



South Gippsland
Shire Council

Come for the beauty, Stay for the lifestyle

ANNUAL REPORT

2011-2012

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

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COUNCILLORS AND EXECUTIVE LEADERSHIP TEAM

MAYOR



Cr Warren Raabe
Strzelecki

COUNCILLORS



Cr James Fawcett
Tarwin Valley



Cr Mohya Davies
Coastal-Promontory
(Deputy Mayor)



Cr Jeanette Harding
Coastal-Promontory



Cr Kieran Kennedy
Coastal-Promontory



Cr David Lewis
Tarwin Valley



Cr Mimmie Jackson
Tarwin Valley



Cr Jennie Deane
Strzelecki



Cr Robert Newton
Strzelecki

EXECUTIVE LEADERSHIP TEAM



CHIEF EXECUTIVE OFFICER
Tim Tamlin



**DIRECTOR
ENGINEERING SERVICES**
Anthony Seabrook



**DIRECTOR
CORPORATE SERVICES**
June Ernst



**DIRECTOR
COMMUNITY SERVICES**
Jan Martin



**DIRECTOR
DEVELOPMENT SERVICES**
Phil Stone

MISSION

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



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

MAYOR'S MESSAGE

The Hon Jeanette Powell, MP
Minister for Local Government



Dear Minister,

ANNUAL REPORT

I'm proud to present our Annual Report for 2011/2012

We were pleased to finalise our Rural Land Use and Aquatic strategies this year which had long been issues close to the heart of our communities. In October Council demonstrated its confidence in the Shire by committing over \$2 million to be used as leverage for funding from other tiers of government for the innovative Corner Inlet Tourism Development Project. This project comprises extensions to the rail trail from Foster to Welshpool, a feasibility study for a Port Welshpool marina development, restoration of the Long Jetty, dredging of the Toora channel and a master plan for Agnes Falls. This proactive step has paid dividends, with the State Government already committing funding of \$7m towards some of these projects.

Funding was also secured for a Planning Study that explored an alternate heavy vehicle route for Leongatha and improvement to parking in the Leongatha central business district

Land at the entrance to Wilsons Promontory National Park was rezoned to enable the development of an eco resort that would stimulate tourism in the Corner Inlet area, and we continued to effectively advocate to State and Federal politicians for our priority projects. The Chief Executive Officer and I continued to strongly represent South Gippsland's interests at meetings of the Gippsland Local Government Network, and have been particularly impressed with the new assessment tools in place to afford placement of our local projects on the regional plan.

With the 2013 universal access regulations looming, focus has been trained on our infrastructure for children's services. Extensions to the Leongatha Children's Centre have been completed, the Prom Coast Centre for Children at Foster was opened last July, a preferred site for a children's services hub in Korumburra has been identified, and plans to expand its current centre for the interim period are being prepared.

It has been a challenging year for Council with extra pressures placed upon our resources by higher than average rainfall and four significant floods. The conditions exacerbated the previous wet year's damage, and thus our roads, drains and culverts deteriorated further under the accumulated onslaught. All credit to our outdoor crews who laboured well, often into the night, to keep our roads open and trafficable, only to find much of their good work erased by the next downpour.

We had the pleasure of an official visit from the Honourable Alex Chernov AC QC, Governor of Victoria and Mrs Chernov in April, and were pleased to showcase our friendly communities, vibrant economy, and spectacular landscapes to them.

We welcome your study of our performance.

A handwritten signature in black ink, appearing to read 'W. Raabe'.

Cr Warren Raabe
Mayor

CEO'S MESSAGE

The Hon Jeanette Powell, MP
Minister for Local Government



Dear Minister,

ANNUAL REPORT

It is my great pleasure to present this report on the operations of Council for 2011/2012.

With the new organisational restructure completed in December, I developed and implemented a leadership development program for the senior management and staff to create a new team approach and effect ongoing cultural change in the organisation with a strong customer focus approach.

We also have placed high importance and resources on identifying better ways to engage with our communities. Our Community Strengthening team, with great support from the State Government's 'Advancing Country Towns' funding, has done excellent work with small communities, assisting them to develop their Community Directions statements. Implementation of our Sustainability Strategy, adopted in December 2011, is well progressed, with 85 initiatives already actioned. The Strategy has been a pivotal document in securing various sources of funding for aligned projects, and is being favourably embraced by the community.

Our Planning Department's performance improved dramatically when a full complement of planners was finally achieved last August. Results rose from a low score of 27% of planning applications processed within the statutory timelines in July, to a high of 79% in January. In March alone, the Strategic Planners placed seven Planning Scheme Amendments on public exhibition, bringing about a shift in public perception.

With excessive rain again this year, our outdoor and engineering teams have been tested to maintain the road and drainage standards expected by both us and the community. VicRoads have also been under great pressure and we have held a strong advocacy position with them to seek urgent repairs to dangerous sections of our highways.

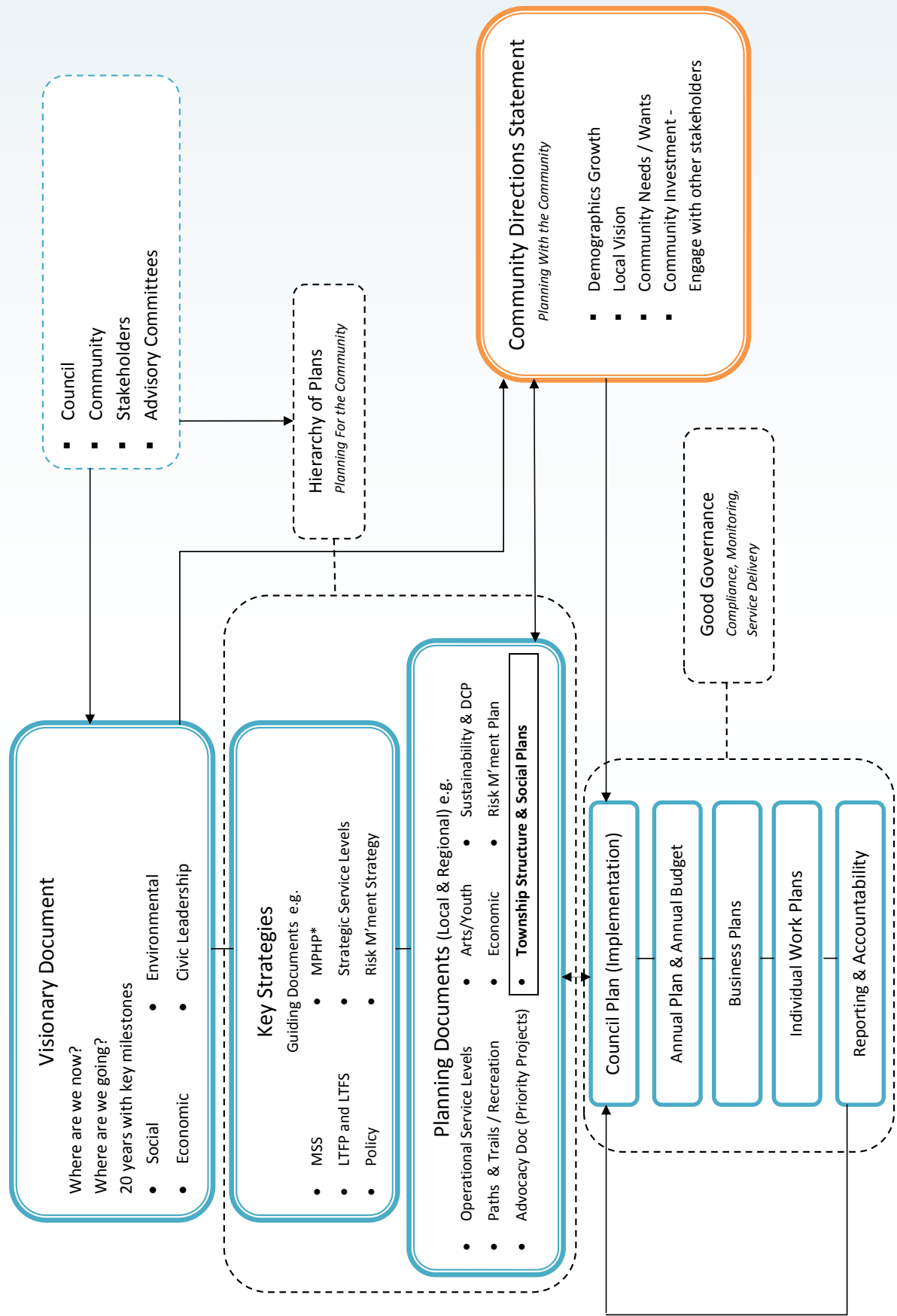
We awarded \$346,000 through the Community Grants program to 74 community organisations and secured funding from 21 external applications worth \$3.5 million.

The year has seen stabilisation in the organisation, with the restructure reflecting new efficiencies, staff training increased and turnover reduced. We look forward to delivering further improvements in the coming year.

A handwritten signature in blue ink, appearing to read 'Tim Tamlin'. The signature is stylized and fluid.

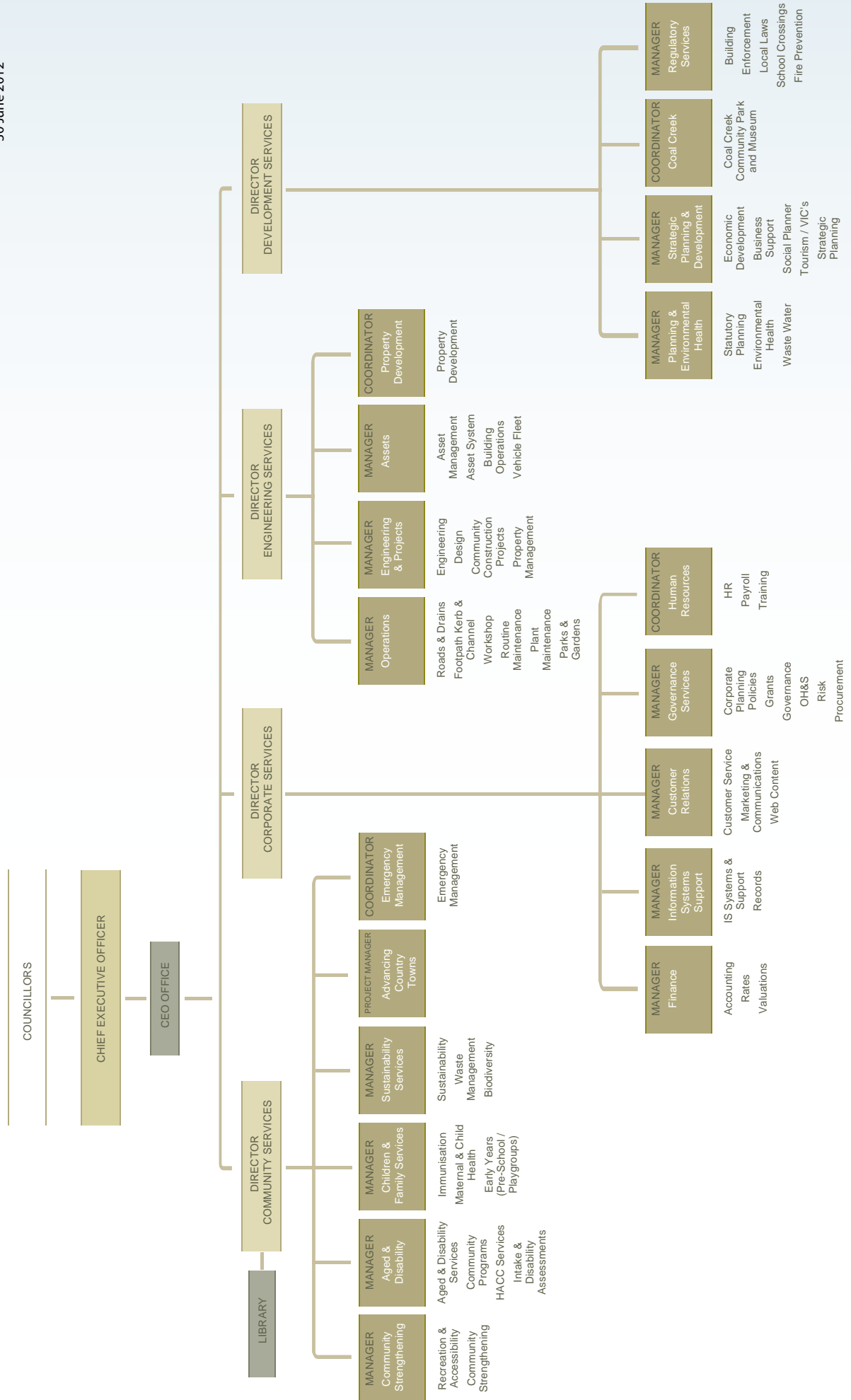
Tim Tamlin
Chief Executive Officer

COUNCIL AND COMMUNITY PLANNING FRAMEWORK



ORGANISATIONAL STRUCTURE

30 June 2012



ELECTORAL WARDS AND REPRESENTATIVES



COASTAL-PROMONTORY WARD



Cr Mohya Davies
(Deputy Mayor)



Cr Jeanette Harding



Cr Kieran Kennedy

TARWIN VALLEY WARD



Cr James Fawcett



Cr Mimmie Jackson



Cr David Lewis

STRZELECKI WARD



Cr Jennie Deane



Cr Robert Newton



Cr Warren Raabe (Mayor)

Ward Boundaries

Minor changes were made to ward boundaries this year in preparation for the 2012 October elections, realigning Mt Best into the Coastal-Promontory Ward. There are three Shire wards (Tarwin Valley, Strzelecki and Coastal-Promontory), each represented by three councillors. Council elections are held every four years. Voting for Council elections is compulsory for residents (residents 70 years of age or over are excused from voting). Non-resident ratepayers are encouraged to vote, but do not have to.

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

EMPLOYEE PROFILE

Staff complement

Full time	191
Part time	96
Casual	74
Total number of staff	361

Employee Groups

Chief Executive	11
Corporate Services	47
Community Services	112
Development Services	89
Engineering Services	102
Total number of staff	361

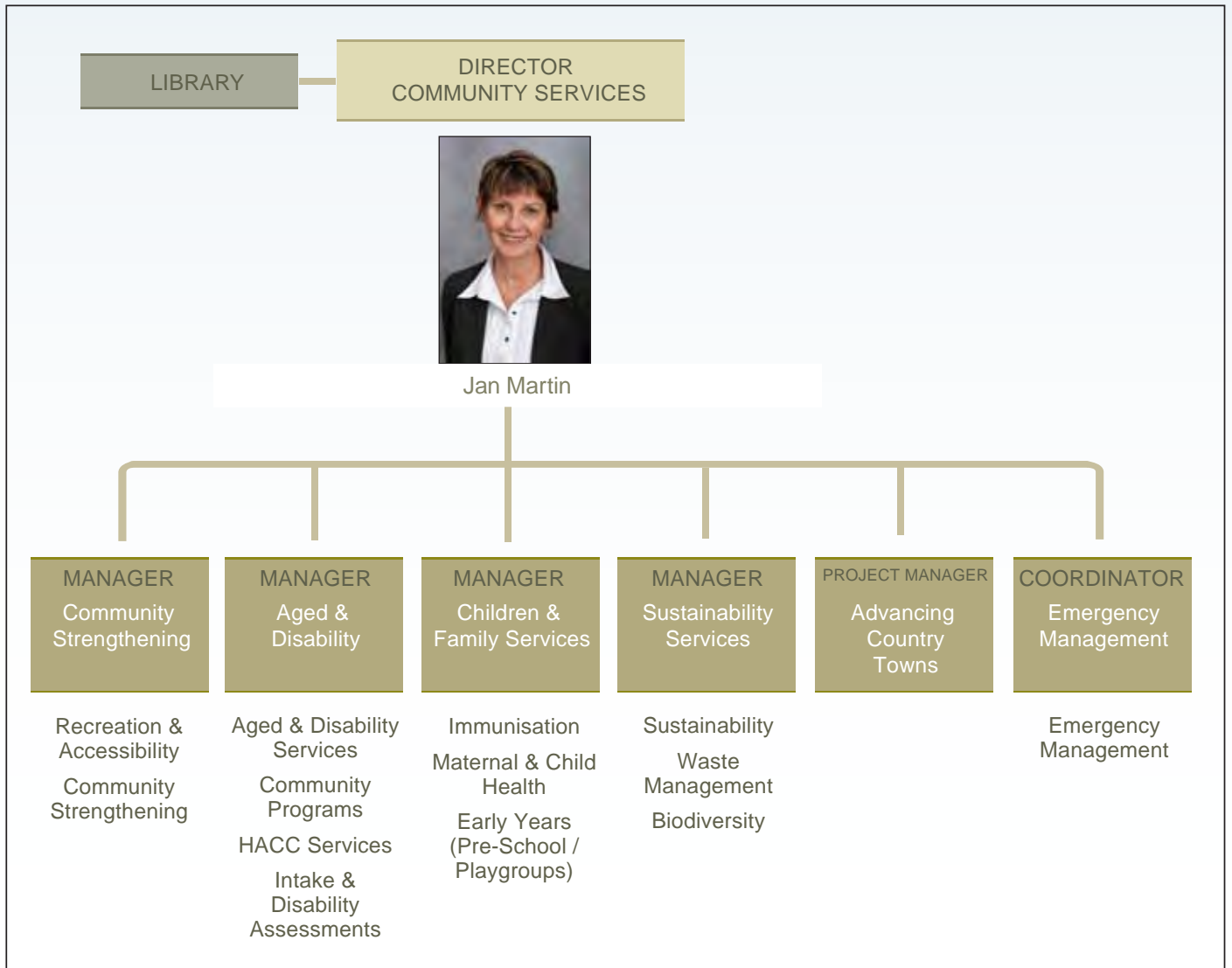
Equal Employment Opportunity

Council is committed to the principles of equal employment opportunity.

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

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

COMMUNITY SERVICES



LIBRARY



The West Gippsland Regional Library Corporation (WGRLC) was established in 1995 by formal agreement between Bass Coast, Baw Baw and South Gippsland Shire Councils. WGRLC is committed to lifelong learning and provides centres for reading and discovery, community connection and exploration of new technologies to improve lifestyle. Library membership stands at 9,864 and represents 35% of the South Gippsland population.

Libraries are located at Foster, Korumburra, Leongatha, Mirboo North and Poowong. The mobile service covers Fish Creek, Nyora, Sandy Point, Tarwin Lower, Toora and Welshpool.

HIGHLIGHTS

- Introduced a fortnightly Nyora mobile library service in July 2011
- Advocated successfully with other councils for reinstatement of former funding levels to library services
- Increased use of the online borrowing system and growing demand for eBooks
- Completed refurbishment of the Poowong Library

COMMUNITY STRENGTHENING



The Community Strengthening Department promotes and supports participation by the community in civic activity, recreation, arts and cultural pursuits, community service and planning for their own community's future. It encourages Council's community involvement to be inclusive of all people and integrated with the work of other government and service agencies wherever possible. Several projects are funded through government grants and other external funding sources.

HIGHLIGHTS

- Established the 'Lower Tarwin Valley Project Advisory Network'
- Held workshops encouraging participation by women in civic life, which informed 'Opening the Doors', a regional research project
- Held volunteer appreciation events across Shire
- Completed the 'Strategic Directions for Aquatic Facilities in South Gippsland'
- Produced the 'Good Access is Good Business' guide in conjunction with the tourism industry
- Attracted over 600 people to the 'Music for the People' concert
- Initiated the 'Men's Shed Network', a cluster of six groups
- Secured funding for the following projects:
 - Transport Connections 'Ride Share': \$85,000 for implementation Gippsland wide and further \$75,000 for local use
 - Improved Council engagement with young people: \$30,000
 - Corner Inlet Halls Network: \$280,000
- Registered 60 young people in the L2P driver education project
- Launched the Welshpool & District and Tarwin Lower Venus Bay Community Direction Statements

AGED & DISABILITY SERVICES



The Home and Community Care (HACC) Program provides support services for older people and people with disabilities (and their carers) to assist them to live independently in their communities. Services offered include Personal Care, Home Care, Respite, Community Transport, Meals on Wheels and Home Maintenance. The HACC program is guided by an Active Service Model (ASM) which is designed to improve functional independence, quality of life and social participation for HACC clients.

HIGHLIGHTS

- Established a HACC Consultative Group to improve service quality
- Implemented the ASM Partnership Protocol Development Project to formalise partnerships with health practitioners and streamline the HACC referral process
- Won 'Outstanding Project Non Grant Funded' award at LGPro and were finalists in the 'Outstanding Team Contribution' award
- Secured \$100,000 over two years for 'Improving Liveability for Older People', which implemented the following projects:
 - 'More than a Meal', a shared group meal for older people
 - 'Tech Tasters', technology skills education provided by Year 9 students for older residents
- Developed HACC Diversity Plan 2012-2015 with partner organisations
- Completed draft Active Ageing Plan 2012-2016 and placed on public exhibition
- Provided:
 - 10,500 hours of Community Transport
 - 26,000 hours of Home Care, Personal Care and Respite Care
 - 14,098 meals to our frail, aged or disabled residents

CHILDREN & FAMILY SERVICES



The Children and Family Services Department provides strategic planning to ensure services and infrastructure meet future demand, and supports key partners in the provision of children and family services in the Shire. It provides Maternal and Child Health, Immunisation, Preschool Inclusion Support and Supported Playgroups and aims to maximise the health and wellbeing and development of children, ensure services are universally accessible and supports families.

HIGHLIGHTS

- Opened the Prom Coast Centre for Children at Foster
- Conducted broad range and innovative vaccination sessions and provided school education sessions through the immunisation program
- Completed the Municipal Early Years Plan 2012-2016
- Opened Coal Creek supported 'Play Space'
- Secured recurrent funding for Supported Playgroup and Parent Initiative program for disadvantaged families with complex needs
- Completed expansion of Leongatha Children's Centre, with Maternal and Child Health/ Allied Health integrated service delivery
- Submitted Expression of Interest for capital grant funding from Department of Education and Early Childhood Development for the Korumburra Integrated Children's Centre
- Commenced extension of the Korumburra Kindergarten to ensure capacity for 2013

SUSTAINABILITY SERVICES

SUSTAINABILITY

The Sustainability Department provides leadership and support to the community to create and implement a sustainable vision for South Gippsland. It works with government agencies, the community and business groups to develop practical strategies to manage the transition to sustainable practices. The Department delivers Waste Management, Biodiversity and Sustainability services.

HIGHLIGHTS

- Completed the 'Waste Management Strategy 2011-2021'
- Received grants to support key sustainability projects, including:
 - \$258,000 to develop a regional sustainability e-community
 - \$173,000 to introduce energy efficient street lighting
 - \$45,000 to implement specific actions in Sustainability Strategy
 - \$25,000 to develop local Food Directory and Mapping project
- Upgraded public litterbins in the Leongatha CBD
- Completed Fire Management Plans and established service levels for Council's Natural Bush Reserves
- Awarded new waste management contracts for transfer stations and hard waste collection
- Staged the inaugural South Gippsland Food and Film Festival
- Delivered four 'Small Farms' workshops, attracting more than 75 participants
- Introduced co-mingled recycling services at transfer stations, plus sections for e-waste, mattresses and gas bottles
- Held 3rd Sustainability Festival, attracting 60 exhibitors and 2,000 attendees
- Introduced Local Food Network and Sustainability Network newsletters
- Delivered the 'Vehicle Carbon Offset Program' in partnership with Landcare
- Surveyed Venus Bay and Walkerville residents to gauge interest in kerbside collection provision
- Commenced arrangements for 'in house' operation of Koonwarra Landfill
- Appointed a Litter Prevention Officer jointly with Bass Coast Shire Council
- Commenced the 'Green Street Lighting' initiative to reduce electricity costs to Council

ADVANCING COUNTRY TOWNS PROJECT

The Department of Planning and Community Development (DPCD) has funded this four year project to improve the quality of life for regional and rural Victorians and reduce disadvantage. The Lower Tarwin district (Meeniyar, Koonwarra, Buffalo, Dumbalk, Tarwin, Tarwin Lower, Middle Tarwin and Venus Bay) was selected as one of nine projects.

The project focuses on:

- increasing access to education skills and training,
- developing a branding and marketing program related to investment in agriculture, settlement and tourism,
- supporting innovative and sustainable agribusiness, and
- increasing tourism.

HIGHLIGHTS

- Established a Steering Committee and identified priority projects for implementation
- Endorsed the following seven initiatives:
 - Automated Weather Station - Yanakie
 - Branding & Marketing / Tarwin Valley
 - Local Food Directory
 - Art & Social Media / Artists' Trail
 - Great Southern Rail Trail 'Black Spur' section
 - Local Pre-Accredited learning
 - Local Accredited learning
- Secured the following funding for the Yanakie Automated Weather Station:
 - Department of Transport Safe Boating Program: \$30,000

EMERGENCY MANAGEMENT

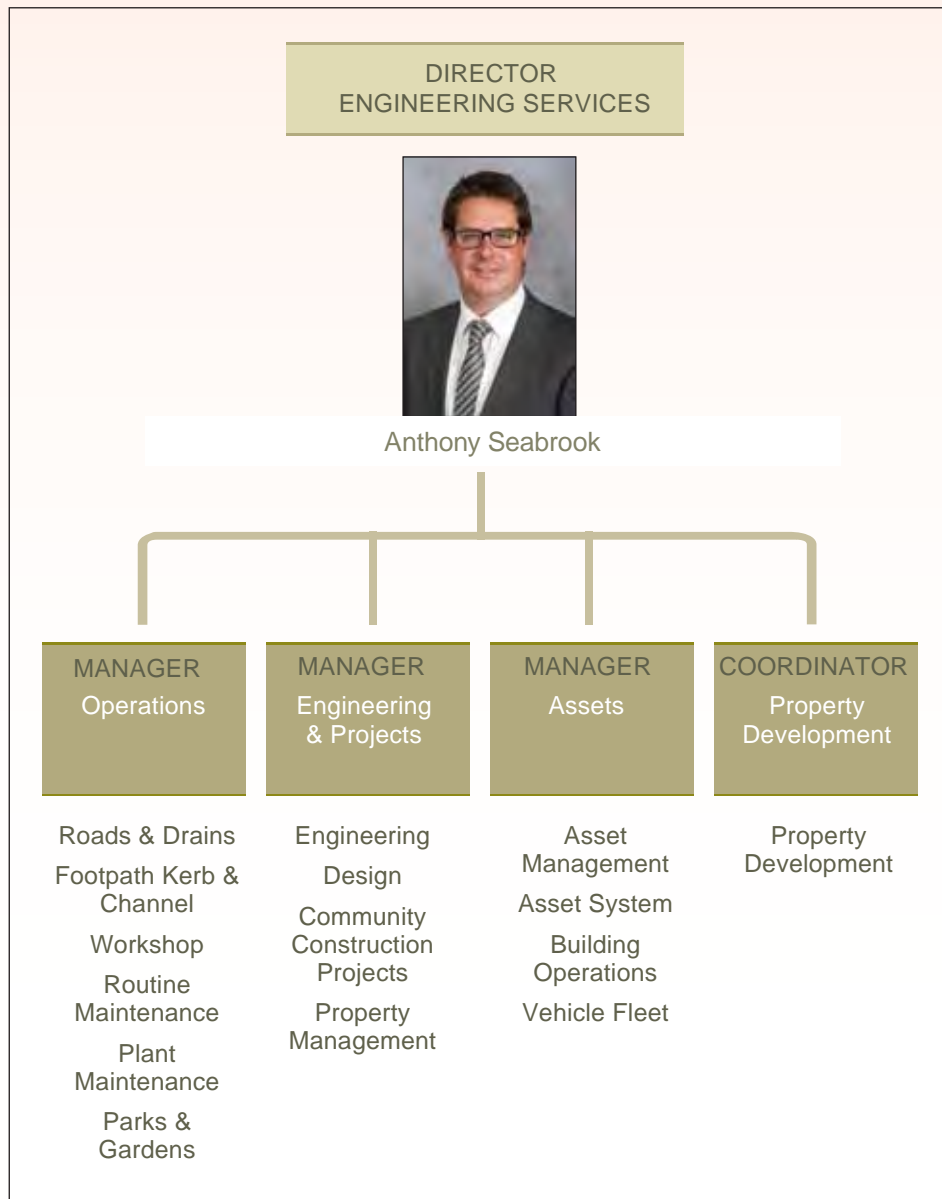


The Emergency Management Department ensures Council's readiness to respond to and recover from municipal emergency events and includes a broad range of proactive community education and team training initiatives.

HIGHLIGHTS

- Promoted display of house and rural road numbers to assist emergency services
- Completed the first draft of the Integrated Fire Management Plan
- Installed electronic and static signage at Visitor Information Centres to provide warnings, community education and emergency information.
- Distributed bushfire preparation information to all absentee landholders in high risk areas and held a Fire Ready meeting in Melbourne
- Delivered 'Fire Ready' meetings with CFA across the shire
- Trained Municipal Emergency Coordination Centre staff in online emergency software system
- Applied for additional funding for Sandy Point Neighbourhood Safer Place
- Applied for National Disaster Resilience Grant on behalf of Gippsland Regional Municipal Emergency Management Enhanced Group

ENGINEERING SERVICES





The Operations Department conducts programmed and reactive maintenance to provide a safe and trafficable road network, and parks and gardens that meet the needs and expectations of the community. Crews are often engaged in emergency works at all hours to respond to storm damage.

The maintenance program, which includes roads and drains, footpath, kerb and channel, plant, workshop and routine maintenance, continuously monitors and maintains infrastructure to a standard that will maximise its long-term benefit to the community.

The major challenge this year was to repair damage from four severe rain events that resulted in floods, several landslips, damage to bridges and culverts, washed out roads, erosion from streams and flood damage to property.

HIGHLIGHTS

- Completed 102 out of 197 flood related projects
- Completed resource planning with contractors engaged to assist with the backlog of projects due to excessive rain
- Replaced culverts at Boorool Rd, Boorool and Rendells Rd, Hedley
- Completed landslips at Foster Mirboo Rd and Foster Boolarra Rd, Foster North
- Progressing landslip repairs at Loch-Poowong Rd, Ross and Witherdons Rd, and Turtons Creek Rd, Turtons Creek
- Completed 3,651 (63%) of 5,834 customer requests on time

ENGINEERING AND PROJECTS



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

HIGHLIGHTS

- Progressed Sandy Point Community Centre construction (90% complete), completion expected September 2012
- Completed 92% of the Capital Works Program (45 projects)
- Completed Leongatha Children's Centre extension
- Completed Koonwarra Landfill Cell 3 construction. Awaiting EPA approval to commence use
- Replaced Dumbalk Public Toilets
- Rehabilitated Fish Creek-Walkerville Rd, Walkerville
- Installed funded lighting system at Foster Showgrounds oval
- Awarded design contract for SPLASH Stage 3 – Hydrotherapy Pool
- Completed construction of the Prom Coast Centre for Children
- Completed Corner Inlet Lookout
- Completed the following Development Referrals on time:
 - 126 (78%) conditions out of 162
 - 46 (96%) certifications out of 48
 - 91 (86%) plans out of 105
 - 28 (100%) statement of compliances
- Completed 320 (85%) of 376 customer requests on time



The Assets Department is responsible for the development and implementation of long term asset management plans for all assets, including renewal modelling, to ensure that the ten year Financial Plan allocates sufficient resources to reduce the renewal gap. It collects and analyses data to effectively manage roads and drainage assets, and supports capital works and operational decisions.

The Department also oversees building operations and manages the organisation's vehicle fleet.

HIGHLIGHTS

- Completed Parks, Gardens and Reserves Asset Management Plan
- Completed Stormwater Drainage Asset Management Plan
- Updated Roads Infrastructure Asset Management Plan to incorporate bridges and major culverts
- Completed Level 2 bridge inspections and updated the Capital Works Program and Asset Management System with this new data
- Populated assets into the Asset Management System and the Geographic Information System (GIS)
- Completed 75% of asset inventory data for small culverts
- Completed the asset component (AC) of the Korumburra Caravan Park Master Plan – remaining three Caravan Park Master Plans AC nearing completion
- Commenced the Korumburra Pre-school extension
- Completed the annual buildings inspections and building surveys and established the 2012/13 Building Maintenance Program with this data
- Reviewed the Heavy Vehicle Policy
- Completed 510 (88%) of 578 customer requests on time for the Building team
- Completed 126 (76%) of 165 customer requests on time for the Assets team

PROPERTY DEVELOPMENT

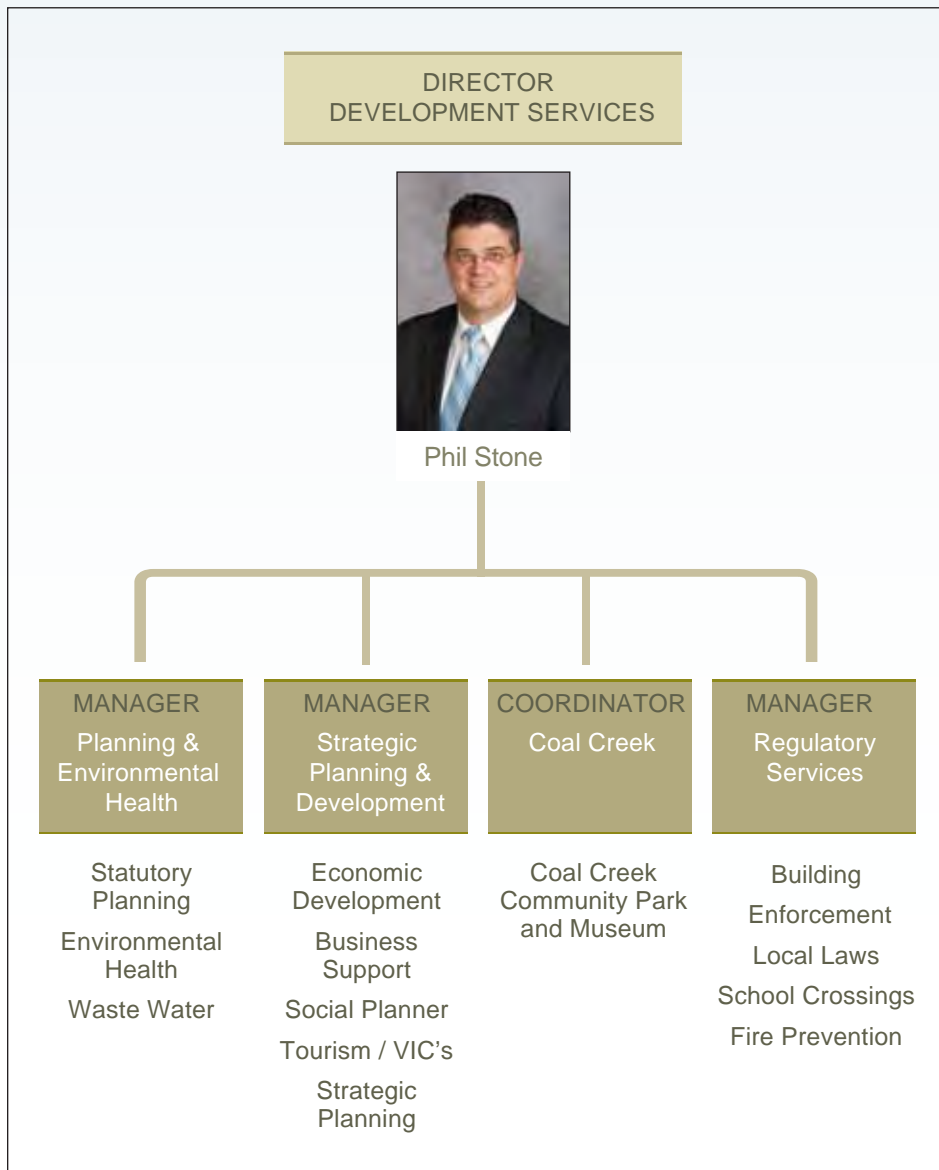
The Property Development Department coordinates the processes for major developers with internal and external stakeholders by ensuring a strong customer focus. The Department captures processes relating to dealings on Council land and ensures Council land projects are in line with State Government Policy direction for recognition of funding opportunities.

The Department identifies opportunities for Council land (sales, purchases, exchange) in line with Council's Land Ownership Policy, key strategies and plans.

HIGHLIGHTS

- Completed 20 Year Caravan Park Master Plan
- Commenced Expression of Interest process for the Korumburra Tourist Park and Korumburra Central project
- Purchased 12-14 Ashenden St, Leongatha for future expansion of Council Depot
- Progressing sale and lease of land to South Gippsland Water at Pioneer Street, Foster
- Identified land at Foster for progression of the Master Plan development
- Commenced rezoning for the Korumburra Library site, including discussions with key stakeholders and the community
- Commenced research for land suitable for Korumburra multi-purpose community hub
- Completed Land Ownership Policy
- Progressed the analysis of Council land holdings and development of a register of sites for consideration of sale, purchase and/or development, as part of the Land Realisation Project
- Ongoing development of relationships with key developers and property professionals in the shire

DEVELOPMENT SERVICES



STATUTORY PLANNING

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

HIGHLIGHTS

- Implemented electronic system (SPEAR) for certification of subdivision plans and issue of statements of compliance
- Successfully represented Council at two VCAT cases of community significance
- Responded to 3,435 customer service enquiries
- Processed 792 planning applications
- Introduced pre-application meetings to inform applicants of the process and improve quality of applications
- Improved applications assessed within 60 days (Statutory, excluding public holidays and referral periods) from 27% to a peak 79%
- Improved applications assessed within 30 days (gross, elapsed time) from 13% to a peak 35%
- Approved several significant applications that included:
 - 60 bed aged care facility - Foster
 - 101 Lot subdivision in Leongatha South
 - 27 Lot subdivision in Korumburra
 - Barry Beach fuel tank and warehouse development
 - New Salvation Army church site
 - Redevelopment of former “Henrietta’s” site
 - Stony Creek broiler farm
 - Leongatha South quarry
 - Holden car dealership
 - 85 lot subdivision in Nyora



ENVIRONMENTAL HEALTH

The Environmental Health Team promotes public health standards through the implementation of legislative controls over food safety, personal care industries, accommodation premises, caravan parks, septic tank approvals and public health issues.

HIGHLIGHTS

- Commenced review of the Municipal Domestic Wastewater Management Plan (MDWMP)
- Inspected 430 registered premises, including food businesses, accommodation providers and personal care businesses
- Assessed and renewed 300 registration renewals
- Assisted caravan park operators to comply with new Emergency Management Plan requirements
- Presented paper on waste water issues at the Institute of On-site Environmental Management (Vic) inaugural meeting
- Assisted South Gippsland Water with a water contamination issue at Meeniyan
- Hosted a wastewater forum for plumbers on the new Australian Standards and compliance requirements for EPA and Council
- Analysed 90 food samples
- Assessed and issued over 200 septic tank permits

STRATEGIC PLANNING AND DEVELOPMENT



ECONOMIC DEVELOPMENT

Council's Economic Development Team promotes and supports investment, development and services that facilitate planned sustainable growth for the Shire.

HIGHLIGHTS

- Co-sponsored South Gippsland Dairy Expo
- Hosted a 'Cash Flow and Profitability' workshop to aid local businesses
- Produced Live, Work, Invest prospectuses for South Gippsland and Mirboo North
- Produced two editions of 'Business South Gippsland' newsletter
- Conducted Business Victoria workshops with local training providers
- Hosted the most visited stand at the Regional Living Expo in Melbourne
- Advocated for Leongatha alternative heavy vehicle route and National Broadband Network
- Co-hosted advisory sessions for retrenched Leongatha Murray Goulburn employees in June
- Produced 'A Guide to Council Services for Business'



TOURISM

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

HIGHLIGHTS

- Conducted Prom Flood Recovery marketing campaign with Prom Coast Regional Tourism (PCRT) and Destination Gippsland Limited
- Achieved 90+% positive rating in 'mystery shopper' Visitor Information Centres audit
- Facilitated South Gippsland feature in Australian Geographic magazine
- Facilitated Royal Auto magazine insert, promoting Gippsland deals and packages
- Assisted PCRT with membership drive and development of the 2011/12 Official Touring Map and Visitors' Guide
- Supported national Today Show live broadcast feature at Wilsons Promontory National Park
- Promoted our small towns through the Villages Campaign
- Produced 'Prom Country Shopping and Dining Guide'



STRATEGIC PLANNING

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

HIGHLIGHTS

- Achieved gazettal of Rural Land Use Strategy into the Planning Scheme, and rezoned Korumburra Saleyards and Prom Gateway Resort
- Finalised Southern Leongatha Outline Development Plan, Western Towns Structure Plans and rezoned Simons Lane Leongatha into Low Density Residential Zone
- Prepared planning scheme amendments for Korumburra Structure Plan, western Korumburra Rezoning Development Plan, Korumburra Library rezoning, and Jumbunna Residential 1 Rezoning
- Authorised Planning Scheme Amendment for Eastern District Urban Design Framework
- Completed draft Leongatha Car Parking Study for public exhibition
- Progressed a rezoning for Rural Living land in Foster
- Trained staff in use of population and demographics forecasting software and provided access on Council's website.



COAL CREEK COMMUNITY PARK AND MUSEUM, KORUMBURRA

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

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

HIGHLIGHTS

- Increased overall visitor attendance by 18%: total 62,270
- Established a Sustainability Centre, a Men's Shed and a playgroup within the Park
- Named as finalists in two categories of the 2011 Tidy Town Awards
- Hosted a national Today Show live broadcast
- Received \$88,000 in grants to implement a Strategic Partnerships Program with local schools; and to create a Regional Food Producers Network through the Coal Creek Farmers' Market
- Formed working partnership with Corrections Victoria
- Hosted 12 exhibitions in the Coal Creek Community Gallery
- Sought tenders for the development of the Business Plan / Feasibility Study to make Coal Creek 'cost neutral in five-seven years'

REGULATORY SERVICES



BUILDING AND ENFORCEMENT

The Building and Enforcement Team is responsible for administration and enforcement under the Victorian Building Act 1993, along with planning enforcement under the Victorian Planning and Environment Act 1987.

HIGHLIGHTS

- Processed 765 building permit lodgements totalling \$118 million (increase in value of 21%) and 611 building/property information applications
- Completed 144 legal point of discharge applications and 35 building permit/plan search applications
- Actioned 53 building enforcement cases with 46 cases finalised
- Investigated 134 planning enforcement cases with 108 finalised
- Prosecuted three offenders under the Building Act 1993 and one under the Planning and Environment Act 1987. Twelve planning infringement notices issued
- Audited 72 swimming pools and spas for barrier compliance
- Audited 23 commercial buildings for compliance with essential safety measures
- Processed 114 applications for site variations, building demolitions, building over easements, etc - an increase of 39%
- Developed interview protocols for building/planning investigations



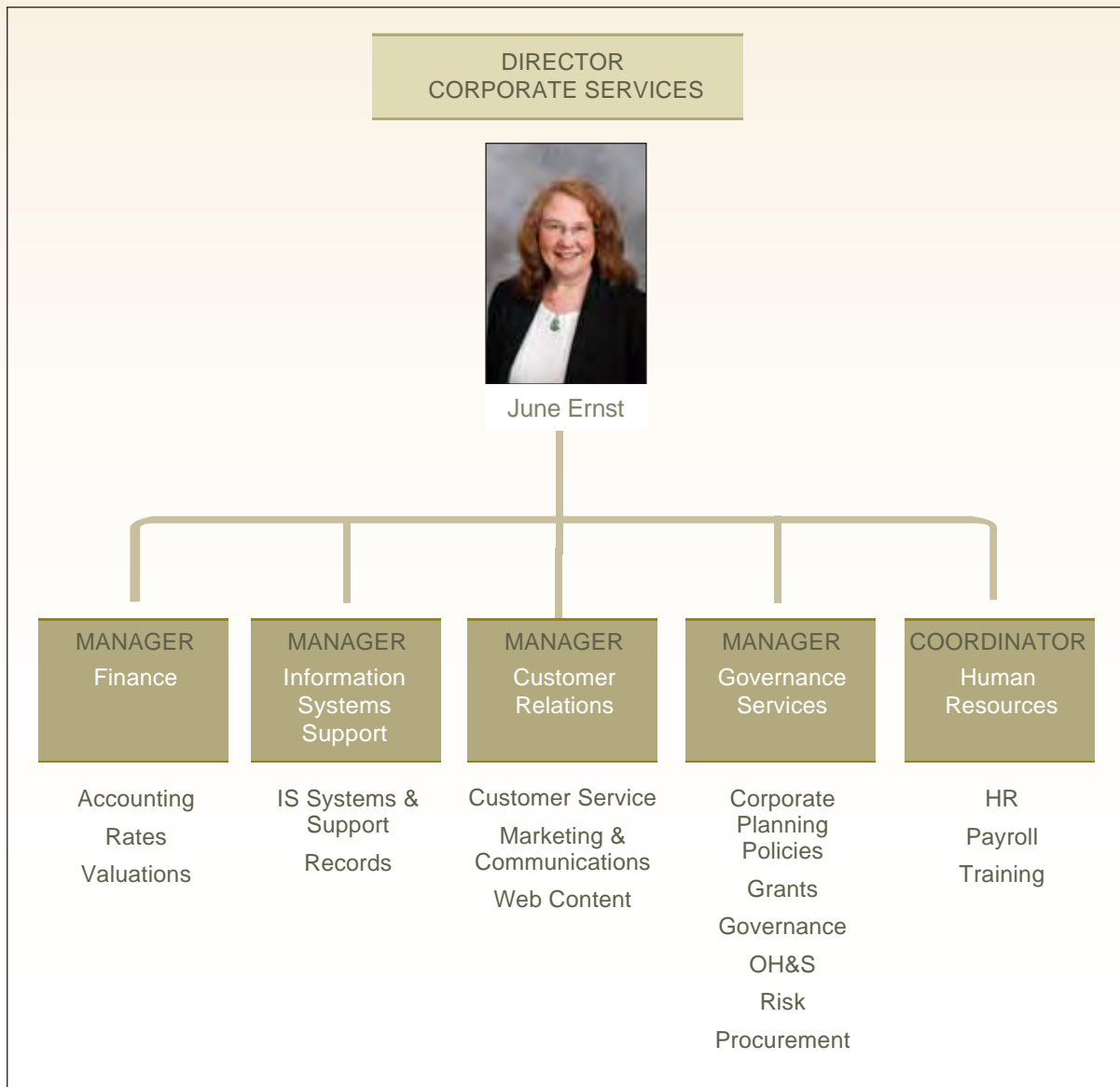
LOCAL LAWS

The Local Laws Team provides a 24 hour response service to enforce Council's Local Laws so that the community is provided with the appropriate level of health, safety and amenity. Responsibilities include animal management, fire prevention, parking, school crossings and footpath trading.

HIGHLIGHTS

- Delivered road safety education program to 11 Kindergartens/Child Care Centres and nine Primary Schools
- Secured funding to appoint a Litter Prevention Officer, shared with Bass Coast Shire Council
- Issued 425 disabled persons' parking permits
- Registered 6,224 animals
- Issued infringement notices for 424 parking offences, 49 animal offences and 37 fire prevention offences
- Achieved 98% compliance with Fire Prevention Notices
- Commenced review of Domestic Animal Management Plan
- Commenced review of Domestic Animal Pound contract

CORPORATE SERVICES



FINANCE

FINANCE

The Finance Department services 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. The Department maintains Council's accounting records in accordance with legislative and regulatory requirements.

The Rates and Valuation Teams administer all legislative requirements in relation to rates, charges and valuations.

HIGHLIGHTS

- Reviewed Long Term Financial Plan and strategies
- Completed 2012 – 2013 Budget
- Introduced new software to improve the capture and management of general revaluations
- Submitted biennial revaluation review of all rateable properties to the Valuer General Victoria
- Completed financial records and successful audit for 2010-2011 Annual Report within designated timelines.

INFORMATION SERVICES

The Information Services Department manages the computerised infrastructure, technology and information systems of the organisation. It investigates new technology and evaluates opportunities to improve service delivery and benefits to the community. The Department also coordinates the capture, management and regulated archive and disposal of corporate records.

HIGHLIGHTS

- Installed emergency management information screens at Visitor Information Centres
- Updated aerial imagery of towns in Geographic Information System (GIS) to support Planning, Engineering and Asset Management capabilities
- Developed an Information Technology Governance Model. Planning for implementation is well advanced
- Configured a MECC Central Incident Management System to improve emergency management
- Improved access to Council's systems at remote sites and through wireless capabilities
- Installed uninterrupted power supplies at two offsite facilities to provide emergency supply

CUSTOMER RELATIONS



CUSTOMER RELATIONS

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

HIGHLIGHTS

- Processed a record 27 nominations for the Australia Day Awards and coordinated the Awards Ceremony and seven local events
- Produced and distributed two editions of 'South Gippsland Matters' newsletter to 18,000 households
- Coordinated community consultation and promotion of the Corner Inlet Tourism Development project
- Distributed 462 media releases, with 1,822 articles published in local media
- Recorded 384,083 Council website hits
- Coordinated the official visit of the Victorian Governor in April
- Developed a draft Corporate Customer Service Charter and Dispute Resolution Guidelines
- Completed the 2010-2011 Annual Report within legislated time frame
- Provided after hours Emergency Service in-house when contractor service lapsed

GOVERNANCE SERVICES

GOVERNANCE SERVICES

The Governance Team provides high level support and co-ordination services to Council that enable good governance and compliance. The Team manages Council Meetings, community and external grants and Council's tendering process.

HIGHLIGHTS

- Reviewed and updated Council's Procurement Policy
- Managed an increased volume of procurement activities
- Improved support for Council's Section 86 Committees
- Changed public presentation times to improve community participation in significant issues being presented to Council
- Completed 30 Locality Reviews
- Implemented and managed a four year Policy Review Program
- Managed Council's input into the Victorian Electoral Commission Electoral Representation Review
- Implemented improvements to Council's Audit Committee, including an updated agenda format and Charter, and recruited a new Independent Member

RISK MANAGEMENT

The Risk Management Team applies a logical and systematic method of identifying, analysing, treating, monitoring and communicating risks associated with any Council activity, function or process, to minimise loss of the standards required by law, and/or agreed to by the organisation.

HIGHLIGHTS

- Developed and adopted a new Risk Management Framework which established a new Strategic Risk Committee, Risk Management Policy, Risk Management Plan and Risk Management Process
- Established a new Strategic Risk Register
- Commenced a significant review of Council's Business Continuity Plan

OCCUPATIONAL HEALTH AND SAFETY AND RETURN TO WORK

The safety management system encourages the active participation of employees, registered volunteers, contractors and the general public to ensure the effective management of occupational health and safety, with a focus on continuous improvement.

HIGHLIGHTS

- Conducted 'Health at Work' and 'Core Strengthening' training programs to enhance employee wellbeing and health
- Implemented the Quick Claim system to improve claims process
- Reduced OHS incidents (with no days lost to injuries between February and April) and the number of major injury claims

GRANTS

The Grants Program encourages investment, development and services that facilitate a planned and sustained growth for the Shire. It also addresses community needs by accessing external grants and administers the annual Community and Recreation Grants Program.

HIGHLIGHTS

- Awarded \$346,000 through the Community Grants program to 74 organisations
- Reviewed the Community Grants Program to include a new "Small Equipment" category
- Provided approximately \$37,000 in minor grants to various groups through the Councillor Discretionary Fund Program
- Applied for 23 external grants with 21 receiving funding to a combined value of approximately \$3.5 million. Grants received include:
 - Great Southern Rail Trail extension: \$2m for \$2.9m project
 - Corner Inlet Halls Network Redevelopment: \$282,750 for \$377,000 project
 - Meeniyan Mechanics Institute Restoration: \$139,650 for \$186,200 project
 - Korumburra Bena Football Netball Club Lighting: \$100,000 for \$240,000 project
 - Venus Bay Shared Pathway Missing Link: \$250,000 for \$350,000 project
 - Fish Creek Netball Courts Redevelopment: \$60,000 for \$120,000 project

FREEDOM OF INFORMATION

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

Council received 16 new applications under the Freedom of Information Act for the period 1 July 2011 to 30 June 2012.

No internal reviews were required.

No appeals to VCAT were lodged.

No complaints or allegations of breach of the Information Privacy Act 2000 were received.

HIGHLIGHTS

- All FOI applications received by Council were processed within the statutory time frames.
- Promoted FOI Act through Council's staff induction process.
- Staff attended external training sessions.

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

The Freedom of Information Officer

South Gippsland Shire Council

9 Smith Street (Private Bag 4)

Leongatha 3953

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

HUMAN RESOURCES



HUMAN RESOURCES

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

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

HIGHLIGHTS

- Expanded the website employment section to better promote Council's employment opportunities
- Revised new employee packs to improve induction process
- Revised Grievance Policy and Employee Assistance Policy
- Conducted annual Employee Opinion Survey
- Recruited 70 staff, processing 887 applications
- Revised and implemented the Performance Development Review Program, including staff and management training
- Registered 32,636 employment website hits
- Implemented Staff Development Training Program

INFORMATION TO BE MADE AVAILABLE TO THE PUBLIC

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

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

- a. Details of current allowances fixed for the Mayor, Lord Mayor (if any) and Councillors under section 74 or 74A of the Act;
- b. Details of senior officers' total salary packages for the current financial year and the previous year including the gross salary, the amount of the Council or employer contribution to superannuation, the value of any motor vehicle provided by the Council and the total value of any other benefits and allowances provided by the Council;
- c. Details of overseas or interstate travel (with the exception of interstate travel by land for less than 3 days) undertaken in an official capacity by Councillors or any member of Council staff in the previous 12 months, including the names of the Councillors or members of Council staff and the date, destination, purpose and total cost of the overseas or interstate travel;
- d. Names of Council officers who were required to submit a return of interest during the financial year and the dates the returns were submitted;
- e. Names of Councillors who submitted returns of interest during the financial year and the dates the returns were submitted;
- f. Agendas for and minutes of ordinary and special meetings held in the previous 12 months kept under section 93 of the Act except if the minutes relate to parts of meetings which have been closed to members of the public under section 89 of the Act;
- g. A list of all special committees established by Council and the purpose for which each committee was established;
- h. A list of all special committees established by the Council which were abolished or ceased to function during the financial year;
- i. Minutes of meetings of special committees established under section 86 of the Act and held in the previous 12 months except if the minutes relate to parts of meetings which have been closed to members of the public under section 89 of the Act;
- j. A register of delegations kept under sections 87, 88 and 98 of the Act, including the date on which the last review under section 98(6) of the Act took place;
- k. Submissions received in accordance with Section 223 of the Act during the previous 12 months;
- l. Agreements to establish regional libraries under Section 196 of the Act;
- m. Details of all property, finance and operating leases involving land, buildings, plant, computer equipment or vehicles entered into by the Council as lessor or lessee, including the name of the other party to the lease and the terms and the value of the lease;
- n. A register of authorised officers appointed under Section 224 of the Act;

- o. A list of donations and grants made by the Council during the financial year, including the names of persons or bodies which have received a donation or grant and the amount of each donation or grant;
- p. A list of the names of the organisations of which the Council was a member during the financial year and details of all membership fees and other amounts and services provided during that year to each organisation by the Council; and
- q. A list of contracts valued at \$100,000 or more which the Council entered into during the financial year without first engaging in a competitive process and which are not contracts referred to in section 186(5) of the Act.'

WHISTLEBLOWERS' PROTECTION ACT 2001

In accordance with the requirements of the Whistleblowers' Protection Act 2001 (The 'Act') the South Gippsland Shire Council has established procedures to facilitate the making of disclosures under the Act. The 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 2011/2012, 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 under the Act.

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

BEST VALUE

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

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

Initiatives that have contributed to compliance with Best Value principles in 2011/2012 include:

- A significant review of Council's Procurement Policy to ensure alignment with the Local Government Act and Department of Planning and Community Development Local Government Procurement Best Practice Guidelines, as a component of the Procurement Breakthrough Project.

- Community Workshops and surveys provided the opportunity for Council to consult and receive community feedback in relation to a range of Council services.
- Consultation with the community in the preparation of specifications for the procurement of services for the management and operation of swimming pools.
- Review of specifications for major contracts for the operation of Transfer Stations, Litter Bin Collection and Home Maintenance Service to meet community expectations.

AUDIT COMMITTEE

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

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

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

The Audit Committee is made up of two independent members and two Councillors. However, in June 2012 Council resolved for there to be a minimum of two and a maximum of three independent members that may serve a maximum of two terms of three years to increase the range of skills and experience available to Council. The Chair of the Committee is an independent member.

In 2011/2012 the Audit Committee considered reports in respect of Building, Environmental Health and Local Laws, Building Permits, Waste Water (Septic Tank) Permits and Contract Management.



In 2011-2012 Council demonstrated its ongoing commitment to competition policy and competitive neutrality by:

- Testing the management and operation of Council's landfill operation against the principles of competitive neutrality to ensure that it was not a significant business and therefore exempt from national competition policy
- Seeking preliminary advice on the proposed development of SPLASH to ensure compliance with national competition policy as the development proceeds
- Conducting staff training on how National Competition Policy affects the operations and activities of Council
- Reviewing and updating Council's National Competition Policy

Council intends to remake Local Law No.1 2005 in 2012/2013, and in doing so, will ensure that this Local Law does not impose a restriction on competition.

A PLAIN ENGLISH GUIDE TO THE FINANCIAL STATEMENTS, STANDARD STATEMENT AND PERFORMANCE STATEMENT.

1. Introduction

The Financial, Standard and Performance Statements are contained in the back of the 2011/12 Annual Report.

The Financial Statements are key financial reports of South Gippsland Shire Council. They show how Council performed financially during the 2011/12 financial year and the overall position at the end of the financial year (30 June 2012). Council must present its Financial Statements in accordance with the Australian Accounting Standards. Council is committed to being financially accountable.

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

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

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

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

2. What is contained in the Annual Financial Statements?

Council's Financial Statements have two main sections, namely, the Statements and the Notes. There are four Statements and 46 Notes. These are prepared by Council's staff, examined by the Council's Audit Committee, by Council and then are audited by the Victorian Auditor-General.

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

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

3. Comprehensive Income Statement

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

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

The comprehensive result, commonly referred to as the 'headline' or 'bottom line result', is \$36.50 million (previous year \$4.08 million). The current financial year includes a net revaluation increment of \$34.36 million as a result of revaluing several classes of infrastructure assets including roads, kerb & channel and drainage assets.

A more relevant figure to look at is the 'Surplus / (Deficit)' of Council for the year. The surplus for the reporting period was \$2.14 million (previous year \$4.98 million surplus). This figure does not include the revaluation adjustments.

It is important not to accept the result on face value. Not including 'abnormals' or 'one off' from the surplus result, gives a truer indication of financial performance. This is commonly referred to as the underlying operating result.

After allowing for 'one off' capital grants (\$4.16 million), donated assets (\$1.82 million) and adjustments for fair values of assets (\$46,000), the underlying operating result was a \$3.79 million deficit (previous year \$.0.48 million deficit).

4. Balance Sheet

The Balance Sheet is a one-page summary of the financial situation as at 30 June 2012. It shows what the Council owns as 'Assets' and what it owes as 'Liabilities'. The bottom line of this Statement is Net Assets. This is the net worth of Council that has been built up over many years.

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

The components of the Balance Sheet are described here.

4.1 Current and Non-Current Assets

- Cash and cash equivalents include cash on hand, cash held in the bank and the market value of Council's short term investments.
- Trade and other receivables are monies owed to Council by ratepayers and others.
- Financial assets represent Council's investment with a maturity above three months.
- Inventories are stock of raw materials and stock on hand.
- Other assets include expenses that have been pre paid that relate to the following financial year.
- Investments in associates represent the equity interest of Council in the West Gippsland Regional Library Corporation.
- Property, plant and equipment are the largest component of Council's worth and represent the value of all the land, buildings, roads, vehicles, equipment, and other assets which have been built up by Council over many years.
- Investment properties are properties that provide a commercial return to Council.

4.2 Current and Non-Current Liabilities

- Trade and other payables are those to whom Council owes money as at 30 June, 2012
- Trust funds and deposits represent monies held in Trust by Council.
- Provisions include employee benefits (such as accrued long service and annual leave owed to employees), and obligations to perform rehabilitation works at landfill sites.
- Interest bearing loans and borrowings are monies owing to financial institutions.

4.3 Net Assets

This term is used to describe the difference between the value of Total Assets and the value of Total Liabilities. It represents the net worth of Council as at 30 June 2012, which was \$473 million (previous year \$436 million).

4.4 Equity

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

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

5. Statement of Changes in Equity

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

The main reasons for a change in equity stem from:

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

6. Cash Flow Statement

The Cash Flow Statement summarises Council's cash payments and cash receipts for the year. This Statement is presented according to a very specific Australian Accounting Standard and needs some care in analysis. The values may differ from those shown in the Comprehensive Income Statement because the Comprehensive Income Statement is prepared on an accrual accounting basis.

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

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

1. 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.

2. Cash Flows from Investing Activities:

- This section shows the cash invested in the creation or purchase of property, infrastructure, plant and equipment assets and the cash received from the sale of these assets.

3. Cash Flows from Financing Activities:

- This is where the receipt and repayment of borrowed funds, including finance costs, are recorded.

The bottom line of the Cash Flow Statement is the Cash at End of Financial Year. This shows the capacity of Council to meet its cash debts and other liabilities. The cash position at the end of the financial year was \$13.85 million (previous year \$14.79 million).

7. Notes to the Accounts

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

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

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

Other Notes include:

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

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

8. Standard Statements

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

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

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

9. Performance Statement

The Performance Statement outlines the performance targets and measures set out in relation to the achievement of the Annual Plan Key Strategic Activities that were described in the Annual Budget. The Performance Statement describes the extent to which the Key Strategic Activities were met regarding those targets and measures, in that year.

10. Statements by Principal Accounting Officer and Councillors

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

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

11. Auditor General's Report

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

12. General

External Auditor

Auditor-General of Victoria

Internal Auditors

- Deloitte
- HBL Mann Judd

Bankers

Commonwealth Bank

LOCAL GOVERNMENT INDICATORS

	YEAR	YEAR	YEAR
LOCAL GOVERNMENT INDICATOR	2010	2011	2012
Average rates and charges per assessment	\$1,375	\$1,464	\$1,540
Average rates and charges per residential assessment	\$1,181	\$1,191	\$1,285
Average liabilities per assessment	\$494	\$501	\$817
Operating result per assessment	\$349	\$266	\$113
Average Operating expenditure per assessment	\$2,154	\$2,358	\$2,850
Average capital expenditure per assessment	\$437	\$643	\$747
Renewal Gap	72%	77%	86%
Renewal and maintenance gap	87%	87%	94%
Community satisfaction rating for overall performance generally of the Council+			50
Community satisfaction rating for Council's lobbying on behalf of the Council +			51
Community satisfaction rating for Council's community consultation and engagement +			53
<p>+ Please note: Comparisons should not be made with Community Satisfaction Survey results from 2011 and prior (these are available in previous year's Annual Reports).</p> <p>As a result of feedback from Councils in 2012, the Department of Planning and Community Development made significant changes to the methodology and content of the survey which make any comparisons invalid.</p>			

GRANTS AND CONTRIBUTIONS PAID 2011-2012

This section includes administration support grants, maintenance grants, Councillors' discretionary funds, contributions, recreation reserves grants, swimming pool grants, community grants and community assistance.

Organisation	Amount
Poowong Sports Centre & Swimming Pool Special Committee (operating grant)	71,186
Korumburra Swimming Pool Committee	68,674
YMCA South Gippsland SPLASH	64,271
Prom Country Regional Tourism	43,964
Great Southern Rail Trail Inc	36,705
Korumburra Recreation Centre Committee Inc	35,000
Uniting Care Gippsland (child care/kinder maintenance grant)	32,672
Walter J Tuck Recreation Reserve Committee Of Management	24,831
State Emergency Service Leongatha	24,300
State Emergency Service Foster	24,000
Foster Showgrounds Committee	17,775
Poowong Sports Centre & Swimming Pool Special Committee (building maintenance grant)	15,000
Nyora Recreation Reserve Committee	14,910
South Gippsland Citizens Advice Bureau	13,973
Toora Recreation Reserve Committee	13,926
Hands On Community Solutions	13,795
Loch Community Development Association	11,900
Leongatha Agriculture & Recreation Reserve Committee	11,439
Outtrim Reserve Committee	10,979
Mirboo Recreation Reserve Committee	10,953
Welshpool & Dist Advisory Group Inc	10,575
Fish Creek Football-Netball Club	10,000
Korumburra Children's Hub	10,000
Nyora Men's Shed Inc	10,000
Sandy Point Community Group Inc	9,717
Poowong Recreation Reserve Committee Inc	9,597
MDU Cricket Club	9,300
Korumburra Senior Citizens Centre	8,308
Foster Senior Citizens Centre	8,008
Leongatha Senior Citizens Centre	8,008
Mirboo Nth Senior Citizens Centre	8,008

Organisation	Amount
Korumburra Showgrounds Committee	7,841
Leongatha Bowls Club Inc	7,729
Meeniyan Recreation Reserve	7,577
Leongatha Community Pre-Schools Inc.	7,000
Loch Public Hall Committee Inc	6,597
Mirboo Nth Hall Committee of Management	6,554
Leongatha & District Historical Society	6,550
Port Franklin Hall Committee	6,282
Strzelecki Public Hall Inc.	6,282
Foster War Memorial Arts Centre	6,114
South Gippsland Brass Band	6,100
Mardan Hall Committee	5,925
Poowong Public Hall Inc.	5,432
Corner Inlet Pony Club	5,150
Foster Cricket Club Inc.	5,000
Korumburra Amateur Swimming & Life Saving Club Inc.	5,000
Linton Court Elderly Peoples Home Society Inc.	5,000
Mirboo North Bowling Club Inc.	5,000
Mirboo North Cricket Club Inc.	5,000
Outtrim Moyarra Kongwak Cricket Club Inc.	5,000
Tarwin Football Club	5,000
Leongatha & District Equestrian Club	4,983
Port Welshpool Bowls Club Inc.	4,950
Tarwin Lower Venus Bay Association	4,950
Grand Ridge Rail Trail Committee	4,920
Terrill & Buckley Parks Rec Reserves	4,858
The Arthur Sutherland Recreation Reserve	4,800
Meeniyan Golf Club	4,500
Korumburra Botanic Park Committee	4,000
Korumburra City Soccer Club	4,000
Korumburra Lions Club	4,000
Leongatha Secondary College	4,000
Mirboo Country Development Inc.	4,000
Prom Coast Arts Council Inc.	4,000
Prom Coast U3A	4,000
South Gippsland Buskers Festival Inc.	4,000
The Great Southern Star Eisteddfod	4,000
Tarwin Lower Recreation Reserve Inc.	3,926

Organisation	Amount
Kongwak Public Hall Inc.	3,837
Woorayl Golf Club	3,750
Korumburra Recreation Reserve Committee	3,731
Meeniyan Art Gallery	3,536
Tarwin Lower Mechanics Institute	3,532
Meeniyan & District Sports Centre Committee	3,500
South Gippsland Game Fishing Club	3,500
'Tour De Tarwin'	3,500
Korumburra Kindergarten Inc.	3,000
Leongatha Table Tennis Association Inc.	3,000
Loch & District Preschool Centre	3,000
Lyrebird Arts Council	3,000
Meeniyan Preschool Inc.	3,000
Stockyard Gallery	3,000
YMCA of Ballarat Inc.	3,000
Milpara Community House Inc.	2,900
Toora Community Hall & Library Inc.	2,882
Foster Recreation Reserve Inc.	2,860
Koonwarra Recreation Reserve Committee Inc.	2,860
Loch Recreation Reserve Committee	2,860
Nerrena Recreation Reserve Committee	2,788
Stony Creek Racecourse & Recreation Reserve	2,788
1st Fish Creek Scout Group	2,585
Hallston Mechanics Institute Inc.	2,486
Need's Earthmoving (tree maintenance – Toora swimming pool)	2,450
Venus Bay Surf Life Saving Club	2,437
Bena Tennis Club Inc.	2,400
Arawata Community Hall Association Inc.	2,342
Nyora Public Hall Committee Inc.	2,132
Hard Loch Cafe (Catering Seniors Concert)	2,100
Poowong Historical Group	2,000
Dumbalk Recreation Reserve	1,950
Jumbunna Public Hall Committee	1,882
T.P Taylor Reserve Committee	1,800
Corner Inlet Swimming Club	1,580
Leongatha Art & Craft Society	1,500
Lifeline Gippsland Inc.	1,500
Foster Photography Club	1,295

Organisation	Amount
Bena Public Hall Inc.	1,282
Berry's Creek Hall Inc.	1,282
Buffalo Community Centre	1,282
Darlimurla Community Association Inc.	1,282
Fish Creek Memorial Hall	1,282
Hedley Hall & Recreation Reserve Committee	1,282
Jeetho Hall Inc.	1,282
Koonwarra Hall Committee	1,282
Korumburra Angling Club Inc.	1,282
Meeniyan Mechanics Institute	1,282
Middle Tarwin Public Hall Inc.	1,282
Mirboo North Grainstore Youth Centre	1,282
Moyarra Citizens Committee	1,282
Mt. Best Community Hall Association Inc.	1,282
Mt. Eccles Mechanics Institute Committee	1,282
Nerrena Public Hall Committee Inc.	1,282
Ruby Hall Association Inc.	1,282
Stony Creek Hall Committee	1,282
Walkerville Foreshore Committee	1,282
Welshpool Memorial Hall	1,282
Yanakie Hall & Recreation Reserve	1,282
Leongatha Gymnastic Club	1,069
Seniors Concert expense	1,013
Christian Reformed Church	1,000
Dumbalk Hall Committee	1,000
Friends of Toora Heritage Pear Orchard Inc.	1,000
Korumburra Italian Social Club	1,000
Leongatha Lyric Theatre	1,000
Mirboo North Grain Store Committee of Management Inc.	1,000
Mirboo North Swimming Pool Committee	1,000
Rotary Club of Leongatha Inc.	1,000
South Gippsland Beekeepers	1,000
South Gippsland District Scouts	1,000
Waratah Beach Surf Lifesaving Club	1,000
Gippsland Historical Automobile Club	920
Kongwak Community Group	900
Korumburra Tennis Club	900
Stony Creek Football Club	900

Organisation	Amount
Prom Country Bush Food Association	770
Prom Coast Singers	700
South Gippsland Winter Badminton Association	700
Van Hoorn Music (Seniors Concert)	700
Transition Corner Inlet District Association	660
Dumbalk Progress Association	600
Foster & District Historical Society Inc.	600
Leongatha Little Athletics Club Inc.	600
The Torch (YAAIL Artists Exhibition)	600
Meeniyan Progress Association	500
Prom Country Aged Care	500
South Gippsland Landcare Network	500
Venus Bay & District Community	500
Leongatha Croquet Club	400
Port Franklin Tennis & Sports Club Inc.	400
Toora Netball Club Inc.	341
Tarwin Lower Community Health Centre	330
CWA South Gippsland Group	300
Foster Fire Brigade	300
Probus Club of Foster	300
South Gippsland Genealogical Society	300
The Lions Club of Mirboo North	245
South Gippsland Hospital	240
Yooralla Society of Victoria	218
FAMDA (Prize Money 11th Anniversary One Act Play)	200
Korumburra Bowling Club	200
Mirboo North Golf Club	200
St John Ambulance Australia (Victoria) Inc.	200
Toora & Welshpool Kindergarten	200
Prom Coast Soccer Club	199
South Coast Stars Soccer Club	176
Cake Decorating Association of Victoria - Leongatha	150
Koonwarra Leongatha RSL Cricket Club	150
Meeniyan Amateur Dramatics Society	150
Australian Red Cross	100
Total Grants and Contributions 2011-12	1,034,251

ANNUAL PLAN 2011/12

END OF YEAR RESULTS

STATUS KEY: ✓ Achieved 😊 Partially Achieved ✗ Not Achieved

Strategic Goal 1

A VIBRANT ENGAGED COMMUNITY

1.1 ACTIVE, RESILIENT COMMUNITY

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

Strategy	Action/Measure	Target	Status	Full Financial Year	Responsible Unit
1.1.1: COMMUNITY PARTNERSHIPS: Facilitate opportunities for communities to work with Council, and one another, to improve their local area.	Pilot Integrated Community Plans for high growth towns and communities developed: <ul style="list-style-type: none"> • Nyora Plan • Korumburra Town Centre Plan 	Project Plans developed by 31 July 2011. Agreed milestones achieved in accordance with the approved Project Plans by 30 June 2012.	✓	Target Achieved Nyora Structure Plan adopted by Council 24 August 2011 and development prerequisites set out for developers. Korumburra Town Centre Framework Plan project commenced. Scope drafted and additional funds sought and obtained by RDV.	Director Development Services

Strategy	Action/Measure	Target	Status	Full Financial Year	Responsible Unit
1.1.2: COMMUNITY ENGAGEMENT AND PLANNING Actively engage and partner with the community in planning and implementing programs, projects and infrastructure aimed at strengthening the community.	<p>Communities supported to develop Community Directions Statements as required.</p> <p>Outcomes presented to Council at the completion of each project.</p> <ul style="list-style-type: none"> • Welshpool & District • Venus Bay/Tarwin Lower • Dumbalk • Fish Creek & District 	<p>First year of the Gardiner Foundation Strengthening Small Dairy Communities Program implemented and reported by 30 June 2012</p>	✓	<p>Target Achieved</p> <p>First full year of the Lower Tarwin Valley Communities project completed. Tarwin Lower and Venus Bay 'Community Directions Statements' completed and Fish Creek/Buffalo and Dumbalk are at the final draft stage. Project advisory network established and effective.</p> <p>Funding agency satisfied with project outcomes and value.</p>	Director Community Services
1.1.3: SOCIAL EQUITY: Ensure equitable access to services and facilities to support a better quality of life for the community.	<p>Children's Services Centre expansion in Leongatha and the service capacity and concept design for the Korumburra Children's Services Hub completed.</p>	<p>Leongatha Centre expansion completed and Korumburra Hub design and site selection completed and presented to Council by 30 June 2012.</p>	✓	<p>Target Achieved</p> <p>Site selection for Korumburra Integrated Children's Centre was endorsed by Council on 27 June.</p> <p>Concept designs complete and expression of interest commenced for capital funding.</p> <p>Leongatha Children's Centre completed and operational in December 2011.</p>	Director Community Services

1.2 HEALTH & WELLBEING

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

Strategy	Action/Measure	Target	Status	Full Financial Year	Responsible Unit
<p>1.2.1: ACTIVE LIFESTYLES: Provide and facilitate a range of recreational, sport and leisure opportunities for all sectors of the community.</p>	Equestrian Feasibility Study and concept designs completed and presented to Council	By 30 June 2012	☺	<p>Target Partially Achieved</p> <p>Concept designs presented to Council on 6 June after extensive stakeholder consultation.</p> <p>Further work required on Feasibility Study including development of a business plan.</p>	Director Community Services
<p>1.2.3: COMMUNITY SAFETY: Support a safe living environment through a proactive response to public safety matters.</p>	<p>Fire Prevention Plans for the following Shire bush reserves completed and presented to Council:</p> <ul style="list-style-type: none"> ● Pioneer Reserve, Kongwak ● Tom Kindellan Reserve, Nerrena ● Kings Park Reserve, Leongatha ● Tarwin Lower Flora Reserve ● Hudson Park, Korumburra ● Hamanns Reserve, Leongatha North ● Koonwarra Gravel Pits 	Fire Prevention Plans completed by 30 June 2012	✓	<p>Target Achieved</p> <p>Fire Prevention Plans completed and adopted by Council in October 2011.</p>	Director Community Services

Strategy	Action/Measure	Target	Status	Full Financial Year	Responsible Unit
1.2.3: COMMUNITY SAFETY: Support a safe living environment through a proactive response to public safety matters.	Fire Prevention Plan control mechanisms established in conjunction with the CFA for established Fire Prevention Plans.	By 30 June 2012	✓	Target Achieved Comprehensive report compiled for Fire Services Commissioner to support funding application. Funding Application for Sandy Point Neighbourhood Safer Place submitted. Phase 2, covering structure and chemical fire, are on track	Director Community Services

1.4 HERITAGE AND HISTORY

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

Strategy	Action/Measure	Target	Status	Full Financial Year	Responsible Unit
1.4.1: INDIGENOUS LIAISON: Develop communication protocols with local indigenous groups to ensure effective cultural understanding and heritage protection.	Protocols for liaising with multicultural groups established.	By 30 June 2012	✓	Target Achieved Council briefed on 13 June on engagement with indigenous organisations and current communication practices with local indigenous people.	Director Community Services
1.4.3: HISTORY: Maintain a wide collection of historically significant resources and provide appropriate display and interpretation facilities in conjunction with interested community groups.	Business Plan for Coal Creek developed, incorporating options for the use of underutilised land.	By 30 June 2012	☺	Target Partially Achieved The preliminary Feasibility Study was finalised in August and presented to Council on 28 September 2011. Currently seeking quotes for a more detailed study and business plan.	Director Development Services

Strategic Goal 2

A SUSTAINABLE ENVIRONMENT

2.1 PLANNING FOR A SUSTAINABLE FUTURE

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

Strategy	Action/Measure	Target	Status	Full Financial Year	Responsible Unit
<p>2.1.1: SUSTAINABLE ENVIRONMENTAL PLANNING: Develop comprehensive environmental strategic policies to define and address local government's role in general environmental issues including climate change mitigation and adaptation.</p>	Sustainability Strategy implemented and outcomes reported.	Progress reported in the Quarterly Council Performance Report and annual outcomes achieved reported to Council by 30 June 2012	✓	<p>Target Achieved All strategy actions due to be undertaken this year were completed. A briefing on the full year activities is scheduled for 18 July with a report to follow in August.</p>	Director Community Services

2.3 NATURAL RESOURCE MANAGEMENT

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

Strategy	Action/Measure	Target	Status	Full Financial Year	Responsible Unit
<p>2.3.2: ENVIRONMENTAL PROTECTION: Preserve, enhance and manage the Shire's natural environment, open space and scenic amenity including bushland, remnant vegetation, wildlife, waterways, water, air quality and soils.</p>	Service levels for bushland reserves established	By 30 June 2012	✓	<p>Target Achieved The establishment of service levels for bushland reserves were completed by June 2012.</p>	Director Community Services

2.5 RESOURCE EFFICIENCY

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

Strategy	Action/Measure	Target	Status	Full Financial Year	Responsible Unit
2.5.4: WASTE MANAGEMENT: Implement measures and programs to reduce waste and promote recycling.	Status of airspace in the Koonwarra Landfill Site monitored and reported to Council	Report to Council six monthly	✓	Target Achieved Status of airspace has been regularly monitored and reported quarterly to Council. Weather and EPA approval delays in constructing Cell 3 have meant that approved contours of the landfill have slightly exceeded. Regular surveys have been carried out to guide the placement of waste. Amended contours will be submitted to EPA for approval.	Director Community Services
2.5.4: WASTE MANAGEMENT: Implement measures and programs to reduce waste and promote recycling.	The Municipal Domestic Waste Water Management Plan reviewed and presented to Council	By 30 June 2012	☹	Target Partially Achieved Council has approved a project brief and community consultation methodology. Draft report to be exhibited for wider community consultation in September 2012 Council to be briefed on draft in November 2012. Final report and recommendations to be presented to Council in February 2013	Director Development Services

A STRONG ECONOMY

3.1 ECONOMIC DEVELOPMENT

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

Strategy	Action/Measure	Target	Status	Full Financial Year	Responsible Unit
<p>3.1.3: ECONOMIC INVESTMENT: Encourage new opportunities and projects that have the capacity to diversify the local economy and facilitate new business attraction and investment. Encourage business growth by supporting and assisting enterprises to expand their businesses.</p>	<p>A Business Marketing Plan for Mirboo North prepared to promote the township to potential business investors and new residents</p>	<p>Business Marketing Plan published by 30 June 2012</p>	<p>✓</p>	<p>Target Achieved Brochure printed and successfully used at the inaugural Regional Victoria Living Expo in April. Formally launched at the Mirboo North Arty Gras. Copies distributed to Mirboo North businesses and electronic copy placed on Council website. Project successfully completed two months ahead of schedule</p>	<p>Director Development Services</p>
<p>3.1.3: ECONOMIC INVESTMENT: Encourage new opportunities and projects that have the capacity to diversify the local economy and facilitate new business attraction and investment. Encourage business growth by supporting and assisting enterprises to expand their businesses.</p>	<p>Economic modelling on population growth, societal change and climate change that will influence future strategic directions for the Shire completed and presented to Council</p>	<p>Electronic demographic profile available on the Council website and report presented to Council by 30 June 2012</p>	<p>✓</p>	<p>Target Achieved Briefing held 7 March 2012 and website link now active on Council's website. Project completed.</p>	<p>Director Development Services</p>

Strategy	Action/Measure	Target	Status	Full Financial Year	Responsible Unit
3.1.4: TOURISM: Actively market South Gippsland Shire as a visitor/tourist destination and promote the benefits as a significant contributor to the economy. Facilitate the local tourism industry to partner and participate with Destination Gippsland and accept greater responsibility for tourism promotion.	Tourism Strategic Plan reviewed and presented to Council.	By 30 June 2012	✓	Target Achieved Combined Economic Development and Tourism Strategy prepared and Council briefed. Economic Development & Tourism Strategy recommended to be placed on public exhibition.	Director Development Services
	Economic impact study to determine the March 2011 storm impact on Wilson's Promontory and the Shire completed and actions arising implemented.	By 30 June 2012	✓	Target Achieved A briefing was presented to Council providing the Wilsons Prom Flood Economic Impact Study results. Briefing also provided an update on the Flood Response & Recovery Campaign.	Director Development Services

3.3 INFRASTRUCTURE

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

Strategy	Action/Measure	Target	Status	Full Financial Year	Responsible Unit
<p>3.3.1: ACCESSIBLE NETWORKS: Advocate for, and facilitate the provision of local, regional, national and global technology connections through integrated and accessible systems and networks.</p>	<p>Advocate for the expansion of the National Broadband Network roll out to include smaller townships along the main routes.</p>	<p>Advocacy activities and outcomes reported in the quarterly Council performance report.</p>	<p>✓</p>	<p>Target Achieved Ongoing advocacy project. Listed as a Priority Project of Council. Advocacy undertaken on behalf of Meeniyan regarding optic fibre. Gippsland Broadband Engagement Strategy completed. Updates provided in the quarterly Council performance report</p>	<p>Director Development Services</p>
<p>3.3.4: LAND-USE PLANNING: Ensure that land use planning supports the orderly and sustainable development of land.</p>	<p>Strategic Planning projects scoped, prioritised and presented to Council</p>	<p>By 30 June 2012</p>	<p>☹</p>	<p>Target Partially Achieved Project Scopes and Timelines briefing presented to Council on 2 November 2011. Estimated dates for each project milestone has been estimated. Some delays due to workloads and seeking additional funding.</p>	<p>Director Development Services</p>

Strategic Goal 4

APPROPRIATE INFRASTRUCTURE

4.1 ROADS, STREETS, BRIDGES, DRAINAGE & OTHER ASSOCIATED INFRASTRUCTURE

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

Strategy	Action/Measure	Target	Status	Full Financial Year	Responsible Unit
4.1.2 INFRASTRUCTURE IMPLEMENTATION: Ensure the Council's infrastructure networks are constructed and renewed, maximising long-term community benefits.	A rolling 4 year Capital Works program developed and implemented to be consistent with the Asset Management Plan and Long Term Financial Plan	By 30 June 2012	✓	Target Achieved Presented to Council in December 2011 and adopted as part of the budget in June 2012.	Director Engineering Services
	Annual Capital Works Program delivered	90% of the Capital Works Program expended by 30 June 2012	✓	Target Achieved 92% of the original Capital Works budget expended as at 30 June 2012.	Director Engineering Services

Strategy	Action/Measure	Target	Status	Full Financial Year	Responsible Unit
4.1.3 INFRASTRUCTURE MAINTENANCE: Ensure the Council's infrastructure networks are continuously monitored to a standard that will maximise their long term benefit to the community.	A rolling annual Maintenance Plan program developed and implemented to be consistent with the Asset Management Plan and Long Term Financial Plan	By 30 June 2012	✓	Target Achieved Program delivered. 2011/12 Annual Maintenance Plan was amended to include the highest priority effected road infrastructure due to the severe rain events.	Director Engineering Services

4.2 COUNCIL BUILDINGS/FACILITIES

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

Strategy	Action/Measure	Target	Status	Full Financial Year	Responsible Unit
4.2.1: MAINTENANCE: Ensure the Council's buildings and facilities are continuously monitored and maintained to a safe standard, maximising their long-term benefit to the community in accordance with priorities set through comprehensive asset management planning.	A rolling annual Building and Facilities Maintenance Plan program developed and implemented to be consistent with the Asset Management Plan and Long Term Financial Plan	By 30 June 2012	✓	Target Achieved 97% of building operational funds expended. 2011/12 Building and Facilities Maintenance Plan delivered. 2012/13 Building and Facilities Maintenance plan adopted in June 2012.	Director Engineering Services

A LEADING ORGANISATION

5.1 GOOD GOVERNANCE

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

Strategy	Action/Measure	Target	Status	Full Financial Year	Responsible Unit
<p>5.1.1: DIRECTION SETTING:</p> <p>Provide strategic direction for the Council's continued growth through the development of appropriate Strategy Plans and Action Plans.</p>	<p>A four year program to ensure Council's policies are reviewed, updated, included into key strategic documents of Council and/or abolished, to be established and implemented.</p>	<p>By 30 June 2012</p>	<p>✓</p>	<p>Target Achieved</p> <p>The Four Year Policy program was adopted by Council. A tracking mechanism developed to monitor progress with most main policies updated during 2011/2012.</p>	<p>Director Corporate Services</p>
	<p>Establish basic service levels and associated costs for each Business Unit for inclusion in Business Unit Plans.</p>	<p>By 30 June 2012</p>	<p>☹</p>	<p>Target Partially Achieved</p> <p>Draft Customer Service Charter and Dispute Resolution Guidelines for Council completed. Customer Service Level Agreements for each Directorate are under development</p>	<p>Director Corporate Services</p>

Strategy	Action/Measure	Target	Status	Full Financial Year	Responsible Unit
5.1.2: LEADERSHIP: Provide leadership at the local, regional and State levels to ensure South Gippsland Shire Council and its community are widely recognised as industry leaders.	An internal leadership program for emerging leaders developed and implemented	By 30 June 2012	✓	Target Achieved A two year internal leadership program has been developed. Three workshops have been undertaken to June 2012. A fourth workshop is scheduled for September 2012.	Director Corporate Services

5.2 SYSTEMS AND PROCESSES

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

Strategy	Action/Measure	Target	Status	Full Financial Year	Responsible Unit
5.2.1: CUSTOMER RELATIONS: Provide friendly, timely, accurate and accessible services and information to all customers in a manner reflecting the organisations values.	Customer service training program developed for inclusion in the staff induction program	By 30 June 2012	✓	Target Achieved Customer service training program has been updated and implemented for the induction process of new trainees and staff. It will be expanded into an on-line version once the software program is implemented.	Director Corporate Services

Strategy	Action/Measure	Target	Status	Full Financial Year	Responsible Unit
<p>5.2.2: ASSET MANAGEMENT PLANNING:</p> <p>Ensure a structured management approach is applied to all the Council's assets through a proper regime of investment, maintenance, renewal and disposal.</p>	<p>Asset Management Plans for Parks, Gardens, Bridges, Culverts and Drainage updated and presented to Council.</p>	<p>By 30 June 2012</p>	<p>✓</p>	<p>Target Achieved Parks, Gardens & Reserves Asset Management Plan presented at the 2 May 2012 Council Briefing Session. Underground Stormwater Drainage Asset Management Plan presented at the 20 June 2012 Council Briefing Session. Bridges and Major Culverts data has been incorporated into the Road Infrastructure Asset Management Plan.</p>	<p>Director Engineering Services</p>

<p>5.2.3: FINANCIAL MANAGEMENT:</p> <p>Develop and implement a Long Term Financial Plan</p>	<p>Business Unit budgets managed effectively.</p>	<p>Progress of Business Unit plans and budget reported quarterly in Council's performance report.</p>	<p>✓</p>	<p>Target Achieved Departments have successfully progressed and reported on the outcomes of their Business Plans and Budgets. Council's Performance Reports have been presented to Council each quarter providing a detailed account of the results achieved.</p>	<p>Director Corporate Services</p>
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Strategy	Action/Measure	Target	Status	Full Financial Year	Responsible Unit
5.2.4: TECHNOLOGY: Ensure appropriate technologies are maintained and upgraded in a timely manner to meet the future needs of the organisation.	Information Technology Strategy implemented in accordance with the priority action plan	Progress of strategy outcomes achieved reported quarterly in Council's performance report	✓	Target Achieved The Information Technology Strategy implementation plan was placed on hold and replaced with the development and implementation of an IT Governance Framework. Extensive work has been undertaken to establish the IT Governance Framework and associated Board and Steering Committee structure. These groups have commenced operation and are forming a new approach to prioritising and implementing the strategic direction for delivery of business projects that contain an IT capability.	Director Corporate Services

5.3 STAFF

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

Strategy	Action/Measure	Target	Status	Full Financial Year	Responsible Unit
5.3.1: ATTRACTING AND RETAINING PEOPLE: Make South Gippsland Shire Council an "employer of choice" for both current and future staff.	A structured induction program developed and implemented	By 30 June 2012	✓	Target Achieved An on-boarding program has been developed and implementation of the new employee packs and CEO introduction are complete. Continuing to work on reviewing Employee and Manager handbooks.	Director Corporate Services

Strategy	Action/Measure	Target	Status	Full Financial Year	Responsible Unit
<p>5.3.2: HEALTHY PEOPLE AND SAFER WORKPLACES:</p> <p>Ensure the health and safety of all employees is a paramount consideration through effective training, safe work practices and continuous monitoring.</p>	<p>Conduct OH&S training and refresher training appropriate to each level of staff across the organisation and ensure initial training is conducted as part of the induction of new staff.</p>	<p>By 30 June 2012</p>	<p>✓</p>	<p>Target Achieved</p> <p>OHS training has been undertaken for all new staff. Refresher training has been organised and held for other staff throughout the year. Further training is scheduled in the new financial year.</p> <p>Aim for 100% of new staff to receive OHS workplace introduction within the first two days of starting.</p>	<p>Director Corporate Services</p>
<p>5.3.3: WORKFORCE PLANNING:</p> <p>Building and planning the workforce for the future.</p>	<p>Conduct an independent Employee Opinion Survey for all employees and provide staff with a summary of the results.</p>	<p>By 30 June 2012</p>	<p>✓</p>	<p>Target Achieved</p> <p>The Employee Opinion Survey was undertaken in February 2012. Results were presented to staff in May 2012.</p>	<p>Director Corporate Services</p>

Strategy	Action/Measure	Target	Status	Full Financial Year	Responsible Unit
<p>5.3.4: LEARNING AND DEVELOPMENT:</p> <p>Develop a comprehensive Learning and Development Framework linked to the Workforce Plan that ensures staff have the competencies to deliver Council services.</p>	<p>A corporate training program developed based on the Training Needs Analysis and regularly identified training requirements identified in individual work plans of staff</p>	<p>By 30 June 2012</p>	<p>✓</p>	<p>Target Achieved. A corporate training needs analysis was undertaken in 2010. Training identified and undertaken include:</p> <ul style="list-style-type: none"> • Microsoft Project, • OH&S, • First Aid & CPR, • Financial Reporting/Management, • Emergency Management, • Health @ Work, • Introduction to Local Government, • Superwrite, • Recruitment and Selection, • BIS Functionality, • Manual Handling, • Performance Development , • Evacuation Officer and Conflict Resolution Training. 	<p>Director Corporate Services</p>

Key Strategic Activities:

A further 10 Annual Plan items that formed the Key Strategic Activities of Council for 2011/12, have been audited and are contained in the Performance Statement section of the Annual Report.



South Gippsland
Shire Council

Come for the beauty, Stay for the lifestyle

Annual Financial Report

FOR THE YEAR ENDED 30 JUNE 2012

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COUNCILLORS AND EXECUTIVE LEADERSHIP TEAM

MAYOR



Cr Warren Raabe
Strzelecki

COUNCILLORS



Cr James Fawcett
Tarwin Valley



Cr Mohya Davies
Coastal-Promontory
(Deputy Mayor)



Cr Jeanette Harding
Coastal-Promontory



Cr Kieran Kennedy
Coastal-Promontory



Cr David Lewis
Tarwin Valley



Cr Mimmie Jackson
Tarwin Valley



Cr Jennie Deane
Strzelecki



Cr Robert Newton
Strzelecki

EXECUTIVE LEADERSHIP TEAM



CHIEF EXECUTIVE OFFICER
Tim Tamlin



**DIRECTOR
ENGINEERING SERVICES**
Anthony Seabrook



**DIRECTOR
CORPORATE SERVICES**
June Ernst



**DIRECTOR
COMMUNITY SERVICES**
Jan Martin



**DIRECTOR
DEVELOPMENT SERVICES**
Phil Stone

COMPREHENSIVE INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$'000	2011 \$'000
Income			
Rates and charges	3	29,562	27,802
Statutory fees and fines	4	408	489
User fees	5	2,222	2,073
Grants - recurrent	6	13,405	11,382
Grants - non-recurrent	6	5,956	3,577
Contributions - cash	7 (a)	421	205
Contributions - non monetary assets	7 (b)	1,821	1,182
Reimbursements	8	368	463
Other Income	9	2,105	2,124
Share of net profit / (loss) of associates accounted for by the equity method	16	(96)	79
Fair value adjustment for investment property	24	50	-
Total income		56,222	49,376
Expenses			
Net gain / (loss) on disposal of property, plant and equipment and infrastructure	10	47	168
Employee benefits	11	19,068	16,844
Additional Defined Benefit Superannuation Call	11	4,612	850
Materials and services	12	19,080	16,013
Depreciation and amortisation	13	8,436	7,902
Finance costs	14	77	149
Other expenses	15	2,759	2,470
Total expenses		54,079	44,396
Surplus / (Deficit)		2,143	4,980
Other comprehensive income			
Net asset revaluation increment / (decrement)	29 (a)	34,355	(903)
Comprehensive result		36,498	4,077

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

BALANCE SHEET

AS AT 30 JUNE 2012

	Note	2012 \$'000	2011 \$'000
Assets			
Current assets			
Cash and cash equivalents	18	13,852	14,793
Trade and other receivables	19	3,587	3,257
Financial assets	20	3,750	2,050
Inventories	21	317	252
Other assets	17	320	361
Total current assets		<u>21,826</u>	<u>20,713</u>
Non-current assets			
Investments in associates accounted for using the equity method	16	478	932
Property, plant and equipment and infrastructure	22	465,021	423,710
Investment property	24	674	624
Total non-current assets		<u>466,173</u>	<u>425,266</u>
Total assets		<u>487,999</u>	<u>445,979</u>
Liabilities			
Current liabilities			
Trade and other payables	25	4,965	3,646
Trust funds and deposits	26	369	141
Provisions	27 (b)	4,913	4,475
Interest-bearing loans and borrowings	28	317	1,129
Total current liabilities		<u>10,564</u>	<u>9,391</u>
Non-current liabilities			
Provisions	27 (a)	185	131
Additional Defined Benefit Superannuation Call	27(a)	4,612	-
Interest-bearing loans and borrowings	28	134	451
Total non-current liabilities		<u>4,931</u>	<u>582</u>
Total liabilities		<u>15,495</u>	<u>9,973</u>
Net Assets		<u>472,504</u>	<u>436,006</u>
Equity			
Accumulated surplus		188,737	186,153
Asset revaluation reserve	29 (a)	282,904	248,549
Other reserves	29 (b)	863	1,304
Total Equity		<u>472,504</u>	<u>436,006</u>

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

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

	Note	Total	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves
2011		2011	2011	2011	2011
		\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		431,929	179,849	249,452	2,628
Comprehensive result		4,077	4,980	(903)	-
Transfers to other reserves	29 (b)	-	(242)	-	242
Transfers from other reserves	29 (b)	-	1,566	-	(1,566)
Balance at end of the financial year		436,006	186,153	248,549	1,304

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

	Note	Inflows / (Outflows) 2012 \$'000	Inflows / (Outflows) 2011 \$'000
Cash flows from operating activities			
Rates		29,372	27,711
Statutory fees and fines		408	489
User charges and other fines (inclusive of GST)		2,208	2,071
Grants (inclusive of GST)		19,179	14,014
Reimbursements (inclusive of GST)		371	444
Interest received		1,123	887
Rents (inclusive of GST)		313	322
Other receipts (inclusive of GST)		1,286	913
Payments to suppliers (inclusive of GST)		(18,610)	(15,251)
Payments to employees		(18,576)	(17,935)
Other payments (inclusive of GST)		(2,074)	(1,437)
Net cash provided by (used in) operating activities	30	15,000	12,228
Cash flows from investing activities			
Payments for property, plant and equipment and infrastructure		(14,163)	(12,057)
Proceeds from sale of property, plant and equipment		902	725
Payments for other financial assets		(1,700)	(200)
Net Cash provided by (used in) investing activities		(14,961)	(11,532)
Cash flows from financing activities			
Repayment of interest bearing loans and borrowings		(1,128)	(1,058)
Finance costs		(79)	(150)
Trust Funds and deposits		227	54
Net cash provided by (used in) financing activities		(980)	(1,154)
Net increase in cash and cash equivalents		(941)	(458)
Cash and cash equivalents at the beginning of the financial year		14,793	15,251
Cash and cash equivalents at the end of the financial year	31	13,852	14,793
Financing facilities	32		
Non-cash financing and investing activities	33		
Restrictions on cash assets	34		

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

INTRODUCTION

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

The Objectives of a Council

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

External Auditor – Auditor-General of Victoria

Internal Auditor – HBL Mann Judd

Solicitors – Oakley's White: Maddocks

Bankers – Commonwealth Bank

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

This financial report is a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1989*, and the *Local government (Finance and Reporting) Regulations 2004*.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

This financial report has been prepared on the accrual and going concern basis. This financial report has been prepared under the historical cost convention, except where specifically stated in the notes.

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

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

(b) Change in Accounting Policy

There has been no change in accounting policy during the 2011/12 financial year.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont.)

(c) Revenue Recognition

(i) Rates, grants and contributions

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

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

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

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

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

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

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

(ii) User fees and fines

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

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

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

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

(iv) Trade and other receivables

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

(v) Rentals

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

(vi) Interest

Interest is recognised progressively as it is earned.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

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

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

Road earthworks and land are not depreciated.

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

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

	Period
Property	
Buildings	20 to 50 Years
Heritage Buildings	100 Years
Plant and Equipment	
Plant and machinery	1 to 10 Years
Motor Vehicles	1 to 5 Years
Furniture, fittings and computers	1 to 5 Years
Infrastructure	
Roads and Streets	Earthworks not depreciated
	Pavement 100 Years
	Seal 17 Years
Footpaths	40 to 60 Years
Kerbs & Channel	60 Years
Bridges	100 Years
Culverts	50 to 100 Years
Drains	100 Years
Off-street car parks	Earthworks not depreciated
	Pavement 100 Years
	Seal 17 Years
Other Structures	2 to 40 Years

(e) Repairs and maintenance

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

(f) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing costs include interest on overdraft, interest on borrowings, and finance lease charges.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont.)

(g) Recognition and measurement of Assets

(i) Acquisition

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

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

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

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

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

(ii) Revaluation of Non Current Assets

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

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

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

(iii) Land Under Roads

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

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

(h) Cash and cash equivalents

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

(i) Financial guarantees

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

(j) Investments

Investments other than investments in associates, are measured at cost. Interest is recognised as it accrues.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont.)

(k) Accounting for investments in associates

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

(l) Tender Deposits

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

(m) Employee Benefits

(i) Wages and salaries

Liabilities for wages and salaries and rostered days off are recognised and are measured as the amount unpaid at balance date and include appropriate oncosts such as workers compensation and payroll costs.

(ii) Annual Leave

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

(iii) Long Service Leave

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

(iv) Classification of employee benefits

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

(v) Superannuation

The superannuation expense for the reporting period is the statutory contribution the Council makes to the superannuation plan which provides benefits to its employees. In addition Council may, periodically be required to contribute to the defined benefits scheme for current and former employees. Details of these arrangements are recorded in note 35.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont.)

(n) Leases

Operating Leases

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

(o) Allocation between current and non-current

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

(p) Agreements equally proportionately unperformed

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

(q) Web site costs

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

(r) Goods and Services Tax (GST)

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

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

(s) Impairment of assets

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

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont.)

(t) Rounding

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

(u) Non-current assets held for sale

A non-current asset held for sale (including disposal groups) is measured at the lower of its carrying amount and fair value less costs to sell, and are not subject to depreciation. Non current assets, disposal groups and related liabilities assets are treated as current and classified as held for sale if the carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group sale) is expected to be completed within 12 months from the date of classification.

(v) Trade and other receivables and Inventories

(i) Trade and other receivables

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

(ii) Inventories

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

(w) Investment properties

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

(x) Contingent assets and contingent liabilities and commitments

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

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

(y) Payables and Interest Bearing Liabilities

(i) Trade and other payables

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

(ii) Interest Bearing Liabilities

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

(z) Pending accounting standards

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

NOTE 2 SPECIAL COMMITTEES AND OTHER ACTIVITIES

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

Allambee South Community Hall

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

Toora & District Swimming Pool

Toora Tennis Reserve

TP Taylor Reserve

Walter Tuck Recreation Reserve

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

	2012 \$'000	2011 \$'000
NOTE 3 RATES AND CHARGES		
Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district.		
The capital value of a property is its value that it could be reasonably expected to sell for on the open market.		
The valuation base used to calculate general rates is :-		
Residential	2,984,008	2,888,706
Vacant Land	239,419	233,973
Commercial/Industrial	379,463	369,667
Farm	2,690,902	2,671,028
Cultural & Recreational Lands Act	7,710	8,017
Total Capital Improved Valuation	6,301,502	6,171,391
The rate in the dollar for each rate classification was:-		
Residential	0.00351451	0.00334333
Vacant Land	0.00527176	0.00501500
Commercial/Industrial	0.00351451	0.00334333
Farm	0.00316306	0.00300900
Cultural & Recreational Lands Act	0.00140580	0.00133733
The rates for each classification was:-		
Residential	10,487	9,658
Vacant Land	1,262	1,174
Commercial/Industrial	1,334	1,236
Farm	8,511	8,037
Cultural & Recreational Lands Act	11	11
Municipal Charge	5,401	5,029
Supplementary Rates & Rate Adjustments	324	535
Garbage Charges	2,232	2,122
Total Rates and charges	29,562	27,802
The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2012, and the valuation first applies to the rating year commencing 1 July 2012.		
The date of the previous general revaluation of land for rating purposes within the municipal district was 1 January 2010, and the valuation first applied to the rating period commencing 1 July 2010.		
NOTE 4 STATUTORY FEES AND FINES		
Parking Infringements & Fines	26	19
Land Information Certificates	22	27
Local Laws / Animal control	12	24
Fire prevention	7	5
Building Services	91	82
Town Planning applications	224	286
Supervision Fees	19	35
Infringement Court Recoveries	4	11
Others	3	-
Total Statutory fees and fines	408	489

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

	2012 \$'000	2011 \$'000
NOTE 5 USER FEES		
(a)		
Aged & Disabled Services	215	156
Food Services	116	115
Immunisation	12	12
Community Transport	32	30
Health Licences	146	121
Boat Ramp Fees	22	20
Road RAP fees	14	12
Transfer Stations	134	297
Landfills	986	735
Local Laws	16	15
Animal Control	236	208
Fire Prevention	6	7
Building Services	3	6
Waste Water Management	94	134
Economic Development	1	-
Tourism Development	109	105
Public Halls / Others	25	34
Coal Creek	52	63
Arts & Culture	3	3
Total user fees	2,222	2,073
(b) Please refer to Table (Ageing of Trade and Other Receivables) in Note 39 (e) for the ageing analysis of contractual receivables.		
NOTE 6 GRANTS		
Grants were received in respect of the following:-		
Summary of grants		
Federally funded grants	1,638	3,644
State funded grants	17,723	11,315
	19,361	14,959
Recurrent		
Commonwealth Government		
Roads to Recovery	1,636	1,636
<i>State Government</i>		
Victorian Grants Commission - unallocated	6,025	4,745
Victorian Grants Commission - local roads	3,959	3,074
Valuation Services	9	255
School Crossing Supervision	29	28
Education Programs	23	25
Maternal & Child Health	216	211
Community Transport	40	39
Immunisation	19	16
Families & Children's Services	73	68
Food Services	25	28
Senior Citizens Centres	23	21
Aged & Disabled Services	884	866
HACC Assessment	303	242
Community Building	89	81
State Emergency Services	25	24
Bus Shelters	4	5
Fire Prevention	8	6
Coal Creek Events	15	5
Sustainability Festival	-	7
Total Recurrent Grants	13,405	11,382

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

	2012 \$'000	2011 \$'000
NOTE 6 GRANTS (CONT.)		
Non Recurrent		
<i>Commonwealth Government</i>		
Bridges	-	-
Recreation and Leisure	-	501
Council Properties	-	1,372
Childcare Hub	-	135
Emergency Management	2	-
<i>State Government</i>		
Youth Services	43	84
Bush Fire Relief	21	110
Community Building	242	150
Aged & Disabled Services	84	75
Families and Children	74	83
Local Roads and Infrastructure	2,074	425
Arts and Culture	5	5
Recreation and Leisure	143	260
Planning	20	25
Economic Development & Tourism	20	50
Biodiversity	25	-
Sustainability	142	-
Emergency Management	7	110
Advancing Country Towns	190	192
Natural Disaster - Floods	2,858	-
Others	6	-
Total Non Recurrent Grants	5,956	3,577
Total Grants	19,361	14,959
<i>Conditions on Grants</i>		
Grants recognised as revenue during the year and were obtained on the condition that they be expended in a specified manner that had not occurred at balance date were:		
Community Projects	389	1,472
Home and Community Care	672	250
Bushfire Relief and Commemorative Events	-	-
Families and Children	63	137
Recreation and Leisure	90	658
Road and associated works	947	60
Childcare	-	173
Natural Disaster - Floods	772	-
Total	2,933	2,750
Grants which were recognised as revenue in prior years and were expended in a specified manner by the grantor were:		
Community Projects	1,368	417
Home and Community Care	227	138
Bushfire Relief and Commemorative Events	20	186
Families and Children	99	60
Recreation and Leisure	637	116
Economic Recovery Funding	-	8
Road and associated works	56	169
Child Care	246	1,912
Total	2,653	3,006
Net increase / (decrease) in restricted assets resulting from grant revenues for the year	280	(256)

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	\$'000	\$'000
NOTE 7 CONTRIBUTIONS		
Contributions were received in respect of the following :		
(a) Cash		
Open Space *	-	19
Recreation	198	92
Public halls	150	16
Municipal Offices	3	2
Child care	1	50
Others	69	26
Total cash contributions	<u>421</u>	<u>205</u>
(b) Non-monetary assets		
Roads & Streets	1,228	746
Drains	475	265
Kerbs & Channel	-	132
Footpaths	118	7
Other Structures	-	32
Total non cash contributions	<u>1,821</u>	<u>1,182</u>
Total Contributions	<u>2,242</u>	<u>1,387</u>

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

NOTE 8 REIMBURSEMENTS

Reimbursements were received in respect of the following :

Rate Recovery Proceedings	107	176
Insurances	44	34
Diesel Fuel Rebate	96	82
Recreation	1	36
Work cover	105	112
Aged & Disabled Services	3	18
Building Services	-	5
Local Roads	8	-
Others	4	-
Total Reimbursements	<u>368</u>	<u>463</u>

NOTE 9 OTHER INCOME

Interest on rates	187	195
Other Interest	822	848
Other rent	252	261
Investment property rent	51	48
Quarries	10	13
Youth Services	1	6
Private Works	498	492
Families & Children	12	11
Coal Creek	187	180
Sundry Income	85	70
Total Other income	<u>2,105</u>	<u>2,124</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	\$'000	\$'000
NOTE 10 DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE		
Proceeds of Sales		
Proceeds from Land Sales	17	-
Proceeds from Plant & Equipment Sales	886	726
Total Proceeds from Sale of Assets	<u>903</u>	<u>726</u>
Written Down Value of Items sold		
Carrying Amount of Land Sold	-	-
Carrying Amount of Plant & Equipment Sold	950	894
Total Written Down Value of Assets sold	<u>950</u>	<u>894</u>
Gain / (Loss) on Disposal of Fixed Assets	<u>(47)</u>	<u>(168)</u>
NOTE 11 EMPLOYEE BENEFITS		
Wages & Salaries	14,889	13,282
Casual Staff	768	802
Annual and Long Service Leave	1,792	1,617
Superannuation	1,466	1,315
Additional Defined Benefit Superannuation Call	4,612	850
Work cover	572	385
Fringe benefits tax	121	102
Gross employee benefits	<u>24,220</u>	<u>18,353</u>
Less employee benefits capitalised to the balance sheet for works performed on capital projects.	(540)	(659)
Total employee benefits	<u>23,680</u>	<u>17,694</u>
Employee Benefits	19,068	16,844
Additional Defined Benefit Superannuation Call	4,612	850
Total employee benefits	<u>23,680</u>	<u>17,694</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	\$'000	\$'000
NOTE 12 MATERIALS AND SERVICES		
<i>Contract payments</i>		
Landfill and Transfer Stations	1,345	1,085
Garbage Collections	489	466
Kerbside Recycling	549	529
Litter bins	180	171
Elections	34	-
Leisure Centre Operations	370	332
Handyman Contractors	37	33
External Hire, Minor Contractors	3,803	2,266
Cleaning	150	150
Software Maintenance	603	740
<i>Materials</i>		
Materials General	5,735	5,038
Fuel & Oils	947	834
<i>Services</i>		
Advertising & Promotion Costs	297	428
Utility Charges (power, phone, water)	734	668
Subscriptions, affiliations and conferences	281	238
Leases	425	405
Legal Fees	367	258
Consultancies and projects	820	864
Insurance Premiums	543	477
Plant & Equipment Registrations	168	100
Training expenses	300	209
Postage	86	80
State levies	450	322
Occupational health and safety	67	86
Gippsland Group Training	230	94
Others	70	140
Total materials and services	19,080	16,013
NOTE 13 DEPRECIATION AND AMORTISATION		
Depreciation for the year was charged in respect of:-		
Office Furniture & Equipment	290	146
Plant and Equipment	985	868
Buildings	1,937	1,834
Heritage buildings	53	51
Roads and Streets	3,547	3,368
Bridges	284	275
Culverts	114	114
Footpaths	244	237
Kerb & Channel	215	208
Car parks	76	76
Drains	234	218
Other Structures	457	507
	8,436	7,902
Summary of Depreciation		
Property, Plant and Equipment	3,265	2,899
Infrastructure Assets	5,171	5,003
Total depreciation	8,436	7,902

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	\$'000	\$'000
NOTE 14 FINANCE COSTS		
Interest - Borrowings	77	149
Total finance costs	<u>77</u>	<u>149</u>
NOTE 15 OTHER EXPENSES		
Library Contributions	1,018	976
Community & Sporting Grants	1,221	984
Auditors' remuneration	70	72
Councillors allowances	252	250
Bank Fees & Charges	93	89
Sundry Expenses	105	99
Total other expenses	<u>2,759</u>	<u>2,470</u>
NOTE 16 INVESTMENTS IN ASSOCIATES		
Investment in West Gippsland Regional Library Corporation is accounted for using the equity method.		
<i>Background</i>		
Council has a 30.55% equity interest in the West Gippsland Regional Library Corporation in 2011/12 (30.55% in 2010/11). 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	500	421
Reported surplus / (deficit) for year	(96)	79
Council's share of accumulated surplus / (deficit) at end of year	<u>404</u>	<u>500</u>
Council's share of reserves		
Council's share of reserves at start of year	432	432
Revaluation reserve increment	(358)	-
Council's share of reserves at end of year	<u>74</u>	<u>432</u>
Movement in carrying value of specific investment		
Carrying value of investment at start of year	932	853
Transfers to asset revaluation reserve	(358)	-
Share of surplus / (deficit) for year	(96)	79
Carrying value of investment at end of year	<u>478</u>	<u>932</u>
Council's share of expenditure commitments		
Operating leases and rentals	-	9
	<u>-</u>	<u>9</u>

West Gippsland Regional Library Corporation has not disclosed any contingent liabilities and assets for the financial years 2011/12 and 2010/11.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	\$'000	\$'000
NOTE 17 OTHER ASSETS		
Current		
<i>Prepayments</i>		
General Prepaid Expenses	320	361
TOTAL OTHER ASSETS	<u><u>320</u></u>	<u><u>361</u></u>

NOTE 18 CASH AND CASH EQUIVALENTS

Cash on Hand	4	3
Cash at Bank	207	149
Money Market Call Account	3,907	2,836
Bank Bills	9,734	11,805
TOTAL CASH AND CASH EQUIVALENTS	<u><u>13,852</u></u>	<u><u>14,793</u></u>

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

NOTE 19 TRADE AND OTHER RECEIVABLES

Current

Rates Debtors	1,059	867
Other Receivables - General	2,042	2,044
Property Debtors	2	3
Net GST Receivable	484	343
TOTAL RECEIVABLES	<u><u>3,587</u></u>	<u><u>3,257</u></u>

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	\$'000	\$'000
NOTE 20 FINANCIAL ASSETS		
Current		
Investments with maturity above 3 months	3,750	2,050
TOTAL FINANCIAL ASSETS	<u><u>3,750</u></u>	<u><u>2,050</u></u>
NOTE 21 INVENTORIES		
Current		
Raw Materials and Stores	317	252
TOTAL INVENTORIES	<u><u>317</u></u>	<u><u>252</u></u>
NOTE 22 PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE		
Summary		
- at cost	23,356	28,053
Less: Accumulated depreciation	<u>(6,177)</u>	<u>(6,182)</u>
	<u>17,179</u>	<u>21,871</u>
- at Council Valuation 31 May 2012	409,750	-
Less: Accumulated depreciation	(84,225)	-
- at Council Valuation 1 Jan 2012	173,649	-
Less: Accumulated depreciation	(55,329)	-
- at Council Valuation 1 April 2010	-	344,658
Less: Accumulated depreciation	-	(82,653)
- at Council Valuation 1 Jan 2010	-	157,698
Less: Accumulated depreciation	-	(48,640)
- at Council Valuation 1 April 2009	-	37,922
Less: Accumulated depreciation	-	(11,589)
- at Council Valuation 30 June 2011	7,678	7,678
Less: Accumulated depreciation	(3,681)	(3,235)
	<u>447,842</u>	<u>401,839</u>
Total property, plant and equipment and infrastructure	<u>465,021</u>	<u>423,710</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

	2012 \$'000	2011 \$'000
NOTE 22 PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE (CONT.)		
Property		
Land		
- at Council Valuation 1 Jan 2012	41,503	-
- at Council Valuation 1 Jan 2010	-	38,496
	<u>41,503</u>	<u>38,496</u>
Land Under Roads		
- at Council Valuation 1 Jan 2012	32,154	
- at Council Valuation 1 Jan 2010		30,340
	<u>32,154</u>	<u>30,340</u>
Total Land	<u>73,657</u>	<u>68,836</u>
Buildings		
- at Council Valuation 1 Jan 2012	94,575	-
Less: Accumulated depreciation	(51,727)	-
- at Council Valuation 1 Jan 2010	-	83,735
Less: Accumulated depreciation	-	(45,295)
- at cost	375	2,526
Less: Accumulated depreciation	(2)	(74)
	<u>43,221</u>	<u>40,892</u>
Heritage Buildings		
- at Council Valuation 1 Jan 2012	5,417	
Less: Accumulated depreciation	(3,602)	
- at Council Valuation 1 Jan 2010	-	5,127
Less: Accumulated depreciation	-	(3,345)
	<u>1,815</u>	<u>1,782</u>
Total Buildings	<u>45,036</u>	<u>42,674</u>
Total Property	<u>118,693</u>	<u>111,510</u>
<p>The Land revaluations were undertaken by Andrew Begg, AAPI (Council Employee). The basis of valuation was fair value based on highest and best use permitted by relevant land planning provisions.</p> <p>The Buildings revaluations were undertaken by Andrew Begg, AAPI (Council Employee). The basis of valuation was fair value based upon depreciated replacement cost.</p> <p>The Land under roads was valued by Andrew Begg, AAPI (Council Employee) using the fair value method.</p>		
Plant and Equipment		
Plant, machinery and equipment		
- at cost	10,485	9,231
Less: Accumulated depreciation	(3,620)	(3,738)
	<u>6,865</u>	<u>5,493</u>
Furniture, computers and other equipment		
- at cost	3,620	3,251
Less: Accumulated depreciation	(2,543)	(2,253)
	<u>1,077</u>	<u>998</u>
Total Plant and Equipment	<u>7,942</u>	<u>6,491</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

2012
\$'000

2011
\$'000

NOTE 22 PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE (CONT.)

Infrastructure Assets

Roads

- at Council Valuation 31 May 2012 **	303,500	-
Less: Accumulated depreciation	(50,641)	-
- at Council Valuation 1 April 2010 *	-	290,971
Less: Accumulated depreciation	-	(66,167)
- at cost	1,102	6,332
Less: Accumulated depreciation	-	(101)
	<u>253,961</u>	<u>231,035</u>

Bridges

- at Council Valuation 31 May 2012 **	29,363	-
Less: Accumulated depreciation	(11,665)	-
- at Council Valuation 1 April 2009 **	-	26,554
Less: Accumulated depreciation	-	(7,500)
- at cost	129	887
Less: Accumulated depreciation	-	(5)
	<u>17,827</u>	<u>19,936</u>

Major Culverts

- at Council Valuation 31 May 2012 **	11,420	-
Less: Accumulated depreciation	(3,847)	-
- at Council Valuation 1 April 2009 **	-	11,368
Less: Accumulated depreciation	-	(4,089)
- at cost	-	71
Less: Accumulated depreciation	-	(1)
	<u>7,573</u>	<u>7,349</u>

Footpaths

- at Council Valuation 31 May 2012 **	14,303	-
Less: Accumulated depreciation	(2,213)	-
- at Council Valuation 1 April 2010 *	-	13,602
Less: Accumulated depreciation	-	(2,773)
- at cost	258	772
Less: Accumulated depreciation	-	(7)
	<u>12,348</u>	<u>11,594</u>

Kerb & Channel

- at Council Valuation 31 May 2012 **	14,938	-
Less: Accumulated depreciation	(1,235)	-
- at Council Valuation 1 April 2010 *	-	12,359
Less: Accumulated depreciation	-	(4,612)
- at cost	-	289
Less: Accumulated depreciation	-	(1)
	<u>13,703</u>	<u>8,035</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

	2012 \$'000	2012 \$'000
NOTE 22 PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE (CONT.)		
Off-street car parks		
- at Council Valuation 31 May 2012 **	5,656	-
Less: Accumulated depreciation	(2,527)	-
- at Council Valuation 1 April 2010 *	-	6,223
Less: Accumulated depreciation	-	(2,487)
- at cost	-	-
Less: Accumulated depreciation	-	-
	<u>3,129</u>	<u>3,736</u>
Drains		
- at Council Valuation 31 May 2012 **	30,570	-
Less: Accumulated depreciation	(12,097)	-
- at Council Valuation 1 April 2010 *	-	21,503
Less: Accumulated depreciation	-	(6,614)
- at cost	47	585
Less: Accumulated depreciation	-	(2)
	<u>18,520</u>	<u>15,472</u>
Other Structures		
- at Council Valuation 30 June 2011 ***	7,678	7,678
Less: Accumulated depreciation	(3,681)	(3,235)
- at cost	1,170	-
Less: Accumulated depreciation	(12)	-
	<u>5,155</u>	<u>4,443</u>
TOTAL INFRASTRUCTURE ASSETS	<u>332,216</u>	<u>301,600</u>
* Based upon valuations undertaken by Darren Coco , B. Civil Engineering (independent consultant) on the basis of depreciated replacement cost.		
** Based upon valuations undertaken by Alan Landers , B. Civil Engineering (Council employee) on the basis of depreciated replacement cost.		
*** Based upon valuations undertaken by Senaviratna Abeykoon B. Civil Engineering (Council employee) on the basis of depreciated replacement cost.		
Fair value represents the written down replacement cost .		
Works In Progress		
Land at cost	-	46
Buildings at cost	2,532	2,746
Furniture and Equipment at cost	182	144
Roads at cost	208	412
Footpaths at cost	-	6
Kerb & channel at cost	-	33
Drainage at cost	869	102
Off-street car parks at cost	-	87
Bridges at cost	278	55
Major Culverts at cost	250	76
Other structures at cost	1,851	402
Total works in progress	<u>6,170</u>	<u>4,109</u>
Total property, plant and equipment and infrastructure	<u>465,021</u>	<u>423,710</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

Note 22 PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE (CONT.)

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

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

Note 22 PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE (CONT.)

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

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

Note 22 PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE (CONT.)

	Balance at beginning of financial Year	Developer Contributed Assets (note 7)	Acquisition of assets (note 45)	Revaluation increments/ (decrements) (note 29)	Depreciation and amortisation (note 13)	Written down value of disposals (note 10)	Items written off and derecognised	Transfers	Balance at end of financial Year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2011									
Property									
Land	38,496	-	-	-	-	-	-	-	38,496
Land Under Roads	30,340	-	-	-	-	-	-	-	30,340
Total Land	68,836	-	-	-	-	-	-	-	68,836
Buildings	40,455	-	1,956	-	(1,834)	-	-	315	40,892
Heritage buildings	1,833	-	-	-	(51)	-	-	-	1,782
Total buildings	42,288	-	1,956	-	(1,885)	-	-	315	42,674
Total property	111,124	-	1,956	-	(1,885)	-	-	315	111,510
Plant and Equipment									
Plant, machinery and equipment	5,634	-	1,621	-	(868)	(894)	-	-	5,493
Furniture, computers and equipment	509	-	473	-	(146)	-	-	162	998
Total plant and equipment	6,143	-	2,094	-	(1,014)	(894)	-	162	6,491
Infrastructure									
Roads	230,725	746	2,912	-	(3,368)	-	-	20	231,035
Bridges	19,324	-	399	-	(275)	-	-	488	19,936
Major culverts	7,446	-	17	-	(114)	-	-	-	7,349
Footpaths and cycle ways	11,249	7	356	-	(237)	-	-	219	11,594
Kerb and channel	7,982	132	119	-	(208)	-	-	10	8,035
Drainage	15,105	265	200	-	(218)	-	-	120	15,472
Off-street car parks	3,812	-	-	-	(76)	-	-	-	3,736
Other infrastructure	5,585	32	129	(903)	(507)	-	-	107	4,443
Total infrastructure	301,228	1,182	4,132	(903)	(5,003)	-	-	964	301,600

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

Note 22 PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE (CONT.)

	Balance at beginning of financial Year	Developer Contributed Assets (note 7)	Acquisition of assets (note 45)	Revaluation increments/ (decrements) (note 29)	Depreciation and amortisation (note 13)	Written down value of disposals (note 10)	Items written off and derecognised	Transfers	Balance at end of financial Year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2011									
Works in progress									
Land	-	-	46	-	-	-	-	-	46
Buildings	433	-	2,628	-	-	-	-	(315)	2,746
Furniture and Equipment	259	-	47	-	-	-	-	(162)	144
Roads	35	-	397	-	-	-	-	(20)	412
Footpaths	219	-	6	-	-	-	-	(219)	6
Kerb and channel	10	-	33	-	-	-	-	(10)	33
Drainage	124	-	98	-	-	-	-	(120)	102
Off-street car parks	-	-	87	-	-	-	-	-	87
Bridges	488	-	55	-	-	-	-	(488)	55
Major Culverts	-	-	76	-	-	-	-	-	76
Other infrastructure	107	-	402	-	-	-	-	(107)	402
Total works in progress	1,675	-	3,875	-	-	-	-	(1,441)	4,109
Total property, plant and equipment and infrastructure	420,170	1,182	12,057	(903)	(7,902)	(894)	-	-	423,710

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

2012
\$'000

2011
\$'000

NOTE 23 JOINT VENTURE INFORMATION

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

NOTE 24 INVESTMENT PROPERTIES

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

Investment properties include - Quarry site and a portion of the Stockyard gallery. Valuation of investment property has been determined in accordance with an independent valuation by Marc Babos, AAPI (Council employee) who has recent experience in the location and category of the property being valued.

NOTE 25 TRADE AND OTHER PAYABLES

Current

Payables	4,571	3,471
Accrued Salaries & Wages	392	171
Accruals - Loan Interest	2	4
	<u>4,965</u>	<u>3,646</u>
TOTAL TRADE AND OTHER PAYABLES	4,965	3,646

NOTE 26 TRUST FUNDS AND DEPOSITS

Current

Refundable development bonds	90	92
Refundable contract deposits	19	33
Retention amounts	23	16
Other Deposits	237	-
TOTAL TRUST FUNDS AND DEPOSITS	369	141

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 27 PROVISIONS

	Annual Leave	Rostered Days Leave	Long Service Leave	Defined Benefits Superannuation	Landfills Restoration	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2012						
Balance at beginning of the financial year	1,476	147	2,559	-	424	4,606
Additional provisions	1,451	-	646	4,612		6,709
Amounts used	(1,249)	(9)	(407)	-	-	(1,665)
Increase / (decrease) in the discounted amount arising because of time and the effect of any changes in the discount rate.	10	-	50	-	-	60
Balance at the end of the financial year	1,688	138	2,848	4,612	424	9,710
2011						
Balance at beginning of the financial year	1,401	112	2,500	-	484	4,497
Additional provisions	1,294	35	416	-	-	1,745
Amounts used	(1,218)	-	(365)	-	(60)	(1,643)
Increase / (decrease) in the discounted amount arising because of time and the effect of any changes in the discount rate.	(1)	-	8	-	-	7
Balance at the end of the financial year	1,476	147	2,559		424	4,606
					2012	2011
					\$'000	\$'000
(a) Employee Benefits						
Current (i)						
Annual Leave					1,688	1,476
Rostered Days					138	147
Long Service Leave					2,663	2,428
					<u>4,489</u>	<u>4,051</u>
Non-current (ii)						
Long Service Leave					185	131
Additional Defined Benefit Superannuation Call					4,612	-
					<u>4,797</u>	<u>131</u>
Total employee benefits					<u>9,286</u>	<u>4,182</u>
Aggregate carrying amount of employee benefits						
Current					4,489	4,051
Non Current					4,797	131
Total employee benefits					<u>9,286</u>	<u>4,182</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 27 PROVISIONS (CONT.)

	2012	2011
	\$'000	\$'000
(a) Employee Benefits (cont'd)		
Average employee numbers during the financial year	310	297
The following assumptions were adopted in measuring the present value of long service leave :		
Weighted average increase in employee costs	4.31%	4.60%
Weighted average discount rates	2.78%	5.10%
Weighted average settlement period	12 years	12 years
(i) Current	\$'000	\$'000
All annual leave and the long service leave entitlements representing 7 or more years of continuous service.		
- Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value.	3,357	3,146
- Other long-term employee benefits that do not fall due within 12 months after the end of the reporting period measured at present value.	1,132	905
	<u>4,489</u>	<u>4,051</u>
(ii) Non-current		
Long service leave representing less than 7 years of continuous service measured at present value	185	131
Additional Defined Benefit Superannuation Call	4,612	-
	<u>4,797</u>	<u>131</u>
(b) Provisions		
Under requirement of the Environmental Protection Authority (EPA) , Council has a present obligation to perform site rehabilitation works for two landfills that it operates. Current engineering projections indicate that the Koonwarra landfill site will remain operating at least until 2045 , however the landfill license requires rehabilitation of the site on a progressive basis, with each landfill cell to be rehabilitated within 12 months of it being filled. The forecast life of the Koonwarra landfill site is based on current estimates of remaining capacity and the forecast rate of infill. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated on a current understanding of the work required to reinstate the site to a standard that will meet EPA requirements and the budgeted costs of all works and advice associated with those works. Accordingly , the estimates of provision required is dependent on the accuracy of the forecast , timing of the work , work required, and related costs. Council does not expect to receive reimbursement from a third party.		
	2012	2011
	\$'000	\$'000
Current		
Financial Assurance - Koonwarra Landfill	424	424
	<u>424</u>	<u>424</u>
Total of all provisions		
Current		
Employee benefits	4,489	4,051
Landfills	424	424
	<u>4,913</u>	<u>4,475</u>
Non-Current		
Employee benefits	4,797	131
	<u>4,797</u>	<u>131</u>
Total Provisions	<u><u>9,710</u></u>	<u><u>4,606</u></u>

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

2012 **2011**
\$'000 \$'000

NOTE 28 INTEREST-BEARING LOANS AND BORROWINGS

Current

Loans - Secured *	317	1,129
	317	1,129

Non Current

Loans - Secured *	134	451
	134	451

TOTAL INTEREST-BEARING LOANS AND BORROWINGS	451	1,580
	451	1,580

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

The maturity profile for Council's borrowings is:

Not later than one year	317	1,129
Later than one year and not later than five years	134	451
	451	1,580
TOTAL	451	1,580

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 29 RESERVES

	Balance at beginning of reporting period	increment (decrement)	Realisation to accumulated surplus	Balance at end of reporting period
	\$'000's	\$'000's	\$'000's	\$'000's
<u>(a) Asset Revaluation Reserve</u>				
2012				
Property				
Land	25,277	2,450	-	27,727
Land under Roads	2,296	1,814	-	4,110
Investments in associates (Note 16)	432	(358)	-	74
Buildings	22,308	1,451	-	23,759
Heritage buildings	628	86	-	714
Plant & Equipment	386	-	-	386
	<u>51,327</u>	<u>5,443</u>	<u>-</u>	<u>56,770</u>
Infrastructure				
Roads and Streets	168,772	22,432	-	191,204
Bridges	7,578	(2,049)	-	5,529
Major Culverts	3,969	223	-	4,192
Drainage	5,217	2,608	-	7,825
Footpaths	4,950	492	-	5,442
Kerb & Channel	2,154	5,850	-	8,004
Car parks	2,828	(644)	-	2,184
Other Structures	1,754	-	-	1,754
	<u>197,222</u>	<u>28,912</u>	<u>-</u>	<u>226,134</u>
Total Asset Revaluation Reserve	<u>248,549</u>	<u>34,355</u>	<u>-</u>	<u>282,904</u>
2011				
Property				
Land	25,277	-	-	25,277
Land under Roads	2,296	-	-	2,296
Investments in associates	432	-	-	432
Buildings	22,308	-	-	22,308
Heritage buildings	628	-	-	628
Plant & Equipment	386	-	-	386
	<u>51,327</u>	<u>-</u>	<u>-</u>	<u>51,327</u>
Infrastructure				
Roads and Streets	168,772	-	-	168,772
Bridges	7,578	-	-	7,578
Major Culverts	3,969	-	-	3,969
Drainage	5,217	-	-	5,217
Footpaths	4,950	-	-	4,950
Kerb & Channel	2,154	-	-	2,154
Car parks	2,828	-	-	2,828
Other Structures	2,657	(903)	-	1,754
	<u>198,125</u>	<u>(903)</u>	<u>-</u>	<u>197,222</u>
Total Asset Revaluation Reserve	<u>249,452</u>	<u>(903)</u>	<u>-</u>	<u>248,549</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 29 RESERVES (CONT.)

	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
	\$'000's	\$'000's	\$'000's	\$'000's
<u>(b) Other Reserves</u>				
2012				
Public Open Space	246	15		261
Garbage Service Reserve	711		(711)	-
Caravan Parks Reserve	83	116		199
General Reserve	203	136		339
Corner Inlet Seawall Reserve	23	1		24
Henry's Road Reserve	38	2		40
Total Other Reserves	1,304	270	(711)	863
2011				
Public Open Space	215	31	-	246
Garbage Service Reserve	714	-	(3)	711
Caravan Parks Reserve	4	79	-	83
General Reserve	1,625	128	(1,550)	203
Corner Inlet Seawall Reserve	32	2	(11)	23
Henry's Road Reserve	38	2	(2)	38
Total Other Reserves	2,628	242	(1,566)	1,304

Public Open Space

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

Garbage Service Reserve

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

Caravan Parks Reserve

Reserve created for future funding of Caravan Parks projects

General Reserve

Reserve to provide for unforeseen and unavoidable future costs.

Corner Inlet Seawall Reserve

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

Henry's Road Reserve

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

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

	2012 \$'000	2011 \$'000
NOTE 30 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS		
Surplus	2,143	4,980
Depreciation and amortisation	8,436	7,902
Finance costs	79	150
(Profit) / Loss on disposal of Property, Plant and Equipment	47	168
Non-monetary developer contributions	(1,821)	(1,182)
Share of Library Corporation (note 16)	96	(79)
Fair value adjustment for investment property	(50)	-
<i>Change in assets and liabilities:</i>		
(Increase) / Decrease in Receivables	(330)	(1,402)
(Increase) / Decrease in Other Assets	41	(46)
(Increase) / Decrease in Inventories	(65)	(68)
Increase / (Decrease) in Payables	1,320	1,697
Increase / (Decrease) in Employee Entitlements	5,104	169
Increase / (Decrease) in Other Provisions	-	(61)
Net cash provided by operating activities	15,000	12,228
NOTE 31 RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash at the end of the year as shown in the cash flow statement is reconciled to the related items in the Balance Sheet as follows:		
Cash and cash equivalents (see note 18)	13,852	14,793
Total cash and cash equivalents	13,852	14,793
NOTE 32 FINANCING FACILITIES		
Bank Overdraft		
Unused facilities	1,000	1,000
Total financing facilities	1,000	1,000
NOTE 33 NON-CASH FINANCING AND INVESTING ACTIVITIES		
Council does not engage in any non-cash financing and investing activities.		
NOTE 34 RESTRICTED ASSETS		
Council has cash and cash equivalents (note 18) and other financial assets (note 20) that are subject to restrictions. As at the reporting date, Council had legislative restrictions in relation to reserve funds (Recreational Lands Reserves) and government receipts.		
Current		
Long Service Leave (note 27)	-	2,050
Government Receipts (note 6)	3,411	3,131
Reserve funds (note 29 (b))	261	246
TOTAL RESTRICTED CURRENT ASSETS	3,672	5,427

NOTE 35 SUPERANNUATION

Council makes employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the fund) and other Funds. Obligations for contributions are recognised as an expense in profit or loss when they are due. There are two categories of membership, accumulation and defined benefits, each of which is funded differently.

(a) Accumulation Benefits Plan

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

- Health and Exercise Science Technologists Association (HESTA)
- Australian Mutual Provident Society (AMP)
- MLC
- 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 fund's accumulation category, Vision super saver, receives both employer and employee contributions on a progressive basis. Council's contributions are normally based on a fixed percentage of employee earnings (9% required under Superannuation Guarantee Legislation). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

(b) Defined Benefits Plan

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 Plan's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to reliably 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 2011, Council makes the following contributions:-

- 9.25% of members' salaries (same as previous year)

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 35 SUPERANNUATION (CONT.)

(b) Defined benefits category (cont.)

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

The Local Authorities Superannuation Fund latest 31 December 2011 actuarial investigation identified an unfunded liability of \$ 406 Million excluding the contribution tax in the defined benefit fund of which we are a member. Council was made aware of the expected shortfall through the year and was informed formally of their share of the shortfall on 31 July 2012 which amounted to \$3.92 Million excluding contribution tax . After including contribution tax of \$.69 Million the total liability of Council is \$ 4.61 Million and is due and payable by 1 July 2013 . Council has accounted for this shortfall in the Comprehensive Income Statement in Employee Benefit (Note 11) and in the Balance Sheet in Provisions (Note 27a).

The Local Authorities Superannuation Fund is a "regulated fund" under the Superannuation Industry (Supervision) Act 1993 and actuarial investigations are required at intervals of not more than three years.

Accounting Standard Disclosure

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

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

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

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

Council made contributions to the following funds:

	2012 \$'000	2011 \$'000
Defined Benefits fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	149	1,001
	<u>149</u>	<u>1,001</u>
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date.	4,612	-
	<u>4,612</u>	<u>-</u>
Accumulation funds		
Employer contributions to Superannuation Guarantee Levy and Choice of Fund legislation	1,317	1,164
	<u>1,317</u>	<u>1,164</u>
Employer contributions payable to Superannuation Guarantee Levy and Choice of Fund legislation at reporting date	-	-
	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 36 COMMITMENTS

The Council has entered into the following commitments

2012	Not Later Than 1 Year	Later than 1 year and not later than 5 Years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000
<i>Operating</i>				
Transfer Stations	692	2,769	346	3,807
Litter Bins	156	624	312	1,092
Kerbside Recycling	261			261
Acceptance/Sorting Recyclables	46			46
Kerbside Collections	291			291
Office Cleaning	58	58		116
Hall Operations	72	72		144
SG Splash	362	362		724
Meals on Wheels	87			87
Libraries	841			841
General Materials & Services	740			740
Equipment Hire	207			207
Maintenance Contracts	34			34
Fleet Purchase	43			43
Construction Contracts	272			272
Total	4,162	3,885	658	8,705

2011	Not Later Than 1 Year	Later than 1 year and not later than 5 Years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000
<i>Operating</i>				
Transfer Stations	398	-	-	398
Landfills	443	1,887	711	3,041
Litter Bins	176	-	-	176
Kerbside Recycling	253	-	-	253
Acceptance/Sorting Recyclables	45	-	-	45
Kerbside Collections	281	-	-	281
Office Cleaning	27	-	-	27
Hall Operations	45	-	-	45
SG SPLASH	347	721	-	1,068
Buildings Purchase (Carinos)	144			144
Total	2,159	2,608	711	5,478

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

2012
\$'000

2011
\$'000

NOTE 37 OPERATING LEASES

(a) Operating Lease Commitments

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

Not later than one year	228	320
Later than one year and not later than five years	771	908
Later than five years	202	349
Total operating lease commitments	1,201	1,577

(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	321	339
Later than one year and not later than five years	708	873
Later than five years	381	537
Total operating lease receivables	1,410	1,749

NOTE 38 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

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

Contingent Assets

Developer contributions to be received by Council in respect of estates currently under development total \$1.9 M (2011 \$1.2M).

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 39 FINANCIAL INSTRUMENTS

(a) Accounting policy, terms and conditions.

Recognised Financial Instruments	Note	Accounting Policy	Terms and Conditions
<u>Financial Assets</u>			
Cash and cash equivalents	18	Cash on hand and at bank and money market call account are valued at face value. Interest is recognised as it accrues. Investments and bills are valued at cost.	On call deposits returned a floating interest rate of 3.5% to 4.75% (4.5% to 4.75% in 2010/11). The interest rate at balance date was 3.5% (4.75% in 2010/11). Funds returned fixed interest rates of between 4.8% (4.5% in 2010/11) and 6.3% (6.3% in 2010/11) net of fees. Funds provided a return of between 4.8% (4.5% in 2010/11) and 6.3% (6.3% in 2010/11) net of fees.
Financial assets	20	Investments are held to maximise interest returns and held to maturity at amortised cost.	Funds provided a return of between 5.75% (4.65% in 2010/11) and 6.15% (6.15% in 2010/11) net of fees.
Trade and Other Receivables	19	Receivables are carried at amortised cost using the effective Interest method. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured and interest free. Credit terms are usually up to 30 days.
<u>Financial Liabilities</u>			
Trade and Other Payables	25	Liabilities are recognised for amounts to be paid in the future for goods received and services provided to Council as at balance date whether or not invoices have been received.	General creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.
Interest-bearing loan and borrowings.	28	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.	Borrowings are secured by way of mortgage over the general rates of the Council. The average weighted interest rate on borrowings was 6.55% (6.55% in 2010/11)

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 39 FINANCIAL INSTRUMENTS (CONT.)

(b) Interest Rate Risk

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

2012

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

2011

	Floating Interest Rate	Fixed interest maturing in:			Non interest bearing	Total
		1 year or less	Over 1 to 5 years	More than 5 years		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Trade & other receivables *	-	-	-	-	2,047	2,047
Financial Assets	-	2,050	-	-	-	2,050
Cash and cash equivalents	14,790	-	-	-	3	14,793
Total Financial Assets	14,790	2,050	-	-	2,050	18,890
Weighted average interest rate	4.75%	6.07%				
Financial Liabilities						
Trade and other payables	-	-	-	-	3,646	3,646
Trust funds and deposits	-	-	-	-	141	141
Interest Bearing Liabilities	-	1,129	451	-	-	1,580
Total Financial Liabilities	-	1,129	451	-	3,787	5,367
Weighted average interest rate		6.55%	6.55%			
Net financial assets / (liabilities)	14,790	921	(451)	-	(1,737)	13,523

* Excludes Statutory balances

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 39 FINANCIAL INSTRUMENTS (CONT.)

(c) Net Fair Values

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

Financial Instruments	Total Carrying amount as per the Balance Sheet		Aggregate net fair value	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000

Financial Assets				
Trade & other receivables	2,044	2,047	2,044	2,047
Financial Assets	3,750	2,050	3,750	2,050
Cash and cash equivalents	13,852	14,793	13,852	14,793
Total Financial Assets	19,646	18,890	19,646	18,890

Financial Liabilities				
Trade and other payables	4,965	3,646	4,965	3,646
Trust funds and deposits	369	141	369	141
Interest Bearing Liabilities	451	1,580	441	1,545
Total Financial Liabilities	5,785	5,367	5,775	5,332

(d) Credit Risk.

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

NOTE 39 FINANCIAL INSTRUMENTS (CONT.)

(e) Risks and mitigation

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

Market risk

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

The Council's exposures to market risk are primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk. Components of market risk to which we are exposed are discussed below.

Interest rate risk

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 39 (E) RISKS AND MITIGATION (CONT.)

Credit risk

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

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

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

We may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 38.

Movement in Provisions for Doubtful Debts

	2012 \$'000	2011 \$'000
Balance at beginning of the year	-	-
New provisions recognised during the year	-	-
Amounts already provided for and written off as uncollectable	-	-
Amounts provided for but recovered during the year	-	-
Balance at end of year	-	-

Ageing of Trade and Other Receivables

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

	2012 \$'000	2011 \$'000
Current (not yet due)	429	1,771
Past due by up to 30 Days	473	164
Past due between 31 and 180 days	1,114	106
Past due between 181 and 365 days	21	-
Past due by more than 1 year	7	6
Total Trade & Other Receivables *	2,044	2,047

* Excludes Statutory debtors/GST Receivable

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 39 (E) RISKS AND MITIGATION (CONT.)

Ageing of individually impaired Trade and Other Receivables

At balance date other debtors representing financial assets with a nominal value of \$Nil (2011 \$Nil) were impaired. The amount of provision raised against these debtors was \$Nil (2011 \$Nil). The individually impaired debtors relate to general and sundry debtors and have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

	2012 \$'000	2011 \$'000
Current (not yet due)	-	-
Past due by up to 30 Days	-	-
Past due between 31 and 180 days	-	-
Past due between 181 and 365 days	-	-
Past due by more than 1 year	-	-
Total Trade & Other Receivables	-	-

Liquidity risk

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

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

To help reduce these risks we:

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 39 (E) RISKS AND MITIGATION (CONT.)

The table below lists the contractual maturities for Financial Liabilities

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

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

2011	6 months or less \$'000	6 - 12 months \$'000	1 - 2 years \$'000	2 - 5 years \$'000	5+ years \$'000	Contracted Cash Flow \$'000	Carrying Amount \$'000
Trade and Other Payables	3,646	-	-	-	-	3,646	3,646
Trust funds and deposits	45	27	11	32	26	141	141
Interest bearing loans and borrowings	555	573	318	134	-	1,580	1,580
Total financial liabilities	4,246	600	329	166	26	5,367	5,367

(f) Sensitivity disclosure analysis

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

- A parallel shift of +1% and -2% in market interest rates (AUD) from year-end rates of 3.5% (2011: 4.75%)

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

	Carrying amount subject to floating interest rates.	Interest rate risk			
		-2% 200 basis points		+1% 100 basis points	
		Profit	Equity	Profit	Equity
2012	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets:					
Cash and cash equivalents	13,848	(277)	(277)	138	138
Financial liabilities:					
Interest-bearing liabilities	-	-	-	-	-
2011					
Financial assets:					
Cash and cash equivalents	14,790	(296)	(296)	148	148
Financial liabilities:					
Interest-bearing liabilities	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

2012
\$'000

2011
\$'000

NOTE 40 AUDITOR'S REMUNERATION

Audit fee to conduct external audit - Victorian Auditor-General	32	45
Internal audit fees	38	27
	<u>70</u>	<u>72</u>

NOTE 41 EVENTS OCCURRING AFTER BALANCE DATE

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

NOTE 42 RELATED PARTY TRANSACTIONS

(i) Responsible Persons

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

Councillors	Warren Raabe (Mayor) James Fawcett Kieran Kennedy Robert Newton David Lewis Jennie Deane Mimmie Jackson Mohya Davies Jeanette Harding
--------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------

Chief Executive Officer Tim Tamlin

(ii) Remuneration of Responsible Persons

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

	2012 No.	2011 No.
\$20,000 - \$29,999	8	7
\$40,000 - \$49,999	-	2
\$50,000 - \$59,999	-	-
\$60,000 - \$69,999	1	-
\$120,000 - \$129,999	-	-
\$200,000 - \$209,999	-	1
\$210,000 - \$219,999	1	-
TOTAL	<u>10</u>	<u>10</u>
	\$'000	\$'000
Total Remuneration for the reporting period for Responsible Persons included above, amounted to :	462	453

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 42 RELATED PARTY TRANSACTIONS (CONT.)

(iii) **No retirement benefits have been made by the Council to a Responsible Person (2010/11, nil).**

(iv) **No loans have been made, guaranteed or secured by the Council to a Responsible Person of the council during the reporting year (2010/11, 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 (2010/11, nil).

(vi) **Senior Officers Remuneration**

A Senior Officer other than a Responsible Person, is an officer of Council whose total annual remuneration exceeds \$127,000 (2011- \$124,000), or if remuneration is less than \$127,000 (2011 - \$124,000) has management responsibilities and reports directly to the Chief Executive Officer.

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

	2012	2011
	No.	No.
Income Range :		
< \$127,000 (2011- < \$124,000)		6
\$127,000 - \$129,999 (2011 - \$124,000 - \$ 129,999)	1	1
\$130,000 - \$139,999	1	1
\$140,000 - \$149,999	2	-
\$150,000 - \$159,999	-	1
\$160,000 - \$169,999	3	-
\$170,000 - \$179,999	1	-
TOTAL	<u><u>8</u></u>	<u><u>9</u></u>
	\$'000	\$'000
Total Remuneration for the reporting period for Senior Officers included above, amounted to :	944	924

NOTES TO THE FINANCIAL STATEMENTS (CONT.)
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 43 (a) INCOME, EXPENSES AND ASSETS BY FUNCTION / ACTIVITIES OF THE COUNCIL

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

	Chief Executive Officer		Community Services		Corporate Services		Development Services		Engineering Services		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME												
Grants	-	-	2,525	2,319	6,086	5,000	121	159	10,630	7,480	19,362	14,958
Other	-	-	3,956	3,892	30,449	28,211	1,218	1,012	2,238	1,948	37,861	35,063
TOTAL INCOME	-	-	6,481	6,211	36,535	33,211	1,339	1,171	12,868	9,428	57,223	50,021
EXPENSES	(1,139)	(1,176)	(9,885)	(9,000)	(23,916)	(18,501)	(3,983)	(3,106)	(16,157)	(13,258)	(55,080)	(45,041)
SURPLUS / (DEFICIT)	(1,139)	(1,176)	(3,404)	(2,789)	12,619	14,710	(2,644)	(1,935)	(3,289)	(3,830)	2,143	4,980
ASSETS ATTRIBUTED TO FUNCTIONS / ACTIVITIES*	1,517	1,726	1,077	998	-	-	-	-	485,405	443,255	487,999	445,979

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

NOTE 43 (b) COMPONENT FUNCTION/ACTIVITIES

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

CHIEF EXECUTIVE OFFICER

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

COMMUNITY SERVICES

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

NOTE 43 (b) COMPONENT FUNCTION/ACTIVITIES (CONT.)

CORPORATE SERVICES

- Provide high-level strategic advice to Council, Chief Executive and Executive management group.
- Facilitate council's continuous improvement of internal systems and processes using business excellence framework.
- Provide officers with governance advice and agenda preparation assistance.
- Provide internal legal advice and review all contracts, agreements and other legal documents.
- Administer the allocation of grants made to community groups.
- Provide risk management support services to Council.
- Provide human resources, payroll and Work Cover services.
- Deliver Councils' business information systems .
- Provide frontline customer services to residents and visitors of South Gippsland.
- Management of Council's records.
- Provide strategic financial advice to Council including preparation of annual and long term financial plans.
- Provide high quality internal and external communication.
- Provision of valuation services to Council's rateable properties.
- Administer rates and charges on all rateable property to Council.

DEVELOPMENT SERVICES

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

ENGINEERING SERVICES

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

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 44 FINANCIAL RATIOS (PERFORMANCE INDICATORS)

	2012	2012	2011	2011	2010
	\$'000	%	\$'000	%	\$'000
<p>(i) Debt Servicing Ratio (%) (to identify the capacity of Council to service its outstanding debt)</p>	$\frac{77}{56,222} = 0.14\%$	$\frac{149}{49,376} = 0.30\%$	$\frac{217}{46,504} = 0.47\%$		
<p>(ii) Debt Commitment Ratio (%) (to identify Council's debt redemption strategy)</p>	$\frac{1,205}{29,562} = 4.08\%$	$\frac{1,207}{27,802} = 4.34\%$	$\frac{1,354}{25,533} = 5.30\%$		

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 44 FINANCIAL RATIOS (PERFORMANCE INDICATORS) (CONT'D)

	2012	2012	2011	2011	2010
	\$'000	%	\$'000	%	\$'000
(iii) Revenue Ratio (%) (to identify Council's dependence on non-rate income)					
Rate revenue	29,562	=	27,802	=	25,533
Total revenue	56,222		49,376		46,504
		52.58%		56.31%	54.90%
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)					
Total indebtedness	11,823	=	4,546	=	3,721
Total realisable assets	153,490		141,665		137,188
		7.70%		3.21%	2.71%

For the purposes of the calculation of financial ratios, realisable assets are those assets which can be sold and which are not subject to any restriction on realisation or use. Any liability represented by a restricted asset (note 34) is excluded from total indebtedness.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 44 FINANCIAL RATIOS (PERFORMANCE INDICATORS) (CONT'D)

	2012		2012		2011		2011		2010	
	\$'000		%		\$'000		%		\$'000	%
<p>(v) Working Capital Ratio (%) (to assess Council's ability to meet current commitments).</p>	<u>21,826</u> 10,564	=	<u>206.61%</u>	=	<u>20,713</u> 9,391	=	<u>220.56%</u>	=	<u>19,455</u> 6,984	278.57%
<p>The ratio expresses the level of current assets the Council has available to meet its current liabilities.</p>										
<p>(vi) Adjusted Working Capital Ratio (%) (to assess council's ability to meet current commitments).</p>	<u>21,826</u> 9,432	=	<u>231.40%</u>	=	<u>20,713</u> 8,486	=	<u>244.08%</u>	=	<u>19,455</u> 6,046	321.78%
<p>The ratio expresses the level of current assets the Council has available to meet its current liabilities. Current liabilities have been reduced to reflect the long service leave that is shown as a current liability because Council does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date, but is not likely to fall due within 12 months after the end of the period.</p>										

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

2012
\$'000

2011
\$'000

NOTE 45 CAPITAL WORKS

Capital expenditure areas (including works in progress) :

Land	511	46
Buildings	2,601	4,584
Plant & Equipment	3,307	1,621
Office Furniture & Equipment	407	520
Roads	2,609	3,309
Bridges	447	454
Culverts	289	93
Footpaths	382	362
Drains	966	298
Kerb & Channel	-	152
Off-street car parks	26	87
Other Structures	2,618	531

TOTAL CAPITAL WORKS

14,163

12,057

Represented by:

Renewal of infrastructure	6,140	6,007
Upgrade of infrastructure	1,704	732
Expansion of infrastructure	2,524	3,117
New infrastructure	81	14
Renewal of plant & equipment	3,714	2,187

Total capital works

14,163

12,057

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	\$'000	\$'000

NOTE 45 CAPITAL WORKS (CONT.)

Property, plant and equipment and infrastructure movement

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

Total capital works	14,163	12,057
Asset revaluation movement *	34,713	(903)
Developer contributed assets	1,821	1,182
Depreciation and amortisation	(8,436)	(7,902)
Written down value of assets sold	(950)	(894)
Net movement in property, plant & equipment and infrastructure	41,311	3,540

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

(a) Renewal

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

(b) Upgrade

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

(c) Expansion/New Assets

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

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 46 PENDING ACCOUNTING STANDARDS

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

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Councils financial statements
AASB 9: Financial Instruments and AASB 20010-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	<p>These standards are applicable retrospectively and amend the classification and measurement of financial assets. Council has not yet determined the potential impact on the financial statements. Specific changes include:</p> <ul style="list-style-type: none"> * simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value; * removing the tainting rules associated with held-to-maturity assets; * simplifying the requirements for embedded derivatives; * removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost; * allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and * reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on: <ul style="list-style-type: none"> a. the objective of the entity's business model for managing the financial assets; and b. the characteristics of the contractual cash flows. 	Applicable for annual reporting periods commencing on or after 1 January 2013.	These changes are expected to provide some simplification in the accounting for and disclosure of financial instruments
AASB 2011-3 Amendments to Australian Accounting Standards - Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments	These standards are aimed at limiting certain recognition and measurement options to align with GFS, and supplemented by additional disclosures.	Applicable for annual reporting periods commencing on or after 1 July 2011.	These amendments are not expected to impact Council
Key Characteristics of the Public Sector with Potential Implications for Financial Reporting	These standards detail with numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project.	Applicable for annual reporting periods commencing on or after 1 January 2011.	These amendments are not expected to impact Council
Amendments to Australian Accounting Standards - Financial Instruments: Disclosures, Recognition and Measurement [AASB 7, 139]	These standards detail the proposed changes to be made to the recognition, disclosure and measurement of impairment of financial instruments.	Applicable for annual reporting periods commencing on or after 1 July 2011 but before 1 July 2012.	These amendments are not expected to impact Council
AASB 2010-9: Amendments to Australian Accounting Standards - Additional Exemptions for First-time Adopters [AASB 1]	These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome.	Applicable for annual reporting periods commencing on or after 1 January 2011.	These amendments are not expected to impact Council
AASB 2010-10: Amendments to Australian Accounting Standards - Classification of Rights Issues [AASB 132]	These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instrument for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non derivative equity instruments.	Applicable for annual reporting periods commencing on or after 1 February 2011.	These amendments are not expected to impact Council

CERTIFICATION OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

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

Finance Manager : Tom Lovass - CPA

Location : Leongatha



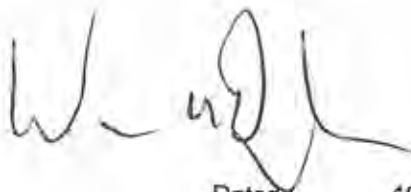
Dated : 19 / 09 / 2012

In our opinion the accompanying financial statements present fairly the financial transactions of the South Gippsland Shire Council for the year ended 30 June 2012 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 19 September 2012 to certify the financial statements in their final form.

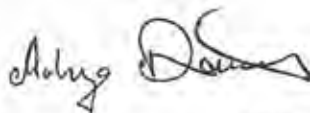
Councillor : Warren Raabe



Location : Leongatha

Dated : 19 / 09 / 2012

Councillor : Mohya Davies



Location : Leongatha

Dated : 19 / 09 / 2012

Chief Executive Officer : Tim Tamlin



Location : Leongatha

Dated : 19 / 09 / 2012

COMMENTARY ON THE COMPARISON REPORT

- THE STANDARD STATEMENTS FOR THE ANNUAL REPORT

The Annual Report shows the actual results for the year.

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

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

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

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

NOTES TO THE STANDARD STATEMENTS

1 Basis of preparation of Standard Statements

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

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

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

The Standard Statements are not a substitute for the General Purpose Financial Statements, which are included on pages **5 to 63** of the Annual Report. They have not been prepared in accordance with all Australian Accounting Standards or other authoritative professional pronouncements.

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

The budget figures included in the Statements are those adopted by Council on 27 July 2011. 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 63**. The detailed budget can be obtained by contacting council or through the council's website. The Standard Statements must be read with reference to these documents.

STANDARD INCOME STATEMENT D-1 COMPARISON REPORT

FOR THE YEAR ENDED 30 JUNE 2012

	Budget	Actual	Variances		
	2011/2012	2011/2012		%	Ref
	\$'000	\$'000	\$'000		
Revenue from Operating Activities					
Rates and charges	29,455	29,562	107	0	1
Operating Grants	9,913	15,497	5,584	56	2
Reimbursements	292	368	76	26	
Contributions	31	124	93	300	
Interest	798	1,009	211	26	3
User Charges	2,456	2,222	(234)	10	4
Statutory fees	498	408	(90)	18	
Net gain / (loss) on disposal of assets	83	(47)	(130)	157	5
Other	1,047	1,095	48	5	
Total revenues	44,573	50,238	5,665	13	
Expenses from Operating Activities					
Employee benefits	19,016	19,068	52	0	
Additional defined benefit superannuation call	-	4,612	4,612	-	6
Materials and services	16,094	19,080	2,986	19	7
Depreciation and amortisation	8,358	8,436	78	1	
Other expenses	2,759	2,759	-	-	
Finance costs	79	77	(2)	3	
Total expenses	46,306	54,032	7,726	17	
UNDERLYING RESULT	(1,733)	(3,794)	(2,061)		
Capital grants / Contributions	3,101	4,162	1,061	34	8
Donated /Granted Assets	1,212	1,821	609	50	9
Share of net profits / (losses) of associates accounted for using the equity method	-	(96)	(96)	-	
Fair value adjustment for investment property		50	50	-	
Surplus / (deficit) for the year	2,580	2,143	(437)		
Net Asset Revaluation Increment	52,180	34,355	(17,825)	34	10
Total changes in Equity for the Year	54,760	36,498	(18,262)		

STANDARD INCOME STATEMENT D-1 COMPARISON REPORT

FOR THE YEAR ENDED 30 JUNE 2012

Variance Explanation Report		
Ref.	Item	Explanation
	Revenue - Operating	
1	Rates and charges	Rates and Charges marginally higher than budget due to additional supplementary General rates and Garbage Services.
2	Operating Grants	Victoria Grants Commission paid up 50 % of 2012-13 allocation in advance and this was recognised as income in 2011-12. Also \$ 2.8 Million was received as natural disaster grants in 2011-12.
3	Interest	Interest rates were better than budget estimates. Also on an average fund available for Investments were higher than estimate throughout the year.
4	User Charges	Reduced income from Transfer stations due to change over from Contractor to in house management.
5	Net gain / (loss) on disposal of assets	Realisations from disposal of assets were lower than budget mainly on Major Plant.
	Expenses - Operating	
6	Additional defined benefit superannuation call	Provision of \$ 4.6 Million payable to Vision Super on account of the additional defined benefit superannuation call .
7	Materials and services	Additional expenditure due to natural disasters (floods & storms). Majority of the expenses were funded by grants from the Department of Treasury and Finance.
	Others	
8	Capital grants / Contributions	Mainly due to accrual of \$ 1 Million grants in 2011-12 under Country Roads and bridges program which was budgeted as income in 2012-13.
9	Donated /Granted Assets	Actual gifted assets were higher than estimates as the developments and hand over of assets to Council in 2011-12 was higher than expectation.
10	Net Asset Revaluation Increment	Asset revaluation Increments during the year were lower than budget (\$34.3 Million actual against \$52.2 Million budget). There was an unexpected reduction in the net values of bridges and car parks. Other infrastructure assets also were severely affected by the adverse weather (storms & floods).

STANDARD BALANCE SHEET D-2 COMPARISON REPORT

AS AT 30 JUNE 2012

	Budget	Actual	Variances		
	2011/2012	2011/2012		%	Ref
	\$'000	\$'000	\$'000		
Current assets					
Cash and cash equivalents	9,644	13,852	4,208	44	1
Trade and other receivables	1,835	3,587	1,752	95	2
Financial assets	2,050	3,750	1,700	83	3
Inventories	184	317	133	72	4
Other assets	315	320	5	2	
Total current assets	14,028	21,826	7,798	56	
Non-current assets					
Investments in associates	853	478	(375)	44	5
Fixed Assets	134,265	130,023	(4,242)	3	6
Roads , Streets & Bridges	352,418	335,672	(16,746)	5	7
Total non-current assets	487,536	466,173	(21,363)	4	
Total assets	501,564	487,999	(13,565)	3	
Current liabilities					
Trade and other payables	1,929	4,965	3,036	157	8
Trust funds and deposits	87	369	282	324	9
Provisions	3,936	4,913	977	25	10
Interest-bearing loans and borrowings	317	317	-	-	
Total current liabilities	6,269	10,564	4,295	69	
Non-current liabilities					
Provisions	536	185	(351)	65	10
Additional Defined Benefits Superannuation Call	-	4,612	4,612	-	11
Interest-bearing loans and borrowings	135	134	(1)	1	
Total non-current liabilities	671	4,931	4,260	635	
Total liabilities	6,940	15,495	8,555	123	
Net assets	494,624	472,504	(22,120)	4	
Equity					
Accumulated Surplus	190,831	188,737	(2,094)	1	12
Reserves	303,793	283,767	(20,026)	7	13
Total equity	494,624	472,504	(22,120)	4	

STANDARD BALANCE SHEET D-2 COMPARISON REPORT

AS AT 30 JUNE 2012

Variance Explanation Report		
Ref.	Item	Explanation
1	Cash and cash equivalents	Mainly due to receipt of 50 % of Victoria Grants Commission allocations for 2012-13 in advance and receipt of \$ 2.8 Million Natural disaster grants which was only partly spent in 2011-12.
2	Trade and other receivables	Mainly due to invoice raised on Vic Roads for \$ 1.1 Million in May 2012 being outstanding at close of Financial year.
3	Financial assets	Tenure of Investments were increased to take advantage of the attractive interest rates and assuming a further downward trend in interest rates. Hence Investments with original maturities above 3 months as at 30 June 2012 was higher.
4	Inventories	Inventories were higher as many of the projects scheduled to be completed by June 2012 could not be completed due to the adverse weather conditions. Materials were purchased in advance in accordance with the previously scheduled program.
5	Investments in associates	Investment in West Gippsland Regional Library has shown a steep depreciation. This is due to a High revaluation loss on its assets and also due to provision made by the Library for additional defined benefits superannuation call.
6	Fixed Assets	Some of the capital projects had to be carried forward to 2012-13 due to the adverse weather conditions. Asset revaluation increments were also lower than plan.
7	Roads , Streets & Bridges	Some of the capital projects had to be carried forward to 2012-13 due to the adverse weather conditions. Asset revaluation increments were also lower than expectation.
8	Trade and other payables	Trade and Other Payables were higher as on 30 June 2012 as a result of additional expense as a result of floods and storms and some major payments being made only in July 2012 instead of June 2012.
9	Trust funds and deposits	Funds received from Estate of James Harvey (Walter J Tuck Reserve) for safe custody and Investment on their behalf. Balance of \$ 237 K was available with Council as on 30 June 2012.
10	Provisions	Annual and Long Service Leave provisions were higher than budget. Also provision for work cover liability on additional Superannuation Call was recognised.
11	Additional Defined Benefits Superannuation Call	Due to provision for Additional Defined Benefits Superannuation call of \$ 4.6 Million. Also Annual and Long Service Leave provisions were higher than budget.
12	Accumulated Surplus	Due to Opening balance of Reserves in budget being higher as a result of lower actual operating surplus compared to projections in 2010-11. Also operating surplus for 2011-12 was lower than budget by \$ 437 K.
13	Reserves	Asset revaluation Increments during the year was lower than budget (\$34.3 Million actual against \$52.2 Million budget). There was a depreciation in the value of bridges and car parks. Other infrastructure assets also were severely affected by the adverse weather (storms & floods).

STANDARD CASH FLOW STATEMENT D-3 COMPARISON REPORT

FOR THE YEAR ENDED 30 JUNE 2012

	Budget 2011/2012 \$'000	Actual 2011/2012 \$'000	Variances \$'000	%	Ref
Operating					
Rates	29,455	29,372	(83)	0	
Statutory fees and fines	498	408	(90)	18	
User charges and other fines	2,456	2,208	(248)	10	1
Grants	12,864	19,179	6,315	49	2
Reimbursements	292	371	79	27	
Interest received	798	1,123	325	41	3
Rents	341	313	(28)	8	
Other receipts	887	1,286	399	45	4
Payments to suppliers	(16,519)	(18,610)	(2,091)	13	5
Payments to employees	(18,892)	(18,576)	316	2	6
Other payments	(2,757)	(2,074)	683	25	7
Net cash inflow / (outflow) from operating activities	9,423	15,000	5,577	59	
Investing					
Proceeds from sale of property, plant and equipment	902	902	-	-	
Payments for property, plant and equipment and infrastructure	(14,993)	(14,163)	830	6	8
Redemption (Purchase) of investments	-	(1,700)	(1,700)	-	9
Net cash inflow / (outflow) from investing activities	(14,091)	(14,961)	(870)	6	
Financing					
Debt Redemption	(1,128)	(1,128)	-	-	
Finance Cost	(79)	(79)	-	-	
Trust Funds	-	227	227	-	10
Net cash inflow / (outflow) from financing activities	(1,207)	(980)	(227)	19	
Net increase / (decrease) in cash held	(5,875)	(941)	4,934	84	
Cash at beginning of the year	15,519	14,793	(726)	5	
Cash at the end of the year	9,644	13,852	4,208	44	
Reconciliation of Operating Result and Net Cash Flows from Operating Activities					
For the year ending 30 June 2012					
Net surplus / (deficit) from operations	2,580	2,143	(437)	17	
Depreciation and amortisation	8,358	8,436	78	1	
(Profit) / Loss on sale of property, plant and equipment	(83)	47	130	157	
Share of net profit / (loss) of associates	-	96	96	-	
Fair value adjustment for investment property	-	(50)	(50)	-	
Landfills rehabilitation costs	-	-	-	-	
Finance Costs	79	79	-	-	
Balance sheet movements	(299)	6,070	6,369	2,130	
Developer contributions	(1,212)	(1,821)	(609)	50	
Net cash inflow / (outflow) from operating activities	9,423	15,000	5,577	59	

STANDARD CASH FLOW STATEMENT D-3 COMPARISON REPORT

FOR THE YEAR ENDED 30 JUNE 2012

Variance Explanation Report

Ref.	Item	Explanation
1	User charges and other fines	Reduced income from Transfer stations due to change over from Contractor to in house management.
2	Grants	Victoria Grants Commission paid up 50 % of 2012-13 allocation in advance. Also \$ 2.8 Million was received as natural disaster grants in 2011-12.
3	Interest received	Interest rates were better than budget estimates. Also on an average fund available for Investments were higher than estimate throughout the year.
4	Other receipts	Contributions for various Community projects were higher than estimates.
5	Payments to suppliers	Mainly due to additional expenditure as a result of Natural disasters (floods & storms) and also due to expenditure on Koonwarra Landfill Cell 3 construction consequent to Council's decision to self manage Landfill operations.
6	Payments to employees	Variance is minor and is mainly due to delay in filling up vacancies.
7	Other payments	Variance is minor and mainly due to lower Community grants and contributions paid out in 2011-12.
8	Payments for property, plant and equipment and infrastructure	Some of the Capital projects had to be carried forward from 2011-12 due to the adverse weather conditions.
9	Redemption (Purchase) of investments	Tenure of Investments were increased to take advantage of the attractive interest rates and assuming a further downward trend in interest rates. Hence Investments with original maturities above 3 months as at 30 June 2012 was higher.
10	Trust Funds	Funds received from Estate of James Harvey (Walter J Tuck Reserve) for safe custody and Investment on their behalf.

STANDARD STATEMENT OF CAPITAL WORKS D-4 COMPARISON REPORT

FOR THE YEAR ENDED 30 JUNE 2012

Capital Works Areas	Budget	Actual	Variances		
	2011/2012 \$'000	2011/2012 \$'000	\$'000	%	Ref
Land	-	511	511	-	1
Buildings	3,320	2,601	(719)	22	2
Plant & Equipment	2,737	3,307	570	21	3
Furniture & Equipment	1,231	407	(824)	67	4
Roads	3,849	2,609	(1,240)	32	5
Bridges	1,426	447	(979)	69	6
Footpaths	549	382	(167)	30	7
Drains & Culverts	307	1,255	948	309	8
Kerb & Channel	116	-	(116)	100	9
Off-street car parks	210	26	(184)	88	10
Other Structures	1,248	2,618	1,370	110	11
Total capital works	14,993	14,163	(830)	6	
Represented by:					
Renewals	11,054	9,854	(1,200)	11	
Upgrades	286	1,704	1,418	496	
Extensions	3,653	2,605	(1,048)	29	
Total capital works	14,993	14,163	(830)	6	

Property, Plant & Equipment and Infrastructure movement Reconciliation Worksheet	Budget	Actual	Variances		
	2011/2012 \$'000	2011/2012 \$'000	\$'000	%	Ref
The movement between the previous year and the current year in property, plant and equipment as shown in the Statement of Financial Position links to the net of the following items:					
Total capital works	14,993	14,163	(830)	6	
Asset revaluation movement *	52,180	34,713	(17,467)	33	
Developer contributed assets	1,212	1,821	609	50	
Depreciation and amortisation	(8,358)	(8,436)	(78)	1	
Written down value of assets sold	(819)	(950)	(131)	16	
Net movement in property, plant and equipment and infrastructure	59,208	41,311	(17,897)	30	
* Does not include Investment in Associates					

STANDARD STATEMENT OF CAPITAL WORKS D-4 COMPARISON REPORT

FOR THE YEAR ENDED 30 JUNE 2012

Variance Explanation Report

Ref.	Item	Explanation
1	Land	Purchase of Ashenden St Land was not planned for , but was considered necessary for storage and expansion of Leongatha Depot
2	Buildings	Mainly due to carry forward of Sandy Point Hall and Child Care Hub projects from 2010-11.
3	Plant & Equipment	Mainly due to carry forward of Major Plant purchases from 2010-11.
4	Furniture & Equipment	Computers and Network infrastructure equipment purchases planned for 2011-12 has been postponed to future years and is under further review by the Information Technology Steering Committee.
5	Roads	Some of the projects had to be carried forward to 2012-13 due to the adverse weather conditions.
6	Bridges	Country Roads and Bridges government funding which was initially allocated to Bridges project was reallocated to Sealed Road Drainage program and other projects.
7	Footpaths	Some of the projects had to be carried forward to 2012-13 due to the adverse weather conditions.
8	Drains & Culverts	A new sealed road drainage program was commenced under the new government grant funding for Country roads and Bridges.
9	Kerb & Channel	Some of the projects had to be carried forward to 2012-13 due to the adverse weather conditions.
10	Off-street car parks	Some of the projects had to be carried forward to 2012-13 due to the adverse weather conditions.
11	Other Structures	Construction of Cell 3 - Koonwarra Landfills was brought forward from future years as part of Council's decision to self manage Landfill Operations.

CERTIFICATION OF STANDARD STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

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

Finance Manager: Tom Lovass - CPA

Location: Leongatha



Dated: 19 / 09 / 2012

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

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

We have been authorised by the Council on 19 September 2012 to certify the standard statements in their final form.

Finance Manager: Tom Lovass - CPA

Location: Leongatha



Dated: 19 / 09 / 2012

Councillor: Warren Raabe



Location: Leongatha

Dated: 19 / 09 / 2012

Councillor: Mohya Davies



Location: Leongatha

Dated: 19 / 09 / 2012

Chief Executive Officer: Tim Tamlin



Location: Leongatha

Dated: 19 / 09 / 2012



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INDEPENDENT AUDITOR'S REPORT

To the Councillors, South Gippsland Shire Council

The Financial Report and Standard Statements

The accompanying financial report for the year ended 30 June 2012 of South Gippsland Shire Council which comprises comprehensive income statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of the significant accounting policies and other explanatory information, and the certification of the financial statements have been audited.

The accompanying standard statements for the year ended 30 June 2012 of the Council which comprises standard income statement, standard balance sheet, standard cash flow statement, standard statement of capital works, the related notes and the certification of standard statements have been audited.

The Councillors' Responsibility for the Financial Report and Standard Statements

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

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

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

Auditor's Responsibility

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

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

- the appropriateness of the accounting policies used in the financial report,
- the reasonableness of accounting estimates made by the Councillors
- the overall presentation of the financial report and standard statements.

Independent Auditor's Report (continued)

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

Independence

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

Opinion

In my opinion:

- (a) the financial report presents fairly, in all material respects, the financial position of South Gippsland Shire Council as at 30 June 2012 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.
- (b) the standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in Note 1 to the statements and comply with the requirements of the *Local Government Act 1989*.

Basis of Accounting for Standard Statements

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

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

This auditor's report relates to the financial report and standard statements of the South Gippsland Shire Council for the year ended 30 June 2012 included both in the South Gippsland Shire Council's annual report and on the website. The Councillors of the South Gippsland Shire Council are responsible for the integrity of the South Gippsland Shire Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report and standard statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and standard statements to confirm the information contained in the website version of the financial report and standard statements.

MELBOURNE
20 September 2012


J D R Pearson
Auditor-General

PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

Department	KSA Description	KSA Measures	KSA Target	Completion Status	Status Report
Director Community Services	1.2.1 Active Lifestyles: Provide and facilitate a range of recreational, sport and leisure opportunities for all sectors of the community	*Aquatic Strategy for pools within the Shire completed and presented to Council	Strategy completed by 30 December 2011 and implementation commenced by 30 June 2012	✓	Revised strategy adopted by Council at February 2012 Council meeting and commenced the development of Mirboo North and Korumburra pools Master Plans.
Director Community Services	1.2.2 Community health: Minimise the community's exposure to health risks by undertaking education, promotion and specific preventative programs and inspections	HACC accreditation achieved	By 30 June 2012	✗	Due to revised scheduling of the audit by Department of Health, accreditation will occur in 2013. The original target date cannot be achieved.
Director Community Services	1.3.1 Education Opportunities: Advocate for quality learning opportunities and facilities for students of all ages and abilities to meet individual needs, as well as those of the business community	Early Years Plan developed and adopted and improvements to Early Years Services in the Western section of the Shire investigated and reported	Early Years Plan completed and the Western section capacity determined, with both presented to Council by 31 December 2011	✓	Municipal Early Years Plan adopted by Council in December 2011. Capacity of services to meet the need of Western section of shire to be surveyed and Council briefed in November 2011. Korumburra Kindergarten extension endorsed by Council in April 2012 with works to be complete prior to commencement of 2013 year.
Director Development Services	2.2.3 Sustainable agriculture: Supporting and partnering government and other regional stakeholders to promote best practice in agriculture	Rural Strategy adopted by Council and implemented into the Planning Scheme	Adopted by Council by 31 December 2011	✓	Rural Land Use Strategy was adopted by Council on 24 August 2011 and implemented into the Planning Scheme on 8 March 2012.
Director Engineering Services	2.4.2 Maintenance: Ensure open space management regimes are continuously monitored and maintained to protect their natural assets and modelling their long term benefit to the community	*Service levels for Parks and Gardens established within a Management Plan	2011/12 Action Plan activities completed by 30 June 2012.	✓	Parks, Gardens & Reserves Asset Management Plan presented at the 2 May 2012 Council Briefing Session.
Director Community Services	2.5.4 Waste management: Implement measures and programs to reduce waste and promote recycling	*Waste Management Strategy implemented and outcomes reported	Outcomes reported in the Quarterly Council Performance report.	✓	Waste Management Strategy Action Plan implemented, highlights include: -Transfer Station, and Litter Bin contracts re-tendered and structured to reduce waste to landfill and increase recycling rates. -Hard Waste Collection fees and service area finalised. -New kerbside garbage and recycling tender prepared which will provide options for Council to consider green organics collection and optional kerbside services for Venus Bay and Walkerville. -Transfer Station waste to landfill reduction of 17% was achieved for full year. -Kerbside garbage to landfill reduced by 5%. -Kerbside recycling volumes increased by 1%. -24 tonnes of E-waste recycled. -877 Mattresses recycled at transfer stations. -Litterbin enclosures installed in Leongatha commercial area -Litter Prevention Officer appointed in a joint grant funded position with Bass Coast Shire Council.
Director Development Services	3.1.2 Business and new residents' attraction and support: Participate actively in making South Gippsland Shire a locality of choice, utilising its geographical location, lifestyle and business support as competitive strengths	Economic Development Strategy reviewed and presented to Council	By 30 June 2012	✓	Draft strategy presented to Council on 25 July 2012 for endorsement for public consultation.
Director Development Services	3.3.4 Land-use planning: Ensure that land use planning supports the orderly and sustainable development of land	New service standards/indicators for the Statutory Planning Unit implemented and reported	Agreed service standards reported in the quarterly Council performance report	✓	Service Standards are now reported in Council's quarterly performance report.
Director Corporate Services	5.2.3 Financial Management: Develop and implement a Long Term Financial Plan	The Long Term Financial Plan implemented to ensure financial sustainability. Weighted average of 5 key financial ratios being indebtedness, underlying working capital ratio, self financing, investment gap and underlying result for the 2011/12 budget.	Greater than or equal to 98%	✗	The unavoidable and uncontrollable impact of the Defined Benefits Unfunded Superannuation liability has to be brought into account this financial year. This impact has resulted in the target not being achieved. If this impact had not occurred Council would have achieved the target.
Director Corporate Services	5.2.5 Risk management: Take a risk management approach to all activities to enhance community safety and minimise Council exposure to external claims, adverse impacts or financial loss	Risk Management Framework developed and presented to Council	By 30 June 2012	✓	The Risk Management framework was presented to Council and adopted on 23 May 2012. The Strategic Risk Committee held its first meeting on 3 July 2012 to discuss the New corporate risk register and the roles of the committee.

CERTIFICATION OF PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

In our opinion, the accompanying Performance Statement of South Gippsland Shire Council for the financial year ended 30 June 2012 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 particulars in the statement to be misleading or inaccurate.

Councillor : Warren Raabe



Location : Leongatha

Dated : 19 / 09 / 2012

Councillor : Mohya Davies



Location : Leongatha

Dated : 19 / 09 / 2012



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INDEPENDENT AUDITOR'S REPORT

To the Councillors, South Gippsland Shire Council

The Performance Statement

The accompanying performance statement for the year ended 30 June 2012 of the South Gippsland Shire Council which comprises the statement, the related notes and the certification of the performance statement has been audited.

The Councillors' Responsibility for the Performance Statement

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

Auditor's Responsibility

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

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

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

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.

Independent Auditor's Report (continued)

Auditor's Opinion

In my opinion, the performance statement of the South Gippsland Shire Council in respect of the 30 June 2012 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

Matters Relating to the Electronic Publication of the Audited Performance Statement

This auditor's report relates to the performance statement of the South Gippsland Shire Council for the year ended 30 June 2012 included both in the South Gippsland Shire Council's annual report and on the website. The Councillors of the South Gippsland Shire Council are responsible for the integrity of the South Gippsland Shire Council's website. I have not been engaged to report on the integrity of the South Gippsland Shire Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this statement. If users of the performance statement are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the performance statement to confirm the information contained in the website version of the performance statement.

MELBOURNE
20 September 2012


J D R Pearson
Auditor-General

