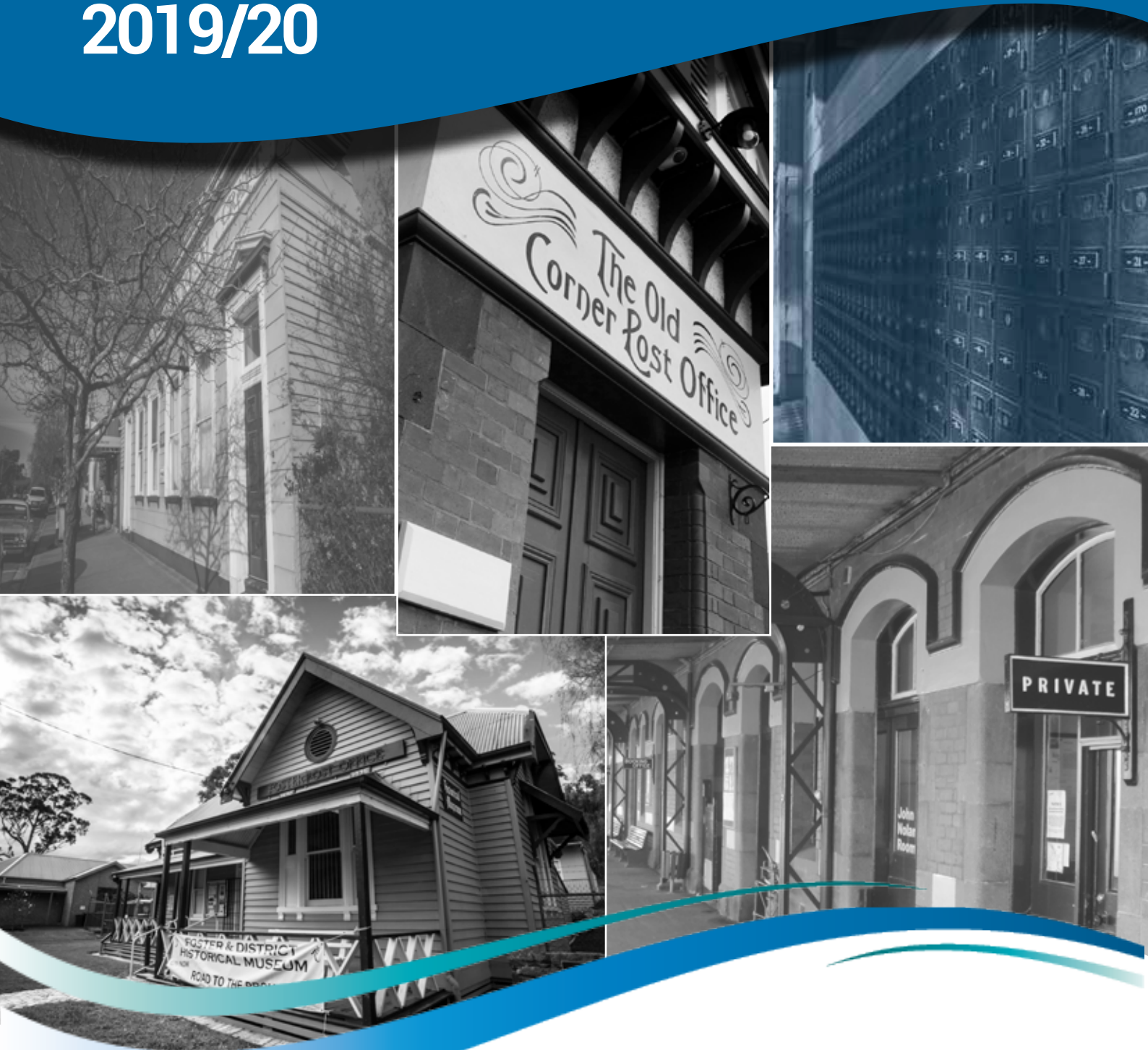


SOUTH GIPPSLAND SHIRE COUNCIL

# Annual Report 2019/20



South Gippsland  
Shire Council  
*South Gippsland  
Shire Council*



South Gippsland Shire Council's 2019/20 Annual Report provides a detailed account of Council's achievements, challenges and performance measures for the past financial year. It demonstrates the breadth of Council's operations and the diversity of services delivered to the community.

Significant efforts have been made over the past twelve months to re-gain the community's faith, trust and respect in the Council. The positive trends in the 2020 Customer Satisfaction Survey, shared later in the report, are an indication Council's new direction and leadership are building a strong foundation for the future.

This report is prepared as a key component of Council's commitment to transparent reporting to our community and to meet statutory reporting requirements under the *Local Government Act 1989*. All councils must submit an Annual Report to the Minister for Local Government by 30 September each year.



Meeniyah Post Office

Photos Front Cover:  
 Building in Mirboo North (Top Left)  
 Korumburra Post Office (Top Middle)  
 Meeniyah Post Office (Top Right)  
 Foster & District Historical  
 Museum (Bottom Left)  
 Korumburra Railway Station  
 (Bottom Right)

South Gippsland Shire Council Meeting No. 450 - 28 October 2020

## Council's Vision

Council commenced the year with the former Council's Vision that: *"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."*

Over the 12 months Council has moved forward to establish a new Vision whereby Council aims by 2024 to:

1. Be known for being customer focused;
2. Have made significant progress to entrench a sense of shared community direction across the Shire;
3. Have successfully delivered the agreed Capital Works Program; and
4. Be known for excellence in the services we deliver.

## Council's Purpose

To serve in the best interests of the whole Shire, delivering quality services and advocating for community needs.

## Council's Values

Administrators and the organisation have worked together through the year to develop the following Values and over the coming year will build on them further:

- Customer Focused
- Accountable
- Respectful
- Acting in the interests of the whole Shire; and
- Pursuing excellence in everything we do.

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



# Shire at a glance

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

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

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

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



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

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

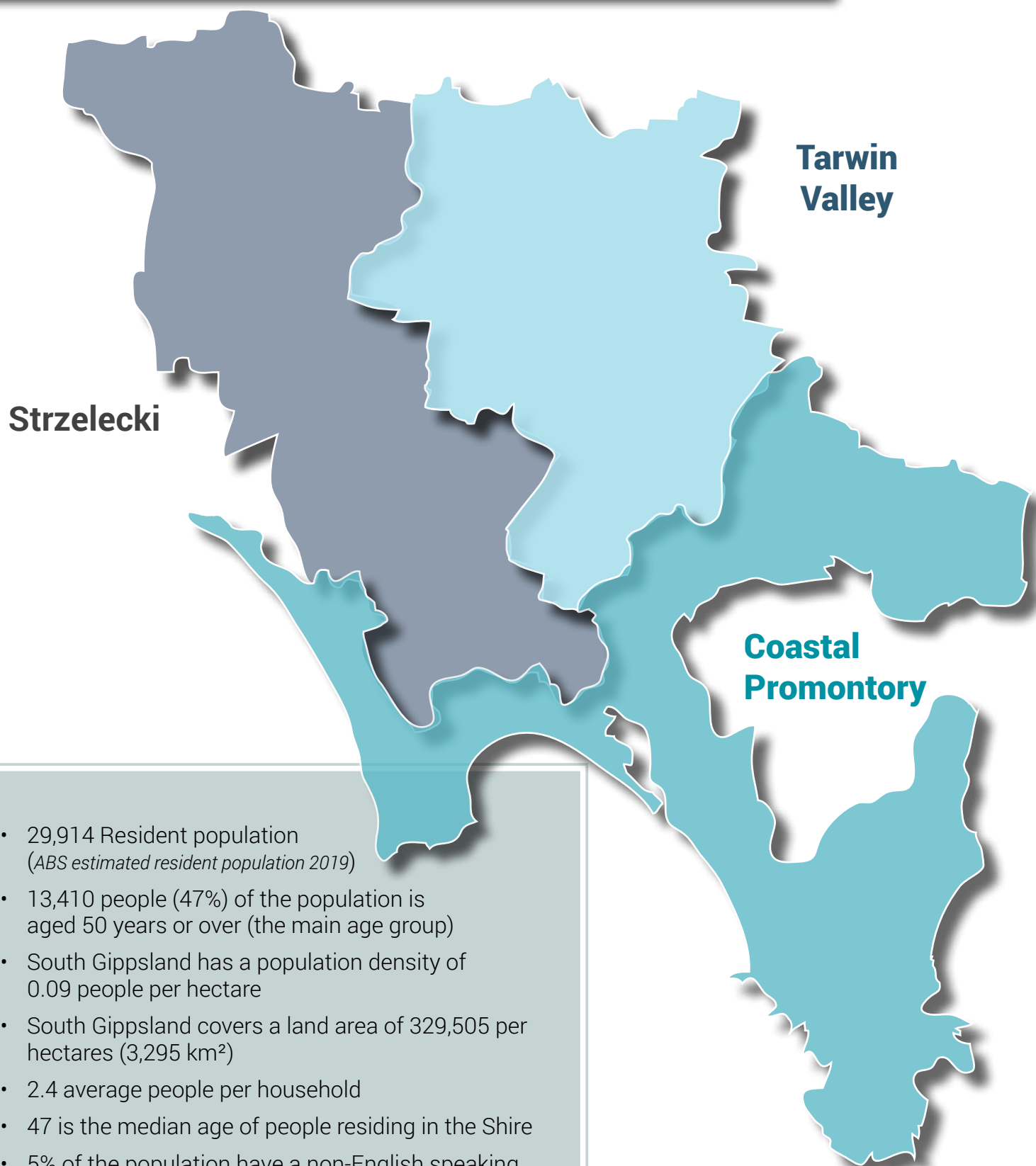
## Council Offices

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](mailto:council@southgippsland.vic.gov.au)  
Website: [www.southgippsland.vic.gov.au](http://www.southgippsland.vic.gov.au)  
Facebook: [www.facebook.com/southgippslandshirecouncil](https://www.facebook.com/southgippslandshirecouncil)  
Hours: 8:30am – 5:00pm Monday to Friday



# Snapshot of Council



- 29,914 Resident population  
(ABS estimated resident population 2019)
- 13,410 people (47%) of the population is aged 50 years or over (the main age group)
- South Gippsland has a population density of 0.09 people per hectare
- South Gippsland covers a land area of 329,505 per hectares (3,295 km<sup>2</sup>)
- 2.4 average people per household
- 47 is the median age of people residing in the Shire
- 5% of the population have a non-English speaking background
- 48% of households are 'couples without children'
- 38% of households are 'couples with children'
- 26 Townships and Hamlets

# ADMINISTRATORS

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An Administrator's role is to perform all the functions, powers and duties of the Council under the *Local Government Act 1989*. The Administrators for South Gippsland Shire Council have been appointed until October 2021, following a council general election. Under Administration, Council aims to strengthen the organisation, build stability and improve trust and confidence within the community of the Shire.



## ADMINISTRATOR (CHAIR)

JULIE EISENBISE

APPOINTED: 22 JUNE 2019



## ADMINISTRATOR (DEPUTY)

CHRISTIAN ZAHRA (AM)

APPOINTED: 23 JULY 2019



## ADMINISTRATOR

RICK BROWN

APPOINTED: 23 JULY 2019

# EXECUTIVE LEADERSHIP TEAM



## CHIEF EXECUTIVE OFFICER (CEO)

KERRY ELLIS

- EXECUTIVE OFFICE
- PEOPLE & CULTURE
- COMMUNITY INFORMATION & EXECUTIVE SUPPORT



## ACTING DIRECTOR CORPORATE & COMMUNITY SERVICES

TRACEY COSTELLO

- FINANCE, RISK, PROCUREMENT
- INNOVATION, TECHNOLOGY & COUNCIL BUSINESS
- COMMUNITY SERVICES
- COMMUNITY STRENGTHENING



## DIRECTOR INFRASTRUCTURE

ANTHONY SEABROOK

- OPERATIONS
- INFRASTRUCTURE PLANNING
- INFRASTRUCTURE DELIVERY



## DIRECTOR DEVELOPMENT SERVICES

BRYAN SWORD

- PLANNING
- ECONOMIC DEVELOPMENT & TOURISM
- REGULATORY SERVICES



## MESSAGE

# Administrator

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## CHAIR



Dear Community,

It is with a great deal of pleasure that I write to you commending this Annual Report detailing the first year of our term as Administrators.

Administrators Brown, Zahra and myself have done a lot of work with both Council staff and the community to build relationships and trust, particularly with those who were sceptical given the local politics prior to our arrival. We have met with close to a thousand people, which is all the more notable when you consider the fact that COVID-19 Pandemic has severely restricted people's ability to get together. We understand that only by connecting with the community we serve, can we make the best decisions needed for the municipality. This is something that we have been passionate about over the last 12 months and are committed to for our term in South Gippsland.

One of our most significant decisions over the past year was to appoint Kerry Ellis as the Chief Executive Officer for South Gippsland Shire Council. Kerry came to Council from her role as Director of Corporate Services at Victoria's Independent Broad-based Anti-corruption Commission (IBAC). Prior to working at IBAC, Kerry was Director of Corporate Performance with the City of Greater Bendigo and Manager of Governance and Innovation at Knox City Council. She has also previously worked for the City of Melbourne and Bayside City Council. We look forward to working with her throughout the remainder of our term.

I would like to take this opportunity to thank Bryan Sword who was Acting Chief Executive Officer when we arrived and supported us ably throughout the initial stages of our appointment. Bryan kept the organisation working well during a very challenging time. We commend him for the guidance offered to ourselves and to the staff.

Since our arrival we have been reviewing the suite of good governance policies and have introduced a Good Governance Framework. We have now commenced work on implementing the changes required by the *Local Government Act 2020*. From our early discussions it has been clear that our first areas of focus will be the new governance rules, training for candidates and councillor inductions. While the training for candidates and councillor induction will not take place until 2021, we have started planning for what this will look like and how we can provide the best support to incoming candidates and councillors at the end of our term.

In keeping with the recommendations of the Commission of Inquiry into South Gippsland Shire Council, we have been working towards implementation of a Community Leadership Program. Council received Expressions of Interest from people keen to participate in the Program throughout April and May. The Program aims to equip participants with a set of skills that will enable them to effectively work with other people, strengthen their leadership capability, manage conflict, delegate and meet objectives. It is hoped participants will use the skills they gain through the Program to positively influence the development of local communities in South Gippsland.

Council adopted the Council Plan 2020-2024 and Annual Budget 2020/21 at its June 2020 Meeting. The Council Plan incorporates four key objectives:

- United Shire;
- Economic Prosperity;
- Integrated Services and Infrastructure; and
- Customer Focused Organisation.

By retaining a sound financial base, Council has been able to put together a \$2M COVID-19 Community Support Package. The Package covers an expanded grants program that includes business grants, subsidised flu shots, waiving of some business permit fees and the development of a community outreach program in partnership with key agencies to provide community support. Our Support Package has a focus on providing assistance to community clubs and sporting groups so they can re-establish themselves as we overcome the challenges of the COVID-19 Pandemic. We expect that this Package will evolve as the crisis develops and we will remain flexible where we can to provide the best support to our community. We understand that councils play a critical role in emergency relief and recovery and this has been no different during COVID-19.

Another key focus for us over the past 12 months has been the Capital Works Program. We have attracted close to \$17M in external grants funding over 2019/20 and a number of large projects are in progress across the Shire. We have made significant advancements on the Korumburra Community Hub, Korumburra Streetscape, Mirboo North pool refurbishment, the Great Southern Rail Trail extensions; Jumbunna Road, Korumburra Shared Path and the works on Bair Street in Leongatha.

It is pleasing to note that the Community Satisfaction Survey results show that we are starting to see a recovery in how Council is perceived by its community. We knew it would not be an easy task to rebuild trust in local government given the circumstances prior to our arrival, but it is heartening to know that we are headed in the right direction.

Finally, I would like to make mention of the remarkable adaptability of our staff throughout the last few months. When confirmed COVID-19 cases started to climb in Victoria, we were quick to activate our Pandemic, Municipal Emergency Management, and Business Continuity plans. In particular our Business Recovery Team has done a remarkable job adjusting to the way our organisation functions. Despite our Customer Service Centre being closed since March for face-to-face meetings, the organisation has continued to serve our community whether that be via phone, email or online. Particular thanks to those staff unable to work from home due to the nature of their roles and have continued to work to provide services in the community. Those staff include our Depot crews, Immunisation team, Local Laws officers and Maternal and Child Health nurses. You have done us proud.

I do look forward to a time where we can return to some sense of post-pandemic normality, but for now we are proud of what we have overcome and are thankful that we can provide this report to reflect on and highlight some excellent work throughout 2019/20.



**Julie Eisenbise**

Administrator Chair

South Gippsland Shire Council

## MESSAGE

# Chief Executive

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**OFFICER**

To all the members of the South Gippsland community,

It has been an honour and a privilege to have spent the past few months as Chief Executive Officer of your Council. When I accepted the role in February 2020 I could not have imagined what the first stage of my five-year term would entail. During my interview process I remember telling the Administrators that I prided myself on my resilience and adaptability – well hasn't that been put to the test!

Thankfully I have inherited a committed and passionate team of employees. The collective desire of the South Gippsland Shire Council staff to serve their local community is exceptional. Being one of the largest employers in the municipality means that many of my colleagues have grown up in the communities that they now work to serve. That connection is important and valuable in our work: Council is not separate to the community, Council is inherently part of the community.

In addition to the terrific staff I'd like to say how much I appreciate the warm welcome I've received from the South Gippsland community. There is so much talent, enthusiasm and pride amongst the South Gippslanders I've met so far, it makes me very excited about our future.

It would be disingenuous of me not to mention the Council dismissal, though. While it is a rare situation to be working alongside Administrators instead of Councillors, I'd like to reassure you all that the three people currently presiding over Council are professionals committed to fulfilling the tasks set them by the Local Government Minister. The work they are doing now will set the foundation for future elected Councils to thrive.

While the organisation has experienced some challenges over the past 18 months, I am keen to lead the organisation towards a brighter future. I am working closely with my leadership team to actively support staff to feel proud of the organisation they work for, and I hope that this will be the springboard for a body of work that will make you proud of the Council who serves you too.

Over the next 12-18 months I will be putting my energy into re-emphasising that you – the members of our community – are and should always be the focus of our work. Council staff are employed to serve the community and I will be unequivocal in making that the primary motivation of our work over the five years of my term. To best understand the work that you want us to do we need to get better at engaging with the community. By that I mean both those who are already in regular contact with Council, and also the 29,000 people we serve who are quietly going about their lives not really engaging with us unless we do something that annoys them! The more people we hear from the better our services will reflect the needs and desires of our communities.



It will come as no surprise to any of you who have read up on my background that I am committed to good governance. This is also a focus of the Administrators and I feel confident that together we can develop a suite of best-practice policies that will give the community and the Minister assurance that things are done properly in South Gippsland when it comes to governing for all residents and ratepayers.

I feel as though I have arrived at a time when South Gippsland is on the cusp of something extraordinary. The tourism industry is maturing, the arts sector is building a critical mass, our community groups are working to achieve remarkable things. Council will do its utmost to support business and investment because we understand that without local jobs we don't have the vibrant communities that make this the wonderful place that it is. That has probably never been as important as right now. The challenges of COVID-19 mean that we will have to work harder and closer than at any other time in the history of this Council. You have my personal commitment that we will be working to support businesses and communities to recover from this.

Finally, I would like to thank Bryan Sword who as Acting Chief Executive Officer kept the organisation together throughout a very difficult time. His leadership over that period is much appreciated, as is his support of me over these last few months.



**Kerry Ellis**

Chief Executive Officer (CEO)  
South Gippsland Shire Council

*Leongatha*



# Council Plan 2017-2021

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

Council's performance for the 2019/20 year is reported against each of these four themes to demonstrate how Council is achieving the 2019/20 Annual Initiatives.

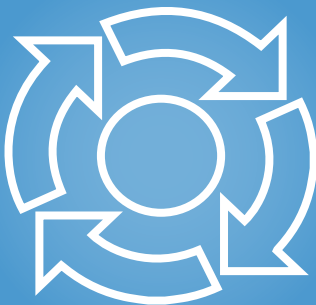
Objective	Council Plan Theme
1	Strengthen Economic Growth & Prosperity
2	Build Strong Partnerships, Strengthen Arts & Culture & Deliver Equitable Outcomes
3	Improve South Gippsland's Built Assets & Value our Natural Environment
4	Enhance Organisational Development & Implement Governance Best Practice

# Annual Initiatives 2019/20

Highlights for the 2019/20 year are presented on the following pages under the four main Council Plan themes.

## Performance Report Highlights

When reading this report the following icons are highlighted throughout to demonstrate Council's performance against the 2017-2021 Council Plan and the 2019/20 Annual Initiatives.



**Strategic  
Objective**



**Major  
Initiatives**



**Description of  
Services Funded**



**Performance  
Indicators**



# COUNCIL PLAN 2017-2021

## OBJECTIVE 1

### STRENGTHEN ECONOMIC GROWTH & PROSPERITY

## PRIORITY PROJECTS

Council adopted the following Priority Projects at the September 2019 Council Meeting:

For Advocacy:

- Great Southern Rail Trail - extension Leongatha to Korumburra
- Great Southern Rail Trail - extension Korumburra to Nyora
- Korumburra Community Hub and Library

Priority Projects for development:

- Korumburra Streetscape; and
- Leongatha Community Hub.

### Great Southern Rail Trail - Leongatha to Korumburra

A grant of \$500,000 secured to extend the rail trail between Leongatha to Korumburra as part of the *Regional Infrastructure Fund Program*. As a result of this successful funding application, this project will no longer be considered a Priority Project for Advocacy.

### Great Southern Rail Trail - Korumburra to Nyora

A grant application of \$800,000 to *Sport and Recreation Victoria* has been approved. This will help to construct 21 kilometres of trail between Korumburra and Nyora. This project will no longer be considered as a Priority Project for Advocacy in 2020/21.

## COUNCIL'S ADVOCACY EFFORTS

### Korumburra Community Hub and Library

A low cost loan of \$5M secured as part of the *Community Infrastructure Loans Scheme*. This project is estimated at a total project cost of \$6.5M. A grant application also secured of \$750,000 as part of the *Living Libraries Infrastructure Program*.

### Korumburra Streetscape

A low cost loan of \$5M secured as part of the *Community Infrastructure Loans Scheme*.

## OBJECTIVE 1 2019/20 ACHIEVEMENTS

COUNCIL PLAN  
INITIATIVES

3

TARGET ACHIEVED

COUNCIL PLAN  
INITIATIVES

1

TARGET SIGNIFICANTLY  
ACHIEVED

100%  
COUNCIL PLAN  
PERFORMANCE  
INDICATORS  
ACHIEVED

28  
AGENDA ITEMS  
FOR COUNCIL  
DECISION

181  
PLANNING  
APPLICATIONS  
DECIDED  
WITHIN TIME FRAME  
OF 60 DAYS

71%  
PLANNING  
APPLICATIONS  
DECIDED  
WITHIN TIME FRAME



# COUNCIL PLAN 2017-2021

## OBJECTIVE 2

## BUILD STRONG PARTNERSHIPS, STRENGTHEN ARTS & CULTURE & DELIVER EQUITABLE OUTCOMES

### ADOPTED STRATEGIES

- New Youth Strategy 2019-2023 adopted by Council at the 24 July 2019 Council Meeting.
- Endorsed the Gippsland Tracks and Trails Feasibility Study at the 22 April 2020 Council Meeting.
- The 2020-2030 Sport and Recreation Infrastructure Strategy adopted at the 24 June 2020 Council Meeting.

### COUNCIL'S FUNDING EFFORTS

#### Council's Community Grant Program

Council funded 71 community groups through its 2019/20 Community Grants Program. These grants support and help fund the development of community assets, build community capacity, strengthen community sport and create community culture.

The total grant funding allocated by Council was over \$258,000 for a range of projects within the Shire. This funding contribution will support community projects with a value of nearly \$800,000.

### COMMUNITY CLUSTER MEETINGS

Council has established a range of direct community cluster meetings that provide a platform for Administrators and Council staff to engage with community groups and towns on topics related to particular areas within the Shire. Cluster meetings were held in towns such as Kongwak, Port Welshpool, Fish Creek, Tarwin Lower, Mirboo North, Dumbalk, Yanakie, Toora and the Western District of the Shire.

### COMMUNITY LEADERSHIP PROGRAM

Council endorsed the Community Leadership Program which aims to equip participants with a set of skills to effectively work with other people, strengthen their leadership capability, manage conflicts, delegate and meet objectives.

A total of 37 applicants submitted Expression of Interest to the Program. The Program is set to begin in the first half of the next financial year 2020/21.



**70+**  
COMMUNITY  
GROUPS FUNDED  
THROUGH  
COUNCIL'S COMMUNITY  
GRANTS PROGRAM

## OBJECTIVE 2 2019/20 ACHIEVEMENTS

COUNCIL PLAN  
INITIATIVES

**2**

TARGET ACHIEVED

**100%**  
COUNCIL PLAN  
PERFORMANCE  
INDICATORS  
ACHIEVED

**8**

AGENDA ITEMS  
FOR COUNCIL  
DECISION

**87**

COMMUNITY  
GRANT  
APPLICATIONS  
RECEIVED

**84%**

APPLICATIONS  
APPROVED BY STATE  
AND FEDERAL  
GOVERNMENT FUNDING



# COUNCIL PLAN 2017-2021

## OBJECTIVE 3

### IMPROVE SOUTH GIPPSLAND'S BUILT ASSETS & VALUE OUR NATURAL ENVIRONMENT

## MAJOR CAPITAL WORKS

### Korumburra Streetscape

The scope of this project was amended to include works to the Little Commercial Street Precinct to accommodate the Korumburra Community Hub. Concept plans have been developed. This project will move into the Advocacy category and remain as a Priority Project for 2020/21 to seek further funding opportunities.

### Great Southern Rail Trail

Removal of the rail infrastructure is near completion at the end of June 2020 for Leongatha to Korumburra section.

The planning and design is nearing completion as at the end of June 2020 for the section Korumburra to Nyora. The removal of rail infrastructure is well underway and is on schedule to be completed by the end of 2020.

### Council's Road Maintenance

An additional \$900,000 was included in the 2019/20 Annual Budget for road maintenance and roadside infrastructure. A total of \$250,000 was dedicated to rural roadside vegetation and \$650,000 was allocated to gravel roads and drainage.

## EARLY YEAR'S CENTRE

Council supported the finding of a business case for an Integrated Early Learning Centre in Leongatha at the 24 June 2020 Council Meeting. Council also supported the commencement of the design and construction of the centre.

The centre will address the demand for children's services in the Shire and assist with the increased demand for three-year-old kindergarten.

## COMMUNITY SATISFACTION RESULTS (OUT OF 100 POINTS)

Council improved performance as part of the *Annual Customer Satisfaction Survey*.

	2019	2020
Advocacy	39	41
Sealed Local Roads	48	47



# \$16M

**CAPITAL WORKS  
PROGRAM  
2019/20**

## OBJECTIVE 3 2019/20 ACHIEVEMENTS

COUNCIL PLAN  
INITIATIVES

3

TARGET ACHIEVED

COUNCIL PLAN  
INITIATIVES

4

TARGET SIGNIFICANTLY  
ACHIEVED

100%  
COUNCIL PLAN  
PERFORMANCE  
INDICATORS  
ACHIEVED

50  
AGENDA ITEMS  
FOR COUNCIL  
DECISION

\$11.2M  
CAPITAL WORKS  
INFRASTRUCTURE

\$2.5M  
PLANT & EQUIPMENT  
EXPENDITURE

\$2.3M  
PROPERTY  
EXPENDITURE  
2019/20

568,070  
SQUARE METRES OF  
RESEALED  
OF SEALED  
LOCAL ROADS

35,030  
SQUARE METRES  
RECONSTRUCTION  
OF SEALED  
LOCAL ROADS



# COUNCIL PLAN 2017-2021

## OBJECTIVE 4

### ENHANCE ORGANISATIONAL DEVELOPMENT & IMPLEMENT GOVERNANCE BEST PRACTICE

#### SUPPORTING THE COMMUNITY

Council introduced a \$2M Community Support Package as part of the 2020/21 Annual Budget.

This community package aims to assist local businesses and community members during the COVID-19 Pandemic. The package provides support with the following initiatives:

- COVID-19 Business grants
- COVID-19 Community Grants
- COVID-19 Community Support Program
- Waiving of fees and charges for registered businesses
- Free Influenza vaccination Program
- Community Restarter Packs (hand sanitiser, dispensers, PPE)

Phase 1 of the Community Support Package was endorsed at the May 2020 Council Meeting. A package valued at \$740,614 as the first phase of the \$2M expenditure.



#### COUNCIL'S GOOD GOVERNANCE FRAMEWORK

Good governance practices have been strengthened with the following strategies and plans adopted by Council:

- Annual Budget 2020/21
- Rating Strategy 2019-2022
- Good Governance Framework
- Council Plan - 2020-2024
- Proposed Meeting Procedure - Local Law No. 2

#### COMMUNITY SATISFACTION RESULTS (OUT OF 100 POINTS)

Council improved performance as part of the *Annual Customer Satisfaction Survey*.

	2019	2020
Overall Council Direction	30	40
Overall Image & Reputation	27	32
Overall Performance	33	36



# \$71M

ANNUAL  
BUDGETED  
INCOME  
2020/21

## OBJECTIVE 4 2019/20 ACHIEVEMENTS

COUNCIL PLAN  
INITIATIVES

# 2

TARGET ACHIEVED

COUNCIL PLAN  
INITIATIVES

# 2

TARGET SIGNIFICANTLY  
ACHIEVED

# 100%

COUNCIL PLAN  
PERFORMANCE  
INDICATORS  
ACHIEVED

# 50

AGENDA ITEMS  
FOR COUNCIL  
DECISION

# \$39.6M

BUDGETED CAPITAL WORKS  
EXPENDITURE FOR 2020/21

# 175

TOTAL  
NUMBER OF  
AGENDA ITEMS

# 38

PROCEDURAL  
AGENDA ITEMS  
FOR ADOPTION

# \$9.6M

BUDGETED GRANT  
FUNDING FOR 2020/21





# Advocacy for the community

**Council actively seeks external funding on behalf of its community.**

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

ADVOCACY PROJECT	PROJECT COST	FUNDING SECURED
Korumburra Community Hub (Library)	\$6,000,000	\$750,000
Redevelopment of Mirboo North Pool	\$5,600,000	\$600,000
Great Southern Rail Trail (Leongatha to Korumburra) Extension	\$2,412,000	\$500,000
Stewarts Road (Black Spot)	\$480,000	\$436,800
Boolarra - Mirboo North Road (Black Spot)	\$360,000	\$327,600
Fullers Road (Black Spot)	\$261,000	\$237,510
Mt Lyall Road (Black Spot)	\$251,000	\$228,410
Creative Gippsland - 'Its No Drama' Inclusive Theatre	\$170,950	\$120,000
Gambling Harm Prevention Program - 'Shift - The Work Life Balance'	\$150,000	\$150,000
Suicide Postvention / Early Intervention in South Gippsland	\$100,000	\$100,000
South Gippsland Shire E-waste Bins	\$84,080	\$42,040
Roadside Weeds and Pests Program	\$52,992	\$52,992
Impact of Bushfire on Regional Growth	\$20,000	\$20,000
Driver Reviver Site Upgrade	\$18,338	\$18,338
2019/20 Central Enrolment Administrative Support Grants	\$12,000	\$12,000
Maternal and Child Health Workforce Support Grant	\$10,000	\$10,000
Telehealth (COVID-19 Pandemic)	\$10,000	\$10,000

## CHALLENGES

- Adapt and respond to the economic impact of the COVID-19 Pandemic to ensure the safety of our community, the support of local businesses and the continuity of Council's service delivery.
- Increase customer satisfaction in service delivery and improve Council's reputation.
- Communicate timely and accurate information to community on how and why decisions are made.
- Develop South Gippsland into a united, cohesive community with a belief that the interests of every ratepayer are best served through the development of the region as a whole.
- Achieve State and Federal Government funding for new infrastructure, including Council's Priority Projects and other community assets.
- Manage the community's expectations of funding for new infrastructure and higher levels of service in a rate capped environment.
- Adapt and respond to the challenges associated with climate change.
- Implement legislated requirements in the *Local Government Act 2020* that received Royal Assent on 24 March 2020.

*Make South Gippsland the most attractive region in Victoria in which to live, invest and work.*

## FUTURE

- Support the economic and social recovery of the Shire, including its businesses and diverse communities, through the continuing impacts of the COVID-19 Pandemic.
- Enhance customer experiences through projects that are aimed at improving processes, policies and standards.
- Develop and support emerging and existing leadership skills within the community.
- Establish the good governance framework and policy direction for the organisation ready for the new Council to be elected in October 2021.
- Create a shared vision with the community for the future of South Gippsland.
- Maximise the value South Gippsland derives from its location, resources and natural advantages.
- Determine the pace of growth required for the Shire and its implications on rates, lifestyle, infrastructure demands, communities and demographics.
- Optimise the strengths of the Shire in being a significant 'food bowl' with reach into regional, state, national and international markets.
- Advocate for 'Priority Projects' that will deliver economic growth and community benefits.

*Pursue better ways of delivering services that are valued by the community.*

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## Overview

- 1.1 Achievement Outcomes
- 1.2 Financial Overview
- 1.3 Key Outcomes of the Council Plan
- 1.4 Description of Operations
- 1.5 Major Capital Works
- 1.6 Community Grant Funding
- 1.7 Organisational Structure
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# Section Overview



*Toora surrounds*



1.1

# Achievements

## Outcomes in 2019/20



19,919

Rateable  
properties



43,826

Number of calls  
to Council



\$258,401

Distributed in community  
grant funding



430

Planning applications  
received



Tonnes of waste  
collected



4,863

Tonnes of recyclables and  
green waste collected



440

Planning application  
decisions made



1,034<sub>km</sub>

Sealed roads  
maintained



105,553

Visits to aquatic  
facilities





# 40,111

Library collection  
items available



# 3,926

Active Library  
Borrowers



# 265

Birth  
notifications



Maternal & Child Health  
Hours

# 7,352

Hours worked by  
MCH Nurses



# 1,132

Children enrolled for  
Maternal & Child Health

# 794

Vaccines  
Administered

- › 670 Community members
- › 124 Council Staff (Flu Program)
- › of these 489 were part of the Commercial Flu Vaccine Program



# 103

Animals  
rehomed



# 206

Animals  
reclaimed



# 566

Number of Food  
Businesses registered

## 1.2

# Financial Overview

## FINANCIAL OVERVIEW

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

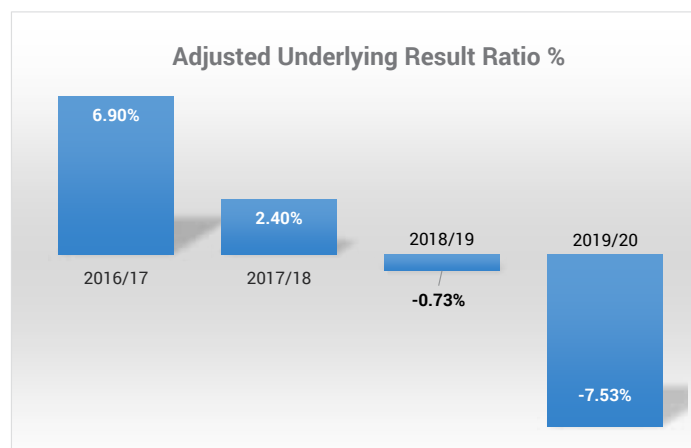
### Operating Position

Council returned a deficit of \$2.76M in 2019/20. This deficit follows a surplus from the prior year of \$5.70M. The primary reason for the deficit is an \$11.42M impairment of Land Under Roads, as a result of a change in the valuation methodology for this asset category. Excluding this one-off adjustment, the operating result would have been a surplus position of \$8.66M.

In comparison to 2018/19, the 2019/20 financial year saw a reduction in employee expenses (3.3%) and reduced borrowing costs (65.5%) due to repayment of \$3.35M of outstanding borrowings in November 2019. Repayment of previous loans has improved our overall position, reduced financial risk and reduced borrowing costs. Two additional loan facilities have been secured with Treasury Corporation of Victoria for significant local projects including Mirboo North Pool and the Korumburra Community Hub, each with subsidised interest rates well below market rates. As at 30 June 2020, \$0.8M has been drawn down from the new loans.

The 2019/20 year has seen the impact of COVID-19 Pandemic, which has influenced financial results and contributed to a slowdown in capital spending. The majority of this expenditure will push into the 2020/21 financial year.

Council initiated the \$2M Community Support Package in response to the Pandemic with some of these costs occurring in the 2019/20 year. An immediate response was the cessation of many fees and charges creating a reduction in user fee income. Materials and services expenditure has decreased by 15.1%, with prior year results including \$2.97M on the Long Jetty restoration and no similar non-capital major projects in 2019/20.

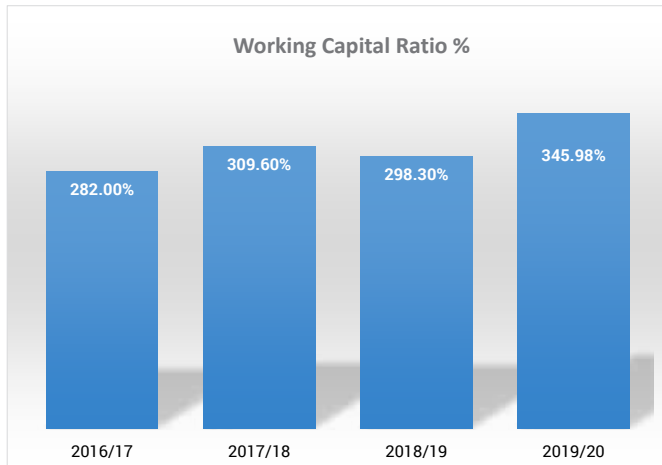


### Liquidity

Cash (this includes 'cash and cash equivalents' and 'other financial assets') has increased to \$7.79M. In addition, Council has investments of \$31.0M as at 30 June 2020.

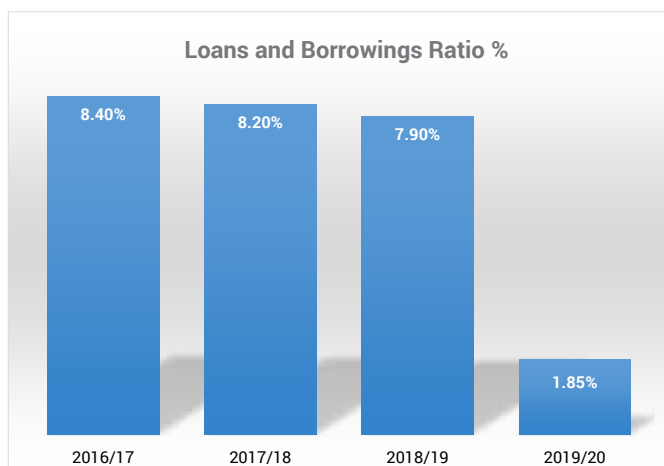
The working capital ratio, which assesses Council's ability to meet current commitments, is calculated by measuring Council's current assets as a percentage of current liabilities.

Council's result of 346 per cent increases working capital capacity from the previous year result of 298 per cent. This indicator conveys that for every \$1 of current liability, Council has \$3.46 in current assets. This is an indicator of a sound financial position and is above the expected target band of 100 per cent to 300 per cent.



## Obligations

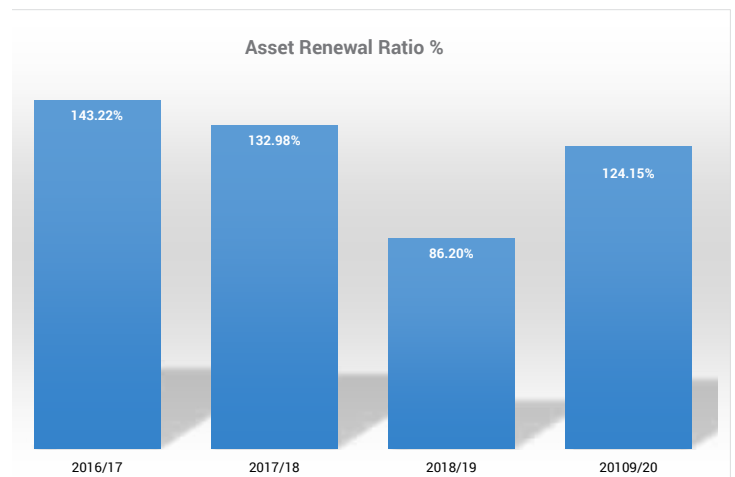
In November 2019, Council completed repayments on all loans owing, and were debt free for the first time in over 20 years. A new construction drawdown facility was utilised during the year, with \$0.8M drawn down as at 30 June 2020. Council's debt ratio (measured by comparing interest bearing loans and borrowings to rate revenue) at the end of the financial year was 1.85 per cent; a significant reduction on the 7.89 per cent of 2018/19. Council has no concern over its ability to repay debt.



## Asset Renewal

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. Council invested \$13.9M in asset renewal in 2019/20; a considerable increase on \$8.9M during the 2018/19 year.

Council's asset renewal ratio, which is measured by comparing asset renewal expenditure (\$13.89M) to depreciation (\$11.99M), was 115.9 per cent, which is investment above the expected target band of 90 per cent to 110 per cent.



## Stability and Efficiency

Council raises revenue through a range of income streams including rates, user fees, fines, grants and contributions. Council's rates concentration, which compares rate revenue to adjusted underlying revenue, was 64.2 per cent for the 2019/20 year which is in the mid-range of the expected target band of 40 per cent to 80 per cent.

The average rate per property assessment is \$2,014, including both rates and garbage/waste charges.

# ECONOMIC FACTORS

The past year saw very positive economic news for South Gippsland with favourable weather conditions for agricultural production. Unfortunately, this has been countered by major challenges for many of our businesses due to the COVID-19 Pandemic.

The Shire had an annual economic output of \$3.7 billion and Gross Regional Product of \$1.8 billion with increases of over 5 per cent from the previous year. The unemployment rate fell to 2.2% in September 2019, the lowest rate since records began and lowest in Gippsland. South Gippsland also had record visitor numbers of over 1.2 million people in 2019/20.

There have been strong increases in property valuations in a number of towns and strong interest from people seeking to relocate to South Gippsland from Melbourne.

Major infrastructure projects to support economic development were undertaken over the year. These include completion of the Loch streetscape, bridge renewals, commencement of the Bair Street refurbishment in Leongatha and the \$115M realignment of the South Gippsland Highway at the Koonwarra bends. These works will improve the transport connectivity of the Shire and the operation of the retail precincts.

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

The COVID-19 Pandemic has presented major economic challenges to the Shire, most immediately to the tourism and retail sectors but also to many other businesses and industries. Many businesses have accessed support from Federal Government's Jobkeeper Program, the Victorian Government's Business Support Fund and Council's Community Support Package. The COVID-19 Pandemic will continue to impact heavily on the local economy for some time, however Council is continuing to receive regular enquiries from businesses seeking to establish or expand within the Shire, which is positive.

# MAJOR CHANGES

After the dismissal of the South Gippsland Shire Council by the Minister of Local Government on 19 June 2019, the three Administrators have been working to ensure stability within the Shire, build community leadership skills and strengthen good governance practices and policy directions within Council.

In February 2020, Council appointed Kerry Ellis as the new Chief Executive Officer (CEO) to South Gippsland Shire Council. Bryan Sword guided the organisation through the initial transition as the Acting CEO from 25 May 2019 until Kerry Ellis's commenced on 10 March 2020.

Council adopted its Good Governance Framework in December 2019 which aims to provide stronger governance and set the culture within the organisation. With the introduction of the *Local Government Act 2020*, gazetted in March 2020, the key priorities for Council have been to develop new Governance Rules, Public Transparency Policy, Delegated Committees, Councillor Expenses Policy and setting Audit and Risk Charter and Committees. Council is working towards achieving these priorities by the completion date of 1 September 2020. These will be implemented across the organisation in the next financial year.

In June 2020 Council adopted a new Council Plan, setting a new direction and values for the Council. Annual initiatives have been established for the coming year, while successfully achieving the majority of initiatives for this year.

The sudden commencement of the COVID-19 Pandemic required Council's business continuity plans to be enacted immediately, resulting in the majority of the organisation transitioned to a 'work from home' environment within a week and with minimal disruption to services. Some external services, including events and caravan park operations, had to stop or be significantly reduced due to the government restrictions.

The continuing negative impacts of the COVID-19 Pandemic are still being realised by local businesses and the community. Council responded pro-actively to support businesses and ratepayers struggling through this pandemic. Initially the *Rates and Charges Hardship Policy* was broadened to cover businesses and waive some of the previous requirements. Further, a \$2M relief support package adopted by Council as part of the 2020/21 Annual Budget contains a series of local economic and social recovery actions aimed at complementing the relief supports provided by other levels of government.

A Community Leadership Program has been developed by Council. Expressions of Interest from interested community members to participate in the program have been received. This exciting and innovative program will broaden the leadership skills of existing and emerging leaders within our community. The program has been developed in response to one of the actions the Administrators have been given by the Minister for Local Government. It will be implemented over the coming two years.



## 1.3

# KEY OUTCOMES OF THE COUNCIL PLAN 2017-2021

As Council has adopted a new 2020-2024 Council Plan, this Annual Report captures the final key outcomes achieved through the strategic indicators of the 2017-2021 Council Plan, as the plan has been terminated one year early.

Outcomes include:

- Through organised advocacy approaches made with State and Federal politicians, targeted grant funding, community engagement and participation, supported by Council funding many of Council's Priority Projects and community infrastructure assets have been completed or significantly advanced including:
  - Port Welshpool Jetty officially opened, boosting local tourism in the southern section of the Shire;
  - Leongatha Heavy Vehicle Alternate Route has been built diverting trucks and through-traffic away from the shopping precinct to reduce congestion;
  - Great Southern Rail Trail – Korumburra to Leongatha, Korumburra to Nyora and Welshpool to Alberton links supported and works well advanced.
  - Leongatha Revitalisation Project - Bair Street Leongatha and the Railway Station Stage 1 streetscape improvements works have advanced.
  - Mirboo North Pool redevelopment funded and works nearing completion;
- Leongatha Community Hub development plans progressing;
- Korumburra Shopping Centre revitalisation plans progressing; and
- Korumburra Community Hub development plans progressing
- The wide range of actions taken through the allocation of community grants, support to various sectors including sports and recreation, arts and culture, men's sheds and young people have strengthened and empowered many communities to progress projects and areas of interest in local settings. Some of the key outcomes include:
  - Over 70 community projects funded through community grants ;
  - Over \$258,000 allocated to community projects through community grants;
- In response to ongoing community concerns with the condition of local roads, Council has modified the budget to increase funding into the maintenance of local sealed roads, gravel roads, roadside drains and vegetation and expansion of the footpath network.
- The increased satisfaction through these targeted works has seen the annual Customer Satisfaction Survey for the condition of sealed local roads improve from a low score of 27 in 2015 to maintaining results of 46, 48 and 47 over the past three years.

## 1.4

# DESCRIPTION OF OPERATIONS

- Good governance practices has been strengthened with the development and adoption of the Good Governance Framework. This sets out five 'outcomes of good governance' that are driven through the eight pillars of leadership, decision making, structure, culture, communication, capability, risk management and monitoring of performance.
- Since the framework's adoption a series of improvements have been made to governance policies and practices, with more planned in the coming year. Running parallel with the Good Governance Framework, Council has re-set the direction for the organisation through the 2020-2024 Council Plan.
- Under the leadership of the Administrators, community satisfaction, measured through the Annual Customer Satisfaction Survey has regained a significant ten point increase in 'Overall Council Direction' and a strong five point increase in 'Overall Image and Reputation' in the past twelve months, following the demise of the former Council.

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 both the ***Local Government Act 1989*** (the 1989 Act) and the ***Local Government Act 2020*** (2020 Act), and a large number of other Acts, to provide good governance for the benefit and wellbeing of the municipal district.

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

The provision of community services and infrastructure supports the wellbeing and prosperity of South Gippsland's community. Council's vision, strategic objectives and strategies seek to further improve services and facilities. These have been revised from the 2017-2021 Council Plan to the new 2020-2024 Council Plan. Further details on the services and resources allocated by Council are contained in the 2019/20 Annual Budget and now in the 2020/21 Annual Budget.

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

## 1.5

# MAJOR CAPITAL

## WORKS AS AT END OF JUNE 2020

The below tables highlight the progress of the Capital Works Program as at the end of June 2020. A total of 134 (76%) projects have been completed or are near completion in the first quarter of the next financial year.





Details on the individual Capital Work Program projects are highlighted on the following pages.




**177**  
CAPITAL WORKS  
PROJECTS

BREAKDOWN OF CAPITAL WORKS PROGRAM AS AT JUNE 2020							
ASSET	PROJECT COUNT	COMPLETE	ON TRACK	BEHIND SCHEDULE	HOLD	CARRY FORWARD	PROJECT ABANDONED
BRIDGES	3	1	0	1	0	1	0
BUILDINGS	8	3	2	0	0	3	0
CARAVAN PARKS	17	5	0	2	0	6	4
CIVIL OTHER	1	0	0	0	0	1	0
CULVERTS	1	0	0	0	0	1	0
DRAINAGE	2	1	0	0	0	1	0
FOOTPATHS	11	6	2	0	0	1	2
GUARDRAILS	4	3	0	0	0	0	1
MAJOR PROJECTS	4	1	0	0	1	0	2
PLAYGROUNDS	6	4	2	0	0	0	0
POOLS	6	2	2	0	0	2	0
RECREATION	9	3	2	0	0	4	0
ROADS	100	85	5	4	0	6	0
WASTE	5	4	0	0	1	0	0
<b>TOTALS</b>	<b>177</b>	<b>118</b>	<b>15</b>	<b>7</b>	<b>2</b>	<b>26</b>	<b>9</b>
<b>PERCENTAGE OF TOTAL</b>	<b>100%</b>	<b>67%</b>	<b>8%</b>	<b>4%</b>	<b>1%</b>	<b>15%</b>	<b>5%</b>



*Note: not all project costs are budgeted in the current financial year as some projects have been carried forward from previous years or projects can be staged over more than one financial year.*

# Breakdown of Capital Works Program as at June 2020


CAPITAL WORKS PROJECT STATUS							
COMPLETE		ON TRACK		BEHIND SCHEDULE		ON HOLD	








BREAKDOWN OF CAPITAL WORKS PROGRAM AS AT JUNE 2020					
PROJECT	2019/20 ACTUALS	2019/20 ORIGINAL BUDGET	2019/20 REVISED BUDGET	STATUS	COMMENTS
Bridge - Bass Valley Road		\$101,459		Carry Forward 2020/21	Project carried forward as investigations underway to determine best bridging solution taking into account presence of Gippsland Giant Earthworm.
Bridge - Ruby Arawata Road	\$170,456	\$100,000	\$169,865		COMPLETE: FYQ1
Timms Road, Poowong North Bridge Replacement	\$195,697	\$621,000	\$300,000		Design complete. Award of contract approved at the 28 February 2020 Ordinary Council Meeting. Initial start on site delayed by approximately 6 weeks due to COVID-19 impact on fabrication. Contract extension of time approved and project timing revised. Works are now underway with road closure in place. Construction on track for completion in August 2020. Remainder of project budget carried forward to 2020/21.
BRIDGE PROGRAM TOTAL	\$366,153	\$822,459	\$469,865		3 PROJECTS
Coal Creek Community Park Projects	\$18,250	\$130,383		Carry Forward 2020/21	Project carried forward to 2020/21 (non-essential works)
CIVIL OTHER TOTAL	\$18,250	\$130,383			1 PROJECT
Harding and Lawson Road, Fish Creek - Culvert Renewal	\$42,356	\$95,427	\$45,806	Carry Forward 2020/21	Design works complete. Project carried forward to 2020/21 summer months as works need to occur in drier conditions.
CULVERT TOTAL	\$42,356	\$95,427	\$45,806		1 PROJECT
Walkerville Retarding Basin Upgrade	\$14,327	\$100,000	\$14,284	Carry Forward 2020/21	Awaiting for easement to be reflected on the title prior to works commencing. Project carried forward to 2020/21.
Sanders Lane, Korumburra Drainage Rehabilitation	\$124,940		\$129,879		COMPLETE: FYQ4
DRAINAGE TOTAL	\$139,267	\$100,000	\$144,163		2 PROJECTS









BREAKDOWN OF CAPITAL WORKS PROGRAM AS AT JUNE 2020					
PROJECT	2019/20 ACTUALS	2019/20 ORIGINAL BUDGET	2019/20 REVISED BUDGET	STATUS	COMMENTS
Fish Creek Kindergarten Refurbishment (Prom Coast Children's Centre)	\$353,470	\$367,155	\$364,155		COMPLETE: FYQ2
Coleman Park, Korumburra Toilet Refurbishment	\$97,207	\$189,357	\$189,357		Award of contract approved at the 5 February 2020 Special Council Meeting. Design complete. Construction underway.
Foster Children's Centre Refurbishment		\$80,373		Carry Forward 2020/21	Painting project postponed as the building does not require full re-painting yet. Vinyl walls have provided good, robust, low maintenance protection.
Foster War Memorial Refurbishment	\$34,917	\$141,604	\$40,000	Carry Forward 2020/21	Project carried forward to 2020/21 as the supper floor and painting have a greater life cycle period than previously anticipated. Using part of this budget for ventilation project at the Foster War Memorial Arts Centre to remedy temperature stratification issue.
Korumburra Community Hub	\$361,134	\$2,562,500	\$408,694		Detailed design documentation is being developed and expected to be completed by June 2020. The grant application submitted to the Community Infrastructure Loan Scheme for \$5M has been approved. Remainder of project budget carried forward to 2020/21.
Mirboo North Hall Refurbishment		\$80,373		Carry Forward 2020/21	Project carried forward to 2020/21 as the floor has a greater life cycle period than previously anticipated.
Baromi Community Space - Toilet (Baromi Park Masterplan & Associated Works)	\$93,640	\$50,000	\$93,640		COMPLETE: FYQ2
Korumburra Recreation Reserve - Change Room Refurbishment	\$3,110		\$3,109		COMPLETE: FYQ1
<b>BUILDINGS - SPECIALISED TOTAL</b>	<b>\$943,478</b>	<b>\$3,471,362</b>	<b>\$1,098,955</b>		<b>8 PROJECTS</b>

BREAKDOWN OF CAPITAL WORKS PROGRAM AS AT JUNE 2020					
PROJECT	2019/20 ACTUALS	2019/20 ORIGINAL BUDGET	2019/20 REVISED BUDGET	STATUS	COMMENTS
Long Jetty Caravan Park - Cabin Replacement		\$152,664		Carry Forward 2020/21	Project carried forward to 2020/21 (non-essential works)
Long Jetty Caravan Park - Camp Kitchen and Communal Area Roof Replacement	\$7,380	\$45,261	\$10,000	✓	COMPLETE: FYQ4
Long Jetty Caravan Park - New Cabins Program		\$64,620		Project Abandoned	Project abandoned (new works)
Long Jetty Caravan Park - New Power Heads		\$5,790		Project Abandoned	Project abandoned (new works)
Long Jetty Caravan Park - Power Head Replacement Program		\$5,205	\$5,205	Carry Forward 2020/21	Project carried forward to 2020/21 (non-essential works)
Long Jetty Caravan Park - Residence / Kiosk		\$62,420		Carry Forward 2020/21	Project carried forward to 2020/21 (non-essential works)
Long Jetty Caravan Park - Storage Shed		\$3,921		Project Abandoned	Project abandoned (new works)
Long Jetty Caravan Park - Toilet Block	\$138,025		\$151,759	✓	COMPLETE: FYQ2
Waratah Bay Caravan Park - Camp Toilets	\$57,999	\$153,750	\$153,750	●	Award of contract approved at the 5 February 2020 Special Council Meeting. On 25 March 2020, Council approved a revised project scope for two additional toilet cubicles and an accessible bathroom to adequately cater for the caravan park users, particularly during the peak season when the park is at full capacity. Works delayed by six weeks due to DELWP approval which was received in late June 2022. Project will commence in the first quarter of 2020/21 and remainder of project budget carried forward to 2020/21.
Waratah Bay Caravan Park - Fire Fighting Services	\$11,091	\$120,000	\$58,871	●	COMPLETE: 95% Final element of works to be completed is the upgrade of fire services water supply pipeline. Project postponed until at least September as ground too wet. Remainder of project budget carried forward to 2020/21.
Waratah Bay Caravan Park - New Power Heads	\$20,072	\$15,375	\$30,375	✓	COMPLETE: FYQ4
Waratah Bay Caravan Park - Southern Block Amenities	\$175,928		\$204,924	✓	COMPLETE: FYQ2
Yanakie Caravan Park - Electrical Upgrade		\$165,560		Carry Forward 2020/21	Project carried forward to 2020/21 (non-essential works)
Yanakie Caravan Park - New Power Heads		\$14,871		Project Abandoned	Project abandoned (new works)











BREAKDOWN OF CAPITAL WORKS PROGRAM AS AT JUNE 2020					
PROJECT	2019/20 ACTUALS	2019/20 ORIGINAL BUDGET	2019/20 REVISED BUDGET	STATUS	COMMENTS
Yanakie Caravan Park - Power Head Replacement Program	\$8,130	\$9,881	\$9,881		COMPLETE: FYQ4
Yanakie Caravan Park - Stage 2 Fire Fighting		\$232,080		Carry Forward 2020/21	Project carried forward to 2020/21 (non-essential works)
Yanakie Caravan Park Capital - Toilet Block		\$134,590		Carry Forward 2020/21	Project carried forward to 2020/21 (non-essential works)
<b>CARAVAN PARKS TOTAL</b>	<b>\$418,624</b>	<b>\$1,185,988</b>	<b>\$624,765</b>		<b>17 PROJECTS</b>






BREAKDOWN OF CAPITAL WORKS PROGRAM AS AT JUNE 2020					
PROJECT	2019/20 ACTUALS	2019/20 ORIGINAL BUDGET	2019/20 REVISED BUDGET	STATUS	COMMENTS
Horn Street, Leongatha - Footpath Extension	\$27,885	\$28,500	\$27,885		COMPLETE: FYQ3
McKitterick Street, Meeniyan - Footpath Extension	\$12,390	\$18,596	\$12,390		COMPLETE: FYQ3
Peacock Street, Mirboo North - Footpath Extension	\$83,970	\$68,760	\$83,970		COMPLETE: FYQ4
Koala Drive, Koonwarra - Footpath Extension	\$20,740	\$20,520	\$20,740		COMPLETE: FYQ3
Grand Ridge East, Mirboo North - Footpath Extension	\$9,730	\$31,240	\$9,730		COMPLETE: FYQ2
Whitelaw Street, Meeniyan - Footpath Renewal	\$200,081	\$197,869	\$197,869		COMPLETE: FYQ4
Boundary Road, Foster - Footpath Renewal		\$29,070	\$29,070	Project Abandoned	Major culvert on Boundary Road is due to be replaced in 2020/21 therefore kerb & channel levels will be changing. Footpath will be constructed as part of the culvert project.
Jumbunna Road, Korumburra - Footpath Extension	\$313,228	\$906,079	\$265,684		Land acquisition completed. Award of construction contract approved at the 26 February 2020 Council Meeting. Fence has been placed on new title line. Trees have been removed and site compound has been set up. Construction nearing 60% completion. Works impacted by inclement weather and extension of time currently being assessed. Remainder of project budget carried forward to 2020/21.

BREAKDOWN OF CAPITAL WORKS PROGRAM AS AT JUNE 2020					
PROJECT	2019/20 ACTUALS	2019/20 ORIGINAL BUDGET	2019/20 REVISED BUDGET	STATUS	COMMENTS
Old Waratah Road, Fish Creek - Footpath Extension				Project Abandoned	<p>"Project abandoned at the 18 December 2019 Council Meeting following objections via a petition and survey responses from affected residents along Old Waratah Road. It is proposed that two "slow points" be constructed along Old Waratah Road as part of kerb and channel replacement works in 2020/21. These works are designed to better manage vehicle speeds along this section of road.</p> <p>The budget allocation has been re-directed to four footpath extension projects which have completed designs and scheduled for construction in 2020/21.</p>
Great Southern Rail Trail Capital - Welshpool to Hedley		\$500,000		Carry Forward	Project carried forward to 2025/26 as efforts are being focused on the Great Southern Rail Trail Leongatha to Korumburra section this financial year. Project subject to funding application submitted by Wellington Shire Council.
Great Southern Rail Trail Capital - Leongatha to Korumburra	\$60,226	\$1,000,000	\$160,000		Rail asset removal underway. Heritage and Flora and Fauna reports underway. Bridge and Trail design and construction tenders to follow. Planning permits required in Korumburra and Nyora station precincts. Remainder of project budget carried forward to 2020/21.
<b>FOOTPATH &amp; CYCLEWAYS TOTAL</b>	<b>\$728,250</b>	<b>\$2,800,634</b>	<b>\$807,339</b>		<b>11 PROJECTS</b>
Gwyther Siding Road, Koonwarra Guardrail Replacement	\$33,344	\$37,315	\$37,315		COMPLETE: FYQ4
Hudsons Road, Koonwarra South Guardrail Replacement	\$45,639		\$9,723		COMPLETE: FYQ4
McDonalds Road, Meeniyan Guardrail Replacement		\$37,314	\$37,314	Project Abandoned	Further investigations required on land tenure.
Sewells Road, Koonwarra Guardrail Replacement	\$32,894	\$40,732	\$31,009		COMPLETE: FYQ4
<b>GUARDRAILS TOTAL</b>	<b>\$111,877</b>	<b>\$115,361</b>	<b>\$115,362</b>		<b>4 PROJECTS</b>






BREAKDOWN OF CAPITAL WORKS PROGRAM AS AT JUNE 2020					
PROJECT	2019/20 ACTUALS	2019/20 ORIGINAL BUDGET	2019/20 REVISED BUDGET	STATUS	COMMENTS
Stony Creek Equestrian Park	\$17,550	\$60,000	\$17,550	Project Abandoned	Project abandoned at the 25 September 2019 Ordinary Council Meeting as the Event and Exhibition Centre Feasibility Study does not provide adequate justification to support the proposal (not economically viable).
Agnes Falls Contribution	\$47,307	\$469,698	\$47,622	Project Abandoned	Project abandoned at the 20 November 2019 Ordinary Council Meeting due to the asset being located on Parks Victoria land. Project handover to occur with Parks Victoria.
Leongatha Gymnastics Extension	\$1,988	\$205,000	\$205,967		Carry forward project from 2018/19. Tenders received over budget therefore project scope reviewed and refined. Club has advised it is not prepared to contribute additional funding.
Leongatha and District Netball Association Courts Redevelopment	\$703,626	\$770,000	\$704,494		COMPLETE: FYQ4
<b>MAJOR PROJECTS TOTAL</b>	<b>\$770,471</b>	\$1,504,698	<b>\$975,633</b>		<b>4 PROJECTS</b>







BREAKDOWN OF CAPITAL WORKS PROGRAM AS AT JUNE 2020					
PROJECT	2019/20 ACTUALS	2019/20 ORIGINAL BUDGET	2019/20 REVISED BUDGET	STATUS	COMMENTS
Baromi Community Space – Nature Based Playground (Baromi Park Masterplan & Associated Works)	\$52,953	\$55,000	\$49,879		Construction nearing completion.
Whitelaw Street, Meeniyah Kindergarten Replacement		\$36,900			Tenders have been received for consideration. Project carried forward to 2020/21 financial year.
Saturn Reserve, Venus Bay Playground Replacement	\$39,301	\$41,000	\$40,000		COMPLETE: FYQ4
Shingler Street, Leongatha Playground Replacement	\$29,427	\$30,750	\$30,000		COMPLETE: FYQ4
Speight Street, Loch Playground Replacement	\$73,894	\$51,250	\$50,000		COMPLETE: FYQ4
Station Street, Foster Playground Replacement	\$38,902	\$43,050	\$42,000		COMPLETE: FYQ4
<b>PLAYGROUNDS TOTAL</b>	<b>\$234,477</b>	<b>\$257,950</b>	<b>\$211,879</b>		<b>6 PROJECTS</b>
Foster Swimming Pool - Pool Plant Works	\$0	\$197,269	\$0	Carry Forward 2020/21	Project carried forward to 2020/21 as further investigations are required on the required works for the containment bay.
SPLASH, Leongatha - Concourse and changeroom Resurfacing Works	\$103,449	\$255,679	\$149,098		COMPLETE: FYQ4
Toora Swimming Pool Stage 2 (Splash Park)	\$409,215	\$630,702	\$405,154		COMPLETE: FYQ2
Toora Swimming Pool Stage 2 (Carpark Upgrade)	\$146,551	\$0	\$150,548		Carpark design complete and award of contract approved at the 25 March 2020 Ordinary Council Meeting last quarter. Construction underway. Pavement component postponed until at least September as ground too wet. Landscaping and BBQ works to follow.
Mirboo North Pool Refurbishment - Design and Construction	\$1,018,017	\$5,485,000	\$1,314,863		Pavilion approximately 60% complete and 25m pool works progressing well.
SPLASH Leongatha - Design of Tiered Seating	\$0	\$29,907	\$0	Carry Forward 2020/21	Project carried forward to 2020/21 to define design scope for tiered seating by extending out along the east wall approximately five metres.
<b>POOLS TOTAL</b>		<b>\$6,598,557</b>			<b>6 PROJECTS</b>

BREAKDOWN OF CAPITAL WORKS PROGRAM AS AT JUNE 2020					
PROJECT	2019/20 ACTUALS	2019/20 ORIGINAL BUDGET	2019/20 REVISED BUDGET	STATUS	COMMENTS
Great Southern Rail Trail - Leongatha Railway Station (Stage One)		\$425,000		Carry Forward 2020/21	Master plan, scope, and staging to be determined. Rail removal packaged with the rest of the Great Southern Rail Trail extension project. Some preliminary site works proposed to occur in 2020/21
Mirboo North Active Play (Baromi Park Masterplan & Associated Works)	\$21,692	\$300,000	\$27,012		Packaged with the Arts Performance Space project. Tender closed March and preferred tenderer selected. Award of contract approved at the 22 April 2020 Ordinary Council Meeting. Project works to commence in August 2020 and remainder of budget carried forward to 2020/21.
Venus Bay Skate Park		\$250,000		Carry Forward 2020/21	Project carried forward to 2020/21 as the location is still to be determined in the Jupiter Park Master Plan. Concept plan and cost estimate complete.
Baromi Community Space – Arts Performance (Baromi Park Masterplan & Associated Works)	\$3,780	\$85,000	\$2,938		Project was originally packaged with the Active Play contract project, however, has been removed due to issues with the building permit. Tender has been re-awarded and project carried forward to 2020/21.
Korumburra Skate Park	\$15,840	\$240,000		Carry Forward 2020/21	Project carried forward to 2020/21 due to changes in the location of the skatepark with the rail yard site now selected. Design underway. Planning permit required.
Venus Bay Jetty	\$79,100		\$79,100		COMPLETE: FYQ2
Korumburra Recreation Centre	\$11,823		\$13,343		COMPLETE: FYQ1
Venus Bay Environmental Projects - Van Cleefe Reserve Master Plan Implementation	\$3,172	\$105,000	\$50,000	Carry Forward 2020/21	Expression of interest for sculptural marker underway. Procured signage designer for signage. Project budget carried forward to 2020/21.
Leongatha Cenotaph - Memorial Hall	\$25,715		\$25,715		COMPLETE: FYQ4
<b>RECREATION TOTAL</b>	<b>\$161,122</b>	<b>\$1,405,000</b>	<b>\$198,108</b>		<b>9 PROJECTS</b>

BREAKDOWN OF CAPITAL WORKS PROGRAM AS AT JUNE 2020					
PROJECT	2019/20 ACTUALS	2019/20 ORIGINAL BUDGET	2019/20 REVISED BUDGET	STATUS	COMMENTS
Reseal Program	\$1,972,595	\$1,574,828	\$2,080,660	✓	37 PROJECTS IN TOTAL COMPLETE: FYQ4
Reseal Preparation Program	\$793,401	\$880,280	\$880,631	✓	39 PROJECTS IN TOTAL COMPLETE: FYQ4
Sealed Rehabilitation Program	\$76,024	\$493,370	\$71,867	✓	COMPLETE: FYQ4 Dyrings Road, Foster and Dollar Road, Dumbalk were completed under this program. Loch Poowong Road, Mardan Road and Main South Road, Poowong were carried forward to 2020/21 due to the Clancys Road, Korumburra gravel to seal project being brought forward.
Dollar Road, Dumbalk - Sealed Rehabilitation	\$271,971	\$125,131	\$271,971	✓	COMPLETE: FYQ4
Dyrings Road, Foster - Sealed Rehabilitation	\$614,348	\$341,550	\$622,828	✓	COMPLETE: FYQ4
Loch Poowong Road, Loch - Sealed Rehabilitation	\$1,626	\$868,686	\$1,626	Carry Forward 2020/21	Project carried forward to 2020/21 (\$478,374) as the proposed treatment on Loch Poowong Road needs further consideration / investigation.
Main South Road, Poowong - Sealed Rehabilitation	\$13,362	\$130,172	\$17,262	Carry Forward 2020/21	Earthworks and drainage completed. Remainder project budget carried forward to 2020/21 to complete pavement component.
Andersons Inlet Road, Moyarra - Sealed Rehabilitation	\$144,004		\$144,004	✓	COMPLETE: FYQ4
Flinders Street, Korumburra - Sealed Rehabilitation	\$82,765		\$100,000	●	Project added to program due to road failure. Initial works completed with remaining works to be completed in 2020/21.
Jeetho West Road, Jeetho Rehabilitation		\$331,200		✓	COMPLETE: FYQ4
Mardan Road, Koorooman - Sealed Rehabilitation	\$23,221		\$23,221	Carry Forward 2020/21	New Roads 2 Recovery project included in quarter 3 due to Jeetho West Road, Jeetho now being delivered under Reseal program. Project carried forward to 2020/21.
Henrys Road, Nyora - Sealed Rehabilitation	\$32,043		\$32,043	✓	COMPLETE: FYQ4 This budget is for the completion of a 2018/19 carry forward project which was delayed due to service relocation works.
Melville Avenue, Korumburra - Sealed Rehabilitation	\$176,705		\$176,705	✓	COMPLETE: FYQ1

BREAKDOWN OF CAPITAL WORKS PROGRAM AS AT JUNE 2020					
PROJECT	2019/20 ACTUALS	2019/20 ORIGINAL BUDGET	2019/20 REVISED BUDGET	STATUS	COMMENTS
Mitchell Street, Nyora - Sealed Rehabilitation	\$93,017		\$93,017		COMPLETE: FYQ1
Bena-Kongwak Road, Bena - Sealed Rehabilitation	\$1,550		\$1,550	Carry Forward 2020/21	Design works complete. Project carried forward to 2020/21 as the construction team are focussing on the completion of the new gravel to seal project at Clancys Road, Korumburra.
Roads to Recovery (Federal Government Funding)		\$712,623		Carry Forward 2020/21	Projects covered under R2R funding are tracking well. These projects are listed individually and include jobs covered by the Sealed Road Rehabilitation Program i.e. Dyrings Road, Dollar Road, Loch Poowong Road, Main South Road, and Mardan Road. It also covers Clancys Road gravel to seal project.
Gardner Lane, Poowong Safety Improvements	\$551	\$257,000	\$1,000	Carry Forward 2020/21	Design investigation continuing based on separation of general traffic from abattoir operation. Negotiations to occur with landowners and abattoir. Budget for construction works carried forward to 2020/21.
Clancys Road, Korumburra - Gravel to Seal - Stage 1 and Stage 2	\$837,112		\$808,085		2 PROJECTS IN TOTAL First section of gravel to seal reconstruction works completed. The remaining gravel to seal section currently being designed and scheduled to be sealed in 2020/21.
Peart Street, Leongatha - Safety Upgrades	\$8,325				New project included as it has been recommended for funding under the State Government's Safer Travel in Local Streets Program. Designs completed and forwarded to Regional Roads Victoria (RRV) for next stage approval. Residential / business owner consultation completed.
Korumburra Commercial Streetscape Design	\$13,068	\$164,393	\$55,110		Scope extended to Little Commercial Street and rail yard carpark. Traffic study and master plan complete. Concept design work complete. Detailed design to focus on rail yard carpark first then Lt Commercial. Rail yard works require planning permit.
Leongatha Business Precinct Project - Bair Street	\$986,240	\$2,700,000	\$900,000		Regional Roads Victoria review underway. Electrical works contract approved at the 5 February 2020 Special Council Meeting. Water main relocation complete. Electrical works underway. Civil works tender to be advertised in July 2020.



BREAKDOWN OF CAPITAL WORKS PROGRAM AS AT JUNE 2020					
PROJECT	2019/20 ACTUALS	2019/20 ORIGINAL BUDGET	2019/20 REVISED BUDGET	STATUS	COMMENTS
Federal Blackspot Program - Boolarra Mirboo North Road, Boolarra South	\$111,359		\$112,600		New project included in quarter 2 as funding received through the Federal Government's 2019/20 Blackspot Program. Vegetation trimming works complete. Guardrail design complete but construction works delayed due to the tender process. Signage works yet to be completed. Project budget (\$216,241) carried forward to 2020/21.
"Federal Blackspot Program - Fullers Road, Foster"	\$118,131		\$117,510		Vegetation trimming works complete. Guardrail design complete but construction works delayed due to the tender process. Signage works yet to be completed. Project carried forward to 2020/21.
"Federal Blackspot Program - Mount Lyall Road, Nyora"	\$79,450		\$83,410		Vegetation trimming works complete. Guardrail design complete but construction works delayed due to the tender process. Signage works yet to be completed. Project carried forward to 2020/21.
Federal Blackspot Program - Stewarts Road, Outtrim	\$92,369		\$118,837		Vegetation trimming works complete. Guardrail design complete but construction works delayed due to the tender process. Signage works yet to be completed. Project carried forward to 2020/21.
Loch Main Street Renewal (Stage 1) - Loch Streetscape - Victoria Road & Smith Street	\$677,658	\$610,582	\$677,659		COMPLETE: FYQ4
<b>ROADS TOTAL</b>	<b>\$7,223,326</b>	<b>\$9,393,589</b>	<b>\$7,391,596</b>		<b>100 PROJECTS</b>

BREAKDOWN OF CAPITAL WORKS PROGRAM AS AT JUNE 2020					
PROJECT	2019/20 ACTUALS	2019/20 ORIGINAL BUDGET	2019/20 REVISED BUDGET	STATUS	COMMENTS
E-Waste Shed - Koonwarra Transfer Station	\$64,962		\$67,000	✓	COMPLETE: FYQ2
E-Waste Shed – Mirboo North Transfer Station	\$67,971		\$62,007	✓	COMPLETE: FYQ4
E-Waste Shed – Korumburra Transfer Station	\$5,000		\$92,800	●	Site location problematic. Looking at alternate site options.
E-Waste Shed – Venus Bay Transfer Station	\$54,626		\$53,237	✓	COMPLETE: FYQ1
E-Waste Shed – Foster Transfer Station	\$66,562		\$65,800	✓	COMPLETE: FYQ1
<b>WASTE MANAGEMENT TOTAL</b>	<b>\$259,122</b>		<b>\$340,844</b>		<b>5 PROJECTS</b>

## 1.6

# COMMUNITY

## GRANT FUNDING

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

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

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## GRANT APPLICATIONS APPROVED

# \$258,401

## IN COMMUNITY GRANT FUNDING

### COMMUNITY GRANTS

## \$227,970

### FUNDING

## 39

### APPROVED APPLICANTS

### SMALL GRANTS

## \$26,578

### FUNDING

## 30

### APPROVED APPLICANTS

### EMERGENCY GRANTS

## \$3,853

### FUNDING

## 2

### APPROVED APPLICANTS

## Community Grant Funding - Round 1

**TOTAL \$128,845**

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

ROUND ONE Organisation	Project Details	Area	Approved Funding (\$)
Middle Tarwin Hall	Repair / Renovate / Renew for the Future	Middle Tarwin	\$10,000
Korumburra Business Association	Southern Lights Festival	Korumburra	\$9,000
Australian Volunteer Coast Guard - Port Welshpool Flotilla	Business Case - Facilities Upgrade	Port Welshpool	\$8,000
Meeniyah Bowling club Inc.	Comfort Zone	Meeniyah	\$8,000
Mirboo North Cricket Club Inc.	Turf Roller	Mirboo North	\$8,000
Strzelecki Public Hall	Replacement of Damaged Weatherboards	Strzelecki	\$8,000
Foster Community Association	Foster 150 Celebration	Foster	\$7,000
Leongatha Girl Guides	Renovation of Girl Guide Hall	Leongatha	\$7,000
Manna Gum Community House	Pearl Park Music Festival 2020	Foster	\$7,000
Meeniyah Dumbalk United Cricket Club	Safe Practice for the Future	Meeniyah	\$6,000
2nd Korumburra Scout Group	Hall Heating / Cooling	Korumburra	\$5,000
Korumburra Tennis club	Hot Shots Hub	Korumburra	\$5,000
Leongatha Table Tennis Association Inc.	Replacement of West Wall of Shed	Leongatha	\$5,000
Buffalo Community Centre	Skylight Replacement & Associated Repairs	Buffalo	\$4,500



ROUND ONE Organisation	Project Details	Area	Approved Funding (\$)
Poowong Loch Cricket Club	Centre Wicket	Poowong	\$4,200
Carols in the Drome	Carols in the Drome 2019	Leongatha	\$4,000
Korumburra & District Agricultural & Pastoral Society Inc.	Pavilion Annexe Resurface	Korumburra	\$4,000
St Paul's Catholic Social Club	Mirboo North Italian Fiesta	Mirboo North	\$4,000
Toora Bowls Club Inc.	New Sun Shelters	Toora	\$4,000
Leongatha Senior Citizens Centre	Equipment Renewal	Leongatha	\$3,000
Fish Creek Tea Cosy Festival	2020 Fish Creek Tea Cosy Festival	Fish Creek	\$2,000
Korumburra Showgrounds Amenities Complex	Restoration of Complex	Korumburra	\$2,000
Foster & District Agricultural & Pastoral Society Inc.	Brochures - 2020 Show	Foster	\$1,800
International Women's Day	Girls of Our Town 2020	Foster	\$1,300
Welshpool & District Advisory Group	Security Upgrade	Welshpool	\$1,045

## Community Grant Funding - Round 2

## TOTAL \$99,125

ROUND TWO Organisation	Project Details	Area	Approved Funding (\$)
Korumburra Bowling Club	Lower Green Eastern Bank Shelters	Korumburra	\$10,000.00
Woorayl Golf Club Inc.	Water Bore	Leongatha	\$10,000.00
Leongatha Agriculture & Recreation Reserve CoM	Leongatha Velodrome Common Pavillion Development (Stage 3)	Leongatha	\$10,000.00
Friends of Toora & District Swimming Pool Inc.	Splash Park Solar and Beautification	Toora	\$10,000.00
Outtrim Moyarra Kongwak Cricket Club	Outtrim Recreation Oval Fence	Outtrim	\$10,000.00
Rotary Club of Foster	Rotunda at Foster Showgrounds	Foster	\$9,323.00
Nyora Recreation Reserve Committee Inc.	Toilet Refurbishment	Nyora	\$8,939.00
Tarwin Lower Mechanics Institute	Projector and Speaker System	Tarwin Lower	\$7,077.00
Venus Bay / Tarwin Lower Men's Shed	Tarwin District Auto Festival 2020	Venus Bay / Tarwin Lower	\$5,515.00
Mirboo North Golf Club	Golf Course Fairway Irrigation Infrastructure - Holes 7 & 8	Mirboo North	\$5,500.00
Toora Community Hall & Library	Risk Management - Revamp with a Ramp	Toora	\$4,800.00
Leongatha Community Pre School	All Weather Screens- Hassett St Kindergarten	Leongatha	\$3,996.00
Welshpool Recreation Reserve Inc.	Front Fence replacement	Welshpool	\$2,475.00
Lions Club of Leongatha Inc.	Computer replacement, Compliance Training & equipment	Leongatha	\$1,500.00

## Small Grants Program

**TOTAL \$26,578**

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

SMALL GRANTS PROGRAM Organisation	Project Details	Area	Approved Funding (\$)
Bennison Pony Club	Fencing/Gates/Ramp Replace	Foster	\$1,000.00
Mirboo Country Development Inc.	Christmas event	Mirboo North	\$1,000.00
Korumburra A&P Society	Traffic Management Plan	Korumburra	\$1,000.00
Burra Poets (auspiced by Korumburra Rotary)	Poetry installation	Korumburra	\$1,000.00
Friends of Mirboo North Pool	Mirboo North Idol competition	Mirboo North	\$1,000.00
Mirboo North Community Op Shop Inc.	Access ramp	Mirboo North	\$1,000.00
Loch Community Group Inc.	Loch Op Shop	Loch	\$1,000.00
Korumburra/Bena Football Netball Club	Line Marker	Korumburra	\$1,000.00
2nd Korumburra Scout Group	Access ramp	Korumburra	\$1,000.00
Allambee South Community Centre	Lawn Mower	Allambee South	\$1,000.00
Friends of Mirboo North Pool	Movie Night	Mirboo North	\$1,000.00
South Gippsland Shire Brass Band	Music at Mossvale Park	Leongatha	\$1,000.00
Toora Football Netball Club	Indigenous Round Jumpers / Netball Bibs	Toora	\$1,000.00
Lions Club of Mirboo North	Assistance with event costs	Mirboo North	\$1,000.00
Southern Business Women's Network	PA System & Projector	Shire	\$1,000.00
Welshpool Golf Club	Chainsaw	Welshpool	\$1,000.00
Foster War Memorial Arts Centre	Shed Construction	Foster	\$1,000.00
Connect the Plots	Connect the Plots - Starter Garden Kits	Foster	\$1,000.00

SMALL GRANTS PROGRAM Organisation	Project Details	Area	Approved Funding (\$)
Venus Bay Community Centre	Equipment	Venus Bay	\$1,000.00
Welshpool & District Advisory Group	Small Equipment Purchase - Laptop	Welshpool	\$995.00
Lions Club of Leongatha	Hot water service replacement	Leongatha	\$950.00
Welshpool Recreation Reserve	Annual Lawn Mower races	Welshpool	\$830.00
Foster Bowls Club Inc.	Small Equipment Purchase - Line Trimmer	Foster	\$798.00
Port Welshpool and District Bowling Club Inc	Bowling Green Markers	Port Welshpool	\$700.00
Korumburra Croquet Club Inc	Hot water service replacement	Korumburra	\$650.00
Koonwarra / Leongatha RSL Cricket Club	Drinks Fridge	Koonwarra	\$587.00
Welshpool District Advisory Group	Christmas in Welshpool	Welshpool	\$550.00
Bena Tennis Club	Garden Equipment	Bena	\$528.00
Korumburra Croquet Club Inc	Hoop Renovations	Korumburra	\$500.00
Welshpool Memorial Hall	Improve lighting for security	Welshpool	\$490.00

## Emergency (Quick) Grant Program

**TOTAL \$3,125**

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

SMALL GRANTS PROGRAM Organisation	Project Details	Area	Approved Funding (\$)
Loch Memorial Recreation Reserve	Removal of Light Tower	Loch	\$2,203.00
Leongatha Little Athletics Club	Line Marker	Leongatha	\$1,650.00



## 1.7

## ORGANISATIONAL

## STRUCTURE

## ADMINISTRATORS

## CHIEF EXECUTIVE OFFICER

## MANAGER

People &amp; Culture

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

## MANAGER

Executive Support &amp; Community Information

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

## DIRECTOR - CORPORATE &amp; COMMUNITY SERVICES

## MANAGER

Finance, Risk &amp; Procurement

- Accounting & Finance
- Rates
- Valuations

## MANAGER

Community Services

- Community Strengthening
- Regional Assessment Services
- Children & Family Services

## MANAGER

Innovation &amp; Technology

- IT Systems & Support
- Information Management
- Business Analysis

## COORDINATOR

Coordinator Risk &amp; Procurement

- Risk Management
- Procurement
- Freedom of Information

## COORDINATOR

Corporate Planning &amp; Council Business

- Corporate Planning
- Council Support
- Council Business

## DIRECTOR - DEVELOPMENT SERVICES

## MANAGER

Planning

- Statutory Planning
- Strategic Planning
- Social Planning

## MANAGER

Economic Development &amp; Tourism

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

## MANAGER

Regulatory Services

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

## DIRECTOR - INFRASTRUCTURE

## MANAGER

Operations

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

## MANAGER

Infrastructure Delivery

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

## MANAGER

Infrastructure Planning

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

## 1.8 Council Staff

The Council appointed a new Chief Executive Officer (CEO), Kerry Ellis, in February 2020, to manage the day-to-day operations of the Council. The CEO together with three directors form an Executive Leadership Team (ELT) that leads the organisation with support from department managers and staff.

At 30 June 2020, Council had 261.5 Full Time Equivalent (FTE) employees including ongoing, temporary and casual positions. This data is provided at a single point in time. It does not consider employment context such as fixed term, grant funded, capital works, leave replacement, in sourcing of previous contracted services, or seasonal factors.

### WORKFORCE BY HEADCOUNT

Employee Headcount	Full Time	Part Time	Casual
<b>June 30, 2020</b>	223	58	52
<b>June 30, 2019</b>	210	66	49
<b>June 30, 2018</b>	210	95	65

# 333

## NUMBER OF STAFF

Throughout the year employee numbers have fluctuated with an overall interim increase from 252 FTE at the commencement of the year to 261 FTE at year end. These numbers are set at two specific points in time and do not take into consideration the broader employment context. Taken as numbers on their own it appears to be an increase of approximately nine FTE, however many of the increases are of a temporary nature and will not result in a permanent increase in staffing numbers.

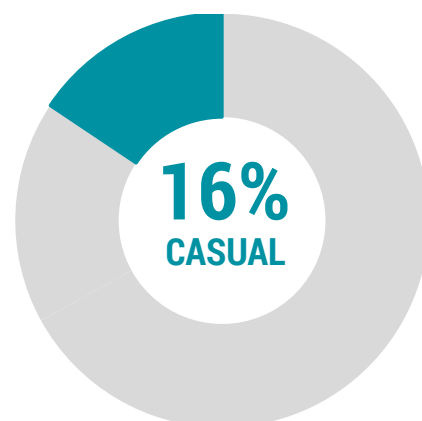
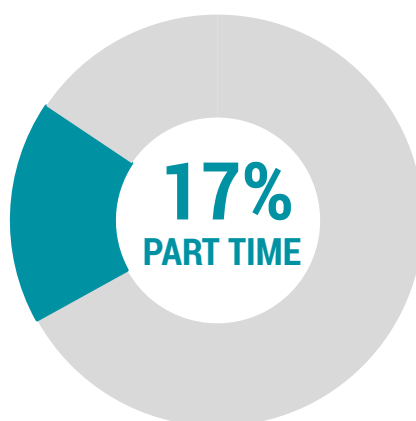
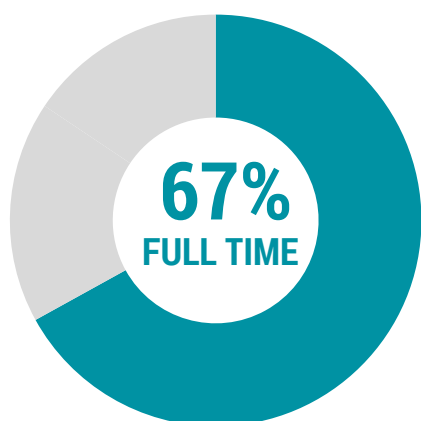
The following contextual factors apply here:

- Ten positions needed to be duplicated for varying lengths of time throughout the year to backfill maternity leave and staff on long service leave. Council has a legal responsibility under the Employment Agreement to cover payment of leave, and an operational requirement to pay for temporary staff replacing them to ensure the services continue to be provided. These are temporary arrangements that will not increase the permanent number of staff.
- Three vacant positions at the end of 2019, were filled during the year. These were not new positions, only existing positions that were not being paid at the end of 2019, but are now captured in the FTE and headcount at the end of 2020.
- Three new fixed-term positions have been established, including a Risk officer and Freedom of Information officer appointed due to a significant increase in workload demands, and an 'It's No Drama' Project officer, that is grant funded.



# 261.5

**FULL TIME EQUIVALENT STAFF**



## WORKFORCE DATA BY FULL TIME EQUIVALENT & GENDER

Employment Classification	Executive Office FTE	Corporate & Community Services FTE	Infrastructure FTE	Development Services FTE	Total 2019/20 FTE	Total 2018/19 FTE
<b>Ongoing Full Time (FT)</b>						
Female	14.00	28.00	15.00	24.00	81.00	71.00
Male	7.00	20.00	100.00	15.00	142.00	137.00
<b>Total Permanent FT</b>	<b>21.00</b>	<b>48.00</b>	<b>115.00</b>	<b>39.00</b>	<b>223.00</b>	<b>208.00</b>
<b>Ongoing Part Time (PT)</b>						
Female	1.71	9.61	3.95	5.55	20.82	27.81
Male	0.00	1.43	6.55	1.36	9.34	7.75
<b>Total Permanent PT</b>	<b>1.71</b>	<b>11.04</b>	<b>10.50</b>	<b>6.91</b>	<b>30.16</b>	<b>35.56</b>
<b>Casual</b>						
Female	1.30	0.43	0.02	4.97	6.71	4.15
Male	0.00	0.00	0.28	1.35	1.63	4.96
<b>Total Casual</b>	<b>1.30</b>	<b>0.43</b>	<b>0.30</b>	<b>6.32</b>	<b>8.34</b>	<b>9.11</b>
<b>Total Overall</b>	<b>24.01</b>	<b>59.47</b>	<b>125.80</b>	<b>52.23</b>	<b>261.51</b>	<b>252.67</b>

## WORKFORCE DAY BY CLASSIFICATION & 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
<b>Ongoing Full Time (FT)</b>									
Female	0.0	2.0	7.0	11.0	14.0	24.0	12.0	8.0	3.0
Male	0.0	2.0	43.0	24.0	17.0	15.0	16.0	14.0	11.0
<b>Total Permanent FT</b>	<b>0.0</b>	<b>4.0</b>	<b>50.0</b>	<b>35.0</b>	<b>31.0</b>	<b>39.0</b>	<b>28.0</b>	<b>22.0</b>	<b>14.0</b>
<b>Ongoing Part Time (PT)</b>									
Female	2.6	0.0	0.7	4.9	2.6	4.9	5.0	0.0	0.0
Male	2.4	0.0	3.6	0.6	0.0	2.0	0.0	0.6	0.0
<b>Total Permanent PT</b>	<b>5.0</b>	<b>0.0</b>	<b>4.3</b>	<b>5.5</b>	<b>2.6</b>	<b>6.9</b>	<b>5.0</b>	<b>0.6</b>	<b>0.0</b>
<b>Casual</b>									
Female	0.9	0.0	0.5	4.5	0.3	0.0	0.4	0.0	0.0
Male	0.8	0.0	0.3	0.4	0.0	0.0	0.2	0.0	0.0
<b>Total Casual</b>	<b>1.7</b>	<b>0.0</b>	<b>0.8</b>	<b>4.9</b>	<b>0.3</b>	<b>0.0</b>	<b>0.6</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Overall</b>	<b>6.8</b>	<b>4.0</b>	<b>55.2</b>	<b>45.3</b>	<b>34.0</b>	<b>45.0</b>	<b>33.6</b>	<b>22.7</b>	<b>14.0</b>

## EQUAL EMPLOYMENT OPPORTUNITY PROGRAM

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

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

## CORPORATE SOCIAL RESPONSIBILITY

Employees support local and registered charities through a staff donation program.

## ENTERPRISE AGREEMENT

Council has established a new Enterprise Agreement which will expire in June 2022. The Agreement outlines the terms and conditions of work, and importantly, describes the relationship between what we do, to the Council Plan, and its focus on benefitting all of South Gippsland.

## PREVENTING VIOLENCE AGAINST WOMEN

Through Council's *Workplace Health and Wellbeing Plan*, a team of supportive staff have developed and implemented a range of violence prevention initiatives, activities and events. Council has made available Domestic Violence Leave to support any employee that may require assistance. Council is also active in supporting the Community to address domestic violence issues.

## EMPLOYEE PERFORMANCE & PROFESSIONAL DEVELOPMENT

Professional development of our people is designed to ensure capabilities are enhanced that maximise delivery of services and outcomes for the community. Employees are striving to do their best and are supported to achieve their best.

Developing leadership and enterprise capabilities that enable us to achieve the Council Plan are a key focus. Specific training in technical, mechanical, compliance, safety and knowledge-based areas are provided.

A second and third stream of capability development occurs with a combination of internal and external opportunities to build talent and improve employee potential for future roles. An increasing emphasis is placed on employees driving their own development. This includes secondments, special project work, study support and a mentoring program.

Performance planning is also undertaken and as a regular and normal part of discourse, learning from everyday experiences is directed towards continuous improvement.

An enterprise on-line learning platform will enhance these activities. Progress of outcomes from the employee Organisation Effectiveness Survey will continue to focus on organisation development initiatives.

COVID-19 Pandemic has enabled the enterprise to demonstrate remarkable resilience, be quick to change and adapt, and continue its intense focus on, and achievement of, positive community outcomes.

## HUMAN RIGHTS CHARTER & RESPONSIBILITIES

Council's *Human Rights Policy* demonstrates 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)*.

## HEALTH & WELLBEING

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

COVID-19 Pandemic has had a significant impact on the health and wellbeing of people in the community and on members of staff. Supporting our staff, so they can continue to support our community, will continue to be a priority. These include access to Council's Employee Assistance Program, Employee Contact Officers, and a library of resources.

## CHILD SAFETY COMMITMENT

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

Council provides training, resources, information and guidance to staff to ensure the Child Safe Standards are followed and implemented.



# Section Overview

# 2



*Coal Creek - Korumburra*

## 2.1

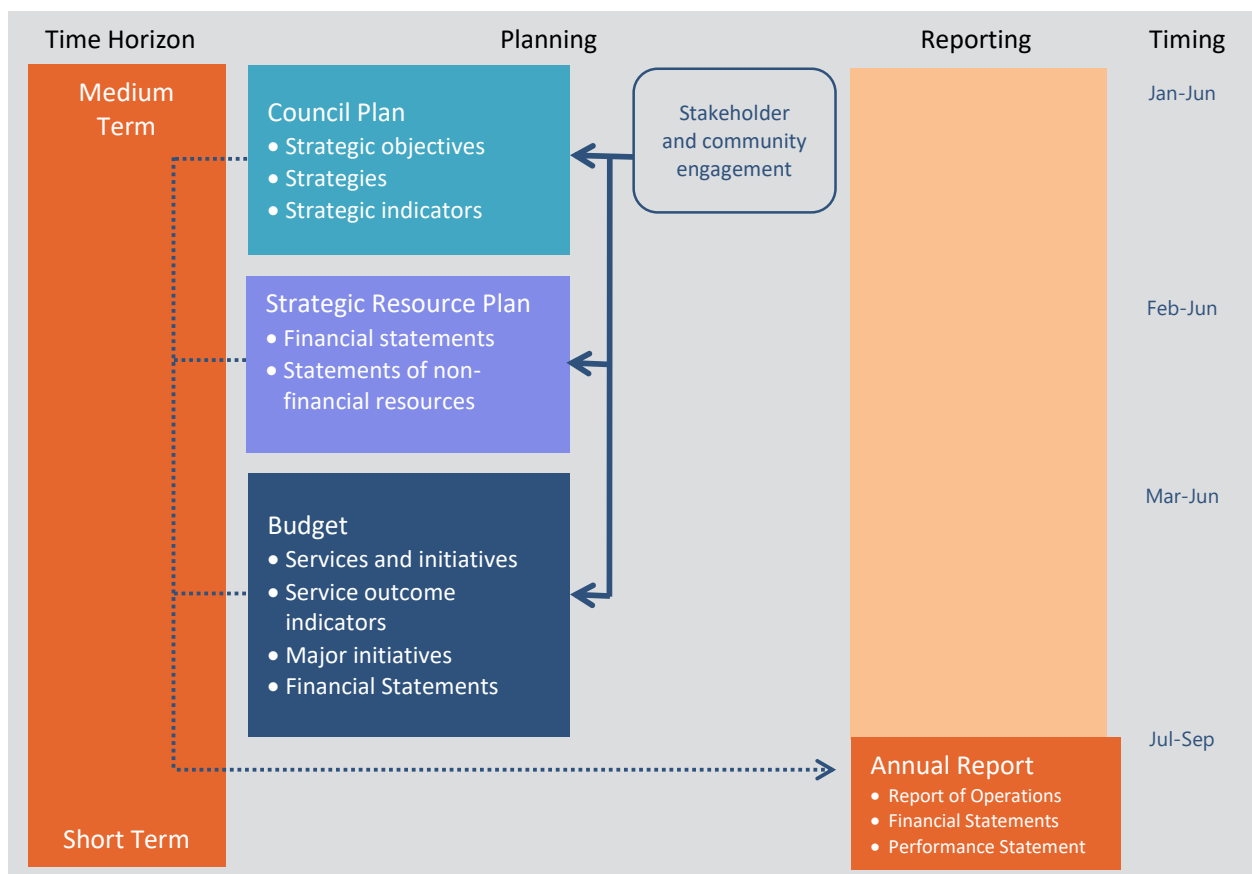
# Victorian Planning

## & ACCOUNTABILITY FRAMEWORK

The planning and Accountability Framework is found in part 6 of the *Local Government Act 1989* (the Act). The Act requires councils to prepare the following planning and reporting documents:

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

The following diagram outlines 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

South Gippsland Shire Council Meeting No. 450 - 28 October 2020

## 2.2

# Council Plan

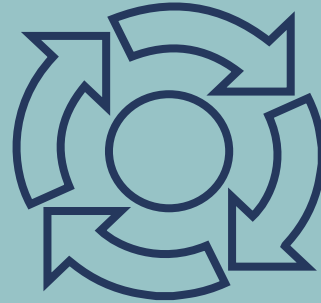
## 2019/20 Annual Initiatives

Performance of the *Council Plan 2017-2021* -revised June 2019 is measured by:

- Results achieved against the strategic objectives in the Council Plan;
- Progress against the annual major initiatives identified in the 2019/20 Annual Budget;
- Services funded in the 2019/20 Annual Budget and the departments responsible for these services; and
- Results against the prescribed service performance indicators and key performance measures.

## Performance Report Highlights

The below icons are highlighted in the following pages to demonstrate Council's performance in achieving the 2019/20 Annual Initiatives of the *2017-2021 Council Plan*.



**Strategic Objective**



**Major Initiatives**



**Description of Services Funded**



**Performance Indicators**



## 2.3

# Strategic Objective



## Strengthen Economic Growth & Prosperity

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

### STRATEGIC OBJECTIVES

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

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

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

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

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

1.3.3 Support our diversified agricultural sector.

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

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

**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.**

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

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

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

# Initiatives

## COUNCIL PLAN



The following statement reviews the progress of Council in relation to the initiatives identified in the 2019/20 Budget for the year:

Major Initiatives		
Indicator	Action/Target	Progress Comment
Identify and target 'Priority Projects' requiring external funding and advocate to State and Federal Governments seeking funds to implement them, particularly 'project ready' priorities.	by 30 June 2020	<b>TARGET ACHIEVED</b>
<p><b>Infrastructure Delivery and Economic Development and Tourism</b></p> <p>Council identified and adopted in September 2019 its 2019/20 Priority Projects:</p> <p>Priority Projects for advocacy:</p> <ul style="list-style-type: none"> <li>Great Southern Rail Trail Extension Stage 1 - Leongatha to Korumburra;</li> <li>Great Southern Rail Trail Extension Stage 2 - Korumburra to Nyora; and</li> <li>Korumburra Community Hub.</li> </ul> <p>Priority Projects for development:</p> <ul style="list-style-type: none"> <li>Korumburra Streetscape; and</li> <li>Leongatha Community Hub.</li> </ul>		<p><i>Great Southern Rail Trail Extension Stage 1 - Leongatha to Korumburra:</i></p> <p>Removal of redundant rail infrastructure is approaching completion. An application of \$500,000 has been approved from Regional Development Victoria (RDV) for this section. As a result of the application being successful, this project will no longer be considered a Priority Project for Advocacy with construction works to commence in 2020/21.</p> <p><i>Great Southern Rail Trail Extension Stage 2 - Korumburra to Nyora:</i></p> <p>The project has progressed significantly with planning/design nearing completion and the rail infrastructure currently being removed. An application to Sport and Recreation Victoria (SRV) for \$800,000 has been approved. As a result of the application being successful, this project will no longer be considered a Priority Project for Advocacy with construction works to commence in 2020/21.</p> <p><i>Korumburra Community Hub:</i></p> <p>During 2019/20, this project advanced enough for Council to submit an application to the <i>Living Libraries Infrastructure Fund</i> for \$750,000 which was approved. In addition, Council submitted an application to the <i>Community Infrastructure Loans Scheme</i> for \$5M which was also approved as a low cost interest loan to Council. It is anticipated that tenders will be sought for the construction of this project in September 2021. This project is no longer considered a Priority Project for Advocacy.</p>



Major Initiatives		
Indicator	Action/Target	Progress Comment
Identify and target 'Priority Projects' requiring external funding and advocate to State and Federal Governments seeking funds to implement them, particularly 'project ready' priorities.	by 30 June 2020	<p><i>Continued from previous page</i></p> <p><i>Korumburra Streetscape:</i></p> <p>The scope of this project was amended to include works to the Little Commercial Street Precinct to accommodate the Korumburra Community Hub. The design of the Community Hub required the development of concept plans for the Little Commercial Street Precinct. The concept plan has now been developed and detailed design to commence soon. It is anticipated that works will commence late in the 2020/21 financial year.</p> <p>During 2019/20, the project had advanced enough that allowed Council to submit an application to the <i>Community Infrastructure Loan Scheme</i> for \$5M which was approved as a low cost interest loan to Council. Although the loan has been approved, there may still be an opportunity to seek additional funding towards this project in 2020/21. Therefore, it is recommended that this project move into the Advocacy category and remain a Priority Project for 2020/21.</p> <p><i>Leongatha Community Hub:</i></p> <p>This project is still in the planning phase. Although planning will continue in 2020/21, it is recommended that this project be removed as a 2020/21 Priority Project as it is still in the early development phase.</p>
<p><i>Infrastructure Delivery and Economic Development and Tourism</i></p>		
Develop and commence implementation of a 10+ year Community Vision over the two year term of the Administrators, by instigating a significant community consultation project. The scope and process to be defined and reported to Council within the 2019/20 financial year.	by 30 June 2020	<p><b>TARGET ACHIEVED</b></p> <p>The Community Vision project commenced with a briefing to Administrators in March. The initial extent of development was revised by the Administrators when the new Local Government Act 2020 was gazetted, requiring the next Council elected to develop, or review, the ten year Community Plan in the first year of their term.</p> <p>A report was presented to the 27 May 2020 Ordinary Meeting of Council. Council resolved to leave the development of the Community Vision to the next Council to be elected in October 2021. In the interim Council will develop a governance framework for the consultation program prepared ready for the new Council to utilise.</p>
<p><i>Corporate and Community Strengthening</i></p>		

## Major Initiatives

Indicator	Action/Target	Progress Comment
Develop and implement a 'Community Leadership Education Program' to enhance understanding of the role and purpose of Local Government, the services provided by Council, legislative and resource constraints, financial position and the roles and responsibilities of Administrators and the organisation.	by 30 June 2020	<p><b>TARGET ACHIEVED</b></p> <p>A draft <i>Community Leadership Education Program</i> was presented to Council as a proposal in November 2019.</p> <p>Council endorsed the <i>Community Leadership Development Program</i> on 26 February 2020. An Expression of Interest and eligibility criteria for the Program was communicated via community and service networks, Council's 'In the Know' newsletter and Council's website.</p> <p>Applications to the <i>Community Leadership Development Program</i> opened with an Expression of Interest in April 2020 and closed on 30 June 2020. There were 37 applications received for the Program.</p> <p>The successful applicants will be informed of the outcome and the Program is scheduled to commence in the next financial year in October 2020.</p>
<i>Community Strengthening and Corporate</i>		

## Initiatives

Indicator	Action/Target	Progress Comment
Coastal Strategy developed and presented to Council for adoption by 30 June 2020.	by 30 June 2020	<p><b>TARGET SIGNIFICANTLY ACHIEVED</b></p> <p>Council considered community and stakeholder responses to the exhibition of the Coastal Strategy Overview and Background Report at its 24 June 2020 Council Meeting.</p> <p>Council resolved at this meeting, to defer the Coastal Strategy finalisation until after Council has completed its Shared Community Vision.</p>
<i>Planning</i>		



# Indicators

## COUNCIL PLAN

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

### COUNCIL PLAN 2017-2021 INDICATOR

Indicator	Action/Target	Progress Comment
At least one delegation per year will be made to State and Federal politicians to advocate for the Shire's requirements.	At least one delegation annually	<p><b>TARGET ACHIEVED</b></p> <p>Council adopted its Priority Projects at the 25 September 2019 Council Meeting.</p> <p>Advocacy meetings that took place include:</p> <ul style="list-style-type: none"> <li>State Parliament - Danny O'Brien held in August and December 2019, March and June 2020;</li> <li>State Parliament – The Hon. Jaala Pulford (Minister for Roads), joint advocacy meeting with One Gippsland in March 2020;</li> <li>State Parliament – The Hon. Adem Somyurek (Minister for Local Government) May 2020; and</li> <li>Federal Parliament - Russel Broadbent in October 2019 and April 2020.</li> </ul> <p>A meeting was held on 27 November 2019 with Administrators and CEO with Graeme Emonson, Executive Director, Local Government Victoria to advocate for Council's objectives, Priority Projects and site visits to Leongatha and Korumburra.</p>
<i>Executive Office</i>		

Korumburra





# Services

## FUNDED

The following statement provides information in relation to the services funded in the 2019/20 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	The Development Services Management unit is accountable for ensuring that Council's objectives for the Development Services Directorate are achieved through the following Departments:	\$159
		\$289
	<ul style="list-style-type: none"> <li>• Planning;</li> </ul>	
	<ul style="list-style-type: none"> <li>• Regulatory Services; and</li> <li>• Economic Development and Tourism.</li> </ul> <p>Together these Departments provide strategic policy advice to the Administrators to inform their decisions, undertake regional advocacy to facilitate planned growth in the Shire, education and enforcement activities and implement the strategic directions set by Council relevant to the Directorate.</p> <p><i>Note: this Department Budget includes Caravan Park management.</i></p>	\$130
Economic Development and Tourism	The Economic Development and Tourism Department strategically plans for and facilitates economic expansion and investment within the Shire by actively promoting and supporting sustainable industry, business and tourism development.	\$1,076
		\$1,107
	The Department manages Council's Coal Creek Community Park & Museum which aims to enhance the liveability of the Shire as the largest cultural heritage site in South Gippsland.	\$31
Planning Department	The Planning Department provides statutory, strategic and social planning services to the community to provide for development, land use and community policy.	\$675
		\$930
	The Department actively supports planned growth across the municipality, protects and enhances the unique identity and liveability of local districts and advocates to other levels of government and stakeholders for developments that will prosper the Shire.	\$255



# Services

## PERFORMANCE INDICATORS

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

Local Government Service Performance Indicators					
Service	Results 2017	Results 2018	Results 2019	Results 2020	Material Variation
Statutory Planning					Service delivery and permit approval times has slightly been affected, due to a 6% increase in the number of planning applications compared to the previous year and resourcing limitations occurring throughout the year.
Timeliness					
Time taken to decide planning applications	62	69	72	77	
[The median number of days between receipt of a planning application and a decision on the application]					
Service standard					Planning application processing times have taken longer than anticipated due to competing projects and resourcing limitations throughout the year.
Planning applications decided within the relevant required time	77%	77%	79%	55%	
[(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] x100					
Service cost					Lower cost per application due to an increase in the number of VicSmart and minor applications.
Cost of statutory planning service	\$2,056	\$2,229	\$1,773	\$1,748	
[Direct cost of the statutory planning service / Number of planning applications received]					
Decision Making					Five of the seven Planning Permits that were appealed to VCAT had decisions that were upheld (supported). No hearings at VCAT from late March 2020 to 30 June 2020 due to COVID-19 Pandemic.
Council planning decisions upheld at VCAT	50%	80%	80%	71%	
[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					



## 2.4

# Strategic Objective

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



## STRATEGIC OBJECTIVES

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

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

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

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

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

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

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

**Communities are supported by appropriate and relevant services.**

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

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

### 2.5 Implement the Active Ageing Strategy.

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

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

# Initiatives

## COUNCIL PLAN



The following statement reviews the progress of Council in relation to the initiatives identified in the 2019/20 Budget for the year:

Initiatives		
Indicator	Action/Target	Progress Comment
Recreation Strategy completed and presented to Council for adoption by 30 June 2020.	by 30 June 2020	<b>TARGET ACHIEVED</b>  In December 2019 the Draft Strategy was released to the reserve and stadium committees including key stakeholders for consultation.
<i>Infrastructure Planning</i>		The feedback from the submissions received were in the Draft Strategy.  The 2020-2030 Sport & Recreation Infrastructure Strategy was adopted at the 24 June 2020 Council Meeting and published on Council's website.



Parks & Gardens - Mirboo North

Initiatives		
Indicator	Action/Target	Progress Comment
Implement first year activities of the Youth Strategy to encourage initiatives in youth participation and engagement and report progress through Council's Organisational Performance Reports.	by 30 June 2020	<div>TARGET ACHIEVED</div> <p>The following activities and events took place to encourage youth participation:</p> <ul style="list-style-type: none"> <li>• Learner to Probationary Driver (L2P) Program received 24 participants;</li> <li>• Planning for the major Gippsland All Ages event;</li> <li>• Emerging Youth Networks initial discussions with young people conducted at: Mirboo North - 6 August 2019; Mary McKillop College Leongatha - 31 July 2019; and Toora - 18 September 2019</li> <li>• Major music event held in Leongatha on 18 October 2019 with over 600 participants;</li> <li>• Successful application for grant funding of \$10,000 for the 'Healthy Equal Youth (HEY)' Program;</li> <li>• Toora Youth Network established as the Corner Inlet Youth Council with 18 young people participating regularly. This group meets with Council Officers quarterly and presents to Council on opportunities and issues for young people in the Corner Inlet area annually.</li> <li>• Colour in Your Life 2020, a FReeZA Event, designed to highlight services and information available to young people concerned about mental health held in February 2020, with over 100 participants. This event was extremely successful and has been established as an annual event. The event raised over \$1,500 for Youth Mental Health First Aid Training, which will be provided during Term 3 of 2020.</li> <li>• Girls Own Space (Gender Equity Arts Project) commenced in February 2020, with four sites selected and a working group of young women actively participating in each project (Leongatha, Korumburra, Mirboo North and Foster). This Project is currently on hold due to the COVID-19 Pandemic.</li> <li>• A Youth Leadership Program is being developed in partnership with Crazy Ideas College.</li> </ul>

**Community  
Strengthening**



# Indicators

## COUNCIL PLAN

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

COUNCIL PLAN 2017-2021 INDICATOR		
Indicator	Action/Target	Progress Comment
<p>The effectiveness of efforts to gain State and Federal government funding for community projects will be measured by the number of grants submitted for funding and the number of grants announced, with the aim of 30 per cent of applications submitted to be funded.</p> <p><i>Infrastructure Delivery</i></p>	<p>30 per cent of applications submitted to be funded</p>	<p><b>TARGET ACHIEVED</b></p> <p>86 per cent of assessed applications have been approved for funding totalling \$13.6M as at 30 June 2020.</p> <p><b>Total Number of Applications Submitted - 23</b></p> <p><b>Approved - 19</b></p> <p><b>Not Approved - 3</b></p> <p><b>Pending - 1</b></p>
<p>The effectiveness of efforts to support community groups to achieve their projects will be addressed through the annual review of the Community Grants Program and the number of applications submitted to Council on behalf of community groups.</p> <p><i>Community Strengthening</i></p>	<p>Number of applications submitted to Council on behalf of community groups</p>	<p><b>TARGET ACHIEVED</b></p> <p>A total of 71 applications assessed and approved as part of the Community Grants Program.</p> <p>Council funded a total amount of \$258,401.</p> <p>Grant programs include:</p> <ul style="list-style-type: none"> <li>• Small Grants Program;</li> <li>• Emergency (Quick) Grants Program;</li> <li>• Community Grants Program categories;</li> <li>• Minor Projects and Equipment;</li> <li>• Celebrations, Festivals and Events;</li> <li>• Major Projects; and</li> <li>• Planning and Development Studies.</li> </ul> <p><i>Refer to pages 33 to 38 for a full list of applications that received funding under the Community Grants Program.</i></p>





# Services

## FUNDED

The following statement provides information in relation to the services funded in the 2019/20 Budget that supports Strategic Objective 2 and the persons or sections of the business area responsible.

Business Area	Description of Services provided	Net Cost \$000 Revised Budget \$000
		Variance \$000
Corporate and Community Services Management	<p>The Corporate and Community Services Directorate Management is accountable for ensuring that Council's objectives for the Directorate are achieved through the following Departments and Teams:</p> <ul style="list-style-type: none"> <li>• Community Services;</li> <li>• Finance, Risk &amp; Procurement;</li> <li>• Business Innovation &amp; Technology;</li> <li>• Corporate Planning &amp; Council Business; and</li> </ul> <p>Together these Departments provide policy advice to inform Council decision making, coordinate the four year Council Plan, plan for long term financial sustainability, facilitate community strengthening programs, manage corporate technologies and systems, provide children, family and aged services, support the libraries and implement strategic directions relevant to the Directorate set by Council.</p> <p><i>Note: this Department Budget contains Corporate Planning and Council Business that supports Council in setting the four year Council Plan and annual strategic initiatives, manages organisational performance reporting, Councillor allowances and the coordination of briefings, meeting agendas and minutes for Council's.</i></p>	\$2,375
		\$2,976
		\$601
Community Services	<p>The Community Services Department provide policy advice and program delivery for the following services:</p> <ul style="list-style-type: none"> <li>• Aged &amp; Disability (Assessment) Service,</li> <li>• Children and Family Services; including Maternal and Child Health; Immunisation, Pre-school and Playgroup support;</li> <li>• Community Strengthening, including Community Grants.</li> <li>• Libraries; and</li> <li>• Create the Municipal Public Health and Wellbeing Plan.</li> </ul> <p>Together these teams work towards creating a collaborative, self-supporting community.</p>	\$1,214 \$1,828 \$614





# Services

## PERFORMANCE INDICATORS

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

Local Government Service Performance Indicators					
Service	Results 2017	Results 2018	Results 2019	Results 2020	Material Variation
<b>Libraries</b>					The reduction in item loans is due to all South Gippsland Libraries being closed to the public from 18 March to 22 June 2020 due to the COVID-19 Pandemic.  <i>Note: from 2019/20, this indicator measures the performance of physical library items as a subset of the wider library collection.</i>
<b>Utilisation</b>	5	5	5	3	
Physical library collection usage [Number of physical library collection item loans / Number of physical library collection items]					
<b>Resource standard</b>					This is consistent and demonstrates the quality of the library collection.
<b>Recently purchased library collection</b>	70%	71%	69%	74%	
[Number of library collection items purchased in the last 5 years / Number of library collection items ] x 100					
<b>Participation</b>					No material variation
<b>Active library borrowers in municipality</b>	21%	17%	16%	16%	
[Number of active library borrowers in the last three years / the sum of the municipal population for the last three years] x 100					
<b>Service cost</b>					No material variation  <i>Note: this indicator is replacing the previous 'Cost of library service' indicator which was based on number of visits, refer to retired measures.</i>
<b>Cost of library service per population</b>	New in 2020	New in 2020	New in 2020	\$44	
[Direct cost of the library service / Municipal population]					
<b>Retired Measures</b>					No material variation  <i>Note: indicator is discontinued from 1 July 2019 and replaced by 'LB5 - Cost of library service per population' which is calculated based on the municipal population rather than the number of visits to libraries.</i>
<b>Libraries</b>	\$10.50	\$11.50	\$11.00	Retired in 2020	
<b>Service cost</b> Cost of library service [Direct cost of the library service / Number of visits]					

South Gippsland Shire Council Meeting No. 450 - 28 October 2020

Local Government Service Performance Indicators					
Service	Results 2017	Results 2018	Results 2019	Results 2020	Material Variation
<b>Aquatic Facilities</b>					
<b>Service standard</b> <i>Health inspections of aquatic facilities</i> [Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]	0.5	0	0	0	Pool operators test water quality four times a day. Council investigate public health complaints. From 14 December 2020, aquatic facilities require registration. Onsite inspections and sampling will form part of registration processes from January 2021.
<b>Utilisation</b> <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	6	5	5	4	Visitation to all aquatic facilities in the Shire was down by 33 per cent compared to 2018/19.  <i>Note: one outdoor aquatic facility was closed for the season due to major redevelopment which impacted the overall number of visits. Due to COVID-19 Pandemic the aquatic facilities, were also closed from 20 March to end of May 2020. This largely impacted the Shire's indoor aquatic facility.</i>
<b>Service cost</b> <i>Cost of aquatic facilities</i> [Direct cost of aquatic facilities less income received / Number of visits to aquatic facilities]	New in 2020	New in 2020	New in 2020	\$8.3	Decline in attendance due to operational restrictions, a facility closed to refurbishment and closure from March 2020 due to COVID-19 Pandemic has impacted this figure.  <i>Note: from 2019/20, this indicator replaced two previous indicators: Cost of indoor and cost of outdoor aquatic facilities.</i>
<b>Retired Measures</b>					
<b>Service cost</b> <i>Cost of indoor aquatic facilities</i> [Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities]	\$4	\$4	\$4	Retired in 2020	No material variation  <i>Note: indicator is discontinued from 1 July 2019 and replaced by 'AF7 - Cost of aquatic facilities' which captures both indoor and outdoor aquatic facility costs.</i>
<b>Service cost</b> <i>Cost of outdoor aquatic facilities</i> [Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]	\$7	\$8	\$8	Retired in 2020	No material variation  <i>Note: indicator is discontinued from 1 July 2019 and replaced by 'AF7 - Cost of aquatic facilities' which captures both indoor and outdoor aquatic facility costs.</i>

Local Government Service Performance Indicators					
Service	Results 2017	Results 2018	Results 2019	Results 2020	Material Variation
<b>Maternal and Child Health (MCH)</b>  <b>Service standard</b> <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	99%	89%	100%	102%	Enrolments occur after the first home visit. As the home visits for births late in the 2018/19 year were held over to the start of 2019/20, the enrolment could not occur.
<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>					
<b>Service cost</b>  <i>Cost of the MCH service</i> [Cost of the MCH service / Hours worked by MCH nurses]	\$62	\$61	\$67	\$68	No material variation
<b>Participation</b>  <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	76%	76%	75%	76%	No material variation
<b>Participation</b>  <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	67%	58%	63%	83%	The service has seen an increase in the number of Aboriginal children being enrolled and attending the MCH service.
<b>Satisfaction</b>  <i>Participation in 4-week Key Age and Stage visit</i> [Number of 4-week Key Age and Stage visits / Number of birth notifications received] x 100	New in 2020	New in 2020	New in 2020	94%	No material variation  <i>Note: new indicator for 2019/20 financial year as per the LGPRF guideline changes.</i>
<b>Retired Measures</b>  <b>MCH Service Satisfaction</b> <i>Participation in first MCH home visit</i> [Number of first MCH home visits / Number of birth notifications received] X 100	93%	89%	99%	Retired in 2020	No material variation  <i>Note: indicator is discontinued from 1 July 2019 and replaced by 'MC6 - Participation in 4-week Key Age and Stage visit'.</i>



2.5

# Strategic Objective

## STRATEGIC OBJECTIVES

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

3.1.1 Implement the Footpath Extension Program.

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

3.2.1 Waste Management and Sustainability strategies implemented.

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

3.3.1 Undertake an operational review of the implementation of Council's 'Compliance and Enforcement Policy', taking into consideration community concerns and regulatory requirements.

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

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

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

## 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.

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

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

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

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

# Initiatives

## COUNCIL PLAN



The following statement reviews the progress of Council in relation to the major initiatives identified in the 2019/20 Budget for the year:

Major Initiatives		
Indicator	Action/Target	Progress Comment
<p>Invest a further \$1M for one year into the maintenance of Council's road and roadside infrastructure and report on activities in the Performance Reports.</p> <ul style="list-style-type: none"> <li>Gravel roads;</li> <li>Rural roadside vegetation;</li> <li>Footpath extensions;</li> <li>Drainage.</li> </ul> <p><i>Operations</i></p>	by 30 June 2020	<p><b>PROJECT SIGNIFICANTLY ACHIEVED</b></p> <p>A funding increase of \$900,000 has been allocated in the 2019/20 Annual Budget. Of this, \$250,000 was dedicated to rural roadside vegetation and \$650,000 was allocated to gravel roads and drainage.</p> <p>Gravel roads:</p> <ul style="list-style-type: none"> <li>Completed all roads programmed for an autumn and spring grade (approximately 2,000km in total). In previous years, the programs had achieved on average approximately 60 per cent completion.</li> <li>A total of 110 km of drains cleaned. Compared to previous years of an average of 80km drains cleaned.</li> </ul> <p>Rural Roadside Vegetation:</p> <ul style="list-style-type: none"> <li>A total of 110km of extra vertical clearance uplifted to 7m and 1m behind the drain achieved for more than 23 roads.</li> <li>These roads will only need slashing in the future and will not need to be revisited by tree contractors for at least eight years which will not require a hard cut.</li> <li>Removed 12 extra high risk trees.</li> <li>Completed a second slash of the roadside grass to reduce fire hazard.</li> </ul>



The following statement reviews the progress of Council in relation to the initiatives identified in the 2019/20 Budget for the year:

Initiatives		
Indicator	Action/Target	Progress Comment
Commence a review of Council's Building Portfolio by 30 June 2020.	by 30 June 2020	<b>TARGET ACHIEVED</b>  An external consultant was engaged that specialised in Building Condition Assessments to provide Council with a systematic and detailed inspection regime for all Council owned and managed buildings.  The data and portfolio is under review via Assetic Predictor and Council's Social Community Infrastructure Blueprint.
<b>Infrastructure Planning</b>		
Review and update the Compliance and Enforcement Policy and presented to Council for adoption.	by 30 June 2020	<b>TARGET ACHIEVED</b>  At the 18 December 2019 Council Meeting, Council resolved to discontinue the process for the General Local Law (Amendment 1 2019) and endorsed the continued application of the current General Local Law (2014) until its sunset renewal in April 2024.  A review of Council's <i>Compliance and Enforcement Policy</i> was conducted and remains relevant with minor amendments made.  This policy was adopted at the 24 June 2020 Council Meeting.
<b>Regulatory Services</b>		
Work collaboratively with leaders from various water management authorities and agencies through DELWP's 'Western Port Integrated Water Management Forum' and the 'Central and South Gippsland Integrated Water Management Forum,' to create a vision and strategic actions reflecting the unique and environmental context of each catchment and their communities. Progress will be reported in Council's Organisational Performance Reports.		<b>PROJECT SIGNIFICANTLY PROGRESSED</b>  There is ongoing attendance and participation by Council in Forum meetings. The group is primarily concentrating on the Gippsland Forum Westernport catchment area.  Strategic Direction Statements (SDS) for Westernport and Gippsland Forums completed and potential projects identified.  Projects considered for Council include: <ul style="list-style-type: none"> <li>Using recycled water for gravel road maintenance which requires negotiation and input from water authorities and Environment Protection Agency (EPA); and</li> <li>Integrated Water Management Strategy for South Gippsland which requires approximately \$45,000 from Council to obtain dollar-for-dollar grant funding from the Department of Environment, Land, Water and Planning (DELWP).</li> </ul> It should be noted that 2018/19 and 2019/20 grant funding allocation was being directed to prioritise SDS projects in drought affected areas of Victoria.  This Council project is currently not being considered within the current 2019/20 grant funding. The earliest this could be considered would be in the 2020/21 financial year once the Victorian State budget is finalised. Due to COVID-19 Pandemic there is currently no funding available.
<b>Infrastructure Planning</b>		

Initiatives		
Indicator	Action/Target	Progress Comment
Investigate safer alternatives and effective mechanisms in roadside weed management, than the use of herbicides and generate an 'Options Paper' for Council's consideration.	by 30 June 2020	<p><b>TARGET ACHIEVED</b></p> <p>Roadside Weed Management Options Paper adopted by Council at the 24 June 2020 Council Meeting.</p> <p>At this meeting, Council resolved to continue to implement its roadside weed control and pest animal management plan utilising current spraying practices.</p>
<i>Infrastructure Planning and Infrastructure Operations</i>		
Open Space Strategy completed and presented to Council for adoption by 30 June 2020.	by 30 June 2020	<p><b>PROJECT SIGNIFICANTLY PROGRESSED</b></p> <p>The Open Space Strategy was scheduled to commence public consultation in March 2020. Due to COVID-19 Pandemic, Council decided that public consultation (involving a series of community meetings and forums) should not go ahead for public health reasons.</p> <p>Extensive work and progress has been made on the development of the Open Space Strategy and all exhibition and consultation material has been prepared and is ready for exhibition later in 2020, when people are more actively engaging with open spaces and consequently more likely to provide feedback to Council.</p>
<i>Planning</i>		
Advocate infrastructure interests of the local boating community to the State Government, for access to improved facilities, car parking, boat ramp fees and financial support to the Coast Guard.	by 30 June 2020.	<p><b>PROJECT SIGNIFICANTLY PROGRESSED</b></p> <p>At the 24 June 2020 Council Meeting, Council adopted the following actions:</p> <ul style="list-style-type: none"> <li>• Removal of boat ramp parking and launching fees at Port Welshpool;</li> <li>• Secured \$60,000 funding from the Victorian Government to support the removal of fees;</li> <li>• Construction of a piled floating pontoon at Venus Bay to replace the wooden jetty. Project cost approximately \$230,000. Of this total, \$100,000 was been provided by the Victorian Government;</li> <li>• Provide annual contribution of \$5,700 to support the Port Welshpool Coast Guard and provided community grant of \$8,000 for development of a business plan for facility upgrades;</li> <li>• Supported the local community with its successful advocacy to Gippsland Ports for the retention and maintenance of the Port Franklin slipway; and</li> <li>• Subsequent to the report, a further \$60,000 secured from the Victorian Government to support removal of fees at Port Welshpool for another twelve months.</li> </ul>
<i>Economic Development and Tourism</i>		



# Indicators

## COUNCIL PLAN

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

COUNCIL PLAN 2017-2021 INDICATOR		
Indicator	Action/Target	Progress Comment
<p>The readiness to make the most of government funding opportunities will be measured by the number of investment-ready projects prepared.</p> <p><i>Infrastructure Delivery</i></p>	<p>Minimum of two projects ready at any time</p>	<p><b>TARGET ACHIEVED</b></p> <p>The following projects are shovel ready:</p> <ol style="list-style-type: none"> <li>1. Agnes River Road, Agnes Bridge</li> <li>2. Coal Creek Black Diamond Mine entry/exit upgrade</li> <li>3. Foster Indoor Stadium Upgrade</li> <li>4. Great Southern Rail Trail – Welshpool to Hedley</li> <li>5. Long Jetty Car Park and Toilet</li> <li>6. Foster Showgrounds irrigation Project</li> </ol> <p>There are numerous guardrail and footpath projects also shovel ready.</p>
<p>Kerbside collection waste diverted from landfill, will be monitored in accordance with the Local Government Performance Reporting Framework.</p> <p><i>Infrastructure Delivery</i></p>	<p>Target Range - 20 to 60 per cent waste diverted from landfill</p>	<p><b>TARGET ACHIEVED</b></p> <p>Kerbside collection waste diverted from landfill 53 per cent.</p> <p>Recycling - 2,342 tonnes</p> <p>Green waste - 2,522 tonnes</p>



# Services

## FUNDED

The following statement provides information in relation to the services funded in the 2019/20 Budget that supports Strategic Objective 3 and the persons or sections of the business area responsible.

Business Area	Description of Services provided	Net Cost \$000 Revised Budget \$000
		Variance \$000
Infrastructure Management	The Infrastructure Directorate is accountable for ensuring that Council's objectives for the Directorate are achieved through the following Departments:	\$274
		\$280
	<ul style="list-style-type: none"> <li>• Infrastructure Planning;</li> <li>• Infrastructure Delivery; and</li> <li>• Operations.</li> </ul> <p>Together these Departments provide strategic policy advice to the Administrators to inform their decisions, prepare and deliver the Capital Works Program and Asset Management Plans, along with maintaining infrastructure, parks, gardens and public places.</p>	\$6
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.	\$6,227
		\$5,823
	<p>Services include development of the Capital Works Program, managing Council's property portfolio (acquisition, disposal, leasing, and licensing of property), planning for and managing Council's building and recreational assets, managing waste disposal services, and promotion of a sustainable environment and solutions.</p> <p>The teams support and partner with a strong volunteer base to deliver a variety of community projects and education programs for all age groups and abilities.</p>	(\$404)

Business Area	Description of Services provided	Net Cost \$000
		Revised Budget \$000
		Variance \$000
Infrastructure Delivery		\$2,735
	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.	\$3,682
	Services include coordinating and delivering Council's civil works design program for community infrastructure and delivery of the annual Capital Works Program including community infrastructure projects (Major Capital Projects).	\$947
	The department also delivers a range of services including contract management, preparing funding submissions for community projects, issuing engineering conditions for developments referred from Planning.	
Infrastructure Operations		\$15,705
	The Operations Department assists Council in achieving the objectives of its strategies and plans by planning for and providing integrated services and infrastructure in order to meet current and future needs of the community.	\$17,151
	Services include delivering maintenance, construction, replacements and capital programs for roads, streets, drainage, culverts, bridges, parks, gardens, and playgrounds.	\$1,446
	The Department is also responsible for cleaning Council owned and managed public toilets and BBQ amenities, workshop operations, fleet and plant and the after-hours operations call out service.	
	All services are to be in accordance with the Road Management Act, Road Management Plan, and associated Asset Management Plans.	
Regulatory Services		\$601
	The Regulatory Services Department is responsible for administration, education and enforcement of varied Victorian legislation along with Council's General Local Law. Services include	\$620
	<ul style="list-style-type: none"> <li>• Animal management;</li> <li>• Building and planning enforcement;</li> <li>• Fire prevention;</li> <li>• Local Law development and enforcement;</li> <li>• Litter prevention;</li> <li>• Permits for places of public entertainment;</li> <li>• Parking control;</li> <li>• Registration of food, health and accommodation premises;</li> <li>• Report and consent applications for new building work;</li> <li>• School crossings; and</li> <li>• Wastewater.</li> </ul>	\$19





# Services

## PERFORMANCE INDICATORS

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

Local Government Service Performance Indicators					
Service	Results 2017	Results 2018	Results 2019	Results 2020	Material Variation
<b>Waste Collection</b>					
<b>Satisfaction</b>					There has been a slight increase in the number of customer requests received due to an additional 95 properties opting to upgrade from a six-month waste collection service to a 12-month service in Venus Bay, during the COVID-19 Pandemic lock down period (April - June).
<i>Kerbside bin collection requests</i>	99	87	91	92	
[Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x 1,000					
<b>Service standard</b>					No material variation
<i>Kerbside collection bins missed</i>	8	6	7	7	
[Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x 10,000					
<b>Service cost</b>					The increased costs per household for kerbside garbage collection is due to annual contract price increases and increased waste disposal costs.
<i>Cost of kerbside garbage bin collection service</i>	\$121	\$126	\$131	\$138	
[Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]					
<b>Service Cost</b>					No material variation
<i>Cost of kerbside recyclables collection service</i>	\$46	\$47	\$65	\$65	
[Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]					
<b>Waste diversion</b>					Council continues to improve year on year with waste diverted from landfill by providing services that suit the needs of the Shire.
<i>Kerbside collection waste diverted from landfill</i>	51%	51%	52%	53%	
[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 2017	Results 2018	Results 2019	Results 2020	Material Variation
<b>Roads</b> <b>Satisfaction of use</b> <i>Sealed local road requests</i> [Number of sealed local road requests / Kilometres of sealed local roads] x 100	16	19	52	121	Improved data capturing for road requests via Council's road request system whereby requests can be identified if they are related to a sealed or unsealed road. The number of requests this year increased to 970 from 611 in the previous year.
<i>Note: in previous years the length of sealed road included the length of kerb and channel. As per this years guidelines, kerb and channel is no longer included in this measurement. This has resulted in a decline in road length by more than 300 kilometres and skews the comparison to previous years.</i>					
<b>Condition</b> <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%	88%	95%	93%	A data cleansing and reconciliation project was undertaken on kerb and channel data and these assets are now mapped. This project identified a significant decrease in kerb and channel measurements. As per the LGPRF guidelines, the kerb and channel lengths are added to the road lengths, and as a result of the shorter distance there is a lower base value than in previous years.
<b>Service cost</b> <i>Cost of sealed road reconstruction</i> [Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]	\$34	\$44	\$44	\$38	A majority of the Sealed Road Rehabilitation Program was undertaken by Council's In-house Construction Team during 2019/20, resulting in favourable square metre rates when compared to previous years when a combination of in-house and contract work was used.
<b>Service cost</b> <i>Cost of sealed local road resealing</i> [Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]	\$5	\$4	\$5	\$3.40	Contract sealing works were completed using spray seal methods only, which compares more favourably than previous years as no asphalt sealing works were undertaken in 2019/20. Asphalt is a more expensive treatment.
<b>Satisfaction</b> <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]	36	46	48	47	The condition of roads has slightly decreased by one point as part of the Community Satisfaction Survey. The survey demonstrated that residents would value improvements to the conditions of local sealed and gravel roads. Council's additional \$1M spend in maintaining Council's roads, as one of the Council Plan 2017-2021 annual initiatives, has assisted in maintaining a close result to 2019.

## Local Government Service Performance Indicators

Service	Results 2017	Results 2018	Results 2019	Results 2020	Material Variation
<b>Animal Management</b>					No material variation
<b>Timeliness</b>					
Time taken to action animal management requests	1.6	1.9	1.6	1.7	
[Number of days between receipt and first response action for all animal management requests / Number of animal management requests]					
<b>Service standard</b>					
Animals reclaimed	59%	60%	58%	62%	Two-thirds of animals were reclaimed this year as a percentage of the overall number collected. The number of collected animals was significantly reduced. COVID-19 Pandemic impacts have played an influencing part on the collection and reclaiming of animals this year.
[Number of animals reclaimed / Number of animals collected] x 100					
<b>Service standard</b>					
Animals rehomed	New in 2020	New in 2020	New in 2020	31%	No material variation
[Number of animals rehomed / Number of animals collected] x 100					Note: new indicator for 2019/20 financial year, that demonstrates Councils commitment to rehoming animals.
<b>Service cost</b>					
Cost of animal management service per population	New in 2020	New in 2020	New in 2020	\$17	No material variation
[Direct cost of the animal management service / Municipal Population]					Note: indicator is replacing previous 'Cost of animal management service' which was based on cost per number of registered animals, refer to retired measures.
<b>Health and safety</b>					
Animal management prosecutions	New in 2020	New in 2020	New in 2020	100%	No material variation
[Number of successful animal management prosecutions / Number of animal management prosecutions] x 100					Note: indicator is replacing previous 'Animal management prosecutions' which was a measure of number, not proportion, refer to retired measures.
<b>Retired Measures</b>					No material variation
Animal management Service cost	\$62	\$59	\$65	Retired in 2020	Note: indicator is discontinued from 1 July 2019 and has been replaced by 'AM6 - Cost of animal management service per population' which is now based on municipal population.
Cost of animal management service					
[Direct cost of animal management service / Number of registered animals]					
<b>Health and safety</b>					
Animal management prosecutions					No material variation
[Number of successful animal management prosecutions]					Note: indicator is discontinued from 1 July 2019 and has been replaced by 'AM7 - Animal management prosecutions' which is now a measure of proportion, not number.

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Local Government Service Performance Indicators					
Service	Results 2017	Results 2018	Results 2019	Results 2020	Material Variation
<b>Food Safety</b>					In the past 12 months, there were nine food complaints that were responded to within 24 hours. Improvements in the complaint handling process has seen a decrease in the initial time taken to respond to complaints.
<b>Timeliness</b>	8	2	2.5	1	
Time taken to action food complaints [Number of days between receipt and first response action for all food complaints / Number of food complaints]					
<b>Service standard</b>					Food safety assessments increased due to improved staffing resources.
<b>Food safety assessments</b>	97%	85%	77%	80%	
[Number of registered Class 1 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 that require an annual food safety assessment in accordance with the <i>Food Act 1984</i> ] x 100					
<b>Service cost</b>					More accurate figures for Temporary and Mobile Food Premises due to system improvements.
<b>Cost of food safety service</b>	\$542	\$457	\$500	\$436	
[Direct cost of the food safety service / Number of food premises registered or notified in accordance with the <i>Food Act 1984</i> ]					
<b>Health and safety</b>					No material variation
<b>Critical and major non-compliance outcome notifications</b>	100%	100%	100%	100%	
[Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x 100					

2.6

# Strategic Objective



# 4

## Enhance Organisational Development & Implement Governance Best Practice

### STRATEGIC OBJECTIVES

**4.1 Develop Digital Strategies for Council and the Community.**

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

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

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

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

**4.3 Develop a 'Sustainable Service Delivery Strategy' that considers all of the services that Council provides and identifies operational and service delivery efficiency opportunities. The Strategy is to be adopted and ready for implementation in the 2021/22 Annual Budget and Long Term Financial Plan.**

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

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

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



# Initiatives

## COUNCIL PLAN



The following statement reviews the progress of Council in relation to the initiatives identified in the 2019/20 Budget for the year:

Major Initiatives		
Indicator	Action/Target	Progress Comment
Continue involvement in the Gippsland Local Government Network Shared Services Project.	by 30 June 2020	<b>TARGET ACHIEVED</b>
<i>Corporate and Community Services and Business Innovation Technology</i>		<p>In July 2018, Bass Coast, East Gippsland, Wellington and South Gippsland Shire Council announced an investigation of a shared services initiative to reduce duplication, create efficiencies and deliver cost savings.</p> <p>A range of workshops were held to develop a business case with the engagement of an external consultancy to integrate the details from participating councils. An operating model, guidelines and terms of reference were also established.</p> <p>Council reviewed the Business Case and resolved to withdraw from the program on the basis of financial and risk considerations in April 2020.</p>

Initiatives		
Indicator	Action/Target	Progress Comment
<p>Identify efficiency measures that Council has achieved since the introduction of the Victorian Rate Capping System and present a report to Council by 30 December 2019.</p> <p><b>Corporate and Community Services and Finance, Risk and Procurement</b></p>	by 30 June 2020	<p><b>PROJECT SIGNIFICANTLY PROGRESSED</b></p> <p>A preliminary report was presented at the 18 December 2019 Council Meeting.</p> <p>On 24 June 2020 Council resolved to defer the receipt of a final report to allow time to adopt the following documents:</p> <ul style="list-style-type: none"> <li>• Council Plan initiative 'Develop a Sustainable Service Delivery Strategy.'</li> <li>• 2020/21 Annual Budget; and</li> <li>• 2019/20 Financial Year Council report.</li> </ul> <p>It was resolved for Council to receive a report by the 16 December 2020 Council meeting to complete this annual Council Plan initiative.</p>
<p>Develop a 'Sustainable Service Delivery Strategy' that considers all of the services that Council provides and identifies operational and service delivery efficiency opportunities.</p> <p>The Strategy is to be adopted and ready for implementation in the 2021/22 Annual Budget and Long term Financial Plan.</p> <p><b>CEO and Business Innovation and Technology</b></p>	by 30 June 2020	<p><b>PROJECT SIGNIFICANTLY PROGRESSED</b></p> <p>Council continues to work with external consultants to develop a sustainable services framework and model for Council.</p> <p>Council's Business improvement initiatives continue to deliver significant improvements in service delivery.</p> <p>Assessment of service systems, processes and efficiencies are continually being reviewed with productivity improvements identified.</p>
<p>Support Rural Councils Victoria's advocacy efforts requiring the Victorian Government to action recommendations from the 'Rural Inquiry into Sustainability of Rural Councils', identified as State Government responsibilities.</p> <p><b>Chief Executive Officer</b></p>	by 30 June 2020	<p><b>TARGET ACHIEVED</b></p> <p>A submission was prepared and submitted by Council on the Victorian Local Government Rating System Review which closed in November 2019.</p> <p>Council is awaiting the outcome of the inquiry.</p>



# Indicators

## COUNCIL PLAN

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

COUNCIL PLAN 2017-2021 INDICATOR		
Indicator	Action/Target	Progress Comment
Productivity savings identified and reported annually.  <i>Chief Executive Office</i>	Savings identified annually	<b>TARGET ACHIEVED</b>  Council reviewed the GLGN Shared Services Business Case and resolved to withdraw from the program on the basis of financial and risk considerations in April 2020. Council remains supportive of shared services and will continue to pursue other opportunities.  Assessment of service systems, processes and efficiencies are continually being reviewed with productivity improvements identified.
Satisfaction with Council decisions (Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community)  <i>Innovation and Council Business</i>	Community satisfaction rating out of 100 with the performance of Council in making decisions in the interests of the community.  Equal to or higher than 2018/19 result of 35.	<b>TARGET ACHIEVED</b>  Council received an indexed result of 37. This is two points higher than the 2018/19 result of 35.

COUNCIL PLAN 2017-2021 INDICATOR		
Indicator	Action/Target	Progress Comment
<p>Council will encourage community members to provide information to Council on matters affecting them at public presentation sessions.</p> <p><i>Innovation and Council Business</i></p>	<p>Public presentation sessions will be available for community members to participate in as per the Council's <i>Public Participation Policy</i>.</p>	<p><b>TARGET ACHIEVED</b></p> <p>Each month, there are a range of opportunities for community members to engage directly with Council by making public presentations, submissions or asking agenda topic questions.</p> <p>Due to the COVID-19 Pandemic restrictions, public presentations and gallery attendance in person were modified in March 2020 to protect the safety of Council staff and community members. Community members were able to present to Council via phone with all Administrators present to ensure their matters were heard by Council.</p> <p>Statistics for the 2019/20 financial year:</p> <p><b>Submitted Questions</b> - 111 questions submitted by 47 people relating to Agenda Topics and responded to in Council Minutes</p> <p><b>Number of Public Presentations</b> - 31</p> <p><b>Number of Speakers</b> - 51 people</p> <p>Number of people attending in the gallery at the following Council open sessions:</p> <ul style="list-style-type: none"> <li>• <b>Public Presentations</b> - 83 people</li> <li>• <b>Open Briefing Sessions</b> - 19 people</li> <li>• <b>Open Council Meetings</b> - 100 people</li> </ul> <p><b>Number of views via Live Streaming</b> - 1,155</p>
<p>Council decisions made at meetings closed to the public will be monitored in accordance with the LGPRF.</p> <p><i>Innovation and Council Business</i></p>	<p>Target as per guidelines - &lt;30 per cent.</p>	<p><b>TARGET ACHIEVED</b></p> <p>15 per cent of all resolutions were in closed session, meeting the target of less than 30 per cent. Items closed due to matters that prejudice the Council or any person, legal, proposed development, contractual, private commercial information and/or personnel matters.</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 - &gt;80 per cent.</p>	<p><b>TARGET ACHIEVED</b></p> <p>Councillor attendance at open and Special Meetings for the financial year was 92 per cent. Non-attendance to meetings had approved Request Leave for Absence.</p>

*FACTS on Public  
Presentations to Council...*

**31**

*Public  
Presentations*

**51**

*Speakers presented  
to Council at  
Public Presentations*

**1,155**

*Live Streaming  
Views*

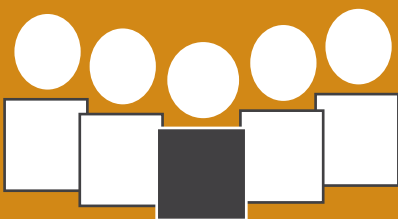


*Number of Public  
Presentations on Council  
Meeting Agenda Topics*

**25**

**92%**

*Administrator  
Attendance*



**47**

*Number of Submitters  
for Questions at  
Council Meetings*

**111**

*Number of  
Questions submitted at  
Council Meetings*





# Services

## FUNDED

The following statement provides information in relation to the services funded in the 2019/20 Budget that supports Strategic Objective 4 and the persons or sections of the business area responsible.

Business Area	Description of Services provided	Net Cost \$000
		Revised Budget \$000
		Variance \$000
Executive Office/ Management	The Executive Office builds strong and productive relationships with government and key regional agencies to strengthen the performance of Council.	\$548
		\$570
	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.	\$22
Finance, Risk and Procurement	The Finance, Risk and Procurement Department deliver financial planning, budget management oversight, risk management coordination and procurement coordination for the organisation. The Department comprises:	\$1,968
		\$1,986
	<ul style="list-style-type: none"> <li>Accounting includes strategic financial advice, accounting systems and services, management accounting support and financial reporting;</li> <li>Rates and Valuations includes property valuations for rating purposes and administration of rate collection; and</li> <li>Risk and Procurement including contract and quotation management, risk and insurance management, internal audit and regulatory compliance, Freedom of Information requests and Privacy enquiries.</li> </ul> <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>	\$18

Business Area	Description of Services provided	Net Cost \$000
		Revised Budget \$000
		Variance \$000
Business, Innovation and Technology	The Business Innovation and Technology Department leads organisation wide planning and implementation of innovation, technology and corporate information management practices. The Department comprises:	\$2,385
		\$2,526
		\$141
	<ul style="list-style-type: none"> <li>Innovation incorporates information technology strategy, policy, planning, project development and delivery, systems management and on-going management of hardware and software; and</li> <li>Corporate Information Management incorporates strategy, policies, systems' coordination and operational support to capture, manage and archive corporate records.</li> </ul>	
People and 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.	\$952
		\$945
		(\$7)
	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, OHS, return to work, and wellbeing.	
Community Information	The Community Information Unit plays a pivotal role in raising community awareness of Council services and strategic directions.	\$795
		\$767
	It creates a working interface between Council, Council Departments and the community through customer services, media management, publishing material, social media, website management and internal liaison.	(\$28)



# Services

## PERFORMANCE INDICATORS

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

Local Government Service Performance Indicators					
Service	Results 2017	Results 2018	Results 2019	Results 2020	Material Variation
<b>Governance</b>					
<b>Transparency</b> <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	7%	4%	17%	15%	Fifteen 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, proposed development, contractual, private commercial information and/or personnel matters.
<b>Consultation and engagement</b> <i>Satisfaction with community consultation and engagement</i> [Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement]	47	48	40	41	Community engagement has improved slightly when compared to the large decline in results in 2019. The Council, now under Administrators' direction, recognises there is further enhancements required to strengthen this result going forward.

Local Government Service Performance Indicators					
Service	Results 2017	Results 2018	Results 2019	Results 2020	Material Variation
<b>Attendance</b>					
<i>Councillor attendance at council meetings</i>	95%	87%	76%	92%	Councillor attendance at open and special meetings for the Financial Year was 92 per cent.
[The sum of the number of Councillors who attended each ordinary and special Council meeting / (Number of ordinary and special Council meetings) x (Number of Councillors elected at the last Council general election)] x 100					
<b>Service cost</b>					
<i>Cost of elected representation</i>	\$46,861	\$48,543	\$49,514	\$192,132	The Cost of elected representation is skewed significantly this year due to the change from nine Councillors down to three Administrators and the inclusion of recruitment costs of \$60,659 for the Chief Executive Officer.
[Direct cost of governance service / Number of Councillors elected at the last Council general election]					
The costs are averaged over the number of elected members, so they will always be higher with only three Administrators in place, compared to the previous nine Councillors.					
<b>Satisfaction</b>					
<i>Satisfaction with Council decisions</i>	45	42	35	37	Community satisfaction with Council decision making has regained some of the ground lost in 2019. Community trust in Council will take some time to re-build. The improvement in the results is encouraging, although it is recognised that further work is required in this area.
[Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community]					

# Section Overview

# 3

*Main Street - Mirboo North*



## 3.1

# COUNCIL'S INFORMATION

## COUNCIL UNDER ADMINISTRATION

On 21 June 2019, the *Local Government (South Gippsland Shire Council) Act 2019* (SGSC Act) received Royal Assent and came into operation on 22 June 2019. The 2016-2019 Council was dismissed by the State Government.

Julie Eisenbise was appointed at this time as the Interim Administrator by the Minister for Local Government for a period not exceeding 90 days.

On 23 July 2019, a Panel of Administrators were appointed by the Local Government Minister. The Interim Administrator Julie Eisenbise was appointed as the Administrator Chair, and Rick Brown and Christian Zahra appointed as Administrators, to form the new South Gippsland Shire Council through to the next Council election in October 2021.

In this role the Administrators have been appointed to perform all the powers, functions and duties of the Council which must be treated as if they were performed by the Council.

During the period of administration the Council is required to:

Develop and deliver an extensive community leadership development program that:

- Encourages widespread participation in community and civic life in the municipality;
- Supports the development of community leadership skills; and
- Supports an improvement in the relationship between the Council and its community.

Review and implement improved council policies and processes, with a focus on councillor induction and training, the Councillor Code of Conduct and meeting procedures.

These are to be developed with regular progress reports provided to the community.

ADMINISTRATOR TERM	YEARS APPOINTED
Julie Eisenbise (Administrator Chair)	2019, 2020
Christian Zahra (Deputy Administrator)	2019, 2020
Rick Brown (Administrator)	2019, 2020

## 3.2

## GOVERNANCE

**South Gippsland Shire Council is constituted under the *Local Government Act 2020* (the 2020 Act), *Local Government (South Gippsland Shire Council) Act 2019* (SGSC Act) and under remaining sections of the *Local Government Act 1989* (the 1989 Act) not yet repealed.**

**The 2020 Act outlines that all Victorian Councils have the functions and the powers the Parliament considers are necessary to ensure the peace, order and good government of this municipal district.**

## ROLES AND RESPONSIBILITIES

The role of a Council is provided under section 8 - *the Role of a Council of the 2020 Act*, as follows:

1. The role of a Council is to provide good governance in its municipal district for the benefit and wellbeing of the municipal community.
2. A Council provides good governance if:
  - a) it performs its role in accordance with section
  - b) the Councillors of the Council perform their roles in accordance with section 28.

3. In performing its role, a Council may:

- a) perform any duties or functions or exercise any powers conferred on a Council by or under this Act or any other Act; and
- b) perform any other functions that the Council determines are necessary to enable the Council to perform its role.

4. If it is necessary to do so for the purpose of performing its role, a Council may perform a function outside its municipal district.

Council performs these roles by:

- 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 committees and formally appointed section 86 Committees of Council;
- Advocating the interests of local communities to other levels of Government, including seeking external funding to supplement Council and community funded projects;
- Ensuring resources are managed in a responsible, accountable and sustainable manner; and
- Fostering community cohesion and encouraging active participation and engagement in civic life and decision making.
- Active participation and engagement in civic life and decision making.

# COUNCIL'S GOOD GOVERNANCE FRAMEWORK

**Local Government is underpinned by good governance, visionary leadership and teamwork, by lived values and ethics, by respect at Administrator/ Councillor and organisation levels and between each.**

**It is underpinned by a shared commitment to plan, work, advocate for and achieve the best possible outcomes for the whole Shire and community.**

**Charged with the responsibility to establish a sound governance foundation for the next Council to work from, on 18 December 2019 Council adopted its first Good Governance Framework.**

**A summary of the framework is indicated on the next page.**

The framework sets in place a structural foundation for the organisation to use and measure its strategic leadership and operational performance against. This framework will be further developed over the remaining term of the Administrators.

The implementation of the framework has commenced with a review of the suite of governance policies and practices. This review has been aided by the new Local Government Act 2020, that received Royal Assent in February 2020. The review of the governance policies refines their content and purpose and aligns them to the 2020 Act.

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.

# GOOD GOVERNANCE FRAMEWORK

## Outcomes of Good Governance

Sustainable  
Outcomes  
Achieved

Shire Health,  
Wellbeing  
and Economy  
Strengthened

Efficient (Quality)  
Community  
Services

Council Directions  
and Priorities  
Achieved

Informed Decisions  
Made

Drives  
Outcomes

### Pillars that Drive the Achievement of Outcomes

- |          |                                       |          |  |
|----------|---------------------------------------|----------|--|
| <b>1</b> | <b>Direction and Leadership</b>       | <b>5</b> | <b>Communications and Community Engagement</b> |
| <b>2</b> | <b>Culture and Behaviour</b>          | <b>6</b> | <b>Capability</b>                              |
| <b>3</b> | <b>Decision Making</b>                | <b>7</b> | <b>Risk and Compliance</b>                     |
| <b>4</b> | <b>Structure Systems and Policies</b> | <b>8</b> | <b>Monitoring and Performance Review</b>       |

### Principles and Behaviours of Good Governance

Good Governance is...

- |                 |                         |  |
|-----------------|-------------------------|--|
| accountable     | equitable and inclusive | good relationships                     |
| transparent     | effective and efficient | trust                                  |
| the rule of law | participatory           | appropriate decision making            |
| responsive      | diversity               | acting with integrity and impartiality |

## Key Performance Indicators

Legislated measures  
required under Local  
Government Performance  
and Reporting Framework

External measures  
required by Government  
or auditing  
requirements

Council measures  
required under  
Community Vision and  
Council Plan

Corporate measures  
based on SGSC data for  
internal and external  
organisational  
management

Department measures  
based on SGSC data  
for service standards,  
performance and  
team based requirements

Individual  
measures based  
on personal  
work plans

# COMMUNITY

## ENGAGEMENT

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

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

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

Council's formal decision making processes are conducted through scheduled (ordinary) and additional (special) Council meetings. Council delegates its administrative decision making to the CEO and under some specific pieces of legislation directly to staff. Council also delegates decision making for specific facilities/reserves to the community through section 86 Committees. The CEO has the authority to sub-delegate decision making to staff.

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 attendance at open Council Meetings and Delegated Committee Meetings was not allowed between March and June 2020 due to the COVID-19 Pandemic restrictions, however the meetings were open to the public through the live-stream on the internet. The safety of the community and staff and the continuation of vital services remained Council's highest priorities in applying these requirements.



# COUNCILLOR CODE OF CONDUCT

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

The former Council reviewed, updated and signed the current Code on 22 February 2017, in accordance with the 1989 Act. The Administrator(s) signed and declared that they would abide by the Code of Conduct at the time of making their Oath or Affirmation.

The Code is designed to:

- Assist Councillors/Administrators 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/Administrator Chair and Councillors/Administrators to discharge the responsibilities of their public office appropriately.

The Councillor Code of Conduct Principles outlines:

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



## CONFLICT OF INTEREST

Administrators have been appointed by the Minister for Local Government to act in the best interests of the community.

This is a position of trust that requires Administrators 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 an Administrator 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 Administrators and staff.

The following table provides a summary of the number of conflict of interest disclosures made by Administrators and staff during 2019/20.

Number of Conflict of Interest	2019/20 Administrator	2019/20 Staff
Indirect Interest	0	6
Direct Interest	0	4
<b>Total</b>	<b>0</b>	<b>10</b>

## 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 scheduled Council meeting agenda.

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

## ATTENDANCE AT MEETINGS

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

Due to COVID-19 Pandemic, from March to June 2020, Council was not able to allow the public to enter the gallery at Council Meetings or public presentation sessions. This unprecedented requirement was implemented to ensure the safety of community members and staff. Public presentations were conducted by phone in-session with the Administrators. Questions submitted for Public Question Time in the Council meetings were read out by the CEO via live-streaming of the meeting.

**The below tables provide a summary of the number of Council meetings and Special Council meetings and Administrator attendance for 2019/20 financial year.**

Number of Type of Meeting	2018/19 Number of Meetings	2019/20 Number of Meetings
Ordinary Meeting	11	11
Special Meeting	9	1
Special Committee	1	1
Confidential Meeting	10	9
<b>Total</b>	<b>31</b>	<b>22</b>

Number of Meetings Administrator in Attendance	Number of Council Meetings in Attendance	Number of Special Meetings in Attendance	Total Number of Meetings in Attendance
Julie Eisenbise (Chair Administrator)	10 of 11 meetings	1 of 1 meetings	11 of 12 meetings
Christian Zahra (Deputy Administrator)	11 of 11 meetings	0 of 1 meetings	11 of 12 meetings
Rick Brown (Administrator)	10 of 11 meetings	1 of 1 meetings	11 of 12 meetings

## SPECIAL COMMITTEES

The *Local Government Act 1989* 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	Administrators	Purpose
Special Committee to hear, consider and recommend submissions to the Council Plan 2020-2024 and Annual Budget 2020/21.	17 June 2020	3	To hear, consider and recommend submissions made under section 223 of the <i>Local Government Act 1989</i> in regards to the Council Plan 2020-2024 and 2020/21 Annual Budget.

## SECTION 86 COMMITTEES

Council has established a number of Section 86 Committees in accordance with section 86 of the *Local Government Act 1989*. These Committees have limited delegations, including minor financial delegations for site specific facilities/areas of responsibility.

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

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



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





# ADMINISTRATORS REMUNERATION & EXPENSES

The appointment of Administrators by the Minister for Local Government included a mandatory remuneration for the Administrator Chair and Administrators with the Administrator Chair receiving a higher remuneration. Council is also required to reimburse Administrators for expenses incurred whilst performing their duties and adopt and maintain a policy in relation to this.

The Councillor Support and Expenditure Policy was reviewed and adopted by Council at the 29 November 2019 Council meeting. The policy provides guidance for the payment of reimbursements of expenses and the provision of resources, facilities and other support to the Administrators to enable them to conduct their duties.

The following table contains a summary of the Administrators remuneration and expenses for 2019/20:

Councillor Allowance & Expense Report 2019/20							
Councillor	Allowance including Superannuation	Travel & Vehicle Expenses*	Accom- modation & Meals	Conference, Training & Professional Development	Printing/ Sound Recording Transcript	Other	Total
	(\$)	(\$)		(\$)	(\$)	(\$)	(\$)
Julie Eisenbise	\$192,296	\$4,885	\$5,422	\$456	\$14		\$207,958
Chrisitan Zahra	\$98,151	\$8,934	\$7,645			\$267	\$123,931
Rick Brown**	\$98,151	\$8,262	\$2,962		\$520		\$118,157
<b>Total</b>	<b>\$388,598</b>	<b>\$22,081</b>	<b>\$16,029</b>	<b>\$456</b>	<b>\$534</b>	<b>\$267</b>	<b>\$450,046</b>

\* Car operating costs are for the 12 months ended 30 June 2020 and includes depreciation, insurance and notional interest

\*\* Travelling expenditure for Administrators using private vehicles is at the prescribed rate of reimbursement and only includes claims processed up to 30 June 2020

\*\*\* Administrator Julie Eisenbise began using a Council Car as of 29 July 2019 and returned it as of 26 March 2020

\*\*\*\* Administrator Christian Zahra began using a Council Car as of 18 September 2019

# EXPENSE CATEGORIES

## Administrator Allowance

The Administrators have received a remuneration, including the required superannuation allocation, for their services to the Shire. These mandatory remuneration levels were set by the Minister for Local Government. It is important to note that Administrator Eisenbise requested the remuneration be discontinued during a short period of leave taken.

## Travel & Vehicle Expenses

Council's *Councillor Support and Expenditure Policy* – 20 November 2019 and *Councillor Vehicle Policy* - 3 November 2016, provide for the reimbursement of travel costs, depreciation, insurance and/or use of private vehicles while conducting Council business.

Administrators' use of private vehicles is at the prescribed rate of reimbursement. Reimbursements also include parking fees and public transport costs. Two of the Administrators monitored their private travel expenses and recognised that overall costs to Council would be reduced through the use of a Council car. Transitions between Council and personal car use has occurred throughout the year. These have also been influenced by the changing travel requirements created by the COVID-19 Pandemic restrictions.

## Accommodation & Meals

This category covers costs associated with the Administrators requirement to attend Council on consecutive days. These costs include accommodation and meals where applicable.

## Training & Professional Development

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

These include accommodation, conference, parking-related expenses and airfares where applicable.

## Telephone & Communication Support

Administrators 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 normally made available at Council offices. Adjustments have been required between March and June requiring some printing to be done remotely. Printing and audio recording transcription costs have been included.

## 3.3

# AUDITING

## FRAMEWORK

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

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

Independent members are appointed for a three-year term, with a maximum of two consecutive terms. The Chair is elected from amongst the independent members.

The Audit Committee met four times in 2019/20 on 10 September 2019, 10 December 2019, 10 March 2020; and 9 June 2020.

The Internal Auditor, Richmond Sinnott and Delahunty (RSD) Chartered Accountants and CEO (or Acting CEO) attended all Audit Committee meetings. Other management representatives attended as required to present reports. External auditors from the Victorian Auditor-General Office (VAGO) attended the 10 September 2019, 10 March 2020 and 9 June 2020 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 *Local Government Act 1989* for the 2019/20 Financial Year. The role of the Audit Committee is to oversee and monitor Council's effectiveness in carrying out its responsibilities for accountable financial management, corporate governance, maintaining an effective system of internal control and risk management, and fostering an ethical environment.

The Audit Committee consists of three independent members, who from the 10 September 2019 meeting were, Dr John (AJ) Purcell (Chair), Mr. Chris Badger and Mr Homi Burjorjee and one Administrator member, Mr. Rick Brown. Administrator Julie Eisenbise also attended Audit Committee meetings throughout the year as an observer; maintaining an interest in the audit functions of Council.

## EXTERNAL AUDIT

Council is externally audited by VAGO. For the 2019/20 year the annual external audit of Council's Financial Statements and Performance Statement was conducted by the Victorian Auditor-General's representative. The external auditors attended the 10 September 2019, 10 March 2020 and 9 June 2020 Audit Committee meetings to present the annual audit plan and Independent Audit Report. The external audit management letter and responses are also provided to the Audit Committee.

Attendance to Audit Committee	Meetings Attended
<b>Independent Members</b>	
Dr John (AJ) Purcell ( <i>Chair</i> )	4
Mr Homi Burjorjee	4
Mr Chris Badger	4
<b>Council Members</b>	
Rick Brown (Administrator)	4
<b>Auditors</b>	
Internal Auditor ( <i>RSD Chartered Accountants</i> )	4
External Auditors (VAGO)	3

## INTERNAL AUDIT

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

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

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

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

The IAP for 2019/20 was completed with the following reviews conducted:

- Budget Maintenance including Capital Works & Major Projects; and
- Occupational Health & Safety and Return to Work.

## 3.4

# RISK & OH&S

## MANAGEMENT

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

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

These are next due for formal review in February 2023.

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

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

**Council's risk management objectives are to:**

- Ensure that we achieve our strategic objectives as set out in the Council Plan;
- Highlight which areas of Council's risk profile have the capacity to deliver the maximum benefit or maximum harm and to identify those areas which should receive priority action;
- Establish a reliable basis for decision making and ensure that risk is included as a fundamental component in the planning process;

- Ensure the effective allocation of resources;
- Determine how risk should be reported to Council, Auditors, Audit Committee and Strategic Risk Committee;
- Foster an organisational culture which promotes proactive behaviour regarding the identification and treatment of risk;
- Identify and prepare for emerging risks, future events and change; and
- Improve stakeholder confidence and trust.

## OCCUPATIONAL HEALTH & SAFETY

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

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

This is being achieved through:

- Proactive identification and management of health and safety hazards and risks;
- Developing the health and safety knowledge and capability of recently elected Health & Safety Representatives;
- Active post incident reviews and the implementation of safe work practices and engineering to prevent reoccurrences; and
- Sharing the knowledge and lessons learned.



In addition to continuance of our MAV Workcare OH&S Improvement Program and review of incidents and performance, we have reinvigorated the Health & Safety Committee, with new Health & Safety Representatives elected, trained, and active in their Designated Workgroups.

## Training & Development

Training and the personal development of all employees remains a priority to Council. Training continues with numerous regulatory and development training for employees on an as required basis. Specific training is offered to employees who will use these skills within the workplace.

Training delivered includes:

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

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

## Lag Indicators

Our WorkCover premium has reduced over the past two years based on improved performance. The number of injuries has decreased from 54 to 30 in the last twelve months.

Lost time injuries, where employees that have injured themselves at work have not been able to return for their next shift, has lifted from 4 to 8 over the same period. However, total days lost has reduced from 247 days to 88 days, a little more than 1 in 1,000 or 0.1% of total workforce availability.

Overall incidents, near misses and hazards reported has decreased despite a lift in specific hazard reporting (which is generally a positive indicator).

	Incidents, Near Misses & Hazards	Injuries	Injuries resulting on lost time
<b>2017/18</b>	127	47	17
<b>2018/19</b>	158	54	4
<b>2019/20</b>	112	30	8

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

## Lead Indicators

Focus on reporting Hazards and Near misses has seen an increase of 152% on the previous year. This increase in positive Safety reporting has benefited in contributing to a reduction of injuries across the Council.

Workplace inspections are down in total numbers due mainly to the COVID-19 Pandemic and the primary facilities not being in use since March 2020.

	Workplace Inspection Completed	Equipment Pre-start Checks
<b>2017/18</b>	70	11,000+
<b>2018/19</b>	43*	10,705
<b>2019/20</b>	13*	11,656

## 3.5

# Statutory Information

## DOCUMENTS AVAILABLE FOR Public Inspection

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

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

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

# BEST VALUE

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

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

Process mapping has been undertaken within many departments looking for ways to streamline the operations, improve customer service and improve efficiencies and/or reduce costs.

Outcomes achieved from these activities include:

- Improvements to the rates processing process significantly reduced the overall time to process refunds by an average 80%;
- Standardised application forms and letters leading to an increase in capacity by the environmental health team by 500 hours;
- Animal registration renewals made available via BPay making it easier to pay for community member;
- Captured and mapped over 271 processes within Council leading to optimisation opportunities and updated service outcomes.

Improvements to service provision introduced or still underway include:

- A published *Public Facing Map Portal* to assist with the location of services, activities and aid the public consultation process;
- Physically scanning and indexing 2,000 boxes (40 metres of shelving) of paper documents and images into Council's documentation management system, enabling the closure of Council's storage facility. This will reduce costs, minimise risk and improve time to retrieve information when required;
- Replaced over 100 depreciated computer screens across Council. Council refactored these screens and donated them to community groups across the Shire.
- Fire notice improvements by using the 'geo' location services to enable mobile updates and processing. This will greatly improve efficiency and inspection times for staff.

## 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 Regional Assessment Service, 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.

The Intake and Assessment Team continue to work with carers and recognise the significant role they play in supporting loved ones. With consent, carers are supported to link in with services and supports that may be helpful to assist them with the important role they do and to look after their own health and wellbeing.

## DISABILITY ACTION PLAN

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

The Disability Action Plan 2018-2021 was adopted at the Council Meeting 30 May 2018. The Disability Action Plan 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;
- Access auditing of Council's community assets, including buildings and reserves, and designated accessible parking, undertaken on a priority basis.

# DOMESTIC ANIMAL MANAGEMENT PLAN

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

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

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

- Introduced 'lifetime tags' for animal identification;
- Developed an enforcement follow up process;
- Preliminary investigations conducted into the financial viability of appointing consultants to conduct animal registration compliance audits;
- Developed an 'infringement matrix' for issuing domestic animal infringement notices to ensure consistency;
- Animal information articles provided for the public on a quarterly basis and made available via press releases, Facebook and Council's website;
- Lost/found dogs and cats advertised on Council's website, Facebook and local newspapers;
- Annual audits undertaken of premises where declared menacing, dangerous and restricted breed dogs are housed;
- Annual audits of properties housing excess domestic animals via Local Law permits;
- Animal registration database used to identify unregistered Domestic Animal Businesses;
- Press releases prepared and issued for successful dog attack prosecutions;
- Menacing, dangerous and restricted breed dog legislation actively enforced;
- Training register maintained for individual officers;
- Officers attend at least one training/networking session per year; and
- Officers provided with access to the Bureau of Animal Welfare extranet site.

## 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.



# 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 27 applications under the FOI Act in 2019/20. Access was granted (in full or in part) for two requests. A further eight applications were deemed to be enquiries only and three applications were processed outside the Act. Two applications resulted with nil documents discovered. Nine applications were not proceeded with. Eleven applications had not been finalised before the end of the financial year and will be completed in the next financial year.

Further information regarding FOI can be found at [www.foi.vic.gov.au](http://www.foi.vic.gov.au) and on Council's website.

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

**Freedom of Information Officer**  
**South Gippsland Shire Council**  
**9 Smith Street (Private Bag 4)**  
**Leongatha, Victoria 3953**

**[www.southgippsland.vic.gov.au](http://www.southgippsland.vic.gov.au)**

# PROTECTED DISCLOSURE PROCEDURES

A new *Public Interest Disclosures Act 2012* replaced the *Protected Disclosures Act 2012*. It provides the way for people to make a disclosure of improper conduct and detrimental action by Councillors/ Administrators and Council staff.

Council takes seriously its responsibilities to those persons who may make a disclosure about improper conduct. Council has established guidelines to ensure the confidentiality of the identity of the person making the disclosure, and their welfare, are protected, and has established a system for matters of improper conduct to be investigated.

During the 2019/20 financial year there were no disclosures received by Council's Public Interest Disclosure Coordinators to which the Public Interest Disclosure Guidelines applied. As such there were no assessable disclosures referred to the Independent Broad-based Anti-corruption Commission (IBAC) for assessment.

## CONTRACTS

Council is required by section 186 of the *Local Government Act 1989* to not enter into contracts valued at \$150,000 (incl. GST) or more for goods and services or \$200,000 (incl. GST) or more for works of a kind specified in section 186(5)(a) and (c) of the *Local Government Act 1989* without engaging in a competitive process.

During the 2019/20 financial year, all contracts Council entered into exceeding these amounts followed a competitive process with the exception of one contract, for which Council sought and received ministerial exemption under section 186(5)(c) of the *Local Government Act 1989*. This contract related to telecommunications works associated with the Bair Street Redevelopment. This contract, valued at \$230,093, was awarded to Telstra, who were the telecommunications infrastructure monopoly owner in accordance with the *Federal Communications Act 1934*.

## NATIONAL COMPETITION POLICY

Council has a *National Competition Policy* and Council. To the best of its knowledge, Council, has not undertaken any anti-competitive behaviour and has complied with the requirements of Council's *National Competition Policy* during 2019/20.

## ROAD MANAGEMENT ACT MINISTERIAL DIRECTION

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

## INFRASTRUCTURE AND DEVELOPMENT CONTRIBUTIONS

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

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



## 3.6

# 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	<b>Community Engagement Policy</b> (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 July 2018
2	<b>Community Engagement Guidelines</b> (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> Date of adoption: 25 July 2018
3	<b>Strategic Resource Plan</b> (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next four financial years)	<i>Adopted in accordance with section 126 of the Act.</i> Council Plan 2017-2020 Strategic Resource Plan was adopted by Council on 24 July 2019. Date of adoption: 24 July 2019 Council Plan 2020-2024 Strategic Resource Plan was adopted by Council on 24 June 2020. Date of adoption: 24 June 2020
4	<b>Annual Budget</b> (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)	<i>Adopted in accordance with section 130 of the Act.</i> 2019/20 Annual Budget was adopted by Council on 24 July 2019. Date of adoption: 24 July 2019 2020/21 Annual Budget was adopted by Council on 24 June 2020. Date of adoption: 24 June 2020
5	<b>Asset Management Plans</b> (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)  Note: the <i>Open Space Asset Management Plan</i> incorporates parks and gardens, recreation reserves, active and passive public space, and other reserves that are owned or managed by Council is under review and anticipated to be completed by 30 June 2023.	Asset Management Plans are reviewed during the annual budget preparation and amended to recognise any changes in service levels and/or resources available to provide those services. The plans have a life of 4 years, after which a full revision is undertaken. The Asset Management Plans in operation as of 1 July 2020 are: <ol style="list-style-type: none"> <li>1. Buildings</li> <li>2. Roads Infrastructure (includes bridges, footpaths, cycle-ways, and stormwater drainage),</li> <li>3. Open Space (formally Parks, Gardens and Reserves)</li> </ol>

Item No.	Government and Management Items	Assessment
6	<b>Rating Strategy</b> (strategy setting out the rating structure of Council to levy rates and charges)	<i>Rating Strategy 2019-2022</i> was adopted by Council on 24 July 2019. Date of adoption: 24 July 2019
7	<b>Risk Policy</b> (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	<i>Risk Management Policy</i> Date of adoption: 27 February 2019
8	<b>Fraud Policy</b> (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	<b>Municipal Emergency Management Plan</b> (plan under section 20 of the <i>Emergency Management Act 1986</i> for emergency prevention, response and recovery)	<i>2018-2021 South Gippsland Municipal Emergency Management Plan</i> was prepared and maintained in accordance with section 20 of the <i>Emergency Management Act 1986</i> Date of approval: October 2018
10	<b>Procurement Policy</b> (policy under section 186A of the <i>Local Government Act 1989</i> outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)	<i>Procurement policy</i> prepared and approved in accordance with section 186A of the Act. Date of adoption: 24 June 2020
11	<b>Business Continuity Plan</b> (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: 16 March 2020
12	<b>Disaster Recovery Plan</b> (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	Endorsed by the Strategic Risk Committee Date of adoption: February 2019 Review last updated in May 2020
13	<b>Risk Management Framework</b> (framework outlining Council's approach to managing risks to the Council's operations)	<i>Risk Management Framework</i> Date of adoption: 27 February 2019
14	<b>Audit Committee</b> (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 <i>section 139 of the Act</i> . Date of establishment: 1 January 1998 <i>South Gippsland Shire Council Audit Committee Charter</i> was updated and adopted by Council 28 August 2019.
15	<b>Internal Audit</b> (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	<p><b>Performance Reporting Framework</b> (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act)</p>	<p>Performance Reporting Framework is set out in the Council Plan 2017-2021 and 2019/20 Annual Budget adopted 24 July 2019.</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 2018/19 Annual Initiatives were reported to the Audit Committee in March 2019, June 2019 and financial year end in the 2018/19 Annual Report.</p> <p>Organisational Performance Report for the 2019/20 Annual Initiatives have been reported as follow:</p> <p>July 2019 to September 2019</p> <ul style="list-style-type: none"> <li>• Council Meeting - 20 November 2019</li> <li>• Audit Committee - 11 December 2019</li> </ul> <p>July 2019 to December 2019</p> <ul style="list-style-type: none"> <li>• Council Meeting - 26 February 2020</li> <li>• Audit Committee - 10 March 2020</li> </ul> <p>July 2019 to March 2020</p> <ul style="list-style-type: none"> <li>• Council Meeting - 27 May 2020</li> <li>• Audit Committee - 9 June 2020</li> </ul>
17	<p><b>Council Plan Reporting</b> (report reviewing the performance of the Council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year)</p>	<p><i>Council Plan 2017-2021 - Revised</i> was adopted by Council on 24 July 2019.</p> <p>Date of adoption: 24 July 2019</p> <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"> <li>• Revised 2017-2021 Council Plan adopted: 24 July 2019</li> <li>• Full Year 2018/19 compiled for the Annual Report and Fourth Quarter report combined: adopted 25 September 2019</li> <li>• 2019/20 First Quarter report adopted: 20 November 2019</li> <li>• 2019/20 Half Year report adopted: 26 February 2020</li> <li>• 2019/20 Three Quarter report adopted: 27 May 2020</li> </ul>



Item No.	Government and Management Items	Assessment
18	<b>Financial Reporting</b> (quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)	Statements presented to Council in accordance with <i>section 138(1) of the Act</i> . Long Term Financial Strategy Date of adoption: 28 November 2018 Financial reporting is provided in Quarterly Performance Reports to Council. Date statements presented: <ul style="list-style-type: none"> <li>• First Report - July 2019 to August 2019 - Adopted 25 September 2019</li> <li>• Second Report - July 2019 to November 2019 - Adopted 18 December 2019</li> <li>• Third Report - July 2019 to February 2020 - Adopted 25 March 2020</li> <li>• Fourth Report - July 2019 to May 2020 - Adopted 25 March 2020</li> </ul>
19	<b>Risk Reporting</b> (six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies)	Audit Committee review of register Date of reports: <ul style="list-style-type: none"> <li>• First report - 10 December 2019</li> <li>• Second report - 9 June 2020</li> </ul> Council review of register: 19 February 2020
20	<b>Performance Reporting</b> (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. The Council Plan 2017-2021 and the 2018/19 Annual Initiatives were reported to the Audit Committee in March 2019, June 2019 and financial year end in the 2018/19 Annual Report. Organisational Performance Report for the 2019/20 Annual Initiatives have been reported as follow: <ul style="list-style-type: none"> <li>• 2019/20 First Quarter report adopted: 20 November 2019</li> <li>• 2019/20 Half Year report adopted: 26 February 2020</li> <li>• 2019/20 Three Quarter report adopted: 27 May 2020</li> </ul>
21	<b>Annual Report</b> (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 2018/19 Annual Report was adopted by Council on 25 September 2019. The final version after being presented to the Minister for Local Government was adopted by Council on 23 October 2019.

Item No.	Government and Management Items	Assessment
22	<b>Councillor Code of Conduct</b> (code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)	The revised <i>Councillor Code of Conduct</i> was reviewed in accordance with <i>section 76C of the Act</i> .  Date of adoption: 22 February 2017
23	<b>Delegations</b> (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 <i>section 98(6) of the Act</i> .  The delegations were signed by the CEO on <ul style="list-style-type: none"> <li>• Council to CEO (S5) - 24 June 2020</li> <li>• Council to Staff (S6) – 24 June 2020</li> <li>• CEO to Staff (S7) - 13 May 2019</li> <li>• CEO to Staff (S7a) - Miscellaneous - Sale of Council Land and Research - 18 July 2018</li> <li>• Municipal Building Surveyor to Staff (S12) – 12 May 2020</li> <li>• CEO Powers to Staff (S13) - 24 February 2020</li> <li>• CEO Powers to Staff (S13A) - 10 June 2020</li> <li>• CEO to Staff (VICSmart) (S14) - 16 September 2019</li> </ul>
24	<b>Meeting procedures</b> (a local law governing the conduct of meetings of Council and Special Committees)	Meeting procedures local law made in accordance with <i>section 91(1) of the Act</i> .  Date of Local Law made: 27 May 2020

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



Kerry Ellis  
**Chief Executive Officer**  
**Dated:** 23 September 2020

Leongatha



Julie Eisenbise  
**Administrator (Chair)**  
**Dated:** 23 September 2020

Leongatha

# Section Overview

# 4

*Venus Bay*



# Performance Statement

## 4.1

# Performance Statement

## DESCRIPTION OF MUNICIPALITY

**South Gippsland Shire was formed in 1994 from the amalgamation of four municipalities. Located 90 minutes south east of Melbourne, the Shire has an expanding population of 29,914 (ABS estimated resident population 25 March 2020).**

**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.

## IMPACT OF COVID-19 PANDEMIC ON SOUTH GIPPSLAND SHIRE COUNCIL

On 30 January 2020, COVID-19 was declared a global pandemic by the World Health Organisation. Since then, various measures have been taken by all three levels of Government in Australia to reduce the spread of COVID-19. This crisis and the measure taken to mitigate it has impacted Council operations in the following areas for the financial year ended 30 June 2020:

- In response to government directive amidst the COVID-19 outbreak, the leisure centre facilities, caravan parks and Coal Creek Community Park and Museum were closed at the end of March 2020. These closures resulted in an estimated decrease in Council user fee revenue by \$188K and also decreased associated expenses by \$83K based on 2018/19 results.
- Council suspended rent payments for rent agreements of impacted businesses from April 2020. This resulted in decreased rent revenue of \$26K.
- Financial impact from deferral of rates revenue/ interest free period is \$2K. This has also resulted in the debtor balance as at 30 June 2020 to increase by \$86K compared to last year.
- Due to Pandemic the aquatic facilities were closed from 20 March to the end of May 2020. This largely impacted the Shire's indoor aquatic facility.
- The VCAT hearings were not held from March 2020 to 30 June 2020 due to the COVID-19 restrictions, which may have impacted the Planning Service indicator.



# Sustainable

## Capacity Indicators

for the year ended 30 June 2020

Service	Results 2017	Results 2018	Results 2019	Results 2020	Material Variation
<b>Population</b> <i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$2,091	\$2,124	\$2,223	\$2,462	A one off non-cash impairment expense of \$11.4M for a change in the valuation method to land under roads was included in the accounts which has significantly impacted the Expenses for the 2019/20 financial year.
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$15,611	\$15,228	\$15,855	\$16,160	No material variation
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	14	14	14	14	No material variation
<b>Own-source revenue</b> <i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,630	\$1,672	\$1,671	\$1,687	No material variation
<b>Recurrent grants</b> <i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$684	\$520	\$469	\$482	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.

Service	Results 2017	Results 2018	Results 2019	Results 2020	Material Variation
<b>Disadvantage</b>	6	5	5	5	No material variation
<i>Relative Socio-Economic Disadvantage</i>					
[Index of Relative Socio-Economic Disadvantage by decile]					
<b>Workforce turnover</b>	11.2%	12.0%	24.6%	12.8%	No material variation
<i>Percentage of staff turnover</i>					
[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] 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

"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 2017	Results 2018	Results 2019	Results 2020	Material Variation
<b>Aquatic Facilities</b>					
<b>Utilisation</b>					Visitation to all aquatic facilities in the Shire was down by 33 per cent compared to 2018/19.
<i>Utilisation of aquatic facilities</i>	6	5	5	4	<i>Note: one outdoor aquatic facility was closed for the season due to major redevelopment which impacted the overall number of visits. Due to COVID-19 Pandemic the aquatic facilities, were also closed from 20 March to end of May 2020. This largely impacted the Shire's indoor aquatic facility.</i>
[Number of visits to aquatic facilities / Municipal population]					
<b>Animal management</b>					No material variation
<b>Health and safety</b>					
<i>Animal management prosecutions</i>	New in 2020	New in 2020	New in 2020	100%	<i>Note: indicator is replacing previous 'Animal management prosecutions' which was a measure of number, not proportion.</i>
[Number of successful animal management prosecutions / Number of animal management prosecutions] x 100					
<b>Food safety</b>					No material variation
<b>Health and safety</b>					
<i>Critical and major non-compliance notifications</i>	100%	100%	100%	100%	
[Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x 100					
<b>Governance</b>					
<b>Satisfaction</b>					Community satisfaction with Council decision making has regained some of the ground lost in 2019. Community trust in Council will take some time to re-build. The improvement in the results is encouraging, although it is recognised that further work is required in this area.
<i>Satisfaction with Council decisions</i>	45	42	35	37	
[Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community]					

Service	Results 2017	Results 2018	Results 2019	Results 2020	Material Variation
<b>Libraries</b>					No material variation
<b>Participation</b>					
<i>Active library borrowers in municipality</i>	21%	17%	16%	16%	
[Number of active library borrowers in the last three years / the sum of the municipal population for the last three years] x 100					<i>Note: indicator is replacing previous 'Active library members' indicator.</i>
<b>Maternal and Child Health (MCH)</b>					No material variation
<b>Participation</b>					
<i>Participation in the MCH service</i>	76%	76%	75%	76%	
[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x 100					
<b>Participation</b>					
<i>Participation in the MCH service by Aboriginal children</i>	67%	58%	63%	83%	The service has seen an increase in the number of Aboriginal children being enrolled and attending the MCH service.
[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					
<b>Roads</b>					
<b>Satisfaction</b>					
<i>Satisfaction with sealed local roads</i>	36	46	48	47	
[Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]					The condition of roads has slightly decreased by one point as part of the Community Satisfaction Survey. The survey demonstrated that residents would value improvements to the conditions of local sealed and gravel roads. Council's additional \$1M spend in maintaining Councils roads, as one of the Council Plan 2017-2021 annual initiatives, has assisted in maintaining a close result to 2019.

Service	Results 2017	Results 2018	Results 2019	Results 2020	Material Variation
<b>Statutory Planning</b>					
<b>Decision making</b>					
<i>Council planning decisions upheld at VCAT</i>	50%	80%	80%	71%	Five of the seven Planning Permits that were appealed to VCAT had decisions that were upheld (supported). No hearings at VCAT from late March 2020 to 30 June 2020 due to COVID-19 Pandemic.
[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					
<b>Waste Collection</b>					
<b>Waste diversion</b>					
<i>Kerbside collection waste diverted from landfill</i>	51%	51%	52%	53%	Council continues to improve year on year with waste diverted from landfill by providing services that suit the needs of the Shire.
[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x 100					

## Definitions

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

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

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

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

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

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

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

"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*

"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

"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 2017	Results 2018	Results 2019	Results 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024	Material Variation
<b>Efficiency</b>									
<b>Expenditure Level</b>									
Expenses per property assessment	\$3,105	\$3,094	\$3,288	\$3,682	\$3,247	\$3,162	\$3,137	\$3,215	A one off non-cash impairment expense of \$11.4M for a change in the valuation method to land under roads was included in the 2019/20 accounts. Without this expense the 2019/20 result would have been \$3,103.20.
Costs per property assessment									
Costs per property assessment									
<b>Revenue level</b>									
Average rate per property assessment									No material variation
General rates and Municipal charges / number of property assessments]	New in 2020	New in 2020	New in 2020	\$2,014	\$2,084	\$2,137	\$2,194	\$2,258	Note: indicator is new and was previously titled 'Average residential rate per residential property assessment'.
<b>Liquidity</b>									
<b>Working capital</b>									
Current assets compared to current liabilities	281.98%	309.55%	298.31%	345.98%	162.62%	141.78%	129.20%	136.21%	Increase in indicator is due to Council repaying interest only loan of \$3.35M in November 2019.
Current assets / Current liabilities] x 100									
<b>Unrestricted cash</b>									
Unrestricted cash compared to current liabilities	-12.61%	-33.24%	-57.22%	-101.22%	43.25%	57.38%	45.19%	52.58%	Capital works carried forward was \$18M in 2019/20 compared to \$11.8M in 2018/19 which is why unrestricted cash has increased. Unrestricted cash does not take into account investments held at reporting date with a maturity of greater than 90 days. These amounts are listed as, 'Other financial assets'. Investments held at balance date were \$30M.
[Unrestricted cash . Current liabilities] x 100									

Dimension/Indicator/ measure	Results 2017	Results 2018	Results 2019	Results 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024	Material Variation
<b>Obligations</b>									
<b>Loans and borrowings</b>									
Loans and borrowings compared to rates	8.37%	8.16%	7.89%	1.85%	7.26%	26.01%	22.58%	19.25%	Council paid out it's only loan of \$3.35M in November 2019. Council is budgeting to borrow \$13.6M over the next few years at dramatically subsidised interest rates through Treasury Corporate Victoria's Infrastructure Loan Scheme for projects in Mirboo North and Korumburra.
Interest bearing loans and borrowings / Rate revenue] x 100									
Loans and borrowings repayments compared to rates	0.36%	0.35%	0.33%	7.79%	0.27%	0.44%	0.24%	0.21%	The spike in 2019/20 is due to Council's only loan (interest only) of \$3.35M being repaid in November 2019.
Interest and principal repayments on interest bearing loans and borrowings / rate revenue]									Council will borrow an additional \$3.6M in 2020/21 with repayments including principal and interest instead of interest only.
<b>Indebtedness</b>									
Non-current liabilities compared to own source revenue	12.62%	12.73%	7.42%	10.26%	12.80%	27.69%	23.61%	21.51%	This increase reflects Council borrowing intentions over the next few years. The increase for 2019/20 is represented by a Construction Facility which is in place for the construction of the Mirboo North pool. Council draw down funds during the construction phase and this reverts to a Principal and Interest loan once the construction phase is over. Council had drawn down \$812,000 by balance date and reflected as a non-current liability.
Non-current liabilities / own source revenue]									



Retired Measures Service/Indicator/Measure	Results 2017	Results 2018	Results 2019	Results 2020	Material Variation
<b>Animal management</b>					No material variation
<b>Health and safety</b>					
Animal management prosecutions [Number of successful animal management prosecutions]	9	19	9	Retired in 2020	Note: indicator is discontinued from 1 July 2019 and has been replaced by 'AM7 - Animal management prosecutions' which is now a measure of proportion, not number.
<b>Efficiency</b>					No material variation
<b>Revenue level</b>					
Average residential rate per residential property assessment [Residential rate revenue / Number of residential property assessments]	\$1,789	\$1,811	\$1,834	Retired in 2020	Note: indicator is discontinued from 1 July 2019 and has been replaced by 'E4 - Average rate per property assessment'.
<b>Obligations</b>					No material variation
<b>Asset renewal</b>					
Asset renewal compared to depreciation [Asset renewal expenses / Asset depreciation] x 100	111.13%	98.04%	81.02%	Retired in 2020	Note: indicator is discontinued from 1 July 2019 and has been replaced by 'O5 - Asset renewal and upgrade compared to depreciation'.

## 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 2020

### 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 2020

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 Costello, CA**  
**Principal Accounting Officer**  
**Dated:** 23 September 2020

*Leongatha*

In our opinion, the accompanying performance statement of the South Gippsland Shire Council for the year ended 30 June 2020 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.

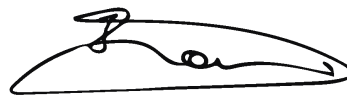
At the date of signing, we are not aware of any circumstances that would render any particulars in the performance statement to be misleading or inaccurate.

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



**Julie Eisenbise**  
**Administrator (Chair)**  
**Dated:** 23 September 2020

*Leongatha*



**Rick Brown**  
**Administrator**  
**Dated:** 23 September 2020

*Leongatha*



**Kerry Ellis**  
**Chief Executive Officer**  
**Dated:** 23 September 2020

*Leongatha*

# Independent Auditor's Report

## To the Councillors of South Gippsland Shire Council

<b>Opinion</b>	<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"> <li>• description of municipality for the year ended 30 June 2020</li> <li>• sustainable capacity indicators for the year ended 30 June 2020</li> <li>• service performance indicators for the year ended 30 June 2020</li> <li>• financial performance indicators for the year ended 30 June 2020</li> <li>• other information and</li> <li>• the certification of the performance statement.</li> </ul> <p>In my opinion, the performance statement presents fairly, in all material respects, the performance of the council for the year ended 30 June 2020 in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</i>.</p>
<b>Basis for Opinion</b>	<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>
<b>Councillors' responsibilities for the performance statement</b>	<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>
<b>Auditor's responsibilities for the audit of the performance statement</b>	<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.</p> <p>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>

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

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

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

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MELBOURNE  
1 October 2020



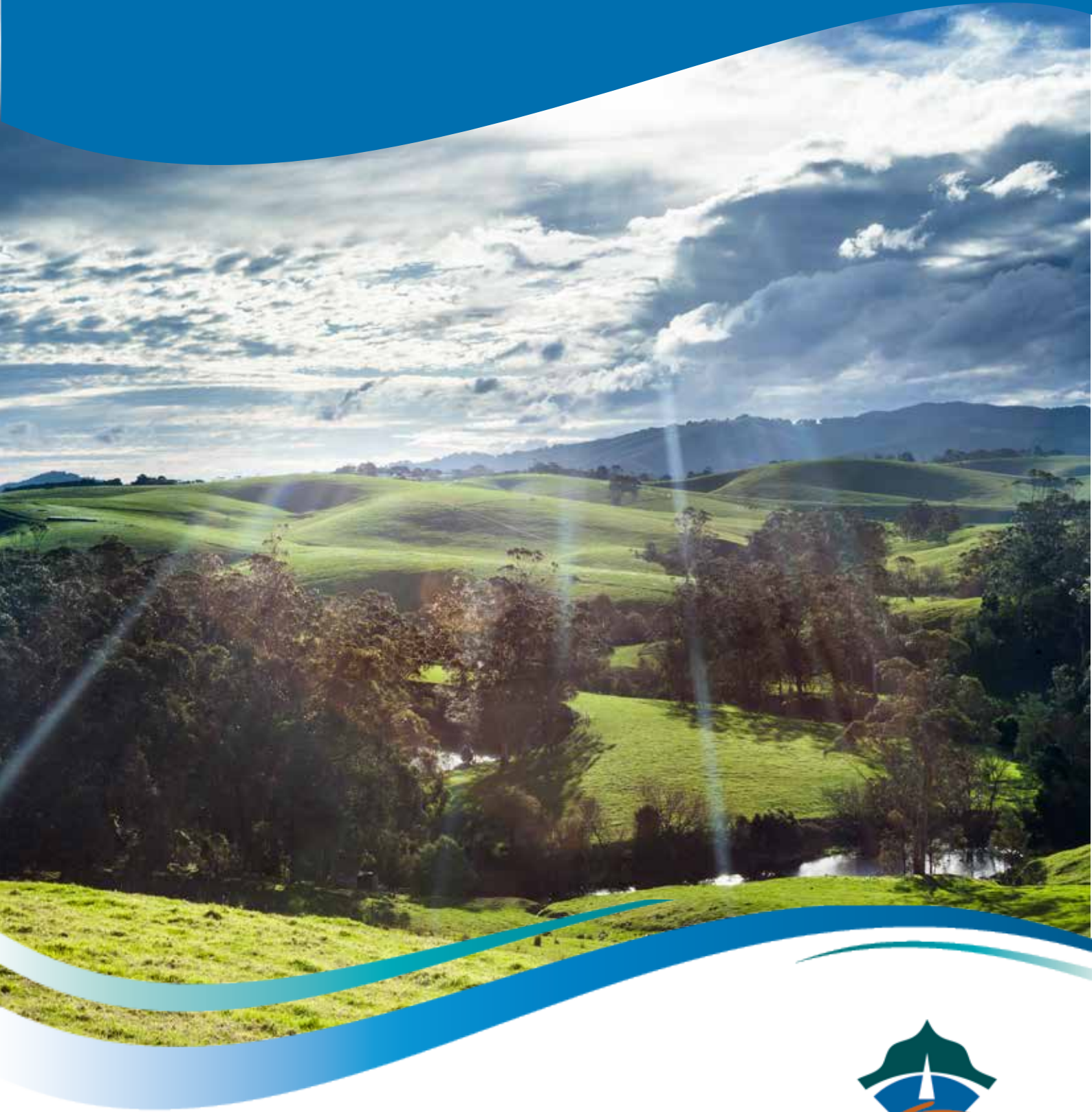
Sanchu Chummar

*as delegate for the Auditor-General of Victoria*

SOUTH GIPPSLAND SHIRE COUNCIL

# Annual Financial Report

FOR THE YEAR ENDED 30 JUNE 2020



*South Gippsland  
Shire Council*

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# Certification of the Financial Statements

For the Year Ended 30 June 2020

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*, the Australian Accounting Standards and other mandatory professional reporting requirements.



*Tracey Costello, CA*  
**Principal Accounting Officer**

**Dated:** 23 September 2020

*Leongatha*

In our opinion, the accompanying financial statements present fairly the financial transactions of South Gippsland Shire Council for the year ended 30 June 2020 and the financial position of the Council as at that date.

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

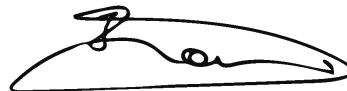
We have been authorised by the Council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify the financial statements in their final form.



*Julie Eisenbise*  
**Administrator (Chair)**

**Dated:** 23 September 2020

*Leongatha*



*Rick Brown*  
**Administrator**

**Dated:** 23 September 2020

*Leongatha*



*Kerry Ellis*  
**Chief Executive Officer**

**Dated:** 23 September 2020

*Leongatha*

# Independent Auditor's Report

## To the Councillors of South Gippsland Shire Council

<b>Opinion</b>	<p>I have audited the financial report of South Gippsland Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2020</li> <li>• comprehensive income statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• statement of cash flows for the year then ended</li> <li>• statement of capital works for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• certification of the financial report.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2020 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>
<b>Basis for Opinion</b>	<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>
<b>Other Information</b>	<p>The Councillors of the council are responsible for the Other Information, which comprises the information in the council's annual report for the year ended 30 June 2020 but does not include the financial report and my auditor's report thereon.</p> <p>My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p>

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<b>Councillors' responsibilities for the financial report</b>	<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>
<b>Auditor's responsibilities for the audit of the financial report</b>	<p>As required by the <i>Audit Act 1994</i>, 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.</p> <p>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:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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</li> <li>• evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors</li> <li>• 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.</li> <li>• 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.</li> </ul>

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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  
1 October 2020



Sarichu Chummar

*as delegate for the Auditor-General of Victoria*

# Comprehensive Income Statement

For the Year Ended 30 June 2020

	Note	2020 \$'000	(Note 9.4) 2019 \$'000
<b>Income</b>			
Rates and charges	3.1	43,908	42,466
Statutory fees and fines	3.2	867	955
User fees	3.3	3,971	4,458
Grants - operating	3.4	15,467	15,365
Grants - capital	3.4	4,548	4,531
Contributions - monetary	3.5a	205	609
Contributions - non monetary	3.5a	188	1,185
Found assets	3.5b	-	348
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	3.6	(68)	12
Fair value adjustments for investment property	6.3	33	(176)
Share of net profits (or loss) of associates and joint ventures	6.2	113	121
Other income	3.7	1,565	1,897
<b>Total income</b>		<b>70,797</b>	<b>71,771</b>
<b>Expenses</b>			
Employee costs	4.1	25,634	26,515
Materials and services	4.2	21,005	24,732
Depreciation	4.3	11,996	11,045
Amortisation - intangible assets	4.4	240	236
Amortisation - right of use assets	4.5	88	-
Assets impaired	6.1	11,419	-
Bad and doubtful debts	4.6	8	22
Borrowing costs	4.7	49	142
Finance costs - leases	4.8	9	-
Other expenses	4.9	3,111	3,383
<b>Total expenses</b>		<b>73,559</b>	<b>66,075</b>
<b>Surplus/(deficit) for the year</b>		<b>(2,762)</b>	<b>5,696</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
Net asset revaluation increment/(decrement)	6.1	7,285	33,715
Share of other comprehensive income of associate	6.2	70	-
<b>Total comprehensive result</b>		<b>4,593</b>	<b>39,411</b>

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

# Balance Sheet

As at 30 June 2020

	Note	2020 \$'000	Restated (Note 9.4) 2019 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5.1	7,792	7,000
Trade and other receivables	5.1	5,676	5,518
Other financial assets	5.1	30,000	28,273
Inventories	5.2	208	240
Other assets	5.2	218	58
<b>Total current assets</b>		<b>43,894</b>	<b>41,089</b>
<b>Non-current assets</b>			
Other financial assets	5.1	1,000	-
Investments in associates, joint arrangements and subsidiaries	6.2	1,541	1,358
Property, infrastructure, plant and equipment	6.1	555,163	556,132
Right-of-use assets	5.8	179	-
Investment property	6.3	620	587
Intangible assets	5.2	479	705
<b>Total non-current assets</b>		<b>558,982</b>	<b>558,782</b>
<b>Total assets</b>		<b>602,876</b>	<b>599,871</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5.3	2,762	3,503
Trust funds and deposits	5.3	1,332	1,025
Unearned income	5.3	2,585	-
Provisions	5.5	5,919	5,896
Interest-bearing liabilities	5.4	-	3,350
Lease liabilities	5.8	89	-
<b>Total current liabilities</b>		<b>12,687</b>	<b>13,774</b>
<b>Non-current liabilities</b>			
Provisions	5.5	4,274	3,667
Interest-bearing liabilities	5.4	812	-
Lease liabilities	5.8	94	-
<b>Total non-current liabilities</b>		<b>5,180</b>	<b>3,667</b>
<b>Total liabilities</b>		<b>17,867</b>	<b>17,441</b>
<b>Net assets</b>		<b>585,009</b>	<b>582,430</b>
<b>Equity</b>			
Accumulated surplus		227,587	227,658
Reserves	9.1	357,422	354,772
<b>Total Equity</b>		<b>585,009</b>	<b>582,430</b>

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



# Statement of Changes in Equity

For the Year Ended 30 June 2020

2020	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		582,430	227,658	349,793	4,979
Impact of change in accounting policy - AASB 15 Revenue from Contracts with Customers	10	(33)	(33)	-	-
Impact of change in accounting policy - AASB 1058 Income of Not-for-Profit Entities	10	(1,981)	(1,981)	-	-
Impact of change in accounting policy - AASB 16 Leases	5.8	-	-	-	-
Adjusted Opening balance		580,416	225,644	349,793	4,979
Surplus/(deficit) for the year		(2,762)	(2,762)	-	-
Net asset revaluation increment/(decrement)	6.1 / 6.2	7,355	-	7,355	-
Transfers to other reserves	9.1	-	(1,419)	-	1,419
Transfers from other reserves	9.1	-	6,124	-	(6,124)
		4,593	1,943	7,355	(4,705)
<b>Balance at end of the financial year</b>		<b>585,009</b>	<b>227,587</b>	<b>357,148</b>	<b>274</b>

Restated (Note 9.4) 2019		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		543,019	222,537	316,078	4,404
Surplus/(deficit) for the year		5,696	5,696	-	-
Net asset revaluation increment/(decrement)	6.1	33,715	-	33,715	-
Transfers to other reserves	9.1	-	(2,565)	-	2,565
Transfers from other reserves	9.1	-	1,990	-	(1,990)
<b>Balance at end of the financial year</b>		<b>582,430</b>	<b>227,658</b>	<b>349,793</b>	<b>4,979</b>

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

# Statement of Cash Flows

For the Year Ended 30 June 2020

	Note	2020 Inflows/ (Outflows) \$'000	2019 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Rates and charges		43,469	42,323
Statutory fees and fines		867	955
User fees		4,201	4,785
Grants - operating		15,173	15,365
Grants - capital		5,371	4,531
Contributions - monetary		205	609
Interest received		533	686
Trust funds and deposits taken		575	160
Other receipts		1,038	1,249
Net GST refund/payment		3,070	2,643
Employee costs		(24,678)	(26,868)
Materials and services		(24,949)	(27,530)
Short-term, low value and variable lease payments		(10)	-
Trust funds and deposits repaid		(268)	(46)
Other payments		(2,790)	(3,058)
<b>Net cash provided by/(used in) operating activities</b>	9.2	<b>21,807</b>	<b>15,804</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment	6.1	(16,069)	(10,916)
Proceeds from sale of property, infrastructure, plant and equipment		480	803
Payments for investments		(2,727)	(4,007)
<b>Net cash provided by/(used in) investing activities</b>		<b>(18,316)</b>	<b>(14,120)</b>
<b>Cash flows from financing activities</b>			
Finance costs		(68)	(142)
Proceeds from borrowings		812	-
Repayment of borrowings		(3,350)	-
Interest paid - lease liability		(9)	-
Repayment of lease liabilities		(84)	-
<b>Net cash provided by/(used in) financing activities</b>		<b>(2,699)</b>	<b>(142)</b>
Net increase (decrease) in cash and cash equivalents		792	1,542
Cash and cash equivalents at the beginning of the financial year		7,000	5,458
<b>Cash and cash equivalents at the end of the financial year</b>		<b>7,792</b>	<b>7,000</b>
Financing arrangements	5.6		
Restrictions on cash assets	5.1		

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

# Statement of Capital Works

For the Year Ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
<b>Property</b>			
Land		735	19
<b>Total land</b>		735	19
Buildings		1,542	996
<b>Total buildings</b>		1,542	996
<b>Total property</b>		2,277	1,015
<b>Plant and equipment</b>			
Plant, machinery and equipment		2,140	1,277
Computers and telecommunications		404	481
<b>Total plant and equipment</b>		2,544	1,758
<b>Infrastructure</b>			
Roads		6,429	4,187
Bridges		534	1,583
Major Culverts		46	187
Footpaths and cycleways		878	439
Drainage		152	139
Land stabilisation		1	-
Waste management		-	49
Other infrastructure		3,208	1,559
<b>Total infrastructure</b>		11,248	8,143
<b>Total capital works expenditure</b>		16,069	10,916
<b>Represented by:</b>			
New asset expenditure		-	125
Asset renewal expenditure		13,890	8,949
Asset expansion expenditure		1,887	1,270
Asset upgrade expenditure		292	572
<b>Total capital works expenditure</b>		16,069	10,916

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

# Notes to the Financial Report

For the Year Ended 30 June 2020

## OVERVIEW

### Introduction

The South Gippsland Shire Council was established by an Order of the Governor in Council on 2nd December 1994 and is a body corporate.

The Council's main office is located at 9 Smith Street, Leongatha.

### Statement of compliance

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

### Significant accounting policies

#### (a) Basis of accounting

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities* (refer to Note 3)
- the determination, in accordance with *AASB 16 Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)
- other areas requiring judgements

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation (except where transitional requirements of *AASB 15 Revenue from Contracts with Customers*, *AASB 16 Leases* and *AASB 1058 Income of Not-for-Profit Entities* do not require restatement of comparatives under the modified retrospective approach adopted by the Council), and disclosure has been made of any material changes to comparatives.

# Notes to the Financial Report

For the Year Ended 30 June 2020

## 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.

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 2020 \$'000	Actual 2020 \$'000	Variance 2020 \$'000	Variance 2020 %	Ref
<b>Income</b>					
Rates and charges	43,869	43,908	39	0%	
Statutory fees and fines	919	867	(52)	-6%	
User fees	4,335	3,971	(364)	-8%	1
Grants - operating	6,609	15,467	8,858	134%	2
Grants - capital	8,407	4,548	(3,859)	-46%	3
Contributions - monetary	1,140	205	(935)	-82%	4
Contributions - non monetary	395	188	(207)	-52%	5
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	146	(68)	(214)	-147%	6
Fair value adjustments for investment property	-	33	33	100%	7
Share of net profits/(losses) of associates and joint ventures	-	113	113	100%	8
Other income	1,711	1,565	(146)	-9%	9
<b>Total income</b>	<b>67,531</b>	<b>70,797</b>	<b>3,266</b>	<b>5%</b>	
<b>Expenses</b>					
Employee costs	24,817	25,634	(817)	-3%	10
Materials and services	21,909	21,005	904	4%	11
Depreciation	11,714	11,996	(282)	-2%	12
Amortisation - Intangible assets	225	240	(15)	-7%	
Amortisation - Right of use assets	-	88	(88)	100%	13
Assets impaired	-	11,419	(11,419)	100%	14
Bad and doubtful debts	-	8	(8)	100%	15
Borrowing costs	108	49	59	55%	16
Finance costs - Leases	-	9	(9)	100%	17
Other expenses	3,581	3,111	470	13%	18
<b>Total expenses</b>	<b>62,354</b>	<b>73,559</b>	<b>(11,205)</b>	<b>-18%</b>	
<b>Surplus/(deficit) for the year</b>	<b>5,177</b>	<b>(2,762)</b>	<b>(7,939)</b>	<b>-153%</b>	

#### (i) Explanation of material variations

Variance Ref	Item	Explanation
1	User fees	Decrease in user fees received at Coal Creek (\$37.5K), Caravan Parks (\$99K), animal registrations (\$60K) and landfills (\$70K) compared to original budget as a result of COVID-19 closures.
2	Grants - operating	50% of Victorian Grants Commission allocation (\$5.7M ) relating to 2019-20 was received in advance. In addition, grants for the Long Jetty Restoration (\$971K) and various storm events \$1.2M were carried forward from the prior year and received in 2020.
3	Grants - capital	Grants originally budgeted for, but not received in 2019-20 include Leongatha Business Precinct Project (\$850K), Community Hub - Korumburra (\$354K), Great Southern Rail Trail (\$1.5M), Timms Road Bridge (\$240K), Mirboo North Pool Refurbishment (\$435K) and Baromi Park (\$205K). These projects have been carried forward to 2020-21.
4	Contributions - monetary	Contributions for the Mirboo North Pool Refurbishment (\$700K), Poowong Netball Court (\$50K) and Leongatha Netball Court (\$75K) in the original budget have not been received. These projects have been carried forward to 2020-21.

# Notes to the Financial Report

For the Year Ended 30 June 2020

5	Contributions - non-monetary	Original budget consistent with non-monetary contributions received in 2018-19. No developments were completed in 2019-20. Contributions received largely relate to Waterway infrastructure donated.
6	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	Sale of various plant and equipment carried forward to 2020-21. In addition, proceeds of sale lower than expected for a number of disposals.
7	Fair value adjustments for investment property	Fair value adjustments for investment property are not budgeted for.
8	Share of net profits/(losses) of associates and joint ventures	Council share of surplus or deficit is not budgeted for.
9	Other income	Reduced legal costs in pursuing unpaid rates than originally budgeted, resulting in a corresponding lower reimbursement (through other income) of these fees.
10	Employee costs	Administrator wages (\$300K) were not included in the original budget. Remaining variance due to capital wages reclassified to operating.
11	Materials and services	Lower materials and services is due to major projects, Leongatha Soccer Club Lights and Pitch Upgrade (\$102K) and Leongatha Gymnastics Extension (\$203K) carried forward to 2020-21, and Agnes Falls (\$426K) not continuing.
12	Depreciation	Increased depreciation compared to the original budget is due to additions and changes in valuation of fixed assets.
13	Amortisation - Right of use assets	Amortisation of Right of use assets is new in 2020 due to a new accounting standard. Amortisation of Right of use assets were not previously budgeted for.
14	Assets impaired	Impairment loss on land under roads was not budgeted for.
15	Bad and doubtful debts	Bad and doubtful debts were not budgeted for.
16	Borrowing costs	The original budget included interest and loan repayments on a loan for the Mirboo North Pool construction. As the majority of the works were carried forward to 2020-21, the loan has been deferred to 2020-21 as well.
17	Finance costs - Leases	Finance costs on leases were new in 2020 due to a new accounting standard. Finance costs on leases were not previously budgeted for.
18	Other expenses	The original budget included \$315K for Councillor allowances that were not paid and \$400K for projects for the West Gippsland Regional Library that were not spent of which half has been carried forward to 2020-21.



# Notes to the Financial Report

For the Year Ended 30 June 2020

## 1.2 Capital works

	Budget 2020 \$'000	Actual 2020 \$'000	Variance \$'000	Variance %	Ref
<b>Property</b>					
Land	-	735	735	100%	1
<b>Total land</b>	-	735	735	100%	
Buildings	4,693	1,542	(3,151)	-67%	2
<b>Total buildings</b>	4,693	1,542	(3,151)	-67%	
<b>Total property</b>	4,693	2,277	(2,416)	-51%	
<b>Plant and equipment</b>					
Plant, machinery and equipment	3,615	2,140	(1,475)	-41%	3
Computers and telecommunications	1,999	404	(1,595)	-80%	4
<b>Total plant and equipment</b>	5,614	2,544	(3,070)	-55%	
<b>Infrastructure</b>					
Roads	6,809	6,429	(380)	-6%	5
Bridges	916	534	(382)	-42%	6
Major Culverts	95	46	(49)	-52%	7
Footpaths and cycleways	2,801	878	(1,923)	-69%	8
Drainage	100	152	52	52%	9
Land Stabilisation	-	1	1	100%	
Other infrastructure	11,421	3,208	(8,213)	-72%	10
<b>Total infrastructure</b>	22,142	11,248	(10,894)	-49%	
<b>Total capital works expenditure</b>	32,449	16,069	(16,380)	-50%	
<b>Represented by:</b>					
New asset expenditure	-	-	-	0%	
Asset renewal expenditure	27,889	13,890	(13,999)	-50%	
Asset expansion expenditure	796	1,887	1,091	137%	
Asset upgrade expenditure	3,764	292	(3,472)	-92%	
<b>Total capital works expenditure</b>	32,449	16,069	(16,380)	-50%	

### (i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	Land purchased relates to purchase of land in Foster for a future new depot site that was not in the original budget.
2	Buildings	Capital works on the Korumburra Community Hub (\$2.2M) and Renewal Program (\$435K) have been deferred and carried forward to 2020-21.
3	Plant, machinery and equipment	Purchases of a number of various plant items have been deferred to 2020-21.
4	Computers and telecommunications	Projects and purchases of various items have been deferred to 2020-21.
5	Roads	Capital works on the sealed rehabilitation program and reseals program overall were \$430K lower than budgeted and carried forward to 2020-21.
6	Bridges	Capital works on Timms Road Bridge (\$425K) and Bass Valley Road Bridge (\$101K) have been deferred and carried forward to 2020-21. This is offset by works on Standfields Bridge (\$111K) brought forward from 2020-21 and Ruby Arawata Road Bridge (\$70K) carried forward from 2018-19.
7	Major culverts	Capital works on Harding and Lawsons Road, Fish Creek (\$40) deferred and carried forward to 2020-21.
8	Footpaths and cycleways	Capital works on Jumbunna Road, Korumburra (\$593K) deferred and carried forward to 2020-21.
9	Drainage	Capital works on Sanders Lane, Korumburra were carried forward from 2018-19.
10	Other infrastructure	Capital works on Mirboo North Pool (\$4.5M), Leongatha Business Precinct Project (\$1.7M) and Great Southern Rail Trail (\$1.8M) deferred and carried forward to 2020-21.

# Notes to the Financial Report

For the Year Ended 30 June 2020

## Note 2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

### 2 (a) Corporate and Community Services Management

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

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

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

#### Community Services

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

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

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

#### Finance, Risk and Procurement

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

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

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

#### Innovation & Council Business

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

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

#### Development Services Management

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

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

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

# Notes to the Financial Report

For the Year Ended 30 June 2020

## Economic Development and Tourism Management

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

## Planning

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

## Regulatory Services

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

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

## Executive Services

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 government practices to guide the management of the organisation.

## Community Information

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

## People & Culture

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

## Infrastructure Management

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

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

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

## Infrastructure Planning

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

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

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

# Notes to the Financial Report

For the Year Ended 30 June 2020

## **Infrastructure Delivery**

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

## **Operations**

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

# Notes to the Financial Report

For the Year Ended 30 June 2020

## 2 (b) Summary of revenues, expenses, assets and capital expenses by program

	Income	Expenses	Surplus/(Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2020</b>					
Corporate and Community Services Management	-	1,678	(1,678)	-	1,541
Community Services	1,526	3,438	(1,912)	1,433	-
Finance, Risk & Procurement	47,313	31,229	16,084	6,358	45,306
Innovation & Council Business	-	2,409	(2,409)	-	865
Development Services Management	-	159	(159)	-	-
Economic Development & Tourism Management	1,013	2,089	(1,076)	13	-
Planning	819	1,495	(676)	216	-
Regulatory Services	1,106	1,707	(601)	71	-
Executive Services	-	548	(548)	-	-
Community Information	-	795	(795)	-	-
People & Culture	216	1,168	(952)	-	-
Infrastructure Management	-	274	(274)	-	-
Infrastructure Planning	6,226	9,162	(2,936)	359	547,387
Infrastructure Delivery	6,549	4,250	2,299	6,244	-
Operations	6,029	13,158	(7,129)	5,321	7,777
	70,797	73,559	(2,762)	20,015	602,876

	Income	Expenses	Surplus/(Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2019</b>					
Corporate and Community Services Management	-	1,710	(1,710)	-	1,358
Community Services	2,691	5,542	(2,851)	2,244	-
Finance, Risk & Procurement	47,229	18,261	28,968	6,448	41,436
Innovation & Council Business	-	2,351	(2,351)	-	1,238
Development Services Management	-	276	(276)	-	-
Economic Development & Tourism Management	1,225	2,323	(1,098)	73	-
Planning	942	1,530	(588)	117	-
Regulatory Services	1,112	1,763	(651)	79	-
Executive Services	-	1,106	(1,106)	-	-
Community Information	-	776	(776)	-	-
People & Culture	343	1,331	(988)	-	-
Infrastructure Management	-	262	(262)	-	-
Infrastructure Planning	6,349	10,284	(3,935)	367	548,497
Infrastructure Delivery	7,348	6,456	892	6,888	-
Operations	4,532	12,104	(7,572)	3,680	7,342
	71,771	66,075	5,696	19,896	599,871

# Notes to the Financial Report

For the Year Ended 30 June 2020

## Note 3 Funding for the delivery of our services

### 3.1 Rates and charges

2020  
\$'000

2019  
\$'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 2019/20 was \$8,876 million (2018/19 \$8,080 million).

General rates	39,966	38,714
Waste management charge	3,261	3,159
Special rates and charges	7	5
Supplementary rates and rate adjustments	305	227
Interest on rates and charges	179	175
Revenue in lieu of rates	190	186
<b>Total rates and charges</b>	<b>43,908</b>	<b>42,466</b>

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2020, and the valuation will be first applied in the rating year commencing 1 July 2020.

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

### 3.2 Statutory fees and fines

Land information certificates	36	39
Local laws	109	107
Building services	177	183
Statutory planning	460	532
Supervision fees	72	82
Others	13	12
<b>Total statutory fees and fines</b>	<b>867</b>	<b>955</b>

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

### 3.3 User fees

Aged and health services	306	617
Leisure centre and recreation	22	75
Local Laws	439	420
Waste management services	2,261	2,264
Caravan parks	826	918
Other fees and charges	117	164
<b>Total user fees</b>	<b>3,971</b>	<b>4,458</b>
<b>User fees by timing of revenue recognition</b>		
User fees recognised over time	826	918
User fees recognised at a point in time	3,145	3,540
<b>Total user fees</b>	<b>3,971</b>	<b>4,458</b>

User fees are recognised as revenue at a point in time, or over time, when (or as) the performance obligation is satisfied. Recognition is based on the underlying contractual terms.

### 3.4 Funding from other levels of government

Grants were received in respect of the following :

#### Summary of grants

Commonwealth funded grants	15,142	14,679
State funded grants	4,873	5,217
<b>Total grants received</b>	<b>20,015</b>	<b>19,896</b>

#### (a) Operating Grants

##### Recurrent - Commonwealth Government

Financial Assistance Grants	10,603	9,865
Immunisation	3	3
Home & Community Care	263	766

##### Recurrent - State Government

Valuation Services	165	198
Family and children	221	234
Home & Community Care	95	495
Youth Services	66	-
School crossing supervision	68	72
Community building	63	120
Community health	3	7
Immunisation	13	12
Maternal & child health	475	395
Other	4	33
<b>Total recurrent operating grants</b>	<b>12,042</b>	<b>12,200</b>



# Notes to the Financial Report

For the Year Ended 30 June 2020

	2020 \$'000	2019 \$'000
<b>Non-recurrent - Commonwealth Government</b>		
Local Roads & Infrastructure	972	1,943
Sustainability	-	85
Recreation & Leisure	7	60
<b>Non-recurrent - State Government</b>		
Families & Children	48	20
Home & Community Care	32	4
Youth Services	45	25
Maternal & child health	25	-
Fire Services Levy Administration	51	50
Sustainability	84	133
Community Building	42	54
Natural Disasters	1,214	-
Recreation & Leisure	545	559
Others	360	232
<b>Total non-recurrent operating grants</b>	<b>3,425</b>	<b>3,165</b>
<b>Total operating grants</b>	<b>15,467</b>	<b>15,365</b>
<b>(b) Capital Grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Roads to recovery	2,385	1,657
<b>Total recurrent capital grants</b>	<b>2,385</b>	<b>1,657</b>
<b>Non-recurrent - Commonwealth Government</b>		
Roads	400	-
Bridges	309	300
Other Structures	200	-
<b>Non-recurrent - State Government</b>		
Roads	30	1,240
Building	449	375
Bridges	198	309
Footpaths	12	12
Other Structures	577	638
<b>Total non-recurrent capital grants</b>	<b>2,163</b>	<b>2,874</b>
<b>Total capital grants</b>	<b>4,548</b>	<b>4,531</b>
<b>(c) Unspent grants received on condition that they be spent in a specific manner</b>		
<b>Operating</b>		
Balance at start of year	890	772
Received during the financial year and remained unspent at balance date	102	642
Received in prior years and spent during the financial year	(682)	(524)
Balance at year end	310	890
<b>Capital</b>		
Balance at start of year	1,101	674
Received during the financial year and remained unspent at balance date	714	1,012
Received in prior years and spent during the financial year	(988)	(585)
Balance at year end	827	1,101

Grant income is recognised at the point in time when the council satisfies its performance obligations as specified in the underlying agreement.

3.5 (a) Contributions	2020 \$'000	2019 \$'000
Monetary	205	609
Non-monetary	188	1,185
<b>Total contributions</b>	<b>393</b>	<b>1,794</b>
<i>Contributions of non monetary assets were received in relation to the following asset classes.</i>		
Roads	2	402
Drains	34	354
Kerb & channels	-	140
Footpaths	7	289
Waterway infrastructure	145	-
<b>Total non-monetary contributions</b>	<b>188</b>	<b>1,185</b>

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

<b>(b) Found Assets</b>		
Found assets were recorded in the following asset classes.		
Roads	-	104
Drains	-	2
Car Parks	-	99
Footpaths	-	1
Other	-	142
<b>Total found assets</b>	<b>-</b>	<b>348</b>

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

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

Proceeds of sale	480	803
Written down value of assets disposed	(548)	(791)
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>	<b>(68)</b>	<b>12</b>

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 2020

## 3.7 Other income

	2020 \$'000	2019 \$'000
Interest	527	648
Investment property rental	198	210
Other rent	7	13
Fuel tax credits	139	112
Sales	109	146
Workcover reimbursements	216	340
Other reimbursements	235	267
External private works	17	8
Other	117	153
<b>Total other income</b>	<b>1,565</b>	<b>1,897</b>

Interest is recognised as it is earned.

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

## Note 4 The cost of delivering services

### 4.1 (a) Employee costs

Wages and salaries	22,837	23,614
WorkCover	661	705
Superannuation	2,106	2,176
Fringe benefits tax	30	20
<b>Total employee costs</b>	<b>25,634</b>	<b>26,515</b>

### (b) Superannuation

Council made contributions to the following funds:

#### Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	88	136
	88	136
Employer contributions payable at reporting date.	1	19

#### Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	2,018	2,040
	2,018	2,040
Employer contributions payable at reporting date.	20	23

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

### 4.2 Materials and services

Waste Management	4,049	3,886
Leisure Centre Operations	1,012	890
Contractors General	4,430	6,511
Software Maintenance	963	1,031
Landfill Rehabilitation	(142)	1,267
Natural disasters	644	332
COVID-19	43	-
Materials General	4,967	4,691
Fuel & Oils	784	964
Advertising & Promotion Costs	197	246
Utilities	943	939
Subscriptions, affiliations and conferences	171	138
Leases & Rentals	73	201
Legal Fees	247	883
Consultancies and projects	493	565
Insurance Premiums	820	686
Plant & Equipment Registrations	133	126
Training expenses	291	301
State levies	886	902
Gippsland Group Training / Labour Hire	1	173
<b>Total materials and services</b>	<b>21,005</b>	<b>24,732</b>

### 4.3 Depreciation

Property	3,518	3,123
Plant and equipment	1,891	2,124
Infrastructure	6,587	5,798
<b>Total depreciation</b>	<b>11,996</b>	<b>11,045</b>

Refer to note 5.2(c), 5.8 and 6.1 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

### 4.4 Amortisation - Intangible assets

Landfill air space	240	236
<b>Total Amortisation - Intangible assets</b>	<b>240</b>	<b>236</b>

### 4.5 Amortisation - Right of use assets

Property	88	
<b>Total Amortisation - Right of use assets</b>	<b>88</b>	

# Notes to the Financial Report

For the Year Ended 30 June 2020

## 4.6 Bad and doubtful debts

	2020 \$'000	2019 \$'000
General debtors provision	8	22
<b>Total bad and doubtful debts</b>	<b>8</b>	<b>22</b>

### Movement in provisions for doubtful debts

Balance at the beginning of the year	160	158
New provisions recognised during the year	10	41
Amounts already provided for and written off as uncollectible	(3)	(19)
Amounts provided for but recovered during the year	(6)	(20)
Balance at end of year	161	160

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

## 4.7 Borrowing costs

Interest - Borrowings	49	142
<b>Total borrowing costs</b>	<b>49</b>	<b>142</b>

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

## 4.8 Finance Costs - Leases

Interest - Lease Liabilities	9	-
<b>Total finance costs</b>	<b>9</b>	<b>-</b>

## 4.9 Other expenses

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	58	60
Auditors' remuneration - Internal	45	51
Councillors' allowances	-	294
Other allowances	3	1
Library contributions	1,410	1,409
Community & Sporting grants	840	974
Bank Fees & Charges	207	269
Infrastructure assets and work in progress written-off	548	325
<b>Total other expenses</b>	<b>3,111</b>	<b>3,383</b>

## Note 5 Our financial position

### 5.1 Financial assets

#### (a) Cash and cash equivalents

Cash on hand	3	3
Cash at bank	4,069	3,000
Money market call accounts	3,441	3,997
Term deposits	279	-
<b>Total cash and cash equivalents</b>	<b>7,792</b>	<b>7,000</b>

#### (b) Other financial assets

Term deposits - current	30,000	28,273
Term deposits - non-current	1,000	-
<b>Total other financial assets</b>	<b>31,000</b>	<b>28,273</b>
<b>Total financial assets</b>	<b>38,792</b>	<b>35,273</b>

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

- Trust funds and deposits (Note 5.3)	1,332	1,025
<b>Total restricted funds</b>	<b>1,332</b>	<b>1,025</b>
<b>Total unrestricted cash and cash equivalents</b>	<b>6,460</b>	<b>5,975</b>

### 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	18,059	11,865
- grants recognised as revenue and obtained on the condition that they be expended in a specified manner that had not occurred at balance date (Note 3.4c)	1,137	1,991
- reserve funds allocated for specific future purpose (Note 9.1b)	274	4,979
<b>Total funds subject to intended allocations</b>	<b>19,470</b>	<b>18,835</b>

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 2020

	2020 \$'000	2019 \$'000
<b>(c) Trade and other receivables</b>		
<b>Current</b>		
<i>Statutory receivables</i>		
Rates debtors	3,473	3,012
Special rate assessment	5	12
Net GST receivable	461	548
<i>Non statutory receivables</i>		
Grants receivable	42	-
Other debtors	1,856	2,106
Provision for doubtful debts - other debtors	(161)	(160)
Total current trade and other receivables	5,676	5,518
<b>Total trade and other receivables</b>	<b>5,676</b>	<b>5,518</b>

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

## (d) Ageing of Receivables

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

Current (not yet due)	788	543
Past due by up to 30 days	257	1,219
Past due between 31 and 180 days	653	171
Past due between 181 and 365 days	45	18
Past due by more than 1 year	10	10
Total trade and other receivables	1,753	1,961

## (e) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$145K (2019: \$145K) were impaired. The amount of the provision raised against these debtors was \$161K (2019: \$160K). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	-	-
Past due between 181 and 365 days	-	-
Past due by more than 1 year	145	145
Total trade & other receivables	145	145

# Notes to the Financial Report

For the Year Ended 30 June 2020

## 5.2 Non-financial assets

### (a) Inventories

	2020 \$'000	2019 \$'000
Inventories held for distribution	208	240
<b>Total inventories</b>	<b>208</b>	<b>240</b>

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	218	58
<b>Total other assets</b>	<b>218</b>	<b>58</b>

### (c) Intangible assets

Landfill air space	479	705
<b>Total intangible assets</b>	<b>479</b>	<b>705</b>

#### Landfill \$'000

#### Gross carrying amount

Balance at 1 July 2019	1,348
Additions from internal developments	-
Other additions	14
Balance at 1 July 2020	1,362

#### Accumulated amortisation and impairment

Balance at 1 July 2019	643
Amortisation expense	240
Balance at 1 July 2020	883

Net book value at 30 June 2019	705
Net book value at 30 June 2020	479

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

## 5.3 Payables

### (a) Trade and other payables

Trade payables	355	2,357
Accrued expenses	2,407	1,146
<b>Total trade and other payables</b>	<b>2,762</b>	<b>3,503</b>

### (b) Trust funds and deposits

Refundable deposits	125	130
Fire services levy	616	349
Retention amounts	130	106
Other refundable deposits	461	440
<b>Total trust funds and deposits</b>	<b>1,332</b>	<b>1,025</b>

### (c) Unearned income

Grants received in advance - operating	219	-
Grants received in advance - capital	2,272	-
Other	94	-
<b>Total unearned income</b>	<b>2,585</b>	<b>-</b>

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 date of forfeiture.

#### 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 2020

<b>5.4 Interest-bearing liabilities</b>	<b>2020</b>	<b>2019</b>
<b>a) Interest-bearing loans</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Borrowings - secured	-	3,350
	-	3,350
<b>Non-current</b>		
Borrowings - secured	-	-
	-	-
<b>Total</b>	<b>-</b>	<b>3,350</b>

Borrowings are secured by the General Rates of the Council.

The maturity profile for Council's borrowings is:

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

## b) Interest-bearing construction drawdown facility

<b>Current</b>		
Borrowings - secured	-	-
	-	-
<b>Non-current</b>		
Borrowings - secured	812	-
	812	-
<b>Total</b>	<b>812</b>	<b>-</b>

Council has a construction drawdown facility that is interest-only until the final drawdown has occurred. At the time of the final drawdown the facility will convert to a 10 year principal & interest loan.

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. Council determines the classification of its interest bearing liabilities at initial recognition.

## 5.5 Provisions

	<b>Employee</b>	<b>Landfill restoration</b>	<b>Total</b>
	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>
<b>2020</b>			
Balance at beginning of the financial year	6,388	3,175	9,563
Additional provisions	3,158	43	3,201
Amounts used	(2,466)	(105)	(2,571)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	58	(58)	-
Balance at the end of the financial year	<b>7,138</b>	<b>3,055</b>	<b>10,193</b>
<b>2019</b>			
Balance at beginning of the financial year	6,714	2,868	9,582
Additional provisions	2,052	1,170	3,222
Amounts used	(2,458)	(842)	(3,300)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	80	(21)	59
Balance at the end of the financial year	<b>6,388</b>	<b>3,175</b>	<b>9,563</b>



# Notes to the Financial Statements

For the Year Ended 30 June 2020

	2020 \$'000	2019 \$'000
<b>(a) Employee provisions</b>		
<b>Current provisions expected to be wholly settled within 12</b>		
Annual leave	1,649	1,545
Purchased leave	230	-
Rostered days	378	212
Long service leave	348	1,533
	<b>2,605</b>	<b>3,290</b>
<b>Current provisions expected to be wholly settled after 12</b>		
Annual leave	640	625
Long service leave	2,594	1,876
	<b>3,234</b>	<b>2,501</b>
Total current employee provisions	<b>5,839</b>	<b>5,791</b>
<b>Non-current</b>		
Long service leave	1,299	597
Total non-current employee provisions	<b>1,299</b>	<b>597</b>
Aggregate carrying amount of employee provisions:		
Current	5,839	5,791
Non-current	1,299	597
Total aggregate carrying amount of employee provisions	<b>7,138</b>	<b>6,388</b>

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

#### *Wages and salaries and annual leave*

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

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

#### *Long service leave*

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

#### Key assumptions:

- discount rate	0.293%	1.042%
- index rate	3.000%	4.313%

	2020 \$'000	2019 \$'000
<b>(b) Landfill restoration</b>		
Current	80	105
Non-current	2,975	3,070
	<b>3,055</b>	<b>3,175</b>

Council is obligated to restore its Koonwarra site to a particular standard. The forecast life of the site is based on current estimates of remaining capacity and the forecast rate of infill. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

#### Key assumptions:

- discount rate	0.717%	1.263%
- index rate	1.470%	2.000%

## 5.6 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2020.

Bank overdraft	500	500
Credit card facilities	350	350
Construction drawdown facility	3,600	-
Total facilities	<b>4,450</b>	<b>850</b>
Used facilities	(866)	(40)
Unused facilities	<b>3,584</b>	<b>810</b>

# Notes to the Financial Statements

For the Year Ended 30 June 2020

## 5.7 Commitments

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

	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
<b>2020</b>					
<b>Operating</b>					
Transfer Stations	20	-	-	-	20
Kerbside Garbage	1,320	-	-	-	1,320
Libraries	1,472	-	-	-	1,472
General Materials & Services	1,013	233	475	22	1,743
Equipment Hire	8	-	-	-	8
Maintenance Contracts	1,304	-	-	-	1,304
Construction Contracts	111	-	-	-	111
<b>Total</b>	<b>5,248</b>	<b>233</b>	<b>475</b>	<b>22</b>	<b>5,978</b>
<b>Capital</b>					
Buildings	360	-	-	-	360
Plant, machinery and equipment	731	-	-	-	731
Computer and Telecommunications	114	-	-	-	114
Bridges	398	-	-	-	398
Roads	32	-	-	-	32
Footpaths	668	-	-	-	668
Other Structures	5,833	51	-	-	5,884
<b>Total</b>	<b>8,136</b>	<b>51</b>	<b>-</b>	<b>-</b>	<b>8,187</b>
	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
<b>2019</b>					
<b>Operating</b>					
Transfer Stations	86	-	-	-	86
Litter Bins	194	-	-	-	194
Kerbside Garbage	1,429	-	-	-	1,429
Libraries	1,443	-	-	-	1,443
General Materials & Services	548	136	81	29	794
Equipment Hire	7	-	-	-	7
Maintenance Contracts	21	-	-	-	21
Construction Contracts	339	-	-	-	339
<b>Total</b>	<b>4,067</b>	<b>136</b>	<b>81</b>	<b>29</b>	<b>4,313</b>
<b>Capital</b>					
Buildings	985	-	-	-	985
Plant, machinery and equipment	315	-	-	-	315
Computer and Telecommunications	27	-	-	-	27
Bridges	171	-	-	-	171
Roads	1,863	-	-	-	1,863
Footpaths	194	-	-	-	194
Drainage	33	-	-	-	33
Other Structures	175	-	-	-	175
<b>Total</b>	<b>3,763</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,763</b>

## 5.8 Leases

### Policy applicable before 1 July 2019

As a lessee, council classifies leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to council.

Operating lease payments, including any contingent rentals, were recognised as an expense in the comprehensive income statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset was not recognised in the balance sheet.

All incentives for the agreement of a new or renewed operating lease were recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives were received to enter into operating leases, the aggregate cost of incentives were recognised as a reduction of rental expense over the lease term on a straight-line basis, unless another systematic basis was more representative of the time pattern in which economic benefits from the leased asset were consumed.

# Notes to the Financial Statements

For the Year Ended 30 June 2020

## Policy applicable after 1 July 2019

Council has applied *AASB 16 Leases* using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information. The council applied the approach consistently to all leases in which it is a lessee.

On transition to *AASB 16 Leases*, Council elected to apply the practical expedient to 'grandfather' the assessment of which transactions are leases. The council has applied this practical expedient to all of its contracts and therefore applied *AASB 16 Leases* only to contracts that were previously identified as leases.

At inception of a contract, all entities would assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To identify whether a contract conveys the right to control the use of an identified asset, it is necessary to assess whether:

- The contract involves the use of an identified asset;
- The customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The customer has the right to direct the use of the asset.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

As a lessee, Council recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentives received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an appropriate incremental borrowing rate. Generally, Council uses an appropriate incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that Council is reasonably certain to exercise, lease payments in an optional renewal period if Council is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Council is reasonably certain not to terminate early.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Council has elected to apply the temporary option available under *AASB 16 Leases* which allows not-for-profit entities to not measure right-of-use assets at initial recognition at fair value in respect of leases that have significantly below-market terms.

<b>Right-of-Use Assets</b>	Property \$'000
Balance at 1 July 2019	254
Additions	13
Amortisation charge	(88)
Balance at 30 June 2020	<u>179</u>

<b>Lease Liabilities</b>	2020 \$'000
Maturity analysis - contractual undiscounted cash flows	
Less than one year	89
One to five years	94
More than five years	-
Total undiscounted lease liabilities as at 30 June:	<u>183</u>

Lease liabilities included in the Balance Sheet at 30 June:	
Current	89
Non-current	94
Total lease liabilities	<u>183</u>

## Short-term and low value leases

Council has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets (individual assets worth less than existing capitalisation thresholds for a like asset up to a maximum of AUD\$10,000), including IT equipment. Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

<b>Expenses relating to:</b>	2020 \$'000
Short-term leases	10
Leases of low value assets	-
<b>Total</b>	<u>10</u>
Variable lease payments (not included in measurement of lease liabilities)	-

## Non-cancellable lease commitments - Short-term and low-value leases

Commitments for minimum lease payments for short-term and low-value leases are payable as follows:

Payable:	
Within one year	-
Later than one year but not later than five years	-
Total lease commitments	<u>-</u>

# Notes to the Financial Statements

For the Year Ended 30 June 2020

## i. Leases classified as operating leases under AASB 117 Leases

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at Council's incremental borrowing rate as at 1 July 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. Council applied this approach to all applicable leases.

Council used the following practical expedients when applying AASB 16 Leases to leases previously classified as operating leases under AASB 117 Leases .

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Adjusted the right-of-use assets by the amount of AASB 137 Provisions, Contingent Liabilities and Contingent Assets onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

## ii. Leases previously classified as finance leases

For leases that were classified as finance leases under AASB 117 Leases , the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 are determined at the carrying amount of the lease asset and lease liability under AASB 117 Leases immediately before that date.

Council is not required to make any adjustments on transition to AASB 16 Leases for leases in which it acts as a lessor, except for a sub-lease. Council accounted for its leases in accordance with AASB 16 Leases from the date of initial application.

### Impact on financial statements

On transition to AASB 16 Leases , Council recognised an additional \$254K of right-of-use assets and \$254K of lease liabilities, recognising the difference in retained earnings.

When measuring lease liabilities, Council discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted-average rate applied is 4.24%.

	2019 \$'000
Operating lease commitment at 30 June 2019 as disclosed in Council's financial statements	280
Discounted using the incremental borrowing rate at 1 July 2019	(16)
Finance lease liability recognised as at 30 June 2019	<u>264</u>
 - Recognition exemption for:	
short-term leases	(10)
leases of low-value assets	-
- Extension and termination options reasonably certain to be exercised	-
- Residual value guarantees	-
- Lease liabilities recognised as at 1 July 2019	<u>254</u>

# Notes to the Financial Statements

For the Year Ended 30 June 2020

## Note 6 Assets we manage

### 6.1 Property, infrastructure, plant and equipment

#### Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2019						Impairment losses recognised in operating result	Transfers	At Fair Value 30 June 2020
	\$'000	Additions \$'000	Contributions \$'000	Revaluation \$'000	Depreciation \$'000	Disposal \$'000	Write-off \$'000	\$'000	\$'000
Property	127,825	-	-	9,085	(3,518)	(93)	-	(11,419)	124,212
Plant and equipment	8,340	-	-	-	(1,891)	(455)	-	2,440	8,434
Infrastructure	416,520	-	188	(1,800)	(6,587)	-	(321)	6,717	414,717
Work in progress	3,447	16,069	-	-	-	-	(227)	(11,489)	7,800
	556,132	16,069	188	7,285	(11,996)	(548)	(548)	-	555,163

#### Summary of Work in Progress

	Opening WIP \$'000	Additions \$'000	Write-off \$'000	Transfers \$'000	Closing WIP \$'000
Property	873	2,277	-	(2,332)	818
Plant and equipment	90	2,544	(21)	(2,440)	173
Infrastructure	2,484	11,248	(206)	(6,717)	6,809
Total	3,447	16,069	(227)	(11,489)	7,800

# Notes to the Financial Statements

For the Year Ended 30 June 2020

## (a) Property

	Land - specialised	Land under roads	Land - non specialised	Total Land	Heritage buildings	Buildings - specialised	Buildings - non specialised	Total Buildings	Work In Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2019	43,465	35,153	4,690	83,308	5,169	126,001	8,123	139,293	873	223,474
Accumulated depreciation at 1 July 2019	-	-	-	-	(3,728)	(84,280)	(6,768)	(94,776)	-	(94,776)
	43,465	35,153	4,690	83,308	1,441	41,721	1,355	44,517	873	128,698
<b>Movements in fair value</b>										
Additions	-	-	-	-	-	-	-	-	2,277	2,277
Contributions	-	-	-	-	-	-	-	-	-	-
Revaluation	5,135	(7,109)	1,153	(821)	1,182	17,840	(699)	18,323	-	17,502
Disposal	(88)	-	(5)	(93)	-	-	-	-	-	(93)
Write-off	-	-	-	-	-	-	-	-	-	-
Transfers	735	-	53	788	-	1,544	-	1,544	(2,332)	-
Impairment losses recognised in operating result	-	(11,419)	-	(11,419)	-	-	-	-	-	(11,419)
	5,782	(18,528)	1,201	(11,545)	1,182	19,384	(699)	19,867	(55)	8,267
<b>Movements in accumulated depreciation</b>										
Depreciation and amortisation	-	-	-	-	(102)	(3,325)	(91)	(3,518)	-	(3,518)
Accumulated depreciation of disposals	-	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	(534)	(8,700)	817	(8,417)	-	(8,417)
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	(636)	(12,025)	726	(11,935)	-	(11,935)
At fair value 30 June 2020	49,247	16,625	5,891	71,763	6,351	145,385	7,424	159,160	818	231,741
Accumulated depreciation at 30 June 2020	-	-	-	-	(4,364)	(96,305)	(6,042)	(106,711)	-	(106,711)
	49,247	16,625	5,891	71,763	1,987	49,080	1,382	52,449	818	125,030

The method of calculation of fair value of Land under roads has been changed to better align with the guidance and other councils. The new method has resulted in a decrease in fair value of \$18.5M, and an impairment loss of \$11.4M that has been recognised in operating result.



# Notes to the Financial Statements

For the Year Ended 30 June 2020

## (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 2019	14,169	200	3,388	90	17,847
Accumulated depreciation at 1 July 2019	(7,067)	(174)	(2,176)	-	(9,417)
	7,102	26	1,212	90	8,430
<b>Movements in fair value</b>					
Additions	-	-	-	2,544	2,544
Contributions	-	-	-	-	-
Revaluation	-	-	-	-	-
Disposal	(1,279)	-	-	-	(1,279)
Write-off	-	-	-	(21)	(21)
Transfers	2,142	4	294	(2,440)	-
Impairment losses recognised in operating result	-	-	-	-	-
	863	4	294	83	1,244
<b>Movements in accumulated depreciation</b>					
Depreciation and amortisation	(1,220)	(4)	(667)	-	(1,891)
Accumulated depreciation of disposals	824	-	-	-	824
Impairment losses recognised in operating result	-	-	-	-	-
Transfers	-	-	-	-	-
	(396)	(4)	(667)	-	(1,067)
At fair value 30 June 2020	15,032	204	3,682	173	19,091
Accumulated depreciation at 30 June 2020	(7,463)	(178)	(2,843)	-	(10,484)
	7,569	26	839	173	8,607

# Notes to the Financial Statements

For the Year Ended 30 June 2020

## (c) Infrastructure

	Roads \$'000	Bridges \$'000	Major culverts \$'000	Footpaths & cycleways \$'000	Kerb & channel \$'000	Off street car parks \$'000	Drainage \$'000	Waterway Infrastructure \$'000	Land Stabilisation \$'000	Waste Management \$'000	Other Infrastructure \$'000	Work In Progress \$'000	Total Infrastructure \$'000
At fair value 1 July 2019	358,279	56,270	13,807	17,319	18,553	6,899	40,651	399	6,142	4,303	12,989	2,484	538,095
Accumulated depreciation at 1 July 2019	(42,253)	(40,003)	(5,540)	(1,854)	(1,256)	(476)	(16,385)	-	(2,510)	(2,102)	(6,712)	-	(119,091)
	316,026	16,267	8,267	15,465	17,297	6,423	24,266	399	3,632	2,201	6,277	2,484	419,004
<b>Movements in fair value</b>													
Additions	-	-	-	-	-	-	-	-	-	-	-	11,248	11,248
Contributions	2	-	-	7	-	-	34	707	-	-	-	-	750
Revaluation	3,339	956	743	(753)	8,108	67	(290)	-	107	-	(1,077)	-	11,200
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-off	-	-	-	-	-	(22)	(21)	-	(189)	-	(330)	(206)	(768)
Transfers	4,467	724	46	430	-	-	138	-	-	-	912	(6,717)	-
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-	-	-
	7,808	1,680	789	(316)	8,108	45	(139)	707	(82)	-	(495)	4,325	22,430
<b>Movements in accumulated depreciation</b>													
Depreciation and amortisation	(3,338)	(401)	(122)	(241)	(222)	(445)	(338)	(12)	(121)	(466)	(881)	-	(6,587)
Accumulated depreciation of disposals	-	-	-	-	-	2	9	-	76	-	154	-	241
Contributions	-	-	-	-	-	-	-	(562)	-	-	-	-	(562)
Revaluation	(823)	(699)	(3,873)	(271)	(3,458)	(3,291)	(2,527)	-	1,287	-	655	-	(13,000)
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
	(4,161)	(1,100)	(3,995)	(512)	(3,680)	(3,734)	(2,856)	(574)	1,242	(466)	(72)	-	(19,908)
At fair value 30 June 2020	366,087	57,950	14,596	17,003	26,661	6,944	40,512	1,106	6,060	4,303	12,494	6,809	560,525
Accumulated depreciation at 30 June 2020	(46,414)	(41,103)	(9,535)	(2,366)	(4,936)	(4,210)	(19,241)	(574)	(1,268)	(2,568)	(6,784)	-	(138,999)
	319,673	16,847	5,061	14,637	21,725	2,734	21,271	532	4,792	1,735	5,710	6,809	421,526

Fair value and accumulated depreciation as at 1 July 2019 have been restated from the previous reporting period in the roads, waterway infrastructure and land stabilisation infrastructure classes. Refer to Note 9.4 for further information about the restatement.

# Notes to the Financial Statements

For the Year Ended 30 June 2020

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

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

	Depreciation Period	Threshold Limit
<i>Asset recognition thresholds and depreciation periods</i>		<b>\$'000</b>
Land & land improvements		
land	-	No Threshold
land improvements	-	10
Buildings		
heritage buildings	100 years	15
buildings	20 to 50 years	15
building and leasehold improvements	20 to 50 years	15
Plant and Equipment		
plant, machinery and equipment	1 to 20 years	No Threshold
fixtures, fittings and furniture	1 to 5 years	15
computers, software and telecommunications	1 to 5 years	15
Infrastructure		
roads - pavements and substructure	130 years	No Threshold
roads - seals	15 to 25 years	No Threshold
roads - formation and earthworks	-	No Threshold
roads - kerb and channel	120 years	15
bridges	150 years	15
major culverts	120 years	15
footpath and cycleways	90 years	15
off street car parks pavement	130 years	15
off street car parks seal	15 years	15
drainage	120 years	15
waterway infrastructure	60 years	15
land stabilisation	50 years	15
waste management	4 to 50 years	15
other structures	10 to 40 years	15
Intangible assets		
landfill air space	4 to 6 years	No Threshold
Right-of-use assets		
building	3 years	10

## Land under roads

Council recognises land under roads it controls at fair value.

## Depreciation and amortisation

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

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

Road earthworks are not depreciated on the basis that they are assessed as not having a limited useful life.

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

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

## Repairs and maintenance

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

# Notes to the Financial Statements

For the Year Ended 30 June 2020

## Valuation of land and buildings

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

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

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

The market is being impacted by the uncertainty caused by the COVID-19 pandemic. This valuation is current at the date of valuation only. The value reported may change significantly and unexpectedly over a relatively short period of time including as a result of factors that the Valuer could not reasonably have been aware of as at the date of valuation.

The date of the current valuation is detailed in the following table.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2020 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Land	-	5,891	-	30/06/2020
Specialised land	-	-	65,872	30/06/2020
Heritage Buildings	-	-	1,987	30/06/2020
Buildings	-	1,382	-	30/06/2020
Specialised Buildings	-	-	49,080	30/06/2020
Total	-	7,273	116,939	

## Valuation of infrastructure

Valuation of infrastructure assets has been determined in accordance with a valuation undertaken by Tony Peterson, BE Civil Engineering (Council). The date of the current valuation is detailed in the following table.

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 2020 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Roads	-	-	319,673	30/06/2020
Bridges	-	-	16,847	30/06/2020
Major culverts	-	-	5,061	30/06/2020
Footpaths & cycleways	-	-	14,637	30/06/2020
Kerb & channel	-	-	21,725	30/06/2020
Off street car parks	-	-	2,734	30/06/2020
Drainage	-	-	21,271	30/06/2020
Seawalls	-	-	532	30/06/2020
Land stabilisation	-	-	4,792	30/06/2020
Other infrastructure	-	-	5,710	30/06/2020
Total	-	-	412,982	

## 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 \$524 per square metre.

**Specialised buildings** are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are calculated on a square metre basis and ranges from \$2 to \$150,000 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.

	2020 \$'000	2019 \$'000
<b>Reconciliation of specialised land</b>		
Land under roads	16,625	35,153
Parks and reserves	49,247	43,465
<b>Total specialised land</b>	<b>65,872</b>	<b>78,618</b>

# Notes to the Financial Statements

For the Year Ended 30 June 2020

	2020 \$'000	2019 \$'000
<b>6.2 Investments in associates, joint arrangements and subsidiaries</b>		
<b>(a) Investments in associates</b>		
- West Gippsland Regional Library Corporation	1,541	1,358
<b>West Gippsland Regional Library Corporation</b>		
<i>Background</i>		
Council has a 30.55% equity interest in the West Gippsland Regional Library Corporation in 2019/20 (30.55% in 2018/19). The equity interest is calculated based on the proportion it contributes to the operating costs of the services.		
<b>Fair value of Council's investment in West Gippsland Regional Library Corporation</b>	<b>1,541</b>	<b>1,358</b>
<b>Council's share of accumulated surplus/(deficit)</b>		
Council's share of accumulated surplus/(deficit) at start of year	1,046	909
Reported surplus/(deficit) for year	113	121
Transfers (to) from reserves	38	16
Council's share of accumulated surplus/(deficit) at end of year	<b>1,197</b>	<b>1,046</b>
<b>Council's share of reserves</b>		
Council's share of reserves at start of year	312	328
Asset revaluation	70	-
Transfers (to) from reserves	(38)	(16)
Council's share of reserves at end of year	<b>344</b>	<b>312</b>
<b>Movement in carrying value of specific investment</b>		
Carrying value of investment at start of year	1,358	1,237
Share of surplus/(deficit) for year	113	121
Share of asset revaluation	70	-
Carrying value of investment at end of year	<b>1,541</b>	<b>1,358</b>
<b>Council's share of expenditure commitments</b>		
Operating commitments	6	7
Council's share of expenditure commitments	<b>6</b>	<b>7</b>

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

## 6.3 Investment property

Balance at beginning of financial year	587	763
Fair value adjustments	33	(176)
Balance at end of financial year	<b>620</b>	<b>587</b>

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

### Valuation of investment property

Valuation of investment property as at 30 June 2020 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 2020

		2020 No.	2019 No.
<b>te 7 People and relationships</b>			
<b>7.1 Council and key management remuneration</b>			
<b>(a) Related Parties</b>			
<i>Parent entity</i>			
South Gippsland Shire Council is the parent entity.			
<i>Subsidiaries and Associates</i>			
Interests in subsidiaries and associates are detailed in Note 6.2.			
<b>(b) Key Management Personnel</b>			
Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:			
<b>Administrators</b>	Julie Eisenbise (from 22 June 2019)	1	1
	Christian Zahra AM (from 24 July 2019)	1	
	Rick Brown (from 24 July 2019)	1	
<b>Councillors</b>	Councillor Lorraine Brunt (to 31 March 2019) (Mayor to 21 November 2018)		1
	Councillor Don Hill (to 21 June 2019) (Mayor from 21 November 2018)		1
	Councillor Aaron Brown (to 12 June 2019)		1
	Councillor Ray Argento (to 21 June 2019)		1
	Councillor Alyson Skinner (to 21 June 2019)		1
	Councillor Jeremy Rich (to 9 May 2019)		1
	Councillor Maxine Kiel (to 26 September 2018)		1
	Councillor Meg Edwards (to 30 October 2018)		1
	Councillor Andrew McEwen (to 21 June 2019)		1
	Councillor Rosemary Cousin (from 31 October 2018 to 21 June 2019)		1
	Councillor James Fawcett (from 13 November 2018 to 31 March 2019)		1
	Councillor Steve Finlay (from 10 April 2019 to 21 June 2019)		1
	Councillor Frank Hirst (from 10 April 2019 to 21 June 2019)		1
	Councillor Matt Sherry (from 5 June 2019 to 21 June 2019)		1
<b>Chief Executive Officer and other Key Management Personnel</b>	Chief Executive Officer - Tim Tamlin (to 24 May 2019)		1
	Chief Executive Officer - Kerry Ellis (from 10 March 2020)	1	
	Director - Corporate & Community - Faith Page (to 19 March 2020)	1	1
	Acting Director - Corporate & Community - Tracey Costello (from 27 March 2020)	1	
	Director - Infrastructure - Anthony Seabrook	1	1
	Director - Development Services (and Acting Chief Executive Officer from 24 May 2019 to 10 March 2020) - Bryan Sword	1	1
	Acting Director - Development Services - Paul Stampton (from 17 July 2019 to 10 March 2020)	1	
<b>Total Number of Administrators</b>		3	1
<b>Total Number of Councillors</b>		-	14
<b>Total of Chief Executive Officer and other Key Management Personnel</b>		6	4
<b>Total Number of Key Management Personnel</b>		9	19
<b>(c) Remuneration of Key Management Personnel</b>		<b>2020 \$</b>	<b>2019 \$</b>
Total remuneration of key management personnel was as follows:			
Short-term benefits		1,204	1,195
Long-term benefits		17	34
Post employment benefits		116	82
Total		1,337	1,311
The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:		<b>2020 No.</b>	<b>2019 No.</b>
\$1 - \$9,999		-	6
\$10,000 - \$19,999		-	2
\$20,000 - \$29,999		-	5
\$40,000 - \$49,999		-	1
\$50,000 - \$59,999		1	-
\$60,000 - \$69,999		-	1
\$80,000 - \$89,999		2	-
\$100,000 - \$109,999		1	-
\$160,000 - \$169,999		3	-
\$210,000 - \$219,999		-	1
\$220,000 - \$229,999		-	1
\$230,000 - \$239,999		1	-
\$250,000 - \$259,999		-	1
\$290,000 - \$299,999		1	-
\$300,000 - \$309,999		-	1
		9	19



# Notes to the Financial Statements

For the Year Ended 30 June 2020

## (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 \$151,000

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

Income Range:	2020 No.	2019 No.
Below \$151,000	7	4
\$151,000 - \$159,999	2	4
\$160,000 - \$169,999	3	2
\$170,000 - \$179,999	-	1
\$180,000 - \$189,999	1	-
	<b>13</b>	<b>11</b>

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

1,513                      1,486

## 7.2 Related party disclosure

### (a) Transactions with related parties

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

Council made contributions to West Gippsland Regional Library Corporation in 2020 of \$1.4M (2019 - \$1.4M).

Employee remuneration under normal employment terms of \$32K (2019 - \$29K).

Administrator Julie Eisenbise is a member of the Victorian Local Government Grants Commission. Council received \$10.6M in 2020 in Financial Assistance grants allocated by commission.

All transactions are in line with normal commercial practice.

### (b) Outstanding balances with related parties

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

### (c) Loans to/from related parties

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

### (d) Commitments to/from related parties

The aggregate amount of commitments in existence at balance date that have been made, guaranteed or secured by the council to a related party was \$1.5M (2019 - \$1.4M) in relation to the West Gippsland Regional Library Corporation.

# Notes to the Financial Statements

For the Year Ended 30 June 2020

## Note 8 Managing uncertainties

### 8.1 Contingent assets and liabilities

#### (a) Contingent assets

##### Operating lease receivables

The Council has entered into commercial property leases on its investment and other properties. These properties consist of surplus land and building, including two caravan parks and a quarry. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 10 years. All leases include a CPI based revision of the rental charge annually.

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

	2020 \$'000	2019 \$'000
Not later than one year	268	223
Later than one year and not later than five years	556	654
Later than five years	275	325
	<u>1,099</u>	<u>1,202</u>

As a result of COVID-19, Council has suspended rent on a month-to-month basis for a number of properties that is ongoing and will reduce the future minimum rentals actually received.

#### (b) Contingent liabilities

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.

#### 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

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

#### Liability Mutual Insurance

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

#### MAV Workcare

Council is a participant of the MAV WorkCare Scheme. The MAV WorkCare scheme provides workers compensation insurance. The MAV WorkCare Scheme states that each participant will remain liable to make further contributions to the scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the participant remains a participant in future insurance years.

#### (c) Guarantees

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

Description	Favouree	Amount
Contract Performance Guarantee	Department of Energy and Minerals	\$15,000
Contract Performance Guarantee	Department of Natural Resources &	\$20,000
Security Deposit Guarantee	Environment Protection Authority	\$425,000
Security Deposit Guarantee	State of Victoria - Environment	\$451,296
<b>Total</b>		<b>\$911,296</b>

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

# Notes to the Financial Statements

For the Year Ended 30 June 2020

## 8.2 Change in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2020 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.

### **AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) (applies 2020/21 for LG Sector)**

AASB 1059 addresses the accounting for a service concession arrangement by a grantor that is a public sector entity by prescribing the accounting for the arrangement from the grantor's perspective. It requires the grantor to:

- recognise a service concession asset constructed, developed or acquired from a third party by the operator, including an upgrade to an existing asset of the grantor, when the grantor controls the asset;
- reclassify an existing asset (including recognising previously unrecognised identifiable intangible assets and land under roads) as a service concession asset when it meets the criteria for recognition as a service concession asset;
- initially measure a service concession asset constructed, developed or acquired by the operator or reclassified by the grantor at current replacement cost in accordance with the cost approach to fair value in *AASB 13 Fair Value Measurement*. Subsequent to the initial recognition or reclassification of the asset, the service concession asset is accounted for in accordance with *AASB 116 Property, Plant and Equipment* or *AASB 138 Intangible Assets*, as appropriate, except as specified AASB 1059;
- recognise a corresponding liability measured initially at the fair value (current replacement cost) of the service concession asset, adjusted for any other consideration between the grantor and the operator; and
- disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of assets, liabilities, revenue and cash flows arising from service concession arrangements.

Based on the Council's current assessment, there is expected to be no impact on the transactions and balances recognised in the financial statements as the Council is not a grantor in a service concession arrangement.

### **AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material (applies 2020/21 for LG Sector)**

The Standard principally amends *AASB 101 Presentation of Financial Statements* and *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The impacts on the local government sector are expected to be minimal.

### **AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework (applies 2020/21 for LG Sector)**

This Standard sets out amendments to Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the Conceptual Framework for Financial Reporting (Conceptual Framework) by the AASB. The impacts on the local government sector are expected to be minimal.

## 8.3 Financial instruments

### **(a) Objectives and policies**

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

### **(b) Market risk**

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

#### **Interest rate risk**

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

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

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

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

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

# Notes to the Financial Statements

For the Year Ended 30 June 2020

## (c) Credit risk

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

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

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

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

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

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

## (d) Liquidity risk

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

To help reduce these risks Council:

- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments; and
- monitor budget to actual performance on a regular basis;

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

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

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

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

## (e) Sensitivity disclosure analysis

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

- A parallel shift of + 1% and -1% in market interest rates (AUD) from year-end rates of 1.41%.

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.

# Notes to the Financial Statements

For the Year Ended 30 June 2020

## 8.4 Fair value measurement

### *Fair value hierarchy*

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

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

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

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

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

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

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

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

### *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.

### *Impairment of assets*

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

## 8.5 Events occurring after balance date

Council approved a \$2M community support package for COVID-19 relief in the 2020-21 annual budget.

As a result of the ongoing COVID-19 crisis, the Caravan Parks and Coal Creek Historical Village have continued to remain closed and suspended rent payments for affected business have also continued. Due to regional Victoria returning to Stage 3 restrictions, leisure centres were closed again from 6 August 2020.

# Notes to the Financial Statements

For the Year Ended 30 June 2020

## Note 9 Other matters

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Share of increment (decrement) on revaluation of Buildings by an associate \$'000	Balance at end of reporting period \$'000
<b>9.1 Reserves</b>				
<b>(a) Asset revaluation reserves</b>				
<b>2020</b>				
<b>Property</b>				
Land & land improvements	34,189	6,288	-	40,477
Land under roads	7,109	(7,109)	-	-
Investment in associates	194	-	-	194
Buildings	28,240	9,258	70	37,568
Heritage buildings	727	648	-	1,375
Plant & Equipment	386	-	-	386
	70,845	9,085	70	80,000
<b>Infrastructure</b>				
Roads	234,248	2,516	-	236,764
Bridges	2,983	257	-	3,240
Major Culverts	4,727	(3,130)	-	1,597
Drainage	10,957	(2,817)	-	8,140
Footpaths and cycleways	5,743	(1,024)	-	4,719
Kerb & Channel	12,339	4,650	-	16,989
Car parks	5,033	(3,224)	-	1,809
Land Stabilisation	685	1,394	-	2,079
Other infrastructure	2,233	(422)	-	1,811
	278,948	(1,800)	-	277,148
<b>Total asset revaluation reserves</b>	<b>349,793</b>	<b>7,285</b>	<b>70</b>	<b>357,148</b>
<b>2019</b>				
<b>Property</b>				
Land & land improvements	34,189	-	-	34,189
Land under roads	7,109	-	-	7,109
Investment in associates	194	-	-	194
Buildings	28,240	-	-	28,240
Heritage buildings	727	-	-	727
Plant & Equipment	386	-	-	386
	70,845	-	-	70,845
<b>Infrastructure</b>				
Roads	191,189	43,059	-	234,248
Bridges	13,012	(10,029)	-	2,983
Major Culverts	4,727	-	-	4,727
Drainage	10,957	-	-	10,957
Footpaths and cycleways	5,743	-	-	5,743
Kerb & Channel	12,339	-	-	12,339
Car parks	5,033	-	-	5,033
Land Stabilisation	-	685	-	685
Other infrastructure	2,233	-	-	2,233
	245,233	33,715	-	278,948
<b>Total asset revaluation reserves</b>	<b>316,078</b>	<b>33,715</b>	<b>-</b>	<b>349,793</b>

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

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
<b>(b) Other reserves</b>				
<b>2020</b>				
Public Open Space	13	93	-	106
Caravan Parks Reserve	-	922	(922)	-
General Reserve	1,448	404	(1,852)	-
Corner Inlet Reserve	18	-	-	18
Loan Reserve	3,350	-	(3,350)	-
Venus Bay Surf Life Saving Club	150	-	-	150
<b>Total Other reserves</b>	<b>4,979</b>	<b>1,419</b>	<b>(6,124)</b>	<b>274</b>
<b>2019</b>				
Public Open Space	-	239	(226)	13
Caravan Parks Reserve	-	1,054	(1,054)	-
General Reserve	1,705	451	(708)	1,448
Corner Inlet Reserve	19	1	(2)	18
Loan Reserve	2,680	670	-	3,350
Venus Bay Surf Life Saving Club	-	150	-	150
<b>Total Other reserves</b>	<b>4,404</b>	<b>2,565</b>	<b>(1,990)</b>	<b>4,979</b>

### Public Open Space

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

### Caravan Parks Reserve

Reserve created for future funding of Caravan Parks projects

### General Reserve

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

### Loan Reserve

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

### Corner Inlet Reserve

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

### Venus Bay Surf Life Saving Club

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



# Notes to the Financial Statements

For the Year Ended 30 June 2020

9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)	2020 \$'000	2019 \$'000
Surplus/(deficit) for the year	(2,762)	5,696
Depreciation/amortisation	12,324	11,281
Borrowing costs	58	142
Profit/(loss) on disposal of property, infrastructure, plant and equipment	68	(12)
Write-off on disposal of infrastructure assets and work in progress	548	325
Impairment losses	11,419	-
Investment in associates	(113)	(121)
Fair value adjustments for investment property	(33)	176
Contributions - Non-monetary assets	(188)	(1,185)
Found assets	-	(348)
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(126)	92
(Increase)/Decrease in prepayments	(160)	3
(Increase)/decrease in inventories	32	41
Increase/(decrease) in trust funds and deposits	307	114
Increase/(decrease) in trade and other payables	(722)	(380)
Increase/(decrease) in unearned income	539	-
Increase/(decrease) in employee entitlements	750	(326)
Increase/(decrease) in landfill provision	(134)	306
Net cash provided by/(used in) operating activities	<b>21,807</b>	<b>15,804</b>

## 9.3 Superannuation

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

### Accumulation

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2020, this was 9.5% as required under Superannuation Guarantee (SG) 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 South Gippsland Shire 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.

A triennial actuarial review is currently underway for the Defined Benefit category as at 30 June 2020 and is expected to be completed by 31 December 2020.

As at 30 June 2019, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which South Gippsland Shire Council is a contributing employer was 107.1%. The financial assumptions used to calculate the VBIs were:

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

Vision Super has advised that the VBI at June 2020 was 104.6%.

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2019 interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

### Employer contributions

#### Regular contributions

On the basis of the results of the 2017 full 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 2020, this rate was 9.5% of members' salaries (9.5% in 2018/2019). This rate will increase in line with any increases in the SG contribution rate and reviewed as part of the 30 June 2020 triennial valuation.

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.

# Notes to the Financial Statements

For the Year Ended 30 June 2020

## Funding calls

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

## The 2019 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which South Gippsland Shire Council is a contributing employer. Generally, a full actuarial investigation conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2019 and a full actuarial investigation was conducted as at 30 June 2017.

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

	2019 \$m	2017 \$m
- A VBI Surplus	151.3	69.8
- A total service liability surplus	233.4	193.5
- A discounted accrued benefits surplus	256.7	228.8

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2019.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2019.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2019.

Council was notified of the 30 June 2019 VBI during August 2019 (2018: August 2018).

## The 2020 triennial actuarial investigation

An triennial actuarial investigation is being conducted for the Fund's position as at 30 June 2020. It is anticipated that this actuarial investigation will be completed by 31 December 2020. The financial assumptions for the purposes of this investigation are:

	2020 Triennial investigation	2017 Triennial investigation
Net investment return	5.6% pa	6.5% pa
Salary inflation	2.5% pa for the first two years and 2.75% pa after	3.5% pa
Price inflation	2.0% pa	2.5% pa

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2020 are detailed below:

Scheme	Type of Scheme	Rate	2020 \$,000	2019 \$,000
Vision super	Defined benefit	9.50%	88	136
Vision super	Accumulation fund	9.50%	2,018	2,040

There were \$20K contributions outstanding and no loans issued from or to the above schemes as at 30 June 2020.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2021 is \$105K.

# Notes to the Financial Statements

For the Year Ended 30 June 2020

## Funding calls

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

## The 2019 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which South Gippsland Shire Council is a contributing employer. Generally, a full actuarial investigation conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2019 and a full actuarial investigation was conducted as at 30 June 2017.

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The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2021 is \$105K.

# Notes to the Financial Statements

For the Year Ended 30 June 2020

## 9.4 Correction of prior period error

During the year, Council identified that Guard Rails had been inadvertently excluded from the value of the Roads asset class. In addition, Council identified assets in two new asset classes, Waterway Infrastructure and Land Stabilisation, that were previously unreported as a result of inspections and a review of the asset management system.

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

	2019 as previously presented \$'000	Adjustment \$'000	2019 as restated \$'000	
<b>Impact of change on the comprehensive income statement</b>				
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to surplus or deficit in future periods</b>				
Net asset revaluation increment/(decrement)	32,070	1,645	33,715	
<b>Total Comprehensive result</b>	<b>37,766</b>	<b>1,246</b>	<b>39,411</b>	
<b>Impact of change on the balance sheet</b>				
Property, infrastructure, plant and equipment	551,540	4,592	556,132	
<b>Total non-current assets</b>	<b>554,190</b>	<b>4,592</b>	<b>558,782</b>	
<b>Total assets</b>	<b>595,279</b>	<b>4,592</b>	<b>599,871</b>	
<b>Net Assets</b>	<b>577,838</b>	<b>4,592</b>	<b>582,430</b>	
<b>Equity</b>				
Accumulated surplus	224,711	2,947	227,658	
Reserves	353,127	1,645	354,772	
<b>Total Equity</b>	<b>546,967</b>	<b>4,592</b>	<b>551,559</b>	
<b>Impact of change on the statement of equity</b>				
	<b>Total \$'000</b>	<b>Accumulated Surplus \$'000</b>	<b>Revaluation Reserve \$'000</b>	<b>Other Reserves \$'000</b>
<b>2019</b>				
Balance at beginning of the financial year as previously presented	540,072	219,590	316,078	4,404
Adjustment	2,947	2,947	-	-
Balance at beginning of the financial year as restated	543,019	222,537	316,078	4,404
Surplus/(deficit) for the year	5,696	5,696	-	-
Net asset revaluation increment/(decrement) as previously presented	32,070	-	32,070	-
Adjustment	1,645		1,645	-
Net asset revaluation increment/(decrement) as restated	33,715	-	33,715	-
Transfers to other reserves	-	(2,565)	-	2,565
Transfers from other reserves	-	1,990	-	(1,990)
<b>Balance at end of the financial year</b>	<b>582,430</b>	<b>227,658</b>	<b>349,793</b>	<b>4,979</b>

# Notes to the Financial Statements

For the Year Ended 30 June 2020

## 10 Change in accounting policy

Council has adopted *AASB 15 Revenue from Contracts with Customers*, *AASB 16 Leases* and *AASB 1058 Income of Not-for-Profit Entities*, from 1 July 2019. This has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

Due to the transition methods chosen by Council in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards except in relation to contracts that were not complete at 1 July 2019. The transition impact of these are detailed below.

### a) AASB 15 Revenue from Contracts with Customers - Impact of Adoption

*AASB 15 Revenue from Contracts with Customers* applies to revenue transactions where Council provides services or goods under contractual arrangements.

Council adopted *AASB 15 Revenue from Contracts with Customers* using the modified (cumulative catch up) method. Revenue for 2019 as reported under *AASB 118 Revenue* is not adjusted, because the new standard is only applied from the date of initial application.

*AASB 15 Revenue from Contracts with Customers* requires revenue from contracts with customers to be recognised as Council satisfies the performance obligations under the contract.

### b) AASB 16 Leases

*AASB 16 Leases* requires right of use assets and related liabilities for all lease agreements to be recognised on the balance sheet. The Statement of Comprehensive Income is to separately recognise the amortisation of the right of use asset, and the finance costs relating to the lease. Council has elected to adopt the modified (cumulative catch up) method under the standard and as such has not adjusted 2019 disclosures. The transition impact of these are detailed below.

### c) AASB 1058 Income of Not-for-Profit Entities

*AASB 1058 Income of Not-for-Profit Entities* applies to income received where no contract is in place. This includes statutory charges (such as rates) as well as most grant agreements.

Council adopted *AASB 1058 Income of Not-for-Profit Entities* using the modified (cumulative catch up) method. Income for 2019 is not adjusted, because the new standard is only applied from the date of initial application.

*AASB 1058 Income of Not-for-Profit Entities* requires income to be recognised as Council satisfies the performance obligations under the contract.

### d) Transition impacts

The following table summarises the impact of transition to the new standards on retained earnings at 1 July 2019.

	2019 \$'000
Retained earnings at 30 June 2019	227,658
Revenue adjustment - impact of <i>AASB 15 Revenue from Contracts with Customers</i>	(33)
Income Adjustment - impact of <i>AASB 1058 Income of Not-for-Profit Entities</i>	(1,981)
Retained earnings at 1 July 2019	225,644

Council adopted the practical expedient of deeming the lease asset to be equal in value to the lease liability at 1 July 2019. As such there was no impact on retained earnings on the adoption of *AASB 16*

The following table summarises the impacts of transition to the new standards on Council's balance sheet for the year ending 30 June 2019.

	As reported 30 June 2019 \$'000	Adjustments \$'000	Post adoption \$'000
<b>Assets</b>			
Right of use assets	-	254	254
Grants receivable	-	32	32
	-	286	286
<b>Liabilities</b>			
Unearned income - operating grants	-	1,531	1,531
Unearned income - capital grants	-	515	515
Lease liability - current	-	84	84
Lease liability - non-current	-	170	170
	-	2,300	2,300

# Notes to the Financial Statements

For the Year Ended 30 June 2020

## 11 Impact of COVID 19 crisis on South Gippsland Shire Council operations and 2019-20 financial report

On 30 January 2020, COVID 19 was declared a global pandemic by the World Health Organisation. Since then, various measures have been taken by all three levels of Government in Australia to reduce the spread of COVID-19. This crisis and the measure taken to mitigate it has impacted Council operations in the following areas for the financial year ended 30 June 2020:

- In response to government directive amidst the COVID-19 outbreak, the leisure centre facilities, caravan parks and Coal Creek Historical Village were closed at the end of March 2020. These closures resulted in an estimated decrease in council user fee revenue by \$188K and also decreased associated expenses by \$83K based on 2018-19 results.

- Council suspended rent payments for rent agreements of impacted businesses from April 2020. This resulted in decreased rent revenue of \$26K.

- Financial impact from deferral of rates revenue/interest free period is \$2K. This has also resulted in the debtor balance as at 30 June 2020 to increase by \$86K compared to last year.





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**South Gippsland Shire Council Meeting No. 450 - 28 October 2020**