



AGENDA APPENDIX
Council Meeting
Wednesday 23 October 2013

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

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

E.3 ANNUAL REPORT 2012-13

Appendix 1



South Gippsland Shire Council 2012–2013 Annual Report

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

Contents

4	Councillors and Executive Team
5	Mayor's Message
6	CEO's Message
7	Strategic Integrated Planning Framework
8	Organisational Structure
9	Electoral Wards and Representatives
10	Employee Profile
11	Community Services
15	Engineering Services
18	Development Services
22	Corporate Services
25	Information to be made available to the public
26	Whistleblowers Protection Act and Protected Disclosures Act (formerly Whistleblowers Act)
26	Best Value
27	Audit Committee
27	National Competition Policy Compliance: 2012/13
28	A Plain English Guide to Financial Statements, Standard Statement and Performance Statement
32	Local Government Indicators
33	Grants and Contributions Paid 2012/13
36	Annual Plan 2012/13 End of Year Results
56	Key Strategic Activities 2012/13
61	PART B – FINANCIALS



9 Smith Street (Private Bag 4)

Leongatha VIC 3953

Phone: 5662 9200

Fax: 5662 3754

Email: council@southgippsland.vic.gov.au

Websites: www.southgippsland.vic.gov.au www.visitpromcountry.com.au

Councillors and Executive Team

Coastal-Promontory Ward



**Councillor
Mohya Davies**



**Councillor
Jeanette Harding**



**Councillor (Mayor)
Kieran Kennedy**

Strzelecki Ward



**Councillor
Lorraine Brunt**



**Councillor
Andrew McEwen**



**Councillor
Robert (Bob) Newton**

Tarwin Valley Ward



**Councillor
James (Jim) Fawcett**



**Councillor
Don Hill**



**Councillor (Deputy Mayor)
Nigel Hutchinson-Brooks**

Chief Executive Officer

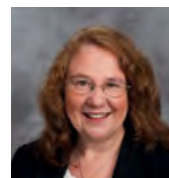


Tim Tamlin

Directors



**Jan Martin
(Community Services)**



**June Ernst
(Corporate Services)**



**Anthony Seabrook
(Engineering Services)**



**Phil Stone
(Development Services)**

Mayor's Message

The Hon Jeanette Powell MP
Minister for Local Government

Dear Minister,

I'm proud to present our Annual Report for 2012/2013



This past year has seen an economic boom in the Shire, with multi-million dollar expansion at our two major milk processing plants, and the arrival of a new milk processor in the former Toora Bonlac factory to produce infant formula for the lucrative Chinese market.

With dairying as the lead industry in the shire, the ripples from such investment reverberate throughout the community – to farmers, allied industries, employees and general retail. We are pleased with the confidence these businesses have in our area and it highlights the need for new generations to be choosing dairying farming as a career to meet future demands for milk. A new car dealership and hospital have added further value, but some stress is being felt in small business as operators grapple with consumer caution from the general economic downturn and growing competition from online shopping. I'm pleased to say our Economic Development and Planning teams have been proactive in providing excellent support to investors and the business community. Our introduction of the SPEAR planning online application process has met with approval, improving speed, accuracy and transparency. It is timely, with the State Government also moving to a more streamlined approach to planning in general.

Like all Councils we have dealt with the process of settling in new Councillors and we were greatly challenged by unforeseen costs of over \$7 million (including unfunded superannuation) when finalising the Budget and imposing a rate increase of 6.75%. A key focus of the new Council is to vastly improve our engagement processes so that the community has a strong sense of joint ownership.

We have continued to lobby State and Federal politicians for our Priority Projects and have been preparing our staff and systems to manage the collection of the fire services levy in the new financial year. Many of the projects embedded in our Sustainability Strategy have been achieved, with excellent support from the community. The National Broadband Network is progressing and eight of our smaller towns have approval for the delivery of fixed wireless broadband, with tower construction commencing soon.

A new Community Centre was opened at Sandy Point, built with generous funding support from State and Federal Governments, Council and the community. The Centre has subsequently been designated as a much needed Neighbourhood Safer Place (NSP) for our coastal region. Work continues to adapt the site environment for such a situation and is expected to be ready by the fire season.

It has been a challenging and rewarding year and I am pleased that in this timeframe some outstanding planning guidelines for the future development of the shire have been achieved.

We welcome your study of our performance.

A handwritten signature in black ink, appearing to read 'Kieran Kennedy'.

Cr Kieran Kennedy – Mayor

CEO's Message

The Hon Jeanette Powell MP
Minister for Local Government



Dear Minister,

It is my great pleasure to report that South Gippsland Shire Council has again achieved important successes for the community throughout the year. With our achievements have come many and varied challenges. The strength of Council and its staff and the resilience and spirit of the community we represent has allowed us to build confidently on the foundations set throughout my previous two years with the organisation.

It has been a period of balance, with much energy focussed on planning for the future while ensuring tangible and necessary improvements are realised in real-time throughout the community. We continue to plan for the health, growth and ongoing prosperity of our Shire with the finalisation of key strategic plans including our Municipal Health and Wellbeing Plan 2013-2017, Urban Design Frameworks for eight settlements and a Housing and Settlement Strategy which includes Structure Plans for 17 of our towns. Master plans have also been developed in partnership with Korumburra and Mirboo North communities for their swimming pools.

As Korumburra welcomes new residents choosing the country lifestyle to raise their families, Council is focused on ensuring the town is equipped to support this growth. Land has been rezoned to accommodate new homes, an Assessment Plan on required future infrastructure completed, and the Town Centre Framework Plan is currently progressing with enthusiastic community input.

Concept designs are in hand for an Integrated Children's Centre that will accommodate 120 children and provide all necessary services including childcare, kindergarten, Maternal and Child Health, an after school care program and multipurpose community meeting space.

Traffic management has been a focus in Leongatha with the completion of an Infrastructure Plan, Car Parking Strategy, Industrial Land Study and Traffic and Drainage Study. Ongoing community attention and advocacy has seen great progress made in our pursuit to ease congestion and improve safety in the CBD and Council is working closely with Vic Roads to identify a viable Heavy Vehicle Alternate Route.

Planning for and dealing with waste has been a focus over the last 12 months with Council resuming management of its landfill site and introducing a 'user pays' hard waste collection service to improve sustainability, service and gain efficiencies. In addition, optional kerbside services have been introduced in coastal towns to address the needs of holiday property owners and a highly successful 'Public Place Recycling Trial' was undertaken at to help cope with ongoing waste issues throughout the peak holiday period.

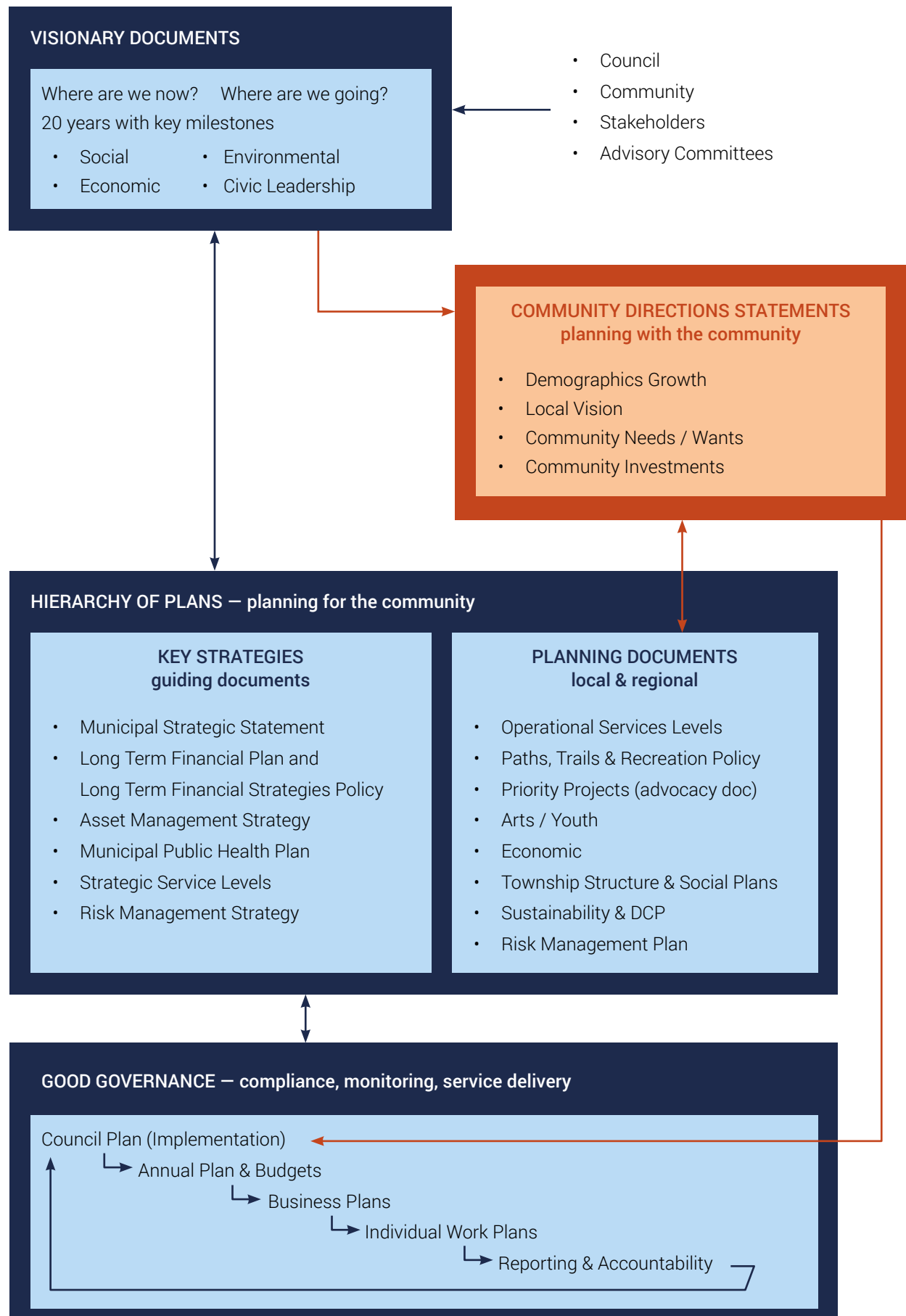
Council awarded \$340,000 to 63 community organisations through our Community Grants program and secured \$528,900 from seven external applications to progress and realise local projects.

I look forward to the challenges and rewards the next year will bring and most importantly, sharing the successes with our community.

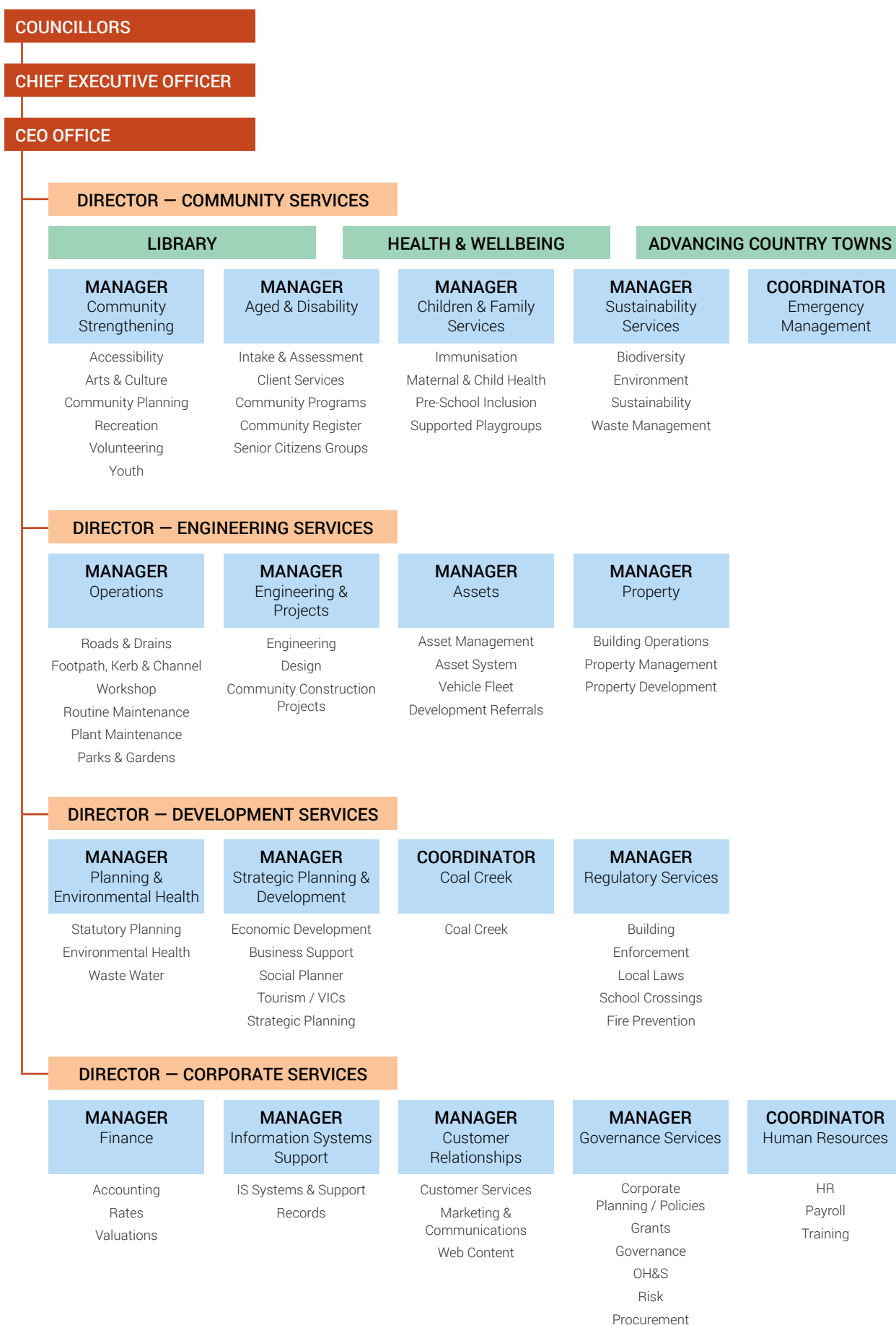


Tim Tamlin — Chief Executive Officer

Strategic Integrated Planning Framework



Organisational Structure



Electoral Wards and Representatives

Minor changes were made to ward boundaries last year in preparation for the 2012 October elections, realigning Mt Best into the Coastal-Promontory Ward. There are three Shire wards (Coastal-Promontory, Strzelecki and Tarwin Valley), each represented by three councillors.

Coastal-Promontory Ward



Councillor
Mohya Davies



Councillor
Jeanette Harding



Councillor Kieran
Kennedy (Mayor)

Strzelecki Ward



Councillor
Lorraine Brunt



Councillor
Andrew McEwen



Councillor Robert
(Bob) Newton

Tarwin Valley Ward



Councillor James
(Jim) Fawcett



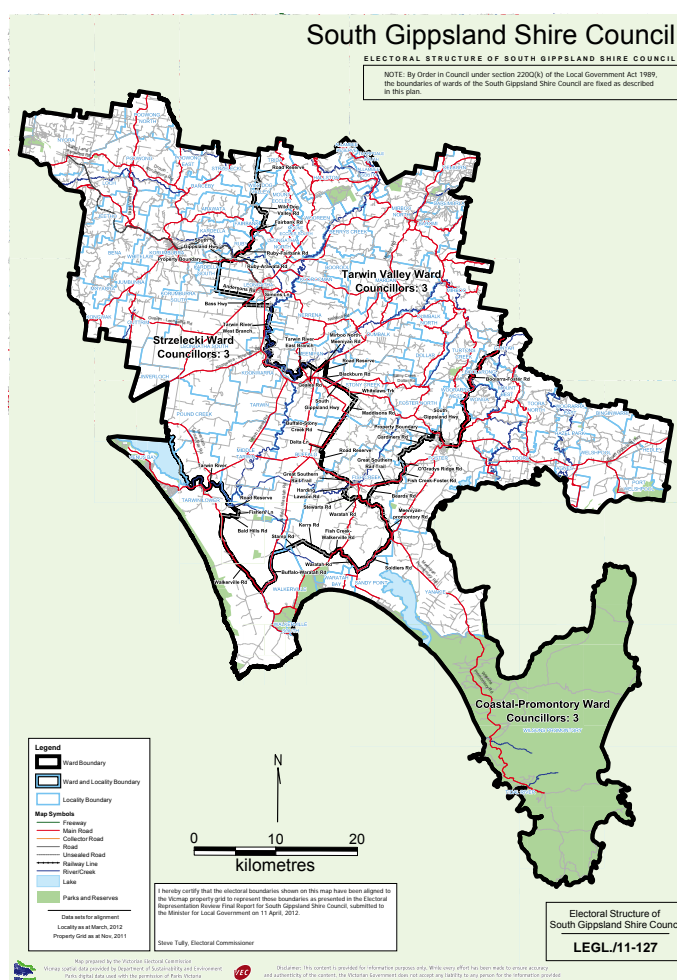
Councillor Don Hill



Councillor Nigel
Hutchinson-Brooks
(Deputy Mayor)

Council elections are held every four years. Voting for Council elections is compulsory for residents (residents 70 years of age or over are excused from voting). Non-resident ratepayers are encouraged to vote, but do not have to. The 2012 October Council Elections only required an election be held in the Coastal-Promontory Ward and Strzelecki Ward. Tarwin Valley Ward received three candidate nominations and therefore did not require an election.

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



Employee Profile

Staff Complement	
Full Time	193
Part Time	103
Casual	65
Total number of staff	361

Employee Groups	
Chief Executive	11
Corporate Services	46
Community Services	108
Development Services	87
Engineering Services	109
Total number of staff	361

Equal Employment Opportunity

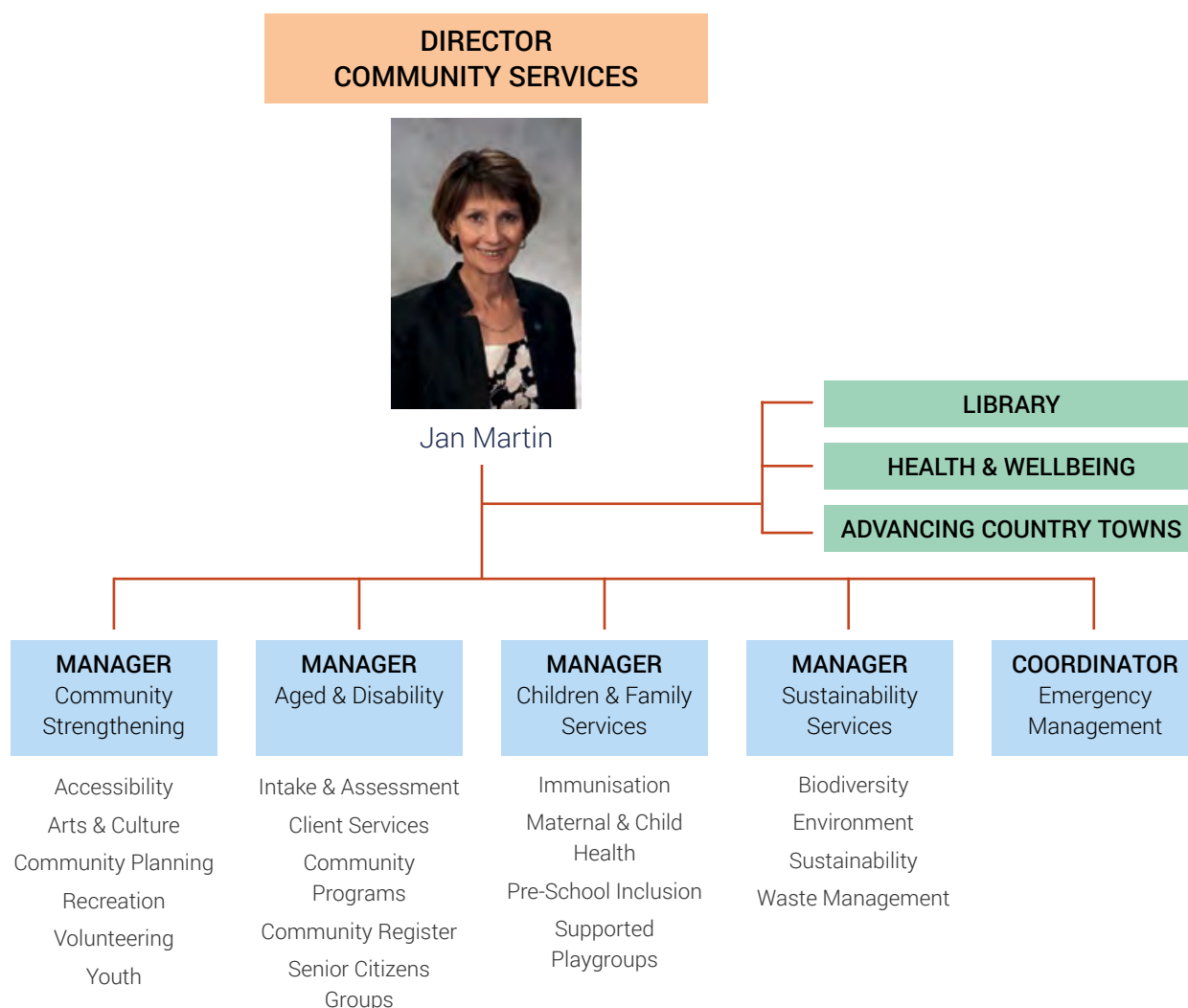
Council is committed to the principles of equal employment opportunity.

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.



Community Services



Advancing Country Towns

Council coordinates this State Government funded project that aims to revitalise the Lower Tarwin District through economic development opportunities.

- Established an automated Weather Station at Yanakie to support farming, commercial and recreational fishing, emergency management and tourism operators with local weather forecasts.
- Commenced work on the Great Southern Rail Trail's 'Black Spur' missing link, Digital Arts Trail, Branding and Marketing, FoodMap website and education projects.

Libraries

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

- Recorded total library membership of 9,695 (35.25% of Shire population) and 134,873 library visits, a 2% decrease.
- Adopted the 2013-2017 Strategic Library Plan.

Health and Wellbeing

Provides strategic direction for improving community health and wellbeing through the development and implementation of a Municipal Public Health and Wellbeing Plan.

- Conducted a survey of over 400 residents to identify key health and wellbeing issues.
- Adopted the 2013-17 Municipal Public Health and Wellbeing Plan, the first Gippsland Council to complete the Plan.

Community Strengthening

The Community Strengthening Team promotes and supports community participation and resilience through planning and project development activity and covers access and inclusion, recreation, arts and culture, youth support and volunteering. It works in partnership with government and service agencies on several projects funded by government grants and other external funding sources.

- Showcased careers in Local Government to over 2,500 students at the Job Skills Expo in July.
- Established a network with the four Community Houses/Learning Centres.
- Coordinated the iconic 'Music for the People' concert which drew 900 attendees.
- Increased attendance at SG SPLASH by 5%, registering 96,336 users. Increased attendance at all outdoor pools by 24%.
- Attracted 35 community group members to the Community Engagement Conference which featured workshops on grant writing, online engagement, budgets, work plans and incorporation law.



Emergency Management

Council's Emergency Management Team stands ready to respond to and recover from municipal emergency events and includes a broad range of proactive community education and team training initiatives.

- Completed Municipal Emergency Management Plan which was audited and achieved highest possible score in all 25 categories.
- Received additional funding from the Fire Services Commissioner to proceed with the implementation of a Neighbourhood Safer Place - Place of Last Resort at Sandy Point.
- Supported Department of Environment and Primary Industries during the Hallston fire. Set up registration centre, assisted with road closures, patrolled for lost stock, facilitated public meetings and provided conduit for personal support.
- Completed the Emergency Management Flood Plan and the Municipal Fire Management Plan with endorsement by the Municipal Emergency Management Planning Committee to adopt these as two sub plans of the Municipal Emergency Management Plan.

Aged and Disability Services

The Home and Community Care Program provides support services for older people and people with disabilities (and their carers) to assist them to live independently. Services include Personal Care, Home Care, Respite, Community Transport, Meals on Wheels and Home Maintenance. It plans for positive ageing through services and projects designed to improve independence, quality of life and social participation for clients.

- Completed Aged and Disability Diversity Plan 2012/2015 and approved by Department of Health, noted as being of a high standard. Successfully completed all year one actions.
- Adopted Active Ageing Plan 2012/2016 and Community Transport Review after extensive community input.
- Completed the 'Improving Liveability for Older People' project (ILOP) which developed several community programs: 'Garden to Plate', 'Tech Tasters', 'Information Booklet', 'Improved volunteering opportunities' and 'Intergenerational activities'.
- Won the prestigious LG Pro Award 'Outstanding Team Contribution' for South Gippsland Coordinated Care Team (partnership between Council, Gippsland Southern Health Service and South Gippsland Hospital).
- Named finalist in the LG Pro Award 'Outstanding Project/Program' for the ILOP Tech Tasters program, in partnership with South Gippsland Secondary College & Prom Coast U3A.
- Organised seven events during Seniors Week including the annual Senior Citizens Concert which attracted 500 attendees. (Six events were part of ILOP).



Sustainability Services

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

- Reduced waste to landfill from transfer stations by 12% and commenced Cell 3 operations at Koonwarra landfill with in-house management. Commenced the optional kerbside waste collection in Venus Bay and Walkerville and completed the first optional hard waste collection service with 85 bookings.
- Endorsed the Green Street Lighting Project which will reduce greenhouse gas emissions by approximately 400 tonnes of CO₂ and generate savings of approximately \$48,000pa in energy and maintenance costs.
- Introduced green waste fees to ensure a fair 'user pays' service which will reduce the volume of waste disposal to deliver savings of up to \$250,000 pa.
- Developed guidelines and an application process for community garden management on Council owned land.
- Staged another successful Sustainability Festival with increased stall holders and visitors. Discussions have commenced with Bass Coast Shire Council to co-host a festival next year.



Children and Family Services

The Department plans to ensure services and infrastructure meet future demand and support key partners in the provision of services. It is responsible for Maternal and Child Health, Immunisation, Preschool Inclusion Support and Supported Playgroups and aims to maximise the wellbeing and development of children and accessibility of services to all families.

- Developed concept designs for the Korumburra Integrated Children's Centre. Planning Amendments commenced and State and Federal Government funding is being sought. The Korumburra Kindergarten extension was also completed providing an additional learning space to enable 15 hours per week of preschool education.
- Facilitated two 'Circle of Security' eight week parenting programs to build parenting skills around early attachment support and child development.
- Won the Department of Education and Early Childhood Development Award for 'Cook n Book', the Supported Playgroup and Parent Initiative project at Venus Bay'. The award included \$15,000 to continue the program in 2013.
- Completed a review and adopted guidelines for children's services infrastructure.
- Completed the Human Papillomavirus (HPV) program with Years 7 and 9 students at all Shire secondary schools.

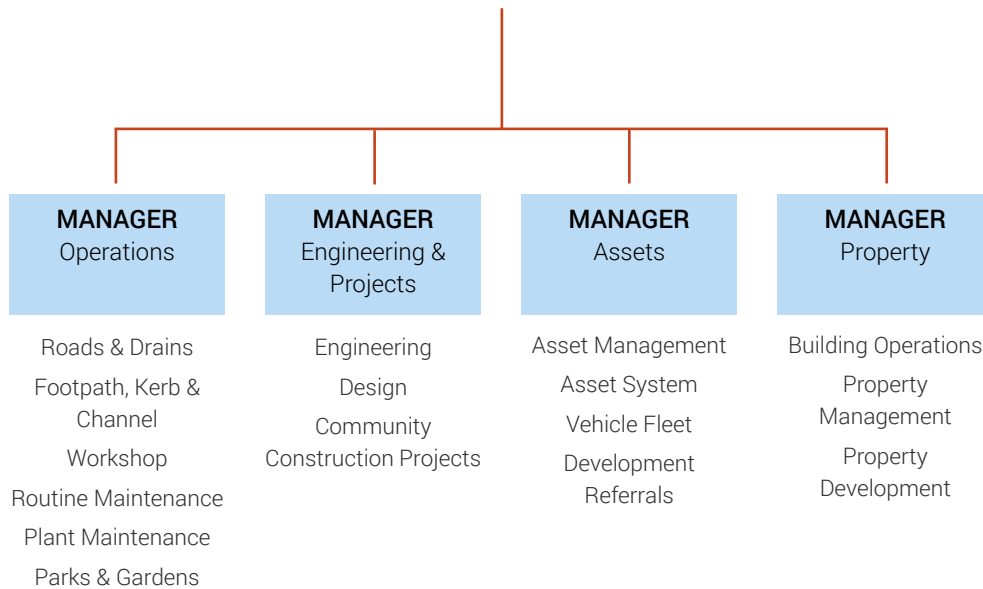


Engineering Services

DIRECTOR ENGINEERING SERVICES



Anthony Seabrook



Operations

The Department is responsible for programmed and reactive maintenance to provide a safe and trafficable road network and parks and gardens that meet the needs and expectations of the community. This includes roads and drains, footpaths, kerb and channel, plant, workshop and routine maintenance. Crews are often engaged in emergency works at all hours to respond to storm damage. The road maintenance program ensures that Council's infrastructure networks are continuously monitored and maintained to a standard that will maximise their long-term benefit to the community. It manages over 800 kilometres of sealed roads (equivalent to Melbourne to Sydney) and 1200 kilometres of unsealed roads (Leongatha to Port Augusta).

- Completed land slip works at Bena Kongwak Road, Bena; Boolarra-Foster Road, Foster North; Clarkes Road, Hallston; Dollar Road, Dumbalk; Fairbank Road, Kardella; Foster Mount Best Road, Mount Best; Loch Poowong Road, Loch; Nippards Track, Foster North; Ross and Witherdons Road, Wild Dog Valley; Silcocks Hill Road, Toora; Wild Dog Valley Road, Wild Dog Valley; and Turtons Creek Road, Turtons Creek.
- Completed the Leongatha Yarragon Road, Hallston drainage works; Stewart & Dunlops Road, Middle Tarwin major bridge rehabilitation; Mardan Road, Leongatha bridge repairs; Markleys Road, Mirboo North culvert reconstruction; Dollar Road, Dumbalk drainage and road widening; and Mossvale Park floodway works.
- Completed the Playground Replacement Program with new playgrounds installed at Coleman Park, Korumburra; Tania Park, Leongatha; Venus Bay Community Centre; Van Cleef Reserve, Venus Bay; and Hassett Street Kindergarten, Leongatha.
- Completed 95% of the McIndoe Park improvement works which include the new rotunda and playground fence. Landscaping works are yet to be finalised.



Engineering and Projects

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

- Completed the reconstruction of Stony Creek Road, Stony Creek; Stanley Street, Toora; and the urban section of Kongwak Inverloch Road, Kongwak.
- Completed the construction of the Sandy Point Community Centre; Toora netball court upgrade; substantial completion of the McIndoe Park rotunda; and the Korumburra Showgrounds lighting.
- Completed Stage 1 of the Great Southern Rail Trail (Foster to Toora) and commenced the investigations into the viability of the three timber rail bridges at Black Spur.
- Completed the construction of a new roof and water damage repairs at the Toora Hall; and major refurbishments at the Meeniyah Hall. Commenced the construction of the new toilets and kitchen upgrade at the Mt Best Hall; and new toilets at Hedley Hall.
- Completed footpath renewals at Baths Road, Mirboo North; Guys Road, Korumburra; Millicent Street, Leongatha; and Jeffrey Street, Leongatha. Completed footpath extensions at Welshpool Road, Toora; Toora Road, Foster; Grand Ridge West, Mirboo North; Anderson Street, Leongatha; and Jupiter Boulevard, Venus Bay from Lees Road to the shops, linking with the Tarwin Lower Bike path.
- Received approval from the Environment Protection Authority to utilise the Koonwarra Landfill Cell 3.

Assets

The Department is responsible for the development and implementation of long term asset management plans for all assets, including renewal modelling, to ensure that the 15 year Financial Plan allocates sufficient resources to address asset renewal. It collects and analyses data to effectively manage roads and drainage assets, and supports capital works and operational decisions. It also oversees development referrals from the Statutory Planning Department and provides asset management advice to the Strategic Planning Department for the development of Council's various strategic plans.

- Adopted the Road Management Plan, Asset Management Policy and Asset Management Strategy.
- Completed the Leongatha Traffic and Drainage Study. Progressing with the Korumburra Traffic and Drainage Study.
- Populated all assets in the Conquest Asset Management System
- Configured Global Positioning System (GPS) to record footpath defects with locations assigned to individual footpaths. Inspections commenced in January and data uploaded to the Asset Management System.
- Completed the VicRoads Country Road and Bridges Program, Roads to Recovery Program and the Local Government Infrastructure Program.
- Finalised the South Gippsland Flood Management Plan.
- Achieved 'Core' status for our Asset Management processes and practices, one of the only 14 Councils to achieve this in Victoria. Also ranked within the top five councils in Victoria under the National Asset Management Assessment Framework (NAMAF) conducted by the Federal Government and administered by the Municipal Association of Victoria (MAV).

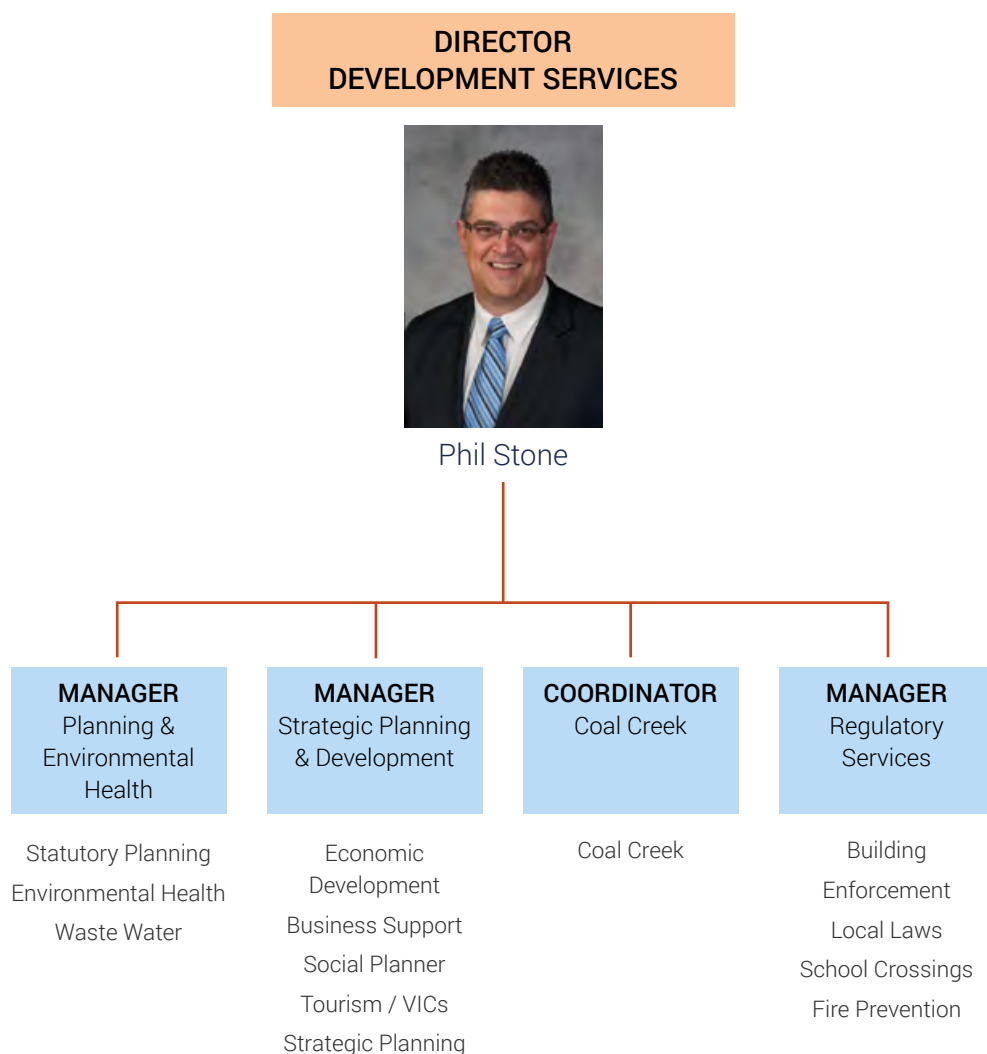


Property

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

- Progressed the Crown Land Caravan Park project with the lease finalised and new tenants in place at the Korumburra Tourist Park in January. Transition phase for the direct management of the Yanakie and Port Welshpool Caravan Parks is advancing, with hiring of new employees and negotiating the purchase of assets from existing tenants.
- Progressed the Strategic Review of Land Holdings project, with the Communication Plan and the proposed list of properties for sale adopted at the June Council Meeting.
- Completed annual inspections of Council's Building Portfolio (399 structures – 186 primary and 213 ancillary).
- Completed construction of the Korumburra Pre School extension; Michael Place Public Toilets refurbishment; and the replacement of the Foster Depot site office.
- Completed negotiations with Bureau of Meteorology for installation of a weather station at Yanakie, now operational.
- Completed lease to National Broadband Network Co. for telecommunication towers at Yanakie and Port Welshpool.

Development Services



Building and Enforcement

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

- Approved building work worth \$93.6m that included the Foster aged care development (\$9.4m), Leongatha Secondary School redevelopment (\$9.1m) and Mirboo North Secondary School redevelopment (\$4.9m).
- Residential construction was down approximately 28% on previous year, echoing national trends.
- Audited 112 private pool and spa barriers, recording a compliance rate of only 41%.
- Investigated 57 new complaints which included illegal building works, building uses and fire damaged buildings.
- Audited 20 public and commercial buildings for essential safety measures. Identified low compliance at community halls, and hall managers have been supported to achieve compliance.
- Prosecuted five cases for illegal building works, demolition works and native vegetation removal. Fines and costs of approximately \$32,000 awarded to Council.

Local Laws

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

- Inspected 10,000 properties and issued 1,300 fire prevention notices with an excellent response. Only 23 properties were compulsorily cleared and fined for non-compliance.
- Awarded the dog and cat pound service tender to Korumburra-Kooweerup Veterinary Clinics for five years from July 2013.
- Adopted the 2013-2017 South Gippsland Shire Domestic Animal Management Plan.
- Renewed and registered 5,809 domestic animals.

Statutory Planning

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

- Completed 73% of applications within the Statutory timeframe of 60 days, 12% higher than the previous year and 5% above the Victorian regional Council average.
- Responded to over 4000 planning enquiries.
- Issued planning permits for the Toora Milk Plant and Stony Creek Broiler Farm. (Council also secured a \$150K grant to upgrade the Stony Creek - Dollar Road to support the Broiler Farm development.) These developments will provide significant social and economic benefits to the shire and Gippsland.
- Issued planning permits for eight NBN towers to provide improved broadband internet services across the Shire.

Environmental Health

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

- Conducted 375 food and health premises inspections and 116 follow ups to review non-compliance matters.
- Placed the draft Municipal Domestic Waste Water Management Plan (MDWMP) on public exhibition and received over 200 submissions.
- Fulfilled the terms of the 2012/13 MAV Tobacco Education Grant, which included 208 tobacco control inspections.
- Held six community information sessions to educate food businesses and volunteers to understand the requirements for running a food business.
- Investigated 36 public health complaints, 18 related to odour and noise concerns.
- Issued 183 permits for domestic waste water treatment systems.



Strategic Planning

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

- Prepared six planning scheme amendments and adopted by Council:
 - › C66 West Korumburra rezoning & development plan;
 - › C52 Jumbunna Road Residential 1 rezoning;
 - › C72 Loch Nyora Poowong Structure Plans;
 - › C77 Eastern District Urban Design Frameworks;
 - › C84 SP Ausnet Depot Leongatha;
 - › C87 Foster & Leongatha Helipad.
- Gazetted and added to the South Gippsland Planning Scheme:
 - › C76 Southern Leongatha outline development plan;
 - › C61 Strzelecki Highway Northbound Overtaking Lane.
- Progressing Leongatha Industrial Land Study, Housing Settlement Strategy, Korumburra Town Centre Framework Plan and Leongatha Parking Strategy.



Economic Development and Tourism

The Economic Development team promotes and supports investment, development and services that facilitate planned sustainable growth for the Shire.

The Tourism team encourages economic growth through the development of a competitive tourism industry and provision of high quality visitor services. Council operates fully accredited Visitor Information Centres (VIC) at Korumburra and Foster.

- Increased business investment included ALDI, Burra Foods, Murray Goulburn, the Salvation Army, Colin Watson Holden, Leongatha Secondary College, Leongatha Hospital, Aged Care in Foster, Prom Country Cheese and Stony Creek broiler farm.
- Advocated for the roll out of high speed broadband with announcements made regarding optic fibre connection to Mirboo North and fixed wireless service to be delivered to a number of small towns.
- Implemented the Gippsland Broadband Engagement Plan, with information sessions to assist the community to understand the new technology.
- Visited over 150 businesses and conducted business courses in partnership with Milpara and Community College Gippsland, plus sessions at the annual Dairy Expo.
- Increased visitor numbers to the Information Centres by over 10%.
- Supported the Great Victorian Bike Ride's (4,028 participants) overnight stay at Mirboo North... voted 'favourite town' by riders.
- Promoted South Gippsland to over 10,000 visitors at Melbourne's Regional Living Expo. Council held a follow-up information day for people who registered interest in living and working in South Gippsland.

Coal Creek Community Park and Museum

Coal Creek has matured into an exciting educational and cultural community hub hosting a wide range of family and arts events and providing a home base for 14 community groups. Local and regional school students are building a strong sense of stewardship for the Park through its education programs.

Coal Creek's management is grateful for the support of over 100 volunteers who assist in all facets of the park's operation.

- Attracted 68,420 visitors, an increase of 10% with 59% drawn from outside the shire.
- Engaged 9,678 students in the Education Program.
- Hosted a comprehensive calendar of high quality exhibitions in the Community Gallery.
- Judged as a finalist in two categories for the Tidy Town Awards:
 - › Community Leadership – Coal Creek Literary Festival, and
 - › Pam Keating Environmental Sustainability Award – Sustainability Food Network Centre.
- Staged numerous major events including the Young Ambassadors presentation night, Pirates Day, Halloween, Sustainability Festival, Literary Festival and the Anniversary of Scouting in Australia.
- Attracted national media attention featuring "Coxy's Big Break" on Channel 7 and on Tripadvisor.com.au. Destination Gippsland conducted a Digital Tourism Audit and found that Coal Creek's website is hitting all targeted markets.

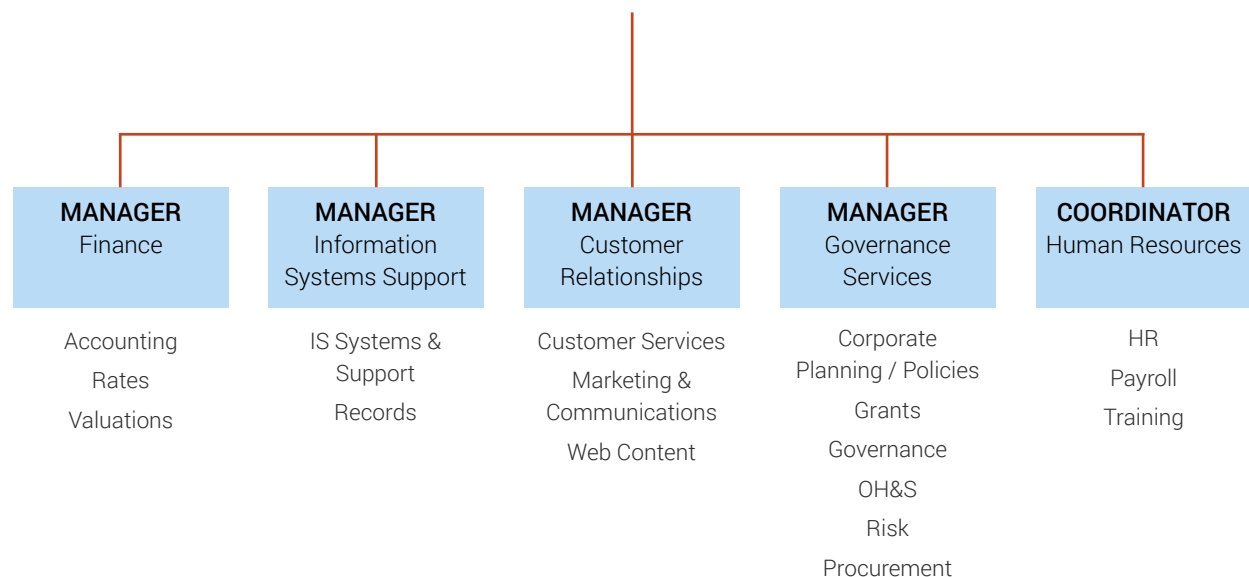


Corporate Services

DIRECTOR CORPORATE SERVICES



June Ernst



Finance

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

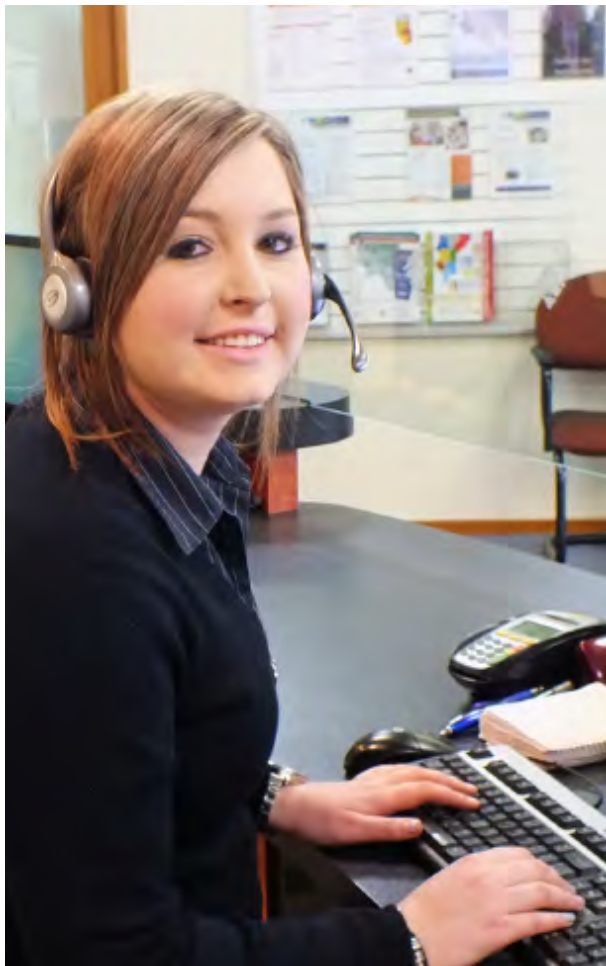
- Completed the biennial re-valuation of all properties in the Shire.
- Achieved certification of 2011/12 Financial and Standard Statements.

- Upgraded software and processes to manage the inaugural collection of the Fire Services Levy on behalf of the State Government and meet the strict legislative compliance requirements.
- Introduced 'iProcurement', a new electronic purchasing system to improve cost control efficiencies.
- Completed and adopted 2013/14 Annual Budget and 15 Year Long Term Financial Plan.

Information Systems

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

- Upgraded out-dated desktop computer and notebook hardware to improve efficiencies and productivity.
- Introduced a new IT Governance structure to improve processes and policies for planning, building and running IT-enabled business.
- Refined mail distribution process for time and cost efficiencies.
- Upgraded Quick Address Australia data to maintain currency of Council address details.
- Completed a comprehensive record destruction exercise in accordance with legislative and regulatory requirements.



Customer Relations

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

- Produced and distributed Council literature within prescribed time frames that included community newsletters, the Annual Report, advertisements and marketing material for numerous events and services. A branding revision is currently underway.
- Renewed the Service Level Agreement with the Citizens Advice Bureau for its Online Community Information Directory, South Gippsland Community Register and Leongatha Visitor Information Services.
- Revised the Corporate Service Charter and Dispute Resolution Guidelines.
- Customer Service received 96,226 phone calls during the year, an increase of 13% on the previous year
- Coordinated the Australia Day Awards process and Ceremony and supported eight local groups to hold community celebrations on Australia Day.

Governance Services

The Department provides support services that enable good governance, risk management and compliance. It manages Council meetings, community and external grants, procurement / tendering, risk management and occupational health and safety functions.

- Managed the Policy Review Schedule and developed / updated key policies including the Instrument of Delegation to Chief Executive Officer, Procurement Policy, OH&S Policy, Human Rights Policy, Councillors' Code of Conduct, Information Privacy Policy and Audit Policy.
- Allocated \$289,929 funding to 59 community groups via the Community Grants Program. The Small Equipment Program also provided \$35,518.
- Received over \$500,000 in State Government funding. This included projects such as:
 - › Stony Creek Broiler Farm Development: \$150,000.
 - › McIndoe Park Development Project: \$87,900.
 - › Korumburra Recreation Reserve Turf/ Synthetic Wicket Project: \$66,000.
- Coordinated the Shire's Local Government Election in conjunction with the Victorian Electoral Commission, conducting candidate education, the Councillors' transition program and legislative compliance.
- Awarded and administered contracts worth over \$21m. Improvements to Council's procurement capability included updating the Procurement Policy, contractor education and staff contract training.
- Implemented Council's Risk Management Framework, establishing the Strategic Risk Committee, a Strategic Risk Register and conducting management training.
- Implemented Worksafe's Integrated Approach Program and developed an OH&S plan and an Operational Risk Committee to monitor risks. Improved Workplace inspection processes.

Council Plan Directions

Council developed the four year strategic directions to be achieved in the term of this Council. New outcomes, objectives and strategies were developed to focus on creating the following outcomes:

- A Prosperous Shire.
- Closely Connected Communities.
- Integrated Services and Infrastructure.
- A Leading Organisation.

These have been adopted in the Council Plan 2013-17. The implementation commenced in the Annual Plan 2013-14.



Human Resources

The Human Resources Team is responsible for ensuring the efficient, professional and timely delivery of personnel management, training and payroll, which includes:

- Finalised Enterprise Bargaining negotiations and approved by Fair Work Australia.
- Developed the Staff Recognition Policy and revised 'Police' & 'Working with Children' policies.
- Recruited 51 staff, processing 862 applications.
- Registered 34,026 employment website hits.
- Facilitated over 20 staff training programs.

Information to be made available to the public

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

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

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

Whistleblowers Protection Act and Protected Disclosures Act (formerly Whistleblowers Act)

On 10 February 2013, the Protected Disclosures Act 2012 (PDA) replaced the Whistleblowers' Protection Act 2001 (The Act). South Gippsland Shire Council has recently established new guidelines to facilitate the making of disclosures under the PDA. The guidelines set out the process to protect people from reprisals for making protected disclosures, and provide guidance on investigations (View at www.southgippsland.vic.gov.au).

In the financial year 2012/2013, no disclosures were made to the South Gippsland Shire Council under either the Act or the PDA. The Ombudsman referred no matters to the South Gippsland Shire Council for investigation under the Act or PDA. No requests were made by disclosures to the Ombudsman to investigate disclosed matters.

Best Value

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

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

Initiatives that have contributed to Council's compliance with the Best Value principles in 2012/2013 include:

- Reviewing all Council services to establish key service indicators and measures / targets in considering the preparation of Council's 2013/14 Budget and Annual Plan.
- Consideration relating to the lease and operation of caravan parks.
- Reviews conducted as a component of the Council's recent HACC accreditation.
- Reviewed operation of Koonwarra Landfill.



In 2013 / 2014 Council is preparing to further its commitment to Service Reviews by forming a Financial Sustainability Strategic Committee which will conduct a review of services and service levels, including fees, charges and resource requirements.

Human Rights

Council is committed to considering and respecting human rights when making decisions that impact people and community. During 2012/13 Council developed a Human Rights Policy to confirm this commitment (See www.southgippsland.vic.gov.au).

Audit Committee

The Audit Committee assists Council in the effective conduct of its responsibilities for financial reporting, management of risk including Council's exposure to fraud, maintaining a reliable system of internal control and facilitating the Council's ethical development.

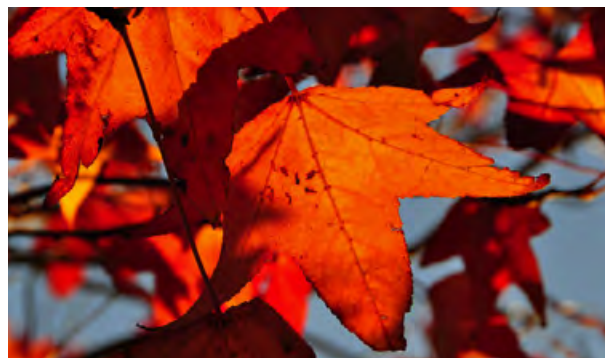
The Audit Committee does not have any management functions. It is independent of management and capable of a high degree of objectivity and independence in carrying out its duties. In undertaking this role the Audit Committee can oversee:

- Corporate governance;
- Information and communications technology;
- Management and governance of the use of data, information and knowledge;
- Internal and external reporting – financial and performance;
- Risk management including fraud prevention, business continuity planning and disaster recovery;
- Internal and external audit;
- Internal control framework; and
- Compliance with the Local Government Act 1989 and other applicable legislation and regulations including national competition policy.

In September 2012 the Council, on recommendation of the Audit Committee, changed the membership structure of the Committee to include up to three independent members (up from a maximum of two) in addition to the existing two Councillors. This was proposed to increase the range of skills and knowledge available to the Audit Committee. In February 2013, a third independent Audit Committee member was recruited and inducted. Council also endorsed an update to the Committee's charter to allow that independent members may serve a maximum of two terms of three years to increase the range of skills and experience available to Council. The Chair of the Committee is an independent member.

In 2012/2013 the Audit Committee considered reports in respect of Council's Fraud Control Framework, Payroll / Human Resources, Building and Planning Permit Enforcement and Events Management conducted by Council's Internal Auditor – HLB Mann Judd.

During 2012/2013 the Audit Committee placed a strong focus on Risk Management and oversaw the implementation of Council Risk Management Framework including Strategic Risk Register, Strategic Risk Committee and Operational Risk Committee.



National Competition Policy Compliance: 2012/13

The Victorian Government is obligated to demonstrate that Local Government is compliant with competition principles on an ongoing basis. Council has a National Competition Policy. Council to the best of its knowledge has, in undertaking its functions, complied with Competition and Consumer legislation, has not undertaken any anti-competitive behaviour and has complied with the requirements of Council's National Competition Policy during 2012/2013.

In 2012-2013 Council also commenced a review of Local Law No.1 to ensure in part that this Local Law does not impose a restriction on competition as part of its ongoing commitment to competition policy and competitive neutrality.

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

1. Introduction

The Financial, Standard and Performance Statements are contained in the back of the 2012/13 Annual Report.

The Financial Statements are key financial reports of South Gippsland Shire Council. They show how Council performed financially during the 2012/13 financial year and the overall position at the end of the financial year (30 June 2013). Council must present its Financial Statements in accordance with the Australian Accounting Standards. Council is committed to being financially accountable.

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

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

Both the Standard and Performance statements must be prepared in accordance with the Local Government Act 1989 and the Local Government (Finance and Reporting) Regulations 2004.

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

2. What is contained in the Annual Financial Statements?

Council's Financial Statements have two main sections, namely, the Statements and the Notes. There are four Statements and 46 Notes. These are prepared by Council's staff, examined by the Council's

Audit Committee, by Council and then are audited by the Victorian Auditor-General.

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

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

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

The Comprehensive result (commonly referred to as the 'headline' or 'bottom line result' is \$1.76 million (previous year \$36.50 million). The previous financial year includes a net revaluation increment of \$34.36 million as a result of revaluing several classes of infrastructure assets including roads, kerb & channel and drainage assets.

A more relevant figure to look at is the 'Surplus / (Deficit)' of Council for the year. The surplus for the

reporting period was \$1.76 million (previous year \$2.14 million surplus). This figure does not include the revaluation adjustments.

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. This is commonly referred to as the underlying operating result.

After allowing for 'one off' capital grants (\$6.26 million), donated assets (\$572,000) and share of net profits of associates (\$125,000) the underlying operating result was a \$5.19 million deficit (previous year \$3.79 million deficit).

4. Balance Sheet

The Balance Sheet is a one-page summary of the financial situation as at 30 June 2013. It shows what the Council owns as 'Assets' and what it owes as 'Liabilities'. The bottom line of this Statement is Net Assets. This is the net worth of Council that has been built up over many years.

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

The components of the Balance Sheet are described here.

4.1. Current and Non-Current Assets

- Cash and cash equivalents includes cash on hand, cash held in the bank and the market value of Council's short term investments.
- Trade and other receivables are monies owed to Council by ratepayers and others.
- Financial assets represent Council's investment with a maturity above three months.
- Inventories are stock of raw materials and stock on hand.
- Other assets include expenses that have been pre paid that relate to the following financial year.

- Investments in associates represent the equity interest of Council in the West Gippsland Regional Library Corporation.
- Property, plant and equipment are the largest component of Council's worth and represent the value of all the land, buildings, roads, vehicles, equipment, and other assets which have been built up by Council over many years.
- Investment properties are properties that provide a commercial return to Council.

4.2. Current and Non-Current Liabilities

- Trade and other payables are those to whom Council owes money as at 30 June, 2013.
- Trust funds and deposits represent monies held in Trust by Council.
- Provisions include employee benefits (such as accrued long service and annual leave owed to employees), and obligations to perform rehabilitation works at landfill sites.
- Interest bearing loans and borrowings are monies owing to financial institutions.

4.3. Net Assets

This term is used to describe the difference between the value of Total Assets and the value of Total Liabilities. It represents the net worth of Council as at 30 June 2013, which was \$474 million (previous year \$473 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 Comprehensive Income Statement for the year;
- the use of monies from Council's reserves;
- revaluation of the infrastructure assets such as roads drains and buildings, which takes place on a regular basis.

6. 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 Comprehensive Income Statement because the Comprehensive Income Statement is prepared on an accrual accounting basis.

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

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

- Cash Flows from Operating Activities:
 - › Receipts – All cash received into Council's bank account from ratepayers and others who owed money to Council. Receipts also include the interest earnings from Council's

cash investments. It does not include the costs associated with the sale of assets.

- › Payments – All cash paid by Council from its bank account to staff, creditors and other persons. It does not include the costs associated with the creation of assets.
- Cash Flows from Investing Activities:
 - › This section shows the cash invested in the creation or purchase of property, infrastructure, plant & equipment assets and the cash received from the sale of these assets.
- Cash Flows from Financing Activities:
 - › This is where the receipt and repayment of borrowed funds including finance costs are recorded.

The bottom line of the Cash Flow Statement is the Cash at End of Financial Year. This shows the capacity of Council to meet its cash debts and other liabilities. The cash position at the end of the financial year was \$9.99 million (previous year \$13.85 million).

7. Notes to the Accounts

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

Apart from the accounting policies, the Notes also give details behind many of the summary figures contained in the key financial statements. The Note numbers are shown beside the relevant items in the Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity and the Cash Flow Statement.

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

Other Notes include:

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

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

8. Standard Statements

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

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

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

9. Performance Statement

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

10. Statements by Principal Accounting Officer and Councillors

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

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

11. Auditor General's Report

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

12. General

External Auditor

Auditor-General of Victoria

Internal Auditor

HBL Mann Judd

Bankers

Commonwealth Bank

Local Government Indicators

Local Government Indicator	2011	2012	2013
Average rates and charges per assessment	\$1,464	\$1,540	\$1,625
Average rates and charges per residential assessment	\$1,191	\$1,285	\$1,363
Average liabilities per assessment	\$501	\$817	\$554
Operating result per assessment	\$266	\$113	\$92
Average operating expenditure per assessment	\$2,358	\$2,850	\$2,999
Average capital expenditure per assessment	\$643	\$747	\$643
Renewal gap	77%	86%	73%
Renewal and maintenance gap	87%	94%	87%
Community satisfaction rating for overall performance generally of the Council*	–	50%	48%
Community satisfaction rating for Council's lobbying on behalf of the Council*	–	51%	51%
Community satisfaction rating for Council's community consultation and engagement*	–	53%	54%

* Please note: Comparisons cannot be made with Community Satisfaction Survey results from 2011 and prior as the survey structure was changed in 2012.

As a result of feedback from Councils in 2012, the Department of Planning and Community Development made significant changes to the methodology and content of the survey which make any comparisons invalid.



Grants and Contributions Paid 2012/13

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

Organisation	Amount \$
YMCA - Pool operation	139,989
EC & CA Bennett - Toora Pool operation	106,109
Unified Community Sports & Leisure Pty Ltd - Mirboo North Pool operation	103,118
Korumburra Swimming Pool Committee	75,000
Community College Gippsland	50,000
Tarwin Valley Development Group Inc.	60,000
Korumburra Recreation Centre Com Inc.	40,185
Great Southern Rail Trail Inc.	37,620
Prom Country Regional Tourism	32,205
Meeniyan Art Gallery	27,957
State Emergency Service Foster	25,078
State Emergency Service Leongatha	25,078
Leongatha Agricultural and Recreation Reserve Committee	24,725
Foster Showgrounds Committee	21,306
Uniting Care Gippsland	15,909
South Gippsland Citizen's Advice Bureau	14,322
Walter J Tuck Recreation Reserve Committee of Management	12,725
Korumburra and District Agricultural and Pastoral Society Inc.	10,787
Nyora Recreation Reserve Committee	10,033
Dumbalk Hall Ladies Auxillary	10,000
Hands on Community Solutions	10,000
Korumburra Bena Football Netball Club	10,000
South Gippsland Secondary College	10,000
Stony Creek Racing Club Inc.	10,000

Organisation	Amount \$
Venus Bay Surf Life Saving Club	10,000
Meeniyan Recreation Reserve	9,167
Korumburra Recreation Reserve Committee of Management	8,824
Leongatha Senior Citizen's Centre	8,755
Nyora Public Hall Committee Inc.	7,702
Leongatha Children's Centre Inc.	7,500
Maskell's Maintenance Service (Poowong Pool maintenance)	7,250
National Rural Women's Coalition Ltd.	7,200
Terrill Park Recreation Reserve Committee of Management	6,930
Outtrim Reserve Committee	6,219
Foster War Memorial Arts Centre	6,092
Leongatha Community Pre-Schools Inc.	6,000
Mirboo North Hall Committee of Management	6,000
Poowong Pre-School	6,000
Mirboo North Senior Citizen's Centre	5,871
Foster Senior Citizens	5,577
Port Franklin Hall Committee	5,302
Grand Ridge Rail Trail Committee	5,043
Poowong Recreation Reserve Committee Inc.	5,017
Fish Creek Community Development Group	5,000
Korumburra Amateur Swimming and Life Saving Club Inc.	5,000
Leongatha Courthouse Section 86 Committee	5,000
Leongatha Golf Club Inc.	5,000
Mirboo North Cricket Club	5,000
Woorayl Golf Club Inc.	5,000
Terrill & Buckley Parks Recreation Reserves	4,979
Kooks Catering (Seniors Concert)	4,955
Stony Creek Football Club	4,950
South Gippsland Hospital	4,920

Organisation	Amount \$
The Arthur Sutherland Recreation Reserve (Formerly Welshpool)	4,920
Tarwin Lower & District Bowls Club Inc.	4,500
Toora Recreation Reserve Committee	4,024
Prom Coast Seachange Festival Inc.	4,000
Stockyard Gallery	3,900
Leongatha Men's Shed	3,700
Welshpool & District Advisory Group Inc.	3,545
Meeniyan & District Sports Centre Committee	3,500
South Gipps Amplification Services	3,376
Korumburra Senior Citizens Centre	3,259
Foster Recreation Reserve Inc.	3,100
Korumburra Kindergarten	3,000
Loch & District Pre-School Centre	3,000
Meeniyan Pre-School Inc.	3,000
Mirboo Country Development Inc.	3,000
Mirboo North Golf Club	2,950
Koonwarra Recreation Reserve Committee Inc.	2,932
Loch Recreation Reserve Committee	2,932
Nerrena Recreation Reserve Committee	2,858
Stony Creek Recreation Reserve Committee	2,858
Leongatha Junior Football Club	2,560
Gippsport	2,500
Korumburra Primary School	2,500
Laurence Newcome (Young Professional Cadetship)	2,500
Tour De Tarwin	2,400
Loch Nyora Pony Club	2,270
Foster and District Community House	2,217
Leongatha Croquet Club	2,200
Meeniyan Pony Club	2,160
Venus Bay Community Centre	2,150
Hallston Mechanics Institute Inc.	2,142

Organisation	Amount \$
Loch Public Hall Committee Inc.	2,102
Dumbalk Recreation Reserve	2,000
Lyrebird Arts Council	2,000
Mirboo North Playgroup and Toy Library Inc.	2,000
Tarwin Lower Mechanics Institute	1,952
Bena Public Hall Inc.	1,802
Jeetho Hall Inc.	1,802
Loch Community Development Association	1,650
T.P Taylor Reserve Committee	1,600
Poowong Community Consultative Committee	1,548
Foster Chamber of Commerce	1,500
Lifeline Gippsland Inc.	1,500
Turf Conditioning Services Pty Ltd (Draining Foster showgrounds)	1,500
Port Franklin Tennis & Sports Club Inc.	1,394
Arawata Community Hall Association Inc.	1,302
Berry's Creek Hall Inc.	1,302
Buffalo Community Centre	1,302
Darlimurla Community Association Inc.	1,302
Fish Creek Memorial Hall	1,302
Hedley Hall & Recreation Reserve Committee	1,302
Jumbunna Public Hall Committee	1,302
Koonwarra Mechanics Institute Reserve	1,302
Korumburra Angling Club Inc.	1,302
Meeniyan Mechanics Institute Inc.	1,302
Middle Tarwin Public Hall Inc.	1,302
Mirboo North Grain Store Committee of Management Inc.	1,302
Moyarra Community Group	1,302
Mt. Eccles Mechanics Institute Committee	1,302
Nerrena Public Hall Committee Inc.	1,302

Organisation	Amount \$
Poowong Public Hall	1,302
Ruby Hall Association Inc.	1,302
Strzelecki Hall Committee Inc.	1,302
Toora Community Hall & Library	1,302
Walkerville Foreshore Committee	1,302
Welshpool Memorial Hall	1,302
Yanakie Hall & Recreation Reserve	1,302
Dumbalk Hall Committee	1,000
Mardan Hall Committee	1,000
Mirboo North Swimming Pool Committee	1,000
Poowong CFA	1,000
Reinforce Self Advocacy (Newwave self advocacy for Peer Educators)	1,000
South Gippsland Abseiling Team	1,000
The Torch (Snapshot in Time)	1,000
Mirboo North Recreation Reserve Committee	980
Drouin Signs (Poowong Pool Signage)	960
Combined Probus Club of Coal Creek Korumburra	934
Playgroup Victoria	900
Poowong Amateur Swimming & Life Saving Club Inc.	808
1st Mirboo North Scout Group	800
Heather Gregg (Expenses Poowong Pool)	796
Grants Only Group Inc.	716
Foster and District Historical Society Inc.	700
Friends of Toora Heritage Pear Orchard Inc.	700
Foster and District Community House and Learning Centres Inc.	600
Mirboo North Bowling Club Inc.	527
Russell Refrigeration (Fridge repair Poowong Pool)	504
APEX Club of Poowong Inc.	500
Foster and District Agricultural Society	500

Organisation	Amount \$
Koonwarra Farmers Market	500
Meeniyan Amateur Dramatics Society Inc.	500
Meeniyan Progress Association	500
Meeniyan Tourism & Traders Association Inc.	500
Prom Country Bush Food Association	500
Korumburra Parlor Bowls Association	490
Korumburra and District Historical Society Inc.	475
Poowong Football & Netball Club Inc.	420
Korumburra and District Darts Association Inc.	400
Leongatha U3A Inc.	400
Rebecca Marriott (Travel for Rural Women's Conference Scholarship)	371
Venus Bay Angling Club	360
Bena Community Group Inc.	350
South Gippsland Hire & Sales	340
Kongwak Community Group	300
Leongatha Back to Basics Playgroup	300
South Gippsland Group CWA	300
Korumburra Italian Senior Citizens Club	284
Foster and District Gun Club	260
South Gippsland Wind Orchestra	250
Korumburra Secondary College	233
South Gippsland Hospital Auxiliary	205
Port Welshpool & District Maritime Museum	200
Port Welshpool Working Group	200
Pound Creek Rural Fire Brigade	200
St. John Ambulance Australia (Victoria) Inc. - Senior Citizens Concert	200
Total Grants & Contributions 2012/13	\$1,244,333



Annual Plan 2012/13 End of Year Results

Goal 1 – A Vibrant & Engaged Community

Outcome 1.1 Active, Resilient Community

A community that embraces equity, access and inclusion and enables all people to be part of the South Gippsland Shire's life, culture and celebrations.

1.1.1 Community Partnerships

Strategy	Action/Measure	Target
Facilitate opportunities for communities to work with Council, and one another, to improve their local area. <i>Responsible Unit:</i> <i>Development Services</i>	An Integrated 'Growth Areas' Community Plan developed incorporating: <ul style="list-style-type: none"> • Korumburra Central • Korumburra Town Centre Framework Plan • Western Korumburra Residential Rezoning • Developer Contributions • Social Infrastructure Plan 	Agreed milestones achieved in accordance with the approved Project Plans by 30 June 2013
Status: PARTIALLY ACHIEVED –		
<p><i>Korumburra Central:</i> Council report on Korumburra Central is "laying on the table" pending completion of Korumburra Town Centre Framework Plan.</p> <p><i>Korumburra Town Centre Framework Plan:</i> Draft Korumburra Town Centre Framework Plan will be presented to Council for public exhibition in August 2013.</p> <p><i>Western Korumburra Residential Rezoning:</i> Negotiations with developers on infrastructure contributions have delayed completion of rezoning. Agreement has been reached and finalisation of agreements on title will precede gazette of rezoning.</p> <p><i>Developer Contributions:</i> Leongatha and Korumburra Traffic and Drainage Studies in progress and on track.</p> <p><i>Social Infrastructure Plan:</i> Korumburra now complete and reported to Council in July 2013 for endorsement.</p>		

1.1.2 Community Engagement and Planning

Strategy	Action/Measure	Target
Actively engage and partner with the community in planning and implementing programs, projects and infrastructure aimed at strengthening the community <i>Responsible Unit: Community Services</i>	Communities supported to develop Community Directions Statements as required. Outcomes presented to Council at the completion of each project. <ul style="list-style-type: none"> • Korumburra • Mirboo North • Koonwarra 	Community Directions Statements established by 30 June 2013
Status: ACHIEVED ✓		
<p>Ongoing support Mirboo North community planning working group and first quarterly format of newsletter/plan produced and circulated to community in June 2013.</p> <p>Korumburra Community Group held involving 9 groups, 20 attendees, good networking and information sharing.</p> <p>Korumburra Community Directions statement not completed due to change by Council of priorities with Community Strengthening staff resources re-allocated to support the Korumburra Round Table initiative as endorsed at the March 2013 Council Meeting.</p> <p>Koonwarra Community Directions "Big Ideas" action plan completed.</p>		

1.1.2 Community Engagement and Planning

Strategy	Action/Measure	Target
Responsible Unit: Community Services	Community Directions Statements updated: <ul style="list-style-type: none"> Venus Bay/Tarwin Lower Dumbalk Fish Creek & District Meeniyan District 	Third year of the Gardiner Foundation Strengthening Small Dairy Communities Program implemented and reported by 30 June 2013
Status: ACHIEVED ✓ <p>All Community Directions Statements for this district have been finalised.</p> <p>Annual update provided to Council on the progress of the Gardiner Foundation Strengthening Small Dairy Communities Program in April. June report provided to Gardiner Foundation.</p> <p>In June the Lower Tarwin Valley project secured the remaining Gardiner Project Funds of \$34,700 to leverage to other funding organisations to implement the Mapping Signage Project. A Project Proposal has been submitted to RDV Putting Locals First. If successful funds of up to \$120,000 may be available to implement the project.</p>		

1.1.3 Social Equity

Strategy	Action/Measure	Target
Ensure equitable access to services and facilities to support a better quality of life for the community Responsible Unit: Community Services	Korumburra Children's Centre detailed designs completed	Korumburra Children's Centre detailed designs completed and external funding sought by 30 June 2013
Status: ACHIEVED ✓ <p>Schematic drawings prepared by Haskell Architects. Process for Planning Amendments commenced with Public Exhibition in July 2013. Meeting with landowners adjacent to the Mair Crescent site held to brief them on Korumburra Integrated Children's Centre Project.</p> <p>Funding prospectus developed & funding continues to be sought.</p>		

1.1.4 Community Events

Strategy	Action/Measure	Target
Provide a supportive environment for events and activities that promote and enhance South Gippsland Shire Responsible Unit: Community Services	Sustainability Festival held	Festival held by 30 June 2013 and the number of exhibitors participating and number of attendees in the festival reported
Status: ACHIEVED ✓ <p>The Sustainability Festival held on 7 April 2013 was a resounding success with increased numbers of stall holders and visitors attending the event. Approximately 55 stalls and 3,000 visitors were recorded for 2013.</p>		

1.1.5 Cultural Development

Strategy	Activity/Measure	Target
Build community understanding and support for the arts, culture, heritage and diversity Responsible Unit: Community Services	Revised Arts & Culture Policy implemented	Agreed milestones achieved by 30 June 2013
Status: ACHIEVED ✓ <p>The draft revised Arts & Culture Policy was adopted by Council at the meeting held 26 June 2013.</p>		

Outcome 1.2 Health & Wellbeing

A community that proudly supports a sense of place and identity and contributes willingly to an enjoyable, active, healthy and safe environment for all ages and abilities.

1.2.1 Active Lifestyles

Strategy	Action/Measure	Target
Provide and facilitate a range of recreational, sport and leisure opportunities for all sectors of the community <i>Responsible Unit: Community Services</i>	Recreation Network re-established and a review of the Recreation Strategy commenced	By 30 June 2013
Status:		ACHIEVED ✓
Review of the strategy continues in conjunction with the Network. Turf training session held for recreation reserve volunteers on 17 April 2013.		

1.2.2 Community Health

Strategy	Action/Measure	Target
Minimise the community's exposure to health risks by undertaking education, promotion and specific preventative programs and inspections <i>Responsible Unit: Development Services</i>	Waste Water Strategy adopted and implementation commenced	By 30 June 2013
Status:		NOT ACHIEVED ✗
Finalisation of the Domestic Waste Water Management Plan has been delayed due to issues affecting developments in potable water supply catchment. Currently in negotiations with South Gippsland Water to resolve these issues. Recommendations will be provided to October 2013 Council Meeting.		

1.2.2 Community Health

Strategy	Action/Measure	Target
<i>Responsible Unit: Community Services</i>	Immunisation program implemented	Number of immunisations by age group, incorporating comparisons against the % of population to the State average reported in Council's quarterly performance report
Status:		ACHIEVED ✓
0-6 age group = 185 7-18 age group = 828 19+ age group = 373		

1.2.2 Community Health

Strategy	Action/Measure	Target
<i>Responsible Unit: Community Services</i>	Municipal Health and Wellbeing Plan 2013/2015 commenced	Developed to draft stage by 30 June 2013
Status:		ACHIEVED ✓
The Draft Municipal Public Health and Wellbeing Plan 2013-17 was placed on public exhibition with one submission received from West Gippsland Regional Library Corporation.		

1.2.2 Community Health

Strategy	Action/Measure	Target
<i>Responsible Unit:</i> Community Services	Improving Liveability for Older People' initiative implemented	Activities implemented reported in quarterly performance report
Status: ACHIEVED ✓		
<p>The ILOP project continues to focus on achieving sustainable improvements for older residents.</p> <p>Due to the positive response received for the Garden to Plate program, Council is now working in partnership with Gippsland Southern Health Service to roll out similar programs.</p> <p>A health services directory is being developed and will be available late 2013.</p> <p>In response to community demand, the Tech Tasters program will run additional sessions during the last term at South Gippsland Secondary College, Foster.</p> <p>All other programs have commenced and are due to be finalised by end of December 2013.</p>		

1.2.3 Community Safety

Strategy	Action/Measure	Target
Support a safe living environment through a proactive response to public safety matters <i>Responsible Unit:</i> Community Services	Neighbourhood Safer Places <ul style="list-style-type: none"> Sandy Point 	Investigated and recommendations presented to Council by 30 June 2013
Status: ACHIEVED ✓		
<p>CFA vegetation compliancy has been achieved. Ember proofing to be finalised on the building. On track to have the Sandy Point Community Centre designated a NSP for the coming fire season 1/10/2013.</p>		

1.2.3 Community Safety

Strategy	Action/Measure	Target
<i>Responsible Unit:</i> Community Services	Neighbourhood Safer Places <ul style="list-style-type: none"> Venus Bay Walkerville Waratah Bay 	Investigated for potential sites by 30 June 2013
Status: ACHIEVED ✓		
<p>Report presented to Council in April 2013 advising no suitable locations were found. Council adopted the recommendations that no further sites be investigated for a NSP, that the Fire Services Commissioner be advised and that Council remain committed to improving education and awareness in local communities.</p>		

1.2.3 Community Safety

Strategy	Action/Measure	Target
<i>Responsible Unit:</i> Development Services	Domestic and Animal Management Plan developed and presented to Council for adoption	By 30 June 2013
Status: ACHIEVED ✓		
<p>The Domestic Animal Management Plan was adopted by Council.</p>		

Outcome 1.3 Education

Life long education and learning opportunities for all sectors of the community.

1.3.1 Education Opportunities

Strategy	Action/Measure	Target
Advocate for quality learning opportunities and facilities for students of all ages and abilities to meet individual needs, as well as those of the business community <i>Responsible Unit:</i> <i>Community Services</i>	2012/2016 Municipal Early Years Plan implemented	2012/2013 milestones completed by 30 June 2013
Status: ACHIEVED ✓		
Milestones achieved include: <ul style="list-style-type: none"> • Assisting 5 Supported Playgroup families to enrol their children into four-year old kindergarten for 2013. • Best Start Partnership renewed with partners, DEECD, Ramahyuck, Primary Care Partnerships, Bass Coast Shire, Noah's Ark and Bass Coast Regional Health. • Presentation at State wide Playgroup Victoria Conference on educational benefit of Cook n Book program. • Continued support of the now sustainable Cook n Book program. • Embedded the dental initiative with Supported Playgroup families in partnership with Best Start. • Children activities provided at Sustainability Festival held in April 2013. • New group commenced to support young mums in Korumburra aged 17-22 years. • Review of children's services in the Shire through the Early Childhood Services Building Assets Policy Framework. • Consultation and funding applications continue to support the development of the Korumburra Integrated Children's Centre. 		

1.3.1 Education Opportunities

Strategy	Action/Measure	Target
<i>Responsible Unit:</i> <i>Community Services</i>	Options for children's services in the Korumburra, Poowong, Loch and Nyora District investigated	Recommendations presented to Council by 30 June 2013
Status: ACHIEVED ✓		
<p>The investigation of children's services in the western district formed part of the Early Childhood Services Building Assets Policy Framework development. It was developed in consultation with educative providers and child care facilitators in Korumburra, Poowong, Loch, Nyora and surrounds.</p> <p>Consultation with Nyora Primary School Principal around future kindergarten provision and School Council direction.</p> <p>The Framework was adopted by Council at the meeting held 22 May 2013.</p> <p>Progress continues on the Korumburra Integrated Children's Centre to address long term needs in the western district. Local resident consultation, planning scheme amendment and State and Federal Government funding applications have progressed this quarter.</p>		



Outcome 1.4 Heritage & History

Respected, protected and well maintained natural and built heritage which reflects the rich and diverse past of both indigenous and early settlement of the area.

1.4.1 Indigenous Liaison

Strategy	Action/Measure	Target
Develop communication protocols with local indigenous groups to ensure effective cultural understanding and heritage protection <i>Responsible Unit: Community Services</i>	'Deadly in Gippsland' event organisation for 2015 commenced	Planning for the event commenced by 30 June 2013
Status:		ACHIEVED ✓
Planning for the 'Deadly in Gippsland' event continuing with support from the Indigenous Action Group and various networks. Liaising with other Local Governments who have held past events. It is proposed to have the planning committee established by end of 2013.		

1.4.1 Indigenous Liaison

Strategy	Action/Measure	Target
<i>Responsible Unit: Community Services</i>	Diversity Plan for Aged and Disability Services implemented and outcomes reported	Progress reported in the quarterly Council performance report and annual outcomes reported to Council by 30 June 2013
Status:		ACHIEVED ✓
The Department continues to actively build relationships with aboriginal agencies within the region and promote Koorie client health services through Leongatha Health Care. All actions within year one of the Diversity Plan have been completed. Year 2 actions are underway with planning commenced for a Diversity Forum in partnership with South Gippsland Hospital and Gippsland Southern Health Service for Home and Community Care staff.		

1.4.3 History

Strategy	Action/Measure	Target
Maintain a wide collection of historically significant resources and provide appropriate display and interpretation facilities in conjunction with interested community groups <i>Responsible Unit: Development Services</i>	Development study for Coal Creek prepared and reported to Council	By 30 June 2013
Status:		ACHIEVED ✓
Council adopted the Coal Creek Feasibility Study in May 2013. Council approved the initiation of the first stages of site rationalisation to be implemented. Work has now commenced on a business case and development strategy for major investments at Coal Creek (development strategy).		

Goal 2 – A Sustainable Environment

Outcome 2.1 Planning for a Sustainable Future

A comprehensive framework for improving and maintaining environmental outcomes and building stronger partnerships.

2.1.1 Sustainable Environmental Planning

Strategy	Action/Measure	Target
Develop comprehensive environmental strategic policies to define and address local government's role in general environmental issues including climate change mitigation and adaptation <i>Responsible Unit: Community Services</i>	Sustainability Strategy implemented and outcomes reported <ul style="list-style-type: none"> Websites established for regional e-Community project Options for energy efficient street lighting investigated 	Progress reported in the quarterly Council performance report and annual outcomes achieved reported to Council by 30 June 2013
Status:		ACHIEVED ✓
<p>A further South Gippsland Sustainability Network meeting was held and very well attended. Cr Andrew McEwen facilitated a discussion on what the future might look like for South Gippsland in 2050.</p> <p>A workshop to assess the risks associated with the impacts of climate change in South Gippsland was undertaken with great participation from all relevant areas of Council operations.</p> <p>A very successful Permablitz day was held in Mirboo North, with 25 people in attendance. Permablitz seems to be growing in popularity with each event.</p>		

2.1.3 Collaborative Partnerships

Strategy	Action/Measure	Target
Ensure a coordinated and diverse approach in developing a sustainable future for South Gippsland through strengthening collaborative partnerships with the community and local stakeholders including State government agencies, businesses, specialist groups and educational institutions <i>Responsible Unit: Community Services</i>	Phase 2 of Advancing Country Towns – Lower Tarwin District Project implemented	Project proposals developed and approved by the Steering Committee by 30 June 2013 and projects reported quarterly in Council's performance report
Status:		ACHIEVED ✓
<p>Approved project proposals have been progressed as follows:</p> <p>The Digital Arts and Food Directory projects are nearing completion with final artwork being confirmed for websites.</p> <p>Great Southern Rail Trail 'Black Spur' missing link was acknowledged by Council as a Priority Project with Federal funding being sought.</p> <p>Community College Gippsland have had a successful quarter with the rollout of the Mistro Workshop to assist Lower Tarwin Valley farmers with the herd testing software. The first workshop was held on 28 June and continuing next quarter.</p> <p>Year 2 reporting was submitted to Department of Planning and Community Development for 1/5/2012 – 30/4/2013.</p>		

Outcome 2.2 Land Management

A sustainable balance between the use of the natural resources of the area and the need to sustainably protect them for future generations.

2.2.2 Weed Management

Strategy	Action/Measure	Target
Minimise the impact of weed infestations through active encouragement of timely landowner action and Council modelling good land management practices on Council managed land <i>Responsible Unit: Community Services & Engineering Services</i>	Noxious and environmental weed control program in urban parks and reserves implemented	Progress reported in the quarterly Council performance report and annual outcomes achieved reported to Council by 30 June 2013
Status: ACHIEVED ✓		
A Roadside Weed and Rabbit Control Plan was developed and submitted to Department of Primary Industries for approval. The plan was required to secure the second and third year grant funding from the State Government to assist with the cost of roadside weed control.		

Outcome 2.3 Natural Resource Management

Environmental responsibility in the ongoing development of the Shire in a sustainable manner through the management of the natural resources within Council's control.

2.3.3 Natural Hazards

Strategy	Action/Measure	Target
Minimise the community's risk to the adverse impacts of natural hazards such as climate change, drought, storms, flood and fire <i>Responsible Unit: Engineering Services</i>	Expanded drainage program implemented	145 to 150 kilometres of rural roadside table drains cleared by 30 June 2013
Status: PARTIALLY ACHIEVED –		
80% complete. A total of approximately 110 kilometres of rural roadside table drains were cleared. Budget fully expended. There were a high number of blocked and damaged culverts which required immediate repair.		

Outcome 2.4 Resource Efficiency

Council assets, service delivery and communities which demonstrate leadership in efficient energy use, waste and water management.

2.5.2 Greenhouse Gas Emissions

Strategy	Action/Measure	Target
Reduce greenhouse gas emissions <i>Responsible Unit: Community Services</i>	Greenhouse Reduction Plan implemented	Funding streams for the Green Street Lighting Project investigated and findings reported to Council by 30 June 2013
Status: ACHIEVED ✓		
Greenhouse Gas Reduction Plan finalised.		
Funding sought to implement efficiency actions identified at the Smith St and Carinos Council offices.		
Installation contracts finalised for the Green Street Lighting Project		

2.5.4 Waste Management

Strategy	Action/Measure	Target
Implement measures and programs to reduce waste and promote recycling <i>Responsible Unit: Community Services</i>	Waste Management Strategy implemented and outcomes reported	2012/2013 Action Plan activities completed and reported by 30 June 2013
Status: ACHIEVED ✓		
<p>Discussions commenced around a potential partnership with DHL (international computer and electronic recycling company) to facilitate free disposal of eWaste for South Gippsland residents.</p> <p>New pictorial transfer signage developed to provide clearer pricing information for residents.</p> <p>Sustainable green waste management options developed and supported.</p>		

2.5.4 Waste Management

Strategy	Action/Measure	Target
<i>Responsible Unit: Community Services</i>	Waste to landfill from transfer stations reduced by 10% as a result of increased recycling activities compared to 2011/2012	By 30 June 2013
Status: ACHIEVED ✓		
<p>Waste to landfill from transfer stations has reduced by 4.1% when compared to April to March 2012 (570t reduced to 547t).</p> <p>Overall, waste to landfill from transfer stations has reduced by 12% in 2012/13 when compared to 2011/12.</p>		

Goal 3 – A Strong Economy

Outcome 3.1 Economic Development

A strong and diverse economy through facilitating support and investment in new business development and growing existing businesses.

3.1.1 Agricultural Support

Strategy	Action/Measure	Target
Facilitate support for the agricultural industry and its essential support businesses and services <i>Responsible Unit: Development Services</i>	Workshops and programs conducted for the dairy industry supported	Progress updates reported quarterly in Council's performance report
Status: ACHIEVED ✓		
<p>Continued support to Viplus Dairy in Toora and have supported grant applications and planning application for Murray Goulburn Leongatha.</p> <p>Grant Applications have been supported and planning application for Burra Foods Korumburra.</p>		

3.1.1 Agricultural Support

Strategy	Action/Measure	Target
<i>Responsible Unit: Development Services</i>	Gippsland Climate Change Adaptation Study supported	Progress updates reported quarterly in Council's performance report
Status:		ACHIEVED ✓
Council briefings by Department of Primary Industries took place throughout the year. Project is expected to be finalised in the 2013/14 Financial Year.		

3.1.2 Business and New Residents' Attraction and Support

Strategy	Action/Measure	Target
Participate actively in making South Gippsland Shire a locality of choice, utilising its geographical location, lifestyle and business support as competitive strengths <i>Responsible Unit: Development Services</i>	Economic & Tourism Development Strategy implemented	Progress updates reported quarterly in Council's performance report
Status:		ACHIEVED ✓
Promoted South Gippsland at the 3 day Regional Victorian Living Expo in Melbourne in April 2013. 10,000 people attend this event. Followed up with a 1 day familiarisation day for those interested in relocating to South Gippsland in May. Provided programs through Milpara House and Community College Gippsland in small business support. Conducted business workshops for Local business owners.		

3.1.3 Economic Investment

Strategy	Action/Measure	Target
Encourage new opportunities and projects that have the capacity to diversify the local economy and facilitate new business attraction and investment. Encourage business growth by supporting and assisting enterprises to expand their businesses <i>Responsible Unit: Development Services</i>	Corner Inlet Tourism Development Project (CITDP) promoted as a project of regional significance	Project advocated to seek further funding and outcomes reported by 30 June 2013
Status:		ACHIEVED ✓
Work continuing on the Foster to Toora Rail Trail Components of the CITDP. Support Parks Victoria to implement the Agnes Falls Master Plan. Engineering and economic research conducted on potential Port Welshpool Marina.		

3.1.3 Economic Investment

Strategy	Action/Measure	Target
<i>Responsible Unit: Development Services</i>	Strategic Planning Roadmap developed for the Shire	By 30 June 2013
Status:		ACHIEVED ✓
Strategic Planning Roadmap completed. Example in Attachment 2.		

3.1.4 Tourism

Strategy	Action/Measure	Target
Actively market South Gippsland Shire as a visitor/tourist destination and promote the benefits as a significant contributor to the economy. Facilitate the local tourism industry to partner and participate with Destination Gippsland and accept greater responsibility for tourism promotion <i>Responsible Unit: Development Services</i>	Tourism Plan projects implemented: <ul style="list-style-type: none"> Rural Activity Zone implemented Prom Gateway at Yanakie advocated Eco Tourism Resort at Cape Liptrap advocated 	Project updates provided quarterly in Council's performance report
Status:		ACHIEVED ✓
<p><i>Rural Activity Zone:</i> completed and included in Planning Scheme.</p> <p><i>Prom Gateway:</i> continued advocacy, several meetings with prospective site developer.</p> <p><i>Eco Tourism Resort:</i> continuing advocacy.</p>		

3.1.4 Tourism

Strategy	Action/Measure	Target
<i>Responsible Unit: Development Services</i>	Tourism visitation numbers monitored	Reports on trends and visitor numbers provided quarterly in Council's performance report
Status:		ACHIEVED ✓
Visitor numbers for the June quarter 16.3% higher than the same period in 2012.		

Outcome 3.2 Employment

Improved employment opportunities through the provision of labour force skilling and education programs.

3.2.2 Employment Data

Strategy	Action/Measure	Target
Maintain an ongoing understanding of the employment profile of the South Gippsland Shire, identifying gaps and developing appropriate responses <i>Responsible Unit: Development Services</i>	Statistics on unemployment trends in the area reported	Reported quarterly in Council's performance report
Status:		ACHIEVED ✓
South Gippsland unemployment rate remains steady at 3.1%. South Gippsland has the lowest unemployment in Gippsland and is significantly below the Victorian average of 5.5%.		

3.2.3 Vocational Training

Strategy	Action/Measure	Target
Facilitate partnerships to provide vocational training opportunities to maintain and enhance the skills base of the workforce and fill identified gaps <i>Responsible Unit: Development Services</i>	Leongatha Education Precinct development supported	Program updates reported in Council's performance report
Status:		ACHIEVED ✓
<p>Works continuing on the redevelopment of the Leongatha Secondary College.</p> <p>Active participation in the Local Learning and Employment Network (LLEN) which supports young people in employment and training.</p>		

Outcome 3.3 Infrastructure

Well connected and integrated systems and networks that support the economy of the South Gippsland Shire.

3.3.1 Accessible Networks

Strategy	Action/Measure	Target
Advocate for, and facilitate the provision of local, regional, national and global technology connections through integrated and accessible systems and networks <i>Responsible Unit: Development Services</i>	Advocate to improve National Broadband Network access to more areas throughout the Shire	Advocacy activities and outcomes reported quarterly in Council's performance report
Status: ACHIEVED ✓		
Federal Government has announced the connection of Mirboo North to NBN fibre to the premises from June 2014. Gippsland Broadband Engagement Strategy with 4 workshops conducted in the quarter to promote the use of information technology to community and businesses. Thirteen permit applications for National Broadband Network 'Wireless' towers received: 4 permits issued for: Bena, Dumbalk, Welshpool and Toora. Notices of Decision issued for Kongwak and Koonwarra. Community consultation held at Meeniyar.		

3.3.2 Transport

Strategy	Action/Measure	Target
Advocate for, support the provision of integrated transport systems to ensure they are reliable, affordable and convenient to enable the efficient movement of freight and people <i>Responsible Unit: Development Services</i>	Advocate for transport corridor upgrades and heavy vehicle alternate routes including: <ul style="list-style-type: none"> • Leongatha Heavy Vehicle Alternate Route • Korumburra Bypass • South Gippsland Highway safety improvements at Bridge Street in Korumburra (as part of the Korumburra Town Centre Framework Plan) 	Advocacy activities and outcomes reports provided quarterly in Council's performance report
Status: ACHIEVED ✓		
Leongatha Heavy Vehicle Route: consultant commenced in January / February. Amended design with Council officers for Review in July. Korumburra / Coal Creek realignment: officers met with VicRoads who have prepared a PSA which is intended for exhibition in August / September. Highway improvements: Korumburra Town Centre Framework Plan which includes the safety improvements is underway with a draft prepared and planned to be presented to Council in August 2013.		

3.3.3 Utilities

Strategy	Action/Measure	Target
Advocate for, and facilitate the provision of all modern infrastructure required to support the development of business and industry <i>Responsible Unit: Development Services</i>	Telecommunication infrastructure land use policies developed	By 30 June 2013
Status: ACHIEVED ✓		
Telecommunications Infrastructure Land Use Policy has been developed. Furthermore, Council has adopted Amendment C80, Safe, Healthy and Active Communities for public exhibition. This amendment seeks to incorporate council's telecommunications policy and NBN requirements on smaller subdivisions into the planning scheme.		

3.3.4 Land-use Planning

Strategy	Action/Measure	Target
Ensure that land use planning supports the orderly and sustainable development of land <i>Responsible Unit: Development Services</i>	Strategic planning projects advanced and progress reported to Council <ul style="list-style-type: none"> • Rezoning projects • Amendments to Planning Scheme • Town plans 	Project progress reports provided quarterly in Council's performance report
Status: ACHIEVED ✓		
<p>There are currently 13 projects at various stages of completion. The status of each is reported quarterly in Attachment 2.</p> <p>There are currently 24 active planning scheme amendments, with discussions on others pending. The status of each is reported quarterly in Attachment 2.</p> <p>Six Planning Scheme amendments have been adopted by Council:</p> <ul style="list-style-type: none"> • Amendment C66, Jumbunna Road Korumburra Rezoning • Amendment C68, Municipal Strategic Statement Policy Neutral Review • Amendment C72, Western Township Structure Plans • Amendment C76, Southern Leongatha Outline Development Plan • Amendment C79, General Amendment • Amendment C87, Helipad Amendment 		

3.3.4 Land-use Planning

Strategy	Action/Measure	Target
<i>Responsible Unit: Development Services</i>	Statutory Planning service targets implemented and reported	Progress reports provided quarterly in Council's performance report
Status: ACHIEVED ✓		
Completed. Statutory Planning's performance is reported in Council's quarterly report.		

Goal 4 – Appropriate Infrastructure

Outcome 4.1 Roads, Streets, Bridges, Drainage & Other Associated Infrastructure

Council infrastructure networks which are designed, implemented and maintained to meet the current and future needs of the community and are integrated with State networks.

4.1.1 Infrastructure Design

Strategy	Action/Measure	Target
Ensure the coordination and integration of the Council's infrastructure networks through appropriate planning and design practices <i>Responsible Unit: Engineering Services</i>	A rolling four year Design program developed and implemented to be consistent with the Asset Management Plans and Long Term Financial Plan	90% of the program expended by 30 June 2013 and progress provided quarterly in Council's performance report
Status: ACHIEVED ✓		
99% of Design program complete.		

4.1.2 Infrastructure Implementation

Strategy	Action/Measure	Target
Ensure the Council's infrastructure networks are constructed and renewed, maximising long-term community benefits <i>Responsible Unit: Engineering Services</i>	A rolling four year Capital Works program developed and implemented to be consistent with the Asset Management Plan and Long Term Financial Plan	By 30 June 2013
Status:		ACHIEVED ✓
95% of the revised 2012/13 Capital Works Program complete (actuals versus revised). The 15 year program has been reviewed and presented to Councillors at the 6 March and 20 March Briefing Sessions and the 10 April 2013 Special Meeting of Council as part of the 2013/14 budget process.		

4.1.2 Infrastructure Implementation

Strategy	Action/Measure	Target
<i>Responsible Unit: Engineering Services</i>	Annual Capital Works Program delivered	80% of the Capital Works Civil Program expended in accordance with approved Council decisions by 30 June 2013 and progress report provided quarterly in Council's performance report
Status:		ACHIEVED ✓
95% of the revised 2012/13 Capital Works Program complete (actuals versus revised).		

Outcome 4.2 Council Buildings / Facilities

Buildings and facilities which meet contemporary community needs and provide a sustainable cost/benefit.

4.2.1 Maintenance

Strategy	Action/Measure	Target
Ensure the Council's buildings and facilities are continuously monitored and maintained to a safe standard, maximising their long-term benefit to the community in accordance with priorities set through comprehensive asset management planning <i>Responsible Unit: Engineering Services</i>	Develop and implement a rolling annual Building and Facilities Maintenance Plan program to be consistent with the Asset Management Plan and Long Term Financial Plan	Program delivered according to plans by 30 June 2013
Status:		ACHIEVED ✓
2012/13 Maintenance Program complete.		

4.2.2 Building and Facilities Funding

Strategy	Action/Measure	Target
Plan to provide for sustainable asset management <i>Responsible Unit: Community Services</i>	Service levels for Early Years Facilities Renewal Program established	By 30 June 2013
Status:		ACHIEVED ✓
The Early Childhood Services Building Assets Policy Framework was developed to review Council's early year's policy, service provision and existing facilities. The Framework addresses gaps in the current policy and will establish stronger links with current providers to ensure a high level of service delivery is maintained and potential issues addressed. The Framework was adopted unanimously by Council at the meeting held 22 May 2013.		

Goal 5 – A Leading Organisation

Outcome 5.1 Good Governance

A governance model that delivers strong leadership by advocating the needs of the community and setting clear directions through transparent practices that open engagement.

5.1.1 Direction Setting

Strategy	Action/Measure	Target
Provide strategic direction for the Council's continued growth through the development of appropriate Strategy Plans and Action Plans <i>Responsible Unit: Corporate Services</i>	A 2050 Community Vision commenced	By 30 June 2013
Status:		ACHIEVED ✓
The development of a Community Vision 2050 commenced with a report presented to Council that established a committee and budget. Recruitment for a project officer commenced.		
In response to community concerns raised in the Section 223 Consultation Program for the Council Plan, Annual Plan and Budget, Council determined at the 26 June 2013 Council Meeting to abandon any further work on the Community Vision 2050 project.		

5.1.1 Direction Setting

Strategy	Action/Measure	Target
<i>Responsible Unit: Corporate Services</i>	A rolling four year Council Policy Review Program implemented	2012/2013 review program completed by 30 June 2013
Status:		ACHIEVED ✓
A four year Policy Review program is in place which was reviewed and altered by Council in April to ensure it is up to date. The 23 Council Policies scheduled for review by 30 June 2013 were all adopted by Council on schedule.		

5.1.1 Direction Setting

Strategy	Action/Measure	Target
<i>Responsible Unit: Corporate Services</i>	Service levels and associated costs for each Department reviewed for inclusion in Department Plans annually	Department Plans completed By 30 June 2013
Status:		ACHIEVED ✓
Service Level Agreements completed for each Directorate. Amendment to Customer Service Charter and Dispute Resolution Guidelines has also been completed to include external customer SLAs. Department Plans were completed by 30 June 2013.		

5.1.2 Leadership

Strategy	Action/Measure	Target
Provide leadership at the local, regional and State levels to ensure South Gippsland Shire Council and its community are widely recognised as industry leaders <i>Responsible Unit: Corporate Services</i>	The Council election conducted and Councillors sworn in to office	New Council sworn in by 30 November 2012
Status:		ACHIEVED ✓
The Council Election was conducted on 27 October 2012 and the Councillors Oath of Office was conducted on 7 November 2012.		

5.1.2 Leadership

Strategy	Action/Measure	Target
<i>Responsible Unit:</i> Corporate Services	The Councillor Code of Conduct to be reviewed, updated and adopted by Council	Completed and presented to Council for adoption by 30 June 2013
Status:		ACHIEVED ✓
A new Councillor Code of Conduct was adopted by Council at the Council Meeting held on 26 June 2013.		

5.1.2 Leadership

Strategy	Action/Measure	Target
<i>Responsible Unit:</i> Corporate Services	An internal management program developed to establish shared values	Management development activities reported quarterly in Council's performance report
Status:		ACHIEVED ✓
<p>The Leadership Program was developed and implemented, with formal sessions held with Managers throughout the year. Sessions held covered 'Developing Shared Learning Skills', 'Giving and Receiving Feedback' and 'Action Learning'.</p> <p>In addition, training in a range of other aspects has been provided including 'Undertaking Performance Reviews,' 'Risk Management' and 'Fraud'.</p> <p>Six weekly management meetings have been held and learning circles developed.</p> <p>A Learning and Development Contract has been put in place that extends the leadership training program through to Coordinators and Supervisors.</p>		

5.1.3 Community Engagement

Strategy	Action/Measure	Target
<i>Responsible Unit:</i> Corporate Services	Section 86 and Advisory Committees supported: <ul style="list-style-type: none"> Committee education and support activities implemented Financial support to Section 86 Committees reviewed 	Reviews completed by 30 June 2013 with progress reports provided quarterly in Council's performance report
Status:		ACHIEVED ✓
The review was adopted by Council at the 26 June 2013 with a schedule developed to guide the review of all Section 86 Committee Instruments of Delegation.		

5.1.3 Community Engagement

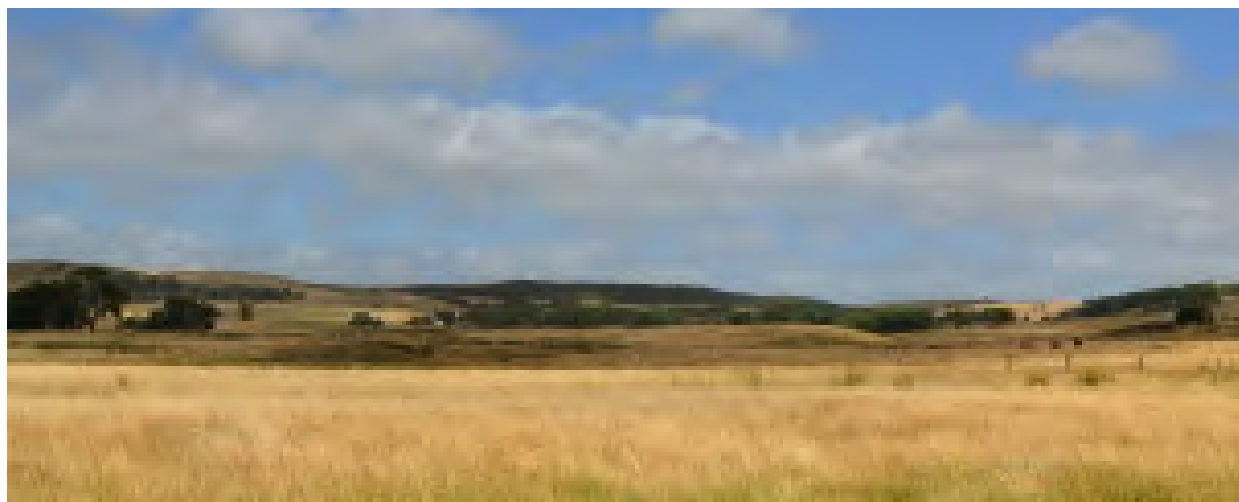
Strategy	Action/Measure	Target
<i>Responsible Unit:</i> Corporate Services & Community Services	A detailed community consultation program developed and implemented to inform the 2013/2017 Council Plan and 2050 Community Vision	Program implemented by 30 December 2012
Status:		PARTIALLY ACHIEVED —
<p>Council has been actively involved in the development of the Council and Annual Plan. Legislated time constraints impacted on Council's ability to liaise extensively with the community on these plans. To this end a formal Section 223 public consultation process was undertaken with 25 submissions received. Nine submitters spoke to their submissions at the Special Meeting held on 12 June. Further interested community members used Council's Public Presentation opportunities to address Council.</p> <p>Further, a Communication Strategy and a Community Consultation and Engagement Toolkit were presented to Council. Council did not formally adopt these documents but requested further consultation be undertaken. The Toolkit has been further refined following external consultation.</p>		

5.1.4 Advocacy

Strategy	Action/Measure	Target
Ensure the best interests of the Council are advanced through representation and partnering with other government bodies and key stakeholders <i>Responsible Unit: Chief Executive Officer</i>	Council representation on regional bodies and identified committees maintained	Councillors verbal reports on committee attendance and activities at Ordinary Council Meetings captured in the meeting Minutes
Status: ACHIEVED ✓		
<p>Representation on key regional bodies and committees has been strong throughout 2012/13. Council's CEO was appointed to Regional Development Australia – Gippsland and MAV CEO Innovation Committee.</p> <p>Strong relationships with Gippsland Councils continued and joint representation made to other levels of government to advocate for regional projects.</p> <p>Following appointment to Committees and External Bodies in November 2012, Councillors have attended their respective meetings and reported back thoroughly on progress made and topics discussed through Council Meetings.</p>		

5.1.4 Advocacy

Strategy	Action/Measure	Target
<i>Responsible Unit: Chief Executive Officer</i>	Strong and productive relationships with government, key regional agencies and local businesses built to strengthen the performance of Council	A summary of activity reported quarterly in Council's performance report
Status: ACHIEVED ✓		
<p>Council through the CEO and Directors has contributed to the Gippsland Regional Plan via the Leadership Group and participation in related Strategy Groups.</p> <p>A recent delegation to Canberra met with key federal government officials to advocate for Council's Priority Projects and additional meetings are arranged to discuss further with local state members.</p> <p>Council will be participating in the Bass Coast led Benchmarking Project looking at ways to gain efficiencies and strengthen the performance of local government.</p> <p>Regular meetings were held with key regional bodies including VicRoads, Parks Victoria, and Gippsland Ports etc. to collaboratively progress joint priorities.</p>		



Outcome 5.2 Systems and Processes

A Council providing quality, customer focused services and infrastructure through responsible and responsive management, best practice approaches and continuous improvement.

5.2.1 Customer Relations

Strategy	Action/Measure	Target
Provide friendly, timely, accurate and accessible services and information to all customers in a manner reflecting the organisations values <i>Responsible Unit: Corporate Services</i>	Council's intranet environment upgraded and relaunched to increase useability for accessing corporate and community information	By 30 June 2013
Status:		ACHIEVED ✓
<p>The intranet environment for Councillors is being improved through the purchase of 'Big Tin Can's Council Dashboard' program. This is being implemented with the uploading of information commenced.</p> <p>Council Dashboard is a mobile app that securely manages the distribution of PDF documents to mobile devices. It provides an organised and easy-to-use interface for participants at meetings who need fast and secure access to agendas, minutes and other relevant information. This will be the new Councillor and Executive Leadership Team Intranet system. It is currently being prepared for Council to use in 2013/14.</p>		

5.2.2 Asset Management Planning

Strategy	Action/Measure	Target
Ensure a structured management approach is applied to all the Council's assets through a proper regime of investment, maintenance, renewal and disposal <i>Responsible Unit: Engineering Services</i>	Asset Management Plans for Bridges, Culverts and Drainage updated and presented to Council	By 30 June 2013
Status:		ACHIEVED ✓
<p>Bridges and major culverts have been included in the Road Infrastructure Asset Management Plan and presented at the 13 March 2013 Councillor Briefing Session.</p> <p>The Underground Stormwater Drainage Assets Management Plan presented at the 13 March Councillor Briefing Session.</p>		

5.2.3 Financial Management

Strategy	Action/Measure	Target
Develop and implement a Long Term Financial Plan <i>Responsible Unit: Corporate Services</i>	Department Plans and Budgets managed effectively	Progress of Department Plans and Budget reported quarterly in Council's performance report
Status:		ACHIEVED ✓
<p>Department Plans and Annual Budgets have been developed for 2013-14. They have been presented to Councillors for consideration in development of the Annual Plan and Budget. Each Department prepared a Service Summary outlining key deliverables and the drivers for the service.</p> <p>Progress against 2012-13 Department Plans and Budgets was achieved successfully with Budgets reviewed monthly and the Department Plans reviewed and commented on quarterly.</p>		

5.2.4 Technology

Strategy	Action/Measure	Target
Ensure appropriate technologies are maintained and upgraded in a timely manner to meet the future needs of the organisation <i>Responsible Unit: Corporate Services</i>	Information Technology Projects implemented in accordance with the priority action plan	Progress of project outcomes achieved reported quarterly in Council's performance report
Status:		ACHIEVED ✓
<p>Approved Information Technology projects are being implemented:</p> <p>The infrastructure server and storage business case has been completed and submitted for consideration by the Network Infrastructure Steering Committee and IT Governance Board.</p> <p>The upgrade to Local Government Business System completed successfully.</p> <p>Records Management System upgrade is currently being scoped with the business case due for completion in July.</p> <p>The investigation and analysis stage of the printer and copier replacement program has been completed and the specifications and recommendation developed to go to the IT Governance board for approval to proceed with procurement and implementation.</p>		

5.2.5 Risk Management

Strategy	Action/Measure	Target
Take a risk management approach to all activities to enhance community safety and minimise Council exposure to external claims, adverse impacts or financial loss <i>Responsible Unit: Corporate Services</i>	An annual Risk Review Program to manage and minimise Council's significant strategic risks implemented	Review summaries provided to Council's Audit Committee for monitoring six monthly
Status:		ACHIEVED ✓
<p>Following the adoption of Council's Risk Management Framework in May 2012, Council established a Strategic Risk Committee, Operational Risk Committee, and Strategic Risk Register with a process to review all strategic risks established and monitored every six weeks by Council's Strategic Risk Committee and every six months by Council's Audit Committee.</p>		

Outcome 5.3 Staff

Council staff that respect and uphold the organisation's values, and are supported and developed to enable quality and innovative services to all customers.

5.3.1 Attracting and Retaining People

Strategy	Action/Measure	Target
Make South Gippsland Shire Council an "employer of choice" for both current and future staff <i>Responsible Unit: Corporate Services</i>	A structured induction program expanded and implemented	By 30 June 2013
Status:		ACHIEVED ✓
<p>Human Resources has a first draft of the New Human Resource Induction presentation completed and are working on the Employee Handbook.</p> <p>Various improvements to the induction program have been introduced with all new staff provided with induction on areas relevant to their positions.</p>		

5.3.2 Healthy People and Safer Workplaces

Strategy	Action/Measure	Target
Ensure the health and safety of all employees is a paramount consideration through effective training, safe work practices and continuous monitoring <i>Responsible Unit: Corporate Services</i>	Conduct OH&S training and refresher training appropriate to each level of staff across the organisation and ensure initial training is conducted as part of the induction of new staff	By 30 June 2013
Status: ACHIEVED ✓ An Occupational Health and Safety (OHS) training and refresher training program appropriate to each level of staff across the organisation has been delivered, including management training, OHS Officer and Representative Training and new staff OHS Induction. Also a detailed training plan has been developed for each staff member and included in the Performance Development Reviews for 2013/2014 for all staff.		

5.3.3 Learning and Development

Strategy	Action/Measure	Target
Develop a comprehensive Learning and Development Framework linked to the Workforce Plan that ensures staff have the competencies to deliver Council services <i>Responsible Unit: Corporate Services</i>	An annual corporate training program developed and implemented	Corporate training activities reported quarterly in Council's performance report
Status: ACHIEVED ✓ Corporate Training Program has been developed and is currently being implemented as presented to and endorsed by the Executive Leadership Team. Training this quarter has included: <ul style="list-style-type: none"> • Manual Handling Refresher • OH&S Representatives Refresher course • Performance Development Review Training • Microsoft Excel Intermediate • Microsoft Word Intermediate and Advanced • Fraud Training • Induction to Local Government 		

5.3.4 Rewarding Our Success

Strategy	Action/Measure	Target
Recognising and rewarding our success to ensure Council delivers the best for the community <i>Responsible Unit: Corporate Services</i>	A Reward and Recognition Policy developed and implementation commenced.	By 30 June 2013
Status: ACHIEVED ✓ Staff Recognition Policy developed and implementation occurred in November 2012. Policy is being utilised by Managers, Coordinators and employees to nominate and recognise exceptional performance by staff throughout the organisation.		



Key Strategic Activities 2012/13

Development Services

1.1.1 Community Partnerships

Strategy	Action/Measure	Target
Facilitate opportunities for communities to work with Council, and one another, to improve their local area	Housing and Settlement Strategy developed	Strategy presented to Council for adoption by 30 June 2013
Status:		NOT ACHIEVED x
Draft Housing and Settlement Strategy was endorsed by Council in May 2013 for 5 week public exhibition. A revised Strategy taking into consideration public submissions is anticipated to be tabled at the September 2013 Council Meeting.		

3.2.1 Employment Creation

Strategy	Action/Measure	Target
Actively support employment creation through the facilitation and support of potential developments and provision of assistance with regulatory processes	Leongatha Industrial Land Use Study developed	Study presented to Council for adoption by 30 June 2013
Status:		NOT ACHIEVED x
Project consultation and site investigation completed. A briefing to Council was given on 16 March 2013. Due to timeline constraints, the report is to be presented to the July 2013 Council Meeting.		

5.1.2 Leadership

Strategy	Action/Measure	Target
Provide leadership at the local, regional and State levels to ensure South Gippsland Shire Council and its community are widely recognised as industry leaders	Council's General Local Law No 1 2005 to be reviewed, updated and adopted by Council	Review commenced and Community / Councillor consultation completed by 30 June 2013.
Status:		NOT ACHIEVED x
Briefing presented to Council on 5 June 2013. A report is to be presented to Council for adoption in October 2013 with community consultation to commence directly after.		



Corporate Services

1.1.4 Community Events

Strategy	Action/Measure	Target
Provide a supportive environment for events and activities that promote and enhance South Gippsland Shire	Community events supported through the Community Grants Program	Two rounds of Community Grants presented to Council for adoption by 30 June 2013 and updates on event outcomes reported quarterly in Council's performance report
Status:		ACHIEVED ✓
Two rounds of Community Grants were presented to Council by 30 June 2013 with Round 1 presented on 19 December 2012 for adoption and Round 2 presented on 26 June 2013 for adoption.		

5.1.1 Direction Setting

Strategy	Action/Measure	Target
Provide strategic direction for the Council's continued growth through the development of appropriate Strategy Plans and Action Plans.	A 2013/2017 Council Plan developed and presented to Council for adoption	Council Plan adopted by 30 June 2013
Status:		ACHIEVED ✓
Council Plan adopted by Council on 26 June 2013.		

5.2.1 Customer Relations

Strategy	Action/Measure	Target
Provide friendly, timely, accurate and accessible services and information to all customers in a manner reflecting the organisations values	A Corporate Service Charter outlining key service guarantees to be provided by all staff completed and endorsed by the Chief Executive Officer	Corporate Service Charter endorsed by the Chief Executive Officer by 30 June 2013
Status:		ACHIEVED ✓
Corporate Service Charter and Dispute Resolution completed and endorsed by the Chief Executive Officer and the Executive Leadership Team.		

5.2.3 Financial Management

Strategy	Action/Measure	Target
Develop and implement a Long Term Financial Plan	The Long Term Financial Plan implemented to ensure financial sustainability	Weighted average of 5 key financial ratios being indebtedness, underlying working capital ratio, self-financing, investment gap and underlying result for the 2012/2013 Budget is greater than or equal to 98%
Status:		NOT ACHIEVED ✗
Actual result is 53.19%. Result impacted by paying unfunded superannuation liabilities ahead of schedule, natural disaster expenses and recognising a provision for landfill rehabilitation costs. Longer term, the strategic integrity of the Long Term Financial Plan remains intact.		



Community Services

1.2.1 Active Lifestyle

Strategy	Action/Measure	Target
Provide and facilitate a range of recreational, sport and leisure opportunities for all sectors of the community	Aquatic Strategy for pools within the Shire implemented: <ul style="list-style-type: none"> • Mirboo North • Korumburra 	Master Plan(s) completed and presented to Council by 30 June 2013
Status:		ACHIEVED ✓
The draft Mirboo North and Korumburra Pool Master Plans were presented to Council in April 2013 seeking endorsement for public exhibition. Community drop in sessions were held in Mirboo North and Korumburra on 14 and 15 May 2013. Submissions received were presented to Council at the June 2013 meeting. The Mirboo North community have actively responded to the Master Plan.		

2.3.2 Environmental Protection

Strategy	Action/Measure	Target
Preserve, enhance and manage the Shire's natural environment, open space and scenic amenity including bushland, remnant vegetation, wildlife, waterways, water, air quality and soils	Vegetation planting in the old Mirboo Shire implemented in partnership with Landcare (Bequest provided on behalf of the late James Harvey)	Number of trees planted and the locations reported to Council by 30 June 2013
Status:		ACHIEVED ✓
Planting of trees has commenced and will be completed in July and August 2013.		
10,000 trees were allocated to the Mardan Mirboo North Landcare Group for community planting along the rail trail.		
13 applications for revegetation were received, 2 withdrew and 11 landholders funded for 15,000 trees.		
25,000 trees will be planted in Winter 2013.		

Engineering Services

4.1.4 Infrastructure Funding

Strategy	Action/Measure	Target
Plan to provide for sustainable asset management	Council's Land Ownership Policy implemented	Investigate three land transactions by 30 June 2013. Reported to Council annually by 30 June 2013
Status: ACHIEVED ✓		
<p>Council Report tabled on 24 April 2013 detailing the Community Plan and list of properties for consideration of sale.</p> <p>Council Report tabled on 26 June 2013 which discussed a slight amendment to 3 listed properties to the resolution of 24 April 2013. Report also resolved to commence the public notices advertising various properties for sale in accordance with Section 223 of the Local Government Act, 1989.</p>		

5.2.2 Asset Management Planning

Strategy	Action/Measure	Target
Ensure a structured management approach is applied to all the Council's assets through a proper regime of investment, maintenance, renewal and disposal.	Asset Management Policy and Strategy reviewed	Presented to Council for adoption by 30 June 2013
Status: ACHIEVED ✓		
<p>Adopted at the 27 March 2013 Council Meeting.</p>		





9 Smith Street (Private Bag 4)

Leongatha VIC 3953

Phone: 5662 9200

Fax: 5662 3754

Email: council@southgippsland.vic.gov.au

Websites: www.southgippsland.vic.gov.au www.visitpromcountry.com.au



South Gippsland Shire Council

Annual Financial Report

For the Year Ended 30 June 2013

Contents

Councillors and Executive Team	4
Financial Statements	
Comprehensive Income Statement	5
Balance Sheet	6
Statement of Changes in Equity	7
Cash Flow Statement	8
Notes to the Financial Statements	
Introduction to Notes	9
Note 1 Significant accounting policies	9
Note 2 Special committees and other activities	17
Note 3 Rates and charges	18
Note 4 Statutory fees and fines	18
Note 5 User fees	19
Note 6 Grants	19
Note 7 Contributions	21
Note 8 Reimbursements	21
Note 9 Other Income	21
Note 10 Disposal of property, plant and equipment and infrastructure	22
Note 11 Employee benefits	22
Note 12 Materials and services	23
Note 13 Depreciation and Amortisation	23
Note 14 Finance costs	24
Note 15 Other expenses	24
Note 16 Investments in associates	24
Note 17 Other assets	25
Note 18 Cash and cash equivalents	25
Note 19 Trade and other receivables	25
Note 20 Financial assets	26
Note 21 Inventories	26
Note 22 Property, plant and equipment and infrastructure	26
Note 23 Joint venture information	34
Note 24 Investment properties	34
Note 25 Trade and other payables	34
Note 26 Trust funds and deposits	34
Note 27 Provisions	35
Note 28 Interest bearing loans and borrowings	37
Note 29 Reserves	38

Contents

Note 30	Reconciliation of cash flows from operating activities to surplus	40
Note 31	Reconciliation of cash and cash equivalents	40
Note 32	Financing facilities	40
Note 33	Non-cash financing and investing activities	40
Note 34	Restricted assets	40
Note 35	Superannuation	41
Note 36	Commitments	44
Note 37	Operating leases	45
Note 38	Contingent liabilities and contingent assets	45
Note 39	Financial instruments	46
Note 40	Auditor's remuneration	53
Note 41	Events occurring after balance date	53
Note 42	Related party transactions	53
Note 43	Income, expenses and assets by function / activities	55
Note 44	Financial ratios (performance indicators)	58
Note 45	Capital works	61
Note 46	Pending accounting standards	63
	Certification of Financial Statements	66
Standard Statements		
	Introduction to Standard Statements	67
	Notes to the Standard Statements	67
	Standard Income Statement	68
	Standard Balance Sheet	70
	Standard Cash Flow Statement	72
	Standard Statement of Capital Works	74
	Certification of Standard Statements	76
	Auditor-General's Audit Report (Financial Report and Standard Statements)	77
Performance Statement		
	Performance Statement	79
	Certification of Performance Statement	81
	Auditor-General's Audit Report (Performance Statement)	82



9 Smith Street (Private Bag 4)

Leongatha VIC 3953

Phone: 5662 9200

Fax: 5662 3754

Email: council@southgippsland.vic.gov.au

Websites: www.southgippsland.vic.gov.au www.visitpromcountry.com.au

Councillors and Executive Team

Coastal-Promontory Ward



**Councillor
Mohya Davies**



**Councillor
Jeanette Harding**



**Councillor (Mayor)
Kieran Kennedy**

Strzelecki Ward



**Councillor
Lorraine Brunt**



**Councillor
Andrew McEwen**



**Councillor
Robert (Bob) Newton**

Tarwin Valley Ward



**Councillor
James (Jim) Fawcett**



**Councillor
Don Hill**



**Councillor (Deputy Mayor)
Nigel Hutchinson-Brooks**

Chief Executive Officer



Tim Tamlin

Directors



**Jan Martin
(Community Services)**



**June Ernst
(Corporate Services)**



**Anthony Seabrook
(Engineering Services)**



**Phil Stone
(Development Services)**

Comprehensive Income Statement

For the Year Ended 30 June 2013

	Note	2013 \$'000	2012 \$'000
Income			
Rates and charges	3	31,375	29,562
Statutory fees and fines	4	496	408
User fees	5	2,287	2,222
Grants - recurrent	6	11,555	13,405
Grants - non-recurrent	6	9,754	5,956
Contributions - cash	7 (a)	362	421
Contributions - non monetary assets	7 (b)	572	1,821
Reimbursements	8	361	368
Other Income	9	1,902	2,105
Net profit / (loss) on disposal of property, plant and equipment and infrastructure	10	279	(47)
Share of net profit / (loss) of associates accounted for by the equity method	16	125	(96)
Fair value adjustment for investment property	24	-	50
Total income		59,068	56,175
Expenses			
Employee benefits	11	19,738	19,068
Additional Defined Benefit Superannuation Call	11	-	4,612
Materials and services	12	25,157	19,080
Depreciation and amortisation	13	9,506	8,436
Finance costs	14	23	77
Other expenses	15	2,886	2,759
Total expenses		57,310	54,032
Surplus for the year		1,758	2,143
Other comprehensive income			
Net asset revaluation increment / (decrement)	29 (a)	-	34,355
Comprehensive result		1,758	36,498

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

Balance Sheet

As at 30 June 2013

	Note	2013 \$'000	2012 \$'000
Assets			
Current assets			
Cash and cash equivalents	18	9,992	13,852
Trade and other receivables	19	4,356	3,587
Financial assets	20	1,700	3,750
Inventories	21	219	317
Other assets	17	113	320
Total current assets		<u>16,380</u>	<u>21,826</u>
Non-current assets			
Investments in associates accounted for using the equity method	16	603	478
Property, plant and equipment and infrastructure	22	467,197	465,021
Investment property	24	674	674
Total non-current assets		<u>468,474</u>	<u>466,173</u>
Total assets		<u>484,854</u>	<u>487,999</u>
Liabilities			
Current liabilities			
Trade and other payables	25	3,410	4,965
Trust funds and deposits	26	529	369
Provisions	27	5,566	4,913
Interest-bearing loans and borrowings	28	134	317
Total current liabilities		<u>9,639</u>	<u>10,564</u>
Non-current liabilities			
Provisions	27	953	185
Additional Defined Benefit Superannuation Call	27 (a)	-	4,612
Interest-bearing loans and borrowings	28	-	134
Total non-current liabilities		<u>953</u>	<u>4,931</u>
Total liabilities		<u>10,592</u>	<u>15,495</u>
Net Assets		<u>474,262</u>	<u>472,504</u>
Equity			
Accumulated surplus		190,062	188,737
Asset revaluation reserve	29 (a)	282,904	282,904
Other reserves	29 (b)	1,296	863
Total Equity		<u>474,262</u>	<u>472,504</u>

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

Statement of Changes in Equity

For the Year Ended 30 June 2013

			Accumulated	Asset	Other
	Note	Total	Surplus	Revaluation	Reserves
2013		2013	2013	2013	2013
		\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		472,504	188,737	282,904	863
Comprehensive result		1,758	1,758	-	-
Transfers to other reserves	29 (b)	-	(437)	-	437
Transfers from other reserves	29 (b)	-	4	-	(4)
Balance at end of the financial year		474,262	190,062	282,904	1,296

			Accumulated	Asset	Other
	Note	Total	Surplus	Revaluation	Reserves
2012		2012	2012	2012	2012
		\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		436,006	186,153	248,549	1,304
Comprehensive result		36,498	2,143	34,355	-
Transfers to other reserves	29 (b)	-	(270)	-	270
Transfers from other reserves	29 (b)	-	711	-	(711)
Balance at end of the financial year		472,504	188,737	282,904	863

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

Cash Flow Statement

For the Year Ended 30 June 2013

	Note	Inflows/ (Outflows) 2013 \$'000	Inflows/ (Outflows) 2012 \$'000
Cash flows from operating activities			
Rates		30,995	29,372
Statutory fees and fines		493	408
User charges and other fines		2,289	2,208
Grants		21,359	19,179
Reimbursements		371	371
Interest received		813	1,123
Rents		337	313
Other receipts (inclusive of GST)		1,282	1,286
Payments to suppliers		(27,008)	(18,610)
Additional Defined Benefit Superannuation			
Call - Vision Super		(4,588)	-
Payments to employees		(18,317)	(18,576)
Other payments		(2,924)	(2,074)
Net cash provided by operating activities	30	<u>5,102</u>	<u>15,000</u>
Cash flows from investing activities			
Payments for property, plant and equipment and infrastructure		(12,278)	(14,163)
Proceeds from sale of property, plant and equipment		1,447	902
Payments for other financial assets		2,050	(1,700)
Net Cash provided used in investing activities		<u>(8,781)</u>	<u>(14,961)</u>
Cash flows from financing activities			
Repayment of interest bearing loans and borrowings		(317)	(1,128)
Finance costs		(24)	(79)
Trust Funds and deposits		160	227
Net cash used in financing activities		<u>(181)</u>	<u>(980)</u>
Net increase in cash and cash equivalents		(3,860)	(941)
Cash and cash equivalents at the beginning of the financial year		13,852	14,793
Cash and cash equivalents at the end of the financial year	31	<u>9,992</u>	<u>13,852</u>
Financing facilities	32		
Non-cash financing and investing activities	33		
Restrictions on cash assets	34		

The above cash flow statement should be read in conjunction 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 Objectives of a Council

The primary objective of a Council is to endeavour to achieve the best outcomes for the local community having regard to the long term and cumulative effects of decisions.

External Auditor - Auditor-General of Victoria

Internal Auditor - HBL Mann Judd

Solicitors - Oakley's White: Maddocks

Bankers - Commonwealth Bank

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

This financial report is a general purpose financial report that consists of a Comprehensive 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 basis.

This financial report has been prepared under the historical cost convention, except where specifically stated in the notes.

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 2012/13 financial year.

NOTE 1 Significant Accounting Policies (cont.)

(c) Revenue Recognition

(i) Rates, grants and contributions

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

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

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

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

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

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

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

(ii) User fees and fines

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

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

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

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

(iv) Trade and other receivables

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

(v) Rentals

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

(vi) Interest

Interest is recognised progressively as it is earned.

NOTE 1 Significant Accounting Policies (cont.)

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

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

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

Road earthworks and land are not depreciated on the basis that they are assessed as not having a limited useful life.

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

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

		Period
Property		
Buildings		20 to 50 Years
Heritage Buildings		100 Years
Plant and Equipment		
Plant and machinery		1 to 10 Years
Motor Vehicles		1 to 5 Years
Furniture, fittings and computers		1 to 5 Years
Infrastructure		
Roads 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.)

(g) Recognition and measurement of Assets

(i) Acquisition

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

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

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

		Threshold \$'000
Property		
Land		
	land	-
	land improvements	10
	land under roads	-
Buildings		
	new construction	-
	building extensions	-
	building renovations	15
	heritage buildings	15
Plant and Equipment		
	major plant and equipment	-
	motor cars	-
	minor plant	15
	furniture / fittings / office equipment	15
Infrastructure		
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.)

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

(ii) Revaluation of Non Current Assets

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

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

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

(iii) Land Under Roads

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

(h) Cash and cash equivalents

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

(i) 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.

(j) Investments

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

NOTE 1 Significant Accounting Policies (cont.)

(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 comprehensive income statement.

(l) Tender Deposits

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

(m) Employee Benefits

(i) 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 workers compensation and payroll costs.

(ii) 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 accrued entitlements. Commonwealth bond rates are used for discounting future cash flows.

(iii) 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.

(iv) 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 entitlements.

(v) 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. In addition Council may, periodically be required to contribute to the defined benefits scheme for current and former employees. Details of these arrangements are recorded in note 35.

NOTE 1 Significant Accounting Policies (cont.)

(n) Leases

Operating Leases

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

(o) Allocation between current and non-current

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

(p) Agreements equally proportionately unperformed

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

(q) Web site costs

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

(r) Goods and Services Tax (GST)

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

Cash flows are presented in the 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 asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed in the comprehensive income statement, unless the asset is carried at the revalued amount in which case the impairment loss is recognised directly against the revaluation surplus reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

NOTE 1 Significant Accounting Policies (cont.)

(t) Rounding

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

(u) Inventories

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

(v) Investment properties

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

(w) Contingent assets and contingent liabilities and commitments

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

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

(x) Payables and Interest Bearing Liabilities

(i) Trade and other payables

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

(ii) Interest Bearing Liabilities

Interest bearing liabilities represent short term and long term loans which accrue interest on the balance outstanding. The carrying amount of these liabilities represent the amounts payable in the future years (Refer Notes 28 and 39).

(y) Pending accounting standards

Certain Australian accounting standards have been issued or amended and are applicable to the Council but not yet effective. A list of the relevant standards is provided in note 46. None have been early adopted in the preparation of these financial statements.

NOTE 2 Special committees and other activities

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

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

Notes to the Financial Statements For the Year Ended 30 June 2013

NOTE 3 Rates and charges

2013
\$'000

2012
\$'000

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

The valuation base used to calculate general rates is :-

Residential	3,223,221	2,984,008
Vacant Land	243,147	239,419
Commercial/Industrial	400,273	379,463
Farm	2,828,459	2,690,902
Cultural & Recreational Lands Act	8,164	7,710
Total Capital Improved Valuation	6,703,264	6,301,502

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

Residential	0.00356124	0.00351451
Vacant Land	0.00534186	0.00527176
Commercial/Industrial	0.00356124	0.00351451
Farm	0.00320512	0.00316306
Cultural & Recreational Lands Act	0.00142450	0.00140580

The rates for each classification was:-

Residential	11,479	10,487
Vacant Land	1,299	1,262
Commercial/Industrial	1,425	1,334
Farm	9,066	8,511
Cultural & Recreational Lands Act	12	11
Municipal Charge	5,820	5,401
Supplementary Rates & Rate Adjustments	317	324
Garbage Charges	1,957	2,232
Total Rates and charges	31,375	29,562

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

The date of the previous general revaluation of land for rating purposes within the municipal district was 1 January 2010, and the valuation first applied to the rating period commencing 1 July 2010.

NOTE 4 Statutory fees and fines

Parking Infringements & Fines	26	26
Land Information Certificates	19	22
Local Laws / Animal control	67	12
Fire prevention	4	7
Building Services	103	91
Town Planning applications	221	224
Supervision Fees	34	19
Infringement Court Recoveries	22	4
Others	-	3
Total Statutory fees and fines	496	408

Notes to the Financial Statements For the Year Ended 30 June 2013

NOTE 5 User fees		2013 \$'000	2012 \$'000
(a)			
	Aged & Disabled Services	257	215
	Food Services	139	116
	Immunisation	12	12
	Community Transport	32	32
	Health Licences	194	146
	Boat Ramp Fees	17	22
	Road RAP fees	10	14
	Transfer Stations	2	134
	Landfills	1,226	986
	Local Laws	16	16
	Animal Control	223	236
	Fire Prevention	5	6
	Building Services	5	3
	Waste Water Management	-	94
	Economic Development	-	1
	Tourism Development	11	109
	Public Halls / Others	26	25
	Coal Creek	81	52
	Arts & Culture	4	3
	Recreation Facilities	27	-
Total user fees		2,287	2,222

(b) Please refer to Table (Ageing of Trade and Other Receivables) in Note 39 (e) for the ageing analysis of contractual receivables.

NOTE 6 Grants

Grants were received in respect of the following:-

Summary of grants

Federally funded grants	1,736	1,638
State funded grants	19,573	17,723
	21,309	19,361

Recurrent

Commonwealth Government

Roads to Recovery	1,636	1,636
-------------------	-------	-------

State Government

Victorian Grants Commission - unallocated	4,695	6,025
Victorian Grants Commission - local roads	3,033	3,959
Valuation Services	270	9
School Crossing Supervision	31	29
Education Programs	22	23
Maternal & Child Health	238	216
Community Transport	41	40
Immunisation	19	19
Families & Children's Services	120	73
Food Services	25	25
Senior Citizens Centres	28	23
Aged & Disabled Services	975	884
HACC Assessment	285	303
Community Building	93	89
State Emergency Services	25	25
Bus Shelters	-	4
Fire Prevention	8	8
Environmental Health	10	-
Coal Creek Events	1	15

Total Recurrent Grants	11,555	13,405
-------------------------------	---------------	---------------

Notes to the Financial Statements For the Year Ended 30 June 2013

NOTE 6 Grants (cont.)	2013 \$'000	2012 \$'000
Non Recurrent		
Commonwealth Government		
Environmental Services	90	-
Women's Rural Conference	10	-
Emergency Management	-	2
State Government		
Youth Services	57	43
Bush Fire Relief	-	21
Community Building	298	242
Aged & Disabled Services	20	84
Families and Children	10	74
Local Roads and Infrastructure	3,617	2,074
Arts and Culture	5	5
Recreation and Leisure	1,272	143
Planning	164	20
Economic Development & Tourism	10	20
Biodiversity	41	25
Sustainability	162	142
Emergency Management	58	7
Advancing Country Towns	188	190
Natural Disasters	2,843	2,858
Fire Services Levy Administration	35	-
Neighbourhood Safer Place	412	-
Public Halls	164	-
Training & Development	41	-
Waste Management	250	-
Others	7	6
Total Non Recurrent Grants	9,754	5,956
Total Grants	21,309	19,361
 <u>Conditions on Grants</u>		
Grants recognised as revenue during the year and were obtained on the condition that they be expended in a specified manner that had not occurred at balance date were:		
Community Projects	732	389
Home and Community Care	178	672
Bushfire Relief and Commemorative Events	1	-
Families and Children	267	63
Recreation and Leisure	210	90
Road and associated works	2,134	947
Natural Disaster	724	772
Total	4,246	2,933
Grants which were recognised as revenue in prior years and were expended in a specified manner by the grantor were:		
Community Projects	411	1,368
Home and Community Care	658	227
Bushfire Relief and Commemorative Events	-	20
Families and Children	132	99
Recreation and Leisure	110	637
Road and associated works	940	56
Child Care	-	246
Natural Disaster	721	-
Total	2,972	2,653
Net increase / (decrease) in restricted assets resulting from grant revenues for the year	1,274	280

Notes to the Financial Statements For the Year Ended 30 June 2013

NOTE 7 Contributions

2013
\$'000

2012
\$'000

Contributions were received in respect of the following :

(a) Cash			
Open Space *	89	-	
Recreation	76	198	
Public halls	127	150	
Municipal Offices	2	3	
Child care	15	1	
Others	53	69	
Total cash contributions	<u>362</u>	<u>421</u>	
(b) Non-monetary assets			
Roads & Streets	233	1,228	
Drains	214	475	
Kerbs & Channel	61	-	
Footpaths	64	118	
Total non cash contributions	<u>572</u>	<u>1,821</u>	
Total Contributions	<u>934</u>	<u>2,242</u>	

* Open space contributions received during the year are transferred to other reserves pursuant to section 18 of the Subdivision Act 1988 (Resort and Recreation Reserve) (refer Note 29(b)).

NOTE 8 Reimbursements

Reimbursements were received in respect of the following :

Rate Recovery Proceedings	149	107
Insurances	46	44
Diesel Fuel Rebate	84	96
Recreation	23	1
Work cover	37	105
Tertiary Study Assistance	11	-
Aged & Disabled Services	3	3
Local Roads	-	8
Others	8	4
Total Reimbursements	<u>361</u>	<u>368</u>

NOTE 9 Other Income

Interest on rates	233	187
Other Interest	515	822
Other rent	269	252
Investment property rent	51	51
Quarries	16	10
Youth Services	-	1
Private Works	468	498
Families & Children	12	12
Coal Creek	224	187
Sundry Income	114	85
Total Other income	<u>1,902</u>	<u>2,105</u>

Notes to the Financial Statements For the Year Ended 30 June 2013

NOTE 10 Disposal of property, plant and equipment and infrastructure

Proceeds of Sales

Proceeds from Land & Building Sales	432	17
Proceeds from Plant & Equipment Sales	1,015	886
Total Proceeds from Sale of Assets	<u>1,447</u>	<u>903</u>

Written Down Value of Items sold

Carrying Amount of Land Sold	60	-
Carrying Amount of Buildings Sold	77	-
Carrying Amount of Plant & Equipment Sold	1,031	950
Total Written Down Value of Assets sold	<u>1,168</u>	<u>950</u>
Gain / (Loss) on Disposal of non-current assets	<u>279</u>	<u>(47)</u>

NOTE 11 Employee benefits

Wages & Salaries	15,688	14,889
Casual Staff	569	768
Annual and Long Service Leave	2,104	1,792
Superannuation	1,457	1,466
Superannuation - additional contribution *	-	4,612
Work cover	330	572
Fringe benefits tax	182	121
Gross employee benefits	<u>20,330</u>	<u>24,220</u>
Less employee benefits capitalised to the balance sheet for works performed on capital projects.	(592)	(540)
Total employee benefits	<u>19,738</u>	<u>23,680</u>
Employee benefits	19,738	19,068
Additional Defined Benefit Superannuation Call	-	4,612
Total employee benefits	<u>19,738</u>	<u>23,680</u>

* During the prior period (2012) , Council was required to make additional contribution to Vision Super to meet our obligations in relation to members of the defined benefit plan

Notes to the Financial Statements For the Year Ended 30 June 2013

NOTE 12 Materials and services	2013 \$'000	2012 \$'000
<u>Contract payments</u>		
Landfill and Transfer Stations	983	1,345
Garbage Collections / Kerbside Recycling	1,091	1,038
Litter bins	163	180
Elections	145	34
Leisure Centre Operations	371	370
Handyman Contractors	42	37
External Hire, Minor Contractors	3,568	2,945
Cleaning	135	150
Software Maintenance	629	603
Landfill Rehabilitation provision	76	-
Great Southern Rail Trail	842	-
Natural disasters	2,112	858
<u>Materials</u>		
Materials General	7,770	5,735
Fuel & Oils	928	947
<u>Services</u>		
Advertising & Promotion Costs	305	297
Utility Charges (power, phone, water)	796	734
Subscriptions, affiliations and conferences	216	281
Leases	421	425
Legal Fees	415	367
Consultancies and projects	747	820
Insurance Premiums	614	543
Plant & Equipment Registrations	173	168
Training expenses	438	300
Postage	81	86
State levies	517	450
Occupational health and safety	79	67
Gippsland Group Training / Labour Hire	1,400	230
Others	100	70
Total materials and services	25,157	19,080

NOTE 13 Depreciation and amortisation

Depreciation for the year was charged in respect of:-		
Office Furniture & Equipment	368	290
Plant and Equipment	1,127	985
Buildings	2,050	1,937
Heritage buildings	54	53
Roads and Streets	3,506	3,547
Bridges	332	284
Culverts	117	114
Footpaths	248	244
Kerb & Channel	250	215
Off-street car parks	72	76
Drains	309	234
Other Structures	1,073	457
	9,506	8,436
Summary of Depreciation		
Property, Plant and Equipment	3,599	3,265
Infrastructure Assets	5,907	5,171
Total depreciation	9,506	8,436

Notes to the Financial Statements For the Year Ended 30 June 2013

NOTE 14 Finance costs	2013 \$'000	2012 \$'000
Interest - Borrowings	23	77
Total finance costs	23	77

NOTE 15 Other Expenses

Library Contributions	1,129	1,018
Community & Sporting Grants	1,266	1,221
Auditors' remuneration	108	70
Councillors allowances	265	252
Bank Fees & Charges	107	93
Sundry Expenses	11	105
Total other expenses	2,886	2,759

NOTE 16 Investments in associates

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

Background

Council has a 30.55% equity interest in the West Gippsland Regional Library Corporation in 2012/13 (30.55% in 2011/12).

The equity interest is calculated on the basis of the proportion it contributes to the operating costs of the services.

Council's share of accumulated surplus / (deficit)		
Council's share of accumulated surplus (deficit) at start of year	404	500
Reported surplus / (deficit) for year	125	(96)
Council's share of accumulated surplus / (deficit) at end of year	<u>529</u>	<u>404</u>
Council's share of reserves		
Council's share of reserves at start of year	74	432
Revaluation reserve increment	-	(358)
Council's share of reserves at end of year	<u>74</u>	<u>74</u>
Movement in carrying value of specific investment		
Carrying value of investment at start of year	478	932
Transfers to asset revaluation reserve	-	(358)
Share of surplus / (deficit) for year	125	(96)
Carrying value of investment at end of year	<u>603</u>	<u>478</u>
Council's share of expenditure commitments		
Operating leases and rentals	-	-
	<u>-</u>	<u>-</u>

West Gippsland Regional Library Corporation has not disclosed any contingent liabilities and assets for the financial years 2012/13 and 2011/12.

Notes to the Financial Statements For the Year Ended 30 June 2013

NOTE 17 Other Assets

	2013 \$'000	2012 \$'000
--	----------------	----------------

Current

Prepayments

General Prepaid Expenses	113	320
--------------------------	-----	-----

TOTAL OTHER ASSETS

113	320
------------	------------

NOTE 18 Cash and cash equivalents

Cash on Hand	4	4
Cash at Bank	177	207
Money Market Call Account	3,614	3,907
Bank Bills	6,197	9,734

TOTAL CASH AND CASH EQUIVALENTS

9,992	13,852
--------------	---------------

Users of the financial report should refer to Note 34 for details of restrictions on cash assets and Note 36 for details of existing Council commitments.

NOTE 19 Trade and other receivables

Current

Rates Debtors	1,439	1,059
Other Receivables - General	2,570	2,042
Property Debtors	1	2
Net GST Receivable	346	484

TOTAL RECEIVABLES

4,356	3,587
--------------	--------------

Notes to the Financial Statements For the Year Ended 30 June 2013

NOTE 20 Financial Assets

	2013 \$'000	2012 \$'000
Current		
Investments with maturity above 3 months	1,700	3,750
TOTAL FINANCIAL ASSETS	1,700	3,750

NOTE 21 Inventories

Current		
Raw Materials and Stores	219	317
TOTAL INVENTORIES	219	317

NOTE 22 Property, plant and equipment and infrastructure

Summary		
- at cost	33,885	23,356
Less: Accumulated depreciation	(7,164)	(6,177)
	<u>26,721</u>	<u>17,179</u>
- at Council Valuation 31 May 2012	409,750	409,750
Less: Accumulated depreciation	(88,981)	(84,225)
- at Council Valuation 1 Jan 2012	172,951	173,649
Less: Accumulated depreciation	(56,797)	(55,329)
- at Council Valuation 30 June 2011	7,678	7,678
Less: Accumulated depreciation	(4,125)	(3,681)
	<u>440,476</u>	<u>447,842</u>
Total property, plant and equipment and infrastructure	467,197	465,021

Notes to the Financial Statements For the Year Ended 30 June 2013

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

	2013 \$'000	2012 \$'000
Property		
Land		
- at Council Valuation 1 Jan 2012	41,443	41,503
- at Cost	467	-
	41,910	41,503
Land Under Roads		
- at Council Valuation 1 Jan 2012	32,154	32,154
	32,154	32,154
Total Land	74,064	73,657
Buildings		
- at Council Valuation 1 Jan 2012	93,937	94,575
Less: Accumulated depreciation	(53,141)	(51,727)
- at cost	3,884	375
Less: Accumulated depreciation	(77)	(2)
	44,603	43,221
Heritage Buildings		
- at Council Valuation 1 Jan 2012	5,417	5,417
Less: Accumulated depreciation	(3,656)	(3,602)
	1,761	1,815
Total Buildings	46,364	45,036
Total Property	120,428	118,693
<p>The Land revaluations were undertaken by Andrew Begg , AAPI (Council Employee). The basis of valuation was fair value based on highest and best use permitted by relevant land planning provisions.</p> <p>The Buildings revaluations were undertaken by Andrew Begg , AAPI (Council Employee). The basis of valuation was fair value based upon depreciated replacement cost.</p> <p>The Land under roads was valued by Andrew Begg AAPI (Council Employee) using the fair value method.</p>		
Plant and Equipment		
Plant, machinery and equipment		
- at cost	11,778	10,485
Less: Accumulated depreciation	(3,926)	(3,620)
	7,852	6,865
Furniture, computers and other equipment		
- at cost	4,270	3,620
Less: Accumulated depreciation	(2,911)	(2,543)
	1,359	1,077
Total Plant and Equipment	9,211	7,942

Notes to the Financial Statements For the Year Ended 30 June 2013

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

Infrastructure Assets

Roads

- at Council Valuation 31 May 2012 *	303,500	303,500
Less: Accumulated depreciation	(54,085)	(50,641)
- at cost	5,170	1,102
Less: Accumulated depreciation	(61)	-
	<u>254,524</u>	<u>253,961</u>

Bridges

- at Council Valuation 31 May 2012 *	29,363	29,363
Less: Accumulated depreciation	(11,994)	(11,665)
- at cost	600	129
Less: Accumulated depreciation	(3)	-
	<u>17,966</u>	<u>17,827</u>

Major Culverts

- at Council Valuation 31 May 2012 *	11,420	11,420
Less: Accumulated depreciation	(3,961)	(3,847)
- at cost	533	-
Less: Accumulated depreciation	(3)	-
	<u>7,989</u>	<u>7,573</u>

Footpaths

- at Council Valuation 31 May 2012 *	14,303	14,303
Less: Accumulated depreciation	(2,455)	(2,213)
- at cost	899	258
Less: Accumulated depreciation	(6)	-
	<u>12,741</u>	<u>12,348</u>

Kerb & Channel

- at Council Valuation 31 May 2012 *	14,938	14,938
Less: Accumulated depreciation	(1,485)	(1,235)
- at cost	83	-
Less: Accumulated depreciation	-	-
	<u>13,536</u>	<u>13,703</u>

Notes to the Financial Statements For the Year Ended 30 June 2013

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

	2013 \$'000	2012 \$'000
Off-street car parks		
- at Council Valuation 31 May 2012 *	5,656	5,656
Less: Accumulated depreciation	(2,599)	(2,527)
	<u>3,057</u>	<u>3,129</u>
Drains		
- at Council Valuation 31 May 2012 *	30,570	30,570
Less: Accumulated depreciation	(12,402)	(12,097)
- at cost	1,161	47
Less: Accumulated depreciation	(3)	-
	<u>19,326</u>	<u>18,520</u>
Other Structures		
- at Council Valuation 30 June 2011 **	7,678	7,678
Less: Accumulated depreciation	(4,125)	(3,681)
- at cost	4,881	1,170
Less: Accumulated depreciation	(641)	(12)
	<u>7,793</u>	<u>5,155</u>
TOTAL INFRASTRUCTURE ASSETS	<u>336,932</u>	<u>332,216</u>

* Based upon valuations undertaken by Alan Landers , B. Civil Engineering (Council employee) on the basis of depreciated replacement cost.

** Based upon valuations undertaken by Senaviratna Abeykoon B. Civil Engineering (Council employee) on the basis of depreciated replacement cost.

Fair value represents the written down replacement cost.

Works In Progress		
Land at cost	3	-
Buildings at cost	256	2,532
Furniture and Equipment at cost	-	182
Roads at cost	40	208
Drainage at cost	1	869
Bridges at cost	13	278
Major Culverts at cost	-	250
Other structures at cost	313	1,851
Total works in progress	<u>626</u>	<u>6,170</u>
Total property, plant and equipment and infrastructure	<u>467,197</u>	<u>465,021</u>

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

	Balance at beginning of financial Year \$'000	Developer Contributed Assets (note 7) \$'000	Acquisition of assets (note 45) \$'000	Revaluation increments/ (decrements) (note 29) \$'000	Depreciation and amortisation (note 13) \$'000	Written down value of disposals (note 10) \$'000	Transfers	Balance at end of financial Year \$'000
2013								
Property								
Land	41,503	-	467	-	-	(60)	-	41,910
Land Under Roads	32,154	-	-	-	-	-	-	32,154
Total Land	73,657	-	467	-	-	(60)	-	74,064
Buildings	43,221	-	1,039	-	(2,050)	(77)	2,470	44,603
Heritage buildings	1,815	-	-	-	(54)	-	-	1,761
Total buildings	45,036	-	1,039	-	(2,104)	(77)	2,470	46,364
Total property	118,693	-	1,506	-	(2,104)	(137)	2,470	120,428
Plant and Equipment								
Plant, machinery and equipment	6,865	-	3,145	-	(1,127)	(1,031)	-	7,852
Furniture, computers and equipment	1,077	-	321	-	(368)	-	329	1,359
Total plant and equipment	7,942	-	3,466	-	(1,495)	(1,031)	329	9,211
Infrastructure								
Roads	253,961	233	3,143	-	(3,506)	-	693	254,524
Bridges	17,827	-	193	-	(332)	-	278	17,966
Major culverts	7,573	-	114	-	(117)	-	419	7,989
Footpaths and cycle ways	12,348	64	577	-	(248)	-	-	12,741
Kerb and channel	13,703	61	22	-	(250)	-	-	13,536
Drainage	18,520	214	62	-	(309)	-	839	19,326
Off-street car parks	3,129	-	-	-	(72)	-	-	3,057
Other infrastructure	5,155	-	1,681	-	(1,073)	-	2,030	7,793
Total infrastructure	332,216	572	5,792	-	(5,907)	-	4,259	336,932

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

	Balance at beginning of financial Year \$'000	Developer Contributed Assets (note 7) \$'000	Acquisition of assets (note 45) \$'000	Revaluation increments/ (decrements) (note 29) \$'000	Depreciation and amortisation (note 13) \$'000	Written down value of disposals (note 10) \$'000	Transfers \$'000	Balance at end of financial Year \$'000
2013								
Works in progress								
Land	-	-	3	-	-	-	-	3
Buildings	2,532	-	194	-	-	-	(2,470)	256
Furniture and Equipment	182	-	147	-	-	-	(329)	-
Roads	208	-	525	-	-	-	(693)	40
Footpaths	-	-	-	-	-	-	-	-
Kerb and channel	-	-	-	-	-	-	-	-
Drainage	869	-	(29)	-	-	-	(839)	1
Off-street car parks	-	-	-	-	-	-	-	-
Bridges	278	-	13	-	-	-	(278)	13
Major Culverts	250	-	169	-	-	-	(419)	-
Other infrastructure	1,851	-	492	-	-	-	(2,030)	313
Total works in progress	6,170	-	1,514	-	-	-	(7,058)	626
Total property, plant and equipment and infrastructure	465,021	572	12,278	-	(9,506)	(1,168)	-	467,197

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

	Balance at beginning of financial Year \$'000	Developer Contributed Assets (note 7) \$'000	Acquisition of assets (note 45) \$'000	Revaluation increments/ (decrements) (note 29) \$'000	Depreciation and amortisation (note 13) \$'000	Written down value of disposals (note 10) \$'000	Transfers \$'000	Balance at end of financial Year \$'000
2012								
Property								
Land	38,496	-	511	2,450	-	-	46	41,503
Land Under Roads	30,340	-	-	1,814	-	-	-	32,154
Total Land	68,836	-	511	4,264	-	-	46	73,657
Buildings	40,892	-	464	1,451	(1,937)	-	2,351	43,221
Heritage buildings	1,782	-	-	86	(53)	-	-	1,815
Total buildings	42,674	-	464	1,537	(1,990)	-	2,351	45,036
Total property	111,510	-	975	5,801	(1,990)	-	2,397	118,693
Plant and Equipment								
Plant, machinery and equipment	5,493	-	3,307	-	(985)	(950)	-	6,865
Furniture, computers and equipment	998	-	369	-	(290)	-	-	1,077
Total plant and equipment	6,491	-	3,676	-	(1,275)	(950)	-	7,942
Infrastructure								
Roads	231,035	1,228	2,401	22,432	(3,547)	-	412	253,961
Bridges	19,936	-	180	(2,049)	(284)	-	44	17,827
Major culverts	7,349	-	39	223	(114)	-	76	7,573
Footpaths and cycle ways	11,594	118	382	492	(244)	-	6	12,348
Kerb and channel	8,035	-	-	5,850	(215)	-	33	13,703
Drainage	15,472	475	97	2,608	(234)	-	102	18,520
Off-street car parks	3,736	-	26	(644)	(76)	-	87	3,129
Other infrastructure	4,443	-	782	-	(457)	-	387	5,155
Total infrastructure	301,600	1,821	3,907	28,912	(5,171)	-	1,147	332,216

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

	Balance at beginning of financial Year \$'000	Developer Contributed Assets (note 7) \$'000	Acquisition of assets (note 45) \$'000	Revaluation increments/ (decrements) (note 29) \$'000	Depreciation and amortisation (note 13) \$'000	Written down value of disposals (note 10) \$'000	Transfers \$'000	Balance at end of financial Year \$'000
2012								
Works in progress								
Land	46	-	-	-	-	-	(46)	-
Buildings	2,746	-	2,137	-	-	-	(2,351)	2,532
Furniture and Equipment	144	-	38	-	-	-	-	182
Roads	412	-	208	-	-	-	(412)	208
Footpaths	6	-	-	-	-	-	(6)	-
Kerb and channel	33	-	-	-	-	-	(33)	-
Drainage	102	-	869	-	-	-	(102)	869
Off-street car parks	87	-	-	-	-	-	(87)	-
Bridges	55	-	267	-	-	-	(44)	278
Major Culverts	76	-	250	-	-	-	(76)	250
Other infrastructure	402	-	1,836	-	-	-	(387)	1,851
Total works in progress	4,109	-	5,605	-	-	-	(3,544)	6,170
Total property, plant and equipment and infrastructure	423,710	1,821	14,163	34,713	(8,436)	(950)	-	465,021

Notes to the Financial Statements For the Year Ended 30 June 2013

	2013 \$'000	2012 \$'000
--	----------------	----------------

NOTE 23 Joint venture information

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

NOTE 24 Investment properties

Balance at the beginning of the year	674	624
Fair value adjustment	-	50
TOTAL INVESTMENT PROPERTIES	674	674

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 25 Trade and other payables

Current

Payables	3,044	4,571
Accrued Salaries & Wages	365	392
Accruals - Loan Interest	1	2
	<u>3,410</u>	<u>4,965</u>
TOTAL TRADE AND OTHER PAYABLES	3,410	4,965

NOTE 26 Trust funds and deposits

Current

Refundable development bonds	124	90
Refundable contract deposits	10	19
Retention amounts	11	23
Other Deposits	384	237
TOTAL TRUST FUNDS AND DEPOSITS	529	369

Notes to the Financial Statements For the Year Ended 30 June 2013

NOTE 27 Provisions

	Annual Leave \$'000	Rostered Days Leave \$'000	Long Service Leave \$'000	Defined Benefits Superannuation \$'000	Landfills Restoration \$'000	Total \$'000
2013						
Balance at beginning of the financial year	1,688	138	2,848	4,612	424	9,710
Additional provisions	1,804	28	880	-	-	2,712
Amounts used	(1,482)	-	(573)	(4,612)	-	(6,667)
Increase / (decrease) in the discounted amount arising because of time and the effect of any changes in the discount rate.	-	-	(10)	-	-	(10)
Balance at the end of the financial year	2,010	166	3,145	-	424	5,745

2012						
Balance at beginning of the financial year	1,476	147	2,559	-	424	4,606
Additional provisions	1,451	-	646	4,612	-	6,709
Amounts used	(1,249)	(9)	(407)	-	-	(1,665)
Increase / (decrease) in the discounted amount arising because of time and the effect of any changes in the discount rate.	10	-	50	-	-	60
Balance at the end of the financial year	1,688	138	2,848	4,612	424	9,710

	2013 \$'000	2012 \$'000
(a) Employee Benefits		
Current (i)		
Annual Leave	2,010	1,688
Rostered Days	166	138
Long Service Leave	2,890	2,663
	<u>5,066</u>	<u>4,489</u>
Non-current (ii)		
Long Service Leave	255	185
Additional Defined Benefit Superannuation Call	-	4,612
	<u>255</u>	<u>4,797</u>
Total employee benefits	<u>5,321</u>	<u>9,286</u>
Aggregate carrying amount of employee benefits		
Current	5,066	4,489
Non Current	255	4,797
Total employee benefits	<u>5,321</u>	<u>9,286</u>

The following assumptions were adopted in measuring the present value of long service leave :

Weighted average increase in employee costs	4.50%	4.31%
Weighted average discount rates	3.28%	2.78%
Weighted average settlement period	12 years	12 years

Notes to the Financial Statements For the Year Ended 30 June 2013

NOTE 27 Provisions (cont.)

	2013 \$'000	2012 \$'000
(a) Employee Benefits (cont'd)		
(i) Current	\$'000	\$'000
All annual leave and the long service leave entitlements representing 7 or more years of continuous service.		
- Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value.	3,618	3,357
- Other long-term employee benefits that do not fall due within 12 months after the end of the reporting period measured at present value.	1,448	1,132
	<u>5,066</u>	<u>4,489</u>
(ii) Non-current		
Long service leave representing less than 7 years of continuous service measured at present value	255	185
Additional Defined Benefit Superannuation Call	-	4,612
	<u>255</u>	<u>4,797</u>
(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 that will meet EPA requirements and the budgeted costs of all works and advice associated with those works. Accordingly, the estimates of provision required is dependent on the accuracy of the forecast, timing of the work, work required, and related costs.		
Council does not expect to receive reimbursement from a third party.		
	2013 \$'000	2012 \$'000
Current		
Financial Assurance - Koonwarra Landfill	500	424
	<u>500</u>	<u>424</u>
Non - Current		
Financial Assurance - Koonwarra Landfill	698	-
	<u>698</u>	<u>-</u>
Total of all Provisions		
Current		
Employee benefits	5,066	4,489
Landfills	500	424
	<u>5,566</u>	<u>4,913</u>
Non-Current		
Employee benefits	255	4,797
Landfills	698	-
	<u>953</u>	<u>4,797</u>
Total Provisions	<u><u>6,519</u></u>	<u><u>9,710</u></u>

NOTE 28 Interest-bearing loans and borrowings

	2013 \$'000	2012 \$'000
Current		
Loans - Secured *	134	317
	<u>134</u>	<u>317</u>
Non Current		
Loans - Secured *	-	134
	<u>-</u>	<u>134</u>
TOTAL INTEREST-BEARING LOANS AND BORROWINGS	<u>134</u>	<u>451</u>
* The loans are secured over the general rates of the Council.		
The maturity profile for Council's borrowings is:		
Not later than one year	134	317
Later than one year and not later than five years	-	134
TOTAL	<u>134</u>	<u>451</u>

Notes to the Financial Statements For the Year Ended 30 June 2013

NOTE 29 Reserves

	Balance at beginning of reporting period \$'000's	Increment (decrement) \$'000's	Realisation to accumulated surplus \$'000's	Balance at end of reporting period \$'000's
(a) Asset Revaluation Reserve				
2013				
Property				
Land	27,727	-	-	27,727
Land under Roads	4,110	-	-	4,110
Investments in associates (Note 16)	74	-	-	74
Buildings	23,759	-	-	23,759
Heritage buildings	714	-	-	714
Plant & Equipment	386	-	-	386
	56,770	-	-	56,770
Infrastructure				
Roads and Streets	191,204	-	-	191,204
Bridges	5,529	-	-	5,529
Major Culverts	4,192	-	-	4,192
Drainage	7,825	-	-	7,825
Footpaths	5,442	-	-	5,442
Kerb & Channel	8,004	-	-	8,004
Car parks	2,184	-	-	2,184
Other Structures	1,754	-	-	1,754
	226,134	-	-	226,134
Total Asset Revaluation Reserve	282,904	-	-	282,904
2012				
Property				
Land	25,277	2,450	-	27,727
Land under Roads	2,296	1,814	-	4,110
Investments in associates	432	(358)	-	74
Buildings	22,308	1,451	-	23,759
Heritage buildings	628	86	-	714
Plant & Equipment	386	-	-	386
	51,327	5,443	-	56,770
Infrastructure				
Roads and Streets	168,772	22,432	-	191,204
Bridges	7,578	(2,049)	-	5,529
Major Culverts	3,969	223	-	4,192
Drainage	5,217	2,608	-	7,825
Footpaths	4,950	492	-	5,442
Kerb & Channel	2,154	5,850	-	8,004
Car parks	2,828	(644)	-	2,184
Other Structures	1,754	-	-	1,754
	197,222	28,912	-	226,134
Total Asset Revaluation Reserve	248,549	34,355	-	282,904

Notes to the Financial Statements For the Year Ended 30 June 2013

NOTE 29 Reserves (cont.)

	Balance at beginning of reporting period \$'000's	Transfer from accumulated surplus \$'000's	Transfer to accumulated surplus \$'000's	Balance at end of reporting period \$'000's
<u>(b) Other Reserves</u>				
2013				
Public Open Space	261	142		403
Garbage Service Reserve	-		-	-
Caravan Parks Reserve	199	146		345
General Reserve	339	147		486
Corner Inlet Seawall Reserve	24		(4)	20
Henry's Road Reserve	40	2		42
Total Other Reserves	863	437	(4)	1,296
2012				
Public Open Space	246	15		261
Garbage Service Reserve	711		(711)	-
Caravan Parks Reserve	83	116		199
General Reserve	203	136		339
Corner Inlet Seawall Reserve	23	1		24
Henry's Road Reserve	38	2		40
Total Other Reserves	1,304	270	(711)	863

Public Open Space

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

Garbage Service Reserve

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

Caravan Parks Reserve

Reserve created for future funding of Caravan Parks projects

General Reserve

Reserve to provide for unforeseen and unavoidable future costs.

Corner Inlet Seawall Reserve

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

Henry's Road Reserve

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

Notes to the Financial Statements For the Year Ended 30 June 2013

NOTE 30 Reconciliation of cash flows from operating activities to surplus	2013 \$'000	2012 \$'000
Surplus	1,758	2,143
Depreciation and amortisation	9,506	8,436
Finance costs	24	79
(Gain) / Loss on disposal of Property, Plant and Equipment	(279)	47
Non-monetary developer contributions	(572)	(1,821)
Share of Library Corporation (note 16)	(125)	96
Fair value adjustment for investment property	-	(50)
<i>Change in assets and liabilities:</i>		
(Increase) / Decrease in Receivables	(769)	(330)
(Increase) / Decrease in Other Assets	207	41
(Increase) / Decrease in Inventories	98	(65)
Increase / (Decrease) in Payables	(1,555)	1,320
Increase / (Decrease) in Employee Entitlements	(3,965)	5,104
Increase / (Decrease) in Other Provisions	774	-
Net cash provided by operating activities	5,102	15,000

NOTE 31 Reconciliation of cash and cash equivalents

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

Cash and cash equivalents (see note 18)	9,992	13,852
Total cash and cash equivalents	9,992	13,852

NOTE 32 Financing Facilities

Bank Overdraft		
Unused facilities	1,000	1,000
Total financing facilities	1,000	1,000

NOTE 33 Non-cash financing and investing activities

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

NOTE 34 Restricted Assets

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

Current

Government Receipts (note 6)	4,685	3,411
Reserve funds (note 29 (b))	403	261
TOTAL RESTRICTED CURRENT ASSETS	5,088	3,672

NOTE 35 Superannuation

Council makes contributions of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund) and other Funds. The Fund has two categories of membership, accumulation and defined benefits each of which is funded differently. The defined benefit section provides lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from Council and the Council's legal or constructive obligation is limited to these contributions.

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

(a) Accumulation Benefits Plan

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

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

The fund's accumulation category, Vision super saver, receives both employer and employee contributions on a progressive basis. Council's contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2013, this was 9% required under Superannuation Guarantee legislation). No further liability accrues to the employer as the superannuation benefits accruing to the employees are represented by their share of the net assets of the Fund.

Effective from 1 July 2013, the Superannuation Guarantee contribution rate will increase to 9.25%, and will progressively increase to 12% by 2019.

NOTE 35 Superannuation (cont.)

(b) Defined Benefits Plan

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

Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 31 December 2011, Council makes employer contribution to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. This rate is currently 9.25% of the members' salaries (9.25% in 2011/12).

In addition Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit (the funded resignation or retirement benefit is calculated as the Vested Benefits Index (VBI) multiplied by the benefit).

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

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

Shortfall amounts

The Local Authorities Superannuation Fund's latest actuarial investigation as at 31 December 2011 identified an unfunded liability of \$406 million (excluding contributions tax) in the defined benefit category of which Council is a contributing employer. Council was made aware of the expected shortfall during the 2011/12 year and was informed of its share of the shortfall on 2 August 2012. Council has not been advised of any further adjustments.

The projected value of Council's contribution to the shortfall at 30 June 2012 amounted to \$3.92 Million excluding contribution tax. After including contribution tax of \$ 0.69 Million the total liability of Council was \$ 4.61 Million which was accounted for in the 2011/12 Comprehensive Operating Statement within Employee Benefits (Note 11) and in the Balance Sheet in Provisions (Note 27a).

Council received an early payment discount of \$ 24,698 and this has been accounted for in the 2012/13 Comprehensive Operating Statement within Employee Benefits (Note 11) and in the Balance Sheet in Provisions (Note 27a).

The Fund surplus or deficit (i.e. the difference between fund assets and liabilities) is calculated differently for funding purposes (i.e. calculating required contributions) and for the calculation of accrued benefits as required in AAS 25 to provide the values needed for AASB 119 disclosure in the Council's financial statements. AAS 25 requires that the present value of the defined benefit liability be calculated based on the benefits that have accrued in respect of membership of the plan up to the measurement date, with no allowance for future benefits that may accrue.

NOTE 35 Superannuation (cont.)

Accrued benefits

The Fund's liability for accrued benefits was determined by the Actuary at 31 December 2011 pursuant to the requirements of Australian Accounting Standard AAS25 as follows:

	31-Dec-11 \$'000
Net Market Value of Assets	4,315,324
Accrued Benefits (per accounting standards)	4,642,133
Difference between Assets and Accrued Benefits	(326,809)
Vested Benefits (Minimum sum which must be paid to members when they leave the fund)	4,838,503

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

Net Investment Return	7.50% p.a.
Salary Inflation	4.25% p.a.
Price Inflation	2.75% p.a.

Council made contributions to the following funds:

	2013 \$'000	2012 \$'000
Defined Benefits fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	49	149
	49	149
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date.	5	4,612
	5	4,612
Accumulation funds		
Employer contributions to Superannuation Guarantee Levy and Choice of Fund legislation	1,403	1,317
	1,403	1,317
Employer contributions payable to Superannuation Guarantee Levy and Choice of Fund legislation at reporting date	-	-
	-	-

Notes to the Financial Statements For the Year Ended 30 June 2013

NOTE 36 Commitments

The Council has entered into the following commitments

2013	Not Later Than 1 Year \$'000	Later than 1 year and not later than 5 Years \$'000	Later than 5 years \$'000	Total \$'000
<i>Operating</i>				
Transfer Stations	769	3,079	385	4,233
Litter Bins	172	687	86	945
Office Cleaning	71			71
Hall Operations	79	105		184
SG Splash	407			407
Meals on Wheels	19			19
Libraries	-			-
General Materials & Services	1,221			1,221
Equipment Hire	186			186
Maintenance Contracts	38			38
Plant/Fleet Purchase	341			341
Construction Contracts	901			901
Total	4,204	3,871	471	8,546

2012	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	692	2,769	346	3,807
Litter Bins	156	624	312	1,092
Kerbside Recycling	261			261
Acceptance/Sorting Recyclables	46			46
Kerbside Collections	291			291
Office Cleaning	58	58		116
Hall Operations	72	72		144
SG Splash	362	362		724
Meals on Wheels	87			87
Libraries	841			841
General Materials & Services	740			740
Equipment Hire	207			207
Maintenance Contracts	34			34
Plant/Fleet Purchase	43			43
Construction Contracts	272			272
Total	4,162	3,885	658	8,705

Notes to the Financial Statements For the Year Ended 30 June 2013

	2013 \$'000	2012 \$'000
--	----------------	----------------

NOTE 37 Operating Leases

(a) Operating Lease Commitments

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

Not later than one year	159	228
Later than one year and not later than five years	329	771
Later than five years	3	202
Total operating lease commitments	491	1,201

(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	97	321
Later than one year and not later than five years	209	708
Later than five years	598	381
Total operating lease receivables	904	1,410

NOTE 38 Contingent Liabilities and Contingent Assets

Contingent Liabilities

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

Under requirement of the Environmental Protection Authority (EPA), Council has a present obligation to perform site rehabilitation works for landfills that it operates on a progressive basis. At balance date Council has made necessary provisions for rehabilitation of Landfills that are currently in operation (Refer note 27 (b)). However the estimates of provision required is dependent on the accuracy of the forecast, timing of the work, work required, and related costs.

Guarantees

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

Description	Favouree	Amount
Contract Performance Guarantee	South Gippsland Regional Water Board	\$ 40,000
Contract Performance Guarantee	Department of Energy and Minerals	\$ 15,000
Contract Performance Guarantee	Department of Natural Resources & Minerals	\$ 20,000
Security Deposit Guarantee	Environment Protection Authority	\$ 425,000
Security Deposit Guarantee	State of Victoria - Environment Protection Authority	\$ 451,296
Total contingent liability as at 30 June 2013		\$ 951,296

Contingent Assets

Developer contributions to be received by Council in respect of estates currently under development total \$0.57 M (2012 \$1.9M).

Notes to the Financial Statements For the Year Ended 30 June 2013

NOTE 39 Financial Instruments

(a) Accounting policy, terms and conditions.

Recognised Financial Instruments	Note	Accounting Policy	Terms and Conditions
<u>Financial Assets</u>			
Cash and cash equivalents	18	Cash on hand and at bank and money market call account are valued at face value. Interest is recognised as it accrues. Investments and bills are valued at cost.	On call deposits returned a floating interest rate of 2.75% to 3.5% (3.5% to 4.75% in 2011/12). The interest rate at balance date was 2.75% (3.5% in 2011/12). Funds returned fixed interest rates of between 3.8% (4.8% in 2011/12) and 5.9 % (6.3% in 2011/12) net of fees. Funds provided a return of between 3.8% (4.8% in 2011/12) and 5.9% (6.3% in 2011/12) net of fees.
Financial assets	20	Investments are held to maximise interest returns and held to maturity at amortised cost.	Funds provided a return of between 4.45% (5.75% in 2011/12) and 5.8% (6.15% in 2011/12) net of fees.
Trade and Other Receivables	19	Receivables are carried at amortised cost using the effective Interest method. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured and interest free. Credit terms are usually up to 30 days.
<u>Financial Liabilities</u>			
Trade and Other Payables	25	Liabilities are recognised for amounts to be paid in the future for goods received and services provided to Council as at balance date whether or not invoices have been received.	General creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.
Interest-bearing loans and borrowings.	28	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.	Borrowings are secured by way of mortgage over the general rates of the Council. The average weighted interest rate on borrowings was 6.55% (6.55% in 2011/12)

Notes to the Financial Statements For the Year Ended 30 June 2013

NOTE 39 Financial Instruments (cont.)

(b) Interest Rate Risk

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

2013

	Floating Interest Rate	Fixed interest maturing in:			Non interest bearing	Total
		1 year or less	Over 1 to 5 years	More than 5 years		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Trade & other receivables *	-	-	-	-	2,571	2,571
Financial Assets	-	1,700	-	-	-	1,700
Cash and cash equivalents	9,988	-	-	-	4	9,992
Total Financial Assets	9,988	1,700	-	-	2,575	14,263
Weighted average interest rate	3.50%	5.70%				
Financial Liabilities						
Trade and other payables	-	-	-	-	3,410	3,410
Trust funds and deposits	-	-	-	-	529	529
Interest Bearing Liabilities	-	134	-	-	-	134
Total Financial Liabilities	-	134	-	-	3,939	4,073
Weighted average interest rate		6.55%	6.55%			
Net financial assets / (liabilities)	9,988	1,566	-	-	(1,364)	10,190

2012

	Floating Interest Rate	Fixed interest maturing in:			Non interest bearing	Total
		1 year or less	Over 1 to 5 years	More than 5 years		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Trade & other receivables *	-	-	-	-	2,044	2,044
Financial Assets	-	3,750	-	-	-	3,750
Cash and cash equivalents	13,848	-	-	-	4	13,852
Total Financial Assets	13,848	3,750	-	-	2,048	19,646
Weighted average interest rate	3.50%	5.70%				
Financial Liabilities						
Trade and other payables	-	-	-	-	4,965	4,965
Trust funds and deposits	-	-	-	-	369	369
Interest Bearing Liabilities	-	317	134	-	-	451
Total Financial Liabilities	-	317	134	-	5,334	5,785
Weighted average interest rate		6.55%	6.55%			
Net financial assets / (liabilities)	13,848	3,433	(134)	-	(3,286)	13,861

* Excludes Statutory balances

NOTE 39 Financial Instruments (cont.)

(c) Net Fair Values

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

Financial Instruments	Total Carrying amount as per the Balance Sheet		Aggregate net fair value	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Financial Assets				
Trade & other receivables	2,571	2,044	2,571	2,044
Financial Assets	1,700	3,750	1,700	3,750
Cash and cash equivalents	9,992	13,852	9,992	13,852
Total Financial Assets	14,263	19,646	14,263	19,646
Financial Liabilities				
Trade and other payables	3,410	4,965	3,410	4,965
Trust funds and deposits	529	369	529	369
Interest Bearing Liabilities	134	451	131	441
Total Financial Liabilities	4,073	5,785	4,070	5,775

(d) Credit Risk.

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

NOTE 39 Financial Instruments (cont.)

(e) Risks and mitigation

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

Market risk

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

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

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

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

Interest rate risk arises from interest bearing financial assets and liabilities that we use. Non derivative interest bearing assets are predominantly short term liquid assets. Our interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk.

Our loan borrowings are sourced from major Australian banks by a tender process.

Overdrafts are arranged with the Commonwealth Bank. We manage interest rate risk on our net debt portfolio by:

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

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

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

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

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

NOTE 39 Financial Instruments (cont.)

(e) Risks and mitigation (cont.)

Credit risk

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

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

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

We may also be subject to credit risk for transactions which are not included in the balance sheet. Details of our contingent liabilities are disclosed in note 38.

Provisions for Doubtful Debts

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

Ageing of Trade and Other Receivables

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

	2013	2012
	\$'000	\$'000
Current (not yet due)	597	429
Past due by up to 30 Days	705	473
Past due between 31 and 180 days	1,193	1,114
Past due between 181 and 365 days	61	21
Past due by more than 1 year	15	7
Total Trade & Other Receivables *	2,571	2,044

* Excludes Statutory debtors/GST Receivable

NOTE 39 Financial Instruments (cont.)

(e) Risks and mitigation (cont.)

Ageing of individually impaired Trade and Other Receivables

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

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

Liquidity risk

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

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

To help reduce these risks we:

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

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

Notes to the Financial Statements For the Year Ended 30 June 2013

NOTE 39 Financial Instruments (cont.)

(e) Risks and mitigation (cont.)

The table below lists the contractual maturities for Financial Liabilities

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

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

2012	6 months or less \$'000	6 - 12 months \$'000	1 - 2 years \$'000	2 - 5 years \$'000	5+ years \$'000	Contracted Cash Flow \$'000	Carrying Amount \$'000
Trade and Other Payables	4,965	-	-	-	-	4,965	4,965
Trust funds and deposits	102	172	41	25	29	369	369
Interest bearing loans and borrowings	156	161	134	-	-	451	451
Total financial liabilities	5,223	333	175	25	29	5,785	5,785

(f) Sensitivity disclosure analysis

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

- A parallel shift of +1% and -2% in market interest rates (AUD) from year-end rates of 2.75% (2012: 3.5%)

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

	Interest rate risk				
	Carrying amount subject to floating interest rates.	-2% 200 basis points		+1% 100 basis points	
		Profit	Equity	Profit	Equity
2013	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:					
Cash and cash equivalents	9,988	(200)	(200)	100	100
Financial liabilities:					
Interest-bearing liabilities	-	-	-	-	-
2012					
Financial assets:					
Cash and cash equivalents	13,848	(277)	(277)	138	138
Financial liabilities:					
Interest-bearing liabilities	-	-	-	-	-

Notes to the Financial Statements For the Year Ended 30 June 2013

NOTE 40 Auditor's Remuneration

	2013 \$'000	2012 \$'000
Audit fee to conduct external audit - Victorian Auditor-General	67	32
Internal audit fees	45	38
	<u>112</u>	<u>70</u>

NOTE 41 Events occurring after balance date

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

NOTE 42 Related Party Transactions

(i) Responsible Persons

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

Councillors

Warren Raabe (1 July 2012 to 27 October 2012)
 David Lewis (1 July 2012 to 27 October 2012)
 Jennie Deane (1 July 2012 to 27 October 2012)
 Mimmie Jackson (1 July 2012 to 27 October 2012)
 Kieran Kennedy (1 July 2012 to 30 June 2013)
 James Fawcett (1 July 2012 to 30 June 2013)
 Robert Newton (1 July 2012 to 30 June 2013)
 Andrew McEwen (27 October 2012 to 30 June 2013)
 Don Hill (27 October 2012 to 30 June 2013)
 Lorraine Brunt (27 October 2012 to 30 June 2013)
 Nigel Hutchinson-Brooks (27 October 2012 to 30 June 2013)
 Mohya Davies (1 July 2012 to 30 June 2013)
 Jeanette Harding (1 July 2012 to 30 June 2013)

Chief Executive Officer Tim Tamlin

(ii) Remuneration of Responsible Persons

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

	2013 No.	2012 No.
\$0 - \$9,999	3	-
\$10,000 - \$19,999	4	-
\$20,000 - \$29,999	5	8
\$50,000 - \$59,999	1	-
\$60,000 - \$69,999	-	1
\$210,000 - \$219,999	-	1
\$230,000 - \$239,999	1	-
TOTAL	<u>14</u>	<u>10</u>
	\$'000	\$'000
Total Remuneration for the reporting period for Responsible Persons included above, amounted to :	497	462

NOTE 42 Related Party Transactions (cont.)

(iii) No retirement benefits have been made by the Council to a Responsible Person (2011/12, nil).

(iv) No loans have been made, guaranteed or secured by the Council to a Responsible Person of the council during the reporting year (2011/12, 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 (2011/12, nil).

(vi) **Senior Officers Remuneration**

A Senior Officer other than a Responsible Person, is an officer of Council whose total annual remuneration exceeds \$130,000 (2012- \$127,000), or if remuneration is less than \$130,000 (2012 - \$127,000) has management responsibilities and reports directly to the Chief Executive Officer.

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

	2013 No.	2012 No.
Income Range :		
< \$130,000	-	1
\$130,000 - \$139,999	5	1
\$140,000 - \$149,999	-	2
\$160,000 - \$169,999	1	3
\$170,000 - \$179,999	3	1
TOTAL	9	8
	\$'000	\$'000
Total Remuneration for the reporting period for Senior Officers included above, amounted to :	1,361	944

NOTE 43(a) Income, expenses and assets by function / activities of the Council

Details of these functions / activities are set out in note 43(b)

	Chief Executive Officer		Community Services		Corporate Services		Development Services		Engineering Services		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME												
Grants	-	-	2,811	2,525	5,012	6,086	246	121	13,241	10,630	21,310	19,362
Other	-	-	3,879	3,956	31,334	30,305	1,281	1,218	1,264	1,334	37,758	36,813
TOTAL INCOME	-	-	6,690	6,481	36,346	36,391	1,527	1,339	14,505	11,964	59,068	56,175
EXPENSES	(1,124)	(1,139)	(10,437)	(9,885)	(19,824)	(22,868)	(4,543)	(3,983)	(21,382)	(16,157)	(57,310)	(54,032)
SURPLUS / (DEFICIT)	(1,124)	(1,139)	(3,747)	(3,404)	16,522	13,523	(3,016)	(2,644)	(6,877)	(4,193)	1,758	2,143
ASSETS ATTRIBUTED TO FUNCTIONS / ACTIVITIES*	1,435	1,517	1,359	1,077	-	-	-	-	482,060	485,405	484,854	487,999

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

NOTE 43(b) Component Function / Activities

The activities relating to the municipality's components reported on in Note 43(a) are as follows:

CHIEF EXECUTIVE OFFICER

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

COMMUNITY SERVICES

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

NOTE 43(b) Component Function / Activities (cont.)

CORPORATE SERVICES

- Provide high-level strategic advice to Council, Chief Executive and Executive management group in establishing the 4 year and annual Council plan directions.
- Facilitate council's continuous improvement of internal systems and processes.
- Provide officers with governance advice and agenda preparation assistance.
- Provide internal legal advice and review all contracts, agreements and other legal documents.
- Administer the allocation of grants made to community groups.
- Provide risk management support services to Council.
- Provide human resources, payroll and Work Cover services.
- 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 property to Council.

DEVELOPMENT SERVICES

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

ENGINEERING SERVICES

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

NOTE 44 Financial ratios (performance indicators)

	2013 \$'000	2013 %	2012 \$'000	2012 %	2011 \$'000	2011 %
(i) Debt Servicing Ratio (%) (to identify the capacity of Council to service its outstanding debt)						
	$\frac{23}{59,068} =$	0.04%	$\frac{77}{56,222} =$	0.14%	$\frac{149}{49,376} =$	0.30%
Debt servicing costs Total revenue						
Debt servicing costs refers to the payment of interest on loan borrowings. The ratio expresses the amount of interest paid as a percentage of Council's total revenue.						
(ii) Debt Commitment Ratio (%) (to identify Council's debt redemption strategy)						
	$\frac{340}{31,375} =$	1.08%	$\frac{1,205}{29,562} =$	4.08%	$\frac{1,207}{27,802} =$	4.34%
Debt servicing & redemption costs Rate revenue						
The strategy involves the payment of loan principal and interest. The ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal.						

NOTE 44 Financial ratios (performance indicators) (cont.)

(iii) Revenue Ratio (%) (to identify Council's dependence on non-rate income)

	2013 \$'000	2013 %	2012 \$'000	2012 %	2011 \$'000	2011 %
Rate revenue	31,375	=	29,562	=	27,802	=
Total revenue	59,068		56,222		49,376	
		53.12%		52.58%		56.31%

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)

	2013 \$'000	2013 %	2012 \$'000	2012 %	2011 \$'000	2011 %
Total indebtedness	5,504	=	11,823	=	4,546	=
Total realisable assets	145,558		153,490		141,665	
		3.78%		7.70%		3.21%

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 34) 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 44 Financial ratios (performance indicators) (cont.)

	2013 \$'000	2013 %	2012 \$'000	2012 %	2011 \$'000	2011 %
(v) Working Capital Ratio (%) (to assess Council's ability to meet current commitments).						
	$\frac{16,380}{9,639} =$	169.93%	$\frac{21,826}{10,564} =$	206.61%	$\frac{20,713}{9,391} =$	220.56%
<p>Current assets Current liabilities</p> <p>The ratio expresses the level of current assets the Council has available to meet its current liabilities.</p>						
(vi) Adjusted Working Capital Ratio (%) (to assess council's ability to meet current commitments).						
	$\frac{16,380}{8,191} =$	199.98%	$\frac{21,826}{9,432} =$	231.40%	$\frac{20,713}{8,486} =$	244.08%
<p>Current assets Current liabilities</p> <p>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.</p>						

NOTE 45 Capital Works

	2013 \$'000	2012 \$'000
Capital expenditure areas (including works in progress) :		
Land	470	511
Buildings	1,233	2,601
Plant & Equipment	3,145	3,307
Office Furniture & Equipment	468	407
Roads	3,668	2,609
Bridges	206	447
Culverts	283	289
Footpaths	577	382
Drains	33	966
Kerb & Channel	22	-
Off-street car parks	-	26
Other Structures *	2,173	2,618
TOTAL CAPITAL WORKS	12,278	14,163
Represented by:		
Renewal of infrastructure	5,837	6,140
Upgrade of infrastructure	804	1,704
Expansion of infrastructure	1,916	2,524
New infrastructure	108	81
Renewal of plant & equipment	3,613	3,714
Total capital works	12,278	14,163
* Includes Landfill Rehabilitation provision	698	-

NOTE 45 Capital Works (cont.)

	2013	2012
	\$'000	\$'000

Property, plant and equipment and infrastructure movement

The movement between the previous year and the current year in property, infrastructure, plant and equipment as shown in the Balance Sheet links to the net of the following items:	2013	2012
	\$'000	\$'000

Total capital works	12,278	14,163
Asset revaluation movement *	-	34,713
Developer contributed assets	572	1,821
Depreciation and amortisation	(9,506)	(8,436)
Written down value of assets sold	(1,168)	(950)
Net movement in property, plant & equipment and infrastructure	2,176	41,311

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

(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 are to be allocated accordingly.

Notes to the Financial Statements For the Year Ended 30 June 2013

NOTE 46 Pending Accounting Standards

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

Pronouncement	What's new?	Impact/Action	Transition	Effective date
AASB 9 Financial Instruments	AASB 9 standard is one of a series of amendments that are expected to eventually completely replace AASB 139. During 2010-11, the standard will be expanded to include new rules on measurement of financial liabilities and hedge accounting. Currently the existing provisions of AASB 139 will continue to apply in these areas. AASB 9 simplifies the classifications of financial assets into those to be carried at amortised cost and those to be carried at fair value – the 'available for sale' and 'held-to-maturity' categories no longer exists. AASB 9 also simplifies requirements for embedded derivatives and removes the tainting rules associated with held-to-maturity assets. The new categories of financial assets are: <ul style="list-style-type: none"> • Amortised cost – those assets with 'basic' loan features' • Fair value through other comprehensive income • Fair Value through profit and Loss - everything that does not fall into the above two categories. The following changes also apply: <ul style="list-style-type: none"> • Investments in unquoted equity instruments must be measured at fair value. However, cost may be the appropriate measure of fair value where there is no longer any requirement to consider whether 'significant or prolonged' decline in the value of financial assets has occurred. The only Similarly, all movements in the fair value of a financial asset now go to the income statement, or, for equity instruments not held for trading, other 	The impact is not likely to be extensive in the local government sector. Although it will vary considerably between entities. While the rules are less complex than those of AASB 139, the option to show equity instruments at cost has been largely removed, which is likely to lead to greater volatility within the income statement. However it may also lead to an improved financial position for some entities. This will also create a requirement to measure some instruments annually that has not previously existed.	Transitional arrangements are extensive – in general retrospective restatement is required, but there are exceptions. Early-adoption of the standard before 1 January 2014 removes the requirement for restatement of comparatives	Periods beginning on or after 1 January 2015. The standard was amended in 2012 to delay the effective date by two years (previously 1 January 2013).
AASB 10 Consolidated Financial Statements	The standard introduces a single model of control, which is used to determine whether an investee must be consolidated. The existence of control is determined based on: <ul style="list-style-type: none"> • Power to direct the activities of an investee (irrespective of whether such power is exercised). • Exposure, or rights, to variable returns from its involvement with the investee. • The ability to use its power over the investee to affect the amount of the investor's returns. 	The definition of 'control' is based on various factors, and is wider than just those entities in which an investee holds greater than 50% of the voting rights. While the effects of this standard are not expected to be significant in the local government sector, there may be some increase in the number of entities required to be consolidated as subsidiaries.	Early adoption is permitted, but AASB 10, AASB 11, AASB 12, AASB 127 (revised) and AASB 128 (revised) must all be adopted simultaneously.	Periods beginning on or after 1 January 2013

Notes to the Financial Statements For the Year Ended 30 June 2013

NOTE 46 Pending Accounting Standards (cont.)

Pronouncement	What's new?	Impact/Action	Transition	Effective date
AASB 11 Joint Arrangements	<p>AASB 11 classifies all joint arrangements as either <i>joint operations</i> or <i>joint ventures</i>:</p> <ul style="list-style-type: none"> Joint operations exist where the parties have the right to their assets and the obligation for their liabilities under the arrangement. Each party recognises its own assets, liabilities, revenues and expenses resulting from the arrangement. Joint ventures exist where the parties have the rights to the net assets of the arrangement. Each party accounts for the arrangement under the equity method in accordance with AASB 128 Investments in Associates and Joint Ventures (see below). 	<p>The use of proportionate consolidation to account for joint ventures is no longer permitted. This is not likely to impact many councils</p>	<p>Early adoption is permitted, but AASB 10, AASB 11, AASB 12, AASB 127 (revised) and AASB 128 (revised) must all be adopted simultaneously.</p>	<p>Periods beginning on or after 1 January 2013</p>
AASB 12 Disclosure of Involvement with Other Entities	<p>AASB 12 requires the disclosure of information to enable users to evaluate the nature of, and risks associated with, its interests in other entities and The effect of those interests on its financial position, financial performance, and cash flows. AASB 12 applies to all entities that have subsidiaries, joint arrangements, associates, or unconsolidated structured entities, and requires disclosures grouped into four categories:</p> <ul style="list-style-type: none"> Significant judgments and assumptions, including how control, joint control, or significant influence has been determined. Interests in subsidiaries, including details of the composition of the group, the interests held by any non-controlling interest, any changes in control, and the nature of any associated risks. Interests in joint arrangements and associates, including their nature and extent, the effects on the group, and any associated risks. Interests in unconsolidated structured entities, including their nature and extent, any changes during the year, and the associated risks. 	<p>The disclosures required will be both qualitative and quantitative. In particular, management should document and be able to justify its key judgments concerning control and significant influence. In the local government context this is likely to require increased disclosures around the operations of Library Corporations as well as other activities that Council have an interest in.</p>	<p>Early adoption is permitted, but AASB 10, AASB 11, AASB 12, AASB 127 (revised) and AASB 128 (revised) must all be adopted simultaneously.</p>	<p>Periods beginning on or after 1 January 2013</p>

NOTE 46 Pending Accounting Standards (cont.)

Pronouncement	What's new?	Impact/Action	Transition	Effective date
AASB 13 Fair Value Measurement	<p>AASB 13 replaces the existing IFRS guidance on fair value measurement and disclosure. It applies whenever another standard permits or requires the use of fair value measurements. It sets out a fair value hierarchy for such measurements:</p> <ul style="list-style-type: none"> Level 1 – quoted prices in active markets for identical assets and liabilities, which can be accessed at the measurement date. Level 2 – inputs other than quoted market prices included within Level 1, which are observable for the asset or liability, either directly or indirectly. Level 3 – unobservable inputs for the asset or liability. <p>There are also extensive disclosure requirements relating to each of the three levels within the hierarchy.</p>	The standard determines 'how to' rather than 'when' in respect of fair value measurements, and summarises the existing IFRS guidance in one place. This standards may assist those councils that have equity investments that are no longer able to be held at cost.	Early adoption is permitted.	Periods beginning on or after 1 January 2013
AASB 127 Separate Financial Statements	AASB 127 has been amended to ensure consistency with the new requirements of AASB 10 <i>Consolidated Financial Statements</i> (see above). It now deals only with the preparation of separate company financial statements.	Where separate financial statements are prepared, investments in subsidiaries, associates, and joint ventures must be accounted for either at cost, or in accordance with AASB 9 <i>Financial Instruments</i> . These changes are not expected to impact significantly on Councils	Early adoption is permitted, but AASB 10, AASB 11, AASB 12, AASB 127 (revised) and AASB 128 (revised) must all be adopted simultaneously.	Periods beginning on or after 1 January 2013
AASB 128 Investments in Associates and Joint Ventures	AASB 128 has been amended to ensure consistency with the new requirements of AASB 10 <i>Consolidated Financial Statements</i> and AASB 11 <i>Joint Arrangements</i> . The standard sets out how the equity method of accounting is to be applied, defines "significant influence," and how impairment is to be tested for investments in associates or joint ventures.	Some joint ventures which were previously accounted for under the proportionate consolidation method must now be accounted for as associates. These changes are not expected to impact significantly on Councils	Early adoption is permitted, but AASB 10, AASB 11, AASB 12, AASB 127 (revised) and AASB 128 (revised) must all be adopted simultaneously.	Periods beginning on or after 1 January 2013

Certification of Financial Statements For the Year Ended 30 June 2013

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.

Finance Manager : Tom Lovass - CPA



Location : Leongatha

Dated : 18 / 09 / 2013

In our opinion the accompanying financial statements present fairly the financial transactions of the South Gippsland Shire Council for the year ended 30 June 2013 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 18 September 2013 to certify the financial statements in their final form.

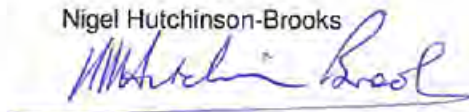
Councillor : Kieran Kennedy

Location : Leongatha



Dated : 18 / 09 / 2013

Councillor : Nigel Hutchinson-Brooks



Location : Leongatha

Dated : 18 / 09 / 2013

Chief Executive Officer : Tim Tamlin



Location : Leongatha

Dated : 18 / 09 / 2013

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 basis consistent with the Financial Statements.

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

Notes to the Standard Statements

1 Basis of preparation of Standard Statements

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

These statements and supporting notes form a special purpose financial report prepared to meet the requirements of the Local Government Act 1989 and Local Government (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 66** 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 27 June 2012. 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 66**. The detailed budget can be obtained by contacting Council or through the Council's website. The Standard Statements must be read with reference to these documents.

Standard Income Statement

D-1 Comparison Report For the Year Ended 30 June 2013

	<i>Budget 2012/2013 \$'000</i>	<i>Actual 2012/2013 \$'000</i>	<i>Variances \$'000</i>	<i>%</i>	<i>Ref</i>
Revenue from Operating Activities					
Rates and charges	31,600	31,375	(225)	1	1
Operating Grants	12,252	15,101	2,849	23	2
Reimbursements	302	361	59	20	
Contributions	37	315	278	751	3
Interest	844	748	(96)	11	
User Charges	2,709	2,287	(422)	16	4
Statutory fees	517	496	(21)	4	
Net gain / (loss) on disposal of assets	627	279	(348)	56	5
Other	1,143	1,154	11	1	
Total revenues	50,031	52,116	2,085	4	
Expenses from Operating Activities					
Employee benefits	19,666	19,738	72	0	
Additional defined benefit superannuation call	-	-	-	-	
Materials and services	20,462	25,157	4,695	23	6
Depreciation and amortisation	9,139	9,506	367	4	7
Other expenses	2,912	2,886	(26)	1	
Finance costs	24	23	(1)	4	
Total expenses	52,203	57,310	5,107	10	
UNDERLYING RESULT	(2,172)	(5,194)	(3,022)		
Capital grants / Contributions	1,636	6,255	4,619	282	8
Donated /Granted Assets	1,242	572	(670)	54	9
Share of net profits / (losses) of associates accounted for using the equity method	-	125	125	-	10
Fair value adjustment for investment property		-	-	-	
Surplus / (deficit) for the year	706	1,758	1,052		
Net Asset Revaluation Increment	3,658	-	(3,658)	100	11
Total changes in Equity for the Year	4,364	1,758	(2,606)		

Standard Income Statement

D-1 Comparison Report For the Year Ended 30 June 2013

Variance Explanation Report		
Ref.	Item	Explanation
	Revenue - Operating	
1	Rates and charges	Rates and Charges marginally lower than budget as there were no special rates and charges against a budget of \$278K. Supplementary rates were however higher than budget.
2	Operating Grants	Victoria Grants Commission paid up 50% of 2013-14 allocation in advance and this was recognised as income in 2012-13.
3	Contributions	Contributions during the year were much higher than estimated. Additional contributions were received for public halls, biodiversity, recreation facilities and open space.
4	User Charges	Lower income mainly from Transfer Stations \$188K and Environmental Health \$64K Animal Control \$54K and Information Centres \$96K.
5	Net gain / (loss) on disposal of assets	Realisations from disposal of assets were lower than budget due to carry over of trade-ins to 2013-14.
	Expenses - Operating	
6	Materials and services	Additional expenditure mainly due to natural disasters (floods & storms). Majority of the expenses were funded by grants from the Department of Treasury and Finance. Other partly grant funded expenses include, Great Southern Rail Trial (\$842K), Korumburra Bena Football/Netball Lighting (\$246K) and Meeniyan Mechanics Institute (\$182K).
7	Depreciation and amortisation	Mainly due to higher depreciation charge on construction and future rehabilitation costs of Koonwarra Landfill Cell 2 & 3.
	Others	
8	Capital grants / Contributions	Part of the Capital Grants were budgeted as Operating Grants.
9	Donated /Granted Assets	Actual gifted assets were lower than estimates as the developments and hand over of assets to Council in 2012-13 was lower than expected.
10	Share of net profits / (losses) of associates	This share of profit from Libraries was unexpected and so not budgeted for.
11	Net Asset Revaluation Increment	There was no asset revaluation in 2012-13 as infrastructure assets which were actually due for revaluation in 2012-13 were revalued in 2011-12. No abnormal or material changes were noticed on a review of asset values in 2012-13.

Standard Balance Sheet

D-2 Comparison Report As at 30 June 2013

	<i>Budget 2012/2013 \$'000</i>	<i>Actual 2012/2013 \$'000</i>	<i>Variances \$'000</i>	<i>%</i>	<i>Ref</i>
Current assets					
Cash and cash equivalents	9,417	9,992	575	6	1
Trade and other receivables	3,237	4,356	1,119	35	2
Financial assets	-	1,700	1,700	-	3
Inventories	252	219	(33)	13	
Other assets	361	113	(248)	69	4
Total current assets	13,267	16,380	3,113	23	
Non-current assets					
Investments in associates	932	603	(329)	35	5
Fixed Assets	137,831	130,572	(7,259)	5	6
Roads , Streets & Bridges	351,911	337,299	(14,612)	4	7
Total non-current assets	490,674	468,474	(22,200)	5	
Total assets	503,941	484,854	(19,087)	4	
Current liabilities					
Trade and other payables	3,626	3,410	(216)	6	8
Trust funds and deposits	141	529	388	275	9
Provisions	4,052	5,566	1,514	37	10
Interest-bearing loans and borrowings	135	134	(1)	1	
Total current liabilities	7,954	9,639	1,685	21	
Non-current liabilities					
Provisions	468	953	485	104	10
Additional Defined Benefits Superannuation Call	-	-	-	-	
Interest-bearing loans and borrowings	-	-	-	-	
Total non-current liabilities	468	953	485	104	
Total liabilities	8,422	10,592	2,170	26	
Net assets	495,519	474,262	(21,257)	4	
Equity					
Accumulated Surplus	193,560	190,062	(3,498)	2	11
Reserves	301,959	284,200	(17,759)	6	12
Total equity	495,519	474,262	(21,257)	4	

Standard Balance Sheet

D-2 Comparison Report As at 30 June 2013

Variance Explanation Report		
Ref.	Item	Explanation
1	Cash and cash equivalents	Mainly due to receipt of 50% of Victoria Grants Commission allocations for 2013-14 in advance.
2	Trade and other receivables	Mainly due to invoice raised on Vic Roads for \$1.1M in May 2013 received only in July 2013.
3	Financial assets	Tenure of Investments were increased to over 3 months considering the higher interest rate and the future forecasts.
4	Other assets	Insurance premiums for 2013-14 were paid in July 2013 unlike the normal practice of paying it in advance.
5	Investments in associates	The Budget has not factored in the deficit and revaluation losses of West Gippsland Regional Library relating to previous year.
6	Fixed Assets	Some of the capital projects had to be carried forward to 2013-14 due to the adverse weather conditions. There was no asset revaluation in 2012-13 against a budget estimate of \$3.6M revaluation increment to asset values.
7	Roads , Streets & Bridges	Some of the capital projects had to be carried forward to 2012-13 due to the adverse weather conditions. Asset revaluation increments were also lower than expectation.
8	Trade and other payables	Trade and Other Payables as on 30 June 2013 was lower than plan due to carry forward of expenditure to 2013-14.
9	Trust funds and deposits	Funds received from Estate of James Harvey (Walter J Tuck Reserve) for safe custody and investment on their behalf has still not been returned. Balance of \$350K was available with Council as on 30 June 2013.
10	Provisions	Annual and Long Service Leave provisions were higher than budget as leave availed was lower than estimated. Additional provisions made during the year for rehabilitation of Koonwarra Landfills Cell 1 & 2 (\$76K) and Cell 3 (\$698K).
11	Accumulated Surplus	Opening balance of accumulated surplus in budget being higher by \$4.4M as a result of lower actual operating surplus compared to projections in 2011-12. However operating surplus for 2012-13 was higher than budget by \$1.97M.
12	Reserves	There was no asset revaluation increments during the year against a budget \$3.7M . Further, opening balance of reserves in budget based on projection for 2011-12 was higher than actuals by \$15M also due to asset valuation variations.

Standard Cash Flow Statement

D-3 Comparison Report For the Year Ended 30 June 2013

	Budget 2012/2013 \$'000	Actual 2012/2013 \$'000	Variances \$'000	%	Ref
Operating					
Rates	31,600	30,995	(605)	2	1
Statutory fees and fines	517	493	(24)	5	
User charges and other fines	2,709	2,289	(420)	16	2
Grants	13,888	21,359	7,471	54	3
Reimbursements	302	371	69	23	
Interest received	844	813	(31)	4	
Rents	327	337	10	3	
Other receipts	853	1,282	429	50	4
Payments to suppliers	(20,463)	(31,596)	(11,133)	54	5
Payments to employees	(19,580)	(18,317)	1,263	6	6
Other payments	(2,911)	(2,924)	(13)	0	
Net cash inflow / (outflow) from operating activities	8,086	5,102	(2,984)	37	
Investing					
Proceeds from sale of property, plant and equipment	1,468	1,447	(21)	1	
Payments for property, plant and equipment and infrastructure	(15,564)	(12,278)	3,286	21	7
Redemption (Purchase) of investments	-	2,050	2,050	-	8
Net cash inflow / (outflow) from investing activities	(14,096)	(8,781)	5,315	38	
Financing					
Debt Redemption	(317)	(317)	-	-	
Finance Cost	(24)	(24)	-	-	
Trust Funds	-	160	160	-	9
Net cash inflow / (outflow) from financing activities	(341)	(181)	(160)	47	
Net increase / (decrease) in cash held	(6,351)	(3,860)	2,491	39	
Cash at beginning of the year	15,768	13,852	(1,916)	12	
Cash at the end of the year	9,417	9,992	575	6	
<u>Reconciliation of Operating Result and Net Cash Flows from Operating Activities</u>					
<u>For the year ending 30 June 2012</u>					
Net surplus / (deficit) from operations	706	1,758	1,052	149	
Depreciation and amortisation	9,139	9,506	367	4	
(Profit) / Loss on sale of property, plant and equipment	(627)	(279)	348	56	
Share of net profit / (loss) of associates	-	(125)	(125)	-	
Fair value adjustment for investment property	-	-	-	-	
Landfills rehabilitation costs	-	-	-	-	
Finance Costs	24	24	-	-	
Balance sheet movements	86	(5,210)	(5,296)	6,158	
Developer contributions	(1,242)	(572)	670	54	
Net cash inflow / (outflow) from operating activities	8,086	5,102	2,984	37	

Standard Cash Flow Statement

D-3 Comparison Report For the Year Ended 30 June 2013

Variance Explanation Report

Ref.	Item	Explanation
1	Rates	Rates receipts lower than budget due to lower rates income (Special Rates) and lower than expected rate collections.
2	User charges and other fines	Due to lower income mainly from Transfer Stations \$188K and Environmental Health \$64K Animal Control \$54K and Information Centres \$96K.
3	Grants	Victoria Grants Commission paid up 50% of 2013-14 allocation in advance. Other grants received above budget includes; Local Government Infrastructure Program (\$2.5M), Country Roads & Bridges Program (\$1M) and Great Southern Rail Trail (\$900K)
4	Other receipts	Contributions during the year were much higher than estimated. Additional contributions were received for public halls, biodiversity, recreation facilities and open space.
5	Payments to suppliers	Mainly due to reduction of opening creditors by \$1.7M, Payment of additional Defined Benefits call of \$4.6M to Vision Super before due date and expenditure on various new grant funded projects and other expenditure caused by natural disasters.
6	Payments to employees	Variance is minor and is mainly due to lower than estimated availing of Long Service Leave.
7	Payments for property, plant and equipment and infrastructure	Some of the Capital projects had to be carried forward to 2013-14 due to the adverse weather conditions.
8	Redemption (Purchase) of investments	Investments with original maturities above 3 months as at 30 June 2013 was reduced down from \$3.7M to 1.7M.
9	Trust Funds	Funds received from Estate of James Harvey (Walter J Tuck Reserve) for safe custody and Investment on their behalf.

Standard Statement of Capital Works

D-4 Comparison Report For the Year Ended 30 June 2013

Capital Works Areas	Budget 2012/2013 \$'000	Actual 2012/2013 \$'000	Variances \$'000	%	Ref
Land	-	470	470	-	1
Buildings	1,464	1,233	(231)	16	2
Plant & Equipment	3,959	3,145	(814)	21	3
Furniture & Equipment	1,438	468	(970)	67	4
Roads	5,788	3,668	(2,120)	37	5
Bridges	223	206	(17)	8	
Footpaths	1,428	577	(851)	60	6
Drains & Culverts	199	316	117	59	7
Kerb & Channel	81	22	(59)	73	
Off-street car parks	43	-	(43)	100	
Other Structures	941	2,173	1,232	131	8
Total capital works	15,564	12,278	(3,286)	21	
Represented by:					
Renewals	12,872	9,450	(3,422)	27	
Upgrades	1,259	804	(455)	36	
Extensions	1,433	2,024	591	41	
Total capital works	15,564	12,278	(3,286)	21	

Property, Plant & Equipment and Infrastructure movement Reconciliation Worksheet	Budget 2012/2013 \$'000	Actual 2012/2013 \$'000	Variances \$'000	%	Ref
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	15,564	12,278	(3,286)	21	
Asset revaluation movement *	3,658	-	(3,658)	100	
Developer contributed assets	1,242	572	(670)	54	
Depreciation and amortisation	(9,139)	(9,506)	(367)	4	
Written down value of assets sold	(819)	(1,168)	(349)	43	
Net movement in property, plant and equipment and infrastructure	10,506	2,176	(8,330)	79	
* Does not include Investment in Associates					

Standard Statement of Capital Works

D-4 Comparison Report For the Year Ended 30 June 2013

Variance Explanation Report

<u>Ref.</u>	<u>Item</u>	<u>Explanation</u>
1	Land	Purchase of 28 Ocean View Parade for Neighbourhood Safer Places project and 22 Princess Street construction of Child Care Centre was not part of the budget.
2	Buildings	Mainly due lower than estimated expenditure on Michael Place public toilets (\$78K) , Replace chemical shed (\$43K) and Depot site shed (\$16K) and carry forward of Korumburra Child Care project to 2013-14.
3	Plant & Equipment	Mainly due to carry forward of Major Plant and Fleet purchases to 2013-14 and also due to increase in replacement cycles for fleet.
4	Furniture & Equipment	Part of the computers and network infrastructure equipment purchases planned for 2012-13 has been postponed to future years and is under review by the Information Technology Steering Committee.
5	Roads	Many of the projects had to be carried forward to 2013-14 due to the adverse weather conditions.
6	Footpaths	Some of the projects had to be carried forward to 2013-14 due to the adverse weather conditions.
7	Drains & Culverts	A few new drainage programs were commenced during the year under the Local Government Infrastructure Funding Program. Also new culverts not in original budget included Farmers Road (\$115K) and Mirboo Road (\$168K).
8	Other Structures	Other structures not in plan included; Weather station (\$108K) , McIndoe Park rotunda (\$52K) and Recreation Venus Bay paths (\$269K)

Certification of Standard Statements For the Year Ended 30 June 2013

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

Finance Manager : Tom Lovass - CPA



Location : Leongatha

Dated : 18 / 09 / 2013

In our opinion the accompanying standard statements have been prepared on accounting basis consistent with the financial statements and in accordance with the *Local Government Act 1989* and the *Local Government (Finance and Reporting) Regulation 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 18 September 2013 to certify the standard statements in their final form.

Finance Manager : Tom Lovass - CPA



Location : Leongatha

Dated : 18 / 09 / 2013

Councillor : Kieran Kennedy

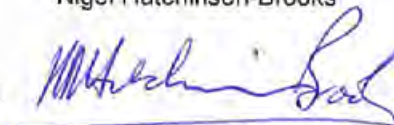
Location : Leongatha



Dated : 18 / 09 / 2013

Councillor : Nigel Hutchinson-Brooks

Location : Leongatha



Dated : 18 / 09 / 2013

Chief Executive Officer : Tim Tamlin



Location : Leongatha

Dated : 18 / 09 / 2013



Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000

Telephone 61 3 8601 7000

Facsimile 61 3 8801 7010

Email comments@audit.vic.gov.au

Website www.audit.vic.gov.au

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 2013 of the South Gippsland Shire Council which comprises comprehensive income statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of the significant accounting policies and other explanatory information, and the certification of the financial statements have been audited.

The accompanying standard statements for the year ended 30 June 2013 of the Council which comprises standard income statement, standard balance sheet, standard cash flow statement, standard statement of capital works, the related notes and the certification of the standard statements have been audited.

The Councillors' Responsibility for the Financial Report and Standard Statements

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

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

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

Auditor's Responsibility

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

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

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

Auditing in the Public Interest

Independent Auditor's Report (continued)

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

Independence

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

Opinion

In my opinion:

- (a) the financial report presents fairly, in all material respects, the financial position of the South Gippsland Shire Council as at 30 June 2013 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*
- (b) the standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in Note 1 to the statements and the requirements of the *Local Government Act 1989*.

Basis of Accounting for Standard Statements

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

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

This auditor's report relates to the financial report and standard statements of the South Gippsland Shire Council for the year ended 30 June 2013 included both in the South Gippsland Shire Council's annual report and on the website. The Councillors of the South Gippsland Shire Council are responsible for the integrity of the South Gippsland Shire Council's website. I have not been engaged to report on the integrity of the South Gippsland Shire Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report and standard statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and standard statements to confirm the information contained in the website version of the financial report and standard statements.

MELBOURNE
19 September 2013


John Doyle
Auditor-General

Performance Statement (Key Strategic Activities) For the Year Ended 30 June 2013

DEVELOPMENT SERVICES				
Strategy	Action/Measure	Target	Status	Comment
1.1.1 Community partnerships: Facilitate opportunities for communities to work with Council, and one another, to improve their local area	Housing and Settlement Strategy developed	Strategy presented to Council for adoption by 30 June 2013	✗	Target Not Achieved Draft Housing and Settlement Strategy endorsed by Council in May 2013 for 5 week public exhibition. A revised Strategy taking into consideration public submissions is anticipated to be tabled at the September 2013 Council Meeting.
3.2.1 Employment creation: Actively support employment creation through the facilitation and support of potential developments and provision of assistance with regulatory processes	Leongatha Industrial Land Use Study developed	Study presented to Council for adoption by 30 June 2013	✗	Target Not Achieved Project consultation and site investigation completed. A briefing was given to Council on 16 March 2013. Due to timeline constraints the report is to be presented to the July Council Meeting.
5.1.2 Leadership: Provide leadership at the local, regional and State levels to ensure South Gippsland Shire Council and its community are widely recognised as industry leaders	Council's General Local Law No 1 2005 to be reviewed, updated and adopted by Council	Review commenced and Community / Councillor consultation completed by 30 June 2013.	✗	Target Not Achieved Briefing presented to Council on the 5 June 2013. A report is to be presented to Council for adoption in October 2013 with community consultation to commence directly after.

CORPORATE SERVICES				
Strategy	Action/Measure	Target	Status	Comment
1.1.4 Community Events Provide a supportive environment for events and activities that promote and enhance South Gippsland Shire	Community events supported through the Community Grants Program	Two rounds of Community Grants presented to Council for adoption by 30 June 2013 and updates on event outcomes reported quarterly in Council's performance report	✓	Target Achieved Two rounds of Community Grants were presented to Council by 30 June 2013 with Round 1 presented on 19 December 2012 for adoption and Round 2 presented on 26 June 2013 for adoption.
5.1.1 Direction Setting: Provide strategic direction for the Council's continued growth through the development of appropriate Strategy Plans and Action Plans.	*A 2013/2017 Council Plan developed and presented to Council for adoption	Council Plan adopted by 30 June 2013	✓	Target Achieved Council Plan adopted by Council on 26 June 2013.
5.2.1 Customer relations: Provide friendly, timely, accurate and accessible services and information to all customers in a manner reflecting the organisations values	A Corporate Service Charter outlining key service guarantees to be provided by all staff completed and endorsed by the Chief Executive Officer	Corporate Service Charter endorsed by the Chief Executive Officer by 30 June 2013	✓	Target Achieved Corporate Service Charter and Dispute Resolution completed and endorsed by the Chief Executive Officer and the Executive Leadership Team
5.2.3 Financial Management: Develop and implement a Long Term Financial Plan	The Long Term Financial Plan implemented to ensure financial sustainability	Weighted average of 5 key financial ratios being indebtedness, underlying working capital ratio, self-financing, investment gap and underlying result for the 2012/2013 Budget is greater than or equal to 98%	✗	Target Not Achieved Actual result is 53.19%. Result impacted by paying unfunded superannuation liabilities ahead of schedule, natural disaster expenses and recognising a provision for landfill rehabilitation costs. Longer term, the strategic integrity of the Long Term Financial Plan remains intact.

Performance Statement (Key Strategic Activities) For the Year Ended 30 June 2013

Performance Statement (cont.)

COMMUNITY SERVICES				
Strategy	Action/Measure	Target	Status	Comment
1.2.1 Active Lifestyles: Provide and facilitate a range of recreational, sport and leisure opportunities for all sectors of the community	*Aquatic Strategy for pools within the Shire implemented: <ul style="list-style-type: none">Mirboo NorthKorumburra	Master Plan(s) completed and presented to Council by 30 June 2013	✓	Target Achieved The draft Mirboo North and Korumburra Pool Master Plans were presented to Council in April 2013 seeking endorsement for public exhibition. Community drop in sessions were held in Mirboo North and Korumburra on 14 and 15 May 2013. Submissions received were presented to Council at the June 2013 meeting. The Mirboo North community have actively responded to the Master Plan.
2.3.2 Environmental protection: Preserve, enhance and manage the Shire's natural environment, open space and scenic amenity including bushland, remnant vegetation, wildlife, waterways, water, air quality and soils	*Vegetation planting in the old Mirboo Shire implemented in partnership with Landcare (Bequest provided on behalf of the late James Harvey)	Number of trees planted and the locations reported to Council by 30 June 2013	✓	Target Achieved. Planting of trees has commenced and will be completed in July and August 2013. 10,000 trees were allocated to the Mardian Mirboo North Landcare Group for community planting along the rail trail. 13 applications for revegetation were received. 2 withdrew and 11 landholders funded for 15,000 trees. 25,000 trees will be planted in Winter 2013.

ENGINEERING SERVICES				
Strategy	Action/Measure	Target	Status	Comment
4.1.4 Infrastructure funding: Plan to provide for sustainable asset management	Council's Land Ownership Policy implemented	Investigate three land transactions by 30 June 2013. Reported to Council annually by 30 June 2013	✓	Target Achieved Council Report tabled on 24 April 2013 detailing the Community Plan and list of properties for consideration of sale. Council Report tabled on 26 June 2013 which discussed a slight amendment to 3 listed properties to the resolution of 24 April 2013. Report also resolved to commence the public notices advertising various properties for sale in accordance with Section 223 of the Local Government Act, 1989.
5.2.2 Asset management planning: Ensure a structured management approach is applied to all the Council's assets through a proper regime of investment, maintenance, renewal and disposal.	Asset Management Policy and Strategy reviewed	Presented to Council for adoption by 30 June 2013	✓	Target Achieved Adopted at the 27 March 2013 Council Meeting.

Certification of Performance Statement For the Year Ended 30 June 2013

In our opinion, the accompanying Performance Statement of South Gippsland Shire Council for the financial year ended 30 June 2013 is presented fairly in accordance with the Local Government Act 1989.

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

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

Councillor : Kieran Kennedy

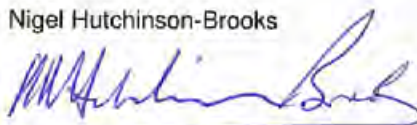
Location : Leongatha



Dated : 18 / 09 / 2013

Councillor : Nigel Hutchinson-Brooks

Location : Leongatha



Dated : 18 / 09 / 2013

Auditor General's Audit Report on Performance Statement

For the Year Ended 30 June 2013



Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000
Telephone 61 3 8601 7000
Facsimile 61 3 8601 7010
Email comments@audit.vic.gov.au
Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Councillors, South Gippsland Shire Council

The Performance Statement

The accompanying performance statement for the year ended 30 June 2013 of the South Gippsland Shire Council which comprises the statement and the certification of the performance statement has been audited.

The Councillors' Responsibility for the Performance Statement

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

Auditor's Responsibility

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

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

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

Auditing in the Public Interest

Auditor General's Audit Report on Performance Statement

For the Year Ended 30 June 2013

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 2013 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

Matters Relating to the Electronic Publication of the Audited Performance Statement

This auditor's report relates to the performance statement of the South Gippsland Shire Council for the year ended 30 June 2013 included both in the South Gippsland Shire Council's annual report and on the website. The Councillors of the South Gippsland Shire Council are responsible for the integrity of the South Gippsland Shire Council's website. I have not been engaged to report on the integrity of the South Gippsland Shire Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this statement. If users of the performance statement are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited performance statement to confirm the information contained in the website version of the performance statement.

MELBOURNE
19 September 2013


John Doyle
Auditor-General



9 Smith Street (Private Bag 4)

Leongatha VIC 3953

Phone: 5662 9200

Fax: 5662 3754

Email: council@southgippsland.vic.gov.au

Websites: www.southgippsland.vic.gov.au www.visitpromcountry.com.au