

SOUTH GIPPSLAND SHIRE COUNCIL

Annual Report 2016/17



*South Gippsland
Shire Council*

2016/17



Our Vision

Communities in charge of their destinies
in partnership with Council

Our Mission

To achieve a resilient and sustainable community

Welcome

South Gippsland Shire Council is committed to transparent reporting and accountability to its community. This Annual Report provides a detailed account of Council's achievements, challenges and performance measures for the 2016/17 financial year.

In accordance with the Victorian *Local Government Act 1989*, all councils are required to present an Annual Report to the Minister of Local Government by 30 September each year.

This report also demonstrates the breadth of Council's operations and the diversity of services provided to the community. A copy of the report is available on Council's website at www.southgippsland.vic.gov.au

Our Values

- Integrity
- Community Engagement
- Collaboration
- Innovation and Achievement
- Openness and Honesty
- Equity
- Diversity and Inclusion

You Asked - Council Delivered

Continue advocating for funding/grants to deliver significant projects we want – rehabilitate the Port Welshpool Long Jetty, revitalise Leongatha including the former railway precinct, work with us to improve the Korumburra centre streetscape and the Foster streetscape.

- Port Welshpool Long Jetty - Federal and State funding secured. Contracts signed and evaluated
- Leongatha heavy vehicle alternate route - complete
- Master Plan Bair Street - complete
- Foster Streetscape - State Government funding secured, project underway

Advocate for vital local projects other government agencies must deliver – improving safety of the Black Spur bends on the South Gippsland Highway at Koonwarra and securing sustainable water for our Northern towns.

Federal and State Government funding secured for South Gippsland Highway Koonwarra Black Spur Bends Road Realignment project.

Northern Towns Water Security project funded by the State Government and works commenced.



Work with us to progress the Arts and Culture Policy to the next important step of adopting an Arts & Culture Strategy.

- Art, Culture & Creative Industry Strategy 2017–2021 adopted by Council in May 2017.

Celebrate with us all the hard work put in by many people and many agencies to open the Karmai Community Children's Centre.

Karmai Community Children's Centre in Korumburra fully operational and officially opened on 10 March 2017.

Council contributed \$2M to the \$5.3M total cost of the centre, while the Karmai Community Children's Centre raised \$100,000.



Our Libraries need to be reviewed and a plan developed to service community needs now and into the future.

Briefing was presented to Council on future options for library services in June 2017. A decision on future service delivery will be undertaken by West Gippsland Regional Library Corporation.

You Asked - Council Delivered

Continue to find ways to reduce Council expenditure that will in turn lower the pressure on rates we need to pay.

New technologies have led to significant reductions in paper, printing and distribution costs through paperless Council agendas, minutes and briefing papers, while also saving trees. Ongoing annual cost savings are being achieved through Council's collaborative risk management and internal audit shared services with Baw Baw Shire.

There is a real need for footpaths around Mirboo North to be constructed for mothers with prams and school aged children to get safely to school.

Footpath works were completed in 2016 for Balook Street, adjacent to the primary school, closing a gap in the network at that location.



Please continue to work with us towards establishing an Equestrian Centre at Stony Creek.

Progressing the development of a business case for an Equestrian Expo Centre, is now a strategy in the 2017–2021 Council Plan.

We want the community to have more involvement in determining where funds are spent.

Council actively involved the four communities of Foster, Korumburra, Mirboo North and Venus Bay in a Community Budgeting Project that resulted in the local communities selecting nine projects to be funded with the \$1.6M allocated by Council.

On-line community engagements, public presentations to Council and community workshops identified numerous priorities that have been incorporated into the Annual Budget and into the 2017–2021 Council Plan.



Advocacy

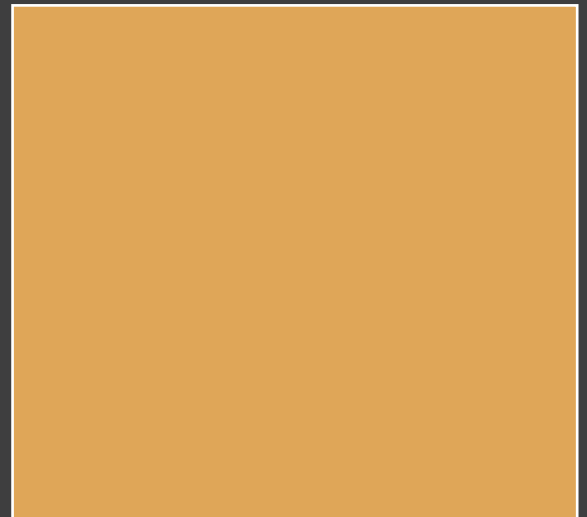
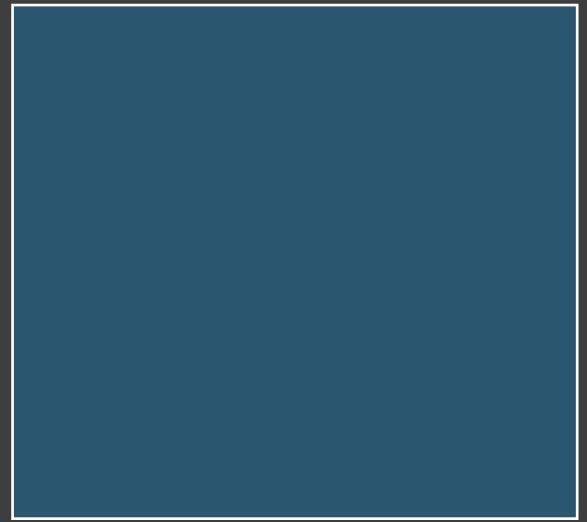
Council actively advocates on behalf of its community. It approaches other levels of government and other funding and support agencies to assist with projects that are of benefit to South Gippsland.

The nature of advocacy is that the results of the work do not generally come to fruition in the year that the advocacy took place. Over the past few years Council has successfully lobbied for projects listed below, totalling in excess of \$152M.

Black Spur South Gippsland Highway realignment	\$50.0M	Leongatha Football Netball Club - outdoor Netball courts development	\$300,000
Northern Towns Water Connection Project	\$43.0M	Mirboo North Soccer Club lights	\$260,000
Loch, Poowong, Nyora sewerage connection	\$20.0M	Leongatha Children's Centre upgrade	\$250,000
Port Welshpool Long Jetty	\$10.8M	Korumburra Bena Football Netball Club lights	\$240,000
Karmai Community Children's Centre	\$5.2M	Foster War Memorial Arts Centre	\$220,000
Leongatha Heavy Vehicle Alternate Route:	\$5.1M	Leongatha Golf Club irrigation	\$220,000
Great Southern Rail Trail extension – Toora to Port Welshpool	\$2.9M	Nyora Recreation Reserve - oval development	\$210,000
Great Southern Rail Trail Black Spur missing link	\$1.9M	Yanakie Automated Weather Station	\$200,000
Foster Streetscape Project	\$1.4M	Arthur Sutherland (Welshpool) Recreation Reserve stadium floor upgrade	\$200,000
Strzelecki Highway overtaking lane (between Leongatha and Mirboo North)	\$1.3M	South Gippsland Rural cricket facilities	\$197,000
Sandy Point Community Centre	\$1.3M	Meeniyan Mechanics' Institute	\$185,000
Sealing of the remaining section of Grand Ridge Road at Trida	\$775,000	Agnes Falls Scenic Reserve - new rotunda and toilet block	\$180,000
South Gippsland sustainability work and E-community	\$620,000	Leongatha Knights Soccer Club - lights and pitch upgrade	\$180,000
Toora Railway Park Reserve	\$500,000	TP Taylor Recreation Reserve - enhancement project	\$177,000
Poowong Pool refurbishment	\$450,000	Meeniyan Recreation Reserve - community play space	\$140,000
Leongatha Skate Park	\$430,000	Korumburra Bowls Club	\$140,000
Yanakie Recreation Reserve	\$400,000	Supervised School Crossing - Fish Creek Primary School	\$120,000
Bridges Renewal Project - Allambee Estate	\$400,000	Fish Creek - netball courts	\$120,000
Venus Bay shared path	\$350,000	Foster Football Club lights	\$120,000
Nyora Public Hall	\$340,000	Port Welshpool precinct Master Plan	\$120,000
Powneys Road bridge	\$320,000		

**\$152M
achieved**

Municipal Fire and Emergency Management Resourcing	\$110,000
Korumburra Training Centre of Excellence	\$110,000
Agricultural resilience and shared climate change opportunities in Southern Gippsland	\$107,000
Foster Flood Study	\$100,000
Stockyard Creek footbridge	\$100,000
Nyora shared pathway	\$100,000
Toora shared pathway	\$100,000
Investigation into the impact of climate change on seawalls	\$89,500
Corner Inlet lookout	\$85,000
Coal Creek Feasibility Study	\$80,000
Leongatha public place recycling	\$70,000
NBN rollout to South Gippsland	
Mobile telecommunications blackspots in South Gippsland (11 towers being rolled out)	
State Government roads in South Gippsland	
South Gippsland Highway (Crightons Hill, Leongatha North) road safety improvements	
Burra Foods factory expansion - \$20M project	
Pennicott's Wilderness Journeys: new tourism product at Wilsons Promontory	
Expansion of herb producer Freshzest at Pound Creek	
Energy upgrade of Murray Goulburn's Leongatha plant from briquettes to natural gas - \$22M project	



A Prosperous Shire

2013–2017 Council Plan Achievements

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

- Council supported local farmers and affected industries through the 'milk price' struggle, by providing \$41,990 in the Dairy Tight Times Support Events grant funding.
- Council delivered a series of sustainability programs to assist local producers to improve the productivity of their yields through better land management practices.

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

- Council targeted strategic advocacy efforts towards achieving 'Priority Projects' that without the funding assistance of other levels of government would likely never have been achieved. Successes include:
 - › Karmai Community Children's Centre, completed December 2016;
 - › Extensions to and further development of the Great Southern Rail Trail;
 - › Funding secured for the Black Spur/Koonwarra realignment of South Gippsland Highway;
 - › Leongatha Revitalisation - including completion of the realignment of the South Gippsland Highway along the Alternate Route;
 - › Corner Inlet Tourism Project – including Agnes Falls scenic reserve re-development and securing funding for the Port Welshpool Long Jetty restoration.

Objective 1.3 - Improve the sustainability of the local and regional environment

- Council provides a 'Green Waste' service for over 7,200 properties and a free green waste disposal service between November and December, allowing people to clear up their properties to make them safer before the fire season begins.
- Council played an advocacy support role in securing an affordable transition from septic to sewerage provision for the Northern Towns in the Shire.
- Employment of an engineer to undertake in-house design of road improvements and replacing contracts with an in-house team has exponentially increased the kilometres of roadsides maintained and weeds reduced. Demonstrated savings of \$30,000 per year.

COUNCIL PLAN INITIATIVES ACHIEVED

88%

7 OUT OF 8 COUNCIL OBJECTIVES

Achievements for 2016/17

- \$76M invested of approved building work, up five per cent.
- 1,126 kilometres of roadside weed spraying completed, well above target of 200 kilometres.
- Six shovel-ready projects have been designed and approved for construction and six footpath extension projects.
- 7,246 properties serviced for kerbside green waste collection.
- 8,146 tonnes of garbage, recyclables and green waste collected, compared to 7,814 tonnes in the previous year (four per cent increase).
- 16,930 tonnes of waste disposed of at the Koonwarra landfill.
- 6,098 cubic metres of landfill airspace saved through the use of a landfill tarp cover system, rather than daily soil cover.
- 77 per cent of planning applications were decided within required time frames.
- Federal and State Government funding secured for the Port Welshpool Long Jetty project.
- Leongatha Revitalisation project:
 - › Leongatha heavy vehicle alternate route - complete;
 - › Master Plan Bair Street - civil design is nearing completion, process of sourcing external funding from State Government has commenced;
 - › Master Plan undertaken for former rail yards - underway;
 - › Economic analysis to support future grant funding applications - complete;
 - › Anderson Street works - commenced.
- State funding received for Foster Streetscape. Contract awarded and construction commenced.
- Wastewater Compliance officer appointed - implementation of Council's Domestic Wastewater Management plan commenced.
- Road Management Plan 2017 and the Waste Management Strategy 2017–2021 were adopted by Council on 28 June 2017, to improve road infrastructure and waste sustainability measurements.

Closely Connected Communities

2013–2017 Council Plan Achievements

Objective 2.1 - Engage and work collaboratively with our community

- \$1.3M in Community Grant funding provided in the last five years.
- \$89,195 was provided for Small Emergency Grant funding to local groups within the Shire.
- Commenced planning for the Active Ageing Plan 2017–2021.
- Council worked closely with communities in Mirboo North and Foster to establish sustainable child care services, following the collapse of a private provider.
- Council introduced an on-line community engagement solution to engage with community members to provide ideas for Annual Budgets and the new Council Plan. Many of the ideas raised and voted on achieved funding as a direct result of the new mix of engagement activities.
- Extensive community consultation resulted in a \$430,000 Skate Park completion in Leongatha – the brainchild of our local teenagers who also participated in the planning and development stages.
- Council supported our emergency services and other government agencies during, and following, fires and floods through the Shire. Council's heavy machinery, sent in to help Parks Victoria with 'The Prom' flood evacuation, became isolated when the bridge collapsed, yet it played a vital role in rehabilitating roads and bridges that would otherwise not have been repaired until after the bridge was rebuilt.
- A centralised Kindergarten enrolment system was established for parents to complete a single enrolment form to nominate kindergarten preferences and simplifying the process.

COUNCIL PLAN INITIATIVES ACHIEVED

100%

5 OUT OF 5 COUNCIL OBJECTIVES

Achievements for 2016/17

- \$341,960 was provided to fund 146 Community Grant applications.
- 27,852 hours of Home and Community Care was provided to older people and people with a disability.
- Eleven projects are listed in the Community Directions Statement, with funds agreed in the 2017/18 Annual Budget. These projects spread across Fish Creek, Stony Creek, Nyora, Venus Bay, Toora, Mirboo North, Korumburra and Sandy Point.
- Successful Community Engagement conference held in June 2017 with 50 community groups represented.
- Art, Culture & Creative Industry Strategy 2017–2021 adopted by Council in May 2017.
- Community consultation with key stakeholders conducted in April 2017 to assist with the development of the Municipal Public Health & Wellbeing Plan 2017–2021.
- South Gippsland Liquor and Gambling Strategy adopted by Council in June 2017 for the health and protection of our people within the Shire.
- 2,793 vaccines administered, up 49 per cent compared to the previous year.
- A 95 per cent average immunisation rate for children 0-6 years compared to a state average target of 95 per cent.
- 127,553 visitations to our Shire's libraries with a total of 10,073 memberships.

Integrated Services & Infrastructure

2013–2017 Council Plan Achievements

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

- Council worked with the community and local service providers to plan, fund and build the Karmai Community Children's Centre. This facility is now a vibrant venue delivering a range of services for our young people.
- Council has retained its indoor and outdoor pools and worked with each community to preserve these dearly loved community facilities. Increased patronage has resulted and further planned development is underway.
- Council worked closely with VicRoads to improve the local and regional road network. Improvements are continually required, but many of the worst areas have been repaired.
- Council has supported numerous sporting clubs and community groups from across the Shire to access Council grants and State Government funding streams to improve local facilities and community events.
- A Municipal Early Years Plan - Children and Families 2016–2021, was developed with key stakeholders and adopted by Council in June 2016.
- \$4.7M Federal Government funding for the 'Roads to Recovery Program' was achieved and implemented.
- \$1.86M spent in Waste Management projects including:
 - › Koonwarra Landfill cell 4 Construction - will accommodate approximately five to six years worth of waste.
 - › Mirboo North and Mossvale Park Recycling Project - replacement of litterbins with new public place recycling bin enclosures with the aim to divert waste from landfill and recover materials for recycling.

**COUNCIL PLAN INITIATIVES
ACHIEVED
75%
3 OUT OF 4 COUNCIL OBJECTIVES**

Achievements for 2016/17

- 77 per cent of grant applications submitted to State and Federal program funding were successful, above our target of 30 per cent.
- 91 per cent of the Capital Works Civil Program has been completed, well above the target of 80 per cent.
- \$5.28M spent in road infrastructure, sealing and road rehabilitation programs.
- Community events held on Sustainability, Waste and Solar education for local businesses within the Shire.
- Memoranda of Understanding signed with local energy groups, resulted in 14 energy/renewable events with approximately 1,300 people in attendance.
- Karmai Community Children's Centre in Korumburra fully operational and officially opened on 10 March 2017. The centre provides quality accessible child care, kindergarten, maternal child health care and out of school care to South Gippsland Shire residents.
 - › Cost of Centre - Council contributed \$2M to the \$5.3M total cost of the centre, with \$1.6M each contributed by the Federal and Victorian governments. \$100,000 was raised by the Karmai Community Children's Centre.
 - › Job creation - 21 jobs were created during the construction phase of the project and 40 ongoing jobs have been established in operating the Centre.

A Leading Organisation

2013–2017 Council Plan Achievements

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

- Maintaining financial sustainability strategies has continued to strengthen Council's strong financial position. This has been achieved while experiencing significant State Government led freezes on grant funding and rate capping, along with transfer of State responsibilities to Local Government; all resulting in significant reductions of income.

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

- Innovation in service delivery and exploring shared service models has resulted in significant savings. While some of these savings have been used to keep the rates as low as possible, Council has also invested these funds into new services and asset expansion projects desired by the community.
- Council has established a shared service delivery model with Baw Baw Shire Council for its risk management and auditing services, resulting in \$30,000 per annum reduced operating costs in service delivery.

**COUNCIL PLAN INITIATIVES
ACHIEVED**

88%

7 OUT OF 8 COUNCIL OBJECTIVES

Achievements for 2016/17

- A new Council was elected in October 2016, with six new Councillors introduced for the next four year term.
- The 2017/18 Annual Budget, containing the Annual Plan initiatives and the Long Term Financial Plan, was adopted by Council on 28 June 2017.
- Council Plan 2017–2021 adopted by Council on 28 June 2017.
- The Long Term Financial Plan is financially sustainable.
- Live streaming introduced at Council meetings in May 2017, allowing community members to access Council meetings on-line.
- There were 76 public presentations and 101 speakers presented to Council, while 168 people observed the Council meetings in the gallery.

The following community engagement activities took place and informed the 2017/18 Annual Budget and future Council Plan 2017–2021:

2017/18 Annual Budget and Council Plan 2017–2021

- Online forum and individual public presentations to Council;
- Annual Community Satisfaction Survey results;
- Section 223 hearing of submissions to the Proposed 2017/18 Annual Budget and Council Plan 2017–2021.

Our Challenges

- The Minister for Local Government announced an inflation-based cap to annual increases to the rates base for the foreseeable future.
- Due to this change in legislation, Council will receive \$37.8M less in rates and charges revenue over a 14 year period in comparison to the previously adopted 2015/16 Budget and Long Term Financial Plan.
- Council's focus on improving productivity and achieving efficiencies will, in part, offset the anticipated loss of revenue in future years. The community will be invited to provide suggestions on the priorities for future investment, given this restriction in funding.
- Competing with other regional councils for State/Federal Government grant funding for Council projects.
- Continuing cost savings initiatives, by pursuing shared services and other services in delivery.
- Strategic planning for Council's caravan parks.
- Providing the level of support necessary to assist with Section 86 Committee responsibilities.
- Managing the community's expectations of funding for new infrastructure, such as building upgrades, as higher service levels are sought from Council.
- Addressing community concerns with the Strategic Review of Landholdings Project in order for them to develop an understanding of the project's objectives and benefits.
- Knowledge and management of non-Council assets on Council land.
- Costs associated with managing a large property and aged building portfolio.
- Managing social media and communications.
- Planning for the digital environment.
- Considering how best to manage the responsibility of seawalls.
- Recognise climate change and adapting to meet this challenge.
- Planning for the reduction of Roads to Recovery Funding from 2017/18 onwards.
- Reviewing the Recreation Strategy, Open Space Strategy, and the Paths and Trails Strategy.



Our Future

- The organisation has been restructured to position itself for the future. The better use of technology to support service delivery is a key element aimed at increasing the efficiency and effectiveness of service delivery.
- Council is using a 'Value Stream Mapping' process to improve efficiencies and productivity. This project will work towards improving connectivity between systems within Council.
- The future funding of the Home and Community Care Service by the Federal Government has been reviewed. Council will need to consider the best way to respond to the government changes planned for this service.
- Slight but steady population growth is expected in future years for the Shire. The Nyora and Korumburra area are anticipated to have the highest levels of growth, now that reticulated sewerage is provided and rezoning subdivision completed. The 2016 ABS Census will assist with understanding population growth in these towns.
- The Gippsland Local Government Network is undertaking a regional benchmarking project of internal services that will allow us to compare information, collaborate on better ways to work together and pursue best practice improvements to the delivery of services.
- Commencement of the Port Welshpool Long Jetty redevelopment project, will provide potential for increased tourism when complete.
- All Section 86 delegations will be reviewed to streamline processes and to provide the level of support necessary to assist with Section 86 responsibilities.
- Transition into a paperless office environment.



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1.1 MESSAGE

TO THE MINISTER FROM THE MAYOR

Dear Minister,

I would like to take this opportunity to commend this report to you. The Annual Report on the activities of South Gippsland Shire Council for 2016/17 is a fitting record of the past year. As this is the final year of the 2013–2017 Council Plan, the report also highlights achievements of the four year term of the Council.

The 2016/17 year saw the opening of the Karmai Community Children’s Centre in Korumburra as well as commencement of a number of priority projects. At the time of writing the Foster Streetscape is nearing completion, the Anderson Street component of the Leongatha Revitalisation has commenced, the contracts have been signed for the Port Welshpool Long Jetty rehabilitation and VicRoads is working with the community on the realignment of the Black Spur bends at Koonwarra. Additionally, we have undertaken extensive community consultation on the improvement of Bair Street in Leongatha and the Korumburra town centre.

One of the highest profile projects for 2016/17 was the Community Capital Works Allocation Project. Council allocated \$400,000 each to Foster, Korumburra, Mirboo North and Venus Bay and provided a process by which the community could determine the prioritised allocation of funds.

I would like to thank both our outgoing Councillors and the incumbent Councillors for their commitment to South Gippsland Shire Council, particularly for their ongoing efforts on behalf of our community. I also thank businesses, members of community groups and Council officers who have all contributed to improving the liveability and amenity of South Gippsland.

I am particularly pleased with the ability of South Gippsland Shire Council to work with other agencies to achieve great outcomes for our community. As an organisation we do extremely well in advocating to other levels of government in order to garner support for our key projects. Whether it’s the Port Welshpool Long Jetty or the Karmai Community Children’s Centre, Council would not be in a position to provide these facilities without external resources. It is a credit to everyone, officers, Councillors, community members, that our advocacy efforts are so well rewarded.

I know I speak on behalf of my fellow Councillors when I thank Council officers for their commitment and support as we got our heads around our new roles. I look forward to working productively with them over the remainder of our term.

I would also like to thank the community for placing its trust in the nine of us: we will continue to do our best to fulfil our commitment.



Cr Ray Argento
Mayor
South Gippsland Shire Council

MESSAGE

TO THE MINISTER FROM THE CEO

Dear Minister,

The last twelve months has seen us farewell one Council group and welcome in a new Council. South Gippsland voters elected six new Councillors and the three they returned has each served a single term.

The 2016/17 financial year has seen the culmination of many projects pursued over the past four years by the retiring Council and the commencement of many exciting new directions and projects established by the new Council. This Annual Report measures South Gippsland Shire Council's performance against the objectives of the 2013–2017 Council Plan and the 2016/17 Annual Budget.

As Chief Executive Officer I am proud of the manner in which the organisation has supported our new Council, equipping the Councillors with the support and resources required to frame their 2017-2021 Council Plan and 2017/18 Annual Budget. I am also proud to have established and maintained an appropriate organisational structure, ensuring that Council decisions are implemented quickly and efficiently.

Overall, this year we have delivered on 88 per cent of the 2016/17 Annual Initiatives commitments. The Mayor has highlighted a number of these significant achievements in his message. The dedicated efforts of Councillors, staff, volunteers and community members have contributed to achieving these great outcomes for the Shire.

At the end of June 2017, Council's financial position remains strong with more than \$530M of community assets under Council's stewardship. The operating result of \$12.86M is stronger than the budgeted \$5.67M, due primarily to the timing of the receipt of grant payments from the Victorian Grants Commission. Council's underlying operating income and expenditure were within 107 per cent and 97 per cent respectively of the Annual Budget adopted in June 2016. Council's Long Term Financial Strategy forecasts continued surpluses over the next 15 years, providing a sustainable level of funding for the refurbishment and replacement of community assets.

I would like to take the opportunity to acknowledge the terrific South Gippsland Shire Council staff and volunteers who have worked towards delivering our Council's vision and providing excellent service to our community.



Tim Tamlin
Chief Executive Officer (CEO)
South Gippsland Shire Council

1.2

2016/17 Achievements



19,533
rateable properties



1,188 km
of sealed & unsealed roads
maintained



\$341,960
in community
grant funding



432
planning applications



3,963
tonnes of waste



4,183
tonnes of recyclables
collected



160,514
visits to aquatic
facilities



145 km
of footpaths



207,123

**library collection
loans**

127,553

library visits

- > 58,514 Leongatha
- > 24,812 Korumburra
- > 19,096 Foster
- > 17,326 Mirboo North
- > 5,696 Poowong
- > 1,644 South Coast Mobile
- > 465 Nyora Mobile

10,073

library members

- > 4,644 Leongatha
- > 1,950 Korumburra
- > 1,285 Mirboo North
- > 1,437 Foster
- > 398 South Coast Mobile
- > 311 Poowong
- > 48 Nyora Mobile



12,818

**meals on wheels
delivered**

27,852

**HACC hours of support
provided**

- > 15,214 Domestic Assistance
- > 4,821 Personal Care
- > 4,095 Assessment
- > 2,847 Respite
- > 875 Property Maintenance



1,143

**children enrolled for
Maternal Child & Health**

2,793

**number of vaccinations
provided**

- > 466 0-6 child
- > 1,692 7-18 adolescent
- > 17 19+ adult
- > 618 flu program

95%

**immunisation average rate
for children 0-6 years**

- > 95.7% 12 - < 15 months
- > 93.0% 24 - < 27 months
- > 94.6% 60 - < 63 months

1.3 FINANCIAL OVERVIEW

FINANCIAL OVERVIEW

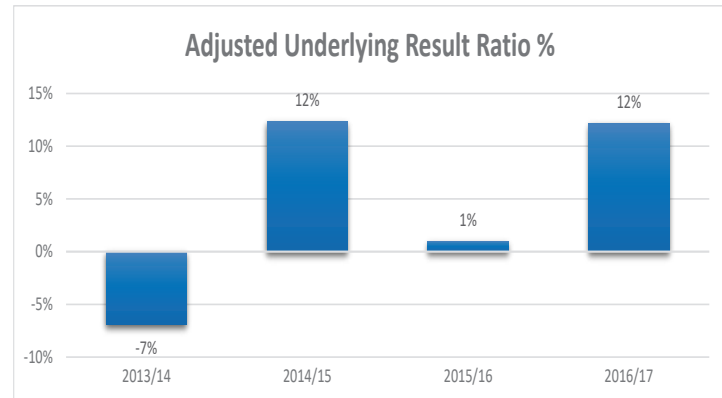
Council's financial position continues to remain sound. Our performance is summarised below. Detailed information relating to Council's financial performance is included within the Financial Statements and Performance Statement sections of this Report.

Operating Position

Council achieved a surplus of \$12.86M in 2016/17. This surplus compares favourably to the prior year surplus of \$4.23M. Per the Comprehensive Income Statement in the Financial Report, the favourable variance is mainly due to the Australian Accounting Standard requirement to recognise Victorian Grants Commission allocations in the year that they are received rather than the year to which they relate.

The adjusted underlying surplus of Council, after removing non-recurrent capital grants, cash capital contributions and non-monetary capital contributions, is a surplus of \$4.48M or (12 per cent) when compared to adjusted underlying revenue.

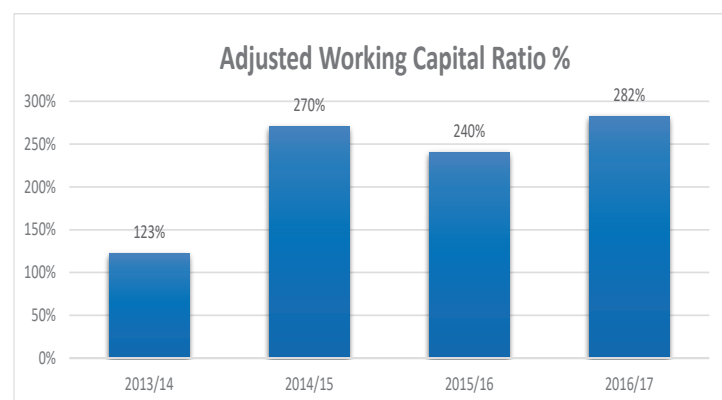
The ratio compares favourably to the prior year result of 1 per cent. Again, this indicator is impacted by the Australian Accounting Standard requirement to recognise grant income as revenue when Council receives the grant. Sustaining an adjusted underlying surplus is a critical financial strategy that provides capacity to renew over \$500M of community assets under Council's control.



Liquidity

Cash (this includes 'cash and cash equivalents' and 'other financial assets') has increased by \$8.04M from the prior year. The working capital ratio which assesses Council's ability to meet current commitments is calculated by measuring Council's current assets as a percentage of current liabilities.

Council's result of 282 per cent is an indicator of a satisfactory financial position and within the expected target band of 100 per cent to 300 per cent.

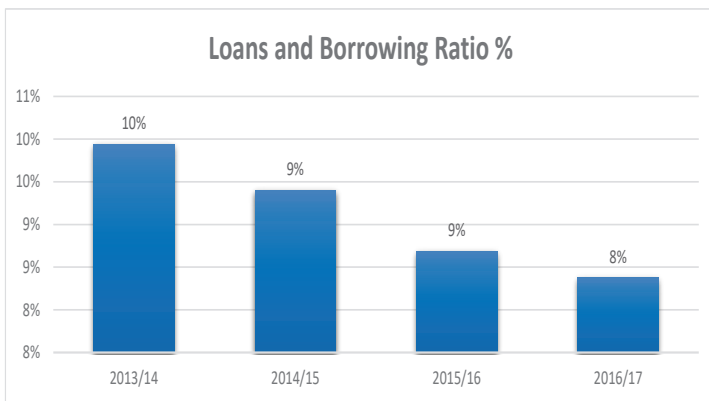
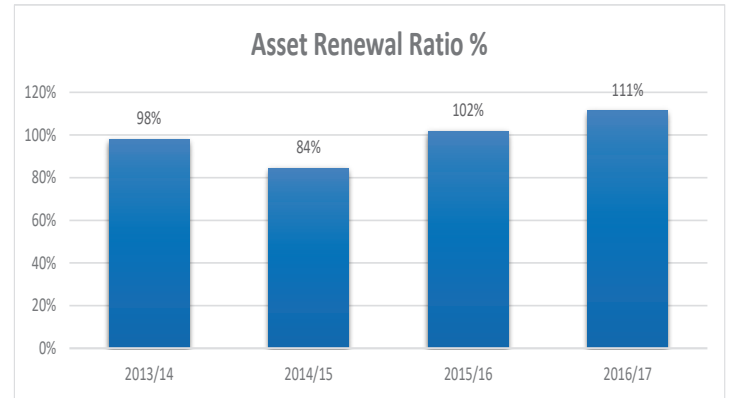


Obligation

Council aims to ensure that it is able to maintain its infrastructure assets at the expected levels, while at the same time continuing to deliver the services needed by the community. To bridge the infrastructure gap, Council invested \$12.96M in renewal works during the 2016/17 year.

At the end of the 2016/17 year, Council's debt ratio which is measured by comparing interest bearing loans and borrowings to rate revenue was 8.37 per cent which indicates that Council has no concern over its ability to repay debt.

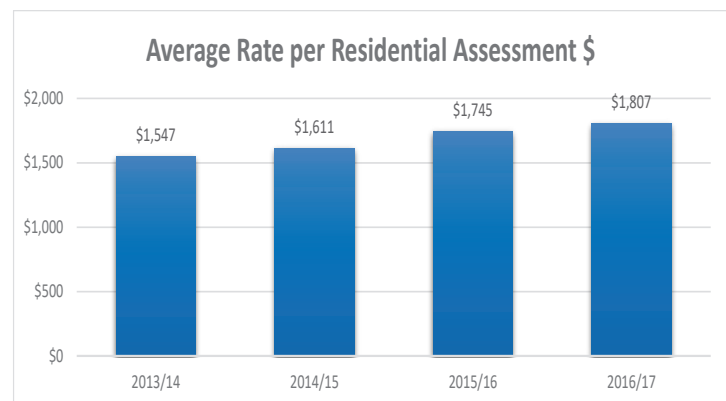
Council's asset renewal ratio, which is measured by comparing asset renewal expenditure to depreciation, was 111 per cent, which exceeded the expected target band of 90 per cent to 110 per cent.



Stability and Efficiency

Council raises revenue through provision of a range of services including rates, user fees, fines, grants and contributions. Council's rates concentration which compares rate revenue to adjusted underlying revenue was 58 per cent for the 2016/17 year which is in the mid-range of the expected target band of 40 per cent to 80 per cent.

The average rate per residential assessment is \$1,807 which includes both the rates and the garbage charge.



ECONOMIC FACTORS

Council was faced with a financial challenge following the introduction of the State Government's 'Fair Go Rates System', which capped Council rates to the rate of inflation. This was set at 2.5 per cent for 2016/17. As a result of rate capping Council was forecast to receive \$37.8M less rates and charges revenue over a 14 year period when the 2016/17 Budget/Long Term Financial Plan was compared to the 2015/16 Budget/Long Term Financial Plan.

MAJOR CHANGES

The Council elections held in October 2016 resulted in a significant change in Councillors. Six new Councillors were elected, along with three returning Councillors. The new Council was sworn in on 9 November 2016 with the election of the Mayor and Deputy Mayor held on 16 November 2016.

An intensive Councillor Transition Program was provided to guide the new Council through the roles and responsibilities attributed to them through the *Local Government Act, 1989*.

The new Council also had tight legislated timelines to update and re-adopt the Councillor Code of Conduct and develop the four year Council Plan, including the four year Strategic Resource Plan, which sets the direction for the Shire's future. The new Council achieved all of these requirements by contributing many hours to considering community requirements and balancing these with the responsible allocation of resources to deliver them.

DESCRIPTIONS OF OPERATIONS

South Gippsland Shire Council is responsible for more than 100 diverse services, ranging from family and children's services, sealed and gravel road maintenance, open space and recreation services, youth facilities, waste management and community buildings; to matters concerning economic development, land-use planning, customer service and ensuring accountability for Council's long term financial sustainability.

This broad range of community services and infrastructure for residents supports the wellbeing and prosperity of South Gippsland's community. Council's vision, strategic objectives and strategies to further improve services and facilities, are described in the Council Plan 2013–2017 and the associated Annual Budget 2016/17, and reported on in this document. Refer to the section on 'Reporting' for more information about Council services.

The delivery of services, facilities, support and advocacy to achieve the strategic objectives is measured by a set of service performance indicators and measures. Council also has a wide range of responsibilities under Victorian and Federal legislation.

Council adopted a new Council Plan 2017–2021 in June 2017 with which future reporting will be aligned.



1.4 MAJOR CAPITAL WORKS

Buildings

Seven projects
\$2.9M spent including:

Karmai Community Children's Centre

- Completion of the new 1,400m² Community Children's Centre in December 2016 including outdoor play space, landscaping, access road, and 34 car parking spaces
- Official opening of the Centre occurred on 10 March 2017

Public Toilet Reconstruction

- Sandy Point Toilet and Waratah Bay Toilet

Renewal Program

- Coal Creek atrium roof replaced
- Leongatha Memorial Hall painted internally and externally
- Poowong swimming pool amenities upgrade, due for completion August 2017
- Leongatha Memorial Hall meeting room toilets upgrade, due for completion early August 2017

Bridges Rehabilitation Program

Twenty five projects
\$264,862 spent including:

Program includes major culvert repairs, bridge repairs, and structural investigations.

This financial year 25 major culverts have been repaired, with some of the major works at:

- Clear Creek Road, Mirboo.
- Falls Road, Fish Creek.
- Leongatha Yarragon Road, Leongatha North.
- Silkstone Road, Korumburra.

Footpaths

Twelve projects
\$645,539 spent including:

Extensions

- Nelson Street, Foster
- Jones Street, Foster
- Pioneer Street, Foster
- Drouin Road, Poowong
- Allison Street, Leongatha

Renewal

- Brumley Street, Leongatha
- Watt Street, Leongatha
- Gray Street, Leongatha
- King Street, Korumburra
- George Street, Korumburra
- Mine Road, Foster (kerb and channel)
- Harriet Street, Toora (kerb and channel)

Paths & Trails Strategy

- 2010 Paths and Trails Strategy review commenced in May 2017

Guardrail Replacement

One project
\$47,476 spent:

- Lower Toora Road, Bennison

Playgrounds & Pools

Seven projects
\$230,000 spent including:

Installation of new playground equipment at:

- Fish Creek Kindergarten
- Fish Creek Recreation Reserve
- Arthur Bentley Reserve, Leongatha

Splash Hydrotherapy pool, Leongatha

- Business case developed

Sand filters replenished at Korumburra and Toora pool

Poowong pool plant room refurbished

Culverts & Drainage

Nine projects
\$166,573 spent including:

Culverts

- Markleys Road, Mirboo North
- Stewart & Dunlops Road, Middle Tarwin

Drainage

- Poplar Court, Sandy Point
- Shellcot Road, Korumburra
- Bruce Street, Leongatha
- River Drive, Tarwin Lower
- Baromi Road, Mirboo North
- Tramway Street, Port Franklin
- Station Street, Foster

Roads

Seventeen projects

\$5.3M spent including:

Foster Streetscape

- Full street reconstruction between Pearl Park and Station Road, including new asphalt road pavement, drainage, kerb and channel, footpath, and street furniture. Due for completion late 2017

Foster Carpark

- Construction of a new carpark adjacent to Stockyard Creek

South Road, Loch

- Full road reconstruction and sealing of the 2.3km unsealed section abutting Loch-Poowong Road

Anderson Street, Leongatha

- Construction of service road at the Melbourne town entrance to Leongatha including associated South Gippsland Highway pavement widening works
- Due for completion September 2017

Hudsons Road, Leongatha South

- Installation of new major and minor culverts in preparation for the reconstruction and sealing of 3.1km of the unsealed section in 2017/18

Korumburra Cemetery Car Park

- Reconstruction and asphaltting of the car park on Kardella Road

Road Rehabilitation Program

- Loch-Wonthaggi Road, Loch
- Ashenden Street, Leongatha
- Koonwarra Pound Creek Road, Koonwarra
- Main Street, Stony Creek
- Stony Creek Dollar Road, Stony Creek

- Old Waratah Road, Fish Creek
- Bass Valley Road, Bena
- Walkerville Road, Tarwin Lower
- Berrys Creek Road, Berrys Creek
- King Street, Korumburra
- Little Commercial Street, Korumburra

Blackspot Program

Six projects

\$2.4M spent including:

Road projects funded through the Blackspot Program initiative:

- Loch Poowong Road, Loch
- Loch Wonthaggi Road, Loch
- Lower Toora Road, Toora
- Mount Eccles Road, Wild Dog Valley
- Walkerville Road, Tarwin Lower
- Leongatha Yarragon Road, Leongatha North

Recreation

Three projects

\$1.3M spent including:

Leongatha Recreation Reserve

- Upgrade of car parking, access roads, drainage, and footpaths

South Gippsland Rural Cricket Facilities

- Nyora practice cricket net facilities
- Koonwarra practice cricket net facilities and drainage improvements

Leongatha Golf Club

- Installation of new irrigation system and associated infrastructure

Waste Management

Two Projects

\$369,445 spent this financial year - total of \$1.86M for complete projects over 2015/16 and 2016/17 years including:

Koonwarra Landfill cell 4 construction

- New landfill cell completed early in 2016/17 financial year which will accommodate approximately five to six years' worth of waste

Mirboo North and Mossvale Park Recycling Project

- Successful completion of the replacement of litterbins with new public place recycling bin enclosures, with the aim of diverting waste from landfill and recovering materials for recycling (grant funded project)

Asset Management

Asset Management Policy and Strategy

- Revised policy and strategy adopted by Council on 26 April 2017

Road Management Plan (RMP) 2017

- Revised 2017 RMP adopted by Council on 28 June 2017
- Changes report completed in accordance with legislative requirements. CEO sign off obtained in accordance with Road Management Regulations 2016

Road Infrastructure Asset Management Plan

- Review complete and Council briefed on 19 April 2017

1.5 COMMUNITY GRANT FUNDING

South Gippsland Shire Council's Community Grants Program supports community initiatives that enhance the quality of life, heritage, recreation and cultural opportunities for South Gippsland residents.

All applications were assessed under programs and categories listed below:

- Quick Response Grants Program;
- Small Emergency Grants Program;
- Dairy Tight Times Support Events Program;
- Community Grants Program categories;
- Minor Projects and Equipment;
- Celebrations, Festivals and Events;
- Major Projects; and
- Planning and Development Studies.

Council received 146 applications and awarded \$341,960 in Community Grants. The successful applications are outlined below:

Community Grant Funding - Round 1

Total \$115,100

ROUND ONE Organisation	Project Details	Approved Funding (\$)
Meeniyan Golf Club Incorporated	Water Reticulation & Fairway Regeneration Project	10,000
Nyora Recreation Reserve Committee Incorporated	Essential Plumbing Works	10,000
Korumburra - Bena Football Netball Club	Outdoor Netball Court repair and resurface	9,000
Toora Swimming Pool	Shade Structure over barbecue area	8,500
Meeniyan Bowling Club Incorporated	Bowling Ahead at Meeniyan project	8,000
Tarwin Lower Mechanics Institute	Tarwin Lower Mechanics Institute Master Plan Development	6,000
Prom Coast Arts Incorporated	Artists in the Community	5,000
Stony Creek Racing Club Incorporated	Operation 'New Track Mower'	5,000
Leongatha Cycling Club	Leongatha Cycling Club Strategic Plan Development	5,000
Venus Bay Surf Lifesaving Club Incorporated	Venus Bay Enduro Ironman	5,000
Walter J Tuck Reserve	Updated Master Plan	5,000
Leongatha Golf Club	Leongatha Golf Club Solar Power	5,000
St Paul's Catholic Social Club	Mirboo North Italian Festa	4,000
Carols In The Drome	Carols In The Drome 2017	4,000
Mirboo North Schools Chaplaincy Committee	Erection of storage shed	4,000
Welshpool Recreation Reserve Incorporated	Bathroom Upgrade	3,400

ROUND ONE		Approved Funding (\$)
Organisation	Project Details	
Grow Lightly	Southern Gippsland Local Food Festival	3,000
Leongatha Lyric Theatre Incorporated	Essential improvements and works at Lyric buildings	2,900
Prom Coast Seachange Festival Incorporated	Seachange Festival 2017	2,500
Mirboo North Times Newspaper Incorporated	Addressing Health and Safety Issue	2,400
Mt Best Community Hall Association Incorporated	Replace sole heating unit	2,400
Leongatha Chamber of Commerce & Industry Incorporated	Leongatha Community Carnival	2,000
Nyora & District Development Association	Preserving Nyora's History project	1,000
Leongatha Horticultural Society Incorporated	Spring is South Gippsland	1,000
Leongatha Basketball Association	Player uniforms	1,000

Community Grant Funding - Round Two

Total \$133,700

ROUND TWO		Approved Funding (\$)
Organisation	Project Details	
Korumburra Golf Club	New Golf Club Shed	10,000
Leongatha & District Netball Association	Business Development Plan	10,000
Leongatha Auskick	Leongatha Velodrome Common Pavillon Development	10,000
Manna Gum Community House Incorporated	Foster Community Energy Project	10,000
Tarwin Lower & District Bowls Club Incorporated	Weather Shelters	10,000
Toora Bowling Club Incorporated	Club Refurbishment	10,000
Korumburra Golf Club	Strategic Business Plan	9,000
Leongatha Croquet Club Incorporated	Upgraded second hand lawn mower	8,000
Nerrena Public Hall Committee Incorporated	Nerrena Hall Bathroom and Entry Renovation	8,000
Welshpool Golf Club Incorporated	Removal of tree stumps and clean up	7,500
Corner Inlet Boxing Club	Purchase of a full size boxing ring	5,900
Leongatha Recreation Reserve	Leongatha Football Club Waste Trap	5,500
Korumburra Recreation Centre Management Committee	New Floor Washer	5,000
Leongatha Daffodil and Dairy Festival Committee	Daffodil & Dairy Festival	5,000
Strzelecki Public Hall Incorporated	Car Parking maintenance	3,500
Leongatha Community Garden	Kitchen Upgrade	3,300
Poowong Football & Netball Club Incorporated	New Function room chairs	2,500
Tarwin Lower Mechanics Institute	Paint project	2,500
Meeniyon Pony Club Incorporated	Arena Fencing (Phase 2)	2,500
Corner Inlet Pony Club Incorporated	Ride-on lawn mower	2,000
Mt Best Community Hall Association	Final cost	2,000
Leongatha Community House Incorporated	Health & Safety Upgrade State 1	1,500

Community Quick Response Grants

Total \$19,470

Organisation	Project Details	Approved Funding (\$)
Korumburra Tug of War Club	Tug of War event at the Korumburra Show	1,000
Mirboo North Arts	Cafe Culture Series 2017	1,000
South Gippsland Concert Band Incorporated	Drum Kit Transport Cases	1,000
The Hedley Connection	Hedley Connection Day - May 2017	1,000
Foster Cricket Club	Clubroom Verandah Blinds	850
Mirboo North Music Festival Committee	Mirboo North Music Festival	800
Meeniyen Golf Club Incorporated	New Years Eve Event	750
Milpara Community House Incorporated	Incorporation fees for the new 'The Station @ Korumburra' Working Group	750
South Gippsland Gemstone & Lapidary Club Incorporated	Replacement flooring	670
Fish Creek and District Primary School	Irrigation water system	650
Tarwin Lower Mechanics Institute Hall	Flag Pole	650
Fish Creek Kindergarten	Wilderness Kindergarten fence	600
South Gippsland Miners Baseball Club	Ground maintenance/upgrade	600
Lions Club of Korumburra Incorporated	New pole banners to the entrance of Korumburra	600
Mirboo Country Development Incorporated	Blessing of the Bikes 2016	600
Kongwak Community Group	Restoration of the Kongwak Avenue Honour/Permit Application funds	600
Milpara Community House Incorporated	Raising Awareness - 'Orange the World' Victoria Against Violence	600
Mirboo North United Soccer Club	Junior Soccer Nets	600
Korumburra Croquet Club Incorporated	Tech Savvy	500
Leongatha Rose Show Committee	45th Leongatha Rose Show Spectacular	500
Welshpool & District Advisory Group Incorporated	Refurbish Welshpool Rural Transaction Centre Shop Front	500
South Gippsland Shire Brass Band	Carols in the Drome 2016	500
Good Practice Good Health Incorporated	Out of the Blue play	500
Korumburra Gun Club	Funding to community member to attend the World Junior Skeet Titles in America	500
Grants Only Group Incorporated	Local Community News	450
Jeetho Hall	Giant Earthworm Survey	450
Welshpool Recreation Reserve Incorporated	Race Day Trophies	400
John Terril Park Recreation Reserve	Brush Cutter	400
South Gippsland Beekeepers	'Meet the Bees' Field Day	400
Fish Creek & District Primary School	Irrigation water system for vegetable garden and orchard	350
Welshpool Basketball Association Incorporated	Drive-in Movie Night	350
St Paul's Catholic Social Club	Exhibition Italian Festa	350

Small Emergency Grants

Total \$31,700

Organisation	Project Details	Approved Funding (\$)
Australian Volunteer Coast Guard Association - Port Welshpool	Replacement of stern drive on Vessel	5,000
Korumburra City Soccer Club	Urgent flood light repairs	5,000
Welshpool & District Advisory Group Incorporated	New photocopier	3,000
Tarwin Lower & District Community Health Centre	25th Anniversary Celebration and New Community Health Services and activities	2,750
Fish Creek Football & Netball Club Incorporated	Repair of Netball court	2,500
Port Welshpool & District Maritime Museum	New ride-on mower	2,500
Koonwarra Recreation Reserve Incorporated	Replace faulty water tank	2,200
Meeniyar Pony Club	Arena fencing	2,000
Korumburra Recreation Reserve Section 86 Committee	Mower	2,000
South Gippsland Gemstone & Lapidary Club Incorporated	Upgrade of electricity supply and provide work to club rooms	1,500
Poowong-Loch Junior Football Club	Ground lighting at Loch Memorial Reserve	1,500
Leongatha Community Garden	Upgrade of kitchen equipment	1,000
Loch & District Bowling Club	Replace burst hot water system	750

Dairy Tight Times Support Events

Total \$41,990

Organisation	Project Details	Approved Funding (\$)
Foster & District Agricultural Society Incorporated	Family day at the Foster Show	5,000
Korumburra A&P Association	Family Fun Day at the Korumburra Show	5,000
Loch Memorial Reserve Committee	Loch Roch Family Passes	5,000
Manna Gum Community House	Pamper Day for Women	5,000
Stony Creek Racing Club Incorporated	Stony Creek Family Day	5,000
Poowong Football & Netball Club	Kevin Sheedy Social Gathering	4,000
Strzelecki Lions Club	Poowong Family Fun Day	3,750
Leongatha Golf Club	Farmers Community Day	3,240
Strzelecki Lions Club	South Gippsland Dairy Expo	3,000
Jaydee Events	Painting Daisy Education Program	2,200
Korumburra Leos and Lions Club	Farmers Christmas barbecue @ Coal Creek	800

1.6 SHIRE

AT A GLANCE

South Gippsland Shire Council is located in coastal south eastern Victoria, approximately 100km south-east of Melbourne. It is made up of three wards, Tarwin Valley, Strzelecki and Coastal-Promontory, each represented by three Councillors.

South Gippsland is named for the southern part of Gippsland, which honoured Sir George Gipps, Governor 1838-1846. The original inhabitants of the South Gippsland area were the Gunnai, Bun Wurrung and Wurundjeri Aboriginal people. South Gippsland Shire Council was formed in 1994 from the amalgamation of four municipalities.

The Shire is bounded by Cardinia and Baw Baw Shires to the north, Latrobe City and Wellington Shire to the east, Bass Strait to the south, and Bass Coast Shire to the west.

The Shire is a rural, residential and tourist area. It encompasses 3,308 square kilometres, including extensive coastal areas and the spectacular Wilsons Promontory National Park. Much of the rural area is used for forestry and agriculture; with dairy, beef, sheep, and snow pea farming being the main agricultural pursuits. Fishing, viticulture and tourism are also important industries that contribute economic diversity to the region.

Other major attractions of the Shire include Cape Liptrap Coastal Park, Strzelecki Ranges, Coal Creek Community Park and Museum, the Great Southern Rail Trail, Grand Ridge Rail Trail, Nyora Speedway, Stony Creek Racecourse, Agnes Falls and specialist wineries.

The major towns in South Gippsland are Leongatha, Korumburra, Mirboo North and Foster. Other townships include Dumbalk, Fish Creek, Loch, Meeniyan, Nyora, Poowong, Port Welshpool, Sandy Point, Tarwin Lower, Toora, Venus Bay and Welshpool. There are also a number of other smaller rural hamlets.

Council Offices

South Gippsland Shire Council Office
9 Smith Street, Leongatha VIC 3953

Phone: (03) 5662 9200
Fax: (03) 5662 3754
Email: council@southgippsland.vic.gov.au
Web: www.southgippsland.vic.gov.au
Facebook: www.facebook.com/southgippslandshirecouncil
Hours: 8:30am – 5:00pm Monday to Friday

Snapshot of Council



FAST FACTS

- 28,936 Resident population
(ABS estimated resident population 2016)
- 8,751 people (47%) of the population is aged 50 or over
(the main age group)
- 2.4 average people per household
- 47 is the median age of people residing in the Shire
- 5% of the population have a non-English speaking background
- 30% of households are 'couples without children'
- 25% of households are 'couples with children'
- 27% are lone person households
- 26 Townships and Hamlets

PURPOSE

Council's role is to provide leadership for the appropriate governance of the Shire and its local communities. Council undertakes its responsibilities in accordance with the *Local Government Act 1989* (the Act) and other Acts for the peace, order and good government of the Shire.

Council's Vision 2020, developed in 2006/07, represents the aspirations of our diverse communities and articulates a vision of what South Gippsland should be like in the year 2020. The vision was refined in 2015 to reflect changing community needs and expectations.

This vision still aspires to achieve a number of key outcomes with the aim of creating South Gippsland as a place which has:

- A caring community where people feel safe and secure.
- A wide range of recreation and leisure amenities.
- High grade transport links.
- Appropriate infrastructure to meet community needs.
- Respect for the environment by being clean and green, with consideration of the sustainability of nature, plant and animal life.
- Sustainable economic growth.
- Coordinated health services.
- Youth who are valued and participate in the community.
- A sustainable agricultural industry, including direct and indirect support for businesses.
- A sustainable thriving tourism industry.



1.7 OUTGOING COUNCIL

Coastal Promontory Ward



CR MOHYA DAVIES

Years of Contribution

- 2008 - 2016



CR JEANETTE HARDING

Years of Contribution

- 2008 - 2016
- 1997 - 2003



CR KIERAN KENNEDY

Years of Contribution

- 2003 - 2016

Strzelecki Ward



CR BOB NEWTON

Years of Contribution

- 1998 - 2016

Tarwin Valley Ward



CR JIM FAWCETT

Years of Contribution

- 2008 - 2016



CR NIGEL HUTCHINSON-BROOKS

Years of Contribution

- 2012 - 2016
- 2005 - 2008

INCOMING COUNCIL

Coastal Promontory Ward



CR RAY ARGENTO

ELECTED: 2016
TELEPHONE: 0419 968 636
EMAIL: ray.argento@southgippsland.vic.gov.au



CR JEREMY RICH

ELECTED: 2016
TELEPHONE: 0419 967 376
EMAIL: jeremy.rich@southgippsland.vic.gov.au



CR ALYSON SKINNER

ELECTED: 2016
TELEPHONE: 0427 250 723
EMAIL: alyson.skinner@southgippsland.vic.gov.au

Strzelecki Ward



CR AARON BROWN

ELECTED: 2016
TELEPHONE: 0427 590 551
EMAIL: aaron.brown@southgippsland.vic.gov.au



CR LORRAINE BRUNT

ELECTED: 2012
TELEPHONE: 0419 199 673
EMAIL: lorraine.brunt@southgippsland.vic.gov.au



CR ANDREW MCEWEN

ELECTED: 2012
TELEPHONE: 0488 242 478
EMAIL: andrew.mcewen@southgippsland.vic.gov.au

Tarwin Valley Ward



CR MEG EDWARDS

ELECTED: 2016
TELEPHONE: 0427 022 887
EMAIL: meg.edwards@southgippsland.vic.gov.au



CR DON HILL

ELECTED: 2012
TELEPHONE: 0419 934 233
EMAIL: don.hill@southgippsland.vic.gov.au



CR MAXINE KIEL

ELECTED: 2016
TELEPHONE: 0427 167 731
EMAIL: maxine.kiel@southgippsland.vic.gov.au

EXECUTIVE LEADERSHIP TEAM

Chief Executive Office



TIM TAMLIN

Chief Executive Officer

- Executive Office
- People and Culture
- Community Information

Senior Officers



FAITH PAGE

Director Corporate & Community Services *commenced April 2017*

Departments

- Finance, Risk, Procurement
- Community Services
- Innovation, Technology & wCouncil Business



BRYAN SWORD

Director Development Services

Departments

- Planning
- Economic Development & Tourism
- Regulatory Services



ANTHONY SEABROOK

Director Sustainable Communities & Infrastructure

Departments

- Engineering & Assets
- Operations
- Sustainable Communities



JAN MARTIN

Director Corporate & Community Services *until October 2016*

Jan Martin's Contribution to Council

Jan joined South Gippsland Shire Council in 2010. Over the six years that Jan worked at Council she exhibited a remarkable capacity to get the best out of her colleagues. She led by example, working diligently to understand all the areas of her considerable portfolio of responsibilities. Jan's greatest contribution to Council was her empathy, understanding and inherent ability to see all perspectives on any given issue that made her an invaluable member of the organisation and Executive Leadership Team.

1.8 ORGANISATIONAL STRUCTURE

COUNCILLORS

CHIEF EXECUTIVE OFFICER

MANAGER

People & Culture

- Recruitment/Employee Relations
- Payroll
- Learning & Development
- OH&S/Return to Work

MANAGER

Executive Support & Community Information

- Communications
- Media/Social Media/Web content
- Customer Service
- Community Engagement

DIRECTOR - CORPORATE & COMMUNITY SERVICES

MANAGER

Finance, Risk & Procurement

- Accounting & Finance
- Rates
- Valuations
- Risk Management
- Procurement

MANAGER

Community Services

- Aged & Disability
- Children & Family Services
- Community Programs
- Library Board
- Emergency Management
- Grants

MANAGER

Innovation & Council Business

- Corporate Planning
- Councillor Support
- Council Business
- IT Systems & Support
- Information Management
- Business Improvement

DIRECTOR - SUSTAINABLE COMMUNITIES & INFRASTRUCTURE

MANAGER

Engineering & Assets

- Engineering
- Community Construction Projects
- Design
- Asset Management
- Development Referrals from Planning

MANAGER

Operations

- Roads & Drains
- Footpaths
- Kerb & Channel
- Plant/Fleet Management
- Workshop
- Routine Maintenance
- Construction
- Parks & Gardens

MANAGER

Sustainable Communities

- Waste Management
- Sustainability
- Biodiversity
- Buildings & Property
- Accessibility
- Arts, Culture, Recreation & Youth
- Volunteers
- Section 86 Committees
- Road Safety/L2P

DIRECTOR - DEVELOPMENT SERVICES

MANAGER

Planning

- Statutory Planning
- Strategic Planning
- Social Planning

MANAGER

Economic Development & Tourism

- Economic Development & Tourism
- Visitor Information Centres
- Caravan Parks
- Coal Creek Community Park & Museum

MANAGER

Regulatory Services

- Building & Planning Enforcement
- Local Laws
- Environmental Health

1.9 OUR PEOPLE

2016/17

ABOUT OUR PEOPLE

At 30 June 2017 Council had 267.88 Full Time Equivalent (FTE) employees including ongoing, temporary and casual positions. A summary of the actual number of FTE Council staff by organisational structure, employment type and gender is set out below. Note: this is higher than the budget figure as it includes additional casual hours worked to meet workload demands, often associated with unforeseen grants that came in during the year after the budget was adopted.

WORKFORCE DATA BY HEADCOUNT

	Number (Headcount)	Full Time (Headcount)	Part Time (Headcount)	Casual (Headcount)
June 30, 2017	355	203	93	59
June 30, 2016	351	199	95	57

* FTE Data reflects the restructure that occurred late in the 2016/17 financial year whereby Customer Service and Communication teams were realigned.

WORKFORCE DATA BY FULL TIME EQUIVALENT & GENDER TYPE

Gender	Employment Classification	Executive Office FTE	Corporate & Community Services FTE	Sustainable Communities & Infrastructure FTE	Development Services FTE	Total 2016/17 FTE	Total 2015/16 FTE
Female	Full Time	11.00	21.00	11.00	17.00	60.00	61.00
	Part Time	3.84	28.70	5.26	5.10	42.90	44.14
	Casual	2.11	3.58	0.00	2.12	7.81	5.27
Total		16.95	53.28	16.26	24.22	110.71	110.41
Male	Full Time	7.00	17.00	100.00	19.00	143.00	138.00
	Part Time	0.00	3.36	4.61	1.26	9.23	7.97
	Casual	0.00	0.50	3.80	0.64	4.94	5.37
Total		7.00	20.86	108.41	20.90	157.17	151.34

WORKFORCE DATA BY CLASSIFICATION & GENDER TYPE

Gender	Employment Classification	Band 1 FTE	Band 2 FTE	Band 3 FTE	Band 4 FTE	Band 5 FTE	Band 6 FTE	Band 7 FTE	Band 8 FTE	All other FTE
Female	Full Time	0.00	0.00	3.00	12.00	14.00	13.00	10.00	5.00	3.00
	Part Time	2.13	12.03	1.45	5.35	10.39	6.64	4.91	0.00	0.00
	Casual	0.49	2.32	0.64	3.38	0.08	0.19	0.56	0.15	0.00
Total		2.62	14.35	5.09	20.73	24.47	19.83	15.47	5.15	3.00
Male	Full Time	0.00	0.00	46.00	21.00	18.00	15.00	19.00	13.00	11.00
	Part Time	3.03	2.67	0.84	0.60	0.60	1.30	0.00	0.20	0.00
	Casual	2.66	0.50	1.25	0.00	0.42	0.00	0.10	0.00	0.00
Total		5.69	3.17	48.09	21.60	19.02	16.30	19.10	13.20	11.00

PROFESSIONAL DEVELOPMENT

Through a strong commitment to professional development of all staff, Council is ensuring that the workforce continues to have the necessary skills, qualifications and expertise to undertake roles to deliver effective and efficient services to the South Gippsland community, now and into the future.

CAPABILITY DEVELOPMENT

Community Engagement

Selected Council staff participated in a Certificate in Engagement course by IAP2, aimed at improving the practice of public participation and community engagement. This program further strengthens Council and community interaction and ensures the delivery of community value.

Corporate Training and Development

A diverse range of corporate training programs were delivered throughout 2016/17, across the following broad categories;

- Safety and Wellbeing;
- Financial and Information Management;
- Management and Leadership;
- Diversity and Inclusion;
- Personal Development;
- Systems and Process including significant investment in 'Value Stream Mapping' that improved efficiency and performance in over a dozen organisational areas;
- Employee Performance Development.

A Women's Forum has been established to network, advocate, and grow the strength, contribution and confidence of women in our workplace.

Employee Performance Development

A new approach to employee performance and development was implemented in 2016/17. The new approach seeks to provide the various areas of Council with greater flexibility in how they approach staff development, through customisable plans under an established best practice framework.

Complementing this, an internal mentoring program and talent pool registration has been implemented.

A talent and succession planning exercise has been evolved and pilot programs initiated, leading to improved overall individual and team performance.

RECRUITMENT

An on-line recruitment, on-boarding and exit program has been acquired and implemented. This streamlines Council's approach and eliminates the previous paper-based process, and improves user satisfaction.

ENTERPRISE AGREEMENT

Council has worked with staff and the relevant unions to deliver a new enterprise agreement that will continue to take Council forward in the years to come. The new Enterprise Agreement seeks to facilitate successful organisational delivery of the Council Plan, within the dynamic pressures and opportunities of the changing Victorian Local Government landscape. The Enterprise Agreement is in place until 30 June 2019.

EQUAL EMPLOYMENT OPPORTUNITY PROGRAM

South Gippsland Shire Council is dedicated to providing a workplace that is free from all discrimination, bullying and harassment in which each employee is treated with dignity, courtesy and respect.

Council is committed to achieving and maintaining high quality working relationships within the organisation. It recognises that this is essential for the wellbeing of all people in the workplace to maximise individual employee skills and abilities, achieve business objectives and maximise productivity.

The organisation adopts a proactive approach to the prevention of discrimination, through initiatives such as the EEO Contact Officer and employee training opportunities. A number of measures are also in place to effectively manage any arising issues, including embedding contemporary workforce policies and procedures, employee support programs and grievance mechanisms within the organisation.

HUMAN RIGHTS CHARTER

Council's *Human Rights Policy* was reviewed, updated and readopted this year. The policy confirms Council's commitment to considering and respecting human rights when developing and implementing local laws, policies, procedures, decisions and services. The policy outlines the twenty human rights articulated in the *Charter of Human Rights and Responsibilities 2006* (Charter). Council is committed to upholding and respecting these human rights.

PREVENTING VIOLENCE AGAINST WOMEN

Enshrined within Council's Workplace Health and Wellbeing Plan, prevention of violence against women has been identified as a strategic priority for the organisation and has brought about the establishment and implementation of a range of violence prevention initiatives, activities and events, driven by an internal working group.

HEALTH AND WELLBEING

Council maintains a workplace that supports healthy lifestyles and encourages workforce participation in programs that are designed to improve their overall health and wellbeing. Activities over the last twelve months have included:

- Body composition scans – 150 staff participated
- Dietician and fitness information sessions
- L.E.A.N. Challenge (Feel Lean and Super Healthy)
- Fitness Team Challenge
- Discounted gym memberships for staff
- Skin checks for Depot staff
- Core strength program for Depot workers

CORPORATE SOCIAL RESPONSIBILITY

Council also supports local charity organisations through a staff donation program.



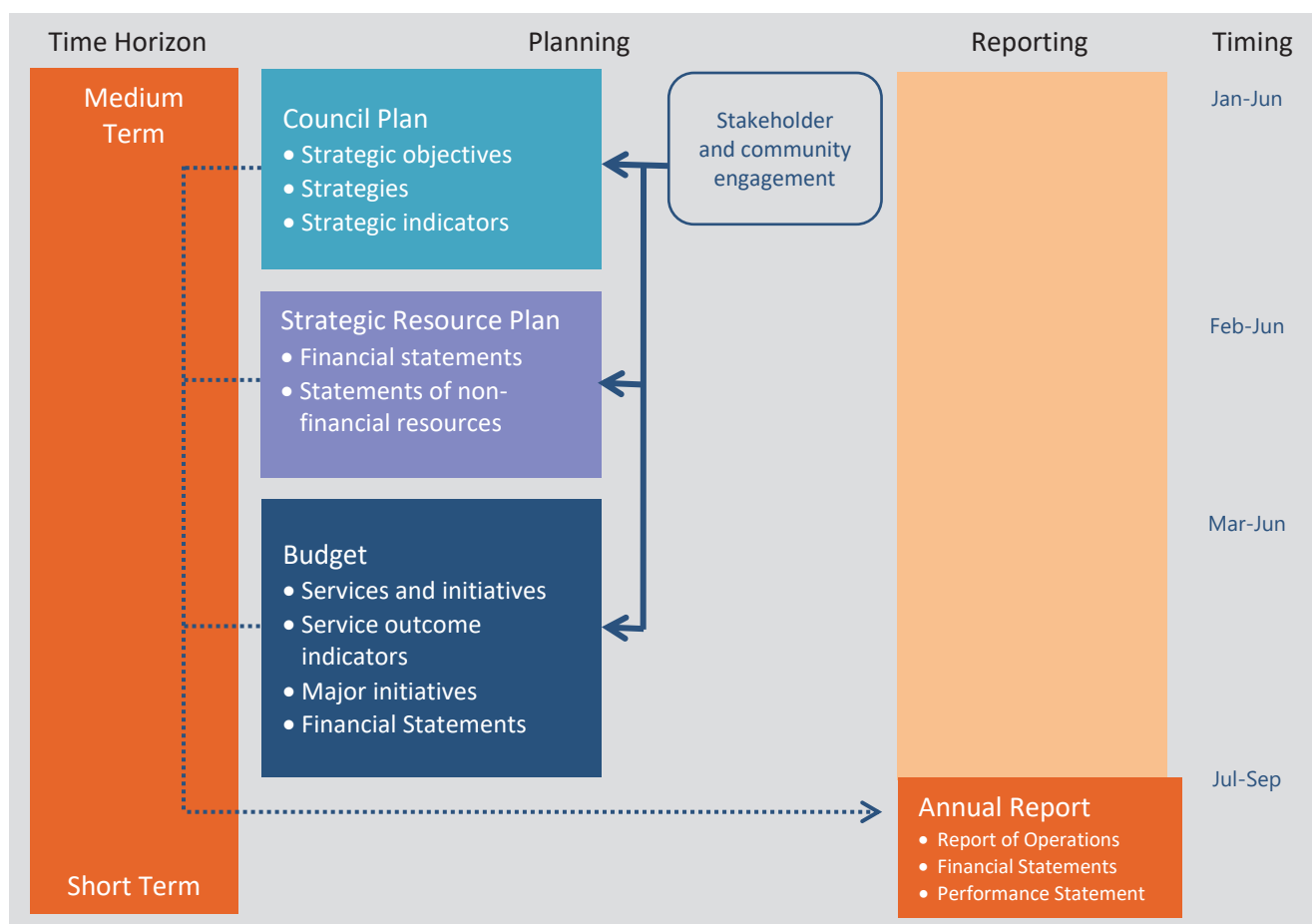
SECTION
two
REPORTING

2.1 VICTORIAN PLANNING & ACCOUNTABILITY FRAME WORK

Elected by the community every four years, Council sets the strategic direction of the Shire. The administration, led by the Chief Executive Officer, delivers the objectives set by Council.

- The four year Council Plan sets out what will be achieved during the Council's four year term, including an annual review;
- Rolling Strategic Resource Plan for a period of at least four years is updated annually and included in the Council Plan;
- Budget for each financial year sets out what actions will be undertaken to progress achievement of the Council Plan;
- Annual Report in respect of each financial year outlines what Council has achieved in the past year against the Budget and Council Plan.

The following diagram shows the relationship between the key planning and reporting documents that make up the planning and accountability framework for local government. It also shows the opportunities for community and stakeholder input and feedback at various stages of the planning and reporting cycle.



Source: Department of Environment, Land, Water and Planning

2.2 COUNCIL PLAN

2013–2017

The Council Plan provides guidance and direction by setting strategic outcomes, objectives, strategies, resource requirements and performance measures for the four year term of Council.

The four strategic objectives as detailed in the 2013–2017 Council Plan were:

Outcome 1	Outcome 2	Outcome 3	Outcome 4
A Prosperous Shire	Closely Connected Communities	Integrated Services & Infrastructure	A Leading Organisation
<p>Objective 1.1 Work with the business community to support existing businesses, diversify employment opportunities and to attract new businesses.</p> <p>Objective 1.2 Raise the awareness of local and regional issues with State and Federal decision makers.</p> <p>Objective 1.3 Improve the sustainability of the local and regional environment.</p>	<p>Objective 2.1 Engage and work collaboratively with our community.</p>	<p>Objective 3.1 Deliver affordable modern community services and facilities through an integrated approach to planning and infrastructure development.</p>	<p>Objective 4.1 Improve the financial sustainability of Council, including diversifying revenue streams.</p> <p>Objective 4.2 Pursue best practice in organisational development and operations of the organisation.</p>

The following section reports Council's performance in 2016/17, against the four strategic objectives.

Performance has been measured as follows:

- Results achieved against the strategic indicators for each objective in the Council Plan;
- Progress against the Major Initiatives and the Initiatives set out in section 2 of the 2016/17 Annual Budget;
- Services funded in the 2016/17 Annual Budget by Department, supporting the achievement of each objective;
- Results against the prescribed local government service performance indicators and measures.

2.3

STRATEGIC OBJECTIVE

A PROSPEROUS SHIRE

Objective Overview

To achieve our objective of a Prosperous Shire, we will work with the business community to support existing businesses, diversify employment opportunities and attract new businesses. We will raise the awareness of local and regional issues with State and Federal decision makers and we will improve the sustainability of the local and regional environment.

Council Plan 2013–2017 Indicator

The following statement reviews the performance of Council against the Council Plan, including results achieved in relation to relevant strategic indicators:

Council Plan Indicator	Action/Target	Comment
The value of total investments in the Shire measured through Building Permits, by investment sector	Comparison with baseline - an increase in investments annually is a positive trend	Target Achieved Value of approved building work for the 2016/17 financial year was \$75.9M, up five per cent compared to 2015/16.
Regulatory Services		
Shovel ready projects prepared	Aim for at least two ready at any time	Target Achieved Six shovel ready projects as follows: <ol style="list-style-type: none">1. Toora Boat Ramp Dredging.2. Leongatha Splash Hydrotherapy Pool.3. Bena Kongwak Rail Overpass Bridge.4. Powneys Road Bridge, Tarwin Lower.5. Great Southern Rail Trail - Welshpool to Hedley.6. Six footpath extensions.
Engineering and Assets		
Number of representations made to State and Federal politicians	At least one delegation annually	Target Not Achieved The CEO has met with local politicians to advocate Council's major projects which require government support.
Executive Office		

Major Initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2016/17 Budget for the year:

No.	Council Plan Indicator	Action/Target	Comment
1.1	Develop and manage the implementation of an annual strategic advocacy campaign for Council's priority project and policy objectives - Advocacy program approved and all 2016/17 actions complete. <i>Economic Development, Tourism and Customer Service and Executive Office</i>	<p>Priority Projects for 2016/17 are:</p> <ul style="list-style-type: none"> Port Welshpool Long Jetty Rehabilitation Project (a component of the Corner Inlet Tourism Project) Leongatha Revitalisation Project (which includes Bair Street, Anderson Street and the former railway precinct development) Foster Streetscape <p>Projects that require further development and planning during 2016/17 include:</p> <ul style="list-style-type: none"> Korumburra Centre Streetscape SPLASH Development stages 2 and 3 	<p>Target Achieved</p> <ul style="list-style-type: none"> Federal and State Government funding secured, tenders received and evaluated. Leongatha heavy vehicle alternate route completed. Anderson Street works commenced. Master Plan completed for Bair Street. Master Plan being developed for former rail yards. Economic analysis completed to support future grant funding applications. State Government funding secured. Works contract awarded, construction commenced, and on-track. Korumburra Streetscape detailed design commencing 2017/18. Hydrotherapy Pool feasibility study with local health providers underway.
1.2	Develop and manage the implementation of a strategic advocacy campaign supporting government agencies projects that will have significant benefits for the South Gippsland Shire community - Advocacy program approved by Council and the importance of projects raised in relevant forums. <i>Economic Development, Tourism and Customer Service and Executive Office</i>	<p>Agency Supported Projects for 2016/17 are:</p> <ul style="list-style-type: none"> South Gippsland Highway Koonwarra Black Spur Bends Road Realignment project supporting VicRoads safety initiatives Northern Towns Water Security project supporting South Gippsland Water's sustainable water for the northern end of the Shire 	<p>Target Achieved</p> <ul style="list-style-type: none"> Federal and State Government funding secured. Preliminary project planning commenced. Construction to commence in 2017/18. Project funded by the State Government. Works commenced to undertake project.

No.	Council Plan Indicator	Action/Target	Comment
1.3	Leongatha Rail Yards Landscape Master Plan commenced to improve the use and appearance of this strategic, yet underutilised piece of land <i>Sustainable Communities/Planning Department</i>	Master Plan to be progressed by 30 June 2017	Target Achieved Project Steering Committee established comprising of community members and Council staff. Community engagement has included a successful Information and Planning Day at the Leongatha Railway station on 22 April 2017 where the community were able to provide suggestions on what they would like to see at the station. The project is on target for a Master Plan to be presented to Council in the first half of 2017/18 financial year.

Initiatives

The following statement reviews the progress of Council in relation to initiatives identified in the 2016/17 Budget for the year:

No.	Council Plan Indicator	Action/Target	Comment
1.4	Visitor Information Centre review <i>Economic Development, Tourism and Customer Service and Executive Office</i>	Visitor Information Centre review to be completed by 30 June 2017	Target Achieved At the 28 June 2017 Council Meeting, Council moved to: support a fully accredited Visitor Information Centre at Foster; defer consideration of the Korumburra Visitor Information Centre service review and to receive a future report which considers the transitional arrangements and a development of a Digital Tourism Strategy, before determining the outcomes of the Korumburra Visitor Information Centre service review.
1.5	Council's Domestic Wastewater Management Plan <i>Regulatory Services</i>	A full time temporary position is to be created to implement recommendations from Council's Domestic Wastewater Management Plan	Target Achieved Wastewater Compliance Officer appointed and implementation of Council's Domestic Wastewater Management Plan commenced.

Services Funded

The following statement provides information in relation to the services funded in the 2016/17 Budget that supports Strategic Objective 1 and the persons or sections of the business area responsible.

Business Area	Description of Services provided	Net Cost \$000
		Actual Budget \$000
		Variance \$000
Development Services Management	<p>The Development Services Management unit is accountable for ensuring that Council's objectives for the Development Services Directorate are achieved through the following Departments:</p> <ul style="list-style-type: none"> • Planning; • Regulatory Services; and • Economic Development Tourism and Customer Service. <p>Together these Departments provide strategic policy advice to Councillors to inform their decisions, undertake regional advocacy to facilitate planned growth in the Shire and implement the strategic directions set by Council relevant to the Directorate.</p>	\$262
		\$299
		\$37
Economic Development, Tourism and Customer Service	<p>The Economic Development, Tourism and Customer Service Department plans for and facilitates economic growth and prosperity within the Shire. This is achieved by actively promoting and supporting sustainable agriculture and industry development, commercial business opportunities and by providing excellent customer and visitor information services.</p> <p>The Department manages Council's Caravan Parks and Coal Creek Community Park and Museum.</p> <p>The Department plays a key role in working with the business community to support existing businesses, diversify employment opportunities and attract new businesses.</p>	\$1,575
		\$2,112
		\$537
<p><i>Note: Structure realignment occurred for Customer Service and Communications teams in late June 2017. For reporting purposes this budget has remained in its original position as per 2016/17 Annual Budget.</i></p>		
Planning Department	<p>The Planning Department provides statutory, strategic and social planning services to the community to provide for development, land use and community policy.</p> <p>The Department actively supports planned growth across the municipality, protects and enhances the unique identity and liveability of local districts and advocates to other levels of government and stakeholders for developments that will help prosper the Shire.</p>	\$798
		\$1,420
		\$622
Regulatory Services	<p>The Regulatory Services Department is responsible for administration, education and enforcement of various Victorian legislation along with Council's General Local Law.</p> <p>Services include:</p> <ul style="list-style-type: none"> • Animal management; • Building/planning enforcement; • Building/property information; • Fire prevention; • Registration and inspection of food and accommodation premises; • Local laws development and enforcement; • Occupancy permits for places of public entertainment; • Parking control; • Report and consent applications for new building work; • School crossings; and • Wastewater. <p>The Department responds to a variety of community enquiries and undertakes public health and nuisance complaint investigations. Together these services work towards providing a safer Shire for businesses and the community.</p>	\$514
		\$806
		\$292

Service Performance Indicators

The following statement provides the results of the prescribed service performance indicators and measures, including explanation of material variations:

Local Government Service Performance Indicators				
Service	Results 2015	Results 2016	Results 2017	Material Variation
Statutory Planning				
Timeliness				
<i>Time taken to decide planning applications</i>	60	60	62	
[The median number of days between receipt of a planning application and a decision on the application]				
Service standard				
<i>Planning applications decided within required time frames</i>	83%	77%	77%	From 1 July 2016 this indicator will be updated to include VicSmart planning applications which should be assessed within 10 days. This may result in some variances year on year.
[Number of regular planning application decisions made within 60 days) + (Number of VicSmart planning application decisions made within 10 days) / Number of planning application decisions made] x 100				
Service cost				
<i>Cost of statutory planning service</i>	\$1,180	\$1,677	\$1,799	
[Direct cost of the statutory planning service / Number of planning applications received]				
Decision Making				
<i>Council planning decisions upheld at VCAT</i>	0%	71%	50%	Council had one less VCAT decision overall and two more decisions set aside by VCAT compared to 2015/16, which has impacted the overall variance. The overall volume of applications that are appealed to VCAT is exceptionally low at South Gippsland so even one application difference can create a significant percentage variance.
[Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x 100				

Local Government Service Performance Indicators

Service	Results 2015	Results 2016	Results 2017	Material Variation
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Waste Collection

Satisfaction

Kerbside bin collection requests

Results 2015	Results 2016	Results 2017
88	98	99

[Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x 1,000

Service standard

Kerbside collection bins missed

Results 2015	Results 2016	Results 2017
5	8	8

[Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x 10,000

Service cost

Cost of kerbside garbage bin collection service

Results 2015	Results 2016	Results 2017
\$127	\$120	\$121

[Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]

Service Cost

Cost of kerbside recyclables collection service

Results 2015	Results 2016	Results 2017
\$47	\$46	\$46

[Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]

Waste diversion

Kerbside collection waste diverted from landfill

Results 2015	Results 2016	Results 2017
33%	50%	51%

[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x 100



Local Government Service Performance Indicators

Service	Results 2015	Results 2016	Results 2017	Material Variation
<h3>Animal Management</h3>				
<p>Timeliness</p>				
<p><i>Time taken to action animal management requests</i></p> <p>[Number of days between receipt and first response action for all animal management requests / Number of animal management requests]</p>	N/A	1	1.6	Software updates in the 2016/17 year has allowed for more accurate capture of data thereby providing better demonstrable timeframes and enhanced reporting.
<p>Service standard</p>				
<p><i>Animals reclaimed</i></p> <p>[Number of animals reclaimed / Number of animals collected] x 100</p>	64%	59%	59%	219/263 dogs reclaimed and only 24/152 cats. Increased efficiencies by team around cat trapping but low compliance number for cat registrations. This leads to low recovery rates by owners.
<p>Service cost</p>				
<p><i>Cost of animal management service</i></p> <p>[Direct cost of the animal management service / Number of registered animals]</p>	\$64	\$64	\$62	
<p>Health and safety</p>				
<p><i>Animal management prosecutions</i></p> <p>[Number of successful animal management prosecutions]</p>	20	23	9	Serious dog attacks form the majority of these figures. There has been a substantial decrease in reported serious dog attacks during this financial year.



Local Government Service Performance Indicators

Service	Results 2015	Results 2016	Results 2017	Material Variation
<h3>Food Safety</h3>				
<p>Timeliness</p> <p><i>Time taken to action food complaints</i></p> <p>[Number of days between receipt and first response action for all food complaints / Number of food complaints]</p>	N/A	4	8	<p>From 1 July 2016, 'Time taken to action food complaints' will be reported by calendar year. Previously this indicator was reported by financial year. This has been implemented to better align reporting with the Department of Health and Human Services. This may result in some variances year on year.</p> <p>Software updates in the 2016/17 year allowed for more accurate capture of data, thereby improved response time reporting. The process change identified some complaints were not highlighted as complete until the finalisation of the complaint. This process variation has led to an extended response time compared to 2015/16.</p>
<p>Service standard</p>				
<p><i>Food safety assessments</i></p> <p>[Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the <i>Food Act 1984</i> / Number of registered class 1 food premises and class 2 food premises with the <i>Food Act 1984</i>] x 100</p>	97%	91%	97%	
<p>Service cost</p>				
<p><i>Cost of food safety service</i></p> <p>[Direct cost of the food safety service / Number of food premises registered or notified in accordance with the <i>Food Act 1984</i>]</p>	\$551	\$520	\$542	
<p>Health and safety</p>				
<p><i>Critical and major non-compliance outcome notifications</i></p> <p>[Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x 100</p>	94%	95%	100%	<p>From 1 July 2016, 'Critical and major non-compliance outcome notifications' will be reported by calendar year. Previously this indicator was reported by financial year. This has been implemented to better align reporting with the Department of Health and Human Services. This may result in some variances year on year.</p>

2.4

STRATEGIC OBJECTIVE 2

CLOSELY CONNECTED COMMUNITIES

Objective Overview

To achieve our objective of Closely Connected Communities we will engage and work collaboratively with our community.

Council Plan 2013–2017 Indicator

The following statement reviews the performance of Council against the Council Plan, including results achieved in relation to relevant strategic indicators:

Council Plan Indicator	Action/Target	Comment
Council supported Community Direction Statement priority projects identified and reported to Council for consideration	Council supported priority projects from Community Directions Statements to be funded in the following financial year, identified and funded by 30 June annually	Target Achieved Ongoing reviews for Foster, Poowong, and Sandy Point community plans. Initial reviews undertaken with Dumbalk and Welshpool and District. In 2016/17, 11 projects were listed in the current Community Directions Statements scheduled for either capital or Council staff support during 2017/18. These projects are spread across Fish Creek, Stony Creek, Nyora, Venus Bay, Toora, Mirboo North, Korumburra, and Sandy Point.
Sustainable Communities		
Development activities for volunteers provided	A program of activities developed and implemented annually	Target Achieved Four Older Driver Workshops held in Korumburra, Nyora, Port Welshpool, and Meeniyar. CPR workshops for volunteers held at neighbourhood houses. Seven workshops advertised: <ul style="list-style-type: none">• Personality Style• Succession Planning for Committees• Emotional Intelligence• Speaking for the Terrified• Evaluating Community Projects• Two Section 86 Information sessions held at Foster, and Coal Creek Korumburra Community Engagement Conference held in June 2017 with 50 community groups represented.
Sustainable Communities		

Major Initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2016/17 Budget for the year:

No.	Council Plan Indicator	Action/Target	Comment
2.1	Develop an Arts and Cultural Strategy that will implement the Arts and Culture Policy developed with the Arts Community and action Council's resolution to bring elements of the Arts and Tourism together	Arts and Culture Strategy presented to Council by 30 June 2017	Target Achieved Council briefed on 19 April 2017 and strategy formally adopted at its meeting on 24 May 2017.
Sustainable Communities			
2.2	Development of a Municipal Public Health and Wellbeing Plan 2017–2021 will be substantially progressed in partnership with other health providers in the Shire - by 30 June 2017	Municipal Public Health and Wellbeing Plan 2017–2021 to be developed by 30 June 2017	Target Achieved Plan developed and consultations completed. Draft report was open for public comment from June 2016 and final plan to be adopted in the next financial year.

Community Services

Initiatives

The following statement reviews the progress of Council in relation to initiatives identified in the 2016/17 Budget for the year:

No.	Council Plan Indicator	Action/Target	Comment
2.3	Develop a Home and Community Care (HACC) options and transition plan that aims to provide options for quality service provision for clients and local employment in response to Aged Care Reforms being introduced by State and Federal Government	Options and transition plan papers to be developed and presented to Council by 30 June 2017	Target Achieved Council has reviewed the options paper, December 2016 and financial modelling, March 2017. In June 2017, Council resolved to agree in principle to work towards a transition of aged care service delivery from Council to Gippsland Southern Health Service.
Community Services			

Services Funded

The following statement provides information in relation to the services funded in the 2016/17 Budget that supports Strategic Objective 2 and the persons or sections of the business area responsible.

Business Area	Description of Services provided	Net Cost \$000
		Actual Budget \$000
		Variance \$000
Corporate and Community Services Management	<p>The Corporate and Community Services Directorate is accountable for ensuring that Council's objectives for the Directorate are achieved through the following Departments:</p> <ul style="list-style-type: none"> • Community Services; • Finance, Risk and Procurement; and • Innovation and Council Business. <p>Together these Departments provide strategic policy advice to Councillors to inform their decisions, coordinate the preparation of the Vision and four year Council Plan for the Shire, plan for long term financial sustainability and implement strategic directions relevant to the Directorate once set by Council.</p>	\$1,694
		\$1,665
		(\$29)
Community Services	<p>The Community Services Department provides policy advice and program delivery for the following services:</p> <ul style="list-style-type: none"> • Aged and Disability Services, including Home and Community Care and Disability Service support; • Children and Family Services; including Maternal and Child Health; Immunisation, Pre-school and Playgroup support; • Community Grants and Emergency Management; • Libraries; and • Create the Municipal Public Health and Wellbeing Plan. <p>Together these teams work towards creating a collaborative, self-supporting community.</p>	\$884
		\$1,675
		\$791
Sustainable Communities	<p>The Sustainable Communities Department plans for and delivers a diverse range of integrated community strengthening, facility, land and building management services that include:</p> <ul style="list-style-type: none"> • Sustainability services including Waste Management and Biodiversity; • Property services including leases, land sales/purchases and property oversight; • Community Strengthening services including Recreation/Aquatic Facilities, Arts and Culture, Youth, Volunteers, Event Management, Section 86 Committees and Access and Inclusion planning and support; and • Building Management services including building maintenance. <p>Together these teams connect and support community groups, volunteers, committees and other Council Departments to provide services beyond those that Council, by itself, can provide.</p> <p>The team also supports practices by Council and the community to live and operate in a sustainable manner thereby protecting our environment for current and future generations.</p>	\$6,504
		\$7,126
		\$622
Communications	<p>The Communications Team plays a pivotal role in raising community awareness of Council services and strategic directions. It creates a working interface between Council, Council Departments and the community through media management, publishing material, social media, website management and internal liaison.</p>	\$354
		\$433
		\$79

Service Performance Indicators

The following statement provides the results of the prescribed service performance indicators and measures, including explanation of material variations:

Local Government Service Performance Indicators				
Service	Results 2015	Results 2016	Results 2017	Material Variation
Libraries				
Utilisation				
<i>Library collection usage</i>	5	5	5	
[Number of library collection item loans / Number of library collection items]				
Resource standard				
<i>Standard of library collection</i>	53%	61%	70%	Increased accessibility to electronic resources has contributed to the growth of the library collection.
[Number of library collection items purchased in the last 5 years / Number of library collection items] x 100				
Service cost				
<i>Cost of library service</i>	\$9	\$10	\$11	
[Direct cost of the library service / Number of visits]				
Participation				
<i>Active library members</i>	25%	23%	21%	
[Number of active library members / Municipal population] x 100				



Local Government Service Performance Indicators

Service	Results 2015	Results 2016	Results 2017	Material Variation	
Aquatic Facilities					
Service standard					
<i>Health inspections of aquatic facilities</i> [Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]	0	1	0.5	The variation in results is due to a new water testing schedule implemented in 2017 whereby three of Council's six pools will be tested each year rather than all pools tested, as seen in the 2015/16 figures. This was implemented due to difficulties in delivering collected water samples from each pool to laboratories for testing with prescribed timeframes.	
Health and Safety					
<i>Reportable safety incidents at aquatic facilities</i> [Number of WorkSafe reportable aquatic facility safety incidents]	0	2	2		
Service cost					
<i>Cost of indoor aquatic facilities</i> [Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities]	\$4	\$4	\$4		
<i>Cost of outdoor aquatic facilities</i> [Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]	\$8	\$7	\$7	Seasonal temperature variations and infrastructure issues resulted in pools being open for 15 day less than previous season. This has resulted in fewer visits to outdoor pools during 2016/17.	
Utilisation					
<i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	6	6	6		



Local Government Service Performance Indicators

Service	Results 2015	Results 2016	Results 2017	Material Variation
Home and Community Care				
Timeliness				
<p><i>Time taken to commence the HACC service</i></p> <p>[Number of days between the referral of a new client and the commencement of HACC service / Number of new clients who have received a HACC service]</p>	13	14	N/A	<p>Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.</p> <p><i>NDIS - National Disability Insurance Scheme program</i> <i>CHSP - Commonwealth Home Support program</i></p>
Service standard				
<p><i>Compliance with Community Care Common Standards</i></p> <p>[Number of Community Care Common Standards expected outcomes met / Number of expected outcomes under the Community Care Common Standards] x 100</p>	94%	94%	N/A	<p>Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.</p>
Service cost				
<p><i>Cost of domestic care service</i></p> <p>[Cost of domestic care service / Hours of domestic care service provided]</p>	\$53	\$52	N/A	<p>Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.</p>
Service cost				
<p><i>Cost of personal care service</i></p> <p>[Cost of personal care service / Hours of personal care service provided]</p>	\$50	\$53	N/A	<p>Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.</p>
Service cost				
<p><i>Cost of respite care service</i></p> <p>[Cost of respite care service / Hours of respite care service provided]</p>	\$53	\$54	N/A	<p>Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.</p>
Participation				
<p><i>Participation in HACC service</i></p> <p>[Number of people that received a HACC service / Municipal target population for HACC services] x 100</p>	26%	26%	N/A	<p>Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.</p>
Participation				
<p><i>Participation in HACC service by CALD people</i></p> <p>[Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x 100</p>	23%	22%	N/A	<p>Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.</p>

Local Government Service Performance Indicators

Service	Results 2015	Results 2016	Results 2017	Material Variation
Maternal and Child Health (MCH) Satisfaction <i>Participation in first MCH home visit</i> [Number of first MCH home visits / Number of birth notifications received] x 100	104%	104%	93%	Participation in first home visits was down due to mothers attending Maternal and Child Health Centres in person within the Shire and in other municipalities.
Service standard <i>Infant enrolments in the MCH service</i> [Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x 100	101%	100%	99%	
Service cost <i>Cost of the MCH service</i> [Cost of the MCH service / Hours worked by MCH nurses]	\$64	\$64	\$62	
Participation <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x 100	79%	75%	76%	
Participation <i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x 100	76%	62%	67%	

2.5

STRATEGIC OBJECTIVE 3

INTEGRATED SERVICES & INFRASTRUCTURE

Objective Overview

To achieve our objective of Integrated Services and Infrastructure we will deliver affordable modern community services and facilities through an integrated approach to planning and infrastructure development.

Council Plan 2013–2017 Indicator

The following statement reviews the performance of Council against the Council Plan, including results achieved in relation to relevant strategic indicators:

Council Plan Indicator	Action/Target	Comment
Number of grants submitted to State and Federal programs for funding and number of grants announced for South Gippsland Shire projects	Aim for 30 per cent of applications submitted to be funded	Target Achieved 13 Applications were submitted during the 2016/17 year with ten approved, one not approved and two currently pending.
Community Services		
Sustainability activities for various sectors provided, in partnership with others where possible	A program of activities developed and implemented annually	Target Achieved Program of events updated on a regular basis as new activities are scheduled. Community events held on Small Solar and Batteries in Practice, Solar Businesses, Local Food Festival, and Solar Battery Storage. Sustainability, Local Food, and Waste Education sessions provided at several schools and kindergartens. The Memoranda of Understanding (MOUs) with local energy groups – Energy Innovation Co-operative and Mirboo North Community Energy Hub resulted in 14 energy/renewable events with an estimated 1,300 people directly engaged through the process.
Sustainable Communities		

Major Initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2016/17 Budget for the year:

No.	Council Plan Indicator	Action/Target	Comment
3.1	Council's Priority Project to celebrate the opening of the Karmai Community Children's Centre using funds contributed by the community, State and Federal governments and Council. <i>Community Services and Engineering and Assets</i>	Karmai Community Children's Centre to be opened and operational by 30 June 2017.	Target Achieved Centre fully operational and officially opened on 10 March 2017 by Hon. Jenny Mikakos MP, Minister for Families and Children, and Russell Broadbent MP, Federal Member for McMillan.

Initiatives

The following statement reviews the progress of Council in relation to initiatives identified in the 2016/17 Budget for the year:

No.	Council Plan Indicator	Action/Target	Comment
3.2	Library Service Review, that includes the mobile library service, buildings and potential Council customer service at each static library, is to be completed so that the future facility and service requirements can be clarified, existing service provision can be evaluated and improvement opportunities recommended to Council. <i>Community Services</i>	Library Service Review to be completed by March 2017.	Target Not Achieved Introductory briefing was presented to Council on future options for library services in June 2017. A review and decision around the profile of future service delivery will be undertaken by the West Gippsland Regional Library Corporation.

Services Funded

The following statement provides information in relation to the services funded in the 2016/17 Budget that supports Strategic Objective 3 and the persons or sections of the business area responsible.

Business Area	Description of Services provided	Net Cost \$000
		Actual Budget \$000
		Variance \$000
Sustainable Communities and Infrastructure Management	<p>The Sustainable Communities and Infrastructure Directorate is accountable for ensuring that Council's objectives for the Directorate are achieved through the following Departments:</p> <ul style="list-style-type: none"> • Engineering and Assets; • Sustainable Communities; and • Operations. <p>Together these Departments provide strategic policy advice to Councillors to inform their decisions, prepare and deliver the Capital Works Program and Asset Management Plan and work with the community to integrate community needs into Council's plans.</p>	\$260
		\$321
Engineering and Assets	<p>The Engineering and Assets Department prepares and delivers asset plans and project delivery services:</p> <ul style="list-style-type: none"> • Project Coordination includes capital works planning, administration, project management and delivery of Council's long term and annual Capital Works Program; • Asset Management includes planning Council's infrastructure networks in order to meet current and future needs of the community and to integrate with State networks; and • Assets Management Systems includes collection, analysis and management of infrastructure related data to effectively manage Council's infrastructure assets. <p>The team works together to clearly define Council requirements for the design and development of infrastructure that is, or will become, a civil Council asset.</p> <p>The team also standardises development submissions thereby expediting Council's engineering approvals for civil assets and ensuring specified design criteria are met for the design and construction of civil infrastructure.</p>	\$1,340
		\$4,588
Operations	<p>The Operations Department implements Council's asset management plans and improves the appearance and amenity of townships, rural areas, streetscapes and parkland through the following services:</p> <ul style="list-style-type: none"> • Sealed Roads Planning including drainage operations, maintenance and construction of internal capital works; • Unsealed Roads Planning including drainage operations, maintenance and construction of internal capital works; • Parks and Gardens including planning operations, maintenance and construction; and • Fleet and Plant including proactive purchasing to minimise Council's vehicle emissions. <p>Together these teams work towards providing a healthy and safe community at realistic and affordable service standards and efficient management of assets and resources.</p>	\$17,197
		\$18,940
		\$1,743

Service Performance Indicators

The following statement provides the results of the prescribed service performance indicators and measures, including explanation of material variations:

Local Government Service Performance Indicators				
Service	Results 2015	Results 2016	Results 2017	Material Variation
Roads Satisfaction of use <i>Sealed local road requests</i> [Number of sealed local road requests / Kilometres of sealed local roads] x 100	20	15	16	An increase of an additional 136 kms of sealed roads to maintain in 2016/17 has influenced an increase of 31 requests for sealed road requests compared to 2015/16, however the increased works undertaken in the Rehabilitation and Resealing Program, has resulted in an improvement to our sealed road network.
Condition <i>Sealed local roads maintained to condition standards</i> [Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] x 100	99%	99%	99%	More roads have been rehabilitated and/or resealed.
Service cost <i>Cost of sealed road reconstruction</i> [Direct cost of sealed local road reconstruction / Square meters of sealed local roads reconstructed]	\$45	\$54	\$34	Eight out of eleven projects were in rural and small towns resulting in a lower overall unit rate; only 2 projects high cost urban rehabilitation projects with one high cost asphalt project in an industrial precinct.
Service cost <i>Cost of sealed local road resealing</i> [Direct cost of sealed local road resealing / Square meters of sealed local roads resealed]	\$5	\$5	\$5	Some higher spray rates were used.
Satisfaction <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]	27	30	36	More roads have been rehabilitated and/or resealed leading to an increased satisfaction result.

2.6

STRATEGIC OBJECTIVE 4

A LEADING ORGANISATION

Objective Overview

To achieve our objective of a Leading Organisation we will improve the financial sustainability of Council, including diversifying revenue streams and pursue best practice in organisational development and operations of the organisation.

Council Plan 2013–2017 Indicator

The following statement reviews the performance of Council against the Council Plan, including results achieved in relation to relevant strategic indicators:

Council Plan Indicator	Action/Target	Comment
<p>Policy portfolios and/or specific project groups developed and implemented</p> <p>Executive Office</p>	<p>Portfolio or project scope and committee structure endorsed by Council prior to establishment</p>	<p>Target Achieved</p> <p>The Korumburra Roundtable is the only portfolio group that remains operational. The Committee has now completed the Korumburra Community Directions Statement and presented it to Council. The Committee has completed its determined tasks and Council continues to support it as opportunities for it to continue to support Council are explored.</p>
<p>An Annual Plan and Annual Budget developed</p> <p>Innovation and Council Business, Finance Risk and Procurement</p>	<p>Adopted by Council by 30 June 2017 annually</p>	<p>Target Achieved</p> <p>2017/18 Annual Budget and 2017–2021 Council Plan were adopted by Council on 28 June 2017.</p>
<p>Council will encourage community members to provide information to Council on matters affecting them</p> <p>Innovation and Council Business</p>	<p>Public presentations sessions will be available for community members to participate</p>	<p>Target Achieved</p> <p>76 Public Presentations were provided to Council, with 101 people presenting information on matters of interest to them, during the financial year. 168 people observed the presentations in the gallery.</p> <p>Due to the Election Period, there were no public presentations made during September and October 2016. Council was in recess during December and January, so no presentations were provided during these two months.</p>
<p>Department Service Summaries, Business Plans and corresponding Budgets will be developed annually</p> <p>Innovation and Council Business</p>	<p>By 30 June 2017 annually</p>	<p>Target Achieved</p> <p>Business plans were finalised and signed off by Directors in June 2017.</p>
<p>Community Satisfaction Survey results published annually</p> <p>Innovation and Council Business</p>	<p>By 30 June 2017 annually</p>	<p>Target Achieved</p> <p>The survey results were presented to Council on 28 June 2017.</p>

Major Initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2016/17 Budget for the year:

No.	Council Plan Indicator	Action/Target	Comment
4.1	Continued participation in the procurement LEAP project that incorporates regional benchmarking in procurement with opportunities for collaborative procurement projects identified	Improvement opportunities identified and prioritised by 30 June 2017	<p>Target Achieved</p> <p>Collaborative regional based procurement projects identified include:</p> <ul style="list-style-type: none"> • Regional Memoranda of Understanding and Terms of Reference; • Development of a Draft Regional Procurement Policy Template; • Establishment of regional procurement resourcing; • Establishment of Regional Contract Register; • Pilot collaborative procurements including Regional Contractor Compliance System; • Regional Procurement Plan / Schedule; • Regional Procurement Training Plan; • Regional and individual Council Procurement Plans and Dashboards; and • Undertaking a Contract Document review to ensure compliance with <i>Unfair Contracts Act 2015</i>.
	<p>Finance, Risk and Procurement</p> <p>Continued participation in Gippsland Local Government Network Collaborative Service project – opportunities for collaborative service provision identified and prioritised by 30 June 2017</p> <p>Corporate and Community Services Directorate</p>	By 30 June 2017 annually	<p>Target Not Achieved</p> <p>The collaborative service project is reliant on the co-operation of the six Gippsland councils. Due to competing priorities of some of the member councils, progress has been slow. Work will continue on this project next financial year with meetings to be arranged for all member council CEOs.</p>

Initiatives

The following statement reviews the progress of Council in relation to initiatives identified in the 2016/17 Budget for the year:

No.	Council Plan Indicator	Action/Target	Comment
4.2	Council Vehicle Fleet Service Review to be completed.	By 30 June 2017.	<p>Target Achieved</p> <p>Recommendations reviewed by consultant and Council briefed on 5 April 2017.</p>
	<p>Operations</p>		

Services Funded

The following statement provides information in relation to the services funded in the 2016/17 Budget that supports Strategic Objective 4 and the persons or sections of the business area responsible.

Business Area	Description of Services provided	Net Cost \$000
		Actual Budget \$000
		Variance \$000
Executive Office/ Management	The Executive Office builds strong and productive relationships with government and key regional agencies to strengthen the performance of Council.	\$520
	The Executive Office is accountable for ensuring that Council's objectives for the Council Plan are achieved through the allocation of appropriate resources, the provision of strategic policy and legal advice to Council and the establishment of good governance practices to guide the management of the organisation.	\$777
		\$257
Finance, Risk and Procurement	The Finance, Risk and Procurement Department delivers financial planning, budget management oversight, risk management coordination and procurement coordination for the organisation. The Department comprises:	\$1,829
	<ul style="list-style-type: none"> • Accounting including strategic financial advice, accounting systems and services, management accounting support and financial reporting; • Rates and Valuations including property valuations for rating purposes and administration of rate collection; and • Risk and Procurement including contract and quotation management, shared risk management services delivery with Baw Baw Shire, risk and insurance management, internal audit and regulatory compliance. <p>Together the teams improve the financial sustainability of Council by pursuing continuous improvement in processes and procedures, pro-actively managing risks, sustainably managing finances and gaining efficiencies through procurements.</p>	\$2,092
		\$263
Innovation and Council Business	The Innovation and Council Business Department leads organisation wide planning and implementation of good governance, innovation, technology and corporate information management practices. The Department comprises:	\$3,263
	<ul style="list-style-type: none"> • Corporate Planning and Council Business including policy development and review, Council elections, Council meeting, briefings and public presentation coordination, corporate planning and reporting and community engagement to inform the Council Plan and annual initiatives for the Budget; • Innovation including Information Technology strategy, policy and planning, project development and delivery, systems management and on-going management of hardware and software; and • Corporate Information Management including strategy, policies, systems' coordination and operational support to capture, manage and archive corporate records; Freedom of Information and Privacy. 	\$3,598
		\$335
People & Culture	The People and Culture Unit ensure our people are developed and supported so they have the opportunity to deliver services to the best of their ability for the benefit of the community.	\$1,026
	The team's contribution to employee and organisation success is achieved through business partnership with Directorates using people and culture processes and systems; developing employee work environment, mindset and culture; providing people and culture expertise in role, work design, staffing, professional development, performance, remuneration, recognition, OH&S, return to work, and wellbeing.	\$1,139
		\$113

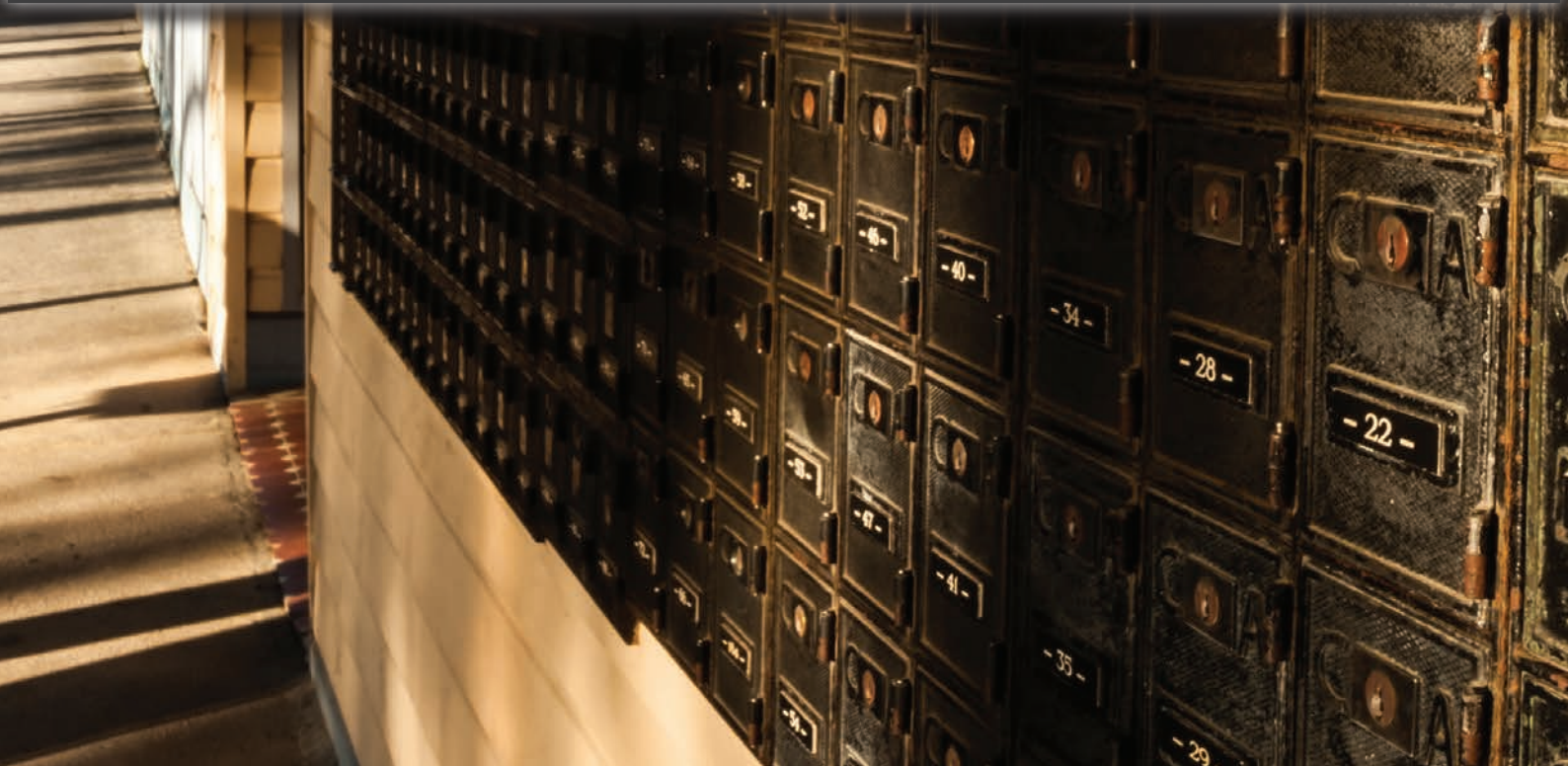
Service Performance Indicators

The following statement provides the results of the prescribed service performance indicators and measures, including explanation of material variations:

Local Government Service Performance Indicators				
Service	Results 2015	Results 2016	Results 2017	Material Variation
Governance	11%	15%	7%	Council has made a concerted effort to reduce the number of reports dealt with in closed session. Further work is in hand to reduce these numbers.
Transparency				
<i>Council decisions made at meetings closed to the public</i>				
[Number of Council resolutions made at ordinary or special meetings of Council, or at meeting of a special committee consisting only of Councillors, closed to the public / Number of Council resolutions made at ordinary or special meetings of Council or at meetings of a special committee consisting only of Councillors] x 100				
Consultation and engagement	49	47	47	
<i>Satisfaction with community consultation and engagement</i>				
Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement				
Attendance	93%	90%	95%	
<i>Councillor attendance at council meetings</i>				
[The sum of the number of Councillors who attended each ordinary and special Council meeting / (Number of ordinary and special Council meetings) x (Number of Councillors elected at the last Council general election)] x 100				
Service cost	\$44,826	\$44,061	\$46,861	
<i>Cost of governance</i>				
[Direct cost of governance service / Number of Councillors elected at the last Council general election]				
Satisfaction	44	47	45	
<i>Satisfaction with Council decisions</i>				
[Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community]				



SECTION
three
GOVERNANCE



3.1

COUNCIL

GOVERNANCE

South Gippsland Shire Council is constituted under the *Local Government Act 1989, (the Act)* to provide leadership for the good governance of the municipal district and its communities.

Council has a number of roles including:

- Responsibly taking into account the diverse needs of the local community in decision making;
- Providing leadership by establishing the policy direction of Council, setting strategic objectives to be achieved and monitoring progress;
- Achieving good governance through delegations of authority and establishing frameworks for the management of advisory portfolio committees and formally appointed Section 86 Committees of Council;
- Advocating the interests of local communities to other communities and governments, including seeking external funding to supplement Council and community funded projects;
- Ensuring resources are managed in a responsible, accountable and sustainable manner; and
- Fostering community cohesion and encouraging active participation and engagement in civic life and decision making.

Council is committed to effective and sustainable forms of democratic and corporate governance as the key to ensuring the Council and its administration addresses community priorities.

The community has many opportunities to provide input into Council decision making processes including community consultation and engagement activities, public presentations to Council, community workshops/forums and the ability to make formal submissions to major strategic documents.

Community members and groups are also able to speak directly to Councillors, submit petitions and submit questions for public question time at Council Meetings.

Council's formal decision making processes are conducted through Ordinary and Special meetings. Council delegates the majority of its decision making to staff, many are of an administrative and legislative compliance nature. Council has also delegated decision making for specific facilities/reserves through Section 86 Committees.

Council Meetings are held on the fourth Wednesday of each month and are open to the public. These meetings are live-streamed on the internet.

Public presentation sessions are held on the third Wednesday to allow Councillors fair consideration of the issues before the next meeting. Public presentation sessions are also available on the fourth Wednesday of the month for agenda related matters. 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 Council's website.

CODE OF CONDUCT

The Councillor's Code of Conduct (Code) provides the foundation of core principles, values and behaviours Councillors are required to demonstrate, as they work together constructively and respectfully to achieve Council's vision for the Shire.

All Councillors are required to sign their commitment to abide by the Code before they assume the office of Councillor. This is normally made when taking the Oath of Office following a Council election. It is also required within three months of a revised Code being adopted by Council.

In 2016/17, Councillors in office from 1 July 2016 to the election, had signed the Code of Conduct in May 2016. The new and returning Councillors sworn in following the election signed the Code at the Swearing-in Ceremony on 9 November 2016. The Council reviewed, updated and signed the current Code on 22 February 2017, in accordance with the Act.

This Code is designed to:

- Assist Councillors to maintain the highest standards of conduct and behaviour as well as provide a means to deal with problems they may encounter;
- Attract the highest level of confidence from Council's stakeholders; and
- Assist the Mayor and Councillors to discharge the responsibilities of their public office appropriately.

In addition to setting out the Councillor Conduct Principles, the Code also outlines:

- Other conduct definitions under the Act, such as those relating to misuse of position, improper direction, breach of confidentiality and conflict of interest;
- Roles and relationships; and
- Dispute resolution procedures.

COUNCILLOR CONDUCT PANEL

A Councillor Conduct Panel report on the findings and recommendations of one Conduct Panel held in 2015 (report provided to Council on 27 April 2016) was appealed by the Respondent to VCAT. The VCAT Hearings were completed in January 2017. As at 30 June 2017 the outcome had not been determined.

CONFLICT OF INTEREST

Councillors are elected by the residents and ratepayers to act in the best interests of the community. This is a position of trust that requires Councillors to put aside personal interests to make decisions in the public interest.

A conflict of interest occurs when a personal or private interest might compromise the ability of a Councillor or staff to act in the public interest. A conflict of interest exists even if no improper act results from it. Declaration of a conflict of interest is a standard agenda item for all Council, Committee and Briefing meetings.

A register is maintained to record all disclosed conflicts of interest for Councillors and staff. The following table provides a summary of the number of conflict of interest disclosures made by Councillors during 2016/17.

Conflict of Interest	Number of Declarations
Indirect Interest	8
Direct Interest	13
Total	21

COUNCIL MEETINGS

Council aims to ensure its decision making is informed; having considered the legislative requirements it must meet and the diverse needs and opinions of the community. Councillors meet in open and closed briefing sessions to gather the background information they require to make efficient and effective decisions. The topics covered and Councillors attending these sessions are reported in each Ordinary meeting agenda.

Public participation sessions provide an opportunity for community members to present issues of interest to Council. These sessions allow community members affected by potential decisions of Council to present their viewpoint to assist and inform Council's decision making processes. These public sessions are held on the third and fourth week of the month, prior to each Ordinary meeting.

Council Attendance at Meetings

Council conducts open public meetings, known as Ordinary meetings, on the fourth Wednesday of each month. Members of the community are welcome to attend these meetings and observe from the gallery. Council meetings also provide the opportunity for community members to submit up to three questions to Council.

In 2016/17, Council held the following meetings:

	1 Jul 2016 to 22 Oct 2016	9 Nov 2016 to 30 Jun 2017	Total Number of Meetings
Ordinary Council Meetings	3	7	10
Special Council Meetings	2	4	6
Special Committee of Council	1	2	3
Resolutions determined at Council Meetings	48	148	196



The following table provides a summary of Councillor attendance at Council meetings and Special Council meetings for the 2016/17 financial year:

Councillor	Council Meeting	Special Council Meeting	Total Number of Meetings
Outgoing Council			
Cr Davies	3 of 3	2 of 2	5 of 5
Cr Fawcett	3 of 3	2 of 2	5 of 5
Cr Harding	3 of 3	1 of 2	4 of 5
Cr Hutchinson-Brooks	3 of 3	2 of 2	5 of 5
Cr Kennedy	1 of 3	2 of 2	3 of 5
Cr Newton	3 of 3	2 of 2	5 of 5
Incoming Council			
Cr Brunt	10 of 10	5 of 6	15 of 16
Cr Hill	10 of 10	4 of 6	14 of 16
Cr McEwen	10 of 10	6 of 6	16 of 16
Cr Argento	6 of 7	4 of 4	10 of 11
Cr Brown	7 of 7	4 of 4	11 of 11
Cr Edwards	7 of 7	4 of 4	11 of 11
Cr Kiel	7 of 7	4 of 4	11 of 11
Cr Rich	7 of 7	4 of 4	11 of 11
Cr Skinner	7 of 7	4 of 4	11 of 11

SPECIAL COMMITTEES

The Act allows Council to establish one or more Special Committees consisting of: Councillors, Council staff, other persons and any combination thereof. Council has established Special Committees to hear formal submissions for various Section 223 public consultations. The following table contains a list of all Special Committees established by Council that are in operation and the purpose for which each was established:

Special Committee	Date	Councillors	Officers	Purpose
Special Committee to hear submissions under Section 223 <i>Local Government Act 1989</i> – proposed road discontinuance of part Gardner Lane, Poowong	1 September 2016	6	8	To consider submissions made under Section 223 of the Act in regards to proposed road discontinuance of Part Gardner Lane, Poowong
Special Committee to hear submissions under Section 223 <i>Local Government Act 1989</i> – proposed road opening of Giles Street, Mirboo North	7 December 2016	8	8	To consider submissions made under Section 223 of the Act in regards to the proposed road opening of Giles Street, Mirboo North
Special Committee to hear submissions under Section 223 <i>Local Government Act 1989</i> – proposed renaming of two sections of McIlwaine Street, Meeniyah	1 February 2017	7	6	To consider submissions made under Section 223 of the Act in regards to the proposed road renaming of two sections of McIlwaine Street, Meeniyah

Council has established a number of Section 86 Committees in accordance with Section 86 of the Act. These Committees have limited delegations, including minor financial delegations for site specific facilities/areas of responsibility. The following table contains a list of all Section 86 Committees established by Council that are in operation and the purpose for which each was established:

Section 86 Committee	Councillors	Officers	Other	Purpose
Allambee South Community Hall	Cr Hill		24	Committee of Management with limited delegation for the purpose of management of the Hall.
Corner Inlet Drainage Area	Cr Argento	1	4	Committee of Management with limited delegation for the purpose of management of the Drainage Area.
Dumbalk Hall and Ladies Auxiliary	Cr Kiel		18	Committee of Management with limited delegation for the purpose of management of the Hall.
Foster Showgrounds	Cr Skinner	1	11	Committee of Management with limited delegation for the purpose of management of the Showgrounds.
Foster Stockyard Gallery	Cr Skinner	1	9	Committee of Management with limited delegation for the purpose of management of the Building.
Foster War Memorial Arts Centre	Cr Argento	1	9	Committee of Management with limited delegation for the purpose of management of the Hall.

Special Committee	Councillors	Officers	Other	Purpose
John Terrill Memorial Park and Fish Creek Reserve	Cr Edwards	1	12	Committee of Management with limited delegation for the purpose of management of the Park and Reserve.
Korumburra Botanic Park Advisory Committee	-	1	9	Committee of Management with limited delegation for the purpose of management of the Botanic Park.
Korumburra Recreation Reserve	Cr Brunt Cr McEwen (substitute)	1	6	Committee of Management with limited delegation for the purpose of management of the Reserve.
Mardan Hall	-	1	5	Committee of Management with limited delegation for the purpose of management of the Hall.
Meeniyah and District Sports Stadium	Cr McEwen	1	5	Committee of Management with limited delegation for the purpose of management of the Building.
Mirboo North Hall	-	1	5	Committee of Management with limited delegation for the purpose of management of the Hall.
Port Welshpool and District Maritime	-	1	7	Committee of Management with limited delegation for the purpose of management of the Building.
TP Taylor Reserve	Cr Skinner Cr Argento (substitute)	1	14	Committee of Management with limited delegation for the purpose of management of the Reserve.
Walter J Tuck Recreation Reserve	Cr Hill Cr Kiel (substitute)	1	15	Committee of Management with limited delegation for the purpose of management of the Reserve.



COUNCILLOR ALLOWANCES & EXPENSES

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

Each Council must determine the precise annual amount to be paid to the Mayor and Councillors by way of a Council resolution. This must be done by 30 June in the year following a general election. The amount must be within the limits of the Council Category set by the Victorian Government, and will apply and remain in effect from the day of resolution until the time of the next election.

In accordance with Section 75 of the Act, Council is also required to reimburse a Councillor for expenses incurred whilst performing their duties as a Councillor and adopt and maintain a policy in relation to this. The *Councillor Support and Expenditure Policy* adopted 27 July 2016, provides guidance for the payment of reimbursements of expenses and the provision of resources, facilities and other support to the Mayor and Councillors to enable them to conduct their duties.

The following table contains a summary of the Councillor allowances and expenses for 2016/17:

Councillor Allowance & Expense Report 2016/17							
Councillor	Allowance	Travel & Car Mileage Expenses	Mobile Phone/Surface Pro Support	Conference, Training &	Printing/Sound Recording Transcript	Other	Total
	(\$)	(\$)	(\$)		(\$)	(\$)	(\$)
July 2016 to October 2016							
Cr Davies	8,175	1,192	724	352	-	-	10,443
Cr Fawcett	8,175	-	451	121	-	-	8,747
Cr Harding	8,175	1,274	382	296	-	80	10,207
Cr Hutchinson-Brooks	8,175	858	258	121	-	-	9,412
Cr Kennedy	8,175	901	425	121	-	55	9,677
Cr Newton	25,295	1,099	267	121	11	-	26,793
July 2016 to June 2017							
Cr Brunt	25,496	3,840	1,005	871	3	164	31,379
Cr Hill	25,496	7,132	1,292	580	46	55	34,601
Cr McEwen	25,496	11,978	1,348	873	216	331	40,242
November 2016 to June 2017							
Cr Argento	52,533	8,303	300		50	168	61,354
Cr Brown	17,321	3,838	211	797	3	164	22,334
Cr Edwards	17,321	7,199	761	1,949	-	3,900	31,130
Cr Kiel	17,321	3,027	244	673	-	55	21,320
Cr Rich	17,321	2,579	147	445	-	440	20,932
Cr Skinner	17,321	3,113	206	2,383	-	55	23,078
Total	281,796	56,333	8,021	9,703	329	5,467	361,649

EXPENSE CATEGORIES

Training & Professional Development

This category covers registration fees associated with attendance by Councillors generally held within Victoria at one-off or short-term conferences, training and professional development courses held by local government related organisations, professional bodies or institutions. These include accommodation, conference, parking-related expenses and airfares where applicable. Cr Harding and Cr Rich have attended interstate events associated with their appointed position on the South East Australian Transport Strategy Inc. (SEATS).

Travel Expenses & Car Mileage

Council's Councillor Support and Expenditure Policy - 27 July 2016 and Councillor Vehicle Policy - 3 November 2016, provide for the reimbursement of car mileage, depreciation, insurance and/or use of private vehicles while conducting Council business.

Councillors' use of private vehicles is at the prescribed rate of reimbursement. Reimbursements also include parking fees and public transport costs.

Councillor Allowances & Superannuation

The Victorian Government sets the upper and lower limits for all allowances paid to Mayors and Councillors. Councils are divided into three categories based on the income and population of each Council.

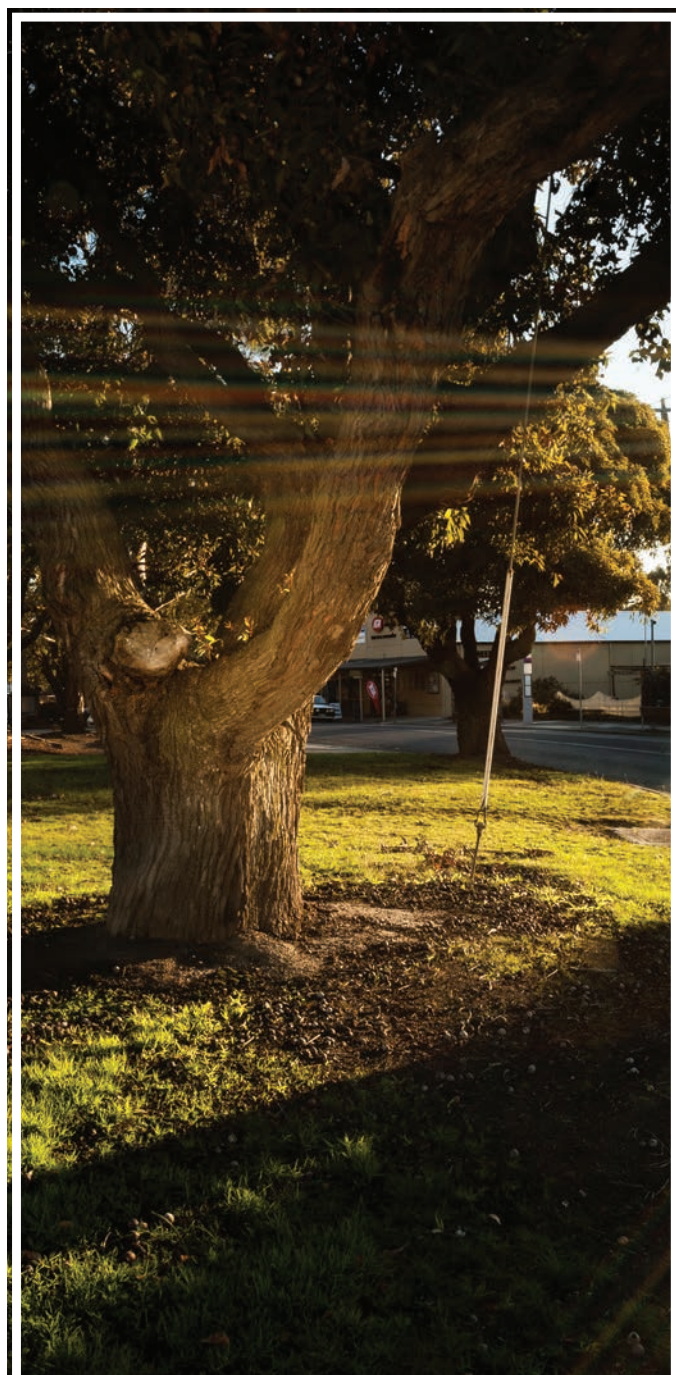
In this instance South Gippsland Shire Council is recognised as a Category 2 Council and allowances are paid at the top level within this category. Allowances are paid in accordance with Section 74 of the Act.

IT & Communication Support

Councillors are supplied with mobile devices, including a mobile phone with data plan and a Surface Pro laptop. The cost of providing these services is paid by Council.

Printing, Sound Recording & Transcript Request

Council provides access to fax, photocopying and printing which is made available at Council offices. Printing and audio recording transcription costs have been included.



3.2 MANAGEMENT

FRAMEWORK & AUDITING

Council has implemented a number of statutory and better practice items to strengthen its management framework. Having a strong governance and management framework supports better decision making by Council.

The Act requires Council to undertake an assessment of its governance against the prescribed Governance and Management Checklist and include this in its Annual Report. The following items have been highlighted as important components of the management framework.

The Audit Committee met four times in 2016/17 on 12 September 2016, 12 December 2016, 3 April 2017 and 5 June 2017.

The Internal Auditor, Richmond Sinnott and Delahunty (RSD) Chartered Accountants, CEO (or acting CEO) and Director Corporate and Community Services (or acting Director) attended all Audit Committee meetings. Other management representatives attended as required to present reports. External auditors from the Victorian Auditor-General Office (VAGO) attended the 12 September 2016, 3 April 2017 and 5 June 2017 meetings to present the audit plan and independent audit report.

AUDIT COMMITTEE

The Audit Committee is an independent advisory committee of Council established under Section 139 of the Act. The role of the Audit Committee is to oversee and monitor Council's effectiveness in carrying out its responsibilities for accountable financial management, corporate governance, maintaining an effective system of internal control and risk management, and fostering an ethical environment.

The Audit Committee consists of three independent members, who from the 3 April 2017 meeting were Dr Irene Irvine (Chair), Dr John (AJ) Purcell and Mr Homi Burjorjee, and two Councillors, who from the 12 December 2016 meeting were Cr Argento (Mayor) and Cr Brunt. Independent members are appointed for a three year term, with a maximum of two terms. The chair is elected from amongst the independent members.

ATTENDANCE

Attendee	Meetings Attended
Independent Members	
Dr Irene Irvine (<i>Chair</i>)	4
Dr John (AJ) Purcell	4
Dr Craig Nisbet (<i>until 12 December 2016</i>)	2
Mr Homi Burjorjee (<i>from 22 February 2017</i>)	2
Council Members	
Cr Newton (<i>Mayor until 22 October 2016</i>)	0
Cr Davies (<i>Deputy Mayor, substitute for Cr Newton at 12 September 2016 meeting</i>)	1
Cr Argento (<i>Mayor from 16 November 2016</i>)	3
Cr Brunt	4
Auditors	
Internal Auditor (RSD Chartered Accountants)	4
External Auditors (VAGO)	3

INTERNAL AUDIT

Council's internal audit function provides independent and objective assurance that the appropriate processes and controls are in place across Council. This function is outsourced to RSD Chartered Accountants, who were appointed on 1 July 2016 following a public tender, for an initial term of three years, which will conclude on 30 June 2019. Council has a further, three year contract extension option available at the end of the initial contract term.

A risk based Internal Audit Program (IAP) is revised annually to ensure the audit resources remain focused on the appropriate areas. The review process considers Council's risk framework, the Council Plan, the impact of any change on operations, systems or the business environment, prior audit coverage and outcomes and management input. The IAP is reviewed and approved by the Audit Committee annually.

The Internal Auditor attends each Audit Committee meeting to report on the status of the IAP, to provide an update on the implementation of audit recommendations and to present findings of completed reviews. The responsible Director for each area reviewed attends the Audit Committee meeting to respond to questions in relation to the review. All audit issues identified are risk rated. Recommendations are assigned to the responsible Manager and tracked in Council's Internal Audit Action Plan. Managers provide six-monthly status updates that are reported to Council's Strategic Risk Committee and Audit Committee.

The IAP for 2016/17 was completed with the following reviews conducted:

- Initial Risk Assessment;
- Section 86 Committees;
- Asset Management and Road/Building Maintenance and Inspections; and
- Councillor Expenditure and Code of Conduct Compliance

EXTERNAL AUDIT

Council is externally audited by the Victorian Auditor-General Office (VAGO). For the 2016/17 year the annual external audit of Council's Financial Statements and Performance Statement was conducted by the Victorian Auditor-General's representative. The external auditors attended the 12 September 2016, 3 April 2017 and 5 June 2017 Audit Committee meetings to present the annual audit plan and Independent Audit Report. The external audit management letter and responses are also provided to the Audit Committee.

3.3 RISK

MANAGEMENT

In May 2012, Council adopted a Risk Management Framework and Policy in line with best practice in the management of business enterprise risks and current International Risk Management Standard AS/NZ ISO 31000.

During the 2016 /17 financial year Council conducted a review of its Risk Management Framework and Policy in conjunction with Baw Baw Shire Council, with whom it shares the Risk Management function.

This review culminated on 22 March 2017 with Council adopting a revised Risk Management Framework and Policy.

The Risk Management Framework and Policy addresses items such as:

- Risk management culture;
- Communication and training;
- Best practice in risk management;
- Responsibilities of and to internal and external stakeholders;
- Risk registers;
- Business Continuity Plan review; and
- Council planning cycle, budget cycle and annual audit cycle

Council's risk management objectives are to:

- Ensure that we achieve our strategic objectives as set out in the Council Plan;
- Highlight which areas of Council's risk profile have the capacity to deliver the maximum benefit or maximum harm and to identify those areas which should receive priority action;
- Establish a reliable basis for decision making and ensure that risk is included as a fundamental component in the planning process;
- Ensure the effective allocation of resources;
- Determine how risk should be reported to Council, Auditors, Audit Committee and Strategic Risk Committee;
- Foster an organisational culture which promotes proactive behaviour regarding the identification and treatment of risk;
- Identify and prepare for emerging risks, future events and change; and
- Improve stakeholder confidence and trust.

3.4 OCCUPATIONAL HEALTH & SAFETY

Council has maintained its emphasis on ensuring the health, safety and wellbeing of all employees, contractors, volunteers and other people who may be affected by their operations.

This is being achieved through:

- Proactive identification and management of health and safety risks;
- Developing the health and safety knowledge and capability of all people;
- Effective measurement of safety activities to identify areas for improvement.

Specific initiatives completed over the past twelve months include:

- A suite of mobile safety apps for outdoor workers;
- Standardisation of processes around electrical equipment, chemicals and first aid.

TRAINING & DEVELOPMENT

As part of developing health and safety knowledge and capability, a wide range of training has been provided including:

- Drug and alcohol awareness
- Occupational Health & Safety
- Manual Handling
- AgVet Chemical Handling
- Confined space entry
- Chainsaw operation
- Working at heights
- Conflict resolution

This complements ongoing internal education sessions, OH&S inductions for new staff and equipment and machine specific training that is provided.

Lag Indicators

Incident, near miss and hazard reports increased to the highest level in the past three years, likely due to new electronic reporting capability for outdoor workers. Actual injuries, which are incidents where a person experiences any sort of negative impact, continued to trend downwards.

	Incidents, Near Misses & Hazards	Injuries
2016/17	145	58
2015/16	126	62
2014/15	140	70

Number of reported incidents, near misses, hazards and injuries.

Lead Indicators

Proactive measures are being utilised to gauge involvement and engagement in activities which have direct and indirect impact on workplace and personal safety. An ongoing emphasis on monitoring workplace conditions through inspections has helped to identify and resolve a large number of remedial actions, preventing possible injuries.

	Workplace Inspection Completed	Remedial Actions Completed
2016/17	76	150
2015/16	53	51*
2014/15	46	Not measured

Number of inspections and identified remedial actions completed.

** Only measured from 2016.*

3.5 STATUTORY INFORMATION

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

DOCUMENTS AVAILABLE FOR PUBLIC INSPECTION

In accordance with regulation 12 of the Local Government (General) Regulations 2015, the following are prescribed documents that are available for public inspection or copies of the documents can be obtained for the purposes of Section 222 of the Act at 9 Smith Street, Leongatha, Victoria:

- A document containing details of overseas or interstate travel (other than interstate travel by land for less than three days) undertaken in an official capacity by any Councillor or member of Council staff in the previous 12 months.
- The agendas for, and minutes of ordinary and special meetings held in the previous 12 months which are kept under Section 93 of the Act, other than those agendas and minutes relating to a part of a meeting which was closed to members of the public under Section 89 of the Act and are confidential information within the meaning of Section 77(2) of the Act.
- The minutes of meetings of special committees established under Section 86 of the Act and held in the previous 12 months, other than those minutes relating to a part of a meeting which was closed to members of the public under Section 89 of the Act and are confidential information within the meaning of Section 77(2) of the Act.

- A register of delegations kept under Sections 87(1) and 98(4) of the Act, including the date on which the last review took place under Sections 86(6) and 98(6), respectively, of the Act.
- A document containing details of all leases involving land which were entered into by the Council as lessor, including the lessee and the terms and the value of the lease.
- A register maintained under Section 224(1A) of the Act of authorised officers appointed under that section.
- A list of donations and grants made by the Council in the previous 12 months, including the names of persons who, or bodies which, have received a donation or grant and the amount of each donation or grant.



BEST VALUE

In accordance with Section 208B(F) of the Act, Council is required to report annually to its community on its initiatives carried out in relation to the Best Value Principles.

South Gippsland Shire Council incorporates Best Value Principles through regular business planning and performance monitoring processes and through a commitment to continuous improvement and innovation.

The following Best Value initiatives were undertaken during 2016/17:

- Investigations commenced into future options for the provision of Home and Community Care Services once a changed funding model is introduced by the Federal Government.
- A review of the Visitor Information Services at Foster and Korumburra were undertaken. Council determined to retain the Foster Service. The decision on the Korumburra Service is deferred until a future report is provided to Council. Development of a Digital Tourism Strategy will assist in determining the outcome of the Korumburra Centre.
- Investigation commenced into ways to improve and automate internal processes in order to improve customer service to the community.

CARER'S RECOGNITION

In accordance with the *Carers' Recognition Act 2012*, Council is required to report annually on its care measurement obligations under Section 11 of the Act.

Council has promoted the principles of the Act to people in care relationships who receive Council services and to the wider community by:

- Distributing printed material through relevant Council services;
- Providing information to organisations represented in Council/community networks.

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

- Council induction and training programs for staff working in Aged and Disability Services, community Services and front-line positions with the general community; and
- Induction and training programs for volunteers working directly with the community.

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

- Celebrated National Carers' week in partnership with South Gippsland Carers' Support Group to recognise carers and those they care for.
- Aged & Disability services recognised carers and the person they care for during National Carers week with a train ride from Leongatha to Nyora, providing an opportunity to talk with Council staff.
- Provision of flexible respite services for carers under the Home and Community Care Program.

CONTRACTS

During the 2016/17 financial year Council entered into the following contract valued at \$150,000 (incl. GST) or more for goods or services or \$200,000 (incl. GST) or more for works without engaging in a competitive process as required by Section 186 of the Local Government Act 1989.

- CON/88: Construction Auditing of Cell 4 – Koonwarra Landfill awarded to GHD Pty Ltd.

DISABILITY ACTION PLAN

In accordance with Section 38 of the Disability Act 2006, as Council has prepared a Disability Action Plan, it must report on implementation in its Annual Report.

Council has implemented the following actions:

- Develop and implement a Volunteer Strategy that integrates the needs of people with a disability;
- Promote events such as Carers' Week and International Day of People with a Disability; and
- Develop accessible publication guidelines.

DOMESTIC ANIMAL MANAGEMENT PLAN

In accordance with the Domestic Animals Act 1994, Council is required to prepare a Domestic Animal Management Plan (DAMP) at four-yearly intervals and evaluate its implementation in the Annual Report.

Council adopted the DAMP 2013–2017 in June 2013. A draft DAMP 2017–2021 went out to the community as a part of the consultation process as adopted at the Council Meeting of 24 May 2017.

A number of responses have been received from the public and these will be considered prior to finalising the DAMP.

Actions that have been completed or that are completed on an ongoing basis are outlined below:

- Source and purchase several thousand 'lifetime tags' for animal identification;
- Developed an enforcement follow up process;
- Commenced a feasibility study into the financial viability of appointing consultants to conduct animal registration compliance audits;
- Developed an 'infringement matrix' for issuing domestic animal infringement notices to ensure consistency across the team;
- Animal information articles provided for the public on a quarterly basis and made available via press releases, Facebook and Council's website;
- Lost/found dogs and cats advertised on Council's website, Facebook and local newspapers;
- Annual audits undertaken of premises where declared menacing, dangerous and restricted breed dogs are housed;
- Annual audits of properties housing excess domestic animals via Local Law permits;
- Animal registration database assessed regularly to identify unregistered Domestic Animal Businesses;
- Press releases prepared and issued for successful dog attack prosecutions;
- Menacing, dangerous and restricted breed dog legislation actively enforced;
- Training register maintained for individual officers;
- Officers attend or able to attend at least one training/networking session per year; and
- Officers provided with access to the Bureau of Animal Welfare extranet site.

FOOD ACT MINISTERIAL DIRECTIONS

In accordance with Section 7E(6) of the *Food Act 1984*, if a Council, or the CEO of a Council, is given a direction under subsection (1), a copy of the direction must be published in the Annual Report under Section 131 of the Act. No such Ministerial Directions were received by Council during this financial year.

FREEDOM OF INFORMATION

The Freedom of Information Act 1982 (the FOI Act) gives the community a legally enforceable right to apply for access to documents held by Council. This access is limited only by the application of exceptions and exemptions provided for under the legislation.

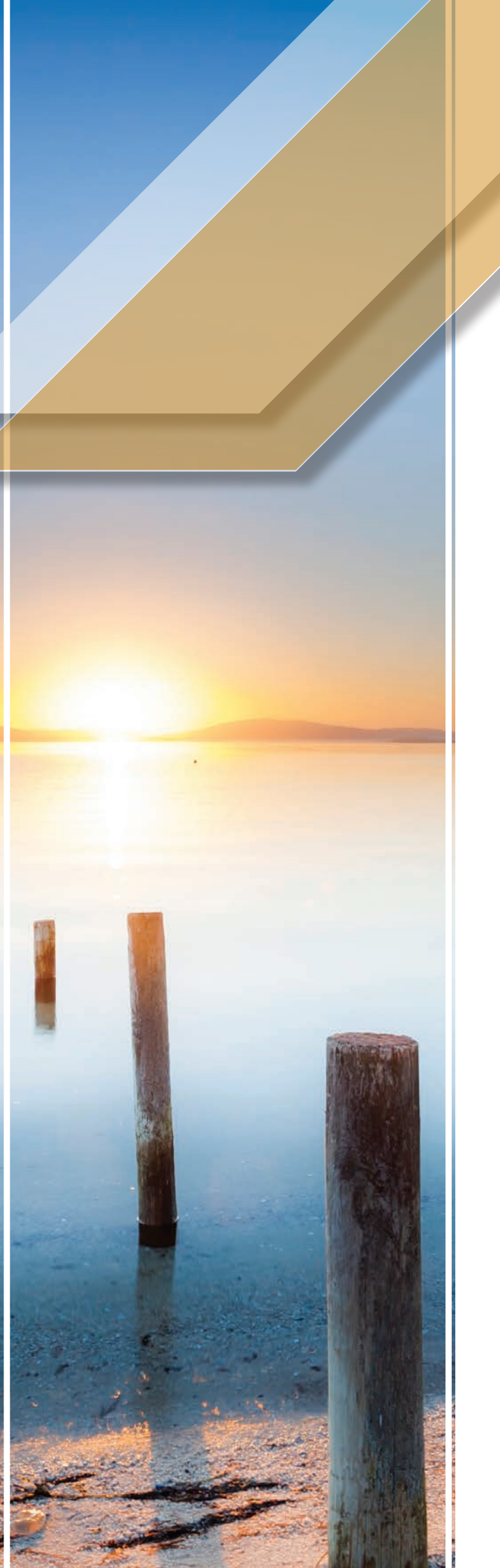
A valid request for access must be in writing, be accompanied by payment of the application fee and must provide enough information to enable the documents to be identified. Access charges may also apply once documents have been processed and a decision on access is made (e.g. photocopying and search and retrieval charges).

Council's Freedom of Information Officer assists the applicant in accordance with the provisions of the FOI Act and handles all requests for FOI access.

There were 14 requests under the Act, and access to five was granted in full or in part, seven were not valid, one denied, and there were no relevant documents for one request.

Further information regarding FOI can be found at www.foi.vic.gov.au and on the South Gippsland Shire Council website. FOI requests can be lodged online via Council's website or in writing and addressed to the:

Freedom of Information Officer
South Gippsland Shire Council
9 Smith Street (Private Bag 4)
Leongatha, Victoria 3953
www.southgippsland.vic.gov.au



PROTECTED DISCLOSURE PROCEDURES

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

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

During the 2016/17 financial year there were no disclosures received by Council's Protected Disclosure Coordinators to which the Protected Disclosure Guidelines applied. As such there were no assessable disclosures referred to the Independent Broad-based Anti-corruption Commission (IBAC) for assessment.

NATIONAL COMPETITION POLICY

The Victorian Government is obligated to demonstrate that Local Government is compliant with competition policies. Council has a National Competition Policy and 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 2016/17.

ROAD MANAGEMENT ACT MINISTERIAL DIRECTION

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

INFRASTRUCTURE AND DEVELOPMENT CONTRIBUTIONS

In accordance with section 46GM and 46QD of the Planning and Environment Act 1987, a Council that is a collecting or development agency must prepare and give a report to the Minister for Planning on infrastructure and development contributions including levies and works in kind. The report must be published in a Council's Annual Report.

There were no infrastructure and development contributions disclosed for the 2016/17 financial year for South Gippsland Shire Council.



3.6 GOVERNANCE

& MANAGEMENT CHECKLIST

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

Item No.	Government and Management Items	Assessment
1	Community engagement policy (policy outlining Council's commitment to engaging with the community on matters of public interest)	<i>Communication and Engagement Policy</i> Date of adoption: 25 June 2014
2	Community engagement guidelines (guidelines to assist staff to determine when and how to engage with the community)	<i>Community Engagement Plan and Toolkit</i> Guidelines incorporated into the plan were endorsed by the Executive Leadership Team Date of adoption: February 2017
3	Strategic Resource Plan (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next 4 financial years)	Adopted in accordance with section 126 of the Act Date of adoption: 28 June 2017
4	Annual Budget (plan under section 130 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required)	Adopted in accordance with section 130 of the Act Date of adoption: 28 June 2017
5	Asset management plans (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	<i>Asset Management Plans</i> and dates of operation: <ul style="list-style-type: none"> • Buildings - 1 May 2013 • Roads - 19 April 2017 • Bridges - included in Roads Asset Management Plans • Footpaths and Cycle-ways - included in Roads Asset Management Plans • Stormwater Drainage - included in Roads Asset Management Plans • Parks, Gardens and Reserves - 6 March 2013 Parks, Gardens and Reserves Asset Management Plan is currently under review. The Buildings Asset Management Plan has been reviewed and will be presented to Council on 19 July 2017.
6	Rating strategy (strategy setting out the rating structure of Council to levy rates and charges)	<i>Rating Strategy 2014–2018</i> Date of adoption: 24 June 2015
7	Risk policy (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	<i>Risk Management Policy and Framework</i> Date of adoption: 22 March 2017
8	Fraud policy (policy outlining Council's commitment and approach to minimising the risk of fraud)	<i>Fraud Policy</i> Date of adoption: 26 April 2017

Item No.	Government and Management Items	Assessment
9	Municipal emergency management plan (plan under section 20 of the <i>Emergency Management Act 1986</i> for emergency prevention, response and recovery)	Prepared and maintained in accordance with section 20 of the <i>Emergency Management Act 1986</i> Date of adoption: 23 September 2015
10	Procurement policy (policy under section 186A of the <i>Local Government Act 1989</i> outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)	<i>Procurement policy</i> prepared and approved in accordance with section 186A of the <i>Local Government Act 1989</i> Date of adoption: 28 June 2017
11	Business continuity plan (plan setting out the actions that will be undertaken to ensure that key services continue to operate in the event of a disaster)	Adopted by Executive Leadership Team Date of adoption: 30 November 2016
12	Disaster recovery plan (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	Endorsed by Strategic Risk Committee Date of adoption: 16 February 2016
13	Risk Management framework (framework outlining Council's approach to managing risks to the Council's operations)	<i>Risk Management Framework</i> Date of adoption: 22 March 2017
14	Audit Committee (advisory committee of Council under section 139 of the Act whose role is to oversee the integrity of a Council's financial reporting, processes to manage risks to the Council's operations and for compliance with applicable legal, ethical, and regulatory requirements)	The Audit Committee was established in accordance with section 139 of the Act. Date of establishment: 1 January 1998 Information relating to the operations of this committee can be found in the Audit Committee section of this report.
15	Internal audit (independent accounting professionals engaged by the Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls)	Internal Auditor engaged Date of engagement of current provider: 1 July 2016
16	Performance reporting framework (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act)	Performance Reporting Framework is set out in the revised Council Plan 2013–2017 and 2016/17 Annual Budget adopted 22 June 2016. Requirements for quarterly reporting for the LGPRF is through the Audit Committee Charter and Minutes to Council and is passed through Executive Leadership Team and Risk Committee prior to Audit Committee and Council. The Council Plan 2017–2021 and the 2017/18 Annual Budget includes a new set of indicators and activities that will be reported at six months, third quarter and financial year end.

Item No.	Government and Management Items	Assessment
17	<p>Council Plan reporting (report reviewing the performance of the Council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year)</p>	<p>Council Plan and Annual Plan reporting is provided in quarterly performance reports to Council</p> <p>Date of reports:</p> <ul style="list-style-type: none"> • Revised 2013–2017 Council Plan adopted: 22 June 2016 • Full Year 2015/16 compiled for the Annual Report & Fourth Quarter report combined: adopted 28 September 2016 • 2016/17 First Half Year report adopted: 22 February 2017 • 2016/17 Third Quarter report adopted: 24 May 2017 • 2016/17 Financial Year report - is currently being compiled for the combined Quarterly and Annual Report.
18	<p>Financial reporting (quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)</p>	<p>Statements presented to Council in accordance with section 138(1) of the Act.</p> <p>Financial reporting is provided in Quarterly Performance Reports to Council.</p> <p>Date statements presented:</p> <ul style="list-style-type: none"> • First Quarter Report - July to August 2016 - 28 September 2016 • Second Quarter Report - July to November 2016 - 22 February 2017 • Third Quarter Report - July 2016 to May 2017 - 28 June 2017 • Fourth Quarter Report - included in this 2016/17 Annual Report
19	<p>Risk reporting (six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies)</p>	<p>Audit Committee review of register</p> <p>Date of reports:</p> <ul style="list-style-type: none"> • First report - 12 December 2016 • Second report - 5 June 2017
20	<p>Performance reporting (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act)</p>	<p>Council Plan and Annual Plan reporting is provided in Quarterly Performance reports to Council.</p> <p>Half Year report - communication via Councillor's weekly newsletter and Audit Committee in March 2017</p> <p>Full Year report - included in this 2016/17 Annual Report</p>
21	<p>Annual Report (annual report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial and performance statements)</p>	<p>The 2015/16 Annual Report was adopted by Council on 28 September 2016. The final version after being presented to the Minister for Local Government was adopted at a Special Meeting of Council on 19 October 2016.</p>

Item No.	Government and Management Items	Assessment
22	Councillor Code of Conduct (code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)	The revised Councillor Code of Conduct was reviewed in accordance with section 76C of the Act. Date of adoption: 22 February 2017
23	Delegations (a document setting out the powers, duties and functions of Council and the Chief Executive Officer that have been delegated to members of staff)	The delegations were reviewed in accordance with section 98(6) of the Act. The delegations were signed by the CEO on <ul style="list-style-type: none"> • Council to CEO - 22 February 2017 • Council to Staff - 22 February 2017 • CEO to staff (S7) - 27 April 2017 • CEO Powers to staff (S13) - 27 April 2017 • CEO to Staff (VICSmart) (S14) - 27 April 2017
24	Meeting procedures (a local law governing the conduct of meetings of Council and Special Committees)	Meeting procedures local law made in accordance with section 91(1) of the Act. Date of local law made: 19 May 2010

I certify that this information presents fairly the status of Council's governance and management arrangements.



Tim Tamlin

Chief Executive Officer

Dated: 27 September 2017



Cr Ray Argento

Mayor

Dated: 27 September 2017



SECTION
four
PERFORMANCE

4.1 PERFORMANCE STATEMENT

DESCRIPTION OF MUNICIPALITY

South Gippsland Shire was formed in 1994 from the amalgamation of four municipalities. Located 90 minutes south east of Melbourne, the Shire has an expanding population of 28,936 (*ABS estimated resident population 2016*).

The Council covers an area of 3,300 square kilometres with substantial coastal frontage. South Gippsland Shire is a spectacular region, with communities nestled among the rolling green hills, and along the coast, linking the mountains to the sea.

The Shire's major centres are Leongatha, Korumburra, Mirboo North and Foster, and other significant townships include Nyora, Toora, Venus Bay, Sandy Point, Poowong, Port Welshpool, Loch, Dumbalk, Welshpool, Meeniyah, Fish Creek, Port Franklin, Koonwarra, Kongwak and Tarwin Lower.

Key industry sectors by employment in the South Gippsland Shire at the last census in 2011 were Agriculture, Forestry and Fishing, Health Care and Social Assistance, Retail Trade, and Construction.



SUSTAINABLE CAPACITY INDICATORS

for the year ended 30 June 2017

Service	Results 2015	Results 2016	Results 2017	Material Variation
Population	\$2,013	\$2,128	\$2,091	
<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]				
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$14,743	\$16,042	\$15,611	
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	13	13	24	
Own-source revenue				
<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,522	\$1,670	\$1,630	
Recurrent grants				
<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$607	\$414	\$684	Receipt of \$4.5M of Grants Commission allocation in advance in 2016/17 while \$4.3M of allocation related to 2015/16 was received in advance in 2014/15.
Disadvantage				
<i>Relative socio-economic disadvantage</i> [Index of Relative Socio-economic Disadvantage by decile]	6	6	6	

Definitions

"Adjusted underlying revenue" means total income other than:

- non-recurrent grants used to fund capital expenditure; and
- non-monetary asset contributions; and
- contributions to fund capital expenditure from sources other than those referred to above

"Infrastructure" means non-current property, plant and equipment excluding land

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

"Population" means the resident population estimated by Council

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

"Relative socio-economic disadvantage", in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA

"SEIFA" means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its Internet website

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

Service	Results 2015	Results 2016	Results 2017	Material Variation
Aquatic Facilities				
Utilisation				
<i>Utilisation of aquatic facilities</i>	6	6	6	
[Number of visits to aquatic facilities / Municipal population]				
Animal management				
Health and safety				
<i>Animal management prosecutions</i>	20	23	9	Serious dog attacks form the majority of these figures. There has been a substantial decrease in reported serious dog attacks during this financial year.
[Number of successful animal management prosecutions]				
Food safety				
Health and safety				
<i>Critical and major non-compliance notifications</i>	94%	95%	100%	From 1 July 2016, 'Critical and major non-compliance outcome notifications' will be reported by calendar year. Previously this indicator was reported by financial year. This has been implemented to better align reporting with the Department of Health and Human Services. This may result in some variances year on year.
[Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x 100				
Governance				
Satisfaction				
<i>Satisfaction with Council decisions</i>	44	47	45	
[Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community]				
Home and Community Care (HACC)				
Participation				
<i>Participation in HACC service</i>	26%	26%	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
[Number of people that received a HACC service / Municipal target population for HACC services] x 100				
Participation				
<i>Participation in HACC service by CALD people</i>	23%	22%	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
[Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x 100				

Service	Results 2015	Results 2016	Results 2017	Material Variation
Libraries				
Participation				
<i>Active library members</i>	25%	23%	21%	
[Number of active library members / Municipal population] x 100				
Maternal and Child Health (MCH)				
Participation				
<i>Participation in the MCH service</i>	79%	75%	76%	
[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x 100				
Participation				
<i>Participation in the MCH service by Aboriginal children</i>	76%	62%	67%	
[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x 100				
Roads				
Satisfaction				
<i>Satisfaction with sealed local roads</i>	27	30	36	More roads have been rehabilitated and/or resealed leading to an increased satisfaction result.
[Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]				
Statutory Planning				
Decision making				
<i>Council planning decisions upheld at VCAT</i>	0%	71%	50%	Council had one less VCAT decision overall and two more decisions set aside by VCAT compared to 2015/16, which has impacted the overall variance. The overall volume of applications that are appealed to VCAT is exceptionally low at South Gippsland so even one application difference can create a significant percentage variance.
[Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x 100				
Waste Collection				
Waste diversion				
<i>Kerbside collection waste diverted from landfill</i>	33%	50%	51%	
[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x 100				

Definitions

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

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

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

"Annual report" means an annual report prepared by a Council under Sections 131, 132 and 133 of the Act

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

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

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

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

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

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

"HACC program" means the Home and Community Care program established under the Agreement entered into for the purpose of the *Home and Community Care Act 1985* of the Commonwealth

"HACC service" means home help, personal care or community respite provided under the HACC program

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

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

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

"Population" means the resident population estimated by Council

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

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

Dimension/Indicator/ measure	Results 2015	Results 2016	Results 2017	Forecast 2018	Forecast 2019	Forecast 2020	Forecast 2021	Material Variation
Efficiency								
Revenue level								
Average residential rate per residential property assessment	\$1,607	\$1,752	\$1,789	\$1,847	\$1,865	\$1,883	\$1,902	
[Residential rate revenue / Number of residential property assessments]								
Expenditure Level								
Expenses per property assessment	\$2,913	\$3,038	\$3,105	\$3,297	\$3,061	\$3,195	\$3,191	
[Total expenses / Number of property assessments]								
Workforce turnover								
Resignation and terminations compared to average staff	9.29%	13.13%	11.19%	10.81%	10.81%	10.81%	10.81%	
[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x 100								
Liquidity								
Working capital								
Current assets compared to current liabilities	270.40%	240.08%	281.98%	215.52%	156.78%	196.51%	143.03%	\$4.5M Victorian Grants Commission allocation was received in advance in 2016/17. This had a positive impact on the 2016/17 ratio.
[Current assets / Current liabilities] x 100								

Dimension/Indicator/ measure	Results 2015	Results 2016	Results 2017	Forecast 2018	Forecast 2019	Forecast 2020	Forecast 2021	Material Variation
Unrestricted cash								
<i>Unrestricted cash compared to current liabilities</i>	107.46%	-46.01%	-16.11%	25.83%	10.16%	27.89%	-34.18%	The reclassification of \$16.5M of highly liquid 'cash and cash equivalent assets' to 'other financial assets' which have a maturity date of greater than 90 days has reduced the amount of Cash and Cash equivalents. This does not present as a strategic concern.
[Unrestricted cash / Current liabilities] x 100								
Obligations								
Asset renewal								
<i>Asset renewal compared to depreciation</i>	84.41%	100.84%	111.33%	101.74%	122.26%	98.04%	121.78%	The nature of capital renewal expenditure is expected to fluctuate over the years.
[Asset renewal expenses / Asset depreciation] x 100								
Loans and borrowings								
<i>Loans and borrowings compared to rates</i>	9.40%	8.68%	8.37%	8.17%	7.96%	0.00%	0.00%	
[Interest bearing loans and borrowings / Rate revenue] x 100								
Loans and borrowings								
<i>Loans and borrowings repayments compared to rates</i>	0.36%	0.37%	0.35%	0.35%	0.34%	7.89%	0.00%	
[Interest and principal repayments on interest bearing loans and borrowings / rate revenue] x 100								
Indebtedness								
<i>Non-current liabilities compared to own source revenue</i>	10.85%	10.67%	12.62%	11.75%	3.23%	3.27%	3.31%	Increase in Non-current Liabilities is due to provision of \$1M for Landfill rehabilitation.
[Non-current liabilities / Own source revenue] x 100								

Dimension/Indicator/ measure	Results 2015	Results 2016	Results 2017	Forecast 2018	Forecast 2019	Forecast 2020	Forecast 2021	Material Variation
Operating position								
Adjusted underlying result	12.36%	0.99%	12.11%	-6.94%	4.97%	3.76%	4.27%	The steep increase in operating surplus in 2016/17 compared to 2015/16 is due to receipt of \$4.5M of Grants Commission allocation in advance. Further \$4.3M of allocation related to 2015/16 was received in 2014/15.
<i>Adjusted underlying surplus (or deficit)</i>								
[Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x 100								
Stability								
Rates concentration								
<i>Rates compared to adjusted underlying revenue</i>	55.55%	64.87%	58.11%	68.24%	66.56%	65.82%	66.80%	\$4.5M Victorian Grants Commission allocation was received in advance in 2016/17. This had a negative impact on the 2016/17 ratio.
[Rate revenue / Adjusted underlying revenue] x 100								
Rates effort								
<i>Rates compared to property values</i>	0.50%	0.54%	0.53%	0.54%	0.54%	0.55%	0.55%	
[Rate revenue / Capital improved value of rateable properties in the municipality] x 100								

Definitions

"Adjusted underlying revenue" means total income other than:

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources

other than those referred to above

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

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

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

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

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

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

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

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

"Population" means the resident population estimated by Council

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

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

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

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

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

OTHER INFORMATION

for the year ended 30 June 2017

1. Basis of preparation

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

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

The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the Council's Strategic Resource Plan. The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material variations in the results contained in the performance statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the performance statement are those adopted by Council in its Strategic Resource Plan annually and which forms part of the Council Plan. The Strategic Resource Plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The Strategic Resource Plan 2015–2018 can be obtained by contacting Council.



CERTIFICATION OF THE PERFORMANCE STATEMENT

for the year ended 30 June 2017

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



Stuart Smith, CPA

Principal Accounting Officer

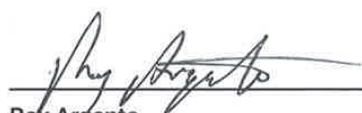
Dated: 27 September 2017

In our opinion, the accompanying performance statement of the South Gippsland Shire Council for the year ended 30 June 2017 presents fairly the results of Council's performance in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

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

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

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



Ray Argento

Mayor

Dated: 27 September 2017



Lorraine Brunt

Councillor (Audit Committee Member)

Dated: 27 September 2017



Tim Tamlin

Chief Executive Officer

Dated: 27 September 2017

Independent Auditor's Report

To the Councillors of South Gippsland Shire Council

Opinion I have audited the accompanying performance statement of South Gippsland Shire Council (the council) which comprises the:

- description of municipality for the year ended 30 June 2017
- sustainable capacity indicators for the year ended 30 June 2017
- service performance indicators for the year ended 30 June 2017
- financial performance indicators for the year ended 30 June 2017
- other information and
- the certification of the performance statement.

In my opinion, the performance statement of South Gippsland Shire Council in respect of the year ended 30 June 2017 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 6 of the *Local Government Act 1989*.

Basis for Opinion I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Standards on Assurance Engagements. My responsibilities under the Act are further described in the *Auditor's responsibilities for the audit of the performance statement* section of my report.

My independence is established by the *Constitution Act 1975*. I and my staff are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the performance statement in Australia and have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Auditor's responsibilities for the audit of the performance statement

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Standards on Assurance Engagements, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of performance statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 council's internal control
- evaluate the overall presentation, structure and content of the statement of performance, including the disclosures, and whether the statement of performance represents the underlying events and results in a manner that achieves fair presentation.

I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
28 September 2017



Tim Loughnan
as delegate for the Auditor-General of Victoria

SOUTH GIPPSLAND SHIRE COUNCIL

Annual Financial Report

FOR THE YEAR ENDED 30 JUNE 2017



*South Gippsland
Shire Council*

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South Gippsland
Shire Council

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Comprehensive Income Statement

For the Year Ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Income			
Rates and charges	3	40,004	38,765
Statutory fees and fines	4	769	518
User fees	5	4,134	4,155
Grants - Operating	6	17,473	8,299
Grants - Capital	6	7,805	7,711
Contributions - monetary	7	509	281
Contributions - non monetary	7	403	629
Fair value adjustment for investment property	23	-	13
Share of net profits/(losses) of associates	16	131	119
Other Income	9	2,138	2,691
Total income		73,366	63,181
Expenses			
Employee costs	10	23,832	23,135
Materials and services	11	21,920	21,955
Bad and doubtful debts	12	43	104
Depreciation	13	11,651	10,616
Net loss on disposal of property, infrastructure plant and equipment	8	18	57
Borrowing costs	14	142	142
Other expenses	15	2,900	2,938
Total expenses		60,506	58,947
Surplus for the year		12,860	4,234
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment	28 (a)	-	29,435
Share of other comprehensive income of associates	16	-	120
Total Comprehensive result		12,860	33,789

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

Balance Sheet

As at 30 June 2017

	Note	2017 \$'000	2016 \$'000
Assets			
Current assets			
Cash and cash equivalents	17	9,701	2,931
Trade and other receivables	19	4,449	4,203
Other financial assets	18	16,581	15,316
Inventories	20	304	195
Other assets	21	42	227
Total current assets		<u>31,077</u>	<u>22,872</u>
Non-current assets			
Investments in associates and joint ventures	16	1,122	991
Property, infrastructure, plant and equipment	22	530,083	523,042
Investment property	23	729	729
Total non-current assets		<u>531,934</u>	<u>524,762</u>
Total assets		<u>563,011</u>	<u>547,634</u>
Liabilities			
Current liabilities			
Trade and other payables	24	4,012	2,978
Trust funds and deposits	25	899	873
Provisions	26	6,110	5,676
Total current liabilities		<u>11,021</u>	<u>9,527</u>
Non-current liabilities			
Provisions	26	2,604	1,581
Interest-bearing loans and borrowings	27	3,350	3,350
Total non-current liabilities		<u>5,954</u>	<u>4,931</u>
Total liabilities		<u>16,975</u>	<u>14,458</u>
Net Assets		<u>546,036</u>	<u>533,176</u>
Equity			
Accumulated surplus		213,187	201,398
Asset revaluation reserve	28 (a)	329,540	329,540
Other reserves	28 (b)	3,309	2,238
Total Equity		<u>546,036</u>	<u>533,176</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 2017

	Note	Total \$'000	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'000
2017					
Balance at beginning of the financial year		533,176	201,398	329,540	2,238
Surplus for the year		12,860	12,860	-	-
Net Asset revaluation increment/(decrement)	28 (a)	-	-	-	-
Transfers to other reserves	28 (b)	-	(2,046)	-	2,046
Transfers from other reserves	28 (b)	-	975	-	(975)
Balance at end of the financial year		546,036	213,187	329,540	3,309

	Note	Total \$'000	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'000
2016					
Balance at beginning of the financial year		499,387	198,371	299,985	1,031
Surplus for the year		4,234	4,234	-	-
Net Asset revaluation increment/(decrement)	28 (a)	29,555	-	29,555	-
Transfers to other reserves	28 (b)	-	(2,332)	-	2,332
Transfers from other reserves	28 (b)	-	1,125	-	(1,125)
Balance at end of the financial year		533,176	201,398	329,540	2,238

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

Statement of Cash Flows

For the Year Ended 30 June 2017

	Note	2017 Inflows/ (Outflows) \$'000	2016 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		39,598	38,545
Statutory fees and fines		769	518
User fees		4,467	4,188
Grants - operating		17,473	8,299
Grants - capital		7,805	7,711
Contributions - monetary		510	281
Interest received		592	531
Trust funds and deposits taken		165	21
Other receipts		2,036	2,236
Net GST refund		3,143	2,849
Employee costs		(23,445)	(22,569)
Materials and services		(24,649)	(24,572)
Trust funds and deposits repaid		(139)	(213)
Other payments		(2,881)	(2,937)
Net cash provided by operating activities	29	25,444	14,888
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(18,772)	(16,662)
Proceeds from sale of property, infrastructure, plant and equipment		1,505	432
Payments for investments		(1,265)	(4,004)
Net Cash used in investing activities		(18,532)	(20,234)
Cash flows from financing activities			
Finance costs		(142)	(142)
Net cash provided used in financing activities		(142)	(142)
Net (decrease) / increase in cash and cash equivalents		6,770	(5,488)
Cash and cash equivalents at the beginning of the financial year		2,931	8,419
Cash and cash equivalents at the end of the financial year	17	9,701	2,931
Financing arrangements	30		
Restrictions on cash assets	17		

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

Statement of Capital Works

For the Year Ended 30 June 2017

	2017 \$'000	2016 \$'000
Property		
Land	408	247
Total land	<u>408</u>	<u>247</u>
Buildings	2,826	3,042
Total buildings	<u>2,826</u>	<u>3,042</u>
Total property	<u>3,234</u>	<u>3,289</u>
Plant and equipment		
Plant, machinery and equipment	1,952	1,601
Fixtures, fittings and furniture	-	-
Computers and telecommunications	983	605
Total plant and equipment	<u>2,935</u>	<u>2,206</u>
Infrastructure		
Roads	10,139	8,322
Bridges	272	190
Major Culverts	9	66
Footpaths and cycleways	675	572
Kerb and Channel	-	1
Drainage	158	172
Waste management #	1,366	1,691
Off street car parks	494	4
Other infrastructure	531	252
Total infrastructure	<u>13,644</u>	<u>11,270</u>
Total capital works expenditure	<u>19,813</u>	<u>16,765</u>
Represented by:		
New asset expenditure	1,459	25
Asset renewal expenditure	12,971	10,705
Asset expansion expenditure	1,667	3,664
Asset upgrade expenditure #	3,716	2,371
Total capital works expenditure	<u>19,813</u>	<u>16,765</u>
# Includes Landfill Rehabilitation Provision	1,041	122

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

Notes to the Financial Statements

For the Year Ended 30 June 2017

Introduction

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.

Statement of compliance

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

Note 1 Significant accounting policies

(a) Basis of accounting

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to note 1 (k))
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to note 1 (l))
- the determination of employee provisions (refer to note 1 (r))
- the determination of landfill provisions (refer to note 1 (s))

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

(b) Changes in accounting policies

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

(c) Committees of management

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

(d) Accounting for investments in associates

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

e) Revenue Recognition

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

Rates and Charges

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

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 1 Significant accounting policies (cont.)

e) Revenue Recognition (cont.)

Statutory fees and fines

Statutory 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.

User fees

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

Grants

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

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.

Contributions

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

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.

Interest

Interest is recognised as it is earned.

Dividends

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

Other Income

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

(f) Fair value measurement

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

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

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

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

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

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

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

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

(g) Cash and cash equivalents

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

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 1 Significant accounting policies (cont.)

(h) Trade and other receivables

Short term receivables are carried at invoice amount as amortised cost using the effective interest rate method would not impact the carrying value. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred. Long term receivables are carried at amortised cost using the effective interest rate method.

(i) Other financial assets

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

(j) Inventories

Inventories held for distribution are measured at cost adjusted when applicable for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where Inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

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

Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the price that would be received to sell the asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date.

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads. In accordance with Council's policy, the threshold limits detailed in Note 1 (l) have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date, the class of asset was revalued.

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

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

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

Land under roads

Council recognises land under roads it controls at fair value since 30 June 2008.

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 1 Significant accounting policies (cont.)

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

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

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

Road earthworks 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.

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

Asset recognition thresholds and depreciation periods	Depreciation Period	Threshold Limit \$'000
<u>Property</u>		
land	-	No Threshold
land improvements	-	10
<u>Buildings</u>		
heritage buildings	100 years	15
buildings	20 to 50 years	15
building improvements	20 to 50 years	15
<u>Plant and Equipment</u>		
major plant, machinery and equipment	1 to 20 years	No Threshold
fixtures, fittings and furniture	1 to 5 years	15
computers / software and telecommunications	1 to 5 years	15
<u>Infrastructure</u>		
road pavements	130 years	No Threshold
road seals	15 years	No Threshold
road formation and earthworks	-	No Threshold
road kerbs & channel	120 years	15
bridges	150 Years	15
major culverts	120 years	15
footpaths and cycleways	90 years	15
off street car parks pavement	130 years	15
off street car parks seal	15 years	15
drainage	120 Years	15
waste management	4 to 50 years	15
other structures	10 to 40 Years	15

(m) Repairs and maintenance

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

(n) Investment property

Investment property is held to generate long-term rental yields. Investment property is measured initially at cost, including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefit in excess of the originally assessed performance of the asset will flow to the Council. Subsequent to initial recognition at cost, investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the comprehensive income statement in the period that they arise. Rental income from the leasing of investment properties is recognised in the comprehensive income statement on a straight line basis over the lease term.

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 1 Significant accounting policies (cont.)

(o) Impairment of assets

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

(p) Trust funds and deposits

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited (refer to Note 25).

(q) Borrowings

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

The classification depends on the nature and purpose of the interest bearing liabilities. The Council determines the classification of its interest bearing liabilities at initial recognition.

Borrowing costs

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

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

(r) Employee costs and benefits

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

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, 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.

Long service leave

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

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

The components of this current liability are measured at :

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

Classification of employee costs

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

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 1 Significant accounting policies (cont.)

(s) Landfill restoration provision

Council is obligated to restore its Koonwarra landfill site to a particular standard. The forecast life of the 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 based on current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

(t) Leases

Operating leases

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

Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter.

(u) Goods and Services Tax (GST)

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

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

(v) Financial guarantees

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that that right will be exercised. Details of guarantees that Council has provided, that are not recognised in the balance sheet are disclosed at Note 34 Contingent Liabilities and Contingent Assets.

(w) Contingent assets and contingent liabilities and commitments

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

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

(x) Pending accounting standards

Certain new AAS's have been issued that are not mandatory for the 30 June 2017 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

Revenue from contracts with customers (AASB 15) (applies 2019/20)

The standard shifts the focus from the transaction-level to a contract-based approach. Recognition is determined based on what the customer expects to be entitled to (rights and obligations), while measurement encompasses estimation by the entity of the amount expected to be entitled for performing under the contract. The full impact of this standard is not known however it is most likely to impact where contracts extend over time, where there are rights and obligations that may vary the timing or amount of the consideration, or where there are multiple performance elements. This has the potential to impact on the recognition of certain grant income.

Leases (AASB 16) (applies 2019/20)

The classification of leases as either finance leases or operating leases is eliminated for lessees. Leases will be recognised in the Balance Sheet by capitalising the present value of the minimum lease payments and showing a 'right-of-use' asset, while future lease payments will be recognised as a financial liability. The nature of the expense recognised in the profit or loss will change. Rather than being shown as rent, or as leasing costs, it will be recognised as depreciation on the 'right-of-use' asset, and an interest charge on the lease liability. The interest charge will be calculated using the effective interest method, which will result in a gradual reduction of interest expense over the lease term.

Council does not have significant operating leases that will be impacted as a result of this change.

(y) 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.

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 2 Budget comparison

The budget comparison notes compare Council's financial plan, expressed through its annual budget, with actual performance. The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 5 percent or \$100K where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 22 June 2016. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for revenue and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

a) Income and Expenditure	Budget	Actual	Variance	Ref
	2017	2017	2017	
	\$'000	\$'000	\$'000	
Income				
Rates and charges	39,962	40,004	42	
Statutory fees and fines	606	769	163	1
User fees	4,015	4,134	119	2
Grants - Operating	13,106	17,473	4,367	3
Grants - Capital	7,661	7,805	144	4
Contributions - monetary	218	509	291	5
Contributions - non monetary	379	403	24	6
Net gain on disposal of property, infrastructure plant and equipment	81	-	(81)	7
Share of net profits / (losses) of associates and joint ventures	-	131	131	8
Other Income	2,309	2,138	(171)	9
Total income	68,337	73,366	5,029	
Expenses				
Employee costs	23,837	23,832	5	
Materials and services	23,797	21,920	1,877	10
Bad and doubtful debts	1	43	(42)	11
Depreciation	11,797	11,651	146	12
Net loss on disposal of property, infrastructure plant and equipment	-	18	(18)	7
Borrowing costs	142	142	-	
Other expenses	3,102	2,900	202	13
Total expenses	62,676	60,506	2,170	
Surplus for the year	5,661	12,860	7,199	

(i) Explanation of material variations

Variance	Ref.	Item	Explanation
1		Statutory fees and fines	New and amendment applications received for statutory planning fees was higher than expected.
2		User fees	User fees were marginally higher than budget by \$116K. This was mainly due to more than expected revenue from Caravan Parks.
3		Grants - Operating	50% of Grants commission allocation (\$4.5M) relating to 2017-18 was received in advance.
4		Grants - Capital	Favourable variance mainly due to receipt of additional funding from Department of Infrastructure and Regional Development towards Roads to Recovery Projects.
5		Contributions - monetary	Contributions to Capital (\$199K) was classified as Grants Capital in the Budget .
6		Contributions - non monetary	Developer contributed infrastructure assets were marginally higher than estimate by \$24K.
7		Net gain on disposal of property, infrastructure plant and equipment	Plant & Fleet sales were expected to return a net profit but resulted in a loss of \$54K for the year. Land sales resulted in a marginal profit of \$36K. The net result was a loss of \$18K.
8		Share of net profits / (losses) of associates and joint ventures	Council share of \$133K surplus from Library was unexpected and not budgeted for.
9		Other Income	Interest on rates and charges (\$190K), reclassified as Rates and charges but goes under other income in the budget.
10		Materials and services	Some of the major projects that were budgeted in 2016-17 were not carried out during the year. Significant among them are Long Jetty Restoration (\$1M), Dredging Toora Channel (\$602K), Korumburra Showgrounds (\$593K), Black Spur Investigation (\$344K). Additional expenses included \$590K on storm events for which natural disaster claims will be made.
11		Bad and doubtful debts	New Provision for doubtful debts is based on current status of Caravan park debtors.
12		Depreciation	Depreciation expense was marginally lower than budget by \$146K due to timing difference of Capital expenditure.
13		Other expenses	Community grants which were budgeted for payment in 2016-17 were either reduced or carried forward to 2017-18.

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 2 Budget comparison (cont.)

b) Capital Works

	Budget 2017 \$'000	Actual 2017 \$'000	Variance 2017 \$'000	Ref
Property				
Land	572	408	164	1
Total land	572	408	164	
Buildings	3,640	2,826	814	2
Total buildings	3,640	2,826	814	
Total property	4,212	3,234	978	
Plant and equipment				
Plant, machinery and equipment	2,304	1,952	352	3
Computers and telecommunications	826	983	(157)	4
Total plant and equipment	3,130	2,935	195	
Infrastructure				
Roads	10,401	10,139	262	5
Bridges	210	272	(62)	6
Major Culverts	42	9	33	7
Footpaths and cycleways	598	675	(77)	8
Drainage	111	158	(47)	9
Waste management #	412	1,366	(954)	10
Off street car parks	490	494	(4)	
Other infrastructure	1,210	531	679	11
Total infrastructure	13,474	13,644	(170)	
Total capital works expenditure	20,816	19,813	1,003	
Represented by:				
New asset expenditure	15	1,459	(1,444)	
Asset renewal expenditure	14,145	12,971	1,174	
Asset expansion expenditure	4,625	1,667	2,958	
Asset upgrade expenditure #	2,031	3,716	(1,685)	
Total capital works expenditure	20,816	19,813	1,003	

(i) Explanation of material variations

Variance Ref.	Item	Explanation
1	Land	Land acquisitions during 2016-17 were Jupiter Boulevard Venus Bay (\$303K) and Sheens Road, Mirboo North (\$95K). Total additions were below budget by \$164K as some of the acquisitions could not be completed and were carried forward.
2	Buildings	Variance is due to carry forward of some projects to 2017-18 due to revised projects plans. Projects carried forward include Caravan Park Toilet Block (\$377K) and Building renewal program (\$229K)
3	Plant, machinery and equipment	Variance is due to carry forward of some projects to 2017-18.
4	Computers and telecommunications	Expenditure on some of the projects were above original budgets. The budgets were revised and approved during the year.
5	Roads	Various projects such as Anderson Street Town entrance (\$1080K), Hudsons Road(\$1039K) and Roads Reseals (\$423K) were carried forward to 2017-18 due to revised project plans. Federal Blackspot program (\$2.3M) which is fully grant funded was not part of the original budget
6	Bridges	Bridges rehabilitation program was above budget by \$32K. Expenditure on a few new projects also commenced during the year.
7	Major Culverts	Major Culverts renewal program has been partly carried forward to 2017-18.
8	Footpaths and cycleways	Expenditure on some of the footpath projects were above original budgets. The budgets were revised and approved during the year.
9	Drainage	Expenditure on Drainage rehabilitation program was above original budget. The budget was revised and approved during the year.
10	Waste management #	Capital expenditure includes provision of \$1041K for Landfill rehabilitation of Cell 4. Additional expenditure on Cell construction of \$269K was approved in the revised budget. The Leachate Evaporation system budget of \$432K was carried forward to 2017-18
11	Other infrastructure	Projects carried forward to future years due to changes to project plans include Pools refurbishment \$191K, Pools renewal program \$232K, Splash Pool \$70K and Community Infrastructure projects \$182K

Notes to the Financial Statements

For the Year Ended 30 June 2017

	2017 \$'000	2016 \$'000
Note 3 Rates and charges		
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 for 2016/17 was \$7,574 million (2015/16 \$7,083 million)		
General Rates	21,676	20,785
Industrial Rates	1,379	1,197
Commercial Rates	1,471	1,381
Farm Rates	9,991	9,709
Rural Residential Rates	71	87
Vacant Land Rates	2,321	2,366
Cultural & Recreational Land Rates	22	23
Supplementary Rates & Rate Adjustments	147	598
Interest on rates and charges	190	181
Garbage Charges	2,736	2,438
Total rates and charges	40,004	38,765

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2016, and the valuation first applies to the rating year commencing 1 July 2016.

Note 4 Statutory fees and fines

Land Information Certificates	37	31
Local Laws	162	173
Building Services	93	87
Statutory Planning	406	211
Supervision Fees	26	9
Others	45	7
Total statutory fees and fines	769	518

Note 5 User fees

Aged and health services	792	701
Leisure centre and recreation	80	100
Local Laws	423	403
Waste management services	1,956	1,874
Caravan Parks	779	934
Other fees and charges	104	143
Total user fees	4,134	4,155

Note 6 Grants

Grants were received in respect of the following:-

Summary of grants

Commonwealth funded grants	20,957	11,131
State funded grants	4,321	4,879
Total grants received	25,278	16,010

Notes to the Financial Statements

For the Year Ended 30 June 2017

	2017 \$'000	2016 \$'000
Note 6 Grants (cont.)		
Operating Grants		
Recurrent - Commonwealth Government		
Victoria Grants Commission	13,324	4,496
Immunisation	1	1
Aged care	945	-
Recurrent - State Government		
Valuation Services	272	10
Community Safety	30	34
Family and children	184	185
Aged care	596	1,445
School crossing supervision	34	34
Community building	110	106
Community health	40	28
Maternal & child health	329	283
Other	60	68
Total recurrent operating grants	15,925	6,690
Non-recurrent - State Government		
Victoria Grants Commission	35	-
Community Safety	55	60
Families & Children	-	24
Youth Services	70	76
Fire Services Levy Administration	47	46
Economic Development	-	12
Sustainability	143	84
Community Building	15	51
Local Roads & Infrastructure	70	571
Natural Disasters	100	467
Recreation & Leisure	917	175
Others	96	43
Total non-recurrent operating grants	1,548	1,609
Total operating grants	17,473	8,299
Capital Grants		
Recurrent - Commonwealth Government		
Roads to Recovery - Capital	3,860	4,776
Total recurrent capital grants	3,860	4,776
Non-recurrent - Commonwealth Government		
Roads	2,347	667
Building	480	960
Waste	-	54
Bridges	-	177
Non-recurrent - State Government		
Roads	200	-
Building	720	800
Bridges	120	-
Other Structures	78	258
Plant, machinery and equipment	-	19
Total non-recurrent capital grants	3,945	2,935
Total capital grants	7,805	7,711
Unspent grants received on condition that they be spent in a specific manner		
Balance at start of year	1,664	1,902
Received during the financial year and remained unspent at balance date	830	1,161
Received in prior years and spent during the financial year	(1,174)	(1,399)
Balance at year end	1,320	1,664

Notes to the Financial Statements

For the Year Ended 30 June 2017

	2017 \$'000	2016 \$'000
Note 7 Contributions		
Monetary	509	281
Non-monetary	403	629
Total contributions	<u>912</u>	<u>910</u>

Contributions of non monetary assets were received in relation to the following asset classes:

Roads & Streets	199	242
Drains	133	220
Kerbs & Channel	42	85
Footpaths	29	82
Total non-monetary contributions	<u>403</u>	<u>629</u>

Note 8 Net Loss on Disposal of property, infrastructure, plant and equipment

Proceeds of Sales

Proceeds from Land & Building Sales	648	105
Proceeds from Plant & Equipment Sales	857	327
Total Proceeds from Sale of Assets	<u>1,505</u>	<u>432</u>

Written Down Value of Items sold

Carrying Amount of Land & Building Sold	612	122
Carrying Amount of Plant & Equipment Sold	911	367
Total Written Down Value of Assets sold	<u>1,523</u>	<u>489</u>

Total net loss on disposal of non-current assets

	<u>(18)</u>	<u>(57)</u>
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Note 9 Other income

Other Interest	416	440
Other rent	159	166
Investment property rent	69	62
Quarries	14	17
Private Works	283	835
Families & Children	19	30
Coal Creek	125	172
Rate Recovery Proceedings	81	134
Insurances	83	58
Fuel Tax Credits	139	138
Work cover	338	181
Vehicle contribution	196	212
Sundry Income	216	246
Total other income	<u>2,138</u>	<u>2,691</u>

Note 10 (a) Employee costs

Wages & Salaries	19,401	18,625
Casual Staff	897	698
Annual and Long Service Leave	2,313	2,530
Superannuation	2,021	1,915
Work cover	411	319
Fringe benefits tax	47	44
	<u>25,090</u>	<u>24,131</u>
Less Capitalised	(1,258)	(996)
Total employee cost	<u>23,832</u>	<u>23,135</u>

Notes to the Financial Statements

For the Year Ended 30 June 2017

	2017 \$'000	2016 \$'000
Note 10 (b) Superannuation		
Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	144	142
	<u>144</u>	<u>142</u>
Employer contributions payable at reporting date.	5	9
Accumulation fund		
Employer contributions - Vision Super/Others	1,876	1,773
	<u>1,876</u>	<u>1,773</u>
No Employer contributions was payable at reporting date.		
Refer to note 33 for further information relating to Council's superannuation obligations.		
Note 11 Materials and services		
Waste Management	3,076	2,811
Leisure Centre Operations	846	809
Contractors General	4,412	5,566
Software Maintenance	1,052	805
Landfill Rehabilitation	-	18
Great Southern Rail Trail	362	78
Natural disasters	831	146
Materials General	5,192	5,691
Fuel & Oils	781	746
Advertising & Promotion Costs	260	239
Utilities	876	928
Subscriptions, affiliations and conferences	154	143
Leases	245	249
Legal Fees	432	560
Consultancies and projects	413	704
Insurance Premiums	602	576
Plant & Equipment Registrations	135	126
Training expenses	298	359
State levies	989	732
Gippsland Group Training / Labour Hire	964	669
Total materials and services	<u>21,920</u>	<u>21,955</u>
Note 12 Bad and doubtful debts		
General debtors provision	43	88
Other debtors	-	16
Total bad and doubtful debts	<u>43</u>	<u>104</u>
Note 13 Depreciation		
Property	2,410	2,377
Plant and equipment	1,848	1,800
Infrastructure	7,393	6,439
Total depreciation	<u>11,651</u>	<u>10,616</u>
Refer to note 22 for a more detailed breakdown of depreciation		
Note 14 Borrowing costs		
Interest - Borrowings	142	142
Total borrowing costs	<u>142</u>	<u>142</u>

Notes to the Financial Statements

For the Year Ended 30 June 2017

	2017 \$'000	2016 \$'000
Note 15 Other expenses		
Library Contributions	1,354	1,310
Community & Sporting Grants	992	979
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	54	59
Auditors' remuneration - Internal	34	39
Councillors' allowances	282	295
Bank Fees & Charges	184	256
Total other expenses	2,900	2,938

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 2016/17 (30.55% in 2015/16).

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	797	678
Reported surplus/(deficit) for year	131	119
Council's share of accumulated surplus/(deficit) at end of year	<u>928</u>	<u>797</u>

Council's share of reserves

Council's share of reserves at start of year	194	74
Revaluation reserve increment	-	120
Council's share of reserves at end of year	<u>194</u>	<u>194</u>

Movement in carrying value of specific investment

Carrying value of investment at start of year	991	752
Transfers to asset revaluation reserve	-	120
Share of surplus/(deficit) for year	131	119
Carrying value of investment at end of year	<u>1,122</u>	<u>991</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 other than obligations under defined benefits superannuation scheme and contingent assets for the financial years 2016/17 and 2015/16.

Note 17 Cash and cash equivalents

Cash on Hand	2	2
Cash at Bank	2,963	1,646
Money Market Call Account	3,236	1,283
Term Deposits	3,500	-
Total cash and cash equivalents	<u>9,701</u>	<u>2,931</u>

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 6)
- Trust funds and deposits (Note 25)
- Reserve funds allocated for specific future purposes (Note 28(b))

	1,320	1,664
	899	873
	3,309	2,238
Total restricted funds	<u>5,528</u>	<u>4,775</u>
Total unrestricted cash and cash equivalents	<u>4,173</u>	<u>(1,844)</u>

Notes to the Financial Statements

For the Year Ended 30 June 2017

	2017 \$'000	2016 \$'000
Note 17 Cash and cash equivalents (cont.)		
Intended allocations		
Although not externally restricted the following amounts have been allocated for specific future purposes by Council:		
General Reserve	1,280	879
Corner Inlet Seawall Reserve	19	19
Loan Reserve	2,010	1,340
	<u>3,309</u>	<u>2,238</u>

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

Note 18 Other financial assets		
Term Deposits	16,581	15,316
Total other financial assets	<u>16,581</u>	<u>15,316</u>

Note 19 Trade and other receivables

Current		
<i>Statutory receivables</i>		
Rates Debtors	2,934	2,665
Special rate assessment	18	22
<i>Non statutory receivables</i>		
Other debtors	1,489	1,233
Net GST Receivable	135	424
Provision for doubtful debts - other debtors	(127)	(141)
Total trade and other receivables	<u>4,449</u>	<u>4,203</u>

a) Ageing of Receivables

At balance date other debtors representing financial assets were past due but not impaired. The ageing of Council's Trade and Other Receivables (excluding statutory receivables) was:

Current (not yet due)	803	218
Past due by up to 30 Days	158	555
Past due between 31 and 180 days	239	218
Past due between 181 and 365 days	152	126
Past due by more than 1 year	137	116
Total Trade & Other Receivables	<u>1,489</u>	<u>1,233</u>

b) Movement in provisions for doubtful debts

Balance at the beginning of the year	141	53
New provisions recognised during the year	49	88
Amount already provided for and written off as uncollectable	(33)	-
Amounts provided for but recovered during the year	(30)	-
Balance at the end of the year	<u>127</u>	<u>141</u>

c) Ageing of individually impaired Trade and Other Receivables

At balance date other debtors representing financial assets with a nominal value of \$126,833 (2015/16 - \$ 140,468) were impaired. The amount of provision raised against these debtors was \$126,833 (2015/16 \$ 140,468). 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.

The ageing of receivables that have been individually determined as impaired at reporting date was:

Past due between 31 and 180 days	17	14
Past due between 181 and 365 days	60	58
Past due by more than 1 year	50	69
Total trade & other receivables	<u>127</u>	<u>141</u>

Note 20 Inventories

Raw Materials and Stores	304	195
Total inventories	<u>304</u>	<u>195</u>

Note 21 Other assets

Prepayments	42	227
Total other assets	<u>42</u>	<u>227</u>

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 22 Property, Infrastructure, Plant and Equipment

Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2016	Acquisitions	Contributions	Depreciation	Disposals	Transfers	At Fair Value 30 June 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	78,582	-	-	-	(612)	398	78,368
Buildings	42,989	-	-	(2,410)	-	5,846	46,425
Plant and Equipment	9,541	-	-	(1,848)	(911)	2,718	9,500
Infrastructure	381,499	-	402	(7,393)	-	18,687	393,195
Work in progress	10,431	19,813	-	-	-	(27,649)	2,595
	523,042	19,813	402	(11,651)	(1,523)	-	530,083

Summary of Work in Progress

	Opening WIP	Additions	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000
Land	11	408	(398)	21
Buildings	3,143	2,826	(5,846)	123
Plant and Equipment	501	2,935	(2,718)	718
Infrastructure	6,776	13,644	(18,687)	1,733
Total	10,431	19,813	(27,649)	2,595

	Land - specialised	Land - Under Roads	Total Land	Heritage Buildings	Buildings - specialised	Total Buildings	Work In Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land and Buildings								
At fair value 1 July 2016	45,616	32,966	78,582	5,750	112,778	118,528	3,154	200,264
Accumulated depreciation at 1 July 2016	-	-	-	4,399	71,140	75,539	-	75,539
	45,616	32,966	78,582	1,351	41,638	42,989	3,154	124,725
Movements in fair value								
Acquisition of assets at fair value	-	-	-	-	-	-	3,234	3,234
Fair value of assets disposed	(612)	-	(612)	-	-	-	-	(612)
Transfers	398	-	398	-	5,846	5,846	(6,244)	-
	(214)	-	(214)	-	5,846	5,846	(3,010)	2,622
Movements in accumulated depreciation								
Depreciation and amortisation	-	-	-	58	2,352	2,410	-	2,410
	-	-	-	58	2,352	2,410	-	2,410
At fair value 30 June 2017	45,402	32,966	78,368	5,750	118,624	124,374	144	202,886
Accumulated depreciation at 30 June 2017	-	-	-	4,457	73,492	77,949	-	77,949
	45,402	32,966	78,368	1,293	45,132	46,425	144	124,937

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 22 Property, Infrastructure, Plant and Equipment (cont.)

	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Work In Progress	Total plant and equipment						
	\$'000	\$'000	\$'000	\$'000	\$'000						
Plant and Equipment											
At fair value 1 July 2016	14,343	200	4,911	501	19,955						
Accumulated depreciation at 1 July 2016	5,674	162	4,077	-	9,913						
	8,669	38	834	501	10,042						
Movements in fair value											
Acquisition of assets at fair value	-	-	-	2,935	2,935						
Fair value of assets disposed	(2,048)	-	-	-	(2,048)						
Transfers	1,984	-	734	(2,718)	-						
	(64)	-	734	217	887						
Movements in accumulated depreciation											
Depreciation and amortisation	1,444	6	398	-	1,848						
Accumulated depreciation of disposals	(1,137)	-	-	-	(1,137)						
	307	6	398	-	711						
At fair value 30 June 2017	14,279	200	5,645	718	20,842						
Accumulated depreciation at 30 June 2017	5,981	168	4,475	-	10,624						
	8,298	32	1,170	718	10,218						
	Roads	Bridges	Major Culverts	Footpaths and cycleways	Kerb & Channel	Off street car parks	Drainage	Waste Management	Other Infrastructure	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2016	323,499	52,835	13,263	19,326	21,435	6,464	38,550	4,161	7,686	6,776	493,995
Accumulated depreciation at 1 July 2016	56,270	15,415	4,675	3,102	4,040	2,854	13,204	3,001	3,159	-	105,720
	267,229	37,420	8,588	16,224	17,395	3,610	25,346	1,160	4,527	6,776	388,275
Movements in fair value											
Acquisition of assets at fair value	-	-	-	-	-	-	-	-	-	13,644	13,644
Contributed Assets	198	-	-	29	42	-	133	-	-	-	402
Transfers	13,350	265	-	801	-	498	158	3,416	199	(18,687)	-
	13,548	265	-	830	42	498	291	3,416	199	(5,043)	14,046
Movements in accumulated depreciation											
Depreciation and amortisation	5,316	352	111	216	178	60	322	421	417	-	7,393
	5,316	352	111	216	178	60	322	421	417	-	7,393
At fair value 30 June 2017	337,047	53,100	13,263	20,156	21,477	6,962	38,841	7,577	7,885	1,733	508,041
Accumulated depreciation at 30 June 2017	61,586	15,767	4,786	3,318	4,218	2,914	13,526	3,422	3,576	-	113,113
	275,461	37,333	8,477	16,838	17,259	4,048	25,315	4,155	4,309	1,733	394,928

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 22 Property, Infrastructure Plant and Equipment (cont.)

Valuation of land and buildings

Valuation of Land and buildings 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.

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

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

The date of the current valuation is detailed in the following table. No revaluation was conducted in the current year, however assets have been reviewed and no abnormal changes in values were observed.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2017 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Land Specialised	-	-	45,402	01-January-2016
Land under roads	-	-	32,966	01-January-2016
Heritage buildings	-	-	1,293	01-January-2016
Building specialised	-	-	45,132	01-January-2016
Total	-	-	124,793	

Valuation of infrastructure

Valuation of Council's, infrastructure assets was performed by John Moylan, BE Civil Engineering, MBA (Tech Mgt) (Council employee). The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

The date of the current valuation is detailed in the following table. No revaluation was conducted in the current year, however assets have been reviewed and no abnormal changes in values were observed.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2017 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Roads	-	-	275,461	30-June-2016
Bridges	-	-	37,333	30-June-2016
Major Culverts	-	-	8,477	30-June-2016
Footpaths and cycleways	-	-	16,838	30-June-2016
Kerb & Channel	-	-	17,259	30-June-2016
Off-street car parks	-	-	4,048	30-June-2016
Drainage	-	-	25,315	30-June-2016
Waste Management	-	-	4,155	30-June-2016
Other infrastructure	-	-	4,309	30-June-2016
Total	-	-	393,195	

Description of significant unobservable inputs into level 3 valuation

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$1 and \$826 per square metre.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$500 to \$5000 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 20 years to 50 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 4 years to 150 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

Reconciliation of specialised land

	2017	2016
Specialised land	45,402	45,616
Land under roads	32,966	32,966
Total specialised land	78,368	78,582

Notes to the Financial Statements

For the Year Ended 30 June 2017

	2017 \$'000	2016 \$'000
Note 23 Investment Property		
Balance at the beginning of the year	729	716
Fair value adjustment	-	13
Balance at end of financial year	729	729

Valuation of investment property

Valuation of investment property has been determined in accordance with a 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.

Note 24 Trade and other payables

Payables	2,038	1,504
Accrued expenses	1,974	1,474
Total trade and other payables	4,012	2,978

Note 25 Trust funds and deposits

Refundable deposits	121	201
Fire Services levy	418	365
Retention amounts	36	25
Other Deposits held in Trust	324	282
Total trust funds and deposits	899	873

Purpose and nature of items

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

Fire Service Levy - Council is the collection agent for fire services levy on behalf of the State Government. Council remits amounts received on a quarterly basis. Amounts disclosed here will be remitted to the state government in line with that process.

Retention Amounts - Council has a contractual right to retain certain amounts until a contractor has met certain requirements or a related warrant or defect period has elapsed. Subject to the satisfactory completion of the contractual obligations, or the elapsing of time, these amounts will be paid to the relevant contractor in line with Council's contractual obligations.

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 26 Provisions

	Landfills Restoration \$'000	Employee Benefits \$'000	Total \$'000
2017			
Balance at beginning of the financial year	820	6,437	7,257
Additional provisions	1,041	2,709	3,750
Amounts used	-	(2,269)	(2,269)
Increase in the discounted amount arising because of time and the effect of any changes in the discount rate.	-	(24)	(24)
Balance at the end of the financial year	1,861	6,853	8,714
2016			
Balance at beginning of the financial year	698	5,658	6,356
Additional provisions	122	3,170	3,292
Amounts used	-	(2,427)	(2,427)
Increase in the discounted amount arising because of time and the effect of any changes in the discount rate.	-	36	36
Balance at the end of the financial year	820	6,437	7,257
		2017	2016
		\$'000	\$'000
a) Employee provisions			
Current provisions expected to be wholly settled within 12 months			
Annual Leave		1,755	1,691
Rostered Days		234	199
Long Service Leave		1,455	1,341
		<u>3,444</u>	<u>3,231</u>
Current provisions expected to be wholly settled after 12 months			
Annual Leave		853	765
Long Service Leave		1,813	1,680
		<u>2,666</u>	<u>2,445</u>
Total Current Provisions		<u>6,110</u>	<u>5,676</u>
Non-current			
Long Service Leave		743	761
Total Non-Current Provisions		<u>743</u>	<u>761</u>
Aggregate carrying amount of employee provisions:			
Current		6,110	5,676
Non-current		743	761
Total aggregate carrying amount of employee provisions		<u>6,853</u>	<u>6,437</u>
(b) Landfill restoration			
Non-current		1,861	820
		<u>1,861</u>	<u>820</u>
Note 27 Interest-bearing loans and borrowings			
Non-Current			
Borrowings - Secured *		3,350	3,350
		<u>3,350</u>	<u>3,350</u>
Total interest-bearing loans and borrowings		<u>3,350</u>	<u>3,350</u>
* The loans are secured over the general rates of the Council.			
The maturity profile for Council's borrowings is:			
Later than one year and not later than five years		3,350	3,350
Total		<u>3,350</u>	<u>3,350</u>

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 28 Reserves

	Balance at beginning of reporting period	Increment (decrement)	Share of increment/ (decrement) on revaluation by an associate	Balance at end of reporting period
	\$'000's	\$'000's	\$'000's	\$'000's
(a) Asset revaluation reserves				
<u>2017</u>				
<i>Property</i>				
Land	31,087	-	-	31,087
Land under Roads	4,922	-	-	4,922
Investments in associates (Note 16)	194	-	-	194
Buildings	25,922	-	-	25,922
Heritage buildings	470	-	-	470
Plant & Equipment	386	-	-	386
	62,981	-	-	62,981
<i>Infrastructure</i>				
Roads and Streets	200,532	-	-	200,532
Bridges	24,520	-	-	24,520
Major Culverts	5,069	-	-	5,069
Drainage	12,225	-	-	12,225
Footpaths	8,292	-	-	8,292
Kerb & Channel	12,302	-	-	12,302
Car parks	2,944	-	-	2,944
Other Structures	675	-	-	675
	266,559	-	-	266,559
Total asset revaluation reserves	329,540	-	-	329,540
<u>2016</u>				
<i>Property</i>				
Land	28,840	2,247	-	31,087
Land under Roads	4,370	552	-	4,922
Investments in associates (Note 16)	74	120	-	194
Buildings	27,190	(1,268)	-	25,922
Heritage buildings	523	(53)	-	470
Plant & Equipment	386	-	-	386
	61,383	1,598	-	62,981
<i>Infrastructure</i>				
Roads and Streets	200,130	402	-	200,532
Bridges	5,606	18,914	-	24,520
Major Culverts	3,506	1,563	-	5,069
Drainage	10,247	1,978	-	12,225
Footpaths	5,463	2,829	-	8,292
Kerb & Channel	9,573	2,729	-	12,302
Car parks	2,641	303	-	2,944
Other Structures	1,436	(761)	-	675
	238,602	27,957	-	266,559
Total asset revaluation reserves	299,985	29,555	-	329,540

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

Notes to the Financial Statements

For the Year Ended 30 June 2017

	Balance at beginning of reporting period \$'000's	Transfer from accumulated surplus \$'000's	Transfer to accumulated surplus \$'000's	Balance at end of reporting period \$'000's
Note 28 Reserves (cont.)				
<u>(b) Other reserves</u>				
<u>2017</u>				
Public Open Space	-	61	(61)	-
Caravan Parks Reserve	-	913	(913)	-
General Reserve	879	401	-	1,280
Corner Inlet Seawall Reserve	19	1	(1)	19
Loan Reserve	1,340	670	-	2,010
Total other reserves	2,238	2,046	(975)	3,309

2016

Public Open Space	-	45	(45)	-
Caravan Parks Reserve	-	1,076	(1,076)	-
General Reserve	339	540	-	879
Corner Inlet Seawall Reserve	22	1	(4)	19
Loan Reserve	670	670	-	1,340
Total other reserves	1,031	2,332	(1,125)	2,238

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 likely defined benefit superannuation funding calls and unforeseen and unavoidable future costs.

Corner Inlet Seawall Reserve

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

Loan Reserve

Reserve created to repay outstanding Loan at the end of its term.

Notes to the Financial Statements

For the Year Ended 30 June 2017

	2017	2016
	\$'000	\$'000
Note 29 Reconciliation of cash flows from operating activities to surplus		
Surplus for the year	12,860	4,234
Depreciation	11,651	10,616
Borrowing costs	142	142
Loss on disposal of Property, Plant and Equipment and Infrastructure	18	57
Contributions - non - monetary assets	(403)	(629)
Investment in associates (note 16)	(131)	(119)
Fair value adjustment for investment property	-	(13)
<i>Change in assets and liabilities:</i>		
(Increase)/Decrease in Trade and other receivables	(246)	(388)
(Increase)/Decrease in prepayments	185	76
(Increase)/Decrease in Inventories	(109)	97
Increase/(Decrease) in Trust funds and deposits	26	(192)
Increase/(Decrease) in Payables	1,035	468
Increase/(Decrease) in Employee entitlements	416	539
Net cash provided by operating activities	25,444	14,888
Note 30 Financing arrangements		
Bank Overdraft	500	500
Credit card facilities	350	350
Total facilities	850	850
Used facilities	36	36
Unused facilities	814	814

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 31 Commitments

The Council has entered into the following commitments

2017	Not Later Than 1 Year	Later than 1 year and not later than 2 Years	Later than 2 year and not later than 5 Years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Operating</i>					
Transfer Stations	636	318	-	-	954
Litter Bins	189	189	-	-	378
Kerbside Garbage	2,143	2,143	1,429	-	5,715
Libraries	1,382	-	-	-	1,382
General Materials & Services	1,559	-	-	-	1,559
Equipment Hire	45	-	-	-	45
Maintenance Contracts	223	-	-	-	223
Construction Contracts	39	-	-	-	39
<i>Capital</i>					
Building	65	-	-	-	65
Computers and telecoms	44	-	-	-	44
Bridges	14	-	-	-	14
Roads	1,426	-	-	-	1,426
Drainage	2	-	-	-	2
Footpaths	2	-	-	-	2
Other Structures	21	-	-	-	21
Total	7,790	2,650	1,429	-	11,869

2016	Not Later Than 1 Year	Later than 1 year and not later than 2 Years	Later than 2 year and not later than 5 Years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Operating</i>					
Transfer Stations	846	846	426	-	2,118
Litter Bins	189	189	189	-	567
Hall Operations	11	-	-	-	11
Libraries	1,355	-	-	-	1,355
General Materials & Services	2,177	-	-	-	2,177
Equipment Hire	12	-	-	-	12
Maintenance Contracts	761	-	-	-	761
Construction Contracts	101	-	-	-	101
<i>Capital</i>					
Building	1,996	-	-	-	1,996
Computers and telecoms	425	-	-	-	425
Plant machinery & equipment	247	-	-	-	247
Roads	306	-	-	-	306
Drainage	27	-	-	-	27
Footpaths	30	-	-	-	30
Waste Management	234	-	-	-	234
Total	8,717	1,035	615	-	10,367

Notes to the Financial Statements

For the Year Ended 30 June 2017

	2017 \$'000	2016 \$'000
Note 32 Operating Leases		
(a) Operating lease commitments		
At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of 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	186	197
Later than one year and not later than five years	196	345
Later than five years	-	1
Total operating lease commitments	382	543

(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	200	139
Later than one year and not later than five years	206	296
Later than five years	390	408
Total operating lease receivables	796	843

Note 33 Superannuation

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

Accumulation

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2017, this was 9.5% as required under Superannuation Guarantee legislation).

Defined Benefit

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 33 Superannuation (cont.)

Funding arrangements

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

As at 30 June 2016, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 102%. To determine the VBI, the fund Actuary used the following long-term assumptions:

Net investment returns 7.0% pa
Salary information 4.25% pa
Price inflation (CPI) 2.5% pa.

Vision Super has advised that the estimated VBI at quarter ended 30 June 2017 was 103.1%. The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 2016 interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Employer contributions

Regular contributions

On the basis of the results of the 2016 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2017, this rate was 9.5% of members' salaries (9.5% in 2015/2016). This rate will increase in line with any increase to the SG contribution rate. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

Funding calls

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

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

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

The Fund's interim actuarial investigation as at 30 June 2016 identified the following in the defined benefit category of which Council is a contributing employer:

A VBI surplus of \$40.3 million; and
A total service liability surplus of \$156 million.

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 33 Superannuation (cont.)

2016 Interim actuarial investigation surplus amounts

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2016. The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses. Council was notified of the 30 June 2016 VBI during August 2016.

2017 Full triennial actuarial investigation

A full actuarial investigation is being conducted for the Fund's position as at 30 June 2017. It is anticipated that that this actuarial investigation will be completed in December 2017.

Superannuation contributions

Contributions by South Gippsland Shire (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2017 are detailed below:

Scheme	Type of Scheme	Rate	2017 \$000	2017 \$000
Vision Super	Defined benefits	9.50%	144	142
Vision Super/Others	Accumulation	9.50%	1876	1773

In addition to the disclosed contributions, South Gippsland Shire Council has paid unfunded liability payments to Vision Super totalling \$ Nil during 2016/17 (2015/16 \$ Nil). There were \$4865 contributions outstanding and [\$Nil] loans issued from or to the above schemes as at 30 June 2017. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2018 is \$ 148,000.

Note 34 Contingent liabilities and contingent assets

Contingent liabilities

Superannuation

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

Landfills

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 2017		\$ 951,296

Contingent assets

Developer contributions to be received by Council in respect of estates currently under development total \$379K (2016 \$413K).

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 35 Financial instruments

(a) Objectives and policies

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

(b) Market risk

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

Interest rate risk

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

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

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

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

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

(c) Credit risk

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

- we have a policy for establishing credit limits for the entities we deal with;
 - we may require collateral where appropriate; and
 - we only invest surplus funds with financial institutions which have a recognised credit rating specified in our investment policy.
- Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the Council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

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

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

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

(d) Liquidity risk

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

To help reduce these risks Council:

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

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 34, and is deemed insignificant based on prior periods' data and current assessment of risk.

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 35 Financial instruments (cont.)

(d) Liquidity risk (cont.)

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

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 27.

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

e) Fair value

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

Fair value hierarchy

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

(f) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Council believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of + 1% and -1% in market interest rates (AUD) from year-end rates of 2.64%.

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

Note 36 Related party disclosures

(i) Related Parties

Parent Entity

South Gippsland Shire Council

Subsidiaries and Associates

Interest in subsidiaries and associates are detailed in note 16.

(ii) Key Management Personnel

Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:

Councillors	2017 No.
Aaron Brown (9 Nov 2016 to 30 June 2017)	1
Ray Argento (Mayor from 16 November 2016 to 30 June 2017)	1
Alyson Skinner (9 Nov 2016 to 30 June 2017)	1
Jeremy Rich (9 Nov 2016 to 30 June 2017)	1
Maxine Kiel (9 Nov 2016 to 30 June 2017)	1
Meg Edwards (9 Nov 2016 to 30 June 2017)	1
Don Hill	1
Andrew McEwen	1
Lorraine Brunt	1
Robert Newton (Mayor from 1 July 2016 to 22 October 2016)	1
Kieran Kennedy (1 July 2016 to 22 October 2016)	1
Mohya Davies (1 July 2016 to 22 October 2016)	1
Jeanette Harding (1 July 2016 to 22 October 2016)	1
Nigel Hutchinson Brooks (1 July 2016 to 22 October 2016)	1
James Fawcett (1 July 2016 to 22 October 2016)	1
Total Number of Councillors	15

Chief Executive Officer and other Key Management Personnel

Tim Tamlin	1
Jan Martin	1
Anthony Seabrook	1
Bryan Sword	1
Faith Page	1
John Moylan	1
Danny McDonald	1
Chris Van Der Ark	1
Vanessa Adams	1
Chief Executive Officer and other Key Management Personnel	9
Total Key Management Personnel	24

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 36 Related party disclosures (cont.)

(iii) Remuneration of Key Management Personnel

Total remuneration of key management personnel was as follows:	2017
	\$'000
Short-term benefits	1,554
Post-employment benefits	119
Other long-term benefits	51
Termination benefits	
Total	<u><u>1,724</u></u>

The number of key management personnel whose total remuneration from Council and any related entities fall within the following bands:

	2017
	No.
\$0 - \$9,999	5
\$10,000 - \$19,999	5
\$20,000 - \$29,999	4
\$40,000 - \$49,999	1
\$50,000 - \$59,999	1
\$70,000 - \$79,999	1
\$140,000 - \$149,999	1
\$150,000 - \$159,999	2
\$160,000 - \$169,999	1
\$200,000 - \$209,999	1
\$220,000 - \$229,999	1
\$270,000 - \$279,999	1
TOTAL	<u><u>24</u></u>

(iv) Transactions with related parties

During the period Council entered into the following transactions with related parties.

Key Management Personnel (KMP) name	Position Held (Including related parties of KMP)	Supplier / entity	Nature of Transactions (on normal commercial terms)	Transaction Amount \$
Payments				
Mohya Davies	Ex Councillor	Warrawee Holiday Units	Payment for goods & services	3,780
John Moylan	Manager Engineering & Assets	Sentinel Times	Payment for goods & services	61,466
John Moylan	Manager Engineering & Assets	The Great Southern Star	Payment for goods & services	52,846
Jan Martin	Ex Director Corporate and Community Service	West Gippsland Regional Library Corporation	Grants & Contributions	1,701,731
Jan Martin	Ex Director Corporate and Community Service	Gippsland Southern Health Service	Payment for goods & services	166,107
Receipts				
James Fawcett	Ex Councillor	Leongatha Recreation Reserve Committee of Management	Contributions received	172,000
Jan Martin	Ex Director Corporate and Community Service	Gippsland Southern Health Service	Receipts for goods & services	6,659

All transactions are in line with normal commercial practice.

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 36 Related party disclosures (cont.)

(v) Outstanding balances with related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties

Key Management Personnel	Position Held (Including related parties of KMP)	Supplier / entity	Nature of Transactions (on normal commercial terms)	Outstanding Amount \$
John Moylan	Manager Engineering & Assets	Sentinel Times	Payment for goods & services	8823
John Moylan	Manager Engineering & Assets	The Great Southern Star	Payment for goods & services	3159
Jan Martin	Ex Director Corporate and Community Service	West Gippsland Regional Library Corporation	Grants & Contributions	715
Jan Martin	Ex Director Corporate and Community Service	Gippsland Southern Health Service	Payment for goods & services	73

All transactions are in line with normal commercial practice.

(vi) Loans to/from related parties

The aggregate amount of loans in existence at balance date that have been made, guaranteed or secured by the council to a related party was NIL.

(vii) Commitments to/from related parties

The aggregate amount of commitments in existence at balance date that have been made, guaranteed or secured by the council to a related party was \$1.38M. All transactions are in line with normal commercial practice.

vii) Senior Officer Remuneration

A Senior Officer is an officer of Council, other than Key Management Personnel, who:

- has management responsibilities and reports directly to the Chief Executive; or
- whose total annual remuneration exceeds \$142,000

The number of Senior Officers are shown below in their relevant income bands:

Income Range	2017 No.
below \$142,000	1
\$140,000 - \$149,999	1
\$150,000 - \$159,999	1
\$160,000 - \$169,999	1
\$170,000 - \$179,999	1
\$180,000 - \$189,999	1
	6
	\$'000

Total Remuneration for the reporting year for Senior Officers included above, amounted to: 953
Some of the Council staff classified as Senior Officers in previous year have been re-classified as Key Management Personnel in 2016-17

Note 37 Events occurring after balance date

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

Certification of Financials Statements

For the Year Ended 30 June 2017

**South Gippsland Shire Council
Certification of Financial Statements
For the Year Ended 30 June 2017**

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.

Acting Finance Manager : Stuart Smith, CPA



Location : Leongatha

Dated : 27 / 09 / 2017

In our opinion the accompanying financial statements present fairly the financial transactions of South Gippsland Shire Council for the year ended 30 June 2017 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 27 September 2017 to certify the financial statements in their final form.

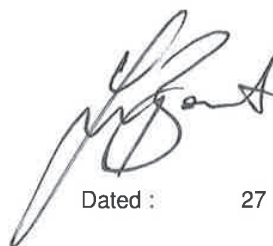
Councillor : Ray Argento



Location : Leongatha

Dated : 27 / 09 / 2017

Councillor : Lorraine Brunt



Location : Leongatha

Dated : 27 / 09 / 2017

Chief Executive Officer : Tim Tamlin



Location : Leongatha

Dated : 27 / 09 / 2017

Independent Auditor's Report

To the Councillors of South Gippsland Shire Council

Opinion	<p>I have audited the financial report of South Gippsland Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none">• balance sheet as at 30 June 2017• comprehensive income statement for the year then ended• statement of changes in equity for the year then ended• statement of cash flows for the year then ended• statement of capital works for the year then ended• notes to the financial statements, including a summary of significant accounting policies• certification of the financial statements. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the <i>Local Government Act 1989</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Councillors' responsibilities for the financial report	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 council's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors
- conclude on the appropriateness of the Councillors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



MELBOURNE
28 September 2017

Tim Loughnan
as delegate for the Auditor-General of Victoria



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Shire Council

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