



# 2006-07 Annual Report



*South Gippsland*  
Shire Council

*Come for the beauty, Stay for the lifestyle*



## MAYOR'S MESSAGE

Minister for Local Government  
The Hon Richard Wynne

Dear Minister  
South Gippsland Annual Report 2006/2007

This report outlines the performance of our Council through a significant period of change in our senior management team, tempered by the seasoned stride of Councillors in their second year of office and familiar with the issues.

Enhancing community wellbeing and improving quality of life are fundamental drivers of local government, and we are proud to deliver the broad range of services which support our residents and visitors. In contrast to other rural regions, our many small towns and villages are flourishing and experiencing renewal, with the drive and enthusiasm to develop their identities, activities and community facilities. Their vibrancy comes from the blending of newcomers with fresh ideas, and established residents who protect the traditions and heritage of the region, the strong support of Council and financial support from other levels of government.

Council supports active Small Town Networks, Arts, Business/ Tourism networks, and a dynamic Youth Council. Council is working in partnership with our towns to capitalise on funding opportunities such as StreetLIFE and Transport Connections, and we have two Community Building Initiatives at each end of the Shire to strengthen local communities to overcome disadvantages whether social, economic or geographic.

This strength has been called upon especially this year with unprecedented drought and water shortages which have caused great hardship for farmers and some businesses and which have had a ripple effect throughout much of the community. Council was proactive in working with other agencies and governments to achieve Exceptional Circumstances status to support our communities, and interim status was finally declared in March.

We have addressed complex issues such as the future of Coal Creek Heritage Village, allocating \$1.5m over 3 years to its redevelopment, and we continue to address the need for cost effective asset management.

The integrated approach in the tourism sector involving operators, tourism bodies and Council has resulted in numerous regional and state awards and a 45% growth in the number of visitors to the region. We welcome this expansion in tourism, yet are mindful of the need to limit and address its impacts on our coastal infrastructure, the implications of climate change and the need to protect our greatest asset, the magnificent environment.

South Gippsland has always been a marvellous place to live, raise families, do business and visit, and we will strive to make it even better.

Yours sincerely,

Cr Jennie Deane  
Mayor



**South Gippsland**  
Shire Council  
*Come for the beauty, Stay for the lifestyle*

## **MISSION**

**To effectively plan and provide for the social, built, economic and natural environments that ensure the future wellbeing of South Gippsland communities.**



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## YOUR ELECTED REPRESENTATIVES



### TARWIN VALLEY WARD



Cr Nigel Hutchinson-Brooks



Cr David Lewis



Cr Melanie Ryan

### COASTAL PROMONTORY WARD



Cr Heather Bligh



Cr Diane Casbolt



Cr Kieran Kennedy

### STRZELECKI WARD



Cr Jennie Deane (Mayor)



Cr Robert Newton



Cr Clyde Paterson

### Ward Boundaries

The Shire Wards were reassigned at the November 2005 election, reducing eight wards to three, each represented by three councillors.

**Council Elections** are held every three years. The most recent Council election for South Gippsland Shire Council was held on 26 November 2005 and the next will be held on 23 November 2008. Voting for Council elections is compulsory for residents (though residents 70 years of age or over are excused from voting). Non-resident ratepayers are encouraged to vote, but do not have to.

**Council Meetings** are held on the first and third Wednesday of each month and are open to the public. Meeting dates may change if the meeting falls on a public holiday. All meetings are advertised each week in local newspapers under Council Noticeboard and on the website.



## CHIEF EXECUTIVE OFFICER'S MESSAGE

The 2006/07 year has been a period of consolidation and renewal for the organisation.

In November we farewelled Interim Chief Executive Officer Neil Armstrong who efficiently manned the helm for the twelve month period following Council elections. Councillors and staff alike valued his extensive contribution to the organisation.

My appointment in November 2006 and that of two new General Managers in January provided the organisation with new experience to take the organisation forward in 2007. Several other key positions have been filled during the year including the Manager for Infrastructure Maintenance, which has added significant resources to progress our Capital Works Program.

The Executive Management team has focussed on providing a solid platform on which to build the organisation. A new organisational structure has been put in place with clearer responsibilities, and our development of a more robust Council Plan and a new business planning and reporting framework for 2007/08 will bear fruit next year.

We have addressed organisational accommodation in Leongatha to consolidate operational premises, and the Council Chamber is now operating comfortably from the Memorial Hall Complex. Imminent moves will result in a one stop Customer Service Centre for the convenience of our community.

The preparation of the budget for 2007/08 provides for a further strengthening of Council's financial position with a significant reduction in the level of debt.

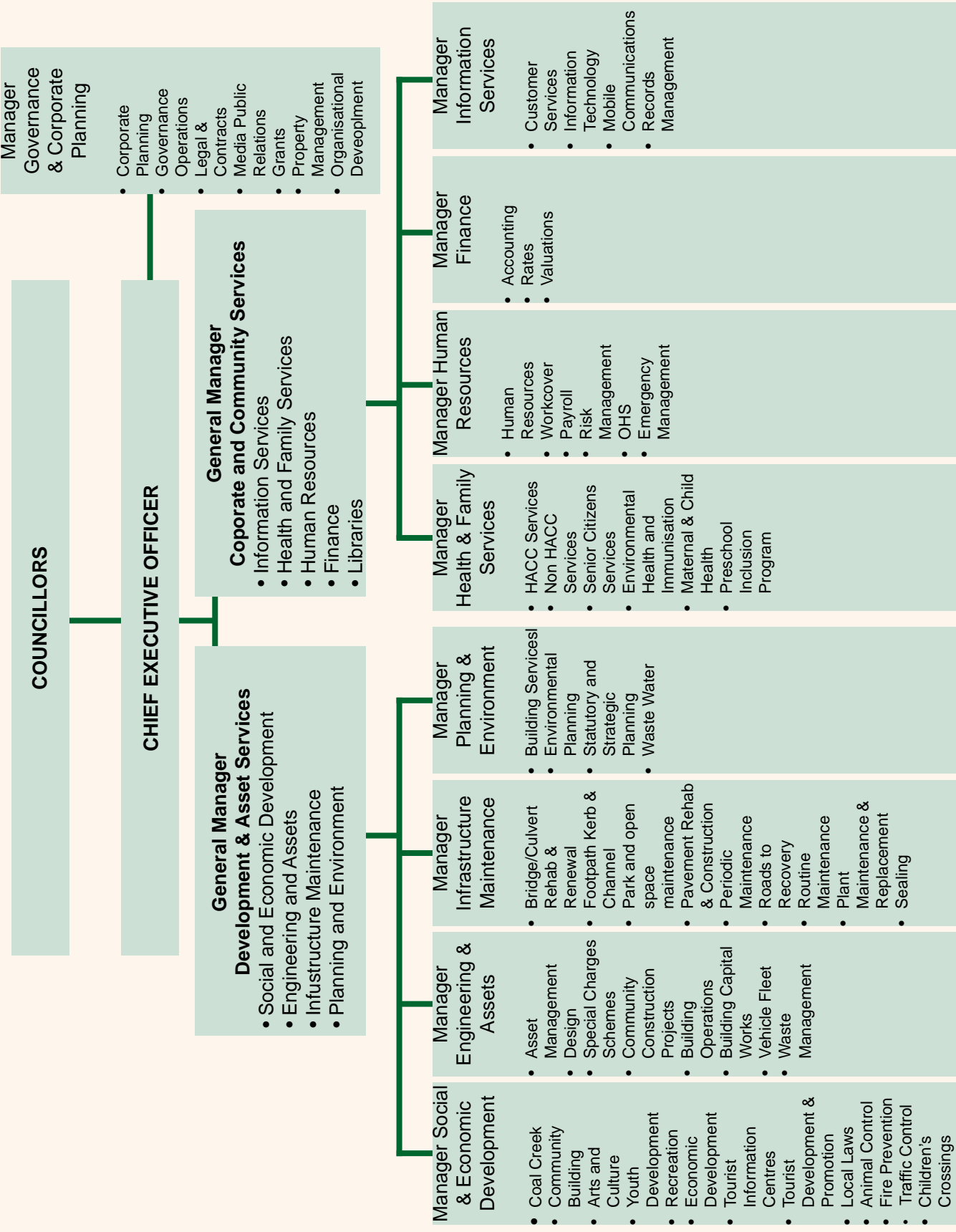
Planning has been a further focus with a number of strategies completed towards the end of financial year, including a new Open Space Strategy, Economic Development Strategy and the Waste Water Management Plan. Urban design frameworks were completed for our coastal towns in 2006 and local structure plans are in progress for Korumburra, Leongatha and Foster.

Recognition of the need to further develop communication and provide for improved consultation with community has resulted in resources being committed in the next financial year to develop a new strategy on approaches and techniques to be utilised in Council's operations.

Paul Bawden  
Chief Executive Officer

# ORGANISATIONAL STRUCTURE

CURRENT AT 30 JUNE, 2007





## EMPLOYEE PROFILE

### Staff complement

Full Time	161
Part Time	88
Casual	35
<b>Total</b>	<b>284</b>

### Employee Groups

Chief Executive	11
Corporate & Community Services	114
Development & Asset Services	159
<b>Total Number of Staff</b>	<b>284</b>

#### Equal Employment Opportunity

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



# DEVELOPMENT & ASSET SERVICES

## Social and Economic Development

### COAL CREEK HERITAGE VILLAGE

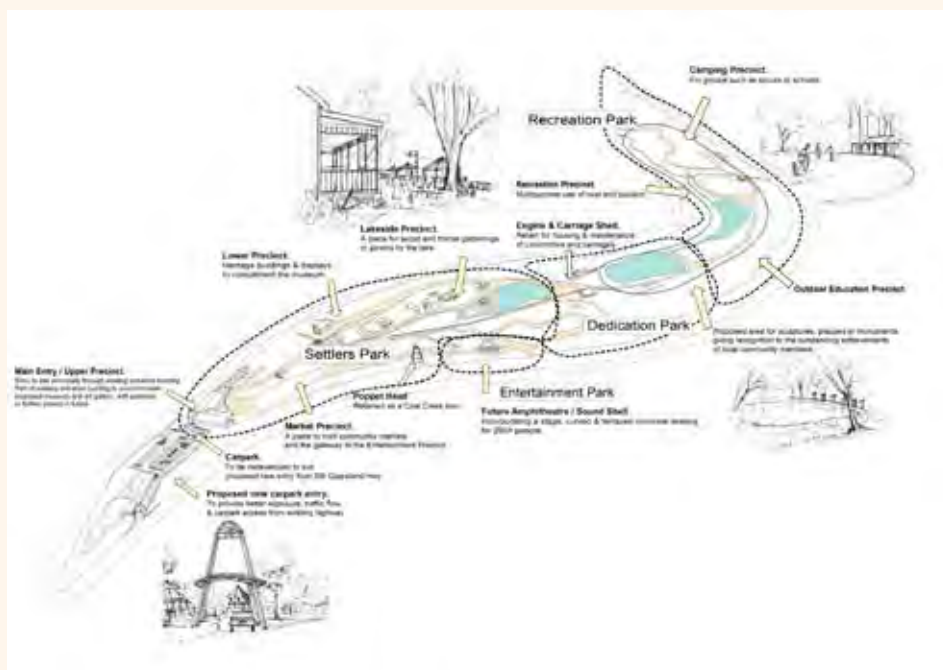
In May 2006, management of Coal Creek Heritage Village was transferred to Council and a Community Focus Group established to examine future scenarios for the Village over a six months period.

In early 2007 six options were outlined in an officer report that was placed before Council, which then determined the way forward for the Village to remain open.

This policy recognises the challenges in maintaining Coal Creek in the changing market and provides for an increased range of activities, wider target group and consolidation of the heritage component.

To achieve the new approach, the Village was closed for refurbishments on 4th June and is scheduled to reopen in early 2008. During this period a number of significant activities are being undertaken, including:

- Developing a Master Plan to link the precincts in Coal Creek and achieve a holistic approach to preserving heritage, managing activities, pedestrian links, urban design and landscaping;
- Refurbishment of a number of buildings, addressing weeds, new native plantings, replacing aged infrastructure and achieving some rationalisation of assets;
- Management of consequential moves of the curatorial collections.





## COMMUNITY STRENGTHENING

Council's Community Strengthening team supports both geographic communities and communities of common interest to improve resilience and capability through community planning, volunteerism and community focused activity.

# 2006/2007 ANNUAL BUSINESS PLAN

### What did we promise?

- Facilitate Community Development Advisory Committee (CDAC).
- Facilitate South Gippsland Towns and Districts Associations Network (SGTADA).
- Support community planning activities.
- Support community volunteers.
- Support Council volunteers.
- Implement Community Raffle.

### How have we delivered?

- Monthly meetings provided constructive input to Council policies and activities.
- Facilitated 4 well attended meetings of shire wide network, with 20 communities participating.
- 'Planning For Real' projects supported for development of long-term action plans for Leongatha and Foster.
- Held a Community Engagement Conference and Networking Dinner.
- Commencement and management of Community Building Initiative project across nine communities in South Gippsland and Bass Coast Shires.
- Launch of Active Citizenship project.
- Council Volunteer Support system established.
- Community groups actively utilized Community Raffle for fundraising.



## ARTS AND CULTURE

The service encourages residents to participate in arts and cultural activity and supports arts and cultural focused groups to collaborate across the Shire to build inclusive and culturally enriched communities.

### 2006/2007 ANNUAL BUSINESS PLAN

#### What did we promise?

- Facilitate South Gippsland Arts Network.
- Establish South Gippsland Community Art Shows Network.
- Support ongoing development of Creative Gippsland project.
- Support Mossvale Park concert series with 3 events during February/March 2007.
- Assist individual arts and cultural groups establish new projects.
- Support development of arts and cultural projects across South Gippsland.
- Provide skills workshops for volunteers and artists.

#### How have we delivered?

- Four meetings of the South Gippsland Arts Network held across shire.
- Eight separate show committees involved in collaborative activity.
- Creative Gippsland stand at Melbourne International Flower and Garden Show.
- New Creative Gippsland Arts and Cultural Guide printed.
- Presented highly successful 'Music for the People' and 'Raw Vibes' concerts and conducted joint publicity for all three concerts.
- Dramatic arts, visual arts, craft groups and music groups assisted during the year. Ten projects supported by Arts Partnerships or Arts Initiative grants.
- Council supported at least three activities in each Council ward.
- An Arts Victoria grant was secured to provide a Community Art Show & Exhibition Education Officer for a year.

## YOUTH DEVELOPMENT



The Youth Development team provides leadership, engagement in civic life and role modelling opportunities for the young people of South Gippsland. It enables Council to effectively incorporate youth needs in policy and service provision, and to collaborate with other agencies to extend the range of services available.

## 2006/2007 ANNUAL BUSINESS PLAN

### What did we promise?

- Facilitate South Gippsland Youth Council.
- Deliver youth led projects across the community.



- Ongoing management of the 'Youth Community Connections' program.
- Maintain a Youth information website.
- Support collaboration between youth volunteers and adult volunteers.
- Assist other youth agencies to extend services.

### How have we delivered?

- Facilitated 10 meetings involving 15 members held at various locations across South Gippsland.
- Managed 4 youth led events: Raw Vibes, South Gippsland Youth Film Festival, Charity Ball for Relay for Life, and Mental Health Week concert.
- Organised bus trips to University Open Days.
- Five young leaders attended the National Youth Leadership Camp.
- Participated in the State Youth Policy Review and Regional Youth Affairs Network.
- Funded three new youth managed projects.
- Updated youth website on a weekly basis.
- Four community events assisted by youth volunteers, including mentoring project at Mossvale Music Festival.
- Council involvement and support for submissions from various agencies.



The Recreation Development Officer works to provide access to safe, high quality recreational facilities, and opportunities for all sectors of the community to participate in an active lifestyle. Recreation planning involves liaison with community groups and Council's strategic departments to deliver funding and development of new and upgraded facilities.

## 2006/2007 ANNUAL BUSINESS PLAN

### What did we promise?

- Adoption of an updated Open Space Strategy.
- Application for one major Sports & Recreation Victoria (SRV) Community Facility Funding Program (CFFP) grant.
- Application to SRV for 3 Minor CFFP Grants.
- Risk Audit of all Council owned /managed recreation reserves.
- Safety audits of all swimming pools.
- Application for 3 Country Football Netball Grants.
- Accountable reporting on SG SPLASH.
- Distribution of Recreation Reserve grants.

### How have we delivered?

- Open Space plan adopted by Council in June, 2007.
- Secured \$183,000 SRV funding for the installation of a synthetic green at Leongatha Bowls club.
- Secured an SRV Minor Facilities grant to install stage 1 of a playground at Foster Showgrounds.
- Recreation Reserves audited for risk and actions implemented.
- Audited all pools, with improved results.
- Secured \$60,000 funding for the Walter Tuck Netball Change Rooms and \$20,000 for the resurfacing of Foster netball courts.
- Quarterly SG SPLASH reports adopted by Council.
- \$66,825 distributed in grants to Recreation Reserves.



Council's Economic Development team supports and encourages enterprises that enhance the prosperity and vibrancy of the South Gippsland community through a sustainable local economy and full employment.

## 2006/2007 ANNUAL BUSINESS PLAN

### What did we promise?

- Initiate infrastructure improvements to support business activity.
- Encourage the attraction of new business investment.



- Lobby government and peak bodies with respect to business issues.
- Facilitate business skill development.
- Foster local, self-supporting business networks.
- Obtain government grants for infrastructure development, business networks and employment expansion.
- Promote business and lifestyle competitive strengths.

### How have we delivered?

- Economic Development Five year Plan adopted.
- Assisted in achieving the declaration of Interim Exceptional Circumstances and other drought responses.
- Supported Alinta to progress negotiations and implementation of natural gas pipeline network.
- Facilitated eight businesses that established, expanded or relocated operations.
- Referred 26 small businesses to Regional Development Victoria for advice sessions (RDV).
- Responded to over 60 enquiries on relocation to South Gippsland.
- Made 15 presentations to State and Commonwealth Governments and peak bodies on issues such as the Leongatha rail yards and infrastructure.
- Conducted ten RDV skill development and networking meetings for local businesses.
- Established Manufacturers Network and held two meetings and a tour of local factories.
- Commenced the town entry signage project.
- Secured \$53,000 in grants from RDV for projects.
  - Commenced StreetLIFE project in Korumburra and appointed Coordinator for six months.
- Developed and distributed "Pursue Your Dreams in Prom Country" brochure.
- Upgraded the 'promcountrybusiness' - website.
- Produced quarterly business newsletters.
- Established Film Gippsland website with neighbouring Councils.
- Introduced "World Class Business Services" on-line information service for businesses.



The team encourages economic growth in South Gippsland through the development of a competitive tourism industry and provision of high quality visitor services.

## 2006/2007 ANNUAL BUSINESS PLAN

### What did we promise?

- Work with local, regional and state bodies to market and promote the region.
- Provide industry training and development.
- Externally promote tourism assets and attractions in partnership with industry.
- Support development of tourism in the region.
- Produce and distribute marketing collateral.
- Maintain a Level 1 Accredited Visitor Information Centre including an accommodation booking service.
- Facilitate industry co-operation.
- Encourage investment in tourism within the Shire.

### How have we delivered?

- Cooperatively marketed and developed Prom Country through industry relationships. Promoted Prom Country at seven key consumer shows.
- Membership growth, networking workshops and external marketing of Prom Country Regional Tourism (PCRT). Included Truck Advertising, New PCRT logo and Winter Warmers Campaign.
- Secured \$40K grant for golfing, water based activities and Gippsland food and wine booklets plus upgrading of tourism website.
- Visitation to Prom Country Visitor Information Centre increased by 45%, highest on record
- Promoted, developed and maintained [www.visitpromcountry.com.au](http://www.visitpromcountry.com.au) including extended website listings, Bookrite online booking training and service, and sponsored links
- Updated and distributed 50,000 Prom Country Official Visitor Guides and 50,000 Touring Maps.
- Retained Level 1 Accreditation for Prom Country Visitor Information Centre at Korumburra.
- Facilitated with Prom Country Regional Tourism (PCRT) the On-line Marketing forum, Better Business Accreditation forum, Gippsland Tourism Awards workshop & Gippsland Tourism Exchange.
- Developed and distributed Tourism Investment Prospectus and promotional DVD to businesses investing in Shire.



## LOCAL LAWS

The Local Laws Unit is responsible for developing and administering local laws and enforcing relevant sections of legislation, including the Road Safety and Litter Acts. It aims to provide a safe, healthy and clean environment for our community.

The unit limits the risk of fire by complying with the CFA Act and promoting community adherence to the Municipal Fire Prevention Plan and its initiatives. The Unit aims to ensure the safety of animals and our community by raising awareness of animal ownership responsibilities and administering and enforcing legislation. It maintains a parking control program and administers the disabled parking scheme.

## 2006/2007 ANNUAL BUSINESS PLAN

### What did we promise?

- Issue 200 footpath trading Permits.
- Enforce the Local Laws and investigate breaches.
- Conduct parking inspections and facilitate infringement processing.
- Issue Disabled Parking Permits (DPPs).
- Inspect townships and where necessary, issue Fire Prevention Notices (FPN).
- Register animals and impound strays.
- Control stock on roads.
- Facilitate pet micro-chipping.

### How have we delivered?

- Issued 210 permits.
- Issued 32 infringements.
- Inspection patrols undertaken two days per week and 531 infringements issued
- Issued 285 DPPs.
- Inspected all townships, 1,021 FPNs issued, 35 fines issued.
- Total of 6,185 animals registered and 453 impounded.
- Dealt with 295 callouts within accepted timeframes.
- 215 animals chipped on Micro-chipping Day at Mirboo North.





## CHILDREN'S CROSSINGS

Children's Crossings provide a safe passage for school children and pedestrians when crossing busy roads near education precincts within the Shire.

### 2005 ANNUAL BUSINESS PLAN

#### What did we promise?

- Provide supervision for ten Children's Crossings within the shire.
- Ensure children's crossings are maintained.

#### How have we delivered?

- Provided 100% supervision during designated hours.
- Completed training sessions for kindergarten children.
- Achieved 'no accident' status during supervised times.
- Completed six monthly audits of school crossings for maintenance and safety issues.



# DEVELOPMENT & ASSET SERVICES

## Engineering and Assets

### ASSETS, WASTE, ENGINEERING, FLEET & MAINTENANCE

The Engineering and Asset Services Department was created through a restructure in the 2006/07 financial year and is responsible for the following business units:

- Assets Management
- Engineering
- Building Maintenance
- Waste Management
- Fleet

The Assets team is responsible for the development and implementation of long term asset management plans for all assets including renewal modelling to ensure that Council's 10 year Financial Plan allocates sufficient resources to reduce the renewal gap. Assets include roads, footpaths, car parks, bridges, culverts, stormwater drains and buildings.

The Engineering team is responsible for the delivery of the Capital Works program, including community construction projects and contracts. It also provides technical advice to other units as required, in relation to the impact on, and need for infrastructure related to development. The Engineering team provides construction standards for developers and engineering approvals for subdivisions.

The Building Maintenance team is responsible for proactive and reactive maintenance programs to ensure Council's buildings are fit for their purpose to meet user needs.

Waste Management oversees kerbside garbage and recycling collections, the management and operation of transfer stations and the construction, management, operation and rehabilitation of landfills throughout the shire. Waste education and waste management advice is provided to the community and industry. It provides a Wastewise events trailer for community groups and has developed an Action Plan for accreditation next year as a Wastewise Council.

The Fleet team is responsible for providing organisational transport solutions for Councillors, community groups and staff.





## 2006/2007 ANNUAL BUSINESS PLAN

### What did we promise?

- Asset Management
- Capital Works Program including reseals and resheets.
- Engineering Planning referrals
- Engineering Work Approvals
- Complete programmed building maintenance and cleaning to Council owned and managed facilities.
- Conduct customer satisfaction survey
- Provision of kerbside garbage and recycling collection services.

### How have we delivered?

- Completed condition surveys for roads and footpaths.
- Continuance of the drainage assets data collection program.
- Commenced review of the Asset Management Strategy.
- 2006/07 Road Capital Works Program Including:
  - Reconstruction of Bena Rd, Korumburra.
  - Reconstruction of MacQueen Ave, Korumburra.
  - Widening of Loch-Poowong Road Culvert near Recreation Reserve, Loch.
  - Replacement of Mt Best Rd Bridge and O'Loughlin's Bridge.
- Prepared footpath replacement program, and footpath extension program.
- Processed 126 Planning Permit referrals and 395 development related inquiries
- Processed 172 Work Authority Permits, 163 Project Responses and 18 Legal Points of Discharge.
- Qualified contractors and Council staff have completed the scheduled building maintenance and cleaning, covering 322 programmed works and 735 maintenance requests.
- Distributed in November 2006 to user groups of Council owned and managed facilities.
  - 91% respondents satisfied with Council buildings.
  - 96% respondents satisfied with maintenance.
  - 98 % satisfied with service from Building team.
- Collected 3,454 tonnes of garbage and 1,695 tonnes of recyclables from kerbside collection service.



## 2006/2007 ANNUAL BUSINESS PLAN

### What did we promise?

- Provision of street litterbins.
- Provision of transfer stations services.
- Provision of landfill services.
- Rehabilitation of landfill sites.
- Improvements to transfer station infrastructure.
- Fleet

### How have we delivered?

- 230 tonnes of waste collected from bins.
- 3,358 tonnes of waste delivered to transfer stations.
- Recyclable materials collected at transfer stations include:
  - 1,169 tonnes of steel,
  - 11,600 litres of motor oil,
  - 423 tonnes of paper/cardboard,
  - 92 tonnes of glass,
  - 19,900 cubic metres of green waste.
- Provision of permanent monthly drumMuster collection program.
- Continuation of silage plastic collection and recycling program.
- 15,707 tonnes of waste managed at the old Koonwarra landfill.
- Completion of new Koonwarra landfill construction project.
- Completion of Foster landfill rehabilitation project.
- Safety rails installed at Walkerville, Mirboo North and Foster.
- Full review of fleet undertaken by external auditor.

# DEVELOPMENT & ASSET SERVICES

## Planning and Environment

### BUILDING SERVICES

The Building Services team monitors the operations and activities of both Council and the community for compliance with relevant Building legislation. This includes the inspection of pools, accommodation and facilitation of compliance with essential safety measures.

## 2006/2007 ANNUAL BUSINESS PLAN

### What did we promise?

- 75 % successful resolution of non compliance issues.
- Facilitation of compliance with Building regulations on an 'as needs' basis.
- 75 % of all requests for mandatory building inspections conducted within 2 days.
- 75 % of all requests for information under the building regulations completed within statutory timeframes.
- All emergencies acted upon immediately.
- 5% of all pools and spas audited for compliance.

### How have we delivered?

- 100 % of non-compliance issues resolved.
- Facilitated all compliance issues with regards to regulations
- Inspections completed within time frames.
- Target of 75% of requests for information achieved within statutory timeframes.
- All emergencies were acted upon immediately.
- Exceeded target of 5% of pools audited for compliance.



## STATUTORY PLANNING

Council's Statutory Planning team assesses planning applications for buildings and works and land uses within the municipality. It also assesses applications for subdivision of land, and assists in the coordination and delivery of service infrastructure to new lots being created.

### 2006/2007 ANNUAL BUSINESS PLAN

#### What did we promise?

- 50 % of permits issues within 60 calendar days.
- 100% of certifications referred to external agencies within 28 working days.
- 1% of planning permits audited for compliance.

#### How have we delivered?

- 45% of permits assessed within 60 calendar days. Balance required further clarification from applicant or agencies.
- Referred 100% of certifications within 28 working days.
- 8% of planning permits audited for compliance.



## STRATEGIC PLANNING

Council's Strategic Planning team is responsible for the development of strategic plans that govern the development of all land within the municipality, together with Planning Scheme amendments and rezonings.

### 2006/2007 ANNUAL BUSINESS PLAN

#### What did we promise?

- Four Strategic Planning projects completed
- Four amendments completed.

#### How have we delivered?

- Urban Design Frameworks for:
  - Venus Bay,
  - Tarwin Lower,
  - Sandy Point,
  - Waratah Bay.
- Coastal Spaces Strategy.
- Venus Bay Cultural Heritage Management Plan.
- Planning Scheme audit.
- Amendment C9 – Heritage overlay .
- Amendment C21 – Vic Roads – Public.
- Amendment C23 – Waratah Bay township rezoning.
- Amendment C37 – Waratah Bay Coastal Park.
- Amendment C39 – Murray Goulburn Development Plan Overlay.

Council's Environmental Planning role manages the Roadside Native Vegetation Planting Program and the Native Vegetation Protection Program. It conducts environmental educational activities, monitors compliance and auditing of planning permits related to vegetation removal, and undertakes forestry industry compliance including overseeing regional coupe audits on private land in accordance with the code of practice.

### 2006/2007 ANNUAL BUSINESS PLAN

#### What did we promise?

- All planning permit referrals responded to within 14 working days.
- 1% of native vegetation removal (NVR) permits audited for compliance.
- Five coupes audited by the end of the financial year.
- Two environmental educational activities.
- 2000 trees given away for planting per quarter.
- 50 % of roadsides within the municipality sprayed for weed control purposes.

#### How have we delivered?

- 54% responded to within 14 working days.
- Audited over 5% of NVR permits.
- Audited nine forestry coupes and conducting four independent audits.
- Undertook three educational activities –including Roadside Conservation/ Protection/ Awareness.
- Provided only 3700 indigenous plants due to drought conditions.
- 10% sprayed – drought influence.





## STRATEGIC WASTE WATER PLANNING

The Strategic Waste Water Planning role develops and implements the Domestic Waste Water Plans for the municipality.

### 2006/2007 ANNUAL BUSINESS PLAN

#### What did we promise?

- Completion of Domestic Waste Water Management Plan for municipality.

#### How have we delivered?

- Domestic Waste Water Management Plan adopted 6 June 2007.

## STATUTORY WASTE WATER PLANNING

Council's Statutory Waste Water Planning team provides advice on septic tank matters and assesses permit applications within legislative timeframes as specified in the Environment Protection Act 1970.

### 2006/2007 ANNUAL BUSINESS PLAN

#### What did we promise?

- All planning permit referrals returned within 14 working days.
- 'Permits to install' issued within 42 statutory days.
- 'Certificate to use' issued within ten working days of request for final inspection.
- 'Reports and Consents' issued within ten working days.

#### How have we delivered?

- All referrals returned within timeframes.
- Majority of 'permits to install' issued within statutory time frame.
- Majority of 'certificates to use' issued within ten days of request for final inspection.
- Majority of 'Reports & Consents' issued within ten working days.



# CORPORATE AND COMMUNITY SERVICES

## Health and Family Services

Health and Family Services contribute to creating a community where people feel safe and maintain a high standard of independence, health and wellbeing.

The Department provides a range of high quality, customer focussed and appropriately targeted aged, disability, family and environmental health services and programs. Services are delivered in accordance with negotiated funding and service agreements, legislative requirements, Council strategies and community needs.

### MATERNAL AND CHILD HEALTH

The team provides a Maternal and Child Health service and an Enhanced Maternal and Child Health service to families in the Shire, in accordance with the Department of Human Services' Funding and Service Agreement.

## 2005 ANNUAL BUSINESS PLAN

### What did we promise?

- Enrol 98% children (0-1mth) in service from birth notifications received.
- Enrol 292 children (0-1 year) in service.
- Increase assessments by 3% over previous year of 18mths, two years and three & half years old.
- Provide 49 clients with enhanced MC&H service.

### How have we delivered?

- Enrolled 91.5% children (0-1mth) in service from birth notifications received.
- Enrolled 374 children (0-1 year) in service.
- Assessed:
  - 229 18 months old (+2.1%),
  - 234 two years old (+1.7%),
  - 224 three & half years old (+4.2%).
- Provided 43 enhanced MC&H cases.





## AGED AND DISABILITY SERVICES

Assistance is provided to frail aged people, those with a disability and their carers by providing basic support and maintenance for people living at home whose capacity for independent living is at risk, or who are at risk of premature or inappropriate admission to long term residential care. Carers ensure they remain safe, secure and independent.

\* Requests for HACC services have decreased, due to the Commonwealth's increased provision of Community Aged Care Packages (CACPs) to South Gippsland 'high needs' clients, through a case managed approach. Requests for Home Maintenance were affected by water restrictions, changes to work that can be undertaken and fewer referrals from hospitals.

## 2006/2007 ANNUAL BUSINESS PLAN

### What did we promise?

- 609 hrs of in-home assessments.
- 24,416 hrs Home, Personal & Respite Care.
- 1,200 hrs home maintenance.
- 29,210 delivered meals.
- 4,816 hrs transport & coordination.
- Review & improve results from Satisfaction Survey to 92%.
- Support and celebrate our Seniors.
- Support & celebrate our volunteers.
- Develop community plans

### How have we delivered?

- 611 hrs of in-home assessments.
- 24,329 hrs Home, Personal & Respite Care\*
- 576hrs home maintenance \*.
- 25,946 delivered meals\*.
- 7,371 hrs transport & coordination.
- 98.4% overall satisfaction.
- Organised Musical Fun Day at Mossvale Park for seniors.
- Induction Program for Meals On Wheels volunteers.
- Held volunteer celebrations in December and in May.
- Draft Positive Ageing Strategy to be finalised in 2007.
- Public Health & Wellbeing Strategy 2006 – 10 adopted.

## ENVIRONMENTAL HEALTH



The Environmental Health team promotes a high standard of public health through prevention, education, food safety, sharps collection and disposal, and where necessary, enforcement.

This service includes the inspection of registered premises, monitoring of spas and pools and the investigation of infectious diseases and public health complaints.

## 2006/2007 ANNUAL BUSINESS PLAN

### What did we promise?

- Register and monitor all registered premises in relation to Food Act, Health Act & Residential Tenancies Act.
- Monitoring and sampling of all public swimming pools.
- Investigation of all infectious disease notifications.
- Food sampling.
- Investigation of nuisance and public health complaints.
- Production and distribution of Food Facts newsletter.
- Tobacco Activity - Education & enforcement of the Tobacco Act 1987 and any amendments.
  - Retailers;
  - Eating establishments;
  - Licensed premises;
  - Gaming venues;
  - Investigation of non-compliant workplaces on receipt of complaints.

### How have we delivered?

Issued:

- 396 registration renewals;
- 18 new registrations;
- 132 food notifications;
- 485 registered premises inspected.
- 17 public pools inspected.
- 18 infectious disease notifications, including two nursing home outbreaks investigated.
- 75 food samples taken;
- 24 food recalls actioned;
- 44 samples taken from Caravan Park dam.
- 54 public health related complaints investigated.
- One edition of Food Facts newsletter.
- Inspected for tobacco compliance:
  - 70 retail premises;
  - 46 eating establishments;
  - 33 licensed premise;
  - 6 gaming venues;
  - 1 Tobacco Act complaint investigated



## PRESCHOOL FIELD OFFICER SERVICES

The Preschool Field Officer service supports the access and participation of children with additional needs in state-funded preschool programs. Key roles include:

- Observation and assessment of children with developmental concerns;
- Referral for more specialised assessment;
- Consultancy support to preschool staff on the planning; implementation and review of developmentally appropriate programs;
- Linkage to community and specialist supports for children with additional needs and their families.

## 2006/2007 ANNUAL BUSINESS PLAN

### What did we promise?

- Observation and Assessment of children.
- Referral for more specialised assessment.
- Consultancy to all Shire Kindergartens.
- Linkages to community and specialist support.
- Develop & implement Community plans

### How have we delivered?

- Provided 140 children and families with support.
- Processed:
  - 90 new referrals,
  - 12 applications for children with severe disabilities received funding for additional support in kindergarten.
- Referred 76 to other agencies.
- Consulted with all Shire Kindergartens and conducted four training sessions for Early Childhood staff.
- Member of South Coast Best Start Partnership Group.
- Member of Gippsland Transition Group.
- Municipal Early Years Plan 2006-10 adopted.



## IMMUNISATION



Monthly sessions are held for the immunisation of babies, children and adults in accordance with the National Health and Medical Research Council schedule. School and work-based programs offering Hepatitis B, ADT, Sabin, Flu and Meningococcal C immunisations are conducted annually.

Preparatory work for the implementation for the new Gardocil program to protect teenage girls against cervical cancer was an additional project this year and the unit was a finalist in the LG Pro awards for its outstanding educational program.

### 2006/2007 ANNUAL BUSINESS PLAN

#### What did we promise?

- 36 school immunisation sessions
- Community immunisation sessions • four monthly and two bi-monthly
- Maintain and deliver Flu Program to schools and Industry.
- Grade 6 Education Program.
- Produce immunisation newsletter.
- Participate in Immunisation Awareness Month.
- Consumer Satisfaction Survey.
- Linkages to community and specialist support.

#### How have we delivered?

- 36 school immunisation sessions conducted.
- 60 community immunisation sessions.
- Five workplace flu sessions (including Council staff).
- Grade 6 education sessions at all primary schools.
- Four editions of immunisation newsletter
- Immunisation Awareness Month promoted through displays, schools, and competitions.
- Survey indicated 100% satisfaction.
- Representation on Gippsland Immunisation Reference Group (GIRG).
- Represented GIRG to Local Government Immunisation Reference Committee.





## RURAL ACCESS PROGRAM

The program supports rural and regional communities to plan and develop strategies that will enhance community involvement opportunities for people with disabilities. It also builds and strengthens the community's capacity to provide support to people with disabilities and their families, works with existing disability service providers, and improves access to information about relevant services available to people with disabilities.

### 2006/2007 ANNUAL BUSINESS PLAN

#### What did we promise?

- Annual Community Inclusion Strategy.
- One local activity held for International Day of People with Disabilities.
- Minimum of four articles about disability initiatives for media.
- Community forums/training.
- Individual client contacts.

#### How have we delivered?

- Integrated community inclusion issues into Council policies.
- Disability awareness fun day held at two local primary schools as part of the Strategy.
- Held "Good Access is Good Business" Breakfast and Awards Presentation with 70 attendees.
- Actioned seven promotions in local media.
- Provided Disability Access Awareness training for community members, council staff and councillors.
- Provided a separate Disability Awareness Training for builders, designers and architects.
- Provided ongoing referral, information and education to families and groups across the shire.
- Exceeded DHS required amount of contacts.



## INFORMATION SERVICES

The Information Services Department manages the computerised infrastructure of the organisation, the secure storage of Council's records and their dissemination, Customer Service, Intranet and Internet facilities.

### 2006/2007 ANNUAL BUSINESS PLAN

#### What did we promise?

- Implement, support and promote the use of hardware, software and systems the organisation needs to meet its operational and strategic targets.
- Maintain phone system and office equipment.
- Provide user training to staff on infrastructure and business applications.
- Upgrade website.
- Co-ordinate Customer Service functions of Council.
- Provide effective Records management initiatives.
- Implement Information Services strategy.

#### How did we deliver?

- Conducted an Information Services Review.
- Upgraded Council's ageing I.T. infrastructure including major application servers and all PCs.
- Added extra line for additional fax services.
- Replaced ageing printers and plotters.
- Ongoing user training in core Council applications.
- Maintained and improved current website with new online request forms, customer feedback and payments online.
- Fielded 71,835 phone calls.
- Served 27,683 customers at the front counter.
- Implemented online Community Directory with C.A.B.
- Offsite storage organised for archived records. Relevant documents shipped to Public Records Office.
- Managed all new correspondence, its registration and distribution.
- Continued Implementation of Council's I.S. strategy (2004-7).





Human Resources is responsible for ensuring the efficient, professional and timely delivery of Human Resources, Payroll and WorkCover services, including:

- Development of strategic Human Resources policies and plans;
- Provision of industrial relations advice, including negotiation and implementation of Enterprise Bargaining Agreement;
- Management of the recruitment and selection, induction, salary administration and remuneration functions;
- Management of the rehabilitation of workers who have sustained an injury or illness during the course of their work;
- Education for the prevention of injuries in the workplace.

## 2006/2007 ANNUAL BUSINESS PLAN

### What did we promise?

- Employee vacancies filled.
- Employee Opinion Survey conducted.
- Enterprise Bargaining Agreement implemented.
- Accurate and timely remuneration of staff.
- Coordination and administration of WorkCover claims.

### How have we delivered?

- Vacancies filled.
- Conducted Employee Opinion Survey August, 2006.
- Enterprise Bargaining negotiations completed.
- Accurately completed every fortnight.
- Reduced 2005/06 WorkCover premium by further 10%.

The Finance Department provides services to both internal and external customers. It collates and manages Council's finances, provides strategic financial advice to Council, raises and collects rates and charges, values properties throughout the municipality and manages risk and Occupational Health and Safety (OH&S) throughout the organisation.

## 2006/2007 ANNUAL BUSINESS PLAN

### What did we promise?

- Actual financial performance achieved to equal or exceed planned financial outcome.
- Monthly performance reports.
- Reduce Rate Debtors to less than 2.5% of total revenue.
- Revaluation of all rateable properties as at 1 January 2006.
- Maintain Safety Management System accreditation.

### How have we delivered?

- Liquidity, working capital and operating results all exceeded planned projections.
- Monthly reports adopted by Council.
- Rate Debtors 1.35% of total revenue.
- Valuer General approval.
- Accreditation maintained.



## LIBRARY SERVICES

The West Gippsland Regional Library Corporation (WGRLC) was established in 1995 by formal agreement between the Bass Coast, Baw Baw and South Gippsland Shire Councils.

Councils contribute to the regional service using a funding formula, which is based on a per capita amount for collection, a direct services fee in the Shire (i.e. branch staffing/recurrent utilities) and a per capita amount for regional support (board, management and IT etc). The formula splits are Baw Baw 40.64%, South Gippsland 28.81% and Bass Coast 30.55%.

South Gippsland Shire libraries are located at Foster, Korumburra, Leongatha, Mirboo North, and Poowong. The mobile services covers Fish Creek, Port Welshpool, Sandy Point, Tarwin Lower, Toora and Welshpool.

Library services are available on-line with deliveries made to the library of choice. The library service provides a wide range of community activities throughout the year.

## 2006/2007 ANNUAL BUSINESS PLAN

### What did we promise?

- Agreed Library timetable adhered to.
- Library services in five towns and a mobile service.
- Compliance with West Gippsland Regional Library Corporation agreement.
- Attend West Gippsland Regional Library Corporation Board meetings.

### How have we delivered?

- Timetable promoted across the Shire.
- Static and Mobile library services adhered to as per specification.
- 226,246 loans from static libraries
- 34,954 loans from mobile libraries
- 115,000 library visits
- Agreement complied with 100%.
- Nine meetings attended.

### CORPORATE PLANNING & BUSINESS EXCELLENCE

Corporate planning develops key strategic plans for Council services and programs through business planning, performance measurement and benchmarking. Council is committed to continuous improvement and has adopted the Australian Business Excellence Framework as a basis for leading change, encouraging innovation and improved performance.

## 2006/2007 ANNUAL BUSINESS PLAN

### What did we promise?

- Council Plan reviewed prior to June 30, 2007.
- Council Plan 2007-2011 printed and distributed
- Business Excellence Framework.
- Best Value principles and legislative requirements applied.
- Compile Monthly Business Performance Reports for Council agenda.
- Review Vision 2020.

### How have we delivered?

- Community consultation incorporated into Council Plan review.
- The review resulted in:
  - More detailed background information
  - Improved presentation of the document.
  - Clearer direction and sharper focus in the specific strategies and objectives
  - Better layout/presentation
  - Clearer understanding of the purpose and improved staff ownership and accountability.
- Reinvigoration of Business Excellence underway including initial staff consultation, discussions with SAI Global and benchmarking with other councils.
- Super 11 benchmarking timetable and requests responded to within timelines.
- Continued participation with Business Excellence Network
- Business Excellence is the foundation for Council's response to Best Value Refer Page 53.
- Completed.
- Deferred due to review of Council Plan approach.



The Governance team assists in facilitating good decision making within the organisation. Key roles include:

- Provision of support to Council and committee meetings.
- Overseeing transparent elections;
- Organising independent internal audits;
- Overseeing policy development.

### **2006/2007 ANNUAL BUSINESS PLAN**

#### **What did we promise?**

- To support decision makers and the administrative arm with processes and information to enable the best outcomes for the community to be achieved.

#### **How have we delivered?**

- Preparation and facilitation of agendas and minutes for Council briefings and meetings.
- Assisted the Audit Committee with its meetings and the internal auditors in undertaking its audit projects.
- Oversaw Council Action Plan.
- Compiled and distributed Council Action Plan each month.
- Oversaw Administrative and Council Policies.
- Facilitation of tenders



The Communications role provides the community with accurate information on Council's activities, decisions and processes, through timely distribution to regional media outlets and postings on Council's website, providing 24 hour access for the community. The officer liaises with regional media on a daily basis, responding to their enquiries.

The Officer also provides an internal communication role, promoting departmental services and achievements to the public and producing a fortnightly staff newsletter.

## 2006/2007 ANNUAL BUSINESS PLAN

### What did we promise?

- To produce:
  - Annual Report,
  - Two Community newsletters,
  - Fortnightly staff newsletters,
  - Weekly Noticeboard ads,
  - 150 press releases,
  - Weekly Mayor's Message.
- Coordinate Australia Day celebrations.
- Promote Council Services.
- Upgrade website.
- Promote & protect professional corporate image.
- Promote allied Council businesses.

### How did we deliver?

- Produced Annual Report on CD in an innovative new format & mailer.
- Two editions of 'South Gippsland Matters'.
- 26 editions of staff newsletter.
- 52 Noticeboard ads in 4 local papers.
- Produced 167 press releases.
- Provided mayoral support with weekly Message, radio programs, speeches & International Women's Day event.
- Coordinated & promoted A.D. Awards & Ceremonies, and researched new insurance options.
- Focussed campaigns for Immunisation, Aged & Disability, Volunteers, Youth, Community Strengthening and Local Laws.
- Website upgraded.
- Edited Council literature and monitored corporate compliance.
- Promoted libraries, SPLASH and increased role in Coal Creek refurbishment communications.
- Funding discussion papers for State and Federal politicians.
- Represented Council on Reference Group for MAV marketing.
- Addressed local school groups on Council's functions.



## PROPERTY

The Property Officer ensures that Council land, buildings and collection assets are properly managed and, where necessary, acquisitions and disposals meet all legal requirements.

### 2006/2007 ANNUAL BUSINESS PLAN

#### What did we promise?

- Property and land management.

#### How have we delivered?

- Portfolio of properties maintained to meet organisational needs.



## GRANTS



The Grants Officer strives to support Council initiatives that address community needs by accessing external grants. Ongoing publicity is produced to increase community awareness of grant opportunities, and the capacity of community groups to access these funds.

## 2006/2007 ANNUAL BUSINESS PLAN

### What did we promise?

- The lodgement of 20 Grant Applications with State and Federal agencies and other relevant authorities for \$1,000,000 of additional funding for projects.
- Support of at least ten third party projects.

### How have we delivered?

- Lodged 21 grant applications with State and Federal agencies, and secured \$1,547,572 in additional funding for projects across the municipality.
- Provided advice and support to 14 community groups in accessing funding from State and Federal Government agencies.
- Facilitated the Annual Community & Recreation Grants Program, in which 132 applications were received and \$281,555 was allocated to 79 community groups.





# FINANCE OVERVIEW

**C**ouncil continues to be guided by the Long Term Financial Plan that was first adopted in 2003. This Plan is essentially a ten year long term budget and is reviewed annually as part of the Council planning and budgeting process and updated to reflect changing circumstances.

Both the Long Term Financial Plan and the Council Plan (which includes the Strategic Resource Plan) are available on Council's website address [www.southgippsland.vic.gov.au](http://www.southgippsland.vic.gov.au)

There is also a legislative requirement for Council to have a Strategic Resource Plan, which essentially is a subset of the Long Term Financial Plan, disclosing resource requirements over a four-year period to achieve the strategic objectives that are documented in the Council Plan.

The annual Financial Report discloses the financial performance of Council for 2006/07 that is then benchmarked against the Annual Budget and its impact on the longer term financial plan.

A series of long-term financial strategies guide the development of both the Long Term Financial Plan and Annual Budget to produce viable financial outcomes over the longer term to fund service provision, which includes infrastructure asset management requirements.

## The long-term financial strategies are:

1. *That South Gippsland Shire Council target as a high priority to achieve surplus operational results in the income statement and consistent surplus results thereafter, and that this be documented in the long term financial plan.*
2. *That the working capital ratio of South Gippsland Shire Council in proposed budgets and forward financial plans be targeted not to fall below 2 to 1.*
3. *That budgeted transfers to discretionary reserves for future capital expenses only be made if matched by an equivalent budgeted surplus in the Income Statement to preserve the accumulated surplus position of the Council.*
4. *That the budgeted 'cash at the end of year' position be sufficient to fund daily cash requirements in annual and forward financial plans, and be subject to ongoing financial analysis of budgeted cash inflows and outflows requirements, the working capital and quick asset ratio.*
5. *That capital expenditure on asset renewal projects be given priority over capital expenditure on new assets (upgrades and extensions) until the sustainability index consistently exceeds 95%.*

6. *Any new capital works (capital extension) proposals must include a lifecycle cost evaluation exercise that identifies and costs the asset construction, maintenance, operating and depreciation costs.*
7. *That Council consider borrowing for new capital projects only when consistent surplus operating results are being achieved in the Income Statement.*
8. *That any new projects that require borrowings be considered only if the projects have had a full lifecycle cost analysis undertaken, and will have proven cash flows in future periods to 'repay' the cash outlays required in the initial periods, and/or the capital evaluation guidelines be used to evaluate costing impacts on the forward budgets.*
9. *That, wherever possible, any material favourable budget variations realized in a given financial year be specifically quarantined and allocated to a loan reserve (unless required to finance projects deemed as 'unavoidable') to be allocated against the interest only loan that is due to be refinanced in 2007/08.*
10. *That Council consider the most appropriate rating strategy to provide adequate funds to:*
  - *achieve a breakeven operating result in the income statement,*
  - *achieve a sustainable cash flow, and*
  - *fund capital renewal projects in both the annual budget and in the long term financial plan.*
11. *Wherever reasonably possible, fees and charges be increased by the same percentage that general rates and charges are set to increase by, until full cost recovery is achieved for direct service provision. Any fees that are not to be increased in line with a planned rate rise be clearly identified and documented for Council consideration.*

## 1. Introduction

The annual financial report is a key report by the South Gippsland Shire Council. It shows how Council performed financially during the 2006/07 financial year and the overall position at the end (30 June 2007) of the financial year.

Council must present its financial report in accordance with the international financial reporting standards (IFRS). Particular terms required by the standards may not be familiar to some readers. Further, Council is a 'not for profit' organisation and some of the generally recognised terms used in commercial sector company reports are not appropriate to Council's reports.

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

## 2. What is contained in the Annual Financial Report?

Council's financial report has two main sections, namely, the report and the notes. There are four statements and fifty notes. These are prepared by Council's staff, examined by the Council's Audit Committee, by Council and then are audited by the Victorian Auditor-General.

The four statements are included in the first few pages of the report. They are the income statement, balance sheet, statement of changes in equity and cash flow statement.

The notes detail Council's accounting policies and the make up of values contained in the statements.

### 3. Income Statement

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

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

The key figure to look at is the 'Surplus for the period', which is the equivalent to the profit or (loss) of Council for the year. A surplus means that the revenue was greater than the expenses.

The result for the reporting period was \$3.08 million surplus (previous year \$3.78 million surplus). On face value this is a good result. However it is also important to look at the 'underlying result' after backing out what could be termed 'abnormals' or 'one offs' to give a truer indication of financial performance. After allowing for contributed or donated assets, the underlying result is in fact \$1.72 million surplus (previous year \$1.68 million surplus).

Although not as favourable as the bottom line result for the reporting period, it is nevertheless a good result. Since Council adopted a series of long term financial strategies and began preparing long-term financial plans since 2003 it has in fact produced 'underlying surpluses' in the past four financial years. In the years prior to having a series of financial strategies and a long term plan, Council had consistently produced 'underlying deficit' results.

This favourable outcome should not be taken out of context. Council can only make claim to producing viable operating results when the underlying operating result

is still in surplus after further adjusting out from the 'underlying result' any capital income such as capital grants and grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date. After allowing for these adjustments the 'adjusted underlying net result' for the reporting period would in fact be a \$0.15 million deficit (previous year \$0.57 million deficit).

### 4. Balance Sheet

The Balance Sheet is a one-page summary of the financial situation as at 30 June 2007. It shows what the Council owns as 'Assets' (\$337 million) and what it owes as 'Liabilities' (\$18 million). The bottom line of this Statement is Net Assets (\$319 million). This is the net worth of Council that has been built up over many years.

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

#### The components of the Balance Sheet are:

- 4.1 *Current (\$15 million) and non-current assets (\$322 million)*
- Cash includes cash and investments, that is, cash held in the bank and in petty cash and the market value of Council's investments
  - Trade and other receivables are monies owed to Council by ratepayers and others.
  - Financial assets represent Council's long service leave investment for its staff.
  - Prepayments are expenses that have been pre paid that relate to the following financial year.
  - Non current assets held for resale identify assets that will be disposed.
  - Investments in associates represent the equity interest of Council in the West Gippsland Regional Library Corporation.

- Property, infrastructure, plant & equipment are the largest component of Council's worth and represent the value of all the land, buildings, roads, vehicles, equipment, etc which have been built up by Council over many years.

#### 4.2 Current (\$12 million) and non-current liabilities (\$6 million)

- Trade and other payables are those to whom Council owes money as at 30 June, 2007.
- Provisions include employee benefits (such as accrued Long Service and Annual Leave owed to employees), and obligations to perform rehabilitations works at landfill sites.
- Interest bearing loans and borrowings are monies owing to financial institutions.
- Trust funds and deposits represents monies held in Trust by Council.

#### 4.3 Net assets (\$319 million)

This term is used to describe the difference between the value of Total Assets and the value of Total Liabilities. It represents the net worth of Council as at 30 June, which was \$319 million (previous year \$316 million).

#### 4.4 Equity (\$319 million)

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

- Accumulated surplus (\$127 million) is the value of all net assets accumulated over time;
- Asset revaluation reserve (\$187 million) is the difference between the previously recorded value of assets and their current valuations; and
- Other reserves (\$5 million) are allocations of the accumulated surplus to specific projects.

### 5. Statement of Changes in Equity

During the course of the year the value of equity, as set out in the Balance Sheet, changes. This statement shows the values

of such changes and how these changes arose.

The main reasons for a change in equity stem from:

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

### 6. Cash Flow Statement

The cash flow statement summarises Council's cash payments and cash receipts for the year. This statement is presented according to a very specific international financial reporting standard and needs some care in analysis. The values may differ from those shown in the income statement because the income statement is prepared on an accrual accounting basis.

Cash in this statement refers to bank deposits and other forms of highly liquid investments that can readily be converted to cash, such as cash invested with funds managers.

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

- Cash flows from operating activities (net inflow \$9 million):
  - Receipts (\$36 million) – All cash received into Council's bank account from ratepayers and others who owed money to Council. Receipts also include the interest earnings from Council's cash investments. It does not include the costs associated with the sale of assets.
  - Payments (\$27 million) – All cash paid by Council from its bank account to staff, creditors and other persons. It does not include the costs associated with the creation of assets.
- Cash flows from investing activities (net outflow \$7 million):

- This section shows the cash invested in the creation or purchase of property, infrastructure, plant & equipment assets (\$8 million) and the cash received from the sale of these assets (\$1 million).
- Cash flows from financing activities (net outflow \$1 million):
  - This is where the receipt and repayment of borrowed funds are recorded.

The bottom line of the cash flow statement is the cash at end of financial year (\$10 million).

## 7. Notes to the Accounts

The notes are a very important and informative section of the report. The international financial reporting standards are not prescriptive in a lot of issues. Therefore, to enable the reader to understand the basis on which the values shown in the statements are established it is necessary to provide details of Council's accounting policies. These are described in Note 1.

Apart from the accounting policies, the notes also give details behind many of the summary figures contained in the key financial statements. The note numbers are shown beside the relevant items in the income statement, Balance Sheet, statement of changes in equity and the cash flow statement.

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

Other Notes include:

- the cost of the various functions of Council;
- the break down of expenses, revenues, reserves and other assets;
- contingent liabilities;
- transactions with persons related to Council; and
- financial performance indicators.

The notes should be read at the same time as, and together with, the other parts of the financial statements to get a clear picture of the accounts.

## 8. Standard Statements

The standard statements section provides three of the four statements mentioned above (income statement, balance sheet and cash flow statement) together with a further statement (statement of capital works).

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

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

## 9. Performance Statement

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

## **10. Statements by Principal Accounting Officer and Councillors**

The certification of the principal accounting officer is made by the person responsible for the financial management of Council, ascertaining that, in her/his opinion, the financial statements and standard statements have met all the statutory and professional reporting requirements.

The certification of Councillors is made by two Councillors on behalf of Council, ascertaining that, in their opinion, the financial statements standard statements as well as the performance statement are fair and not misleading.

## **11. Auditor General's Report**

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

## **12. General**

### **External Auditor**

Auditor-General of Victoria

### **Internal Auditor**

Haines Norton (Vic) Pty Ltd

### **Bankers**

Commonwealth Bank



# LOCAL GOVERNMENT INDICATORS

<b>Local Government Indicator</b>	<b>Year 2004/05</b>	<b>Year 2005/06</b>	<b>Year 2006/07</b>
Average rates & charges per assessment	1,015	1,082	1,160
Average rates & charges per residential assessment	863	921	990
Average liabilities per assessment	1,036	924	1,005
Operating result per assessment	124	214	172
Average Operating expenditure per assessment	1,894	1,826	1,942
Average capital expenditure per assessment	492	358	458
Renewal gap	74%	76%	86%
Renewal & Maintenance gap	83%	91%	93%
Community satisfaction rating for overall performance generally of the Council	56%	56%	60%
Community Satisfaction rating for Council's advocacy and community representation on key issues	59%	59%	60%
Community Satisfaction rating for Council's engagement in decision-making on key local issues	56%	54%	60%

# GRANTS AND DONATIONS TO OUR COMMUNITY

ORGANISATION	AMOUNT
ARAWATA COMMUNITY HALL ASSOCIATION INC	5,023
AUST VOLUNTEER COAST GUARD ASSOCIATION	3,500
BERRYS CREEK PONY CLUB INC	4,000
BROWN'S COWS ORCHESTRA	4,350
BUFFALO COMMUNITY GROUP INC	2,000
FOSTER AMATEUR MUSIC AND DRAMA ASSOCIATION (FAMDA)	2,500
FISH CREEK COMMUNITY DEVT. GROUP	9,000
FISH CREEK MEMORIAL HALL	2,273
FOSTER AMATEUR MUSIC & DRAMA ASSOCIATION	2,420
FOSTER FOOTBALL CLUB	4,545
FOSTER RECREATION RESERVE INC.	2,300
FOSTER SHOWGROUNDS COMMITTEE	10,400
FOSTER SWIMMING POOL COMMITTEE	45,950
FOSTER WAR MEMORIAL ARTS CENTRE	9,432
FOSTER & DISTRICT COMMUNITY HOUSE	5,950
FRIENDS OF LYREBIRD FOREST WALK	5,295
GRAIN STORE COMMITTEE OF MANAGEMENT	2,148
GREAT SOUTHERN RAIL TRAIL INC	31,881
HALLSTON MECHANICS INSTITUTE INC.	6,148
JEETHO HALL COMMITTEE	6,698
KOONWARRA MECHANICS INSTITUTE RESERVE	4,373
KOONWARRA RECREATION RESERVE COMMITTEE INC.	3,500
KOONWARRA SUSTAINABLE COMMUNITIES CENTRE	5,005
KORUMBURRA BUSINESS ASSOCIATION	6,600
KORUMBURRA CROQUET CLUB	3,735
KORUMBURRA GUN CLUB	3,429
KORUMBURRA KINDERGARTEN INC	3,000
KORUMBURRA PONY CLUB	5,000
KORUMBURRA RECREATION RESERVE COMMITTEE	8,075
KORUMBURRA SENIOR CITIZENS CENTRE INC	5,104
KORUMBURRA SWIMMING POOL COMMITTEE	47,000
LEONGATHA & DISTRICT SOCCER CLUB INC	3,000
LEONGATHA BOWLS CLUB INC	5,000
LEONGATHA COMMUNITY PRE-SCHOOLS INC.	6,000
LEONGATHA CROQUET CLUB	2,500
LEONGATHA FOOTBALL CLUB INC	4,545
LEONGATHA GOLF CLUB INC.	5,000
LEONGATHA LYRIC THEATRE	6,450
LEONGATHA PROGRESS ASSOCIATION	2,825
LEONGATHA RECREATION RESERVE COMMITTEE	9,200
LEONGATHA SENIOR CITIZENS CENTRE INC	4,399
LOCH & DISTRICT PRESCHOOL CENTRE	4,100
LOCH COMMUNITY DEVELOPMENT ASSOCIATION	4,107
LOCH MEMORIAL RESERVE INC.	4,256
LYREBIRD ARTS COUNCIL	4,000
MEENIYAN MECHANICS INSTITUTE INC	2,378
MEENIYAN RECREATION RESERVE	3,850
MEENIYAN STADIUM COMMITTEE	3,500
MIRBOO COUNTRY DEVELOPMENT INC	5,166
MIRBOO NORTH KINDERGARTEN INCORPORATED	3,000
MIRBOO NORTH SENIOR CITIZENS CENTRE	8,404
MIRBOO NORTH SWIMMING POOL COMMITTEE	3,000



# GRANTS AND DONATIONS TO OUR COMMUNITY

MIRBOO NORTH- BOOLARRA RAIL TRAIL	5,077
MIRBOO NORTH COMMUNITY SUPPORT CO OP	2,180
MIRBOO NORTH HALL COMMITTEE OF MANAGEMENT	6,180
MT BEST COMMUNITY HALL ASSOCIATION INC.	5,000
MT ECCLES MECHANICS INSTITUTE COMMITTEE	3,073
NERRENA PUBLIC HALL COMMITTEE INC.	6,148
NERRENA RECREATION RESERVE COMMITTEE	2,300
NYORA PUBLIC HALL INC	2,128
NYORA RECREATION RESERVE	3,850
OUTTRIM RECREATION RESERVE COMMITTEE INC.	9,998
POOWONG FOOTBALL & NETBALL CLUB	5,545
POOWONG PRESCHOOL	3,000
POOWONG RECREATION RESERVE COMMITTEE INC	3,850
POOWONG SPORTS CENTRE COMMITTEE	6,000
POOWONG SWIMMING CLUB	2,500
POOWONG SWIMMING POOL COMMITTEE	39,000
PORT FRANKLIN COMMUNITY TENNIS CLUB	6,000
PORT FRANKLIN HALL COMMITTEE	6,148
PORT WELSHPOOL MUSEUM	2,480
PROM COAST ARTS COUNCIL INC	15,390
PROM COAST CHILDREN'S SERVICE	12,000
PROM COAST SEACHANGE FESTIVAL	5,500
PROM COUNTRY CHALLENGE	4,500
PROM COUNTRY REGIONAL TOURISM	25,741
PORT WELSHPOOL WORKING GROUP	3,120
SOUTH GIPPSLAND CITIZENS ADVICE BUREAU	12,259
SOUTH GIPPSLAND GENEALOGICAL SOCIETY	4,500
SOUTH GIPPSLAND GOLF CLASSIC	2,000
SOUTH GIPPSLAND SENIOR CITIZENS INC.	3,513
SOUTH GIPPSLAND SHIRE BRASS BAND	2,895
ST PAULS CATHOLIC SOCIAL CLUB	4,000
STATE EMERGENCY SERVICE FOSTER	10,200
STATE EMERGENCY SERVICE LEONGATHA	12,239
STOCKYARD GALLERY	2,127
TARWIN LOWER RECREATION RESERVE INC	3,075
TARWIN VALLEY PRE SCHOOLS	6,000
TASTE OF PROM COUNTRY	2,000
TERRILL PARK RECREATION RESERVE COMMITTEE OF MANAGEMENT	3,850
TOORA COMMUNITY HALL & LIBRARY INC.	2,048
TOORA NETBALL CLUB	5,000
TOORA RECREATION RESERVE COMMITTEE	2,300
VENUS BAY SURF LIFE SAVING CLUB	6,000
WALTER J TUCK RECREATION RESERVE COMMITTEE OF MANAGEMENT	10,200
WELSHPOOL RECREATION RESERVE	2,300
WELSHPOOL RURAL TRANSACTION CENTRE	9,243
YANAKIE HALL & RECREATION RESERVE	6,000
YANAKIE RURAL FIRE BRIGADE	5,000
OTHER MINOR COMMUNITY GRANTS (<\$2,000)	88,120

**746,888**

The Freedom of Information Officer is responsible for the processing of all applications made to Council under the Freedom of Information Act, 1982, and adherence to the legislative requirements of the Act.

- 1 Council received twelve new applications under the Freedom of Information Act, 1982 for the period 1 July 2006 to 30 June 2007 (Eight applications were received for the period 1 July 2005 to 20 June 2006).
- 2 No complaints or allegations of breach of the Information Privacy Act 2000 were received.

## 2006/2007 ANNUAL BUSINESS PLAN

### What did we promise?

- The processing of all applications under the Act within the required timeframe.
- Promotion of staff awareness of the Act.

### How have we delivered?

- All but three applications received by Council were processed within the required time.
- Staff awareness has been promoted through Council's staff induction process and through attendance at departmental staff meetings.

Requests for access to information under the Freedom of Information Act 1992 and the Information Privacy Act 2000 should be lodged with:

The Freedom of Information Officer,  
South Gippsland Shire Council,  
9 Smith Street (Private Bag 4),  
Leongatha 3953.

Freedom of Information enquiries can also be made by phone on (03) 5662 9200.

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## Information Readily Accessible

Section 21 of the Local Government Regulations specifies the right for individuals to inspect and obtain copies (subject to any fee) of prescribed accounts and records. The following prescribed accounts and records are available for inspection at the Leongatha office during normal office hours:

- Financial statements including an operating statement of Council's financial position and subsequent notes relating to the financial statements.
- Agendas and minutes for ordinary and special meetings kept under Section 93 of the Act, except where such minutes relate to parts of meetings which have been closed to members of the public under Section 89 of the Act.
- A list of all major committees established by Council and the purpose for which each committee was established.
- A list of all major committees established by Council which were abolished or ceased to function during the financial year.
- Minutes of meetings of special committees established under Section 86 of the Act, except where such meetings have been closed to members of the public under Section 89 of the Act.
- Applications for enrolment on the voters roll under Section 12 and 13 of the Act for the immediate past roll and the next roll being prepared.
- Register of delegations kept under Section 87 of the Act.
- Register of delegations kept under Section 88 of the Act.
- Submissions received under Section 223 of the Act during the previous 12 months.
- Agreements to establish regional libraries under Section 196 of the Act.
- A register of all property, finance and operating leases involving land, buildings, plant, computer equipment and vehicles entered into by Council as lessor or lessee and the term and value of the lease.
- Register of authorised officers appointed under Section 224 of the Act.
- Details of current allowances fixed for the Mayor and Councillors under section 74 and 74A of the Act.
- Details of senior officers' total salary packages for the current financial year and the two previous years including the gross salary, the amount of the Council or employer contribution to superannuation, the value of any motor vehicle provided by the Council and the total value of any other benefits and allowances provided by the Council.
- Details of overseas and interstate travel including the names of the Councillors or members of Council staff and the date, destination, purpose and total cost of the overseas and interstate travel.
- Names of Councillors and Council officers who were required and did submit a return of interest during the financial year and the dates the returns were submitted. (Requests to access this documentation must be in writing in accordance with Local Government Regulations)

## WHISTLEBLOWER'S PROTECTION ACT 2001

In accordance with the requirements of the Whistleblowers' Protection Act 2001 (the "Act") the South Gippsland Shire Council has established procedures to facilitate the making of disclosures under the Act. These procedures set out the process in place to protect people from reprisals for making protected disclosures, and provide guidance on investigations (View on our website: [www.southgippsland.vic.gov.au](http://www.southgippsland.vic.gov.au)).

In the financial year 2006/07, no disclosures were made to the South Gippsland Shire Council under the Act. The Ombudsman referred no matters to the South Gippsland Shire Council for investigation. No requests were made by disclosures to the Ombudsman to investigate disclosed matters.



## BEST VALUE REPORT

Best Value reporting informs the community on how Council has performed in relation to service delivery. With the repealing of the ministerial code of reporting, embedding the Best Value Report into the Annual Report is deemed a more community friendly way to report against our service commitments and achievements. It also embeds Best Value into the organisational framework, rather than treating it as a separate compliance obligation.

South Gippsland Shire Council has built the Best Value principles into ongoing service planning and delivery through the business planning process, using the Business Excellence Framework. Forty three formal service reviews were undertaken prior to the December 2005 legislated timeline. Since then, each service has used annual business planning processes to undertake a self assessment to manage standards, define areas of improvement, ensure services are accessible and best able to respond to community needs. This process links our commitments in the Council Plan and Annual Budget processes to ongoing service delivery. The Annual Report highlights the key service standards, promises made and our achievements against them.

Where there are gaps in performance, reviews seeking improvement are undertaken. Some improvements can be acted on immediately, however where resources are restricted, they may need to be built into future business plans.

The Business Excellence framework also focuses strongly on clear directions, and several strategies were produced, including the Open Space Strategy, Economic Development Strategy and Waste Water Management Plans. Future planning for community needs is linked to ongoing consultation and engagement practices. During 2006/07, significant consultation was undertaken. This included 'Planning for Real' projects (P10), South Gippsland Youth Council (P12) and in the development of strategic plans. A more detailed and better presented Council Plan was also achieved for 2007/08 (P 36).

Council was proactive in working with other agencies for the needs of its residents, as demonstrated in achieving declaration of Interim Exceptional Circumstances status in March (P14). It also supported the community through administration of its Annual Community and Recreation Grants Program where \$281,555 was allocated to 79 community groups (P40).

Council also tendered several services during the year to ensure the community received best value. These included the management and operation of several swimming pools, cleaning services for Council Offices and Depots, and provision of debt collection services.

Council regularly reports to the community on achievements and issues of concern through a variety of media. Notifications advertising Council meetings and activities, press releases and the Mayor's Message are distributed weekly, community newsletters are produced twice a year and the comprehensive Annual Report outlines Council's goals and achievements. A weekly radio program is hosted by the Mayor and the Council website provides 24/7 access to Council information.

This year's efforts have attributed to an increase in overall community satisfaction from 56% to 60%.

**South Gippsland Shire Council  
PERFORMANCE STATEMENT  
For the year ended 30 June 2007**

<b>Team</b>	<b>KSA Description</b>	<b>KSA Measures</b>	<b>KSA Target</b>	<b>Status Report</b>
Chief Executive	Improving community perception	Increase in Community Satisfaction Survey for overall performance in key service areas and responsibilities	Greater than 60%	Equalled - 60% in DVC Annual Customer Survey (4% above 2005/06)
	Apply for grants on behalf of Council	Number of successful grant submissions	Greater than 50%	Achieved - 67% success rate, 14 successful grant applications out of 21 submissions
	Industrial land development	Industrial land development plan completed and sales commenced by December 2006.	December 2006.	Achieved Measure (outside target date) - The Industrial Land Development Plan was approved by Executive Management Group (EMG) on 22 May 2007. Implementation of plan has been completed and adopted by EMG on 25 June 2007.
	Contract management review	Contract management review Implementation Plan agreed to by Executive management Group.	June 2007.	Achieved - Contract management review Implementation Plan adopted by Executive Management Group on 25 June 2007.
Finance Infrastructure Maintenance	Achieving the budgeted operating result	The difference between the budgeted operating result and the actual operating result for the financial year, not including: 1. Net gain / (loss) on disposal of assets 2. Net increase in Asset Revaluation Reserve. 3. Donated / Granted Assets. 4. Previously unrecognised assets.	Equal to or better than budget.	Achieved - Original budget \$0.89 million deficit. Actual result achieved \$1.89 million surplus. If \$0.58 million grants recognised as revenue on condition that they be expended in a specified manner that had not occurred at balance date were backed out the actual result would be a \$1.31 million surplus.
	Completing the Capital Works Program	The number of capital projects (not including plant / fleet purchases) that are completed (within the overall capital budgets) at the conclusion of the financial year.	95%.	Achieved - 96% complete.

Planning and Environment	Urban Design Framework	Urban Design Framework (UDF) completed and adopted by Council.	October 2006.	Achieved - Waratah Bay UDF adopted by Council on 19 July 2006. Tarwin Lower UDF adopted by Council on 16 August 2006. Venus Bay UDF adopted by Council on 18 October 2006 and Sandy Point UDF adopted by Council on 18 October 2006.
	Domestic Waste Water Management Plan	Domestic Waste Water Management Plan adopted and implementation commenced.	December 2006.	Achieved Measure (outside target date) - Domestic Waste Water Management Plan adopted by Council on 6 June 2007.
Health and Family Services	Public Health and Wellbeing Strategy	Public Health and Wellbeing Strategy adopted by Council and implementation commenced.	August 2006.	Achieved measure (outside target date) - Public health and Wellbeing Strategy adopted by Council on 20 September 2006. First quarter reporting Oct - Dec 2006.
Social and Economic Development	Economic Development Five Year Plan	Economic Development Five Year Plan adopted by Council.	June 2007.	Achieved - Economic Development Five Year Plan adopted by Council on 6 June 2007.
	Open Space Strategy	Open Space Strategy adopted by Council.	March 2007.	Achieved Measure (outside target date) - Open Space Strategy adopted by Council on 20 June 2007.

## South Gippsland Shire Council

### Performance Statement for the year ended 30 June 2007

In our opinion, the accompanying Performance Statement of the South Gippsland Shire Council in respect of the 2006/07 financial year is presented fairly in accordance with the Local Government Act 1989.

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

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

Councillor : Jennie Deane



Dated : 05 / 09 / 2007

Councillor : Clyde Paterson



Dated : 05 / 09 / 2007





Victorian Auditor-General's Office

## INDEPENDENT AUDIT REPORT

### South Gippsland Shire Council

#### To the Councillors

##### *Matters Relating to the Electronic Presentation of the Audited Performance Statement*

This auditor's report for the financial year ended 30 June 2007 relates to the performance statement of South Gippsland Shire Council included on its web site. The Councillors of South Gippsland Shire Council are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named below. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited performance statement to confirm the information included in the audited performance statement presented on this web site.

##### *The Performance Statement*

The accompanying performance statement for the year ended 30 June 2007 of South Gippsland Shire Council which comprises the statement, the related notes and the performance statement for the year ended 30 June 2007 has been audited.

##### *The Responsibility of the Councillors for the Performance Statement*

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

##### *Auditor's Responsibility*

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

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

Level 24, 35 Collins Street, Melbourne Vic. 3000

Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au) Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

*Auditing in the Public Interest*

# VAGO

Victorian Auditor-General's Office

## Independent Audit Report (continued)

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


### *Independence*

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

### *Auditor's Opinion*

In my opinion, the performance statement of South Gippsland Shire Council in respect of the 30 June 2007 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

MELBOURNE  
19 September 2007

  
for D.D.R. Pearson  
Auditor-General

# National Competition Policy Compliance – 2006/07

## Certification by Chief Executive Officer

South Gippsland Shire Council has complied with the requirements of the Local Government Improvement Incentive Program in respect of:-

- National Competition Policy (in accordance with *National Competition Policy and Local Government – A Revised Statement of Victorian Government Policy (January 2002)*);

for the financial year 2006/07 as set out below:

<b>A. Trade Practices Compliance</b> <i>State whether the Council is compliant or non-compliant. If non-compliant, justify or cite actions to redress.</i>	Compliant
<b>B. Local Laws Compliance</b> <i>State whether the Council is compliant or non-compliant, justify or cite actions to redress</i>	Compliant
<b>C. Competitive Neutrality Compliance</b> <i>State whether the Council is compliant or non-compliant for all significant businesses. If non-compliant, justify or cite actions to redress.</i>	Compliant

I certify that:

- a) this statement has been prepared in accordance with the 2006/07 Local Government Improvement Incentive guidelines issued in June 2007 for reporting on the following criterion :- National Competition Policy in accordance with *National Competition Policy and Local Government – A Revised Statement of Victorian Government Policy (January 2002)*; and
- b) this statement presents fairly the Council's implementation of the National Competition Policy.

Signed:



(Chief Executive Officer)

Date: 18-9-2007



*South Gippsland*  
Shire Council

*Come for the beauty, Stay for the lifestyle*

**SOUTH GIPPSLAND SHIRE COUNCIL  
FINANCIAL STATEMENTS,  
AND STANDARD STATEMENTS  
FOR YEAR ENDED 30 JUNE 2007**



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# South Gippsland Shire Council



## Councillors in Office

### MAYOR

Jennie Deane - Strzelecki

### COUNCILLORS

Robert Newton - Strzelecki

Clyde Paterson - Strzelecki

Heather Bligh - Coastal Promontory

Diane Casbolt - Coastal Promontory

Kieran Kennedy - Coastal Promontory

David Lewis - Tarwin Valley

Nigel Hutchinson-Brooks - Tarwin Valley

Melanie Ryan - Tarwin Valley

### CHIEF EXECUTIVE OFFICER

Neil D Armstrong (to 7 November 2006)

Paul Bawden (from 8 November 2006)

### GROUP MANAGER CORPORATE AND COMMUNITY SERVICES

Sharon Van Ruyven (From January 2007)

### GROUP MANAGER DEVELOPMENT AND ASSET SERVICES

Guy Wilson-Browne (From January 2007)

# South Gippsland Shire Council

## INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 \$'000	2006 \$'000
<b><u>REVENUES</u></b>			
Rates and charges	3	20,781	19,126
Statutory fees and fines	4	402	350
User fees	5	1,684	1,377
Grants - recurrent	6	8,965	8,399
Grants - non-recurrent	6	2,009	2,070
Contributions - cash	7 (a)	232	211
Contributions - non monetary assets	7 (b)	1,359	2,099
Reimbursements	8	310	367
Other revenue	9	2,102	1,932
<b>Total Revenue</b>		<b>37,844</b>	<b>35,931</b>
<b><u>EXPENSES</u></b>			
Employee benefits	11	11,772	11,407
Materials and services	12	13,173	11,886
Bad and doubtful debts	13	2	13
Depreciation	14	6,524	6,259
Other expenses	15	2,025	1,926
Finance costs	16	725	797
Landfill remediation costs	29	370	-
<b>Total Expenses</b>		<b>34,591</b>	<b>32,288</b>
Net gain (loss) on disposal of property, plant & equipment	10	(170)	138
Share of net (losses) of associates Accounted for using the equity method	17	(9)	(3)
<b>Surplus for the period</b>		<b>3,074</b>	<b>3,778</b>

The accompanying notes form part of these financial statements.



# South Gippsland Shire Council

## BALANCE SHEET

AS AT 30 JUNE 2007

	Notes	2007 \$'000	2006 \$'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	19	9,592	8,863
Trade and other receivables	20	2,588	1,615
Financial assets	21	1,700	1,500
Inventories	22	60	88
Prepayments	18	252	73
Other	25	-	81
Non current assets held for sale	23	637	175
<b>TOTAL CURRENT ASSETS</b>		<b>14,829</b>	<b>12,395</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	20	33	44
Investments in associates	17	876	834
Property, plant and equipment, Infrastructure	24	320,974	320,152
Investment properties	26	526	526
<b>TOTAL NON-CURRENT ASSETS</b>		<b>322,409</b>	<b>321,556</b>
<b>TOTAL ASSETS</b>		<b>337,238</b>	<b>333,951</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	27	2,726	1,975
Trust funds and deposits	28	155	196
Provisions	29	3,252	2,615
Interest bearing loans and borrowings	30	5,544	983
<b>TOTAL CURRENT LIABILITIES</b>		<b>11,677</b>	<b>5,769</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	29	1,426	1,631
Interest bearing loans and borrowings	30	4,893	10,434
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>6,319</b>	<b>12,065</b>
<b>TOTAL LIABILITIES</b>		<b>17,996</b>	<b>17,834</b>
<b>NET ASSETS</b>		<b>319,242</b>	<b>316,117</b>
<b>REPRESENTED BY:</b>			
Accumulated surplus		127,178	125,607
Asset revaluation reserve	31 (a)	187,469	187,448
Other reserves	31 (b)	4,595	3,062
<b>EQUITY</b>		<b>319,242</b>	<b>316,117</b>

The accompanying notes form part of these financial statements.

# South Gippsland Shire Council

## STATEMENT CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2007

	Note	Total	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves
2007		2007	2007	2007	2007
		\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		316,117	125,607	187,448	3,062
Surplus for the year		3,074	3,074	-	-
Net assets revaluation increment (decrement)	31 (a)	21	-	21	-
Transfers to other reserves	31 (b)	-	(1,533)	-	1,533
Adjustments directly to equity	17	30	30	-	-
Transfers from other reserves	31 (b)	-	-	-	-
<b>Balance at end of the financial year</b>		<b>319,242</b>	<b>127,178</b>	<b>187,469</b>	<b>4,595</b>

	Note	Total	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves
2006		2006	2006	2006	2006
		\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		294,692	124,601	169,641	450
Surplus for the year		3,778	3,778	-	-
Net assets revaluation increment	31 (a)	17,807	-	17,807	-
Transfers to other reserves	31 (b)	-	(2,612)	-	2,612
Transfers from other reserves	31 (b)	-	-	-	-
Adjustments directly to equity	17	(155)	(155)	-	-
Consolidation of Section 86 Committees	50	(5)	(5)	-	-
<b>Balance at end of the financial year</b>		<b>316,117</b>	<b>125,607</b>	<b>187,448</b>	<b>3,062</b>

# South Gippsland Shire Council

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 \$'000 Inflows(Outflows)	2006 \$'000 Inflows(Outflows)
<b>CASHFLOWS from OPERATING ACTIVITIES</b>			
Rates		20,622	19,144
Statutory fees and fines		395	344
User charges and other fines (inclusive of GST)		929	1,305
Grants (inclusive of GST)		10,802	10,469
Reimbursements (inclusive of GST)		305	367
Interest received		786	515
Rents (inclusive of GST)		258	287
Other receipts (inclusive of GST)		1,539	1,389
Payments to suppliers (inclusive of GST)		(13,123)	(12,670)
Payments to employees		(11,361)	(11,115)
Finance costs		(729)	(800)
Other payments (inclusive of GST)		(1,705)	(1,793)
<b>Net cash provided by operating activities</b>	<b>33</b>	<b>8,718</b>	<b>7,442</b>
<b>CASHFLOWS from INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment and infrastructure assets		(8,233)	(6,327)
Proceeds from sale of property, plant and equipment		1,458	3,583
Repayment of loans and advances		6	8
Payments for other financial assets		(200)	(100)
<b>Net Cash used in investing activities</b>		<b>(6,969)</b>	<b>(2,836)</b>
<b>CASHFLOWS from FINANCING ACTIVITIES</b>			
Repayment of borrowings		(980)	(1,081)
Trust Funds		(40)	(17)
<b>Net cash used in financing activities</b>		<b>(1,020)</b>	<b>(1,098)</b>
<b>Net increase in cash held</b>		<b>729</b>	<b>3,508</b>
Cash and cash equivalents at the beginning of the financial year		8,863	5,355
Cash and cash equivalents at the end of the financial year	34	9,592	8,863
Financing arrangements	35		
Non-cash financing and investing activities	36		
Restrictions on cash assets	37		

The accompanying notes form part of these financial statements.

### Introduction

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

The purpose of the Council is to:

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

External Auditor - Auditor-General of Victoria

Internal Auditor - Haines Norton

Solicitors - Oakley's White: Maddocks

Bankers - Commonwealth Bank

Website address - [www.southgippsland.vic.gov.au](http://www.southgippsland.vic.gov.au)

This financial report is a general purpose financial report that consists of an Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes accompanying these financial statements.

The general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations, the *Local Government Act 1989*, The Local Government (Finance and Reporting) Regulations 2004.

### NOTE 1 Significant Accounting Policies

#### ( a ) Basis of Accounting

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

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

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

All material funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this financial report. In the process of reporting on the local government as a single unit, all transactions and balances between those funds have been eliminated.

The accounts of the various Special Committees have been reviewed. Of the Special Committees only the financial statements of Coal Creek Historical Village have been consolidated with the remaining being excluded on the grounds of materiality. Details of entities not included in this financial report based on their materiality are detailed in Note 2.

The value of Council's land and buildings under the control of the Committees have been included in the financial statements.

#### ( b ) Change in Accounting Policy

There has been no change in Accounting Policies during the year.

#### ( c ) Revenue Recognition

Rates, Grants, Donations and Other Contributions are recognised as revenues when the South Gippsland Shire Council obtains control over the assets comprising these receipts.

Control over assets acquired from rates is obtained at the commencement of the rating period or where earlier, upon receipt of the rates.

No provision is made for doubtful rate debtors as the rates raised remain a charge over the property that will be recovered when the property is next sold.

Where grants or contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and the amounts pertaining to those undischarged conditions are disclosed in Note 6.

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

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

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

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

### NOTE 1 Significant Accounting Policies (con'd)

#### ( d ) Depreciation of Non-Current Assets

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

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

Road earthworks and land are not depreciated. Straight line depreciation is charged based on the residual useful life as determined each year. Major depreciation periods are listed below and are consistent with the prior year unless otherwise stated.

Property		Period
Buildings		20 to 50 Years
Heritage Buildings		100 Years
<b>Plant and Equipment</b>		
Plant and machinery		1 to 10 Years
Motor Vehicles		1 to 5 Years
Furniture, fittings and computers		1 to 5 Years
<b>Infrastructure</b>		
Roads and Streets	Earthworks	not depreciated
	Pavement Seal	60 Years 12 Years
Footpaths		40 to 60 Years
Kerbs & Channel		60 Years
Bridges		100 Years
Culverts		50 to 100 Years
Drains		100 Years
Off-street car parks	Earthworks	not depreciated
	Pavement Seal	60 Years 12 Years
Other Structures		2 to 40 Years

#### ( e ) Repairs and maintenance

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

#### ( f ) Borrowing costs

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

### NOTE 1 Significant Accounting Policies (con'd)

#### (g) Recognition and measurement of Assets Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction. Where assets are constructed by Council, cost includes all materials used in construction, direct labour and an appropriate proportion of variable and fixed overheads.

The following classes of assets have been recognised in note 24. In accordance with Council's policy, the threshold limits detailed below have been applied when recognising assets within an applicable asset class and unless otherwise noted these remain unchanged from the prior year.

	Threshold \$'000
<i>Property</i>	
<i>Land</i>	
land	-
land improvements	10
<i>Buildings</i>	
new construction	-
building extensions	-
building renovations	15
heritage buildings	15
<i>Plant and Equipment</i>	
major plant and equipment	-
motor cars	-
minor plant	15
furniture / fittings / office equipment	15
<i>Infrastructure</i>	
<i>Roads</i>	
road pavement	-
road seals and reseals	-
earthworks and formation	-
<i>Bridges</i>	
new construction	-
alterations or major works	15
<i>Major Culverts</i>	
new construction	-
alterations or major works	15
<i>Drains</i>	
new construction	-
alterations or major works	15
<i>Footpaths</i>	
new construction	-
alterations or major works	15
<i>Kerb &amp; Channel</i>	
new construction	-
alterations or major works	15
<i>Car parks</i>	
new construction	-
alterations or major works	15
<i>Other Structures</i>	15

### NOTE 1 Significant Accounting Policies (con'd)

#### (g) Recognition of Assets (cont'd)

##### Revaluation of Assets

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment and other structures are measured at their fair value, being the amount for which the assets could be exchanged between knowledgeable willing parties in an arms length transaction. At balance date the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date the class of asset was revalued.

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 2 to 5 years. The valuation is performed either by experienced council officers or independent experts.

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

##### Land Under Roads

These accounts do not include recognition for the value of land under roads. Council has elected not to recognise land under roads as an asset in accordance with AASB 1045 *Land under Roads*, which extends the requirement to recognise and measure land under roads as an asset of Council until 30 June 2009.

#### (h) Cash and cash equivalents

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

#### (i) Other financial assets

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

#### (j) Investments

Surplus cash funds are held in investment accounts to maximise the financial return to Council. Investments are valued at cost. Interest is recognised as it accrues.

#### (k) Accounting for investments in associates

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

#### (l) Tender Deposits

Amounts received as tender deposits and retention amounts controlled by Council are included in the amount disclosed as "trust funds" within current liabilities (Refer Note 28).



### NOTE 1 Significant Accounting Policies (con'd)

#### ( m ) Employee Entitlements

##### Wages and salaries

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

##### Annual Leave

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

##### Long Service Leave

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

##### Classification of employee benefits

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

##### Superannuation

The superannuation expense for the reporting period is the statutory contribution the Council makes to the superannuation plan which provides benefits to its employees together with any movements (favourable/ unfavourable) in the position of any defined benefits schemes. Details of these arrangements are detailed in note 38.

### NOTE 1 Significant Accounting Policies (con'd)

#### ( n ) Leases

As at the reporting date, the municipality had entered into operating lease agreements for the lease of commercial premises and items of plant & equipment. In respect to these operating leases, where the lessor effectively retains substantially all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

#### ( o ) Allocation between current and non-current

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

#### ( p ) Agreements equally proportionately unperformed

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

#### ( q ) Web site costs

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

#### ( r ) Goods and Services Tax (GST)

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

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

#### ( s ) Impairment of assets

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

#### ( t ) Land Held for Resale

Revenue arising from the sale of property is recognised in the income statement as at the time of signing of a binding contract of sale.

#### ( u ) Rounding

Unless otherwise stated, amounts in the financial report have been rounded to the nearest thousand dollars.

### NOTE 1 Significant Accounting Policies (con'd)

#### ( v ) Non-current assets held for sale

A non-current asset held for sale is measured at the lower of its carrying amount and fair value less costs to sell.

#### ( w ) Inventories

Inventories are measured at lower of cost and net realisable value. Inventory items are allocated on the basis of first in first out.

#### ( x ) Investment properties

Investment property, comprising freehold office complexes and a quarry, are held to generate long-term rental yields. All tenant leases are on an arms length basis. Investment property is measured initially at cost, including transaction costs. After initial recognition, investment property is carried at fair value, determined bi-annually by Council's valuer. Changes to fair value are recorded in the income statement.

### NOTE 2 Special committees and other activities

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

Allambee South Community Hall Special Committee  
 Corner Inlet Seawall  
 Dumbalk Hall  
 Foster Showgrounds  
 Foster Stockyard Gallery  
 Foster Swimming Pool  
 Foster War Memorial Art Centre  
 John Terrill Memorial Park & Fish Creek Recreation Reserve  
 Korumburra Access Centre  
 Korumburra Public Park  
 Korumburra Recreation Reserve  
 Korumburra Swimming Pool  
 Leongatha Court House  
 Mardan Hall  
 Meeniyan Sports Centre  
 Mirboo North Hall  
 Mirboo North Swimming Pool  
 Poowong Sports Centre & Pool  
 Port Welshpool & District Maritime Museum  
 South Gippsland Leisure Centre Fundraising Special Committee  
 Toora & District Swimming Pool  
 Toora Tennis Reserve Special Committee  
 TP Taylor Reserve  
 Venus Bay Community Centre  
 Walter Tuck Recreation Reserve Committee of Management

	2007	2006
	\$'000	\$'000
Coal Creek Heritage Village Special Committee		
<b>Net Assets</b>	-	(5)
	<u>-</u>	<u>(5)</u>

As a result of a council resolution in May 2006 Council assumed responsibility for the operations of Coal Creek and disbanded the Section 86 Committee. Council has taken control of the books of Coal Creek as from 1 July 2006 and all income and expenditure is recorded directly into Council's financial system.

### NOTE 3 Rates and charges

	2007 \$'000	2006 \$'000
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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 its value that it could be reasonably expected to sell for on the open market.

The valuation base used to calculate general rates is :-

Residential	2,353,381	2,020,854
Vacant Land	255,443	223,646
Commercial/Industrial	293,113	254,148
Farm	2,086,057	1,789,689
Cultural & Recreational Lands Act	6,775	5,928

#### Total Capital Improved Valuation

	<b>4,994,769</b>	<b>4,294,265</b>
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The rate in the dollar for each rate classification was:-

Residential	0.00315258	0.00337235
Vacant Land	0.00504413	0.00539576
Commercial/Industrial	0.00315258	0.00337235
Farm	0.00283732	0.00303512
Cultural & Recreational Lands Act	0.00126103	0.00134894

The rates for each classification was:-

Residential	7,257	6,708
Vacant Land	1,289	1,207
Commercial/Industrial	924	837
Farm	5,919	5,432
Cultural & Recreational Lands Act	8	8
Municipal Charge	3,886	3,575
Supplementary Rates & Rate Adjustments	238	200
Garbage Charges	1,260	1,154
Special Rates	-	5

#### Total Rates

	<b>20,781</b>	<b>19,126</b>
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The date of the last general revaluation of land for rating purposes within the municipal district was 1 January 2006, and the valuation first applied to the rating period commencing 1 July 2006.

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

### NOTE 4 Statutory fees and fines

	2007 \$'000	2006 \$'000
Parking Infringements & Fines	28	24
Land Information Certificates	24	23
Local Laws / Animal control	3	2
Fire prevention	3	3
Building Services	55	40
Town Planning applications	276	248
Environmental Planning	-	1
Parking Permits	7	1
Infringement Court Recoveries	6	8
<b>Total Statutory fees and fines</b>	<b>402</b>	<b>350</b>

### NOTE 5 User fees

Youth Development	3	-
Aged & Disabled Services	122	125
Food Services	145	146
Subdivision Fees	91	61
Immunisation	6	10
Community Transport	31	29
Woodchip Sales	7	9
Health Licences	102	96
Boat Ramp Fees	9	-
Road RAP fees	8	6
Transfer Stations	236	213
Landfills	450	358
Local Laws	12	13
Animal Control	198	156
Fire Prevention	5	4
Building Services	3	5
Waste Water Management	93	94
Economic Development	1	-
Tourism Development	14	14
Public Halls	31	27
Town Planning	5	5
Coal Creek	102	-
Arts & Culture	10	6
<b>Total user fees</b>	<b>1,684</b>	<b>1,377</b>

### NOTE 6 Grants

Grants were received in respect of the following:-	2007 \$'000	2006 \$'000
<b>Recurrent</b>		
<i>Commonwealth Government</i>		
Roads to Recovery	1,529	1,367
<b>State Government - General Purpose</b>		
Victorian Grants Commission - unallocated	3,633	3,389
Victorian Grants Commission - local roads	2,460	2,375
School Crossing Supervision	23	23
Parks & Gardens	-	10
Coal Creek Education	20	-
Maternal & Child Health	172	158
Community Transport	34	33
Immunisation	27	19
Families & Children's Services	51	48
Food Services	34	37
Senior Citizens Centres	19	20
Aged & Disabled Services	745	689
Community Centres	30	8
HACC Assessment	73	60
Community Building	89	115
National Competition Policy	-	(16)
Beach Cleaning	8	6
State Emergency Services	10	10
Bus Shelters	5	4
Highway Median Strips	-	4
Engineering	3	40
<b>Total Recurrent Grants</b>	<b>8,965</b>	<b>8,399</b>

### NOTE 6 Grants (cont'd)

	2007 \$'000	2006 \$'000
<b>Non Recurrent</b>		
<b>Commonwealth Government</b>		
Roads to Recovery	-	1,455
<b>State Government - General Purpose</b>		
Youth Services	11	16
State Emergency Services	18	-
Community Building	114	78
Valuation Services	245	10
Fire Services	5	5
Landcare/Foreshores	-	9
Information Services	-	6
Aged & Disabled Services	15	28
Local Roads	686	38
Wastewater Services	-	27
Arts and Culture	14	-
Recreation and Leisure	371	310
Economic Development & Tourism	79	88
Kerbside Recycling	49	-
Environmental Planning	21	-
Council Properties	8	-
Drought Relief	373	-
<b>Total Non Recurrent Grants</b>	<u>2,009</u>	<u>2,070</u>
<b>Total Grants</b>	<u>10,974</u>	<u>10,469</u>



### NOTE 6 Grants (cont'd)

	2007 \$'000	2006 \$'000
<b>Conditions on Grants</b>		
Grants recognised as revenue during the year and were obtained on the condition that they be expended in a specified manner that had not occurred at balance date were:		
Grants for Community Projects	161	28
Home and Community Care	5	-
Drought Relief Grants for Community projects	373	-
Grants for Road and associated works	48	1,464
<b>Total</b>	<u>587</u>	<u>1,492</u>
Grants which were recognised as revenue in prior years and were expended in a specified manner by the grantor were:		
Grants for Community Projects	28	75
Grants for Road Works	1,123	-
<b>Total</b>	<u>1,151</u>	<u>75</u>
<b>Net increase (decrease) in restricted assets resulting from grant revenues for the year</b>	<u>(564)</u>	<u>1,417</u>

### NOTE 7 Contributions

	2007 \$'000	2006 \$'000
Contributions were received in respect of the following :		
(a) <b>Cash</b>		
Open Space *	86	31
Recreation	112	148
Community Centres	10	-
Boat Ramps	15	-
Economic Development & Tourism	-	42
Arts & Culture	7	-
Municipal Offices	2	2
Local Roads	-	(12)
<b>Total cash contributions</b>	<b>232</b>	<b>211</b>
(b) <b>Non-monetary assets</b>		
Roads & Streets	722	1,249
Drains	389	566
Kerbs & Channel	118	189
Footpaths	118	95
Other Structures	10	-
Land	2	-
<b>Total non cash contributions</b>	<b>1,359</b>	<b>2,099</b>
<b>Total Contributions</b>	<b>1,591</b>	<b>2,310</b>

\* Open space contributions received during the year are transferred to other reserves pursuant to section 18 of the *Subdivision Act 1988 (Resort and Recreation Reserve)* (refer Note 31).

### NOTE 8 Reimbursements

Reimbursements were received in respect of the following :

Rate Recovery Proceedings	134	121
Insurances	30	43
Youth Services	1	3
Finance	-	24
Diesel Fuel Rebate	35	55
Arts & Culture	1	2
Local Roads	18	14
Work	75	74
cover		
Animal Control	-	19
Information Centre	12	-
Tertiary Study Assistance	1	4
Aged & Disabled Services	2	3
Building Services	1	3
Environmental Planning	-	2
<b>Total Reimbursements</b>	<b>310</b>	<b>367</b>

### NOTE 9 Other revenue

	2007 \$'000	2006 \$'000
Interest on rates	124	123
Other Interest	674	407
Rent	258	274
Quarries	18	13
Youth Services	8	7
Private Works	854	866
Families & Children	7	6
Financial Services	14	4
Information Services	3	-
Animal Control	1	-
Coal Creek	113	215
Community Raffle	24	-
Sundry Income	4	17
<b>Total Other income</b>	<b><u>2,102</u></b>	<b><u>1,932</u></b>

### NOTE 10 Disposal of Property, Plant & Infrastructure

#### Proceeds of Sales

Proceeds from Land Sales	142	1,152
Proceeds from Building Sales	-	959
Proceeds from Plant & Equipment Sales	1,316	1,472
<b>Total Proceeds from Sale of Assets</b>	<b><u>1,458</u></b>	<b><u>3,583</u></b>

#### Written Down Value of Items sold

Carrying Amount of Land Sold	120	1,008
Carrying Amount of Buildings Sold	-	820
Carrying Amount of Plant & Equipment Sold	1,508	1,617
<b>Total Written Down Value of Assets sold</b>	<b><u>1,628</u></b>	<b><u>3,445</u></b>
<b>Gain / (Loss) on Disposal of Fixed Assets</b>	<b><u>(170)</u></b>	<b><u>138</u></b>

### NOTE 11 Employee benefits

	2007 \$'000	2006 \$'000
Wages & Salaries	10,094	9,309
Annual and Long Service Leave	1,122	1,164
Superannuation	947	902
Workcover	381	449
Fringe benefits tax	79	95
Gross employee benefits	<u>12,623</u>	<u>11,919</u>
Less employee benefits capitalised to the balance sheet for works performed on capital projects.	851	512
<b>Total employee benefits</b>	<u><b>11,772</b></u>	<u><b>11,407</b></u>

### NOTE 12 Materials and services

<i>Contract payments</i>		
Landfill and Transfer Stations	943	886
Garbage Collections	378	359
Kerbside Recycling	416	398
Litter bins	152	148
Elections	-	80
Leisure Centre Operations	297	351
Handyman Contractors	18	23
External Hire, Minor Contractors	1,516	665
Cleaning	123	107
Software Maintenance	418	333
<i>Materials</i>		
Materials General	4,138	4,036
Fuel & Oils	852	866
<i>Services</i>		
Advertising & Promotion Costs	368	290
Utility Charges(power,phone,water)	498	477
Subscriptions, affiliations and conferences	103	130
Leases	573	683
Legal Fees	215	230
Consultancies and projects	852	570
Insurance Premiums	604	594
Plant & Equipment Registrations	106	100
Training expenses	95	98
Postage	58	63
State levies	132	110
Occupational health and safety	60	67
Gippsland Group Training	118	90
Other	140	132
<b>Total materials and services</b>	<u><b>13,173</b></u>	<u><b>11,886</b></u>

### NOTE 13 Bad and Doubtful Debts

	2007 \$'000	2006 \$'000
Other Debtors	2	13
<b>Total bad and doubtful debts</b>	<b><u>2</u></b>	<b><u>13</u></b>

### NOTE 14 Depreciation

Depreciation for the year  
was charged in respect of:

Office Furniture & Equipment	120	141
Plant and Equipment	758	666
Buildings	1,407	1,331
Heritage buildings	45	42
Roads and Streets	3,063	2,983
Bridges	231	240
Culverts	108	95
Footpaths	187	178
Kerb & Channel	181	181
Car	59	65
parks	183	174
Drains	182	163
Other Structures	182	163
	<b><u>6,524</u></b>	<b><u>6,259</u></b>

#### Summary of Depreciation

Property, Plant and Equipment	2,330	2,180
Infrastructure Assets	<b>4,194</b>	<b>4,079</b>

#### Total depreciation

<b><u>6,524</u></b>	<b><u>6,259</u></b>
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### NOTE 15 Other Expenses

Library Contributions	637	615
Community & Sporting Grants	904	736
Auditors' remuneration	64	63
Councillors allowances	166	165
Coal Creek Heritage Village	-	175
Bank Fees & Charges	78	76
Roads streets and bridges expensed	156	28
Sundry Expenses	20	68
<b>Total other expenses</b>	<b><u>2,025</u></b>	<b><u>1,926</u></b>

### NOTE 16 Finance costs

	2007 \$'000	2006 \$'000
Interest - Borrowings	725	788
Interest - Hire Purchase	-	9
<b>Total finance costs</b>	<b><u>725</u></b>	<b><u>797</u></b>

### NOTE 17 Investments in associates

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

#### Background

Council has a 30.55% equity interest in the West Gippsland Regional Library Corporation in 2006/07 (28.8% in 2005/06). The equity interest is calculated on the basis of the proportion it contributes to the operating costs of the services. Council's share of retained share of retained profits/accumulated losses

Council's share of retained share of retained profits/accumulated losses at start of year	491	649
Adjustment to opening balance (equity ratio)	30	(155)
Reported profit (loss) for year	(9)	(3)
Council's share of retained share of retained profits/accumulated losses at end of year	<b><u>512</u></b>	<b><u>491</u></b>

#### Council's share of reserves

Council's share of reserves at start of year	343	111
Adjustment to revaluation reserve	21	232
Council's share of reserves at end of year	<b><u>364</u></b>	<b><u>343</u></b>

#### Movement in carrying value of specific investment

Carrying value of investment at start of year	834	760
Adjustment to opening balance (equity ratio)	30	(155)
Adjustment to revaluation reserve	21	232
Share of profit (loss) for year	(9)	(3)
<b>Carrying value of investment at end of year</b>	<b><u>876</u></b>	<b><u>834</u></b>

### NOTE 18 Prepayments

#### Current

General Prepaid Expenses	81	73
Insurance Premiums	171	-
<b>TOTAL PREPAYMENTS</b>	<b><u>252</u></b>	<b><u>73</u></b>

### NOTE 19 Cash and cash equivalents

	2007 \$'000	2006 \$'000
Cash on Hand	2	2
Cash at Bank	40	111
Short Term Deposits	9,550	8,750
<b>TOTAL CASH ASSETS</b>	<b><u>9,592</u></b>	<b><u>8,863</u></b>

### NOTE 20 Trade and other receivables

#### Current

Rates Debtors	679	509
Other Receivables - General	1,616	904
Car parking Contributions	4	7
Loans and Advances to Community Organisations	7	6
Property Debtors	16	29
Net GST Receivable	266	160
	<b><u>2,588</u></b>	<b><u>1,615</u></b>

#### Non-current

Loans and Advances to Community Organisations	33	40
Car parking Contributions	-	4
	<b><u>33</u></b>	<b><u>44</u></b>

<b>TOTAL RECEIVABLES</b>	<b><u>2,621</u></b>	<b><u>1,659</u></b>
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### NOTE 21 Financial Assets

#### Current

Long Service Leave Investment	1,700	1,500
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<b>TOTAL FINANCIAL ASSETS</b>	<b><u>1,700</u></b>	<b><u>1,500</u></b>
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### Note 22 Inventories

	2007 \$'000	2006 \$'000
<b>Current</b>		
Raw Materials and Stores	60	88
<b>TOTAL INVENTORIES</b>	<u>60</u>	<u>88</u>

### NOTE 23 Non-current assets held for resale

Land at fair value as at 1 Jan 2006	637	175
<b>Total non-current assets held for resale</b>	<u>637</u>	<u>175</u>

### NOTE 24 Property, plant and equipment, Infrastructure

<b>Summary</b>		
- at cost	22,229	14,917
Less: Accumulated depreciation	<u>(5,388)</u>	<u>(5,055)</u>
	<u>16,841</u>	<u>9,862</u>
- at Council Valuation 1 Jan 2006	104,619	105,198
Less: Accumulated depreciation	(35,948)	(34,500)
- at Council Valuation 1 April 2006	311,964	312,494
Less: Accumulated depreciation	(77,228)	(73,729)
- at Council Valuation 31 December 2002	1,678	1,678
Less: Accumulated depreciation	(952)	(851)
	<u>304,133</u>	<u>310,290</u>
<b>Total property, plant and equipment, infrastructure</b>	<u>320,974</u>	<u>320,152</u>



### NOTE 24 Property, plant and equipment, Infrastructure (con't)

	2007 \$'000	a2006 \$'000
<b>Property</b>		
<b>Land</b>		
- at Council Valuation 1 Jan 2006 **	33,051	33,630
- at cost	-	-
	<u>33,051</u>	<u>33,630</u>
<b>Buildings</b>		
- at Council Valuation 1 Jan 2006 *	67,190	67,190
Less: Accumulated depreciation	<u>(33,256)</u>	<u>(31,851)</u>
	<u>33,934</u>	<u>35,339</u>
- at cost	142	22
Less: Accumulated depreciation	<u>(3)</u>	<u>-</u>
	<u>139</u>	<u>22</u>
<b>Heritage Buildings</b>		
- at Council Valuation 1 Jan 2006 *	4,378	4,378
Less: Accumulated depreciation	<u>(2,692)</u>	<u>(2,649)</u>
	<u>1,686</u>	<u>1,729</u>
- at cost	93	93
Less: Accumulated depreciation	<u>(1)</u>	<u>-</u>
	<u>92</u>	<u>93</u>
<b>Total Buildings</b>	<u>35,851</u>	<u>37,183</u>
<b>Total Property</b>	<u>68,902</u>	<u>70,813</u>

\* The Buildings revaluations were undertaken by Andrew Begg A.A.I.V (Council Employee) as at 1 January 2006. The basis of valuation was fair value based upon depreciated replacement cost.

\*\* The Land revaluations were undertaken by Andrew Begg A.A.I.V (Council Employee) as at 1 January 2006. The basis of valuation was fair value based upon market value.

### NOTE 24 Property, plant and equipment, Infrastructure (con't)

	2007 \$'000	2006 \$'000
<b>Plant and Equipment</b>		
<b>Plant, machinery and equipment</b>		
- at cost	8,216	7,685
Less: Accumulated depreciation	<u>(2,832)</u>	<u>(2,809)</u>
	<b>5,384</b>	<b>4,876</b>
<b>Furniture, computers and other equipment</b>		
- at cost	2,548	2,270
Less: Accumulated depreciation	<u>(2,121)</u>	<u>(2,039)</u>
	<b>427</b>	<b>231</b>
<b>Total Plant and Equipment</b>	<b><u>5,811</u></b>	<b><u>5,107</u></b>
<b>Infrastructure Assets</b>		
<b>Roads</b>		
- at Council Valuation 1 April 2006 *	240,959	241,039
Less: Accumulated depreciation	(52,939)	(50,023)
- at cost	5,866	1,816
Less: Accumulated depreciation	<u>(134)</u>	<u>(18)</u>
	<b>193,752</b>	<b>192,814</b>
<b>Bridges</b>		
- at Council Valuation 1 April 2006 *	22,555	22,959
Less: Accumulated depreciation	(8,540)	(8,621)
- at cost	798	-
Less: Accumulated depreciation	<u>(3)</u>	<u>-</u>
	<b>14,810</b>	<b>14,338</b>
<b>Major Culverts</b>		
- at Council Valuation 1 April 2006 *	8,792	8,792
Less: Accumulated depreciation	(3,166)	(3,058)
- at cost	194	-
Less: Accumulated depreciation	<u>-</u>	<u>-</u>
	<b>5,820</b>	<b>5,734</b>

### NOTE 24 Property, plant and equipment, Infrastructure (con't)

	2007 \$'000	2006 \$'000
<b>Footpaths</b>		
- at Council Valuation 1 April 2006 *	10,827	10,827
Less: Accumulated depreciation	(2,204)	(2,023)
- at cost	593	267
Less: Accumulated depreciation	(10)	(4)
	<u>9,206</u>	<u>9,067</u>
<b>Kerb &amp; Channel</b>		
- at Council Valuation 1 April 2006 *	10,503	10,549
Less: Accumulated depreciation	(3,960)	(3,815)
- at cost	382	196
Less: Accumulated depreciation	(7)	(2)
	<u>6,918</u>	<u>6,928</u>
<b>Off-street car parks</b>		
- at Council Valuation 1 April 2006 *	4,543	4,543
Less: Accumulated depreciation	(2,138)	(2,081)
- at cost	18	18
Less: Accumulated depreciation	(2)	-
	<u>2,421</u>	<u>2,480</u>
<b>Drains</b>		
- at Council Valuation 1 April 2006 *	13,785	13,785
Less: Accumulated depreciation	(4,281)	(4,108)
- at cost	955	566
Less: Accumulated depreciation	(14)	(4)
	<u>10,445</u>	<u>10,239</u>
<b>Other Structures</b>		
- at Council Valuation 31 December 2002	1,678	1,678
Less: Accumulated depreciation	(952)	(851)
- at cost	1,694	1,321
Less: Accumulated depreciation	(261)	(179)
	<u>2,159</u>	<u>1,969</u>
<b>TOTAL INFRASTRUCTURE ASSETS</b>	<u>245,531</u>	<u>243,569</u>

\* The valuations were based upon valuations undertaken by Darren Coco (B. C.E. - CouncilEmployee) on the basis of written down replacement cost.

Fair value represents the written down replacement cost .

### NOTE 24 Property, plant and equipment, Infrastructure (con't)

	2007 \$'000	2006 \$'000
<b>Works In Progress</b>		
Buildings at cost	67	-
Roads at cost	478	206
Kerb & channel at cost	-	9
Footpaths at cost	182	182
Bridges at cost	-	228
Major culverts at cost	-	38
Other structures at cost	3	-
<b>Total works in progress</b>	<u><b>730</b></u>	<u><b>663</b></u>
<b>Total Property, Plant and Equipment, Infrastructure</b>	<u><b>320,974</b></u>	<u><b>320,152</b></u>

### Note 24 Property, plant and equipment, infrastructure (continued)

	Balance at beginning of financial Year \$'000	Acquisition of assets \$'000	Revaluation increments (decrements) (note 31) \$'000	Depreciation (note 14) \$'000	Written down value of disposals (note 10) \$'000	Items expensed (note 15) \$'000	Transfers \$'000	Balance at end of financial Year \$'000
<b>2007 Property</b>								
Land	33,630	3	-	-	-	-	(582)	33,051
<b>Total Land</b>	<b>33,630</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(582)</b>	<b>33,051</b>
Buildings	35,361	120	-	(1,407)	-	-	-	34,074
Heritage buildings	1,822	-	-	(45)	-	-	-	1,777
<b>Total buildings</b>	<b>37,183</b>	<b>120</b>	<b>-</b>	<b>(1,452)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,851</b>
<b>Total property</b>	<b>70,813</b>	<b>123</b>	<b>-</b>	<b>(1,452)</b>	<b>-</b>	<b>-</b>	<b>(582)</b>	<b>68,902</b>
<b>Plant and Equipment</b>								
Plant, machinery and equipment	4,876	2,769	-	(758)	(1,508)	-	5	5,384
Furniture, computers and equipment	231	282	-	(120)	-	-	34	427
<b>Total plant and equipment</b>	<b>5,107</b>	<b>3,051</b>	<b>-</b>	<b>(878)</b>	<b>(1,508)</b>	<b>-</b>	<b>39</b>	<b>5,811</b>
<b>Infrastructure</b>								
Roads	192,814	3,842	-	(3,063)	-	(47)	206	193,752
Bridges	14,338	570	-	(231)	-	(95)	228	14,810
Major culverts	5,734	156	-	(108)	-	-	38	5,820
Footpaths and cycleways	9,067	326	-	(187)	-	-	-	9,206
Kerb and channel	6,928	177	-	(181)	-	(15)	9	6,918
Drainage	10,239	389	-	(183)	-	-	-	10,445
Off-street car parks	2,480	-	-	(59)	-	-	-	2,421
Other infrastructure	1,969	372	-	(182)	-	-	-	2,159
<b>Total infrastructure</b>	<b>243,569</b>	<b>5,832</b>	<b>-</b>	<b>(4,194)</b>	<b>-</b>	<b>(157)</b>	<b>481</b>	<b>245,531</b>
<b>Works in progress</b>								
Buildings	-	67	-	-	-	-	-	67
Roads	206	478	-	-	-	-	(206)	478
Footpaths	182	-	-	-	-	-	-	182
Kerb and channel	9	-	-	-	-	-	(9)	-
Bridges	228	-	-	-	-	-	(228)	-
Major Culverts	38	-	-	-	-	-	(38)	-
Other structures	-	3	-	-	-	-	-	3
<b>Total works in progress</b>	<b>663</b>	<b>548</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(481)</b>	<b>730</b>
<b>Total property, plant and equipment, infrastructure</b>	<b>320,152</b>	<b>9,554</b>	<b>-</b>	<b>(6,524)</b>	<b>(1,508)</b>	<b>(157)</b>	<b>(543)</b>	<b>320,974</b>

### Note 24 Property, plant and equipment, infrastructure (continued)

	Balance at beginning of financial Year \$'000	Acquisition of assets \$'000	Revaluation increments (decrements) (note 31) \$'000	Depreciation (note 14) \$'000	Written down value of disposals (note 10) \$'000	Items expensed (note 15) \$'000	Transfers \$'000	Balance at end of financial Year \$'000
<b>2006 Property</b>								
Land	30,169	-	4,644	-	(1,008)	-	(175)	33,630
<b>Total Land</b>	<b>30,169</b>	<b>-</b>	<b>4,644</b>	<b>-</b>	<b>(1,008)</b>	<b>-</b>	<b>(175)</b>	<b>33,630</b>
Buildings	35,503	472	1,238	(1,331)	(820)	-	299	35,361
Heritage buildings	1,984	93	(213)	(42)	-	-	-	1,822
<b>Total buildings</b>	<b>37,487</b>	<b>565</b>	<b>1,025</b>	<b>(1,373)</b>	<b>(820)</b>	<b>-</b>	<b>299</b>	<b>37,183</b>
<b>Total property</b>	<b>67,656</b>	<b>565</b>	<b>5,669</b>	<b>(1,373)</b>	<b>(1,828)</b>	<b>-</b>	<b>124</b>	<b>70,813</b>
<b>Plant and Equipment</b>								
Plant, machinery and Furniture, computers and	4,770	2,389	-	(666)	(1,617)	-	-	4,876
	277	95	-	(141)	-	-	-	231
<b>Total plant and equipment</b>	<b>5,047</b>	<b>2,484</b>	<b>-</b>	<b>(807)</b>	<b>(1,617)</b>	<b>-</b>	<b>-</b>	<b>5,107</b>
<b>Infrastructure</b>								
Roads	182,936	3,515	9,346	(2,983)	-	-	-	192,814
Bridges	14,256	28	287	(240)	-	-	30	14,338
Major culverts	5,129	-	693	(95)	-	(3)	10	5,734
Footpaths and cycleways	7,502	283	1,460	(178)	-	-	-	9,067
Kerb and channel	6,633	209	267	(181)	-	-	-	6,928
Drainage	9,668	566	179	(174)	-	-	-	10,239
Off-street car parks	2,781	90	(326)	(65)	-	-	-	2,480
Other infrastructure	1,827	210	-	(163)	-	-	95	1,969
<b>Total infrastructure</b>	<b>230,732</b>	<b>4,901</b>	<b>11,906</b>	<b>(4,079)</b>	<b>-</b>	<b>-</b>	<b>135</b>	<b>243,569</b>
<b>Works in progress</b>								
Buildings	248	-	-	-	-	-	(248)	-
Roads	149	57	-	-	-	-	-	206
Footpaths and cycleways	39	143	-	-	-	-	-	182
Kerb and channel	-	9	-	-	-	-	-	9
Bridges	30	228	-	-	-	-	(30)	228
Major Culverts	10	38	-	-	-	-	(10)	38
Other structures	146	-	-	-	-	-	(146)	-
<b>Total works in progress</b>	<b>622</b>	<b>475</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(434)</b>	<b>663</b>
<b>Total property, plant and equipment, infrastructure</b>	<b>304,057</b>	<b>8,425</b>	<b>17,575</b>	<b>(6,259)</b>	<b>(3,445)</b>	<b>(26)</b>	<b>(175)</b>	<b>320,152</b>

### NOTE 25 Other Assets

	2007 \$'000	2006 \$'000
<b>Current</b>		
Coal Creek Heritage Village net assets	-	81
<b>TOTAL OTHER ASSETS</b>	<u>-</u>	<u>81</u>

### NOTE 26 Investment properties

- at Council Valuation 1 Jan 2006

	526	526
<b>TOTAL INVESTMENT PROPERTIES</b>	<u>526</u>	<u>526</u>

Investment properties include - Quarry site and a portion of the Stockyard gallery.

### NOTE 27 Trade and other payables

**Current**

Payables	2,075	1,510
Accrued Salaries & Wages	586	396
Accruals - Loan Interest	65	69
<b>TOTAL PAYABLES</b>	<u>2,726</u>	<u>1,975</u>

### NOTE 28 Trust funds and deposits

**Current**

Refundable Deposits	127	173
Tender Deposits	28	23
<b>TOTAL TRUST FUNDS</b>	<u>155</u>	<u>196</u>

### NOTE 29 Provisions

	Annual Leave \$'000	Rostered Days Leave \$'000	Long Service Leave \$'000	Landfill Restora- tion \$'000	Total \$'000
<b>2007</b>					
Balance at beginning of the financial year	1,088	110	1,748	1,300	4,246
Additional provisions	787	11	388	370	1,556
Amounts used	(685)	-	(247)	(130)	(1,062)
Increase / (decrease) in the discounted amount arising because of time and the effect of any changes in the discount rate.	(7)	-	(55)	-	(62)
<b>Balance at the end of the financial year</b>	<b>1,183</b>	<b>121</b>	<b>1,834</b>	<b>1,540</b>	<b>4,678</b>
<b>2006</b>					
Balance at beginning of the financial year	1,089	100	1,571	1,893	4,653
Additional provisions	794	10	402	-	1,206
Amounts used	(795)	-	(225)	(593)	(1,613)
Increase / (decrease) in the discounted amount arising because of time and the effect of any changes in the discount rate.	-	-	-	-	-
<b>Balance at the end of the financial year</b>	<b>1,088</b>	<b>110</b>	<b>1,748</b>	<b>1,300</b>	<b>4,246</b>
				<b>2007</b>	<b>2006</b>
				\$'000	\$'000
<b>(a) Employee Benefits</b>					
<b>Current (i)</b>					
Annual Leave				1,183	1,088
Rostered Days				121	110
Long Service Leave				1,448	1,360
				<b>2,752</b>	<b>2,558</b>
<b>Non-current (ii)</b>					
Long Service Leave				386	388
				<b>386</b>	<b>388</b>
<b>Total employee benefits</b>				<b>3,138</b>	<b>2,946</b>
<b>Aggregate carrying amount of employee benefits</b>					
Current				2,752	2,558
Non Current				386	388
<b>Total employee benefits</b>				<b>3,138</b>	<b>2,946</b>



### NOTE 29 Provisions (con't)

	2007 \$'000	2006 \$'000
<b>(a) Employee Benefits (con't)</b>		
Average employee numbers during the financial year	269	267
The following assumptions were adopted in measuring the present value of long service leave :		
Weighted average increase in employee costs	4.50%	4.75%
Weighted average discount rates	6.34%	5.79%
Weighted average settlement period	12 years	12 years
	2007 \$'000	2006 \$'000
<b>(i) Current</b>		
All annual leave and the long service leave entitlements representing 10 or more years of continuous services.		
- Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value.	2,366	2,170
- Other long-term employee benefits that do not fall due within 12 months after the end of the reporting period measured at present value.	386	388
	<u>2,752</u>	<u>2,558</u>
<b>(ii) Non-current</b>		
Long service leave representing less than 10 years of continuous service measured at present value	<u>386</u>	<u>388</u>

### NOTE 29 Provisions (con't)

#### (b) Provisions

Council has a present obligation to perform site rehabilitation works for two landfills that it operates. The Environmental Protection Authority has issued a guideline to ensure that the costs and liabilities of landfilling are accounted for. Council has used these guidelines to determine what costs will be required to ensure that the costs are both recognised and accounted for.

	2007 \$'000	2006 \$'000
<b>Current</b>		
Financial Assurance - Koonwarra Landfill	500	20
Financial Assurance - Foster Landfill	-	37
	<u>500</u>	<u>57</u>
<b>Non-current</b>		
Financial Assurance - Koonwarra Landfill	1,040	1,243
	<u>1,040</u>	<u>1,243</u>
<b>Total</b>	<u>1,540</u>	<u>1,300</u>
<b>Total of all provisions</b>		
<b>Current</b>		
Employee benefits	2,752	2,558
Landfills	500	57
	<u>3,252</u>	<u>2,615</u>
<b>Non-Current</b>		
Employee benefits	386	388
Landfills	1,040	1,243
	<u>1,426</u>	<u>1,631</u>
<b>Grand totals</b>	<u>4,678</u>	<u>4,246</u>

### NOTE 30 Interest Bearing Liabilities

	2007 \$'000	2006 \$'000
<b>Current</b>		
Loans - Secured *	5,544	983
	<u>5,544</u>	<u>983</u>
<b>Non Current</b>		
Loans - Secured *	4,893	10,434
	<u>4,893</u>	<u>10,434</u>
<b>TOTAL INTEREST BEARING LIABILITIES</b>	<u><b>10,437</b></u>	<u><b>11,417</b></u>

\* The loans are secured over the general rates of the Council.

These interest bearing liabilities are due for payment:

Not later than one year	5,544	983
Later than one year and not later than five years	4,442	8,858
Later than five years	451	1,576
	<u><b>10,437</b></u>	<u><b>11,417</b></u>

### NOTE 31 Reserves

	Balance at beginning of reporting period \$'000's	increment (decrement) \$'000's	Share of increment (decrement) \$'000's	Balance at end of reporting period \$'000's
<b>(a) Asset Revaluation Reserve</b>				
<b>2007</b>				
<b>Property</b>				
Land	19,982	-	-	19,982
Joint ventures	343	21	-	364
Buildings	14,046	-	-	14,046
Heritage buildings	611	-	-	611
Plant & Equipment	386	-	-	386
	<b>35,368</b>	<b>21</b>	<b>-</b>	<b>35,389</b>
<b>Infrastructure</b>				
Roads and Streets	137,650	-	-	137,650
Bridges	2,800	-	-	2,800
Major Culverts	2,712	-	-	2,712
Drainage	1,784	-	-	1,784
Footpaths	4,221	-	-	4,221
Kerb & Channel	1,261	-	-	1,261
Car parks	1,470	-	-	1,470
Other Structures	182	-	-	182
	<b>152,080</b>	<b>-</b>	<b>-</b>	<b>152,080</b>
<b>Total Asset Revaluation Reserve</b>	<b>187,448</b>	<b>21</b>	<b>-</b>	<b>187,469</b>
<b>2006</b>				
<b>Property</b>				
Land	15,338	4,644	-	19,982
Joint ventures	111	232	-	343
Buildings	12,808	1,238	-	14,046
Heritage buildings	824	(213)	-	611
Plant & Equipment	386	-	-	386
	<b>29,467</b>	<b>5,901</b>	<b>-</b>	<b>35,368</b>
<b>Infrastructure</b>				
Roads and Streets	128,304	9,346	-	137,650
Bridges	2,513	287	-	2,800
Major Culverts	2,019	693	-	2,712
Drainage	1,605	179	-	1,784
Footpaths	2,761	1,460	-	4,221
Kerb & Channel	994	267	-	1,261
Car parks	1,796	(326)	-	1,470
Other Structures	182	-	-	182
	<b>140,174</b>	<b>11,906</b>	<b>-</b>	<b>152,080</b>
<b>Total Asset Revaluation Reserve</b>	<b>169,641</b>	<b>17,807</b>	<b>-</b>	<b>187,448</b>

### NOTE 31 Reserves (cont)

	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
--	--	---	---	--

#### (b) Other Reserves

##### 2007

Public Open Space	31	86	-	117
Land Development Reserve	283	142	-	425
Loan Reduction Reserve	2,748	1,305	-	4,053
<b>Total Other Reserves</b>	<b>3,062</b>	<b>1,533</b>	<b>-</b>	<b>4,595</b>

##### 2006

Public Open Space	-	31	-	31
Land Development Reserve	-	283	-	283
Loan Reduction Reserve	450	2,298	-	2,748
<b>Total Other Reserves</b>	<b>450</b>	<b>2,612</b>	<b>-</b>	<b>3,062</b>

#### *Public Open Space*

This is a statutory reserve to be used for the future development of land for public purposes.

#### *Land Development Reserve*

Is a reserve created for the ongoing development of Commercial and Industrial Land within the relevant precincts of the South Gippsland Shire.

#### *Loan Reduction Reserve*

Has been created as part of Council's long term financial strategy to repay a loan due for renegotiation in 2008.

### NOTE 32 Adjustments directly to equity

	2007 \$'000	2006 \$'000
There has been an adjustment made directly to equity. This adjustment is shown in note 17 and is as a result of councils change in investment ratio in the West Gippsland Regional Library Service.		

### NOTE 33 Reconciliation of cash flows from operating activities to surplus

Surplus for the period	3,074	3,778
Depreciation	6,524	6,259
Roads expensed	156	28
(Increase)Decrease in Receivables	(967)	285
(Increase) Decrease in Other Assets	(90)	(37)
(Increase)Decrease in Inventories	27	(32)
Increase(Decrease) in Payables	751	(196)
Increase (Decrease) in Employee Entitlements	192	187
Non Cash developer contributions	(1,359)	(2,099)
Increase ( Decrease) in Other Provisions	240	(593)
(Profit)Loss on Sale of Property, Plant and Equipment	170	(138)
<b>Net cash provided by operating activities</b>	<b>8,718</b>	<b>7,442</b>

### NOTE 34 Reconciliation of cash and cash equivalents

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

Cash and cash equivalents (see note 19)	9,592	8,863
<b>Total cash and cash equivalents</b>	<b>9,592</b>	<b>8,863</b>

### NOTE 35 Financing Facilities

	2007 \$'000	2006 \$'000
<b>Bank Overdraft</b>		
Unused facilities	1,000	1,000
<b>Total financing facilities</b>	<u>1,000</u>	<u>1,000</u>

### NOTE 36 Non-cash financing and investing activities

Council does not engage in any non-cash financing and investing activities.

### NOTE 37 Restricted Assets

Council has cash and cash equivalents (note 19) and other financial assets (note 21) that are subject to restrictions. As at the reporting date, Council had legislative restrictions in relation to employee entitlements (Long Service Leave) and reserve funds (Recreational Lands Reserves).

#### Current

Long Service Leave (note 29)	1,700	1,500
Government Receipts (note 6)	928	1,492
Reserve funds (note 31)	117	31
<b>TOTAL RESTRICTED CURRENT ASSETS</b>	<u>2,745</u>	<u>3,023</u>

Restricted asset for long service leave is based on the Local Government (Long Service Leave) Regulations 2002 and does not necessarily equate to the long service leave liability disclosed in note 29 due to a different basis of calculation prescribed by the regulation.

### NOTE 38 Superannuation

#### **(a) Accumulation benefits category**

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

- *Health and Exercise Science Technologists Association (Hesta)*
- *Australian Mutual Provident Society(AMP)*
- *MLC*
- *AXA*
- *OAMPS Super Fund*
- *Superwrap*
- *Hospitality and Tourism Employees Fund (Hostplus)*
- *Australian Retirement Fund (ARF)*
- *Health Super*
- *Vic Super*
- *Retail Employees Superannuation Trust (REST)*
- *LUCRF*
- *ING Australia Ltd (ING)*
- *Colonial First*
- *Perpetual Super Fund*
- *Superannuation Trust of Australia (STA)*
- *Vision Super (Local Authorities Superannuation Fund)*

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

#### **(b) Defined benefits category**

Council makes employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund).

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

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

- 9.25% of members' salaries (same as previous year)
- In addition, the South Gippsland Shire Council reimburses the Fund for the difference between resignation and retrenchment benefits paid to employees retrenched by them during the year.



### NOTE 38 Superannuation (con't)

#### (b) Defined benefits category (con't)

The Fund's liability for accrued benefits was determined in the 31 December 2005 actuarial investigation pursuant to the requirements of Australian Accounting Standard AAS25 as follows:

	31-Dec-05 \$'000
Net Market Value of Assets	3,255,842
Accrued Benefits (per accounting standards)	<u>3,118,911</u>
Difference between Assets and Accrued Benefits	<u>136,931</u>
Vested Benefits	<u>2,865,633</u>

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

Net Investment Return	8.0% p.a.
Salary Inflation	5.5% p.a.
Price Inflation	3.0% p.a.

	2007 \$'000	2006 \$'000
Employer contributions to under Superannuation Guarantee Levy and Choice of Fund legislation	772	705
Employer contributions to Local Authorities Superannuation Fund (Defined Benefit Plan)	175	198

### NOTE 39 Commitments

As at the reporting date, the municipality had entered into contracts for the following;

	Not Later Than 1 Year \$'000	Later than 1 year and not later than 5 Years \$'000	Later than 5 years \$'000	Total \$'000
<b>2007</b>				
<b><u>Operating</u></b>				
Transfer Stations	621	2,674	-	3,295
Landfills	359	1,548	1,628	3,535
Litter Bins	159	687	-	846
Kerbside Recycling	374	1,612	-	1,986
Acceptance/Sorting Recyclables	74	320	-	394
Kerbside Collections	411	1,770	-	2,181
Shire Offices Cleaning	68	-	-	68
Hall Operations	17	-	-	17
Toora Swimming Pool	87	89	-	176
SG SPLASH	275	283	-	558
<b>Totals</b>	<b>2,445</b>	<b>8,983</b>	<b>1,628</b>	<b>13,056</b>

	Not Later Than 1 Year \$'000	Later than 1 year and not later than 5 Years \$'000	Later than 5 years \$'000	Total \$'000
<b>2006</b>				
<b><u>Operating</u></b>				
Transfer Stations	584	2,514	-	3,098
Landfills	375	1,615	1,699	3,689
Litter Bins	155	493	-	648
Kerbside Recycling	317	1,366	-	1,683
Acceptance/Sorting Recyclables	76	330	-	406
Kerbside Collections	406	1,749	-	2,155
Shire Offices Cleaning	10	-	-	10
Hall Operations	14	-	-	14
Cleaning Mirboo Nth/K'burra	1	-	-	1
Toora Swimming Pool	85	177	-	262
SG SPLASH	19	43	-	62
<b>Totals</b>	<b>2,042</b>	<b>8,287</b>	<b>1,699</b>	<b>12,028</b>

### NOTE 40 Operating Lease Commitments

	2007 \$'000	2006 \$'000
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).		
Current	362	423
Non Current	997	1,233
<b>Total operating leases</b>	<b>1,359</b>	<b>1,656</b>
These expenditures are due for payment ;		
Not later than one year	362	423
Later than one year and not later than five years	465	701
Later than five years	532	532
	<b>1,359</b>	<b>1,656</b>

### NOTE 41 Contingent Liabilities and Contingent Assets

#### **Contingent Liabilities**

The Council is involved in a legal matter as a result of a subdivision undertaken by the former Shire of South Gippsland. A contingent liability of \$50,000 exists as action/negotiation regarding this matter continues to proceed. Council is of the view that any claim regarding this matter would not be successful.

#### **Contingent Assets**

Developer contributions to be received by Council in respect of estates currently under development total \$2.8M (2007 \$1.36M).

### NOTE 42 (a) Financial Instruments - Accounting policy, Terms and conditions.

Recognised Financial Instruments	Notes	Accounting Policy	Terms and Conditions
<b>Financial Assets</b>			
Cash at Bank	19	Cash at bank is recorded at the principal amount. Interest income is recognised as it is received.	The amounts held as cash is monitored on a regular basis to ensure Council's account does not enter overdraft. Surplus funds are invested in short term deposits to enable a greater return to Council.
Short Term Deposits	19	Valued at face value. Interest recognised as it is received	Investments are made for periods from 7 days to 90 days and returned floating interest rate returns from 5.70% to 6.56%.
General Debtors	20	Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debt is recognised when collection in full is no longer probable. Collectability of overdue accounts is assessed on an ongoing basis	General debtors are unsecured and interest free. Credit terms are usually up to 60 days.
<b>Financial Liabilities</b>			
Trade and Other Payables	27	Liabilities are recognised for amounts to be paid in the future for goods received and services provided to Council as at balance date whether or not an invoice has been received.	General creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.
Bank Loans	30	Bank loans are carried at the principal amount outstanding. Bank loans are subject to borrowing limits imposed by State Government under Loan Council approval arrangements. Interest is charged as an expense as it accrues.	Bank loans are secured by a mortgage over the rates revenue of Council. The interest rate for individual bank loans is fixed for the period of the loan. Council has 1 loan which is an interest only loan and 6 loans which are repayable in equal instalments comprising principal and interest. Interest is payable in arrears. Interest rates for loans are in the range of 6.24% to 7.85%.

NOTE 42 (b) Financial Instruments - Interest Rate Risk.

Council's exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities at the balance date are as follows:

Financial Instruments	Notes	Floating Interest Rate		Fixed Interest rate maturing in:						Non Interest Bearing		Carrying Amount as per Balance Sheet		Weighted Average Interest Rate			
		1 Year or less		Over 1 to 5 Years		Over 5 Years		2007		2006		2007		2006			
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 %	2006 %				
<b>(1) Financial Assets</b>																	
General Receivables Short Term	20	16	73	-	-	-	-	-	-	-	-	1,926	1,077	1,942	1,150	-	-
Investments Cash at Bank & on hand	21	1,700	1,500	-	-	-	-	-	-	-	-	-	-	1,700	1,500	5.5	5.2
	19	9,592	8,863	-	-	-	-	-	-	-	-	-	-	9,592	8,863	5.5	5.2
<b>Total Financial Assets</b>		<b>11,308</b>	<b>10,436</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,926</b>	<b>1,077</b>	<b>13,234</b>	<b>11,513</b>		
<b>(2) Financial Liabilities</b>																	
Trade and other payables	27	-	-	-	-	-	-	-	-	-	-	2,726	1,975	2,726	1,975	-	-
Interest Bearing Liabilities	30	-	-	5,544	983	4,442	8,858	451	1,576	-	-	-	-	10,437	11,417	6.94	6.94
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>5,544</b>	<b>983</b>	<b>4,442</b>	<b>8,858</b>	<b>451</b>	<b>1,576</b>	<b>-</b>	<b>-</b>	<b>2,726</b>	<b>1,975</b>	<b>13,163</b>	<b>13,392</b>		

### NOTE 42 (c) Financial Instruments - Net Fair Value.

Financial Instruments	Notes	Total Carrying amount as per the Balance Sheet 2007 \$'000	2006 \$'000	Aggregate net fair value (i) 2007 \$'000	2006 \$'000
<b>Financial Assets</b>					
General Receivables	20	1,942	1,150	1,942	1,150
Short Term Deposits	21	1,700	1,500	1,700	1,500
Cash at Bank & on hand	19	9,592	8,863	9,592	8,863
<b>Total Financial Assets</b>		<b>13,234</b>	<b>11,513</b>	<b>13,234</b>	<b>11,513</b>
<b>Financial Liabilities</b>					
Trade and other payables	27	2,726	1,975	2,726	1,975
Interest Bearing Liabilities	30	10,437	11,417	10,142	10,846
<b>Total Financial Liabilities</b>		<b>13,163</b>	<b>13,392</b>	<b>12,868</b>	<b>12,821</b>

(i) The following methods and assumptions are used to determine the net fair values of financial assets and liabilities.

#### Recognised financial instruments

*Cash, cash equivalents and short term investments* : The carrying amount approximates fair value because of their short term to maturity.

*General receivables* : The carrying amount represents fair value.

*Payables* : The carrying amount represents fair value.

*Interest bearing liabilities* : The carrying amount represents fair value as the discounted cash flows will be affected by future interest payments.

### NOTE 42 (d) Financial Instruments - Credit Risk Exposure

The economic entity's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the statement of financial position.

#### Concentration of credit risk

The economic entity minimises concentrations of credit risk in relation to accounts receivable by undertaking transactions with a large number of customers within specified categories.

Category	Maximum credit risk exposure for each concentration			
	Consolidated			
	Percentage of total debtors and prepayments		\$	\$
	2007	2006	2007	2006
General Receivables	100%	100%	1,942	1,645
	100%	100%	1,942	1,645

Credit risk in general receivables is managed in the following ways :

- > Payment terms are 30 days; and
- > a risk assessment process is used for all customers.

<b>NOTE 43 Auditor's Remuneration</b>	2007 \$'000	2006 \$'000
Audit fee to conduct external audit - Victorian Auditor-General	30	37
Internal audit fees	34	26
	<b>64</b>	<b>63</b>

### NOTE 44 Events occurring after balance date

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

### NOTE 45 Related Party Transactions

- (i) Names of persons holding the position of a Responsible Person at the South Gippsland Shire Council during the reporting period are :-

**Councillors**

Jennie Deane (Mayor 29/11/06 to 30/06/07)  
 Nigel Hutchinson-Brooks (Mayor 01/07/06 to 29/11/06)  
 Heather Bligh  
 Keiran Kennedy  
 Robert Newton  
 David Lewis  
 Clyde Paterson  
 Melanie Ryan  
 Diane Casbolt

**Chief Executive**

Neil D Armstrong (01/07/06 to 07/11/06)  
 Paul Bawden (08/11/06 to current)

- (ii) Remuneration of Responsible Persons in bands of \$10,000

Income Range :	2007 No.	2006 No.
\$1 - \$9,999	-	7
\$10,000 - \$19,999	7	4
\$20,000 - \$29,999	1	2
\$30,000 - \$39,999	-	-
\$70,000 - \$79,999	1	1
\$90,000 - \$99,999	-	1
\$110,000 - \$119,999	1	-
<b>TOTAL</b>	<b>10</b>	<b>15</b>
	<b>\$'000</b>	<b>\$'000</b>
Total Remuneration for the reporting period for Responsible Persons included above, amounted to	<b>352</b>	<b>335</b>



### NOTE 45 Related Party Transactions (cont'd)

**(iii)** Senior Officers other than Responsible Persons remuneration

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

Income Range :	2007 No.	2006 No.
< \$100,000	4	1
\$100,000 - \$109,999	2	2
\$110,000 - \$119,999	1	1
\$130,000 - \$139,999	-	2
<b>TOTAL</b>	<b>7</b>	<b>6</b>
	<b>\$'000</b>	<b>\$'000</b>

Total Remuneration for the reporting period for senior officers included above, amounted to	636	688
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**(iv)** Retirement benefits paid by the Council in connection with the retirement of Responsible Persons of the council amounted to nil.

**(v)** No loans have been made, guaranteed or secured by the Council to a Responsible Person of the council during the reporting period.

**(vi)** Other Transactions

Other related party transactions requiring disclosure have been considered and the following matters are disclosed:

**(vii)** (a) Aggregate amounts of revenue or expense for the reporting period that resulted from transactions with Responsible Persons of the Council or their Responsible Persons related parties include :

Aggregate amounts of the following item(s):

<b>Total Expenses</b>	<b>\$</b> <u>          -</u>
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### NOTE 45 Related Party Transactions (cont'd)

- (b) Other receivables from and payable to Responsible Persons of the Council or their Responsible person related parties recognised as at reporting date include: \$'000
- Aggregate amount receivable at balance date of the following item(s) \$ -
- (c) The Council does not recognise any provisions for doubtful receivables as at the reporting date in respect of loans subject to (v) or other receivables subject to paragraph (vii)(b).
- (d) The Council does not recognise any other benefits derived during the reporting period by Responsible Persons of the Council or their Responsible Person related parties

### NOTE 46 Joint venture information

Council is not involved in any joint ventures as at reporting date.

### NOTE 47 (a) Component Function/Activities

Details of these functions/activities are set out in note 47(b)

FUNCTIONS/ ACTIVITIES	TOTAL TOTAL REVENUE		% TOTAL	EXPENSES		% TOTAL	OPERATING ASSETS		%	
	GRANTS \$'000	OTHER \$'000		TOTAL \$'000	TOTAL \$'000		(DEFICIT) \$'000	\$'000		
Development and Asset Services	2007	3,348	3,180	6,528	17.33%	17,260	49.90%	(10,732)	335,059	99.35%
	2006	1,473	1,221	2,694	7.47%	5,566	17.24%	(2,872)	331,857	99.37%
Corporate and Community Services	2007	1,532	2,883	4,415	11.72%	15,667	45.29%	(11,252)	427	0.13%
	2006	3,232	4,846	8,078	22.40%	25,784	79.86%	(17,706)	231	0.07%
Chief Executive Office	2007	1	28	29	0.08%	1,664	4.81%	(1,635)	1,752	0.52%
	2006	-	269	269	0.75%	938	2.91%	(669)	1,863	0.56%
Not attributed	2007	6,093	20,600	26,693	70.87%	-	0.00%	26,693	-	0.00%
	2006	5,764	19,261	25,025	69.39%	-	0.00%	25,025	-	0.00%
<b>TOTAL</b>	<b>2007</b>	<b>10,974</b>	<b>26,691</b>	<b>37,665</b>	<b>100%</b>	<b>34,591</b>	<b>100%</b>	<b>3,074</b>	<b>337,238</b>	<b>100%</b>
	<b>2006</b>	<b>10,469</b>	<b>25,597</b>	<b>36,066</b>	<b>100%</b>	<b>32,288</b>	<b>100%</b>	<b>3,778</b>	<b>333,951</b>	<b>100%</b>

Due to an organisational restructure that occurred in 2006/07 there was a number of reclassification of functions/ activities and associated costs between directorates.

### NOTE 47 (b) Component Function/Activities

The activities relating to the municipality's components reported on in Note 47(a) are as follows;

#### CORPORATE AND COMMUNITY SERVICES

To provide a range of Home and Community Care services to the residents of the Shire.

To provide a health assessment, advisory services to parents of young children throughout the municipality.

To provide a community transport facility for the aged and disabled.

To ensure health regulations are adhered to throughout the municipality.

To oversee immunisations.

To support the administration of the municipality through the efficient management of Council's information system resources and provision of advice and direction as well as development and implementation of policies relating to information systems.

To provide timely and accurate financial services to the organisation.

To support the administration of the municipality through the efficient collection of Council rates and charges and the timely and accurate provision of property information.

Manage risk programs including Occupational Health and Safety.

To provide a library service to the residents of the Shire.

To provide Human Resource management services to employees and Council.

To support the administration of the municipality through the provision of a timely and effective records management service.

To improve communication with Council's clients, promote Councils activities and enhance the corporate identity of the Council.

#### DEVELOPMENT AND ASSET SERVICES

To provide a landfill disposal facility and transfer stations for the disposal of refuse.

To provide community meeting , function and recreational facilities to residents of the municipality.

To assist residents and encourage visitors to the municipality by providing an accurate and comprehensive information service of the facilities available.

To provide assistance to businesses through the Economic Development unit.

The supervision and enforcement of matters relating to local laws, animal control, fire control, parking and traffic control and emergency services.

To provide well maintained and equipped buildings for use by Pre-schools throughout the municipality.

To maintain council properties.

To maintain the road network and provide efficient and safe transport to all users.

To maintain all parks and gardens within the Shire.

To provide operational maintenance service to council plant.

The purchase, storage and dispatch of materials required for operations.

To provide a healthy street system for the benefit of the general public.

To maintain bus shelters for school children throughout the municipality.

To ensure traffic control devices are maintained throughout the municipality.

To provide the statutory planning requirements of the Shire.

To provide the statutory building requirements of the Shire.

To provide wastewater planning requirements of the Shire.

To provide the future planning requirements of the Shire.

### Note 47 (c) Component Function/Activities (cont'd)

#### CHIEF EXECUTIVE

Chief Executive Officer and personnel.

To provide statutory compliance and administrative support to the organisation and Council.

To provide contract administration to Council.

To support the administration of the municipality by the provision of efficient and courteous secretarial and reception services.

Councillors and Council Chamber functions of the municipality

#### Not Attributed

Net Gain/(Loss) on sale of property, plant and equipment and infrastructure

Consists of rate income and annual grants commission allocations.

Net adjustment to equity for joint ventures

### NOTE 48 Financial ratios (performance indicators)

	2007 \$'000	2007 %	2006 \$'000	2006 %	2005 \$'000	2005 %
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**(i) Debt Servicing Ratio (%)**

(to identify capacity of Council to service its outstanding debt).

$$\frac{\text{Debt servicing costs}}{\text{Total revenue}} = \frac{725}{37,844} = 1.92\% \quad \frac{797}{35,931} = 2.22\% \quad \frac{870}{34,107} = 2.55\%$$

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

**(ii) Debt Commitment Ratio (%)**

(to identify Council's debt redemption strategy).

$$\frac{\text{Debt servicing \& redemption}}{\text{Rate revenue}} = \frac{1,705}{20,781} = 8.20\% \quad \frac{1,878}{19,126} = 9.82\% \quad \frac{1,879}{17,857} = 10.52\%$$

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

### NOTE 48 Financial ratios (performance indicators) (con't)

	2007 \$'000	2007 %	2006 \$'000	2006 %	2005 \$'000	2005 %
<b>(iii) Revenue Ratio (%)</b> <i>(to identify Council's dependence on non-rate income).</i>						
<u>Rate revenue</u> <u>Total revenue</u>	20,781	= 54.91%	19,126	= 53.23%	17,857	= 52.36%
	37,844		35,931		34,107	

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

**(iv) Debt Exposure Ratio (%)**  
*(to identify Council's exposure to debt);*

<u>Total indebtedness</u> <u>Total realisable assets</u>	15,251	= 17.14%	14,811	= 16.68%	18,052	= 21.78%
	88,976		88,797		82,874	

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

Any liability represented by a restricted asset (note 37) is excluded from total indebtedness.

The following assets are excluded from total assets when calculating Council's realisable assets; land and buildings on Crown land, restricted assets, heritage assets, total infrastructure assets, and Council's investment in associate.

This ratio enables assessment of Council's solvency and exposure to debt. Total indebtedness refers to the total liabilities of Council. Total liabilities are compared to total realisable assets which are all realisable assets not subject to any restriction and are able to be realised. The ratio expresses the percentage of total liabilities for each dollar of realisable assets.

### NOTE 48 Financial ratios (performance indicators) (con't)

	2007 \$'000	2007 %	2006 \$'000	2006 %	2005 \$'000	2005 %
<b>(v) Working Capital Ratio (%)</b> <i>(to assess Council's ability to meet current commitments).</i>						
<u>Current assets</u> Current liabilities	14,829	= 126.99%	12,395	= 214.86%	8,783	= 137.32%
	11,677		5,769		6,396	

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

### **(vi) Adjusted Working Capital Ratio (%)**

*(to assess a council's ability to meet current commitments).*

<u>Current assets</u> Current liabilities	14,829	= 141.08%	12,395	= 265.59%	8,783	= 175.91%
	10,511		4,667		4,993	

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

Current liabilities have been reduced to reflect the long service leave that is shown as a current liability because Council does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date, but is not likely to fall due within 12 months after the end of the period.



### Note 49 Capital Works

	2007 \$'000	2006 \$'000
Buildings	186	566
Plant & Equipment	2,769	2,389
Office Furniture & Equipment	282	95
Roads	3,599	2,331
Bridges	569	256
Culverts	157	38
Footpaths	208	331
Kerb & Channel	60	21
Off-street car parks	-	90
Other Structures	365	210
<b>TOTAL CAPITAL WORKS</b>	<b><u>8,195</u></b>	<b><u>6,327</u></b>
Represented by:		
Renewal of infrastructure	4,647	2,766
Upgrade of infrastructure	311	321
Expansion of infrastructure	-	47
New infrastructure	-	143
New buildings	-	191
Renewal of buildings	186	375
New plant and equipment	3,051	2,484
Other	-	-
<b>TOTAL CAPITAL WORKS</b>	<b><u>8,195</u></b>	<b><u>6,327</u></b>

### Note 49 Capital Works (cont'd)

#### Property, infrastructure, plant and equipment movement

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

	2007 \$'000	2006 \$'000
<b>Total capital works</b>	8,195	6,327
Asset revaluation movement	-	17,575
Items Expensed	(157)	(26)
Developer contributed assets	1,359	2,099
Transfers (Coal Creek net assets note 25)	39	-
Derecognition of assets	-	-
Depreciation and amortisation	(6,524)	(6,259)
Non-current assets held for sale	(582)	(175)
Written down value of assets sold	(1,508)	(3,445)
Net movement in property, plant & equipment	822	16,096

#### (a) Renewal

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

#### (b) Upgrade

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

#### (c) Expansion/New Assets

Expenditure which extends an existing asset, at the same standard as is currently enjoyed by residents, to a new group of users. It is discretionary expenditure which increases future operating and maintenance costs, because it increases council's asset base, but may be associated with additional revenue from the new user group. Where capital projects involve a combination of new and renewal expenditures, the total project cost needs to be allocated accordingly.

### Note 50 Change in Accounting Policy

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

AASB amendment	Standards affected	Outline of amendment	Application date of Standard	Application date for Council
<b>AASB 2005-10 Amendments to Australian Accounting Standards</b>	<p>AASB 1 First time adoption of AIFRS</p> <p>AASB 101 Presentation of Financial Statements</p> <p>AASB 117 Leases</p> <p>AASB 139 Financial Instruments: Recognition and Measurement</p>	<p>The disclosure requirements of AASB 132: Financial Instruments: Disclosure and Presentation have been replaced due to the issuing of AASB 7: Financial Instruments: Disclosures in August 2005. These amendments will involve changes to financial instrument disclosures within the financial report. However, there will be no direct impact on amounts included in the financial report as it is a disclosure standard.</p>	1/1/2007	7/1/2007
<b>AASB 7 Financial Instruments: Disclosures</b>	<p>AASB 132 Financial Instruments: Disclosure and Presentation</p>	As above.	1/1/2007	7/1/2007

### Note 50 Change in Accounting Policy (cont'd)

AASB amendment	Standards affected	Outline of amendment	Application date of Standard	Application date for Council
AASB 2006-3 Amendments to Australian Accounting Standards	<p>AAS 27 Financial Reporting by Local Governments</p> <p>AASB 1045 Land Under Roads: Amendments to AAS 27A, AAS 29A and AAS 31A</p>	<p>From the beginning of the reporting period to which this Standard is first applied, until the end of the first reporting period ending on or after 31 December 2007, transitional provisions shall apply.</p> <p>Under those provisions, local governments, while encouraged to apply the full provisions of this Standard, may elect instead not to recognise land under roads as an asset in the balance sheet</p> <p>The impact of any changes that may be required when the transitional provisions cease cannot be reliably estimated and is not disclosed in the financial report.</p>	October 2006	7/1/2008

## CERTIFICATION OF FINANCIAL STATEMENTS

In my opinion the accompanying financial statements have been prepared in accordance with the *Local Government Act 1989*, the *Local Government (Finance and Reporting) Regulations 2004*, Australian Accounting Standards and other mandatory professional reporting requirements.

Principal Accounting Officer

THOMAS LOVASS



Location : Leongatha

Dated : 05 / 09 / 2007

In our opinion the accompanying financial statements present fairly the financial transactions of the South Gippsland Shire Council for the year ended 30 June 2007 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 5th September 2007 to certify the financial statements in their final form.

Councillor : Jennie Deane



Location : Leongatha

Dated : 05 / 09 / 2007

Councillor : Clyde Paterson



Location : Leongatha

Dated : 05 / 09 / 2007

Chief Executive : Paul Bawden



Location : Leongatha

Dated : 05 / 09 / 2007

For the year ended 30 June 2007

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

The Annual Report shows the actual results for the year.

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

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

The Standard Statements of Financial Performance, Financial Position, Cash Flows and Capital Works for the Annual Report are consistent with the Budget and are prepared on bases consistent with the Financial Statements.

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

### 1 Basis of preparation of Standard Statements

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

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

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

The Standard Statements are not a substitute for the General Purpose Financial Statements, which are included on pages 5 to 68 of the Annual Report. They have not been prepared in accordance with all Australian Accounting Standards or other authoritative professional pronouncements.

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

The budget figures included in the Statements are those adopted by Council on 7 June 2006. The budget was based on assumptions that were relevant at the time of adoption of the budget. The Council set guidelines and parameters for revenue and expense targets in this budget in order to meet council's business plan and financial performance targets for both the short and long term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

Detailed information on the actual financial results are contained in the General Purpose Financial Statements on pages 5 to 68. The detailed budget can be obtained by contacting council or through the council's website. The Standard Statements must be read with reference to these documents.

## STANDARD INCOME STATEMENT

FOR THE YEAR ENDING 30 JUNE 2007

	Budget 2006/2007 \$'000	Actuals 2006/2007 \$'000	Variations \$'000	%	Ref	
					Y	N
<b>Revenue</b>						
Rates and charges	20,719	20,781	62	0		
Statutory fees and fines	319	402	83	26		
User fees	1,792	1,684	(108)	6	1	
Grants - recurrent	9,566	8,965	(601)	6	2	
Grants - non-recurrent	832	2,009	1,177	141	3	
Contributions - cash	288	232	(56)	19		
Contributions - non monetary as- sets	-	1,359	1,359	100	4	
Reimbursements	294	310	16	5		
Other revenue	1,051	2,102	1,051	100	5	
<b>Total revenues</b>	<b>34,861</b>	<b>37,844</b>	<b>2,983</b>	<b>9</b>		
<b>Expenses</b>						
Employee benefits	12,304	11,772	(532)	4	6	
Materials and services	13,446	13,173	(273)	2	7	
Bad and doubtful debts	-	2	2	-		
Depreciation	6,866	6,524	(342)	5	8	
Other expenses	2,409	2,025	(384)	16	9	
Finance costs	726	725	(1)	0		
Landfill Rehabilitation	-	370	370	100		
<b>Total expenses</b>	<b>35,751</b>	<b>34,591</b>	<b>(1,160 )</b>	<b>3</b>		
Net gain (loss) on disposal of assets	31	(170)	(201)	648.4	11	
Share of net profits (losses) of associates accounted for using the equity method	-	(9)	-	-		
<b>Surplus (deficit) for the period</b>	<b>(859)</b>	<b>3,074</b>	<b>3,933</b>	<b>458</b>		



Variance Explanation Report		
<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
	<b>Revenues</b>	
1	User fees	As a result of additional landfill fees received (+\$68K), additional supervision fees (+\$51K), Coal Creek fees (+\$102K), building fees down (-\$18K), meals on wheels down (-\$13K), private works down (-\$25K), Rental income (-\$245K) transferred to 'other income' and other minor fee variances
2	Grants - recurrent	Additional Grants Commission allocation (+\$38K), valuation grants down (-\$21K), Economic Development (-\$23K), Home and Community Care (+\$66K), Rural access (-\$40K), Coal Creek Education Grant (+\$20K), Toora Channel (-\$146K), Sport & recreation (-\$301K), Roads (+\$97K) and various other minor grant variations. Several grants were incorrectly budgeted as recurrent when by nature they were non-recurrent and some non-recurrent should have been recurrent.
3	Grants - non-recurrent	Drought relief grants recognised (+\$376K), Road works (+\$593K), Kerbside recycling grant (+\$49K), Environmental planning (+\$21K), Community Building (+\$114), Tarwin Lower bike path (-\$122K), Rail Trail (-\$40K), Community projects (-\$45K), capital contributions (-\$81K), Emergency response (+\$18K) and various other minor variations. Some grant funds shown as recurrent should have been shown non-recurrent.
4	Contributions - non monetary assets	Developer contributions for non cash items including roads, streets, drainage and other infrastructure assets.
5	Other revenue	Additional interest (+\$478K), Coal Creek (+\$113K), Private works (+\$149K), Rental income (+\$258K) transferred from user fees.
	<b>Expenses</b>	
6	Employee benefits	Workcover premium less than estimated (-\$169K), Superannuation contributions less (-\$38K), fringe benefits tax (-\$17K), leave provisions (-\$14K), Coal Creek (+\$214K), and several positions during the year were either not filled or there were delays in appointing staff to the positions. A greater amount of staff time was capitalised to the balance sheet (+\$107K) as a result of works carried out.

Variance Explanation Report <i>(cont.)</i>		
7	Materials and services	Reclassification of general expenses from other (+\$301K), minor contractors (-\$525K), general materials (+\$139K), consultancies (+\$194K), lease costs (-\$34K), Fuel and oils (-\$76K), spare parts (+\$68K), contract payments (-\$111K), Essential Services (+\$19K), Conferences (-\$15K), Training expenses (-\$31K), Advertising costs (+\$152K), Uniforms (-\$53K), projects and initiatives (+\$80K), legal fees (-\$30K), equipment purchases (-\$93K), Meals on wheels (-\$35K), Cleaning (-\$66K), Software (-\$41K), Maintenance (+\$25K), Publications (+\$30K), Pound costs (-\$29K), minor land acquisition (-\$81K).
8	Depreciation	As no revaluations of any infrastructure classes of assets the amount for depreciation charged was lower than anticipated.
9	Other expenses	Book value of replaced infrastructure assets (+\$156K), reclassification of Coal Creek contribution to employee costs and materials (-\$200K), grants and contributions (-\$31K), reclassification of general expenses to materials and services (-\$322K) and minor other variations (+\$13K)
10	Landfill Rehabilitation	As a result of a review of the costs associated with the rehabilitation of the Koonwarra landfill site (+\$289K) and Foster (+\$81K)
11	Net gain (loss) on disposal of assets	Proceeds from sale of assets down (-\$521K) and book value of assets sold also down (-\$321K) a net variance of -\$200K.

## STANDARD BALANCE SHEET

AS AT 30 JUNE 2007

### D-1 Comparison Report -(continued)

	Budget 2006/2007 \$'000	Actuals 2006/2007 \$'000	Variances \$'000	%	Ref		
<b>Current assets</b>						<b>Y</b>	<b>N</b>
Cash and cash equivalents	5,998	9,592	3,594	60	<b>12</b>		
Trade and other receivables	1,801	2,588	787	44	<b>13</b>		
Financial assets	1,600	1,700	100	6	<b>14</b>		
Inventories	-	60	60	-			
Non current assets held for sale	-	637	637	-	<b>15</b>		
Prepayments	-	252	252	-	<b>16</b>		
Other	169	-	(169)	100	<b>17</b>		
<b>Total current assets</b>	<b>9,568</b>	<b>14,829</b>	<b>5,261</b>	<b>55</b>			
<b>Non-current assets</b>							
Trade and other receivables	79	33	(46)	58			
Investments in associates	762	876	114	15	<b>18</b>		
Investment properties	-	526	526	100	<b>19</b>		
Property, plant and equipment, infrastructure	326,104	320,974	(5,130)	2	<b>20</b>		
<b>Total non-current assets</b>	<b>326,945</b>	<b>322,409</b>	<b>(4,536)</b>	<b>1</b>			
<b>Total assets</b>	<b>336,513</b>	<b>337,238</b>	<b>725</b>	<b>0</b>			
<b>Current liabilities</b>							
Trade and other payables	1,734	2,726	992	57	<b>21</b>		
Trust funds and deposits	213	155	(58)	27			
Provisions	1,739	3,252	1,513	87	<b>22</b>		
Interest bearing loans and borrowings	4,689	5,544	855	18			
<b>Total current liabilities</b>	<b>8,375</b>	<b>11,677</b>	<b>3,302</b>	<b>39</b>			
<b>Non-current liabilities</b>							
Provisions	2,451	1,426	(1,025)	42	<b>22</b>		
Interest bearing loans and borrowings	5,749	4,893	(856)	15			
<b>Total non-current liabilities</b>	<b>8,200</b>	<b>6,319</b>	<b>(1,881)</b>	<b>23</b>			
<b>Total liabilities</b>	<b>16,575</b>	<b>17,996</b>	<b>1,421</b>	<b>9</b>			
<b>Net assets</b>	<b>319,938</b>	<b>319,242</b>	<b>(696)</b>	<b>0</b>			
<b>Equity</b>							
Accumulated Surplus	119,677	127,178	7,501	6	<b>23</b>		
Asset revaluation reserve	196,351	187,469	(8,882)	5	<b>24</b>		
Other reserves	3,910	4,595	685	18	<b>25</b>		
<b>Total equity</b>	<b>319,938</b>	<b>319,242</b>	<b>(696)</b>	<b>0</b>			

#### D-2 Comparison Report

Ref.	Item	Explanation
12	Cash and cash equivalents	Payments to employees, materials and services which were behind budget has an effect on cash at end of year. Additional interest was also earned as a result of expenditure being behind schedule.
13	Trade and other receivables	General debtors were more than anticipated as a result of accruing income at year end for works carried out and grants due but not received.
14	Financial assets	Additional funds invested for long service leave account.
15	Non current assets held for sale	Being the value of anticipated land sales in the next financial year.
16	Prepayments	As a result of an increase in general prepaid expenses and insurance premiums.
17	Other	No assets recorded in this classification as they are recorded in inventories and with the consolidation of Coal Creek other asset classes.
18	Investments in associates	As a result of the adjustment to reflect Council's current investment in the library service.
19	Investment properties	As a result of the review of Council's property register 2 properties were reclassified as investment properties.
20	Property, plant and equipment, infrastructure	Partly as a result of reclassifying properties to investment properties and that no revaluation of infrastructure classes being carried out.
21	Trade and other payables	As a result of the late delivery of invoices for goods and services supplied in June 2007 and unpaid at balance date.
22	Provisions	As a result of the review of the landfill provisions (+\$289K) and an increase in employee benefits (+\$199K).
23	Accumulated Surplus	The income statement resulted in a profit rather than a loss and added \$3.93 M to equity and a greater opening balance as a result of the 2005/06 financial result.
24	Asset revaluation reserve	No asset classes were revalued during the year as the carrying values did not vary materially.
25	Other reserves	As a result of a greater than anticipated cash result from 2005/06 (+\$618K) and more open space contributions (+\$67K) more funds were transferred to other reserves to fund loan reduction and future industrial land development.

# South Gippsland Shire Council

## STANDARD CASH FLOW STATEMENT

FOR THE YEAR ENDING 30 JUNE 2007

### D-3 Comparison Report

	Budget 2006/2007 \$'000	Actuals 2006/2007 \$'000	Variance \$'000	%	Ref
<b>Cash flows from operating activities</b>					<b>Y N</b>
Receipts from customers	23,899	24,048	149	1	<b>26</b>
Payments to suppliers (inclusive of GST)	(16,718)	(15,557)	1,161	7	<b>27</b>
<b>Net cash inflow (outflow) from customers/suppliers</b>	<b>7,181</b>	<b>8,491</b>	<b>1,310</b>	<b>18</b>	
Payments to employees	(12,250)	(11,361)	889	7	<b>28</b>
Interest received	319	786	467	146	<b>29</b>
Grants from Government (inclusive of GST)	10,243	10,802	559	5	<b>30</b>
<b>Net cash inflow (outflow) from operating activities</b>	<b>5,493</b>	<b>8,718</b>	<b>3,225</b>	<b>59</b>	
<b>Cash flows from investing activities</b>					
Proceeds from sale of property, plant and equipment	1,980	1,458	(522)	26	<b>31</b>
Payments for property, plant and equipment	(7,763)	(8,233)	(470)	6	<b>32</b>
Repayment of loans and advances	6	6	-	-	
Redemption (Purchase) of investments	-	(200)	(200)	100	<b>33</b>
<b>Net cash inflow (outflow) from investing activities</b>	<b>(5,777)</b>	<b>(6,969)</b>	<b>(1,192)</b>	<b>21</b>	
<b>Cash flows from financing activities</b>					
Debt Redemption	(980)	(980)	-	-	
Trust Funds	-	(40)	(40)	100	
<b>Net cash inflow (outflow) from financing activities</b>	<b>(980)</b>	<b>(1,020)</b>	<b>(40)</b>	<b>4</b>	
Net increase (decrease) in cash held	(1,264)	729	1,993	158	<b>34</b>
Cash at beginning of the year	7,262	8,863	1,601	22	<b>35</b>
<b>Cash at the end of the year</b>	<b>5,998</b>	<b>9,592</b>	<b>3,594</b>	<b>60</b>	
<b>Reconciliation of Operating Result and Net Cash Flows from Operating Activities</b>					
<b>For the year ending 30 June 2007</b>					
<b>Net surplus (deficit) from operations</b>	<b>(859)</b>	<b>3,074</b>	<b>3,933</b>	<b>458</b>	
Depreciation and amortisation	6,866	6,524	(342)	5	
(Profit) Loss on sale of property, plant and equipment	(31)	170	201	648	
Landfills rehabilitation costs	(137)	240	377	275	
Items Expensed	54	156	102	100	
Balance sheet movements	(400)	(87)	313	78	
Developer contributions	-	(1,359)	(1,359)	100	
<b>Net cash inflow (outflow) from operating activities</b>	<b>5,493</b>	<b>8,718</b>	<b>3,225</b>	<b>59</b>	

#### D-3 Comparison Report

Ref.	Item	Explanation
26	Receipts from customers	Collection of other receivables was greater than anticipated. Additional private works were carried out. Additional statutory fees paid, cash contributions were less than anticipated, coal creek now incorporated.
27	Payments to suppliers (inclusive of GST)	Reclassification of general expenses from other (+\$301K), minor contractors (-\$525K), general materials (+\$139K), consultancies (+\$194K), lease costs (-\$34K), Fuel and oils (-\$76K), spare parts (+\$68K), contract payments (-\$111K), Essential Services (+\$19K), Conferences (-\$15K), Training expenses (-\$31K), Advertising costs (+\$152K), Uniforms (-\$53K), projects and initiatives (+\$80K), legal fees (-\$30K), equipment purchases (-\$93K), Meals on wheels (-\$35K), Cleaning (-\$66K), Software (-\$41K), Maintenance (+\$25K), Publications (+\$30K), Pound costs (-\$29K), minor land acquisition (-\$81K).
28	Payments to employees	Workcover premium less than estimated (-\$169K), Superannuation contributions less (-\$38K), fringe benefits tax (-\$17K), leave provisions (-\$14K), Coal Creek (+\$214K), and several positions during the year were either not filled or there were delays in appointing staff to the positions. A greater amount of staff time was capitalised to the balance sheet (+\$107K) as a result of works carried out.
29	Interest Received	Additional interest earned on investments as expenditure targets were behind schedule when estimate made. Also additional interest charged on late payment of rates and charges.
30	Government Grants	Additional grant funds recognised at year end for road works and drought relief.
31	Proceeds from sale of property, plant and equipment	Sale of major items of plant delayed (\$221K) and less land sales achieved (\$301K)
32	Payments for property plant and equipment	Purchase of office and information equipment (+\$230k), plant and vehicles (-\$179K) and roads works brought forward (majority offset by increased grant funding)
33	Redemption (Purchase) of investments	Additional funds required for long service leave investment
34	Net increase (decrease) in cash held	As a result of plant purchases and several operational projects delayed, non or delayed replacement of employees, additional grant funds being received, increase in payables at year end has resulted in a greater than anticipated cash surplus for the year. Also additional interest earned on funds available for short term investment
35	Cash at beginning of the year	As a result of a greater than anticipated result in cash flow for the 2005/06 financial year

## STANDARD STATEMENT OF CAPITAL WORKS

FOR THE YEAR ENDING 30 JUNE 2007

### D-4 Comparison Report

Capital Works Areas	Budget	Actuals	Variances	%	Ref	
	2006/2007	2006/2007			Y	N
	\$'000	\$'000	\$'000			
Land	-	-	-	-		
Buildings	443	186	(257)	58		<b>36</b>
Plant and equipment	3,165	2,769	(396)	13		<b>37</b>
Furniture and equipment	50	282	232	464		<b>38</b>
Roads	2,659	3,599	940	35		<b>39</b>
Bridges	612	569	(43)	7		
Culverts	217	157	(60)	28		
Footpaths	317	208	(109)	34		<b>40</b>
Kerbs and channel	-	60	60	100		
Other Structures	300	365	65	22		
<b>Total capital works</b>	<b>7,763</b>	<b>8,195</b>	<b>432</b>	<b>6</b>		
<b>Represented by:</b>						
Renewal of infrastructure	3,749	4,647	898	24		
Upgrade of infrastructure	-	311	311	100		
Expansion of infrastructure	170	-	(170)	100		
New infrastructure	186	-	(186)	100		
New buildings	156	-	(156)	100		
Renewal of buildings	287	186	(101)	35		
New plant and equipment	3,215	3,051	(164)	5		
Other	-	-	-	-		
<b>Total capital works</b>	<b>7,763</b>	<b>8,195</b>	<b>432</b>	<b>6</b>		
<b>Property, Plant &amp; Equipment movement</b>	<b>Budget</b>	<b>Actuals</b>	<b>Variances</b>	<b>%</b>	<b>Ref</b>	
<b>Reconciliation Worksheet</b>	<b>2006/2007</b>	<b>2006/2007</b>	<b>\$'000</b>		<b>Y</b>	<b>N</b>
	<b>\$'000</b>	<b>\$'000</b>				
The movement between the previous year and the current year in property, plant and equipment as shown in the Statement of Financial Position links to the net of the following items:						
Total capital works	7,763	8,195	432	5.6		
Asset revaluation movement	-	21	21	100		
Transfers (Coal Creek net assets note 25)	-	39	39	100		
Items Expensed	-	(157)	157	100		
Developer contributed assets	-	1,359	1,359	100		
Non-current assets held for sale	-	(582)	582	100		
Depreciation and amortisation	(6,866)	(6,524)	342	5.0		
Written down value of assets sold	(1,949)	(1,508)	441	22.6		
<b>Net movement in property, plant &amp; equipment</b>	<b>(1,052)</b>	<b>843</b>	<b>1,895</b>	<b>180.1</b>		

### D-4 Comparison Report

Ref.	Item	Explanation
36	Buildings	Delays in works at Foster Showgrounds and redefinition of works to other asset classes.
37	Plant and equipment	Replacement of motor vehicles postponed/reviewed and reallocation of works to road asset class (-\$203K)
38	Furniture and equipment	Purchase of desktop computers (rather than leasing) (+\$151K), printers (+\$39K) and other equipment from operational budget (+\$25K)
39	Roads	Reallocation from plant & equipment (+\$203K), works brought forward as matched by grant funds and other works increased as a result of external funding.
40	Footpaths	Tarwin Lower bicycle path not completed as a result of land acquisition being delayed.



## CERTIFICATION OF STANDARD STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

In my opinion the accompanying standard statements have been prepared on accounting bases consistent with the financial statements and in accordance with the *Local Government Act 1989* and the *Local Government (Finance and Reporting) Regulations 2004*.

Principal Accounting Officer

THOMAS LOVASS



Location : Leongatha

Dated : 05 / 09 / 2007

In our opinion the accompanying standard statements have been prepared on accounting bases consistent with the financial statements and in accordance with the *Local Government Act 1989* and the *Local Government (Finance and Reporting) Regulations 2004*.

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

We have been authorised by the Council on 5th September 2007 to certify the standard statements in their final form.

Principal Accounting Officer

THOMAS LOVASS



Location : Leongatha

Dated : 05 / 09 / 2007

Councillor : Jennie Deane



Location : Leongatha

Dated : 05 / 09 / 2007

Councillor : Clyde Paterson



Location : Leongatha

Dated : 05 / 09 / 2007

Chief Executive Paul Bawden



Location : Leongatha

Dated : 05 / 09 / 2007

# VAGO

Victorian Auditor-General's Office

## INDEPENDENT AUDIT REPORT

### South Gippsland Shire Council

#### To the Councillors

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

This auditor's report for the financial year ended 30 June 2007 relates to the financial report of South Gippsland Shire Council included on its web site. The Councillors of South Gippsland Shire Council are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named below. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

#### *The Financial Report and Standard Statements*

The accompanying financial report for the year ended 30 June 2007 of South Gippsland Shire Council which comprises of the income statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the certification of financial statements has been audited.

The accompanying standard statements for the year ended 30 June 2007 of the Council which comprises of the standard income statement, standard balance sheet, standard cash flow statement, standard statement of capital works, the related notes and the certification of standard statements have been audited.

#### *The Responsibility of the Councillors for the Financial Report and Standard Statements*

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

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

This responsibility includes:

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

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## VAGO

Victorian Auditor-General's Office

### Independent Audit Report (continued)

#### *Auditor's Responsibility*

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

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

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

#### *Independence*

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

#### *Auditor's Opinion*

In my opinion:

- the financial report presents fairly, in all material respects, the financial position of South Gippsland Shire Council as at 30 June 2007 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Local Government Act 1989*.
- The standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in note 1 to the statements and comply with the requirements of the *Local Government Act 1989*.

MELBOURNE  
19 September 2007

  
D.D.R. Pearson  
Auditor-General

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*Auditing in the Public Interest*





**South Gippsland**  
Shire Council

*Come for the beauty, Stay for the lifestyle*

