

SOUTH GIPPSLAND SHIRE COUNCIL

Annual Report 2014 - 15

An overview of South Gippsland
Shire Council operations between
1 July 2014 and 30 June 2015



South Gippsland
Shire Council

Contents

Contents	
Welcome to the Report of Operations 2014-15	4
Snapshot of Shire:	4
Demographic profile:	4
Fast Facts:	6
Highlights of the year	7
Challenges and Future Outlook	11
The Year in Review	12
A Message from our Mayor	12
Financial Summary & Operation Position	15
Liquidity & Obligations	16
Stability and Efficiency	17
Description of Operations	18
Economic Factors	18
Major Capital Works Projects	18
Major Changes	19
Major Achievements	19
Shire Profile	20
Councillors and Executive Team	22
Organisation Structure	23
Council Staff	24
Equal Employment Opportunity Program	25
Other Staff Matters	26
Preventing Violence against Women	28
Health and Safety	28
Our Performance	29
Plannning and Accountability Framework	29
Council Plan	30
Performance	30
Strategic Objective 1: A Prosperous Shire	31
Strategic Objective 2: Closely Connected Communities	39
Strategic Objective 3: Integrated Services and Infrastructure	46
Strategic Objective 4: A Leading Organisation	50
Governance, Management and other Information	57

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

Meetings at Council	58
Special Committees	59
Code of Conduct	63
Conflicts of Interest	63
Councillor Allowances	64
Councillor Expenses	65
Management	66
Audit Committee	66
Internal Audit	66
External Audit	67
Risk Management	67
Governance and Management Checklist	68
Statutory Information	72
Documents Available for Public Inspection	72
Best Value	73
National Competition Policy	73
Carers Recognition	74
Contracts	74
Disability Action Plan	74
Domestic Animal Management Plan	75
Food Act Ministerial Directions	75
Freedom of Information	76
Protected Disclosure Procedures	77
Victorian Local Government Indicators	78
Councillor Discretionary Grants	79
PART B - PERFORMANCE STATEMENT (Performance Statement for the year ended 30 June 2015)	91
PART C - FINANCIALS	



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Welcome to the Report of Operations 2014-15

Council is committed to transparent reporting and accountability to the community and the Report of Operations 2014-15 is the primary means of advising the South Gippsland Shire community about Council's operations and performance during the financial year.

Snapshot of Shire:

Demographic profile:

A statistical snapshot of South Gippsland Shire provided by the 2011 Australian Bureau of Statistics:

- A resident population of 27,208 was recorded in the 2011 census.
- (The current estimated population is 27,937 at April 2015: an increase of 729 residents from the 2011 Census).
- The most populous towns were Leongatha (5,332), Korumburra (4,373), Mirboo North (2,296), Foster (1,677) and Nyora (1,332).
- There were a further 26 townships and hamlets.
- The dominant family type was 'couples without children' which comprised 32% of the population and 'couples with children' which comprised 26% of the population. Lone persons 26%.
- The average household size was 2.4 people.
- The median age of people was 44 years.
- The population density was 0.08 persons per hectare.
- 4% of the population comes from non-English speaking backgrounds.
- 3.7% of the population were unemployed in 2011.



Purpose:

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

Council's Vision 2020 developed in 2006-07 represents the aspirations of our diverse communities and articulates a vision of what South Gippsland should be like in the year 2020. The vision has been refined slightly by the current Council to reflect changing community needs and expectations. This vision still aspires to achieve a number of key outcomes with the aim of creating South Gippsland into a place which has:

- A caring community where people feel safe and secure.
- A wide range of recreation and leisure amenities.
- High grade transport links.
- Appropriate infrastructure to meet community needs.
- Respect for the environment by being clean and green.
- 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.
- Arts and culture that is encouraged and promoted.



Fast Facts:

- \$289,980 was provided to fund 66 Community Grant applications
- \$35,895 was provided in Discretionary Grants
- 119 kilometres of footpaths maintained
- 2,087 kilometres of roads maintained
- 23,956 hours of ageing and disability care support provided
- 4,159 tonnes of waste collected
- 2,013 tonnes of recyclables collected
- 159 bridges maintained
- 578 planning applications received
- 19,341 rateable properties
- 158,378 visits to aquatic facilities
- 1,004 children attended the Maternal and Child Health service at least once in the year.
- 225,260 library collection item loans



Highlights of the year

Strategic Objective: A Prosperous Shire

To achieve our objective of a Prosperous Shire, we will work with the business community to support existing businesses, diversify employment opportunities and attract new businesses, we will raise the awareness of local and regional issues with State and Federal decision makers and we will improve the sustainability of the local and regional environment.

Achievements:

- The Priority Projects for 2015 resulted in securing the balance of funding for the Karmai Integrated Children's Centre. Advocacy work to continue the focus on the Corner Inlet Tourism Development and advocating for funding necessary to see safety improvements to the South Gippsland Highway, were also actively pursued.
- The Toora to Welshpool section of the Great Southern Rail Trail was opened in February. Reconstruction/remediation works have commenced on the trestle bridges at the Black Spur section of the trail. to the Tarwin River Bridge at the Black Spur section of the trail have been made.
- A major branding project to support the Great Southern Rail Trail was completed and projects arising from it commenced.
- The Economic Development and Tourism Strategy was adopted in November 2014.
- The Leongatha Heavy Vehicle Alternate Design Route plans were finalised.
- The 'Agricultural Resilience and Climate Change Opportunities' grant was successfully implemented resulting in eight well-attended and diverse events.
- 306km (49 roads) were treated for regionally controlled weeds as part of the Roadside Weed Control Program.



Highlights of the year

Strategic Objective: Closely Connected Communities

To achieve our objective of Closely Connected Communities we will engage and work collaboratively with our community.

Achievements:

- The draft Municipal Emergency Management Plan was audited on 28 May and successfully passed all 24 questions of which seven received best practice.
- Community Engagement Conference was held with 30 participants attending workshops on Mental Health, Governance, Grants, Volunteer Fatigue and the development of a Community Skills Bank.
- Council was briefed on the impact of the National Aged Care Reforms on Home and Community Care Services provided by Local Government in Victoria. Council's continuing involvement in HACC service delivery will be considered at future briefings prior to the proposed changes in funding in July 2018.
- A Council Meeting Day was held at South Gippsland Secondary College, Foster in May 2015. Students participated in a range of activities on the day that built their understanding of local issues and local democracy.
- Planning for the 'Deadly in Gippsland' event to be held in late 2015 has progressed with artwork selected, most of the program finalised and a team of young people recruited to assist with running the conference.



Highlights of the year

Strategic Objective: Integrated Services and Infrastructure

To achieve our objective of Integrated Services and Infrastructure we will deliver affordable modern community services and facilities through an integrated approach to planning and infrastructure development.

Achievements:

- The draft Strategic Direction for Aquatic Facilities in South Gippsland 2015–2020 was endorsed by Council for Public Exhibition on 25 March. Community feedback received was incorporated into the final document tabled for adoption in July.
- Full funding has been received for the Priority Project, Karmai Integrated Children’s Centre (\$1.6m from both State and Federal Governments), with works anticipated to commence in October 2015.
- 92.3% of grant applications submitted for funding requested from other levels of government were funded.
- Council’s Road Re-sheet Program was completed. An additional \$500K allocated by Council allowed the program to be expanded beyond the original program resulting in better management of many of Council’s local roads.
- The Cluster Review for Social Community Infrastructure in Venus Bay/Tarwin Lower and Meeniyan was completed and endorsed for public exhibition in May 2015.



Highlights of the year

Strategic Objective: A Leading Organisation

To achieve our objective of a Leading Organisation we will improve the financial sustainability of Council, including diversifying revenue streams and pursue best practice in organisational development and operations of the organisation.

Achievements:

- The Annual Budget 2015-16, containing the Annual Plan initiatives and the Long Term Financial Plan, was adopted by Council on 24 June 2015 following an extensive community engagement program involving around 800 community members.
- The Korumburra Roundtable meetings continue with a range of events held including the Korumburra Futures Workshop, attended by approximately 55 people from across all community sectors.
- Council's website redevelopment commenced with the draft website structure completed and content migration and creation continuing. Anticipated launch is August/September 2015.



Challenges and Future Outlook

Challenges

- Rate Capping will be introduced in 2016. Council's focus on improving productivity and achieving efficiencies will, in part, assist the anticipated loss of revenue in future years. The community will be invited to assist in providing suggestions to Council on the priorities for future budgets, given this restriction in funding capacity.

The Future

- Council has restructured the organisation to position itself for the future. The use of technology to support service delivery is a key element of the restructure aimed at increasing the efficiency and effectiveness of service delivery.
- The future funding arrangement of the Home and Community Care Service by the Federal Government is currently subject to review. Council will need to consider the best way to respond to the government changes for this service in the next few years.
- Slight but steady population growth is expected in future years for the Shire. The Nyora and Poowong areas are anticipated to have the greatest levels of growth once the sewerage systems are in place and subdivisions constructed.
- The Gippsland Local Government Network is undertaking a regional benchmarking project of internal services that will allow us to compare information, collaborate on better ways to work together and pursue best practice improvements to the delivery of services.

By understanding our differences and similarities we will find ways to work smarter and a shared service model could be an outcome in the future.

The Year in Review

A Message from our Mayor

Dear Minister,

I highly commend our Annual Report on the activities of Council for the 2014-15 financial year and am proud to present this document to you as a measure of our achievements.

It has been another year of significant change in South Gippsland Shire. We continue to deal with the pressures of balancing community need and expectation with the capacity of the Council to raise the revenue it needs to meet these expectations. With a small population in a large geographical area, the reality is that we will always struggle to manage the asset renewal gap, let alone the implications of cost shifting from Federal and State governments.

In addition to these inherent tensions, Councils across Victoria are now coming to terms with the impending cap on rates that the Victorian Government committed to prior to its election in November 2014. As a rural Council we have but one significant financial lever to pull and that is rates. It seems that rural and regional Councils are being punished for the perceived excesses of large urban Councils. The City of Melbourne or Port Phillip for example can raise comparable levels of revenue from parking fines and fees as South Gippsland can raise in rates – so a cap on rates for a metropolitan Council does not have the same potentially dire consequences as it will for Councils such as ours.

Grants seeking and advocacy have become even more important in this environment. We have – and will continue to – advocate to anyone in a position to assist us to achieve the things we need for our community. The best example of that this year is the commitment we received for the Karmai Integrated Children's Centre in Korumburra. We have also worked in partnership with the community and the local newspapers to advocate for better funding for our local VicRoads road network.

In order to best understand the priorities of our community Council trialed a new engagement program in 2014-15. OurSay gave residents the opportunity to articulate their wishes for their shire in coming years. It provided us as Councillors with a snapshot of the future infrastructure needs and community priority projects for each of our towns and regions – which in turn help to inform how we plan for our future budgets and advocacy.

Finally, I would like to commend the management and staff of our organisation. They have, as always, done an outstanding job providing scores of services to our community. Notably, they have done this while a significant restructure was being undertaken. It is a reflection of their commitment to their work and the people they look after that many in our community would have been unaware of the internal pressures they were under. This document demonstrates this commitment to success.

Cr Jeanette Harding



Mayor



A Message from the Chief Executive Officer

On behalf of South Gippsland Shire Council it is a great pleasure to present Council's Annual Report for the year 2014-15. The Chief Executive Officer is responsible for:

- Providing organisational leadership and management of all operational matters
- Establishing and maintaining an appropriate organisational structure for the Council
- Overseeing the implementation of Council decisions
- Providing timely advise to the Council
- Advocating to other levels of government for Council's Priority Projects
- Representing South Gippsland on local and regional committees to progress Council's vision and prosperity of the Shire



Highlights

Council completed 36 of the 39 annual indicators and activities with the remaining three progressed by the end of the financial year. Key highlights of the year:

- Between Council and the community we have secured \$1.6 million from the National Stronger Region's Fund for the Karmai Integrated Children's Centre. This project is now fully funded.
- Received the National Australian Local Government Association Award for Excellence in Road Safety for the development of Gippsland Safe Freight.
- A significant review of the Budget was undertaken for the development of the 2015-16 Budget. The program involved over 800 interested community members in on-line activities, community workshops, face to face meetings with champions of the highest voted ideas and Councillor deliberations' arising from the community engagement, to inform the 2015-16 Budget.
- Opened the Toora to Welshpool section of the Great Southern Rail Trail in February. Reconstruction/ remediation works have commenced on the trestle bridges at the Black Spur section of the trail.
- Council adopted the Economic Development and Tourism Strategy 2014. It was also exciting to have new and expanded businesses such as the Leongatha Aldi supermarket open, host the South East Australia Transport Strategy Committee February meeting, deliver the Resilient Communities Program to businesses and participate in the Regional Living Expo.
- Final design of the Leongatha Heavy Vehicle Alternate Route has been prepared; a long awaited project for the Shire.
- The Coastal Townships Seasonal Study survey was conducted and distributed to over 5000 people with over 800 respondents (16%). Seventy visitor interviews were collected over the Australia Day weekend.
- An increased budget allocation of \$500,000 was invested into the road re-sheet program allowing additional projects to be completed beyond the original planned program.

Organisational Performance

At the end of June 2015, Council's financial position remains strong with more than \$487 million of community assets under Council's stewardship. The operating result of \$9.98 million was in line with the projected outcome of \$5.05 million after allowing for \$4.27 million 2015-16 Victoria Grants Commission income received in advance. Council's Long Term Financial Plan projects ongoing surpluses over the next 15 years, providing a sustainable level of funding for the refurbishment and replacement of community assets.

A significant restructure of the organisation was undertaken at the end of the financial year, as the first stage in adapting to an ever-changing economic and political environment. The organisation is pro-actively aiming to perform more efficiently, effectively and with the support of the community in delivering a range of services to the community.

The next stages include undertaking further service reviews and seeking out and implementing new systems and processes to improve and streamline the way we do business.

Thank you

I would like to take the opportunity to acknowledge Council, the local community and all South Gippsland Shire staff who have contributed to delivering a wide range of achievements in line with our Council Plan 2013-2017 and Annual Budget 2014-15.



Tim Tamlin

Chief Executive Officer



Financial Summary

Council's financial position continues to remain sound.

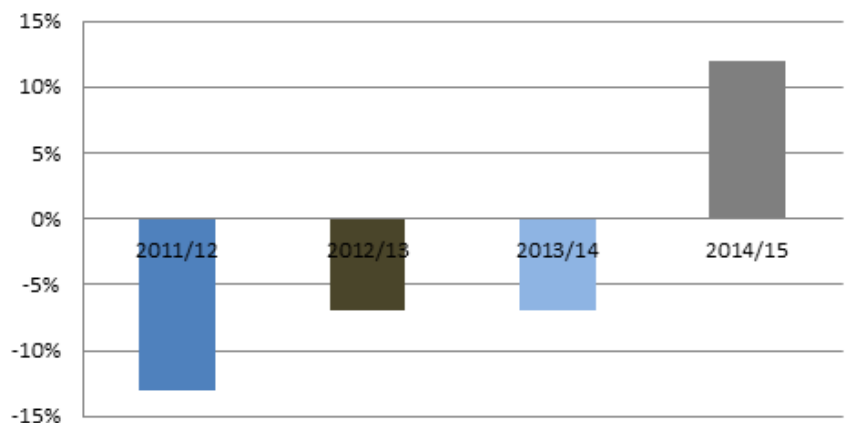
A summary of our performance is outlined below. Detailed information relating to Council's financial performance is included within the Financial Statements and Performance Statement sections of this Report.

Operation Position

Council achieved a surplus of \$9.98 million in 2014-15. This surplus compares favourably to the prior year deficit of \$1.94 million. As per the Comprehensive Income Statement in the Financial Report, the favourable variance is mainly due to the Australian Accounting Standard requirement to recognise \$4.27 million Victoria Grants Commission allocation for 2015-16 as income in 2014-15 because it was received in advance.

The adjusted underlying surplus of Council, after removing non-recurrent capital grants, cash capital contributions and non-monetary capital contributions, is a surplus of \$7.93 million or 12% when compared to adjusted underlying revenue. This compares favourably to the expected target of >0%.

Adjusted underlying result ratio %



Again, this indicator is favourably distorted by the Australian Accounting Standard requirement to recognise grant income as revenue when Council obtains control over the assets comprising these receipts. Sustaining an adjusted underlying surplus is a critical financial strategy that provides capacity to renew the \$487 million of community assets under Council's control.



Liquidity

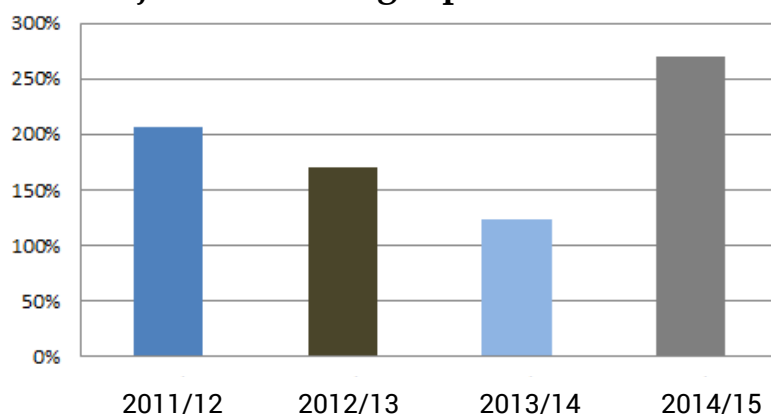
Cash has increased by \$3.99 million from the prior year mainly due to receiving \$4.27 million Victoria Grants Commission allocation in advance for 2015-16. The working capital ratio which assesses Council's ability to meet current commitments is calculated by measuring Council's current assets as a percentage of current liabilities. Council's result of 270% is an indicator of satisfactory financial position and within the expected target band of 100% to 300%. Again, this indicator is favourably distorted by the Australian Accounting Standard requirement to recognise grant income as revenue when Council obtains control over the assets comprising these receipts.

Obligations

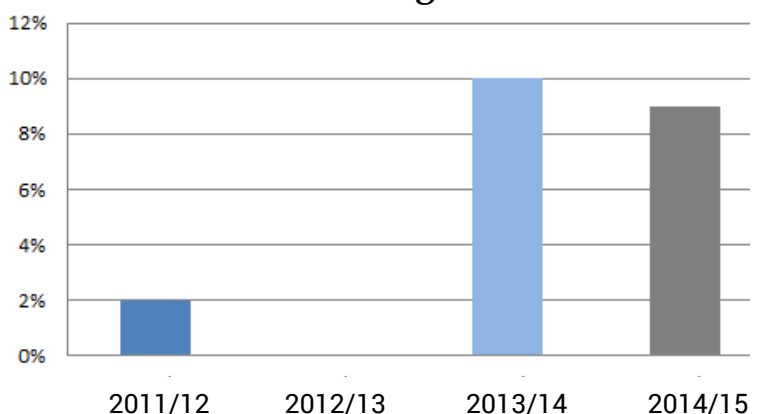
Council aims to ensure that it is able to maintain its infrastructure assets at the expected levels, while at the same time continuing to deliver the services needed by the community. To bridge the infrastructure gap, Council invested \$8.91 million in renewal works during the 2014-15 year.

At the end of the 2014-15 year Council's debt ratio, which is measured by comparing interest bearing loans and borrowings to rate revenue, was 9% 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 to depreciation was 84% which was behind the expected target band of 90%-110%. Council carried forward \$1.83 million capital work funding into 2015-16 for projects that had not been completed by 30 June 2015.

Adjusted working capital ratio %



Loans and borrowing ratio %

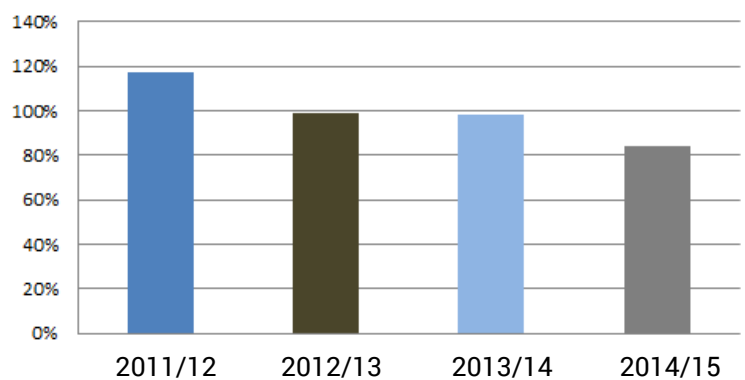




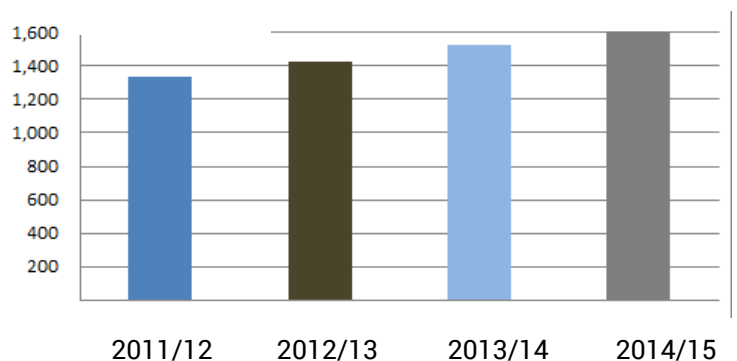
Stability and Efficiency

Council raises a wide range of revenues including rates, user fees, fines, grants and contributions. Council's rates concentration, which compares rate revenue to adjusted underlying revenue, was 56% for the 2014-15 year, which is in the mid-range of the expected target band of 40%-80%. This indicator has again been distorted downwards by the Australian Accounting Standard requirement to recognise grant income as revenue when Council obtains control over the assets comprising these receipts. The average residential rate per residential assessment is \$1,607.

Asset renewal ratio %



Revenue level ratio \$





Description of Operations

South Gippsland Shire Council is responsible for more than 100 services, from family and children's services, traffic regulation, open space, youth facilities, waste management and community buildings; to matters concerning business development, planning for appropriate development and ensuring accountability for Council's budget. This broad range of community services and infrastructure for residents supports the wellbeing and prosperity of our community. Council's vision, strategic objectives and strategies to further improve services and facilities are described in our Council Plan 2013-2017 and the associated Annual Budget 2014-15 are reported upon in this document. Refer to the section on Our Performance for more information about Council services.

The delivery of services, facilities, support and advocacy to achieve the Strategic Objectives is measured by a set of service performance indicators and measures. Council also has a wide range of responsibilities under the Victorian and Australian legislations.

Economic Factors

Council was faced with a financial challenge following the Federal Government announcement that it would freeze the indexation on Victoria Grants Commission allocation to councils for three years to 2016-17.

Major Capital Works Projects

During 2014-15 the major capital works included the following:

- Great Southern Rail Trail – Toora to Welshpool Section.
- Great Southern Rail Trail – Black Spur Section.
- Nyora Hall Refurbishment.
- Victory Avenue, Foster.
- Allambee Estate Bridge.
- Public Toilet Reconstructions at Toora, Fish Creek and Yanakie.
- Mirboo North New Soccer Lighting.
- Yanakie Recreation Reserve Improvements.
- Meeniyon Recreation Reserve Youth Space.
- Korumburra Bowls New Synthetic Green.
- Korumburra Training of Excellence.
- Koonwarra Landfill Cell 1 and 2 Rehabilitation Cap.
- TP Taylor Reserve Redevelopment, Sandy Point.
- Henrys Road, Nyora.
- Gray Street Reconstruction, Leongatha.



Major Changes

In the last three months of the financial year, the Chief Executive Officer coordinated a restructure of the organisation as a means to establish a strong foundation for the future. The restructure became effective on 1 July 2015.

The first stage of the Rating Strategy 2014-2018 was implemented for the 2014-15 financial year. The majority of recommendations presented to Council for the Rating Strategy Steering Committee were supported when the Rating Strategy was adopted at the 25 June 2014 Council Meeting.

The Rating Strategy 2014-2018 provides a more equitable distribution of the rates. The Municipal Charge was removed and a new differential rating structure for land types developed. The changes resulted in increases for higher valued properties and decreases for lower valued properties. The strategy is being implemented over two years, as the changes were considered too significant to implement in one year.

Major Achievements

Council introduced an exciting community engagement program to inform the Annual Budget 2015-16 .

Concerns that the formal submission process for the Proposed Budget did not give the community adequate opportunity to inform the development of the budget were taken on board by Council.

The new engagement program was implemented at the commencement to Council's budget planning. The first on-line engagement activity engaged over 760 people in providing Council with suggestions for the budget. The highest priorities voted from this activity were taken to two community workshops for further deliberation.

The Council considered all of the feedback received and undertook a further three engagement activities to inform their decision making prior to the final adoption of the 2015-16 Annual Budget.

Over 800 people participated in the various engagement activities and the Annual Budget 2015-16 has incorporated a number of these community suggestions.



Shire Profile

South Gippsland Shire is located in coastal south eastern Victoria, approximately 100 kilometres south-east of Melbourne. It is made up of three Shire wards (Tarwin Valley, Strzelecki and Coastal-Promontory), each represented by three councillors.

South Gippsland is named for the southern part of Gippsland, which honoured Sir George Gipps, the then Governor (1838-1846). The original inhabitants of the South Gippsland area were the Gunnai, Bun Wurrung and Wurundjeri Aboriginal people.

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.

Other major attractions of the Shire include Cape Liptrap Coastal Park, Strzelecki Ranges, Coal Creek Community Park and Museum, The Great Southern Rail Trail, South Gippsland Tourist Railway, Grand Ridge Rail Trail, Nyora Speedway, Stony Creek Racecourse, Mirboo North Regional Park, Agnes Falls, Grand Ridge Brewery and specialist wineries.

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 Shire.

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

Council meetings are held on the fourth Wednesday of each month and are open to the public.

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

Council Offices

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Business hours: 8:30am – 5:00pm Monday to Friday



Tarwin Valley Ward

3 Councillors

Strzelecki Ward

3 Councillors

Coastal-Promontory Ward

3 Councillors



Councillors and Executive Team

Coastal-Promontory Ward



**Councillor
Mohya Davies**



**Councillor
Jeanette Harding
(Mayor)**



**Councillor
Kieran Kennedy**

Strzelecki Ward



**Councillor
Lorraine Brunt**



**Councillor
Andrew McEwen**



**Councillor
Robert (Bob) Newton**

Tarwin Valley Ward



**Councillor
James (Jim) Fawcett**



**Councillor
Don Hill**



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

Chief Executive Officer



Tim Tamlin

Directors



**Jan Martin
(Community Services)**



**June Ernst
(Corporate Services)**



**Anthony Seabrook
(Engineering Services)**

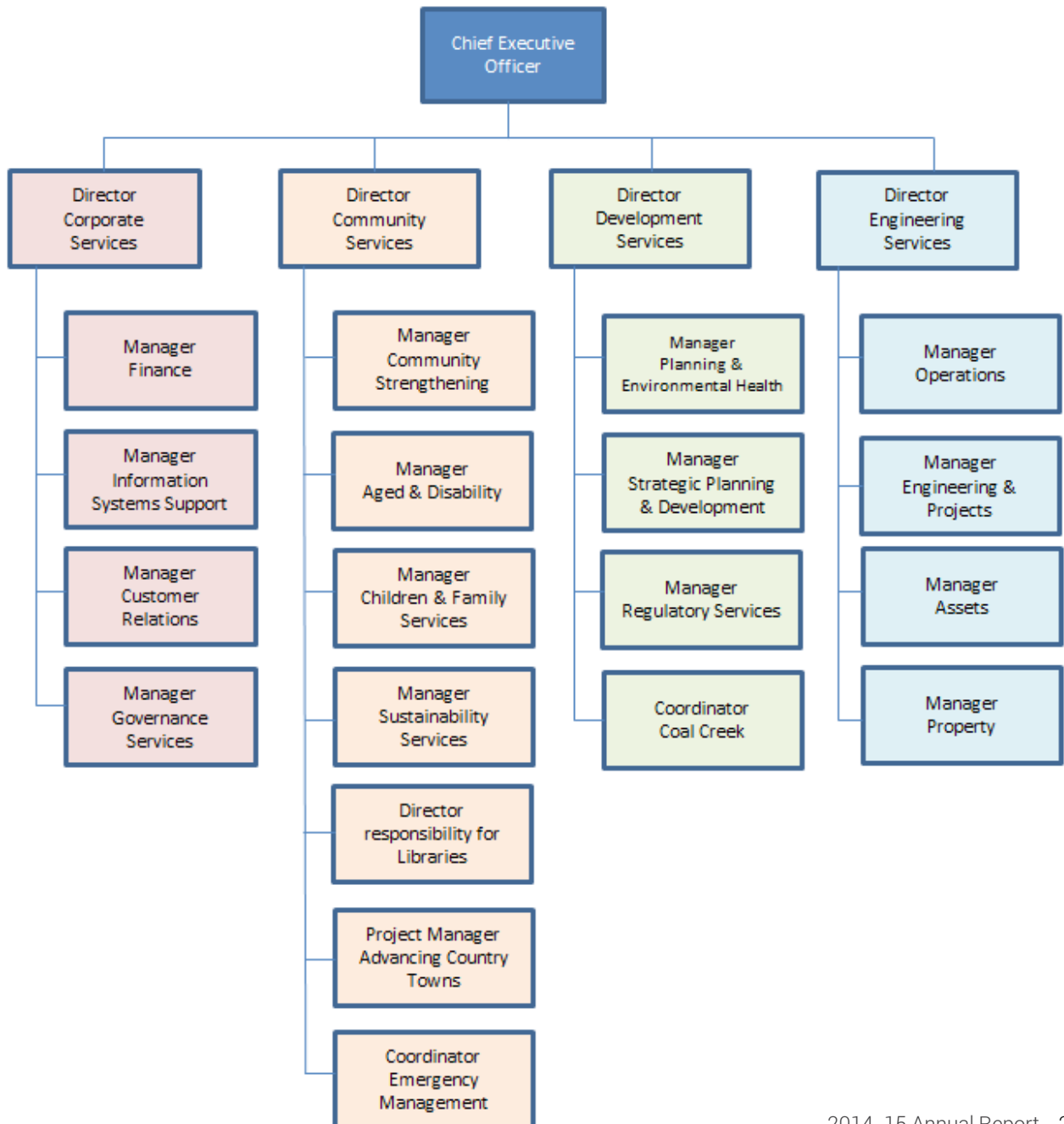


**Bryan Sword
(Development Services)**



Organisation Structure

A chart setting out the organisation structure of the council is shown below:

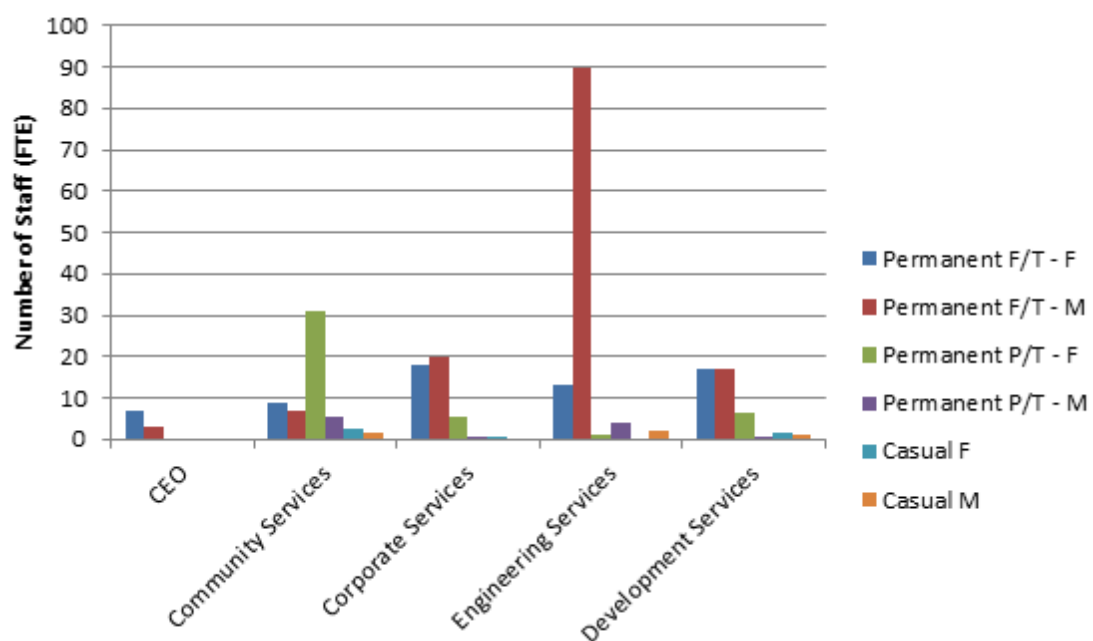




Council Staff

A summary of the number of full time equivalent (FTE) council staff by organisational structure, employment type and gender is set out below.

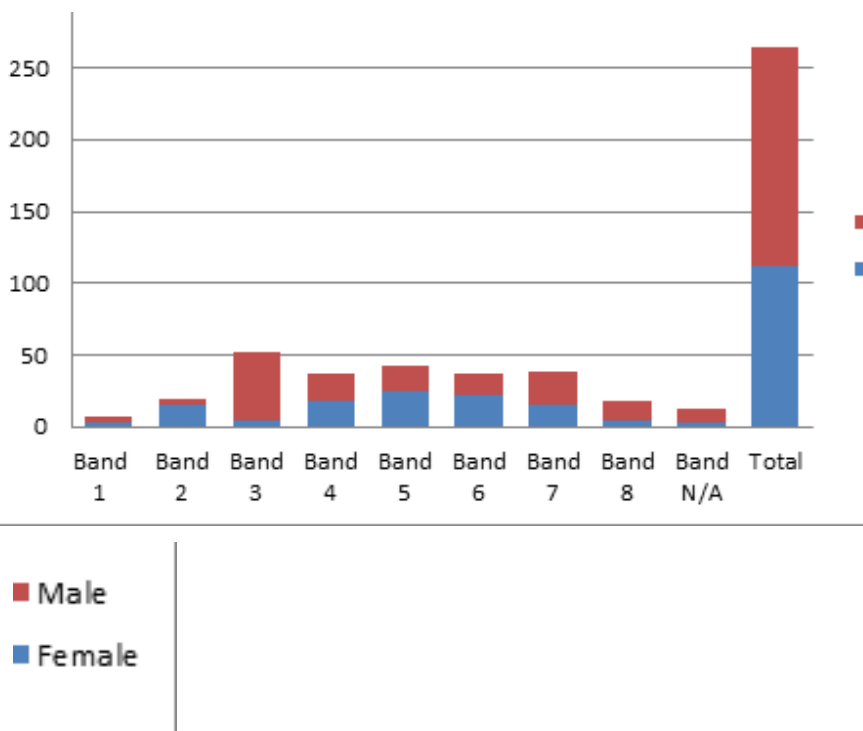
Employment Classification	CEO	Community Services	Corporate Services	Engineering Services	Development Services	Total
Permanent F/T – F	7	9	18	13	17	64
Permanent F/T – M	3	7	20	90	17	138
Permanent P/T – F	0	30.87	5.62	1.19	6.23	43.91
Permanent P/T – M	0	5.21	0.2	4	0.28	9.69
Casual – F	0	2.47	0.54	0	1.7	4.71
Casual – M	0	1.62	0	1.99	0.97	4.58
Total	10	56.17	44.36	110.18	44.18	264.89





A summary of the number of full time equivalent (FTE) staff categorised by employment classification and gender is set out below:

Employment Classification	Female Full Time	Male Full Time	Female Part Time	Male Part Time	Casual Female	Casual Male	Total FTE
Band 1	0	0	2.49	3.4	0.07	1.96	7.69
Band 2	0	0	14.55	2.61	1.41	1.31	19.88
Band 3	4	46	0	0.84	0.74	0	51.58
Band 4	13	18	4.17	0	1.63	0.75	37.55
Band 5	15	17	9.22	0	0.2	0.56	41.98
Band 6	14	12	8.74	2	0.13	0	36.87
Band 7	11	22.6	4.14	0	0.34	0	38.08
Band 8	4	13	0.6	0.2	0.19	0	17.99
Band not applicable	3	10	0	0	0	0	13
Total	64	138.60	43.91	9.09	4.71	4.58	264.89



Equal Employment Opportunity Program

Council is committed to the principles of equal employment opportunity. Discrimination in employment, and in the supply of goods and services, is unlawful under Commonwealth and Victorian legislation.

Council provides a workplace free from discrimination in which employees can develop their capabilities. Anti-Discrimination, Bullying & Harassment policy inductions have been rolled out to 65 new employees over the past year.



Other Staff Matters

Enterprise Bargaining Agreement

Council's Enterprise Bargaining Agreement was approved by Fair Work Australia in August 2012 and is due to expire on 30 June 2016.

Four union representatives involved in the negotiations included:

- Australian Municipal Administrative, Clerical and Services Union
- The Association of Professional Engineers, Scientists and Managers Australia
- Australian Nursing Federation
- Australian Education Union

Professional Development

In 2014-15 Council supported the following staff development programs:

- 16 employees participating in the study assistance program.
- 1 trainee working between Customer Service and Finance.
- 3 apprentices in the Parks & Gardens team.

A Leadership Development Program commenced in 2015 for Coordinators, Supervisors and Team Leaders as a means of developing their management skills.

Council provided a Corporate Calendar of events as follows:

Governance
Induction to Local Government
Corporate Induction
Customer Service
Negotiation Skills
Dealing with Conflict & Difficult Behaviour
Conflict Resolution
Managing Conflict & Difficult Behaviour - Managers
Business Skills
Microsoft Office suite – Excel, Word, Power Point
Project management
Time management
Writing Reports & Business Documents for Council
Business Writing Skills
Writing Skills – Report, Email, Grammar & Punctuation, Writing for Local Government
Writing for WEB Accessibility
Communication
Behavioural Styles
Dealing with Difficult Customers/Situations/Conflict
Customer Service
Emotional Intelligence
Cultural Diversity
Presenting to Council and the Executive Leadership Team
Facilitation Skills
Engagement Fundamentals
Speaking & Presentation Skills



Personal Development	Managers Skills Program
Courageous Conversations	Management of Unsatisfactory Performance & Behaviours
Introduction to Local Government	Introduction to Performance Management
Performance Improvement Program	Managing Change and Preventing Stress
Personal productivity	Performance Review & Development Process Explained
Mental health	Managing Recruitment, Selection & Induction process
How to Manage Workplace Conflict	Leadership responsibilities
Introduction to Change Management	Payroll responsibilities
How to Communicate effectively in the workplace	Know Your Award
360 Degree Feedback	Coaching Skills Workshop
	Performance Performance and Motivation Conversations
Finance & Information Management	Other
Processing Accounts & Purchase Orders	Aboriginal Cultural Awareness
Managing your Documents	Disability Awareness
Information Privacy	Equal Opportunity - general
Budgeting	Equal Opportunity - Non office based staff
Contract Management	Equal Opportunity for Supervisors
Internal Systems	Compliance Training - Coordinated by OHS Coordinator
TRIM (Records management system)	OHS Rep initial and refresher training
Pathway (Customer request and business management system)	OHS Workshop Executive, Management & Coordinators
Oracle (Finance system)	Manual Handling / Back Care
BIS (Business (Finance information system)	Hazardous Substances and dangerous Goods in the Workplace
GIS (Geographic information system)	Noise & Hearing Conservation training
Leadership Programs	Emergency Warden (including appliance training)
LGMA Management Challenge	First Aid (CPR and Level 2)
Leadership Program for Coordinators & Supervisors	Sun Smart Awareness
Effective Leadership Development	Business Continuity Training
Mentoring Program	Corporate Risk Training
Future Leaders	Situational Awareness Training
LG Pro Emerging Leaders 2016	Contact Officer



Preventing Violence Against Women

Council coordinated a training event for the community funded by the 'Regional Prevention of Men's Violence Against Women' project. The accredited training was in 'Mentor's Violence Prevention.' Sixteen Council and community participants attended the course held in Meeniyan.

An internal working group has been established to raise awareness of prevention of violence against women and children. This group contains representatives from all areas of Council and in the last 12 months has developed an action plan. This group will be responsible for reviewing policies supporting prevention of violence, information sessions for staff and a white ribbon breakfast that will be open to the community.

Health and Safety

Council has continued implementing its Occupational Health and Safety Program that aims to take preventive action prior to injuries or illnesses developing. The program has included educative activities designed to improve staff knowledge of caring for their own health and has encouraged early reporting of twinges or stiffness to implement early intervention. These activities have reduced the severity of injuries, particularly of staff undertaking manual handling and physically demanding roles.

Council has a pro-active Occupational Risk Committee that considers ways of minimising injuries and accidents, monitors trends and advises improvements to policies pertaining to health and safety.



Our Performance

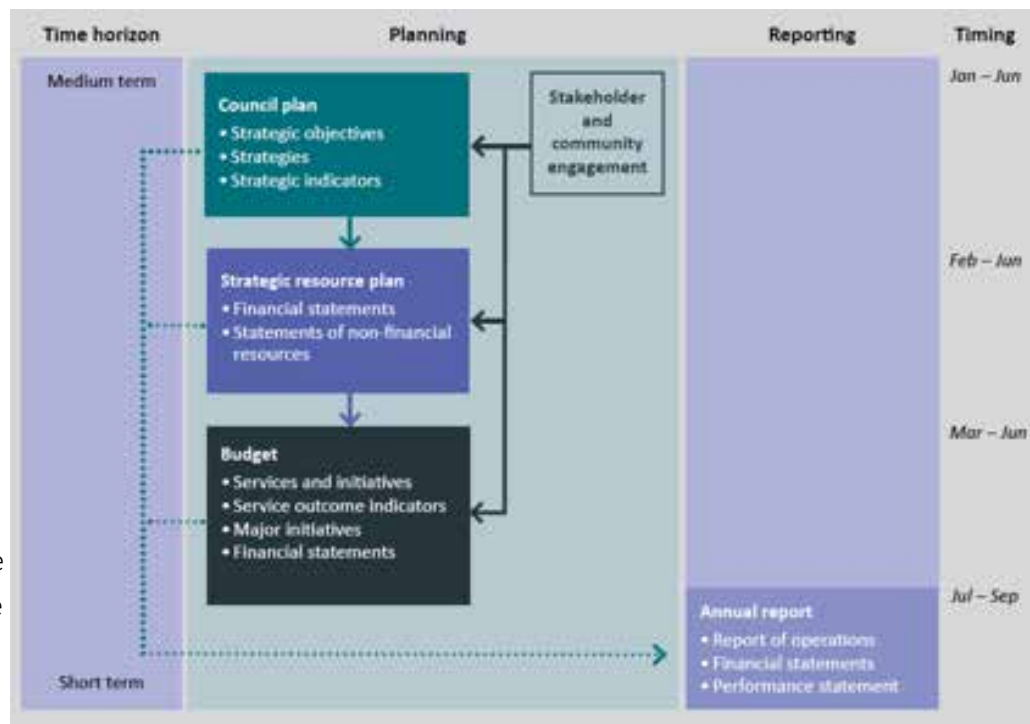
Planning and Accountability Framework

The Local Government Act 1989 requires Council to prepare the following planning and reporting documents:

- A Council Plan within the first six months after each general election or by 30 June, whichever is the later;
- A Strategic Resource Plan for a period of at least four years and include this in the Council Plan;
- A Budget for each financial year;
- An Annual Report in respect of each financial year.

Source: Department of Environment,
Land, Water and Planning

Council adopted the Council Plan 2013-2017 in June 2013. It has been updated annually to include the rolling four-year Strategic Resource Plan. The Annual Budget is adopted in June each year. Council reports quarterly on its financial performance and on its achievement of the Annual Initiatives contained in the Annual Budget along with Department highlights that are working towards achieving the objectives in the Council Plan 2013-2017.



The diagram above shows the relationship between the key planning and reporting documents that make up the planning and accountability framework for local government. It also shows that there are opportunities for community and stakeholder input and feedback at each stage of the planning and reporting cycle.



Council Plan

The Council Plan 2013-2017 includes strategic objectives, strategies for achieving these for the four year period, strategic indicators for monitoring achievement of the strategic objectives and a strategic resource plan. The following are the four strategic objectives as detailed in the Council Plan.

1. A Prosperous Shire	<p>Objective 1.1 Work with the business community to support existing businesses, diversify employment opportunities and to attract new businesses</p> <p>Objective 1.2 Raise the awareness of local and regional issues with State and Federal decision makers</p> <p>Objective 1.3 Improve the sustainability of the local and regional environment</p>
2. Closely Connected Communities	<p>Objective 2.1 Engage and work collaboratively with our community</p>
3. Integrated Services and Infrastructure	<p>Objective 3.1 Deliver affordable modern community services and facilities through an integrated approach to planning and infrastructure development</p>
4. A Leading Organisation	<p>Objective 4.1 Improve the financial sustainability of Council, including diversifying revenue streams.</p> <p>Objective 4.2 Pursue best practice in organisational development and operations of the organisation.</p>

Performance

Council's performance for the 2014-15 year has been reported quarterly and in this final year-end report against each strategic objective to demonstrate how Council is performing in achieving the 2013-2017 Council Plan. Performance has been measured as follows:

- Results achieved in relation to the strategic indicators for each objective in the Council Plan;
- Progress in relation to the Major Initiatives and the Initiatives set out in Section 3 of the Annual Budget 2014-15;
- Services funded in the Annual Budget 2014-15 by Department supporting the achievement of each objective; and
- Results against the prescribed service performance indicators and measures.

Strategic Objective 1: A Prosperous Shire

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

Council Plan 2013-2017 Indicator	Target	Result/Status
The value of total investments in the Shire measured through Building Permits, by investment sector	Aim for an increase in investments annually (Baseline: To be established)	<p>Target Achieved</p> <p>Value of building work approved \$79.5 million which is up 29.7% compared to 2013-14.</p>
Shovel ready projects prepared	Aim for at least two ready at any time	<p>Target Achieved</p> <p>Ten projects are ready for construction subject to funding: Agnes River Road, Agnes Bridge; Dale Drive, Leongatha Court Bowl; Mirboo North Transfer Station; Karmai Integrated Children Centre; Leongatha Splash Hydrotherapy Pool; Gray Street, Leongatha; Princes Street, Korumburra; Henrys Road, Nyora; Simons Lane, Leongatha South; and Allambee Estate Rd Bridge.</p> <p>Ten footpath projects have been designed ready for construction subject to funding: Station St, Foster; Drouin Rd, Poowong; Walkerville Rd, Tarwin Lower; Steele St, Leongatha; Baths Rd, Mirboo North; George St, Korumburra; Brown St, Leongatha.</p>
Number of representations made to State and Federal politicians	At least one delegation annually	<p>Target Achieved</p> <p>The Mayor, CEO and Vice President Karmai Integrated Children's Centre met with key Ministerial Advisors in Canberra to further progress Federal Funding applications for the Karmai Integrated Children's Centre and the Long Jetty – Port Welshpool.</p>



The following statement reviews the progress of Council in relation to major initiatives identified in the 2014-15 Budget for the year:

Major Initiatives	Progress
<p>The Nyora Development Plan will be advanced by undertaking required traffic, drainage, flora and fauna and other studies to inform a development plan and developer contributions for the Nyora Township that is in accordance with the Development Plan Overlay. A key component will be the Developer Contributions apportionment calculations, which will enable Council to retrieve adequate funding from developers to provide necessary infrastructure for expected population growth.</p>	<p>Target Achieved In Part</p> <p>This action could not be commenced until an agreement on developer contributions was reached. To proceed in the absence of an agreed developer contribution would have subjected Council to unnecessary financial risk.</p> <p>Developer contributions agreements were finalised in June. The consultant brief for the Nyora Development Plan has been prepared. The project will commence in October 2015.</p>
<p>'Priority Projects' for the Shire will be determined by Council and used in advocacy activities with State and Federal politicians and other relevant stakeholders or potential funding partners. These projects, when supported, will provide a range of economic benefits to the Shire.</p>	<p>Target Achieved</p> <p>Priority Projects were approved at the February Council Meeting. The focus of 2015 was on securing the balance of funding for the Karmai Integrated Children's Centre, continuing to project the Corner Inlet Tourism Development Project, and advocating to the State for the funding necessary to see safety improvement works on the South Gippsland Highway 'Black Spur'.</p> <p>The project has been fully funded (\$1.6m from both State and Federal Government), with works anticipated to commence in October 2015.</p> <p>Funding for the Long Jetty Refurbishment is currently being sought through the Federal National Stronger Regions Fund.</p>
<p>Continued development of the Great Southern Rail Trail will be pursued by implementing funding grants received, seeking further funding and marketing of the Rail Trail. Working towards joining the existing sections of the Great Southern Rail Trail to form one connected corridor, will increase tourism opportunities and in turn improve the economic benefits this community asset brings to the Shire.</p>	<p>Target Achieved</p> <p>The Toora to Welshpool section of the Great Southern Rail Trail was opened in February. Repair works on piles for the first Tarwin River Bridge on Black Spur section have been completed. Piling and footing construction at the Black Spur bridge has commenced. The planning permit for the part demolition and redevelopment of the heritage bridges between Koonwarra and Meeniyan has been issued.</p> <p>The branding project for the Great Southern Rail Trail (GSRT) has been completed.</p> <p>Works continuing on Black Spur section of GSRT are on schedule for completion prior to end of 2015. The Marketing Subcommittee has been convened to commence development of content for future brochures, website and signage. This aspect of the project working to schedule for completion in early 2016.</p>

The following statement reviews the progress of Council in relation to the initiatives identified in the 2014-15 Budget for the year:

Initiatives	Progress
<p>Implement the Economic Development and Tourism Strategy 2014, and support representative groups to develop a collaborative approach to tourism and economic development.</p>	<p>Target Achieved</p> <p>The Economic Development and Tourism Strategy was adopted by Council in November 2014 and is being implemented. Highlights for the year include new and expanded businesses such as Leongatha Aldi supermarket, hosting of South East Transport Strategy (SEATS) Committee February meeting, delivery of Resilient Communities Program, final design of Leongatha Heavy Vehicle Alternate Route, delivery of Business Workshop Program, development of Great Southern Rail Trail marketing plan, participation in the Regional Living Expo and the Caravan and Camping Show and announcement of mobile phone blackspots funding.</p>
<p>The Korumburra Town Centre Framework Plan directions will be prioritised for the 2015-16 Budget, in partnership with the Korumburra Roundtable Committee. Projects will be reviewed, prioritised and presented to Council for inclusion in the 15 year Capital Works Budget for funding consideration. The Korumburra Town Centre Framework Plan aims to provide the environment for investment into the town centre of Korumburra and encourage the reinvigoration of the township.</p>	<p>Target Achieved</p> <p>A planning and design consultant has been appointed (June 2015) to prepare a Streetscape Master Plan (SMP) for Korumburra. The SMP will build on the findings of the KTCFP and provide detailed plans for how the town centre can be improved over the long term. In consultation with VicRoads, the SMP investigates options to reduce highway traffic to a single lane in both directions.</p>
<p>A 'Coastal Townships Seasonal Population Change Study' will be developed to determine the impact of fluctuating seasonal populations on our coastal towns. This study will seek to enable efficient, flexible planning for coastal towns; responsive to both large summer and small winter populations.</p>	<p>Target Achieved</p> <p>Survey of resident and non-resident ratepayers on Seasonal Population Impact on Coastal Towns distributed to over 5000 people with over 16% response rate (800 respondents) during December - January. Survey summaries developed for all coastal towns. Seventy visitor interviews collected in coastal towns over Australia Day weekend.</p>
<p>A Domestic Wastewater Management Plan to identify and manage public health and environmental risks associated with the disposal of domestic waste water (septic tanks) will be developed. This strategy will establish Council's approach to enact and enforce its legislative responsibilities.</p>	<p>Target Achieved</p> <p>A Domestic Wastewater Management Plan incorporating a compliance and enforcement program has been developed and is on target for presentation to Council at the September Council meeting.</p>
<p>A joint project with South Gippsland Water to develop a 'Tarwin River Water Supply Catchment Policy' will provide clarity for the assessment of planning permits for new dwellings and other developments within the declared Tarwin River Water Supply Catchment.</p>	<p>Target Achieved</p> <p>Tarwin Water Supply Catchment Water Quality Management Plan is complete. A Tarwin River Water Supply Catchment Policy is on target for presentation to Council at the December Council meeting.</p>

Initiatives	Progress
<p>The 'Agricultural Resilience and Climate Change Opportunities' grant will be actioned and utilised to progress sustainability activities that will assist the Shire's agricultural businesses.</p>	<p>Target Achieved</p> <p>The project has been successfully implemented this financial year, resulting in eight well-attended and diverse events covering varied topics such as mental health, soil health, crop diversification, efficient irrigation, fruit tree management, understanding local weather patterns and climate risk mitigation.</p> <p>The Project Steering Committee has worked cooperatively to find innovative ways to reach target audiences with project messages from which the Climate Cafe concept has been developed and continues to be implemented.</p>
<p>The 'Integrating Climatic Impacts Into Government Processes' grant will be actioned and utilised to progress organisational sustainability processes.</p>	<p>Target Achieved</p> <p>Arup, Loop and RMIT have been engaged in Interviews with key staff (a total of 13 staff) to determine the stage Council is at in relation to integrated climate change planning. A draft report on the findings of the interviews has been provided and feedback provided to the report writer. The final report will be provided to the Executive Leadership Team when completed.</p>
<p>A Roadside Weed Management Plan will be prepared with service levels and budget implications articulated. This initiative is required in response to the State Government re-allocating this responsibility to Local Government and Council's 2000 kilometres of sealed and unsealed roads that will need to be managed.</p>	<p>Target Achieved</p> <p>A Roadside Weed Control Plan was developed for 2014-15 and implemented with 306 kilometres sprayed. A draft Roadside Weed Management Plan has been prepared, detailing proposed roadsides to be treated in 2015-16 and 2016-17. A copy of the plan has been provided to the Landcare Network and DEDJTR for information/comment. Additional roads may be added following feedback from these groups.</p>
<p>A pilot trial of a kerbside green waste and organic waste collection will be implemented in a designated part of the Shire. This initiative is aimed at reducing waste to landfill.</p>	<p>Target Achieved</p> <p>Green waste bin roll out completed to compulsory service properties mid-May. Optional properties were offered the service. At 30 June, more than 200 additional property owners had opted into the service, resulting in approximately 6,950 properties provided with a service on 1 July 2015.</p>



The following statement provides information in relation to the services funded in the 2014-15 Budget and the persons or sections of the business area responsible:

Business Area	Description of Services provided	Net Cost Actual Budget Variance \$000
Strategic Planning and Development	The Strategic Planning and Development Department promotes the careful business, tourism, community and residential development of the shire.	1,403 1,758 355
Planning and Environmental Health	<p>The Planning and Environmental Health Department is responsible for the regulation and enforcement of a variety of Victoria's legislation. Key functions include assessment of planning permit applications and the registration and inspection of food, health and accommodation premises including caravan parks.</p> <p>The Department responds to a variety of community enquiries and undertakes public health and nuisance complaint investigations.</p>	786 652 (134)
Development Services Management	The Development Services Directorate is responsible for the coordinated delivery of Strategic Planning and Development Services, Planning and Environmental Health Services, Regulatory Services and Coal Creek.	252 307 55
Regulatory Services	<p>The Regulatory Services Department is responsible for administering and enforcing various State Acts along with Council's General Local Law. Services include</p> <ul style="list-style-type: none"> • animal management, • building/planning enforcement, • building/property information, • building records, • fire prevention, • local laws development and enforcement, • occupancy permits for places of public entertainment, • parking control, • report and consent applications for new building work; and • school crossings. 	526 550 24
Sustainability Services	The Sustainability Department delivers Waste Management, Biodiversity and Sustainability Services through the implementation of key strategies and management plans.	2,838 2,861 23

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

Local Government Service Performance Reporting Indicators		
Service	Result	Material Variation
Statutory Planning		
	60.0	
Timeliness		
<i>Time taken to decide planning applications</i>		
[The median number of days between receipt of a planning application and a decision on the application]		
<i>Normal Range</i>		
20 to 200 days		
Service standard		
	82.55%	
<i>Planning applications decided within 60 days</i>		
[Number of planning application decisions made within 60 days / Number of planning application decisions made] x100		
<i>Normal Range</i>		
50% to 100%		
Service cost		
	\$1,470.59	
<i>Cost of statutory planning service</i>		
[Direct cost of the statutory planning service / Number of planning applications received]		
<i>Normal Range</i>		
\$500 to \$5,000		
Decision making		
	0%	
<i>Council planning decisions upheld at VCAT</i>		
[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] x100		
<i>Normal Range</i>		
20% to 100%		
Council had one planning application sent to VCAT. Council's decision was set aside only to adjust a few conditions to the permit.		



Local Government Service Performance Reporting Indicators

Service	Result	Material Variation
Waste collection		
	87.78	
Satisfaction		
<i>Kerbside bin collection requests</i> [Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x1000		
<i>Normal Range</i> 20 to 200 requests		
Service standard		
<i>Kerbside collection bins missed</i>	5.31	
[Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x10,000		
<i>Normal Range</i> 1 to 100 bins		
Service cost	\$127.46	
<i>Cost of kerbside garbage bin collection service</i> [Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]		
<i>Normal Range</i> \$20 to \$200		
Service cost	\$47	
<i>Cost of kerbside recyclables collection service</i> [Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]		
<i>Normal Range</i> \$10 to \$200		
Waste diversion	33%	
<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] x100		
<i>Normal Range</i> 20% to 80%		



Local Government Service Performance Reporting Indicators

Service	Result	Material Variation
Animal Management	64.21%	
Service standard <i>Animals reclaimed</i> [Number of animals reclaimed / Number of animals collected] x100		
<i>Normal Range</i> 40% to 90%		
Service cost <i>Cost of animal management service</i> [Direct cost of the animal management service / Number of registered animals]	\$64.12	As one of the largest geographically dispersed rural shires in Victoria, increased expenses are experienced in responding in accordance with response standards to animal management requests.
<i>Normal Range</i> \$10 to \$60		
Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	20	
<i>Normal Range</i> 0 to 50 prosecutions		
Food safety	96.56%	
Service standard <i>Food safety assessments</i> [Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the Food Act 1984 / Number of registered class 1 food premises and class 2 food premises that require an annual food safety assessment in accordance with the Food Act 1984] x100		
<i>Normal Range</i> 60% to 100%		
Service cost <i>Cost of food safety service</i> [Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984]	\$550.60	
<i>Normal Range</i> \$500 to \$1,200		
Health and safety <i>Critical and major non-compliance outcome notifications</i> [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] x100	93.75%	
<i>Normal Range</i> 70% to 100%		

Strategic Objective 2: Closely Connected Communities

The following statement reviews the performance of Council against the Council Plan including results achieved in relation to the strategic indicators included in the Council Plan.

Council Plan 2013/2017 Indicator	Target	Result/Status
Council supported Community Direction Statement priority projects identified and reported to Council for consideration.	Council supported priority projects from Community Directions Statements to be funded in the following financial year, identified and funded by 30 June annually	Target Achieved 29 projects identified as being under active consideration for 2015-16. Funds allocated in 2015-16 to develop a business case for an indoor equestrian centre at Stony Creek, upgrade of Fish Creek Hall, the Foster Streetscape and investigation of Waratah Bay-Sandy Point shared trail.
Development activities for volunteers provided.	A program of activities developed and implemented annually	Target Achieved 8 workshops for volunteers provided via the Community Engagement Conference in June with 36 volunteers representing over 50 organisations participating. Public Relations training held at Sandy Point 20 participants.

The following statement reviews the progress of Council in relation to major initiatives identified in the 2014-15 Budget for the year:

Major Initiatives	Progress
A review of the Home and Community Care Services will be undertaken to identify options for the future directions of the service, to align with the Commonwealth Government Aged Care reforms.	Target Achieved Council was briefed In April 2015 on the National Aged Care Reforms. Council considered the scope of options to be investigated and analysed and the timing of future briefings in order that they can make an informed decision about Council's future involvement in HACC service delivery prior to the proposed changes in funding in July 2018.



The following statement reviews the progress of Council in relation to the initiatives identified in the 2014-15 Budget for the year:

Initiatives	Progress
<p>Planning will be prepared for the Deadly in Gippsland event, to be held in late 2015. This event is a significant cultural event that is a celebration of Aboriginal people and culture, and what can be achieved in partnership.</p>	<p>Target Achieved</p> <p>Official artwork for the conference selected. Planning Committee continuing to meet. Most of the program is finalised. Increased participation on the Planning Committee from State Government agencies. A team of young Indigenous people recruited to assist with running the conference.</p>
<p>The Community Grants Program funding will continue to be provided to support Community initiatives and to capitalise on grant funding opportunities in partnership with our local communities. The program provides funding assistance to community groups to implement projects that will benefit their local communities.</p>	<p>Target Achieved</p> <p>Community Grant Program Round 1 was adopted by Council on 26 November 2014 and presented to recipients on 10 December 2014. Round 2 was determined by Council on 24 June 2015 and presented to recipients on 8 July 2015.</p>
<p>A Business Plan for Coal Creek will be developed that supports the 'Strategic Direction of Council for Coal Creek'. This plan will explore the integration of Coal Creek with other visitor services functions, develop new governance options, develop new retail opportunities for buildings in Coal Creek and develop options for the management of museum and arts collections across the Shire.</p>	<p>Target Achieved</p> <p>Council deliberated on a range of operational and strategic considerations for Coal Creek in the Financial Sustainability Committee.</p> <p>KPMG (consultants) were engaged to complete a financial review of Coal Creek.</p> <p>An organisational restructure has integrated Coal Creek with Customer Service, Caravan Parks and Visitor Information Services.</p>
<p>Preparation for the three year external audit of the Municipal Emergency Management Plan will be completed, in readiness for the July 2015 audit.</p>	<p>Target Achieved</p> <p>The Municipal Emergency Management Plan 2015-2018 was endorsed by the Municipal Emergency Management Planning Committee at their February meeting. The three-yearly external audit of the Plan was completed on 28 May. A pass against all 24 criteria was achieved with seven criteria achieving Best Practice.</p>
<p>Educating and engaging our young people in understanding local democracy will be achieved by holding a Council Meeting Day in one of the Shire's Secondary Colleges. Activities held on the day will encourage students to share their thoughts and ideas on local community issues with Council.</p>	<p>Target Achieved</p> <p>A Council Meeting Day was held at South Gippsland Secondary College, Foster on 27 May 2015. Students participated in a range of activities on the day that built their understanding of local issues and local democracy.</p>

The following statement provides information in relation to the services funded in the 2014-15 Budget and the persons or sections of the business area responsible:

Business Area	Description of Services provided	Net Cost Actual Budget Variance \$000
Aged and Disability Services	<p>The Aged and Disability Services Department provides Home and Community Care services (HACC) including:</p> <ul style="list-style-type: none"> • Personal Care, • Home Care, • Respite, • Community Transport, • Meals on Wheels and Home Maintenance to support the frail aged, people with a disability and their carers. <p>The Aged and Disability team contributes to maintaining a safe, secure and independent environment for clients and works towards building a more inclusive community across the South Gippsland Shire.</p> <p>The Department also manages Senior Citizens grant funding from the Department of Health and the Community Register in partnership with Victorian Police and Citizens Advice Bureau.</p>	<p>405</p> <hr/> <p>580</p> <hr/> <p>175</p>
Children and Family Services	<p>The Children and Family Services Department provides strategic planning to ensure services and infrastructure across the Shire meet future demand, and supports key partners in the provision of children and family services in the Shire.</p> <p>The Department provides Maternal and Child Health, Immunisation, Preschool Inclusion Support and Supported Playgroups and aims to maximise the health and wellbeing and development of children, ensure services are universally accessible and supports families.</p>	<p>480</p> <hr/> <p>550</p> <hr/> <p>70</p>
Coal Creek	<p>Coal Creek exists to enhance the liveability of South Gippsland Shire as a key community and cultural asset, operating to minimise the rate payers subsidy, while maximising long term community, cultural and economic benefits for all shire residents.</p> <p>Its aim is to become a community icon in South Gippsland through an integrated marketing strategy across key areas of community, culture, education and commerce.</p>	<p>395</p> <hr/> <p>328</p> <hr/> <p>(67)</p>

Business Area	Description of Services provided	Net Cost
		Actual Budget Variance \$000
Community Safety	The Emergency Management Department ensures Council has a current, relevant and implementable Municipal Emergency Management Plan detailing Council's preparedness to respond to, and recover from, any Municipal Emergency that may arise.	188 155 <hr/> (33)
Community Services Management	The Community Services Directorate is responsible for the coordinated delivery of Sustainability Services, Children and Family Services, Aged and Disability Services, Community Strengthening, Community Safety and for Library Services.	1,611 1,593 <hr/> (18)
Community Strengthening	<p>The Community Strengthening Department's role is to promote and support participation by the community in:</p> <ul style="list-style-type: none"> • civic activities, • recreation, • arts and cultural pursuits, • community service and planning for their own community's future. <p>The Department works with other Council teams to implement joint activities and to encourage Council's involvement with the community to be inclusive of all people and be integrated with the work of other levels of government and service agencies where possible.</p>	1,703 1,702 <hr/> (1)
Customer Relations	<p>The Customer Relations Department provides a primary role in receiving and administering customer requests for Council's products and services and provides the community with up to date information on current events within South Gippsland Shire.</p> <p>The provision of information communicated with our customers includes print and electronic publications, public relations, media enquiries, advertising, marketing and website management.</p>	821 707 <hr/> (114)



Local Government Service Performance Reporting Indicators

Service Indicator/Measure	Result	Material Variation
Libraries		
Utilisation	4.92	
<i>Library collection usage</i> [Number of library collection item loans / Number of library collection items] x 100		
<i>Normal Range</i> 1 to 10 items		
Resource standard	53.32%	
<i>Standard of library collection</i> [Number of library collection items purchased in the last 5 years / Number of library collection items] x100		
<i>Normal Range</i> 50% to 100%		
Service cost	\$9.39	
<i>Cost of library service</i> [Direct cost of the library service / Number of visits]		
<i>Normal Range</i> \$3 to \$20		
Participation	24.99%	
<i>Active library members</i> [Number of active library members / Municipal population] x100		
<i>Normal Range</i> 10% to 50%		
Aquatic Facilities	0	Health Inspectors advised a change in legislation no longer requires inspections of aquatic facilities.
Service standard		
<i>Health inspections of aquatic facilities</i> [Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]		
<i>Normal Range</i> 1 to 4 inspections		
Health and Safety	0	
<i>Reportable safety incidents at aquatic facilities</i> [Number of WorkSafe reportable aquatic facility safety incidents]		
<i>Normal Range</i> 0 to 20 incidents		
Service cost	\$3.80	
<i>Cost of indoor aquatic facilities</i> [Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities]		
<i>Normal Range</i> -\$10 to \$10		

Local Government Service Performance Reporting Indicators

Service Indicator/Measure	Result	Material Variation
Service Cost		
<i>Cost of outdoor aquatic facilities</i> [Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]	\$7.51	
<i>Normal Range</i> -\$5 to \$50		
Utilisation		
<i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	5.67	
<i>Normal Range</i> 1 to 10 visits		
Home and Community Care (HACC)		
Timeliness		
<i>Time taken to commence the HACC service</i> [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]	0.04	
<i>Normal Range</i> 1 to 30 days		
Service standard		
<i>Compliance with Community Care Common Standards</i> [Number of Community Care Common Standards expected outcomes met / Number of expected outcomes under the Community Care Common Standards] x100	94.44%	
<i>Normal Range</i> 80% to 100%		
Service cost		
<i>Cost of domestic care service</i> [Cost of the domestic care service / Hours of domestic care service provided]	\$52.68	
<i>Normal Range</i> \$40 to \$60		
Service cost		
<i>Cost of personal care service</i> [Cost of the personal care service / Hours of personal care service provided]	\$49.89	
<i>Normal Range</i> \$40 to \$60		
Service Cost		
<i>Cost of respite care service</i> [Cost of the respite care service / Hours of respite care service provided]	\$53.13	
<i>Normal Range</i> \$40 to \$60		

Local Government Service Performance Reporting Indicators

Service Indicator/Measure	Result	Material Variation
<p>Participation</p> <p><i>Participation in HACC service</i></p> <p>[Number of people that received a HACC service / Municipal target population for HACC services] x100</p> <p><i>Normal Range</i></p> <p>10% to 40%</p>	28.60%	
<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] x100</p> <p><i>Normal Range</i></p> <p>10% to 40%</p>	28.45%	
<p>Maternal and Child Health</p>	103.70%	
<p>Satisfaction</p> <p><i>Participation in first MCH home visit</i></p> <p>[Number of first MCH home visits / Number of birth notifications received] x100</p> <p><i>Normal Range</i></p> <p>80% to 110%</p>		
<p>Service standard</p> <p><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] x100</p> <p><i>Normal Range</i></p> <p>90% to 110%</p>	\$101.35%	
<p>Service cost</p> <p><i>Cost of the MCH service</i></p> <p>[Cost of the MCH service / Hours worked by MCH nurses]</p> <p><i>Normal Range</i></p> <p>\$50 to \$200</p>	\$50.63	
<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] x100</p> <p><i>Normal Range</i></p> <p>80% to 100%</p>	79.47%	
<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] x100</p> <p><i>Normal Range</i></p> <p>80% to 100%</p>	76.19%	

Strategic Objective 3: Integrated Services and Infrastructure

The following statement reviews the performance of Council against the Council Plan including results achieved in relation to the strategic indicators included in the Council Plan.

Council Plan 2013-2017 Indicator	Target	Result/Status
Number of grants submitted to State and Federal programs for funding and number of grants announced for South Gippsland Shire projects where possible.	Aim for 30% of applications submitted to be funded.	Target Achieved Of the 14 grant applications applied for, 12 have been funded, 1 not approved and 1 pending. 92.3% of applications submitted that were determined were funded.
Sustainability activities for various sectors provided, in partnership with others where possible.	A program of activities developed and implemented annually.	A diverse program of sustainability activities has been undertaken in 2014-15 including the commencement of a new program, the Climate Cafe series, which facilitates climate discussion in a non-formal setting. A series of sustainable farming workshops was undertaken in conjunction with Grow Lightly. The Sustainability Festival, delivered in partnership with Bass Coast was very successful. The Sustainability Victoria initiative the Love Food Hate Waste program was implemented in partnership with the Mirboo North Community Kitchen. Energy information and displays were provided at the Council's children's festival in conjunction with Council's Family Services team.

The following statement reviews the progress of Council in relation to major initiatives identified in the 2014-15 Budget for the year:

Major Initiatives	Progress
Stage 2 of the Social Community Infrastructure project will be completed with capital works allocated and potential funding sources identified. This project will assist Council in planning future social infrastructure requirements for various sized towns, villages and hamlets within the Shire.	Target Achieved The Cluster Review for Social Community Infrastructure in Venus Bay/Tarwin Lower and Meeniyan was completed and endorsed for public exhibition on 27 May 2015. Two submissions were received and amendments made, where appropriate, to the final document. The final Cluster Review will be presented at the 22 July 2015 Council Meeting for adoption.
An increased investment of \$500,000 into Council's Road Re-sheet program is aimed at improving the gravel road network. This increased investment is provided in response to community concerns and customer requests for improvements to the gravel road network.	Target Achieved The Re-sheet program was completed. Additional projects included in the program resulting from the additional \$500,000 were completed and all budget expended.

The following statement reviews the progress of Council in relation to the initiatives identified in the 2014-15 Budget for the year:

Initiatives	Progress
<p>Investigation into the most appropriate land use/location for a Municipal Precinct is to be undertaken that includes a Municipal Office, Library, Council Chambers, Community meeting spaces and other integrated community facilities, with site selection and a concept drawing plan developed</p>	<p>Target Achieved In Part</p> <p>Project slightly behind schedule. Preferred site identified. Draft report completed and circulated to the Project Groups for comment. Report being finalised.</p>
<p>Shorter term requirements for placement of the Library in Leongatha will be reviewed and investigated in time for a decision to be made prior to the expiry of the current lease</p>	<p>Target Achieved</p> <p>A Confidential Councillor Briefing was presented on 24 July 2014 detailing options for the Leongatha Library. These options will be included in consultancy work for the Municipal Precinct Brief.</p>
<p>Increasing public awareness and involvement in finding solutions to the financial sustainability of Council's swimming pools will be a focus of community discussions this year. The financial implications of managing six swimming pools in a Shire of 27,500 people, places an increased burden on all ratepayers.</p>	<p>Target Achieved</p> <p>Council briefed on community responses to the draft Aquatic Strategy. A final Strategy has been developed for presentation to Council at the July 2015 meeting.</p> <p>Current swimming pool committees at Korumburra, Foster and Mirboo North directly consulted on proposal to revoke Section 86 Committees and replace with Pool Support Groups. Briefing to Council on outcomes of 2014-15 pool seasons, new contract, and on future of Foster Pool.</p> <p>The joint contracts have resulted in an operational cost saving of \$65,000.</p>



The following statement provides information in relation to the services funded in the 2014-15 Budget and the persons or sections of the business area responsible:

Business Area	Description of Services provided	Net Cost Actual Budget Variance \$000
Engineering and Assets	<p>The Engineering and Assets Department is responsible for:</p> <ul style="list-style-type: none"> • The co-ordination and delivery of Council's Capital Works Program in accordance with project timelines and budget. • To project manage and deliver contract administration for the Capital Works Program. • To procure design and associated documentation for Council's forward Capital Works Program. • Fleet and Plant - vehicles will be purchased with the highest safety rating and lowest Green House emissions where available within Council's purchasing scope. • Infrastructure Assets - to proactively plan Council's infrastructure networks in order to meet current and future needs of the community and to integrate with State networks through continuous improvements to Council's Asset Management Plans. • Assets System - the collection, analysis and management of appropriate infrastructure related data to effectively manage Council's infrastructure assets. • Development - to clearly define Council requirements for the design and development of infrastructure that is, or will become, a civil Council asset. To standardise development submissions and thus to expedite Council's Engineering approvals for civil assets; and to ensure that minimum design criteria are met in regards to the design and construction of civil infrastructure within the Shire. These functions underpin our services to assist in providing a healthy and safe community. 	<p>2,037 4,306 <hr/>2,269</p>
Engineering Services Management	<p>The Engineering Services Directorate is responsible for the coordinated delivery of Operations (Depot), Engineering and Projects, Property and Assets.</p>	<p>307 300 <hr/>(7)</p>
Operations	<p>The Operations Department delivers two main functions:</p> <ul style="list-style-type: none"> • Roads, streets and drainage operations, maintenance and construction (including the delivery of Council's internal capital works program). • Parks and Gardens operations, maintenance and construction. 	<p>13,972 15,627 <hr/>1,655</p>
Property	<p>The Property Department provides the following services:</p> <ul style="list-style-type: none"> • To support Council services by managing Council's property portfolio including the acquisition, disposal, leasing/licensing and responsibilities as a Committee of Management of Crown Land. • To provide assistance to developers within the Shire with internal and external stakeholders by ensuring a strong customer focus. • To work collaboratively across Council's departments with dealings on Council land. • To manage and enhance Council-owned and managed building portfolio to ensure these facilities are maintained to maximise their long term benefit to the community. • To manage the Yanakie and Long Jetty Foreshore Caravan Parks. • These functions underpin our services to assist in providing a healthy and safe community. 	<p>1,973 1,914 <hr/>(59)</p>

The following statement provides the results of the prescribed service performance indicator and measure including explanation of material variation:

Local Government Service Performance Reporting Indicators		
Service Indicator	Result	Material Variation
Roads		
<p>Satisfaction of use <i>Sealed local road requests</i> [Number of sealed local road requests / Kilometres of sealed local roads] x100</p> <p><i>Normal Range</i> 0 to 200 requests</p>	19.90	
<p>Condition <i>Sealed local roads below the intervention level</i> [Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] x100</p> <p><i>Normal Range</i> 70% to 100%</p>	98.95%	
<p>Service cost <i>Cost of sealed local road reconstruction</i> [Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]</p> <p><i>Normal Range</i> \$30 to \$300</p>	\$44.67	
<p>Service cost <i>Cost of sealed local road resealing</i> [Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]</p> <p><i>Normal Range</i> \$5 to \$30</p>	\$5.36	
<p>Satisfaction <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]</p> <p><i>Normal Range</i> 50 to 100</p>	27	The lower than adequate condition of State Government roads within the Shire continually impacts on Council's satisfaction standards. Council has been working with VicRoads to address community concerns.

Strategic Objective 4: A Leading Organisation

The following statement reviews the performance of Council against the Council Plan including results achieved in relation to the strategic indicators included in the Council Plan.

Council Plan 2013-2017 Indicator	2013-17 Target	Result/Status
Policy portfolios and/or specific project groups developed and implemented	Portfolio or project scope and committee structure endorsed by Council prior to establishment	<p>Target Achieved</p> <p>Council has not commenced any additional Portfolio committees in the current financial year.</p> <p>The Korumburra Roundtable developed and endorsed by Council in 2013-14 is still continuing.</p>
An Annual Plan and Annual Budget developed	Adopted by Council by 30 June annually	<p>Target Achieved</p> <p>The Annual Budget 2015-16, containing the Annual Plan initiatives and the Long Term Financial Plan was adopted by Council on 24 June 2015.</p> <p>The Council Plan 2013-2017 was updated and includes the 2015-16 to 2018-19 Strategic Resource Plan. This was also adopted on 24 June 2015.</p> <p>The Annual Plan initiatives are contained in Chapter 3 of the Annual Budget 2015-16. These have been developed following a major community engagement program involving three on-line participatory opportunities, community workshops, network briefings, Council briefings with idea champions, formal and informal submissions, media engagement and a Community Question and Answer session.</p>
Council will encourage community members to provide information to Council on matters affecting them	Public presentations sessions will be available for community members to participate	<p>Target Achieved</p> <p>All scheduled public presentation sessions have been widely advertised and conducted each month.</p> <p>Further to Public Presentations, Council has undertaken an extensive community engagement program to encourage participation in the development of the Annual Budget 2015-16. This has incorporated:</p> <ul style="list-style-type: none"> • Three on-line Town Hall forums; • Two community workshops • Briefings with idea champions for the highest voted ideas; • Network meeting briefings; • A formal submission and informal feedback process on the Proposed Budget; • Media briefings and involvement • Community Question and Answer sessions • Notification of all opportunities through Council networks and to all participants of these activities and to the broader community.

Council Plan 2013/2017 Indicator	Target	Result/Status
Department Service Summaries, Business Plans and corresponding Budgets will be developed annually	By 30 June annually	<p>Target Achieved</p> <p>Department Service Summaries, Business Plans and corresponding Budgets have been developed and finalised.</p> <p>They will require adjustments to align to the revised organisation structure commencing 1 July 2015.</p>
Community Satisfaction Survey results published annually	By 30 June annually	<p>Target Achieved In Part</p> <p>The Community Satisfaction Survey results are being published and presented to Council at the 23 July 2015 Council meeting.</p> <p>The delay in achieving the June 30 timeline was required to provide Councillors and the Executive Leadership Team time to consider and discuss the results prior to release.</p>



The following statement reviews the progress of Council in relation to major initiatives identified in the 2014-15 Budget for the year:

Major Initiatives	Progress
<p>A cyclical program to review all Council services over a series of years will be continued, with an annual timetable prepared and implemented for 2014-15. These reviews will look at the services provided, the standards/levels of service provided and the costs and opportunities to make the services more efficient and effective.</p>	<p>Target Achieved</p> <p>The Financial Sustainability Steering Committee has provided guidance into the review of Aquatic facilities through the Aquatic Strategy review and into the review of Coal Creek. A review of the Aquatic Strategy is nearing completion following community consultation. A final strategy is being presented to Council on 23 July 2015.</p> <p>A Business Case is currently under development for Coal Creek. This requirement has followed on from an initial service review conducted and discussed by Council in 2014. The initial review of HACC services was paused in 2014, awaiting further information from the Federal Government. The review of HACC services has now recommenced with a briefing planned for Council's consideration.</p> <p>The Financial Sustainability Steering Committee has supported ongoing internal reviews of services. These were agreed by the Committee to be coordinated within each Directorate and brought back to Council for consideration of any service level changes.</p>
<p>The following seven principles will be considered for each review:</p> <ul style="list-style-type: none"> • User Pays Principle – are there components that could be user pays or cost recovery? • Efficiency Principle – are there efficiency gains to be made? If so how are these to be made? • Compliance Principle – is Council obligated to undertake this service? Can we give it to someone else and if so to what level? If we have to do it, where does the funding come from and how much is covered? • Cost Shifting Principle – if it is cost shifting, does Council want to keep doing it? • Community Good / Social Justice Principle – is it something that Council has to do for the benefit of the community? • Change to the service levels – are changes to the levels required? • Effective use of time investment relative to potential savings – consider the workload to do this work for the savings likely to be achieved. 	<p>Target Achieved</p> <p>The service reviews for Coal Creek, HACC services and the Aquatic services considered an overview of the various principles applicable to the service. Some principles were more relevant to specific services, so more time was placed on considering those principles.</p> <p>Coal Creek and Aquatic services – the principles of user pays, efficiency, community good/social justice and change to the service levels, were the most relevant principles applying to these reviews.</p> <p>HACC services – the principles of user pays, cost shifting, community good/social justice and effective use of time, were the most relevant principles applying to this review.</p>

The following statement reviews the progress of Council in relation to the initiatives identified in the 2014-15 Budget for the year:

Initiatives	Progress
Improvements to Council's website will be implemented to improve the ability of community members to find information and interact with Council 24/7.	<p>Target Achieved</p> <p>The Website redevelopment including internal workshops and content management training completed. Draft website structure completed. Content migration and creation commenced. Launch date is scheduled for late-August/early-September 2015.</p>
Advocacy activities will be pursued seeking grant funding for a range of community projects including Yanakie Recreation Reserve, Nyora Hall development, Tarwin Lower Recreation Reserve, Agnes Falls development and the Korumburra Bowls Club. These funds are being sought to assist local community groups develop facilities that they value in their local areas.	<p>Target Achieved</p> <p>Project Proposals have been submitted for the Tarwin Lower Recreation Reserve and Agnes Falls Project and whilst endorsed by Regional Development Victoria, funding is currently unavailable until further advice is provided by the State Government or relevant funding bodies. The Korumburra Bowls Club application has been approved.</p>

The following statement provides information in relation to the services funded in the 2014-15 Budget and the persons or sections of the business area responsible:

Business Area	Description of Services provided	Net Cost Actual Budget Variance \$000
Executive Office/ Management	Build strong and productive relationships with government and key regional agencies to strengthen the performance of Council.	608 <hr/> 1,226 618
Corporate Services Management	The Corporate Services Directorate is responsible for the coordinated delivery of Finance, Governance, Information Technology and Customer Relations services. Development of the Council Plan and Annual Plans, along with coordination of Department Business Plans and the Organisation's Performance Reporting, are key responsibilities of this team.	370 <hr/> 398 28
Finance	The Finance Department's focus is to provide: <ul style="list-style-type: none"> • Strategic financial advice, • Planning, • Accounting services, • Management accounting support • Financial reporting to Council in accordance with legislative and regulatory requirements, • Maintenance of Council's accounting records in accordance with legislative and regulatory requirements, • High quality accounting support to the organisation; and • Administration of all legislative requirements in relation to rates, charges and valuation services. 	1,721 <hr/> 1,240 (481)

Business Area	Description of Services provided	Net Cost Actual Budget Variance \$000
Governance Services	<p>The Governance Services Department co-ordinate services that enables organisation-wide good governance and compliance through the following functions:</p> <ul style="list-style-type: none"> • Governance support: including policy development and review, Council elections, Internal Audit, regulatory and statutory compliance, Advisory and Special Committees, Council Meeting management, Freedom of Information, Privacy, Legal services and Procurement; • Grants: including Community Grants and Councillor Discretionary Funds administration and external grant applications; and • Risk Management, Occupational Health and Safety and Return to work programs. 	<p>2,268 <u>1,967</u> (301)</p>
Information Services	<p>The Information Systems and Support Department is responsible for:</p> <ul style="list-style-type: none"> • Delivering information systems, services and technology infrastructure to enable the organisation to effectively and efficiently deliver the Council Plan and all Council services; • Investigating new technology advances and evaluating new opportunities; • Managing Council's Corporate Records; • Developing, reviewing and implementing new policies and procedures to ensure the management and delivery of business information systems, services and IT infrastructure is efficient, effective and meets corporate objectives; and • Managing Information System strategies and programs to ensure works are completed on time, within budget and with the required quality. 	<p>2,108 <u>2,040</u> (68)</p>
People and Culture	<p>The People and Culture Department provides advice and support to Departments in the management of staff through the effective undertaking of the following functions:</p> <ul style="list-style-type: none"> • Organisational Development • Industrial Relations • Payroll • Corporate training and development • Recruitment and induction of staff • Human Resource management support 	<p>944 <u>1,101</u> 157</p>

The following statement provides the results of the prescribed service performance indicator and measure including explanation of material variation:

Local Government Service Performance Reporting Indicators		
Service Indicator	Result	Material Variation
Governance		
<p><i>Transparency</i> Council decisions made at meetings 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, 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] x100</p> <p><i>Normal Range</i> 0% to 25%</p>	16.15%	
Consultation and engagement		
<p><i>Satisfaction with community consultation and engagement</i> Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement</p> <p><i>Normal Range</i> 50 to 100</p>	49	<p>The results from the 2015 survey indicate the community's satisfaction with Council's performance against the survey's core performance measures continues to be below the average of the Large Rural Council Group and the State-wide council average. Council was disappointed to see a decline in this indicator given the extensive pre-budget community engagement program implemented this year involving over 800 interested community members. Council was also disappointed that the extensive funding achieved through its advocacy to other levels of government.</p>
Attendance		
<p><i>Councillor attendance at council meetings</i> [The sum of the number of Councillors who attended each ordinary and special Council meeting / (Number of ordinary and special Council meetings) × (Number of Councillors elected at the last Council general election)] x100</p> <p><i>Normal Range</i> 80% to 100%</p>	92.86%	
Service cost		
<p><i>Cost of governance</i> [Direct cost of the governance service / Number of Councillors elected at the last Council general election]</p> <p><i>Normal Range</i> \$10,000 to \$100,000</p>	\$46,584.22	

Local Government Service Performance Reporting Indicators

Service Indicator	Result	Material Variation
<p>Satisfaction <i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]</p> <p><i>Normal Range</i> 50 to 100</p>	<p>44</p>	<p>The results from the 2015 survey indicate the community's satisfaction with Council's performance against the survey's core performance measures continues to be below the average of the Large Rural Council Group and the State-wide council average. There has been minimal shift in the perception of Council with most indicators shifting up or down slightly compared to the past year.</p> <p>This is the first year this indicator has been asked in the Community Satisfaction Survey. The result is reflective of the lower than average scores across the board compared to other large rural Councils.</p>



Governance, Management and other Information

South Gippsland Shire Council is constituted under the Local Government Act 1989 to provide leadership for the good governance of the municipal district and the local community. 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 communities and governments, including 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 meets the community's 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 documents. Community members and groups are also able to speak directly to Councillors, submit petitions and ask questions in public question time at Council Meetings.

Council's formal decision making processes are conducted through Ordinary and Special meetings of Council. Council delegates the majority of its decision making to Council staff. Council has also delegated decision making for specific facilities/reserves through Section 86 Committees.



Meetings at Council

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. Assemblies of Councillors are held in open and closed briefing sessions to provide the background information Councillors require to consider matters being brought before Council. The topics covered and Councillors attending these sessions are reported in the Ordinary meetings to provide transparency for these meetings.

Public participation sessions are Assemblies of Councillors that 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 viewpoint to assist Council's informed decision making processes. These sessions are held on the third and fourth week of the month, prior to each Ordinary meeting.

Council conducts open public meetings, known as Ordinary Meetings on the fourth Wednesday of each month. 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 a question to the Council.

For the 2014-15 year Council held the following meetings:

- 11 Ordinary Council meetings
- 3 Special Council meetings
- 151 resolutions were determined



The following table provides a summary of Councillor attendance at Council meetings and Special Council meetings for the 2014-15 financial year:

Councillor	Council Meeting	Special Council Meeting	Total
Cr Jeanette Harding (Mayor 4 Nov 2014 to 30 Jun 2015)	10	3	13
Cr Nigel Hutchinson-Brooks	10	2	12
Cr Mohya Davies	11	2	13
Cr Kieran Kennedy	10	3	13
Cr James Fawcett (Mayor 1 Jul 2014 to 4 Nov 2014)	10	3	13
Cr Don Hill	11	2	13
Cr Lorraine Brunt	10	3	13
Cr Robert Newton	11	3	14
Cr Andrew McEwen	10	3	13

Special Committees

The Local Government Act 1989 allows councils to establish one or more special committees consisting of:

- Councillors
- Council staff
- Other persons
- Any combination of the above.

Council has established Special Committees of Council to hear formal submissions for various Section 223 public consultations.



Special Committee	Date	Councillors	Officers	Other	Purpose	Comments
Hearing of Section 223 Submissions by Committee regarding the Road Closure of Korumburra Integrated Children's Centre - Road Discontinuance for three Roads - Jumptown Lane & Part Mair Crescent & Part Little Princes Street, Korumburra.	17 September 2014	-	-	-	To hear submissions under Section 223 of the Act regarding the Road Closure of Korumburra Integrated Children's Centre - Road Discontinuance for three Roads - Jumptown Lane & Part Mair Crescent & Part Little Princes Street, Korumburra.	Special Committee called however no meeting conducted as nil submissions were made.
Hearing of submissions by Committee regarding proposed Discontinuance Of Government Road, Part Of Flinders Street, Korumburra.	10 December 2014				To hear submissions made under Section 223 of the Act.	Special Committee called however no meeting conducted as nil submissions were made.
Hearing of Section 223 Submissions regarding the Proposed Budget and Long Term Financial Plan.	20 May 2015	8 Councillors Fawcett, Kennedy, Brunt, Newton, Harding, Hutchinson- Brooks, Hill and Davies.	5 Tim Tamlin, June Ernst, Jan Martin, Anthony Seabrook, Bryan Sword,		To hear submissions made under Section 223 of the Act. The consideration and determination of submissions was made at a subsequent Special Meeting of Council.	11 submitters requesting to speak their submissions on the Proposed 2015-16 Budget were heard at a hearing by Council. The Committee hearing the submissions consisted of Councillors in attendance and was chaired by the Mayor Cr Harding.



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 committee was established:

Section 86 Committee	Councillors	Officers	Other	Purpose
Allambee South Community Hall.	-	-	21	Committee of Management with limited delegation for the purpose of management of Hall.
Corner Inlet Drainage Area	-	1	4	Committee of Management with limited delegation for the purpose of management of Drainage Area.
Dumbalk Hall and Ladies Auxiliary	-	-	21	Committee of Management with limited delegation for the purpose of management of Hall.
Foster Showgrounds	1 Cr Davies	1	14	Committee of Management with limited delegation for the purpose of management of Showgrounds.
Foster Stockyard Gallery	-	1	5	Committee of Management with limited delegation for the purpose of management of Building.
Foster Swimming Pool	-	-	8	Committee of Management with limited delegation for the purpose of management of Swimming Pool and associated grounds.
Foster War Memorial Arts Centre	1 Cr Davies	1	9	Committee of Management with limited delegation for the purpose of management of Hall.
John Terrill Memorial Park and Fish Creek Reserve	1 Cr Hutchinson-Brooks	1	10	Committee of Management with limited delegation for the purpose of management of Park and Reserve.
Korumburra Access Centre	-	-	6	Committee of Management with limited delegation for the purpose of management of Building.
Korumburra Botanic Park Advisory Committee.	-	-	10	Committee of Management with limited delegation for the purpose of management of Botanic Park.
Korumburra Recreation Reserve	1 Cr Newton	1	7	Committee of Management with limited delegation for the purpose of management of Reserve.
Korumburra Swimming Club	-	-	10	Committee of Management with limited delegation for the purpose of management of Swimming Pool and associated grounds.



Section 86 Committee	Councillors	Officers	Other	Purpose
Leongatha Court House	1 Cr Hutchinson- Brooks	1	9	Committee of Management with limited delegation for the purpose of management of Building.
Mardan Hall	-	-	16	Committee of Management with limited delegation for the purpose of management of Hall.
Meeniyah and District Sports Stadium	1 Cr Newton	1	7	Committee of Management with limited delegation for the purpose of management of Building.
Mirboo North Hall	-	-	5	Committee of Management with limited delegation for the purpose of management of Hall.
Mirboo North Swimming Pool	-	-	6	Committee of Management with limited delegation for the purpose of management of Swimming Pool and associated grounds.
Port Welshpool and District Maritime	-	-	7	Committee of Management with limited delegation for the purpose of management of Building.
Toora and District Swimming Pool	-	-	15	Committee of Management with limited delegation for the purpose of management of Swimming Pool and associated grounds.
Toora Tennis Reserve	-	-	6	Committee of Management with limited delegation for the purpose of management of Reserve.
TP Taylor Reserve	2 Cr Davies and Cr Harding	-	15	Committee of Management with limited delegation for the purpose of management of Reserve.
Walter J Tuck Recreation Reserve	1 Cr Hill	1	12	Committee of Management with limited delegation for the purpose of management of Reserve.



Code of Conduct

The Local Government Act 1989 requires Councils to develop and approve a Councillor Code of Conduct within 12 months after each general election. On 26 June 2013, Council adopted a revised Councillor Code of Conduct which 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 Council's stakeholders; and
- Assist the Mayor and Councillors to discharge the responsibilities of their public office appropriately.

In addition to setting out the Councillor Conduct Principles, the Code also 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.

Conflicts 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 act in the public interest. When a Council delegates its powers to a Council officer or a committee, the committee or officer also needs to act in the public interest.

A conflict of interest occurs when a personal or private interest might compromise the ability to act in the public interest. A conflict of interest exists even if no improper act results from it. Council has a comprehensive procedure in place to accommodate the disclosure of a conflict of interest. Declaration of a conflict of interest is a standard agenda item for all Council and Committee meetings.

While the procedures vary depending on the particular role and circumstances, in general they involve disclosing the relevant interests in a specific way and then stepping aside from the relevant decision-making process or from the exercise of the public duty. A register is maintained to record all disclosed conflict of interests. During 2014-15, three Councillor and three Officer conflicts of interest were declared at Council and Special Committee meetings.



Councillor Allowances

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

The State Government sets the upper and lower limits for all allowances paid to Councillors and Mayors. Councils are divided into three categories based on the income and population of each Council. In this instance South Gippsland Shire Council is recognised as a Category 2 Council.

Each Council must determine the precise annual amount to be paid to the Councillors and Mayor 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 State Government, and will apply and remain in effect from the day of resolution until the time of the next election.

The following table contains a summary of the Councillor allowances for 2014-15:

Councillor	Allowance
Cr Jeanette Harding (Mayor 8 months)	\$60,500
Cr Nigel Hutchinson-Brooks	\$25,499
Cr Mohya Davies	\$25,499
Cr Kieran Kennedy	\$25,499
Cr James Fawcett (Mayor 4 months)	\$43,692
Cr Don Hill	\$25,499
Cr Lorraine Brunt	\$25,499
Cr Robert Newton	\$25,499
Cr Andrew McEwen	\$25,499



Councillor Expenses

In accordance with Section 75 of the Local Government Act 1989, Council is required to reimburse a Councillor for expenses incurred whilst performing his or her duties as a Councillor. Council is also required to adopt and maintain a policy in relation to the reimbursement of expenses for Councillors.

The policy 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 discharge their duties. Council also publishes in its Annual Report the details of the expenses, including reimbursement of expenses for each Councillor and member of a Council Committee paid by the Council.

The details of the expenses for the 2014-15 year are set out in the following table:

Councillor	CM \$	IC \$	CT \$	Total \$	
Cr Jeanette Harding (Mayor)	\$8,200	\$749	\$3,760	\$12,709	Legend: CM-Car Mileage, IC-Information and Communication expenses, CT-Conferences and Training expenses *Training and professional development expenses for Cr Kennedy includes \$6000 for completing a Diploma of Local Government
Cr Nigel Hutchinson-Brooks	\$8,570	\$687	\$3,457	\$12,714	
Cr Mohya Davies	\$8,069	\$1,124	\$3,025	\$12,218	
Cr Kieran Kennedy	\$9,828	\$1,030	\$13,718*	\$24,576	
Cr James Fawcett	\$0	\$589	\$266	\$855	
Cr Don Hill	\$6,448	\$1,583	\$1,017	\$9,048	
Cr Lorraine Brunt	\$8,611	\$1,604	\$2,524	\$12,739	
Cr Robert Newton	\$7,933	\$492	\$41	\$8,466	
Cr Andrew McEwen	\$7,716	\$1,167	\$2,087	\$10,970	



Management

Council has implemented a number of statutory and better practice items to strengthen its management framework. Having a strong governance and management framework leads to better decision making by Council. The Act requires Council to undertake an assessment against the prescribed governance and management checklist and include this in its report of operations. Council's Governance and Management Checklist results are set out on pages 68 and 69. The following Committees and Audit functions have been highlighted as important components of the management framework.

Audit Committee

The Audit Committee's role is to oversee and monitor the effectiveness of Council in carrying out its responsibilities for accountable financial management, good 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, Dr Irene Irvine (Chair), Dr Craig Nisbet, and Dr John (AJ) Purcell, and two Councillors, Cr Harding (Mayor) and Cr Davies. Independent members are appointed for a three-year term, with a maximum of two terms. The chair is elected from amongst the independent members.

The Audit Committee met four times in 2014-15. The Internal Auditor (HLB Mann Judd), Chief Executive Officer, Director Corporate Services and Manager Governance Services attended all relevant Audit Committee meetings. Other management representatives attended as required to present reports. The external auditors attended in February, May and August each year to present the audit plan and independent audit report.

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 HLB Mann Judd, who was appointed, following a public tender in June 2011, for an initial term of three years which concluded in 30 June 2014. Council subsequently exercised its two, one year extension options, the second of which is due to expire on 30 June 2016. HLB Mann Judd has extensive local government experience. 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 framework, the Council Plan, the impact of any change on operations, systems or the business environment, prior audit coverage and 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. Managers provide six monthly status updates that are reported to Council's Strategic Risk Committee and Audit Committee.

The IAP for 2014-15 was completed with the following reviews conducted:

- Road Management;
- Caravan Park Operations;
- Accounts Payable and Councillor Expenditure; and
- IT Governance.

External Audit

Council is externally audited by the Victorian Auditor-General. For the 2014-15 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 attend the May and September 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.

Risk Management

In May 2012, Council adopted the Risk Management Framework and Policy in line with current best practice in the management of business enterprise risks and current AS/NZS 31000 guidelines. 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
- Council planning cycle, budget cycle and annual audit cycle.



Governance and Management Checklist

No.	Governance and Management Items	Assessment	
1.	Community Engagement Policy (policy outlining council's commitment to engaging with the community on matters of public interest)	Communication and Community Engagement Policy Date of adoption of current policy: 25 May 2014	✓
2	Community Engagement Guidelines (guidelines to assist staff to determine when and how to engage with the community)	Community Engagement Plan and Toolkit Guidelines incorporated into the plan were endorsed by the Executive Leadership Group: Date of endorsement 3 April 2014	✓
3	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)	Adopted in accordance with section 126 of the Act Date of adoption: 24 June 2015	✓
4	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)	Adopted in accordance with section 130 of the Act Date of adoption: 24 June 2015	✓
5	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)	Asset Management Plans – Dates of operation: Buildings - 1 May 2013 Roads – 13 March 2013 Bridges - Included in Roads Asset Management Plans Footpaths and Cycle-ways - Included in Roads Asset Management Plans Drainage – 13 March 2013 Parks and Open Space – 6 March 2013	✓
6	Rating Strategy (strategy setting out the rating structure of Council to levy rates and charges)	Rating Strategy 2014-2018 Date of adoption of current strategy: 25 June 2014	✓



No.	Governance and Management Items	Assessment	
7	Risk Policy (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	Risk Management Policy and Framework Date of adoption of current policy: 23 May 2012	✓
8	Fraud Policy (policy outlining council's commitment and approach to minimising the risk of fraud)	Fraud Policy Date of operation of current policy: 16 April 2014	✓
9	Municipal Emergency Management Plan (plan under section 20 of the Emergency Management Act 1986 for emergency prevention, response and recovery)	Prepared and maintained in accordance with section 20 of the Emergency Management Act 1986 Date of endorsement by CEO 1 April 2015. Revised Draft endorsed by Council for public consultation 24 June 2015	✓
10	Procurement Policy (policy under section 186A of the Local Government Act 1989 outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)	Prepared and approved in accordance with section 186A of the Local Government Act 1989 Date of approval: 25 June 2014 Updates to align to the new structure approved 1 July 2015	✓
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)	No adopted plan A draft Business Continuity Plan has been developed and tested. Further refinements are being made prior to adoption	✗
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)	No adopted plan Draft Disaster Recovery Plan has been commenced, but not yet tested. Further refinements are being made prior to adoption	✗



No.	Governance and Management Items	Assessment	
13	Risk Management Framework (framework outlining Council's approach to managing risks to the Council's operations)	Risk Management Framework Date of adoption of current framework: 23 May 2012	✓
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 Information relating to the operations of this committee can be found in the Audit Committee section above.	✓
15	Internal Audit (independent accounting professionals engaged by the Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls)	Internal Auditor Engaged Date of engagement of current provider: 1 July 2011	✓
16	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)	Adopted in accordance with section 131 of the Act Date of adoption: 24 June 2015	✓
17	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)	Council Plan and Annual Plan reporting is provided in Quarterly Performance Reports to Council. First Half Year Report adopted 25 February 2015 Full Year Report adopted 26 August 2015	✓
18	Financial Reporting (quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)	Financial Reporting is provided in Quarterly Performance Reports to Council. Date statements presented: First Quarter Report – 24 September 2014 Second Quarter Report – 17 December 2014 Third Quarter Report – 25 March 2015 Fourth Quarter Report – 26 August 2015	✓
19	Risk Reporting (six-monthly reports of strategic risks to council's operations, their likelihood and consequences of occurring and risk minimisation strategies)	Reports Date of reports: First Half Year – 16 February 2015 Full Year – 18 May 2015	✓



No.	Governance and Management Items	Assessment	
20	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)	Performance Reports Council Plan and Annual Plan reporting is provided in Quarterly Performance Report to Council. First Half Year Report adopted 25 February 2015 Full Year Report adopted 26 August 2015	✓
21	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)	The 2013-14 Annual Report was considered at a meeting of Council in accordance with section 134 of the Act Date statements presented and adopted by Council was 24 September 2014	✓
22	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)	The Councillor Code of Conduct was reviewed in accordance with section 76C of the Act	✓
23	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)	The Delegations were reviewed in accordance with section 98(6) of the Act The delegations were signed on 9 February 2015. The Delegations have since been reviewed and updated in line with the organisation structure. These were signed by the CEO effective 1 July 2015	✓
24	Meeting Procedures (a local law governing the conduct of meetings of council and special committees)	Meeting procedures local law made in accordance with section 91(1) of the Act Date local law made: 19 May 2010	✓

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

Tim Tamlin
Chief Executive Officer
Dated: 23 September 2015

Cr Jeanette Harding
Mayor
Dated: 23 September 2015



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 Part 5 of the Local Government (General) Regulations 2004 the following is a list of the prescribed documents that are available for inspection or copies of the documents can be obtained for the purposes of section 222 of the Local Government Act 1989 at 9 Smith Street, Leongatha VIC:

- details of current allowances fixed for the Mayor and Councillors;
- details of senior officers' total salary packages for the current financial year and the previous year;
- details of overseas or interstate travel (with the exception of interstate travel by land for less than three days) undertaken in an official capacity by Councillors or any member of Council staff in the previous 12 months;
- names of Council officers who were required to submit a return of interest during the financial year and the dates the returns were submitted;
- names of Councillors who submitted returns of interest during the financial year and the dates the returns were submitted;
- agendas for and minutes of ordinary and special meetings held in the previous 12 months except if the minutes relate to parts of meetings which have been closed to members of the public;
- a list of all special committees established by Council and the purpose for which each committee was established;
- a list of all special committees established by the Council which were abolished or ceased to function during the financial year;
- minutes of meetings of special committees held in the previous 12 months except if the minutes relate to parts of meetings which have been closed to members of the public;
- a register of delegations;
- submissions received in accordance with Section 223 of the Act during the previous 12 months;
- agreements to establish regional libraries;



- details of all property, finance and operating leases involving land, buildings, plant, computer equipment or vehicles entered into by the Council as lessor or lessee, including the name of the other party to the lease and the terms and the value of the lease;
- a register of authorised officers;
- a list of donations and grants made by the Council during the financial year;
- a list of the names of the organisations of which the Council was a member during the financial year and details of all membership fees and other amounts and services provided during that year to each organisation by the Council; and
- a list of contracts valued at \$150,000 or more which the Council entered into during the financial year without first engaging in a competitive process.

Best Value

In accordance with section 208B(f) of the Local Government Act 1989, at least once every year a Council must report to its community on what it has done to ensure that it has given effect to the Best Value Principles. Council incorporates Best Value Principles through regular business planning and performance monitoring processes and through a commitment to continuous improvement and innovation. To further reflect Council's commitment to Best Value, Council has commenced the design and planning of a Service Planning Program which is being rolled out to the whole organisation. This program provides review and improvement mechanisms to ensure that Council's services achieve better practice standards in regards to service performance.

The following Best Value initiatives were undertaken during 2014-15:

- Budget process – rigorous review of each section in the preparation of the Annual Budget including a detailed community engagement program.
- A review of the Aquatic Facilities service was completed with new directions established and adopted in the Aquatic Strategy.

National Competition Policy

The Victorian Government is obligated to demonstrate that Local Government is compliant with competition policies on an ongoing basis. Council has a National Competition Policy and Council to the best of its knowledge has, in undertaking its functions, complied with Competition and Consumer legislation, has not undertaken any anti-competitive behaviour and has complied with the requirements of Council's National Competition Policy during 2014-15.



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 that Act. Council has taken all practicable measures to comply with its responsibilities outlined in the Carers Recognition Act 2012. Council has promoted the principles of that Act to people in care relationships who receive Council services, to people in care relationships, 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;
- Council induction and training programs for staff working in 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:

- recognising carers during National Carers Week in October 2014 at a ceremony held at the Corporate Centre; and
- provision of respite services for carers.

Contracts

During the year council did not enter into any contracts valued at \$150,000 or more without first engaging in a competitive process.

Disability Action Plan

In accordance with Section 38 of the Disability Act 2006, as Council has prepared a Disability Action Plan it must report on the implementation of the Disability Action Plan in its annual report.

Council has prepared a Disability Action Plan and implemented the following actions:

- develop and implement a Volunteer Strategy that integrates the needs of people with a disability;
- promote events such as Carers Week and International Day of People with a Disability; and
- develop accessible publication guidelines.



Domestic Animal Management Plan

In accordance with the Domestic Animals Act 1994, Council is required to prepare a Domestic Animal Management Plan at four-yearly intervals and evaluate its implementation in the annual report.

Council adopted the Domestic Animal Management Plan 2013-2017 in June 2013. Actions that have been completed or have been completed on an ongoing basis as required by the plan are:

- Animal registration compliance doorknocking program undertaken in late 2014;
- Compliance and enforcement policy adopted in February 2015;
- Animal information articles provided for the public on a quarterly basis i.e. press release, Facebook, website, etc;
- Lost/found dogs and cats advertised on Council's website, Facebook and local newspaper;
- Cat trapping program extended with eight new cages purchased;
- Annual audits undertaken of premises where declared menacing, dangerous and restricted breed dogs are housed;
- Animal registration database assessed regularly 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;
- Process for investigating dog attacks introduced;
- Training register developed and maintained for individual officers;
- Officers attend at least one training/networking session each year; and
- Officers provided with access to the Bureau of Animal Welfare extranet site.

Food Act Ministerial Directions

In accordance with section 7E (6) of the Food Act 1984, if a council, or the chief executive officer of a council, is given a direction under subsection (1), a copy of the direction must be published in the annual report required to be published by the council under section 131 of the Local Government Act 1989.

No such Ministerial Directions were received by Council during the financial year.



Freedom of Information

In accordance with section 7(4AA)(a) and 7(4AA) (b) of the Freedom of Information Act 1982, Council is required to publish certain statements in their annual report or separately such as on its website, concerning its functions and information available. Council has published the statements separately on its website, however provides the following summary of the application and operation of the Freedom of Information Act 1982.

Access to documents may be obtained through written request to the Freedom of Information Officer, as detailed in Section 17 of the Freedom of Information Act 1982 and in summary as follows:

- it should be in writing;
- it should identify as clearly as possible which document is being requested; and
- it should be accompanied by the appropriate application fee (the fee may be waived in certain circumstances).

Requests for documents in the possession of Council should be addressed to the Freedom of Information Officer. Requests can also be lodged online or by email.

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).

Further information regarding FOI can be found at www.foi.vic.gov.au and on the South Gippsland Shire Council website.



Protected Disclosure Procedures

In accordance with section 69 of the Protected Disclosure Act 2012 a Council must include in their 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 are publicly available Council's website.

Council's Protected Disclosure Guidelines are available on its the South Gippsland Shire Council website on the Policies and Delegations page. During the 2014-15 year no disclosures were notified to the Council officers appointed to receive disclosures, or to IBAC.

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.



Victorian Local Government Indicators

The Victorian Government requires all Victorian councils to measure and annually report against 11 Victorian Local Government Indicators (VLGIs). These indicators provide information regarding expenditure, cost of services and infrastructure provision, customer satisfaction and governance. The following table presents the results of the VLGIs for the 2014-15 year compared to 2013-14.

Indicator	Calculations	2014-15	2013-14
1 Average rates and charges per assessment	Total rates and charges receivable at beginning of year/ Number of assessments in the adopted budget	\$1838	\$1,755
2 Average residential rates and charges per assessment	Rates and charges declared for residential assessments receivable at beginning of year/Number of residential assessments in the adopted budget	\$1572	\$1,466
3 Average liabilities per assessment	Total liabilities/Number of assessments in the adopted budget	\$706	\$788
4 Operating result per assessment	Net surplus/Number of assessments in the adopted budget	\$521	\$(102)*
5 Average operating expenditure per assessment	Operating expenditure/Number of assessments in adopted budget	\$2933	\$2,981
6 Average capital expenditure per assessment	Capital expenditure/ Number of assessments in the adopted budget	\$574	\$661
7 Renewal gap	Capital renewal/Average annual asset consumption	72%	81%
8 Renewal and maintenance gap	Capital renewal and maintenance/Average annual asset consumption plus planned maintenance	89%	91%
9 Community satisfaction rating for overall performance generally of Council	Result from the Annual Local Government Community Satisfaction Survey	49	49
10 Community satisfaction rating for Council's advocacy and community representation on key local issues	Result from the Annual Local Government Community Satisfaction Survey	45	49
11 Community satisfaction rating for Council's engagement in decision making on key local issues	Result from the Annual Local Government Community Satisfaction Survey	49	51

*Operating Result Per Assessment is less for 2013-14 due to the timing of 50% of Victorian Grants Commission grants having been received in advance during 2012-13. This has affected the average figure.



Councillor Discretionary Grants

Councillors are able to provide discretionary funds to individuals and community groups to undertake smaller activities that do not generally fit within the guidelines for the Community Grants. The discretionary grants allocated by Councillors for 2014-15 are outlined below:

Cr. Davies

Recipient	Purpose of Allocations	Amount
Friends of Agnes Falls	To assist with the purchase of a marquee.	\$ 80.00
South Gippsland Hospital	To assist with costs of running a program of older members of the community; in particular the Monday's Men's Group	\$ 400.00
South Gippsland District Scouts	Sponsorship for leadership program held 8 November 2014 at the Stony Creek Go Karts. The event will be opened for all senior scouts across the district.	\$ 100.00
Welshpool and District Horticultural Society	To assist with the costs of purchasing a portable PA system and TV, CD and DVD to be used during meetings	\$ 100.00
Toora Swimming Pool	To cover costs of hiring a jumping castle for the Toora Community Christmas Party at the Pool.	\$ 100.00
South Coast Board Riders Club Inc.	To assist with costs of purchasing two shade tents	\$ 200.00
Foster War Memorial Arts Centre	To cover costs of hall hire for the 2014 Community Carols	\$ 102.00
Manna Community Garden (Foster) & Fish Creek Community Garden	To assist with the costs of printing a booked called Our Gardens with proceeds going to the two community gardens.	\$ 250.00
TP Taylor Recreation Reserve	Sponsorship for the 2nd Sandy Point Community Centre Wedding Expo.	\$ 200.00
Grants Only Group	To assist with the cost of purchasing a printer/scanner and copier.	\$ 50.00
Leongatha Community House	To assist with the operational costs of the South Gippsland House Network	\$ 150.00
Foster Historical Society	For the purchase of an interpretive sign that will be located on the south-east corner of the old Young Farmers room at Foster Showgrounds.	\$ 195.00
Prom Coast Arts Council	To assist with the costs of facilitating the 10 Year Anniversary Retrospective Exhibition of the Great Southern Portrait Prize	\$ 100.00
Port Franklin Tennis & Sports Club Inc.	To assist with costs of holding the 8th annual 'Alf Wilder Junior Memorial Fishing Experience'	\$ 150.00



Cr. Davies cont...

Recipient	Purpose of Allocations	Amount
Tour De Tarwin Inc.	To assist with costs of funding Tour De Tarwin Promotional shirts	\$ 233.00
University of the Third Age Prom Coast Incorporated	To cover the costs of supply and installation of dual pull-down blinds where the U3APC meet within the Foster Showgrounds (Basketball Pavilion)	\$ 395.00
Fish Creek Kindergarten PCCC	To assist with costs of replacing and purchasing equipment required for special needs children, in particular children with sensory issues such as Autism,	\$ 295.00
Foster Arts Music and Drama Association (FAMDA)	Sponsorship for the South Gippsland One Act Play Festival youth section prize with the aim of encouraging South Gippsland schools to participate.	\$ 250.00
Sandy Point Community Group	Contribution towards the slashing of the former fire access track between Ned's Neale Lookout, Sandy Point and the GAP, Waratah Bay.	\$ 250.00
TP Taylor Reserve Committee of Management	To assist with costs associated with the annual Easter Sandy Point Art Show	\$ 200.00
Stockyard Gallery	To assist with costs of promoting and opening night activities for the NAIDOC Exhibition	\$ 100.00
Total Allocated		\$ 3,900.00

Cr. Harding

Recipient	Purpose of Allocations	Amount
Welshpool and District Horticultural Society	To assist with the costs of purchasing a portable PA system and TV, CD and DVD to use during meetings.	\$ 100.00
Port Welshpool Working Group Inc.	To assist with costs of covering insurance for the Sea Days Festival 2015	\$ 500.00
Friends of Agnes Falls	To assist with the purchase of a marquee.	\$ 100.00
South Gippsland Hospital	To assist with costs of running a program of older members of the community; in particular the Monday's Men's Group	\$ 100.00
South Gippsland District Scouts	Sponsorship for leadership program held 8 November 2014 at the Stony Creek Go Karts. The event will be opened for all senior scouts across the district.	\$ 100.00
Foster Community Association Inc.	To assist with the purchase of directional signage for long vehicle parking at Foster Station Park.	\$ 200.00
Toora Swimming Pool	To cover costs of hiring a Jumping Castle for the Toora Community Christmas Party at the Pool.	\$ 150.00
Toora Tennis Club	Sponsorship for presentation party for the Toora Tennis Club and Bocce Group.	\$ 200.00



Cr. Harding cont...

Recipient	Purpose of Allocations	Amount
GippSport	To assist costs associated with hosting an event to celebrate International Day of People with Disability and Social Inclusion Week.	\$ 250.00
TP Taylor Recreation Reserve	Sponsorship for the 2nd Sandy Point Community Centre Wedding Expo.	\$ 200.00
Corner Inlet Pony Club	To assist with the costs of purchasing and installing a wall-mounted urn for recently renovated kitchen.	\$ 300.00
Grants Only Group	To assist with the cost of purchasing a printer/scanner and copier.	\$ 100.00
Leongatha Community House	To assist with the operational costs of the South Gippsland House Network	\$ 150.00
Port Franklin Tennis & Sports Club Inc.	To assist with costs of holding the 8th annual 'Alf Wilder Junior Memorial Fishing Experience'	\$ 150.00
Tour De Tarwin Inc.	To assist with costs of funding Tour De Tarwin Promotional shirts	\$ 100.00
University of the Third Age Prom Coast Incorporated	To cover the costs of supply and installation of dual pull-down blinds where the U3APC meet within the Foster Showgrounds (Basketball Pavilion)	\$ 400.00
Bennison Adult Riding Club Inc.	To assist with costs of holding a two day Horse Trails	\$ 300.00
Welshpool Memorial Hall committee	Assist with upgrade to signage and occupational health and Safety equipment for the hall.	\$ 600.00
	Total Allocated	\$4,000

Cr. Kennedy

Recipient	Purpose of Allocations	Amount
Welshpool and District Horticultural Society	To assist with the costs of purchasing a portable PA system and TV, CD and DVD to use during meetings.	\$ 100.00
Port Welshpool Working Group Inc.	To assist with costs of covering insurance for the Sea Days Festival 2015	\$ 500.00
Friends of Agnes Falls	To assist with the purchase of a marquee.	\$ 50.00
South Gippsland Hospital	To assist with costs of running a program of older members of the community; in particular the Monday's Men's Group	\$ 100.00
Venus Bay, Tarwin Lower & District Men's Shed Inc.	To assist with the costs of purchasing an appliance testing machine.	\$ 1000.00
Venus Bay Community Centre Inc.	To assist with costs of running the 2013-14 Venus Bay Free Summer Beach Shuttle service	\$ 1000.00
Friends of Venus Bay Peninsula Inc.	For purchase of three purpose built cages for wildlife in South Gippsland	\$ 1000.00



Cr. Kennedy cont...

Recipient	Purpose of Allocations	Amount
Grants Only Group	To assist with the cost of purchasing a printer/scanner and copier.	\$ 100.00
Tarwin River Canoe Club	To assist with costs of purchasing an aluminium equipment box for its canoe trailer.	\$ 150.00
Fish Creek Kindergarten PCCC	Total Allocated	\$ 4000.00

Cr. Brunt

Recipient	Purpose of Allocations	Amount
Poowong Recreation Reserve	To assist with the cost of the purchasing a turf wicket marker.	\$ 225.00
Korumburra Cricket Club	Purchase 18 size 5 basketballs to use for the Under 9 Age Group	\$ 215.00
Poowong Amateur Basketball Association	Sponsorship for leadership program held 8 November 2014 at the Stony Creek Go Karts. The event will be opened for all senior scouts across the district.	\$ 170.00
South Gippsland District Scouts	To assist with the costs of installing a reverse cycle air conditioner	\$ 100.00
MDU Cricket Club	Sponsorship towards the Pathways to Possibilities project - specifically the sustainable food production component	\$ 365.00
Poowong Consolidated School	To assist with the cost of pressure cleaning the courts as a result of drainage works recently completed	\$ 500.00
Poowong Tennis Club	To assist with the costs to write and publish a booklet regarding the history of the Loch Memorial Recreation Reserve	\$ 400.00
Loch Memorial Reserve	To assist with costs of purchasing a plaque to honour the sacrifice made by Sergeant Brett Wood who was killed in Afghanistan May 2011.	\$ 200.00
Loch Memorial Reserve	To assist with the costs towards purchasing new uniforms for staff of the newly developed committee	\$ 133.00
Karmai Community Children's Centre	To assist with costs of marketing and rental assistance	\$ 333.00
Lavenders Blue Steiner Playgroup - Kongwak	To assist with the costs of running the Celebrate Christmas for Children Program	\$ 270.00
Korumburra Community Development and Action Inc.	Sponsorship for prize money for Battle of the Bands Open class at the 2015 Korumburra Show	\$ 334.00
Korumburra & District Agricultural & Pastoral Society	To assist with costs of hosting a joint community commemoration of the ANZAC Centenary on ANZAC Eve 2015.	\$ 134.00
Loch Community Development Association	To assist costs associated with hosting an event to celebrate International Day of People with Disability and Social Inclusion Week.	\$ 200.00



Cr. Brunt cont...

Recipient	Purpose of Allocations	Amount
GippSport	To assist costs associated with hosting an event to celebrate International Day of People with Disability and Social Inclusion Week.	\$ 50.00
Loch Primary School	To assist with the costs of participating in the Stephanie Alexander Program. Funds will go towards the purchase of an automated rain sensor.	\$ 166.00
Team Luca and Eli Fundraising Group	To assist with the costs for a fundraising event for Team Luca and Eli.	\$ 100.00
Poowong Loch Junior Football Club	To assist with costs associated with commencing the newly formed club	\$ 105.00
Total Allocated		\$4,000

Cr. Newton

Recipient	Purpose of Allocations	Amount
Poowong Recreation Reserve	Purchase three display signs to promote the reserve.	\$ 227.00
Korumburra Cricket Club	To assist with the cost of the purchasing a turf wicket marker.	\$ 215.00
Poowong Amateur Basketball Association	Purchase 18 size 5 basketballs to use for the Under 9 Age Group	\$ 170.00
South Gippsland District Scouts	Sponsorship for leadership program held 8 November 2014 at the Stony Creek GO Karts. The event will be opened for all senior scouts across the district.	\$ 100.00
MDU Cricket Club	To assist with the costs of installing a reverse cycle air conditioner	\$ 365.00
Poowong Tennis Club	To assist with the cost of pressure cleaning the courts as a result of drainage works recently completed	\$ 300.00
Loch Memorial Reserve	To assist with the costs to write and publish a booklet regarding the history of the Loch Memorial Recreation Reserve	\$ 200.00
Loch Memorial Reserve	To assist with costs of purchasing a plaque to honour the sacrifice made by Sergeant Brett Wood who was killed in Afghanistan May 2011.	\$ 133.00
Karmai Community Children's Centre	To assist with the costs towards purchasing new uniforms for staff of the newly developed committee	\$ 334.00
Lavenders Blue Steiner Playgroup - Kongwak	To assist with costs of marketing and rental assistance	\$ 272.00
Korumburra Community Development and Action Inc.	To assist with the costs of running the Celebrate Christmas for Children Program	\$ 333.00



Cr. Newton cont...

Recipient	Purpose of Allocations	Amount
Loch Community Development Association	To assist with costs of hosting a joint community commemoration of the ANZAC Centenary on ANZAC Eve 2015.	\$ 200.00
Korumburra & District Agricultural & Pastoral Society	Sponsorship for prize money for Battle of the Bands Open class at the 2015 Korumburra Show	\$ 133.00
GippSport	To assist costs associated with hosting an event to celebrate International Day of People with Disability and Social Inclusion Week.	\$ 200.00
Buffalo Community Centre Inc.	To assist with costs for minor repairs to the Tennis Courts	\$ 150.00
Kongwak Community Group Inc.	To assist with costs of putting on the Community Christmas BBQ.	\$ 100.00
Loch Primary School	To assist with the costs of participating in the Stephanie Alexander Program. Funds will go towards the purchase of an automated rain sensor.	\$ 168.00
Korumburra and District Darts Association	To assist with costs of purchasing six new dart boards for season 2015-16	\$ 100.00
South Gippsland Miners Baseball Club	To assist with costs to purchase equipment for the newly formed South Gippsland Miners Baseball Club that will compete in the Latrobe Valley Baseball Association in 2015.	\$ 100.00
St Joseph's Primary School	To assist with the costs of creating a native and diverse environmentally space within an area that is currently neglected.	\$ 200.00
Total Allocated		\$ 4,000.00

Cr. McEwen

Recipient	Purpose of Allocations	Amount
Poowong Recreation Reserve	Purchase three display signs to promote the reserve.	\$ 225.00
Korumburra Cricket Club	To assist with the cost of the purchasing a turf wicket marker.	\$ 215.00
Poowong Amateur Basketball Association	Purchase 18 size 5 basketballs to use for the Under 9 Age Group	\$ 170.00
South Gippsland District Scouts	Sponsorship for leadership program held 8 November 2014 at the Stony Creek GO Karts. The event will be opened for all senior scouts across the district.	\$ 100.00
MDU Cricket Club	To assist with the costs of installing a reverse cycle air conditioner	\$ 270.00
Poowong Tennis Club	To assist with the cost of pressure cleaning the courts as a result of drainage works recently completed	\$ 300.00



Cr. McEwen cont...

Recipient	Purpose of Allocations	Amount
Loch Memorial Reserve	To assist with the costs to write and publish a booklet regarding the history of the Loch Memorial Recreation Reserve	\$ 200.00
Loch Memorial Reserve	To assist with costs of purchasing a plaque to honour the sacrifice made by Sergeant Brett Wood who was killed in Afghanistan May 2011.	\$ 134.00
Karmai Community Children's Centre	To assist with the costs towards purchasing new uniforms for staff of the newly developed committee	\$ 333.00
Lavenders Blue Steiner Playgroup - Kongwak	To assist with costs of marketing and rental assistance	\$ 270.00
Korumburra Community Development and Action Inc.	To assist with the costs of running the Celebrate Christmas for Children Program	\$ 333.00
Korumburra & District Agricultural & Pastoral Society	Sponsorship for prize money for Battle of the Bands Open class at the 2015 Korumburra Show	\$ 134.00
Loch Community Development Association	To assist with costs of hosting a joint community commemoration of the ANZAC Centenary on ANZAC Eve 2015.	\$ 200.00
GippSport	To assist costs associated with hosting an event to celebrate International Day of People with Disability and Social Inclusion Week.	\$ 100.00
Manna Community Garden (Foster) & Fish Creek Community Garden	To assist with the costs of printing a book called Our Gardens with proceeds going to the two community gardens.	\$ 250.00
Buffalo Community Centre Inc.	To assist with costs for minor repairs to the Tennis Courts	\$ 150.00
Kongwak Community Group Inc.	To assist with costs of putting on the Community Christmas BBQ.	\$ 100.00
Leongatha Community House	To assist with the operational costs of the South Gippsland House Network	\$ 100.00
Loch Primary School	To assist with the costs of participating in the Stephanie Alexander Program. Funds will go towards the purchase of an automated rain sensor.	\$ 166.00
Tour De Tarwin Inc.	To assist with costs of funding Tour De Tarwin Promotional shirts	\$ 100.00
Team Luca and Eli Fundraising Group	To assist with the costs for a fundraising event for Team Luca and Eli.	\$ 50.00
South Gippsland Miners Baseball Club	To assist with costs to purchase equipment for the newly formed South Gippsland Miners Baseball Club that will compete in the Latrobe Valley Baseball Association in 2015.	\$ 50.00
Poowong Loch Junior Football Club	To assist with costs associated with commencing the newly formed club	\$ 50.00
Total Allocated		\$ 4,000.00



Cr. Fawcett

Recipient	Purpose of Allocations	Amount
South Gippsland District Scouts	Sponsorship for leadership program held 8 November 2014 at the Stony Creek Go Karts. The event will be opened for all senior scouts across the district.	\$ 100.00
Leongatha Primary School	To cover the cost of hiring the Memorial Hall for a fundraising event with proceeds going towards the construction of a basketball court.	\$ 180.00
Leongatha Rotary Club	To assist with the costs of installing a concrete cross over in the curb at the Leongatha Rotary Club Storage Shed.	\$ 800.00
Dumbalk & District Progress Association Inc.	For the purchase of a First Aid Kit for the Dumbalk Community Centre	\$ 120.00
GippSport	To assist costs associated with hosting an event to celebrate International Day of People with Disability and Social Inclusion Week.	\$ 100.00
Manna Community Garden (Foster) & Fish Creek Community Garden	To assist with the costs of printing a booked called Our Gardens with proceeds going to the two community gardens.	\$ 250.00
Leongatha Town Cricket Club	To assist with the cost of purchasing a single pitch cover for the new turf wicket.	\$ 334.00
Buffalo Community Centre Inc.	To assist with costs for minor repairs to the tennis courts	\$ 150.00
Leongatha Community House	To assist with the operational costs of the South Gippsland House Network	\$ 200.00
Leongatha Lyric Theatre	To assist with the costs of showcasing the 50 years of costumes, photos and memorabilia celebrating the 150 plus shows put on by the Lyric Theatre.	\$ 267.00
Tour De Tarwin Inc.	To assist with costs of funding Tour De Tarwin Promotional shirts	\$ 100.00
Leongatha Chamber of Commerce	To assist with costs of replacing four new Community Service club signs.	\$ 333.00
Leongatha Fun Run Organising Committee	To assist with costs associated with the inaugural Leongatha Fun Run.	\$ 333.00
Korumburra and District Darts Association	To assist with costs of purchasing six new dart boards for season 2015/2016	\$ 200.00
Fish Creek Kindergarten PCCC	To assist with costs of replacing and purchasing equipment required for special needs children, in particular children with sensory issues such as Autism,	\$ 133.00
Leongatha Croquet Club Inc.	To assist with the costs of purchasing a new line making machine	\$ 400.00
	Total Allocated	\$ 4,000.00



Cr. Hill

Recipient	Purpose of Allocations	Amount
South Gippsland District Scouts	Sponsorship for leadership program held 8 November 2014 at the Stony Creek GO Karts. The event will be opened for all senior scouts across the district.	\$ 100.00
Leongatha Primary School	To cover the cost of hiring the Memorial Hall for a fundraising event with proceeds going towards the construction of a basketball court.	\$ 180.00
Mirboo North Arts Council Inc.	To assist of materials for stage repairs.	\$ 200.00
Mirboo North Swimming Pool Committee	To assist with costs of holding a New Release Movie Night during the 2015 Australia Day celebrations	\$ 1,000.00
Leongatha Town Cricket Club	To assist with the cost of purchasing a single pitch cover for the new turf wicket.	\$ 333.00
Buffalo Community Centre Inc.	To assist with costs for minor repairs to the tennis courts	\$ 150.00
Leongatha Community House	To assist with the operational costs of the South Gippsland House Network	\$ 200.00
Leongatha Lyric Theatre	To assist with the costs of showcasing the 50 years of costumes, photos and memorabilia celebrating the 150 plus shows put on by the Lyric Theatre.	\$ 266.00
Leongatha Chamber of Commerce	To assist with costs of replacing four new Community Service club signs.	\$ 333.00
Tour De Tarwin Inc.	To assist with costs of funding Tour De Tarwin Promotional shirts	\$ 100.00
Leongatha Fun Run Organising Committee	To assist with costs associated with the inaugural Leongatha Fun Run.	\$ 333.00
Fish Creek Kindergarten PCCC	To assist with costs of replacing and purchasing equipment required for special needs children, in particular children with sensory issues such as Autism,	\$ 300.00
Lions Club of Mirboo North Inc.	Sponsorship towards the 10 years celebrations which will be held in conjunction with new office bearer's induction.	\$ 200.00
South Gippsland Miners Baseball Club	To assist with costs to purchase equipment for the newly formed South Gippsland Miners Baseball Club that will compete in the Latrobe Valley Baseball Association in 2015.	\$ 100.00
St Lawrence's Primary School Parent and Friends Association	To cover hall hire costs for a fundraising event which will raise funds to create an environmental area.	\$ 200.00
Total Allocated		\$ 3,995.00



Cr. Hutchinson-Brooks

Recipient	Purpose of Allocations	Amount
South Gippsland District Scouts	Sponsorship for leadership program held 8 November 2014 at the Stony Creek Go Karts. The event will be opened for all senior scouts across the district.	\$ 100.00
Leongatha Primary School	To cover the cost of hiring the Memorial Hall for a fundraising event with proceeds going towards the construction of a basketball court.	\$ 180.00
Mirboo North Arts Council Inc.	To assist of materials for stage repairs.	\$ 200.00
GippSport	To assist costs associated with hosting an event to celebrate International Day of People with Disability and Social Inclusion Week.	\$ 200.00
Leongatha Town Cricket Club	To assist with the cost of purchasing a single pitch cover for the new turf wicket.	\$ 333.00
Leongatha Community House	To assist with the operational costs of the South Gippsland House Network	\$ 200.00
Leongatha Lyric Theatre	To assist with the costs of showcasing the 50 years of costumes, photos and memorabilia celebrating the 150 plus shows put on by the Lyric Theatre.	\$ 267.00
Prom Coast Arts Council	To assist with the costs of facilitating the 10 Year Anniversary Retrospective Exhibition of the Great Southern Portrait Prize	\$ 300.00
Leongatha Chamber of Commerce	To assist with costs of replacing four new Community Service club signs.	\$ 334.00
Tour De Tarwin Inc.	To assist with costs of funding Tour De Tarwin Promotional shirts	\$ 133.00
Leongatha Fun Run Organising Committee	To assist with costs associated with the inaugural Leongatha Fun Run.	\$ 334.00
Korumburra and District Darts Association	To assist with costs of purchasing six new dart boards for season 2015/2016	\$ 200.00
Fish Creek Kindergarten PCCC	To assist with costs of replacing and purchasing equipment required for special needs children, in particular children with sensory issues such as Autism,	\$ 220.00
Lions Club of Mirboo North Inc.	Sponsorship towards the 10 years celebrations which will be held in conjunction with new office bearers' induction.	\$ 200.00
South Gippsland Miners Baseball Club	To assist with costs to purchase equipment for the newly formed South Gippsland Miners Baseball Club that will compete in the Latrobe Valley Baseball Association in 2015.	\$ 300.00
St Lawrence's Primary School Parent and Friends Association	To cover hall hire costs for a fundraising event which will raise funds to create an environmental area.	\$ 100.00
Team Luca and Eli Fundraising Group	To assist with the costs for a fundraising event for Team Luca and Eli.	\$ 200.00
Leongatha and District Cricket Association	To assist with the costs of bus transport for participants to the Gippsland Girls Carnival.	\$ 199.00
Total Allocated		\$ 4,000.00



Mayoral

Recipient	Purpose of Allocations	Amount
Casey Comets Ladies Soccer Club	Sponsorship for local Oliva Methven to participate in a Victorian Under 18 Girls self-funded tour of Singapore	\$ 200.00
GippSport	To assist costs associated with hosting an event to celebrate International Day of People with Disability and Social Inclusion Week.	\$ 100.00
Tarwin River Canoe Club	To assist with costs of purchasing an aluminium equipment box for its canoe trailer.	\$ 100.00
Leongatha Lyric Theatre	To assist with the costs of showcasing the 50 years of costumes, photos and memorabilia celebrating the 150 plus shows put on by the Lyric Theatre.	\$ 200.00
Prom Coast Arts Council	To assist with the costs of facilitating the 10 Year Anniversary Retrospective Exhibition of the Great Southern Portrait Prize	\$ 100.00
Tour De Tarwin Inc.	To assist with costs of funding Tour De Tarwin Promotional shirts	\$ 234.00
Leongatha Fun Run Organising Committee	To assist with costs associated with the inaugural Leongatha Fun Run.	\$ 200.00
Bennison Adult Riding Club Inc.	To assist with costs of holding a two day Horse Trails	\$ 200.00
Foster Arts Music and Drama Association (FAMDA)	Sponsorship for the South Gippsland One Act Play Festival youth section prize with the aim of encouraging South Gippsland schools to participate.	\$ 250.00
Foster Arts Music and Drama Association (FAMDA)	Sponsorship for the South Gippsland One Act Play Festival youth section prize with the aim of encouraging South Gippsland schools to participate.	\$ 250.00
Sandy Point Community Group	Contribution towards the slashing of the former fire access track between Ned's Neale Lookout, Sandy Point and the GAP, Waratah Bay.	\$ 250.00
Leongatha and District Cricket Association	To assist with the costs of bus transport for participants to the Gippsland Girls Carnival.	\$ 166.00
Total Allocated		\$ 2,000.00



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SOUTH GIPPSLAND SHIRE COUNCIL

Performance Statement

For the year ended 30 June 2015



South Gippsland
Shire Council



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 27,937.

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 2011 were Agriculture, Forestry and Fishing, Health Care and Social Assistance, Retail Trade, and Construction.

Sustainable Capacity Indicators

For the year ended 30 June 2015

<i>Indicator/ measure</i>	Results 2015	Material Variations
Own-source revenue		
<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1522	
Recurrent grants		
<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$607	
Population		
<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$2,013	
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$14,743	
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	13.39	
Disadvantage		
<i>Relative socio-economic disadvantage</i> [Index of Relative Socio-economic Disadvantage by decile]	6	

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 in paragraphs (a) and (b)

"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 Performance Indicators

For the year ended 30 June 2015

Service/ indicator/ measure	Results 2015	Material Variations
Governance Satisfaction <i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	44	The results from the 2015 survey indicate the community's satisfaction with Council's performance against the survey's core performance measures continues to be below the average of the Large Rural Council Group and the State-wide council average. There has been minimal shift in the perception of Council with most indicators shifting up or down slightly compared to the past year. This is the first year this indicator has been asked in the Community Satisfaction Survey. The result is reflective of the lower than average scores across the board compared to other large rural shires.
Statutory Planning Decision making <i>Council planning decisions upheld at VCAT</i> [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] x100	0%	Council had one planning application sent to VCAT. Council's decision was set aside only to adjust a few conditions to the permit.
Roads Satisfaction <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]	27	The lower than adequate condition of State Government roads within the Shire continually impacts on Council's satisfaction standards. Council has been working with VicRoads to address community concerns.
Libraries Participation <i>Active library members</i> [Number of active library members / Municipal population] x100	25%	
Waste Collection Waste diversion <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] x100	33%	
Aquatic Facilities Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	6	
Animal Management Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	20	

Service/indicator/measure	Results 2015	Material Variations
Food Safety		
Health and safety		
<i>Critical and major non-compliance notifications</i> [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] x100	94%	
Home and Community Care		
Participation		
<i>Participation in HACC service</i> [Number of people that received a HACC service / Municipal target population for HACC services] x100	29%	
Participation		
<i>Participation in HACC service by CALD people</i> [Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100	28%	
Maternal and Child Health		
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] x100	79%	
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] x100	76%	

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

"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 authorized 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*

"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 authorized 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*.

Financial Performance Indicators

For the year ended 30 June 2015

Dimension/indicator/measure	Results	Forecasts				Material Variations
	2015	2016	2017	2018	2019	
Operating Position						
Adjusted underlying result						
Adjusted underlying surplus (or deficit)	12.36%	4.24%	4.12%	5.87%	6.54%	\$4.27M Victorian Grants Commission grants was received in advance. This has increased the 2015 results.
[Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100						
Liquidity						
Working capital						
Current assets compared to current liabilities	270.40%	181.57%	201.07%	213.43%	197.22%	Higher current assets as at 30 June 2015 due to receipt of 50% of Grants commission allocation related to 2015-16 in advance.
[Current assets / Current liabilities] x100						
Unrestricted cash						
Unrestricted cash compared to current liabilities	107.46%	90.75%	109.96%	111.65%	111.20%	No Material Variations
[Unrestricted cash / Current liabilities] x100						
Obligations						
Loans and borrowings						
Loans and borrowings compared to rates	9.4%	8.75%	8.44%	8.14%	7.85%	No Material Variations
[Interest bearing loans and borrowings / Rate revenue] x100						
Loans and borrowings repayments compared to rates	0.36%	0.37%	0.36%	0.34%	0.33%	No Material Variations
[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100						
Indebtedness						
Non-current liabilities compared to own source revenue	10.85%	8.03%	7.89%	7.74%	1.00%	Loan of \$3.35M availed in 2014 is to be repaid after 5 years.
[Non-current liabilities / Own source revenue] x100						

Dimension / indicator / measure	Results		Forecasts			Material Variations
	2015	2016	2017	2018	2019	
Obligations continued						
Asset renewal						
<i>Asset renewal compared to depreciation</i> [Asset renewal expenses / Asset depreciation] x100	84.41%	130.96 %	92.37%	106.42 %	97.98%	Due to carry forward of capital renewal projects.
Stability						
Rates concentration						
<i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100	55.55%	61.30%	65.79%	66.43%	66.50%	Percentage of rates is lower in 2014-15 due to receipt of 50% Grants commission allocation related to 2015-16 in advance.
Rates effort						
<i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.5%	0.54%	0.55%	0.57%	0.57%	No Material Variations
Efficiency						
Expenditure level						
<i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$2913.34	\$3101	\$2997	\$3019	\$3102	No Material Variations
Revenue level						
<i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]	\$1607	\$1741	\$1775	\$1811	\$1846	No Material Variations
Workforce Turnover						
<i>Resignations and terminations compared to average staff</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	9.29%	10%	10%	10%	10%	Resignations and terminations are anticipated in similar number to 2014-15 - approximately 30 per year. Staff numbers are forecast for future years based on the current actuals as no increases in staff numbers are anticipated. It is important to note that maternity leave replacement positions are captured within the results. Casual positions have been excluded from the results

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 in paragraphs (a) and (b)

"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 2015

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.

The Victorian Government developed a new performance reporting framework to ensure that all councils are measuring and recording on their performance in a consistent way. The framework became mandatory from 1 July 2014 and all councils will need to report results as part of their Annual Report 2014-2015 at the end of September 2015. This is the first year of reporting in this manner and as such there is no trend data to compare to. It is intended that in future years, the previous results will be used to compare and also highlight any material variations. By 2017-18 we will be comparing our results to the previous three years.

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 these form 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 2016-2019 can be obtained by contacting Council. A copy is also contained in the Council Plan 2013-2017 version adopted 24 June 2015 available on Council's website www.southgippsland.vic.gov.au

Certification of the performance statement

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.



Mr Tom Lovass, CPA
Principal Accounting Officer
Dated: 23 September 2015

In our opinion, the accompanying performance statement of the South Gippsland Shire Council for the year ended 30 June 2015 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.

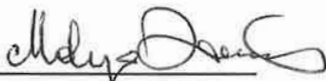
The performance statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainable capacity.

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.



Mrs Jeanette Harding
Councillor
Dated: 23 September 2015



Mrs Mohya Davies
Councillor
Dated: 23 September 2015



Mr Tim Tamlin
Chief Executive Officer
Dated: 23 September 2015

Auditor General's Audit Report on Performance Statement

For the Year Ended 30 June 2015

VAGO

Victorian Auditor-General's Office

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INDEPENDENT AUDITOR'S REPORT

To the Councillors, South Gippsland Shire Council

The Financial Report

The accompanying financial report for the year ended 30 June 2015 of the South Gippsland Shire Council which comprises the comprehensive income statement, balance sheet, statement of changes in equity, statement of cash flows, statement of capital works, notes comprising a summary of the significant accounting policies and other explanatory information, and the certification of the financial statements has been audited.

The Councillors' Responsibility for the Financial Report

The Councillors of the South Gippsland Shire Council are responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.

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

Auditor's Responsibility

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

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

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

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

Auditor General's Audit Report on Performance Statement

For the Year Ended 30 June 2015

Independent Auditor's Report (continued)

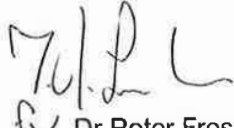
Independence

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

Auditor's Opinion

In my opinion, the performance statement of the South Gippsland Shire Council in respect of the 30 June 2015 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

MELBOURNE
24 September 2015



Dr Peter Frost
Acting Auditor-General



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SOUTH GIPPSLAND SHIRE COUNCIL

Annual Financial Report For the Year Ended 30 June 2015



*South Gippsland
Shire Council*

Contents

Financial Statements		
Comprehensive Income Statement		4
Balance Sheet		5
Statement of Changes in Equity		6
Statement of Cash Flow		7
Statement of Capital Works		8
Notes to the Financial Statements		
Introduction to Notes		9
Note 1	Significant accounting policies	9
Note 2	Budget comparison	15
Note 3	Rates and charges	17
Note 4	Statutory fees and fines	17
Note 5	User fees	17
Note 6	Grants	18
Note 7	Contributions	19
Note 8	(Loss) / Gain on Disposal of property, infrastructure plant and equipment	19
Note 9	Other Income	19
Note 10	Employee costs	20
Note 11	Materials and services	20
Note 12	Bad and doubtful debts	21
Note 13	Depreciation	21
Note 14	Borrowing costs	21
Note 15	Other expenses	21
Note 16	Investments in associates	21
Note 17	Cash and cash equivalents	22
Note 18	Trade and other receivables	22
Note 19	Other Financial assets	23
Note 20	Inventories	23
Note 21	Other assets	23
Note 22	Property, infrastructure, plant and equipment	24
Note 23	Investment properties	27
Note 24	Trade and other payables	27
Note 25	Trust funds and deposits	27
Note 26	Provisions	28
Note 27	Interest-bearing loans and borrowing	28
Note 28	Reserves	29
Note 29	Reconciliation of cash flows from operating activities to surplus/(deficit)	31

Contents

Note 30	Reconciliation of cash and cash equivalents	31
Note 31	Financing facilities	31
Note 32	Commitments	32
Note 33	Operating leases	33
Note 34	Contingent liabilities and contingent assets	33
Note 35	Financial instruments	35
Note 36	Related party transactions	36
Note 37	Events occurring after balance date	36
	Certification of Financial Statements	37
	Auditor General's Audit Report	38



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Comprehensive Income Statement

For the Year Ended 30 June 2015

	Note	2,015 \$'000	2,014 \$'000
Income			
Rates and charges	3	35,797	33,712
Statutory fees and fines	4	565	556
User fees	5	3,959	3,417
Grants - Operating	6	19,727	11,192
Grants - Capital	6	2,172	3,183
Contributions - monetary	7	306	279
Contributions - non monetary	7	1,503	121
Net gain/(loss) on disposal of property, infrastructure plant and equipment	8	(125)	(42)
Fair value adjustment for investment property	23	-	42
Share of net profits/(losses) of associates and joint ventures	16	(24)	173
Other Income	9	2,348	2,218
Total income		66,228	54,851
Expenses			
Employee costs	10	22,362	20,943
Materials and services	11	20,228	22,138
Bad and doubtful debts	12	54	-
Depreciation	13	10,559	10,173
Borrowing costs	14	122	127
Other expenses	15	2,920	3,409
Total expenses		56,245	56,790
Surplus / (deficit) for the year		9,983	(1,939)
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	28 (a)	-	17,081
Total Comprehensive result		9,983	15,142

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

Balance Sheet

As at 30 June 2015

	Note	2015 \$'000	2014 \$'000
Assets			
Current assets			
Cash and cash equivalents	17	15,419	11,425
Trade and other receivables	18	3,815	4,634
Other financial assets	19	4,312	351
Inventories	20	292	248
Other assets	21	303	212
Total current assets		<u>24,141</u>	<u>16,870</u>
Non-current assets			
Investments in associates and joint ventures	16	752	776
Property, infrastructure, plant and equipment	22	487,320	486,044
Investment property	23	716	716
Total non-current assets		<u>488,788</u>	<u>487,536</u>
Total assets		<u>512,929</u>	<u>504,406</u>
Liabilities			
Current liabilities			
Trade and other payables	24	2,531	3,896
Trust funds and deposits	25	1,065	842
Provisions	26	5,332	5,673
Interest-bearing loans and borrowings	27	-	3,350
Total current liabilities		<u>8,928</u>	<u>13,761</u>
Non-current liabilities			
Provisions	26	1,264	1,241
Interest-bearing loans and borrowings	27	3,350	-
Total non-current liabilities		<u>4,614</u>	<u>1,241</u>
Total liabilities		<u>13,542</u>	<u>15,002</u>
Net Assets		<u>499,387</u>	<u>489,404</u>
Equity			
Accumulated surplus		198,371	189,233
Asset revaluation reserve	28 (a)	299,985	299,985
Other reserves	28 (b)	1,031	186
Total Equity		<u>499,387</u>	<u>489,404</u>

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

Statement of Changes in Equity

For the Year Ended 30 June 2015

	Note	Total \$'000	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'000
2015					
Balance at beginning of the financial year		489,404	189,233	299,985	186
Surplus/(deficit) for the year		9,983	9,983	-	-
Net Asset revaluation increment/(decrement)	28 (a)	-	-	-	-
Transfers to other reserves	28 (b)	-	(2,584)	-	2,584
Transfers from other reserves	28 (b)	-	1,739	-	(1,739)
Balance at end of the financial year		499,387	198,371	299,985	1,031

	Note	Total \$'000	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'000
2014					
Balance at beginning of the financial year		474,262	190,062	282,904	1,296
Surplus/(deficit) for the year		(1,939)	(1,939)	-	-
Net Asset revaluation increment/(decrement)	28 (a)	17,081	-	17,081	-
Transfers to other reserves	28 (b)	-	(1,559)	-	1,559
Transfers from other reserves	28 (b)	-	2,669	-	(2,669)
Balance at end of the financial year		489,404	189,233	299,985	186

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

Statement of Cash Flow

For the Year Ended 30 June 2015

	Note	2015 Inflows/ (Outflows) \$'000	2014 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		35,140	33,157
Statutory fees and fines		565	557
User fees		4,978	4,063
Grants - operating		19,727	11,192
Grants - capital		2,172	3,189
Contributions - monetary		306	279
Interest received		468	551
Trust funds and deposits taken		258	27
Other receipts		1,990	1,777
Net GST refund/(payment)		2,513	2,956
Employee costs		(21,713)	(20,604)
Materials and services		(25,017)	(24,802)
Trust funds and deposits repaid		(35)	(30)
Other payments		(2,813)	(3,480)
Net cash provided by/(used in) operating activities	29	18,539	8,832
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(11,012)	(12,593)
Proceeds from sale of property, infrastructure, plant and equipment		555	733
Payments for investments		(3,961)	1,349
Net Cash used in investing activities		(14,418)	(10,511)
Cash flows from financing activities			
Finance costs		(127)	(104)
Proceeds from borrowings		-	4,000
Repayment of borrowings		-	(784)
Net cash used in financing activities		(127)	3,112
Net increase/(decrease) in cash and cash equivalents		3,994	1,433
Cash and cash equivalents at the beginning of the financial year		11,425	9,992
Cash and cash equivalents at the end of the financial year	30	15,419	11,425
Financing arrangements	31		
Restrictions on cash assets	17		

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 2015

	2015 \$'000	2014 \$'000
Property		
Land	217	-
Land improvements	-	-
Total land	<u>217</u>	<u>-</u>
Buildings	469	1,058
Heritage Buildings	-	-
Building improvements	-	-
Total buildings	<u>469</u>	<u>1,058</u>
Total property	<u>686</u>	<u>1,058</u>
Plant and equipment		
Plant, machinery and equipment	2,042	3,025
Fixtures, fittings and furniture	42	-
Computers and telecommunications	569	161
Total plant and equipment	<u>2,653</u>	<u>3,186</u>
Infrastructure		
Roads	5,681	4,734
Bridges	456	644
Footpaths and cycleways	253	383
Kerb and Channel	65	52
Drainage	252	1,295
Waste management	29	-
Off street car parks	-	-
Other infrastructure	937	1,241
Total infrastructure	<u>7,673</u>	<u>8,349</u>
Total capital works expenditure	<u>11,012</u>	<u>12,593</u>
Represented by:		
New asset expenditure	15	-
Asset renewal expenditure	8,913	9,977
Asset expansion expenditure	605	561
Asset upgrade expenditure	1,479	2,055
Total capital works expenditure	<u>11,012</u>	<u>12,593</u>

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

Introduction

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

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 Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1989*, and the *Local Government (Planning and Reporting) Regulations 2014*.

NOTE 1 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 1 (m))
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to note 1 (n))
- the determination of employee provisions (refer to note 1 (t))

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.

(b) Changes in accounting policies

There have been no changes in accounting policies from previous period.

(c) Principles of consolidation

The consolidated financial statements of Council incorporate all entities controlled by Council as at 30 June 2015, and their income and expenses for that part of the reporting period in which control existed.

Subsidiaries are all entities over which Council has control. Council controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Council. They are deconsolidated from the date that control ceases.

Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

In the process of preparing consolidated financial statements all material transactions and balances between consolidated entities are eliminated.

As at 30 June 2015 there were no entities consolidated into Council.

NOTE 1 Significant Accounting Policies (cont.)

(d) Committees of management

All entities controlled by Council that have material revenues, expenses, assets or liabilities, such as committees of management, have been included in this financial report. Any transactions between these entities and Council have been eliminated in full.

(e) Accounting for investments in associates

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.

f) Revenue Recognition

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

Rates and Charges

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.

Statutory fees and fines

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.

User fees

User fees are recognised as revenue when the service has been provided or the payment is received, whichever first occurs.

Grants

Grant income is recognised when Council obtains control of the contribution. This is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and are valued at their fair value at the date of transfer.

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

Contributions

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

Sale of property, infrastructure, plant and equipment

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

Interest

Interest is recognised as it is earned.

Dividends

Dividend revenue is recognised when the Council's right to receive payment is established.

Other Income

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 1 Significant Accounting Policies (cont.)

(g) Fair value measurement

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; and

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.

(h) Cash and cash equivalents

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.

(i) Trade and other receivables

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

(j) Other financial assets

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

(k) Inventories

Inventories held for distribution are measured at cost adjusted when applicable for any loss of service potential. Inventories are measured at the lower of cost and net realisable value.

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.

(l) Non-current assets classified as held for sale

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

(m) Recognition and measurement of property, plant and equipment, infrastructure, intangibles

Acquisition

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

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, 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 detailed in Note 1 (n) have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

NOTE 1 Significant Accounting Policies (cont.)

(m) Recognition and measurement of property, plant and equipment, infrastructure, intangibles (cont.)

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 on an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at Note 22, Property, infrastructure, plant and equipment.

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 1 to 3 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.

Land under roads

Council recognises land under roads it controls at fair value since 30 June 2008.

(n) Depreciation of property, infrastructure, plant and equipment and intangibles

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 below and are consistent with the prior year unless otherwise stated.

Asset recognition thresholds and depreciation periods

	Depreciation Period	Threshold Limit \$'000
<u>Property</u>		
land	-	No Threshold
land improvements	-	10
<u>Buildings</u>		
heritage buildings	100 years	15
buildings	20 to 50 years	15
building improvements	20 to 50 years	15
<u>Plant and Equipment</u>		
major plant, machinery and equipment	1 to 10 years	No Threshold
fixtures, fittings and furniture	1 to 5 years	15
computers and telecommunications	1 to 5 years	15
Infrastructure		
road pavements	100 years	No Threshold
road seals	17 years	No Threshold
road formation and earthworks	not depreciated	No Threshold
road kerbs & channel	60 years	15
major culverts	50 to 100 years	15
bridges	100 Years	15
footpaths and cycleways	40 to 60 years	15
drainage	100 Years	15
waste management	4 to 50 years	15
other Structures	10 to 40 Years	15
off street car parks pavement	100 years	15
off street car parks seal	17 years	15

NOTE 1 Significant Accounting Policies (cont.)

(o) Repairs and maintenance

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

(p) Investment property

Investment property, comprising freehold office complexes, 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. Rental income from the leasing of investment properties is recognised in the comprehensive income statement on a straight line basis over the lease term.

(q) Impairment of assets

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

(r) Trust funds and deposits

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 (refer to Note 25).

(s) Borrowings

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs. The measurement basis subsequent to 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 in net result 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.

Borrowing costs

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. Except where specific borrowings are obtained for the purpose of specific asset acquisition, the weighted average interest rate applicable to borrowings at balance date, excluding borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised.

Borrowing costs include interest on bank overdrafts and interest on borrowings.

(t) Employee costs and benefits

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 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.

NOTE 1 Significant Accounting Policies (cont.)

(t) Employee costs and benefits (cont.)

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Current Liability - unconditional LSL is disclosed as a current liability even when the council does not expect to settle the liability within 12 months because it will not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months

The components of this current liability are measured at :

- present value - component that is not expected to be wholly settled within 12 months.
- nominal value - component that is expected to be wholly settled within 12 months.

Classification of employee costs

Non-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. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value.

(u) Landfill rehabilitation provision

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.

(v) Leases

Operating leases

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.

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 the shorter.

(w) Goods and Services Tax (GST)

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

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

(x) Financial guarantees

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that right will be exercised. Details of guarantees that Council has provided, that are not recognised in the balance sheet are disclosed at Note 34 Contingent Liabilities and Contingent Assets.

(y) Contingent assets and contingent liabilities and commitments

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

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

(z) Pending accounting standards

Certain new AAS's have been issued that are not mandatory for the 30 June 2015 reporting period. Council has assessed these pending standards and has identified that no material impact will flow from the application of these standards in future reporting periods.

(aa) Rounding

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

NOTE 2 Budget comparison

The budget comparison 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 5 percent or \$100K 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 25 June 2014. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for revenue 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 .

a) Income and Expenditure

	Budget 2015 \$'000	Actual 2015 \$'000	Variance 2015 \$'000 Ref	
Income				
Rates and charges	35,677	35,797	120	1
Statutory fees and fines	588	565	(23)	
User fees	4,267	3,959	(308)	2
Grants - Operating	15,464	19,727	4,263	3
Grants - Capital	4,812	2,172	(2,640)	4
Contributions - monetary	66	306	240	5
Contributions - non monetary	1,337	1,503	166	6
Net gain / (loss) on disposal of property,	290	(125)	(415)	7
Fair value adjustment for investment property	-	-	-	
Share of net profits / (losses) of associates and	-	(24)	(24)	8
Other Income	1,770	2,348	578	9
Total income	64,271	66,228	1,957	
Expenses				
Employee costs	22,241	22,362	(121)	10
Materials and services	21,483	20,228	1,255	11
Bad and doubtful debts	1	54	(53)	12
Depreciation and amortisation	10,855	10,559	296	13
Borrowing costs	151	122	29	14
Other expenses	3,454	2,920	534	15
Total expenses	58,185	56,245	1,940	
Surplus / (deficit) for the year	6,086	9,983	3,897	

(i) Explanation of material variations

Variance Ref.	Item	Explanation
1	Rates and charges	Supplementary rates were higher than estimate.
2	User fees	Site income from Caravan Parks was lower by \$179K and Council fees & charges were lower by \$129K.
3	Grants - Operating	50% of Grants commission allocation amounting to \$4.3M that relates to 2015-16 was received in June 2015.Reduction in Grant funding for projects such as Great Southern Rail Trial and Black spur bridge investigation was partly compensated by new grants during the year.
4	Grants - Capital	Grant funding for Child Care hub - Korumburra (\$3.1M) is now expected only in future years.
5	Contributions - monetary	Unexpected contribution received for various sports & recreation projects. Also \$35K received for Biodiversity projects.
6	Contributions - non monetary	Developer contributed assets during 2015-16 was much higher than estimated.
7	Net gain / (loss) on disposal of property, infrastructure plant and equipment	Land Sales which were budgeted in 2014-15 have now been postponed to future years.
8	Share of net profits / (losses) of associates and joint ventures	Council share of \$24K loss from Library was unexpected and not budgeted for.
9	Other Income	Fuel Tax credit back claims of \$84K, Insurance claim of \$27K and \$169K from new method of staff vehicle recovery. Further private works revenue was higher by \$358K. Lower income in some areas especially sundry revenue of \$49K.
10	Employee costs	Expenditure higher than budget due to redundancy provisions resulting from the organisation re-structure.
11	Materials and services	Mainly due to carry forward of major projects such as Great Southern Rail Trial (\$726K) & Black Spur Bridge Investigation (\$1.4M) to future years. This was partly offset by higher expenditure on Landfill rehabilitation (\$488K)
12	Bad and doubtful debts	Provision made for Caravan Park debtors that were overdue and considered doubtful of recovery.

NOTE 2 Budget comparison (cont.)

a) Income and Expenditure (Cont.)

13	Depreciation and amortisation	This is mainly due to timing and carry forward of Capital expenditure projects.
14	Borrowing costs	Interest rate on the five year loan of \$3.35M was more favourable than budget
15	Other expenses	Various Community grants which were budgeted for payment in 2014-15 were reduced or carried forward to 2015-16.

b) Capital Works

	Budget 2015 \$'000	Actual 2015 \$'000	Variance 2015 \$'000 Ref	
Property				
Land	250	217	33	1
Total land	250	217	33	
Buildings	3,498	469	3,029	2
Heritage Buildings	-	-	-	
Building improvements	-	-	-	
Total buildings	3,498	469	3,029	
Total property	3,748	686	3,062	
Plant and equipment				
Plant, machinery and equipment	2,344	2,042	302	3
Fixtures, fittings and furniture	-	42	(42)	4
Computers and telecommunications	659	569	90	5
Total plant and equipment	3,003	2,653	350	
Infrastructure				
Roads	5,863	5,681	182	6
Bridges	673	456	217	7
Footpaths and cycleways	313	253	60	8
Kerb and Channel	-	65	(65)	9
Drainage	55	252	(197)	10
Waste management	262	29	233	11
Off street car parks	-	-	-	
Other infrastructure	1,559	937	622	12
Total infrastructure	8,725	7,673	1,052	
Total capital works expenditure	15,476	11,012	4,464	
Represented by:				
New asset expenditure	-	15	(15)	
Asset renewal expenditure	12,994	8,913	4,081	
Asset expansion expenditure	662	605	57	
Asset upgrade expenditure	1,820	1,479	341	
Total capital works expenditure	15,476	11,012	4,464	

(i) Explanation of material variations

Variance Ref.	Item	Explanation
1	Land	Purchase & Sale of Land have been carried forward to future years.
2	Buildings	Child Care Hub, Korumburra (\$2.6M) was carried forward to 2015-16
3	Plant, machinery and equipment	Some of the Major Plant purchases have been postponed to future years.
4	Fixtures, fittings and furniture	Expenditure in this new class of Asset was not budgeted for.
5	Computers and telecommunications	Some of the network infrastructure and improvement projects have been substituted/carried forward to future years.
6	Roads	Variation is within tolerable limits for this major class of asset.
7	Bridges	Allambee Estate Road Bridge rehabilitation estimates has been revised and partly carried forward to 2015-16.
8	Footpaths and cycleways	Extension to Walkerville Road - Tarwin Lower has been carried forward to 2015-16.
9	Kerb and Channel	Kerb and Channel expenses on Dutton Street - Toora (\$65K) was not budgeted.
10	Drainage	Drainage rehabilitation program of \$168K and Hanna rise Court(\$18K) was not part of original budget.
11	Waste management	Landfill construction carried forward to 2015-16.
12	Other infrastructure	Some of the Recreation projects have been carried forward to 2015-16.

NOTE 3 Rates and charges

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

The valuation base used to calculate general rates for 2014/15 was \$6,976 million (2013/14 \$6,780 million)

The rates for each classification was:-

	2015 \$'000	2014 \$'000
General	17,023	12,470
Industrial	821	401
Commercial	1,133	1,161
Farm	9,240	9,696
Vacant Land	1,883	1,298
Cultural & Recreational Land	17	13
Vacant Restricted Land	-	44
Municipal Charge	3,326	6,271
Special Rates	145	-
Supplementary Rates & Rate Adjustments	399	280
Garbage Charges	1,810	2,078
TOTAL RATES AND CHARGES	35,797	33,712

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2014, and the valuation was first applied in the rating year commencing 1 July 2014.

NOTE 4 Statutory fees and fines

Land Information Certificates	24	23
Local Laws / Animal control	151	144
Building Services	87	109
Town Planning applications	244	213
Supervision Fees	53	34
Others	6	33
TOTAL STATUTORY FEES AND FINES	565	556

NOTE 5 User fees

Aged and health services	676	596
Leisure centre and recreation	92	131
Local Laws	367	315
Waste management services	1,651	1,557
Caravan Parks	1,043	706
Other fees and charges	130	112
TOTAL USER FEES	3,959	3,417

NOTE 6 Grants

	2015 \$'000	2014 \$'000
Grants were received in respect of the following:-		
Summary of grants		
Commonwealth funded grants	1,694	1,748
State funded grants	20,205	12,627
Total	21,899	14,375
Operating Grants		
<i>Recurrent - Commonwealth Government</i>		
Immunisation	1	1
<i>Recurrent - State Government</i>		
Victoria Grants Commission	12,857	4,212
Valuation Services	274	11
Community Safety	26	33
Family and children	154	149
Aged care	1,408	1,380
School crossing supervision	33	32
Community building	101	97
Community health	32	30
Maternal & child health	286	257
Other	111	115
Total recurrent operating grants	15,283	6,317
<i>Non-recurrent - Commonwealth Government</i>		
Environmental Services	-	83
Training & Development	-	8
<i>Non-recurrent - State Government</i>		
Community Safety	60	60
Families & Children	17	20
Youth Services	54	56
Fire Services Levy Administration	44	70
Economic Development	57	37
Sustainability	82	90
Training & Development	-	55
Community Building	13	79
Local Roads & Infrastructure	534	516
Natural Disasters	2,540	3,377
Recreation & Leisure	1,009	349
Others	34	75
Total non-recurrent operating grants	4,444	4,875
Total operating grants	19,727	11,192
Capital Grants		
<i>Recurrent - Commonwealth Government</i>		
Roads to Recovery - Capital	1,672	1,636
Total recurrent capital	1,672	1,636
<i>Non-recurrent - Commonwealth Government</i>		
Building	21	20
<i>Non-recurrent - State Government</i>		
Building	20	135
Other Structures	333	171
Plant, machinery and equipment	-	18
Roads	126	1,203
Total non-recurrent capital	500	1,547
Total capital grants	2,172	3,183
<u>Conditions on grants</u>		
Grants recognised as revenue during the year and were obtained on the condition that they be expended in a specified manner that had not occurred at balance date were:		
Community Projects	113	287
Home and Community Care	32	87
Families and Children	47	20
Recreation and Leisure	256	91
Road and associated works	231	729
Natural Disaster	-	182
Total	679	1,396
Grants which were recognised as revenue in prior years and were expended in a specified manner by the grantor were:		
Community Projects	394	530
Home and Community Care	81	198
Families and Children	6	266
Recreation and Leisure	91	210
Road and associated works	182	2,131
Natural Disaster	2	767
Total	756	4,102
Net (decrease) in restricted assets resulting from grant revenues for the year	(77)	(2,706)

NOTE 7 Contributions

	2015 \$'000	2014 \$'000
<i>Monetary</i>	306	279
<i>Non-monetary</i>	1,503	121
TOTAL CONTRIBUTIONS	<u>1,809</u>	<u>400</u>

Contributions of non monetary assets were received in relation to the following assets:

Roads & Streets	559	-
Drains	577	116
Kerbs & Channel	136	-
Footpaths	176	5
Other Structures	55	-
Total non cash contributions	<u>1,503</u>	<u>121</u>

NOTE 8 (Loss) / Gain on Disposal of property, infrastructure, plant and equipment

Proceeds of Sales

Proceeds from Land & Building Sales	15	13
Proceeds from Plant & Equipment Sales	540	720
Total Proceeds from Sale of Assets	<u>555</u>	<u>733</u>

Written Down Value of Items sold

Carrying Amount of Land & Building Sold	-	-
Carrying Amount of Plant & Equipment Sold	680	775
Total Written Down Value of Assets sold	<u>680</u>	<u>775</u>

TOTAL (LOSS) / GAIN ON DISPOSAL OF NON-CURRENT ASSETS

<u>(125)</u>	<u>(42)</u>
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NOTE 9 Other Income

Interest on rates	187	150
Other Interest	293	396
Other rent	168	198
Investment property rent	61	51
Quarries	13	10
Private Works	639	671
Families & Children	14	66
Coal Creek	234	201
Rate Recovery Proceedings	94	157
Insurances	63	55
Fuel Tax Credits	189	83
Work cover	111	70
Vehicle contribution	169	-
Sundry Income	113	110
TOTAL OTHER INCOME	<u>2,348</u>	<u>2,218</u>

NOTE 10 (a) Employee costs

	2015 \$'000	2014 \$'000
Wages & Salaries	18,098	16,700
Casual Staff	721	667
Annual and Long Service Leave	2,109	2,125
Superannuation	1,846	1,709
Work cover	233	238
Fringe benefits tax	154	245
	23,161	21,684
Less Capitalised	(799)	(741)
TOTAL EMPLOYEE COST	22,362	20,943

NOTE 10 (b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	133	126
	133	126
Employer contributions payable at reporting date.	-	7

Accumulation fund

Employer contributions - Vision Super/Others	1,713	1,583
	1,713	1,583
Employer contributions payable at reporting date.	-	-

South Gippsland Shire Council makes 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 in Comprehensive Income Statement when they are made or due.

Accumulation

The Fund's accumulation categories, Vision Super Saver, receives 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 2015, this was 9.5% required under Superannuation Guarantee legislation (for 2013/14, this was 9.25%)).

Defined Benefit

South Gippsland Shire 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 cost 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 South Gippsland Shire Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Actuary is unable to allocate benefit liabilities, assets and costs between employer for purposes of AASB 119.

NOTE 11 Materials and services

Waste Management	2,159	2,069
Leisure Centre Operations	793	360
Contractors General	4,591	4,054
Software Maintenance	598	523
Landfill Rehabilitation provision	488	200
Great Southern Rail Trail	660	592
Natural disasters	124	1,673
Materials General	5,158	6,137
Fuel & Oils	871	927
Advertising & Promotion Costs	295	337
Utilities	887	953
Subscriptions, affiliations and conferences	116	137
Leases	246	309
Legal Fees	329	416
Consultancies and projects	342	620
Insurance Premiums	569	625
Plant & Equipment Registrations	134	130
Training expenses	356	366
State levies	678	662
Gippsland Group Training / Labour Hire	765	985
Others	69	63
TOTAL MATERIALS AND SERVICES	20,228	22,138

NOTE 12 Bad and doubtful debts

	2015 \$'000	2014 \$'000
Caravan parks debtors	53	-
Other debtors	1	-
	<u>54</u>	<u>-</u>

NOTE 13 Depreciation

Property	2,308	2,279
Plant and equipment	1,839	1,753
Infrastructure	6,412	6,141
TOTAL DEPRECIATION	<u>10,559</u>	<u>10,173</u>

Refer to note 22 for a more detailed breakdown of depreciation

NOTE 14 Borrowing costs

Interest - Borrowings	122	127
TOTAL BORROWING COSTS	<u>122</u>	<u>127</u>

NOTE 15 Other Expenses

Library Contributions	1,267	1,206
Community & Sporting Grants	991	1,599
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals #	70	53
Auditors' remuneration - Internal	37	29
Councillors' allowances	282	276
Bank Fees & Charges	273	246
TOTAL OTHER EXPENSES	<u>2,920</u>	<u>3,409</u>

The audit of the 2014-15 financial statements amounted to \$49000.

NOTE 16 Investments in associates

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

Background

Council has a 30.55% equity interest in the West Gippsland Regional Library Corporation in 2014/15 (30.55% in 2013/14). The equity interest is calculated on the basis of the proportion it contributes to the operating costs of the services.

Council's share of accumulated surplus/(deficit)

Council's share of accumulated surplus/(deficit) at start of year	702	529
Reported surplus/(deficit) for year	(24)	173
Council's share of accumulated surplus/(deficit) at end of year	<u>678</u>	<u>702</u>

Council's share of reserves

Council's share of reserves at start of year	74	74
Revaluation reserve increment	-	-
Council's share of reserves at end of year	<u>74</u>	<u>74</u>

Movement in carrying value of specific investment

Carrying value of investment at start of year	776	603
Transfers to asset revaluation reserve	-	-
Share of surplus/(deficit) for year	(24)	173
Carrying value of investment at end of year	<u>752</u>	<u>776</u>

Council's share of expenditure commitments
Operating leases and rentals

-	-
-	-
-	-

West Gippsland Regional Library Corporation has not disclosed any contingent liabilities and assets for the financial years 2014/15 and 2013/14.

NOTE 17 Cash and cash equivalents

	2015 \$'000	2014 \$'000
Cash on Hand	2	4
Cash at Bank	4,436	3,402
Money Market Call Account	2,981	4,019
Term Deposits	8,000	4,000
TOTAL CASH AND CASH EQUIVALENTS	15,419	11,425

Council's cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:

- Grants recognised as revenue and obtained on the condition that they be expended in a specified manner that had not occurred at balance date.	1,902	1,979
- Trust funds and deposits (Note 25)	1,065	842
- Reserve funds allocated for specific future purposes (Note 28(b))	1,031	186
TOTAL RESTRICTED FUNDS	3,998	3,007
TOTAL UNRESTRICTED CASH AND CASH EQUIVALENTS	11,421	8,418

Intended allocations

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

General Reserve	339	1
Corner Inlet Seawall Reserve	22	21
Henry's Road Reserve	-	44
Loan Reserve	670	-
	1,031	66

NOTE 18 Trade and other receivables

Current

Rates Debtors	2,524	1,993
Other debtors	836	2,231
Special rate assessment	125	1
Net GST Receivable	383	409
Provision for doubtful debts - other debtors	(53)	-
TOTAL TRADE AND OTHER RECEIVABLES	3,815	4,634

a) Ageing of Receivables

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

	2015 \$'000	2014 \$'000
Current (not yet due)	493	418
Past due by up to 30 Days	70	488
Past due between 31 and 180 days	197	1,270
Past due between 181 and 365 days	26	7
Past due by more than 1 year	50	48
Total Trade & Other Receivables	836	2,231

b) Movement in provisions for doubtful debts

Balance at the beginning of the year	-	-
New provisions recognised during the year	53	-
Amount already provided for and written off as uncollectible	-	-
Amounts provided for but recovered during the year	-	-
Balance at the end of the year	53	-

c) Ageing of individually impaired Trade and Other Receivables

At balance date other debtors representing financial assets with a nominal value of \$52,516 (2013/14 - \$ Nil) were impaired. The amount of provision raised against these debtors was \$52,516 (2013/14 \$ Nil). The individually impaired debtors relate to general and sundry debtors and have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

The ageing of receivables that have been individually determined as impaired at reporting date was:

Past due between 31 and 180 days	42	-
Past due between 181 and 365 days	1	-
Past due by more than 1 year	10	-
Total trade & other receivables	53	-

Notes to the Financial Statements For the Year Ended 30 June 2015

NOTE 19 Other financial assets

	2015 \$'000	2014 \$'000
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Term Deposits	4,312	351
TOTAL OTHER FINANCIAL ASSETS	4,312	351

NOTE 20 Inventories

Raw Materials and Stores	292	248
TOTAL INVENTORIES	292	248

NOTE 21 Other assets

Prepayments	303	212
TOTAL OTHER ASSETS	303	212

Notes to the Financial Statements For the Year Ended 30 June 2015

NOTE 22 Property, plant and equipment and infrastructure

	Land - specialised	Land - Under Roads	Total Land	Heritage Buildings	Buildings - specialised	Total Buildings	Work In Progress	Total Property
Land and Buildings								
At fair value 1 July 2014	43,023	32,414	75,437	5,510	109,808	115,318	503	191,258
Accumulated depreciation at 1 July 2014	-	-	-	3,994	63,185	67,179	-	67,179
	43,023	32,414	75,437	1,516	46,623	48,139	503	124,079
Movements in fair value								
Acquisition of assets at fair value	-	-	-	-	272	272	414	686
Revaluation increments/decrements	-	-	-	-	-	-	-	-
Fair value of assets disposed	-	-	-	-	-	-	-	-
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	212	212	(212)	-
	-	-	-	-	484	484	202	686
Movements in accumulated depreciation								
Depreciation and amortisation	-	-	-	55	2,253	2,308	-	2,308
Accumulated depreciation of disposals	-	-	-	-	-	-	-	-
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
	-	-	-	55	2,253	2,308	-	2,308
At fair value 30 June 2015	43,023	32,414	75,437	5,510	110,292	115,802	705	191,944
Accumulated depreciation at 30 June 2015	-	-	-	4,049	65,438	69,487	-	69,487
	43,023	32,414	75,437	1,461	44,854	46,315	705	122,457

	Plant machinery and equipment	Plant fixtures fittings and furniture	Computers and telecomms	Work In Progress	Total plant and equipment
Plant and Equipment					
At fair value 1 July 2014	13,006	158	4,206	67	17,437
Accumulated depreciation at 1 July 2014	4,203	150	3,215	-	7,568
	8,803	8	991	67	9,869
Movements in fair value					
Acquisition of assets at fair value	2,042	42	534	35	2,653
Revaluation increments/decrements	-	-	-	-	-
Fair value of assets disposed	(1,444)	-	-	-	(1,444)
Impairment losses recognised in operating result	-	-	-	-	-
Transfers	-	-	67	(67)	-
	598	42	601	(32)	1,209
Movements in accumulated depreciation					
Depreciation and amortisation	1,406	6	427	-	1,839
Accumulated depreciation of disposals	(764)	-	-	-	(764)
Impairment losses recognised in operating result	-	-	-	-	-
Transfers	-	-	-	-	-
	642	6	427	-	1,075
At fair value 30 June 2015	13,604	200	4,807	35	18,646
Accumulated depreciation at 30 June 2015	4,845	156	3,642	-	8,643
	8,759	44	1,165	35	10,003

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

	Roads	Bridges	Major Culverts	Footpaths and cycleways	Kerb & Channel	Off street car parks	Drainage	Waste Management	Other Infrastructure	Work In Progress	Total Infrastructure
Infrastructure											
At fair value 1 July 2014	310,173	30,141	12,168	15,749	20,049	6,197	36,164	3,964	7,482	4,028	446,115
Accumulated depreciation at 1 July 2014	46,699	12,417	4,985	2,860	5,164	2,756	14,418	1,738	2,982	-	94,019
	263,474	17,724	7,183	12,889	14,885	3,441	21,746	2,226	4,500	4,028	352,096
Movements in fair value											
Acquisition of assets at fair value	5,289	92	-	428	201	-	829	-	496	1,841	9,176
Revaluation increments/decrements	-	-	-	-	-	-	-	-	-	-	-
Fair value of assets disposed	-	-	-	-	-	-	-	-	-	-	-
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-
Transfers	1,109	641	-	1	-	-	1,086	-	533	(3,370)	-
	6,398	733	-	429	201	-	1,915	-	1,029	(1,529)	9,176
Movements in accumulated depreciation											
Depreciation and amortisation	3,825	303	122	271	336	78	365	600	512	-	6,412
Accumulated depreciation of disposals	-	-	-	-	-	-	-	-	-	-	-
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-
	3,825	303	122	271	336	78	365	600	512	-	6,412
At fair value 30 June 2015	316,571	30,874	12,168	16,178	20,250	6,197	38,079	3,964	8,511	2,499	455,291
Accumulated depreciation at 30 June 2015	50,524	12,720	5,107	3,131	5,500	2,834	14,783	2,338	3,494	-	100,431
	266,047	18,154	7,061	13,047	14,750	3,363	23,296	1,626	5,017	2,499	354,860

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

Valuation of land and buildings

Valuation of Land and buildings were undertaken by Andrew Begg, AAPI (Council Employee). The basis of valuation 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 movement in the unobservable inputs for land and land under roads will have a significant impact on the fair value of these assets.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2015 are as follows:

	Level 1	Level 2	Level 3
Land Specialised	-	-	43,023
Land under roads	-	-	32,414
Heritage buildings	-	-	1,461
Building specialised	-	-	44,854
Total	-	-	121,752

Valuation of infrastructure

Valuation of Council's, infrastructure assets was performed by Alan Landers, B. Civil Engineering (Council employee). The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2015 are as follows:

	Level 1	Level 2	Level 3
Roads	-	-	266,047
Bridges	-	-	18,154
Major Culverts	-	-	7,061
Footpaths and cycleways	-	-	13,047
Kerb & Channel	-	-	14,750
Off-street car parks	-	-	3,363
Drainage	-	-	23,296
Waste Management	-	-	1,626
Other infrastructure	-	-	5,017
Total	-	-	352,361

Description of significant unobservable inputs into level 3 valuation

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 5% 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 \$877 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 is calculated on a square metre basis and ranges from \$500 to \$2500 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 50 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 2 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 infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

Reconciliation of specialised land	2,015	2,014
Specialised land	43,023	43,023
Land under roads	32,414	32,414
Total specialised land	75,437	75,437

NOTE 23 Investment properties

	2015	2014
	\$'000	\$'000
NOTE 23 Investment Property		
Balance at the beginning of the year	716	674
Fair value adjustment		42
Balance at end of financial year	716	716

Investment properties include - Quarry site and a portion of the Stockyard gallery. Valuation of investment property has been determined in accordance with an independent valuation by Marc Babos , AAPI (Council employee) who has recent experience in the location and category of the property being valued. The valuation is at fair value, based on the current market value for the property. The valuation is a level three valuation, meaning it is based on unobservable inputs.

There have been no transfers between levels during the period. There were no changes in valuation techniques throughout the period to 30 June 2015. For investment properties measured at fair value, the current use of the asset is considered the highest and best use.

NOTE 24 Trade and other payables

Payables	986	2,695
Accrued expenses	1,545	1,201
TOTAL TRADE AND OTHER PAYABLES	2,531	3,896

NOTE 25 Trust funds and deposits

Refundable development bonds	190	88
Fire Services levy	379	316
Refundable contract deposits	31	15
Retention amounts	47	30
Other Deposits	418	393
TOTAL TRUST FUNDS AND DEPOSITS	1,065	842

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 warrant or defect 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.

NOTE 26 Provisions

	Landfills Restoration \$'000	Other	Total \$'000
2015			
Balance at beginning of the financial year	1,256	5,658	6,914
Additional provisions	-	2,194	2,194
Amounts used	(558)	(1,992)	(2,550)
Increase/(decrease) in the discounted amount arising because of time and the effect of any changes in the discount rate.		38	38
Balance at the end of the financial year	698	5,898	6,596
2014			
Balance at beginning of the financial year	1,198	5,321	6,519
Additional provisions	200	2,382	2,582
Amounts used	(142)	(2,051)	(2,193)
Increase / (decrease) in the discounted amount arising because of time and the effect of any changes in the discount rate.	-	6	6
Balance at the end of the financial year	1,256	5,658	6,914
		2015	2014
		\$'000	\$'000
a) Employee provisions			
Current provisions expected to be wholly settled within 12 months			
Annual Leave		1,583	1,446
Rostered Days		200	190
Long Service Leave		1,314	1,292
		<u>3,097</u>	<u>2,928</u>
Current provisions expected to be wholly settled after 12 months			
Annual Leave		591	579
Long Service Leave		1,644	1,608
		<u>2,235</u>	<u>2,187</u>
Total Current Provisions		<u>5,332</u>	<u>5,115</u>
Non-current			
Long Service Leave		566	543
Total Non-Current Provisions		<u>566</u>	<u>543</u>
Aggregate carrying amount of employee provisions:			
Current		5,332	5,115
Non-current		566	543
Total aggregate carrying amount of employee provisions		<u>5,898</u>	<u>5,658</u>
The following assumptions were adopted in measuring the present value of employee benefits:			
Weighted average increase in employee costs		4.4%	4.4%
Weighted average discount rates		3.0%	3.0%
(b) Landfill restoration			
Current		-	558
Non-current		698	698
		<u>698</u>	<u>1,256</u>
The following assumptions were adopted in measuring the present value of landfill rehabilitation:			
Weighted average increase in costs		4.0%	4.0%
Weighted average discount rates		3.0%	3.0%
Weighted average settlement period		2 years	2 years

NOTE 27 Interest-bearing loans and borrowings

Current		
Borrowings - Secured *	-	3,350
	-	<u>3,350</u>
Non-Current		
Borrowings - Secured *	3,350	-
	<u>3,350</u>	-
TOTAL INTEREST-BEARING LOANS AND BORROWINGS	<u>3,350</u>	<u>3,350</u>
* The loans are secured over the general rates of the Council.		
The maturity profile for Council's borrowings is:		
Not later than one year	-	3,350
Later than one year and not later than five years	3,350	-
TOTAL	<u>3,350</u>	<u>3,350</u>

NOTE 28 Reserves

	Balance at beginning of reporting period \$'000's	Increment (decrement) \$'000's	Share of increment/ decrement on revaluation by an associate \$'000's	Balance at end of reporting period \$'000's
<u>(a) Asset Revaluation Reserve</u>				
<u>2015</u>				
<i>Property</i>				
Land	28,840	-	-	28,840
Land under Roads	4,370	-	-	4,370
Investments in associates (Note 16)	74	-	-	74
Buildings	27,190	-	-	27,190
Heritage buildings	523	-	-	523
Plant & Equipment	386	-	-	386
	61,383	-	-	61,383
<i>Infrastructure</i>				
Roads and Streets	200,130	-	-	200,130
Bridges	5,606	-	-	5,606
Major Culverts	3,506	-	-	3,506
Drainage	10,247	-	-	10,247
Footpaths	5,463	-	-	5,463
Kerb & Channel	9,573	-	-	9,573
Car parks	2,641	-	-	2,641
Other Structures	1,436	-	-	1,436
	238,602	-	-	238,602
Total Asset Revaluation Reserve	299,985	-	-	299,985
<u>2014</u>				
<i>Property</i>				
Land	27,727	1,113	-	28,840
Land under Roads	4,110	260	-	4,370
Investments in associates	74	-	-	74
Buildings	23,759	3,431	-	27,190
Heritage buildings	714	(191)	-	523
Plant & Equipment	386	-	-	386
	56,770	4,613	-	61,383
<i>Infrastructure</i>				
Roads and Streets	191,204	8,926	-	200,130
Bridges	5,529	77	-	5,606
Major Culverts	4,192	(686)	-	3,506
Drainage	7,825	2,422	-	10,247
Footpaths	5,442	21	-	5,463
Kerb & Channel	8,004	1,569	-	9,573
Car parks	2,184	457	-	2,641
Other Structures	1,754	(318)	-	1,436
	226,134	12,468	-	238,602
Total Asset Revaluation Reserve	282,904	17,081	-	299,985

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

NOTE 28 Reserves (cont)

	Balance at beginning of reporting period \$'000's	Transfer from accumulated surplus \$'000's	Transfer to accumulated surplus \$'000's	Balance at end of reporting period \$'000's
NOTE 28 Reserves (cont.)				
<u>(b) Other Reserves</u>				
<u>2015</u>				
Public Open Space	120	385	(505)	-
Caravan Parks Reserve	-	1,188	(1,188)	-
General Reserve	1	338	-	339
Corner Inlet Seawall Reserve	21	1	-	22
Henry's Road Reserve	44	2	(46)	-
Loan Reserve	-	670	-	670
Total Other Reserves	186	2,584	(1,739)	1,031
<u>2014</u>				
Public Open Space	403	368	(651)	120
Caravan Parks Reserve	345	872	(1,217)	-
General Reserve	486	316	(801)	1
Corner Inlet Seawall Reserve	20	1	-	21
Henry's Road Reserve	42	2	-	44
Loan Reserve	-	-	-	-
Total Other Reserves	1,296	1,559	(2,669)	186

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 unforeseen and unavoidable future costs.

Corner Inlet Seawall Reserve

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

Henry's Road Reserve

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

Loan Reserve

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

NOTE 29 Reconciliation of cash flows from operating activities to surplus / (deficit)

	2015	2014
	\$'000	\$'000
Surplus/(Deficit) for the year	9,983	(1,939)
Depreciation and amortisation	10,559	10,173
Finance costs	127	104
(Gain)/Loss on disposal of Property, Plant and Equipment and Infrastructure	125	42
Contributions - non - monetary assets	(1,503)	(121)
Investment in associates (note 16)	24	(173)
Fair value adjustment for investment property	-	(42)
<i>Change in assets and liabilities:</i>		
(Increase)/Decrease in Trade and other Receivables	819	(278)
(Increase)/Decrease in prepayments	(91)	(99)
(Increase)/Decrease in Inventories	(44)	(29)
Increase/(Decrease) in Trust funds and deposits	223	(3)
Increase/(Decrease) in Payables	(1,365)	802
Increase/(Decrease) in Employee Entitlements	240	337
Increase/(Decrease) in Other Provisions	(558)	58
Net cash provided by operating activities	<u>18,539</u>	<u>8,832</u>

NOTE 30 Reconciliation of cash and cash equivalents

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

Cash and cash equivalents (see note 17)	15,419	11,425
TOTAL CASH AND CASH EQUIVALENT	<u>15,419</u>	<u>11,425</u>

NOTE 31 Financing Facilities

Bank Overdraft		
Unused facilities	500	1,000
TOTAL FINANCING ARRANGEMENTS	<u>500</u>	<u>1,000</u>

NOTE 32 Commitments

The Council has entered into the following commitments

2015	Not Later Than 1 Year \$'000	Later than 1 year and not later than 2 Years \$'000	Later than 2 year and not later than 5 Years \$'000	Later than 5 years \$'000	Total \$'000
<i>Operating</i>					
Transfer Stations	846	846	1,272		2,964
Litter Bins	189	189	377		755
Office Cleaning	78				78
Hall Operations	87				87
Meals on Wheels	2				2
Libraries	1,081				1,081
General Materials & Services	636				636
Equipment Hire	40				40
Maintenance Contracts	26				26
Construction Contracts	724				724
<i>Capital</i>					
Building	183				183
Computers and telecoms	53				53
Fixtures fittings & Furniture	29				29
Other Structures	19				19
Roads	263				263
Waste Management	15				15
Total	4,271	1,035	1,649	-	6,955

2014	Not Later Than 1 Year \$'000	Later than 1 year and not later than 2 Years \$'000	Later than 2 year and not later than 5 Years \$'000	Later than 5 years \$'000	Total \$'000
<i>Operating</i>					
Transfer Stations	846	846	2,118		3,810
Litter Bins	189	189	567		945
Office Cleaning	78	78			156
Hall Operations	87	87			174
Meals on Wheels	50				50
Libraries	1,045				1,045
General Materials & Services	238				238
Equipment Hire	72				72
Maintenance Contracts	3				3
Construction Contracts	757				757
<i>Capital</i>					
Building	17				17
Drainage	2				2
Plant machinery and equipment	154				154
Roads	33				33
Waste Management	26				26
Total	3,597	1,200	2,685	-	7,482

NOTE 33 Operating Leases

	2015 \$'000	2014 \$'000
(a) Operating Lease Commitments		
At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of plant and equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities).		
Not later than one year	116	220
Later than one year and not later than five years	109	362
Later than five years	-	-
Total operating lease commitments	225	582

(b) Operating Lease Receivables

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

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

Not later than one year	154	94
Later than one year and not later than five years	321	179
Later than five years	450	441
Total operating lease receivables	925	714

NOTE 34 Contingent Liabilities and Contingent Assets

Contingent Liabilities

Superannuation

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

Funding arrangements

South Gippsland Shire Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary.

The Fund's latest actuarial investigation was held on 30 June 2014 and it was determined that the vested benefit index (VBI) of the defined benefit category of which South Gippsland Shire Council is a contributing employer was 103.4%. To determine the VBI, the fund Actuary used the following long term assumptions:

Net investment returns	7.5% pa.
Salary information	4.25% pa.
Price inflation (CPI)	2.75% pa.

Vision Super has advised that the estimated VBI at 30 June 2015 was 105.8%.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 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 for prior years.

Employer contributions

Regular contributions

On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 30 June 2014, South Gippsland Shire Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2015, this rate was 9.5% of members' salaries. This rate will increase in line with any increase to the Superannuation Guarantee (SG) contribution rate.

In addition, South Gippsland Shire Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

NOTE 34 Contingent Liabilities and Contingent Assets (Cont.)

Funding calls

If the defined benefit category is in an unsatisfactory financial position at actuarial investigation or the defined benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the defined benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including South Gippsland Shire Council) are required to make an employer contribution to cover the shortfall.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's defined benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

Latest actuarial investigation surplus amounts

The Fund's latest actuarial investigation as at 30 June 2014 identified the following in the defined benefit category of which South Gippsland Shire Council is a contributing employer:

A VBI surplus of \$77.1 million; and A total service liability surplus of \$236 million.

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 2014.

The total service liability surplus means that the current value of the assets in the Fund's defined benefit category plus expected future contributions exceeds the value of expected future benefits and expenses.

South Gippsland Shire Council was notified of the results of the actuarial investigation during January 2015.

Superannuation contributions

Contributions by South Gippsland Shire Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2015 are detailed below:

Scheme	Type of Scheme	Rate	2015 \$'000	2014 \$'000
Vision Super	Defined benefits	9.50%	133	126
Vision Super/Others	Accumulation	9.50%	1,713	1,583

South Gippsland Shire Council has not paid any unfunded liability to Vision super in 2014/15 or 2013/14.

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2015.

The expected contributions to be paid to the defined benefit category of Vision Super for the year ending 30 June 2016 is \$137,000.

Landfills

Under requirement of the Environmental Protection Authority (EPA), Council has a present obligation to perform site rehabilitation works for landfills that it operates on a progressive basis. At balance date Council has made necessary provisions for rehabilitation of Landfills that are currently in operation (Refer note 26 (b)). However the estimates of provision required is dependent on the accuracy of the forecast, timing of the work, work required, and related costs.

Guarantees

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

Description	Favouree	Amount
Contract Performance Guarantee	South Gippsland Regional Water Board	\$ 40,000
Contract Performance Guarantee	Department of Energy and Minerals	\$ 15,000
Contract Performance Guarantee	Department of Natural Resources & Minerals	\$ 20,000
Security Deposit Guarantee	Environment Protection Authority	\$ 425,000
		\$ 451,296
Security Deposit Guarantee	State of Victoria - Environment Protection Authority	
Total contingent liability as at 30 June 2015		\$ 951,296

Contingent Assets

Developer contributions to be received by Council in respect of estates currently under development total \$1.5M (2014 \$0.12M).

NOTE 35 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 Note 1 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 our financial instruments will fluctuate because of changes in market prices. The Council's exposures 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. Our interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk / 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 rate.

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

- diversification of investment product,
- monitoring of return on investment,
- 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 us to make a financial loss. We have exposure to credit risk on some financial assets included in our balance sheet. To help manage this risk:

- we have a policy for establishing credit limits for the entities we deal with;
 - we may require collateral where appropriate; and
 - we only invest surplus funds with financial institutions which have a recognised credit rating specified in our 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.

We may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 34.

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.

(d) Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements or we will not have sufficient funds to settle a transaction when required, we 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 a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- 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
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 34, 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 27.

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

e) Fair value

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

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.

(f) 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%.

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.

NOTE 36 Related Party Transactions

(i) Responsible Persons

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

Councillors	Jeanette Harding (Mayor from 5 November 2014 to 30 June 2015) Mohya Davies Kieran Kennedy Lorraine Brunt Andrew McEwen Robert (Bob) Newton James (Jim) Fawcett (Mayor from 1 July 2014 to 4 November 2014) Don Hill Nigel Hutchinson-Brooks
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Chief Executive Officer Tim Tamlin

(ii) Remuneration of Responsible Persons

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

	2015 No.	2014 No.
\$20,000 - \$29,999	7	7
\$40,000 - \$49,999	1	1
\$50,000 - \$59,999	-	1
\$60,000 - \$69,999	1	-
\$250,000 - \$259,999	-	1
\$290,000 - \$299,999	1	-
TOTAL	10	10

Total Remuneration for the reporting period for Responsible Persons included above, amounted to :	\$'000 573	\$'000 529
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(iii) Senior Officers Remuneration

A Senior Officer other than a Responsible Person, is an officer of Council who:

- (a) has management responsibilities and reports directly to the Chief Executive Officer; or
- (b) whose total annual remuneration exceeds \$136,000 (2013/14 - \$133,000)

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

	2015 No.	2014 No.
Income Range :		
<\$136,000	1	2
\$136,000 - \$139,999		2
\$140,000 - \$149,999	4	1
\$160,000 - \$169,999	1	-
\$170,000 - \$179,999		3
\$180,000 - \$189,999	3	
\$210,000 - \$219,999		1
TOTAL	9	9

Total Remuneration for the reporting period for Senior Officers included above, amounted to :	\$'000 1,336	\$'000 1,219
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(iv) Responsible persons retirement benefits

No retirement benefits have been made by the Council to a Responsible Person (2013/14, nil).

(v) Loans to responsible persons

No loans have been made, guaranteed or secured by the Council to a Responsible Person of the Council during the reporting year (2013/14, nil).

(vi) Transactions with responsible persons

Transactions with responsible persons

During the period Council entered into the following transactions with responsible persons or related parties of responsible persons.

Responsible Officer	Position held (including related parties of responsible officer)	Supplier/entity	Nature of transactions (on normal commercial terms)	Transaction Amount (\$'000)
Director Corporate and Community Services	Board member	West Gippsland Regional Library Corporation	Contribution paid by council	1,267
Director Corporate and Community Services	Board member	Gippsland Southern Health	Payment by Council for goods & services	125
Mohya Davies (Councillor)	Board member	South Gippsland Hospital	Payment by Council for goods & services	54

NOTE 37 Events occurring after balance date

No matters have occurred after balance date that require disclosure in the financial report.

Certification of Financial Statements For the Year Ended 30 June 2015

South Gippsland Shire Council Certification of Financial Statements For the Year Ended 30 June 2015

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.

Finance Manager : Tom Lovass, CPA



Location : Leongatha

Dated : 23 / 09 / 2015

In our opinion the accompanying financial statements present fairly the financial transactions of South Gippsland Shire Council for the year ended 30 June 2015 and the financial position of the Council as at that date.

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

We have been authorised by the Council on 23 September 2015 to certify the financial statements in their final form.

Councillor : Jeanette Harding



Location : Leongatha

Dated : 23 / 09 / 2015

Councillor : Nigel Hutchinson-Brooks



Location : Leongatha

Dated : 23 / 09 / 2015

Chief Executive Officer : Tim Tamlin



Location : Leongatha

Dated : 23 / 09 / 2015



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INDEPENDENT AUDITOR'S REPORT

To the Councillors, South Gippsland Shire Council

The Financial Report

The accompanying financial report for the year ended 30 June 2015 of the South Gippsland Shire Council which comprises the comprehensive income statement, balance sheet, statement of changes in equity, statement of cash flows, statement of capital works, notes comprising a summary of the significant accounting policies and other explanatory information, and the certification of the financial statements has been audited.

The Councillors' Responsibility for the Financial Report

The Councillors of the South Gippsland Shire Council are responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.

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

Auditor's Responsibility

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

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

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

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

Auditing in the Public Interest

Independent Auditor's Report (continued)


Independence

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

Opinion

In my opinion the financial report presents fairly, in all material respects, the financial position of the South Gippsland Shire Council as at 30 June 2015 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.

MELBOURNE
24 September 2015


for Dr Peter Frost
Acting Auditor-General



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