112,145	-
Quarry Materials	151,096	79,814
Delivered Meals	79,323	89,064
Fuels and Lubricants	487,538	425,201
Lighting and Power	92,234	81,945
Parts for Equipment	205,272	282,442
Vehicle Registrations	82,634	69,990
Water and Sewage	49,969	44,945
Section 86 Committees of Council	172,165	165,213
Concrete Plant	110,356	99,029
Other Materials and contractors	<u>1,185,978</u>	<u>1,000,352</u>
	<u>4,096,257</u>	<u>3,445,924</u>
Note 10 Bad and doubtful debts		
Other debtors	<u>1,274</u>	<u>4,397</u>
	<u>1,274</u>	<u>4,397</u>
Note 11 Depreciation and amortisation		
<u>Property</u>		
Buildings	276,440	164,907
<u>Plant and Equipment</u>		
Plant, machinery and equipment	367,000	346,154
Fixtures, fittings and furniture	33,084	16,036
Leased Plant	-	29,277
<u>Infrastructure</u>		
Roads	2,044,410	2,211,935
Bridges	27,933	25,551
Footpaths	58,374	53,968
Drainage	42,736	41,989
Kerb and Channel	94,588	94,436
Other	<u>96,275</u>	<u>74,788</u>
	<u>3,040,840</u>	<u>3,059,041</u>
Note 12 Finance costs		
Interest - Borrowings	28,914	50,434
Bank Charges	<u>9,307</u>	<u>12,637</u>
	<u>38,221</u>	<u>63,071</u>

NOTES TO THE FINANCIAL REPORT CONT'D



FOR THE YEAR ENDED 30 JUNE 2008

	2008 \$	2007 \$
Note 13 Other expenses		
Insurance	231,501	272,796
Subscriptions	63,772	52,152
Council Contributions	233,119	207,178
Landfill charges	52,920	55,073
Legal Costs	13,786	5,160
Telecommunication Costs	85,486	99,027
Lease Payments	38,654	64,659
Advertising	48,331	27,495
Quarry Compensation	78,204	61,248
Councillor/Mayor Allowances	95,000	96,000
Other	559	39,923
	<u>941,332</u>	<u>980,711</u>
Note 14 Net gain(loss) on disposal of property, plant and equipment, infrastructure		
Proceeds from sale of plant and equipment	455,320	292,370
Written down value of plant and equipment	<u>(330,906)</u>	<u>(289,049)</u>
Net gain(loss) on disposal of property, plant and equipment, infrastructure	<u>124,414</u>	<u>3,321</u>
Note 15 Investment in associates		
Investments in associates accounted for by the equity method are:		
Wimmera Regional Library Corporation	<u>209,624</u>	<u>259,502</u>
	<u>209,624</u>	<u>259,502</u>
<i>Council's share of accumulated surplus(deficit)</i>		
Council's share of accumulated surplus(deficit) at start of year	108,935	100,064
Reported surplus/ (deficit) for year	(37,928)	(19,070)
Transfers to reserves	(5,627)	22,977
Variation-Change in Equity	(6,694)	4,964
Council's share of accumulated surplus(deficit) at end of year	<u>58,686</u>	<u>108,935</u>
<i>Council's share of reserves</i>		
Council's share of reserves at start of year	150,567	165,329
Transfers to reserves	5,627	(22,977)
Council's share of asset revaluation	4,007	0
Variation-Change in Equity	(9,263)	8,215
Council's share of reserves at end of year	<u>150,938</u>	<u>150,567</u>
<i>Movement in carrying value of specific investment</i>		
Carrying value of investment at start of year	259,502	265,394
Share of surplus/ (deficit) for year	(37,928)	(19,070)
Council's share of asset revaluation	4,007	-
Distributions received	-	-
Variation-Change in Equity	(15,957)	13,179
Carrying value of investment at end of year	<u>209,624</u>	<u>259,502</u>
Note 16 Cash and cash equivalents		
Cash on hand	3,221,035	4,414,510
Cash at Bank-Bequest	117,351	112,683
Long Service Leave	612,927	575,515
Section 86 Committees of Council	<u>210,444</u>	<u>192,792</u>
	<u>4,161,757</u>	<u>5,295,500</u>

NOTES TO THE FINANCIAL REPORT CONT'D



FOR THE YEAR ENDED 30 JUNE 2008

	2008 \$	2007 \$
Note 17 Trade and other receivables		
Current		
Rates debtors	420,329	400,740
Sundry Debtors	461,820	246,026
Loans and advances to community organisations	8,077	3,094
Home Help Debtors	47,669	40,575
State Deficit Levy	2,268	2,268
Net GST receivable	68,970	80,889
Other Debtors	39,343	2,106
Less Provision for Doubtful Debts	<u>(17,590)</u>	<u>(16,316)</u>
	<u>1,030,886</u>	<u>759,382</u>
Non-current		
Street Scheme Debtors	8,550	-
Loans and advances to community organisations	-	6,792
	<u>8,550</u>	<u>6,792</u>
Total	<u>1,039,436</u>	<u>766,174</u>
Note 18 Other assets		
Current		
Accrued Income	261,589	35,534
Prepayments	<u>5,831</u>	<u>4,982</u>
	<u>267,420</u>	<u>40,516</u>
Note 19 Inventories		
Inventories for distribution	<u>104,755</u>	<u>75,465</u>
	<u>104,755</u>	<u>75,465</u>
Note 20 Assets held for sale		
Land held for Resale at Valuation 30 June 2004	<u>18,500</u>	<u>18,500</u>
	<u>18,500</u>	<u>18,500</u>

NOTES TO THE FINANCIAL REPORT CONT'D



FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	\$	\$
Note 21		
Property, plant and equipment, infrastructure		
Summary		
at cost	12,165,878	7,657,336
at Valuation	122,621,716	121,620,616
Less accumulated depreciation	<u>(48,538,962)</u>	<u>(45,977,609)</u>
	<u>86,248,632</u>	<u>83,300,343</u>
<u>Property</u>		
Land		
at Valuation as at 30 June 2008	<u>2,044,200</u>	<u>1,905,900</u>
	<u>2,044,200</u>	<u>1,905,900</u>
Buildings		
at valuation as at 30 June 2008	8,829,000	7,966,200
Less accumulated depreciation	<u>-</u>	<u>-</u>
	<u>8,829,000</u>	<u>7,966,200</u>
Total Property	<u>10,873,200</u>	<u>9,872,100</u>
<p>The valuation of land and buildings is based on Fair Value of the asset where the fair value of the asset is reliably determined using market based methods. Where this method is not able to be reliably measured, Depreciated Replacement Cost is used. The Valuation of land and buildings was undertaken as at 30 June 2008 by a qualified independent valuer Mr Ian Wilson AVLE, Qualified Valuer of Wilson Valuers.</p>		
<u>Plant and Equipment</u>		
Plant, machinery and equipment		
at cost	5,786,068	4,836,259
Less accumulated depreciation	<u>(2,055,152)</u>	<u>(1,891,199)</u>
	<u>3,730,916</u>	<u>2,945,060</u>
Fixtures, fittings and furniture		
at cost	382,046	293,206
Less accumulated depreciation	<u>(235,873)</u>	<u>(202,789)</u>
	<u>146,173</u>	<u>90,417</u>
Total Plant and Equipment	<u>3,877,089</u>	<u>3,035,477</u>

NOTES TO THE FINANCIAL REPORT CONT'D

FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	\$	\$
Note 21		
Property, plant and equipment (cont)		
<i>Infrastructure</i>		
Sealed and Unsealed Roads		
at valuation as at 30 June 2006	96,662,863	96,662,863
at cost	4,154,016	1,941,407
Less accumulated depreciation	<u>(40,006,115)</u>	<u>(37,961,705)</u>
	<u>60,810,764</u>	<u>60,642,565</u>
Bridges		
at valuation as at 30 June 2007	2,683,398	2,683,398
at cost	373,526	-
Less accumulated depreciation	<u>(1,178,724)</u>	<u>(1,150,791)</u>
	<u>1,878,200</u>	<u>1,532,607</u>
Footpaths		
at valuation as at 30 June 2006	2,120,655	2,120,655
at cost	328,354	35,500
Less accumulated depreciation	<u>(1,088,457)</u>	<u>(1,030,083)</u>
	<u>1,360,552</u>	<u>1,126,072</u>
Kerb and Channels		
at valuation as at 30 June 2006	5,420,810	5,420,810
at cost	28,196	9,090
Less accumulated depreciation	<u>(2,436,553)</u>	<u>(2,341,965)</u>
	<u>3,012,453</u>	<u>3,087,935</u>
Drainage		
at valuation as at 30 June 2006	3,359,132	3,359,132
at cost	96,146	44,362
Less accumulated depreciation	<u>(1,178,544)</u>	<u>(1,135,808)</u>
	<u>2,276,734</u>	<u>2,267,686</u>
Other not classified		
at valuation as at 30 June 2006	1,501,658	1,501,658
at cost	1,017,526	497,512
Less accumulated depreciation	<u>(359,544)</u>	<u>(263,269)</u>
	<u>2,159,640</u>	<u>1,735,901</u>
Total Infrastructure	<u>71,498,343</u>	<u>70,392,766</u>
Total Property, Plant and Equipment, Infrastructure	<u>86,248,632</u>	<u>83,300,343</u>

The valuation of roads were performed at 30 June 2006 based on estimates of full replacement cost less accumulated depreciation. The valuations were performed by Mr.Lyle Tune, CE, Local Government Engineer, Director of Technical Services, Hindmarsh Shire Council. There has been no material movement in unit rates since revaluation.

The valuations of footpath, kerb and channel and other infrastructure assets were performed at 30 June 2006 based on estimates of full replacement cost less written down replacement value. The valuations were performed by Mr.Lyle Tune, CE, Local Government Engineer, Director of Technical Services, Hindmarsh Shire Council. There has been no material movement in unit rates since revaluation.

The valuations of drainage and other infrastructure assets excluding bridges, were performed at 30 June 2007 based on estimates of full replacement cost less written down replacement value. The valuations were performed by Mr.Lyle Tune, CE, Local Government Engineer, Director of Technical Services, Hindmarsh Shire Council. The valuations are at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

The valuation of bridges, was performed at 30 June 2007 based on estimates of full replacement cost less accumulated depreciation. The valuations were performed by Mr.Lyle Tune, CE, Local Government Engineer, Director of Technical Services, Hindmarsh Shire Council. The valuations are at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

NOTES TO THE FINANCIAL REPORT CONT'D



FOR THE YEAR ENDED 30 JUNE 2008

Note 21 *Property, plant and equipment, infrastructure (cont.)*

2008	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 26)	Depreciation and amortisation (note 11)	Written down value of disposals	Impairment losses recognised in profit or loss	Work in progress	Balance at end of financial year
	\$	\$	\$	\$	\$	\$	\$	\$
Property								
Land	1,905,900	-	138,300	-	-	-	-	2,044,200
Total land	1,905,900	-	138,300	-	-	-	-	2,044,200
Buildings	7,966,200	389,729	656,786	276,440	-	-	92,725	8,829,000
Total buildings	7,966,200	389,729	656,786	276,440	-	-	92,725	8,829,000
Total property	9,872,100	389,729	795,086	276,440	-	-	92,725	10,873,200
Plant and Equipment								
Plant, machinery and equipment	2,945,060	1,482,362	-	367,000	330,906	(1,400)	-	3,730,916
Fixtures, fittings and furniture	90,417	88,868	-	33,084	-	28	-	146,173
Leased plant and equipment	-	-	-	-	-	-	-	-
Total plant and equipment	3,035,477	1,571,230	-	400,084	330,906	(1,372)	-	3,877,089
Infrastructure								
Roads	60,642,565	2,212,609	-	2,044,410	-	-	-	60,810,764
Footpaths	1,126,073	292,854	-	58,374	-	-	-	1,360,553
Drainage	2,267,686	50,764	-	42,736	-	-	1,020	2,276,734
Kerb and channel	3,087,935	-	-	94,588	-	-	19,106	3,012,453
Bridges	1,532,607	373,526	-	27,933	-	-	-	1,878,200
Other	1,735,900	460,816	-	96,275	-	-	59,198	2,159,639
Total infrastructure	70,392,766	3,390,569	-	2,364,316	-	-	79,324	71,498,343
Total property, plant and equipment, infrastructure	83,300,343	5,351,528	795,086	3,040,840	330,906	(1,372)	172,049	86,248,632

(a) Impairment losses

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

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

NOTES TO THE FINANCIAL REPORT CONT'D

FOR THE YEAR ENDED 30 JUNE 2008

Property, plant and equipment, infrastructure (cont.)

2007	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 26)	Depreciation and amortisation (note 11)	Written down value of disposals	Impairment losses recognised in profit or loss	Work in Progress	Balance at end of financial year
	\$	\$	\$	\$	\$		\$	\$
Property								
land	1,823,896	5,000	77,005	-	-	-	-	1,905,900
Total land	1,823,896	5,000	77,005	-	-	-	-	1,905,900
buildings	6,815,740	191,338	861,467	164,907	-	-	262,562	7,966,200
Total buildings	6,815,740	191,338	861,467	164,907	-	-	262,562	7,966,200
Total property	8,639,636	196,338	938,472	164,907	-	-	262,562	9,872,100
Plant and equipment								
Plant, machinery and equipme	2,804,386	567,461	-	346,154	289,049	1,927	-	2,734,717
Fixtures, fittings and furniture	92,220	14,233	-	16,036	-	-	-	90,417
Leased plant and equipment	239,620	-	-	29,277	-	-	-	210,343
Total plant and equipment	3,136,226	581,694	-	391,467	289,049	1,927	-	3,035,477
Infrastructure								
Roads	60,913,093	1,941,407	-	2,211,935	-	-	-	60,642,565
Footpaths	1,144,541	35,500	-	53,968	-	-	-	1,126,073
Drainage	2,265,313	44,362	-	41,989	-	-	-	2,267,686
Kerb and channel	3,173,281	9,090	-	94,436	-	-	-	3,087,935
Bridges	1,437,879	-	120,279	25,551	-	-	-	1,532,607
Other	1,313,176	256,882	-	74,788	-	-	240,630	1,735,900
Total infrastructure	70,247,283	2,287,241	120,279	2,502,667	-	-	240,630	70,392,766
Total property, plant and equipment, infrastructure	82,023,145	3,065,273	1,058,751	3,059,041	289,049	1,927	503,192	83,300,343

NOTES TO FINANCIAL REPORT CONT'D



FOR THE YEAR ENDED 30 JUNE 2008

	2008 \$	2007 \$
Note 22 Trade and other payables		
Trade payables	512,509	353,099
Accrued expenses	<u>547,427</u>	<u>290,142</u>
	<u>1,059,936</u>	<u>643,241</u>

Note 23 Other refundable deposits	<u>37,919</u>	<u>34,872</u>
	37,919	34,872

Note 24 Provisions	Annual leave / T.I.L.	Long service leave	Landfill restoration	Quarry restoration	Total
	\$	\$	\$	\$	\$
2008					
Balance at beginning of the financial year	370,301	623,501	12,610	112,500	1,118,912
Additional provisions	66,001	-	-	-	66,001
Amounts used	-	(28,416)	-	(27,740)	(56,156)
Balance at the end of the financial year	<u>436,302</u>	<u>595,085</u>	<u>12,610</u>	<u>84,760</u>	<u>1,128,757</u>
2007					
Balance at beginning of the financial year	319,401	551,941	21,560	106,100	999,002
Additional provisions	50,900	71,560	-	6,400	128,860
Amounts used	-	-	(8,950)	-	(8,950)
Balance at the end of the financial year	<u>370,301</u>	<u>623,501</u>	<u>12,610</u>	<u>112,500</u>	<u>1,118,912</u>

	2008 \$	2007 \$
(a) Employee benefits		
Current (i)		
Annual leave	436,302	370,301
Rostered days off	23,240	24,971
Long service leave	<u>510,991</u>	<u>528,375</u>
	<u>970,533</u>	<u>923,647</u>
Non-current (ii)		
Long service leave	<u>84,094</u>	<u>95,126</u>
	<u>84,094</u>	<u>95,126</u>
Aggregate carrying amount of employee benefits:		
Current	970,533	923,647
Non-current	<u>84,094</u>	<u>95,126</u>
	<u>1,054,627</u>	<u>1,018,773</u>

The following assumptions were adopted in measuring the present value of employee benefits:

Weighted average increase in employee costs	4.75%	4.75%
Weighted average discount rates	6.57%	5.78%
Weighted average settlement period	12	12

- (i) Current**
- All annual leave and the long service leave entitlements representing 10 or more years of continuous service
 - Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value
 - Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value.

- (ii) Non-current**
- Long service leave representing less than 10 years of continuous service measured at present value

(b) Provisions		
Current	986,723	852,479
Non-current	<u>142,034</u>	<u>161,465</u>
Total	<u>1,128,757</u>	<u>1,013,944</u>

NOTES TO THE FINANCIAL REPORT CONT'D



FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	\$	\$
Note 25 Interest-bearing loans and borrowings		
<i>Current</i>		
Borrowings - secured	45,846	121,515
	<u>45,846</u>	<u>121,515</u>
<i>Non-current</i>		
Borrowings - secured	-	365,498
	<u>-</u>	<u>365,498</u>
Total Interest-bearing loans and borrowings	<u>45,846</u>	<u>487,013</u>
The maturity profile for Council's borrowings is:		
Not later than one year	45,846	121,515
Later than one year and not later than five years	-	316,823
Later than five years	-	48,675
	<u>45,846</u>	<u>487,013</u>

Finance leases

Council had no obligations under finance leases for the lease of equipment as at this reporting period.

Aggregate carrying amount of interest-bearing loans and borrowings:

Current	45,846	121,515
Non-current	-	365,498
	<u>45,846</u>	<u>487,013</u>

NOTES TO THE FINANCIAL REPORT CONT'D



FOR THE YEAR ENDED 30 JUNE 2008

Note 26 Reserves

	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
	\$	\$	\$
2008			
Property			
Land	1,028,268	138,300	1,166,568
Land for Resale	160,443	-	160,443
Buildings	1,244,290	656,786	1,901,076
	<u>2,433,001</u>	<u>795,086</u>	<u>3,228,087</u>
Infrastructure			
Roads	54,972,630	-	54,972,630
Other	354,083	-	354,083
Footpaths	244,713	-	244,713
Drainage	1,480,383	-	1,480,383
Bridges	568,693	-	568,693
Kerb & Channel	2,151,614	-	2,151,614
	<u>62,205,117</u>	<u>795,086</u>	<u>63,000,203</u>
Total Asset revaluation reserves			
2007			
Property			
Land	951,263	77,005	1,028,268
Land for Resale	160,443	-	160,443
Buildings	382,823	861,467	1,244,290
	<u>1,494,529</u>	<u>938,472</u>	<u>2,433,001</u>
Infrastructure			
Roads	54,972,630	-	54,972,630
Other	354,083	-	354,083
Footpaths	244,713	-	244,713
Drainage	1,480,383	-	1,480,383
Bridges	448,414	120,279	568,693
Kerb and channel	2,151,614	-	2,151,614
	<u>59,651,837</u>	<u>120,279</u>	<u>59,772,116</u>
	<u>61,146,366</u>	<u>1,058,751</u>	<u>62,205,117</u>
Total Asset revaluation reserves			

NOTES TO THE FINANCIAL REPORT CONT'D



FOR THE YEAR ENDED 30 JUNE 2008

	2008 \$	2007 \$
Note 27 Reconciliation of cash flows from operating activities to surplus (deficit)		
Surplus(deficit) for the period	1,535,589	1,783,841
Depreciation/amortisation	3,040,840	3,059,041
(Profit)/loss on disposal of property, plant and equipment, infrastructure	(124,414)	(3,321)
Impairment losses	(1,373)	
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(273,261)	(377,165)
(Increase)/decrease in prepayments	(849)	16,400
(Increase)/decrease in accrued income	(226,055)	279,763
(Increase)/decrease in investments	49,878	5,892
(Increase)/decrease in inventories	(29,290)	14,918
Increase/(decrease) in trade and other payables	416,695	(589,381)
(Decrease)/increase in provisions	(15,126)	129,939
(Decrease)/increase in other liabilities	3,047	15,839
Financing costs	38,221	63,071
Net cash provided by/(used in) operating activities	<u>4,413,902</u>	<u>4,398,837</u>
Note 28 Reconciliation of cash and cash equivalents		
Cash and cash equivalents (see note 16)	4,161,757	5,295,500
Less bank overdraft	<u>0</u>	<u>0</u>
	<u>4,161,757</u>	<u>5,295,500</u>
Note 29 Financing arrangements		
Bank overdraft	500,000	500,000
Bank Loan facilities	-	-
Unused facilities	<u>500,000</u>	<u>500,000</u>
Note 30 Restricted assets		
Council has cash and cash equivalents (note 16) that are subject to restrictions. As at the reporting date, Council had legislative restrictions in relation to employee entitlements (Long Service Leave).		
Long service leave (note 24)	<u>612,927</u>	<u>575,515</u>
	<u>612,927</u>	<u>575,515</u>

* Restricted asset for long service leave is based on the Local Government (Long Service Leave) Regulations 2002 and does not necessarily equate to the long service leave liability disclosed in note 24 due to a different basis of calculation prescribed by the regulation.

NOTES TO THE FINANCIAL REPORT CONT'D



FOR THE YEAR ENDED 30 JUNE 2008

Note 31 Superannuation

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

The Fund's accumulation category, Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (9% required under Superannuation Guarantee Legislation). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund. From 1 July 2008 employers are required to pay superannuation guarantee contributions based on Ordinary Time Earnings (OTE) which may put upward pressure on contribution levels.

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

Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's actuary as at 31 December 2005, the Trustee has determined that the current funding arrangements are adequate for the expected Defined Benefit Plan liabilities. Council makes the following contributions:-

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

The Fund's liability for accrued benefits was determined by the actuary at 30 June 2007 pursuant to the requirements of Australian Accounting Standard AAS 25 as follows:

	30-Jun-07
	\$ 000
Net Market Value of Assets	4,102,154
Accrued Benefits (per accounting standards)	<u>3,923,436</u>
Difference between Assets and Accrued Benefits	<u>178,718</u>
Vested Benefits	<u>3,572,589</u>

The Accrued Benefits liability has been determined by the Actuary at 30 June 2007 outside of the full actuarial review which is normally undertaken every three years and most recently performed as at 31 December 2007. This liability is calculated to satisfy the requirements of AAS25 and is not reflected in audited financial statements of the Fund at 30 June 2007.

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

Net Investment Return	8.50%
Salary Inflation	5.50%
Price Inflation	3.00%

NOTES TO THE FINANCIAL REPORT CONT'D



FOR THE YEAR ENDED 30 JUNE 2008

Note 31 (continued)

Details of contributions to superannuation funds during the year and contributions payable at 30 June are as follows:

	2008	2007
	\$	\$
Defined benefit plan		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	151,058	173,662
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	387,825	357,804
Employer contributions to AMP Superannuation Fund	1,442	1,588
Employer contributions to REST Superannuation	941	563
Employer contributions to HESTA Superannuation Fund	7,879	5,822
Employer contributions to Towerlife Superannuation	3,848	3,017
Employer contributions to Australian Superannuation	3,590	364
Employer contributions to Bendigo Superannuation Plan	3,067	370
Employer contributions to Health Super	924	689
Employer contributions to MLC Masterkey Superannuation Fund	752	-
Employer contributions to ING Custodian Superannuation Fund	3,274	-
Employer contributions to Commonwealth Life	2,535	-
Employer contributions to LUCRF	2,328	-
Employer contributions to Host Plus Superannuation Fund	777	-
Employer contributions to LISS Superannuation Fund	926	-
Employer contributions to Prime Superannuation Fund	1,411	-
Employer contributions to Dominion Superannuation Fund	1,050	-
Employer contributions to Summit Superannuation Fund	709	-
	<u>423,278</u>	<u>370,217</u>

NOTES TO FINANCIAL REPORT CONT'D

FOR THE YEAR ENDED 30 JUNE 2008

Note 32 Commitments

The Council has entered into the following commitments

2008	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$	\$	\$	\$	\$
Operating					
Recycling collection	123,779	128,285	66,481	-	318,545
Garbage collection	209,691	217,030	112,313	-	539,034
Recyclables-Accept and Sort	36,128	37,212	19,164	-	92,504
Recyclables-Accept and Sort	10,746	11,068	5,700	-	
Cartage of Waste - Dooen landfill	63,880	66,116	68,430	-	198,426
Disposal of Waste - Dooen Landfill	56,000	57,680	178,283	984,365	1,276,328
Managed Services - IT	96,000	96,000	96,000	-	288,000
Meals on Wheels-Wimmera Health Care Group	15,000	17,000	-	-	32,000
Meals on Wheels-Wimmera Health Service	68,495	70,550	-	-	139,045
Building Surveying Services	114,000	57,000	-	-	171,000
General Valuation	0	94,060	-	-	94,060
Pest Control Services	8,487	-	-	-	8,487
Supply of Aggregate	45,644	47,926	50,322	-	143,892
Pre School Sdervices	32,400	32,400	64,800	-	129,600
IT Support	40,000	40,000	-	-	80,000
Tertiary Cadetship	8,000	8,000	-	-	16,000
Total	928,250	980,327	661,493	984,365	3,510,921
Capital					
Sealing Works	661,500	-	-	-	661,500
Total	661,500	-	-	-	661,500

2007	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$	\$	\$	\$	\$
Operating					
Recycling collection	115,000	118,450	174,364	-	407,814
Garbage collection	169,950	43,762	-	-	213,712
Recyclables-Accept and Sort	28,000	28,840	42,453	-	99,293
Cartage of Waste-Dooen landfill	61,800	63,654	21,855	-	147,309
Managed Services - IT	96,000	96,000	192,000	-	384,000
Meals on Wheels-Wimmera Health Care Group	64,131	66,285	68,537	-	198,953
Meals on Wheels-Wimmera Health Service	16,383	16,874	17,372	-	50,629
General Valuation	89,529	-	94,060	-	183,589
Pest Control Services	8,240	8,487	-	-	16,727
Supply of Aggregate	31,500	-	-	-	31,500
Total	680,533	442,352	610,641	-	1,733,526
Capital					
New Plant	183,758	-	-	-	183,758
Plant Sales	- 40,000	-	-	-	40,000
Sealing Works	630,000	661,500	-	-	1,291,500
Dimboola Early Years Building Works	211,908	-	-	-	211,908
Total	985,666	661,500	-	-	1,647,166

NOTES TO THE FINANCIAL REPORT CONT'D



FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	\$	\$
Note 33 Operating leases		
(a) Operating lease commitments		
Operating lease payable		
I.T. Hardware	6,191	21,338
Office Equipment - Photocopier	8,022	7,767

Note 34 Contingent liabilities

Council is undertaking legal action following the purchase of a property in 1969 for historical purposes. A contract was signed, the purchase price was paid and Council has occupied and maintained the property since, but the title was never transferred to Council. Action is now being taken against the vendor, who has refused to sign new transfer papers to have the title transferred to Council.

NOTES TO THE FINANCIAL REPORT CONT'D



FOR THE YEAR ENDED 30 JUNE 2008

Note 35 Financial Instruments
(a) Accounting Policy, terms and conditions

Recognised financial instruments	Note	Accounting Policy	Terms and Conditions
Financial Assets			
Cash and cash equivalents	16	Cash on hand and at bank and money market call account are valued at face value. Interest is recognised as it accrues Investments are valued at cost Investments are held to maximise interest returns of surplus cash. Interest revenues are recognised as they Managed funds are measured at market value	On call deposits returned a floating interest rate of 6.5% (2006/2007 6.0%). The interest rate at balance date was 6.75% (2006/2007 n/a) Funds returned fixed interest rate of between 6.5% and 7.85% (2006/2007 between 5.80% and 6.00%).
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. Collectibility of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured and interest is charged at 12%. (12% in 2006/2007) Credit terms are based on 30 days.
Financial Liabilities			
Trade and other payables	22	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	25	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.	Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings is 6.4% during 2007/2008 (2006/2007 6.35%).
Bank overdraft	29	Overdrafts are recognised at the principal amount. Interest is charged as an expense as it accrues.	The overdraft is subject to annual review. It is secured by a mortgage over Council's general rates and is repayable on demand. The interest rate as at balance date was 12.78% (n/a in 2006/2007)

NOTES TO THE FINANCIAL REPORT CONT'D

FOR THE YEAR ENDED 30 JUNE 2008

Note 35 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:

2008

	Floating interest rate	1 year or less	Over 1 to 5 years	More than 5 years	Non- interest bearing	Total
	\$	\$	\$	\$	\$	\$
Financial assets						
Cash and cash equivalents	4,161,757	-	-	-	-	4,161,757
Trade and other receivables	-	547,862	8,550	0	81,738	638,150
Other assets	-	-	57,040	57,040	153,340	267,420
Total financial assets	4,161,757	547,862	65,590	57,040	235,078	5,067,327
Weighted average interest rate		10.87%	7.00%	7.00%		
Financial liabilities						
Trade and other payables	-	-	-	-	1,059,936	1,059,936
Trust funds and deposits	-	-	-	-	37,919	37,919
Interest-bearing loans and borrowings	-	45,846	-	-	-	45,846
Total financial liabilities	-	45,846	-	-	1,097,855	1,143,701
Weighted average interest rate		6.40%	0.00%	0.00%		
Net financial assets (liabilities)	4,161,757	502,016	65,590	57,040	(862,777)	3,923,627

2007

	Floating Interest rate	1 year or less	Over 1 to 5 years	Fixed interest maturing in: More than 5 years	Non- interest bearing	Total
	\$	\$	\$	\$	\$	\$
Financial assets						
Cash and cash equivalents	5,295,500	-	-	-	-	5,295,500
Other financial assets	-	40,516	-	-	0	40,516
Trade and other receivables	-	287,228	6,792	-	71,414	365,434
Total financial assets	5,295,500	327,744	6,792	-	71,414	5,701,450
Weighted average interest rate		11.58%	6.50%	0.00%		
Financial liabilities						
Trade and other payables	-	-	-	-	643,241	643,241
Trust funds and deposits	-	34,872	-	-	0	34,872
Interest-bearing loans and borrowings	-	121,515	316,823	48,675	-	487,013
Total financial liabilities	-	156,387	316,823	48,675	643,241	1,165,126
Weighted average interest rate		6.23%	6.18%	6.12%		
Net financial assets (liabilities)	5,295,500	171,357	(310,031)	(48,675)	(571,827)	4,536,324

NOTES TO THE FINANCIAL REPORT CONT'D



FOR THE YEAR ENDED 30 JUNE 2008

Note 35 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	
	2008	2007	2008	2007
	\$	\$	\$	\$
<i>(1) Financial assets</i>				
Cash and cash equivalents	4,161,757	5,295,500	4,161,757	5,295,500
Other financial assets	267,420	40,516	267,420	40,516
Trade and other receivables	638,150	365,434	638,150	365,434
Other assets				
<i>Total financial assets</i>	<u>5,067,327</u>	<u>5,701,450</u>	<u>5,067,327</u>	<u>5,701,450</u>
<i>(2) Financial liabilities</i>				
Trade and other payables	1,059,936	643,241	1,059,936	643,241
Trust funds and deposits	37,919	34,872	37,919	34,872
Interest-bearing loans and borrowings	45,846	487,013	45,846	487,013
<i>Total Financial liabilities</i>	<u>1,143,701</u>	<u>1,165,126</u>	<u>1,143,701</u>	<u>1,165,126</u>

(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) Risk and mitigation

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

Market risk

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices.

The Council's exposures to market risk are primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk. Components of market risk to which we are exposed are discussed below.

Interest rate risk

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

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

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

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

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

- conformity with State and Federal regulations and standards,
- adequate safety,
- appropriate liquidity,
- diversification by credit rating, financial institution and investment product,
- monitoring of return on investment,
- benchmarking of returns and comparison with budget.

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

FOR THE YEAR ENDED 30 JUNE 2008

Note 35 Financial instruments (cont.)

Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us to make a financial loss. We have exposure to credit risk on all financial assets included in our balance sheet. To help manage this risk:

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

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

We may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 34.

Liquidity risk

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

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

To help reduce these risks we:

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

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

5.3 (f) Sensitivity disclosure analysis

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

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

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

5.1

Market risk exposure

2008

Financial assets:

Cash and cash equivalents

Other assets

Trade and other receivables

Financial liabilities:

Interest-bearing loans and borrowings

Carrying amount subject to interest	Interest rate risk				
	-1% 100 basis points		2% 200 basis points		
	Profit	Equity	Profit	Equity	
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	4,161,757	(41,618)	(41,618)	83,235	83,235
Other assets	114,080	(1,141)	(1,141)	2,282	2,282
Trade and other receivables	556,412	(5,564)	(5,564)	11,128	11,128
Financial liabilities:					
Interest-bearing loans and borrowings	45,846	(458)	(458)	917	917

5.3 Note 36 Auditors' remuneration

Audit fee to conduct external audit - Victorian Auditor-General
Internal audit fees - Richmond Sinnott and Delahunty

	2008	2007
	\$	\$
Audit fee to conduct external audit - Victorian Auditor-General	25,700	23,200
Internal audit fees - Richmond Sinnott and Delahunty	17,647	5,912
	43,347	29,112

5.1 Note 37 Events occurring after balance date

There were no events occurring after balance date

NOTES TO THE FINANCIAL REPORT CONT'D



FOR THE YEAR ENDED 30 JUNE 2008

Note 38 Related party transactions

(i) Responsible Persons

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

Councillors

Councillor R.L. Gersch (Mayor)
 Councillor D.L. Argall
 Councillor R.W.Heinrich
 Councillor E.J.Bennett
 Councillor M.J.Gawith
 Councillor C.F.Unger

Mr.J.A.Hicks (CEO 27/1/2005 to current)

(ii) Remuneration of Responsible Persons

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

	2008 No.	2007 No.
\$10,000 - \$19,999	5	5
\$30,000 - \$39,999	1	1
\$150,000 - \$159,999	-	1
\$160,000 - 169,999	1	-
	<u>7</u>	<u>7</u>
	\$	\$
Total Remuneration for the reporting year for Responsible Persons included	256,986	251,573

(iii) No retirement benefits have been made by the Council to a Responsible Person. (2006/2007 Nil).

(iv) No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2006/2007, Nil).

(v) Other Transactions -Nil

(vi) Senior Officers Remuneration

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

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

Mr.P.C.Smith - Director of Corporate Services
 Mr.L.S.Tune - Director of Technical Services (1/7/2007 to 28/9/2007)
 Mr.G.R. Marsom - Director Assets (26/11/2007 to 30/6/2008)

Income Range:	2008	2007
Under \$100,000	2	-
\$100,000 - \$109,999	-	1
\$110,000 - \$129,999	1	1
	<u>3</u>	<u>2</u>
	\$	\$
Total Remuneration for the reporting year for Senior Officers included above, amounted to	217,528	227,097

NOTES TO THE FINANCIAL REPORT CONT'D

FOR THE YEAR ENDED 30 JUNE 2008

Note 39 Joint venture information

Council has not entered into any Joint Ventures at balance date.

Note 40 Income, expenses and assets by function/activities

	Expenses		Income		Surplus / (Deficit)	
	2008	2007	2008	2007	2008	2007
	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000
Corporate services	2,615	2,273	6,919	6,507	4,304	4,234
Public order and safety	145	239	159	173	14	(66)
Community services	906	837	935	877	29	40
Recreation and culture	1,088	859	842	427	(246)	(432)
Transport services	5,221	5,167	2,992	3,248	(2,229)	(1,919)
Waste and environment	847	866	242	219	(605)	(647)
Economic development	522	330	359	733	(163)	403
Economic services	642	580	986	823	344	243
Unclassified	36	75	124	3	88	(72)
Total	12,022	11,226	13,558	13,010	1,536	1,784

Assets by function	2008	2007
	\$,000	\$,000
Corporate services	6,435	6,948
Public order and safety	201	112
Community services	1,135	721
Recreation and culture	6,760	6,482
Transport services	75,616	73,680
Waste and environment	617	587
Economic development	773	738
Economic services	149	143
Unclassified	364	345
Total	92,050	89,756

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

Corporate Services

Operation and maintenance of Council Chambers and administration offices, administration of Council finances, preparation of budgets and raising and collection of rates.

Public Order and Safety

Services to control animals, local laws, parking, fire hazards and supporting

Community Services

Operation and maintenance of maternal and child health service, senior citizens centres, meals on wheels, home care, pre schools, youth services and voluntary services.

Environment

Operation and maintenance of sanitation services, street cleaning, trade waste, rubbish collection and disposal, environmental and agricultural services.

Recreation and Culture

Operation and maintenance of parks and gardens, sporting and natural reserves and other recreation facilities, library services and swimming facilities.

Transport Services

Construction, maintenance and clearing of roads, footpaths, drainage, bridges, parking facilities, aerodrome, traffic signs and street furniture.

Economic Development

Administration of the town planning schemes and implementation of building controls, tourism, industrial business and area promotion, caravan parks and camping grounds.

Economic Services

Operation of concrete plant and quarrying activities and private works for other parties.

Unclassified

Other services and activities provided or operated by the Shire.

NOTES TO THE FINANCIAL REPORT CONT'D



FOR THE YEAR ENDED 30 JUNE 2008

Note 41 Financial ratios (Performance indicators)

	2008 \$	2008 (%)	2007 \$	2007 (%)	2006 \$	2006 (%)
(a) Debt servicing ratio (to identify the capacity of Council to service its outstanding debt)						
<u>Debt servicing costs</u>	38,221		63,071		47,671	
<u>Total revenue</u>	13,433,522	= 0.28%	13,006,715	= 0.48%	12,461,248	= 0.38%

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>	479,388		457,972		427,310	
<u>Rate revenue</u>	4,488,625	= 10.68%	4,243,150	= 10.79%	3,990,330	= 10.71%

The strategy involves the payment of loan principal and interest, finance lease principal and interest.

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

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

<u>Rate revenue</u>	4,488,625		4,243,150		3,990,330	
<u>Total revenue</u>	13,433,522	= 33.41%	13,006,715	= 32.62%	12,461,248	= 32.02%

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>	1,659,531		1,733,494		2,605,175	
<u>Total realisable assets</u>	19,938,854	= 8.32%	18,787,719	= 9.23%	17,242,828	= 15.11%

For the purposes of the calculation of financial ratios, realisable assets are those assets which can be sold and which are not subject to any restriction on realisation or use.

Any liability represented by a restricted asset (note 30) 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 REPORT CONT'D



FOR THE YEAR ENDED 30 JUNE 2008

Note 41 Financial ratios (Performance indicators) (cont.)

	2008 \$	2008 (%)	2007 \$	2007 (%)	2006 \$	2006 (%)
(e) Working capital ratio (to assess Council's ability to meet current commitments)						
Current assets	5,583,318		6,189,363		5,447,165	
Current liabilities	2,130,424	= 262.08%	1,766,685	= 350.34%	2,330,502	= 233.73%

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)

Current assets	5,583,318		6,189,363		3,048,760	
Current liabilities	2,100,424	= 265.82%	1,736,685	= 356.39%	1,786,670	= 170.64%

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 REPORT



FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 \$	2007 \$
Note 42 Capital expenditure			
Capital expenditure areas			
Roads		2,212,609	1,941,407
Drainage		50,764	44,362
Land and buildings		389,729	196,338
Plant and equipment		1,482,362	567,461
Furniture and equipment		88,868	14,233
Other Infrastructure		1,127,196	301,472
Work in progress		172,049	503,192
Total capital works		<u>5,523,577</u>	<u>3,568,465</u>
Renewal of infrastructure		3,424,547	2,182,661
Upgrade of infrastructure		1,055,019	126,223
Expansion of infrastructure		241,084	544,014
New assets		630,878	212,375
Work in progress		172,049	503,192
Total capital works		<u>5,523,577</u>	<u>3,568,465</u>

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		5,523,577	3,568,465
Contributions - non-monetary assets			
Asset revaluation movement	26(a)	795,086	1,058,751
Depreciation/amortisation	21	(3,040,840)	(3,059,041)
Written down value of assets sold	21	(330,906)	(289,049)
Net movement in property, plant and equipment, infrastructure		<u>2,946,917</u>	<u>1,279,126</u>

(a) Renewal

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

(b) Upgrade

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

(c) Expansion

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

Note 43 Special committees and other activities

In 2008, the committees listed below had not had their changes in assets and liabilities included in the

- Diapur Hall Committee
- Antwerp Hall Committee
- Dimboola Memorial Swimming Pool Advisory Committee

In 2007, there are no committees of Council that have not had their changes in assets and liabilities for the reporting period included in the financial report for the current year.

NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2008

Note 44

Change in Accounting Policy

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

AASB amendment	Standards affected	Outline of amendment	Application date of Standard	Application date for Council
AASB 2006-3 Amendments to Australian Accounting Standards	AAS 27 Financial Reporting by Local Governments AASB 1045 Land Under Roads: Amendments to AAS 27A, AAS 29A and AAS 31A	From the beginning of the reporting period to which the Standard is first applied, until the end of the first reporting period ending on or after 31 December 2007, transitional provisions shall apply. Under those provisions, local governments, while encouraged to apply the full provisions of this Standard, may elect instead not to recognise land under roads as an asset in the balance sheet.	October 2008	1/7/08
AASB 1004 Contributions	AAS 27 Financial Reporting by Local Governments	As this Standard broadly reproduces the requirements relating to contributions contained in AAS 27, there will be no direct impact on the financial report	1/7/08	1/7/08
AASB 1051 Land Under Roads	AAS 27 Financial Reporting by Local Governments	In respect to land under roads acquired before 30 June 2008: allows a Council to elect to recognise or not to recognise an asset, requires an adjustment upon recognition to be made against accumulated surplus; requires a Council to disclose its accounting policy; allows a Council to elect to adopt the fair value, or a previous revaluation, requires any above elections to be made effective as at 1 July 2008. Requires that land under roads acquired after 30 June 2008 is accounted for in accordance with AASB 116. The impact of any changes that may be required cannot be reliably estimated and is not disclosed in the financial report.	1/7/08	1/7/08
AASB 1052 Disaggregated Disclosures	AAS 27 Financial Reporting by Local Governments	As this Standard broadly reproduces the requirements relating to disaggregated disclosures contained in AAS 27, there will be no direct impact on the financial report.	1/7/08	1/7/08
AASB 2007-9 Amendments to Australian Accounting Standards arising from the reviews of AASs 27, 29 and 31.	AAS 27 Financial Reporting by Local Governments Amendments to AASB 3, AASB 5 AASB 8, AASB101, AASB 114, AASB 116 AASB 127 AASB 137	As this Standard broadly reproduces the requirements relating to certain relevant requirements contained in AAS 27, there will be no direct impact on the financial report.	1/7/08	1/7/08

CERTIFICATION OF THE FINANCIAL REPORT

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.



Mr. Peter C Smith, Bach Bus (Local Govt), Grad Dip of Business, Master of Business Administration.
Principal Accounting Officer

Date: 23 September 2008
Nhill

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

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

We have been authorised by the Council on 17 September 2008 to certify the financial statements in their final form.

R.L. Gersch
Councillor

Date : 23 September 2008
Nhill



E. J. Bennett
Councillor

Date : 23 September 2008
Nhill



John A Hicks
Chief Executive Officer

Date : 23 September 2008
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Victorian Auditor-General's Office
INDEPENDENT AUDITOR'S REPORT

To the Councillors, Hindmarsh Shire Council

The Financial Report and Standard Statements

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

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

The Councillors' Responsibility for the Financial Report and Standard Statements

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

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

This responsibility includes:

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

Auditor's Responsibility

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

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

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Independent Auditor's Report (continued)

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

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

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

Independence

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

Auditor's Opinion

In my opinion:

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

MELBOURNE
26 September 2008



D D R Pearson
Auditor-General

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