



**South Gippsland**  
Shire Council

*Come for the beauty, Stay for the lifestyle*



# Annual Report 2008-2009

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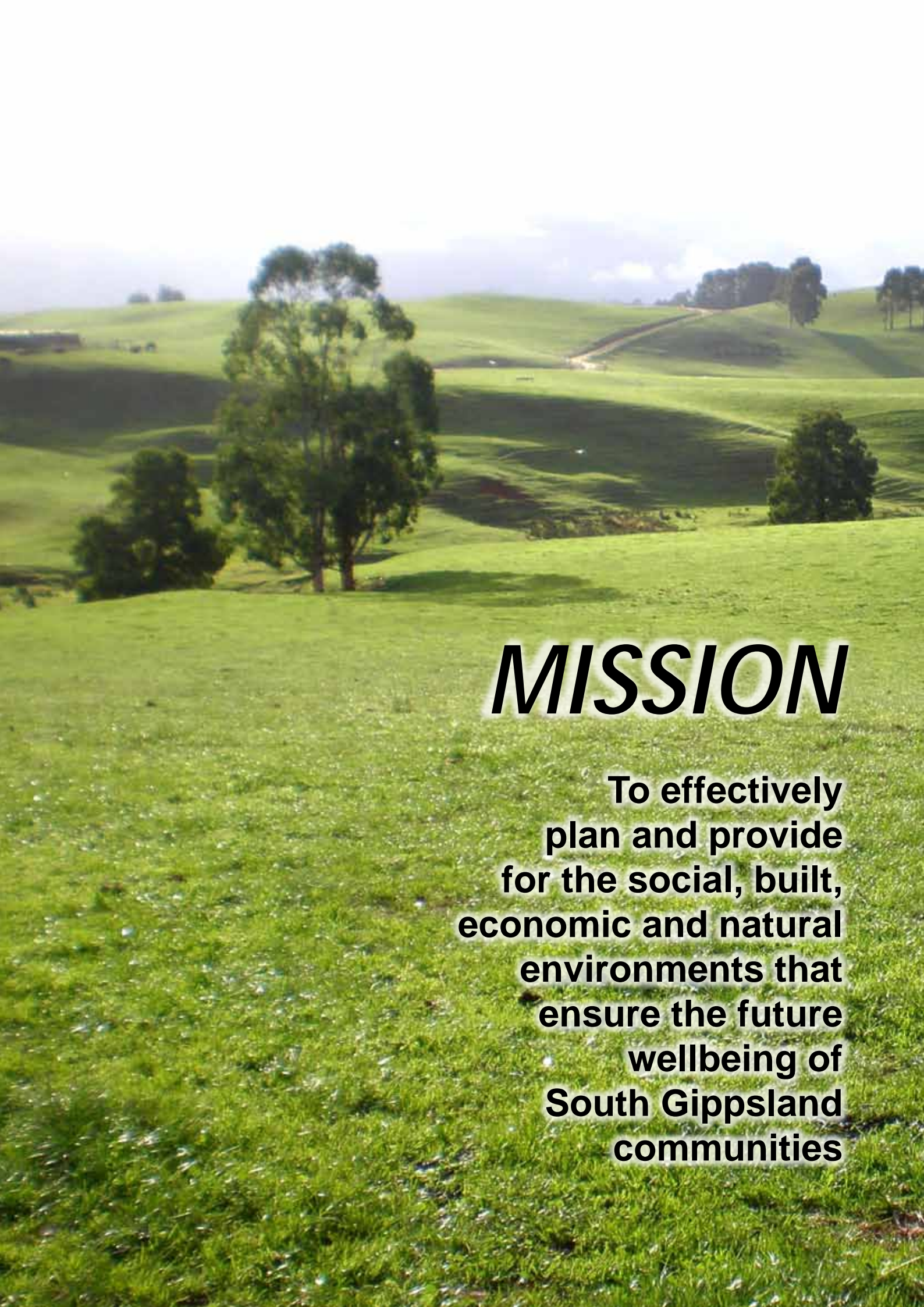
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# ***MISSION***

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





# Mayor's Message

## South Gippsland Annual Report 2008/09

In presenting this, the Annual Report for 2008/09, I'm reminded of the many external factors that have influenced the range of Council activities and services over the past year.

For the first time ever, we faced the harsh reality of prolonged emergency management as we dealt with two major fires in our area and the ongoing recovery work that continues to attend to the social and economic needs of those communities. An economic downturn, drought, lower milk prices, the collapse of a local financial institution, climate change, the occasional earthquake and a potential pandemic threat all came our way.

But challenge has its rewards, with the strength of our staff and communities coming to the fore, and as a result we have refined many processes and identified further resources which will strengthen our resilience in the future.

Good news has been the development of new regional infrastructure. After years of advocacy by Council, natural gas was connected to Korumburra and Leongatha in April, with an enthusiastic uptake by both commercial and domestic users. For one major milk processor it was the catalyst to announce a multi million dollar expansion of their factory. Esso recently completed expansion works at their Barry Beach facility and the development of Port Anthony continues to progress, with a bright future heralded for it as a pivotal transport hub for the whole of Gippsland and a potential employment provider for the region.

We have now achieved financial stability- the culmination of the hard work of previous Councils in adhering strictly to the long term financial plan. An improved Road Management Plan has already proved more efficient and responsive to the needs of the community.

Council elections in November resulted in five new Councillors, who along with the incumbents have tackled the pressing issues, not the least of which has been the planning issues raised by the C48 Amendment imposed by the Minister for Planning, Justin Madden. Work has begun to finalise the Rural Strategy in a manner that will satisfy the State Planning requirements and be equitable for landowners also.

A new organisational structure was implemented in January, replacing the former two directorates structure with three directorates, and attracting a new executive management team to the organisation. Staff accommodation was also re-jigged to increase efficiencies. The benefits of these changes are already evident along with a renewed drive to improve our performance.

Our Chief Executive Officer Paul Bawden resigned and finished on 30 June. We are appreciative of his contribution to South Gippsland and wish him well.

South Gippsland Shire Council continues to lead a strong and resilient community through these challenging times with significant growth and achievements to mark the way.

Cr Jim Fawcett  
Mayor

# Your Elected Representatives



## 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 now held every four years following the November 2008 elections. Voting for Council elections is compulsory for residents (residents 70 years of age or over are excused from voting). Non-resident ratepayers are encouraged to vote, but do not have to.

**Council Meetings** are held on the 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.

## COASTAL PROMONTORY WARD



Cr Mohya Davies



Cr Jeanette Harding



Cr Kieran Kennedy

## TARWIN VALLEY WARD



Cr James Fawcett (Mayor)



Cr David Lewis



Cr Mimmie Jackson

## STRZELECKI WARD



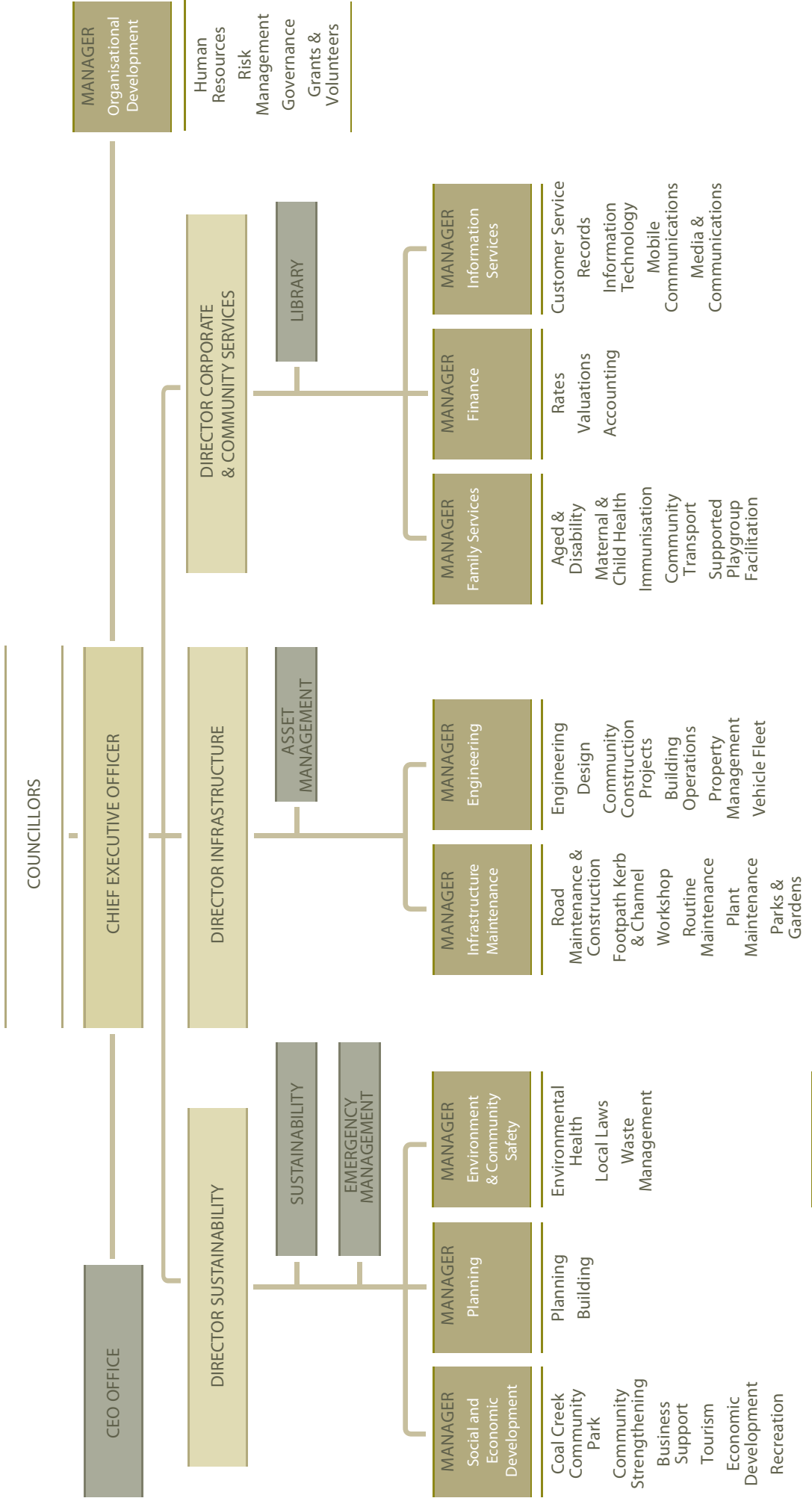
Cr Jennie Deane



Cr Robert Newton



Cr Warren Raabe



COUNCILLORS

CEO OFFICE

CHIEF EXECUTIVE OFFICER

DIRECTOR SUSTAINABILITY

DIRECTOR INFRASTRUCTURE

DIRECTOR CORPORATE & COMMUNITY SERVICES

SUSTAINABILITY

ASSET MANAGEMENT

LIBRARY

EMERGENCY MANAGEMENT

MANAGER Social and Economic Development

MANAGER Planning Building

MANAGER Environment & Community Safety

MANAGER Infrastructure Maintenance

MANAGER Engineering

MANAGER Family Services

MANAGER Finance

MANAGER Information Services

Coal Creek Community Park  
Community Strengthening  
Business Support  
Tourism  
Economic Development  
Recreation

Planning Building

Environmental Health  
Local Laws  
Waste Management

Road Maintenance & Construction  
Footpath Kerb & Channel  
Workshop  
Routine Maintenance  
Plant Maintenance  
Parks & Gardens

Engineering Design  
Community Construction Projects  
Building Operations  
Property Management  
Vehicle Fleet

Aged & Disability  
Maternal & Child Health  
Immunisation  
Community Transport  
Supported Playgroup  
Facilitation

Rates  
Valuations  
Accounting

Customer Service  
Records  
Information Technology  
Mobile Communications  
Media & Communications

MANAGER Organisational Development

Human Resources  
Risk Management  
Governance  
Grants & Volunteers



## Employee Profile

### Staff complement

Full Time	164
Part Time	93
Casual	57
<b>Total</b>	<b>314</b>

### Employee Groups

Chief Executive	17
Corporate & Community Services	112
Development & Asset Services	100
Sustainability	85
<b>Total number of staff</b>	<b>314</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.





# Sustainability Directorate







# Coal Creek Community Park

There are four elements to Coal Creek's New Directions Marketing Plan:

- Community - the park is open to and encourages all forms of community participation, including our own significant volunteer body;
- Culture - as well as being a showpiece museum of local heritage, the park will host literary, art and musical events, functions and exhibitions;
- Education - the Park will further develop and reinvigorate its education program for local and visiting school students;
- Commerce - the Park will offer visitors increased opportunity for entertainment, hospitality and merchandise through a range of carefully selected commercial providers.

## 2008/09 ANNUAL BUSINESS PLAN

### What did we promise?

Manage Coal Creek as a community park and museum

Implement Coal Creek Marketing Plan

Hold Literary Festival

Run Strategic Partnerships Program education program for school groups

Visitor Information Centre integrated into Coal Creek operations

### How have we delivered?

Completed annual capital works within budget

Increased visitor numbers over the year with a peak visitation of 5,300 in January

Held the following events

- Halloween, October
- Buskers' Festival, November
- Carols by Candlelight, December
- Historical Conference, February
- Giant Easter Egg Hunt, April
- CWA district exhibition, April
- Teddy Bears' Picnic, June
- Two Museums Australia workshops

Held October -to become an annual event

Implemented this grant program

Completed in October



## Community Strengthening

The Community Strengthening team supports both geographic communities and communities of common interest to improve resilience and capability through community planning, volunteerism and community focussed activity.

### 2008/09 ANNUAL BUSINESS PLAN

#### What did we promise?

Implement Community Strengthening Strategy

Facilitate South Gippsland Towns and Districts Associations Network

Address local needs of Toora/ Welshpool district and Nyora/ Poowong/loch district through Community building projects

Identify existing and potential public transport options through the Transport Connections project

#### How have we delivered?

- Held Community Engagement Conference and Community Expo with over 30 organisations represented at each event
- Updated community information on Council website fortnightly
- Presented two Community Planning workshops in May and June
- Completed Council Volunteers' Management Framework in April
- Analysed barriers to workforce participation in the Corner Inlet district
- Facilitated four well attended meetings of Shire wide network, with 22 communities participating
- Facilitator appointed for Toora Welshpool Community Strengthening Project
- 40 community volunteers received skills development through project
- Established Towns Network for Poowong, Nyora, Loch and Bena February to work collaboratively on projects
- Advocated successfully for significant extension to V-Line services
- Supported Community Advisory Network to participate in bus and coach review across shire





## 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.

### 2008/09 ANNUAL BUSINESS PLAN

#### What did we promise?

Facilitate South Gippsland Arts Network

Facilitate and support major community events

Increase participation in arts and cultural activities across the shire

#### How have we delivered?

Held four meetings of the South Gippsland Arts Network across Shire, with average of 35 participants

Supported 'Music for the People', "Mossvale Park Music Festival" and 'Raw Vibes' concerts and conducted joint publicity for all three concerts

Assisted Mirboo North Arty Gras and Prom Coast Seachange Festival to source funds and provide extended publicity

Participated in inaugural Gippsland Arts Festival featuring 24 South Gippsland events

Produced South Gippsland Arts brochure featuring 56 galleries, exhibitions and cultural organisations



## 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.

### 2008/09 ANNUAL BUSINESS PLAN

#### What did we promise?

Facilitate South Gippsland Youth Council

Deliver youth led projects across the community

Support collaboration between youth volunteers and adult volunteers

#### How have we delivered?

Facilitated 11 Youth Council Meetings involving 17 members

Supported specific youth led projects including:

- Four live music events
- Two youth visual art shows
- 5 University Open Day Bus trips
- Young Film-makers' Workshop
- The South Gippsland Youth Short Film Festival

Assisted young people to participate as volunteers at community events, including Mossvale Park Music Festival and Prom Coast Seachange Festival





# Recreation

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.

## 2008/09 ANNUAL BUSINESS PLAN

### What did we promise?

Develop Aquatic and Leisure Centre Strategy

Implement the recreation plan including development of bike, pedestrian and recreation paths priorities.

Apply for funds to support development of recreational facilities

Prepare two SRV grant applications on behalf of community organisations

Conduct safety audits of all swimming pools

Support Recreation Advisory Committee

### How have we delivered?

Presented Draft Strategy to Council in May

Secured grant in June to undertake detailed study

Secured funds for development of enhanced facilities at Tarwin Lower Bowls Club and Corner Inlet Pony Club

Assisted with applications for Commonwealth Stimulus funds for four recreation facility upgrade projects

Submitted applications for Nyora Recreation Reserve change room upgrade and Foster Football Club competition standard flood lighting

Audited all pools, with improved results  
Audited Poowong and Korumburra indoor stadiums

Conducted familiarisation tour of 16 recreation facilities



# Economic Development

Council's Economic Development team encourages investment, development and services that facilitate a planned and sustained growth for the Shire.

## 2008/09 ANNUAL BUSINESS PLAN

### What did we promise?

- Implement opportunities identified in the Economic Development Five Year Plan
- Develop a program of local industry liaison
- Develop a business investment and attraction policy
- Advocate for the designation of appropriate employment land
- Conduct Rural Skills Connect Project
- Promote Film Gippsland
- Lobby State and Federal governments for improvements to infrastructure
- Pursue grants and grant projects to achieve sustainable and long-term economic growth

### How have we delivered?

- Facilitated over 40 investment enquiries, including Burra Foods' major redevelopment plans
- Conducted 10 business workshops with excellent feedback from participants
- Developed "Business Plus" liaison program and visited 23 businesses
- Developed policy and adopted by Council
- Advocated for industrial land in Leongatha and Korumburra in Structure Plans
- Engaged 115 clients in project
- Facilitated protocols for TV series, plus TV travel programs and commercials
- Conducted ten meetings with Government and other bodies on infrastructure needs
- Natural gas connected to Leongatha & Korumburra
- Liaised with Multimedia Vic for improved broadband & phone coverage
- Secured grants for Rural Skills Connect employment program and Grow Your Business Program
- Assisted several businesses and groups to obtain grants





# Tourism

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

## 2008/09 ANNUAL BUSINESS PLAN

### What did we promise?

Facilitate tourism business investment and development and industry familiarisation visits

Conduct tourism business workshops

Relocate Level 1 VIC to Coal Creek and Foster and develop sustainable staffing model for the operation of two Level-2 VICs

Develop Rural Tourism Development Strategy

Externally promote Prom Country at key consumer shows

Support and development of Prom Country Regional Tourism (PCRT)

Support and development of Destination Gippsland Limited (DGL)

Operate Prom Country Visitor Information Centre

### How have we delivered?

Facilitated over 40 business investment and development enquiries and over 20 familiarisation visits

Conducted two workshops

Relocated VIC\* with sustainable staffing model in November

\* VIC=Visitor Information Centre

Completed Draft Strategy and on public exhibition

Represented at eight Consumer and Industry Shows

17% increase in membership

Held two networking nights

Conducted shoulder season campaigns in spring and autumn

Attended all PCRT monthly meetings

Increased Council funding to \$40,000

Reported to Council quarterly

Council funded \$20,000 per annum

DGL winner of Tourism Marketing at 2008

Victorian Tourism Awards

Reported to Council quarterly

Korumburra and Foster operating as accredited VICs

Maintained website and introduced new on-line booking system

Increased overall VIC visitation through the 2 VICs by 109%

Responded to over 2,500 accommodation enquiries increased website hits by over 500% ([www.visitpromcountry.com.au](http://www.visitpromcountry.com.au))



## Planning and 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.

### 2008/09 ANNUAL BUSINESS PLAN

#### What did we promise?

Lodge all building permits, mandatory inspection details, occupancy permits and certificates of final inspection within 14 days

Inspect all buildings identified as high risk and ensure upgrade where required

Investigate and resolve building breaches and complaints

Audit swimming pools and spas and upgrade where required in accordance with program

#### How have we delivered?

Entered all lodgements into database within 14 days of receipt

Carried out regular audits and checks on high risk buildings

Responded appropriately to all building breaches and complaints

Audited swimming pools and upgraded where required in accordance with program



## 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.

### 2008/09 ANNUAL BUSINESS PLAN

#### What did we promise?

Assess 60% of planning permit applications within 60 statutory days

#### How have we delivered?

Assessed 54% of applications within 60 statutory days





## Strategic Planning

Council's Strategic Planning services comprise the development of strategic plans that provide guidelines for the future use and development of land within the municipality, and ensure that the Planning Scheme is up to date and relevant.

### 2008/09 ANNUAL BUSINESS PLAN

#### What did we promise?

Implement a program for Strategic Land Use Planning Framework

Facilitate the protection of heritage assets and cultural assets within the Shire

#### How have we delivered?

Developed draft South Gippsland Rural Strategy and conducted community consultation programme

Implementation of Urban Design Frameworks for coastal towns considered by Planning Panel and Panel Report received by Council

Implementation of Significant Landscape Overlay considered by Planning Panel and Panel Report being considered by officers

Implementation of structure plans for Leongatha, Foster, Loch, Nyora and Mirboo North progressed to public exhibition stage

Updated four year strategic work program incorporated into revised Council Plan

Implemented the Panel recommendation in relation to Planning Scheme Amendment C9 – Heritage Strategy into the Planning Scheme



# Environmental Health

The Environmental Health team promotes a high standard of public health through prevention, education and enforcement, food safety, sharps collection and disposal. This service includes the inspection of registered food premises, registered Health Act premises, caravan parks, monitoring of spas and pools and the investigation of infectious diseases and public health complaints.

## 2008/09 ANNUAL BUSINESS PLAN

### What did we promise?

Register and monitor all registered premises in relation to Food Act, Health Act and Residential Tenancies Act

Monitor and sample all public swimming pools

Investigate all infectious disease notifications

Coordinate food sampling program

Investigate nuisance and public health complaints

Produce Food Facts newsletter

Educate & enforce the Tobacco Act 1987 and any amendments

- Retailers
- Eating establishments
- Licensed premises
- Investigate complaints on non-compliant workplaces

### How have we delivered?

Issued:

- 302 registration renewals
- 35 new registrations
- 84 food notifications

Inspected 349 registered premises

Inspected / sampled 30 public pools

Investigated nine infectious disease notifications, including two nursing home outbreaks

Tested 94 food samples

Investigated 55 nuisance & Public Health complaints

Distributed one edition of Food Facts newsletter

Inspected for tobacco compliance:

- 47 retail premises
- 67 eating establishments
- 48 licensed premises
- Investigated 1 Tobacco Act complaint



# Local Laws

The Local Laws team is responsible for developing and administrating 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.

By promoting adherence to the Municipal Fire Prevention Plan and its initiatives, the team limits the risk of fire through compliance with the Country Fire Authority Act. The team 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.

## 2008/09 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

### What we delivered?

- Issued 212 permits
- Issued 24 infringements
- Undertook inspection patrols two days per week across shire
- Issued all DPP applications within 5 working days
- Inspected all townships, 1203 FPNs issued, 20 fines issued
- Provided guidance and support during bushfire emergencies for affected stock, pets and access issues
- Registered 6,119 animals
- Dealt with 162 callouts within accepted timeframes
- Chipped 497 animals on Micro-chipping Days at Leongatha & Foster





## 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.

### **2008/09 ANNUAL BUSINESS PLAN**

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

Provide supervision for ten Children's Crossings within the shire

Maintain children's crossings

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

Provided 99.9% supervision during designated hours

Completed training sessions for kindergarten, child care centres and grade 1 children  
Achieved 'no accident' status during supervised times

Completed six monthly audits of school crossing for maintenance and safety issues



# Environmental Planning

Environmental Planning covers the management of the Shire's Bush Reserves, the roadside native vegetation planting and weed control programs and the native vegetation protection program. It assesses and monitors planning permits related to vegetation removal, and undertakes forestry industry compliance including overseeing coupe audits on private land in accordance with the Code of Practice for timber production.

## 2008/09 ANNUAL BUSINESS PLAN

### What did we promise?

Comply with the Code of Forest Practice

Respond to planning permit referrals within identified timelines

Manage the Roadside Weed Control Program

Manage the Native Vegetation Planting Programs

Managed strategic environmental projects

Manage the Shire Bush Reserves

### How have we delivered?

Assessed all submissions  
(1 Plantation Development Notice)  
Inspected 2 timber harvesting coupes

Responded to 64% of referrals within statutory timeframe

Sprayed 80km (both sides) for regionally controlled weed species

GIS weed mapped 112km for regionally controlled weed species, in partnership with Landcare

Provided 8000 indigenous plants (forestry tubes) for biodiversity enhancement

Participated in the development of a Gippsland Integrated Pest Management Network

Participated in the Giant Gippsland Earthworm Recovery Project

Managed Council's Bush Reserves in accordance with requirements

Completed a review of the Natural Reserve Strategy

GIS mapped and controlled weeds within the Bush Reserves and other Council land



# Waste Water Management

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

## 2008/09 ANNUAL BUSINESS PLAN

### What did we promise?

Implement the Municipal Domestic Wastewater Management Plan (MDWMP)

Respond to all planning permit referrals within timeframes

Issue 'Permits to install' within statutory timeframes

Issue 'certificates to use' within ten working days of request for final inspection

### How have we delivered?

Implemented Year 1 actions from the three year MDWMP implementation program

Responded to planning permit referrals within 14 statutory days

Issued majority of 'permits to install' within statutory time frame

Issued majority of 'certificates to use' within ten days of request for final inspection



# Waste Management & Recycling



The Waste Management unit 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 also provided to the community and industry.

## 2008/09 ANNUAL BUSINESS PLAN

### What did we promise?

Implement Waste Management Strategy

Provide kerbside garbage and recycling collection and street litterbin services

Provide transfer station services

Provide landfill services

Rehabilitate landfill sites

Improve transfer station infrastructure

### How have we delivered?

Implemented 85% of specific actions

Collected 3,721 tonnes of garbage and 1,797 2 tonnes of recyclables from kerbside collection service

Collected 251 tonnes of waste from litterbins

Delivered 3,238 tonnes of waste to transfer stations

Collected recyclable materials at transfer stations which included:

- 844 tonnes of steel
- 11,200 litres of motor oil
- 373 tonnes of paper/cardboard
- 122 tonnes of glass
- 23,557 cubic metres of green waste

Established permanent monthly drumMuster collection program

Collected 35 tonnes silage plastic for recycling

Managed 17,436 tonnes of waste at the Koonwarra landfill sites

Completed construction of new landfill cell as part of the Koonwarra landfill construction project

Completed revegetation works at former Koonwarra Landfill

Installed safety rails at all transfer stations



## Emergency Management

Emergency Management is an increasingly important factor in Council operations, and was designated in the January restructure as a stand alone unit. Whilst Council has always maintained a Municipal Emergency Management Plan (MEMP) and trained in conjunction with key agencies, the practical application was severely tested in late January when the Delburn Complex fires damaged 105 properties in the Shire and threatened the town of Mirboo North. Soon after, Corner Inlet communities were threatened for several weeks by a large fire in Wilsons Promontory National Park that was ultimately contained in the park, but inflicted severe economic impact on the area through loss of tourism.

A Municipal Emergency was declared during the Delburn fire and the Control Centre (MECC) operated on a 24 hour roster in the Council Chamber and continued for eight days, involving over 120 Council staff at the Centre and in the field. A Recovery Centre was opened in Mirboo North and was still operating at 30th June, with a funded Manager to assist affected residents in conjunction with a Community Recovery Committee.

As well as fire and heatwave, the Shire experienced a number of significant earthquakes, and faced a pandemic threat, all of which prompted the organisation to closely review all emergency plans and procedures. Officers were seconded to the project and the MEMP, Pandemic Strategy and the Business Continuity Plan were revised. A funded heatwave strategy is currently being developed in preparation for summer.

Staffing of the MECC has been refined, preparing staff teams to cover three eight hour shifts should 24 hour operation of the MECC be required again. Debriefing sessions with staff and affiliated agencies were held and feedback has been integrated into the revised plans. Information and directives from the Royal Commission will also be incorporated as they come to hand.

An Appreciation Ceremony was held in Mirboo North in May to express the gratitude of residents to all who had played apart in the response and recovery stages in South Gippsland, and who also volunteered further afield to support other communities battling fires.

The unprecedented conditions of the 2009 summer have resulted in a raised awareness of the importance of bush fire preparation and response strategies.





## Sustainability

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The January restructure saw the formation of a Sustainability unit within the newly designated Sustainability Directorate to progress the commitment of Council to provide leadership in sustainability practices.

A Sustainability Officer has been appointed to assess the current status of Council's processes and to seek ways to educate both staff and the community in adopting and developing sustainable practices.

Already Council has adopted numerous sustainable practices including energy audits, waste recycling, the use of recycled copy paper, waste-wise practices, planting of drought tolerant plants and the use of recycled water for public gardens to name a few. A worm farm has even been established in the office to handle food scraps.

Extensive networking has taken place in the community to identify key leaders of change. A Sustainability strategy will be developed in the coming year.

Council took the step this year, along with many other Councils, to sign the Sustainability Accord that signifies their commitment to an environmentally friendly journey for the protection and respect of the earth's resources.





# Infrastructure Directorate





## Engineering

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The Engineering Department is responsible for the following teams:

- Engineering
- Building Maintenance
- Fleet
- Property Management

The Engineering team is responsible for the delivery of the capital works program, and includes community projects. It provides technical advice to other units as required, in relation to infrastructure related development. The team also provides construction advice and approvals in accordance with Council standards for infrastructure developments.

The Building Maintenance team is responsible for capital works and the proactive and reactive maintenance programs so that buildings meet user needs.

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

The Property team undertakes the acquisition and disposal of Council property and ensures statutory and legal requirements are met, including subdivisions, caveats and any restrictions that may be required on Council land. The team manages Council's property portfolio and undertakes the tenure of Council property including road discontinuances and acquisition.

# Engineering

## 2008/09 ANNUAL BUSINESS PLAN

### What did we promise?

Implement Capital Works Program including reseals and re-sheets

Process Engineering planning referrals

Process Engineering work applications

Complete programmed building maintenance to Council owned and managed facilities

Conduct Building User Satisfaction Survey

Manage property portfolio and tenure of Council property

Undertake the acquisition and disposal of Council property and ensure statutory and legal requirements are met including subdivisions, caveats and any restrictions that may be required on Council land

### How have we delivered?

Completed:

- 97% of Capital Works on time and within budget
- Dewar Lane reconstruction, Leongatha
- Baromi Park Walking Track (SRV)
- Town entrance and gateway signage
- Loch streetscape design
- Mobile library stop upgrades
- Capital Works design program
- Garbage truck turning provisions
- Anderson Inlet Rd upgrade
- Coal Creek building refurbishment
- Koonwarra Landfill (Rehabilitation Stage 2)
- Foster and Korumburra VIC refurbishments
- Mirboo North Swimming Pool refurbishment
- Mirboo North Times office exterior painting
- Memorial Hall kitchen refurbishment
- Office accommodation relocation

Processed 148 planning permit referrals and 405 development related inquiries

Processed 192 Work Authority permits, and 159 Project responses

Completed the scheduled building maintenance program including 176 programmed maintenance projects and 581 building reactive maintenance requests

Conducted Survey with user groups in November:

- 90% satisfied with Council buildings
- 94% satisfied with maintenance
- 98 % satisfied with service from team

Maintained portfolio of properties to meet organisational needs

Prepared 29 Council reports relating to property matters and undertook the relevant statutory and legal requirements associated, including subdivisions and restrictions on title



# Asset Management

The Asset Management Unit 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 Asset Management Unit collects and analyses data to effectively manage roads and drainage assets, and supports capital works and operation decisions.

## 2008/09 ANNUAL BUSINESS PLAN

### What did we promise?

Manage Council's assets

Review 10 year Capital Works Program

STEP Program Asset Management

Prepare overarching Asset Management Plan & template for Asset sub-plan

Review Asset Management Plans for asset integrity and for budget compliance:

- Roads / Footpaths
- Bridge / Major Culverts
- Stormwater
- Buildings
- Parks and Gardens

Review Road Management Plan 2009

### How have we delivered?

Completed

- footpath condition surveys
- drainage assets data collection program
- 75% of road condition surveys

Ongoing review of Asset Management Strategy  
Progressed purchase of asset system

Completed annual review December

Completed:

- Activities under STEP program
- Review and refinement of funding gap
- Department Victorian Communities and Municipal Association of Victoria reporting

Prepared over arching plan. Consultant's recommendations for improvements are being considered prior to presentation for adoption

Consultant's recommendations for improvements to Asset Management Plans for Roads and Buildings are being considered prior to presentation for adoption

Completed review of Bridges and Stormwater Plans

All Asset Management Plans will be subject to comprehensive review in conjunction with Asset Management Consultant

Completed and adopted by Council on 17 June



# Infrastructure Maintenance

The Infrastructure Maintenance Department is responsible for the Depot Customer Service, roads, streets, bridges, parks and gardens and workshop teams. It is responsible for the programmed and reactive maintenance to provide a safe and trafficable road network, and parks and gardens that meet the needs and expectations of the community. The Safer Roads Maintenance Program has been developed in conjunction with Road Management Plan Review and commences on 1 July, 2009.

Council's infrastructure networks are continuously monitored and maintained to a standard that will maximise their long-term benefit to the community.

## What did we promise?

Implement Capital Works Program including reseals and resheets

Maintain and renew parks and roads infrastructure

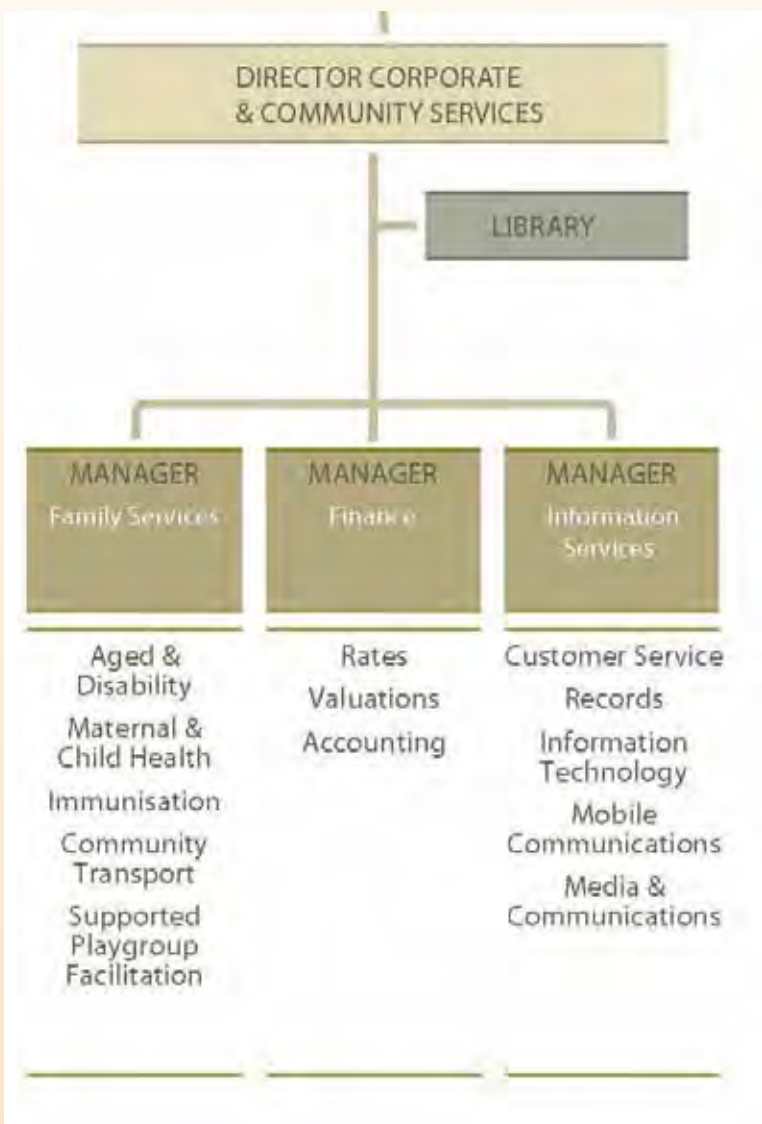
## How have we delivered?

Completed:

- 97% of Capital Works Program on time and within budget
- Road Resheeting Program with 4 extra roads within budget
- 85% Rural Reseals Program
- Footpath Renewals for McQueen Ave and Bridge St, Korumburra; Loch-Poowong Rd, Poowong; Grundy Ave, Nyora
- Footpath extension, McDonald St, L'gatha
- Playground Replacement Program (Kongwak & Meeniyon)
- McNamara Place Lane car park sealing
- Tarwin Meadows Rd upgrade
  
- Inspected roads with 159 issues raised and responded to out of intervention, with 100% addressed within timeframe
- Received 3078 customer requests throughout the year, with 2897 or 94% addressed within designated timeframe
- Completed maintenance works: road grading, drain cleaning, pothole patching bridges, culverts, road signs, lines, vegetation trimming, grass slashing, mowing, garden maintenance, street sweeping, playground maintenance
- Responded to emergency situations after hours to ensure that roads are safe and trafficable to meet community needs



# Corporate and Community Services Directorate





## Family Services

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 health services and programs. Services are delivered in accordance with negotiated funding and service agreements, legislative requirements, Council strategies and community needs.

### 2008/09 ANNUAL BUSINESS PLAN

#### What did we promise?

Implement Department actions from Council's Access & Inclusion Plan

Review Community Transport fee structure to ensure an equitable, cost effective service

Report on the implementation of Municipal Early Years Plan

Report on development and implementation of Positive Ageing Strategy

#### How have we delivered?

Adopted Plan April Commenced implementation in accordance with targets and priorities

Reviewed Community Transport fee structure and changed to reflect costs of services

Implementing objectives according to targets

Deferred strategy development to 2009/10 due to Emergency Management priorities taking precedence following the 2009 bushfires



## Maternal & 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.

### 2008/09 ANNUAL BUSINESS PLAN

#### What did we promise?

Attain 85% in Annual Customer Satisfaction Survey

Enrol 98% children (0-1mth) in service from birth notifications received

Enrol 285 children (0-1 year) in service

Coordinate a function for Children's Week

Provide 56 clients with enhanced service

Conduct Sleep settling sessions

Coordinate first time parent groups – 70% first time parents to attend group

Record birth notifications

#### How have we delivered?

Attained 85% in Annual Customer Satisfaction Survey

Enrolled 100% children (0-1mth) in service from birth notifications received

Enrolled 293 children 0-1 year in service

Coordinated successful event in October, in conjunction with other stakeholders - 450 children and parents attended

Provided 62 new clients with enhanced service

Conducted 3 sessions with 16 participants

70.7% in attendance to first time parent groups

Recorded 310 birth notices



# Aged & 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.

## 2008/09 ANNUAL BUSINESS PLAN

### What did we promise?

#### Deliver

- 950 hrs of in-home assessments
  
- 18,340 hours home care
- 3,492 hours personal care
- 2,100 hours respite care
  
- 900 hours of home maintenance
  
- 14,836 meals
  
- 1,069 hours of community transport coordination
- 2,790 private works MOW
- 750 hours Post Acute Care

Increase Satisfaction Survey to 92%

Support and celebrate our Seniors

Support and celebrate our volunteers

Celebrate International Day of People with a Disability

### How have we delivered?

#### Delivered

- 828 hours of in-home assessments
  
- 18,340 hours home care
- 3,416 hours personal care
- 2,600 hours respite care
  
- 703 hours of home maintenance
  
- 19,747 meals
  
- 7,366 hours of community transport volunteer coordination
- 2,716 hours private works MOW
- 942 hours Post Acute Care

Achieved 98.4% overall satisfaction

Held Seniors Concert in October at Stony Creek Racecourse. Approximately 400 people attended

Provided and installed free energy efficient light bulbs in clients' homes

Held celebrations in December and May  
Quarterly newsletter to volunteers

Conducted Festival in December in partnership with DHS and Yooralla . Approximately 200 attended



## 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

### 2008/09 ANNUAL BUSINESS PLAN

#### What did we promise?

Observe and assess children

Link to community and specialist support

Consult to all Shire Kindergartens

Coordinate a function for Children's Week

Refer for more specialised assessment

Facilitate funded supported playgroup for disadvantaged families

#### How have we delivered?

Provided 128 children and families with support  
Processed:

- 83 new referrals
- 14 applications for children in the region with severe disabilities
- received funding for additional support in kindergarten

Member of the Gippsland Childhood Intervention Advisory Network – Transition Working Group

Member of Gippsland Regional Advisory Group for assessing eligibility for Kindergarten Inclusion Support Funding

Member of South Gippsland & Bass Coast Children's Services Providers Networks

Consulted with all Shire Kindergartens and conducted four training sessions for Early Childhood staff

Coordinated successful event in October, in conjunction with other stakeholders - 450 children and parents attended

Referred 60 children to other agencies

Commenced 'Blooms' supported playgroup at Korumburra in June



# 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.

## 2008/09 ANNUAL BUSINESS PLAN

### What did we promise?

Coordinate monthly & school based immunisation program to provide:

- 60 monthly sessions
- 36 school based sessions
- 90% children fully immunised at ages 1, 2 and 6 years

Provide staff flu immunisation

Conduct primary school education program to prepare for Secondary College immunisation

Produce 4 newsletters per year

Promote Immunisation Awareness Month

Maintain linkages to community and specialist support

### How have we delivered?

Provided:

- 40 monthly sessions
- 21 school based sessions (36 included Gardasil program)
- fully immunised 93.42 % of children in Shire

Conducted staff immunisation program in April

Conducted education programs at primary schools across shire

Produced 6 newsletters

Promoted Immunisation Awareness Month through the media, displays, schools, competitions and parties

Chaired South Gippsland Immunisation Reference Group

Represented on Gippsland Immunisation Reference Group (GIRG)

Represented GIRG to Local Government Immunisation Reference Committee

Attended inaugural meeting of 'WnVaccs' user group

# 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, Communications, Intranet and Internet facilities.

## 2008/09 ANNUAL BUSINESS PLAN

### What did we promise?

Phased introduction of a new Electronic Document Management System (EDMS)

Provide new IT equipment and training to new Councillors

Provide network access to Coal Creek staff

Support IT System users

Co-ordinate Customer Service functions of Council

Investigate and develop solution for additional offsite storage for physical records

Develop pilot for mobile and remote systems

Develop plan for ongoing future upgrades of aerial photographs

Implement ePathway and required modules

Implement Pathway Booking System

### How have we delivered?

- Core Functions of EDMS system configured in production environment on network. The organisation wide implementation delayed by EMG to ensure that change process has incorporated the requirements of all business units
- Further scoping undertaken to identify the impact and implementation requirements
- Achieved
- Achieved
- Provided 99% availability of network during business hours
- Inducted 100% staff on IT matters
- Achieved 100% network security
- Fielded 47,951 phone calls
- Served 43,212 customers 'face to face'
- Achieved 71% in Community Satisfaction Survey
- Received Expressions of Interest. Solution developed for implementation in 2009/10
- Implemented Blackberry trial system
- Provided Expression of Interest to Land Victoria for increased resolution for townships with updates every two years
- Purchased software and implementing
- Purchased software and implementing





# Communications

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 that provide 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.

## 2008/09 ANNUAL BUSINESS PLAN

### What did we promise?

Implement Communication Action Plan

Produce:

- Annual Report
- Two Community newsletters
- Fortnightly staff newsletters
- Weekly Noticeboard ads
- 150 press releases
- Weekly Mayor's Message

Coordinate Australia Day celebrations and Awards

Promote Council Services

Update website & monitor content

Promote & protect professional corporate image

Promote allied Council businesses

### How have we delivered?

Implemented Action Plan

Instigated monthly meetings with media  
Distributed weekly media summaries

Produced:

- Annual Report on CD to Minister on time
- Two 'South Gippsland Matters'
- 26 editions of staff newsletter
- 52 Noticeboard ads in 4 local papers
- 171 press releases
- Mayoral support for weekly Mayor's Message, radio programs and speeches

Coordinated and promoted:

- Awards nomination process & Ceremony
- Seven local celebrations

Developed campaigns for Immunisation, Aged and Disability, Volunteers, Youth, Community Strengthening and Local Laws

Provided emergency communications support during fire response & recovery stages

Participated in emergency strategy development reviews

Updated website and monitored content

Edited Council literature and monitored corporate compliance

Promoted libraries, SPLASH and Coal Creek

Addressed local school groups on Council's functions



# Finance

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 and values properties throughout the municipality.

## 2008/09 ANNUAL BUSINESS PLAN

### What did we promise?

Prepare Council's Annual Budget that fits within the Long Term Financial Plan framework

Monitor and report on financial resource management to ensure that resources are utilised effectively to meet the community needs

Review financial strategies and long term financial plan

### How have we delivered?

- Prepared Annual Budget, in alignment with Long Term Financial Strategy Adopted by Council in June
- Actual financial performance for the financial year exceeded the target set for weighted average of key financial ratios, being the underlying result, working capital ratio, indebtedness, self financing and investment gap ratio. (Target  $\geq 98\%$ , result X%).
- Auditor General assessed Council as having low risk financial sustainability
- Reviewed the Long Term Financial Strategies and Long Term Financial Plan, which in turn were adopted by Council in March and June



# Investing in our future

## South Gippsland Shire Council Budget 2009 / 2010

After wide public exhibition and comment, Council is proud to present the adopted 2009/2010 Budget to its community. The Budget funds the Council Plan to continually develop a leading organisation with a vibrant, engaged community, a sustainable environment, a strong economy and appropriate infrastructure.



Arts & Culture



Road Construction & Maintenance



Local Laws and Family Services



Youth & Transport Services



Waste Management & Recycling



Economic Development & Tourism



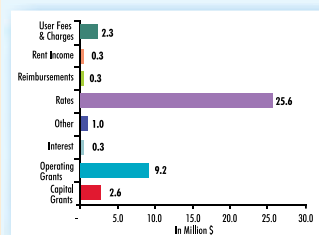
Aged & Disability Services



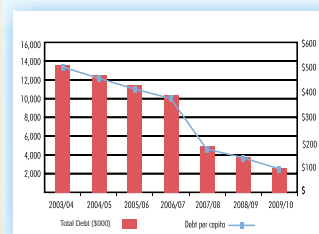
Parks and Gardens

## How \$1000 in the Budget is spent

Roads, streets and bridges construction .....	<b>\$167</b>	Sustainability .....	<b>\$14</b>
Roads, streets and bridges maintenance .....	<b>\$134</b>	Waste Management & Recycling .....	<b>\$65</b>
Parks and Gardens .....	<b>\$48</b>	Compliance services .....	<b>\$45</b>
Sports and Leisure facilities .....	<b>\$44</b>	Corporate services .....	<b>\$183</b>
Economic Development .....	<b>\$43</b>	Debt repayments .....	<b>\$26</b>
Arts and Culture .....	<b>\$20</b>	Property and Fleet .....	<b>\$112</b>
Community services .....	<b>\$81</b>	Rate collection .....	<b>\$18</b>



Where \$\$\$ come from



Council Debt

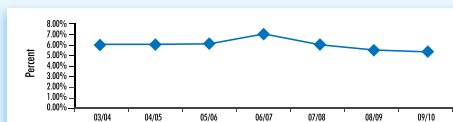
### STRATEGIC PROJECTS

Key strategies and plans for 2009/10 include:

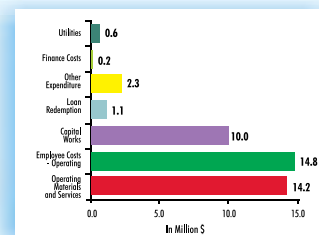
- Sustainable Environment Strategy
- Positive Ageing Strategy
- Municipal Public Health Plan
- Municipal Emergency Management Plan
- Asset Management Plan
- Four Year Strategic Work Program, including Township Structure Plans, Housing and Settlement Strategy and Planning Scheme Review
- Vision 20-30

### KEY MANAGEMENT INITIATIVES

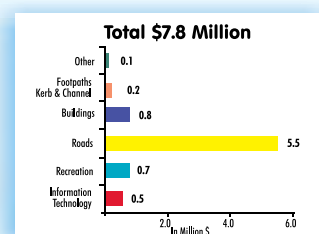
- Contain operational costs
- Continually improve financial sustainability
- Increase economic growth and employment prospects
- Improve Council's responsiveness and efficiencies



Rate increases



Where \$\$\$ go



Capital works

Thank you to all who participated in our Community Survey and provided comment on the Budget during its public exhibition period, all signs of a healthy, engaged community!

Discover a wealth of information on Council plans, policies, strategies and activities at

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

South Gippsland Shire Council, 9 Smith Street, Leongatha, 3953 Ph 5662 9200; council@southgippsland.vic.gov.au



## Library Services

The West Gippsland Regional Library Corporation (WGRLC) was established in 1995 by formal agreement between 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 service 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 the resident's choice. The library service provides a wide range of community activities throughout the year.

### 2008/09 ANNUAL BUSINESS PLAN

#### What did we promise?

Adhere to agreed Library timetable

Operate Library services in five towns and a mobile service

Comply with West Gippsland Regional Library Corporation agreement

Attend West Gippsland Regional Library Corporation Board meetings

#### How have we delivered?

Promoted timetable across Shire

Adhered to specifications for static and mobile library services

Achieved an 8% increase in loans and a 29% increase in new memberships.

Complied with agreement 100%

Attended 8 meetings and relevant WGRLC forums



# Organisational Development

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MANAGER  
Organisational  
Development

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Human  
Resources  
Risk  
Management  
Governance  
Grants &  
Volunteers

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## Human Resources

Human Resources is responsible for ensuring the efficient, professional and timely delivery of personnel management, and payroll, including:

- Establishing Council as an employer of choice so that we are able to effectively recruit and retain our workforce in an increasingly competitive market;
- Ensuring that Council is positioned to meet the current and future requirements relating to structure, capability, succession and talent management; and
- Providing industrial relations advice, including negotiation and implementation of Enterprise Agreements.

### 2008/09 ANNUAL BUSINESS PLAN

#### What did we promise?

Implement People, Culture and Lifestyle Action Plan including workforce planning profile and identification of skill shortages

Provide staff training

Fill employee vacancies

Accurate and timely remuneration of staff

Ensure corporate values are filtering through the organisation and are adopted by all staff

#### How have we delivered?

Deferred workforce planning and skill shortage identification to 2009-2010

Delivered three training packages:

- Effective Communication
- Business Report Writing
- Front Line Management

Facilitated recruitment process

Completed all pays accurately every fortnight

Corporate values were incorporated into staff performance feedback



## Risk Management

Risk Management applies a logical and systematic method of identifying, analysing, evaluating, treating, monitoring and communicating risks associated with any Council activity, function or process to minimise loss of the standards required by law, and/or agreed to by the organisation. It is recognised as an integral part of good management practice.

Council's accredited Safety Management Achievement Program (SafetyMAP) is an audit tool to review the organisation's health and safety management system. SafetyMAP's 105 criteria are divided into 36 safety procedures and are designed to address specific Health and Safety issues to establish safer working environments.

It also manages the rehabilitation of workers who have sustained an injury or illness during the course of their work, and educates staff on the prevention of injuries in the workplace.

### 2008/09 ANNUAL BUSINESS PLAN

#### What did we promise?

Coordinate and administer WorkCover claims

Continue accreditation with our SafetyMAP program

Introduce a Business Continuity Plan for Council's business

#### How have we delivered?

Administered in accordance with WorkCover timelines

Reduced WorkCover premiums as a result of further staff training and reduction of lost time injuries

Increased Worksite Safety Audits

Increased internal audits, education and training

Passed the current external audit

Delivered a Plan that ensures Council can provide continued support and service to community and staff during and after an emergency

# Doing it with PRIDE



## 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 through its PRIDE program as a basis for leading change, encouraging innovation and improved performance.

### 2008/09 ANNUAL BUSINESS PLAN

#### What did we promise?

Review Council Plan

Implement Business Excellence Framework

Apply Best Value principles and legislative requirements

Compile monthly Organisational Performance Reports for Council Agenda

#### How have we delivered?

Reviewed Council Plan and submitted to Minister by 30 June

Received six submissions following extensive communication program including community survey

Posted Council Plan on website

Reinvigorated Business Excellence Framework  
Held training and information sessions

Continued benchmarking with other councils to determine Best Practice

Responded to Super 11 benchmarking timetable and requests within timelines

Applied Business Excellence to annual business planning and performance monitoring to ensure effective service delivery. (Business Excellence is the foundation for Council's response to Best Value)

Presented monthly Organisational Performance Reports to Council and included open community briefings to improve overall organisational transparency





## Governance

The Governance team is responsible for ensuring that the community is provided with responsive, accessible, efficient leadership, advocacy and services delivery. Key roles include:

- Ensuring good governance and strong leadership through the provision of open transparent and consistent decision-making that represent the interests of the community and conducting our affairs with integrity;
- Providing support to Council to effectively undertake its governance roles and responsibilities;
- Promoting a culture that embraces continuous improvement, innovation and excellence;
- Actively engaging with the community and advocating strongly on their behalf;
- Achieving community objectives within the principles of sound risk management;
- Ensuring effective communication and consultation between Council and the community.

### 2008/09 ANNUAL BUSINESS PLAN

#### What did we promise?

Undertake annual internal audit program

Support Council election process

Provide administrative and governance support to facilitate Council processes

Review, and progressively develop a new governance system, including governance policies, procedures, indicators, resources and tools

#### How have we delivered?

Supported the Audit Committee with meetings and internal auditors in undertaking their audit projects

Supported Electoral Officers in the conduct of November election

Prepared and facilitated agendas and minutes for Council briefings and meetings & facilitated tender process

Reviewed the structure and processes of governance and established an Organisational Development Department in January



## Grants

The Grants Program strives to encourage investment, development and services that facilitate a planned and sustained growth for the Shire. It also addresses community needs by accessing external grants and administering the Annual Community and Recreation Grants Program.

Key strategies include pursuing grants for:

- commercial infrastructure development
- employment support programs
- economic studies
- liveability studies and projects
- projects relating to long-term economic growth

## 2008/09 ANNUAL BUSINESS PLAN

### What did we promise?

Secure funding from State and Federal agencies

Coordinate the Annual Community Grants Program

### How have we delivered?

\$1,463,011 secured, including \$93,347 from the bushfire recovery appeal

\$685,000 economic stimulus package  
Other grant details outlined on Economic Development and Recreation pages

Facilitated the Annual Community & Recreation Grants Program

111 applications were received and \$279,628 was allocated to 68 community groups

Community raffle disbanded and \$10,000 seed funding transferred into Community Grants Program

Second round of grants initiated to utilise these funds

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

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## 1. Introduction

The Financial, Standard and Performance Statements are contained in the back of the 2008/09 Annual Report.

The Financial Statements are key financial reports of South Gippsland Shire Council. They show how Council performed financially during the 2008/09 financial year and the overall position at the end (30 June 2009) of the financial year. Council must present its Financial Statements in accordance with the Australian Accounting and International Financial Reporting Standards (IFRS). Council is committed to accountability.

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

The Performance Statement outlines the performance targets and measures set out in relation to key strategic activities identified in Council's business plan and described in the Annual Budget. Both the Standard and Performance statements must be prepared in accordance with the Local Government Act 1989 and the Local Government (Finance and Reporting) Regulations 2004.

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

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

Council's Financial Statements have two main sections, namely, the Statements and the Notes. There are four Statements and 49 Notes. These are prepared by Council's staff, examined by 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 that follow the Statements 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 value is the value of the assets used up during the year.

The key figure to look at is the 'Surplus (Deficit) 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 \$9.37 million surplus (previous year \$3.79 million surplus). On face value this is a good result. However it is also important not to accept the result on face value. By not including what could be termed 'abnormals' or 'one offs' from the surplus result gives a truer indication of financial performance. After allowing for contributed or donated assets, the 'adjusted result' is in fact \$5.81 million surplus (previous year \$1.61 million surplus).

Although not as favourable as the bottom line result for the reporting period, it is nevertheless a good result. Ever since 2003 when Council developed a series of long term financial strategies and prepared budgets within a long term financial planning framework it has produced favourable outcomes. In the years prior to having a series of financial strategies and a long term plan, Council had consistently produced unfavourable results.

Again, this favourable outcome should not be taken out of context. Council can only make claim to producing viable operating results when what is commonly referred to as the 'underlying operating result' is still in surplus after further adjusting or backing out any capital income such as capital grants and net gain / loss on disposal of assets. After allowing for these adjustments the 'underlying operating result' for the reporting period would in fact be a \$4.08 million surplus (previous year \$0.98 million surplus).

## **4. Balance Sheet**

The Balance Sheet is a one-page summary of the financial situation as at 30 June 2009. It shows what the Council owns as 'Assets' and what it owes as 'Liabilities'. The bottom line of this Statement is Net Assets. This is the net worth of Council that has been built up over many years.

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

The components of the Balance Sheet are described here.

### **4.1 Current and Non-Current Assets**

- Cash and cash equivalents includes cash 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.
- Inventories are stock of raw materials and stock on hand.
- 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 in the forthcoming year.
- 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.
- Investment properties are properties that provide a commercial return to Council.



## 4.2 Current and Non-Current Liabilities

- Trade and other payables are those, to whom Council owes money as at 30 June, 2009.
- Trust funds and deposits represent monies held in Trust by Council.
- Provisions include employee benefits (such as accrued Long Service and Annual Leave owed to employees), and obligations to perform rehabilitations works at landfill sites.
- Interest bearing loans and borrowings are monies owing to financial institutions.

## 4.3 Net Assets

This term is used to describe the difference between the value of Total Assets and the value of Total Liabilities. It represents the net worth of Council as at 30 June 2009, which was \$393 million (previous year \$348 million).

## 4.4 Equity

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

- Accumulated Surplus is the value of all net assets accumulated over time;
- Asset Revaluation Reserve is the difference between the previously recorded value of assets and their current valuations; and
- Other Reserves are allocations of the Accumulated Surplus to specific projects.

## 5. Statement of Changes in Equity

During the course of the year the value of Total Ratepayers 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 infrastructure assets such as roads drains and buildings, 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 Australian Accounting 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 bank bills and term deposits.

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

- Cash Flows from Operating Activities:
  - Receipts – All cash received into Council's bank account from ratepayers and others who owed money to Council. Receipts also include the interest earnings from Council's cash investments. It does not include the costs associated with the sale of assets.
  - Payments – All cash paid by Council from its bank account to staff, creditors and other persons. It

- does not include the costs associated with the creation of assets.
- Cash Flows from Investing Activities:
    - This section shows the cash invested in the creation or purchase of property, infrastructure, plant & equipment assets and the cash received from the sale of these assets.
  - Cash Flows from Financing Activities:
    - This is where the receipt and repayment of borrowed funds including finance costs are recorded.

The bottom line of the Cash Flow Statement is the Cash at End of Financial Year. This shows the capacity of Council to meet its cash debts and other liabilities. The cash position at the end of the financial year was \$11.37 million (previous year \$6.19 million).

## 7. Notes to the Accounts

The Notes are a very important and informative section of the report. The Australian and 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, 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 Strategic financial planning and performance**

Council continues to be guided by a series of Long Term Financial Strategies that were first adopted in 2003.

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 strategies are reviewed annually as part of the Council long term planning and budgeting process. The current strategies currently are:

- 1 South Gippsland Shire Council target consistent strengthening underlying surplus results as documented in the long term financial plan.
- 2 The budgeted income statement in the annual budget, strategic resource plan and long term financial plan be presented in a manner that clearly discloses the underlying result.
- 3 The underlying working capital ratio in the long term financial plan to show a strengthening trend targeting at least a 1.5 to 1 ratio in the later years of the plan.
- 4 Budgeted transfers to discretionary reserves for future capital expenses only be made if matched by an equivalent budgeted underlying surplus in the income statement in order to preserve the accumulated surplus position of Council.
- 5 Where possible, any material favourable budget variations realised in a given financial year be quarantined and allocated to a 'future funds' reserve (unless required to finance projects deemed as 'unavoidable') that can be used as a funding source for future one off unexpected and unavoidable costs.
- 6 Budgeted underlying cash at the end of each year be sufficient to fund daily cash requirements in

annual and forward financial plans. This strategy is subject to ongoing financial analysis taking into consideration budgeted cash inflows and outflows requirements, the underlying working capital and quick asset ratio.

- 7 Capital expenditure on asset renewal projects be given priority over capital expenditure on new assets (upgrades and extensions) until the sustainability index (Capital renewal expenditure as a percentage of depreciation) consistently exceeds 95%.
- 8 Any new capital work (capital extension) proposals must include a lifecycle cost evaluation that identifies the asset's construction, maintenance, operating and depreciation costs.
- 9 Infrastructure funding gaps be identified as primary or secondary in nature to clearly distinguish the cost requirements of maintaining existing service levels (primary gap) and for service level enhancements (secondary gap).
- 10 Council consider borrowing for new capital projects only when consistent underlying operating surplus results are being achieved.
- 11 For borrowings to be considered, projects must have had a full lifecycle cost analysis undertaken, proving that future cash inflows will exceed the cash outlays, or alternatively that the additional costs are quantified in the long term financial plan and the integrity of the financial strategies are not compromised. This would demonstrate the community's acceptance that the benefits gained would be equal to or greater than the associated cost of the project and its preparedness to fund the project.
- 12 Council consider the most appropriate rating strategy to provide adequate funds to:
  - achieve gradually strengthening underlying surpluses
  - achieve sustainable cash flows and
  - fund capital renewal projectsin both the annual budget and long term financial plan
- 13 Where reasonably possible, fees and charges be increased by the same general rates and charges increase until full cost recovery is achieved for direct service provision. Any fees that are not increased in line with the planned rate rise be clearly identified and documented for councillor consideration.



The resulting long term financial 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 are available on Council's website [www.southgippsland.vic.gov.au](http://www.southgippsland.vic.gov.au)

The annual Financial Statements that are contained in this Annual report disclose the financial performance of Council for 2008/09.

These financial results are then benchmarked in a variety of ways. The first being the benchmarking of actual financial performance achieved against the original budget that was set at the beginning of the financial year as disclosed in the Standard Statements that are contained in this Annual Report.

The financial results are then also benchmarked against the adopted financial plan and indeed the previous 5 years' financial plans. The results of the benchmarking exercise is updated and disclosed in the following year's long term financial plan.

It is pleasing to note that ever since Council began adopting a series of long term financial strategies and developing budgets within a 10 year long term financial planning framework, that its actual financial performances achieved over those years have been in line with the strategic plan.

## **13. General**

### **External Auditor**

Auditor-General of Victoria

### **Internal Auditor**

Deloitte

### **Bankers**

Commonwealth Bank

## Local Government Indicators

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<b>Local Government Indicator</b>	<b>Year 2007</b>	<b>Year 2008</b>	<b>Year 2009</b>
Average rates and charges per assessment	1,160	1,222	1,302
Average rates and charges per residential assessment	990	1,041	1,079
Average liabilities per assessment	1,005	638	564
Operating result per assessment	172	210	516
Average operating expenditure per assessment	1,942	2,120	2,020
Average capital expenditure per assessment	458	427	438
Renewal gap	86%	73%	92%
Renewal & maintenance gap	93%	87%	96%
Community satisfaction rating for overall performance generally of the Council	60%	61%	60%
Community satisfaction rating for Council's advocacy and community representation on key local issues	60%	59%	57%
Community satisfaction rating for Council's engagement in decision-making on key local issues	60%	58%	57%

## Organisation

## Amount

2ND LEONGATHA SCOUT GROUP	5,035
ALLAMBEE STH COMMUNITY CENTRE COMMITTEE	4,750
ARAWATA COMMUNITY HALL ASSOCIATION INC	3,730
BUFFALO COMMUNITY CENTRE	2,030
CORNER INLET MOTORCYCLE CLUB	5,000
FISH CREEK COMMUNITY DEVELOPMENT GROUP	5,050
FISH CREEK MEMORIAL HALL	3,130
FOSTER & DISTRICT HISTORICAL SOCIETY INC.	4,346
FOSTER RECREATION RESERVE INC.	2,475
FOSTER SHOWGROUNDS COMMITTEE	11,600
FOSTER SWIMMING POOL COMMITTEE	59,340
FOSTER WAR MEMORIAL ARTS CENTRE	6,250
FOSTER& DISTRICT AGRICULTURAL SOCIETY	8,500
FOSTER& DISTRICT COMMUNITY HOUSE	5,108
GREAT SOUTHERN RAIL TRAIL INC	38,729
JEETHO HALL INC	3,180
JUMBUNNA IMPROVEMENT GROUP	2,952
KONGWAK COMMUNITY GROUP	2,250
KONGWAK PUBLIC HALL INC	6,180
KOONWARRA RECREATION RESERVE COMMITTEE INC.	2,475
KOONWARRA TENNIS CLUB	5,250
KORUMBURRA AGRICULTURAL PASTORAL SOCIETY	9,630
KORUMBURRA BUSINESS ASSOCIATION	4,000
KORUMBURRA CITY SOCCER CLUB	4,545
KORUMBURRA INDOOR RECREATION CENTRE	5,000
KORUMBURRA ITALIAN SENIOR CITIZENS CLUB	2,013
KORUMBURRA ITALIAN SOCIAL CLUB	2,949
KORUMBURRA KINDERGARTEN INC	3,000
KORUMBURRA LIONS CLUB	3,500
KORUMBURRA RECREATION RESERVE COMMITTEE	7,020
KORUMBURRA SENIOR CITIZENS CENTRE	9,511
KORUMBURRA SWIMMING POOL COMMITTEE	58,535
LEONGATHA & DISTRICT EQUESTRIAN CLUB	3,740
LEONGATHA AGRICULTURAL& RECREATION RESERVE C'TEE	9,900
LEONGATHA CENTRE FOR RIDING FOR THE DISABLED	5,000
LEONGATHA CHILDRENS' CENTRE	4,162
LEONGATHA COMMUNITY PRE-SCHOOLS INC.	6,000

LEONGATHA FOOTBALL CLUB INC	5,000
LEONGATHA HISTORICAL SOCIETY	3,820
LEONGATHA HORTICULTURAL SOCIETY	2,012
LEONGATHA LITTLE ATHLETICS CLUB INC	3,179
LEONGATHA SENIOR CITIZENS CENTRE	4,026
LOCH & DISTRICT BOWLING CLUB	4,000
LOCH & DISTRICT PRESCHOOL CENTRE	3,500
LOCH MEMORIAL RESERVE INC.	4,822
LOCH PUBLIC HALL COMMITTEE INC	5,680
LYREBIRD ARTS COUNCIL	5,000
MARDAN HALL COMMITTEE	3,320
MEENIYAN AMATEUR DRAMATICS SOCIETY	5,000
MEENIYAN ART GALLERY	2,824
MEENIYAN CEMETERY TRUST	5,000
MEENIYAN INDOOR SPORTS CENTRE COMMITTEE	3,500
MEENIYAN RECREATION RESERVE	4,150
MILPARA COMMUNITY HOUSE INC.	6,150
MIRBOO COUNTRY DEVELOPMENT (INC)	6,000
MIRBOO NORTH BOWLING CLUB INC.	4,139
MIRBOO NORTH GRAIN STORE COMMITTEE	5,310
MIRBOO NORTH KINDERGARTEN INC	3,000
MIRBOO NORTH SWIMMING POOL COMMITTEE	6,550
MIRBOO NTH BOOLARRA RAIL TRAIL	3,955
MIRBOO NTH HALL COMMITTEE OF MANAGEMENT	6,180
MIRBOO SENIOR CITIZENS CENTRE	4,026
NERRENA PUBLIC HALL COMMITTEE INC.	6,830
NERRENA RECREATION RESERVE COMMITTEE	7,665
NYORA PUBLIC HALL COMMITTEE INC.	9,420
NYORA RECREATION RESERVE	4,250
OUTTRIM RESERVE COMMITTEE INC.	6,330
POOWONG PRESCHOOL	3,000
POOWONG PUBLIC HALL	3,430
POOWONG RECREATION RESERVE COMMITTEE INC	4,150
POOWONG SPORTS CENTRE COMMITTEE	6,000
POOWONG SWIMMING POOL COMMITTEE	45,500
PORT FRANKLIN HALL COMMITTEE	6,180
PORT WELSHPOOL AND DISTRICT MUSEUM	3,000
PROM COAST ARTS COUNCIL INC	3,100
PROM COAST CHILDRENS SERVICES	12,000



PROM COAST SEACHANGE COMMITTEE INC.	7,050
PROM COUNTRY CHALLENGE	4,800
PROM COUNTRY REGIONAL TOURISM	40,000
RUBY HALL COMMITTEE INC	6,180
SOUTH EAST GIPPSLAND ENDURANCE INC	5,000
SOUTH GIPPSLAND CITIZENS ADVICE BUREAU	12,818
SOUTH GIPPSLAND GOLF CLASSIC	3,000
SOUTH GIPPSLAND SENIOR CITIZENS INC.	4,026
SOUTH GIPPSLAND WIND ORCHESTRA	6,200
ST PAULS CATHOLIC SOCIAL CLUB	4,000
STATE EMERGENCY SERVICE FOSTER	10,780
STATE EMERGENCY SERVICE LEONGATHA	10,780
STONY CREEK RACECOURSE & REC RESERVE	2,253
TARWIN LOWER RECREATION RESERVE INC	3,900
TARWIN LOWER & DISTRICT BOWLING CLUB	2,550
TARWIN VALLEY PRE SCHOOLS	3,000
TERRILL PARK RECREATION RESERVE COMMITTEE OF MANAGEMENT	4,200
TOORA COMMUNITY HALL & LIBRARY INC.	5,395
TOORA NETBALL CLUB INC	5,000
TOORA RECREATION RESERVE COMMITTEE	2,475
TOORA SWIMMING POOL COMMITTEE	2,500
TOUR DE TARWIN	3,000
WALTER J TUCK RECREATION RESERVE COMMITTEE OF MANAGEMENT	14,900
WELSHPOOL RECREATION RESERVE	2,475
WELSHPOOL RURAL TRANSACTION CENTRE	5,200
OTHER MINOR COMMUNITY GRANTS (<\$2,000)	100,417
<b>GRAND TOTAL</b>	<b>828,762</b>

# Freedom Of Information

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

- 1 Council received six new applications under the Freedom of Information Act for the period 1 July 2008 to 30 June 2009
- 2 No complaints or allegations of breach of the Information Privacy Act 2000 were received. No complaint required referral to the Office of the Privacy Commissioner.

## 2008/09 ANNUAL BUSINESS PLAN

### What did we promise?

The processing of all FOI applications under the Act within the required timeframe

Promotion of staff awareness of the Act

### How have we delivered

All FOI applications received by Council were processed within the required time

Promoted FOI Act 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 on 5662 9200.

## INFORMATION TO BE MADE AVAILABLE TO THE PUBLIC

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

“A council must make available for public inspection documents containing the following prescribed matters-

- a. Details of current allowances fixed for the Mayor, Lord Mayor (if any) and Councillors under section 74 or 74A of the Act;
- b. Details of senior officers' total salary packages for the current financial year and the previous year including the gross salary, the amount of the Council or employer contribution to superannuation, the value of any motor vehicle provided by the Council and the total value of any other benefits and allowances provided by the Council;
- c. Details of overseas or interstate travel (with the exception of interstate travel by land for less than 3 days) undertaken in an official capacity by Councillors or any member of Council staff in the previous 12 months, including the names of the Councillors or members of Council staff and the date, destination, purpose and total cost of the overseas or interstate travel;
- d. Names of Council officers who were required to submit a return of interest during the financial year and the dates the returns were submitted;
- e. Names of Councillors who submitted returns of interest during the financial year and the dates the returns were submitted;
- f. Agendas for and minutes of ordinary and special meetings held in the previous 12 months kept under section 93 of the Act except if the minutes relate to parts of meetings which have been closed to members of the public under section 89 of the Act;
- g. A list of all special committees established by Council and the purpose for which each committee was established;
- h. A list of all special committees established by the Council which were abolished or ceased to function during the financial year;
- i. Minutes of meetings of special committees established under section 86 of the Act and held in the previous 12 months except if the minutes relate to parts of meetings which have been closed to members of the public under section 89 of the Act;
- j. A register of delegations kept under sections 87, 88 and 98 of the Act, including the date on which the last review under section 98(6) of the Act took place;
- k. Submissions received in accordance with Section 223 of the Act during the previous 12 months.
- l. Agreements to establish regional libraries under section 196 of the Act;

- m. Details of all property, finance and operating leases involving land, buildings, plant, computer equipment or vehicles entered into by the Council as lessor or lessee, including the name of the other party to the lease and the terms and the value of the lease;
- n. A register of authorised officers appointed under Section 224 of the Act;
- o. A list of donations and grants made by the Council during the financial year, including the names of persons or bodies which have received a donation or grant and the amount of each donation or grant;
- p. A list of the names of the organisations of which the Council was a member during the financial year and details of all membership fees and other amounts and services provided during that year to each organisation by the Council;
- q. A list of contracts valued at \$100,000 or more which the Council entered into during the financial year without first engaging in a competitive process and which are not contracts referred to in section 186(5) of the Act.”

## **WHISTLEBLOWERS’ 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 Council website: [www.southgippsland.vic.gov.au](http://www.southgippsland.vic.gov.au)).

In the financial year 2008/09, 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

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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 through our PRIDE program. 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 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. Internally Council maintained its full SafetyMAP accreditation after undertaking an independent audit and review of safety systems and processes. This audit assists Council to establish safer working environments.

The Business Excellence framework also focuses strongly on clear directions, and several Strategic Plans were produced. These included the 2009-13 Council Plan, Long Term Financial Plan, Domestic Animal Management Plan, Asset Management Plan (ongoing) Access and Inclusion Plan, Rural Tourism Development Strategy and a Draft Aquatic Strategy. Community consultation processes supported each of these plans, which included open community briefings and a variety of engagement methods to seek input into their development. Further to this, the Rural Strategy was referred for consultation, as was consideration of the C.45 Coastal Spaces Planning Scheme Amendment. These highlight Council's commitment to responding to emerging issues from consultation in development of its forward directions. Council was proactive in working with other agencies to meet the needs of its residents. Twelve Community Workshops were hosted plus Town and District Association Meetings, Arts Network meetings and a Community Engagement Conference.

Council also ensured achievement of Best Value through tendering of services and capital works. Contracts included hot and cold bituminous products, quarry products and road making material, refurbishment of Mirboo North Swimming Pool, reconstruction of Dewar Lane and Colins Court Leongatha, plant replacement, scoping for the Electronic Document Management System, and provision of the Meals on Wheels Program.



Council regularly reports to the community on achievements and issues of concern through a variety of media. Advertisements promoting Council meetings and activities, press releases and the Mayor's Message are distributed weekly, two community newsletters are distributed and a comprehensive Annual Report outlines Council's goals and achievements.

The Council website provides 24/7 access to Council information.

A monthly report against key indicators and financial information is presented to Council to ensure open and transparent reporting to the community throughout the year.

This year's efforts have contributed to maintain the overall community satisfaction level of 60%.

## Certification by Chief Executive Officer

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South Gippsland Shire Council has complied with the requirements of the National Competition (NCP) for the period 1 July 2008 to 30 June 2009, in accordance with the requirements outlined in National Competition Policy and Local Government – A Revised Statement of Victorian Government Policy December 2008 (2008 Statement) as set out below:

A. State whether the Council is compliant or non-compliant. If non compliant, justify or cite actions to redress.	Compliant
B. State whether the Council is compliant or non compliant. List any local laws made or remade during 2008-09 which impose a restriction on competition: none	Compliant
C. State whether the Council is compliant or non compliant for all significant businesses. List any significant businesses that are non-compliant:	Compliant

I certify that:

- a) this statement has been prepared in accordance with the 2008-09 National Competition Policy reporting guidelines, which is pursuant to the 2008 Statement; and
- b) this statement presents fairly the Council's implementation of the National Competition Policy

Signed



Dirk Holwerda  
Acting Chief Executive Officer  
Date: 12/08/2009





*South Gippsland*  
Shire Council

**FINANCIAL STATEMENTS,  
STANDARD STATEMENTS  
AND  
PERFORMANCE STATEMENT  
FOR  
YEAR ENDED 30 JUNE 2009**



*South Gippsland*  
Shire Council

*Come for the beauty, Stay for the lifestyle*

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**SOUTH GIPPSLAND SHIRE COUNCIL  
FINANCIAL STATEMENTS ,  
STANDARD STATEMENTS  
AND PERFORMANCE STATEMENT  
FOR YEAR ENDED 30 JUNE 2009**

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## **Councillors in Office**

### **MAYOR**

JAMES FAWCETT - TARWIN VALLEY

### **COUNCILLORS**

MOHYA DAVIES - COASTAL PROMONTORY

JEANETTE HARDING - COASTAL PROMONTORY

KIERAN KENNEDY - COASTAL PROMONTORY

ROBERT NEWTON - STRZELECKI

WARREN RAABE - STRZELECKI

JENNIE DEANE - STRZELECKI

DAVID LEWIS - TARWIN VALLEY

MIMMIE JACKSON - TARWIN VALLEY

### **CHIEF EXECUTIVE OFFICER (ACTING)**

DIRK HOLWERDA

### **DIRECTOR CORPORATE AND COMMUNITY (ACTING)**

JODIE PITKIN

### **DIRECTOR INFRASTRUCTURE**

ANTHONY SEABROOK

### **DIRECTOR SUSTAINABILITY**

ANDREW MCEWEN

	Notes	2009 \$'000	2008 \$'000
<b><u>REVENUES</u></b>			
Rates and charges	3	24,143	22,331
Statutory fees and fines	4	465	366
User fees	5	1,764	1,752
Grants - recurrent	6	11,338	9,354
Grants - non-recurrent	6	2,759	2,710
Contributions - cash	7 (a)	124	593
Contributions - non monetary assets	7 (b)	3,560	2,188
Reimbursements	8	462	331
Other revenue	9	1,561	2,526
<b>Total Revenue</b>		<b><u>46,176</u></b>	<b><u>42,151</u></b>
<b><u>EXPENSES</u></b>			
Employee benefits	11	13,847	13,204
Materials and services	12	13,827	15,837
Bad and doubtful debts	13	8	3
Depreciation	14	6,402	6,912
Finance costs	15	290	539
Other expenses	16	2,251	2,237
Landfill remediation costs	29	-	(1,020)
<b>Total Expenses</b>		<b><u>36,625</u></b>	<b><u>37,712</u></b>
Net gain / (loss) on disposal of property, plant and equipment and infrastructure	10	(158)	(176)
Derecognition of property, plant and equipment and infrastructure	10	-	(325)
Share of net profit / (loss) of associates accounted for using the equity method	17	(24)	(93)
Fair value adjustment for investment property	26	-	(46)
<b>Surplus for the year</b>		<b><u>9,369</u></b>	<b><u>3,799</u></b>

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

	Notes	2009	2008
<b><u>ASSETS</u></b>			
<b><u>CURRENT ASSETS</u></b>		<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents	19	11,371	6,190
Trade and other receivables	20	1,672	3,286
Financial assets	21	1,850	1,750
Inventories	22	171	103
Other Assets	18	108	90
Non current assets classified as held for sale	23	-	-
<b>TOTAL CURRENT ASSETS</b>		15,172	11,419
<b><u>NON-CURRENT ASSETS</u></b>			
Trade and other receivables	20	-	26
Investments in associates accounted for using the equity method	17	827	783
Property, plant and equipment and infrastructure	24	386,967	347,320
Investment properties	26	480	480
<b>TOTAL NON-CURRENT ASSETS</b>		388,274	348,609
<b>TOTAL ASSETS</b>		403,446	360,028
<b><u>LIABILITIES</u></b>			
<b><u>CURRENT LIABILITIES</u></b>			
Trade and other payables	27	2,299	2,835
Trust funds and deposits	28	210	162
Provisions	29	2,952	3,043
Interest bearing loans and borrowings	30	1,138	1,116
<b>TOTAL CURRENT LIABILITIES</b>		6,599	7,156
<b><u>NON-CURRENT LIABILITIES</u></b>			
Provisions	29	1,026	613
Interest bearing loans and borrowings	30	2,639	3,777
<b>TOTAL NON-CURRENT LIABILITIES</b>		3,665	4,390
<b>TOTAL LIABILITIES</b>		10,264	11,546
<b>NET ASSETS</b>		393,182	348,482
<b><u>EQUITY</u></b>			
Accumulated surplus		173,708	137,109
Asset revaluation reserve	31 (a)	217,327	209,861
Other reserves	31 (b)	2,147	1,512
<b>TOTAL EQUITY</b>		393,182	348,482

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

**South Gippsland Shire Council**  
**Statement of Changes in Equity For the Year Ended 30 June 2009**

	Note	Asset			
		Total	Accumulated Surplus	Revaluation Reserve	Other Reserves
		2009	2009	2009	2009
		\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		348,482	137,109	209,861	1,512
Amendments to opening balance	1 (g)(iv)	27,865	27,865		
Surplus for the year		9,369	9,369	-	-
Net assets revaluation increment	31 (a)	7,466	-	7,466	-
Transfers to other reserves	31 (b)	-	(759)	-	759
Transfers from other reserves	31 (b)	-	124	-	(124)
Balance at end of the financial year		393,182	173,708	217,327	2,147

	Note	Asset			
		Total	Accumulated Surplus	Revaluation Reserve	Other Reserves
		2008	2008	2008	2008
		\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		320,699	128,635	187,469	4,595
Amendments to opening balance	1 (g)(iv)	639	639	-	-
Surplus for the year		3,799	3,799	-	-
Net assets revaluation increment	31 (a)	23,345	953	22,392	-
Transfers to other reserves	31 (b)	-	(1,011)	-	1,011
Transfers from other reserves	31 (b)	-	4,094	-	(4,094)
Balance at end of the financial year		348,482	137,109	209,861	1,512

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



**South Gippsland Shire Council**  
**Cash Flow Statement For the Year Ended 30 June 2009**

	<b>Notes</b>	<b>2009</b> <b>\$'000</b>	<b>2008</b> <b>\$'000</b>
<b><u>CASHFLOWS from OPERATING ACTIVITIES</u></b>		<b>Inflows / (Outflows)</b>	<b>Inflows / (Outflows)</b>
Rates		24,080	22,399
Statutory fees and fines		373	366
User charges and other fines (inclusive of GST)		2,412	2,062
Grants (inclusive of GST)		14,323	11,890
Reimbursements (inclusive of GST)		460	331
Interest received		550	862
Rents (inclusive of GST)		271	253
Other receipts (inclusive of GST)		1,614	1,111
Payments to suppliers (inclusive of GST)		(14,627)	(16,277)
Payments to employees		(13,798)	(12,793)
Other payments (inclusive of GST)		(1,946)	(1,802)
<b>Net cash provided by operating activities</b>	<b>33</b>	<b>13,712</b>	<b>8,402</b>
<b><u>CASHFLOWS from INVESTING ACTIVITIES</u></b>			
Payments for property, plant and equipment and infrastructure assets	48	(7,981)	(7,721)
Proceeds from sale of property, plant and equipment and infrastructure	10	879	2,086
Repayment of loans and advances from community organisations		33	7
Payments for other financial assets		(100)	(50)
<b>Net Cash used in investing activities</b>		<b>(7,169)</b>	<b>(5,678)</b>
<b><u>CASHFLOWS from FINANCING ACTIVITIES</u></b>			
Repayment of interest bearing loans and borrowings		(1,116)	(5,544)
Finance costs		(294)	(589)
Trust Funds		48	7
<b>Net cash used in financing activities</b>		<b>(1,362)</b>	<b>(6,126)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>5,181</b>	<b>(3,402)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>6,190</b>	<b>9,592</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>34</b>	<b>11,371</b>	<b>6,190</b>
Financing arrangements	<b>35</b>		
Non-cash financing and investing activities	<b>36</b>		
Restrictions on cash assets	<b>37</b>		

**The above cash flow statement should be read with the accompanying notes.**

## Introduction

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

The purpose of 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 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 - Deloitte

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, the Local Government Act 1989, and the Local Government (Finance and Reporting) Regulations 2004.

**NOTE 1 Significant Accounting Policies**

**( a ) Basis of Accounting**

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

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

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

All entities controlled by Council that have material assets or liabilities, such as Special Committees of Management, have been included in this financial report. All transactions between these entities and Council have been eliminated in full.

Details of entities not included in this financial report based on their materiality are detailed in note 2.

**( b ) Change in Accounting Policy**

There has been no change in accounting policy during the 2008/09 financial year, except with regard to recognition of Land under roads as below :

**Land under Roads**

In accordance with the recently issued AASB1051 Land Under Roads , Council is now required to include the value of land under roads in its non-current assets for the year ended 30 June 2009. This represents a change in accounting policy , since previously land under roads was not required to be recognised . The value of land under roads controlled by the Council as at 30 June 2008 was recognised at their fair value as an adjustment to the opening accumulated surplus balance at 1 July 2008. Land under roads acquired after 30 June 2008 was bought to account in the current year using the fair value basis. The effect on the 2009 financial statements was:

<u>Income Statement</u>	<b>\$ '000</b>
Increase in surplus for the year (Developer contributed assets)	<u>177</u>
 <u>Equity</u>	
Increase in Opening balance of accumulated surplus	<u>27,865</u>
 <u>Balance Sheet</u>	
Increase in non-current assets	<u>28,044</u>

### **( c ) Revenue Recognition**

Rates, Grants, Donations and Other Contributions are recognised as revenues when 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 year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

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

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

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

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

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

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 (cont'd)**

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

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.

		<b>Period</b>
<b>Property</b>		
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	100 Years
	Seal	17 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	100 Years
	Seal	17 Years
Other Structures		2 to 40 Years

**( e ) Repairs and maintenance**

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

**( 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 (cont'd)**

**( g ) Recognition and measurement of Assets**

**(i) Acquisition**

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

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

**NOTE 1 Significant Accounting Policies (cont'd)**

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

**(ii) Revaluation of Assets**

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

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

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

**(iii) Land Under Roads**

Council recognised the value of land under roads it controlled as at 30 June 2008 at fair value.

Land under roads acquired after 30 June 2008 is brought to account using the fair value basis.

**(iv) Found assets / adjustments to opening accumulated surplus balance in equity**

	2009	2008
	\$'000	\$'000
<i>Change in accounting policy:</i>		
Recognition of Land Under Roads	27,865	-
<i>Prior year error:</i>		
Bridges recognised during revaluation process	-	120
Major Culverts recognised during revaluation process	-	519
	27,865	639

During the year 2009, as part of a continuous improvement focus and as part of the revaluation of Bridges and Major Culverts variances were discovered. This resulted in the form of asset recognition which were deemed to be prior year assets and have therefore been adjusted against equity in the opening balance for 2008. In addition, as a result of Council recognising the value of Land Under Roads as at 30 June 2008 the value has been adjusted against the opening equity balance for 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 ) Financial guarantees**

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

## **NOTE 1 Significant Accounting Policies (cont'd)**

### **( j ) Investments**

Surplus cash funds are held in investment accounts to maximise the financial return to Council. Investments are measured 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 recognised as Trust funds until they are returned or forfeited (refer to note 28).

### **( 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 entitlement.

#### **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 (cont'd)**

### **( n ) Leases**

#### **Operating 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 as this reflects the pattern of benefits derived by the Council.

### **( 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.

**NOTE 1 Significant Accounting Policies (cont'd)**

**( t ) Rounding**

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

**( u ) 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.

**( v ) Inventories**

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

**( w ) 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  
Meeniyah 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  
Walter Tuck Recreation Reserve Committee of Management

### NOTE 3 Rates and charges

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district.

The capital value of a property is its value that it could be reasonably expected to sell for on the open market.

	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
The valuation base used to calculate general rates is :-		
Residential	2,618,187	2,415,302
Vacant Land	260,960	245,505
Commercial/Industrial	338,535	298,813
Farm	2,464,196	2,102,752
Cultural & Recreational Lands Act	6,805	6,805
<b>Total Capital Improved Valuation</b>	<b><u>5,688,683</u></b>	<b><u>5,069,177</u></b>

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

Residential	0.00323205	0.00335767
Vacant Land	0.00484807	0.00503651
Commercial/Industrial	0.00323205	0.00335767
Farm	0.00290884	0.00302190
Cultural & Recreational Lands Act	0.00129282	0.00134307

The rates for each classification was:-

Residential	8,223	8,003
Vacant Land	1,265	1,257
Commercial/Industrial	1,094	992
Farm	7,168	6,329
Cultural & Recreational Lands Act	10	9
Municipal Charge	4,440	4,147
Supplementary Rates & Rate Adjustments	480	228
Garbage Charges	1,463	1,366
<b>Total Rates</b>	<b><u>24,143</u></b>	<b><u>22,331</u></b>

The date of the previous 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 latest general revaluation of land for rating purposes within the municipal district was 1 January 2008, and the valuation first applied to the rating year commencing 1 July 2008.

#### NOTE 4 Statutory fees and fines

	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Parking Infringements & Fines	28	24
Land Information Certificates	22	30
Local Laws / Animal control	7	8
Fire prevention	1	3
Building Services	69	81
Town Planning applications	227	211
Supervision Fees	89	-
Infringement Court Recoveries	22	9
<b>Total Statutory fees and fines</b>	<b>465</b>	<b>366</b>

#### NOTE 5 User fees

(a)		
Youth Development	1	4
Aged & Disabled Services	176	133
Food Services	125	140
Subdivision Fees	0	91
Immunisation	7	7
Community Transport	28	30
Woodchip Sales	0	3
Health Licences	115	112
Boat Ramp Fees	14	13
Road RAP fees	12	11
Transfer Stations	281	238
Landfills	593	556
Local Laws	11	11
Animal Control	212	209
Fire Prevention	4	4
Building Services	3	3
Waste Water Management	86	97
Economic Development	0	1
Tourism Development	30	34
Public Halls	20	25
Town Planning	-2	5
Coal Creek	40	18
Arts & Culture	8	7
<b>Total user fees</b>	<b>1,764</b>	<b>1,752</b>

(b) Please refer to *Table 1* in Note 42 (e) for the ageing analysis of contractual receivables.

## NOTE 6 Grants

Grants were received in respect of the following:-

	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Summary of grants</b>		
Federally funded grants	2,040	1,781
State funded grants	12,057	10,283
	<b>14,097</b>	<b>12,064</b>
<b>Recurrent</b>		
<i>Commonwealth Government</i>		
Roads to Recovery	1,341	1,581
<i>State Government</i>		
Victorian Grants Commission - unallocated	5,006	3,750
Victorian Grants Commission - local roads	3,445	2,575
School Crossing Supervision	24	24
Economic Development & Tourism	16	11
Coal Creek Education	21	20
Maternal & Child Health	227	181
Community Transport	37	36
Immunisation	40	49
Families & Children's Services	55	54
Food Services	27	32
Senior Citizens Centres	21	21
Aged & Disabled Services	790	772
Community Centres	-	32
HACC Assessment	209	112
Community Building	63	89
State Emergency Services	11	10
Bus Shelters	5	5
<b>Total Recurrent Grants</b>	<b>11,338</b>	<b>9,354</b>

**NOTE 6 Grants (cont'd)**

<b>Non Recurrent</b>	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Commonwealth Government		
Bridges	14	200
Families and Children	75	-
Recreation and Leisure	564	-
Council Properties	46	-
<i>State Government</i>		
Youth Services	18	22
Bush Fire Relief	184	-
Heatwave Strategy	25	-
National Competition Policy	-	9
Community Building	277	162
Valuation Services	254	11
Fire Services	-	7
Channel Dredging	-	33
Traffic management	-	60
Aged & Disabled Services	41	51
Families and Children	175	-
Local Roads and Infrastructure	580	451
Bus Shelters	-	90
Arts and Culture	9	14
Recreation and Leisure	138	1,273
Planning	50	-
Economic Development & Tourism	262	297
Waste Management	2	20
Biodiversity	45	14
Drought Relief	-	(4)
<b>Total Non Recurrent Grants</b>	<b>2,759</b>	<b>2,710</b>
<b>Total Grants</b>	<b>14,097</b>	<b>12,064</b>



**NOTE 6 Grants (cont'd)**

*Conditions on Grants*

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:

	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Grants for Community Projects	383	338
Home and Community Care	50	69
Bushfire Relief and Commemorative Events	109	-
Families and Children	202	-
Recreation and Leisure	-	130
Economic Recovery Funding	490	-
Grants for Road and associated works	-	55
Total	1,234	592

Grants which were recognised as revenue in prior years and were expended in a specified manner by the grantor were:

Grants for Community Projects	210	128
Home and Community Care	48	5
Recreation and Leisure	130	-
Drought Relief Grants for Community projects	-	373
Grants for Road and associated works	55	389
Total	443	895

**Net increase / (decrease) in restricted assets resulting from grant revenues for the year**

	<b>791</b>	<b>(303)</b>
--	------------	--------------

## NOTE 7 Contributions

Contributions were received in respect of the following :

	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Cash</b>		
Open Space *	25	28
Recreation	36	524
Public halls	10	22
Municipal Offices	3	3
Local Roads	50	16
	<hr/>	<hr/>
Total cash contributions	124	593
	<hr/>	<hr/>
<b>(b) Non-monetary assets</b>		
Roads & Streets	1,794	1,236
Bridges	-	15
Drains	940	502
Kerbs & Channel	260	265
Footpaths	346	157
Other Structures	43	13
Land Under Roads	177	-
	<hr/>	<hr/>
Total non cash contributions	3,560	2,188
	<hr/>	<hr/>
<b>Total Contributions</b>	<b>3,684</b>	<b>2,781</b>
	<hr/> <hr/>	<hr/> <hr/>

\* 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(b)).

### NOTE 8 Reimbursements

Reimbursements were received in respect of the following :	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Rate Recovery Proceedings	117	137
Insurances	80	28
Information Services	-	1
Diesel Fuel Rebate	193	57
Transfer Stations	2	-
Local Roads	-	1
Recreation	3	-
Work cover	61	102
Youth Services	2	-
Information Centre	1	-
Tertiary Study Assistance	-	1
Aged & Disabled Services	2	3
Building Services	1	1
	<hr/>	<hr/>
<b>Total Reimbursements</b>	<b>462</b>	<b>331</b>
	<hr/> <hr/>	<hr/> <hr/>

### NOTE 9 Other revenue

Interest on rates	178	181
Other Interest	364	678
Other rent	206	204
Investment property rent	46	45
Quarries	19	16
Youth Services	1	1
Private Works	582	1,333
Families & Children	11	8
Financial Services	-	19
Animal Control	1	1
Coal Creek	97	28
Sundry Income	56	12
	<hr/>	<hr/>
<b>Total Other income</b>	<b>1,561</b>	<b>2,526</b>
	<hr/> <hr/>	<hr/> <hr/>

## NOTE 10 Disposal of Property, Plant and equipment and Infrastructure

<b>Proceeds of Sales</b>	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Proceeds from Land Sales	13	210
Proceeds from non current assets held for sale	-	760
Proceeds from Plant & Equipment Sales	866	1,116
Total Proceeds from Sale of Assets	<u>879</u>	<u>2,086</u>
<b>Written Down Value of Items sold</b>		
Carrying Amount of Land Sold	17	145
Carrying Amount of non current assets held for sale	-	855
Carrying Amount of Plant & Equipment Sold	1,020	1,262
Total Written Down Value of Assets sold	<u>1,037</u>	<u>2,262</u>
<b>Gain / (Loss) on Disposal of Fixed Assets</b>	<b>(158)</b>	<b>(176)</b>
<b>Disposal of assets for no consideration</b>		
Carrying Amount of Land Sold	-	278
Carrying Amount of Buildings Sold	-	47
<b>Recognised directly in Income Statement</b>	<u>-</u>	<u>325</u>

## NOTE 11 Employee benefits

Wages & Salaries	11,332	10,635
Casual Staff	487	400
Annual and Long Service Leave	1,295	1,424
Superannuation	1,113	1,045
Workcover	410	381
Fringe benefits tax	76	91
Gross employee benefits	<u>14,713</u>	<u>13,976</u>
Less employee benefits capitalised to the balance sheet for works performed on capital projects.	(866)	(772)
<b>Total employee benefits</b>	<u><u>13,847</u></u>	<u><u>13,204</u></u>

**NOTE 12 Materials and services**

	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Contract payments</i>		
Landfill and Transfer Stations	1,047	1,056
Garbage Collections	421	399
Kerbside Recycling	470	445
Litter bins	163	156
Elections	122	3
Leisure Centre Operations	380	326
Handyman Contractors	23	31
Great Southern Rail Trail	-	565
External Hire, Minor Contractors	1,546	2,164
Cleaning	138	127
Software Maintenance	532	484
<i>Materials</i>		
Materials General	4,278	5,260
Fuel & Oils	820	813
<i>Services</i>		
Advertising & Promotion Costs	311	380
Utility Charges (power, phone, water)	575	502
Subscriptions, affiliations and conferences	156	87
Leases	471	491
Legal Fees	255	287
Consultancies and projects	763	967
Insurance Premiums	433	503
Plant & Equipment Registrations	92	116
Training expenses	133	196
Postage	73	62
State levies	205	177
Occupational health and safety	78	89
Gippsland Group Training	122	73
Other	220	78
<b>Total materials and services</b>	<b>13,827</b>	<b>15,837</b>

**NOTE 13 Bad and Doubtful Debts**

Other Debtors	8	3
<b>Total bad and doubtful debts</b>	<b>8</b>	<b>3</b>



## NOTE 14 Depreciation and amortisation

Depreciation for the year was charged in respect of:-

Office Furniture & Equipment	231	144
Plant and Equipment	731	738
Buildings	1,619	1,492
Heritage buildings	48	46
Roads and Streets	2,264	3,241
Bridges	247	234
Culverts	116	110
Footpaths	228	199
Kerb & Channel	200	187
Car parks	68	61
Drains	194	197
Other Structures	456	263
	<u>6,402</u>	<u>6,912</u>

### **Summary of Depreciation**

Property, Plant and Equipment	2,629	2,420
Infrastructure Assets	3,773	4,492
<b>Total depreciation</b>	<u><b>6,402</b></u>	<u><b>6,912</b></u>

## NOTE 15 Finance costs

Interest - Borrowings	290	539
<b>Total finance costs</b>	<u><b>290</b></u>	<u><b>539</b></u>

## NOTE 16 Other Expenses

Library Contributions	780	692
Community & Sporting Grants	1,006	918
Auditors' remuneration	87	62
Councillors allowances	211	166
Bank Fees & Charges	81	76
Roads streets and bridge assets written off	53	104
Buildings written off	-	180
Sundry Expenses	33	39
<b>Total other expenses</b>	<u><b>2,251</b></u>	<u><b>2,237</b></u>

## NOTE 17 Investments in associates

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

### Background

Council has a 30.55% equity interest in the West Gippsland Regional Library Corporation in 2008/09 (30.55% in 2007/08). The equity interest is calculated on the basis of the proportion it contributes to the operating costs of the services.

	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Council's share of accumulated surplus / (deficit) at start of year	419	512
Adjustment to opening balance (equity ratio)	-	-
Reported surplus / (deficit) for year	<u>(24)</u>	<u>(93)</u>
Council's share of accumulated surplus / (deficit) at end of year	<u>395</u>	<u>419</u>
Council's share of reserves at start of year	364	364
Transfers to asset revaluation reserve *	68	-
Council's share of reserves at end of year	<u>432</u>	<u>364</u>
Movement in carrying value of specific investment		
Carrying value of investment at start of year	783	876
Adjustment to opening balance (equity ratio)	-	-
Transfers to asset revaluation reserve	68	-
Share of surplus / (deficit) for year	<u>(24)</u>	<u>(93)</u>
<b>Carrying value of investment at end of year</b>	<b><u>827</u></b>	<b><u>783</u></b>
Council's share of expenditure commitments		
Operating commitments	-	-
Capital commitments	-	-
Operating leases and rentals	60	84
	<u>60</u>	<u>84</u>

West Gippsland Regional Library Corporation has not disclosed any contingent liabilities and assets for the financial years 2008 and 2009.

\* During the year, West Gippsland Regional Library Corporation revalued its Library collection assets.

**NOTE 18 Other Assets**

	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Current		
Prepayments		
General Prepaid Expenses	108	90
<b>TOTAL OTHER ASSETS</b>	<b>108</b>	<b>90</b>

**NOTE 19 Cash and cash equivalents**

Cash on Hand	2	2
Cash at Bank	5,558	338
Money Market Call Account	2,811	850
Bank Bills	3,000	5,000
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>11,371</b>	<b>6,190</b>

Users of the financial report should refer to Note 37 for details of restrictions on cash assets and Note 39 for details of existing Council commitments.

**NOTE 20 Trade and other receivables**

	<b>2009</b>	<b>2008</b>
<b>Current</b>	<b>\$'000</b>	<b>\$'000</b>
Rates Debtors	686	617
Other Receivables - General	797	2,431
Loans and Advances to Community Organisations	-	7
Property Debtors	4	10
Net GST Receivable	185	221
	1,672	3,286
 <b>Non-current</b>		
Loans and Advances to Community Organisations	-	26
	-	26
 <b>TOTAL RECEIVABLES</b>	<b>1,672</b>	<b>3,312</b>

**NOTE 21 Financial Assets**

Current		
Long Service Leave Investment	1,850	1,750
 <b>TOTAL FINANCIAL ASSETS</b>	<b>1,850</b>	<b>1,750</b>

**Note 22 Inventories**

Current		
Raw Materials and Stores	171	103
 <b>TOTAL INVENTORIES</b>	<b>171</b>	<b>103</b>

**NOTE 23 Non-current assets classified as held for resale**

	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Land at fair value	-	-
Total non-current assets held for resale	-	-

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

**Summary**

- at cost	23,193	15,285
Less:		
Accumulated depreciation	(5,182)	(4,538)
	18,011	10,747
- at Council Valuation 1 April 2009	57,923	-
Less:		
Accumulated depreciation	(17,081)	-
- at Council Valuation 1 Jan 2008	144,436	116,588
Less:		
Accumulated depreciation	(42,960)	(41,335)
- at Council Valuation 1 April 2008	303,019	320,079
Less:		
Accumulated depreciation	(76,381)	(78,705)
- at Council Valuation 1 April 2006	-	32,477
Less:		
Accumulated depreciation	-	(12,531)
	368,956	336,573
<b>Total property, plant and equipment and infrastructure</b>	<b>386,967</b>	<b>347,320</b>

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

	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Property</b>		
<b>Land</b>		
- at Council Valuation 1 Jan 2008 **	36,558	36,575
- at cost	-	-
	<b>36,558</b>	<b>36,575</b>
<b>Land Under Roads</b>		
- at Council Valuation 1 Jan 2008 ***	27,865	-
- at cost	179	-
	<b>28,044</b>	-
<b>Total Land</b>	<b>64,602</b>	<b>36,575</b>
<b>Buildings</b>		
- at Council Valuation 1 Jan 2008 *	75,214	75,214
Less: Accumulated depreciation	(39,914)	(38,336)
	<b>35,300</b>	<b>36,878</b>
- at cost	1,313	257
Less: Accumulated depreciation	(41)	-
	<b>1,272</b>	<b>257</b>
<b>Heritage Buildings</b>		
- at Council Valuation 1 Jan 2008 *	4,799	4,799
Less: Accumulated depreciation	(3,046)	(2,999)
	<b>1,753</b>	<b>1,800</b>
- at cost	59	-
Less: Accumulated depreciation	(1)	-
	<b>58</b>	-
<b>Total Buildings</b>	<b>38,383</b>	<b>38,935</b>
<b>Total Property</b>	<b>102,985</b>	<b>75,510</b>

\* The Buildings revaluations were undertaken by Andrew Begg , AAPI (Council Employee) as at 1 January 2008. The basis of valuation was fair value based upon depreciated replacement cost.

\*\* The Land revaluations were undertaken by Andrew Begg , AAPI (Council Employee) as at 1 January 2008. The basis of valuation was fair value based on highest and best use permitted by relevant land planning provisions.

\*\*\*The Land under roads was valued by Andrew Begg AAPI ( Council Employee ) as at 1 January 2008 using the Fair value method.



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

	<b>2009</b>	<b>2008</b>
<b>Plant and Equipment</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Plant, machinery and equipment</b>		
- at cost	8,551	8,270
Less: Accumulated depreciation	<u>(3,012)</u>	<u>(2,776)</u>
	<u>5,539</u>	<u>5,494</u>
<b>Furniture, computers and other equipment</b>		
- at cost	2,540	2,055
Less: Accumulated depreciation	<u>(1,969)</u>	<u>(1,738)</u>
	<u>571</u>	<u>317</u>
<b>Total Plant and Equipment</b>	<u><b>6,110</b></u>	<u><b>5,811</b></u>
<b>Infrastructure Assets</b>		
<b>Roads</b>		
- at Council Valuation 1 April 2008 *	264,832	264,832
Less: Accumulated depreciation	(63,778)	(61,616)
- at cost	6,335	1,413
Less: Accumulated depreciation	<u>(110)</u>	<u>(7)</u>
	<u>207,279</u>	<u>204,622</u>
<b>Bridges</b>		
- at Council Valuation 1 April 2009 **	26,554	-
Less: Accumulated depreciation	(6,959)	-
- at Council Valuation 1 April 2006 *	-	22,948
Less: Accumulated depreciation	-	(9,039)
- at cost	-	815
Less: Accumulated depreciation	<u>-</u>	<u>(11)</u>
	<u>19,595</u>	<u>14,713</u>
<b>Major Culverts</b>		
- at Council Valuation 1 April 2009 **	11,182	-
Less: Accumulated depreciation	(3,807)	-
- at Council Valuation 1 April 2006 *	-	9,529
Less: Accumulated depreciation	-	(3,492)
- at cost	-	199
Less: Accumulated depreciation	<u>-</u>	<u>(2)</u>
	<u>7,375</u>	<u>6,234</u>

**NOTE 24 Property, plant and equipment and Infrastructure (cont'd)**

	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Footpaths</b>		
- at Council Valuation 1 April 2008 *	12,484	12,484
Less: Accumulated depreciation	(2,726)	(2,517)
- at cost	1,566	712
Less: Accumulated depreciation	(21)	(2)
	11,303	10,677
<b>Kerb &amp; Channel</b>		
- at Council Valuation 1 April 2008 *	11,752	11,752
Less: Accumulated depreciation	(4,425)	(4,229)
- at cost	397	75
Less: Accumulated depreciation	(4)	-
	7,720	7,598
<b>Off-street car parks</b>		
- at Council Valuation 1 April 2008 *	5,074	5,074
Less: Accumulated depreciation	(2,380)	(2,316)
- at cost	219	30
Less: Accumulated depreciation	(4)	(1)
	2,909	2,787
<b>Drains</b>		
- at Council Valuation 1 April 2009 **	20,187	-
Less: Accumulated depreciation	(6,315)	-
- at Council Valuation 1 April 2008 *	1,035	18,095
Less: Accumulated depreciation	(2)	(5,393)
- at cost	-	10
Less: Accumulated depreciation	-	-
	14,905	12,712
<b>Other Structures</b>		
- at Council Valuation 1 April 2008 *	7,842	7,842
Less: Accumulated depreciation	(3,070)	(2,634)
- at cost	1,188	444
Less: Accumulated depreciation	(20)	(1)
	5,940	5,651
<b>TOTAL INFRASTRUCTURE ASSETS</b>	<b>277,026</b>	<b>264,994</b>

\* The valuations were based upon valuations undertaken by Darren Coco (B. Civil Engineering. - Consultant) on the basis of depreciated replacement cost.

\*\* The valuations were based upon valuations undertaken by Alan Landers (B. Civil Engineering. - Council Employee) on the basis of depreciated replacement cost.

Fair value represents the written down replacement cost .

**NOTE 24 Property, plant and equipment and Infrastructure (cont'd)**

	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Works In Progress</b>		
Buildings at cost	68	253
Roads at cost	728	272
Footpaths at cost	1	-
Kerb & channel at cost	28	37
Off Street Car Parks	-	89
Bridges at cost	9	354
Other structures at cost	12	-
Total works in progress	846	1,005
<b>Total Property, Plant and Equipment and Infrastructure</b>	<b>386,967</b>	<b>347,320</b>

**Note 24 Property, plant and equipment and infrastructure (cont'd)**

	Balance at beginning of financial Year	Developer Assets	Cash of assets (decrements)	Revaluation increments	Depreciation (decrements)	Written down value of disposals	Items off and derecognised	Transfers	Balance at end of financial Year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
				(note 31)	(note 14)	(note 10)	(note 16)		
<b>2009</b>									
<b>Property</b>									
Land	36,575	-	-	-	-	(17)	-	-	36,558
Land Under Roads	27,865	177	2	-	-	-	-	-	28,044
Total Land	64,440	177	2	-	-	(17)	-	-	64,602
Buildings	37,135	-	930	-	(1,619)	-	-	126	36,572
Heritage buildings	1,800	-	-	-	(48)	-	-	59	1,811
Total buildings	38,935	-	930	-	(1,667)	-	-	185	38,383
Total property	103,375	177	932	-	(1,667)	(17)	-	185	102,985
<b>Plant and Equipment</b>									
Plant, machinery and equipment	5,494	-	1,796	-	(731)	(1,020)	-	-	5,539
Furniture, computers and equipment	317	-	485	-	(231)	-	-	-	571
Total plant and equipment	5,811	-	2,281	-	(962)	(1,020)	-	-	6,110
<b>Infrastructure</b>									
Roads	204,622	1,794	3,127	-	(2,264)	-	-	-	207,279
Bridges	14,713	-	59	4,778	(247)	-	(53)	345	19,595
Major culverts	6,234	-	-	1,257	(116)	-	-	-	7,375
Footpaths and cycleways	10,677	346	508	-	(228)	-	-	-	11,303
Kerb and channel	7,598	260	53	-	(200)	-	-	9	7,720
Drainage	12,712	940	84	1,363	(194)	-	-	-	14,905
Off-street car parks	2,787	-	101	-	(68)	-	-	89	2,909
Other infrastructure	5,651	43	702	-	(456)	-	-	-	5,940
Total infrastructure	264,994	3,383	4,634	7,398	(3,773)	-	(53)	443	277,026

**Note 24 Property, plant and equipment and infrastructure (cont'd)**

	Balance at beginning of financial year	Developer contributed Assets	Cash of assets	Revaluation increments (decrements)	Depreciation (note 14)	Written down value of disposals (note 10)	Items written off and derecognised (note 16)	Transfers	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2009</b>									
<b>Works in progress</b>									
Buildings	253	-	-	-	-	-	-	(185)	68
Roads	272	-	456	-	-	-	-	-	728
Footpaths	-	-	1	-	-	-	-	-	1
Kerb and channel	37	-	-	-	-	-	-	(9)	28
Off-street car parks	89	-	-	-	-	-	-	(89)	-
Bridges	354	-	-	-	-	-	-	(345)	9
Major Culverts	-	-	-	-	-	-	-	-	-
Other infrastructure	-	-	12	-	-	-	-	-	12
Total works in progress	1,005	-	469	-	-	-	-	(628)	846
<b>Total property, plant and equipment and infrastructure</b>	<b>375,185</b>	<b>3,560</b>	<b>8,316</b>	<b>7,398</b>	<b>(6,402)</b>	<b>(1,037)</b>	<b>(53)</b>	<b>-</b>	<b>386,967</b>
<b>2008</b>									
<b>Property</b>									
Land	33,191	-	-	3,807	-	(423)	-	-	36,575
Land Under Roads	-	-	-	-	-	-	-	-	-
Total Land	33,191	-	-	3,807	-	(423)	-	-	36,575
Buildings	34,797	-	679	3,378	(1,492)	(47)	(180)	-	37,135
Heritage buildings	1,777	-	-	69	(46)	-	-	-	1,800
Total buildings	36,574	-	679	3,447	(1,538)	(47)	(180)	-	38,935
Total property	69,765	-	679	7,254	(1,538)	(470)	(180)	-	75,510
<b>Plant and Equipment</b>									
Plant, machinery and equipment	5,384	-	2,110	-	(738)	(1,262)	-	-	5,494
Furniture, computers and equipment	427	-	34	-	(144)	-	-	-	317
Total plant and equipment	5,811	-	2,144	-	(882)	(1,262)	-	-	5,811

**Note 24 Property, plant and equipment and infrastructure (cont'd)**

	Balance at beginning of financial Year	Developer Assets of contributed assets (decrements)	Cash Acquisition (note 31)	Revaluation Increments (note 14)	Depreciation disposals (note 10)	Written down value of items off and derecognised (note 16)	Transfers	Balance at end of financial Year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Infrastructure</b>								
Roads	193,752	1,236	2,991	9,720	(3,241)	-	(42)	206
Bridges	14,930	15	2	-	(234)	-	-	14,713
Major culverts	6,339	-	5	-	(110)	-	-	6,234
Footpaths and cycleways	9,199	157	568	813	(199)	-	(43)	182
Kerb and channel	6,925	265	68	538	(187)	-	(11)	-
Drainage	10,445	502	11	1,951	(197)	-	-	12,712
Off-street car parks	2,421	-	50	377	(61)	-	-	2,787
Other infrastructure	2,753	13	679	2,475	(263)	-	(9)	3
<b>Total infrastructure</b>	<b>246,764</b>	<b>2,188</b>	<b>4,374</b>	<b>15,874</b>	<b>(4,492)</b>	<b>-</b>	<b>(105)</b>	<b>391</b>
								<b>264,994</b>

**2008**

**Works in progress**

Buildings	67	-	186	-	-	-	-	-	253
Roads	478	-	-	-	-	-	-	(206)	272
Footpaths and cycleways	182	-	-	-	-	-	-	(182)	-
Kerb and channel	-	-	37	-	-	-	-	-	37
Off-street car parks	-	-	89	-	-	-	-	-	89
Bridges	-	-	354	-	-	-	-	-	354
Major Culverts	-	-	-	-	-	-	-	-	-
Other structures	3	-	-	-	-	-	-	(3)	-
<b>Total works in progress</b>	<b>730</b>	<b>-</b>	<b>666</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(391)</b>	<b>1,005</b>

**Total property, plant and**

<b>equipment and infrastructure</b>	<b>323,070</b>	<b>2,188</b>	<b>7,863</b>	<b>23,128</b>	<b>(6,912)</b>	<b>(1,732)</b>	<b>(285)</b>	<b>-</b>	<b>347,320</b>
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### NOTE 25 Joint venture information

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

### NOTE 26 Investment properties

Balance at the beginning of the year	480	526
Fair value adjustment	-	(46)
<b>TOTAL INVESTMENT PROPERTIES</b>	<b>480</b>	<b>480</b>

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

Valuation of investment property has been determined in accordance with an independent valuation by Marc Babos , AAPI (Council employee) who has recent experience in the location and category of the property being valued.

### NOTE 27 Trade and other payables

#### Current

Payables	1,599	2,123
Accrued Salaries & Wages	690	697
Accruals - Loan Interest	10	15
<b>TOTAL PAYABLES</b>	<b>2,299</b>	<b>2,835</b>

### NOTE 28 Trust funds and deposits

	2009	2008
	\$'000	\$'000
<b>Current</b>		
Refundable development bonds	172	103
Refundable contract deposits	30	13
Retention amounts	8	46
<b>TOTAL TRUST FUNDS</b>	<b>210</b>	<b>162</b>

**NOTE 29 Provisions**

	Annual Leave \$'000	Rostered Days Leave \$'000	Long Service Leave \$'000	Landfills Restoration \$'000	Total \$'000
<b>2009</b>					
Balance at beginning of the financial year	1,353	127	1,954	222	3,656
Additional provisions	899	-	415	336	1,650
Amounts used	(955)	(31)	(304)	(74)	(1,364)
Increase / (decrease) in the discounted amount arising because of time and the effect of any changes in the discount rate.	3	13	20	-	36
<b>Balance at the end of the financial year</b>	<b>1,300</b>	<b>109</b>	<b>2,085</b>	<b>484</b>	<b>3,978</b>
<b>2008</b>					
Balance at beginning of the financial year	1,183	121	1,834	1,540	4,678
Additional provisions	927	6	397	142	1,472
Write back to income statement	-	-	-	(1,020)	(1,020)
Amounts used	(766)	-	(317)	(440)	(1,523)
Increase / (decrease) in the discounted amount arising because of time and the effect of any changes in the discount rate.	9	-	40	-	49
<b>Balance at the end of the financial year</b>	<b>1,353</b>	<b>127</b>	<b>1,954</b>	<b>222</b>	<b>3,656</b>
				2009	2008
				\$'000	\$'000
(a) Employee Benefits					
<b>Current (i)</b>					
Annual Leave				1,300	1,353
Rostered Days				109	127
Long Service Leave				1,537	1,483
				<u>2,946</u>	<u>2,963</u>
<b>Non-current (ii)</b>					
Long Service Leave				548	471
				<u>548</u>	<u>471</u>
<b>Total employee benefits</b>				<u>3,494</u>	<u>3,434</u>
<b>Aggregate carrying amount of employee benefits</b>					
Current				2,946	2,963
Non Current				548	471
<b>Total employee benefits</b>				<u>3,494</u>	<u>3,434</u>

**NOTE 29 Provisions (cont'd)**

	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
(a) Employee Benefits (cont'd)		
Average employee numbers during the financial year	283	275
The following assumptions were adopted in measuring the present value of long service leave :		
Weighted average increase in employee costs	4.45%	4.75%
Weighted average discount rates	5.08%	6.54%
Weighted average settlement period	12 years	12 years
	<b>\$'000</b>	<b>\$'000</b>
<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.	1,735	1,850
- Other long-term employee benefits that do not fall due within 12 months after the end of the reporting period measured at present value.	1,211	1,113
	2,946	2,963
<b>(ii) Non-current</b>		
Long service leave representing less than 10 years of continuous service measured at present value	548	471

## NOTE 29 Provisions (cont'd)

### (b) Provisions

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

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

	2009	2008
	\$'000	\$'000
<b>Current</b>		
Financial Assurance - Koonwarra Landfill site 1	6	80
	6	80
<b>Non-current</b>		
Financial Assurance - Koonwarra Landfill site 2	478	142
	478	142
Total	484	222
<b>Total of all provisions</b>		
<b>Current</b>		
Employee benefits	2,946	2,963
Landfills site 1	6	80
	2,952	3,043
<b>Non-Current</b>		
Employee benefits	548	471
Landfills site 2	478	142
	1,026	613
<b>Grand totals</b>	<b>3,978</b>	<b>3,656</b>

**NOTE 30 Interest Bearing Liabilities**

	<b>2009</b>	<b>2008</b>
	\$'000	\$'000
<b>Current</b>		
Loans - Secured *	1,138	1,116
	<u>1,138</u>	<u>1,116</u>
 <b>Non Current</b>		
Loans - Secured *	2,639	3,777
	<u>2,639</u>	<u>3,777</u>
 <b>TOTAL INTEREST BEARING LIABILITIES</b>	 <u><b>3,777</b></u>	 <u><b>4,893</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	1,138	1,116
Later than one year and not later than five years	2,639	3,643
Later than five years	-	134
	<u><b>3,777</b></u>	<u><b>4,893</b></u>

**NOTE 31 Reserves**

	Balance at beginning of reporting year \$'000's	increment/ (decrement) \$'000's	Realisation to accumulated surplus \$'000's	Balance at end of reporting year \$'000's
<b>(a) Asset Revaluation Reserve</b>				
<b>2009</b>				
<b>Property</b>				
Land	23,251	-	-	23,251
Investments in associates (Note 17)	364	68	-	432
Buildings	17,226	-	-	17,226
Heritage buildings	680	-	-	680
Plant & Equipment	386	-	-	386
	41,907	68	-	41,975
<b>Infrastructure</b>				
Roads and Streets	147,370	-	-	147,370
Bridges	2,800	4,778	-	7,578
Major Culverts	2,712	1,257	-	3,969
Drainage	3,735	1,363	-	5,098
Footpaths	5,034	-	-	5,034
Kerb & Channel	1,799	-	-	1,799
Car parks	1,847	-	-	1,847
Other Structures	2,657	-	-	2,657
	167,954	7,398	-	175,352
<b>Total Asset Revaluation Reserve</b>	<b>209,861</b>	<b>7,466</b>	<b>-</b>	<b>217,327</b>
<b>2008</b>				
<b>Property</b>				
Land	19,982	3,807	(538)	23,251
Land held for resale	-	218	(218)	-
Investments in associates	364	-	-	364
Buildings	14,046	3,378	(198)	17,226
Heritage buildings	611	69	-	680
Plant & Equipment	386	-	-	386
	35,389	7,472	(954)	41,907
<b>Infrastructure</b>				
Roads and Streets	137,650	9,720	-	147,370
Bridges	2,800	-	-	2,800
Major Culverts	2,712	-	-	2,712
Drainage	1,784	1,951	-	3,735
Footpaths	4,221	813	-	5,034
Kerb & Channel	1,261	538	-	1,799
Car parks	1,470	377	-	1,847
Other Structures	182	2,475	-	2,657
	152,080	15,874	-	167,954
<b>Total Asset Revaluation Reserve</b>	<b>187,469</b>	<b>23,346</b>	<b>(954)</b>	<b>209,861</b>



**NOTE 31 Reserves (cont)**

	Balance at beginning of reporting year \$'000's	Transfer from accumulated surplus \$'000's	Transfer to accumulated surplus \$'000's	Balance at end of reporting year \$'000's
<u>(b) Other Reserves</u>				
<b><u>2009</u></b>				
Public Open Space	145	25	-	170
Land Development Reserve	1,125	-	-	1,125
Garbage Service Reserve	172	234	(124)	282
Other Reserves	70	500	-	570
<b>Total Other Reserves</b>	<b>1,512</b>	<b>759</b>	<b>(124)</b>	<b>2,147</b>
<b><u>2008</u></b>				
Public Open Space	117	28	-	145
Land Development Reserve	425	700	-	1,125
Garbage Service Reserve	-	172	-	172
Other Reserves	-	111	(41)	70
Loan Reduction Reserve	4,053	-	(4,053)	-
<b>Total Other Reserves</b>	<b>4,595</b>	<b>1,011</b>	<b>(4,094)</b>	<b>1,512</b>

**Public Open Space**

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

**Land Development Reserve**

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

**Garbage Service Reserve**

Reserve for garbage rate charges to fund future development of garbage services.

**Other Reserves**

Reserve for contributions made by developers for future road improvement works and the maintenance of a seawall to protect private lands from flooding.

**Loan Reduction Reserve**

Reserve 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**

	2009 \$'000	2008 \$'000
Adjustment to Library Service Equity (See Note 17)	-	-
	-	-
	-	-

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

Surplus for the year	9,369	3,799
Depreciation	6,402	6,912
Assets written off	53	284
Finance costs	294	589
(Profit) / Loss on disposal of Property, Plant and Equipment	158	176
Gifted Assets	-	325
Non Cash developer contributions	(3,560)	(2,188)
Fair value adjustment for investment property	-	46
Share of Library Corporation	24	93
Change in assets and liabilities:		
(Increase) / Decrease in Receivables	1,608	(691)
(Increase) / Decrease in Other Assets	(18)	162
(Increase) / Decrease in Inventories	(68)	(43)
Increase / (Decrease) in Payables	(536)	102
Increase / (Decrease) in Employee Entitlements	60	296
Increase / (Decrease) in Other Provisions	(74)	(1,460)
<b>Net cash provided by operating activities</b>	<b>13,712</b>	<b>8,402</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)	11,371	6,190
<b>Total cash and cash equivalents</b>	<b>11,371</b>	<b>6,190</b>

<b>NOTE 35 Financing Facilities</b>	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Bank Overdraft</b>		
Unused facilities	1,000	1,000
<b>Total financing facilities</b>	<b>1,000</b>	<b>1,000</b>

### 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), reserve funds (Recreational Lands Reserves) and government receipts.

#### Current

Long Service Leave (note 29)	1,850	1,750
Government Receipts (note 6)	1,416	625
Reserve funds (note 31(b) )	170	145
<b>TOTAL RESTRICTED CURRENT ASSETS</b>	<b>3,436</b>	<b>2,520</b>

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 the 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)
- MMGG Super
- Perpetual Super Fund
- Superannuation Trust of Australia (STA)
- Vision Super (Local Authorities Superannuation Fund)
- Care Super Fund
- Self Managed Funds
- COMM Life Super
- Australian Government Super

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. From 1 July 2008 employers are required to pay superannuation guarantee contributions based on Ordinary Time Earnings (OTE) which may put upward pressure on contribution levels.

### (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 2008, 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 (cont'd)**

**(b) Defined benefits category (cont'd)**

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

	31-Dec-08 \$'000
Net Market Value of Assets	3,630,432
Accrued Benefits (per accounting standards)	3,616,422
Difference between Assets and Accrued Benefits	14,010
Vested Benefits	3,561,588

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

Net Investment Return	8.50%	p.a.
Salary Inflation	4.25%	p.a.
Price Inflation	2.75%	p.a.

	2009 \$'000	2008 \$'000
Employer contributions to Superannuation Guarantee Levy and Choice of Fund legislation	954	859
Employer contributions to Local Authorities Superannuation Fund (Defined Benefit Plan)	158	186

### NOTE 39 Commitments

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

<b>2009</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
<i>Operating</i>				
Transfer Stations	651	391	-	1,042
Landfills	377	959	-	1,336
Litter Bins	165	-	-	165
Kerbside Recycling	391	235	-	626
Acceptance/Sorting Recyclables	73	44	-	117
Kerbside Collections	435	261	-	696
Shire Offices Cleaning	16	-	-	16
Hall Operations	35	-	-	35
Toora Swimming Pool	92	-	-	92
Mirboo North Swimming Pool	56	-	-	56
SG Splash	297	-	-	297
<b>Totals</b>	<b>2,588</b>	<b>1,890</b>	<b>-</b>	<b>4,478</b>

<b>2008</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
<i>Operating</i>				
Transfer Stations	645	2,055	-	2,700
Landfills	373	1,609	1,223	3,205
Litter Bins	166	528	-	694
Kerbside Recycling	389	1,238	-	1,627
Acceptance/Sorting Recyclables	77	246	-	323
Kerbside Collections	427	1,360	-	1,787
Shire Offices Cleaning	71	74	-	145
Hall Operations	76	79	-	155
Toora Swimming Pool	89	94	-	183
Mirboo North Swimming Pool	53	57	-	110
SG Splash	286	297	-	583
<i>Capital</i>				
Clear Creek Bridge	74	-	-	74
<b>Totals</b>	<b>2,726</b>	<b>7,637</b>	<b>1,223</b>	<b>11,586</b>



**NOTE 40 Operating Leases**

**2009**                      **2008**  
**\$'000**                        **\$'000**

**(a) Operating Lease Commitments**

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

Not later than one year	318	322
Later than one year and not later than five years	581	665
Later than five years	707	762
<b>Total operating lease commitments</b>	<b>1,606</b>	<b>1,749</b>

**(b) Operating Lease Receivables**

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

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

Not later than one year	63	62
Later than one year and not later than five years	269	269
Later than five years	139	139
<b>Total operating lease receivables</b>	<b>471</b>	<b>470</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.

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

### **Contingent Assets**

Developer contributions to be received by Council in respect of estates currently under development total \$ 1.79M (2008 \$1.85M).

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

Recognised Financial Instruments	Notes	Accounting Policy	Terms and Conditions
<p><b><u>Financial Assets</u></b></p> <p>Cash and cash equivalents</p> <p>Financial assets</p> <p>Trade and Other Receivables</p>	<p>19</p> <p>21</p> <p>20</p>	<p>Cash on hand and at bank and money market call account are valued at face value.</p> <p>Interest is recognised as it accrues.</p> <p>Investments and bills are valued at cost.</p> <p>Investments are held to maximise interest returns and held to maturity at amortised cost.</p> <p>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</p>	<p>On call deposits returned a floating interest rate of 1.45% to 7.75% (6.15% to 7.20% in 2007/08). The interest rate at balance date was 1.45% (7.2% in 2007/08).</p> <p>Funds returned fixed interest rates of between 1.45% (6.43% in 2007/08) and 7.76% (7.45% in 2007/08) net of fees.</p> <p>Funds provided a return of between 1.45% (6.43% in 2007/08) and 7.76% (7.45% in 2007/08) net of fees.</p> <p>Funds provided a return of between 2.5% (6.43% in 2007/08) and 8.12% (7.45% in 2007/08) net of fees.</p> <p>General debtors are unsecured and interest free. Credit terms are usually up to 30 days.</p>
<p><b><u>Financial Liabilities</u></b></p> <p>Trade and Other Payables</p> <p>Interest-bearing loans and borrowings.</p>	<p>27</p> <p>30</p>	<p>Liabilities are recognised for amounts to be paid in the future for goods received and services provided to Council as at balance date whether or not an invoice has been received.</p> <p>Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.</p>	<p>General creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.</p> <p>Borrowings are secured by way of mortgage over the general rates of the Council. The average weighted interest rate on borrowings was 6.56% during 2008/09 (6.56% in 2007/08).</p>

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

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

**2009**

	Floating Interest Rate \$'000	Fixed interest maturing in: 1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000	Non interest bearing \$'000	Total \$'000
<b>(1) Financial Assets</b>						
Trade & other receivables *	-	-	-	-	801	801
Financial Assets	-	1,850	-	-	-	1,850
Cash and cash equivalents	11,369	-	-	-	2	11,371
<b>Total Financial Assets</b>	<b>11,369</b>	<b>1,850</b>	<b>-</b>	<b>-</b>	<b>803</b>	<b>14,022</b>
Weighted average interest rate	4.89%	4.80%				
<b>(2) Financial Liabilities</b>						
Trade and other payables	-	-	-	-	2,299	2,299
Trust funds and deposits	-	-	-	-	210	210
Interest Bearing Liabilities	-	1,138	2,639	-	-	3,777
<b>Total Financial Liabilities</b>	<b>-</b>	<b>1,138</b>	<b>2,639</b>	<b>-</b>	<b>2,509</b>	<b>6,286</b>
Weighted average interest rate		6.56%	6.56%			
<b>Net financial assets / (liabilities)</b>	<b>11,369</b>	<b>712</b>	<b>(2,639)</b>	<b>-</b>	<b>(1,706)</b>	<b>7,736</b>

**2008**

	Floating Interest Rate \$'000	Fixed interest maturing in: 1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000	Non interest bearing \$'000	Total \$'000
<b>(1) Financial Assets</b>						
Trade & other receivables *	-	7	26	-	2,441	2,474
Financial Assets	-	1,750	-	-	-	1,750
Cash and cash equivalents	6,188	-	-	-	2	6,190
<b>Total Financial Assets</b>	<b>6,188</b>	<b>1,757</b>	<b>26</b>	<b>-</b>	<b>2,443</b>	<b>10,414</b>
Weighted average interest rate	7.08%	6.60%	6.60%			
<b>(2) Financial Liabilities</b>						
Trade and other payables	-	-	-	-	2,835	2,835
Trust funds and deposits	-	-	-	-	162	162
Interest Bearing Liabilities	-	1,116	3,643	134	-	4,893
<b>Total Financial Liabilities</b>	<b>-</b>	<b>1,116</b>	<b>3,643</b>	<b>134</b>	<b>2,997</b>	<b>7,890</b>
Weighted average interest rate		6.56%	6.56%	6.56%		
<b>Net financial assets / (liabilities)</b>	<b>6,188</b>	<b>641</b>	<b>(3,617)</b>	<b>(134)</b>	<b>(554)</b>	<b>2,524</b>

\* Excludes Statutory balances

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

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

Financial Instruments	Total Carrying amount as per the Balance Sheet		Aggregate net fair value	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000

<b>Financial Assets</b>				
Trade & other receivables	801	2,474	801	2,474
Financial Assets	1,850	1,750	1,850	1,750
Cash and cash equivalents	11,371	6,190	11,371	6,190
<b>Total Financial Assets</b>	<b>14,022</b>	<b>10,414</b>	<b>14,022</b>	<b>10,414</b>

<b>Financial Liabilities</b>				
Trade and other payables	2,299	2,835	2,299	2,835
Trust funds and deposits	210	162	210	162
Interest Bearing Liabilities	3,777	4,893	3,678	2,655
<b>Total Financial Liabilities</b>	<b>6,286</b>	<b>7,890</b>	<b>6,187</b>	<b>5,652</b>

**(d) Financial Instruments - Credit Risk.**

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

## NOTE 42 (e) Financial Instruments - Risks and mitigation

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

### **Market risk**

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

The Council's exposures to market risk are primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

Components of market risk to which we are exposed are discussed below.

### **Interest rate risk**

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

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

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

We manage the interest rate exposure on our net debt portfolio by appropriate budgeting strategies and obtaining approval for borrowings from the Australian Loan Council each year.

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

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

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



## NOTE 42 (e) Financial Instruments - Risks and mitigation (cont'd)

### **Credit risk**

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

- we may require collateral where appropriate; and
- we only invest surplus funds with approved financial institutions under the Local Government Act 1989.

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

We may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 41.

### **Movement in Provisions for Doubtful Debts**

	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at beginning of the year	-	-
New provisions recognised during the year	7	-
Amounts already provided for and written off as uncollectable	-	-
Amounts provided for but recovered during the year	-	-
<b>Balance at end of year</b>	<b>7</b>	<b>-</b>

### **Ageing of Trade and Other Receivables**

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

	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Current (not yet due)	688	1,766
Past due by up to 30 Days	66	834
Past due between 31 and 180 days	750	532
Past due between 181 and 365 days	1	9
Past due by more than 1 year	167	145
<b>Total Trade &amp; Other Receivables</b>	<b>1,672</b>	<b>3,286</b>

**(e) Financial Instruments - Risks and mitigation (cont'd)**

***Ageing of individually impaired Trade and Other Receivables***

At balance date other debtors representing financial assets with a nominal value of \$6,985 ( 2008 \$nil) were impaired. The amount of the provision raised against these debtors was \$6,985 (2008 \$nil). The individually impaired debtors relate to general and sundry debtors and have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

The ageing of Trade and Other Receivables that have been individually determined as impaired at reporting date was:

	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Current (not yet due)	-	-
Past due by up to 30 Days	-	-
Past due between 31 and 180 days	7	-
Past due between 181 and 365 days	-	-
Past due by more than 1 year	-	-
<b>Total Trade &amp; Other Receivables</b>	<b>7</b>	<b>-</b>

***Liquidity risk***

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

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

To help reduce these risks we:

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

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

**NOTE 42 (e) Financial Instruments - Risks and mitigation (cont'd)**

The table below lists the contractual maturities for Financial Liabilities

These amounts represent undiscounted gross payments including both principal and interest amounts.

<b>2009</b>	<b>6 months or less \$'000</b>	<b>6 - 12 months \$'000</b>	<b>1 - 2 years \$'000</b>	<b>2 - 5 years \$'000</b>	<b>5+ years \$'000</b>	<b>Cash Flow \$'000</b>	<b>Carrying Amount \$'000</b>
Trade and Other Payables	2,299	-	-	-	-	2,299	2,299
Trust funds and deposits	46	79	64	7	14	210	210
Interest bearing loans and borrowings	562	576	1,059	1,580	-	3,777	3,777
<b>Total financial liabilities</b>	<b>2,907</b>	<b>655</b>	<b>1,123</b>	<b>1,587</b>	<b>14</b>	<b>6,286</b>	<b>6,286</b>

<b>2008</b>	<b>6 months or less \$'000</b>	<b>6 - 12 months \$'000</b>	<b>1 - 2 years \$'000</b>	<b>2 - 5 years \$'000</b>	<b>5+ years \$'000</b>	<b>Cash Flow \$'000</b>	<b>Carrying Amount \$'000</b>
Trade and Other Payables	2,835	-	-	-	-	2,835	2,835
Trust funds and deposits	110	-	23	5	24	162	162
Interest bearing loans and borrowings	549	567	1,138	2,505	134	4,893	4,893
<b>Total financial liabilities</b>	<b>3,494</b>	<b>567</b>	<b>1,161</b>	<b>2,510</b>	<b>158</b>	<b>7,890</b>	<b>7,890</b>

**NOTE 42 (f) Sensitivity disclosure analysis**

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

- A parallel shift of +1% and -1% in market interest rates (AUD) from year-end rates of 3%.

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

	<b>Interest rate risk</b>				
	<i>Carrying amount subject to interest</i>	-1%		1%	
		100 basis points		100 basis points	
		<i>Profit</i>	<i>Equity</i>	<i>Profit</i>	<i>Equity</i>
<b>2009</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets:</b>					
Cash and cash equivalents	11,369	(114)	(114)	114	114
<b>Financial liabilities:</b>					
Interest-bearing loans and borrowings	-	-	-	-	-
<hr/>					
<b>2008</b>					
<b>Financial assets:</b>					
Cash and cash equivalents	6,188	(62)	(62)	62	62
<b>Financial liabilities:</b>					
Interest-bearing loans and borrowings	-	-	-	-	-

	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>NOTE 43 Auditor's Remuneration</b>		
Audit fee to conduct external audit - Victorian Auditor-General	37	39
Internal audit fees	49	23
	<hr/>	<hr/>
	86	62

**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 at any time during the reporting period are :-

<b>Councillors</b>	James Fawcett	(Mayor, Elected 29/11/08)
	Heather Bligh	(Mayor, 01/07/08 to 29/11/08)
	Keiran Kennedy	
	Robert Newton	
	David Lewis	
	Jennie Deane	
	Mimmie Jackson (Elected 29/11/08)	
	Mohya Davies (Elected 29/11/08)	
	Jeanette Harding (Elected 29/11/08)	
	Warren Raabe (Elected 29/11/08)	
	Clyde Paterson (01/07/08 to 29/11/08)	
	Nigel Hutchinson-Brooks (01/07/08 to 29/11/08)	
	Melanie Ryan (01/07/08 to 29/11/08)	
	Diane Casbolt (01/07/08 to 29/11/08)	
<b>Chief Executive Officer</b>	Paul Bawden (1/7/08 to 30/06/09)	

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

	<b>2009</b>	<b>2008</b>
	<b>No.</b>	<b>No.</b>
Income Range :		
\$0 - \$9,999	4	-
\$10,000 - \$19,999	9	7
\$20,000 - \$29,999	-	1
\$30,000 - \$39,999	1	1
\$180,000 - \$189,999	1	1
<b>TOTAL</b>	<u>15</u>	<u>10</u>
	<b>\$'000</b>	<b>\$'000</b>
Total Remuneration for the reporting year for Responsible Persons included above, amounted to:	387	342

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

(iii) No retirement benefits have been made by the Council to a Responsible Person (2007/08, nil).

(iv) No loans have been made, guaranteed or secured by the Council to a Responsible Person of the council during the reporting year (2007/08, nil).

(v) Other Transactions

No transactions other than remuneration payments or the reimbursement of approved expenses were entered into by Council with Responsible Persons, or Related Parties of such Responsible Persons during the reporting year (2007/08, nil).

(vi) 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 per annum

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

	<b>2009</b>	<b>2008</b>
	<b>No.</b>	<b>No.</b>
Income Range :		
< \$100,000	1	1
\$100,000 - \$109,999	2	3
\$110,000 - \$119,999	4	2
\$120,000 - \$129,999	1	-
\$130,000 - \$139,999	3	2
\$140,000 - \$149,999	2	-
<b>TOTAL</b>	13	8
	<b>\$'000</b>	<b>\$'000</b>
Total Remuneration for the reporting period for senior officers included above, amounted to:	895	906



**NOTE 46 (a) Functions/Activities of the Municipality**

Details of these functions/activities are set out in note 46(b)

	Chief Executive Office		Corporate and Community		Infrastructure		Sustainability		Total	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>INCOME</b>										
Grants	1	-	6,947	5,151	6,318	6,274	831	639	14,097	12,064
Other	123	131	27,257	24,516	2,231	4,419	3,347	3,108	32,958	32,174
<b>TOTAL INCOME</b>	<b>124</b>	<b>131</b>	<b>34,204</b>	<b>29,667</b>	<b>8,549</b>	<b>10,693</b>	<b>4,178</b>	<b>3,747</b>	<b>47,055</b>	<b>44,238</b>
<b>EXPENSES</b>	<b>(2,775)</b>	<b>(2,689)</b>	<b>(15,645)</b>	<b>(18,291)</b>	<b>(11,540)</b>	<b>(13,118)</b>	<b>(7,658)</b>	<b>(6,341)</b>	<b>(37,618)</b>	<b>(40,439)</b>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>(2,651)</b>	<b>(2,558)</b>	<b>18,559</b>	<b>11,376</b>	<b>(2,991)</b>	<b>(2,425)</b>	<b>(3,480)</b>	<b>(2,594)</b>	<b>9,437</b>	<b>3,799</b>
<b>ASSETS ATTRIBUTED TO FUNCTIONS / ACTIVITIES*</b>	<b>1,759</b>	<b>1,838</b>	<b>571</b>	<b>317</b>	<b>401,116</b>	<b>357,873</b>	<b>-</b>	<b>-</b>	<b>403,446</b>	<b>360,028</b>

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

## **NOTE 46 (b) Component Function/Activities**

The activities relating to the municipality's components reported on in Note 46(a) are as follows:

### **CHIEF EXECUTIVE**

- Ensure the program areas for all directorates' teams and program areas of Council are provided in an efficient, professional and timely manner.
- Administer the operation of Councillor services such as Council briefings and meetings, Councillor education and professional development.
- Administer the allocation of grants made to community groups
- Provide officers with governance advice and agenda preparation assistance.
- Provide internal legal advice and review all contracts, agreements and other legal documents.
- Provide human resources, payroll and Work Cover services
- Provide risk management support services to Council.
- Identify, attract and facilitate grant funding consistent with the Council Plan.

### **CORPORATE AND COMMUNITY**

- Provide high-level strategic advice to Council, Chief Executive and Executive management group.
- Facilitate council's continuous improvement of internal systems and processes using business excellence framework.
- Manage the strategic direction of libraries across the Shire.
- Deliver Councils' business information systems
- Provide frontline customer services to residents and visitors of South Gippsland
- Management of Council's records.
- Provide strategic financial advice to Council including preparation of annual and long term financial plans.
- Provide high quality internal and external communication.
- Provision of valuation services to Council's rateable properties.
- Administer rates and charges on all rateable land to Council.
- Provide a range of responsive and flexible services and programs to the community to support changing needs and to optimise health and wellbeing.
- Provide Home and Community Care services.
- Increase community awareness for people with a disability.
- Maximise the health potential of all children through the early identification, intervention and prevention of issues affecting young children and their families.

## **NOTE 46 (b) Component Function/Activities cont'd**

### ***SUSTAINABILITY***

- Assist individual communities through community planning, volunteerism and community focused activity.
- Encourage participation in arts and cultural activity.
- Provide leadership, engagement in civic life and role modelling opportunities for the young people of South Gippsland.
- Provide strategic recreation planning, development and promotion.
- Support and encourage enterprises that enhance the prosperity and vibrancy of the South Gippsland community.
- Facilitate economic growth in the Prom Country (South Gippsland) region.
- Prepare, administer and enforce Council's Local Laws.
- Administer and enforce relevant provisions of the Domestic (feral & nuisance) Animals Act 1994 and Impounding of Livestock Act 1994.
- Operate, supervise and maintain Children's Crossings.
- Comply with the statutory requirements of the Country Fire Authority Act 1958.
- Ensure all buildings within the municipality comply with building regulations.
- Facilitate the assessment of town planning activities within the municipality and preparation of the strategy.
- Promote a high standard of public health through prevention, education and enforcement of Food and Health Acts.
- Facilitate the protection of public health through the regulation of wastewater disposal.
- Provide waste management services and associated infrastructure.

### ***INFRASTRUCTURE***

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

	2009 \$'000	2009 %	2008 \$'000	2008 %	2007 \$'000	2007 %
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**NOTE 47 Financial ratios (performance indicators)**

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

<b><u>Debt servicing costs</u></b>	<u>290</u>	= <b>0.63%</b>	<u>539</u>	= <b>1.28%</b>	<u>725</u>	= <b>1.92%</b>
<b>Total revenue</b>	46,176		42,151		37,844	

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)

<b><u>Debt servicing &amp; redemption costs</u></b>	<u>1,406</u>	= <b>5.82%</b>	<u>6,083</u>	= <b>27.24%</b>	<u>1,705</u>	= <b>8.20%</b>
<b>Rate revenue</b>	24,143		22,331		20,781	

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

**NOTE 47 Financial ratios (performance indicators) (cont'd)**

**(iii) Revenue Ratio (%)**

(to identify Council's dependence on non-rate income)

<b><u>Rate revenue</u></b>	<u>24,143 = 52.28%</u>	<u>22,331 = 52.98%</u>	<u>20,781 = 54.91%</u>
<b>Total revenue</b>	46,176	42,151	37,844

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)

<b><u>Total indebtedness</u></b>	<u>6,828 = 5.52%</u>	<u>9,026 = 9.75%</u>	<u>15,251 = 17.14%</u>
<b>Total realisable assets</b>	123,782	92,557	88,976

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 47 Financial ratios (performance indicators) (cont'd)**

**(v) Working Capital Ratio (%)**

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

<u><b>Current assets</b></u>	<u>15,172 = 229.91%</u>	<u>11,419 = 159.57%</u>	<u>14,829 = 126.99%</u>
<b>Current liabilities</b>	6,599	7,156	11,677

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

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

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

<u><b>Current assets</b></u>	<u>15,172 = 281.59%</u>	<u>11,419 = 188.96%</u>	<u>14,829 = 141.08%</u>
<b>Current liabilities</b>	5,388	6,043	10,511

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.



	2009	2008
	\$'000	\$'000

### NOTE 48 Capital Works

Land	2	-
Buildings	930	869
Plant & Equipment	1,796	2,110
Office Furniture & Equipment	485	34
Roads	3,583	3,005
Bridges	59	356
Culverts	-	6
Footpaths	508	567
Drains	84	10
Kerb & Channel	53	109
Off-street car parks	101	139
Other Structures	380	516
<b>TOTAL CAPITAL WORKS</b>	<b>7,981</b>	<b>7,721</b>
Represented by:		
Renewal of infrastructure	4,084	3,598
Upgrade of infrastructure	600	652
Expansion of infrastructure	2	121
New infrastructure	84	337
New buildings	-	78
Upgrade of Buildings	930	791
New plant and equipment	2,281	2,144
<b>Total capital works</b>	<b>7,981</b>	<b>7,721</b>

## NOTE 48 Capital Works (cont'd)

### Property, plant and equipment and infrastructure 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:	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
Total capital works	7,981	7,721
Asset revaluation movement *	7,398	23,128
Items written off	(53)	(285)
Developer contributed assets	3,560	2,188
Recognition of landfill assets	335	142
Depreciation and amortisation	(6,402)	(6,912)
Non-current assets held for sale	-	-
Disposal of assets for no consideration	-	(325)
Written down value of assets sold	(1,037)	(1,407)
<b>Net movement in property, plant &amp; equipment</b>	<b><u>11,782</u></b>	<b><u>24,250</u></b>

\* Does not include investment in Associates.

#### (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 49 Pending Accounting Standards

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

	AASB amendment	Standards affected	Outline of amendment	Application date of Standard	Application date for Council
	AASB 2008 - 11 Amendments to Australian Accounting Standards	AASB 3 Business Combinations	Amends an earlier version of AASB 3 issued in July 2004. However, before the mandatory application of this Standard, the Australian Accounting Standards Board will consider the suitability of this Standard for combinations in the not-for-profit sector. This may result in further amendments to this Standard or an additional scope exclusion. Consequently, it is Standard on Council.	1-Jul-09	1-Jul-09
	AASB 2007 - 06	Presentation of Financial Statements	Amends an earlier version of AASB 101 issued in July 2006. This standard introduces the concept of a "complete set of financial statements" and amends the title of some statements in the accounts. The other change of some relevance to Council relates to reporting owner changes in equity and comprehensive income. No significant impacts are expected to arise from this Standard.	1-Jan-09	1-Jan-09

**NOTE 49 Pending Accounting Standards (cont'd)**

AASB amendment	Standards affected	Outline of amendment	Application date of Standard	Application date for Council
AASB 2007 - 08	AASB 123 Borrowing Costs	Amends an earlier version of AASB 123 issued in July 2004. This standard requires borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset to be capitalised. Previously, entities had the option of expensing such costs. Subject to the existence of borrowings for the purpose of funding capital expenditure, this standard will require related borrowing costs to be capitalised rather than expensed. It is not expected that this will have a material impact on the reported financial performance or position of Council.	1-Jan-09	1-Jan-09
AASB 2008 - 05	AASB 127 Separate Consolidated and Financial Statements	Amends an earlier version of AASB 127 issued in July 2004. This standard makes various relatively minor changes. This Standard is not expected to have any impact on Council.	1-Jul-09	1-Jul-09
AASB 2008 - 1, AASB 2008 - 2, AASB 2008 - 3, AASB 2008 - 5, AASB 2008 - 6, AASB 2008 - 7,	Various	These standards make revisions, which are generally minor, to a range of other accounting standards. It is not expected that these Standards will have any significant impact on Council.	1-Jan-09	1-Jan-09

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 - CPA



Location : Leongatha

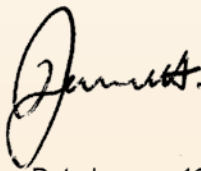
Dated : 16 / 09 / 2009

In our opinion the accompanying financial statements present fairly the financial transactions of the South Gippsland Shire Council for the year ended 30 June 2009 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 2nd September 2009 to certify the financial statements in their final form.

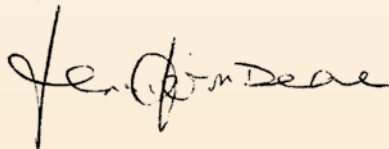
Councillor : James Fawcett



Location : Leongatha

Dated : 16 / 09 / 2009

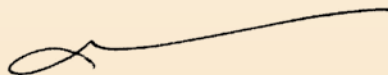
Councillor : Jennie Deane



Location : Leongatha

Dated : 16 / 09 / 2009

Chief Executive : Dirk Holwerda  
(Acting)



Location : Leongatha

Dated : 16 / 09 / 2009

## **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.



## Notes to the Standard Statements

### 1 Basis of preparation of Standard Statements

Council is required to prepare and include audited Standard Statements within its Annual Report. The four statements are 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 basis consistent with those used for the General Purpose Financial Statements and the Budget. The results reported in these statements are consistent with those reported in the General Purpose Financial Statements.

The Standard Statements are not a substitute for the General Purpose Financial Statements, which are included on pages 5 to 74 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 18 June 2008. 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 74. 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.

	<i>Budget</i> 2008/2009 \$'000	<i>Actual</i> 2008/2009 \$'000	<i>Variances</i> \$'000	%	Ref	Y	N
<b>Revenue</b>							
Rates and charges	23,813	24,143	330	1.4		<b>1</b>	
Statutory fees and fines	327	465	138	42		<b>2</b>	
User fees	1,988	1,764	(224)	11		<b>3</b>	
Grants - recurrent	9,227	11,338	2,111	23		<b>4</b>	
Grants - non-recurrent	1,048	2,759	1,711	163		<b>5</b>	
Contributions - cash	202	124	(78)	39			
Contributions - non monetary assets	-	3,560	3,560	100		<b>6</b>	
Reimbursements	273	462	189	69		<b>7</b>	
Other revenue	1,276	1,561	285	22		<b>8</b>	
<b>Total revenues</b>	<b>38,154</b>	<b>46,176</b>	<b>8,022</b>	21			
<b>Expenses</b>							
Employee benefits	14,017	13,847	(170)	1		<b>9</b>	
Materials and services	13,948	13,827	(121)	1		<b>10</b>	
Bad and doubtful debts	-	8	8	100			
Depreciation	6,473	6,402	(71)	1			
Other expenses	2,126	2,251	125	6		<b>11</b>	
Finance costs	290	290	-	-			
<b>Total expenses</b>	<b>36,854</b>	<b>36,625</b>	<b>(229)</b>	1			
<b>Net gain / (loss) on disposal of assets</b>	<b>(104)</b>	<b>(158)</b>	<b>(54)</b>	52			
<b>Derecognition of property, plant and equipment and infrastructure</b>	-	-	-	-			
<b>Net increase in Asset Revaluation Reserve</b>	-	-	-	-			
<b>Fair value adjustment for investment property</b>	-	-	-	-			
<b>Share of net profits / (losses) of associates accounted for using the equity method</b>	-	(24)	(24)	100			
<b>Surplus / (deficit) for the year</b>	<b>1,196</b>	<b>9,369</b>	<b>8,173</b>	683			

Variance Explanation Report		
Ref.	Item	Explanation
	<b>Revenue</b>	
1	Rates and charges	Rates and charges raised from issuing supplementary notices was greater than Budgeted.
2	Statutory fees and fines	Due to design services income (+\$42K) being classified as user fees in budget and higher than expected income from : design service (+\$47K) ; building services (+\$22K) ; planning applications (+\$14K) ; and election infringements (+\$13K).
3	User fees	Due to rental income (-\$268K) being classified as user fees instead of other revenue and design fees (-\$42K) being classified as user fees instead of statutory fees in budget and also due to higher than anticipated user fees from Koonwarra landfills (+\$111) .
4	Grants - recurrent	Due to early payment of Grants Commission allocation (+\$1.71M) and unexpected DHS funding for maternal and child health (+\$36K) not included in budget.
5	Grants - non-recurrent	Due to : Economic stimulus grants (+\$685K) ; Coal Creek grants (+\$240K) ; fire recovery grants (+\$164K) ; coastal spaces (+\$50K) ; and Preschool inclusion grants (+\$150K) .
6	Contributions - non monetary assets	Council did not budget for any non cash developer contributions for infrastructure asset items including roads, streets, drainage and other infrastructure assets as the amount of works to be completed during the year was not quantifiable.
7	Reimbursements	Short claims of fuel rebate relating to previous years now claimed and due to new activities eligible for fuel rebate (+\$157K), insurance claims (+\$55K), work cover claims (-\$34K) & legal fees reimbursed (+\$12K).
8	Other revenue	Rental income (\$268K) was included in user fees instead of other revenue in budget.
	<b>Expenses</b>	
9	Employee benefits	Several positions during the year were either not filled or were late in being filled and partly covered by casual labour and contractors. Labour cost capitalised to the balance sheet was less than anticipated (-\$124K).

	<i>Budget</i> 2008/2009 \$'000	<i>Actual</i> 2008/2009 \$'000	<i>Variances</i> \$'000	%	<i>Ref</i>	
<b>Current assets</b>					<b>Y</b>	<b>N</b>
Cash and cash equivalents	5,488	11,371	5,883	107	<b>12</b>	
Trade and other receivables	1,582	1,672	90	6		
Financial assets	1,900	1,850	(50)	3		
Inventories	-	171	171	100	<b>13</b>	
Other Assets	312	108	(204)	65	<b>14</b>	
<b>Total current assets</b>	<b>9,282</b>	<b>15,172</b>	<b>5,890</b>	63		
<b>Non-current assets</b>						
Trade and other receivables	18	-	(18)	100		
Investments in associates	876	827	(49)	6		
Investment properties	-	480	480	100	<b>15</b>	
Property, plant and equipment and infrastructure	352,671	386,967	34,296	10	<b>16</b>	
<b>Total non-current assets</b>	<b>353,565</b>	<b>388,274</b>	<b>34,709</b>	10		
<b>Total assets</b>	<b>362,847</b>	<b>403,446</b>	<b>40,599</b>	11		
<b>Current liabilities</b>						
Trade and other payables	1,545	2,299	754	49	<b>17</b>	
Trust funds and deposits	155	210	55	35		
Provisions	2,752	2,952	200	7	<b>18</b>	
Interest bearing loans and borrowings	1,138	1,138	-	-		
<b>Total current liabilities</b>	<b>5,590</b>	<b>6,599</b>	<b>1,009</b>	18		
<b>Non-current liabilities</b>						
Provisions	687	1,026	339	49	<b>18</b>	
Interest bearing loans and borrowings	2,639	2,639	-	-		
<b>Total non-current liabilities</b>	<b>3,326</b>	<b>3,665</b>	<b>339</b>	10		
<b>Total liabilities</b>	<b>8,916</b>	<b>10,264</b>	<b>1,348</b>	15		
<b>Net assets</b>	<b>353,931</b>	<b>393,182</b>	<b>39,251</b>	11		
<b>Equity</b>						
Accumulated Surplus	132,385	173,708	41,323	31	<b>19</b>	
Asset revaluation reserve	219,866	217,327	(2,539)	1	<b>20</b>	
Other reserves	1,680	2,147	467	28	<b>21</b>	
<b>Total equity</b>	<b>353,931</b>	<b>393,182</b>	<b>39,251</b>	11		

<b>Variance Explanation Report</b>		
<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
12	Cash and cash equivalents	Receipts from customers were higher than budget (+\$ 1.6 M) . Additional and early payment of Government grants (+\$4.1M) also influenced the amount of cash at year end. Opening cash balance was also higher than budget (+\$1.17M). Additional interest (+\$204K) was also earned as a result of the higher cash balance .This was partly offset by : lower proceeds from sale of assets (-\$395K) ; higher payment for property , plant & equipment incurred against extra grant income (-\$470K) ; additional long service leave investment (-\$ 100 K) ; and debt redemption and financing costs (-\$294K) .
13	Inventories	The budgeted amount for inventories was included with 'other assets' classification in the budgeted balance sheet.
14	Other Assets	The budgeted amount for inventories was included with 'other assets' classification in the budgeted balance sheet.
15	Investment properties	This class of asset was recorded in property, plant and equipment and infrastructure section of the budgeted balance sheet.
16	Property, plant and equipment and infrastructure	Due to : recognition of land under roads (+\$27.865M) ; asset revaluation surplus on bridges, drains & culverts (+\$7.398M) ; developer contributed assets (+\$3.56M) ; and higher projected opening balance in budget (-\$5.69M) .
17	Trade and other payables	At the end of June the amount of accrued but unpaid expenses were greater than budgeted.
18	Provisions	Due to : higher than budgeted year end provisions for employee benefits and other expenses (+\$200K) ; and landfill provisions (+\$336K) .
19	Accumulated Surplus	Due to : recognition of land under roads (+\$27.865M) ; found assets (+\$739K) ; a larger than anticipated operating result (+\$8.2M) ; and a greater opening balance than budgeted (+\$3.49M) .
20	Asset revaluation reserve	Opening balance of asset revaluation reserve was lower than budget (-\$10M).However actual revaluation surplus from bridges , drains & culverts was higher than budget (+\$7.398M)
21	Other reserves	Additional funds were transferred to internal reserves to fund possible future unfunded superannuation (\$500K).

	<i>Budget</i> 2008/2009 \$'000	<i>Actual</i> 2008/2009 \$'000	<i>Variances</i> \$'000	%	<i>Ref</i>	
<b><i>Cash flows from operating activities</i></b>						<b>Y N</b>
Receipts from customers	27,593	29,210	1,617	6		<b>22</b>
Payments to suppliers (inclusive of GST)	(16,394)	(16,573)	(179)	1		<b>23</b>
<b>Net cash inflow / (outflow) from customers/suppliers</b>	<b>11,199</b>	<b>12,637</b>	<b>1,438</b>	<b>13</b>		
Payments to employees	(13,948)	(13,798)	150	1		<b>24</b>
Interest received	346	550	204	59		<b>25</b>
Grants from Government (inclusive of GST)	10,215	14,323	4,108	40		<b>26</b>
<b>Net cash inflow / (outflow) from operating activities</b>	<b>7,812</b>	<b>13,712</b>	<b>5,900</b>	<b>76</b>		
<b><i>Cash flows from investing activities</i></b>						
Proceeds from sale of property, plant and equipment	1,274	879	(395)	31		<b>27</b>
Payments for property, plant and equipment	(7,511)	(7,981)	(470)	6		<b>28</b>
Repayment of loans and advances	7	33	26	371		
Redemption (Purchase) of investments	-	(100)	(100)	100		<b>29</b>
<b>Net cash inflow / (outflow) from investing activities</b>	<b>(6,230)</b>	<b>(7,169)</b>	<b>(939)</b>	<b>15</b>		
<b><i>Cash flows from financing activities</i></b>						
Debt Redemption and financing	(1,116)	(1,410)	(294)	26		<b>30</b>
Trust Funds	-	48	48	100		
<b>Net cash inflow / (outflow) from financing activities</b>	<b>(1,116)</b>	<b>(1,362)</b>	<b>(246)</b>	<b>22</b>		
<b>Net increase / (decrease) in cash held</b>	<b>466</b>	<b>5,181</b>	<b>4,715</b>	<b>1,012</b>		<b>31</b>
Cash at beginning of the year	5,022	6,190	1,168	23		<b>32</b>
<b>Cash at the end of the year</b>	<b>5,488</b>	<b>11,371</b>	<b>5,883</b>	<b>107</b>		
<b><i>Reconciliation of Operating Result and Net Cash Flows from Operating Activities For the year ending 30 June 2009</i></b>						
<b>Net surplus / (deficit) from operations</b>	<b>1,196</b>	<b>9,369</b>	<b>8,173</b>	<b>683</b>		
Depreciation and amortisation	6,473	6,402	(71)	1		
(Profit) / Loss on sale of property, plant and equipment	104	158	54	52		
Share of net profit / (loss) of associates	-	24	24	100		
Landfills rehabilitation costs	-	262	262	100		
Items Written Off	-	53	53	100		
Finance Costs	290	294	4	1		
Balance sheet movements	(251)	710	961	383		
Developer contributions	-	(3,560)	(3,560)	100		
<b>Net cash inflow / (outflow) from operating activities</b>	<b>7,812</b>	<b>13,712</b>	<b>5,900</b>	<b>76</b>		

Variance Explanation Report		
Ref.	Item	Explanation
22	Receipts from customers	Due to : collection of other receivables being greater than anticipated ;contribution (-\$138K) ; rates (+\$267K) ; user fees & fines (+\$695K) ; reimbursements (+\$187K) ; and other customer receipts (+\$ 610K) .
23	Payments to suppliers (inclusive of GST)	Due to : conferences (-\$ 41K) ; training (-\$91K) ; fuel (-\$137K) ; meals (-\$74K) ; registration (-\$32K) ; spare parts (-\$47K) ; consultancies (+\$132K) ; legal fess (\$+52K) ; recruitment cost (+\$135K) ; contractors (+\$179K) ; external plant hire (+\$76K) ; and plant lease (+\$28K) .
24	Payments to employees	Due to : training time (-\$22K) ; work cover payments (-\$72K) ; FBT (-\$18K) ; annual leave (-\$34K) ; sick leave (-\$18K) ; work cover premium (-\$27K) ; superannuation contributions (-\$27K) ;travel claims (\$+47K) ; and other employee payments (+\$30K)
25	Interest received	Additional interest earned on investments(+\$130K) as expenditure targets were behind schedule when estimate made. Also additional interest charged on late payment of rates and charges (+\$69K).
26	Grants from Government (inclusive of GST)	Due to : Economic stimulus grants (+\$685K) ; Coal Creek capital grants (+\$240K) ; fire recovery grants (+\$164K) ; coastal spaces (+\$50K) ; Preschool inclusion (+\$150K) ; early payment of Grants Commission allocation (+\$1.71M) ; maternal and child health (+\$41K) ; bush fire (+\$163K) ;Toora recreation reserve (+\$160K) ; DDA works (+\$155K) ; Koonwarra Pound Creek road (+\$148K) ; Loch Wonthaggi road( +\$71K) ; McDonald track (+\$61K) ; and Soldiers road (+\$67K) .
27	Proceeds from sale of property, plant and equipment	Due to : lower vehicle sales (-\$421K) resulting from delayed exchange with new vehicles ; plant sale (+\$33K) ; and land sale (-\$7K) .
28	Payments for property, plant and equipment	Due to : Plant purchases (+\$31K) ; Fleet purchase (-\$597K) ; Asset Management software (-\$170K) ; Information Systems(+\$86K) ; Dewar lane (-\$111K) ; Walter Tuck netball rooms (+\$194K) ; Reseals (+\$125K) ; Venus Bay playground (+\$49K) ; Korumburra drill hall (+\$251K) ; Clear Creek bridge (+\$50K) ; Dyrings road (-\$ 90K) ; and other grant funded projects (+\$643K).
29	Redemption (Purchase) of investments	Additional Long service leave Investments (+\$100K) .
30	Debt Redemption and financing	Payment of debt servicing costs classified as payment to suppliers in budget.
31	Net increase / (decrease) in cash held	Mainly due to greater than anticipated Government grants received and higher customer receipts , partly offset by lower proceeds from sale of property, plant and equipment and higher payments for purchase of property , plant and equipment.
32	Cash at beginning of the year	As a result of a greater than anticipated result in cash flow for the 2007/08 financial year



Capital Works Areas	Budget	Actual	Variances		Ref	
	2008/2009	2008/2009	\$'000	%	Y	N
Land		2	2	-		
Buildings	509	930	421	83	33	
Plant & Equipment	2,362	1,796	(566)	24	34	
Office Furniture & Equipment	569	485	(84)	15		
Land	20	-	(20)	100		
Roads	3,321	3,583	262	8	35	
Bridges	106	59	(47)	44		
Culverts	28	-	(28)	100		
Footpaths	331	508	177	53	36	
Drains	-	84	84	-		
Kerb & Channel	20	53	33	165		
Off-street car parks	20	101	81	405		
Other Structures	225	380	155	69	37	
<b>Total capital works</b>	<b>7,511</b>	<b>7,981</b>	<b>470</b>	<b>6</b>		
<b>Represented by:</b>						
Renewal of infrastructure	3,126	4,084	958	31		
Upgrade of infrastructure	163	600	437	268		
Expansion of infrastructure	-	2	2	-		
New infrastructure	782	84	(698)	89		
Upgrade of Buildings	509	930	421	83		
New plant and equipment	2,931	2,281	(650)	22		
<b>Total capital works</b>	<b>7,511</b>	<b>7,981</b>	<b>470</b>	<b>6</b>		

Property, Plant & Equipment movement Reconciliation Worksheet	Budget	Actual	Variances		Ref
	2008/2009	2008/2009	\$'000	%	
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	7,511	7,981	470	6	
Asset revaluation movement *	-	7,398	7,398	100	
Items Expensed	-	(53)	(53)	100	
Developer contributed assets	-	3,560	3,560	100	
Recognition of landfill asset	-	335	335	100	
Depreciation and amortisation	(6,473)	(6,402)	71	1	
Written down value of assets sold	(1,378)	(1,037)	341	25	
<b>Net movement in property, plant and equipment and infrastructure</b>	<b>(340)</b>	<b>11,782</b>	<b>12,122</b>	<b>3,565</b>	

\* Does not include Investment in Associates

### Variance Explanation Report

<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
<b>33</b>	Buildings	Expenditure higher than budget on the following projects: Walter Tuck netball umpire rooms and shelter (+\$194K) ; and Korumburra drill hall (+\$251K) .
<b>34</b>	Plant & Equipment	Due to : Vehicle purchases being lower than budget (-\$597K) as a result of delayed replacements ; and plant purchase higher than budget (+\$31K) due to unexpected breakdown of Broom.
<b>35</b>	Roads	Lower expenditure on Dewar lane (-\$111K) and higher expenditure on Reseals program (+\$73K), and due to expenditure on the following new Government funded projects: Koonwarra Pound Creek road (+\$86K) ; Loch Wonthaggi road (+\$54K); Mc Donald track (+\$56K) ; Soldiers road (+\$43K) ; and Wild Dog Valley road (+\$46K) .
<b>36</b>	Footpaths	Expenditure on new government funded DDA works (+\$156K).
<b>37</b>	Other Structures	Due to expenditure on the following new Government funded projects: Koonwarra Pound Creek road (+\$53K) ; Loch Wonthaggi road (+\$16K) ; Mc Donald track (+\$11K) ; Soldiers road (+\$14K) ; Wild Dog Valley road (+\$33K) ; and expenditure on Venus Bay playground replacement (+\$49K) recovered from insurance.

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 - CPA

Location : Leongatha

Dated : 16 / 09 / 2009

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 2nd September 2009 to certify the standard statements in their final form.

Principal Accounting Officer



Thomas Lovass - CPA

Location : Leongatha

Dated : 16 / 09 / 2009

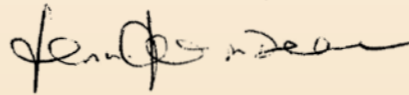
Councillor : James Fawcett



Location : Leongatha

Dated : 16 / 09 / 2009

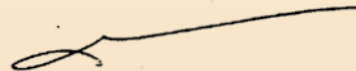
Councillor : Jennie Deane



Location : Leongatha

Dated : 16 / 09 / 2009

Chief Executive (Acting) Dirk Holwerda



Location : Leongatha

Dated : 16 / 09 / 2009



Victorian Auditor-General's Office  
**INDEPENDENT AUDITOR'S REPORT**

**To the Councillors, South Gippsland Shire Council**

*The Financial Report and Standard Statements*

The accompanying financial report for the year ended 30 June 2009 of South Gippsland Shire Council which comprises of income statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the certification of the financial statements has been audited.

The accompanying standard statements for the year ended 30 June 2009 of the Council which comprises of standard income statement, standard balance sheet, standard cash flow statement, standard statement of capital works, the related notes and the certification of standard statements have been audited.

*The Councillors' Responsibility for the Financial Report and Standard Statements*

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

- the financial report in accordance with Australian Accounting Standards (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.

*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 the internal control relevant to the entity's preparation and fair presentation of the financial report and standard statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates made by the Councillors, as well as evaluating the overall presentation of the financial report and standard statements.



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Victorian Auditor-General's Office

## Independent Auditor's Report (continued)

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

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

This auditor's report relates to the financial report and standard statements published in both the annual report and on the website of the South Gippsland Shire Council for the year ended 30 June 2009. The Councillors of the South Gippsland Shire Council are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. The auditor's report refers only to the statements named above. 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 the Council's website.

### *Independence*

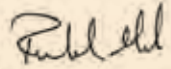
The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with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

### *Auditor's Opinion*

In my opinion:

- the financial report presents fairly, in all material respects, the financial position of South Gippsland Shire Council as at 30 June 2009 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  
21 September 2009

  
D D R Pearson  
Auditor-General

Team	KSA Description	KSA Measures	KSA Target	Completion Status	Status Report
<b>Engineering and Infrastructure Maintenance</b>	Implementation and delivery of the Capital Works Program	Percentage of annual capital works program completed on time and within budget (excluding factors beyond management control)	Greater than or equal to 90%	Target met	40 capital / major works occurred during the 2008/09 year. There are 4 projects that have been carried over to 2009/10. 90% completed on time and 98.2% completed within budget.
<b>Engineering</b>	Commence implementation of the Asset Management Improvement Strategy including acquisition of Asset Management System	Signed contract for the acquisition of asset management software	30 April 2009	Target not met	The Asset Management Strategy is being reviewed in line with the Steering Committee's decision to seek expert advice on Asset management planning. Expert AM consultant ACEAM (Ashay Prabhu) has been appointed to review Asset Management Planning. Submission from ACEAM has been received and forwarded to the Asset Management Steering Committee for comment. Next step is to arrange presentation by ACEAM to Council and Asset Management Steering Committee in July / August
<b>Environment &amp; Community Safety</b>	Investigate opportunities offered by the signing of the local Sustainability Accord	Council to adopt a Local Environment Priority Statement (LEPS)	28 February 2009	Target met	Council adopted the Local Environment Priority Statement (LEPS) on 4 February
<b>Planning</b>	Implementation of the South Gippsland Rural Strategy as part of the Planning Scheme Review	Presentation of final strategy to Council	17 September 2008	Target not met	Notice of Motion from Cr Raabe carried at Council meeting on 1 April 2009. This directs officers to undertake various elements of work (mapping etc.) prior to development of the revised Draft Rural Strategy. Direction from Council will impact upon timelines for delivery of targets for remainder of financial year. This will now occur in the next financial year.

<b>Planning</b>	Implementation of Township Plans for Leongatha, Korumburra, Foster, Mirboo North, Nyora, Loch, Tarwin Lower, Venus Bay, Waratah Bay and Sandy Point as part of the Planning Scheme Review	Processing of Planning Scheme Amendments to stage of a Planning Panel being requested	31 May 2009	Target not met	Council endorsed request to authorise exhibition of the Planning Scheme Amendment on 22 April 2009 and request was subsequently forwarded to DPCD. Due to extended timelines in the preparation of the amendment documentation (in response to direction from DPCD and Planning Panels Victoria) the exhibition process was not completed until 30 June 2009. Reporting to Council on the outcome of the exhibition process will occur in August 2009.
<b>Planning</b>	Issue planning permits that meet the aspirations of the South Gippsland Planning Scheme	Percentage of planning permits issued within 60 statutory days	60% or greater issued within 60 statutory days	Target not met	54% of planning permits issued within 60 statutory days
<b>Social and Economic Development</b>	Develop an Aquatics & Leisure Centre Strategy to ensure sustainability and development of Council leisure centre and aquatic facilities	Presentation of strategy to Council (subject to timing of SRV funding)	30 January 2009	Target not met	Workshop for Councillors conducted on 29 April 09. Adoption of final document by Council anticipated in September 2009.
<b>Social and Economic Development</b>	Manage Coal Creek as a community park and museum	Implementation of new direction for Coal Creek including completion of annual capital works and adoption of a model for museum	28 February 2009	Target not met	Refer to Steering Committee minutes. New direction implemented. Annual capital works program completed. Museums Australia accreditation applied for, waiting for assessment to be conducted in late 2009.
<b>Social and Economic Development</b>	Develop a Business Investment Policy	Presentation of the policy to Council	25 February 2009	Target not met	Project completed. Policy adopted at Council meeting 22 April 2009. Project completion date delayed due to request from Council for additional elements to policy and response to bushfires.
<b>Social and Economic Development</b>	Implement a sustainable model for the operational staffing of two level two Visitor Information Centres.	Staffing arrangements in place	31 October 2008	Target met	Project completed in October 2008. Report adopted at Council meeting 17 December 2008.



<b>Infrastructure Maintenance</b>	Implementation of adopted maintenance programs	Program completed on time and within budget	Greater than or equal to 90%	Target met	Greater than 90% of adopted maintenance programs were completed on time, however the total budget was exceeded by \$ 76k.
<b>Finance</b>	Achieving strategic financial outcomes	Weighted average of five key financial ratios being underlying result, working capital ratio, indebtedness, self financing and investment gap	Greater than or equal to 98%	Target met	138% Ratio assisted by Australian Accounting Standard requirement to recognise grants as revenue during the year irrespective of whether they had been expended (Underlying ratio not including 'grants in advance' 126%)
<b>Organisational Development</b>	Undertake improvement projects raised through the business excellence program	Implementation of programmed improvement projects	Greater than or equal to 9 improvement projects	Target not met	Projects underway include Customer Service Charter, Council Plan business planning process, monthly reporting process and performance appraisal, procurement policy review, budget structure review and a Cost Containment Strategy is underway with the implementation of a Best Business Practice Project team.
<b>Organisational Development</b>	Ensure Council is positioned to meet the current and future requirements relating to structure, capability, succession and talent management	Develop and implement the workforce planning strategy	Delivered in line with measures identified in People Culture and Lifestyle Strategy	Target not met	PCL Strategy currently being reviewed to provide for improved implementations. A learning needs analysis was conducted in May/June for the Training and Development Program. In addition, there are some scheduled training sessions planned.
<b>Information Services</b>	Commence phased implementation of an Electronic Document Management System (EDMS) in line with project plan	Sign off on Electronic Document Management System project implementation plan	Sign off by October 2008	Target not met	With the Council office relocations having taken place in March 2009 the decision was made to delay the go-live until September 2009 to minimize the disruption and therefore risk to the EDMS Project.
<b>Family Services</b>	Implement Positive Ageing strategy action plan for 2008/09	Complete top two actions as identified in the Positive Ageing action plan.	Sign off by 30 April 2009	Target not met	This project has been moved into the Council Plan 2009/13 and now forms part of 1.2.3.1 to be reported to Council by March 2010

In our opinion, the accompanying Performance Statement of the South Gippsland Shire Council in respect of the 2008/09 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.

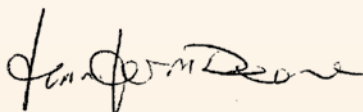
As at the time of signing, we are not aware of any circumstances which would render any particular in the statement to be misleading or inaccurate.

Councillor : James Fawcett



Dated : 16 / 09 / 2009

Councillor : Jennie Deane



Dated : 16 / 09 / 2009



Victorian Auditor-General's Office

## INDEPENDENT AUDITOR'S REPORT

### To the Councillors, South Gippsland Shire Council

#### *The Performance Statement*

The accompanying performance statement for the year ended 30 June 2009 of the South Gippsland Shire Council which comprises the statement, the related notes and the certification of performance statement has been audited.

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

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

#### *Auditor's Responsibility*

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

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

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

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

This auditor's report relates to the performance statement published in both the annual report and on the website of the South Gippsland Shire Council for the year ended 30 June 2009. The Councillors are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. The auditor's report refers only to the statements named above. 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 the Council's website.

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Victorian Auditor-General's Office

## Independent Auditor's Report (continued)

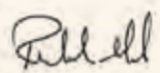
### *Independence*

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

### *Auditor's Opinion*

In my opinion, the performance statement of the South Gippsland Shire Council in respect of the 30 June 2009 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

MELBOURNE  
21 September 2009

  
D D R Pearson  
Auditor-General





*South Gippsland*  
Shire Council

