



Annual Report **2010 - 2011**



Senior Management

Chief Executive Officer
Mr Dean Miller

Director Infrastructure Services
Mr Douglas Gowans

Director Corporate Services
Mr Campbell McKenzie

Director Community Development
Mr Phil King

*Hindmarsh Shire
Council always
moving forward....*



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Shire Profile

VISION

A caring, active community striving to enhance its environment, economy and liveability.

MISSION

Our mission is to:

- foster a thriving and diversified local economy where economic growth is encouraged and supported;
- provide accessible services to enable the community to be healthy, active and engaged;
- provide infrastructure essential to service delivery, and to protect and enhance our natural environment; and
- to realise the excellence in our people, processes and systems to provide quality services to the community.

VALUES

Hindmarsh Shire Council is committed to the following values:

1. Leadership and direction;
2. Transparency and accountability;
3. Honesty and integrity;
4. Trust and respect;
5. Equality;
6. Diversity;
7. Sustainability; and
8. Aspiration.

LOCATION

Hindmarsh Shire is located in central North West Victoria and is bounded in the north by the Big Desert and 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). Prior to European settlement, the Wotjobaluk community lived in the area. Council 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 2008 for a four-year term are Mick Gawith, David Colbert, Rob Gersch, Wayne Lovett, Ron Lowe and Cliff Unger (Mayor). Council elections will next be held in October 2012.

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. A very low percentage of native vegetation remains outside the National Park areas, with 97% of 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. Council is committed to an environmental overlay of bio-link corridors. In partnership with the Hindmarsh Landcare Network, 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 6,039. From the 2006 census the major towns and their approximate district populations were Nhill 2,550, Dimboola 1,863, Rainbow 649 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 (56.6%), 428 separated and divorced people (8.8%), 558 widowed people (11.4%) and 1,123 never married (23.2%). 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. 90.2% stated they were Australian-born. English was the only language spoken in 95.6% of homes.

WATER

The Wimmera River is a major lifeline for our towns and communities but it is a heavily over-utilised source of water in the upper catchment and in recent years has essentially been dry with the exception of weir pools. A significant rain event in 2009 brought water to Lake Hindmarsh for the first time in many years, but Lake Albacutya remains dry. The Grampians Wimmera Mallee (GWM) Water storages at September 2010 were 20.8% full (9.1% in 2009). The 2010 year has seen above-average rainfall across the region and with the completion of the Wimmera Mallee Pipeline Project, significant improvement in water security and availability over the longer term has been achieved for the environment and commercial purposes.

Of the 120,000 megalitres released into the former channel system in an average year, only 17,000 megalitres was actually used by customers. The rest was wasted - up to 90% of water lost from open channels was due to evaporation and seepage. Piping of the channels system results in saving more than 100,000 megalitres per year. Farm properties will benefit from



Photo by Sonya Colbert

a secure, 365-days-a-year high quality piped water supply with a range of economic opportunities not previously available to them. The positive effects of returning water to the rivers and lakes on the environment and the economies of towns and farms will be significant.

AGRICULTURE AND ANIMAL HUSBANDRY

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. Major crops include wheat, barley, oats, lupins, field peas, chick peas, canola, vetches, lentils and faba beans. Wool and sheep meat are also significant.

Hindmarsh Shire is home to Luv-a-Duck Pty Ltd, the largest fully integrated duck operation in the Southern Hemisphere. Approximately 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. 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 four 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', Ahrens Sherwell, Campbells, Jaeschke Silos, Blue Lake Milling, West Wimmera Health Service (which operates in Nhill, Rainbow and Jeparit), Wimmera Health Care Group (Dimboola Hospital), Hindmarsh Shire Council and educational facilities.

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. Major tourist attractions include the Little Desert National Park, Wyperfeld National Park, Big Desert Wilderness Park, Little Desert Nature Lodge, Wimmera River, Lake Hindmarsh, Lake Albacutya, Ebenezer Mission, Wimmera Mallee Pioneer Museum, John Shaw Neilson Cottage, Yurunga Homestead, Pella Lutheran Church, Pink Lake and native fauna and flora. Major events include the Nhill Duck and Jazz Festival and performances of the play 'Dimboola'. Tourism information is provided at visitor information centres.

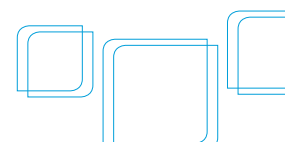
The return of water to the rivers and lakes following drought-breaking rains coupled with the construction and operation of the Wimmera Mallee Pipeline will see a renaissance in water sports such as skiing, sailing, swimming, canoeing, fishing, camping, bushwalking and the observation of birds and wildflowers.

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. They enhance our environment, and run nearly every sporting, social, religious, service, and other community organisations.

COMMUNITY SERVICES

Council provides a significant operating subsidy to Wimmera Uniting Care to operate kindergartens in four townships. West Wimmera Health Service delivers Maternal and Child Health Services through an agreement with Council. Council provides Home and Community Care Services to 560 clients. This includes home care, handyman and meals on wheels services. Council is a member of the Wimmera Regional Library Corporation, which has a collection of approximately 125,000 items, lends nearly 300,000 items annually and employs the equivalent of 12 EFT staff (37 overall staff) with a budget of just under \$2 million.



Mayor's Report

The 2010/11 financial year has been very eventful to say the least. I am always amazed at the end of a year to reflect back on what we have been able to achieve given our limited resources. This report highlights many of those achievements which have only been possible due to the hard work of the Shire staff and the tremendous contribution made by our tireless volunteers. Naturally I was thrilled to be elected Mayor in 2010, and I acknowledge the support from my fellow Councillors.

During the year, the Shire successfully implemented many grant-funded projects, such as the Nine-Creeks reserve in Dimboola, Rainbow Tennis Courts, Federal Street Rainbow, King Street Rainbow (gazebo, footpaths and playground), Jaypex Park Nhill soundshell and playground improvements, Jeparit Netball Courts, Wimmera Mallee Pioneer Museum amenities in Jeparit, upgrade to Rainbow Rises Road bridge, and upgrade of Belcher Street in Nhill. None of these projects would have been possible without support from State and Federal Governments and I acknowledge their valuable contribution.

In January 2011, we experienced unprecedented floods, and many people were affected through property damage, stock loss and road blockages. Fortunately, there were no cases of serious injury or death in our Shire as a result of these floods. The event brought out the very best in people as they went about filling sandbags, protecting levee banks, and lending neighbours a helping hand. The event caused enormous damage to Council assets, mainly roads, in the order of \$24 million. Council is very appreciative of the State and Commonwealth financial assistance to cover these costs.

During the year, Council established the Hindmarsh Tourism Association, and joined three of its rural neighbours in establishing a Wimmera Mallee Regional Tourism Association. These new bodies will be at forefront of helping the region to realise the full potential of its tourism assets. The return of water to our rivers and lakes, and the launch of a new Wimmera brand by the Wimmera Development Association, will play a big role in developing our tourism industry.

Some months ago, we announced that Council has been working with private enterprise to build a waste-to-energy pyrolysis plant in Nhill that will convert municipal solid waste into diesel fuel. The project has the potential to eliminate most household waste that currently goes to landfill. The project is dependent upon private investment, and Council remains confident that it will go ahead.

Some years ago, Council acknowledged that the Nhill Office was no longer fit for purpose and needed to be replaced or redeveloped. During the year, Council unanimously approved a redevelopment on the existing site as the most cost-effective solution. Schematic designs have been finalised which incorporate a number of sustainability design elements. Projects of this nature are never popular with the ratepayers, however economic reality dictates that all assets need to be replaced at the end of their useful lives.

Council, in partnership with Greening Australia, commenced a revegetation project on the five-chain Minyip Road, near Dimboola. The project cements Council's reputation as a leading organisation in environmental protection and enhancement. In the long term, the project has the potential to become Australia's largest roadside revegetation initiative, and will establish east-west bio-links between Dimboola and Minyip.

Earlier in the year, Council reviewed the four-year Council Plan, which is Council's primary strategic document. The document was updated to reflect our new strategic objectives, and to give the community a better understanding of our long term goals. The Council Plan contains four new key result areas, and exciting new initiatives that we hope to achieve over the next four years.

Our friendship alliance with the City of Port Phillip is in its second year, and we enjoyed a number of activities with our city friends, such as tree planting weekends, St Kilda Film Festival, and the Duck and Jazz festival.

The last 12 months have been an exciting time in Hindmarsh Shire, and I have thoroughly enjoyed my first year as Mayor. I look forward to working with my fellow Councillors, staff and the community over the next 12 months with equal vigour and optimism.



Cliff Unger
Mayor

Chief Executive Officer's Report

It's that time of year when we reflect back on the last 12 months and wonder where the time has gone. Life seems to get busier and busier, and more and more is expected of us. In his report, the Mayor has outlined a sample of projects that were accomplished over the year. None of those projects happened by accident. Individuals and groups of people made them happen from inception through to completion – people such as our dedicated shire employees, our Councillors, our community volunteers who so freely donate their time and energy, or just someone with a great idea and plenty of passion. During the year, we promoted Phil King to the position of Director Community Development following the resignation of Anne Champness. We also welcomed the arrival of Doug Gowans from Golden Plains Shire as our new Director Infrastructure Services.

Each primary and secondary school in the Shire take turns at making a presentation at a council meeting. The presentations are always of an excellent quality and it is evident that the students put in a lot of effort and practice. The students are very confident and articulate, and no doubt some will go on to become community leaders in the future. The councillors and the management always look forward to these visits, as they give us a wonderful opportunity to hear the views of our young citizens firsthand, and to see their school work. I wish to thank the teachers and students for taking the time to make their presentations during the year.

As part of our review of the Council Plan, we also adopted a ten-year financial plan. This plan, which includes borrowings of \$3 million, demonstrates that Council is financially sustainable over the next ten years. The attached financial statements reveal sound financial fundamentals including a very healthy balance sheet and liquidity position. Whilst our reported comprehensive operating result is a deficit, this is attributable to the \$12.4 million write-down of the value of roads as a result of the January 2011 floods. But for this write-down, we would have reported a \$486,000 profit.

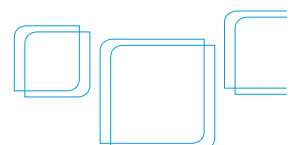
Following the eventful floods of January 2011, Council appointed an independent facilitator to undertake a Flood Debrief. The purpose of the exercise was to gain firsthand insights from people in Dimboola and Jeparit and to identify what the Shire could learn from the handling of the emergency. A final publicly-available report was considered by Council in September 2011 and Council has adopted all of the independent recommendations. I wish to thank everyone that took the time to be involved in the debrief.

During the year, Council was successful in attracting a \$200,000 Commonwealth grant towards a \$290,000 project that will see the preparation of climate change adaptation plans. GWM Water has contributed \$30,000 in-kind towards the study and I acknowledge their support along with the Commonwealth's. The project will also see integrated water plans and drainage strategies developed for each of our towns, as well as the framework for an economic development strategy. The economy of Hindmarsh

Shire has grown over the last year, and looks set to grow over the next 12 months. We have many award-winning businesses in the Shire, and I single out Ahrens Sherwell as the Powercor "Wimmera Business of the Year". Many of the municipality's businesses continue to expand, and Vicroads' \$12 million truck exchange in Nhill is nearing completion. Last year's crop was at record levels, and there is renewed optimism in the region as a result of good rainfall. State Government infrastructure including highways and railway lines are being upgraded and this will bring economic returns to the region. The new Wimmera brand, "The Wimmera, Everything You Need", will be actively marketed in the coming year across Melbourne and other parts of the State to attract entrepreneurs and employees. All of this bodes well for a very successful year ahead. I commend this Annual Report to the Hindmarsh Community.



Dean Miller
Chief Executive Officer



Councillors

All Councillors were elected in November 2008 and retire in October 2012.



Cr Cliff Unger is currently the Mayor and a Councillor for the East Ward. He is Council's representative on the Friendship Alliance with Port Phillip City Council, Dimboola Town Committee, Dimboola Community Enterprise Centre Committee, Dimboola Sports Stadium Committee, Dimboola Community Centre Reserve Committee, Hindmarsh Landcare Network, Dimboola Memorial Swimming Pool Committee, Western Highway Action Group, Desert Fringe Regional Waste Management Group, Dimboola State Emergency Service, Wimmera Mallee Sustainability Alliance, Wimmera Regional Transport Group, Snape Reserve Committee of Management and Wimmera Volunteers. Locally, Cr Unger is a member of the Dimboola Bowling Club Committee.



Cr Michael Gawith is a Councillor for the North Ward. He is Council's representative on the Friendship Alliance with Port Phillip City Council, Hindmarsh Environmental Strategy Steering Committee, Jeparit Town Committee, Wimmera Mallee Pioneer Museum Committee, Municipal Association of Victoria, Wimmera Regional Library Corporation, Desert Fringe Regional Waste Management Group, North West Municipalities Association and GWMWater Wimmera Customer Committee. Locally, Cr Gawith is also the chairperson of the Jeparit Community Emergency Response Team and a member of the Friends of Lake Hindmarsh Committee and Jeparit Heritage Walking Trail Committee.



Cr David Colbert is a Councillor for the West Ward. He is Council's representative on the Nhill Town Committee, Nhill Memorial Community Centre Committee, Municipal Emergency Management Planning Committee, Nhill State Emergency Service and Hindmarsh Shire Risk Management Committee.



Cr Rob Gersch is a Councillor for the West Ward. He is Council's representative on Rural Councils Victoria, Wimmera Development Association, Audit Committee, Nhill Duck and Jazz Festival Committee, and Nhill Swimming Pool Advisory Committee. Locally, Cr Gersch is the Vice President of the Nhill and District Sporting Club. He is also a Justice of the Peace.



Cr Wayne Lovett is a Councillor for the East Ward. He is Council's representative on the North West Municipalities Association, Dimboola Town Committee, Audit Committee, Hindmarsh Visitor Information Centre Committee, Wimmera Mallee Regional Tourism Association and Wimmera Mallee Rail Service Association.



Cr Ron Lowe is a Councillor for the North Ward. He is Council's representative on the Nhill Saleyards Committee, Rainbow Town Committee, Wimmera Sports Assembly, Rainbow Civic Centre Committee of Management and Yanac Public Hall and Recreation Reserve Committee.



Community Development Report

The community development team is pleased to present this report on its 2010/11 projects and activities. The team has continued to provide a vast range of services to residents, community groups and organisations from across the Shire in the areas of community and economic development, youth, environment, tourism, aged and disability services, Landcare, Wimmera Mallee Sustainability Alliance, early years services and libraries.

Highlights of the past year include the completion of a number of projects under the Commonwealth Government's Regional and Local Community Infrastructure Program, funding from Sport and Recreation Victoria and Regional Development Victoria, the implementation of Living at Home Assessments, continuation of the Active Service Model and significant funding towards Wimmera Mallee Sustainability Alliance projects.

Grants

Council was successful in obtaining a number of grants for the development and planning of community-based infrastructure and initiatives. In 2010/11 a total of \$1,138,198 funding was approved for a number of projects including the refurbishment of the Jeparit Memorial Hall, replacement of the Dimboola Rowing Club roof, installation of training lights at the Dimboola netball court, relocation of the Jeparit community gymnasium, installation of training lights at Rainbow tennis courts and refurbishments to the Nhill Medical Centre. Planning for integration and adaptation of climate change into council planning and audit of waterways navigational aids were also funded. In comparison, in 2009/10 funding approved for community projects totalled \$1,953,210, in 2008/09 \$1,622,965, and in 2007/08 \$1,424,212. The increase in funding received in the last three financial years was made possible by the Commonwealth Government's Regional and Local Community Infrastructure Program (RLCIP). The RLCIP, announced as part of the Economic Stimulus Package in October 2008, has provided three funding rounds to local governments across Australia. Under the first round, funding of \$410,000 contributed to infrastructure projects across Hindmarsh's major townships and small rural communities. A second round of funding was provided in November 2009. Funding of \$159,000 contributed to the upgrade of Nhill's Jaypex Park, water infrastructure at Dimboola Riverside Caravan Park, the Rainbow swimming pool and installation of air conditioning at Jeparit Memorial Hall. The third round of funding was announced in June 2010 with funding of \$161,000 being obtained for lighting at Rainbow multi-purpose tennis facility, relocation of the Jeparit community gymnasium, stage 1 of the Nhill Aviation Heritage Centre and the establishment of Recreation Vehicle Friendly facilities at Dimboola.

Tourism

Following the completion of the Wimmera Mallee Tourism Study, Hindmarsh, Buloke, West Wimmera and Yarriambiack Shire councils have established a Regional Tourism Association called the Wimmera Mallee Regional Tourism Association. The Association's mission statement is to "promote and support the tourism industry in the Shires of Buloke, Hindmarsh, West Wimmera, Yarriambiack and Wimmera Mallee region". The association has established a website and will undertake further branding and promotional campaigns following the launch of "The Wimmera – Everything you need" campaign.

As recommended in the Wimmera Mallee Tourism Study, Council supported the establishment of a local tourism association named Hindmarsh Tourism Association that has industry and community representations from across the Shire. Promotional and marketing campaigns will be established in 2011/12 with linkages to regional efforts providing a cohesive and collaborative approach to marketing, funding applications, event planning and branding.

Environment

Work on environmental sustainability has continued throughout 2010/11, based on objectives contained in the Hindmarsh Shire Environmental Strategy 2009–2013. The strategy aims to make the Shire of Hindmarsh a place where Council and the community work in partnership to achieve sustainability. As a part of this strategy, Council has received funding to review its Roadside Management Strategy which will take place during 2011/12.

Hindmarsh Landcare Network

During the year, Council continued to support the Hindmarsh Landcare Network (HLN) with the employment of a facilitator and other administrative support. The HLN became incorporated during the year and will be able to employ staff and apply for grants in its own right.

Wimmera Mallee Sustainability Alliance

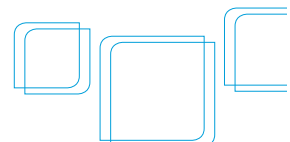
Six local governments, with Hindmarsh Shire Council as the lead agency, and a number of local and state government authorities and educational institutions comprise the Wimmera Mallee Sustainability Alliance (WMSA). Its aim is to improve sustainability in the Wimmera Mallee Region. WMSA published two strategic documents in 2010/11:

- Towards Sustainability in the Wimmera Southern Mallee; Sustainability White Paper 2011-2014; and
- Wimmera Mallee Directions Statement; A strategic framework for WMSA including major themes and key priorities.

These documents provide a strong strategic foundation for improving sustainability in the region. WMSA has also worked hard to align strategically with the Wimmera Southern Mallee Regional Strategic Plan. In fact, WMSA is named against a number of actions from the regional plan. WMSA has also completed a major community education program including an expo, community conference, information sessions with neighbourhood houses, and a home composting pilot project in Hindmarsh. WMSA is looking for further funding to promote sustainability messages. Particular priorities for the next twelve months will be the development of bioenergy and community education around energy efficiency and carbon reduction.

Aged and Disability Services

Council's Home and Community Care (HACC) program collaborated with Wimmera assessment agencies as the implementation of Living at Home Assessments (LAHA) and the Active Service Model (ASM) continued. The achievements of the Wimmera LAHA project have been recognised by the Department of Health and its Memorandum of Understanding (MoU) promoted to other regions across Victoria as a benchmark document.



Community Development Report (Continued)

An Active Service Model practice review working group was formed. The group focused on current service delivery, how Council could improve services to reflect client-centred approaches, and how services could further support client independence and capacity building. Community care staff received training in the ASM, and assessment staff attended sessions on Health Coaching and Asking Better Questions to ensure delivery of quality Living at Home Assessments.

Council received social support funding for a project with the Rainbow Secondary College and HACC clients. The Intergenerational project provided a range of activities aimed at encouraging interaction between generations. Students and seniors enjoyed building relationships as they explored the history of Rainbow and interacted during a games afternoon.

Business

Council continued its collaboration with Business Nhill, the Dimboola Business Association and Wimmera Development Association to further economic development within the Shire. Plans are underway for Business Nhill and the Nhill Town Committee to conduct a 'Nhill – Open for Business' event in 2012 which will promote Nhill and the Shire to other regions within Victoria and interstate as a potential location for economic investment.

Skills Match Program

The Skills Match project launched in 2010 has generated wide-ranging responses from people located within the Shire and other regions in Victoria, interstate and overseas. The Skills Match program was developed as a result of an identified skills shortage in the Shire, and aims to match people, their skills and available jobs to improve employment and recruitment within the shire. The major proposal outlines a 'skills matching' website linked to Council's website that matches businesses posting their job opportunities with individuals posting their qualifications, experience and availability. The Hindmarsh employment matcher, 'Tell Us Your Skills' went live in August 2010.

Youth

Council has continued the facilitation of activities for our young people as part of the Youth Participation and Access (YPA) and FReeZA programs. The mentoring project at Dimboola Memorial Secondary College, one aspect of the YPA Program, has received overwhelming support from students and mentors alike and has since been expanded to the Nhill Secondary College. Other initiatives undertaken for youth included a DJ's workshop that proved very popular and resulted in prospective DJ's displaying their new skills at a public event.

Next Year – 2011/12

Community engagement and consultation is a key element in establishing sustainable communities as their aspirations are often the backbone of infrastructure developments. The launch of the State Government's Regional Growth Fund along with other funding programs will provide opportunities to seek funding to support our communities identified initiatives and plans.

The implementation of tourism based activities will be greatly enhanced following the return of water to our river and lake systems. The friendship agreement between the City of Port Phillip Council and Hindmarsh Shire Council will generate a number of activities in 2011/12. The continuation of other initiatives including the Skills Match Program, Environmental Strategy, and the review and updating of various strategies and plans including the Municipal Early Years Plan, Positive Ageing Plan, Disability Action Plan and Y-Z A Youth Action Plan will ensure a busy and exiting year for the community development team.

I would like to thank Ms. Anne Champness, previous Director Community Development, for her support and assistance during her time at Council. I wish her all the best in her new role at Southern Grampians Shire Council. I would also like to thank all volunteers who have assisted in various community based projects and initiatives over the past year and look forward to their continued support.



Phil King
Director Community Development

Corporate Services Report

Many people will remember this year for the floods which played a major part in their everyday lives. While some regard it as the end of the drought, others saw it as a fantastic start to the year for the farming community, and the chance to have water back in our rivers and lakes. This will be fantastic for our communities to prosper and grow after many years of drought.

Newsletter

Council introduced a quarterly newsletter to all residents in December 2010 to keep the community informed of the many activities that Council has responsibility for. The concept was raised at community meetings across the Shire to discuss a number of issues. The newsletter gives coverage to all areas of the Shire at a reasonable cost to Council. These newsletters have been well received by residents and will continue in the future.

Records Management

Council implemented a new records management system (InfoXpert) during the year. The records held in the previous system have been migrated into the new system. The InfoXpert system has changed a number of processes in document management but allows for greater security and flexibility over the previous system. Officers participated in records training through the Public Records Office with the release of their revised standards on records management.

Floods

The December 2010 and January 2011 rain events and ensuing flood had dramatic impacts on the residents of Hindmarsh Shire. Council staff answered hundreds of enquiries regarding flood related issues such as access to properties, closed and damaged roads, blocked drains, and emergency grants. The floods have impacted Council on many other fronts. Initially it was with the emergency response to the floods, and then the immediate cleanup works. A large number of roads were closed or badly affected by the heavy rain, and as a result, a natural disaster claim was submitted for \$23.6 million. Several tenders will be let in the 2011/2012 year for repair of Council's road network. The Department of Human Services funded a Flood Recovery Officer position, shared with Yarriambiack Shire Council. Lisa Cook was appointed to the position. Lisa has been busy since her appointment visiting affected people with support from Wimmera Uniting Care. There are many agencies providing support for flood victims. People in these trying times can often lose focus of what they need to do and a number of people will receive ongoing personal support to assist with their issues.

Audit Committee

The Audit Committee met three times in 2011, and had input into the Financial Statements, Performance Statement, Standard Statements, Risk Register, credit card usage, and internal audit reports. Council has 3 independent members on the audit committee in Steven Ward, Alex Graham and John Millington. I would like to thank the members for their input and challenging discussions at Audit Committee meetings.

Challenges Ahead

The 2011/2012 year is full of challenges for the Corporate Services team. Council is committed to providing all staff with Customer Service training. All staff deal with the public from time to time and a training program will help meet the needs of our customers.

A 10 year financial plan was developed in 2011. This will be further enhanced in the coming year to provide more accurate projections for future years. Council also plans to conduct a rating strategy in 2011/2012. Council has also budgeted to redevelop the existing office building over the next two years. The final plans are not complete, but tenders may be let prior to Christmas. Council will review its policies and local laws to ensure that it keeps up to date with legislative changes and community needs. The local laws will go on public display and submissions will be called for when the review is completed.

Staff

Staff are our most valuable asset. Council appreciates the additional time and effort that staff put in during the year to achieve our goals. We are fortunate that most staff live in our Shire and therefore we are all working towards similar goals with our community. I look forward to another good year ahead for all of our staff and thank them for their valuable contribution in 2011.



Campbell McKenzie
Director Corporate Services

Infrastructure Services Report

After being welcomed as the Director Infrastructure Services with the Hindmarsh Shire in April this year, I have had the auspicious task of leading the recovery works related to roads and infrastructure that were impacted by the December 2010 and January 2011 floods. Emergency flood repairs have been prioritized and undertaken. Reinstatement of assets to their pre-flood condition will be ongoing into the foreseeable future. Council will continue to diligently work with the community to ensure that all flood damage is captured and prioritised for restoration.

Asset management

Implementation of MyData, the asset management system, has been one of the major improvements and efficiency gains in the works department. The electronic asset management system will enable better decisions to be made regarding the replacement of existing infrastructure through the capacity to record detailed information against each asset. It also provides the ability of data to be interrogated and transformed into an informative report. Asset data is being linked to the Council's Geographic Information System, providing a visual map of Council's assets, which helps to record and display data such as flood damage locations. Council participated in the National Asset Management Assessment Framework (NAMAF) program which aims to improve Council's asset management practices through collaboration with all councils.

Program Delivery

Council's sealing program and the gravel road resheeting program have been successfully completed. Two capital projects of note were the completion of the Rainbow Rises Road Bridge over Outlet Creek and the Katyl Wail Road upgrade. The capital works program has had an interrupted year due to two separate flooding issues which held up works for several weeks. As a result of the flooding, Council has had to carry out extra emergency remedial capital works. Several significant projects listed under the budget have been carried over to the 2011/12 financial year including the Belcher Street, Nhill upgrade.

Works Management

The MyData, asset management system, has improved the works department systems by ensuring customer action requests, inspections and work tickets assigned against each asset type. This enables works programming to be focused on meeting Council's obligations under the Road Management Plan. As well as creating a useful history, the works management component will be a beneficial tool for demonstrating the extent of outstanding works and predicting the total cost of repair.

Waste Management

The landfill costs across Victoria have been increasing due to levies and regulatory authorities requirements. Current arrangements have waste transported to landfills operated in neighbouring municipalities. Hindmarsh Shire Council has been exploring pyrolysis opportunities related to innovative technology to manage waste within the Shire. A demonstration pyrolysis plant has undergone a feasibility study to be located in Nhill to assist with waste management and renewable energy production.

Contract Management

Council has implemented its procurement policy based on the MAV model which introduced further efficiencies and increased probity of Council's purchases. System improvements in this area have strengthened delegation, efficiency and reporting.

Building and Facilities Management

Council has been working with its building occupiers and Committees of Management to better facilitate maintenance and capital works programs. Council acknowledges the support of volunteer groups that are responsible for and manage Council facilities across the Shire. Without volunteer support maintenance costs would be significantly higher.

Town Planning

The town planning department has undertaken a program of reviewing outstanding permits for compliance. Planning processes have been improved to be more customer-focused and consistent. Strategic planning has been undertaken to implement amendments to the Hindmarsh Planning Scheme including rezoning.

Building Control

The building department has implemented a building permit management system to track building permits for both Council and private building surveyors. This has allowed notification of owners when a building permit is about to lapse. Additionally the department has correctly filed and systemised all building permits for the previous ten years. More than a hundred building permits were issued in the Shire along with 117 mandatory inspections relating to it.

The building department has appointed a building inspector to assist in fulfilling Council's obligations under the Building Act with regards to audits, essential safety measures, enforcement, places of public entertainment and building permits.

Emergency Management

Council continues to work with emergency service authorities to implement recommendations of the Bushfire Royal Commission. These include a review of strategic fire breaks, township protection plans and integrated fire management planning. The Municipal Emergency Management Plan has been reviewed and audited. During the January 2011 flood event, Council implemented its Municipal Emergency Co-ordination Centre in the Nhill SES which coordinated resources as directed by the Incident Control Centre in Horsham.

I wish to thank Mr Adam Sewell for acting as the Director Infrastructure Services prior to my appointment. Adam did a fantastic job of handling the responsibilities of Municipal Emergency Resource Officer (MERO) during the flood response and at the start of the recovery phase.



Douglas Gowans
Director Infrastructure Services



Equal Opportunity, Local Laws and Whistleblowers

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, or 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.

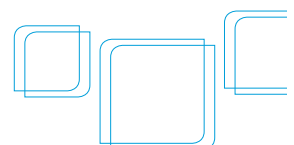
Local Laws

Local Laws operational as at 30th June, 2011 are:

- Hindmarsh Meeting Procedure and Common Seal Local Law
- Hindmarsh 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 2010/11.

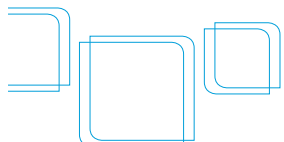




Staff Numbers

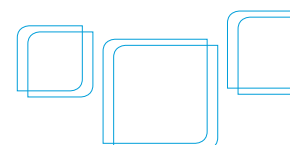
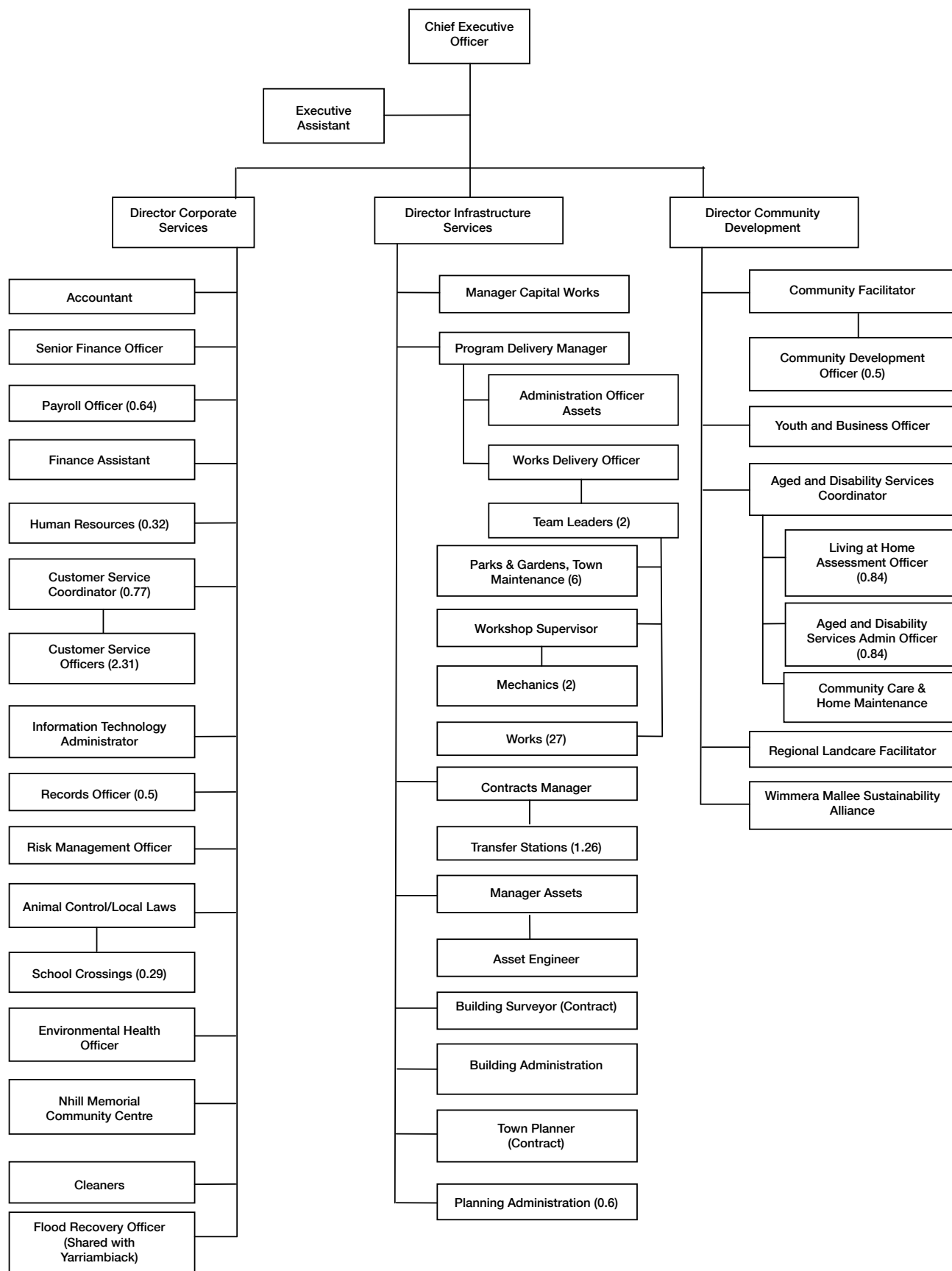
STAFF NUMBERS AND CLASSIFICATIONS AS AT 30 JUNE 2011

DESIGNATED WORK GROUPS	Total	MALES	FEMALES
Senior Management	4	3	1
Finance, Administration and Customer Service	18	4	14
Building and Planning	2	0	2
Environmental Health	1	1	0
Landcare	1	1	0
Engineering Support	4	4	0
Community Development	3	1	2
Technical Services	37	33	2
Town and Property Maintenance	4	6	0
Home and Community Care	33	3	30
Community Centre	5	1	4
School Crossings	4	0	4
Property, Purchasing and Risk Management	1	1	0
Animal Control and Local Laws	1	1	0
Other	11	6	5
	<u>129</u>	<u>65</u>	<u>64</u>





Staff Structure





Information to be Made Available for Public Inspection

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 contracts valued at: \$150,000 (for goods and services) \$200,000 (for the carrying out of works) (or such higher amount as is fixed from time to time under section 186(1) of the Act) or more—
 - (i) which the Council entered into during the financial year without first engaging in a competitive process; and
 - (ii) which are not contracts referred to in section 186(5) of the Act.



National Competition Policy Compliance

National Competition Policy Compliance: 2010 – 2011 Certification by Chief Executive Officer

Hindmarsh Shire Council has complied with the requirements of the National Competition Policy (NCP) for the period 1 July 2010 to 30 June 2011, in accordance with the requirements outlined in National Competition Policy and Local Government (Revised 2011) as set out below:

A. Trade Practices Compliance

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

Compliant

B. Local Laws Compliance

State whether the Council is compliant or non-compliant.
List all local laws made or remade during 2010 -2011 which
impose a restriction on competition:

Compliant

No Local Laws made or remade in 2010-2011

C. Competitive Neutrality Compliance

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

Compliant

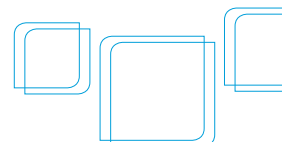
No significant businesses

I certify that:

- a) This statement has been prepared in accordance with the 2010 -2011 National Competition Policy reporting guidelines: and
- b) This statement presents fairly the Council's implementation of the National Competition Policy:

Signed: _____
Dean Miller
(Chief Executive Officer)

Date: 29.9.11





Council Grants, Contributions and Memberships

Community Grants:

	\$
Town committees	2,000
Scholarship/cadetship	8,000
Community grants program	12,158
Rural skills cadetship	1,250
	<u>23,408</u>

Council Contributions:

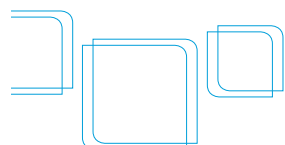
Jeparit RSL	200
Rainbow RSL	200
Dimboola RSL	400
Nhill Rotary Club	400
Family/community emergency relief	427
West Wimmera Health Service (Murray to Moyne)	250
Rainbow recreation reserve	1,000
Hindmarsh Landcare Network	10,000
Wimmera Regional Library Corporation	161,168
	<u>174,045</u>

Council Memberships:

North West Municipalities Association	400
Keep Australia Beautiful Victoria Inc	500
Tourism Alliance Victoria	233
Mildura Rural City Council – Rail Freight Development Alliance	2,000
Municipal Association of Victoria	16,241
Rural Councils Victoria	2,000
Wimmera Development Association	36,907
	<u>58,281</u>

Council Grants:

Nhill State Emergency Service	16,364
Dimboola State Emergency Service	16,364
	<u>32,728</u>



Performance Statement

FOR THE YEAR ENDED 30 JUNE 2011

Council must prepare a budget for each financial year and 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 Key Strategic Activity.

Our 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

KEY STRATEGIC ACTIVITIES	PERFORMANCE MEASURE AND TARGET	ACHIEVED	COMMENT
KSA 1 Financial Performance	Achieve an adjusted Operating Surplus (excludes 2010 Victoria Grants Commission prepayment) of 80% of the budgeted Operating Surplus.	Achieved	Council spent approximately \$1.1 million of recurrent and capital expenditure on the January 2011 floods. The Department of Treasury and Finance will reimburse this amount in the 2011/2012 financial year. This unbudgeted expenditure, the unfunded superannuation liability and the increase in depreciation charge is used in the adjustment calculation.
KSA 2 Risk Management	Have a new Risk Management system operational by 1 May 2011.	Not Achieved	Council has investigated a risk management system and expects the new system to be in place by March 2012.
KSA 3 Governance	New system in place by 1 January 2011 to record compliance with the Local Government Act.	Achieved	Staff reviewed legislative requirements under the Local Government Act to ensure that key dates or activities were acted upon. This will be documented on a Corporate Calendar in the coming year.
KSA 4 Asset Management	Importing all known data for four asset classes in to "My Data" by April 2011.	Not Achieved	Council has imported data for the four asset classes into "My Data" software since April 2011.
KSA 5 Asset Management	Candidate projects listed for at least the forward 3 years including the draft Capital Improvement Program by December 2010.	Achieved	Council used the draft Capital Improvement Program data in the compilation of the 2011/2012 Budget.
KSA 6 Asset Management	Draft ten year capital replacement plan prepared for Corporate Council Planning day in February 2011.	Achieved	Council developed the Ten Year Long Term Financial Plan for the Corporate Council Planning day in November 2010. The Ten Year Financial Plan was further developed as part of the 2011/2012 budget process.
KSA 7 Capital Works	Minimum of quarterly reports to Council on capital improvement progress.	Achieved	Council reintroduced capital work progress reports into the finance reports to the monthly Council meetings.
KSA 8 Capital Works	Commencement of at least 95% of programmed jobs. Completion of at least 90% of programmed jobs by number and funds spent.	Not Achieved	Council was unable to achieve its capital works program due largely to the January flood event. This placed severe strain on many Council resources and as a result a number of capital works projects were delayed or rolled over into 2011/2012.
KSA 9 Works Management	Full utilisation of the Works Management function of "My Data" with respect to road maintenance by December 2010.	Not Achieved	Council partially achieved this activity by the December 2010 deadline, but changes in staff in the Infrastructure Services area impacted on this result. The system is now being utilised.
KSA 10 Statutory Planning	Consideration of at least 90% of all planning permit applications by Council within 6 weeks of receipt.	Not Achieved	Council achieved approximately 34% of planning permits in the 6 week timeframe for the year ended 30 June 2011. The timeframe proved to be unrealistic for permits requiring referral to other authorities.
KSA 11 Building Control	Issue of at least 90% of building permit applications by Building Surveyor within 6 weeks of receipt.	Not Achieved	Council achieved approximately 80% of building permits being issued within the 6 week timeframe. The main reason for delays is due to owner builders not providing sufficient information at the time of lodging their application.
KSA 12 Tourism	Regional Tourism Association commenced by 30 June 2011.	Achieved	The Wimmera Mallee Regional Tourism Association commenced in 2010 with the application for incorporation lodged on 23 June 2011.
KSA 13 Community Planning	Review Community Plans and working group actions by 30 June 2011.	Achieved	Council completed reviews of Community Plans in October 2010.

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 2010/2011 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 achievements 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
21 September 2011



Councillor K.D Colbert
21 September 2011



Mr Dean Miller
Chief Executive Officer
21 September 2011





Victorian Auditor-General's Report on the Performance Statement

VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Hindmarsh Shire Council

The Performance Statement

The accompanying performance statement for the year ended 30 June 2011 of the 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 the Hindmarsh Shire Council are responsible for the preparation and fair presentation of the performance statement in accordance with the *Local Government Act 1989*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the performance statement that is free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

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

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

Auditing in the Public Interest

Victorian Auditor-General's Report on the Performance Statement

VAGO

Victorian Auditor-General's Office

Independent Auditor's Report (continued)

Auditor's Opinion

In my opinion, the performance statement of the Hindmarsh Shire Council in respect of the 30 June 2011 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

Matters Relating to the Electronic Publication of the Audited Performance Statement

This auditor's report relates to the performance statement of the Hindmarsh Shire Council for the year ended 30 June 2011 included both in the Hindmarsh Shire Council's annual report and on the website. The Councillors of the Hindmarsh Shire Council are responsible for the integrity of the Hindmarsh Shire Council's website. I have not been engaged to report on the integrity of the Hindmarsh Shire Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this statement. If users of the performance statement are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited performance statement to confirm the information contained in the website version of the performance statement.

MELBOURNE
26 September 2011


J D D R Pearson
Auditor-General

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

Auditing in the Public Interest



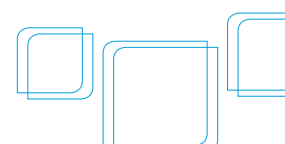
Council Plan Strategies

Competitive and Innovative Economy

Council's mission is to foster a thriving and diversified local economy where economic growth is encouraged and supported.

Strategic objectives, actions and indicators – Competitive and Innovative Economy

What we will achieve	How we will achieve this	How we will measure success	Key documents	Lead responsibility	Year to be completed
1.1 A diverse economy	1.1.1 Develop and implement an Economic Development Strategy for the Shire that, among other things; <ul style="list-style-type: none"> Identifies business opportunities related to renewable energy. Explores and promotes opportunities from the Pipeline and a potable water supply. Investigates business development opportunities resulting from our transport links; eg the Nhill Trailer Exchange. Investigates opportunities to increase locally accessible post-secondary education and training opportunities. Supports existing businesses to reach their full potential. 	Business opportunities listed in Economic Development Strategy	WSMRSP Strategic Directions 3 and 8 Parliamentary Inquiry into Economic Development Opportunities from the pipeline Hindmarsh Environmental Strategy WMSA White Paper	Chief Executive Officer	2012/13
1.2 A community that embraces innovative and sustainable energy solutions.	1.2.1. Facilitate a demonstration pyrolysis plant in Nhill, using municipal waste to produce diesel, and effectively reducing waste management costs, the amount of waste going to landfill, and our carbon footprint.	Pyrolysis plant established as a national demonstration site.	WSMRSP Strategic Direction 4	Director Infrastructure Services	2012/13
	1.2.2 Consider distributed energy generation for Shire towns using solar, waste and biomass, wind and geothermal sources, subject to available funding.	Business plans prepared.		Director Community Development	2013/14
	1.2.3 Renewable energy trial program for Council infrastructure, subject to available funding.	Completion of a pilot project.		Director Infrastructure Services	2014/15



Council Plan Strategies

Strategic objectives, actions and indicators – Competitive and Innovative Economy

What we will achieve	How we will achieve this	How we will measure success	Key documents	Lead responsibility	Year to be completed
1.3 A thriving Wimmera Mallee Tourism Industry.	1.3.1 Support the development of the new Wimmera Mallee Regional Tourism Association (WMRTA) with representation from the local tourism associations in the Shires of Hindmarsh, Buloke, Yarriambiack and West Wimmera to form the foundations of sustainable tourism growth.	Incorporation of the Wimmera Mallee Regional Tourism Association.	WSMRSP Strategic Direction 2 Wimmera Mallee Tourism Project: Final Report Tourism Alliance Victoria October 2009	Director Community Development	2011/12
	1.3.2. Seek funding for a regionally cooperative approach to tourism marketing across the Wimmera Mallee region to leverage the benefits from visitors to the region.	Commitment of funds from the four shires and funding bodies.		Director Community Development	2011/12
	1.3.3 Support the branding projects of the WMRTA and the Hindmarsh Tourism Association.	Regional brand established. Tourism operator professional development provided.		Director Community Development	2011/12
	1.3.4 Foster locally significant community-driven events and festivals that stimulate tourism growth in the region.	At least 3 significant events held in the Shire/year.		Director Community Development	Ongoing
1.4 Modern and affordable information and communication technology throughout the municipality.	1.4.1 Work with other councils and stakeholders to position the Shire well for an early rollout of the National Broadband Network and for the pursuit of targeted information technology opportunities.	Working group established.	WSMRSP Strategic Direction 5 Wimmera Mallee ICT Plan	Chief Executive Officer	2011/12
1.5 Thriving, resilient, diverse and economically viable towns.	1.5.1 Active involvement in Rural Councils Victoria and the Wimmera Development Association.	Active participation in Rural Councils Victoria and Wimmera Development Association activities.	WSMRSP Strategic Direction 2	Chief Executive Officer, Councillors	Ongoing
	1.5.2 Explore options that attract visitors to our towns, commencing with Dimboola.	Increased visitor numbers in our towns.		Director Community Development	2012/13
1.6 Transport infrastructure that supports the needs of our communities and businesses.	1.6.1 Develop and implement a Master plan for the Nhill Aerodrome to strengthen its capacity to support the community, emergency services and aviation requirements.	Master plan completed.	WSMRSP – Strategic Direction 6	Director Infrastructure Services	2011/12
	1.6.2 Advocate for and explore flexible and responsive public transport, and freight transport.	Active participation in Wimmera Regional Transport Group.		Director Community Development	2013/14
	1.6.3 Continue Council's representation on transport related external working groups.	Active participation in: <ul style="list-style-type: none"> • Western Highway Action Committee; • Rail Freight Alliance; • Wimmera Mallee Rail Service Association; and • Wimmera Regional Transport Group. 		Chief Executive Officer and Councillors	Ongoing

Council Plan Strategies

Strategic objectives, actions and indicators – Competitive and Innovative Economy

What we will achieve	How we will achieve this	How we will measure success	Key documents	Lead responsibility	Year to be completed
1.7 Public spaces, open space and appealing tourism facilities that promote visitation and meet visitor needs.	1.7.1 Review and upgrade current caravan and camping accommodation in the Shire.	Upgrades and refurbishment of caravan parks and camping sites completed. Increased overnight stays. Provision of cabins and additional shower facilities, unique accommodation at Four Mile Beach (ie old barn or shearing shed).	WSMRSP Strategic Direction 2 Dimboola, Jeparit, Nhill and Rainbow Community Action Plans	Director Infrastructure Services	2011/12 and 2012/13
	1.7.2 Construction of Nhill Aviation Heritage Centre to promote Nhill's unique aviation heritage and link to a regional tourism trail, subject to available funding.	Funding acquired and construction of the Nhill Aviation Heritage Centre underway.			Director Infrastructure Services

Community Liveability

Council's mission is to provide accessible services to enable the community to be healthy, active and engaged.

Strategic objectives, actions and indicators – Community Liveability

What we will achieve	How we will achieve this	How we will measure success	Key documents	Lead responsibility	Year to be completed	
2.1 An actively engaged community.	2.1.1 Review Community Action Plans for Dimboola, Jeparit, Nhill and Rainbow. Follow up on Community Action Plans and their working group projects.	Community workshops held.	WSMRSP Strategic Directions 13 and 14.	Director Community Development	Ongoing	
	2.1.2 Develop a community engagement strategy aiming to increase community participation in Community Planning Workshops, in particular participation by young people.	An increase of 20% in participation rates overall and for young people specifically.	Dimboola, Jeparit, Nhill and Rainbow Community Action Plans	Director Community Development	2011/12	
	2.1.3 Update current communication activities in response to a changing media environment.	Further improvements to Council's website. Develop a social media policy.			Director Corporate Services	2012/13
	2.1.4 Support and assist the Community Plan Working Groups on an ongoing basis.	Number of assisted community projects underway.			Director Community Development	Ongoing

Council Plan Strategies

Strategic objectives, actions and indicators – Community Liveability

What we will achieve	How we will achieve this	How we will measure success	Key documents	Lead responsibility	Year to be completed
<p>2.1 (continued) An actively engaged community.</p>	<p>2.1.5 Work with all communities to assist them realise their aspirations on an ongoing basis.</p>	<p>Contact with community groups, increase of rating for community engagement in customer satisfaction survey.</p>	<p>WSMRSP Strategic Directions 13 and 14</p> <p>Dimboola, Jeparit, Nhill and Rainbow Community Action Plans</p>	<p>Director Community Development</p>	<p>Ongoing</p>
<p>2.2 Attractive streetscapes and thriving business precincts in each of our towns.</p>	<p>2.2.1 Redevelop and beautify the Lochiel St/ Lloyd St corner, Dimboola, subject to available funding.</p>	<p>Redevelopment of the Lochiel St/Lloyd St corner.</p>	<p>WSMRSP Strategic Directions 2, 12 and 13</p>	<p>Director Community Development</p>	<p>2011/12</p>
	<p>2.2.2 Run “Open for Business” pilot project in Nhill.</p>	<p>Well attended and locally supported “Open for Sale” event.</p>	<p>Dimboola, Jeparit, Nhill and Rainbow Community Action Plans</p>	<p>Director Community Development</p>	<p>2011/12</p>
	<p>2.2.3 Develop and implement a program promoting the Shire’s liveability to attract and retain residents.</p>	<p>Program developed.</p>	<p>Y - Z – A Youth Action Driven Strategy for the Shire of Hindmarsh</p>	<p>Director Community Development</p>	<p>2013/14</p>
<p>2.3 A municipality where young people are actively engaged in community affairs, gainfully employed and / or undertaking full time study.</p>	<p>2.3.1 Continue the scheme for cadetships/ traineeships (1 per year) to retain young people in our community and promote the Victorian Government’s Young Professionals Provincial Cadetship Program.</p>	<p>Employment of 5 cadets throughout the municipality.</p>	<p>WSMRSP Strategic Directions 12 and 13</p>	<p>Community Development</p>	<p>2012/13</p>
	<p>2.3.2 Develop and implement a youth inclusion framework to increase young people’s engagement in Council and community activities, subject to available funding.</p>	<p>Youth inclusion framework established.</p>	<p>Y - Z – A Youth Action Driven Strategy for the Shire of Hindmarsh</p>	<p>Director Community Development</p>	<p>2011/12</p>
	<p>2.3.3 Review and implement activities and recommendations of Y - Z – A Youth</p>	<p>Strategy reviewed and adopted by Council.</p>		<p>Director Community Development</p>	<p>2011/12</p>

Council Plan Strategies

Strategic objectives, actions and indicators – Community Liveability

What we will achieve	How we will achieve this	How we will measure success	Key documents	Lead responsibility	Year to be completed
2.4 Sustainable services and opportunities for the elderly, disabled and disadvantaged.	2.4.1 Review Positive Ageing Plan and implement activities and recommendations from this review.	Plan reviewed and adopted by Council.	Strategic Direction 12 & 13	Director Community Development	2011/12
	2.4.2 Review Disability Action Plan and implement activities and recommendations of this review.	Plan reviewed and adopted by Council.	Hindmarsh Recreation Strategy	Director Community Development	2011/12
	2.4.3 Implement the Active Service Model (ASM) and Assessment Framework initiatives as part of "The Way Forward" strategic directions for community care.	Assessment and Active Service Model action plans developed and strategies completed.	Opportunities for All Ages, the Shire of Hindmarsh Positive Ageing Plan Hindmarsh Shire Council Disability Action Plan Framework for assessment in the Home and Community care program in Victoria. Victorian HACC ASM Implementation Plan	Director Community Development	Ongoing
2.5 A community that is physically active with access to a wide range of sporting and recreation facilities.	2.5.1 Develop a master plan and business case for the redevelopment of the Rainbow Recreation Reserve, including adjoining caravan park, scouts, hospital and parking.	Master plan completed.	Rainbow Community Action Plan	Director Community Development	2011/12
	2.5.2 Implement first stage of Rainbow Recreation Reserve redevelopment, including Rainbow Caravan Park, subject to available funding.	Works underway.	WSMRSP Strategic Direction 13 Dimboola,	Director Infrastructure Services	2012/13
	2.5.3 Review Council's Recreation Strategy.		Jeparit, Nhill and Rainbow Community action plans	Director Community Development	2013/14
2.6 Strong community and Council ties between Port Phillip City Council and Hindmarsh Shire Council	2.6.1 Continue to develop the friendship alliance with City of Port Phillip.	Two shared activities underway. Cultural, professional, business, educational and community interchange.	Friendship Agreement (5 June 2010)	Chief Executive Officer	2011/12

Council Plan Strategies

Built and Natural Environment

Council's mission is to provide infrastructure essential to service delivery, and to protect and enhance our natural environment.

Strategic objectives, actions and indicators – Built and Natural Environment

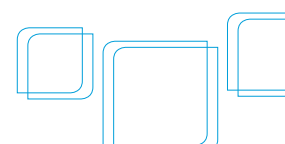
What we will achieve	How we will achieve this	How we will measure success	Key documents	Lead responsibility	Year to be completed
3.1 A community that reduces its reliance on water and manages this resource wisely.	3.1.1 Develop integrated water management plans for all towns in the Shire.	Four integrated water plans developed.	WSMRSP Strategic Direction 10	Chief Executive Officer	2011/12
3.2 Well-maintained physical assets and infrastructure to meet community and organisational needs.	3.2.1 Review Roads Hierarchy, including bridges.	Roads Hierarchy adopted by Council.	Roads Hierarchy	Director Infrastructure Services	2011/12
	3.2.2 Prepare drainage studies across each of the four major towns.	2 studies completed.	Dimboola, Jeparit, Nhill, Rainbow Community Action Plans	Director Infrastructure Services	2011/12
	3.2.3 Prepare footpath strategy, including a hierarchy.	Footpath strategy adopted by Council.		Director Infrastructure Services	2011/12
	3.2.4 Prioritise infrastructure funding, taking into account community input, across all assets: <ul style="list-style-type: none"> • Roads; • Drains; • Buildings – including public halls; and • Recreational assets – playgrounds, toilets, weirs. 	Compliance with OHS standard.		Director Infrastructure Services	2011/12
	3.2.5 Redevelopment of Shire Office in Nhill.	Complete a building that is fit for purpose and completed on time and on budget.		Director Infrastructure Services	2012/13
	3.2.6 Complete migration of data into new asset management system.	Population of all asset information into new system.		Director Infrastructure Services	2011/12



Council Plan Strategies

Strategic objectives, actions and indicators – Built and Natural Environment

What we will achieve	How we will achieve this	How we will measure success	Key documents	Lead responsibility	Year to be completed
3.3 A healthy natural environment.	3.3.1 Continue to support the Hindmarsh Landcare Network and local Landcare groups to help improve extent and quality of native vegetation and promote awareness and adoption of sustainable farming practices.	Annual Planting Weekend continues. Farmers assisted to take up sustainable land management practices.	WSMRSP Strategic Direction 11	Director Community Development	Ongoing.
	3.3.2 Implement the Minyip Road Restoration Pilot Project in partnership with Greening Australia and the community.	1.3 ha of complex grassland mix sowed, 1km of roadside managed by GA. Funding secured for expansion of the program.	Implementation Plan for the Restoration of the Dimboola-Minyip 5-Chain Road	Chief Executive Officer	2011/12
3.4 A community living more sustainably	3.4.1 Continue to support and lobby for WMSA.	Continuation of WMSA and employment of WMSA officer.	WSMRSP Strategic Direction 12	Chief Executive Officer, Councillors	2014/15
	3.4.2 Implement activities and recommendations of the Hindmarsh Environmental Strategy, subject to available funding.	Two activities undertaken.		Director Community Development	Ongoing.



Council Plan Strategies

Our People, our Processes

Council's mission is to realise the excellence in our people, processes and systems to provide quality services to the community.

Strategic objectives, actions and indicators – Our People, our Processes

What we will achieve	How we will achieve this	How we will measure success	Key documents	Lead responsibility	Year to be completed
4.1 An equitable, efficient and transparent rating strategy.	4.1.1 Prepare a Rating Strategy.	Community acceptance of new Rating model.	Rating Strategy	Director Corporate Services	2011/12
4.2 An organisation that has the right people and skills in the right places at the right times.	4.2.1 Develop and implement the actions of the organisational development plan.	Lower staff turnover. Minimal number of vacant positions. Minimal time taken to fill positions.	Organisational Development Plan	Director Corporate Services	2012/13
4.3 Long term financial sustainability.	4.3.1 Further develop the Council's 10-year financial plan.	Financial models (VAGO, MAV, and Whelan) demonstrate our long term financial sustainability.	10-year financial plan	Director Corporate Services	2011/12
	4.3.2 Prepare a 10-year capital replacement plan.		10-year capital replacement plan	Director Corporate Services	2011/12
4.4. An efficient and effective information system.	4.4.1 Develop an information technology strategy.	Productivity improvements resulting from information technology enhancements.	Information Technology Strategy	Director Corporate Services	2012/13
4.5 An organisation that implements projects efficiently and effectively.	4.5.1 Implement a Project Management System, including software and training for key staff.	Key people in the organisation trained in the model.		Chief Executive Officer	2012/13

Victoria Local Government Indicators

	2011	2010	2009	2008	2007
Affordability / Cost of Governance	\$	\$	\$	\$	\$
1 Average Rates and Charges per Assessment	1,120.28	1,037.61	954.08	897.13	858.24
2 Average Rates and Charges per Residential Assessment	749.21	699.26	647.98	625.05	553.63
Sustainability					
3 Average Liabilities Per Assessment	498.26	454.51	488.75	447.00	460.07
4 Operating Result Per Assessment	(109.18)	115.40	13.83	(42.66)	(133.38)
Services					
5 Average Operating Expenditure per Assessment	3042.99	2627.18	2571.30	2394.97	2269.94
6 Community Satisfaction Rating for Overall Performance Generally of the Council	59	62	66	67	65
Infrastructure					
7 Average Capital Expenditure Per Assessment	792.66	1,133.76	1,133.20	1,104.94	721.92
8 Renewal Gap Ratio of current spending on renewal to the long term Average Annual Asset Consumption (AAAC)	93%	111%	122%	122%	75%
9 Renewal and Maintenance Gap Ratio of current spending on renewal plus Maintenance to the (AAAC)	96%	107%	113%	113%	85%
Governance					
10 Community Satisfaction Rating for Council's Advocacy and Community Representation on Key Local Issues	61	65	68	68	67
11 Community Satisfaction Rating for Council's Engagement in Decision Making on Key Local Issues	56	61	65	65	63

Best Value Victoria Report

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.

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

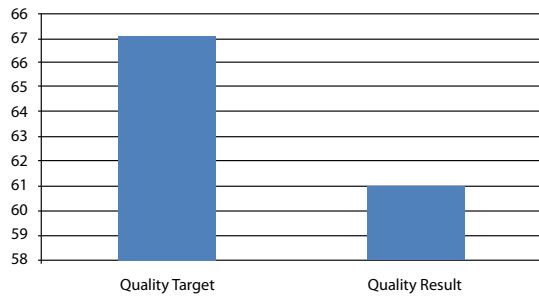
corporate services (Corporate, administration and finance) and community services (Home care and home maintenance and other human/community services including immunisation, M&CH, kindergartens, MOH, senior citizens, meals on wheels, library, school crossing supervision). In 2003/2004 Council reviewed 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. Actual performance against the performance improvement target set for the year; and the difference; and explanation for any differences between targeted and actual performance.

Best Value Victoria Report (Continued)

Governance

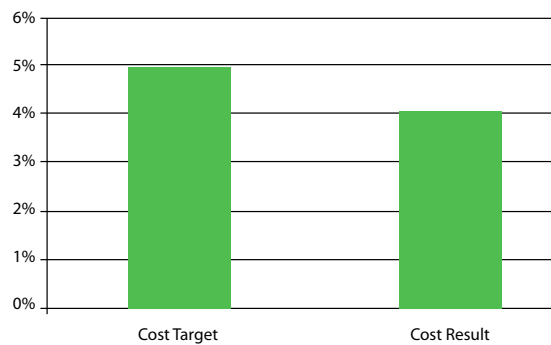
Quality Indicator - Community satisfaction rating for Council's advocacy and community representation on key local issues.

PERFORMANCE	61%
TARGET	67%
DIFFERENCE	-6%
COMMENT	Small variance (unfavourable).



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

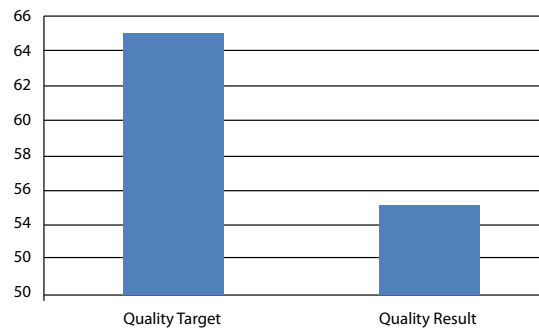
PERFORMANCE	4.1%
TARGET	5.0%
DIFFERENCE	+0.90%
COMMENT	Small variance (favourable).



Tourism and Business Development

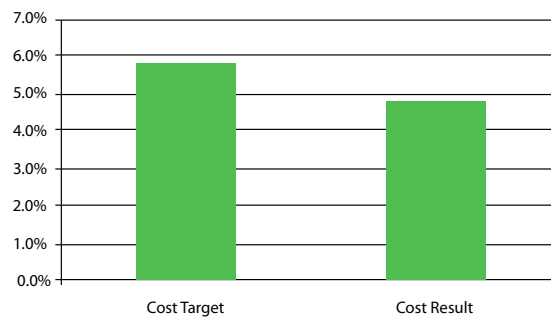
Quality Indicator - Community satisfaction rating for economic development

PERFORMANCE	55%
TARGET	65%
DIFFERENCE	-10%
COMMENT	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	0.63%
TARGET	0.80%
DIFFERENCE	+0.17%
COMMENT	Community development area has absorbed some of the costs.

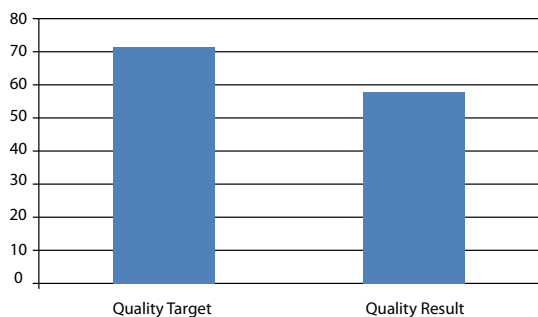


Best Value Victoria Report (Continued)

Building and Planning

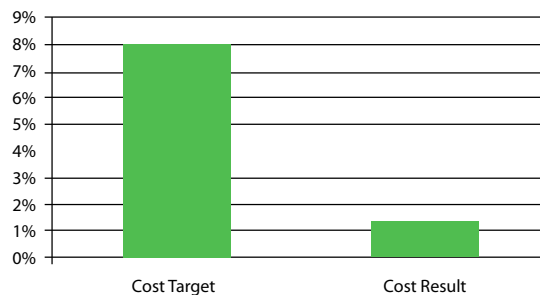
Quality Indicator - Community satisfaction rating for Town Planning Policy and Approvals

PERFORMANCE	58%
TARGET	71%
DIFFERENCE	-13%
COMMENT	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).

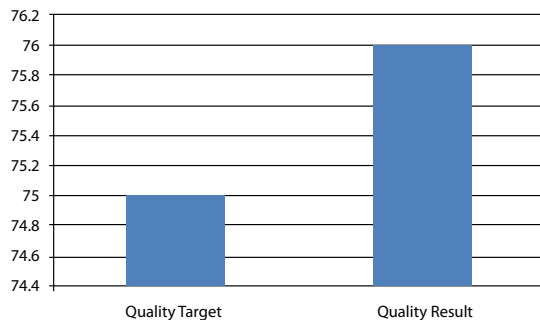
PERFORMANCE	1.33%
TARGET	0.80%
DIFFERENCE	-0.53%
COMMENT	Higher costs due to market conditions in areas such as Development Approvals and Building Services.



Environmental Health

Quality Indicator - Community satisfaction rating for Health and Human Services

PERFORMANCE	76%
TARGET	75%
DIFFERENCE	+1%
COMMENT	Target achieved



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

PERFORMANCE	0.69%
TARGET	1.00%
DIFFERENCE	+0.31%
COMMENT	Target achieved

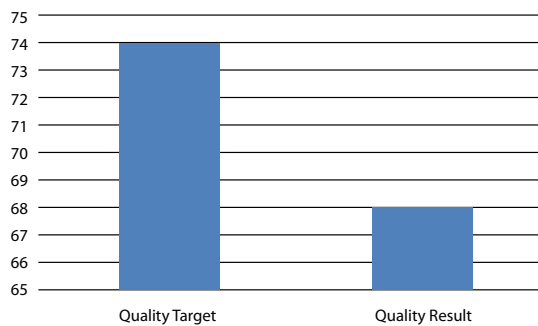


Best Value Victoria Report (Continued)

Corporate Services

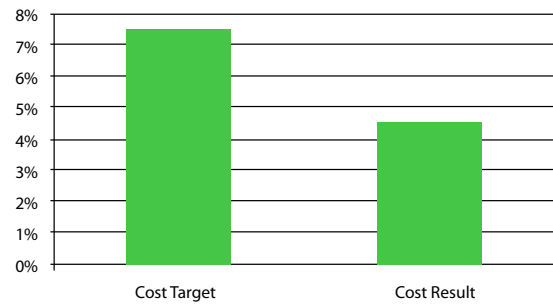
Quality Indicator – Community satisfaction rating with Council’s interaction and responsiveness in dealing with the public.

PERFORMANCE	68%
TARGET	74%
DIFFERENCE	-6%
COMMENT	Small variance (unfavourable).



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

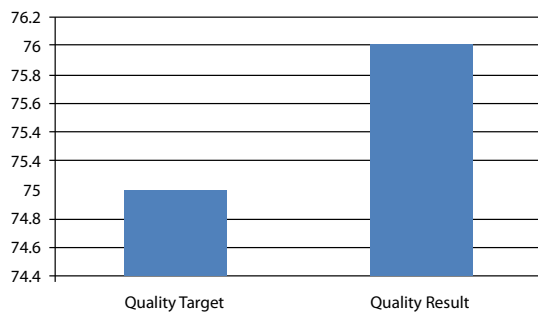
PERFORMANCE	4.53%
TARGET	7.50%
DIFFERENCE	+2.97%
COMMENT	Target achieved



Community Services

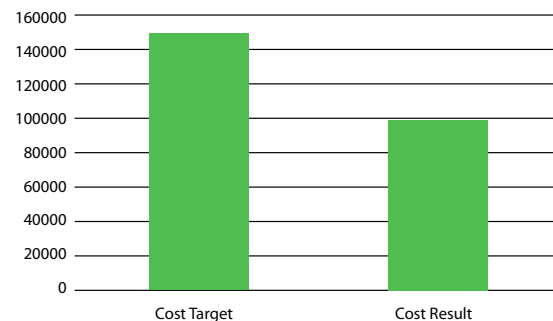
Quality Indicator - Community satisfaction rating for Health and Human Services

PERFORMANCE	76%
TARGET	70%
DIFFERENCE	-80%
COMMENT	Within Target.



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

PERFORMANCE	\$98,720
TARGET	\$150,000
DIFFERENCE	+\$51,280
COMMENT	Target achieved



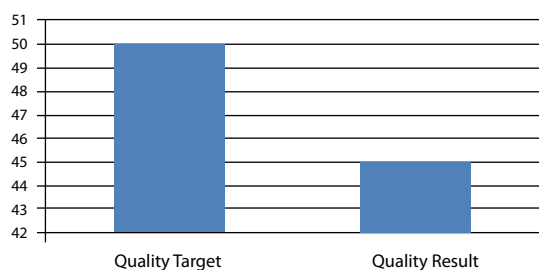


Best Value Victoria Report (Continued)

Technical Services

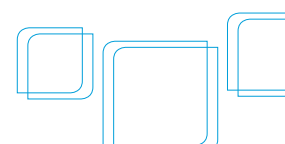
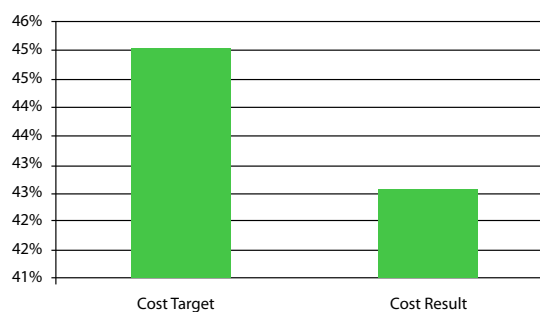
Quality Indicator – Community satisfaction rating for roads and footpaths

PERFORMANCE	45%
TARGET	50%
DIFFERENCE	-5%
COMMENT	Small variance (unfavourable)



Cost Indicator - cost of Technical Services as a proportion of total Council expenditure (excluding depreciation and capital).

PERFORMANCE	42.50%
TARGET	45%
DIFFERENCE	+2.50%
COMMENT	Target achieved





Trends in Performance

Standards and targets for the current and previous year(s).

Governance

The recent quality results (advocacy) have been:

2005/06 – 71%
2006/07 – 67%
2007/08 – 68%
2008/09 – 68%
2009/10 – 65%
2010/11 – 61%

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

2005/06 – 5.4%
2006/07 – 4.8%
2007/08 – 4.4%
2008/09 – 5.1%
2009/10 – 3.5%
2010/11 – 4.1%

Tourism and Business Development

The recent quality results (economic development) have been:

2005/06 – 60%
2006/07 – 59%
2007/08 – 60%
2008/09 – 58%
2009/10 – 57%
2010/11 – 55%

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

2005/06 – 0.18%
2006/07 – 0.07%
2007/08 – 0.43%
2008/09 – 0.47%
2009/10 – 0.52%
2010/11 – 0.63%

Building and Planning

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

2005/06 – 65%
2006/07 – 63%
2007/08 – 67%
2008/09 – 67%
2009/10 – 61%
2010/11 – 58%

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

2005/06 – 1.20%
2006/07 – 1.30%
2007/08 – 1.29%
2008/09 – 1.18%
2009/10 – 1.28%
2010/11 – 1.33%

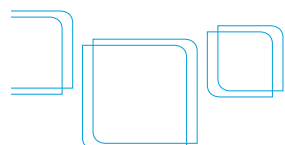
Environmental Health

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

2006 – 77%
2007 – 75%
2008 – 77%
2009 – 79%
2010 – 75%
2011 – 76%

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

2005/06 – 0.72%
2006/07 – 0.78%
2007/08 – 0.66%
2008/09 – 0.69%
2009/10 – 0.72%
2010/11 – 0.69%





Trends in Performance (Continued)

Standards and targets for the current and previous year(s).

Corporate Services

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

2005/06 – 74%
2006/07 – 73%
2007/08 – 73%
2008/09 – 73%
2009/10 – 70%
2010/11 – 68%

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

2005/06 – 5.73%
2006/07 – 5.5%
2007/08 – 4.56%
2008/09 – 4.79%
2009/10 – 4.84%
2010/11 – 4.53%

Community Services

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

2004/05 – 74%
2005/06 – 77%
2006/07 – 75%

The recent quality results (HACC target for quality from the annual client survey) have been:

2007/08 – 77%
2008/09 – 79%
2009/10 – 48%
2010/11 – 76%

The cost trends have been:

2005/06 – \$93,652
2006/07 – \$133,523
2007/08 – \$161,397
2008/09 – \$144,608
2009/10 – \$90,496
2010/11 – \$98,720

Technical Services

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

2006/07 – 52%
2007/08 – 50%
2008/09 – 52%
2009/10 – 49%
2010/11 – 45%

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

2006/07 – 44.40%
2007/08 – 45.62%
2008/09 – 38.29%
2009/10 – 40.40%
2010/11 – 42.50%

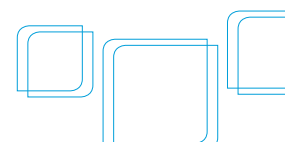
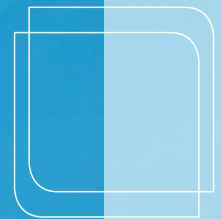
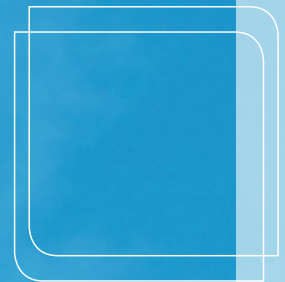
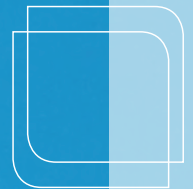




Photo by Bev Pohlner





STANDARD STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011



**Hindmarsh
Shire Council**





Notes to the Standard Statements

FOR THE YEAR ENDED 30 JUNE 2011

Notes to the Standard Statements

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 basis consistent with those used for the General Purpose Financial Statements and the Budget. The results reported in these statements are consistent with those reported in the General Purpose Financial Statements.

The Standard Statements are not a substitute for the General Purpose Financial Statements.

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 21 July 2010.

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.

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

The Standard Statements must be read with reference to the Budget 2010/2011.

1(b) Comparison between Standard Statements and Financial Statements

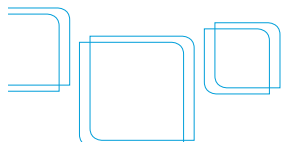
The Standard Income Statement compares the actual result with the budget for 2010/11, while the Income Statement compares the actual result for 2010/11 with the previous year.

The Standard Statement of Balance Sheet compares actual results with the budget for 2010/11, while the Balance Sheet in the Financial Statements compares the 2010/11 results with the previous year.

The Standard Statement of Cash Flows compares actual results with the budget for 2010/11, while the cash Flow Statement compares the actual result for 2010/11 with the previous year.

The Standard Statements include a Statement of Capital Works and the Financial Statements include a Statement of Changes in Equity.

The other major variance in the Standard Statement of Cash Flows is that GST has not been included in the relevant items of the 2011 Budget figures.



Standard Income Statement

AS AT 30 JUNE 2011

	Actual 2011 \$	Budget 2011 \$	Variance \$	%	Ref
REVENUE					
Rates and charges	5,067,051	5,048,900	18,151	0.36	
Statutory fees and fines	87,518	105,800	(18,282)	(17.28)	1
Garbage and other user fees	1,458,835	1,326,600	132,235	9.97	
Contributions and donations	117,327	266,775	(149,448)	(56.02)	2
Grants - operating	6,377,165	5,307,755	1,069,410	20.15	3
Grants - capital	996,048	1,430,000	(433,952)	(30.35)	4
Other revenue	1,556,257	1,571,010	(14,753)	(0.94)	
Total revenue	15,660,201	15,056,840	603,361	4.01	
EXPENSES					
Employee benefits	5,315,470	4,498,232	817,238	18.17	5
Materials and services	5,190,368	4,493,708	696,660	15.50	6
Depreciation and amortisation	3,760,430	3,268,500	491,930	15.05	7
Finance costs	18,160	16,500	1,660	10.06	
Other expenses	951,827	1,035,900	(84,073)	(8.12)	
Total expenses	15,236,255	13,312,840	1,923,415	14.45	
PROFIT RESULT FROM ORDINARY ACTIVITIES					
	423,946	1,744,000	(1,320,054)	(75.69)	
Net gain/(loss) on disposal of property, plant and equipment and infrastructure	5,182	20,000	(14,818)	(74.09)	8
Share of net profits/(losses) of associates and joint ventures accounted for by the equity method	57,168	-	57,168	100.00	9
Share of other comprehensive income of associates and joint ventures accounted for by the equity method	7,179	-	7,179	100.00	9
Total surplus	493,475	1,764,000	(1,270,525)	(72.03)	

Standard Income Statement Comparison Report

YEAR ENDED 30 JUNE 2011

Variation Explanation Report

Ref	Item	Commentary
1	Statutory fees and fines	The budget for planning permit fees for 2010/2011 is too high. In 2009/2010 Council received \$8,065 as a one-off permit fee for Nhill trailer exchange project from VicRoads. This amount was not reduced while budgeting the permit fees for 2010/2011.
2	Contribution and donations	<p>The following factors contributed to this variance:</p> <p>a) Council did not go ahead with a \$50,000 special charge scheme for footpaths in School Street, Dimboola in 2010/2011 as budgeted.</p> <p>b) Council budgeted \$50,000 as contribution under the special charge scheme for construction of footpaths on MacKay Street, Nhill. Council did not start the project in 2010/2011.</p> <p>c) Council budgeted \$30,000 as a contribution from Macpherson Smith Community Alliance under the Nine Creeks Reserve project. This contribution is due on the completion of the project in 2011/2012.</p> <p>d) Council budgeted \$20,000 as a contribution from the State Emergency Services for constructing the new vehicle and equipment shed at Nhill. This project is expected to start in 2011/2012.</p>
3	Grants operating	<p>The following unbudgeted items contributed to this variance:</p> <p>a) Council received \$336,272 for clean up, emergency and other related works due to the floods of January 2011.</p> <p>b) Council received additional funding of \$427,849 under Roads to Recovery program during 2010/2011.</p>
4	Grants capital	<p>The following factors contributed to this variance:</p> <p>a) Council received \$225,675 and \$161,000 for the Nhill Medical Centre project and Regional and Local Community Infrastructure Program respectively. Council did not budget for these grants in 2010/2011 as there was no information available at the time the budget was prepared.</p> <p>b) The funding application for the Nhill Aviation Heritage Centre for \$300,000 under the Small Town Development Fund was not successful in 2010/2011 as budgeted.</p> <p>c) Council received only \$291,250 against \$585,000 budgeted for Roads to Market program in 2010/2011 due to the timing of the works.</p> <p>d) Council budgeted \$96,000, \$95,500 and \$40,000 for the Wimmera Mallee Pioneer Museum project, Nine Creeks Reserve project and Rainbow tennis court project respectively. These projects are expected to be completed in 2011/2012.</p>
5	Employee benefits	<p>The following factors contributed to this variance:</p> <p>a) Council paid \$220,535 on account of a call made by Vision Super under the defined benefit superannuation scheme due to a shortfall in the net worth of the fund to pay the future superannuation liability. This amount was not budgeted for 2010/2011.</p> <p>b) Council incurred extra employee expenses of \$326,038 due to the January 2011 flood related emergency works.</p>
6	Materials and services	This variance is primarily due to emergency expenses of \$703,803 incurred due to January 2011 floods.
7	Depreciation and amortisation	This variance is primarily due to two factors. Firstly, additional depreciation on buildings of \$160,028 following revaluation in June 2010 and secondly actual depreciation on roads of \$2,319,248 against \$2,100,000 budgeted for 2010/2011.
8	Net gain/(loss) on disposal of property, plant and equipment, infrastructure	Council retained several plant items rather than trade them to better utilise the resources.
9	Share of net profits/(losses) of associates and joint ventures accounted for by the equity method	Council does not budget for other comprehensive income, or a share of profit from the Wimmera Regional Library Corporation for 2010/2011.

Standard Balance Sheet

AS AT 30 JUNE 2011

	Actual 2011	Budget 2011	Variance		Ref
	\$	\$	\$	%	
CURRENT ASSETS					
Cash and cash equivalents	4,417,520	2,278,049	2,139,471	93.92	1
Trade and other receivables	1,467,741	1,225,784	241,957	19.74	2
Other assets	233,332	97,571	135,761	139.14	3
Total current assets	6,118,593	3,601,404	2,517,189	69.89	
NON CURRENT ASSETS					
Trade and other receivables	12,261	24,717	(12,456)	(50.39)	2
Property, infrastructure, plant and equipment	90,701,653	101,103,674	(10,402,021)	(10.29)	4
Investments in associate entities	353,278	250,607	102,671	40.97	5
Total non-current assets	91,067,192	101,378,998	(10,311,806)	(10.17)	
TOTAL ASSETS	97,185,785	104,980,402	(7,794,617)	(7.42)	
CURRENT LIABILITIES					
Trade and other payables	926,879	830,933	95,946	11.55	6
Provisions	1,409,291	1,221,432	187,859	15.38	7
Other liabilities	13,365	17,614	(4,249)	(24.12)	
Total current liabilities	2,349,535	2,069,979	279,556	13.51	
NON CURRENT LIABILITIES					
Provisions	158,613	101,559	57,054	56.18	7
Other non-current liabilities	-	81,180	(81,180)	(100.00)	6
Total non-current liabilities	158,613	182,739	(24,126)	(13.20)	
TOTAL LIABILITIES	2,508,148	2,252,718	255,430	11.34	
NET ASSETS	94,677,637	102,727,684	(8,050,047)	(7.84)	
EQUITY					
Accumulated surplus	31,267,984	31,690,603	(422,619)	(1.33)	
Asset revaluation reserves	63,409,653	71,037,081	(7,627,428)	(10.74)	4
TOTAL EQUITY	94,677,637	102,727,684	(8,050,047)	(7.84)	



Standard Balance Sheet Comparison Report

YEAR ENDED 30 JUNE 2011

Variation Explanation Report

Ref	Item	Commentary
1	Cash and cash equivalents	The main reason for this variance is the capital works program expenditure of \$3,968,839 against the budget of \$6,000,500.
2	Trade and other receivables	Collection of accounts receivables was less than budgeted for 2010/2011.
3	Other assets - inventory	Council purchased quarry material of \$127,812 during 2010/2011. This material is intended to be used during 2011/2012 on infrastructure affected by the floods.
4	Property, infrastructure, plant and equipment	This variance is primarily due to the impairment of \$12,392,546 in the infrastructure values due to the floods of 2011.
5	Investments in associate entities	Council's share of the surplus from the Wimmera Regional Library Corporation of \$64,347 was not budgeted for 2010/2011.
6	Trade and other payables (current)	In 2010-2011, Council budgeted \$81,180 as non-current liability rather than current.
7	Provisions and other liabilities	In 2009-2010, Council included employees with less than 5 years of service while calculating the long service leave provision. In addition, according the new Enterprise Agreement, employees with 7 years or more of service are entitled to long service leave.

Standard Cash Flows Statement

AS AT 30 JUNE 2011

	Actual 2011	Budget 2011	Variance	%	Ref.
	\$	\$	\$		
Cash Flows from Operating Activities					
Receipts					
General rates and charges	4,966,039	5,036,048	(70,009)	(1.4)	
Operating grants and contributions	6,450,402	5,368,030	1,082,372	20.2	1
Capital grants and contributions	1,204,587	1,636,500	(431,913)	(26.4)	2
Interest	279,790	136,250	143,540	105.4	3
User charges	1,313,171	1,326,600	(13,429)	(1.0)	
Statutory fees	97,992	105,800	(7,808)	(7.4)	
Other revenue	1,300,253	1,434,760	(134,507)	(9.4)	
Net GST refund	628,504	-	628,504	100.0	4
Total receipts	16,240,738	15,043,988	1,196,750	8.0	
Payments					
Employee costs	(5,131,208)	(4,406,832)	(724,376)	16.4	5
Materials and consumables	(5,826,894)	(4,325,851)	(1,501,043)	34.7	6
Other expenses	(968,514)	(1,200,352)	231,838	(19.3)	7
Total payments	(11,926,616)	(9,933,035)	(1,993,581)	20.1	
Net cash provided by operating activities	4,314,122	5,110,953	(796,831)	(15.6)	
Cash Flows from Investing Activities					
Proceeds from sale of property, plant and equipment	292,304	417,000	(124,696)	(29.9)	8
Payments for property, plant and equipment	(4,259,579)	(6,000,500)	1,740,921	(29.0)	9
Other investing	-	(6,650)	6,650	(100.0)	
Net cash provided by investment activities	(3,967,275)	(5,590,150)	1,622,875	(29.0)	
Net increase/ (decrease) in cash and cash equivalents	346,846	(479,197)	826,043	(172.4)	10
Cash and cash equivalents at beginning of year	4,070,673	2,757,246	1,313,427	47.6	11
Cash and cash equivalents at the end of the year	4,417,520	2,278,049	2,139,471	93.9	

Standard Cash Flow Statement Comparison Report

YEAR ENDED 30 JUNE 2011

Variation Explanation Report

Ref	Item	Commentary
1	Operating grants and contributions	The following unbudgeted items contributed to this variance: a) Council received \$336,272 for clean up, emergency and other related works due to the floods of January 2011. b) Council received additional funding of \$427,849 under the Roads to Recovery Program in 2010/2011.
2	Capital grants and contributions	The following factors contributed to this variance: a) Council received \$225,675 and \$161,000 for the Nhill Medical Centre project and Regional and Local Community Infrastructure Program respectively. Council did not budget for these grants in 2010/2011 as there was no information available at the time budget was prepared. b) The funding application for the Nhill Aviation Heritage Centre for \$300,000 under the Small Town Development Fund was not successful in 2010/2011. c) Council received only \$291,250 against \$585,000 budgeted for the Roads to Market program in 2010/2011. d) Council Budgeted \$96,000, \$95,500 and \$40,000 for the Wimmera Mallee Pioneer Museum project, Nine Creeks Reserve project and Rainbow tennis court project respectively. These projects are expected to be completed in 2011/2012.
3	Interest	Due to surplus cash reserves as compared to budgeted cash we have generated additional interest of \$143,540.
4	Net GST refund	Council did not budget for GST refund during 2010/2011.
5	Employee benefits	The following factors contributed to this variance: a) Council paid \$220,535 on account of a call made by Vision Super under the defined benefit superannuation scheme due to a shortfall in the net worth of the fund to pay the future superannuation liability. This amount was not budgeted for 2010/2011. b) Council incurred extra employee expenses of \$326,038 due to the January 2011 flood related emergency works.
6	Materials and services	This variance is primarily due to the expenses of \$703,803 incurred due to January 2011 floods and \$547,693 due to GST not budgeted for in 2010/2011.
7	Other expenses	The budget provided for other expenses was too high.
8	Proceeds from sale of property, plant and equipment	Council retained several plant items rather than trade them to better utilise the resources.
9	Payments for property, plant and equipment	This variance is primarily due to Council carrying forward a substantial portion of its capital works program budgeted for 2010/2011 to the next year due to floods of January 2011.
10	Net increase/(decrease) in cash and cash equivalents.	See references 1 to 8 above.
11	Cash and cash equivalents	At the beginning of the year Council started the year with \$1.3m more in cash than budgeted due largely to 25% of the 2010-2011 Victoria Grant Commission allocation received in advance in June 2010.

Standard Statement of Capital Works

AS AT 30 JUNE 2011

	Actual 2011	Budget 2011	Variance		Ref
CAPITAL WORKS AREA	\$	\$	\$	%	
Roads	2,104,114	3,127,500	1,023,386	32.72	1
Drains	-	20,000	20,000	100.00	1
Open space and recreation	255,533	265,000	9,467	3.57	
Buildings	270,751	483,000	212,249	43.94	2
Plant, equipment and other equipments	888,033	1,312,000	423,967	32.31	3
Other infrastructure	450,408	793,000	342,592	43.20	4
Total capital works	3,968,839	6,000,500	2,031,661	33.86	
Represented by :					
Asset renewal	3,068,966	3,918,125	849,159	21.67	5
Asset expansion/upgrade	354,518	829,875	475,357	57.28	5
New assets	431,562	1,252,500	820,938	65.54	5
Work in progress	113,793	-	(113,793)	100.00	6
Total capital works	3,968,839	6,000,500	2,031,661	33.86	

Standard Statement of Capital Works Comparison Report

YEAR ENDED 30 JUNE 2011

Variation Explanation Report

Ref	Item	Commentary
1	Roads and drains	Capital works carried forward to 2011/2012 are: a) Belcher Street, Nhill : \$394,508 b) MacKay Street, Nhill : \$60,000 c) Railway Street project, Rainbow : \$35,000 d) Butterfactory Lane project, Rainbow : \$10,000 e) Wimmera Street and Lloyd Street kerbs and channels projects, Dimboola: \$117,000 In addition, Rainbow Rises Road bridge had been finished \$85,767 under budget.
2	Buildings	The Jeparit Memorial Hall refurbishment project for \$120,000 has been carried forward to 2010/2011. Council only spent \$43,000 on the architectural design of the Nhill corporate office against the budget of \$80,000.
3	Plant, equipment and other	Council carried forward \$339,531 to 2010/2012 for plant and equipment items. Tenders have been let prior to June 2011 but delivery will occur during 2011/2012.
4	Other infrastructure	This variance is primarily due to the Nhill Aviation project application of \$300,000 under the Small Town Development Fund being rejected in 2010/2011. This project has been approved and budgeted for in 2011/2012.
5	Asset renewal, expansion/ upgrade and new assets	This variance is largely due to a large portion of the road network being damaged due to the floods of January 2011. This resulted in approximately \$12.39m in asset impairment. Council assessed the damage at 30 June 2011 and will let the tenders in 2011/2012. As a result of floods Council has only achieved 66.14% of its capital works budget.
6	Work in progress	Council did not budget work in progress for 2010/2011.



Certification of the Standard Statement

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.

Mr. Campbell McKenzie
Director Corporate Services
Dated: 21 September 2011
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.

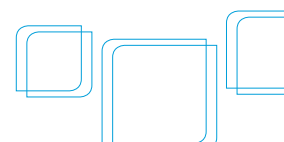
As at the date of signing, we are not aware of any circumstances which would render any particulars in the standard statements to be misleading or inaccurate.

We have been authorised by the Council on 21 September 2011 to certify the standard statements in their final form.

Councillor R.L. Gersch
Dated: 21 September 2011
Location: Nhill

Councillor K.D.Colbert
Dated: 21 September 2011
Location: Nhill

Mr Dean Miller
Chief Executive Officer
Dated: 21 September 2011
Location: Nhill



Description of the Financial Performance

The end of the 2010/11 financial year has Hindmarsh Shire Council in a sound and financially stable environment. Council produced a net surplus from operations of \$486,296 compared to \$1,575,957 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 and the expansion of Council's services to the community, while safeguarding Council's financial position. The forecast operating surplus at the time of the budget was \$1,764,000. A summary of revenue and expenses compared to last year is contained below.

Comprehensive Income Statement

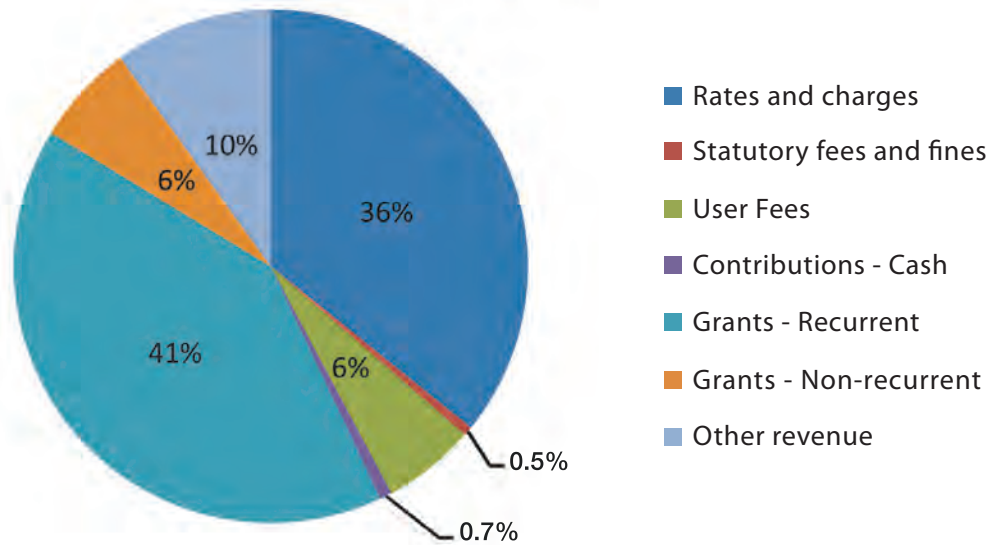
For the Year Ended 30 June 2011

	2011 \$	2010 \$
Income		
Rates and charges	5,609,233	5,177,484
Statutory fees and fines	87,518	109,481
User fees	916,653	933,086
Contributions - cash	117,327	98,339
Grants - recurrent	6,377,165	5,296,993
Grants - non-recurrent	996,048	992,938
Other revenue	1,556,257	2,056,003
Net gain/(loss) on disposal of property, plant and equipment and infrastructure	5,182	(22,086)
Share of net profits/(losses) of associates and joint ventures accounted for by the equity method	57,168	5,1226
Total Income	15,722,551	14,693,465
Expenses		
Employee benefits	(5,315,470)	(4,153,814)
Materials and services	(5,190,368)	(4,542,494)
Bad and doubtful debts	(1,473)	-
Depreciation and amortisation	(3,760,430)	(3,459,251)
Finance costs	(18,160)	(17,592)
Other expenses	(950,354)	(944,356)
Total Expenses	(15,236,255)	(13,117,507)
Profit/(Loss)	486,296	1,575,957
Other Comprehensive Income		
Share of other comprehensive income of associates and joint ventures accounted for by the equity method	7,179	(552)
Net asset revaluation increment/(decrement)	(9,680,065)	2,052,636
Comprehensive Result	(9,186,589)	3,628,041

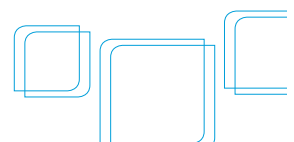
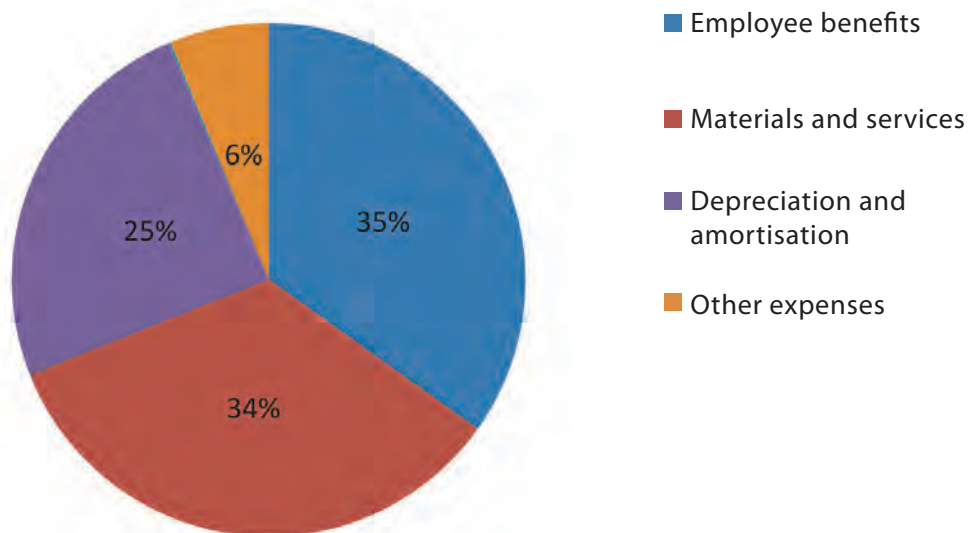


Description of the Financial Performance (Continued)

Recurrent Income



Recurrent Expenditure



Description of the Financial Performance (Continued)

Hindmarsh Shire Council remains reliant on government grants for financial support, like most rural councils, with only approximately one third of its total income coming from rate and charges revenue. Council remained debt free in 2010/11.

The major reasons for the decrease in the net surplus from operations compared to last year actual are:

- expenditure of \$1,263,989 for flood restoration works, and
- \$220,535 paid on account of the defined benefits superannuation liability.

Council has excluded Section 86 committees of Council from its financial records from June 2011 due to amount being immaterial. Council will continue to audit and record the Section 86 committees' books of accounts to ensure accountability and control over the operations of these committees.

Government grants are a major source of income and in 2010/11 totalled \$7,373,213 or \$1,083,282 more than the 2009/10 figure of \$6,289,931. The major reasons for the variance were:

- additional funds of \$427,849 received under the Roads to Recovery Program, and
- \$336,272 received for clean-up, emergency and other related works due to January 2011 floods.

Council rates levied for 2010/11 were based on an 8% increase on the previous year in accordance with Council's long term objectives. Council has a 12.32% or \$353,278 equity in the Wimmera Regional Library Corporation. Long Service Entitlements payable to employees are fully funded and identified through a separate bank account of \$724,136. The overall cash balance at 30 June 2011 is \$4,417,520 as per the following table;

	2011 \$	2010 \$
Cash and cash equivalents		
Cash at bank and on hand	3,567,520	3,989,515
Term deposits	850,000	81,158
	<u>4,417,520</u>	<u>4,070,673</u>
(a) Council has imposed the following restriction on cash at bank :		
Cash - restricted (Section 86 Committees)	-	136,978
Cash - restricted (deductible gift recipient- Wimmera Mallee Pioneer Museum)	52,845	102,032
Cash - Nhill Medical Centre project	69,449	-
Cash - restricted (long service leave) **	724,136	682,343
	<u>846,430</u>	<u>921,353</u>
(b) Total unrestricted cash and cash equivalents	<u>3,571,090</u>	<u>3,149,320</u>

** These monies are required by legislation to fund employee long service leave entitlements (see Note 27).

Users of the financial report should refer to Note 27 for details of restrictions on cash.

Description of the Financial Performance (Continued)

The 2010/11 Capital Works Program is summarised as follows:

- Total capital works budget was \$6,000,500.
- The total actual capital works expenditure was \$3,968,839 which includes works brought forward from 2009/10. This was a completion rate of 66.14%. This is primarily as a result of strain on the Council's resources due to floods during the year.

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

	2011 \$	2010 \$
Capital expenditure		
Roads	1,529,125	2,506,235
Drains	-	342,924
Land and buildings	227,451	199,486
Plant and equipment	888,033	800,310
Furniture and equipment	57,561	23,268
Other infrastructure	1,152,877	1,320,682
Work in progress	113,792	467,967
	<u>3,968,839</u>	<u>5,660,871</u>
Represented by		
Renewal of infrastructure	3,068,966	3,526,119
Upgrade of infrastructure	354,518	439,510
Expansion of infrastructure	-	5,172
New assets	431,562	1,222,103
Work in progress	113,793	467,967
	<u>3,968,839</u>	<u>5,660,871</u>

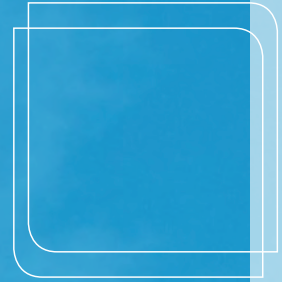
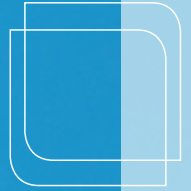
Council's activities were hampered by the floods in January 2011. A number of capital works projects were deferred or not completed at 30 June 2011.

The financial figures also show increased costs on recurrent expenditure as a result of the floods, and a significant reduction in the value of assets in the balance sheet.



Photo by Bev Pohlner





FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011



**Hindmarsh
Shire Council**



Comprehensive Income Statement

For the Year Ended 30 June 2011

	Note	2011 \$	2010 \$
INCOME			
Rates and charges	2	5,609,233	5,177,484
Statutory fees and fines	3	87,518	109,481
User fees	4	916,653	933,086
Contributions - cash	6	117,327	98,339
Grants - recurrent	5(a)	6,377,165	5,296,993
Grants - non-recurrent	5(b)	996,048	992,938
Other revenue	7	1,556,257	2,056,003
Net gain/(loss) on disposal of property, plant and equipment and infrastructure	14	5,182	(22,086)
Share of net profits/(losses) of associates and joint ventures accounted for by the equity method	15	57,168	51,226
Total income		15,722,551	14,693,465
EXPENSES			
Employee benefits	8	(5,315,470)	(4,153,814)
Materials and services	9	(5,190,368)	(4,542,494)
Bad and doubtful debts	10	(1,473)	-
Depreciation and amortisation	11	(3,760,430)	(3,459,251)
Finance costs	12	(18,160)	(17,592)
Other expenses	13	(950,354)	(944,356)
Total expenses		(15,236,255)	(13,117,507)
PROFIT/(LOSS)		486,296	1,575,957
Other Comprehensive Income			
Share of other comprehensive income of associates and joint ventures accounted for by the equity method	15	7,179	(552)
Net asset revaluation increment/(decrement)	24	(9,680,065)	2,052,636
Comprehensive result		(9,186,589)	3,628,041

The above statement should be read with the accompanying notes.

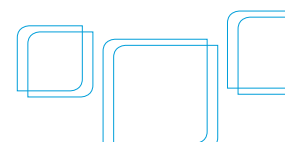


Balance Sheet

As at 30 June 2011

	Note	2011 \$	2010 \$
ASSETS			
Current assets			
Cash and cash equivalents	16	4,417,520	4,070,673
Trade and other receivables	17	1,251,023	945,007
Inventories	19	233,332	126,619
Other assets	18	216,718	261,979
Total current assets		6,118,593	5,404,278
Non-current assets			
Trade and other receivables	17	12,261	19,502
Investments in associates accounted for using the equity method	15	353,278	288,931
Property, plant and equipment and infrastructure	20	90,701,653	100,433,858
Total non-current assets		91,067,192	100,742,291
Total assets		97,185,785	106,146,569
LIABILITIES			
Current liabilities			
Trade and other payables	21	926,879	894,125
Trust funds and deposits	22	13,365	12,985
Provisions	23	1,409,291	1,221,397
Total current liabilities		2,349,535	2,128,507
Non-current liabilities			
Provisions	23	158,613	153,831
Total non-current liabilities		158,613	153,831
Total liabilities		2,508,148	2,282,338
NET ASSETS		94,677,637	103,864,231
EQUITY			
Accumulated surplus		31,267,984	30,774,509
Asset revaluation reserve	24	63,409,653	73,089,720
Total Equity		94,677,637	103,864,231

The above statement should be read with the accompanying notes.



Statement of Changes in Equity

For the Year Ended 30 June 2011

	Note	Total	Accumulated Surplus	Asset Revaluation Reserve
2011		\$	\$	\$
Balance at beginning of the financial year		103,864,228	30,774,509	73,089,719
Comprehensive result for the year		(9,186,589)	493,475	(9,680,065)
Balance at end of the financial year		94,677,639	31,267,984	63,409,654
		Total	Accumulated Surplus	Asset Revaluation Reserve
2010		\$	\$	\$
Balance at beginning of the financial year		100,236,187	29,199,104	71,037,083
Comprehensive result for the year		3,628,041	1,575,405	2,052,636
Balance at end of the financial year		103,864,228	30,774,509	73,089,719

The above statement should be read with the accompanying notes.

Cash Flow Statement

For the Year Ended 30 June 2011

	Note	2011 Inflows/ (Outflows) \$	2010 Inflows/ (Outflows) \$
Cash flows from operating activities			
Rates		5,508,221	5,144,326
Statutory fees and fines		97,992	109,481
User fees (inclusive of GST)		770,989	1,004,692
Grants (inclusive of GST)		7,530,953	6,404,554
Contributions (inclusive of GST)		124,036	101,781
Interest		279,790	214,618
Other receipts (inclusive of GST)		1,300,253	2,007,401
Net GST refund/(payment)		628,504	630,94
Payments to suppliers (inclusive of GST)		(6,777,248)	(6,684,518)
Payments to employees		(5,131,208)	(4,011,832)
Bank charges		(18,160)	(17,592)
Net cash flows from operating activities	25	4,314,122	4,903,851
Cash flows from investing activities			
Payments for property, plant and equipment, infrastructure (inclusive of GST)		(4,259,579)	(5,660,871)
Proceeds from sale of property, plant and equipment, infrastructure (inclusive of GST)		292,304	356,910
Net cash flows from investing activities		(3,967,275)	(5,303,961)
Net increase/(decrease) in cash and cash equivalents		346,846	(400,110)
Cash and cash equivalents at the beginning of the financial year		4,070,673	4,470,783
Cash and cash equivalents at the end of the financial year	26	4,417,520	4,070,673
Restrictions on cash assets	27		

The above statement should be read with the accompanying notes.

Notes to the Financial Report

For the Year Ended 30 June 2011

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;
 - promote the social, economic and environmental viability and sustainability of the municipal district;
 - 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;
 - improve the overall quality of life of people in the local community;
 - promote appropriate business and employment opportunities;
 - ensure that services and facilities provided by the Council are accessible and equitable;
 - ensure the equitable imposition of rates and charges; and
 - ensure transparency and accountability in Council decision making.

External Auditors - Auditor General of Victoria
Internal Auditors - Richmond Sinnott and Delahunty - Bendigo
Bankers - National Australia Bank
Website - www.hindmarsh.vic.gov.au

This financial report is a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1989, and the Local Government (Finance and Reporting) Regulations 2004.

Note 1 Significant accounting policies

(a) Basis of accounting

- This financial report has been prepared on the accrual and going concern basis.
- This financial report has been prepared under the historical cost convention, except where specifically stated in notes 1(g), 1(h) and 1(s).
- Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation, and disclosure has been made of any material changes to comparatives.
- All entities controlled by Council that have material assets or liabilities, such as Special Committees of Management, have been included in this financial report. All transactions between these entities and the Council have been eliminated in full.

(b) 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 and 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.



Notes to the Financial Report

For the Year Ended 30 June 2011

Note 1 Significant accounting policies (cont.)

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.

(c) Trade and other receivables and inventories

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

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.

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

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

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

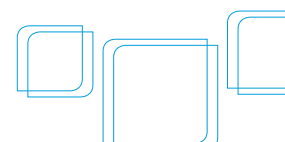
Road earthworks are not depreciated.

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:

Property	Period
Buildings	Up to 75 years
Plant and Equipment	
Plant, machinery and equipment	1 to 30 years
Fixtures, fittings and furniture	1 to 50 years
Infrastructure	
Roads	
Substructure	100 years
Unsealed roads	11 to 30 years
Sealed roads	12 to 16 years
Sealed road pavement	60 years
Bridges	70 to 100 years



Notes to the Financial Report

For the Year Ended 30 June 2011

Note 1 Significant accounting policies (cont.)

Infrastructure (cont.)	Period
Footpaths and cycleways	1 to 87 years
Kerb and channels	1 to 87 years
Drains	80 years
Other infrastructure	10 to 45 years

(e) Repairs and maintenance

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

(f) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

(g) Recognition and measurement of assets

Acquisition

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

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

The following classes of assets have been recognised in Note 20. In accordance with Council's policy, the threshold limits detailed below have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:

Property	Threshold Limit
Land	\$1,000
Land under roads	\$1,000
Land improvements	\$1,000
Buildings	\$1,000
Plant and Equipment	
Plant, machinery and equipment	\$1,000
Fixtures, fittings and furniture	\$1,000
Infrastructure	
Roads	\$1,000
Bridges	\$1,000
Footpaths and cycleways	\$1,000
Drains	\$1,000
Kerb and channel	\$1,000
Other infrastructure	\$1,000



Notes to the Financial Report

For the Year Ended 30 June 2011

Note 1 Significant accounting policies (cont.)

(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. The revaluation of roads was scheduled to occur during 2010/2011 but as a result of floods during the year, it has been deferred to the next year.

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation reserve except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense in which case the increment is recognised as revenue up to the amount of the expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation reserve for that class of asset in which case the decrement is taken to the reserve to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements within the year are offset.

Land under roads

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

(i) Cash and cash equivalents

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

(j) Investments

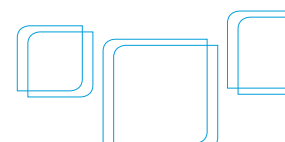
Investments, other than investments in associates, are measured at cost.

(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 comprehensive income statement.

(l) Tender deposits

Amounts received as tender deposits and retention amounts controlled by Council are recognised as trust funds until they are returned or forfeited (refer to Note 22).





Notes to the Financial Report

For the Year Ended 30 June 2011

Note 1 Significant accounting policies (cont.)

(m) Employee benefits

Wages and salaries

Liabilities for wages and salaries and rostered days off recognised and are measured as the amount unpaid at balance date and include appropriate oncosts such as Workcover 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 28.

(n) Leases

Operating leases

Lease payments for operating leases are recognised as an expense in the years in which they are incurred as this reflects the pattern of benefits derived by the Council.



Notes to the Financial Report

For the Year Ended 30 June 2011

Note 1 Significant accounting policies (cont.)

(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

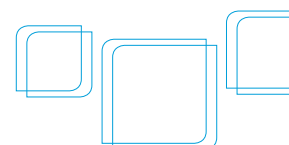
At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

(t) Rounding

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

(u) Financial guarantees

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



Notes to the Financial Report

For the Year Ended 30 June 2011

(v) Pending Accounting Standards

The following Australian Accounting Standards have been issued or amended and are applicable to the Council but are not yet effective.

They have not been adopted in preparation of the financial statements at reporting date.

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Local Government financial statements
AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	<p>These standards are applicable retrospectively and amend the classification and measurement of financial assets. Council has not yet determined the potential impact on the financial statements. Specific changes include:</p> <ul style="list-style-type: none"> * simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value; * removing the tainting rules associated with held-to-maturity assets; * simplifying the requirements for embedded derivatives; * removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost; * allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and * reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on: <ul style="list-style-type: none"> a. the objective of the entity's business model for managing the financial assets; and b. the characteristics of the contractual cash flows. 	Applicable for annual reporting periods commencing on or after 1 January 2013.	These changes are expected to provide some simplification in the accounting for and disclosure of financial instruments
AASB 124: Related Party Disclosures	This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard.	Applicable for annual reporting periods commencing on or after 1 January 2011.	Although this standard does not strictly apply to Local Government it is often used as guidance, as such there will be greater clarity on the disclosure of inter government transactions.
AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures.	Applicable for annual reporting periods commencing on or after 1 January 2011.	These amendments are not expected to impact Council
AASB 2009-14: Amendments to Australian Interpretation — Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.	Applicable for annual reporting periods commencing on or after 1 January 2011.	These amendments are not expected to impact Council

(w) Contingent assets and contingent liabilities and commitments

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

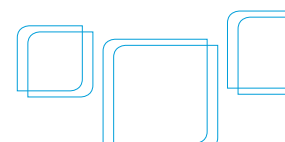
Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value and inclusive of the GST payable.



Notes to the Financial Report

For the Year Ended 30 June 2011

	2011 \$	2010 \$
Note 2 Rates and charges		
Council uses capital improved value (C.I.V.) as the basis of valuation of all properties within the municipal district. The capital improved value of a property is its estimated value including improvements at the date of valuation.		
The valuation base used to calculate the general rates for 2010/2011 was \$955.079 million (2009/2010 \$907.574 million). The 2010/2011 general rate in the dollar on the C.I.V. was 0.004653 cents, farm rate was 0.004653 cents and cultural/recreation rate was 0.0023265 cents. (2009/2010, general rate in the dollar on the C.I.V. was 0.0044931 cents, farm rate was 0.0044931 cents and cultural/recreation rate was 0.0022465)		
General rates	4,444,655	4,110,009
Municipal charge	622,396	575,398
Garbage charge	542,182	492,077
	<u>5,609,233</u>	<u>5,177,484</u>
The date of the latest revaluation of land for rating purposes within the municipal district is 1 January 2010 and the valuation will be first applied in the rating year commencing 1 July 2010.		
Note 3 Statutory fees and fines		
Parking, election, fire prevention and animal control fines	12,082	9,684
Building fees	49,488	58,104
Health fees	14,073	15,958
Town planning fees	11,875	25,735
	<u>87,518</u>	<u>109,481</u>
Note 4 User fees		
Environmental health services	58,599	58,321
Recreation fees	1,880	3,804
Transfer station fees	71,506	71,667
Private works	228,110	201,493
Aged services fees	368,094	416,571
Animal registration fees	51,818	53,387
Saleyard fees	1,930	4,903
Other fees and charges	134,716	122,940
	<u>916,653</u>	<u>933,086</u>



Notes to the Financial Report

For the Year Ended 30 June 2011

	2011 \$	2010 \$
Note 5 Grants		
Grants were received in respect of the following :		
(a) Recurrent grants		
Child care centre, Nhill	2,600	-
Childrens week	-	1,000
Community planning	30,839	-
Delivered meals	16,973	18,661
Diesel fuel grant	8,922	-
Dimboola Bowling Club - water grant	-	24,000
Dimboola business devolopment	-	5,000
Flood emergency relief	235,272	-
Fire control and prevention	17,545	7,690
FReeZA	11,665	9,725
HACC assessment	2,272	-
Home care services	385,731	376,514
Home maintenance	38,403	37,233
Immunisation	-	2,931
Jeparit Bowling Club	54,000	-
Landcare Co-ordinator : Future Farming Initiative	15,654	91,319
Local Road - Natural Disaster Funding	-	26,913
Miscellaneous income	24,000	-
Other health, education and housing	4,365	1,931
Pioneer Museum - Small Town Development Fund	-	40,100
Flood Recovery Activities Grant	101,000	-
Rainbow - Day on the Lake Project	-	18,000
Rainbow Multipurpose Tennis Facility	35,877	-
Regional Enviroment Strategy	-	7,000
Roads to Recovery	1,128,849	801,263
Rural Skills Cadetship	1,000	33,750
Rural Skills Match Program	-	2,400
School crossings	4,050	2,605
Senior citizens	20,325	22,458
Seniors Go for Your Life	1,000	8,000
State Emergency Service	23,872	23,348
STDF - Federal Street Rainbow	90,000	-
Strengthening Basin Communities Program	-	24,930
Sustainability Action Grant	111,442	-
Tip fees	-	5,000
Victoria Grants Commission - general purpose grant	2,405,711	2,194,799
Victorian Grants Commission-road funding	1,476,414	1,370,486
Volunteer Week	-	494
Western Highway- median maintenance	7,544	7,544
Wimmera Mallee Sustainability Alliance	90,000	100,000
Youth Participation project	29,700	27,900
Youth services	2,140	4,000
	6,377,165	5,296,994

Notes to the Financial Report

For the Year Ended 30 June 2011

	2011 \$	2010 \$
(b) Non-recurrent grants		
Regional and Local Community Infrastructure Program : RLCIP	161,000	159,000
Davis Park oval upgrade	-	1,510
Dimboola Netball Club - all weather shelter	8,446	3,072
Dimboola pool	-	23,466
Footpath - contributions	-	79,091
Jeparit Rainbow Netball Club toilets	11,993	47,972
Jeparit skatepark - Sport & Rec - DVC	-	5,667
Nhill Memorial Community Centre upgrade	-	80,360
Rainbow Caravan Park	-	5,300
Nhill Medical Centre Project	225,675	-
Memorial Hall Jeparit	71,500	-
Community Facility Funding Program 2009/2010 - swimming area	35,198	-
Community Facility Funding Program 2010/2011 - Rainbow Tennis Courts	3,986	-
Community Facility Funding Program 2010/2011 - Jeparit Bowling Club	6,000	-
Roads to Market - Belcher Street upgrade	216,250	-
Roads to Market - Midwest Milling Investment Project	75,000	-
Small Town Development Fund - Federal St - Stage 2	-	90,000
Small Town Development Fund - High Street	-	300,000
Small Town Development Fund - Jeparit Caravan Park	-	16,500
Small Town Development Fund - King Street	54,500	54,500
Small Town Development Fund - Victoria Street	126,500	126,500
	996,048	992,938

Conditions on grants

Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:

Bleak House Cemetery	-	1,600
Immunisation	-	11,103
Museum - local history	-	6,350
Other Heritage-Yurunga Homestead	-	60,000
Rainbow Caravan Park	-	5,300
Regional and Local Community Infrastructure Program	161,000	141,000
Family Grant - heat wave	-	2,000
Rural Skills Cadetship	-	3,250
Seniors Go For Your Life	-	21,180
Small Town Development Fund - Jeparit Memorial Hall Refurbishment	39,500	54,500
Sustainable Working Group	-	10,000
Victoria Grants Commission - general purpose grant	611,786	575,209
Victorian Grants Commission-road funding	376,000	358,983
Wimmera Southern Mallee Regional Strategic Plan	-	7,500
Nhill Medical Centre project	225,675	-
Floods Community Recovery Activities	101,000	-
Local Government Floods Clean Up Fund	144,129	-
Youth Participation project	-	8,000
	1,659,090	1,265,974



Notes to the Financial Report

For the Year Ended 30 June 2011

	2011 \$	2010 \$
Note 6 Cash Contributions		
Road maintenance, construction and infrastructure	-	14,346
Recreational, leisure and community facilities	45,840	20,999
Other	71,487	62,994
	<u>117,327</u>	<u>98,339</u>
Note 7 Other revenue		
Plant operations	529,637	764,205
Interest	279,790	214,591
Concrete works	123,206	140,295
Quarry operations	327,887	511,869
Sale of valuation data	-	63,903
Section 86 Committee revenue	161,129	191,594
Recoupments	15,020	43,670
Sales	25,114	20,345
Donations	3,000	50,000
Other	91,474	55,531
	<u>1,556,257</u>	<u>2,056,003</u>

Notes to the Financial Report

For the Year Ended 30 June 2011

	2011 \$	2010 \$
Note 8 Employee benefits		
Wages and salaries	4,703,556	3,330,135
Annual leave, sick and long service leave	174,932	437,268
Superannuation	189,034	360,187
Superannuation - additional call*	220,535	-
Fringe benefits tax	27,413	26,224
	<u>5,315,470</u>	<u>4,153,814</u>

* during the period Council was required to make an additional contribution to Vision Super to meet our obligations in relation to members of the defined benefits plan.

Note 9 Materials and services

Bituminous surfacing works	105,864	153,629
Administrative services	39,120	64,629
Quarry operations	19,568	56,656
Swimming pool management	151,996	140,848
Information technology	169,449	179,672
Animal control	5,410	11,333
Waste disposal	108,857	134,475
Business development	44,410	102,661
Garbage collection	177,030	191,998
Recycling collection	129,863	135,361
Audit expenses - external	32,000	30,950
Audit expenses - internal	19,412	8,889
Rating and valuation	29,369	124,055
Council election	1,333	1,291
Engineering services	119,479	237,421
Building services	101,455	105,643
Quarry materials	47,165	86,931
Delivered meals	86,199	97,967
Fuels and lubricants	453,238	429,979
Lighting and power	119,285	103,481
Parts for equipment	229,558	198,449
Vehicle registrations	78,256	77,211
Water and sewage	69,243	58,355
Section 86 Committees of Council	378,465	178,428
Concrete plant	69,746	88,416
Non-Council capital expenditure	156,631	-
Wimmera Mallee Sustainability Alliance projects	62,489	-
January 2011 floods	703,803	-
Other materials and contractors	1,481,675	1,543,766
	<u>5,190,368</u>	<u>4,542,494</u>

Note 10 Bad and doubtful debts

Other debtors	1,473	-
	<u>1,473</u>	<u>-</u>

Note 11 Depreciation and amortisation

Property

Buildings	458,528	352,613
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Plant and Equipment

Plant, machinery and equipment	478,234	412,331
Fixtures, fittings and furniture	38,717	49,664

Infrastructure

Roads	2,319,248	2,239,199
Bridges	33,969	30,762
Footpaths	94,341	87,247
Drains	61,814	59,672
Kerbs and channels	87,824	84,163
Other	187,755	143,600
	<u>3,760,430</u>	<u>3,459,251</u>

Notes to the Financial Report

For the Year Ended 30 June 2011

	2011 \$	2010 \$
Note 12 Finance costs		
Bank charges	18,160	17,592
	<u>18,160</u>	<u>17,592</u>
Note 13 Other expenses		
Insurance	238,265	211,518
Subscriptions	69,672	59,864
Council contributions	228,180	253,538
Landfill charges	84,739	76,478
Legal costs	13,907	3,008
Telecommunication costs	63,003	74,036
Lease payments	10,548	29,188
Advertising	43,349	30,913
Quarry compensation	35,431	50,077
Councillor/Mayor allowances	147,299	143,103
Other	15,961	12,633
	<u>950,354</u>	<u>944,356</u>
Note 14 Net gain/ (loss) on disposal of property, plant and equipment, infrastructure		
Proceeds of sale	265,731	356,910
Written down value of assets disposed	(260,549)	(378,996)
Net gain/loss on disposal of property, plant and equipment	<u>5,182</u>	<u>(22,086)</u>
Note 15 Investment in associates		
Investments in associates accounted for by the equity method are:		
Wimmera Regional Library Corporation	353,278	288,931
	<u>353,278</u>	<u>288,931</u>
<p>Hindmarsh Shire Council in conjunction with Horsham Rural City Council, Buloke Shire Council, Northern Grampians Shire Council, West Wimmera Shire Council and Yarriambiack Shire Council have an interest in the Wimmera Regional Library Corporation. Hindmarsh Shire has a 12.32% equity interest (12.02% in 2009/2010).</p>		
Council's share of accumulated surplus		
Council's share of accumulated surplus/(deficit) at start of year	115,100	72,826
Reported surplus/ (deficit) for year	57,168	51,226
Transfers to reserves	14,524	(8,783)
Variation-change in equity	2,860	(169)
Council's share of accumulated surplus at end of year	<u>189,652</u>	<u>115,100</u>
Council's share of reserves		
Council's share of reserves at start of year	173,831	165,431
Transfers to reserves	(14,524)	8,783
Variation-change in equity	4,319	(383)
Council's share of reserves at end of year	<u>163,626</u>	<u>173,831</u>
Movement in carrying value of specific investment		
Carrying value of investment at start of year	288,931	238,257
Share of surplus/ (deficit) for year	57,168	51,226
Variation-change in equity	7,179	(552)
Carrying value of investment at end of year	<u>353,278</u>	<u>288,931</u>
Note 16 Cash and cash equivalents		
Cash at Bank and On hand	3,567,520	3,989,515
Term Deposits	850,000	81,158
	<u>4,417,520</u>	<u>4,070,673</u>

Notes to the Financial Report

For the Year Ended 30 June 2011

	2011 \$	2010 \$
(a) Council has imposed the following restrictions on cash at bank:		
Cash - restricted (Section 86 Committees)	-	136,978
Cash - restricted (deductible gift recipient- Wimmera Mallee Pioneer Museum)	52,845	102,032
Cash - Nhill Medical Centre project	69,449	-
Cash - restricted (Long Service Leave) **	724,136	682,343
	<u>846,430</u>	<u>921,353</u>
(b) Cash - unrestricted	<u>3,571,090</u>	<u>3,149,320</u>

**These monies are required by legislation to fund employee long service leave entitlements. (see Note 27)

Users of the financial report should refer to Note 27 for details of restrictions on cash assets and Note 29 for details of existing Council commitments

Note 17 Trade and other receivables

Current

Rates debtors	622,908	521,896
Sundry debtors	555,565	262,349
Home help debtors	38,090	56,186
State Deficit Levy	2,267	2,267
Net GST refund/(payment)	37,203	98,455
Other debtors	8,768	19,242
Less provision for doubtful debts	(13,778)	(15,389)
	<u>1,251,023</u>	<u>945,007</u>

Non-current

Street scheme debtors	12,261	19,502
	<u>12,261</u>	<u>19,502</u>
	<u>1,263,284</u>	<u>964,509</u>

Note 18 Other assets

Accrued income	185,159	240,513
Prepayments	29,059	18,966
Other current assets	2,500	2,500
	<u>216,718</u>	<u>261,979</u>

Note 19 Inventories

Inventories for distribution	233,332	126,619
	<u>233,332</u>	<u>126,619</u>

Notes to the Financial Report

For the Year Ended 30 June 2011

	2011 \$	2010 \$
Note 20 Property, plant and equipment and infrastructure		
Summary		
At cost	14,094,633	14,525,845
At valuation	152,906,614	144,459,849
Work in progress	131,100	467,966
Less accumulated depreciation	(64,038,149)	(59,019,802)
Less impairment loss	(12,392,545)	-
	<u>90,701,653</u>	<u>100,433,858</u>
Property		
Land		
At valuation as at 30 June 2010	<u>2,382,400</u>	<u>2,382,400</u>
	<u>2,382,400</u>	<u>2,382,400</u>
Buildings		
At valuation as at 30 June 2010	11,469,100	11,469,100
At cost	364,700	-
Work in progress	60,608	337,453
Less accumulated depreciation	(458,532)	-
	<u>11,435,876</u>	<u>11,806,553</u>
Total Property	<u>13,818,276</u>	<u>14,188,953</u>
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 2010 by a qualified independent valuer Mr Ian Wilson AVLE, qualified valuer of Wilson Valuers.		
Plant and equipment		
Plant, machinery and equipment		
At cost	6,829,281	6,479,963
Less accumulated depreciation	(2,632,394)	(2,432,326)
	<u>4,196,887</u>	<u>4,047,637</u>
Fixtures, fittings and furniture		
At cost	556,802	499,241
Less accumulated depreciation	(367,773)	(329,056)
	<u>189,029</u>	<u>170,185</u>
Total Plant and Equipment	<u>4,385,916</u>	<u>4,217,822</u>

Notes to the Financial Report

For the Year Ended 30 June 2011

2011
\$

2010
\$

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

Infrastructure

Sealed and Unsealed Roads

At valuation as at 31 August 2008	113,157,907	113,157,907
At cost	6,343,850	4,814,727
Less impairment loss	(12,392,545)	-
Less accumulated depreciation	(51,699,187)	(49,379,940)
	<u>55,410,025</u>	<u>68,592,694</u>

Bridges

At valuation as at 30 June 2011 (as at 30 June 2007 for 2009/2010)	3,365,056	2,683,398
At cost	-	376,285
Less accumulated depreciation	(848,926)	(1,240,061)
	<u>2,516,130</u>	<u>1,819,622</u>

Footpaths

At valuation as at 30 June 2011 (as at 31 August 2008 for 2009/2010)	5,582,983	2,898,537
At cost	-	791,079
Less accumulated depreciation	(2,286,042)	(1,364,730)
	<u>3,296,941</u>	<u>2,324,886</u>

Kerb and Channel

At valuation as at 30 June 2011 (as at 31 August 2008 for 2009/2010)	7,304,936	4,486,088
At cost	-	587,631
Work in progress	70,492	-
Less accumulated depreciation	(3,326,838)	(2,187,983)
	<u>4,048,590</u>	<u>2,885,736</u>

Drains

At valuation as at 30 June 2011 (as at 30 June 2009 for 2009/2010)	5,046,612	4,571,567
At cost	-	373,460
Less accumulated depreciation	(1,576,270)	(1,483,196)
	<u>3,470,342</u>	<u>3,461,831</u>

Other not classified

At valuation as at 30 June 2011 (as at 30 June 2009 for 2009/2010)	4,597,620	2,810,852
At cost	-	603,459
Work in progress	-	130,513
Less accumulated depreciation	(842,187)	(602,510)
	<u>3,755,433</u>	<u>2,942,314</u>

Total Infrastructure

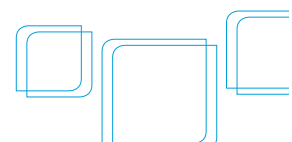
72,497,461 82,027,083

Total Property, Plant and Equipment and Infrastructure

90,701,653 100,433,858

The valuation of roads was performed at 31 August 2008 based on estimates of full replacement cost less accumulated depreciation. The valuations were performed by Mr. Peter Moloney, Dip CE, CE, EWS. MIEAust, of Moloney Asset Management Systems. There has been no material movement in unit rates since revaluation.

The valuations of bridges, footpath, kerb and channel, drains and other infrastructure assets were performed at 30 June 2011 based on estimates of full replacement cost less written down replacement value. The valuations were performed by Mr. Douglas Gowans, Director of Infrastructure, 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

For the Year Ended 30 June 2011

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

2011	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 24)	Depreciation and amortisation (note 11)	Written down value of disposals	Impairment losses recognised in profit or loss	Transfers	Balance at end of financial year
	\$	\$	\$	\$	\$	\$	\$	\$
Property								
Land	2,382,400	-	-	-	-	-	-	2,382,400
Buildings	11,469,100	227,451	-	458,528	-	-	137,245	11,375,268
Total property	13,851,500	227,451	-	458,528	-	-	137,245	13,757,668
Plant and equipment								
Plant, machinery and equipment	4,047,637	888,033	-	478,234	260,549	-	-	4,196,887
Fixtures, fittings and furniture	170,185	57,561	-	38,717	-	-	-	189,029
Total plant and equipment	4,217,822	945,594	-	516,951	260,549	-	-	4,385,916
Infrastructure								
Roads	68,592,694	1,529,125	(1)	2,319,248	-	(12,392,545)	-	55,410,025
Footpaths	2,324,886	124,307	942,089	94,341	-	-	-	3,296,941
Drains	3,461,831	-	70,324	61,814	-	-	-	3,470,342
Kerb and channel	2,885,736	59,457	1,120,729	87,824	-	-	-	3,978,098
Bridges	1,819,622	320,733	409,744	33,969	-	-	-	2,516,130
Other	2,811,800	648,380	169,595	187,755	-	-	313,413	3,755,433
Total infrastructure	81,896,569	2,682,002	2,712,480	2,784,951	-	(12,392,545)	313,413	72,426,969
Works in progress								
Buildings	337,453	43,300	-	-	-	-	(320,145)	60,608
Kerb and channel	-	70,492	-	-	-	-	-	70,492
Other	130,513	-	-	-	-	-	(130,513)	-
Total works in progress	467,967	113,792	-	-	-	-	(450,659)	131,100
Total property, plant and equipment and infrastructure	100,433,858	3,968,839	2,712,480	3,760,430	260,549	(12,392,545)	-	90,701,653

(a) Impairment losses

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

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

Notes to the Financial Report

For the Year Ended 30 June 2011

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

2010	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 24)	Depreciation and amortisation (note 11)	Written down value of disposals	Balance at end of financial year
	\$	\$	\$	\$	\$	\$
Property						
Land	2,044,200	3,001	335,199	-	-	2,382,400
Buildings	9,907,791	196,485	1,717,437	352,613	-	11,469,100
Total property	11,951,991	199,486	2,052,636	352,613	-	13,851,500
Plant and equipment						
Plant, machinery and equipment	4,038,654	800,310	-	412,331	378,996	4,047,637
Fixtures, fittings and furniture	196,581	23,268	-	49,664	-	170,185
Total plant and equipment	4,235,235	823,578	-	461,995	378,996	4,217,822
Infrastructure						
Roads	68,325,658	2,506,235	-	2,239,199	-	68,592,694
Footpaths	1,968,971	443,162	-	87,247	-	2,324,886
Drains	3,178,579	342,924	-	59,672	-	3,461,831
Kerbs and channels	2,590,069	379,830	-	84,163	-	2,885,736
Bridges	1,850,385	-	-	30,762	-	1,819,622
Other	2,457,711	497,690	-	143,600	-	2,811,800
Total infrastructure	80,371,373	4,169,841	-	2,644,643	-	81,896,569
Works in Progress						
Buildings	-	337,453	-	-	-	337,453
Other	-	130,513	-	-	-	130,513
Total works in progress	-	467,966	-	-	-	467,967
Total property, plant and equipment and infrastructure	96,558,599	5,192,905	2,052,636	3,459,251	378,996	100,433,858

(a) Impairment losses

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

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

Notes to the Financial Report

For the Year Ended 30 June 2011

	2011 \$	2010 \$
Note 21 Trade and other payables		
Trade payables	506,446	519,516
Accrued expenses	415,433	374,609
Other payables	5,000	-
	<u>926,879</u>	<u>894,125</u>

Note 22 Trust funds and deposits

Refundable deposits	13,365	12,985
	<u>13,365</u>	<u>12,985</u>

Note 23 Provisions

	Annual. leave / T.I.L. \$	Long service leave \$	Landfill restoration \$	Quarry restoration \$	Total \$
2011					
Balance at beginning of the financial year	524,209	755,194	24,250	71,575	1,375,228
Additional provisions	267,036	81,180	7,750	-	355,966
Amounts used	(155,378)	-	-	(7,912)	(163,290)
Balance at the end of the financial year	<u>635,867</u>	<u>836,374</u>	<u>32,000</u>	<u>63,663</u>	<u>1,567,904</u>
2010					
Balance at beginning of the financial year	481,196	649,205	12,610	84,760	1,227,771
Additional provisions	192,355	105,989	11,640	-	309,984
Amounts used	(149,342)	-	-	(13,185)	(162,527)
Balance at the end of the financial year	<u>524,209</u>	<u>755,194</u>	<u>24,250</u>	<u>71,575</u>	<u>1,375,228</u>

	2011 \$	2010 \$
(a) Employee benefits		
(i) Current		
Annual leave	589,058	495,156
Rostered days off	46,809	29,052
Long service leave	688,515	612,013
	<u>1,324,382</u>	<u>1,136,221</u>
(ii) Non-current		
Long service leave	147,859	143,181
	<u>147,859</u>	<u>143,181</u>
Aggregate carrying amount of employee benefits:		
Current	1,324,382	1,136,221
Non-current	147,859	143,181
	<u>1,472,241</u>	<u>1,279,402</u>

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

Weighted average increase in employee costs	4.60%	4.48%
Weighted average discount rates	5.27%	5.16%
Weighted average settlement period	12	12

(i) Current

- All annual leave and the long service leave entitlements representing 7 or more years of continuous service
- Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value.
- 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 7 years of continuous service measured at present value.

(b) Quarry restoration

	2011 \$	2010 \$
Current	52,909	60,925
Non-current	10,754	10,650
	<u>63,663</u>	<u>71,575</u>

(c) Provisions

Current	1,409,291	1,221,397
Non-current	158,613	153,831
	<u>1,567,904</u>	<u>1,375,228</u>



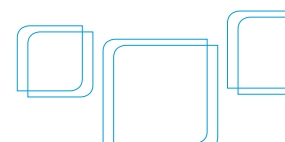
Notes to the Financial Report

For the Year Ended 30 June 2011

Note 24 Asset revaluation reserve

	Balance at beginning of reporting period	Increment / (decrement)	Balance at end of reporting period
	\$	\$	\$
2011			
Property			
Land	1,662,211	-	1,662,210
Buildings	3,618,513	-	3,618,513
	5,280,724	-	5,280,723
Infrastructure			
Roads	62,323,053	(12,392,546)	49,930,507
Other	432,841	169,595	602,436
Footpaths	537,077	942,089	1,479,166
Drains	2,345,377	70,324	2,415,701
Bridges	568,693	409,744	978,437
Kerb and Channel	1,601,954	1,120,729	2,722,683
	67,808,995	(9,680,065)	58,128,930
Total asset revaluation reserve	73,089,719	(9,680,065)	63,409,653
2010			
Property			
Land	1,327,012	335,199	1,662,211
Buildings	1,901,076	1,717,437	3,618,513
	3,228,088	2,052,636	5,280,725
Infrastructure			
Roads	62,323,053	-	62,323,053
Other	432,841	-	432,841
Footpaths	537,077	-	537,077
Drains	2,345,377	-	2,345,377
Bridges	568,693	-	568,693
Kerb and channel	1,601,954	-	1,601,954
	67,808,995	-	67,808,995
Total asset revaluation reserve	71,037,083	2,052,636	73,089,720

The asset revaluation reserve was established to capture the movements in asset valuations upon the periodic revaluation of Council's assets.



Notes to the Financial Report

For the Year Ended 30 June 2011

	2011 \$	2010 \$
Note 25 Reconciliation of cash flows from operating activities to comprehensive result		
Profit/(loss)	486,296	1,575,957
Depreciation/amortisation	3,760,430	3,459,251
(Profit)/loss on disposal of property, plant and equipment, infrastructure	(5,182)	22,086
Share of (profit)/loss on investments in associates accounted for by using equity method	(57,168)	(51,226)
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(34,612)	138,849
(Increase)/decrease in other assets	(10,093)	28,946
(Increase)/decrease in accrued income	55,354	(91,915)
(Increase)/decrease in inventories	(106,713)	(10,548)
Increase/(decrease) in trade and other payables	32,754	(311,577)
(Decrease)/increase in provisions	192,676	147,457
(Decrease)/increase in other liabilities	380	(3,429)
Net cash provided by operating activities	<u>4,314,122</u>	<u>4,903,851</u>
Note 26 Reconciliation of cash and cash equivalents		
Cash and cash equivalents (see note 16)	4,417,520	4,070,673
	<u>4,417,520</u>	<u>4,070,673</u>
Note 27 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 23)	<u>724,136</u>	<u>682,343</u>
	<u>724,136</u>	<u>682,343</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 23 due to a different basis of calculation prescribed by the regulation.		

Notes to the Financial Report

For the Year Ended 30 June 2011

Note 28 Superannuation

Hindmarsh Shire 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, accumulation and defined benefit, each of which is funded differently.

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

Defined Benefit Plan

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

Hindmarsh Shire Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 31 December 2008, Hindmarsh Shire Council makes the following contributions:-

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

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

Following an actuarial review conducted by the trustee in late 2010, as at 31 December 2008, a funding shortfall of \$71 million for the Fund was determined. A call to the Employers for additional contributions was made for the financial year 30 June 2011. Hindmarsh Shire Council made this payment in March 2011 to take advantage of the discount available. A further actuarial review will be undertaken as at 31 December 2011 by mid-2012. Based on the results of this review, a detailed funding plan will be developed and implemented to achieve the target of full funding by 31 December 2013. The Hindmarsh Shire Council will be notified of any additional contributions required by late 2012.

Accounting standard disclosure

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

	31-Dec-08 \$ 000
Net market value of assets	3,630,432
Accrued benefits	3,616,422
Difference between assets and accrued benefits	14,010
Vested benefits (minimum sum which must be paid to members when they leave the fund)	3,561,588

The financial assumptions used to calculate the accrued benefits for the defined benefit category of the Fund were:

Net investment return	8.50%
Salary inflation	4.25%
Price inflation	2.75%

Details of contributions to superannuation funds during the year and contributions payable at:

	2011 \$	2010 \$
Defined Benefit Plan		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	<u>362,780</u>	<u>154,216</u>
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	329,734	298,500
Employer contributions to employees' choice fund	91,422	77,770
	<u>421,156</u>	<u>376,270</u>

Notes to the Financial Report

For the Year Ended 30 June 2011

Note 29 Commitments

Council has entered into the following commitments

2011	Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years	Total
	\$	\$	\$	\$
Operating				
Recycling collection	67,204	-	-	67,204
Garbage collection	91,268	-	-	91,268
Recyclables - accept and sort	26,816	-	-	26,816
Recyclables - accept and sort	1,789	-	-	1,789
Cartage of waste - Dooen landfill	29,517	-	-	29,517
Disposal of waste - Dooen landfill	91,518	491,648	1,428,325	2,011,491
Managed services - IT	138,943	181,015	-	319,958
Meals on Wheels - Wimmera Health Care Group	32,982	33,971	-	66,952
Meals on Wheels - Wimmera Health Service	98,280	103,194	-	201,474
Building surveyor	19,827	-	-	19,827
Pre school services	35,000	-	-	35,000
Tertiary cadetship	16,000	40,000	-	56,000
Cleaning public toilets	10,210	44,542	-	54,753
	659,354	894,371	1,428,325	2,982,049
Capital				
Plant	339,531	-	-	339,531
	339,531	-	-	339,531
Total commitments	998,885	894,371	1,428,325	3,321,580

2010	Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years	Total
	\$	\$	\$	\$
Operating				
Recycling collection	137,299	-	-	137,299
Garbage collection	198,494	-	-	198,494
Recyclables - accept and sort	52,832	-	-	52,832
Recyclables - accept and sort	11,068	-	-	11,068
Cartage of waste - Dooen landfill	86,093	-	-	86,093
Disposal of waste - Dooen landfill	82,597	443,720	1,289,086	1,815,403
Managed services - IT	117,840	235,680	-	353,520
Meals on Wheels - Wimmera Health Care Group	32,981	68,961	-	101,942
Meals on Wheels - Wimmera Health Service	98,280	211,520	-	309,800
Building surveyor	121,827	-	-	121,827
Supply of aggregate	45,109	-	-	45,109
Pre school services	35,000	35,000	-	70,000
Tertiary cadetship	16,000	24,000	-	40,000
Elections	-	36,452	-	36,452
External plant hire	35,000	-	-	35,000
Engineering services	56,000	-	-	56,000
Cleaning public toilets	11,600	-	-	11,600
	1,178,019	1,055,334	1,289,086	3,522,439

Notes to the Financial Report

For the Year Ended 30 June 2011

	2011 \$	2010 \$
Note 30 Operating leases		
(a) Operating lease commitments		
At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):		
Not later than one year	-	7,764
	<u>-</u>	<u>7,764</u>
(b) Operating lease receivables		
Council has entered into commercial property leases, consisting of surplus freehold office complexes. These properties held under operating leases have remaining non-cancellable lease terms of 1 to 10 years. All leases include a CPI based revision of the rental charge annually.		
Future minimum rentals receivable under non-cancellable operating leases are as follows:		
Not later than one year	37,275	41,833
Later than one year and not later than five years	146,027	144,223
Later than five years	150,003	149,994
	<u>333,305</u>	<u>336,050</u>

Note 31 Contingent assets

Council undertook legal action following the purchase of a property in 1969 for historical purposes, where 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. Successful action has been taken against the vendor to sign transfer papers and issue a new title to Council. The transfer of land and issue of the new title is complete as at balance date. Council will pursue the recovery of legal costs from the vendor.

Note 32 Financial instruments

(a) Accounting policy, terms and conditions

Recognised financial instruments	Note	Accounting policy	Terms and conditions
Financial assets			
Cash and cash equivalents	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 accrue. Managed funds are measured at market value.	On call deposits returned a floating interest cash return of 4% to 4.5% (2009/2010 4% to 4.5%). The interest rate at balance date was 4% to 4.50%. (2009/2010 4% to 4.5%) Funds returned fixed interest rate of 5% to 6.1% (2009/2010 1.6% to 5.3%).
Trade and other receivables	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 10.50%. (10.50% in 2009/2010) Credit terms are based on 30 days.
Financial Liabilities			
Trade and other payables	21	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.	General creditors are unsecured, not subject to interest charges and are generally settled within 30 days of invoice receipt.

Notes to the Financial Report

For the Year Ended 30 June 2011

Note 32 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:

2011	Fixed interest maturing in:					Total \$
	Floating interest rate \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$	Non-interest bearing \$	
Financial assets						
Cash and cash equivalents	3,567,520	850,000	-	-	-	4,417,520
Trade and other receivables	37,203	548,281	-	-	58,614	644,098
Total financial assets	3,604,723	1,398,281	-	-	58,614	5,061,618
Weighted average interest rate	4.00%	7.48%	-	-	-	-
Financial liabilities						
Trade and other payables	-	-	-	-	926,879	926,879
Trust funds and deposits	-	-	-	-	12,611	13,365
Total financial liabilities	-	-	-	-	939,490	940,244
Weighted average interest rate	-	-	-	-	-	-
Net financial assets/(liabilities)	3,604,723	1,398,281	-	-	(880,876)	4,121,374

2010	Fixed interest maturing in:					Total \$
	Floating interest rate \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$	Non-interest bearing \$	
Financial assets						
Cash and cash equivalents	4,070,673	-	-	-	-	4,070,673
Trade and other receivables	-	260,665	-	-	188,657	449,322
Total financial assets	4,070,673	260,665	-	-	188,657	4,519,995
Weighted average interest rate	4.00%	10.50%	-	-	-	-
Financial liabilities						
Trade and other payables	-	-	-	-	894,125	894,125
Trust funds and deposits	-	-	-	-	12,985	12,985
Total financial liabilities	-	-	-	-	907,110	907,110
Weighted average interest rate	-	-	-	-	-	-
Net financial assets/(liabilities)	4,070,673	260,665	-	-	(718,453)	3,612,885

Notes to the Financial Report

For the Year Ended 30 June 2011

Note 32 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	
	2011 \$	2010 \$	2011 \$	2010 \$
Financial assets				
Cash and cash equivalents	4,417,520	4,070,673	4,417,520	4,070,673
Trade and other receivables	644,098	449,322	644,098	449,322
	5,061,618	4,519,995	5,061,618	4,519,995
Financial liabilities				
Trade and other payables	926,879	894,125	926,879	894,125
Trust funds and deposits	13,365	12,985	13,365	12,985
	940,244	907,110	940,244	907,110

(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.

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; and
- benchmarking of returns and comparison with budget.

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

Credit risk

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

Notes to the Financial Report

For the Year Ended 30 June 2011

Note 32 Financial instruments (cont.)

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 31.

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.

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

(f) Sensitivity disclosure analysis

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

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

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

Market risk exposure	Carrying amount subject to interest	Interest rate risk			
		-1% 100 basis points		2% 200 basis points	
		Profit	Equity	Profit	Equity
2011	\$	\$	\$	\$	\$
Financial assets:					
Cash and cash equivalents	4,417,520	(44,175)	(44,175)	88,350	88,350
Trade and other receivables	585,484	(5,855)	(5,855)	11,710	11,710

Market risk exposure	Carrying amount subject to interest	Interest rate risk			
		-1% 100 basis points		2% 200 basis points	
		Profit	Equity	Profit	Equity
2010	\$	\$	\$	\$	\$
Financial assets:					
Cash and cash equivalents	4,070,673	(40,707)	(40,707)	81,413	81,413
Trade and other receivables	260,665	(2,607)	(2,607)	5,213	5,213

Note 33 Auditors' remuneration

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

	2011	2010
	\$	\$
	32,000	30,950
	19,412	8,889
	51,412	39,839

Note 34 Events occurring after balance date

No matters have occurred after the balance sheet date that warrant disclosure in this report.

Notes to the Financial Report

For the Year Ended 30 June 2011

Note 35 Related party transactions

(i) Responsible persons

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

Councillors

Councillor C.F.Unger
 Councillor M.J.Gawith
 Councillor R.L. Gersch
 Councillor R.E. Lowe
 Councillor K.D. Colbert
 Councillor W.I. Lovett
 Chief Executive Officer D.P. Miller

(ii) Remuneration of responsible persons

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

	2011 No.	2010 No.
\$000 - \$9,999	-	1
\$10,000 - \$19,999	4	5
\$30,000 - \$39,999	2	-
\$50,000 - \$59,999	-	2
\$100,000 - \$109,999	-	1
\$150,000 - 159,999	1	-
	7	9
	\$	\$
Total remuneration for the reporting year for Responsible Persons included above amounted to:	293,985	305,555

(iii) No retirement benefits have been made by the Council to a Responsible Person. (2009/2010 Nil).

(iv) No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2009/2010 Nil).

(v) Other transactions - Cr. Wayne Lovett is a partner in Dimboola Courier Services that provides advertisement services on normal and commercial terms and conditions. (2009/2010 Nil)

(vi) Remuneration of senior officers

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 \$124,000.

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

Income Range:	2011 No.	2010 No.
< \$124,000	4	4
	4	4
	\$	\$
Total remuneration for the reporting year for Senior Officers included above amounted to:	271,923	354,266

Notes to the Financial Report

For the Year Ended 30 June 2011

Note 36 Income, expenses and assets by function/activities

	Expenses		Income		Surplus/(deficit)	
	2011 \$,000	2010 \$,000	2011 \$,000	2010 \$,000	2011 \$,000	2010 \$,000
Corporate services	2,876	2,912	8,378	7,741	5,502	4,829
Public order and safety	327	199	460	104	133	(95)
Community services	1,036	1,109	1,195	1,008	159	(101)
Recreation and culture	1,389	1,103	468	523	(921)	(580)
Transport services	6,775	5,416	3,511	3,128	(3,264)	(2,288)
Waste and environment	1,086	1,058	149	252	(937)	(806)
Economic development	878	764	776	1,031	(102)	267
Economic services	383	566	740	907	357	341
Unclassified	487	(9)	53	-	(434)	9
	15,236	13,118	15,730	14,694	494	1,576

Assets by function	2011 \$,000	2010 \$,000
Corporate services	6,998	6,397
Public order and safety	289	322
Community services	1,336	1,368
Recreation and culture	9,070	9,012
Transport services	77,222	86,524
Waste and environment	698	708
Economic development	912	933
Economic services	177	169
Unclassified	352	247
Work in progress	131	468
	97,186	106,147

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

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

Animals control, local laws, parking, fire hazards and supporting emergency services.

Community services

Operation and maintenance of maternal and child health services, 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 Council.

Notes to the Financial Report

For the Year Ended 30 June 2011

Note 37 Financial ratios (Performance indicators)

	2011 \$		2011 %		2010 \$		2010 %		2009 \$		2009 %
(a) Revenue ratio (to identify Council's dependence on non-rate income)											
Rate revenue	5,609,233	=	35.68%		5,177,484	=	35.24%		4,488,625	=	33.41%
Total revenue	15,722,551				14,693,465				13,433,522		

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

(b) Debt exposure ratio

 (to identify Council's exposure to debt)

Total indebtedness	1,784,012	=	7.53%		1,599,995	=	7.37%		1,659,531	=	8.32%
Total realisable assets	23,681,402				21,697,245				19,938,854		

For the purpose 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 (see 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. The total indebtedness refers to the total liabilities of Council. The 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.

(c) Working capital ratio

 (to assess Council's ability to meet current commitments)

Current assets	6,118,593	=	260.42%		5,404,278	=	253.90%		6,189,363	=	350.34%
Current liabilities	2,349,535				2,128,507				1,766,685		

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

(d) Adjusted working capital ratio

 (to assess Council's ability to meet current commitments)

Current assets	6,118,593	=	380.94%		5,404,278	=	257.53%		6,189,363	=	356.39%
Current liabilities	1,606,191				2,098,507				1,736,685		

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

The 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 2011

	Note	2011 \$	2010 \$
Note 38 Capital expenditure			
Capital expenditure areas			
Roads		1,529,125	2,506,235
Drains		-	342,924
Land and buildings		227,451	199,486
Plant and equipment		888,033	800,310
Furniture and equipment		57,561	23,268
Other infrastructure		1,152,877	1,320,682
Work in progress		113,792	467,967
		3,968,839	5,660,871
Renewal of infrastructure		3,068,966	3,526,119
Upgrade of infrastructure		354,518	439,510
Expansion of infrastructure		-	5,172
New assets		431,562	1,222,103
Work in progress		113,793	467,967
		3,968,839	5,660,871

Property, plant and equipment and infrastructure movement

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

Total capital works		3,968,839	5,660,871
Asset revaluation movement	26(a)	(9,680,065)	2,052,636
Depreciation/amortisation	21	(3,760,430)	(3,459,251)
Written down value of assets sold	21	(260,549)	(378,996)
Net movement in property, plant and equipment and infrastructure	21	(9,732,205)	3,875,261

(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.



Certification of the Financial Report

HINDMARSH SHIRE COUNCIL 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. Campbell McKenzie
Director Corporate Services
Dated: 21 September 2011
Location: Nhill

In our opinion the accompanying financial statements present fairly the financial transactions of Hindmarsh Shire Council for the year ended 30 June 2011 and the financial position of the Council as at that date.

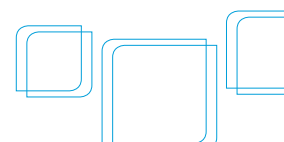
As at the date of signing, we are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

We have been authorised by the Council on 21 September 2011 to certify the financial statements in their final form.

Councillor R.L. Gersch
Dated: 21 September 2011
Location: Nhill

Councillor K.D.Colbert
Dated: 21 September 2011
Location: Nhill

Mr Dean Miller
Chief Executive Officer
Dated: 21 September 2011
Location: Nhill



Auditor General's Report on Standard and Financial Statements

VAGO

Victorian Auditor-General's Office
INDEPENDENT AUDITOR'S REPORT
To the Councillors, Hindmarsh Shire Council

The Standard Statements and Financial Report

The accompanying standard statements for the year ended 30 June 2011 of the Council which comprises of standard income statement, standard statement of balance sheet, standard cash flows statement, standard statement of capital works, the related notes and the certification of the standard statements have been audited.

The accompanying financial report for the year ended 30 June 2011 of the Hindmarsh Shire Council which comprises of comprehensive income statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the certification of the financial report has been audited.

The Councillors' Responsibility for the Standard Statements and Financial Report

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

- the standard statements in accordance with the basis of preparation as described in note 1(a) of the statements and the requirements of the *Local Government Act 1989*.
- 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*

This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the standard statements and financial report 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 standard statements and the financial report 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 standard statements and financial report are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standard statements and financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the standard statements and financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the standard statements and financial report 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 standard statements and financial report.

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Auditing in the Public Interest

Auditor General's Report on Standard and Financial Statements

VAGO

Victorian Auditor-General's Office

Independent Auditor's Report (continued)

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

Independence

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

Auditor's Opinion

In my opinion:

- (a) the standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in note 1(a) to the statements and comply with the requirements of the *Local Government Act 1989*.
- (b) the financial report presents fairly, in all material respects, the financial position of the Hindmarsh Shire Council as at 30 June 2011 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*.


Basis of Accounting for Standard Statements

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

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

This auditor's report relates to the standard statements and financial report of the Hindmarsh Shire Council for the year ended 30 June 2011 included both in the Hindmarsh Shire Council's annual report and on the website. The Councillors of the Hindmarsh Shire Council are responsible for the integrity of the Hindmarsh Shire Council's website. I have not been engaged to report on the integrity of the Hindmarsh Shire Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the standard statements and financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited standard statements and financial report to confirm the information contained in the website version of the standard statements and financial report.

MELBOURNE
26 September 2011


D D R Pearson
Auditor-General

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Auditing in the Public Interest



Photo by Angela Marra.





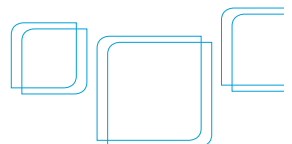
Photo by by Glenda Smith.

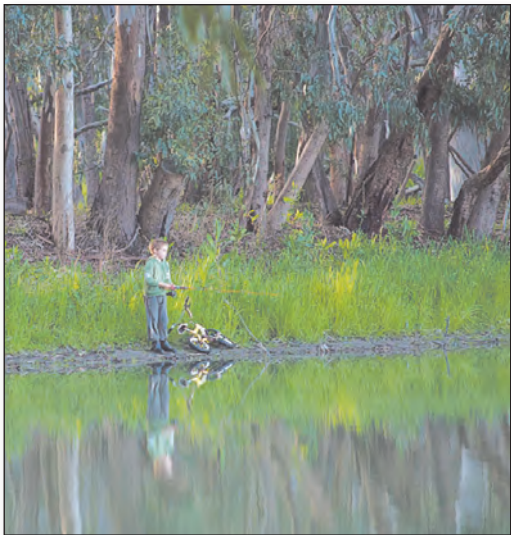




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*Giving everyone
a fair go...*

For further information or queries:

Website: www.hindmarsh.vic.gov.au

Email: info@hindmarsh.vic.gov.au



Hindmarsh
Shire Council