

**South Gippsland**  
Shire Council

*Come for the beauty, Stay for the lifestyle*

South Gippsland Shire Council

# ANNUAL REPORT

2010-2011



# CONTENTS

Councillors and Executive Leadership Team .....	2
Mission Statement.....	3
Mayor's Message .....	4
Organisational Structure .....	7
<i>-Current as at 30 June, 2011</i>	
Electoral Wards and Representatives .....	8
Employee Profile .....	9
Employee Status .....	9
Equal Employment Opportunity (EEO).....	9
Community Services .....	10
Engineering Services .....	21
Development Services .....	25
Corporate Services .....	32
Freedom of Information .....	38
Whistleblowers' Protection Act .....	39
Best Value Report .....	40
National Competition Policy .....	41
Financial Guide .....	42
Local Government Indicators .....	47
Community Grants and Donations.....	48
PART B - FINANCIALS.....	53

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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*



Cr Jeanette Harding  
*Coastal Promontory*



Cr Kieran Kennedy  
*Coastal Promontory*



Cr David Lewis  
*Tarwin Valley*



Cr Mimmie Jackson  
(Deputy Mayor)  
*Tarwin Valley*



Cr Jennie Deane  
*Strzelecki*



Cr Robert Newton  
*Strzelecki*

## OFFICERS



### 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

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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 2010/2011.



A strong commitment by our CEO to develop a flatter structure that can truly deliver accountability and excellent customer service has seen the organisation in a genuine transitional phase throughout the past twelve months. While some of the results of this work may not be clearly evident for another eighteen months, I commend our CEO for his diligence in this, his second year, to determine that the organisation must have a strong platform from which to grow. An example of this approach is the exhaustive and ongoing investigation and refurbishment of our ageing computer systems, resisting the pressure to bandaid a critical function for more populist projects that would attract the approval of the community more readily. Policies and strategies across the organisation are being scrutinised to identify gaps, risks and opportunities to deliver better services with improved cost efficiencies. We also need to improve the linkages between our community's needs and desires, our asset management planning, forward budgeting and our Council Plan.

Our success in reducing Council debt from \$13.5 million in 2003/04 to \$1.58 million at 30 June this year reflects the disciplined long term fiscal management of the organisation. With the dismissal of this debt, there will be flexibility to cautiously increase renewal projects identified within our Capital Works program, with a strong focus on the 'whole of life' cost cycle.

With a change of State Government last November, Council swiftly aligned eight priority projects with State and Federal policy and met with relevant Members of Parliament to advocate for their support. We also were pleased to congratulate our local member The Hon. Peter Ryan on his appointment as Deputy Premier.

Proposed simplifications of State Planning Scheme guidelines outlined by Minister Matthew Guy will be warmly welcomed to streamline the strategic development of our region. With the finalisation of our Rural Land Use Strategy imminent, and development pressure in the peri urban sector of our Shire being felt, clear guidelines are vital to both support development and protect Council from liability – coastal climate change issues and the proposed State wide developer contribution schemes being examples.

I am pleased to report that our iconic tourist attraction, Coal Creek, has gone from strength to strength since its repositioning three years ago from a Historic Village to a Community Park and Museum to meet new community interests. While not financially independent, its visitation has increased by 23% this year (51,054)—a 365% increase since 2008. Many community groups are now based there, highly successful family events are attracting big crowds (over 3000 attended a Halloween event!) and a gratifying sense of community ownership and pride has returned. Coal Creek hosts art exhibitions, seminars, festivals and a monthly Farmers' Market and provides free entry to its beautiful parklands and the impressive historical collections.

With challenging weather events this year that have stretched our resources immeasurably, I commend Councillors and our staff for their outstanding work in supporting our community to recover from recurring flooding and its subsequent trail of damage that has affected roads, individual businesses and the local economy. South Gippslanders continue to be resilient and optimistic.

We welcome your study of our performance.

A handwritten signature in black ink, appearing to read 'W. Raabe', written in a cursive style.

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 the year 2010/2011.

I am pleased to report that the implementation of the organisational restructure is nearing completion and that we have attracted dynamic staff to help us take the organisation to a new level of excellence in customer service and accountability. The restructure saw four new directorates implemented in November, with new directors settling in well before Christmas.

Nature has challenged us again this year with severe flood incidents across the Shire, where last year we were dealing with bushfire recovery projects. These conditions have taxed our capacity to conduct repairs both financially and logistically, with soil and road slips forcing the indefinite closure of some roads. Over 40 of our staff, through the Municipal Emergency Coordination Centre (MECC), ably supported the airlift of approximately 400 visitors from Wilsons Promontory National Park in March, the largest evacuation of its kind in Australian history.

This year we commenced our planning process in November, holding five public meetings to consult with our communities and hear their ideas and concerns for the Budget and Council Plan. Following on from the extensive community strengthening work we did with our small towns developing their community plans, a greater understanding of Council's capabilities was evidenced by the thoughtful and intelligent comments offered by the community.

Significant work throughout the year was focused on progressing key strategies with extensive consultation, not the least of which was the Rural Land Use Strategy which should be finalised in 2011. Also under the spotlight was the ten year Waste Management Strategy, the strategic directions for our aquatic facilities and Structure Plans for Loch, Nyora, Meeniyan and Poowong.

In December we adopted our inaugural Sustainability Strategy and the strong partnerships developed with the community have resulted in excellent responses to the implementation program.

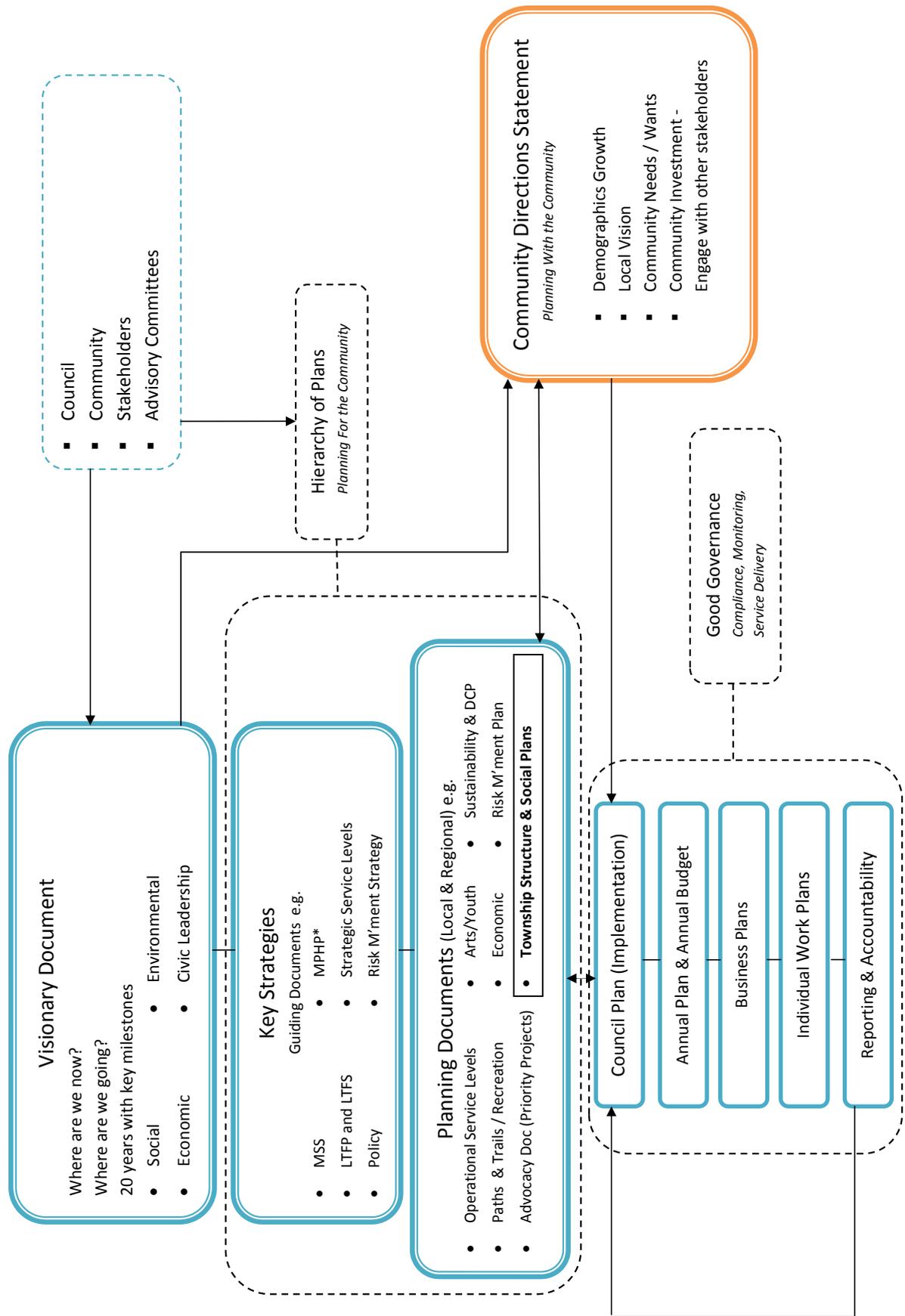
Our Council and Community Planning Framework (see overleaf) is of interest in that it places key documents and activities in context to illustrate how Council progresses a vision of 'what could be' to a reality. It is a valuable reference tool that supports us to deliver viable outcomes to the community in a sustainable and timely manner.

Our tourism industry continues to grow significantly, with our Christmas period overnight visitation soaring by 15.6% this year, the second highest in the state. With excellent collaborative marketing through our regional tourism bodies, we will continue to warmly welcome visitors, investors and new residents to our magnificent Shire.

A handwritten signature in blue ink, appearing to read 'Tim Tamlin'.

Tim Tamlin  
Chief Executive Officer

# COUNCIL AND COMMUNITY PLANNING FRAMEWORK





# ELECTORAL WARDS AND REPRESENTATIVES



## COASTAL PROMONTORY WARD



Cr Mohya Davies



Cr Jeanette Harding



Cr Kieran Kennedy

## TARWIN VALLEY WARD



Cr James Fawcett



Cr Mimmie Jackson  
(Deputy Mayor)



Cr David Lewis

## STRZELECKI WARD



Cr Jennie Deane



Cr Robert Newton



Cr Warren Raabe (Mayor)

## Ward Boundaries

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

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

Council Meetings are held on the third Wednesday of each month and are open to the public. Public presentation sessions are held on the second Wednesdays to allow Councillors fair consideration of the issues before the next week's 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	174
Part time	89
Casual	82
Total number of staff	345

## Employee Groups

Chief Executive	11
Corporate Services	48
Community Services	133
Development Services	52
Engineering Services	101
Total number of staff	345

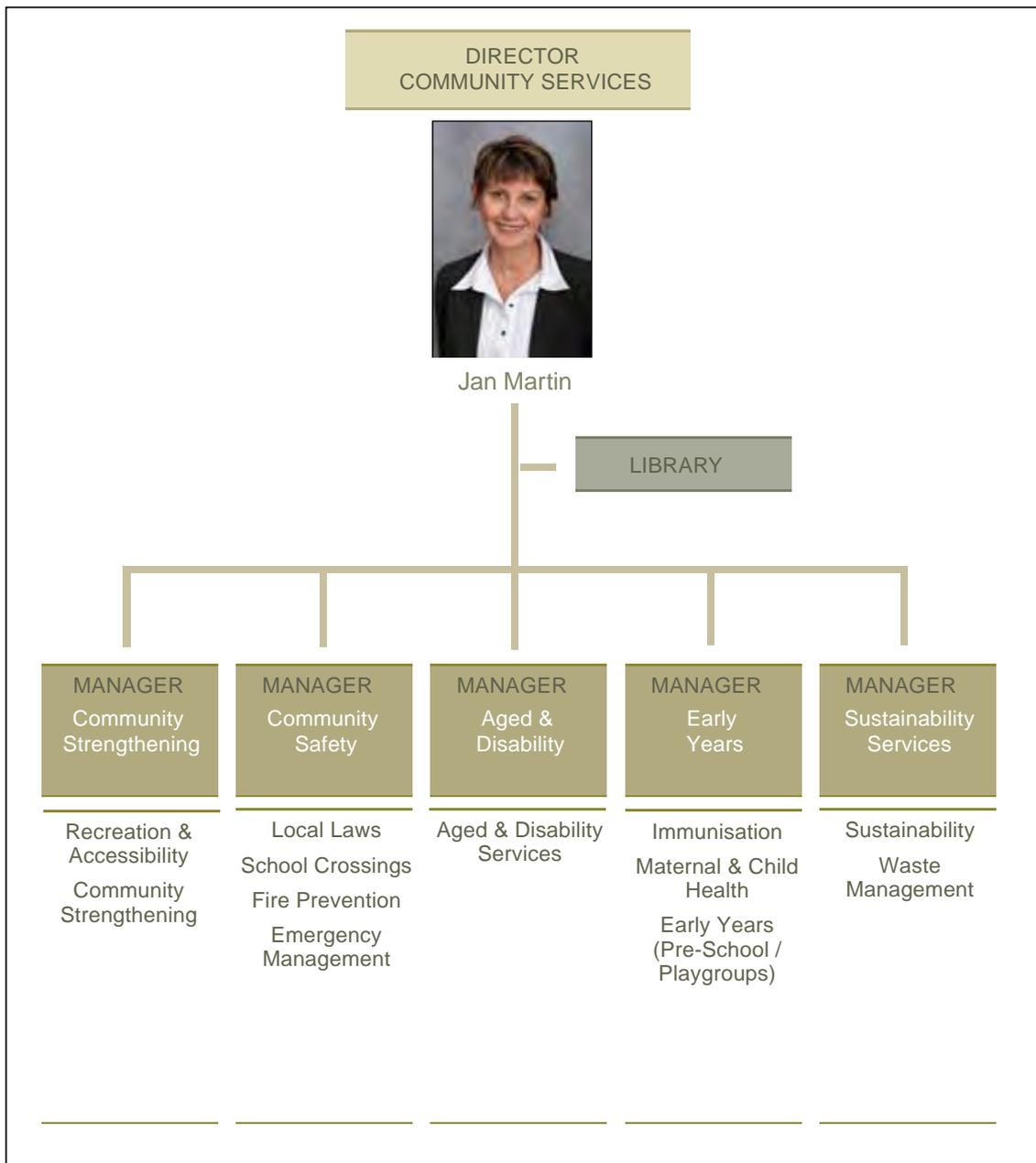
## Equal Employment Opportunity

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



# COMMUNITY STRENGTHENING

## COMMUNITY STRENGTHENING

**The Community Strengthening team supports both geographic and common interest communities to improve resilience and capability through planning, volunteering and collaborative activity.**

### HIGHLIGHTS

- Created a suite of Volunteer Fact Sheets to assist people to find appropriate volunteer opportunities.
- Partnered with Gardiner Foundation in a project to support Lower Tarwin Valley Dairying communities.
- Assisted local organisations to access over \$200k in grants through the Welshpool & District Community Strengthening Project.
- Developed Meeniyan, Poowong, Loch, Nyora and Toora Community Plans with a high level of community involvement.
- Attracted a broad range of community organisations and agencies to the Community Engagement Conference, with new partnerships developing.
- Developed and released Scooter Information and Training DVD in partnership with VicPol and RoadSafe-Transport Connections project.
- Established Medical Companions project in conjunction with other councils and DPCD to assist people attending appointments at Melbourne medical facilities.
- Finalised the bushfire recovery programs following the February 2009 fires.

## RECREATION

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

### HIGHLIGHTS

- Adopted the Paths and Trails Strategy, which provides detailed guidance on the existing paths and trails network and prioritises projects for its future expansion and improvement.
- Exceeded 106,000 visitors this year to SG SPLASH, an 8% increase on last year. YMCA were reappointed as managers for the next three years.
- Progressed strategic directions for our aquatic facilities.
- Commenced consultation on proposed development of a regional equestrian facility with users of Tilson Court Centre and Stony Creek Racecourse.
- Achieved successful outcome for insurance claim to replace Fish Creek Bowling Club's synthetic surface destroyed in March floods.

## RURAL ACCESS AND INCLUSION

**The Rural Access Officer works with communities to support and include people with a disability and their families in community life.**

### HIGHLIGHTS

- Facilitated the involvement of presenters with a disability addressing Monash University medical students as part of their Rural Placement program.
- Staged a National Day of People with a Disability event in Leongatha, which attracted a large number of participants and featured strong partnerships between Council departments and allied health services.

## YOUTH DEVELOPMENT

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

### HIGHLIGHTS

- Supported Youth Council members to develop their team skills when they successfully relocated the Raw Vibes Music Festival at short notice to Leongatha after Mossvale Park flooded.
- Implemented the L2P Project which has trained over 30 volunteer mentors to assist young local people to gain their 120 hours of driving practice.



- Sponsored two Youth Council members to attend a Youth Action conference in Sydney and later present outcomes at local forums.
- Assisted young volunteers to help run a concert to raise funds for Queensland and Victorian flood victims.

## ARTS AND CULTURE

**The Arts and Culture team encourages residents to participate in activities that support arts and cultural focussed groups to work together to build inclusive and culturally enriched communities**

### HIGHLIGHTS

- Sponsored the Music for the People concert at Mossvale Park, held for the 43rd year in succession and attracting patrons from across Victoria.
- Produced the South Gippsland Arts and Culture brochure with increased participation from local groups.
- Facilitated the South Gippsland Arts Network activities, with more than 50 groups of all genres participating.
- Staged the fifth annual Youth Film Festival, attracting 18 films that were made by young local people and featured animation, music video, comedy and short drama. Several entrants are now pursuing study and work in the film / media industry.

## LIBRARY SERVICES

**The West Gippsland Regional Library Corporation (WGRLC) was established in 1995 by formal agreement between Bass Coast, Baw Baw and South Gippsland Shire Councils. Councils contribute to the regional service using a funding formula, based on a per capita amount, i.e. Baw Baw 40.64%, South Gippsland 28.81% and Bass Coast 30.55%.**



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

### HIGHLIGHTS

- After a successful trial, Nyora has been added to the fortnightly Mobile Library Service.
- Held regular story time sessions for toddlers, and two local branches participated in the national simulcast reading during Library and Information Week.
- Library membership represented 37% of Shire population, with 143,415 visits registered in the past year.

# COMMUNITY SAFETY

## LOCAL LAWS

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

It aims to ensure the safety of animals and our community by raising awareness of animal ownership responsibilities and administering and enforcing legislation. A parking control program and Disabled Persons Parking Scheme is also administered.

## HIGHLIGHTS

- Implemented the 'Who's for Cats?' program, an educational program dealing with stray and unwanted cats.
- Issued:
  - 462 disabled parking permits
  - 222 footpath trading permits
  - 1285 fire prevention notices
  - 42 fire infringements
- Registered 4700 dogs and 1143 cats.
- Impounded 139 dogs and 148 cats.

## CHILDREN'S CROSSINGS

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



## HIGHLIGHTS

- Installed the Nerrena Rd school crossing, with official opening and media awareness campaign.
- Relocated Horn Street crossing and signage to meet the safety needs of the new primary school.

## FIRE PREVENTION

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

### HIGHLIGHTS

- Commenced development of the new Integrated fire Management Plan—due for completion by November 2011.
- Met all targets to ensure clearance of identified fire hazards.

## EMERGENCY MANAGEMENT

**The Municipal Emergency Manager works to ensure Council's readiness to respond to and recover from Municipal emergency events, and includes a broad range of pro-active community education and team training initiatives.**

### HIGHLIGHTS

- Staged two simulated training exercises for Municipal Emergency Coordination Centre (MECC) staff and agencies.
- Activated MECC to respond and recover from the March storm and flash flood event, supporting Australia's largest ever emergency helicopter evacuation airlift.
- Forty staff members on the MECC team capably supported emergency services and provided recovery to impacted communities.
- Supported the CFA development of four township protection plans for Venus Bay, Walkerville, Waratah Bay and Sandy Point.
- Launched a joint campaign with CFA and Lions Clubs to increase identification of rural properties through the installation of rural road numbers.
- Established the Municipal Fire Management Planning Committee, a multi-agency group that is well advanced in the preparation of the Integrated Fire Management Plan.

# AGED & DISABILITY SERVICES

## AGED & DISABILITY SERVICES

The Home and Community Care (HACC) Program provides basic support services for people who are aged, people with disabilities and their carers, assisting them to continue to live independently in their community. The HACC program is guided by an Active Service Model designed to improve functional independence, quality of life and social participation for HACC clients.



## HIGHLIGHTS

- Formed Protocol Partnership Development Working Group with allied agencies to develop protocols, Memorandums of Understanding and streamline client information.
- Completed heatwave and emergency planning.
- Offered Sustainability Audits, in partnership with Environment Vic, to all clients to help them identify energy and cost saving opportunities. Nine carers were trained to conduct the 76 requested audits.
- Conducted reviews of Meal on Wheels and Respite Programs including client and volunteer input.
- Introduced “Wheels to Meals” days that supported clients to dine out and promoted social inclusion.
- Reviewed all client focused information—brochures, booklets etc.
- Facilitated team building meetings with carers and office staff to strengthen implementation of the Active Service Model.
- Entertained 400 senior citizens at Seniors’ Week Concert.
- Coordinated volunteers to deliver 8,520 hours of community transport and 19,383 Meals on Wheels to HACC clients.
- Provided over 23,000 hours of Home Care, Personal Care and Respite Care to the community.
- Achieved 95% satisfaction rating in client survey.

## IMMUNISATION

**The Immunisation team provides monthly sessions for the vaccination of babies, children and adults, plus a high school based immunisation program for Year 7 & 10 students.**

### HIGHLIGHTS

- Expanded vaccination and education initiatives to combat substantial increase in cases of whooping cough.
- Provided flu immunisations for Year 12 students and teachers (21 sessions) plus local businesses (six sessions).
- Provided education programs at primary schools on the benefits of Year 7 immunisations.
- Participated in Immunisation Awareness month (October).
- Delivered 2,760 immunisations, involving 1523 patients.
- Conducted 60 public immunisation sessions at regional centres.

## MATERNAL & CHILD HEALTH

**The team provides a Maternal & Child Health (M & CH) service and an Enhanced Maternal and Child Health service to families, in accordance with the DEECD Funding and Service Agreement. It promotes good health and provides health and developmental assessments to families with children 0-6 years of age.**

### HIGHLIGHTS

- Increased focus on home visits where feasible. Nurses report great benefits for establishing early rapport and improved understanding of family dynamics.
- Staff attended biennial M & CH conference and returned keen to focus more on the father's role in childhood and parenting.
- Hosted Maternal and Child Health students from the city seeking country experience.

## SUPPORTED PLAYGROUPS & PARENT GROUPS

**This is a Victorian Government initiative that provides families with opportunities to establish friendships and long-term social support structures while developing parenting skills, capacity and confidence. The playgroup facilitator aims to provide quality play opportunities at a critical time in a child's development, fostering children's language development, developing motor and social skills and exposing children to sensory experiences.**

### HIGHLIGHTS

- Established supported playgroups in Leongatha and Korumburra.
- Linked parents with maternal & child health and immunisation, and referring to family service providers as required.
- Organised a Playgroup Day during Children's Week at Coal Creek which attracted 250 people from 18 community and supported playgroups across the Shire.
- Implemented Early Years Literacy Programs, including 'Let's Read' through the West Gippsland Regional Library Corporation.
- Developing a new playgroup venue at Coal Creek for use by the supported playgroup and Early Years groups.

## PRE- SCHOOL

**The Pre-school Field Officer supports the access and participation of children with additional needs in state-funded preschool programs. Children with developmental concerns are observed and assessed, and where appropriate, referred for more specialised assessment. Consultancy support is also given to pre-school staff on the planning, implementation and review of developmentally appropriate programs. Linkages to community and specialist support are provided for children with additional needs and their families.**

### HIGHLIGHTS

- Provided 118 children and their families with direct support in State funded kindergartens.
- Processed 80 new referrals and referred 62 children to other agencies for further assessment and support.
- Introduced the Victorian Early Years Learning Framework.
- Member of the Gippsland Regional Advisory Group for Kindergarten inclusion funding and the South Coast Early Years Network re 'Shared Responsibility of Vulnerable Children in Early Childhood Programs'.

# SUSTAINABILITY SERVICES

## SUSTAINABILITY

The Sustainability team provides leadership and support to the community to create and implement a sustainable vision for South Gippsland. It works with government agencies along with community and business groups to develop practical strategies and activities that promote the transition to sustainable practices.

## HIGHLIGHTS

- Adopted inaugural Sustainability Strategy.
- Staged third Sustainability Festival at Coal Creek, attracting over 1500 people and showcasing local businesses in a Lifestyle Expo.
- Established a Local Food Network to support sustainable food production and distribution outlets.
- Completed an energy audit of Coal Creek.
- Implemented an organic recycling program at Council offices.
- Established a Sustainability Centre at Coal Creek.
- Provided free bench composting bins to community.



## BIODIVERSITY

The Biodiversity team aims to protect and enhance our environmental values by providing advice and support to the community and Council. It develops and manages environmental programs and strategies, applies for external funding and works with government agencies on a range of environmental issues.

## HIGHLIGHTS

- Developed Fire Management Plans for four Council-managed bush reserves and undertook identified fire prevention works.
- Upgraded walking track and information signage in Wuchatsch Reserve and Van Cleefe Reserve.
- Provided support for protection of areas of significant remnant vegetation on private land.

## WASTE MANAGEMENT & RECYCLING

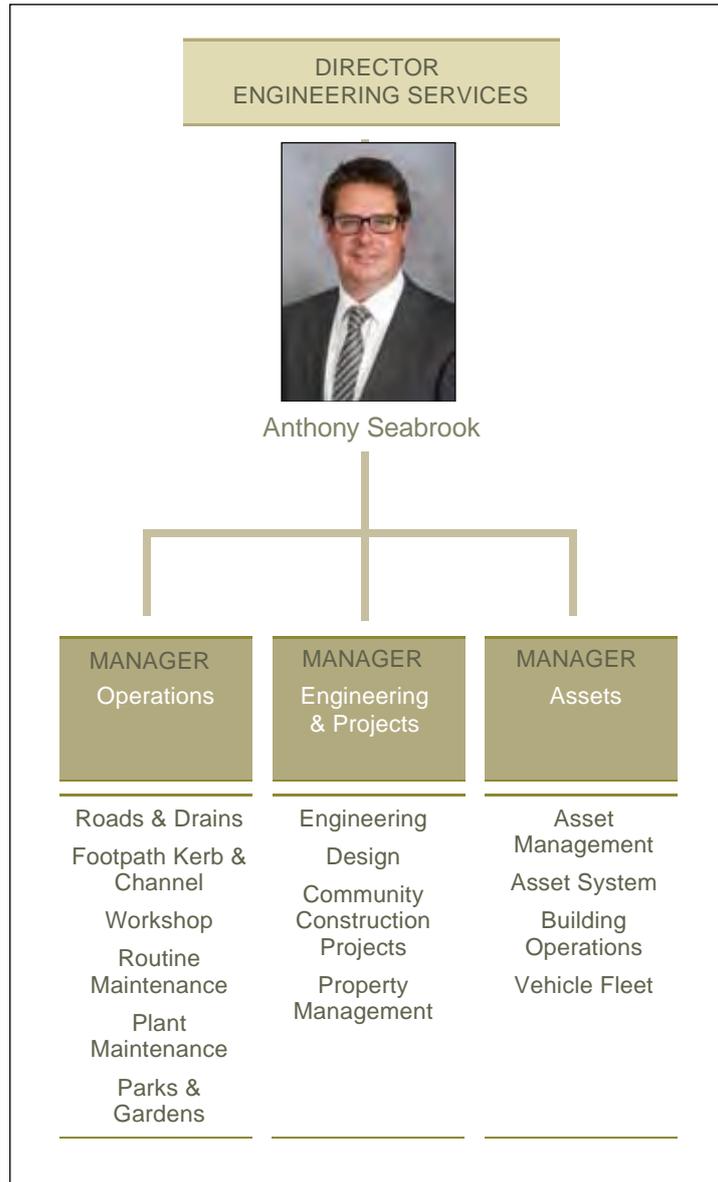
The Waste Management team oversees the provision of kerbside garbage and recycling collection services, public litter bins and collection services, management and operation of transfer stations and the construction, management, operation and rehabilitation of landfills throughout the Shire. The team also provides education and advice on waste management related matters to the community and industry on an ongoing basis.



### HIGHLIGHTS

- Reviewed the ten year Waste Management Strategy.
- Commenced a public litter bin upgrade project.
- Obtained EPA approval for the construction of a new waste disposal cell at the Koonwarra Landfill.
- Reconstructed the Venus Bay Transfer Station retaining wall.

# ENGINEERING SERVICES



## OPERATIONS

The Depot Operations Department is responsible for programmed and reactive maintenance to provide a safe and trafficable road network and parks and gardens that meet the needs and expectations of the community.

This includes roads and drains, footpath kerb and channel, plant, workshop and routine maintenance. Crews are often engaged in emergency works at all hours to respond to storm damage.

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

## HIGHLIGHTS

- Deferred part of the sealing program to allocate funds to the clean up of the severe rain event in March which caused numerous landslips and erosion from streams, washed out roads and damaged bridges and culverts. Costs estimated at approximately \$4m and still rising.



- Delivered Capital Works Program on time and within budget.
- Delivered Road Resheeting Program within budget.
- Completed Playground Replacement Program for Nyora Common, Foster Station Street Park and Lewis Street, Port Welshpool.
- Carried out inspections on Roads in accordance with the Road Management Plan with 1261 issues raised and responded to out of intervention, with 98% addressed within timeframes.
- Received 5127 Customer Requests throughout the year, with 3631 or 71% addressed within timeframes.

## ENGINEERING AND PROJECTS

**The Engineering and Projects department is responsible for engineering services and property management.**

**It coordinates and delivers Council and community infrastructure to comply with the visions and strategies of the 2010-2014 Council Plan**

### HIGHLIGHTS

- Completed 98% of the Capital Works programme, including:
  - Prom Coast Centre for Children
  - Design of the Sandy Point Community Centre
  - Design of the Leongatha Children's Centre extension
  - Korumburra Recreation Centre Stadium Upgrade
  - Rehabilitation of Kings Flat Bridge, Buffalo
  - Installation of stormwater gross pollutant traps at Stockyard Creek, Foster and Young St, Leongatha
  - Construction of a new footbridge over Stockyard Creek, Foster
  - Mirboo North Swimming Pool Solar Replacement
  - Nyora Path and Trail Construction
  - Design of Loch Streetscape, Stage 1
  - Toora Swimming Pool – Solar Heating Replacement, Boiler Room and Shade Sails
  - Korumburra Swimming Pool Car park, Stage 2
  - Mirboo North Community Centre Upgrade.
- Secured grant funds for Corner Inlet Lookout, Foster and Toora Rail Park (Design complete)
- Processed 165 Planning Permit referrals and 201 development related inquiries.
- Scheduled programmed building maintenance to Council owned and managed facilities, including 152 programmed maintenance projects and 587 building reactive maintenance requests.
- Distributed Building User Satisfaction Survey in September 2010 to user groups of Council owned and managed facilities:
  - 87% of respondents satisfied with Council buildings
  - 81% of respondents satisfied with maintenance
  - 98% satisfied with the Building Team's services.

## ASSETS

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 Council's 10 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 operation decisions.

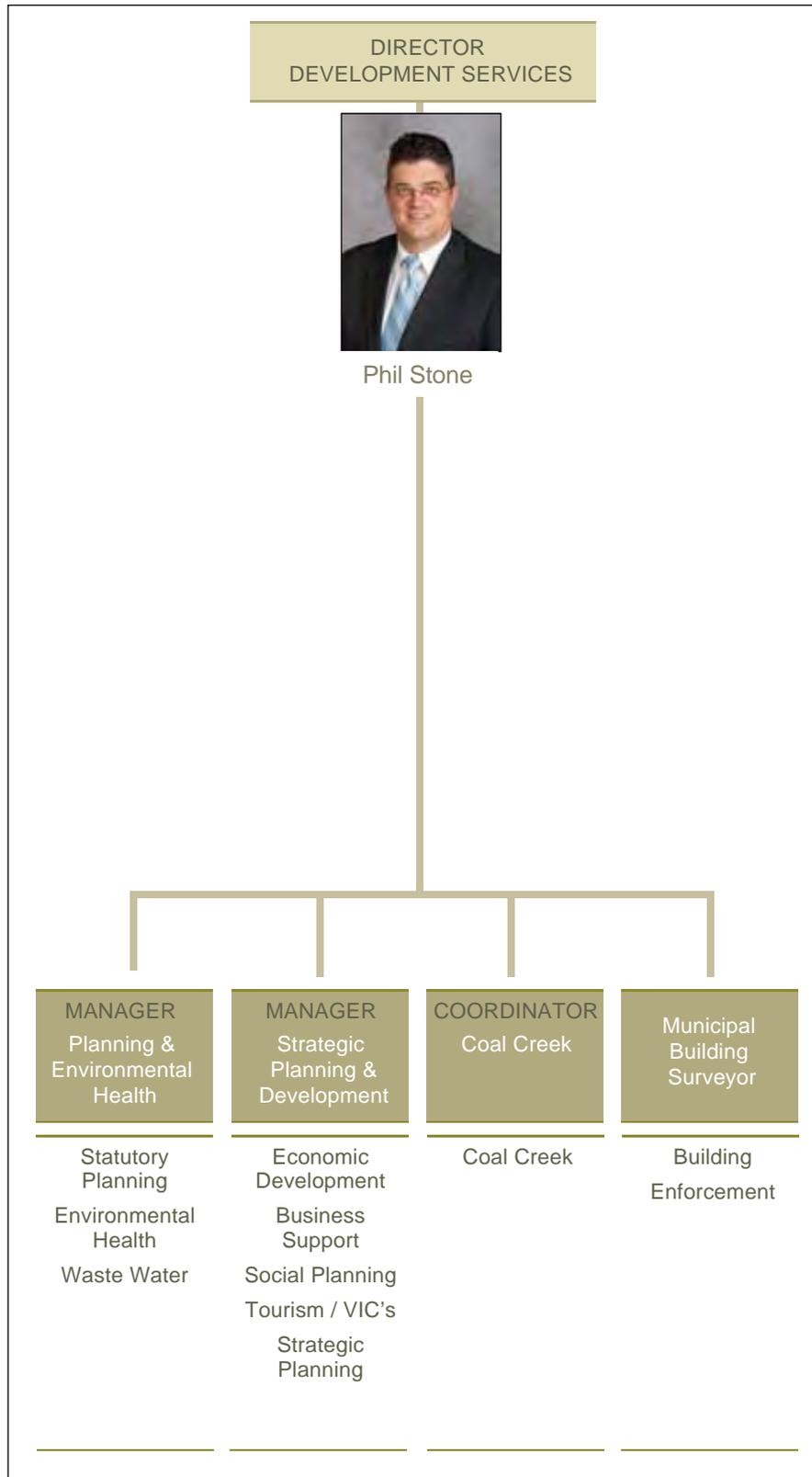
The department also oversees building operations and manages the organisation's vehicle fleet.

## HIGHLIGHTS

- Reviewed Buildings Asset Management Plan
- Reviewed Roads (including footpaths and kerb & channel) Asset Management Plan
- Ongoing review of the Asset Management Strategy.
- Installed Conquest corporate Asset Management System, and populated with all the infrastructure assets. Training provided to users of the system including mobile computing.
- Completed Annual Review of the 10 year Capital Works Program.
- Completed the National Asset Management Assessment Framework Program 2010/11
- Completed Department Victorian Communities (DPCD) and Municipal Association of Victoria (MAV) reporting.
- Completed the review of infrastructure valuations and incorporated into Council's Financial Statement.



# DEVELOPMENT SERVICES



## COAL CREEK COMMUNITY PARK AND MUSEUM



The focus of Coal Creek as a Community Park and Museum is to:

- encourage all forms of community participation;
- host literary, art and musical events, functions and exhibitions; as well as being a showpiece museum of local heritage;
- develop and invigorate its education program for local and visiting school students; and
- offer visitors increased opportunities for entertainment, hospitality and merchandise through a range of carefully selected commercial providers.

### HIGHLIGHTS

- Increased visitation by 23% this year (51,054)—a 365% increase since its repositioning in 2008.
- Held successful annual family events including:
  - Ghost Tours
  - Easter Egg Hunt
  - Sustainability Festival
  - Teddy Bear's Picnic
  - Carols by the Creek
  - Children's Week
  - Pirates Day
  - Halloween
- Supported 28 Korumburra Secondary College students, who are half way through their VET and VCAL programs, to obtain Certificates in Hospitality and Conservation Land Management.
- Launched the Coal Creek Farmers Market in October 2010, which is attracting an average of 470 visitors per month.
- Progressed Museum accreditation program.
- Completed a successful year of 'back to back' exhibitions in the Community Gallery, which is fully booked until March 2012. Hosted an Art Investment seminar in the Gallery featuring outstanding works for sale by famous Australian painters.
- Signed a Memorandum of Understanding between Council and Friends of Coal Creek to strengthen funding opportunities.
- Implemented a Strategic Business Plan to increase viability of the park.

# STRATEGIC PLANNING AND DEVELOPMENT

## ECONOMIC DEVELOPMENT

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

### HIGHLIGHTS

- Launched the official Foster business community website
- Produced the Korumburra and Leongatha 'Live, Work, Invest' brochures
- Supported the establishment of the Southern Gippsland Olives brand.



- Delivered the Ag Futures series of workshops with Department of Primary Industries and Bass Coast Shire Council
- Supported the filming of the third series of the ABC's "Bed of Roses" in Meeniyan.
- Facilitated the bushfire relief funded project in Mirboo North.
- Supported successful application for Bushfire Investment funding for Strzelecki Engineering business expansion
- Hosted the South East Australian Transport Strategy meeting.
- Advocated for early adoption of the National Broadband Network, Leongatha alternate heavy vehicle route, overtaking lanes on the Strzelecki Hwy, and Port Anthony.
- Co sponsored a series of Business Skills Workshops with Business Victoria

## TOURISM

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

### HIGHLIGHTS

- Recorded the second greatest overnight visitor increase in the state -15.6% over the Christmas period.
- Improved Wilsons Promontory visitation figures despite flood closure.
- Produced and distributed 50,000 Official Visitor Guides and Touring Maps.
- Produced high definition video and promotional photography in conjunction with Destination Gippsland Ltd.
- Secured \$10,000 Regional Development Victoria flood recovery funding assistance through the 'Local Life, Local Events' grants.
- Launched the 'Drive Southern Gippsland' promotion in conjunction with RACV and Bass Coast Shire Council.
- Promoted region to 60,000 people at Camping, Caravanning and Touring Super Show.
- Won the Tourism Marketing category at the Australian Tourism Awards with Destination Gippsland's 'Inspired by Gippsland' marketing campaign.
- Continued advocacy for the upgrade of Port Welshpool Long Jetty.
- Increased annual visitation at Foster and Korumburra Visitor Information Centres by 8.3%.

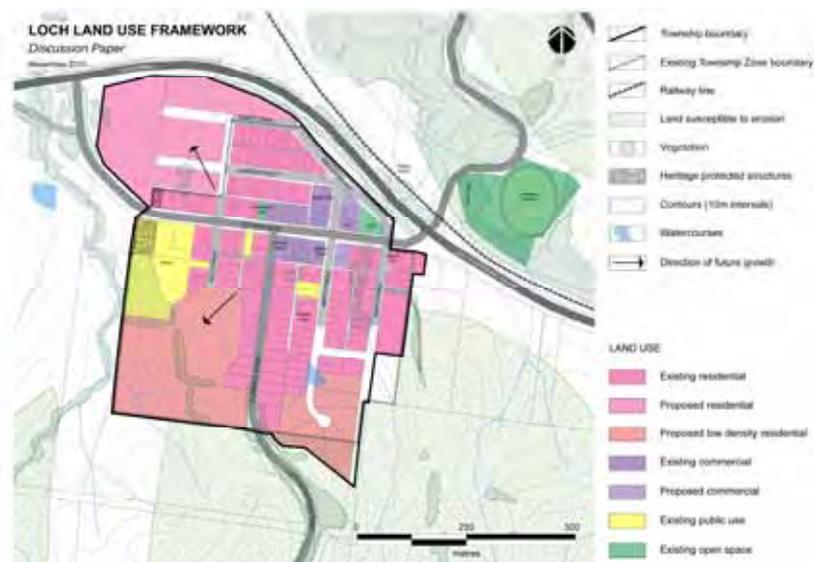


## STRATEGIC PLANNING

The Strategic Planning team develops plans that provide guidelines for the future use and development of land within the municipality. It also ensures that the Planning Scheme is up to date and relevant to the community's needs.

### HIGHLIGHTS

- Key projects this year included:
  - **Southern Leongatha Outline Development Plan (ODP)**  
The ODP sets out development principles that will guide the integrated development of the subject area over the next 10 years and beyond.
  - **Western Korumburra Outline Development Plan**  
This project plans for growth in the area between Bena and Jumbunna Roads.
  - **Western Township Structure Plans**  
Structure Plans being developed for the townships of Loch, Nyora, Poowong and Meeniyan will guide the use and development of land within the townships over the next 20 years and beyond.



- **Eastern Districts Urban Design Framework (UDF)**  
The Eastern Districts UDF plans for the future use and development of land in the small townships east of, but not including, Foster. The UDF investigates potential land rezoning, growth options and urban design improvements to improve the appearance and function of the townships.
- **Development of the Rural Land Use Strategy (RLUS)**  
The RLUS reviews the function, values and prospects of our rural areas and aligns these with planning controls that are responsive to local requirements. The key statutory implementation tool is the selection and application of an appropriate zone from the suite of new rural zones provided in the Victoria Planning Provisions.

## STATUTORY PLANNING

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

### HIGHLIGHTS

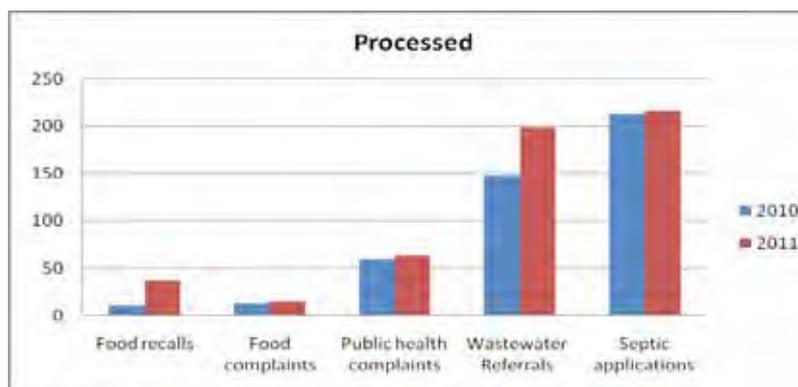
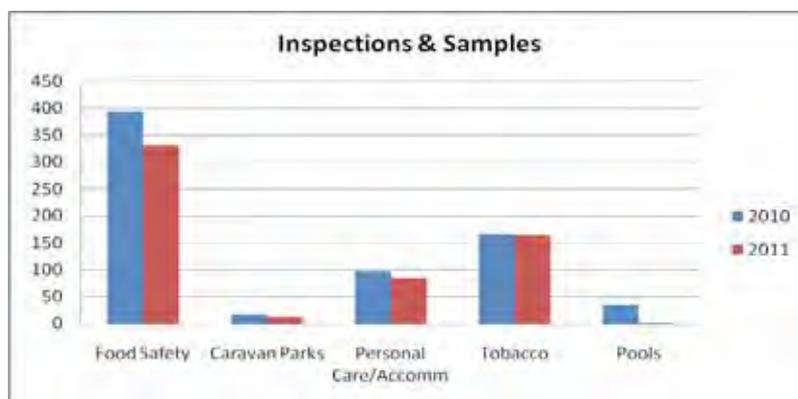
- Implemented Service Targets process introduced by the Municipal Association of Victoria.
- Assessed 662 Planning Permit applications, with 626 decisions made.
- Replenished staff levels after significant shortages of planners.

## 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 general public health nuisances.**

### HIGHLIGHTS

- Implemented changes to the Food Act 1984 including:
  - Changes to food business classifications from a three tier to a four tier risk based system. This involved a re-assessment of all premises against new guidelines issued by Department of Health and included a review of registration fees.
  - Changes to food inspection regimes to ensure compliance with new inspection and reporting requirements. This included a review of inspection type codes to ensure adequate differentiation of inspections to permit correct reporting to Department of Health (now mandatory on a quarterly basis).
  - Food Performance Data Reporting to Department of Health successfully completed for 1st and 2nd quarter of 2011. This involved mapping of premises types, inspection categories and result categories against Department of Health codes, data cleaning, conversion of reports to XML format and transmission to Department of Health.
- Conducted Wastewater Process Review to streamline procedures, ensure compliance with standards and better integrate processes between departments including Statutory Planning, Building and Rates. Review was conducted in response to a Probity Audit of wastewater services.
- Held a Plumbers Information Session to update plumbers on septic tank application processes including revised application forms and permit formats, latest recommendations in relation to septic tank design principles and discuss any concerns raised by plumbers.
- Commenced Township Land Capability Assessment for Prom Views Estate.



## MUNICIPAL BUILDING SERVICES

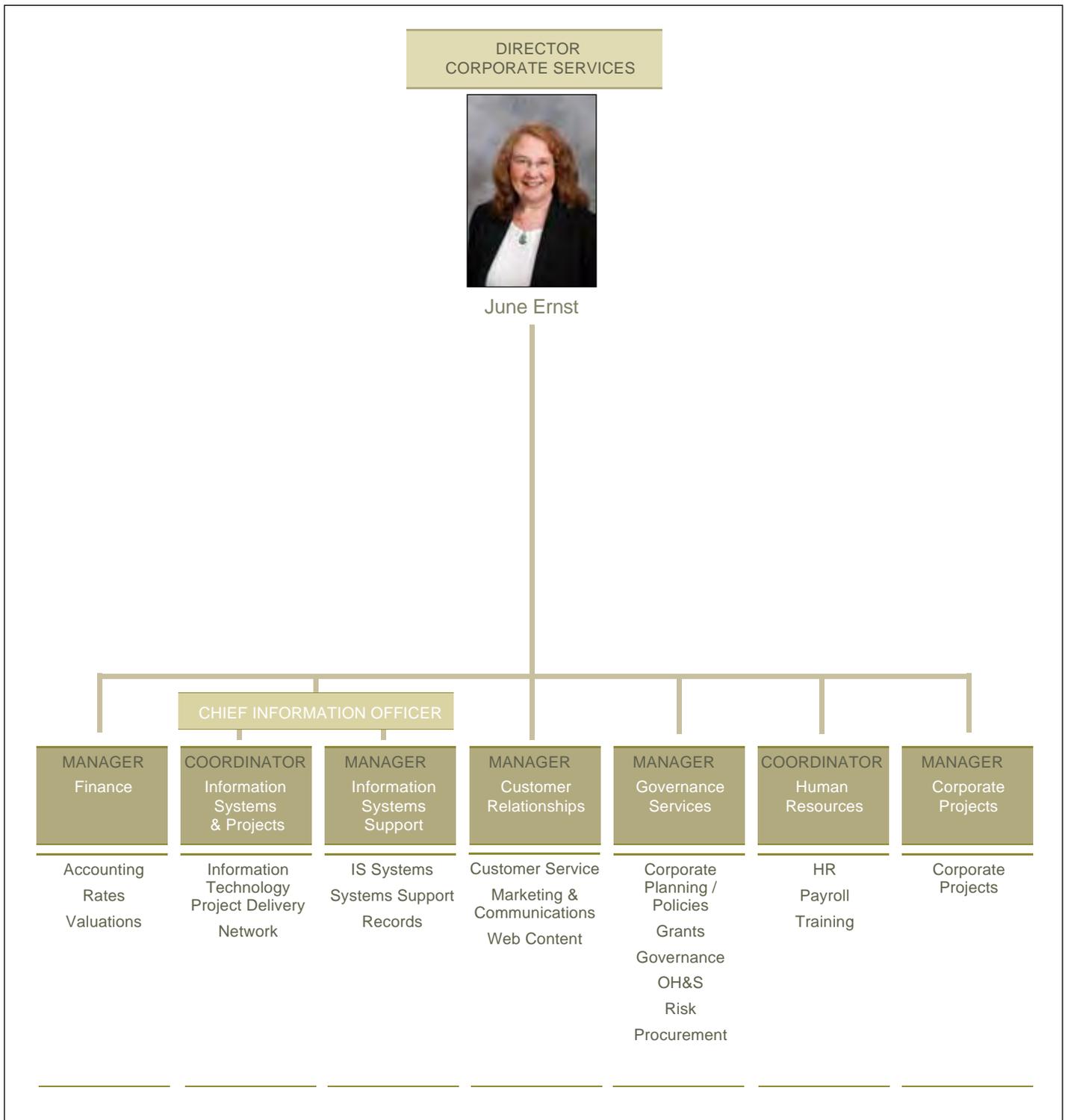
### BUILDING SERVICES

The team maintains standards of amenity, habitation and safety in buildings. Activities include building and planning enforcement, assessing report and consent applications for new building work, maintaining building records, providing building and property information and issuing occupancy permits for places of public entertainment.

### HIGHLIGHTS

- Improved building compliance through education and enforcement resulting in:
  - 49 building notices and orders issued on non-compliant building work
  - 1 prosecution for illegal building work.
- Conducted 52 Essential Safety Measures inspections resulting in safer buildings.
- Undertook 54 swimming pool and spa barrier inspections resulting in safer swimming pools and spas.
- Processed 934 building and property information requests from solicitors and building consultants.
- Registered 759 privately issued building permits with a value of \$97,602 million.
- Assessed 82 reports and consent applications for siting variations, demolition works and protection of public measures.

# CORPORATE SERVICES



# FINANCE

## FINANCE

**The Finance Department collates and manages Council's finances, provides strategic financial advice to Council, raises and collects rates and charges and values properties throughout the municipality.**

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

## HIGHLIGHTS

- Reviewed Long Term Financial Strategies – adopted by Council.
- Revised Long Term Financial Plan—adopted by Council.
- Auditor General's Office assessed financial sustainability of Council as low risk.
- Provided monthly staff training programs for Financial Systems.
- Implemented system refinement to improve month end reporting.
- Completed supplementary valuation adjustments for rateable properties within designated timelines.
- Completed insurance valuations for Council owned and controlled buildings within designated timelines.

# INFORMATION SERVICES

## INFORMATION SERVICES

**The Information Services Department manages the computerised infrastructure, technology and information systems of the organisation.**

**This includes management of all communication tools ranging from computers, telephones and audiovisual equipment, to websites and remote site technology at our depots and Coal Creek.**

## HIGHLIGHTS

- Conducted major overhaul of IT infrastructure and software
- Installed new server infrastructure, including SAN and Blade equipment
- Established a purpose built disaster recovery site
- Implemented IT Strategy
- Upgraded Council Chamber technology to improve Council meetings and emergency operations
- Refined electronic records systems and reviewed compliance.
- Reviewed archive management processes.

# CUSTOMER RELATIONS

## CUSTOMER RELATIONS

The Customer Relations Department comprises the Communications, Marketing and Customer Service teams, which strive to provide the community with accurate information on Council's services, activities, decisions and processes through the media, web content, publications, phone and 'face to face' enquiries. The department works to develop and maintain a positive brand and reputation for the organisation.

## HIGHLIGHTS

- Communications:
  - Increased media coverage by 8.7%.
  - Responded to 464 media enquiries.
  - Produced 205 press releases.
  - Averaged 78.25% positive media articles, 17.25% neutral and 4.5% negative.
  - Secured 226 promotional images for Council use through regional photographic competition organised and sponsored by Council.
  - Trialled local cinema advertising during summer holiday period.
  - Revamped Australia Day nomination forms to simplify process.
  - Audited Council internet and intranet sites to assess relevance of content.
  - Facilitated emergency media liaison during March floods.
  - Chaired interdepartmental 'internal communications' study.
- Customer Service:
  - Responded to 68,004 phone calls to Council.
  - Logged 9,421 customer requests.
  - Attracted 326,612 visitors to council's website.
  - Engaged a full time Customer Service trainee.
  - Conducted interdepartmental training for Customer Service staff to broaden their organisational knowledge.



# HUMAN RESOURCES

## HUMAN RESOURCES

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

Establishing Council as an employer of choice so that we are able to effectively recruit and retain our workforce in an increasingly competitive market;

Ensuring that council is positioned to meet the current and future requirements relating to structure, capability, succession and talent management; and

Providing industrial relations advice, including negotiation and implementation of Enterprise Agreements.

## HIGHLIGHTS

- Recruited for 85 positions
- Commenced implementation of new induction program
- Completed Training Needs Analysis
- Completed Employee Opinion Survey
- Reviewed staff policies
- Conducted corporate training programs

# GOVERNANCE SERVICES

The Governance Team provides high level support and co-ordination services to Council that enables organisation wide good governance and compliance. The team manages community grants provided to community groups and seeks grants on behalf of Council. The team also manages the tendering process for all Council tenders.

## HIGHLIGHTS

- Reviewed Council's Advisory Committees and Special Section 86 Committees.
- Reviewed Council meeting agenda process.
- Tried and adopted a monthly Council meeting protocol.
- Reviewed Procurement Policy and progressively implemented changes.
- Reviewed role and function of Audit Committee.
- Undertook Localities Review in consultation with the Office of Geographic Names.

## 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

- Reviewed Council's Risk Management Framework.
- Reviewed Risk Assessments for all business units.
- Completed insurance premiums for Council owned and controlled buildings, plant, equipment and fleet vehicles within designated timelines.
- Trained management team in Risk Management.

## 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

- Enabled injured staff to return to their own departments in minimal time by implementing benchmark 'Return to Work' practices.
- Upgraded Safety System.
- Introduced Health and Wellbeing Program that featured medical checks, healthy eating and exercise programs for outdoor staff, bone density testing, lunchtime tai chi and relaxation programs.
- Provided OH & S Induction for all new employees within their first two days.
- Created a culture of reporting potential injuries to enable early intervention.

## 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 administering the Annual Community and Recreation Grants Program.

### HIGHLIGHTS

- Awarded \$330,000 through the Community Grants Program to 74 organisations.
- Obtained \$1,464,205 in external funding for community projects.
- Provided \$37,000 in minor grants to various groups through the Councillor Discretionary Funds program.
- Conducted regional information sessions to assist community groups to prepare grant applications.
- Provided recovery assistance for relief funding following March floods.

## FREEDOM OF INFORMATION

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

Council received 14 new applications under the Freedom of Information Act for the period 1 July 2010 to 30 June 2011.

Three internal reviews of decisions were conducted. One decision was confirmed and two decisions varied.

One appeal to VCAT was lodged.

No complaints or allegations of breach of the Information Privacy Act 2000 were received. No complaint required referral to the Office of the Privacy Commissioner.

### 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.

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

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

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

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

## WHISTLEBLOWERS’ PROTECTION ACT 2001

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

In the financial year 2010/2011, no disclosures were made to the South Gippsland Shire Council under the Act.

The Ombudsman referred no matters to the South Gippsland Shire Council for investigation. No requests were made by disclosures to the Ombudsman to investigate disclosed matters.

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 contributed to compliance with Best Value principles included:

- Major review of all Council and operational policies to ensure relevance and currency.
- Procurement and Associated Financial Services Breakthrough Project
- Development of Infrastructure Design Manual.
- Participation in the Councils' Reforming Business Program sponsored by DPCD and MAV.

## AUDIT COMMITTEE

The main goal of the Audit Committee is to assist 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 provide oversight of the following:

- Corporate governance.
- Information and communications (ICT) 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. The Chair of the Committee is an independent member. The Committee considered reports in respect of credit cards, fuel cards, Councillor expenditure, customer response requests, public liability, professional liability, procurement and risk management, and from VAGO.

# NATIONAL COMPETITION POLICY COMPLIANCE: 2010-11 CERTIFICATION BY CHIEF EXECUTIVE OFFICER

## National Competition Policy Compliance: 2010-11

### Certification by Chief Executive Officer

South Gippsland Shire Council has complied with the requirements of the National Competition Policy (NCP) for the period 1 July 2010 to 30 June 2011, in accordance with the requirements outlined in *National Competition Policy and Local Government (Revised 2011)* as set out below:

<b>A. Trade Practices Compliance</b> <i>State whether the Council is compliant or non-compliant. If non-compliant, justify or cite actions to redress.</i>	Compliant
<b>B. Local Laws Compliance</b> <i>State whether the Council is compliant or non-compliant. List all local laws made or remade during 2010-11 which impose a restriction on competition: Nil</i>	Compliant
<b>C. Competitive Neutrality Compliance</b> <i>State whether the Council is compliant or non-compliant for all significant businesses. List any significant businesses that are non-compliant: Nil</i>	Compliant

I certify that:

- This statement has been prepared in accordance with the 2010-11 National Competition Policy Reporting Guidelines; and
- This statement presents fairly the Council's implementation of the National Competition Policy.

Signed:

  
\_\_\_\_\_  
(Chief Executive Officer)

Date:

17 August 2011

# 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 2010/11 Annual Report.

The Financial Statements are key financial reports of South Gippsland Shire Council. They show how Council performed financially during the 2010/11 financial year and the overall position at the end (30 June 2011) of the financial year. Council must present its Financial Statements in accordance with the Australian Accounting and International Financial Reporting Standards (IFRS). Council is committed to being financially accountable.

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

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

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

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

Council's Financial Statements have two main sections, namely, the Statements and the Notes. There are four Statements and 49 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'. 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 \$4.08 million (previous year \$38.62 million). The previous financial year included a net revaluation increment of \$32.13 million as a result of revaluing several classes of infrastructure assets.

A more relevant figure to look at is the 'Surplus/ (Deficit)' of Council for the year. The surplus for the reporting period was \$4.98 million surplus (previous year \$6.49 million surplus). This figure does not include the revaluation adjustments.

On face value this is a good result. However it is also important not to accept the result on face value. By not including what could be termed 'abnormals' or 'one offs' from the surplus result gives a truer indication of financial performance. This is commonly referred to as the underlying operating result.

After allowing for 'one off' capital grants (\$4.36 million) and donated assets (\$1.18 million), the underlying operating result was a \$0.56 million deficit (previous year \$0.80 million surplus).

Ever since 2003 when Council developed a series of long term financial strategies and prepared budgets within a long term financial planning framework it has produced strengthening financial outcomes. In the years prior to having a series of financial strategies and a long term plan, Council had consistently produced unfavourable underlying results.

#### **4. Balance Sheet**

The Balance Sheet is a one-page summary of the financial situation as at 30 June 2011. It shows what the Council owns as 'Assets' and what it owes as 'Liabilities'. The bottom line of this Statement is Net Assets. This is the net worth of Council that has been built up over many years.

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

The components of the Balance Sheet are described here.

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

- Cash and cash equivalents includes cash and investments, that is, cash held in the bank and in petty cash and the market value of Council's investments.
- Trade and other receivables are monies owed to Council by ratepayers and others.
- Financial assets represent Council's long service leave investment for its staff.
- Inventories are stock of raw materials and stock on hand.
- Prepayments are expenses that have been pre paid that relate to the following financial year.
- Non current assets held for resale identify assets that will be disposed in the forthcoming year.
- Investments in associates represent the equity interest of Council in the West Gippsland Regional Library Corporation.

- Property, Infrastructure, Plant & Equipment are the largest component of Council's worth and represent the value of all the land, buildings, roads, vehicles, equipment, etc which have been built up by Council over many years.
- Investment properties are properties that provide a commercial return to Council.

## **4.2 Current and Non-Current Liabilities**

- Trade and other payables are those, to whom Council owes money as at 30 June, 2011
- Trust funds and deposits represent monies held in Trust by Council.
- Provisions include employee benefits (such as accrued Long Service and Annual Leave owed to employees), and obligations to perform rehabilitations works at landfill sites.
- Interest bearing loans and borrowings are monies owing to financial institutions.

## **4.3 Net Assets**

This term is used to describe the difference between the value of Total Assets and the value of Total Liabilities. It represents the net worth of Council as at 30 June 2011, which was \$436 million (previous year \$432 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 Income Statement because the Income Statement is prepared on an accrual accounting basis.

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

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

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

The bottom line of the Cash Flow Statement is the Cash at End of Financial Year. This shows the capacity of Council to meet its cash debts and other liabilities. The cash position at the end of the financial year was \$14.79 million (previous year \$15.25 million).

## 7. Notes to the Accounts

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

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

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

Other Notes include:

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

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

## **8. Standard Statements**

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

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

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

## **9. Performance Statement**

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

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

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

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

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

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

## **12. General**

External Auditor: Auditor-General of Victoria

Internal Auditor: HBL Mann Judd

Bankers: Commonwealth Bank

# LOCAL GOVERNMENT INDICATORS

Assessment	Year	Year	Year
	2009	2010	2011
Average rates and charges per assessment	1,302	1,375	1464
Average rates and charges per residential assessment	1,079	1,181	1191
Average liabilities per assessment	564	494	501
Operating result per assessment	516	349	266
Average operating expenditure per assessment	2,020	2,154	2358
Average capital spend per assessment	438	437	643
Renewal gap	92%	72%	77%
Renewal and maintenance gap	96%	87%	87%
Community satisfaction rating for overall performance generally of the Council	60%	60%	59%
Community satisfaction rating for Council's advocacy and community representation on key local issues	57%	57%	58%
Community satisfaction rating for Council's engagement in decision making on key local issues	57%	57%	56%



# GRANTS AND CONTRIBUTIONS PAID 2010-2011

Organisation	Amount
POOWONG SWIMMING POOL COMMITTEE	69,452
KORUMBURRA SWIMMING POOL COMMITTEE	65,477
FOSTER SWIMMING POOL C.O.M. INC.	63,952
PROM COUNTRY REGIONAL TOURISM	50,000
GREAT SOUTHERN RAIL TRAIL INC	48,150
STATE EMERGENCY SERVICE LEONGATHA	25,372
STATE EMERGENCY SERVICE FOSTER	23,872
DESTINATION GIPPSLAND LTD	20,000
WALTER J TUCK RECREATION RESERVE C.O.M.	16,160
SOUTH GIPPSLAND CITIZENS ADVICE BUREAU	13,632
PROM COAST CHILDREN'S SERVICES	12,000
MEENIYAN GOLF CLUB	11,700
VENUS BAY COMMUNITY CENTRE	11,466
FOSTER SHOWGROUNDS COMMITTEE	11,350
LEONGATHA AGRICULTURE & RECREATION RESERVE C.O.M.	11,160
FOSTER COMMUNITY ASSOCIATION INC.	9,602
TOORA RECREATION RESERVE COMMITTEE	8,830
KORUMBURRA RECREATION RESERVE C.O.M.	8,640
LEONGATHA LITTLE ATHLETICS CLUB INC	8,500
NERRENA RECREATION RESERVE COMMITTEE	7,720
KORUMBURRA AGRICULTURAL & PASTORAL SOCIETY	7,650
FOSTER WAR MEMORIAL ARTS CENTRE	7,000
RUBY HALL ASSOCIATION INC	6,238
KORUMBURRA GUN CLUB	6,200
LEONGATHA COMMUNITY PRE-SCHOOLS INC.	6,200
MIRBOO NORTH HALL	6,000
POOWONG SPORTS CENTRE COMMITTEE	6,000
LEONGATHA TABLE TENNIS ASSOCIATION INC	5,923
OUTTRIM RESERVE COMMITTEE	5,918
SOUTH GIPPSLAND LANDCARE NETWORK	5,724

<b>Organisation</b>	<b>Amount</b>
PORT WELSHPOOL BOWLS CLUB INC.	5,282
APEX CLUB OF LEONGATHA	5,000
FISH CREEK FOOTBALL CLUB	5,000
LEONGATHA LYRIC THEATRE	5,000
LEONGATHA TOWN CRICKET CLUB	5,000
MIRBOO NTH PONY CLUB INC	5,000
RUBY FIRE BRIGADE	5,000
VENUS BAY SURF LIFE SAVING CLUB	5,000
MIRBOO NTH BOOLARRA RAIL TRAIL C.O.M.	4,920
GIRL GUIDES ASSOCIATION OF VIC	4,830
NYORA RECREATION RESERVE C.O.M.	4,790
TERRILL & BUCKLEY PARKS RECREATION RESERVES	4,740
MEENIYAN RECREATION RESERVE	4,680
POOWONG RECREATION RESERVE COMMITTEE INC	4,680
BUFFALO COMMUNITY CENTRE	4,288
LYREBIRD ARTS COUNCIL	4,000
MIRBOO COUNTRY DEVELOPMENT INC.	4,000
PROM COAST ARTS COUNCIL INC.	4,000
PROM COAST SEACHANGE FESTIVAL INC.	4,000
STOCKYARD GALLERY	4,000
WELSHPOOL RURAL TRANSACTION CENTRE	4,000
TOORA SWIMMING POOL COMMITTEE	3,878
TARWIN LOWER RECREATION RESERVE INC.	3,830
PORT FRANKLIN HALL COMMITTEE	3,738
BENA PUBLIC HALL INC.	3,668
MEENIYAN STADIUM COMMITTEE	3,500
ARAWATA COMMUNITY HALL ASSOCIATION INC.	3,488
ALLAMBEE STH COMMUNITY CENTRE C.O.M.	3,279
STONY CREEK RACING CLUB	3,210
MIRBOO NORTH SWIMMING POOL COMMITTEE	3,090
KORUMBURRA SENIOR CITIZENS CENTRE	3,060
KILMANY UNITING CARE (BAIRNSDALE)	3,000

<b>Organisation</b>	<b>Amount</b>
KOONWARRA LEONGATHA RSL CRICKET CLUB	3,000
KORUMBURRA KINDERGARTEN INC.	3,000
LOCH & DISTRICT PRESCHOOL CENTRE	3,000
MEENIYAN PRESCHOOL INC	3,000
ROTARY CLUB SHOW 'N SHINE	3,000
SOUTH GIPPSLAND BUSKERS FESTIVAL INC.	3,000
ST PAULS CATHOLIC SOCIAL CLUB	3,000
TOUR DE TARWIN	3,000
YMCA OF BALLARAT INC	3,000
STONY CREEK REC RESERVE C.O.M.	2,992
'HANDS ON' COMMUNITY SOLUTIONS	2,925
KOONWARRA RECREATION RESERVE C.O.M. INC.	2,790
LOCH RECREATION RESERVE COMMITTEE	2,790
THE ARTHUR SUTHERLAND RECREATION RESERVE (FORMERLY WELSHPOOL)	2,790
LEONGATHA CRICKET CLUB TURF COMMITTEE	2,700
FOSTER RECREATION RESERVE INC.	2,655
HALLSTON MECHANICS INSTITUTE INC.	2,534
BERRYS CREEK PONY CLUB INC.	2,500
FOSTER SENIOR CITIZENS CENTRE	2,460
LEONGATHA SENIOR CITIZENS CENTRE	2,460
MIRBOO NORTH SENIOR CITIZENS CENTRE	2,460
NERRENA PUBLIC HALL COMMITTEE INC.	2,238
DAVID TREASE DESIGNS	2,235
JUMBUNNA PUBLIC HALL C.O.M.	2,048
BERRY'S CREEK HALL INC.	2,018
KORUMBURRA BUSINESS ASSOCIATION INC.	2,000
SOUTH GIPPSLAND CONSERVATION SOCIETY	2,000
OTHER MINOR COMMUNITY GRANTS (<\$2000)	71,566
<b>TOTAL</b>	<b>838,000</b>







*South Gippsland*  
*Shire Council*

*Come for the beauty, Stay for the lifestyle*

# Annual Financial Report

## FOR THE YEAR ENDED 30 JUNE 2011

# CONTENTS

## Page No.

### Financial Statements

Comprehensive Income Statement	4
Balance Sheet	5
Statement of Changes in Equity	6
Cash Flow Statement	7

### Notes to the Financial Statements

Introduction to Notes	8
Note 1 Significant accounting policies	9
Note 2 Special committees and other activities	17
Note 3 Rates and charges	18
Note 4 Statutory fees and fines	19
Note 5 User fees	19
Note 6 Grants	20
Note 7 Contributions	23
Note 8 Reimbursements	23
Note 9 Other Income	24
Note 10 Disposal of property, plant and equipment and infrastructure	24
Note 11 Employee benefits	25
Note 12 Materials and services	25
Note 13 Depreciation & amortisation	26
Note 14 Finance costs	26
Note 15 Other expenses	26
Note 16 Investments in associates	27
Note 17 Other assets	28
Note 18 Cash and cash equivalents	28
Note 19 Trade and other receivables	28
Note 20 Financial assets	29
Note 21 Inventories	29
Note 22 Property, plant and equipment and infrastructure	29
Note 23 Joint venture information	38
Note 24 Investment properties	38
Note 25 Trade and other payables	38
Note 26 Trust funds and deposits	38
Note 27 Provisions	39
Note 28 Interest bearing loans and borrowings	42

# CONTENTS (CONT.)

	<b>Page No.</b>	
Note 29	Reserves	43
Note 30	Reconciliation of cash flows from operating activities to surplus	45
Note 31	Reconciliation of cash and cash equivalents	45
Note 32	Financing facilities	46
Note 33	Non-cash financing and investing activities	46
Note 34	Restricted assets	46
Note 35	Superannuation	47
Note 36	Commitments	49
Note 37	Operating leases	50
Note 38	Contingent liabilities and contingent assets	50
Note 39	Financial instruments	51
Note 40	Auditor's remuneration	58
Note 41	Events occurring after balance date	58
Note 42	Related party transactions	58
Note 43	Income, expenses and assets by function / activities	60
Note 44	Financial ratios (performance indicators)	63
Note 45	Capital works	66
Note 46	Pending accounting standards	68
	Certification of Financial Statements	69
	<b>Standard Statements</b>	
	Introduction to Standard Statements	70
	Note 1 to the Standard Statements	71
	Standard Income Statement	72
	Standard Balance Sheet	74
	Standard Cash Flow Statement	76
	Standard Statement of Capital Works	78
	Certification of Standard Statements	80
	Auditor-General's Audit Report (Financial and Standard Statements)	81
	<b>Performance Statement</b>	
	Performance Statement	83
	Certification of Performance Statement	91
	Auditor-General's Audit Report (Performance Statement)	92

# COMPREHENSIVE INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$'000	2010 \$'000
<b>Income</b>			
Rates and charges	3	27,802	25,533
Statutory fees and fines	4	489	498
User fees	5	2,073	1,939
Grants - recurrent	6	11,382	10,409
Grants - non-recurrent	6	3,577	4,966
Contributions - cash	7 (a)	205	258
Contributions - non monetary assets	7 (b)	1,182	780
Reimbursements	8	463	391
Other Income	9	2,124	1,756
Net gain / (loss) on disposal of property, plant and equipment and infrastructure	10	(168)	(196)
Share of net profit / (loss) of associates accounted for by the equity method	16	79	26
Fair value adjustment for investment property	24	-	144
<b>Total income</b>		<b>49,208</b>	<b>46,504</b>
<b>Expenses</b>			
Employee benefits	11	17,694	15,588
Materials and services	12	16,013	14,922
Depreciation and amortisation	13	7,902	6,941
Finance costs	14	149	217
Other expenses	15	2,470	2,344
<b>Total expenses</b>		<b>44,228</b>	<b>40,012</b>
<b>Surplus / (Deficit)</b>		<b>4,980</b>	<b>6,492</b>
Other comprehensive income			
Net asset revaluation increment / (decrement)	29 (a)	(903)	32,125
<b>Comprehensive result</b>		<b>4,077</b>	<b>38,617</b>

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

# BALANCE SHEET

AS AT 30 JUNE 2011

	Note	2011 \$'000	2010 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	18	14,793	15,251
Trade and other receivables	19	3,257	1,855
Financial assets	20	2,050	1,850
Inventories	21	252	184
Other assets	17	361	315
<b>Total current assets</b>		<b>20,713</b>	<b>19,455</b>
<b>Non-current assets</b>			
Investments in associates accounted for using the equity method	16	932	853
Property, plant and equipment and infrastructure	22	423,710	420,170
Investment property	24	624	624
<b>Total non-current assets</b>		<b>425,266</b>	<b>421,647</b>
<b>Total assets</b>		<b>445,979</b>	<b>441,102</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	25	3,646	1,949
Trust funds and deposits	26	141	87
Provisions	27 (b)	4,475	3,888
Interest-bearing loans and borrowings	28	1,129	1,060
<b>Total current liabilities</b>		<b>9,391</b>	<b>6,984</b>
<b>Non-current liabilities</b>			
Provisions	27 (b)	131	609
Interest-bearing loans and borrowings	28	451	1,580
<b>Total non-current liabilities</b>		<b>582</b>	<b>2,189</b>
<b>Total liabilities</b>		<b>9,973</b>	<b>9,173</b>
<b>Net Assets</b>		<b>436,006</b>	<b>431,929</b>
<b>Equity</b>			
Accumulated surplus		186,153	179,849
Asset revaluation reserve	29 (a)	248,549	249,452
Other reserves	29 (b)	1,304	2,628
<b>Total Equity</b>		<b>436,006</b>	<b>431,929</b>

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

# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 30 JUNE 2011

<b>2011</b>		<b>Total 2011 \$'000</b>	<b>Accumulated Surplus 2011 \$'000</b>	<b>Asset Revaluation Reserve 2011 \$'000</b>	<b>Other Reserves 2011 \$'000</b>
	<b>Note</b>				
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		<u>436,006</u>	<u>186,153</u>	<u>248,549</u>	<u>1,304</u>

<b>2010</b>		<b>Total 2010 \$'000</b>	<b>Accumulated Surplus 2010 \$'000</b>	<b>Asset Revaluation Reserve 2010 \$'000</b>	<b>Other Reserves 2010 \$'000</b>
	<b>Note</b>				
Balance at beginning of the financial year		393,312	173,838	217,327	2,147
Comprehensive result		38,617	6,492	32,125	-
Transfers to other reserves	29 (b)	-	(481)	-	481
Transfers from other reserves	29 (b)	-	-	-	-
Balance at end of the financial year		<u>431,929</u>	<u>179,849</u>	<u>249,452</u>	<u>2,628</u>

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

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2011

	Note	Inflows /(Outflows) 2011 \$'000	Inflows /(Outflows) 2010 \$'000
<b>Cash flows from operating activities</b>			
Rates		27,711	25,448
Statutory fees and fines		489	497
User charges and other fines (inclusive of GST)		2,071	2,031
Grants (inclusive of GST)		14,014	15,340
Reimbursements (inclusive of GST)		444	561
Interest received		887	610
Rents (inclusive of GST)		322	271
Other receipts (inclusive of GST)		913	830
Payments to suppliers (inclusive of GST)		(15,251)	(15,271)
Payments to employees		(17,935)	(15,589)
Other payments (inclusive of GST)		(1,437)	(2,063)
<b>Net cash provided by (used in) operating activities</b>	30	<b>12,228</b>	<b>12,665</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment and infrastructure		(12,057)	(8,108)
Proceeds from sale of property, plant and equipment		725	804
Payments for other financial assets		(200)	-
<b>Net Cash provided by (used in) investing activities</b>		<b>(11,532)</b>	<b>(7,304)</b>
<b>Cash flows from financing activities</b>			
Repayment of interest bearing loans and borrowings		(1,058)	(1,137)
Finance costs		(150)	(222)
Trust Funds and deposits		54	(122)
<b>Net cash provided by (used in) financing activities</b>		<b>(1,154)</b>	<b>(1,481)</b>
<b>Net increase in cash and cash equivalents</b>		<b>(458)</b>	<b>3,880</b>
Cash and cash equivalents at the beginning of the financial year		15,251	11,371
<b>Cash and cash equivalents at the end of the financial year</b>	31	<b>14,793</b>	<b>15,251</b>
Financing facilities	32		
Non-cash financing and investing activities	33		
Restrictions on cash assets	34		

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

## INTRODUCTION

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

The purpose of Council is to:

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

External Auditor - Auditor-General of Victoria

Internal Auditor - HBL Mann Judd

Solicitors - Oakley's White: Maddocks

Bankers - Commonwealth Bank

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

This financial report is a general purpose financial report that consists of 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 2010/11 financial year.

**( c ) Revenue Recognition**

***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.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont.)

**( c ) Revenue Recognition (cont.)**

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.

***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.

***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.

***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.

***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.

***Interest***

Interest is recognised progressively as it is earned.

### NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

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

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

Road earthworks and land are not depreciated.

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

#### ( e ) Repairs and maintenance

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

#### ( f ) Borrowing costs

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

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

## NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

## NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont.)

### ( j ) Investments

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

### ( k ) Accounting for investments in associates

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

#### *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.

#### *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.

#### *Long Service Leave*

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

#### *Classification of employee benefits*

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

#### *Superannuation*

The superannuation expense for the reporting period is the statutory contribution the Council makes to the superannuation plan which provides benefits to its employees together with any movements (favourable/unfavourable) in the position of any defined benefits schemes. Details of these arrangements are detailed in note 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 ) 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 ) 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  
South Gippsland Leisure Centre Fundraising  
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 2011

	2011 \$'000	2010 \$'000
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## 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	2,708,898	2,708,898
Vacant Land	229,416	229,416
Commercial/Industrial	349,715	349,715
Farm	2,436,463	2,436,463
Cultural & Recreational Lands Act	7,522	7,522
<b>Total Capital Improved Valuation</b>	<b><u>5,732,014</u></b>	<b><u>5,732,014</u></b>

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

Residential	0.00334333	0.00339043
Vacant Land	0.00501500	0.00508565
Commercial/Industrial	0.00334333	0.00339043
Farm	0.00300900	0.00305139
Cultural & Recreational Lands Act	0.00133733	0.00135617

The rates for each classification was:-

Residential	10,455	9,270
Vacant Land	1,151	1,167
Commercial/Industrial	1,169	1,186
Farm	7,331	7,435
Cultural & Recreational Lands Act	10	10
Municipal Charge	5,029	4,776
Supplementary Rates & Rate Adjustments	535	127
Garbage Charges	2,122	1,562
<b>Total Rates and charges</b>	<b><u>27,802</u></b>	<b><u>25,533</u></b>

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$'000	2010 \$'000
<b>NOTE 4 Statutory fees and fines</b>		
Parking Infringements & Fines	19	29
Land Information Certificates	27	30
Local Laws / Animal control	24	12
Fire prevention	5	5
Building Services	82	94
Town Planning applications	286	258
Supervision Fees	35	26
Infringement Court Recoveries	11	44
<b>Total Statutory fees and fines</b>	<b>489</b>	<b>498</b>

## NOTE 5 User fees

(a)	Aged & Disabled Services	156	152
	Food Services	115	134
	Immunisation	12	9
	Community Transport	30	36
	Health Licences	121	120
	Boat Ramp Fees	20	17
	Road RAP fees	12	14
	Transfer Stations	297	316
	Landfills	735	616
	Local Laws	15	16
	Animal Control	208	197
	Fire Prevention	7	5
	Building Services	6	2
	Waste Water Management	134	110
	Economic Development	0	19
	Tourism Development	105	94
	Public Halls / Others	34	16
	Coal Creek	63	60
	Arts & Culture	3	6
<b>Total user fees</b>		<b>2,073</b>	<b>1,939</b>

(b) Please refer to *Table 1* in Note 39 (e) for the ageing analysis of contractual receivables.

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$'000	2010 \$'000
<b>NOTE 6 Grants</b>		
Grants were received in respect of the following:-		
<b>Summary of grants</b>		
Federally funded grants	3,644	3,352
State funded grants	11,315	12,023
	<u>14,959</u>	<u>15,375</u>
<b>Recurrent</b>		
<i>Commonwealth Government</i>		
Roads to Recovery	1,636	1,636
<i>State Government</i>		
Victorian Grants Commission - unallocated	4,745	4,244
Victorian Grants Commission - local roads	3,074	2,870
Valuation Services	255	-
School Crossing Supervision	28	24
Economic Development & Tourism	-	13
Education Programs	25	24
Maternal & Child Health	211	206
Community Transport	39	38
Immunisation	16	22
Families & Children's Services	68	58
Food Services	28	27
Senior Citizens Centres	21	9
Aged & Disabled Services	866	854
HACC Assessment	242	235
Community Building	81	84
State Emergency Services	24	23
Bus Shelters	5	13
Fire Prevention	6	6
Coal Creek Events	5	15
Sustainability Festival	7	8
<b>Total Recurrent Grants</b>	<u>11,382</u>	<u>10,409</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$'000	2010 \$'000
<b>NOTE 6 Grants (cont.)</b>		
<b>Non Recurrent</b>		
<i>Commonwealth Government</i>		
Bridges	-	91
Recreation and Leisure	501	96
Council Properties	1,372	85
Childcare Hub	135	1,444
 <i>State Government</i>		
Youth Services	84	61
Bush Fire Relief	110	856
Community Building	150	192
Valuation Services	-	22
Aged & Disabled Services	75	36
Families and Children	83	126
Local Roads and Infrastructure	425	705
Arts and Culture	5	29
Recreation and Leisure	260	419
Planning	25	101
Economic Development & Tourism	50	13
Biodiversity	-	4
Sustainability Strategy	-	30
Childcare Hub	-	656
Emergency Management	110	-
Advancing Country Towns	192	-
 <b>Total Non Recurrent Grants</b>	<b>3,577</b>	<b>4,966</b>
<b>Total Grants</b>	<b>14,959</b>	<b>15,375</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$'000	\$'000
<b>NOTE 6 Grants (cont.)</b>		
<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	1,472	476
Home and Community Care	250	158
Bushfire Relief and Commemorative Events	-	156
Families and Children	137	117
Recreation and Leisure	658	116
Road and associated works	60	186
Childcare	173	1,985
Total	<u>2,750</u>	<u>3,194</u>
Grants which were recognised as revenue in prior years and were expended in a specified manner by the grantor were:		
Community Projects	417	532
Home and Community Care	138	17
Bushfire Relief and Commemorative Events	186	32
Families and Children	60	168
Recreation and Leisure	116	-
Economic Recovery Funding	8	474
Road and associated works	169	-
Child Care	1,912	-
Total	<u>3,006</u>	<u>1,223</u>
<b>Net increase / (decrease) in restricted assets resulting from grant revenues for the year</b>	<u><u>(256)</u></u>	<u><u>1,971</u></u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$'000	2010 \$'000
<b>NOTE 7 Contributions</b>		
Contributions were received in respect of the following :		
<b>(a) Cash</b>		
Open Space *	19	45
Recreation	92	102
Public halls	16	98
Municipal Offices	2	2
Child care	50	-
Others	26	11
<b>Total cash contributions</b>	<b>205</b>	<b>258</b>
<b>(b) Non-monetary assets</b>		
Roads & Streets	746	396
Drains	265	235
Kerbs & Channel	132	80
Footpaths	7	44
Other Structures	32	25
Land Under Roads	-	-
<b>Total non cash contributions</b>	<b>1,182</b>	<b>780</b>
<b>Total Contributions</b>	<b>1,387</b>	<b>1,038</b>

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

## NOTE 8 Reimbursements

Reimbursements were received in respect of the following :

Rate Recovery Proceedings	176	168
Insurances	34	30
Diesel Fuel Rebate	82	64
Recreation	36	-
Work cover	112	126
Information Centre	-	1
Aged & Disabled Services	18	2
Building Services	5	-
<b>Total Reimbursements</b>	<b>463</b>	<b>391</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$'000	2010 \$'000
<b>NOTE 9 Other income</b>		
Interest on rates	195	161
Other Interest	848	520
Other rent	261	211
Investment property rent	48	47
Quarries	13	13
Youth Services	6	1
Private Works	492	546
Families & Children	11	9
Animal Control	-	2
Coal Creek	180	194
Sundry Income	70	52
<b>Total Other income</b>	<b>2,124</b>	<b>1,756</b>
<b>NOTE 10 Disposal of property, plant and equipment and infrastructure</b>		
<b>Proceeds of Sales</b>		
Proceeds from Land Sales	-	73
Proceeds from Plant & Equipment Sales	726	731
<b>Total Proceeds from Sale of Assets</b>	<b>726</b>	<b>804</b>
<b>Written Down Value of Items sold</b>		
Carrying Amount of Land Sold	-	88
Carrying Amount of Buildings Sold	-	29
Carrying Amount of Plant & Equipment Sold	894	883
<b>Total Written Down Value of Assets sold</b>	<b>894</b>	<b>1,000</b>
<b>Gain / (Loss) on Disposal of Fixed Assets</b>	<b>(168)</b>	<b>(196)</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$'000	2010 \$'000
<b>NOTE 11 Employee benefits</b>		
Wages & Salaries	13,282	12,027
Casual Staff	802	727
Annual and Long Service Leave	1,617	1,811
Superannuation	2,165	1,209
Work cover	385	433
Fringe benefits tax	102	94
Gross employee benefits	18,353	16,301
Less employee benefits capitalised to the balance sheet for works performed on capital projects.	(659)	(713)
<b>Total employee benefits</b>	<b>17,694</b>	<b>15,588</b>
<b>NOTE 12 Materials and services</b>		
<u>Contract payments</u>		
Landfill and Transfer Stations	1,085	1,047
Garbage Collections	466	443
Kerbside Recycling	529	489
Litter bins	171	166
Elections	-	20
Leisure Centre Operations	332	331
Handyman Contractors	33	31
External Hire, Minor Contractors	2,266	2,017
Cleaning	150	146
Software Maintenance	740	427
<u>Materials</u>		
Materials General	5,038	4,872
Fuel & Oils	834	702
<u>Services</u>		
Advertising & Promotion Costs	428	302
Utility Charges (power, phone, water)	668	607
Subscriptions, affiliations and conferences	238	222
Leases	405	453
Legal Fees	258	264
Consultancies and projects	864	1,036
Insurance Premiums	477	452
Plant & Equipment Registrations	100	94
Training expenses	209	221
Postage	80	80
State levies	322	179
Occupational health and safety	86	71
Gippsland Group Training	94	117
Others	140	133
<b>Total materials and services</b>	<b>16,013</b>	<b>14,922</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$'000	2010 \$'000
<b>NOTE 13 Depreciation and amortisation</b>		
Depreciation for the year was charged in respect of:-		
Office Furniture & Equipment	146	139
Plant and Equipment	868	828
Buildings	1,834	1,685
Heritage buildings	51	51
Roads and Streets	3,368	2,637
Bridges	275	271
Culverts	114	112
Footpaths	237	237
Kerb & Channel	208	201
Car parks	76	73
Drains	218	214
Other Structures	507	493
	<u>7,902</u>	<u>6,941</u>
<b>Summary of Depreciation</b>		
Property, Plant and Equipment	2,899	2,703
Infrastructure Assets	5,003	4,238
<b>Total depreciation</b>	<u>7,902</u>	<u>6,941</u>
<b>NOTE 14 Finance costs</b>		
Interest - Borrowings	149	217
<b>Total finance costs</b>	<u>149</u>	<u>217</u>
<b>NOTE 15 Other Expenses</b>		
Library Contributions	976	788
Community & Sporting Grants	984	1,010
Auditors' remuneration	72	121
Councillors allowances	250	246
Bank Fees & Charges	89	83
Sundry Expenses	99	96
<b>Total other expenses</b>	<u>2,470</u>	<u>2,344</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$'000	2010 \$'000
<b>NOTE 16 Investments in associates</b>		
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 2010/11 (30.55% in 2009/10). 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	421	395
Reported surplus / (deficit) for year	79	26
Council's share of accumulated surplus / (deficit) at end of year	<u>500</u>	<u>421</u>
Council's share of reserves		
Council's share of reserves at start of year	432	432
Revaluation reserve increment	-	-
Council's share of reserves at end of year	<u>432</u>	<u>432</u>
Movement in carrying value of specific investment		
Carrying value of investment at start of year	853	827
Transfers to asset revaluation reserve	-	-
Share of surplus / (deficit) for year	79	26
<b>Carrying value of investment at end of year</b>	<u><b>932</b></u>	<u><b>853</b></u>
Council's share of expenditure commitments		
Operating leases and rentals	9	35
	<u><b>9</b></u>	<u><b>35</b></u>

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$'000	2010 \$'000
<b>NOTE 17 Other Assets</b>		
Current		
<i>Prepayments</i>		
General Prepaid Expenses	361	315
<b>TOTAL OTHER ASSETS</b>	<u>361</u>	<u>315</u>

<b>NOTE 18 Cash and cash equivalents</b>		
Cash on Hand	3	3
Cash at Bank	149	1,742
Money Market Call Account	2,836	3,300
Bank Bills	11,805	10,206
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<u>14,793</u>	<u>15,251</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.

<b>NOTE 19 Trade and other receivables</b>		
<b>Current</b>		
Rates Debtors	867	772
Other Receivables - General	2,044	852
Property Debtors	3	3
Net GST Receivable	343	228
	<u>3,257</u>	<u>1,855</u>
<b>Non-current</b>		
Other Receivables - General	-	-
	<u>-</u>	<u>-</u>
<b>TOTAL RECEIVABLES</b>	<u>3,257</u>	<u>1,855</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$'000	\$'000
<b>NOTE 20 Financial Assets</b>		
<b>Current</b>		
Long Service Leave Investment	2,050	1,850
	<u>2,050</u>	<u>1,850</u>
<b>TOTAL FINANCIAL ASSETS</b>	<u><b>2,050</b></u>	<u><b>1,850</b></u>
<b>Note 21 Inventories</b>		
<b>Current</b>		
Raw Materials and Stores	252	184
	<u>252</u>	<u>184</u>
<b>TOTAL INVENTORIES</b>	<u><b>252</b></u>	<u><b>184</b></u>
<b>NOTE 22 Property, plant and equipment and infrastructure</b>		
<b>Summary</b>		
- at cost	28,053	17,840
Less: Accumulated depreciation	<u>(6,182)</u>	<u>(5,597)</u>
	<u><b>21,871</b></u>	<u><b>12,243</b></u>
- at Council Valuation 1 April 2010	344,658	344,658
Less: Accumulated depreciation	(82,653)	(78,651)
- at Council Valuation 1 Jan 2010	157,698	157,698
Less: Accumulated depreciation	(48,640)	(46,829)
- at Council Valuation 1 April 2009	37,922	37,922
Less: Accumulated depreciation	(11,589)	(11,205)
- at Council Valuation 30 June 2011	7,678	7,842
Less: Accumulated depreciation	(3,235)	(3,508)
	<u>401,839</u>	<u>407,927</u>
<b>Total property, plant and equipment and infrastructure</b>	<u><b>423,710</b></u>	<u><b>420,170</b></u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$'000	2010 \$'000
<b>NOTE 22 Property, plant and equipment and infrastructure (cont.)</b>		
<b>Property</b>		
<b>Land</b>		
- at Council Valuation 1 Jan 2010	38,496	38,496
	<u>38,496</u>	<u>38,496</u>
<b>Land Under Roads</b>		
- at Council Valuation 1 Jan 2010	30,340	30,340
	<u>30,340</u>	<u>30,340</u>
<b>Total Land</b>	<u>68,836</u>	<u>68,836</u>
<b>Buildings</b>		
- at Council Valuation 1 Jan 2010	83,735	83,735
Less: Accumulated depreciation	(45,295)	(43,535)
	<u>38,440</u>	<u>40,200</u>
- at cost	2,526	255
Less: Accumulated depreciation	(74)	-
	<u>2,452</u>	<u>255</u>
<b>Heritage Buildings</b>		
- at Council Valuation 1 Jan 2010	5,127	5,127
Less: Accumulated depreciation	(3,345)	(3,294)
	<u>1,782</u>	<u>1,833</u>
<b>Total Buildings</b>	<u>42,674</u>	<u>42,288</u>
<b>Total Property</b>	<u>111,510</u>	<u>111,124</u>

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.

The Buildings revaluations were undertaken by Andrew Begg , AAPI (Council Employee). The basis of valuation was fair value based upon depreciated replacement cost.

The Land under roads was valued by Andrew Begg AAPI ( Council Employee ) using the Fair value method.

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$'000	2010 \$'000
<b>NOTE 22 Property, plant and equipment and infrastructure (cont.)</b>		
<b>Plant and Equipment</b>		
<b>Plant, machinery and equipment</b>		
- at cost	9,231	9,042
Less: Accumulated depreciation	<u>(3,738)</u>	<u>(3,408)</u>
	<u>5,493</u>	<u>5,634</u>
<b>Furniture, computers and other equipment</b>		
- at cost	3,251	2,617
Less: Accumulated depreciation	<u>(2,253)</u>	<u>(2,108)</u>
	<u>998</u>	<u>509</u>
<b>Total Plant and Equipment</b>	<b><u>6,491</u></b>	<b><u>6,143</u></b>
<b>Infrastructure Assets</b>		
<b>Roads</b>		
- at Council Valuation 1 April 2010 *	290,971	290,971
Less: Accumulated depreciation	(66,167)	(62,894)
- at cost	6,332	2,653
Less: Accumulated depreciation	(101)	(5)
	<u>231,035</u>	<u>230,725</u>
<b>Bridges</b>		
- at Council Valuation 1 April 2009 **	26,554	26,554
Less: Accumulated depreciation	(7,500)	(7,230)
- at cost	887	-
Less: Accumulated depreciation	(5)	-
	<u>19,936</u>	<u>19,324</u>
<b>Major Culverts</b>		
- at Council Valuation 1 April 2009 **	11,368	11,368
Less: Accumulated depreciation	(4,089)	(3,975)
- at cost	71	53
Less: Accumulated depreciation	(1)	-
	<u>7,349</u>	<u>7,446</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$'000	2010 \$'000
<b>NOTE 22 Property, plant and equipment and infrastructure (cont.)</b>		
<b>Footpaths</b>		
- at Council Valuation 1 April 2010 *	13,602	13,602
Less: Accumulated depreciation	(2,773)	(2,543)
- at cost	772	190
Less: Accumulated depreciation	(7)	-
	<u>11,594</u>	<u>11,249</u>
<b>Kerb &amp; Channel</b>		
- at Council Valuation 1 April 2010 *	12,359	12,359
Less: Accumulated depreciation	(4,612)	(4,405)
- at cost	289	28
Less: Accumulated depreciation	(1)	-
	<u>8,035</u>	<u>7,982</u>
<b>Off-street car parks</b>		
- at Council Valuation 1 April 2010 *	6,223	6,223
Less: Accumulated depreciation	(2,487)	(2,411)
- at cost	-	-
Less: Accumulated depreciation	-	-
	<u>3,736</u>	<u>3,812</u>
<b>Drains</b>		
- at Council Valuation 1 April 2010 *	21,503	21,503
Less: Accumulated depreciation	(6,614)	(6,398)
- at cost	585	-
Less: Accumulated depreciation	(2)	-
	<u>15,472</u>	<u>15,105</u>
<b>Other Structures</b>		
- at Council Valuation 30 June 2011 ***	7,678	7,842
Less: Accumulated depreciation	(3,235)	(3,508)
- at cost	-	1,327
Less: Accumulated depreciation	-	(76)
	<u>4,443</u>	<u>5,585</u>
<b>TOTAL INFRASTRUCTURE ASSETS</b>	<u><u>301,600</u></u>	<u><u>301,228</u></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 .

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$'000	2010 \$'000
<b>NOTE 22 Property, plant and equipment and infrastructure (cont.)</b>		
<b>Works In Progress</b>		
Buildings at cost	2,746	433
Furniture and Equipment at cost	190	259
Roads at cost	412	35
Footpaths at cost	6	219
Kerb & channel at cost	33	10
Drainage at cost	102	124
Off-street car parks at cost	87	-
Bridges at cost	55	488
Major Culverts at cost	76	-
Other structures at cost	402	107
Total works in progress	<u>4,109</u>	<u>1,675</u>
<b>Total property, plant and equipment and infrastructure</b>	<u><u>423,710</u></u>	<u><u>420,170</u></u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

### Note 22 Property, plant and equipment and infrastructure (cont.)

	Balance at beginning of financial Year \$'000	Developer Contributed Assets (note 7) \$'000	Acquisition of assets (note 45) \$'000	Revaluation increments/ (decrements) (note 29) \$'000	Depreciation and amortisation (note 13) \$'000	Written down value of disposals (note 10) \$'000	Items written off and derecognised \$'000	Transfers \$'000	Balance at end of financial Year \$'000
<b>2011</b>									
<b>Property</b>									
Land	38,496	-	-	-	-	-	-	-	38,496
Land Under Roads	30,340	-	-	-	-	-	-	-	30,340
<b>Total Land</b>	<b>68,836</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>68,836</b>
Buildings	40,455	-	1,956	-	(1,834)	-	-	315	40,892
Heritage buildings	1,833	-	-	-	(51)	-	-	-	1,782
<b>Total buildings</b>	<b>42,288</b>	<b>-</b>	<b>1,956</b>	<b>-</b>	<b>(1,885)</b>	<b>-</b>	<b>-</b>	<b>315</b>	<b>42,674</b>
<b>Total property</b>	<b>111,124</b>	<b>-</b>	<b>1,956</b>	<b>-</b>	<b>(1,885)</b>	<b>-</b>	<b>-</b>	<b>315</b>	<b>111,510</b>
<b>Plant and Equipment</b>									
Plant, machinery and equipment	5,634	-	1,621	-	(868)	(894)	-	-	5,493
Furniture, computers and equipment	509	-	473	-	(146)	-	-	162	998
<b>Total plant and equipment</b>	<b>6,143</b>	<b>-</b>	<b>2,094</b>	<b>-</b>	<b>(1,014)</b>	<b>(894)</b>	<b>-</b>	<b>162</b>	<b>6,491</b>
<b>Infrastructure</b>									
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
<b>Total infrastructure</b>	<b>301,228</b>	<b>1,182</b>	<b>4,132</b>	<b>(903)</b>	<b>(5,003)</b>	<b>-</b>	<b>-</b>	<b>964</b>	<b>301,600</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

	Balance at beginning of financial Year \$'000	Developer Contributed Assets (note 7) \$'000	Acquisition of assets (note 45) \$'000	Revaluation increments/ (decrements) (note 29) \$'000	Depreciation and amortisation (note 13) \$'000	Written down value of disposals (note 10) \$'000	Items written off and derecognised \$'000	Transfers \$'000	Balance at end of financial Year \$'000
<b>2011</b>									
<b>Works in progress</b>									
Buildings	433	-	2,628	-	-	-	-	(315)	2,746
Furniture and Equipment	259	-	93	-	-	-	-	(162)	190
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

<b>Total property, plant and equipment and infrastructure</b>	<b>420,170</b>	<b>1,182</b>	<b>12,057</b>	<b>(903)</b>	<b>(7,902)</b>	<b>(894)</b>	<b>-</b>	<b>-</b>	<b>423,710</b>
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## NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

	Balance at beginning of financial Year \$'000	Developer Contributed Assets (note 7) \$'000	Acquisition of assets (note 45) \$'000	Revaluation increments/ (decrements) (note 29) \$'000	Depreciation and amortisation (note 13) \$'000	Written down value of disposals (note 10) \$'000	Items written off and derecognised \$'000	Transfers \$'000	Balance at end of financial Year \$'000
<b>2010</b>									
<b>Property</b>									
Land	36,558	-	-	2,026	-	(88)	-	-	38,496
Land Under Roads	28,044	-	-	2,296	-	-	-	-	30,340
<b>Total Land</b>	<b>64,602</b>	<b>-</b>	<b>-</b>	<b>4,322</b>	<b>-</b>	<b>(88)</b>	<b>-</b>	<b>-</b>	<b>68,836</b>
Buildings	36,572	-	455	5,082	(1,685)	(29)	-	60	40,455
Heritage buildings	1,811	-	117	(52)	(51)	-	-	8	1,833
<b>Total buildings</b>	<b>38,383</b>	<b>-</b>	<b>572</b>	<b>5,030</b>	<b>(1,736)</b>	<b>(29)</b>	<b>-</b>	<b>68</b>	<b>42,288</b>
<b>Total property</b>	<b>102,985</b>	<b>-</b>	<b>572</b>	<b>9,352</b>	<b>(1,736)</b>	<b>(117)</b>	<b>-</b>	<b>68</b>	<b>111,124</b>
<b>Plant and Equipment</b>									
Plant, machinery and equipment	5,539	-	1,806	-	(828)	(883)	-	-	5,634
Furniture, computers and equipment	571	-	77	-	(139)	-	-	-	509
<b>Total plant and equipment</b>	<b>6,110</b>	<b>-</b>	<b>1,883</b>	<b>-</b>	<b>(967)</b>	<b>(883)</b>	<b>-</b>	<b>-</b>	<b>6,143</b>
<b>Infrastructure</b>									
Roads	207,279	396	3,564	21,402	(2,637)	-	-	721	230,725
Bridges	19,595	-	-	-	(271)	-	-	-	19,324
Major culverts	7,505	-	53	-	(112)	-	-	-	7,446
Footpaths and cycle ways	11,303	44	223	(84)	(237)	-	-	-	11,249
Kerb and channel	7,720	80	-	355	(201)	-	-	28	7,982
Drainage	14,905	235	60	119	(214)	-	-	-	15,105
Off-street car parks	2,909	-	(5)	981	(73)	-	-	-	3,812
Other infrastructure	5,940	25	103	-	(493)	-	-	10	5,585
<b>Total infrastructure</b>	<b>277,156</b>	<b>780</b>	<b>3,998</b>	<b>22,773</b>	<b>(4,238)</b>	<b>-</b>	<b>-</b>	<b>759</b>	<b>301,228</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

	Balance at beginning of financial Year \$'000	Developer Contributed Assets (note 7) \$'000	Acquisition of assets (note 45) \$'000	Revaluation increments/ (decrements) (note 29) \$'000	Depreciation and amortisation (note 13) \$'000	Written down value of disposals (note 10) \$'000	Items written off and derecognised \$'000	Transfers \$'000	Balance at end of financial Year \$'000
<b>2010</b>									
<b>Works in progress</b>									
Buildings	68	-	433	-	-	-	-	(68)	433
Furniture and Equipment	-	-	259	-	-	-	-	-	259
Roads	728	-	28	-	-	-	-	(721)	35
Footpaths	1	-	218	-	-	-	-	-	219
Kerb and channel	28	-	10	-	-	-	-	(28)	10
Drainage	-	-	124	-	-	-	-	-	124
Off-street car parks	-	-	-	-	-	-	-	-	-
Bridges	9	-	479	-	-	-	-	-	488
Major Culverts	-	-	-	-	-	-	-	-	-
Other infrastructure	12	-	105	-	-	-	-	(10)	107
<b>Total works in progress</b>	<b>846</b>	<b>-</b>	<b>1,656</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(827)</b>	<b>1,675</b>
<b>Total property, plant and equipment and infrastructure</b>	<b>387,097</b>	<b>780</b>	<b>8,109</b>	<b>32,125</b>	<b>(6,941)</b>	<b>(1,000)</b>	<b>-</b>	<b>-</b>	<b>420,170</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

2011  
\$'000

2010  
\$'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	480
Fair value adjustment	-	144
<b>TOTAL INVESTMENT PROPERTIES</b>	<b>624</b>	<b>624</b>

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

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

## NOTE 25 Trade and other payables

### Current

Payables	3,471	1,777
Accrued Salaries & Wages	171	166
Accruals - Loan Interest	4	6
<b>TOTAL TRADE AND OTHER PAYABLES</b>	<b>3,646</b>	<b>1,949</b>

## NOTE 26 Trust funds and deposits

### Current

Refundable development bonds	92	48
Refundable contract deposits	33	19
Retention amounts	16	20
<b>TOTAL TRUST FUNDS AND DEPOSITS</b>	<b>141</b>	<b>87</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

## NOTE 27 Provisions

<b>2011</b>	<b>Annual Leave \$'000</b>	<b>Rostered Days Leave \$'000</b>	<b>Long Service Leave \$'000</b>	<b>Landfills Restoration \$'000</b>	<b>Total \$'000</b>
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
<b>Balance at the end of the financial year</b>	<b>1,476</b>	<b>147</b>	<b>2,559</b>	<b>424</b>	<b>4,606</b>
<b>2010</b>					
Balance at beginning of the financial year	1,300	109	2,085	484	3,978
Additional provisions	1,266	3	865	-	2,134
Amounts used	(1,162)	-	(443)	-	(1,605)
Increase / (decrease) in the discounted amount arising because of time and the effect of any changes in the discount rate.	(3)	-	(7)	-	(10)
<b>Balance at the end of the financial year</b>	<b>1,401</b>	<b>112</b>	<b>2,500</b>	<b>484</b>	<b>4,497</b>
				<b>2011</b>	<b>2010</b>
(a) Employee Benefits				\$'000	\$'000
<b>Current (i)</b>					
Annual Leave				1,476	1,401
Rostered Days				147	112
Long Service Leave				2,428	2,369
				<u>4,051</u>	<u>3,882</u>
<b>Non-current (ii)</b>					
Long Service Leave				131	131
				<u>131</u>	<u>131</u>
<b>Total employee benefits</b>				<u>4,182</u>	<u>4,013</u>
<b>Aggregate carrying amount of employee benefits</b>					
Current				4,051	3,882
Non Current				131	131
<b>Total employee benefits</b>				<u>4,182</u>	<u>4,013</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

## NOTE 27 Provisions (cont.)

	<b>2011</b>	<b>2010</b>
	\$'000	\$'000
(a) Employee Benefits (cont'd)		
Average employee numbers during the financial year	297	288
The following assumptions were adopted in measuring the present value of long service leave :		
Weighted average increase in employee costs	4.60%	4.45%
Weighted average discount rates	5.10%	5.08%
Weighted average settlement period	12 years	12 years
<b>(i) Current</b>	\$'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.	3,146	2,944
- Other long-term employee benefits that do not fall due within 12 months after the end of the reporting period measured at present value.	905	938
	<u>4,051</u>	<u>3,882</u>
<b>(ii) Non-current</b>		
Long service leave representing less than 7 years of continuous service measured at present value	<u>131</u>	<u>131</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

## NOTE 27 Provisions (cont.)

### (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.

	<b>2011</b> \$'000	<b>2010</b> \$'000
<b>Current</b>		
Financial Assurance - Koonwarra Landfill	424	6
	<u>424</u>	<u>6</u>
<b>Non-current</b>		
Financial Assurance - Koonwarra Landfill	-	478
	<u>-</u>	<u>478</u>
<b>Total</b>	<u>424</u>	<u>484</u>
<b>Total of all provisions</b>		
<b>Current</b>		
Employee benefits	4,051	3,882
Landfills	424	6
	<u>4,475</u>	<u>3,888</u>
<b>Non-Current</b>		
Employee benefits	131	131
Landfills	-	478
	<u>131</u>	<u>609</u>
<b>Total Provisions</b>	<u><u>4,606</u></u>	<u><u>4,497</u></u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$'000	2010 \$'000
<b>NOTE 28 Interest-bearing loans and borrowings</b>		
<b>Current</b>		
Loans - Secured *	<u>1,129</u>	<u>1,060</u>
	<u>1,129</u>	<u>1,060</u>
<b>Non Current</b>		
Loans - Secured *	<u>451</u>	<u>1,580</u>
	<u>451</u>	<u>1,580</u>
<b>TOTAL INTEREST-BEARING LOANS AND BORROWINGS</b>	<u><u>1,580</u></u>	<u><u>2,640</u></u>

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

The maturity profile for Council's borrowings is:

Not later than one year	1,129	1,060
Later than one year and not later than five years	451	1,580
<b>TOTAL</b>	<u><u>1,580</u></u>	<u><u>2,640</u></u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

## NOTE 29 Reserves

	Balance at beginning of reporting period \$'000's	increment (decrement) \$'000's	Realisation to accumulated surplus \$'000's	Balance at end of reporting period \$'000's
<u>(a) Asset Revaluation Reserve</u>				
<b>2011</b>				
<b>Property</b>				
Land	25,277	-	-	25,277
Land under Roads	2,296	-	-	2,296
Investments in associates (Note 16)	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>
<b>Infrastructure</b>				
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>
<b>Total Asset Revaluation Reserve</b>	<u><b>249,452</b></u>	<u><b>(903)</b></u>	<u><b>-</b></u>	<u><b>248,549</b></u>
<b>2010</b>				
<b>Property</b>				
Land	23,251	2,026	-	25,277
Land under Roads		2,296		2,296
Investments in associates	432	-	-	432
Buildings	17,226	5,082	-	22,308
Heritage buildings	680	(52)	-	628
Plant & Equipment	386	-	-	386
	<u>41,975</u>	<u>9,352</u>	<u>-</u>	<u>51,327</u>
<b>Infrastructure</b>				
Roads and Streets	147,370	21,402	-	168,772
Bridges	7,578	-	-	7,578
Major Culverts	3,969	-	-	3,969
Drainage	5,098	119	-	5,217
Footpaths	5,034	(84)	-	4,950
Kerb & Channel	1,799	355	-	2,154
Car parks	1,847	981	-	2,828
Other Structures	2,657	-	-	2,657
	<u>175,352</u>	<u>22,773</u>	<u>-</u>	<u>198,125</u>
<b>Total Asset Revaluation Reserve</b>	<u><b>217,327</b></u>	<u><b>32,125</b></u>	<u><b>-</b></u>	<u><b>249,452</b></u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

## NOTE 29 Reserves (cont.)

	Balance at beginning of reporting period \$'000's	Transfer from accumulated surplus \$'000's	Transfer to accumulated surplus \$'000's	Balance at end of reporting period \$'000's
<u>(b) Other Reserves</u>				
<b>2011</b>				
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
<b>Total Other Reserves</b>	<b>2,628</b>	<b>242</b>	<b>(1,566)</b>	<b>1,304</b>
<b>2010</b>				
Public Open Space	170	45	-	215
Garbage Service Reserve	282	432	-	714
Caravan Parks Reserve	-	4	-	4
General Reserve	1,625	-	-	1,625
Corner Inlet Seawall Reserve	32	-	-	32
Henry's Road Reserve	38	-	-	38
<b>Total Other Reserves</b>	<b>2,147</b>	<b>481</b>	<b>-</b>	<b>2,628</b>

### Public Open Space

This is a 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

This is a 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 2011

	2011 \$'000	2010 \$'000
<b>NOTE 30 Reconciliation of cash flows from operating activities to surplus</b>		
Surplus	4,980	6,492
Depreciation and amortisation	7,902	6,941
Finance costs	150	222
(Profit) / Loss on disposal of Property, Plant and Equipment	168	196
Non-monetary developer contributions	(1,182)	(780)
Share of Library Corporation (note 16)	(79)	(26)
Fair value adjustment for investment property	-	(144)
Change in assets and liabilities:		
(Increase) / Decrease in Receivables	(1,402)	(183)
(Increase) / Decrease in Other Assets	(46)	(207)
(Increase) / Decrease in Inventories	(68)	(13)
Increase / (Decrease) in Payables	1,697	(350)
Increase / (Decrease) in Employee Entitlements	169	517
Increase / (Decrease) in Other Provisions	(61)	-
<b>Net cash provided by operating activities</b>	<b><u>12,228</u></b>	<b><u>12,665</u></b>

## 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)	14,793	15,251
<b>Total cash and cash equivalents</b>	<b><u>14,793</u></b>	<b><u>15,251</u></b>

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$'000	2010 \$'000
<b>NOTE 32 Financing Facilities</b>		
<b>Bank Overdraft</b>		
Unused facilities	1,000	1,000
<b>Total financing facilities</b>	<u>1,000</u>	<u>1,000</u>

## 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 employee entitlements (Long Service Leave), reserve funds (Recreational Lands Reserves) and government receipts.

### Current

Long Service Leave (note 27)	2,050	1,850
Government Receipts (note 6)	3,131	3,387
Reserve funds (note 29(b) )	246	215
<b>TOTAL RESTRICTED CURRENT ASSETS</b>	<u>5,427</u>	<u>5,452</u>

Restricted asset for long service leave is based on the Local Government (Long Service Leave) Regulations 2002 and does not necessarily equate to the long service leave liability disclosed in note 27 due to a different basis of calculation prescribed by the regulation.

### 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 2008, 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 2011

## 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.

Following an actuarial review conducted by the Trustee in late 2010, as at the 31 December 2008 a funding shortfall of \$ 71 million for the Fund was determined. A call to Employers for additional contributions was made for the financial year 30 June 2011 which was paid in March 2011. A further actuarial review will be undertaken as at the 31 December 2011 by mid 2012 . Based on the result of this review, a detailed funding plan will be developed and implemented to achieve the target of full funding by 31 December 2013. The Council will be notified of any additional contributions by late 2012.

### Accounting Standard Disclosure

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

	31-Dec-08 \$'000
Net Market Value of Assets	3,630,432
Accrued Benefits (per accounting standards)	<u>3,616,422</u>
Difference between Assets and Accrued Benefits	<u>14,010</u>
Vested Benefits (Minimum sum which must be paid to members when they leave the fund)	3,561,588

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

Net Investment Return	8.5% p.a.
Salary Inflation	4.25% p.a.
Price Inflation	2.75% p.a.

	2011 \$'000	2010 \$'000
<b>Defined Benefits fund</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,001	133
	<u>1,001</u>	<u>133</u>
<b>Accumulation funds</b>		
Employer contributions to Superannuation Guarantee Levy and Choice of Fund legislation	<u>1,164</u>	<u>1,076</u>
	<u>1,164</u>	<u>1,076</u>
Employer contributions payable to Superannuation Guarantee Levy and Choice of Fund legislation at reporting date	-	3
	<u>-</u>	<u>3</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

## NOTE 36 Commitments

The Council has entered into the following commitments

2011	Not Later Than 1 Year \$'000	Later than 1 year and not later than 5 Years \$'000	Later than 5 years \$'000	Total \$'000
<i>Operating</i>				
Transfer Stations	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
Toora Swimming Pool	-	-	-	-
Mirboo North Swimming Pool	-	-	-	-
SG Splash	347	721	-	1,068
Meals on Wheels	144	-	-	144
<b>Total</b>	<b>2,159</b>	<b>2,608</b>	<b>711</b>	<b>5,478</b>

2010	Not Later Than 1 Year \$'000	Later than 1 year and not later than 5 Years \$'000	Later than 5 years \$'000	Total \$'000
<i>Operating</i>				
Transfer Stations	386	-	-	386
Landfills	388	571	-	959
Litter Bins	170	-	-	170
Kerbside Recycling	238	-	-	238
Acceptance/Sorting Recyclables	44	-	-	44
Kerbside Collections	265	-	-	265
Office Cleaning	16	4	-	20
Hall Operations	17	-	-	17
Toora Swimming Pool	95	-	-	95
Mirboo North Swimming Pool	58	-	-	58
SG SPLASH	297	-	-	297
Buildings Purchase (Carinos)	1,400	-	-	1,400
<b>Total</b>	<b>3,374</b>	<b>575</b>	<b>-</b>	<b>3,949</b>

	2011 \$'000	2010 \$'000
<b>NOTE 37 Operating Leases</b>		
<b>(a) Operating Lease Commitments</b>		
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	320	323
Later than one year and not later than five years	908	1,258
Later than five years	349	773
<b>Total operating lease commitments</b>	<b>1,577</b>	<b>2,354</b>

**(b) Operating Lease Receivables**

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

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

Not later than one year	339	294
Later than one year and not later than five years	873	995
Later than five years	537	725
<b>Total operating lease receivables</b>	<b>1,749</b>	<b>2,014</b>

**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 \$1.2M (2010 \$0.8M).

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

## NOTE 39 Financial Instruments

### (a) Accounting policy, terms and conditions.

Recognised Financial Instruments	Note	Accounting Policy	Terms and Conditions
<b>Financial Assets</b>			
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 4.5% to 4.75% (1.45% to 4.5% in 2009/10). The interest rate at balance date was 4.75% (4.5% in 2009/10).  Funds returned fixed interest rates of between 4.5% (1.45% in 2009/10) and 6.3% (5.9% in 2009/10) net of fees.  Funds provided a return of between 4.5% (1.45% in 2009/10) and 6.3% (5.90% in 2009/10) net of fees.
Financial assets	20	Investments are held to maximise interest returns and held to maturity at amortised cost.	Funds provided a return of between 4.65% (2.75% in 2009/10) and 6.15% (6.15% in 2009/10) 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.
<b>Financial Liabilities</b>			
Trade and Other Payables	25	Liabilities are recognised for amounts to be paid in the future for goods received and services provided to Council as at balance date whether or not invoices have been received.	General creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.
Interest-bearing loans and borrowings.	28	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.	Borrowings are secured by way of mortgage over the general rates of the Council. The average weighted interest rate on borrowings was 6.55% (6.55% in 2009/10)

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

## 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:

#### 2011

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

#### 2010

	Floating Interest Rate \$'000	Fixed interest maturing in: 1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000	Non interest bearing \$'000	Total \$'000
<b>Financial Assets</b>						
Trade & other receivables *	-	-	-	-	855	855
Financial Assets	-	1,850	-	-	-	1,850
Cash and cash equivalents	15,248	-	-	-	3	15,251
<b>Total Financial Assets</b>	<b>15,248</b>	<b>1,850</b>	<b>-</b>	<b>-</b>	<b>858</b>	<b>17,956</b>
Weighted average interest rate	4.00%	4.46%				
<b>Financial Liabilities</b>						
Trade and other payables	-	-	-	-	1,949	1,949
Trust funds and deposits	-	-	-	-	87	87
Interest Bearing Liabilities	-	1,060	1,580	-	-	2,640
<b>Total Financial Liabilities</b>	<b>-</b>	<b>1,060</b>	<b>1,580</b>	<b>-</b>	<b>2,036</b>	<b>4,676</b>
Weighted average interest rate		6.55%	6.55%			
<b>Net financial assets / (liabilities)</b>	<b>15,248</b>	<b>790</b>	<b>(1,580)</b>	<b>-</b>	<b>(1,178)</b>	<b>13,280</b>

\* Excludes Statutory balances

**NOTE 39 Financial Instruments (cont.)**

**(c) Net Fair Values**

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

Financial Instruments	Total Carrying amount as per the Balance Sheet		Aggregate net fair value	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000

<b>Financial Assets</b>				
Trade & other receivables	2,047	855	2,047	855
Financial Assets	2,050	1,850	2,050	1,850
Cash and cash equivalents	14,793	15,251	14,793	15,251
<b>Total Financial Assets</b>	<b>18,890</b>	<b>17,956</b>	<b>18,890</b>	<b>17,956</b>

<b>Financial Liabilities</b>				
Trade and other payables	3,646	1,949	3,646	1,949
Trust funds and deposits	141	87	141	87
Interest Bearing Liabilities	1,580	2,640	2,583	2,583
<b>Total Financial Liabilities</b>	<b>5,367</b>	<b>4,676</b>	<b>6,370</b>	<b>4,619</b>

**(d) Credit Risk.**

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

NOTE 39 Financial Instruments (cont.)

**(e) Risks and mitigation**

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

**Market risk**

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

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

**Interest rate risk**

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

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

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

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

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

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

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

### NOTE 39 (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**

	2011 \$'000	2010 \$'000
Balance at beginning of the year	-	7
New provisions recognised during the year	-	-
Amounts already provided for and written off as uncollectable	-	(7)
Amounts provided for but recovered during the year	-	-
<b>Balance at end of year</b>	<b>-</b>	<b>-</b>

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

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

	2011 \$'000	2010 \$'000
Current (not yet due)	1,771	722
Past due by up to 30 Days	164	62
Past due between 31 and 180 days	106	62
Past due between 181 and 365 days	-	6
Past due by more than 1 year	6	3
<b>Total Trade &amp; Other Receivables *</b>	<b>2,047</b>	<b>855</b>

\* Excludes Statutory debtors/GST Receivable

### 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 ( 2010 \$ Nil) were impaired. The amount of provision raised against these debtors was \$ Nil (2010 \$ 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:

	2011 \$'000	2010 \$'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	-	-
<b>Total Trade &amp; Other Receivables</b>	<u>-</u>	<u>-</u>

#### **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 2011

## 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.

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

2010	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	1,949	-	-	-	-	1,949	1,949
Trust funds and deposits	26	10	30	7	14	87	87
Interest bearing loans and borrowings	521	539	1,129	451	-	2,640	2,640
Total financial liabilities	2,496	549	1,159	458	14	4,676	4,676

## (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 4.75% (2010: 4.5%)

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

	Carrying amount subject to floating interest rates.	Interest rate risk			
		-2% 200 basis points		+1% 100 basis points	
		Profit	Equity	Profit	Equity
<b>2011</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets:</b>					
Cash and cash equivalents	14,790	(296)	(296)	148	148
<b>Financial liabilities:</b>					
Interest-bearing liabilities	-	-	-	-	-
<b>2010</b>					
<b>Financial assets:</b>					
Cash and cash equivalents	15,248	(305)	(305)	152	152
<b>Financial liabilities:</b>					
Interest-bearing liabilities	-	-	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$'000	2010 \$'000
<b>NOTE 40 Auditor's Remuneration</b>		
Audit fee to conduct external audit - Victorian Auditor-General	45	57
Internal audit fees	27	64
	<u>72</u>	<u>121</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 :-

<b>Councillors</b>	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:

	2011 No.	2010 No.
\$20,000 - \$29,999	7	8
\$40,000 - \$49,999	2	-
\$50,000 - \$59,999	-	1
\$60,000 - \$69,999	-	1
\$120,000 - \$129,999	-	1
\$200,000 - \$209,999	1	-
<b>TOTAL</b>	<u>10</u>	<u>11</u>
	<b>\$'000</b>	<b>\$'000</b>
Total Remuneration for the reporting period for Responsible Persons included above, amounted to :	453	424

**NOTE 42 Related Party Transactions (cont.)**

(iii) No retirement benefits have been made by the Council to a Responsible Person (2009/10, nil).

(iv) No loans have been made, guaranteed or secured by the Council to a Responsible Person of the council during the reporting year (2009/10, 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 (2009/10, nil).

(vi) **Senior Officers Remuneration**

A Senior Officer other than a Responsible Person, is an officer of Council whose total annual remuneration exceeds \$124,000, or if remuneration is less than \$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:

	2011 No.	2010 No.
Income Range :		
< \$124,000	6	2
\$124,000 - \$129,999	1	1
\$130,000 - \$139,999	1	-
\$140,000 - \$149,999	-	1
\$150,000 - \$159,999	1	1
<b>TOTAL</b>	<u><u>9</u></u>	<u><u>5</u></u>
	<b>\$'000</b>	<b>\$'000</b>
Total Remuneration for the reporting period for Senior Officers included above, amounted to :	924	624

## NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

### 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	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>INCOME</b>												
Grants	-	-	2,319	2,987	5,000	4,265	159	159	7,480	7,964	14,958	15,375
Other	-	36	3,892	3,238	28,211	25,950	1,012	1,006	1,948	1,873	35,063	32,103
<b>TOTAL INCOME</b>	<b>-</b>	<b>36</b>	<b>6,211</b>	<b>6,225</b>	<b>33,211</b>	<b>30,215</b>	<b>1,171</b>	<b>1,165</b>	<b>9,428</b>	<b>9,837</b>	<b>50,021</b>	<b>47,478</b>
<b>EXPENSES</b>	(1,176)	(1,118)	(9,000)	(8,481)	(18,501)	(16,338)	(3,106)	(2,900)	(13,258)	(12,149)	(45,041)	(40,986)
<b>SURPLUS / (DEFICIT)</b>	<b>(1,176)</b>	<b>(1,082)</b>	<b>(2,789)</b>	<b>(2,256)</b>	<b>14,710</b>	<b>13,877</b>	<b>(1,935)</b>	<b>(1,735)</b>	<b>(3,830)</b>	<b>(2,312)</b>	<b>4,980</b>	<b>6,492</b>
<b>ASSETS ATTRIBUTED TO FUNCTIONS / ACTIVITIES*</b>	1,726	1,813	998	509	-	-	-	-	443,255	438,780	445,979	441,102

\*Assets have been attributed to functions/activities based on the control and/or custodianship of specific assets.  
 Note : Previous year figures have been re - classified wherever necessary to agree with new structure.

**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.
- Prepare, administer and enforce Council's Local Laws.
- Administer and enforce relevant provisions of the Domestic (feral & nuisance) Animals Act 1994 and Impounding of Livestock Act 1994 .
- Operate, supervise and maintain Children's Crossings.
- Comply with the statutory requirements of the Country Fire Authority Act 1958.
- 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 waste management services and associated infrastructure.
- Provide strategic recreation planning, development and promotion.
- Tourism strategic planning and promotion.

### **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 2011

#### NOTE 44 Financial ratios (performance indicators)

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

	2011	2011	2010	2010	2009	2009
	\$'000	%	\$'000	%	\$'000	%
<b>Debt servicing costs</b>	149		217		290	
<b>Total revenue</b>	49,208		46,504		45,994	
		=		=		=
		<b>0.30%</b>		<b>0.47%</b>		<b>0.63%</b>

Debt servicing costs refers to the payment of interest on loan borrowings.

The ratio expresses the amount of interest paid as a percentage of Council's total revenue.

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

<b>Debt servicing &amp; redemption costs</b>	1,207		1,354		1,406	
<b>Rate revenue</b>	27,802		25,533		24,143	
		=		=		=
		<b>4.34%</b>		<b>5.30%</b>		<b>5.82%</b>

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 2011

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

### (iii) Revenue Ratio (%)

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

	2011	2011	2010	2010	2009	2009
	\$'000	%	\$'000	%	\$'000	%
<u>Rate revenue</u>	27,802		25,533		24,143	
<u>Total revenue</u>	49,208		46,504		45,994	
	=	<b>56.50%</b>	=	<b>54.90%</b>	=	<b>52.49%</b>

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

### (iv) Debt Exposure Ratio (%)

(to identify Council's exposure to debt)

<u>Total indebtedness</u>	4,546		3,721		6,828	
<u>Total realisable assets</u>	141,665		137,188		123,782	
	=	<b>3.21%</b>	=	<b>2.71%</b>	=	<b>5.52%</b>

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 2011

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

(v) **Working Capital Ratio (%)**  
(to assess Council's ability to meet current commitments).

	2011	2011	2010	2010	2009	2009
	\$'000	%	\$'000	%	\$'000	%
<b>Current assets</b>	20,713		19,455		15,172	
<b>Current liabilities</b>	9,391		6,984		6,599	
	=	<b>220.56%</b>	=	<b>278.57%</b>	=	<b>229.91%</b>

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

(vi) **Adjusted Working Capital Ratio (%)**  
(to assess council's ability to meet current commitments).

<b>Current assets</b>	20,713		19,455		15,172	
<b>Current liabilities</b>	8,486		6,046		5,388	
	=	<b>244.08%</b>	=	<b>321.78%</b>	=	<b>281.59%</b>

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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$'000	2010 \$'000
<b>NOTE 45 Capital Works</b>		
<b>Capital expenditure areas (including works in progress) :</b>		
Land	-	-
Buildings	4,584	1,005
Plant & Equipment	1,621	1,806
Office Furniture & Equipment	566	336
Roads	3,309	3,592
Bridges	454	479
Culverts	93	53
Footpaths	362	441
Drains	298	184
Kerb & Channel	152	10
Off-street car parks	87	(5)
Other Structures	531	208
<b>TOTAL CAPITAL WORKS</b>	<b><u>12,057</u></b>	<b><u>8,109</u></b>
 Represented by:		
Renewal of infrastructure	6,007	4,280
Upgrade of infrastructure	732	1,435
Expansion of infrastructure	3,117	1
New infrastructure	14	251
New plant and equipment	2,187	2,142
<b>Total capital works</b>	<b><u>12,057</u></b>	<b><u>8,109</u></b>

**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:	<b>2011</b> <b>\$'000</b>	<b>2010</b> <b>\$'000</b>
Total capital works	12,057	8,109
Asset revaluation movement *	(903)	32,125
Developer contributed assets	1,182	780
Depreciation and amortisation	(7,902)	(6,941)
Written down value of assets sold	(894)	(1,000)
<b>Net movement in property, plant &amp; equipment and infrastructure</b>	<b><u>3,540</u></b>	<b><u>33,073</u></b>

\* 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.

### 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	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i> (AASB 139 <i>Financial Instruments: Recognition and measurement</i> )	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 124 Related Party Disclosures (Dec 2009)	Government related entities have been granted partial exemption with certain disclosure requirements.	Beginning 1 Jan 2011	Preliminary assessment suggests the impact is insignificant. However, the Council is still assessing the detailed impact and whether to early adopt.
AASB 2009-11 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]	This gives effect to consequential changes arising from the issuance of AASB 9.	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	Amendment to Interpretation 14 arising from the issuance of <i>Prepayments of a Minimum Funding Requirement</i>	Beginning 1 Jan 2011	Expected to have no significant impact
AASB 1053 Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	Beginning 1 July 2013	The Victorian Government is currently considering the impacts of reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented to the Victorian Public Sector.
AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	This Standard makes amendments to many Australian Accounting Standards, including interpretations, to reduce disclosure requirements to the pronouncements for application by certain types of entities.	Beginning 1 July 2013	Does not affect financial measurement or recognition, so is not expected to have any impact on financial result or position. May reduce some note disclosures in financial statements.
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) AASB 1, 3,4,5,7,101,102,108,112,118,120,121,127,128,131,132,136,137,139,1023 & 1038 and interpretations 2,5,10,12,19 & 127	These amendments are in relation to the introduction of AASB 9.	Beginning 1 Jan 2013	This amendment may have an impact on departments and public sector bodies as AASB 9 is a new standard and it changes the requirements of numerous standards. Details of impact is still being assessed.

# CERTIFICATION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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 : 21 / 09 / 2011

In our opinion the accompanying financial statements present fairly the financial transactions of the South Gippsland Shire Council for the year ended 30 June 2011 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 21 September 2011 to certify the financial statements in their final form.



Councillor : Warren Raabe

Location : Leongatha

Dated : 21 / 09 / 2011



Councillor : Mimmie Jackson

Location : Leongatha

Dated : 21 / 09 / 2011



Chief Executive Officer : Tim Tamlin

Location : Leongatha

Dated : 21 / 09 / 2011

## 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 4 to 69 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 28 June 2010. 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 4 to 69. 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 2011

	Budget	Actual	Variances		
	2010/2011	2010/2011	\$'000	%	Ref
	\$'000	\$'000	\$'000	%	Ref
<b>Revenue from Operating Activities</b>					
Rates and charges	27,478	27,802	324	1	1
Operating Grants	7,934	10,713	2,779	35	2
Reimbursements	328	463	135	41	3
Contributions	4	89	85	2,125	
Interest	521	1,043	522	100	4
User Charges	2,444	2,395	(49)	2	
Statutory fees	429	489	60	14	
Other	966	759	(207)	21	5
<b>Total revenues</b>	<b>40,104</b>	<b>43,753</b>	<b>3,649</b>	9	
<b>Expenses from Operating Activities</b>					
Employee benefits	16,543	17,694	1,151	7	6
Materials and services	14,471	15,345	874	6	7
Utilities	615	668	53	9	
Depreciation and amortisation	7,564	7,902	338	4	8
Other expenses	2,547	2,470	(77)	3	
Finance costs	146	149	3	2	
<b>Total expenses</b>	<b>41,886</b>	<b>44,228</b>	<b>2,342</b>	6	
<b>UNDERLYING RESULT</b>	<b>(1,782)</b>	<b>(475)</b>	<b>1,307</b>		
Net gain / (loss) on disposal of assets	(56)	(168)	(112)	200	9
Capital grants / Contributions	6,240	4,362	(1,878)	30	10
Donated /Granted Assets	3,075	1,182	(1,893)	62	11
Share of net profits / (losses) of associates accounted for using the equity method	-	79	79	-	
<b>Surplus / (deficit) for the year</b>	<b>7,477</b>	<b>4,980</b>	<b>(2,497)</b>		

# STANDARD INCOME STATEMENT - D-1 COMPARISON REPORT

FOR THE YEAR ENDED 30 JUNE 2011

Variance Explanation Report		
Ref.	Item	Explanation
<b>Revenue - Operating</b>		
1	Rates and charges	Supplementary General rates and Supplementary Garbage rates were higher than forecasts.
2	Operating Grants	Grants commission allocation (+\$1984 K) for 2011-12 was received in advance. Further State grants for various Aged care and children's services programs were higher than expected.
3	Reimbursements	Mainly due to higher Workcover reimbursements (+\$54) and Legal fees reimbursed (+\$62)
4	Interest	Interest on Investments was higher than budget (+\$457K) due to favourable interest rates and more than estimated funds available for Investment. Interest on Rates and charges were also higher than budget (+\$65K)
5	Other	Other Income was lower than budget due to drop in Private works undertaken by Council.
<b>Expenses - Operating</b>		
6	Employee benefits	Mainly due to payment of call on defined benefits super (+\$850K) and new staff positions created during the year.
7	Materials and services	Due to lower: consultancies (-\$346K) ; Plant lease cost (-\$167K) ; Training costs (-\$159K) ; and Conferences (-\$54K). This was partly compensated by higher : external plant hire (+\$112K) ; advertising and recruitment costs (+\$215K) ; material consumption (+\$429) ; and Contractor Costs (\$984).
8	Depreciation and amortisation	Depreciation on Roads were higher than budget (+\$542K). Depreciation on other Assets were generally closer or below budget.
<b>Others</b>		
9	Net gain / (loss) on disposal of assets	Majority of the Plant purchases and trade-in of old plant have been carried forward to 2011-12
10	Capital grants / Contributions	Grants for Corner Inlet childcare hub (-\$2100 ) in Original budget was recognised in advance in previous year. This was partly compensated by receipt of various unexpected grants such as: Advancing Country Towns (+\$192K) , Bushfire recovery (+\$110K) , RLCIP Grants (+\$354K) and other Recreation and Community grants. However Contributions for Capital projects were lower than budget (-\$137) and few of the budgeted grants such as Anderson Street (-\$330K) did not materialise.
11	Donated /Granted Assets	Non cash developer contributions for infrastructure asset items including roads, streets, drainage and other infrastructure assets was much lower than forecast in Original budget as estimates were mainly based on past trends.

# STANDARD BALANCE SHEET - D-2 COMPARISON REPORT

AS AT 30 JUNE 2011

	Budget	Actual	Variances		
	2010/2011	2010/2011	\$'000	%	Ref
	\$'000	\$'000	\$'000	%	Ref
<b>Current assets</b>					
Cash and cash equivalents	8,328	14,793	6,465	78	1
Trade and other receivables	1,652	3,257	1,605	97	2
Financial assets	2,050	2,050	-	-	
Inventories	-	252	252	-	3
Other assets	279	361	82	29	
Other	-	-	-	-	
<b>Total current assets</b>	<b>12,309</b>	<b>20,713</b>	<b>8,404</b>	<b>68</b>	
<b>Non-current assets</b>					
Investments in associates	827	932	105	13	4
Investment properties	-	624	624	-	5
Fixed Assets	123,233	120,937	(2,296)	2	6
Roads, Streets & Bridges	313,485	302,773	(10,712)	3	7
<b>Total non-current assets</b>	<b>437,545</b>	<b>425,266</b>	<b>(12,279)</b>	<b>3</b>	
<b>Total assets</b>	<b>449,854</b>	<b>445,979</b>	<b>(3,875)</b>	<b>1</b>	
<b>Current liabilities</b>					
Trade and other payables	2,279	3,646	1,367	60	8
Trust funds and deposits	210	141	(69)	33	
Provisions	2,952	4,475	1,523	52	9
Interest-bearing loans and borrowings	1,128	1,129	1	0	
<b>Total current liabilities</b>	<b>6,569</b>	<b>9,391</b>	<b>2,822</b>	<b>43</b>	
<b>Non-current liabilities</b>					
Provisions	1,235	131	(1,104)	89	9
Interest-bearing loans and borrowings	452	451	(1)	0	
<b>Total non-current liabilities</b>	<b>1,687</b>	<b>582</b>	<b>(1,105)</b>	<b>66</b>	
<b>Total liabilities</b>	<b>8,256</b>	<b>9,973</b>	<b>1,717</b>	<b>21</b>	
<b>Net assets</b>	<b>441,598</b>	<b>436,006</b>	<b>(5,592)</b>	<b>1</b>	
<b>Equity</b>					
Accumulated Surplus	185,830	186,153	323	0	10
Reserves	255,768	249,853	(5,915)	2	11
<b>Total equity</b>	<b>441,598</b>	<b>436,006</b>	<b>(5,592)</b>	<b>1</b>	

# STANDARD BALANCE SHEET - D-2 COMPARISON REPORT

AS AT 30 JUNE 2011

## Variance Explanation Report

Ref.	Item	Explanation
1	Cash and cash equivalents	Due to Lower payments for : infrastructure and other asset ( +\$2958K) ; and Other Creditors (+\$937). However payments to employees were higher (-\$1227) as a result of new positions and payment of additional call on defined benefits fund. Opening Cash balance was higher than budget by \$3545 K. Income from Interest , Government Grants , Reimbursements etc. were also higher than budget.
2	Trade and other receivables	Receivables higher than budget mainly due to recognition of Grants in advance of actual receipts (+\$1273).
3	Inventories	Inventories were included with 'other assets' classification in the budgeted balance sheet.
4	Investments in associates	The Surplus from Investment in Libraries was unexpected.
5	Investment properties	This class of asset was recorded in property, plant and equipment and infrastructure section of the budgeted balance sheet.
6	Fixed Assets	Due to higher opening balance estimated in Budget (-\$.8M) and lower Capital expenditure on buildings (-\$.9) , mainly due to carry forward of Sandy point hall project to 2011-12. Majority of major plant purchases were also carried forward to 2011-12.
7	Roads , Streets & Bridges	Due to higher opening balance estimated in Budget (-\$.4.8M) , developer contributed assets (-\$.1.9M) excess provided for in budget and lower actual Capital expenditure due to carry forward of various projects.
8	Trade and other payables	At the end of June payables were higher than budget due to outstanding for Plant purchases in June , Unpaid Library contributions and other outstanding payments for delayed Capital projects.
9	Provisions	Total of Current and Non-Current provisions in line with Budget.
10	Accumulated Surplus	Due to : a higher opening balance than budgeted (+\$.1.256M) and transfers from reserves to fund the higher operating deficit.
11	Reserves	Opening balance of asset revaluation reserve was higher than budget. However actual revaluation surplus was lower than budget. Other reserves were utilised to fund call on Defined Benefits Super (\$850K) and purchase of Carinos building ( \$ 700K)

# STANDARD CASH FLOW STATEMENT - D-3 COMPARISON REPORT

FOR THE YEAR ENDED 30 JUNE 2011

	Budget	Actual	Variances		
	2010/2011 \$'000	2010/2011 \$'000	\$'000	%	Ref
<b><i>Cash flows from operating activities</i></b>					<b>Y</b>
Receipts from customers	31,901	31,950	49	0	
Interest received	521	887	366	70	<b>1</b>
Grants from Government (inclusive of GST)	13,922	14,014	92	1	
Payments to suppliers (inclusive of GST)	(17,783)	(16,688)	1,095	6	<b>2</b>
Payments to employees	(16,462)	(17,935)	(1,473)	9	<b>3</b>
<b>Net cash inflow / (outflow) from operating activities</b>	<b>12,099</b>	<b>12,228</b>	<b>129</b>	<b>1</b>	
<b><i>Investing</i></b>					
Proceeds from sale of property, plant and equipment	841	725	(116)	14	<b>4</b>
Payments for property, plant and equipment and infrastructure	(15,113)	(12,057)	3,056	20	<b>5</b>
Repayments of Loans and advances	-	-	-	-	
Redemption (Purchase) of investments	-	(200)	(200)	-	<b>6</b>
<b>Net cash inflow / (outflow) from investing activities</b>	<b>(14,272)</b>	<b>(11,532)</b>	<b>2,740</b>	<b>19</b>	
<b><i>Financing</i></b>					
Debt Redemption	(1,059)	(1,058)	1	0	
Finance Cost	(146)	(150)	(4)	3	
Trust Funds	-	54	54	-	
<b>Net cash inflow / (outflow) from financing activities</b>	<b>(1,205)</b>	<b>(1,154)</b>	<b>(51)</b>	<b>4</b>	
<b>Net increase / (decrease) in cash held</b>	<b>(3,378)</b>	<b>(458)</b>	<b>2,920</b>	<b>86</b>	
Cash at beginning of the year	11,706	15,251	3,545	30	<b>7</b>
<b>Cash at the end of the year</b>	<b>8,328</b>	<b>14,793</b>	<b>6,465</b>	<b>78</b>	
<b><u>Reconciliation of Operating Result and Net Cash Flows from Operating Activities</u></b>					
<b><u>For the year ending 30 June 2011</u></b>					
<b>Net surplus / (deficit) from operations</b>	<b>7,477</b>	<b>4,980</b>	<b>(2,497)</b>	<b>33</b>	
Depreciation and amortisation	7,564	7,902	338	4	
(Profit) / Loss on sale of property, plant and equipment	56	168	112	200	
Share of net profit / (loss) of associates	-	(79)	(79)	-	
Landfills rehabilitation costs	-	(60)	(60)	-	
Finance Costs	146	150	4	3	
Balance sheet movements	(69)	349	418	606	
Developer contributions	(3,075)	(1,182)	1,893	62	
Fair value adjustment for investment property	-	-	-	-	
<b>Net cash inflow / (outflow) from operating activities</b>	<b>12,099</b>	<b>12,228</b>	<b>129</b>	<b>1</b>	

# STANDARD CASH FLOW STATEMENT - D-3 COMPARISON REPORT

FOR THE YEAR ENDED 30 JUNE 2011

## Variance Explanation Report

Ref.	Item	Explanation
1	Interest received	Interest received was higher than budget due to availability of more funds for Investment and favourable interest rates.
2	Payments to suppliers (inclusive of GST)	Payments to suppliers lower than budget due to carry forward of various Capital projects to 2011-12.
3	Payments to employees	Mainly due to payment of call on defined benefits super (\$850K) and new staff positions created during the year.
4	Proceeds from sale of property, plant and equipment	Some of the Capital expenditure on New Plant and Trade-in of old Plant has been carried forward to 2011-12.
5	Payments for property, plant and equipment and infrastructure	Expenditure on Capital projects were lower than Originally planned. Some of these projects have been carried forward to next year or postponed to future years.
6	Redemption (Purchase) of investments	Long service leave investments had to be increased due to the higher liability as a result of additional staff positions. The opening balance of Financial assets was already lower than budget by \$200K.
7	Cash at beginning of the year	As a result of better than anticipated Net Cash inflow in 2009/10 Financial year.

# STANDARD STATEMENT OF CAPITAL WORKS - D-4 COMPARISON REPORT

## FOR THE YEAR ENDED 30 JUNE 2011

Capital Works Areas	Budget	Actual	Variances		
	2010/2011 \$'000	2010/2011 \$'000	\$'000	%	Ref
Land	21	-	(21)	100	
Buildings	5,486	4,584	(902)	16	1
Plant & Equipment	2,839	1,621	(1,218)	43	2
Furniture & Equipment	-	566	566	-	3
Roads	4,482	3,309	(1,173)	26	4
Bridges	276	454	178	64	5
Culverts	-	93	93	-	
Footpaths	369	362	(7)	2	
Drains	454	298	(156)	34	6
Kerb & Channel	436	152	(284)	65	7
Off-street car parks	141	87	(54)	38	
Other Structures	609	531	(78)	13	
<b>Total capital works</b>	<b>15,113</b>	<b>12,057</b>	<b>(3,056)</b>	20	
Represented by:					
Renewals	8,805	8,194	(611)	7	
Upgrades	2,831	732	(2,099)	74	
Extensions	3,477	3,131	(346)	10	
<b>Total capital works</b>	<b>15,113</b>	<b>12,057</b>	<b>(3,056)</b>	20	

Property, Plant & Equipment and Infrastructure movement Reconciliation Worksheet	Budget	Actual	Variances		
	2010/2011 \$'000	2010/2011 \$'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	15,113	12,057	(3,056)	20	
Asset revaluation movement *	3,078	(903)	(3,981)	129	
Developer contributed assets	3,075	1,182	(1,893)	62	
Depreciation and amortisation	(7,564)	(7,902)	(338)	4	
Written down value of assets sold	(1,137)	(894)	243	21	
<b>Net movement in property, plant and equipment and infrastructure</b>	<b>12,565</b>	<b>3,540</b>	<b>(9,025)</b>	72	
* Does not include Investment in Associates					

**Variance Explanation Report**

<b>Ref.</b>	<b>Item</b>	<b>Explanation</b>
1	Buildings	Mainly due to Capital works program on Sandy Point Hall (-\$1450K) and Childcare centres (-\$1026K) postponed to 2011-12. This was partly offset by purchase of Carinos building (+\$1407K) and new grant funded building projects.
2	Plant & Equipment	Majority of the Plant purchases have been carried forward to 2011-12
3	Furniture & Equipment	Furniture & Equipment additions mainly representing IT equipment was included in Plant & equipment in the budget.
4	Roads	Capital works budget on roads had to be postponed or moved to other programs due to the adverse weather conditions.
5	Bridges	Mainly due to addition of a few new minor bridge projects to current program.
6	Drains	Few of the projects have been carried forward to 2011-12 .
7	Kerb & Channel	Few of the projects have been carried forward to 2011-12.

# CERTIFICATION OF STANDARD STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

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) Regulations 2004*.

Finance Manager :



Tom Lovass - CPA

Location : Leongatha

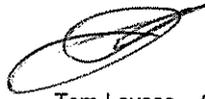
Dated : 21 / 09 / 2011

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) Regulations 2004*.

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

We have been authorised by the Council on 21 September 2011 to certify the standard statements in their final form.

Finance Manager :

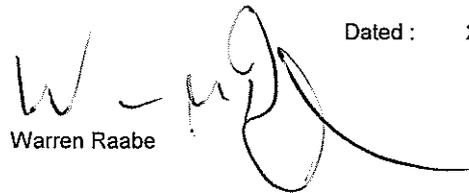


Tom Lovass - CPA

Location : Leongatha

Dated : 21 / 09 / 2011

Councillor :

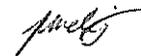


Warren Raabe

Location : Leongatha

Dated : 21 / 09 / 2011

Councillor :



Mimmie Jackson

Location : Leongatha

Dated : 21 / 09 / 2011

Chief Executive Officer :



Tim Tamlin

Location : Leongatha

Dated : 21 / 09 / 2011

# VAGO

Victorian Auditor-General's Office  
**INDEPENDENT AUDITOR'S REPORT**  
To the Councillors, South Gippsland Shire Council

## *The Financial Report and Standard Statements*

The accompanying financial report for the year ended 30 June 2011 of the South Gippsland Shire Council which comprises of comprehensive income statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the certification of financial statements has been audited.

The accompanying standard statements for the year ended 30 June 2011 of the Council which comprises of standard income statement, standard balance sheet, standard cash flow statement, standard statement of capital works, the related notes and the certification of standard statements have been audited.

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

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

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

This responsibility includes:

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

## *Auditor's Responsibility*

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

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

1

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*Auditing in the Public Interest*

# VAGO

Victorian Auditor-General's Office

## Independent Auditor's Report (continued)

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

### *Independence*

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

### *Auditor's Opinion*

In my opinion:

- (a) the financial report presents fairly, in all material respects, the financial position of the South Gippsland Shire Council as at 30 June 2011 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Local Government Act 1989*.
- (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 2011 included both in the South Gippsland Shire Council's annual report and on the website. The Councillors of the South Gippsland Shire Council are responsible for the integrity of the South Gippsland Shire Council's website. I have not been engaged to report on the integrity of the South Gippsland Shire Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report and standard statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and standard statements to confirm the information contained in the website version of the financial report and standard statements.

MELBOURNE  
22 September 2011

  
J D R Pearson  
Auditor-General

2

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*Auditing in the Public Interest*

# PERFORMANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

Department	Strategy	KSA Description	KSA Measures	KSA Target	Completion Status	Status Report
Chief Executive Officer	1.1.2.A	Community Engagement Develop a policy addressing community engagement and planning to ensure effective consultation and communication	Draft Policy developed	By December 2010	Target Not Achieved	Draft policy partially prepared. Changing requirements for what it should cover have delayed completion.
Chief Executive Officer	1.1.2.A	Community Engagement Develop a policy addressing community engagement and planning to ensure effective consultation and communication	Policy adopted by Council	By April 2011	Target Not Achieved	Draft policy partially prepared. Changing requirements for what it should cover have delayed completion.
Community Services	1.2.3.A	Public Safety Undertake programs to ensure public safety is maximised in areas including; parking, animal control, local laws, fire prevention, playgrounds, Recreation facilities, footpaths and school crossings	Documenting complaints in Customer Request System	Reducing trend of justified complaints registered in Customer Request system	Target Not Achieved	Currently there has been no complaints register developed for the Customer Request System. The number of pathway requests that were received by members of the Local Laws team between 1st July 2010 and 30th June 2011 was 1004. This covers a range of requests and is not specific to complaints
Development Services	1.2.3.A	Public Safety Undertake programs to ensure public safety is maximised in areas including; parking, animal control, local laws, fire prevention, playgrounds, Recreation facilities, footpaths and school crossings	Continuous improvement trend	Reported annually in customer satisfaction survey	Target Not Achieved	52% - Annual inspection of class 1 and 2 food premises - 152 Food Safety Inspections completed for Class 1 & 2 premises. 216 Septic Tank Applications and 199 Planning Referrals were lodged. 302 Food Safety Inspections completed in annual inspection of Class 1 and 2 food premises. This component was not specifically covered within the satisfaction survey.
Community Services	1.2.3.A	Public Safety Undertake programs to ensure public safety is maximised in areas including; parking, animal control, local laws, fire prevention, playgrounds, Recreation facilities, footpaths and school crossings	Continuous improvement trend	Reported annually in customer satisfaction survey	Target Not Achieved	Result of 48% in 2011 Customer Satisfaction Survey - down from 50% in 2010 (5a Local Roads and Footpaths).
Community Services	1.2.3.A	Public Safety Undertake programs to ensure public safety is maximised in areas including; parking, animal control, local laws, fire prevention, playgrounds, Recreation facilities, footpaths and school crossings	Continuous improvement trend	Reported annually in customer satisfaction survey	Target Achieved	Result of 71% in 2011 Customer Satisfaction Survey - increase from 70% in 2010 (5c Recreational Facilities).
Community Services	1.2.3.A	Public Safety Undertake programs to ensure public safety is maximised in areas including; parking, animal control, local laws, fire prevention, playgrounds, Recreation facilities, footpaths and school crossings	Continuous improvement trend	Reported annually in customer satisfaction survey	Target Not Achieved	Result of 57% in 2011 Customer Satisfaction Survey - down from 58% in 2010 (5e Traffic Management and Parking Facilities).
Community Services	1.2.3.A	Public Safety Undertake programs to ensure public safety is maximised in areas including; parking, animal control, local laws, fire prevention, playgrounds, Recreation facilities, footpaths and school crossings	Continuous improvement trend	Reported annually in customer satisfaction survey	Target Achieved	Result of 64% in 2011 Customer Satisfaction Survey - increase from 63% in 2010 (5g Enforcement of Local Laws).

# PERFORMANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

Department	Strategy	KSA Description	KSA Measures	KSA Target	Completion Status	Status Report
Community Services	1.2.3.A	Public Safety Undertake programs to ensure public safety is maximised in areas including: parking, animal control, local laws, fire prevention, playgrounds, Recreation facilities, footpaths and school crossings	Carry out regular inspection regimes to minimize risk exposure in accordance with identified priorities	As set out in the Corporate Risk Register	Target Not Achieved	Fire inspections of all vacant blocks completed by 6 February 2011. Initial fire inspections were completed by Mid November which was in accordance with business plans. Due to the unseasonal wet summer season and the fact that no fire season was declared, final inspections and hazard clearances were completed about 3 weeks later than normal.
Community Services	1.2.3.B	Develop and implement an integrated Fire Management Plan in conjunction with CFA	Plan endorsed by Council	By November 2010	Target Not Achieved	Six sections are now in draft form and plan is on schedule to be presented to Council in September 2011. The Fire Management Plan was scheduled for completion by October 2011 (as per State Government target). Production of the plan is being funded by the State Government.
Community Services	1.2.3.B	Develop and implement an integrated Fire Management Plan in conjunction with CFA	Plan endorsed by Council	Key actions from Plan implemented in accordance with timeframes contained in the plan	Target Not Achieved	These will be developed after endorsement of the Plan at Council in September 2011
Community Services	1.2.3.C	Develop and implement Fire Management Plan for all bush reserves controlled by the Shire	Plans endorsed by Council for : - Baths Road Reserve, - Mirboo North - Koonwarra Bush Reserve - Wuchatsch Reserve, Nyora - Van Cleef Reserve, Venus Bay	Reported by August 2010	Target Not Achieved	The 4 Fire Management Plans were adopted by Council 24 November 2010. The primary reasons the plans were delayed were: • Waiting for the release of the 2009 Victorian Bushfires, Royal Commission Final Report and Recommendations (to see if there were any implications in relation to the Draft Fire Management Plans) • Additional risk review assessments associated with the plans being undertaken (following community concern about the environmental impacts associated with the proposed plans for Baths Road Reserve)
Community Services	1.2.3.C	Develop and implement Fire Management Plan for all bush reserves controlled by the Shire	New plans to be completed and endorsed by Council - Pioneer Reserve, Kongwak - Tom Kindellan Reserve, Nerrera - Kings Park Reserve, Leongatha - Tarwin Lower Flora Reserve - Hudson Park, Korumburra - Hamanns Reserve, Leongatha North - Koonwarra Gravel Pits Reserve and; - Dickies Hill Reserve, Mirboo North	Reported by June 2011	Target Not Achieved	The 8 draft Fire Management Plans were developed together with 8 Prescribed Burn Plans. Completion of the Plans and adoption by Council was delayed by changes to the state-wide method of estimating bush fire threat. Consultation with adjoining landowners and relevant agencies is now required which has extended the time needed to finalise the Plans. It is anticipated that the Plans will be completed and presented to Council in September 2011.
Community Services	1.2.3.C	Develop and implement Fire Management Plan for all bush reserves controlled by the Shire	Works scheduled in Capital Works Program annually	By December 2010	Target Achieved	Capital Works were planned and implemented by the Biodiversity Officer in accordance with the adopted Fire Management Plans. Works completed in 2010/11 included on ground track work and firebreak construction undertaken in Baths Rd Reserve and Koonwarra Bush Reserve in preparation for proposed prescribed burns and fire break works at Van Cleefe Reserve at Venus Bay and Kings Park in Leongatha.

# PERFORMANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

Department	Strategy	KSA Description	KSA Measures	KSA Target	Completion Status	Status Report
Community Services	1.2.3.D	Maintain emergency preparedness	Complete simulation exercise twice yearly	July 2010 & March 2011	Target Achieved	July 2010 - Exercise "May Gale" to test the operations of the MECC and ERC were conducted on May 3. March 2011 - An earthquake simulation exercise to test the operations of both the Municipal Emergency Coordination Centre and the Emergency Relief Centre was held in December with 40 Council staff and 14 people from external emergency services and support agencies involved. A simulated exercise relating to an influenza pandemic was held in April. While numbers were lower than the first exercise the exercise was successful
Community Services	1.2.3.D	Maintain emergency preparedness	Review Municipal Emergency Management Plan annually	By December 2010	Target Achieved	Committee has convened quarterly. MEMPlan has been reviewed and updated accordingly.
Community Services	1.2.3.D	Maintain emergency preparedness	Required staff are appointed and trained to operate the MECC and ERC's at all times	Ongoing	Target Not Achieved	90% - Staff appointed to MECC and ERC participated in emergency simulation training exercise - Achieved. Staff turnover requires ongoing recruiting to positions.82.5% - Staff appointed to MECC and ERC positions - Vacancies have constantly arisen due to staff resignations and maternity leave. It is a constant process of recruiting to try and fill vacancies as they arise.
Community Services	1.2.3.D	Maintain emergency preparedness	Review and assess Neighbourhood Safer Places for the high risk towns of Venus Bay, Waratah Bay, Sandy Point and Walkerville and report to Council	By November 2010	Target Achieved	CFA have conducted an audit of proposed NSP sites and all failed the Fire Rating Assessment criteria. Options for a NSP site at Sandy Point were considered by the Council in May together with options for NSP sites at Venus Bay, Waratah Bay and Walkerville. Municipal Emergency Manager has since met with the Fire Commissioner who provided direction on identifying compliant sites within the township or falling that development of evacuation plans.
Community Services	2.1.3.A	Sustainability Collaborate with Government and other regional stakeholders to develop a Sustainability Strategy and projects	Active participation on regional Sustainability Strategy development	Reported by September 2010	Target Not Achieved	Sustainability Strategy adopted by Council on 25 May 2011. It includes a comprehensive implementation plan with estimated costs for any project not included in the recurrent budget which have been presented to the Council as a new initiative as part of the 2011/12 budget process. The draft strategy was released for public exhibition in December 2010. Following a review of submissions, the final strategy was adopted in May.
Development Services	3.1.3.A	Economic Development & Tourism Develop and implement targeted marketing materials and programs for Economic Development & Tourism	Materials reviewed / updated annually	Reported by November 2010	Target Not Achieved	Review of marketing materials undertaken and a process of updating where required implemented. Delay caused by volume of materials being updated and budget constraints.
Development Services	3.1.3.A	Economic Development & Tourism Develop and implement targeted marketing materials and programs for Economic Development & Tourism	Effectiveness assessment undertaken annually and reported to Council	Reported by November 2010	Target Not Achieved	Report presented to Council at June 2011 meeting. Delay due to the flow on effect of material updates being delayed.
Development Services	3.3.4.A	Land Use Planning Implement the Land Use Planning Strategic Work Program, including:- Township Structure Plans- Housing and Settlement Strategy- Development Contribution Plan- Eastern Districts Structure Planning- Improve Local Planning Policy Framework (LPPF) Restructure (Policy Neutral)	Implementation according to the Land Use Planning Strategic Work Program timetable	Key actions from Plan implemented in accordance with timeframes as contained in the plan	Target Not Achieved	All projects commenced and proceeding. Delay caused by staff shortages due to loss of key staff and time delays in replacing them within Council and within the Department of Planning and Community Development.

## PERFORMANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

Department	Strategy	KSA Description	KSA Measures	KSA Target	Completion Status	Status Report
Development Services	3.3.4.A	Land Use Planning Implement the Land Use Planning Strategic Work Program, including: - Township Structure Plans - Housing and Settlement Strategy - Development Contribution Plan - Eastern Districts Structure Planning - Improve Local Planning Policy Framework (LPPF) Restructure (Policy Neutral)	Meeriyah and Poowong Plans developed	By March 2011	Target Not Achieved	Report to be presented to Council at August 2011 meeting. Delay caused by staff shortages due to loss of key staff and time delays in replacing them.
Development Services	3.3.4.A	Land Use Planning Implement the Land Use Planning Strategic Work Program, including: - Township Structure Plans - Housing and Settlement Strategy - Development Contribution Plan - Eastern Districts Structure Planning - Improve Local Planning Policy Framework (LPPF) Restructure (Policy Neutral)	Nyora and Loch Urban Design Framework review developed	By March 2011	Target Not Achieved	Report presented to Council at August 2011 meeting. Delay caused by staff shortages due to loss of key staff and time delays in replacing them.
Development Services	3.3.4.A	Land Use Planning Implement the Land Use Planning Strategic Work Program, including: - Township Structure Plans - Housing and Settlement Strategy - Development Contribution Plan - Eastern Districts Structure Planning - Improve Local Planning Policy Framework (LPPF) Restructure (Policy Neutral)	Housing and Settlement Strategy developed	Consultant appointed and project commenced by June 2011	Target Not Achieved	Scoping paper commenced. Delay caused by long term absence of key staff and awaiting Rural Land Use Strategy amendment.
Development Services	3.3.4.A	Land Use Planning Implement the Land Use Planning Strategic Work Program, including: - Township Structure Plans - Housing and Settlement Strategy - Development Contribution Plan - Eastern Districts Structure Planning - Improve Local Planning Policy Framework (LPPF) Restructure (Policy Neutral)	Adoption of Eastern Districts Structure Plan by Council	Consultant appointed and project substantially progressed by June 2011	Target Not Achieved	Project proposed to proceed to Council in September 2011. Paper tabled at Council briefing session in April 2011. Delay caused by staff shortages due to loss of key staff and time delays in replacing them, and awaiting state announced process to be delivered December 2011.
Development Services	3.3.4.A	Land Use Planning Implement the Land Use Planning Strategic Work Program, including: - Township Structure Plans - Housing and Settlement Strategy - Development Contribution Plan - Eastern Districts Structure Planning - Improve Local Planning Policy Framework (LPPF) Restructure (Policy Neutral)	Commence restructure of the Local Planning Policy Framework (LPPF)	By October 2010	Target Achieved	Project commenced and with DPFD for assessment.

# PERFORMANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

Department	Strategy	KSA Description	KSA Measures	KSA Target	Completion Status	Status Report
Development Services	3.3.4.A	Land Use Planning Implement the Land Use Planning Strategic Work Program, including: - Township Structure Plans - Housing and Settlement Strategy - Development Contribution Plan - Eastern Districts Structure Planning - Improve Local Planning Policy Framework (LPPF) Restructure (Policy Neutral)	Gazetel of Planning Scheme Amendment	By June 2011	Target Not Achieved	Approved amendments C46 and C55 have been gazette during financial year end June 2011. Township Structure Plans for Loch, Meeniyan, Poowong and Nyora prepared for August 2011 Council Meeting. Eastern Districts Plan draft completed and on public exhibition. Housing & Settlement Strategy scoped and being prepared for October 2011 Council Meeting. Gazetteal will fall out of the Structure Plan adoption process. Draft Local Planning Policy Framework prepared in conjunction with Department of Community Planning and Development. Delay caused by staff shortages due to loss of key staff and time delays in replacing them.
Development Services	3.3.4.A	Land Use Planning Implement the Land Use Planning Strategic Work Program, including: - Township Structure Plans - Housing and Settlement Strategy- Development Contribution Plan - Eastern Districts Structure Planning - Improve Local Planning Policy Framework (LPPF) Restructure (Policy Neutral)	Develop a methodology, funding options and timetable for Development Contribution Plans	By September 2010	Target Not Achieved	Awaiting state Department of Community Planning and Development project completion for Development Contribution Plan.
Development Services	3.3.4.B	Conduct planning assessment and decision making in accordance with the South Gippsland Planning Scheme and State Government requirements	Proportion of applications decided within statutory timeframe (60 days) per annum	60% of applications decided within statutory timeframe (60 days) per annum	Target Not Achieved	36% - Result of vacant positions in Statutory Planning
Development Services	3.3.4.B	Conduct planning assessment and decision making in accordance with the South Gippsland Planning Scheme and State Government requirements	Number of planning applications decided compared to those received	90% of planning applications decided compared to those received	Target Not Achieved	78% - only slightly below due to vacant positions in Statutory Planning
Development Services	3.3.4.B	Conduct planning assessment and decision making in accordance with the South Gippsland Planning Scheme and State Government requirements	Number of appeals against Council's approvals or refusals to the Victorian Civil and Administrative Tribunal (as a percentage of total decisions): by Council	Number of appeals against Council's approvals or refusals to the Victorian Civil and Administrative Tribunal (as a percentage of total decisions): by Council to be less than 20% of decisions	Target Achieved	16% of overall decisions.
Development Services	3.3.4.B	Conduct planning assessment and decision making in accordance with the South Gippsland Planning Scheme and State Government requirements	by applicant or objectors	by applicant or objectors to be less than 20% of decisions	Target Not Achieved	12% - Planning assessments are made in accordance with SGSC Planning Scheme, however the activity is not measurable against the target outlined.
Development Services	3.3.4.B	Conduct planning assessment and decision making in accordance with the South Gippsland Planning Scheme and State Government requirements	Percentage of decisions upheld by VCAT for:- approvals- refusals- notices of decision	Overall percentage of decisions upheld by VCAT 70%	Target Not Achieved	2.7% - Lower number of appeals than predicted. There were only 16 appeals against the 585 decisions.
Development Services	3.3.4.B	Conduct planning assessment and decision making in accordance with the South Gippsland Planning Scheme and State Government requirements			Target Not Achieved	62% - 10 decisions upheld at VCAT out of 16 appeals.

## PERFORMANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

Department	Strategy	KSA Description	KSA Measures	KSA Target	Completion Status	Status Report
Development Services	3.3.4.B	Conduct planning assessment and decision making in accordance with the South Gippsland Planning Scheme and State Government requirements	Proportion of planning applications decided during the year - under delegation by officers/Average and median approval times of all Development Assessments decided (days)	Overall percentage proportion of planning applications decided during the year - under delegation by officers 80%	Target Achieved	99% of decisions are made under delegation.
Development Services	3.3.4.C	Rural Strategy - completion and implementation of the final Rural Strategy into the Planning Scheme	Adoption of the Rural Strategy	By November 2010	Target Not Achieved	Draft Rural Land Use Strategy prepared and report presented to Council at August 2011 meeting. Process required extensive consultation with interested stakeholders and the community to address key issues of concern.
Development Services	3.3.4.C	Rural Strategy - completion and implementation of the final Rural Strategy into the Planning Scheme	Implementation into the Planning Scheme	Key actions from the Planning Scheme implemented in accordance with timeframes (timelines subject to DP/CD) as contained in the strategy	Target Not Achieved	Draft Rural Land Use Strategy prepared and will proceed to Amendment in 2011 pending adoption at August 2011 Council meeting.
Development Services	3.3.4.D	Monitor and advocate emerging issues regarding coastal planning	Success rate for advocacy reported to Council	Reported quarterly	Target Not Achieved	Officers involved in ongoing appraisal of coastal issues throughout the year. Awaiting next stage of the Department of Sustainability and Environment Future Coast Project.
Development Services	3.3.4.D	Monitor and advocate emerging issues regarding coastal planning	Report to Council on numbers of applications requiring Coastal Climate Change Management Plans or Coastal Hazard Vulnerability Assessments annually	Reported annually	Target Not Achieved	A register of Coastal Climate Change Management Plans is maintained. These are available to Council upon request.
Engineering Services	4.1.2.A	Capital Works Develop and implement a rolling 10 year Capital Works Program, which is consistent with the Asset Management Plan and Long Term Financial Plan	Draft Capital Works Program compiled and considered by Council prior to budget process commencing annually	By December 2010	Target Achieved	Presented to Council at a briefing session on 1 December 2010.
Engineering Services	4.1.2.A	Capital Works Develop and implement a rolling 10 year Capital Works Program, which is consistent with the Asset Management Plan and Long Term Financial Plan	Capital Works Program expended by year end	90%	Target Not Achieved	64% of budget expended. Projects delayed due to unseasonable weather.
Engineering Services	4.2.3.D	Service Levels Undertake a planned rolling review of service levels and standards to feed into Asset Management and Financial Planning, and to drive continuous improvement, including full cost attribution to establish the true cost of services	Develop a timetable to prioritise reviews	Reviews completed as part of the Service Level Review project timetable and reported to Council	Target Not Achieved	Asset Management Plans completed for Roads and for Buildings. 11/12 will focus on the completion of Plans for Parks and Gardens and Bridges and Culverts. Some Service Standards developed for engineering development applications.
Corporate Services	5.1.2.A	Council Image Promote a positive Council image	Issuing positive press releases for all appropriate activities	Greater than 75% of press releases issued printed in papers	Target Achieved	80.95% of press releases issued for the year printed in papers

# PERFORMANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

Department	Strategy	KSA Description	KSA Measures	KSA Target	Completion Status	Status Report
Corporate Services	5.1.2.A	Council Image Promote a positive Council image	Munch with the media	Conducted monthly	Target Achieved	Munch with the media completed successfully
Chief Executive Officer	5.1.2.A	Council Image Promote a positive Council image	Entering industry initiative awards	Ongoing	Target Not Achieved	Industry initiative awards were not submitted.
Corporate Services	5.1.2.A	Council Image Promote a positive Council image	Conducting media liaison activities	Conducted monthly	Target Achieved	Quarterly reports have been completed providing monthly activities throughout the year.
Corporate Services	5.1.2.A	Council Image Promote a positive Council image	Issuing 'New Residents Kits' to all new residents	'New Residents Kits' mailed to all known new residents	Target Achieved	193 New Residents Kits given out. Introduction of new Leongatha & Korumburra prospectus has influenced the slow down of the new resident kits. Much more professional looking document and community groups are using them for new residents.
Chief Executive Officer	5.1.3.A	Integrated Community Planning Integrated Community Planning and engagement approach developed and implemented	Report presented to Council for endorsement of approach	By November 2010	Target Not Achieved	Council and Community Planning Framework designed and discussed with Staff and Council. Endorsed by Executive Leadership Team. Framework is used as a basis for reviewing impact of Council decisions on Community, Community input into Council projects etc. Framework could not be developed until new Directors appointed. Appointments commenced in late November which led to delay in achieving target.
Corporate Services	5.2.3.A	Financial Sustainability Implement the Long Term Financial Plan and ensure financial sustainability is maintained	Weighted average of 5 key financial ratios being underlying result, working capital ratio, indebtedness, self financing and investment gap for the term of the Annual Plan	Greater than or equal to 98%	Target Achieved	Actual result 104%. Ratio assisted by Australian Accounting Standard requirement to recognise grants as revenue in the year that notification has been provided that the grant has been secured, irrespective of whether the expenditure will be incurred in the following financial year.
Corporate Services	5.2.4.A	Technology Maintain a current and functional technological platform to deliver best practice tools to enhance efficiency and effectiveness	Implement the IT/Telephony Strategy	In accordance with the timeframes set out in the Strategy	Target Not Achieved	Quotes have been sent for the upgrade/standardisation of the phone systems across SGSC. This has been included in the 2011/12 budget. Some items and key issues in the IT strategy have been started and will continue to be worked on over the next 12 months. Some Telephone equipment has been purchased and awaiting installation. Some IT Server Hardware has been purchased and awaiting installation.

## PERFORMANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

Department	Strategy	KSA Description	KSA Measures	KSA Target	Completion Status	Status Report
Corporate Services	5.2.4.A	Technology Maintain a current and functional technological platform to deliver best practice tools to enhance efficiency and effectiveness	Continuous monitoring and evaluation undertaken to assess technological change, utilisation of enhancements and cost benefit analysis	Ongoing	Target Achieved	<ul style="list-style-type: none"> <li>Budget preparation for Key Initiatives - This was completed as part of the Budget Process and will be reviewed in light of any changes made by the Executive.</li> <li>Define content manager responsibilities and appoint/assign a resource to manage - IT has set up meetings with Manager appointed key stakeholders to define responsibilities.</li> <li>Establish an application review process and initiate projects to review identified applications with shortcomings - Review has been completed by a 3rd Party and will be presented to the IT Steering Committee. Document has been distributed.</li> <li>Establish an IT Disaster Recovery plan - IT Disaster Plan has been started. Basic documentation has been created and testing of new equipment has commenced. Additional work is required to be completed when relevant staff are appointed.</li> <li>Identify and equip a suitable Disaster Recovery facility - Room has been built. Most equipment has been installed and tested at Disaster Recovery site. Some additional equipment will need to be purchased and migrate data to new servers.</li> <li>Implement a monitoring system for servers and other equipment - With the implementation of the new server environment some basic monitoring has been implemented. It is planned in the budget 2011/12 money will be available to install industry standard software. Note: Current monitoring software is only alerting if HP equipment has a failure.</li> <li>Investigate over the wire backup/recovery solutions - The backup solution was implemented and operational in March 2011. There is a planned meeting (May) with the relevant vendors for a Post Implementation Review. It is anticipated that improvements will be made to this solution as software enhancements are made.</li> <li>Proceed with the server virtualisation project - Server Virtualisation solution has been investigated, scoped and included in the Backup and Disaster Recovery Solution project. SGC11/04. The server virtualisation is implemented and operational for some services, the remaining will be cut over as application upgrades occur, with Vendor support.</li> </ul>
Corporate Services	5.2.4.A	Technology Maintain a current and functional technological platform to deliver best practice tools to enhance efficiency and effectiveness	Replace existing PABX telephone system with a Voice Over (VOIP) Service	Investigation completed by June 2011	Target Not Achieved	<p>Quotes have been sought for the upgrade/standardisation of the phone systems across SGSC. This has been included in the 2011/12 budget. VoIP is part of the planned upgrade.</p> <p>VoIP initially will be used to reduce operating cost between Main Site and Depot. Upgrade of cabling at the Depot will be required. This has commenced and equipment has been purchased.</p>

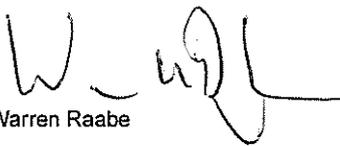
# CERTIFICATION OF PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

In our opinion, the accompanying Performance Statement of the South Gippsland Shire Council in respect of the 2010/11 financial year is presented fairly in accordance with the Local Government Act 1989.

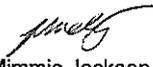
The statement outlines the performance targets and measures set out in relation to the achievement of the business plan in respect of that year described in Council's corporate plan and describes the extent to which the business plan was met in that year having regard to those targets and measures.

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

Councillor :   
Warren Raabe

Location : Leongatha

Dated : 21 / 09 / 2011

Councillor :   
Mimmie Jackson

Location : Leongatha

Dated : 21 / 09 / 2011

## VAGO

Victorian Auditor-General's Office

### INDEPENDENT AUDITOR'S REPORT

To the Councillors, South Gippsland Shire Council

#### *The Performance Statement*

The accompanying performance statement for the year ended 30 June 2011 of the South Gippsland Shire Council which comprises the statement, the related notes and the certification of performance statement has been audited.

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

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

#### *Auditor's Responsibility*

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

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

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

#### *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.

Level 24, 35 Collins Street, Melbourne Vic. 3000

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*Auditing in the Public Interest*

## VAGO

Victorian Auditor-General's Office

### Independent Auditor's Report (continued)

#### *Auditor's Opinion*

In my opinion, the performance statement of the South Gippsland Shire Council in respect of the 30 June 2011 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 2011 included both in the South Gippsland Shire Council's annual report and on the website. The Councillors of the South Gippsland Shire Council are responsible for the integrity of the South Gippsland Shire Council's website. I have not been engaged to report on the integrity of the South Gippsland Shire Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this statement. If users of the performance statement are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited performance statement to confirm the information contained in the website version of the performance statement.

MELBOURNE  
22 September 2011

  
D D R Pearson  
Auditor-General

2

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*Auditing in the Public Interest*

