



AGENDA APPENDIX
Council Meeting
Wednesday 22 October 2014

AGENDA ITEM FOR SEPARATE DISTRIBUTION TO COUNCILLORS AND EXECUTIVE LEADERSHIP TEAM DUE TO DOCUMENT SIZE.

THE ITEM IS ACCESSIBLE VIA THE COUNCIL WEBSITE OR BY CONTACTING COUNCIL ON 03 5662 9200.

E.2 ANNUAL REPORT 2013-2014

Appendix 1 – Annual Report 2013-2014



*South Gippsland
Shire Council*

Annual Report 2013–2014



An overview of South Gippsland Shire Council operations
between 1 July 2013 and 30 June 2014

Our thanks go to Council's Economic Development Coordinator, Ken Fraser for the generous use of many of his outstanding images in this Report.

Contents

3	Contents
4	Councillors and Executive Team
5	Mayor's Message
6	CEO's Message
7	Strategic Integrated Planning Framework
8	Organisational Structure
9	Electoral Wards and Representatives
10	Employee Profile
11	Chief Executive Officer
13	Community Services
18	Engineering Services
22	Development Services
26	Corporate Services
29	Information to be made available to the public
30	Freedom of Information Act 1982 Part 11 Statement
31	Audit Committee
33	Risk Management and National Competition Policy Compliance 2013-2014
34	A Plain English Guide to Financial Statements, Standard Statement and Performance Statement
38	Local Government Indicators
39	Grants and Contributions Paid 2013-2014
43	Annual Plan 2013-2014 End of Year Results
61	Key Strategic Activities 2013-14
65	PART B - FINANCIALS



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Councillors and Executive Team

Coastal-Promontory Ward



**Councillor
Mohya Davies**



**Councillor
Jeanette Harding
(Deputy Mayor)**



**Councillor
Kieran Kennedy**

Strzelecki Ward



**Councillor
Lorraine Brunt**



**Councillor
Andrew McEwen**



**Councillor
Robert (Bob) Newton**

Tarwin Valley Ward



**Councillor
James (Jim) Fawcett
(Mayor)**



**Councillor
Don Hill**



**Councillor
Nigel Hutchinson-Brooks**

Chief Executive Officer



Tim Tamlin

Directors



**Jan Martin
(Community Services)**



**June Ernst
(Corporate Services)**



**Anthony Seabrook
(Engineering Services)**



**Phil Stone
(Development Services)**

Mayor's Message



The Hon Tim Bull MP
Minister for Local Government

Dear Minister,

I'm proud to present our Annual Report for 2013-2014.

As a rural Council we have been challenged over the years about rate disparities and this year we 'bit the bullet', establishing a Rating Strategy Steering Committee, to review our methodology. I chaired the Committee which comprised two councillors and seven community members representing residential, farm, tourism, commercial and industrial ratepayers and business sectors.

The Committee made recommendations to Council about the principles that it should consider when striking differential rates: how to share equitably the rates burden between various rating categories; changes to the structure of current charges such as the municipal charge; and any additional charges or differential rates Council should consider. The outcome was adopted by Council and as always, there are winners and losers in any new formula. In general, farming rates have dropped and business rates have increased, offset somewhat by the abolition of the municipal charge. It is a complex issue and stimulated much debate within the Committee and during the consultation process but the outcome has been well worth the effort.

Council's relentless advocacy role was rewarded when State and Federal governments granted us \$5.2 m funding in June for a heavy vehicle alternate route for Leongatha. The route will remove around 600 heavy vehicles from the CBD daily and revitalise the town's retail precinct. Intensive advocacy for improvements to our road system, which is suffering from a recurring onslaught of storm damage, has yielded significant financial support, but the demand is unprecedented and much more funding is required to restore an acceptable level of road safety to the shire. Restraints on Federal funding to councils announced this year are of concern, particularly in relation to roads.

Council contained its Priority Projects this year to just three, with a strong focus on regional growth. The Leongatha alternate route was the first project and the second is to secure funding for the 'shovel-ready' Korumburra Integrated Children's Centre, to meet the needs of new legislation and the demand for childcare places. The Corner Inlet Tourism Development Project is the third project and has five sub-projects that address the extension of the Rail Trail, dredging works at Toora, the restoration of the Long Jetty, the development of a marina at Port Welshpool and an upgrade of the Agnes Falls Scenic Reserve. Council has committed substantial funds to support the sought-after funding and remains positive that these projects will evolve and stimulate the local economy.

The Asian demand for infant dairy formula is paying dividends for our dairy industry, with all processing factories undertaking expansion in the past year. Murray Goulburn alone takes milk from 500 farms and employs 500 people, so the Asian demand is reverberating through all tiers of dairy allied business.

The future continues to look bright for South Gippsland and Council is proud to deliver services and growth opportunities that support the health and wellbeing of our communities.

A handwritten signature in black ink, appearing to read 'Jim Fawcett'. The signature is written in a cursive, flowing style.

Cr Jim Fawcett – Mayor

CEO's Message



The Hon Tim Bull MP
Minister for Local Government

Dear Minister,

It is my great pleasure to report that South Gippsland Shire Council has continued to improve infrastructure and services for our communities.

UnitingCare Gippsland's withdrawal of childcare services in Mirboo North and Corner Inlet presented a major challenge this year but a seamless transition to new providers in May was achieved by Council forging a dynamic partnership with groups, businesses and individuals in both communities.

In late 2013 Council resumed management of two caravan parks on Crown land when their leases expired. Long standing State Government compliance standards had not been met and work was urgently required to comply and reduce risk to both Council and tenants. It has been a steep learning curve, with new staff on board right at the cusp of the summer holiday season, wild weather damage and annual tenants unsettled by the changes required, but excellent progress is being made.

The Sandy Point Community Centre was fitted out this year to meet the urgent demand for a Neighbourhood Safer Place in fire emergencies, providing a degree of comfort for residents in our high risk coastal towns. The Great Southern Rail Trail was extended from Foster to Toora, and upgrades made to the Agnes Falls Reserve, strengthening our tourism infrastructure significantly in the Corner Inlet area.

Sustainability projects such as the recent installation of energy efficient street lighting have delivered wins for the environment, the community and the organisation. The project will reduce energy demand and greenhouse gases, provide better lighting and will save Council \$70,000 annually. Current energy monitoring in our offices are also expected to save costs. New computer efficiencies implemented this year have already doubled our capacity and increased internet speeds from 4Mb per second to 50Mb per second, with projected savings of \$350,000 over the next three years.

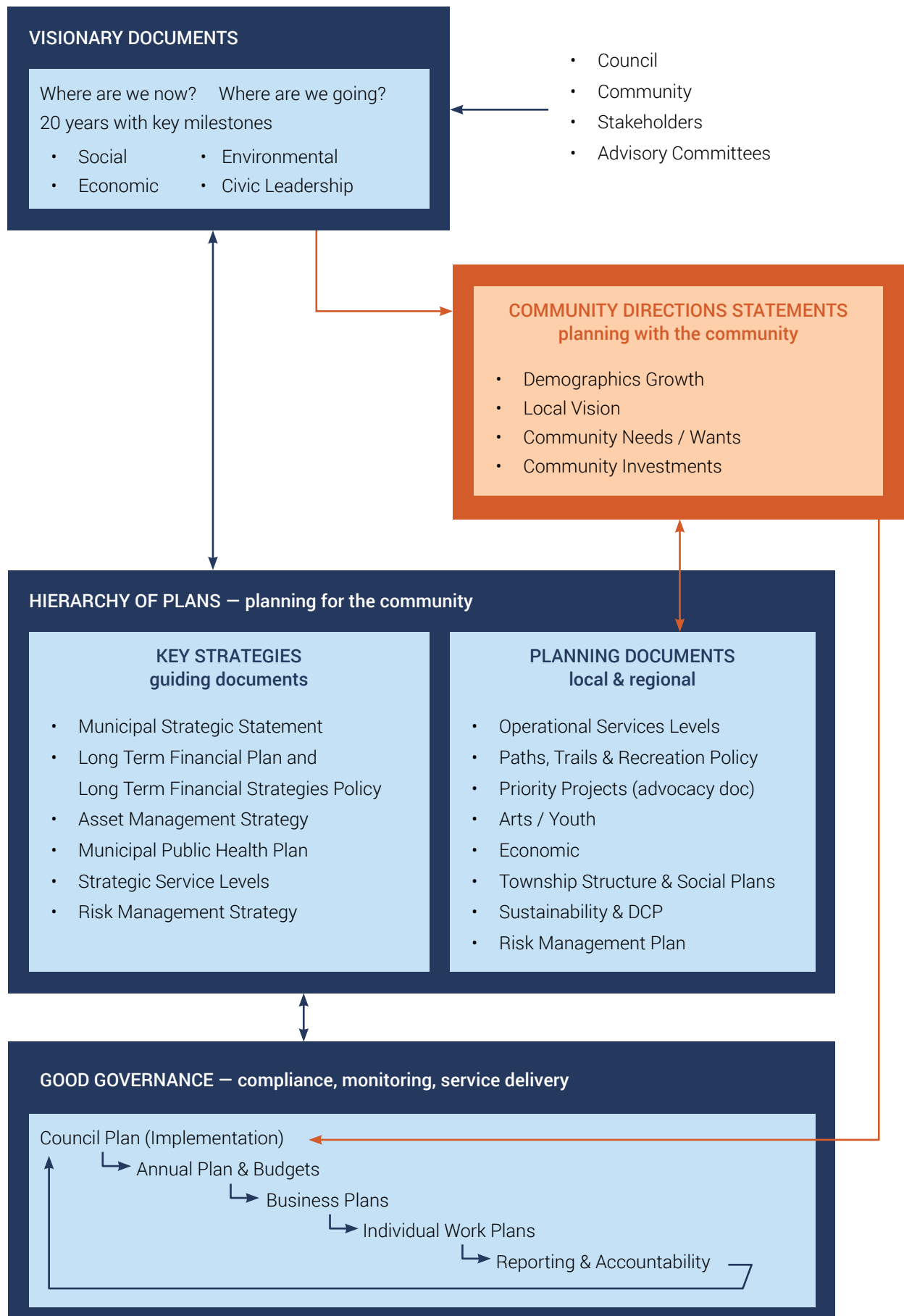
As operational costs increase we will always be challenged to do more with less and, with our growing culture of innovation, we will find more of these ways to better serve our communities.

South Gippsland is an extraordinary region with great potential and we will continue to grow our partnerships with the community to capitalise on new opportunities as they arise. My confidence in and commitment to this region is such that I have recently accepted an offer of a further five year contract as CEO. I look forward to its challenges and rewards.

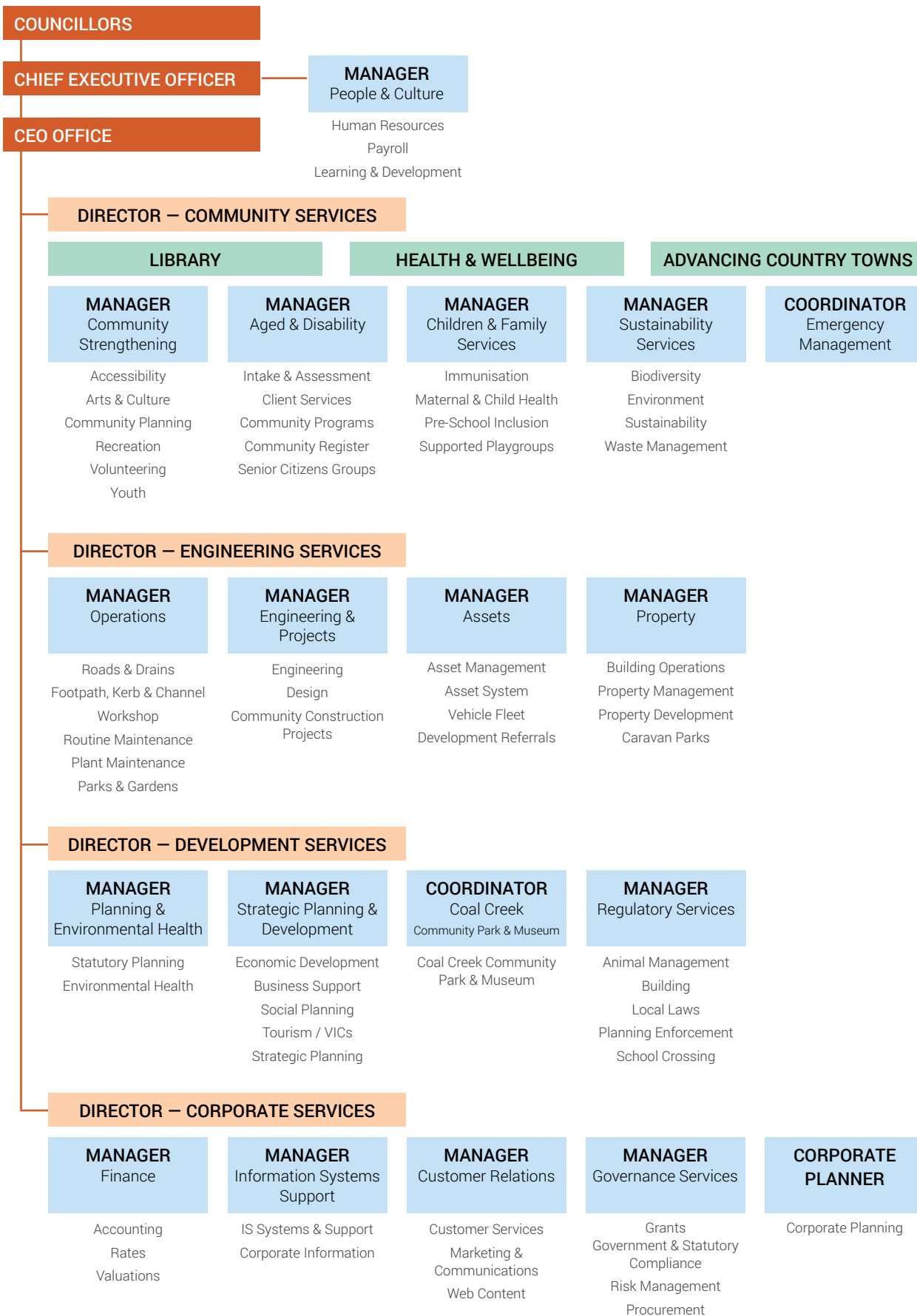
A handwritten signature in blue ink, appearing to read 'Tim Tamlin'.

Tim Tamlin – Chief Executive Officer

Strategic Integrated Planning Framework



Organisational Structure



Electoral Wards and Representatives

Coastal-Promontory Ward



Councillor
Mohya Davies



Councillor
Jeanette Harding
(Deputy Mayor)



Councillor
Kieran Kennedy

Strzelecki Ward



Councillor
Lorraine Brunt



Councillor
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Tarwin Valley Ward



Councillor James
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Councillor Nigel
Hutchinson-Brooks

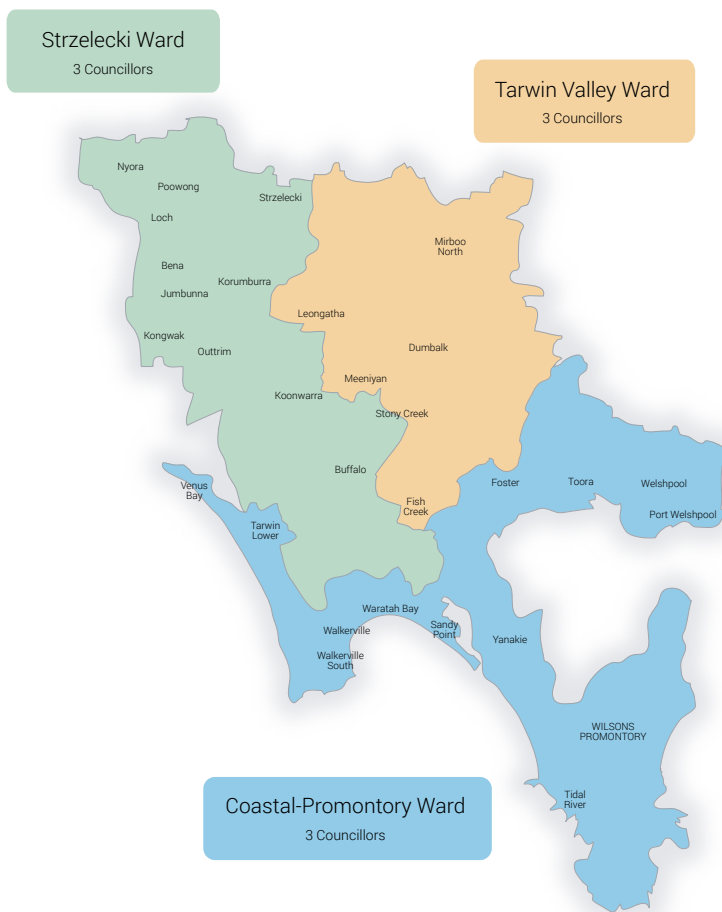
Ward Boundaries

There are three Shire wards (Tarwin Valley, Strzelecki and Coastal-Promontory), each represented by three councillors.

Council elections are held every four years. Voting for Council elections is compulsory for residents (residents 70 years of age or over are excused from voting). Non-resident ratepayers are encouraged to vote, but do not have to.

Council Meetings are held on the fourth Wednesday of each month and are open to the public.

Public presentation sessions are held on the third Wednesday to allow Councillors fair consideration of the issues before the next meeting. Meeting dates may change if the meeting falls on a public holiday. All meetings are advertised each week in local newspapers under Council Noticeboard and on the website.



Employee Profile

Equal Employment Opportunity

Council is committed to the principles of equal employment opportunity. Discrimination in employment, and in the supply of goods and services, is unlawful under Commonwealth and Victorian legislation. Council provides a workplace free from discrimination in which employees can develop their capabilities.



Council's budget for 2013-2014 allowed for 257 Full-Time Equivalent (FTE) employees. This is represented below in staff complement.

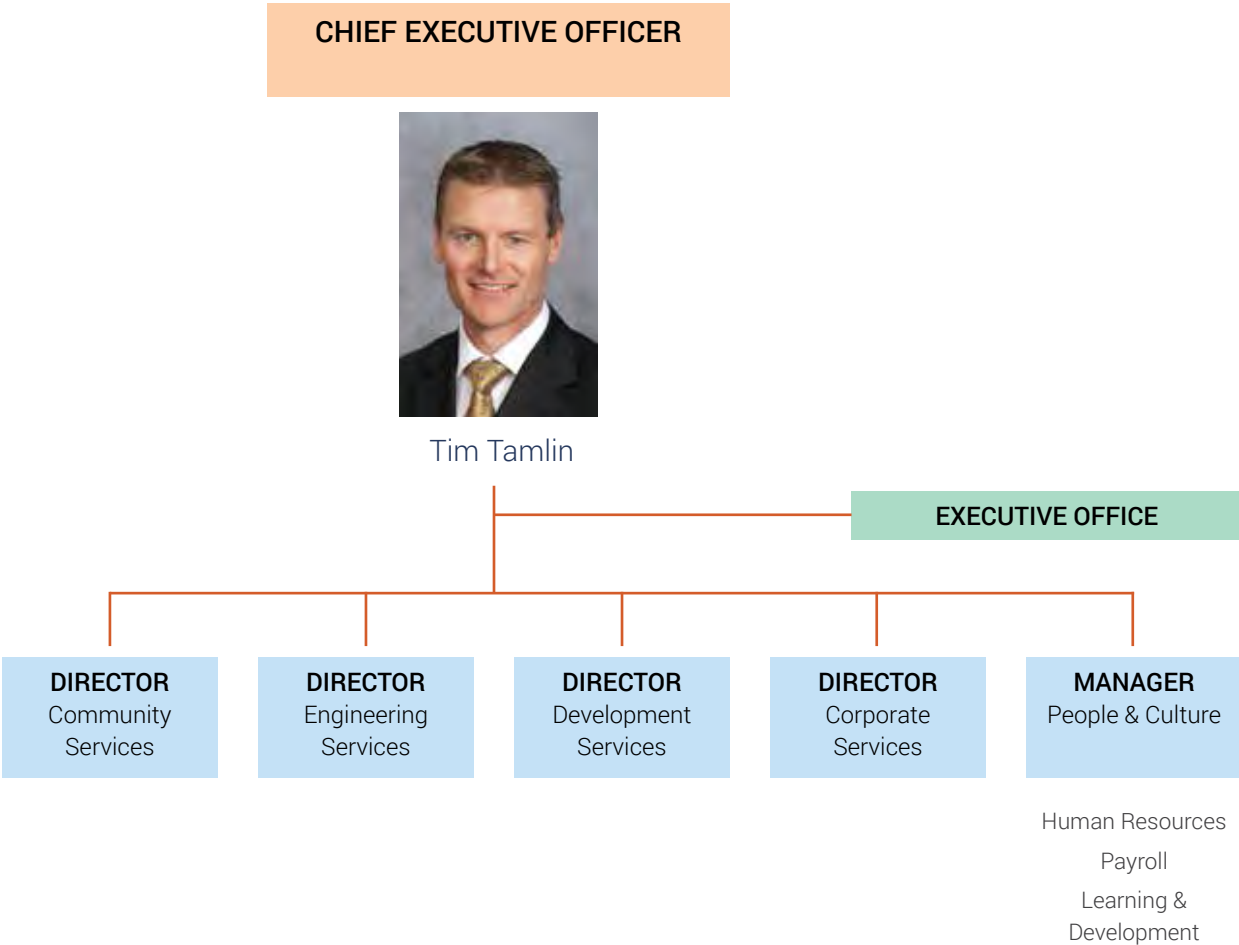
Staff Complement

Full time	195
Part time	103
Casual	64
Total number of staff	362

Employee Groups

CEO Unit	19
Corporate Services	40
Community Services	109
Development Services	82
Engineering Services	112
Total number of staff	362

Chief Executive Officer



Executive Office

The Chief Executive Officer (CEO) provides organisational leadership, management of all operational matters and oversees the implementation of Council decisions. He has a clear vision of innovation and collaboration and is implementing this with the aid of advanced information technology.

The Executive Office advocates to other levels of government for Council's Priority Projects, leading a deputation to Canberra to lobby for funding for the Korumburra Integrated Children's Centre and securing State funding for the construction of the Leongatha Heavy Vehicle Alternate Route.

The CEO represents South Gippsland on local and regional committees to progress Council's vision and the prosperity of the Shire, and is supported by the Executive Office and Projects Coordinator.

People and Culture

The People and Culture team focuses on providing a great workplace, quality leadership, and ample opportunity for staff to grow. The People and Culture Manager works directly with the CEO to achieve this, with and through our people.

The 'People Plan' sets a clear commitment to ensuring Council:

1. is a compelling place to work, by refining policies and processes to further support staff in recruitment, induction, performance planning and health & wellbeing.
2. displays strong and engaging leadership at all levels by improving performance in our internal engagement to develop a results focussed, capable and committed team.
3. provides appropriate opportunity and professional development by implementing a Learning and Development program that develops, retains and motivates our people for the long term.

Occupational Health and Safety (OHS) continues to be a strong driver and to strengthen this culture we have:

- Migrated our Health and Safety management system to the nationally recognised standard.
- Completed the 2013-17 OHS strategic framework and implemented performance indicators to measure the effectiveness of our OHS Management System.

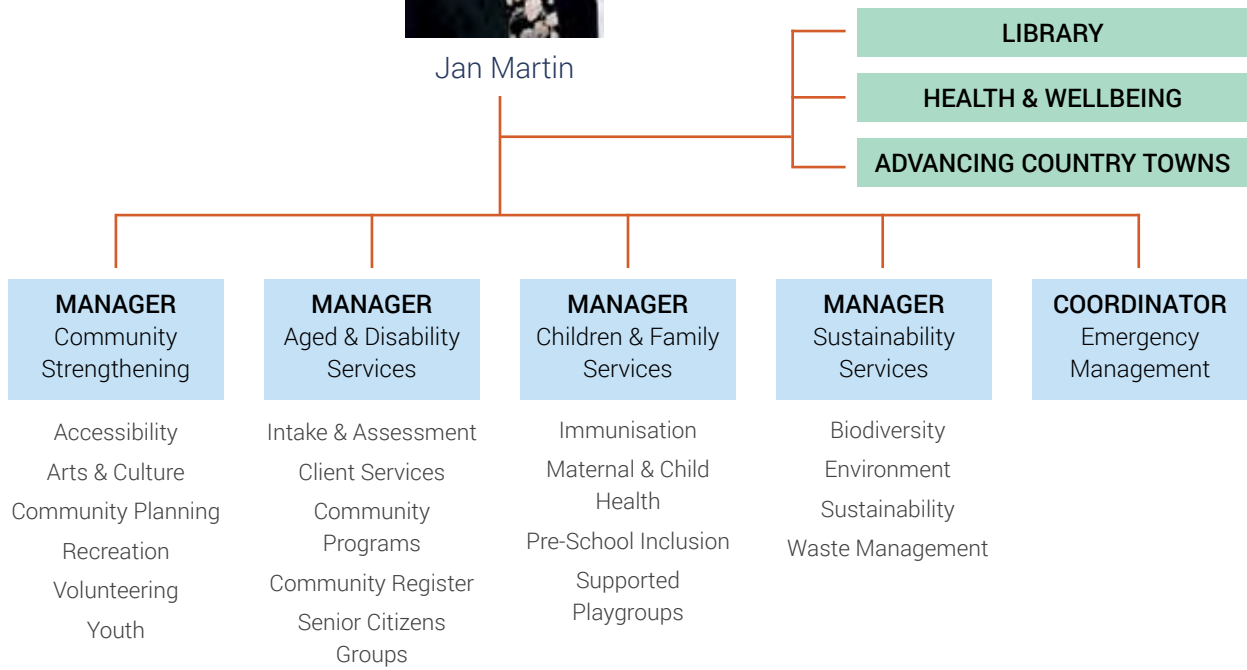


Community Services

**DIRECTOR
COMMUNITY SERVICES**



Jan Martin



Community Services

Libraries

The West Gippsland Regional Library Corporation (WGRLC) was established in 1995 by Bass Coast, Baw Baw and South Gippsland Shire Councils. It is committed to lifelong learning and provides centres for reading, community connection and exploration of new technologies. Libraries are located at Foster, Korumburra, Leongatha, Mirboo North and Poowong, with a mobile service covering Fish Creek, Nyora, Sandy Point, Tarwin Lower, Toora and Welshpool.

- WGRLC conducted a Review of Service Hours at all libraries, which revealed an improved satisfaction of 65% in opening hours, compared to the 2002 review's 41%.
- The Service Review recommended changes in opening hours to reflect demand and best return on investment. This will be implemented incrementally as the budget permits.
- WGRLC Board endorsed the 2013-2017 Marketing Strategy which was designed to address community perceptions about library services, increase participation of juniors, teens and males of all ages and retain those who already access the service.

Health and Wellbeing

Council is legislated to provide the strategic direction for improved health and wellbeing of the community through the development and implementation of the Municipal Public Health and Wellbeing Plan.

Key achievements from the Implementation Plan:

- Held a Play & Share event at SPLASH during Children's Week—a Supported Playgroup and Parent Initiative.
- Commenced a Staff Health and Wellbeing Program funded through a Worksafe grant. This educates staff on managing stress, exercise and healthy eating.
- Identified 'Black Spot' projects which were approved by VicRoads and included in the Capital Works Program.

Advancing Country Towns

Council coordinates this Victorian Government funded project which aims to revitalise the Lower Tarwin district through economic development opportunities.

- The Southern Gippsland Food Map website was launched in September in partnership with Bass Coast Shire Council, local food producers and State Government representatives.
- The Digital Arts project was launched in March presenting 12 films online that feature the works of Tarwin Valley artists.



Community Strengthening

Promotes and supports community participation and resilience through planning and project development activities and events. It is responsible for access and inclusion, recreation, arts and culture, youth support and volunteering. It works in partnership with government and service agencies with several projects funded by government grants and other external funding sources.

- Mentoring 32 young people in the L2P Learner Driver Program to gain practice for their driver's licence.
- Completed and opened the Great Southern Rail Trail extension to Toora.
- Doubled annual maintenance grants for 20 Recreation Reserve committees and produced a 'Recreation Reserves in South Gippsland' brochure to highlight facilities.
- Staged a Community Family Fun Day in partnership with the South Coast Access Alliance. People with disabilities hosted the day at Meeniyah and attracted 150 families and individuals.
- Developed the Toora and Poowong Outdoor Pools Master Plans with extensive community input and support.
- Hosted a free web training course for 18 community group volunteers.

Sustainability Services

The Sustainability team provides leadership and support to protect the local environment and develop a low carbon economy. The team works closely with government agencies, the community and business groups to support the transition to sustainable practices. It is also responsible for Waste Management, Biodiversity and Environmental services.

- Installed almost 1,300 new energy efficient street lights across the shire which are 60% more efficient and will save more than \$70,000 in energy and maintenance costs and 400 tonnes of greenhouse emissions annually.
- Staged the fifth annual Sustainability Festival at Coal Creek in April, attracting over 2000 people. The recycled art exhibition received 81 applications compared to 8 the previous year.
- Completed the Cell 3 extension at the Koonwarra Landfill, creating sufficient landfill air space until approximately February 2016.
- Completed the Koonwarra Landfill Master Plan, providing strategic direction for the design, construction and rehabilitation of the site until at least 2027.
- Completed the annual roadside weed control program, treating noxious and environmental weeds on 160 kms of Council's 2,000 kms road network.
- Secured \$86,000 State Government funding for a three year program (in partnership with Bass Coast Shire Council) to develop a Climate Adaptation Plan and deliver a climate adaptation seminar and mentoring program to rural land holders.



Emergency Management

Ensures Council's readiness to respond to and recover from municipal emergency events and includes a broad range of proactive community education and team training initiatives.

- Designated Sandy Point Community Centre officially as a Neighbourhood Safer Place – a Place of Last Resort during fire emergencies.
- Held a Fire Ready meeting in Melbourne, attended by 103 absentee landowners.
- Provided assistance to CFA at the Anderson Road fire and to Latrobe City Council for the Hazelwood mine fire.
- The Emergency Animal Welfare management sub plan was adopted by the Municipal Emergency Management Planning Committee.
- Hosted an inter-agency training exercise for a hypothetical Foot and Mouth disease outbreak, attended by Department of Environment and Primary Industries, Parks Victoria, Department of Education and Early Childhood Development, Country Fire Authority, State Emergency Service, Victoria Police, Victorian Council of Churches, Red Cross and Lions.

Aged and Disability Services

The Aged and Disability team promotes health and wellbeing for older residents, working in close collaboration with local community health services/agencies and Senior Citizen Clubs. It also manages the South Gippsland Community Register.

The team delivers the Home and Community Care (HACC) program; providing integrated basic support and maintenance services for frail older people, younger people with disabilities and their carers to assist them to be more active and independent at home and in the community.

- Achieved HACC three year accreditation status, commended for the high quality, person-centred care provided. The annual client satisfaction survey demonstrated 98% satisfaction.
- State and Federal Governments have assured councils that HACC would continue to be 'block' funded until 30 June 2018. Both tiers of Government are seeking Victorian Local Government's continued support and involvement in HACC services. The Federal Government will fund people over 65 and the State will fund people until 65.
- Finalists in the LGPro Aged and Disability 2013 Awards for:
 - o SGSC Home and Community Care Consultative Group – a group of clients, primary carers and volunteers that meet to discuss and advise on planning and delivery of services and identify improvement opportunities; and
 - o The 'Garden to the Plate' project initiated through the Improving Liveability for Older People Project. This project was designed to increase cooking skills, nutrition and connection for older people.

Established an Active Retirees Advisory Committee in May to provide Council with a point of reference for engagement and information dissemination to older people in the community.



Children and Family Services

The team provides planning to ensure services and infrastructure meet future demand and supports key partners in the provision of services. It provides Maternal and Child Health, Immunisation, Preschool Inclusion Support and Supported Playgroups to maximise the wellbeing and development of children and ensure services are accessible to all families.

- Presented designs for the Korumburra Integrated Children's Centre to Council in August and placed designs on public exhibition for comment.
- Actively involved in developing a new integrated governance and service model for Prom Coast Centre for Children and Karmai Community Children's Centre.
- Co-hosted a White Ribbon Breakfast in December with a combined agency group to highlight the impact of family violence in South Gippsland.
- Launched the 'Early Years Services – Planning, Property & Programs' guide in March - a manual outlining tenancy roles and responsibilities for all Children's Services leasing Council owned properties.
- Council worked with State Government, the Mirboo North and District Community Foundation, Toora and Foster Community Banks and the Prom Coast Centre for Children Committee of Management to retain Child Care Services in Mirboo North and Corner Inlet after UnitingCare Gippsland withdrew their childcare service provision.
- Hosted two Professional Development sessions for Early Years' teachers and educators in South Gippsland and Bass Coast. 170 people attended.

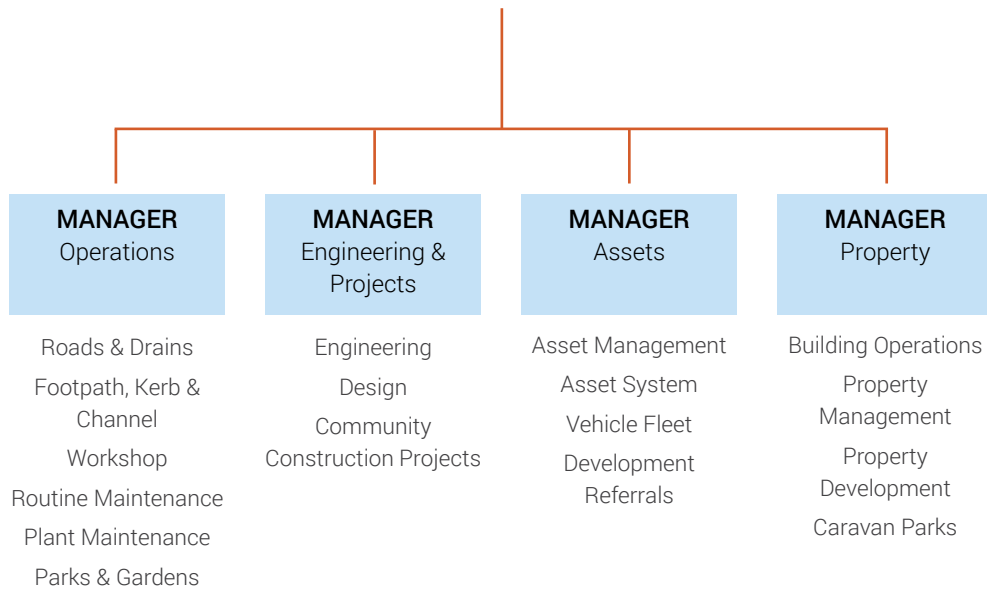


Engineering Services

**DIRECTOR
ENGINEERING SERVICES**



Anthony Seabrook



Operations

This Department is responsible for programmed and reactive maintenance to provide a safe and trafficable road network and parks and gardens that meet the needs and expectations of the community. This includes roads and drains, footpaths, kerb and channel, plant, workshop and routine maintenance. Crews are often engaged in emergency works at all hours to respond to storm damage. The road maintenance program ensures that Council's infrastructure networks are continuously monitored and maintained to a standard that will maximise their long-term benefit to the community.

Council manages over 800 kms of sealed roads and 1,200 kms of unsealed roads and has invested \$22 million of your rates in road maintenance this year. Over the past three years Council has been busy cleaning up and repairing roads from the rain and storm events with the majority of the works completed. The cost has been in excess of \$12 million.

- Responded to two severe weather events in August and September that required comprehensive clean up and repair work to restore road access.
- Completed land slip works at:
 - o Ameys Track, Foster
 - o Amietts Road, Wild Dog Valley
 - o Boolarra - Mirboo North Road, Mirboo North
 - o Bells Road, Bena
 - o Buchanans Road, Bena
 - o Canavans Road, Mount Eccles
 - o Canobios Road, Bena
 - o Carmichael Road, Stony Creek
 - o Dollar Road, Dumbalk
 - o Fairbank Road, Fairbank
 - o Foster Boolarra Road, Foster
 - o Grand Ridge Road, Trida
 - o Griggs Road, Hallston
 - o Leongatha - Yarragon Road, Hallston
 - o Loch Wonthaggi Road, Loch
 - o Main South Road, Poowong (including culvert replacement)
 - o McNaughtons Road, Arawata
- Completed the following road and infrastructure projects:
 - o Guardrail works at Grand Ridge Road, Trida and Amietts Bridge, Wild Dog Valley Road, Wild Dog Valley.
 - o Reseal works at Pearce Street, Mirboo North; Laura Rise, Mirboo North; Mardan Rd, Mardan; Ruby Arawata Road, Ruby; Leongatha Yarragon Road, Leongatha North; and Grand Ridge Road, Hallston.
 - o Culvert construction on Summers Road, Fish Creek.
 - o Road reconstruction works at O'Connell Road, Foster.
 - o Bridge replaced at McIndoe Park, Leongatha.
 - o Bridge replacements at Summers Road, Fish Creek and Goads Road, Dumbalk North.
 - o Road rehabilitation works at Mount Eccles Road, Mount Eccles; Wild Dog Valley Road, Wild Dog; and Bridge St, Korumburra.
 - o Concrete floodway works at Mossvale Park.
- Completed drainage works at:
 - o Nippards Track, Foster; Korumburra South Road, Korumburra; Boys Road, Fish Creek; Mount Eccles Road, Mount Eccles; Whitelaws Track, Foster North; Ross Street, Meeniyah; Martin Road, Meeniyah; Stony Creek Dollar Road, Stony Creek; Sheens Road, Mirboo North; Fish Creek Yanakie Road, Fish Creek; and Boolarra Mirboo North Road, Mirboo North.
- Completed the Playground Replacement Program with new playgrounds installed at:
 - o Beach Parade, Sandy Point
 - o Falls Road, Fish Creek
 - o Allambee South Community Centre
 - o Helens Park, Meeniyah
 - o Meeniyah Park (next to IGA)

Engineering and Projects

The Engineering and Projects Department is responsible for engineering and community construction projects. It coordinates and delivers Council infrastructure to meet community needs and achieve sustainable cost/benefit.

- **Completed the following community infrastructure projects:**
 - o Footpath extension works at Jupiter Boulevard, Venus Bay and Shingler Street, Leongatha.
 - o Footpath renewals at Turner Street, Leongatha; Princes Street, Korumburra; Queen Street, Korumburra and Farmers Road, Dumbalk.
 - o Rotunda works at McIndoe Park, Leongatha.
 - o Lighting project at the Korumburra Showgrounds.
 - o Remediation works at the Port Welshpool Jetty.
 - o Drainage works at Turner Street, Leongatha.
 - o Intersection works at Stony Creek Dollar Road, Stony Creek.
 - o Great Southern Rail Trail Stage 1 – Foster to Toora.
 - o Korumburra Turf Wicket project.
 - o Hedley Hall and Mount Best Hall renovations.
 - o Beach Parade, Sandy Point car park and footpath works.
 - o Rural section of Kongwak-Inverloch Road, Kongwak.
 - o Reconstruction of Meeniyah-Dumbalk-United netball court surface.
- **Progressing community infrastructure projects:**
 - o Reconstruction of Station Street, Korumburra.
 - o Construction of Cell 3, Stage 2 at the Koonwarra Landfill.
 - o Bridge and road works at Goads Road, Dumbalk.
 - o Construction of Great Southern Rail Trail extension, including 3 bridges for Stages 2 & 3: Toora to Welshpool.
 - o Drainage works at Hannah Rise / Melville Avenue, Korumburra.
 - o Reconstruction works at Station Street, Korumburra.

Property

The Property Department is responsible for the acquisition, disposal and leasing/licensing of Council's property portfolio to support Council services, including Caravan Parks (on Crown land). The Department manages and enhances Council's owned and managed building portfolio to ensure these facilities are maintained to maximise their long term benefit to the community. It also coordinates the processes for major developers within the Shire with internal and external stakeholders by ensuring a strong customer focus.

- Commenced the direct management of the Yanakie Caravan Park and the Long Jetty Foreshore Caravan Park.
- Completed Risk Assessments and Hazard Identification at these Caravan Parks, with rectification works programmed for 2014-15.
- Completed the settlement of the sale of land to South Gippsland Water for 20-22 Pioneer Street, Foster.
- Leasing Policy adopted at the May Council Meeting.
- Signed contract for two land sales as part of Council's Strategic Review of Land Holdings project, and lodged four planning applications to remove reservation status and progress towards a land sale.
- 90% completion of sustainability investigations into energy efficiencies of heating, ventilation, and air conditioning (HVAC) system at Council's Main Office.
- Advertised Corner Inlet Motorcycle Club proposed new lease.
- Secured funding for new roof at the Nyora Hall.
- Completed fit out at the Mirboo North Hall to accommodate Destination Gippsland.
- Completed 203 Building Programmed Maintenance Projects on time and within budget.
- Completed 984 inspections / services of Essential Safety Measures in Council buildings.

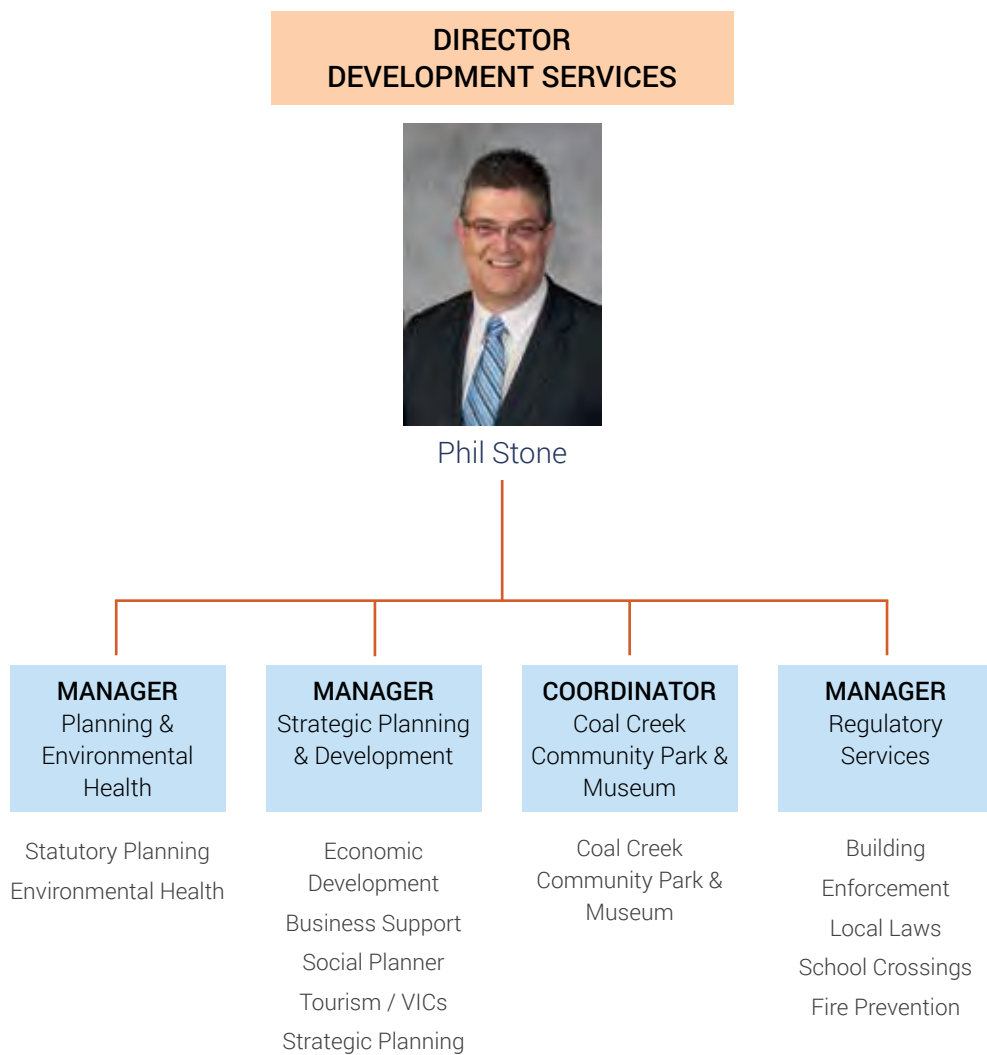
Assets

The Assets Department is responsible for the development and implementation of long term management plans for all assets, including renewal modelling, to ensure that the fifteen year Financial Plan allocates sufficient resources to address asset renewal. It collects and analyses data to effectively manage roads and drainage assets, and supports capital works and operational decisions. The Department also oversees development referrals from the Statutory Planning Department and provides asset management advice to the Strategic Planning Department for the development of Council's various strategic plans.

- Completed the Leongatha Traffic and Drainage Study in August and the Korumburra Traffic and Drainage Study in December.
- Implemented agreed road improvement. Bald Hills Wind Farm civil contractors undertook significantly higher levels of road maintenance on approved roads used by various Bald Hills Wind Farm contractors.
- Asset Management System populated with all assets, including the generation of time sheets.
- Approved Business Case for the installation of GPS units in Council's Plant / Fleet.
- Completed the following Planning Department development referrals:

Description	On time	Not on time	In progress (on time)	Total
Conditions	63	1	5	69
Certification	57	2	5	64
Plan Checking	87	0	6	93
Statement of Compliance	25	0	0	25

Development Services



Environmental Health

The Environmental Health team promotes public health standards by implementing legislation on food safety, personal care industries, accommodation premises, caravan parks, septic tank approvals and public health issues.

- Conducted 554 food, accommodation and health premises inspections. Actioned 35 food recalls and analysed 34 food products, of which none failed.
- Investigated 141 public health complaints with the predominant concerns relating to noise and odour.
- Fulfilled the terms of the 2013-14 MAV Tobacco Education Grant which included 184 tobacco control inspections. Implemented new changes associated with 'no smoking' legislation at patrolled beaches and children's playgrounds.
- Issued 143 permits for domestic waste water treatment systems.
- Considered a report on domestic water bores in Venus Bay and Sandy Point and their impact on future development of land. Council is continuing to work with the EPA and Southern Rural Water to develop appropriate processes to minimise the impact of this issue.

Building and Enforcement

The Building and Enforcement team is responsible for administering and enforcing the Building Act 1993 and enforcing the Planning and Environment Act 1987.

- Approved building work worth \$61.3m- down from \$93.6m in 2012-13. Significant projects include Leongatha Aldi (\$3.6m), Leongatha CFA (\$1.3m) and Burra Foods redevelopment (\$1.7m).
- Assessed 78 report and consent applications for building siting variations, demolition consents and construction over easements.
- Actioned 144 building and planning enforcement cases.
- Successfully prosecuted five matters in relation to illegal building work and native vegetation removal.

Statutory Planning

The Statutory Planning team provides general planning advice and assesses planning applications for land use and development, including subdivision. It also assists in the coordination and delivery of service infrastructure to new lots.

- Decided 489 planning applications: 435 approved, 41 withdrawn and 13 refused.
- Completed 76.5% of planning applications within the 60 day statutory timeframe: 3.5% higher than previous year and 7% above Victorian regional council average.
- Responded to over 4,200 general planning enquiries.
- Finalised an interim agreement with South Gippsland Water which addresses development constraints within the Tarwin River declared water supply catchment. A Tarwin River catchment policy is under development and will be referred for public comment in the 2014-15 financial year.
- Issued planning approvals for key developments including Leongatha Aldi, expansion at Vi-Plus and Burra Foods, NBN infrastructure and several small business and subdivision proposals which will enhance the local economy.

Strategic Planning

The Strategic Planning team develops plans that guide the future use and development of land, and ensures that the Planning Scheme is current and relevant to community needs.

- Prepared and exhibited eight planning scheme amendments including:
 - › C93 Korumburra Town Centre Framework Plan;
 - › C95 Leongatha Industrial Land Supply Strategy;
 - › C99 Burra Foods buffer control.
- Gazetted and added to the South Gippsland Planning Scheme:
 - › C66 - Rezoned 70ha for residential development in Korumburra;
 - › C72 – identified 99ha for future residential development in Nyora;
 - › C83 – acquired land for the Korumburra Integrated Children’s Centre.
- Progressed Leongatha Industrial Land Supply Study implementation, Korumburra Town Centre planning projects, potable water protection controls and implementation of the Housing and Settlement Strategy.
- Adopted Social and Community Infrastructure assessments that delivered Community Infrastructure Plans for Korumburra, Nyora, Mirboo North and Tarwin Lower/ Venus Bay, with Foster’s in progress.



Economic Development and Tourism

The Economic Development and Tourism team promotes and supports investment, development and services that facilitate planned sustainable growth for the Shire. It encourages economic growth through the development of a competitive tourism industry and provides high quality visitor services. Council operates fully accredited Visitor Information Centres (VICs) at Korumburra and Foster.

- Increased business investment included Vi-plus, Fresh Zest, ALDI, Burra Foods, Murray Goulburn, the Salvation Army, Colin Watson Holden, Leongatha Secondary College, Leongatha Hospital, Aged Care in Foster and Prom Country Cheese.
- Secured funding for Leongatha Heavy Vehicle Alternate Route.
- Supported National Broadband Network introduction, with fixed wireless towers installed at Fish Creek, Foster (surrounds), Toora, Agnes, Hazel Park, Hedley, Welshpool and Yanakie, with more towers to be completed.
- Visited over 150 businesses and conducted courses in partnership with Milpara Community House and Community College Gippsland, plus sessions at the annual Dairy Expo.
- Increased visitor numbers to the Visitor Information Centres.
- Developed Recreational Vehicle Strategy - adopted.
- Reviewed Economic Development and Tourism Strategy – adopted.
- Promoted region at Regional Living Expo and held a follow-up information day for people interested in living, working and investing in South Gippsland.

Local Laws

The Local Laws team provides a 24 hour response to maintain community health, safety and amenity. Responsibilities include animal management, fire prevention, local laws, parking and school crossings.

- Adopted General Local Law 2014 replacing General Local Law 1 and 2.
- Renewed and registered 6,299 domestic animals - up 8.4%.
- Inspected approximately 10,000 properties and issued 1,300 fire prevention notices. 35 properties were compulsorily cleared and fined for non-compliance.
- Successfully prosecuted 15 matters in relation to dog attacks, rubbish dumping and failure to comply with unsightly land notice.



Coal Creek Community Park and Museum

This year the Park attracted 68,779 visitors, an increase of 0.5%. It engaged 11,319 students in the Education Program and continued as a community hub for 21 Korumburra user groups on a regular basis.

Coal Creek has capitalised on social media to engage effectively with visitors. Visitor reviews and feedback assist in determining the future direction of the Park.

Coal Creek's management remains grateful for the ongoing support of over 100 volunteers who assist in all facets of the Park's operation. Key highlights included:

- A series of high quality exhibitions in the Community Gallery, including the Anne Frank Exhibition.
- The Park's 40th birthday celebration.
- \$4,500 worth of fittings donated by the Australian Centre for the Moving Image (ACMI).
- Finalist in Tidy Towns Sustainability Victoria 2013.
- Restoration of K Class Locomotive, First and Second Class Carriages, Guards and ZL Van.
- "A Question of Honour" performances, depicting the history of Korumburra and Coal Creek.
- 17 community events.

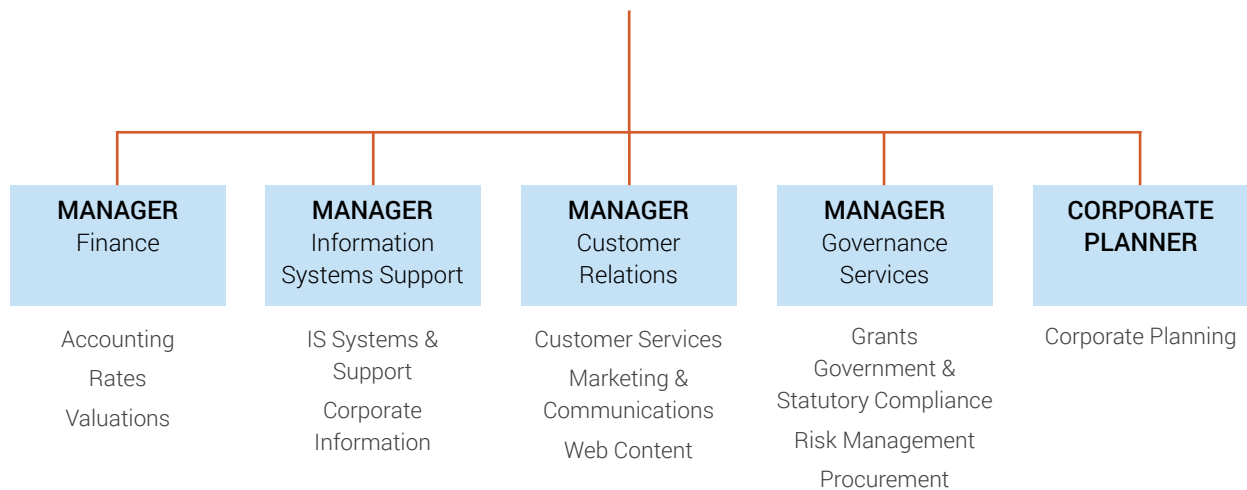


Corporate Services

DIRECTOR CORPORATE SERVICES



June Ernst



Corporate Services

The Corporate Services Directorate provides organisational support services for internal and external customers, Councillors and community partnerships. It includes Finance, Information Systems, Customer Relations and Governance teams and Corporate Planning functions.

- Reviewed all Council services and scrutinised department functions, service standards, budgets by line item, resourcing and legislative requirements.
- Established and utilised a governance framework to develop seven Steering Committees of Council; managing three Steering Committees throughout the year.
- Coordinated corporate planning and quarterly performance reporting functions, guiding the directions and capturing Council achievements.

Finance

The department collates and manages Council's finances, provides strategic financial advice to Council, raises and collects rates and charges and values properties. It ensures Council's accounting records are in accordance with legislative and regulatory requirements as it services both internal and external customers.

- Established a community Advisory Steering Committee to conduct a Rating Strategy Review (comprising two Councillors, eight community members and chaired by the Mayor).
- Introduced a BPay view payment option for rates notices.
- Conducted the general biennial revaluation for all rateable properties.
- Prepared Annual Budget 2014-2015 and Rating Strategy 2014-2018. Both adopted in June.

Customer Relations

The Communications, Marketing and Customer Service teams strive to provide accurate information to the community on Council's services, activities, decisions and processes through the media, web content, publications, phone and 'face to face' enquiries. They focus on developing and maintaining a positive brand and reputation for the organisation.

- Prepared and delivered the 2012- 2013 Annual Report within legislative timeframe.
- Coordinated the online 'Repairing Our Roads' Campaign and Survey to lobby Government for increased funding to repair the South Gippsland road network.
- Revised the Communication and Engagement Policy and Community Engagement Plan and Toolkit which were adopted in June.
- Developed a Social Media Strategy and Policy to support emerging social media opportunities, including the proposed introduction of a Facebook presence.
- Produced a Residents' Guide to Council Services and Facilities – available electronically and in hard copy.
- Coordinated the South Gippsland Australia Day Awards program and local events.
- Developed tender specifications for a new corporate website.
- Developing suite of new branding templates.
- Provided marketing support for Council projects and advocacy opportunities.

Information Systems

This department manages Council's computerised infrastructure, technology and information systems. It investigates new technologies and opportunities to improve service delivery and benefits to the community. It also coordinates the capture, management, regulated archive and disposal of corporate records.

- Commissioned Disaster Recovery site in 'the cloud' and Disaster Recovery SAN into production.
- Completed Geographic Information System (GIS) Strategy.
- Updated the proposed Bushfire Management Overlay in Council's Geographic Information System (GIS) to assist in identifying impacted properties within the Shire.
- Replaced printer and multifunction devices, improving functionality and saving approximately \$120,000pa.



Governance Services

This department provides support services that enable good governance, risk management and compliance. It manages Council meetings, community and external grants, procurement / tendering, risk management and 'return to work' functions.

- Managed the ongoing Policy Review Schedule, developing and updating key policies including the Instrument of Delegation to CEO, Council Delegation to staff, CEO Delegation to staff, Procurement Policy, Guidelines for Making and Handling Protected Disclosures, Councillor Discretionary Funds Policy and Community Grants.
- Allocated \$289,515 funding to 74 community groups via the Community Grants Program.
- Secured State Government funding for many community projects including the following:
 - › TP Taylor Recreation Reserve Enhancement Project \$132,750
 - › Mirboo North Soccer Club Lighting Project \$100,000
 - › Yanakie Recreation Reserve Development Project \$300,000
 - › Nyora Public Hall Upgrade \$255,000
 - › Meeniyan Recreation Reserve Community Play Space \$93,000
 - › Korumburra Recreation Centre Training Centre of Excellence: \$74,000
 - › Mirboo North Netball Court Resurfacing Project \$20,000
- Awarded and administered contracts worth over \$22m. Reviewed and updated Council's Procurement Policy, prepared a business case to implement a Contracts Management System, increased monitoring of procurement activity and delivered associated staff training.
- Further developed Council's Risk Management Framework and updated Council's Business Continuity Plan.
- Implemented improvements to Occupational Health and Safety (OHS) and 'Return to Work' processes in partnership with WorkSafe.

Information to be made available to the public

Regulation 11 of the Local Government (General) Regulations 2004 states:

'A council must make available for public inspection documents containing the following prescribed matters:

- a. Details of current allowances fixed for the Mayor, Lord Mayor (if any) and Councillors under section 74 or 74A of the Act;
- b. Details of senior officers' total salary packages for the current financial year and the previous year including the gross salary, the amount of the Council or employer contribution to superannuation, the value of any motor vehicle provided by the Council and the total value of any other benefits and allowances provided by the Council;
- c. Details of overseas or interstate travel (with the exception of interstate travel by land for less than 3 days) undertaken in an official capacity by Councillors or any member of Council staff in the previous 12 months, including the names of the Councillors or members of Council staff and the date, destination, purpose and total cost of the overseas or interstate travel;
- d. Names of Council officers who were required to submit a return of interest during the financial year and the dates the returns were submitted;
- e. Names of Councillors who submitted returns of interest during the financial year and the dates the returns were submitted;
- f. Agendas for and minutes of ordinary and special meetings held in the previous 12 months kept under section 93 of the Act except if the minutes relate to parts of meetings which have been closed to members of the public under section 89 of the Act;
- g. A list of all special committees established by Council and the purpose for which each committee was established;
- h. A list of all special committees established by the Council which were abolished or ceased to function during the financial year;
- i. Minutes of meetings of special committees established under section 86 of the Act and held in the previous 12 months except if the minutes relate to parts of meetings which have been closed to members of the public under section 89 of the Act;
- j. A register of delegations kept under sections 87, 88 and 98 of the Act, including the date on which the last review under section 98(6) of the Act took place;
- k. Submissions received in accordance with Section 223 of the Act during the previous 12 months;
- l. Agreements to establish regional libraries under Section 196 of the Act;
- m. Details of all property, finance and operating leases involving land, buildings, plant, computer equipment or vehicles entered into by the Council as lessor or lessee, including the name of the other party to the lease and the terms and the value of the lease;
- n. A register of authorised officers appointed under Section 224 of the Act;
- o. A list of donations and grants made by the Council during the financial year, including the names of persons or bodies which have received a donation or grant and the amount of each donation or grant;
- p. A list of the names of the organisations of which the Council was a member during the financial year and details of all membership fees and other amounts and services provided during that year to each organisation by the Council; and
- q. A list of contracts valued at \$150,000 or more for goods and services and \$200,000 or more for the carrying out of works which the Council entered into during the financial year without first engaging in a competitive process and which are not contracts referred to in section 186(5) of the Act.' This list is provided below.

Contracts entered into without first engaging in a competitive process under section 186 of the Local Government Act 1989 and which were not exempt from the requirement to enter such a process

Contractor	Contract Purposes
Transwaste Technologies	Disposal of Leachate

Freedom of Information Act 1982

Part 11 Statement

Council is required to publish an extensive list of documents and information relating to the functions and decision making processes of Council. This document may be viewed on Council's website.

The Protected Disclosure Act 2012

The Protected Disclosure Act 2012 provides the way for people to make a disclosure of improper conduct or detrimental action by Councillors and Council staff. Any person making a disclosure is protected from reprisal for making a disclosure. Council has in place 'Guidelines For Making And Handling Protected Disclosures And Protected Disclosures Welfare Management Policy' (View at www.southgippsland.vic.gov.au).

Council's Protected Disclosure Coordinators are Mr Tim Tamlin, Chief Executive Officer, and Mr Phil Dwyer, Manager People and Culture, for disclosures relating to Council Staff. Disclosures relating to Councillors should be referred directly to the Independent Broad Based Anti-Corruption Commission (IBAC) via telephone 1300 735 135 or online at www.ibac.gov.au. Further information and guidance may also be sought from IBAC.

In the financial year 2013-2014, no disclosures were made to the South Gippsland Shire Council under the Act.

Human Rights

Council is committed to considering and respecting human rights when making decisions that impact people and community. Council has a Human Rights Policy confirming its commitment to human rights (View at www.southgippsland.vic.gov.au).



Best Value

Council is required to comply with the following Best Value principles:

- All services must meet quality and cost standards;
- All services must be responsive to the needs of its community;
- Each service must be accessible to those members of the community for whom the service is intended;
- Achieve continuous improvement in the provision of services;
- Develop a program of regular consultation with its community in relation to services; and
- Report regularly to its community.

Initiatives that have contributed to Council's compliance with the Best Value principles in 2013-2014 include:

- Reviewing Council's Leasing Policy
- Reviewing Swimming Pools management
- Reviewing Local Law No.1 and No.2
- Reviewing land holdings
- Reviewing Child Care Services
- Reviewing Caravan Park operations
- Establishing a Financial Sustainability Steering Committee

Audit Committee

The A. Introduction

The Audit Committee's charter is to assist the Council in the effective conduct of its responsibilities for financial reporting, management of risk including the Council's exposure to fraud, maintaining a reliable system of internal control and facilitating the Council's ethical development. The Committee determines the scope of internal audit work and liaises with the Council's internal and external auditors. The Committee is independent from management but does not have any executive powers, management function or delegated financial responsibility.

B. Membership

The Audit Committee consists of five members, three independent members and two Councillors. Independent members are appointed for a three year term and are eligible to be reappointed for a maximum of two three year terms. This is a solid approach to corporate governance and ensures the independence of audit committee members. The Chairperson of the Committee is appointed on an annual basis from the independent membership of the Committee by all members of the Audit Committee.

Dr Craig Nisbet, in his third year on the Committee as an external representative on the Committee, undertook the role of Chairperson of the Committee from 29 February 2012 through to 18 December 2013. Dr Nisbet holds a Bachelor of Economics, Graduate Diploma in Taxation, Master of Accountancy and Doctorate in Business Administration and is a Fellow of the Australian Institute of Company Directors. He has extensive consulting and executive management experience in risk management, information technology and internal control. Council reappointed Mr Nisbet for a second and final three year term on 27 November 2013, to expire in December 2016.

Ms Theresa Glab is the second external member of the Committee and was appointed in December 2011 for an initial three year term, which will expire on 30 November 2014. Ms Glab holds a Bachelor of

Economics, Graduate Diploma in Banking and Finance and a Master of Accountancy. She is an experienced risk, governance and compliance consultant and advisor. Council appointed the incumbent Ms Glab as the chair of the Committee on 18 December 2013.

Council appointed Dr Irene Irvine in December 2012 for an initial three year term which will expire on 30 November 2015. Dr Irvine holds a Bachelor of Science, a Ph.D Chemistry, a Diploma of Education, a Graduate Diploma of Administration and is a Graduate of the Australian Institute of Company Directors Course. She is an experienced senior executive, advisor and company director in the fields of tertiary education, finance, disability, employment and business consultancy.

Councillors Mohya Davies and James Fawcett were appointed by Council to be the Councillor representatives on the Committee for 2013/2014.

The Audit Committee met on the following four occasions at the Council Chambers, Michael Place, Leongatha during 2013-14 to consider business on the agenda, with all independent and Councillor Committee members in attendance at each meeting.

- 12 September 2013
- 19 November 2013
- 17 February 2014
- 19 May 2014



Minutes of the Audit Committee are presented to Council at the next practicable Ordinary meeting of Council following the Audit Committee, for consideration and adoption as a précis of the Audit Committee meeting. The précis is considered in the public forum of the Ordinary Meeting of Council.

Council's Internal Auditors, HLB Mann Judd attended each meeting, and Council's External Auditor, WHK Audit (Vic) representing the Victorian Auditor General's Office (VAGO) attended a meeting to present the Financial, Standard and Performance Statements for the year ended 30 June 2013. VAGO attended a further meeting to discuss the audit strategy for the year 2013/2014.

C. Key activities of the Audit Committee for 2013-2014

During the reporting year the Audit Committee:

- Reviewed and approved the Internal Audit Plan FY2014-2015 and six year Audit Plan.
- Reviewed Internal Audit reports undertaken by Council's Internal Auditors- HLB Mann Judd.
- Reviewed the Financial, Standard and Performance Statements for year ended 30 June 2013.
- Reviewed the application of accounting standards and practices.
- Reviewed the Victorian Auditor General's 2013 Management letter, Closing Report and 2014 Audit Strategy.
- Reviewed the organisation's Risk Management Policy, Strategy, Procedures and Risk register, along with considering Council's response to a range of strategic risks.
- Reviewed the Audit Committee Charter.
- Reviewed audit reports from VAGO.
- Reviewed findings of the Local Government Inspectorate and Compliance Inspections audit.
- Considered Council's involvement in the pilot of the Local Government Performance Reporting project.



Risk Management

Risk management is promoted heavily throughout the organisation, driven by the CEO through Council's Strategic Risk Committee which is then overseen by the Audit Committee. The Council has put in place a program where the Strategic Risk Register is presented annually to the Audit Committee, with the aim of giving assurance that the risks are being effectively managed.

The Council has a maturing risk management framework that complies with the ISO 31000:2009 Risk Management – Principles and Guidelines. Through a strategic risk review process Council has an improving understanding of the risks and opportunities it needs to manage.



National Competition Policy Compliance: 2013-2014

The Victorian Government is obligated to demonstrate that Local Government is compliant with competition principles on an ongoing basis. Council has a National Competition Policy. Council to the best of its knowledge has, in undertaking its functions, complied with Competition and Consumer legislation, has not undertaken any anti-competitive behaviour and has complied with the requirements of Council's National Competition Policy during 2013-2014.

In 2013-2014 Council reviewed Local Law No.1 and No.2 and made a new General Local Law 2014 to ensure in part that this Local Law does not impose a restriction on competition as part of its ongoing commitment to competition policy and competitive neutrality.



A Plain English Guide to Financial Statements, Standard Statement and Performance Statement

1. Introduction

The Financial, Standard and Performance Statements are contained in the back of the Annual Report 2013-2014.

The Financial Statements are key financial reports of South Gippsland Shire Council. They show how Council performed financially during the 2013-14 financial year and the overall position at the end of the financial year (30 June 2014). Council must present its Financial Statements in accordance with the Australian Accounting Standards. Council is committed to being financially accountable.

The Standard Statements compare actual financial performance against the original budgets set by Council.

The Performance Statement outlines the performance targets and measures set out in relation to key strategic activities identified in Council's business plan and described in the Annual Budget.

Both the Standard and Performance statements must be prepared in accordance with the Local Government Act 1989 and the Local Government (Planning and Reporting) Regulations 2014.

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

2. What is contained in the Annual Financial Statements?

Council's Financial Statements have two main sections, namely, the Statements and the Notes. There are four Statements and 44 Notes. These are prepared by Council's staff, examined by the Council's Audit Committee, by Council and then are audited by the Victorian Auditor-General.

The four Statements are included in the first few pages of the report. They are the Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity and Statement of Cash Flows..

The Notes that follow the Statements detail Council's accounting policies and the make up of values contained in the Statements.

3. Comprehensive Income Statement

The Comprehensive Income Statement is sometimes referred to as a 'Profit and Loss Statement' and shows:-

- the sources of Council's revenue under various income headings; and
- the expenses incurred in running the Council during the year. These expenses relate only to the 'recurrent operations' and do not include the cost associated with the purchase or the building of assets. While asset purchase costs are not included in the expenses, there is an item for 'depreciation and amortisation'. This represents the value of the assets used up during the year.

The Comprehensive result, commonly referred to as the 'headline' or 'bottom line result' is \$15.14 million surplus (previous year \$1.76 million surplus). The comprehensive result includes asset revaluation increments and decrements. The 2013-14 year's revaluation increment was \$17.08 million and predominantly related to roads, streets, kerb & channel, land, buildings and drainage assets. There was no revaluation of assets in 2012-13.

A more relevant figure to look at is the 'Surplus / (Deficit)' of Council for the year. The result for the reporting period was \$1.94 million deficit (previous year \$1.76 million surplus). This figure does not include the revaluation adjustments.

Australian Accounting Standards require Council to recognise grants as revenue when it obtains control over assets comprising of those receipts. This is irrespective of when the actual expenditure associated with the grant income takes place. Council in the previous 2012-13 financial year recognised over \$4.00 million grant income that were expended in 2013-14. This mismatch of revenues to expenditure in different reporting periods distorts financial results. The deficit result for 2013-14 does not present as a longer term strategic concern.

However, it is also important not to accept the result on face value. By not including what could be termed 'abnormals' or 'one offs' from the surplus result gives a truer indication of financial performance. This is commonly referred to as the underlying operating result.

After allowing for capital grants (\$3.18 million), donated assets (\$121,000) and share of net profits of associates (\$173,000) the underlying operating result was a \$5.42 million deficit (previous year \$5.15 million deficit).

4. Balance Sheet

The Balance Sheet is a one-page summary of the financial situation as at 30 June 2014. It shows what the Council owns as 'Assets' and what it owes as 'Liabilities'. The bottom line of this Statement is Net Assets. This is the net worth of Council that has been built up over many years.

The assets and liabilities are separated into Current and Non-current. Current means those assets or liabilities that will fall due in the next 12 months.

The components of the Balance Sheet are described here.

4.1. Current and Non-Current Assets

- Cash and cash equivalents includes cash on hand, cash held in the bank and the market value of Council's short term investments.
- Trade and other receivables are monies owed to Council by ratepayers and others.
- Other financial assets represent Council's

investment with a maturity above three months.

- Inventories are stock of raw materials and stock on hand.
- Other assets include expenses that have been pre paid that relate to the following financial year.
- Investments in associates represent the equity interest of Council in the West Gippsland Regional Library Corporation.
- Property, plant and equipment are the largest component of Council's worth and represent the value of all the land, buildings, roads, vehicles, equipment, and other assets which have been built up by Council over many years.
- Investment properties are properties that provide a commercial return to Council.

4.2. Current and Non-Current Liabilities

- Trade and other payables are those to whom Council owes money as at 30 June, 2014.
- Trust funds and deposits represent monies held in Trust by Council.
- Provisions include employee benefits (such as accrued long service and annual leave owed to employees), and obligations to perform rehabilitation works at landfill sites.
- Interest bearing loans and borrowings are monies owing to financial institutions.

4.3. 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 of Council as at 30 June 2014, which was \$489 million (previous year \$474 million).

4.4. Equity

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

- Accumulated Surplus is the value of all net assets accumulated over time;
- Asset Revaluation Reserve is the difference between the previously recorded value of assets and their current valuations; and

- Other Reserves are allocations of the Accumulated Surplus to specific projects.

5. Statement of Changes in Equity

During the course of the year the value of Total Equity, as set out in the Balance Sheet, changes. This Statement shows the values of such changes and how these changes arose.

The main reasons for a change in equity stem from:

- the 'surplus or deficit' from operations, described in the Comprehensive Income Statement for the year;
- the use of monies from Council's reserves;
- revaluation of the infrastructure assets such as roads, drains and buildings, which takes place on a regular basis.

6. 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 Australian Accounting Standard and needs some care in analysis. The values may differ from those shown in the Comprehensive Income Statement because the Comprehensive Income Statement is prepared on an accrual accounting basis.

Cash in this Statement refers to Bank Deposits and other forms of highly liquid investments that can readily be converted to cash, such as bank bills and term deposits.

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 owed money to Council. Receipts also include the interest earnings from Council's cash investments. It does not include the costs associated with the sale of assets.
 - Payments – All cash paid by Council from its bank account to staff, creditors and

other persons. It does not include the costs associated with the creation of assets.

- Cash Flows from Investing Activities:
 - › This section shows the cash invested in the creation or purchase of property, 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 including finance costs are recorded.

The bottom line of the Cash Flow Statement is the Cash at End of Financial Year. This shows the capacity of Council to meet its cash debts and other liabilities. The cash position at the end of the financial year was \$11.43 million (previous year \$9.99 million).

7. Notes to the Accounts

The Notes are a very important and informative section of the report. The Australian Accounting Standards are not prescriptive in 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 key financial statements. The Note numbers are shown beside the relevant items in the Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity and the Cash Flow Statement.

Where Council wishes to disclose other information that cannot be incorporated into the Statements then this is shown in the Notes.

Other Notes include:

- the cost of the various functions of Council;
- the break down of expenses, revenues, reserves and other assets;

- contingent liabilities;
- transactions with persons related to Council; and
- financial performance indicators.

The Notes should be read at the same time as, and together with, the other parts of the Financial Statements to get a clear picture of the accounts.

8. Standard Statements

The Standard Statements section provides three of the four statements mentioned above (Income Statement, Balance Sheet and Cash Flow Statement) together with a further statement (Statement of Capital Works).

The Statement of Capital Works sets out the expenditure on creating or buying property, infrastructure, plant & equipment assets by each category of asset. It also shows how much has been spent on renewing, upgrading, expanding or creating new assets of this type.

These Standard Statements provide a comparison between the actual results for the year and the budget that was set at the start of the year. All major differences are explained in accompanying notes.

9. Performance Statement

The Performance Statement outlines the performance targets and measures set out in relation to the achievement of the business plan which was described in the Annual Budget. The Performance Statement describes the extent to which the business plan was met regarding those targets and measures, in that year.

10. Statements by Principal Accounting Officer and Councillors

The Certification of the Principal Accounting Officer is made by the person responsible for the financial management of Council, ascertaining that, in her/his opinion, the Financial Statements and Standard Statements have met all the statutory and

professional reporting requirements.

The Certification of Councillors is made by two Councillors on behalf of Council, ascertaining that, in their opinion, the Financial Statements, Standard Statements as well as the Performance Statement are fair and not misleading.

11. Auditor General's Report

The Independent Audit Report provides the reader with an external and independent opinion on the Financial Statements, Standard Statements and Performance Statement. It confirms that the 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.

12. General

External Auditor

Auditor-General of Victoria

Internal Auditor

HBL Mann Judd

Bankers

Commonwealth Bank

Local Government Indicators

Local Government Indicator	2012	2013	2014
Average rates and charges per assessment	\$1,540	\$1,625	\$1,755
Average rates and charges per residential assessment	\$1,285	\$1,363	\$1,466
Average liabilities per assessment	\$817	\$554	\$788
Operating result per assessment	\$113	\$92	\$(102)*
Average operating expenditure per assessment	\$2,850	\$2,999	\$2,981
Average capital expenditure per assessment	\$747	\$643	\$661
Renewal gap	86%	73%	81%
Renewal and maintenance gap	94%	87%	91%
Community satisfaction rating for overall performance generally of the Council	50%	48%	49%
Community satisfaction rating for Council's lobbying on behalf of the Council	51%	51%	49%
Community satisfaction rating for Council's community consultation and engagement	53%	54%	51%

*Operating Result Per Assessment is less for 2014 due to the timing of 50% of Victorian Grants Commission grants having been received in advance during 2012-13. This has affected the average figure.



Grants and Contributions Paid 2013-2014

This section includes administration support grants, maintenance grants, Councillor's discretionary funds, contributions, recreation reserve grants, swimming pool grants, community grants and community assistance.

Organisation	Amount \$
1st Foster Scout Group	2,500.00
2nd Leongatha Scout Group	1,000.00
Allambee Sth Community Centre Com.	618.00
Arawata Community Hall Association Inc.	5734.69
Aust Volunteer Coast Guard (Welshpool)	3,300.00
Beach & River Business Association	3,000.00
Bena Public Hall Inc.	2,270.69
Berry's Creek Hall Inc	1,334.69
Bromleys On Main	454.55
Buffalo Hall Committee	1,334.69
Country Fire Authority	2,000.00
Darlimurla Community Assoc. Inc	1,334.69
Destination Gippsland Ltd	25,000.00
Dumbalk Hall Committee	1,000.00
Dumbalk Progress Association	528.95
Dumbalk Recreation Reserve	5,162.00
East Gippsland Shire Council	15,000.00
EC & CA Bennett	119,186.34
Fish Creek & District Primary School	700.00
Fish Creek Bowling Club	10,000.00
Fish Creek Memorial Hall	7,334.69
Fish Creek Primary School Council	50.00
Fish Creek Tea Cosy Festival	3,200.00
Foster & Dist Community House	13,295.24
Foster & District Agricultural Society	500.00

Organisation	Amount \$
Foster & District Historical Society Inc.	500.00
Foster Community Association Inc.	9,900.00
Foster Cricket Club Inc	2,500.00
Foster Football Club	930.00
Foster Primary School	400.00
Foster Recreation Reserve Inc.	5,735.00
Foster Senior Citizens	6,809.00
Foster Showgrounds Committee	20,340.00
Foster War Memorial Arts Centre	6,000.00
Friends Of Toora Heritage Pear Orchard Inc.	2,000.00
Gippsland Hills Group CWA	3,300.00
Gippsland Medicare Local	1,500.00
Grand Ridge Rail Trail Committee	5,170.00
Great Southern Rail Trail Inc.	38,522.00
Hallston Mechanics Institute Inc.	1,334.69
Hedley Hall & Rec Res C'Tee	1,334.69
Italian Australian Seniors Group	648.00
Jacican	454.55
Jeetho Hall Inc.	1,334.69
Jumbunna Public Hall	1,334.69
Karmai Community Children's Centre	6,000.00
K'Burra Bena Football Netball Club	1,500.00
K'Burra Community Devt & Action	97.45
Kongwak Community Group	545.46
Kongwak Public Hall Inc.	1,500.00
Koonwarra Mechanics Institute Reserve	1,334.69
Koonwarra Recreation Reserve Committee Inc.	5,162.00
Korumburra & Dist. Agricultural & Pastoral Society Inc.	22,545.60
Korumburra Angling Club Inc.	1,334.69
Korumburra Botanic Park Committee	1,000.00
Korumburra Bowling Club	200.00
Korumburra City Soccer Club	4,900.00
Korumburra Croquet Club	1,200.00

Organisation	Amount \$
Korumburra Italian Senior Citizens Club	579.00
Korumburra Motorcycle Club	5,000.00
Korumburra Recreation Centre Committee Inc.	38,824.00
Korumburra Recreation Reserve Committee of Management	6,729.00
Korumburra Senior Citizens Centre	7,245.00
Korumburra Swimming Pool Committee	80,717.00
Korumburra Tennis Club	85.00
Korumburra Volleyball Association	5,000.00
Leongatha & District Historical Society	2,250.00
Leongatha Agricultural & Recreation Reserve Committee	42,790.91
Leongatha Amateur Swimming Club Inc.	900.00
Leongatha Art & Craft Society	1,115.00
Leongatha Chamber Of Commerce & Industry Incorporated	1,000.00
Leongatha Children's Centre Inc.	3,000.00
Leongatha Community Pre-Schools Inc.	6,000.00
Leongatha Courthouse Sect 86 Ctee	1,500.00
Leongatha Croquet Club	1,000.00
Leongatha Football & Netball Club	663.00
Leongatha Golf Club Inc.	5,500.00
Leongatha Gymnastic Club	740.00
Leongatha Junior Football Club	300.00
Leongatha Primary School	600.00
Leongatha Senior Citizens Centre	8,026.50
Leongatha Town Cricket Club	10,000.00
Life Saving Victoria	23,726.30
Lions Club Strzelecki	2,000.00
Loch & District Preschool Centre	3,000.00
Loch Community Development Ass.	600.00
Loch Memorial Reserve Inc.	1,000.00

Organisation	Amount \$
Loch Nyora Pony Club	1,000.00
Loch Public Hall Committee Inc.	1,334.69
Loch Recreation Reserve Committee	5,735.00
Mardan Hall Committee	1,000.00
Mary McKillop College	250.00
MDU Football Netball Club	500.00
Meeniyana & District Basketball	1,100.00
Meeniyana & District Volleyball Club	4,000.00
Meeniyana Art Gallery	12,943.29
Meeniyana Golf Club	5,660.00
Meeniyana Mechanics Institute Inc.	11,334.69
Meeniyana Preschool Inc.	3,000.00
Meeniyana Recreation Reserve	13,764.00
Meeniyana Stadium Committee	3,500.00
Meeniyana Stony Creek CFA	600.00
Meeniyana Tourism & Traders Association Inc.	2,000.00
Middle Tarwin Public Hall Inc.	1,334.69
Milpara Community House Inc.	1,600.00
Mirboo Country Development (Inc.)	2,500.00
Mirboo North Cricket Club	2,300.00
Mirboo North Golf Club	400.00
Mirboo North Grain Store Committee of Management. Inc.	1,334.69
Mirboo North Kindergarten Incorporated	10,000.00
Mirboo North Primary School	550.00
Mirboo North Swimming Pool Committee	2,000.00
Mirboo Nth Hall Committee of Management	6,000.00
Mirboo Nth Senior Citizens Centre	6,634.50
Mirboo Recreation Reserve Comm	5,220.00
Moyarra Community Group	1,334.69
Mt Best Community Hall Ass Inc.	1,634.69
Mt Eccles Mechanics Institute Committee	1,334.69

Organisation	Amount \$
Native Animal Welfare	100.00
Nerrena Public Hall Committee Inc.	6,134.69
Nerrena Recreation Reserve Committee	4,590.00
Nyora Public Hall Committee Inc.	1,334.69
Nyora Recreation Reserve Committee	13,764.00
Outtrim Moyarra Kongwak Cricket Club Inc.	10,000.00
Outtrim Reserve Committee	13,863.69
Poowong & Dist. Amateur Basketball Association Inc.	1,445.00
Poowong Community Consultative Committee	3,375.00
Poowong Football & Netball Club Inc.	461.00
Poowong Historical Group	3,000.00
Poowong Public Hall Inc.	8,334.69
Poowong Recreation Reserve Committee Inc.	15,739.00
Poowong Tennis Club	5,000.00
Port Franklin Hall Committee	1,334.69
Port Franklin Tennis & Sports Club Inc.	500.00
Port Welshpool & Dist. Maritime Museum	350.00
Pound Creek Rural Fire Brigade	300.00
Prom Coast Arts Inc.	3,000.00
Prom Coast Centres For Children Inc.	44,083.00
Prom Coast Seachange Festival Inc.	300.00
Prom Coast U3A	1,500.00
Prom Country Aged Care Inc.	1,200.00
Prom Country Regional Tourism Inc.	46,810.00
Rotary Club Of Korumburra	500.00
Rotary Club Of Mirboo North	110.00
Sandy Point Community Group Inc.	1,300.00
Sandy Point Hall Committee	1,000.00
South Gippsland Bass Coast LLEN	1,000.00
South Gippsland Brass Band	2,000
South Gippsland Bridge Club Inc.	1,000.00

Organisation	Amount \$
South Gippsland Citizens Advice Bureau	14,750.00
South Gippsland CWA of Vic Inc.	100.00
South Gippsland Landcare Network	1,000.00
South Gippsland Secondary College	250.00
South Gippsland Singers Inc.	1,000.00
South Gippsland Tourist Railway Inc.	10,000.00
St. Laurence O'Toole Primary School	4,000.00
State Emergency Service Foster	25,706.00
State Emergency Service Leongatha	25,706.00
Stockyard Gallery	3,000.00
Stony Creek Racecourse & Recreation Reserve	2,857.27
Stony Creek Rec Reserve Committee	5,027.55
Strzelecki Public Hall Inc.	1,334.69
Tarwin Lower Primary School	100.00
Tarwin Lower Recreation Reserve Inc.	20,364.00
Tarwin Lwr & District Bowls Club Inc.	1,000.00
Tarwin Lwr Mechanics Institute	4,834.69
Tarwin Valley Camp Draft Club	11,000.00
Terrill & Buckley Parks Rec Reserves	4,979.00
Terrill Park Recreation Reserve Committee Of Management	18,785.00
The Arthur Sutherland Recreation Reserve (Formerly Welshpool)	6,440.00
The Great Southern Star Eisteddford	300.00
The Lions Club Of Mirboo North	1000.00
Toora & District Football Club	4,000.00
Toora Bowls Club Inc.	10,608.00
Toora Community Hall & Library Inc.	500.00
Toora Hall Committee	1,334.69
Toora Recreation Reserve Committee	12,617.00
Toora Swimming Pool Committee	600.00
Tour De Tarwin	1,920.00

Organisation	Amount \$
Unified Community Sports & Leisure Pty Ltd	105,300.09
UnitingCare Gippsland	30,362.00
Venus Bay Angling Club	1,000.00
Venus Bay Community Centre	6,940.00
Venus Bay Tarwin Lwr & Dist. Men's Shed Inc.	575.00
Walkerville Foreshore Committee	1,334.69
Walter J Tuck Recreation Reserve Committee Of Management	25,454.00
Waratah Bay Community Association Inc.	9,240.00
Welshpool & Dist. Advisory Group Inc.	9,000.00
Welshpool Golf Club Inc.	9,400.00
Welshpool Memorial Hall	1,334.69
Welshpool Recreation Reserve	1,589.00
West Gippsland Regional Library Corporation	1,206,068.01
Yanakie Hall & Recreation Reserve	1,334.69
YMCA	172,772.74
YMCA Of Ballarat Inc.	3,000.00
YMCA South Gippsland SPLASH	185.64
Total Grants & Contributions 13/14	\$2,728,430.64



Annual Plan 2013-2014 End of Year Results

Outcome 1 – A Prosperous Shire

Council Plan 2013-2017 Indicator	Target
The value of total investments in the Shire measured through Building Permits, by investment sector. <i>Responsible Unit: Development Services</i>	Aim for an increase in investments annually. (Baseline: To be established.)
Status: ACHIEVED	
Baseline established. Information produced in quarterly report. Building activity for 2012-2013 – \$93.6 million; 2013-2014 – \$61.3 million; a decrease of \$32.3 million.	

Council Plan 2013-2017 Indicator	Target
Shovel ready projects prepared. <i>Responsible Unit: Engineering Services</i>	Aim for at least two ready at any time.
Status: ACHIEVED	
Ten projects are ready for construction subject to funding: Agnes River Road, Agnes Bridge; Dale Drive, Leongatha Court Bowl; Mirboo North Transfer Station; Korumburra Integrated Children Centre; Leongatha Splash Hydrotherapy Pool; Gray Street, Leongatha; Princes Street, Korumburra; Henrys Road, Nyora; Simons Lane, Leongatha South; and Allambie Estate Rd Bridge.	
Ten footpath projects have been designed ready for construction subject to funding: Station St, Foster; Drouin Rd, Poowong; Walkerville Rd, Tarwin Lower; Steele St, Leongatha; Baths Rd, Mirboo North; George St, Korumburra; Brown St, Leongatha; Peart St, Leongatha; Cooper St, Mirboo North; and Meeniyah Recreation Reserve youth space.	

Objective 1.1 Work with the business community to support existing business, diversify employment opportunities to attract new businesses.

Strategy	Action	Measure / Target
Strategy 1.1.1: We will actively plan for growth and economic development. <i>Responsible Unit: Development Services</i>	Advocate for Development Contributions process from State Government.	Progress reported in the Quarterly Performance Report.
Status: ACHIEVED		
Developer Contributions process established through use of S173 agreements. State scheme proposed, but not implemented. Will reassess local position on implementation of State scheme.		

Strategy	Action	Measure / Target
Strategy 1.1.1: We will actively plan for growth and economic development. <i>Responsible Unit: Community Services</i>	Contribute to the development of a Library Corporation 'Community Learning Strategy'.	Progress reported in the Quarterly Performance Report.
Status: ACHIEVED		
The Library Corporation Board confirmed its commitment to develop a Community Learning Strategy Framework and the Mobile Library Services Review will form part of the Strategy. While the costs for 2013-14 can be met within the existing budget, the scope and funding of the implementation of the Strategy for future years has yet to be agreed.		

Strategy	Action	Measure / Target
<p>Strategy 1.1.1: We will actively plan for growth and economic development.</p> <p><i>Responsible Unit: Development Services</i></p>	Facilitate the Industrial Land Use Strategy for Leongatha.	Planning Scheme amendments commenced by 30 June 2014.
Status:		ACHIEVED
Amendment adopted by Council on 16 April 2014.		

Strategy	Action	Measure / Target
<p>Strategy 1.1.1: We will actively plan for growth and economic development.</p> <p><i>Responsible Unit: Development Services</i></p>	Develop options for redevelopment of the Leongatha rail yards as a commercial, retail residential and/or civic precinct.	Advocate for redevelopment options for the Leongatha rail yards to State Government by 30 June 2014.
Status:		ACHIEVED
Progressive briefings to Councillors have occurred throughout the year – discussions with VicTrack are under way.		

Strategy	Action	Measure / Target
<p>1.1.1 We will actively plan for growth and economic development.</p> <p>1.1.3: We will actively encourage sustainable development and growth of agriculture, industry and commercial business; and</p> <p>1.1.4: We will promote and encourage tourism through development support.</p> <p><i>Responsible Unit: Development Services</i></p>	Conduct a review of the South Gippsland Economic Development and Tourism Strategy 2012-2017 and commence implementation based on Council's priority actions.	Establish a committee and terms of reference to oversee a review of the strategy and provide recommendations for Council's consideration by 30 June 2014.
Status:		ACHIEVED
Committee established. Review of strategy completed. Strategy adopted for consultation in April. Public consultation undertaken with expected adoption of strategy by September 2014.		

Strategy	Action	Measure / Target
<p>1.1.2 We will protect and retain the unique identity of town, villages and farming districts.</p> <p><i>Responsible Unit: Development Services</i></p>	Develop Township Character Studies for new residential zones and present to Council for adoption.	By 30 June 2014.
Status:		ACHIEVED
Council adopted new zones March 2014.		



Objective 1.2 Raise the awareness of local and regional issues with State and Federal decision makers.

Strategy	Action	Measure / Target
<p>1.2.1: We will advocate for effective integrated transport connectivity for people and freight.</p> <p><i>Responsible Unit:</i> <i>Chief Executive Officer</i></p>	Advocate for the Gippsland Transport Strategy through regional groups and advocacy activities.	Progress reported in the Quarterly Performance Report.
Status:		ACHIEVED
<p>Advocacy for improved transport, roads and freight has continued, both through participation at regional and local levels. Regional advocacy has taken place via Gippsland Local Government Network with meetings held with the Department of Transport to discuss Freight Strategy priorities and Regional Development Victoria Committee to discuss the Gippsland Freight Infrastructure Vision.</p> <p>Locally, meetings occurred with Shadow Minister Ports, Freight and Logistics Ms. Natalie Hutchins specifically to discuss the Gippsland Freight Strategy, and the CEO and Mayor recently met with Danny O'Brien MP - National Party Member for Eastern Region where our transport requirements were again raised.</p>		

Responsible Unit	Action	Measure / Target
<p>1.2.1: We will advocate for effective integrated transport connectivity for people and freight.</p> <p><i>Responsible Unit: Development Services</i></p>	Advocate for funding to undertake a feasibility study for the return of the freight and passenger service to Leongatha.	Advocate for funding for the feasibility study by 30 June 2014.
Status:		ACHIEVED
Discussions undertaken with Department of Transport seeking agreement for in-kind support. Grant application will be required with matching Council funds – not adopted in 2014/15 budget. Letters sent to South West Gippsland Transport Group and neighbouring Councils, seeking support.		

Strategy	Action	Measure / Target
<p>1.2.1: We will advocate for effective integrated transport connectivity for people and freight.</p> <p><i>Responsible Unit: Development Services</i></p>	Support the South East Australian Transport Strategy through Council's membership and participation in events to encourage the development of road, rail, sea and air facilities.	Progress reported in the Quarterly Performance Report.
Status:		ACHIEVED
Attended all group meetings. Participated in executive meetings. Funding for Leongatha Heavy Vehicle Alternate Route achieved. South Gippsland hosting February 2015 meeting.		

Responsible Unit	Action	Measure / Target
<p>1.2.1: We will advocate for effective integrated transport connectivity for people and freight.</p> <p><i>Responsible Unit: Engineering Services</i></p>	Advocate for the upgrading and improved maintenance of our main roads.	Progress reported in the Quarterly Performance Report.
Status:		ACHIEVED
Items of importance are raised at the VicRoads/South Gippsland Shire Council Liaison Meetings. Council will continue its strong working relationship with VicRoads to drive the necessary road improvements for our communities.		

Strategy	Action	Measure / Target
<p>1.2.2: We will advocate for priority projects that assist in stimulating economic growth, agricultural development, tourism infrastructure and community facilities.</p> <p><i>Responsible Unit: Development Services</i></p>	Advocate for the Corner Inlet Tourism Development Project.	Progress reported in the Quarterly Performance Report.
Status:		ACHIEVED
Construction of Toora to Welshpool section of the Rail Trail commenced. Marketing program for Rail Trail commenced. Briefing provided to Councillors by Parks Victoria on the Proposed Agnes Falls development. Funding application for Agnes Falls lookout submitted.		

Strategy	Action	Measure / Target
<p>1.2.2: We will advocate for priority projects that assist in stimulating economic growth, agricultural development, tourism infrastructure and community facilities.</p> <p><i>Responsible Unit: Engineering Services</i></p>	Implement the review of Caravan Parks.	Implementation commenced by 30 June 2014.
Status:		ACHIEVED
Caravan Parks Steering Committee has now ceased as Caravan Parks are up and running.		

Strategy	Action	Measure / Target
<p>1.2.2: We will advocate for priority projects that assist in stimulating economic growth, agricultural development, tourism infrastructure and community facilities.</p> <p><i>Responsible Unit: Development Services</i></p>	<p>Advocate for bringing forward sewerage for Poowong, Loch and Nyora.</p> <p>Advocate for solving development barriers in the Tarwin Potable Water Catchment.</p>	Progress reported in the Quarterly Performance Report.
Status:		ACHIEVED
Last stakeholder workshop of the Tarwin Catchment modelling study is anticipated to be held during August 2014. Development of Catchment Policy can commence once modelling is completed.		

Objective 1.3 Improve the sustainability of the local and regional environment

Strategy	Action	Measure / Target
<p>1.3.1: We will actively engage businesses, farmers, industries and individuals in creating a clean, green Shire, where environmental sustainability is embraced and practiced.</p> <p><i>Responsible Unit: Community Services</i></p>	Sustainability Festival held with a focus on improving the health, wellbeing and sustainability of the South Gippsland Community and wider region.	Festival held by 30 June 2014 and the number of exhibitors participating and number of attendees in the festival reported.
Status:		ACHIEVED
The Festival was held on 14 April. There were approximately 50 exhibitors and over 2000 attendees at this year's festival, which was comparable to the 2013 Festival.		

Strategy	Action	Measure / Target
<p>1.3.2: We will promote sustainable waste management practices, energy efficiency and management of our natural resources.</p> <p><i>Responsible Unit: Community Services</i></p>	<p>Waste Management Strategy implemented and outcomes reported:</p> <ul style="list-style-type: none"> • Waste to landfill from transfer stations reduced by up to 3% compared to 2012-13 • Landfill airspace consumption reduced by up to 10% compared to 2011-12 	<p>Progress reported in the quarterly performance report and annual outcomes reported to Council by 30 June 2014:</p> <ul style="list-style-type: none"> • Baseline 2011-12 (2,830 tonnes) (reported quarterly) • Baseline 2011-12 1.52 c/m per tonne • Target - 1.37 c/m per tonne (reported quarterly).
Status:		ACHIEVED
<p>Waste to landfill from transfer stations for the year reduced by 15% (2066.5 tonnes) when compared to 2012-13. Landfill airspace usage in 2013-14 attributable to landfill waste and cover material of 1.56 cubic metres of airspace per tonne of waste. This is down from 1.69 the previous year.</p>		

Strategy	Action	Measure / Target
<p>1.3.2: We will promote sustainable waste management practices, energy efficiency and management of our natural resources.</p> <p><i>Responsible Unit: Community Services</i></p>	<p>Sustainability Strategy actions implemented:</p> <ul style="list-style-type: none"> • Greenhouse gas reduction plan implemented 	<p>Progress reported in the quarterly performance report and annual outcomes reported to Council by 30 June 2014.</p>
Status:		ACHIEVED
<p>The energy efficiency works were completed at the depot by 30 June 2014.</p>		

Strategy	Action	Measure / Target
<p>1.3.2: We will promote sustainable waste management practices, energy efficiency and management of our natural resources.</p> <p><i>Responsible Unit: Community Services</i></p>	<p>Advise Council of bio-composting approaches and other modern waste management innovations.</p>	<p>By 30 June 2014.</p>
Status:		ACHIEVED
<p>A presentation by the Executive Officer of the Gippsland Regional Waste Management Group on a biocomposting trial in East Gippsland and modern waste management approaches was delivered to Council in November 2013.</p>		



Outcome 2 – Closely Connected Communities

Council Plan 2013-2017 Indicator	Target
Council supported Community Direction Statement priority projects identified and reported to Council for consideration. <i>Responsible Unit: Community Services</i>	Council supported priority projects from Community Directions Statements to be funded in the following financial year, identified and funded by 30 June annually.
Status: ACHIEVED	
Well attended community forum by over 30 people was convened in February in Sandy Point community to develop a Community Plan. Community Forum convened 9 February with good participation. Meeting held with Toora Monitoring Committee to review Community Plan. Community engagement support provided to Mirboo North Community Plan working group. Nyora Hall Refurbishment Project advanced to funding application stage.	

Council Plan 2013-2017 Indicator	Target
Development activities for volunteers provided. <i>Responsible Unit: Community Services</i>	A program of activities developed and implemented annually.
Status: ACHIEVED	
A range of activities implemented included the Years Ahead - Driver Program and released the 2014 Volunteer Training Calendar with initial workshops held in April 2014. Council partnered with the South Gippsland Citizens Advice Bureau (SGCAB) to launch the SGCAB Volunteering in South Gippsland Brochure.	

Objective 2.1 Engage and work collaboratively with our community.

Strategy	Action	Measure / Target
2.1.2: We will develop an integrated approach to planning with the community incorporating budgeting/funding strategies and project development. <i>Responsible Unit: Development Services</i>	Develop and implement a Korumburra Community Roundtable as a trial for modelling future partnership projects.	Progress reported in the Quarterly Performance Report.
Status: ACHIEVED		
The Committee has been established and chair elected. Council has resolved to continue for a further 12 months.		

Strategy	Action	Measure / Target
2.1.3: We aim to minimise barriers and find ways to support our volunteers, community groups and committees to provide services beyond those that Council, by itself, can provide. <i>Responsible Unit: Corporate Services</i>	Community Grants Program effectively administered to support Community Events and Organisations.	Two rounds of Community Grants presented to Council for adoption by 30 June 2014 and updates on program outcomes reported in Council's Quarterly Performance Report.
Status: ACHIEVED		
Community Grants Round 1 Presentation held 11 December 2013. Round 2 was adopted by Council on 25 June 2014.		



Strategy	Action	Measure / Target
<p>2.1.3: We aim to minimise barriers and find ways to support our volunteers, community groups and committees to provide services beyond those that Council, by itself, can provide.</p> <p><i>Responsible Unit: Community Services</i></p>	<p>Support community volunteers:</p> <ul style="list-style-type: none"> Community Engagement Conference held, including a speaker on new incorporation legislation Training program delivered 	By 30 June 2014.
Status:		ACHIEVED
The Community Engagement Conference was held in June 2014. Volunteer Training in driver awareness for older people provided. Direct assistance in event planning requirements provided to seven community events.		

Strategy	Action	Measure / Target
<p>2.1.3: We aim to minimise barriers and find ways to support our volunteers, community groups and committees to provide services beyond those that Council, by itself, can provide.</p> <p><i>Responsible Unit: Community Services</i></p>	<p>Review the support provided to the Recreation Reserve Committees and consider a participatory budgeting approach for a portion of the funding allocation.</p>	<p>Progress reported in the Quarterly Performance Report.</p>
Status:		ACHIEVED
Council doubled its financial contribution to Recreation Reserves in 2013-14. A Recreation Reserves brochure was distributed to reserves and other outlets across the shire. The Recreation Reserve Network recommended the distribution of a portion of the funds and Council used the recommendation for the distribution.		

Outcome 3 – Integrated Services and Infrastructure

Council Plan 2013-2017 Indicator	Target
<p>Number of grants submitted to State and Federal programs for funding and number of grants announced for South Gippsland Shire projects.</p> <p><i>Responsible Unit: Corporate Services</i></p>	Aim for 30% of applications submitted to be funded.
Status:	
ACHIEVED	
One hundred percent (100%) of applications submitted in 2013-2014 have been funded. Of the 15 applications submitted (\$1,695k sought) in 2013-14, 14 (\$1,195k funded) have been funded and one is pending.	

Council Plan 2013-2017 Indicator	Target
<p>Sustainability activities for various sectors provided, in partnership with others where possible.</p> <p><i>Responsible Unit: Community Services</i></p>	A program of activities developed and implemented annually.
Status:	
ACHIEVED	
Key actions from the strategy implemented included:	
<ul style="list-style-type: none"> Progression of the Green Street Lighting project; Scoping of works to be completed relating to implementation of the greenhouse reduction plan; Roadside weed control program implemented; Various educational materials developed and distributed; and The Sustainability Gippsland website and Local Food Map projects progressed. 	

Objective 3.1 Deliver affordable, modern community services and facilities through an integrated approach to planning and infrastructure development.

Strategy	Action	Measure / Target
<p>3.1.1: We will deliver Council and community projects and leverage project funds to attract investment from external sources.</p> <p><i>Responsible Unit: Engineering Services</i></p>	Annual Capital Works Program delivered.	80% of the Capital Works Civil Program expended in accordance with approved Council decisions by 30 June 2014 and progress reported in the Quarterly Performance Report.
Status:		ACHIEVED
Eighty three percent (82.94%) of the Capital Works Program was expended by 30 June 2014. Quarterly updates were provided to Council during the year.		

Strategy	Action	Measure / Target
<p>3.1.1: We will deliver Council and community projects and leverage project funds to attract investment from external sources.</p> <p><i>Responsible Unit: Community Services</i></p>	External funding sought for the Korumburra Integrated Children's Centre.	By 30 June 2014.
Status:		ACHIEVED
<p>Awaiting announcement of Capital Funding from State Government \$ 1.6 million in mid 2014.</p> <p>Awaiting announcement of Linking Learning and Literacy funding \$80,000 for project that will link Primary schools with new centre.</p> <p>Karmai Community Children's Centre was formally incorporated in May 2014. This group continues to develop the governance structure for Korumburra Integrated Children's Centre.</p>		

Strategy	Action	Measure / Target
<p>3.1.2: We will collaborate with other agencies and service providers to focus attention on growth areas and avoid duplication of services.</p> <p><i>Responsible Unit: Engineering Services</i></p>	Develop a Relocation Plan for Foster for co-locating services with other government agencies.	By 30 June 2014.
Status:		NOT ACHIEVED
The Project Brief and Consultancy Brief were presented at the 2 April 2014 Councillor Briefing Session. Relocation Plan progressing. Target not achieved due to time constraints.		



Strategy	Action	Measure / Target
<p>3.1.2: We will collaborate with other agencies and service providers to focus attention on growth areas and avoid duplication of services.</p> <p><i>Responsible Unit: Community Services</i></p>	<p>Establish formal partnerships and/or arrangements in place between Community Services Directorate and other agencies/service providers.</p>	<p>Formal partnerships established with 2 new agencies or service providers by 30 June 2014.</p>
Status:		ACHIEVED
<p>Following the announcement of the withdrawal of UnitingCare Gippsland from the St Andrews Childcare Centre in Mirboo North and Prom Coast Centre for Children in Foster, Council has facilitated new partnerships to ensure the service continues in both communities.</p> <p>Child care services was uninterrupted in Mirboo North due to the transition to new provider YMCA Ballarat in April.</p> <p>Services have continued in Corner Inlet with the establishment of a community based Committee of Management to operate the service from May 2014.</p>		

Strategy	Action	Measure / Target
<p>3.1.3: We will develop an integrated planning approach for our townships and villages, so that facilities are located in areas where they are most appropriate.</p> <p><i>Responsible Unit: Community Services</i></p>	<p>Plan for library infrastructure in the Western area of South Gippsland.</p>	<p>Reported to Council by 30 June 2014.</p>
Status:		ACHIEVED
<p>A consultant was appointed in February to work with the Social Community Infrastructure Committee to develop a draft blueprint of community infrastructure as Stage 1 of the project. Library infrastructure will be considered as part of the blueprint and consultation with the West Gippsland Regional Library Corporation has commenced.</p>		

Strategy	Action	Measure / Target
<p>3.1.3: We will develop an integrated planning approach for our townships and villages, so that facilities are located in areas where they are most appropriate.</p> <p><i>Responsible Unit: Community Services</i></p>	<p>Commence the development of a strategy for community facilities including the potential development of Community Hubs.</p>	<p>By 30 June 2014.</p>
Status:		ACHIEVED
<p>A consultant was appointed in February to work with the Social Community Infrastructure Committee to develop a draft blueprint of community infrastructure as Stage 1 of the project. Parameters were established and consultation with community groups commenced. A draft blueprint was tabled for the committee's consideration in May and reported to Council in June for public exhibition.</p>		



Strategy	Action	Measure / Target
<p>3.1.4: We will plan for the service needs of the Shire's changing demographic.</p> <p><i>Responsible Unit: Engineering Services</i></p>	Implement Asset Management Plans for all major asset classes.	Service levels achieved by 30 June 2014: Roads (only a part of indicators given).
<p>Measure / Target: 1. Annual customer satisfaction survey results</p>		
Status:		ACHIEVED
<p>2013 survey results received:</p> <ul style="list-style-type: none"> • 'Best thing about Council' - 5% indicated Road & Street Maintenance. • 'Council Needs to Improve' - 49% indicated Sealed Road Maintenance. 		
<p>Measure / Target: 2. Percentage of customer requests completed in time.</p>		
Status:		NOT ACHIEVED
<p>Customer requests – 1,120 requests received for Road/Infrastructure Maintenance with 573 (51%) completed on time. The percentage of customer requests completed in time is below the desired standard as road maintenance was delayed due to inclement weather.</p>		
<p>Measure / Target: 3. Number of approved claims against Council.</p>		
Status:		ACHIEVED
<p>No approved claims for the year.</p>		
<p>Measure / Target: 4. Percentage compliance with Road Management Plan.</p>		
Status:		ACHIEVED
<p>One hundred percent (100%) compliance.</p>		
<p>Measure / Target: 5. Renewal of 40,000 to 50,000 m² of road pavement per year.</p>		
Status:		ACHIEVED
<p>42,000 m² of road pavement renewed for the year.</p>		
<p>Measure / Target: 6. Reseal 300,000 to 430,000 m² of sealed surface.</p>		
Status:		NOT ACHIEVED
<p>Resealed 275,012 m² of sealed surface. The target was not achieved due to the use of a large amount of polymer seals which are more expensive than the standard C170 seals.</p>		

Strategy	Action	Measure / Target
<p>3.1.4: We will plan for the service needs of the Shire's changing demographic.</p> <p><i>Responsible Unit: Engineering Services</i></p>	Forward Capital Works Program reviewed annually.	By 30 June 2014.
Status:		ACHIEVED
<p>The draft 15 Year Capital Works Program presented to Councillors on:</p> <ul style="list-style-type: none"> • 11 September 2013 • 4 December 2013 • 5 March 2014 • 2 April 2014 <p>The 2014-15 Capital Works Program was adopted at the 25 June 2014 Special Meeting of Council.</p>		

Strategy	Action	Measure / Target
<p>3.1.4: We will plan for the service needs of the Shire's changing demographic.</p> <p><i>Responsible Unit: Development Services</i></p>	<p>Development of short, medium and long term social infrastructure plans for the Shire:</p> <ul style="list-style-type: none"> • Mirboo North • Venus Bay/Tarwin Lower • Leongatha • Nyora 	By 30 June 2014.
Status:		ACHIEVED
<p>The following plans were adopted by Council before 30 June 2014:</p> <p>Korumburra Community Infrastructure Plan - adopted by Council. Leongatha Community Infrastructure Plan - adopted by Council. Nyora Community Infrastructure Plan - adopted by Council. Mirboo North Community Infrastructure Plan - adopted by Council. Tarwin Lower/Venus Bay Community Infrastructure Plan - adopted by Council.</p>		

Strategy	Action	Measure / Target
<p>3.1.4: We will plan for the service needs of the Shire's changing demographic.</p> <p><i>Responsible Unit: Community Services</i></p>	<p>Youth supported:</p> <ul style="list-style-type: none"> • Learner Driver Program (L2P) delivered. 	Thirty (30) young people participating.
Status:		ACHIEVED
<p>The program had 57 active participants driving through the year with 12 gaining their drivers licence. The total number of hours driven with volunteers for the year was 974 hours.</p>		

Strategy	Action	Measure / Target
<p>3.1.4: We will plan for the service needs of the Shire's changing demographic.</p> <p><i>Responsible Unit: Community Services</i></p>	<p>Arts and Culture supported:</p> <ul style="list-style-type: none"> • Shire-wide Arts and Culture brochure developed and distributed with a preference to electronic media distribution. 	By 30 June 2014.
Status:		ACHIEVED
<p>Brochure completed and distributed across South Gippsland and externally. Additional shire wide brochure developed to promote South Gippsland cultural events was presented during the May 2014 Gippsland Arts Festival.</p>		

Strategy	Action	Measure / Target
<p>3.1.4: We will plan for the service needs of the Shire's changing demographic.</p> <p><i>Responsible Unit: Community Services</i></p>	<p>Access and Inclusion supported:</p> <ul style="list-style-type: none"> • Accessibility audits of Council's recreation facilities and parks 	Six (6) facilities audited by 30 June 2014.
Status:		ACHIEVED
<p>Assessment completed for six (6) facilities by June 2014. There was a good level of collaboration with Gippsport in assessing recreational facilities.</p>		



Strategy	Action	Measure / Target
<p>3.1.4: We will plan for the service needs of the Shire's changing demographic.</p> <p><i>Responsible Unit: Community Services</i></p>	<p>Access and Inclusion supported:</p> <ul style="list-style-type: none"> • Advocate for additional accessible bus stop in Leongatha. 	<p>Representation made to VLine by 30 June 2014.</p>
Status:		ACHIEVED
<p>Discussions held in February 2014 with Leongatha Chamber of Commerce and Industry on value of an extra and accessible bus stop. Request for consideration of an extra bus stop submitted to the Department of Transport, with advice received that this request is being considered.</p>		

Strategy	Action	Measure / Target
<p>3.1.4: We will plan for the service needs of the Shire's changing demographic.</p> <p><i>Responsible Unit: Community Services</i></p>	<p>Cultural Diversity supported:</p> <ul style="list-style-type: none"> • Plans prepared for the indigenous event 'Deadly in Gippsland' to be held in 2015. 	<p>Organising committee established and plans prepared by 30 June 2014.</p>
Status:		ACHIEVED
<p>Initial Planning Group established and meetings held - key external contributing organisations and individuals identified. Council assisted six members of the Planning Group to attend the 2014 DIGS conference at Lakes Entrance. The Planning Group met on site at Wilsons Promontory National Park to assess suitability as a venue.</p>		

Strategy	Action	Measure / Target
<p>3.1.5: We will encourage sustainable development that promotes the health, well-being and unique character of the community.</p> <p><i>Responsible Unit: Community Services</i></p>	<p>Implement the Municipal Public Health & Wellbeing Plan 2013-2017.</p>	<p>Progress reported in the Quarterly Performance Report and with an annual review by 30 June 2014.</p>
Status:		ACHIEVED
<p>Key achievements from the Implementation Plan include:</p> <ul style="list-style-type: none"> • Identified 'Black Spot' projects were approved by VicRoads and included in the Capital Works Program. • A range of exhibitions were held at Coal Creek including the 40th Anniversary of the Park. • The 2013-14 Community Grants Program commenced for Round 2. • Thirty two (32) young people are currently participating in the Learner Driver Program (L2P), with 57 participating over the year. 		

Strategy	Action	Measure / Target
<p>3.1.5: We will encourage sustainable development that promotes the health, well-being and unique character of the community.</p> <p><i>Responsible Unit: Development Services</i></p>	<p>Safe, Healthy and Active Communities Plan implemented into the Planning Scheme.</p>	<p>Adopted by Council by 30 June 2014.</p>
Status:		ACHIEVED
<p>Amendment gazetted 5 June 2014.</p>		

Strategy	Action	Measure / Target
<p>3.1.6: We will refine the provision of Council services through reviews focused on evolving community needs, realistic and affordable service standards and efficient management of resources.</p> <p><i>Responsible Unit: Engineering Services</i></p>	Review the Capital Works Program.	Review and present the Capital Works Program to Council by 30 June 2014.
Status:		ACHIEVED
<p>The draft 15 Year Capital Works Program presented to Councillors on:</p> <ul style="list-style-type: none"> • 11 September 2013 • 4 December 2013 • 5 March 2014 • 2 April 2014 <p>The 2014-15 Capital Works Program was adopted at the 25 June 2014 Special Meeting of Council.</p>		

Outcome 4 – A Leading Organisation

Council Plan 2013-2017 Indicator	Target
<p>Policy portfolios and/or specific project groups developed and implemented.</p> <p><i>Responsible Unit: Chief Executive Officer</i></p>	Portfolio or project scope and committee structure endorsed by Council prior to establishment.
Status:	
ACHIEVED	
<p>The Rating Strategy Steering Committee was a formally endorsed Committee of Council involving Community members and Councillors. The Terms of Reference for this Committee were adopted by Council. This Committee completed its task and has been disbanded by Council.</p> <p>The Community Engagement and Evolving Vision Portfolio was endorsed and referred by Council to the Community Engagement and Evolving Vision Steering Committee. The Committee developed its Terms of Reference and acted in accordance with them. This Committee completed its task and has been disbanded. Any further future components will be provided as briefings to Council, or considered by the Financial Sustainability Steering Committee as required.</p> <p>The Korumburra Round Table, established by Council in Feb/Mar 2013, is a committee predominantly consisting of Community and Business representatives and includes Councillors and Council staff.</p> <p>Council established four internal Steering Committees with governance protocols established to guide their operation. The following Steering Committees have been working under Terms of Reference developed by the Committees.</p> <ul style="list-style-type: none"> • Financial Sustainability Steering Committee • Social Community Infrastructure Steering Committee • Caravan Parks Steering Committee • Economic Development and Tourism Steering Committee 	

Council Plan 2013-2017 Indicator	Target
<p>An Annual Plan and Annual Budget developed.</p> <p><i>Responsible Unit: Corporate Services</i></p>	Adopted by Council by 30 June annually.
Status:	
ACHIEVED	
<p>Annual Budget 2014-2015, incorporating the Annual Plan and Long Term Financial Plan was adopted by Council on 25 June 2014.</p>	

Council Plan 2013-2017 Indicator	Target
Council will encourage community members to provide information to Council on matters affecting them. <i>Responsible Unit: Corporate Services</i>	Public presentations sessions will be available for community members to participate.
Status: ACHIEVED	
Council conducted all scheduled public presentations sessions in accordance with the Public Presentation Session Schedule review conducted in June 2013.	

Council Plan 2013-2017 Indicator	Target
Department Service Summaries, Business Plans and corresponding Budgets will be developed annually. <i>Responsible Unit: Corporate Services</i>	By 30 June annually.
Status: ACHIEVED	
Department service summaries, business plans and budgets, have been finalised now the Annual Budget 2014-2015 has been adopted by Council.	

Council Plan 2013-2017 Indicator	Target
Developer contributions will be established and implemented. <i>Responsible Unit: Development Services</i>	By 30 June annually.
Status: ACHIEVED	
Developer Contributions process established through use of Section 173 agreements. State scheme proposed, but not implemented. Will reassess local position on implementation of State scheme.	

Council Plan 2013-2017 Indicator	Target
Community Satisfaction Survey results published annually. <i>Responsible Unit: Corporate Services</i>	By 30 June annually.
Status: ACHIEVED	
The 2014 Community Satisfaction Survey results were tabled and presented to the 25 June 2014 Council Meeting.	

Objective 4.1 Improve the financial sustainability of Council, including diversifying revenue streams.

Strategy	Action	Measure / Target
4.1.1: We will explore innovative ways of increasing revenue and reducing expenditure where appropriate. <i>Responsible Unit: Engineering Services</i>	Implement the adopted 'South Gippsland Shire Council Strategic Review of Land Holdings' project.	Progress reported in the Quarterly Performance Report.
Status: ACHIEVED		
Ongoing regular reporting to Council with last report tabled for the 23 July 2014 Council Meeting.		
Contract signed for two land sales as part of Council's Strategic Review of Land Holdings project, and four planning applications lodged to remove reservation status and progress towards a land sale.		

Strategy	Action	Measure / Target
<p>4.1.1: We will explore innovative ways of increasing revenue and reducing expenditure where appropriate.</p> <p><i>Responsible Unit: Development Services</i></p>	Implement adopted future direction for Coal Creek.	By 30 June 2014.
Status:		ON TRACK
Council deferred its consideration of the future of Coal Creek until November 2014. During this time the Financial Sustainability Steering Committee will consider various options for changing the business model of Coal Creek; which will inform the new report.		

Strategy	Action	Measure / Target
<p>4.1.1: We will explore innovative ways of increasing revenue and reducing expenditure where appropriate.</p> <p><i>Responsible Unit: Corporate Services</i></p>	Initiate a zero based budgeting review of service.	All services reviewed, including fees & charges and staffing structure by 28 February 2014.
Status:		ACHIEVED
Council has reviewed all Council services covering functions, service standards, budget's by line item, staffing resources and legislative requirements. A rolling program of detailed service reviews is now being implemented focusing on services identified as priorities for review by the Financial Sustainability Steering Committee.		

Strategy	Action	Measure / Target
<p>4.1.1: We will explore innovative ways of increasing revenue and reducing expenditure where appropriate.</p> <p><i>Responsible Unit: Corporate Services</i></p>	Identify potential for shared services.	Investigate opportunities for shared services by 30 June 2014.
Status:		ACHIEVED
Improvements to Council's IT Network connectivity and cloud based environment, created a capacity to share services with other Councils. Advocacy activities with CEO's from the Gippsland Local Government Network have been aimed at encouraging their Council's to join in the new opportunities for network connectivity, so that shared service opportunities can be explored.		

Strategy	Action	Measure / Target
<p>4.1.1: We will explore innovative ways of increasing revenue and reducing expenditure where appropriate.</p> <p><i>Responsible Unit: Development Services</i></p>	To develop business cases for investment in Council service areas to reduce costs and increase revenue.	Development and implementation of a business case for Coal Creek by 30 June 2014.
Status:		ON TRACK
Council deferred its consideration of the future of Coal Creek until November 2014. During this time the Financial Sustainability Steering Committee will consider various options for changing the business model of Coal Creek; which will inform the new report.		



Strategy	Action	Measure / Target
<p>4.1.1: We will explore innovative ways of increasing revenue and reducing expenditure where appropriate.</p> <p><i>Responsible Unit: Engineering Services</i></p>	To develop business cases for investment in Council service areas to reduce costs and increase revenue.	Development and implementation of a business case for Caravan Parks by 30 June 2014.
Status:		ACHIEVED
Caravan Parks Steering Committee has now been ceased as Caravan Parks are up and running.		

Objective 4.2 Pursue best practice in organisational development and operations of the organisation

Strategy	Action	Measure / Target
<p>4.2.1: We will establish portfolio core leadership groups to draft policy and shape specific projects.</p> <p><i>Responsible Unit: Corporate Services</i></p>	Seek advice on options for portfolio groups and governance protocols.	Provide a report to Council by 30 June 2014.
Status:		ACHIEVED
<p>The Rating Strategy Steering Committee was a formally endorsed Committee of Council involving Community members and Councillors. Extensive advice and guidance was sought from City of Greater Shepparton Council on establishing a Council/Community portfolio group to review the Rating Strategy. The Terms of Reference for this Committee were adopted by Council on 28 August 2013. This Committee has completed its task and been disbanded by Council.</p> <p>The Community Engagement and Evolving Vision Portfolio was endorsed and referred by Council to the Community Engagement and Evolving Vision Steering Committee. This Committee developed its Terms of Reference and acted in accordance with them. The Committee's main objective was to establish a Communication and Engagement Policy and supporting toolkit. Advice and approaches used by various Council's and the International Association for Public Participations (IAP2) were used to formulate the Policy and directions adopted by Council.</p>		

Strategy	Action	Measure / Target
<p>4.2.2: We will monitor corporate governance processes, including risk management and skills development with the aim of ongoing improvement.</p> <p><i>Responsible Unit: Corporate Services</i></p>	Implement the Council Policy review program.	Progress reported in the Quarterly Performance Report to Council.
Status:		ACHIEVED
The Policy Review Program and schedule implementation resulted in 18 Council Policies updated/revoked in 2013-14. Eleven (11) Council Policies were rescheduled to 2014-15 due to factors such as legislative change, reassigned as a CEO Policy or deemed no longer needed.		



Strategy	Action	Measure / Target
<p>4.2.2: We will monitor corporate governance processes, including risk management and skills development with the aim of ongoing improvement.</p> <p><i>Responsible Unit: Corporate Services</i></p>	Deliver approved Information Technology projects.	By 30 June 2014.
Status:		ACHIEVED
Information Technology projects have been delivered to the agreed outcomes of the individual project plans. The GIS Strategy has been completed and endorsed by the IT Governance Board. The website redevelopment project and contract management system have both delivered a detailed specification and been approved to go to public tender.		

Strategy	Action	Measure / Target
<p>4.2.2: We will monitor corporate governance processes, including risk management and skills development with the aim of ongoing improvement.</p> <p><i>Responsible Unit: Corporate Services</i></p>	Adopt and publish the Council Annual Report.	Report presented to the Minister by 30 September 2013.
Status:		ACHIEVED
The Annual Report 2012-2013 was endorsed by Council in September and provided to the Minister by 30 September 2013. The final report was adopted on 23 October 2013 by Council following the required public display period.		

Strategy	Action	Measure / Target
<p>4.2.3: We will monitor corporate governance processes, including risk management and skills development with the aim of ongoing improvement.</p> <p><i>Responsible Unit: Corporate Services</i></p>	South Gippsland Shire Council Community Satisfaction Survey results published.	By 30 June 2014.
Status:		ACHIEVED
The 2014 Community Satisfaction Survey results were tabled and presented to the 25 June 2014 Council Meeting.		

Strategy	Action	Measure / Target
<p>4.2.3: We will monitor corporate governance processes, including risk management and skills development with the aim of ongoing improvement.</p> <p><i>Responsible Unit: Development Services</i></p>	Update of Council General Local Laws 1 and 2.	Completed and presented to Council for adoption by 30 June 2014.
Status:		ACHIEVED
Completed, Council made Local Law 2014 in April 2014. Waiting for Gazettal.		

Strategy	Action	Measure / Target
<p>4.2.3: We will monitor corporate governance processes, including risk management and skills development with the aim of ongoing improvement.</p> <p><i>Responsible Unit: Corporate Services</i></p>	Commence an update of Council's Local Law No 3 - 2010 Processes of Municipal Government.	Review commenced by 30 June 2014.
Status:		ACHIEVED
The review was commenced through the creation of a project plan, initial review of a Draft Local Law, an Executive Leadership Team Briefing and high level Council update via an Executive Update.		

Strategy	Action	Measure / Target
<p>4.2.3: We will monitor corporate governance processes, including risk management and skills development with the aim of ongoing improvement.</p> <p><i>Responsible Unit: Corporate Services</i></p>	Develop a Social Media Strategy.	By 30 June 2014.
Status:		ACHIEVED
Council's Social Media Strategy (including Social Media Policy) and a 'Quick Guide' document were adopted by the Executive Leadership Team and endorsed by Chief Executive Officer on 26 June 2014.		

Strategy	Action	Measure / Target
<p>4.2.3: We will monitor corporate governance processes, including risk management and skills development with the aim of ongoing improvement.</p> <p><i>Responsible Unit: Corporate Services</i></p>	Council Plan reviewed and Annual Plan 2014-2015 developed.	By 30 June 2014.
Status:		ACHIEVED
<p>The Council Plan was reviewed with no changes to the strategic objectives. A new Vision and Values Section has been added. The Annual Plan was developed and incorporated into the 'Service Initiatives and Major Initiatives' section of the Budget, in line with required changes to the Local Government Act 1989. Three community workshops were held that informed the development of the annual initiatives for 2014-2015.</p> <p>The Council Plan 2013-2017 has been updated to include the 2014-2018 Strategic Resource Plan. This was adopted on 25 June 2014.</p>		

Strategy	Action	Measure / Target
<p>4.2.4: We will create an environment for people to be their best, to optimise the performance of the organisation and to deliver quality outcomes for the community.</p> <p><i>Responsible Unit: Corporate Services</i></p>	An annual corporate training program developed and implemented.	Corporate training activities reported in Council's Quarterly Performance Report.
Status:		ACHIEVED
The Corporate Training Program was developed and is currently being implemented as presented to and endorsed by the Executive Leadership Team. Training this quarter included: Procurement - Managing Contracts and Planning and Specification Development, LGPro Ignite - Leadership, Career Development, Microsoft Office, TRIM, OH&S Representative Full & Refresher Course, Emergency Warden, and Construction Induction (White Card).		

Key Strategic Activities 2013-14

Chief Executive Officer

Outcome / Strategy	Action	Measure / Target
1. A Prosperous Shire. <i>Responsible Unit: Chief Executive Officer</i>	Number of representations made to State and Federal politicians.	At least one delegation annually.
Status:		ACHIEVED
<p>Complete</p> <p>Throughout the year, the Mayor and CEO made representations to all Local Members (both State and Federal). Council sent a deputation consisting the CEO, Deputy Mayor Harding and Councillor Hutchinson-Brooks to Canberra to participate in the Australian Local Government Association National General Assembly. Meetings were held with key political figures to raise awareness and garner support (in principle and monetary commitments) for the Korumburra Integrated Children's Centre and Corner Inlet Tourism Development Project.</p> <p>Council met with:</p> <ul style="list-style-type: none"> • Felicity Redfern – Advisor Office of the Hon Scott Ryan Parliamentary Secretary to the Minister for Education; • The Hon Russell Broadbent MP, Federal Member for McMillan; • Vicky Darling – Advisor to Shadow Minister for Education Kate Ellis; • Simon Kelly - Advisor, Office of the Hon Warren Truss MP Minister for Infrastructure and Regional Development; • Kirralee Thomas – Advisor, Office of the Hon Sussan Ley MP Assistant Minister for Education; and • Boronia Morison – Advisor, Office of the Hon Jamie Briggs MP Assistant Minister for Infrastructure and Regional Development. 		

Outcome / Strategy	Action	Measure / Target
1.2.2: We will advocate for priority projects that assist in stimulating economic growth, agricultural development, tourism infrastructure and community facilities. <i>Responsible Unit: Chief Executive Officer</i>	Identify and advocate adopted Priority Projects.	Developed and advocated by 30 June 2014.
Status:		ACHIEVED
<p>Complete</p> <p>New Priority Project Brochures were developed and presented to Council 9 April 2014 for approval. These booklets focus on:</p> <ul style="list-style-type: none"> • the Leongatha Heavy Vehicle Alternate Route; • the Korumburra Integrated Children's Centre; and • the Corner Inlet Tourism Development Project. <p>Funding for the Leongatha Heavy Vehicle Alternate Route was confirmed by Deputy Premier Peter Ryan. The Korumburra Integrated Children's Centre was the focus of a recent deputation to Canberra. Projects making up the Corner Inlet Tourism Development Project are progressing well.</p>		



Community Services

Strategy	Action	Measure / Target
<p>1.3.1: We will actively engage businesses, farmers, industries and individuals in creating a clean, green Shire, where environmental sustainability is embraced and practiced.</p> <p><i>Responsible Unit: Community Services</i></p>	<p>Commence implementation of Council's Roadside Weeds and Pest Management Plan in conjunction with South Gippsland Land-Care.</p>	<p>By 30 June 2014:</p> <ul style="list-style-type: none"> • Consultation program developed • 4 meetings held with Land-Care groups • Progress reported in the Quarterly Performance Report
Status:		ACHIEVED
<p>Complete</p> <p>New budget 2014-15 initiative of \$15k approved to conduct roadside weed audit on 200 km (approx. 10%) of Shire Roadsides to inform the future strategy for roadside weed control.</p> <p>Environmental Projects Officer and Bush Reserve Crew PD's amended to enable roadside weed control works to be delivered by in house staff pending the outcome of the roadside weed audit and future budget allocation required to purchase plant and equipment.</p> <p>Four meetings held with Landcare, three with agenda and minutes, forth meeting confirmed via email from Landcare.</p> <p>Progress of project was reported in each Quarterly Performance Report Jul-Sep 2013, Oct-Dec 2013, Jan-Mar 2014 and Apr-Jun 2014.</p>		

Strategy	Action	Measure / Target
<p>1.3.2: We will promote sustainable waste management practices, energy efficiency and management of our natural resources.</p> <p><i>Responsible Unit: Community Services</i></p>	<p>Sustainability Strategy actions implemented:</p> <ul style="list-style-type: none"> • Green Street Lighting Project implemented. 	<p>Project implemented by 30 June 2014.</p>
Status:		ACHIEVED
<p>Complete</p> <p>The additional work undertaken using the remaining budget left over from the first stage has now been completed. The final report is due on 15 July where the full final cost and energy savings will be analysed.</p>		

Strategy	Action	Measure / Target
<p>3.1.6: We will refine the provision of Council services through reviews focused on evolving community needs, realistic and affordable service standards and efficient management of resources.</p> <p><i>Responsible Unit: Community Services</i></p>	<p>Develop Master Plans for swimming pools in:</p> <ul style="list-style-type: none"> • Toora • Poowong • Foster 	<p>Master Plans completed and reported to Council for adoption by 30 June 2014.</p>
Status:		NOT ACHIEVED
<p>Not Complete</p> <p>Master Plans for Poowong and Toora pools adopted by Council 25 June 2014. Foster withdrawn from process as a pool review was undertaken. The Council decision of 27 November 2013 was to:</p> <ul style="list-style-type: none"> • Defer the Foster Pool Master Plan until the outcome of the review is considered; and • Amend the Council Annual Plan 2013-2014 and Key Strategic Activity, Strategy 3.1.6, to reflect the Master Plans will only be developed for the Poowong and Toora Outdoor Pools and a review completed of the Foster Swimming Pool by 30 June 2014. 		

Corporate Services

Strategy	Action	Measure / Target
2.1.1: We will develop a continually evolving Vision for the Shire that encourages community participation in defining what it wants, needs and can afford to guide rationalisation, consolidation and achievement of desired community outcomes. <i>Responsible Unit: Corporate Services</i>	Develop and commence implementation of new approaches to engage community participation in creating a continually evolving Vision for the Shire.	A report presented to Council outlining approaches to be introduced in 2013-2014 by 30 September 2013.
Status:		ACHIEVED
Complete A report was presented to Council in September 2013. The report was adopted and the approaches proposed have been provided to the Community Engagement and Evolving Vision Steering Committee to pursue.		

Strategy	Action	Measure / Target
4.1.1: We will explore innovative ways of increasing revenue and reducing expenditure where appropriate. <i>Responsible Unit: Corporate Services</i>	Review and revise Council's Rating Strategy to align with amended State Government requirements and ensure equity as far as practicable.	Report presented to Council by 30 June 2014.
Status:		ACHIEVED
Complete The Rating Strategy 2014-2018 was adopted by Council on 25 June 2014.		

Strategy	Action	Measure / Target
4.1.1: We will explore innovative ways of increasing revenue and reducing expenditure where appropriate. <i>Responsible Unit: Corporate Services</i>	The Long Term Financial Plan implemented to ensure financial sustainability.	Weighted average of 5 key financial ratios being indebtedness, underlying working capital ratio, self-financing, investment gap and underlying result for the 2013-2014 Budget is greater than or equal to 98%.
Status:		ACHIEVED
Complete Weighted average of the five key financial ratios for 2013-14 was 107%		





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*South Gippsland
Shire Council*



South Gippsland Shire Council
Annual Financial Report
For the Year Ended 30 June 2014

Contents

Financial Statements	
Comprehensive Income Statement	4
Balance Sheet	5
Statement of Changes in Equity	6
Statement of Cash Flow	7
Notes to the Financial Statements	
Introduction to Notes	8
Note 1 Significant accounting policies	8
Note 2 Special committees and other activities	15
Note 3 Rates and charges	16
Note 4 Statutory fees and fines	16
Note 5 User fees	17
Note 6 Grants	17
Note 7 Contributions	19
Note 8 Reimbursements	19
Note 9 Other Income	19
Note 10 Gain / (Loss) on Disposal of property, plant and equipment and infrastructure	20
Note 11 Employee benefits	20
Note 12 Materials and services	20
Note 13 Depreciation and Amortisation	21
Note 14 Finance costs	21
Note 15 Other expenses	21
Note 16 Investments in associates	21
Note 17 Other assets	22
Note 18 Cash and cash equivalents	22
Note 19 Trade and other receivables	22
Note 20 Other Financial assets	22
Note 21 Inventories	22
Note 22 Property, plant and equipment and infrastructure	23
Note 23 Investment properties	31
Note 24 Trade and other payables	31
Note 25 Trust funds and deposits	31
Note 26 Provisions	32
Note 27 Interest bearing loans and borrowings	33
Note 28 Reserves	33
Note 29 Reconciliation of cash flows from operating activities to surplus / (deficit)	35
Note 30 Reconciliation of cash and cash equivalents	35

Contents

Note 31	Financing facilities	35
Note 32	Restricted assets	35
Note 33	Superannuation	36
Note 34	Commitments	38
Note 35	Operating leases	39
Note 36	Contingent liabilities and contingent assets	39
Note 37	Financial instruments	40
Note 38	Auditor's remuneration	46
Note 39	Events occurring after balance date	46
Note 40	Related party transactions	46
Note 41	Income, expenses and assets by function / activities	48
Note 42	Financial ratios (performance indicators)	51
Note 43	Capital works	54
Note 44	Pending accounting standards	55
	Certification of Financial Statements	57
Standard Statements		
	Introduction to Standard Statements	58
	Notes to the Standard Statements	58
	Standard Income Statement	59
	Standard Balance Sheet	61
	Standard Cash Flow Statement	63
	Standard Statement of Capital Works	65
	Certification of Standard Statements	67
	Auditor-General's Audit Report (Financial Report and Standard Statements)	68
Performance Statement		
	Performance Statement	70
	Certification of Performance Statement	72
	Auditor-General's Audit Report (Performance Statement)	73



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Comprehensive Income Statement

For the Year Ended 30 June 2014

	Note	2014 \$'000	2013 \$'000
Income			
Rates and charges	3	33,712	31,375
Statutory fees and fines	4	556	496
User fees	5	3,417	2,287
Grants - Operating (recurrent)	6	6,317	9,919
Grants - Operating (non-recurrent)	6	4,875	5,183
Grants - Capital (recurrent)	6	1,636	1,636
Grants - Capital (non-recurrent)	6	1,547	4,571
Contributions - (cash)	7 (a)	279	362
Contributions - non monetary assets	7 (b)	121	572
Reimbursements	8	472	361
Other Income	9	1,746	1,902
Gain / (loss) on disposal of property, plant and equipment and infrastructure	10	(42)	279
Share of net profit / (loss) of investment in associates accounted for by the equity method	16	173	125
Fair value adjustment for investment property	23	42	-
Total income		54,851	59,068
Expenses			
Employee benefits	11	20,943	19,738
Materials and services	12	22,138	25,157
Depreciation and amortisation	13	10,173	9,506
Finance costs	14	127	23
Other expenses	15	3,409	2,886
Total expenses		56,790	57,310
Surplus / (Deficit) for the year		(1,939)	1,758
Other comprehensive income			
Net asset revaluation increment / (decrement)	28 (a)	17,081	-
Comprehensive result		15,142	1,758

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

Balance Sheet

As at 30 June 2014

	Note	2014 \$'000	2013 \$'000
Assets			
Current assets			
Cash and cash equivalents	18	11,425	9,992
Trade and other receivables	19	4,634	4,356
Other financial assets	20	351	1,700
Inventories	21	248	219
Other assets	17	212	113
Total current assets		<u>16,870</u>	<u>16,380</u>
Non-current assets			
Investments in associates accounted for using the equity method	16	776	603
Property, plant and equipment and infrastructure	22	486,044	467,197
Investment properties	23	716	674
Total non-current assets		<u>487,536</u>	<u>468,474</u>
Total assets		<u>504,406</u>	<u>484,854</u>
Liabilities			
Current liabilities			
Trade and other payables	24	4,212	3,410
Trust funds and deposits	25	526	529
Provisions	26	5,673	5,566
Interest-bearing loans and borrowings	27	3,350	134
Total current liabilities		<u>13,761</u>	<u>9,639</u>
Non-current liabilities			
Provisions	26	1,241	953
Total non-current liabilities		<u>1,241</u>	<u>953</u>
Total liabilities		<u>15,002</u>	<u>10,592</u>
Net Assets		<u>489,404</u>	<u>474,262</u>
Equity			
Accumulated surplus		189,233	190,062
Asset revaluation reserve	28 (a)	299,985	282,904
Other reserves	28 (b)	186	1,296
Total Equity		<u>489,404</u>	<u>474,262</u>

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

Statement of Changes in Equity

For the Year Ended 30 June 2014

	Note	Total 2014 \$'000	Accumulated Surplus 2014 \$'000	Asset Revaluation Reserve 2014 \$'000	Other Reserves 2014 \$'000
2014					
Balance at beginning of the financial year		474,262	190,062	282,904	1,296
Surplus / (Deficit) for the year		(1,939)	(1,939)	-	-
Asset revaluation increment / (decrement)		17,081	-	17,081	-
Transfers to other reserves	28 (b)	-	(1,559)	-	1,559
Transfers from other reserves	28 (b)	-	2,669	-	(2,669)
Balance at end of the financial year		489,404	189,233	299,985	186

	Note	Total 2013 \$'000	Accumulated Surplus 2013 \$'000	Asset Revaluation Reserve 2013 \$'000	Other Reserves 2013 \$'000
2013					
Balance at beginning of the financial year		472,504	188,737	282,904	863
Surplus / (Deficit) for the year		1,758	1,758	-	-
Asset revaluation increment / (decrement)		-	-	-	-
Transfers to other reserves	28 (b)	-	(437)	-	437
Transfers from other reserves	28 (b)	-	4	-	(4)
Balance at end of the financial year		474,262	190,062	282,904	1,296

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

Statement of Cash Flow

For the Year Ended 30 June 2014

	Note	Inflows/ (Outflows) 2014 \$'000	Inflows/ (Outflows) 2013 \$'000
Cash flows from operating activities			
Rates		33,157	30,995
Statutory fees and fines		557	493
User charges and other fines		3,722	2,289
Grants		14,381	21,359
Reimbursements		472	371
Interest received		551	813
Rents		198	337
Other receipts (inclusive of GST)		1,270	1,282
Payments to suppliers		(21,402)	(27,008)
Additional Defined Benefit Superannuation Call - Vision Super		-	(4,588)
Payments to employees		(20,604)	(18,317)
Other payments		(3,467)	(2,924)
Net cash provided by operating activities	29	8,835	5,102
Cash flows from investing activities			
Payments for property, plant and equipment and infrastructure		(12,593)	(12,278)
Proceeds from sale of property, plant and equipment and infrastructure		733	1,447
Payments for other financial assets		1,349	2,050
Net Cash provided used in investing activities		(10,511)	(8,781)
Cash flows from financing activities			
Proceeds from borrowings		4,000	-
Repayment of borrowings		(784)	(317)
Finance costs		(104)	(24)
Net movement in trust funds and deposits		(3)	160
Net cash provided by / (used in) financing activities		3,109	(181)
Net decrease in cash and cash equivalents		1,433	(3,860)
Cash and cash equivalents at the beginning of the financial year		9,992	13,852
Cash and cash equivalents at the end of the financial year	30	11,425	9,992
Financing facilities	31		
Restrictions on cash assets	32		

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

Introduction

a) South Gippsland Shire Council was established by an order of the Governor in Council on 2nd December 1994 and is a body corporate. Council's main office is located at 9 Smith Street, Leongatha.

b) The purpose of the Council is to:

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

External Auditor - Auditor-General of Victoria

Internal Auditor - HLB Mann Judd

Solicitors - Oakleys White, Maddocks

Bankers - Commonwealth Bank

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

These financial statements are general purpose financial statements that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and notes accompanying these financial statements. The general purpose financial statements comply with Australian Accounting Standards, 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

OAKLEYS WHITE LAWYERS

(a) Basis of Accounting

These financial statements have been prepared on the accrual and going concern basis.

These financial statements have been prepared under the historical cost convention, except where specifically stated in the notes.

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

All entities controlled by Council that have material assets or liabilities, such as Special Committees of Management, have been included in these financial statements. All transactions between these entities and Council have been eliminated in full. Details of entities not included in these financial statements based on their materiality are detailed in note 2.

(b) Change in Accounting Policy

(i) AASB 13 Fair Value Measurement

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

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

NOTE 1 Significant Accounting Policies (cont.)

(b) Change in Accounting Policy (cont.)

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

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

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

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

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

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

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

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

(ii) AASB 119 Employee benefits

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

This change in classification has not materially altered Council's measurement of the annual leave provision.

(c) Revenue Recognition

(i) Rates, grants and contributions

Rates, Grants, Donations and Contributions (including Developer contributions) are recognised as revenue when the Council obtains control over the assets comprising these receipts.

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

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

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

Income is recognised when 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 Council and the amount of the contribution can be measured reliably.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in note 6. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

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

NOTE 1 Significant Accounting Policies (cont.)

(c) Revenue Recognition (cont.)

(ii) User fees and fines

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

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

(iii) Sale of property, infrastructure, plant and equipment

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

(iv) Trade and other receivables

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

(v) Rentals

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

(vi) Interest

Interest is recognised progressively as it is earned.

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

Buildings, plant and equipment, infrastructure, heritage 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 non current 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.

Land under roads and land are not depreciated on the basis that they are assessed as not having a limited useful life.

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

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

		Period
Property		
Buildings		20 to 50 Years
Heritage Buildings		100 Years
Plant and Equipment		
Plant and machinery		1 to 10 Years
Motor Vehicles		1 to 5 Years
Furniture, fittings and computers		1 to 5 Years
Infrastructure		
Roads	Earthworks	not depreciated
	Pavement	100 Years
	Seal	17 Years
Footpaths		40 to 60 Years
Kerbs & Channel		60 Years
Bridges		100 Years
Major Culverts		50 to 100 Years
Drains		100 Years
Off-street car parks	Earthworks	not depreciated
	Pavement	100 Years
	Seal	17 Years
Other Structures		2 to 40 Years

(e) Repairs and maintenance

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

NOTE 1 Significant Accounting Policies (cont.)

(f) Borrowing costs

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

(g) Recognition and measurement of Assets

(i) 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 proportion of variable and fixed overheads.

The following classes of assets have been recognised in note 22. In accordance with Council's policy, the threshold limits detailed below have been applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

	Threshold \$'000
Property	
Land	
land	No Threshold
land improvements	10
land under roads	No Threshold
Buildings	
new construction	No Threshold
building extensions	No Threshold
building renovations	15
heritage buildings	15
Plant and Equipment	
major plant and equipment	No Threshold
motor cars	No Threshold
minor plant	15
furniture / fittings / office equipment	15
Infrastructure	
Roads	No Threshold
Bridges	15
Major Culverts	15
Drains	15
Footpaths	15
Kerb & Channel	15
Car parks	15
Other Structures	15

NOTE 1 Significant Accounting Policies (cont.)

(g) Recognition and measurement of Assets (cont.)

(ii) Revaluation of Non Current Assets

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment are measured at their fair value, being the amount for which the 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, 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.

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 2 to 5 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.

(iii) Land Under Roads

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

(h) Cash and cash equivalents

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

(i) Other financial assets

Other financial assets are valued at fair value, at balance date. Any unrealised gains and losses on holdings at balance date are recognised as either revenue or expense.

(j) Investments

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

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

(l) Tender Deposits

Amounts received as tender deposits and retention amounts controlled by Council are recognised as Trust funds until they are returned or forfeited.

(m) Employee Benefits

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

(i) Wages and salaries, and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick 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.

NOTE 1 Significant Accounting Policies (cont.)

(m) Employee Benefits (cont.)

(ii) Superannuation

The amount charged to the Comprehensive Income Statement in respect of superannuation represents contributions made or due by South Gippsland Shire Council to the relevant superannuation plans in respect to the services of South Gippsland 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 South Gippsland Shire Council is required to comply with.

(iii) Long Service Leave

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

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

The components of this current liability are measured at :

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

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

This non-current LSL liability is measured at present value.

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The council recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(v) Employee benefits on-costs

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

(n) Leases

Operating Leases

As at the reporting date, the Council had entered into operating lease agreements for the lease of commercial premises and items of plant & equipment. In respect to these operating leases, where the lessor effectively retains substantially all of the risks and benefits incidental to ownership of the leased items, lease payments are charged as an expense on a straight line basis over the lease term.

(o) Allocation between current and non-current

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

(p) Agreements equally proportionately unperformed

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

(q) Web site costs

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

(r) Goods and Services Tax (GST)

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

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

NOTE 1 Significant Accounting Policies (cont.)

(s) Impairment of assets

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

(t) Rounding

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

(u) Inventories

Inventories are measured at lower of the cost and net realisable value.

(v) Investment properties

Investment property, comprising freehold office complexes and a quarry, are 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 bi-annually by Council's valuers. Changes to fair value are recorded in the comprehensive income statement in the period that they may arise. Rental income from leasing of investment properties is recognised in the comprehensive income statement on a straight line basis over the lease term.

(w) Contingent assets and contingent liabilities and commitments

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

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

(x) Payables and Interest Bearing Liabilities

(i) Trade and other payables

Liabilities are recognised for goods and services received as at balance date but payable in the future, whether or not invoices have been received.

(ii) Interest Bearing Liabilities

Interest bearing liabilities represent short term and long term loans which accrue interest on the balance outstanding. The carrying amount of these liabilities represent the amounts payable in the future years (Refer Notes 27 and 37).

(y) Financial guarantees

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

(z) Pending accounting standards

Certain Australian accounting standards have been issued or amended and are applicable to the Council but not yet effective. A list of the relevant standards is provided in note 44. None have been early adopted in the preparation of these financial statements.

NOTE 2 Special committees and other activities

As at the reporting date Council had the following Special Committees:

- Allambee South Community Hall
- Corner Inlet Drainage Area Advisory Committee
- Dumbalk Hall
- Foster Showgrounds
- Foster Stockyard Gallery
- Foster Swimming Pool
- Foster War Memorial Art Centre
- John Terrill Memorial Park & Fish Creek Recreation Reserve
- Korumburra Access Centre
- Korumburra Public Park
- Korumburra Recreation Reserve
- Korumburra Swimming Pool
- Leongatha Court House
- Mardan Hall
- Meenyan Sports Centre
- Mirboo North Hall
- Mirboo North Swimming Pool
- Port Welshpool & District Maritime Museum
- Toora & District Swimming Pool
- Toora Tennis Reserve
- TP Taylor Reserve
- Walter Tuck Recreation Reserve

NOTE 3 Rates and charges

2014
\$'000

2013
\$'000

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The capital value of a property is the value that it could be reasonably expected to sell for on the open market.

The valuation base used to calculate general rates is :-

Residential	3,295,492	3,223,221
Vacant Land	227,810	243,147
Commercial/Industrial	411,212	400,273
Farm	2,837,080	2,828,459
Cultural & Recreational Lands Act	8,255	8,164
Total Capital Improved Valuation	6,779,849	6,703,264

The rate in the dollar for each rate classification was:-

Residential	0.00379739	0.00356124
Vacant Land	0.00569609	0.00534186
Commercial/Industrial	0.00379739	0.00356124
Farm	0.00341765	0.00320512
Cultural & Recreational Lands Act	0.00151896	0.00142450

The rates for each classification was:-

Residential	12,514	11,479
Vacant Land	1,298	1,299
Commercial/Industrial	1,562	1,425
Farm	9,696	9,066
Cultural & Recreational Lands Act	13	12
Municipal Charge	6,271	5,820
Supplementary Rates & Rate Adjustments	280	317
Garbage Charges	2,078	1,957
TOTAL RATES AND CHARGES	33,712	31,375

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2014, and the valuation first applies to the rating year commencing 1 July 2014.

The date of the previous general revaluation of land for rating purposes within the municipal district was 1 January 2012, and the valuation first applied to the rating period commencing 1 July 2012.

NOTE 4 Statutory fees and fines

Parking Infringements & Fines	33	26
Land Information Certificates	23	19
Local Laws / Animal control	99	67
Fire prevention	12	4
Building Services	109	103
Town Planning applications	213	221
Supervision Fees	34	34
Infringement Court Recoveries / Others	33	22
TOTAL STATUTORY FEES AND FINES	556	496

Notes to the Financial Statements For the Year Ended 30 June 2014

NOTE 5 User fees	2014 \$'000	2013 \$'000
Aged & Disabled Services	264	257
Food Services	143	139
Immunisation	11	12
Community Transport	40	32
Health Licences	181	194
Boat Ramp Fees	14	17
Road RAP fees	12	10
Transfer Stations	74	2
Landfills	1,482	1,226
Local Laws	17	16
Animal Control	292	223
Fire Prevention	6	5
Building Services	3	5
Tourism Development	10	11
Public Halls / Others	28	26
Coal Creek	103	81
Arts & Culture	3	4
Recreation Facilities	28	27
Caravan Parks	706	-
TOTAL USER FEES	3,417	2,287

NOTE 6 Grants

Grants were received in respect of the following:-

Summary of grants

Federally funded grants	1,728	1,736
State funded grants	12,647	19,573
	14,375	21,309

Recurrent

Commonwealth Government

Roads to Recovery - Capital	1,636	1,636
Immunisation	1	-

State Government

Victorian Grants Commission - unallocated	2,520	4,695
Victorian Grants Commission - local roads	1,692	3,033
Valuation Services	11	270
School Crossing Supervision	32	31
Education Programs	30	22
Maternal & Child Health	257	238
Community Transport	44	41
Immunisation	23	19
Families & Children's Services	120	120
Food Services	43	25
Senior Citizens Centres	25	28
Aged & Disabled Services	1,037	975
HACC Assessment	300	285
Community Building	97	93
State Emergency Services	26	25
Fire Prevention	7	8
Environmental Health	6	10
Coal Creek Events	5	1
Biodiversity	41	-
TOTAL RECURRENT GRANTS	7,953	11,555

Grants - Operating (recurrent)	6,317	9,919
Grants - Capital (recurrent)	1,636	1,636
TOTAL RECURRENT GRANTS	7,953	11,555

Notes to the Financial Statements For the Year Ended 30 June 2014

NOTE 6 Grants (cont.)	2014 \$'000	2013 \$'000
Non Recurrent		
Commonwealth Government		
Environmental Services	83	90
Environmental Services (Capital)	20	-
Women's Rural Conference	-	10
Training & Development	8	-
State Government		
Youth Services	56	57
Community Building	79	298
Aged & Disabled Services	13	20
Families and Children	20	10
Local Roads and Infrastructure	57	12
Local Roads and Infrastructure (Capital)	1,203	3,605
Arts and Culture	6	5
Recreation and Leisure	349	968
Recreation and Leisure (Capital)	203	304
Planning	42	164
Economic Development & Tourism	37	10
Biodiversity	-	41
Sustainability	90	162
Emergency Management	60	58
Advancing Country Towns	195	188
Natural Disasters	3,377	2,843
Fire Services Levy Administration	70	35
Neighbourhood Safer Place (Capital)	103	412
Public Halls	264	164
Training & Development	55	41
Waste Management (Capital)	-	250
Others	14	7
Others (Capital)	18	-
TOTAL NON RECURRENT GRANTS	6,422	9,754
Grants - Operating (non-recurrent)	4,875	5,183
Grants - Capital (non-recurrent)	1,547	4,571
TOTAL NON RECURRENT GRANTS	6,422	9,754
TOTAL GRANTS	14,375	21,309
<u>Conditions on grants</u>		
Grants recognised as revenue during the year and were obtained on the condition that they be expended in a specified manner that had not occurred at balance date were:		
Community Projects	287	732
Home and Community Care	87	178
Bushfire Relief and Commemorative Events	-	1
Families and Children	20	267
Recreation and Leisure	91	210
Road and associated works	729	2,134
Natural Disaster	182	724
Total	1,396	4,246
Grants which were recognised as revenue in prior years and were expended in a specified manner by the grantor were:		
Community Projects	530	411
Home and Community Care	198	658
Families and Children	266	132
Recreation and Leisure	210	110
Road and associated works	2,131	940
Natural Disaster	767	721
Total	4,102	2,972
Net (decrease) in restricted assets resulting from grant revenues for the year	(2,706)	1,274

NOTE 7 Contributions

	2014 \$'000	2013 \$'000
Contributions were received in respect of the following :		
(a) Cash		
Open Space *	150	89
Recreation	47	76
Public halls	10	127
Municipal Offices	3	2
Local Roads	50	
Child care	-	15
Others	19	53
Total cash contributions	<u>279</u>	<u>362</u>
(b) Non-monetary assets		
Roads & Streets	-	233
Drains	116	214
Kerbs & Channel	-	61
Footpaths	5	64
Total non cash contributions	<u>121</u>	<u>572</u>
TOTAL CONTRIBUTIONS	<u>400</u>	<u>934</u>

* Open space contributions received during the year are transferred to other reserves pursuant to section 18 of the Subdivision Act 1988 (Resort and Recreation Reserve) (refer Note 28(b)).

NOTE 8 Reimbursements

Reimbursements were received in respect of the following :

Rate Recovery Proceedings	157	149
Insurances	55	46
Diesel Fuel Rebate	83	84
Recreation	4	23
Work cover	70	37
Tertiary Study Assistance	-	11
Aged & Disabled Services	7	3
Children and Family	51	
Others	45	8
TOTAL REIMBURSEMENTS	<u>472</u>	<u>361</u>

NOTE 9 Other Income

Interest on rates	150	233
Other Interest	396	515
Other rent	198	269
Investment property rent	51	51
Quarries	10	16
Private Works	671	468
Families & Children	15	12
Coal Creek	201	224
Sundry Income	54	114
TOTAL OTHER INCOME	<u>1,746</u>	<u>1,902</u>

Notes to the Financial Statements For the Year Ended 30 June 2014

NOTE 10 Gain / (Loss) on Disposal of property, plant and equipment and infrastructure	2014 \$'000	2013 \$'000
Proceeds of Sales		
Proceeds from Land & Building Sales	13	432
Proceeds from Plant & Equipment Sales	720	1,015
Total Proceeds from Sale of Assets	<u>733</u>	<u>1,447</u>
Written Down Value of Items sold		
Carrying Amount of Land Sold	-	60
Carrying Amount of Buildings Sold	-	77
Carrying Amount of Plant & Equipment Sold	775	1,031
Total Written Down Value of Assets sold	<u>775</u>	<u>1,168</u>
GAIN / (LOSS) ON DISPOSAL OF NON-CURRENT ASSETS	<u>(42)</u>	<u>279</u>

NOTE 11 Employee benefits

Wages & Salaries	16,700	15,688
Casual Staff	667	569
Annual and Long Service Leave	2,125	2,104
Superannuation	1,709	1,457
Work cover	238	330
Fringe benefits tax	245	182
Gross employee benefits	<u>21,684</u>	<u>20,330</u>
Less Capitalised	(741)	(592)
TOTAL EMPLOYEE BENEFITS	<u>20,943</u>	<u>19,738</u>

NOTE 12 Materials and services

<u>Contract payments</u>		
Landfill and Transfer Stations	770	983
Garbage Collections / Kerbside Recycling	1,129	1,091
Litter bins	170	163
Elections	-	145
Leisure Centre Operations	360	371
Handyman Contractors	35	42
Contractors General	3,914	3,568
Cleaning	107	135
Software Maintenance	523	629
Landfill Rehabilitation provision	200	76
Great Southern Rail Trail	592	842
Natural disasters	1,673	2,112
<u>Materials</u>		
Materials General	6,052	7,770
Fuel & Oils	927	928
<u>Services</u>		
Advertising & Promotion Costs	337	305
Utility Charges (power, phone, water)	953	796
Subscriptions, affiliations and conferences	137	216
Leases	309	421
Legal Fees	416	415
Consultancies and projects	620	747
Insurance Premiums	625	614
Plant & Equipment Registrations	130	173
Training expenses	366	438
Postage	83	81
State levies	662	517
Occupational health and safety	62	79
Gippsland Group Training / Labour Hire	985	1,400
Others	1	100
TOTAL MATERIALS AND SERVICES	<u>22,138</u>	<u>25,157</u>

NOTE 13 Depreciation and amortisation

	2014 \$'000	2013 \$'000
Furniture, computer & equipment	454	368
Plant, machinery and other equipment	1,299	1,127
Buildings	2,225	2,050
Heritage buildings	54	54
Roads and Streets	3,629	3,506
Bridges	327	332
Major culverts	120	117
Footpaths	259	248
Kerb & Channel	272	250
Off-street car parks	73	72
Drains	328	309
Other Structures	1,133	1,073
TOTAL DEPRECIATION AND AMORTISATION	10,173	9,506

NOTE 14 Finance costs

Interest - Borrowings	127	23
TOTAL FINANCE COSTS	127	23

NOTE 15 Other Expenses

Library Contributions	1,206	1,129
Community & Sporting Grants	1,599	1,266
Audit expenses	82	108
Councillors allowances	276	265
Bank Fees & Charges	246	107
Sundry Expenses	-	11
TOTAL OTHER EXPENSES	3,409	2,886

NOTE 16 Investments in associates

Investment in West Gippsland Regional Library Corporation is accounted for using the equity method.

Background

Council has a 30.55% equity interest in the West Gippsland Regional Library Corporation in 2013/14 (30.55% in 2012/13). The equity interest is calculated on the basis of the proportion it contributes to the operating costs of the services.

Council's share of accumulated surplus / (deficit)		
Council's share of accumulated surplus (deficit) at start of year	529	404
Reported surplus / (deficit) for year	173	125
Council's share of accumulated surplus / (deficit) at end of year	<u>702</u>	<u>529</u>
Council's share of reserves		
Council's share of reserves at start of year	74	74
Revaluation reserve increment	-	-
Council's share of reserves at end of year	<u>74</u>	<u>74</u>
Movement in carrying value of specific investment		
Carrying value of investment at start of year	603	478
Transfers to asset revaluation reserve	-	-
Share of surplus / (deficit) for year	173	125
Carrying value of investment at end of year	<u>776</u>	<u>603</u>
Council's share of expenditure commitments	-	-
Operating leases and rentals	-	-
	<u>-</u>	<u>-</u>

West Gippsland Regional Library Corporation has not disclosed any contingent liabilities and assets for the financial years 2013/14 and 2012/13.

Notes to the Financial Statements For the Year Ended 30 June 2014

NOTE 17 Other Assets

	2014 \$'000	2013 \$'000
Prepayments	212	113
TOTAL OTHER ASSETS	212	113

NOTE 18 Cash and cash equivalents

Cash on Hand	4	4
Cash at Bank	3,402	177
Money Market Call Account	4,019	3,614
Bank Bills	4,000	6,197
TOTAL CASH AND CASH EQUIVALENTS	11,425	9,992

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

- Grants recognised as revenue and obtained on the condition that they be expended in a specified manner that had not occurred at balance date (Note 32)
- Reserve funds allocated for specific future purposes (Note 32)

Restricted Funds	1,979	4,685
	120	403
	2,099	5,088

TOTAL UNRESTRICTED CASH AND CASH EQUIVALENTS	9,326	4,904
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NOTE 19 Trade and other receivables

Rates Debtors	1,993	1,439
Other Receivables - General	2,231	2,570
Property Debtors	1	1
Net GST Receivable	409	346
TOTAL TRADE AND OTHER RECEIVABLES	4,634	4,356

NOTE 20 Other Financial Assets

Investments	351	1,700
TOTAL OTHER FINANCIAL ASSETS	351	1,700

NOTE 21 Inventories

Raw Materials and Stores	248	219
TOTAL INVENTORIES	248	219

Notes to the Financial Statements For the Year Ended 30 June 2014

NOTE 22 Property, plant and equipment and infrastructure

	2014 \$'000	2013 \$'000
Summary		
- at cost	27,588	34,352
Less: Accumulated depreciation	(8,715)	(7,631)
	<u>18,873</u>	<u>26,721</u>
- at Council Valuation 31 March 2014	436,725	-
Less: Accumulated depreciation	(92,876)	-
- at Council Valuation 1 January 2014	190,497	-
Less: Accumulated depreciation	(67,175)	-
- at Council Valuation 31 May 2012	-	409,750
Less: Accumulated depreciation	-	(88,981)
- at Council Valuation 1 Jan 2012	-	172,951
Less: Accumulated depreciation	-	(56,797)
- at Council Valuation 30 June 2011	-	7,678
Less: Accumulated depreciation	-	(4,125)
	<u>467,171</u>	<u>440,476</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE	<u>486,044</u>	<u>467,197</u>
Property		
Land		
- at Council valuation 1 January 2014	43,023	-
- at Council valuation 1 January 2012	-	41,443
- at Cost	-	467
	<u>43,023</u>	<u>41,910</u>
Land Under Roads		
- at Council valuation 1 January 2014	32,414	-
- at Council valuation 1 January 2012	-	32,154
	<u>32,414</u>	<u>32,154</u>
TOTAL LAND	<u>75,437</u>	<u>74,064</u>
Buildings		
- at Council valuation 1 January 2014	109,550	-
Less: Accumulated depreciation	(63,181)	-
- at Council valuation 1 January 2012	-	93,937
Less: Accumulated depreciation	-	(53,141)
- at cost	258	3,884
Less: Accumulated depreciation	(4)	(77)
	<u>46,623</u>	<u>44,603</u>
Heritage Buildings		
- at Council valuation 1 January 2014	5,510	-
Less: Accumulated depreciation	(3,994)	-
- at Council valuation 1 January 2012	-	5,417
Less: Accumulated depreciation	-	(3,656)
	<u>1,516</u>	<u>1,761</u>
TOTAL BUILDINGS	<u>48,139</u>	<u>46,364</u>
TOTAL PROPERTY	<u>123,576</u>	<u>120,428</u>

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

	Level 1	Level 2	Level 3
	\$ '000	\$ '000	\$ '000
Land - Specialised			43,023
Land under roads			32,414
Buildings - Specialised			48,139
TOTAL	-	-	123,576

No transfers between levels occurred during the year.

Notes to the Financial Statements For the Year Ended 30 June 2014

NOTE 22 Property, plant and equipment and infrastructure (cont.)

	2014 \$'000	2013 \$'000
Plant and Equipment		
Plant, machinery and equipment		
- at cost	13,006	11,778
Less: Accumulated depreciation	(4,203)	(3,926)
	<u>8,803</u>	<u>7,852</u>
Furniture, computers and other equipment		
- at cost	4,364	4,270
Less: Accumulated depreciation	(3,365)	(2,911)
	<u>999</u>	<u>1,359</u>
TOTAL PLANT AND EQUIPMENT	<u>9,802</u>	<u>9,211</u>
Infrastructure Assets		
Roads		
- at Council Valuation 31 March 2014	307,881	
Less: Accumulated depreciation	(46,693)	
- at Council Valuation 31 May 2012		303,500
Less: Accumulated depreciation		(54,085)
- at cost	2,292	5,170
Less: Accumulated depreciation	(6)	(61)
	<u>263,474</u>	<u>254,524</u>
Bridges		
- at Council Valuation 31 March 2014	30,138	
Less: Accumulated depreciation	(12,417)	
- at Council Valuation 31 May 2012		29,363
Less: Accumulated depreciation		(11,994)
- at cost	3	600
Less: Accumulated depreciation	-	(3)
	<u>17,724</u>	<u>17,966</u>
Major Culverts		
- at Council Valuation 31 March 2014	12,168	
Less: Accumulated depreciation	(4,985)	
- at Council Valuation 31 May 2012		11,420
Less: Accumulated depreciation		(3,961)
- at cost	-	533
Less: Accumulated depreciation	-	(3)
	<u>7,183</u>	<u>7,989</u>
Footpaths		
- at Council Valuation 31 March 2014	15,368	
Less: Accumulated depreciation	(2,860)	
- at Council Valuation 31 May 2012		14,303
Less: Accumulated depreciation		(2,455)
- at cost	381	899
Less: Accumulated depreciation	-	(6)
	<u>12,889</u>	<u>12,741</u>
Kerb & Channel		
- at Council Valuation 31 March 2014	20,049	
Less: Accumulated depreciation	(5,164)	
- at Council Valuation 31 May 2012		14,938
Less: Accumulated depreciation		(1,485)
- at cost	-	83
Less: Accumulated depreciation	-	-
	<u>14,885</u>	<u>13,536</u>
Off-street car parks		
- at Council Valuation 31 March 2014	6,197	
Less: Accumulated depreciation	(2,756)	
- at Council Valuation 31 May 2012		5,656
Less: Accumulated depreciation		(2,599)
	<u>3,441</u>	<u>3,057</u>

Notes to the Financial Statements For the Year Ended 30 June 2014

NOTE 22 Property, plant and equipment and infrastructure (cont.)	2014 \$'000	2013 \$'000
Drains		
- at Council Valuation 31 March 2014	36,001	
Less: Accumulated depreciation	(14,418)	
- at Council Valuation 31 May 2012		30,570
Less: Accumulated depreciation		(12,402)
- at cost	163	1,161
Less: Accumulated depreciation	-	(3)
	21,746	19,326
Other Structures		
- at Council Valuation 31 March 2014	8,923	
Less: Accumulated depreciation	(3,583)	
- at Council Valuation 30 June 2011		7,678
Less: Accumulated depreciation		(4,125)
- at cost	2,523	4,881
Less: Accumulated depreciation	(1,137)	(641)
	6,726	7,793
TOTAL INFRASTRUCTURE ASSETS	348,068	336,932

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

	Level 1	Level 2	Level 3
	\$ '000	\$ '000	\$ '000
Roads			263,474
Bridges			17,724
Major Culverts			7,183
Footpaths			12,889
Kerb & Channel			14,885
Off-street car parks			3,441
Drains			21,746
Other Structures			6,726
TOTAL	-	-	348,068

No transfers between levels occurred during the year.

Works In Progress

Land at cost	3	3
Buildings at cost	500	256
Furniture and Equipment at cost	67	-
Roads at cost	1,121	40
Footpaths	2	-
Drainage at cost	1,086	1
Bridges at cost	649	13
Major Culverts at cost	-	-
Other structures at cost	1,170	313
Total works in progress	4,598	626
TOTAL PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE	486,044	467,197

Valuation basis

Land and Building

The Land revaluations were undertaken by Andrew Begg, AAPI (Council Employee). The basis of valuation 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. These assets contain significant, unobservable adjustments, therefore these assets are classified as Level 3.

The Buildings revaluations were undertaken by Andrew Begg, AAPI (Council Employee). The basis of valuation was fair value based upon depreciated replacement cost, adjusting for the associated depreciations. These assets contain significant, unobservable adjustments, therefore these assets are classified as Level 3.

Land Under Roads

The Land under roads was valued by Andrew Begg, AAPI (Council Employee) 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. These assets contain significant, unobservable adjustments, therefore these assets are classified as Level 3.

Any significant movements in the unobservable inputs for land and land under roads will have a significant impact on the fair value of these assets.

NOTE 22 Property, plant and equipment and infrastructure (cont.)

Infrastructure

Infrastructure is valued using the depreciated replacement cost method. This cost represents the replacement cost of the building/component after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the property to an "as new" standard. Economic obsolescence has also been factored into the depreciated replacement cost calculation. Where it has not been possible to examine hidden works such as structural frames and floors, the use of reasonable materials and methods of construction have been assumed bearing in mind the age and nature of the building. The estimated cost of reconstruction including structure services and finishes, also factors in any heritage classifications as applicable. Infrastructure assets contain significant unobservable adjustments, therefore these assets are classified as Level 3.

A valuation of Council's infrastructure assets was performed by Alan Landers, B. Civil Engineering (Council employee). The valuation was performed based on the depreciated replacement cost of the assets. The effective date of the valuation is 31 March 2014.

There were no changes in valuation techniques throughout the period to 30 June 2014.

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

Reconciliation of level 3 fair value

2014	Land - Specialised	Land under roads	Buildings - Specialised	Infrastructure
Opening Balance	41,910	32,154	46,364	336,932
Depreciation	-	-	(2,279)	(6,141)
Impairment Loss	-	-	-	-
Revaluation	1,113	260	3,240	12,468
Acquisitions / Disposals	-	-	639	4,760
Transfers	-	-	175	49
Closing Balance	43,023	32,414	48,139	348,068

	Valuation Technique	Significant Unobservable Inputs	Range	Sensitivity
Land - Specialised	Market based direct comparison approach (refer above)	Extent and impact of restriction of use	25% to 30%	Increase or decrease in the extent of restriction would result in a significantly higher or lower fair value.
Land under roads	Market based direct comparison approach (refer above)	Extent and impact of restriction of use	95%	Increase or decrease in the extent of restriction would result in a significantly higher or lower fair value.
Buildings - Specialised	Depreciated Replacement Cost	Direct cost per square metre	\$500m ² to \$2500m ²	Increase or decrease in the direct cost per square metre adjustment would result in a significantly higher or lower fair value.
		Useful life of specialised buildings	20 to 50 Years	Increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower fair value.
Infrastructure	Depreciated Replacement Cost	Cost per unit	Cost per unit: Roads \$ 4 to \$ 94, Kerb & Channel \$ 62 to \$ 85, Bridges & Culverts \$ 1,927 to \$ 6,577, Drains \$ 47 to \$ 3,122, Car Parks \$ 4 to \$ 90	Increase or decrease in the cost per unit would result in a significantly higher or lower fair value.
		Useful life of infrastructure	Useful Life : Roads & Car Parks - 17 to 100 years, Bridges & Culverts - 50 to 100 years, Drains - 100 years, Other structures - 2 to 40 years, Footpath, Kerb & Channel - 40 to 60 years.	Increase or decrease in the estimated useful life would result in a significantly higher or lower fair value.

NOTE 22 Property, plant and equipment and infrastructure (cont.)

	Balance at beginning of financial Year	Developer Contributed Assets (note 7)	Acquisition of assets (note 43)	Revaluation increments/ (decrements) (note 28)	Depreciation and amortisation (note 13)	Written down value of disposals (note 10)	Transfers	Balance at end of financial Year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2014								
Property								
Land	41,910	-	-	1,113	-	-	-	43,023
Land Under Roads	32,154	-	-	260	-	-	-	32,414
Total Land	74,064	-	-	1,373	-	-	-	75,437
Buildings	44,603	-	639	3,431	(2,225)	-	175	46,623
Heritage buildings	1,761	-	-	(191)	(54)	-	-	1,516
Total buildings	46,364	-	639	3,240	(2,279)	-	175	48,139
Total property	120,428	-	639	4,613	(2,279)	-	175	123,576
Plant and Equipment								
Plant, machinery and equipment	7,852	-	3,025	-	(1,299)	(775)	-	8,803
Furniture, computers and equipment	1,359	-	94	-	(454)	-	-	999
Total plant and equipment	9,211	-	3,119	-	(1,753)	(775)	-	9,802
Infrastructure								
Roads	254,524	-	3,613	8,926	(3,629)	-	40	263,474
Bridges	17,966	-	3	77	(327)	-	5	17,724
Major culverts	7,989	-	-	(686)	(120)	-	-	7,183
Footpaths and cycle ways	12,741	5	381	21	(259)	-	-	12,889
Kerb and channel	13,536	-	52	1,569	(272)	-	-	14,885
Drainage	19,326	116	210	2,422	(328)	-	-	21,746
Off-street car parks	3,057	-	-	457	(73)	-	-	3,441
Other infrastructure	7,793	-	380	(318)	(1,133)	-	4	6,726
Total infrastructure	336,932	121	4,639	12,468	(6,141)	-	49	348,068

NOTE 22 Property, plant and equipment and infrastructure (cont.)

	Balance at beginning of financial Year	Developer Contributed Assets (note 7)	Acquisition of assets (note 43)	Revaluation increments/ (decrements) (note 28)	Depreciation and amortisation (note 13)	Written down value of disposals (note 10)	Transfers	Balance at end of financial Year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2014								
Works in progress								
Land	3	-	-	-	-	-	-	3
Buildings	256	-	419	-	-	-	(175)	500
Furniture and Equipment	-	-	67	-	-	-	-	67
Roads	40	-	1,121	-	-	-	(40)	1,121
Footpaths	-	-	2	-	-	-	-	2
Kerb and channel	-	-	-	-	-	-	-	-
Drainage	1	-	1,085	-	-	-	-	1,086
Off-street car parks	-	-	-	-	-	-	-	-
Bridges	13	-	641	-	-	-	(5)	649
Major Culverts	-	-	-	-	-	-	-	-
Other infrastructure	313	-	861	-	-	-	(4)	1,170
Total works in progress	626	-	4,196	-	-	-	(224)	4,598
Total property, plant and equipment and infrastructure	467,197	121	12,593	17,081	(10,173)	(775)	-	486,044

NOTE 22 Property, plant and equipment and infrastructure (cont.)

	Balance at beginning of financial Year \$'000	Developer Contributed Assets (note 7) \$'000	Acquisition of assets (note 43) \$'000	Revaluation increments/ (decrements) (note 28) \$'000	Depreciation and amortisation (note 13) \$'000	Written down value of disposals (note 10) \$'000	Transfers \$'000	Balance at end of financial Year \$'000
2013 Property								
Land	41,503	-	467	-	-	(60)	-	41,910
Land Under Roads	32,154	-	-	-	-	-	-	32,154
Total Land	73,657	-	467	-	-	(60)	-	74,064
Buildings	43,221	-	1,039	-	(2,050)	(77)	2,470	44,603
Heritage buildings	1,815	-	-	-	(54)	-	-	1,761
Total buildings	45,036	-	1,039	-	(2,104)	(77)	2,470	46,364
Total property	118,693	-	1,506	-	(2,104)	(137)	2,470	120,428
Plant and Equipment								
Plant, machinery and equipment	6,865	-	3,145	-	(1,127)	(1,031)	-	7,852
Furniture, computers and equipment	1,077	-	321	-	(368)	-	329	1,359
Total plant and equipment	7,942	-	3,466	-	(1,495)	(1,031)	329	9,211
Infrastructure								
Roads	253,961	233	3,143	-	(3,506)	-	693	254,524
Bridges	17,827	-	193	-	(332)	-	278	17,966
Major culverts	7,573	-	114	-	(117)	-	419	7,989
Footpaths and cycle ways	12,348	64	577	-	(248)	-	-	12,741
Kerb and channel	13,703	61	22	-	(250)	-	-	13,536
Drainage	18,520	214	62	-	(309)	-	839	19,326
Off-street car parks	3,129	-	-	-	(72)	-	-	3,057
Other infrastructure	5,155	-	1,681	-	(1,073)	-	2,030	7,793
Total infrastructure	332,216	572	5,792	-	(5,907)	-	4,259	336,932

NOTE 22 Property, plant and equipment and infrastructure (cont.)

	Balance at beginning of financial Year	Developer Contributed Assets (note 7)	Acquisition of assets (note 43)	Revaluation increments/ (decrements) (note 28)	Depreciation and amortisation (note 13)	Written down value of disposals (note 10)	Transfers	Balance at end of financial Year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2013								
Works in progress								
Land	-	-	3	-	-	-	-	3
Buildings	2,532	-	194	-	-	-	(2,470)	256
Furniture and Equipment	182	-	147	-	-	-	(329)	-
Roads	208	-	525	-	-	-	(693)	40
Footpaths	-	-	-	-	-	-	-	-
Kerb and channel	-	-	-	-	-	-	-	-
Drainage	869	-	(29)	-	-	-	(839)	1
Off-street car parks	-	-	-	-	-	-	-	-
Bridges	278	-	13	-	-	-	(278)	13
Major Culverts	250	-	169	-	-	-	(419)	-
Other infrastructure	1,851	-	492	-	-	-	(2,030)	313
Total works in progress	6,170	-	1,514	-	-	-	(7,058)	626
Total property, plant and equipment and infrastructure	465,021	572	12,278	-	(9,506)	(1,168)	-	467,197

NOTE 23 Investment properties	2014 \$'000	2013 \$'000
Balance at the beginning of the year	674	674
Fair value adjustment	42	-
TOTAL INVESTMENT PROPERTIES	<u>716</u>	<u>674</u>

Investment properties include - Quarry site and a portion of the Stockyard gallery. Valuation of investment property has been determined in accordance with an independent valuation by Marc Babos , AAPI (Council employee) 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 valuation is a level three valuation, meaning it is based on unobservable inputs.

There have been no transfers between levels during the period. There were no changes in valuation techniques throughout the period to 30 June 2014. For investment properties measured at fair value, the current use of the asset is considered the highest and best use.

NOTE 24 Trade and other payables

Payables	3,776	3,044
Accrued Salaries & Wages	412	365
Accruals - Loan Interest	24	1
TOTAL TRADE AND OTHER PAYABLES	<u>4,212</u>	<u>3,410</u>

NOTE 25 Trust funds and deposits

Refundable development bonds	88	124
Refundable contract deposits	15	10
Retention amounts	30	11
Other Deposits	393	384
TOTAL TRUST FUNDS AND DEPOSITS	<u>526</u>	<u>529</u>

NOTE 26 Provisions

	Annual Leave \$'000	Rostered Days Leave \$'000	Long Service Leave \$'000	Defined Benefits Superannuation \$'000	Landfills Restoration \$'000	Total \$'000
2014						
Balance at beginning of the financial year	2,010	166	3,145	-	1,198	6,519
Additional provisions	1,551	24	807		200	2,582
Amounts used	(1,536)		(515)		(142)	(2,193)
Increase / (decrease) in the discounted amount arising because of time and the effect of any changes in the discount rate.			6			6
Balance at the end of the financial year	2,025	190	3,443	-	1,256	6,914
2013						
Balance at beginning of the financial year	1,688	138	2,848	4,612	424	9,710
Additional provisions	1,804	28	880	-	774	3,486
Amounts used	(1,482)	-	(573)	(4,612)	-	(6,667)
Increase / (decrease) in the discounted amount arising because of time and the effect of any changes in the discount rate.	-	-	(10)	-	-	(10)
Balance at the end of the financial year	2,010	166	3,145	-	1,198	6,519
					2014	2013
					\$'000	\$'000
Current provisions expected to be settled within 12 months						
Annual Leave					1,446	1,436
Rostered Days					190	166
Long Service Leave					1,292	1,162
Landfill restoration					558	500
					<u>3,486</u>	<u>3,264</u>
Current provisions expected to be settled after 12 months						
Annual Leave					579	574
Long Service Leave					1,608	1,728
					<u>2,187</u>	<u>2,302</u>
Total Current Provisions					<u>5,673</u>	<u>5,566</u>
(II) Non-current						
Long Service Leave					543	255
Landfill restoration					698	698
Total Non-Current Provisions					<u>1,241</u>	<u>953</u>
Total Provisions					<u>6,914</u>	<u>6,519</u>

(b) Landfill restoration

Under requirement of the Environmental Protection Authority (EPA), Council has a present obligation to perform site rehabilitation works for two landfills that it operates. Current engineering projections indicate that the Koonwarra landfill site will remain operating at least until 2045, however the landfill license requires rehabilitation of the site on a progressive basis, with each landfill cell to be rehabilitated within 12 months of it being filled. The forecast life of the Koonwarra landfill site is based on current estimates of remaining capacity and the forecast rate of infill. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated on a current understanding of the work required to reinstate the site to a standard that will meet EPA requirements and the budgeted costs of all works and advice associated with those works. Accordingly, the estimates of provision required is dependent on the accuracy of the forecast, timing of the work, work required, and related costs.

Council does not expect to receive reimbursement from a third party.

Notes to the Financial Statements For the Year Ended 30 June 2014

NOTE 27 Interest-bearing loans and borrowings	2014 \$'000	2013 \$'000
Current		
Loans - Secured *	3,350	134
TOTAL INTEREST-BEARING LOANS AND BORROWINGS	3,350	134
* The loans are secured over the general rates of the Council.		
The maturity profile for Council's borrowings is:		
Not later than one year	3,350	134
TOTAL	3,350	134

NOTE 28 Reserves

(a) Asset Revaluation Reserve

2014

Property

Land	27,727	1,113	-	28,840
Land under Roads	4,110	260	-	4,370
Investments in associates (Note 16)	74	-	-	74
Buildings	23,759	3,431	-	27,190
Heritage buildings	714	(191)	-	523
Plant & Equipment	386	-	-	386
	56,770	4,613	-	61,383

Infrastructure

Roads and Streets	191,204	8,926	-	200,130
Bridges	5,529	77	-	5,606
Major Culverts	4,192	(686)	-	3,506
Drainage	7,825	2,422	-	10,247
Footpaths	5,442	21	-	5,463
Kerb & Channel	8,004	1,569	-	9,573
Car parks	2,184	457	-	2,641
Other Structures	1,754	(318)	-	1,436
	226,134	12,468	-	238,602

Total Asset Revaluation Reserve

	282,904	17,081	-	299,985
--	----------------	---------------	----------	----------------

2013

Property

Land	27,727	-	-	27,727
Land under Roads	4,110	-	-	4,110
Investments in associates	74	-	-	74
Buildings	23,759	-	-	23,759
Heritage buildings	714	-	-	714
Plant & Equipment	386	-	-	386
	56,770	-	-	56,770

Infrastructure

Roads and Streets	191,204	-	-	191,204
Bridges	5,529	-	-	5,529
Major Culverts	4,192	-	-	4,192
Drainage	7,825	-	-	7,825
Footpaths	5,442	-	-	5,442
Kerb & Channel	8,004	-	-	8,004
Car parks	2,184	-	-	2,184
Other Structures	1,754	-	-	1,754
	226,134	-	-	226,134

Total Asset Revaluation Reserve

	282,904	-	-	282,904
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The asset revaluation reserve is used to record the increased (net) value of Councils assets over time.

NOTE 28 Reserves (cont)

(b) Other Reserves

2014

Public Open Space	403	368	(651)	120
Caravan Parks Reserve	345	872	(1,217)	-
General Reserve	486	316	(801)	1
Corner Inlet Seawall Reserve	20	1	-	21
Henry's Road Reserve	42	2	-	44
Total Other Reserves	1,296	1,559	(2,669)	186

2013

Public Open Space	261	142	-	403
Caravan Parks Reserve	199	146	-	345
General Reserve	339	147	-	486
Corner Inlet Seawall Reserve	24	-	(4)	20
Henry's Road Reserve	40	2	-	42
Total Other Reserves	863	437	(4)	1,296

Public Open Space

Statutory reserve to be used for the future development of land for public purposes.

Caravan Parks Reserve

Reserve created for future funding of Caravan Parks projects

General Reserve

Reserve to provide for unforeseen and unavoidable future costs.

Corner Inlet Seawall Reserve

Reserve for the maintenance of a seawall to protect private lands from flooding.

Henry's Road Reserve

Reserve for contributions made by developers for future road improvement works.

NOTE 29 Reconciliation of cash flows from operating activities to surplus / (deficit)	2014 \$'000	2013 \$'000
Surplus / (Deficit) for the year	(1,939)	1,758
Depreciation and amortisation	10,173	9,506
Finance costs	104	24
(Gain) / Loss on disposal of Property, Plant and Equipment and Infrastructure	42	(279)
Contributions - non - monetary assets	(121)	(572)
Share of Library Corporation (note 16)	(173)	(125)
Fair value adjustment for investment property	(42)	-
<i>Change in assets and liabilities:</i>		
(Increase) / Decrease in Trade and other Receivables	(278)	(769)
(Increase) / Decrease in Other Assets	(99)	207
(Increase) / Decrease in Inventories	(29)	98
Increase / (Decrease) in Payables	802	(1,555)
Increase / (Decrease) in Employee Entitlements	337	(3,965)
Increase / (Decrease) in Other Provisions	58	774
Net cash provided by operating activities	<u>8,835</u>	<u>5,102</u>

NOTE 30 Reconciliation of cash and cash equivalents

Cash at the end of the year as shown in the cash flow statement is reconciled to the related items in the Balance Sheet as follows:

Cash and cash equivalents (see note 18)	11,425	9,992
Total cash and cash equivalents	<u>11,425</u>	<u>9,992</u>

NOTE 31 Financing Facilities

Bank Overdraft		
Unused facilities	1,000	1,000
Total financing facilities	<u>1,000</u>	<u>1,000</u>

NOTE 32 Restricted Assets

Council has cash and cash equivalents (note 18) and other financial assets (note 20) that are subject to restrictions. As at the reporting date, Council had legislative restrictions in relation to reserve funds (Recreational Lands Reserves) and government receipts.

Current

Government Receipts (note 6)	1,979	4,685
Reserve funds (note 28 (b))	120	403
TOTAL RESTRICTED CURRENT ASSETS	<u>2,099</u>	<u>5,088</u>

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). The Fund has two categories of membership, accumulation and defined benefits each of which is funded differently. The defined benefit section provides lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from Council and the Council's legal or constructive obligation is limited to these contributions.

Obligations for contributions to the Fund are recognised as an expense in Comprehensive Income Statement when they are made or due.

(a) Accumulation Benefits Plan

In accordance with the Superannuation Guarantee Legislation and Choice of Funds Legislation, Council makes employer superannuation contributions in respect of its employees to the following accumulation funds:-

- Health and Exercise Science Technologists Association (HESTA)
- Australian Mutual Provident Society (AMP)
- MLC
- Hospitality and Tourism Employees Fund (Hostplus)
- Australian Retirement Fund (ARF)
- Health Super
- Vic Super
- Retail Employees Superannuation Trust (REST)
- MMGG Super
- Perpetual Super Fund
- Vision Super (Local Authorities Superannuation Fund)
- Care Super Fund
- Self Managed Funds
- COMM Life Super
- Australian Ethical Investment and Superannuation
- Q Super
- BT Super for life
- Combined Super Fund
- Emergency Services Super
- Essential Super Fund
- Colonial First State Super
- Local Government Super Scheme
- MTAA Super Fund
- Netwealth Super Fund
- North Personal Super
- Prime Superannuation
- Recruitment Super
- Tasplan
- Asgard
- Commonwealth Bank Retirement Fund
- Colonial Super Retirement Fund
- Equip Super Fund
- IOOF
- Telstra Super Fund
- Unisuper

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

Effective from 1 July 2014 the Superannuation Guarantee contribution rate is legislated to increase to 9.50%.

NOTE 33 Superannuation (cont.)

(b) Defined Benefits

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

Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's actuary. Council makes employer contributions to the Funds Defined Benefit category at rates determined by the Fund's Trustee. This rate is currently 9.25% of member's salaries (9.25% in 2012/13).

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 (the funded resignation or retirement benefit is calculated as the VBI multiplied by the benefit).

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

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

Unfunded Superannuation Liability - Funding Calls

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

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

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

The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%. Since 30 June 2013 the VBI has been in excess of 100%. The 31 March estimated VBI was 104.6%. As this is greater than 100%, the fund is considered to be fully funded with no action required by employers at this stage.

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

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

Scheme	Type of scheme	Rate	2014 \$'000	2013 \$'000
Vision Super	Defined benefits	0.0925	126	54
Vision Super/Other Super funds	Accumulation	0.0925	1583	1403

Contributions outstanding to the above schemes as at 30 June 2014 was \$ 6,586.

The expected contributions to be paid to the defined benefit category of Vision Super for the year ending 30 June 2015 is \$130,000.

NOTE 34 Commitments

The Council has entered into the following commitments

2014	Not Later Than 1 Year \$'000	Later than 1 year and not later than 5 Years \$'000	Later than 5 years \$'000	Total \$'000
<i>Operating</i>				
Transfer Stations	769	2,694		3,463
Litter Bins	172	687		859
Office Cleaning	71	71		142
Hall Operations	79	79		158
Meals on Wheels	45			45
Libraries	950			950
General Materials & Services	216			216
Equipment Hire	65			65
Maintenance Contracts	3			3
Construction Contracts	688			688
<i>Capital</i>				
Construction Contracts	27			27
Equipment Hire	2			2
General Materials & Services	42			42
Plant/Fleet Purchase	140			140
Total	3,269	3,531	-	6,800

2013	Not Later Than 1 Year \$'000	Later than 1 year and not later than 5 Years \$'000	Later than 5 years \$'000	Total \$'000
<i>Operating</i>				
Transfer Stations	769	3,079	385	4,233
Litter Bins	172	687	86	945
Office Cleaning	71			71
Hall Operations	79	105		184
SG Splash	407			407
Meals on Wheels	19			19
Libraries	-			-
General Materials & Services	854			854
Equipment Hire	186			186
Maintenance Contracts	38			38
Construction Contracts	707			707
<i>Capital</i>				
Construction Contracts	194			194
General Materials & Services	367			367
Plant/Fleet Purchase	341			341
Total	4,204	3,871	471	8,546

NOTE 35 Operating Leases

	2014 \$'000	2013 \$'000
(a) Operating Lease Commitments		
At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of plant and equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities).		
Not later than one year	200	159
Later than one year and not later than five years	329	329
Later than five years	-	3
Total operating lease commitments	529	491

(b) Operating Lease Receivables

The Council has entered into commercial property leases on its investment property, consisting of surplus freehold office complexes and a quarry site. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 10 years. All leases include a CPI based revision of the rental charge annually.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

Not later than one year	85	97
Later than one year and not later than five years	163	209
Later than five years	401	598
Total operating lease receivables	649	904

NOTE 36 Contingent Liabilities and Contingent Assets

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

Under requirement of the Environmental Protection Authority (EPA), Council has a present obligation to perform site rehabilitation works for landfills that it operates on a progressive basis. At balance date Council has made necessary provisions for rehabilitation of Landfills that are currently in operation (Refer note 26 (b)). However the estimates of provision required is dependent on the accuracy of the forecast, timing of the work, work required, and related costs.

Guarantees

Council has taken out Bank Guarantees with Commonwealth Bank of Australia as per details below:

Description	Favouree		Amount
Contract Performance Guarantee	South Gippsland Regional Water Board	\$	40,000
Contract Performance Guarantee	Department of Energy and Minerals	\$	15,000
Contract Performance Guarantee	Department of Natural Resources & Minerals	\$	20,000
Security Deposit Guarantee	Environment Protection Authority	\$	425,000
Security Deposit Guarantee	State of Victoria - Environment Protection Authority	\$	451,296
Total contingent liability as at 30 June 2014		\$	951,296

Contingent Assets

Developer contributions to be received by Council in respect of estates currently under development total \$0.12 M (2013 \$0.57M).

NOTE 37 Financial Instruments

(a) Accounting policy, terms and conditions.

Recognised Financial Instruments	Note	Accounting Policy	Terms and Conditions
<u>Financial Assets</u>			
Cash and cash equivalents	18	<p>Cash on hand and at bank and money market call account are valued at face value.</p> <p>Interest is recognised as it accrues.</p> <p>Investments and bills are valued at cost.</p>	<p>On call deposits returned a floating interest rate of 2.5% to 2.75% (2.75% to 3.5% in 2012/13). The interest rate at balance date was 2.5% (2.75% in 2012/13).</p> <p>Funds returned fixed interest rates of between 3.15% (3.8% in 2012/13) and 4.5% (5.9% in 2012/13) net of fees.</p> <p>Funds provided a return of between 3.15% (3.8% in 2012/13) and 4.5% (5.9% in 2012/13) net of fees.</p>
Other Financial assets	20	<p>Investments are held to maximise interest returns and held to maturity at amortised cost.</p>	<p>Funds provided a return of between 3.45% (4.45% in 2012/13) and 4.2% (5.8% in 2012/13) net of fees.</p>
Trade and Other Receivables	19	<p>Receivables are carried at amortised cost using the effective Interest method. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred. Collectability of overdue accounts is assessed on an ongoing basis.</p>	<p>General debtors are unsecured and interest free. Credit terms are usually up to 30 days.</p>
<u>Financial Liabilities</u>			
Trade and Other Payables	24	<p>Liabilities are recognised for amounts to be paid in the future for goods received and services provided to Council as at balance date whether or not invoices have been received.</p>	<p>General creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.</p>
Interest-bearing loans and borrowings.	27	<p>Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.</p>	<p>Borrowings are secured by way of mortgage over the general rates of the Council. The average weighted interest rate on borrowings was 3.41% (6.55% in 2012/13)</p>

NOTE 37 Financial Instruments (cont.)

(b) Interest Rate Risk

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

2014

	Floating Interest Rate	Fixed interest maturing in:			Non interest bearing	Total
		1 year or less	Over 1 to 5 years	More than 5 years		
	\$'000	\$'000	\$'000	\$'000	\$'000	
Financial Assets						
Trade & other receivables *	-	-	-	-	2,232	2,232
Other Financial Assets	-	351	-	-	-	351
Cash and cash equivalents	7,421	4,000	-	-	4	11,425
Total Financial Assets	7,421	4,351	-	-	2,236	14,008
Weighted average interest rate	2.52%	3.76%				
Financial Liabilities						
Trade and other payables	-	-	-	-	4,212	4,212
Trust funds and deposits	-	-	-	-	526	526
Interest - bearing loans and borrowings	-	3,350	-	-	-	3,350
Total Financial Liabilities	-	3,350	-	-	4,738	8,088
Weighted average interest rate		3.41%				
Net financial assets / (liabilities)	7,421	1,001	-	-	(2,502)	5,920

2013

	Floating Interest Rate	Fixed interest maturing in:			Non interest bearing	Total
		1 year or less	Over 1 to 5 years	More than 5 years		
	\$'000	\$'000	\$'000	\$'000	\$'000	
Financial Assets						
Trade & other receivables *	-	-	-	-	2,571	2,571
Other Financial Assets	-	1,700	-	-	-	1,700
Cash and cash equivalents	3,791	6,197	-	-	4	9,992
Total Financial Assets	3,791	7,897	-	-	2,575	14,263
Weighted average interest rate	3.50%	5.70%				
Financial Liabilities						
Trade and other payables	-	-	-	-	3,410	3,410
Trust funds and deposits	-	-	-	-	529	529
Interest - bearing loans and borrowings	-	134	-	-	-	134
Total Financial Liabilities	-	134	-	-	3,939	4,073
Weighted average interest rate		6.55%	6.55%			
Net financial assets / (liabilities)	3,791	7,763	-	-	(1,364)	10,190

* Excludes Statutory balances

NOTE 37 Financial Instruments (cont.)

(c) Net Fair Values

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

Financial Instruments	Total Carrying amount as per the Balance Sheet		Aggregate net fair value	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Financial Assets				
Trade & other receivables	2,232	2,571	2,232	2,571
Other Financial Assets	351	1,700	351	1,700
Cash and cash equivalents	11,425	9,992	11,425	9,992
Total Financial Assets	14,008	14,263	14,008	14,263
Financial Liabilities				
Trade and other payables	4,212	3,410	4,212	3,410
Trust funds and deposits	526	529	526	529
Interest - bearing loans and borrowings	3,350	134	3,350	131
Total Financial Liabilities	8,088	4,073	8,088	4,070

(d) Credit Risk.

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

NOTE 37 Financial Instruments (cont.)

(e) Risks and mitigation

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

Market risk

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

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

Interest rate risk

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

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

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

We manage the interest rate exposure on our net debt portfolio by appropriate budgeting strategies and obtaining approval for borrowings from the Department of Transport, Planning and Local Infrastructure each year.

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1989*.

We manage interest rate risk by adopting an investment policy that ensures:

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

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

Credit risk

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

- we have a policy for establishing credit limits for the entities we deal with;
- we may require collateral where appropriate; and
- we only invest surplus funds with approved financial institutions under the *Local Government Act 1989*.

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

We may also be subject to credit risk for transactions which are not included in the balance sheet. Details of our contingent liabilities are disclosed in note 36.

NOTE 37 Financial Instruments (cont.)

E 37 (e) Risks and mitigation (cont.)

Provisions for Doubtful Debts

At balance date Council did not have any provision for doubtful debts (2012/13 - \$ Nil). All debts are considered to be fully recoverable.

Ageing of Trade and Other Receivables

At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of Council's Trade and Other Receivables was:

	2014	2013
	\$'000	\$'000
Current (not yet due)	419	597
Past due by up to 30 Days	488	705
Past due between 31 and 180 days	1,270	1,193
Past due between 181 and 365 days	7	61
Past due by more than 1 year	48	15
Total Trade & Other Receivables *	2,232	2,571

* Excludes Statutory debtors & GST Receivable

Ageing of individually impaired Trade and Other Receivables

At balance date other debtors representing financial assets with a nominal value of \$ Nil (2012/13 - \$ Nil) were impaired. The amount of provision raised against these debtors was \$ Nil (2012/13 \$ Nil). The individually impaired debtors relate to general and sundry debtors and have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

As at balance date Council did not have any Trade and Other Receivables that have been individually determined as impaired.

Liquidity risk

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

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

To help reduce these risks we:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- have financial strategies that are specific for borrowings and the financial ramifications are reflected in the long term financial plan.

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

NOTE 37 Financial Instruments (cont.)

(e) Risks and mitigation (cont.)

The table below lists the contractual maturities for Financial Liabilities
These amounts represent undiscounted gross payments including both principal and interest amounts.

2014	6 months or less \$'000	6 - 12 months \$'000	1 - 2 years \$'000	2 - 5 years \$'000	5+ years \$'000	Contracted Cash Flow \$'000	Carrying Amount \$'000
Trade and Other Payables	4,212	-	-	-	-	4,212	4,212
Trust funds and deposits	50	-	46	388	42	526	526
Interest bearing loans and borrowings	3,350	-	-	-	-	3,350	3,350
Total financial liabilities	7,612	-	46	388	42	8,088	8,088

2013	6 months or less \$'000	6 - 12 months \$'000	1 - 2 years \$'000	2 - 5 years \$'000	5+ years \$'000	Contracted Cash Flow \$'000	Carrying Amount \$'000
Trade and Other Payables	3,410	-	-	-	-	3,410	3,410
Trust funds and deposits	47	150	247	53	32	529	529
Interest bearing loans and borrowings	134	-	-	-	-	134	134
Total financial liabilities	3,591	150	247	53	32	4,073	4,073

(f) Sensitivity disclosure analysis

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

- A parallel shift of +1% and -1% in market interest rates (AUD) from year-end cash rate of 2.5% (2012/13: 2.75%)

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

	Interest rate risk				
	Carrying amount subject to floating interest rates.	-1% 100 basis points		+1% 100 basis points	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2014	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:					
Cash and cash equivalents	11,421	(114)	(114)	114	114
Financial liabilities:					
Interest-bearing loans and borrowings	-	-	-	-	-
2013					
Financial assets:					
Cash and cash equivalents	9,988	(100)	(100)	100	100
Financial liabilities:					
Interest-bearing loans and borrowings	-	-	-	-	-

NOTE 38 Auditor's Remuneration	2014 \$'000	2013 \$'000
Audit fee to conduct external audit - Victorian Auditor-General	46	45
Internal audit fees	29	45
	75	90

NOTE 39 Events occurring after balance date

There are no events occurring after balance date that will affect the amounts stated in this financial report.

NOTE 40 Related Party Transactions

(i) Responsible Persons

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

Councillors	Mohya Davies Jeanette Harding Kieran Kennedy Lorraine Brunt Andrew McEwen Robert (Bob) Newton James (Jim) Fawcett Don Hill Nigel Hutchinson-Brooks
Chief Executive Officer	Tim Tamlin

(ii) Remuneration of Responsible Persons

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

	2014 No.	2013 No.
\$0 - \$9,999	-	3
\$10,000 - \$19,999	-	4
\$20,000 - \$29,999	7	5
\$40,000 - \$49,999	1	-
\$50,000 - \$59,999	1	1
\$230,000 - \$239,999	-	1
\$250,000 - \$259,999	1	-
TOTAL	10	14
	\$'000	\$'000
Total Remuneration for the reporting period for Responsible Persons included above, amounted to :	529	497

NOTE 40 Related Party Transactions (cont.)

(iii) No retirement benefits have been made by the Council to a Responsible Person (2012/13, nil).

(iv) No loans have been made, guaranteed or secured by the Council to a Responsible Person of the Council during the reporting year (2012/13, nil).

(v) Other Transactions

No transactions other than remuneration payments or the reimbursement of approved expenses were entered into by Council with Responsible Persons, or Related Parties of such Responsible Persons during the reporting year (2012/13, nil).

(vi) **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 Officer; or

(b) whose total annual remuneration exceeds \$133,000 (2012/13 - \$130,000)

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

	2014 No.	2013 No.
Income Range :		
< \$133,000	3	-
\$133,000 - \$139,999	4	5
\$140,000 - \$149,999	1	-
\$160,000 - \$169,999	-	1
\$170,000 - \$179,999	3	3
\$210,000 - \$219,999	1	-
TOTAL	<u>12</u>	<u>9</u>
	\$'000	\$'000
Total Remuneration for the reporting period for Senior Officers included above, amounted to :	1,615	1,361

NOTE 41(a) Income, expenses and assets by function / activities of the Council

Details of these functions / activities are set out in note 41(b)

	Chief Executive Officer		Community Services		Corporate Services		Development Services		Engineering Services		Total	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
INCOME												
Grants	-	-	2,606	2,811	2,621	5,012	160	246	8,988	13,241	14,375	21,310
Other	-	-	4,307	3,879	32,789	31,334	1,466	1,281	1,914	1,264	40,476	37,758
TOTAL INCOME	-	-	6,913	6,690	35,410	36,346	1,626	1,527	10,902	14,505	54,851	59,068
EXPENSES	(1,608)	(1,124)	(11,193)	(10,437)	(20,203)	(19,824)	(4,390)	(4,543)	(19,396)	(21,382)	(56,790)	(57,310)
SURPLUS / (DEFICIT)	(1,608)	(1,124)	(4,280)	(3,747)	15,207	16,522	(2,764)	(3,016)	(8,494)	(6,877)	(1,939)	1,758
ASSETS ATTRIBUTED TO FUNCTIONS / ACTIVITIES*	1,353	1,435	999	1,359	-	-	-	-	502,054	482,060	504,406	484,854

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

NOTE 41(b) Component Function / Activities

The activities relating to the municipality's components reported on in Note 41(a) are as follows:

EXECUTIVE SERVICES

- Ensure the program areas for all directorates' teams and program areas of Council are provided in an efficient, professional and timely manner.
- Administer the operation of Councillor services such as Council briefings and meetings, Councillor education and professional development.
- Identify, attract and facilitate grant funding consistent with the Council's Long Term Financial Plan.
- Support good governance and Council's decision making.
- Show leadership in the development and implementation of Council's key strategies.
- Develop and support relationships with community, business and key stakeholders.
- Manage Council's resources.
- Lead, build and develop the leadership team and staff.
- Economic Development and Project Delivery.
- Provide Human Resources, Payroll and Occupational Health and Safety services.

COMMUNITY SERVICES

- Assist individual communities through community planning, volunteerism and community focused activity.
- Manage the strategic direction of libraries across the Shire.
- Provide a range of responsive and flexible services and programs to the community to support changing needs and to optimise health and wellbeing.
- Provide Home and Community Care services.
- Increase community services and awareness for aged people and people with a disability.
- Maximise the health potential of all children through the early identification, intervention and prevention of issues affecting young children and their families.
- Encourage participation in arts and cultural activity.
- Provide leadership, engagement in civic life and role modelling opportunities for the young people of South Gippsland.
- Support and encourage enterprises that enhance the prosperity and vibrancy of the South Gippsland community.
- Operate, supervise and maintain Children's Crossings.
- Comply with the statutory requirements of the Country Fire Authority Act 1958.
- Provide waste management services and associated infrastructure.
- Manage sustainability services in South Gippsland.

NOTE 41(b) Component Function / Activities (cont.)

CORPORATE SERVICES

- Provide high-level strategic advice to Council, Chief Executive and Executive management group in establishing the 4 year and annual Council Plan directions.
- Facilitate Council's continuous improvement of internal systems and processes.
- Provide officers with governance advice and agenda preparation assistance.
- Provide internal legal advice and review all contracts, agreements and other legal documents.
- Administer the allocation of grants made to community groups.
- Provide risk management support services to Council.
- Deliver Councils' business information systems.
- Provide frontline customer services to residents and visitors of South Gippsland.
- Management of Council's records.
- Provide strategic financial advice to Council including preparation of annual and long term financial plans.
- Provide high quality internal and external communication.
- Provision of valuation services to Council's rateable properties.
- Administer rates and charges on all rateable properties to Council.

DEVELOPMENT SERVICES

- Facilitate economic growth in the Prom Country (South Gippsland) region.
- Ensure all buildings within the municipality comply with building regulations.
- Facilitate the assessment of town planning activities within the municipality and preparation of the strategy.
- Promote a high standard of public health through prevention, education and enforcement of Food and Health Acts.
- Facilitate the protection of public health through the regulation of wastewater disposal.
- Provide strategic recreation planning, development and promotion.
- Tourism strategic planning and promotion.
- Administer and enforce relevant provisions of the Domestic (feral & nuisance) Animals Act 1994 and Impounding of Livestock Act 1994.
- Prepare, administer and enforce Council's Local Laws.

ENGINEERING SERVICES

- Develop and implement Engineering, Infrastructure and Asset Management policies, strategy, plans, programs and services.
- Provide a safe and trafficable local road network
- Develop and deliver capital projects where funding is provided jointly by community groups, State and/or Federal Government and Council.
- Administer and deliver annual building and infrastructure maintenance program.
- Administer and deliver the property, fleet and plant program.
- Deliver Parks and Gardens programs.

NOTE 42 Financial ratios (performance indicators)

	2014 \$'000	2014 %	2013 \$'000	2013 %	2012 \$'000	2012 %
(i) Debt Servicing Ratio (%) (to identify the capacity of Council to service its outstanding debt)						
	$\frac{127}{54,851} =$	0.23%	$\frac{23}{59,068} =$	0.04%	$\frac{77}{56,222} =$	0.14%
(ii) Debt Commitment Ratio (%) (to identify Council's debt redemption strategy)						
	$\frac{911}{33,712} =$	2.70%	$\frac{340}{31,375} =$	1.08%	$\frac{1,205}{29,562} =$	4.08%

(i) Debt Servicing Ratio (%)
(to identify the capacity of Council to service its outstanding debt)

$$\frac{\text{Debt servicing costs}}{\text{Total revenue}}$$

Debt servicing costs refers to the payment of interest on loan borrowings.
The ratio expresses the amount of interest paid as a percentage of Council's total revenue.

(ii) Debt Commitment Ratio (%)
(to identify Council's debt redemption strategy)

$$\frac{\text{Debt servicing \& redemption costs}}{\text{Rate revenue}}$$

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

NOTE 43 Capital Works

	2014	2013
	\$'000	\$'000
Capital expenditure areas (including works in progress) :		
Land	-	470
Buildings	1,058	1,233
Plant & Equipment	3,025	3,145
Office Furniture & Equipment	161	468
Roads	4,734	3,668
Bridges	644	206
Culverts	-	283
Footpaths	383	577
Drains	1,295	33
Kerb & Channel	52	22
Off-street car parks	-	-
Other Structures *	1,241	2,173
TOTAL CAPITAL WORKS	<u>12,593</u>	<u>12,278</u>
Represented by:		
Renewal of infrastructure	6,791	5,837
Upgrade of infrastructure	2,055	804
Expansion of infrastructure	561	1,916
New infrastructure	-	108
Renewal of plant & equipment	3,186	3,613
Total capital works	<u>12,593</u>	<u>12,278</u>
* Includes Landfill Rehabilitation provision	-	698

Property, plant and equipment and infrastructure movement

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

	2014	2013
	\$'000	\$'000
Total capital works	12,593	12,278
Asset revaluation movement *	17,081	-
Developer contributed assets	121	572
Depreciation and amortisation	(10,173)	(9,506)
Written down value of assets sold	(775)	(1,168)
Net movement in property, plant & equipment and infrastructure	<u>18,847</u>	<u>2,176</u>

* Does not include investment in Associates (revaluation increments).

(a) Asset renewal expenditure

Expenditure on an existing asset or on replacing an existing asset, which returns the service capability of the asset up to that which it originally had. Asset renewal expenditure reinstates existing assets, it has no impact on revenue, but may reduce future operating and maintenance expenditure if completed at the optimum time.

(b) Asset upgrade expenditure

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

(c) Asset expansion expenditure

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

(d) New asset expenditure

Expenditure which creates a new asset that provides a new service that did not previously exist. New asset expenditure does not have any element of renewal, expansion or upgrade of existing assets. New capital expenditure may or may not result in additional revenue for council and will result in an additional burden for future operation, maintenance and capital renewal.

Notes to the Financial Statements For the Year Ended 30 June 2014

NOTE 44 Pending Accounting Standards

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

Pronouncement	Summary	Application Date	Impact on Council
AASB 9 Financial Instruments	<p>AASB 9 simplifies the classifications of financial assets into those to be carried at amortised cost and those to be carried at fair value – the ‘available for sale’ and ‘held-to-maturity’ categories no longer exist. AASB 9 also simplifies requirements for embedded derivatives and removes the tainting rules associated with held-to-maturity assets.</p> <p>The new categories of financial assets are:</p> <ul style="list-style-type: none"> • Amortised cost – those assets with ‘basic’ loan features’. • Fair value through other comprehensive income - this treatment is optional for equity instruments not held for trading (this choice is made at initial recognition and is irrevocable). • Fair Value through profit and Loss - everything that does not fall into the above two categories. <p>The following changes also apply:</p> <ul style="list-style-type: none"> • Investments in unquoted equity instruments must be measured at fair value. However, cost may be the appropriate measure of fair value where there is insufficient more recent information available to determine a fair value. • There is no longer any requirement to consider whether ‘significant or prolonged’ decline in the value of financial assets has occurred. The only impairment testing will be on those assets held at amortised cost, and all impairments will be eligible for reversal. <p>Similarly, all movements in the fair value of a financial asset now go to the income statement, or, for equity instruments not held for trading, other comprehensive income. There is no longer any requirement to book decrements through the income statement, and increments through equity.</p>	1-Jul-15	<p>The impact is not likely to be extensive in the local government sector. Although it will vary considerably between entities. While the rules are less complex than those of AASB 139, the option to show equity instruments at cost has been largely removed, which is likely to lead to greater volatility within the income statement. However it may also lead to an improved financial position for some entities.</p> <p>This will also create a requirement to measure some instruments annually that has not previously existed.</p>
AASB 10 Consolidated Financial Statements	<p>This Standard forms the basis for determining which entities should be consolidated into an entity’s financial statements. AASB 10 defines ‘control’ as requiring exposure or rights to variable returns and the ability to affect those returns through power over an investee, which may broaden the concept of control for public sector entities.</p> <p>The AASB has issued an exposure draft ED 238 Consolidated Financial Statements – Australian Implementation Guidance for Not-for-Profit Entities that explains and illustrates how the principles in the Standard apply from the perspective of not-for-profit entities in the private and public sectors.</p>	1-Jul-14	<p>The AASB have finalised deliberations on ED 238 and any modifications made to AASB 10 for not-for-profit entities, Council will need to re-assess the nature of its relationships with other entities, including those that are currently not consolidated.</p>

NOTE 44 Pending Accounting Standards (cont.)

Pronouncement	Summary	Application Date	Impact on Council
AASB 11 Joint Arrangements	This Standard deals with the concept of joint control, and sets out a new principles-based approach for determining the type of joint arrangement that exists and the corresponding accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement.	1-Jul-14	The AASB have finalised deliberations and any modifications made to AASB 11 for not-for-profit entities, Council will need to assess the nature of arrangements with other entities in determining whether a joint arrangement exists in light of AASB 11.
AASB 12 Disclosure of Interests in Other Entities	This Standard requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the financial statements. This Standard replaces the disclosure requirements in AASB 127 Separate Financial Statements and AASB 131 Interests in Joint Ventures. The exposure draft ED 238 proposes to add some implementation guidance to AASB 12, explaining and illustrating the definition of a 'structured entity' from a not-for-profit perspective.	1-Jul-14	Impacts on the level and nature of the disclosures will be assessed based on the eventual implications arising from AASB 10, AASB 11 and AASB 128 Investments in Associates and Joint Ventures.
AASB 127 Separate Financial Statements	This revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	1-Jul-14	The impact of this standard will need to be assessed in line with the final deliberations by the AASB on the application of this standard to not for profit entities.
AASB 128 Investments in Associates and Joint Ventures	This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1-Jul-14	The impact of this standard will need to be assessed in line with the final deliberations by the AASB on the application of this standard to not for profit entities.
AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounts Standard arising from Reduced Disclosure Requirements	These standards set out the tiers of financial reporting and the reduced disclosure framework.	1-Jul-14	Council has yet to determine the impact of this standard,

**South Gippsland Shire Council
Certification of Financial Statements
For the Year Ended 30 June 2014**

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.

Financial Accountant : Mathew Oomman Kalloor CPA



Location : Leongatha

Dated : 24 / 09 / 2014

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

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

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

Councillor : James Fawcett



Location : Leongatha

Dated : 24 / 09 / 2014

Councillor : Mohya Davies



Location : Leongatha

Dated : 24 / 09 / 2014

Acting Chief Executive Officer : Jan Martin



Location : Leongatha

Dated : 24 / 09 / 2014

Commentary on the Comparison Report - the Standard Statements for the Annual Report

The Annual Report shows the actual results for the year.

The following four Standard Statements and explanatory notes for the Annual Report (Comparison Report) form a special purpose financial report prepared specifically to meet the requirements of the Local Government Act 1989 relating to Standard Statements.

The Standard Statements in this Comparison report each provide information in relation to an aspect of Council's financial management. They should be read in conjunction with one another to obtain an overall understanding of Council's financial position and management.

The Standard Income Statement, Standard Balance Sheet, Standard Cash Flows and Standard Statement of Capital Works for the Annual Report are consistent with the Budget and are prepared on basis consistent with the Financial Statements.

This report is a summary of the information found in the Budget and Financial Report and as such cannot be expected to provide as full an understanding of financial performance as the complete reports from which it is derived. The Budget and Financial Reports together with their detailed notes should be examined for further detailed information.

Notes to the Standard Statements

1 Basis of preparation of Standard Statements

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

These statements and supporting notes form a special purpose financial report prepared to meet the requirements of the *Local Government Act 1989* and *Local Government (Planning and Reporting) Regulations 2014*.

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

The Standard Statements are not a substitute for the General Purpose Financial Statements, which are included on pages **4 to 57** of the Annual Report. They have not been prepared in accordance with all Australian Accounting Standards or other authoritative professional pronouncements.

The Standard Statements compare Council's financial plan, expressed through its budget, with actual performance. *The Local Government Act 1989* requires explanation of any material variances. The Council has adopted a materiality threshold of \$100,000. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The Budget figures included in the Statements are those adopted by Council on 26 June 2013. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. The Council set guidelines and parameters for revenue and expense targets in this Budget in order to meet Council's business plan and financial performance targets for both the short and long term. The Budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

Detailed information on the actual financial results are contained in the General Purpose Financial Statements on pages **4 to 57**. The detailed Budget can be obtained by contacting Council or through the Council's website. The Standard Statements must be read with reference to these documents.

Standard Income Statement

D-1 Comparison Report For the Year Ended 30 June 2014

	<i>Budget</i> 2013/2014 \$'000	<i>Actual</i> 2013/2014 \$'000	<i>Variances</i> \$'000	<i>%</i>	<i>Ref</i>
Revenue from Operating Activities					
Rates and charges	33,924	33,712	(212)	1	1
Operating Grants	9,206	11,192	1,986	22	2
Reimbursements	373	472	99	27	
Contributions	60	219	159	265	3
Interest	589	546	(43)	7	
User Charges	3,006	3,417	411	14	4
Statutory fees	519	556	37	7	
Net gain / (loss) on disposal of assets	372	(42)	(414)	111	5
Other	956	1,200	244	26	6
Total revenues	49,005	51,272	2,267	5	
Expenses from Operating Activities					
Employee benefits	21,133	20,943	(190)	1	7
Materials and services	19,843	22,138	2,295	12	8
Depreciation and amortisation	9,300	10,173	873	9	9
Other expenses	3,286	3,409	123	4	10
Finance costs	195	127	(68)	35	
Total expenses	53,757	56,790	3,033	6	
UNDERLYING RESULT	(4,752)	(5,518)	(766)		
Capital grants / Contributions	4,659	3,243	(1,416)	30	11
Donated /Granted Assets	1,304	121	(1,183)	91	12
Share of net profits / (losses) of associates accounted for using the equity method	-	173	173	-	13
Fair value adjustment for investment property		42	42	-	
Surplus / (deficit) for the year	1,211	(1,939)	(3,150)		
Net Asset Revaluation Increment	48,015	17,081	(30,934)	64	14
Total changes in Equity for the Year	49,226	15,142	(34,084)		

Standard Income Statement

D-1 Comparison Report For the Year Ended 30 June 2014

Variance Explanation Report		
Ref.	Item	Explanation
Revenue - Operating		
1	Rates and charges	Supplementary general rates were lower than plan by \$ 236K. However Supplementary garbage services were above plan by \$ 23K. As supplementary rates cannot be accurately estimated during the budget process, variations are normal under this head of income.
2	Operating Grants	Operating grants higher than budget mainly due to receipt of additional Natural Disaster grants during the year as a result of various natural calamities (Floods, storms and severe rain events)
3	Contributions	Open space contributions were higher than plan by \$ 100K. Contributions were also received towards some of the recreation and community projects.
4	User Charges	User charges higher due to take over of Yanakie and Long Jetty Caravan Parks by the Council during the year.
5	Net gain / (loss) on disposal of assets	Profit from Land Sales were lower than plan by \$ 237K. Profit from sale of Plant and Fleet were also lower than plan.
6	Other	Private works revenue was higher than plan by \$ 327K. However rental income was lower than plan due to take over of two Caravan Parks which were previously leased out.
Expenses - Operating		
7	Employee benefits	There was a savings in WorkCover premiums to the extent of \$ 163K during the year.
8	Materials and services	Additional expenditure mainly due to natural disasters (floods, storms and severe rain events) of which majority of the expenses were funded by grants from the Department of Treasury and Finance, operating expenses on the newly acquired Caravan Parks \$ 400K, expenses on private works \$ 183K and maintenance cost of gravel roads, drains and resheets \$ 566K.
9	Depreciation and amortisation	Mainly due to higher depreciation charge on construction and future rehabilitation costs of Koonwarra Landfill Cell 3.
10	Other expenses	Due to carry over of community grants from previous year.
Others		
11	Capital grants / Contributions	Local government Infrastructure program grant of \$ 1.2M was recognised as income in 2012-13 and NDFA grant of \$ 560K was not received in 2013-14.
12	Donated /Granted Assets	Actual gifted assets were lower than estimates as the developments and hand over of assets to Council in 2013-14 was lower than expected.
13	Share of net profits / (losses) of associates	This share of profit from Libraries was unexpected and not budgeted.
14	Net Asset Revaluation Increment	Revaluation increments were substantially lower than plan due to the general condition of assets and the lower than expected inflation.

Standard Balance Sheet

D-2 Comparison Report As at 30 June 2014

	<i>Budget</i> 2013/2014 \$'000	<i>Actual</i> 2013/2014 \$'000	<i>Variances</i> \$'000	<i>%</i>	<i>Ref</i>
<i>Current assets</i>					
Cash and cash equivalents	7,638	11,425	3,787	50	1
Trade and other receivables	3,566	4,634	1,068	30	2
Other financial assets	3,750	351	(3,399)	91	3
Inventories	317	248	(69)	22	
Other assets	320	212	(108)	34	4
Total current assets	15,591	16,870	1,279	8	
<i>Non-current assets</i>					
Investments in associates	478	776	298	62	5
Fixed Assets	143,492	134,664	(8,828)	6	6
Roads, Streets & Bridges	384,323	352,096	(32,227)	8	7
Total non-current assets	528,293	487,536	(40,757)	8	
Total assets	543,884	504,406	(39,478)	7	
<i>Current liabilities</i>					
Trade and other payables	4,944	4,212	(732)	15	8
Trust funds and deposits	369	526	157	43	9
Provisions	4,953	5,673	720	15	10
Interest-bearing loans and borrowings	514	3,350	2,836	552	11
Total current liabilities	10,780	13,761	2,981	28	
<i>Non-current liabilities</i>					
Provisions	321	1,241	920	287	10
Interest-bearing loans and borrowings	2,997	-	(2,997)	100	11
Total non-current liabilities	3,318	1,241	(2,077)	63	
Total liabilities	14,098	15,002	904	6	
Net assets	529,786	489,404	(40,382)	8	
<i>Equity</i>					
Accumulated Surplus	195,164	189,233	(5,931)	3	12
Reserves	334,622	300,171	(34,451)	10	13
Total equity	529,786	489,404	(40,382)	8	

Standard Balance Sheet

D-2 Comparison Report As at 30 June 2014

Variance Explanation Report		
Ref.	Item	Explanation
1	Cash and cash equivalents	Partly compensated by lower Financial assets due to change in the composition of Investments
2	Trade and other receivables	Mainly due to invoice raised on Vic Roads for \$ 1.1M in April 2014 received in July 2014.
3	Other financial assets	Partly compensated by higher Cash and cash equivalents due to change in the composition of Investments
4	Other assets	The variance is due to higher pre-payments made in 2013-14.
5	Investments in associates	Surplus of West Gippsland Regional Library for 2012-13 and 2013-14 was not accounted for in the budget.
6	Fixed Assets	Mainly due to revaluation increments being substantially lower than plan due to the general condition of assets and the lower than expected inflation. Some of the capital projects had to be carried forward to 2014-15 due to the adverse weather conditions.
7	Roads, Streets & Bridges	Mainly due to revaluation increments being substantially lower than plan due to the general condition of assets and the lower than expected inflation. Some of the capital projects had to be carried forward to 2014-15 due to adverse weather conditions.
8	Trade and other payables	Trade and Other Payables as on 30 June 2014 was lower than plan due to carry forward of expenditure to 2014-15.
9	Trust funds and deposits	Funds received from Estate of James Harvey (Walter J Tuck Reserve) for safe custody and investment on their behalf has still not been returned.
10	Provisions	Annual and Long Service Leave provisions were higher than budget as leave taken was lower than estimated. Additional provisions made during the year for rehabilitation of Koonwarra Landfills Cell 1 & 2 (\$ 200K).
11	Interest-bearing loans and borrowings	During the year Council availed a loan of \$ 4M. Plan was to repay \$ 489K during the year and convert the balance loan into long term bonds. However there was a delay in conversion and the loan is currently being rolled over for short terms. Further \$ 650K of the loan was redeemed during the year.
12	Accumulated Surplus	Due to lower operating surplus of \$ 3M and difference in opening balance of accumulated surplus.
13	Reserves	As a result of revaluation increments being substantially lower than plan due to the general condition of assets and the lower than expected inflation. Reserves were also utilised to fund the acquisition of Caravan Parks and for funding the additional call on defined benefits superannuation.

Standard Cash Flow Statement

D-3 Comparison Report For the Year Ended 30 June 2014

	Budget 2013/2014 \$'000	Actual 2013/2014 \$'000	Variances \$'000	%	Ref
Operating					
Rates	33,924	33,157	(767)	2	1
Statutory fees and fines	519	557	38	7	
User charges and other fines	3,006	3,722	716	24	2
Grants	13,865	14,381	516	4	3
Reimbursements	373	472	99	27	
Interest received	589	551	(38)	6	
Rents	329	198	(131)	40	4
Other receipts	687	1,270	583	85	5
Payments to suppliers	(19,844)	(21,402)	(1,558)	8	6
Payments to employees	(21,043)	(20,604)	439	2	7
Other payments	(3,285)	(3,467)	(182)	6	8
Net cash inflow / (outflow) from operating activities	9,120	8,835	(285)	3	
Investing					
Proceeds from sale of property, plant and equipment	924	733	(191)	21	9
Payments for property, plant and equipment and infrastructure	(15,247)	(12,593)	2,654	17	10
Redemption (Purchase) of investments	-	1,349	1,349	-	11
Net cash inflow / (outflow) from investing activities	(14,323)	(10,511)	3,812	27	
Financing					
Proceeds from borrowings	4,000	4,000	-	-	
Repayment of borrowings	(623)	(784)	(161)	26	12
Finance Cost	(195)	(104)	91	47	
Trust Funds	-	(3)	(3)	-	
Net cash inflow / (outflow) from financing activities	3,182	3,109	(73)	2	
Net increase / (decrease) in cash held	(2,021)	1,433	3,454	171	
Cash at beginning of the year	9,659	9,992	333	3	
Cash at the end of the year	7,638	11,425	3,787	50	
Reconciliation of Operating Result and Net Cash Flows from Operating Activities					
For the year ending 30 June 2014					
Net surplus / (deficit) from operations	1,211	(1,939)	(3,150)	260	
Depreciation and amortisation	9,300	10,173	873	9	
(Profit) / Loss on sale of property, plant and equipment	(372)	42	414	111	
Share of net profit / (loss) of associates	-	(173)	(173)	-	
Fair value adjustment for investment property	-	(42)	(42)	-	
Finance Costs	195	104	(91)	47	
Balance sheet movements	90	791	701	779	
Developer contributions	(1,304)	(121)	1,183	91	
Net cash inflow / (outflow) from operating activities	9,120	8,835	285	3	

Standard Cash Flow Statement

D-3 Comparison Report For the Year Ended 30 June 2014

Variance Explanation Report

Ref.	Item	Explanation
1	Rates	Rates receipts lower than budget due to lower Supplementary rates and lower than expected rate collections.
2	User charges and other fines	User charges higher due to take over of Yanakie and Long Jetty Caravan Parks by the Council during the year.
3	Grants	Operating grants were higher than budget due to additional funding for natural calamities. Capital grants were however lower than budget (NDFA grant of \$ 560K). Overall grants were higher by \$ 500K resulting in the additional cash flow.
4	Rents	Rental income was lower than plan due to take over of two Caravan Parks which were previously leased out.
5	Other receipts	Private works revenue was higher than plan by \$ 327K due to Council winning more private works contracts during the year. Sundry revenue from Pre-school inclusion program and rock royalties were also above plan.
6	Payments to suppliers	As a result of expenditure on new grant funded projects and other expenditure caused by natural disasters. Additional operating expenses on the newly acquired Caravan Parks was \$ 400K. Additional expenses on private works was \$ 183K. Additional expense on maintenance of gravel roads, drains and resheets was \$ 566K.
7	Payments to employees	There was a savings in WorkCover premiums to the extent of \$ 163K during the year.
8	Other payments	Community grants paid were higher than budget.
9	Proceeds from sale of property, plant and equipment	Some of the Capital disposals were carried forward to 2014-15.
10	Payments for property, plant and equipment and infrastructure	Some of the Capital projects had to be carried forward to 2014-15 due to the adverse weather conditions.
11	Redemption (Purchase) of investments	Investments with maturity greater than 3 months which are classified as other financial assets was higher as at 30 June 2014.
12	Repayment of borrowings	Out of the new Loan of \$ 4M, \$ 650K was redeemed during the year against a plan of \$ 489K.

Standard Statement of Capital Works

D-4 Comparison Report For the Year Ended 30 June 2014

Capital Works Areas	Budget 2013/2014 \$'000	Actual 2013/2014 \$'000	Variances \$'000	%	Ref
Buildings	1,502	1,058	(444)	30	1
Plant & Equipment	2,559	3,025	466	18	2
Furniture & Equipment	833	161	(672)	81	3
Roads	6,278	4,734	(1,544)	25	4
Bridges	785	644	(141)	18	5
Footpaths	575	383	(192)	33	6
Drains & Culverts	554	1,295	741	134	7
Kerb & Channel	10	52	42	420	
Other Structures	2,151	1,241	(910)	42	8
Total capital works	15,247	12,593	(2,654)	17	
Represented by:					
Renewals	10,826	9,977	(849)	8	
Upgrades	2,842	2,055	(787)	28	
Extensions	1,579	561	(1,018)	64	
Total capital works	15,247	12,593	(2,654)	17	

Property, Plant & Equipment and Infrastructure movement Reconciliation Worksheet	Budget 2013/2014 \$'000	Actual 2013/2014 \$'000	Variances \$'000	%	Ref
The movement between the previous year and the current year in property, plant and equipment as shown in the Balance Sheet links to the net of the following items:					
Total capital works	15,247	12,593	(2,654)	17	
Asset revaluation movement *	48,015	17,081	(30,934)	64	
Developer contributed assets	1,304	121	(1,183)	91	
Depreciation and amortisation	(9,300)	(10,173)	(873)	9	
Written down value of assets sold	(552)	(775)	(223)	40	
Net movement in property, plant and equipment and infrastructure	54,714	18,847	(35,867)	66	

* Does not include Investment in Associates

Standard Statement of Capital Works

D-4 Comparison Report For the Year Ended 30 June 2014

Variance Explanation Report		
Ref.	Item	Explanation
1	Buildings	Office accommodation project (\$ 487K), Child Care Hub - Korumburra (\$ 145K) and Caravan Park toilet block (\$ 398K) has been carried forward to future years. This has been partly compensated by the acquisition of Yanakie and Long Jetty Caravan Parks.
2	Plant & Equipment	Plant and Fleet budgets carried forward from previous year to 2013-14 were acquired during the year.
3	Furniture & Equipment	Major network infrastructure replacement and upgrades have been carried forward to 2014-15.
4	Roads	Betterment works - NDFA (\$ 840K) had to be scaled down and carried forward due to non availability of expected grant. Other projects that fell short of budget either due to non- availability of funding or adverse weather conditions were; Roads rehabilitation program (\$ 505K), Reseals (\$ 348K) and Station Street rehabilitation - Korumburra (\$ 148K). This was partly compensated by higher expenditure on other grant funded projects such as: Lower Franklin Road rehabilitation (\$ 277K) and Kongwak Inverloch Road (\$ 74K).
5	Bridges	Mainly due to dropping of Agnes River bridge replacement - (\$ 212K). This was partly compensated by higher expenditure on Summers Road bridge replacement (\$ 49K) and minor variations in a few other projects.
6	Footpaths	Due to lower expenses on Shingler Street (\$ 111K) and reclassification of Venus Bay walking path as other structures.
7	Drains & Culverts	Mainly due to higher expenditure on Hanna Rise Cr, Jumbunna Road and Melville Ave (\$ 578K).
8	Other Structures	Variance is mainly due to lower expenditure on Landfills cell construction (\$ 373K), Coal Creek Capital projects (\$ 160K), Community infrastructure project (\$ 143K) and cost associated with land purchase incorrectly classified as other structures in budget (\$ 250K).

**South Gippsland Shire Council
Certification of Standard Statements
For the Year Ended 30 June 2014**

In my opinion the accompanying standard statements have been prepared on accounting basis consistent with the financial statements and in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

Financial Accountant : Mathew Oomman Kalloor CPA



Location : Leongatha

Dated : 24 / 09 / 2014

In our opinion the accompanying standard statements have been prepared on accounting basis consistent with the financial statements and in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

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

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

Councillor : James Fawcett



Location : Leongatha

Dated : 24 / 09 / 2014

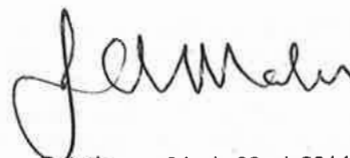
Councillor : Mohya Davies



Location : Leongatha

Dated : 24 / 09 / 2014

Acting Chief Executive Officer : Jan Martin



Location : Leongatha

Dated : 24 / 09 / 2014



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INDEPENDENT AUDITOR'S REPORT

To the Councillors, South Gippsland Shire Council

The Financial Report and Standard Statements

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

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

The Councillors' Responsibility for the Financial Report and Standard Statements

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

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

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

Auditor's Responsibility

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

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

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

Auditing in the Public Interest

Independent Auditor's Report (continued)

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

Independence

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

Opinion

In my opinion:

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

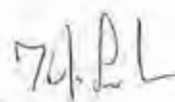
Basis of Accounting for Standard Statements

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

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

This auditor's report relates to the financial report and standard statements of the South Gippsland Shire Council for the year ended 30 June 2014 included both in the South Gippsland Shire Council's annual report and on the website. The Councillors of the South Gippsland Shire Council are responsible for the integrity of the South Gippsland Shire Council's website. I have not been engaged to report on the integrity of the South Gippsland Shire Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report and standard statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and standard statements to confirm the information contained in the website version of the financial report and standard statements.

MELBOURNE
25 September 2014


Dr Peter Frost
Acting Auditor-General

Performance Statement (Key Strategic Activities) For the Year Ended 30 June 2014

outcome / strategy	action	measure / target	status	comment
<p>1: A Prosperous Shire. <i>Responsible Unit: Chief Executive Officer</i></p>	<p>Number of representations made to State and Federal politicians.</p>	<p>At least one delegation annually.</p>	<p>✓</p>	<p>Complete Throughout the year, the Mayor and CEO have made representations to all Local Members (both State and Federal). In this quarter Council sent a deputation consisting the CEO, Deputy Mayor Harding and Councillor Hutchinson-Brooks to Canberra to participate in the Australian Local Government Association National General Assembly. During this time, meetings were held with key political figures to raise awareness and garner support (in principle and monetary commitments) for the Korumburra Integrated Children's Centre and Corner Inlet Tourism Development Project.</p> <ul style="list-style-type: none"> • Felicity Redfern – Advisor Office of the Hon Scott Ryan Parliamentary Secretary to the Minister for Education • The Hon Russell Broadbent MP, Federal Member for McMillan; • Vicky Darling – Advisor to Shadow Minister for Education Kate Ellis • Simon Kelly - Advisor , Office of the Hon Warren Truss MP Minister for Infrastructure and Regional Development • Kirralee Thomas – Advisor, Office of the Hon Sussan Ley MP Assistant Minister for Education • Boronia Morison – Advisor, Office of the Hon Jamie Briggs MP Assistant Minister for Infrastructure and Regional Development
<p>1.2.2: We will advocate for priority projects that assist in stimulating economic growth, agricultural development, tourism infrastructure and community facilities. <i>Responsible Unit: Chief Executive Officer</i></p>	<p>Identify and advocate adopted Priority Projects.</p>	<p>Developed and advocated by 30 June 2014.</p>	<p>✓</p>	<p>Complete New Priority Project Brochures have been developed and presented to Council 19 April 2014 for approval. These booklets focus on:</p> <ul style="list-style-type: none"> • Leongatha Heavy Vehicle Alternate Route • Korumburra Integrated Children's Centre • Corner Inlet Tourism Development Project. <p>Funding for the Leongatha Heavy Vehicle Alternate Route was recently confirmed by Deputy Premier Peter Ryan. The Korumburra Integrated Children's Centre was the focus of a recent deputation to Canberra. Projects making up the Corner Inlet Tourism Development Project are progressing well.</p>
<p>1.3.1: We will actively engage businesses, farmers, industries and individuals in creating a clean, green Shire, where environmental sustainability is embraced and practiced. <i>Responsible Unit: Community Services</i></p>	<p>Commence implementation of Council's Roadside Weeds and Pest Management Plan in conjunction with South Gippsland Land-Care.</p>	<p>By 30 June 2014:</p> <p>Consultation program developed 4 meetings held with Land-Care groups Progress reported in the Quarterly Performance Report</p>	<p>✓</p>	<p>Complete New budget 2014/15 initiative of \$15k approved to conduct roadside weed audit on 200 km (approx. 10%) of Shire Roadside to inform the future strategy for roadside weed control. Four meetings held with Landcare, three with agenda and minutes, the fourth meeting confirmed via email from Landcare. Progress of the plan was reported in each Quarterly Performance Report Jul-Sep 2013, Oct-Dec 2013, Jan-Mar 2014 and Apr-Jun 2014. Environmental Projects Officer and Bush Reserve Crew PD's amended to enable roadside weed control works to be delivered by in house staff pending the outcome of the roadside weed audit and future budget allocation required to purchase plant and equipment.</p>

Performance Statement (Key Strategic Activities) For the Year Ended 30 June 2014

FOR THE YEAR ENDED 30 JUNE 2014

outcome / strategy	action	measure / target	status	comment
Performance Statement (cont.)				
1.3.2: We will promote sustainable waste management practices, energy efficiency and management of our natural resources. <i>Responsible Unit: Community Services</i>	<p>Sustainability Strategy actions implemented:</p> <p>Green street lighting project implemented.</p>	Project implemented by 30 June 2014.	✓	Complete
3.1.6: We will refine the provision of Council services through reviews focused on evolving community needs, realistic and affordable service standards and efficient management of resources. <i>Responsible Unit: Community Services</i>	<p>Develop Master Plans for swimming pools:</p> <ul style="list-style-type: none"> Toora Poowong Foster 	Master Plans completed and reported to Council for adoption by 30 June 2014.	✗	Not Complete The additional work undertaken using the remaining budget left over from the first stage has now been completed. The final report is due on 15 July where the full final cost and energy savings will be analysed.
2.1.1: We will develop a continually evolving Vision for the Shire that encourages community participation in defining what it wants, needs and can afford to guide rationalisation, consolidation and achievement of desired community outcomes. <i>Responsible Unit: Corporate Services</i>	Develop and commence implementation of new approaches to engage community participation in creating a continually evolving Vision for the Shire.	A report presented to Council outlining approaches to be introduced in 2013-2014 by 30 September 2013.	✓	Complete The Council decision of 27 November 2013 was to: <ul style="list-style-type: none"> Defer the Foster Pool Master Plan until the outcome of the review is considered; and Amend the 2013-2014 Council Annual Plan and Key Strategic Activity, Strategy 3.1.6, to reflect the Master Plans will only be developed for the Poowong and Toora Outdoor Pools and a review completed of the Foster Swimming Pool by 30 June 2014.
4.1.1: We will explore innovative ways of increasing revenue and reducing expenditure. <i>Responsible Unit: Corporate Services</i>	Review and revise Council's Rating Strategy to align with amended State Government requirements and ensure equity as far as practicable. The Long Term Financial Plan implemented to ensure financial sustainability.	Report presented to Council by 30 June 2014. Weighted average of 5 key financial ratios being indebtedness, underlying working capital ratio, self-financing, investment gap and underlying result for the 2013-2014 Budget is greater than or equal to 98%.	✓	Complete A report was presented to Council in September 2013. The report was adopted and the approaches proposed have been provided to the Community Engagement and Evolving Vision Steering Committee to pursue. The Rating Strategy 2014-2018 was adopted by Council on 25 June 2014. Weighted average of the 5 key financial ratios for 2013-14 was 107 %

**South Gippsland Shire Council
Certification of Performance Statement
for the year ended 30 June 2014**

In our opinion, the accompanying Performance Statement of South Gippsland Shire Council for the financial year ended 30 June 2014 is presented fairly in accordance with the Local Government Act 1989.

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

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

Councillor : James Fawcett



Location : Leongatha

Dated : 24 / 09 / 2014

Councillor : Mohya Davies



Location : Leongatha

Dated : 24 / 09 / 2014

Auditor General's Audit Report on Performance Statement

For the Year Ended 30 June 2014

VAGO

Victorian Auditor-General's Office

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INDEPENDENT AUDITOR'S REPORT

To the Councillors, South Gippsland Shire Council

The Performance Statement

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

The Councillors' Responsibility for the Performance Statement

The Councillors of the South Gippsland 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.

Auditing in the Public Interest

Auditor General's Audit Report on Performance Statement

For the Year Ended 30 June 2014

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, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.


Auditor's Opinion

In my opinion, the performance statement of the South Gippsland Shire Council in respect of the 30 June 2014 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

Matters Relating to the Electronic Publication of the Audited Performance Statement

This auditor's report relates to the performance statement of the South Gippsland Shire Council for the year ended 30 June 2014 included both in the South Gippsland Shire Council's annual report and on the website. The Councillors of the South Gippsland Shire Council are responsible for the integrity of the South Gippsland Shire Council's website. I have not been engaged to report on the integrity of the South Gippsland Shire Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this statement. If users of the performance statement are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited performance statement to confirm the information contained in the website version of the performance statement.

MELBOURNE
25 September 2014


Dr Peter Frost
Acting Auditor-General



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