



South Gippsland
Shire Council

Come for the beauty, Stay for the lifestyle

Annual Report 2007 - 2008





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South Gippsland
Shire Council

Come for the beauty, Stay for the lifestyle

MISSION

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



MAYOR'S MESSAGE

South Gippsland Annual Report 2007/08

This 2007/2008 Annual Report outlines the range of Council activities and services across the previous 12 months, and summarises the highlights for that period.

Recreational services for residents and visitors received a significant boost this year, with the completion of the Venus Bay -Tarwin Lower Walking Trail, the opening of the Great Southern Rail Trail Bridge near Meenyan, and for our younger citizens, the completion of challenging new skate parks at Nyora and Loch, together with a new playground at Foster Showground.

At Coal Creek the initial stages of refurbishment were completed and the site was reopened to the public in December as a Community Park and Museum, a strategy that is breathing new life into the facility. Many community groups are now based there, entry is free and its emerging use as a venue for festivals, community meetings, concerts and conferences augurs well for its future.

Our tourism industry has gone from strength to strength, with significant increases in visitation throughout the year. The Great Victorian Bike Ride was an outstanding highlight that won great accolades from participants who were warmly welcomed as they passed through many of our towns before overnighing in Foster and experiencing its fabulous hospitality and festivities.

The ongoing drought delivered severe impacts to our farming community and through Council's tenacious lobbying, the shire gained Exceptional Circumstances status in September and processed over \$400,000 in drought subsidies. Council also established a regional Drought Committee of representatives of government agencies and farming groups to monitor services and identify gaps and duplications in the support for farmers and allied businesses. A \$300,000 drought grant funded eleven new community projects that were completed by June.

It is appropriate that I acknowledge the contribution of the current Councillors, who provide their time and energy to the civic administration of our community and whose vision and enthusiasm have played a lead role in the achievements laid out in this report. With Local Government elections in November there may be changes, and I am confident the extraordinarily high level of process transparency that we now provide, will continue.

I would also like to pay tribute to the many members of this community whose civic-mindedness and generosity help make this shire such a great place to live, including volunteers, fund-raisers, sporting and service club members and event organisers.

Thank you to all who have taken the time to provide feedback to Council – whether via public forum, at Council meetings or in surveys - and in doing so provide the community perspective so crucial to effective local government.

Cr Heather Bligh
Mayor



Chief Executive Officer's Message

The past year has been a highly productive year for Council, with the adoption of a sizeable number of strategies and plans that will influence the future development of the Shire and the way Council delivers its services to our community. These include the Town Structure Plans for Foster and Leongatha, the Traffic Management Plan for Leongatha and the Shire – wide Recreation Strategy. Community consultation continues on determining a Rural Strategy, the appropriate route for a heavy vehicle bypass for Korumburra, which when finalised, will allow the Korumburra Structure Plan also to be presented for adoption.

Strategies for Community Strengthening, People Culture and Lifestyle, and Communications and Consultation were developed in support of our commitment to a strong partnership with our community in Council's decision-making process.

The \$4.5 million 'interest only' loan taken in 1997-98 was totally repaid in February 2008, and we were also pleased to have been given the overall highest rating from the Victorian Auditor General's Office in terms of our financial health. This was made possible by the previous and current Councils' strict adherence to the Long Term Financial Plan, and the financial strategies contained within.

Throughout the year we have met with State and Federal politicians and other Gippsland Councils on a regular basis to progress local and regional issues. Following the State Government's advice that train services will not return to Leongatha, discussions were held to chart the best uses of the ensuing transport funding to provide practical solutions to our public transport needs.

I am pleased to report that 42 capital expenditure projects were carried out during the year, with 93% completed on time and within budget. Over \$1.7 million were secured in grant funding, 3000 maintenance requests were actioned, a Customer Service One Stop Shop was established and Statutory Planning processes were reviewed following the direct translation of the Rural Zones to Farming Zones.

General revaluation of all rateable properties was undertaken, highlighting a 16.5% increase in the value of South Gippsland rural properties. As increasingly drier conditions affect many other regions of Victoria, and indeed across Australia, our moister climate is positioning the region as the future major food bowl for Victoria and land values are increasing.

The relaunch of Coal Creek has been a great success, and film crews discovered the region in late 2007, filming two feature films and a television miniseries and injecting significant dollars into the local economy. Our communities have flourished, taking advantage of our Community Grants Program to improve local infrastructure and resources.

South Gippsland continues to be a vibrant and inclusive community, and Council is proud to be pivotal in that outcome.

Paul Bawden
Chief Executive Officer



YOUR ELECTED REPRESENTATIVES



COASTAL PROMONTORY WARD



Cr Heather Bligh (Mayor)



Cr Diane Casbolt



Cr Kieran Kennedy

TARWIN VALLEY WARD



Cr Nigel Hutchinson-Brooks



Cr David Lewis



Cr Melanie Ryan

STRZELECKI WARD



Cr Jennie Deane



Cr Robert Newton



Cr Clyde Paterson

Ward Boundaries

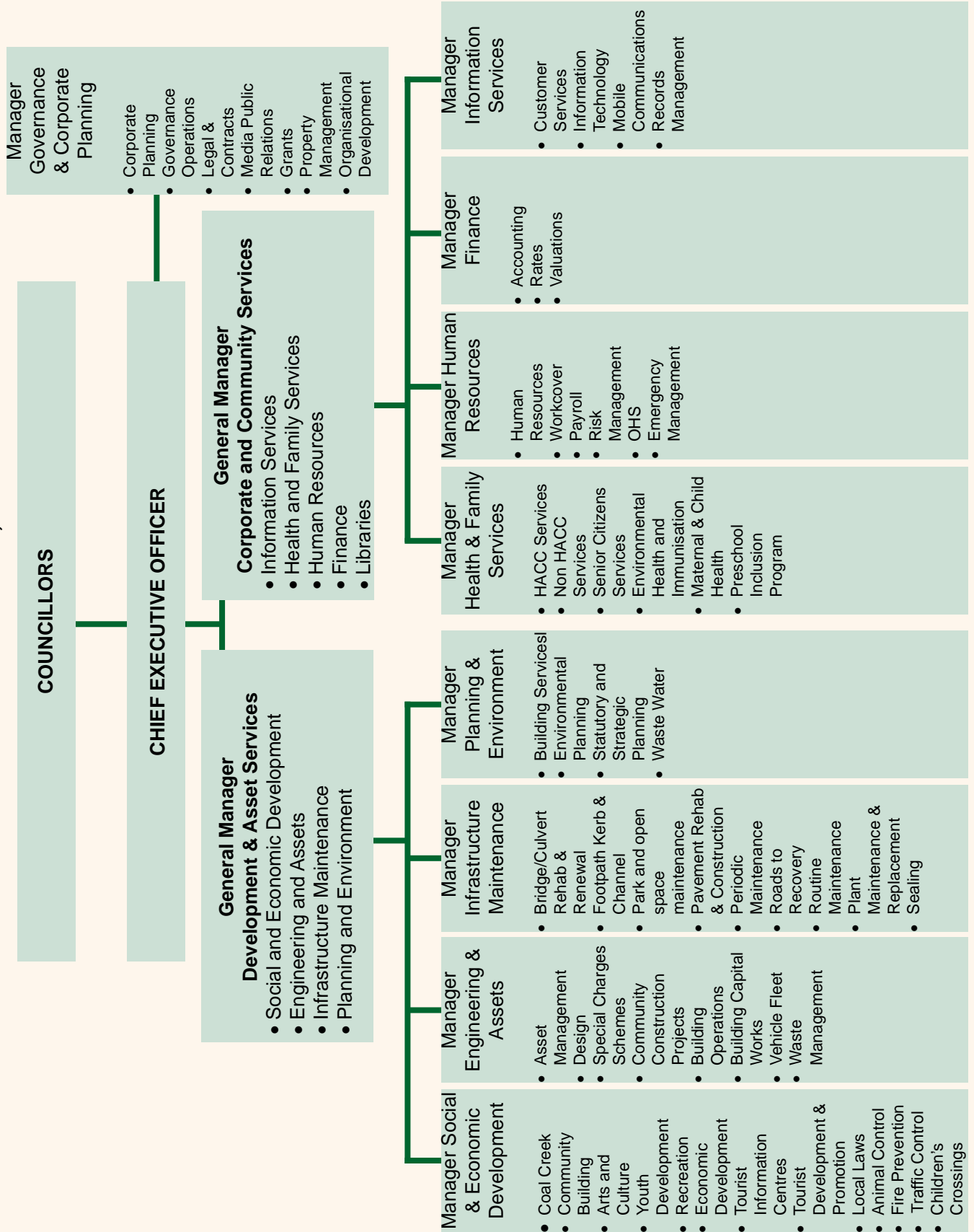
The Shire Wards were reassigned at the November 2005 election, reducing eight wards to three, each represented by three councillors.

Council Elections have been held every three years and will change to four year terms at the elections in November 2008. Voting for Council elections is compulsory for residents (although residents 70 years of age or over are excused from voting). Non-resident ratepayers are encouraged to vote, but do not have to.

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

ORGANISATIONAL STRUCTURE

CURRENT AT 30 JUNE, 2008





EMPLOYEE PROFILE

Staff complement

Full Time	160
Part Time	86
Casual	66
Total	312

Employee Groups

Chief Executive	17
Corporate & Community Services	134
Development & Asset Services	161
Total Number of Staff	312

Equal Employment Opportunity

Council is committed to the principles of equal employment opportunity.

Discrimination in employment, and in the supply of goods and services, is unlawful under Commonwealth and Victorian legislation.

Council provides a workplace free from discrimination in which employees can develop their capabilities.

DEVELOPMENT & ASSET SERVICES

Social and Economic Development

COAL CREEK

The Village closed to the public in June 2007 to undergo refurbishments and was reopened as a Community Park and Museum in December 2007.

The New Direction Marketing Plan involves four elements:

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

2007/08 ANNUAL BUSINESS PLAN

What did we promise?

Implement new direction for Coal Creek

Develop Marketing Plan

Protect and display Collections

Deliver Education Program

Seek extra funding options

Provide refreshment outlet

Attract community support

Provide/support community events

How have we delivered?

- Park now opens Thursdays to Mondays (since March, 2008), after initially opening on weekends and Public Holidays in December
- Adopted Marketing Plan April 2008
- Catalogued and relocated 14 collections in conjunction with capital work upgrades
- Reactivated Education Program. Over 1500 students visited Coal Creek up to June 2008
- Secured \$66,000 education grant
- Relaunched Hotel as Garrard's Cafe
- Several community groups now based at Coal Creek
- Facilities used regularly for meetings by community groups
- Increased volunteers active in renovation works
- Buskers' Festival, November 2007
- Carols by Candlelight, December 2007
- Historical Conference, February 2008
- Giant Easter Egg Hunt, March 2008
- Heritage Workshop, May 2008
- Teddy Bears' Picnic, June 2008



COMMUNITY STRENGTHENING

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

2007/08 ANNUAL BUSINESS PLAN

What did we promise?

Develop a strategy to guide community strengthening activities

Facilitate Community Development Advisory Committee

Facilitate South Gippsland Towns and Districts Associations Network (SGTADA)

Support individual Community Planning Projects

Support community planning activities

Maintain community information on Council website

Support community physical infrastructure projects

How have we delivered?

- Adopted Community Strengthening Strategy May 2008
- Reviewed Terms of Reference and operating procedures
- Facilitated four well attended meetings of Shire wide network, with 20 communities participating
- Organised town web site forums
- Established community newsletters' network
- Initiated three year Toora Welshpool Community Strengthening Project and gained funding
- Secured two year funding extension for CBI project in Poowong, Nyora, Loch & Bena, and Community Action Plan completed December 2007
- Supported MAV State forum at Venus Bay on managing aboriginal heritage
- 65 people attended 2008 Community Engagement Conference
- Presented two Heritage Collection forums
- Updated website regularly with community events
- Completed Poowong Sculpture Park
- Initiated Foster Sculpture Park
- Assisted Venus Bay Men's Shed Committee to obtain a grant

ARTS AND CULTURE



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

2007/08 ANNUAL BUSINESS PLAN

What did we promise?

Facilitate South Gippsland Arts Network

Establish South Gippsland Community Art Shows Network

Implement Creative Gippsland (CG) activity

Support Mossvale Park concert series

Support arts activities across Shire

Manage Council's arts and cultural collection

How have we delivered?

- Held four meetings of the South Gippsland Arts Network across Shire, with average of 20 participants
- Produced two brochures, completed register of judges, presented 4 workshops
- Represented local artists via brochures, C.G. website and promotion at Melbourne International Flower and Garden Show
- Supported 'Music for the People', Mossvale Music Festival and 'Raw Vibes' concerts and conducted joint publicity for all three concerts. 130 volunteers involved
- Funded and presented six workshops; assisted organisation of Carols at the Creek, Buskers Festival, and Mirboo North Community Festival
- Updated Council Register, local groups assisted to upgrade records and systems



YOUTH DEVELOPMENT

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

2007/08 ANNUAL BUSINESS PLAN

What did we promise?

Facilitate South Gippsland Youth Council

Deliver youth led projects across the community

Manage the 'Youth Community Connections' program

Support collaboration between youth volunteers and adult volunteers

Assist other youth agencies to extend services

How have we delivered?

- Facilitated 11 Youth Council Meetings involving 20 members
- Supported fourteen specific youth led projects including:
 - Four music events
 - Two art shows
 - University Open Days Bus trips
- Provided grants to:
 - Loch Skate bowl network,
 - 100 Years of Scouting Celebration,
 - Rollercoaster Youth Theatre Group
 - Poowong Young Farmers' Network formation
- Assisted youth volunteers at our community events, including a mentoring project at Mossvale Music Festival
- Assisted Grain Store Youth Project and South Gippsland Bass Coast Local Learning Employment Network Youth Mentoring Project



RECREATION

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

2007/08 ANNUAL BUSINESS PLAN

What did we promise?

Complete the Recreation Strategy

Apply to Sports & Recreation Victoria (SRV) for 3 Minor CFFP Grants

Conduct risk audit of all Council owned / managed Recreation Reserves

Conduct safety audits of all swimming pools

Implement the SRV funded (\$50,000) 'Drought Relief for Community Sport' project

How have we delivered?

- Adopted Strategy December 2008
- Expanded Recreation Advisory Council to include a disabilities representative
- Submitted three grants and secured one for Baromi Park
- Audited Recreation Reserves for risk and urgent actions implemented
- Audited all pools, with improved results
- Audited 11 Council recreational facilities for drought mitigation plans and detailed proposals prepared for six identified sites



ECONOMIC DEVELOPMENT

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

2007/08 ANNUAL BUSINESS PLAN

What did we promise?

Implement Economic Development Strategy

Advocate for additional 'employment' land

Manage Korumburra StreetLIFE project

Facilitate business investment & industry visits

Conduct Business Survey

Provide Business advocacy

Promote Film Gippsland

Provide Small Business Advice sessions and communication avenues

Facilitate Manufacturers' Network

Stage Business and Agribusiness workshops

Support rollout of natural gas

Facilitate drought relief assistance

How have we delivered?

- Commenced implementation
- Explored options for VicTrack land
- Surplus Council industrial land sold to developer
- Input into Town Structure Plans
- Successfully completed and evaluated
- Consulted with over 70 businesses
- Increase of \$7 million in tourism capital investment over 18 months
- Conducted Business Survey, June 2008
- Met regularly with State & Federal Government – skills shortages, drought, infrastructure, port & training
- Facilitated TV mini-series and two feature films in Shire, plus TV travel programs and commercials
- Conducted 10 monthly sessions & maintained Business website and quarterly e-newsletter
- Widened target market by changing name to Industry Network
- Staged three events and networking meetings
- Staged six Business seminars plus Tourism Accreditation seminar
- Continued rollout liaison with Alinta
- Facilitated 6 Drought Committee meetings with good agency representation
- Achieved declaration of full Exceptional Circumstance status

TOURISM



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

2007/08 ANNUAL BUSINESS PLAN

What did we promise?

Externally promote Prom Country at key consumer shows

Support and development of Prom Country Regional Tourism

Operate Prom Country Visitor Information Centre

Produce and distribute marketing material

Participate and promote local events

Facilitate Industry forums

Facilitate tourism signage enquiries, and audit tourism signage

Produce tourism newsletter

How have we delivered?

- Represented at seven Consumer and Industry Shows
- 15% increase in the membership
- Held two workshops
- Ran Winter Warmers Campaign
- Attended all PCRT monthly meetings
- Continued Council funding \$30,000
- Retained Level 1 accreditation
- Secured funding for website upgrade
- Increased VIC visitation by 11%
- Responded to over 1800 enquiries
- Increased industry participation in On-line booking system by 12%
- Achieved record distribution of Visitor Guide and Touring Map
- Completed Food and Wine Booklet with Destination Gippsland Inc
- Produced and distributed golf and water based brochures for summer
- Supported Taste of Prom Country; Great Victorian Bike Ride, SG Golf Classic, Summer Starters and Gippsland Inspired Food & Wine Festival
- Engaged 165 participants in 6 forums
- Tourism Victoria installed new touring route signage from Melbourne to Wilsons Prom and on to NSW border underway. (Vic Roads reviewing signage guidelines)
- Distributed 10 tourism newsletters to industry and media



LOCAL LAWS

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

By promoting adherence to the Municipal Fire Prevention Plan and its initiatives, the team limits the risk of fire through compliance with the Country Fire Authority Act. The team aims to ensure the safety of animals and our community by raising awareness of animal ownership responsibilities and administering and enforcing legislation. It maintains a parking control program and administers the disabled parking scheme.

2007/08 ANNUAL BUSINESS PLAN

What did we promise?

Issue 200 footpath trading permits

Enforce the Local Laws and investigate breaches

Conduct parking inspections and facilitate infringement processing

Issue Disabled Parking Permits (DPPs)

Inspect townships and where necessary, issue Fire Prevention Notices (FPN)

Register animals and impound strays

Control stock on roads

Facilitate pet micro-chipping

What did we deliver?

- Issued 223 permits
- Issued 24 infringements
- Undertook inspection patrols two days per week across shire
- Issued 372 DPPs
- Inspected all townships, 1106 FPNs issued, 25 fines issued
- Registered 6,078 animals and impounded 468
- Dealt with 263 callouts within accepted timeframes
- Chipped 156 animals on Micro-chipping Day at Leongatha

CHILDREN'S CROSSINGS



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

2007/08 ANNUAL BUSINESS PLAN

What did we promise?

Provide supervision for ten Children's Crossings within the Shire

Maintain children's crossings

How have we delivered?

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



DEVELOPMENT & ASSET SERVICES

Engineering and Assets

ASSETS, WASTE, ENGINEERING, FLEET & MAINTENANCE

The Engineering and Asset Services Department is responsible for the following business units:

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

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

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

The Building Maintenance team is responsible for capital works and the proactive and reactive maintenance programs to ensure the buildings are fit for their purpose to meet user needs.

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

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

A significant portion of the Department resources was directed toward the refurbishment of Coal Creek during this financial year, overseeing the consolidation of buildings and the subsequent refurbishment of seven buildings, plus major landscaping works.





ASSETS, WASTE, ENGINEERING, FLEET & MAINTENANCE (cont.)

What did we promise?

Manage Council's assets

Review 10 year Capital Works Plan

Develop a Leisure and Recreation Asset Management Plan

Capital Works Program including reseals and re-sheets

Engineering Planning referrals

Engineering Work Approvals

Complete scheduled programmed building maintenance and cleaning to Council owned and managed facilities

How have we delivered?

- Completed condition surveys for roads and footpaths
- Continued the drainage assets data collection program
- Continued review of the Asset Management Strategy
- Progressed purchase of new asset system
- Completed Annual Review December 2007
- Completed Plan March 2008
- Completed:
 - 93% of Capital Works Program on time and within budget
 - Road re-sheeting Program with 6 extra roads within budget
 - Playground Replacement Program
 - Foster Regional Playground
 - Mirboo North Shade sail replacement
 - Venus Bay/ Tarwin Lower Walking Track
 - Peterson Street reconstruction
 - Korumburra Swimming Pool car park
 - Fish Creek Bus terminal
 - Korumburra Drill Hall car park
 - Construction of Smith's Bridge, Mirboo
 - Improvements at Sagasser Park, Toora
 - New Koonwarra landfill access road reconstruction and sealing
- Processed 85 Planning Permit referrals and 362 Development related inquiries
- Processed 200 Work Authority Permits, and 140 Project Responses
- Qualified contractors and Council staff have completed the scheduled building maintenance and cleaning, covering 251 programmed works and 686 maintenance requests.



ASSETS, WASTE, ENGINEERING, FLEET & MAINTENANCE (cont.)

What did we promise?

Conduct Building User Satisfaction Survey

Adopt Implementation Plan for Waste Management Strategy

Report to Council on EPA compliance

Provide kerbside garbage and recycling collection services and street litterbins

Provision of transfer station services

Provision of landfill services

Rehabilitation of landfill sites

Improvements to transfer station infrastructure

Ensure appropriate fleet management

How have we delivered?

- Distributed in November 2007 to user groups of Council owned and managed facilities
 - o 96% respondents satisfied with Council buildings
 - o 96% respondents satisfied with maintenance
 - o 100 % satisfied with service from Building team.
- Adopted Plan in December 2007
- Reported to Council in May 2008
- Collected 3,807 tonnes of garbage and 1,840 tonnes of recyclables from kerbside collection service. Collected 254 tonnes of waste from litterbins
- Delivered 3,495 tonnes of waste to transfer stations
- Collected recyclable materials at transfer stations which included:
 - o 1,148 tonnes of steel
 - o 14,300 litres of motor oil
 - o 419 tonnes of paper/cardboard
 - o 49 tonnes of glass
 - o 22,099 cubic metres of green waste
- Established permanent monthly drumMuster collection program
- Continued silage plastic collection and recycling program (35 tonnes collected for recycling)
- Managed 20,229 tonnes of waste at the Koonwarra landfill sites
- Completed new landfill cell as part of the Koonwarra landfill construction project
- Completed cap construction component of the former Koonwarra Landfill rehabilitation project
- Installed safety rails at Korumburra, Koonwarra and Venus Bay Transfer Stations
- Completed User Satisfaction Survey and results reviewed and circulated

BUILDING SERVICES

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

2007/08 ANNUAL BUSINESS PLAN

What did we promise?

Lodge all building permits, mandatory inspection details, occupancy permits and Certificates of Final inspection in Council's database within 14 days of receipt

Respond to all requests for information within 7 days of receipt

Respond to all applications within 21 days

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

Investigate and resolve building breaches and complaints

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

Respond to applications for permits for places of public entertainment within 14 days

How have we delivered?

- Entered all lodgements into database within 14 days
- Responded to all requests for information within seven days
- Responded to 90% of applications within 21 days
- Carried out regular audits and checks on high risk buildings
- Responded appropriately to all building breaches and complaints
- Audited swimming pools and upgraded where required in accordance with program
- Responded to all applications for permits for places of public entertainment within 14 days



STATUTORY PLANNING

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

2007/08 ANNUAL BUSINESS PLAN

What did we promise?

Assess planning permit applications within 60 calendar days

Enforce breaches to the South Gippsland Planning Scheme

Certify all subdivisions plans and check compliance within statutory timeframes

How have we delivered?

- The original target of 50% of planning applications assessed within 60 calendar days was reviewed to reflect statutory days (not calendar days) on basis of DPCD standards
- Achieved the revised target with over 50% of permits issued within the statutory timeframes
- Audited 2% of planning permits for compliance
- Achieved all certifications of plans with 28 statutory days



STRATEGIC PLANNING

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

2007/08 ANNUAL BUSINESS PLAN

What did we promise?

Complete Strategic Planning projects

Assess Planning Scheme Amendments

How have we delivered?

- Adopted Leongatha and Foster Structure Plans, June 2008
- Korumburra Structure Plan deferred by Council, pending further review of bypass/saleyard issues
- Adopted Stage 1 of Rural Strategy – Rural Land Use Report, May 2008
- Commenced *Creating Better Coastal Places* project
- Leongatha Rail yards progressed to Expressions of Interest (EOI) stage
- Assessed five Planning Scheme Amendments:
 - C9 – Part 1 – Heritage Strategy
 - C21 – Vic Roads Highway realignment at Grassy Spur
 - C41 - Waratah Bay Wastewater Treatment Plant
 - C42 – General Amendment
 - C44 – General Amendment



ENVIRONMENTAL PLANNING

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

2007/08 ANNUAL BUSINESS PLAN

What did we promise?

Comply with the Code of Forest Practice

Respond to planning permit referrals within identified timelines.

Manage the Roadside Weed Control Program

Manage the Native Vegetation Planting Programs

Manage strategic environmental projects e.g. Strzelecki Ranges Cores & Links Project

Manage the Shire Bush Reserves

How have we delivered?

- Conducted five timber harvesting coupe compliance inspections/audits and five Plantation Development Notice Assessments, in accordance with the Code of Forest Practice
- 67% of responses within statutory timeframe
- 10% of identified roadside weeds sprayed (reduced level due to drought influence). Sprayed 25kms of roadside weeds
- Provided only 3,700 indigenous plants due to drought conditions
- Attended Strzelecki Reserve and Strzelecki Forests Community Group Meetings on behalf of Council and the community
- Managed Council's Bush Reserves in accordance with requirements
- Developed and implemented Management Plan for Hudson Park



WASTE WATER MANAGEMENT

The Strategic Waste Water Planning team develops and implements the Domestic Waste Water Plans for the municipality. The Statutory Waste Water Planning team provides advice on septic tank matters and assesses permit applications within legislative timeframes as specified in the Environment Protection Act 1970.

2007/08 ANNUAL BUSINESS PLAN

What did we promise?

Implement the Municipal Domestic Wastewater Management Plan (MDWMP)

Respond to all planning permit referrals within timeframes.

Issue 'Permits to install' within statutory timeframes

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

How have we delivered?

- Implemented Year 1 actions from the three year MDWMP implementation program
- Returned planning permit referrals within 14 statutory days
- Issued majority of 'permits to install' within statutory time frame
- Issued majority of 'certificates to use' within ten days of request for final inspection



CORPORATE AND COMMUNITY SERVICES

Health and Family Services

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

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

MATERNAL AND CHILD HEALTH

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

2007/08 ANNUAL BUSINESS PLAN

What did we promise?

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

Enrol 285 children (0-1 year) in service

Increase assessments by 3% over previous year of 18 months, two years and three and half years old

Provide 56 clients with enhanced service

Attain 85% in Annual Customer Satisfaction Survey

Conduct Sleep settling sessions

Coordinate First time parent groups

How have we delivered?

- Enrolled 96.5% children (0-1mth) in service from birth notifications received (including anticipatory enrolments)
- Enrolled 336 children (0-1 year) in service
- Assessed:
 - 267 18 months old (+12.7%),
 - 233 two years old (-0.7%),
 - 225 three & half years old (+4.9%).
- Provided 62 new clients with enhanced service
- Universal service: 97.3% satisfaction
- Enhanced program: 100% satisfaction
- Conducted 7 monthly sessions, 30 participants
- Conducted 66 group sessions



AGED AND DISABILITY SERVICES

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

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

2007/08 ANNUAL BUSINESS PLAN

What did we promise?

Review standards for delivery of services

Provide 950 hrs of in-home assessments

Provide 25,639 hours of Home, Personal and Respite Care

Provide 900 hours of home maintenance

Provide 24,000 delivered meals

Provide 4,276 hours of transport and coordination

Review and improve results from Satisfaction Survey to 92%

Support and celebrate our Seniors

Support and celebrate our volunteers

How have we delivered?

- Reviewed standards April 2008

- 862 hrs of in-home assessments

- 26,879 hrs Home, Personal and Respite Care delivered

- 748 hours of home maintenance

- Delivered 21,765 meals

- 6,822 hours transport and coordination

- Achieved 98.4% overall satisfaction

- Organised Festival Fun Day at Memorial Hall for Seniors

- Held volunteer celebrations in December and May



ENVIRONMENTAL HEALTH

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

2007/08 ANNUAL BUSINESS PLAN

What did we promise?

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

Monitor and sampling of all public swimming pools

Investigate all infectious disease notifications

Coordinate food sampling program

Investigate nuisance and public health complaints

Produce and distribute Food Facts newsletter

Educate & enforce the Tobacco Act 1987 and any amendments

Retailers

Eating establishments

Licensed premises

Investigate complaints on non-compliant workplaces

How have we delivered?

- Issued:
 - 414 registration renewals
 - 20 new registrations
 - 111 food notifications
- Inspected 434 registered premises
- Inspected 17 public pools
- Investigated 12 infectious disease notifications, including two nursing home outbreaks
- Tested 81 food samples
- Investigated 41 nuisance & Public Health complaints
- Distributed one edition of Food Facts newsletter
- Distributed one edition of Health Tips newsletter
- Inspected for tobacco compliance:
 - 49 retail premises
 - 42 eating establishments
 - 40 licensed premises
- Investigated 1 Tobacco Act complaint

PRESCHOOL FIELD OFFICER SERVICES



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

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

2007/08 ANNUAL BUSINESS PLAN

What did we promise?

Observe and assess children

Link to community and specialist support

Consult to all Shire Kindergartens

Refer for more specialised assessment

How have we delivered?

- Provided 122 children and families with support
- Processed:
 - 79 new referrals
 - 12 applications for children in the region with severe disabilities
- Received funding for additional support in kindergarten
- Member of the Gippsland Childhood Intervention Advisory Network – Transition Working Group
- Member of Gippsland Regional Advisory Group for assessing eligibility for Kindergarten Inclusion Support Funding
- Member of South Gippsland & Bass Coast Children's Services Providers Networks
- Consulted with all Shire Kindergartens and conducted four training sessions for Early Childhood staff
- Referred 68 children to other agencies



IMMUNISATION

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

2007/08 ANNUAL BUSINESS PLAN

What did we promise?

Conduct 36 school immunisation sessions

Conduct community immunisation sessions
- four monthly and two bi-monthly sessions

Maintain and deliver Flu Program to schools
and industry

Promote Grade 6 Education Program

Produce immunisation newsletter

Participate in Immunisation Awareness Month

How have we delivered?

- Conducted 35 school immunisation sessions
- Immunised teenage girls against cervical cancer under Gardasil program
- 60 community immunisation sessions
- Conducted 3 workplace sessions for general public
- Provided 7 high school sessions to teachers and Year 12 students
- Conducted 1 Council staff session
- Conducted Grade 6 education sessions at all primary schools in the Shire
- Produced and distributed 5 editions of immunisation newsletter
- Promoted Immunisation Awareness Month through the media, displays, schools, competitions, and parties

INFORMATION SERVICES



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

2007/08 ANNUAL BUSINESS PLAN

What did we promise?

Replace content Management System and redesign website

Upgrade Reception area

Update aerial photography of shire

Support IT System users

Co-ordinate Customer Service functions of Council.

Scope, tender & plan for implementation of Electronic Document Management System

Upgrade all CDMA phones

Conduct an I.T. audit

How have we delivered?

- Launched new web site & intranet
- Replaced Content Management System
- Created One Stop Customer Service Shop with improved access features
- Updated aerial photographs
- Provided 99% availability of network during business hours
- Inducted 100% staff on IT matters
- Achieved 100% network security
- Fielded 80,334 phone calls.
- Served 42,931 customers 'face to face'
- Achieved 71% in Community Satisfaction Survey
- Completed first stages of phased introduction of a new system to commence in 2008
- Replaced CDMA's with *Next G* devices
- Completed Report



HUMAN RESOURCES

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

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

2007/08 ANNUAL BUSINESS PLAN

What did we promise?

Research and develop an employment framework to ensure the implementation of best practice human resource policies, procedures and management practices

Provide staff training

Fill employee vacancies

Conduct Employee Opinion Survey

Accurate and timely remuneration of staff

Coordinate and administer WorkCover claims

Develop and implement a Staff Leadership Program

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

How have we delivered?

- Completed People, Culture & Lifestyle Strategy June 2008
- Delivered four training packages: Effective Communication; Business Report Writing; Career Planning & Development; and Front Line Management
- Facilitated recruitment process
- Undertook survey, analysed results and integrated improvement opportunities into Performance Management Framework
- Completed all pays accurately every fortnight
- Administered in accordance with WorkCover timelines
- Commenced in 2007/08 to be completed early 2008/09
- Reported key human resources measures quarterly



FINANCE SERVICES

The Finance Department provides services to both internal and external customers. It collates and manages Council's finances, provides strategic financial advice to Council, raises and collects rates and charges and values properties throughout the municipality.

2007/08 ANNUAL BUSINESS PLAN

What did we promise?

Provide strategic financial advice and prepare the 10 year long term financial plan

Adhere to Long Term Financial Plan

Achieve actual financial performance to equal or exceed planned financial outcome

Provide monthly financial performance reports

Reduce Rate Debtors to less than 2.5% of total revenue

Revalue all rateable properties as at 1 January 2008

How have we delivered?

- Adopted long term financial strategies in March 2008 and long term financial plan in June 2008
- Repaid "Interest only" debt in full February 2008
- Reduced Council debt per capita from \$377 in 2006/07 to \$175 at end of 2007/08
- Achieved liquidity, working capital and operating results all in line with planned projections
- Auditor General assessed Council as having low risk financial sustainability
- Provided monthly reports to managers and Executive Management Group
- Reduced Rate Debtors to 1.46% of total revenue
- Re-valued all rateable properties and submitted to Valuer General on time



LIBRARY SERVICES

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

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

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

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

2007/08 ANNUAL BUSINESS PLAN

What did we promise?

Adhere to agreed Library timetable

Operate Library services in five towns and a mobile service

Comply with West Gippsland Regional Library Corporation agreement

Attend West Gippsland Regional Library Corporation Board meetings

How have we delivered?

- Promoted timetable across Shire
- Static and Mobile library services adhered to as per specification
- Facilitated:
 - o 213,629 loans from static libraries
 - o 35,173 loans from mobile library
 - o 124,110 library visits
 - o 26,830 library memberships
 - o Participated in National Story time
- Complied with agreement 100%
- Attended 8 meetings and relevant WGRLC forums

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

2007/08 ANNUAL BUSINESS PLAN

What did we promise?

Review Council Plan

Implement Business Excellence Framework

Apply Best Value principles and legislative requirements

Compile Monthly Business Performance Reports for Council agenda

Develop a comprehensive integrated Corporate Planning Process

How have we delivered?

- Reviewed Council Plan and submitted to Minister by June 30 2008.
- Three submissions received following an extensive communication program
- The Council Plan is included on website and distributed across Shire
- Reinvigorated Business Excellence Framework with implementation of PRIDE program being adopted on 17 December 2007
- Initiated 4 internal improvement projects
- Held Staff training and Councillor information sessions
- Continued benchmarking with other councils to determine Best Practice
- Responded to Super 11 benchmarking timetable and requests within timelines
- Applied Business Excellence to annual business planning and performance monitoring to ensure effective service deliver. (Business Excellence is the foundation for Council's response to Best Value)
- Completed Monthly Performance Reports to Council and included open community briefings to improve overall organisational transparency
- Reviewed corporate planning processes undertaken in 2006/07, resulting in improved alignment between individual performance plans and the Council Plan in 2007/08



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

- Promoting and implementing professional meeting procedure;
- Overseeing transparent elections;
- Organising independent internal audits; and
- Overseeing policy development.

2007/08 ANNUAL BUSINESS PLAN

What did we promise?

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

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

How have we delivered?

- Supported the Audit Committee with their meetings and the internal auditors in undertaking their audit projects
- Produced Council Plan 2008-2012
- Prepared and facilitated agendas and minutes for Council briefings and meetings
- Facilitated contracts and tenders
- Reviewed Governance policies in line with corporate schedule to ensure consistent with legislation and amendments emerging to the Local Government Act
- Maintained corporate schedule of policy reviews to maintain currency of other organisational policies
- Progressively developed procedures to deal with key governance issues including Agenda and Briefing process, Section 86 Committees and Council Advisory Committees

COMMUNICATIONS



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

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

2007/08 ANNUAL BUSINESS PLAN

What did we promise?

Produce a Communication and Consultation Strategy

Produce:

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

Coordinate Australia Day celebrations and Awards

Promote Council Services

Update website & monitor content

Promote & protect professional corporate image

Promote allied Council businesses

How have we delivered?

- Adopted Strategy in March 2008 comprising:
 - Revised Communications Policy
 - Communications Strategy
 - Community Engagement Tool Kit
- Produced:
 - Annual Report on CD
 - Two 'South Gippsland Matters'
 - 26 editions of staff newsletter
 - 52 Noticeboard ads in 4 local papers
 - 158 press releases
 - Mayoral support for weekly Mayor's Message, radio programs and speeches
- Coordinated and promoted Awards, with record 24 nominations
- Promoted seven local celebrations
- Developed campaigns for Immunisation, Aged and Disability, Volunteers, Youth, Community Strengthening and Local Laws
- Updated website and monitored content
- Edited Council literature and monitored corporate compliance
- Promoted libraries, SPLASH and Coal Creek
- Addressed local school groups on Council's functions



PROPERTY

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

2007/08 ANNUAL BUSINESS PLAN

What did we promise?

Manage property portfolio

Review acquisition and disposal processes for Council properties

How have we delivered?

- Maintained portfolio of properties to meet organisational needs
- Reviewed current property management practices, including leases and agreements



GRANTS



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

2007/08 ANNUAL BUSINESS PLAN

What did we promise?

Lodge 20 grant applications with State and Federal agencies and other relevant authorities for \$1,500,000

Coordinate the Annual Community Grants Program

Review the Community Grants Program

How have we delivered?

- Lodged 26 applications with state and federal agencies, secured \$1,711,951 of funding for projects across the municipality
- Facilitated the Annual Community & Recreation Grants Program
- Received 101 applications and \$268,305 was allocated to 72 community groups
- Completed review, and new Community Grants Policy adopted 18 February 2008



LOCAL GOVERNMENT INDICATORS

Local Government Indicator	Year 2006	Year 2007	Year 2008
Average rates and charges per assessment	\$1,082	\$1,160	\$1,222
Average rates and charges per residential assessment	\$921	\$990	\$1,041
Average liabilities per assessment	\$924	\$1,005	\$638
Operating result per assessment	\$214	\$172	\$210
Average operating expenditure per assessment	\$1,826	\$1,942	\$2,120
Average capital expenditure per assessment	\$358	\$458	\$427
Renewal gap	76%	86%	73%
Renewal & maintenance gap	91%	93%	87%
Community satisfaction rating for overall performance generally of the Council	56%	60%	61%
Community satisfaction rating for Council's advocacy and community representation on key local issues	59%	60%	59%
Community satisfaction rating for Council's engagement in decision-making on key local issues	54%	60%	58%

GRANTS AND DONATIONS TO OUR COMMUNITY

Organisation	Amount
AT LEISURE (FEASIBILITY STUDY FOR FOSTER SHOWGROUNDS)	7,500
BENA HALL COMMITTEE INC.	4,130
BENNISON ADULT RIDING CLUB	5,000
BERRYS CREEK PONY CLUB INC	8,000
BUFFALO COMMUNITY CENTRE	2,605
DARLIMURLA COMMUNITY ASSOC. INC	2,435
DUMBALK HALL COMMITTEE	5,000
FISH CREEK BOWLING CLUB	2,835
FISH CREEK COMMUNITY DEVELOPMENT GROUP	3,400
FOSTER FOOTBALL CLUB	4,757
FOSTER RECREATION RESERVE INC.	2,300
FOSTER SHOWGROUNDS COMMITTEE	11,090
FOSTER SWIMMING POOL COMMITTEE	52,000
FOSTER WAR MEMORIAL ARTS CENTRE	6,200
FOSTER & DISTRICT COMMUNITY HOUSE	5,000
GREAT SOUTHERN RAIL TRAIL INC	34,570
JEETHO HALL COMMITTEE	9,630
KONGWAK COMMUNITY GROUP	2,874
KOONWARRA RECREATION RESERVE COMMITTEE INC.	2,358
KORUMBURRA AGRICULTURAL PASTORAL SOCIETY	12,500
KORUMBURRA AMATEUR SWIMMING & LIFE SAVING CLUB INC	6,000
KORUMBURRA GUN CLUB	5,000
KORUMBURRA KINDERGARTEN INC	3,000
KORUMBURRA RECREATION RESERVE COMMITTEE	6,341
KORUMBURRA SENIOR CITIZENS CENTRE	5,426
KORUMBURRA SWIMMING POOL COMMITTEE	55,000
LEONGATHA AGRICULTURAL & RECREATION RESERVE COMMITTEE	9,430
LEONGATHA CHAMBER OF COMMERCE & INDUSTRY INC	6,900
LEONGATHA CHILDREN'S CENTRE	3,368
LEONGATHA COMMUNITY PRE-SCHOOLS INC.	6,000
LEONGATHA GOLF CLUB INC.	4,687
LEONGATHA HISTORICAL SOCIETY	4,632
LEONGATHA LYRIC THEATRE	5,089
LEONGATHA PROGRESS ASSOCIATION	2,661
LEONGATHA SENIOR CITIZENS' CENTRE	7,026
LEONGATHA TENNIS CLUB	5,000
LOCH & DISTRICT PRESCHOOL CENTRE	3,000
LOCH COMMUNITY DEVELOPMENT ASSOCIATION.	4,253
LOCH MEMORIAL RESERVE INC.	2,600

GRANTS AND DONATIONS TO OUR COMMUNITY

Organisation	Amount
LOCH RECREATION RESERVE COMMITTEE	2,358
MEENIYAN INDOOR SPORTS CENTRE COMMITTEE	3,500
MEENIYAN PONY CLUB	5,000
MEENIYAN RECREATION RESERVE	3,950
MIDDLE TARWIN PUBLIC HALL INC.	4,000
MIRBOO COUNTRY DEVELOPMENT INC	8,160
MIRBOO NORTH BOWLING CLUB INC.	5,000
MIRBOO NORTH KINDERGARTEN INC	3,500
MIRBOO NORTH BOOLARRA RAIL TRAIL	3,818
MIRBOO NORTH HALL COMMITTEE OF MANAGEMENT	6,100
MIRBOO RECREATION RESERVE	2,700
MIRBOO SENIOR CITIZENS' CENTRE	4,026
MT ECCLES MECHANICS INSTITUTE COMMITTEE	3,147
NERRENA PUBLIC HALL COMMITTEE INC.	5,109
NERRENA RECREATION RESERVE COMMITTEE	2,300
NYORA PUBLIC HALL COMMITTEE INC.	4,310
NYORA RECREATION RESERVE	3,946
OUTTRIM RESERVE COMMITTEE INC.	5,076
POOWONG HISTORICAL GROUP	5,000
POOWONG NORTH ASSOC. INC	2,815
POOWONG PRESCHOOL	3,700
POOWONG RECREATION RESERVE COMMITTEE INC	3,950
POOWONG SPORTS CENTRE COMMITTEE	6,000
POOWONG SWIMMING POOL COMMITTEE	49,300
PORT FRANKLIN HALL	5,000
PORT FRANKLIN TENNIS & SPORTS CLUB INC	5,853
PROM COAST ARTS INC	4,050
PROM COAST CHILDRENS SERVICES	12,000
PROM COAST SOCCER CLUB	2,920
PROM COUNTRY CHALLENGE	3,600
PROM COUNTRY REGIONAL TOURISM	30,000
PORT WELSHPOOL WORKING GROUP	3,000
ROLLERCOASTER THEATRE INC	2,000
ROTARY CLUB OF KORUMBURRA	6,220
SANDY POINT COMMUNITY GROUP INC	5,000
SOUTH GIPPSLAND CITIZENS' ADVICE BUREAU	14,591
SOUTH GIPPSLAND SENIOR CITIZENS INC.	4,026
ST PAULS CATHOLIC SOCIAL CLUB	3,000

GRANTS AND DONATIONS TO OUR COMMUNITY

Organisation	Amount
ST PETERS WOMENS CONFERENCE	5,200
STATE EMERGENCY SERVICE FOSTER	10,455
STATE EMERGENCY SERVICE LEONGATHA	10,455
SOUTH GIPPSLAND INDOOR BIAS BOWLS	5,000
T.P. TAYLOR RESERVE COMMITTEE	2,149
TARWIN LOWER PONY CLUB	3,000
TARWIN LOWER RECREATION RESERVE INC	3,152
TARWIN LOWER TENNIS CLUB	8,000
TARWIN VALLEY PRE SCHOOLS	8,000
TERRILL PARK RECREATION RESERVE COMMITTEE OF MANAGEMENT	4,000
THE ARTHUR SUTHERLAND RECREATION RESERVE	5,000
TOORA & DISTRICT FOOTBALL CLUB	5,000
TOORA BOWLS CLUB INC	5,500
TOORA RECREATION RESERVE COMMITTEE	2,358
TOORA SWIMMING POOL COMMITTEE	3,387
TRIHOLM TRYHARDS	2,500
VENUS BAY ANGLING CLUB	5,350
VENUS BAY COMMUNITY CENTRE	4,182
WALTER J TUCK RECREATION RESERVE COMMITTEE OF MANAGEMENT	9,430
WARATAH BEACH SURF LIFESAVING CLUB	2,400
WELSHPOOL RECREATION RESERVE	2,358
WORKING HORSE & TRACTOR RALLY	2,000
OTHER MINOR COMMUNITY GRANTS (<\$2,000)	87,750
 GRAND TOTAL	 774,248

FREEDOM OF INFORMATION

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

- 1 Council received thirteen new applications under the Freedom of Information Act for the period 1 July 2007 to 30 June 2008 (Eight applications were received for the period 1 July 2006 to 30 June 2007).
- 2 Three complaints or allegations of breach of the Information Privacy Act 2000 were received. No complaint required referral to the Office of the Privacy Commissioner.

2007/08 ANNUAL BUSINESS PLAN

What did we promise?

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

Promotion of staff awareness of the Act

How have we delivered?

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

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

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

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

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.

INFORMATION TO BE MADE PUBLIC (CONT'D)

- l. Agreements to establish regional libraries under section 196 of the Act;
- m. Details of all property, finance and operating leases involving land, buildings, plant, computer equipment or vehicles entered into by the Council as lessor or lessee, including the name of the other party to the lease and the terms and the value of the lease;
- n. A register of authorised officers appointed under section 224 of the Act;
- o. A list of donations and grants made by the Council during the financial year, including the names of persons or bodies which have received a donation or grant and the amount of each donation or grant;
- p. A list of the names of the organisations of which the Council was a member during the financial year and details of all membership fees and other amounts and services provided during that year to each organisation by the Council;
- q. A list of contracts valued at \$100 000 or more which the Council entered into during the financial year without first engaging in a competitive process and which are not contracts referred to in section 186(5) of the Act."

WHISTLEBLOWER'S PROTECTION ACT 2001

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

In the financial year 2007/08, no disclosures were made to the South Gippsland Shire Council under the Act.

The Ombudsman referred no matters to the South Gippsland Shire Council for investigation.

No requests were made by disclosures to the Ombudsman to investigate disclosed matters.

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

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

Where there are gaps in performance, reviews seeking improvement are undertaken. Some improvements can be acted on immediately, however where resources are restricted, they may need to be built into future business plans. Examples of Council's commitment to quality service delivery include Home and Community Care Services' independent audit which achieved 18.8 out of 20, Maternal and Child Health team completed the highest number of Health and Developmental assessments in Gippsland with 8 out of 10 from the Department of Education and Early Childhood Development's funded consultations. Internally Council also maintained its full Safety Map accreditation after external audit of all 104 criteria, with a special commendation to Personal Care Services' safety systems and processes.

The Business Excellence framework also focuses strongly on clear directions, and 12 Strategic Plans were produced. These included the Long Term Financial Plan, Town Structure Plans for Leongatha and Foster, the Recreation Plan, Asset Management Strategy, Waste Management Strategy, VIC Facilities Strategy, Community Strengthening Strategy and a Communication and Consultation Strategy. Community consultation processes supported each of these plans, which included open community briefings and a variety of engagement methods to seek input into their development. Further to this, the Structure Plan for Korumburra was referred for further consultation in relation to routes for a Heavy Vehicle bypass and consideration of development at the former Saleyards site. This highlights Council's commitment to ensuring it responds to emerging issues from consultation in development of its forward directions.

Council was proactive in working with other agencies to meet the needs of its residents. The delivery of \$300,000 in projects from the drought fund and \$266,000 in community grants were significant in supporting our community throughout the year. With Exceptional Circumstances status declared due to the impact of the drought, Council processed over \$400,000 in drought subsidies. Council also responded to community need through the amendment of its local laws to control recreational motorised vehicles in rural living zones.

BEST VALUE REPORT

Council also ensured achievement of Best Value through tendering of services and capital works. Contracts include Internal Audit, Electoral Services, management and operation of the Memorial Hall Complex, design and construction of Smith's Bridge on Clear Creek Road and construction of a Multi Purpose Netball Facility at Walter Tuck Reserve.

Council regularly reports to the community on achievements and issues of concern through a variety of media. Advertisements promoting Council meetings and activities, press releases and the Mayor's Message are distributed weekly, community newsletters are produced twice a year and a comprehensive Annual Report outlines Council's goals and achievements. A weekly radio program is hosted by the Mayor and the Council website provides 24/7 access to Council information. A monthly report against key indicators and financial information is presented to Council to ensure open and transparent reporting to the community across the year.

This year's efforts have contributed to an increase in overall community satisfaction to 61%. This is up slightly from 2007 result of 60% and more significantly from 56% in 2006.



NATIONAL COMPETITION POLICY COMPLIANCE: 2007-08

Certification by Chief Executive Officer

South Gippsland Shire Council has complied with the requirements of the National Competition Policy (NCP) for the period 1 July 2007 to 30 June 2008, in accordance with the requirements outlined in National Competition Policy and Local Government – A Revised Statement of Victorian Government Policy (January 2002); as set out below:

<p>A. Trade Practices Compliance</p> <p>State whether the Council is compliant or non-compliant. If non-compliant, justify or cite actions to redress.</p>	<p>Compliant</p>
<p>B. Local Laws Compliance</p> <p>State whether the Council is compliant or non-compliant. List any local laws made or remade during 2007-08 which impose a restriction on competition:</p> <ul style="list-style-type: none"> – General Local Law No: 1 (2005) 	<p>Compliant</p> <p>The Local Law amendment related to the use of recreational vehicles within the Shire and has no impact on competition</p>
<p>C. Competitive Neutrality Compliance</p> <p>State whether the Council is compliant or non-compliant for all significant businesses. List any significant businesses that are non-compliant:</p>	<p>Compliant</p>

I certify that:

- this statement has been prepared in accordance with the 2007-08 National Competition Policy guidelines issued in May 2008 for reporting on National Competition Policy in accordance with National Competition Policy and Local Government – A Revised Statement of Victorian Government Policy (January 2002); and
- this statement presents fairly the Council's implementation of the National Competition Policy.

Signed:



Paul Bawden
Chief Executive Officer
Date: 20 September, 2008

FINANCE OVERVIEW

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

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

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

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

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

The long-term financial strategies are:

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

A PLAIN ENGLISH GUIDE TO THE FINANCIAL REPORT

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

1. Introduction

The annual financial statements are key financial reports of South Gippsland Shire Council. They show how Council performed financially during the 2007/08 financial year, and the overall position at the end (30 June 2008) of the financial year.

Council must present its financial statements in accordance with the International Financial Reporting Standards (IFRS). Council is committed to accountability. It is in this context that the Plain English Guide to the Financial 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: the Statements and the Notes. There are four Statements and forty-nine Notes. These are prepared by Council's staff, examined by the Council's Audit Committee, by Council and then are audited by the Victorian Auditor-General.

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

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

3. Income Statement

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

- The sources of Council's revenue under various income headings; and
- The expenses incurred in running

the Council during the year. These expenses relate only to the 'recurrent operations' and do not include the cost associated with the purchase or the building of assets. While asset purchase costs are not included in the expenses, there is an item for 'depreciation'. This value is the value of the assets used up during the year.

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

The result for the reporting period was \$3.79 million surplus (previous year \$3.07 million surplus). On face value this is a good result. However it is also important not to accept the result on face value. By backing out what could be termed 'abnormals' or 'one offs' from the surplus result gives a truer indication of financial performance. After allowing for contributed or donated assets, the 'adjusted result' is in fact \$1.61 million surplus (previous year \$1.72 million surplus).

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

Again, this favourable outcome should not be taken out of context. Council can only make claim to producing viable operating results when what is commonly referred to as the 'underlying operating result' is still in surplus after

further adjusting or backing out any capital income such as capital grants and contributions recognised as revenue during the year. After allowing for these adjustments the 'underlying operating result' for the reporting period would in fact be a breakeven result (previous year \$0.43 million surplus).

4. Balance Sheet

The Balance Sheet is a one-page summary of the financial situation as at 30 June 2008. 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.

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 Assets

- Cash and cash equivalents includes cash and investments, that is, cash held in the bank and in petty cash and the market value of Council's investments.
- Trade and other receivables are monies owed to Council by ratepayers and others.
- Financial assets represent Council's long service leave investment for its staff.
- Inventories are stock of raw materials and stock on hand.
- Non current assets held for resale identify assets that will be disposed in the forthcoming year.

4.2 Non-Current Assets

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

4.3 Current Liabilities

- Trade and other payables are those, to whom Council owes money as at 30 June, 2008.
- Trust funds and deposits represent monies held in Trust by Council.
- Provisions include employee benefits (such as accrued Long Service and Annual Leave owed to employees), and obligations to perform rehabilitations works at landfill sites.
- Interest bearing loans and borrowings are monies owing to financial institutions.

4.4 Non-Current Liabilities

- Provisions include employee benefits (such as accrued Long Service and Annual Leave owed to employees), and obligations to perform rehabilitations works at landfill sites.
- Interest bearing loans and borrowings are monies owing to financial institutions.

4.5 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 2008, which was \$347 million (previous year \$320 million).

4.6 Equity

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

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

5. Statement of Changes in Equity

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

The main reasons for a change in equity stem from:

- The 'surplus or deficit' from operations, described in the 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 International Financial Reporting Standard and needs some care in analysis. The values may differ from those shown in the Income Statement because the Income Statement is prepared on an accrual accounting basis.

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

7. Notes to the Accounts

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

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

Where Council wishes to disclose other

information that cannot be incorporated into the Statements then this is shown in the Notes.

Other Notes include:

- The cost of the various functions of Council;
- The break down of expenses, revenues, reserves and other assets;
- Contingent liabilities;
- Transactions with persons related to Council; and
- Financial performance indicators.

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

8. Standard Statements

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

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

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

9 Performance Statement

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

10. Statements by Principal Accounting Officer and Councillors

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

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

11. Auditor General's Report

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

12 Strategic Financial Planning and Performance

Council continues to be guided by a series of long term financial strategies that were first adopted in 2003.

A series of long-term financial strategies guide the development of both the Long Term Financial Plan and Annual Budget to produce viable financial outcomes over the longer term to fund service provision, which includes infrastructure asset management requirements. The strategies are reviewed annually as part of the Council long term planning and budgeting process. The current strategies are:

- a. *That South Gippsland Shire Council target as a high priority to achieve underlying surplus results in the income statement and consistent and gradually strengthening underlying surplus results*

thereafter, and that this be documented in the long term financial plan.

- b. *That the working capital ratio of South Gippsland Shire Council in long term financial plan be targeted to show strengthening trend targeting at least, a 2 to 1 ratio in the later years of the plan.*
- c. *That budgeted transfers to discretionary reserves for future capital expenses only be made if matched by an equivalent budgeted surplus in the income statement so as to preserve the accumulated surplus position of the Council.*
- d. *That the budgeted 'cash at the end of year' position be sufficient to fund daily cash requirements in annual and forward financial plans and be subject to ongoing financial analysis taking into consideration budgeted cash inflows and outflows requirements, the working capital and quick asset ratio.*
- e. *That capital expenditure on asset renewal projects be given priority over capital expenditure on new assets (upgrades and extensions) until the sustainability index consistently exceeds 95%.*
- f. *Any new capital works (capital extension) proposals must include a lifecycle cost evaluation exercise that identifies and costs the asset construction, maintenance, operating and depreciation costs.*
- g. *That Council consider borrowing for new capital projects only when consistent surplus operating results are being achieved in the income statement.*
- h. *That any new projects that require borrowings be considered only if the projects have had a full lifecycle cost analysis undertaken, and will have proven cash flows in future periods to 'repay' the cash outlays required in the initial periods and / or that the capital evaluation guidelines be used to evaluate costing impacts on the forward budgets.*
- i. *That Council consider the most appropriate rating strategy to provide adequate funds to:*
 - *Achieve a break-even and then*

gradually strengthening underlying surpluses in the income statement

- *Achieve a sustainable cash flow, and*
- *Fund capital renewal projects in both the annual budget and in the Long Term Financial Plan.*

- j. *Wherever reasonably possible, fees and charges be increased by the same percentage that general rates and charges are set to increase by until full cost recovery is achieved for direct service provision. Any fees that are not to be increased in line with a planned rate rise be clearly identified and documented for Council consideration.*

The resulting Long Term Financial Plan is essentially a ten year long term budget and is reviewed annually as part of the Council planning and budgeting process and updated to reflect changing circumstances.

Both the Long Term Financial Plan and the Council Plan are available on Council's website address www.southgippsland.vic.gov.au

The annual Financial Statements that are contained in this Annual Report disclose the financial performance of Council for 2007/08.

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

The financial results are then also benchmarked against the adopted financial plan and indeed the previous five years financial plans. The results of the benchmarking exercise is updated and disclosed in the following year's Long Term Financial Plan.

It is pleasing to note that ever since

Council began adopting a series of long term financial strategies and developing budgets within a 10 year long term financial planning framework that its actual financial performances achieved over those years have been in line with the Strategic Plan.

13. General
External Auditor
Auditor-General of Victoria
Internal Auditor
Deloitte
Bankers
Commonwealth Bank





South Gippsland
Shire Council

Come for the beauty, Stay for the lifestyle

SOUTH GIPPSLAND SHIRE COUNCIL
FINANCIAL STATEMENTS,
STANDARD STATEMENTS &
PERFORMANCE STATEMENT
FOR YEAR ENDED 30 JUNE 2008



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South Gippsland Shire Council



Councillors in Office

MAYOR

Heather Bligh - Coastal Promontory

COUNCILLORS

Diane Casbolt - Coastal Promontory

Kieran Kennedy - Coastal Promontory

Jennie Deane - Strzelecki

Robert Newton - Strzelecki

Clyde Paterson - Strzelecki

David Lewis - Tarwin Valley

Nigel Hutchinson-Brooks - Tarwin Valley

Melanie Ryan - Tarwin Valley

CHIEF EXECUTIVE OFFICER

Paul Bawden

GROUP MANAGER CORPORATE AND COMMUNITY SERVICES

Sharon Van Ruyven

GROUP MANAGER DEVELOPMENT AND ASSET SERVICES

Guy Wilson-Browne

South Gippsland Shire Council

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008

	Notes	2008 \$'000	2007 \$'000
REVENUES			
Rates and charges	3	22,331	20,781
Statutory fees and fines	4	366	402
User fees	5	1,752	1,684
Grants - recurrent	6	9,354	8,965
Grants - non-recurrent	6	2,710	2,009
Contributions - cash	7 (a)	593	232
Contributions - non monetary assets	7 (b)	2,188	1,359
Reimbursements	8	331	310
Other revenue	9	2,526	2,102
Total Revenue		42,151	37,844
EXPENSES			
Employee benefits	11	13,204	11,772
Materials and services	12	15,837	13,173
Bad and doubtful debts	13	3	2
Depreciation	14	6,912	6,524
Finance costs	15	539	725
Other expenses	16	2,237	2,025
Landfill remediation costs	29	(1,020)	370
Total Expenses		37,712	34,591
Net gain (loss) on disposal of property, plant & equipment	10	(176)	(170)
Derecognition of property, plant and equipment	10	(325)	-
Share of net (losses) of associates accounted for using the equity method	17	(93)	(9)
Fair value adjustment for investment property	26	(46)	-
Surplus for the period		3,799	3,074

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

South Gippsland Shire Council

BALANCE SHEET

AS AT 30 JUNE 2008

	Notes	2008 \$'000	2007 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	19	6,190	9,592
Trade and other receivables	20	3,286	2,588
Financial assets	21	1,750	1,700
Inventories	22	103	60
Other Assets	18	90	252
Non current assets classified as held for sale	23	-	637
TOTAL CURRENT ASSETS		11,419	14,829
NON-CURRENT ASSETS			
Trade and other receivables	20	26	33
Investments in associates accounted for using the equity method	17	783	876
Property, plant and equipment, infrastructure	24	346,681	322,431
Investment properties	26	480	526
TOTAL NON-CURRENT ASSETS		347,970	323,866
TOTAL ASSETS		359,389	338,695
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	27	2,835	2,726
Trust funds and deposits	28	162	155
Provisions	29	3,043	3,252
Interest bearing loans and borrowings	30	1,116	5,544
TOTAL CURRENT LIABILITIES		7,156	11,677
NON-CURRENT LIABILITIES			
Provisions	29	613	1,426
Interest bearing loans and borrowings	30	3,777	4,893
TOTAL NON-CURRENT LIABILITIES		4,390	6,319
TOTAL LIABILITIES		11,546	17,996
NET ASSETS		347,843	320,699
EQUITY			
Accumulated surplus		136,470	128,635
Asset revaluation reserve	31 (a)	209,861	187,469
Other reserves	31 (b)	1,512	4,595
TOTAL EQUITY		347,843	320,699

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

South Gippsland Shire Council

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2008

			Accumulated	Asset Revaluation	Other
	Note	Total	Surplus	Reserve	Reserves
2008		2008	2008	2008	2008
		\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		320,699	128,635	187,469	4,595
Surplus for the year		3,799	3,799	-	-
Net assets revaluation increment	31 (a)	23,345	953	22,392	-
Transfers to other reserves	31 (b)	-	(1,011)	-	1,011
Transfers from other reserves	31 (b)	-	4,094	-	(4,094)
Balance at end of the financial year		347,843	136,470	209,861	1,512

			Accumulated	Asset Revaluation	Other
	Note	Total	Surplus	Reserve	Reserves
2007		2007	2007	2007	2007
		\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		316,117	125,607	187,448	3,062
Amendments to opening balance	1(g)(iv)	1,457	1,457	-	-
Surplus for the year		3,074	3,074	-	-
Net assets revaluation increment	31 (a)	21	-	21	-
Transfers to other reserves	31 (b)	-	(1,533)	-	1,533
Transfers from other reserves	31 (b)	-	-	-	-
Adjustments directly to equity	32	30	30	-	-
Balance at end of the financial year		320,699	128,635	187,469	4,595

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

South Gippsland Shire Council

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008

	Notes	2008 \$'000	2007 \$'000
		Inflows (Outflows)	Inflows (Outflows)
CASHFLOWS from OPERATING ACTIVITIES			
Rates		22,399	20,622
Statutory fees and fines		366	395
User charges and other fines (inclusive of GST)		2,062	929
Grants (inclusive of GST)		11,890	10,802
Reimbursements (inclusive of GST)		331	305
Interest received		862	786
Rents (inclusive of GST)		253	258
Other receipts (inclusive of GST)		1,111	1,539
Payments to suppliers (inclusive of GST)		(16,277)	(13,123)
Payments to employees		(12,793)	(11,361)
Other payments (inclusive of GST)		(1,802)	(1,705)
Net cash provided by operating activities	33	8,402	9,447
CASHFLOWS from INVESTING ACTIVITIES			
Payments for property, plant and equipment and infrastructure assets		(7,721)	(8,233)
Proceeds from sale of property, plant and equipment	10	2,086	1,458
Repayment of loans and advances from community organisations		7	6
Payments for other financial assets		(50)	(200)
Net Cash used in investing activities		(5,678)	(6,969)
Repayment of interest bearing loans and borrowings		(5,544)	(980)
Finance costs		(589)	(729)
Trust Funds		7	(40)
Net cash used in financing activities		(6,126)	(1,749)
Net (decrease) increase in cash and cash equivalents		(3,402)	729
Cash and cash equivalents at the beginning of the financial year		9,592	8,863
Cash and cash equivalents at the end of the financial year	34	6,190	9,592
Financing arrangements	35		
Non-cash financing and investing activities	36		
Restrictions on cash assets	37		

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

South Gippsland Shire Council

NOTES TO THE FINANCIAL STATEMENTS

Introduction

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

The purpose of Council is to:

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

External Auditor - Auditor-General of Victoria

Internal Auditor - Haines Norton (until 31/12/2007), Deloittes (from 01/01/2008)

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 an Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes accompanying these financial statements.

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

NOTE 1 Significant Accounting Policies

(a) Basis of Accounting

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

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

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

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

(b) Change in Accounting Policy

Council reviewed the useful lives of infrastructure asset components as part of its regular annual assessment. This resulted in the following:

- Change in Carparks and Road Component Useful Lives for pavement and seals.

When recording road assets, each road consists of several different component layers. The apportionment of total construction costs to each road component is determined by estimation on a number of factors, including engineering design and experience, historical data and contract data. Each component reflects a different useful life and therefore a different depreciation rate.

A review and testing was carried out on a random sample of road pavements within the Shire and it was found that remaining useful life was greater than the current useful life of 60 years. As a result of this the pavement useful life has been revised to 100 years. The impact of this is a reduction in depreciation by approximately \$0.16 million (full year impact of \$0.65M). A review of the reseal component and the cycle of reseal being carried out every 17 years rather than our existing useful life being 12 years has also resulted in a reduction in depreciation of \$0.21 million (full year impact \$0.85M).

As a result of this review annual depreciation is reduced by approximately \$1.50 million.

(c) Revenue Recognition

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

NOTE 1 Significant Accounting Policies (cont'd)

(c) Revenue Recognition (con't)

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.

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

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

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

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

(d) Depreciation of Non-Current Assets

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

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

NOTE 1 Significant Accounting Policies (cont'd)

(d) Depreciation of Non-Current Assets (cont'd)

Road earthworks and land are not depreciated.

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

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

		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 (60 Years in 2007)
	Seal	17 Years (12 Years in 2007)
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 (60 Years in 2007)
	Seal	17 Years (12 Years in 2007)
Other Structures		2 to 40 Years

(e) Repairs and maintenance

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

NOTE 1 Significant Accounting Policies (cont'd)

(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.

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

	\$'000
Property	
Land	
land	-
land improvements	10
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

NOTE 1 Significant Accounting Policies (con'd)

(g) Recognition of Assets (cont'd)

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 work	15

Other Structures	15
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(ii) Revaluation of Assets

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

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

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

Within the same class of assets, revaluation increments and decrements within the year are offset.

(iii) Land Under Roads

These accounts do not include recognition for the value of land under roads. Council has elected to recognise land under roads as an asset in accordance with AASB 1051 Land Under Roads, which applies from the first reporting period commencing on or after 1 July 2008. The fair value method of valuation will apply to Land Under Roads.

NOTE 1 Significant Accounting Policies (cont'd)

(g) Recognition of Assets (cont'd)

(iv) Found assets - prior year error (adjusted in equity)

	\$'000
Land recognised during revaluation process	140
Buildings recognised during revaluation process	723
Other Infrastructure recognised during revaluation process	594
	<u>1,457</u>

During the 2008 year as part of a continuous improvement focus and as part of the revaluation of Land and Buildings and other infrastructure asset classes variances were discovered. This resulted in the form of asset recognition which were deemed to be prior year assets and have therefore been adjusted against equity, in the opening balance for 2007.

(h) Cash and cash equivalents

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

(i) Financial guarantees

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

(j) Investments

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

(k) Accounting for investments in associates

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

NOTE 1 Significant Accounting Policies (cont'd)

(l) Tender Deposits

Amounts received as tender deposits and retention amounts controlled by Council are recognised as Trust funds until they are returned or forfeited (refer to note 28).

(m) Employee Entitlements

Wages and salaries

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

Annual Leave

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

Long Service Leave

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

Classification of employee benefits

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

Superannuation

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

NOTE 1 Significant Accounting Policies (cont'd)

(n) Leases

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

(o) Allocation between current and non-current

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

(p) Agreements equally proportionately unperformed

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

(q) Web site costs

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

(r) Goods and Services Tax (GST)

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

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

(s) Impairment of assets

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

NOTE 1 Significant Accounting Policies (con'd)

(t) Land Held for Resale

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

(u) Rounding

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

(v) Non-current assets held for sale

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

(w) Inventories

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

(x) Investment properties

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

NOTE 2 Special committees and other activities

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

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

NOTE 3 Rates and charges

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

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

The valuation base used to calculate general rates is :-

	2008 \$'000	2007 \$'000
Residential	2,415,302	2,353,381
Vacant Land	245,505	255,443
Commercial/Industrial	298,813	293,113
Farm	2,102,752	2,086,057
Cultural & Recreational Lands Act	6,805	6,775

Total Capital Improved Valuation

<u>5,069,177</u>	<u>4,994,769</u>
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The rate in the dollar for each rate classification was:-

Residential	0.00335767	0.00315258
Vacant Land	0.00503651	0.00504413
Commercial/Industrial	0.00335767	0.00315258
Farm	0.00302190	0.00283732
Cultural & Recreational Lands Act	0.00134307	0.00126103

The rates for each classification was:-

Residential	8,003	7,257
Vacant Land	1,257	1,289
Commercial/Industrial	992	924
Farm	6,329	5,919
Cultural & Recreational Lands Act	9	8
Municipal Charge	4,147	3,886
Supplementary Rates & Rate Adjustments	228	238
Garbage Charges	1,366	1,260

Total Rates

<u>22,331</u>	<u>20,781</u>
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The date of the previous general revaluation of land for rating purposes within the municipal district was 1 January 2006, and the valuation first applied to the rating period commencing 1 July 2006.

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

NOTE 4 Statutory fees and fines

	2008 \$'000	2007 \$'000
Parking Infringements & Fines	24	28
Land Information Certificates	30	24
Local Laws / Animal control	8	3
Fire prevention	3	3
Building Services	81	55
Town Planning applications	211	276
Parking Permits	-	7
Infringement Court Recoveries	9	6
Total Statutory fees and fines	366	402

NOTE 5 User fees

Youth Development	4	3
Aged & Disabled Services	133	122
Food Services	140	145
Subdivision Fees	91	91
Immunisation	7	6
Community Transport	30	31
Woodchip Sales	3	7
Health Licences	112	102
Boat Ramp Fees	13	9
Road RAP fees	11	8
Transfer Stations	238	236
Landfills	556	450
Local Laws	11	12
Animal Control	209	198
Fire Prevention	4	5
Building Services	3	3
Waste Water Management	97	93
Economic Development	1	1
Tourism Development	34	14
Public Halls	25	31
Town Planning	5	5
Coal Creek	18	102
Arts & Culture	7	10
Total user fees	1,752	1,684

NOTE 6 Grants

	2008 \$'000	2007 \$'000
Grants were received in respect of the following:-		
Recurrent		
Commonwealth Government		
Roads to Recovery	1,581	1,529
State Government - General Purpose		
Victorian Grants Commission - unallocated	3,750	3,633
Victorian Grants Commission - local roads	2,575	2,460
School Crossing Supervision	24	23
Economic Development & Tourism	11	-
Coal Creek Education	20	20
Maternal & Child Health	181	172
Community Transport	36	34
Immunisation	49	27
Families & Children's Services	54	51
Food Services	32	34
Senior Citizens Centres	21	19
Aged & Disabled Services	772	745
Community Centres	32	30
HACC Assessment	112	73
Community Building	89	89
Beach Cleaning	-	8
State Emergency Services	10	10
Bus Shelters	5	5
Engineering	-	3
Total Recurrent Grants	9,354	8,965

NOTE 6 Grants (cont'd)

	2008 \$'000	2007 \$'000
Non Recurrent		
State Government - General Purpose		
Youth Services	22	11
State Emergency Services	-	18
National Competition Policy	9	-
Community Building	162	114
Valuation Services	11	245
Fire Services	7	5
Channel Dredging	33	-
Traffic management	60	-
Aged & Disabled Services	51	15
Local Roads	651	686
Bus Shelters	90	-
Arts and Culture	14	14
Recreation and Leisure	1,273	371
Economic Development & Tourism	297	79
Kerbside Recycling	20	49
Environmental Planning	14	21
Council Properties	-	8
Drought Relief	(4)	373
Total Non Recurrent Grants	<u>2,710</u>	<u>2,009</u>
Total Grants	<u>12,064</u>	<u>10,974</u>

NOTE 6 Grants (cont'd)

2008
\$'000

2007
\$'000

Conditions on Grants

Grants recognised as revenue during the year and were obtained on the condition that they be expended in a specified manner that had not occurred at balance date were:

Grants for Community Projects	338	161
Home and Community Care	69	5
Recreation and Leisure	130	-
Drought Relief Grants for Community projects	-	373
Grants for Road and associated works	55	48
Total	592	587

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

Grants for Community Projects	128	28
Home and Community Care	5	-
Drought Relief Grants for Community projects	373	-
Grants for Road and associated works	389	1,123
Total	895	1,151

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

(303)

(564)

NOTE 7 Contributions

	2008 \$'000	2007 \$'000
Contributions were received in respect of the following :		
(a) Cash		
Open Space *	28	86
Recreation	524	112
Community Centres	-	10
Boat Ramps	-	15
Public halls	22	-
Arts & Culture	-	7
Municipal Offices	3	2
Local Roads	16	-
Total cash contributions	593	232
(b) Non-monetary assets		
Roads & Streets	1,236	722
Bridges	15	-
Drains	502	389
Kerbs & Channel	265	118
Footpaths	157	118
Other Structures	13	10
Land	-	2
Total non cash contributions	2,188	1,359
Total Contributions	2,781	1,591

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

NOTE 8 Reimbursements

Reimbursements were received in respect of the following:	2008 \$'000	2007 \$'000
Rate Recovery Proceedings	137	134
Insurances	28	30
Information Services	1	-
Diesel Fuel Rebate	57	35
Arts & Culture	-	1
Local Roads	1	18
Work Cover	102	75
Youth Services	-	1
Information Centre	-	12
Tertiary Study Assistance	1	1
Aged & Disabled Services	3	2
Building Services	1	1
Total Reimbursements	331	310

NOTE 9 Other revenue

Interest on rates	181	124
Other Interest	678	674
Other rent	204	201
Investment property rent	45	57
Quarries	16	18
Youth Services	1	8
Private Works	1,333	854
Families & Children	8	7
Financial Services	19	14
Information Services	-	3
Animal Control	1	1
Coal Creek	28	113
Community Raffle	-	24
Sundry Income	12	4
Total Other income	2,526	2,102

NOTE 10 Disposal of Property, Plant & Infrastructure

	2008 \$'000	2007 \$'000
Proceeds of Sales		
Proceeds from Land Sales	210	142
Proceeds from non current assets held for sale	760	-
Proceeds from Plant & Equipment Sales	1,116	1,316
Total Proceeds from Sale of Assets	2,086	1,458
Written Down Value of Items sold		
Carrying Amount of Land Sold	145	120
Carrying Amount of non current assets held for sale	855	-
Carrying Amount of Plant & Equipment Sold	1,262	1,508
Total Written Down Value of Assets sold	2,262	1,628
Gain / (Loss) on Disposal of Fixed Assets	(176)	(170)
Disposal of assets for no consideration		
Carrying Amount of Land Sold	278	-
Carrying Amount of Buildings Sold	47	-
Recognised directly in Income Statement	325	-

** Stock take of furniture and equipment assets resulted in \$527,000 worth of fully depreciated assets being written out of Assets. There is no Income Statement affect as these assets were fully depreciated.

NOTE 11 Employee benefits

Wages & Salaries	11,035	10,094
Annual and Long Service Leave	1,424	1,122
Superannuation	1,045	947
Workcover	381	381
Fringe benefits tax	91	79
Gross employee benefits	13,976	12,623
Less employee benefits capitalised to the balance sheet for works performed on capital projects.	(772)	(851)
Total employee benefits	13,204	11,772

NOTE 12 Materials and services

	2008	2007
	\$'000	\$'000
Contract payments		
Landfill and Transfer Stations	1,056	943
Garbage Collections	399	378
Kerbside Recycling	445	416
Litter bins	156	152
Elections	3	-
Leisure Centre Operations	326	297
Handyman Contractors	31	18
Great Southern Rail Trail	565	180
External Hire, Minor Contractors	2,164	1,336
Cleaning	127	123
Software Maintenance	484	418
Materials		
Materials General	5,260	4,138
Fuel & Oils	813	852
Services		
Advertising & Promotion Costs	380	368
Utility Charges(power,phone,water)	502	498
Subscriptions, affiliations and conferences	87	103
Leases	491	573
Legal Fees	287	215
Consultancies and projects	967	852
Insurance Premiums	503	604
Plant & Equipment Registrations	116	106
Training expenses	196	95
Postage	62	58
State levies	177	132
Occupational health and safety	89	60
Gippsland Group Training	73	118
Other	78	140
Total materials and services	15,837	13,173

NOTE 13 Bad and Doubtful Debts

Other Debtors	3	2
Total bad and doubtful debts	3	2

Note 14 Depreciation

	2008 \$'000	2007 \$'000
Depreciation for the year was charged in respect of:-		
Office Furniture & Equipment	144	120
Plant and Equipment	738	758
Buildings	1,492	1,407
Heritage buildings	46	45
Roads and Streets	3,241	3,063
Bridges	234	231
Culverts	110	108
Footpaths	199	187
Kerb & Channel	187	181
Car parks	61	59
Drains	197	183
Other Structures	263	182
	<u>6,912</u>	<u>6,524</u>

Summary of Depreciation

Property, Plant and Equipment	2,420	2,330
Infrastructure Assets	4,492	4,194

Total depreciation

<u>6,912</u>	<u>6,524</u>
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Note 15 Finance costs

Interest - Borrowings	539	725
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Total finance costs

<u>539</u>	<u>725</u>
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Note 16 Other Expenses

Library Contributions	692	637
Community & Sporting Grants	918	904
Auditors' remuneration	62	64
Councillors allowances	166	166
Bank Fees & Charges	76	78
Roads streets and bridge assets written off	104	156
Buildings written off	180	-
Sundry Expenses	39	20

Total other expenses

<u>2,237</u>	<u>2,025</u>
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NOTE 17 Investments in associates

Investment in the West Gippsland Regional Library	2008	2007
Service is accounted for using the equity method.	\$'000	\$'000

Background

Council has a 30.55% equity interest in the West Gippsland Regional Library Corporation in 2007/08 (30.55% in 2006/07).

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	512	491
Adjustment to opening balance (equity ratio)	-	30
Reported surplus (deficit) for year	(93)	(9)
Council's share of accumulated surplus (deficit) at end of year	419	512

Council's share of reserves

Council's share of reserves at start of year	364	343
Transfers to asset revaluation reserve	-	21
Council's share of reserves at end of year	364	364

Movement in carrying value of specific investment

Carrying value of investment at start of year	876	834
Adjustment to opening balance (equity ratio)	-	30
Transfers to asset revaluation reserve	-	21
Share of surplus (deficit) for year	(93)	(9)
Carrying value of investment at end of year	783	876

Council's share of expenditure commitments

Operating commitments	-	-
Capital commitments	-	-
Operating leases and rentals	84	105
	84	105

The West Gippsland Regional Library Service has not disclosed any contingent liabilities and assets for the financial years of 2008 and 2007.

NOTE 18 Other assets

Current	2008 \$'000	2007 \$'000
Prepayments		
General Prepaid Expenses	90	81
Insurance Premiums	-	171
TOTAL OTHER ASSETS	90	252

NOTE 19 Cash and cash equivalents

Cash on Hand	2	2
Cash at Bank	338	40
Money Market Call Account	850	1,000
Bank Bills	5,000	8,550
TOTAL CASH AND CASH EQUIVALENTS	6,190	9,592

NOTE 20 Trade and other receivables

Current		
Rates Debtors	617	679
Other Receivables - General	2,431	1,616
Car parking contributions	-	4
Loans and Advances to Community Organisations	7	7
Property Debtors	10	16
Net GST Receivable	221	266
	3,286	2,588
Non-current		
Loans and Advances to Community Organisations	26	33
	26	33
TOTAL RECEIVABLES	3,312	2,621

Note 21 Financial Assets

	2008 \$'000	2007 \$'000
Current		
Long Service Leave Investment	1,750	1,700
TOTAL FINANCIAL ASSETS	1,750	1,700

Note 22 Inventories

Current		
Raw Materials and Stores	103	60
TOTAL INVENTORIES	103	60

Note 23 Non-current assets classified as held for resale

Land at fair value	-	637
Total non-current assets held for resale	-	637

Note 24 Property, plant and equipment, Infrastructure

		2008 \$'000	2007 \$'000
Summary			
- at cost		15,285	22,229
Less:	Accumulated depreciation	(4,538)	(5,388)
		<u>10,747</u>	<u>16,841</u>
- at Council Valuation 1 Jan 2008		116,588	-
Less:	Accumulated depreciation	(41,335)	-
- at Council Valuation 1 April 2008		320,079	-
Less:	Accumulated depreciation	(78,705)	-
- at Council Valuation 1 Jan 2006		-	105,770
Less:	Accumulated depreciation	-	(36,236)
- at Council Valuation 1 April 2006		31,347	311,964
Less:	Accumulated depreciation	(12,040)	(77,228)
- at Council Valuation 31 December 2002		-	3,925
Less:	Accumulated depreciation	-	(2,605)
		<u>335,934</u>	<u>305,590</u>
Total property, plant and equipment, infrastructure		<u>346,681</u>	<u>322,431</u>

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

Property	2008 \$'000	2007 \$'000
Land		
- at Council Valuation 1 Jan 2008 **	36,575	-
- at Council Valuation 1 Jan 2006 **	-	33,191
- at cost	-	-
	<u>36,575</u>	<u>33,191</u>
Buildings		
- at Council Valuation 1 Jan 2008 *	75,214	-
Less: Accumulated depreciation	(38,336)	-
- at Council Valuation 1 Jan 2006 *	-	68,201
Less: Accumulated depreciation	-	(33,544)
	<u>36,878</u>	<u>34,657</u>
- at cost	257	142
Less: Accumulated depreciation	-	(3)
	<u>257</u>	<u>139</u>
Heritage Buildings		
- at Council Valuation 1 Jan 2008 *	4,799	-
Less: Accumulated depreciation	(2,999)	-
- at Council Valuation 1 Jan 2006 *	-	4,378
Less: Accumulated depreciation	-	(2,692)
	<u>1,800</u>	<u>1,686</u>
- at cost	-	93
Less: Accumulated depreciation	-	(1)
	<u>-</u>	<u>92</u>
Total Buildings	<u>38,935</u>	<u>36,574</u>
Total Property	<u>75,510</u>	<u>69,765</u>

* The Building revaluations were undertaken by Andrew Begg AAIV(Council employee) as at 1 January 2008. The basis of valuation was fair value based upon depreciated replacement cost.

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

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

	2008 \$'000	2007 \$'000
Plant and Equipment		
Plant, machinery and equipment		
- at cost	8,270	8,216
Less: Accumulated depreciation	(2,776)	(2,832)
	<u>5,494</u>	<u>5,384</u>
Furniture, computers and other equipment		
- at cost	2,055	2,548
Less: Accumulated depreciation	(1,738)	(2,121)
	<u>317</u>	<u>427</u>
Total Plant and Equipment	<u>5,811</u>	<u>5,811</u>
Infrastructure Assets		
Roads		
- at Council Valuation 1 April 2008 *	264,832	-
Less: Accumulated depreciation	(61,616)	-
- at Council Valuation 1 April 2006 *	-	240,959
Less: Accumulated depreciation	-	(52,939)
- at cost	1,413	5,866
Less: Accumulated depreciation	(7)	(134)
	<u>204,622</u>	<u>193,752</u>
Bridges		
- at Council Valuation 1 April 2006 *	22,555	22,555
Less: Accumulated depreciation	(8,766)	(8,540)
- at cost	815	798
Less: Accumulated depreciation	(11)	(3)
	<u>14,593</u>	<u>14,810</u>
Major Culverts		
- at Council Valuation 1 April 2006 *	8,792	8,792
Less: Accumulated depreciation	(3,274)	(3,166)
- at cost	199	194
Less: Accumulated depreciation	(2)	-
	<u>5,715</u>	<u>5,820</u>

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

	2008 \$'000	2007 \$'000
Footpaths		
- at Council Valuation 1 April 2008 *	12,484	-
Less: Accumulated depreciation	(2,517)	-
- at Council Valuation 1 April 2006 *	-	10,827
Less: Accumulated depreciation	-	(2,204)
- at cost	712	593
Less: Accumulated depreciation	(2)	(10)
	<u>10,677</u>	<u>9,206</u>
Kerb & Channel		
- at Council Valuation 1 April 2008 *	11,752	-
Less: Accumulated depreciation	(4,229)	-
- at Council Valuation 1 April 2006 *	-	10,503
Less: Accumulated depreciation	-	(3,960)
- at cost	75	382
Less: Accumulated depreciation	-	(7)
	<u>7,598</u>	<u>6,918</u>
Off-street car parks		
- at Council Valuation 1 April 2008 *	5,074	-
Less: Accumulated depreciation	(2,316)	-
- at Council Valuation 1 April 2006 *	-	4,543
Less: Accumulated depreciation	-	(2,138)
- at cost	30	18
Less: Accumulated depreciation	(1)	(2)
	<u>2,787</u>	<u>2,421</u>
Drains		
- at Council Valuation 1 April 2008 *	18,095	-
Less: Accumulated depreciation	(5,393)	-
- at Council Valuation 1 April 2006 *	-	13,785
Less: Accumulated depreciation	-	(4,281)
- at cost	10	955
Less: Accumulated depreciation	-	(14)
	<u>12,712</u>	<u>10,445</u>

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

	2008 \$'000	2007 \$'000
Other Structures		
- at Council Valuation 1 April 2008 *	7,842	-
Less: Accumulated depreciation	(2,634)	-
- at Council Valuation 31 December 2002	-	3,925
Less: Accumulated depreciation	-	(2,605)
- at cost	444	1,694
Less: Accumulated depreciation	(1)	(261)
	<u>5,651</u>	<u>2,753</u>
TOTAL INFRASTRUCTURE ASSETS	<u>264,355</u>	<u>246,125</u>

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

Fair value represents the written down replacement cost.

Works In Progress

Buildings at cost	253	67
Roads at cost	272	478
Kerb & channel at cost	37	-
Footpaths at cost	-	182
Bridges at cost	354	-
Off Street Car Parks	89	-
Other structures at cost	-	3
Total works in progress	<u>1,005</u>	<u>730</u>
Total Property, Plant and Equipment, Infrastructure	<u>346,681</u>	<u>322,431</u>

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

2008 Property	Balance at beginning of financial Year \$'000	Acquisition of assets \$'000	Revaluation increments (decrements) (note 31) \$'000	Depreciation (note 14) \$'000	Written down value of disposals (note 10) \$'000	Items written off and derecognised (note 16) \$'000	Transfers \$'000	Balance at end of financial Year \$'000
Land	33,191	-	3,807	-	(423)	-	-	36,575
Total Land	33,191	-	3,807	-	(423)	-	-	36,575
Buildings	34,797	679	3,378	(1,492)	(47)	(180)	-	37,135
Heritage buildings	1,777	-	69	(46)	-	-	-	1,800
Total buildings	36,574	679	3,447	(1,538)	(47)	(180)	-	38,935
Total property	69,765	679	7,254	(1,538)	(470)	(180)	-	75,510
Plant and Equipment								
Plant, machinery and equipment	5,384	2,110	-	(738)	(1,262)	-	-	5,494
Furniture, computers and equipment	427	34	-	(144)	-	-	-	317
Total plant and equipment	5,811	2,144	-	(882)	(1,262)	-	-	5,811
Infrastructure								
Roads	193,752	4,227	9,720	(3,241)	-	(42)	206	204,622
Bridges	14,810	17	-	(234)	-	-	-	14,593
Major culverts	5,820	5	-	(110)	-	-	-	5,715
Footpaths and cycleways	9,206	725	813	(199)	-	(43)	182	10,684
Kerb and channel	6,918	333	538	(187)	-	(11)	-	7,591
Drainage	10,445	513	1,951	(197)	-	-	-	12,712
Off-street car parks	2,421	50	377	(61)	-	-	-	2,787
Other infrastructure	2,753	692	2,475	(263)	-	(9)	3	5,651
Total infrastructure	246,125	6,562	15,874	(4,492)	-	(105)	391	264,355
2008 Works in progress								
Buildings	67	186	-	-	-	-	-	253
Roads	478	-	-	-	-	-	(206)	272
Footpaths	182	-	-	-	-	-	(182)	-
Kerb and channel	-	37	-	-	-	-	-	37
Off-street car parks	-	89	-	-	-	-	-	89
Bridges	-	354	-	-	-	-	-	354
Major Culverts	-	-	-	-	-	-	-	-
Other structures	3	-	-	-	-	-	(3)	-
Total works in progress	730	666	-	-	-	-	(391)	1,005
Total property, plant and equipment, infrastructure	322,431	10,051	23,128	(6,912)	(1,732)	(285)	-	346,681

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

2007 Property	Balance at beginning of financial Year \$'000	Acquisition of assets \$'000	Revaluation increments (decrements) (note 31) \$'000	Depreciation (note 14) \$'000	Written down value of disposals (note 10) \$'000	Items written off and derecognised (note 16) \$'000	Transfers \$'000	Balance at end of financial Year \$'000
Land	33,770	3	-	-	-	-	(582)	33,191
Total Land	33,770	3	-	-	-	-	(582)	33,191
Buildings	36,084	120	-	(1,407)	-	-	-	34,797
Heritage buildings	1,822	-	-	(45)	-	-	-	1,777
Total buildings	37,906	120	-	(1,452)	-	-	-	36,574
Total property	71,676	123	-	(1,452)	-	-	(582)	69,765
Plant and Equipment	4,876	2,769	-	(758)	(1,508)	-	5	5,384
Plant, machinery and equipment	231	282	-	(120)	-	-	34	427
Total plant and equipment	5,107	3,051	-	(878)	(1,508)	-	39	5,811
Infrastructure	192,814	3,842	-	(3,063)	-	(47)	206	193,752
Roads	14,338	570	-	(231)	-	(95)	228	14,810
Bridges	5,734	156	-	(108)	-	-	38	5,820
Major culverts	9,067	326	-	(187)	-	-	-	9,206
Footpaths and cycleways	6,928	177	-	(181)	-	(15)	9	6,918
Kerb and channel	10,239	389	-	(183)	-	-	-	10,445
Drainage	2,480	-	-	(59)	-	-	-	2,421
Off-street car parks	2,563	372	-	(182)	-	-	-	2,753
Total infrastructure	244,163	5,832	-	(4,194)	-	(157)	481	246,125
2007 Works in progress	-	67	-	-	-	-	-	67
Buildings	206	478	-	-	-	-	(206)	478
Roads	182	-	-	-	-	-	-	182
Footpaths and cycleways	9	-	-	-	-	-	(9)	-
Kerb and channel	228	-	-	-	-	-	(228)	-
Bridges	38	-	-	-	-	-	(38)	-
Major Culverts	-	3	-	-	-	-	-	3
Other structures	663	548	-	-	-	-	(481)	730
Total works in progress	663	548	-	-	-	-	(481)	730
Total property, plant and equipment, infrastructure	321,609	9,554	-	(6,524)	(1,508)	(157)	(543)	322,431

Note 25 Joint venture information

2008	2007
\$'000	\$'000

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

NOTE 26 Investment properties

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

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 AAIIV (Council employee) who has recent experience in the location and category of the property being valued.

Note 27 Trade and other payables

Current

Payables	2,123	2,075
Accrued Salaries & Wages	697	586
Accruals - Loan Interest	15	65
TOTAL PAYABLES	2,835	2,726

Note 28 Trust funds and deposits

Current

Refundable Deposits	103	127
Tender Deposits	59	28
TOTAL TRUST FUNDS	162	155

Note 29 Provisions

	Annual Leave \$'000	Rostered Days Leave \$'000	Long Service Leave \$'000	Landfills Restoration \$'000	Total \$'000
2008					
Balance at beginning of the financial year	1,183	21	1,834	1,540	4,678
Additional provisions	927	6	397	142	1,472
write back to income statement	-	-	-	(1,020)	(1,020)
Amounts used	(766)	-	(317)	(440)	(1,523)
Increase / (decrease) in the discounted amount arising because of time and the effect of any changes in the discount rate.	9	-	40	-	49
Balance at the end of the financial year	1,353	127	1,954	222	3,656
2007					
Balance at beginning of the financial year	1,088	110	1,748	1,300	4,246
Additional provisions	787	11	388	370	1,556
Amounts used	(685)	-	(247)	(130)	(1,062)
Increase / (decrease) in the discounted amount arising because of time and the effect of any changes in the discount rate.	(7)	-	(55)	-	(62)
Balance at the end of the financial year	1,183	121	1,834	1,540	4,678

Note 29 Provisions (cont'd)

	2008 \$'000	2007 \$'000
(a) Employee Benefits		
Current (i)		
Annual Leave	1,353	1,183
Rostered Days	127	121
Long Service Leave	1,483	1,448
	<u>2,963</u>	<u>2,752</u>
Non-current (ii)		
Long Service Leave	471	386
	<u>471</u>	<u>386</u>
Total employee benefits	<u>3,434</u>	<u>3,138</u>
Aggregate carrying amount of employee benefits		
Current	2,963	2,752
Non Current	471	386
Total employee benefits	<u>3,434</u>	<u>3,138</u>

Note 29 Provisions (cont'd)

	2008	2007
(a) Employee Benefits (cont'd)		
Average employee numbers during the financial year	275	269
The following assumptions were adopted in measuring the present value of long service leave :		
Weighted average increase in employee costs	4.75%	4.50%
Weighted average discount rates	6.54%	6.34%
Weighted average settlement period	12 years	12 years
	\$'000	\$'000
(i) Current		
All annual leave and the long service leave entitlements representing 10 or more years of continuous services.		
- Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value.	1,850	1,586
- Other long-term employee benefits that do not fall due within 12 months after the end of the reporting period measured at present value.	1,113	1,166
	<u>2,963</u>	<u>2,752</u>
(ii) Non-current		
Long service leave representing less than 10 years of continuous service measured at present value	<u>471</u>	<u>386</u>

Note 29 Provisions (con't)

2008
\$'000

2007
\$'000

(b) Provisions

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

Current

Financial Assurance - Koonwarra
Landfill site 1

80

500

80

500

Non-current

Financial Assurance - Koonwarra
Landfill site 1

-

1,040

Financial Assurance - Koonwarra
Landfill site 2

142

-

142

1,040

Total

222

1,540

Total of all provisions

Current

Employee benefits
Landfills site 1

2,963

2,752

80

500

3,043

3,252

Non-Current

Employee benefits
Landfills site 1
Landfills site 2

471

386

-

1,040

142

-

613

1,426

Grand totals

3,656

4,678

	2008 \$'000	2007 \$'000
NOTE 30 Interest Bearing Liabilities		
Current		
Loans - Secured *	1,116	5,544
	<u>1,116</u>	<u>5,544</u>
Non Current		
Loans - Secured *	3,777	4,893
	<u>3,777</u>	<u>4,893</u>
TOTAL INTEREST BEARING LIABILITIES	<u>4,893</u>	<u>10,437</u>

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

These interest bearing liabilities are due for payment:

Not later than one year	1,116	5,544
Later than one year and not later than five years	3,643	4,442
Later than five years	134	451
	<u>4,893</u>	<u>10,437</u>

NOTE 31 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
<u>(a) Asset Revaluation Reserve</u>				
<u>2008</u>				
Property				
Land	19,982	3,807	(538)	23,251
Land held for resale	-	218	(218)	-
Investments in associates	364	-	-	364
Buildings	14,046	3,378	(198)	17,226
Heritage buildings	611	69	-	680
Plant & Equipment	386	-	-	386
	<u>35,389</u>	<u>7,472</u>	<u>(954)</u>	<u>41,907</u>
Infrastructure				
Roads and Streets	137,650	9,720	-	147,370
Bridges	2,800	-	-	2,800
Major Culverts	2,712	-	-	2,712
Drainage	1,784	1,951	-	3,735
Footpaths	4,221	813	-	5,034
Kerb & Channel	1,261	538	-	1,799
Car parks	1,470	377	-	1,847
Other Structures	182	2,475	-	2,657
	<u>152,080</u>	<u>15,874</u>	<u>-</u>	<u>167,954</u>
Total Asset Revaluation Reserve	<u>187,469</u>	<u>23,346</u>	<u>(954)</u>	<u>209,861</u>
<u>2007</u>				
Property				
Land	19,982	-	-	19,982
Investments in associates	343	21	-	364
Buildings	14,046	-	-	14,046
Heritage buildings	611	-	-	611
Plant & Equipment	386	-	-	386
	<u>35,368</u>	<u>21</u>	<u>-</u>	<u>35,389</u>
Infrastructure				
Roads and Streets	137,650	-	-	137,650
Bridges	2,800	-	-	2,800
Major Culverts	2,712	-	-	2,712
Drainage	1,784	-	-	1,784
Footpaths	4,221	-	-	4,221
Kerb & Channel	1,261	-	-	1,261
Car parks	1,470	-	-	1,470
Other Structures	182	-	-	182
	<u>152,080</u>	<u>-</u>	<u>-</u>	<u>152,080</u>
Total Asset Revaluation Reserve	<u>187,448</u>	<u>21</u>	<u>-</u>	<u>187,469</u>

NOTE 31 Reserves (cont)

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

2007

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

Public Open Space

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

Land Development Reserve

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

Loan Reduction Reserve

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

Other Reserve

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

Garbage Service Reserve

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

NOTE 32 Adjustments directly to equity

	2008 \$'000	2007 \$'000
Adjustment to Library Service Equity (See Note 17)	-	30
	<u>-</u>	<u>30</u>

NOTE 33 Reconciliation of cash flows from operating activities to surplus

Surplus for the period	3,799	3,074
Depreciation	6,912	6,524
Assets written off	284	156
Finance costs	589	729
(Profit) Loss on disposal of Property, Plant and Equipment	176	170
Gifted Assets	325	-
Non Cash developer contributions	(2,188)	(1,359)
Fair value adjustment for investment property	46	-
Change in assets and liabilities:		
(Increase)Decrease in Receivables	(691)	(967)
(Increase) Decrease in Other Assets	255	(90)
(Increase)Decrease in Inventories	(43)	27
Increase(Decrease) in Payables	102	751
Increase (Decrease) in Employee Entitlements	296	192
Increase (Decrease) in Other Provisions	(1,460)	240
Net cash provided by operating activities	<u>8,402</u>	<u>9,447</u>

NOTE 34 Reconciliation of cash and cash equivalents

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

Cash and cash equivalents (see note 19)	6,190	9,592
Total cash and cash equivalents	<u>6,190</u>	<u>9,592</u>

NOTE 35 Financing Facilities

	2008 \$'000	2007 \$'000
Bank Overdraft		
Unused facilities	1,000	1,000
Total financing facilities	1,000	1,000

NOTE 36 Non-cash financing and investing activities

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

NOTE 37 Restricted Assets

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

Current

Long Service Leave (note 29)	1,750	1,700
Government Receipts (note 6)	625	928
Reserve funds (note 31)	145	117
TOTAL RESTRICTED CURRENT ASSETS	2,520	2,745

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

NOTE 38 Superannuation

(a) Accumulation benefits category

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

- Health and Exercise Science Technologists Association (Hesta)
- Australian Mutual Provident Society(AMP)
- MLC
- AXA
- OAMPS Super Fund
- Superwrap
- Hospitality and Tourism Employees Fund (Hostplus)
- Australian Retirement Fund (ARF)
- Health Super
- Vic Super
- Retail Employees Superannuation Trust (REST)
- LUCRF
- ING Australia Ltd (ING)
- MMGG Super
- Perpetual Super Fund
- Superannuation Trust of Australia (STA)
- Vision Super (Local Authorities Superannuation Fund)
- Care Super Fund
- Self Managed Funds
- COMM Life Super
- Australian Government Super

The various fund's accumulation benefits category, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (9% required under Superannuation Guarantee Legislation). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund. From 1 July 2008 employers are required to pay superannuation guarantee contributions based on Ordinary Time Earnings (OTE) which may put upward pressure on contribution levels.

(b) Defined benefits category

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

The Fund's Defined Benefit Plan is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under Paragraph 32 (b) of AASB 119, Council does not use defined benefit accounting for these contributions. Council makes employer contributions to the defined benefits category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation by the Fund's actuary as at 31 December 2007, the Trustee has determined that the current funding arrangements are adequate for the expected Defined Benefit Plan liabilities. Council makes the following contributions:-

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

NOTE 38 Superannuation (con't)

(b) Defined benefits category (con't)

The Fund's liability for accrued benefits was determined in the 30 June 2007 actuarial investigation pursuant to the requirements of Australian Accounting Standard AAS25 as follows:

	30-Jun-07 \$'000
Net Market Value of Assets	4,102,154
Accrued Benefits (per accounting standards)	3,923,436
Difference between Assets and Accrued Benefits	178,718
Vested Benefits	3,572,589

The Accrued Benefits liability has been determined by the Actuary at 30 June 2007 outside of the full actuarial review which is normally undertaken every three years and most recently performed as at 31 December 2007. The liability is calculated to satisfy the requirements of AAS25 and is not reflected in the audited financial statements of the Fund at 30 June 2007.

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

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

	2008 \$'000	2007 \$'000
Employer contributions to under Superannuation Guarantee Levy and Choice of Fund legislation	859	772
Employer contributions to Local Authorities Superannuation Fund (Defined Benefit Plan)	186	175

NOTE 39 Commitments

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

2008	Not Later than 1 Year \$'000	Later than 1 year and not later than 5 Years	Later than 5 years \$'000	Total \$'000
<u>Operating</u>				
Transfer Stations	645	2,055	-	2,700
Landfills	373	1,609	1,223	3,205
Litter Bins	166	528	-	694
Kerbside Recycling	389	1,238	-	1,627
Acceptance/Sorting Recyclables	77	246	-	323
Kerbside Collections	427	1,360	-	1,787
Shire Offices Cleaning	71	74	-	145
Hall Operations	76	79	-	155
Toora Swimming Pool	89	94	-	183
Mirboo North Swimming Pool	53	57	-	110
SG Splash	286	297	-	583
<u>Capital</u>				
Clear Creek Bridge	74	-	-	74
		-	-	-
Totals	2,726	7,637	1,223	11,586

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

NOTE 40 Operating Leases

2008
\$'000

2007
\$'000

(a) Operating Lease Commitments

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

Not later than one year	322	362
Later than one year and not later than five years	665	465
Later than five years	762	532
Total operating lease commitments	1,749	1,359

(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	62	61
Later than one year and not later than five years	269	262
Later than five years	139	196
Total operating lease receivables	470	519

NOTE 41 Contingent Liabilities and Contingent Assets

Contingent Liabilities

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

Contingent Assets

Developer contributions to be received by Council in respect of estates currently under development total \$1.85M (2007 \$2.2M).

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

Recognised Financial Instruments	Notes	Accounting Policy	Terms and Conditions
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Financial Assets

Cash and cash equivalents	19	<p>Cash on hand and at bank and money market call account are valued at face value.</p> <p>Interest is recognised as it accrues.</p> <p>Investments and bills are valued at cost.</p> <p>Investments are held to maximise interest returns on surplus cash.</p>	<p>On call deposits returned a floating interest rate of 6.15% to 7.20% (5.70% to 6.20% in 2006/07). The interest rate at balance date was 7.2% (6.15% in 2006/07).</p> <p>Funds returned fixed interest rates of between 6.43% (5.85% in 2006/07) and 7.45% (6.95% in 2006/07) net of fees.</p> <p>Funds provided a return of between 6.43% (5.85% in 2006/07) and 7.45% (6.95% in 2006/07) net of fees.</p>
Trade and Other Receivables	20	<p>Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debt is recognised when collection in full is no longer probable. Collectability of overdue accounts is assessed on an ongoing basis</p>	<p>General debtors are unsecured and interest free. Credit terms are usually up to 30 days.</p>

Financial Liabilities

Trade and Other Payables	27	<p>Liabilities are recognised for amounts to be paid in the future for goods received and services provided to Council as at balance date whether or not an invoice has been received.</p>	<p>General creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.</p>
Interest-bearing loans and borrowings.	30	<p>Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.</p>	<p>Borrowings are secured by way of mortgage over the general rates of the Council. The average weighted interest rate on borrowings is 6.56% during 2007/08 (6.94% in 2006/07).</p>

NOTE 42 (b) Financial Instruments - Interest Rate Risk

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

2008

	Floating Interest Rate \$'000	1 year or less \$'000	Fixed interest maturing in: Over 1 to 5 years \$'000	More than 5 years \$'000	Non interest bearing \$'000	Total \$'000
(1) Financial Assets						
Trade & other receivables	-	7	26	-	2,662	2,695
Financial Assets	-	1,750	-	-	-	1,750
Cash and cash equivalents	6,188	-	-	-	2	6,190
Total Financial Assets	6,188	1,757	26	-	2,664	10,635

Weighted average interest rate

7.08% 6.60% 6.60%

(2) Financial Liabilities

Trade and other payables	-	-	-	-	2,835	2,835
Trust funds and deposits	-	-	-	-	162	162
Interest Bearing Liabilities	-	1,116	3,643	134	-	4,893
Total Financial Liabilities	-	1,116	3,643	134	2,997	7,890

Weighted average interest rate

6.56% 6.56% 6.56%

Net financial assets (liabilities)

6,188	641	(3,617)	(134)	(333)	2,745
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2007

	Floating Interest Rate \$'000	1 year or less \$'000	Fixed interest maturing in: Over 1 to 5 years \$'000	More than 5 years \$'000	Non interest bearing \$'000	Total \$'000
(1) Financial Assets						
Trade & other receivables	-	7	33	-	1,902	1,942
Financial Assets	-	1,700	-	-	-	1,700
Cash and cash equivalents	9,590	-	-	-	2	9,592
Total Financial Assets	9,590	1,707	33	-	1,904	3,234

Weighted average interest rate

5.50% 6.60% 6.60%

(2) Financial Liabilities

Trade and other payables	-	-	-	-	2,726	2,726
Trust funds and deposits	-	-	-	-	155	155
Interest Bearing Liabilities	-	5,544	4,442	451	-	10,437
Total Financial Liabilities	-	5,544	4,442	451	2,881	13,318

Weighted average interest rate

6.94% 6.94% 6.94%

Net financial assets (liabilities)

9,590	(3,837)	(4,409)	(451)	(977)	(84)
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NOTE 42 (c) Financial Instruments - Net Fair Value.

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

Financial Instruments	Total Carrying amount as per the Balance Sheet		Aggregate net fair value	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000

Financial Assets				
Trade & other receivables	2,695	1,942	2,695	1,942
Financial Assets	1,750	1,700	1,750	1,700
Cash and cash equivalents	6,190	9,592	6,190	9,592
Total Financial Assets	10,635	13,234	10,635	13,234

Financial Liabilities				
Trade and other payables	2,835	2,726	2,835	2,726
Trust funds and deposits	162	155	162	155
Interest Bearing Liabilities	4,893	10,437	2,655	10,142
Total Financial Liabilities	7,890	13,318	5,652	13,023

(d) Financial Instruments - Credit Risk.

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

NOTE 42 (e) Financial Instruments - Risks and mitigation

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

Market risk

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

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

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

Interest rate risk

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

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

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

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

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

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

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

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

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

NOTE 42 (f) Sensitivity disclosure analysis

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

- A parallel shift of +1% and -1% in market interest rates (AUD) from year-end rates of 7%.

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

Market risk exposure	Interest rate risk			
	Carrying amount subject to interest	-1%	1%	
		100	basis points	100
		Profit	Equity	Profit
	\$'000	\$'000	\$'000	\$'000
2008				
Financial assets:				
Cash and cash equivalents	6,188	(62)	(62)	62
Financial liabilities:				
Interest-bearing loans and borrowings	-	-	-	-

NOTE 43 Auditor's Remuneration

	2008 \$'000	2007 \$'000
Audit fee to conduct external audit -		
Victorian Auditor-General	39	30
Internal audit fees	23	34
	<u>62</u>	<u>64</u>

NOTE 44 Events occurring after balance date

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

NOTE 45 Related Party Transactions

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

Councillors	Heather Bligh	(Mayor 26/11/07 to current)
	Jennie Deane	(Mayor 01/06/07 to 26/11/07)
	Nigel Hutchinson-Brooks	
	Keiran Kennedy	
	Robert Newton	
	David Lewis	
	Clyde Paterson	
	Melanie Ryan	
	Diane Casbolt	

Chief Executive Officer Paul Bawden

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

	2008 No.	2007 No.
Income Range :		
\$10,000 - \$19,999	7	7
\$20,000 - \$29,999	1	1
\$30,000 - \$39,999	1	-
\$70,000 - \$79,999	-	1
\$110,000 - \$119,999	-	1
\$180,000 - \$189,999	1	-
TOTAL	10	10
	\$'000	\$'000
Total Remuneration for the reporting period for Responsible Persons included above, amounted to	342	352

NOTE 45 Related Party Transactions (cont'd)

(iii) No retirement benefits have been made by the Council to a Responsible Person (2006/07, nil).

(iv) No loans have been made, guaranteed or secured by the Council to a Responsible Person of the council during the reporting year (2006/07 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 (2006/07, nil).

(vi) Senior Officers other than Responsible Persons remuneration

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

	2008 No.	2007 No.
Income Range :		
< \$100,000	1	4
\$100,000 - \$109,999	3	2
\$110,000 - \$119,999	2	1
\$130,000 - \$139,999	2	-
TOTAL	8	7
	\$'000	\$'000
Total Remuneration for the reporting period for senior officers included above, amounted to	906	636

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

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

	Chief Executive Office		Corporate and Community Services		Development and Asset Services		Total
	2008	2007	2008	2007	2008	2007	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
INCOME							
Grants	-	-	5,200	7,625	6,864	3,348	12,064 10,973
Other	1,235	28	24,765	23,484	6,174	3,180	32,174 26,692
TOTAL INCOME	1,235	28	29,965	31,109	13,038	6,528	44,238 37,665
EXPENSES							
	(1,994)	(1,664)	(19,627)	(15,667)	(18,818)	(17,260)	(40,439) (34,591)
SURPLUS (DEFICIT) FOR THE YEAR	(759)	(1,636)	10,338	15,442	(5,780)	(10,732)	3,799 3,074
ASSETS ATTRIBUTED TO FUNCTIONS / ACTIVITIES*	1,838	1,752	317	427	357,234	336,516	359,389 338,695

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

NOTE 46 (b) Component Function/Activities

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

CHIEF EXECUTIVE

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

CORPORATE AND COMMUNITY SERVICES

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

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

DEVELOPMENT AND ASSET SERVICES

- Assist individual communities through community planning, volunteerism and community focused activity.
- Encourage participation in arts and cultural activity.
- Provide leadership, engagement in civic life and role modelling opportunities for the young people of South Gippsland.
- Provide strategic recreation planning, development and promotion.
- Support and encourage enterprises that enhance the prosperity and vibrancy of the South Gippsland community.
- Facilitate economic growth in the Prom Country (South Gippsland) region.
- Prepare, administer and enforce Council's Local Laws.
- Administer and enforce relevant provisions of the Domestic (feral & nuisance) Animals Act 1994 and Impounding of Livestock Act 1994
- Operate, supervise and maintain Children's Crossings.
- Comply with the statutory requirements of the Country Fire Authority Act 1958.
- Ensure all buildings within the municipality comply with building regulations.
- Facilitate the assessment of town planning activities within the municipality and preparation of the strategy.
- Facilitate the protection of public health through the regulation of wastewater disposal.
- Develop and implement Engineering and Asset Management policies, strategy, plans, programs and services.
- Provide a safe and trafficable local road network
- Provide waste management services and associated infrastructure.
- Deliver capital projects where funding is provided jointly by community groups, State and/or Federal Government and Council
- Administer and deliver of annual building maintenance program.
- Administer and deliver of the fleet and plant program.
- Deliver Parks and Gardens program.

NOTE 47 Financial ratios (performance indicators)

	2008 \$'000	2008 %	2007 \$'000	2007 %	2006 \$'000	2006 %
(i) Debt Servicing Ratio (%) (to identify the capacity of Council to service its outstanding debt).						

$$\frac{\text{Debt servicing costs}}{\text{Total revenue}} = \frac{539}{42,151} = 1.28\% \quad \frac{725}{37,844} = 1.92\% \quad \frac{797}{35,931} = 2.22\%$$

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

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

$$\frac{\text{Debt servicing \& redemption costs}}{\text{Rate revenue}} = \frac{6,083}{22,331} = 27.24\% \quad \frac{1,705}{20,781} = 8.20\% \quad \frac{1,878}{19,126} = 9.82\%$$

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

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

	2008	2008	2007	2007	2006	2006
	\$'000	%	\$'000	%	\$'000	%

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

$\frac{\text{Rate revenue}}{\text{Total revenue}}$	$\frac{22,331}{42,151} = 52.98\%$	$\frac{20,781}{37,844} = 54.91\%$	$\frac{19,126}{35,931} = 53.23\%$
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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);

$\frac{\text{Total indebtedness}}{\text{Total realisable assets}}$	$\frac{9,026}{92,557} = 9.75\%$	$\frac{15,251}{88,976} = 17.14\%$	$\frac{14,811}{88,797} = 16.68\%$
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For the purposes of the calculation of financial ratios, realisable assets are those assets which can be sold and which are not subject to any restriction on realisation or use. Any liability represented by a restricted asset (note 37) is excluded from total indebtedness. The following assets are excluded from total assets when calculating Council's realisable assets. land and buildings on Crown land, restricted assets, heritage assets, total infrastructure assets, and Council's investment in associate. This ratio enables assessment of Council's solvency and exposure to debt. Total indebtedness refers to the total liabilities of Council. Total liabilities are compared to total realisable assets which are all realisable assets not subject to any restriction and are able to be realised. The ratio expresses the percentage of total liabilities for each dollar of realisable assets.

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

	2008	2008	2007	2007	2006	2006
(v) Working Capital Ratio (%)	\$'000	%	\$'000	%	\$'000	%
(to assess Council's ability to meet current commitments).						
Current assets	11,419		14,829		12,395	
Current liabilities	7,156	= 159.57%	11,677	= 126.99%	5,769	= 214.86%

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

(vi) Adjusted Working Capital Ratio (%)

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

Current assets	11,419		14,829		12,395	
Current liabilities	6,043	= 188.96%	10,511	= 141.08%	4,667	= 265.59%

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

NOTE 48 Capital Works

	2008 \$'000	2007 \$'000
Buildings	869	186
Plant & Equipment	2,110	2,769
Office Furniture & Equipment	34	282
Roads	3,005	3,599
Bridges	356	569
Culverts	6	157
Footpaths	567	208
Drains	10	-
Kerb & Channel	109	60
Off-street car parks	139	-
Other Structures	516	365
TOTAL CAPITAL WORKS	7,721	8,195
Represented by:		
Renewal of infrastructure	3,598	4,647
Upgrade of infrastructure	652	311
Expansion of infrastructure	121	-
New infrastructure	337	-
New buildings	78	-
Upgrade of Buildings	791	186
New plant and equipment	2,144	3,051
Total capital works	7,721	8,195

NOTE 48 Capital Works (cont'd)

Property, infrastructure, plant and equipment movement

The movement between the previous year and the current year in property, infrastructure, plant and equipment movement as shown in the Balance Sheet links to the net of the following items:	2008 \$'000	2007 \$'000
Total capital works	7,721	8,195
Asset revaluation movement	23,128	-
Items written off	(285)	(157)
Developer contributed assets	2,188	1,359
Transfers of Coal Creek net assets	-	39
Recognition of landfill assets	142	-
Depreciation and amortisation	(6,912)	(6,524)
Non-current assets held for sale	-	(582)
Disposal of assets for no consideration	(325)	-
Written down value of assets sold	(1,407)	(1,508)
Net movement in property, plant & equipment	24,250	822

(a) Renewal

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

(b) Upgrade

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

(c) Expansion/New Assets

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

NOTE 49 Change in Accounting Policy

The following Australian Accounting Standards have been issued or amended and are applicable to the Council but are not yet effective.

They have not been adopted in preparation of the financial statements at reporting date.

AASB amendment	Standards affected	Outline of amendment	Application date of Standard	Application date for Council
AASB 2006-3 Amendments to Australian Accounting Standards	AAS 27 Financial Reporting by Local Governments AASB 1045 Land Under Roads: Amendments to AAS 27A, AAS 29A and AAS 31A	From the beginning of the reporting period to which this Standard is first applied, until the end of the first reporting period ending on or after 31 December 2007, transitional provisions shall apply. Under those provisions, local governments, while encouraged to apply the full provisions of this Standard, may elect instead not to recognise land under roads as an asset in the balance sheet .	October 2006	1-Jul-08
AASB 1004 Contributions	AAS 27 Financial Reporting by Local Governments	As this Standard broadly reproduces the requirements relating to contributions contained in AAS 27, there will be no direct impact on the financial report.	1-Jul-08	1-Jul-08

NOTE 49 Change in Accounting Policy (cont'd)

AASB amendment	Standards affected	Outline of Amendments	Application date of Standard	Application date for Council
AASB 1051 Land Under Roads	AAS 27 Financial Reporting by Local Governments	In respect to land under roads acquired before 30 June 2008: allows a Council to elect to recognise or not to recognise an asset; requires any adjustment upon recognition to be made against accumulated surplus; requires a Council to disclose its accounting policy; allows a Council to elect to adopt the fair value or a previous revaluation; requires any above elections to be made effective as at 1 July 2008. Requires that land under roads acquired after 30 June 2008 is accounted for in accordance with AASB 116. The impact of any changes that may be required cannot be reliably estimated and is not disclosed in the financial report.	1-Jul-08	1-Jul-08
AASB 1052 Disaggregated Disclosures	AAS 27 Financial Reporting by Local Governments	As this Standard broadly reproduces the requirements relating to disaggregated disclosures contained in AAS 27, there will be no direct impact on the financial report.	1-Jul-08	1-Jul-08

NOTE 49 Change in Accounting Policy (cont'd)

AASB amendment	Standards affected	Outline of amendment	Application date of Standard	Application date for Council
AASB 2007-9 Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31	AAS 27 Financial Reporting by Local Governments Amendments to: AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127, AASB 137	As this Standard broadly reproduces the requirements relating to certain relevant requirements contained in AAS 27, there will be no direct impact on the financial report.	1-Jul-08	1-Jul-08

South Gippsland Shire Council

CERTIFICATE OF FINANCIAL STATEMENTS

South Gippsland Shire Council

Certification of Financial Statements For the Year Ended 30 June 2008

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

Principal Accounting Officer

Thomas Lovass - CPA



Location : Leongatha

Dated : 08 / 09 / 2008

In our opinion the accompanying financial statements present fairly the financial transactions of the South Gippsland Shire Council for the year ended 30 June 2008 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 3rd September 2008 to certify the financial statements in their final form.

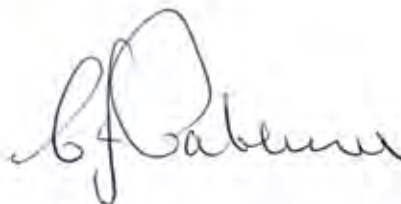
Councillor : Heather Bligh



Location : Leongatha

Dated : 08 / 09 / 2008

Councillor : Clyde Paterson



Location : Leongatha

Dated : 08 / 09 / 2008

Chief Executive : Paul Bawden



Location : Leongatha

Dated : 08 / 09 / 2008

For the year ended 30 June 2008

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

The Annual Report shows the actual results for the year.

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

The Standard Statements in this Comparison report each provide information in relation to an aspect of Council's financial management. They should be read in conjunction with one another to obtain an overall understanding of Council's financial position and management. The Standard Statements of Financial Performance, Financial Position, Cash Flows and Capital Works for the Annual Report are consistent with the Budget and are prepared on bases consistent with the Financial Statements.

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

Notes to the Standard Statements

1 Basis of preparation of Standard Statements

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

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

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

The Standard Statements are not a substitute for the General Purpose Financial Statements, which are included on pages 5 to 71 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 20 June 2007. 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 71. 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 D1 COMPARISON REPORT FOR THE YEAR ENDING 30 JUNE 2008

	Budget 2007/2008 \$'000	Actuals 2007/2008 \$'000	Variances		Ref	
			\$'000	%	Y	N
Revenue						
Rates and charges	22,227	22,331	104	0	1	
Statutory fees and fines	379	366	(13)	3		
User fees	1,571	1,752	181	12	2	
Grants - recurrent	8,857	9,354	497	6	3	
Grants - non-recurrent	2,778	2,710	(68)	2		
Contributions - cash	277	593	316	114	4	
Contributions - non monetary assets	-	2,188	2,188	100	5	
Reimbursements	268	331	63	24		
Other revenue	1,682	2,526	844	50	6	
Total revenues	38,039	42,151	4,112	11		
Employee benefits	13,383	13,204	(179)	1	7	
Materials and services	14,561	15,837	1,276	9	8	
Bad and doubtful debts	7	3	(4)	57		
Depreciation	7,254	6,912	(342)	5	9	
Other expenses	1,967	2,237	270	14	10	
Finance costs	539	539	-	-		
Landfill Rehabilitation	-	(1,020)	(1,020)	100	11	
Total expenses	37,711	37,712	1	0		
Net gain (loss) on disposal of assets	180	(176)	(356)	198	12	
Derecognition of property, plant and equipment	-	(325)	(325)	100	13	
Net increase in Asset Revaluation Reserve	32,397	-	(32,397)	100	14	
Fair value adjustment for investment property	-	(46)	(46)	100		
Share of net profits (losses) of associates accounted for using the equity method	-	(93)	(93)	100		
Surplus (deficit) for the period	32,905	3,799	(29,106)	88		

Variance Explanation Report		
Ref.	Item	Explanation
	Revenues	
1	Rates and charges	Rates and charges raised from the issuing of supplementary notices was greater than budgeted
2	User fees	Fees from Landfills (+\$150K), subdivision checking fees (+\$50K), Information centre (+\$18K) were higher than expected. Fees from Community Services private works (-\$28K) were recorded as other income rather than as a fee or charge. Meals charges (-\$15K) due to less meals provided
3	Grants - recurrent	Grants received from the Victoria Grants Commission (+\$77K), Department of Human Services programs (+\$125K), Roads to Recovery (+\$126K) were greater than budgeted. The dredging of Toora Channel (-\$146K) and Foster playground (-\$60K) were grants budgeted as recurrent rather than as a non-recurrent grant. Roads to recovery grant (+\$527K recorded with a non-recurrent budget \$403k) was budgeted as a non-recurrent grant as it is used for Capital works and it is an ongoing or recurrent grant. Additional funding received for home and community care services (+\$120K).
4	Contributions - cash	Cash contributions were received to help fund several Sports and Recreation Victoria funded projects (+\$332K). Leisure centre funding was under budget by \$44K and contributions for road works over by \$10K.
5	Contributions - non monetary assets	Council did not budget for any none cash developer contributions for infrastructure asset items including roads, streets, drainage and other infrastructure assets as the amount of works to be completed during the year was not quantifiable
6	Other revenue	Interest received from investing policy (+\$240K) and rates (+\$75K). Private Works income (+\$577K), Coal Creek (-\$95K) and revenue services (+\$19K) were other items that affected this classification of income.
	Expenses	
7	Employee benefits	Several positions during the year were either not filled or were late in being filled. Items capitalised to the balance sheet were less than anticipated (-\$24K).
8	Materials and services	
9	Depreciation	As a result of 1) review of road asset lives (-\$321K) and 2) the revaluation of Buildings (-\$65K), other infrastructure assets (-\$47K) depreciation charged for the year was less than anticipated. Depreciation for Bridges (-\$21K) was offset by Office Equipment (+\$25) and other minor changes.

Variance Explanation Report		
10	Other expenses	Book value of assets demolished or replaced with new assets amounted to +\$284K. Information centre (+\$25K offset by income being over), Recreation (+\$17K) and Council operations (-\$23k).
Ref.	Item	Explanation
	Revenues	
11	Landfill Rehabilitation	This is the write back of the provision recorded for the rehabilitation of the Koonwarra landfill site 1 which is completed. The costs of the works were less than anticipated as result of a revised plan and obtaining the material from a nearby site.
12	Net gain (loss) on disposal of assets	Additional land sales income (+\$455K) and less vehicles sales (-\$192), offset by greater book value of land (+\$618K)
13	Derecognition of property, plant and equipment	During the year Council returned land and buildings to the Leongatha Apex Club
14	Net increase in Asset Revaluation Reserve	The net changes in asset revaluation reserve are directly credited to the appropriate reserve and equity rather being reflected as a change through the income statement.

South Gippsland Shire Council

STANDARD BALANCE SHEET D-2 COMPARISON REPORT

AS AT 30 JUNE 2008

	Budget 2007/2008 \$'000	Actuals 2007/2008 \$'000		Variances \$'000	%	Ref
Current assets					Y N	
Cash and cash equivalents	3,357	6,190	2,833	84	15	
Trade and other receivables	1,595	3,286	1,691	106	16	
Financial assets	1,700	1,750	50	3		
Inventories	-	103	103	100	17	
Non current assets classified as held for sale	-	-	-	-		
Other Assets	-	90	90	100		
Other	417	-	(417)	100	18	
				-		
Total current assets	7,069	11,419	4,350	62		
Non-current assets						
Trade and other receivables	31	26	(5)	16		
Investments in associates	834	783	(51)	6		
Investment properties	-	480	480	100	19	
Property, plant and equipment, infrastructure	352,366	346,681	(5,685)	2	20	
Total non-current assets	353,231	347,970	(5,261)	1		
Total assets	360,300	359,389	(911)	0		
Current liabilities						
Trade and other payables	1,555	2,835	1,280	82	21	
Trust funds and deposits	196	162	(34)	17		
Provisions	3,058	3,043	(15)	0		
Interest bearing loans and borrowings	1,116	1,116	-	-		
				-		
Total current liabilities	5,925	7,156	1,231	21		
Non-current liabilities						
Provisions	1,189	613	(576)	48	22	
Interest bearing loans and borrowings	3,777	3,777	-	-		
				-		
Total non-current liabilities	4,966	4,390	(576)	12		
Total liabilities	10,891	11,546	655	6		
Net assets	349,409	347,843	(1,566)	0		
Equity						
Accumulated Surplus	128,491	136,470	7,979	6	23	
Asset revaluation reserve	220,253	209,861	(10,392)	5	24	
Other reserves	665	1,512	847	127	25	
Total equity	349,409	347,843	(1,566)	0		

15	Cash and cash equivalents	Payments to employees, materials and services which were behind budget has an effect on cash at end of year. Additional interest was also earned as a result of expenditure being behind schedule.
16	Trade and other receivables	General debtors were more than anticipated as a result of accruing income at year end for works carried out and grants due but not received.
17	Inventories	The budgeted amount for inventories was included with the other assets' classification in the budgeted balance sheet
18	Other	This budget included inventories and also non-current assets held for resale of which the actuals for inventories are recorded separately and none current assets held for resale have actually been sold during the financial year
19	Investment properties	When the budgeted balance sheet was prepared this class of asset was recorded in property, plant and equipment and infrastructure section of the balance sheet.
20	Property, plant and equipment, infrastructure	The resultant increase from the revaluation of land and buildings and roads and other structures were not as high as anticipated.
21	Trade and other payables	At the end of June the amount of accrued not unpaid expenses was greater than budgeted
22	Provisions	As a result of the writeback of the landfill provision for site 1 (-\$1,020K), accounting for landfill site 2 provision (+\$142K) and an increase in employee benefits (+\$296K).
23	Accumulated Surplus	The income statement resulted in a profit rather than a loss and added \$3.66 M to equity and a greater opening balance as a result of the 2006/07 financial result.
24	Asset revaluation reserve	The resultant increase from the revaluation of land and buildings and roads and other structures were not as high as anticipated.
25	Other reserves	A greater than anticipated contribution to the land development reserve (+\$700K), creation of a garbage services reserve (+\$172) and other reserves (+\$70K)

STANDARD CASH FLOW STATEMENT D-3 COMPARISON REPORT

AS AT 30 JUNE 2008

	Budget 2007/2008 \$'000	Actuals 2007/2008 \$'000	Variances \$'000	%	Ref
Cash flows from operating activities					Y N
Receipts from customers	25,459	26,522	1,063	4	26
Payments to suppliers (inclusive of GST)	(16,985)	(18,079)	(1,094)	6	27
Net cash inflow (outflow) from customers/suppliers	8,474	8,443	(31)	0	
Payments to employees	(13,322)	(12,793)	529	4	28
Interest received	544	862	318	58	29
Grants from Government (inclusive of GST)	11,635	11,890	255	2	30
Net cash inflow (outflow) from operating activities	7,331	8,402	1,071	15	
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment	1,823	2,086	263	14	31
Payments for property, plant and equipment	(7,831)	(7,721)	110	1	32
Repayment of loans and advances	7	7	-	-	
Redemption (Purchase) of investments	-	(50)	(50)	100	
Net cash inflow (outflow) from investing activities	(6,001)	(5,678)	323	5	
Cash flows from financing activities					
Debt Redemption and financing	(6,133)	(6,133)	-	-	
Trust Funds	-	7	(7)	100	
Net cash inflow (outflow) from financing activities	(6,133)	(6,126)	(7)	0	
Net increase (decrease) in cash held	(4,803)	(3,402)	1,401	29	33
Cash at beginning of the year	8,160	9,592	1,432	18	34
Cash at the end of the year	3,357	6,190	2,833	84	

STANDARD CASH FLOW STATEMENT D-3 COMPARISON REPORT

AS AT 30 JUNE 2008

	Budget 2007/2008 \$'000	Actuals 2007/2008 \$'000	Variances			Ref
			\$'000	%	Y	N
Reconciliation of Operating Result and Net Cash Flows from Operating Activities for the year ending 30th June 2008						
Net surplus (deficit) from operations	32,905	3,799	29,106	88		
Depreciation and amortisation	7,254	6,912	(342)	5		
(Profit) Loss on sale of property, plant and equipment	(180)	176	356	198		
Landfills rehabilitation costs	(1,080)	(1,318)	238	22		
Gifted Assets	-	325	325	100		
Items Written Off	-	284	284	100		
Balance sheet movements	-	412	412	100		
Developer contributions	-	(2,188)	(2,188)	100		
Net cash inflow (outflow) from operating activities	38,899	8,402	30,497	78		

STANDARD CASH FLOW STATEMENT D-3 COMPARISON REPORT

AS AT 30 JUNE 2008

Variance Explanation Report		
Ref.	Item	Explanation
26	Receipts from customers	Collection of other receivables was greater than anticipated. Additional private works were carried out. Additional statutory fees paid, cash contributions were less than anticipated
27	Payments to suppliers (inclusive of GST)	Minor contractors (-\$510K), lease payments (-\$77K), Insurance costs (-\$89K), fuel and oils (-\$138K), contract payments (+\$51K), conferences (-\$32K), training expenses (+\$15K), forums (+\$21K), advertising (+\$151K), project consumables (+\$34K), stock issues (+\$627K), general expenses (-\$142K), consultancies (+\$312K), legal expenses (+\$96K), meals purchases (-\$40K), cleaning (-\$60K), software maintenance (+\$24K), copier costs (-\$57K), operator payments (+\$25K) and land purchase (-\$41K)
28	Payments to employees	Workcover premium less than estimated (-\$89K), Superannuation contributions less (-\$38K), leave provisions (+\$104K) and several positions during the year were either not filled or there were delays in appointing staff to the positions. A lesser amount of staff time was capitalised to the balance sheet (-\$24K) as a result of capital works carried out.
29	Interest received	Additional interest earned on investments as expenditure targets were behind schedule when estimate made. Also additional interest charged on late payment of rates and charges.
30	Grants from Government (inclusive of GST)	Additional grant funds for economic development (+\$240K), roads to recovery (+\$131K), bus shelters (+\$90K), bus turning loops (+\$120K) and drought relief recorded in prior year (-\$300K)
31	Proceeds from sale of property, plant and equipment	Sale of vehicles delayed (-\$192K) and more land sales achieved (+\$455K)
32	Payments for property, plant and equipment	mainly influenced by the delay in purchase of asset system (-\$170K) as roads were over (+\$300K) and buildings under (-\$324K).
33	Net increase (decrease) in cash held	As a result of plant purchases and several operational projects delayed, non or delayed replacement of employees, additional grant funds being received, increase in payables at year end has resulted in a greater than anticipated cash surplus for the year. Also additional interest earned on funds available for short term investment
34	Cash at beginning of the year	As a result of a greater than anticipated result in cash flow for the 2006/07 financial year

STANDARD STATEMENT OF CAPITAL WORKS

D-4 COMPARISON REPORT FOR THE YEAR ENDING 30 JUNE 2008

Capital Works Areas	Budget	Actuals	Variances		Ref
	2007/2008	2007/2008			
	\$'000	\$'000	\$'000	%	
Buildings	801	869	68	8	Y N
Plant & Equipment	2,518	2,110	(408)	16	35
Office Furniture & Equipment	230	34	(196)	85	36
Roads	2,933	3,005	72	2	
Bridges	314	356	42	13	
Culverts	100	6	(94)	94	
Footpaths	458	567	109	24	37
Drains	-	10	10	100	
Kerb & Channel	-	109	109	100	38
Off-street car parks	60	139	79	132	
Other Structures	417	516	99	24	
Total capital works	7,831	7,721	(110)	1	
Represented by:					
Renewal of infrastructure	3,826	3,598	(228)	6	
Upgrade of infrastructure	290	652	362	125	
Expansion of infrastructure	-	121	121	100	
New infrastructure	166	337	171	103	
New buildings	-	78	78	100	
Upgrade of Buildings	801	791	(10)	1	
New plant and equipment	2,748	2,144	(604)	22	
Total capital works	7,831	7,721	(110)	1	

STANDARD STATEMENT OF CAPITAL WORKS

D-4 COMPARISON REPORT FOR THE YEAR ENDING 30 JUNE 2008

Property, Plant & Equipment movement Reconciliation Worksheet	Budget	Actuals	Variances		Ref	
	\$'000	\$'000	\$'000	%		
<i>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:</i>					Y	N
Total capital works	7,831	7,721	(110)	1.4		
Asset revaluation movement	32,397	23,128	(9,269)	28.6		
Items Expensed	-	(285)	(285)	100.0		
Developer contributed assets	-	2,188	2,188	100.0		
Recognition of landfill asset	-	142	142	100.0		
Depreciation and amortisation	(7,254)	(6,912)	342	4.7		
Disposal of assets for no consideration	-	(325)	(325)	100.0		
Written down value of assets sold	(1,949)	(1,407)	542	27.8		
Net movement in property, plant & equipment	31,025	24,250	(6,775)	21.8		

Variance Explanation Report

Ref.	Item	Explanation
35	Plant & Equipment	Motor vehicle replacements were less than budgeted as result of late delivery of models and a change to only replacing a vehicle yearly rather than at reaching 40,000 kilometres.
36	Office Furniture & Equipment	The acquisition of asset management system (\$170K) postponed as system requirements changed and information systems (\$26K) project carried forward to 2009
37	Footpaths	During the year more works carried out on renewing / upgrading of footpaths. Works originally budgeted as roads were actually works associated with this class of asset
38	Kerb & Channel	Works originally budgeted for as roads or building renewals / upgrades were actually works associated with this class of asset. \$30K of these works were from grant funds received late in the year

CERTIFICATE OF STANDARD STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

South Gippsland Shire Council

Certification of Standard Statements For the Year Ended 30 June 2008

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

Principal Accounting Officer

Thomas Lovass - CPA

Location : Leongatha



Dated : 08 / 09 / 2008

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

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

We have been authorised by the Council on 3rd September 2008 to certify the standard statements in their final form.

Principal Accounting Officer

Thomas Lovass - CPA

Location : Leongatha



Dated : 08 / 09 / 2008

Councillor : Heather Bligh



Location : Leongatha

Dated : 08 / 09 / 2008

Councillor : Clyde Paterson



Location : Leongatha

Dated : 08 / 09 / 2008

Chief Executive Paul Bawden



Location : Leongatha

Dated : 08 / 09 / 2008



Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Councillor's, South Gippsland Shire Council

The Financial Report and Standard Statements

The accompanying financial report for the year ended 30 June 2008 of South Gippsland Shire Council which comprises of income statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report and the certification of financial statements has been audited.

The accompanying standard statements for the year ended 30 June 2008 of the South Gippsland Shire Council which comprises of standard income statement, standard balance sheet, standard cash flow statement, standard statement of capital works the related notes and the certification of the standard statements have been audited.

The Councillor's Responsibility for the Financial Report and Standard Statements

The Councillor's of South Gippsland Shire Council are responsible for the preparation and the fair presentation of:

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

This responsibility includes:

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and standard statements. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report and standard statements, whether due to fraud or error.

Level 24, 35 Collins Street, Melbourne Vic. 3000

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Auditing in the Public Interest

VAGO

Victorian Auditor-General's Office

Independent Auditor's Report (continued)

In making those risk assessments, consideration is given to 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.

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

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

This auditor's report relates to the financial statements published in both the annual report and on the website of South Gippsland Shire Council for the year ended 30 June 2008. The Councillors of South Gippsland Shire Council are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the South Gippsland Shire Council web site.

Independence


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

Auditor's Opinion

In my opinion:

- the financial report presents fairly, in all material respects, the financial position of South Gippsland Shire Council as at 30 June 2008 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Local Government Act 1989*.
- The standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in note 1 to the statements and comply with the requirements of the *Local Government Act 1989*.

MELBOURNE
12 September 2008


D D R Pearson
Auditor-General

2

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Auditing in the Public Interest

PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008

Team	KSA Description	KSA Measures	KSA Target	Status Report
Engineering and Assets	Develop an implementation plan for Council's Waste Management Strategy	Adoption of an implementation plan for the Waste Management Strategy	Apr-08	Achieved. Waste Management Strategy and Implementation Plan was formally adopted by Council on 19 December 2007.
	Implementation and delivery of the Capital Works Program	Implementation of the annual Capital Works Program	90% of the annual capital works projects completed on time and within budget (excluding variations due to factors beyond management control)	Achieved. The overall 2007/08 Capital Works Program resulted in 91.3% of projects being completed on time and within budget.
	Reinvigorate and implement the Asset Management Strategy	Council adopts and commences implementation of an updated Asset Management Strategy	Dec-07	Achieved. Asset Management Strategy and Improvement Plan was formally adopted by Council on 19 December 2007.
Finance	Achieving the budgeted operating result	The difference between the budgeted operating result and the actual operating result for the financial year, not including : - Net gain/ (loss) on disposal of assets - Net increase in Asset Revaluation Reserve - Donated / Granted Assets Previously unrecognised assets	Equal to or better than budget	Achieved. Original budget \$328,000. Actual result \$1,787,000.
Governance and Corporate Planning	Develop a communication and consultation strategy	Communication and consultation strategy adopted	Mar-08	Achieved. The communication and consultation strategy was formally adopted by Council on 19 March 2008.
	Reinvigorate the Business Excellence framework to improve service delivery across the Shire.	Adopt and commence implementing a new program for Business Excellence	Dec-07	Achieved. The Executive Management Group signed off on the program for Business Excellence on the 17 December 2007. 4 improvement projects are underway and training is being progressively rolled out across the organisation
Health and Family Services	Review standards for the delivery of Council's Health and Family Services	Adopt revised standards for the delivery of Council's health and family Services	Dec-07	Completed outside target The KSA was delivered in April and was devised as a set of 5 individual projects. Projects 1, 5 are delayed due to legislation changes. Projects 2, 3 & 4 were adopted on 16th April 2008.
Human Resources & Risk Management	Develop an employment framework to ensure the organisation is positioned to meet the current and future requirements relating to structure, capability, succession and talent management.	Adopt an employment framework to ensure the implementation of best practice human resource policies, procedures and management practices.	Mar-08	Completed outside target The Executive Management Group signed off the employment framework in June 2008 after additional work to prioritise actions.

Team	KSA Description	KSA Measures	KSA Target	Status Report
Information Services	Investigate the specifications of a sustainable document management system.	Specification completed and packaged ready for the calling of tenders.	Mar-08	Achieved. Specification and User Requirement documentation completed and presented at Executive Management Group on 25 February 2008.
Planning and Environment	Complete Local Level Plans for Korumburra, Leongatha and Foster	Adopt Local Level Plans for Korumburra, Leongatha and Foster	Jan-08	Not achieved Leongatha and Foster Structure Plans formally adopted by Council on 18 June 2008. Korumburra Structure Plan prepared and presented to Council for adoption on 18 June 2008, however Council deferred adoption of the document pending further consideration of retail development at the Saleyard site and analysis of the route for the Korumburra by-pass. Further work being undertaken by officers with anticipated adoption date being September/October 2008.
	Develop a Rural Strategy	Completion of a draft Rural Strategy for public exhibition.	Mar-08	Not achieved Stage 1 of the Rural Strategy - Rural Land Use report was adopted by Council on 7 May 2008. Development of the Rural Strategy well advanced and the draft Rural Strategy will be presented to Council for endorsement to go to public consultation on 16 July 2008.
	Document a procedure for weed control for council managed land	Adoption of a procedure for weed control for council managed land	Jan-08	Achieved Procedure adopted by Executive Management Group in January 2008.
Social and Economic Development	Develop a Recreation Strategy	Completion and adoption of a Recreation Strategy	Oct-07	Completed outside target Recreation Strategy was formally adopted by Council on 19 December 2007. This delay was for additional work to refine the draft strategy prior to adoption.
	Implementation of new direction for Coal Creek	Coal Creek reopened and operating in its new direction	Apr-08	Achieved. Coal Creek reopened refurbished on 26 December 07, and went to 5 days per week on 1 March 08.
	Review the operation of visitor information facilities across the Shire.	Adoption and implementation of a model for the network of Visitor Information Centres	Dec-07	Achieved. The adoption and implementation of a model for two VICs went to a Council Briefing on 12 December and was endorsed by Council resolution on 19 December.

South Gippsland Shire Council

Performance Statement for the year ended 30 June 2008

In our opinion, the accompanying Performance Statement of the South Gippsland Shire Council in respect of the 2007/08 financial year is presented fairly in accordance with the Local Government Act 1989.

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

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

Councillor : Heather Bligh

Dated : 08 / 09 / 2008

Councillor : Clyde Paterson

Dated : 08 / 09 / 2008

VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDIT REPORT

To the Councillors, South Gippsland Shire Council

The Performance Statement

The accompanying performance statement for the year ended 30 June 2008 of South Gippsland Shire Council which comprises the statement, the related notes and the performance statement has been audited.

The Councillors Responsibility for the Performance Statement

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the performance statement. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the performance statement, whether due to fraud or error. In making those risk assessments, consideration is given to internal control relevant to the 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 obtained is sufficient and appropriate to provide a basis for my audit opinion.

Matters Relating to the Electronic Presentation of the Audited Performance Statement

This auditor's report relates to the statement of performance published in both the annual report and on the website of South Gippsland Shire Council for the year ended 30 June 2008. The Councillors are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited performance statement to confirm the information included in the audited performance statement presented on the Council's web site.

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Auditing in the Public Interest



Victorian Auditor-General's Office

Independent Audit Report (continued)

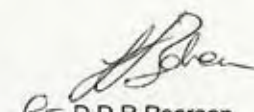
Independence

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 South Gippsland Shire Council in respect of the 30 June 2008 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

MELBOURNE
12 September 2008


D D R Pearson
Auditor-General

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Auditing in the Public Interest



Victorian Auditor-General's Office

INDEPENDENT AUDIT REPORT

To the Councillors, South Gippsland Shire Council

The Performance Statement

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Auditing in the Public Interest

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Victorian Auditor-General's Office

Independent Audit Report (continued)


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MELBOURNE
12 September 2008


D D R Pearson
Auditor-General

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Auditing in the Public Interest



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