



SOUTH GIPPSLAND SHIRE COUNCIL

Annual Report 2018/19



*South Gippsland
Shire Council*



Welcome...

South Gippsland Shire Council's 2018/19 Annual Report provides a detailed account of Council's achievements, challenges and performance measures for the past financial year. It demonstrates the breadth of Council's operations and the diversity of services delivered to the community.

This report is prepared to meet Council's statutory reporting requirements under the *Local Government Act 1989*. All councils must submit an Annual Report to the Minister for Local Government by 30 September each year.

A copy of the report is available on Council's website at www.southgippsland.vic.gov.au



Council's Vision

South Gippsland Shire will be a place where our quality of life and sense of community are balanced by sustainable and sensitive development, population and economic growth.

Council's Commitment to the Community

We are committed to demonstrating leadership by working constructively together and with the organisation to achieve success.

Council's Values

As Council, we commit to:

- Value the contribution made by everyone; to listen to you and each other.
- Value individual diversity, act with respect and professionalism in our interactions with you and each other, and never seek to undermine, mislead or undervalue anyone.
- Value opportunities that come from change, keeping our focus on the future and our responses flexible for a constantly evolving world.
- Value the community spirit, vibrancy and unique character of each of our towns and rural areas.
- Encourage our communities and support our community leaders.
- Value constructive criticism that helps us understand how and where we need to improve.
- Pro-actively reflect on our own behaviour, that of each other and of the organisation as a whole, to continually build the capacity, passion and success of this Council.

Council acknowledges Gunnai, Bun Wurrung, Wurundjeri, Gunaikurnai and Bunurong Traditional Owners of this land and all Aboriginal and Torres Strait Islander people who are part of the South Gippsland community.

Shire at a glance

South Gippsland Shire Council is located in coastal south eastern Victoria, approximately 100km south-east of Melbourne. It is made up of three wards; Tarwin Valley, Strzelecki and Coastal Promontory.

South Gippsland is the southern part of Gippsland, which honoured Sir George Gipps, Governor 1838-1846. The original inhabitants of the South Gippsland area were the Gunnai, Bun Wurrung and Wurundjeri Aboriginal people. South Gippsland Shire Council was formed in 1994 from the amalgamation of four municipalities.

The Shire is bounded by Cardinia and Baw Baw Shires to the north, Latrobe City and Wellington Shire to the east, Bass Strait to the south, and Bass Coast Shire to the west.

The Shire is a rural, residential and tourist area. It encompasses 3,308 square kilometres, including extensive coastal areas and the spectacular Wilsons Promontory National Park. Much of the rural area is used for forestry and agriculture; with dairy, beef, sheep, and snow pea farming being the main agricultural pursuits. Fishing, viticulture and tourism are also important industries that contribute economic diversity to the region.



Other major attractions of the Shire include Port Welshpool Long Jetty, Cape Liptrap Coastal Park, Strzelecki Ranges, Coal Creek Community Park and Museum, the Great Southern Rail Trail, Grand Ridge Rail Trail, Nyora Speedway, Stony Creek Racecourse, Agnes Falls and specialist wineries, gin distilleries and breweries.

The major towns in South Gippsland are Leongatha, Korumburra, Mirboo North and Foster. Other townships include Dumbalk, Fish Creek, Loch, Meeniyah, Nyora, Poowong, Port Welshpool, Sandy Point, Tarwin Lower, Toora, Venus Bay and Welshpool. There are also a number of other smaller rural hamlets.

Council Offices

South Gippsland Shire Council Office
9 Smith Street, Leongatha VIC 3953

Telephone: (03) 5662 9200

Fax: (03) 5662 3754

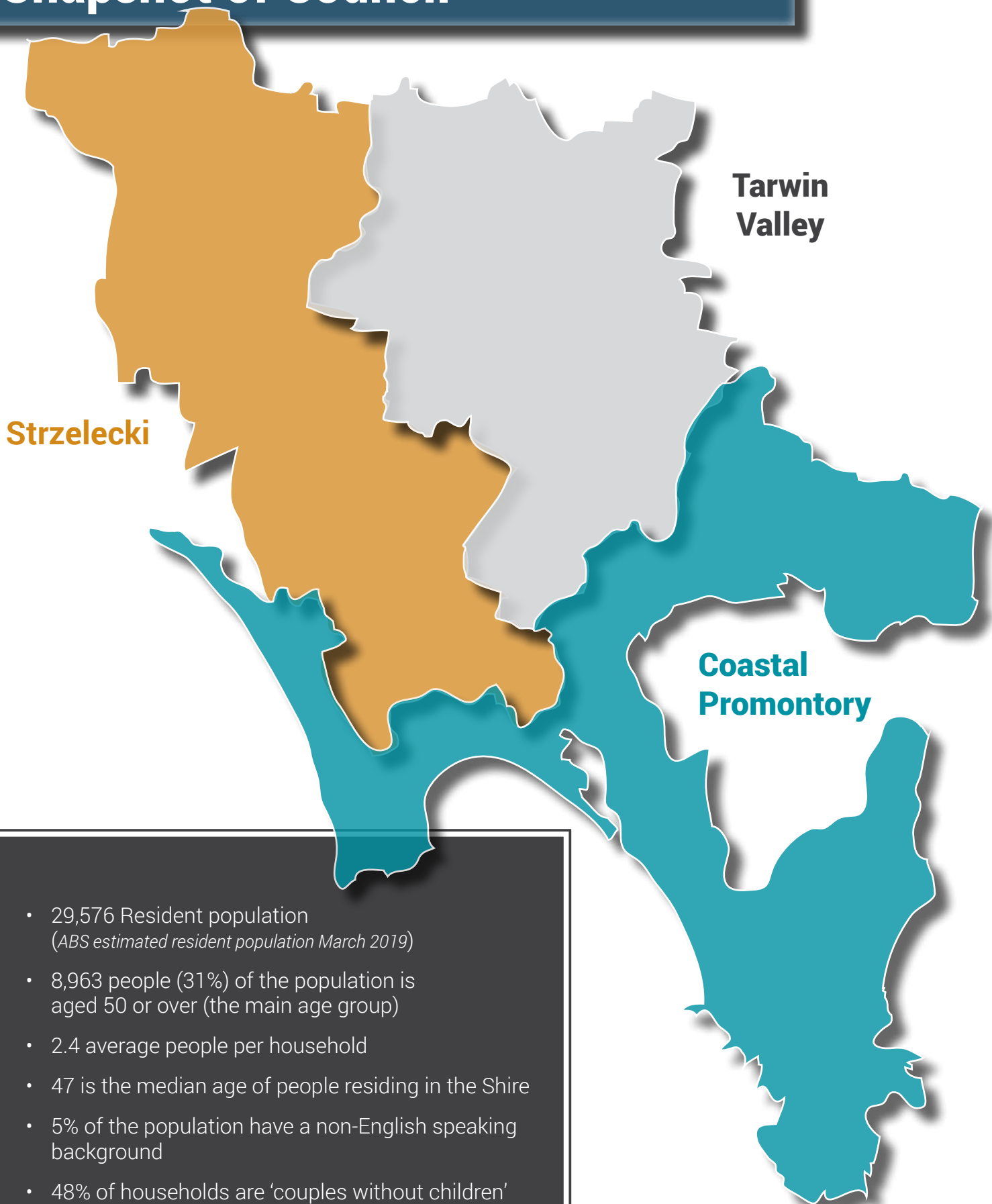
Email: council@southgippsland.vic.gov.au

Website: www.southgippsland.vic.gov.au

Facebook: www.facebook.com/southgippslandshirecouncil

Hours: 8:30am – 5:00pm Monday to Friday

Snapshot of Council



- 29,576 Resident population
(ABS estimated resident population March 2019)
- 8,963 people (31%) of the population is aged 50 or over (the main age group)
- 2.4 average people per household
- 47 is the median age of people residing in the Shire
- 5% of the population have a non-English speaking background
- 48% of households are 'couples without children'
- 38% of households are 'couples with children'
- 26 Townships and Hamlets

MESSAGE TO THE MINISTER FROM THE Chief Executive OFFICER



Dear Minister.

The Council has seen turbulent times at a political level which included six Councillor resignations, the appointment of a Municipal Monitor and the establishment of a Commission of Inquiry.

As Chief Executive Officer (CEO) I am proud of the manner in which the organisation has maintained support to the Councillors and the community, regardless of any perceived difficulties at a Council level. Without exception officers continued to uphold their professional integrity, ensuring that frank and fearless advice was always provided to Council and that the Council's decisions were implemented.

While the 2018/19 financial year has seen the Long Jetty at Port Welshpool completed and opened to the public, many projects are still in the planning stages. Funding has been received from the Federal Government for the revitalisation of Bair Street, Leongatha and the Mirboo North Pool Refurbishment. The Fixing Country Roads Program has provided funding for both Bair Street and the Timms Road bridge in Poowong North. All exciting projects ahead for the Shire.

Overall, this year we have delivered on 100 per cent of the sixteen committed 2018/19 Annual Initiatives and eight out of 10 (80 per cent) Council Plan indicators. The dedicated efforts of staff, volunteers and community members have contributed to achieving these great outcomes for all the people who live in and visit South Gippsland.

At the end of June 2019, Council's financial position remains strong with more than \$595M of community assets under Council's stewardship. The operating result of \$5.67MM is stronger than the budgeted \$1.45M, due primarily to the timing of the receipt of grant payments from the Victorian Grants Commission. Council's Long Term Financial Strategy forecasts continued surpluses over the next 15 years, providing a sustainable level of funding for the refurbishment and replacement of community assets. Overall the organisation is in excellent financial shape.

I would like to take the opportunity to acknowledge the terrific Home and Community Care staff and volunteers who continued to work in the best interests of their clients up until this service was successfully resourced by MecwaCARE, a specialist service provider, on 31 March 2019. Together with all the South Gippsland Shire Council staff and volunteers, they worked towards delivering our Council's vision and providing excellent service to our community.

Finally, this is my last Annual Report as CEO of South Gippsland Shire Council. June 2019 sees the end of my 10 year tenure as CEO. I am proud of all the organisation's achievements, and particularly pleased to present this 2018/19 Annual Report to you as a measure of the resilience and professionalism of the staff I have worked alongside and managed throughout an unprecedented period.

Bryan Sword was appointed Acting CEO on 25 May 2019. I wish Bryan all the best as he takes over the reigns of the organisation.

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

Tim Tamlin

Chief Executive Officer (CEO)
South Gippsland Shire Council

MUNICIPAL MONITOR APPOINTED AND COMMISSION OF INQUIRY

The Minister for Local Government The Hon. Marlene Kairouz MP appointed Municipal Monitor, Peter Stephenson, on 18 June 2018 to monitor the South Gippsland Shire Council's governance processes and practices in accordance with defined terms of reference. The Monitor presented his final report to the Minister in late March 2019.

The Minister for Local Government The Hon. Adem Somyurek MLC served the Council with a 'Show Cause' letter on 2 April 2019 seeking a formal response to the Municipal Monitor's report and recommendation that the Council be suspended. Several submissions were made to the Minister by Councillors.

The Minister for Local Government established on 21 May 2019 a Commission of Inquiry into the South Gippsland Shire Council under section 209 of the *Local Government Act 1989*.

The Commission of Inquiry provided its final report to the Minister on 13 June 2019. On 19 June 2019 the Minister, on behalf of the Victorian Government, advised that the Council had been dismissed and Administrators appointed.

The reports into South Gippsland Shire Council were made public on the Local Government Victoria website at www.localgovernment.vic.gov.au.



ADMINISTRATOR CHAIR

Ms Julie Eisenbise was appointed interim Administrator of the South Gippsland Shire Council on 22 June 2019.

On 23 July 2019 Ms Eisenbise was announced as the Administrator Chair and Mr Frederick (Rick) Brown and Mr Christian Zahra (AM) as the two additional Administrators for South Gippsland Shire Council.

An Administrator's role is to perform all the functions, powers and duties of the Council under the *Local Government Act 1989*.

FUTURE OF COUNCIL

The Administrators are appointed until October 2021, following a council general election. Under Administration, Council aims to strengthen the organisation, build stability and improve trust and confidence within the community of the Shire.

This term will provide an opportunity for transformation and improvement as staff and Administrators address the Commission of Inquiry and implement the *Local Government (South Gippsland Shire Council) Act 2019*.

The normal functions of Council will continue and the Council's staff are committed to supporting the community and delivering quality services.

Council Plan 2017-2021

The South Gippsland Shire Council Plan 2017-2021 includes four main themes, each comprised of strategic outcomes, objectives, strategies and performance measures.

Council's performance for the 2018/19 year is reported against each of these four themes to demonstrate how Council is achieving the 2018/19 Annual Initiatives.

Objective	Council Plan Theme
1	Strengthen Economic Growth & Prosperity
2	Build Strong Partnerships, Strengthen Arts & Culture & Deliver Equitable Outcomes
3	Improve South Gippsland's Built Assets & Value our Natural Environment
4	Enhance Organisational Development & Implement Governance Best Practice

Annual Initiatives

2018/19

Highlights for the 2018/19 year are presented on the following pages under the four main Council Plan themes.

Performance Report Highlights

When reading this report the following icons are highlighted throughout to demonstrate Council's performance against the 2017-2021 Council Plan and the 2018/19 Annual Initiatives.



**Strategic
Objective**



**Major
Initiatives**



**Description of
Services Funded**



**Performance
Indicators**

Objective 1 Council Plan

Strengthen Economic Growth & Prosperity

IN THE YEAR OF 2018/19

Six Priority Projects adopted by Council:

- Leongatha Revitalisation Project - Leongatha Business Precinct Development (Bair Street and Railway Station Stage 1)
- Great Southern Rail Trail (Welshpool to Alberton link component)
- Mirboo North Pool Refurbishment

Priority Projects for development:

- Korumburra Revitalisation Project
- Great Southern Rail Trail (Leongatha to Korumburra and West of Korumburra)
- Leongatha Community Hub Development Project
- The South Gippsland Branding Strategy developed in consultation with Destination Gippsland, was adopted at the Ordinary Meeting of Council on 26 June 2019.
- Strategic Investment Program adopted on 26 June 2019.

ADVOCACY

- Official opening of the Port Welshpool Long Jetty on 21 June 2019. A total of \$9.85M Federal and State Government grant funding was secured.
- *South Gippsland Advocacy Framework* adopted to support delivery of Council's Priority Projects and Significant Roads Projects.
- Secured \$4.2M in Federal and State Government grant funding for the \$5.4M Leongatha Revitalisation Project as part of the *Building Better Regions Fund* Program.
- Federal Government commitment for \$600,000 secured for the Mirboo North Pool Refurbishment project.

\$4.2M

**GRANT FUNDING
RECEIVED FOR
LEONGATHA REVITALISATION PROJECT**

\$11M

**COST OF
PORT WELSHPOOL
LONG JETTY**

*Note: \$9.85M secured funding from
Federal and State Government*

**OBJECTIVE 1
2017-2021 COUNCIL PLAN
2018/19 ACHIEVEMENTS**

**COUNCIL PLAN
INITIATIVES**
6
TARGET ACHIEVED

100%
**COUNCIL PLAN
INITIATIVES
ACHIEVED**

280
**PLANNING
APPLICATIONS
DECIDED
WITHIN TIME FRAME
OF 60 DAYS**

24
**AGENDA ITEMS
FOR COUNCIL
DECISION**

8
**PLANNING SCHEME
APPLICATIONS/
AMENDMENTS OR GRANT
APPLICATIONS FOR
COUNCIL DECISION**

80%
**PLANNING
APPLICATIONS
DECIDED
WITHIN TIME FRAME
VS. 77% IN 2017/18**

\$2,223
**COST PER HEAD OF
MUNICIPAL POPULATION**
\$15,855
**INFRASTRUCTURE COST
PER HEAD OF
MUNICIPAL
POPULATION**

*Figures provided as per
Council's Local Government
Performance Reporting Framework*



Objective 2 Council Plan

Build Strong Partnerships, Strengthen Arts & Culture & Deliver Equitable Outcomes

IN THE YEAR OF 2018/19

- Council exited the Home and Community Care (Aged and Disability) service on 31 March 2019. MecwaCARE, a not-for-profit organisation, was selected by the Australian Government as the new service provider in South Gippsland.
- Community Transport retained, pending a service review to be completed in 2019/20.
- *Community Engagement Strategy and Policy* developed and adopted by Council in July 2018.
- *Community Strengthening Strategy 2018-2022* adopted by Council in October 2018.
- *South Gippsland Youth Strategy 2019-2023* developed and scheduled to be adopted by Council in July 2019.
- A \$25,000 grant obtained from the Transport Accident Commission to develop a *South Gippsland Road Safety Strategy 2019-2023* which was adopted for implementation in March 2019.

ADVOCACY

- Council advocated to all local political parties and candidates nominated in the *2018 Victorian State Government Election and Transport for Victoria* to develop a 'Local Bus Services Plan' for South Gippsland.
- 84 per cent of grant applications submitted to State and Federal funding programs were successful.

ENGAGEMENT

- Council convened a number of District Cluster meetings. The meetings provided information to the community and access to a range of Council staff in Nyora, Tarwin Lower, Fish Creek, Mirboo North, Koonwarra and Toora.

\$288,212

PROVIDED IN COMMUNITY
ALLOCATED GRANT
FUNDING

15+

TOWNS INCLUDED IN
COMMUNITY DISTRICT
CLUSTER MEETINGS

OBJECTIVE 2
2017-2021 COUNCIL PLAN
2018/19 ACHIEVEMENTS

COUNCIL PLAN
INITIATIVES

4

TARGET ACHIEVED

100%

COUNCIL PLAN
INITIATIVES
ACHIEVED

10

STRATEGIES
ADOPTED BY
COUNCIL

24

AGENDA ITEMS
FOR COUNCIL
DECISION

87

COMMUNITY
GRANT APPLICATIONS
RECEIVED

84%

APPLICATIONS APPROVED
BY STATE AND FEDERAL
GOVERNMENT FUNDING

\$237,875

COMMUNITY GRANTS PROGRAM

\$20,200

EMERGENCY GRANT PROGRAM

\$30,137

SMALL GRANTS PROGRAM

16,588

HOURS IN
AGED &
DISABILITY
SERVICE



Objective 3 Council Plan

Improve South Gippsland's Built Assets & Value our Natural Environment

IN THE YEAR OF 2018/19

- *South Gippsland Municipal Emergency Management Plan 2018-2021* adopted on 24 October 2018.
- Following community consultation, Council resolved to implement a 24 hour Cat Curfew and Leash Order in township areas.
- Seven projects completed as part of the *2018/19 Tennis Facilities Maintenance Program*.

ADVOCACY

- Council submitted grant funding applications for:
 - \$500,000 funding for the Foster Indoor Stadium Redevelopment Project;
 - \$50,000 for the Venus Bay Emergency Management Training Exercise;
 - \$100,000 for the proposed Port Welshpool Long Jetty Enhancement Project;
 - \$100,000 for the reconstruction of the Venus Bay Fishing Jetty Project;
 - \$50,000 for the Baromi Park Community Space Development Project; and
 - \$50,000 for the South Gippsland Community Leaders Program Project.

ENGAGEMENT

- Community information sessions on gravel roads were held in towns such as Toora, Jumbunna, Tarwin Lower, Foster, Poowong, Welshpool, Mirboo North, Sandy Point and Meenivan.

\$8.9M

ASSET
RENEWAL
EXPENDITURE

\$8.1M

TOTAL
INFRASTRUCTURE
EXPENDITURE 2018/19

OBJECTIVE 3
2017-2021 COUNCIL PLAN
2018/19 ACHIEVEMENTS

COUNCIL PLAN
INITIATIVES

9

TARGET ACHIEVED

100%

COUNCIL PLAN
INITIATIVES
ACHIEVED

10

GRANT
FUNDING
APPLICATIONS

61

AGENDA ITEMS
FOR COUNCIL
DECISION

5

POLICIES
REVIEWED AND
ADOPTED

14

AWARDED
CONTRACTS FOR
COUNCIL DECISION

149,162

SQUARE METRES
RESEALED
OF SEALED
LOCAL ROADS

28,591

SQUARE METRES
RECONSTRUCTION
OF SEALED
LOCAL ROADS

\$4.2M

ROAD MANAGEMENT

\$1.6M

BRIDGE MAINTENANCE

\$439,000

FOOTPATH DEVELOPMENT



Objective 4 Council Plan

Enhance Organisational Development & Implement Governance Best Practice

IN THE YEAR OF 2018/19

- Live streaming views of Council meetings increased from 2,321 in 2017/18 to 3,117 in 2018/19.
- There were 29 public presentations made to Council and a total of 274 people attended the gallery during public presentations, open briefing sessions and Council meetings.
- Councillor attendance at Ordinary Council Meetings was 76 per cent, down from 98 per cent in 2017/18.
- Community Satisfaction Results (out of 100 points):
 - Council improved performance on the conditions of sealed local roads by two points from 46 in 2017/18 to 48 points in 2018/19.
 - Community satisfaction decreased in Council's performance in making decisions in the interest of the community from 42 to 35 points.
 - Council's overall customer service performance was 66 points whereby 48 per cent of customers surveyed were very satisfied with their customer service experience.
- The *Annual Budget 2019/20*, the *Revised Council Plan 2017-2021* and the *Rating Strategy 2019-2022* were ready to be adopted by Council at the 26 June 2019 Council Ordinary Meeting, however with the dismissal of Council, the Minister of Local Government, Hon. Adem Somyurek MLC, fixed the date by which Council must adopt the Budget as 31 August 2019 in the Government Gazette Notice S 274, Friday 28 July 2019.
- These documents were adopted at the 24 July 2019 Ordinary Meeting of Council.
- Final projections for the next financial year, resulted in a total budgeted expenditure of \$62.4M with expenditure on a capital works program of \$32.5M.
(Scheduled to be adopted in July 2019)

\$62M

**TOTAL
ANNUAL BUDGETED
EXPENSES 2019/20**

\$67M

TOTAL
ANNUAL BUDGETED
INCOME 2019/20

OBJECTIVE 4 2017-2021 COUNCIL PLAN 2018/19 ACHIEVEMENTS

COUNCIL PLAN
INITIATIVES

5

TARGET ACHIEVED

2

TARGET NOT ACHIEVED

71%

COUNCIL PLAN
INITIATIVES
ACHIEVED

216

TOTAL
NUMBER OF
AGENDA ITEMS

52

AGENDA ITEMS
FOR COUNCIL
DECISION

31

NUMBER OF
COUNCIL
MEETINGS

40

PROCEDURAL
AGENDA ITEMS
FOR ADOPTION

\$32.5M

BUDGETED CAPITAL WORKS
EXPENDITURE FOR 2019/20

\$8.4M

BUDGETED GRANT
FUNDING FOR 2019/20

209

TOTAL NUMBER OF
BRIEFING SESSIONS
HELD AT COUNCIL



Advocacy external funding

Council actively seeks external funding on behalf of its community.

It approaches other levels of Government and other funding and support agencies to assist with projects that are of benefit to South Gippsland.

ADVOCACY PROJECT	PROJECT COST	FUNDING SECURED
Leongatha Business Precinct (Bair Street) Redevelopment Project	\$5,400,000	\$4,200,000
Leongatha and District Netball Association (LDNA) - Netball Courts Redevelopment	\$800,000	\$500,000
Toora - Swimming Pool Stage 2 Development	\$600,000	\$250,000
Poowong North - Timms Road Bridge	\$600,000	\$400,000
Foster - Court Street	\$560,000	\$540,000
Mirboo North, Korumburra, Foster, Koonwarra, Venus Bay - E-Waste Infrastructure Project	\$500,000	\$500,000
Korumburra Recreation Reserve - Changeroom Redevelopment	\$380,000	\$250,000
Fish Creek - Kindergarten Upgrade	\$338,000	\$147,894
Mirboo North - Active Play Project	\$300,000	\$200,000
Baromi - Community Space Development	\$240,000	\$50,000
Poowong Football Netball Club - Netball Court Redevelopment	\$200,000	\$100,000
Venus Bay - Jetty Redevelopment	\$200,000	\$100,000
Communities Combating Pests and Weeds Project	\$85,000	\$85,000
Reclaim the Lanes: Girls Own Space Project	\$85,000	\$85,000
FreeZa Program	\$73,500	\$73,500
South Gippsland Business Associations Good Governance Toolkit	\$60,000	\$50,000
South Gippsland Community Leaders Program	\$50,000	\$37,500
TAC 2018 Community Road Safety Grants	\$40,000	\$30,000
Electric Vehicle Infrastructure Project	\$40,000	\$30,000
Activating Small Halls in South Gippsland	\$32,000	\$7,500
Kindergarten Central Enrolment Development Grants	\$25,000	\$25,000
Mirboo North V/Line Bus Stop Footpath	\$12,000	\$12,000



Challenges

- Adapting and responding to the challenges associated with climate change.
- Increasing customer satisfaction and improving on Council's reputation through active community engagement.
- Making South Gippsland the most attractive region in Victoria in which to live, invest and work.
- Developing South Gippsland into a united, cohesive community with a belief that the interests of every ratepayer are best served through the development of the region as a whole.
- Achieving State and Federal Government funding for new infrastructure, including Council's Priority Projects and other community assets.
- Managing the community's expectations of funding for new infrastructure and higher levels of service in a rate capped environment.

Future

- Creating a shared vision with the community for the future of South Gippsland.
- Maximising the value South Gippsland derives from its location, resources and natural advantages.
- Determining the pace of growth required for the Shire and its implications on rates, lifestyle, infrastructure demands, communities and demographics.
- Optimising the strengths of the Shire in being a significant 'food bowl' with reach into regional, state, national and international markets.
- Advocating for 'Priority Projects' that will deliver economic growth and community benefits .
- Pursuing better ways of delivering services that are valued by the community.

TABLE OF

Contents

Overview

- 1.1 Achievement Outcomes
- 1.2 Financial Overview
- 1.3 Major Capital Works
- 1.4 Community Grant Funding
- 1.5 Description of Operations
- 1.6 Senior Officers
- 1.7 Organisational Structure
- 1.8 Council Staff

Reporting

- 2.1 Victorian Planning and Accountability Framework
- 2.2 Council Plan 2017-2021
- 2.3 Council Plan Strategic Objective 1 - Annual Initiatives
- 2.4 Council Plan Strategic Objective 2 - Annual Initiatives
- 2.5 Council Plan Strategic Objective 3 - Annual Initiatives
- 2.6 Council Plan Strategic Objective 4 - Annual Initiatives

Governance

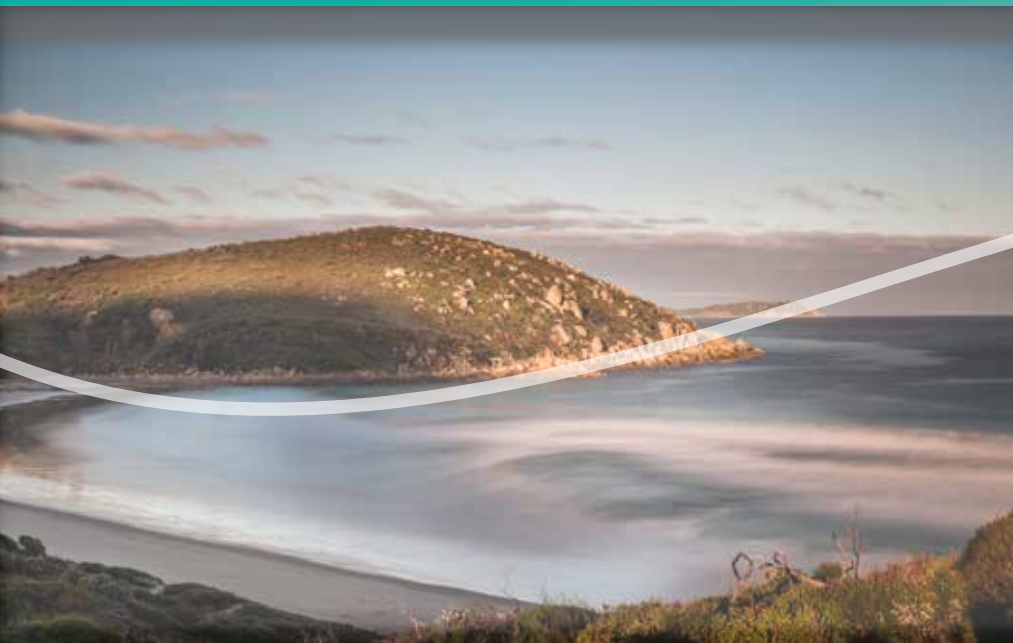
- 3.1 Council's Information
- 3.2 Council's Governance
- 3.3 Auditing Framework
- 3.4 Risk Management
- 3.5 Occupation Health & Safety
- 3.6 Statutory Information
- 3.7 Governance & Management Checklist

Performance

- 4.1 Performance Statement
- 4.2 Certification of the Performance Statement & Victorian Auditor General's Audit Report
- 4.3 Financial Performance Statements
- 4.4 Certification of Financial Statement & Victorian Auditor General's Audit Report



Section Overview 1



1.1

Achievements

Outcomes in 2018/19



19,780

Rateable properties



45,899

Number of calls to Council



\$288,212

Distributed in community grant funding (1st round)



409

Planning applications received



4,224

Tonnes of waste collected



4,594

Tonnes of recyclables and green waste collected



157,268

Visits to aquatic facilities



1,179^{km}

of sealed roads maintained



611

Sealed local road requests



210,472

Library collection items available



117,122

Library visits



4,828

Active library members



Maternal Child Health
Hours

7,440

Hours worked by
MCH Nurses



1,210

Children enrolled for
Maternal Child & Health



264

Birth
notifications



7,261

Animals registered



566

Number of Food Businesses
registered

16,588

Aged & Disability Services
Number of Hours

- > 10,358 Domestic Assistance
- > 2,632 Assessment
- > 1,581 Personal Care
- > 1,156 Respite
- > 861 Property Maintenance

1.2

Financial Overview

FINANCIAL OVERVIEW

Council's financial position continues to remain sound. Our performance is summarised below. Detailed information relating to Council's financial performance is included within the Financial Statements and Performance Statement sections of this Report.

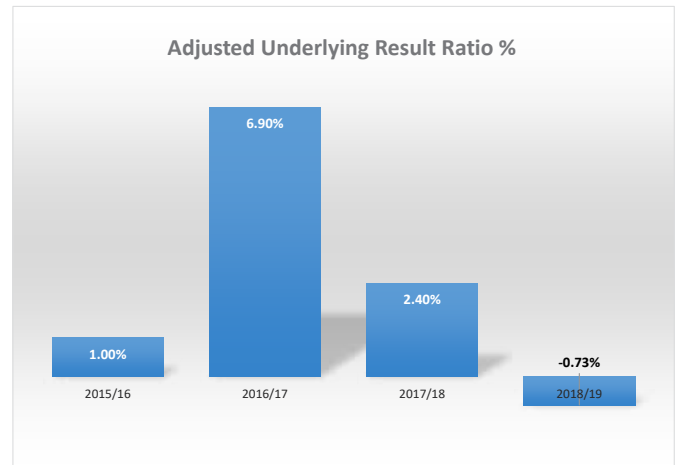
Operating Position

Council achieved a surplus of \$5.70M in 2018/19. This surplus continues on from a surplus from the prior year of \$7.50M.

The adjusted underlying surplus of Council, after removing capital grants (\$4.53M), cash capital contributions (\$0.15M), non-monetary capital contributions (\$1.19M) and found assets (\$0.35M) is a deficit of \$0.52M or (0.73 per cent) when compared to adjusted underlying revenue. The ratio is a decrease to the prior year surplus result of 2.41 per cent. The main reason for the lower underlying surplus is due largely to increased operating expenses in 2018/19 for employee costs, materials and services and depreciation.

The negative result does not present a strategic concern as the factors causing the result are either non-cash or "one-off" related such as in the case of redundancy costs for Home and Community Care services which is a service Council exited from in March 2019.

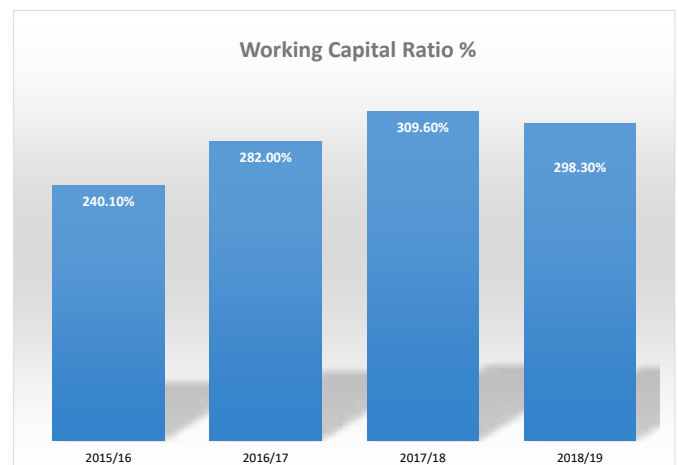
Sustaining an adjusted underlying surplus is a critical financial strategy that provides capacity to renew over \$500M of community assets under Council's control.



Liquidity

Cash (this includes 'cash and cash equivalents' and 'other financial assets') has increased by \$5.5M from the prior year. The working capital ratio which assesses Council's ability to meet current commitments is calculated by measuring Council's current assets as a percentage of current liabilities.

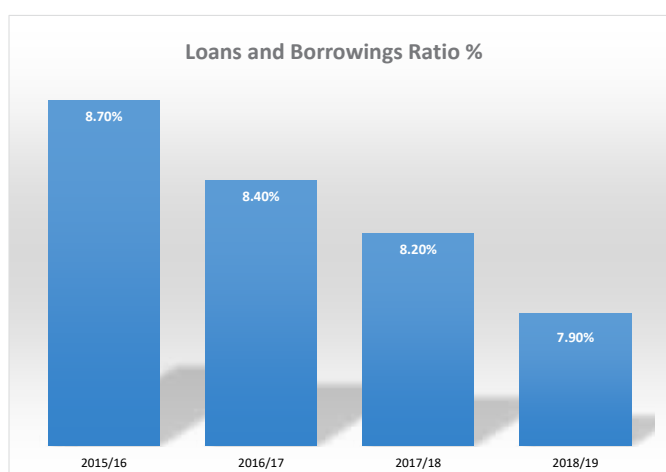
Council's result of 298 per cent (310 per cent in 2017/18) is an indicator of a satisfactory financial position and within the expected target band of 100 per cent to 300 per cent.



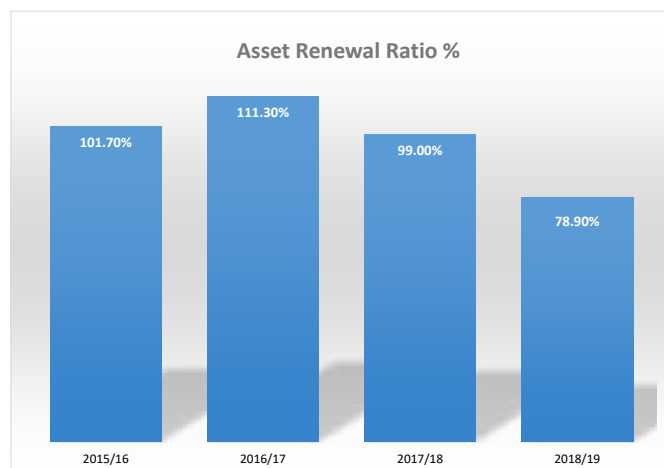
Obligation

Council aims to ensure that it is able to maintain its infrastructure assets at the expected levels, while at the same time continuing to deliver the services needed by the community. To bridge the infrastructure gap, Council invested \$8.9M in renewal works during the 2018/19 year.

At the end of the 2018/19 year, Council's debt ratio which is measured by comparing interest bearing loans and borrowings to rate revenue was 7.89 per cent which indicates that Council has no concern over its ability to repay debt.



Council's asset renewal ratio, which is measured by comparing asset renewal expenditure (\$8.9M) to depreciation (\$11.28M) was 78.9 per cent, which is below the expected target band of 90 per cent to 110 per cent. Carrying forward a large component of renewal capital works from 2018/19 to 2019/20 accounts for the lower result this financial year and simply represents a timing difference between the two years.



Stability and Efficiency

Council raises revenue through provision of a range of services including rates, user fees, fines, grants and contributions. Council's rates concentration which compares rate revenue to adjusted underlying revenue was 65.1 per cent for the 2018/19 year which is in the mid-range of the expected target band of 40 per cent to 80 per cent.

The average rate per residential assessment is \$1,834 including both the rates and the garbage/waste charge.

YEAR	Average Rate per Residential Assessment (\$)
2015/16	\$1,752
2016/17	\$1,789
2017/18	\$1,811
2018/19	\$1,834

ECONOMIC FACTORS

Positive economic growth is occurring in the Shire with expansion of major industries including Saputo Dairy Australia, ViPlus Dairy and Burra Foods. South Gippsland has an annual economic output of \$3.5 billion and has maintained the lowest unemployment rate in Gippsland. Completion of key infrastructure projects such as the Foster Streetscape, Port Welshpool Long Jetty, Lance Creek Water Connection Project and several new bridges are stimulating future economic development.

There have been strong increases in property valuations in a number of towns in the Shire. The proposed works in Bair Street Leongatha will encourage the re-tenancing of shops in the town centre.

There is an increased number of major infrastructure projects underway in Victoria. This is placing pressure on tender prices for infrastructure projects. There are also increasing costs for aggregate and other material for road infrastructure and maintenance. The ongoing impact of these pressures will be that fewer projects may be completed within the available resources of Council.

MAJOR CHANGES

A number of changes have occurred within the Council Chamber. Over the past 12 months, there were six Councillor resignations and eight election countbacks, resulting in five new Councillors being elected. The Minister for Local Government, Hon. Adem Somyurek MLC, dismissed the South Gippsland Shire Council on 19 June 2019 and appointed a panel of three Administrators.

In June 2018, Council's CEO Tim Tamlin's completed his contracted tenure. The Council appointed Bryan Sword as the Acting CEO for up to 12 months effective from 25 May 2019.

Council exited the Home and Community Care (Aged and Disability) service on 31 March 2019. MecwaCARE, a not-for-profit organisation, was selected by the Australian Government as the new service provider in South Gippsland.



1.3

Major Capital Works

Bridges

- Bena Kongwak Road, Bena (\$2.8M)
 - Construction of a new bridge and associated road realignment works over the disused rail line.
- Powneys Road, Pound Creek (\$393,000)
 - Construction of new bridge.
- Ruby Arawata Road, Ruby (\$1.07M)
 - Construction of new bridge and associated road approach works.

Buildings

- Franklin River Reserve Toilet (\$225,000)
 - Construction of a new toilet amenity.
- Mirboo North Hall Toilets (\$293,000)
 - Upgrade of the toilet amenities.
- Foster Indoor Stadium (\$28,000)
 - Design works for facility upgrade.

Guardrails

- Buffalo Stony Creek Road, Buffalo (\$51,000)
- Fullers Road, Foster (\$38,000)
- Silcocks Hill Road, Foster (\$50,000)

\$15M
IN CAPITAL WORKS
EXPENDITURE 2018/19

Community

Three projects under the Community Capital Works Allocation Program:

- Korumburra Recreation Centre (\$162,000)
 - Construction of carpark and supply of equipment including mobile elevated work platform, tables, chairs, and trolleys.
- Couper Street, Mirboo North (\$104,000)
 - Construction of a new footpath.
- Foster Recycled Water (\$400,000)
 - Construction of new pipeline for distribution of recycled water from Foster Treatment Plant to storage tanks at the Foster Show grounds and Foster Golf Club.

Culverts & Drainage

- Culverts
 - Shands Road, Agnes (\$77,000)
 - Fish Creek Waratah Road, Waratha Bay (\$109,000)
- Drainage (\$232,000)
 - Sanders Lane, Korumburra

Footpaths

- Footpath Renewals
 - Bridge Street, Korumburra (\$88,000)
 - Baromi Park, Mirboo North (\$21,000)
 - Korumburra Wonthaggi Road, Kongwak (\$81,000)
 - Spring Street, Korumburra (\$31,000)
 - Landy Road, Foster (\$45,000)

Playgrounds

- Foster Recreation Reserve (\$29,000)
- Gale Street, Waratah Bay (\$52,000)
- Korumburra Recreation Reserve (\$27,000)
- Korumburra Tourist Park (\$47,000)
- Mossvale Park, Berrys Creek (\$36,000)
- Playgrounds - Replacement Program - RV Fisher Reserve (\$44,000)

Recreation

- Korumburra Recreation Reserve (\$341,000)
 - Changeroom refurbishment
- Port Welshpool Long Jetty (\$5.7M)
 - Restoration of the Long Jetty.
 - This project was completed over 2 financial years. The 2018/19 expenditure was \$5.7M.
- Venus Bay Jetty (\$200,000)
 - Demolition of the existing Jetty and replacement with piled pontoon.
- Fish Creek Football Netball Club (\$304,000)
 - Construction of new Netball court with lighting and modifications to the abutting building.
- Leongatha Football Netball Club (\$292,000)
 - Construction of two new competition courts with lighting and associated shelter.
- Tarwin Lower to Venus Bay Walking Tracks (\$19,000)
 - Construction of new sun shelter.

Swimming Pools

- Toora Swimming Pool (\$400,000)
 - Stage 1 - refurbishment of amenities block, addition of two all person/family bathrooms and construction of accessible ramp.
- Mirboo North Pool (\$258,000)
 - Design of pool and amenities building upgrade

Roads

Sealed Road Rehabilitation

- Court Street, Foster (\$475,000)
- Hawkins Street, Korumburra (\$140,000)
- Kurrle Street, Korumburra (\$8,000)

Pavement Rehabilitation

- Leongatha Depot (\$120,000)
- Yarragon Road, Leongatha service road (\$28,000)

Road Rehabilitation/Retaining Wall Protection

- Walkerville North Road (\$361,000)

Footpath, Drainage and Kerb Works

- Hanily Street, Meeniyan (\$77,000)

New Carpark Construction

- Charles Street, Korumburra (\$157,000)

Civil Design Works

- Bair Street, Leongatha (\$75,000)



1.4 Community grant funding

Council's Community Grants Program supports community initiatives and provides grants to community, volunteers and not-for-profit organisations. All applications were assessed under programs and categories listed below:

- Small Grants Program;
- Emergency (Quick) Grants Program;
- Community Grants Program (categories);
 - Minor Projects and Equipment;
 - Festivals and Events;
 - Major Projects; and
 - Planning and Development Studies.



87

APPLICATIONS APPROVED IN 2018/19

\$288,212

IN COMMUNITY GRANT FUNDING

Community Grant Funding - Round 1

TOTAL \$130,950

The Community Grants Program provides funding between \$1,000 and \$10,000. The program supports projects that enhance the quality of life, heritage, recreation and cultural opportunities for the broader South Gippsland community.

ROUND ONE Organisation	Project Details	Approved Funding (\$)
Venus Bay Community Centre	Tarwin River Precinct Plan	\$10,000
Korumburra Bena Football Netball Club	Female Facilities Planning	\$10,000
Friends of Coal Creek	Renovation of Lands Office	\$10,000
Allambee South Community Centre	Allambee South Outdoor Development Plan	\$9,500
Korumburra Recreation Reserve	Plan to revamp the disused netball courts	\$9,000
Outtrim Reserve Committee	Accessible Toilet and Storage Room	\$8,000
Meeniyen Mechanics Institute	Hall ceiling refurbishment	\$8,000
Meeniyen Tourism and Traders Association	Meeniyen Arts Trail	\$8,000
Rotary Club of Leongatha	'Fooverage' - Gippsland Produce Event March 2020	\$8,000
Mount Best Hall	Construction of covered area at Mount Best Hall	\$7,000
Welshpool Recreation Reserve	Storage Shed	\$7,000

ROUND ONE		Approved Funding (\$)
Organisation	Project Details	
Nyora Recreation Reserve Committee	Replace carpets and chairs in Social Club Rooms	\$6,000
Stony Creek Racecourse and Recreation Reserve	Masterplan for Reserve	\$5,000
St Paul's Catholic Social Club	Mirboo North Italian Festa	\$5,000
Prom Coast Festival	Prom Coast Festival 2019	\$4,750
Arawata Community Hall Association	Lights, fans and chairs	\$4,600
Korumburra and District Agricultural and Pastoral Society Inc.	Power upgrade / road construction	\$3,000
Carols in the Drome	Carols in the Drome 2018	\$3,000
Sandy Point Community Centre	Remove and replace garden edging	\$2,000
Toora Football Club	Replace kitchen equipment	\$1,900
Toora Community Action Team	Christmas lights	\$1,200

Community Grant Funding - Round 2

TOTAL \$106,925

ROUND TWO		Approved Funding (\$)
Organisation	Project Details	
Leongatha Men's Shed	Leongatha Men's Shed Hub	\$10,000
Bena Hall	Upgrade to Bena Hall	\$10,000
Friends of the Lyrebird Walk	Vehicle for Volunteers	\$10,000
Jumbunna Public Hall	Strategic Plan for the Hall	\$8,400
Meeniyana Dumbalk United Football Netball Club	New Scoreboard	\$7,500
Leongatha South Progress Association	Strategic Plan	\$7,300
Tarwin Lower Recreation Reserve	5 Year Master Plan	\$6,000
Venus Bay / Tarwin Lower and District Men's Shed	Tarwin District Auto Festival	\$6,000
Meeniyana and District RSL Men's Shed	Purchase of Tools and Safety Equipment	\$5,000
Korumburra Cricket Club	Shade Awning for Deck	\$5,000
Leongatha Business Association	Leongatha Daffodil Street Festival	\$5,000
Meeniyana Bowls Club	Barefoot Bowls	\$4,400
Poowong Recreation Committee	New AFL Goal Posts	\$4,000
Mount Best Community Hall	Upgrade Mount Best Hall	\$3,000
Grand Ridge Rail Trail	Mower project	\$2,500
Gippsland Ranges Roller Derby	Getting South Gippy Skating	\$2,500
Foster Cemetery Trust	Historic Monument Restoration	\$2,500
Dumbalk Hall Committee	Upgrade Window Glass	\$2,400
Port Welshpool Flotilla	Display Equipment	\$2,250
Koonwarra / Leongatha RSL Cricket Club	Air Conditioner replacement	\$2,075
Leongatha North Tennis Club	Replace nets and poles	\$1,100

Emergency (Quick) Grants Program

TOTAL \$20,200

The Emergency (Quick) Grant Program provides funding of up to \$5,000 for projects that require immediate funding and the applications are generally assessed within two weeks.

EMERGENCY (QUICK) GRANTS PROGRAM		Approved Funding (\$)
Organisation	Project Details	
Venus Dance	Alice in Venus Dance Project	\$5,000
Korumburra Amateur Swimming & Lifesaving Club	Replace air heater	\$3,600
Mirboo North Lions Club	Mirboo North Motorcycle Show	\$3,000
Leongatha Football Netball Club	Turf to stabilise area around new netball courts	\$2,250
Hallston Hall	Upgrade electrical works	\$2,000
Loch Bowling Club	Replace stove and oven in kitchen	\$1,500
Fish Creek Football and Netball Club	Freezer replacement	\$1,425
Dumbalk Hall Committee	Security upgrades	\$1,425

Small Grants Program

TOTAL \$30,137

The Small Grant Program provides funding of up to \$1,000 for small projects.

SMALL GRANTS PROGRAM		Approved Funding (\$)
Organisation	Project Details	
Manna Gum Community House	Corner Inlet Pamper Day event	\$1,000
Uniting Gippsland	50 Years Poowong Kinder	\$1,000
Foster Secondary College	The Band Who Knew Too Much - music show	\$1,000
Leongatha Community House	Prevention of Violence Against Women event	\$1,000
Korumburra Croquet Club	Lawn improvement	\$1,000
Corner Inlet Boxing Club	Boxing Event in Leongatha	\$1,000
Friends of Mirboo North Pool	Support for Mirboo North Idol	\$1,000
Leongatha Business Association	Lennie Gwyther Tourist Display Signage	\$1,000
Friends of Mirboo North Swimming Pool	Movie Night and Pool Party	\$1,000
Leongatha and District Netball Club	Celebration of 50 Years event	\$1,000
Rotary Club of Leongatha	Energy Forum	\$1,000
Foster Cricket Club	Cricket Pitch Surface Replacement	\$1,000
National Cancer Council	Korumburra Relay for Life	\$1,000
Tarwin Lower and District Bowls	Aggregate Scoreboards	\$1,000

Small Grants Program

SMALL GRANTS PROGRAM Organisation	Project Details	Approved Funding (\$)
Loch Memorial Reserve Inc.	Fence – Playground/Carpark (<i>Resubmission</i>)	\$1,000
Toora Community Action Team	Sagasser Park Rotunda Refurbishment	\$1,000
Venus Bay Community Centre	Jupiter Park Water Tank Mural	\$1,000
Port Franklin Progress Association	Community forum	\$1,000
Loch Memorial Reserve	Memorial gates restoration	\$1,000
Stockyard Gallery	Replace personal computer	\$1,000
Gippsland Intrepid Landcare	Tree Planting – Tarwin Lower	\$900
Leongatha Angling Club	Trout stocking dam	\$900
Leongatha Horticultural Society Inc.	Leongatha Rose show	\$800
Friends of Agnes Falls	Reprint – Brochure and Postcard	\$800
Toora Community Hall	Resubmission – Stage Light	\$727
Korumburra Amenities Complex	Public Address System	\$700
Welshpool and District Advisory Group	Community Noticeboard	\$653
Hallston Mechanics Institute	Emergency Exit Lighting	\$600
St. Joseph's Primary School	Live @ the Burra	\$550
Korumburra Tennis Club	Replacement fridge	\$500
Korumburra Bowling Club	Front of house update	\$500
Pound Creek Rural Fire Brigade	Australia Day Community BBQ	\$500
Meeniyan Art Gallery	Purchase volunteer laptop	\$500
Toora RSL Sub Branch	Portable PA System	\$500
Fish Creek Community Garden	Gas Hot Plate	\$407
Foster War Memorial Arts Centre	Public Address System	\$350
Korumburra Bowling Club	Laptop and Software	\$250



1.5

DESCRIPTION OF OPERATIONS

Council's role is to provide leadership for the appropriate governance of the Shire and its local communities. Council undertakes its responsibilities in accordance with the *Local Government Act 1989* (the Act) and other Acts for the peace, order and good government of the Shire.

South Gippsland Shire Council is responsible for more than 100 diverse services, ranging from family and children's services, sealed and gravel road maintenance, open space and recreation services, youth facilities, waste management and community buildings; to matters concerning economic development, land-use planning, customer service and ensuring accountability for Council's long term financial sustainability.

The provision of community services and infrastructure supports the wellbeing and prosperity of South Gippsland's community. Council's vision, strategic objectives and strategies seek to further improve services and facilities. These are described in the 2017-2021 Council Plan and the 2018/19 Annual Budget.

The delivery of services, facilities, support and advocacy to achieve the strategic objectives is measured by a set of service performance indicators and measures.



KEY OUTCOMES

Council's vision is for South Gippsland to be a place which has:

- A caring community where people feel safe and secure.
- A wide range of recreation and leisure amenities.
- Appropriate infrastructure to meet community needs.
- Respect for the environment by being clean and green, with consideration of the sustainability of nature, plant and animal life.
- Sustainable economic growth.
- Coordinated health services.
- Youth who are valued and participate in the community.
- A sustainable agricultural industry, including direct and indirect support for businesses.
- A sustainable thriving tourism industry.

Leadership Team

Executive



TIM TAMLIN

Chief Executive Officer
(up to 24 June 2019)

- Executive Office
- People and Culture
- Community Information and Executive Support



BRYAN SWORD

Appointed Acting
Chief Executive Officer
(appointed 25 May 2019)

- Executive Office
- People and Culture
- Community Information and Executive Support

Senior Officers



FAITH PAGE

Director Corporate and
Community Services

- Finance, Risk, Procurement
- Community Services
- Innovation, Technology and Council Business
- Community Strengthening



ANTHONY SEABROOK

Director
Infrastructure

- Operations
- Infrastructure Planning
- Infrastructure Delivery

BRYAN SWORD

(until 25 May 2019)
Director Development Services

- Planning
- Economic Development and Tourism
- Regulatory Services

1.7

Organisational Structure

ADMINISTRATORS

CHIEF EXECUTIVE OFFICER

MANAGER

People & Culture

- Recruitment/Employee Relations
- Payroll
- Learning & Development
- OH&S/Return to Work

MANAGER

Executive Support & Community Information

- Customer Service
- Community Engagement
- Communications
- Marketing
- Media/Social Media/Web content

DIRECTOR - CORPORATE & COMMUNITY SERVICES

MANAGER

Finance, Risk & Procurement

- Accounting & Finance
- Rates
- Valuations
- Risk Management
- Procurement

MANAGER

Community Services

- Regional Assessment Services
- Children & Family Services
- Community Transport
- Library Board

MANAGER

Innovation & Technology

- IT Systems & Support
- Information Management
- Business Analysis

COORDINATOR

Community Strengthening

- Arts, Culture & Youth
- Volunteers
- Accessibility
- Road Safety/L2P
- Section 86 Committees
- Community Grants

COORDINATOR

Corporate Planning & Council Business

- Corporate Planning
- Council Support
- Council Business

DIRECTOR - DEVELOPMENT SERVICES

MANAGER

Planning

- Statutory Planning
- Strategic Planning
- Social Planning

MANAGER

Economic Development & Tourism

- Economic Development & Tourism
- Visitor Information Centres
- Coal Creek Community Park & Museum
- Caravan Parks

MANAGER

Regulatory Services

- Building & Planning
- Enforcement
- Local Laws
- Environmental Health

DIRECTOR - INFRASTRUCTURE

MANAGER

Operations

- Roads & Drains
- Footpaths
- Kerb & Channel
- Workshop
- Routine Maintenance
- Plant/Fleet Management
- Parks & Gardens
- Construction

MANAGER

Infrastructure Delivery

- Engineering
- Design
- Community Construction Projects
- Development Referrals from Planning
- Buildings
- Emergency Management
- Grants

MANAGER

Infrastructure Planning

- Waste Management
- Sustainability
- Biodiversity
- Recreation Property
- Asset Management

1.8

Council Staff

The Council appoints a Chief Executive Officer (CEO) to manage the day-to-day operations of the Council. The CEO together with three directors form an Executive Leadership Team (ELT) that leads the organisation with support from department managers and staff.

At 30 June 2019 Council had 252.67 Full Time Equivalent (FTE) employees including ongoing, temporary and casual positions. This data is provided at a single point in time. It does not consider employment context such as fixed term, grant funded, capital works, or seasonal factors.



On 31 March 2019, Council exited the Home and Community Care (HACC) service. This led to a departure of 38 people (16.36 FTE) and two individuals redeployed to other departments.

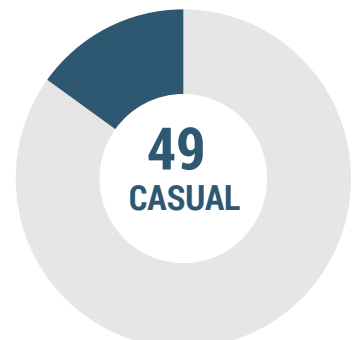
A summary of the actual number of FTE Council staff by organisational structure, employment type and gender is set out below.

WORKFORCE DATA BY HEADCOUNT

Employee Headcount	Number	Full Time	Part Time	Casual
June 30, 2019	325	210	66	49
June 30, 2018	370	210	95	65
June 30, 2017	355	203	93	59

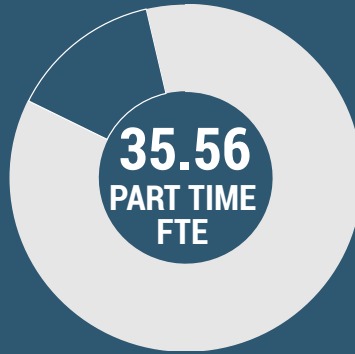
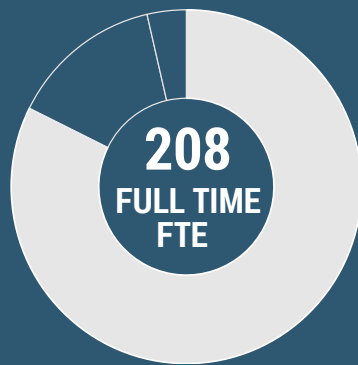
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NUMBER OF STAFF



252.67

FULL TIME EQUIVALENT STAFF

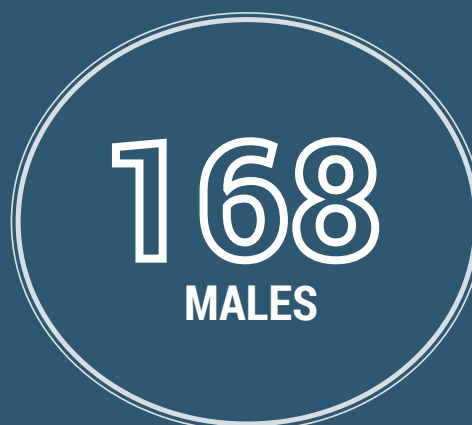


WORKFORCE DATA BY FULL TIME EQUIVALENT & GENDER TYPE

Employment Classification	Executive Office FTE	Corporate & Community Services FTE	Infrastructure FTE	Development Services FTE	Total 2018/19 FTE	Total 2017/18 FTE
Permanent Full Time (FT)						
Female	11.00	23.00	14.00	23.00	71.00	66.00
Male	7.00	17.00	98.00	15.00	137.00	142.00
Total Permanent FT	18.00	40.00	112.00	38.00	208.00	208.00
Permanent Part Time (PT)						
Female	4.66	11.01	3.66	8.48	27.81	42.89
Male	0.00	1.80	4.10	1.85	7.75	8.69
Total Permanent PT	4.66	12.81	7.76	10.33	35.56	51.58
Casual						
Female	1.33	0.50	0.26	2.06	4.15	7.49
Male	0.00	0.00	3.45	1.51	4.96	6.97
Total Casual	1.33	0.50	3.71	3.57	9.11	14.46
Total Overall	23.99	53.31	123.47	51.90	252.67	274.04

Employment Classification	Band 1 FTE	Band 2 FTE	Band 3 FTE	Band 4 FTE	Band 5 FTE	Band 6 FTE	Band 7 FTE	Band 8 FTE	All other FTE
Permanent Full Time (FT)									
Female	0.0	3.0	4.0	11.0	9.0	25.0	9.0	7.0	3.0
Male	0.0	2.0	43.0	21.0	14.0	15.0	17.0	14.0	11.0
Total Permanent FT	0.0	5.0	47.0	32.0	23.0	40.0	26.0	21.0	14.0
Permanent Part Time (PT)									
Female	3.2	0.0	0.7	5.7	6.4	6.2	5.0	0.6	0.0
Male	2.4	0.0	1.7	0.6	0.6	2.4	0.0	0.0	0.0
Total Permanent PT	5.6	0.0	2.4	6.3	7.0	8.6	5.0	0.6	0.0
Casual									
Female	0.7	0.0	0.4	2.3	0.1	0.0	0.5	0.2	0.0
Male	1.8	0.7	1.9	0.5	0.0	0.0	0.0	0.0	0.0
Total Casual	2.5	0.7	2.3	2.8	0.1	0.0	0.5	0.2	0.0
Total Overall	8.1	5.7	51.7	41.1	30.1	48.6	31.5	21.8	14.0

FTE captures all employment categories and hours, converted to a full time equivalent.



EMPLOYEE PERFORMANCE & PROFESSIONAL DEVELOPMENT

South Gippsland Shire Council encourages and supports staff to build on their skills and professional development. A competency framework has been developed to provide a focus on being ready and able to serve our community. Council provides a variety of opportunities for learning and developing skills via a mix of on-the-job training, online learning, instructor lead and formal education.

Council also provides a mentoring program to its employees which provides opportunities for staff to engage and be mentored by people within the organisation.

CORPORATE SOCIAL RESPONSIBILITY

Council supports local charity organisations through a staff donation program.

ENTERPRISE AGREEMENT

Council's Enterprise Agreement expired on 30 June 2019. The new three year Enterprise Agreement is scheduled to be submitted to the Fairwork Commission for approval in August 2019.

PREVENTING VIOLENCE AGAINST WOMEN

Council's *Workplace Health and Wellbeing Plan*, ensures prevention of violence against women is a strategic priority for the organisation and has brought about the establishment and implementation of a range of violence prevention initiatives, activities and events, driven by an internal working group. Council has made available Domestic Violence leave to support any employee that may require assistance.

EQUAL EMPLOYMENT OPPORTUNITY PROGRAM

Council is dedicated to providing a workplace that is free from all discrimination, bullying and harassment and in which each employee is treated with dignity, courtesy and respect.

The organisation adopts a proactive approach to the prevention of discrimination through training, policy development, equal employment opportunities and utilising Contact Officers.

HUMAN RIGHTS CHARTER AND RESPONSIBILITIES

Council's *Human Rights Policy* was reviewed, updated and readopted 28 June 2017. The policy confirms Council's commitment to considering and respecting human rights when developing and implementing local laws, policies, procedures, decisions and services. The policy outlines the twenty human rights articulated in the *Charter of Human Rights and Responsibilities 2006 (Charter)*.

CHILD SAFETY COMMITMENT

Council has zero tolerance towards child abuse. Council has a moral and legal responsibility to ensure that all children and young people are safe in our direct care and supervision.

Council provides training, resources, information and guidance to staff on the Child Safe Standards.

HEALTH AND WELLBEING

Council maintains a workplace that supports healthy lifestyles and encourages workforce participation in programs that are designed to improve the overall health and wellbeing of the staff. This is done through Council's *Health and Wellbeing Program*.



Section Overview 2

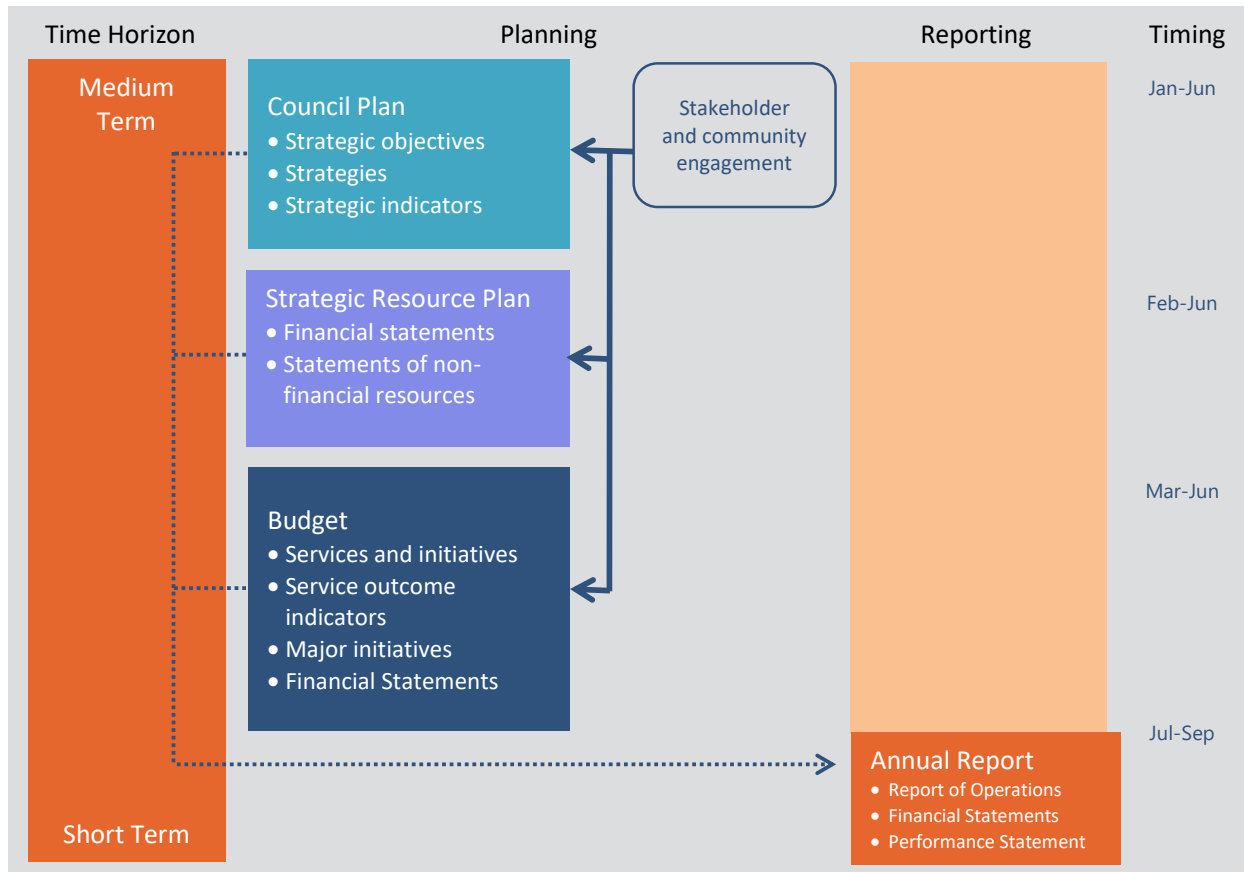
2.1

Victorian Planning & Accountability Framework

Elected by the community every four years, Council sets the strategic direction of the Shire. The administration, led by the CEO, delivers the objectives set by Council.

- The four year Council Plan sets out what will be achieved during the Council's term, including an annual review;
- A rolling Strategic Resource Plan for a period of at least four years is updated annually and included in the Council Plan;
- The budget for each financial year sets out what actions will be undertaken to progress achievement of the Council Plan;
- An Annual Report outlines Council's performance against the Budget and Council Plan each financial year.

The following diagram shows the relationship between the key planning and reporting documents that make up the planning and accountability framework for Local Government. It also shows the opportunities for community and stakeholder input and feedback at various stages of the planning and reporting cycle.



Source: Department of Environment, Land, Water and Planning

2.2

Council Plan

2018/19 Annual Initiatives

Performance of the Council Plan 2017-2021 is measured by:

- Results achieved against the strategic objectives in the Council Plan;
- Progress against the annual major initiatives identified in the 2018/19 Annual Budget;
- Services funded in the Annual Budget and the departments responsible for these services; and
- Results against the prescribed service performance indicators and key performance measures.

Performance Report Highlights

The below icons are highlighted in the following pages to demonstrate Council's performance against the 2017-2021 Council Plan and 2018/19 Annual Initiatives.



Strategic Objective



Major Initiatives



Description of Services Funded



Performance Indicators

2.3

Strategic Objective

1



Strengthen Economic Growth & Prosperity

A strong, resilient and growing regional economy with vibrant commercial precincts where businesses are supported and jobs created.

Our region's agriculture, value adding, food production and manufacturing sectors are promoted and supported, recognising that the diversity and strength of these industries is the major economic base of the Shire.

Attracting businesses, investments, tourism and new residents will grow the Shire.

A well-planned Shire that identifies areas for population growth, protects natural resources and agricultural land, guides development, considers climate change and encourages sustainable economic growth – all supported by appropriate infrastructure.

The unique character of our smaller towns is recognised and supported.

STRATEGIC OBJECTIVES

1.1 Develop a 'vision' for the future growth and development of the Shire in partnership with the community.

1.2 Identify Priority Projects and advocate to the State and Federal Governments for funding and support.

1.3 Develop a strategy to grow the Shire, attract investment and promote tourism consistent with the 'vision'.

1.3.1 Review and implement the Economic Development and Tourism Strategy to provide direction to support our businesses to grow, generate employment and pursue economic development and the attraction of visitors.

1.3.2 Undertake a review of residential, commercial and industrial land supply to ensure that it is adequate to support growth.

1.3.3 Support our diversified agricultural sector.

1.3.4 Investigate feasibility of further extensions and upgrades to the Rail Trails, particularly between Leongatha and Korumburra and explore opportunities to develop nationally significant trails.

1.3.5 Finalise South Gippsland's Branding Strategy that supports the regional 'Destination Gippsland' branding and use both brands to promote the Shire.

1.3.6 Encourage increased tourism through the support of local community events and initiatives.

1.3.7 Undertake a feasibility study into establishing a multipurpose 'Equestrian / Expo Centre' within the Shire.

1.4 Undertake a coastal study to explore opportunities for developing the Shire's coastal areas, while still protecting the coastline and environment.

Initiatives Council Plan



The following statement reviews the progress of Council in relation to the initiatives identified in the 2018/19 Budget for the year:

Initiatives		
Indicator	Action/Target	Progress Comment
Identify and target 'Priority Projects' requiring external funding and advocate to State and Federal Governments seeking funds to implement them.	by 30 June 2019.	<p style="text-align: right;">TARGET ACHIEVED</p> <p>Council identified and adopted in June 2018 its 2018/19 Priority Projects:</p> <p>Priority Projects for advocacy:</p> <ul style="list-style-type: none"> • Leongatha Revitalisation Project - Leongatha Business Precinct Development (Bair Street and Railway Station Stage 1) • Great Southern Rail Trail (Welshpool to Alberton link component) • Mirboo North Pool Refurbishment <p>Priority Projects for development:</p> <ul style="list-style-type: none"> • Korumburra Revitalisation Project • Great Southern Rail Trail (Leongatha to Korumburra and west of Korumburra) • Leongatha Community Hub Development Project <p>Council's <i>South Gippsland Advocacy Framework</i> was endorsed by Council on 22 August 2018. This framework provides a structured approach to secure funding for Council's Priority Projects and Significant Roads Projects.</p> <p>Leongatha Revitalisation and Business Development Project - \$4.2M grant funding received from the <i>Building Better Regions Fund</i> and the <i>Regional Roads Victoria Fixing Country Roads Program</i>.</p> <p>Great Southern Rail Trail Welshpool to Alberton - funding application for the extension of the Great Southern Rail Trail from Welshpool to Alberton to the Federal Government's <i>Building Better Regions Fund</i> was unsuccessful. As a result of this, funding from the Latrobe Valley Authority was withdrawn.</p> <p>Mirboo North Pool Refurbishment - Federal Government made a commitment of \$600,000 to the refurbishment of the Mirboo North Swimming Pool.</p>
<i>Economic Development and Tourism</i>		

Initiatives		
Indicator	Action/Target	Progress Comment
Develop the Branding Strategy. <i>Economic Development and Tourism</i>	by 30 June 2019.	<p>TARGET ACHIEVED</p> <p>The South Gippsland Branding Strategy developed in consultation with Destination Gippsland, was adopted at the Ordinary Meeting of Council on 26 June 2019.</p> <p>Implementation of the Branding Strategy will commence in 2019/20.</p>
Develop a Strategic Investment Program by working closely with relevant stakeholders to deliver a targeted approach to business investment attraction. <i>Economic Development and Tourism</i>	by 30 June 2019.	<p>TARGET ACHIEVED</p> <p>The Strategic Investment Program was adopted at the Ordinary Meeting of Council on 26 June 2019.</p> <p>This program is an internal strategic document that identifies roles and responsibilities with an action plan for targeting strategic investment in the Shire. It includes an economic development model that highlights the value of advocacy, support and infrastructure to grow new and existing businesses.</p> <p>The Business Expansion And Retention (BEAR) Program was established to provide for small businesses.</p>

Initiatives		
Indicator	Action/Target	Progress Comment
<p>Deliver 'Southern Gippsland Food Futures Program' that supports existing and potential food networks through marketing, business support and the Southern Gippsland Food Map.</p> <p><i>Economic Development and Tourism</i></p>	by 30 June 2019.	<p>TARGET ACHIEVED</p> <p>Successful grant application of \$30,000 from Food Source Victoria to undertake the <i>South Gippsland Specialty Food Logistics Program</i>. This program aims to identify current and future strategic opportunities for this emerging sector.</p> <p>This grant agreement was signed with the Victorian Government and completed within the acquittal date of August 2019.</p> <p>Council supported the dairy industry by participating in the Gippsland Dairy Industry Leadership Group and the South Gippsland Dairy Extension Committee. Council sponsored the South Gippsland Dairy Expo and the Cows Create Careers Project. The Southern Gippsland Food Map Project was also completed.</p>
<p>Advocate for Critical Infrastructure (telecommunications, water, energy and transport) in the Shire that will facilitate further strategic investment and growth.</p> <p><i>Economic Development and Tourism</i></p>	by 30 June 2019.	<p>TARGET ACHIEVED</p> <p>Advocacy for critical infrastructure resulted in the following outcomes:</p> <ul style="list-style-type: none"> • Economic Infrastructure Network established. Members include South Gippsland Water, Regional Development Victoria, VicRoads, Telstra, National Broadband Network, Environment Protection Authority Victoria, AusNet Services, Multinet Gas Networks, Gippsland Ports and Transport for Victoria. • Funding announcement for Berrys Creek mobile phone blackspot tower as part of Round 4 of Federal funding program. • Upgrades of mobile telephone and National Broadband Network (NBN) coverage and fixed wireless infrastructure across many locations with the Shire. • Active member of South East Australian Transport Strategy (SEATS). • Council undertook community consultation to identify public transport needs of residents. <p>Four local projects received funding under Flexible Local Transport Solutions Program:</p> <ol style="list-style-type: none"> 1. Gippsland South Coast Health Transport Connection 2. Pedestrian Path Bus Stop connection - Mirboo North 3. Transport solutions for VET students 4. Venus Bay Men's Shed Community Bus

Indicators

Council Plan



The following statement reviews the performance of Council against the Council Plan, including results achieved in relation to relevant strategic indicators:

COUNCIL PLAN 2017-2021 INDICATOR		
Indicator	Action/Target	Progress Comment
At least one delegation per year will be made to State and Federal politicians to advocate for the Shire's requirements.	At least one delegation annually	<p>TARGET ACHIEVED</p> <p>Mayor and CEO met with Danny O'Brien MLA and Melina Bath MLC to advocate South Gippsland Shire Council's Priority Projects in July 2018.</p> <p>Council adopted the South Gippsland Advocacy Framework on 22 August 2018 to guide Council's advocacy on Priority Projects, Significant Roads Projects and Government policy issues affecting Local Government. The Framework is designed to be updated annually as projects are completed and new priorities are developed.</p> <p>The Federal Government committed \$2.7M funding to the Leongatha Revitalisation Project (Bair Street, Redevelopment).</p> <p>The Federal Government committed \$600,000 towards the \$5.4M Mirboo North pool refurbishment project.</p>
<i>Executive Office</i>		



Services

Funded



The following statement provides information in relation to the services funded in the 2018/19 Budget that supports Strategic Objective 1 and the persons or sections of the business area responsible.

Business Area	Description of Services provided	Net Cost \$000
		Revised Budget \$000
		Variance \$000
Development Services Management	<p>The Development Services Directorate includes:</p> <ul style="list-style-type: none"> • Planning; • Regulatory Services; and • Economic Development and Tourism. <p>Together these Departments provide strategic policy advice to inform their decisions, undertake regional advocacy to facilitate planned growth in the Shire, education and enforcement activities and implement the strategic directions set by Council relevant to the Directorate.</p>	<p>\$147</p> <p>\$160</p> <hr/> <p>\$13</p>
Economic Development and Tourism	<p>The Economic Development and Tourism Department strategically plans for and facilitates economic expansion and investment within the Shire by actively promoting and supporting sustainable industry, business and tourism development.</p> <p>The Department manages Council's Coal Creek Community Park and Museum which aims to enhance the liveability of the Shire as the largest cultural heritage site in South Gippsland.</p>	<p>\$1,226</p> <p>\$1,218</p> <hr/> <p>(\$8)</p>
Planning Department	<p>The Planning Department provides statutory, strategic and social planning services to the community to provide for development, land use and community policy.</p> <p>The Department actively supports planned growth across the municipality, protects and enhances the unique identity and liveability of local districts and advocates to other levels of government and stakeholders for developments that will help the Shire prosper.</p>	<p>\$588</p> <p>\$851</p> <hr/> <p>\$263</p>

Services

Performance Indicators



The following statement provides the results of the prescribed service performance indicators and measures, including explanation of material variations:

Local Government Service Performance Indicators					
Service	Results 2016	Results 2017	Results 2018	Results 2019	Material Variation
Statutory Planning					
Timeliness					
<i>Time taken to decide planning applications</i>	60	62	69	72	The median number of days to decide an application has increased to 72 days as a number of long-outstanding applications were determined during this financial year.
[The median number of days between receipt of a planning application and a decision on the application]					
Service standard					
<i>Planning applications decided within required time frames</i>	77%	77%	77%	79%	No material variation
[Number of regular planning application decisions made within 60 days) + (Number of VicSmart planning application decisions made within 10 days) / Number of planning application decisions made] x 100					
Service cost					
<i>Cost of statutory planning service</i>	\$2,005	\$2,056	\$2,229	\$1,773	The reduction in cost can be attributed to Council assessing more planning permit applications in 2018/19.
[Direct cost of the statutory planning service / Number of planning applications received]					
Decision Making					
<i>Council planning decisions upheld at VCAT</i>	71%	50%	80%	80%	No material variation
[Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x 100					

Strategic Objective 2



Build Strong Partnerships, Strengthen Arts & Culture & Deliver Equitable Outcomes

STRATEGIC OBJECTIVES

2.1 Update and implement strategies for 'Community Strengthening' and 'Engagement'.

- 2.1.1 Where appropriate support community groups to achieve projects they have ownership of and want to progress.
- 2.1.2 Investigate opportunities to consider a model for community self-determination to facilitate working in partnership with the community.

2.2 Review and update recreation, aquatic and the paths and trails strategies.

- 2.2.1 Review the Recreation Strategy.
- 2.2.2 Review and update the Paths and Trails Strategy to determine where regional and local connections are required.
- 2.2.3 Renew and maintain aquatic facilities in accordance with the Asset Management Plan and the Aquatic Strategy.

2.3 Update and continue to implement the Blueprint for Social Community Infrastructure so that services and the associated supporting infrastructure are planned, ready for business and population growth.

A Council that listens and continues to involve its community in decision making and delivery of services and projects.

Support for the Arts and Culture sector and its role in both enhancing community identity and contributing to wellbeing, tourism and economic development.

Communities are supported by appropriate and relevant services.

A Council committed to act in ways that are compatible with human rights.

2.4 Implement the Arts and Strategy and support growth of the sector.

2.5 Implement the Active Ageing Strategy.

2.6 Determine and implement the arrangements for the future Aged and Disability services provision, including advocating for those affected by Federal policy service delivery changes.

2.7 Develop and implement a Youth Strategy to determine the needs of young people and assist them to have a voice regarding matters that affect them.

Initiatives

Council Plan

The following statement reviews the progress of Council in relation to the major initiatives identified in the 2018/19 Budget for the year:

Major Initiative		
Indicator	Action/Target	Progress Comment
Continue to explore options to maintain high quality Aged and Disability service provision into the future as Council responds to Federal policy changes.	by 30 June 2019.	<p>TARGET ACHIEVED</p> <p>Council exited this service on 31 March 2019. MecwaCARE was selected by the Australian Government as the new service provider for Aged and Disability Services in South Gippsland. Community Transport continues to be retained pending a service review to be completed in 2019/20.</p> <p>The Regional Assessment Service was retained. Government funding was extended to 30 June 2020.</p> <p>A Positive Ageing Officer was appointed in May 2019.</p>
<i>Community Services</i>		
Commence the Age-friendly South Gippsland Implementation Plan 2017/18 and provide a progress report following the first year's activities.	by 30 June 2019.	<p>TARGET ACHIEVED</p> <p>A public presentation on the progress of implementing the <i>Age-Friendly South Gippsland Plan 2017-2021</i> was held on 28 November 2018.</p> <p>The plan aims to build partnerships between local agencies, governments and communities to support older residents (people aged 55 and over) in South Gippsland to live active and meaningful lives.</p> <p>The Age-Friendly South Gippsland Annual Plan priorities include:</p> <ul style="list-style-type: none"> • Social and civic participation, inclusion, and respect; • Community support and health services; • Housing and independence in the home; • Public buildings and outdoor spaces; • Communication and information; and • Mobility and transport.
<i>Community Services</i>		

Indicators

Council Plan



The following statement reviews the performance of Council against the Council Plan, including results achieved in relation to relevant strategic indicators:

COUNCIL PLAN 2017-2021 INDICATOR		
Indicator	Action/Target	Progress Comment
<p>The effectiveness of efforts to gain State and Federal government funding for community projects will be measured by the number of grants submitted for funding and the number of grants announced, with the aim of 30 per cent of applications submitted to be funded.</p>	<p>30 per cent of applications submitted to be funded.</p>	<p style="text-align: right;">TARGET ACHIEVED</p> <p>84 per cent of assessed applications have been approved for funding totalling \$8.4M as at 30 June 2019.</p> <p>Total Number of Applications Submitted - 39</p> <p>Approved - 31</p> <p>Not Approved - 6</p> <p>Pending - 2</p>
<p><i>Infrastructure Delivery</i></p> <p>The effectiveness of efforts to support community groups to achieve their projects will be addressed through the annual review of the Community Grants Program and the number of applications submitted to Council on behalf of community groups.</p>	<p>Number of applications submitted to Council on behalf of community groups.</p>	<p style="text-align: right;">TARGET ACHIEVED</p> <p>A total of 87 applications submitted and \$288,212 allocated under the Community Grants Program. Grant programs include:</p> <ul style="list-style-type: none"> • Small Grants Program; • Emergency (Quick) Grants Program; • Community Grants Program categories; • Minor Projects and Equipment; • Celebrations, Festivals and Events; • Major Projects; and • Planning and Development Studies. <p>Refer to pages 31 to 34 for a full list of applications that received funding under the Community Grants Program.</p>
<p><i>Infrastructure Delivery</i></p>		

Advocacy for the community

\$8.4M Received in
External Grant
Funding for
**Community
Projects**



Services

Funded



The following statement provides information in relation to the services funded in the 2018/19 Budget that supports Strategic Objective 2 and the persons or sections of the business area responsible.

Business Area	Description of Services provided	Net Cost \$000
		Revised Budget \$000
		Variance \$000
Corporate and Community Services Management	<p>Corporate and Community Services Directorate includes:</p> <ul style="list-style-type: none"> • Community Services; • Finance, Risk & Procurement; and • Innovation & Council Business. <p>Together these Departments provide strategic policy advice to Councillors to inform their decisions, coordinate the preparation of the four year Council Plan, plan for long term financial sustainability, facilitate community strengthening programs, manage corporate technologies and systems, and implement strategic directions relevant to the Directorate once set by Council.</p> <p><i>Note: this Department Budget contains Community Strengthening and Community Grants that connect and support community groups, volunteers, committees and other Council Departments, to provide services beyond those that Council, by itself, can deliver.</i></p>	<p>\$3,307</p> <p>\$3,808</p> <hr/> <p>\$501</p>
Community Services	<p>Community Services Department provides policy advice and program delivery for the following services:</p> <ul style="list-style-type: none"> • Aged & Disability Services, including Home and Community Care and Disability Service support; • Children and Family Services; including Maternal and Child Health; Immunisation, Pre-school and Playgroup support; • Libraries; and • Progresses the Municipal Public Health and Wellbeing Plan. <p>Together these teams work towards creating a collaborative, self-supporting community.</p>	<p>\$1,254</p> <p>\$419</p> <hr/> <p>(\$835)</p>

Services

Performance Indicators



The following statement provides the results of the prescribed service performance indicators and measures, including explanation of material variations:

Local Government Service Performance Indicators					
Service	Results 2016	Results 2017	Results 2018	Results 2019	Material Variation
Libraries					
Utilisation					
<i>Library collection usage</i> [Number of library collection item loans / Number of library collection items]	5	5	5	5	There were 42,761 printed items, audio-visual, digital materials, and games available in South Gippsland public libraries during the year. There were 210,472 loans made this year. South Gippsland public libraries are also performing higher than average loans per item compared to the average for other municipalities (as at 2017/18).
Resource standard					
<i>Standard of library collection</i> [Number of library collection items purchased in the last 5 years / Number of library collection items] x 100	61%	70%	71%	69%	This is consistent and shows the quality of the library collection. This is higher than the average result for other municipalities as at 2017/18 that average approximately 65 per cent.
Service cost					
<i>Cost of library service</i> [Direct cost of the library service / Number of visits]	\$10	\$10.50	\$11.50	\$11.00	During the year, 117,122 visits were made to South Gippsland public libraries, resulting in a cost of \$11.00 per visit to deliver the service.
Participation					
<i>Active library members</i> [Number of active library members / Municipal population] x 100	23%	21%	17%	16%	Active members for the year were 4,828. This is a slight decrease on last year, when compared to the growth in municipal population.

Local Government Service Performance Indicators

Service	Results 2016	Results 2017	Results 2018	Results 2019	Material Variation
Aquatic Facilities					
Service standard					
<i>Health inspections of aquatic facilities</i>	1	0.5	0	0	Daily monitoring of water quality is conducted at the pools four times a day. Where there is a concern raised, a health inspection can be requested by Council's Environmental Health Team. No complaints were received in 2018/19.
[Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]					
Health and Safety					
<i>Reportable safety incidents at aquatic facilities</i>	2	2	1	0	No reportable safety incidents occurred in this financial year.
[Number of WorkSafe reportable aquatic facility safety incidents]					
Service cost					No material variation
<i>Cost of indoor aquatic facilities</i>	\$4	\$4	\$4	\$4	
[Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities]					
Service cost					No material variation
<i>Cost of outdoor aquatic facilities</i>	\$7	\$7	\$8	\$8	
[Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]					
Utilisation					No material variation
<i>Utilisation of aquatic facilities</i>	6	6	5	5	
[Number of visits to aquatic facilities / Municipal population]					



Local Government Service Performance Indicators

Service	Results 2016	Results 2017	Results 2018	Results 2019	Material Variation
Maternal and Child Health (MCH) Satisfaction <i>Participation in first MCH home visit</i> [Number of first MCH home visits / Number of birth notifications received] x 100	104%	93%	89%	99%	The number of births late last financial year was higher than usual. As they were near financial year end, nine home visits could not be scheduled until the start of 2018/19. Due to this timing, they were not able to be captured in the 2017/18 year-end data and were held over to this financial year.
Service standard <i>Infant enrolments in the MCH service</i> [Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x 100 <i>Note: Since 2015 a number of Maternal and Child Health service providers have migrated to a new record system. Difficulties in transitioning to this system has affected the reporting of enrolment data in a number of Local Government Areas. As such, caution should be taken when analysing data for this indicator.</i>	100%	99%	89%	100%	Enrolments occur after the first home visit. As the home visits for births late in the 2017/18 year were held over to the start of 2018/19, the enrolment could not occur.
Service cost <i>Cost of the MCH service</i> [Cost of the MCH service / Hours worked by MCH nurses]	\$64	\$62	\$61	\$67	An increase of hours were recorded compared to the previous financial year due to the increase of births in the previous year.
Participation <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x 100	75%	76%	76%	75%	No material variation
Participation <i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x 100	62%	67%	58%	63%	The service has seen an increase in the number of Aboriginal children being enrolled and attending the MCH service.

Local Government Service Performance Indicators

Service	Results 2016	Results 2017	Results 2018	Results 2019	Material Variation
Home & Community Care					
Timeliness					
<i>Time taken to commence the HACC service</i>	14	N/A	N/A	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
[Number of days between the referral of a new client and the commencement of HACC service / Number of new clients who have received a HACC service]					<i>NDIS - National Disability Insurance Scheme program</i> <i>CHSP - Commonwealth Home Support program</i>
Service standard					
<i>Compliance with Community Care Common Standards</i>	94%	N/A	N/A	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
[Number of Community Care Common Standards expected outcomes met / Number of expected outcomes under the Community Care Common Standards] x 100					
Service cost					
<i>Cost of domestic care service</i>	\$52	N/A	N/A	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
[Cost of domestic care service / Hours of domestic care service provided]					
Service cost					
<i>Cost of personal care service</i>	\$53	N/A	N/A	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
[Cost of personal care service / Hours of personal care service provided]					
Service cost					
<i>Cost of respite care service</i>	\$54	N/A	N/A	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
[Cost of respite care service / Hours of respite care service provided]					
Participation					
<i>Participation in HACC service</i>	26%	N/A	N/A	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
[Number of people that received a HACC service / Municipal target population for HACC services] x 100					
Participation					
<i>Participation in HACC service by CALD people</i>	22%	N/A	N/A	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
[Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x 100					

2.5

Strategic Objective 3



Improve South Gippsland's Built Assets & Value our Natural Environment



Our infrastructure is well-maintained and our asset management practices ensure they are sustainable and fit for purpose.

Council encourages sustainable practices, seeks to reduce its carbon footprint and diverts a greater proportion of its waste away from landfill.

Council seeks to protect and enhance the natural environment.

Revitalisation of our major commercial precincts will be encouraged through infrastructure and streetscape renewals.

STRATEGIC OBJECTIVES

3.1 Improve management of roads and roadsides through enhanced operational practices, increased funding and continued advocacy to VicRoads.

3.1.1 Implement the Footpath Extension Program.

3.2 Facilitate community and business renewable energy programs and sustainable practices to reduce the Shire's carbon footprint.

3.2.1 Waste Management and Sustainability strategies implemented.

3.3 Promote a safe and healthy community through our municipal public health programs, Emergency Management Plans and regulatory activities that meet our statutory obligations.

3.3.1 Establish a Council Committee to review the implementation of Council's 'Compliance and Enforcement Policy', and that it seeks appropriate input from the general public and from people who have had concerns with Council's enforcement of the Policy.

3.3.2 Develop educative tools and processes to assist community members understand the Planning and Enforcement processes.

3.4 Undertake a review of the Council's Building Portfolio to ensure it meets community needs.

3.4.1 Council to receive a report on the use of Design Panels for major projects and other development in the municipality.

3.5 Review the Strategic Land Review Project in regard to public open spaces in Venus Bay.

3.6 Advocate to Parks Victoria, DELWP and other relevant stakeholders to improve access, parking, safety and user-friendliness of beaches, State and National Parks, conservation areas and natural assets.

3.6.1 Undertake an investigation of caravan parks and camping grounds at Sandy Point.

3.7 Council to play an advocacy role for townships that demonstrate 70% or greater community support, for sewerage infrastructure.

Initiatives

Council Plan



The following statement reviews the progress of Council in relation to the major initiatives identified in the 2018/19 Budget for the year:

Major Initiative		
Indicator	Action/Target	Progress Comment
<p>Complete a service level review of gravel roads and roadside maintenance, test assumptions and report the findings to Council with the review to include:</p> <ul style="list-style-type: none"> Development of a program to seal the top priority rural gravel roads over the next ten-to-twenty years; Advocate to VicRoads to lower the speed limit of various roads to 80kph or lower, across the region; Investigate how levels of service can be improved on unsealed roads. 	by 30 June 2019.	<p style="text-align: center;">TARGET ACHIEVED</p> <p>Strategic Briefing was held on 6 March 2019 to update Council on the progress of this project. The briefing included:</p> <ol style="list-style-type: none"> Selection process and criteria for projects to be included on the Gravel to Seal program. Existing level of service for gravel roads. Community consultation to date. Proposed geotechnical investigation and gravel depth survey. <p>The gravel to seal program review has been completed.</p> <p>The geotechnical consultants have completed their field work and are now finalising the laboratory work and preparing the draft report for review in August 2019.</p> <p>Once all of the geotechnical information is received, Council will be in a position to make informed decisions on the gravel material being used on unsealed roads, and present a Council report at the next appropriate Council Meeting.</p>

Infrastructure Planning and Operations

Initiative		
Indicator	Action/Target	Progress Comment
Continue to improve processes and procedures within the Integrated Management System (Roads) and aim for third party certification to achieve improved standards of gravel roads and roadside maintenance.	by 30 June 2019.	<p>TARGET ACHIEVED</p> <p>A project working group investigated combining the Depot's Integrated Management System (IMS) and Infrastructure Delivery's Project Management System (PMS) to create efficiency gains.</p> <p>The project working group investigated three options for certification:</p> <ol style="list-style-type: none"> 1. Full third party certification; 2. Civil Contractors Federation Version 10 Code certification; or 3. VicRoads Audited Checklist process. <p>The working group adopted the VicRoads audited checklist. An independent auditor will audit the Depot's IMS system against the VicRoads requirements.</p>
<i>Infrastructure Planning</i>		
Investigate Library and Community Hub location options in Leongatha to assist in the revitalisation of the town centre.	by 30 June 2019.	<p>TARGET ACHIEVED</p> <p>Investigations for a new Library and Community Hub location options in Leongatha are underway. The objective is to co-locate the Leongatha Community House and the Library Service within the one facility.</p> <p>Consultants were engaged to consider the potential locations and building requirements. Findings will be presented to Council in 2019/20.</p> <p>Budget is allocated in 2019/20 to undertake the detailed design of the Leongatha Community Hub (incorporating Library and Leongatha Community House). Budget for construction has been allocated in 2020/21 and 2021/22.</p>
<i>Infrastructure Planning</i>		
Present a report to Council on the use of Design Panels.	by 30 June 2019.	<p>TARGET ACHIEVED</p> <p>A report on the use of Design Panels was tabled at the 26 June 2019 Ordinary Meeting of Council.</p> <p>Council resolved (where required) to use the Victorian Design Review Panel (VDRP) at the Office of the Victorian Government Architect (OVGA), as this service is no cost to Council.</p>
<i>Planning</i>		

Initiative		
Indicator	Action/Target	Progress Comment
Report on enhancements to communication methods to the public regarding road works, reported issues and scheduling of works.	by 30 June 2019.	<p style="text-align: right;">TARGET ACHIEVED</p> <p>The Infrastructure Operations Department has implemented a number of new initiatives to respond to customer requests.</p> <p>The new initiatives include:</p> <ul style="list-style-type: none"> • Introduction of Snap Send Solve app. • Introduction of mobile computing in the field. • Dashboard reporting within Council's Customer Service Request system to manage and monitor the performance of customer requests. • Service Level Agreement between Customer Service and Operations. • Paperless request handling. • Integration of Council's Customer Service Request system with the Asset Management System. • Integration between GoCanvas (an app builder) and Council's Asset Management System. • Review of categorisation within these systems. • Trial of Rapid Customer Response Field Officer. <p>The introduction of a Rapid Customer Response Field Officer proved to be successful.</p> <p>Community presentations on gravel roads as part of the 2019 District Cluster Meetings and Community Forums were conducted at the following locations:</p> <ul style="list-style-type: none"> • Toora (21 February 2019) • Jumbunna (25 February 2019) • Tarwin Lower (18 March 2019) • Foster (28 March 2019) <p>Additional community presentations included:</p> <ul style="list-style-type: none"> • Poowong (1 April 2019) • Welshpool (2 May 2019) • Mirboo North (6 May 2019) • Sandy Point (23 May 2019) • Meeniyah (17 June 2019)
<i>Infrastructure Delivery and Operations</i>		

Initiative		
Indicator	Action/Target	Progress Comment
<p>Undertake an investigation of caravan parks and camping grounds at Sandy Point.</p> <p><i>Planning</i></p>	by 30 June 2019.	<p>TARGET ACHIEVED</p> <p>A report was presented to Council at the Ordinary Meeting of Council 26 June 2019.</p> <p>A potential future caravan park and camp ground location was identified at a site west of the Sandy Point township on private land. The next step of the project is community consultation.</p>
<p>Commence implementation of the Tennis Facilities Plan by introducing a new maintenance program for tennis facilities throughout the Shire in accordance with the plan.</p> <p><i>Infrastructure Planning</i></p>	by 30 June 2019.	<p>TARGET ACHIEVED</p> <p>The following projects at a total cost of \$30,000 were completed which included:</p> <ul style="list-style-type: none"> • Kongwak Tennis Courts - tree maintenance • Leongatha North Tennis Courts - tree maintenance • Foster Tennis Courts - synthetic court cleaning • Koonwarra Tennis Courts - slab joint repaired • Poowong North Tennis Courts - removal of lights and fencing • Leongatha Tennis Courts - maintenance grant received • Korumburra Tennis Courts - maintenance grant received <p>The Tennis Facilities Maintenance Program for 2019/20 has been developed.</p>



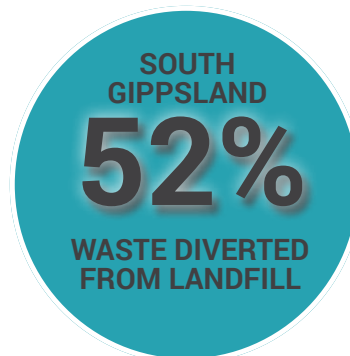
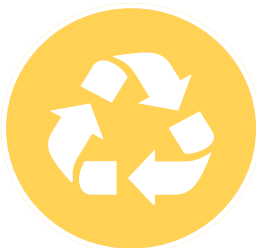
Indicators

Council Plan



The following statement reviews the performance of Council against the Council Plan, including results achieved in relation to relevant strategic indicators:

COUNCIL PLAN 2017-2021 INDICATOR		
Indicator	Action/Target	Progress Comment
<p>The readiness to make the most of government funding opportunities will be measured by the number of investment-ready projects prepared.</p> <p><i>Infrastructure Delivery</i></p>	<p>Minimum of two projects ready at any time</p>	<p>TARGET ACHIEVED</p> <p>The following projects are shovel ready:</p> <ol style="list-style-type: none"> 1. Agnes River Road, Agnes Bridge 2. Coal Creek Black Diamond Mine entry/exit upgrade 3. Foster Indoor Stadium Upgrade 4. Great Southern Rail Trail – Leongatha to Nyora 5. Great Southern Rail Trail – Welshpool to Hedley 6. Leongatha SPLASH Hydrotherapy Pool 7. Long Jetty Car Park and Toilet <p>There are numerous guardrail and footpath projects also shovel ready.</p>
<p>Kerbside collection waste diverted from landfill, will be monitored in accordance with the Local Government Performance Reporting Framework.</p> <p><i>Infrastructure Delivery</i></p>	<p>Target Range - 20 to 60 per cent waste diverted from landfill</p>	<p>TARGET ACHIEVED</p> <p>Kerbside collection waste diverted from landfill 52 per cent.</p> <p>Recycling - 4,594 tonnes</p> <p>Green waste - 4,224 tonnes</p>



Services

Funded



The following statement provides information in relation to the services funded in the 2018/19 Budget that supports Strategic Objective 3 and the persons or sections of the business area responsible.

Business Area	Description of Services provided	Net Cost \$000
		Revised Budget \$000
		Variance \$000
Infrastructure Management	<p>The Infrastructure Directorate includes the following Departments:</p> <ul style="list-style-type: none"> • Infrastructure Planning; • Infrastructure Delivery; and • Operations. <p>Together these Departments provide strategic policy advice to inform decisions, prepare and deliver the Capital Works Program and Asset Management Plans, along with maintaining infrastructure, parks, gardens and public places.</p>	\$262 \$261 <hr/> (\$1)
Infrastructure Planning	<p>The Infrastructure Planning Department assists Council in achieving the objectives of its strategies and plans by providing services that contribute to a closely connected and engaged community.</p> <p>Services include managing Council's property portfolio (acquisition, disposal, leasing, and licensing of property), planning for and managing Council's building and recreational assets, managing waste disposal services, and promotion of a sustainable environment and solutions.</p> <p>The teams support and partner with a strong volunteer base to deliver a variety of community projects and education programs for all age groups and abilities.</p>	\$7,130 \$4,717 <hr/> (\$2,413)

Business Area	Description of Services provided	Net Cost \$000
		Revised Budget \$000
Infrastructure Delivery		\$3,539
		\$4,402
	Services include coordinating and delivering Council's civil works design program for community infrastructure, determining future capital / community infrastructure projects for inclusion in the 15 Year Capital Works Program, and delivery of the annual Capital Works Program including community infrastructure projects (Major Capital Projects).	\$881
	The Department also delivers a range of services including contract management, preparing funding submissions for community projects, issuing engineering conditions for developments referred from Planning, and managing Council's infrastructure assets which incorporates the collection, management, and analysis of asset data.	
Infrastructure Operations		\$15,213
		\$14,907
	Services include delivering maintenance, construction, replacements and capital programs for roads, streets, drainage, culverts, bridges, parks, gardens, and playgrounds.	(\$306)
	The Department is also responsible for cleaning Council owned and managed public toilets and BBQ amenities, workshop operations, fleet and plant, and the after-hours operations call out service. All services are provided in accordance with the Road Management Act, Road Management Plan, and associated Asset Management Plans.	
Regulatory Services		\$651
		\$538
	<ul style="list-style-type: none"> • Animal management; • Building and planning enforcement; • Fire prevention; • Local Law development and enforcement; • Litter prevention; • Permits for places of public entertainment; • Parking control; • Registration of food, health and accommodation premises; • Report and consent applications for new building work; • School crossings; and • Wastewater. 	(\$113)

Services

Performance Indicators



The following statement provides the results of the prescribed service performance indicators and measures, including explanation of material variations:

Local Government Service Performance Indicators					
Service	Results 2016	Results 2017	Results 2018	Results 2019	Material Variation
Waste Collection					
Satisfaction	98	99	87	90	Positive increase in performance leading to less waste management customer requests.
<i>Kerbside bin collection requests</i> [Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x 1,000					
Service standard					The number of households receiving a collection service has increased by over 380 households since 2016 and this has had a flow on effect in increasing the number of bin collection pick-ups requested over the year.
<i>Kerbside collection bins missed</i> [Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x 10,000	8	8	6	7	
Service cost					Increased costs due to annual contract price adjustment and increased numbers of properties serviced.
<i>Cost of kerbside garbage bin collection service</i> [Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]	\$120	\$121	\$126	\$130	
Service Cost					Increased costs due to contract price increases caused by recycling industry issues.
<i>Cost of kerbside recyclables collection service</i> [Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]	\$46	\$46	\$47	\$64	
Waste diversion					No material variation
<i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x 100	50%	51%	51%	52%	

Local Government Service Performance Indicators

Service	Results 2016	Results 2017	Results 2018	Results 2019	Material Variation
Roads					
Satisfaction of use	15	16	19	52	Improved data capturing for road requests has been updated in Council's road request system whereby requests can be identified if they are related to a sealed or unsealed road.
<i>Sealed local road requests</i> [Number of sealed local road requests / Kilometres of sealed local roads] x 100					
Condition					No material variation
<i>Sealed local roads maintained to condition standards</i> [Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] x 100	99%	99%	88%	95%	
Service cost					No material variation
<i>Cost of sealed road reconstruction</i> [Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]	\$54	\$34	\$44	\$44	
Service cost					Council introduced contractors to reseal roads within the Shire to improve the condition of local sealed roads that have been a continual concern to the community.
<i>Cost of sealed local road resealing</i> [Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]	\$5	\$5	\$4	\$5	
Satisfaction					The condition of roads has improved by two points as part of the Community Satisfaction Survey.
<i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]	30	36	46	48	

Local Government Service Performance Indicators

Service	Results 2016	Results 2017	Results 2018	Results 2019	Material Variation
<h3>Animal Management</h3>					
Timeliness					
<i>Time taken to action animal management requests</i> [Number of days between receipt and first response action for all animal management requests / Number of animal management requests]	1	1.6	1.9	1.6	Improved staff practices and customer service approaches have resulted in a reduction of time to respond to requests.
Service standard					
<i>Animals reclaimed</i> [Number of animals reclaimed / Number of animals collected] x 100	59%	59%	60%	58%	No material variation
Service cost					
<i>Cost of animal management service</i> [Direct cost of the animal management service / Number of registered animals]	\$64	\$62	\$59	\$65	Improved tracking of requests has refined the cost calculation. This has led to a higher cost for the service compared to the previous financial year along with a reduced number of registered animals by 2 per cent.
Health and safety					
<i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	23	9	19	9	Council has been more pro-active in education of residents in responsible pet ownership. Note: Revised data has changed for the previous three years as a result of unpaid fines not being reported as prosecutions processed through the magistrates court. The previous animal management prosecution results historically included by Council should not have been included as they represent a non-compliance with the LGPRF. The revised figures are: <ul style="list-style-type: none"> • 2016 year changed from 23 to 9 • 2017 year changed from 9 to 6 • 2018 year changed from 19 to 16

Local Government Service Performance Indicators

Service	Results 2016	Results 2017	Results 2018	Results 2019	Material Variation
Food Safety					
Timeliness					
<i>Time taken to action food complaints</i>	4	8	2	2.5	
[Number of days between receipt and first response action for all food complaints / Number of food complaints]					In the past 12 months, the number of food complaints (6 in 2018/19 compared to 28 in 2017/18) and the response time resolution (15 days in 2018/19 compared to 56 days in 2017/18) has decreased. The time taken for first response increased from 2.0 to 2.5 days.
Service standard					
<i>Food safety assessments</i>	91%	97%	85%	77%	
[Number of registered Class food premises and Class 2 food premises that receive an annual food safety assessment in accordance with the <i>Food Act 1984</i> / Number of registered Class 1 food premises and Class 2 food premises with the <i>Food Act 1984</i>] x 100					Food safety assessments were lower due to staff unforeseen leave.
Service cost					
<i>Cost of food safety service</i>	\$520	\$542	\$457	\$500	
[Direct cost of the food safety service / Number of food premises registered or notified in accordance with the <i>Food Act 1984</i>]					More accurate figures for Temporary and Mobile Food Premises due to system improvements.
Health and safety					
<i>Critical and major non-compliance outcome notifications</i>	95%	100%	100%	100%	
[Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x 100					From 1 July 2016, 'Critical and major non-compliance outcome notifications' will be reported by calendar year. Previously this indicator in 2016/17 was reported by financial year. This has been implemented to better align reporting with the Department of Health and Human Services. This may result in some variances year-on-year.

2.6

Strategic Objective 4



Enhance Organisational Development & Implement Governance Best Practice

STRATEGIC OBJECTIVES

4.1 Develop Digital Strategies for Council and the Community.

4.2 Actively pursue continuous improvement and innovation, consider best practice and encourage the creation of higher valued services.

4.2.1 Increase transparency through more items being held in open Council Meetings and communicating more clearly the reasons behind decisions.

4.2.2 Enhance customer service experiences through the development of a continuous feedback and improved customer service system.

4.2.3 Enhance staff skills, capabilities and wellbeing through the implementation and ongoing development of SGSC people.

4.3 Work in partnership with the Chief Executive Officer and senior staff to develop a four year Rate Reduction Strategy, to reduce the rate burden by 3 per cent through improved innovation and productivity savings, streamlining the administrative structures and processes, through improved Business Unit performance and economic growth.

Council will focus on becoming a more responsive, innovative, productive and effective organisation that follows best practice in transparency and governance and continually improves delivery of services and projects.

Councillors will work with the organisation, community and other levels of government for the benefit of the Shire.

Council will explore ways to share services between partners and will work with communities to deliver cost effective facilities and services.

Initiatives

Council Plan



The following statement reviews the progress of Council in relation to the major initiatives identified in the 2018/19 Budget for the year:

Major Initiative		
Indicator	Action/Target	Progress Comment
Develop Digital Strategies for Council and for the community.	Digital Strategy to be endorsed by 30 June 2019.	TARGET ACHIEVED Council's <i>Digital Strategy 2018</i> was adopted at the Ordinary Meeting of Council 30 May 2018 and implementation of this strategy continues across the organisation. This strategy guides digital projects and services in South Gippsland and aims to facilitate service improvement. Some key actions that have been implemented to work towards the Strategy Objectives of the Council Plan are outlined on the following page.
<i>Innovation and Council Business</i>		

Initiative		
Indicator	Action/Target	Progress Comment
Investigate and implement a customer feedback system that will assist in improving customer service.	by 30 June 2019.	TARGET ACHIEVED A Strategic Briefing was presented to Council in December 2018 highlighting various options to provide an appropriate system for customer feedback. Council supported the employment of a Feedback Officer for 12 months at 0.4FTE. This position was filled in June 2019 and the feedback process has commenced.
<i>Executive Support and Community Services</i>		

More customer choice in accessing Council Services...



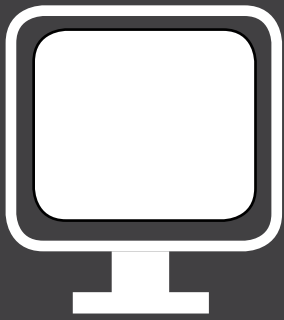
Online Planning Application Process introduced.

Enhancements made to Snap, Send and Solve app. A tool for people to send in requests and report on Council related issues using mobile devices.



698 Snap, Send and Solve requests actioned

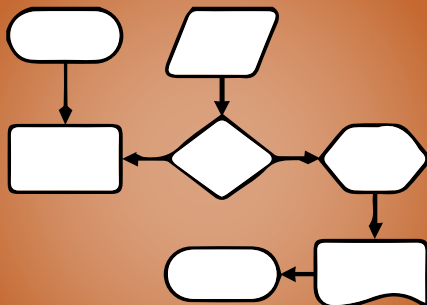
Council explored free wifi and accessibility to assist disadvantage community members, local businesses and deliver tourism benefits



Council provided 140 computers and 120 screens that had been replaced to community organisations for their use.

This initiative will continue into the future.

Successful mapping of over 200 internal business processes reviewed with business improvement plans introduced across Council



Process and knowledge management tools introduced to enable further improvement and efficiencies across Council.



Devices introduced to provide real time off-site geo-location data to staff. Improving response time for the community and reducing mobile duplication of staff resources.

Indicators

Council Plan



The following statement reviews the performance of Council against the Council Plan, including results achieved in relation to relevant strategic indicators:

COUNCIL PLAN 2017-2021 INDICATOR		
Indicator	Action/Target	Progress Comment
Productivity savings identified and reported annually.	Savings identified annually.	<p>TARGET ACHIEVED</p> <p>In July 2018, Bass Coast, East Gippsland, Wellington and South Gippsland Shire Council announced an investigation of a shared services initiative to reduce duplication, create efficiencies and deliver cost savings.</p> <p>This model aims to combine back office/corporate services and IT functions over an expected three-year transition period. Funding from the Victorian Government to implement this initiative has been secured, totalling \$4.5M.</p>
<i>Chief Executive Office</i>		

COUNCIL PLAN 2017-2021 INDICATOR

Indicator	Action/Target	Progress Comment
<p>Council will encourage community members to provide information to Council on matters affecting them at public presentation sessions.</p> <p><i>Innovation and Council Business</i></p>	<p>Public presentation sessions will be available for community members to participate in as per the Council's <i>Public Participation Policy</i>.</p>	<p style="text-align: right;">TARGET ACHIEVED</p> <p>Each month, there are a range of opportunities for community members to engage directly with Council by making public presentations, submissions or asking agenda topic questions.</p> <p>Statistics for the 2018/19 financial year:</p> <p>Submitted Questions - 54 questions related to Agenda Topics and responded to in Council Minutes</p> <p>Number of Public Presentations - 29</p> <p>Number of Speakers - 38 people</p> <p>Number of people attending in the gallery at the following Council open sessions:</p> <ul style="list-style-type: none"> • Public Presentations - 96 people • Open Briefing Sessions - 22 people • Open Council Meetings - 156 people <p>Number of views via Live Streaming - 3,117</p>
<p>Council decisions made at meetings closed to the public will be monitored in accordance with the LGPRF.</p> <p><i>Innovation and Council Business</i></p>	<p>Target as per guidelines - <30 per cent.</p>	<p style="text-align: right;">TARGET ACHIEVED</p> <p>Seventeen per cent of all resolutions were in closed session, meeting the target of less than 30 per cent. Items closed were matters of a legal, contractual and/ or personnel nature or may have prejudiced the Council or any person.</p>
<p>Councillor attendance at Council meetings will be monitored in accordance with LGPRF.</p> <p><i>Innovation and Council Business</i></p>	<p>Target as per guidelines - >80 per cent.</p>	<p style="text-align: right;">TARGET NOT ACHIEVED</p> <p>Councillor attendance at open and Special Meetings for the Financial Year was 76 per cent. Attendance at meetings was lower due to requested leave of absence, Councillor attendance at conferences and Councillor resignations.</p>

COUNCIL PLAN 2017-2021 INDICATOR

Indicator	Action/Target	Progress Comment
<p>Satisfaction with Council decisions (Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community)</p> <p><i>Innovation and Council Business</i></p>	<p>Community satisfaction rating out of 100 with the performance of Council in making decisions in the interests of the community</p>	<p>TARGET NOT ACHIEVED</p> <p>Council received an indexed result of 35. This is seven points lower than the 2017/18 result of 42.</p> <p>Council was dismissed on the 19 June 2019 and will be under Administration until October 2021.</p> <p>Improving community satisfaction is a key focus area for the newly appointed Council Administrators.</p>



FACTS on Public Presentations to Council...

29

Public Presentations

38

Speakers presented to Council at Public Presentations

3,117

Live Streaming Views

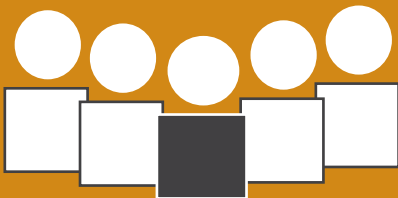
Number of Public Presentations on Council Meeting Agenda Topics

12



76%

Councillor Attendance



274

People attended in the Gallery for Public Presentations, Open Briefings and Council Meetings

54

Number of Questions Submitted at Council Meetings

Services

Funded



The following statement provides information in relation to the services funded in the 2018/19 Budget that supports Strategic Objective 4 and the persons or sections of the business area responsible.

Business Area	Description of Services provided	Net Cost \$000
		Revised Budget \$000
		Variance \$000
Executive Office/ Management	The Executive Office builds strong and productive relationships with government and key regional agencies to strengthen the performance of Council.	\$1,106
	The Executive Office is accountable for ensuring that Council's objectives for the Council Plan are achieved through the allocation of appropriate resources, the provision of strategic policy and legal advice to Council and the establishment of good governance practices to guide the management of the organisation.	\$1,057
		(\$49)
Finance, Risk and Procurement	The Finance, Risk and Procurement Department deliver financial planning, budget management oversight, risk management coordination and procurement coordination for the organisation. The Department comprises:	\$2,995
	<ul style="list-style-type: none"> Accounting includes strategic financial advice, accounting systems and services, management accounting support and financial reporting; Rates and Valuations includes property valuations for rating purposes and administration of rate collection; and Risk and Procurement including contract and quotation management, shared risk management services delivery with Baw Baw Shire, risk and insurance management, internal audit and regulatory compliance. <p>Together the teams improve the financial sustainability of Council by pursuing continuous improvement in processes and procedures, pro-actively managing risks, sustainably managing finances and gaining efficiencies through procurement.</p>	\$3,387
		\$392

Business Area	Description of Services provided	Net Cost \$000
		Revised Budget \$000
		Variance \$000
Innovation and Council Business	<p>The Innovation and Council Business Department leads organisational wide planning and implementation of good governance, innovation, technology and corporate information management practices. The Department comprises:</p> <ul style="list-style-type: none"> • Corporate Planning and Council Business incorporating policy development and review, Council elections, Council meeting, briefings and public presentation coordination, corporate planning and reporting and community engagement to inform the Council Plan and annual initiatives for the Budget; • Innovation incorporates information technology strategy, policy, planning, project development and delivery, systems management and on-going management of hardware and software; and • Corporate Information Management incorporates strategy, policies, systems' coordination and operational support to capture, manage and archive corporate records and respond to Freedom of Information requests and Privacy enquiries. 	\$2,342
		\$2,503
		\$161
People and Culture	<p>The People and Culture Department ensure our people are developed and supported so they have the opportunity to deliver services to the best of their ability for the benefit of the community.</p> <p>The team's contribution to employee and organisation success is achieved through partnerships with Directorates using people and culture processes and systems; developing employee work environment, mindset and culture; providing people and culture expertise in role, work design, staffing, professional development, performance, remuneration, recognition, OHS, return to work, and wellbeing.</p>	\$988
		\$885
		(\$103)
Community Information	<p>The Community Information Department plays a pivotal role in raising community awareness of Council services and strategic directions</p> <p>It creates a working interface between Council, Council Departments and the community through customer services, media management, publishing material, social media, website management and internal liaison.</p>	\$776
		\$716
		(\$60)

Services

Performance Indicators



The following statement provides the results of the prescribed service performance indicators and measures, including explanation of material variations:

Local Government Service Performance Indicators					
Service	Results 2016	Results 2017	Results 2018	Results 2019	Material Variation
Governance					
<p>Transparency</p> <p><i>Council decisions made at meetings closed to the public</i></p> <p>[Number of Council resolutions made at ordinary or special meetings of Council, or at meeting of a special committee consisting only of Councillors, closed to the public / Number of Council resolutions made at ordinary or special meetings of Council or at meetings of a special committee consisting only of Councillors] x 100</p>	15%	7%	4%	17%	<p>Seventeen per cent of all Council resolutions were in closed session. These items were closed due to matters that prejudice the Council or any person, legal, contractual and/or personnel matters.</p> <p>Council aims to improve good governance practices in decision making to reduce the number of reports dealt with in closed session.</p>
<p>Consultation and engagement</p> <p><i>Satisfaction with community consultation and engagement</i></p> <p>[Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement]</p>	47	47	48	40	<p>Community concerns with the performance and behaviours of Council/Councillors has negatively impacted on the satisfaction levels associated with community engagement and consultation.</p>

Local Government Service Performance Indicators

Service	Results 2016	Results 2017	Results 2018	Results 2019	Material Variation
Attendance					
<i>Councillor attendance at council meetings</i>	90%	95%	87%	76%	Councillor attendance at open and special meetings for the Financial Year was 76 per cent.
[The sum of the number of Councillors who attended each ordinary and special Council meeting / (Number of ordinary and special Council meetings) x (Number of Councillors elected at the last Council general election)] x 100					
Service cost					
<i>Cost of governance</i>	\$44,061	\$46,861	\$48,543	\$49,514	No material variation
[Direct cost of governance service / Number of Councillors elected at the last Council general election]					
Satisfaction					
<i>Satisfaction with Council decisions</i>	47	45	42	35	Community concerns with the performance and behaviours of Council/Councillors has negatively impacted on the satisfaction levels associated with Council decision making.
[Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community]					







Section Overview 3



3.1

Council Information

MUNICIPAL MONITOR

On 18 June 2018, the Minister for Local Government (the Minister), then The Hon. Marlene Kairouz MP, appointed Peter Stephenson to the position of Municipal Monitor at South Gippsland Shire Council under section 223CA of the *Local Government Act 1989* (the Act).

The Monitor's role was governed by Terms of Reference, which included:

1. To monitor the South Gippsland Shire Council's (Council) governance processes and practices, with specific regard to the key areas of concern identified by the Chief Municipal Inspector, including;
 - a. Council's meeting procedures and decision making, including the use of Urgent Special Meetings, Notices of Motion and Notices of Rescission;
 - b. Council's policies and processes to manage conflict of interest;
 - c. Council's policies and processes to manage confidential information;
 - d. The CEO's policies and practices that manage the interactions between Councillors and Council staff, and compliance with those policies and procedures;
 - e. Council's Councillor Code of Conduct, Councillor behaviour with respect to the Code of Conduct, Council's internal resolution procedure, and processes for resolving disputes between Councillors; and
 - f. Any other governance issues identified during the term of the appointment.

2. To advise on, and provide assistance and support, to the Council in relation to the Council's governance processes and practices, with specific regard to the matters raised in clause 1; and
3. To report to the Minister for Local Government on:
 - a. Any steps taken by the Council to improve its governance and the effectiveness of those steps or actions, with specific reference to the matters raised in clause 1; and
 - b. Any recommendations for the exercise of the Minister's powers under the Act.

The Municipal Monitor provided a final report to the Minister for Local Government, The Hon. Adem Somyurek MLC on 21 March 2019. This report recommended that the Minister suspend Council for a period of time and that Councillors participate in governance training.

On 2 April 2019 the Minister issued a 'show cause' letter to Council seeking a response to the Municipal Monitor's report, including that the Council should be suspended. Responses were provided to the Minister by Councillors on, or before 9 May 2019.



COMMISSION OF INQUIRY

On 9 May 2019 the Minister for Local Government, The Hon. Adem Somyurek MLC announced the establishment of a Commission of Inquiry into South Gippsland Shire Council pursuant to section 209 of the Act to:

"look at the stability of the Council, the behaviours of individual councillors, the process of hiring a CEO and the efficiency and effectiveness of governance arrangements in delivering services to the community."

On 21 May 2019 three appointments were made to the Commission of Inquiry: The Hon. Frank Vincent AO QC (Chair of Commissioners), Ms Julie Eisenbise and Mr John Watson.

On 19 June 2019 a report from the Commission of Inquiry was tabled in State Parliament by the Minister for Local Government with the following recommendations.

1. The South Gippsland Shire Council be dismissed;
2. The term of dismissal be until October 2021;
3. During the period of administration, the Council:
 - a. Develops and delivers an extensive community leadership development program that:
 - ii. Encourages widespread participation in community and civic life in the municipality;
 - iii. Supports the development of community leadership skills; and
 - iv. Supports an improvement in the relationship between the Council and its community
 - b. Reviews and implements improved Council policies and procedures, with a focus on Councillor induction and training, the Councillor Code of Conduct and meeting procedures.

A Bill for an Act to dismiss the South Gippsland Shire Council was assented to, by the State Parliament, on 21 June 2019. The Local Government (South Gippsland Shire Council) Act 2019 came into operation on 22 June 2019, the day after Royal Assent was given.

Following the Royal Assent on the 21 June 2019, the Minister for Local Government, Hon. Adem Somyurek MLC announced the Governor in Council appointment of Julie Eisenbise to be the Interim Administrator for South Gippsland Shire Council under section 6(a) of the *Local Government (South Gippsland Shire Council) 2019 (the LGSGSC Act)*, following the dismissal of Council under the Act.

The Interim Administrator appointment was for 90 days. During that time a panel of three Administrators would be appointed to perform the role of Council until the next Council elections, in October 2021.

In this role the Administrator(s) must perform all the functions, powers, duties of the Council which must be treated as if they were performed by the Council. The three Administrators had not been appointed by 30 June 2019.

[Note: On 23 July 2019, The Minister for Local Government announced Ms Julie Eisenbise as Chairperson of the Panel of Administrators. Christian Zahra (AM) and Frederick (Rick) Brown were appointed as Administrators of South Gippsland Shire Council.]



Councillors

Elected Term

NAME	WARD	TERMS ELECTED
Don Hill (Mayor)	Tarwin Valley	2012, 2016
Alyson Skinner (Deputy Mayor)	Coastal Promontory	2016
Ray Argento	Coastal Promontory	2016
Aaron Brown	Strzelecki	2016
Lorraine Brunt	Strzelecki	2012, 2016
Meg Edwards	Tarwin Valley	2016
Maxine Kiel	Tarwin Valley	2016
Andrew McEwen	Strzelecki	2012, 2016
Jeremy Rich	Coastal Promontory	2016
Rosemary Cousin	Tarwin Valley	Countback October 2018
James (Jim) Fawcett	Tarwin Valley	Countback November 2018
Frank Hirst	Strzelecki	Countback April 2019
Steve Finlay	Tarwin Valley	Countback April 2019
Matthew Sherry	Coastal Promontory	Countback June 2019

3.2

Council Governance

South Gippsland Shire Council is constituted under the *Local Government Act 1989, (the Act)* to provide leadership for the good governance of the municipal district and its communities.

ROLES AND RESPONSIBILITIES

Council has a number of roles including:

- Responsibly taking into account the diverse needs of the local community in decision making;
- Providing leadership by establishing the policy direction of Council, setting strategic objectives to be achieved and monitoring progress;
- Achieving good governance through delegations of authority and establishing frameworks for the management of advisory portfolio committees and formally appointed section 86 Committees of Council;
- Advocating the interests of local communities to other levels of Government, including seeking external funding to supplement Council and community funded projects;
- Ensuring resources are managed in a responsible, accountable and sustainable manner; and
- Fostering community cohesion and encouraging active participation and engagement in civic life and decision making.

Council is committed to effective and sustainable forms of democratic and corporate governance as the key to ensuring the Council and its administration address community priorities.

The community has many opportunities to provide input into Council decision-making processes including community consultation and engagement activities, public presentations to Council, community workshops/forums and the ability to make formal submissions to major strategic directions.

Community members and groups are also able to speak directly to Councillors, submit petitions and public questions for consideration at Council Meetings.

Council's formal decision-making processes are conducted through Ordinary and Special meetings. Council delegates its administrative decision making to staff. Council also delegates decision making for specific facilities/reserves to the community through section 86 Committees.

Council Meetings are held on the fourth Wednesday of each month and are open to the public. These meetings are live-streamed on the internet.

COUNCILLOR CODE OF CONDUCT

The Councillor's Code of Conduct (the Code) provides the foundation of core principles, values and behaviours Councillors are required to demonstrate, as they work together to achieve Council's vision for the Shire.

All Councillors are required to sign their commitment to abide by the Code before they assume the office of Councillor. This is normally made when taking the Oath or Affirmation of Office following a Council election. It is also required within three months of a revised Code being adopted by Council. The Council reviewed, updated and signed the current Code on 22 February 2017, in accordance with the Act. Each Councillor elected as a result of a countback and Administrator(s) appointed throughout the year have also signed the Code of Conduct at the time of making their Oath or Affirmation.

The Code is designed to:

- Assist Councillors to maintain the highest standards of conduct and behaviour as well as provide a means to deal with problems they may encounter;
- Attract the highest level of confidence from Councils stakeholders; and
- Assist the Mayor and Councillors to discharge the responsibilities of their public office appropriately.

The Councillor Code of Conduct Principles outlines:

- Other conduct definitions under the Act, such as those relating to misuse of position, improper direction, breach of confidentiality and conflict of interest;
- Roles and relationships; and
- Dispute resolution procedures.



CONFLICT OF INTEREST

Councillors are elected by the residents and ratepayers to act in the best interests of the community.

This is a position of trust that requires Councillors to put aside personal interests to make decisions in the public interest.

A conflict of interest occurs when a personal or private interest might compromise the ability of a Councillor or staff member to act in the public interest.

A conflict of interest exists even if no improper act results from it. Declaration of a conflict of interest is a standard agenda item for all Council, Committee and Briefing meetings.

A register is maintained to record all disclosed conflicts of interest for Councillors and staff.

The following table provides a summary of the number of conflict of interest disclosures made by Councillors during 2018/19.

Conflict of Interest	2018/19 Number of Declarations	2017/18 Number of Declarations
Indirect Interest	18	8
Direct Interest	9	15
Total	27	23

COUNCIL MEETINGS

Council aims to ensure its decision making is informed; having considered the legislative requirements it must meet and the diverse needs and opinions of the community. Councillors meet in open and closed briefing sessions to gather the background information they require to make efficient and effective decisions. The topics covered and Councillors attending these sessions are reported in each Ordinary meeting agenda.

Public participation sessions provide an opportunity for community members to present issues of interest to Council. These sessions allow community members affected by potential decisions of Council to present their viewpoints to assist and inform Council's decision making processes. These public sessions are held on the third and fourth weeks of the month, prior to each Ordinary meeting. Details on how to submit expressions of interest to make a presentation to Council are available on Council's website.

ATTENDANCE AT MEETINGS

Council conducts open public meetings, known as Ordinary meetings, normally on the fourth Wednesday of each month, but with a few exceptions. Members of the community are welcome to attend these meetings and observe from the gallery. Council meetings also provide the opportunity for community members to submit up to three questions online by 5.00pm on the Friday prior to the Council meeting or within the first fifteen minutes of the Council Meeting.

In 2018/19, Council held the following meetings:

Type of Meeting	2018/19 Number of Meetings	2017/18 Number of Meetings
Ordinary Meeting	11	11
Special Meeting	9	9
Special Committee	1	2
Confidential Meeting	10	5
Total	31	27

The following table provides a summary of Councillor attendance at Council meetings, Urgent and Special Council meetings for the 2018/19 financial year:

Councillor	Council Meeting	Special Council Meeting	Total Number of Meetings
Cr. Argento	10 of 10	9 of 9	19 of 19
Cr. Hill	10 of 10	9 of 9	19 of 19
Cr. Brown*	9 of 10	8 of 9	17 of 19
Cr. Skinner	10 of 10	8 of 9	18 of 19
Cr. McEwen	9 of 10	6 of 9	15 of 19
Cr. Rich*	8 of 9	2 of 6	10 of 15
Cr. Brunt*	8 of 8	5 of 5	13 of 13
Cr. Cousin	6 of 6	7 of 8	13 of 14
Cr. Fawcett*	4 of 4	8 of 8	12 of 12
Cr. Edwards*	4 of 4	1 of 1	5 of 5
Cr. Kiel*	3 of 3	0 of 1	3 of 4
Cr. Finlay	2 of 2	4 of 4	6 of 6
Cr. Hirst	2 of 2	4 of 4	6 of 6
Cr. Sherry**	0 of 0	0 of 0	0 of 0

* Cr. Kiel resigned in September 2018 | Cr. Edwards resigned in October 2018 | Cr. Fawcett and Cr. Brunt resigned in April 2019

Cr. Rich resigned in May 2019 | Cr. Brown resigned in June 2019

** Cr. Sherry was sworn in as Councillor on 5 June 2019. Council was dismissed on 19 June 2019 and no Council meetings occurred before this date.

SPECIAL COMMITTEES

The Local Government Act allows Council to establish one or more Special Committees consisting of: Councillors, Council staff, other persons and any combination thereof. Council has established Special Committees to hear formal submissions for various section 223 public consultations.

The following table contains a list of all Special Committees established by Council that are in operation and the purpose for which each was established:

Special Committee	Date	Councillors	Purpose
Special Committee to hear submissions under section 223 <i>Local Government Act 1989</i> – proposed sale of 8 Varney Road, Foster	15 August 2018	7	To consider submissions made under section 223 of the Act in regards to proposed sale of 8 Varney Road, Foster

SECTION 86 COMMITTEES

Council has established a number of Section 86 Committees in accordance with section 86 of the Local Government Act. These Committees have limited delegations, including minor financial delegations for site specific facilities/areas of responsibility.

The following table contains a list of all Section 86 Committees established by Council that are in operation and the purpose for which each was established:

Section 86 Committee	Purpose
Allambee South Community Hall	Committee of Management with limited delegation for the purpose of management of the Hall.
Dumbalk Hall and Ladies Auxiliary	Committee of Management with limited delegation for the purpose of management of the Hall.
Foster Showgrounds	Committee of Management with limited delegation for the purpose of management of the Showgrounds.
Foster Stockyard Gallery	Committee of Management with limited delegation for the purpose of management of the Building in which the gallery is located..
Foster War Memorial Arts Centre	Committee of Management with limited delegation for the purpose of management of the Arts Centre.

Special Committee	Purpose
John Terrill Memorial Park and Fish Creek Reserve	Committee of Management with limited delegation for the purpose of management of the Park and Reserve.
Korumburra Botanic Park Advisory Committee	Committee of Management with limited delegation for the purpose of advising on the management of the Botanic Park.
Korumburra Recreation Reserve	Committee of Management with limited delegation for the purpose of management of the Reserve.
Leongatha Court House	Committee of Management with limited delegation for the purpose of management of the Court House.
Mardan Hall	Committee of Management with limited delegation for the purpose of management of the Hall.
Meeniyah and District Sports Stadium	Committee of Management with limited delegation for the purpose of management of the stadium.
Mirboo North Hall	Committee of Management with limited delegation for the purpose of management of the Hall.
Port Welshpool and District Maritime Museum	Committee of Management with limited delegation for the purpose of management of the Building.
Sandy Point Community Centre and TP Taylor Reserve	Committee of Management with limited delegation for the purpose of management of the Community Centre and Reserve.
Walter J Tuck Recreation Reserve	Committee of Management with limited delegation for the purpose of management of the Reserve.



COUNCILLOR ALLOWANCES & EXPENSES

In accordance with section 74 of the *Local Government Act 1989*, Councillors are entitled to receive an allowance while performing their duties as Councillors. The Mayor is entitled to receive a higher allowance.

Each Council must determine the precise annual amount to be paid to the Mayor and Councillors by way of a Council resolution. This must be done by 30 June in the year following a general election. The amount must be within the limits of the Council Category set by the Victorian Government, and will apply and remain in effect from the day of resolution until the time of the next election.

In accordance with section 75 of the Act, Council is also required to reimburse a Councillor for expenses incurred whilst performing their duties as a Councillor and adopt and maintain a policy in relation to this. The *Councillor Support and Expenditure Policy* adopted 27 March 2019, provides guidance for the payment of reimbursements of expenses and the provision of resources, facilities and other support to the Mayor and Councillors to enable them to conduct their duties.

The following table contains a summary of the Councillor allowances and expenses for 2018/19:

Councillor Allowance & Expense Report 2018/19							
Councillor	Allowance including Superannuation	Travel & Vehicle Expenses	IT and Communication Support	Conference, Training & Professional Development	Printing/ Sound Recording Transcript	Other	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Cr. Argento	\$27,249	\$3,452	\$430	\$87	\$21	-\$87	\$31,152
Cr. Brown*	\$26,554	\$2,297	\$474		\$22	\$26	\$29,373
Cr. Brunt*	\$43,660	\$4,766	\$3,680	\$188	\$23		\$52,317
Cr. Hill*	\$61,568	\$8,021	\$894	\$659	\$990	\$256	\$72,388
Cr. McEwen	\$27,249	\$9,673	\$1,766	\$1,209	\$436	\$597	\$40,930
Cr. Rich*	\$23,853	\$4,171	\$246	\$930	\$258	\$3,208	\$32,666
Cr. Skinner	\$27,249	\$5,684	\$355	\$4,314		\$67	\$37,669
Cr. Cousin	\$18,017	\$3,004		\$1,315	\$22	\$84	\$22,442
Cr. Fawcett*	\$10,702		\$220				\$10,922
Cr. Hirst	\$3,242	\$1,207		\$400		\$175	\$5,024
Cr. Finlay	\$7,873	\$133			\$7		\$8,013
Cr. Sherry**	\$1,312	\$381					\$1,693
Cr. Kiel*	\$6,659	\$959	\$82				\$7,700
Cr. Edwards*	\$9,232	\$3,138	\$432			\$1,314**	\$14,116
Total	\$294,419	\$46,886	\$8,579	\$9,102	\$1,779	\$5,640	\$366,405

* Cr. Brunt (Mayor) from July 2018 to November 2018

* Cr. Hill (Mayor) from November 2018 to June 2018

** Cr. Edwards Child Support Amount of \$1,314

* Cr. Rich's Other Costs includes a Remoteness Allowance of \$960 and \$2,248 was for meals and accommodation reimbursement for attendance to SEAT conferences

* Cr. Kiel resigned in September 2018 | Cr. Edwards resigned in October 2018 | Cr. Fawcett and Cr. Brunt resigned in April 2019

Cr. Rich resigned in May 2019 | Cr. Brown resigned in June 2019

** Cr. Sherry was sworn in as Councillor on 5 June 2019. Council was dismissed on 19 June 2019 and no Council meetings occurred before this date.

EXPENSE CATEGORIES

Training & Professional Development

This category covers the costs associated with Councillor attendance to conferences, training and professional development courses.

These include accommodation, conference, parking-related expenses and airfares where applicable. Councillor Rich has attended interstate events associated with Council's appointed position on the South East Australian Transport Strategy Inc. (SEATS).

Travel & Vehicle Expenses

Council's Councillor Support and Expenditure Policy - 27 March 2019 and Councillor Vehicle Policy - 3 November 2016, provide for the reimbursement of travel costs, depreciation, insurance and/or use of private vehicles while conducting Council business.

Councillors' use of private vehicles is at the prescribed rate of reimbursement. Reimbursements also include parking fees and public transport costs.

Councillor Allowances & Superannuation

The Victorian Government sets the upper and lower limits for all allowances paid to Mayors and Councillors. Councils are divided into three categories based on the income and population of each Council.

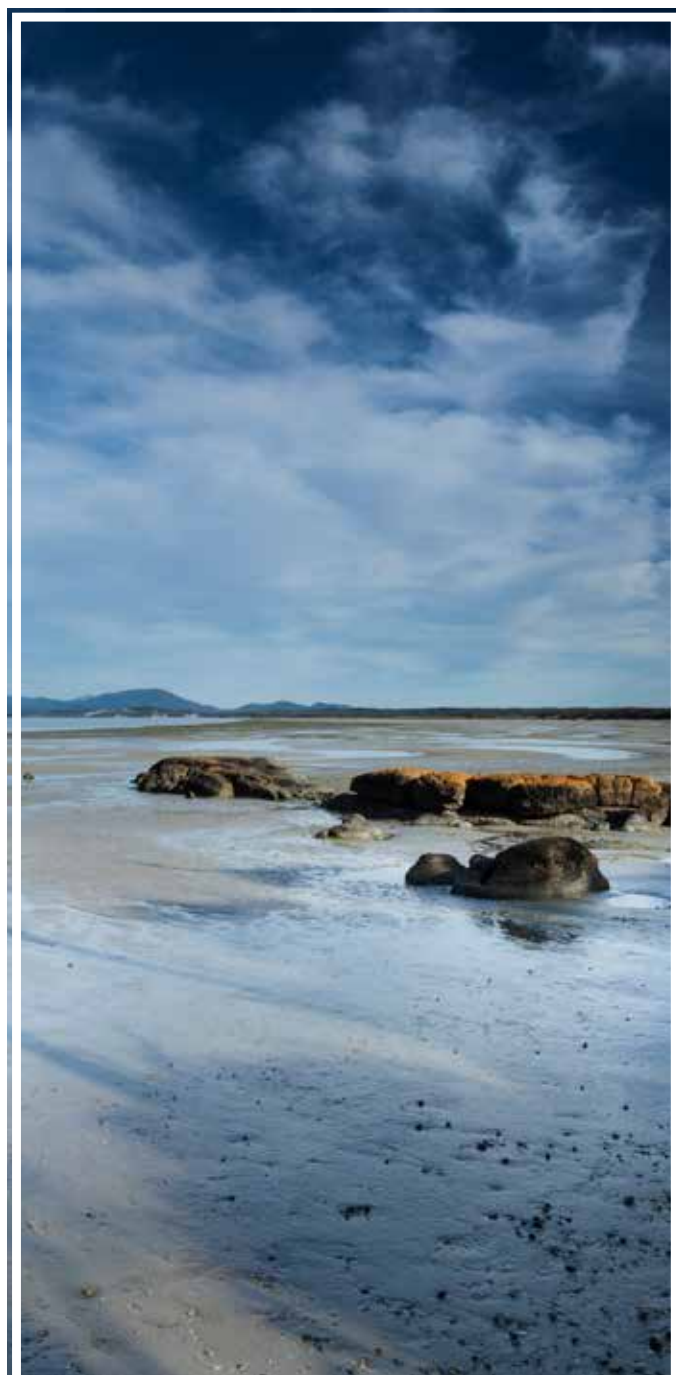
South Gippsland Shire Council is recognised as a Category 2 Council. Allowances are paid in accordance with section 74 of the Act.

IT & Communication Support

Councillors are supplied with mobile devices, including a mobile phone with data plan and a Surface Pro laptop. The cost of providing these services is paid by Council.

Printing, Sound Recording & Transcript Request

Council provides access to fax, photocopying and printing which is made available at Council offices. Printing and audio recording transcription costs have been included.



3.3

Auditing Framework

Council has implemented a number of statutory and better practice items to strengthen its management framework. Having a strong governance and management framework supports better decision making by Council.

The Act requires Council to undertake an assessment of its governance against the prescribed Governance and Management Checklist and include this in its Report of Operations in the Annual Report. The following items have been highlighted as important components of the management framework.

AUDIT COMMITTEE

The Audit Committee is an independent advisory committee of Council established under section 139 of the Act. The role of the Audit Committee is to oversee and monitor Council's effectiveness in carrying out its responsibilities for accountable financial management, corporate governance, maintaining an effective system of internal control and risk management, and fostering an ethical environment.

The Audit Committee consists of three independent members, who from the 10 September 2018 meeting were, Dr John (AJ) Purcell (Chair), Dr Irene Irvine and Mr Homi Burjorjee, the Mayor and one Councillor. Prior to 19 December 2018 was Cr. Brunt (Mayor) and Cr. Argento and post 19 December 2018 was Cr. Hill (Mayor) and Cr. Cousin.

Independent members are appointed for a three year term, with a maximum of two terms. The chair is elected from amongst the independent members. Dr Irvine's second, three year term as an independent member concluded on 30 November 2018 with the Council acknowledging the significant contributions to the Committee made by Dr Irvine over six years. Mr Chris Badger was appointed by Council for an initial three year term commencing 1 December 2018.

The Audit Committee met four times in 2018/19 on 10 September 2018, 19 November 2018, 12 March 2019; and 11 June 2018.

The Internal Auditor, Richmond Sinnott and Delahunty (RSD) Chartered Accountants and CEO (or Acting CEO) attended all Audit Committee meetings. Other management representatives attended as required to present reports. External auditors from the Victorian Auditor-General Office (VAGO) attended the 10 September 2018, 12 March 2019 and 11 June 2018 meetings to present the audit plan and independent audit report.

EXTERNAL AUDIT

Council is externally audited by VAGO. For the 2018/19 year the annual external audit of Council's Financial Statements and Performance Statement was conducted by the Victorian Auditor-General's representative. The external auditors attended the 10 September 2018, 12 March 2019 and 11 June 2018 Audit Committee meetings to present the annual audit plan and Independent Audit Report. The external audit management letter and responses are also provided to the Audit Committee.

Attendance to Audit Committee	Meetings Attended
Independent Members	
Dr Irene Irvine (<i>second and final three year term concluded 30 November 2018</i>)	1
Dr John (AJ) Purcell (<i>Chair</i>)	4
Mr Homi Burjorjee	4
Mr Chris Badger (<i>appointed for an initial three year term commencing 1 December 2019</i>)	2
Council Members	
Cr. Ray Argento (<i>until 19 December 2018</i>)	1
Cr. Brunt (<i>until 19 December 2018</i>)	2
Cr. Hill (<i>from 19 December 2018</i>)	2
Cr. Cousin (<i>from 19 December 2018</i>)	2
Auditors	
Internal Auditor (<i>RSD Chartered Accountants</i>)	4
External Auditors (VAGO)	3

INTERNAL AUDIT

Council's internal audit function provides independent and objective assurance that the appropriate processes and controls are in place across Council. This function is outsourced to RSD Chartered Accountants, who were appointed on 1 July 2016 following a public tender, for an initial term of three years, which will conclude on 30 June 2019.

Following consultation with the Audit Committee, the Council exercised the first and final three year extension under the contract with RSD which will conclude on 30 June 2022.

A risk based Internal Audit Program (IAP) is revised annually to ensure the audit resources remain focused on the appropriate areas. The review process considers Council's Risk Management Framework, the Council Plan, the impact of any change on operations, systems or the business environment, prior audit outcomes and management input. The IAP is reviewed and approved by the Audit Committee annually.

The Internal Auditor attends each Audit Committee meeting to report on the status of the IAP, to provide an update on the implementation of audit recommendations and to present findings of completed reviews. The responsible Director for each area reviewed attends the Audit Committee meeting to respond to questions in relation to the review. All audit issues identified are risk rated. Recommendations are assigned to the responsible Manager and tracked in Council's Internal Audit Action Plan.

The IAP for 2018/19 was completed with the following reviews conducted:

- Payroll and Human Resources Audit;
- Domestic Wastewater Management Plan;
- Business Continuity Management and Disaster Recovery;
- Caravan Parks Operations – review of Income and Cash Receipting Controls; and
- Procurement and Tendering.

3.4

Risk Management

In May 2012, Council adopted a *Risk Management Framework and Policy* in line with best practice in the management of business enterprise risks and current International Risk Management Standard AS/NZ ISO 31000.

During the 2016/17 and 2018/19 financial year Council conducted a review of its Risk Management Framework and Policy. This review culminated on 27 February 2019 with Council adopting a revised *Risk Management Framework and Policy*.

These are next due for formal review in February 2023.

The *Risk Management Framework and Policy* addresses items such as:

- Risk management culture;
- Communication and training;
- Best practice in risk management;
- Responsibilities of and to internal and external stakeholders;
- Risk registers; and
- Business Continuity Plan review.

Council's risk management objectives are to:

- Ensure that we achieve our strategic objectives as set out in the Council Plan;
- Highlight which areas of Council's risk profile have the capacity to deliver the maximum benefit or maximum harm and to identify those areas which should receive priority action;

- Establish a reliable basis for decision making and ensure that risk is included as a fundamental component in the planning process;
- Ensure the effective allocation of resources;
- Determine how risk should be reported to Council, Auditors, Audit Committee and Strategic Risk Committee;
- Foster an organisational culture which promotes proactive behaviour regarding the identification and treatment of risk;
- Identify and prepare for emerging risks, future events and change; and
- Improve stakeholder confidence and trust.

3.5

Occupational Health & Safety

Council continues to focus on ensuring the health, safety and wellbeing of all employees, contractors, volunteers and other people who may be affected by their operations.

This is being achieved through:

- Proactive identification and management of health and safety hazards and/or risks;
- Developing the health and safety knowledge and capability of all people;
- Effective measurement of safety activities to identify areas for improvement.

Specific initiatives completed over the past 12 months include:

- Focus on one worker risks and increased uptake of duress alarms;
- Continuance of the MAV WorkCare OH&S Improvement Program (2019 projects completed); and
- Building capability and prevention strategies by review of incidents reported and close out outstanding incidents in consultation with reporting persons, injured workers, and managers.

Training & Development

Training and the personal development of all employees remains a priority to council. As a result we continue to provide both regulatory training and development training for employees on an as required basis. Specific training is offered to employees who will use these skills within the workplace.

Training delivered includes:

- Occupational Health & Safety
- Manual Handling
- Traffic Management
- First Aid
- Confined Space
- Chainsaw operation
- Working at heights
- Conflict resolution
- Effective Assertive Communication

Council continues to invest in internal education sessions, OH&S inductions and training for new staff and New Assets (equipment and machine) inductions and operation is provided by the distributor.

Lag Indicators

The number of Incident reports have increased during 2019. Injuries are up on the previous 12 months however the most proactive change is in the injuries that have resulted in lost time. This statistic shows that of the 54 injuries reported only four injuries required the employee to have time away from the workplace.

	Incidents, Near Misses & Hazards	Injuries	Injuries resulting on lost time
2018/19	158	54	4
2017/18	127	47	17
2016/17	145	58	11

Number of reported incidents, near misses, hazards and injuries.

Lead Indicators

The identification of Hazards and reporting of Near Misses (positive or lead indicators) continues to increase. Council's focus is identifying the risks and managing them prior to an incident occurring.

The small decline in workplace inspections is attributable to a 50 per cent reduction in checks of low risk workplaces, offsetting an increase in the number inspections of high risk short-term and mobile work sites.

	Workplace Inspection Completed	Equipment Pre-start Checks
2018/19	43*	10,705
2017/18	70	11,000+
2016/17	76	6,000+

** the downward trend has been corrected.*

3.6

Statutory Information

The following information is provided in accordance with legislative and other requirements applying to Council.

DOCUMENTS AVAILABLE FOR PUBLIC INSPECTION

In accordance with regulation 12 of the Local Government (General) Regulations 2015, the following are prescribed documents that are available for public inspection or copies of the documents can be obtained for the purposes of section 222 of the Act at 9 Smith Street, Leongatha, Victoria:

- A document containing details of overseas or interstate travel (other than interstate travel by land for less than three days) undertaken in an official capacity by any Councillor or member of Council staff in the previous 12 months.
- The agendas for, and minutes of ordinary and Special Meetings held in the previous 12 months which are kept under section 93 of the Act, other than those agendas and minutes relating to a part of a meeting which was closed to members of the public under section 89 of the Act and are confidential information within the meaning of section 77(2) of the Act.
- The minutes of meetings of special committees established under section 86 of the Act and held in the previous 12 months, other than those minutes relating to a part of a meeting which was closed to members of the public under section 89 of the Act and are confidential information within the meaning of section 77(2) of the Act.
- A register of delegations kept under sections 87(1) and 98(4) of the Act, including the date on which the last review took place under sections 86(6) and 98(6), respectively, of the Act.
- A document containing details of all leases involving land which were entered into by the Council as lessor, including the lessee and the terms and the value of the lease.
- A register maintained under section 224(1A) of the Act of authorised officers appointed under that section.
- A list of donations and grants made by the Council in the previous 12 months, including the names of persons who, or bodies which, have received a donation or grant and the amount of each donation or grant.

BEST VALUE

In accordance with section 208B(f) of the Act, Council is required to report annually to its community on its initiatives carried out in relation to the Best Value Principles.

The Council incorporates Best Value Principles through regular business planning and performance monitoring processes and through a commitment to continuous improvement and innovation.

The following Best Value initiatives were undertaken during 2018/19:

- Investigations into future options for the provision of Home and Community Care Services were determined once the Federal Government announced possible future changes to the funding model. Council determined a suitable external provider and exited the service at the end of March 2019.
- A review of the Visitor Information Services at Foster and Korumburra was undertaken in 2016. Council determined to retain the Foster Service. A subsequent review on the Korumburra Service was reached in 2018 with a decision to maintain a seasonal service from 1 December until one week after Easter each year.

Improvements introduced and/or still underway include:

- Maintenance and Operations teams are able to receive and handle customer requests in the field through automated integration of systems, streamlined processes and improved collaboration between teams.

The outcomes achieved include:

- Reduced an average of 300 unactioned requests to 30 within three weeks, paper usage reduced by 80 per cent (4,000 pages a month no longer printed), reduction in customer call backs, improved quality of records and time management.
- Procurement team has streamlined the contract initiation process, automated some document management functions for contract management and systematised purchasing catalogues. The outcomes achieved include removal of a five day lag time in the process, improved records management, increased administration efficiencies and improved information and access for field staff undertaking procurement processes.
- Local Laws team conducted a project that is still underway. The team is seeking to improve community interactions through increased customer service and education, rather than enforcement. A communications plan has been developed, animal management reminder and follow-up improvements using text messaging services delivered, along with increased in-field officer mobility achieved. Outcomes are focused on improved responsiveness and compliance for animal registrations, improved officer response times to customers through access to information when in the field and increased community outreach and interaction through social media.

CARERS RECOGNITION

In accordance with the *Carers Recognition Act 2012*, Council is required to report annually on its care measurement obligations under section 11 of the Act.

Council has promoted the principles of the Act to people in care relationships who receive Council services and to the wider community by:

- Distributing printed material through relevant Council services;
- Providing information to organisations represented in Council/community networks.

Council has taken all practicable measures to ensure staff, Council agents and volunteers working for Council are informed about the principles and obligations of the Act by including information on the care relationship in:

- Council induction and training programs for staff working in Aged and Disability Services, Community Services and front-line positions with the general community; and
- Induction and training programs for volunteers working directly with the community.

Council has taken all practicable measures to review and modify policies, procedures and supports to include recognition of the carer relationship and has provided the following additional activities and resources to recognise the care relationship.

- Staff supported an event hosted by local Parkinson's Group during National Carers' week.
- Aged & Disability services staff recognised carers and the person they care for while delivering services during National Carers week.
- Ongoing provision of flexible respite services for carers under the Home and Community Care Program.

DISABILITY ACTION PLAN

In accordance with section 38 of the *Disability Act 2006*, Council is required to prepare a Disability Action Plan (DAP), and must report on its implementation in the Annual Report.

The DAP 2018-2021 was adopted at the Council Meeting 30 May 2018. The DAP outlines Council's approach to building a more inclusive community and to meet both Council's obligations and community aspirations in doing so.

Actions that have been completed or that are completed on an ongoing basis are outlined below:

- Development and implementation of an inclusive drama project, called *(it's no) drama*;
- Council business is now more accessible: an improved website, focus on communication access and Council meetings being available via live stream;
- Annual Community Engagement conference includes a focus on access and inclusion;
- Access auditing of Council's community assets, including buildings and reserves, and designated accessible parking, undertaken on a priority basis.

DOMESTIC ANIMAL MANAGEMENT PLAN

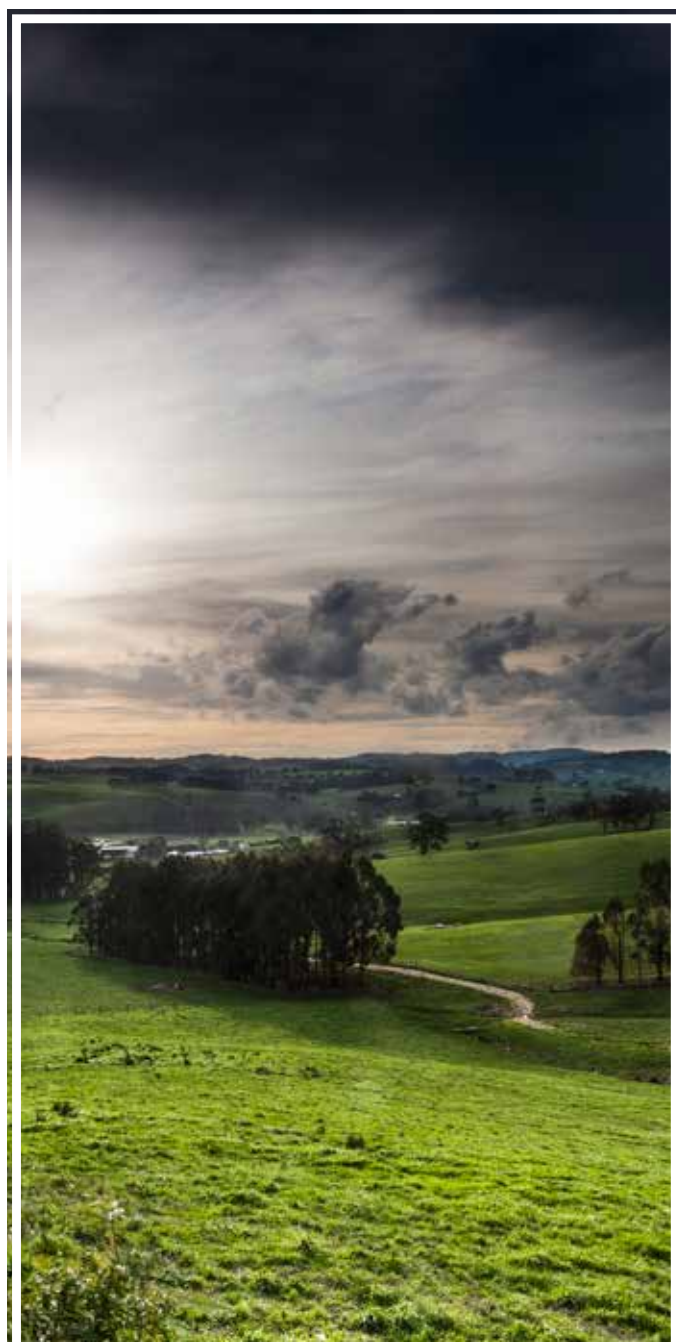
In accordance with section 68A of the *Domestic Animals Act 1994*, Council is required to prepare a Domestic Animal Management Plan (DAMP) at four-yearly intervals and evaluate its implementation in the Annual Report.

The DAMP 2017-2021 was adopted at the Council Meeting of 27 September 2017 and outlines the services, programs and policies established to address the administration of the Act and the management of dog and cat issues in the community.

Actions that have been completed or that are conducted on an ongoing basis are outlined below:

- Introduced 'lifetime tags' for animal identification;
- Developed an enforcement follow up process;
- Preliminary investigations conducted into the financial viability of appointing consultants to conduct animal registration compliance audits;
- Developed an 'infringement matrix' for issuing domestic animal infringement notices to ensure consistency;
- Animal information articles provided for the public on a quarterly basis and made available via press releases, Facebook and Council's website;
- Lost/found dogs and cats advertised on Council's website, Facebook and local newspapers;
- Annual audits undertaken of premises where declared menacing, dangerous and restricted breed dogs are housed;
- Annual audits of properties housing excess domestic animals via Local Law permits;

- Animal registration database used to identify unregistered Domestic Animal Businesses;
- Press releases prepared and issued for successful dog attack prosecutions;
- Menacing, dangerous and restricted breed dog legislation actively enforced;
- Training register maintained for individual officers;
- Officers attend at least one training/networking session per year; and
- Officers provided with access to the Bureau of Animal Welfare extranet site.



FREEDOM OF INFORMATION

The *Freedom of Information Act 1982* (the FOI Act) gives the community a legally enforceable right to apply for access to documents held by Council. This access is limited only by the application of exceptions and exemptions provided for under the legislation.

A valid request for access must be in writing, be accompanied by payment of the application fee and must provide enough information to enable the documents to be identified. Access charges may also apply once documents have been processed and a decision on access is made (e.g. photocopying and search and retrieval charges).

Council's Freedom of Information Officer assists the applicant in accordance with the provisions of the FOI Act and handles all requests for FOI access.

There were 20 applications under the FOI Act. Access was granted (in full or in part) for eight requests. A further eight applications were deemed to be enquiries only and one application was processed outside the Act. Three applications had not been finalised before the end of the financial year and will be completed in the next financial year.

Further information regarding FOI can be found at www.foi.vic.gov.au and on Council's website.

FOI requests can be lodged online via Council's website or in writing and addressed to the:

Freedom of Information Officer
South Gippsland Shire Council
9 Smith Street (Private Bag 4)
Leongatha, Victoria 3953
www.southgippsland.vic.gov.au

PROTECTED DISCLOSURE PROCEDURES

In accordance with section 69 of the *Protected Disclosure Act 2012* a Council must include in its Annual Report information about how to access the procedures established by the Council under Part 9 of that Act. It is also required to provide certain information about the number and types of protected disclosures complaints investigated during the financial year.

The *Protected Disclosure Act 2012* aims to ensure openness and accountability in government by encouraging people to disclose improper conduct within the public sector and provide protection for people who make disclosures. Procedures on how to make a disclosure to Council are outlined in its Protected Disclosure Guidelines which are available on Council's website on the Council policies page.

During the 2018/19 financial year there were no disclosures received by Council's Protected Disclosure Coordinators to which the Protected Disclosure Guidelines applied. As such there were no assessable disclosures referred to the Independent Broad-based Anti-corruption Commission (IBAC) for assessment.

CONTRACTS

During the 2018/19 financial year Council entered into no contracts valued at \$150,000 (incl. GST) or more for goods or services or \$200,000 (incl. GST) or more for works or more of a kind specified in section 186(5)(a) and (c) of the Act without engaging in a competitive process as required by section 186 of the Act.



NATIONAL COMPETITION POLICY

Council has a *National Competition Policy* and Council. To the best of its knowledge, Council, has not undertaken any anti-competitive behaviour and has complied with the requirements of Council's *National Competition Policy* during 2018/19.

FOOD ACT MINISTERIAL DIRECTIONS

In accordance with section 7E(6) of the *Food Act 1984*, if a Council, or the CEO of a Council, is given a direction under subsection (1), a copy of the direction must be published in the Annual Report under section 131 of the Act. No such Ministerial Directions were received by Council during this financial year.

ROAD MANAGEMENT ACT MINISTERIAL DIRECTION

In accordance with section 22 of the *Road Management Act 2004*, Council must publish a copy or summary of any Ministerial direction in its Annual Report. No such Ministerial Directions were received by Council during the financial year.

INFRASTRUCTURE AND DEVELOPMENT CONTRIBUTIONS

In accordance with section 46GM and 46QD of the *Planning and Environment Act 1987*, a Council that is a collecting or development agency must prepare and give a report to the Minister for Planning on infrastructure and development contributions including levies and works in kind. The report must be published in a Council's Annual Report.

There were no infrastructure and development contributions disclosed for this financial year for South Gippsland Shire Council.



3.7 Governance management checklist



The following are the results in the prescribed form of Council's assessment against the prescribed governance and management checklist:

Item No.	Government and Management Items	Assessment
1	<p>Community Engagement Policy (policy outlining Council's commitment to engaging with the community on matters of public interest)</p>	<p><i>Communication and Engagement Policy</i> Date of adoption: 25 July 2018</p>
2	<p>Community Engagement Guidelines (guidelines to assist staff to determine when and how to engage with the community)</p>	<p><i>Community Engagement Plan and Toolkit</i> Guidelines incorporated into the plan were endorsed by the Executive Leadership Team Date of adoption: February 2017 <i>Community Engagement Strategy 2018-2022</i> Date of adoption: 25 July 2018</p>
3	<p>Strategic Resource Plan (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next four financial years)</p>	<p>Adopted in accordance with section 126 of the Act - Strategic Resource Plan was presented to Council on 26 June 2019 and was deferred by the Administrator to 24 July 2019, awaiting the full panel of Administrators after Council's dismissal. Date to be adopted: 24 July 2019</p>
4	<p>Annual Budget (plan under section 130 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required)</p>	<p>Adopted in accordance with section 130 of the Act - Annual Budget was presented to Council on 26 June 2019 and was deferred by the Administrator to 24 July 2019 with the Minister for Local Government approval, awaiting the full panel of Administrators. <i>Note: An extension was granted by the Minister for Local Government due to Council's dismissal.</i> Date to be adopted: 24 July 2019</p>
5	<p>Asset Management Plans (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)</p> <p>Note: <i>Parks, Gardens and Reserves Asset Management Plan</i> is currently under review as it is now including recreational assets that will take considerable time to complete.</p>	<p><i>Asset Management Plans</i> and dates of operation:</p> <ul style="list-style-type: none"> • Buildings - 1 August 2017 • Roads - 28 March 2018 • Parks, Gardens and Reserves - 6 March 2013 <p>The following are included in Roads Asset Management Plans</p> <ul style="list-style-type: none"> • Bridges • Footpaths and Cycle-ways • Stormwater Drainage

Item No.	Government and Management Items	Assessment
6	Rating Strategy (strategy setting out the rating structure of Council to levy rates and charges)	Rating Strategy 2019-2022 was presented to Council on 26 June 2019 and was deferred by the Administrator to 24 July 2019, awaiting the full panel of Administrators after Council's dismissal. Date to be adopted: 24 July 2019
7	Risk Policy (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	<i>Risk Management Policy</i> Date of adoption: 27 February 2019
8	Fraud Policy (policy outlining Council's commitment and approach to minimising the risk of fraud)	<i>Fraud and Corrupt Conduct Policy</i> Date of adoption: 26 April 2017
9	Municipal Emergency Management Plan (plan under section 20 of the <i>Emergency Management Act 1986</i> for emergency prevention, response and recovery)	<i>2018-2021 South Gippsland Municipal Emergency Management Plan</i> was prepared and maintained in accordance with section 20 of the <i>Emergency Management Act 1986</i> Date of approval: October 2018
10	Procurement Policy (policy under section 186A of the <i>Local Government Act 1989</i> outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)	<i>Procurement policy</i> prepared and approved in accordance with section 186A of the Act Date of adoption: 26 June 2019
11	Business Continuity Plan (plan setting out the actions that will be undertaken to ensure that key services continue to operate in the event of a disaster)	Adopted by Executive Leadership Team Date of adoption: April 2019 Plans are updated and tested at least annually with the last update and test being 30 April 2019.
12	Disaster Recovery Plan (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	Endorsed by Strategic Risk Committee Date of adoption: October 2018 In-progress: 80 per cent complete and was sent to the external audit provider for review on 13 November 2018.
13	Risk Management Framework (framework outlining Council's approach to managing risks to the Council's operations)	<i>Risk Management Framework</i> Date of adoption: 27 February 2019
14	Audit Committee (advisory committee of Council under section 139 of the Act whose role is to oversee the integrity of a Council's financial reporting, processes to manage risks to the Council's operations and for compliance with applicable legal, ethical, and regulatory requirements)	The Audit Committee was established in accordance with section 139 of the Act. Date of establishment: 1 January 1998 <i>South Gippsland Shire Council Audit Committee Charter</i> was updated and adopted by Council 26 April 2018. <i>Information relating to the operations of this committee can be found in the Audit Committee section of this report.</i>

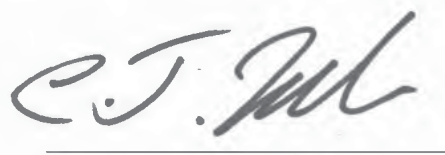
Item No.	Government and Management Items	Assessment
15	<p>Internal Audit (independent accounting professionals engaged by the Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls)</p>	<p>Internal Auditor engaged Date of engagement of current provider: 1 July 2016</p>
16	<p>Performance Reporting Framework (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act)</p>	<p>Performance Reporting Framework is set out in the Council Plan 2017-2021 and 2018/19 Annual Budget adopted 27 June 2018. Requirements for quarterly reporting for the LGPRF is through the Audit Committee Charter and Minutes to Council and is passed through Executive Leadership Team and Risk Committee prior to Audit Committee and Council. The Council Plan 2017-2021 and the 2018/19 Annual Initiatives were reported to the Audit Committee in March 2019, June 2019 and financial year end in this Annual Report.</p>
17	<p>Council Plan Reporting (report reviewing the performance of the Council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year)</p>	<p>Council Plan 2017-2022 - Revised was presented to Council on 26 June 2019 and was deferred by the Administrator to 24 July 2019. awaiting the full panel of Administrators after Council's dismissal. Date to be adopted: 24 July 2019 Council Plan and Annual Plan reporting is provided in organisational performance reports to Council. Date of reports: <ul style="list-style-type: none"> • Revised 2017-2021 Council Plan adopted: 24 July 2019 • Full Year 2017/18 compiled for the Annual Report and Fourth Quarter report combined: adopted 26 September 2018 • 2018/19 First Half Year report adopted: 27 February 2019 • 2018/19 Third Quarter report adopted: 29 May 2019 • 2018/19 Financial Year report - is currently being compiled for the combined Quarterly and Annual Report. </p>
18	<p>Financial Reporting (quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)</p>	<p>Statements presented to Council in accordance with section 138(1) of the Act. Long Term Financial Strategy Date of adoption: 28 November 2018 Financial reporting is provided in Quarterly Performance Reports to Council. Date statements presented: <ul style="list-style-type: none"> • First Quarter Report - July to August 2018 - 26 September 2018 • Second Quarter Report - July to November 2018 - 19 December 2018 • Third Quarter Report - July 2018 to February 2019 - 27 March 2019 • Fourth Quarter Report - included in this 2018/19 Annual Report </p>

Item No.	Government and Management Items	Assessment
19	<p>Risk Reporting (six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies)</p>	<p>Audit Committee review of register</p> <p>Date of reports:</p> <ul style="list-style-type: none"> • First report - 19 November 2018 • Second report - 11 June 2019
20	<p>Performance Reporting (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act)</p>	<p>Council Plan and Annual Plan reporting is provided in Organisational Performance reports to Council.</p> <p>Half Year report - communication via Councillor's weekly newsletter and Audit Committee 12 March 2019 and three quarterly report in 11 June 2019.</p> <p>Full Year report - included in this 2018/19 Annual Report.</p>
21	<p>Annual Report (annual report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial and performance statements)</p>	<p>The 2017/18 Annual Report was adopted by Council on 26 September 2018. The final version after being presented to the Minister for Local Government was adopted by Council on 24 October 2018.</p>
22	<p>Councillor Code of Conduct (code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)</p>	<p>The revised <i>Councillor Code of Conduct</i> was reviewed in accordance with section 76C of the Act.</p> <p>Date of adoption: 22 February 2017</p>
23	<p>Delegations (a document setting out the powers, duties and functions of Council and the Chief Executive Officer that have been delegated to members of staff)</p>	<p>The delegations were reviewed in accordance with section 98(6) of the Act.</p> <p>The delegations were signed by the CEO on</p> <ul style="list-style-type: none"> • Council to CEO (S5) - 22 February 2017 • Council to Staff (S6) - 24 April 2019 • CEO to Staff (S7) - 13 May 2019 • CEO to Staff (S7a) - Miscellaneous - Sale of Council Land and Research - 18 July 2018 • Municipal Building Surveyor to Staff (S12) – 5 June 2019 • CEO Powers to Staff (S13) - 5 April 2019 • CEO to Staff (VICSmart) (S14) - 5 April 2019
24	<p>Meeting procedures (a local law governing the conduct of meetings of Council and Special Committees)</p>	<p>Meeting procedures local law made in accordance with section 91(1) of the Act.</p> <p>Date of Local Law made: 19 May 2010</p>

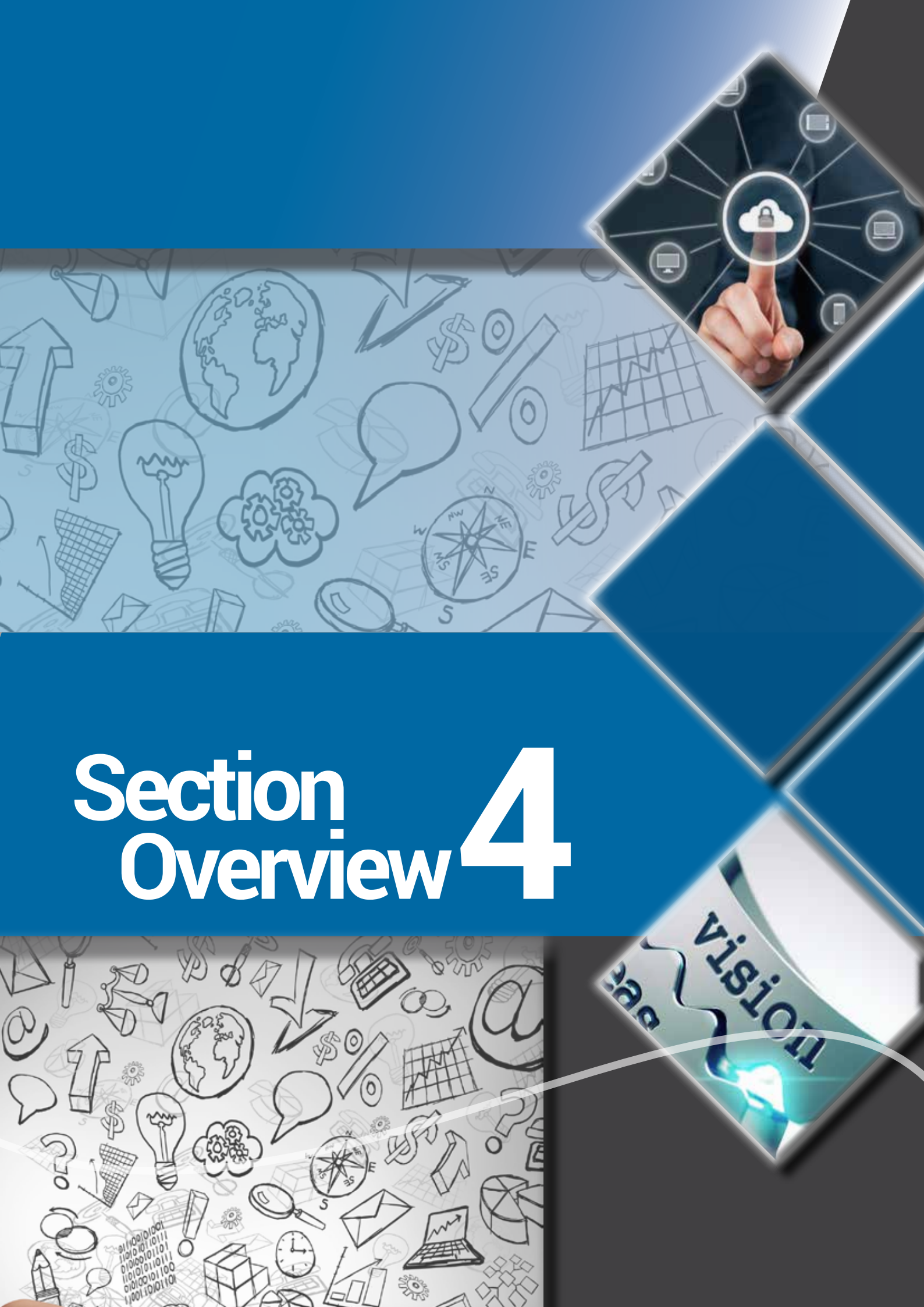
I certify that this information presents fairly the status of Council's governance and management arrangements.



Bryan Sword
Acting Chief Executive Officer
Dated: 25 September 2019



Christian Zahra (AM)
Administrator
Dated: 25 September 2019



Section Overview 4

vision



Performance Statement



4.1

Performance Statement

DESCRIPTION OF MUNICIPALITY

South Gippsland Shire was formed in 1994 from the amalgamation of four municipalities. Located 90 minutes south east of Melbourne, the Shire has an expanding population of 29,576 (ABS estimated resident population March 2019).

The Council covers an area of 3,300 square kilometres with substantial coastal frontage. South Gippsland Shire is a spectacular region, with communities nestled among the rolling green hills, and along the coast, linking the mountains to the sea.

The Shire's major centres are Leongatha, Korumburra, Mirboo North and Foster, and other significant townships include Nyora, Toora, Venus Bay, Sandy Point, Poowong, Port Welshpool, Loch, Dumbalk, Welshpool, Meeniyan, Fish Creek, Port Franklin, Koonwarra, Kongwak and Tarwin Lower.

Key industry sectors by employment in the South Gippsland Shire at the last census in 2016 were Agriculture, Forestry and Fishing, Health Care and Social Assistance, Retail Trade, and Construction.



Sustainable

Capacity Indicators

for the year ended 30 June 2019

Service	Results 2016	Results 2017	Results 2018	Results 2019	Material Variation
Population	\$2,128	\$2,091	\$2,124	\$2,223	No material variation
<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]					
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$16,042	\$15,611	\$15,228	\$15,855	No material variation
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	13	14	14	14	No material variation
Own-source revenue					No material variation
<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,670	\$1,630	\$1,672	\$1,671	
Recurrent grants					This indicator is volatile based on the level of grants received each year. Population does not change very much but the higher the level of grants received in a year, the higher the ratio and conversely, the lower the level of grants in a year, the lower the ratio.
<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$414	\$684	\$520	\$469	

Definitions

"Adjusted underlying revenue" means total income other than:

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to above

"Infrastructure" means non-current property, plant and equipment excluding land

"Local road" means a sealed or unsealed road for which the Council is the responsible road authority under the Road Management Act 2004

"Population" means the resident population estimated by Council

"Own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of Council (including government grants)

"Relative socio-economic disadvantage", in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA

"SEIFA" means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its Internet website

"Unrestricted cash" means all cash and cash equivalents other than restricted cash.

Service	Results 2016	Results 2017	Results 2018	Results 2019	Material Variation
Aquatic Facilities					No material variation
Utilisation					
<i>Utilisation of aquatic facilities</i>	6	6	5	5	
[Number of visits to aquatic facilities / Municipal population]					
Animal management					Council has been more pro-active in education of residents in responsible pet ownership.
Health and safety					
<i>Animal management prosecutions</i>	23	9	19	9	Note: Revised data has changed for the previous three years as a result of unpaid fines not being reported as prosecutions processed through the magistrates court.
[Number of successful animal management prosecutions]					The previous animal management prosecution results historically included by Council should not have been included as they represent a non-compliance with the LGPRF.
					The revised figures are:
					<ul style="list-style-type: none"> • 2016 year changed from 23 to 9 • 2017 year changed from 9 to 6 • 2018 year changed from 19 to 16
Food safety					From 1 July 2016, 'Critical and major non-compliance outcome notifications' will be reported by calendar year. Previously this indicator was reported by financial year. This has been implemented to better align reporting with the Department of Health and Human Services. This may result in some variances year on year.
Health and safety					
<i>Critical and major non-compliance notifications</i>	95%	100%	100%	100%	
[Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x 100					
Governance					Community concerns with the performance and behaviours of Council/Councillors has negatively impacted on the satisfaction levels associated with Council decision making.
Satisfaction					
<i>Satisfaction with Council decisions</i>	47	45	42	35	
[Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community]					
Home and Community Care (HACC)					Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
Participation					
<i>Participation in HACC service</i>	26%	N/A	N/A	N/A	
[Number of people that received a HACC service / Municipal target population for HACC services] x 100					

Service	Results 2016	Results 2017	Results 2018	Results 2019	Material Variation
<p>Participation</p> <p><i>Participation in HACC service by CALD people</i></p> <p>[Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x 100</p>	22%	N/A	N/A	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
<p>Libraries</p> <p>Participation</p> <p><i>Active library members</i></p> <p>[Number of active library members / Municipal population] x 100</p>	23%	21%	17%	16%	Active members for the year were 4,828 which is a slight decrease on the prior year. The population growth for the Shire is increasing faster than the number of active members and therefore there is a slight decrease in the indicator. The decrease is also reflective of ageing library buildings and proximity to town centres for community access and use. This indicator does not include the increasing members who use the library service for accessing wifi and computers and who do not borrow an item.
<p>Maternal and Child Health (MCH)</p> <p>Participation</p> <p><i>Participation in the MCH service</i></p> <p>[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x 100</p>	75%	76%	76%	75%	No material variation
<p>Participation</p> <p><i>Participation in the MCH service by Aboriginal children</i></p> <p>[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x 100</p>	62%	67%	58%	63%	The service has seen an increase in the number of Aboriginal children being enrolled and attending the MCH service.
<p>Roads</p> <p>Satisfaction</p> <p><i>Satisfaction with sealed local roads</i></p> <p>[Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]</p>	30	36	46	48	The condition of roads has improved by two points as part of the Community Satisfaction Survey.

Service	Results 2016	Results 2017	Results 2018	Results 2019	Material Variation
Statutory Planning					No material variation
Decision making					
<i>Council planning decisions upheld at VCAT</i>	71%	50%	80%	80%	
[Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x 100					
Waste Collection					No material variation
Waste diversion					
<i>Kerbside collection waste diverted from landfill</i>	50%	51%	51%	52%	
[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x 100					

Definitions

"Aboriginal child" means a child who is an Aboriginal person

"Aboriginal person" has the same meaning as in the Aboriginal Heritage Act 2006

"Active library member" means a member of a library who has borrowed a book from the library

"Annual report" means an annual report prepared by a Council under sections 131, 132 and 133 of the Act

"CALD" means Culturally and Linguistically Diverse and refers to persons born outside Australia in a country whose national language is not English

"Class 1 food premises" means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 1 food premises under section 19C of that Act

"Class 2 food premises" means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 2 food premises under section 19C of that Act

"Community Care Common Standards" means the Community Care Common Standards for the delivery of HACC services, published from time to time by the Commonwealth

"Critical non-compliance outcome notification" means a notification received by Council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to Council by an authorised officer under that Act, of a deficiency that poses an immediate serious threat to public health

"Food premises" has the same meaning as in the *Food Act 1984*

"HACC program" means the Home and Community Care program

established under the Agreement entered into for the purpose of the *Home and Community Care Act 1985* of the Commonwealth

"HACC service" means home help, personal care or community respite provided under the HACC program

"Local road" means a sealed or unsealed road for which the Council is the responsible road authority under the *Road Management Act 2004*

"Major non-compliance outcome notification" means a notification received by a Council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to Council by an authorised officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken

"MCH" means the Maternal and Child Health Service provided by a Council to support the health and development of children within the municipality from birth until school age

"Population" means the resident population estimated by Council
 "Target population" has the same meaning as in the Agreement entered into for the purposes of the *Home and Community Care Act 1985* of the Commonwealth

"WorkSafe reportable aquatic facility safety incident" means an incident relating to a Council aquatic facility that is required to be notified to the Victorian WorkCover Authority under Part 5 of the *Occupational Health and Safety Act 2004*.

Dimension/indicator/ measure	Results 2016	Results 2017	Results 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Material Variation
Efficiency									No material variation
Revenue level									
<i>Average residential rate per residential property assessment</i>	\$1,752	\$1,789	\$1,811	\$1,834	\$1,896	\$1,944	\$1,992	\$2,042	
[Residential rate revenue / Number of residential property assessments]									
Expenditure Level									No material variation
<i>Expenses per property assessment</i>	\$3,038	\$3,105	\$3,094	\$3,288	\$3,118	\$3,118	\$3,089	\$3,125	
[Total expenses / Number of property assessments]									
Workforce turnover									Workforce turnover has increased this financial year due to Council exiting the Aged and Disability Service in South Gippsland as of 31 March 2019.
<i>Resignation and terminations compared to average staff</i>	13.13%	11.19%	11.98%	24.57%	9.09%	9.09%	9.09%	9.09%	
[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x 100									
Liquidity									No material variation
Working capital									
<i>Current assets compared to current liabilities</i>	240.08%	281.98%	309.55%	298.31%	201.04%	163.86%	147.25%	180.08%	
[Current assets / Current liabilities] x 100									

Dimension/indicator/ measure	Results 2016	Results 2017	Results 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Material Variation
Unrestricted cash									
<i>Unrestricted cash compared to current liabilities</i>	-46.01%	-12.61%	-33.24%	-57.22%	68.24%	73.26%	90.23%	123.27%	The reclassification of \$4.0M of 'Cash and cash equivalents' to 'Other financial assets' (investments held at reporting date with a maturity of greater than 90 days) to cash has weakened this indicator in 2018/19 but does not indicate any financial concern.
[Unrestricted cash / Current liabilities] x 100									
Obligations									
Asset renewal									
<i>Asset renewal compared to depreciation</i>	100.84%	111.33%	98.04%	81.02%	233.60%	167.23%	147.45%	124.49%	Due to various reasons, there was a significant amount of capital renewal expenditure which was not completed in 2018/19 and has been carried forward for completion in 2019/20, hence the significant jump in that year.
[Asset renewal expenses / Asset depreciation] x 100									
Loans and borrowings									
<i>Loans and borrowings compared to rates</i>	8.68%	8.37%	8.16%	7.89%	7.51%	6.53%	5.60%	4.70%	No material variation
[Interest bearing loans and borrowings / Rate revenue] x 100									
Loans and borrowings									
<i>Loans and borrowings repayments compared to rates</i>	0.37%	0.36%	0.35%	0.33%	8.58%	0.86%	0.83%	0.81%	The spike in 2019/20 is due to Council's only loan (interest-only) of \$3.35M which is due to be paid out in November 2019. Council will borrow an additional \$3.6M in 2019/20 but repayments of this loan will include principal and interest payments instead of interest-only going forward.
[Interest and principal repayments on interest bearing loans and borrowings / rate revenue] x 100									
Indebtedness									
<i>Non-current liabilities compared to own source revenue</i>	10.67%	12.62%	12.73%	7.42%	9.88%	9.09%	8.32%	7.46%	The drop in ratio for 2018/19 represents the reclassification of the interest-only loan \$3.35M from Non-current to Current liabilities as this loan is due to be paid out in November 2019
[Non-current liabilities / Own source revenue] x 100									

Dimension/indicator/ measure	Results 2016	Results 2017	Results 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Forecast 2023	Material Variation
Operating position									
Adjusted underlying result	0.99%	12.11%	7.30%	1.35%	-3.38%	7.48%	9.00%	11.39%	As a result of capital projects being carried forward from one year to the next, the associated capital grant income carried forward impacts this ratio.
<i>Adjusted underlying surplus (or deficit)</i>									The higher the level of capital grants, the lower the adjusted underlying surplus.
[Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x 100									
Stability									No material variation
Rates concentration									
<i>Rates compared to adjusted underlying revenue</i>	64.87%	58.11%	61.52%	63.71%	72.73%	67.07%	68.63%	68.08%	
[Rate revenue / Adjusted underlying revenue] x 100									
Rates effort									No material variation
<i>Rates compared to property values</i>	0.54%	0.53%	0.54%	0.52%	0.49%	0.49%	0.48%	0.47%	
[Rate revenue / Capital improved value of rateable properties in the municipality] x 100									

Definitions

“Adjusted underlying revenue” means total income other than:

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to above

“Adjusted underlying surplus (or deficit)” means adjusted underlying revenue less total expenditure

“Asset renewal expenditure” means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability

“Current assets” has the same meaning as in the AAS

“Current liabilities” has the same meaning as in the AAS

“Non-current assets” means all assets other than current assets

“Non-current liabilities” means all liabilities other than current liabilities

“Non-recurrent grant” means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a Council’s Strategic Resource Plan

“Own-source revenue” means adjusted underlying revenue other than revenue that is not under the control of Council (including government grants)

“Population” means the resident population estimated by Council

“Rate revenue” means revenue from general rates, municipal charges, service rates and service charges

“Recurrent grant” means a grant other than a non-recurrent grant

“Residential rates” means revenue from general rates, municipal charges, service rates and service charges levied on residential properties

“Restricted cash” means cash and cash equivalents, within the meaning of the AAS, that are not available for use other than for a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year

“Unrestricted cash” means all cash and cash equivalents other than restricted cash.

Other Information

for the year ended 30 June 2019

1. Basis of preparation

Council is required to prepare and include a performance statement within its Annual Report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the *Local Government Act 1989* and Local Government (Planning and Reporting) Regulations 2014.

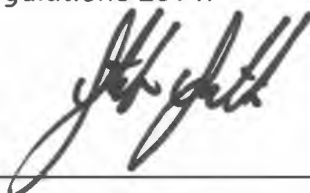
Where applicable the results in the performance statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from Council information systems or from third parties (e.g. Australian Bureau of Statistics).

The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the Council's Strategic Resource Plan. The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material variations in the results contained in the performance statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the performance statement are those adopted by Council in its Strategic Resource Plan annually and which forms part of the Council Plan. The Strategic Resource Plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The Strategic Resource Plan 2017-2021 can be obtained by contacting Council.

Certification of the Performance Statement for the year ended 30 June 2019

In my opinion, the accompanying performance statement has been prepared in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.



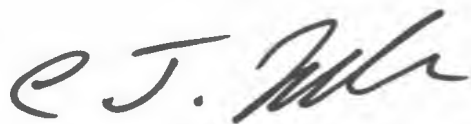
Stuart Smith, CPA
Principal Accounting Officer
Dated: 25 September 2019

In our opinion, the accompanying performance statement of the South Gippsland Shire Council for the year ended 30 June 2019 presents fairly the results of Council's performance in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

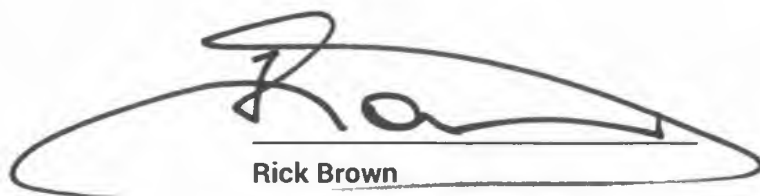
The performance statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainable capacity.

At the date of signing, we are not aware of any circumstances that would render any particulars in the performance statement to be misleading or inaccurate.

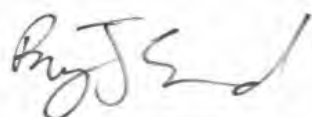
We have been authorised by the Council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify this performance statement in its final form.



Christian Zahra
Administrator
Dated: 25 September 2019



Rick Brown
Administrator
Dated: 25 September 2019



Bryan Sword
Acting Chief Executive Officer
Dated: 25 September 2019

Independent Auditor's Report

To the Councillors of South Gippsland Shire Council

<p>Opinion</p>	<p>I have audited the accompanying performance statement of South Gippsland Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • description of municipality for the year ended 30 June 2019 • sustainable capacity indicators for the year ended 30 June 2019 • service performance indicators for the year ended 30 June 2019 • financial performance indicators for the year ended 30 June 2019 • other information for the year ended 30 June 2019 (basis of preparation) • certification of the performance statement. <p>In my opinion, the performance statement presents fairly, in all material respects, the performance of the council for the year ended 30 June 2019, in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</i>.</p>
<p>Basis for Opinion</p>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Performance Statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<p>Councillors' responsibilities for the performance statement</p>	<p>The Councillors of the council are responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.</p>
<p>Auditor's responsibilities for the audit of the performance statement</p>	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance</p>

Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement.

As part of an audit in accordance with the Australian Standards on Assurance Engagements, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the performance statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 council's internal control
- evaluate the overall presentation, structure and content of the performance statement, including the disclosures, and whether the performance statement represents the underlying events and results in a manner that achieves fair presentation.

I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

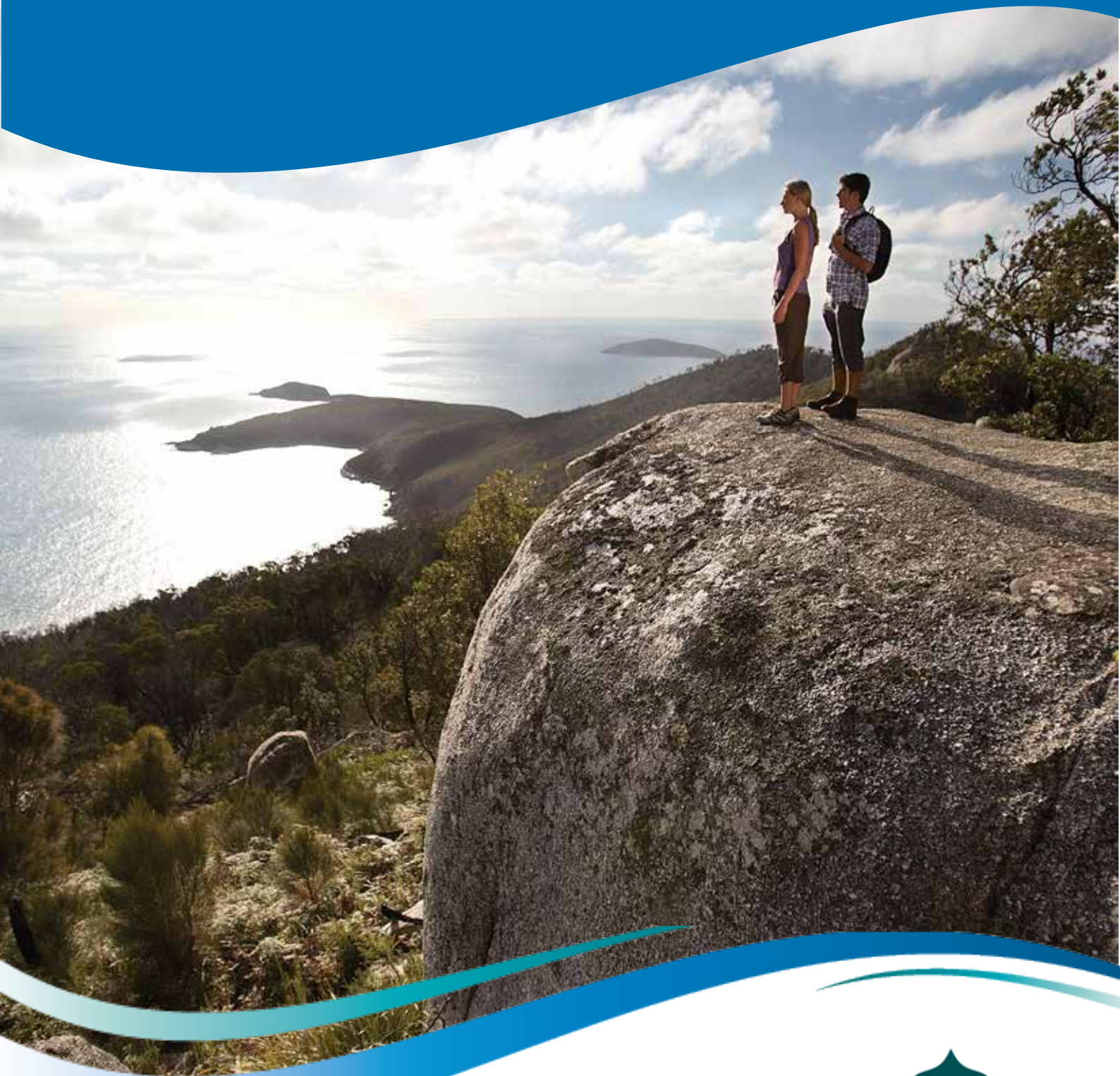
MELBOURNE
26 September 2019


Jonathan Kyvelidis
as delegate for the Auditor-General of Victoria

SOUTH GIPPSLAND SHIRE COUNCIL

Annual Financial Report

FOR THE YEAR ENDED 30 JUNE 2019



*South Gippsland
Shire Council*

Contents

Financial Report		
Certification of the Financial Statements		5
Victorian Auditor-General's Audit Report		6
Financial Statements		
Comprehensive Income Statement		8
Balance Sheet		9
Statement of Changes in Equity		10
Statement of Cash Flow		11
Statement of Capital Works		12
Overview - Notes to the Financial Statements		
Note 1	Performance against budget	14
	1.1 Income and expenditure	14
	1.2 Capital Works	15
Note 2	Analysis of Council results by program	16
Note 3	Funding for the delivery of our services	
	3.1 Rates and charges	16
	3.2 Statutory fees and fines	16
	3.3 User fees	16
	3.4 Funding from other levels of government	16
	3.5 Contributions	17
	3.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment	17
	3.7 Other income	18
Note 4	The cost of delivering services	18
	4.1 Employee costs	18
	4.2 Materials and services	18
	4.3 Depreciation and amortisation	18
	4.4 Bad and doubtful debts	19
	4.5 Borrowing costs	19
	4.6 Other expenses	19
Note 5	Our financial position	19
	5.1 Financial assets	19
	5.2 Non-financial assets	21
	5.3 Payables	21
	5.4 Interest bearing liabilities	22
	5.5 Provisions	22
	5.6 Financing arrangements	23
	5.7 Commitments	24

Contents

Note 6	Assets we manage	25
	6.1 Property infrastructure plant and equipment	25
	6.2 Investments in associates, joint arrangements and subsidiaries	32
	6.3 Investment property	33
Note 7	People and relationships	34
	7.1 Council and key management remuneration	34
	7.2 Related party disclosure	35
Note 8	Managing uncertainties	36
	8.1 Contingent assets and liabilities	36
	8.2 Change in accounting standards	36
	8.3 Financial instruments	37
	8.4 Fair value measurement	38
	8.5 Events occurring after balance date	39
Note 9	Other matters	39
	9.1 Reserves	39
	9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)	41
	9.3 Superannuation	41
	9.3 Correction of prior period error	41



South Gippsland
Shire Council

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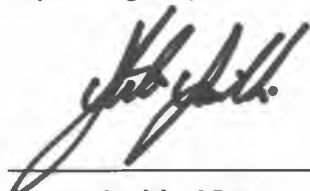
Websites: www.southgippsland.vic.gov.au www.visitpromcountry.com.au

Facebook: www.facebook.com/southgippslandshirecouncil

Certification of the Financials Statements

For the Year Ended 30 June 2019

In my opinion, the accompanying financial statements have been prepared in accordance with the *Local Government Act 1989*, the *Local Government (Planning and Reporting) Regulations 2014*, Australian Accounting Standards and other mandatory professional reporting requirements.



Stuart Smith, CPA

Principal Accounting Officer

Dated: 25 September 2019

Leongatha

In our opinion, the accompanying financial statements present fairly the financial transactions of the South Gippsland Shire Council for the year ended 30 June 2019 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 and by the *Local Government (Planning and Reporting) Regulations 2014* to certify the financial statements in their final form.

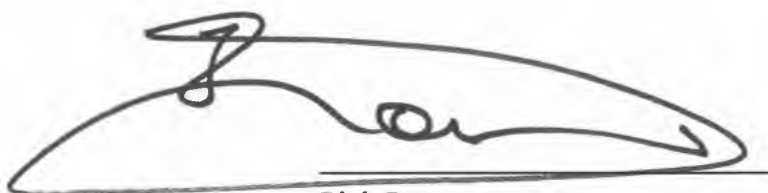


Christian Zahra

Administrator

Dated: 25 September 2019

Leongatha



Rick Brown

Administrator

Dated: 25 September 2019

Leongatha



Bryan Sword

Acting Chief Executive Officer

Dated: 25 September 2019

Leongatha

Independent Auditor's Report

To the Councillors of South Gippsland Shire Council

Opinion	<p>I have audited the financial report of South Gippsland Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2019 • comprehensive income statement for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • statement of capital works for the year then ended • notes to the financial statements, including significant accounting policies • certification of the financial statements. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2019 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the <i>Local Government Act 1989</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Councillors' responsibilities for the financial report	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 council's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors
- conclude on the appropriateness of the Councillors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
26 September 2019



Jonathan Kyvelidis
as delegate for the Auditor-General of Victoria

Comprehensive Income Statement

For the Year Ended 30 June 2019

	Note	2019 \$'000	Restated (Note 9.4) 2018 \$'000
Income			
Rates and charges	3.1	42,466	41,059
Statutory fees and fines	3.2	955	804
User fees	3.3	4,458	4,476
Grants - operating	3.4	15,365	14,500
Grants - capital	3.4	4,531	5,698
Contributions - monetary	3.5a	609	299
Contributions - non monetary	3.5a	1,185	169
Found assets	3.5b	348	-
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	3.6	(313)	203
Fair value adjustments for investment property	6.3	(176)	34
Share of net profits (or loss) of associates and joint ventures	6.2	121	115
Other income	3.7	1,897	2,012
Total income		71,446	69,369
Expenses			
Employee costs	4.1	26,515	24,635
Materials and services	4.2	24,732	23,556
Depreciation and amortisation	4.3	11,281	10,479
Bad and doubtful debts	4.4	22	47
Borrowing costs	4.5	142	143
Other expenses	4.6	3,058	3,011
Total expenses		65,750	61,871
Surplus/(deficit) for the year		5,696	7,498
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	6.1	32,070	(13,462)
Total comprehensive result		37,766	(5,964)

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

Balance Sheet

As at 30 June 2019

	Note	2019 \$'000	Restated (Note 9.4) 2018 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1a	7,000	5,458
Trade and other receivables	5.1c	5,518	5,610
Other financial assets	5.1b	28,273	24,266
Inventories	5.2	240	281
Other assets	5.2	58	61
Total current assets		41,089	35,676
Non-current assets			
Investments in associates, joint arrangements and subsidiaries	6.2	1,358	1,237
Property, infrastructure, plant and equipment	6.1	551,540	519,182
Investment property	6.3	587	763
Intangible assets	5.2	705	940
Total non-current assets		554,190	522,122
Total assets		595,279	557,798
Liabilities			
Current liabilities			
Trade and other payables	5.3	3,503	3,883
Trust funds and deposits	5.3	1,025	911
Provisions	5.5	5,896	6,731
Interest-bearing liabilities	5.4	3,350	-
Total current liabilities		13,774	11,525
Non-current liabilities			
Provisions	5.5	3,667	2,851
Interest-bearing liabilities	5.4	-	3,350
Total non-current liabilities		3,667	6,201
Total liabilities		17,441	17,726
Net assets		577,838	540,072
Equity			
Accumulated surplus		224,711	219,590
Reserves	9.1	353,127	320,482
Total Equity		577,838	540,072

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

Statement of Changes in Equity

For the Year Ended 30 June 2019

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2019					
Balance at beginning of the financial year		540,072	219,590	316,078	4,404
Surplus/(deficit) for the year		5,696	5,696	-	-
Net asset revaluation increment/(decrement)	6.1	32,070	-	32,070	-
Transfers to other reserves	9.1	-	(2,565)	-	2,565
Transfers from other reserves	9.1	-	1,990	-	(1,990)
Balance at end of the financial year		577,838	224,711	348,148	4,979

		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Restated (Note 9.4) 2018					
Balance at beginning of the financial year		546,036	213,187	329,540	3,309
Surplus/(deficit) for the year		7,498	7,498	-	-
Net asset revaluation increment/(decrement)	6.1	(13,462)	-	(13,462)	-
Transfers to other reserves	9.1	-	(2,148)	-	2,148
Transfers from other reserves	9.1	-	1,053	-	(1,053)
Balance at end of the financial year		540,072	219,590	316,078	4,404

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

Statement of Cash Flows

For the Year Ended 30 June 2019

	Note	2019 Inflows/ (Outflows) \$'000	2018 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		42,323	40,956
Statutory fees and fines		955	804
User fees		4,785	3,421
Grants - operating		15,365	14,500
Grants - capital		4,531	5,698
Contributions - monetary		609	299
Interest received		686	702
Trust funds and deposits taken		160	82
Other receipts		1,249	1,434
Net GST refund/payment		2,643	2,631
Employee costs		(26,868)	(24,774)
Materials and services		(27,530)	(25,811)
Trust funds and deposits repaid		(46)	(45)
Other payments		(3,058)	(3,011)
Net cash provided by/(used in) operating activities	9.2	15,804	16,887
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.1	(10,916)	(14,156)
Proceeds from sale of property, infrastructure, plant and equipment	3.6	803	854
Payments for investments		(4,007)	(7,685)
Net cash provided by/(used in) investing activities		(14,120)	(20,987)
Cash flows from financing activities			
Finance costs		(142)	(143)
Net cash provided by/(used in) financing activities		(142)	(143)
Net increase (decrease) in cash and cash equivalents		1,542	(4,243)
Cash and cash equivalents at the beginning of the financial year		5,458	9,701
Cash and cash equivalents at the end of the financial year	5.1a	7,000	5,458
Financing arrangements	5.6		
Restrictions on cash assets	5.1		

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

Statement of Capital Works

For the Year Ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Property			
Land		19	13
Buildings		996	397
Total property		<u>1,015</u>	<u>410</u>
Plant and equipment			
Plant, machinery and equipment		1,277	1,207
Computers and telecommunications		481	366
Total plant and equipment		<u>1,758</u>	<u>1,573</u>
Infrastructure			
Roads		4,187	9,498
Bridges		1,583	1,089
Major Culverts		187	87
Footpaths and cycleways		439	704
Drainage		139	67
Waste management		49	81
Other infrastructure		1,559	647
Total infrastructure		<u>8,143</u>	<u>12,173</u>
Total capital works expenditure		<u>10,916</u>	<u>14,156</u>
Represented by:			
New asset expenditure		125	132
Asset renewal expenditure		8,949	9,968
Asset expansion expenditure		1,270	395
Asset upgrade expenditure		572	3,661
Total capital works expenditure		<u>10,916</u>	<u>14,156</u>

The above statement of capital works should be read in conjunction with the accompanying notes.

Notes to the Financial Report

For the Year Ended 30 June 2019

OVERVIEW

Introduction

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

Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and Notes accompanying these financial statements. The general purpose financial report complies with the Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1989, and the Local Government (Planning and Reporting) Regulations 2014.

Significant accounting policies

(a) Basis of accounting

The accrual basis of accounting has been used in the preparation of these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AAS's that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)
- other areas requiring judgements

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.

Notes to the Financial Report

For the Year Ended 30 June 2019

Note 1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 percent or \$100,000 where further explanation is warranted. 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 detailed below are those adopted by Council on 27 June 2018. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning 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.

These notes are prepared to meet the requirements of the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

1.1 Income and expenditure

	Budget 2019 \$'000	Actual 2019 \$'000	Variance 2019 \$'000	Variance %	Ref
Income					
Rates and charges	42,505	42,466	(39)	0%	
Statutory fees and fines	941	955	14	1%	
User fees	4,413	4,458	45	1%	
Grants - operating	10,653	15,365	4,712	44%	1
Grants - capital	3,403	4,531	1,128	33%	2
Contributions - monetary	583	609	26	4%	
Contributions - non monetary	387	1,185	798	206%	3
Found assets	-	348	348		4
Net gain/(loss) on disposal of property, infrastructure, plant	245	(313)	(558)	-228%	5
Fair value adjustments for investment property	-	(176)	(176)		6
Share of net profits/(losses) of associates and joint venture	-	121	121		7
Other income	1,592	1,897	305	19%	8
Total income	64,722	71,446	6,724	10%	
Expenses					
Employee costs	25,224	26,515	(1,291)	-5%	9
Materials and services	24,074	24,732	(658)	-3%	10
Depreciation and amortisation	10,288	11,281	(993)	-10%	11
Bad and doubtful debts	1	22	(21)	-2100%	12
Borrowing costs	142	142	-	0%	
Other expenses	3,548	3,058	490	14%	13
Total expenses	63,277	65,750	(2,473)	-4%	
Surplus/(deficit) for the year	1,445	5,696	4,251	294%	

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Grants - operating	50% of Victorian Grants Commission allocation (\$5M) relating to 2019-20 was received in advance, net of \$300K budgeted for Home & Community Care that was not received as funding ended as of 31st March 2019.
2	Grants - capital	Receipt of non-recurrent capital grants of \$540K for Fixing Country Roads, \$225K for Toora Swimming Pool, \$225K for Korumburra Rec Reserve Change Room and \$225K for Baromi Park works that were not in the original budget.
3	Contributions - non monetary	Higher developer contributions received than expected relating to assets received from development in Foster (Parkside Crs, Clement Crt and Station Rd) and Korumburra (Isabella Bl)
4	Found assets	Found assets were unexpected and not budgeted for.
5	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	Losses of \$326K recognised on disposal of infrastructure assets during capital works that were not budgeted for. Remaining gain on sale of plant, machinery and equipment was lower than expected.
6	Fair value adjustments for investment property	Fair value adjustments for the investment property is not budgeted for.
7	Share of net profits/(losses) of associates and joint ventures	Council share of surplus is not budgeted for.
8	Other income	Interest received on term-deposits was higher than budgeted for by \$207K.
9	Employee costs	Higher employee costs of \$442K relate to the Home & Community Care funding ending 31st March 2019. This was made up of \$976K unbudgeted redundancy payments, which was reduced by 3 months of salaries that were budgeted for and did not occur of \$266K. Remaining higher employee costs relate to employee oncosts and workcover.
10	Materials and services	Increase in landfill provision not budgeted for in 2018-19.
11	Depreciation	Higher depreciation than expected due to increase in Buildings, Roads and Other Structures value as of 30 June 2018, after budget was adopted.
12	Bad and doubtful debts	Increase in doubtful debts provision to reflect likelihood of default across all aging buckets based on history.
13	Other expenses	Budget included \$400K toward a new mobile library in 2018-19 that did not go ahead.

Notes to the Financial Report

For the Year Ended 30 June 2019

Note 1 Performance against budget (cont'd)

1.2 Capital works

	Budget 2019 \$'000	Actual 2019 \$'000	Variance 2019 \$'000	Variance 2019 %	Ref
Property					
Land	-	19	19	-	1
Total land	-	19	19		
Buildings	2,333	996	(1,337)	-57%	2
Total buildings	2,333	996	(1,337)	-57%	
Total property	2,333	1,015	(1,318)	-56%	
Plant and equipment					
Plant, machinery and equipment	2,058	1,277	(781)	-38%	3
Computers and telecommunications	1,847	481	(1,366)	-74%	4
Total plant and equipment	3,905	1,758	(2,147)	-55%	
Infrastructure					
Roads	5,648	4,187	(1,461)	-26%	5
Bridges	2,439	1,583	(856)	-35%	6
Major Culverts	111	187	76	68%	7
Footpaths and cycleways	1,522	439	(1,083)	-71%	8
Drainage	341	139	(202)	-59%	9
Waste management	1,167	49	(1,118)	-96%	10
Other infrastructure	5,897	1,559	(4,338)	-74%	11
Total infrastructure	17,125	8,143	(8,982)	-52%	
Total capital works expenditure	23,363	10,916	(12,447)	-53%	
Represented by:					
New asset expenditure	2,024	125	(1,899)	-94%	
Asset renewal expenditure	17,207	8,949	(8,258)	-48%	
Asset expansion expenditure	199	1,270	1,071	538%	
Asset upgrade expenditure	3,933	572	(3,361)	-85%	
Total capital works expenditure	23,363	10,916	(12,447)	-53%	

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	General land purchases higher than budgeted.
2	Buildings	Capital works on Long Jetty and Yanakie Caravan Parks (\$527K), Community Hub - Korumburra (\$77K), Renewal Program (\$141K), Waratah Bay Caravan Park (\$190K) and Early Years Renewal Program (\$305K) were deferred and carried forward to 2019-20. Project to refurbish the old Korumburra Kindergarten into an interim library (\$225K) was cancelled.
3	Plant, machinery and equipment	Variance due to purchases of a chipper (\$120K), excavator (\$284K) and other smaller plant carried forward to 2019-20.
4	Computers and telecommunications	Variance due to various projects and purchases carried forward to 2019-20.
5	Roads	Various road reseals (\$800K) and Loch Main Street Renewal (\$670K) deferred to 2019-20.
6	Bridges	Bena Kongwak Bridge project was \$757K lower than budgeted.
7	Major Culverts	Projects brought forward to 2018-19. Works included Shands Road, Agnes (\$77K) and Fish Creek Waratah Road, Waratah Bay (\$108K).
8	Footpaths and cycleways	Jumbunna Road, Korumburra footpath extension (\$899K) and Old Waratah Road, Fish Creek (\$126K) deferred to 2019-20.
9	Drainage	Sanders Lane, Korumburra (\$130K) and other drainage deferred to 2019-20.
10	Waste management	\$352K was budgeted for Leachate Evaporation System that was cancelled. \$778K was budgeted for Cell 3 rehabilitation works that are not capital and were provided for in the Landfill Provision.
11	Other infrastructure	Mirboo North Pool (\$3.75M) and other various projects deferred to 2019-20.

Notes to the Financial Report

For the Year Ended 30 June 2019

Note 2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2 (a) Corporate and Community Services Management

The Corporate and Community Services Directorate Management is accountable for ensuring that Council's objectives for the Directorate are achieved through the following Departments:

- Community Services;
- Finance, Risk & Procurement; and
- Innovation & Council Business.

Together these Departments provide strategic policy advice to Councillors/Administrators to inform their decisions, coordinate the preparation of the four year Council Plan, plan for long term financial sustainability, facilitate community strengthening programs, manage corporate technologies and systems and implement strategic directions relevant to the Directorate once set by Council. This department also contains Community Strengthening and Community Grants that connect and support community groups, volunteers, committees and other Council Departments, to provide services beyond those that Council, by itself, can deliver.

Community Services

The Community Services Department provide policy advice and program delivery for the following services:

- Aged & Disability Services, including Home and Community Care and Disability Service support;
- Children and Family Services; including Maternal and Child Health; Immunisation, Pre-school and Playgroup support;
- Libraries; and
- Create the Municipal Public Health and Wellbeing Plan.

Together these teams work towards creating a collaborative, self-supporting community.

Finance, Risk and Procurement

The Finance, Risk and Procurement Department deliver financial planning, budget management oversight, risk management coordination and procurement coordination for the organisation. The Department comprises:

- Accounting which includes strategic financial advice, accounting systems and services, management accounting support and financial reporting;
- Rates and Valuations which includes property valuations for rating purposes and administration of rate collection; and
- Risk and Procurement which includes contract and quotation management, risk and insurance management and internal audit and regulatory compliance.

Together the teams improve the financial sustainability of Council by pursuing continuous improvement in processes and procedures, pro-actively managing risks, sustainably managing finances and gaining efficiencies through procurements.

Innovation & Council Business

The Innovation and Council Business Department leads organisation wide planning and implementation of good governance, innovation, technology and corporate information management practices. The Department comprises:

- Corporate Planning and Council Business incorporating policy development and review, Council elections, Council meetings, briefings and public presentation coordination, corporate planning and reporting and community engagement to inform the Council Plan and annual initiatives for the Budget;
- Innovation incorporates information technology strategy, policy, planning, project development and delivery, systems management and on-going management of hardware and software; and
- Corporate Information Management incorporates strategy, policies, systems' coordination and operational support to capture, manage and archive corporate records and respond to Freedom of Information requests and Privacy enquiries.

Notes to the Financial Report

For the Year Ended 30 June 2019

Development Services Management

The Development Services Management unit is accountable for ensuring that Council's objectives for the Development Services Directorate are achieved through the following Departments:

- Planning;
- Regulatory Services; and
- Economic Development and Tourism

Together these Departments provide strategic policy advice to Councillors/Administrators to inform their decisions, undertake regional advocacy to facilitate planned growth in the Shire, education and enforcement activities and implement the strategic directions set by Council relevant to the Directorate.

Economic Development and Tourism Management

The Economic Development and Tourism Department strategically plans for and facilitates economic expansion and investment within the Shire by actively promoting and supporting sustainable industry and business and tourism development. The Department manages Council's Coal Creek Community Park & Museum which aims to enhance the liveability of the Shire as the largest cultural heritage site in South Gippsland.

Planning

The Planning Department provides statutory, strategic and social planning services to the community to provide for development, land use and community policy. The Department actively supports planned growth across the municipality, protects and enhances the unique identity and liveability of local districts and advocates to other levels of government and stakeholders for developments that will prosper the Shire.

Regulatory Services

The Regulatory Services Department is responsible for administration, education and enforcement of varied Victorian legislation along with Council's General Local Laws. Services include

- animal management;
- building and planning enforcement;
- fire prevention;
- Local Law development and enforcement;
- Litter prevention;
- permits for places of public entertainment;
- parking control;
- registration of food, health and accommodation premises;
- report and consent applications for new building work;
- school crossings; and
- wastewater.

Community Information

The Community Information Unit plays a pivotal role in raising community awareness of Council services and strategic directions. It creates a working interface between Council, Council Departments and the Community through customer services, media management, publishing material, social media, website management and internal liaison.

People & Culture

People & Culture ensures our people are developed and supported so they have the opportunity to deliver services to the best of their ability for the benefit of the community. The team's contribution to employee and organisation success is achieved through business partnership with Directorates using People & Culture processes and systems; developing employee work environment, mindset and culture; providing People & Culture expertise in role, work design, staffing, professional development, performance, remuneration, recognition, OHS, return to work, and wellbeing.

Notes to the Financial Report

For the Year Ended 30 June 2019

Infrastructure Management

The Infrastructure Directorate is accountable for ensuring that Council's objectives for the Directorate are achieved through the following Departments:

- Infrastructure Planning;
- Infrastructure Delivery; and
- Operations.

Together these Departments provide strategic policy advice to Councillors/Administrators to inform their decisions, prepare and deliver the Capital Works Program and Asset Management Plans, along with maintaining infrastructure, parks, gardens and public places.

Infrastructure Planning

The Infrastructure Planning Department assists Council in achieving the objectives of its strategies and plans by providing services that contribute to a closely connected and engaged community.

Services include managing Council's property portfolio (acquisition, disposal, leasing, and licensing of property), planning for and managing Council's building and recreational assets, managing waste disposal services, and promotion of a sustainable environment and solutions.

The teams support and partner with a strong volunteer base to deliver a variety of community projects and education programs for all age groups and abilities.

Infrastructure Delivery

The Infrastructure Delivery Department assists Council in achieving the objectives of its strategies and plans by planning for and providing integrated services and community infrastructure. Services include coordinating and delivering Council's civil works design program for community infrastructure, determining future capital / community infrastructure projects for inclusion in the 15 Year Capital Works Program, and delivery of the annual Capital Works Program including community infrastructure projects (Major Capital Projects). The department also delivers a range of services including contract management, preparing funding submissions for community projects, issuing engineering conditions for developments referred from Planning, and managing Council's infrastructure assets which incorporates the collection, management, and analysis of asset data.

Operations

The Operations Department assists Council in achieving the objectives of its strategies and plans by planning for and providing integrated services and infrastructure in order to meet current and future needs of the community. Services include delivering maintenance, construction, replacements and capital programs for roads, streets, drainage, culverts, bridges, parks, gardens, and playgrounds. The Department is also responsible for cleaning Council owned and managed public toilets and BBQ amenities, workshop operations, fleet and plant and the after-hours operations call out service. All services are to be in accordance with the Road Management Act, Road Management Plan, and associated Asset Management Plans.

Notes to the Financial Report

For the Year Ended 30 June 2019

Note 2 Analysis of Council results by program
2 (b) Summary of revenues, expenses, assets and capital expenses by program

	Income	Expenses	Surplus/(Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2019					
Corporate and Community Services Management	409	3,716	(3,307)	316	1,358
Community Services	2,282	3,535	(1,253)	1,928	-
Finance, Risk & Procurement	46,904	6,464	40,440	6,444	41,436
Innovation & Council Business	-	2,822	(2,822)	-	1,212
Development Services Management	948	1,361	(413)	74	-
Economic Development & Tourism Management	277	1,503	(1,226)	-	-
Planning	942	1,530	(588)	117	-
Regulatory Services	1,112	1,763	(651)	80	-
Executive Services	-	1,106	(1,106)	-	-
Community Information	-	776	(776)	-	-
People & Culture	343	1,331	(988)	-	-
Infrastructure Management	-	262	(262)	-	-
Infrastructure Planning	6,349	11,511	(5,162)	368	551,007
Infrastructure Delivery	7,348	13,615	(6,267)	6,888	-
Operations	4,532	14,455	(9,923)	3,681	266
Unattributed	-	-	-	-	-
	71,446	65,750	5,696	19,896	595,279

	Income	Expenses	Surplus/(Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2018					
Corporate and Community Services Management	352	3,377	(3,025)	275	1,237
Community Services	2,601	3,072	(471)	2,134	-
Finance, Risk & Procurement	44,603	3,671	40,932	5,929	36,158
Innovation & Council Business	2	2,759	(2,757)	-	1,125
Development Services Management	903	1,185	(282)	-	-
Economic Development & Tourism Management	212	1,441	(1,229)	8	-
Planning	592	1,474	(882)	45	-
Regulatory Services	1,113	1,695	(582)	65	-
Executive Services	50	589	(539)	-	-
Community Information	-	714	(714)	-	-
People & Culture	335	1,259	(924)	-	-
Infrastructure Management	-	317	(317)	-	-
Infrastructure Planning	5,951	9,131	(3,180)	247	518,968
Infrastructure Delivery	8,103	15,065	(6,962)	7,866	-
Operations	4,552	16,122	(11,570)	3,629	310
Unattributed	-	-	-	-	-
	69,369	61,871	7,498	20,198	557,798

Notes to the Financial Report

For the Year Ended 30 June 2019

Note 3 Funding for the delivery of our services

3.1 Rates and charges

2019
\$'000

2018
\$'000

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

The valuation base used to calculate general rates for 2018/19 was \$8,080 million (2017/18 \$7,625 million).

General rates	38,714	37,688
Waste management charge	3,159	2,824
Special rates and charges	5	-
Supplementary rates and rate adjustments	227	200
Interest on rates and charges	175	166
Revenue in lieu of rates	186	181
Total rates and charges	42,466	41,059

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2018, and the valuation will be first applied in the rating year commencing 1 July 2018.

Annual rates and charges are recognised as revenues when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.

3.2 Statutory fees and fines

Land information certificates	39	43
Local laws	107	139
Building services	183	104
Statutory planning	532	428
Supervision fees	82	30
Others	12	60
Total statutory fees and fines	955	804

Statutory 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.

3.3 User fees

Aged and health services	617	785
Leisure centre and recreation	75	67
Local laws	420	436
Waste management services	2,264	2,179
Caravan parks	918	870
Other fees and charges	164	139
Total user fees	4,458	4,476

User fees are recognised as revenue when the service has been provided or council has otherwise earned the income.

3.4 Funding from other levels of government

Grants were received in respect of the following :

Summary of grants

Commonwealth funded grants	14,679	16,739
State funded grants	5,217	3,459
Total grants received	19,896	20,198

(a) Operating Grants

Recurrent - Commonwealth Government

Financial Assistance Grants	9,865	9,500
Immunisation	3	1
Home & Community Care	766	978

Recurrent - State Government

Valuation Services	198	9
Family and children	234	202
Home & Community Care	495	583
School crossing supervision	72	54
Community building	120	115
Community health	7	3
Immunisation	12	24
Maternal & child health	395	316
Other	33	21
Total recurrent operating grants	12,200	11,806

Notes to the Financial Report

For the Year Ended 30 June 2019

	2019 \$'000	2018 \$'000
Non-recurrent - Commonwealth Government		
Local Roads & Infrastructure	1,943	1,943
Sustainability	85	-
Recreation & Leisure	60	-
Non-recurrent - State Government		
Families & Children	20	30
Home & Community Care	4	-
Youth Services	25	82
Fire Services Levy Administration	50	49
Sustainability	133	201
Community Building	54	61
Recreation & Leisure	559	179
Others	232	149
Total non-recurrent operating grants	<u>3,165</u>	<u>2,694</u>
Total operating grants	<u>15,365</u>	<u>14,500</u>
(b) Capital Grants		
Recurrent - Commonwealth Government		
Roads to recovery	1,657	3,344
Total recurrent capital grants	<u>1,657</u>	<u>3,344</u>
Non-recurrent - Commonwealth Government		
Roads	-	513
Building	-	160
Bridges	300	300
Non-recurrent - State Government		
Roads	1,240	242
Building	375	80
Bridges	309	859
Footpaths	12	-
Other Structures	638	200
Total non-recurrent capital grants	<u>2,874</u>	<u>2,354</u>
Total capital grants	<u>4,531</u>	<u>5,698</u>
(c) Unspent grants received on condition that they be spent in a specific manner		
Balance at start of year	1,447	1,320
Received during the financial year and remained unspent at balance date	1,653	961
Received in prior years and spent during the financial year	<u>(1,109)</u>	<u>(834)</u>
Balance at year end	<u>1,991</u>	<u>1,447</u>

Grant income is recognised when Council obtains control of the contribution. Control is normally obtained upon receipt (or acquittal).

	2019 \$'000	2018 \$'000
3.5 (a) Contributions		
Monetary	609	299
Non-monetary	1,185	169
Total contributions	<u>1,794</u>	<u>468</u>
<i>Contributions of non monetary assets were received in relation to the following asset classes.</i>		
Roads	402	-
Drains	354	137
Kerb & channels	140	-
Car Parks	-	25
Footpaths	289	7
Total non-monetary contributions	<u>1,185</u>	<u>169</u>

Monetary and non monetary contributions are recognised as revenue when Council obtains control over the contributed asset.

(b) Found Assets

Found assets were recorded in the following asset classes.

Roads	104	-
Drains	2	-
Car Parks	99	-
Footpaths	1	-
Other	142	-
Total found assets	<u>348</u>	<u>-</u>

Found assets are recorded when discovered by Council during maintenance or capital works.

3.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment

Proceeds of sale	803	-
Written down value of assets disposed	<u>(1,116)</u>	<u>-</u>
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	<u>(313)</u>	<u>203</u>

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

Notes to the Financial Report

For the Year Ended 30 June 2019

3.7 Other income

	2019 \$'000	2018 \$'000
Interest	648	578
Investment property rental	210	227
Other rent	13	15
Fuel tax credits	112	144
Sales	146	155
Workcover reimbursements	340	334
Other reimbursements	267	420
External private works	8	17
Other	153	122
Total other income	1,897	2,012

Interest is recognised as it is earned.

Other income is measured at the fair value of the consideration received or receivable and is recognised when Council gains control over the right to receive the income.

Note 4 The cost of delivering services

4.1 (a) Employee costs

Wages and salaries	23,614	21,942
WorkCover	705	569
Superannuation	2,176	2,104
Fringe benefits tax	20	20
Total employee costs	26,515	24,635

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	136	121
	<u>136</u>	<u>121</u>
Employer contributions payable at reporting date.	19	10

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)/Other Funds	2,040	1,982
	<u>2,040</u>	<u>1,982</u>
Employer contributions payable at reporting date.	23	-

Refer to note 9.3 for further information relating to Council's superannuation obligations.

4.2 Materials and services

Waste Management	3,886	3,458
Leisure Centre Operations	890	870
Contractors General	6,511	6,911
Software Maintenance	1,031	1,094
Landfill Rehabilitation	1,267	720
Great Southern Rail Trail	-	7
Natural disasters	332	158
Materials General	4,691	4,544
Fuel & Oils	964	671
Advertising & Promotion Costs	246	258
Utilities	939	930
Subscriptions, affiliations and conferences	138	154
Leases	201	195
Legal Fees	883	404
Consultancies and projects	565	693
Insurance Premiums	686	644
Plant & Equipment Registrations	126	117
Training expenses	301	292
State levies	902	872
Gippsland Group Training / Labour Hire	173	564
Total materials and services	24,732	23,556

4.3 Depreciation and amortisation

Property	3,123	2,415
Plant and equipment	2,124	1,902
Infrastructure	5,798	5,841
Total depreciation	11,045	10,158
Intangible assets	236	321
Total depreciation and amortisation	11,281	10,479

Refer to note 5.2(c) and 6.1 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

Notes to the Financial Report

For the Year Ended 30 June 2019

4.4 Bad and doubtful debts	2019	2018
	\$'000	\$'000
General debtors provision	<u>22</u>	<u>47</u>
Total bad and doubtful debts	<u>22</u>	<u>47</u>

Movement in provisions for doubtful debts

Balance at the beginning of the year	158	127
New provisions recognised during the year	41	54
Amounts already provided for and written off as uncollectible	(19)	(13)
Amounts provided for but recovered during the year	<u>(20)</u>	<u>(10)</u>
Balance at end of year	<u>160</u>	<u>158</u>

Provision for doubtful debt is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment.

4.5 Borrowing costs

Interest - Borrowings	<u>142</u>	<u>143</u>
Total borrowing costs	<u>142</u>	<u>143</u>

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council.

4.6 Other expenses

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	60	57
Auditors' remuneration - Internal	51	57
Councillors' allowances	295	304
Library contributions	1,409	1,382
Community & Sporting grants	974	951
Bank Fees & Charges	<u>269</u>	<u>260</u>
Total other expenses	<u>3,058</u>	<u>3,011</u>

Note 5 Our financial position	2019	2018
5.1 Financial assets	\$'000	\$'000
(a) Cash and cash equivalents		
Cash on hand	3	3
Cash at bank	3,000	1,107
Money market call accounts	3,997	3,348
Term deposits	-	1,000
Total cash and cash equivalents	<u>7,000</u>	<u>5,458</u>
(b) Other financial assets		
Term deposits - current	<u>28,273</u>	<u>24,266</u>
Total other financial assets	<u>28,273</u>	<u>24,266</u>
Total financial assets	<u>35,273</u>	<u>29,724</u>

Councils cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:

- Trust funds and deposits (Note 5.3)	<u>1,025</u>	<u>911</u>
Total restricted funds	<u>1,025</u>	<u>911</u>
Total unrestricted cash and cash equivalents	<u>5,975</u>	<u>4,547</u>

Intended allocations

Although not externally restricted the following amounts have been allocated for specific future purposes by Council:

- cash held to fund carried forward capital works	11,865	6,931
- grants recognised as revenue and obtained on the condition that they be expended in a specified manner that had not occurred at balance date (Note 3.4c)	1,991	1,447
- reserve funds allocated for specific future purpose (Note 9.1b)	<u>4,979</u>	<u>4,404</u>
Total funds subject to intended allocations	<u>18,835</u>	<u>12,782</u>

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of 90 days or less, net of outstanding bank overdrafts.

Other financial assets are valued at fair value, at balance date. Term deposits are measured at original cost. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

Notes to the Financial Report

For the Year Ended 30 June 2019

	2019 \$'000	2018 \$'000
(c) Trade and other receivables		
Current		
<i>Statutory receivables</i>		
Rates debtors	3,012	2,851
Special rate assessment	12	14
Net GST receivable	548	418
<i>Non statutory receivables</i>		
Other debtors	2,106	2,485
Provision for doubtful debts - other debtors	(160)	(158)
Total current trade and other receivables	<u>5,518</u>	<u>5,610</u>
Total trade and other receivables	<u>5,518</u>	<u>5,610</u>

Short term receivables are carried at invoice amount. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred. Long term receivables are carried at amortised cost using the effective interest rate method.

(d) Ageing of Receivables

The ageing of the Council's trade and other receivables (excluding statutory receivables) that are not impaired was:

Current (not yet due)	543	914
Past due by up to 30 days	1,219	1,130
Past due between 31 and 180 days	171	196
Past due between 181 and 365 days	18	81
Past due by more than 1 year	10	6
Total trade and other receivables	<u>1,961</u>	<u>2,327</u>

(e) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$145K (2018: \$158K) were impaired. The amount of the provision raised against these debtors was \$160K (2018: \$158K). They individually 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 receivables that have been individually determined as impaired at reporting date was:

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	145	158
Total trade & other receivables	<u>145</u>	<u>158</u>

Notes to the Financial Report

For the Year Ended 30 June 2019

5.2 Non-financial assets

	2019	2018
(a) Inventories	\$'000	\$'000
Inventories held for distribution	240	281
Total inventories	240	281

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

(b) Other assets

Prepayments	58	61
Total other assets	58	61

(c) Intangible assets

Landfill air space	705	940
Total intangible assets	705	940

Landfill \$'000

Gross carrying amount

Balance at 1 July 2018	2,167
Additions from internal developments	-
Other additions	1
Disposals	(820)
Balance at 1 July 2019	1,348

Accumulated amortisation and impairment

Balance at 1 July 2018	(1,227)
Amortisation expense	(236)
Accumulated depreciation of disposals	820
Balance at 1 July 2019	(643)

Net book value at 30 June 2018	940
Net book value at 30 June 2019	705

Intangible assets with finite lives are amortised as an expense on a systematic basis over the asset's useful life. Amortisation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and amortisation method are reviewed at least annually, and adjustments made where appropriate.

5.3 Payables

	2019	2018
(a) Trade and other payables	\$'000	\$'000
Trade payables	2,357	2,225
Accrued expenses	1,146	1,658
Total trade and other payables	3,503	3,883

(b) Trust funds and deposits

Refundable deposits	130	132
Fire services levy	349	393
Retention amounts	268	83
Other refundable deposits	278	303
Total trust funds and deposits	1,025	911

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited. Trust funds that are forfeited, resulting in council gaining control of the funds, are to be recognised as revenue at the time of forfeit.

Purpose and nature of items

Refundable deposits - Deposits are taken by council as a form of surety in a number of circumstances, including in relation to building works, tender deposits, contract deposits and the use of civic facilities.

Fire Service Levy - Council is the collection agent for fire services levy on behalf of the State Government. Council remits amounts received on a quarterly basis. Amounts disclosed here will be remitted to the state government in line with that process.

Retention Amounts - Council has a contractual right to retain certain amounts until a contractor has met certain requirements or a related period has elapsed. Subject to the satisfactory completion of the contractual obligations, or the elapsing of time, these amounts will be paid to the relevant contractor in line with Council's contractual obligations.

Other refundable deposits - Other deposits held in trust.

Notes to the Financial Report

For the Year Ended 30 June 2019

5.4 Interest-bearing liabilities	2019	2018
	\$'000	\$'000
Current		
Borrowings - secured	3,350	-
	<u>3,350</u>	<u>-</u>
Non-current		
Borrowings - secured	-	3,350
	<u>-</u>	<u>3,350</u>
Total	<u>3,350</u>	<u>3,350</u>

Borrowings are secured by the general rates of the Council

(a) The maturity profile for Council's borrowings is:

Not later than one year	3,350	-
Later than one year and not later than five years	-	3,350
Later than five years	-	-
	<u>3,350</u>	<u>3,350</u>

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs. The measurement basis initial recognition depends on whether the Council has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through the profit and loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised over the period of the borrowing using the effective interest method.

The classification depends on the nature and purpose of the interest bearing liabilities. The Council determines the classification of its interest bearing liabilities at initial recognition.

5.5 Provisions

	Employee	Landfill restoration	Total
	\$ '000	\$ '000	\$ '000
2019			
Balance at beginning of the financial year	6,714	2,868	9,582
Additional provisions	2,052	1,170	3,222
Amounts used	(2,458)	(842)	(3,300)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	80	(21)	59
Balance at the end of the financial year	<u>6,388</u>	<u>3,175</u>	<u>9,563</u>
2018			
Balance at beginning of the financial year	6,853	1,861	8,714
Additional provisions	2,077	1,026	3,103
Amounts used	(2,210)	(19)	(2,229)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(6)	-	(6)
Balance at the end of the financial year	<u>6,714</u>	<u>2,868</u>	<u>9,582</u>

Notes to the Financial Report

For the Year Ended 30 June 2019

	2019	2018
	\$'000	\$'000
(a) Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	1,545	1,685
Rostered days	212	188
Long service leave	1,533	1,470
	<u>3,290</u>	<u>3,343</u>
Current provisions expected to be wholly settled after 12 months		
Annual leave	625	757
Long service leave	1,876	1,830
	<u>2,501</u>	<u>2,587</u>
Total current employee provisions	<u>5,791</u>	<u>5,930</u>
Non-current		
Long service leave	597	784
Total non-current employee provisions	<u>597</u>	<u>784</u>
Aggregate carrying amount of employee provisions:		
Current	5,791	5,930
Non-current	597	784
Total aggregate carrying amount of employee provisions	<u>6,388</u>	<u>6,714</u>

The calculation of employee costs and benefits includes all relevant on-costs and are calculated as follows at reporting date.

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at the present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits. LSL is measured at present value. Unconditional LSL is disclosed as a current liability. Conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability.

Key assumptions:

- discount rate	1.042%	2.080%
- index rate	4.313%	3.875%

	2019	2018
	\$'000	\$'000
(b) Landfill restoration		
Current	105	801
Non-current	3,070	2,067
	<u>3,175</u>	<u>2,868</u>

Council is obligated to restore its Koonwarra landfill site to a particular standard. The forecast life of the 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 based on current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

Key assumptions:

- discount rate	1.263%	2.550%
- index rate	2.000%	2.000%

5.6 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2019.

Bank overdraft	500	500
Credit card facilities	350	350
Total facilities	<u>850</u>	<u>850</u>
Used facilities	(40)	(51)
Unused facilities	<u>810</u>	<u>799</u>

Notes to the Financial Statements

For the Year Ended 30 June 2019

5.7 Commitments

The Council has entered into the following commitments. Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value and presented inclusive of the GST payable.

2019	Not later than 1	Later than 1	Later than 2	Later than 5	Total
	year	year and not later than 2	years and not later than 5	years	
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Transfer Stations	86	-	-	-	86
Litter Bins	194	-	-	-	194
Kerbside Garbage	1,429	-	-	-	1,429
Libraries	1,443	-	-	-	1,443
General Materials & Services	548	136	81	29	794
Equipment Hire	7	-	-	-	7
Maintenance Contracts	21	-	-	-	21
Construction Contracts	339	-	-	-	339
Total	4,067	136	81	29	4,313
Capital					
Buildings	985	-	-	-	985
Plant, machinery and equipment	315	-	-	-	315
Computer and Telecommunications	27	-	-	-	27
Bridges	171	-	-	-	171
Roads	1,863	-	-	-	1,863
Footpaths	194	-	-	-	194
Drainage	33	-	-	-	33
Other Structures	175	-	-	-	175
Total	3,763	-	-	-	3,763

2018	Not later than 1	Later than 1	Later than 2	Later than 5	Total
	year	year and not later than 2	years and not later than 5	years	
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Transfer Stations	318	-	-	-	318
Litter Bins	189	-	-	-	189
Kerbside Garbage	2,143	1,429	-	-	3,572
Libraries	1,809	-	-	-	1,809
General Materials & Services	692	-	-	-	692
Equipment Hire	34	-	-	-	34
Maintenance Contracts	133	-	-	-	133
Construction Contracts	3,452	-	-	-	3,452
Total	8,770	1,429	-	-	10,199
Capital					
Buildings	233	-	-	-	233
Computer and Telecommunications	65	-	-	-	65
Bridges	1,012	-	-	-	1,012
Roads	1,105	-	-	-	1,105
Footpaths	18	-	-	-	18
Other Structures	264	-	-	-	264
Total	2,697	-	-	-	2,697

	2019	2018
	\$'000	\$'000
Operating lease commitments		

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

Not later than one year	102	156
Later than one year and not later than five years	178	47
Later than five years	-	-
	<u>280</u>	<u>203</u>

Lease payments for operating leases are required by the accounting standard to be recognised on a straight line basis, rather than expensed in the years in which they are incurred.

Notes to the Financial Statements

For the Year Ended 30 June 2019

6.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2018 \$'000	Additions \$'000	Contributions \$'000	Found assets \$'000	Revaluation \$'000	Depreciation \$'000	Disposal \$'000	Transfers \$'000	At Fair Value 30 June 2019 \$'000
Property	130,473	-	-	-	-	(3,123)	(199)	674	127,825
Plant and equipment	8,859	-	-	-	-	(2,124)	(591)	2,196	8,340
Infrastructure	373,668	-	1,185	348	32,070	(5,798)	(326)	10,781	411,928
Work in progress	6,182	10,916	-	-	-	-	-	(13,651)	3,447
	519,182	10,916	1,185	348	32,070	(11,045)	(1,116)	-	551,540

Summary of Work in Progress

	Opening WIP \$'000	Additions \$'000	Transfers \$'000	Closing WIP \$'000
Property	173	1,015	(315)	873
Plant and equipment	528	1,758	(2,196)	90
Infrastructure	5,481	8,143	(11,140)	2,484
Total	6,182	10,916	(13,651)	3,447

Notes to the Financial Statements

For the Year Ended 30 June 2019

(a) Property

	Land - specialised	Land under roads	Total Land	Heritage buildings	Buildings - specialised	Total Buildings	Work In Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2018	48,354	35,153	83,507	5,169	133,450	138,619	173	222,299
Accumulated depreciation at 1 July 2018	-	-	-	(3,676)	(87,977)	(91,653)	-	(91,653)
	48,354	35,153	83,507	1,493	45,473	46,966	173	130,646
Movements in fair value								
Additions	-	-	-	-	-	-	1,015	1,015
Disposal	(199)	-	(199)	-	-	-	-	(199)
Transfers	-	-	-	-	674	674	315	359
	(199)	-	(199)	-	674	674	700	1,175
Movements in accumulated depreciation								
Depreciation and amortisation	-	-	-	(52)	(3,071)	(3,123)	-	(3,123)
	-	-	-	(52)	(3,071)	(3,123)	-	3,123
At fair value 30 June 2019	48,155	35,153	83,308	5,169	134,124	139,293	873	223,474
Accumulated depreciation at 30 June 2019	-	-	-	(3,728)	(91,048)	(94,776)	-	(94,776)
	48,155	35,153	83,308	1,441	43,076	44,517	873	128,698

Notes to the Financial Statements

For the Year Ended 30 June 2019

(b) Plant and Equipment

	Plant machinery and equipment \$'000	Fixtures fittings and furniture \$'000	Computers and telecomms \$'000	Work in Progress \$'000	Total plant and equipment \$'000
At fair value 1 July 2018	14,260	200	3,621	528	18,609
Accumulated depreciation at 1 July 2018	(6,555)	(171)	(2,496)	-	(9,222)
	7,705	29	1,125	528	9,387
Movements in fair value					
Additions	-	-	-	1,758	1,758
Disposal	(1,368)	-	(1,152)	-	(2,520)
Transfers	1,277	-	919	(2,196)	-
	(91)	-	(233)	(438)	(762)
Movements in accumulated depreciation					
Depreciation and amortisation	(1,299)	(3)	(822)	-	(2,124)
Accumulated depreciation of disposals	787	-	1,142	-	1,929
	(512)	(3)	320	-	(195)
At fair value 30 June 2019	14,169	200	3,388	90	17,847
Accumulated depreciation at 30 June 2019	(7,067)	(174)	(2,176)	-	(9,417)
	7,102	26	1,212	90	8,430

Notes to the Financial Statements

For the Year Ended 30 June 2019

(c) Infrastructure

	Roads	Bridges	Major culverts	Footpaths & cycleways	Kerb & channel	Off street car parks	Drainage	Waste Management	Other Infrastructure	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2018	328,954	53,481	13,520	16,692	18,389	6,671	40,122	5,716	11,872	5,481	500,898
Accumulated depreciation at 1 July 2018	(60,152)	(27,935)	(5,400)	(1,621)	(1,102)	(425)	(16,048)	(3,185)	(5,881)	-	(121,749)
	268,802	25,546	8,120	15,071	17,287	6,246	24,074	2,531	5,991	5,481	379,149
Movements in fair value											
Additions	-	-	-	-	-	-	-	-	-	8,143	8,143
Contributions	402	-	-	289	140	-	354	-	-	-	1,185
Found assets	104	-	-	1	-	99	2	-	142	-	348
Revaluation	21,042	1,690	-	-	-	-	-	-	-	-	22,732
Disposal	(375)	-	-	(26)	-	-	(1)	(1,543)	(9)	-	(1,954)
Transfers	7,591	1,099	287	363	24	129	174	130	984	(11,140)	(359)
	28,764	2,789	287	627	164	228	529	(1,413)	1,117	(2,997)	30,095
Movements in accumulated depreciation											
Depreciation and amortisation	(3,235)	(375)	(114)	(238)	(154)	(51)	(337)	(460)	(834)	-	(5,798)
Accumulated depreciation of disposals	77	-	-	5	-	-	-	1,543	3	-	1,628
Revaluation	21,057	(11,719)	-	-	-	-	-	-	-	-	9,338
Transfers	-	26	(26)	-	-	-	-	-	-	-	-
	17,899	(12,068)	(140)	(233)	(154)	(51)	(337)	1,083	(831)	-	5,168
At fair value 30 June 2019	357,718	56,270	13,807	17,319	18,553	6,899	40,651	4,303	12,989	2,484	530,993
Accumulated depreciation at 30 June 2019	(42,253)	(40,003)	(5,540)	(1,854)	(1,256)	(476)	(16,385)	(2,102)	(6,712)	-	(116,581)
	315,465	16,267	8,267	15,465	17,297	6,423	24,266	2,201	6,277	2,484	414,412

Fair value and accumulated depreciation as at 1 July 2018 have been restated from the previous reporting period in the roads, major culverts, footpaths & cycleways, kerb & channel and drainage infrastructure classes. Refer to Note 9.4 for further information about the restatement.

Notes to the Financial Statements

For the Year Ended 30 June 2019

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 price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date.

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.

In accordance with Council's policy, the threshold limits have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

	Depreciation Period	Threshold Limit \$'000
<i>Asset recognition thresholds and depreciation periods</i>		
Land & land improvements		
land	-	No Threshold
land improvements	-	10
Buildings		
heritage buildings	100 years	15
buildings	20 to 50 years	15
building and leasehold improvements	20 to 50 years	15
Plant and Equipment		
plant, machinery and equipment	1 to 20 years	No Threshold
fixtures, fittings and furniture	1 to 5 years	15
computers, software and telecommunications	1 to 5 years	15
Infrastructure		
roads - pavements and substructure	130 years	No Threshold
roads - seals	15 to 25 years	No Threshold
roads - formation and earthworks	-	No Threshold
roads - kerb and channel	120 years	15
bridges	150 years	15
major culverts	120 years	15
footpath and cycleways	90 years	15
off street car parks pavement	130 years	15
off street car parks seal	15 years	15
drainage	120 years	15
waste management	4 to 50 years	15
other structures	10 to 40 years	15
Intangible assets		
land fill air space	4 to 6 years	No Threshold

Land under roads

Council recognises land under roads it controls at fair value.

Depreciation and amortisation

Buildings, land improvements, plant and equipment, infrastructure, 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 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 are not depreciated on the basis that they are assessed as not having a limited useful life.

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

Depreciation periods used are listed above and are consistent with the prior year unless otherwise stated.

Repairs and maintenance

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.

Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is shorter.

Notes to the Financial Statements

For the Year Ended 30 June 2019

Valuation of land and buildings

Valuation of land and buildings were undertaken by a qualified valuer Andrew Begg, AAPI (council employee). The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Specialised land is valued at fair value using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Any significant movements in the unobservable inputs for land and land under roads will have a significant impact on the fair value of these assets.

The date of the current valuation is detailed in the following table. No revaluation was conducted in the current year, however assets have been reviewed and no abnormal changes in values were observed. A full revaluation of these assets will be conducted in 2019/20.

Details of the Council's land and buildings and information about the fair value hierarchy (see Note 8.4) as at 30 June 2019 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Specialised land	-	-	48,155	30/06/2018
Land under roads	-	-	35,153	30/06/2018
Heritage buildings	-	-	1,441	30/06/2018
Specialised buildings	-	2,043	41,033	30/06/2018
Total	-	2,043	125,782	

Valuation of infrastructure

Valuation of infrastructure assets has been performed by Tony Peterson, BE Civil Engineering (Council employee).

The date of the current valuation is detailed in the following table. A revaluation of roads and bridges was conducted in 2018-19. No revaluation for the remaining classes were conducted in the current year, however assets have been reviewed and no abnormal changes in values were observed, full revaluation of these assets will be conducted in 2019/20.

The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

During 2018-19, management changed the unit of measure in estimating the value of the pavement and substructure component of the roads asset class from m3 to m2.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2019 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Roads	-	-	315,465	30/06/2019
Bridges	-	-	16,267	30/06/2019
Major culverts	-	-	8,267	30/06/2018
Footpaths & cycleways	-	-	15,465	30/06/2018
Kerb & channel	-	-	17,297	30/06/2018
Off street car parks	-	-	6,423	30/06/2018
Drainage	-	-	24,266	30/06/2018
Other infrastructure	-	-	6,277	30/06/2018
Total	-	-	409,727	

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 10% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$1 and \$423 per square metre.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are calculated on a square metre basis and ranges from \$225 to \$8,500 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 20 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 4 years to 150 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2019 \$'000	2018 \$'000
Reconciliation of specialised land		
Land under roads	35,153	35,153
Parks and reserves	48,155	48,354
Total specialised land	83,308	83,507

Notes to the Financial Statements

For the Year Ended 30 June 2019

	2019 \$'000	2018 \$'000
6.2 Investments in associates, joint arrangements and subsidiaries		
(a) Investments in associates		
Investments in associates accounted for by the equity method are:		
- West Gippsland Regional Library Corporation	1,358	1,237
West Gippsland Regional Library Corporation		
<i>Background</i>		
Council has a 30.55% equity interest in the West Gippsland Regional Library Corporation in 2018/19 (30.55% in 2017/18). The equity interest is calculated based on the proportion it contributes to the operating costs of the services.		
Fair value of Council's investment in West Gippsland Regional Library Corporation	<u>1,358</u>	<u>1,237</u>
Council's share of accumulated surplus/(deficit)		
Council's share of accumulated surplus(deficit) at start of year	909	837
Reported surplus(deficit) for year	121	115
Transfers (to) from reserves	16	(43)
Council's share of accumulated surplus(deficit) at end of year	<u>1,046</u>	<u>909</u>
Council's share of reserves		
Council's share of reserves at start of year	328	285
Transfers (to) from reserves	(16)	43
Council's share of reserves at end of year	<u>312</u>	<u>328</u>
Movement in carrying value of specific investment		
Carrying value of investment at start of year	1,237	1,122
Share of surplus(deficit) for year	121	115
Carrying value of investment at end of year	<u>1,358</u>	<u>1,237</u>
Council's share of expenditure commitments		
Operating commitments	7	12
Council's share of expenditure commitments	<u>7</u>	<u>12</u>

Associates are all entities over which Council has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

6.3 Investment property

Balance at beginning of financial year	763	729
Fair value adjustments	(176)	34
Balance at end of financial year	<u>587</u>	<u>763</u>

Investment property is 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 annually by independent valuers. Changes to fair value are recorded in the comprehensive income statement in the period that they arise.

Valuation of investment property

Valuation of investment property as at 30 June 2019 has been determined in accordance with a valuation by Andrew Begg, AAPI (Council Employee) who has recent experience in the location and category of the property being valued. The valuation is at fair value, based on the current market value for the property.

Notes to the Financial Statements

For the Year Ended 30 June 2019

Note 7 People and relationships	2019	2018
7.1 Council and key management remuneration	No.	No.
(a) Related Parties		
<i>Parent entity</i>		
South Gippsland Shire Council		
<i>Subsidiaries and Associates</i>		
Interests in subsidiaries and associates are detailed in Note 6.2.		
(b) Key Management Personnel		
Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:		
Administrators	Julie Eisenbise (from 22 June 2019)	1
Councillors	Councillor Lorraine Brunt (to 31 March 2019) (Mayor to 21 November 2018)	1
	Councillor Don Hill (to 21 June 2019) (Mayor from 21 November 2018)	1
	Councillor Aaron Brown (to 12 June 2019)	1
	Councillor Ray Argento (to 21 June 2019)	1
	Councillor Alyson Skinner (to 21 June 2019)	1
	Councillor Jeremy Rich (to 9 May 2019)	1
	Councillor Maxine Kiel (to 26 September 2018)	1
	Councillor Meg Edwards (to 30 October 2018)	1
	Councillor Andrew McEwen (to 21 June 2019)	1
	Councillor Rosemary Cousin (from 31 October 2018 to 21 June 2019)	1
	Councillor James Fawcett (from 13 November 2018 to 31 March 2019)	1
	Councillor Steve Finlay (from 10 April 2019 to 21 June 2019)	1
	Councillor Frank Hirst (from 10 April 2019 to 21 June 2019)	1
	Councillor Matt Sherry (from 5 June 2019 to 21 June 2019)	1
Chief Executive Officer and other Key Management Personnel	Chief Executive Officer (to 24 May 2019)	1
	Director - Corporate & Community	1
	Director - Infrastructure	1
	Director - Development Services (and Acting Chief Executive Officer from 24 May 2019)	1
		1
Total Number of Administrators	1	-
Total Number of Councillors	14	9
Total of Chief Executive Officer and other Key Management Personnel	4	4
Total Number of Key Management Personnel	<u>19</u>	<u>13</u>
(c) Remuneration of Key Management Personnel		
Total remuneration of key management personnel was as follows:		
	\$'000	\$'000
Short-term benefits	1,195	1,165
Long-term benefits	34	22
Post-employment benefits	82	78
Total	<u>1,311</u>	<u>1,292</u>
The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:		
	No.	No.
\$1 - \$9,999	6	-
\$10,000 - \$19,999	2	-
\$20,000 - \$29,999	5	7
\$40,000 - \$49,999	1	1
\$60,000 - \$69,999	1	1
\$210,000 - \$219,999	1	2
\$220,000 - \$229,999	1	-
\$230,000 - \$239,999	-	1
\$250,000 - \$259,999	1	-
\$300,000 - \$309,999	1	1
	<u>19</u>	<u>13</u>
(d) Senior Officer Remuneration		
A Senior Officer is an officer of Council, other than Key Management Personnel, who:		
a) has management responsibilities and reports directly to the Chief Executive; or		
b) whose total annual remuneration exceeds \$148,000		
The number of Senior Officers are shown below in their relevant income bands:		
	2019	2018
Income Range:	No.	No.
Below \$148,000	5	5
\$148,000 - \$149,999	-	-
\$150,000 - \$159,999	4	2
\$160,000 - \$169,999	2	3
\$170,000 - \$179,999	1	1
	<u>12</u>	<u>11</u>
	\$'000	\$'000
Total Remuneration for the reporting year for Senior Officers included above, amounted to	1,548	1,555

Notes to the Financial Statements

For the Year Ended 30 June 2019

7.2 Related party disclosure

(a) Transactions with related parties

During the period Council entered into the following transactions with related parties:

Key Management Personnel (KMP) name	Supplier/Entity	Nature of Transactions (on normal commercial terms)	Transaction Amount \$
Payments			
Jeremy Rich - Ex Councillor	Ansevata Nominees Pty. Ltd.	Settlement in full for dispute regarding the retarding basin at Walkerville	249,000

Council made contributions to West Gippsland Regional Library Corporation in 2019 of \$1.4M (2018 - \$1.4).

All transactions are in line with normal commercial practice.

(b) Outstanding balances with related parties

There were no balances outstanding at the end of the reporting period in relation to transactions with related parties.

(c) Loans to/from related parties

There were no loans in existence at balance date that have been made, guaranteed or secured by the council to a related party.

(d) Commitments to/from related parties

The aggregate amount of commitments in existence at balance date that have been made, guaranteed or secured by the council to a related party was \$1.4M (2018 - \$1.8M) in relation to the West Gippsland Regional Library Corporation.

Notes to the Financial Statements

For the Year Ended 30 June 2019

Note 8 Managing uncertainties

8.1 Contingent assets and liabilities

(a) Contingent assets

Operating lease receivables

The Council has entered into commercial property leases on its investment and other properties. These properties consist of surplus land and building, including two caravan parks and a quarry. 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:

	2019 \$'000	2018 \$'000
Not later than one year	223	102
Later than one year and not later than five years	654	268
Later than five years	325	325
	<u>1,202</u>	<u>695</u>

(b) Contingent liabilities

Superannuation

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined in Note 9.3. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists.

Landfill

Council operates a landfill. Council will have to carry out site rehabilitation works in the future. At balance date, Council has made necessary provisions for rehabilitation of Landfills that are currently in operation. However, the estimates of provision required is dependent on the accuracy of the forecast, timing of work, work required and related costs.

Liability Mutual Insurance (where applicable)

Council is a participant of the MAV Liability Mutual Insurance (LMI) Scheme. The LMI scheme provides public liability and professional indemnity insurance cover. The LMI scheme states that each participant will remain liable to make further contributions to the scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the participant remains a participant in future insurance years.

(c) Guarantees

Council has the following bank guarantees with Commonwealth Bank of Australia for contract performance and security deposits.

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

Guarantees are not recognised as a liability in the balance sheet unless the favouree has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that the right will be exercised.

Notes to the Financial Statements

For the Year Ended 30 June 2019

8.2 Change in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2019 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

Revenue from contracts with customers (AASB 15) (applies 2019/20 for LG sector)

The standard shifts the focus from the transaction-level to a contract-based approach. Recognition is determined based on what the customer expects to be entitled to (rights and obligations), while measurement encompasses estimation by the entity of the amount expected to be entitled for performing under the contract. The full impact of this standard is not known however it is most likely to impact where contracts extend over time, where there are rights and obligations that may vary the timing or amount of the consideration, or where there are multiple performance elements. This has the potential to impact on the recognition of certain grant income.

Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities (AASB 2016-7) (applies 2019/20)

This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.

Leases (AASB 16) (applies 2019/20)

The classification of leases as either finance leases or operating leases is eliminated for lessees. Leases will be recognised in the Balance Sheet by capitalising the present value of the minimum lease payments and showing a 'right-of-use' asset, while future lease payments will be recognised as a financial liability. The nature of the expense recognised in the profit or loss will change. Rather than being shown as rent, or as leasing costs, it will be recognised as depreciation on the 'right-of-use' asset, and an interest charge on the lease liability. The interest charge will be calculated using the effective interest method, which will result in a gradual reduction of interest expense over the lease term.

Council has elected to adopt the modified retrospective approach to the transition to the new lease standard. This will mean that only existing operating leases for non low value assets, with remaining terms greater than 12 months, will be recognised on transition (1 July 2019). Based on our current lease commitments and an assumption of a continuation of the current leasing arrangements Council expects that the transition to the new standard will see the initial recognition of \$254K in lease related assets and an equivalent liability

Income of Not-for-Profit Entities (AASB 1058) (applies 2019/20)

This standard is expected to apply to certain transactions currently accounted for under AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable a not-for-profit entity to further its objectives.

8.3 Financial instruments

(a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in the notes of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of council financial instruments will fluctuate because of changes in market prices. The Council's exposure to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

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. Council does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

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

- diversification of investment product;
- monitoring of return on investment; and
- benchmarking of returns and comparison with budget.

There has been no significant change in the Council's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on the Council's year end result.

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council have exposure to credit risk on some financial assets included in the balance sheet. Particularly significant areas of credit risk exist in relation to outstanding fees and fines as well as receivables from sporting clubs and associations. To help manage this risk:

- council have a policy for establishing credit limits for the entities council deal with;
 - council may require collateral where appropriate; and
 - council only invest surplus funds with financial institutions which have a recognised credit rating specified in council's investment policy.
- Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

There are no material financial assets which are individually determined to be impaired.

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when council provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 8.1(b).

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not hold any collateral.

Notes to the Financial Statements

For the Year Ended 30 June 2019

(d) Liquidity risk

Liquidity risk includes the risk that, as a result of council's operational liquidity requirements it will not have sufficient funds to settle a transaction when required or will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

- have readily accessible standby facilities and other funding arrangements 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

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1(c), and is deemed insignificant based on prior periods' data and current assessment of risk.

There has been no significant change in Council's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 5.4.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

(e) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Council believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of + 1% and -1% in market interest rates (AUD) from year-end rates of 2.47%.

These movements will not have a material impact on the valuation of Council's financial assets and liabilities, nor will they have a material impact on the results of Council's operations.

8.4 Fair value measurement

Fair value hierarchy

Council's financial assets and liabilities are not valued in accordance with the fair value hierarchy, Council's financial assets and liabilities are measured at amortised cost.

Council measures certain assets and liabilities at fair value where required or permitted by Australian Accounting Standards. AASB 13 Fair value measurement, aims to improve consistency and reduce complexity by providing a definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards.

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within a fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Council has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Council determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. 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.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis every 2 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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

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 of disposal and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to 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 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.

8.5 Events occurring after balance date

After balance date, two additional administrators (Rick Brown and Christian Zahra) were appointed effective 24 July 2019. No other matters have occurred after balance date that require disclosure in the financial report.

Note 9 Other matters

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
9.1 Reserves			
(a) Asset revaluation reserves			
2019			
Property			
Land & land improvements	34,189	-	34,189
Land under roads	7,109	-	7,109
Investment in associates	194	-	194
Buildings	28,240	-	28,240
Heritage buildings	727	-	727
Plant & Equipment	386	-	386
	<u>70,845</u>	<u>-</u>	<u>70,845</u>
Infrastructure			
Roads	191,189	42,099	233,288
Bridges	13,012	(10,029)	2,983
Major Culverts	4,727	-	4,727
Drainage	10,957	-	10,957
Footpaths and cycleways	5,743	-	5,743
Kerb & Channel	12,339	-	12,339
Car parks	5,033	-	5,033
Other infrastructure	2,233	-	2,233
	<u>245,233</u>	<u>32,070</u>	<u>277,303</u>
Total asset revaluation reserves	<u>316,078</u>	<u>32,070</u>	<u>348,148</u>
2018			
Property			
Land & land improvements	31,087	3,102	34,189
Land under roads	4,922	2,187	7,109
Investment in associates	194	-	194
Buildings	25,922	2,318	28,240
Heritage buildings	470	257	727
Plant & Equipment	386	-	386
	<u>62,981</u>	<u>7,864</u>	<u>70,845</u>
Infrastructure			
Roads	200,532	(9,343)	191,189
Bridges	24,520	(11,508)	13,012
Major Culverts	5,069	(342)	4,727
Drainage	12,225	(1,268)	10,957
Footpaths and cycleways	8,292	(2,549)	5,743
Kerb & Channel	12,302	37	12,339
Car parks	2,944	2,089	5,033
Other infrastructure	675	1,558	2,233
	<u>266,559</u>	<u>(21,326)</u>	<u>245,233</u>
Total asset revaluation reserves	<u>329,540</u>	<u>(13,462)</u>	<u>316,078</u>

The asset revaluation reserve is used to record the increased (net) value of Council's assets over time.

Notes to the Financial Statements

For the Year Ended 30 June 2019

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
(b) Other reserves				
2019				
Public Open Space	-	239	(226)	13
Caravan Parks Reserve	-	1,054	(1,054)	-
General Reserve	1,705	451	(708)	1,448
Corner Inlet Reserve	19	1	(2)	18
Loan Reserve	2,680	670	-	3,350
Venus Bay Surf Life Saving Club	-	150	-	150
Total Other reserves	4,404	2,565	(1,990)	4,979
2018				
Public Open Space	-	58	(58)	-
Caravan Parks Reserve	-	995	(995)	-
General Reserve	1,280	425	-	1,705
Corner Inlet Reserve	19	-	-	19
Loan Reserve	2,010	670	-	2,680
Venus Bay Surf Life Saving Club	-	-	-	-
Total Other reserves	3,309	2,148	(1,053)	4,404

Public Open Space

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

Caravan Parks Reserve

Reserve created for future funding of Caravan Parks projects

General Reserve

Reserve to provide for likely defined benefit superannuation funding calls and unforeseen and unavoidable future costs.

Loan Reserve

Reserve created to repay outstanding Loan at the end of its term.

Corner Inlet Reserve

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

Venus Bay Surf Life Saving Club

Reserve to hold funds from a community capital works allocation to allow the club time to attract further funding from other

Notes to the Financial Statements

For the Year Ended 30 June 2019

9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)	2019	2018
	\$'000	\$'000
Surplus/(deficit) for the year	5,696	7,498
Depreciation/amortisation	11,281	10,479
Borrowing costs	142	143
Profit/(loss) on disposal of property, infrastructure, plant and equipment	313	(203)
Investment in associates	(121)	(115)
Fair value adjustments for investment property	176	(34)
Contributions - Non-monetary assets	(1,185)	(169)
Found assets	(348)	-
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	92	(1,161)
(Increase)/Decrease in prepayments	3	(19)
(Increase)/decrease in inventories	41	23
Increase/(decrease) in trust funds and deposits	114	12
Increase/(decrease) in trade and other payables	(380)	(129)
Increase/(decrease) in employee entitlements	(326)	(139)
Increase/(decrease) in landfill provision	306	701
Net cash provided by/(used in) operating activities	15,804	16,887

9.3 Superannuation

Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense when they are made or due.

Accumulation

The Fund's accumulation categories receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2019, this was 9.5% as required under Superannuation Guarantee legislation).

Defined Benefit

Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan. There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding arrangements

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary. For the year ended 30 June 2019, this rate was 9.5% of members' salaries (9.5% in 2017/2018).

As at 30 June 2018, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 106.0%. To determine the VBI, the Fund Actuary used the following long-term assumptions:

Net investment returns 6.0% pa
Salary information 3.5% pa
Price inflation (CPI) 2.0% pa.

Vision Super has advised that the estimated VBI at June 2019 was 107.1%.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2017 interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Defined benefit 2018 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which Council is a contributing employer. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2018 and a full actuarial investigation was conducted as at 30 June 2017.

The Fund's actuarial investigations identified the following for the Defined Benefit category of which Council is a contributing employer:

	2018	2017
	\$m	\$m
VBI surplus	131.9	69.8
Total service liability surplus	218.3	193.5
Discounted accrued benefits surplus	249.1	228.8

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2017. Council was notified of the 30 June 2017 VBI during August 2017.

An interim actuarial investigation will be conducted for the Fund's position as at 30 June 2019. It is anticipated that this actuarial investigation will be completed in October 2019.

Notes to the Financial Statements

For the Year Ended 30 June 2019

9.4 Correction of prior period error

Due to an error in the asset management system processes, Council inadvertently overstated the value of certain infrastructure asset additions in its financial statements for the 2017-18 reporting period.

Council has since adjusted the error. The impact of the restatement in the financial statements is as follows:

	2018 as previously presented \$'000	Adjustment \$'000	2018 as restated \$'000
Impact of change on the comprehensive income statement			
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	(6,567)	(6,895)	(13,462)
Total Comprehensive result	<u>931</u>	<u>(6,895)</u>	<u>(5,964)</u>
Impact of change on the balance sheet			
Property, infrastructure, plant and equipment	526,077	(6,895)	519,182
Total non-current assets	<u>529,017</u>	<u>(6,895)</u>	<u>522,122</u>
Total assets	<u>564,693</u>	<u>(6,895)</u>	<u>557,798</u>
Net Assets	<u>546,967</u>	<u>(6,895)</u>	<u>540,072</u>
Equity			
Accumulated surplus	219,590	-	219,590
Reserves	327,377	(6,895)	320,482
Total Equity	<u>546,967</u>	<u>(6,895)</u>	<u>540,072</u>

Impact of change on the statement of equity

2018	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year	546,036	213,187	329,540	3,309
Surplus/(deficit) for the year	7,498	7,498	-	-
Net asset revaluation increment/(decrement) as previously presented	(6,567)	-	(6,567)	-
Adjustment	(6,895)	-	(6,895)	-
Net asset revaluation increment/(decrement) as restated	(13,462)	-	(13,462)	-
Transfers to other reserves	-	(2,148)	-	2,148
Transfers from other reserves	-	1,053	-	(1,053)
Balance at end of the financial year	<u>540,072</u>	<u>219,590</u>	<u>316,078</u>	<u>4,404</u>





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