

SOUTH GIPPSLAND SHIRE COUNCIL

2017/18 Annual Report



*South Gippsland
Shire Council*

2017/18

Welcome

South Gippsland Shire Council is committed to transparent reporting and accountability to its community. This Annual Report provides a detailed account of Council's achievements, challenges and performance measures for the 2017/18 financial year.

In accordance with the Victorian *Local Government Act 1989*, all councils are required to present an Annual Report to the Minister of Local Government by 30 September each year.

This report also demonstrates the breadth of Council's operations and the diversity of services provided to the community. A copy of the report is available on Council's website at www.southgippsland.vic.gov.au

Council's Vision

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

Council's Commitment to the Community

As Councillors, we are committed to demonstrating leadership by working constructively together and with the organisation to achieve success.

Council's Values

As Council, we commit to:

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

You Asked - Council Delivered

Continue advocating for funding/grants to deliver significant projects we want – rehabilitate the Port Welshpool Long Jetty, revitalise Leongatha including the former railway precinct, work with us to improve the Korumburra centre streetscape and the Foster streetscape.

- Port Welshpool Long Jetty - Federal and State funding secured. Construction is underway.
- Advocating for Leongatha Revitalisation Project - Bair Street and Railway Precinct planning and consultation progressed.
- Five Priority Projects adopted by Council.
- Foster streetscape - project complete.
- Negotiating with VicTrack to secure rail corridor for Council's future uses.

We need more and better community facilities such as libraries, trails, equestrian, recreation and community spaces.

Korumburra Railway Station adopted as the preferred site for the Korumburra Community Hub - project planning is underway with support from the Korumburra Community Committee.

The *Paths and Trails Strategy* and the *Open Space Strategy* have been adopted ready for implementation.



Development of Arts and Culture Strategy has commenced, keep a focus on it going forward.

- An Arts Development Officer has been appointed and activities from the strategy are being implemented.
- A Council *Arts and Artefacts Collection Policy* was adopted in June 2018.

Our main townships are struggling, but don't forget about some of our smaller communities as there are things we need too.

Funding of \$227,645 was given to community groups to support local projects across the Shire.

A further \$34,490 was given to community groups in the form of emergency grants and \$26,005 was provided by Council from the small grants funding program.

\$2.4 million was spent on Black Spot road projects in Loch, Poowong, Toora, Wild Dog Valley, Leongatha North and Tarwin Lower.



You Asked - Council Delivered

The cost of living is escalating, improve the efficiency of your operations to minimise rate rises, keep rates affordable and reduce them where you can.

South Gippsland, Bass Coast, East Gippsland and Wellington Shire Councils have all endorsed objectives for phasing of the Shared Service Provision project aimed at reducing the administrative costs of all four councils in the future.

Further, South Gippsland Shire Council has been able to reduce costs to set the 2018/19 Annual Budget at an average 2 per cent rate increase, which is 0.25 per cent lower than the State Government Rate Cap of 2.25 per cent allowed.

Listen to what we are saying to you.

A total of 92 speakers took the opportunity to make 61 public presentations to Council with 154 people observing in the gallery. The livestreaming of Council meetings received 2,321 views.

These avenues provide the community with different opportunities to engage with Councillors and Council decision making.



Work with us and communicate more of what you are doing. Be more transparent in decision making.

Council established a *Community Engagement Strategy* and *Community Engagement Policy*, based on international best practice standards (IAP2 principles) which was scheduled to be adopted in July 2018.

Only four per cent of all Council resolutions were made in closed session; a significant reduction from 15 per cent in 2015/16 and seven per cent in 2016/17. These eight items were closed due to matters that prejudice the Council or any person, legal, contractual and/or personnel matters.

Build footpaths so we can get from place to place more safely.

Twelve footpath projects costing \$645,539 have been constructed in Foster, Poowong Mirboo North and Leongatha.

ADVOCACY

Council actively advocates on behalf of its community. It approaches other levels of government and other funding and support agencies to assist with projects that are of benefit to South Gippsland.

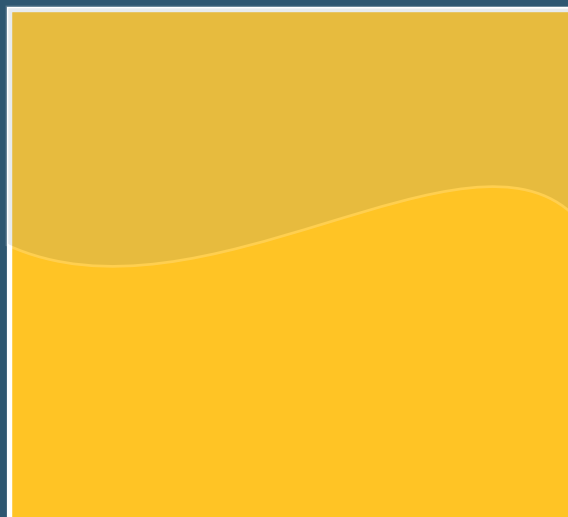
The nature of advocacy is that the results of the work do not generally come to fruition in the year that the advocacy took place. Over the past few years Council has successfully lobbied for projects listed below, totalling in excess of \$157M.

Black Spur South Gippsland Highway realignment	\$50.0M	Municipal Emergency Management Resourcing Program	\$360,000
Northern Towns Water Connection Project	\$43.0M	Venus Bay shared path	\$350,000
Loch, Poowong, Nyora sewerage connection	\$20.0M	Nyora Public Hall	\$340,000
Port Welshpool Long Jetty	\$10.8M	Powneys Road bridge	\$320,000
Karmai Community Children's Centre	\$5.2M	Leongatha Football Netball Club - outdoor Netball courts development	\$300,000
Leongatha Heavy Vehicle Alternate Route:	\$5.1M	Mirboo North Soccer Club lights	\$260,000
Great Southern Rail Trail Extension – Toora to Port Welshpool	\$2.9M	Fish Creek - netball courts	\$260,000
Bena Kongwak Bridge Reconstruction	\$2.1M	Leongatha Children's Centre upgrade	\$250,000
Great Southern Rail Trail Black Spur missing link	\$1.9M	Korumburra Bena Football Netball Club lights	\$240,000
Foster Streetscape Project	\$1.4M	Foster War Memorial Arts Centre	\$220,000
Strzelecki Highway overtaking lane (between Leongatha and Mirboo North)	\$1.3M	Leongatha Golf Club irrigation	\$220,000
Sandy Point Community Centre	\$1.3M	Nyora Recreation Reserve - oval development	\$210,000
Sealing of the remaining section of Grand Ridge Road at Trida	\$775,000	Yanakie Automated Weather Station	\$200,000
South Gippsland sustainability work and e-community	\$620,000	Arthur Sutherland (Welshpool) Recreation Reserve stadium floor upgrade	\$200,000
Toora Railway Park Reserve	\$500,000	Poowong netball court development	\$200,000
Ruby Arawata Road Bridge Reconstruction	\$470,000	Stony Creek Broiler Farm – road improvements	\$200,000
Poowong Pool refurbishment	\$450,000	South Gippsland Rural cricket facilities	\$197,000
Leongatha Skate Park	\$430,000	Meeniyen Mechanics' Institute	\$185,000
Yanakie Recreation Reserve	\$400,000	Agnes Falls Scenic Reserve - new rotunda and toilet block	\$180,000
Bridges Renewal Project - Allambie Estate	\$400,000	Leongatha Knights Soccer Club - lights and pitch upgrade	\$180,000
Corner Inlet Halls Network Redevelopment Project	\$377,000	TP Taylor Recreation Reserve - enhancement project	\$177,000

\$157M

Achieved

Waratah Bay Caravan Park Rotunda Development	\$160,000
Meeniyan Dumbalk United Football Netball Club - court redevelopment	\$160,000
Meeniyan Recreation Reserve - community play space	\$140,000
Korumburra Bowls Club	\$140,000
Supervised School Crossing - Fish Creek Primary School	\$120,000
Foster Football Club lights	\$120,000
Port Welshpool precinct Master Plan	\$120,000
Korumburra Training Centre of Excellence	\$110,000
Agricultural resilience and shared climate change opportunities in Southern Gippsland	\$107,000
Foster Flood Study	\$100,000
Stockyard Creek footbridge	\$100,000
Nyora shared pathway	\$100,000
Toora shared pathway	\$100,000
McIndoe Park Development Project	\$100,000
Korumburra Recreation Reserve Turf and Synthetic Wicket Development Project	\$100,000
Investigation into the impact of climate change on seawalls	\$89,500
Corner Inlet lookout	\$85,000
Coal Creek Feasibility Study	\$80,000
Leongatha public place recycling	\$70,000
Port Welshpool Public Jetty and Seawall Upgrade	\$50,000



Objective 1 Council Plan

Strengthen Economic Growth & Prosperity

2017/18 ACHIEVEMENTS

Council adopted the 2017/18 Priority Projects:

- » Leongatha Revitalisation Project;
 - » Great Southern Rail Trail Project;
 - » Korumburra Revitalisation Project;
 - » Mirboo North Pool Refurbishment;
 - » East/West South Gippsland Public Transport Study.
- Council endorsed the Korumburra Railway Yards as the preferred location for the Korumburra Community Hub in December 2017.
 - The *2018-2020 Economic Development and Tourism Strategy* adopted by Council in February 2018. This strategy aims to strengthen economic growth and prosperity within South Gippsland while attracting visitors and new residents.
 - *South Gippsland's Population Growth and Land Supply Study* adopted by Council in June 2018. This will support planning for any future economic growth in South Gippsland.
 - *South Gippsland Planning Scheme Review* adopted after seeking feedback from the community and submitted a copy to the Minister of Planning in June 2018.
 - Council endorsed the commencement of the development of a Venus Bay Activity Centre Plan with an associated funding allocation of \$35,000 in May 2018. This plan aims to strategically plan the township of Venus Bay, open space and infrastructure planning based on future population growth.
- Community consultation took place in January 2018 on the Port Welshpool Marine Precinct Plan. The plan aims to revitalise the region and township through foreshore enhancement and marina development. It will also provide important safety improvements to marine infrastructure.
 - Council resolved in June 2018 to seek authorisation from the Minister for Planning to prepare and exhibit a Planning Scheme Amendment based on the recommendations from the Extractive Industries (Sand) Report and exhibit the Amendment in accordance with the procedural requirements of the Planning and Environment Act 1987.
 - A number of preparation workshops were conducted with Councillors and staff in September to December 2017 on the *Community Vision*. Due to the proposed legislative changes to the new *Local Government Act*, the *Community Vision* has been placed on hold, until the new Act is passed by Parliament.

Advocacy

- The Economic Impact Assessment completed for Bair Street, Leongatha Priority Project. Council is actively advocating for the funding of this project with the up and coming State Election in late 2018.
- Grant application submitted to Sport and Recreation Victoria 2019/20 Community Sports Infrastructure Fund for \$50,000 for the Rail Trail Extension (Leongatha to Clyde) Planning project.
- Council's Mayor and Chief Executive Officer met with Hon. Russell Broadbent, Danny O'Brien MLA and Melina Bath MLC advocating South Gippsland Shire Council's Priority Projects.
- Council endorsed the Notice of Motion 'Advocate to the Minister for Planning and Minister for Health to address inconsistencies between the *Public Health and Wellbeing Act 2008* and the *Planning and Environment Act 1987* in relation to wind farm enforcement' to the Municipal Association of Victoria's (MAV) State Council in May 2018.
- Ongoing negotiations continue with VicTrack to secure the rail corridor between Leongatha and Nyora for Council's future use.

OBJECTIVE 1 2017-2021 COUNCIL PLAN 2017/18 ACHIEVEMENTS

COUNCIL PLAN OBJECTIVES

9

TARGET ACHIEVED OR
SIGNIFICANTLY PROGRESSED

1

TARGET NOT ACHIEVED

90%
COUNCIL PLAN
INITIATIVES
ACHIEVED/
PROGRESSED

5
STRATEGIES
ADOPTED
BY COUNCIL

26
AGENDA ITEMS
FOR COUNCIL
DECISION

12
PLANNING SCHEME
AMENDMENTS/
APPLICATIONS
OR PERMITS
FOR COUNCIL DECISION

77%
PLANNING
APPLICATIONS
DECIDED
WITHIN TIME FRAME

Objective 2 Council Plan

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

2017/18 ACHIEVEMENTS

- Council resolved to withdraw from the provision of Home and Community Care services on the proviso that a suitable alternative service provider is able to continue to provide services. When a new provider is identified Council will ensure the smooth transition of the high quality service.
- Council allocated \$5,000 in the 2018/19 Annual Budget to support community participation and collaboration in Leongatha; and to receive a report on 26 September 2018 outlining the extent of interest expressed by the Leongatha Community in establishing a new community collaboration and leadership structure.
- Continued planning for *An Age Friendly South Gippsland 2017-2021 Implementation Plan*.
- *South Gippsland Health and Wellbeing Plan 2017-2021* adopted in September 2017.
- *Paths and Trails Strategy 2017* adopted in May 2018. A number of amendments were made to the Strategy after 33 submissions were received from the community consultation process.
- Council adopted the new *Arts and Artefacts Collection Policy 2018*. The policy will provide direction for future acquisitions, disposal and identification of items no longer required or items which do not fit within a clear definition as art works or artefacts.
- A new Arts Development Officer appointed in November 2017.
- Council adopted the *Disability Action Plan 2018-2022* and will receive a report on implementation of the Plan prior to 30 June 2019.
- Council created a *Community Engagement Strategy* and the *Community Engagement Policy* in June 2018 which was scheduled to be adopted in July 2018.
- Council adopted the revised *Community Grants Program Policy 2018* and the revised *Community Grants Program Guidelines and Information 2018/19* in June 2018.
- Council allocated \$282,000 to refurbish the old Korumburra Kindergarten into the interim Library to assist with the development of the Korumburra Supermarket development.
- Council noted the progress to date of the review of the *Social Community Infrastructure Blueprint 2014-2029* in June 2018. The blueprint ensures that services and the associated infrastructure are planned and ready for future business and population growth. Of the nineteen community facility actions identified in the blueprint nine are ongoing, four are underway and one has been completed with five yet to commence.
- Council adopted the *Foster Pool Masterplan 2018*. The masterplan identifies opportunities to improve access into and around the pools, renew existing amenities and add accessible and family change spaces.
- Council resolved to increase the current budget allocation of \$347,382 for the Toora Swimming Pool by a further \$60,000 to a total of \$407,382 (ex. GST) and approved the award of contract for the Amenities Upgrade Stage One.

Advocacy

- 81 per cent of assessed grant applications submitted to State and Federal program funding were successful, above Council target of 30 per cent.
- \$227,645 approved application funding for the Community Grants Program.
- \$60,495 approved application funding for the Emergency and Small Grants Program.
- Funding applications successful from Creative Victoria for \$26,000.
- Submitted an application to the Department of Education and Training Children's Facilities Capital Program - 2018/19 Major Grants for Fish Creek Kindergarten Facility Upgrade Project.

OBJECTIVE 2 2017-2021 COUNCIL PLAN 2017/18 ACHIEVEMENTS

COUNCIL PLAN OBJECTIVES

10

TARGET ACHIEVED

1

TARGET

SIGNIFICANTLY PROGRESSED

100%
COUNCIL PLAN
INITIATIVES
ACHIEVED/
PROGRESSED

7
STRATEGIES
ADOPTED
BY COUNCIL

11
AGENDA ITEMS
FOR COUNCIL
DECISION

150
COMMUNITY
GRANT APPLICATIONS
RECEIVED

81%
APPLICATIONS APPROVED
BY STATE AND FEDERAL
GOVERNMENT FUNDING

\$288,140
PROVIDED IN
COMMUNITY
GRANT
FUNDING

31,001
HOURS IN
AGED &
DISABILITY
SERVICES

Objective 3 Council Plan

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

2017/18 ACHIEVEMENTS

- Council resolved to participate in a section 20(4) of the *Planning and Environment Act 1987* Ministerial Amendment coordinated by the Department of Environment Land Water and Planning, which seeks to introduce revised Infrastructure Design Manual provisions into the South Gippsland Planning Scheme.
- Progress continued on *South Gippsland's Sustainability Strategy 2016-2020*.
- Council adopted the *Significant Tree Register Planning Scheme* in June 2018 which aims to preserve and identify trees of importance to the community along with cultural heritage, history and biological diversity.
- *Domestic Animal Management Plan 2017-2021* endorsed by Council in September 2017. Council also resolved to undertake a community survey to determine the implementation of a cat curfew and dog leash order.
- Council endorsed the *2017 Tree Management Plan* in July 2017.
- Local Laws completed the first round of fire inspections across the municipality. Officers inspected almost 1,800 vacant parcels of land in the residential areas of South Gippsland, to ensure safety for residents.
- \$9.0M spent on road infrastructure, sealing, road reseal program, and road rehabilitation program.
- Council's Sustainability Team obtained a State Government grant of over \$50,000 to develop a detailed business case for a potential solar farm on Council owned land in Horn Street, Leongatha. South Gippsland, Bass Coast and Baw Baw Shire Councils will consider the viability of developing a medium scale renewable energy project with the potential to generate approximately 1,500 to 2,000 MWh of renewable energy annually.
- Council adopted to submit a pledge to the Sustainability Victoria TAKE2 Climate Change Action Pledge in December 2017. This commits all Victorian councils to reach net zero carbon emissions in Victoria by 2050 and helps to promote the social, economic and environmental viability and sustainability of the municipal district.
- Council voted to support the Mirboo North community campaign to protect its local forests; strongly oppose any logging as proposed by VicForests in three coupes of native forest near Mirboo North; write to the Premier and appropriate Ministers advising them of this and collaborate with the Preserve Our Forests Steering Committee to advocate to stop all VicForests logging in and around the Mirboo North area.

Advocacy

Council endorsed to submit the following grant applications and apply for funding from Sport and Recreation Victoria:

- Funding \$500,000 for the 2018/19 Female Friendly Facilities Fund for the Leongatha and District Netball Association (LDNA) Netball Courts Redevelopment project.
- Funding \$1,000,000 for the 2018/19 Better Indoor Stadiums Fund for the Foster Indoor Stadium Redevelopment project.
- Funding \$100,000 for the Poowong Football Netball Club – Netball Court Redevelopment project. Council adopted to allocate \$50,000 from the 2018/19 budget towards the project if the application is approved.
- Funding \$100,000 for the Fish Creek Football Netball Club - Netball Court Development upgrade. Council allocated \$120,000 from the 2018/19 budget towards the project as the application was approved.
- Funding \$100,000 for the Leongatha Gymnastics Facility Redevelopment Project.
- Funding \$250,000 for the Toora Pool Upgrade Project.
- Funding \$200,000 for the Mirboo North Active Play Baromi Park project.
- Funding \$125,000 for the Venus Bay skate Park.
- Funding \$30,000 for the Leongatha Recreation Reserve Precinct Master Plan.
- Funding \$250,000 for the Korumburra Recreation Reserve Change-room Redevelopment project.

OBJECTIVE 3 2017-2021 COUNCIL PLAN 2017/18 ACHIEVEMENTS

COUNCIL PLAN OBJECTIVES

7

TARGET ACHIEVED OR
SIGNIFICANTLY PROGRESSED

1

TARGET NOT ACHIEVED

88%
**COUNCIL PLAN
INITIATIVES
ACHIEVED/
PROGRESSED**

7
**STRATEGIES
ADOPTED
BY COUNCIL**

66
**AGENDA ITEMS
FOR COUNCIL
DECISION**

30

PROCUREMENT
TENDERS
THAT RESULTED
IN 56 CONTRACTS

12

AWARDED
CONTRACTS
FOR COUNCIL
DECISION

90%

OF CAPITAL WORKS
CIVIL PROGRAM
COMPLETED
VS. TARGET OF 80%

1,153^{km}

OF ROADSIDE WEED
SPRAYING
VS. TARGET
OF 200KM

Objective 4 Council Plan

Enhance Organisational Development & Implement Governance Best Practice

2017/18 ACHIEVEMENTS

- Council adopted the Annual Budget 2018/19, containing the Annual Plan Initiatives and the Long Term Financial Plan, in accordance with the *Local Government Act 1989*.
- Final projections for the next financial year, resulted in a total budgeted expenditure of \$63.2M with expenditure on a capital works program of \$23.4M.
- The 2018/19 Capital Works Program is \$0.7M higher than allocated in 2017/18.
- Council adopted the *Rating Strategy 2018/19* in accordance with the *Local Government Act 1989* including the Declaration of Rates and Charges.
- The Revised Council Plan 2017-2021 was adopted by Council in June 2018. Three additional strategies have been included;
 - Undertake a coastal study to explore opportunities for developing the Shire's coastal areas, while still protecting the coastline environment.
 - Review and update recreation, aquatic and the paths and trails strategies.
 - Develop and implement a Youth Strategy to determine the needs of young people and assist them to have a voice regarding matters that affect them.
- Council endorsed the objectives and phases of the Gippsland Local Government Network (GLGN) Shared Services project initiative in June 2018. The primary objective is to remove duplication, cost and bureaucracy while improving service delivery, efficiency and innovation for Local Government. Operating together, the participating councils will be able to take advantage of digital and service opportunities in ways they could not sustain individually.
- Council resolved to notify the Valuer-General Victoria that South Gippsland Shire Council will continue the in-house service and not enter into the Valuer-General centralisation service until 30 June 2022. It advantages Council both financially and in terms of service delivery to keep the current service model in place. The current service delivery model projects a saving of \$16,338 over the next four years compared to centralised rate valuations.
- 2018 Community Satisfaction Survey conducted which advised that close to half of residents are satisfied with Council's overall performance, giving a rating of six or more out of ten. General feedback from all residents highlights their concern regarding rates, roads, rubbish collection and recycling and the reputation of Council.

Openness

- A decrease of eight Council resolutions were held in closed session compared to 15 Council resolutions in the previous year.
- There were 61 public presentations and 92 speakers presented to Council, while 154 people attended in the gallery.
- The number of views for live streaming of Council meetings was 2,321.
- Councillor attendance at Ordinary Meeting of Council was 98 per cent.
- Councillor attendance at Special Meetings of Council was 73 per cent.
- Community drop-in sessions for the Council Plan and the proposed 16 new initiatives for 2018/19 were held in February 2018 in Leongatha, Mirboo North and Foster to seek community feedback. This provided an opportunity for community members to have a say and make an impact on what Council aims to achieve over the next twelve months.

OBJECTIVE 3 2017-2021 COUNCIL PLAN 2017/18 ACHIEVEMENTS

COUNCIL PLAN OBJECTIVES

6

TARGET ACHIEVED

1

TARGET

SIGNIFICANTLY PROGRESSED

100%
COUNCIL PLAN
INITIATIVES
ACHIEVED/
PROGRESSED

8
STRATEGIES
ADOPTED
BY COUNCIL

24
AGENDA ITEMS
FOR COUNCIL
DECISION

195

AGENDA ITEMS
FOR COUNCIL
DECISION IN TOTAL

2%

RATE CAPPING INCREASE
VS. STATE GOVERNMENT
RATE CAP OF 2.25%

\$63.2M
ANNUAL
BUDGETED
EXPENDITURE
FOR 2018/19

\$23.4M
BUDGETED
CAPITAL WORKS
EXPENDITURE
FOR 2018/19

Our Challenges

- Continuing Council's focus on improving productivity and achieving efficiencies within a constrained financial environment with reduction of revenue arising from a rate capped environment.
- Competing with other regional councils for State/Federal Government grant funding for Council projects.
- Continuing cost savings initiatives, by pursuing shared service arrangements and streamlining service delivery.
- Developing a new Rating Strategy that will establish a fair and reasonable distribution of the rate burden across all property owners.
- Preparing for a new *Local Government Act*, that will require resources allocated to meet the new provisions set within the transitional time frame.
- Providing the level of support necessary to assist with Section 86 Committee responsibilities.
- Managing the community's expectations of funding for new infrastructure, as higher service levels are sought from Council but income streams are constrained and grant streams are reduced.
- Knowledge and management of non-Council assets on Council land.
- Costs associated with managing a large property and aged building portfolio.
- Managing social media and communications.
- Planning for the digital environment.
- Adapting to meet the challenges associated with climate changes.
- Planning for the reduction of *Roads to Recovery Funding* from 2017/18 onwards.
- Improving the community's perceptions of Council.



Our Future

- The organisation has been restructured to position itself for the future. The better use of technology to support service delivery is a key element aimed at increasing the efficiency and effectiveness of service delivery.
- Council is using a 'Value Stream Mapping' process to improve efficiencies and productivity. This project will work towards improving connectivity between systems within Council.
- The future funding of the Home and Community Care Service by the Federal Government has been reviewed. Council will need to manage the transition required to respond to the government changes planned for this service.
- Slight but steady population growth is expected in future years for the Shire. The Nyora and Korumburra areas are anticipated to have the highest levels of growth now that reticulated sewerage is provided in Nyora and rezoning and subdivision occurring in both towns. The 2016 ABS Census assists with understanding projected population growth in these towns.
- A number of the Gippsland Local Government Network member councils are working towards a shared services model, commencing with various administrative functions, as a means of increasing efficiencies for each member Council. South Gippsland, Bass Coast, East Gippsland and Wellington Shire Councils have all committed to participate in the agreement. Progress on the arrangements will continue in 2018/19.



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SECTION 1 OVERVIEW

1.1

MESSAGE

TO THE MINISTER FROM THE MAYOR

Dear Minister,

I commend this report to you. The Annual Report on the activities of South Gippsland Shire Council for 2017/18 is a fitting record of the past year. It has been a difficult 12 months in many ways, so being able to reflect on some of the highlights contained in this report is a good reminder of what has been achieved.

The 2017/18 year saw the Anderson Street component of the Leongatha Revitalisation completed and more work undertaken in terms of getting community feedback on Bair Street and the old railway site.

The Foster Streetscape project was completed in 2017/18 with improvements to the main street of Foster, including parking, road surfacing, street crossings, footpaths, plantings, street furniture and an undercover walkway.

Work is well underway on the reconstruction of the Port Welshpool Long Jetty rehabilitation, with the project looking to come in under budget and on time. At this stage consideration is being given to using the remaining budget for additional necessary works, which may push the completion date back to early 2019.

Much of the community consultation on the Korumburra Community Hub is now complete, with planning for incorporating the old railway station into the designs to be undertaken in 2018/19.

I would like to take this opportunity to thank you for providing us with the assistance and oversight of the Municipal Monitor, Mr Peter Stephenson. As I alluded to earlier, as a group we have at times struggled to find a sense of common purpose and collegiality. The Monitor will provide us with the necessary guidance and support to ensure that our governance processes and decision making are beyond reproach.

While acknowledging some of our difficulties, I would like to commend businesses, community members, community groups and Council officers who have all worked towards to improving the liveability and amenity of South Gippsland regardless of what's been going on at Council. I speak on behalf of all Councillors when I thank the officers for their commitment and support. I look forward to working productively with them over the second half of our term.



Cr Lorraine Brunt
Mayor
South Gippsland Shire Council

MESSAGE

TO THE MINISTER FROM THE CEO

Dear Minister,

The last twelve months has seen us deal with something unprecedented in the history of the South Gippsland Shire Council: the appointment of a Municipal Monitor to oversee the activities of Council.

As Chief Executive Officer I am proud of the manner in which the organisation has continued to support the Councillors, regardless of any perceived difficulties in the political arm of the organisation. Without exception officers continue to maintain their professional integrity, ensuring that Council decisions are implemented quickly and efficiently.

While the 2017/18 financial year has seen the culmination of projects such as the Foster Streetscape, the Anderson Street town entrance in Leongatha and much of the work towards rebuilding the Long Jetty at Port Welshpool, I think that many of the most exciting projects are still in the planning stages. In that number I would include the Great Southern Rail Trail extensions, the Mirboo North Pool refurbishment, the Korumburra community hub and the rest of the Leongatha Revitalisation project.

Council is also committed to improving the gender gap by hearing about and understanding the personal experiences and the impacts of gender inequity on both women and men in our organisation. This year Council implemented gender equity workshops to facilitate these discussions and Council staff added a gender equity banner to their emails to demonstrate their support.

Overall, this year we have delivered on 94 per cent of the committed 2017/18 Annual Initiatives and Council Plan indicators. The dedicated efforts of Councillors, staff, volunteers and community members have contributed to achieving these great outcomes for all the people who live in and visit South Gippsland.

At the end of June 2018, Council's financial position remains strong with more than \$528M of community assets under Council's stewardship. The operating result of \$7.50M is stronger than the budgeted \$5.86M, due primarily to the timing of the receipt of grant payments from the Victorian Grants Commission. Council's underlying operating income and expenditure were within 105 per cent and 97 per cent respectively of the Annual Budget adopted in June 2017. Council's Long Term Financial Strategy forecasts continued surpluses over the next 15 years, providing a sustainable level of funding for the refurbishment and replacement of community assets.

I would like to take the opportunity to acknowledge the terrific South Gippsland Shire Council staff and volunteers who have worked towards delivering our Council's vision and providing excellent service to our community.



Tim Tamlin
Chief Executive Officer (CEO)
South Gippsland Shire Council

1.2

2017/18 OUTCOMES

**19,598**

rateable properties

**\$7.7M**

Capital Improved Value

**\$288,140**in community
grant funding**17,770**

Customer Action Requests

**4,122**

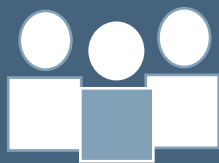
tonnes of waste

**4,276**tonnes of recyclables and
green waste collected**155,591**visits to aquatic
facilities**2,091 km**of sealed and unsealed
roads maintained**429**planning
decisions made



208,990

library collection
loans



124,187

visits to libraries



4,977

active library
members



302

birth notifications
received

37,588

Aged & Disability Services

Number of Hours

- > 16,157 Domestic Assistance
- > 9,056 Community Transport
- > 4,533 Personal Care
- > 3,664 Assessment
- > 3,177 Respite
- > 1,001 Property Maintenance



1,253

children enrolled for
Maternal Child & Health



7,442

animals registered

3,070

number of vaccinations
provided

- > 477 0-6 years old
- > 1,935 7-18 years old
- > 182 19+ years old
- > 476 Flu Program

94%

immunisation average rate
for children 0-6 years

- > 93.3% 12 - < 15 months
- > 92.7% 24 - < 27 months
- > 95.3% 60 - < 63 months



10,747

meals on wheels
delivered



674

number of Food Premises
registered



KINDERGARTEN
Registration

349

kindergarten children
enrolled

FINANCIAL OVERVIEW

FINANCIAL OVERVIEW

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

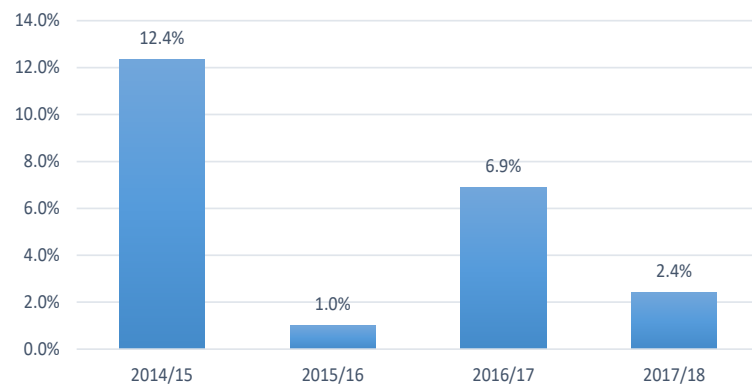
Operating Position

Council achieved a surplus of \$7.50M in 2017/18. This surplus continues on from a strong surplus from the prior year of \$12.86M, with both years benefitting from the Australian Accounting Standard requirement to recognise Victorian Grants Commission allocations in the year that they are received rather than the year to which they relate, with 50 per cent of the 2018/19 allocation received in advance and recognised in 2017/18 and an additional 50 per cent recognised in 2016/17.

The adjusted underlying surplus of Council, after removing non-recurrent capital grants, cash capital contributions and non-monetary capital contributions, is a surplus of \$1.53M or (2.4 per cent) when compared to adjusted underlying revenue.

The ratio is a slight decrease to the prior year result of 6.9 per cent. Again, this indicator is impacted by the Australian Accounting Standard requirement to recognise grant income as revenue when Council receives the grant. Sustaining an adjusted underlying surplus is a critical financial strategy that provides capacity to renew over \$500M of community assets under Council's control.

Adjusted Underlying Result Ratio %

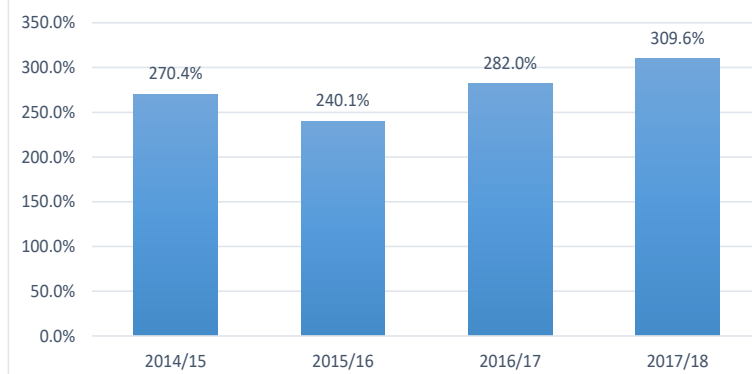


Liquidity

Cash (this includes 'cash and cash equivalents' and 'other financial assets') has increased by \$3.4M from the prior year. The working capital ratio which assesses Council's ability to meet current commitments is calculated by measuring Council's current assets as a percentage of current liabilities.

Council's result of 310 per cent (282 per cent in 2016/17) is an indicator of a satisfactory financial position and within the expected target band of 100 per cent to 300 per cent.

Working Capital Ratio %

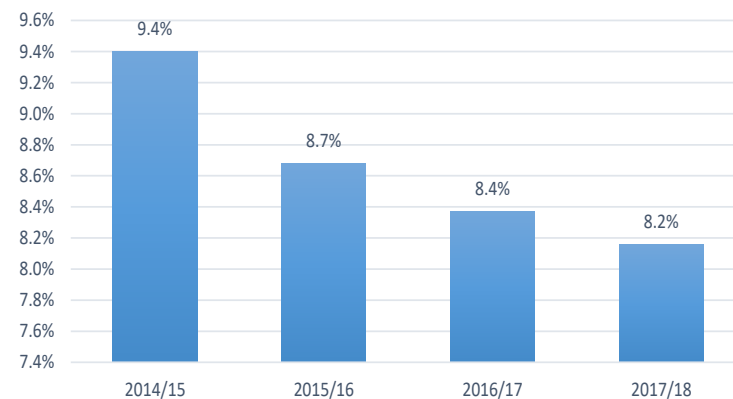


Obligation

Council aims to ensure that it is able to maintain its infrastructure assets at the expected levels, while at the same time continuing to deliver the services needed by the community. To bridge the infrastructure gap, Council invested \$10.27M in renewal works during the 2017/18 year.

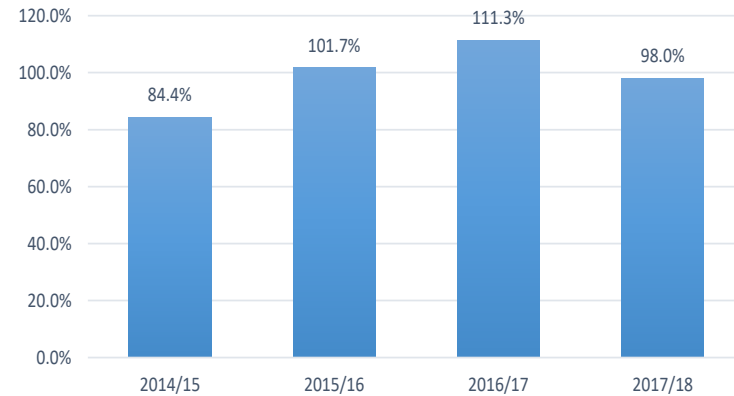
At the end of the 2017/18 year, Council's debt ratio which is measured by comparing interest bearing loans and borrowings to rate revenue was 8.16 per cent which indicates that Council has no concern over its ability to repay debt.

Loans and Borrowings Ratio %



Council's asset renewal ratio, which is measured by comparing asset renewal expenditure to depreciation, was 98 per cent, which is within the expected target band of 90 per cent to 110 per cent.

Asset Renewal Ratio %

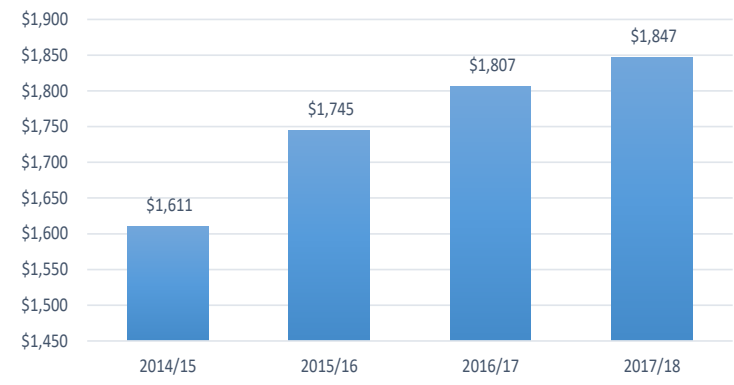


Stability and Efficiency

Council raises revenue through provision of a range of services including rates, user fees, fines, grants and contributions. Council's rates concentration which compares rate revenue to adjusted underlying revenue was 65 per cent for the 2017/18 year which is in the mid-range of the expected target band of 40 per cent to 80 per cent.

The average rate per residential assessment is \$1,847 including both the rates and the garbage/waste charge.

Average Rate per Residential Assessment \$



ECONOMIC FACTORS

Council was faced with a financial challenge following the introduction of the State Government's 'Fair Go Rates System', which capped Council rates to the rate of inflation commencing with the 2016/17 Annual Budget. Through careful review and management of resources, Council established the 2017/18 Annual Budget within the confines of the rate cap without needing to seek an exemption from the Minister.

Throughout the course of the financial year Council's actual financial performance has been managed by comparing year-to-date actual performance with the year-to-date budgets and monitoring the impacts of changes made to projections and longer term ramifications. Council's careful management of resources has resulted in an end of year position that has enabled Council to set a Budget lower than the rate cap.

MAJOR CHANGES

The significant change in Councillors at the 2016 elections created various challenges for them as a Council, one of which was developing and adopting a new Council Plan within seven months. Throughout 2017/18 the Council has taken more time to reflect on, and add context to, the strategic directions established in the 2017-2021 Council Plan. Council was pleased to be able to adopt a Revised 2017-2021 Council Plan in June 2018 that contained refinement to Council's original strategic directions and add a few additional strategies arising from gaps identified in community engagement activities.

Council has actively participated in the review of the *Local Government Act* led by the State Government. The future of Victorian councils will be governed by the new Act when it is passed by State Parliament. The impacts of this new legislation will likely impact Council in the 2018/19 financial year.

In 2017/18 Council commenced, then placed on hold, development work on a new *Community Vision* for the Shire. This is expected to be a requirement for the next Council elected in 2021. Council considered it best to place the activity on hold, rather than utilise resources this year, then need to repeat the process in a few years' time.

DESCRIPTIONS OF OPERATIONS

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

This broad range of community services and infrastructure for residents supports the wellbeing and prosperity of South Gippsland's community. Council's vision, strategic objectives and strategies to further improve services and facilities, are described in the 2017-2021 Council Plan and the associated Annual Budget 2017/18 which is reported on in this document. Refer to the section on 'Reporting' 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 Victorian and Federal legislation.

Council adopted a Revised Council Plan 2017–2021 in June 2018 with which future reporting will be aligned.

MAJOR CAPITAL WORKS

Bridges

Two projects

\$1.08M spent including:

- Bena Kongwak Road Bridge
 - Construction of a new bridge and associated road realignment works over the dis-used rail line.
- Powneys Road, Pound Creek Bridge
 - Replacement of this bridge as it was in poor condition.

Buildings

Five projects

\$391K spent including:

- Foster Basketball Stadium
 - Design work to provide a compliant basketball court, gym program room, changerooms, and other facilities.
- Franklin River Reserve Toilet
 - Construction of a new toilet amenity.
- Mirboo North Hall
 - Upgrade of the toilet amenities.
- Leongatha Memorial Hall
 - Upgrade of the toilet amenities.
- Main Office Air-conditioning
 - Installation of two new air-conditioning units.

Community

Three projects

\$602K spent on projects under the Community Capital Works Allocation Program including:

- Korumburra Recreation Centre
 - Construction of carpark and supply of equipment including tables, chairs, and trolleys. Final carpark asphalt to be completed in 2018/19.
- Couper Street, Mirboo North
 - Construction of a new footpath.
- Foster Recycled Water
 - Construction of new pipeline for distribution of recycled water from Foster Treatment Plant to the Foster Showgrounds and Foster Golf Club. Storage tanks to be installed in 2018/19.

Carparks

One project

\$400K spent including:

- Meeniyan Commons
 - Construction of a carpark at the rear of the shops in Meeniyan adjacent to the Great Southern Rail Trail. Completed with Black Spur (Great Southern Rail Trail) remaining funds.

Culverts & Drainage

Two projects

\$155K spent including:

- Culvert
 - Bechers Road, Welshpool
- Drainage
 - Queen Street, Loch

Footpaths

Eleven projects

\$608K spent including:

- Footpath Extensions
 - Hassett Street, Leongatha
 - Ranceby Road, Poowong
 - Jumbunna Road, Korumburra
- Footpath Renewals
 - Ferrier Street, Korumburra
 - Howard Street, Leongatha
 - Jumbunna Road, Korumburra
 - William Street, Korumburra
 - Ogilvy Street, Leongatha
 - Reserve Street, Port Franklin

Guardrails

Two projects

\$108k spent including:

- Canavans Road, Leongatha North
- Mardan Road, Koorooman

Playgrounds

Four projects

\$100k spent with installation of new playground equipment at:

- Welshpool Kindergarten
- Foster Recreation Reserve
- Poowong Recreation Reserve
- Fishermans Jetty, Venus Bay

Recreation

Six projects

\$952K spent including:

- Nyora Recreation Reserve
 - Oval development.
- Leongatha Golf Club Irrigation
 - Installation of automated irrigation system for the 18 course tees and greens including pump.
- Arthur Sutherland Recreation Reserve, Welshpool
 - Stadium floor upgrade.
- Leongatha Football/Netball Club
 - Construction of two netball courts including lighting and shelter.
- Korumburra Showgrounds
 - Reconstruction of access roads including improved drainage.

Roads

Over 100 projects

\$9M spent including:

- Main Street, Foster Streetscape
 - Full street reconstruction between Pearl Park and Station Road, including new asphalt road pavement, drainage, kerb and channel, footpath, and street furniture. The works included the laneway project between Main Street and the carpark behind the Foster hotel.
- Bair Street, Leongatha Streetscape
 - Design completed.
- Anderson Street, Leongatha
 - Construction of the service road at the Melbourne town entrance to Leongatha including associated South Gippsland Highway pavement widening works.
- Hudsons Road, Korumburra South
 - Sealing of 3.1km of the unsealed section.
- Hanily Street, Meeniyan
 - Completed with Black Spur (Great Southern Rail Trail) remaining funds.

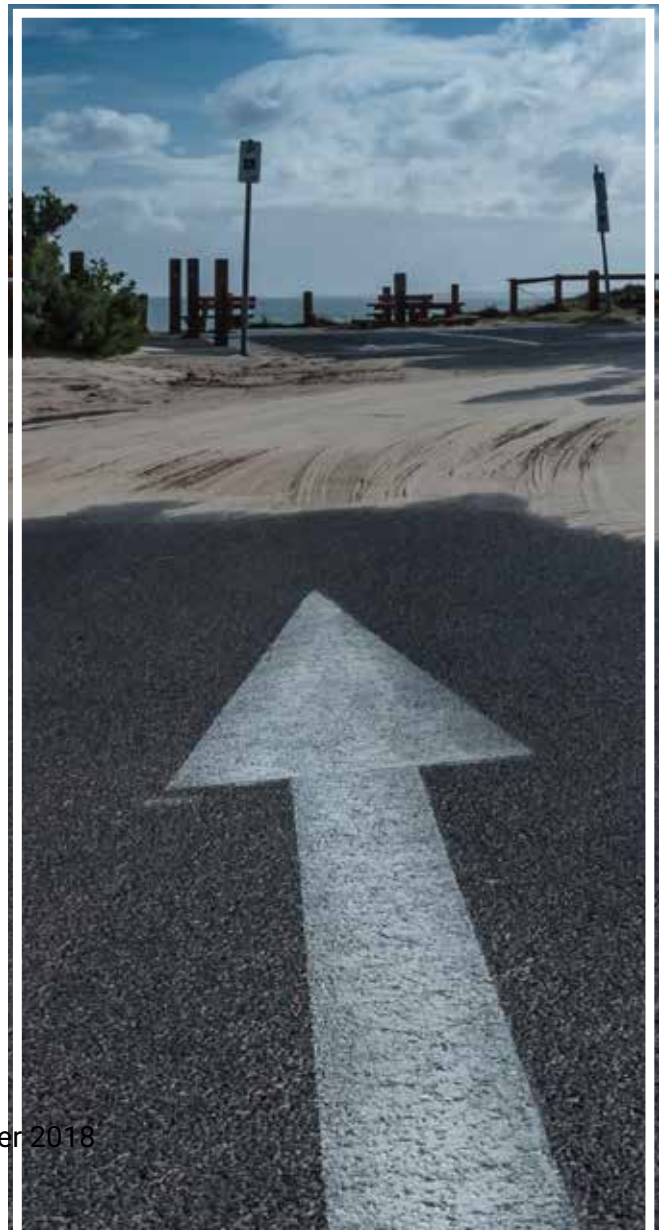
- Road Rehabilitation Program
 - Main South Road, Poowong
 - Falls Road, Fish Creek
 - Grip Road, Toora
 - Mount Eccles Road, Mount Eccles
 - Patersons Road, Nyora
 - Hawkins Street, Korumburra
- Blackspot Projects
 - Farmers Road, Dumbalk
 - Old Thorpdale Road, Mirboo North

Swimming Pools

Two projects

\$364K spent including:

- Poowong Pool
 - Change-room upgrade
- Mirboo North Pool
 - Refurbishment design



1.5 COMMUNITY GRANT FUNDING

South Gippsland Shire Council's Community Grants Program supports community initiatives that enhance the quality of life, heritage, recreation and cultural opportunities for South Gippsland residents.

All applications were assessed under programs and categories listed below:

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

150

APPLICATIONS RECEIVED

\$288,140

IN COMMUNITY GRANT FUNDING

COMMUNITY GRANT FUNDING - ROUND 1

TOTAL \$122,345

ROUND ONE Organisation	Project Details	Approved Funding (\$)
Leongatha Auskick	Leongatha Velodrome Common Pavillion Development (Stage 2)	\$10,000
Leongatha Cycling Club Incorporated	Leongatha Velodrome Upgrade	\$9,500
Leongatha Lyric Theatre Incorporated	Mesley Hall Stage Rebuild	\$9,000
Meeniyen Art Gallery	Development of the Meeniyen Art Gallery Business Plan	\$8,200
St Paul's Catholic Social Club	Mirboo North Italian Festa	\$8,000
The Country Women's Association of Victoria Inc.	CWA State Creative Arts Exhibition	\$7,500
South Gippsland Specialist School	Performing Arts Project	\$7,000
South Coast Boardriders Incorporated	South Coast Boardriders Storage Facility	\$5,800
Bena Tennis Club Incorporated	Bena Tennis Court Upgrade	\$5,000
Fish Creek Tea Cosy Festival	Fish Creek Tea Cosy Festival	\$5,000
Jeetho Hall Incorporated	Side Access Lane for Jeetho Hall	\$5,000
Leongatha and District Netball Association	Business Plan for Redevelopment detailed design plans	\$4,900
Poowong Recreation Reserve Committee	Track Upgrade	\$4,000
Lions Club of Leongatha	Lions Centenary Project - shelter, table and seats	\$3,500
Meeniyen Bowls Club Incorporated	Bowling Ahead @ Meeniyen (Stage 2)	\$3,500

ROUND ONE Organisation	Project Details	Approved Funding (\$)
Mirboo Recreation Reserve Incorporated	Pavilion revamp / BBQ replacement	\$3,500
Mirboo North Arty Gras Festival Committee	Mirboo North Arty Gras Festival	\$3,000
Foster Chamber of Commerce and Industry Incorporated	Celebrating Foster's New Streetscape	\$2,500
The Great Southern Star Eisteddfod	Relaunch of the Great Southern Star Eisteddfod	\$2,500
South Gippsland Gemstone and Lapidary Club Incorporated	Silver Smith Short Course	\$2,400
Sandy Point Community Group Incorporated	Beach Access - Wheelchair	\$2,200
Koonwarra / Leongatha RSL Cricket Club Incorporated	Koonwarra / Leongatha RSL Cricket Club Construction of Storage Shed	\$2,000
Parkrun Incorporated	Koonwarra Parkrun	\$2,000
U3A Mirboo North and District	U3A Mirboo North Membership Drive 2018	\$2,000
Mirboo North Senior Citizens Centre Incorporated	Installation of overhead projector at the Baromi Centre	\$1,500
Sandy Point Music Club	Festival of Small Halls	\$1,500
Foster Chamber of Commerce and Industry Incorporated	Foster Streetscape Banners	\$1,345

COMMUNITY GRANT FUNDING - ROUND TWO

TOTAL \$105,300

ROUND TWO Organisation	Project Details	Approved Funding (\$)
Foster Arts, Music and Drama Association	Retractable Seating	\$10,000
Koonwarra Recreation Committee Incorporated	Koonwarra Recreation Reserve Landscape Plan Development	\$10,000
Outtrim Moyarra Kongwak Cricket Club	Storeroom Extension to Cricket Clubrooms	\$10,000
Mirboo North Golf Club	Golf Course Irrigation Infrastructure	\$9,000
Stockyard Gallery	Flooring Replacement and Upgrade	\$7,000
Walter J Tuck Reserve	Hard Hose Irrigator and Pipe Extension	\$7,000
Mirboo North Playgroup and Toy Library	Nature Playground	\$6,000
Leongatha Chamber of Commerce and Industry	Leongatha Daffodil and Street Festival	\$5,000
Leongatha Senior Citizens Centre	Senior Citizens Week	\$5,000
Loch Public Hall Incorporated	Concrete sealing of carpark and crossover at Loch Public Hall	\$5,000
Nyora Recreation Reserve Committee Incorporated	Design and Specifications for Proposed Social Club and Change Rooms	\$5,000
Korumburra Cricket Club	Replace Cricket Wicket	\$4,000
Leongatha Croquet Club Incorporated	Croquet Club Interior Upgrade	\$4,000

Organisation	Project Details	Approved Funding (\$)
Leongatha Community Preschool Centres Incorporated	Solar System Allora Kinder	\$4,000
Poowong Community Consultative Committee Incorporated	Barbeque Shelter Extension and Community Logo Board	\$3,500
Manna Community Garden	Water Saving Disability Garden Beds	\$2,500
Welshpool and District Advisory Group Incorporated	Carpet Replacement	\$2,500
Leongatha Painters Group (A Branch of Leongatha Arts and Craft Society)	Pop up Art Exhibition	\$2,000
Sandy Point Community Group Incorporated	Defibrillator Cabinet	\$1,800
Berrys Creek Hall Committee	Laptop	\$1,000
Loch and District Bowling Club	New Scoreboards / New dual fuel stove/oven	\$1,000

EMERGENCY GRANTS PROGRAM

TOTAL \$34,490

Organisation	Project Details	Approved Funding (\$)
Nautilus Theatre	A Criss-Cross Christmas	\$5,000
Fish Creek Hall	Replacement for lintels over the windows on the western side of the Supper Room	\$5,000
Foster Chamber of Commerce	Great Victorian Bike Ride	\$4,000
Korumburra Amateur Swimming Club	Replace Air Heater	\$3,600
Korumburra Gun Club	High Performance Training Program	\$3,500
Tarwin Lower Recreation Reserve Committee	Concept Designs for the Tarwin Lower Recreation Reserve Change Room Facilities	\$3,465
Leongatha Senior Citizens Centre Incorporated	Seniors Week Event in each of the Major Towns in South Gippsland Shire	\$2,800
Prom Coast Arts Council Incorporated	Tea Trees Talking	\$2,000
Leongatha Senior Citizens Centre Incorporated	Install new projector	\$1,800
Fish Creek Football and Netball Club	Replace Refrigerator	\$1,785
Korumburra Business Association	Christmas Decorations	\$1,540

SMALL GRANTS PROGRAM**TOTAL \$26,005**

Organisation	Project Details	Approved Funding (\$)
Friends of Coal Creek Incorporated	Event - Trevor Keilar Night	\$1,000
Korumburra Amateur Swimming Club	Hot Water Service	\$1,000
Mount Eccles Mechanics Institute Incorporated	Garden Shed	\$1,000
Leongatha Knights Football Club	Uniform Upgrade	\$1,000
Koonwarra Village School	Traffic Speed Safety Project	\$1,000
Leongatha Historical Society	Shingler Annual Dinner	\$1,000
Allambee South Community Centre	Gravel for Driveway	\$1,000
Fish Creek Community Garden and Buckley Park Community Farm	Solar Powered Pressure Pump	\$1,000
Manna Gum Community House	Paint the Park	\$1,000
Loch Public Hall Incorporated	Defibrillator Purchase	\$1,000
Toora Community Action Team	Sagasser Park Rotunda Refurbishment	\$1,000
Boo Events	Christmas in the Boo - Kids Zone	\$1,000
Mt Best Community Hall Incorporated	Mt Best Short Film Festival	\$1,000
Tarwin Valley Campdraft Club Incorporated	Multi Purpose Shed - Concrete Floor	\$1,000
Prom Coast Arts Council Incorporated	History and Indigenous Study Performances at Local Schools	\$990
Resubmission - South Gippsland Concert Band Incorporated	Replace Bass Drum	\$950
Mirboo North Playgroup	Reclaiming the Leader Within	\$850
Meeniyar Art Gallery	Portable PA System	\$800
Corner Inlet Pony Club Incorporated	Upgrade Refrigerator	\$800
Korumburra Italian Social Club	Italian Social Event	\$750
Manna Gum Community House	Giant Puppets	\$700
Sandy Point Music Club	Purchase Lighting Equipment	\$665
Leongatha Lyric Theatre Incorporated	Equipment for Musical Annie	\$650
Sandy Point Music Club	Christmas Carols	\$650
Meeniyar Art Gallery	Computer Equipment	\$600
Sandy Point Community Group Incorporated	Carols with Greg Champion	\$580
Korumburra Showground Amenities	Upgrade Microphone	\$550
Korumburra Probus Club	Replacement Microphone	\$550
Fish Creek Community Garden	Funding for Two Representatives to Attend a One Day Workshop	\$520
Allambee South Community Centre	Health, History and Safety	\$450
Toora RSL Sub Branch	Commemorative Plaques	\$350
TP Taylor Reserve	Sandy Point Annual Art Show	\$300
Allambee South Community Centre	Fire Grate	\$300


1.6 SHIRE AT A GLANCE

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

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

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

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


 Agenda - 24 October 2018

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

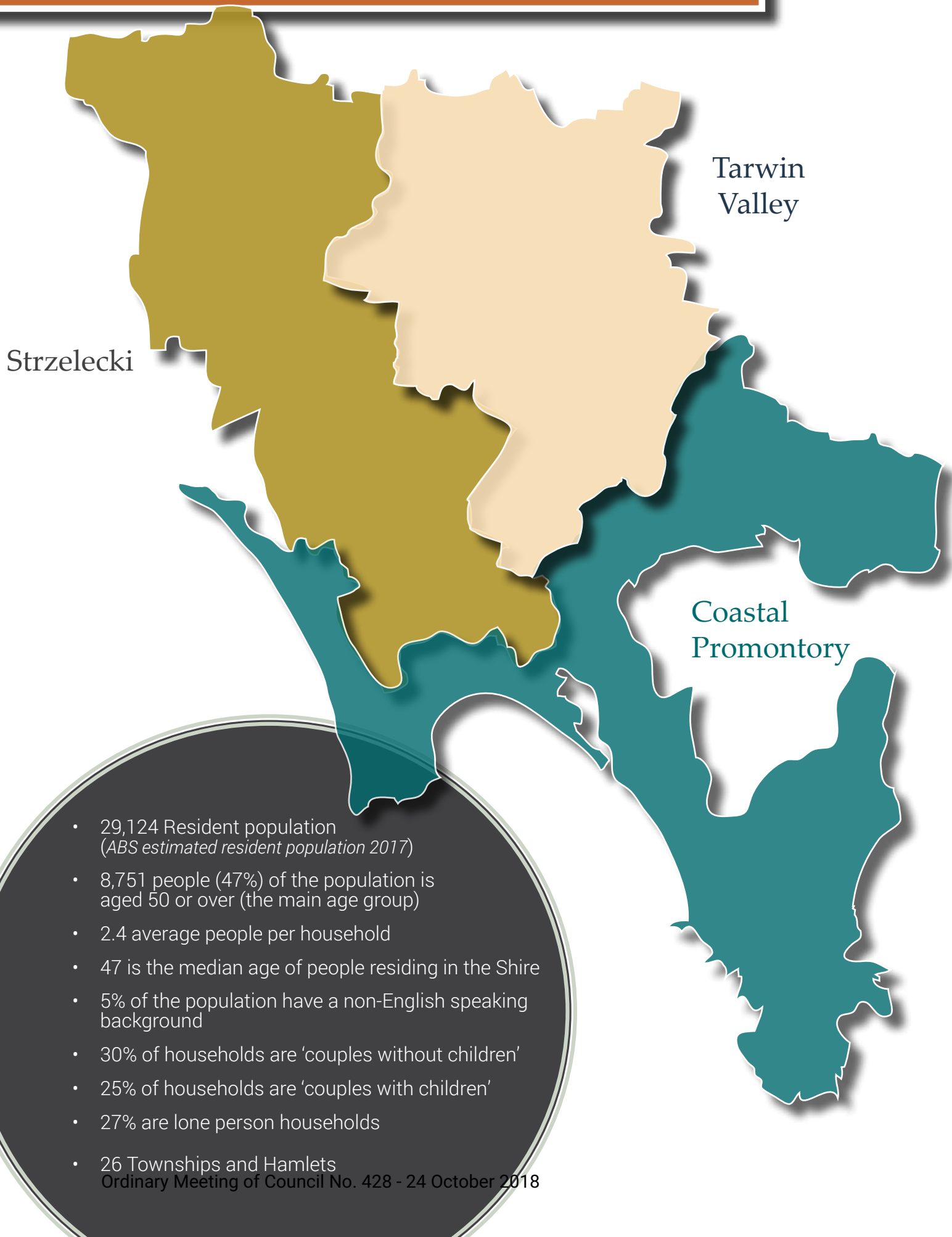
The major towns in South Gippsland are Leongatha, Korumburra, Mirboo North and Foster. Other townships include Dumbalk, Fish Creek, Loch, Meeniyar, Nyora, Poowong, Port Welshpool, Sandy Point, Tarwin Lower, Toora, Venus Bay and Welshpool. There are also a number of other smaller rural hamlets.

Council Offices

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

Telephone: (03) 5662 9200
Fax: (03) 5662 3754
Email: council@southgippsland.vic.gov.au
Website: www.southgippsland.vic.gov.au
Facebook: www.facebook.com/southgippslandshirecouncil
Hours: 8:30am – 5:00pm Monday to Friday

Snapshot of Council



PURPOSE

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

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 was refined in 2015 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 as 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, with consideration of the sustainability of nature, plant and animal life.
- Sustainable economic growth.
- Coordinated health services.
- Youth who are valued and participate in the community.
- A sustainable agricultural industry, including direct and indirect support for businesses.
- A sustainable thriving tourism industry.

Agenda - 24 October 2018



1.7 COUNCILLORS

Coastal Promontory Ward



CR RAY ARGENTO

ELECTED: 2016

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EMAIL: ray.argento@

southgippsland.vic.gov.au



CR JEREMY RICH

ELECTED: 2016

TELEPHONE: 0419 967 376

EMAIL: jeremy.rich@

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CR ALYSON SKINNER

ELECTED: 2016

TELEPHONE: 0427 250 723

EMAIL: alyson.skinner@

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Strzelecki Ward



CR AARON BROWN

ELECTED: 2016

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CR LORRAINE BRUNT

ELECTED: 2012

TELEPHONE: 0419 199 673

EMAIL: lorraine.brunt@

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CR ANDREW MCEWEN

ELECTED: 2012

TELEPHONE: 0488 242 478

EMAIL: andrew.mcewen@

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Tarwin Valley Ward



CR MEG EDWARDS

ELECTED: 2016

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CR DON HILL

ELECTED: 2012

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EMAIL: don.hill@

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CR MAXINE KIEL

ELECTED: 2016

TELEPHONE: 0427 167 731

EMAIL: maxine.kiel@

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EXECUTIVE LEADERSHIP TEAM

Chief Executive Office



TIM TAMLIN

Chief Executive Officer

- Executive Office
- People and Culture
- Community Information

Senior Officers



FAITH PAGE

Director Corporate and Community Services

Departments

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



BRYAN SWORD

Director Development Services

Departments

- Planning
- Economic Development and Tourism
- Regulatory Services



ANTHONY SEABROOK

Director Infrastructure

Departments

- Operations
- Infrastructure Planning
- Infrastructure Delivery

Organisational Restructure

In 2017/18 financial year, the Community Strengthening team incorporating Community Grants were re-aligned under the Corporate and Community Services Directorate.

The Directorate of Sustainable Communities and Infrastructure was renamed as Infrastructure. The three teams under this Directorate were rearranged to be Infrastructure Delivery (*including rearrangement of Emergency Management Grants from Community Meeting*) in Council No. 428 on 24 October 2018.

ORGANISATIONAL STRUCTURE

COUNCILLORS

CHIEF EXECUTIVE OFFICER

MANAGER

People & Culture

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

MANAGER

Executive Support & Community Information

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

DIRECTOR - CORPORATE & COMMUNITY SERVICES

MANAGER

Finance, Risk & Procurement

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

MANAGER

Community Services

- Aged & Disability
- Children & Family Services
- Community Programs
- Library Board

MANAGER

Innovation & Council Business

- Corporate Planning
- Councillor Support
- Council Business
- IT Systems & Support
- Information Management
- Business Analysis

COORDINATOR

Community Strengthening

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

DIRECTOR - DEVELOPMENT SERVICES

MANAGER

Planning

- Statutory Planning
- Strategic Planning
- Social Planning

MANAGER

Economic Development & Tourism

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

MANAGER

Regulatory Services

- Building & Planning Enforcement
- Local Laws
- Environmental Health

COORDINATOR

Caravan Parks

- Caravan Parks

DIRECTOR - INFRASTRUCTURE

MANAGER

Operations

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

MANAGER

Infrastructure Delivery

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

MANAGER

Infrastructure Planning

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

OUR WORKFORCE

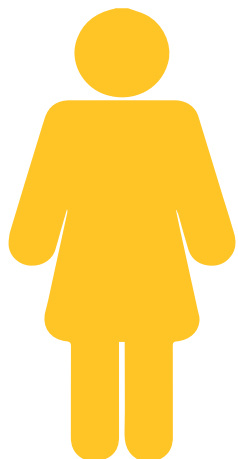
The Council appoints a Chief Executive Officer (CEO) to manage the day-to-day operations of the administrative arm of Council. The CEO together with three directors form an Executive Leadership Team (ELT) that leads the organisation with support from department managers and staff.

At 30 June 2018 Council had 274.04 Full Time Equivalent (FTE) employees including ongoing, temporary and casual positions.

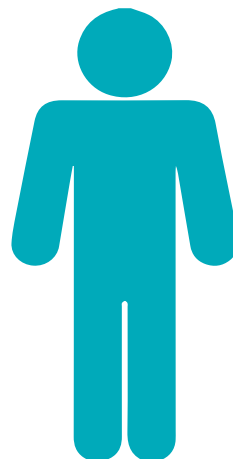
A summary of the actual number of FTE Council staff by organisational structure, employment type and gender is set out below.

WORKFORCE DATA BY HEADCOUNT

	Number (Headcount)	Full Time	Part Time (Headcount)	Casual (Headcount)
June 30, 2018	370	210	95	65
June 30, 2017	355	203	93	59
June 30, 2016	351	199	95	57



188
FEMALES



182
MALES

WORKFORCE DATA BY FULL TIME EQUIVALENT & GENDER TYPE

Gender	Employment Classification	Executive Office	Corporate & Community Services	Infrastructure	Development Services	Total 2017/18	Total 2016/17
		FTE	FTE	FTE	FTE	FTE	FTE
Female	Full Time	13.00	21.00	11.00	21.00	66.00	60.00
	Part Time	4.53	28.83	2.26	7.27	42.89	42.90
	Casual	0.69	4.54	0.00	2.26	7.49	7.81
Total		18.22	54.37	13.26	30.53	116.38	110.71
Male	Full Time	7.00	19.00	98.00	18.00	142.00	143.00
	Part Time	0.00	3.74	4.10	0.85	8.69	9.23
	Casual	0.00	0.88	4.47	1.62	6.97	4.94
Total		7.00	23.62	106.57	20.47	157.66	157.17
Total Overall		25.22	77.99	119.83	51.00	274.04	267.88

WORKFORCE DATA BY CLASSIFICATION & GENDER TYPE

Gender	Employment Classification	Band 1 FTE	Band 2 FTE	Band 3 FTE	Band 4 FTE	Band 5 FTE	Band 6 FTE	Band 7 FTE	Band 8 FTE	All other FTE
Female	Full Time	0.00	1.00	4.00	14.00	9.00	18.00	9.00	7.00	4.00
	Part Time	2.62	12.12	0.67	6.65	7.82	7.50	5.51	0.00	0.00
	Casual	0.00	3.45	1.37	1.46	0.03	0.26	0.51	0.41	0.00
Total		2.62	16.57	6.04	22.11	16.85	25.76	15.02	7.41	4.00
Male	Full Time	1.00	2.00	43.00	20.00	17.00	16.00	16.00	15.00	12.00
	Part Time	2.43	2.94	1.32	0.00	0.60	1.40	0.00	0.00	0.00
	Casual	2.27	0.88	2.35	0.55	0.67	0.25	0.00	0.00	0.00
Total		5.70	5.82	46.67	20.55	18.27	17.65	16.00	15.00	12.00

FTE Variance to Annual Budget

The Annual Report FTE figures show a snapshot, or 'moment in time'. Whereas Council's Annual Budget demonstrates a forecast of what will happen over the entire year. Variances can occur due to numerous circumstances such as short term appointments, parental leave replacements, grants approved post budget and casual labour to backfill unexpected absences.

PROFESSIONAL DEVELOPMENT

Through a strong commitment to professional development of all staff, Council is ensuring that the workforce continues to have the necessary skills, qualifications and expertise to undertake roles to deliver effective and efficient services to the South Gippsland community, now and into the future.

CAPABILITY DEVELOPMENT

Corporate Training and Development

A diverse range of corporate training and development programs were delivered throughout 2017/18.

Council has undertaken a joint venture with Baw Baw Shire Council in partnering with a third party provider and developed an organisation competency framework, conducted a training needs analysis by role and level, and undertaken competency based training programs for all staff including face-to-face and webinar.

Programs include continuous improvement, giving and receiving feedback, decision making and problem solving, safety and wellbeing, leadership, and value stream mapping.

Employee Performance Development

A new approach to employee performance and development was implemented which aims to build employee capacity to have better conversations about things that matter to our community.

Complementing this, the mentoring program and talent pool registration continues to be rolled out, which has strengthened our capacity to utilise existing employees in vacant positions.

RECRUITMENT AND INDUCTION

An on-line recruitment, on-boarding and exit program has been rolled out and improved. An induction program has been acquired to reduce organisation risk and improve new employees' knowledge and understanding of the organisation.

ENTERPRISE AGREEMENT

Council's Enterprise Agreement seeks to facilitate successful organisational delivery of the Council Plan, within the dynamic pressures and opportunities of the changing Victorian Local Government landscape. The Enterprise Agreement is in place until 30 June 2019.

EQUAL EMPLOYMENT OPPORTUNITY PROGRAM

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

Council is committed to achieving and maintaining high quality working relationships within the organisation. It recognises that this is essential for the wellbeing of all people in the workplace to maximise individual employee skills and abilities, achieve business objectives and maximise productivity.

The organisation adopts a proactive approach to the prevention of discrimination, through initiatives such as the EEO Contact Officer and employee and Councillor training. A number of measures are also in place to effectively manage any arising issues, including employee support programs and mechanisms to escalate issues.

HUMAN RIGHTS CHARTER AND RESPONSIBILITIES

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

PREVENTING VIOLENCE AGAINST WOMEN

Enshrined within Council's *Workplace Health and Wellbeing Plan*, prevention of violence against women has been identified as a strategic priority for the organisation and has brought about the establishment and implementation of a range of violence prevention initiatives, activities and events, driven by an internal working group.

HEALTH AND WELLBEING

Council maintains a workplace that supports healthy lifestyles and encourages workforce participation in programs that are designed to improve their overall health and wellbeing. Activities over the last twelve months have included:

- Body composition scans
- Dietician and fitness information sessions
- Skin checks
- Exercise information
- Discounted gym memberships for staff
- Manual Handling training

CORPORATE SOCIAL RESPONSIBILITY

Council also supports local charity organisations through a staff donation program.

The background of the cover page is a photograph of a sunset over a valley. The sun is low on the horizon, creating a bright orange glow and lens flare. The landscape consists of rolling hills and a valley floor. Overlaid on this image are three large, semi-transparent circles. The top-left circle is light grey. The middle circle is a golden-yellow color. The bottom-right circle is dark grey and contains the section title. The title 'SECTION 2' is in white, with the number '2' being significantly larger than the word 'SECTION'. Below it, the word 'OVERVIEW' is in a golden-yellow color, matching the middle circle.

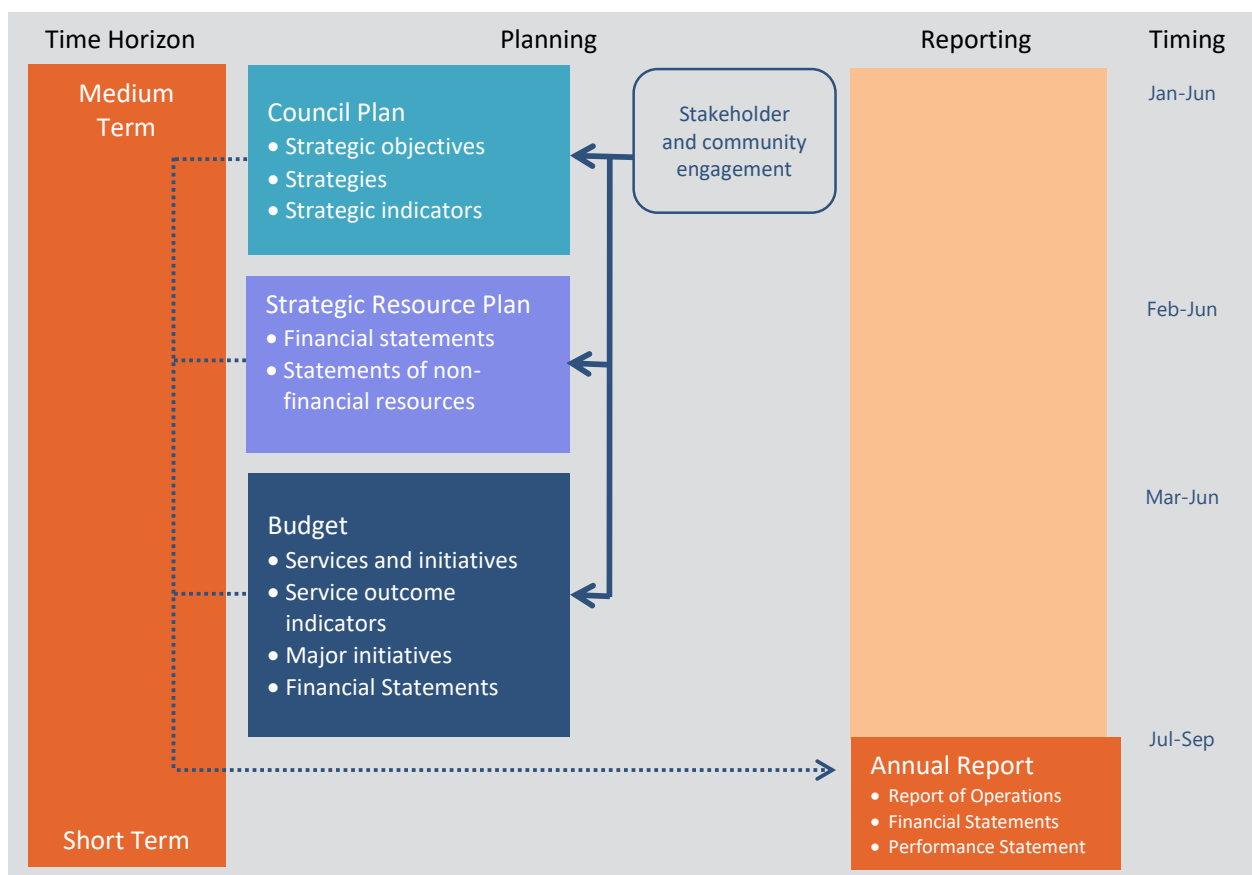
SECTION 2 OVERVIEW

VICTORIAN PLANNING & ACCOUNTABILITY FRAME

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

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

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



Source: Department of Environment, Land, Water and Planning

COUNCIL PLAN

2017-2021

The Council Plan provides guidance and direction by setting strategic outcomes, objectives, strategies, resource requirements and performance measures for the four year term of Council.

The four strategic objectives as detailed in the 2017-2021 Council Plan were:

OBJECTIVE 1

Strengthen Economic Growth & Prosperity

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

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

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

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

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

OBJECTIVE 2

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

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

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

Communities are supported by appropriate and relevant services.

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

OBJECTIVE 3

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

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

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

Council seeks to protect and enhance the natural environment.

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

OBJECTIVE 4

Enhance Organisational Development & Implement Governance Best Practice

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

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

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

STRATEGIC OBJECTIVE

1

Strengthen Economic Growth & Prosperity



STRATEGIC OBJECTIVES

- 1.1 Develop a 'vision' for the future growth and development of the Shire in partnership with the community.
- 1.2 Develop a strategy to grow the Shire, attract investment and promote tourism consistent with the 'vision'.
- 1.3 Undertake a review of residential, commercial and industrial land supply to ensure that it is adequate to support growth.
- 1.4 Identify Priority Projects and advocate to the State and Federal Governments for funding and support.
- 1.5 Review and implement the Economic Development and Tourism Strategy to provide direction to support our businesses to grow, generate employment, pursue economic development and the attraction of visitors.
- 1.6 Support our diversified agricultural sector.
- 1.7 Investigate feasibility of further extensions and upgrades to the Rail Trails, particularly between Leongatha and Korumburra and explore opportunities to develop nationally significant trails.

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

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

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



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

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

- 1.8 Finalise South Gippsland's Branding Strategy that supports the regional 'Destination Gippsland' branding and use them both to promote the Shire.
- 1.9 Progress the development of a business case to support the establishment of a multipurpose undercover 'Equestrian / Expo Centre' at Stony Creek.
- 1.10 Undertake an investigation of caravan parks and camping grounds at Sandy Point.




Major Initiatives





The following statement reviews the progress of Council in relation to major initiatives identified in the 2017/18 Budget for the year:

MAJOR INITIATIVE			
Indicator	Action/Target	Progress Comment	Status
Commence the development of a Vision 2040 for the Shire. <i>Chief Executive Office</i>	Draft Community Vision endorsed by 31 December 2018.	<p>Target Significantly Progressed</p> <p>The <i>Community Vision</i> commenced with a number of preparation workshops conducted with Councillors in September to December 2017 to facilitate Council's objectives and <i>Community Vision</i> process.</p> <p>Council determined at one of the sessions to place the Community Vision on hold due to the proposed legislative changes to the new <i>Local Government Act</i>. This will ensure the process is not duplicated and ensures Council meets its legislative obligations. The requirements of this projects will largely depend on the new Act once legislated.</p> <p>At the time of printing, the Minister for Local Government, the Hon Marlene Kairouz MP, introduced the <i>Local Government Bill 2018</i> into Parliament on 23 May 2018, following three years of consultation with the community. The outcome by Parliament was not yet made.</p>	
Review the Economic Development and Tourism Study. <i>Economic Development and Tourism</i>	<p>Regular meetings with the Steering Committee.</p> <p>Draft Strategy adopted by 30 June 2018.</p>	<p>Target Achieved</p> <p>The <i>Economic Development and Tourism Strategy 2018-2020</i> was reviewed and a revised version was adopted by Council at the 28 February 2018 Ordinary Meeting of Council.</p> <p>The strategy highlights the objectives, priorities and action plan of Council for enabling economic growth, development and attracting visitors and residents to South Gippsland.</p>	

Initiatives

The following statement reviews the progress of Council in relation to initiatives identified in the 2017/18 Budget for the year:

INITIATIVES			
Indicator	Action/Target	Progress Comment	Status
Identify and target 'Priority Projects' that are to be advocated to State and Federal Governments for funding support. <i>Economic Development and Tourism</i>	Priority Projects adopted by Council 30 June 2018.	Target Achieved Council identified and adopted in July 2017 the 2017/18 Priority Projects: <ul style="list-style-type: none"> • Leongatha Revitalisation Project • Great Southern Rail Trail Projects • Korumburra Revitalisation Project • Mirboo North Pool Refurbishment • East/West South Gippsland Public Transport Study Regular meetings have been conducted throughout the financial year by Council with internal Priority Projects Groups to monitor progress on these Priority Projects.	
Investigate feasibility of further extensions and upgrades to the Rail Trails, particularly between Leongatha and Korumburra and explore opportunities to develop nationally significant trails. <i>Infrastructure Planning and Infrastructure Delivery</i>	Business case to identify State Government funding streams and to be adopted by 30 June 2018.	Target Significantly Progressed Great Southern Rail Trail Extension Project presented to Council as part of the Priority Projects Confidential Briefing held 16 May 2018. A Council report was tabled at the 27 June 2018 Ordinary Meeting of Council to formally adopt the project as a 2018/19 Priority Project. At the same meeting, Council resolved to submit a grant application to Sport and Recreation Victoria 2019/20 Community Sports Infrastructure Fund (CSIF) for \$50,000 for the Rail Trail Extension (Leongatha to Clyde) Planning Project. This will include the Business Case for the development of the trail from Leongatha to Clyde along with other potential linkages once the extension has been completed.	
Complete a review of the Municipal Strategic Statement. <i>Planning</i>	by 30 June 2018.	Target Achieved <i>South Gippsland's Planning Scheme Review 2018</i> (including review of the Municipal Strategic Statement) was completed and adopted by Council at the Ordinary Meeting of Council 27 June 2018. As part of the recommendation the Planning Scheme Review was submitted to the Minister for Planning as required by Section 12(B)(5) of the <i>Planning and Environment Act 1987</i> .	

Initiatives			
Indicator	Action/Target	Progress Comment	Status
Undertake a Population Growth Study.	by 30 June 2018.	<p>Target Achieved</p> <p>South Gippsland's Population Growth and Land Supply Study was adopted by Council at the 27 June 2018 Ordinary Meeting of Council.</p> <p>This study is a web based report that provides data analysis of population growth and residential, commercial and industrial land supply in South Gippsland. It will support planning for any future economic growth in South Gippsland.</p>	
<p>Investigate protection of the Nyora sand resources.</p> <p>Planning</p> <p><small>DELWP - Department of Environment, Land, Water and Planning DEDJTR - Department of Economic Development, Jobs, Transport and Resources</small></p>	Complete with DELWP a project that identifies the approximate extent of the sand resource and mechanism to protect economically important resource section by 30 June 2018.	<p>Target Achieved</p> <p>Council adopted a draft planning scheme amendment provisions at the 27 June 2018 Ordinary Meeting of Council to assist in managing long-term access to the sand resource and buffer protection in Nyora.</p> <p>Work is continuing with DELWP and DEDJTR on the State Pilot Project which also aims to protect vital mineral resources.</p>	
<p>Progress the development of a business case to investigate in detail factors to be considered in the establishment of a multipurpose undercover 'Equestrian/Expo Centre' and provide a report to Council by 30 June 2018.</p> <p>Infrastructure Planning</p>	Business case to identify State Government funding streams and to be adopted by 30 June 2018.	<p>Target Not Achieved (Scope Amended)</p> <p>The development of the business case was progressed, however no consultants submitted a quotation to undertake the business case.</p> <p>At the 27 June 2018 Ordinary Meeting of Council, the Revised Council Plan 2017-2021 amended the scope of this project to be a feasibility study. This will aim to determine a suitable site for the location of an Equestrian / Exhibition Centre in South Gippsland.</p>	
<p>Commence the review of residential, commercial and industrial land supply in the Shire.</p> <p>Planning</p>	Draft report presented to Council for review by 30 June 2018.	<p>Target Achieved</p> <p>Project outcomes presented to Council at the 27 June 2018 Ordinary Meeting of Council to complete the project. Council's website demonstrates the project outcomes online.</p>	

Council Plan 2017-2021 Indicator

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

COUNCIL PLAN 2017-2021 INDICATOR			
Indicator	Action/Target	Progress Comment	Status
<p>At least one delegation per year will be made to State and Federal politicians to advocate for the Shire's requirements.</p> <p>Executive Office</p>	At least one delegation annually	<p>Target Achieved</p> <ol style="list-style-type: none"> Mayor and CEO met with Hon. Russell Broadbent, Danny O'Brien MLA and Melina Bath MLC advocating South Gippsland Shire Council's Priority Projects. Negotiations continue with VicTrack with a view to secure the rail corridor between Leongatha and Nyora for Council's future use. 	

Services Funded

The following statement provides information in relation to the services funded in the 2017/18 Budget that supports Strategic Objective 1 and the persons or sections of the business area responsible.

Business Area	Description of Services provided	Net Cost \$000
		Revised Budget \$000
		Variance \$000
Development Services Management	<p>The Development Services Management unit is accountable for ensuring that Council's objectives for the Development Services Directorate are achieved through the following Departments:</p> <ul style="list-style-type: none"> • Planning; • Regulatory Services; and • Economic Development Tourism. <p>Together these Departments provide strategic policy advice to Councillors to inform their decisions, undertake regional advocacy to facilitate planned growth in the Shire and implement the strategic directions set by Council relevant to the Directorate.</p>	\$258
		\$398
		\$140
Economic Development and Tourism	<p>The Economic Development and Tourism Department plans for and facilitates economic growth and prosperity within the Shire. This is achieved by actively promoting and supporting sustainable agriculture and industry development, commercial business opportunities and by providing excellent customer and visitor information services.</p> <p>The Department manages Council's Caravan Parks and Coal Creek Community Park and Museum.</p> <p>The Department plays a key role in working with the business community to support existing businesses, diversify employment opportunities and attract new businesses.</p>	\$1,224
		\$1,216
		(\$8)
Planning Department	<p>The Planning Department provides statutory, strategic and social planning services to the community to provide for development, land use and community policy.</p> <p>The Department actively supports planned growth across the municipality, protects and enhances the unique identity and liveability of local districts and advocates to other levels of government and stakeholders for developments that will help the Shire prosper.</p>	\$882
		\$1,417
		\$535

Note: A major restructure in October 2017 led to numerous Department, staff and resource changes. The Annual Report contains the revised Department Budgets from those shown in the 2017/18 Annual Budget to match the new structure, along with the associated end of year actuals/variances.

Service Performance Indicators

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

Local Government Service Performance Indicators					
Service	Results 2015	Results 2016	Results 2017	Results 2018	Material Variation
Statutory Planning					The median number of days to decide an application has increased to 69 days as a number of long outstanding applications were determined during this financial year. This pushes the middle score higher.
Timeliness					
Time taken to decide planning applications	60	60	62	69	
[The median number of days between receipt of a planning application and a decision on the application]					
Service standard					No material variation
Planning applications decided within required time frames	83%	77%	77%	77%	
[Number of regular planning application decisions made within 60 days) + (Number of VicSmart planning application decisions made within 10 days) / Number of planning application decisions made] x 100					
Service cost					No material variation
Cost of statutory planning service	\$1,180	\$2,005	\$2,056	\$2,229	
[Direct cost of the statutory planning service / Number of planning applications received]					
Decision Making					A positive increase in performance whereby four from five decisions supported by VCAT compared to the previous year of three from six decisions.
Council planning decisions upheld at VCAT	0%	71%	50%	80%	
[Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x 100					

STRATEGIC OBJECTIVE

2

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



STRATEGIC OBJECTIVES

2.1 Where appropriate support community groups to achieve projects they have ownership of and want to progress.

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

2.3 Update and implement strategies for Community Strengthening and Engagement.

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

2.5 Review the Recreation Strategy.

2.6 Review and update the Paths and Trails Strategy to determine where regional and local connections are required.

2.7 Renew and maintain aquatic facilities in accordance with the Asset Management Plan and the Aquatic Strategy.

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

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

Communities are supported by appropriate and relevant services.

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

2.8 Investigate opportunities to consider a model for community self-determination to facilitate working in partnership with the community.

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

2.10 Implement the Active Ageing Strategy.

Major Initiatives




The following statement reviews the progress of Council in relation to major initiatives identified in the 2017/18 Budget for the year:





Major Initiative			
Indicator	Action/Target	Progress Comment	Status
Further investigate the proposed land exchange with the Returned Services League (RSL) Sub-Branch Leongatha.	Progress of discussions with RSL including options for staff relocation if necessary.	Target Achieved Investigations began in July 2017 in consultation with the RSL to determine the feasibility of the proposed land exchange.	●
<i>Infrastructure Planning</i>		The Leongatha RSL has withdrawn its proposal in October 2017, after conducting their own feasibility studies which determined that the new development was not viable at that point in time. This initiative will not progress.	
Commence implementation of the Arts & Culture Strategy.	<ul style="list-style-type: none"> Interim reporting provided to Council on strategy implementation. Arts & Events Officer appointed by 30 November 2017. Public Art Policy adopted to include the Art Collection. 	Target Achieved Arts Development Officer appointed in November 2017. <i>Council Arts and Artefacts Collection Policy</i> adopted 27 June 2018 Ordinary Meeting of Council, including a Public Art component. Progress on implementation of <i>Arts, Culture and Creative Industry Strategy 2017-2021</i> reported to Council through weekly and quarterly performance review updates. Key achievements include: <ul style="list-style-type: none"> Three successful applications to Creative Victoria for project funds to the value of \$26,000; Hosting of key Regional Arts Victoria forums on arts funding and arts project development attracting over 80 participants; and Production and distribution of three seasonal brochures featuring a wide range of South Gippsland artists, arts organisations and cultural events. 	●
<i>Community Strengthening</i>			



Initiatives



The following statement reviews the progress of Council in relation to initiatives identified in the 2017/18 Budget for the year:

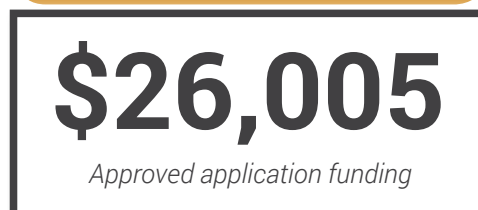
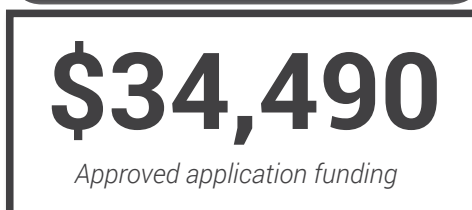
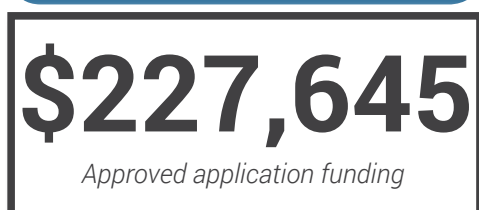
Initiative			
Indicator	Action/Target	Progress Comment	Status
Municipal Public Health and Wellbeing Plan will be implemented with the community and other government funded agencies, and reflect community requirements and shared ownership of responsibilities.	<ul style="list-style-type: none"> Plan adopted by 30 September 2017. Implementation Plan completed by reference group 30 November 2017. Report to Council on progress of Plan annually. 	<p>Target Achieved</p> <p>Council adopted the <i>South Gippsland Health and Wellbeing Plan 2017-2021</i> on 27 September 2017. The plan sets out the broad strategic direction and priorities for planning to improve health and wellbeing within the Shire.</p> <p>Following on from community consultation meetings in 2017, meetings with Primary Care Partners continue to occur on a regular basis in 2018.</p> <p>Council will be briefed in the first quarter of the 2018/19 financial year on the progress of the implementation plan and updates from the reference group meetings.</p>	
Community Services			
Update the 'Blueprint for Social Community Infrastructure - Community Facility Actions' and report to Council on the progress.	Report to Council on improvements to reduce and re-purpose Council buildings by 30 June 2018.	<p>Target Achieved</p> <p>Progress on the implementation of the <i>Social Community Infrastructure Blueprint 2014-2029</i> was presented to Council at a Strategic Briefing 6 June 2018. This strategy assists Council and the community to plan for and manage social community infrastructure, optimising utilisation of facilities and reflecting future growth of the Shire.</p> <p>A Council report was tabled at the 27 June 2018 Ordinary Meeting of Council to outline the progress on the implementation of the nineteen Community Facility Actions plan. Including updating the strategy with the latest demographic data from the 2016 Australian Bureau of Statistics (ABS) census.</p> <p>Key examples of the development of multi-use facilities include the Karmai Community Children's Centre in Korumburra.</p>	
Community Strengthening and Infrastructure Planning			
Review and update the Paths & Trails Strategy.	<ul style="list-style-type: none"> Strategy reviewed and presented to Council by December 2017. Community consultation conducted. 2017-2022 <i>Paths and Trails Strategy</i> adopted by 30 June 2018. 	<p>Target Achieved</p> <p>At the 30 May 2018 Ordinary Meeting of Council, Council adopted the <i>Paths and Trails Strategy 2018</i>, with the inclusion of the Waratah Way path/trail on the 2018 Project List based on community feedback. Council also moved a motion that there will be no compulsory land acquisition to develop the Waratah Way Path and that it is unfunded and further investigation by the community is required</p> <p>The <i>Paths and Trails Strategy 2018</i> aims to create connections between towns, points of interest and other destinations. It focuses on the Great Southern Rail Trail as being the 'spine' trail for the region and aims to have other paths and trails connecting as 'spurs'</p>	
Infrastructure Planning			

Initiative			
Indicator	Action/Target	Progress Comment	Status
Implement the Active Ageing Strategy. <i>Community Services</i>	<ul style="list-style-type: none"> Implementation Plan completed by reference group 30 November 2017. Report to Council on progress annually. 	<p>Target Achieved</p> <p>Extensive consultation with community and Aged Care facilities was completed in October 2017.</p> <p>Council was briefed on the <i>An Age Friendly South Gippsland 2017-2021 Implementation Plan</i> in November 2017. The actions set out in the Plan are governed by the Active Retirees Advisory Committee and supported by activities of Aged Care Services from across our Local Government area. The plan sets out the broad strategic direction and priorities for Aged Care Facilities and the community.</p> <p>Meetings with local reference groups will occur in the first quarter of the 2018/19 financial year to update individual agency progress with planned activities and Council.</p>	
Develop the Community Strengthening Strategy. <i>Community Strengthening</i>	Strategy to be developed in conjunction with volunteers and community networks and presented to Council by 31 May 2018.	<p>Target Significantly Progressed</p> <p>A revised <i>Community Strengthening Strategy 2017-2021</i> has been developed. Council has been briefed on the strategy on 6 May and 13 June 2018.</p> <p>Council deferred adoption of the Strategy to the second quarter of 2018/19 financial year in October 2018 to allow for some revisions to the draft Strategy.</p> <p>A Council report will then be presented to Council for final endorsement.</p>	
Develop the Engagement Strategy. <i>Executive Support and Community Information</i>	by 30 June 2018.	<p>Target Achieved</p> <p>The <i>Community Engagement Strategy</i> and the <i>Community Engagement Policy</i> was prepared and ready for adoption at the Ordinary Meeting of Council 25 July 2018.</p> <p>These two documents help to form Council's Community Engagement Framework and have been developed in line with the IAP2 (International Association for Public Participation) principles.</p>	
Work with the MAV on initiatives for 'Community Empowering Decision Making Process.' <i>Chief Executive Office</i>	by 30 June 2018.	<p>Target Achieved</p> <p>CEO attended MAV 'Establishing Communities Advisory Board' workshop on the 27 November 2017, facilitated by David Hammond.</p>	

Council Plan 2017-2021 Indicator

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

COUNCIL PLAN 2017-2021 INDICATOR			
Indicator	Action/Target	Progress Comment	Status
The effectiveness of efforts to gain State and Federal government funding for community projects will be measured by the number of grants submitted for funding and the number of grants announced, with the aim of 30 per cent of applications submitted to be funded.	30 per cent of applications submitted to be funded.	Target Achieved 81 per cent of assessed applications have been approved for funding as at 30 June 2018. <ul style="list-style-type: none"> • Approved applications - 13 • Not Approved applications - 3 • Pending Applications - 7 	
<i>Infrastructure Delivery</i>		<div> <div>TARGET</div> <div>30%</div> </div> <div> <div>SOUTH GIPPSLAND</div> <div>81%</div> </div>	
The effectiveness of efforts to support community groups to achieve their projects will be addressed through the annual review of the Community Grants Program and the number of applications submitted to Council on behalf of community groups.	Number of applications submitted to Council on behalf of community groups.	Target Achieved Council funded \$288,140 in the Community Grants Program. All 150 applications were assessed under these programs and categories: <ul style="list-style-type: none"> › Small Grants Program; › Emergency Grants Program; › Community Grants Program categories; › Minor Projects and Equipment; › Celebrations, Festivals and Events; › Major Projects; and › Planning and Development Studies. 	
<i>Infrastructure Delivery</i>		The number of applications is outlined below.	



Services Funded

The following statement provides information in relation to the services funded in the 2017/18 Budget that supports Strategic Objective 2 and the persons or sections of the business area responsible.

Business Area	Description of Services provided	Net Cost \$000
		Revised Budget \$000
		Variance \$000
Infrastructure Planning	The Infrastructure Planning Department assists Council in achieving the objectives of its strategies and plans by providing services that contribute to a closely connected and engaged community. This includes managing Council's property portfolio (acquisition, disposal, leasing, and licensing of property), planning for and managing Council's building and recreational assets, managing waste disposal services, and promotion of a sustainable environment and solutions. We support and partner with our community with the assistance of a strong volunteer base to deliver a variety of community projects and education programs for all age groups and abilities.	<div>\$5,288</div> <div>\$5,241</div> <hr/> <div>(\$47)</div>
Community Services	<p>The Community Services Department provides policy advice and program delivery for the following services:</p> <ul style="list-style-type: none"> • Aged and Disability Services, including Home and Community Care and Disability Service support; • Children and Family Services; including Maternal and Child Health; Immunisation, Pre-school and Playgroup support; • Community Grants and Emergency Management; • Libraries; and • Create the Municipal Public Health and Wellbeing Plan. <p>Together these teams work towards creating a collaborative, self-supporting community.</p>	<div>\$471</div> <div>\$572</div> <hr/> <div>\$101</div>
Corporate and Community Services Management	<p>The Corporate and Community Services Directorate Management is accountable for ensuring that Council's objectives for the Directorate are achieved through the following Departments:</p> <ul style="list-style-type: none"> • Community Services; • Finance, Risk and Procurement; and • Innovation and Council Business. <p>Together these Departments provide strategic policy advice to Councillors to inform their decisions, coordinate the preparation of the Vision and four year Council Plan for the Shire, plan for long term financial sustainability and implement strategic directions relevant to the Directorate once set by Council.</p>	<div>\$2,314</div> <div>\$2,579</div> <hr/> <div>\$265</div>

Note: A major restructure in October 2017 led to numerous Department, staff and resource changes. The Annual Report contains the revised Department Budgets from those shown in the 2017/18 Annual Budget to match the new structure, along with the associated end of year actuals/variances.

Service Performance Indicators

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

Local Government Service Performance Indicators					
Service	Results 2015	Results 2016	Results 2017	Results 2018+	Material Variation
Libraries					
Utilisation					
<i>Library collection usage</i>	5	5	5	5	A new statistical system has been introduced for improved reporting capabilities for the West Gippsland Library Corporation. Magazines are now included in Library Collection items and Reference books have been omitted from the data as this is not part of LGPRF requirements. The number of library collection item loans has increased by one per cent and the number of collection items available has increased by 9.4 per cent. This continues to demonstrate increased usage of borrowed collection items across the libraries within South Gippsland.
[Number of library collection item loans / Number of library collection items]					
Resource standard					No material variation
<i>Standard of library collection</i>	53%	61%	70%	71%	Library visits are slightly down by 2.6 per cent. Compared to last year, the general cost of the library service has increased by \$26,922. Maintenance costs were also higher due to a works project of over \$38,000 at the Foster Library to further enhance facilities as a one-off project cost.
[Number of library collection items purchased in the last 5 years / Number of library collection items] x 100					
Service cost					
<i>Cost of library service</i>	\$9	\$10	\$10.50	\$11.50	An Active Library Member is defined as a member who has borrowed a library collection item. A reporting review by West Gippsland Regional Library Corporation found that reporting for this measure had previously incorrectly included library members who had used public computers and Wi-Fi but had not borrowed an item. This has now being corrected for future reporting.
[Direct cost of the library service / Number of visits]					
Participation					
<i>Active library members</i>	25%	23%	21%	17%	
[Number of active library members / Municipal population] x 100					

Local Government Service Performance Indicators					
Service	Results 2015	Results 2016	Results 2017	Results 2018	Material Variation
Aquatic Facilities					No health inspections were completed in 2017/18 by the Environmental Health Officers. Daily monitoring of water quality is conducted at the pools four times a day.
Service standard	0	1	0.5	0	
<i>Health inspections of aquatic facilities</i> [Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]					
Health and Safety					Improvement from 2016/17 being one less incident this financial year.
Service standard	0	2	2	1	
<i>Reportable safety incidents at aquatic facilities</i> [Number of WorkSafe reportable aquatic facility safety incidents]					
Service cost					This is the first year of a renewed three year contract that contained price escalations from previous contract.
Service standard	\$4	\$4	\$4	\$4	
<i>Cost of indoor aquatic facilities</i> [Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities]					
Service cost					This is the first year of a renewed three year contract that contained price escalations from previous contract.
Service standard	\$8	\$7	\$7	\$8	
<i>Cost of outdoor aquatic facilities</i> [Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]					
Utilisation					Lower temperature in the summer weather resulted in decreased attendance numbers for outdoor pools.
Service standard	6	6	6	5	
<i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]					



Local Government Service Performance Indicators					
Service	Results 2015	Results 2016	Results 2017	Results 2018	Material Variation
Maternal and Child Health (MCH) Satisfaction <i>Participation in first MCH home visit</i> [Number of first MCH home visits / Number of birth notifications received] x 100	104%	104%	93%	89%	The overall percentage of participation in home visits to the number of birth notifications is down. Birth notifications received were higher in the later part of the financial year and therefore, first home visits will be attended in the new financial year, and not calculated in this result.
Service standard <i>Infant enrolments in the MCH service</i> [Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x 100 <i>Note: Since 2015 a number of Maternal and Child Health service providers have migrated to a new record system. Difficulties in transitioning to this system has affected the reporting of enrolment data in a number of Local Government Areas. As such, caution should be taken when analysing data for this indicator.</i>	101%	100%	99%	89%	The number of birth notifications increased by 14 per cent compared to last year. While attendance numbers have maintained year on year, the overall percentage compared to the number of births is lower. Reasons for non-attendance could be a result of declining the service, decided to attend a different MCH in another council or did not wish to have a home visit and chose to attend the MCH centre in person.
Service cost <i>Cost of the MCH service</i> [Cost of the MCH service / Hours worked by MCH nurses]	\$64	\$64	\$62	\$61	No material variation
Participation <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x 100	79%	75%	76%	76%	No material variation
Participation <i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x 100	76%	62%	67%	58%	The number of Aboriginal children enrolled in the MCH service increased from 17 to 20, however the number of children that attended the service at least once remained the same as the previous year. Reasons for non-attendance could be a result of declining the service or decided to attend a different MCH in another council.

Local Government Service Performance Indicators					
Service	Results 2015	Results 2016	Results 2017	Results 2018	Material Variation
Home & Community Care					Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
Timeliness					
<i>Time taken to commence the HACC service</i>	13	14	N/A	N/A	
[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]					NDIS - National Disability Insurance Scheme program CHSP - Commonwealth Home Support program
Service standard					
<i>Compliance with Community Care Common Standards</i>	94%	94%	N/A	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
[Number of Community Care Common Standards expected outcomes met / Number of expected outcomes under the Community Care Common Standards] x 100					
Service cost					
<i>Cost of domestic care service</i>	\$53	\$52	N/A	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
[Cost of domestic care service / Hours of domestic care service provided]					
Service cost					
<i>Cost of personal care service</i>	\$50	\$53	N/A	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
[Cost of personal care service / Hours of personal care service provided]					
Service cost					
<i>Cost of respite care service</i>	\$53	\$54	N/A	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
[Cost of respite care service / Hours of respite care service provided]					
Participation					
<i>Participation in HACC service</i>	26%	26%	N/A	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
[Number of people that received a HACC service / Municipal target population for HACC services] x 100					
Participation					
<i>Participation in HACC service by CALD people</i>	23%	22%	N/A	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
[Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x 100					

STRATEGIC OBJECTIVE

3

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

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

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

Council seeks to protect and enhance the natural environment.

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

STRATEGIC OBJECTIVES

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

3.2 Waste Management and Sustainability strategies implemented.

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

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

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

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

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

3.8 Implement the Footpath Extension Program.


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

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

3.11 Council to play an advocacy role for townships that demonstrate 70 per cent or greater community support, for sewerage infrastructure.

Major Initiatives




The following statement reviews the progress of Council in relation to major initiatives identified in the 2017/18 Budget for the year:


Major Initiative			
Indicator	Action/Target	Progress Comment	Status
Scope a Korumburra Revitalisation Project that considers the Town Centre Framework Plan, Streetscape Master Plan, future Community Hub Library, railway land and station uses.	Present a plan to the community for consideration by February 2018.	<p>Target Achieved</p> <p>The Korumburra Revitalisation Project adopted as a 2018/19 Priority Project at the Ordinary Meeting of Council. Project status for the three project components as follows:</p> <ol style="list-style-type: none"> 1. Korumburra Railway Station <p>The Korumburra Community Committee (Station@Korumburra) supported to develop a business plan for use of the former railway station building and approved by VicTrack. VicTrack are responsible for the upgrade of the station building and are finalising the design with building works scheduled in 2018/19.</p> <ol style="list-style-type: none"> 2. Korumburra Community Hub <p>Tender has been advertised for the masterplan of the railway site which will include a needs analysis, concept plans and detailed designs for the Community Hub, incorporating the railway station building. The tender is scheduled to close on 31 July 2018.</p> <ol style="list-style-type: none"> 3. Korumburra Streetscape <p>Detailed design of the streetscape will be undertaken once the master plan for the railway site has been completed.</p>	
<i>Planning</i>			

Initiatives

The following statement reviews the progress of Council in relation to initiatives identified in the 2017/18 Budget for the year:

Initiative			
Indicator	Action/Target	Progress Comment	Status
Progress the planning for the development of the Korumburra Railway Station.	Report to Council to support the business case and negotiations with VicTrack to lease the station building.	<p>Target Achieved</p> <p>Council adopted the Korumburra Railway Station site as the preferred location for the Korumburra Community Hub at the 20 December 2017 Ordinary Meeting of Council. The project is now managed by Infrastructure Planning.</p> <p>Council is engaging a consultant to prepare design layout plans and preliminary building design work to demonstrate how the Community Hub building will sit within the railway site and potentially be used in conjunction with the railway station building.</p>	
<i>Community Strengthening and Infrastructure Planning</i>			

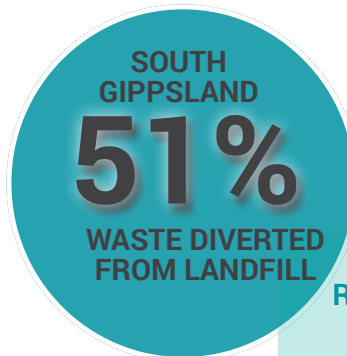
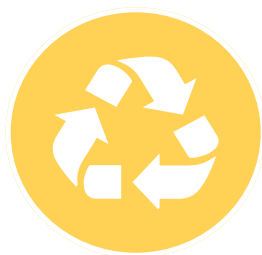
Initiative			
Indicator	Action/Target	Progress Comment	Status
Leongatha Railway Station Precinct Master Plan finalised and presented to Council.	by 30 June 2018.	<p>Target Significantly Progressed</p> <p>The Leongatha Business Precinct Development - Bair Street and the Railway Precinct Stage 1 (component of the Leongatha Revitalisation Project) adopted as a 2018/19 Priority Project at the 27 June 2018 Ordinary Meeting of Council.</p> <p>Initial masterplan presented to Council on 20 December 2017, with Council adopting some elements and seeking further consultation on other elements. Finalisation of the whole masterplan delayed to 2018/19 due to the impact on available space of the proposed pedestrian bridge from Bair Street and proposed rail trail access connection across South Gippsland Highway.</p> <p>A consultant has been engaged to develop preliminary designs for the bridge connection to Bair Street and the proposed future rail trail crossing at Roughhead Street. This work is well advanced.</p>	
Community Strengthening and Infrastructure Delivery			
Successful implementation of the waste water compliance program, which protects public health and amenity and supports sustainable development in the Tarwin Potable Water Supply Catchment.	by 30 June 2018.	<p>Target Not Achieved</p> <p>Progress delayed due to resignation of Wastewater Compliance Officer and a minor departmental restructure. Officer to be recruited in the new Financial Year.</p>	
Regulatory Services			
Review the Significant Tree Register and investigate the introduction of a Vegetation Protection Overlay.	Brief Council on implementation options for the Significant Tree Register by 30 June 2018.	<p>Target Achieved</p> <p>All trees on the Significant Tree Register were ranked and scored using the National Trust System. A list of trees on both public and private land will form the basis of the Planning Scheme Amendment (9VPO).</p> <p>Council adopted the <i>Significant Tree Register Planning Scheme</i> implementation provisions at the 27 June 2018 Ordinary Meeting of Council. The Planning Scheme Amendment process has commenced.</p>	
Community Strengthening and Planning			

Initiative			
Indicator	Action/Target	Progress Comment	Status
Review and update the Open Space Strategy and present to Council.	Council Report on the Open Space Preliminary Report for adoption 30 June 2018.	Target Achieved Review of the <i>Open Space Strategy</i> completed and presented to the 27 June 2018 Ordinary Meeting of Council. Updated provisions clarified with Council for the purpose of further development across 2018/19. The <i>Open Space Strategy</i> provides a broad framework to facilitate planning of recreational services, paths, trails, parks and gardens within the Shire. In particular the framework provides opportunity to direct the provision, improvement, management and any future acquisition or disposal of public open space by Council or other land owners.	
<i>Planning</i>			

Council Plan 2017-2021 Indicator

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

COUNCIL PLAN 2017-2021 INDICATOR			
Indicator	Action/Target	Progress Comment	Status
The readiness to make the most of government funding opportunities will be measured by the number of investment-ready projects prepared.	Minimum of two projects ready at any time	Target Achieved The following five projects are shovel ready: 1. Leongatha Splash Hydrotherapy Pool 2. Great Southern Rail Trail - Welshpool to Hedley 3. Coal Creek Black Diamond Mine Entry Upgrade 4. Agnes River Road, Agnes Bridge 5. Bair Street, Leongatha There are numerous guardrail and footpath projects also shovel ready.	
<i>Infrastructure Delivery</i>			
Kerbside collection waste diverted from landfill.	Target range - 20 per cent to 60 per cent	Target Achieved Full Year - July 2017 to June 2018 • Waste diverted - 51 per cent • Recycling - 2,215 tonnes • Green waste - 2,061 tonnes	
<i>Infrastructure Planning</i>			



RECYCLING & GREEN WASTE

4,276

TONNES

Services Funded

The following statement provides information in relation to the services funded in the 2017/18 Budget that supports Strategic Objective 3 and the persons or sections of the business area responsible.

Business Area	Description of Services provided	Net Cost \$000
		Revised Budget \$000
		Variance \$000
Infrastructure Delivery	The Infrastructure Delivery Department assists Council in achieving the objectives of its strategies and plans by planning for and providing integrated services and community infrastructure. This includes <ul style="list-style-type: none"> • Civil works design program for community infrastructure • Delivery of the annual Capital Works Program • Contract management, • Preparing funding submissions for community projects • Managing Council's infrastructure assets 	\$4,153
		\$5,605
		\$1,452
Operations	The Operations Department implements Council's asset management plans and improves the appearance and amenity of townships, rural areas, streetscapes and parkland through the following services: <ul style="list-style-type: none"> • Sealed Roads Planning including drainage operations, maintenance and construction of internal capital works; • Unsealed Roads Planning including drainage operations, maintenance and construction of internal capital works; • Parks and Gardens including planning operations, maintenance and construction; and • Fleet and Plant including proactive purchasing to minimise Council's vehicle emissions. <p>Together these teams work towards providing a healthy and safe community at realistic and affordable service standards and efficient management of assets and resources.</p>	\$13,330
		\$16,192
		\$2,862
Regulatory Services	The Regulatory Services Department is responsible for administration, education and enforcement of varied Victorian legislation along with Council's General Local Law. Services include: <ul style="list-style-type: none"> • Animal management; • Building/planning enforcement; • Building/property information; • Fire prevention; • Registration and inspection of food and accommodation premises; • Local laws development and enforcement; • Occupancy permits for places of public entertainment; • Parking control; • Report and consent applications for new building work; • School crossings; and • Wastewater. <p>The Department responds to a variety of community enquiries and undertakes public health and nuisance complaint investigations. Together these services work towards providing a safer Shire for businesses and the community.</p>	\$583
		\$568
		(\$15)
Infrastructure Management	The Infrastructure Directorate assists Council in achieving the objectives of its strategies and plans by planning for and providing: <ul style="list-style-type: none"> • integrated services and community infrastructure; and • services that contribute to a closely connected and engaged community. <p>Our aim is to engage and work with our community and deliver high quality sustainable and affordable modern community services, facilities, and infrastructure for the benefit of our community.</p>	\$317
		\$264
		(\$53)

Note: A major restructure in October 2017 led to numerous Department staff and resource changes. The Annual Report contains the revised Department Budgets from those shown in the 2017/18 Annual Budget to match the new structure, along with the associated end of year actuals/variances.

Service Performance Indicators

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

Local Government Service Performance Indicators					
Service	Results 2015	Results 2016	Results 2017	Results 2018	Material Variation
Roads					
Satisfaction of use <i>Sealed local road requests</i> [Number of sealed local road requests / Kilometres of sealed local roads] x 100	20	15	16	19	The condition of roads remain a concern by the community and has been recognised in Council's Revised Council Plan 2017-2021 which focuses on road maintenance. Service levels and road funding are being reviewed to address the community's concerns.
Condition <i>Sealed local roads maintained to condition standards</i> [Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] x 100	99%	99%	99%	88%	
Service cost <i>Cost of sealed road reconstruction</i> [Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]	\$45	\$54	\$34	\$44	The higher than expected cost per square metre was due to the purchase of additional rock in order to get the appropriate pavement thickness.
Service cost <i>Cost of sealed local road resealing</i> [Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]	\$5	\$5	\$5	\$4	Council improved cost efficiencies and introduced contractors to reseal roads within the Shire. This achieved a much lower unit rate. Cost of resealing sealed local roads was 38 per cent lower compared to last year.
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	30	36	46	Council utilised the Customer Satisfaction Survey to clarify the differences between VicRoads roads, Council sealed roads and Council gravel roads to assist participants in rating their satisfaction with each type of road. The survey identified that all three types of roads remain a concern, however gravel roads are the most problematic.

Local Government Service Performance Indicators					
Service	Results 2015	Results 2016	Results 2017	Results 2018	Material Variation
Waste Collection					Positive increase in performance leading to less waste management customer requests.
Satisfaction	88	98	99	87	
<i>Kerbside bin collection requests</i>					
[Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x 1,000					
Service standard					Positive improvement in performance. There was a 25 per cent reduction in the number of bins missed.
<i>Kerbside collection bins missed</i>	5	8	8	6	
[Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x 10,000					
Service cost					Increase due to annual contract price adjustment and increased numbers of properties serviced.
<i>Cost of kerbside garbage bin collection service</i>	\$127	\$120	\$121	\$126	
[Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]					
Service Cost					Increase due to annual contract price adjustment and increased numbers of properties serviced for recyclable collection.
<i>Cost of kerbside recyclables collection service</i>	\$47	\$46	\$46	\$47	
[Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]					
Waste diversion					No material variation
<i>Kerbside collection waste diverted from landfill</i>	33%	50%	51%	51%	
[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x 100					

Local Government Service Performance Indicators					
Service	Results 2015	Results 2016	Results 2017	Results 2018	Material Variation
Animal Management					All animal management requests were responded to within two days.
Timeliness					
<i>Time taken to action animal management requests</i>	N/A	1	1.6	1.9	
[Number of days between receipt and first response action for all animal management requests / Number of animal management requests]					
Service standard					No material variation
<i>Animals reclaimed</i>	64%	59%	59%	60%	
[Number of animals reclaimed / Number of animals collected] x 100					
Service cost					
<i>Cost of animal management service</i>	\$64	\$64	\$62	\$59	Registrations of animals within the Shire has increased by 11 per cent compared to last year as a result of education and property visits.
[Direct cost of the animal management service / Number of registered animals]					
Health and safety					
<i>Animal management prosecutions</i>	20	23	9	19	Council has been more pro-active in education of residents in responsible pet ownership and has conducted property visits.
[Number of successful animal management prosecutions]					
Increased prosecutions from 9 to 19 of which nine prosecutions were addressing dog attacks. Other issues include excess and unregistered animals and animal businesses without permits.					



Local Government Service Performance Indicators					
Service	Results 2015	Results 2016	Results 2017	Results 2018	Material Variation
Food Safety					The average number of days to action food complaints has decreased following process improvements.
Timeliness	N/A	4	8	2	
<i>Time taken to action food complaints</i> [Number of days between receipt and first response action for all food complaints / Number of food complaints]					
Service standard					Food safety assessments were lower due to staff leave and lack of resources in 2017 calendar year.
<i>Food safety assessments</i>	97%	91%	97%	85%	
[Number of registered Class food premises and Class 2 food premises that receive an annual food safety assessment in accordance with the <i>Food Act 1984</i> / Number of registered Class 1 food premises and Class 2 food premises with the <i>Food Act 1984</i>] x 100					
Service cost					More accurate figures for Temporary and Mobile Food Premises due to system changes. These changes have made the data more meaningful, which provides more accurate results for future reporting.
<i>Cost of food safety service</i>	\$551	\$520	\$542	\$457	
[Direct cost of the food safety service / Number of food premises registered or notified in accordance with the <i>Food Act 1984</i>]					
Health and safety					From 1 July 2016, 'Critical and major non-compliance outcome notifications' will be reported by calendar year. Previously this indicator was reported by financial year. This has been implemented to better align reporting with the Department of Health and Human Services. This may result in some variances year on year.
<i>Critical and major non-compliance outcome notifications</i>	94%	95%	100%	100%	
[Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x 100					



STRATEGIC OBJECTIVE

4


Enhance Organisational Department & Implement Governance Best Practice

STRATEGIC OBJECTIVES

- | | |
|---|---|
| <p>4.1 Increase transparency through more items being held in open Council Meetings and communicating more clearly the reasons behind decisions.</p> | <p>Council will focus on becoming a more responsive, innovative, productive and effective organisation that follows best practice in transparency and governance and continually improves delivery of services and projects.</p> |
| <p>4.2 Actively pursue continuous improvement and innovation, consider best practice and encourage the creation of higher valued services.</p> | <p>Councillors will work with the organisation, community and other levels of government for the benefit of the Shire.</p> |
| <p>4.3 Develop a Digital Strategy.</p> | <p>Council will explore ways to share services between partners and will work with communities to deliver cost effective facilities and services.</p> |
| <p>4.4 Enhance customer service experiences through the development of a continuous feedback and improved customer service system.</p> | |
| <p>4.5 Develop educative tools and processes to assist community members understand the Planning and Enforcement processes.</p> | |
| <p>4.6 Enhance staff skills, capabilities and well-being through the implementation and ongoing development of SGSC people.</p> | <p>4.7 Work in partnership with the Chief Executive Officer and senior staff to develop a four year Rate Reduction Strategy, to reduce the rate burden by 3 per cent through improved innovation and productivity savings, streamlining the administrative structures and processes, through improved Business Unit performance and economic growth.</p> |


Major Initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2017/18 Budget for the year:

Major Initiative			
Indicator	Action/Target	Progress Comment	Status
Continue involvement in the Gippsland Local Government Network (GLGN) Shared Services Project.	Explore the opportunities for a pilot project between two or more councils.	<p>Target Achieved</p> <p>Significant work completed to refine and update a business case for Gippsland Shared Services and build support among potential partner councils.</p> <p>Council endorsed the objectives and phases of the GLGN Shared Services Initiative at the 27 June 2018 Ordinary Meeting of Council.</p> <p>The Chief Executive Officer was authorised to sign a Memorandum of Understanding in conjunction with the participating Councils, committing Council to initiate the first phases of the Shared Services program.</p>	
<i>Corporate and Community Services</i>			

Initiatives

The following statement reviews the progress of Council in relation to initiatives identified in the 2017/18 Budget for the year:

Initiatives			
Indicator	Action/Target	Progress Comment	Status
Continue to pursue the internal Business Integration Systems Architecture Project to streamline organisational efficiencies, get teams working more effectively together and achieve better outcomes for our customers.	Development of Business Integration Systems.	<p>Target Significantly Progressed</p> <p>Project was placed on hold while the GLGN Shared Services project continues to be progressed.</p> <p>During the year process improvements have occurred within Human Resources, Procurement, Operations (Maintenance), Animal Management and Local Laws.</p> <p>Outcomes include:</p> <p>Maintenance and Operations</p> <ul style="list-style-type: none"> • Works Operations customer requests reduced from an average of 300 unactioned requests to 30 requests within three weeks. • Paper usage has been reduced by 80 per cent. <p>Procurement</p> <ul style="list-style-type: none"> • Contract Initiation Process Streamlined - time saved in procurement work flow by removing five lag days from contract process and five levels of approval without detriment to the process. <p>Local Laws</p> <ul style="list-style-type: none"> • Team is now fully equipped to work mobile, leading to increased efficiency of service. • Animal Registration reminder and follow up improvements through text messaging services. 	
<i>Innovation and Council Business</i>			

Council Plan 2017-2021 Indicator

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

COUNCIL PLAN 2017-2021 INDICATOR			
Indicator	Action/Target	Progress Comment	Status
<p>Council will encourage community members to provide information to Council on matters affecting them at public presentation sessions.</p> <p><i>Innovation and Council Business</i></p>	<p>Public presentation sessions will be available for community members to participate in as per the Council's <i>Public Participation Policy</i>.</p>	<p>Target Achieved</p> <p>Each month, Council provides a range of opportunities for community members to engage directly with Councillors by making public presentations, submissions or asking agenda topic questions.</p> <p>A new centralised Expression of Interest for public presentation process via Council's website established, allows for prompt delivery and responses.</p> <p>Public attendance breakdown for the Financial Year:</p> <ul style="list-style-type: none"> • Submitted Questions - 24 questions related to Agenda Topics and responded to in Council Minutes • Number of Public Presentations - 61 • Number of Speakers - 92 people <p>Number of people attending in the gallery at the following Council open sessions:</p> <ul style="list-style-type: none"> • Public Presentations - 154 people • Open Briefing Sessions - 111 people • Council Ordinary Meetings - 188 people • Number of views via Live Streaming - 2,321 	
<p>Council decisions made at meetings closed to the public will be monitored in accordance with the LGPRF.</p> <p><i>Innovation and Council Business</i></p>	<p>Target as per guidelines - <30 per cent.</p>	<p>Target Achieved</p> <p>Four per cent of all resolutions were in closed session. These items were closed due to matters that prejudice the Council or any person, legal, contractual and/or personnel matters. Council resolutions closed to the public continues to be within target of less than 30 per cent.</p>	
<p>Councillor attendance at Council meetings will be monitored in accordance with LGPRF.</p> <p><i>Innovation and Council Business</i></p>	<p>Target as per guidelines - >80 per cent.</p>	<p>Target Achieved</p> <p>Councillor attendance at open and special meetings for the Financial Year was 87 per cent.</p> <p>Councillor attendance at Ordinary Meetings was 98 per cent whereby two Councillors had Leave of Absence granted. Council conducted nine Special Meetings whereby Councillor attendance was 73 per cent. Some Councillors had conflicting conferences that required their attendance.</p>	
<p>Productivity savings identified and reported annually.</p> <p><i>Chief Executive Office</i></p>	<p>Savings identified annually.</p>	<p>Target Achieved</p> <p>Continued progress with GLGN Shared Services Business Case to identify efficiencies and potential savings. Council endorsed the objectives and phases of the GLGN Shared Services Initiative on the 27 June 2018.</p>	

COUNCIL PLAN 2017–2021 INDICATOR

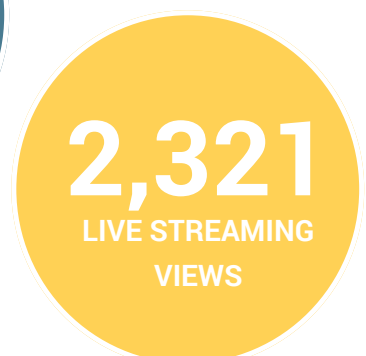
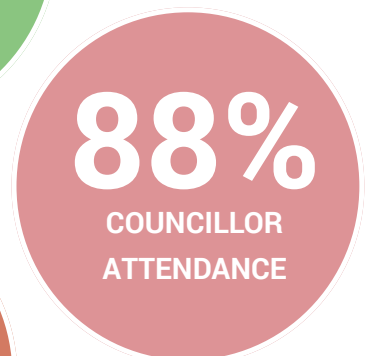
Indicator	Action/Target
Satisfaction with Council decisions (Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community)	Community satisfaction rating out of 100 with the performance of Council in making decisions in the interests of the community

Innovation and Council Business

Progress Comment**Target Achieved**

Council received an indexed result of 42. This is three points lower than the indexed result of 45 in 2016/17. The community has raised various concerns regarding Council's decision making and the performance of Councillors. The appointment of a Municipal Monitor may provide the community with some reassurance that there is Ministerial oversight of Council decision making now in place.

FACTS ON PUBLIC PRESENTATIONS Made to Council



Services Funded

The following statement provides information in relation to the services funded in the 2017/18 Budget that supports Strategic Objective 4 and the persons or sections of the business area responsible.

Business Area	Description of Services provided	Net Cost \$000
		Revised Budget \$000
		Variance \$000
Executive Services	The Executive Services builds strong and productive relationships with government and key regional agencies to strengthen the performance of Council.	\$539
		\$705
	The Executive Office is accountable for ensuring that Council's objectives for the Council Plan are achieved through the allocation of appropriate resources, the provision of strategic policy and legal advice to Council and the establishment of good governance practices to guide the management of the organisation.	\$166
Community Information	The Community Information Department plays a pivotal role in raising community awareness of Council services and strategic directions.	\$714
		\$720
	It creates a working interface between Council, Council Departments and the community through customer service, after-hours emergency services, community engagement, media/management, publishing and graphic design, social media, website management and internal liaison.	\$6
Finance, Risk and Procurement	The Finance, Risk and Procurement Department delivers financial planning, budget management oversight, risk management coordination and procurement coordination for the organisation. The Department comprises:	\$2,580
		\$3,507
	<ul style="list-style-type: none"> Accounting includes strategic financial advice, accounting systems and services, management accounting support and financial reporting; Rates and Valuations including property valuations for rating purposes and administration of rate collection; and Risk and Procurement including contract and quotation management, shared risk management services delivery with Baw Baw Shire, risk and insurance management, internal audit and regulatory compliance. <p>Together the teams improve the financial sustainability of Council by pursuing continuous improvement in processes and procedures, pro-actively managing risks, sustainably managing finances and gaining efficiencies through procurements.</p>	\$927

Note: A major restructure in October 2017 led to numerous Department, staff and resource changes. The Annual Report contains the revised Department Budgets from those shown in the 2017/18 Annual Budget to match the new structure, along with the associated end of year actuals/variances.

Business Area	Description of Services provided	Net Cost \$000
		Revised Budget \$000
		Variance \$000
Innovation and Council Business	The Innovation and Council Business Department leads organisation wide planning and implementation of good governance, innovation, technology and corporate information management practices.	\$2,922
		\$3,295
	The Department comprises: <ul style="list-style-type: none"> • Corporate Planning and Council Business including policy development and review, Council elections, Council meeting, briefings and public presentation coordination, corporate planning and reporting and community engagement to inform the Council Plan and annual initiatives for the Budget; • Innovation including Information Technology strategy, policy and planning, project development and delivery, systems management and on-going management of hardware and software; and • Corporate Information Management including strategy, policies, systems' coordination and operational support to capture, manage and archive corporate records; Freedom of Information and Privacy. 	\$373
People & Culture	The People and Culture Unit ensure our people are developed and supported so they have the opportunity to deliver services to the best of their ability for the benefit of the community.	\$924
	The team's contribution to employee and organisation success is achieved through business partnership with Directorates using people and culture processes and systems; developing employee work environment, mindset and culture; providing people and culture expertise in role, work design, staffing, professional development, performance, remuneration, recognition, OH&S, return to work, and wellbeing.	\$779
		(\$145)

Note: A major restructure in October 2017 led to numerous Department, staff and resource changes. The Annual Report contains the revised Department Budgets from those shown in the 2017/18 Annual Budget to match the new structure, along with the associated end of year actuals/variances.

Service Performance Indicators

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

Local Government Service Performance Indicators					
Service	Results 2015	Results 2016	Results 2017	Results 2018	Material Variation
Governance					
Transparency <i>Council decisions made at meetings closed to the public</i> [Number of Council resolutions made at ordinary or special meetings of Council, or at meeting of a special committee consisting only of Councillors, closed to the public / Number of Council resolutions made at ordinary or special meetings of Council or at meetings of a special committee consisting only of Councillors] x 100	11%	15%	7%	4%	Four per cent of all Council resolutions were in closed session. These items were closed due to matters that prejudice the Council or any person, legal, contractual and/or personnel matters. Council has made a concerted effort to reduce the number of reports dealt with in closed session. Eight resolutions were in closed session compared to 15 in the previous year.
Consultation and engagement <i>Satisfaction with community consultation and engagement</i> [Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement]	49	47	47	48	No material variation
Attendance <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) x (Number of Councillors elected at the last Council general election)] x 100	93%	90%	95%	87%	Councillor attendance at open and special meetings for the Financial Year was 87 per cent. Councillor attendance at Ordinary Meetings was 98 per cent whereby two Councillors had Leave of Absence granted. Council conducted nine Special Meetings whereby Councillor attendance was 73 per cent. Some Councillors had conflicting conferences that required their attendance.

Service Performance Indicators

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

Local Government Service Performance Indicators					
Service	Results 2015	Results 2016	Results 2017	Results 2018	Material Variation
Service cost					
Cost of governance [Direct cost of governance service / Number of Councillors elected at the last Council general election]	\$44,826	\$44,061	\$46,861	\$48,543	The annual Ministerial advice to increase the Mayor and Councillor allowances, along with higher Councillor reimbursements and training costs this year, have contributed to the increased cost of Governance in 2017/18.
Satisfaction					
Satisfaction with Council decisions [Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community]	44	47	45	42	The community has raised various concerns regarding Council's decision making and the performance of Councillors. The appointment of a Municipal Monitor may provide the community with some reassurance that there is Ministerial oversight of Council decision making now in place.



SECTION 3 OVERVIEW

COUNCIL GOVERNANCE

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

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 seeking external funding to supplement Council and community funded projects;
- Ensuring resources are managed in a responsible, accountable and sustainable manner; and
- Fostering community cohesion and encouraging active participation and engagement in civic life and decision making.

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

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

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

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

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

Public presentation sessions are held on the third Wednesday to allow Councillors fair consideration of the issues before the next meeting. Public presentation sessions are also available on the fourth Wednesday of the month for agenda related matters. 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 Council's website.

CODE OF CONDUCT

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

All Councillors are required to sign their commitment to abide by the Code before they assume the office of Councillor. This is normally made when taking the Oath of Office following a Council election. It is also required within three months of a revised Code being adopted by Council.

The Council reviewed, updated and signed the current Code on 22 February 2017, in accordance with the Act.

The Code is designed to:

- Assist Councillors to maintain the highest standards of conduct and behaviour as well as provide a means to deal with problems they may encounter;
- Attract the highest level of confidence from 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.

COUNCILLOR CONDUCT PANEL

A Councillor Conduct Panel report on the findings and recommendations of one Conduct Panel held in 2015 (report provided to Council on 27 April 2016) was appealed by the Respondent to VCAT.

The VCAT Hearings were completed in January 2017. A VCAT decision was made on the matter on 10 August 2017 and the report on the outcome was provided to Council on 23 August 2017.

CONFLICT OF INTEREST

Councillors are elected by the residents and ratepayers to act in the best interests of the community. This is a position of trust that requires Councillors to put aside personal interests to make decisions in the public interest.

A conflict of interest occurs when a personal or private interest might compromise the ability of a Councillor or staff member to act in the public interest. A conflict of interest exists even if no improper act results from it. Declaration of a conflict of interest is a standard agenda item for all Council, Committee and Briefing meetings.

A register is maintained to record all disclosed conflicts of interest for Councillors and staff. The following table provides a summary of the number of conflict of interest disclosures made by Councillors during 2017/18.

Conflict of Interest	Number of Declarations
Indirect Interest	8
Direct Interest	15
Total	23

COUNCIL MEETINGS

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

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

Council Attendance at Meetings

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

In 2017/18, Council held the following meetings:

	Total Number of Meetings
Ordinary Council Meetings	11
Special Council Meetings	9
Special Committee of Council	2
Confidential Meetings	5



The following table provides a summary of Councillor attendance at Council meetings, Urgent and Special Council meetings for the 2017/18 financial year:

Councillor	Council Meeting	Special Council Meeting	Total Number of Meetings
Incoming Council			
Cr Argento	9 of 9	8 of 9	17 of 18
Cr Brown	9 of 9	5 of 9	14 of 18
Cr Brunt	9 of 9	8 of 9	17 of 18
Cr Edwards	8 of 9	8 of 9	16 of 18
Cr Hill	9 of 9	7 of 9	16 of 18
Cr Kiel	9 of 9	9 of 9	18 of 18
Cr McEwen	9 of 9	8 of 9	17 of 18
Cr Rich	8 of 9	6 of 9	14 of 18
Cr Skinner	9 of 9	7 of 9	16 of 18

SPECIAL COMMITTEES

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

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

Special Committee	Date	Councillors	Purpose
Special Committee to hear submissions under Section 223 <i>Local Government Act 1989</i> – proposed lease of the Fish Creek Quarry	28 February 2018	6	To consider submissions made under Section 223 of the Act in regards to proposed lease of the Fish Creek Quarry
Special Committee to hear submissions under Section 223 <i>Local Government Act 1989</i> – proposed road opening of Fish Creek Quarry Road, Fish Creek	28 March 2018	7	To consider submissions made under Section 223 of the Act in regards to the proposed road opening of Fish Creek Quarry Road, Fish Creek

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

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

Section 86 Committee	Councillors	Officers	Other	Purpose
Allambee South Community Hall	Cr Hill		24	Committee of Management with limited delegation for the purpose of management of the Hall.
Corner Inlet Drainage Area	Cr Argento	1	4	Committee of Management with limited delegation for the purpose of management of the Drainage Area.
Dumbalk Hall and Ladies Auxiliary	Cr Kiel Cr Edwards (substitute)	1	12	Committee of Management with limited delegation for the purpose of management of the Hall.
Foster Showgrounds	Cr Skinner	1	11	Committee of Management with limited delegation for the purpose of management of the Showgrounds.
Foster Stockyard Gallery	Cr Skinner	1	7	Committee of Management with limited delegation for the purpose of management of the Building.
Foster War Memorial Arts Centre	Cr Argento	1	9	Committee of Management with limited delegation for the purpose of management of the Hall.

Special Committee	Councillors	Officers	Other	Purpose
John Terrill Memorial Park and Fish Creek Reserve	Cr Edwards	1	11	Committee of Management with limited delegation for the purpose of management of the Park and Reserve.
Korumburra Botanic Park Advisory Committee	-	1	9	Committee of Management with limited delegation for the purpose of management of the Botanic Park.
Korumburra Recreation Reserve	Cr Brunt Cr McEwen (substitute)	1	7	Committee of Management with limited delegation for the purpose of management of the Reserve.
Leongatha Court House	Cr Edwards	1	7	Committee of Management with limited delegation for the purpose of management of the Court House.
Mardan Hall	-	1	15	Committee of Management with limited delegation for the purpose of management of the Hall.
Meeniyan and District Sports Stadium	Cr McEwen	1	7	Committee of Management with limited delegation for the purpose of management of the Building.
Mirboo North Hall	-	1	6	Committee of Management with limited delegation for the purpose of management of the Hall.
Port Welshpool and District Maritime	-	1	6	Committee of Management with limited delegation for the purpose of management of the Building.
TP Taylor Reserve	Cr Skinner Cr Argento (substitute)	1	12	Committee of Management with limited delegation for the purpose of management of the Reserve.
Walter J Tuck Recreation Reserve	Cr Hill Cr Kiel (substitute)	1	15	Committee of Management with limited delegation for the purpose of management of the Reserve.



COUNCILLOR ALLOWANCES & EXPENSES

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

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

In accordance with Section 75 of the Act, Council is also required to reimburse a Councillor for expenses incurred whilst performing their duties as a Councillor and adopt and maintain a policy in relation to this. The *Councillor Support and Expenditure Policy* adopted 26 April 2018, provides guidance for the payment of reimbursements of expenses and the provision of resources, facilities and other support to the Mayor and Councillors to enable them to conduct their duties.

The following table contains a summary of the Councillor allowances and expenses for 2017/18:

Councillor Allowance & Expense Report 2017/18							
Councillor	Allowance including Superannuation	Travel & Car Mileage Expenses	Mobile Phone/ Surface Pro Support	Conference, Training & Professional Development	Printing/ Sound Recording Transcript	Other	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Cr Argento*	\$48,758	\$7,475	\$432	\$1,668	\$21	\$300	\$58,654
Cr Brown	\$27,393	\$5,431	\$448		\$30	\$241	\$33,543
Cr Brunt*	\$63,399	\$6,608	\$2,082	\$378	\$55	\$150	\$72,672
Cr Edwards	\$27,393	\$6,735	\$896	\$275	\$1	\$2,652	\$37,952
Cr Hill	\$27,393	\$5,390	\$636			\$2,055	\$35,474
Cr Kiel	\$27,393	\$5,545	\$481			\$114	\$33,533
Cr McEwen	\$27,393	\$9,492	\$1,463	\$1,793	\$499	\$274	\$40,914
Cr Rich*	\$27,393	\$7,394	\$251	\$2,527		\$1,764*	\$39,329
Cr Skinner	\$27,393	\$6,010	\$328	\$6,027	\$1	\$55	\$39,814
Total	\$303,908	\$60,080	\$7,017	\$12,668	\$607	\$7,605	\$391,885

- *Cr Argento (Mayor) from July 2017 to November 2017
- *Cr Brunt (Mayor) from November 2017 to June 2018
- *Cr Rich's Other Costs includes a Remoteness Allowance of \$1,480

EXPENSE CATEGORIES

Training & Professional Development

This category covers registration fees associated with attendance by Councillors generally held within Victoria at one-off or short-term conferences, training and professional development courses held by Local Government related organisations, professional bodies or institutions.

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

Travel Expenses & Car Mileage

Council's Councillor Support and Expenditure Policy - 26 April 2018 and *Councillor Vehicle Policy* - 3 November 2016, provide for the reimbursement of car mileage, depreciation, insurance and/or use of private vehicles while conducting Council business.

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

Councillor Allowances & Superannuation

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

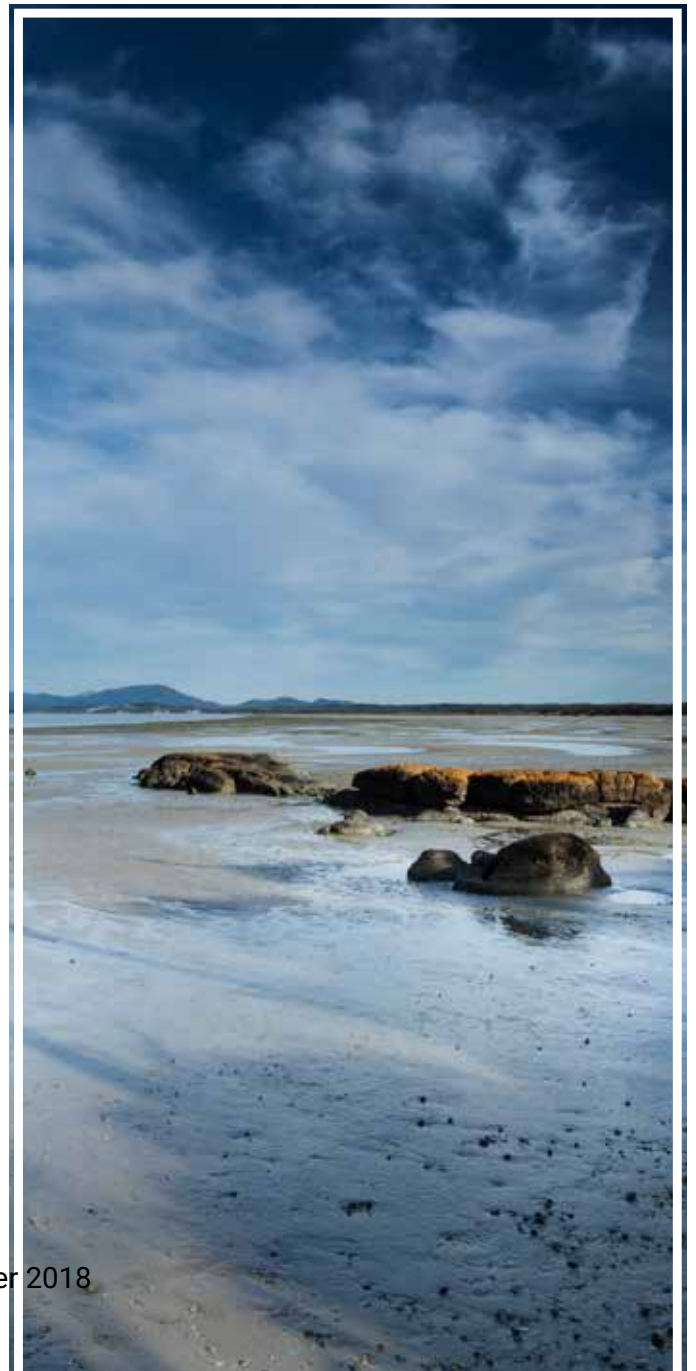
South Gippsland Shire Council is recognised as a Category 2 Council and allowances are paid at the top level within this category. Allowances are paid in accordance with Section 74 of the Act.

IT & Communication Support

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

Printing, Sound Recording & Transcript Request

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



MANAGEMENT FRAMEWORK & AUDITING

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

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

The Audit Committee met four times in 2017/18 on 11 September 2017, 4 December 2017, 5 February 2018 and 18 June 2018.

The Internal Auditor, Richmond Sinnott and Delahunty (RSD) Chartered Accountants, CEO (or acting CEO) and Director Corporate and Community Services (or acting Director) attended all Audit Committee meetings. Other management representatives attended as required to present reports. External auditors from the Victorian Auditor-General Office (VAGO) attended the 11 September 2017, 5 February 2018 and 18 June 2018 meetings to present the audit plan and independent audit report.

AUDIT COMMITTEE

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

The Audit Committee consists of three independent members, who from the 3 April 2017 meeting were Dr Irene Irvine (Chair), Dr John (AJ) Purcell and Mr Homi Burjorjee, the Mayor and one Councillor, who from the 12 December 2016 meeting were Cr Argento and Cr Brunt. Independent members are appointed for a three year term, with a maximum of two terms. The chair is elected from amongst the independent members.

ATTENDANCE

Attendee	Meetings Attended
Independent Members	
Dr Irene Irvine (<i>Chair</i>)	4
Dr John (AJ) Purcell	4
Mr Homi Burjorjee	4
Council Members	
Cr Argento (<i>Mayor until 15 November 2017</i>)	4
Cr Brunt (<i>Mayor from 15 November 2017</i>)	4
Auditors	
Internal Auditor (RSD Chartered Accountants)	4
External Auditors (VAGO)	3

INTERNAL AUDIT

Council's internal audit function provides independent and objective assurance that the appropriate processes and controls are in place across Council. This function is outsourced to RSD Chartered Accountants, who were appointed on 1 July 2016 following a public tender, for an initial term of three years, which will conclude on 30 June 2019. In June 2018, following consultation with the Audit Committee, the process commenced to exercise the first and final three year term under the contract with RSD which will conclude on 30 June 2022.

A risk based Internal Audit Program (IAP) is revised annually to ensure the audit resources remain focused on the appropriate areas. The review process considers Council's Risk Management Framework, the Council Plan, the impact of any change on operations, systems or the business environment, prior audit 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 2016/17 was completed with the following reviews conducted:

- Maternal & Child Health - including Immunisations;
- Asset Management and Road Maintenance/ Inspections;
- Statutory Planning and Building and Planning Compliance and Enforcement;
- Payroll and Human Resources Audit (in review);
- Domestic Wastewater Management Plan (in review);
- Business Continuity Management and Disaster Recovery (in review);
- Caravan Parks Operations – review of Income and Cash Receipting Controls (in review); and
- Procurement and Tendering (in review).

EXTERNAL AUDIT

Council is externally audited by VAGO. For the 2017/18 year the annual external audit of Council's Financial Statements and Performance Statement was conducted by the Victorian Auditor-General's representative. The external auditors attended the 11 September 2017, 4 December 2017, 5 February 2018 and 18 June 2018 Audit Committee meetings to present the annual audit plan and Independent Audit Report. The external audit management letter and responses are also provided to the Audit Committee.

RISK MANAGEMENT

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

During the 2016/17 financial year Council conducted a review of its Risk Management Framework and Policy. This review culminated on 22 March 2017 with Council adopting a revised Risk Management Framework and Policy.

These are next due for formal review in March 2021.

The Risk Management Framework and Policy addresses items such as:

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

Council's risk management objectives are to:

- Ensure that we achieve our strategic objectives as set out in the Council Plan;
- Highlight which areas of Council's risk profile have the capacity to deliver the maximum benefit or maximum harm and to identify those areas which should receive priority action;
- Establish a reliable basis for decision making and ensure that risk is included as a fundamental component in the planning process;
- Ensure the effective allocation of resources;
- Determine how risk should be reported to Council, Auditors, Audit Committee and Strategic Risk Committee;
- Foster an organisational culture which promotes proactive behaviour regarding the identification and treatment of risk;
- Identify and prepare for emerging risks, future events and change; and
- Improve stakeholder confidence and trust.

OCCUPATIONAL HEALTH & SAFETY

Council has maintained its emphasis on ensuring the health, safety and wellbeing of all employees, contractors, volunteers and other people who may be affected by their operations.

This is being achieved through:

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

Specific initiatives completed over the past twelve months include:

- Purchase and implementation of personal duress alarms for highest risk roles;
- Organising and hosting an OH&S forum for major local employers, featuring leading industry speakers;
- Completion of first phase of MAV WorkCare OH&S Improvement Program.

Lag Indicators

Incident, near miss and hazard reports have remained relatively consistent the past three years, while at the same time injuries have steadily declined. Injuries are defined as incidents where a person experiences any sort of negative physical or psychological impact.

	Incidents, Near Misses & Hazards	Injuries
2017/18	127	47
2016/17	145	58
2015/16	126	62

Number of reported incidents, near misses and hazards
 Ordinary Meeting of Council No. 428 - 24 October 2018

TRAINING & DEVELOPMENT

As part of developing health and safety knowledge and capability, a wide range of training has been provided including:

- Occupational Health & Safety
- Manual Handling
- AgVet Chemical Handling
- Confined space entry
- Chainsaw operation
- Working at heights
- Conflict resolution
- De-escalation, Engagement and Prevention

This complements ongoing internal education sessions, OH&S inductions for new staff and equipment and machine specific training that is provided.

Lead Indicators

Proactive measures are being utilised to gauge involvement and engagement in activities which have direct and indirect impact on workplace and personal safety. An ongoing emphasis on monitoring workplaces and equipment through inspections and checks has helped to identify and resolve a large number of issues, preventing possible injuries.

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

	Workplace Inspection Completed	Equipment Pre-start Checks
2017/18	70	11,000+
2016/17	76	6,000+
2015/16	53	Not Measured

* Only measured from 2016

STATUTORY INFORMATION

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

DOCUMENTS AVAILABLE FOR PUBLIC INSPECTION

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

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

BEST VALUE

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

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

The following Best Value initiatives were undertaken during 2017/18:

- Investigations into future options for the provision of Home and Community Care Services were determined once the changed funding model was introduced by the Federal Government. Council determined to find a suitable external provider and transition the service to that provider. This transition process will continue in 2018/19.
- A review of the Visitor Information Services at Foster and Korumburra was undertaken in 2016. Council determined to retain the Foster Service. A subsequent review on the Korumburra Service was reached in 2018 with a decision to maintain a seasonal service from 1 December to one week after Easter each year.
- Investigations continued into ways to improve and automate internal processes in order to improve customer service to the community. The adoption of a Digital Strategy will assist the ongoing investigations into various services.

Improvements introduced and/or still underway include:

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

The outcomes achieved include:

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

CARERS RECOGNITION

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

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

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

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

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

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

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

DISABILITY ACTION PLAN

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

The implementation of the previous DAP was reviewed and a draft DAP 2018-2021 was developed. Consultation to develop the DAP was undertaken with relevant Council teams between October and December 2017, and with Council's Access and Inclusion Committee at their meetings on 30 November 2017 and 22 February 2018. The final DAP 2018-2021 was adopted at the Council Meeting 30 May 2018.

The DAP outlines Council's approach to building a more inclusive community and to meet both Council's obligations and community aspirations in doing so.

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

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

DOMESTIC ANIMAL MANAGEMENT PLAN

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

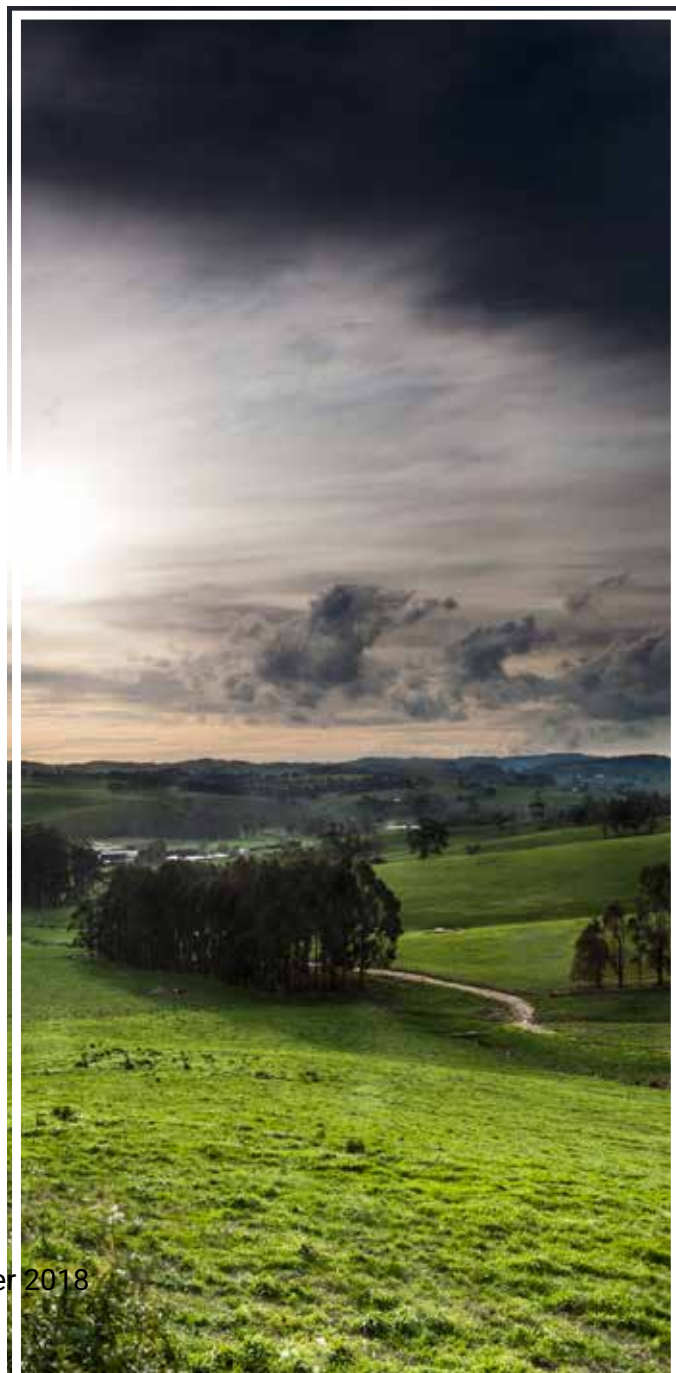
A draft DAMP 2017-2021 went out to the community as part of the consultation process as adopted at the Council Meeting of 24 May 2017.

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

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

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

- Annual audits of properties housing excess domestic animals via Local Law permits;
- Animal registration database 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;
- Training register maintained for individual officers;
- Officers attend or able to attend at least one training/networking session per year; and
- Officers provided with access to the Bureau of Animal Welfare extranet site.



FREEDOM OF INFORMATION

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

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

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

There were 20 requests under the Act, and access to five was granted in full or in part, seven were not valid, two were processed outside the Act, there were no relevant documents for three requests and three requests have not yet been finalised.

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

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

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

PROTECTED DISCLOSURE PROCEDURES

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

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

During the 2017/18 financial year there were no disclosures received by Council's Protected Disclosure Coordinators to which the Protected Disclosure Guidelines applied. As such there were no assessable disclosures referred to the Independent Broad-based Anti-corruption Commission (IBAC) for assessment.

CONTRACTS

During the 2017/18 financial year Council entered into no contracts valued at \$150,000 (incl. GST) or more for goods or services or \$200,000 (incl. GST) or more for works without engaging in a competitive process as required by Section 186 of the Act.

NATIONAL COMPETITION POLICY

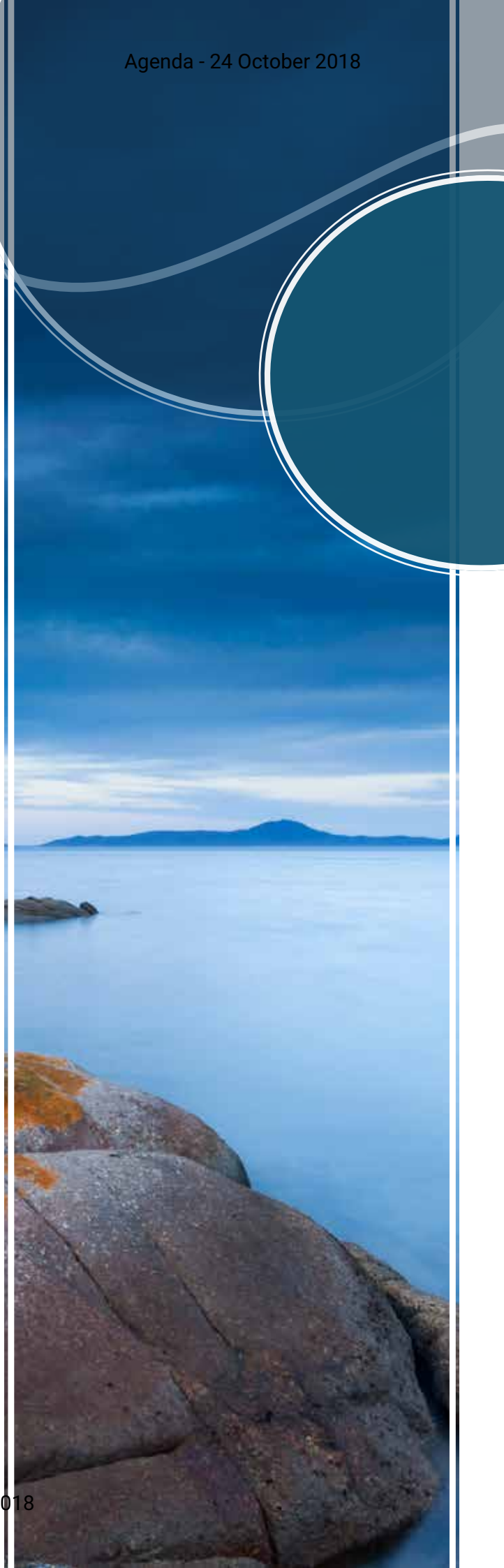
The Victorian Government is obligated to demonstrate that Local Government is compliant with competition policies. Council has a *National Competition Policy* and Council to the best of its knowledge has, in undertaking its functions, complied with Competition and Consumer legislation, has not undertaken any anti-competitive behaviour and has complied with the requirements of Council's *National Competition Policy* during 2017/18.

FOOD ACT MINISTERIAL DIRECTIONS

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

ROAD MANAGEMENT ACT MINISTERIAL DIRECTION

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



INFRASTRUCTURE AND DEVELOPMENT CONTRIBUTIONS

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

There were no infrastructure and development contributions disclosed for the 2017/18 financial year for South Gippsland Shire Council.



GOVERNANCE & MANAGEMENT CHECKLIST

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

Item No.	Government and Management Items	Assessment
1	Community engagement policy (policy outlining Council's commitment to engaging with the community on matters of public interest)	<i>Communication and Engagement Policy</i> Date of adoption: 25 June 2014 Community and Engagement Policy is scheduled to be adopted by Council at the Ordinary Meeting of Council 25 July 2018 at the time of writing this report.
2	Community engagement guidelines (guidelines to assist staff to determine when and how to engage with the community)	<i>Community Engagement Plan and Toolkit</i> Guidelines incorporated into the plan were endorsed by the Executive Leadership Team Date of adoption: February 2017 <i>Community Engagement Strategy 2018-2022</i> is scheduled to be adopted by Council at the Ordinary Meeting of Council 25 July 2018 at the time of writing this report.
3	Strategic Resource Plan (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next 4 financial years)	Adopted in accordance with section 126 of the Act Date of adoption: 27 June 2018
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: 27 June 2018
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)	<i>Asset Management Plans</i> and dates of operation: <ul style="list-style-type: none"> • Buildings - 1 August 2017 • Roads - 28 March 2018 • Parks, Gardens and Reserves - 6 March 2013 The following are included in Roads Asset Management Plans <ul style="list-style-type: none"> • Bridges • Footpaths and Cycle-ways • Stormwater Drainage <i>Parks, Gardens and Reserves Asset Management Plan</i> is currently under review as it is now including recreational assets that will take considerable time to complete.
6	Rating strategy (strategy setting out the rating structure of Council to levy rates and charges)	<i>Rating Strategy 2018/19</i> Date of adoption: 27 June 2018

Item No.	Government and Management Items	Assessment
7	Risk policy (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	<i>Risk Management Policy</i> Date of adoption: 22 March 2017
8	Fraud policy (policy outlining Council's commitment and approach to minimising the risk of fraud)	<i>Fraud and Corrupt Conduct Policy</i> Date of adoption: 26 April 2017
9	Municipal emergency management plan (plan under section 20 of the <i>Emergency Management Act 1986</i> for emergency prevention, response and recovery)	Prepared and maintained in accordance with section 20 of the <i>Emergency Management Act 1986</i> Date of adoption: 23 September 2015 An audit review is to be conducted in July 2018.
10	Procurement policy (policy under section 186A of the <i>Local Government Act 1989</i> outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)	<i>Procurement policy</i> prepared and approved in accordance with section 186A of the <i>Local Government Act 1989</i> Date of adoption: 27 June 2018
11	Business continuity plan (plan setting out the actions that will be undertaken to ensure that key services continue to operate in the event of a disaster)	Adopted by Executive Leadership Team Date of adoption: 30 November 2016 Plans are updated and tested at least annually with the last update and test being May 2018.
12	Disaster recovery plan (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	Endorsed by Strategic Risk Committee Date of adoption: 16 February 2016
13	Risk Management framework (framework outlining Council's approach to managing risks to the Council's operations)	<i>Risk Management Framework</i> Date of adoption: 22 March 2017
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 South Gippsland Shire Council Audit Committee Charter was updated and adopted by Council 26 April 2018. Information relating to the operations of this committee can be found in the Audit Committee section of this report.
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 2016

Item No.	Government and Management Items	Assessment
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)	<p>Performance Reporting Framework is set out in the Council Plan 2017-2021 and 2017/18 Annual Budget adopted 28 June 2017.</p> <p>Requirements for quarterly reporting for the LGPRF is through the Audit Committee Charter and Minutes to Council and is passed through Executive Leadership Team and Risk Committee prior to Audit Committee and Council.</p> <p>The Council Plan 2017-2021 and the 2017/18 Annual initiatives were reported in February 2018, June 2018 and financial year end in the 2018/17 Annual Report.</p>
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)	<p>Council Plan and Annual Plan reporting is provided in quarterly performance reports to Council</p> <p>Date of reports:</p> <ul style="list-style-type: none"> • Revised 2017-2021 Council Plan adopted: 28 June 2018 • Full Year 2016/17 compiled for the Annual Report and Fourth Quarter report combined: adopted 27 September 2017 • 2017/18 First Half Year report adopted: 28 February 2018 • 2017/18 Third Quarter report adopted: 30 May 2018 • 2017/18 Financial Year report - is currently being compiled for the combined Quarterly and Annual Report.
18	Financial reporting (quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)	<p>Statements presented to Council in accordance with section 138(1) of the Act.</p> <p>Long Term Financial Strategies</p> <p>Date of adoption: 25 October 2017</p> <p>Financial reporting is provided in Quarterly Performance Reports to Council.</p> <p>Date statements presented:</p> <ul style="list-style-type: none"> • First Quarter Report - July to August 2017 - 27 September 2017 • Second Quarter Report - July to November 2017 - 20 December 2017 • Third Quarter Report - July to February 2018 - 28 March 2018 • Fourth Quarter Report - included in this 2017/18 Annual Report
19	Risk reporting (six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies)	<p>Audit Committee review of register</p> <p>Date of reports:</p> <ul style="list-style-type: none"> • First report - 4 December 2017 • Second report - 18 June 2018

Item No.	Government 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)	Council Plan and Annual Plan reporting is provided in Organisational Performance reports to Council. Half Year report - communication via Councillor's weekly newsletter and Audit Committee 5 February 2018 and three quarterly report in 18 June 2018. Full Year report - included in this 2017/18 Annual Report.
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 2016/17 Annual Report was adopted by Council on 27 September 2017. The final version after being presented to the Minister for Local Government was adopted by Council on 25 October 2017.
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 revised Councillor Code of Conduct was reviewed in accordance with section 76C of the Act. Date of adoption: 22 February 2017
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 by the CEO on <ul style="list-style-type: none"> • Council to CEO (S5) - 22 February 2017 • Council to Staff (S6) - 26 April 2018 • CEO to Staff (S7) - 16 April 2018 • CEO to Staff (S7a) - Sale of Council Land - 13 April 2018 • Municipal Building Surveyor to Staff (S12) – 4 June 2018 • CEO Powers to Staff (S13) - 4 June 2018 • CEO to Staff (VICSmart) (S14) - 31 May 2018
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 of 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: 26 September 2018



Cr Lorraine Brunt

Mayor

Dated: 26 September 2018



SECTION 4 OVERVIEW

PERFORMANCE STATEMENT



PERFORMANCE STATEMENT

DESCRIPTION OF MUNICIPALITY

South Gippsland Shire was formed in 1994 from the amalgamation of four municipalities. Located 90 minutes south east of Melbourne, the Shire has an expanding population of 29,124 (ABS estimated resident population 2017).

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

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

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



SUSTAINABLE CAPACITY INDICATORS

for the year ended 30 June 2018

Service	Results 2015	Results 2016	Results 2017	Results 2018	Material Variation
Population	\$2,013	\$2,128	\$2,091	\$2,124	No material variation
<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]					
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$14,743	\$16,042	\$15,611	\$15,228	No material variation
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	13	13	14	14	The previous result for 2016/17 has been amended from 24 to 14 as the result includes sealed and unsealed roads. The previous result only included sealed roads.
Own-source revenue					No material variation
<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,522	\$1,670	\$1,630	\$1,672	
Recurrent grants					This indicator is volatile based on the level of grants received each year. Population does not change very much but the higher the level of grants received in a year, the higher the ratio and conversely, the lower the level of grants in a year, the lower the ratio.
<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$607	\$414	\$684	\$520	
Disadvantage					South Gippsland residents are more disadvantaged relative to the rest of Australia than they were five years ago. The ABS census indicator shows a decline of one point between the 2016 Census and the 2011 Census. A range of factors (such as housing, homelessness, transport, isolation, employment and education) are calculated to establish the indicator.
<i>Relative socio-economic disadvantage</i> [Index of Relative Socio-economic Disadvantage by decile]	6	6	6	5	

Definitions

"Adjusted underlying revenue" means total income other than:

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

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

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

"Population" means the resident population estimated by Council

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

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

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

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

Service	Results 2015	Results 2016	Results 2017	Results 2018	Material Variation
Aquatic Facilities Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	6	6	6	5	Lower temperature in the summer weather resulted in decreased attendance numbers for outdoor pools.
Animal management Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	20	23	9	19	Council has been more pro-active in education of residents in responsible pet ownership and has conducted property visits. Increased prosecutions from 9 to 19 of which nine prosecutions were addressing dog attacks. Other issues include excess and unregistered animals and animal businesses without permits.
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] x 100	94%	95%	100%	100%	From 1 July 2016, 'Critical and major non-compliance outcome notifications' will be reported by calendar year. Previously this indicator was reported by financial year. This has been implemented to better align reporting with the Department of Health and Human Services. This may result in some variances year on year.
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	47	45	42	The community has raised various concerns regarding Council's decision making and the performance of Councillors. The appointment of a Municipal Monitor may provide the community with some reassurance that there is Ministerial oversight of Council decision making now in place.
Home and Community Care (HACC) Participation <i>Participation in HACC service</i> [Number of people that received a HACC service / Municipal target population for HACC services] x 100	26%	26%	N/A	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
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] x 100	23%	22%	N/A	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.

Service	Results 2015	Results 2016	Results 2017	Results 2018	Material Variation
Libraries Participation <i>Active library members</i> [Number of active library members / Municipal population] x 100	25%	23%	21%	17%	An Active Library Member is defined as a member who has borrowed a library collection item. A reporting review by West Gippsland Regional Library Corporation found that reporting for this measure had previously incorrectly included library members who had used public computers and Wi-Fi but had not borrowed an item. This has now being corrected for future reporting.
Maternal and Child Health (MCH) Participation <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x 100	79%	75%	76%	76%	No material variation
Participation <i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x 100	76%	62%	67%	58%	The number of Aboriginal children enrolled in the MCH service increased from 17 to 20, however the number of children that attended the service at least once remained the same as the previous year. Reasons for non-attendance could be a result of declining the service or decided to attend a different MCH in another council.
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	30	36	46	Council utilised the Customer Satisfaction Survey to clarify the differences between VicRoads roads, Council sealed roads and Council gravel roads to assist participants in rating their satisfaction with each type of road. The survey identified that all three types of roads remain a concern, however gravel roads are the most problematic.

Service	Results 2015	Results 2016	Results 2017	Results 2018	Material Variation
Statutory Planning					A positive increase in performance whereby four from five decisions supported by VCAT compared to the previous year of three from six decisions.
Decision making					
<i>Council planning decisions upheld at VCAT</i>	0%	71%	50%	80%	
[Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x 100					
Waste Collection					No material variation
Waste diversion					
<i>Kerbside collection waste diverted from landfill</i>	33%	50%	51%	51%	
[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x 100					

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

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

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

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

"CALD" means culturally and linguistically diverse and refers to persons born outside Australia in a country whose national language is not English

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

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

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

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

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

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

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

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

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

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

"Population" means the resident population estimated by Council

"Target population" has the same meaning as in the Agreement entered into for the purposes of the *Home and Community Care Act 1985* of the Commonwealth

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

Dimension/indicator/ measure	Results 2015	Results 2016	Results 2017	Results 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Material Variation
Efficiency									No material variation
Revenue level									
<i>Average residential rate per residential property assessment</i>	\$1,607	\$1,752	\$1,789	\$1,811	\$1,875	\$1,913	\$1,951	\$1,990	
[Residential rate revenue / Number of residential property assessments]									
Expenditure Level									No material variation
<i>Expenses per property assessment</i>	\$2,913	\$3,038	\$3,105	\$3,094	\$3,164	\$3,010	\$3,004	\$3,090	
[Total expenses / Number of property assessments]									
Workforce turnover									No material variation
<i>Resignation and terminations compared to average staff</i>	9.29%	13.13%	11.19%	11.98%	11.48%	11.48%	11.48%	11.48%	
[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x 100									
Liquidity									Additional cash on hand at end of period due to carry forward of incomplete capital works program plus lower payables and employee provisions at the end of the financial year compared to previous year.
Working capital									
<i>Current assets compared to current liabilities</i>	270.40%	240.08%	281.98%	309.55%	171.71%	167.18%	186.72%	177.77%	
[Current assets / Current liabilities] x 100									

Dimension/indicator/ measure	Results 2015	Results 2016	Results 2017	Results 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Material Variation
Attachment 5.1.1									
Unrestricted cash									The reclassification of \$24.3M of highly liquid 'cash and cash equivalent assets' to 'other financial assets' which have a maturity date of greater than 90 days has reduced the amount of Cash and Cash equivalents. This does not present as a strategic concern.
<i>Unrestricted cash compared to current liabilities</i>	107.46%	-46.01%	-16.11%	-33.24%	86.46%	56.59%	76.53%	67.98%	
[Unrestricted cash / Current liabilities] x 100									
Obligations									The nature of capital renewal expenditure is expected to fluctuate over the years based on the mix of capital in each year.
Asset renewal									
<i>Asset renewal compared to depreciation</i>	84.41%	100.84%	111.33%	98.04%	164.21%	184.06%	137.62%	121.67%	
[Asset renewal expenses / Asset depreciation] x 100									
Loans and borrowings									No material variation
<i>Loans and borrowings compared to rates</i>	9.40%	8.68%	8.37%	8.16%	7.88%	0.00%	0.00%	0.00%	
[Interest bearing loans and borrowings / Rate revenue] x 100									
Loans and borrowings									The spike in 2019/20 is due to Council's only loan (interest only) of \$3.35M which is due to be paid out in July 2019. The following years Council has budgeted to have zero debt.
<i>Loans and borrowings repayments compared to rates</i>	0.36%	0.37%	0.36%	0.35%	0.33%	7.82%	0.00%	0.00%	
[Interest and principal repayments on interest bearing loans and borrowings / rate revenue] x 100									
Indebtedness									Council's interest only loan reverts from non-current liability to current liability during the 2018/19 year as the loan is due to be paid out in July 2019. This causes the ratio to drop in 2018/19 and remain constant thereafter as there is no further budgeted loan liability.
<i>Non-current liabilities compared to own source revenue</i>	10.85%	10.67%	12.62%	12.73%	3.80%	3.85%	3.88%	3.92%	
[Non-current liabilities / Own source revenue] x 100									

Agenda - 24 October 2018

Dimension/indicator/ measure	Results 2015	Results 2016	Results 2017	Results 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Material Variation
Operating position									
Adjusted underlying result	12.36%	0.99%	12.11%	7.30%	-1.69%	8.81%	9.93%	8.99%	The lower value in 2018/19 is due to half of Council's largest sources of funds (Victorian Grants Commission) payment due for payment in 2018/19 being paid early and recognised in the 2017/18 financial year. There is no concern with this indicator as it simply reflects a timing issue of when the grant funding is recognised.
<i>Adjusted underlying surplus (or deficit)</i>									
[Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x 100									
Stability									
Rates concentration									
<i>Rates compared to adjusted underlying revenue</i>	55.55%	64.87%	58.11%	61.52%	68.31%	66.05%	67.04%	67.57%	This ratio is volatile due to the volatility of grants. In years where the ratio is higher, grant income is lower which makes the rate percentage of the overall income higher. Conversely, in years where grant income is higher, the rate percentage of overall income is lower.
[Rate revenue / Adjusted underlying revenue] x 100									
Rates effort									No material variation
<i>Rates compared to property values</i>	0.50%	0.54%	0.53%	0.54%	0.53%	0.53%	0.53%	0.54%	
[Rate revenue / Capital improved value of rateable properties in the municipality] x 100									

Definitions

"Adjusted underlying revenue" means total income other than:

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

other than those referred to above

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

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

"Current assets" has the same meaning as in the AAS

"Current liabilities" has the same meaning as in the AAS

"Non-current assets" means all assets other than current assets

"Non-current liabilities" means all liabilities other than current liabilities

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

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

"Population" means the resident population estimated by Council

"Rate revenue" means revenue from general rates, municipal charges, service rates and service charges

"Recurrent grant" means a grant other than a non-recurrent grant

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

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

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

OTHER INFORMATION

for the year ended 30 June 2018

1. Basis of preparation

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

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

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

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



CERTIFICATION OF THE PERFORMANCE STATEMENT

for the year ended 30 June 2018

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.



Tracey Lindupp, CA

Principal Accounting Officer

Dated: 26 September 2018

In our opinion, the accompanying performance statement of the South Gippsland Shire Council for the year ended 30 June 2018 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.



Cr Lorraine Brunt

Mayor

Dated: 26 September 2018



Cr Ray Argento

Councillor (Audit Committee Member)

Dated: 26 September 2018



Tim Tamlin

Chief Executive Officer

Dated: 26 September 2018

Ordinary Meeting of Council No. 428 - 24 October 2018

Independent Auditor's Report

To the Councillors of South Gippsland Shire Council

Opinion	<p>I have audited the accompanying performance statement of South Gippsland Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • description of municipality for the year ended 30 June 2018 • sustainable capacity indicators for the year ended 30 June 2018 • service performance indicators for the year ended 30 June 2018 • financial performance indicators for the year ended 30 June 2018 • other information and • the certification of the performance statement. <p>In my opinion, the performance statement of South Gippsland Shire Council in respect of the year ended 30 June 2018 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</i>.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Councillors' responsibilities for the performance statement	<p>The Councillors are responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 1989</i> and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.</p>
Auditor's responsibilities for the audit of the performance statement	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists.</p>

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement.

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

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

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

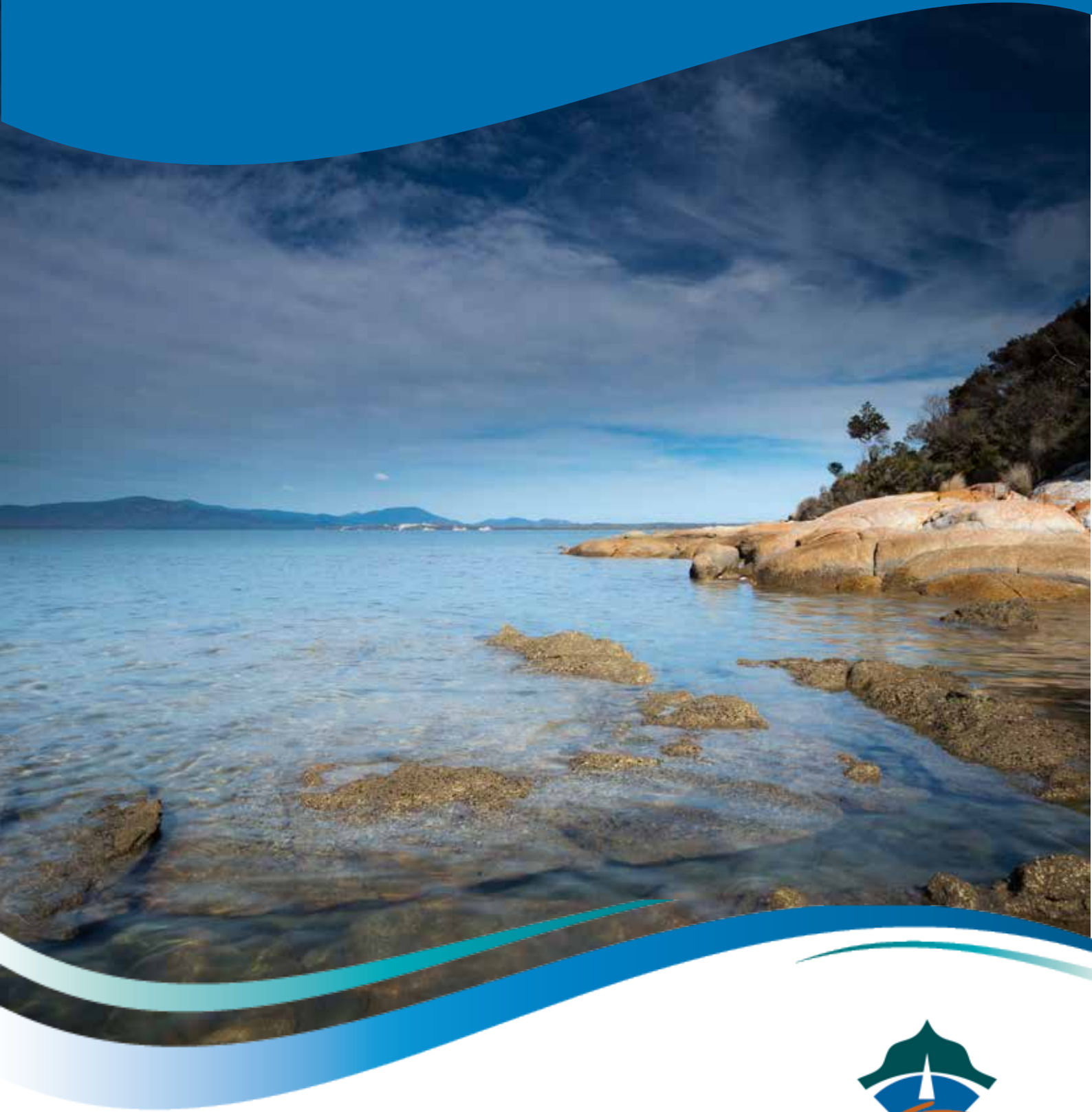
MELBOURNE
26 September 2018


Tim Loughnan
as delegate for the Auditor-General of Victoria

SOUTH GIPPSLAND SHIRE COUNCIL

Annual Financial Report

FOR THE YEAR ENDED 30 JUNE 2018



*South Gippsland
Shire Council*

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Certification of the Financial Statements

For the Year Ended 30 June 2018

Certification of the Financial Statements

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.

Tracey Lindupp, CA
Principal Accounting Officer



Date : 26-September-2018
Leongatha

In our opinion the accompanying financial statements present fairly the financial transactions of South Gippsland Shire Council for the year ended 30 June 2018 and the financial position of the Council as at that date.

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

We have been authorised by the Council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify the financial statements in their final form.

Lorraine Brunt
Mayor
Date :
Leongatha



Ray Argento
Councillor

Date :
Leongatha



26-September-2018

Tim Tamlin
Chief Executive Officer

Date :
Leongatha



26-September-2018

Independent Auditor's Report

To the Councillors of South Gippsland Shire Council

Opinion	<p>I have audited the financial report of South Gippsland Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2018 • comprehensive income statement for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • notes to the financial statements, including significant accounting policies • certification of the financial statements. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the <i>Local Government Act 1989</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Councillors' responsibilities for the financial report	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

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

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

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

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



MELBOURNE
26 September 2018

Tim Loughnan
as delegate for the Auditor-General of Victoria

Comprehensive Income Statement

For the Year Ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Income			
Rates and charges	2.1	41,059	40,004
Statutory fees and fines	2.2	804	769
User fees	2.3	4,476	4,134
Grants - operating	2.4	14,500	17,473
Grants - capital	2.4	5,698	7,805
Contributions - monetary	2.5	299	509
Contributions - non monetary	2.5	169	403
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	2.6	203	(18)
Fair value adjustments for investment property	5.3	34	-
Share of net profits (or loss) of associates	5.2	115	131
Other income	2.7	2,012	2,138
Total income		69,369	73,348
Expenses			
Employee costs	3.1	24,635	23,832
Materials and services	3.2	23,556	21,920
Depreciation	3.3	10,479	11,651
Bad and doubtful debts	3.4	47	43
Borrowing costs	3.5	143	142
Other expenses	3.6	3,011	2,900
Total expenses		61,871	60,488
Surplus for the year		7,498	12,860
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	5.1	(6,567)	-
Total comprehensive result		931	12,860

Attachment 5.1.1

Balance Sheet

As at 30 June 2018

Agenda - 24 October 2018

	Note	2018 \$'000	2017 \$'000
Assets			
Current assets			
Cash and cash equivalents	4.1	5,458	9,701
Trade and other receivables	4.1	5,610	4,449
Other financial assets	4.1	24,266	16,581
Inventories	4.2	281	304
Other assets	4.2	61	42
Total current assets		35,676	31,077
Non-current assets			
Investments in associates	5.2	1,237	1,122
Property, infrastructure, plant and equipment	5.1	527,017	530,083
Investment property	5.3	763	729
Total non-current assets		529,017	531,934
Total assets		564,693	563,011
Liabilities			
Current liabilities			
Trade and other payables	4.3	3,883	4,012
Trust funds and deposits	4.3	911	899
Provisions	4.5	6,731	6,110
Total current liabilities		11,525	11,021
Non-current liabilities			
Provisions	4.5	2,851	2,604
Interest-bearing liabilities	4.4	3,350	3,350
Total non-current liabilities		6,201	5,954
Total liabilities		17,726	16,975
Net assets		546,967	546,036
Equity			
Accumulated surplus		219,590	213,187
Reserves	8.1	327,377	332,849
Total Equity		546,967	546,036

Statement of Changes in Equity

For the Year Ended 30 June 2018

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2018					
Balance at beginning of the financial year		546,036	213,187	329,540	3,309
Surplus for the year		7,498	7,498	-	-
Net asset revaluation increment/(decrement)	8.1(a)	(6,567)		(6,567)	-
Transfers to other reserves	8.1(b)	-	(2,148)	-	2,148
Transfers from other reserves	8.1(b)	-	1,053	-	(1,053)
Balance at end of the financial year		546,967	219,590	322,973	4,404

		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2017					
Balance at beginning of the financial year		533,176	201,398	329,540	2,238
Surplus for the year		12,860	12,860	-	-
Transfers to other reserves	8.1(b)	-	(2,046)	-	2,046
Transfers from other reserves	8.1(b)	-	975	-	(975)
Balance at end of the financial year		546,036	213,187	329,540	3,309

Statement of Cash Flows

For the Year Ended 30 June 2018

	Note	2018 Inflows/ (Outflows) \$'000	2017 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		40,956	39,598
Statutory fees and fines		804	769
User fees		3,421	4,467
Grants - operating		14,500	17,473
Grants - capital		5,698	7,805
Contributions - monetary		299	510
Interest received		702	592
Trust funds and deposits taken		82	165
Other receipts		1,434	2,036
Net GST refund		2,631	3,143
Employee costs		(24,774)	(23,445)
Materials and services		(25,674)	(24,649)
Trust funds and deposits repaid		(45)	(139)
Other payments		(3,011)	(2,881)
Net cash provided by/(used in) operating activities	8.2	17,024	25,444
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(14,293)	(18,772)
Proceeds from sale of property, infrastructure, plant and equipment		854	1,505
Payments for investments		(7,685)	(1,265)
Net cash provided by/(used in) investing activities		(21,124)	(18,532)
Cash flows from financing activities			
Finance costs		(143)	(142)
Net cash provided by/(used in) financing activities		(143)	(142)
Net increase (decrease) in cash and cash equivalents		(4,243)	6,770
Cash and cash equivalents at the beginning of the financial year		9,701	2,931
Cash and cash equivalents at the end of the financial year	4.1(a)	5,458	9,701
Financing arrangements	4.6		
Restrictions on cash assets	4.1		

Statement of Capital Works

For the Year Ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Property			
Land		13	408
Buildings		397	2,826
Total property		<u>410</u>	<u>3,234</u>
Plant and equipment			
Plant, machinery and equipment		1,207	1,952
Computers and telecommunications		366	983
Total plant and equipment		<u>1,573</u>	<u>2,935</u>
Infrastructure			
Roads		9,498	10,139
Bridges		1,089	272
Major Culverts		87	9
Footpaths and cycleways		704	675
Drainage		67	158
Waste management		387	1,366
Off street car parks		-	494
Other infrastructure		647	531
Total infrastructure		<u>12,479</u>	<u>13,644</u>
Total capital works expenditure		<u>14,462</u>	<u>19,813</u>
Represented by:			
New asset expenditure		132	1,459
Asset renewal expenditure		10,274	12,971
Asset expansion expenditure		395	1,667
Asset upgrade expenditure		3,661	3,716
Total capital works expenditure		<u>14,462</u>	<u>19,813</u>

Notes to the Financial Report

For the Year Ended 30 June 2018

OVERVIEW

Introduction

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

Statement of compliance

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

Significant accounting policies

(a) Basis of accounting

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 5.1)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 5.1)
- the determination of employee provisions (refer to Note 4.5)
- the determination of landfill provisions (refer to Note 4.5)
- other areas requiring judgments

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

Notes to the Financial Report

For the Year Ended 30 June 2018

Note 1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 percent or \$100,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 28 June 2017. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

1.1 Income and expenditure

	Budget 2018 \$'000	Actual 2018 \$'000	Variance 2018 \$'000	Ref
Income				
Rates and charges	40,995	41,059	64	
Statutory fees and fines	618	804	186	1
User fees	4,183	4,476	293	2
Grants - operating	8,228	14,500	6,272	3
Grants - capital	8,669	5,698	(2,971)	4
Contributions - monetary	316	299	(17)	
Contributions - non monetary	479	169	(310)	5
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	(329)	203	532	6
Fair value adjustments for investment property	-	34	34	
Share of net profits/(losses) of associates and joint venture	-	115	115	7
Other income	2,388	2,012	(376)	8
Total income	65,547	69,369	3,822	
Expenses				
Employee costs	24,687	24,635	52	
Materials and services	24,079	23,556	523	9
Depreciation	11,884	10,479	1,405	10
Bad and doubtful debts	1	47	(46)	11
Borrowing costs	142	143	(1)	
Other expenses	3,120	3,011	109	12
Total expenses	63,913	61,871	2,042	
Surplus for the year	1,634	7,498	5,864	

(i) Explanation of material variations

Variance	Item	Explanation
Ref		
1	Statutory fees and fines	State Government fee increase was higher than budgeted
2	User fees	Higher than expected user fees recognised for Caravan Parks
3	Grants - operating	Recognition of \$3.9M Federal Government Contribution for Long Jetty Restoration and 50% of Victorian Grants Commission allocation (\$4.8M) relating to 2018-19 was received in advance
4	Grants - capital	Carry forward to future financial years of non recurrent capital grant budgeted for Bair Street Leongatha streetscape and Bena Kongwak Bridge.
5	Contributions - non monetary	Reductions in developer contributions
6	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	Gains recognised on sale of assets with book values lower than expected.
7	Share of net profits/(losses) of associates and joint ventures	Council share of surplus from Library was unexpected and not budgeted for.
8	Other income	Reclassification of interest on rates and charges and reduced income from private works sealing as no longer being performed.
9	Materials and services	Major projects budgeted for 2017-18 were not carried out during the year and have been carried forward to future periods, i.e. Long Jetty Restoration, Agnes Falls both carried forward to 18/19.
10	Depreciation	Change in depreciation of sub component of road pavement asset class relating to sealed roads.
11	Bad and doubtful debts	Increase in doubtful debts provision to reflect current aging profile of debtors and likelihood of collectability
12	Other expenses	Community grants budgeted for payment in 2017-18 were carried forward to 2018-19

Notes to the Financial Report

For the Year Ended 30 June 2018

Note 1 Performance against budget (cont'd)

1.2 Capital works

	Budget 2018 \$'000	Actual 2018 \$'000	Variance 2018 \$'000	Ref
Property				
Land	25	13	(12)	1
Buildings	1,507	397	(1,110)	2
Total Property	1,532	410	(1,122)	
Plant and Equipment				
Plant, machinery and equipment	2,258	1,207	(1,051)	3
Computers and telecommunications	1,595	366	(1,229)	4
Total Plant and Equipment	3,853	1,573	(2,280)	
Infrastructure				
Roads	11,633	9,498	(2,135)	5
Bridges	2,524	1,089	(1,435)	6
Major Culverts	124	87	(37)	7
Footpaths and cycleways	760	704	(56)	
Drainage	134	67	(67)	8
Waste management	432	387	(45)	9
Other infrastructure	1,724	647	(1,077)	10
Total Infrastructure	17,331	12,479	(4,852)	
Total Capital Works Expenditure	22,716	14,462	(8,254)	
Represented by:				
New asset expenditure	1,280	132	(1,148)	
Asset renewal expenditure	12,093	10,274	(1,819)	
Asset expansion expenditure	2,483	395	(2,088)	
Asset upgrade expenditure	6,860	3,661	(3,199)	
Total Capital Works Expenditure	22,716	14,462	(8,254)	

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	General land purchases lower than budgeted.
2	Buildings	Port Welshpool (\$0.4M) and Waratah Bay (\$0.14M) Caravan Park toilet blocks deferred to 2018/19 and decrease of \$0.12M in renewal program.
3	Plant, machinery and equipment	Variance due to carry forward of various projects to 2018/19.
4	Computers and telecommunications	Reduction in IT Capital Works program during investigation into shared services opportunities.
5	Roads	Bair Street Streetscape carried forward to 2018/19 partially offset by Foster Streetscape and reduced roads reseals
6	Bridges	Bena Kongwak Bridge (\$1.7M) deferred to 2018/19
7	Major Culverts	Major culvert renewal program deferred to 2018/19
8	Drainage	Deferral of drainage rehabilitation project expenditure to 2018/19.
9	Waste management	Leachate Evaporation System deferred to 2018/19
10	Other infrastructure	Projects carried forward to future years due to changes in project plans includes pools refurbishment (\$367k), Fish Creek Netball Courts (\$250k), Korumburra Recreation Reserve (\$170k), Venus Bay (\$225k).

Notes to the Financial Report

For the Year Ended 30 June 2018

Note 2 Funding for the delivery of our services

2.1 Rates and charges

2018
\$'000

2017
\$'000

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

The valuation base used to calculate general rates for 2017/18 was \$7,625 million (2016/17 \$7,574 million).

General Rates	37,869	36,931
Waste management charge	2,824	2,736
Supplementary rates and rate adjustments	200	147
Interest on rates and charges	166	190
Total rates and charges	41,059	40,004

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

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

2.2 Statutory fees and fines

Land Information Certificates	43	37
Local Laws	139	162
Building Services	104	93
Statutory Planning	428	406
Supervision Fees	30	26
Others	60	45
Total statutory fees and fines	804	769

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.

2.3 User fees

Aged and health services	785	792
Leisure centre and recreation	67	80
Local Laws	436	423
Waste management services	2,179	1,956
Caravan Parks	870	779
Other fees and charges	139	104
Total user fees	4,476	4,134

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

2.4 Funding from other levels of government

Grants were received in respect of the following :

Summary of grants

Commonwealth funded grants	16,739	20,992
State funded grants	3,459	4,286
Total grants received	20,198	25,278

(a) Operating Grants

Recurrent - Commonwealth Government

Financial Assistance Grants	9,500	13,324
Immunisation	1	1
Home & Community Care	978	945

Recurrent - State Government

Valuation Services	9	272
Community Safety	-	30
Family and children	202	184
Home & Community Care	583	596
School crossing supervision	54	34
Community building	115	110
Community health	27	40
Maternal & child health	316	329
Other	21	60
Total recurrent operating grants	11,806	15,925

Notes to the Financial Report

For the Year Ended 30 June 2018

	2018 \$'000	2017 \$'000
Non-recurrent - Commonwealth Government		
Financial Assistance Grants	-	35
Local Roads & Infrastructure	1,943	-
Non-recurrent - State Government		
Community Safety	-	55
Families & Children	30	-
Youth Services	82	70
Fire Services Levy Administration	49	47
Economic Development	-	-
Sustainability	201	143
Community Building	61	15
Local Roads & Infrastructure	-	70
Natural Disasters	-	100
Recreation & Leisure	179	917
Others	149	96
Total non-recurrent operating grants	<u>2,694</u>	<u>1,548</u>
Total operating grants	<u>14,500</u>	<u>17,473</u>
(b) Capital Grants		
Recurrent - Commonwealth Government		
Roads to recovery	3,344	3,860
Total recurrent capital grants	<u>3,344</u>	<u>3,860</u>
Non-recurrent - Commonwealth Government		
Roads	513	2,347
Building	160	480
Bridges	300	-
Non-recurrent - State Government		
Roads	242	200
Building	80	720
Bridges	859	120
Other Structures	200	78
Total non-recurrent capital grants	<u>2,354</u>	<u>3,945</u>
Total capital grants	<u>5,698</u>	<u>7,805</u>
(c) Unspent grants received on condition that they be spent in a specific manner		
Balance at start of year	1,320	1,664
Received during the financial year and remained unspent at balance date	961	830
Received in prior years and spent/closed during the financial year	(834)	(1,174)
Balance at year end	<u>1,447</u>	<u>1,320</u>

Grant income is recognised when Council obtains control of the contribution. Control is normally obtained upon receipt (or acquittal) or upon earlier notification that a grant has been secured.

5 Contributions

Monetary	299	509
Non-monetary	169	403
Total contributions	<u>468</u>	<u>912</u>
<i>Contributions of non monetary assets were received in relation to the following asset classes.</i>		
Roads & Streets	-	199
Drains	137	133
Kerbs & Channel	-	42
Car Parks	25	-
Footpaths	7	29
Total non-monetary contributions	<u>169</u>	<u>403</u>

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

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

Proceeds of sale	854	1,505
Written down value of assets disposed	(651)	(1,523)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	<u>203</u>	<u>(18)</u>

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

Notes to the Financial Report

For the Year Ended 30 June 2018

	2018 \$'000	2017 \$'000
2.7 Other income		
Interest	578	416
Investment property rental	227	225
Other rent	15	17
Fuel tax credits	144	153
Sales	155	147
Workcover reimbursements	334	338
Other reimbursements	420	425
External private works	17	298
Other	122	119
Total other income	2,012	2,138

Interest is recognised as it is earned.

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

Note 3 The cost of delivering services

3.1 a) Employee costs

Wages and salaries	21,942	21,353
WorkCover	569	411
Superannuation	2,104	2,021
Fringe benefits tax	20	47
Total employee costs	24,635	23,832

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	121	144
	121	144
Employer contributions payable at reporting date.	10	5

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)/Other	1,982	1,876
	1,982	1,876
Employer contributions payable at reporting date.	-	-

Refer to note 8.3 for further information relating to Council's superannuation obligations.

3.2 Materials and services

Waste Management	3,458	3,076
Leisure Centre Operations	870	846
Contractors General	7,631	4,412
Software Maintenance	1,094	1,052
Great Southern Rail Trail	7	362
Natural disasters	158	831
Materials General	4,544	5,192
Fuel & Oils	671	781
Advertising & Promotion Costs	258	260
Utilities	930	876
Subscriptions, affiliations and conferences	154	154
Leases	195	245
Legal Fees	404	432
Consultancies and projects	693	413
Insurance Premiums	644	602
Plant & Equipment Registrations	117	135
Training expenses	292	298
State levies	872	989
Gippsland Group Training / Labour Hire	564	964
Total materials and services	23,556	21,920

3.3 Depreciation

Property	2,415	2,410
Plant and equipment	1,902	1,848
Infrastructure	6,162	7,393
Total depreciation	10,479	11,651

Refer to note 5.1 for a more detailed breakdown of depreciation charges and accounting policy.

Notes to the Financial Report

For the Year Ended 30 June 2018

	2018 \$'000	2017 \$'000
3.4 Bad and doubtful debts		
General debtors provision	47	43
Total bad and doubtful debts	47	43
Movement in provisions for doubtful debts		
Balance at the beginning of the year	127	141
New Provisions recognised during the year	54	49
Amounts already provided for and written off as uncollectible	(13)	(33)
Amounts provided for but recovered during the year	(10)	(30)
Balance at end of year	158	127

Provision for doubtful debt is recognised when there is objective evidence that an impairment loss has occurred. Bad debts are written off when identified.

3.5 Borrowing costs

Interest - Borrowings	143	142
Total borrowing costs	143	142

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.

3.6 Other expenses

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	57	54
Auditors' remuneration - Internal & others	57	34
Councillors' allowances	304	282
Library Contributions	1,382	1,354
Community & Sporting Grants	951	992
Bank Fees & Charges	260	184
Total other expenses	3,011	2,900

Note 4 Our financial position

4.1 Financial assets

(a) Cash and cash equivalents

Cash on hand	3	2
Cash at bank	1,107	2,963
Money Market Call Account	3,348	3,236
Term deposits	1,000	3,500
Total cash and cash equivalents	5,458	9,701

(b) Other financial assets

Term deposits - current	24,266	16,581
Total other financial assets	24,266	16,581
Total financial assets	29,724	26,282

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

- Trust funds and deposits (Note 4.3)	911	899
Total restricted funds	911	899
Total unrestricted cash and cash equivalents	4,547	8,802

Intended allocations

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

- Cash held to fund carried forward capital works	6,931	4,239
- Grants recognised as revenue and obtained on the condition that they be expended in a specified manner that had not occurred at balance date (Note 2.4c)	1,447	1,320
- Reserve funds allocated for specific future purposes (Note 8.1b)	4,404	3,309
Total funds subject to intended allocations	12,782	8,868

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

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

Notes to the Financial Report

For the Year Ended 30 June 2018

	2018 \$'000	2017 \$'000
(c) Trade and other receivables		
Current		
<i>Statutory receivables</i>		
Rates debtors	2,851	2,934
Special rate assessment	14	18
<i>Non statutory receivables</i>		
Other debtors	2,903	1,624
Provision for doubtful debts - other debtors	(158)	(127)
Total current trade and other receivables	5,610	4,449
Total trade and other receivables	5,610	4,449

Short term receivables are carried at invoice amount. Long term receivables are carried at amortised cost using the effective interest rate method.

(a) Ageing of Receivables

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

Current (not yet due)	1,332	938
Past due by up to 30 days	1,130	158
Past due between 31 and 180 days	196	239
Past due between 181 and 365 days	81	152
Past due by more than 1 year	164	137
Total trade & other receivables	2,903	1,624

(b) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$158K (2017: \$127K) were impaired. The amount of the provision raised against these debtors was \$158K (2017: \$127K). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	-	17
Past due between 181 and 365 days	-	60
Past due by more than 1 year	158	50
Total trade & other receivables	158	127

Notes to the Financial Report

For the Year Ended 30 June 2018

4.2 Non-financial assets

(a) Inventories

	2018	2017
	\$'000	\$'000
Inventories held for distribution	281	304
Total inventories	281	304

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

(b) Other assets

Prepayments	61	42
Total other assets	61	42

4.3 Payables

(a) Trade and other payables

Trade payables	2,225	2,038
Accrued expenses	1,658	1,974
Total trade and other payables	3,883	4,012

(b) Trust funds and deposits

Refundable deposits	132	121
Fire services levy	393	418
Retention amounts	83	36
Other refundable deposits	303	324
Total trust funds and deposits	911	899

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

Purpose and nature of items

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

Fire Service Levy - Council is the collection agent for fire services levy on behalf of the State Government. Council remits amounts received on a <<monthly>> 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.

Other refundable deposits - Other deposits held in trust.

Notes to the Financial Report

For the Year Ended 30 June 2018

4.4 Interest-bearing liabilities

	2018 \$'000	2017 \$'000
Non-current		
Borrowings - secured	3,350	3,350
Total	3,350	3,350

Borrowings are secured by the general rates of the Council

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

Not later than one year	-	-
Later than one year and not later than five years	3,350	3,350
Later than five years	-	-
	3,350	3,350

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.

4.5 Provisions

	Employee	Landfill restoration	Total
2018	\$ '000	\$ '000	\$ '000
Balance at beginning of the financial year	6,853	1,861	8,714
Additional provisions	2,077	1,026	3,103
Amounts used	(2,210)	(19)	(2,229)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(6)	-	(6)
Balance at the end of the financial year	6,714	2,868	9,582

2017

Balance at beginning of the financial year	6,437	820	7,257
Additional provisions	2,709	1,041	3,750
Amounts used	(2,269)	-	(2,269)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(24)	-	(24)
Balance at the end of the financial year	6,853	1,861	8,714

Notes to the Financial Report

For the Year Ended 30 June 2018

	2018 \$'000	2017 \$'000
(a) Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	1,685	1,755
Rostered days	188	234
Long service leave	1,470	1,455
	3,343	3,444
Current provisions expected to be wholly settled after 12 months		
Annual leave	757	853
Long service leave	1,830	1,813
	2,587	2,666
Total current employee provisions	5,930	6,110
Non-current		
Long service leave	784	743
Total non-current employee provisions	784	743
Aggregate carrying amount of employee provisions:		
Current	5,930	6,110
Non-current	784	743
Total aggregate carrying amount of employee provisions	6,714	6,853

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

Wages and salaries and annual leave

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

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

Long service leave

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

	2018 \$'000	2017 \$'000
(b) Landfill restoration		
Current	801	-
Non-current	2,067	1,861
	2,868	1,861

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.

4.6 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2018

Bank overdraft	500	500
Credit card facilities	350	350
Total facilities	850	850
Used facilities	32	36
Unused facilities	818	814

Notes to the Financial Report

For the Year Ended 30 June 2018

4.7 Commitments

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

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

2017	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Transfer Stations	636	318	-	-	954
Litter Bins	189	189	-	-	378
Kerbside Garbage	2,143	2,143	1,429	-	5,715
Libraries	1,382	-	-	-	1,382
General Materials & Services	1,559	-	-	-	1,559
Equipment Hire	45	-	-	-	45
Maintenance Contracts	223	-	-	-	223
Construction Contracts	39	-	-	-	39
Total	6,216	2,650	1,429	-	10,295
Capital					
Buildings	65	-	-	-	65
Computer and Telecommunications	44	-	-	-	44
Bridges	14	-	-	-	14
Roads	1,426	-	-	-	1,426
Drainage	2	-	-	-	2
Footpaths	2	-	-	-	2
Other Structures	21	-	-	-	21
Total	1,574	-	-	-	1,574

	2018	2017
Operating lease commitments	\$'000	\$'000

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

Not later than one year	156	186
Later than one year and not later than five years	47	196
	203	382

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

Notes to the Financial Report

For the Year Ended 30 June 2018

Note 5 Assets we manage

5.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2017 \$'000	Additions \$'000	Contributions \$'000	Revaluation \$'000	Depreciation \$'000	Disposal \$'000	Transfers \$'000	At Fair Value 30 June 2018 \$'000
Property	124,793	-	-	7,864	(2,415)	(150)	381	130,473
Plant and equipment	9,500	-	-	-	(1,902)	(502)	1,763	8,859
Infrastructure	393,195	1,223	170	(14,431)	(6,162)	-	7,508	381,502
Work in progress	2,595	13,239	-	-	-	-	(9,652)	6,182
	530,083	14,462	170	(6,567)	(10,479)	(652)	-	527,017

Summary of Work in Progress

	Opening WIP \$'000	Additions \$'000	Transfers \$'000	Closing WIP \$'000
Property	144	410	(381)	173
Plant and equipment	718	1,573	(1,763)	528
Infrastructure	1,733	11,256	(7,508)	5,481
Total	2,595	13,239	(9,652)	6,182

Notes to the Financial Report

For the Year Ended 30 June 2018

Asset recognition thresholds and depreciation periods

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

The useful life historically applied to a component of the road infrastructure assets were reviewed during the year. The useful life used for a subcomponent of this asset class was assessed as not appropriately reflecting the economic consumption of the asset class, resulting in a change of the useful life assigned to the sub component from 15 years to 130 years. This adjustment occurred during the revaluation of infrastructure assets and is included in the revaluation amounts included in Note 5.2(c) below and is not separately identifiable.

Notes to the Financial Report

For the Year Ended 30 June 2018

(a) Property

	Land - specialised	Land under roads	Total Land	Heritage buildings	Buildings - specialised	Total Buildings	Work In Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2017	45,402	32,966	78,368	5,750	118,624	124,374	144	202,886
Accumulated depreciation at 1 July 2017	-	-	-	(4,457)	(73,492)	(77,949)	-	(77,949)
	45,402	32,966	78,368	1,293	45,132	46,425	144	124,937
Movements in fair value								
Additions	-	-	-	-	-	-	410	410
Revaluation	3,102	2,187	5,289	(581)	14,445	13,864	-	19,153
Disposal	(150)	-	(150)	-	-	-	-	(150)
Transfers	-	-	-	-	381	381	(381)	-
	2,952	2,187	5,139	(581)	14,826	14,245	29	19,413
Movements in accumulated depreciation								
Depreciation and amortisation	-	-	-	(57)	(2,358)	(2,415)	-	(2,415)
Revaluation	-	-	-	838	(12,127)	(11,289)	-	(11,289)
	-	-	-	781	(14,485)	(13,704)	-	(13,704)
At fair value 30 June 2018	48,354	35,153	83,507	5,169	133,450	138,619	173	222,299
Accumulated depreciation at 30 June 2018	-	-	-	(3,676)	(87,977)	(91,653)	-	(91,653)
	48,354	35,153	83,507	1,493	45,473	46,966	173	130,646

Notes to the Financial Statements

For the Year Ended 30 June 2018

(b) Plant and Equipment

	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Work in Progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2017	14,279	200	5,645	718	20,842
Accumulated depreciation at 1 July 2017	(5,981)	(168)	(4,475)	-	(10,624)
	8,298	32	1,170	718	10,218
Movements in fair value					
Additions	-	-	-	1,573	1,573
Disposal	(1,226)	-	(2,580)	-	(3,806)
Transfers	1,207	-	556	(1,763)	-
	(19)	-	(2,024)	(190)	(2,233)
Movements in accumulated depreciation					
Depreciation and amortisation	(1,359)	(3)	(540)	-	(1,902)
Accumulated depreciation of disposals	785	-	2,519	-	3,304
	(574)	(3)	1,979	-	1,402
At fair value 30 June 2018	14,260	200	3,621	528	18,609
Accumulated depreciation at 30 June 2018	(6,555)	(171)	(2,496)	-	(9,222)
	7,705	29	1,125	528	9,387

Notes to the Financial Statements

For the Year Ended 30 June 2018

(c) Infrastructure

	Roads	Bridges	Major Culverts	Footpaths and cycleways	Kerb & Channel	Off Street Car Parks	Drainage	Waste Management	Other Infrastructure	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2017	337,047	53,100	13,263	20,156	21,477	6,962	38,841	7,577	7,885	1,733	508,041
Accumulated depreciation at 1 July 2017	(61,586)	(15,767)	(4,786)	(3,318)	(4,218)	(2,914)	(13,526)	(3,422)	(3,576)	-	(113,113)
	275,461	37,333	8,477	16,838	17,259	4,048	25,315	4,155	4,309	1,733	394,928
Movements in fair value											
Additions	101	-	-	355	169	146	147	306	-	11,256	12,479
Contributions	-	-	-	7	-	26	137	-	-	-	170
Revaluation	(11,638)	306	850	(2,056)	(2,751)	(463)	1,753	-	3,426	-	(10,572)
Transfers	6,065	75	97	644	-	-	67	-	561	(7,508)	1
	(5,473)	381	947	(1,050)	(2,582)	(291)	2,104	306	3,987	3,748	2,078
Movements in accumulated depreciation											
Depreciation	(3,480)	(354)	(112)	(224)	(178)	(63)	(324)	(990)	(437)	-	(6,162)
Revaluation	4,853	(11,814)	(508)	1,887	3,291	2,552	(2,252)	-	(1,868)	-	(3,859)
	1,373	(12,168)	(620)	1,663	3,113	2,489	(2,576)	(990)	(2,305)	-	(10,021)
At fair value 30 June 2018	331,574	53,481	14,210	19,106	18,895	6,671	40,945	7,883	11,872	5,481	510,119
Accumulated depreciation at 30 June 2018	(60,213)	(27,935)	(5,406)	(1,655)	(1,105)	(425)	(16,102)	(4,412)	(5,881)	-	(123,134)
	271,361	25,546	8,804	17,451	17,790	6,246	24,843	3,471	5,991	5,481	386,985

Notes to the Financial Statements

For the Year Ended 30 June 2018

Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date.

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

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

Land under roads

Council recognises land under roads it controls at fair value.

Depreciation

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 consistent with the prior year unless otherwise stated.

Repairs and maintenance

Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

Leasehold improvements

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

Valuation of land and buildings

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

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

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

A full revaluation of land and buildings was conducted in 2017-18.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2018 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Specialised land	-	-	48,354	30/06/2018
Land under roads	-	-	35,153	30/06/2018
Heritage Buildings	-	-	1,493	30/06/2018
Buildings	-	-	45,473	30/06/2018
Total	-	-	130,473	

Notes to the Financial Statements

For the Year Ended 30 June 2018

Valuation of infrastructure

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

A full revaluation of infrastructure was conducted in 2017-18.

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 2018 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Roads	-	-	271,361	30/06/2018
Bridges	-	-	25,546	30/06/2018
Major Culverts	-	-	8,804	30/06/2018
Footpaths and cycleways	-	-	17,451	30/06/2018
Kerb & Channel	-	-	17,790	30/06/2018
Off Street Car Parks	-	-	6,246	30/06/2018
Drainage	-	-	24,843	30/06/2018
Waste management	-	-	3,471	30/06/2018
Other infrastructure	-	-	5,991	30/06/2018
Total	-	-	381,503	

Description of significant unobservable inputs into level 3 valuations

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

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$225 to \$8500 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 20 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

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

	2018 \$'000	2017 \$'000
Reconciliation of specialised land		
Land under roads	35,153	32,966
Parks and reserves and others	48,354	45,402
Total specialised land	83,507	78,368

Notes to the Financial Statements

For the Year Ended 30 June 2018

	2018 \$'000	2017 \$'000
5.2 Investments in associates		
(a) Investments in associates		
Investments in associates accounted for by the equity method are:		
West Gippsland Regional Library Corporation	1,237	1,122
West Gippsland Regional Library Corporation		
<i>Background</i>		
Council has a 30.55% equity interest in the West Gippsland Regional Library Corporation in 2017-18 (30.55% in 2016/17). The equity interest is calculated based on the proportion it contributes to the operating costs of the services.		
Fair value of Council's investment in West Gippsland Regional Library Corporation	1,237	1,122
Council's share of accumulated surplus/(deficit)		
Council's share of accumulated surplus at start of year	928	797
Reported surplus(deficit) for year	115	131
Council's share of accumulated surplus(deficit) at end of year	1,043	928
Council's share of reserves		
Council's share of reserves at start of year	194	194
Council's share of reserves at end of year	194	194
Movement in carrying value of specific investment		
Carrying value of investment at start of year	1,122	991
Share of surplus(deficit) for year	115	131
Carrying value of investment at end of year	1,237	1,122
Council's share of expenditure commitments		
Operating commitments	12	16
Capital commitments	-	83
Council's share of expenditure commitments	12	99

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.

Notes to the Financial Statements

For the Year Ended 30 June 2018

	2018 \$'000	2017 \$'000
5.3 Investment property		
Balance at beginning of financial year	729	729
Fair value adjustments	34	-
Balance at end of financial year	<u>763</u>	<u>729</u>

Investment property is held to generate long-term rental yields. Investment property is measured initially at cost, including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefit in excess of the originally assessed performance of the asset will flow to the Council. Subsequent to initial recognition at cost, investment property is carried at fair value, determined annually by qualified valuers. Changes to fair value are recorded in the comprehensive income statement in the period that they arise.

Valuation of investment property

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

Notes to the Financial Statements

For the Year Ended 30 June 2018

Note 6 People and relationships

6.1 Council and key management remuneration

(a) Related Parties

Parent entity

South Gippsland Shire Council

Subsidiaries and Associates

Interests in subsidiaries and associates are detailed in Note 5.2.

(b) Key Management Personnel

Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:

	2018 No.	2017 No.
Councillors		
Lorraine Brunt (Mayor)	1	1
Aaron Brown	1	1
Ray Argento	1	1
Alyson Skinner	1	1
Jeremy Rich	1	1
Maxine Kiel	1	1
Meg Edwards	1	1
Don Hill	1	1
Andrew McEwen	1	1
Robert Newton (1 July 2016 to 22 October 2016)		1
Kieran Kennedy (1 July 2016 to 22 October 2016)		1
Mohya Davies (1 July 2016 to 22 October 2016)		1
Jeanette Harding (1 July 2016 to 22 October 2016)		1
Nigel Hutchinson Brooks (1 July 2016 to 22 October 2016)		1
James Fawcett (1 July 2016 to 22 October 2016)		1
Total Number of Councillors	9	15
Chief Executive Officer and other Key Management Personnel	4	9
Total Key Management Personnel	13	24

(c) Remuneration of Key Management Personnel

Total remuneration of key management personnel was as follows:

	2018 \$'000	2017 \$'000
Short-term benefits	1,165	1,554
Long-term benefits	22	51
Post-employment benefits	78	119
Termination benefits	-	-
Total	1,265	1,724

The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:

	2018 No.	2017 No.
\$1 - \$9,999	-	5
\$10,000 - \$19,999	-	5
\$20,000 - \$29,999	7	4
\$40,000 - \$49,999	1	1
\$50,000 - \$59,999	-	1
\$60,000 - \$69,999	1	-
\$70,000 - \$79,999	-	1
\$140,000 - \$149,999	-	1
\$150,000 - \$159,999	-	2
\$160,000 - \$169,999	-	1
\$200,000 - \$209,999	-	1
\$210,000 - \$219,999	2	-
\$220,000 - \$229,999	-	1
\$230,000 - \$239,999	1	-
\$270,000 - \$279,999	-	1
\$300,000 - \$309,999	1	-
	13	24

(d) Senior Officer Remuneration

A Senior Officer is an officer of Council, other than Key Management Personnel, who:

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$145,000

The number of Senior Officers are shown below in their relevant income bands:

Income Range:

below \$145,000	0	2
\$145,000 - \$149,999	-	-
\$150,000 - \$159,999	3	1
\$160,000 - \$169,999	2	1
\$170,000 - \$179,999	-	1
\$180,000 - \$189,999	-	1
	5	6
Total Remuneration for the reporting year for Senior Officers included above amounted to	791	953

Total Remuneration for the reporting year for Senior Officers included above amounted to

Ordinary Meeting of Council No. 428 24 October 2018

Notes to the Financial Statements

For the Year Ended 30 June 2018

6.2 Related party disclosure

(a) Transactions with related parties

Council makes contributions to West Gippsland Regional Library Corporation as detailed in Note 3.6. During the period there were no other material transactions entered into with related parties by Council.

(b) Outstanding balances with related parties

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

(c) Loans to/from related parties

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

(d) Commitments to/from related parties

The aggregate amount of commitments in existence at balance date that have been made, guaranteed or secured by the Council to a related party was \$1.80M. All transactions are in line with normal commercial practice.

Notes to the Financial Statements

For the Year Ended 30 June 2018

Note 7 Managing uncertainties

7.1 Contingent assets and liabilities

(a) Contingent assets

Developer contributions to be received by Council in respect of estates currently under development total \$386K (2017 \$379K)

Operating lease receivables

The Council has entered into commercial property leases on its investment property, consisting of surplus freehold office complexes. 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:

	2018	2017
	\$'000	\$'000
Not later than one year	102	200
Later than one year and not later than five years	268	206
Later than five years	325	390
	<u>695</u>	<u>796</u>

(b) Contingent liabilities

Superannuation

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

Landfill

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. However, the estimates of provision required is dependent on the accuracy of the forecast, timing of work, work required and related costs.

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

Legal

Council is party to a number of litigation matters arising out of its duty to administer local laws and regulations and operation of Council assets. As at the date of this report, there are no matters where costs have been awarded against Council and no legal obligation of Council has been established, and the Council does not accept future liability. Conversely, Council, like any other party to civil litigation, may be entitled to recover costs arising out of such litigation if it is successful.

(c) Guarantees

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

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 the right will be exercised.

7.2 Change in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2018 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

Financial Instruments - Disclosures (AASB 7) (applies 2018/19)

This Standard requires entities to provide disclosures in their financial statements that enable users to evaluate: (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed.

Financial Instruments (AASB 9) (applies 2018/19)

The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.

Notes to the Financial Statements

For the Year Ended 30 June 2018

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

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

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

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

Leases (AASB 16) (applies 2019/20)

The classification of leases as either finance leases or operating leases is eliminated for lessees. Leases will be recognised in the Balance Sheet by capitalising the present value of the minimum lease payments and showing a 'right-of-use' asset, while future lease payments will be recognised as a financial liability. The nature of the expense recognised in the profit or loss will change. Rather than being shown as rent, or as leasing costs, it will be recognised as depreciation on the 'right-of-use' asset, and an interest charge on the lease liability. The interest charge will be calculated using the effective interest method, which will result in a gradual reduction of interest expense over the lease term. Council does not have significant operating leases that will be impacted as a result of this change.

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

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

7.3 Financial instruments

(a) Objectives and policies

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

(b) Market risk

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

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Council's interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes council 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 rates.

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

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

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

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

(c) Credit risk

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

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

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the Council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

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

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when Council provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 7.1(b).

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

Notes to the Financial Statements

For the Year Ended 30 June 2018

(d) Liquidity risk

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

To help reduce these risks Council:

- have 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 on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 7.1(c), and is deemed insignificant based on prior periods' data and current assessment of risk.

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

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 4.4.

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

(e) Sensitivity disclosure analysis

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

- A parallel shift of + 1% and -1% in market interest rates (AUD) from year-end rates of 2.61%.

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.

7.4 Fair value measurement

Fair value hierarchy

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

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

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

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

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

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

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

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

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

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date, the class of asset was revalued.

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2018

Impairment of assets

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

7.5 Events occurring after balance date

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

Note 8 Other matters

8.1 Reserves

(a) Asset revaluation reserves

2018

Property

Land & land improvements	31,087	3,102	34,189
Land under roads	4,922	2,187	7,109
Investment in associates	194	-	194
Buildings	25,922	2,318	28,240
Heritage buildings	470	257	727
Plant & Equipment	386	-	386
	62,981	7,864	70,845

Infrastructure

Roads	200,532	(6,785)	193,747
Bridges	24,520	(11,508)	13,012
Major Culverts	5,069	342	5,411
Drainage	12,225	(499)	11,726
Footpaths and cycleways	8,292	(169)	8,123
Kerb & Channel	12,302	540	12,842
Car parks	2,944	2,089	5,033
Other infrastructure	675	1,558	2,233
	266,559	(14,431)	252,128

Total asset revaluation reserves

329,540 (6,567) 322,973

2017

Property

Land & land improvements	31,087	-	31,087
Land under roads	4,922	-	4,922
Investment in associates	194	-	194
Buildings	25,922	-	25,922
Heritage buildings	470	-	470
Plant & Equipment	386	-	386
	62,981	-	62,981

Infrastructure

Roads	200,532	-	200,532
Bridges	24,520	-	24,520
Major Culverts	5,069	-	5,069
Drainage	12,225	-	12,225
Footpaths and cycleways	8,292	-	8,292
Kerb & Channel	12,302	-	12,302
Car parks	2,944	-	2,944
Other infrastructure	675	-	675
	266,559	-	266,559

Total asset revaluation reserves

329,540 - 329,540

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

(b) Other reserves

2018

Public Open Space	-	58	(58)	-
Caravan Parks Reserve	-	995	(995)	-
General Reserve	1,280	425	-	1,705
Corner Inlet Reserve	19	-	-	19
Loan Reserve	2,010	670	-	2,680
Total Other reserves	3,309	2,148	(1,053)	4,404

2017

Public Open Space	-	61	(61)	-
Caravan Parks Reserve	-	913	(913)	-
General Reserve	879	401	-	1,280
Corner Inlet Reserve	19	1	(1)	19
Loan Reserve	1,340	670	-	2,010
Total Other reserves	2,238	2,046	(975)	3,309

Public Open Space

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

Caravan Parks Reserve

Reserve created for future funding of Caravan Parks projects

General Reserve

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

Loan Reserve

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

Corner Inlet Reserve

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

Notes to the Financial Statements

For the Year Ended 30 June 2018

8.2 Reconciliation of cash flows from operating activities to surplus	2018 \$'000	2017 \$'000
Surplus for the year	7,498	12,860
Depreciation	10,479	11,651
Borrowing costs	143	142
(Profit)/loss on disposal of property, infrastructure, plant and equipment	(203)	18
Contributions - Non-monetary assets	(169)	(403)
Investment in associates	(115)	(131)
Fair value adjustments for investment property	(34)	-
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(1,161)	(246)
(Increase)/Decrease in prepayments	(19)	185
(Increase)/decrease in inventories	23	(109)
Increase/(decrease) in trust funds and deposits	12	26
Increase/(decrease) in trade and other payables	(128)	1,035
(Increase)/decrease employee entitlements	(139)	416
Net cash provided by/(used in) operating activities	16,187	25,444

8.3 Superannuation

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 the Comprehensive Income Statement when they are made or due.

Accumulation

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2018, this was 9.5% as required under Superannuation Guarantee legislation).

Defined Benefit

Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan.

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding arrangements

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary.

As at 30 June 2017, a full triennial actuarial investigation was completed. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 103.1%. To determine the VBI, the Fund Actuary used the following long-term assumptions:

Net investment returns 6.5% pa
Salary information 3.5% pa
Price inflation (CPI) 2.5% pa.

Vision Super has advised that the estimated VBI at quarter ended 30 June 2018 was 106.0%.

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

Notes to the Financial Statements

For the Year Ended 30 June 2018

Employer contributions

Regular contributions

On the basis of the results of the 2017 triennial actuarial investigation conducted by the Fund Actuary, 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 2018, this rate was 9.5% of members' salaries (9.5% in 2016/2017). This rate will increase in line with any increases in the SG contribution rate. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

Funding calls

If the Defined Benefit category is in an unsatisfactory financial position at an 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 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.

2017 full actuarial investigation surplus amounts

The Fund's full actuarial investigation as at 30 June 2017 identified the following in the defined benefit category of which Council is a contributing employer:

A VBI surplus of \$69.8 million

A total service liability surplus of \$193.5 million.

A discounted accrued benefits surplus of \$228.8 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 2017. Council was notified of the 30 June 2017 VBI during August 2017.

2018 interim actuarial investigation

An interim actuarial investigation will be conducted for the Fund's position as at 30 June 2018. It is anticipated that this actuarial investigation will be completed in October 2018.



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Ordinary Meeting of Council No. 428 - 24 October 2018