



PYRENEES
SHIRE



PYRENEES
SHIRE

Annual Report

2015 / 16



Photos: Barbara Edmonds and Jane Newgreen
Cover: Barbara Edmonds - Lake Goldsmith Steam Rally

Three strong elements make up the Pyrenees Shire Council logo: wool, the Pyrenees mountain range and wine.

The logo embraces all three images in an elegant and stylised representation, intertwining as a consolidated unit.

PYRENEES
— SHIRE —





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Section 1: Introduction

Welcome to the Report of Operations 2015/16

Council is committed to transparent reporting and accountability to the community and the Report of Operations 2015/16 is the primary means of advising the Pyrenees Shire community about Council's operations and performance during the financial year July 1, 2015 to June 30, 2016.

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

Council's strategic framework is based on the following key areas:

- Leadership
- Community
- Roads
- Commerce
- Environment

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





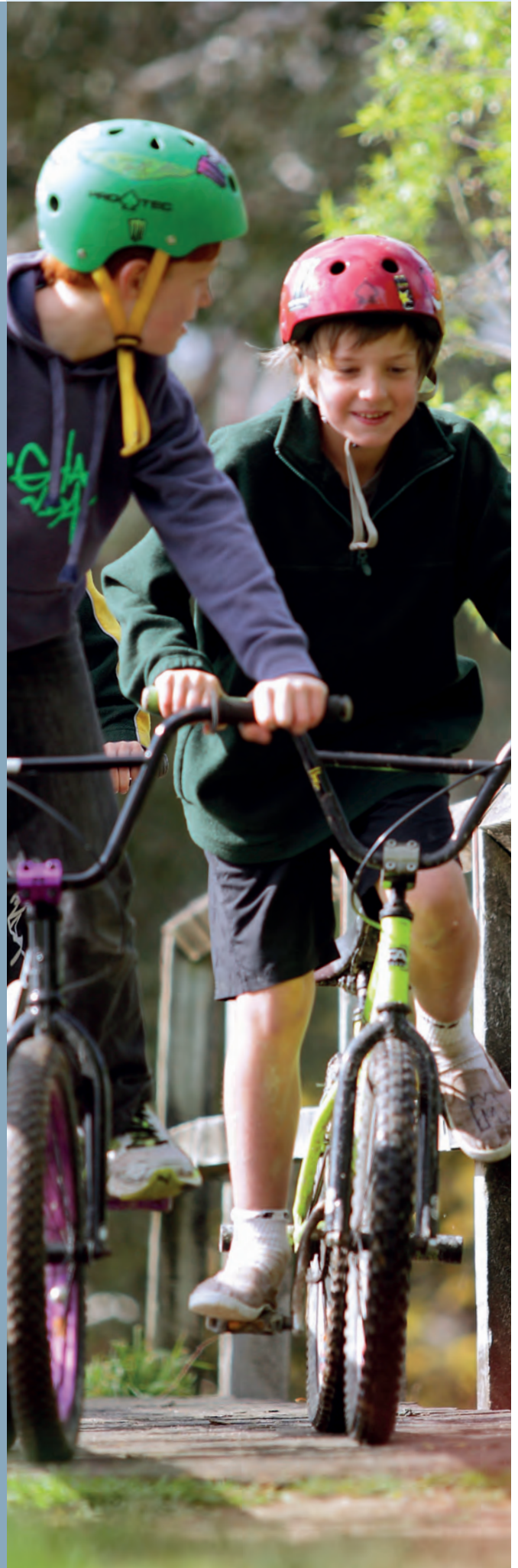
To reduce environmental impact, a limited number of printed copies of this Annual Report have been produced. Residents and interested parties are encouraged to access the report via Council's website, www.pyrenees.vic.gov.au

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

Snapshot of the Pyrenees Shire

Pyrenees Shire includes the townships of Beaufort, Avoca, Landsborough and Snake Valley and the communities of Amphitheatre, Barkly, Bo Peep, Brewster, Bung Bong, Burnbank, Carngham, Carranballac, Chepstowe, Chute, Cross Roads, Crowlands, Ercildoune, Eurambeen, Evansford, Eversley, Frenchmans, Glenbrae, Glenlofty, Glenpatrick, Glenshee, Hillcrest, Lake Goldsmith, Lamplough, Langi Kal Kal, Lexton, Lillicur, Lower Homebush, Main Lead, Mena Park, Middle Creek, Moonambel, Mortchup, Mount Emu, Mount Lonarch, Natte Yallock, Nerring, Nowhere Creek, Percydale, Raglan, Rathscar, Redbank, Shays Flat, Shirley, Stockyard Hill, Stoneleigh, Tanwood, Trawalla, Warrenmang, Waterloo, Wattle Creek and Waubra.

Pyrenees Shire had an estimated resident population of 6,979 people in 2014, an increase of 223 persons from the previous year.



Purpose

Our Vision

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

Our Mission

To achieve this Pyrenees Shire Council will:

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

Guiding Principles

- **Accessibility and responsiveness**
We ensure that access to services is equitable. We respect our communities and respond to their needs in a timely manner.
- **Integrity and accountability**
We operate honestly and openly, serving in the best interests of our greater community at all times. We are accountable for our actions and decisions. We actively seek ideas and responses from our community.
- **Standards for Council activity**
Our activities are guided by written policies and we will work with our communities to manage and adapt to risk.

Our History

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

The role of Council is to:

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

Fast Facts



5,912 rateable properties

45 septic tank permits issued

80 building permits issued

140 new Planning Permit applications received

731 kilometres of sealed road network



159 bridges,
135 major culverts

132 permanent food premises registered

39 temporary and mobile food premises registered

32 groups assisted by
Community Grants Program

69,358 visits to
Resource Centres



12,598 hours of aged and disability support provided



36,331 library items loaned

12,479 library collection items

427 properties inspected for fire hazards

109 Permits to Burn issued
449 Fire Prevention Notices issued



2,644 animals registered

19,152 visits to swimming pools in Landsborough, Avoca and Beaufort

Strategic Objective Achievements

Strategic Objective: Leadership

We will provide community leadership and advocacy to ensure we are a financially sustainable organisation, working hard to improve the economic, social and environmental wellbeing of the Pyrenees Shire.

Achievements:

- Advocacy for improved telecommunications
- \$180,000 Federal funding announced for the Moonambel Water Project
- Introduction of electronic delivery of rates notices

Strategic Objective: Community

We will provide safe, functional and well utilised assets and services, to enhance the quality of life of residents and promote connected, active and resilient communities.

Achievements:

- Streetscape and hall improvements at Landsborough
- Participation in Regional Children and Youth Area Partnership
- Community Grants provided to 32 local groups and organisations
- Lexton Community Hub feasibility study completed
- Upgrade of Apex Park, Beaufort

Strategic Objective: Roads

We will maintain a safe and effective road system that caters for all road users within the Shire.

Achievements:

- Lobbying for planning funding for the Beaufort Bypass
- 96% of Capital Roadworks Program completed
- Road Management Plan requirements met

Strategic Objective: Commerce

We will develop the local economy and increase the population of the Pyrenees Shire.

Achievements:

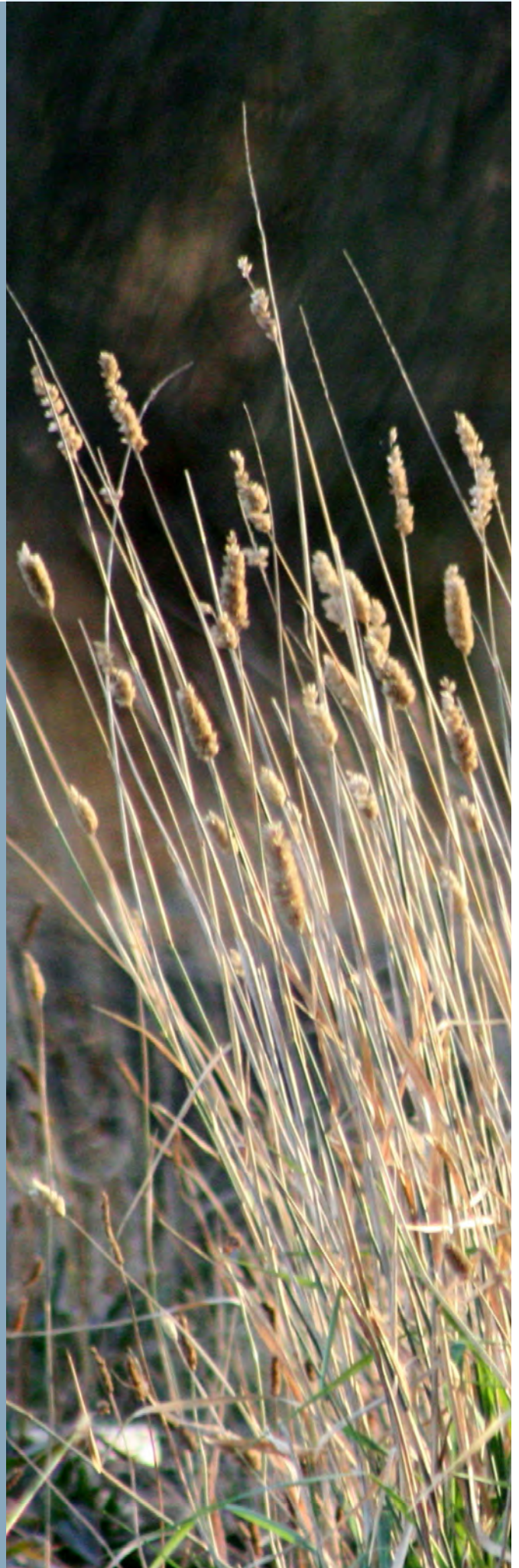
- Continued release and sale of land at Correa Park, Beaufort
- Hosting of the Great Victorian Bike Ride at Avoca in November 2015
- Adoption of the Tourism Strategy 2016-19
- Drought events for farmers at Landsborough, Natte Yallock, Avoca and Crowlands
- Commissioning of the Landsborough Valley Water Supply

Strategic Objective: Environment

We will show effective leadership in managing our own environmental impacts as well as in the management of the local natural and built environment.

Achievements:

- Completion of Council's Municipal Strategic Statement
- Formation of new Regulatory Services Team incorporating Planning, Building, Local Laws and Environmental Health
- Replacement of 384 mercury vapour street lights with efficient LED lights
- Implementation of Fire Prevention Works
- Implementation of the Roadside Weeds and Pests Strategy



Challenges & Future Outlook

Challenges

- Impact of the freeze on Commonwealth Financial Assistance Grants
- Impact of Rate Capping
- Improving the economic capacity of the municipality
- Long term financial sustainability
- Securing funding for major initiatives
- Impacts of drought, bushfire and floods

The Future

- Continued advocacy for improved communications
- Construction of the Beaufort Bypass
- Sustainable growth and infrastructure development across the Shire
- Reticulated water for Moonambel
- Funding for the Lexton Community Hub

*Section 2:
The Year
in Review*





Australia Post

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AUSTRALIA POST
BEAUFORT 33

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MONDAY - FRIDAY 9:00 - 5:00

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BENDIGO, COMMONWEALTH,
NATIONAL BANK, AND 70 OTHER
FINANCIAL INSTITUTIONS.
- YOUR ONE STOP BILL PAYING
- CARDS & STATIONERY
- INK CARTRIDGES & TONERS
- PROCESS PASSPORT APPLICATIONS
- COPYING

2P
PARALLEL
ZONE
9-5
MON - FRI
9-12
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AUSTRALIA
POST

Message from the Chief Executive Officer

On behalf of Pyrenees Shire Council it is a great pleasure to present Council's Annual Report for the year 2015/16.

The Council Plan for 2013-2017 reflects Council's vision for the Pyrenees Shire *'to be a healthy vibrant, prosperous and connected community'*. During the year Councillors and Senior Officers workshopped the Council Plan, and after much discussion and some refinement, restated its strategic objectives for Leadership, Community, Roads, and Commerce and Environment, to provide a clear direction for the future.

The year has very much been one of achievement of those Council objectives, many of which are reflected in this Annual Report.

Advocacy and the development of relationships with state and federal government leaders saw Council delegates visit both parliaments and present to various political leaders on key issues of Council including transport, telecommunications, emergency management, economic development, health and funding for key services and infrastructure.

Much of Council's attention during 2015/16 has focused on long term financial planning in an increasingly financially constrained environment. The introduction of the State Government's "Fair Go Rates" system saw rate capping introduced from 2016/17. Pyrenees Shire Council was successful in making an application for a higher rate of 3.83% to enable additional funding of approximately \$97,000 to be injected into Council's road resealing program.

The importance of maintenance and renewal of the road network was highlighted again in the 2016 annual Community Satisfaction Survey.

Moloney Asset Management Systems completed a comprehensive survey of our road assets in 2015, which showed an overall deterioration in our sealed road network since the previous survey in 2011, however identified that our unsealed network and bridges had improved overall. This survey report also provides a useful tool for Council to set future renewal funding levels for the next 5 years.

The Federal Roads to Recovery Program provides baseline funding of almost \$1M per annum for Council road renewal and improvement works. In 2015/16 the program was expanded as a result of additional funding from the return of fuel excise to this program; Council will look to advocate for this commitment ongoing.

In 2015/16 Council exceeded its target by completing in excess of 95% of its total capital roadworks program for the year which is a credit to all staff involved.

The development and adoption of a Tourism Strategy during 2015/16, lead to Council strengthening its relationship with Ballarat Regional Tourism as a deliberate strategy to grow the visitor economy in the Pyrenees.

The rollout of natural gas in Avoca under the Energy for the Regions program was substantially completed, and paves the way for residents and businesses to connect in 2017. This has been the trigger for additional investment interest in Avoca which was evidenced by increased demand for industrial land. During the year Council initiated a planning scheme amendment to consider rezoning additional industrial land in the area.

Council's commitment to continuously improve the efficiency and effectiveness of its services has seen a number of service reviews completed. The review of Council Resource Centres which provide visitor information and library services saw a decision by Council to reduce the operating hours of the centres from 56 to 41 hours per week, saving approximately \$100,000 per annum. Other major projects that Council continues to progress

and advocate for include a water supply solution for Moonambel, and the bypass of the Western Highway at Beaufort. Both projects saw commitments from the federal government in 2016 towards realising these objectives.

While mobile phone towers have been committed for Moonambel and Landsborough under Round 1 of the National Blackspot Program, Council remains concerned about the level of access to mobile phone connectivity until the towers are built. Additional towers, along with the rollout of National Broadband Network to Beaufort and Avoca will also continue to be a focus of Council.

Beaufort continues to provide an attractive lifestyle place for residents with the commencement of the construction of Stage 3 of Council's Correa Park residential development which will see 18 additional lots on the market in 2016.

Strong financial control, reducing debt, reviewing and improving efficiency and effectiveness in service delivery, and resource sharing will build Council's capacity to respond to the challenges in the year ahead.

I would like to take the opportunity to acknowledge Council, the local community and all Pyrenees Shire Council staff who have contributed to delivering our Council's vision and Council Plan.

Jim Nolan

Chief Executive Officer



Highlights for the Year

July 2015

- Member for Wannon - Dan Tehan announced that the Pyrenees Shire Council would receive more than \$9 million for roadworks under the Roads to Recovery Program.
- Then Communications Minister - Malcolm Turnbull announced mobile phone towers would be built at Landsborough and Moonambel.
- The Premier Daniel Andrews made a surprise visit to the Beaufort Secondary College to see first-hand the new \$5 million redevelopment.
- Beaufort Community Bank celebrated its contribution of \$1 million to local projects.
- Pyrenees Shire Council committed to doing all it could to maintain Beaufort Lake as an integral part of a leisure precinct.
- Beaufort and Skipton Health Service was nominated for the Parks Victoria Environmental Sustainability Award in the 2015 Regional Achievement and Community Awards.
- Lexton Community Club raised \$1,167 in a fundraiser for research into the prevention and cure of prostate cancer.
- The Victorian Endurance Riders State Championship was held at Granite Hill in Lexton.

September 2015

August 2015

- Premier Daniel Andrews announced the reopening of the Maryborough to Ararat rail link.
- New LED street lights were installed to save Council money and reduce carbon emissions as part of the Lighting the Regions Project.
- Pyrenees Shire Council signed up to BPay view to enable emailing of rates notices.
- The Avoca Probus Club celebrated its 18th birthday.
- Jenny Sheriff was appointed as Beaufort Resource Centre and Library Services Coordinator. Jenny is the third generation of her family to work for Council and its predecessor, the Lexton Shire.
- New Director of Assets and Development Services, Douglas Gowans commenced at Pyrenees Shire Council.
- The organisers of the Rainbow Serpent Music Festival, Green Ant Productions announced they would donate \$20,000 over four years to the Beaufort and Skipton Health Service Foundation to go towards restoration works at the Mechanics Hall.
- Trawalla Primary School was one of the first schools in Victoria to sign up for VicHealth's annual Walk to School initiative.
- Pyrenees Shire Council purchased two brand new Hino 700 series tipper trucks as part of Council's 10 year plant replacement program.
- Beaufort Apex Club announced that Beaufort would host the 2016 convention; an annual meeting of the National Association of Apex.
- Avoca Senior Citizens Club donated \$600 to local community groups.
- Member for Western Victoria - Jaala Pulford announced that schools in Pyrenees Shire will share in more than \$5.7 million of extra funding for Western Victoria.
- Waubra Horticultural Society held its annual spring show.
- Pyrenees Shire Council commenced work on its new Tourism Strategy.
- Pyrenees Shire Council celebrated its 21st Birthday.

October 2015

- Pyrenees Shire Council launched a spring advertising blitz to attract more tourists to the area.
- Pyrenees Shire Council's "Emergencies Happen" project was highly commended at the 2015 Victorian Ceremony for the Resilient Australia awards.
- Avoca held its 5th whole town garage sale.
- Mount Mitchell estate in Lexton opened to the public for the first time in 15 years.
- Pyrenees Shire Council approved a 7.69 per cent increase in spending on its road resealing program.
- Landsborough Landcare group received a \$12,000 Federal Government grant.
- Pyrenees Shire was declared drought affected.
- Member for Western Victoria - Jaala Pulford announced a grant of \$2,000 to the Ripon RSL sub branch.
- More than 200 people attended the Amphitheatre music festival.
- Cave Hill Creek won a silver award in the RACV Victorian Tourism Awards.

November 2015

- State Minister for Regional Development - Jaala Pulford officially opened the new Amphitheatre Community Centre and reopened the Avoca Town Hall after upgrades.
- Beaufort hosted 38 international guests from the town of Beaufort in France and Luxemburg for an annual event known as Rassemblement
- Moonambel hosted the Fireworks Party in the Pyrenees.
- Cr Michael O'Connor was elected as Pyrenees Shire Council's new Mayor.
- Pyrenees Shire offered free green waste disposal at transfer stations.
- Hundreds of runners from across Victoria and interstate took part in the Pyrenees Run from the Hills in the Pyrenees foothills.
- Beaufort held its annual Agricultural Show.
- Council resolved to develop an action plan for Beaufort Lake.

December 2015

- Beaufort Bypass Environment Effects Statement (EES) process commenced.
- Avoca welcomed the 2015 RACV Great Victorian Bike Ride.
- Council announced the 2016 Australia Day celebrations would be held at Waubra.
- The newly constructed Eurambeen-Streatham interchange and bridge overpass on the Western Highway opened to traffic.
- 12 community groups received Community Grants from Council.

January 2016

- Pyrenees Shire Council held public consultation sessions on its waste plan.
- Federal Member for Wannon - Dan Tehan announced Pyrenees Shire Council would receive \$17,340 under the Australian Government's Stronger Communities Program for Beggs Street and Apex Park, Beaufort.
- Pyrenees Shire Council agreed to be the interim secretariat for Rural Councils Victoria.
- Pyrenees Shire Council announced its Citizen of the Year and Event of the Year awards at the Australia Day celebrations in Waubra.
- More than 16,500 people attend the Rainbow Serpent Festival near Lexton.

February 2016

- Works commenced on the transformation of Beaufort's Apex Park.
- Pyrenees Shire Council was awarded more than \$28,000 from the State Government's Community Shade grants program.
- Council sought public comment on rate capping.
- Council sought community input into the operation of the Avoca and Beaufort Community Resource Centres.

March 2016

- Pyrenees Shire Council received a \$15,000 grant from the State Government's Stronger Regional Communities Plan for the Pyrenees Unearthed Festival.
- Pyrenees Shire Council won the LGPro Sustainability Initiative Award for the innovative Beaufort Hospital Biomass Heating System.
- Pyrenees Shire Council sought an exemption from the State Government's 2.5 per cent rate cap.
- All Stage Two allotments at Correa Park Estate were sold.
- Community Consultation sessions were held on Council's 2016/17 budget.

April 2016

- Pyrenees Unearthed festival was held over Anzac Day weekend.
- Pyrenees Shire Council resolved to join Ballarat Regional Tourism.
- Council adopted its Tourism Strategy 2016-19.

May 2016

- Victorian Minister for Environment, Climate Change and Water - Lisa Neville visited Beaufort and discussed access to water for Moonambel with Councillors.
- Member for Wannon - Dan Tehan announced that the Federal Government would spend \$360 million on eradicating mobile phone black spots, including those at Moonambel and Landsborough.

June 2016

- The Essential Services Commission approved Pyrenees Shire Council's increase to its rates by 3.83 percent.
- Federal Minister for Major Projects - Paul Fletcher and Member for Wannon - Dan Tehan announced \$25 million Federal Government funding for the Western Highway Beaufort Bypass.
- Member for Wannon - Dan Tehan announced a \$180,000 Commonwealth grant for a feasibility study of Moonambel's water supply.
- Parliamentary Secretary to the Premier - Colin Brooks called for tenders for the restoration work to the historic Avoca Railway Station building.
- Councillors resolved to amend the operating hours of the Beaufort and Avoca Community Information Centres.
- Council adopted a new Councillor Code of Conduct.
- Pyrenees Shire Council received a \$13,298 Federal Government grant from the Stronger Communities Program for the installation of solar heating at the Avoca pool.
- Pyrenees Shire Council's annual Community Satisfaction Survey returned an overall performance score above the State average.
- Council adopted the 2016/17 Budget.



Financial Summary

Throughout 2015/16 we continued to work on balancing the expectations of our community with the need to ensure that the financial foundations of Council remain strong and capable to meet the challenges of the future.

Council continually seeks to find the right balance between community expectations and financial responsibility. Our commitment to cost restraint and the provision of value-for-money services for our community, combined with the continual refinement of our Long Term Financial Plan, constitutes the financial framework, that we use to address this balance. This financial framework remains imperative and continues to drive Council's financial decisions.

It is important to review these 2015/16 financial results in light of the long-term financial objectives developed by Council. These are to:

- Maintain a strong cash position.
- Ensure that Council remains financially sustainable in the long-term.
- Reduce debt levels with the aim of becoming debt free in September 2016.
- Continue to pursue recurrent grant funding for strategic capital works from the state and federal governments.
- Maintain the existing range and level of services available to our communities.
- Ensure adequate revenue to maintain a sustainable level of services for our community.
- Ensure that the renewal of critical infrastructure is funded annually over the timeframe of the Long Term Financial Plan.

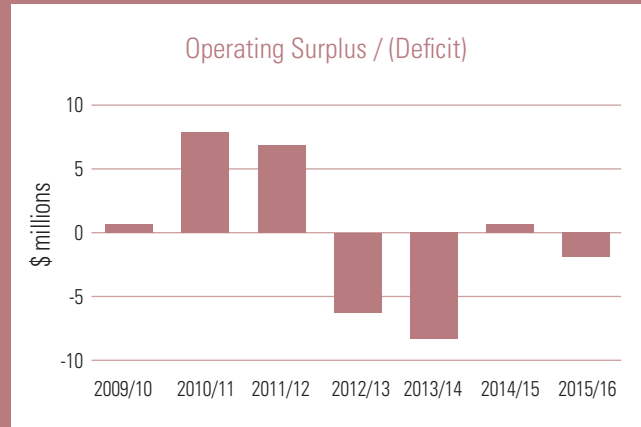
The following is a snapshot of our 2015/16 financial position:

- \$17.0 million revenue.
- \$6.0 million Capital Expenditure program delivered.
- Rates and waste charges comprised \$8.7 million (51 per cent) of total revenue.
- Operating deficit of \$1.9 million.
- Cash holdings of \$5.2 million at year end.
- Debt reduced from \$1.2 million at 30 June 2015 to \$0.5 million at 30 June 2016.

Operating Result

We achieved an operating deficit of \$1.9 million in 2015/16 compared with a \$0.5 million surplus for 2014/15. However, it should be noted that Council received an advance of half of our Federal Assistance Grants for 2015/16 funding in June 2015. Despite this advance relating to the 2015/16 financial year, the accounting standards required that these funds be included as income for the 2014/15 financial year. Without this advance we would have reported a \$2.0 million deficit in 2014/15 and a \$0.6 million surplus in 2015/16.

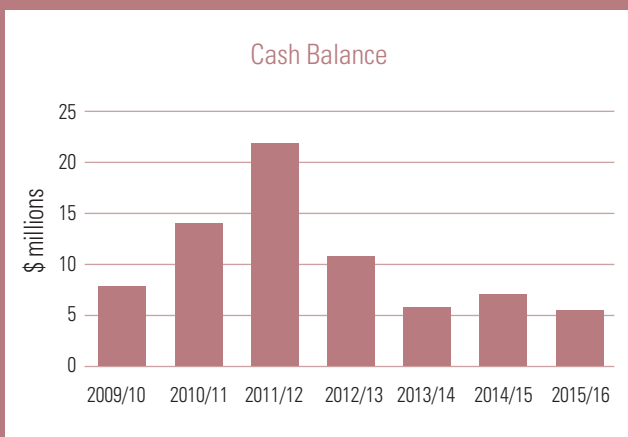
Whilst the nominal operating result has fluctuated wildly over the past seven years, it is interesting to note that the aggregate operating result for this period is a deficit of \$0.4 million, which indicates that Council is in a sustainable operating position.



Cash Holdings

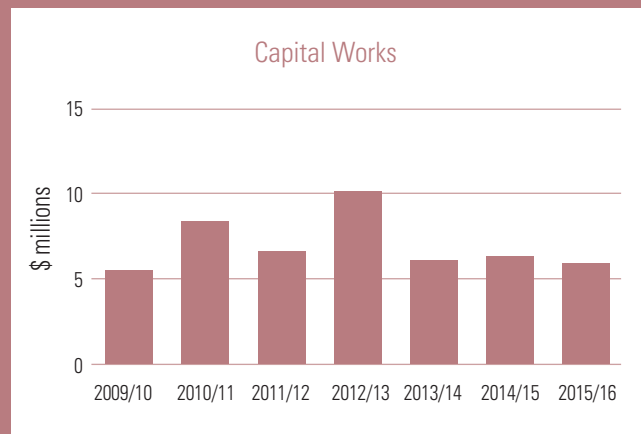
Cash holdings at the end of the financial year are \$5.2 million. This figure includes \$1.5 million funds required for capital works carried forward from 2015/16 which will be undertaken in 2016/17.

Our aim is to continue to retain moderate levels of cash. This will provide Council with the flexibility to respond to future opportunities or unexpected events. These may include the potential to strategically acquire an asset or to respond to natural disasters such as flood or fire events.



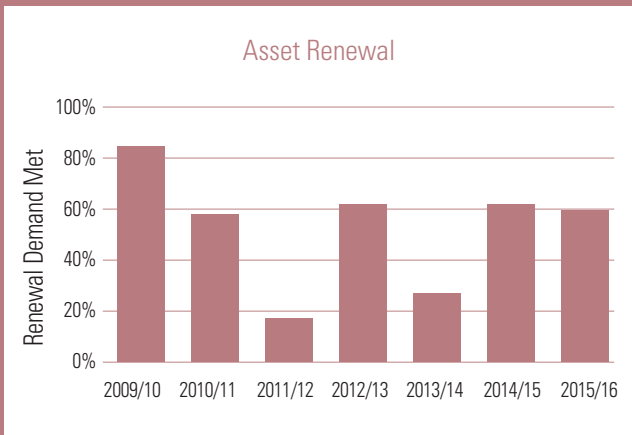
Sustainable Capital Expenditure

We aim to ensure that our assets are maintained in a condition that allows them to continue to deliver the services needed by our community at a standard that is acceptable to users. During 2015/16, we spent a total of \$6.0 million on capital expenditure across the shire, including \$3.9 million on renewing existing assets.

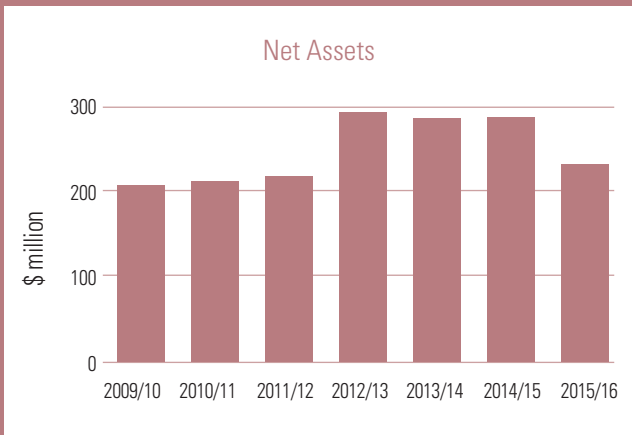


Our 2015/16 capital expenditure continued to address the challenge of renewing our community's assets. It is anticipated that in future, capital expenditure will be maintained at a realistic level with a high degree of dependence on funding from government grants.

Asset renewal is measured as capital expenditure relative to asset depreciation. Council continues to face a significant challenge to fund the renewal of critical long-lived community infrastructure in the longer term.

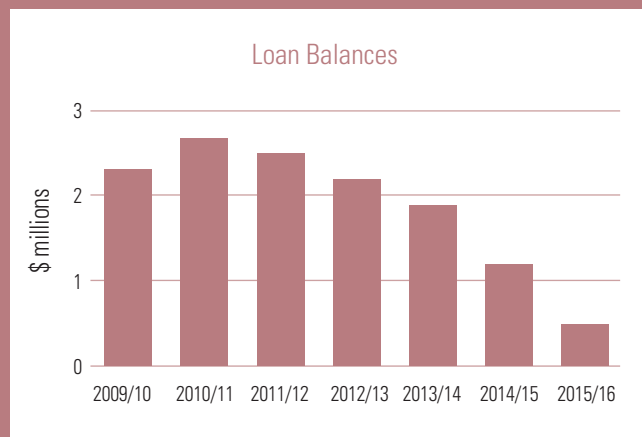


Meeting the continual renewal of our vast asset base remains an ongoing challenge for all Councils.

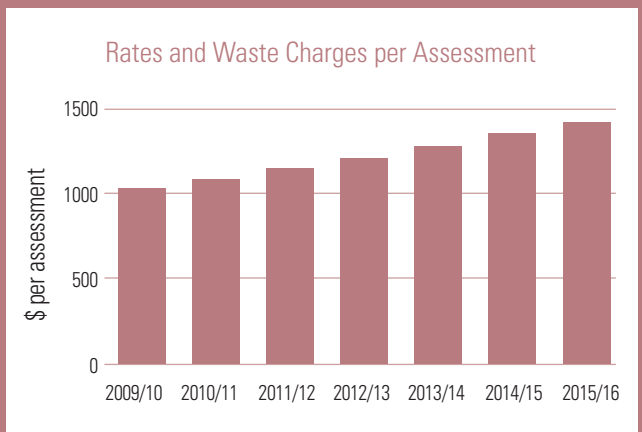


Financial Sustainability

Council is committed to repaying all of its outstanding debt, and will make the final payment in September 2016. Currently interest on borrowings and debt redemption consumes around \$0.5 million per annum. Once Council becomes debt free the funds used to pay interest and redeem debt can then be allocated to other Council priorities which then strengthens Council's financial sustainability in the medium term.



Council is mindful that the cost of rates is borne by ratepayers. The average rates and waste charges per assessment has grown at an average compound rate of 5.58 per cent over the past six years, notwithstanding that approximately 0.7 per cent of this annual increase is generated from new buildings. Council is working towards lowering this level of annual rate increase in order to reduce the impact on ratepayers, and the State Government's "Fair Go Rates" rate capping system will act to reduce the annual rate rises from 2016/17 onwards.



We have many current and future demands on funding, highlighting the need for strong, long-term planning and the targeted allocation of resources. This is achieved through the preparation and annual review process of the Council Plan which is supported by Council's Strategic Resource Plan. Ultimately, these documents are guided by longer-term visions and plans including the Long Term Financial Plan, which projects our financial direction for the next ten years. This enables Council to identify and analyse trends of significance and provide for sound financial planning and decision-making.

The continued revision and refinement of the Long Term Financial Plan enables longer-term conversations with our community and this makes possible long-term goals that assist in creating engaged and vibrant communities.

This financial snapshot for the 2015/16 financial year gives a brief overview of our financial performance and the significant factors that impacted on our financial resources used to support the achievement of long-term community service and asset management objectives. A more detailed analysis of our financial performance for 2015/16 can be found in the annual financial report which is available on our website and is attached to our physical annual report.

Paul Brumby
Principal Accounting Officer



*Section 3:
Our Council*





Council Profile

Location

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

Council Offices

Pyrenees Shire Council

5 Lawrence Street
Beaufort, Victoria 3373

Telephone (03) 5349 1100

Facsimile (03) 5349 2068

Website www.pyrenees.vic.gov.au

Email pyrenees@pyrenees.vic.gov.au

Avoca Office

122 High Street
Avoca, Victoria 3467

Telephone (03) 5465 1000

Facsimile (03) 5465 3597

Characteristics

The Pyrenees Shire comprises an area of nearly 3,500 square kilometres and a population of 6,979 residents. The Shire takes its name from the ranges in the north that hold similarity to the Pyrenees Ranges in Europe.

Council administration is based in the township of Beaufort, and a number of Council services also operate from the township of Avoca. These services include health and aged care, library and information centres.

Excellent educational facilities are available in the Pyrenees Shire, including integrated children's centres, primary schools, a secondary college and Community Resource and Information Centres incorporating adult education and library services.

Recreational activities are available in abundance in the region, giving community members and visitors wonderful opportunities to experience new pastimes. Most townships in the Shire have their own sporting facilities, such as football fields and netball courts. Avoca and Beaufort also have skate parks.

Tourism is ever growing throughout the region. Hang-gliding from Mount Cole and the French game of Petanque in Avoca, attract large numbers of visitors year round. In recent years, the action sport of mountain bike riding has risen in popularity.

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

Fast Facts

6,669 people

3,427 male

3,242 female

median age 47



1,786 families

average 1.9 children per family

2.3 average people per household

3,527 private dwellings

average 2.1

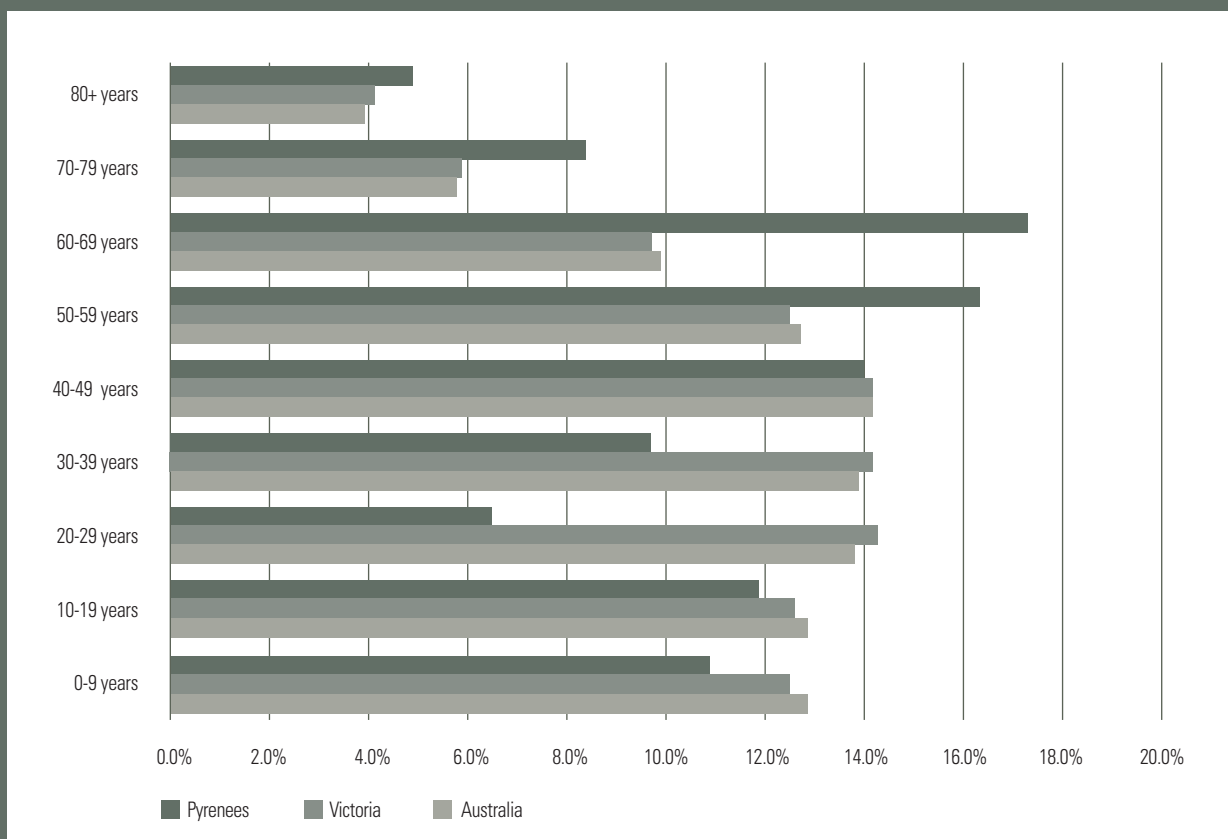
motor vehicles per dwelling



\$732 median weekly household income

median monthly mortgage repayments \$997

\$130 median weekly rent



Source: ABS 2011



Councillors

The Council was elected to provide leadership for the good governance of the municipal district and the local community. On 27 October 2012 the Pyrenees Shire community elected this Council for a four year term. The municipality is divided into 5 wards, represented by one Councillor in each ward. The 5 Councillors are the elected representatives of all residents and ratepayers across the Shire. They have responsibility for setting the strategic direction for the municipality, policy development, identifying service standards and monitoring performance across the organisation.



Cr Michael O'Connor - Mayor

Beaufort Ward

Phone: 0437 662 295

Email: beaufort@pyrenees.vic.gov.au

First Elected: 2008, re-elected 2012

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

Cr O'Connor moved to the Pyrenees Shire in January 2000 where he lives at Waterloo on a small property and is actively involved in the CFA and many other local groups. Since joining the Council, Cr O'Connor has served as Director of the former Highlands Regional Waste Management Association and is currently Chair of the Grampians Central West Waste and Resource Recovery Group. Cr O'Connor is serving a second term as a member of the School Council of the Beaufort Secondary College and is also a member of the Board of Management of the Beaufort and Skipton Health Services.

He is married to Judy and has four adult children.



Cr Tanya Kehoe

Mount Emu Ward

Phone: 0439 571 480

Email: mountemu@pyrenees.vic.gov.au

First Elected: 2012

Cr. Tanya Kehoe and her husband Bernard operate a sheep property at Mt Emu. Cr Kehoe has lived in the area throughout her life and is involved in a number of community groups in the area.

Cr Kehoe teaches at the Australian Catholic University part time. Cr Kehoe has four children Annie, Thomas, Max and Jack.



Cr Robert Vance

De Cameron Ward

Phone: 0447 384 500

Email: decameron@pyrenees.vic.gov.au

First Elected: 1987, re-elected 1996, 1999 re-elected, 2008 and 2012

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

Cr. Vance returned to Council again to represent the Warrenmang Ward in March 2008, and was Mayor in 2001-02, 2008-09 and 2013/14. Cr Vance represents Council on the Asset Management Committee, Timber Towns and Rural Councils Victoria.

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



Cr David Clark

Ercildoune Ward

Phone: 0417 374 704

Email: ercildoune@pyrenees.vic.gov.au

First Elected: 1992, 1996, 1999 re-elected 2008 and 2012

Cr. David Clark operates a mixed farming property at Glenbrae, in the centre of the Ercildoune Riding, as well as working in natural resource management and community development.

Cr. Clark was Pyrenees Shire Mayor in 1999, 2003-04 and 2010. Cr Clark is the Rural South Central Representative and rural Deputy President of the Municipal Association of Victoria.



Cr Ron Eason

Avoca Ward

Phone: 0417 508 471

Email: avoca@pyrenees.vic.gov.au

First Elected: 2012

Cr Ron Eason and his wife Jenny came to Avoca in 2009 after purchasing the Newsagency.



1 DE CAMERON WARD
Concillors: 1

4 BEAUFORT WARD
Concillors: 1

2 AVOCA WARD
Concillors: 1

5 MOUNT EMU WARD
Concillors: 1

3 ERCILDOUNE WARD
Concillors: 1

*Section 4:
Our People*





Executive Management Team

Council is the governing body that appoints a Chief Executive Officer (CEO). The CEO has responsibility for the day to day management of operations in accordance with the strategic directions of the Council Plan. Two Directors and the CEO form the Executive Management Team (EMT) and lead the organisation.



Jim Nolan - B. Eng (Civil)

Chief Executive Officer

Jim was appointed Chief Executive Officer with Pyrenees Shire Council in December 2014. He has 25 years' experience in local government at Glenelg, Southern Grampians and Northern Grampians Shire Councils. Jim has experience across infrastructure, project delivery, community and economic development.

As Chief Executive Officer, Jim is responsible for the day to day operations of Council, the delivery of the Council Plan and the implementation of Council decisions. Jim also has direct responsibility for economic development and communications.



Evan King - B. Bus (Accounting), CPA

Director Corporate and Community Services

Evan joined Pyrenees Shire Council in June 2014. He has over 20 years of experience in financial management and community services gained in local government with Hepburn Shire Council and the social services and manufacturing industries.

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



Douglas Gowans - B.Eng

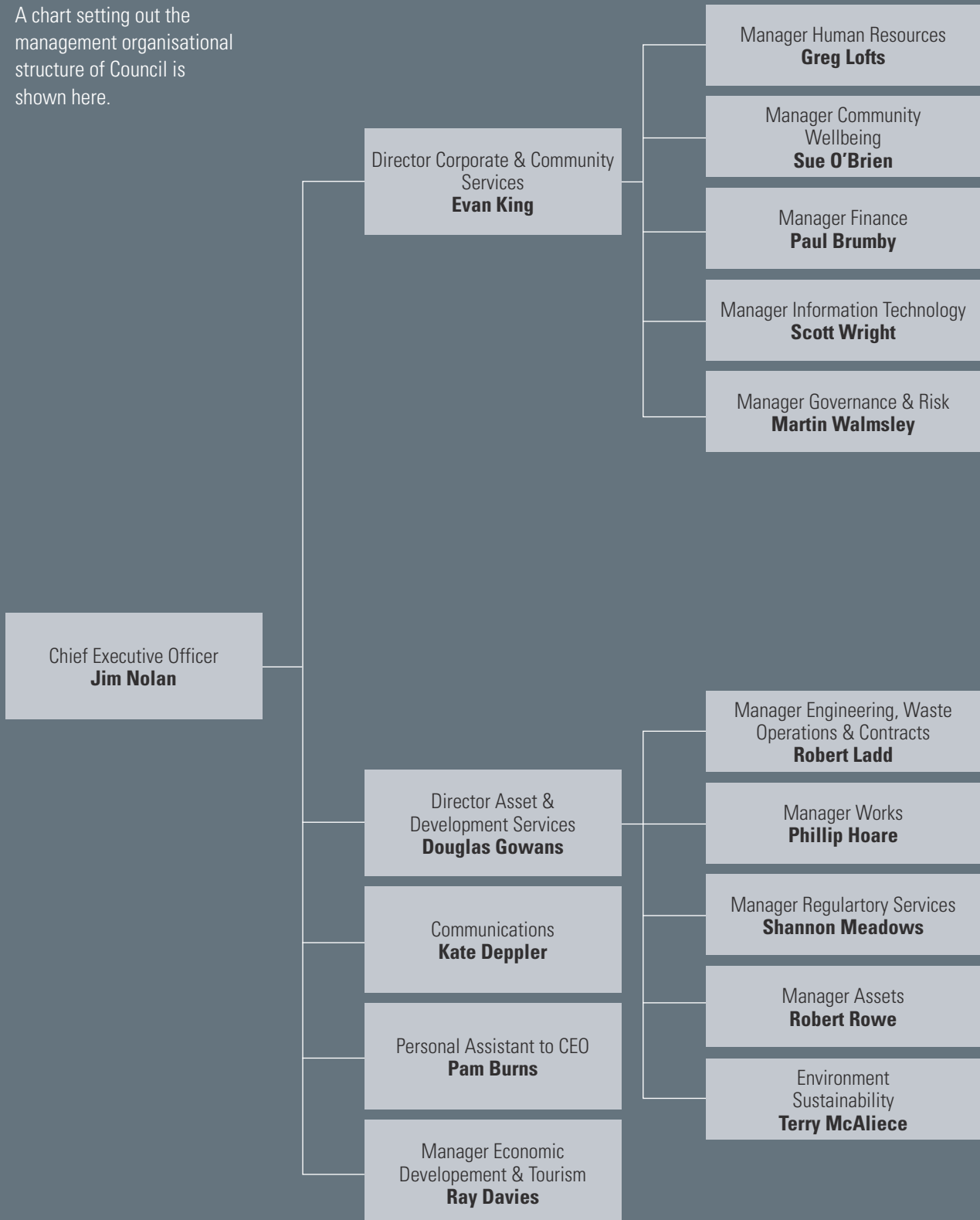
Director Assets and Development

Douglas joined Pyrenees Shire Council in August 2015. He has over 13 years' experience in local government, including Golden Plains and Hindmarsh Shire Councils.

Douglas manages the operations and asset areas of Council. His responsibilities include the construction and maintenance of roads and bridges, waste management and recycling, parks and gardens, environment, town planning and building services and local laws.

Management Structure

A chart setting out the management organisational structure of Council is shown here.



Council Staff

A summary of the number of full time equivalent (FTE) staff categorised by employment classification and gender is set out below.

2015-2016	Band 1	Band 2	Band 3	Band 4	Band 5	Band 6	Band 7	Band 8	All other	Total FTE
Permanent Full Time - Female	0	0	2	2	6	3	0	0	1	14
Permanent Full Time - Male	0	0	16	6	4	3	1	1	11	42
Permanent Part Time - Female	0	5.6	2.5	4.4	3.4	0.9	0	0	0.82	17.6
Permanent Part Time - Male	0	1.1	0.45	.9	0	2.1	0	0	0	4.5
Casual - Female	0.9	0	1.3	0	0	0	0	0	0.14	2.4
Casual - Male	0	0	0	0	0	0	0	0	0	0
Total	0.9	6.7	22.25	13.3	13.4	9.0	1	1	12.96	80.5

Employees

As at the 30th June, 2016 the Pyrenees Shire Council had a total workforce of 80.52 EFT positions.

Workforce Profile 30th June 2016

Fulltime

Male	42
Female	14
Total	56

Permanent Part Time

Male	9
Female	39
Total	48

Casual

Male	0
Female	14
Total	14

Total

Male	51
Female	67
Total	118

Workforce Age

	Number	% of Workforce
Staff Aged 15-19	0	1.00%
Staff Aged 20-24	1	0.85%
Staff Aged 25-34	10	8.47%
Staff Aged 35-44	15	12.71%
Staff Aged 45-54	45	38.14%
Staff Aged 55-64	37	31.36%
Staff Aged 65 and over	10	8.47%

In summary, Council's workforce is ageing with 77.97% of the total workforce over the age of 45.

Out of a total workforce of 118 employees, 47 staff members are over the age of 55. Retirements over the next 5 to 10 years, will see a significant change in Council's workforce and strategies will need to be implemented to overcome the significant loss of experience.

Learning & Development

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

A sample of the training undertaken in 2015/16 includes:

	Attendees		Attendees
Alzheimer's Australia and Memory Nurse	15	Working in a Crowded House (Hoarding)	14
Apply First Aid - HLTA301C	15	Bachelor of Engineering Technology (Professional Honours)	1
Assist Clients with Medication - CHCCS305B	22	Business Continuity Management and Good Practice	1
Assist Clients with Medication - CHCCS305 - Supervised Practical	22	Certificate III in Home and Community Care - CHC30312	2
Computer Skills - Basic	9	Certificate III in Aged Care - CHC30212	2
Dealing with Difficult Customers (Mad, Bad, Sad, Tears Abuse and Threats)	28	Certificate IV in Disability - CHC4031	2
Dementia Specific Workshop - Dementia Awareness for Staff in the Homelessness Sector	2	Certificate IV in Community Services Work - CHC40708	1
Dementia Specific Workshop - Enabling Environments - Adapting the Home	9	Company Directors Course	1
Home & Community Care - Documentation & Reporting	20	Conduct Loader/Backhoe Operations - RIIMPO319D	2
Fire and Emergency Warden Training	10	Course in Workplace Spotting for Service Assets - 22195VIC	2
Incontinence Education Training	12	Effective Strategic Planning	1
Introduction to Continence in the Community	13	Planning Law Essentials	1
Mental Health First Aid Australia - Standard Mental Health First Aider	7	GST Refresher Course	1
Occupational Therapist - Information on Workstation Setup	17	Report Writing Training	1
Provide Basis Life Support - HLTAID002	14	Induction to Ferris IS1000 Rider Mower, Hino 300 Series Tipper, Iseki SF370 Rider Mower, Leaf Blower and Whipper Snipper	1
Provide Cardiopulmonary Resuscitation - HLTAID001	35	Occupational Health and Safety - 5 Day Course	1
Provide First Aid - HLTAID003	16	Role of Return to Work Coordinator	1
Refresher Training in Manual Handling	56	Test and Tag Short Course	1
Synergyssoft Online Leave Training - Employee	30	Work in Emergency Management Context - PUAEMR0018A	1
Synergyssoft Online Leave Training - Supervisor	8		

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

Our Educational Support Policy provides financial assistance for tertiary study in courses that are beneficial to our staff and organisation.

Work Experience

Council continues to provide students from the Beaufort Secondary College with the opportunity to participate in work experience programs. Such programs allow students the opportunity to work in a local government environment.

Recruitment

During the year, Council advertised 15 positions with 136 applications being considered.

Council continues to receive multiple applications for most positions advertised - the positions that attracted most applications were:

Administrative Support Officer - Environmental Health	14 applications
Community Well Being - Administrative Support Officer	14 applications
Manager Regulatory Services	13 applications
Maintenance Labourer - Avoca Depot	38 applications
Support Staff	15 applications



Staff Milestones

Pyrenees Shire Council recognises and appreciates staff milestones.

Staff to have reached milestones are:

15 Years:

Ernest Welsh	Municipal Fire Prevention Officer
Nicole Taylor	Support Staff (HACC)
Pamela Burns	Personal Assistant - CEO
Darren Smith	Plant Operator
Geoffrey Pearce	GIS Officer

20 years:

Gina Angus	Authorised Municipal Officer
Phillip Diprose	Project Management Officer
Sharon Moran	Support Staff (HACC)
Brendan Amarant	Plant Operator
Darren Kerr	Grader Driver / Leading Hand

25 Years:

Christine Pearce	School Crossing Supervisor
Robert Rayner	Revenue Officer
Shayne Murphy	Truck Driver
Paul Karlake	Grader Driver/Leading Hand

30 Years:

Sandra Hunter	Support Worker (HACC)
Maree Neil	Support Worker (HACC)
Peter Flenley	Grader Driver / Leading Hand
Brian Hayes	Grader Driver / Leading Hand
Kevin Trengove	Plant Operator
Desmond Lindsay	Plant Operator
Trevor Robinson	Truck / Water Cart Driver

35 Years

Greg Lofts	Manager Human Resources
Trevor Thomson	Works Officer Beaufort
Ian Robinson	Works Officer Avoca

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

Years of Service	No. of Staff Members
15	5
20	5
25	4
30	7
35	3

Workcover

The Pyrenees Shire Council experienced a number of claims during the 2015/2016 insurance period, with the claims profile detailed below.

Claims Profile

2015/2016

Claims under Section 98, 98A, 98C, 98E 7 103(1)(b) of the Act

Claims

- Minor (under Council's liability for lost time and medical costs)	4
- Major (exceeds Council's liability for lost time and medical costs)	2

The total time lost as a result of these claims were:

- Minor claims	229.0 hours lost
- Major Claims	152.0 hours lost

Note: of the Minor Claims, 93.0 hours lost related to claims registered in 2014/2015.

Council continues its strategy to encourage the return to work of injured employees and all staff associated with these claims are undertaking full pre-injury duties.

Cambron Human Resource Manager

Council undertakes annual performance appraisals for employees through its electronic database system - Cambron Human Resource Manager.

The electronic database system allows employees to record achievement during the year and assists Managers to monitor and track employee performance in three major areas:

- Objective setting and review
- Behavioural feedback and
- Development planning and review.

All 2016 performance reviews were completed.

Industrial Relations

The third increment under Council's 2013 Enterprise Agreement was implemented on the first pay period after the 15th October, 2015.

The 2013 Enterprise Agreement will expire on the 17th December, 2016 and negotiations for a new 2016 Enterprise Agreement have commenced.

Equal Employment Opportunity Program

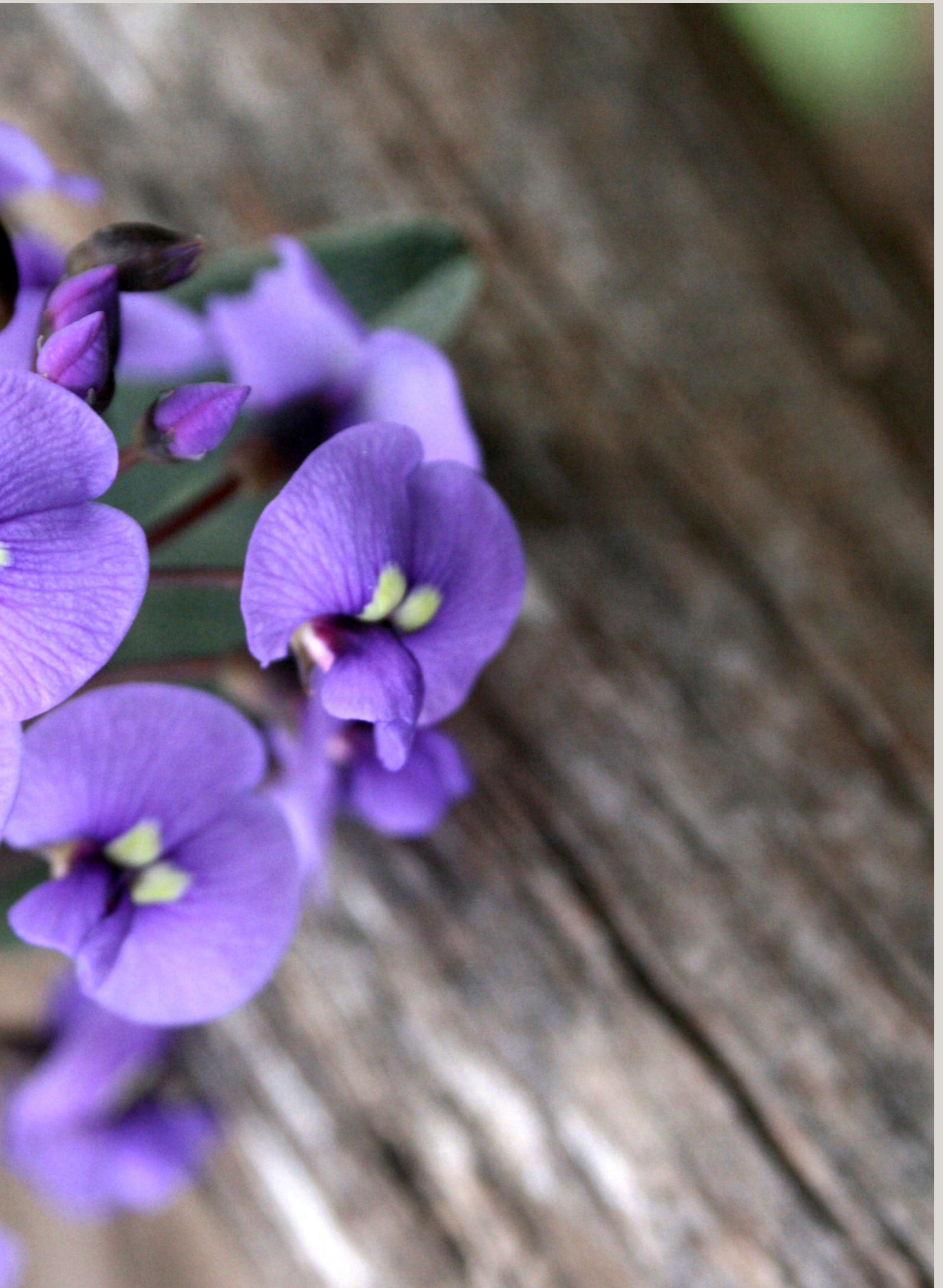
A Council with 40 or more members of staff must have developed and implemented an Equal Employment Opportunity Program. Pyrenees Shire Council has implemented an Equal Employment Opportunity Program which is designed to eliminate discrimination against and promote equal opportunity for women and persons in designated groups in relation to employment matters.

The objective of Council's Equal Employment Opportunity Program is to ensure there is no discrimination relating to the characteristics listed under the Equal Opportunity Act 2010 such as race, colour, sex, marital status, parenthood, physical or mental impairment, age, religious or political affiliation, gender identity and sexual orientation. Further objectives include ensuring the workplace is free from bullying and harassment.



*Section 5:
Our
Performance*



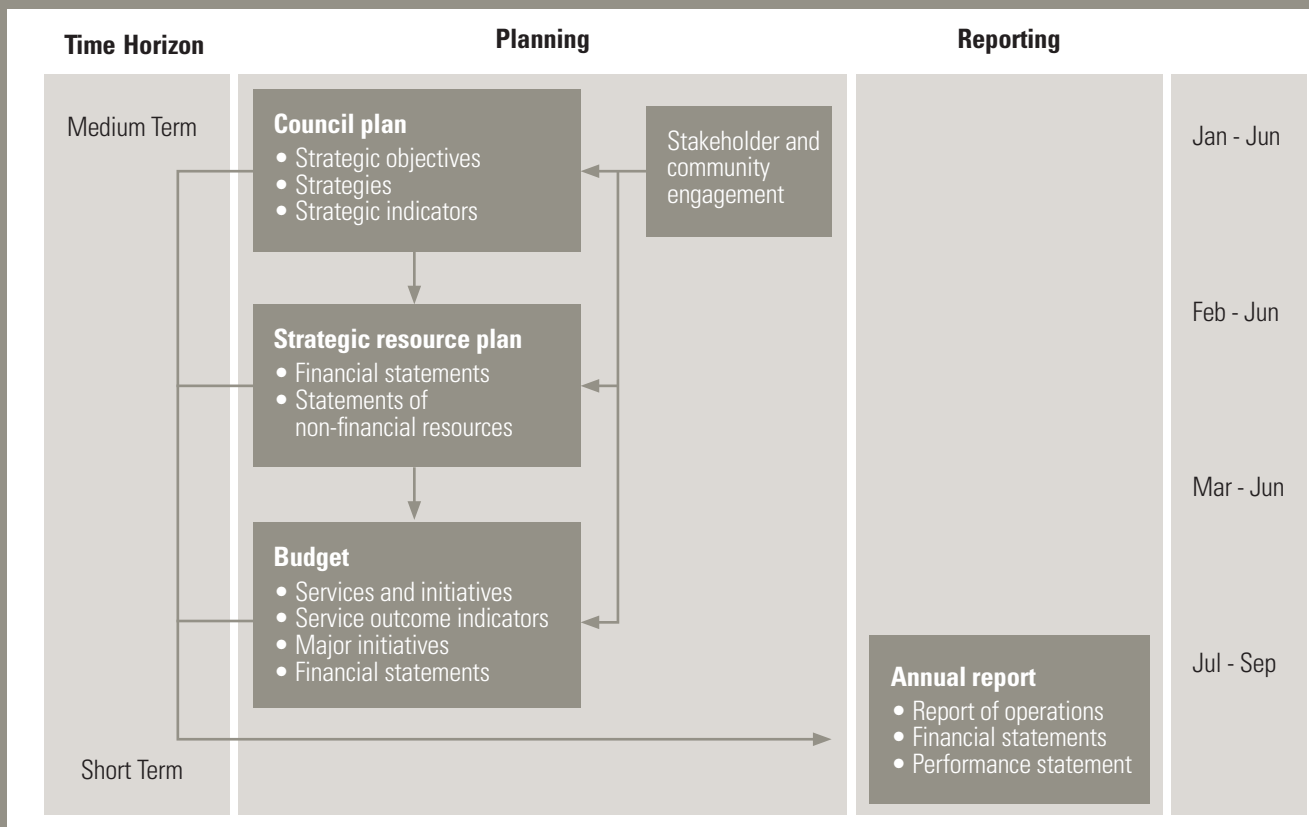


Planning and Accountability Framework

The Planning and Accountability Framework is found in part 6 of the Act. The Act requires councils to prepare the following planning and reporting documents:

- A council plan within the six months after each general election or by 30 June, whichever is later;
- A strategic resource plan for a period of at least four years and include this in the council plan;
- A budget for each financial year;
- An annual report in respect of each financial year.

The following diagram shows the relationships between the key planning and reporting documents that make up the planning and accountability framework for local government. It also shows that there are opportunities for community and stakeholder input and feedback at each stage of the planning and reporting cycle.



Council Plan Performance

The Council Plan 2013-17 includes strategic objectives, strategies for achieving these for the four year period, strategic indicators for monitoring achievement of the strategic objectives and a strategic resource plan. The following are the five strategic objectives as detailed in the Council Plan.

1. Leadership

We will provide community leadership and advocacy to ensure we are a financially sustainable organisation, working hard to improve the economic, social and environmental wellbeing of the Pyrenees Shire.

2. Community

We will provide safe, functional and well utilised assets and services, to enhance the quality of life of residents and promote connected, active and resilient communities.

3. Roads

We will maintain a safe and effective road system that caters for all road users within the Shire.

4. Commerce

We will develop the local economy and increase the population of the Pyrenees Shire.

5. Environment

We will show effective leadership in managing our own environmental impacts as well as in the management of the local natural and built environment.

Council's performance for the 2015/16 year has been reported against each strategic objective to demonstrate how council is performing in achieving the 2013/17 Council Plan. Performance has been measured as follows:

- Results achieved in relation to the strategic indicators in the Council Plan
- Progress in relation to the major initiatives identified in the budget
- Services funded in the budget and the persons or sections of the community who are provided those services
- Results against the prescribed service performance indicators and measures.

Strategic Objective 1: Leadership

To achieve our objective of Leadership, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, major initiatives and service performance indicators for each business area are described below.

Services, projects and programs supporting this key result area

- Corporate Governance
- Councillor Support
- Audit Program
- Human Resource Management
- Occupational Health and Safety
- Communications
- Customer Service
- Records Management
- Emergency Management
- Information Technology
- Domestic Animal Services

- Local Laws Enforcement
- Rating / Property Services
- Risk Management
- Financial Management

Strategic Indicator/Measure (Council Plan)

Service	Measure	Source	Target	Result
Governance	Community Consultation	LGPR – Community Satisfaction Survey	57	The Community Consultation score of 56 is one point higher than the small rural council average and two points higher than the state wide average.
Governance	Overall Council Direction	LGPR – Community Satisfaction Survey	53	The Overall Council Direction score of 54 is four points higher than the small rural council average and three points higher than the state wide average.
Governance	Councillor Conduct – no breaches of the Councillor Code of Conduct.	Internal	0	There were no breaches of the Councillor Code of Conduct.
Financial	Maintain a Rate to debt ratio below 35%	Internal	<35%	Council's rate to debt ratio of 6.79% is significantly lower than the target due to Council's debt reduction policy. Council will be debt free by the 30 September 2016.
Financial	Maintain a working capital ratio above 150%	Internal	>150%	Council's working capital ratio of 197% is above target due to carry forward capital works including residential and industrial land development.

Major Initiative (Budget)

Major Initiatives	Status	Progress
Lobby for Federal and State Government funding to construct the Beaufort Bypass.	✓	The CEO and Mayor participate in the Central Highlands Regional Planning Committee and the review and development of the Regional Investment Plan, which is considered the best tool for advocating on regional projects.
Undertake a review to assess the cost benefit of gaining quality accreditation for AS4801, ISO9001 and ISO14001.	✓	Internal Audit has been conducted on the Quality Accreditation System and reported to the Audit Committee and a briefing session of Council. A subsequent report was presented to Council at the April Council meeting.
Develop the Moonambel Water, Beaufort Bypass, and telecommunications upgrade priority projects to the stage of shovel ready to attract government funding.	→	<p>Moonambel Water – Feasibility Plan prepared and presented to Council. Community information session held October 2015. Federal government announced on 8 June 2016 \$180,000 to fast-track the feasibility study for Moonambel water supply project under the NWID fund. Application to the state government has been made through RDV for a further \$50,000 funding for the technical and planning work.</p> <p>Beaufort Bypass - Minister for Planning determined that an EES is required and a Technical Reference Group has been established to provide input into the technical aspects of the planning process with Pyrenees Shire Council officer participating. Local Federal Member Dan Tehan and Minister for Major Projects, Territories and Local Governments, Paul Fletcher announced \$25M towards the bypass on 7 June 2016 towards design and land acquisition.</p> <p>Telecommunications – Federal funding was announced for Base Stations at Moonambel and Landsborough. Council has entered into a Memorandum of Understanding with Telstra for both sites. Several other sites including Lexton have been nominated for possible future funding on the blackspot database. Dialogue occurring between CEO and Telstra in respect of implementation of round 1 projects and round 2 applications.</p>
In conjunction with the MAV advocate for continuance of Country Roads and Bridges and Local Government Infrastructure Funding.	✓	Infrastructure funding included as part of the MAV State Council advocacy program and resolutions endorsed in October 2015. Mayor and CEO lobbied Parliamentary Secretary to Premier, Colin Brooks at meeting held on 2 June 2016 on roads and infrastructure funding.
Undertake a review of the Customer Action Request System (CARS) including the development of service standards to drive improved response to customer requests.	✓	Internal Audit has been conducted on the CARS system and reported to the Audit Committee and a briefing session of Council. A subsequent report was presented to Council at the April Council meeting.

Report of Operations

	Service Performance Indicators <i>Service/indicator/measure</i>	Results 2015	Results 2016	Material Variations and Comments
	Governance			
	Transparency			
G1	Council decisions made at meetings closed to the public	14.00%	13.71%	Continued focus on ensuring that only confidential items are dealt with in meetings closed to the public.
	[Number of Council resolutions made at ordinary or special meetings of Council, or at meetings of a special committee consisting only of Councillors, closed to the public / Number of Council resolutions made at ordinary or special meetings of Council or at meetings of a special committee consisting only of Councillors] x100			
	Consultation and engagement			
G2	Satisfaction with community consultation and engagement	58.00	56.00	
	Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement			
	Attendance			
G3	Councillor attendance at council meetings	100.00%	97.14%	
	[The sum of the number of Councillors who attended each ordinary and special Council meeting / (Number of ordinary and special Council meetings) × (Number of Councillors elected at the last Council general election)] x100			
	Service cost			
G4	Cost of governance	\$47,483.04	\$42,928.53	Focus on cost efficiency has produced savings, costs associated with necessary travel continues to be a significant cost component.
	[Direct cost of the governance service / Number of Councillors elected at the last Council general election]			
	Satisfaction			
G5	Satisfaction with council decisions	57.00	56.00	
	[Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]			

Local Government Community Satisfaction Survey Results – Council's Performance

Overall Performance

2014	63
2015	62
2016	61
Small Rural Shires 2016	57
State-wide 2016	59

Community Consultation

2014	58
2015	58
2016	56
Small Rural Shires 2016	55
State-wide 2016	54

Advocacy

2014	56
2015	57
2016	55
Small Rural Shires 2016	54
State-wide 2016	53

Making Community Decisions

2014	57
2015	57
2016	56
Small Rural Shires 2016	53
State-wide 2016	54

Customer Service

2014	71
2015	72
2016	72
Small Rural Shires 2016	69
State-wide 2016	69

Overall Council Direction

2014	54
2015	54
2016	54
Small Rural Shires 2016	50
State-wide 2016	51





Strategic Objective 2: Community

To achieve our objective of Community we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, initiatives, major initiatives and service performance indicators for each business area are described below.

Services, projects and programs supporting this key result area

- Community Action Planning
- Community Development
- Recreation
- Arts and Culture
- Youth Services
- Aged and Disability Services
- Family Day Care
- Transport Connections
- Emergency Recovery Management
- Maternal and Child Health
- Library Services
- Community Resource Centres
- Community Grants

Strategic Indicator/Measure (Council Plan)

Service	Measure	Source	Target	Result
Home & Community Care	Participation in HACC service (Percentage of the municipal target population that receive a HACC service)	LGPR	100%	Participation in HACC services remained steady this year at 26.75% compared with 30% last year.
Maternal & Child Health	Participation in MCH key ages and stages visits (Percentage of children attending the MCH key ages and stages visits)	LGPR	85%	Participation in MCH services remained steady this year at 86.63% compared with 87% last year.
Maternal & Child Health	Participation in community immunisation programs	Internal	95%	Participation in community immunisation has remained strong this year with all age categories achieving targets: 12-15 months - 96.5% 24-27 months - 100% 60-63 months - 95%
Libraries	Active library members (Percentage of the municipal population that are active library members)	LGPR	21%	The percentage of active Library members (10.80%) declined slightly this year compared to last year (13%) due to changes in how the community uses the library.
Pool Facilities	Utilisation of pool facilities (The number of visits to pool facilities per head of municipal population)	LGPR	30%	This year Council has experiences a 62% increase in patronage at its swimming pools resulting in the Utilisation of Council aquatic facilities increasing from 1.69 in 2014/15 to 2.81 in 2015/16.
Animal Management	Animal management prosecutions (Number of successful animal management prosecutions)	LGPR	100%	There were no animal prosecutions this year.
Food Safety	Critical and major non-compliance notifications (Percentage of critical and major non-compliance notifications that are followed up by Council)	LGPR	100%	Council followed up two of the four non-compliance notifications during the year. Two of the four were not followed up due to business closure and operating circumstances.
Community	Ensure the most up to date version of Community Action Plans is on the website by 31 October to be considered in the budget process.	Internal	100%	All revised community action plans were updated on the website.

Major Initiative (Budget)

Major Initiatives	Status	Progress
Develop and implement a Council Recreation Strategy to ensure our communities have access to resources and facilities the encourage participation.	✓	Funding application successful. Project brief prepared for tender in 2016/17.
Complete the Lexton Hub concept feasibility study.	✓	Lexton Community Hub Feasibility Study completed.
Lobby State and Federal Government to ensure investment in community services and facilities.	✓	Regional Development Minister (State) lobbied on former Beaufort Primary School site. Parliamentary Secretary for Health (State) lobbied for continuation of funding for preventative health. Shadow Treasurer (Federal) lobbied on telecommunications, roads and agriculture. State government (DELWP and RDV) lobbied for funding assistance for drought initiatives. Mayor and CEO lobbied Parliamentary Secretary to Premier, Colin Brooks on numerous infrastructure and services projects at meeting held on 2 June 2016.

Report of Operations

	Service Performance Indicators <i>Service/indicator/measure</i>	Results 2015	Results 2016	Material Variations and Comments
	Aquatic Facilities			
	Satisfaction			
AF1	User satisfaction with aquatic facilities (optional)	0.00	0.00	
	[User satisfaction with how council has performed on provision of aquatic facilities]			
	Service standard			
AF2	Health inspections of aquatic facilities	0.00	1.33	Inspections conducted by a contractor to conduct biological and chemical analysis including laboratory testing and for review by Council's authorised officer.
	[Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]			
	Health and Safety			
AF3	Reportable safety incidents at aquatic facilities	0.00	0.00	There were no reportable incidents.
	[Number of WorkSafe reportable aquatic facility safety incidents]			

	Service Performance Indicators Service/indicator/measure	Results 2015	Results 2016	Material Variations and Comments
	Service cost			
AF4	Cost of indoor aquatic facilities	\$0.00	\$0.00	
	[Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities]			
	Service Cost			
AF5	Cost of outdoor aquatic facilities	\$17.73	\$14.10	Reduction in cost per person is associated with a 62% increase in visits to the pools in 2015/16.
	[Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]			
	Utilisation			
AF6	Utilisation of aquatic facilities	1.69	2.81	Increased utilisation of aquatic facilities is being driven by a 62% increase in pool visits in 2015/16.
	[Number of visits to aquatic facilities / Municipal population]			
	Animal Management			
	Timeliness			
AM1	Time taken to action animal management requests	0.00	1.00	Majority of animal requests are diarised and initiated on the day of receipt.
	[Number of days between receipt and first response action for all animal management requests / Number of animal management requests]			
	Service standard			
AM2	Animals reclaimed	28.00%	23.68%	Cost of reclaiming animals acts as a deterrent for collection. Costs include fees and travel and are impacted by remoteness and current economic climate.
	[Number of animals reclaimed / Number of animals collected] x100			
	Service cost			
AM3	Cost of animal management service	\$48.67	\$48.02	Cost of animal management services has remained consistent with prior year.
	[Direct cost of the animal management service / Number of registered animals]			
	Health and safety			
AM4	Animal management prosecutions	0.00	0.00	There were no animal management prosecutions.
	[Number of successful animal management prosecutions]			

	Service Performance Indicators Service/indicator/measure	Results 2015	Results 2016	Material Variations and Comments
	Food Safety			
	Timeliness			
FS1	Time taken to action food complaints	0.00	1.00	
	[Number of days between receipt and first response action for all food complaints / Number of food complaints]			
	Service standard			
FS2	Food safety assessments	72.00%	94.37%	Improved food safety assessments driven by increased focus on assessment activity.
	[Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the Food Act 1984 / Number of registered class 1 food premises and class 2 food premises that require an annual food safety assessment in accordance with the Food Act 1984] x100			
	Service cost			
FS3	Cost of food safety service	\$392.39	\$335.34	Improved food safety assessment process has delivered efficiencies.
	[Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984]			
	Health and safety			
FS4	Critical and major non-compliance outcome notifications	100.00%	50.00%	Of the small number of non-compliance issues two of the four were not followed up due to business closure and operating circumstances.
	[Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100			

	Service Performance Indicators Service/indicator/measure	Results 2015	Results 2016	Material Variations and Comments
	Home and Community Care (HACC)			
	Timeliness			
HC1	Time taken to commence the HACC service	0.00	4.33	
	[Number of days between the referral of a new client and the commencement of HACC service / Number of new clients who have received a HACC service]			
	Service standard			
HC2	Compliance with Community Care Common Standards	50.00%	50.00%	Audit was conducted on the 17th March 2014. All standards that were not met during the audit have now been implemented to the satisfaction of the department.
	[Number of Community Care Common Standards expected outcomes met / Number of expected outcomes under the Community Care Common Standards] x100			
	Service cost			
HC3	Cost of domestic care service	\$0.00	\$67.04	Travel costs associated with a sparsely populated shire increases costs.
	[Cost of the domestic care service / Hours of domestic care service provided]			
	Service cost			
HC4	Cost of personal care service	\$0.00	\$59.12	Travel costs associated with a sparsely populated shire increases costs.
	[Cost of the personal care service / Hours of personal care service provided]			
	Service cost			
HC5	Cost of respite care service	\$0.00	\$65.37	Travel costs associated with a sparsely populated shire increases costs.
	[Cost of the respite care service / Hours of respite care service provided]			
	Participation			
HC6	Participation in HACC service	30.00%	26.75%	Less people have chosen to take up the service which may be driven by other providers now providing services in the region.
	[Number of people that received a HACC service / Municipal target population for HACC services] x100			

	Service Performance Indicators Service/indicator/measure	Results 2015	Results 2016	Material Variations and Comments
	Participation			
HC7	Participation in HACC service by CALD people	32.00%	34.85%	Participation in HACC services by CALD clients fluctuates with clients moving in and out of the service.
	[Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100			
	Libraries			
	Utilisation			
LB1	Library collection usage	3.26	2.91	The way the community uses the library has changed, with borrowings and active members decreasing while visitations have increased.
	[Number of library collection item loans / Number of library collection items]			
	Resource standard			
LB2	Standard of library collection	76.00%	78.28%	Standard of Library collection has improved as a result of increased investment into new books.
	[Number of library collection items purchased in the last 5 years / Number of library collection items] x100			
	Service cost			
LB3	Cost of library service	\$4.72	\$5.63	Increased cost of Library Service is the result of our better understanding of the way these multi use facilities are used, which has driven a change to the allocation of costs amongst the various uses of the Resource Centres.
	[Direct cost of the library service / Number of visits]			
	Participation			
LB4	Active library members	13.00%	10.80%	The way the community uses the library has changed, with borrowings and active members decreasing while visitations have increased.
	[Number of active library members / Municipal population] x100			

	Service Performance Indicators Service/indicator/measure	Results 2015	Results 2016	Material Variations and Comments
	Maternal and Child Health (MCH)			
	Satisfaction			
MC1	Participation in first MCH home visit	93.00%	106.98%	Participation in first home visits has remained strong.
	[Number of first MCH home visits / Number of birth notifications received] x100			
	Service standard			
MC2	Infant enrolments in the MCH service	97.00%	100.00%	All children for which Council received a birth notification enrolled with Maternal Child Health.
	[Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x100			
	Service cost			
MC3	Cost of the MCH service	\$0.00	\$74.12	
	[Cost of the MCH service / Hours worked by MCH nurses]			
	Participation			
MC4	Participation in the MCH service	87.00%	86.63%	
	[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100			
	Participation			
MC5	Participation in the MCH service by Aboriginal children	100.00%	66.67%	Low numbers of participants in this service can create high variations year on year.
	[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100			

Maternal & Child Health Service Provision

	2013/14	2014/15	2015/16
Number of infants enrolled from birth notifications	58	68	43
Number of new enrolments	85	90	63
Number of active infant records	293	276	269
Additional consultations	306	296	327
Telephone consultations	108	117	123
Community Strengthening Activities	7	25	19

Home and Community Care Service Provision

	2012/13	2013/14	2014/15	2015/16
Domestic Assistance	7,035 hours	5,671 hours	4,945 hours	4,357 hours
Personal Care	1,070 hours	1,275 hours	1,188 hours	3,713 hours
Respite Care	1,589 hours	1,680 hours	2,217 hours	306 hours
Delivered Meals	3,312 meals	5,218 meals	5,381 meals	4,033 meals
Home Modifications	86 hours	142 hours	63 hours	149 hours
Assessment	521 hours	619 hours	706 hours	961 hours
Planned Activity Groups	5,940 hours	5,415 hours	8,199 hours	4,798 hours
Community Meals			247 meals	703 meals
Podiatry	78 hours	52 hours	108 hours	88 hours

Community Grants

The following community groups were awarded funding under Council's Community Grants program.

Community Group Name	Grant Amount
Avoca and District Historical Society	\$1,000
Wednesday Knitters & Craft Group Pyrenees Art Council	\$289
Wimmera Axe Men's Association	\$1,000
Landsborough & District Historical Group	\$1,420
Natte Yallock Recreation Reserve Committee of Management	\$800
Moonambel Public Hall Committee of Management	\$1,500
Redbank Recreation Reserve	\$1,500
Snake Valley Hall Committee of Management	\$920
Waubra Pre-school	\$1,000
Granite Hill Quilty Inc.	\$750
Lake Goldsmith Hall Committee of Management	\$1,200
Avoca Friends of the Pool Committee	\$500
Avoca Golf Bowling Club Inc.	\$1,430
Avoca and District Country Women's Association	\$600
Lexton Public Hall Inc.	\$1,500
Beaufort & Skipton Health Services Foundation Ltd.	\$1,500
UMEC Landcare Network Inc.	\$1,500
Beaufort & District Little Athletics Inc.	\$1,500
Amphitheatre Mechanics Institute	\$1,500
Avoca Business & Tourism Inc.	\$1,320
Landsborough and District Community Newspaper Inc.	\$760
Moonambel Events Inc.	\$1,100
Avoca Football Netball Club	\$750
Beaufort Municipal Band Inc.	\$1,500
Redbank Cemetery Trust	\$1,250
Avoca Football Netball Club	\$500
Waubra Football Club Ladies Committee	\$1,500
Glenpatrick Recreation Reserve Committee of Management	\$1,500
Beaufort Knitting and Craft Group (affiliated) Pyrenees Arts Council	\$380
Landsborough Primary School Parents Club	\$1,000
Avoca Arts and Gardens Club	\$750
Total Community Grant Funding	\$33,719



Emergencies Happen

Think ahead, know what to do

Pyrenees Emergency Communications – Small Towns Network Project

A community led emergency readiness program for small communities across the Pyrenees Shire to help households and their communities plan for and safely react to emergencies.

Project commenced in May 2015 with the engagement of a Project Advisory Group consisting of local community representatives, emergency service personnel and council officers to determine the direction of the project.

After meeting with local community members, conducting extensive research and liaising with organisations currently delivering safety awareness, the Pyrenees Community Emergency Planning Toolbox was produced.

With the key message of Emergencies Happen: Think ahead, know what to do, the toolbox includes a suite of eight (8) practical tools that can be used to help household members be more prepared and to develop their connections with others within their communities.

Strategies behind the Tools & Toolbox:

- Simple, don't require a lot of actions in order to be able to use them.
- To help reduce the number of decisions that needs to be made if an emergency was to occur.
- To start conversations in households to encourage people to think ahead at the very least.
- Can be utilised across a number of situations both small (everyday) and large emergencies, so worthwhile utilising.
- Suitable for a variety of residents – as targeted at households.
- Ability to customise/or have been personalised to localities – making them more relevant.
- Complements activities that the CAP groups already do, kit well received as a resource.

Utilising the local knowledge and networks of the Community Action Planning groups in each of the small towns visited has ensured the most relevant tools are selected from the toolbox for their community and their networks utilised to help distribute the tools to local households.

The total numbers of tools distributed to date are:

Tool	No.
Sharing Numbers with your Neighbours Postcards	4761
My Household Emergency Plans	1609
Emergency Need to Leave Bags	1000
Local Town Emergency Plans	1497
Town Emergency Signage	28
Magnets	1437



Photo: Emergency Management Victoria Commissioner Craig Lapsley, Pyrenees Shire Council Chief Executive Officer Jim Nolan, Parliamentary Secretary for Justice Ben Carroll and Project Officer Tanya Cullen (front) at the Resilient Australia Awards.

Council Highly Commended at Resilient Australia Awards – Victorian Ceremony

Pyrenees Shire Council has been highly commended in its efforts to build a safer and better prepared community during emergencies at the 2015 Victorian Ceremony for the Resilient Australia Awards.

Now in their 16th year, the national awards promote local projects that help make communities safer and better prepared for natural disasters, such as bushfires or floods.

Pyrenees Shire Council was highly commended in the government category for its Emergencies Happen in the Pyrenees: Think ahead, know what to do initiative.

The project developed a suite of eight practical tools that can be used to help household members be more prepared and to develop their connection with others within their communities.

It is important to acknowledge the commitment of the Project Advisory Group which included Regional Emergency Services Personnel and local community representatives, who met regularly to develop the project.

Council would also like to thank the community members in each of the small towns involved in the rollout of the project, without their enthusiasm, local knowledge and networks the project would not have been able to reach the number of residents it has.

*Local Government Community
Satisfaction Survey Results –
Council's Performance*

Elderly Support Services

2014	70
2015	70
2016	69
Small Rural Shires 2016	70
State-wide 2016	68

Family Support Services

2014	58
2015	68
2016	68
Small Rural Shires 2016	66
State-wide 2016	66

Recreation Facilities

2014	67
2015	69
2016	65
Small Rural Shires 2016	68
State-wide 2016	69



Strategic Objective 3: Roads

To achieve our objective in our Roads area, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, major initiatives and service performance indicators for each business area are described below.

Services, projects and programs supporting this key result area

- Asset Management
- Engineering Design
- Avoca and Beaufort Works
- Contract Management
- Road Maintenance
- Bridge Maintenance

Strategic Indicator/Measure (Council Plan)

Service	Measure	Source	Target	Result
Roads	Satisfaction with sealed local roads (Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads)	LGPR – Community Satisfaction Survey	57	The satisfaction with sealed local roads score of 54 is two points higher than the small rural council average and equal to the state wide average.
Roads	Sealed roads resealed	Internal	4.2%	Council resealed 4.48% of its sealed road network during the year.
Roads	Unsealed roads resheeted	Internal	2.8%	Council resheeted 2.91% of its unsealed road network during the year.
Roads	% of roads capital works budget expended	Internal	95%	Council completed 96% of the Council funded roads budget.

Major Initiative (Budget)

Undertake a review of the Asset Management Strategy through a community and focus group consultation process.

Report of Operations

	Service Performance Indicators Service/indicator/measure	Results 2015	Results 2016	Material Variations and Comments
	Roads			
	Satisfaction of use			
R1	Sealed local road requests	17.71	13.81	Sealed local road requests have decreased in the past year due to recent significant investment in the sealed road network.
	[Number of sealed local road requests / Kilometres of sealed local roads] x100			
	Condition			
R2	Sealed local roads below the intervention level	100.00%	99.98%	Roads below intervention level have remained consistent with prior year.
	[Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] x100			
	Service cost			
R3	Cost of sealed local road reconstruction	\$25.78	\$45.01	Price increase associated with complexity, size, cartage distance and type of pavement material used in reconstruction jobs.
	[Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]			
	Service Cost			
R4	Cost of sealed local road resealing	\$5.33	\$4.01	Price reduction is being driven by decreasing cost of bitumen.
	[Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]			
	Satisfaction			
R5	Satisfaction with sealed local roads	55.00	54.00	
	[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]			

Local Government Community Satisfaction Survey Results – Council’s Performance

Sealed Local Roads

2014	56
2015	55
2016	54
Small Rural Shires 2016	52
State-wide 2016	54

Streets and Footpaths

2014	58
2015	56
2016	58
Small Rural Shires 2016	58
State-wide 2016	57

Unsealed Roads

2014	46
2015	43
2016	45
Small Rural Shires 2016	44
State-wide 2016	43



Strategic Objective 4: Commerce

To achieve our objective of Commerce, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, major initiatives and service performance indicators for each business area are described below.

Services, projects and programs supporting this key result area

- Support Key Industry Sectors
- Partnerships which support local Business Associations
- Provide training and mentoring opportunities for small business owners
- Plan for and initiate growth of Tourism
- Nurture and grow festivals and events
- Capitalise on nature-based tourism opportunities
- Help develop infrastructure that supports the growth of local industries
- Seek improved Telecommunications
- Capitalise on Renewable Energy Opportunities
- Caravan Parks

Strategic Indicator/Measure (Council Plan)

Service	Measure	Source	Target	Result
Economic Development	Growth in Shire output	External	Increase	Growth in output for the Pyrenees Shire grew by 0.5% in 2015/16.
Economic Development	Change in number of businesses (Percentage change in the number of businesses with an ABN in the municipality)	LGPR	Increase	The total number of businesses with an ABN grew in 2015/16.
Population	Population Growth	Internal	1%	The estimated growth in the Pyrenees Shire population was 0.5%.

Major Initiative (Budget)

Major Initiatives	Status	Progress
Drive economic growth and prosperity through advocacy for the provision of telecommunication under the Federal Government Blackspot funding.	✓	Council provided formal support for Telstra's successful round 1 bid for Moonambel and Landsborough base stations, along with advocacy through Member for Wannon. Further advocacy for Lexton and other sites provided in support of round 2 bids.
Implement the recommendations for the master plans for the Beaufort, Avoca and Landsborough Caravan Tourist Parks.	→	\$300K infrastructure project at Beaufort completed in 2014/15. Further investment dependant on availability of capital funds.
Support the economic development in the agricultural sector in particular intensive and irrigated agriculture by undertaking further strategic work.	✓	Ballarat still working on Line of Sight project and completion of report for stakeholders. Anticipated completion April 2016, with actions identified in the report to then be acted on. Drought work undertaken through the Drought Recovery Committee which has included the David Parkin evening at Natte Yallock and Landsborough.

Local Government Community Satisfaction Survey Results – Council's Performance

Business / Development / Tourism

2014	N/A
2015	62
2016	60
Small Rural Shires 2016	61
State-wide 2016	60



Strategic Objective 5: Environment

To achieve our objective of Quality Service, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services. The services, major initiatives and service performance indicators for each business area are described below.



Services, projects and programs supporting this key result area

- Statutory Planning
- Strategic Planning
- Building Services
- Places of Public Entertainment (PoPE)
- Environmental Health
- Environment and Sustainability
- Native Vegetation
- Roadside Weeds and Pests
- Waste Management and Recycling
- Landfill Rehabilitation

Strategic Indicator/Measure (Council Plan)

Service	Measure	Source	Target	Result
Environment and Health	% of required septics inspected as prescribed by the Domestic Wastewater Management Plan.	Internal	100%	Council adopted the Domestic Waste Water Management Plan in 2015/16. To 30 June 2016 35% of the required septics were inspection.
Planning	Number of VCAT decisions that overturn Council decisions Planning permits processed within statutory time limits.	Internal	Nil	No Council planning decisions were taken to VCAT in 2015/16.
Planning	Planning permits processed within statutory time limits.	Internal	90%	Council processed 97% of all planning applications within 60 days.
Planning	Planning decisions deferred by Council.	Internal	0	No planning decisions were deferred by Council in 2015/16.
Waste	Reduce waste to 280 kilograms per assessment per annum.	Internal	280	1,060 tonnes of kerbside waste put into landfill during 2015/16. This equated to 486 kg of waste per household receiving kerbside collection.

Major Initiative (Budget)

Major Initiatives	Status	Progress
Implement the Environment and Sustainability Strategy.		Current strategy is overdue for review. A number of actions have been undertaken from the previous strategy and unactioned items need to form the basis of new action plan.
Implement the municipal waste management plan to reduce the amount of waste sent to landfill and to encourage recycling.		Council undertook a review of its Municipal Waste Management Plan and a final plan was presented in early 2016.

Report of Operations

	Service Performance Indicators <i>Service/indicator/measure</i>	Results 2015	Results 2016	Material Variations and Comments
	Statutory Planning			
	<i>Timeliness</i>			
SP1	Time taken to decide planning applications	67.00	38.00	Improvement in planning application processing times is the result of a continuous improvement program aimed at working with applicants prior to lodging their applications, to ensure they have the necessary information to support their application.
	[The median number of days between receipt of a planning application and a decision on the application]			
	<i>Service standard</i>			
SP2	Planning applications decided within 60 days	99.00%	97.00%	97% of Planning Applications were decided within 60 days.
	[Number of planning application decisions made within 60 days / Number of planning application decisions made] x100			
	<i>Service cost</i>			
SP3	Cost of statutory planning service	\$1,768.79	\$1,660.43	
	[Direct cost of the statutory planning service / Number of planning applications received]			
	<i>Decision making</i>			
SP4	Council planning decisions upheld at VCAT	100.00%	0.00%	There were no planning applications decided by VCAT.
	[Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100			

Report of Operations

	Service Performance Indicators Service/indicator/measure	Results 2015	Results 2016	Material Variations and Comments
	Waste Collection			
	Timeliness			
WC1	Kerbside bin collection requests	64.44	57.75	Improved service level driven by improved contractor performance.
	[Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x1000			
	Service standard			
WC2	Kerbside collection bins missed	3.26	2.30	Improved service level driven by improved contractor performance.
	[Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x10,000			
	Service cost			
WC3	Cost of kerbside garbage bin collection service	\$86.36	\$85.27	Kerbside collection service is a contracted service subject to market testing.
	[Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]			
	Service cost			
WC4	Cost of kerbside recyclables collection service	\$45.48	\$48.14	Kerbside collection service is a contracted service subject to market testing.
	[Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]			
	Waste diversion			
WC5	Kerbside collection waste diverted from landfill	42.00%	38.61%	Variance is due in the main to increased waste volumes received.
	[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100			

*Local Government Community
Satisfaction Survey Results –
Council's Performance*

Waste Management

2014	73
2015	71
2016	70
Small Rural Shires 2016	69
State-wide 2016 -	70

Planning and Building Permits

2014	51
2015	54
2016	54
Small Rural Shires 2016	50
State-wide 2016	50



Governance, Management and other information

Governance

The Pyrenees Shire Council is constituted under the Local Government Act 1989 to provide leadership for the good governance of the municipal district and the local community. Council has a number of roles including:

- Taking into account the diverse needs of the local community in decision-making.
- Providing leadership by establishing strategic objectives and monitoring achievements.
- Ensuring that resources are managed in a responsible and accountable manner.
- Advocating the interests of the local community to other communities and governments.
- Fostering community cohesion and encouraging active participation in civic life.

Council is committed to effective and sustainable forms of democratic and corporate governance as the key to ensuring that Council and its administration meet the community's priorities. The community has many opportunities to provide input into Council's decision-making processes including community consultation and public forums such as ward meetings.

Council's formal decision-making processes are conducted through Council meetings and Special Committees of Council. Council delegates the majority of its decision-making to Council staff. These delegations are exercised in accordance with adopted Council policies.

Council Meetings

Council conducts its business in open and publically advertised meetings. Ordinary Council Meetings are usually held on the third Tuesday of each month at the Council Chambers in Beaufort, commencing at 6pm. During the year an Ordinary Council Meeting was also held in Avoca on the 19th April 2016.

The Statutory Meeting, which included election of the Mayor, was held in Lexton on the 10th November 2016.

Councillor Attendance at Council Meetings

Date	Cr Kehoe	Cr Clark	Cr O'Connor	Cr Eason	Cr Vance
21st July 2015	Y	Y	Y	Y	Y
18th August 2015	Y	Y	Y	Y	Y
15th September 2015	Y	Y	Y	Y	Y
20th October 2015	Y	Y	Y	Y	Y
10th November 2015 (Statutory)	Y	Y	Y	Y	Y
17th November 2015	Y	Y	Y	Y	Y
8th December 2015	N	Y	Y	Y	Y
19th January 2016 (Special)	N	Y	Y	Y	Y
16th February 2016	Y	Y	Y	Y	Y
15th March 2016	Y	Y	Y	Y	Y
19th April 2016	Y	Y	Y	Y	Y
17th May 2016	Y	Y	Y	Y	Y
14th June 2016 (Special)	Y	Y	Y	Y	Y
21st June 2016	Y	Y	Y	Y	Y

Code of Conduct

Council has adopted a Code of Conduct to provide guidance to Councillors on ethical conduct and the standard of behaviours expected in relation to other Councillors, Council staff and the community.

The Code of Conduct is reviewed annually and is available upon request from Council.

A conflict of interest occurs when a personal or private interest might compromise the ability to act in the public interest. A conflict of interest exists even if no improper act results from it. Council has a comprehensive procedure in place to accommodate the disclosure of a conflict of interest. Declaration of a conflict of interest is a standard agenda item for all Council meetings.

Conflict of Interest

Councillors are elected by the residents and ratepayers to act in the best interests of the community. This is a position of trust that requires Councillors to act in the public interest. When a Council delegates its powers to a Council officer or a committee, the committee or officer also needs to act in the public interest.

While the procedures vary depending on the particular role and circumstances, in general they involve disclosing the relevant interests in a specific way and then stepping aside from the relevant decision-making process or from the exercise of the public duty. A register is maintained to record all disclosed conflict of interests.

Councillor Allowances

In accordance with Section 74 of the Local Government Act 1989, Councillors are entitled to receive an allowance while performing their duty as a Councillor. The Mayor is also entitled to receive a higher allowance.

The State Government sets the upper and lower limits for all allowances paid to Councillors and Mayors. Councils are divided into three categories based on the income and population of each Council. In this instance Pyrenees Shire Council is recognised as a category one council.

The following table contains a summary of the allowances paid to each councillor during the year.

Councillors	Allowance \$
Cr Tanya Kehoe Mayor/Councillor	35,478
Cr Ron Eason	20,972
Cr David Clark	20,972
Cr Michael O'Connor Councillor/Mayor	48,165
Cr Robert Vance	20,972

Councillor Expenses

Councillors	TR \$	CM \$	CC \$	IC \$	CT \$	Total \$
Cr Tanya Kehoe	0	0	0	0	97	97
Cr Ron Eason	0	3,466	0	0	0	3,466
Cr David Clark	0	4,415	1,620	0	0	6,035
Cr Michael O'Connor (Mayor)	0	0	0	0	0	0
Cr Robert Vance	0	13,171	0	0	28	13,199

Legend: TR-Travel CM-Car Mileage CC-Child Care IC-Information and Communication expenses
CT-Conferences and Training expenses

Internal Audit

The Internal Audit Committee is an Advisory Committee of Council and monitors internal controls, financial management and risk management. Council's Internal Audit Committee is comprised of three independent external members – Mr Geoff Price (Chairperson), Mr Maurice Barwick and Ms Wendy Honeyman and two Councillors – Cr Ron Eason and Cr David Clark.

Meetings were held on 25th August 2015, 24th November 2015 and 24th May 2016.

The Committee considered reports from the Internal Auditor on Council's Customer Action Request System, Quality Assurance and Internal Tendering Processes, Review of Rates and Valuations Processes and the Outstanding Issues Register.

Committees (Section 86)

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

The following Committees have been established under the Local Government Act 1989 for the purpose of advising Council on specific matters.

- Beaufort Community Bank Complex
- Brewster Hall
- Landsborough Community Precinct
- Lexton Community Centre
- Snake Valley Hall
- Waubra Community Hub

Meetings of these Committees are open to the public and minutes of the meetings are available for public inspection.

Continuous Improvement

As outlined in the Local Government Act, the Best Value provisions require Council to review its services against the following principles;

- Specific quality and cost standards for every Council service,
- Responsiveness to community needs,
- Accessibility and appropriately targeted services,
- Continuous improvement,
- Regular community consultation on all services and activities,
- Frequent community reporting.

Communications

Council has continued to monitor, report and review communication activities to ensure residents remain well-informed and educated on Council's programs and services. Through this reporting system, Council has established a streamlined approach in delivering messages to residents. An overview of communications channels used are:

- Public notices appear in the weekly newspapers and have proved to be an efficient way to communicate with residents on all matters including (but not limited to) public meetings, grants, capital works and upcoming events.
- The website is a central hub for residents to go to for information and details on Council matters. It has evolved to provide two-way communication between Council and residents.
- Media releases are distributed regularly providing a proactive way to highlight Council activity.
- Advertisements are often used to publicly advertise Council events.
- Quarterly Community Newsletter.

Information technology plays an important role in providing residents and staff with an efficient means of communication. Council has developed a website model that provides residents with a central point to gain information on Council activity while also providing an avenue for Council to gain feedback and collect payments.

Identifying and highlighting Council's key projects and priorities has been beneficial in effectively engaging with stakeholders and government on a local, state and federal level. It has allowed materials to be clear and concise so that government and stakeholders are clear on objectives and Council's requests. A number of priority projects have been identified and include:

- Telecommunications in rural and regional areas
- Western Highway Bypass

Management

Council has implemented a number of statutory and better practice items to strengthen its management framework. Having strong governance and management frameworks leads to better decision making by Council. The Act requires Council to undertake an assessment against the prescribed governance and management checklist and include this in its report of operations. Council's Governance and Management Checklist results are set out in the section below. The following items have been highlighted as important components of the management framework.

Governance and Management Checklist

The following are the results in the prescribed form of Council's assessment against the prescribed governance and management checklist.

Governance and Management Items	Assesment
1. Community engagement policy (policy outlining council's commitment to engaging with the community on matters of public interest)	Policy Date of operation of current policy: 15th May 2001
2. Community engagement guidelines (guidelines to assist staff to determine when and how to engage with the community)	Guidelines Date of current guidelines: 16th March 2010
3. Strategic Resource Plan (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next 4 financial years)	Adopted in accordance with section 126 of the Act Date of adoption: 21st June 2016
4. Annual budget (plan under section 130 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required)	Adopted in accordance with section 130 of the Act Date of adoption: 21st June 2016
5. Asset management plans (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	Plans Date of operation of current plans: Buildings 21st February 2012 Bridges and Major Culverts 15th May 2012 Road Asset Management Plan 21st August 2007
6. Rating strategy (strategy setting out the rating structure of Council to levy rates and charges)	Strategy Date of operation of current strategy: 21st May 2013
7. Risk policy (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	Policy Date of operation of current policy: 19th April 2016
8. Fraud policy (policy outlining Council's commitment and approach to minimising the risk of fraud)	Policy Date of operation of current policy: 1st April 2015
9. Municipal emergency management plan (plan under section 20 of the Emergency Management Act 1986 for emergency prevention, response and recovery)	Prepared and maintained in accordance with section 20 of the <i>Emergency Management Act 1986</i> 8th December 2014
10. Procurement policy (policy under section 186A of the Local Government Act 1989 outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)	Prepared and approved in accordance with section 186A of the <i>Local Government Act 1989</i> Date of approval: 18th May 2016
11. Business continuity plan (plan setting out the actions that will be undertaken to ensure that key services continue to operate in the event of a disaster)	Business Continuity Plan 12th January 2016 Business Continuity Management Policy 18th April 2016

Governance and Management Items	Assesment
<p>12. Disaster recovery plan (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)</p>	<p>Plan Date of operation of current plan: 12th January 2016</p>
<p>13. Risk management framework (framework outlining Council's approach to managing risks to the Council's operations)</p>	<p>Framework Date of operation of current framework: 19th April 2016</p>
<p>14. Audit Committee (advisory committee of Council under section 139 of the Act whose role is to oversee the integrity of a Council's financial reporting, processes to manage risks to the council's operations and for compliance with applicable legal, ethical, and regulatory requirements)</p>	<p>Established in accordance with section 139 of the Act Date of establishment: 18th June 1998</p>
<p>15. Internal audit (independent accounting professionals engaged by the Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls)</p>	<p>Engaged Date of engagement of current provider: 1st January 2012</p>
<p>16. Performance reporting framework (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act)</p>	<p>Framework Date of operation of current framework: 9th June 2015</p>
<p>17. Council Plan reporting (report reviewing the performance of the Council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year)</p>	<p>Council Plan reported to Council Progress Report Q1 – 17th November 2015 Progress Report Q2 – 16th February 2016 Progress Report Q3 – 19th April 2016</p>
<p>18. Financial reporting (quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)</p>	<p>Statements presented to Council in accordance with section 138(1) of the Act Date statements presented: 17th November 2015 16th February 2016 19th April 2016</p>
<p>19. Risk reporting (six-monthly reports of strategic risks to council's operations, their likelihood and consequences of occurring and risk minimisation strategies)</p>	<p>Report Quarterly Risk Reporting 24th May 2016</p>
<p>20. Performance reporting (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act)</p>	<p>Report Local Government Performance Report - Q1 - 15th September 2015 Report – Q2 – 19th April 2016</p>
<p>21. Annual report (annual report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial and performance statements)</p>	<p>Considered at a meeting of Council in accordance with section 134 of the Act Date statements presented: 20th October 2015</p>
<p>22. Councillor Code of Conduct (Code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)</p>	<p>Reviewed in accordance with section 76C of the Act Date reviewed: 10th June 2016</p>

Governance and Management Items	Assesment
<p>23. Delegations (a document setting out the powers, duties and functions of council and the Chief Executive Officer that have been delegated to members of staff)</p>	<p>Reviewed in accordance with section 98(6) of the Act Dates of reviews: S11 – 19th April 2016 S5 – 18th February 2015 S7 – 5th March 2013 S6 – 27th April 2015 S12 – 9th December 2014 S11A – 18th March 2014</p>
<p>24. Meeting Procedures (a local law governing the conduct of meetings of council and special committees)</p>	<p>Meeting procedures local law made in accordance with section 91(1) of the Act Date local law made: 17th April 2012</p>

Statutory information

The following information is provided in accordance with legislative and other requirements applying to council.

Documents Available for Public Inspection

In accordance with Part 5 of the Local Government (General) Regulations 2004 the following is a list of the prescribed documents that are available for inspection or copies of the documents can be obtained for the purposes of section 222 of the Local Government Act 1989 at Pyrenees Shire Council's Beaufort Office at 5 Lawrence Street, Beaufort:

- details of current allowances fixed for the Mayor and Councillors.
- details of senior officers' total salary packages for the current financial year and the previous year.
- 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.
- names of Council officers who were required to submit a return of interest during the financial year and the dates the returns were submitted.
- names of Councillors who submitted returns of interest during the financial year and the dates
- the returns were submitted.
- agendas for and minutes of ordinary and special meetings held in the previous 12 months except if the minutes relate to parts of meetings which have been closed to members of the public.
- a list of all special committees established by Council and the purpose for which each committee was established.
- a list of all special committees established by the Council which were abolished or ceased to function during the financial year.
- minutes of meetings of special committees held in the previous 12 months except if the minutes relate to parts of meetings which have been closed to members of the public.
- a register of delegations.

- submissions received in accordance with Section 223 of the Act during the previous 12 months
- agreements to establish regional libraries.
- details of all property, finance and operating leases involving land, buildings, plant, computer equipment or vehicles entered into by the Council as lessor or lessee, including the name of the other party to the lease and the terms and the value of the lease.
- a register of authorised officers.
- a list of donations and grants made by the Council during the financial year.
- a list of the names of the organisations of which the Council was a member during the financial year and details of all membership fees and other amounts and services provided during that year to each organisation by the Council.
- a list of contracts valued at \$150,000 or more which the Council entered into during the financial year without first engaging in a competitive process.

Best Value

In accordance with section 208B(f) of the *Local Government Act 1989*, at least once every year a Council must report to its community on what it has done to ensure that it has given effect to the Best Value Principles. Council incorporates Best Value Principles through regular business planning and performance monitoring processes and through a commitment to continuous improvement and innovation which is supported by our Sustainable Excellence Program. To further reflect Council's commitment to Best Value, Council has commenced the design and planning of a Business Unit Planning Program, which is being rolled out to the whole organisation. This program provides additional review and improvement mechanisms to ensure that Council's services achieve best practice standards in regards to service performance.

Contracts

During the year council did not enter into any contracts valued at \$150,000 or more without first engaging in a competitive process.

Domestic Animal Management Plan

In accordance with the *Domestic Animals Act 1994*, Council is required to prepare a Domestic Animal Management Plan at four yearly intervals and evaluate its implementation in the annual report.

Council adopted the Domestic Animal Management Plan 2012–16 in 2012. The plan was developed through consultation with Council's Animal Management Team and consideration of input from other Council departments. No actions were completed at the date of this report.

Food Act Ministerial Directions

In accordance with section 7E of the *Food Act 1984*, Council is required to publish a summary of any Ministerial Directions received during the financial year in its annual report.

No such Ministerial Directions were received by Council during the financial year.

Freedom of Information (FOI)

In accordance with section 7(4AA)(a) and 7(4AA)(b) of the *Freedom of Information Act 1982*, Council is required to publish certain statements in their annual report or separately such as on its website, concerning its functions and information available. Council has chosen to publish the statements separately however provides the following summary of the application and operation of the Freedom of Information Act 1982.

Access to documents may be obtained through written request to the Freedom of Information Officer, as detailed in section 17 of the Freedom of Information Act 1982 and in summary as follows:

- it should be in writing,
- it should identify as clearly as possible which document is being requested,
- it should be accompanied by the appropriate application fee (the fee may be waived in certain circumstances).

Requests for documents in the possession of Council should be addressed to the Freedom of Information Officer. Requests can also be lodged by email.

Access charges may also apply once documents have been processed and a decision on access is made (e.g. photocopying and search and retrieval charges).

Further information regarding FOI can be found at www.foi.vic.gov.au and on the Pyrenees Shire Council website.

Council received 6 Freedom of Information applications during 2015/16.

Protected Disclosure Procedures

In accordance with section 69 of the *Protected Disclosure Act 2012* a Council must include in their annual report information about how to access the procedures established by the Council under Part 9 of that Act. It is also required to provide certain information about the number and types of protected disclosures complaints investigated during the financial year.

The *Protected Disclosure Act 2012* aims to ensure openness and accountability in government by encouraging people to disclose improper conduct within the public sector and provide protection for people who make disclosures. Procedures on how to make a disclosure are publicly available on Council's website.

During the 2015/16 year no disclosures were notified to Council officers appointed to receive disclosures, or to the Independent Broad-based Anti-corruption Commission (IBAC).

Road Management Act Ministerial direction

In accordance with section 22 of the *Road Management Act 2004*, Council must publish a copy or summary of any Ministerial direction in its annual report. No such Ministerial Directions were received by Council during the financial year.

Emergency Management

The following outcomes were achieved during the 2015/16 year:

- Reviewed and updated the following:
 - Municipal Emergency Management Plan (MEMP) Pandemic Influenza sub-plan
 - Municipal Impact Assessment Operations Plan
 - The Emergency Management section on the Council website
 - Fire Danger Day Standard Operating Procedure
 - Municipal Emergency Co-ordination Centre (MECC) Operations Manual
 - Emergency Communications Plan
 - Municipal Emergency Animal Welfare sub-plan
 - MEMP Part 1 – Risk Management
 - MEMP Part 2 – Planning and Preparedness
 - MEMP Part 4 – Relief and Recovery Arrangements and Procedures
- Developed:
 - Risk mitigation plan for a prolonged power outage
 - Children and Seniors in Emergencies Standard Operating Procedure
- Drafted a:
 - Community Resilience sub-plan
- Finalised and implemented:
 - Council Emergency Management staff strategic training plan
- Conducted a:
 - Relief Centre Training exercise in Avoca

Local Government Community Satisfaction Survey Results – Council's Performance

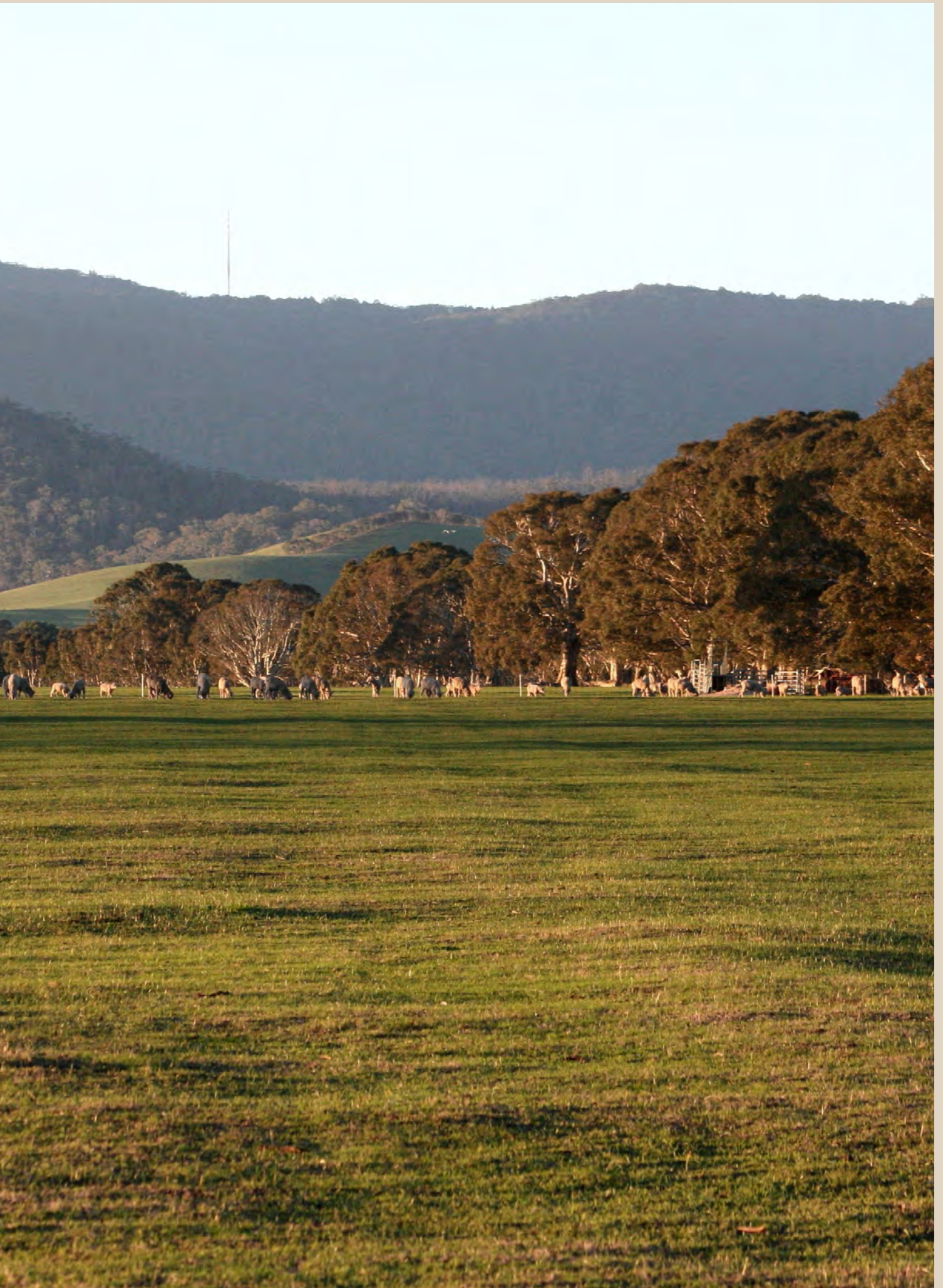
Emergency and Disaster Management

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*Section 6:
Financials*





Performance Statement and Financial Report

Council is required to prepare and include a Performance Statement within its Annual Report. The Performance Statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This Statement has been prepared to meet the requirements of the *Local Government Act 1989* and Local Government (Planning and Reporting) Regulations 2014.

The Financial Report is a key report of the Pyrenees Shire Council. It shows how Council performed financially during the 2015/16 financial year and the overall position at the end (June 30 2016) of the financial year.

Council presents its Financial Report in accordance with the Australian Accounting Standards. Particular terms required by the Standards may not be familiar to some readers. Further, Council is a 'not-for-profit' organisation and some of the generally recognised terms used in private sector company reports are not appropriate to Council's Reports.

The Performance Statement and Financial Report have been included on the disk in the inside rear cover of this Report.

PYRENEES
SHIRE





HOTEL
AMPHITHEATRE

ESTD 1935

LARAT BITTER



PYRENEES
SHIRE



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Pyrenees Shire Council

A Plain English Guide to the Financial Report

Introduction

The Financial Report is a key report of the Pyrenees Shire Council. It shows how Council performed financially during the 2015/2016 financial year and the overall position at the end of the financial year (30 June 2016).

Council presents its' financial report in accordance with the Australian Accounting Standards. Particular terms required by these standards may not be familiar to some readers. Further, Council is a 'not-for-profit' organisation and some of the generally recognised terms used in private sector company reports are not appropriate to Council's report.

Council is committed to accountability. It is in this context that the Plain English Guide has been developed to assist readers understand and analyse the financial report.

What is contained in the Annual Financial Report?

Council's Annual Financial Report has two main sections; the Financial Statements and the Notes to the Financial Report. There are five statements and 37 notes. These are prepared by Council's staff, examined by the Council Audit Committee and by Council, and then are audited by the Victorian Auditor-General.

The five key statements are included as the first section of the Annual Financial Report. These statements are the Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and the Statement of Capital Works.

The notes section details Council's accounting policies, make up of individual values contained in the statements and other required disclosures, and comprise the balance of the Annual Financial Report.

Comprehensive Income Statement

The Comprehensive Income Statement is alternatively referred to as a 'Profit and Loss Statement' and shows the sources of Council's revenue and the expenses incurred in running the Council during the year, under various headings. These expenses relate only to the ongoing operations of Council and do not include the cost associated with the purchase or construction of Property, Infrastructure, Plant & Equipment assets. Whilst these asset acquisition costs are not included in the expenses there is an item for 'depreciation', which is the value of the assets used up or consumed during the year.

One key figure to look at is the surplus (or deficit) for the year which is equivalent to the profit (or loss) of Council for the financial year. A surplus means that the revenue was greater than the expenses.

Balance Sheet

This one-page summary is a snap shot of Council's financial situation as at 30 June 2016. It shows what assets the Council owns and/or controls and what it owes as liabilities. The bottom line of this statement is Net Assets. This is the net worth (equity) of Council which has been built up over many years.

The assets and liabilities are separated into Current and Non-current. Current means those assets or liabilities which are due to be settled in the next 12 months. The components of the Balance Sheet are described here.

Current and Non-Current Assets

- "Cash" includes cash and those term deposit investments with a maturity date of less than 91 days, i.e. cash held in the bank and in petty cash and the market value of Council's investments.
- "Receivables" are monies owed to Council by ratepayers, the Australian Taxation Office and others.
- "Other Financial Assets" are those term deposit investments with a maturity date of 91 days or longer.
- "Inventories" are stock of goods held for sale in Council's Resource Centres.
- "Non-Current Assets As Held For Sale" comprises blocks of residential and industrial land held by Council that are currently for sale.
- "Other Assets" comprises of expenses which have been paid in advance and income that has been accrued.
- "Property, Infrastructure, Plant & Equipment" is the largest component of Council's worth and represents the value of all the land, buildings, roads, vehicles, equipment, etc. assets which has been built up by Council over many years.

Current and Non-Current Liabilities

- "Payables" are those suppliers to whom Council owes money as at 30 June 2016.
- "Trust Funds and Deposits" represent monies held in trust by Council which are due to be returned or distributed once certain conditions have been met.
- "Provisions" include accrued long service and annual leave owed to employees.
- "Interest-bearing Loans and Borrowings" represent bank debt owed by Council.

Pyrenees Shire Council

A Plain English Guide to the Financial Report

Net Assets

- This term is used to describe the difference between the value of total assets and the value of total liabilities. It represents the net worth (equity) of Council as at 30 June 2016.

Equity

This always equals Net Assets. It is made up of the following components:

- "Asset Revaluation Reserve" which is the difference between the previously recorded value of assets and their current valuations;
- "Recreational Land Reserve" which is developer cash contributions towards public open space; and,
- "Accumulated Surplus" which is the value of all net assets accumulated over time.

Statement of Changes in Equity

Between one balance date and the next the total of the Equity belonging to ratepayers changes. This statement shows the values of such changes and how they arose.

The main reasons for a change in equity stem from:

- The 'profit or loss' from operations, described in the Comprehensive Income Statement as "Surplus/(Deficit) for the year".
- The use of monies from, or contribution of money to, Council's Recreational Land Reserve.
- Revaluation of Council Property, Infrastructure, Plant & Equipment assets, which takes place on a regular basis.

Statement of Cash Flows

The Statement of Cash Flows summarises Council's cash payments and cash receipts for the year. This statement is presented according to a very specific accounting standard and needs some care in analysis. The line item values may differ from those shown in the Comprehensive Income Statement because the Comprehensive Income Statement is prepared on an accrual accounting basis.

"Cash and Cash Equivalents" in this statement refers to bank deposits with a maturity of less than 91 days and other forms of highly liquid investments that can readily be converted to cash.

Council's cash arises from, and is used in, three main areas:

Cash flows from operating activities

- Receipts – All cash received into Council's bank account from ratepayers and others who owe money to Council. Receipts also include the interest earnings from Council's cash investments. It does not include the revenue associated with the sale of Property, Infrastructure, Plant & Equipment assets.
- Payments – All cash paid by Council from its bank account to staff, creditors and other persons or businesses for operational expenditure. It does not include the costs associated with the purchase or construction of Property, Infrastructure, Plant & Equipment assets.

Cash flows from investing activities

- This section shows the cash invested in the creation or construction of Property (including residential and industrial land), Infrastructure, Plant & Equipment assets and the cash received from the sale of these assets.

Cash flows from financing activities

- This is where the receipt and repayment of borrowed funds are recorded, along with the interest paid on those borrowings.

Cash and cash equivalents at the end of the financial year

- This shows the capacity of Council to meet its debts and other liabilities as they become due and payable.

Statement of Capital Works

The Statement of Capital Works summarises the expenditure on the purchase and construction of Property, Infrastructure, Plant & Equipment assets during the year by each category of asset (e.g. land, buildings, roads, bridges, plant etc). It also summarises this expenditure by expenditure type, i.e. new assets, asset renewal (bringing an asset back to its original capacity) or asset upgrade (increasing the capacity of an asset, for example widening a bridge from one lane to two lanes).

Pyrenees Shire Council

A Plain English Guide to the Financial Report

Notes to the Financial Report

The Notes to the Financial Report are a very important and informative section of the Annual Financial Report. The Australian Accounting Standards are not prescriptive on a lot of issues. Therefore, to enable the reader to understand the basis on which the values shown in the statements are established, it is necessary to provide details of Council's accounting policies. These are described in note 1.

Apart from the accounting policies, the notes also give details behind many of the summary figures contained in the statements. The note numbers are shown beside the relevant items in the Comprehensive Income Statement, Balance Sheet and the Statement of Cash Flows.

Where Council wishes to disclose other information which cannot be incorporated into the statements then this is shown in the notes.

Other notes include: a comparison of the actual result with Council's budget; the breakdown of expenses, revenues, assets, liabilities and equity; contingent liabilities; transactions with persons related to Council; and financial commitments. The notes should be read at the same time as, and together with, the other parts of the Annual Financial Report to get a clear picture of the financial position of Council.

Certification of the Financial Statements

The certification of the Principal Accounting Officer is made by the person responsible for the financial management of Council that, in her/his opinion, the financial statements have met all the statutory and professional reporting requirements.

The Certification of Councillors is made by two Councillors on behalf of Council that, in their opinion, the financial statements are fair and not misleading.

Auditor-General's Report

The Independent Audit Report provides the reader with an external and independent opinion on the financial statements. It confirms that the Annual Financial Report has been prepared in accordance with relevant legislation and professional standards and that it represents a fair picture of the financial affairs of the Council.

General

The Pyrenees Shire Council was established by an Order of the Governor in Council on 23 September 1994 and is a body corporate.

The Council's main office is located at 5 Lawrence Street, Beaufort.

External Auditor - Crowe Horwarth as agent of the Auditor-General of Victoria

Internal Auditor - DJK Consulting

Solicitors - Peter S Glare and Associates

Bankers - Bendigo Community Bank

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

Pyrenees Shire Council

ANNUAL FINANCIAL REPORT
For the Year Ended 30 June 2016

Pyrenees Shire Council
Financial Report
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Comprehensive Income Statement
For the Year Ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Income			
Rates and service charges	3	8,683	8,165
Statutory fees and fines	4	128	102
User charges	5	724	667
Grants - operating	6	2,738	6,445
Grants - capital	6	4,484	5,402
Contributions - monetary	7	54	158
Net gain on disposal of property, infrastructure, plant and equipment	8	-	126
Fair value adjustment for non-current assets classified as held for sale	20	-	67
Other income	9	266	277
Total income		<u>17,077</u>	<u>21,409</u>
Expenses			
Employee costs	10	(6,430)	(6,458)
Materials and services	11	(5,583)	(6,122)
Bad and doubtful debts	12	-	(5)
Depreciation	13	(6,548)	(7,902)
Borrowing costs	14	(28)	(128)
Net loss on disposal of property, infrastructure, plant and equipment	8	(35)	-
Impairment adjustment for non-current assets classified as held for sale	20	(19)	-
Other expenses	15	(317)	(288)
Total expenses		<u>(18,960)</u>	<u>(20,903)</u>
Surplus/(deficit) for the year		<u>(1,883)</u>	<u>506</u>
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation decrement	27(a)	(53,271)	-
Total comprehensive result		<u>(55,154)</u>	<u>506</u>

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

	Note	2016 \$'000	2015 \$'000
Assets			
Current assets			
Cash and cash equivalents	16	1,648	6,973
Trade and other receivables	17	927	832
Other financial assets	18	3,508	9
Inventories	19	7	7
Non-current assets classified as held for sale	20	1,113	965
Other assets	21	130	148
Total current assets		7,333	8,934
Non-current assets			
Trade and other receivables	17	115	104
Property, infrastructure, plant and equipment	22	229,139	283,177
Total non-current assets		229,254	283,281
Total assets		236,587	292,215
Liabilities			
Current liabilities			
Trade and other payables	23	983	877
Trust funds and deposits	24	182	176
Provisions	25	2,057	1,921
Interest-bearing loans and borrowings	26	500	864
Total current liabilities		3,722	3,838
Non-Current liabilities			
Provisions	25	155	140
Interest-bearing loans and borrowings	26	-	373
Total non-current liabilities		155	513
Total liabilities		3,877	4,351
Net assets		232,710	287,864
Equity			
Accumulated surplus		83,290	85,173
Reserves	27	149,420	202,691
Total Equity		232,710	287,864

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

Statement of Changes in Equity
For the Year Ended 30 June 2016

	Total	Accumulated surplus	Asset revaluation reserve	Recreational land reserve
	\$'000	\$'000	\$'000	\$'000
2016				
Balance at beginning of the financial year	287,864	85,173	202,682	9
(Deficit) for the year	(1,883)	(1,883)	-	-
Net asset revaluation increment/(decrement)	27(a) (53,271)	-	(53,271)	-
Balance at end of the financial year	<u>232,710</u>	<u>83,290</u>	<u>149,411</u>	<u>9</u>
2015				
Balance at beginning of the financial year	287,358	84,667	202,682	9
Surplus for the year	506	506	-	-
Net asset revaluation increment	27(a) -	-	-	-
Balance at end of the financial year	<u>287,864</u>	<u>85,173</u>	<u>202,682</u>	<u>9</u>

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

Statement of Cash Flows
For the Year Ended 30 June 2016

	Note	2016 Inflows/ (Outflows) \$'000	2015 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and service charges		8,617	8,196
Statutory fees and fines		128	102
User charges		774	737
Grants - operating		2,787	6,451
Grants - capital		4,519	5,367
Contributions - monetary		59	174
Interest received		152	206
Trust funds and deposits taken		1,468	1,341
Other receipts		105	122
Net GST received		953	910
Employee costs		(6,279)	(6,420)
Materials and services		(6,092)	(6,786)
Trust funds and deposits repaid		(1,462)	(1,338)
Other payments		(349)	(322)
Net cash provided by operating activities	28	<u>5,380</u>	<u>8,740</u>
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(6,474)	(6,888)
Proceeds from sale of property, infrastructure, plant and equipment		256	408
Payments for land held for resale		(757)	(364)
Proceeds from sale of land held for resale		534	279
Payments for financial assets		(3,499)	-
Proceeds from sale of other financial assets		-	5,503
Net cash (used in) investing activities		<u>(9,940)</u>	<u>(1,062)</u>
Cash flows from financing activities			
Finance costs		(28)	(128)
Repayment of borrowings		(737)	(693)
Net cash (used in) financing activities		<u>(765)</u>	<u>(821)</u>
Net increase (decrease) in cash and cash equivalents		(5,325)	6,857
Cash and cash equivalents at the beginning of the financial year		<u>6,973</u>	<u>116</u>
Cash and cash equivalents at the end of the financial year	29	<u>1,648</u>	<u>6,973</u>
Financing arrangements	30		
Restrictions on cash assets	16		

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

Statement of Capital Works
For the Year Ended 30 June 2016

	2016 \$'000	2015 \$'000
Property		
Buildings - specialised	66	792
Total buildings	<u>66</u>	<u>792</u>
Total property	<u>66</u>	<u>792</u>
Plant and equipment		
Plant, machinery and equipment	640	881
Fixtures, fittings and furniture	13	10
Computers and telecommuni-cations	53	138
Library collection	24	48
Total plant and equipment	<u>730</u>	<u>1,077</u>
Infrastructure		
Roads	3,920	2,419
Footpaths and cycleways	3	7
Drainage	401	122
Bridges	881	1,941
Other structures	12	2
Total infrastructure	<u>5,217</u>	<u>4,491</u>
Total capital works expenditure	<u>6,013</u>	<u>6,360</u>
Represented by:		
New asset expenditure	333	418
Asset renewal expenditure	3,945	4,875
Asset upgrade expenditure	1,735	1,067
Total capital works expenditure	<u>6,013</u>	<u>6,360</u>

The above statement of capital works should be read with the accompanying notes.

Introduction

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

Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards (AAS's), other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1989*, and the *Local Government (Planning and Reporting) Regulations 2014*.

Note 1 Significant accounting policies

(a) Basis of accounting

The accrual basis of accounting has been used in the preparation of these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AAS's that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to note 1 (m))
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to note 1 (n))
- the determination of employee provisions (refer to note 1 (t))

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.

(b) Changes in accounting policies

There have been no significant changes in accounting policies from the previous period.

(c) Principles of consolidation

The consolidated financial statements of Council incorporate all entities controlled by Council as at 30 June 2016, and their income and expenses for that part of the reporting period in which control existed.

Subsidiaries are all entities over which Council has control. Council controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Council. They are deconsolidated from the date that control ceases.

Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

In the process of preparing consolidated financial statements all material transactions and balances between consolidated entities are eliminated. Council does not currently control any entities that require consolidation into these financial statements.

(d) Committees of management

All entities controlled by Council that have material revenues, expenses, assets and liabilities, such as committees of management, have been included in this financial report. Any transactions between these entities and Council have been eliminated in full.

The following Local Government Act 1989 Section 86 Committee of Council has been consolidated into this financial report: Beaufort Community Bank Complex.

Note 1 Significant accounting policies (continued)

(e) Accounting for investments in associates and joint arrangements

Associates

Associates are all entities over which Council has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement.

At balance date Council does not have any investments in associates or joint arrangements.

(f) Revenue recognition

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

Rates and service charges

Annual rates and service charges are recognised as revenues when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.

Statutory fees and fines

Statutory 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.

User charges

User charges are recognised as revenue when the service has been provided or the payment is received, whichever first occurs.

Grants

Grant income is recognised when Council obtains control of the contribution. This is normally obtained upon the 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.

Where grants 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 is disclosed in note 6. The note also discloses the amount of unused grant from prior years that was expended on Council's operations during the current year.

Contributions

Monetary and non monetary contributions are recognised as revenue when Council obtains control over the contributed asset.

Net gain on disposal of property, infrastructure, plant and equipment

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

Interest on investments

Interest is recognised as it is earned.

Other income

Other income is measured at the fair value of the consideration received or receivable and is recognised when Council gains control over the right to receive the income.

Note 1 Significant accounting policies (continued)

(g) Fair value measurement

Council measures certain assets and liabilities at fair value where required or permitted by Australian Accounting Standards. AASB 13 Fair Value Measurement, aims to improve consistency and reduce complexity by providing a definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards.

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

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

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

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

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

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

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

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of 90 days or less, net of outstanding bank overdrafts.

(i) Trade and other receivables

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

(j) Other financial assets

Other financial assets are valued at fair value, being market value, at balance date. Term deposits are measured at amortised cost. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

(k) Inventories

Inventories held for distribution are measured at cost adjusted when applicable for any loss of service potential. Inventories are measured at the lower of cost and net realisable value.

(l) Non-current assets classified as held for sale

A non-current asset classified as held for sale (including disposal groups) is measured at the lower of its carrying amount and fair value less costs to sell, and are not subject to depreciation. Non-current assets, disposal groups and related liabilities and assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group sale) is expected to be completed within 12 months from the date of classification.

Note 1 Significant accounting policies (continued)

(m) Recognition and measurement of property, infrastructure, plant and equipment

Acquisition

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

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

In accordance with Council's policy, the threshold limits detailed in Note 1 (n) have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at Note 22, Property, infrastructure, plant and equipment.

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

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

Land under roads

Council recognises land under roads that it owns at fair value.

(n) Depreciation of property, infrastructure, plant and equipment

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

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

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

Depreciation periods used are listed below and are consistent with the prior year unless otherwise stated.

Note 1 Significant accounting policies (continued)

(n) Depreciation of property, infrastructure, plant and equipment (continued)

Asset recognition thresholds and depreciation periods

Asset category	Depreciation Period (years)		Threshold Limit \$'000
	For the year ended 30 June: 2016	2015	
Property			
land	-	-	-
land improvements	25	25	10
Buildings			
buildings	50	50	10
Plant and Equipment			
plant, machinery and equipment	5-10	5-10	1
fixtures, fittings and furniture	3-10	3-10	1
computers and telecommunications	3-10	3-10	1
library collection	3-10	3-10	1
Infrastructure			
sealed roads formation	100.0	100	10
unsealed roads formation	100.0	100	10
sealed roads pavement	80.4	50	10
unsealed roads pavement	25.0	50	10
sealed surfaces	18.5	13	10
footpaths	52.1	50	10
kerb and channel	78.1	50	10
major culverts, pipes and pits	80-100	50	10
bridges	108.0	50-75	10
other structures	10-25	10-75	1

(o) 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.

(p) Investment property

Investment property is held to generate long-term rental yields. Investment property is measured initially at cost, including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefit in excess of the originally assessed performance of the asset will flow to the Council. Subsequent to initial recognition at cost, investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the comprehensive income statement in the period that they arise. Rental income from the leasing of investment properties is recognised in the comprehensive income statement on a straight line basis over the lease term. Council does not currently have any investment property.

(q) 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.

Note 1 Significant accounting policies (continued)

(r) Trust funds and deposits

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited (refer to Note 24).

(s) Borrowings

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs. The measurement basis subsequent to initial recognition depends on whether the Council has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through the profit and loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method. The classification depends on the nature and purpose of the interest bearing liabilities. The Council determines the classification of its interest bearing liabilities at initial recognition.

Borrowing costs

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

Borrowing costs include interest on bank overdrafts and interest on borrowings.

(t) Employee costs and benefits

The calculation of employee costs and benefits includes all relevant on-costs and are calculated as follows at reporting date.

Wages and salaries and annual leave

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

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

Long service leave

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

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

The components of this current liability are measured at :

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

Classification of employee costs

Non-current liability - conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

Superannuation

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

Note 1 Significant accounting policies (continued)

(u) Leases

Finance leases

Leases of assets where substantially all the risks and rewards incidental to ownership of the asset, are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are depreciated on a straight line basis over their estimated useful lives to the Council where it is likely that the Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter. Council does not presently have any leased assets subject to finance leases.

Operating leases

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

Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date, Council does not have any leasehold improvements.

(v) 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 Statement of Cash flows on a gross basis.

(w) Financial guarantees

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that that right will be exercised. At balance date, Council does not have any financial guarantees.

(x) Contingent assets and contingent liabilities and commitments

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

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

(y) Pending accounting standards

Certain new AAS's have been issued that are not mandatory for the 30 June 2016 reporting period. Council has assessed these pending standards and has identified that no material impact will flow from the application of these standards in future reporting periods.

(z) Rounding

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

Note 2 Budget comparison

The budget comparison notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of 10 percent or more than \$10,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 19 May 2015. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for revenue and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

These notes are prepared to meet the requirements of the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

	Budget 2016 \$'000	Actual 2016 \$'000	Variance 2016 \$'000	%	Ref
a) Income and Expenditure					
Income					
Rates and service charges	8,580	8,683	103	1%	
Statutory fees and fines	124	128	4	3%	
User charges	736	724	(12)	-2%	1
Grants - operating	4,006	2,738	(1,268)	-32%	2
Grants - capital	5,269	4,484	(785)	-15%	3
Contributions - monetary	70	54	(16)	-23%	4
Net gain on disposal of property, infrastructure, plant and equipment	27	-	(27)	-100%	5
Other income	255	266	11	4%	
Total income	19,067	17,077	(1,990)		
Expenses					
Employee costs	6,312	6,430	(118)	-2%	
Materials and services	5,863	5,583	280	5%	
Bad and doubtful debts	2	-	2	100%	
Depreciation	8,200	6,548	1,652	20%	6
Borrowing costs	34	28	6	18%	
Net loss on disposal of property, infrastructure, plant and equipment	-	35	8		5
Fair value adjustment for non-current assets classified as held for sale	-	19	19		7
Other expenses	298	317	(19)	-6%	
Total expenses	20,709	18,960	1,830		
Surplus/(deficit) for the year	(1,642)	(1,883)	(160)		

Explanation of material variations

Ref	Item	Explanation
1	User charges	User charges by category included a number of variations, but in total were \$12,000 or 1.63% below budget.
2	Grants - operating	The level of operating grants received by Council had two significant variations to budget Federal Assistance Grants general allocation - half of the 2015-2016 funding was received in 2014-2015 HACC funding received was greater than budget
		(1,501)
		159
		<u>(1,342)</u>

Note 2 Budget comparison (continued)

Explanation of material variations (continued)

3	Grants - capital	<p>The level of capital grants received by Council had a number of significant variations to budget including:</p> <p>Federal Assistance Grants Local Roads - half of the 2015-2016 funding was received in 2014-2015</p> <p>Caravan Park Grant budgeted but not received</p> <p>Roads to Recovery Grant greater than budget</p> <p>Country Roads and Bridges Grant budgeted but not received</p> <p>Black Spot Road Funding received but not budgeted</p>	<p>(1,045)</p> <p>(70)</p> <p>812</p> <p>(1,000)</p> <p>508</p> <hr/> <p>(795)</p>
4	Contributions - monetary	<p>During the year Council received three unbudgeted contributions and a large budgeted contribution was not received because it was a matching contribution for a grant application that was not successful.</p> <p>Roadworks contribution received but not budgeted</p> <p>Caravan park contributions budgeted but not received</p> <p>Promotional contributions received but not budgeted</p> <p>Recreational contribution received but not budgeted</p>	<p>42</p> <p>(70)</p> <p>9</p> <p>2</p> <hr/> <p>(17)</p>
5	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	<p>Council budgeted for a gain on the disposal of property, infrastructure, plant and equipment of \$27,000 and the actual result was a loss was \$35,000. This loss arose predominantly from the sale of residential land slightly below carrying value.</p>	
6	Depreciation	<p>Road infrastructure assets were revalued during the year. This revaluation resulted in a significant reduction in the replacement value of all road segments including sealed pavements (-18%), unsealed pavements (-42%) and sealed surfaces (-13%). This gave rise to a corresponding reduction in annual depreciation charges relating to road infrastructure assets of 28%.</p>	
7	Fair value adjustment for non-current assets classified as held for sale	<p>The budget did not reflect any changes to equity resulting from fair value adjustments for non-current assets classified as held for sale, as their impacts were not considered predictable. The actual fair value adjustment was a decrease of \$19,000.</p>	

Note 2 Budget comparison (continued)

	Budget 2016 \$'000	Actual 2016 \$'000	Variance 2016 \$'000		Ref
b) Capital Works					
Property					
Buildings - specialised	413	66	(347)	-84%	8
Total Buildings	413	66	(347)		
Total Property	413	66	(347)		
Plant and Equipment					
Plant, machinery and equipment	773	640	(133)	-17%	9
Fixtures, fittings and furniture	10	13	3	30%	
Computers and telecommu-ications	75	53	(22)	-29%	10
Library collection	-	24	24		11
Total Plant and Equipment	858	730	(128)		
Infrastructure					
Roads	3,740	3,920	180	5%	12
Footpaths and cycleways	10	3	(7)	-70%	
Drainage	150	401	251	167%	13
Bridges	746	881	135	18%	14
Other structures	-	12	12		15
Total Infrastructure	4,646	5,217	571		
Total Capital Works Expenditure	5,917	6,013	96		
Represented by:					
New asset expenditure	-	333	333		
Asset renewal expenditure	4,758	3,945	(813)		
Asset upgrade expenditure	1,159	1,735	576		
Total Capital Works Expenditure	5,917	6,013	96		

Explanation of material variations

Ref	Item	Explanation
8	Buildings - specialised	Council budgeted to undertake a major caravan park improvement project that did not proceed because it was contingent on a grant funding application that was not successful. Caravan Park Improvements - budgeted but not undertaken <u>(340)</u> <u>(340)</u>
9	Plant, machinery and equipment	One item of plant that Council had budgeted to trade-in was ordered but not delivered as at balance date.
10	Computers and telecommu-ications	Council budgeted to spend \$75,000 on capital purchases of computer equipments. Part of this budget was utilised to undertake a new information technology strategy which cost \$21,000 and was expensed.
11	Library collection	The 2015-16 budget for library expenditure was all shown as operating expenditure when in fact a portion of the expenditure is on the library collection which is a capital item, so this variance has arisen because of the accounting treatment of this expenditure rather than through additional expenditure.

Note 2 Budget comparison (continued)

Explanation of material variations (continued)

12	Roads	Capital expenditure on roads was subject to a number of variations including:	
		Roads to Recovery Grant funded expenditure greater than budget	757
		Country Roads and Bridges Grant funded expenditure budgeted but not received and therefore not spent	(1,000)
		Black Spot Road Grant funded expenditure greater than budget	508
		Black Bottom Rd/Beaufort-Waubra Rd Intersection Incomplete	(97)
			<u>168</u>
13	Drainage	Council spent \$132,000 of its \$150,000 budget on its major culverts program. The Correa Park residential subdivision included the construction of \$269,000 of drainage assets that were budgeted for under expenditure on non-current assets held for resale, so this variance has arisen because of the accounting treatment of this expenditure rather than through additional expenditure.	
14	Bridges	During the year Council received significant additional Roads to Recovery funding (see note 2 above) and part of this additional funding was spent on bridgeworks.	
15	Other structures	Council \$13,000 on streetscape works that were funded by State government funding that was not budgeted for.	

	2016 \$'000	2015 \$'000
Note 3		
Rates and service charges		
Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is its market value (land and buildings inclusive).		
The valuation base used to calculate general rates for 2015-2016 was \$1,583 million (2014-2015 was \$1,572 million). The 2015-2016 general rate - cents in the CIV dollar was 0.4909 (2014-2015, was 0.4664).		
Farm and Rural	3,741	3,573
Residential	2,634	2,449
Waste service charges	1,034	955
Vacant land	791	760
Wind Farm	249	206
Commercial and Industrial	177	168
Interest on rates	40	38
Recreation and Cultural	17	16
Total rates and service charges	8,683	8,165
The date of the last general revaluation of land for rating purposes within the municipal district was 1 January 2014, and the valuation was first applied to the rating period commencing 1 July 2014.		
The date of the next general revaluation of land for rating purposes within the municipal district is 1 January 2016, and the valuation will be first applied in the rating year commencing 1 July 2016.		
Note 4		
Statutory fees and fines		
Town planning fees	57	40
Environmental health fees	34	32
Land information and building certificate fees	22	17
Fines	15	13
Total statutory fees and fines	128	102
Note 5		
User charges		
Caravan park charges	169	141
Home care charges	110	115
Building charges	82	52
Animal registration charges	76	77
Rental and function charges	72	68
Delivered meals charges	46	48
Swimming pool charges	29	26
Goldfields Recreation Reserve venue hire charges	26	26
Resource and information centre charges	22	19
Waste disposal charges	20	17
Community transport charges	9	9
Planned activity group charges	8	8
Economic development charges	-	13
Other charges	55	48
Total user charges	724	667

	2016 \$'000	2015 \$'000
Note 6 Grants		
Grants were received in respect of the following :		
Summary of grants		
Commonwealth funded grants	5,746	8,600
State funded grants	1,476	3,247
Total grants	<u>7,222</u>	<u>11,847</u>
Operating Grants		
<i>Recurrent - Commonwealth Government</i>		
Federal Assistance Grants - general purpose	1,369	4,461
Family day care	37	86
<i>Recurrent - State Government</i>		
Aged care and senior citizens	563	534
Library	6	211
Adult day care	168	165
Maternal & child health	102	102
Delivered meals	33	33
Youth outreach	33	32
Podiatry	30	29
Emergency relief	-	21
Freeza	12	12
Other	31	45
Total recurrent operating grants	<u>2,384</u>	<u>5,731</u>
<i>Non-recurrent - Commonwealth Government</i>		
Roadside weeds & pests	50	-
Playgrounds	17	-
<i>Non-recurrent - State Government</i>		
Amphitheatre recreation reserve	43	383
Roadside weeds and pests management	48	43
Home care transition	26	-
Shade structures	-	80
Emergency planning	60	60
Drought response	55	-
Storm damage natural disaster	-	49
Natte Yallock community hub	-	32
Snake Valley Avenue of Honour	-	20
Emergency communications	10	-
Other	45	47
Total non-recurrent operating grants	<u>354</u>	<u>714</u>
Total operating grants	<u>2,738</u>	<u>6,445</u>
Capital Grants		
<i>Recurrent - Commonwealth Government</i>		
Federal Assistance Grants - local roads	977	3,030
<i>Recurrent - State Government</i>		
	-	-
Total recurrent capital grants	<u>977</u>	<u>3,030</u>

	2016 \$'000	2015 \$'000
Note 6		
Grants (continued)		
<i>Non-recurrent - Commonwealth Government</i>		
Roads to recovery	2,788	1,023
Road Black Spot	508	-
<i>Non-recurrent - State Government</i>		
Landsborough streetscape	180	-
Avoca hall	21	189
Beaufort caravan park	10	90
Rural roads and bridges	-	1,000
Small rural township streetscape upgrade	-	65
Amphitheatre tennis courts	-	5
Total non-recurrent capital grants	<u>3,507</u>	<u>2,372</u>
Total capital grants	<u>4,484</u>	<u>5,402</u>
Total grants	<u><u>7,222</u></u>	<u><u>11,847</u></u>
Unspent grants received on condition that they be spent in a specific manner		
Balance at start of year	182	868
Received during the financial year and remained unspent at balance date	133	182
Received in prior years and spent during the financial year	(170)	(868)
Balance at year end	<u>145</u>	<u>182</u>
Note 7		
Contributions		
Monetary - Operating	10	29
Monetary - Capital	44	129
Total contributions	<u>54</u>	<u>158</u>
Note 8		
Net gain/(loss) on disposal of property, infrastructure, plant and equipment		
Plant and equipment		
Proceeds of sale	233	371
Written down value of assets disposed	(232)	(246)
Net gain on disposal of plant and equipment	<u>1</u>	<u>125</u>
Land classified as held for resale		
Proceeds of sale	524	286
Selling costs	(39)	(32)
Carrying value of assets disposed	(521)	(253)
Net gain(loss) on disposal of land classified as held for resale	<u>(36)</u>	<u>1</u>
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	<u><u>(35)</u></u>	<u><u>126</u></u>

	2016 \$'000	2015 \$'000
Note 9 Other income		
Interest on investments	161	155
Reimbursement - State Revenue Office	39	37
Legal fees - rates	37	43
Private works	25	33
Other	4	9
Total other income	266	277
Note 10(a) Employee costs		
Wages and salaries	5,687	5,722
Superannuation	564	547
Fringe benefits tax	100	99
WorkCover insurance premium	79	90
Total employee costs	6,430	6,458
Note 10(b) Superannuation		
Council made contributions to the following funds:		
Defined benefit fund 9.5%		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	100	133
	100	133
Defined benefits employer contributions payable at reporting date.	-	-
Accumulation funds 9.5%		
Local Authorities Superannuation Fund (Vision Super)	420	350
Australian Super	24	23
Rowe Family Superannuation Fund	-	21
Adelaide Managed Fund	10	10
First State Super	8	8
Elliott & Strietman Superannuation Fund	1	1
Vic Super	1	1
	464	414

	2016 \$'000	2015 \$'000
Note 11 Materials and services		
Contractors	1,640	2,021
Consumables	1,198	1,286
Contracted Service Delivery	1,164	1,120
Insurance	286	308
Electricity and water	206	201
Plant expenses	190	282
Telecommunications	175	180
Information technology	170	140
Advertising	125	114
Subscriptions and memberships	96	90
Conferences and training	86	81
Stationery, postage, photocopying and printing	72	81
Cleaning	54	97
Legal fees	43	49
Valuations	27	34
Contributions and donations	36	24
Fire services levy	15	14
Total materials and services	5,583	6,122
Note 12 Bad and doubtful debts		
Planning debtors	-	4
Fire hazard infringement debtors	-	1
Total bad and doubtful debts	-	5
Note 13 Depreciation		
Infrastructure	4,638	5,980
Property	1,285	1,276
Plant and equipment	625	646
Total depreciation	6,548	7,902
<i>Refer to note 22 for a more detailed breakdown of depreciation charges.</i>		
Note 14 Borrowing costs		
Interest on borrowings	28	128
Total	28	128
Note 15 Other expenses		
Councillors' allowances	149	146
Operating lease rentals	76	73
Auditors' remuneration - internal auditor	47	35
Auditors' remuneration - audit of the financial statements, performance statements and grant acquittals by the Victorian Auditor General's Office (VAGO)	38	26
Internal audit committee	7	8
Total other expenses	317	288

	2016 \$'000	2015 \$'000
Note 16 Cash and cash equivalents		
Cash on hand	2	2
Cash at bank	1,646	4,171
Term deposits	-	2,800
Total cash and cash equivalents	1,648	6,973
Council's cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:		
- Trust funds and deposits (Note 24)	182	176
- Recreational land reserve (Note 27)	9	9
Total restricted funds	191	185
Total unrestricted cash and cash equivalents	1,457	6,788
Intended allocations		
Although not externally restricted the following amounts have been allocated for specific future purposes by Council:		
- Net cash held to fund carried forward capital works	1,554	1,212
- Home & Community Care growth funding	90	77
- Victoria Grants Commission 2015-2016 funding received in advance	-	2,490
- Library 2015-2016 funding received in advance	-	105
Total funds subject to intended allocations	1,644	3,884

Refer to note 18 for details of other financial assets held by Council.

Note 17 Trade and other receivables		
Current		
Rates debtors	415	349
Sundry debtors	315	278
Net Australian Taxation Office receivable	185	195
Private scheme debtors	12	10
Total current trade and other receivables	927	832
Non-current		
Private scheme debtors	115	104
Total non-current trade and other receivables	115	104
Total trade and other receivables	1,042	936
a) Ageing of receivables		
At balance date current debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of the Council's trade and other receivables (excluding rates debtors) was:		
Current (not yet due)	290	229
Past due by up to 30 days	59	16
Past due between 31 and 180 days	18	92
Past due between 181 and 365 days	2	142
Past due by more than 1 year	143	4
Total trade and other receivables	512	483

	2016 \$'000	2015 \$'000
Note 18 Other financial assets		
Term deposits	3,508	9
Total other financial assets	3,508	9
Note 19 Inventories		
Inventories held for sale	7	7
Total inventories	7	7
Note 20 Non-current assets classified as held for sale		
Residential land held for sale	783	660
Industrial land held for sale	330	305
Total non-current assets classified as held for sale	1,113	965
<i>Movement in non-current assets classified as held for sale</i>		
Balance at beginning of financial year	965	820
Additions	688	331
Disposals	(521)	(253)
Revaluation increment/(decrement)	(19)	67
Balance at end of financial year	1,113	965
<i>Valuation of residential and industrial land held for sale</i>		
<p>Valuation of residential and industrial land held for sale has been determined in accordance with a valuation by qualified independent valuer Mr Chris Barrett, BSc., MBA, AAPI, Certified Practising Valuer, who has recent experience in the location and category of the property being valued. The valuation is at fair value, based on the current market value for the property. The residential and industrial land is held at the lower of carrying value or fair value.</p>		
Note 21 Other assets		
Prepayments	110	49
Accrued Income	20	99
Total other assets	130	148

Note 22 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2016	Accumulated Depreciation	WDV at 30 June 2016	At Fair Value 30 June 2015	Accumulated Depreciation	WDV at 30 June 2015
Land	8,532	(1,538)	6,994	8,532	(1,326)	7,206
Buildings	48,878	(21,961)	26,917	48,812	(20,888)	27,924
Plant and Equipment	7,591	(4,587)	3,004	7,453	(4,322)	3,131
Infrastructure	303,637	(111,923)	191,714	340,249	(95,380)	244,869
Work in progress	510	-	510	47	-	47
TOTAL	369,148	(140,009)	229,139	405,093	(121,916)	283,177

Summary of Work in Progress

	Opening WIP	Additions	Transfers	Write Offs	Closing WIP
Infrastructure	47	510	(47)	-	510
TOTAL	47	510	-	-	510

Land and Buildings

	Land - specialised	Land improvements	Total Land	Buildings - specialised	Total Buildings	Work In Progress	Total Property
At fair value 1 July 2015	2,983	5,549	8,532	48,812	48,812	-	57,344
Accumulated depreciation at 1 July 2015	-	(1,326)	(1,326)	(20,888)	(20,888)	-	(22,214)
Written down value at 1 July 2015	2,983	4,223	7,206	27,924	27,924	-	35,130

Movements in fair value

Acquisition of assets at fair value	-	-	-	66	66	-	66
Transfers	-	-	-	-	-	-	-
Movements in value for year	-	-	-	66	66	-	66

Movements in accumulated depreciation

Depreciation	-	(212)	(212)	(1,073)	(1,073)	-	(1,285)
Movements in accumulated depreciation for year	-	(212)	(212)	(1,073)	(1,073)	-	(1,285)

At fair value 30 June 2016	2,983	5,549	8,532	48,878	48,878	-	57,410
Accumulated depreciation at 30 June 2016	-	(1,538)	(1,538)	(21,961)	(21,961)	-	(23,499)
Written down value at 30 June 2016	2,983	4,011	6,994	26,917	26,917	-	33,911

Note 22 Property, infrastructure, plant and equipment (continued)

Plant and Equipment	Plant, machinery and equipment	Fixtures, fittings and furniture	Computers and telecommunications	Library collection	Total plant and equipment
At fair value 1 July 2015	5,726	272	1,172	283	7,453
Accumulated depreciation at 1 July 2015	(2,919)	(227)	(997)	(179)	(4,322)
Written down value at 1 July 2015	2,807	45	175	104	3,131

Movements in fair value

Acquisition of assets at fair value	640	13	53	24	730
Fair value of assets disposed	(592)	-	-	-	(592)
Movements in value for year	48	13	53	24	138

Movements in accumulated depreciation

Depreciation	(488)	(10)	(98)	(29)	(625)
Accumulated depreciation of disposals	360	-	-	-	360
Movements in accumulated depreciation for year	(128)	(10)	(98)	(29)	(265)

At fair value 30 June 2016	5,774	285	1,225	307	7,591
Accumulated depreciation at 30 June 2016	(3,047)	(237)	(1,095)	(208)	(4,587)
Written down value at 30 June 2016	2,727	48	130	99	3,004

Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Other structures	Work In Progress	Total Infrastructure
At fair value 1 July 2015	286,196	35,047	1,803	16,533	670	47	340,296
Accumulated depreciation at 1 July 2015	(75,133)	(14,312)	(857)	(4,798)	(280)	-	(95,380)
Written down value at 1 July 2015	211,063	20,735	946	11,735	390	47	244,916

Movements in fair value

Acquisition of assets at fair value	3,410	881	3	401	12	510	5,217
Revaluation increments/decrements	(61,296)	7,578	68	379	-	-	(53,271)
Transfers	47	-	-	-	-	(47)	-
Movements in value for year	(57,839)	8,459	71	780	12	463	(48,054)

Movements in accumulated depreciation

Depreciation	(3,917)	(447)	(37)	(195)	(42)	-	(4,638)
Movements in accumulated depreciation for year	(3,917)	(447)	(37)	(195)	(42)	-	(4,638)

At fair value 30 June 2016	231,563	50,837	1,965	18,590	682	510	304,147
Accumulated depreciation at 30 June 2016	(82,256)	(22,090)	(985)	(6,270)	(322)	-	(111,923)
Written down value at 30 June 2016	149,307	28,747	980	12,320	360	510	192,224

Note 22 Property, infrastructure, plant and equipment (continued)

Valuation of land and buildings

Valuation of land and buildings was undertaken by qualified independent valuer Mr Chris Barrett, BSc., MBA, AAPI, Certified Practising Valuer. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement. The effective date of the most recent revaluation is 30 June 2014.

Specialised land is valued at fair value using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2016 are as follows:

	Level 1	Level 2	Level 3
Specialised land	-	-	2,983
Land improvements	-	4,011	-
Specialised buildings	-	-	26,917
Total property	-	4,011	29,900

	2016 \$'000	2015 \$'000
Reconciliation of specialised land		
Recreation	1,672	1,672
Tourism	391	391
Works	348	348
Waste management	281	281
Children's services	107	107
Roads	98	98
Administration	86	86
Total specialised land	2,983	2,983

Valuation of infrastructure

Valuation of bridge, footpath and cycleway, kerb and channel, road pavement, road formation and sealed surface assets has been determined in accordance with an independent valuation undertaken by Mr Peter Moloney, Dip. C.E., MIE Australia. The effective date of the most recent revaluation is 31 December 2015.

Valuation of major culvert, pit and pipe assets has been determined in accordance with a valuation undertaken by Council's Manager of Assets, Mr Robert Rowe. The effective date of the most recent revaluation is 30 June 2016.

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

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2016 are as follows:

	Level 1	Level 2	Level 3
Roads	-	-	149,307
Footpaths and cycleways	-	-	980
Drainage	-	-	12,320
Bridges	-	-	28,747
Other	-	-	360
Total infrastructure	-	-	191,714

Description of significant unobservable inputs into level 3 valuations

Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 1 year to 108 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2016 \$'000	2015 \$'000
Note 23 Trade and other payables		
Trade payables	655	730
Accrued payables	328	147
Total trade and other payables	<u>983</u>	<u>877</u>

Note 24 Trust funds and deposits		
Refundable deposits	74	74
Landsborough Community trust funds	85	77
Camp Hill trust funds	20	20
Fire services property levy collected	-	2
Other refundable deposits	3	3
Total trust funds and deposits	<u>182</u>	<u>176</u>

Purpose and nature of items

Refundable deposits - Deposits are taken by Council as a form of surety in a number of circumstances, including in relation to building works, tender deposits, contract deposits and the use of civic facilities.

Trust funds - Council has received money from two community groups which it is holding in trust until such time the funds are required to contribute to a project in that community.

Note 25 Provisions		
Balance at beginning of the financial year	2,061	2,023
Additional provisions	677	544
Amounts used	(533)	(511)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	7	5
Balance at the end of the financial year	<u>2,212</u>	<u>2,061</u>

Employee provisions

Current provisions expected to be wholly settled within 12 months

Annual leave	478	474
Long service leave	476	440
Total current provisions expected to be wholly settled within 12 months	<u>954</u>	<u>914</u>

Current provisions expected to be wholly settled after 12 months

Annual leave	209	206
Long service leave	894	801
Total current provisions expected to be wholly settled after 12 months	<u>1,103</u>	<u>1,007</u>
Total current provisions	<u>2,057</u>	<u>1,921</u>

Non-current provisions

Long service leave	155	140
Total non-current provisions	<u>155</u>	<u>140</u>

	2016 \$'000	2015 \$'000
Note 25 Provisions (continued)		
Aggregate carrying amount of employee provisions:		
Current	2,057	1,921
Non-current	155	140
Total aggregate carrying amount of employee	<u>2,212</u>	<u>2,061</u>
The following assumptions were adopted in measuring the present value of employee benefits:		
Weighted average increase in employee costs	4.125%	4.438%
Weighted average discount rates	1.990%	3.028%
Weighted average long service leave settlement period	15 years	15 years
 Note 26 Interest-bearing loans and borrowings		
Current		
Borrowings - secured	500	864
Non-current		
Borrowings - secured	-	373
Total interest-bearing loans and borrowings	<u>500</u>	<u>1,237</u>
 Borrowings are secured by a charge over the municipal rates of Council.		
 a) The maturity profile for Council's borrowings is:		
Not later than one year	500	864
Later than one year and not later than five years	-	292
Later than five years	-	81
	<u>500</u>	<u>1,237</u>
 b) Aggregate carrying amount of interest-bearing loans and borrowings:		
Current	500	864
Non-current	-	373
	<u>500</u>	<u>1,237</u>

Note 27 Reserves	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
(a) Asset revaluation reserve			
2016			
Property			
Land	1,845	-	1,845
Buildings	19,140	-	19,140
Total property revaluation reserve	20,985	-	20,985
Infrastructure			
Roads	157,746	(61,296)	96,450
Footpaths and cycleways	759	68	827
Drainage	10,257	379	10,636
Bridges	12,594	7,578	20,172
Plant and equipment	301	-	301
Furniture and fittings	40	-	40
Total infrastructure revaluation reserve	181,697	(53,271)	128,426
Total asset revaluation reserves	202,682	(53,271)	149,411
2015			
Property			
Land	1,845	-	1,845
Buildings	19,140	-	19,140
Total property revaluation reserve	20,985	-	20,985
Infrastructure			
Roads	157,746	-	157,746
Footpaths and cycleways	759	-	759
Drainage	10,257	-	10,257
Bridges	12,594	-	12,594
Plant and equipment	301	-	301
Furniture and fittings	40	-	40
Total infrastructure revaluation reserve	181,697	-	181,697
Total asset revaluation reserves	202,682	-	202,682

The asset revaluation reserve is used to record the increased (net) value of Council's assets over time.

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Balance at end of reporting period \$'000
(b) Recreational land reserve			
2016			
Recreational land	9	-	9
Total recreational land reserves	9	-	9
2015			
Recreational land	9	-	9
Total recreational land reserves	9	-	9

The recreational land reserve contains contributions paid by developers undertaking the subdivision of residential land. These funds are required to be expended on the creation or expansion of recreational opportunities for the community, and are held until such time the relevant expenditure is incurred.

	2016 \$'000	2015 \$'000
Note 28 Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus/(deficit) for the year	(1,883)	506
Depreciation	6,548	7,902
Net gain on disposal of property, infrastructure, plant and equipment	35	(126)
Fair value adjustment for non-current assets classified as held for sale	-	(67)
Impairment adjustment for non-current assets classified as held for sale	19	-
Borrowing costs	28	128
Change in assets and liabilities:		
(Increase) in trade and other receivables	(106)	(51)
(Increase) in inventories	-	(2)
(Increase)/Decrease in prepayments	(61)	50
(Increase)/Decrease in accrued income	79	(45)
Increase/(Decrease) in trade and other payables	106	(95)
Increase in provisions	151	38
Increase in trust funds and deposits	6	3
Net GST on operating activities	458	499
Net cash provided by operating activities	5,380	8,740
Note 29 Reconciliation of cash and cash equivalents		
Cash and cash equivalents (see note 16)	1,648	6,973
Less bank overdraft (see note 30)	-	-
Total cash and cash equivalents	1,648	6,973
Note 30 Financing arrangements		
Bank overdraft	400	400
Credit card facilities	47	42
Total facilities	447	442
Used bank overdraft	-	-
Used credit card facilities	6	8
Unused facilities	441	434

Note 31 Commitments

The Council has entered into the following commitments

	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
2016					
Operating					
Bituminous resealing	841	-	-	-	841
Waste services	789	824	936	-	2,549
Cleaning services	161	162	81	-	404
Total operating commitments	1,791	986	1,017	-	3,794
Capital					
Non-current assets classified as held for sale	82	-	-	-	82
Plant and machinery	234	-	-	-	234
Total capital commitments	316	-	-	-	316
2015					
Operating					
Swimming pool management	164	-	-	-	164
Waste services	750	761	840	-	2,351
Cleaning services	73	-	-	-	73
Total operating commitments	987	761	840	-	2,588
Capital					
Total capital commitments	-	-	-	-	-

Note 32 Operating leases

2016
\$'000

2015
\$'000

Operating lease commitments

At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment for use within Council's activities (these obligations are not recognised as liabilities):

Not later than one year	75	75
Later than one year and not later than five years	158	233
Total operating lease commitments	233	308

Note 33 Superannuation

Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in the Comprehensive Income Statement when they are made or due.

Accumulation

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2016, this was 9.5% as required under Superannuation Guarantee legislation).

Note 33 Superannuation (continued)

Defined Benefit

Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan.

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding arrangements

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary.

As at 30 June 2015, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 105.8%. To determine the VBI, the fund Actuary used the following long-term assumptions:

Net investment returns 7.0% pa

Salary inflation 4.25% pa

Price inflation (CPI) 2.5% pa.

Vision Super has advised that the VBI at 30 June 2016 was 102.0% (subject to the finalisation of Fund Actuary report), (105.8% at 30 June 2015).

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 2015 interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Employer contributions

Regular contributions

On the basis of the results of the 2015 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2016, this rate was 9.5% of members' salaries (9.5% in 2014/2015). This rate will increase in line with any increase to the contribution rate. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

Funding calls

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall. Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up. If there is a surplus in the Fund, the surplus cannot be returned to the participating employers. In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

Note 33 Superannuation (continued)

2015 Interim actuarial investigation surplus

The Fund's interim actuarial investigation as at 30 June 2015 identified the following in the defined benefit category of which Council is a contributing employer:

- A VBI surplus of \$130.8 million; and
- A total service liability surplus of \$239 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2015. The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses. Council was notified of the 30 June 2015 VBI during August 2015.

Future superannuation contributions

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2017 is \$99,000.

Note 34 Contingent liabilities

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme. Matters relating to this potential obligation are outlined in Note 33. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists. At this point in time it is not known if additional contributions will be required, their timing or potential amount.

Note 35 Financial Instruments

(a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

(b) Market risk

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

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. Council does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rate.

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

- diversification of investment product;
- monitoring of return on investment; and
- benchmarking of returns and comparison with budget.

There has been no significant change in the Council's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on the Council's year end result.

Note 35 Financial Instruments (continued)

(c) 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. Council has exposure to credit risk on some financial assets included in its balance sheet. To help manage this risk:

- Council has a policy for establishing credit limits for the entities it deals with;
- Council may require collateral where appropriate; and
- Council only invest surplus funds with financial institutions which have the recognised credit rating specified in its investment policy.

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the Council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

There are no material financial assets which are individually determined to be impaired.

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such if and as when it provides a guarantee for another party. Details of Council's contingent liabilities are disclosed in note 34.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not hold any collateral.

(d) Liquidity risk

Liquidity risk includes the risk that, as a result of Council's operational liquidity requirements or that it will not have sufficient funds to settle a transaction when required, Council will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

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

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet and is deemed insignificant based on prior periods' data and current assessment of risk.

There has been no significant change in Council's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 26.

(e) Fair value

Unless otherwise stated, the carrying amount of financial instruments reflect their fair value.

Fair value hierarchy

Council's financial assets and liabilities are not valued in accordance with the fair value hierarchy, rather, Council's financial assets and liabilities are measured at amortised cost.

(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:

- A parallel shift of +2.0% and -1.0% in market interest rates (AUD) from year-end cash rates of 1.75% (2.00% at 30 June 2015).

These movements will not have a material impact on the valuation of Council's financial assets and liabilities, nor will they have a material impact on the results of Council's operations.

Note 36 Related party transactions

(i) Responsible Persons

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

Councillors Councillor Tanya Kehoe (Mayor 01.07.2015 to 10.11.2015)
Councillor Michael O'Connor (Mayor 11.11.2015 to 30.06.2016)
Councillor David Clark
Councillor Ronald Eason
Councillor Robert Vance

Chief Executive Officer Jim Nolan

(ii) Remuneration of Responsible Persons

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

Income Range:	2016 No.	2015 No.
\$20,000 - \$29,999	3	3
\$30,000 - \$39,999	1	1
\$40,000 - \$49,999	1	1
\$80,000 - \$89,999	-	1
\$110,000 - \$119,999	-	1
\$200,000 - \$209,999	1	-
	<u>6</u>	<u>7</u>

Total Remuneration for the reporting year for Responsible Persons included above amounted to: 348,000 341,000

(iii) Senior Officers Remuneration

A Senior Officer other than a Responsible Person, is an officer of Council who:

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$139,000 (2015: \$136,000)

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

Income Range:	2016 No.	2015 No.
\$100,000 - \$109,999	1	-
\$110,000 - \$119,999	-	1
\$150,000 - \$159,999	1	1
\$160,000 - \$169,999	1	-
\$170,000 - \$179,999	-	1
	<u>3</u>	<u>3</u>

Total Remuneration for the reporting year for Senior Officers included above, amounted to: 440,000 443,000

(iv) Responsible persons retirement benefits

The aggregate amount paid during the reporting period by Council in connection with the retirement of responsible persons was \$0 (2014-2015 - \$117,000)

Note 36 Related party transactions (continued)

(v) Loans to responsible persons

No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2014-2015 - \$0).

(vi) Transactions with responsible persons

During the period Council entered into the following transactions with responsible persons or related parties of responsible persons:

		2016	2015
Cr R Eason	Avoca Newsagency	\$1,858	\$1,675
	Provision of printing and stationery goods, by a business in which Cr Eason is a partner.		
Cr M O'Connor	Waterloo Treats	\$5,232	\$4,756
	Provision of catering, by a business part owned and operated by spouse of Cr O'Connor.		
Cr D Clark	Umecc Landcare Network Incorporated	\$1,500	\$1,500
	Provision of a community grant to a community organisation which Cr Clark works for on a part-time basis as a contractor.		
Cr D Clark	Pyrenees Store Co-operative Limited	\$5,830	\$5,830
	Provision of an operating grant to a community organisation of which Cr Clark is a director.		
Total transactions with responsible persons		<u>\$14,420</u>	<u>\$13,761</u>

All of the above transactions were at arms length and in the normal course of Council's business.

Note 37 Events occurring after balance date

No matters have occurred after balance date that require disclosure in the financial report.

In my opinion the accompanying financial statements have been prepared in accordance with the *Local Government Act 1989*, the *Local Government (Planning and Reporting) Regulations 2014*, Australian Accounting Standards and other mandatory professional reporting requirements.



Paul Brumby B. Bus
Principal Accounting Officer

Date : 19/09/2016

Beaufort

In our opinion the accompanying financial statements present fairly the financial transactions of Pyrenees Shire Council for the year ended 30 June 2016 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 and by the *Local Government (Planning and Reporting) Regulations 2014* to certify the financial statements in their final form.



Mayor

Date : 19/09/2016

Beaufort



Councillor

Date : 19/09/2016

Beaufort



Chief Executive Officer

Date : 19/09/2016

Beaufort

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Pyrenees Shire Council

The Financial Report

I have audited the accompanying financial report for the year ended 30 June 2016 of the Pyrenees Shire Council which comprises the comprehensive income statement, balance sheet, statement of changes in equity, statement of cash flows, statement of capital works, notes comprising a summary of the significant accounting policies and other explanatory information, and the certification of the financial statements.

The Councillors' Responsibility for the Financial Report

The Councillors of the Pyrenees Shire Council are responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.

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

Auditor's Responsibility

As required by the *Audit Act 1994* and the *Local Government Act 1989*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the 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 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 financial report.

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

Independent Auditor's Report (continued)

Independence

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

Opinion

In my opinion the financial report presents fairly, in all material respects, the financial position of the Pyrenees Shire Council as at 30 June 2016 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.

MELBOURNE
20 September 2016


Andrew Greaves
Auditor-General

Pyrenees Shire Council
Performance Statement

For the year ended 30 June 2016

Performance Statement

For the year ended 30 June 2016

R17(1) BP	<p>Description of municipality</p> <p>Pyrenees Shire is located in the Central West of Victoria, about 130 kilometers North West of Melbourne. It is heavily dependent on primary industry and is renowned for its, wool, viticulture and forestry activity. Thirty percent of the workforce is involved in agriculture. Key areas of production are wool, cereal, hay crops and meat. Grape and wine production has recently expanded significantly. Gold, along with sand, gravel and slate all contribute to the economy.</p> <p>The Pyrenees Shire comprises an area of nearly 3,500 square kilometres and a population of 6,822 residents. The Shire takes its name from the ranges in the north that hold similarity to the Pyrenees Ranges in Europe.</p> <p>Council administration is based in the township of Beaufort, and a number of Council services also operate from the township of Avoca. These services include health and aged care, library and information centres.</p> <p>Excellent educational facilities are available in Pyrenees Shire, including integrated children's centres, primary schools, a secondary college and Community Resource and Information Centres incorporating adult education and library services.</p> <p>Recreational activities are available in abundance in the region, giving community members and visitors wonderful opportunities to experience new pastimes. Most townships in the Shire have their own sporting facilities, such as football fields and netball courts. Avoca and Beaufort also have skate parks.</p> <p>Tourism is ever growing throughout the region. Hang-gliding from Mount Cole and the French game of Petanque in Avoca, attract large numbers of visitors year round. In recent years, the action sport of mountain bike riding has risen in popularity.</p> <p>In addition to the sporting opportunities, the Pyrenees is known for its wineries and culinary delights. Community markets are a popular attraction, as are the region's antique fairs, picnic horse races and music festivals.</p>
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Sustainable Capacity Indicators

For the year ended 30 June 2016

	<i>Indicator / measure</i>	Results		Material Variations
		2015	2016	
R15(3) Sch3 R16(1) R17(2)	Population			
	<i>Expenses per head of municipal population</i> [Total expenses / Municipal Population]	\$2,995.13	\$2,779.24	Depreciation (a non-cash expense) reduced by 17% as a result of changes in road infrastructure asset valuations.
	<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal Population]	\$40,148.16	\$32,563.03	Council's road infrastructure assets were revalued downward by 21% during the year as a result of a triennial revaluation by an independent expert valuer.
	<i>Population density per length of road</i> [Municipal population / kilometres of local roads]	3.41	3.47	With an area of 3,500 square kilometres and a population of 6,822 the population density of the Shire is low.
	Own-source revenue			
	<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,347.47	\$1,436.68	Increase in own source revenue is due to 5.25% increase in rates and an 8.87% increase in services charges.
	Recurrent grants			
	<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$1,261.50	\$492.67	In June 2015 Council received \$2.5m of its 2015-16 Federal Assistance Grants in advance which resulted in the 2015-16 recurrent grants being lower.
	Disadvantage			
	<i>Relative socio-economic Disadvantage</i> [Index of Relative Socio-economic Disadvantage by decile]	1.00	1.00	Pyrenees Shire Council SEIFA score of 1 demonstrates the level of socio economic disadvantage experienced by the residents of the Shire.
BP	Definitions			
	<p>"adjusted underlying revenue" means total income other than:</p> <ul style="list-style-type: none"> (a) non-recurrent grants used to fund capital expenditure; and (b) non-monetary asset contributions; and (c) contributions to fund capital expenditure from sources other than those referred to above <p>"infrastructure" means non-current property, plant and equipment excluding land</p> <p>"local road" means a sealed or unsealed road for which the council is the responsible road authority under the <i>Road Management Act 2004</i></p> <p>"population" means the resident population estimated by council</p> <p>"own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)</p> <p>"relative socio-economic disadvantage", in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA</p> <p>"SEIFA" means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its Internet website</p> <p>"unrestricted cash" means all cash and cash equivalents other than restricted cash.</p>			

Service Performance Indicators

For the year ended 30 June 2016

	Service / Indicator / measure	Results		Material Variations
		2015	2016	
R15(1) Sch3 R16(1) R17(2)	Aquatic facilities Utilisation <i>Utilisation of aquatic facilities</i> [Number of visit to aquatic facilities / Municipal population]	1.69	2.81	Utilisation of aquatic facilities has increased due to favourable weather conditions and increased usage by the schools.
	Animal management Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	0.00	0.00	There were no animal management prosecutions
	Food safety Health and safety <i>Critical and major non-compliance notifications</i> [Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100	100.00%	50.00%	Of the small number of non-compliance issues two of the four were not followed up due to business closure and operating circumstances.
	Governance Satisfaction <i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	57.00	56.00	No material variations
	Home and community care Participation <i>Participation in HACC service</i> [Number of people that received a HACC service / Municipal target population for HACC services] x100 Participation <i>Participation in HACC service by CALD people</i> [Number of CALD people who receive a HACC services / Municipal target population in relation to CALD people for HACC services] x100	30.00%	26.75%	Less people have chosen to take up the service which may be driven by other providers now providing services in the region.
	Participation <i>Participation in HACC service by CALD people</i> [Number of CALD people who receive a HACC services / Municipal target population in relation to CALD people for HACC services] x100	32.00%	34.85%	Participation in HACC services by CALD clients fluctuates with clients moving in and out of the service.

Service / Indicator / measure	Results		Material Variations
	2015	2016	
Libraries Participation <i>Active library members</i> [Number of active library members / Municipal population] x100	13.00%	10.80%	The way the community uses the library has changed, with borrowings and active members decreasing while visitations have increased.
Maternal and child health Participation <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100 Participation <i>Participation in the MCH service by Aboriginal children</i> [Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	87.00%	86.63%	No material variations
Roads Satisfaction <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	55.00	54.00	
Statutory Planning Decision making <i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	100.00%	0.00%	There were no planning applications decided by VCAT
Waste Collection Waste diversion <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	42.00%	38.61%	Variance is due in the main to increased waste volumes received.

Definitions

"Aboriginal child" means a child who is an Aboriginal person

"Aboriginal person" has the same meaning as in the Aboriginal Heritage Act 2006

"active library member" means a member of a library who has borrowed a book from the library

"annual report" means an annual report prepared by a council under sections 131, 132 and 133 of the Act

"CALD" means culturally and linguistically diverse and refers to persons born outside Australia in a country whose national language is not English

"class 1 food premises" means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 1 food premises under section 19C of that Act

"class 2 food premises" means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 2 food premises under section 19C of that Act

"Community Care Common Standards" means the Community Care Common Standards for the delivery of HACC services, published from time to time by the Commonwealth

"critical non-compliance outcome notification" means a notification received by council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorized officer under that Act, of a deficiency that poses an immediate serious threat to public health

"food premises" has the same meaning as in the *Food Act 1984*

"HACC program" means the Home and Community Care program established under the Agreement entered into for the purpose of the Home and Community Care Act 1985 of the Commonwealth "HACC service" means home help, personal care or community respite provided under the HACC program

"local road" means a sealed or unsealed road for which the council is the responsible road authority under the *Road Management Act 2004*

"major non-compliance outcome notification" means a notification received by a council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorized officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken

"MCH" means the Maternal and Child Health Service provided by a council to support the health and development of children within the municipality from birth until school age

"population" means the resident population estimated by council

"target population" has the same meaning as in the Agreement entered into for the purposes of the Home and Community Care Act 1985 of the Commonwealth

"WorkSafe reportable aquatic facility safety incident" means an incident relating to a council aquatic facility that is required to be notified to the Victorian WorkCover Authority under Part 5 of the *Occupational Health and Safety Act 2004*.

Financial Performance Indicators

For the year ended 30 June 2016

	Dimension/ <i>indicator</i> /measure	Results		Forecasts				Material Variations
		2015	2016	2017	2018	2019	2020	
R15(2) Sch3	Efficiency							
R16(1) R16(2) R17(2) R17(3)	Revenue level <i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]	\$842.49	\$877.80	\$931.77	\$953.10	\$974.73	\$996.98	No material variations
	Expenditure level <i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$3,579.28	\$3,216.40	\$3,387.00	\$4,097.86	\$4,247.70	\$3,629.98	Depreciation (a non-cash expense) reduced by 17% as a result of changes in road infrastructure asset valuations.
	Workforce turnover <i>Resignations and terminations compared to average staff</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	12.24%	8.20%	8.20%	8.20%	8.20%	8.20%	Low staff turnover reflects a stable workforce.
	Liquidity Working capital <i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	232.86%	197.02%	135.31%	140.93%	140.81%	140.64%	In June 2015 Council received \$2.5m of its 2015-16 Federal Assistance Grants in advance which inflated the current assets at 30 June 2015 and this ratio.
	Unrestricted cash <i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	140.54%	87.75%	40.88%	49.88%	49.49%	49.12%	In June 2015 Council received \$2.5m of its 2015-16 Federal Assistances Grants in advance which inflated the current assets at 30 June 2015 and this ratio.

Dimension/ <i>indicator/measure</i>	Results		Forecasts				Material Variations
	2015	2016	2017	2018	2019	2020	
Obligations Asset renewal <i>Asset renewal compared to depreciation</i> [Asset renewal expenses / Asset depreciation] x100	61.69%	60.25%	94.15%	78.78%	61.77%	67.40%	The amount of asset renewal undertaken in any year is dependent on the level of Government funding.
Loans and borrowings <i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	15.15%	5.76%	0.00%	0.00%	0.00%	0.00%	Variation is due to Council's policy to eliminate debt.
<i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / rate revenue] x100	10.06%	8.81%	5.58%	0.00%	0.00%	0.00%	Variation is due to Council's policy to eliminate debt.
Indebtedness <i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x100	5.46%	1.59%	1.72%	1.71%	1.71%	1.72%	Variation is due to Council's policy to eliminate debt.
Operating position Adjusted underlying result <i>Adjusted underlying surplus (deficit)</i> [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	-10.53%	-39.98%	-21.02%	-17.20%	-19.38%	-22.97%	In June 2015 Council received \$2.5m of its 2015-16 Federal Assistance Grants in advance which reduced the underlying deficit in 2014-15.
Stability Rates concentration <i>Rates compared to adjusted underlying revenue</i> [Rate revenue / adjusted underlying revenue] x100	43.18%	64.29%	54.65%	44.82%	45.15%	55.80%	In June 2015 Council received \$2.5m of its 2015-16 Federal Assistance Grants in advance which inflated the current assets at 30 June 2015 and this ratio.
Rates effort <i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.52%	0.54%	0.56%	0.54%	0.55%	0.53%	

BP

Definitions

"adjusted underlying revenue" means total income other than: (a) non-recurrent grants used to fund capital expenditure; and (b) non-monetary asset contributions; and (c) contributions to fund capital expenditure from sources other than those referred to above

"adjusted underlying surplus (or deficit)" means adjusted underlying revenue less total expenditure

"asset renewal expenditure" means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability

"current assets" has the same meaning as in the AAS

"current liabilities" has the same meaning as in the AAS

"non-current assets" means all assets other than current assets

"non-current liabilities" means all liabilities other than current liabilities

"non-recurrent grant" means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a council's Strategic Resource Plan

"own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants

"population" means the resident population estimated by council

"rate revenue" means revenue from general rates, municipal charges, service rates and service charges

"recurrent grant" means a grant other than a non-recurrent grant

"residential rates" means revenue from general rates, municipal charges, service rates and service charges levied on residential properties

"restricted cash" means cash and cash equivalents, within the meaning of the AAS, that are not available for use other than for a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year

"unrestricted cash" means all cash and cash equivalents other than restricted cash.

Other Information

For the year ended 30 June 2016

BP

1. Basis of preparation

Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the *Local Government Act 1989* and Local Government (Planning and Reporting) Regulations 2014.

Where applicable the results in the performance statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from council information systems or from third parties (e.g. Australian Bureau of Statistics).

The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the council's strategic resource plan. The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material variations in the results contained in the performance statement.

Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the performance statement are those adopted by council in its strategic resource plan on 28 June 2016 and which forms part of the council plan. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The strategic resource plan can be obtained by contacting council.

Certification of the Performance Statement

R18(1)
R18(2)

In my opinion, the accompanying performance statement has been prepared in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.



P Brumby B. Bus
Principal Accounting Officer
Dated: 19/09/2016

In our opinion, the accompanying performance statement of the *(council name)* for the year ended 30 June 2016 presents fairly the results of council's performance in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

The performance statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainable capacity.

At the date of signing, we are not aware of any circumstances that would render any particulars in the performance statement to be misleading or inaccurate.

We have been authorised by the council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify this performance statement in its final form.



Michael O'Connor
Councillor
Dated: 19/09/2016



Tanya Kehoe
Councillor
Dated: 19/09/2016



Jim Nolan
Chief Executive Officer
Dated: 19/09/2016

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Pyrenees Shire Council

The Performance Statement

I have audited the accompanying performance statement for the year ended 30 June 2016 of the Pyrenees Shire Council which comprises the statement, the related notes and the certification of the performance statement.

The Councillors' Responsibility for the Performance Statement

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report (continued)


Independence

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

Auditor's Opinion

In my opinion, the performance statement of the Pyrenees Shire Council in respect of the 30 June 2016 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

MELBOURNE
20 September 2016


Andrew Greaves
Auditor-General