



East Gippsland Shire Council

Annual Report 2013-14

Section One - Introduction

Our vision

This report shows how Council is delivering its vision for “a thriving, vibrant and liveable East Gippsland”.

This statement of purpose was made by the Council elected in November 2012.

Values

Our elected members and officers of Council will be guided by the following values:

Accountability

We will take responsibility for our actions and decisions in an open and transparent way.

Inclusion

We will be accessible and active in engaging with our community.

We will invite, listen to and seek to understand the views of others, and proactively share information about Council’s plans, projects, services and activities.

Integrity

We will honour our commitments and conduct ourselves in an honest, ethical way.

Resourcefulness

We will turn the challenges faced by our community into opportunities by being flexible and innovative in our response.

We will actively seek better and more cost-effective ways to achieve the best outcomes for East Gippsland.

Respect

We will value, support and help to develop our diverse community.

We will respect the views and contributions of others and act with courtesy and consideration in all our interactions.

Highlights of the year

Our achievements

- The revamped Bairnsdale Library opened its doors to the public on 10 April, 2014. The library redevelopment cost \$3.93 million, with the Shire contributing \$2.68 million and Victorian Government Living Libraries and Putting Locals First grants providing \$1.25 million. Monthly visitors to the library nearly doubled compared to the previous year, with visitors in May 2014 totalling 12,102 compared to the May 2013 figure of 6,258.
- Construction of the Mallacoota Ocean Access Boat Ramp began in November 2013 and is due for completion in December 2014. As at 30 June 2014, the breakwater was 75 per cent complete, channel dredging was well under way and construction of the jetty has commenced. The project has a budget of \$6.5 million.
- Deadly in Gippsland Spirit – The Gathering (DIGS) was a celebration of Aboriginal culture and achievement. The event rotates through the six Gippsland shires, and is held every two years. East Gippsland Shire hosted DIGS in March 2014, with 228 people attending the two-day conference.
- Council implemented two new major software programs during the reporting period; Cambron and Open Windows. Cambron will assist with reporting Council's performance, while Open Windows will streamline procurement and evaluation for capital projects.
- The Mallacoota Kitchen to Compost trial was a great success. A collaborative project between Gippsland Regional Waste Management Group, Council and Mallacoota residents, the program reduced green waste going to landfill by nearly 25 per cent in September 2013, and also minimised the cost of transporting green waste nearly three hours to Bairnsdale. The community successfully lobbied Council to make the program permanent. For more information on this project see Page 72.
- The East Gippsland All Abilities Playground opened in December 2013. The playground cost \$1.8 million, with funding comprising of Victorian Government and Council contributions and community donations. The Shire's building team completed the construction work on the accessible toilets.
- Council has launched a two-year project to update almost 3,000 street lights and undertake other energy efficiency projects. Bright Futures East Gippsland was officially launched during the East Gippsland Field Days. The Shire wants to lead by example to encourage households and businesses to look at how and where they use energy, and where savings can be made.

Highlights of the year (cont.)

Our challenges

- East Gippsland's timber industry faces a significant challenge in finding new markets for wood waste. South East Fibre Exports, based at Eden, NSW, recently announced it will no longer be taking wood waste from Victoria. Wood waste has been an important bi-product of timber harvesting in East Gippsland, often ensuring the ongoing viability of some logging operations.
- The newly-enacted Local Government (Planning and Reporting) Regulations 2014 were made by the Governor on 15 April 2014 to replace the Local Government (Finance and Reporting) Regulations 2004. There are a number of changes for local government, which Council is working to implement for the 2014-15 reporting period.
- Council has a significant responsibility in emergency management and disaster response along with other lead agencies. The Shire takes the lead in both planning for emergencies and mitigating their impact, as well as response and recovery. The Shire is prone to a range of emergencies, including bushfire and flood.

Message from the Mayor

It is my pleasure to commend to you this Annual Report, which I encourage you to read and share with us the highlights and challenges of the 2013-14 financial year.

This current Council was elected in November 2012 for a four-year term. The focus of good governance and stewardship is ethical, dignified, prudent and compassionate decision-making and leadership, underscored or supported by the four pillars of our Council Plan – our People, our Place, our Economy and Stewardship.

The Council Plan is our map to navigate the way forward and is our reference document and we have the consultation, communication abilities and processes in Council and in the Shire to share our intentions and consult widely.

As well as delivering our core services, we opened some fantastic community infrastructure projects and made great progress in the areas of reconciliation and youth engagement.

We provided grants totalling \$103,000 to 47 organisations/activities over two rounds of the Community Grants Program.

This Annual Report provides a great snapshot in time. It is humbling to be part of an organisation that can effectively and efficiently deliver so many services to many different individual communities across a geographic area that represents 10 per cent of the state.

May I take this opportunity to acknowledge the contribution and commitment of our outgoing Chief Executive Officer, Mr Steve Kozlowski, following more than 10 years. The role of CEO is significant, onerous, high-profile and has to be one of stability, technical skill, empathy and understanding. Mr Kozlowski has brought these and more to the role. The result has been, among many others, a stable Council; a financially sound and viable business; a robust organisation; and a Shire that is recognised and respected as a leader in rural Australia.

As Mayor, it is an honour and privilege to be custodian of this fabulous position in this most amazing Shire.

Cr Mark Reeves
Mayor

Message from the Chief Executive Officer

This is my 11th and final Annual Report as Chief Executive Officer of the East Gippsland Shire Council, as I move to a new role with Maroondah City Council.

I have thoroughly enjoyed my ten and a half years with East Gippsland Shire and wish to thank all of the Mayors, Councillors, senior officers and staff that I have worked with over my time with East Gippsland. There have been many difficult challenges that have been faced and I have been very impressed with the skills and capability of so many people with whom I have worked.

Among the highlights during the 2013-14 financial year was the completion of some great community assets that had been years in the making: the new Bairnsdale Library precinct; All Abilities Playground; and renovated Nicholson Street Mall are all projects that come to mind. Community satisfaction was endorsed by the hundreds who attended the opening celebrations for these projects and the many thousands that have used them since.

Financially, the underlying result for the 2013-14 year was a surplus of \$6.4 million, \$5.6 million of which relates to funding previous incurred expenditure for the repatriation of Council assets as a result of damage caused by natural disasters in 2012.

Despite constraints, the organisation still maintained service levels at 2012-13 levels with less resources, with an emphasis on innovation and efficiency.

In closing, I am particularly pleased that the Council is now recognised as a leader in many fields and has a solid and proud reputation, particularly, amongst rural and regional Victoria. I am proud to have overseen the re-building of the financial viability and service capacity and delivery of East Gippsland Shire; the development of community capacity building and resilience within the more than 40 separate communities across the municipality; emergency management planning and delivery for a number of flood, fire and storm events and climate change adaptation and coastal settlement planning for eleven coastal towns, including Lakes Entrance.

We can say with much pride that with prudent strategic and financial management, our financial position, service capability and leadership are the envy of rural and regional Victoria.

The stability and experience around the Council table has been good for our community and shows in the decision making and leadership demonstrated by Council.

The skilled and experienced staff that have been retained and attracted to the organisation are a valuable asset to this community.

This organisation is one to be proud of.

Steve Kozlowski
Chief Executive Officer

Summary of financial performance

The financial highlights provide an overview of council financial performance. Council has had significant financial challenges this year with changes to the delivery of the Federal Assistance Grant adversely affecting Council's cash reserves along with delays in the receipt of \$4.8 million of flood recovery reimbursements. The 2014-15 Long Term Financial Plan focuses on improving Council's financial position, ensuring its long term financial sustainability.

Council's business plan has changed significantly over the past few years, with a number of key services which were previously contracted, now being managed in-house. Council identified that significant savings could be made by managing these in house, these include: aquatic centres, parks and gardens, marinas; Eagle Point Caravan Park and the latest is the Council's landfill operations. This move has shifted Council's expenditure pattern, reducing Contract Services and increasing Employee Costs.

Council has significantly improved its operating position this year, maintaining a prudent financial position. This was achieved by efficiency gains and imposing strict budget controls. A summary of the key information contained in the Financial, Standard and Performance statements is provided below.

Council's operating results

Council achieved an operating surplus of \$15.4 million this year compared to a \$16.1 million surplus in 2012-13. This is slightly less than last year's result and \$9.0 million less than the \$24.4 million operating surplus forecast in the 2013-14 Annual Budget. This shortfall is due to a significant reduction in the estimated grant income for the year.

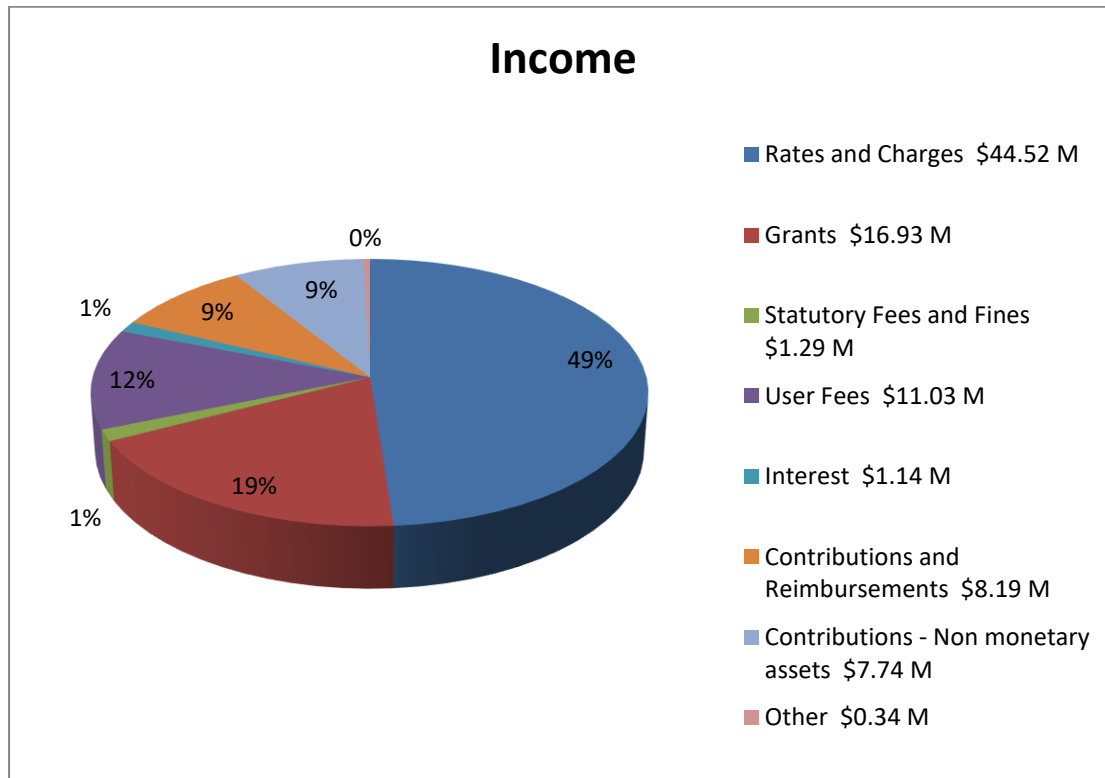
While the operating surplus still represents a good result, the most important indicator of financial sustainability is the Underlying Result, which removes all capital income to show the true operating position. An underlying surplus indicates that all operational expenditure including depreciation and amortisation has been fully funded.

Council recorded an underlying surplus of \$1.7 million this year compared to an underlying surplus of \$54,000 last year. This means Council generated sufficient income to cover its operational expenditure this year.

Income

This year's operating income totalled \$91.2 million; \$10.1 million less than forecast. This was mainly due to a shortfall in capital grants of \$7.7 million and a reduction of \$7.1 million due to changes in the timing of the receipt of the Federal Assistance Grants. Higher than expected contributed assets income of \$5.7 million offset this shortfall.

The graph below shows the breakdown of Council's income in 2013-14:



Rates and Charges

Rates and charges income was \$44.7 million this year. As a percentage of total income this is 48.8%, up from 45.4% in the previous year. This is mainly due to the overall reduction overall revenue that was as a result of significantly lower grant income during the year.

Other revenue sources

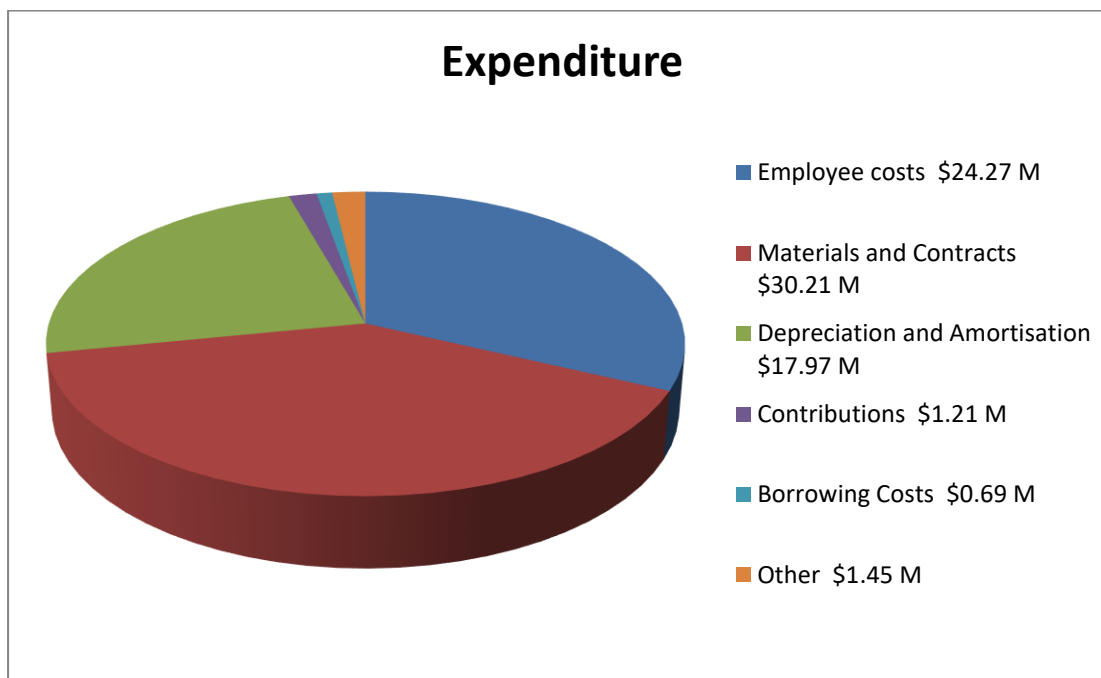
Grant funding was \$6.18 million less than last year and accounted for 18.6% of total income, compared to 27.9% last year. This was mainly due to a \$7.1 million reduction in grant income.

Contributions and Reimbursements income (excluding non-monetary assets) was \$3.4 million more than last year and accounted for 9.0% of total income compared to 8.3% last year. This was due to the recognition of \$7.1 million in income for the flood events in the 2011-12 and 2012-13 financial years.

Expenditure

This year's operating expenditure totalled \$75.8 million, which was \$1.1 million less than forecast in the budget. The saving is mainly due to recalculation of the landfill rehabilitation obligations of \$3.8 million. These savings were mainly offset by higher depreciation of \$0.7 million, and higher operational costs of \$1.8 million.

The graph below shows the breakdown of Council's operating expenditure this year:



Operating expenditure

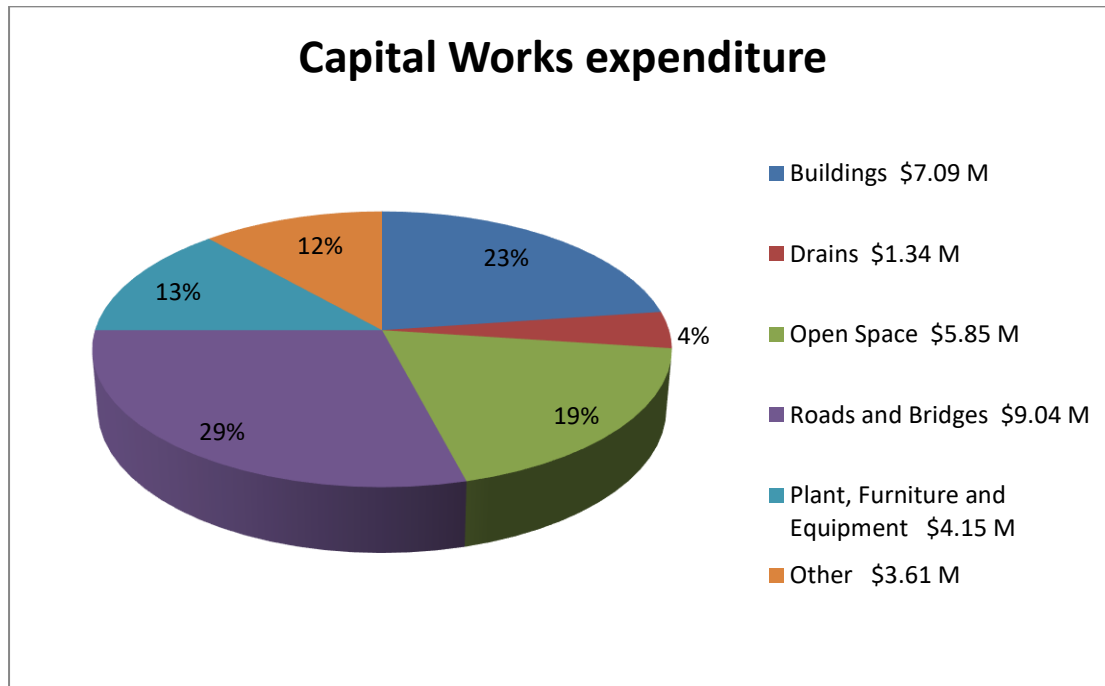
Materials and Contracts expenditure was \$30.2 million this year, \$0.6 million less than last year and accounted for 39.8% of total operating expenditure compared to 39.7% in 2012/13.

Depreciation was \$18.0 million this year, the same as last year and accounted for 23.7% of total operating expenditure compared to 23.3% last year. Council matches its asset renewal program to the depreciation charge to ensure that all assets including roads, bridges and community assets are maintained in line with their current consumption.

Capital expenditure

In addition to the operating expenditure, Council spends money on capital projects that benefit the community for many years. This year's capital expenditure totalled \$31.1 million, which was \$8.8 million less than forecast. This was due the delay in the commencement of several big projects and delays in other projects, including, the Mallacoota Ocean Access Boat Ramp, East Bairnsdale Drainage project and Eastern Creek drainage works in Lakes Entrance.

The graph below shows the major capital expenditure categories:



Roads and Bridges capital expenditure was \$9.0 million this year, \$6.7 million less than last year, and accounted for 29% of total capital expenditure compared to 60% last year. In the prior financial year Council's focus was to restore the roads and bridges damaged in the prior year's flood events, with \$4.9 million was spent on capital works related to the flood events. This year capital expenditure was more related to a normal business as usual approach.

Buildings capital expenditure was \$7.1 million this year, \$4.4 million more than last year, and accounted for 23% of total capital expenditure compared to 11% last year. This was mainly due to a significant building construction and maintenance program as well as \$1.4 million of strategic building purchases.

Open Spaces capital expenditure was \$5.9 million, \$3.2 million more than last year. It accounted for 19% of total capital expenditure compared to 10% last year. This year's most significant project, the Mallacoota Ocean Access Boat Ramp, was delayed due to Victorian Government approval delays and bad weather. The project has been carried forward to the 2014-15 year.

Balance sheet

Council has maintained a healthy balance sheet this year. Net Assets were \$770.6 million as at 30 June 2014 compared to \$749.0 million last year. This is an increase of \$21.5 million and is mainly due to the increase in value of Property, Infrastructure, Equipment, Furniture and Fittings, as a result of a high capital works spend, and Council's positive operating results.

Debt Levels

No new borrowings were undertaken during the year and borrowing totalled \$8.03 million as at 30 June 2014, \$0.47 million less than last year.

Council borrowing is comprised of \$.6 million which relates to Old Debt and \$7.4 million relating to the Tambo Bluff Infrastructure Project, which is being reimbursed by Tambo Bluff landowners by way of a Special Charge Scheme.

The focus is on retiring Old Debt and this borrowing is on track to be repaid in full by 30 June 2015. Loan interest costs this year equates to 0.7% of Council's total revenue, down from 0.9% in 2012-13.

Cash

Cash holdings totalled \$14.6 million as at 30 June 2014; this was \$13.3 million less than last year. Council's cash was impacted by the change in delivery of the Federal Assistance Grant which delayed the receipt of the grant (estimated to be \$7.1 million) until the 2014-15 financial year and the delay in the receipt of \$4.8 million of Flood Recovery Reimbursements until the 2014-15 financial year.

The future

Long term financial sustainability is Council's key focus for the future, to ensure that Council has the capacity to deal with significant unplanned events like natural disasters, landfill rehabilitation costs and any future calls on the defined benefits superannuation scheme, while maintaining service levels to the community.

The impact of the changes to the Federal Assistance Grants has resulted in a reduction in Council's financial flexibility. Council was able to address this in the 2014-15 Budget, with a Long Term Financial Plan that will enable Council to rebuild its Cash reserves to a more prudent level which will restore Council's financial flexibility.

Table of contents

Introduction	
Our Vision	2
Highlights of the Year	3
Message from the Mayor	5
Message from the CEO	6
Summary of Financial Performance	7
What is the Annual Report	13
How to read the Annual Report	14
 Overview of 2013-14	
Our region, our people our diversity	15
Awards and recognition	18
Calendar of events	18
Civic events	20
Going the extra mile	20
Our volunteers	21
Acknowledgement of Victorian Government funding	22
 Our Council	
Council's roles and responsibilities	24
Your Councillors	26
Council meetings	29
Council advisory boards and committees	31
Legislative impacts on Council	32
 Our organisation	
Executive Management team	34
Organisation structure	35
Council services	36
Staff profile	41
 Our performance	
Corporate planning framework	47
People	51
Place	64
Economy	85
Stewardship	98
 Governance	
Audit Committee	110
Freedom of Information	113
Risk management	114
Domestic Animal Management Plan	117
Municipal Emergency Management Report	119
Donations and grants	121
 Financial performance	128

What is the Annual Report?

East Gippsland Shire Council is committed to transparent reporting and accountability to its community. The 2013-14 Annual Report details Council's activities, achievements, challenges and financial performance during the financial year, and informs the community on how the commitments in the *Council Plan 2013-2017* and the *2013-14 Annual Budget* were delivered.

The Annual Report is an important part of Council's performance monitoring process, to ensure resources are used efficiently and East Gippsland communities are provided with value-for-money services.

This report also gives information on the elected Council, the organisation and statutory information. Council's overall financial position and performance is reported in the *Audited Financial Statements for the period 1 July 2013 to 30 June 2014*.

Reporting framework

The *Council Plan 2013-2017* details Council's vision, values and how it will deliver the strategic priorities identified in the long-term community vision 2030: Shaping the Future.

The plan gives a clear direction to the organisation about specific outcomes to be pursued over the four-year period. Full year results on Council's progress against these outcomes can be found in Section Five: Our performance.

Where to get a copy

You can view a printed copy of the full Annual Report at any of our Service Centres, or download a copy from Council's website. If you would like a copy of the full report sent to you, please contact us.

A summary version of the report is available in the same way and from the same places as the full Annual Report.

Contact us

This document contains important information about East Gippsland Shire Council. If you do not understand the content or would like further information, please contact us in one of the following ways:

Telephone

Residents' Information Line 1300 555 886 (business hours)
Citizen Service Centre: (03) 5153 9500 (business hours)
National Relay Service 133 677

Post

East Gippsland Shire Council, PO Box 1618, Bairnsdale 3875 Australia

Fax (03) 5153 9576

Web www.eastgippsland.vic.gov.au

Email feedback@egipps.vic.gov.au

In person

Visit us at

Bairnsdale: 273 Main Street **Lakes Entrance:** 18 Mechanics Street **Omeo:** 179 Day Avenue
Orbost: 1 Ruskin Street **Paynesville:** 55 The Esplanade

Outreach Centres

Bendoc Outreach Centre - 18 Dowling Street, Bendoc 3888
Buchan Resource Centre - 6 Centre Road, Buchan 3885
Cann River Community Centre - Princes Highway, Cann River 3890

How to read this Annual Report

This Annual Report is presented in seven sections:

- Introduction
- Overview of 2013-14
- Our Council
- Our organisation
- Our performance
- Governance
- Financial performance

1. Introduction

This section includes summaries of Council's achievements and financial performance, as well as messages from our Mayor and Chief Executive Officer.

2. Overview of 2013-14

This section includes information about East Gippsland, events held during the year, Council activities during the year and civic functions.

3. Our Council

This section includes information on our Councillors and the role of Council.

4. Our organisation

This section includes details on East Gippsland Shire's workforce.

5. Our performance

This section provides more information about:

- the status and outcomes of the commitments made in the Council Plan;
- highlights, challenges and looking ahead to deliver these commitments; and
- Council's overall performance against the Plan.

6. Governance

This section provides information on the governance of Council as an organisation, and its adherence to relevant legislation.

7. Financial performance

This section of the Annual Report shows how East Gippsland Shire Council performed financially from 1 July 2013 to 30 June 2014. It also shows the overall financial position of Council as at 30 June 2014.

The financial report contains four sections:

- Summary Report
- Financial Statements
- Notes to the Accounts
- Standard Statements

Section Two: Overview of 2013-14

Our Region, Our People, Our Diversity

East Gippsland Shire Council acknowledges the traditional custodians of this land.

East Gippsland has a beautiful and bountiful environment, an engaged community and an economy that offers many opportunities. As we move into the future, we want to retain all that is special about our region. We want to be informed, effective and responsive to meet future challenges.

Our region

As we move into the future, we want to retain all that is special about our region. We want to be informed, effective and responsive to meet the challenges of the future.

East Gippsland is a large and vibrant region in a beautiful natural setting, home to proud and involved communities that embrace and encourage self-reliance, responsibility and new ideas.

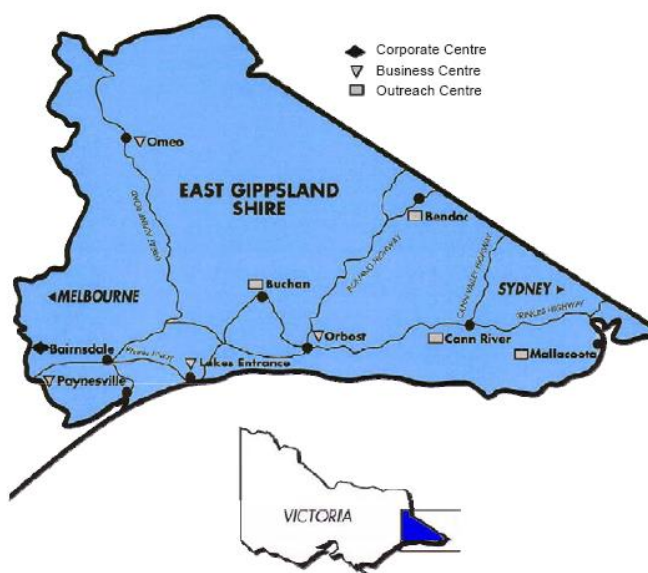
A thriving fishing industry remains in Lakes Entrance and Mallacoota; and the agrifood sector is of vital importance to East Gippsland with food manufacturing and production fundamental drivers of the regional economy.

Most importantly, East Gippsland's unique qualities are its strength. The region is distinguished by its natural setting, with its eastern edge defined by the Gippsland Lakes and rugged coastline and the rising backdrop of the high country. Historical rural landscapes and natural bushland areas characterise the region, and surround its communities.

As East Gippsland has matured as a region, its communities have also developed and diversified. We are a large and vibrant region in a beautiful natural setting, home to proud and involved communities that embrace and encourage self-reliance, responsibility and new ideas.

The largest commercial centre is Bairnsdale, while Orbost serves as a district centre for the far east of the Shire. East Gippsland's best known tourist centre is Lakes Entrance. Other significant towns include Paynesville and Mallacoota, the half-way point between Melbourne and Sydney. To the north are Omeo and other townships of the Great Alpine Road.

The coming years, with well-managed growth, will see the region flourish as a creative, dynamic, diverse place for residents and visitors alike able to compete on a national stage.



Our people

In the past decade population growth for East Gippsland has remained higher than the average for regional Victoria. The current estimated population of the region is 44,026 as at 30 June 2014.

The average age of East Gippsland residents is 47 years; however, there is an ongoing shift in population distribution to the 60+ age group, which represents 31.9 per cent of our population. By 2021, 35 per cent of the population in East Gippsland is expected to be aged 60+ years. By contrast, 9.3% per cent of the current population is within the 15-24 years age bracket and this proportion is declining.

The population of East Gippsland is unevenly distributed, with a concentration around the Gippsland Lakes in the south-west and relatively sparsely settled areas elsewhere. Bairnsdale and surrounds is the region's major commercial and service centre with a population of over 13,694.

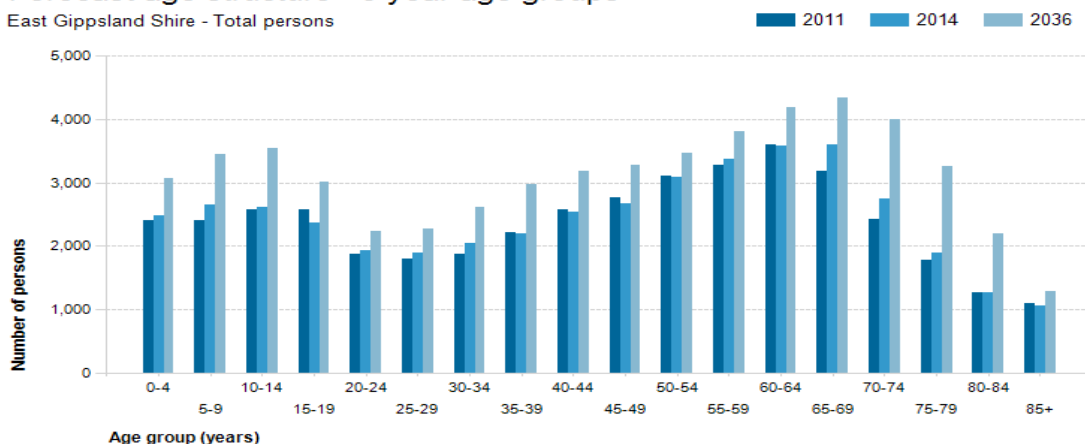
East Gippslanders report a higher than average (79.2%) Personal Wellbeing Index, an indicator of how satisfied residents are across a range of factors including health, safety, personal achievement, relationships and future security. (Source: Community Indicators Victoria)

The region has a significant Aboriginal population, representing 3.2 per cent of the total population. The proportion of the Aboriginal population in East Gippsland is the fourth largest in Victoria. (Source: *Community Profile*, *profile.id*®)

Forecast changes in the age profile of East Gippsland's population

Forecast age structure - 5 year age groups

East Gippsland Shire - Total persons



Population and household forecasts, 2011 to 2036, prepared by .id the population experts, October 2013.

.id
the population experts

Source: *id Forecast 2013*

Population

2014: 44,026 2036: 56,185

Source: *id Forecast 2013*

Our heritage

The past 30 years have seen East Gippsland evolve from its traditional rural origins to a flourishing economic and tourism region in Eastern Victoria, drawing more than one million visitors each year. The region has kept its identity and sense of place as it has grown. The Shire stretches from west of Bairnsdale to the New South Wales border, covering more than 21,000 square kilometres or 10 per cent of the state.

European settlement dates from the 1830s, with land used mainly for sheep and cattle grazing and timber.

Substantial growth occurred from the 1880s, as settlement spread into the more marginal forests and hills. Expansion continued during the early 1900s and during the post-war years. The major commercial centre, Bairnsdale, was proclaimed a city in 1990.

Our diversity

East Gippsland offers a strong competitive advantage with its diverse population and industry profile, growing economy and stable labour force. An abundance of primary produce and natural resources along with good transport and logistics, affordable housing, ample water, good physical and telecommunications infrastructure and plentiful land supply add to the region's competitive advantages.

East Gippsland's economy, like the region itself, is diverse and robust. Health care, manufacturing and construction are the four strongest industry sectors by financial output. The health sector and retail trade are the largest employer in the region.

New business registrations show a continuing trend of new business growth, with 662 new business registrations recorded for the 2013 calendar year.

The total annual estimated gross regional product for East Gippsland (a measure of size or net wealth generated by the local economy) for the 2013 calendar year was \$1.752 million, up from the previous year's figure of \$1.349 million.

Structural change

The past decade has seen significant structural change in the drivers of East Gippsland's economy. Decline in the traditional primary production sectors of timber and broad-acre agriculture has led to economic hardship in some industries and local communities. This has been most apparent in rural townships dependent on timber milling and associated services. The regions attraction as a retirement destination has also contributed to changes in a growing industry sectors such as health care.

The emerging agrifood and manufacturing sectors have provided new opportunities for the region, while regional population growth has supported a growing construction sector. Mining ventures proposed for the region are anticipated to further diversify the region's economy.

While the region can claim overall growth, there are obvious areas of decline, which have caused real hardship to individuals and some communities.

The total value added by the East Gippsland economy is estimated at \$1.579 billion. East Gippsland represents 13.31% of the \$11.864 billion value added in the overall Gippsland area.

An analysis of the valued added by industry sectors in East Gippsland Shire in 2012-13 shows the three largest industries were:

Health Care and Social Assistance	\$148.69 million
Manufacturing	\$136.78 million
Construction	\$134.08 million

Awards and recognition

Council seeks to give appropriate recognition to outstanding achievements of individuals or organisations associated within the Shire. This is consistent with Council's civic leadership role in the community and promotes active citizenship.

Australia Day awards

Council recognised the major contribution of individuals to the community through the Australia Day awards presented on 26 January 2014 at Bairnsdale. The recipients of the awards were:

Citizen of the Year Award: Ronda Manhire

Young Citizen of the Year Award: Elizabeth Butler

Community Event of the Year Award: Mallacoota Kindergarten Fun Run 2013

Our achievements

- The Mallacoota Kitchen 2 Compost project has been well acknowledged locally and nationally and has won two awards: The Innovative Council Award 2013 at the Australasian Waste and Recycling Expo; and the Institute of Public Administration Australia Award 2014 for Leadership in the Public Sector for Partnering.
- East Gippsland Marketing Inc was awarded the Minister's Award for their exhibition at the 2014 Regional Victoria Living Expo.
- Council received a Bronze Award for its 2012-13 Annual Report at the Australasian Reporting Awards (ARA). The ARA criteria focused on open and transparent reporting using world best practice.

2013-14 Calendar of events

Council worked proactively to attract a number of new events into the region in 2013-14 and support a vast array of existing events.

Council, through its Events Unit, continued to coordinate and support permits for over 70 events, with advice provided to more than 90 event organisers. Nineteen grants were awarded via Regional and District Events Sponsorship (RADES) and the Festivals and Event funding stream of Council's Community Grants program.

Event name	Dates	Supported by Shire
July 2013		
Twin Rivers Fishing Classic	6	RADES
August 2013		
Tour of Gippsland	3	RADES
September 2013		
Head of The Mitchell Rowing Regatta	7	RADES
Bairnsdale Orchid Club Annual Spring Show		Community Grant
October 2013		
Bairnsdale Horse Racing	3	RADES
East Gippsland Business Awards	11	Sponsorship
Vic Bream Classics	12 to 13	RADES

November 2013		
Bream Classic Grand Final	2 to 3	RADES
Bream Classic Championships	5 to 6	
Gazzanats	9	RADES
Bairnsdale Community Christmas Parade	29	RADES
Alpine Rally	29 to 1 Dec	RADES
December 2013		
Orbost Christmas Eve	24	Community Grant
Victoria High Country Fishing Classic	31	RADES
Skyfest	31	RADES
Paynesville New Year's Eve	31	Community Grant
Lakes Entrance Summer Events	31 to 6 Jan	RADES
January 2014		
Competition for Australian musicians to win a trip to the USA	5 to 16	RADES
Gippsland Sprint Champs	19	RADES
February 2014		
2014 Australian Laser Masters Championship Regatta	13 to 17	RADES
Paynesville Music Festival	14 to 16	RADES
Tour of Gippsland	15 to 16	RADES
Tour of East Gippsland	15 to 16	RADES
March 2014		
(f) route-ville	1 to 2	RADES
East Gippsland Bream Classic	6	RADES
Flathead Fishing Classic	6 to 7	Community Grant
Art, Craft and Photographic Exhibition 2014	14– 16	RADES
Paynesville Marine Expo	22 to 23	RADES
Opera By the Lakes	23	RADES
Paynesville Gold Cup	29	RADES
April 2014		
Omeo Rodeo	19	RADES
Nowa Nowa Fun Run	19	Community Grant
Buchan Dosquicentenary	12	Community Grant
May 2014		
Gippsland Lakes Marathon Paddle – (postponed for 12 months)	2	RADES
East Gippsland Bream Classic	21	RADES
June 2014		
Metung Food and Wine Festival	8	RADES

Citizenship

Five citizenship ceremonies were hosted by Council in 2013-14 including a major ceremony as part of Council's Australia Day celebrations in Bairnsdale. A total of 52 East Gippsland residents became Australian citizens during the year.

Civic Events

As part of its civic leadership role and commitment to active community engagement, Council recognises the importance of maximising local community involvement through civic events.

Council hosted the following civic events across the Shire in 2013-14:

Date	Civic Event
02/07/13	Funding announcement Mallacoota Service Centre
08/07/13	NAIDOC Week flag raising ceremony
30/08/13	Funding announcement Upgrade of Patterson Park Metung
12/09/13	Official Launch 2022 Vision for Education in East Gippsland Booklet
09/10/13	Funding announcement Orbost Outdoor Pool
15/10/13	Civic Reception – 90th Anniversary of Legacy
16/10/13	Civic Reception – World Champion Triathlete Charlotte McShane
11/11/13	Funding announcement Paynesville Esplanade Enhancement project
22/11/13	Funding announcement Bairnsdale Lanewayz Artz Blitz project
03/12/13	Presentation to Monash Bursary Award recipients
06/12/13	Official opening Great Alpine Road Lookouts project
06/12/13	Official opening of Livingstone Park Flood Recovery project
07/12/13	Official opening of All Abilities Playground
26/01/14	Australia Day shire-wide celebration in Bairnsdale
10/04/14	Official opening of the Bairnsdale Library
09/05/14	Official launch Bright Futures East Gippsland project
14/05/14	Civic Reception – National Volunteer Week
22/05/14	Launch East Bairnsdale Infrastructure Enhancement project
20/06/14	Funding announcement Tambo River Flood Mapping and Warning
27/06/14	Celebration of completion of Howitt Park Lighting project
27/06/14	Official opening of Lakes Entrance Croquet Club

Letters under seal of Council

One letter was presented under the seal of Council in 2013-14 to Mr John Websdale, in recognition of his significant contribution to the East Gippsland Shire and its citizens. Mr Websdale was a long-serving member of Council staff, including in senior management roles.

Going the extra mile

- Council's Waste Unit had a very busy year with the in-housing of landfill operations and associated recruitment process and procuring of plant and equipment. The waste unit has successfully made its transition into in-house operation, with a few milestones still to be achieved.
- The introduction of a more stringent landfill design, management and construction guideline for unlicensed landfills in December 2014, coupled with stringent environmental monitoring regime and audits, has led to the immediate closure of landfills at Benambra,

Bendoc, Bonang and Gelantipy. These landfills were also close to their end-of-life. We have been provided funding of \$343K from Sustainability Victoria towards transitioning from unlicensed landfills to alternative services.

- During the reporting year landfill operations were brought in-house. This involved recruiting staff and purchasing plant and equipment. The transition was sudden, however, impact on services to the public was minimal.
- In late 2013 UnitingCare Gippsland announced their intention to cease operating the Lakes Entrance Learning and Development Centre. The impending closure presented a challenge in trying to ensure the continued delivery of service to the Lakes Entrance community and meeting regulatory and departmental requirements. The Shire also delivered the school holiday program during the Christmas 2013 and Easter 2014 holidays. Childcare services transferred to Gippsland Lakes Community Health in May 2014.

Our volunteers

Volunteers may vary in background, age and beliefs, yet they all share the desire to make a difference. They support our Visitor Information Centres in Lakes Entrance and Bairnsdale; help with cataloguing and delivery of programs in our libraries, assist in staging community events and deliver meals to East Gippsland's aged and disability services clients.

The Shire has more than 70 incorporated volunteer committees of management over recreation reserves and community halls that it supports through its Community Facilities Officer.

Below are details of just some of the volunteerism that occurs in the Shire:

- Volunteers, under supervision, have worked in front of house and technician roles at the Forge Theatre and Arts Hub during several productions.
- Council provides in-kind support to many organisations in the community, including through waiving waste fees for bushfire recovery, not-for-profit organisations and community clean-ups on public land.
- Parks and Gardens staff have provided advice to various Landcare groups and delivered brush cutters outside normal work hours and on weekends for use by volunteers.
- After the impact of the Goongerah/Glenaladale fires were realised, Council was faced with coordinating the clean-up of hundreds of kilometres of burnt fences and buildings. Council contacted Mt Taylor Fire Brigade for their assistance. The brigade arranged volunteers to clean the fences. Staff from Telstra's Melbourne head office also donated three days' work to cleaning up fences. The Red Cross and Victorian Council of Churches also provided assistance during and immediately after the fires.

Gippsland Lakes Community Health, on behalf of the Shire, provides a service where volunteers choose library books and deliver them to the library's homebound customers. Council hosted a Civic Reception for all volunteers in the community to celebrate Volunteers Week. It recognised the valuable contribution volunteers make in such wide-ranging ways to our society. Council also published newspaper advertisements acknowledging and thanking the region's volunteers.

Council thanks the region's wonderful volunteers, who generously give their time to work within the community every day to make East Gippsland a better place.

Acknowledgement of Victorian Government funding

East Gippsland Shire Council received approval for the following grants from the Victorian Government during 2013-14:

Project name	Amount
Advancing Cycle Tourism Planning Project	\$19,500
Anzac Commemorative Naming Project	\$1,000
Bairnsdale Lanewayz Artz Blitz	\$19,989
Ban smoking at certain outdoor public areas	\$5,000
Beach Cleaning Subsidy Program	\$3,877
Bushfire Recovery Events 2014 - East Gippsland	\$15,000
Climate Risk and Resilience Information Provision for Property Buyers	\$80,000
Community College Bairnsdale Feasibility and Business Plan Project	\$30,000
Concept design for coastal flooding adaption to progress and demonstrate implementation	\$80,000
Deadly In Gippsland Event 2014	\$10,000
East Gippsland Community and Educational Hub - Upgrade	\$300,000
Fishermans Landing Public Jetty Replacement	\$168,800
Flexible space for kindergarten program delivery (Swan Reach Pre School)	\$9,500
Forge Theatre and Arts Hub - East Gippsland Art Gallery	\$90,000
General Infectious Disease Control - Mosquito Management Subsidy	\$19,147
Hear Our Voices Project	\$30,000
Heritage Advisory Service 2012-14	\$7,030
Immunisations - Australian Childhood Immunisation Register (ACIR) Encounters 2013	\$7,336
Immunisations - Essential Vaccines (EV) Incentive Facilitation	\$17,948
Immunisations - Secondary School Encounters 2013	\$20,032
Integrating climatic impacts into local government processes across Gippsland	\$200,000
Lake Tyers Rural School Bus Shelter	\$7,000
Lakes Entrance Learning and Development Centre Transition	\$10,000
Launching Lakes Entrance	\$5,000
Lucknow Recreation Reserve Lighting Project	\$81,000
Municipal Emergency Resourcing Program 2014-16	\$240,000
Municipal Emergency Service Unit Subsidy 2013-14	\$90,386
National Youth Week 2014	\$2,000
O'Briens Creek Bridge Ensay, Peach Tree Creek Bridge Tamboon, Shady Creek Bridge Club Terrace	\$1,000,000
Orbost Aerodrome Infrastructure Upgrade	\$340,000
Orbost Outdoor Pool Heating	\$100,000
Patterson Park Upgrade	\$300,000
Paynesville - Better for Business (Paynesville B4B)	\$20,000
Paynesville Esplanade Enhancement Project	\$300,000
Premiers Reading Challenge 2013-14	\$9,374
Public Libraries Grants Program 2014-15	\$301,525
Public Libraries Grants Program 2014-15 - Local Priorities	\$15,870
Reconciliation Week	\$500
Regional Victoria Living Expo 2014	\$10,000
Service Agreement - Home and Community Care (HACC) 2013-14	\$41,049

Service Agreement - Rural Access Program 2013-14 - Building Inclusive Communities	\$109,282
Service Agreement - Supported Parent Group and Playgroups 2013-14	\$45,660
Speeding on Country Roads	\$20,000
Spot Storytimes	\$500
Tambo Valley Gun Club	\$19,793
Transition of the Diphtheria-Tetanus-Pertussis Vaccine for Adolescents immunisation program	\$6,996
Vulnerable Persons Project	\$40,800
Walk to School 2013	\$5,000
TOTAL	\$4,255,894

Section Three: Our Council

Council's roles and responsibilities

East Gippsland Shire Council is a public statutory body, which operates under the legislative requirements of the *Local Government Act 1989* (the Act).

The Act sets out the role of Council as an elected body to provide leadership for the good governance of East Gippsland. Council's elected members and employees work within a range of systems and processes, to ensure they comply with the Act and follow good business practice.

Council is responsible for setting the organisation's direction and monitoring its performance on behalf of the community.

The primary goal of East Gippsland Shire Council is to achieve the best outcomes for its community. It does this by striving to:

- provide a wide range of services and facilities, and support many others;
- protect the community, making sure the environment is safe and clean;
- prevent things that cause harm to the community, such as disease, noise and pollution;
- plan for the future of the community;
- represent the needs and desires of local communities to the wider community, other levels of government and other organisations; and
- provide open, responsive and accountable governance, ensuring the resources available are used fairly, efficiently and effectively.

Corporate governance

Corporate governance ensures that Council operates in an open, honest, communicative and accountable manner. Our sound governance practices guide the way we consult and communicate with our community and how Council represents the community on important advocacy issues.

Corporate governance also includes identification and response to risks, maintenance of sound financial management practices, adherence to legislation, facilitating the operations of Council, the development of policies and procedures, and continuous quality improvement.

Accountability

East Gippsland Shire Council is committed to clear and transparent governance. Council meetings are open to the public whenever permitted by the provisions of the *Local Government Act 1989*. The meeting agenda, officer reports and minutes are available on Council's website and at Council's Service Centres.

Further information on Council decisions, projects and services is available on Council's website, and is regularly provided to media organisations.

Representing the interests of the community

Governance is about setting direction and achieving the vision and goals of the organisation. The elected Council is responsible for providing leadership for the good governance of East Gippsland Shire by setting priorities and policies, and reviewing progress.

As a single entity made up of nine elected community representatives, Council's role is wide-ranging and varied but includes the following key responsibilities:

- act as a representative government by taking into account the diverse needs of the local community in decision making;
- provide leadership by establishing strategic objectives and monitoring their achievement;
- maintain the viability of Council by ensuring that resources are managed in a responsible and accountable manner;
- advocate for the needs and desires of the East Gippsland community with other organisations, agencies and governments;
- act as a responsible partner in government by taking into account the needs of other communities and, where appropriate and practical, offering support and assistance; and
- foster community cohesion and encourage active participation in civic life.

Council's role is to listen to the community and consider the views of residents and ratepayers when making decisions. This happens in many different ways, from formal Public Question Time and Oral Submissions at Council meetings, through to regular visits to the more remote parts of the Shire, and public consultation through the 'Your Say' section of our website.

A range of other community involvement activities take place across the Shire to increase community participation in civic life and develop plans for the future. Council remains responsive to the immediate and changing needs of its residents.

Your Councillors

East Gippsland Shire Council is an unsubdivided municipality. The Council consists of nine Councillors, each representing the whole Shire. An election was held on 27 October, 2012 to elect the current Council.

Cr Mark Reeves (Mayor)

M: 0419 016 581

E: cr.reeves@egipps.vic.gov.au

Cr Reeves served as Council's representative to the following external organisations in 2013-14:

- Australian Alps National Landscapes Inc
- East Gippsland Local Aboriginal Justice Action Committee (LAJAC)
- East Gippsland Road Safety Strategy Steering Committee
- Gippsland Regional Aboriginal Justice Action Committee (RAJAC)
- Gippsland Local Government Network (GLGN) (Mayor ex officio)
- High Country Councils Coalition (HCCC) (Mayor ex officio)
- Municipal Association of Victoria – Environment Committee
- Municipal Association of Victoria – Multicultural Committee
- National Sea Change Taskforce (Mayor ex officio)

Cr Peter Neal (Deputy Mayor)

M: 0458 019 507

E: cr.neal@egipps.vic.gov.au

Cr Neal served as a member of the following Advisory Committees and Working Groups in 2013-14:

- Bairnsdale Central Business District Reference Group
- Municipal Emergency Management Planning Committee
- Recreational Vehicle Plan Reference Group

Cr Neal also served as Council's representative to the following external organisations:

- East Gippsland Road Safety Strategy Steering Committee
- International Council for Local Environmental Initiatives – Oceania
- Municipal Association of Victoria
- Municipal Association of Victoria – Emergency Management Reference Group
- Municipal Association of Victoria – Financial Assistance Grants and Rate Capping Taskforce
- Rural Councils Victoria

Cr Ben Buckley

M: 0429 857 750

E: cr.buckley@egipps.vic.gov.au

Cr Buckley served as a member of the following Advisory Committees and Working Groups in 2013-14:

- Livestock Exchange Consultative Committee

Cr Buckley also served as Council's representative to the following external organisations:

- Alliance of Councils for Rail Freight Development

Cr Richard Ellis

M: 0419 023 673

E: cr.ellis@egipps.vic.gov.au

Cr Ellis served as a member of the following Advisory Committees and Working Groups in 2013-14:

- Marina Consultative Committee

Cr Ellis also served as Council's representative to the following external organisations:

- Gippsland Regional Waste Management Group (GRWMG)
- GRWMG Audit Committee
- GRWMG Industry Sub-Committee
- Municipal Association of Victoria – Financial Assistance Grants and Rate Capping Taskforce
- National Coastal Councils
- National Sea Change Task Force
- Ministerial Mayors Advisory Committee
- Gippsland Lakes Ministerial Advisory Committee

Cr Michael Freshwater

M: 0427 007 392

E: cr.freshwater@egipps.vic.gov.au

Cr Freshwater served as a member of the following Advisory Committees and Working Groups in 2013-14:

- Livestock Exchange Consultative Committee
- Marina Consultative Committee
- Recreational Vehicle Plan Reference Group

Cr Freshwater also served as Council's representative to the following external organisations:

- Alliance of Councils for Rail Freight Development
- East Gippsland Catchment Management Authority Land Programs Committee
- Municipal Association of Victoria – Emergency Management Reference Group
- Municipal Association of Victoria – Environment Committee
- Municipal Association of Victoria – Planning Committee
- Municipal Association of Victoria – Transport and Infrastructure Committee
- South East Australian Transport Strategy Inc
- Gippsland Lakes Ministerial Advisory Committee

Cr Jeff McNeill

M: 0400 835 092

E: cr.mcneill@egipps.vic.gov.au

Cr McNeill served as a member of the following Advisory Committees and Working Groups in 2013-14:

- Bairnsdale Central Business District Reference Group

Cr McNeill also served as Council's representative to the following external organisations:

- Municipal Association of Victoria – Human Services Committee

Cr Marianne Pelz

M: 0428 115 667

E: cr.pelz@egipps.vic.gov.au

Cr Pelz was a Council representative to the following external organisations during 2013-14:

- Municipal Association of Victoria – Arts and Culture Committee
- Municipal Association of Victoria – Transport and Infrastructure Committee
- South East Australian Transport Strategy Inc (SEATS)
- Timber Towns Victoria

Cr Jane Rowe

M: 0429 331 929

E: cr.rowe@egipps.vic.gov.au

Cr Rowe served as Council's representative to the following external organisations in 2013-14:

- Municipal Association of Victoria
- Municipal Association of Victoria Management Board
- Municipal Association of Victoria – Emergency Management Reference Group

Cr John Wilkin

M: 0419 024 049

E: cr.wilkin@egipps.vic.gov.au

Cr Wilkin served as a member of the following Advisory Committees and Working Groups in 2013-14:

- Bairnsdale Regional Landfill Environment Advisory Committee

Cr Wilkin also served as Council's representative to the following external organisations:

- Gippsland Regional Waste Management Group
- Municipal Association of Victoria – Arts and Culture Committee
- Municipal Association of Victoria – Professional Development Reference Group
- Timber Towns Victoria

Councillor Code of Conduct

The *Local Government Act 1989* requires East Gippsland Shire Council to adopt a 'Code of Conduct' to be observed by Councillors.

Council has a *Code of Conduct and Good Governance* that establishes guidelines about ethical behaviour and personal standards for Councillors.

This Code is a 'living' document that continues to evolve over time in response to a range of factors including changes in legislation, emerging best practice and consultation with the local government sector, Councillors and the community.

The Code is central to community expectations that:

- Council business is conducted with efficiency, impartiality and integrity;
- Councillors adhere to both the spirit and letter of the law with respect to the provisions of all relevant statutes, regulations and local laws; and
- Councillors always give absolute priority to their duty to the public ahead of any private interests.

A copy of the Code is available online at www.eastgippsland.vic.gov.au under About Us>Your Council>Councillors.

Open and accountable decision making

The responsibility for making decisions rests with Councillors through a vote at formal Council meetings. Council staff do not vote on decisions, but provide independent advice to elected representatives to assist and inform them in decision making and policy creation.

Policies and procedures approved by Council and Management guide officers in their day to day roles. From time to time, officers may be delegated decision making capacity by Council and the Chief Executive Officer, via an Instrument of Delegation.

Councillors are also required to disclose any direct or indirect 'conflict of interest' that may impact on their impartiality.

Conflict of interest

A 'conflict of interest' is defined as a personal or private interest of a Councillor or officer in a matter or issue that may compromise their ability to act impartially and in the best interests of the community.

The *Local Government Act 1989* (the Act) outlines the circumstances that give rise to a conflict of interest for Councillors and Council staff. The Act also defines the actions that should be taken to resolve a conflict of interest. While the procedures vary depending upon the circumstance and/or role being held, they will always involve declaration of the relevant interest and then stepping aside from the decision making process or from exercising the public duty.

At the start of a Council or Advisory Committee meeting, Councillors must disclose any perceived conflicts of interest. When a conflict of interest is disclosed, the Councillor must leave the meeting while the issue is debated and the vote taken.

Councillors and senior officers are also required under Section 81 (5) of the Local Government Act to complete a *Register of Interests Ordinary Return* every six months. These returns disclose property and investment interests they may have which could be perceived as influencing their actions, advice or decisions. The public can view the Ordinary Returns by completing an Application to the Chief Executive Officer to Inspect a Register of Interests.

Training elected representatives

Elected representatives undertook an extensive training program following the November 2012 elections to ensure all Councillors were aware of their roles, responsibilities and the statutory frameworks within which they operate.

Council and committee meetings

Council meetings are an opportunity for the elected Council to discuss issues that affect its community, make decisions on reports presented by officers and to regularly review Council's performance.

Ordinary Council Meetings are normally held on the first Tuesday of each month, excepting January (no meeting) and November and December (second Tuesday). Unless otherwise advised, Council meetings are held in the Corporate Centre, Bairnsdale starting at 6.00 pm.

East Gippsland Shire Council's Mayor and Councillors welcome and encourage the public to attend Council meetings.

Council meeting schedule 2013-14

During the 2013-14 year, a total of 11 Ordinary Council Meetings, five Special Council Meetings and 10 Planning Consultation Meetings were held. Meetings were advertised and open to the public.

Ordinary Meeting	Special Meeting	Planning Consultation Meeting
2 July 2013	10 September 2013	9 July 2013
6 August 2013	15 October 2013	16 July 2013
3 September 2013	12 November 2013	8 October 2013
1 October 2013	29 April 2014	22 October 2013
19 November 2013	24 June 2014	3 December 2013
17 December 2013		28 January 2014
4 February 2014		11 February 2014
4 March 2014		11 March 2014
1 April 2014		27 May 2014
6 May 2014		10 June 2014
3 June 2014		

Council meeting attendance

Councillor attendance at Council meetings for the financial year was as follows:

Councillor	Ordinary Council Meetings	Special Council Meetings
Mark Reeves	11	5
Peter Neal	9	4
Ben Buckley	11	4
Richard Ellis	11	5
Michael Freshwater	11	4
Jeff McNeill	11	5
Marianne Pelz	10	5
Jane Rowe	9	2
John Wilkin	11	5

Council agendas

The business to be considered by Council is set out in an agenda, which is available from 4.00 pm on the Friday before the Council meeting at the Shire's Corporate Centre, Service and Outreach Centres. Agendas can also be viewed on Council's website.

Council minutes

All resolutions made at each Council meeting are recorded. Council minutes can be viewed on Council's website and at the same locations as the agenda.

Council advisory boards and committees

Council has a framework of advisory committees, advisory boards and reference groups. Councillors represent East Gippsland Shire Council on the following boards and committees.

Council Advisory Boards

Membership as at 30 June 2014:

Advisory Board	Council Representative
Arts and Culture Strategic Advisory Board	Cr Ellis Cr Wilkin
Community Planning Advisory Board	Cr McNeill Cr Neal
Economic Development Advisory Board	Cr McNeill Cr Neal
Environmental Sustainability Advisory Board	Cr Reeves Cr Wilkin
Tourism Advisory Board	Cr Freshwater Cr Neal

Council Advisory Committees

Membership as at 30 June 2014:

Advisory Committees	Council Representative
Audit Committee	Mayor (ex officio) Cr Pelz Cr Wilkin
Disability Advisory Committee	Cr Ellis Cr McNeill

Legislative impacts on Council

East Gippsland Shire Council undertakes a wide range of activities and performs services within a highly regulated environment. Many Acts and regulations, including those listed below, have a direct or indirect influence on Council, or require specific knowledge by Councillors and officers.

Aboriginal Heritage Act 2006
Agricultural and Veterinary Chemicals Control of Use Act 1992
Association Incorporation Reform Act 2012
Australian Accounting Standards
Audit Act 1994
Building Act 1993
Building Regulations 2006
Carers Recognition Act 2012
Charter of Human Rights and Responsibilities Act 2006
Children, Youth and Families Act 2005
Children's Services Act 1996
Country Fire Authority Act 1958
Crown Land (Reserves) Act 1978
Cultural and Recreational Lands Act 1963
Disability Act 2006
Domestic Animals Act 1994
Emergency Management Act 1986
Emergency Management Act 2013
Environment Protection Act 1970
Equal Opportunity Act 2010
Financial Management Act 1994
Fire Services Property Levy Act 2012
Food Act 1984
Freedom of Information Act 1982
Geographic Place Names Act 1998
Graffiti Prevention Act 2007
Health Records Act 2001
Heritage Act 1995
Impounding of Livestock Act 1994
Independent Broad-based Anti-corruption Commission Act 2011
Information Privacy Act 2000
Infringements Act 2006
Land Acquisition and Compensation Act 1986
Liquor Control Reform Act 1998
Local Government Act 1989
Local Government (General) Regulations 2004
Local Government (Electoral) Regulations 2005
Local Government (Planning and Reporting) Regulations 2014
National Parks Act 1975
Occupational Health and Safety Act 2004
Planning Environment Act 1987
Protected Disclosure Act 2012
Public Health and Wellbeing Act 2008
Public Records Act 1973
Residential Tenancies Act 1997
Road Management Act 2004
Road Safety Act 1986
Road Safety (Road Rules) Regulations 2009
Sale of Land Act 1962
Sentencing Act 1991
Sex Work Act 1994
Shop Trading Reform Act 1996
Subdivision Act 1988

Summary Offences Act 1966
Surveillance Devices Act 1999
Tobacco Act 1987
Valuation of Land Act 1960
Victorian Civil and Administrative Tribunal Act 1998

Section Four - Our Organisation

Executive management team

The Chief Executive Officer is employed by and reports to the elected Council. The Chief Executive Officer manages the staff and resources of Council, as legislated by the Victorian *Local Government Act 1989*.

The Executive Team undertook a review in 2013 to ensure that the organisation was properly configured and resourced to meet the strategic needs of the new Council Plan 2013-2017.

The new structure, which came into effect on 1 July 2013, reduced the number of directorates from five to four. It better aligned the organisation to the Council Plan goals and enabled greater focus on Council's strategic imperatives. These directorates reflect Council's major operational activities, including services to the community and the business and governance functions necessary for an effective and publicly accountable body.

Council's Chief Executive Officer, Steve Kozlowski tendered his resignation effective 5 September 2014.

Organisation structure



Steve Kozlowski
Chief Executive Officer

Executive Services

As at 30 June 2014, Senior Officers as designated under the *Local Government Act 1989* were Steve Kozlowski, Chris Waites, Kate Nelson, Maryanne Bennett, Paul Holton and David Radford, Manager Executive Services.



Paul Holton
Director
Development

Capital Works

**Council
Enterprises**

Development

**Major Projects and
Economic
Development**



Maryanne Bennett
Director Corporate

**Information
Services**

**Organisation
Development**

**Finance and
Treasury**

Property and Risk



Chris Waites
Director Operations

Assets and Waste

Fleet and Plant

Works

Parks and Gardens



Kate Nelson
Director Planning
and Community

Community

**Health and
Community Laws**

**Emergency
Management**

Strategic Planning

Council Services

Arts and Culture

This service provides a varied ongoing program of arts and cultural events that bring our communities together to celebrate our identity and generate ideas. It also provides funding and strategic advice to support the development of arts and culture in East Gippsland.

Asset Maintenance

This service provides management of ongoing maintenance of the Council's assets, including 2,900 km of roads, 209 bridges and 23 pedestrian bridges; over 300 km of drains and 186 km of footpath, and 517 km of kerb and channel; numerous playgrounds, parks and gardens, and recreation reserves; 3 aerodromes; over 4,000 street lights; 41 public jetties, 19 fishing platforms and 31 boat ramps; and the Raymond Island Ferry.

Asset Management

This service conducts planning for Council's main civil infrastructure assets in an integrated and prioritised manner in order to optimise their strategic value and service potential. These include roads, laneways, car parks, foot/bike paths, drains and bridges.

Building control

This service enforces statutory building regulations under the Victorian Building Code. These include processing of building permits, fire safety inspections, audits of swimming pool barriers and investigations of complaints and illegal works.

Business growth

This service supports the development of business and industry in East Gippsland through business information services, referrals to other organisations for support, facilitation of industry networking and knowledge sharing events, and facilitation of funding opportunities at all levels of government. It also works with government departments to link businesses to Victorian and Australian government services to support growth and diversification.

Community Development

The Community Development function manages Council's Community Programs to ensure support, assistance and information is provided to the community at all stages of life and also provide community facilities that enhance social and health outcomes and improve local neighbourhood amenity.

Community Laws

This service also maintains and improves the health and safety of people and environment. This includes staff at school crossings throughout the municipality to ensure that pedestrians are able to cross the road safely. Animal management services which are delivered in accordance with the *Domestic Animals Act 1994*, including a lost and found notification service, a contracted pound service, registration and administration service, an afterhours service and an emergency service. It also provides education, regulation and enforcement of the General Local Law and relevant State legislation.

Community Planning

The Community Planning functions support, encourage and work with citizens and community groups to identify their own needs and aspirations and how to achieve them and provide responsive, high quality services and facilities. This service informs and engages with our community and stakeholders using various communication mediums.

Community support

Council has agreements with suitable organisations across the Shire that provide a range of home and community care services for the aged and disabled including home delivered meals, personal care, transport, dementia care, home maintenance, housing support and senior citizen clubs. The Victorian Government directly funds the providers for the provision of the specified services and Council makes a financial contribution to the operations of each of the providers.

Council Enterprises

This service supports the local economy and provides an alternative revenue stream for Council through the effective operation of a range of Council-managed commercial enterprises such as caravan parks, aerodromes, marinas and the East Gippsland Livestock Exchange.

Customer and Civic Services

This service acts as the main customer interface with the community. They provide accessible, high-quality customer service at Council's Corporate and Service Centres, which connects people to Council services and general information.

Economic Development

The Economic Development service assists the organisation to facilitate an environment that is conducive to a sustainable and growing local business sector and provides opportunities for local residents to improve their skill levels and access employment.

Emergency Management

Council works collaboratively with relevant stakeholders to assist communities to prepare for emergency events and natural disasters and, in times of emergency, to respond to their needs and help them recover.

Emergency Response

Council has a significant responsibility in emergency management and disaster response across East Gippsland, along with other lead agencies. Although the Australian Government provides significant funding to repair and reconstruct assets following natural disasters, Council (in the first instance) is required to fund the response and then seek recompense after the event. Council therefore carries that burden while waiting for reimbursement, which can impact upon current plans for infrastructure planning and maintenance.

Environmental Management

Environmental Management identifies and manages broad based environmental issues on Council owned or managed land, including Council's Mosquito Management Program, pest plants and animals and urban waterways.

Environmental Sustainability

This service implements policies and strategies that support and encourage the protection and management of remnant native vegetation and revegetation. The service enhances conservation through the protection and management of remnant native vegetation and revegetation and protects and enhances bushland parks and reserves to preserve the native habitat of flora and fauna.

It also implements community awareness and behavioural change programs to encourage and support reduced use of energy and resources.

Events

This service works with partners to develop East Gippsland's reputation as a recognised events destination through attraction and facilitation of new events and support of existing events. It provides support, resources and training information, and assists with the development of major events that stimulate economic benefits and cultural diversity and enhance the wellbeing of citizens.

Family and Youth Services

Council supports kindergartens and playgroups. Support is also provided to suitable organisations that provide Maternal and Child Health services (MaCH). The providers of the MaCH service are directly funded by the Victorian Government for the provision of the specified services and Council provides a financial contribution to the operations of each of the providers.

Finance and Treasury

This service predominantly provides financial based services to both internal and external customers including the management of Council's finances, payment of salaries and wages to Council employees, procurement and contracting of services, raising and collection of rates and charges and valuation of properties throughout the municipality.

Governance

This service provides a range of governance, statutory and corporate support services to Council, including coordination of business papers for meetings of the Council and its committees; and coordination of arrangements for Council and committee meetings. It is also responsible for the maintenance of statutory registers; the conduct of municipal elections; and compliance with statutory obligations under Freedom of Information and Information Privacy legislation. An Audit Committee supports this service.

Human Resources

Through this service Council provides human resource and industrial relations services dedicated to ensuring Council's workforce operates efficiently and effectively within a framework that encourages innovation and continuous improvement.

Information services

This service provides, supports and maintains reliable and cost effective communications and computing systems, facilities and infrastructure to Council staff enabling them to deliver services in a smart, productive and efficient way. It is also responsible for the provision of document and information management support services.

Library services

Council provides public libraries and outreach services at six locations within the municipality. The service provided is customer focused and provides services and programs that meet the learning and information needs of local communities. It also provides a focal point for the community where they can meet, relax and enjoy the facilities and services offered and increase their participation in community life.

Major Projects and Economic Development

This service works with the Victorian Government, industry and business to support the attraction of new investment in East Gippsland. Major projects facilitate and advocate for major planning, infrastructure and investment projects aimed at opening significant opportunities for business growth and employment for the region.

Media, Communications and Civic Events

This service oversees provision of advice on external communication, in consultation with relevant stakeholders, on behalf of Council. It also provides in-house graphic design

services. This service also conducts civic events to recognise, commemorate and celebrate prominent citizens and the successful delivery of significant Council programs, infrastructure and projects.

Organisation Development

This service provides Council with strategic and operational organisation development support. The service also assists managers to determine and progress toward future structures, capability and cultures in their service units.

Parks and Gardens

Parks and Gardens provides management and implementation of open space strategies and maintenance including mowing, garden maintenance, annual displays, weed control and walking track maintenance. It also provides tree maintenance including inspection, pruning and removals.

Performing Arts

Provide performing arts facilities, including the Forge Theatre and Arts Hub, accessible programs and events that celebrate our cultural diversity and enrich the lives of our community and visitors.

Project Management

This service undertakes project planning, design and delivery of various works within Council's capital works program.

Property Management

Manage Council's property portfolio, including purchases, sales, leases and licenses to ensure land under Council's ownership or management is used effectively and in the best interests of current and future generations. Support local groups that have a focus on land and facility stewardship

Public Health

This service maintains and improves the health and safety of people and the environment through services to maintain safety, amenity and harmony in the community, in accordance with the *Public Health and Wellbeing Act 2008*. It protects the community's health and wellbeing by coordinating food safety support programs, registered premises inspections, *Tobacco Act 1987* activities and wastewater management. The service also works to rectify any public health concerns relating to unreasonable noise emissions, housing standards and pest controls and provides an immunisation service.

Recreation Centres

This service combines a wide range of programs and services, which provide opportunities accessible to individuals of all ages, sexes and abilities to participate in a variety of health, education, and leisure activities, which contribute to the general wellbeing of the community. This includes a range of recreational facilities comprising indoor and outdoor swimming pools, a fully equipped Gymnasium, aqua aerobics and group fitness classes, stadium and childcare facilities.

Recreation and Sporting Reserve Management

This service is responsible for the maintenance and operation of sporting grounds and pavilions and community centres with meeting, function and activity space. Often this work is undertaken in conjunction with community operated Committees of Management. The service assists in the delivery of strategic sporting outcomes across through the upgrade and improvement of facilities and the attraction of funding to undertake this work.

Risk Management and Compliance

This service manages a compliance framework that promotes prudent and responsible management approaches to Council's decision-making and service delivery. It ensures the highest standards of legislative compliance are achieved across all Council functions and that its risk exposure is minimised through proactive and comprehensive systems and processes.

Statutory Planning and Development services

Statutory Planning process and assess planning applications in accordance with the *Planning and Environment Act 1987*, the Planning Scheme and Council policies aimed at ensuring that our cities, towns and settlements develop in an orderly and sustainable way. It provides advice and makes decisions about development and land-use proposals, as well as representing Council at the Victorian Civil and Administrative Tribunal where necessary.

Strategic Planning

This service aims to deliver vibrant, connected and productive places and infrastructure to current and future community needs. Strategic Planning advocates for and implements land use policies, plans and standards that guide land use development and promote sustainable design, development and heritage conservation. This is supported through continual reviews and improvements to the East Gippsland Planning Scheme.

Tourism and Visitor Information services

Council supports the tourism industry and helps promote East Gippsland as a highly sought after visitor destination. Quality visitor information services are provided with the aim of meeting the expectations and needs of visitors. An Advisory Board supports the service.

Waste services

This service provides kerbside waste collection of household waste, recycling and green waste from households; and landfill and transfer station facilities. The service operates and rehabilitates Council's current and legacy landfills, and manages the East Gippsland Waste and Recycling Centre in ways that promote positive waste behaviour in the community and minimise environmental impacts.

Works

This service provides for the management and maintenance of Council's building infrastructure and assets. It includes management and maintenance of Council's vehicles, machinery and equipment and place based works crews.

Staff profile

Council's staff is one of its most valuable resources. East Gippsland Shire Council has a commitment to being an employer of choice, with a focus on attracting and retaining excellent staff to ensure a high level of customer service delivery.

The *Local Government Act 1989* requires the establishment of a 'Code of Conduct' for Council staff. Under the code staff are required to:

- act impartially;
- act with integrity and avoid conflicts of interest;
- accept accountability for results; and
- provide responsive service.

The Code of Conduct provides a set of guidelines that connect staff decision-making, behaviour and actions to the vision, objectives and standards of the organisation. It is designed to guide staff on the standards expected of them as they carry out their daily work. Those standards include honesty and integrity, and commitment to treating all people with courtesy and respect.

Total staff numbers

The figures below represent the organisation's total staff numbers. The equivalent full-time (EFT) positions for 2013-14 are 289.8 (excluding casuals) and 351.59 (including casuals).

Year	Total staff	EFT staff
2013-14	349¹	289.8¹
2012-13	439	295.8
2011-12	449	289.9
2010-11	352	237
2009-10	314	222.6
2008-09	231	186

¹ These figures are excluding casuals

Total staff numbers by salary band and gender

Band	Male	Female
1	7	6
2	18	10
3	49	5
4	18	56
5	21	44
6	25	25
7	22	14
8	3	0
SEO/SO	20	6
Total	183 (52.4%)	166 (47.6%)

Job level by gender

Job Level	Female	Male	Total
Director	2	2	4
Manager	4	9	13
Coordinator	10	22	32
All other Staff	150	150	300
Total	166	183	349

Salary range of contract staff

Contract Staff (Directors)		
		Salary Range (total remuneration package)
		\$170,001 - \$175,000
	1	\$175,001 - \$180,000
	3	\$180,001 - \$185,000
Total	4	

Percentage of staff by age group

Age	Number of staff	Percentage of staff
Under 25	11	3%
25-34	44	13%
35-44	84	24%
45-54	90	26%
55-64	101	29%
60+ years	19	5%
Total	349	100%

Percentage of staff by employment type

Gender	% Full time	% Part time	% Casual	Percentage of staff
Female	16	15	25	56%
Male	26	9	9	44%

Staff numbers by directorate

The effective full time (EFT) staff numbers for each directorate of Council as at 30 June 2014 are as follows:

Directorate	Full time	Part time	Casual	Total
Office of CEO	6	0.8	0	6.8
Corporate	37	7.9	2.1	47
Development	41	14.8	48.73	104.53
Operations	91	13.1	5.2	109.3
Planning and Community	48	30.16	5.8	83.96
Total	223	66.76	61.83	351.59

Length of service profile

Period of service	Number of staff	Percentage of staff
Less than 1 year	42	12%
1 to 5 years	185	53%
6 to 10 years	61	18%
11 to 20 years	53	15%
21+ years	8	2%
Total	349	

Organisation Development

Council, through the Organisation Development Unit, has a number of programs in place to help staff perform at their best. These include formal and informal training programs, a health and wellbeing program, support for further study and work plan development to ensure continuous improvement.

Achievements

- Completion of the Workforce Development audit and identification of the key priority areas to action;
- Successful project management and implementation of the Open Windows procurement system;
- Four Customer Satisfaction Surveys undertaken with tangible improvement opportunities identified;
- Redevelopment of Council's quarterly progress reports providing quarterly trends on progress against the Council Plan, together with commentary on impacts and outcomes for the community;
- The Revised Council Plan was adopted in June 2014 and met all scheduled milestones despite a number of challenges with this year's Budget process that impacted on its development;
- Preparing the organisation for the introduction of a new mandatory Local Government Performance Reporting Framework and guiding legislation; and
- The finalisation of two important HR policies / procedures - Harassment by Member of the General Public and Bullying and Harassment Resolution Procedures - to align with the Fair Work changes introduced in January 2014.

Looking forward

- Finalisation and approval of Enterprise Agreement No. 4
- Implementation of the first year actions of the Workforce Development Plan

Occupational Health and Safety

WorkCover

Council is committed to the safety, health and well-being of its employees and continual improvement in workplace health and safety performance.

Council, through its Occupational Health and Safety Coordinator, conducted various programs designed to reduce illness and injury rates and promote risk management and safety and health principles.

In 2013-14:

- 71 workplace incidents were reported compared with 81 the previous year. Only 18 of these incidents resulted in WorkCover claims.
- Of the 18 WorkCover claims lodged, 11 resulted in lost time. Five of these were above the employer excess (less than 10 days lost).
- WorkCover claims as a percentage of staff was 5%, compared to 2.90% in 2012-13.

Council's performance rating is 0.707902. This means that our claim costs compared to remuneration is 29% better than the average for the industries in which we operated over the last three years.

The average industry premium rate for the industry in which Council operates is currently 1.8281%. Our projected premium rate is 1.2104%. This is the product of our indicative performance rate and our industry rate.

Policy Year	Premium Rate	Weighted Industry Rate	Paid claims per \$1m Remuneration	Claims Cost per \$1m Remuneration	Claims Incident Rate	Average Claim Cost
2013-14	0.9311%	1.6737	0.47	\$20,844	2.84	\$44,054
2012-13	1.0793%	1.7536%	0.45	\$11,580	2.68	\$25,972
2011-12	1.0211%	1.8000%	0.05	\$324	0.32	\$6,030
2010-11	0.8938%	1.7432%	0.19	\$1,807	1.17	\$9,304
2009-10	0.9655%	1.5397%	0.40	\$4,758	2.39	\$11,949

Section Four – Our performance

Strategies and Plans adopted in 2013-14

The following strategies, policies and plans were reviewed or adopted by Council in 2013-14:

Council Plan 2013-2017

The Council Plan is the key document that drives the strategic direction of Council. It expresses the Council's broad vision for the future development of East Gippsland Shire. Further information on Council's performance against the plan is provided from Page 50.

East Gippsland Shire Council needs to prepare and approve a Council Plan by 30 June following a general election. The Council Plan must include the strategic objectives of Council and the strategies for achieving the objectives for the next four years. The process to develop a new four-year Plan for 2013-2017 started with the new Council in November 2012.

The Council Plan has been developed using the principles documented in the long-term community vision. Council reviewed and revised this vision in September 2012. The Vision articulates what the community has told Council about the direction in which it would like Council to guide East Gippsland.

The East Gippsland community identified a number of long-term issues that are addressed through six themes:

- Natural environment
- Local economy
- Community
- Land use and built environment
- Infrastructure
- Governance

Council has used the document to determine how it will support the Community Vision and give a clear direction to the organisation about specific outcomes to be pursued over the next four-year period.

Annual Budget 2014-15

The Annual Budget defines the distribution of funds and resources required to achieve the priorities identified in the four-year Council Plan.

The Budget is based on the best practice guide for reporting in Local Government; it provides a range of financial information and recognises the differing levels of stakeholder interest in local government finances.

The Annual Budget 2014-15 is the second budget for the new *Council Plan 2013-2017* and reflects the direction set in the Council Plan. Council has framed a budget to ensure long-term financial sustainability, while maintaining the community's vision of building for the future, and maintaining the delivery of essential services to the community.

Community Health and Wellbeing Plan 2013-2017

Council adopted the *Community Health and Wellbeing Plan 2013-2017* at the December 2013 Council meeting. Preparation of the Plan included engagement with over 40 key stakeholders. Also, for the first time Council trialled a facilitated web based and interactive website specifically to engage with the community and to receive feedback.

The Plan is Council's major social policy platform. It celebrates diversity, puts forward a socially inclusive agenda and provides measures and actions which amongst many things, supports our young people and families as the keys to our future, as well as providing for our fast growing and active, ageing population.

Other strategies and plans reviewed or adopted by Council

- East Gippsland Street Tree Management Plan
- Diversity Access and Social Inclusion plan prepared
- Environmental Sustainability Strategy being revised
- East Gippsland Education Vision launched
- Advancing Orbost 2020 Plan developed
- Lindenow and District Community Plan reviewed and updated
- East Bairnsdale and Lucknow Structure Plan
- Workforce Development Plan
- Access to information: a Library Plan for 2014 -2017

How we report on our strategies and plans

East Gippsland Shire Council is committed to transparent reporting and accountability to the community. Regular reporting to the community is undertaken through formal quarterly reports to Council and the Annual Report. These reports track the progress of performance against the Council Plan.

Achievement of the Council Plan is tracked all through the year. Quarterly performance reports detail progress against each commitment, and the status of activities.

An annual Community Satisfaction Survey is conducted by an independent research company to determine how the community feels about Council's overall performance, as well as performance within specific service areas. Council undertakes additional surveys annually to determine community satisfaction levels in relation to specific service areas.

Departmental business unit plans and individual performance plans are also reviewed regularly.

Through regular review and reporting on our progress against our plans, we are able to take action where necessary and adapt to the changing needs of the community and other impacts on the internal and external environment.

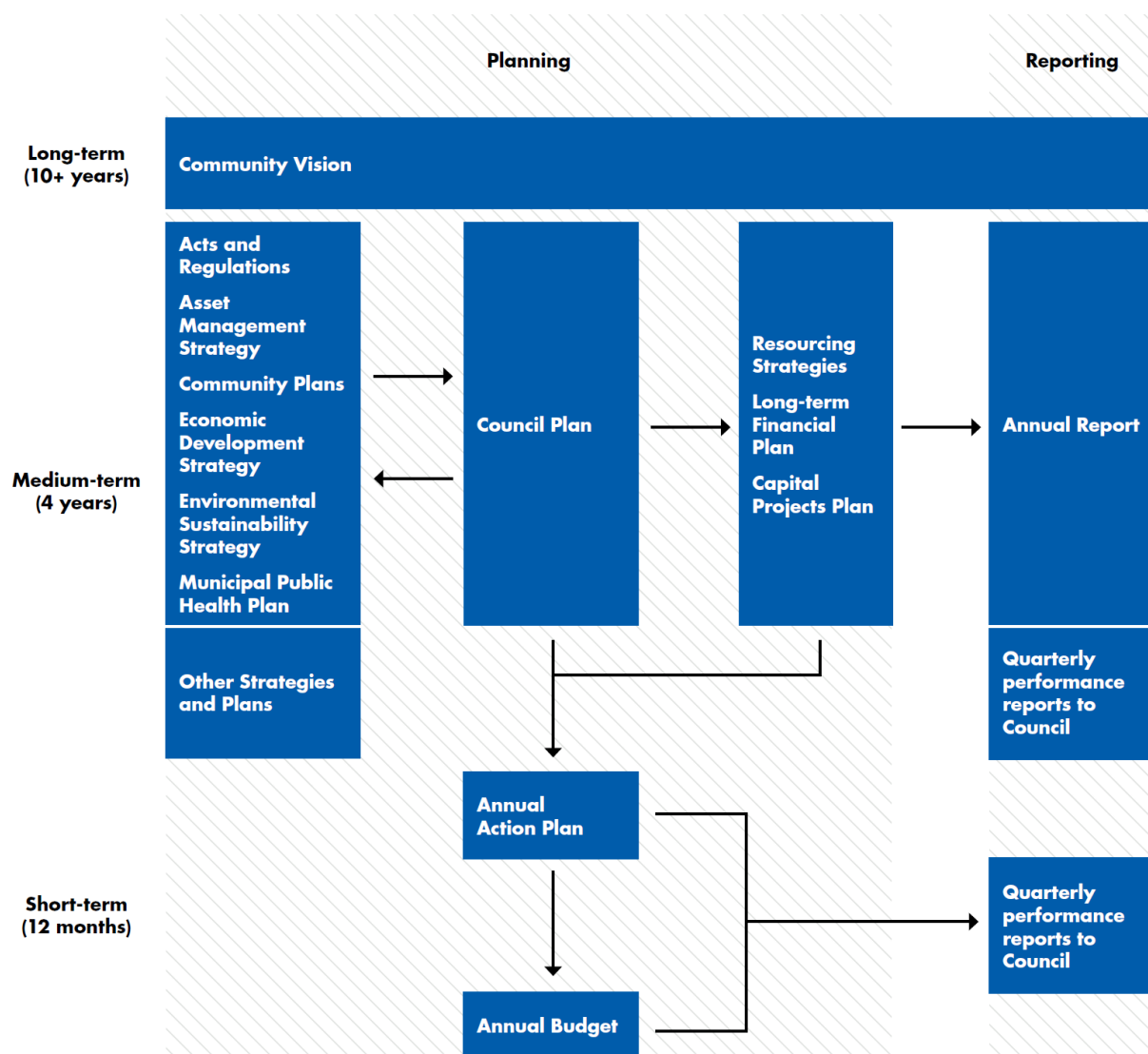
Corporate Planning Framework

Our Corporate Planning Framework ensures that strategies and financial resources are aligned in order to deliver East Gippsland's Council Plan.

The framework describes the cycle that Council will follow to prepare, implement and evaluate the Council Plan, key strategic plans, operational plans and the Annual Report.

Council's Corporate Planning Framework is visually represented below.

Our Corporate Planning Framework



The Council Plan is supported by detailed strategic documents and plans that are developed in consultation and partnership with our community. These include long, medium and short-term that provide a clear link between community needs and expectations, Council's direction and priorities, policy and day-to-day activities.

Community needs and aspirations

Council's long and short term visions have been influenced by community feedback on their aspirations, priorities and needs. Many social, economic and environmental changes will influence these priorities for the future of our community.

Long-term Community Vision 2030: Shaping the Future

Council endorsed a revised Community Vision for the long-term future of East Gippsland in September 2012. It was developed with input from community members across the Shire. The revised Community Vision reflects what the community has told us about how they would like to guide the future of East Gippsland.

Council's plans, goals and research

The economic conditions, asset renewal, community infrastructure and the environment are key factors in Council's planning process.

In preparing a Council Plan our community is surveyed about our services delivery, asset management and infrastructure provision. Surveys are conducted regularly to ensure that changing needs are understood and plans put into place to ensure that we budget for long-term needs.

The integrated planning framework is outlined in the diagram above.

Council Plan

East Gippsland's *Council Plan 2013-2017* outlines how Council will contribute to the delivery of the community's aspirations identified in the long-term Community Vision 2030: Shaping the Future, for the Council term.

The Council Plan supports our long-term plan for a thriving, vibrant and liveable East Gippsland. As we work with our community to progress the development of a range of projects and activities, we are continuing to shape the future for our region. This plan also includes Council's Annual Action Plan which outlines Council's commitments for the 2013-14 financial year.

Council Planning workshops remain an integral component of the planning framework, enabling Councillors to work through the findings of the community research as well as the outcomes from departmental business planning. This information is incorporated into Council's Long-Term Financial Strategy, the Council Plan and Budget.

Budget

Each year Council develops an Annual Budget in accordance with Section 127 of the *Local Government Act 1989*. The Annual Budget links to the achievement of the Council Plan within an overall planning framework. The Budget also provides a description of the services and initiatives to be funded for the year and how these will contribute to achieving the goals of the Council Plan.

It also includes a number of initiatives, major initiatives and service performance outcome indicators.

Strategies and Commitments

Areas of focus for Council are supported by Strategies that outline the focus of Council's desired outcomes for the community. Each Strategy contains number of annual commitments that were intended to be undertaken during the 2013-14 financial year to deliver projects and services for the community.

Community Health and Wellbeing Plan

The Victorian *Public Health and Wellbeing Act 2008* requires Council to develop a four-year Municipal Public Health and Wellbeing Plan. Council adopted the *Community Health and Wellbeing Plan 2013-2017* in December 2013. The Plan is Council's major social policy platform. It celebrates diversity, puts forward a socially inclusive agenda and provides measures and actions which amongst many things, supports our young people and families as the keys to our future, as well as providing for our fast growing and active, ageing population.

Performance management

Council is committed to ensuring effective management of performance. Council's progress against the delivery of the Council Plan is reported each year in this Annual Report. Council reviews progress on the delivery of the Council Plan in the lead up to each budget and operational planning cycle.

Progress against the Council Plan was tracked throughout the year. Council's Quarterly Performance Report details progress on commitments, Key Strategic Activities; and achievements and challenges. This Annual Report documents the status of Commitments and Strategic Indicators for the year. The results of the Key Strategic Activities form Council's externally audited Performance Statement. Refer to page 214 for further detail.

Performance against the Council Plan

The following pages detail the performance, achievements and challenges of Council during 2013-14 in each of our areas of focus, and briefly outline our future directions. Progress against the Council Plan 2013-2017 is measured through delivery of commitments set out in the annual action plan, which is set out in the Council Plan under *What we will deliver in 2013-14*. Progress against our commitments is monitored through Council's reporting system, Cambron, and is reported quarterly to the Audit Committee and Council. Quarterly progress reports are published to the community through Council's website.

This year we completed 76% of planned activities. Less than 3.5% of activities are not able to be delivered. These commitments have largely been affected by external factors related to funding or contributions from other agencies. The remainder are on track for completion in the latter half of 2014.

Area of focus	Page
People	51
Place	64
Economy	85
Stewardship	98

People

We contribute to and support healthy, resilient and connected communities.

This area of focus relates to services and commitments that contribute to:

- Healthy, resilient and independent communities; and
- Supports increased connection with their history, landscape, local economies, families and social networks

1.1 Our communities are connected and inclusive

Community outcomes

Social inclusion for all abilities and ages builds respect for diversity.

Our communities are well connected.

Arts projects, programming and activities are diverse stimulating and entertaining.

Our services:

- Provide performing arts facilities, accessible programs and events that celebrate our cultural diversity and enrich the lives of our community and visitors.
- Provide accessible, high-quality customer service at Council's Corporate and Service Centres, which connects people to Council services and general information.
- Engage the community in active participation in artistic and cultural pursuits that bring our communities together to celebrate our identity and generate ideas.
- Through the provision of funding, support and strategic advice, develop relationships and partnerships that support the development of arts and culture in East Gippsland.
- Contribute to achieving the objectives of the East Gippsland Arts, Culture and Heritage Plan 2011-15.
- Coordinate and deliver the Community Grants Program and support local community organisations.
- Deliver library services and programs to meet the learning needs of local communities and increase participation in community life.

1.2 Our communities are resilient and adaptable

Community outcomes

Communities are aware of their exposure to risk.

Place-based services support all age groups within their communities.

Communities have the knowledge and capacity to adapt to future change.

Our services:

- Work collaboratively with relevant stakeholders to assist communities to prepare for emergency events and natural disasters and, in times of emergency, to respond to their needs and help them recover.
- Work collaboratively with all relevant stakeholders on the provision and support of quality education, training and care services.
- In partnership with relevant stakeholders, provide support, assistance and information to improve the health, wellbeing and safety of the community at all stages of life.

1.3 Our communities are safe and active, healthy lifestyles are supported

Community outcomes

People feel safe in their communities.

Our communities are more physically and socially active.

Communities engage in preventative health activities.

Our services:

- Provide community facilities that enhance social and health outcomes and improve local neighbourhood amenity.
- Operate Council recreation centres and outdoor pools to meet the recreational, leisure and aquatic needs of the community and promote health and wellbeing activities.
- Maintain safety, amenity and harmony in the community, in accordance with the *Public Health and Wellbeing Act 2008*.
- Administer and enforce appropriate local laws to achieve a safe and liveable environment.
- Deliver educational programs that contribute to community safety and raise community awareness.

Reflecting on our achievements

Social inclusion for all abilities and ages is building respect for diversity.

After 10 years of lobbying, designing and fund raising by the East Gippsland All Abilities Playground Association Inc (EGAAPA) the East Gippsland All Abilities Playground opened on 07/12/13. The playground cost \$1.8 million and was funded through Victorian Government and Council contributions and community donations. Council's building team completed the construction work on the accessible toilets. The state-of-the-art playground is a major community asset and high quality accessible recreation resource to provide everyone with an opportunity to experience and enjoy.

Reflecting on Reconciliation Week

Reconciliation Week took place from 2 - 6 June 2014. Council hosted morning teas and the Mayor and Councillors attended a range of other Reconciliation events across the Shire and at schools, including time enjoyed with Elders at Marlo on the PS Curlip and representing the Shire at Lakes Entrance Primary School's "Walk the Talk" event. The Reconciliation Assembly at Bairnsdale Secondary College was also attended by the Minister for Aboriginal Affairs, the Hon. Tim Bull MP and our Federal Member Darren Chester, MP. Looking to the future, East Gippsland Shire is developing its Reconciliation Action Plan. It is the desire of the Shire to be a place for all people to thrive, make us stronger and a better place for all.

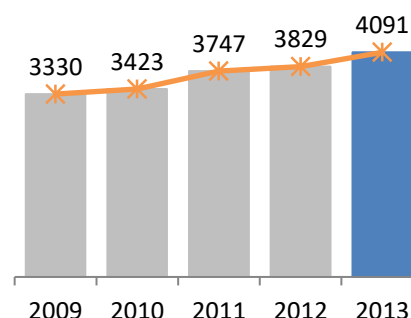
Great community cultural projects get both young and old East Gippslanders moving.

A partnership with Ausdance Victoria saw The Alice Project engage 4140 community members in an inclusive, active, exciting, colourful, quirky and fun way.

The Alice Project invited young and old, active and inactive people to get moving in a fun, free and non-judgmental way. As an 'arts on tour' program and community celebration, its goal is to activate and involve communities, to inspire curiosity and create a new found love of movement. The project, which included one whimsical parade and a large Mad Hatters

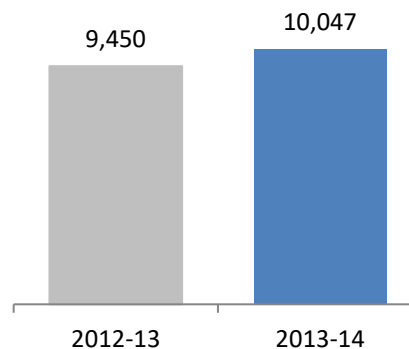
tea party, travelled over 1408km across the Shire visiting both young and old at Council's libraries, child care centres, neighbourhood houses, nursing homes, dance schools and various Council unit houses.

Total immunisations administered across the region continue to increase



(childhood program, flu program and school program)

Attendance at the Forge Theatre and Arts Hub has increased by 6.32% since 2012-13



Young people have been involved in the planning and delivery of many great events with fantastic outcomes.

Extra funding offered the opportunity to broaden the scope of project engagement this year with the Young People Looking after the Lakes project, funded by the Gippsland Lakes Ministerial Advisory Committee. Strong partnerships were created for the delivery of the Chances program and 21 young people are now fully re-engaged in education following their participation in the program. 77 young people participated in Youth Forum sessions, 10 in the Change It Up initiative and Miquaelia Haywood, a Year 12 student from Bairnsdale Secondary College, won the Young Victorian Changemaker awards at the Shaping Victoria Conference in February. Miquaelia secured \$4,000 to develop her brilliant 'Career Open Day' concept to encourage young people to connect with local employers and explore career opportunities in our region.

East Gippsland hosted **Deadly in Gippsland Spirit - The Gathering** from 26-28 March 2014. A total of 228 people attended the event, which moves around the Gippsland shires and is held every two years. It is a celebration of Aboriginal people and culture and a celebration of the work being done by Aboriginal people every day.

As part of the Deadly in Gippsland Spirit event, an exhibition showcasing Aboriginal art was held. More than \$12,000 of local Aboriginal artwork was sold.

The **Gippsland Virtual Visiting Project** was successfully trialled. The project linked older people to social media, helping them connect with family and friends through programs such as Skype. Approximately 150 community members participated in the project.

Arts projects, programming and activities are diverse stimulating and entertaining

There was a large increase in the number of shows at the Forge Theatre and Arts Hub from the previous year, moving from 35 shows to 48. The largest increase was in the number of Forge Presents shows, from

16 to 27 with an increase of 63.5% in attendance.

Advocacy efforts took place to support the implementation of the **East Gippsland Education Vision**, including retention and strengthening of local training provider. The 2022 Vision for Education has been developed and was launched by the Minister for Education with local services and education agencies.

Challenges

Working to ensure that we have a sustainable, long-term provider of long day care for Lakes Entrance. Following the announcement by UnitingCare Gippsland of its intention to cease management of the Lakes Entrance Learning and Development Centre from March 2014, Council undertook a formal process for finding a new childcare operator. The Shire met with 51 parents, staff and community members affected by the decision to allow them to raise their concerns and hear what has been happening to date to resolve the issue. Interested people were also invited to participate in a reference group to provide a voice from the community in future decision making.

Negotiations between Council and multiple agencies ensured no loss of service for users of the facility during the process to appoint a new operator.

Following an Expression of Interest process, Gippsland Lakes Community Health commenced operating the service from May 2014.

Council staff also provided a vacation care program in Lakes Entrance over the January and Easter School holidays.

East Gippsland communities have been impacted by a number of fires over an extended period this quarter. The focus of the Emergency Management Unit has been on responding to events, supporting Incident Control Centres, providing Relief Centres and supporting impacted communities.

Observations through this process have demonstrated the value of the Local Incident Management Plans, where they exist, and generated additional community interest in developing locally appropriate plans.

Debrief processes will examine a range of matters related to the experience of Council and the community through these events and will continue to inform our approach to Emergency Management Planning, Response and Recovery activities. Managing ongoing community recovery activities are likely to have implications for progressing the normal activities of this area of business.

Measure	Baseline/ Target
Perception: Satisfaction with feeling part of the community	76.7% ≥ Victorian average
Perception: Social Support	+1.4% ≥ Victorian average
Safe in the community: day	+0.4% ≥ Victorian average
Safe in the community: night	+3.3% ≥ Victorian average

Our plans for the future

- To continue to grow audiences at the Forge Theatre and Arts Hub, and program a diverse mix of performing arts to entertain, excite and engage the community. This includes showing more Forge Theatre-presented productions beyond Bairnsdale, through the Spokes delivery model.
- Prepare a revised Domestic Wastewater Management Plan

Council has introduced Crisisworks software, and is using it in conjunction with the previous system, Compass. The new software allows Council to log infrastructure damage estimates while out in the field. With a better idea of the estimated damage costs of events, Council is able to submit requests for upfront payment of a portion of the damage bill, rather than wait up to two years for reimbursement.

Measures not able to be reported

The following strategic indicators were included in the Council Plan 2013-2017. There are no recent updates to the Community Indicators Survey for these measures. Data was last gathered in 2008 by the former Department of Planning and Community Development (DPCD). It is expected that data will be renewed in 2014-15.

We have set the future direction for a healthy, happy and connected East Gippsland.

Council adopted the *Community Health and Wellbeing Plan 2013-2017* at the Council meeting on 17 December 2013. Preparation of the Plan included engagement with over 40 key stakeholders. Also, for the first time Council trialled a facilitated web based and interactive website specifically to engage with the community and to receive feedback.

The Plan is Council's major social policy platform. It celebrates diversity, puts forward a socially inclusive agenda and provides measures and actions which amongst many things, supports our young people and families as the keys to our future, as well as providing for our fast growing and active, ageing population.

Library services – events for children

Event	Sessions	Participants
Rhyme Time (Baby)	164	1577
Storytime (Preschool)	201	2810
Storytime (Toddler)	30	333
East Bairnsdale Neighbourhood House Programs	33	262
School Holiday Programs	46	899
Author/Illustrator Visits	11	322
School Visits	4	194
Other Events	13	599
TOTAL	502	6996

Library services – events for adults

Event	Sessions	Participants
Author Talks	14	230
Broadband for Seniors	8	24
Film Showings	8	165
Library Tours	5	94
Other Events	36	289
TOTAL	71	802

Library services – events for all ages

Event	Sessions	Participants
New Bairnsdale Library Grand Opening	1	400
Field Days	2	150
TOTAL	3	550

At a glance

Community outcomes

- 228 people attended the Deadly in Gippsland Spirit - The Gathering 2014 from 26-28 March.
- \$103,000 of grants funding was awarded to 47 organisations/activities over two rounds of the Community Grants Program.
- The 'Forge Theatre and Arts Hub presents' program presented 27 professional touring productions (representing 61.36% of the total program) for audiences of 2,979 people.
- The Forge Theatre Facebook page was started in April 2014 and now has more than 150 Friends.
- A Pilot Talking Buses/Taxi Project has been introduced to provide people with visual cues to interact with Taxi and Bus Drivers about their destination.
- Over 25 small stores in East Gippsland have accessed business coaching to improve and increase their capacity to sell fresh local produce.
- Over 100 bike racks have been installed across townships in East Gippsland as part of the Active Transport Project.
- 150 community members directly participated in the Gippsland Virtual Visiting Project, linking older people to social media.
- Support was provided to approximately 40 L2P Learner Driver Mentor Volunteers in East Gippsland.
- The Gippsland Accessible Tourism Brochure was launched in July 2013 and showcased at the Gippsland Tourism Conference in August. Twenty-one accessible East Gippsland experiences were included in the conference brochure.
- Support continues to be provided to local Kindergarten committees as four locally managed kindergartens move towards cluster management.
- Support has also been provided to the High Country Early Years Action Group to develop early year's hubs.

How we performed against the Council Plan for 2013-14

The tables below reflect the progress of our key work during 2013-14.

Key



Achieved



Not achieved



Completed



Progressing with delays



Significantly delayed or unable to progress

Where an action is delayed, an explanation is given.

Key Strategic Activities and Measures

1.1 Our communities are connected and inclusive

Involve young people in collaborative decision-making and social activity

It has been a great year for the Engage! and FReeZA Program. A strong core committed group of young volunteers have been involved in the planning and delivery of many great events and we have achieved some fantastic outcomes. RampRage was a successful event this year attracting a crowd of over 400 people. The committee developed a partnership with Victorian Skatepark League who hosted a competition in Bairnsdale as part of the Gippsland Regional series. The Engage! Project has four active partners – Federation Training, Gippsland East LLEN, The Smith Family and Cape Conran Coastal Park. The Chances Young Parents Program is also being successfully delivered and offers young parents the opportunity to learn about parenting, child development, child and play, nutrition and health and wellbeing while completing accredited modules towards their VCAL certificate.

Measure	Source	Target	Result	Outcome
Quantity: Number of young people participating in decision-making and social activities through the Engage! program	Engage! Project assessment reports to Department of Human Services	≥205	612	✓

Collaborate with East Gippsland's Aboriginal community to develop a reconciliation action plan that embeds cultural change in the organisation through increased mutual understanding and effective partnerships.

Development of the Reconciliation Action Plan is progressing and it is 80% complete. While progress is being made on the development of the Reconciliation Action Plan, a number of challenges have been encountered engaging the Steering Committee. However, an approach to finalisation of the Plan has been developed and it is anticipated that the Plan will be presented for Council endorsement in the first quarter of 2014-15.

Time: Plan is developed and endorsed by Council and Aboriginal community representatives	Reconciliation Australia and Advancing Country Towns	By 30 June 2014	80% complete	x
---	--	-----------------	--------------	---

1.2 Our communities are resilient and adaptable

Work with communities to build capacity through implementation of priority actions in Community Plans

Of the 40 Community Plan Projects to be implemented, two were cancelled because they were no longer required and/or feasible to deliver. Seven of the projects require delivery to take place over two financial years and were not able to be completed. The remaining 31 projects were all commenced, with 15 completed and four delayed due to technical issues that needed to be resolved. All remaining projects are scheduled for delivery in the first quarter of 2014/15. The calculated percentage is based on the number of single year projects that were scheduled to be completed.

Measure	Source	Target	Result	Outcome
Time: percentage of projects completed in 2013/14	Capital Works reports to Council	≥ 80%	57%	x

1.3 Our communities are safe and active, healthy lifestyles are supported

Partner with school nurses to deliver an Education Program that increases participation rates in the school immunisation program

The education program was implemented into Gippsland government schools in February 2014. The impact of this program is currently being evaluated and the participation rate in the school immunisation program will be assessed in December 2014.

Quantity: School Immunisation Program coverage rates exceed state average	Immunisation Program System (IMPS)	≥ 80%	82%	✓
--	------------------------------------	-------	-----	---

Design and deliver infrastructure and open spaces that contribute to physical activity

Of the 28 Open Space Project to be delivered, two were cancelled because they were no longer required and/or feasible to deliver. Seven of the projects are planned to be delivered over two financial years and were not completed this financial year. The remaining 19 projects were commenced with 12 completed. Three of these projects were not completed due to delays associated with technical requirements. All remaining projects are scheduled for delivery in the first quarter of 2014-15.

Quantity: Percentage of Capital Works projects completed that contribute to physical activity	Capital Works Program report	≥ 85%	48%*	✗
Quantity: Attendance at Council operated recreation facilities	Council recreation centre data	≥ 250,000	343,801	✓

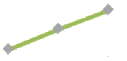
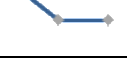
* These figures are unaudited.

Progress against our Council Plan commitments for 2013-14

Community outcome and Commitment	Status
1.1 Our communities are connected and inclusive	
1.1.1 Social inclusion for all abilities and ages builds respect for diversity	
Develop a Diversity, Access and Social Inclusion Plan	➔
<i>Comment: The plan is 90% complete. It is in final draft stage and currently on public exhibition. Significant rewriting of the Plan was required. It is expected that the Plan will be presented to Council for formal adoption in the first quarter of 2014-15.</i>	
Deliver programs and projects that promote accessibility and inclusion for people with disabilities	✓
Collaborate with East Gippsland's Aboriginal community to develop a Reconciliation Action Plan that embeds cultural change in the organisation through increased mutual understanding and effective partnerships	➔
1.1.2 Our communities are well connected	
Promote technology uptake to enable social connectedness, especially among the elderly and young people	✓
Engage in partnerships with children's services to improve family relationships and support	✓
Implement priority community building projects that provide greater opportunities for people to connect socially and physically with their community	✓
Review the Access to Information plan to promote e-literacy and the ability to access information	✓
1.1.3 Arts projects, programming and activities are diverse, stimulating and entertaining	
Promote and support activities and collaboration that strengthens community cultural development in a range of arts genres across the Shire.	✓
Ensure that venue-based performance programs provide quality experiences that meet community needs and expectations	✓
1.2 Our communities are resilient and adaptable	
1.2.1 Communities are aware of their exposure to risk	
Develop Local Incident Management Plans for all high-risk communities	✓
Identify land prone to flooding or bushfire and incorporate it into the East Gippsland Planning Scheme to guide appropriate development outcomes	✓

Community outcome and Commitment	Status
1.2.2 Place-based services support all age groups within their communities	
Partner with local service agencies to identify and support vulnerable communities and individuals	✓
Encourage place-based care by supporting community organisations that provide care to people who are ageing or have disabilities	✓
Manage Home and Community Care (HACC) Service Agreements to provide high-quality care in the community	✓
Support the development and provision of services and facilities implementing the 15-hour per week kindergarten program	✓
1.2.3 Communities have the knowledge and capacity to adapt to future change	
Work with communities to build capacity through implementation of priority actions in Community Plans	✓
1.3 Our communities are safe and active, healthy lifestyles are supported	
1.3.1 People feel safe in their communities	
Pursue funding from the Department of Justice to deliver CCTV and other public safety infrastructure in Bairnsdale and Lakes Entrance	✓
1.3.2 Our communities are more physically and socially active	
Develop a partnership with GippSport to promote multi-use facilities managed by our committees, which encourage social and physical activity across a diverse range of groups and people	✓
Work with identified committees of management to plan for current and future community recreation needs	✓
Engage with communities to develop priority trails	✓
Design and deliver infrastructure and open spaces that contribute to physical activity	✓
Pursue funding and investigate design options to heat the Orbost Swimming Pool	✓
Incorporate all-abilities access into the design of Council infrastructure	✓
1.3.3 Communities engage in preventative health activities	
Continue to deliver the Retail Access to Fresh Fruit and Vegetables Project and develop links with local food-security projects	✓
Work with local and regional agencies and the community to increase partnerships in population health planning	✓
Partner with school nurses to deliver an Education Program that increases participation rates in the school immunisation program	✓

Community satisfaction indicators

Indicator	Result			Snapshot
	2012	2013	2014	
Community satisfaction with arts centres and libraries	70	68	73	 ↑5
Community satisfaction with community and cultural activities	64	65	66	 ↑1
Community satisfaction with elderly support services	66	65	68	 ↑3
Community satisfaction with family support services	64	63	66	 ↑3
Community satisfaction with recreational facilities	67	65	69	 ↑4
Community satisfaction with disadvantaged support services	59	58	60	 ↑2
Community satisfaction rating for Customer service based on recent contact	68	71	67	 ↓4
Community satisfaction with local laws enforcement	63	62	62	 →

Place

We promote, maintain and improve the quality of our natural and built environments.

This area of focus relates to services and commitments that contribute to promoting, maintaining and improving the quality of our natural and built environments.

2.1 Our resources are used in a sustainable way

Community outcomes

- ▶ Council will lead by example in the way we use scarce resources
- ▶ Communities and businesses use resources wisely.
- ▶ Reduce the amount of waste going to landfill.

Our services:

- Provide waste services, including kerbside general waste, green and recycling collections, and landfill site management in a way that supports a reduction in waste going to landfill.
- Operate and rehabilitate Council's current and legacy landfills, and manage the East Gippsland Waste and Recycling centre in ways that promote positive waste behaviour in the community and minimise environmental impacts.
- Implement community awareness and behavioural change programs to encourage and support reduced use of energy and resources.

2.2 Land use planning delivers vibrant, connected and productive places

Community outcomes

- ▶ Our planning system is efficient and reflects community aspirations.
- ▶ Our built environment will adapt to changing needs and conditions.

Our services:

- Advocate for and implement land use policies, plans and standards that guide land use development and promote sustainable design, development and heritage conservation. This is supported through continual reviews and improvements to the East Gippsland Planning Scheme.
- Process and assess planning applications in accordance with the *Planning and Environment Act 1987*, the Planning Scheme and Council policies aimed at ensuring that our cities, towns and settlements develop in an orderly and sustainable way.
- Provide advice about development and land-use proposals.
- Provide responsive and timely development industry service and guidance.

2.3 Our infrastructure meets current and future community needs

Community outcomes

- ▶ Our built environment managed by Council is well designed and accessible.
- ▶ Our Infrastructure is efficiently delivered and maintained.

Our services:

- Provide engineering assessments of development applications under consideration by Council and ensure these standards are implemented on the ground and considered in Council's own infrastructure projects.
- Provide services and guidance to the development industry.
- Ensure the enforcement of statutory building regulations under the Victorian Building Code.
- Undertake inspections of essential safety measures such as fires services and audits of swimming pool barriers.
- Manage the delivery of Council's capital works program, including project planning, design and project delivery.
- Maintain public infrastructure and assets including roads, footpaths, kerb and channel, bridges, drainage, parks and gardens/trees, playgrounds, airports and the Raymond Island Ferry.

2.4 Our natural assets are maintained and enhanced

Community outcomes

- ▶ Our environment is maintained for future generations.
- ▶ Our shire will lead by example in the way we manage our natural environment and respond to changing environmental conditions.

Our services:

- Enhance biodiversity conservation through the protection and management of remnant native vegetation and revegetation.
- Protect and enhance bushland parks and reserves to preserve the native habitat of flora and fauna.
- Implement policies and strategies that support and encourage the protection and management of remnant native vegetation and revegetation.

Reflecting on our achievements

Future looking bright for East Gippsland.

Council has launched a two-year project to update almost 3000 street lights and undertake other energy efficiency projects within the Shire. 'Bright Futures East Gippsland' was officially launched during the East Gippsland Field Days. The Shire wants to "lead by example" to encourage households and businesses in our region to look at their energy use. Council was successful with three funding applications under the Australian Government's Community Energy Efficiency Program (CEEP) and will also contribute \$900,000 towards the \$2.6 million project.

The project's focus is on energy efficiency and creating a bright future for the region. We will also be introducing energy efficiency measures at its recreation centres in Lakes Entrance and Bairnsdale, using a combination of pool blankets, modern air sourced heat pumps, LED lighting and co-generation to dramatically reduce energy use and energy costs.

A revitalised Bairnsdale Central Business District (CBD)

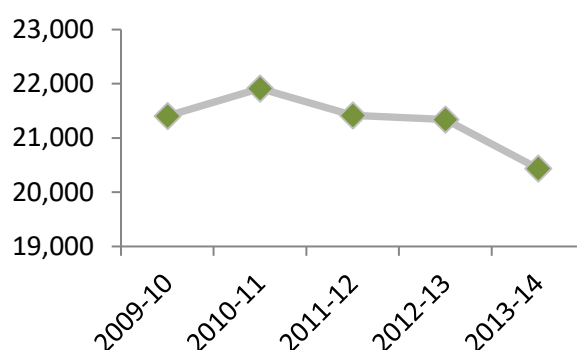
There are no more detours for pedestrians around works at the Nicholson Street Mall in Bairnsdale, with the Mall complete. The Mall's overhaul took eight months to complete, with the project finishing on schedule. The Mall has new pavement, weather protection and public awnings, landscaping, lighting and public safety improvements. As well as a remodelled and expanded community kiosk, the new Mall features an improved community event and performance space, an accessible public toilet, traffic calming and improved pedestrian access, bicycle parking, a water fountain and a new taxi rank. The project cost \$1.83 million. It was funded by Council, a \$500,000 Regional Development Victoria grant through the Victorian Government's Putting Locals First Program; and an \$83,284 Department of Transport, Planning and Local Infrastructure grant through the Taxi Rank Safety Program.

Reducing the amount of waste going to landfill

Council's Waste Unit has awarded tenders for green waste mulching and environmental monitoring, which has reduced the cost of these services by more than 40%. Approximately 50,000 m³ of green waste is mulched each year. In the short-term the mulch will be used for landfill rehabilitation.

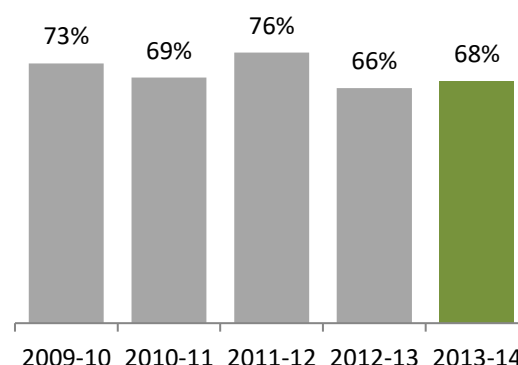
Measures of success

Council's annual energy consumption has been trending downward since 2010-11 (GJ)



Source: East Gippsland Shire Council Organisation Footprint (not including street lighting) Report To End of Financial; Quarter 4, 2013-2014 - © 2014 Planet Footprint Pty Ltd

Percentage of planning permits issued within the 60 day statutory deadline



Source: Department of Transport, Planning and Local Infrastructure, Planning Permit Activity Reports for East Gippsland Shire Council 2009-2014.
<http://www.dpcd.vic.gov.au/planning/planningapplications/planning-permit-activity-in-victoria/>

Council has also signed a **Memorandum of Understanding** with East Gippsland Water, Federation University and the East Gippsland Food Cluster to pilot trial a process to recycle organic waste (food and green waste) and biosolids (sludge from water treatment plants) through anaerobic digestion (the breakdown of organic material in the absence of oxygen). The trial, if successful will not only divert organic waste from landfills but also provide environmental, social and economic benefits to Council and the community.

Bairnsdale Library

After months of redevelopment works the Bairnsdale Library opened its doors to the public on 10 April. The library redevelopment cost \$3.93 million, with the Shire contributing \$2.68 million and Victorian Government Living Libraries and Putting Locals First grants providing \$1.25 million. The benefits that this facility brings to the community are considerable. The library not only has a diverse collection, a broad selection of programs to appeal to all age groups and interests, but also an IT training room and a variety of community meeting rooms. The plaza is a great place for Bairnsdale CBD workers or visitors to rest or catch up with friends. A feature of the plaza is an outdoor screen which can display movies and digital art, as well as important community information.

Meeting rooms and community spaces are being well used and community members are taking advantage of the extended operating hours offered at the new facility. Monthly visitors to the library nearly doubled compared to the previous year, with visitors in May 2013 totalling 6,258, compared to May 2014 visitor numbers of 12,102.

Effective partnerships and active participation are improving outcomes for the community - *Sustainable Energy for Mallacoota Feasibility Study.*

The community of Mallacoota has been living with an electricity supply that can fail due to natural events occurring in its remote location in the far-east of Victoria. A group of local individuals, the Mallacoota Sustainable Energy Group (MSEG) joined with SP AusNet and Council to develop a feasibility

study to investigate alternative solutions. Council and SP AusNet provided funds for the feasibility study.

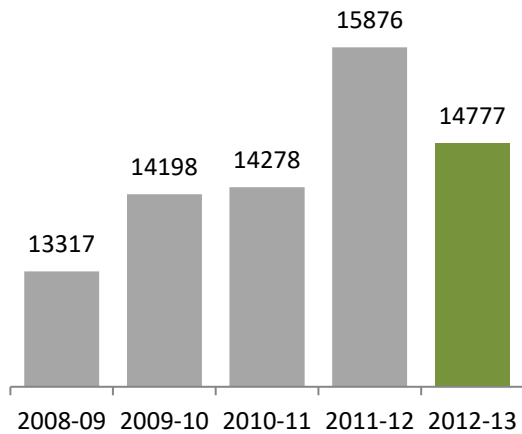
The objective of the Study was to investigate and articulate the current context and feasible future options for low carbon energy supply and improved security to Mallacoota. The project Feasibility Study and a Synopsis Report have been completed and a final presentation and discussion took place with the key stakeholders on 20 March 2014.

Community Plans

Assessments of all Community Plan actions for 2013-14 shows that 105 Community Plan projects began during the year, of which 64 have been completed, with the remainder well advanced (many of which were to be delivered over multiple years). Some of these projects are: Nungurner Community Facility, the Orbost revitalisation project and beautification projects in Orbost and Newmerella.

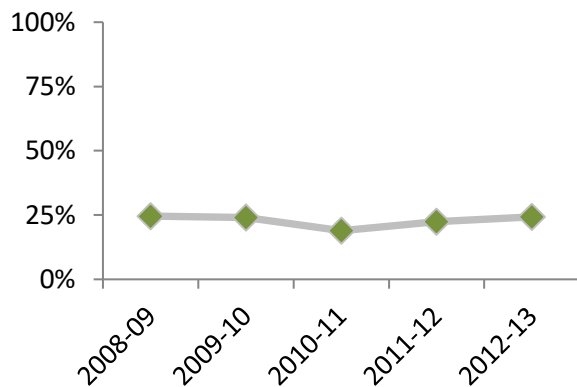
Measures of success

Volume in tonnes of household waste to landfill



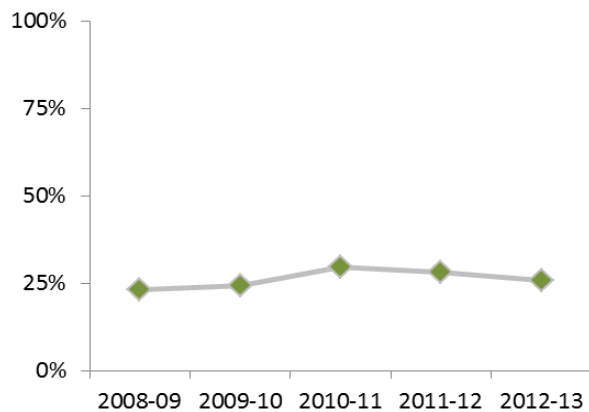
Source: East Gippsland Shire Council waste data

Percentage of recycled waste diverted from landfill (minus contamination)



Source: East Gippsland Shire Council waste data

Percentage of green waste diverted from landfill (minus contamination)



Livingstone Park restoration work

A large-scale river restoration project in the heart of Omeo township was officially opened on 6 December 2013. Over the past year, the North East Catchment Management Authority (NECMA) and Council have worked together to restore a key community asset, Livingstone Park following the June 2012 flood. The restoration work subsequently undertaken is the largest flood recovery site completed to date in north-east Victoria. Successful recovery of the park has been through the collaborative efforts of NECMA, Council, the design team Alluvium Consulting Australia, local contractors and suppliers, the Natural Resources Team from Gunaikurnai Land and Waters Aboriginal Corporation (GLaWAC), and students from the Omeo Primary School and other members of the community. Livingstone Park is now far more resilient to future flood events, environmentally much healthier, and is once again a great place to visit and enjoy.

Council is addressing Climate Change.

East Gippsland Shire is particularly vulnerable to the impacts of climate change associated with sea-level rise, increasing dry conditions and extreme natural events. In October 2013 the experience of East Gippsland Shire to date was explained in a presentation to Victorian Coastal Councils and key Victorian Government organisations at a forum jointly hosted by the Municipal Association of Victoria and the Department of Environment and Primary Industries. Work has continued to finalise the Local Coastal Assessment that will provide much of the base technical information that will be used to progress our understanding of the impacts and future risks for Gippsland Lakes communities.

Challenges

New guidelines for unlicensed landfills.

The Environment Protection Authority (EPA) has introduced new guidelines for siting, design, construction and post closure management guidelines for unlicensed landfills. These guidelines were to come into force in early 2014 but have been deferred until later in the year. Nevertheless Council is proactively closing and remediating these sites. The significant number of unlicensed landfills in East Gippsland requiring closure will create a burden on Council in the short term.

Addressing the impact of emergency events on infrastructure, maintenance plans and available budget.

Council has a significant responsibility in emergency management and disaster response along with other lead agencies. It is the Shire that takes the lead in both planning for mitigation as well as response and recovery. Although there is Victorian and Australian government disaster response funding that we can access, Council (in the first instance) has to fund the response and then seek recompense after the event. In some instances, the funding repayment is delayed by some years. Council therefore carries that burden while waiting for reimbursement, which impacts upon current plans for infrastructure planning and maintenance. Thankfully the most recent fire events resulted in minimal impacts to Council infrastructure however a claim is being prepared to cover relevant organisation and community clean-up costs incurred for submission to the Victorian Government.

Growing and developing our Shire is an important focus.

A submission has been prepared to provide East Gippsland Shire's perspective and input into one key focus of Plan Melbourne, the Victorian Government's planning strategy. The way that the Victorian Government plans for development and growth in regional areas will significantly influence the outcomes sought by East Gippsland Shire in the way that we plan for overall vision and outcomes sought for our communities and in particular the development of a "thriving, vibrant and liveable East Gippsland". Victoria is a very urbanised society and Plan Melbourne seeks to deal with the future planning challenges associated with an expanding metropolitan area. One aspect of the proposed approach is to seek to encourage a rebalancing of population growth and economic activity to regional areas.

Our plans for the future

- Adoption and implementation of the *Waste Facilities and Disposal Strategy 2014*.
- Construction of Cell 3 at Bairnsdale landfill Design.
- Construction of the Orbost waste transfer station.
- Construction and commissioning of the Mallacoota waste transfer station.
- Capping of Mallacoota, Bosworth Road and Cell 1 at Bairnsdale landfill.
- Re-tendering of the Kerbside Collection services contract.
- Incorporate East Bairnsdale Structure Plan into the East Gippsland Planning Scheme.
- Complete the Open Space Strategy.
- Paynesville and Eagle Point Structure Plan.
- Commence a Planning Scheme Amendment to support the Gippsland Lakes Sustainable Development Plan.
- Replace the jetty at Fisherman's Landing.
- Replace the Eastern Beach Toilets.
- Complete Patterson Park and Gilsenan Reserve projects.
- Introduce Community Engagement Champions Program.
- Review the Positive Aging Plan.
- Delivery of FReeZA program.
- Safe pedestrian crossing project for Twin Rivers townships.
- Implement funded sustainability projects (energy efficiency and climate change adaptation.)
- Complete Review of Environmental Sustainability Strategy and implement priorities.
- Paynesville and Eagle Point Foreshore Management Plan.

Mallacoota embraced the 'Kitchen to Compost Trial'.

A collaborative project between the Gippsland Regional Waste Management Group, East Gippsland Shire Council and the Mallacoota community evolved into a large scale Kitchen to Compost (K2C) project. The project has been well acknowledged locally and nationally and has won two awards: The Innovative Council Award 2013 at the Australasian Waste and Recycling Expo; and the IPAA Award 2014 for Leadership in the Public Sector for Partnering.

The project was enthusiastically supported by the Mallacoota community and residents went a step further by lobbying Council to continue with the initiative on a permanent basis following the trial. It has contributed to environmental, social and economic outcomes in the Mallacoota community, including:

- ▶ a reduction of green waste going to landfill (18.2% in May and 24.9% in September), which both frees up airspace and reduces methane production;
- ▶ transport savings by processing the food and green waste locally rather than transporting it back to Bairnsdale and subsequently on to Dutson Downs for processing this also reduces greenhouse gas production);
- ▶ the by-product is used locally as a soil conditioner on a local farm which reduces expenditure on synthetic fertilisers and associated transportation to the district (by not purchasing fertiliser, money has been retained within the community); and
- ▶ the compost produced at the permanent site will be used in parks, gardens and sporting fields.

At a glance

Community outcomes

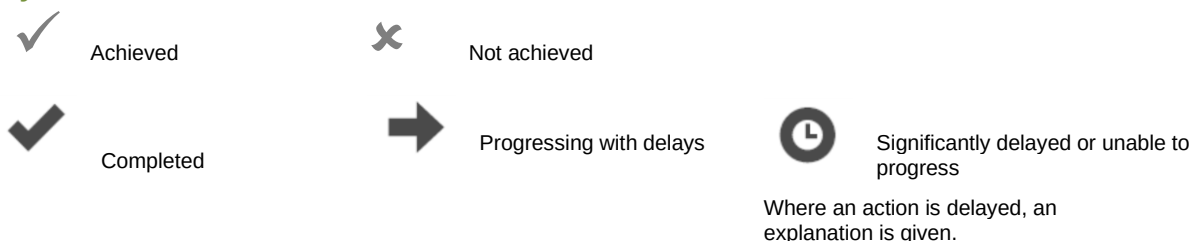
- \$19,200 funding was provided through a newly established Environmental Sustainability funding stream as part of Council's Community Grants program. Six local projects were funded in 2013/14.
- Further funding has been secured through the Victorian Government's Putting Locals First Program to upgrade and develop a business plan for the former Community College with \$330,000 of external funds to support this project.
- Six new schools have signed up to the Resource Smart program and some of the schools have either received or have registered for Energy Grants.
- Council continues to sponsor the Renewable Energy Trailer. The trailer visited Gippsland Grammar, Paynesville Primary School and Lakes Entrance Primary School to provide education to school children on renewable energy.
- Council partnered with Sustainability Victoria to host a "smarter resources, smarter businesses" forum for businesses in March. Delegates were informed of the opportunities and funding available to improve their energy and materials efficiency.
- Three new croquet courts have been completed in Lakes Entrance.
- Plants and mulch has been provided to the local Landcare group for extensive plantings along the Mitchell River from Lind Bridge to Mitchell River Caravan Park.
- Council currently provides extensive waste collection and disposal services across the Shire, including:
 - Two licensed landfills
 - Four unlicensed landfills
 - 44 known legacy landfills
 - 11 stand-alone waste transfer stations
 - 15 transfer trailers
 - 400+ street litter and public place recycling bins; and
 - 18,000+ residential kerbside services.

- Updates, changes and improvements to the Municipal Strategic Statement have been identified, planned and continue to be pursued through planning scheme amendments to improve the operation of the Planning Scheme. Scheme amendments include:
 - C112 to introduce an Outline Development Plan and range of planning tools into the planning scheme to support residential growth in the Lakes Entrance Northern Growth Area;
 - C117 to introduce the Council adopted Social Impact Assessment tools and Urban Water Strategy into the planning scheme;
 - introduction of policy to provide clarity around development in areas subject to sea level rise consideration;
 - C108 to revise the Erosion Management Overlay
 - C118 to update the Residential zone; and
 - C121 to introduce the Twin Rivers Land Use Plan into the planning scheme.

Key Strategic Activities and Measures

The tables below reflect the progress of our key work during 2013-14.

Key



2.1 Our resources are used in a sustainable way

Implement initiatives to reduce areas of high energy consumption within Council's business

Council was successful with three funding applications under the Australian Government's Community Energy Efficiency Program (CEEP) and will also contribute \$900,000 towards a \$2.6 million project, 'Bright Futures East Gippsland'. The projects focus is on energy efficiency and creating a bright future for the region.

Measure	Source	Target	Result	Outcome
Quantity: Reduction in emissions from Councils gas use	Council emissions data	≤ 7,600 CO _{2e}	805 CO _{2e}	✓
Quantity: Reduction in emissions from Councils energy use	Council energy use data	≤ 32,700 GJ	16,101 GJ	✓

2.2 Land use planning delivers vibrant, connected and productive places

Work with users to enhance understanding of planning approvals processes and facilitate ease of use

Council officers are continuing to work with applicants to resolve complex applications. In order to approve the applications further discussion and negotiations have taken place which have exceeded usual timeframes and contributed to the benchmark not being met. There has been a reduction overall this year in applications that have been with Council for longer periods.

Council planning officers continue to work toward the agreed benchmark while providing the necessary service to applicants. Officers will be visiting and reviewing processes and practices of a neighbouring Shire in the new year to see if any productivity gains can be learnt.

Measure	Source	Target	Result	Outcome
Quality: Satisfaction with Development Approval services and processes	Internal customer satisfaction survey of Development Approval services	≥ 65%	67%	✓
Time: Percentage of planning permit applications determined within sixty days	Planning Permit Activity Reporting System (PPARS)	≥ 85%	68%	✗

2.3 Our infrastructure meets current and future community needs

Develop an asset management process to ensure core compliance with the National Asset Management Assessment Framework

Measure	Source	Target	Result	Outcome
Time: Achieve core compliance with the National Asset Management Assessment Framework	Municipal Association of Victoria STEP Asset Management Program	By 30 June 2014	95%	✗

Upgrade iconic community spaces including Patterson Park, Metung and Gilsenan Reserve, Paynesville

Twenty three Community Infrastructure projects commenced during 2013-14, some of which will be multi-year projects delivered over several budget cycles.

There is also an overall increase in satisfaction with the quality of service provided by Council's Parks and Gardens Unit. The parks and gardens crew have also continued to educate and inform the community about playground fencing via community consultation and signage, and continually review and refine operational actions such as maintenance rosters and upgrading versus replacing of equipment.

Cost: Project is delivered within adopted budget	Annual Budget 2013/14	≤ +5%	n/a	✗
Time: Complete upgrades to iconic parks	Council Project Report	By 30 June 2014	75% complete	✗
Quality: Community satisfaction with the overall quality of Parks and Gardens facilities	Internal Parks and Gardens Customer Satisfaction Survey	≥ 60%	66%	✓

Upgrade Nicholson Mall to support revitalisation of the Bairnsdale Central Business District (CBD)

The Mall's overhaul took eight months to complete, with the project finishing on schedule. The project's adopted budget was \$1.458 million. During the 2013-14 financial year, \$488,000 more was spent on construction of the mall as a result of changes to the project scope, contract variations and additional grant funding changes.

The project has additional grant funds allocated to it for the Taxi Rank \$83,000 and \$131,000 from the Local Government Infrastructure program. Further information on this project is provided on page 66.

Cost: Project is delivered within cost	Annual Budget 2013/14	≤ +5%	+33%	✗
Time: Project is delivered by agreed completion date	Project management plan	By 30 June 2014	100% Completed on 27/06/14	✓

Complete the Bairnsdale Library Precinct upgrade

Further information on this project is provided on page 67.

Cost: Project is delivered within cost	Annual Budget 2013/14	≤ +5%	7.52% under budget	✓
Time: Project is delivered by agreed completion date	Project acquittal lodged with the funding body	By 30 June 2014	Completed ahead of schedule and officially opened on 10/04/14	✓

2.4 Our natural assets are maintained and enhanced

Manage specific nature conservation projects to meet statutory obligations; manage weeds and preserve areas of high conservation value.

In 2012, Council placed Trust for Nature Conservation Covenants on to the titles of two Council reserves we own, one of 7.6ha at Newlands Arm and another of 9.9ha at Kalimna. These reserves are now specifically managed for 10 years to offset the loss of native vegetation that could not be avoided with the implementation of essential projects by Council. Council similarly manages many hectares of Crown Land - naturally vegetated lake and coastal foreshore - to higher than normally required standards as the offset for native vegetation losses from past projects.

Past Council projects with outstanding requirements for native vegetation losses to be offset, have now been offset within one of the areas actively managed for that purpose by Council. Statutory requirements for Council to offset native vegetation losses were, at end 2013-14 year, fully met.

This year we have treated 280 km of roads, which is 560 km of roadside. This is much higher than the target due to Council contributions and grant funding.

Measure	Source	Target	Result	Outcome
Quantity: 206km of target area roadside weed control is treated	Roadside Invasive Species Control Plan	100%	560km	✓
Quantity: Land managed in accordance with approved vegetation offset plans	Sustainability Unit Offset Data	100%	100%	✓

Progress against our Council Plan commitments for 2013-14

Commitment	Outcomes	Status
2.1 Our resources are used in a sustainable way		
2.1.1 Council will lead by example in the way we use scarce resources		
Implement initiatives to reduce areas of high energy consumption within Council's business		✓
Implement water-saving initiatives in key Council assets		✓
Update the Sustainable Water Use Plan to reflect Council's priority actions for the next four years		➔
<i>Comment: The project has been held up due to the closure of the AECOM office in Bairnsdale and the passing of responsibility for delivery of the project to the Melbourne office and a new team.</i> <i>The project is currently 80% complete. AECOM's initial report has been sent to Council for review, the stakeholder workshop has been held and AECOM are in the process putting together their final report and recommendations for water savings measures.</i>		
2.1.2 Communities and businesses use resources wisely		
Create a community grants stream to encourage the community to use resources sustainably		✓
Work with specific industries and businesses to identify resource-saving initiatives and practices		✓
Participate in a pilot project to identify all relevant issues, and propose solutions to establish a community-based sustainable energy facility in a remote location		✓
Participate in delivery of the ResourceSmart program in schools across the region		✓
2.1.3 Reduce the amount of waste going to landfill		
Consult with the community on the Waste Collection and Disposal Strategy to determine priority initiatives for the next five years		➔
<i>Comment: An urgent action to remediate Council's remote landfills resulted in resources being redirected to complete this time critical project. The deadline for completing the strategy was pushed out to accommodate this.</i> <i>A Waste Facilities and Disposal Strategy has since been completed slightly behind schedule. The refocused strategy draws on the previous Waste Collection and Disposal Strategy developed by Meinhardt Pty Ltd. The completed strategy will be presented to Council in August 2014. It will then be subject to a community consultation phase prior to formal adoption by Council.</i>		
Negotiate with the state government on appropriate and cost-effective solutions to rehabilitate Council's legacy landfills		✓

Commitment	Outcomes	Status
	Work with industry to investigate specific waste reduction and re-use opportunities	✓
	Partner with East Gippsland Water to develop a green-waste trial project that expands organic waste recovery and reduces the amount of waste going to landfill	✓
2.2 Land use planning delivers vibrant, connected and productive places		
2.2.1 Our planning system is efficient and reflects community aspirations		
	Implement new residential zone planning controls in response to changes in the state planning framework	✓
	Work with users to enhance understanding of planning approvals processes and facilitate ease of use	✓
	Continue to develop, improve and update the Municipal Strategic Statement (MSS) to reflect community aspirations	✓
	Introduce social impact assessment requirements for new developments	✓
2.2.2 Our built environment will adapt to changing needs and conditions		
	Finalise the Paynesville and Eagle Point; Lakes Entrance and East Bairnsdale structure plans and incorporate the recommendations of each into the planning scheme	➔
The Lakes Entrance Northern Growth Area outline development plan has been adopted by Council and referred to the Minister for Planning for gazettal. The East Bairnsdale and Lucknow Structure Plan has also been adopted by Council. A full draft on both the Eagle Point and Paynesville Structure Plans has been received; however officers have delayed further work on the plans to allow for review of the work to date and further rework. This has delayed finalisation but will deliver a better quality outcome.		
	Introduce developer contribution mechanisms to enable equitable provision of infrastructure in new developments	✓
	Implement findings of the Industrial Land Use Study to generate additional industrial land in areas of shortage	✓
	Improve consistency of infrastructure for both private and public works	✓
2.3 Our infrastructure meets current and future community needs		
2.3.1 Our built environment managed by Council is well designed and accessible		
	Finalise an Open Space Policy and planning tools to guide delivery of future open space improvements across the Shire	➔

Commitment	Outcomes	Status
<i>Comment: Infrastructure / asset mapping has been completed and a first draft of the Open Space Strategy has been prepared. The project is 75% complete but has taken longer than anticipated to complete due to its complex nature. The Open Space Strategy has been delayed due to the unexpected amount of Open Space and Asset data required (including all Council's asset's and those identified in Council's Strategies and Plans) to be gathered and analysed to enable the project to progress.</i>		
Develop detailed designs for a range of infrastructure projects identified for delivery in future years of Council's capital works budget		➔
<i>Comment: There have been delays experienced with obtaining permits and permissions as part of the design process. The Scope of Works is also being reassessed for a number of projects to meet budgetary requirements.</i>		
Implement signage and mapping projects in key locations		✓
Finalise planning and design for improvements to the Chinamans Creek and Metung marinas		✓
Establish a local learning facility and community hub using the former Community College East Gippsland facility		✓
2.3.2 Our Infrastructure is efficiently delivered and maintained		
Develop an asset management process to ensure core compliance with the National Asset Management Assessment Framework		✓
Upgrade iconic community spaces including Patterson Park, Metung and Gilsenan Reserve, Paynesville		➔
<i>Comment: Construction of Patterson Park is in progress. Materials have been sourced and playground equipment has been ordered for delivery. A construction kick off meeting has been held between the park designer and Council, who will construct the park. The project is on track with construction scheduled to commence in May. Gilsenan Reserve – Drainage works subsurface preparation and kerb and channel works are complete. The majority of the concrete paving in Devon Road and the adjacent carpark is installed.</i>		
Complete the Bairnsdale Library upgrade		✓
Construct priority infrastructure projects nominated in Community Plans, foreshore management plans and locality plans		✓
Implement Stage 2 of the Urban Street Improvement Plan in Grant and Nicholson Streets, Bairnsdale		➔
<i>Comments; The project is 90% complete. Inclement weather has caused delays; however it is anticipated that the project will be completed by 31 July 2014.</i>		
Complete the revitalisation of Nicholson Street Mall in Bairnsdale		✓

Commitment	Outcomes	Status
Finalise delivery of Eastern Creek drainage infrastructure for Lakes Entrance		➔
<i>Comment: Issues have arisen where Eastern Creek (a designated waterway) is located within industrial properties. Council has negotiated with owners who have signed agreements to proceed. An agreed acquisition process will be undertaken to either obtain additional easements or purchase the land impacted by the creek and the proposed works. The channel upgrade project is now expected to be completed in December 2014.</i>		
Upgrade the Bairnsdale Airport to attract new aviation business		✓
Deliver key improvements to sporting infrastructure		✓
Implement a program of road and bridge, maintenance, renewal and improvements		➔
<i>Comment: The majority of scheduled works for 2013/14 have been completed. Slight delays have taken place on four bridge projects because of flooding in June 2014. These projects are: Wallagaraugh, Stony Creek, Old Coach Road and Dukes access. These projects will be delivered by 31 July 2014.</i>		
2.4 Our natural assets are maintained and enhanced		
2.4.1 Our environment is maintained for future generations		
Update the Erosion Management Overlay within the East Gippsland Planning Scheme		✓
Update the Environmental Significance Overlay within the East Gippsland Planning Scheme		🕒
<i>Comment: A draft of the mapping for the Environmental Significant Overlay (ESO) has been completed. It has been difficult to progress this action. It requires the Department of Environment and Primary Industries (DEPI) to drive the review of Environmental Significance Overlay (ESO) mapping and drafting of schedules to include in East Gippsland Shire Planning Scheme. Delays have also been experienced as a result anticipated regulatory changes because of new Native Vegetation Regulations.</i>		
Update the Environmental Sustainability Strategy 2013-2017 to provide the focus for future work		➔
<i>Comment: The initial draft of the Environmental Sustainability Strategy has been presented to Environmental Sustainability Advisory Board for comment. The draft is being developed further with refinements being made to the actions and to ensure alignment with the Council Plan. The process to update the strategy has been complex and has therefore taken longer to finalise.</i>		
Finalise Foreshore Management Plans in partnership with other agencies for the Paynesville area		🕒

Commitment	Outcomes	Status
<i>Comment: This project has been re-scheduled for 2014-15 as funding was not available in 2013/2014 to complete the work. The Department of Environment and Primary Industries (DEPI) has previously partnered with Council to develop these plans. However, resource cuts mean they are unable to co-fund the Paynesville plan. The Gippsland Lakes Ministerial Advisory Committee has provided funding to undertake the work.</i>		
Manage specific nature conservation projects to meet statutory obligations; manage weeds and preserve areas of high conservation value		✓
Work in partnership with the Gippsland Lakes Ministerial Advisory Committee to implement Gippsland Lakes Environmental Strategy recommendations including creation of a Sustainable Development Plan		✓
Incorporate East Gippsland Urban Waterway Guidelines into the East Gippsland Planning Scheme and enact its recommendations		✓
2.4.2 Our shire will lead by example in the way we manage our natural environment and respond to changing environmental conditions		
Incorporate East Gippsland Urban Waterway Guidelines into the East Gippsland Planning Scheme and enact its recommendations		✓
Incorporate Emergency Management Risk Assessments into the East Gippsland Planning Scheme		🕒
<i>Comment: Issues with Planning Scheme Amendment C112 were prioritised over this project for this year. The project was also put on hold due to the State Government redesign of the Municipal Strategic Statement (MSS).</i>		
Commence work to review and update Flood Overlays in the East Gippsland Planning Scheme		✓
Manage roadside vegetation by streamlining processes for managing vegetation removal requests and introducing Planning Scheme amendments		➔
<i>Comment: Two projects have progressed: 1. process mapping consent for vegetation removal from Council managed land; and 2. new processes for consent to remove native vegetation from Council managed land. Information brochures have also been developed.</i>		
Implement high-priority recommendations of Lakes Entrance Foreshore Management Plan, including trail upgrades, infrastructure replacement and signage		✓
Finalise the Gippsland Lakes Inundation and Adaptation Management Plan and Lakes Entrance project to pilot appropriate approaches to supporting long-term community adaptation to the impact of climate change		➔
<i>Comment: An overarching Communication and Engagement Framework has been concluded and is being used jointly by a number of agencies to plan the communication and engagement strategy for this complex project.</i>		
Manage our reserves to protect important habitats of native flora and fauna		✓

Community satisfaction indicators

Indicator	Result			Snapshot
	2012	2013	2014	
Community satisfaction with waste management	49	50	51	 ↑1
Community satisfaction with local streets and footpaths	49	50	51	 ↑1
Community satisfaction with parking facilities	52	53	52	 ↓1
Community satisfaction with the appearance of public areas	71	70	72	 ↑2
Community satisfaction with traffic management	63	62	61	 ↓1

Economy

We contribute to a prosperous and sustainable region that takes advantage of economic opportunities.

This area of focus relates to services and commitments that contribute to a thriving, vibrant and liveable economy.

3.1 Our business environment is adaptable and prosperous

Community outcomes

- ▶ New businesses and industries are attracted into the region and can easily start up.
- ▶ Businesses and industries within the region grow and diversify.
- ▶ Businesses remain in the region.

Our services:

- Work with government departments including the Department of State Development, Business and Innovation and AusIndustry to link businesses to state and Commonwealth services to support growth and diversification.
- Seek to increase business investment by working with the businesses, government and investors to facilitate investment into our region.
- Facilitate and advocate for major planning, infrastructure and investment projects aimed at opening up significant opportunities for business growth and employment in our region. These include projects fully delivered by Council, projects where council is a partner and ‘third party’ projects where Council plays a facilitation role to see the project come to fruition.

3.2 Our economy provides opportunities for employment, learning and training

Community outcomes

- ▶ Businesses within the region provide diverse employment opportunities that meet the employment needs of local and future residents.
- ▶ Education initiatives contribute to resilience and economic prosperity and fill known skills gaps.

Our services:

Support development of business and industry in East Gippsland through business information services, referrals to other organisations for support, facilitation of industry networking and knowledge sharing events, and facilitation of funding opportunities at all levels of government.

- Process and assess planning applications in accordance with the *Planning and Environment Act 1987*, the Planning Scheme and Council policies aimed at ensuring that our cities, towns and settlements develop in an orderly and sustainable way.
- Provide advice about development and land-use proposals.
- Provide responsive and timely development industry service and guidance.
- Support the local economy and provide an alternative revenue stream for Council through the effective operation of a range of Council-managed commercial enterprises such as caravan parks, airports, marinas and East Gippsland Livestock Exchange.

3.3 East Gippsland is the place to visit, live, work and invest

Community outcomes

- ▶ East Gippsland's brand is widely recognised.
- ▶ Our places, facilities and services provide a positive experience for visitors.
- ▶ East Gippsland will be positioned as a leading destination for new and existing events.

Our services:

- Support local, district and regional events by providing support, resources and training information, and assist with the development of major events.
- Develop East Gippsland's reputation as a recognised events destination through attraction and facilitation of new events and support of existing events.
- Operate and support Visitor Information Centres to promote the region and facilitate a memorable tourism experience through partnerships with operators and industry.
- Provide a regional website to showcase and facilitate a memorable tourism experience in our region.
- Support the tourism industry by providing information and services that meet the immediate needs of the industry and visitors to the region.
- Work in partnership with the tourism industry to undertake projects and programs that support the industry's growth and development.

Reflecting on our achievements

Ensuring our region prospers into the future.

A number of initiatives are underway to support economic development:

The East Gippsland Shire Council Economic Development Advisory Board has funded the East Gippsland Food Cluster (EGFC) to support the development of a business case for the agribusiness trade centre in Bairnsdale.

Council has agreed to a Memorandum of Understanding (MOU) with Eastern Iron and Independence Group. The MOUs set out the principles for these organisations and Council working together on mutually beneficial projects and outlines the aims and objectives of both.

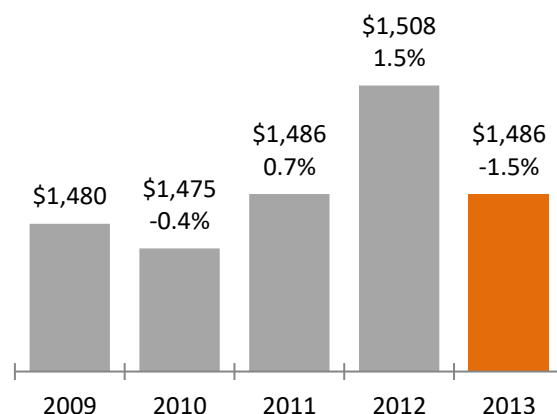
These partnerships will identify joint projects to support mining activity in the region. Both MOUs include provision for the mining companies to support the local employment.

Council is engaged in the project being led by Victorian Association of Forestry Industries (VAFI) to assess the current status of the timber industry and the future opportunities.

Council has, in partnership with the Bairnsdale Chamber of Commerce provided various tools to retailers to continue the project to strengthen the region's main retail centre. Initiatives include the swing into Bairnsdale brand, pre-Christmas late night shopping, a Melbourne Cup day fashion event, a web site and work has started on a Bairnsdale gift card.

Measures of success

Headline Gross Regional Product (GRP)
(\$million and % change)



Source: National Institute of Economic and Industry Research (NIEIR) ©2014. Compiled and presented in economy.id by .id the population experts.

East Gippsland unemployment rate has been below the Victorian unemployment rate since 2012.



Source: economy.id by .id The population experts.

*Estimate -

<http://lmip.gov.au/default.aspx?LMIP/EmploymentData/EasternVictoria/EastGippsland>

Businesses and industries within the region grow and diversify.

Council's Economic Development Advisory Board has continued to fund East Gippsland Marketing Inc, Business and Tourism East Gippsland as well as a number of projects. These include a feasibility study and business case for a mobile indigenous exhibition, the Shire's bid for the National Surf Life Saving Championships, and Launching Lakes Entrance.

Effective partnerships between government and the private sector are being forged to help businesses remain in the region and to grow and diversify.

A much-needed drainage project will be constructed in East Bairnsdale following Victorian and Australian governments committing \$2.73 million, a Council contribution of over \$500,000 and contributions of land and other services valued at over \$1 million from industry. The project will develop a comprehensive flood mitigation and drainage scheme next to the estate at Lucknow, home to one of Gippsland's biggest employers, Patties Foods. The project could potentially unlock up to 900 new allotments of land for residential development. An independent business case showed that the project has the ability to unlock development that will generate 857 new jobs and an additional \$14 million of gross regional product.

Businesses within the region provide diverse employment opportunities that meet the employment needs of local and future residents.

Three projects from the project to revitalise Orbost's economy, Advancing Orbost 2020, have been signed off by the Orbost Steering Committee and will start in 2014-15. The projects are: Local Business Financing and Business Support; Seed Laboratory; and Orbost Aged Friendly Town.

Challenges

The timber industry faces a significant challenge in finding new markets for wood waste.

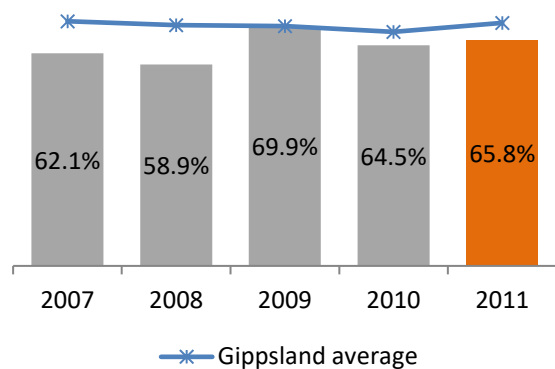
South East Fibre Exports have recently announced that they will no longer be taking wood waste from Victoria. Wood waste has been an important bi-product of timber harvesting in East Gippsland often ensuring the on-going viability of some logging operations. Council is working with the Victorian Association of Forest Industries, businesses impacted by the wood waste changes and the Victorian Government to progress the actions identified in the Timber Transition Strategy commissioned by the government.

Our plans for the future

- Council received funding from the Victorian Government to undertake an assessment of East Gippsland's cycling assets which will lead to a marketing plan.
- Council is supporting the joint project between the East Gippsland Food Cluster and the East Gippsland Marketing Board to develop a food brand for East Gippsland.
- Council aims to fully implement the Department of Health's Streatrader software. This software cuts red tape for mobile/temporary food businesses, which can trade throughout Victoria once they are registered with their principal Council.

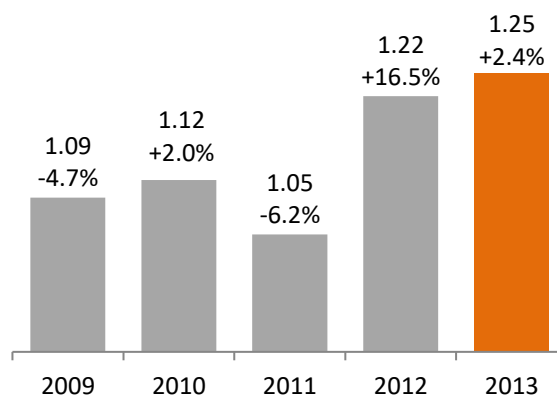
Measures of success

The number of those holding Year 12 or equivalent has increased by 3.7% in East Gippsland between 2006 and 2011, but is still below the Gippsland average



Source: Department of Education and Early Childhood Development. Data collated from VCAA, ABS and Skills Victoria data, 2007-2010

Total visitors to the region has increased by 18.9% since 2011 (million and % change)



Source: East Gippsland Shire Tourism Snapshot – Data for 2014 will be released after December 2014.

Effective partnerships between government and the private sector are being forged to help businesses remain in the region and to grow and diversify.

Three levels of government, Patties Foods, Dahlsens and Broadlands Estate have all contributed to an important project for the growth of our region. A much needed drainage project will be constructed in East Bairnsdale following Victorian and Australian governments committing a total of \$2.73 million to the project, a Council contribution of over \$500,000 and contributions of land and other services valued at over \$1 million from industry. The project will develop a comprehensive flood mitigation and drainage scheme next to the estate at Lucknow, home to one of Gippsland's biggest employers, Patties Foods.

In the future, this project has the potential to unlock up to 900 new allotments of land next to the existing industrial estate for residential development, providing a much needed boost to the residential construction industry. An independent business case analysis showed that the project has the ability to unlock development that will generate 857 new jobs and an additional \$14 million of gross regional product. Through all tiers of government contributing collectively to the project and working with the private sector, we have been able to develop a multi-million dollar project to address this problem. This project could not have been delivered by one level of government alone, or by the private land owners.

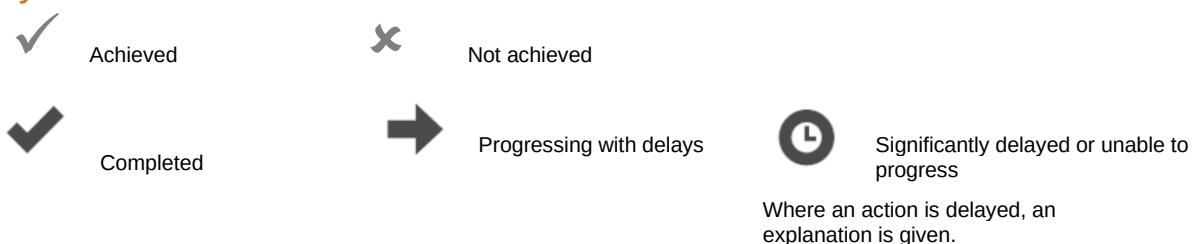
At a glance

Community outcomes

- Visitation to East Gippsland has increased by 18.9% since 2011 Visitor nights have also increased by 5% since 2010
- Employment rates have improved by 2% (2011 census)
- The December 2013 unemployment rate of 5.47% is lower than both National (5.88%) and Victorian average (6.27%)
- East Gippsland's adult population has grown 6% from 2007-2012
- Internet employment vacancies have risen by 1.7% in Gippsland in 2013, while Victoria declined by 7.1%

The tables below reflect the progress of our key work during 2013-14.

Key



Key Strategic Activities and Measures

3.1 Our business environment is adaptable and prosperous

Develop an Economic Development and Tourism Strategy for East Gippsland

A second draft of the Economic Development and Tourism Strategy has been provided by the consultant following Council feedback that the first draft was not robust enough. The strategy will not be completed by the end of the financial year due to the work still to be undertaken.

Measure	Source	Target	Result	Outcome
Time: Strategy completed by agreed date	East Gippsland Economic Development and Tourism Strategy	By 30 June 2014	50% complete	✗
Cost: Strategy is delivered within budget	Annual Budget 2013-14	\$25,000	\$30,000	✗

Fund and partner with East Gippsland Regional Business and Tourism Association (EGRBTA) to provide business resilience services to local businesses

A Memorandum of Understanding and funding was agreed with Business and Tourism East Gippsland (BTEG) in November 2013. BTEG have submitted an application to Council for a further 4 years annual operating funding. This is currently being considered by Council.

Time: Establish a new Memorandum of Understanding and funding agreement by the agreed date	Memorandum of Understanding	By 30 June 2014	100% complete	✓
---	-----------------------------	-----------------	---------------	---

3.2 Our economy provides opportunities for employment, learning and training

Work with the Orbost community to transform the local economy

Three priority projects from the Advancing Orbost 2020 project have been signed off by the Orbost Steering Committee. These include Local Business Financing and Business Support, a Seed Laboratory, and Orbost Aged Friendly Town. The actions from these projects will be progressed in 2014-15.

Time: Project plan completed by agreed date	Orbost Revitalisation Plan	By 30 June 2014	100% complete	✓
Cost: Project is delivered within budget	Annual Budget 2013-14	\$50,000	\$50,000	✗

3.3 East Gippsland is the place to visit, live, work and invest

Support and fund East Gippsland Marketing Inc (EGMI) to deliver innovative marketing opportunities for East Gippsland

Funding for EGMI was approved until June 2014 and agreed in July 2013. During the year EGMI established a strong social media presence on line through the introduction of the 'Love East Gippsland' Facebook Page, the Twitter@loveeastgippy and the Instagram@loveeastgipp.

EGMI's work was recognised through being awarded the 'Minister's Award' at the 2014 Regional Victoria Living Expo. EGMI have submitted an application for further annual operating funding for 4 years. This is currently being considered by Council.

Measure	Source	Target	Result	Outcome
Time: Review funding agreement with East Gippsland Marketing	East Gippsland Marketing Plan	By 30 June 2014	100% complete	✓
Quality: Percentage of survey respondents who are very or reasonably familiar with the East Gippsland region	East Gippsland Marketing annual survey on knowledge of the region's attributes and opportunities by Melbourne-based target market	40%	40%	✓

Complete the Mallacoota Ocean Access Boat Ramp

The project timeline for the Mallacoota Boat Ramp was extended by Council in September 2013, for completion in October 2014. Despite not meeting the initial completion date, it is now 50% complete as at 30 June 2014. The estimated expenditure at 30 June 2014 is approximately \$2.5M. The project is on budget for the revised deadline of October 2014 and is progressing well with the breakwater 75% complete, channel dredging well under way and construction of the jetty now commenced. Recent significant weather events have extended the project program by approximately two weeks.

Time: Project is delivered by agreed completion date	Council Project Report	By 30 June 2014	50%	x
Cost: Project is delivered within budget	Annual Budget 2013-14	≤ +5%	n/a ¹	x

¹ The project timeline for the Mallacoota Boat Ramp has been extended for completion in October 2014. The Estimated expenditure at 30 June 2014 is approximately \$2.5M. It is currently within budget but the measure has not been achieved within the documented timeframe.

Progress against our Council Plan commitments for 2013-14

Commitment	Outcomes	Status
3.1 Our business environment is adaptable and prosperous		
3.1.1 New businesses and industries are attracted into the region and can easily start up		
Work with the mining sector to support appropriate mining activity in the region		✓
Remove unnecessary Council planning and development regulations to encourage development and investment		✓
Develop an Economic Development and Tourism Strategy for East Gippsland		➔
<i>Comment: The draft report received from the consulting company did not meet requirements and the consultant was late in delivering an updated second draft. This version has now been reviewed by the steering committee and a number of actions were recommended and are now being progressed. They include creating a concise summary document to compliment the more detailed report, significant editing to ensure the easy the readability of the final documents and strengthening the governance recommendations and key performance indicators. It is anticipated that the strategy will be complete by 29 August 2014.</i>		
Partner with the aviation sector to attract new business to the Bairnsdale Aerodrome		✓
3.1.2 Businesses and industries within the region grow and diversify		
Support the growth of the region's agrifood and seafood sectors through partnerships, specific projects and infrastructure		✓
Ensure businesses are ready for the National Broadband Network (NBN) and can maximise their benefit from this		✓
Ensure that land and supporting infrastructure is available to support commercial and industrial growth		✓
Fund and partner with East Gippsland Regional Business and Tourism Association to provide business resilience services to local businesses		✓
Develop a strategy for an improved freight network and intermodal freight hub that will drive state and federal investment into new freight-related infrastructure in East Gippsland		➔
<i>Comment: A consultancy was engaged to develop a freight and logistics strategy with the objective of promoting investment in transport infrastructure for East Gippsland.</i> <i>Due to unforeseen factors Council and the consultancy have agreed to terminate their contract. Council has engaged the services of another consultant to complete the strategy. The project is on track for completion early in the 2014-15 financial year.</i>		

Commitment	Outcomes	Status
3.1.3 Businesses remain in the region		
Address drainage issues in East Bairnsdale to enable business development		✓
Ensure the continued development of the timber industry through support for the East Gippsland Mixed Species Timber Industries Issues Group and the Timber Industries Council		✓
Develop and deliver a marketing program in partnership with local traders to strengthen the region's main retail centre		✓
3.2 Our economy provides opportunities for employment, learning and training		
3.2.1 Businesses within the region provide diverse employment opportunities that meet the employment needs of local and future residents		
Develop agreements with and support programs for the mining sector to foster commitment to local employment		✓
Partner with Wellington Shire Council to secure the ProjectAir5428 contract for Gippsland		✓
Work with the Orbost community to transform the local economy		✓
3.2.2 Education initiatives contribute to resilience and economic prosperity and fill known skills gaps		
Work with partners to deliver technology to facilitate training in place in remote locations		🕒
<i>Comment: The Victorian Government Technology Enabled Learning Centres (TELC) program has indicated that it is not possible to co-locate technology in Council Business Centres at this point in time due to technology and budget limitations. It is noted that this technology is still being made available in remote communities, though it is being delivered through organisations other than Council.</i>		
Advocate to support the implementation of the East Gippsland Education Vision, including retention and strengthening of local training providers		✓
Support the Gippsland East Local Learning and Network Trade Training Centre concept and proposals		➡
<i>Comment: The Trade Training Centre concept has stalled due to the lack of commitment and engagement from the local schools and specifically the largest secondary school in the region. Council is working with GELLEN to secure funding to increase educational aspirations in East Gippsland. This will be an ongoing project. Minister Hall's resignation from Minister for Higher Education has put the funding request on hold.</i>		

Commitment	Outcomes	Status
3.3 East Gippsland is the place to visit, live, work and invest		
3.3.1 East Gippsland's brand is widely recognised		
Support and fund East Gippsland Marketing Inc to deliver innovative marketing opportunities for East Gippsland		✓
3.3.2 Our places, facilities and services provide a positive experience for visitors		
Complete the Mallacoota Ocean Access Boat Ramp		➔
<i>Comment: Construction was delayed pending the Department of Environment and Primary Industries (DEPI) approval of the Environmental Management Plan (EMP). The project commenced construction on 11/11/13. The expected completion date is now October 2014.</i> <i>The project is progressing well with the breakwater 75% complete, channel dredging well under way and construction of the jetty now commenced. Recent significant weather events have extended the project program by approximately two weeks. Completion is expected late October 2014.</i>		
Promote facilities to attract visitors to enjoy the region		✓
Finalise designs for the upgrade to the Lakes Entrance Visitor Information Centre		✓
Improve facilities, infrastructure and support for cyclists		✓
Implement improvements to visitor servicing including service delivery in Mallacoota and technology-based services in visitor information		➔
<i>Comment: Officers are working on an integrated service delivery model in Mallacoota which includes the provision of VIC services from a central location in Mallacoota in conjunction with library services, and caravan park bookings. Discussions with the Mallacoota VIC took place on 19 June with the agreement of a technology focused delivery model supported by Mallacoota VIC volunteers. These will be implemented in conjunction with the completion of the new build for the service centre scheduled for September 2014.</i>		
Develop rowing infrastructure at Johnsonville to meet the needs of the rowing tourism market and local users		✓
3.3.3 East Gippsland will be positioned as a leading destination for new and existing events		
Develop a prospectus to attract events based on our region's strengths and deliver increased benefits to our communities from hosting events		✓

Community satisfaction indicators

Indicator	Result			Snapshot
	2012	2013	2014	
Business, Community Development and Tourism	62	61	63	

Stewardship

Our Shire is well managed and supported by a resourceful, responsive organisation.

This area of focus relates to services and commitments to ensure we deliver activities and services that meet the needs of our communities and stakeholders effectively and at an acceptable cost.

4.1 Shire services meet the needs of our communities and stakeholders at an acceptable cost

Community outcomes

- ▶ Shire services are tailored to community needs.
- ▶ Our reputation enables us to build partnerships and relationships that create mutual benefit.
- ▶ Sound management supports our communities' strategic priorities, enables us to deliver services and infrastructure and ensures the sustainability of our Shire into the future.

Our services:

- Council provides leadership on issues of importance to East Gippsland and advocates on behalf of the community and its vision for the future. It does this through strong, transparent, accountable leadership and the development of strong relationships with key stakeholders and other levels of government.
- Manage Council's financial services and programs to deliver services and infrastructure that meet the community's needs, while ensuring long-term financial sustainability and the highest standards of probity.

4.2 We make decisions through transparent processes and execute our plans prudently and effectively

Community outcomes

- ▶ Community and Council have strong mutual understanding and support.
- ▶ Our internal processes support good outcomes.

Our services:

- ▶ We inform and engage with our community and stakeholders using traditional and emerging technology and communication mediums.
- ▶ Conduct civic events to commemorate and celebrate the successful delivery of significant Council programs, infrastructure and projects.
- ▶ Promote, support and assist the development of volunteering and civic participation throughout the municipality.
- ▶ Maintain positive relationships with print and electronic media and inform the community about Council activities and services.
- ▶ Inform the community about activities and services that are important and relevant to East Gippsland using timely, effective and accessible media.

- ▶ Manage Council's corporate information and record management services in compliance with relevant legislation.
- ▶ Provide service delivery to the community and within Council through effective and reliable information technology and communications systems.
- ▶ Support Council and corporate services to ensure an administrative framework is maintained to enable Council to function at the highest possible level.
- ▶ Provide strategic and operational support to develop and implement strategies, policies and procedures to continually improve Council's day-to-day operations.
- ▶ Manage Council's property portfolio, including purchases, sales, leases and licenses to ensure land under Council's ownership or management is used effectively and in the best interests of current and future generations.
- ▶ Support local groups that have a focus on land and facility stewardship.
- ▶ Ensure the highest standards of legislative compliance are achieved across all Council functions and that its risk exposure is minimised through continuous improvement of proactive and comprehensive systems and processes.
- ▶ Manage a compliance framework that promotes prudent and responsible management approaches to Council's decision-making and service delivery.
- ▶ Deliver contract, tender and procurement expertise to ensure Council receives the best possible value procurement of a range of goods and services, while maintaining high standards of probity.
- ▶ Continue to deliver a comprehensive reporting program and appropriate systems to provide timely and informative reports on Council's performance to Council and the community.

4.3 East Gippsland Shire Council is an exciting, fulfilling and inclusive organisation

Organisation outcomes

- ▶ The best people are attracted and retained
- ▶ Council workplaces are safe and healthy.

Our services:

- Recruit, develop and retain high-performing staff through key human resources functions including organisational development, occupational health and safety, training, mentoring and traineeships.

Reflecting on our achievements

Council's internal Customer Satisfaction Survey program provides an opportunity for the community to give feedback on the services Council provides

Surveys on Performing Arts and the Shire's Development services were conducted in late 2013 and were reported at the May Council Meeting. Parks and Gardens and Visitor Information Centre surveys were presented to the June Council Meeting. The Recreation Facilities survey will be distributed in June 2014. Customer Service and Communication survey is being covered off as part of the Integrated Communication Strategy review.

Sound management supports our communities' strategic priorities, enables us to deliver better services and infrastructure and ensures the sustainability of our Shire into the future

New quarterly performance reports were developed in the first quarter of 2013/14. The development of the reports is facilitated by new software, Cambron. Reports against progress on the Council Plan have been presented to Council, the Audit Committee and made available to staff and the community via Council's website. This is an ongoing initiative to ensure a wide range of stakeholders are provided with relevant information and data on Council's performance.

The Revised Council Plan was adopted on 24 June 2014 and met all scheduled milestones despite a number of challenges with this year's Budget process that impacted on its development.

Open Windows project

Successful project management and implementation of the Open Windows procurement system will enable Council to track the status and expenditure of Capital Projects, enable better cash flow management, and build and develop a high degree of organisational competency in the management of projects, execution of the procurement process and the delivery of Council initiated outcomes.

Council's Information Services Unit has implemented a number of projects aimed at **improving service delivery efficiency**. The unit implemented a new communications link between Bairnsdale and Lakes Entrance to facilitate disaster recovery planning. As part of this project, a back-up, independent power source was installed at Council's Palmers Road, Lakes Entrance offices. This will ensure Council can continue to respond to emergencies in the region if traditional power supplies are lost during an incident.

Council made a submission to the Australian Government's **Mobile Coverage Programme** detailing the black spots in the region. The report also stressed the importance of strong communications infrastructure to support emergency management, tourism, business and the community in general.

Challenges

Negotiation of our Enterprise Agreement Number 4

During the course of negotiations there were a number of new appendices that need to be considered for inclusion within our new Enterprise Agreement. The absolute necessity to consult with all stakeholders who are impacted by the appendices is taking longer than anticipated. As a result of this, Enterprise Agreement No 4 will not be finalised and approved by 30 June 2014.

Based on current negotiation progress, it is anticipated that the agreement will be finalised by the end of the first quarter of 2014-15.

Our plans for the future

- Finalisation and approval of Enterprise Agreement No. 4
- Implement the first year actions of the Workforce Development Plan

New legislation for Planning and Reporting in Local Government.

Newly enacted Regulations were made by the Governor on 15 April 2014 to replace the *Local Government (Finance and Reporting) Regulations 2004*. There are a number of changes for Councils as a result. Some of these changes have been incorporated into Council's *Annual Budget 2014/15* and the *Revised Council Plan 2013-2017* to comply with the new legislative requirements of the Regulations. These include: Streamlined financial reporting - Councils will be required to prepare financial statements instead of standard statements; changes to the Strategic Resource Plan; the requirement for Councils to identify and report 'key strategic activities' in its Council Plan has been replaced by reporting achievements of 'major initiatives'; and a consistent set of indicators (the Local Government Performance Reporting Framework) have been published in the Budget to enable benchmarking of Council's performance.

The framework is made up of 70 quantitative measures and 24 qualitative checklist measures of Council performance across service performance; financial performance; sustainability; and a governance and management checklist that are required to be reported annually in Council's Annual Report and Performance Statements.

These measures must be collected with sufficient frequency to enable the Council to monitor and make adjustments ahead of time, rather than through an annual reporting process that will provide a retrospective view of performance. The goal of providing information is to empower Councils to improve results. Inaccurate, old, or distrusted information will not contribute to improving services.

Through its Council Plan and regular reporting on progress, Council seeks to demonstrate to residents and ratepayers that it is working hard to meet their needs by delivering over a hundred different services that respond to their needs and aspirations on a daily basis. As with many new systems, Council's compliance with its newly legislated obligations will not be without impact, as gearing up to comply with the specific reporting required will be labour intensive and time-consuming. In the meantime, the further development and evolution of the Framework will be awaited with interest.

At a glance

Outcomes

- Council's staff retention rate is 93%. This is higher than the average for large Victorian Rural Councils of 91.59%. *Source: 2013 MAV Human Resource Management Benchmarking Survey Report*
- Careers promotional material to help promote Council as an employer of choice has been developed
- Leading Teams have presented an action based leadership program that commenced in March 2014.

The tables below reflect the progress of our key work during 2013-14.

Key



Achieved



Not achieved



Completed



Progressing with delays



Significantly delayed or unable to progress

Where an action is delayed, an explanation is given.

Key Strategic Activities and Measures

4.1 Shire services meet the needs of our communities and stakeholders at an acceptable cost

Shire services are tailored to community needs

East Gippsland Shire Council provides over 100 services to more than 42 townships and localities across our 21,000 km² municipality. A model to evaluate the effectiveness of Council's place-based approach to service delivery is currently being developed to support a strategic approach across the Shire. This will influence future modes of service delivery in East Gippsland.

Continuing to provide service excellence is a major focus of Council as financial and resourcing pressures continue. Issues such as debt management, resource allocation and integrating systems and processes will have a considerable impact on our capacity to deliver.

Measure	Source	Target	Result	Outcome
Quality: Community satisfaction rating for the overall performance of Council	Local Government Victoria Annual Community Satisfaction Survey	≥ Average for large rural shires	60 (Large Rural Shires = 57)	✓

Implement a Long-term Financial Plan that is prudent, sustainable and protects the long-term interests of the municipality

As a result of the three-year freeze on indexation of the Federal Assistance Grant and the Australian Government's decision not to pre-pay 50% of the 2014-15 Grant in the 2013-14 financial year (as has been the case for several years past) Council does not expect to meet the Quality and Quantity measures in the Council Plan. The non-payment of the Federal Assistance Grant in advance, will reduce income by \$7.08 million in the 2013-14 year.

Nonetheless, Council has still adopted a Budget for the 2014-15 year that supports long-term financial sustainability. The 2014-15 budget has been developed to improve Council's cash position over the next four years and then maintain this over the long term. To counter the changes in Federal Assistance Grant arrangements and still achieve this, the Capital Works Budget has been reduced in 2014-15, 2016-17 and 2018-19. In these three years expenditure on Council asset renewal will be less than depreciation.

Quality: Auditor-General's annual report on Local Government Sustainability	Sustainability Ratio Local Government - Results of the 2012-13 Audits	Overall financial sustainability risk assessment of 'Low risk of financial sustainability concerns – there are no high risk indicators'	Low risk of financial sustainability concerns – there are no high risk indicators	✓
Quantity: Working Capital Ratio (Liquidity)	Current Assets to Current Liabilities ratio	minimum 1.5:1	Forecast 2.1:1	✓
Quality: Underlying Result	Annual Budget and Financial Statements	\$1M surplus	Forecast surplus of \$1.2M	✓
Quality: Percentage of Debt Commitment Ratio	Financial Statements	6%	2.6%	✓
Quantity: Rates outstanding as a percentage of rate revenue	Financial Statements	5%	4.96%	✓

4.2 We make decisions through transparent processes and execute our plans prudently and effectively

Encourage our community to have a say in matters of interest to them through community engagement and regular opportunities to interact with Councillors and officers.

Councillors have undertaken a range of activities over the year to explore a range of matters of strategic importance to Council and the community. This has included specific sessions exploring the future of potential mining activity in the Shire, better understanding our waste management services and commercial business enterprises; and strategic planning focusing on valuing diversity. Councillors have also visited communities in Lindenow and Omeo and took the opportunity to engage with many community members at the East Gippsland Field Days.

The results of the community satisfaction rating for community consultation and engagement are 1 point lower than last year's result, however responses for 'needs improvement' (poor and very poor) are trending downward with a result of 21%. This is a 2% improvement from last year's result.

Measure	Source	Target	Result	Outcome
Quality: Community satisfaction rating for community consultation and engagement	Local Government Victoria Annual Community Satisfaction Survey	54	53 (Large Rural Shires = 57)	✗
Quantity: Number of strategic community visits undertaken by Council	Council data	6	7	✓
Quantity: number of visits to the 'Your Say' page on Council's website	East Gippsland Shire Council website	1000	2469	✓

4.3 East Gippsland Shire Council is an exciting, fulfilling and inclusive organisation

Implement an internal audit and control framework that ensures the highest standards of financial reporting, internal control, legislative compliance and risk management

Council's adopted Internal Audit Plan was reviewed as a result of new Internal Auditors Oakton Services being appointed. As a consequence of that process, the measured audit was moved into the 2014/15 year. Delivery of the remainder of Council's Internal Audit Plan 2013-2018 is on schedule.

Four internal audits were undertaken in 2013-14:

1. Business Continuity Planning and Emergency (25% complete);
2. Review of Councillors Expenditure (100% complete);
3. Accounts Payable and Procurement (62% complete); and
4. Payroll and Leave Management (100% complete).

Measure	Source	Target	Result	Outcome
Quality: Audit of adequacy and effectiveness of internal controls and procedures to ensure revenue from significant Council enterprises is recognised, captured, collected and reported	Oakton Services Ltd (Internal Auditor) final report to Audit Committee	Final report endorsed by Audit Committee without qualification	Audit not undertaken	x
Quantity: Percentage of risk mitigation actions identified by internal audits of Council's systems and processes that are finalised within designated timeframes	Audit Committee	≥ 90%	72%	x

Negotiate East Gippsland Shire Council Enterprise Agreement No. 4 for implementation on expiry of Agreement No. 3 on 30 June 2014

During the course of negotiations there were a number of new appendices that need to be considered for inclusion within our new Enterprise Agreement. The absolute necessity to consult with all stakeholders who are impacted by the appendices is taking longer than anticipated. As a result of this, Enterprise Agreement No 4 will not be finalised and approved by 30 June 2014.

Time: Enterprise Bargaining Agreement re-negotiated and approved by Fair Work Commission	East Gippsland Shire Council Enterprise Agreement No. 4	By 30 June 2014	80% complete	x
---	---	-----------------	--------------	---

Progress against our Council Plan commitments for 2013-14

Commitment	Outcomes	Status
4.1 Shire services meet the needs of our communities and stakeholders at an acceptable cost		
4.1.1 Shire services are tailored to community needs		
Service Centres will be developed to expand their scope of services and ability to meet the needs of their community		➔
<i>Comment: This commitment is 50% complete. Work has commenced to develop the Mallacoota Service Centre following delays while negotiations took place with the adjoining land owner. Further negotiations are taking place with other adjoining land owners to ensure that an amicable outcome is achieved, even though permission was in place to proceed with construction. It is expected that the Service Centre will be completed in line with grant milestones and that the Centre will be operational before the end of 2014.</i>		
4.1.2 Our reputation enables us to build partnerships and relationships that create mutual benefit		
Work collaboratively with other levels of government to maximise opportunities to deliver projects and provide services in a cost-effective and sustainable way		✓
Grow and strengthen relationships with other local, regional, state and federal organisations to leverage Council's advocacy outcomes on behalf of the local community and the Gippsland region		✓
4.1.3 Sound management supports our communities' strategic priorities, enables us to deliver services and infrastructure and ensures the sustainability of our Shire into the future.		
Implement a Long-term Financial Plan that is prudent, sustainable and protects the long-term interests of the municipality		✓
Investigate and develop business opportunities that will supplement Council's income through sources other than rates and charges and in doing so, increase Council's financial sustainability		✓
4.2 We make decisions through transparent processes and execute our plans prudently and effectively		
4.2.1 Community and Council have strong mutual understanding and support		
Review the Integrated Communications Strategy to maximise communications opportunities and keep the community informed		✓
Encourage our community to have a say in matters of interest to them through community engagement and regular opportunities to interact with Councillors and officers		✓
4.2.2 Our internal processes support good outcomes		
Review resource use across the organisation to make sure people have the right tools to perform their roles		➔

Commitment	Outcomes	Status
<i>Comment: The Computer Workstations Refresh project has been delayed by six weeks as a result of supply issues. The project is now in its final stage. Of the 300 devices, 60 have been deployed with a further 90 due for deployment in the next quarter.</i> <i>A proposal is being considered to investigate mobile technology for particular roles within Council that result in better service to the community.</i>		
Develop an Information and Communications Technology strategy that makes use of current technology trends for IT infrastructure and services to meet the needs of users		➔
<i>Comment: A draft strategic plan has been developed and being consulted on. A range of factors have contributed to the delay in finalising this key strategic document; however these have now been addressed and it is anticipated that the plan will be adopted during the first quarter of 2014/15.</i>		
Implement 'best value' strategic procurement contract and supplier management		➔
<i>Comment: A revised Procurement Policy based on best practice guidelines was adopted by Council in November 2013. In October 2013 a tender was awarded for a new Contract and Project Management software system. The Project Team appointed to implement the new system by the end of June has made steady progress and 'go live' took place on 1 July. Training of end users has been occurring over recent past months and feedback received on the capabilities and 'user-friendliness' of the program has been very positive.</i>		
Implement an internal audit and control framework that ensures the highest standards of financial reporting, internal control, legislative compliance and risk management		✓
4.3 East Gippsland Shire Council is an exciting, fulfilling and inclusive organisation		
4.3.1 The best people are attracted and retained		
Negotiate East Gippsland Shire Council Enterprise Agreement No. 4 for implementation on expiry of Agreement No. 3 on 30 June 2014		➔
<i>Comment The Enterprise Agreement negotiation process commenced in August 2013 and is 80% complete. Employees and unions were formally advised of management's intention to bargain in good faith and the Terms of Reference for negotiating a new Enterprise Agreement was distributed to all employees in August. An Enterprise Agreement Working Party has been meeting on a regular basis, with the minutes from these meetings made available to all participants and Council staff to ensure the organisation as a whole is kept up to date on the progress of negotiations. Further information is provided on Page 106.</i>		
Develop a Workforce Plan to deliver current and future Council and community requirements, ensuring we have the right skills in the right jobs		✓
4.3.2 Council workplaces are safe and healthy		
Develop and implement innovative policies and procedures which enhance workplace health and safety		✓

Community satisfaction indicators

Indicator	Result			Snapshot
	2012	2013	2014	
Community satisfaction rating for Overall Performance	58	60	60	
Community satisfaction rating for Lobbying on behalf of the community	53	54	54	
Community satisfaction rating for Customer Service	68	71	67	

Section Five: Governance

Audit Committee

The Audit Committee's role is to provide advice to Council on financial reporting, internal control, compliance and risk management. It does this through the provision of independent advice and recommendations on matters relevant to its Charter, in order to assist Council decision-making.

The Committee is a Council Advisory Committee. It does not have executive powers or authority to implement actions in areas over which management has responsibility and does not have any delegated financial responsibility. The Audit Committee does not have any management functions, so is independent of management.

The Audit Committee's duties are to:

- review the Draft Annual Report and Performance Statement and recommend adoption to Council if appropriate;
- discuss with the External Auditor the Annual Audit and Management Letter. This process will include an opportunity to make recommendations where appropriate and to receive follow-up briefings on any remedial action deemed necessary;
- subject to appropriate advice from Council's Internal and External Auditors, overview compliance with statutory requirements for financial reporting;
- review Council's performance reporting framework to ensure a system is in place that facilitates delivery of the four-year Council Plan and meets Council's policy objectives;
- based on the written and verbal reports of relevant Council officers, conduct an annual review of Council's risk management policies and program and report to Council accordingly;
- ensure that effective and efficient systems are in place for the review of other relevant policies and procedures (e.g. accounting, business continuity, delegation, Equal Employment Opportunity, Occupational Health and Safety, Privacy, WorkCover, etc.);
- receive reports from the Chief Executive Officer and other Council officers relevant to Council's compliance with relevant legislation, policies and procedures;
- in consultation with the Internal Auditor, establish a program of internal control reviews, and regularly review internal controls;
- receive a written report on any claims, legal or otherwise, which may have an effect on Council's financial performance or otherwise expose Council to risk;
- receive written and verbal reports relevant to the progress of any major legal action in which Council is involved;
- receive reports relevant to Council's compliance with the National Competition Policy and any significant issues arising therefrom;
- where such matters fall within the Committee's general Terms of Reference, receive reports on specific projects and investigations deemed necessary by the Chief Executive Officer and Council, including suspected cases of fraud or other defalcation by Council officers or others having business with Council. On receipt of such reports the Committee may take further action or make recommendations as it deems appropriate in each case;

- address relevant issues brought to the attention of the Committee, including requests from Council for advice on matters that fall within the Committee's Terms of Reference;
- once every two years, review and assess the adequacy of the Audit Committee Terms of Reference and as appropriate, present recommendations for amendment of the document to East Gippsland Shire Council; and
- each year, conduct an evaluation of the performance of the Audit Committee and provide a confidential report on the outcome to East Gippsland Shire Council.

The Audit Committee has seven members: four independent members (one of whom is required to be Chairperson), the Mayor of the day and two other Councillors. In 2013-14 the Audit Committee members were:

- Mr Michael McStephen, Chair
- Mr Peter Fiddian
- Ms Christine Wrench
- Mr Andy Eccles
- Cr Mark Reeves, Mayor
- Cr Marianne Pelz
- Cr John Wilkin

The Audit Committee meets four times a year with an additional special meeting called each year to consider the audited accounts. Following each Audit Committee meeting, a report is presented to Council outlining all issues considered together with any recommendations for Council's consideration.

Internal audit

Internal auditing is an independent, objective exercise that aims to improve the operations of Council. The internal audit process assists Council and the Chief Executive Officer to assess, monitor and improve the effectiveness of risk management and governance processes and controls. The Internal Auditor reports on its activities to the Audit Committee at least four times each year.

During 2013-14, the internal auditor reviewed the following systems and procedures:

- Business Continuity Planning and Emergency Management Planning (Stage 1);
- Councillors' Expenditure;
- Accounts Payable and Procurement; and
- Payroll and Leave Management.

Information available for public inspection

Under the *Local Government Act 1989* and Section 11 of the *Local Government (General) Regulations 2004* Council has the following documents available for public inspection:

- Mayor and Councillors allowances
- Senior officers' total salary packages for the current financial year and previous year
- Details of overseas or interstate travel undertaken in an official capacity by Councillors or any Council staff in the previous 12 months
- Names of Councillors and Council officers who were required to submit a return of interest during the financial year and the dates the returns were submitted
- Agendas and minutes for Ordinary and Special Council Meetings held in the previous 12 months
- Special committees established by Council and the purpose for which each committee was established. Also a list of special committees that ceased to function during the financial year
- Minutes of meetings of special committees established under Section 86 of the Act and held in the last 12 months
- Register of Delegations kept under the Act
- Submissions received under Section 223 of the Act during the previous 12 months
- Agreements to establish regional libraries under Section 196 of the Act
- Details of all property, finance and operating leases entered into by Council
- Register of authorised officers appointed under Section 224 of the Act
- Donations and grants made by the Council during the financial year
- Names of the organisations of which Council was a member during 2013-14 and details of fees and services provided to Council
- a list of contracts valued over \$150,000 for goods or services and \$200,000 for works which Council entered into during 2013-14 without first engaging in a competitive process and that are not contracts referred to in Section 186(5) of the Act

Inspection of these documents can be arranged by contacting the Governance unit on (03) 5153 9500 or by visiting Council's Corporate Centre, 273 Main Street, Bairnsdale from 8.30am to 5.00pm Monday to Friday.

Freedom of Information

The *Freedom of Information Act 1982* gives the community the ability to access certain Council documents.

There is an application procedure, and rights of access are limited by exemptions detailed in the legislation. Applications must be accompanied with the appropriate application fee and specific details of the information requested.

Council received 19 applications during the reporting year.

	2013-14	2012-13	2011-12
Number of new applications / requests	19	11	9
Access granted in full	1	4	0
Access granted in part	15	5	7
No documents existed in the requested form/ Act does not apply	1	0	0
Access denied in full	0	2	1
Requests outstanding at end of financial year	2	0	1
Internal reviews	0	1	3
Reviews by FoI Commissioner	0	0	0
Appeals lodged with VCAT	0	0	0
Fees collected	\$488.30	\$276.10	\$219.60
Fees waived	0	0	0
Charges collected	\$200.00	0	0

Protected disclosures

Council has a policy for handling disclosures made under the *Protected Disclosure Act 2012*, as required by the Act. The purpose of the Act and policy is to encourage and facilitate the disclosure of any improper conduct by Councillors or Council officers.

Protected Disclosure Act 2012

The Protected Disclosure Policy and Procedures were adopted by Council on 2 July 2013. The policy and procedures are available from Council's website or by request in person at any Council Service Centre.

These documents are also available by contacting the Protected Disclosure Coordinator on (03) 5153 9500 or email whistleblowers2@egipps.vic.gov.au

The policy and the procedures have been circulated to all Councillors and staff. Staff can also access the procedures through Council's intranet or by request at the Corporate Centre.

There were no disclosures notified to the Independent Broad-based Anti-corruption Commission for the year ended 30 June 2014.

Information Privacy Act

The *Information Privacy Act 2000* and *Health Records Act 2001* are designed to protect the private information of residents and ratepayers. Council will only collect, use or disclose personal information where it is necessary to perform Council functions or when required by law. Formal complaints can be made if people believe their privacy has been breached. Community members can access their personal records held by Council.

Council's Privacy Policy is available on the website, www.eastgippsland.vic.gov.au under About Us>Your Council>Policy Documents>Council Policies

If you would like a copy of the policy sent to you, please contact Council's Governance Officer.

Local Laws

East Gippsland Shire's Health and Community Laws Unit is responsible for education and enforcement of Victorian Acts, Regulations and Codes of Practices relating to domestic animal management, environment protection, public health, food safety, council local laws, parking enforcement, school crossing supervision and the investigation and resolution of complaints concerning these issues.

Council's General Local Law 2011 covers the following general areas:

- Roads management
- Safety, Health and Amenity
- Animal Control
- Disposal of Waste
- Drainage and watercourses
- Raymond Island Ferry
- East Gippsland Livestock Exchange
- Council-controlled marinas, foreshores and waterways

The major achievements of Local Laws during the reporting year were:

- Conducted animal registration audit resulting in increased registration
- Domestic Animal Management Plan new initiatives (see Page 117 for more details)
- Implemented new Goods on Footpath initiatives
- Implemented reminder notices for disabled permit holders that are due to expire
- Infringement reminder notices are now being processed internally, resulting in a significant cost saving.

Risk management

Council takes a proactive stance on risk management and has in place strategies, systems, policies and procedures to ensure it prevents or minimises the adverse effects of both corporate and operational risks to its operations.

The Risk Management Strategy is reviewed annually, ensuring Council has the capability to address current and emerging risks. Council recognises the need for robust systems and processes across the whole of business operations to enable and ensure legislative compliance.

Initial entry of operational risks with proposed responses/solutions into the Cambron risk register has been completed for all business units, with registered risks now subject to ongoing review, reporting and audit. This will enable further improvements on monitoring, responding to and reporting risks to management and the Audit Committee. A comprehensively revised risk management strategy and risk register will be implemented across the organisation during 2014-15.

Insurances

Municipal Association of Victoria (MAV) Liability Mutual Insurance

In 2013-14 MAV Insurance elected to move away from the model of conducting Liability Mutual Insurance liability audits every two years and replaced it with the provision of a Risk Analysis and Response (Review), which will see members with significant claims experiences receiving services specifically tailored to each Council's key claim drivers.

Jardine Municipal Asset Protection Plan (JMAPP) – property performance summary

An audit is conducted every two years to ensure that appropriate risk management processes are in place to protect Council's property assets.

Council achieved a score of 77% for the second year of the 2012-2014 cycle compared to 79.5% in the final year of the 2010-2012 audit cycle. Whilst Council scored marginally lower this time due to the current Business Continuity Plan being reviewed and finalised, the auditors advised that Council had demonstrated the existence of robust policy and procedural documentation surrounding risk management overall and, more specifically, property risk management.

Commercial Crime Fidelity Audit performance summary

An audit is conducted every two years to ensure that appropriate risk management processes are in place to protect against fraud and in the intervening years a progress review is undertaken. Council was not subject to a fidelity audit during 2013-14.

Insurance Claims Management

Minor and major claims are reported to Council's Audit Committee for review on a quarterly basis.

Fraud Prevention Policy

East Gippsland Shire Council's Fraud Prevention Policy assists Councillors and staff in the detection and prevention of any form of organisational fraud. Council is committed to an internal audit program to conduct rigorous risk assessments in all areas of its operations to reduce the likelihood of fraud occurring.

The East Gippsland Shire Council Audit Committee meet quarterly to review independent internal audit reports and the financial and non-financial performance reporting; evaluate risk management systems, compliance and internal control frameworks, with advice and recommendations referred to Council for consideration. A copy of the Audit Committee Terms of Reference/Charter is available on our website.

New contract management software has been installed and is currently being introduced throughout the organisation which will aid in the control and monitoring of the purchasing process.

All new staff are informed of the Fraud Prevention Policy and Council's zero tolerance position during their induction. Any allegations of fraudulent activities within East Gippsland Shire Council are referred to the Chief Executive Officer for investigation and resolution.

Best Value Victoria

Best Value applies to all Council services and encourages the adoption of a consistent set of principles across the sector, while also allowing councils the flexibility to meet the unique needs of their communities.

Council continues to use a range of mechanisms to communicate with the community including community forums, weekly advertising columns, a comprehensive website and media releases.

The incorporation of Best Value Principles in business planning processes enables Council to focus on identifying opportunities to continuously improve services and ensure we are addressing our community's changing needs.

Council aims to deliver quality and affordable services in the most effective manner with Council services continually monitored and opportunities for improvement identified.

Competition and Consumer Law Program

Council has complied with the requirements of the National Competition Policy for the period 1 July 2013 to 30 June 2014 in respect to:

- * Trade Practices;
- * Local Laws; and
- * Competitive neutrality for all of its significant businesses.

All relevant managers and officers have received training in this area by Maddocks Law firm.

Charter of Human Rights and Responsibilities

The *Charter of Human Rights and Responsibilities Act 2006* (Charter) sets out a number of important human rights. The Charter requires all public authorities and their employees to perform their roles in a fair and equitable fashion, by complying with the four basic principles of freedom, respect, equality and dignity.

The Charter provides a set of civil and democratic rights and freedoms protected by law to ensure that human rights are considered when providing services, making laws or forming decisions. Council's policies are reviewed to ensure consistency with the Charter.

Council recognises and respects that everyone has the same human rights entitlement to allow them to participate in, and contribute to, society and our community. We recognise that all persons have equal rights in the provision of, and access to, Council services and facilities.

To enhance our ability to provide for individuals' equal rights, especially in the workplace, Council delivers annual Equal Employment Opportunity refresher training.

Carers Recognition Act

Council has taken all practical measures to comply with its responsibilities outlined in the *Carers Recognition Act 2012* (the Act). Council has promoted the principles of the Act to people in care relationships who receive Council services; to people in care relationships, to Council staff and volunteers and to the wider community through the following initiatives:

- Council's Diversity, Access and Social Inclusion Plan will recognise the vital role that carers play in our community. The plan outlines Council's commitment to developing more socially inclusive communities, where all people are respected and valued. This is the first Diversity, Access and Social Inclusion Plan for Council. The plan will be finalised and adopted by October 2014. Please note the need for extensive stakeholder consultation, together with the depth and breadth of the plan delayed completion and in turn adoption by Council.
- As at 30 June 2014, all HACC funding agreements are undergoing renegotiation and review with a view towards re-signing. Through this process, Council will ensure all funded agencies will address their responsibilities under the Act.

Domestic Animal Management Plan

The Domestic Animal Management Plan 2012-2016 (DAMP) aligns with the Council Plan objective of 'People feel safe in their communities'.

The DAMP caters for the needs of pets and their owners whilst achieving a balance with the needs of others in the community. The plan helps Council provide a professional, consistent and proactive approach to domestic animal management services. This includes education and promotion of responsible pet ownership.

Council achieved a number of significant service enhancements and implemented new initiatives over the second year of the plan. These include:

- Assisted and participated in pet expo open day run by Council's animal pound provider, Victorian Animal Aid Trust, which provided the public with an insight into the running of the pound facility and responsible pet ownership.
- Assisted and participated in pet expo run by local pet supply businesses.
- Participated in the East Gippsland Field Days 2014 which provided information and assistance to members of the public. Council's animal containment vehicles were showcased.
- Provided extra dog faeces bag dispensers in popular dog walking areas.
- Continued sponsorship and endorsements for dog obedience clubs to promote the responsible dog ownership message along with monthly education lectures.
- Increased advertising on Council's website regarding responsible pet ownership, lost and found pets has increased chances of reuniting pets with owners.
- Completed audits on all domestic animal businesses within the Shire.
- Completed Authorised Officer training including; Certificate IV in Government Investigations, Bureau of Animal Welfare training and completion of an ASP Baton (dog bite stick) refresher training course.
- Increased services to remote areas resulting in improved community interaction.
- Published weekly pound information in local papers.
- Completion of audits of all properties where dangerous, menacing and restricted breed dogs are housed to ensure owners comply with legislation.
- Council is an active member of the committee for Animal Assisted Therapy which targets those less fortunate in the community to help with therapy through use of animals.
- Started a process of overseeing a responsible pet ownership program for the Aboriginal community at the Lake Tyers Aboriginal Trust, targeting the welfare of domestic animals and to aid the health and wellbeing of this community.
- Prepared a vocational presentation targeting schools, TAFE and seminars in order to promote the role of Community Laws Officers within the community.
- Council's officers are in the process of consulting with various schools within the municipality to provide responsible pet ownership courses to students that may own or will own pets in the future.

- Conducted animal registration doorknocks throughout the municipality to ensure compliance with legislation.

Council worked productively with their animal pound provider, Victorian Animal Aid, in their successful submission to Victorian Government for funding of an improved animal shelter facility. As part of this initiative, Council has funded sewerage and drainage connections for this new facility. Further financial support was provided to complete the furnishing of this facility. This upgrade has enabled the pound to increase its capacity, allowing a higher number of lost pets to be rehoused.

Animal impoundments

Year ¹	Animal impoundments	Reclaimed	Adopted	Euthanised	Transferred to Animal Aid Coldstream ²
2013-14	854	243 (28%)	286 (34%)	206 (24%)	119(14%)
2012-13	784	242 (31%)	190 (24%)	82 (10%)	270 (35%)
2011-12	1366	328 (24%)	312 (23%)	142 (10%)	584 (43%)

¹ – This is the third year this data has been collected.

² – Coldstream is Animal Aid's headquarters.

The number of animals reclaimed remains steady. Council shows impounded animals on its website, and has a proactive approach in community education and promotion of responsible pet ownership.

The percentage of animals euthanised has increased considerably and can be attributed to overcrowding, many also have been sick, aggressive, injured or euthanised as per statute. More cats than dogs are euthanised because they are more likely to enter the pound with no owner identification.

There is a direct link between the lower number of animals transferred to Animal Aid Coldstream and the number of animals adopted, with pet adoption up 10% on last year, due to Animal Aid's increased advertising and proactive approach.

A total of 232 infringements were issued for breaches of the *Domestic Animals Act 1994*, an increase from 76 last year. This 205% increase is the result of Council's educational approach and rising citizen expectations. Citizens are no longer passive recipients, they are actively engaging in gathering information, reporting incidents and expecting action by Council.

In the upcoming year, Council will undertake further community education in an effort to exceed its animal management responsibilities.

OurPlace, OurPlan, OurFuture

Eight Community Plans were developed in 2011-12, the Lindenow and District Community Plan has been updated and the Orbost and District Community Plan was included in Council's Community Planning Program in 2012-13. The 10 Community Plans are transitioning into the implementation phase.

Working with community groups and representatives across a number of communities to scope out and prioritise the projects in the Community Plans.

Council has committed significant capital funding over the next four years to progress capital works projects emanating from the community plans and will leverage other funds to support project implementation. Local Planning Partnership Groups, in some instances, have continued to be a vehicle for engagement and decision making.

Municipal Emergency Management Report

	2013-14	2012-13	2011-12
Local Incident Management Plans commenced or updated.	15	13	6
Involving community in individual community risk planning to achieve increased community resilience.	11	11	0

The Emergency Management Unit has responsibility to ensure Council is prepared for, responds to and recovers from emergency events affecting our community. Council has a range of statutory obligations and is a key stakeholder in ensuring that the impact of emergency events on our community are minimised.

The Emergency Management unit has continued to ensure that Council is meeting its emergency management obligations. This has included the ongoing improvement of the Municipal Emergency Management Plan (MEMP), the East Gippsland Fire Management Plan (EGFMP), the East Gippsland Flood Emergency Plan (EGFEP), East Gippsland Heatwave Plan (EGHWP) and the East Gippsland Shire Council Influenza Pandemic Plan (EGSCIPP).

These five plans are reviewed / updated annually. A focus this year has been the continued development of the Community Risk Register. This process allows individuals to anonymously vote at community meetings on how they personally assess the likelihood and consequences of risks to their community. This produces a risk rating that is used as the basis for emergency planning across the community taking into account a wide range of risks for East Gippsland.

Preparation and updating of the MEMP is supported by the Municipal Emergency Management Planning Committee, which meets quarterly. The EGFMP and the EGFEP are sub plans to the MEMP. This committee includes a wide range of stakeholders with a role in ensuring that East Gippsland can respond to and recover from emergencies and natural disasters. Council appreciates their input and support.

Achievements

Council was involved in three major fires over summer 2013/14: Gil Groggin, Mt Ray-Boundary Track and Goongerah-Deddick Trail fires. Parts of the shire also experienced heavy rain/floods in June 2014 while still recovering from the February 2014 fires. The response involved providing a range of resources through the events, and assisting the community on the path to recovery. Shire staff also participated in Victoria Police's evaluation of Traffic Management Points (TMP) during the recent fires.

Shire emergency management staff have also been involved in the Inspector General for Emergency Managements' inquiry into the Mt Ray-Boundary Track and Goongerah-Deddick Trail fires.

Implementation of Council's obligations from the Victorian Bushfires Royal Commission and the review into 2010-11 Flood Warnings and Response has been a key focus. The Victorian Government has provided funding for a 2 year emergency management role to ensure Council can focus on new obligations regarding emergency events. This funding needs to be continued so Council's response to the State Government White Paper may be fulfilled.

Staff worked closely with community members across the municipality to improve their understanding of how communities and the Shire can work together to improve their preparedness for emergency situations.

Following the February 2014 fires Shire staff put a proposal to the Department of Human Services asking to change how we would provide recovery to the affected communities; this proposal was accepted. The department has funded the Adaptation for Recovery in Bushfire Affected Communities Project.

Council continues to develop organisation-wide skills and capacity to plan for and respond to emergencies by providing access to internal and external training opportunities.

Community Grants

Local community-based groups often find it difficult to obtain funding from programs under the auspices of the federal or Victorian government. Council's Community Grants program gives these groups the opportunity to access funding for a variety of needs. The community value-adding aspect of the program means Council often achieves considerably more for each dollar it donates than would be the case for projects carried out without these partnerships. This can benefit both the Council and the community.

Community Small Grants Program

Community Small Grants Program	Amount
Bairnsdale and District Agricultural Society Inc	\$2,400
Bairnsdale and District Orchid Group	\$600
Bairnsdale Fly Fishers Club Inc	\$1,625
Bairnsdale Men's Shed	\$4,000
Benambra Neighbourhood House Inc	\$2,000
Buchan Hall and Recreation Reserve Committee Inc	\$806
Buchan Heritage Group Inc	\$3,500
Buchan Primary School	\$1,818
Carers Victoria	\$2,000
Clifton Creek Primary School	\$3,886
Community Centre Swifts Creek Inc	\$1,000
Eagle Point Paynesville Landcare Coastcare Group	\$4,080
East Gippsland United Football Club	\$2,500
Eastwood Landcare Group Inc	\$600
Flathead Fishing Classic Committee	\$2,000
Gippsland East Honorary Justices Inc	\$500
Howitt Park Management Committee	\$5,000
Lakes Entrance Youth Recreation Centre Inc	\$2,794
Lindenow Bowling Club Inc	\$5,000
Lindenow Cricket Club Inc	\$2,200
Lindenow Football Netball Club Inc	\$1,600
Lions Club of Paynesville	\$2,500
Little Athletics Bairnsdale	\$2,500
Lucknow Cricket Club	\$1,250
Mallacoota Bushland Weeding Group	\$3,000
Mallacoota Health and Wellbeing Group	\$2,500
Marlo Sports and Tennis Association	\$4,300
Nowa Nowa Public Hall Committee of Management	\$750
Omeo District Health	\$1,430
Omeo Soliders Memorial Hall Committee of Management Inc	\$3,869
Orbost Beautification Committee	\$5,000
Orbost Lions Club	\$2,500
Orbost Regional Health	\$1,300
Paynesville and District Kindergarten Inc	\$5,000
Paynesville Cemetery Trust	\$2,000
Paynesville Maritime Museum Inc	\$1,000
Paynesville Square Dancing Group (The Eastern 8s)	\$1,000
Rotary Club of Lakes Entrance	\$1,128
Swan Reach Primary School	\$750
Swan Reach Recreation Reserve Committee of Management	\$2,283
Swifts Creek Recreation Reserve	\$4,958
Tambo Upper Trail Riding Club Inc	\$492
The Abbey of St Barnabas at A'Beckett Park	\$300
U3A Bairnsdale and District Inc	\$1,000

UnitingCare Gippsland - Orbost Early Education Centre	\$1,500
West Bairnsdale Oval Advisory Committee	\$1,382
Total	\$103,600

Other Contributions and Donations

Organisation	Amount
Agribusiness Gippsland Inc - Conference Sponsorship 2013	\$5,000
Bairnsdale and District Model Aero Club Inc	\$500
Bairnsdale Secondary College	\$300
Bairnsdale Senior Citizens	\$5,800
Bemm River Community Recreation Centre	\$200
Bendoc Progress Association	\$100
Bruthen Events and Arts Council	\$2,500
Bruthen Senior Citizens Centre	\$6,600
Buchan South Avenue of Honour Committee - Anzac Day	\$100
Destination Gippsland Ltd - Great Alpine Road Villages Campaign	\$5,000
East Gippsland Art Gallery - Mad Hatters Tea Party	\$7,250
East Gippsland Food Cluster	\$1,500
East Gippsland Historical Society - Alfred Howitt Exhibition	\$3,000
East Gippsland Regional Business and Tourism Association - Business Awards Sponsorship	\$2,500
Feastonart Inc	\$1,000
GippsDairy Board	\$2,000
Gippsland Business Awards	\$3,000
Heritage Network East Gippsland	\$10,000
Keep Ensay Beautiful Committee	\$4,000
Lakes Entrance Senior Citizens	\$6,200
Lindenow Football/Netball Club	\$500
Lions Club of Lindenow - ANZAC Day	\$100
Lions Club of Paynesville	\$5,000
Mallacoota District Senior Citizens	\$8,650
Municipal Engineering Foundation Victoria - Scholarship Program 2014	\$1,000
Nagle College	\$100
Omeo District Health	\$3,543
Orbost Senior Citizens	\$5,200
Paynesville and District Kindergarten	\$2,727
Rene Sundermann	\$495
Riviera Quilters	\$800
Rotary Club of Lakes Entrance	\$100
Rotary Club of Mitchell River - Australia Day	\$2,000
RSL of Australia Inc - Bairnsdale - Anzac Day	\$100
RSL of Australia Inc - Cann River - Anzac Day	\$100
RSL of Australia Inc - Ensay/Swifts Creek - Anzac Day	\$100
RSL of Australia Inc - Lakes Entrance - Anzac Day	\$100
RSL of Australia Inc - Mallacoota - Anzac Day	\$100
RSL of Australia Inc - Metung - Anzac Day	\$100
RSL of Australia Inc - Omeo - Anzac Day	\$100
RSL of Australia Inc - Orbost - Anzac Day	\$100
RSL of Australia Inc - Paynesville - Anzac Day	\$100
Salvation Army (Victoria) - Bairnsdale	\$4,112
South Gippsland Shire Council - Creative Gippsland	\$1,500

South Gippsland Shire Council - Small Business Festival	\$2,500
Swifts Creek School	\$3,702
Uniting Church Bairnsdale	\$1,818
Victorian Animal Aid Trust	\$909
Total	\$112,207

Regional and District Events Sponsorship program

The Regional and District Events Sponsorship (RADES) program works in with Council's aim to promote and market East Gippsland to attract visitors and stimulate the economy. Council's Events Policy provides the basis through which the Shire supports and sponsors events.

Executive officers of East Gippsland Marketing Inc. and East Gippsland Regional Business and Tourism Association Inc. participate as members of the program's assessment panel, providing external stakeholder input.

Event	Amount
Art, Craft and Photographic Exhibition	\$2,273
Australian Laser Masters Championship Regatta	\$5,000
Bairnsdale Christmas Parade	\$1,000
Bairnsdale Motor Expo	\$4,000
Bairnsdale Racing Club Horse Racing	\$7,000
Competition for Australian Musicians to win a trip to USA	\$2,800
East Gippsland Field Days	\$5,000
(f)routeville	\$1,000
Gazzanats - Tri Series Burnout Championships	\$4,000
Gippsland Marathon Ski Race	\$2,000
Gippsland Sprint Champs - Eagle Point Triathlon	\$300
Great Eastern Trail Ride	\$4,545
Lakes Entrance Summer Events	\$1,500
Lakes Oil Tour of Gippsland Cycling Classic	\$5,000
Metung Food and Wine Festival	\$3,000
Mitchell River Heads Rowing Regatta	\$5,000
Omeo Rodeo Big Screen	\$4,000
Opera by the Lakes	\$2,000
Paynesville Boat Expo	\$1,364
Paynesville Gold Cup	\$3,000
Paynesville Music Festival	\$2,300
SkyFest	\$6,000
Thunderbirds Lakes Country Cruise	\$4,000
Tour of East Gippsland	\$4,545
Vic Bream Classic Series Events	\$5,000
Vic High Country Fishing Classic	\$4,500
Total	\$90,127

Committees of Management

The annual operational/maintenance funding allocation aims to provide a transparent approach towards the equitable distribution of funds to Committees of Management of both Council and Crown land facilities within East Gippsland Shire.

Council provides an annual operational/maintenance funding allocation to each incorporated Committee managing recreation facilities and community halls in the Shire.

Committee of Management	Amount
A J Freeman Reserve Committee	\$3,666
Bairnsdale City Oval	\$19,397
Bemm River Community Recreation Centre	\$1,929
Bemm River Recreation Reserve	\$1,275
Benambra Memorial Hall	\$2,629
Bendoc Hall and Recreation Reserve	\$886
Bengworden Hall	\$1,009
Bonang Hall	\$599
Bruthen Mechanics Institute	\$2,029
Bruthen Recreation Reserve	\$5,179
Buchan Mechanics Institute	\$1,422
Buchan Recreation Reserve and Public Purposes Reserve	\$3,309
Bullumwaal Mechanics Hall	\$860
Cabbage Tree Creek Public Hall	\$599
Cann River Community Centre	\$2,349
Cann River Hall and Recreation Reserve	\$2,594
Cassilis Recreation Reserve	\$1,196
Clifton Creek Hall and Recreation Reserve	\$1,184
Combienbar Hall and Recreation Reserve	\$704
Eagle Point Community Hall	\$1,499
Eagle Point Recreation Club	\$819
East Gippsland Rail Trail	\$459
Ensay Mechanics Institute Reserve	\$924
Ensay Recreation Reserve	\$2,199
Evelt Park	\$2,609
Fernbank Mechanics Institute	\$956
Flaggy Creek Hall	\$860
Gelantipy Public Hall	\$860
Genoa Hall Committee Inc	\$1,669
Genoa Sports Club	\$750
Glen Valley Hall	\$860
Glenaladale Recreation Reserve Committee	\$1,397
Goongerah Public Hall and Recreation Reserve	\$1,924
Harry Clues Memorial Park	\$1,241
Hillside/Rosehill Reserve Association Inc	\$860
Hinnomunjie Recreation Reserve	\$2,529
Howitt Park Reserve	\$4,359
Johnsonville Public Hall Committee Incorporated	\$1,599
Lake Omeo Reserve	\$1,179
Lake Tyers Beach Recreation Reserve	\$839
Lake Tyers Beach Road Hall	\$1,067
Lakes Entrance Recreation Reserve	\$12,619
Lakes Entrance Youth and Recreation Centre	\$8,889
Lindenow Memorial Hall Reserve	\$2,084
Lindenow South Recreation Reserve	\$3,276
Lindenow Sports Ground	\$9,363

Lochiel Park, Orbost (Orbost Snowy Rovers Football Club)	\$3,239
Lucknow Memorial Hall	\$2,357
Lucknow Recreation Reserve	\$7,077
Mallacoota Hall and Recreation Reserve Grounds	\$6,267
Marlo Sports and Tennis Reserve	\$819
Mossiface and Wiseleigh Memorial Hall	\$999
Newmerella Recreation Reserve (Orbost Agricultural Society)	\$1,199
Nicholson Hall and Tennis Courts Committee	\$1,676
Noorinbee Public Purpose Reserve	\$759
Nowa Nowa Public Hall	\$757
Nowa Nowa Recreation Reserve	\$892
Omeo Recreation Reserve	\$7,126
Omeo Soldiers Memorial Hall	\$2,029
Orbost Community Sports Centre Committee of Management Inc	\$4,506
Orbost Recreation Reserve (Orbost Cricket Club)	\$3,774
Picnic Point Hall	\$2,659
Raymond Island Community Association Inc	\$1,539
Sarsfield Recreation Reserve	\$2,486
Simpsons Park Hall and Reserve (Newlands Arm Residents and Ratepayers Association Inc)	\$1,332
SNAP Gippsland Inc (Hadfield Street Recreation Reserve)	
Swan Reach Recreation Reserve	\$7,907
Swifts Creek Hall	\$2,287
Swifts Creek Recreation Reserve	\$2,403
Tambo Upper Hall	\$1,203
Tubbut Hall Committee Inc	\$931
Wairewa Public Hall and Recreation Reserve	\$1,024
West Bairnsdale Oval	\$4,546
Wulgulmerang Recreation Reserve	\$1,249
Wy Yung Hall and William McBriar Reserve	\$1,444
Wy Yung Recreation Reserve	\$4,106
Total	\$199,096

Annual Operating Contribution – State Emergency Service

State Emergency Services (SES) branch	Amount
Bairnsdale	\$18,383
Bonang	\$12,684
Bruthen	\$18,799
Buchan	\$12,684
Cann River	\$18,799
Mallacoota	\$18,799
Orbost	\$18,383
Swifts Creek	\$18,903
Total	\$137,434

Memberships

Council or Council staff were members of the following organisations during 2013-14.

Organisation	Amount
Accor Advantage Plus	\$272
Alliance of Councils for Rail Freight Development	\$2,000
Aquatics and Recreation Victoria	\$1,000
Arts HUB Australia Pty Ltd	\$440
Australian Airports Association	\$1,025
Australian Human Resources Institute	\$315
Australian Institute of Company Directors	\$1,965
Australian Institute of Management	\$336
Australian Society of Archivists Inc	\$159
Broadband Today Alliance	\$495
Building Commission	\$163
Children's Book Council of Australia	\$80
CPA Australia	\$1,827
East Gippsland Rainforest Conservation Management Network	\$45
Environmental Health Professionals Australia	\$855
Finance Professionals	\$240
Gippsland Climate Change Network	\$5,000
Gippsland Plains Conservation Management Network	\$50
International Association for Public Participation Australasia	\$360
Keep Australia Beautiful Victoria	\$500
Life Saving Victoria	\$50
Livestock Saleyards Association of Victoria	\$3,613
Local Government Information Communications Technology Group	\$2,143
Local Government Professionals	\$4,223
Local Governments for Sustainability	\$700
Marina Industries Association	\$1,745
Mechanics Institutes of Victoria	\$36
Mosquito Control Association	\$182
Municipal Association of Victoria	\$29,042
National Sea Change Taskforce	\$2,500
National Timber Councils Association	\$2,500
Paynesville Business Tourism Association	\$75
Planning Enforcement Officers Association	\$70
Play Australia	\$275
Public Libraries Victoria Network	\$1,024
Qantas Club	\$427
Quest Australia and New Zealand User Group Inc - JDE User Group	\$390
RACV Club	\$282
Records and Information Management Professionals Australasia	\$1,020
Revenue Management Association	\$390
Royal Victorian Association of Honorary Justices	\$49
South East Australian Transport Strategy Inc	\$5,923
Timber Towns Victoria	\$2,500
Victoria Association of Performing Arts Centres	\$941
Victorian Employers Chamber of Commerce and Industry	\$12,000
Victorian Local Governance Association	\$1,091
Victorian Municipal Building Surveyors Group	\$400
Victorian Planning and Environmental Law Association	\$177
Waste Management Association of Australia	\$768
Weed Society of Victoria	\$127
Total	\$91,792

Victorian Local Government Indicators

East Gippsland Shire Council is required to measure and annually report against 11 Victorian Local Government Indicators. These indicators have information on expenditure, cost of services and infrastructure, customer satisfaction and governance. Three years of data is provided for comparison.

Category	VLGI No	Indicator	Calculation	2013-14	2012-13	2011-12
Cost of Governance	1	Average rates and charges per assessment	$\frac{\text{Total rates and charges net billed}}{\text{Number of assessments in budget}}$	\$1,448	\$1,382	\$1,304
	2	Average residential rates and charges per assessment	$\frac{\text{Rates and charges declared for residential and garbage and municipal charge}}{\text{Number of residential assessments budget}}$	\$1,363	\$1,280	\$1,206
Sustainability	3	Average liabilities per assessment	$\frac{\text{Total liabilities}}{\text{Number of assessment budget}}$	\$919	\$1,066	\$1,283
	4	Operating result per assessment	$\frac{\text{Net surplus}}{\text{Number of assessments budget}}$	\$506	\$533	(\$167)
Services	5	Average operating expenditure per assessment	$\frac{\text{Operating expenditure}}{\text{Depreciation}}$	\$3,488	\$2,559	\$2,857
	6	Community satisfaction rating for the overall performance of Council	Annual Local Government Community Satisfaction Survey result (indexed mean)	60	60	58
Infrastructure	7	Average capital expenditure per assessment	$\frac{\text{Capital expenditure}}{\text{Number of assessments budget}}$	\$1,291	\$863	\$766
	8	Renewal Gap	$\frac{\text{Capital renewal}}{\text{Average annual asset consumption}}$	95%	103%	69%
	9	Renewal and maintenance gap	$\frac{\text{Capital renewal and maintenance}}{\text{Average annual asset consumption plus planned maintenance}}$	97%	102%	82%
Governance	10	Community satisfaction rating for the Council's advocacy and community representation on key local issues	Annual Local Government Community Satisfaction Survey result(indexed mean)	54	54	53
	11	Community satisfaction rating for the Council's engagement in decision making on key local issues	Annual Local Government Community Satisfaction Survey result (indexed mean)	53	54	54

Section Six: Financial performance

**EAST GIPPSLAND SHIRE COUNCIL
COMPREHENSIVE INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2013/14 \$'000	2012/13 \$'000
Income			
Rates and Charges	3	44,526	42,419
Grants – Operating Recurrent	4b	7,896	14,229
Grants – Operating – Non -Recurrent	4c	945	2,053
Grants – Capital - Recurrent	4b	2,345	2,942
Grants Capital - Non-recurrent	4c	5,752	6,886
Statutory Fees and Fines	5	1,293	1,276
User Fees	6	11,039	9,966
Interest		1,146	1,581
Contributions - Cash	4d	317	354
Contributions – Non Monetary Assets	4d	7,747	4,283
Reimbursements	4e	7,880	7,403
Net Gain/(loss) on sale of Fixed Assets	14	179	90
Other	7	170	91
Total Income		91,235	93,573
Expenses			
Employee Costs	8	24,275	22,044
Materials and Contracts	9	30,215	30,786
Depreciation and Amortisation	10	17,973	18,027
Contributions	11	1,211	1,171
Borrowing Costs	12	694	788
Other	13	1,451	4,646
Total Expenses		75,819	77,462
Surplus for the Year		15,416	16,111
Other comprehensive Income			
<i>Items that will not be reclassified to surplus or deficit</i>			
Net Asset Revaluation increment/(decrement)	25	6,179	(1,980)
Total Comprehensive Result		21,595	14,131

The above Comprehensive Income Statement should be read with the accompanying notes.

**EAST GIPPSLAND SHIRE COUNCIL
BALANCE SHEET
AS AT 30 JUNE 2014**

	Note	2013/14 \$'000	2012/13 \$'000
Assets			
Current Assets			
Cash and Cash Equivalents	15	14,608	27,878
Trade and Other Receivables	16	6,186	6,821
Other Assets	17	5,382	789
Total Current Assets		26,176	35,488
Non-Current Assets			
Trade and Other Receivables	16	3,071	3,269
Property, Infrastructure, Equipment, Furniture and Fittings	18	767,913	741,008
Investment Property	19	1,467	1,513
Intangible Assets	20	9	-
Total Non-Current Assets		772,460	745,790
Total Assets		798,636	781,278
Liabilities			
Current Liabilities			
Trade and Other Payables	21	4,562	5,485
Trust Funds and Deposits	22	1,298	1,085
Provisions	23	4,365	4,058
Interest-Bearing Liabilities	24	1,777	444
Total Current Liabilities		12,002	11,072
Non-Current Liabilities			
Prepaid Income	1(n)	1,509	1,478
Provisions	23	8,261	11,682
Interest-Bearing Liabilities	24	6,250	8,027
Total Non-Current Liabilities		16,020	21,187
Total Liabilities		28,022	32,259
Net Assets		770,614	749,019
Equity			
Accumulated Surplus		309,029	293,700
Revaluation Reserves	25	460,181	454,002
Other Reserves	25	1,404	1,317
Total Equity		770,614	749,019

The above Balance Sheet should be read with the accompanying notes.

**EAST GIPPSLAND SHIRE COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014**

Cash flows from Operating Activities	Note	2013/14 Inflows (Outflows) \$'000	2012/13 Inflows (Outflows) \$'000
Rates and Charges		43,024	42,319
Interest Received		1,146	1,756
Statutory Fees and Fines		1,261	1,276
User Fees		11,638	8,525
Other Receipts		166	91
Contributions and Reimbursements		3,741	8,534
Grants – Operating		10,241	19,224
Grants – Capital		6,697	6,886
GST Collected		1,446	1,413
GST Refunds from Australian Taxation Office		4,782	4,542
		<u>84,142</u>	<u>94,566</u>
Employee Costs		(23,187)	(25,371)
Payments to Suppliers		(30,007)	(32,527)
Borrowing Costs		(694)	(973)
Other Payments		(6,139)	(5,650)
GST Paid to Suppliers		(6,205)	(6,054)
		<u>(66,232)</u>	<u>(70,575)</u>
Net Cash Provided by Operating Activities	26	<u>17,910</u>	<u>23,991</u>
Cash flows from Investing Activities			
Payments for Property, Plant and Equipment, Infrastructure		(31,028)	(26,123)
Proceeds from Sale of Property, Plant and Equipment, Infrastructure	14	292	645
Net Cash used in Investing Activities		<u>(30,736)</u>	<u>(25,478)</u>
Cash flows from Financing Activities			
Repayment of borrowings		(444)	(1,299)
Net Cash used in Financing Activities		<u>(444)</u>	<u>(1,299)</u>
Net (Decrease) in Cash and Cash Equivalents		(13,270)	(2,786)
Cash and Cash Equivalents at the Beginning of the Year	27	27,878	30,664
Cash and Cash Equivalents at the End of the Year	27	<u>14,608</u>	<u>27,878</u>
Restricted Cash Assets	28		
Financing Arrangements	27		

The above Statement of Cash Flows should be read with the accompanying notes.

**EAST GIPPSLAND SHIRE COUNCIL
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014**

	Total	Accumulated	Revaluation	Other
	2013/14	Surplus	Reserve	Reserves
	2013/14	2013/14	2013/14	2013/14
	\$'000	\$'000	\$'000	\$'000
2014				
	Note			
Balance at beginning of the financial year	749,019	293,700	454,002	1,317
Transfer to / (from) Reserves	-	(87)	-	87
Surplus for the year	15,416	15,416	-	-
Net asset revaluation increment / (decrement)	6,179	-	6,179	-
Reversal of impairment losses on revalued assets	-	-	-	-
Balance at end of the financial year	770,614	309,029	460,181	1,404
	Total	Accumulated	Revaluation	Other
	2012/13	Surplus	Reserve	Reserves
	2012/13	2012/13	2012/13	2012/13
	\$'000	\$'000	\$'000	\$'000
2013				
Balance at beginning of the financial year	734,889	277,606	455,982	1,301
Prior year error (refer Note 1F)	(18,492)	-	(18,492)	-
Surplus for the year	16,111	16,111	-	-
Net asset revaluation increment / (decrement)	16,512	-	16,512	-
Transfer to Reserves	-	(16)		16
Balance at end of the financial year	749,019	293,700	454,002	1,317

The above Statement of Changes in Equity should be read with the accompanying notes.

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

INTRODUCTION

East Gippsland Shire Council was established by an Order of the Governor in Council on 2 December 1994 and is a body corporate. Council's main office is located at 273 Main Street, Bairnsdale, Victoria 3875.

The purpose of Council is to:

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

This financial report of East Gippsland Shire Council is a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Cashflows and Statement of Changes in Equity; and notes accompanying these statements. The general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1989*, and the *Local Government (Planning and Reporting) Regulations 2014*.

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 1 Summary of Significant Accounting Policies

(A) BASIS OF ACCOUNTING

This financial report has been prepared on an accrual and going concern basis. This financial report has been prepared under the historical cost convention, except where specifically stated in Notes 1(f), 1(y) and 1 (z).

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

(B) CHANGES IN ACCOUNTING POLICY

AASB 13 Fair Value Measurement

Council has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements. The fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other A-IFRS require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of AASB 2 Share-based Payment, leasing transactions that are within the scope of AASB 17 Leases, and measurements that have some similarities to fair value but not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements

AASB 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, Council has not made any new disclosures required by AASB 13 for the 2012/13 comparative period. Other than the additional disclosures, the application of AASB 13 has not had any material impact on the amounts recognised in the financial statements.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised with the 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 is significant to the fair value measurement is observable; and,

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

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 1 Summary of Significant Accounting Policies (continued)

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.

AASB 119 Employee benefits

In the current year, Council has applied AASB 119 Employee Benefits (as revised in 2011) and the related consequential amendments for the first time. AASB 119 changes the definition of short-term employee benefits. These were previously benefits that were due to be settled within twelve months after the end of the reporting period in which the employees render the related service, however, short-term employee benefits are now defined as benefits expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service. As a result, accrued annual leave balances which were previously classified by Council as short-term benefits, no longer meet this definition and are now classified as long-term benefits. This has resulted in a change of measurement for that portion of annual leave provision from an undiscounted to discounted basis

This change in classification has not materially altered Council's measurement of the annual leave provision.

(C) REVENUE RECOGNITION

Rates, Grants and Contributions

Rates, grants and contributions (including developer contributions) are recognised as revenues when Council obtains control over the assets comprising these receipts.

Control over assets acquired from rates is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

A provision for doubtful debts on rates has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold, except where the outstanding rates have exceeded the Capital Improved Value (CIV) of the property.

Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that grants have been secured, and are valued at their fair value at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 4. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

Rental

Rents are recognised as revenue when the payment is due or is received, whichever occurs first. Rental payments received in advance are recognised as a prepayment until they are due.

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 1 Summary of Significant Accounting Policies (continued)

Interest

Interest is recognised as it is earned.

User Fees and Fines

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

A provision for doubtful debts is recognised when the collection in full is no longer probable.

Sale of Property, Plant and Equipment, Infrastructure

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

(D) DEPRECIATION AND AMORTISATION OF NON-CURRENT ASSETS

All non-current assets, having a limited useful life, are systematically depreciated over their useful lives to Council in a manner which reflects the 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 is provided for on a straight-line basis and diminishing value basis, using a range of rates applicable to the local government sector industry that are reviewed annually. These rates are consistent with the prior year, unless stated otherwise.

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

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 1 Summary of Significant Accounting Policies (continued)

Major categories of depreciation are listed below and are consistent with the prior year unless otherwise stated:

Asset Category	2013/14	
	Useful Life (Years)	Depreciation rate (% p.a.)
Buildings	50	2
Infrastructure		
Bridges – Long life	100	1.00
Bridges – Short life	60	1.67
Underground Drains	100	1.00
Road Pavement	18-80	.1.25 – 5.56
Road Seal	17	5.88
Road Wearing Course	15-60	1.67 – 6.67
Footpaths	15-65	1.54 – 6.67
Kerb and Channel	50	2
Culverts	80	1.25
Other Structures	20-50	5 – 2
Road Earthworks		
Plant and Equipment		
Equipment – Ferry	40	2.5
Equipment – Other	5-10	20-10
Furniture and Fittings	10-20	10-5
Intangible Assets	5-10	20-10

(E) ACQUISITIONS OF ASSETS

The purchase method of accounting is used for the initial recording of all acquisitions of assets. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees, engineering design fees and all other costs incurred in getting the asset ready for use.

Non-monetary assets received in the form of physical infrastructure are recorded as assets and contribution revenues, at their fair value at 30 June of the financial year in which the assets were received.

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

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 1 Summary of Significant Accounting Policies (continued)

(F) RECOGNITION AND MEASUREMENT OF PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT

General

The following classes of assets have been recognised in Note 18. In accordance with Council's policy, the threshold limits below have been applied when recognising assets within an applicable asset class and unless otherwise stated, are consistent with the prior year.

Asset Class	Threshold Limit (\$'000)
<i>Land and Buildings</i>	
Land	0
Buildings	5
<i>Structures</i>	
Bridges	5
Underground Drains	5
Road Pavement	5
Road Seal	5
Footpaths	5
Kerb and Channel	5
Other Structures	5
<i>Plant and Equipment</i>	
Ferry	1
Other Equipment	1
<i>Furniture and Fittings</i>	1

Land Under Roads

Land under roads acquired after 30 June 2008 is brought to account using the cost basis. Council does not recognise land under roads that it controlled prior to that period in its financial report.

Revaluation

Subsequent to initial recognition of assets, non-current physical assets, other than plant and equipment, furniture and fittings, are measured at fair value, being the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction.

At balance date, 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 carry value materially differed from the fair value at balance date, the class of asset was revalued.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset. More details about the valuation techniques and inputs used in determining the fair value of no-financial physical assets are discussed in Note 18 Property plant and equipment.

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 1 Summary of Significant Accounting Policies (continued)

RECOGNITION AND MEASUREMENT OF PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT REVALUATION (continued)

Where 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.

Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from two to four years. The valuation is performed either by experienced council officers or independent experts.

Land and Building Revaluation

As at 30 June 2011, land and building assets were revalued to fair value. This revaluation was undertaken by independent valuer, Craig McMillian, Director, Certified Practising Valuer (No. 62705), A.A.P.I., B.Business (Property) of Herron Todd White (Gippsland) and independent quantity surveyor, Ben Walpole, Director Quantity Surveying, B. Quantity Surveying Grad Cert (Comm) Dip. Building of Herron Todd White (Sydney).

Land assets were revalued using the direct comparison method, adopting a rate per square metre analysis.

Building assets were revalued on a depreciated replacement cost basis. Depreciation was based upon the age of the improvements.

Infrastructure Revaluation

As at 30 June 2013, infrastructure was revalued to fair value. This revaluation was undertaken by Council's engineering and asset management staff.

Infrastructure assets were revalued on a depreciated replacement cost basis. Depreciation was based upon the age of the improvements.

Following the revaluation process, Council conducted extensive reconciliation of its infrastructure assets and determined that there were a number of infrastructure assets within the asset register that were duplicated. As a result, these assets have been derecognised and treated as a prior year error and removed from Council's asset register. These errors have been retrospectively adjusted to the equity against prior year opening balances.

A third balance sheet has not been presented to disclose these prior year errors, as they were considered not material to the comparative amounts included within the Balance Sheet.

	Actual 2012/13 (\$,000)	Prior Years Adjustment (\$,000)	Restated Actual 2012/13 (\$,000)
Infrastructure	562,160	(18,492)	543,668
Equity	767,511	(18,492)	749,019

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 1 Summary of Significant Accounting Policies (continued)

Contributed Assets

Some land and infrastructure assets have been contributed to Council during the year from new subdivisions. Council values these at 30 June of the year that they are received using the following method:

Land:	Qualified valuers for valuation
Infrastructure:	Council officer's assessment of development costs of construction based upon detailed costings provided by developers.

(G) IMPAIRMENT OF ASSETS

At each reporting date, Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount. In this case, the impairment loss is recognised 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 the same class of asset.

(H) REPAIRS AND MAINTENANCE

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

(I) CASH AND CASH EQUIVALENTS

For the purpose of the statement of cashflows, cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with short periods to maturity that are readily convertible to cash on hand at Council's option, and are subject to insignificant risk of changes in values net of outstanding bank overdrafts.

(J) FINANCIAL ASSETS

Financial assets are valued at fair value, being market value at balance date. Any unrealised gains and losses on holdings at balance date are recognised as either revenue or expense.

(K) INVESTMENTS

Cash in excess of immediate requirements is invested on a short-term basis with approved financial institutions. Investments are measured at cost. Interest revenues are recognised as they accrue.

(L) DEBTORS AND OTHER RECEIVABLES

Receivables are carried at amortised cost using the effective interest rate method.

Rate Debtors

Rate debtors includes any interest charges on unpaid rates.

A provision for doubtful debts on other receivables is recognised when there is objective evidence that an impairment loss has occurred. Collect ability of overdue accounts is assessed on an ongoing basis.

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 1 Summary of Significant Accounting Policies (continued)

(M) LEASES

Lease payments for operating leases are recognised as an expense in the years in which they are incurred, as this reflects the pattern of benefits derived by the Council.

(N) PREPAID INCOME

The prepaid income relates to cash received but not earned in relation to multi-year marina berths. The unearned cash component is treated as a liability. Income is recognised progressively on straight line basis as each year of the lease is consumed.

(O) BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as a qualifying asset constructed by Council. The weighted average interest rate applicable to borrowings at balance date, including borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised.

Borrowing costs include (where applicable) interest on borrowings and interest on bank overdrafts.

(P) EMPLOYEE BENEFITS

Wages and Salaries

Liabilities for wages and salaries are recognised and are measured as the amount unpaid at balance date and include appropriate on costs such as Workcover charges.

Annual Leave

Annual leave entitlements are accrued on a pro rata basis in respect of services provided by employees up to balance date. Annual leave expected to be paid within 12 months is measured at nominal value based on the amount, including appropriate on costs, expected to be paid when settled.

Annual leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Rates from the Victorian Department of Treasury and Finance are used for discounting future cash flows.

Long Service Leave

Long Service Leave (LSL) entitlements payable are assessed at balance date having regard to expected employee remuneration rates on settlement, employment related on costs and other factors, including accumulated years of employment, on settlement, and experience of employee departure per year of service.

Current Liability – unconditional LSL representing 7 years is disclosed as a current liability, even when the Council does not expect to settle the liability within 12 months because it will not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months.

The components of this current liability are measured at:

- present value – component that is not expected to be settled within 12 months.
- nominal value – conditional LSL representing less than 7 years is disclosed as a non-current liability. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service.

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 1 Summary of Significant Accounting Policies (continued)

Non Current LSL liability is measured at present value. Rates from the Victorian Department of Treasury and Finance are used for discounting future cash flows.

Classification of Employee Benefits

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

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Sick Leave

No liability is recognised for sick leave, as it is not paid out on termination and it is not expected that sick leave taken in future periods will exceed the entitlements that will accrue.

(Q) SUPERANNUATION

The superannuation expense for the reporting year is the amount of the statutory contribution Council makes to the superannuation plan which provides benefits to its employees, together with any movements (favourable/unfavourable) in the position of any defined benefits schemes. These arrangements are detailed in Note 29.

The amount charged to the Comprehensive Income Statement, in respect of superannuation represents contributions made or due by Council to the relevant superannuation plans in respect to the services of Council's staff (both past and present). Superannuation contributions are made to the plans based on the relevant rules of each plan and any relevant compulsory superannuation requirements that Council is required to comply with.

(R) CREDITORS AND OTHER CURRENT LIABILITIES

Creditors and other current liabilities are amounts due to external parties for the purchase of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid within 30 days of goods being received. Interest is not payable on these liabilities.

(S) FUNDS HELD IN TRUST

Funds held in trust are recognised as current liabilities. Liabilities recorded in this category include excess sale proceeds from rate recovery auctions awaiting claim or transfer to revenue in accordance with the provisions of the *Local Government Act 1989*.

(T) REFUNDABLE DEPOSITS

Amounts received as tender deposits and retention amounts controlled by Council are included in the amount disclosed as payables within current liabilities until refunded or forfeited.

(U) BUDGET INFORMATION

Amounts shown in the financial report as budget information have been disclosed for information purposes only. Where necessary, budget information has been recast to comply with the current presentation requirements. The budgeted figures have been drawn from Council's budget approved at the time the rates and Annual Business Plan were adopted by Council for the reporting year.

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 1 Summary of Significant Accounting Policies (continued)

(V) WEBSITE COSTS

Costs in relation to websites are charged as an expense in the period in which they are incurred.

(W) GOODS AND SERVICES TAX (GST)

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

Cash flows are to be included in the Statement of Cashflows on a gross basis. We are unable to accurately split the GST between the different line items of the Statement of Cashflows, as this would be impracticable due to the functionality of the financial system. Therefore, the cash flows resulting from the GST have been shown as separate line items in the Cash Flow Statement.

(X) ROUNDING

All amounts shown in the financial statements are expressed to the nearest thousand dollars, unless otherwise indicated. Some figures in the financial statement may not equate, due to rounding.

(Y) NON-CURRENT ASSETS HELD FOR SALE

A non-current asset held for sale is measured at the lower of its carrying amount and fair value less costs to sell and are not subject to depreciation.

(Z) INVESTMENT PROPERTY

Investment property, comprising land and buildings, is held for lease or capital appreciation. All tenant leases are on arm's length basis. Investment property is measured initially at cost, including transaction costs. After initial recognition, investment property is carried at fair value, determined annually by experienced Council officers or independent valuers. Changes to fair value are recorded in the comprehensive income statement as other income.

(AA) FINANCIAL GUARANTEES

Financial guarantee contracts are recognised as a contingent liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is material increase in the likelihood that the guarantee may have to be exercised, at the higher of the amount, determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation where appropriate in the determination of fair value, consideration is given to factors including the probability of default by the guaranteed party and the likely loss to Council in the event of default.

(AB) ALLOCATION BETWEEN CURRENT AND NON-CURRENT

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle, or if the Council does not have an unconditional right to defer settlement of a liability for at least 12 months after reporting.

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 1 Summary of Significant Accounting Policies (continued)

(AC) CONTINGENT ASSETS AND CONTINGENT LIABILITIES AND COMMITMENTS

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

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 2 Pending Accounting Standards

The following Australian Accounting Standards have been issued or amended and are applicable to Council, but are not yet effective. They have not been adopted in preparation of the Financial Statements at reporting date.

Pronouncement	What's new?	Impact/Action	Transition
AASB 9 Financial Instruments	AASB 9 standard is one of a series of amendments that are expected to eventually completely replace AASB 139. During 2010-11, the standard will be expanded to include new rules on measurement of financial liabilities and hedge accounting. Currently the existing provisions of AASB 139 will continue to apply in these areas. AASB 9 simplifies the classifications of financial assets into those to be carried at amortised cost and those to be carried at fair value – the 'available for sale' and 'held-to-maturity' categories no longer exists. AASB 9 also simplifies requirements for embedded derivatives and removes the tainting rules associated with held-to-maturity assets. The new categories of financial assets are: • Amortised cost – those assets with 'basic' loan features'. • Fair value through other comprehensive income - this treatment is optional for equity instruments not held for trading (this choice is made at initial recognition and is irrevocable). • Fair Value through profit and Loss - everything that does not fall into the above two categories. The following changes also apply: • Investments in unquoted equity instruments must be measured at fair value. However, cost may be the appropriate measure of fair value where there is insufficient more recent information available to determine a fair value.	1 Jul 2015	The impact is not likely to be extensive in the local government sector. Although it will vary considerably between entities. While the rules are less complex than those of AASB 139, the option to show equity instruments at cost has been largely removed, which is likely to lead to greater volatility within the income statement. However it may also lead to an improved financial position for some entities. This will also create a requirement to measure some instruments annually that has not previously existed.

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Pronouncement	What's new?	Impact/Action	Transition
	There is no longer any requirement to consider whether 'significant or prolonged' decline in the value of financial assets has occurred. The only impairment testing will be on those assets held at amortised cost, and all impairments will be eligible for reversal. Similarly, all movements in the fair value of a financial asset now go to the income statement, or, for equity instruments not held for trading, other comprehensive income. There is no longer any requirement to book decrements through the income statement, and increments through equity.		
AASB 10 Consolidated Financial Statements	This Standard forms the basis for determining which entities should be consolidated into an entity's financial statements. AASB 10 defines 'control' as requiring exposure or rights to variable returns and the ability to affect those returns through power over an investee, which may broaden the concept of control for public sector entities. The AASB has issued an exposure draft ED 238 Consolidated Financial Statements – Australian Implementation Guidance for Not-for-Profit Entities that explains and illustrates how the principles in the Standard apply from the perspective of not-for-profit entities in the private and public sectors.	1 Jul 2014	The AASB has finalised deliberations on ED 238 and any modifications made to AASB 10 for not-for-profit entities, Council will need to re-assess the nature of its relationships with other entities, including those that are currently not consolidated.
AASB 11 Joint Arrangements	This Standard deals with the concept of joint control, and sets out a new principles-based approach for determining the type of joint arrangement that exists and the corresponding accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement.	1 Jul 2014	The AASB has finalised deliberations and any modifications made to AASB 11 for not-for-profit entities, Council will need to assess the nature of arrangements with other entities in determining whether a joint arrangement exists in light of AASB 11.

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Pronouncement	What's new?	Impact/Action	Transition
AASB 12 Disclosure of Interests in Other Entities	This Standard requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the financial statements. This Standard replaces the disclosure requirements in AASB 127 Separate Financial Statements and AASB 131 Interests in Joint Ventures. The exposure draft ED 238 proposes to add some implementation guidance to AASB 12, explaining and illustrating the definition of a 'structured entity' from a not-for-profit perspective.	1 Jul 2014	Impacts on the level and nature of the disclosures will be assessed based on the eventual implications arising from AASB 10, AASB 11 and AASB 128 Investments in Associates and Joint Ventures.
AASB 127 Separate Financial Statements	This revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	1 Jul 2014	The impact of this standard will need to be assessed in line with the final deliberations by the AASB on the application of this standard to not for profit entities.
AASB 128 Investments in Associates and Joint Ventures	This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1 Jul 2014	The impact of this standard will need to be assessed in line with the final deliberations by the AASB on the application of this standard to not for profit entities.
AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounts Standard arising from Reduced Disclosure Requirements	These standards set out the tiers of financial reporting and the reduced disclosure framework.	1 Jul 2014	Council has yet to determine the impact of this standard.

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 3 Rates

**2013/14
(\$'000)** **2012/13
(\$'000)**

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the Shire. The CIV is the value of land and all its improvements.

The valuation base to calculate general rates for 2013/14 was \$9,044M, (2012/13 \$8,895M).

The applicable rates in the CIV dollar were:

	2013/14	2012/13
- General/Residential property	0.00349712	0.00336262
- Farm property	0.00314741	0.00302636
- Commercial/Industrial property	0.00507083	0.00487580

Which derived Rate revenues of:

General Rates (at declaration)	32,607	30,821
Municipal Charge (at declaration)	6,842	6,478
Supplementary Rates and Adjustments	447	636
Interest and Collection Charges	192	366
Garbage Charge	4,438	4,118
	<u>44,526</u>	<u>42,419</u>

The date of the last general revaluation of land for rating purposes within the Shire occurred effective as at 1 January 2014, with this valuation first applied in the rating period commencing 1 July 2014.

The date of the previous general revaluation of land for rating purposes within the Shire was 1 January 2012, and this valuation was first applied in the rating period commencing 1 July 2012.

Note 4 Summary of Grants, Contributions and Reimbursements
Note 4a Summary

Federally Funded Grants	10,027	16,425
State Funded Grants	6,772	9,214
Others	139	471
	<u>16,938</u>	<u>26,110</u>

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

		2013/14 (\$'000)	2012/13 (\$'000)
Note 4b	Grants – Recurrent		
	Operating		
	Arts and Culture	40	40
	Asset Maintenance	159	95
	Community Development	155	105
	Community Laws	44	43
	Community Support	44	84
	Emergency Management	90	87
	Environmental Sustainability	161	-
	Federal Assistance Grants – General Assistance	4,483	9,039
	Federal Assistance Grants – Local Roads Component	2,233	4,333
	Library Services	322	308
	Parks and Gardens	4	2
	Performing Arts	50	50
	Public Health	100	39
	Recreation Services	4	4
	Statutory Planning and Development – General Assistance	7	-
		7,896	14,229
	Capital		
	Roads to Recovery Program and Other Road Seals	2,345	2,942
		10,241	17,171
Note 4c	Grants – Non-Recurrent		
	Operating		
	Arts and Culture	1	-
	Community Development	99	565
	Community Support	41	-
	Council Leadership and Advocacy	179	215
	Economic Development	38	81
	Emergency Management	82	436
	Environmental Management	77	199
	Environmental Sustainability	20	6
	Events	-	81
	Family and Youth Services	10	-
	Library Services	-	2
	Parks and Gardens	60	-
	Public Health	-	20
	Recreation Centres	2	3
	Strategic Planning	247	210
	Tourism and Visitor Information Services	-	234
	Waste Services	89	-
		945	2,052

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

	2013/14 (\$'000)	2012/13 (\$'000)
Capital		
Aerodromes	390	1,250
Bridges	-	1,650
Buildings	704	89
Drainage	110	-
Footpaths and Cycle ways	-	80
Other Infrastructure	113	73
Parks, Open Space and Streetscapes	988	108
Plant, Machinery and Equipment	-	25
Recreational, Leisure and Equipment	2,739	2,597
Roads	708	1,014
	<u>5,752</u>	<u>6,886</u>
	<u>6,697</u>	<u>8,938</u>

Note 4d Contributions – Cash Contributions

Strategic Planning Services	264	314
Other Services	53	40
	<u>317</u>	<u>354</u>

Contributions – Non Cash

Land Under Roads	1,349	750
Roads	4,870	2,491
Drainage	1,462	1,042
Walking Tracks	66	-
	<u>7,747</u>	<u>4,283</u>

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 4e	Reimbursements	2013/14 (\$'000)	2012/13 (\$'000)
	Arts and Culture	1	1
	Asset Maintenance	6,990	6,088
	Asset Management	88	30
	Community Development	11	4
	Community Leadership and Advocacy	191	25
	Council Enterprises	31	2
	Economic Development	4	20
	Emergency Management	98	56
	Environmental Sustainability	2	-
	Finance and Treasury	150	401
	Governance	-	18
	Human Resources	92	117
	Information Services	28	5
	Library Services	1	1
	Other Assets	98	9
	Parks and Gardens	7	5
	Performing Arts	1	-
	Property Management	10	-
	Public Health	5	7
	Recreation Centres	1	-
	Risk Management and Compliance	10	-
	Sports Grounds	-	1
	Statutory Planning and Development Services	1	3
	Strategic Planning	10	378
	Tourism and Visitor Information Services	10	3
	Waste Services	4	214
	Works	36	15
		7,880	7,403
	Total Grants, Contributions and Reimbursements	32,882	38,150

Note 4f	Conditions Over Grants	2013/14 (\$'000)	2012/13 (\$'000)
	Grants recognised as revenues during the current and previous reporting periods, and which were obtained on the condition that they be expended for particular purpose but yet to be applied in that manner as at the reporting date:		
	Active Transport Innovation Fund	-	5
	Bairnsdale CBD Marketing Plan	-	28
	Bairnsdale Kindergarten	176	296
	Bairnsdale Library	-	1,000
	Basin Creek Bridge and Reseal Program	320	320
	Broadband for Seniors	12	-
	Bushfire and Emergency Planning Manager	60	-
	Bushfire Planning Provisions	21	81
	Deadly In Gippsland	-	10
	East Gippsland Industrial Workforce Development Strategy	-	20
	East Gippsland Inundation Management Project	380	440
	Eastern Beach Vegetation Offset	62	65
	Flood Recovery Officer	-	47
	Forge Creek Road	1	41
	Gippsland Lakes Sustainable Development Plan	122	-
	Goose Gully Rehabilitation	1	-
	Grant/Turnbull Street – Stage 1	-	427
	Great Alpine Road Lookout Stage 2	24	59
	Hear our voices	24	-
	Heatwave Plan	-	3
	Heritage Advisor Service	16	-
	Heritage Study – Stage 3	11	11

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 4f	Conditions Over Grants	2013/14 (\$'000)	2012/13 (\$'000)
	Howitt Park Lighting	-	89
	Interactive Catchment Model – Bairnsdale	5	-
	Improving Retail Access to Fresh Fruit and Vegetables	18	70
	Lakes Entrance Revitalising Regional Towns	190	317
	Lakes Entrance Croquet Facility	-	90
	Low Energy Street Lights	15	-
	Lower Mitchell Weed Control and Revegetation	5	41
	Marlo Foreshore Slope Stabilisation Investigation	7	20
	Municipal and Essential Service Provision – Lake Tyers Aboriginal Trust	29	1
	Neighbourhood Safer Place Maintenance	5	7
	Newmerella Wayside Stop Upgrade	114	130
	Omeo Recreation Reserve Toilet Upgrade	-	90
	Orbost and District Economic Revitalisation Plan	-	12
	Orbost Sensory Gardens Path Development	9	9
	Patterson Park	185	68
	Paynesville and Eagle Point land Use Plan	-	8
	Preventing Adolescent Alcohol Use Project	1	5
	Reseal Program 2013/14	-	55
	Resource Smart AuSSI Vic Program	4	-
	Roadside Weeds and Pest Management	-	12
	Rural Access	15	47
	Secondary School Immunisation Promotion Project	-	7
	Shady Gully Vegetation Offset	-	3
	Swan Reach Playground Upgrade	135	68
	Tambo River Flood Warning and Map	41	-
	Transport Connections	28	99
	Universal Access to Kindergarten	-	46
	Virtual Visiting Project	-	42
	Vulnerable Persons Project	17	-
	Wallagaraugh River Bridge	922	990
	Waterways to the Gippsland Lakes	-	2
		2,975	5,181
	Grants recognised as revenues in a previous reporting period and expended during the current reporting period in the manner specified by the grantor:		
	Access and Outreach		6
	Active Transport Innovation Fund	5	-
	Bairnsdale CBD Marketing Plan	28	-
	Bairnsdale Kindergarten	120	-
	Bairnsdale Library	1,000	-
	Bairnsdale Urban Landcare Group - Removal of Invasive Pest Species	-	1
	Mitchell River		
	Bairnsdale Visitor Information Centre Refurbishment	-	79
	Black Resheets 2011/12	-	64
	Bushfire and Emergency Planning Manager`	92	16
	Bushfire Planning Provisions	60	38
	Central Power Supply for Tambo Crossing	-	5
	Davison Oval All Abilities Playground	-	264
	Deadly in Gippsland	10	-
	Eastern Australian Boneseed Eradication and Containment	-	7
	East Bairnsdale Structure Plan	-	45
	East Gippsland Industrial Workforce Development Strategy	20	-
	Eastern Beach Vegetation Offset	1	-
	Fishermans Landing Boat Ramp	-	26
	Flood Recovery Officer	47	-
	Forge Creek Road	16	-

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

	Grant / Turnbull Street – Stage 1	392	
	Great Alpine Road Lookout Stage 1	-	43
Note 4f	Conditions Over Grants	2013/14	2012/13
(continued)		(\$'000)	(\$'000)
	Great Alpine Road Lookout Stage 2	32	-
	Heatwave Plan	3	-
	Howitt Park Lighting	89	-
	Improving Retail access o Fresh Fruit and Vegetables	52	9
	Inundation Management Project	60	-
	Joint East Gippsland and Wellington Shire Councils Capital Works Project	-	30
	Lake Tyers Boat Ramp Number 2	-	39
	Lakes Entrance Advancing Country Towns	127	-
	Lakes Entrance Aquadome Extension	-	128
	Lakes Entrance Croquet Facility	46	-
	Lower Mitchell Weed Control and Revegetation	36	-
	Marlo Foreshore Slope Stabilisation Investigation	13	8
	Municipal and Essential Service Provision – Lake Tyers Trust	1	-
	Neighbourhood Safer Place Maintenance	2	-
	Newmerella Wayside Stop Upgrade	8	-
	Omeo Recreation Reserve Toilet Block	88	-
	Orbost and District Economic Revitalisation Plan	12	-
	Paynesville and Eagle Point Land Use Plan	8	-
	Preventing Adolescent Alcohol Use Project	4	-
	Regional Urban Development Plan	-	16
	Reseal Program	55	-
	Roadside Weeds and Pest Management	12	-
	Rural Access	32	1
	Secondary School Immunisation Promotion Project	7	-
	Shady Gully Vegetation Offset	3	2
	Stirling Drive and Thorpes Lane Rehabilitation	-	55
	Supported Parents and Playgroups	-	2
	Transport Connections	71	2
	Universal Access to Kindergarten	46	18
	Urban Waterway Strategy Development	-	1
	Virtual Visiting Project	42	-
	Wallagaraugh River Bridge	68	-
	Waterways to the Gippsland Lakes	2	-
		2,710	905
Note 5	Statutory Fees And Fines		
	Infringements and Costs	232	318
	Certificate Fees	86	74
	Registration Fees	607	507
	Licence/Permit Fees	368	377
	Total Statutory Fees and Fines	1,293	1,276
Note 6	User Fees		
	Leases/Rentals	2,006	2,035
	Tipping Fee	3,056	2,596
	User Fees	3,022	2,812
	Commercial Fees and Charges	2,955	2,523
	Total User Charges and Fines	11,039	9,966
Note 7	Other Income		

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Sponsorship	69	5
Other	102	86
Total Other Income	171	91

Note 8	Employee Benefits	2013/14 \$'000	2012/13 \$'000
	Permanent staff	15,422	15,021
	Fringe Benefits Tax	212	115
	Casual/Trainee staff	2,765	2,399
	Superannuation Contributions	1,451	1,754
	Leave payments and accruals	4,425	2,755
	Total Employee Benefits	24,275	22,044

Note 9	Materials and Contracts		
	Lump Sum Maintenance Contracts	9,798	10,902
	Provisional Maintenance Contracts	2,350	1,968
	Service Agreements	1,098	1,103
	Other Maintenance Contracts	9,036	8,810
	Consultants/Legal Fees	1,170	1,686
	Operating Leases	319	402
	Application/System Software Licences	704	627
	Utilities	2,389	2,151
	Stationery and Printing	200	239
	Fuel and Oil	689	666
	General Materials	2,462	2,232
	Total Materials Expense	30,215	30,786

Note 10	Depreciation and Amortisation Expense		
	Depreciation		
	Buildings	2,785	2,626
	Infrastructure	12,471	12,613
	Plant and Equipment	1,760	1,550
	Furniture and Fittings	194	198
		17,210	16,987
	Amortisation		
	Intangible Assets	22	55
	Landfill cap	741	985
		763	1,040
	Total Depreciation and Amortisation Expense	17,973	18,027

Note 11	Contributions		
	Grants, Contributions and Donations	900	886
	Rate Rebate/Waiver Scheme	311	285
	Total Contributions	1,211	1,171

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 12 Borrowing Costs

Interest on Borrowings
Total Borrowing Costs

694	788
<u>694</u>	<u>788</u>

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 13	Other Expenses	2013/14 \$'000	2012/13 \$'000
	<i>Other expenses for the year included:</i>		
	Auditors Remuneration- Victorian Auditor General	43	43
	Landfill Rehabilitation Present Value Adjustment	100	(27)
	Registration, Membership and Licences	427	398
	Insurance Premiums	959	801
	Telephone and Communications	359	442
	Postage and Courier	93	98
	Advertising	236	253
	Training, Seminars and Travel Costs	570	540
	Mayor/Councillors	284	273
	Landfill Liability *	(3,872)	-
	Refuse Disposal	1,022	777
	Finance Costs	158	158
	Government Waste Levy	747	694
	Decrease in fair value for Investment Properties (Refer note 19)	36	78
	Other	289	118
	Total Other Expenses	1,451	4,646
	<i>* The reduction in the landfill liability is mainly due to a re-estimation of Council's liability to recap the old Bosworth Road landfill site. The reduction for these works was reduced by \$3.8 million.</i>		

Note 14	Net Gain/(Loss) on Sale of Fixed Assets		
	Investment Properties disposed of:		
	Proceeds from Sale of Land	-	14
	Less written down value of Land Sold	-	(34)
	Total Net Gain/(Loss) on Sale of Investment Properties	-	(20)
	Properties disposed of:		
	Proceeds from Sale of Land	-	23
	Less written down value of Land Sold	-	(68)
	Total Net Gain/(Loss) on Sale of Properties	-	(45)
	Proceeds from Sale of Vehicles	471	608
	Less Written Down Value of Vehicles Sold	(292)	(453)
	Total Net Gain/(Loss) on Sale of Non-Current Assets	179	155
	Total Net Gain/(Loss) on Sale of Assets	179	90

Note 15	Cash And Cash Equivalents		
	Cash on Hand and Cashier Advances	11	11
	Cash at Bank	1,787	(924)
	Term Deposits	12,810	28,791
	Total Cash Assets	14,608	27,878
	Cash at bank is available on demand.		
	Users of the financial report should refer to Note 28 for details of restrictions on cash assets and Note 30 for details of existing Council commitments.		

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 16	Receivables	2013/14 \$'000	2012/13 \$'000
	Current		
	General	2,401	3,478
	Rates	2,208	1,970
	Pensioner Rebates	335	-
	Infringements	209	227
	Private Street Schemes	202	442
	Fire Service Levy	191	-
	Other	136	349
	GST Refundable	581	603
	Less Allowance for Doubtful Debts	(77)	(248)
	Total Current Receivables	6,186	6,821
	Non-Current		
	Private Street Schemes	3,071	3,269
	Total Non-Current Receivable	3,071	3,269
The interest rate charged on overdue rates debtors is 10.50%. This rate is determined by the <i>Penalty Interest Rates Act 1983</i> (2012/13 10.50%). The interest applied to Private Street Scheme debtors during the year was 9.5% (2012/13 9.50%). The Interest rate applied to the Tambo Bluff Special Charge Scheme is 9.66%. (2012/13 9.66%)			
Note 17	Other Current Assets		
	Accrued Interest	49	129
	Prepayments	308	380
	Other Accrued Income	5,025	280
	Total Other Current Assets	5,382	789
Note 18	Property, Infrastructure, Equipment, Furniture and Fittings		
	Land at fair value	87,967	87,913
	Land at cost	2,121	1,498
	Land Under Roads at deemed cost	3,457	2,107
	Total Land	93,545	91,518
	Buildings at fair value	131,697	131,699
	Buildings at cost	19,903	13,593
	<i>Less Accumulated Depreciation – Fair Value</i>	(78,589)	(76,483)
	<i>Less Accumulated Depreciation - Cost</i>	(679)	-
	Total Buildings	72,332	68,809
	Infrastructure Assets at fair value	706,628	711,221
	Infrastructure Assets at cost	40,380	13,635
	<i>Less Accumulated Depreciation and Amortisation – Fair Value</i>	(183,119)	(181,189)
	<i>Less Accumulated Depreciation and Amortisation - Cost</i>	(227)	-
	Total Infrastructure	563,662	543,667
	Equipment at cost	21,134	20,773
	<i>Less Accumulated Depreciation</i>	(11,335)	(11,523)
	Total Equipment	9,799	9,250
	Furniture/Fittings at cost	3,042	2,740
	<i>Less Accumulated Depreciation</i>	(1,957)	(1,763)
	Total Furniture/Fittings	1,085	977
	Works in Progress	27,490	26,784
	Total Property, Infrastructure, Equipment, Furniture and Fittings	767,913	741,008

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 18 Property, Infrastructure, Equipment, Furniture and Fittings (continued)

Land under roads is valued at deemed cost. Deemed cost is based on acquisitions or contributed 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.

Refer to Note 1(f) for recognition, capitalisation and valuation details for non-current assets.

Reconciliations of the carrying amounts of each class of non-current assets at the beginning and end of the current financial year are set out below:

2013/14	Land (\$'000)	Buildings (\$'000)	Infrastructure (\$'000)	Equipment (\$'000)	Furniture and Fittings (\$'000)	Total (\$'000)
Carrying Amount at Beginning of Year	91,518	68,809	543,668	9,250	977	714,222
Additions	628	6,310	20,666	2,632	302	30,538
Disposals	-	-	-	(292)	-	(292)
Asset Impairment	-	-	6,143	-	-	6,143
Contributed Assets	1,349	-	6,398	-	-	7,747
Transfers	50	(2)	(1)	(31)	-	16
Depreciation and Amortisation Expense	-	(2,785)	(13,212)	(1,760)	(194)	(17,951)
<i>Carrying Value at End of Year</i>	93,545	72,332	563,662	9,799	1,085	740,423

Works In Progress (WIP) 01/07/13

Works In Progress Expenditure

WIP Capitalised and/or Expensed

Works In Progress 30/06/14

26,784

30,974

(30,268)

27,490

2012/13	Land (\$'000)	Buildings (\$'000)	Infrastructure (\$'000)	Equipment (\$'000)	Furniture and Fittings (\$'000)	Total (\$'000)
Carrying Amount at Beginning of Year – Previously Reported	89,424	69,008	541,174	8,429	1,033	709,068
Additions	623	2,672	15,058	2,846	142	21,341
Disposals	-	(47)	(22)	(448)	-	(517)
Asset Revaluation Increment	-	-	16,512	-	-	16,512
Prior year error	-	-	(18,492)	-	-	(18,492)
Contributed Assets	750	-	3,533	-	-	4,283
Transfers	721	(198)	(496)	(27)	-	-
Depreciation and Amortisation Expense	-	(2,626)	(13,599)	(1,550)	(198)	(17,973)
<i>Carrying Value at End of Year</i>	91,518	68,809	543,668	9,250	977	714,222

Works In Progress (WIP) 01/07/12

Works In Progress Expenditure

WIP Capitalised and/or Expensed

Works In Progress 30/06/13

22,000

26,254

(21,470)

26,784

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Details of the Council's Land, Buildings, Infrastructure and information about the fair value hierarchy as at 30 June 2014 are as follows:

2013/14	Level 1 (\$'000)	Level 2 (\$'000)	Level 3 (\$'000)
Land – Specialised	-	-	87,967
Buildings – Specialised	-	-	53,108
Infrastructure Assets	-	-	523,282
	-	-	664,357

No transfers between levels occurred during the year.

Fair value assessments have been performed at 30 June 2014 for land, buildings and infrastructure. This assessment demonstrated that fair value was materially similar to carrying value, and therefore a full revaluation was not required this year. The next scheduled full revaluation for this purpose will be conducted in 2014-2015 for land and buildings and 2016-2017 for infrastructure assets.

Valuation basis of Level 3 assets

Specialised land and specialised buildings

The market based direct comparison method is also used for specialised land although is adjusted to reflect the specialised nature of the assets being valued. For Council specialised buildings, the depreciated replacement cost method is used, adjusting for the associated depreciations. Specialised assets contain significant, unobservable adjustments; therefore these assets are classified as Level 3 fair value measurements.

An adjustment is made to reflect a restriction on the sale or use of an asset by Council. The adjustment is an allowance made to reflect the difference in value between unrestricted assets and those held by the Council which are impacted by external restraints on their use.

An independent valuation of Council's specialised land and specialised buildings was performed by was undertaken by independent valuer, Craig McMillian, Director, Certified Practicing Valuer (No. 62705), A.A.P.I., B.Business (Property) of Herron Todd White (Gippsland) and independent quantity surveyor, Ben Walpole, Director Quantity Surveying, B. Quantity Surveying Grad Cert (Comm) Dip. Building of Herron Todd White (Sydney). The valuation was performed using either the market based direct comparison method or depreciated replacement cost, adjusted for restrictions in use. The effective date of the valuation is 30 June 2011.

Infrastructure

Infrastructure is valued using the depreciated replacement cost method. This cost represents the replacement cost of the building/component after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the property to an "as new" standard. Economic obsolescence has also been factored into the depreciated replacement cost calculation.

Where it has not been possible to examine hidden works such as structural frames and floors, the use of reasonable materials and methods of construction have been assumed bearing in mind the age and nature of the building. The estimated cost of reconstruction including structure services and finishes, also factors in any heritage classifications as applicable. Infrastructure assets contain significant unobservable adjustments therefore these assets are classified as Level 3.

A valuation of Council's infrastructure assets was performed by Ian Mann MBA, BEng (civil), ME of CT Management Group. The valuation was performed based on the depreciated replacement cost of the assets. The effective date of the valuation is 30 June 2013.

There were no changes in valuation techniques throughout the period to 30 June 2014.

For all assets measured at fair value, the current use is considered the highest and best use.

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Reconciliation of Level 3 Fair Value

2013/14	Specialised Land (\$'000)	Specialised buildings (\$'000)	Infrastructure (\$'000)
Opening Balance	87,913	55,216	529,745
Depreciation and amortisation	-	(2,106)	(1,868)
Impairment (loss) reversal	-	-	-
Revaluation	-	-	-
Contributed Assets	-	-	-
Acquisition (Disposals)	-	-	-
Transfers	54	(2)	(4,595)
Closing balance	87,967	53,108	523,282

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity
Specialised Land	Market based direct comparison approach	Extent and impact of restriction of use adjustment %	Between 0 and 30 percent.	Increase or decrease in the extent of restriction adjustment % would result in a significantly lower or higher fair value.
Specialised Buildings	Depreciated Replacement Cost	Direct cost per square metre	\$622 to \$3,000 (weighted average \$1,500)	Increase or decrease in the direct cost per square metre adjustment would result in a significantly lower or higher fair value.
		Useful life of specialised buildings	40-50 years	Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Road Asset Sealed Pavement	Depreciated replacement cost	Direct cost per square metre	\$27.55	Increase or decrease in the direct cost per square metre adjustment would result in a significantly lower or higher fair value.
		Useful life	80 Years	Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Road Asset Sealed Sub grade	Depreciated replacement cost	Direct cost per square metre	\$16.60 per square metre	Increase or decrease in the direct cost per square metre adjustment would result in a significantly lower or higher fair value.
		Useful life	Non depreciable	Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity
Road Asset Spray Sealed Wearing course	Depreciated replacement cost	Direct cost per square metre Useful life	\$5.05 per square metre 15 Years	Increase or decrease in the direct cost per square metre adjustment would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Road Asset Asphalt Sealed Wearing course	Depreciated replacement cost	Direct cost per square metre Useful life	\$25 per square metre 25 Years	Increase or decrease in the direct cost per square metre adjustment would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Road Asset Concrete Wearing course	Depreciated replacement cost	Direct cost per square metre Useful life	\$80 per square metre 60 years	Increase or decrease in the direct cost per square metre adjustment would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Road Asset Paved Wearing course	Depreciated replacement cost	Direct cost per square metre Useful life	\$75 per square metre 35 Years	Increase or decrease in the direct cost per square metre adjustment would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Road Asset Unsealed Pavement	Depreciated replacement cost	Direct cost per square metre Useful life	\$5.25 per square metre 18 Years	Increase or decrease in the direct cost per square metre adjustment would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity
				fair value.
Road Asset Unsealed Sub grade	Depreciated replacement cost	Direct cost per square metre Useful life	\$14.75 per square metre None Depreciable	Increase or decrease in the direct cost per square metre adjustment would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Traffic Control Infrastructure	Depreciated replacement cost	Direct cost per structure Useful life	\$1,000 per structure 70 Years	Increase or decrease in the direct costs per structure adjustment would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Footpath Concrete	Depreciated replacement cost	Direct cost per square metre Useful life	\$60 per square metre 65 Years	Increase or decrease in the direct cost per square metre adjustment would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Footpath Asphalt	Depreciated replacement cost	Direct cost per square metre Useful life	\$50 per square metre 25 Years	Increase or decrease in the direct cost per square metre adjustment would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Footpath Gravel	Depreciated replacement cost	Direct cost per square metre Useful life	\$15 per square metre 18 Years	Increase or decrease in the direct cost per square metre adjustment would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life of the asset would result in a

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity
				significantly lower or higher fair value.
Footpath Brick (paved)	Depreciated replacement cost	Direct cost per square metre Useful life	\$75 per square metre 35 Years	Increase or decrease in the direct cost per square metre adjustment would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Footpath Spray Seal	Depreciated replacement cost	Direct cost per square metre Useful life	\$20 per square metre 15 Years	Increase or decrease in the direct cost per square metre adjustment would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Kerb & Channel	Depreciated replacement cost	Direct cost per lineal metre Useful life	\$70 per lineal metre 70 Years	Increase or decrease in the direct cost per lineal metre adjustment would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Road & Foot Bridges Timber	Depreciated replacement cost	Direct cost per square metre Useful life	\$3,200 per square metre 60 Years	Increase or decrease in the direct cost per square metre adjustment would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Road & Foot Bridges Concrete	Depreciated replacement cost	Direct cost per square metre Useful life	\$3,200 per square metre 100 Years	Increase or decrease in the direct cost per square metre adjustment would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life of the

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity
				asset would result in a significantly lower or higher fair value.
Safety rail	Depreciated replacement cost	Direct cost per lineal metre Useful life	\$288 per lineal metre 20 Years	Increase or decrease in the direct cost per lineal metre adjustment would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Storm Water Pipes	Depreciated replacement cost	\$80 to \$8,221 (\$374) per lineal metre	100 Years	Increase or decrease in the direct cost per lineal metre adjustment would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Storm Water Pits	Depreciated replacement cost	\$1,250 to \$18,000 (\$1,972) per cubic metre	100 Years	Increase or decrease in the direct cost per cubic metre adjustment would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Culverts Pipes	Depreciated replacement cost	\$97 to \$8,221 per lineal metre	80 Years	Increase or decrease in the direct cost per lineal metre adjustment would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Culverts Box	Depreciated replacement cost	\$278 to \$10,459 per lineal metre	80 Years	Increase or decrease in the direct cost per lineal metre adjustment would result in a significantly lower or higher fair value. Increase or decrease in the

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity
				estimated useful life of the asset would result in a significantly lower or higher fair value.
Skateboard Parks	Depreciated replacement cost	Direct cost per structure	\$24.2k to \$162.7k (\$60.3k) 40 Years	Increase or decrease in the direct cost per structure adjustment would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Jetties	Depreciated replacement cost	Direct cost per square metre Useful life	\$2,169 per square metre 40 Years	Increase or decrease in the direct cost per square metre adjustment would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Marinas	Depreciated replacement cost	Direct cost per square metre Useful life	\$3,815 per square metre 40 Years	Increase or decrease in the direct cost per square metre adjustment would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Fish Cleaning Tables	Depreciated replacement cost	Direct cost per structure	\$8,000 per structure 20 Years	Increase or decrease in the direct cost adjustment would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Boardwalks, Foreshore Steps, Fishing and Viewing Platforms	Depreciated replacement cost	Direct cost per square metre Useful life	Over water \$645 per square metre	Increase or decrease in the direct cost per square metre adjustment would result in a significantly lower or higher fair value.

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity
		Direct cost per square metre Useful life	40 Years <i>Over land</i> \$323 per square metre 40 Years	Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Sea Retaining Walls	Depreciated replacement cost	Direct cost per cubic metre Useful life	\$3,249 cubic metre 60 Years	Increase or decrease in the direct cost per cubic metre adjustment would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Boat Ramps	Depreciated replacement cost	Direct cost per square metre Useful life	\$948 per square metre 40 Years	Increase or decrease in the direct cost per square metre adjustment would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Netball and Tennis Hard Court Playing Surfaces	Depreciated replacement cost	Direct cost per square metre Useful life Direct cost per square metre Useful life Direct cost per square metre Useful life Direct cost per square metre Useful life	Synthetic grass \$37/m2 25 Years Concrete \$123/m2 60 Years Asphalt \$64/m2 25 Years Sand \$28/m2 15 Years	Increase or decrease in the direct cost per square metre adjustment would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Fencing	Depreciated replacement cost	Direct cost per lineal metre	\$8 - \$780 (\$40.08)	Increase or decrease in the direct cost per square metre

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity
			per lineal metre	adjustment would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Timber Retaining Walls	Depreciated replacement cost	Direct cost per square metre Useful life	\$122 per square metre 40 Years	Increase or decrease in the direct cost per square metre adjustment would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Pools / Spas Shells	Depreciated replacement cost	Direct cost per cubic metre Useful life Direct cost per cubic metre Useful life Direct cost per cubic metre Useful life Direct cost per cubic metre Useful life	\$1500 cubic metre large pools 48 Years \$1500 cubic metre Small pools 48 Years \$2769 cubic metre indoor pool 48 Years \$4275 cubic metre spa's 20 Years	Increase or decrease in the direct cost per cubic metre adjustment would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Weighbridges	Depreciated replacement cost	Direct cost per item Useful life	\$105,213 per item 40 Years	Increase or decrease in the direct costs adjustment would result in a significantly lower or higher fair value. Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.
Waste Transfer	Depreciated	Direct cost per	\$125,869	Increase or decrease in the

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity
Station	replacement cost	item	per bay	direct costs per item adjustment would result in a significantly lower or higher fair value.
		Useful life	60 Years	Increase or decrease in the estimated useful life of the asset would result in a significantly lower or higher fair value.

Note 19 Investment Properties

	2013/14 \$'000	2012/13 \$'000
Balance at Beginning of Financial Year	1,513	1,625
Acquisitions	-	-
Disposals	(10)	(34)
Fair value adjustments (Refer Note 13)	(36)	(78)
Balance at End of Financial Year	1,467	1,513

Valuation of investment property has been determined in accordance with an independent valuation by Craig McMillian, Certified Practicing Valuer (No. 2206) A.A.P.I., B.Bus. (PROP) of Herron Todd White who has recent experience in the location and category of the property being valued and the Council's Asset Management Business Unit.

Note 20 Intangible Assets

	Software \$'000
Gross Carrying Amount	
Balance 1 July 2012	1,567
Additions 2012/13	28
Balance June 2013	1,595
Additions 2013/14	31
Balance June 2014	1,626
Accumulated Amortisation and Impairment	
Balance 1 July 2012	(1,540)
Amortisation Expense 2012/13	(55)
Balance June 2013	(1,595)
Amortisation Expense 2013/14	(22)
Balance June 2014	(1,617)
Net Book Value at 30 June 2013	-
Net Book Value at 30 June 2014	9

Note 21 Trade and Other Payables

	2013/14 \$'000	2012/13 \$'000
Trade Creditors	2,618	4,049
Accrued Expenses	1,881	1,429
Other	63	7

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Total Trade and Other Payables		4,562	5,485
Note 22	Trust Funds and Deposits		
	Refundable Deposits	384	744
	Fire Service Property Levy	473	-
	Funds Held in Trust	13	1
	Prepayments	428	340
	Total Trust Funds and Deposits	1,298	1,085

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 23 Provisions

2013/14	Balance at Start	Additional Provisions	Amounts Used	Movements in Discount	Balance at End
	\$'000	\$'000	\$'000	\$'000	\$'000
Annual Leave	1,771	1,428	(1,213)	(5)	1,981
Long Service Leave	2,828	602	(214)	(164)	3,052
Landfill Restoration	10,963	(3,618)	-	100	7,445
Vegetation Offset	178	-	(30)	-	148
	15,740	(1,588)	(1,457)	(69)	12,626

2012/13	Balance at Start	Additional Provisions	Amounts Used	Movements in Discount	Balance at End
	\$'000	\$'000	\$'000	\$'000	\$'000
Annual Leave	1,600	935	(755)	(9)	1,771
Long Service Leave	2,562	460	(114)	(80)	2,828
Landfill Restoration	10,993	-	-	(30)	10,963
Vegetation Offset	208	-	(30)	-	178
	15,363	1,395	(899)	(119)	15,740

	2013/14 \$'000	2012/13 \$'000
(a) Employee Costs		
Current		
Annual Leave:		
-Benefits at nominal value settled within 12 Months	1,807	1,608
- Benefits at present value settled after 12 Months	174	163
Total Annual leave	1,981	1,771
Long Service Leave		
- Benefit at nominal value settled within 12 Months	305	283
- Benefits at present value settled after 12 Months	2,079	2,004
Total Long Service Leave	2,384	2,287
Non-Current		
Long Service Leave at Present Value	668	541
Aggregate Carrying Amount of Employee Benefits		
Current	4,365	4,058
Non-Current	668	541
	5,033	4,599
The following assumptions were adopted in measuring the present value of long service leave:		
Weighted Average Increase in Employee Costs	3.00%	4.00%
Weighted Average Discount Rates	3.57%	3.79%
Weighted Average Settlement Period	20	20

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 23	Provisions (continued)	2013/14 \$'000	2012/13 \$'000
	(b) Other Provisions		
	Non-Current		
	Landfill Rehabilitation and Aftercare Provision	7,445	10,963
-	Vegetation Offset	148	178
	Total Non-Current	7,593	11,141
	Provisions		
	Total Current	4,365	4,058
	Total Non-Current	8,261	11,682
	Total Provisions	12,626	15,740

The Environment Protection Agency (EPA) requires occupiers of licensed landfill sites to provide financial assurance for remedial action, rehabilitation and aftercare costs to ensure that the costs and liabilities of land filling are accounted for. Council has provided financial assurance to the EPA that it has provided for landfill rehabilitation and aftercare liabilities based upon the Net Present Value of the estimated future costs of rehabilitation and aftercare. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard and to provide aftercare for the required period after closure of the site. In addition Council has provided to the EPA a bank guarantee in their favour of \$1.3M to meet their remedial action financial assurance requirement for licensed sites.

Note 24	Interest-Bearing Liabilities		
	Current		
	Borrowings – Secured	1,777	444
	Total Current Borrowings	1,777	444
	Non-Current		
	Borrowings – Secured	6,250	8,027
	Total Non-Current Borrowings	6,250	8,027
	Total Interest Bearing Liabilities	8,027	8,471
	The maturity profile for Council's borrowings is:		
	Not later than one year	1,777	444
	Later than one year but not later than five years	2,900	3,527
	Later than five years	3,350	4,500
		8,027	8,471
	Borrowings, Weighted Average Cost of Capital	8.55%	8.42%

Borrowings are secured by charges over the revenue raising capacity of Council, being the raising of rates and charges and special rates.

The following weighted interest rate percentage is applicable to borrowings. Interest rates applicable to borrowings are fixed for the term of the borrowing.

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 25 Reserves

(a) Asset Revaluation Reserves

The purpose of these reserves is to credit increases in the carrying amounts of non-current assets arising from a revaluation of such assets. Where assets decrease in value, the amount can be debited to the reserve provided that it offsets a previous upwards revaluation, otherwise the decrease must be recognised as an expense in the Comprehensive Income Statement.

2013/14	Balance at Beginning of Reporting Period (\$'000)	Increment (Decrement) (\$'000)	Balance at End of Reporting Period (\$'000)
Land	60,256	44	60,300
Buildings	42,242	-	42,242
Infrastructure	351,504	6,135	357,639
Total Asset Revaluation Reserves	454,002	6,179	460,181

2012/13	Balance at Beginning of Reporting Period (\$'000)	Increment (Decrement) (\$'000)	Balance at End of Reporting Period (\$'000)
Land	60,264	(8)	60,256
Buildings	42,242	-	42,242
Infrastructure	353,476	(1,972)	351,504
Total Asset Revaluation Reserves	455,982	(1,980)	454,002

(b) Non-Discretionary Reserve

Transfer to reserves equates to income received for specific purposes as detailed. Transfer from reserves equates to operational or capital expenditure incurred for specific purposes where reserves have been held.

2013/14	Balance at Start (\$'000)	Transfer To (\$'000)	Transfer From (\$'000)	Balance at End (\$'000)
Car Parking	193	-	-	193
Recreational Land	1,092	87	-	1,179
Road Upgrading	32	-	-	32
Total Non-Discretionary Reserve	1,317	87	-	1,404

2012/13	Balance at Start (\$'000)	Transfer To (\$'000)	Transfer From (\$'000)	Balance at End (\$'000)
Car Parking	193	-	-	193
Recreational Land	1,076	93	77	1,092
Road Upgrading	32	-	-	32
Total Non-Discretionary Reserve	1,301	93	77	1,317

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 26	Reconciliation of surplus for the year with Net Cash provided by operating activities	2013/14 \$'000	2012/13 \$'000
	Result from Ordinary Activities	15,416	16,111
	Depreciation and Amortisation	17,973	18,027
	Other	-	(27)
	Income on Contributed Assets	(7,747)	(4,283)
	Net (Gain) / Loss on Sale of Fixed Assets	(179)	(90)
	Loss on Assets Written Off	-	40
	Movements in:		
	- Accounts Receivable	833	(588)
	- Accounts Payable / provisions	(4,227)	(1,773)
	- Other Current Assets	(4,593)	(100)
	- Employee Benefits	434	(3,326)
	Net Cash Provided by Operating Activities	17,910	23,991

Note 27	Reconciliation of Cash and Cash Equivalents		
	Cash On Hand and at Bank	1,798	(913)
	Term Deposits	12,810	28,791
	Cash and Term Deposits at end of year	14,608	27,878
	Refer to Note 28 which details restricted cash holdings.		

Bank Overdraft Facility		
Available Facilities	1,500	1,500

Note 28	Restricted Assets		
	The following restrictions have been imposed by regulation or other externally imposed requirements		
	Current		
	Cash - Recreational Land (i)	1,179	1,092
	Cash - Car Parking	193	193
	Cash - Road Upgrading	32	32
	Funds held in Trust	13	1
	Total Current External Restricted Assets	1,417	1,318
	Non-Current		
	Land - Aerodrome (ii)	1,010	1,010
	Total Non-Current Restricted Assets	1,010	1,010

- (i) Funds required to be used in accordance with the recreational land provisions of the *Subdivision Act 1988*.
- (ii) Land held by Council at Bairnsdale, Mallacoota and Marlo for which a covenant exists ensuring that the land continues to be operated as an Aerodrome.

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 29 Superannuation

Council makes the majority of employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). The Fund has two categories of membership, each of which is funded differently. The lump sum section provides lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from Council and Council's legal or constructive obligation is limited to these contributions.

Obligations for contributions to the Fund are recognised as an expense in the Comprehensive Income Statement when they are due.

Accumulation

The Fund's accumulation category, 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 in accordance with the Superannuation Guarantee Legislation (9.25 percent in 2013/2014). No further liability accrues to the employer, as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Commencing on 1 July 2013, the Superannuation Guarantee Legislation will require that the superannuation contribution percentage increase to 9.50 per cent

Defined Benefit Plan

As provided under Paragraph 34 of AASB 119, East Gippsland Shire Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a multi-employer sponsored plan.

As a multi-employer sponsored plan, the Fund was established as a mutual scheme to allow for the mobility of the workforce between the participating employers without attaching a specific liability to particular employees and their current employer. Therefore, 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 East Gippsland Shire Council in the Fund cannot be measured as a percentage compared with other participating employer. While there is an agreed methodology to allocate any shortfalls identified by the Fund Actuary for funding purposes, there is no agreed methodology to allocate benefit liabilities, assets and costs between the participating employers for accounting purposes. Therefore, the Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding Arrangements

Employer name East Gippsland Shire Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. The Fund's employer funding arrangements comprise of three components (which are detailed below) are:

1. Regular contributions - which are ongoing contributions needed to fund the balance of benefits for current members and pensioners;
2. Funding calls – which are contributions in respect of each participating employer's share of any funding shortfalls that arise; and
3. Retrenchment increments – which are additional contributions to cover the increase in liability arising from retrenchments.

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 29 Superannuation (Continued)

East Gippsland Shire Council is also required to make additional contributions to cover the contribution tax payable on the contributions referred to above.

Employees are also required to make member contributions to the Fund. As such, assets accumulate in the Fund to meet member benefits, as defined in the Trust Deed, as they accrue.

Employer Contributions

Regular Contributions

On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 31 December 2011, East Gippsland Shire Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2014, this rate was 9.25% of members' salaries. This rate increased to 9.5% on 1 July 2014 and is expected to increase in line with the required Superannuation Guarantee contribution rate.

In addition, East Gippsland Shire Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit (the funded resignation or retirement benefit is calculated as the VBI multiplied by the benefit).

Funding Calls

The Fund is required to comply with the superannuation prudential standards. Under the superannuation prudential standard SPS 160, the Fund is required to target full funding of its vested benefits. There may be circumstances where:

- a fund is in an unsatisfactory financial position at an actuarial investigation (i.e. its vested benefit index (VBI) is less than 100% at the date of the actuarial investigation); or
- a fund's VBI is below its shortfall limit at any time other than at the date of the actuarial investigations.

If either of the above occur, the fund has a shortfall for the purposes of SPS 160 and the fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. There may be circumstances where the Australian Prudential Regulation Authority (APRA) may approve a period longer than three years.

The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including East Gippsland Shire Council) are required to make an employer contribution to cover the shortfall. The methodology used to allocate the shortfall was agreed in 1997 to fairly and reasonably apportion the shortfall between the participating employers.

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.

The pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund are based on:

- The service periods of all active members split between the active members pre-1 July 1993 and post-30 June 1993 service period;
- The service periods of all deferred members split between the deferred members pre-1 July 1993 and post-30 June 1993 service period; and

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 29 Superannuation (Continued)

- The pensioner (including fixed term pension) liabilities which are allocated to the pre-1993 period.

The pre-1 July 1993 component of the shortfall is apportioned between the participating employers based on the employer's share of the total participating employer payroll at 30 June 1993.

The post-30 June 1993 component of the shortfall is apportioned between the participating employers based on the employer's share of the total participating employer payroll 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. In the unlikely event that the Fund is wound up and there is a surplus in the Fund, the surplus cannot be applied for the benefit of the defined benefit employers where there are on-going defined benefit obligations. The surplus would be transferred to the fund accepting those defined benefit obligations (including the lifetime pension obligations) of the Fund.

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.

Differences between calculations

The Fund surplus or deficit (i.e. the difference between fund assets and liabilities) is calculated differently for funding purposes (i.e. calculating required contributions), for the calculation of accrued benefits as required in AAS 25 and for the values needed for the AASB 119 disclosure in the employer's financial statements. AAS 25 requires that the present value of the defined benefit liability be calculated based on benefits that have accrued in respect of membership of the plan up to the measurement date, with no allowance for future benefits that may accrue.

Shortfall amounts

The Local Authorities Superannuation Fund's latest investigation as at 31 December 2011 identified an unfunded liability of \$406 million (excluding contributions tax) in the defined benefit category of which Council was made aware of the expected shortfall during the 2011/12 year and was informed of its share of the shortfall on 2 August 2012. Council has not been advised of any further adjustments.

The projected value of Council's contribution to the shortfall at 30 June amounted to \$3765 million which was accounted for in the 2011/12 Comprehensive Income Statement within Employees Benefits (See Note 8) and in the Balance Sheet in Current Liability Provisions (see Note 23).

No further amount has been accounted for in the 2013/14 Comprehensive Income Statement with Employee Benefits (see Note 8) or in the Balance Sheet.

Fund Surplus or Deficit (i.e. the difference between fund assets and liabilities) is calculated differently for funding purposes (i.e. calculating required contributions) and for the calculation of accrued benefits as required in AAS25 to provide the values needed for the AASB 119 disclosure in a Council's financial statements. AAS25 requires that the present value of the benefit liability, which is calculated in respect of membership completed at the calculation date, makes no allowance for future benefits that may accrue.

There is no unpaid shortfall as at 30 June 2014.

Retrenchment Increments

During 2013/14, Council was not required to make payments to the fund in respect of retrenchment increments. Council's liability to the Fund as at 30 June 2013, for retrenchment increments, accrued interest and tax is nil (nil for 2012/13).

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 29 Superannuation (Continued)

Accrued Benefits

The Fund's liability for accrued benefits was determined by the Actuary as at 31 December 2011 pursuant to the requirements of Australian Accounting Standard AAS25 as follows:

	31 December 2011 (\$'000)
Net Market Value of Assets	4,315,324
Accrued Benefits (per accounting standards)	4,642,133
Difference between Assets and Accrued Benefits	(326,809)
Vested Benefits	4,838,503

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

Net Investment Return	7.50% p.a.
Salary Inflation	4.25% p.a.
Price Inflation	2.75% p.a.

Details of contributions to superannuation funds during the year and contributions payable at 30 June 2014:

Scheme	Vision Super	Visions Super	Other Schemes
Type of Scheme	Defined Benefit	Accumulation	Accumulation
Rate	9.25%	9.25%	9.25%
2013/14 \$000	200	1,384	511
2012/13 \$000	222	1,532	355

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2014.

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 30	Commitments for Capital and Other Expenditure	2013/14 (\$'000)	2012/13 (\$'000)
	At reporting date, Council had entered into contracts for the following capital and other expenditures (these obligations are not recognised as liabilities):		
	Service Contracts		
	Cleaning	1,502	2,242
	Ferry Operation/Maintenance	851	1,067
	Road Infrastructure Maintenance	22,797	26,773
	Waste Management	1,715	2,728
	Other Service Contracts	1,725	1,655
	Capital Works Contracts		
	Road Infrastructure	2,828	1,364
	Building Infrastructure	302	3,120
	Waste Management	457	-
	Other works	9,921	4,789
	Total Commitments	42,098	43,738
	Expenditure due for payment not later than one (1) year	22,005	18,254
	Expenditure due for payment later than one (1) year and not later than two (2) years	6,978	6,667
	Expenditure due for payment later than two (2) years and not later than five (5) years	13,115	16,353
	Expenditure due for payment later than five (5) years	-	2,464
		42,098	43,738
Note 31	Operating Leases	2013/14 (\$'000)	2012/13 (\$'000)
	(a) Operating Lease Commitments		
	At the reporting date, Council had the following obligations under non-cancellable operating leases. (These obligations are not recognised as liabilities):		
	- Not later than one year – equipment and photocopiers	-	17
	- Not later than one year – property	115	182
	- Not later than one year – vehicles	7	23
	- Later than one year and not later than five years – equipment, photocopiers	-	-
	- Later than one year and not later than five years property	365	403
	- Later than one year and not later than five years – vehicles	-	7
	- Later than five years – property	551	807
		1,038	1,439
	(b) Operating Lease Receivables		
	Council has entered into commercial leases for a number of Council properties as well as the lease of some of its Caravan Parks. These leases have remaining non-cancellable terms of between 1 and 21 years.		
	Future minimum rentals receivable under non-cancellable operating leases are as follows:		
	- Not later than one year	496	355
	- Later than one year and not later than five years	1,804	1,215
	- Later than five years	2,485	3,029
		4,785	4,599

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 32 Contingent Liabilities

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

Council operates landfills throughout the municipality. Certain sites, other than those already provided for, may require rehabilitation works in the future. At balance date, Council is unable to determine whether any further works will need to be undertaken or assess any financial implications of any future works. Council has provided the EPA with an unconditional bank guarantee for \$1.3 million that can be called upon if deemed necessary by the EPA.

Note 33 Financial Instruments

(a) Accounting Policy, Terms and Conditions

Recognised Financial Instruments	Note	Accounting Policy	Terms and Conditions
<i>Financial Assets:</i>			
Cash And Cash Equivalents	15	Cash on hand and at bank are valued at face value. Interest is recognised as it accrues. Investments are held to maximise interest returns on surplus cash.	On call deposits returned a rate of 2.52% (4.14% 2012/13) on average throughout the year. Funds weighted average return rate at balance date was 3.54% (4.17% 2012/13).
Receivables	16	Receivables are carried at amortised cost using the effective interest method. A provision for doubtful debts is recognised when there is objective evidence that impairment has occurred. This allowance is recognised when the collection in full is no longer probable. Collect ability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured. Credit terms are usually 30-60 days. Currently Council doesn't charge interest on this category of debtors, but reserves the right to do so.
<i>Financial Liabilities:</i>			
Trade and Other Payables	21	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date, whether or not invoices have been received.	General creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.
Interest Bearing Liabilities	24	Loans are carried at their principal amounts that represent the net present values of the future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.	Borrowings are secured by mortgages over the general rates of Council. The weighted average interest rate 8.55% (8.42% 2012/13).

**EAST GIPPLSAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 33 Financial Instruments (continued)

(b) Interest Rate Risk

The exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised, at balance date are as follows:

		Interest Rate Exposure			Not Past Due and Not Impaired (\$'000)	Past Due But Not Impaired			
2013/14	Carrying Amount (\$'000)	Fixed Interest Rate (\$'000)	Variable Interest Rate (\$'000)	Non Interest Bearing (\$'000)		1-3 Months (\$'000)	4-12 Months (\$'000)	More Than 1 Year (\$'000)	Impaired Financial Assets (\$'000)
Financial Assets									
Cash Assets	11	-	-	11	11	-	-	-	-
Other Financial Assets	14,597	12,800	1,797	-	14,597	-	-	-	-
Receivables	<u>12,431</u>	<u>3,274</u>	<u>-</u>	<u>9,158</u>	<u>10,640</u>	<u>627</u>	<u>106</u>	<u>1,058</u>	-
Total Financial Assets	27,039	16,074	1,797	9,169	25,248	627	106	1,058	-
Weighted Average Interest Rate 4.51%									
2012/13									
Financial Assets									
Cash Assets	11	-	-	11	11	-	-	-	-
Other Financial Assets	27,867	28,791	(924)	-	27,867	-	-	-	-
Receivables	<u>8,858</u>	<u>3,711</u>	<u>-</u>	<u>5,147</u>	<u>4,300</u>	<u>2,416</u>	<u>554</u>	<u>1,588</u>	-
Total Financial Assets	36,736	32,502	(924)	5,158	32,178	2,416	554	1,588	-
Weighted Average Interest Rate: 5.68%									

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 33 Financial Instruments (continued)

(c) Net Fair Values

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

	Total Carrying Amount as per Balance Sheet		Aggregate Net Fair Value	
	2013/14 (\$'000)	2012/13 (\$'000)	2013/14 (\$'000)	2012/13 (\$'000)
Financial Assets				
Cash	11	11	11	11
Investments	14,597	27,867	14,597	27,867
Receivables – General	12,431	8,858	12,431	8,858
	27,039	36,736	27,039	36,736
Financial Liabilities				
Payables	5,774	6,570	5,774	6,570
Interest Bearing Liabilities	8,027	8,471	7,025	7,236
	13,801	15,041	12,799	13,806

(d) Credit Risk Exposures

The maximum credit risk exposure of Council at the reporting date is the carrying amount of financial assets, net of the provision for doubtful debts.

(e) Risks and Mitigation

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

Market Risk

Market risk is the risk that the fair value or future cash flows of our instruments will fluctuate because of changes in market prices. 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. Components of market risk to which we are exposed are discussed below.

Interest Rate Risk

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

Our loan borrowings are sourced from major Australian banks. Overdrafts are arranged with major Australian banks. We manage interest rate risk on our debt portfolio by:

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

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 33 Financial Instruments (continued)

We manage the interest rate exposure on our net debt portfolio by appropriate budgeting strategies and obtaining approval for borrowings from the Australian Loan Council each year.

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

- Conformity with State and Federal regulations and standards;
- Adequate safety;
- Appropriate liquidity;
- Diversification by credit rating, financial institution and investment product;
- Monitoring of return on investment; and
- Benchmarking of returns and comparison with budget.

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

Credit Risk

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

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

Trade and other receivables consist of a large number of customers, spread across the consumer, business and government sectors. Credit risk associated with Council's financial assets is minimised because the main debtor is the Victorian and Commonwealth Governments. Apart from the two levels of government, we do not have any significant credit risk exposure to a single customer or customers. Ongoing credit evaluation is performed on the financial condition of our customers and, where appropriate, an allowance for doubtful debts is raised.

We may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are discussed in Note 32.

Movement in Provisions for Doubtful Debts	2013/14 (\$'000)	2012/13 (\$'000)
Balance at the beginning of the year	248	295
New Provisions recognised during the year	5	16
Amounts already provided for and written off as uncollectible	(163)	-
Amounts provided for but recovered during the year	(13)	(63)
Balance at end of year	77	248

Ageing of Trade and Other Receivables

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

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 33 Financial Instruments (continued)

Receivables	2013/14 (\$'000)	2012/13 (\$'000)
Current (not yet due)	7,466	5,694
Past due by up to 30 days	426	1,172
Past due between 31 and 120 days	201	1,082
Past due between 121 and 365 days	106	554
Past due by more than 1 year	1,058	1,588
Total Receivables	9,257	10,090

Ageing of individually impaired Receivables

At balance date, Receivables representing financial assets with a nominal value of \$77,455 (2012/13 \$247,686) were impaired. The amount of the provision raised against these debtors was \$77,455 (2012/13 \$247,686). The individually impaired debtors related to general and sundry debtors and have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements. The ageing of Receivables that have been individually determined as impaired at reporting date was:

Impaired Receivables	2013/14 (\$'000)	2012/13 (\$'000)
Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	-	-
Past due between 181 and 365 days	-	-
Past due by more than 1 year	77	248
Total Receivables	77	248

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 33 Financial Instruments (continued)

Liquidity Risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements:

- Council will not have sufficient funds to settle a transaction on the date,
- Council will be forced to sell financial assets at a value which is less than what they are worth; or
- Council may be unable to settle or recover a financial asset at all.

To help these risks Council:

- Has a liquidity policy which targets a minimum level of cash and equivalents to be maintained;
- Has readily accessible standby facilities and other funding arrangements in place;
- Has a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- Monitors budget to actual performance on a regular basis; and
- Sets limits on borrowings relating to the percentage of loan repayments to revenue.

Council's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment risk.

	Carrying Amount (\$'000)	Interest Rate Exposure			Nominal Amount (\$'000)	Maturity Dates		
		Fixed Interest Rate (\$'000)	Variable Interest Rate (\$'000)	Non Interest Bearing (\$'000)		1-3 Months (\$'000)	4-12 Months (\$'000)	More Than 1 Year (\$'000)
2013/14								
Financial Liabilities								
Payables	5,774	-	-	5,774	5,774	-	-	-
Interest-Bearing Liabilities	<u>8,027</u>	<u>8,027</u>	-	-	<u>7,025</u>	<u>627</u>	<u>1,150</u>	<u>5,248</u>
Total Financial Liabilities	13,801	8,027	-	5,774	12,799	627	1,150	5,248
Weighted Average Interest Rate: 4.82%								
2012/13								
Financial Liabilities								
Payables	6,570	-	-	6,570	6,841			
Interest-Bearing Liabilities	<u>8,471</u>	<u>8,471</u>	-	-	<u>7,236</u>	<u>177</u>	<u>267</u>	<u>6,792</u>
Total Financial Liabilities	15,041	8,471	-	6,570	14,077	177	267	6,792
Weighted Average Interest Rate: 4.61%								

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 33 Financial Instruments (continued)

(f) Sensitivity Disclosure Analysis

Taking into account past performance, future expectations, economic forecasts and management's knowledge and experience of the financial markets, Council believes the following movements are 'reasonably possible' over the next 12 months (base rates are sourced from the National Australia Bank):

A parallel shift of +2% and -1% in market rate (AUD) from year-end rates of 2.50% (2012/13 2.75%)

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

Market Risk Exposure	Carrying Amount Subject to Variable Interest (\$'000)	-1% (100 Basis Points)		+2% (200 Basis Points)	
		Profit (\$'000)	Equity (\$'000)	Profit (\$'000)	Equity (\$'000)
2013/14					
Financial Assets	1,787	(18)	(18)	36	36
Investments					
2012/13	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Financial Assets					
Interest Bearing Liabilities	(924)	9	9	(18)	(18)

Note 34 Auditors Remuneration

	2013/14 (\$'000)	2012/13 (\$'000)
Audit Fee to Conduct External Audit – Victorian Auditor-General	43	44
Internal Audit Fees	36	40
Other Audit Fees	7	3
Total Auditors Remuneration	86	87

Note 35 Events Occurring after Balance Date

Council is not aware of any events impacting on the financial statements after the balance date on 30 June 2014. (2013: Nil)

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 36 Related Party Transactions

a) Persons holding the position of a Responsible Person at East Gippsland Shire Council during the reporting period were:

Councillor Mark Reeves+

Councillor Richard Ellis*

Councillor Ben Buckley

Councillor Michael Freshwater

Councillor Jeff McNeill

Councillor Peter Neal

Councillor Marianne Pelz

Councillor Jane Rowe

Councillor John Wilkin

Councillor William Gamble (Prior year until 27 October 2012)

Councillor Meredith Urie (Prior year until 27 October 2012)

Councillor Trudy Anderson (Prior year until 27 October 2012)

Chief Executive Officer Steve Kozlowski

* Mayor (1 July 2013 to 12 November 2013)

+ Mayor (12 November 2013 to 30 June 2014)

			2013/14	2012/13
b) Remuneration of Responsible Persons in Bands of \$10,000			No.	No.
Income Range \$				
1	-	10,000	-	-
10,001	-	20,000	-	3
20,001	-	30,000	-	3
30,001	-	40,000	7	5
40,001	-	50,000	1	-
50,001	-	60,000	1	-
60,001	-	70,000	-	1
70,001	-	80,000	-	1
80,001	-	90,000	-	1
90,001	-	100,000	1	-
Total			10	13
Total remuneration for the reporting period of Responsible Officers included above amounted to:			\$594,000	\$555,000

Seniors Officers Remuneration

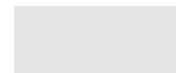
A Senior Officer other than a Responsible Person, is an officer of Council who has management responsibilities and reports directly to the Chief Executive Officer or whose total annual remuneration exceeds \$133,000 (2012/13 \$130,000)

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

Income Range \$		No.	No.
30,001 - 40,000		1	-
40,001 - 50,000		1	-
50,001 - 60,000		1	3
60,001 - 70,000		2	2
70,001 - 80,000		1	-
80,001 - 90,000		1	-
Total		7	5
Total remuneration for the reporting period of Senior Officers included above amounted to:		\$1,098,000	\$892,000

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Please note that during the year two senior officers left the organisation.



Note 36- Related Party Transactions (continued)

- a) *No benefits have been paid in connection with retirement of Responsible Persons.*
- b) *No loans have been made, guaranteed or secured by Council to a Responsible Person of Council during the reporting period.*
- c) *Other Transactions*

1. *Gippsland Ports*

Councillor Richard Ellis is a Board Member of Gippsland Ports. For the year ended 30 June 2014, Council paid \$13,570 to Gippsland Ports (2012/13 \$139,018) on normal commercial terms and conditions.

2. *R Pelz Haulage*

Councillor Marianne Pelz is a part owner of R Pelz Haulage. For the year ended 30 June 2014, Council paid \$23,722 to the haulage company (2012/13 \$42,369) on normal commercial terms and conditions.

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 37 Revenues, Expenses and Assets by Functions/Activity

	2013/14 (\$'000)	2012/13 (\$'000)
Office of the CEO		
Revenues		
- Grants	0	100
- Other	<u>214</u>	<u>44</u>
Total Revenues	214	144
Expenses	1,570	1,740
Surplus (Deficit) for the year	(1,356)	(1,596)
Corporate		
Revenues		
- Capital	831	9
- Grants	6,717	13,371
- Other	<u>41,647</u>	<u>40,549</u>
Total Revenues	49,195	53,929
Expenses	7,688	8,957
Surplus (Deficit) for the year	41,507	
Planning and Community		
Revenues		
- Capital	1,534	2,275
- Grants	1,685	1,811
- Other	<u>1,389</u>	<u>1,563</u>
Total Revenues	4,608	5,649
Expenses	12,480	10,621
Surplus (Deficit) for the year	(7,872)	(4,972)
Operations		
Revenues		
- Capital	5,544	6,304
- Grants	389	297
- Other	<u>23,248</u>	<u>18,675</u>
Total Revenues	29,181	25,276
Expenses	41,463	43,998
Surplus (Deficit) for the year	(12,282)	(18,722)

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

	2013/14 (\$'000)	2012/13 (\$'000)
Development		
Revenues		
- Capital	390	1,250
- Grants	51	701
- Other	7,596	7,179
Total Revenues	8,037	9,130
Expenses	12,618	12,701
Surplus (Deficit) for the year	(4,581)	(3,571)

Total Organisation		
Revenues		
- Capital	8,299	9,838
- Grants	8,842	16,280
- Other	74,094	68,010
Total Revenues	91,235	94,128
Expenses	75,819	78,017
Surplus (Deficit) for the year	15,416	16,111

(b) The activities of Council are categorised into the following broad functions:

Office of the CEO - the day to day management of the Council's operations in accordance with the Council Plan and advocacy, Corporate Communications and Strategy.

Corporate Governance, Organisation Development, Finance and Treasury, Human Resources, Property and Risk, Information Technology, Corporate Records

Development – Development, Capital Projects, Commercial Businesses, Major Projects and Economic Development/Tourism.

Operations – Asset Maintenance, Asset Management, Building Maintenance, Waste Services, Fleet Management, Parks and Gardens

Planning and Community – Strategic Planning, Sustainability, Arts and Culture, Community, Emergency Management, Health and Community Laws.

Council's financial systems do not enable the allocation of total assets between functions/activities.

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 38	Financial Ratios	2013/14	2012/13	2011/12
	Debt Servicing Ratio			
	Debt servicing costs refer to the payment of interest on loan borrowings, finance lease interest and bank overdraft. The ratio expresses the amount of interest paid as a percentage of Council's total revenue (excluding contributed assets).	0.8%	0.9%	1.0%
	Debt Commitment Ratio <i>(to identify Council's debt redemption policy)</i>			
	This strategy involves the payment of loan principal and interest, finance lease principal and interest. The ratio expresses the percentage of the rate revenue utilised to pay interest and redeem principal.	2.6%	4.9%	3.7%
	Total Revenue Ratio			
	The level of Council's reliance on rate revenue is determined by assessing rate revenue expressed as a percentage proportion of the total revenue of Council (excluding contributed assets).	53.3%	45.5%	49.1%
	Working Capital Ratio			
	The ratio expresses the level of current assets the Council has available to meet its current liabilities.	2.18:1	3.21:1	2.76:1
	Adjusted Working Capital Ratio			
	The ratio expresses the level of current assets the Council has available to meet its current liabilities.	2.72:1	3.91:1	3.19:1
	Current liabilities have been reduced to reflect the long service leave that is shown as a current liability because Council does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, but is not likely to fall due within 12 months after the end of the period.			
	Debt Exposure Ratio			
	This ratio enables assessment of Council's solvency and exposure to debt. Total indebtedness refers to total liabilities of Council. Total realisable assets are those assets, which are not subject to any restriction and are able to be realised. This excludes roads infrastructure including bridges and controlled, but not owned, land and associated buildings. The ratio expresses the multiple of total liabilities for each dollar of realisable assets. Realisable assets are those that can be sold and are not subject to any restriction on realisation or use.	12:1	16:1	17:1

**EAST GIPPSLAND SHIRE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

Note 39 Special Committees and Other Activities

OTHER ENTITIES

Operations Not Controlled by Council

Pre-Schools

Pre-schools operate from Council owned land and buildings. Council provides grants and can obtain financial information on request.

These operations are not considered as forming part of the reporting entity on the basis that Council does not have the capacity to control these operations. However, the land and buildings are included in the Balance Sheet (under non-current assets) and the depreciation charges are included in the Income Statement.

Special Committees

Special Committees of Council include sporting, recreational and foreshore committees. Council does not have the capacity to control these operations, however the land and buildings are included in the Balance Sheet (under non-current assets) and the depreciation charges are included in the Comprehensive Income Statement.

**EAST GIPPSLAND SHIRE COUNCIL
FINANCIAL STATEMENTS CERTIFICATION
FOR THE YEAR ENDED 30 JUNE 2014**

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

Principal Accounting Officer B.Bus (Acc) MBA CPA FLGpro

Andrew Wright



Date 26/9/14

In our opinion the accompanying financial statements present fairly the financial transactions of the East Gippsland Shire Council for the year ended 30 June 2014 and the financial position of the Council as of that date.

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

We have been authorised by the Council on 16 September 2014 to certify the financial statements in their final form.

Cr Mark Reeves



Date 26/9/14

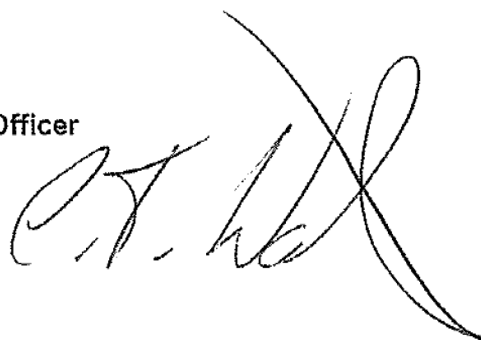
Cr John Wilkin



Date 26/9/14

Acting Chief Executive Officer

Chris Waites



Date 26/9/14

**EAST GIPPSLAND SHIRE COUNCIL COMPARISON REPORT
STANDARD INCOME STATEMENT
AS AT 30 JUNE 2014**

		Variance			
	Budget 2013/14 (\$'000)	(\$'000)	%	Ref	Actual 2013/14 (\$'000)
Revenue					
Rates and Charges	44,688	(162)	(0.4%)		44,526
Recurrent Grants	15,467	(6,626)	(42.8%)	1	8,841
Statutory Fees and Fines	1,389	(96)	(6.9%)		1,293
User Fees	10,967	72	0.7%		11,039
Interest	1,268	(122)	(9.6%)		1,146
Contributions and Reimbursements	9,534	(1,539)	(16.1%)	2	7,995
Other Revenue	38	132	347.4%	3	170
▪ Total Revenue	83,351	(8,341)			75,010
Expenses					
Employee Benefits	22,482	1,793	8.0%		24,275
External Contracts	25,048	(572)	(2.3%)		24,476
Materials and Utilities	5,122	619	12.1%	4	5,741
Depreciation	17,242	731	4.2%		17,973
Contributions and Donations	1,161	50	4.3%		1,211
Assets Written Off	-	-	n/a		-
Finance Costs	970	(3)	(0.3%)		967
Other Expenses	4,888	(3,712)	(75.9%)	5	1,176
Total Expenses	76,913	(1,094)			75,819
Capital Grants and Contributions	15,988	(7,689)	(48.1%)	6	8,299
Net gain/ (loss) on sale of Property, Infrastructure, Plant and Equipment.	-	179	n/a		179
Granted Assets	2,000	5,747	287.4%	7	7,747
Surplus (Deficit) for the Year	24,426	(9,445)			15,416
Other Comprehensive Income					
Net Asset Revaluation increment/(decrement)		6,179	n/a	8	6,179
Total Comprehensive Income	24,426	(9,445)			21,595

**EAST GIPPSLAND SHIRE COUNCIL COMPARISON REPORT
STANDARD INCOME STATEMENT
AS AT 30 JUNE 2014**

Variance Explanation Report

Ref.	Item	Commentary
1	Grants - Recurrent	The lower than budgeted income is mainly due to the downward revision of the Federal Assistance Grants by \$0.23 million and the deferral of \$7.08 million of estimated prepayments. Other notable grants that were budgeted for and not received were municipal emergency resourcing of \$124,000 and grants relating to the East Bairnsdale Drainage project of \$30,000. This has been offset by unbudgeted grants of \$616,000.
2	Contributions and Reimbursements	The lower than budgeted income is mainly due to Council receiving \$1.8 million less than the adopted budget for reimbursements for natural disaster works. This short fall was in part offset by higher than budgeted developer income of \$108,000 and insurance reimbursements of \$95,000.
3	Other Revenue	The higher than budgeted income is mainly due to the receipt of \$70,000 of sponsorship income for the DIG conference, and \$21,000 of miscellaneous income from Council landfills, as a result of the operations returning to Council direct control. The remaining additional increase in income relate to a significant number of small accounts.
4	Materials and Utilities	The variance in the costs relating to Materials and Utilities are mainly as a result of higher than budgeted materials costs. The main cause of the variance is due to the bringing in house of landfill operations \$300,000, higher than forecast road maintenance costs \$140,000, higher than forecast office equipment costs \$122,000 and costs relating to recovery from natural disasters \$47,000.
5	Other Expense	Miscellaneous expenses are significantly less due to a recalculation of Councils landfill rehabilitation liability, which was reduced by \$3.6 million, impacting on this category of expenses.
6	Capital Grants and Contributions	The Shortfall in Capital income is mainly due to the deferral of major capital projects including Wallagaraugh River Bridge \$1.0 million, the East Bairnsdale drainage project \$3.0 million and delays in the construction of the Mallacoota Open Access project resulting in delays of \$4.7 million. This has been offset by number of smaller unbudgeted grants during the year.
7	Granted Assets	Council estimated that \$2.0 million of granted assets would be transferred into Council's control during the 2012/13 financial year. During the year, Council received \$7.7 million of granted assets, resulting in a \$5.7 million increase in this income category.
8	Increase in Asset Valuations	The increase in asset valuations is due to the reversal of asset impairments that have resulted from the restoration of previously damaged assets during the financial year.

**EAST GIPPSLAND SHIRE COUNCIL COMPARISON REPORT
STANDARD INCOME STATEMENT
AS AT 30 JUNE 2014**

Commentary on the Standard Income Statement for the Annual Report

The Standard Income Statement for the Annual Report shows what has happened during the year in terms of revenue, expenses and other adjustments from all activities. The Total Changes in Equity or 'bottom line' shows the total difference between the financial position at the beginning and the end of the year. The Standard Income Statement requires revenues to be separately disclosed where the item is of such a size, nature or incidence that its disclosure is relevant in explaining the performance of Council.

**EAST GIPPSLAND SHIRE COUNCIL COMPARISON REPORT
STANDARD BALANCE SHEET
AS AT 30 JUNE 2014**

ASSETS	Budget 2013/14 (\$'000)	Variance		Ref	Actual 2013/14 (\$'000)
		(\$'000)	%		
Current Assets					
Cash and Cash Equivalents	16,203	(1,595)	(9.8%)		14,608
Trade and Other Receivables	4,941	1,245	25.2%	1	6,186
Other Financial Assets	691	4,691	678.9%	2	5,382
Total Current Assets	21,835	4,341			26,176
Current Liabilities					
Trade and other Payables	4,904	956	19.5%	3	5,860
Provisions	4,148	217	5.2%		4,365
Interest-Bearing Loans and Borrowings	1,777	-	-		1,777
Total Current Liabilities	10,829	1,173			12,002
Net Current Assets	11,006	3,168			14,174
Non-Current Assets					
Trade and Other Receivables	3,249	(178)	(5.5%)		3,071
Property, Infrastructure, Plant and Equipment	792,507	(23,118)	(2.9%)		769,389
Total Non-Current Assets	795,756	(23,296)			772,460
Non-Current Liabilities					
Provisions	12,635	(4,374)	(34.6%)	4	8,261
Prepaid Income	1,780	(271)	(15.2%)	5	1,509
Interest-Bearing Loans and Borrowings	6,250	-	0.0%		6,250
Total Non-Current Liabilities	20,665	(4,645)			16,020
Net Assets	786,097	(15,483)			770,614
Equity					
Accumulated Surplus	305,358	3,671	1.2%		309,029
Asset Revaluation Reserve	480,239	(20,058)	(4.2%)		460,181
Other Reserves	500	904	180.8%	6	1,404
Total Equity	786,097	(15,918)			770,614

**EAST GIPPSLAND SHIRE COUNCIL COMPARISON REPORT
STANDARD BALANCE SHEET
AS AT 30 JUNE 2014**

Variance Explanation Report

Ref.	Item	Commentary
1	Current Trade and Other Receivables	The Trade and Other Receivables figure is higher than budgeted. This is mainly due to higher than forecast outstanding rates, higher than forecast general debtors and higher than forecast debtors relating to the Fire Services Property Levy.
2	Other Financial Assets	This category is higher than budgeted due to \$4.8 million of accrued income relating to natural disaster reimbursements.
3	Trade and other Payables	This category is higher than budgeted due to accrued expenses being \$1.2 million more than the adopted budget. This is mainly due to the timing of payments and the receipt of invoices prior to the end of the financial year.
4	Provisions	This Liability for landfills was reduced by \$3.6 million due to the use of new technology for the capping of the Bosworth Road landfill facility. The re-estimate of the costs for the rehabilitation has resulted in a reduction in the liability.
5	Prepaid income	This liability category relates to the prepayment of marina berth leases. This liability is lower than forecast due to smaller sales of prepaid leases during 2013/14.
6	Other Reserves	In formulating the 2013/14 budget, it was expected that a number of community based projects would be built and funded through open space contributions. During the 2013/14 financial year, no capital projects were funded from this reserve.

Commentary on the Standard Balance Sheet for the Annual Report

The Standard Balance Sheet for the Annual Report shows a snap shot of all the assets and liabilities as at 30 June 2014. It shows the total of what is owned (assets) less what is owed (liabilities). The bottom line of this statement is net assets, which is the net worth of Council.

The change in net assets between two year's Standard Balance Sheet shows how the financial position has changed over that period.

The assets and liabilities are separated into current and non-current.

**EAST GIPPSLAND SHIRE COUNCIL COMPARISON REPORT
STANDARD STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2014**

Cash Flows from Operating Activities	Budget 2013/14 (\$'000)	Variance (\$'000)	%	Ref.	Actual 2013/14 (\$'000)
Rates and Charges	44,460	(1,436)	(3.2%)		43,024
Interest Revenue	1,268	(122)	(9.6%)		1,146
User Fees and Fines	12,411	488	3.9%		12,899
Other Revenue	38	128	336.8%	1	166
Contributions and Reimbursements	9,534	(5,995)	(62.9%)	2	3,539
Operating Grants	15,467	(6,626)	(42.8%)	3	8,841
Capital Grants and Contributions	15,988	(7,689)	(48.1%)	4	8,299
GST Collected	-	1,446	n/a		1,446
GST Refunds from Australian Taxation Office	-	4,782	n/a		4,782
	<u>99,166</u>	<u>(13,449)</u>	<u>(13.6%)</u>		<u>84,142</u>
Employee Benefits	(25,727)	2,540	9.9%		(23,187)
Payments to Suppliers	(31,787)	844	2.7%		(30,943)
Finance Costs	(970)	3	0.3%		(967)
Other Expenses	(4,889)	(41)	(0.8%)		(4,930)
GST Paid to Suppliers	-	(6,205)	N/a		(6,205)
	<u>(63,373)</u>	<u>(4,535)</u>	<u>(7.2%)</u>		<u>(66,232)</u>
Net Cash Provided by Operating Activities	35,793	(17,984)	(50.2%)		17,910
Cash Flow from Investing Activities					
Proceeds from Sale of Property, Plant and Equipment	540	(248)	(45.9%)	5	292
Payments for Property, Plant and Equipment	(39,870)	8,842	22.2%	6	(31,028)
Net Movements in Deposits and Advances	442	(442)	100.0%		-
Net Cash used in Investing Activities	(38,888)	8,152	21.0%		(30,736)
Cash Flow from Financing Activities					
Repayment of borrowings	(444)	-	0.0%		(444)
Net Cash Provided by (used in) Financing Activities	(444)	-	0.0%		(444)
Net Increase / (Decrease) in Cash and Cash Equivalents	(3,539)	3,539			(13,270)
Cash and Cash Equivalents at the Beginning of the Year	19,742	8,136			27,878
Cash and Cash Equivalents at the End of the Year	16,203	(1,595)			14,608

**EAST GIPPSLAND SHIRE COUNCIL COMPARISON REPORT
STANDARD STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2014**

Variance Explanation Report

Ref.	Item	Commentary
1	Other Revenue	The higher than budgeted income is mainly due to the receipt of \$70,000 of sponsorship income for the DIIG conference, and \$21,000 of miscellaneous income from Council landfills, as a result of the operations returning to Council direct control. The remaining additional increase in income relate to a significant number of small accounts.
2	Contributions and Reimbursements	The lower than budgeted cash income is mainly due to the delay in receiving \$4.8 million as reimbursement from the State Government for floods in June 2012 and June 2013. The income was recognised but no cash had been received as at 30 June 2014.
3	Operating Grants	The lower than budgeted income is mainly due to the downward revision of the Federal Assistance Grants by \$0.23 million and the deferral of \$7.08 million of estimated prepayments. Other notable grants that were budgeted for and not received were municipal emergency resourcing of \$124,000 and grants relating to the East Bairnsdale Drainage project of \$30,000. This has been offset by unbudgeted grants of \$616,000.
4	Capital Grants and Contributions	The Shortfall in Capital income is mainly due to the deferral of major capital projects including Wallagaraugh River Bridge \$1.0 million, the East Bairnsdale drainage project \$3.0 million and delays in the construction of the Mallacoota Open Access project resulting in delays of \$4.7 million. This has been offset by number of smaller unbudgeted grants during the year.
5	Proceeds from Sale of Property, Plant and Equipment	Council's forecast proceeds from the sale of assets was less than forecast due to the less than expected plant and machinery turnover and timing of the receipt of cash.
6	Payments for Property, Plant and Equipment	Expenditure on Property, Plant and Equipment for 2012/13 was \$31.0m, with \$506,000 expensed due to works undertaken on assets not owned and/or controlled by Council. Other major contributors to the shortfall in expenditure were: • Delays due to technical requirements delayed the construction of the Bairnsdale landfill cell –(\$1.4 million) • Delays in Eastern Bairnsdale drainage construction due to rescoping of project (\$3.0 million), and • Delays to Mallacoota Ocean Access Boat Ramp (\$4.0 million).

**EAST GIPPSLAND SHIRE COUNCIL COMPARISON REPORT
STANDARD STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2014**

A Standard Statement of Cash Flow for the Annual Report shows what has happened during the year in terms of cash. It explains what cash movements have resulted in the difference in the cash balance at the beginning and the end of the year.

The net cash flows from operating activities shows how much cash remains after paying for the provision of services to the community, which may be invested in things such as capital works.

The information in the Standard Statement of Cash Flow assists users in the assessment of the ability to generate cash flows, meet financial commitments as they fall due - including the servicing of borrowings, fund changes in the scope of activities and obtain external finance.

**EAST GIPPSLAND SHIRE COUNCIL COMPARISON REPORT
STANDARD STATEMENT OF CAPITAL WORKS
FOR THE YEAR ENDED 30 JUNE 2014**

Capital Works Areas	Budget 2013/14 (\$'000)	Variances (\$'000)	%	Ref.	Actual 2013/14 (\$'000)
Buildings	7,481	(387)	(5.2%)	1	7,094
Drains	6,099	(4,757)	(78.0%)	2	1,342
Open Space	9,717	(3,858)	(39.7%)	3	5,859
Roads and Bridges	7,837	1,205	15.4%	4	9,042
Plant, Furniture and Equipment	3,224	930	28.8%	5	4,154
Other	5,512	(1,897)	(34.4%)	6	3,615
Total Capital Works	39,870	(8,764)	(22.0%)		31,106
Represented by					
Asset renewal	17,309	(2,821)	(16.3%)		14,488
New assets	18,091	(4,388)	(24.3%)		13,703
Asset upgrade	3,530	(1,404)	(39.8%)		2,126
Asset expansion	251	32	12.7%		283
Other	689	(183)	(26.6%)		506
Total Capital Works	39,870	(8,764)	(22.0%)		31,106

**EAST GIPPSLAND SHIRE COUNCIL COMPARISON REPORT
STANDARD STATEMENT OF CAPITAL WORKS
FOR THE YEAR ENDED 30 JUNE 2014**

Variance Explanation Report

Ref.	Item	Commentary
1	Buildings	The shortfall in the Buildings budget expenditure is mainly due to: • Worksite Consolidation project delayed due to reassessment of future direction (\$369,000); • Marlo Caravan Park Renewal was delayed (\$328,000) so that the works could commence after the tourism season; • Delay in the commencement of Mallacoota Business Centre (\$267,000) to allow extended public consultation; • Final cost of Bairnsdale Library was lower than budgeted (\$259,000); and Variance partly offset by Property Purchases (Nicholson St & Dalmahoy St) not budgeted \$1,353,000.
2	Drains	The shortfall in Drains budget expenditure is mainly due to: • Eastern Bairnsdale Drainage delayed due to a delay in receipt of external funding to allow the project to proceed (\$2,958,000); • Eastern Creek Drainage delayed (\$1299,000) due to rescoping in line with adjacent land requirements; • Eastern Creek Nutrient Stripping delayed due to delay in receiving required State Government approvals (\$394,000); and Calvert Street Drainage delayed due to need for receipt of additional external funding (\$183,000).
3	Open Space	• Mallacoota Ocean Access Boat ramp delayed due to a delay with State Government approvals and adverse weather (\$3,950,000); • Davison Oval All Abilities Playground change of scope and additional grant funding \$684,000; • Patterson Park delayed due to rescoping of project in line with community feedback (\$493,000); and • Lucknow Recreation Reserve Lighting delayed while external funding is sourced (\$242,000).
4	Roads and Bridges	The overrun in the Roads and Bridges budget expenditure is mainly due to: • Wallagaraugh Bridge delayed due to access issues for contractors (\$932,000); • MacLeod Street Upgrade delayed due to project rescoping and design changes to meet all access requirements (\$569,000); • Duke Access Bridge not budgeted but rebuilt after natural disaster damage \$557,000; • Grant/Turnbull Street Stage 1 not budgeted due to delay in construction in 2012/13 \$535,000; • Old Coach Road Bridge not budgeted but rebuilt after natural disaster damage \$531,000; • Gravel Resheet 13/14 higher than budget due to need to meet Asset Management requirements \$475,000; and • Buldah Road Bridge not budgeted but rebuilt after natural disaster damage \$409,000.

**EAST GIPPSLAND SHIRE COUNCIL COMPARISON REPORT
STANDARD STATEMENT OF CAPITAL WORKS
FOR THE YEAR ENDED 30 JUNE 2014**

5	Plant Furniture and Equipment	The overrun in the Plant, Furniture and Equipment budget expenditure is mainly due to: • Waste Plant and Equipment not budgeted \$1,080,000. The need of Council to purchase additional unbudgeted plant and equipment as a result of bringing management of Council's landfills back under direct Council control; • Plant Renewal 13/14 lower than budget (\$414,000) due to difficulty in sourcing required plant ; • PC Renewal delayed (\$386,000) due to difficulty in supply by supplier; • Plant Renewal 12/13 not budgeted \$342,000. Shortfall carried forward into 2013/14 financial year; and • Raymond Island Ferry Slipping not budgeted due to early than planned slipping \$191,000.
6	Other	• Bairnsdale Landfill Cell 3 construction delayed (\$1,422,000) due to receipt of EPA approvals; • Bairnsdale Landfill Cell 1 Cap delayed (\$588,000) due to new EPA requirements; • Bairnsdale CBD Upgrade higher than budget due to a delay from the previous year \$296,000; • Orbost Airport delayed due to latent conditions (\$255,000); and • Mallacoota Transfer Station not in adopted budgeted \$216,000.

Commentary on Standard Statement of Capital Works for the Annual Report

A Standard Statement of Capital Works for the Annual Report sets out all the capital expenditure in relation to non-current assets for the year. It also shows the amount of capital works expenditure which is expected to be renewing, upgrading, expanding or creating new assets. This is important because each of these categories has a different impact on Council's future costs.

- Capital expansion expenditure extends an existing asset to a new group of users. It is discretionary expenditure which increases future operating and maintenance costs, because it increases Council's asset base, but may be associated with additional revenue from the new user group.
- Capital renewal expenditure reinstates existing assets; it has no impact on revenue but may reduce future operating and maintenance expenditure if completed at the optimum time.
- Capital upgrade expenditure enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operating and maintenance expenditure in the future because of the increase in Council's asset base.
- New capital expenditure does not have any element of renewal, expansion or upgrade of existing assets. New capital expenditure may or may not result in additional revenue for Council and will result in an additional burden for future operation, maintenance and capital renewal.

**EAST GIPPSLAND SHIRE COUNCIL COMPARISON REPORT
NOTES TO THE STANDARD STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014**

Notes to the Standard Statements

Note 1

Basis of Preparation of Standard Statements

Council is required to prepare and include audited Standard Statements within its Annual Report.

These statements and supporting notes form a special purpose financial report prepared to meet the requirements of the *Local Government Act 1989* and *Local Government (Planning and Reporting) Regulations 2014*.

The Standard Statements have been prepared on accounting bases consistent with those used for the General Purpose Financial Statements and the Budget. The result reported in these statements are consistent with those reported in the General Purpose Financial Statements.

The Standard Statements are not a substitute for the General Purpose Financial Statements. They have not been prepared in accordance with all Australian Accounting Standards or other authoritative professional pronouncements.

The Standard Statements compare Council's financial plan, expressed through its budget, with actual performance. The *Local Government Act* requires explanation of any material variances. Council has adopted a materiality threshold of 10 per cent. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures included in the Standard Statements are those adopted by Council on 25 June 2013. The budget was based on assumptions that were relevant at the time of adoption of the budget. Council set guidelines and parameters for revenue and expense targets in this budget in order to meet Council's business plan and financial performance targets for both the short and long term. The budget did not reflect any changes to equity resulting from assets revaluations, as their impacts were not considered predictable.

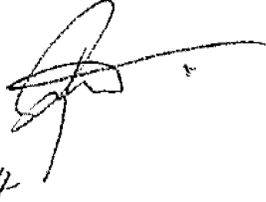
Detailed information on the actual financial results are contained in the General Purpose Financial Statements. The detailed budget can be obtained by contacting Council or through the Council's website. The Standard Statements must be read with reference to these documents.

**EAST GIPPSLAND SHIRE COUNCIL
CERTIFICATION ON STANDARD STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

In my opinion, the accompanying standard statements have been prepared on accounting bases consistent with the financial statements in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

Principal Accounting Officer B.Bus (Acc) MBA CPA FLGpro

Andrew Wright



Date 26/9/14

In our opinion, the accompanying standard statements have been prepared on accounting bases consistent with the financial statements in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

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

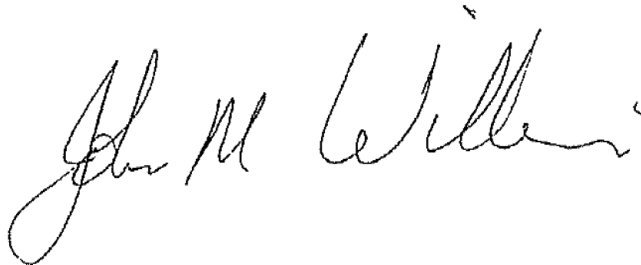
We have been authorised by the Council on 16 September 2014 to certify the standard statements in their final form.

Cr Mark Reeves



Date 26/9/14

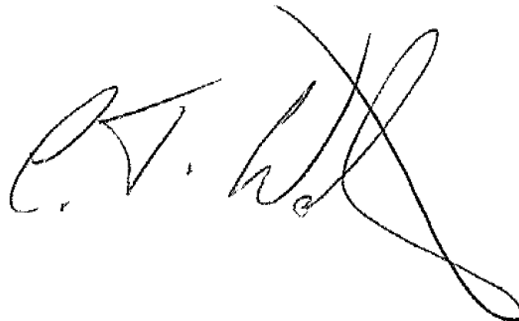
Cr John Wilkin



Date 26/9/14

Acting Chief Executive Officer

Chris Waites



Date 26/9/14

INDEPENDENT AUDITOR'S REPORT

To the Councillors, East Gippsland Shire Council

The Financial Report and Standard Statements

The accompanying financial report for the year ended 30 June 2014 of the East Gippsland Shire Council which comprises the comprehensive income statement, balance sheet, statement of cash flows, statement of changes in equity, notes comprising a summary of the significant accounting policies and other explanatory information, and the financial statements certification has been audited.

The accompanying standard statements for the year ended 30 June 2014 of East Gippsland Shire Council which comprises the standard income statement, standard balance sheet, standard statement of cash flow, standard statement of capital works, the related notes and the certification of standard statement have been audited.

The Councillors' Responsibility for the Financial Report and Standard Statements

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

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

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report (continued)

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

Independence

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

Opinion

In my opinion:

- (a) the financial report presents fairly, in all material respects, the financial position of the East Gippsland Shire Council as at 30 June 2014 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*
- (b) the standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in note 1 to the statements and the requirements of the *Local Government Act 1989*.

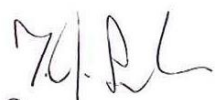
Basis of Accounting for Standard Statements

Without modifying my opinion, I draw attention to Note 1 to the standard statements, which describes the basis of accounting. The standard statements are prepared to meet the requirements of the *Local Government Act 1989*. As a result, the standard statements may not be suitable for another purpose.

Matters Relating to the Electronic Publication of the Audited Financial Report and Standard Statements

This auditor's report relates to the financial report and standard statements of the East Gippsland Shire Council for the year ended 30 June 2014 included both in the East Gippsland Shire Council's annual report and on the website. The Councillors of the East Gippsland Shire Council are responsible for the integrity of the East Gippsland Shire Council's website. I have not been engaged to report on the integrity of the East Gippsland Shire Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report and standard statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and standard statements to confirm the information contained in the website version of the financial report and standard statements.

MELBOURNE
29 September 2014


John Doyle
Auditor-General

**EAST GIPPSLAND SHIRE COUNCIL
PERFORMANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014**

Key Strategic Activity	Performance Measure	How Data is Reported	Target Set	Result Achieved	Ref	Achieved
People						
Involve young people in collaborative decision-making and social activity	Number of young people participating in decision making and social activities through the Engage! program	Engage Project assessment reports to the Department of Human Services	≥ 205	612		Achieved
Collaborate with East Gippsland's Aboriginal community to develop a reconciliation section plan that embeds cultural change in the organisation through increased mutual understanding and partnerships	Plan is developed and endorsed by Council and Aboriginal community representatives	Reconciliation Australia and Advancing Country Towns	By 30 June 2014	80 per cent complete	1	Not Achieved
Work with communities to build capacity through implementation of priority actions in Community Plans	Percentage of projects completed in 2013/14	Capital Works reports to Council	≥ 80 per cent	57 per cent	2	Not Achieved
Partner with school nurses to deliver an education program that increases participation rates in the school immunisation program	School Immunisation Program coverage rates exceed state average	Immunisation Program System (IMPS)	≥ 80 per cent	82 per cent		Achieved
Design and deliver infrastructure and open spaces that contribute to the physical activity	Percentage of Capital Works projects completed that contribute to physical activity	Capital Works program report	≥ 85 per cent	48 per cent Complete	3	Not Achieved
Design and deliver infrastructure and open spaces that contribute to physical activity	Attendance at Council operated recreation facilities	Council recreation centre data	≥ 250,000 visits	343,801		Achieved

**EAST GIPPSLAND SHIRE COUNCIL
PERFORMANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014**

Key Strategic Activity	Performance Measure	How Data is Reported	Target Set	Result Achieved	Ref	Achieved
Place						
Implement initiatives to reduce areas of high energy consumption within Council's businesses	Reduction in emissions from Council's gas use	Council emissions data	≤ 7,600 CO ²	6,130 CO ²		Achieved
Implement initiatives to reduce areas of high energy consumption within Council's businesses	Reduction in emissions from Council's energy use	Council energy use data	≤ 32,700 GJ	30,819 GJ		Achieved
Work with users to enhance understanding of planning approvals processes and facilitate ease of use	Satisfaction with development approval services and processes	Internal customer satisfaction survey of development approval services	≥ 65 per cent	67 per cent		Achieved
Work with users to enhance understanding of planning approvals processes and facilitate ease of use	Percentage of planning permit applications determined within sixty days	Planning Permit Activity Reporting System (PPARS)	≥ 85 per cent	68 per cent	4	Not Achieved
Develop an asset management process to ensure core compliance with the National Asset Management Assessment Framework	Achieve core compliance with the National Asset Management Assessment Framework	Municipal Association of Victoria STEP asset Management Program	By 30 June 2014	95 per cent	5	Not Achieved
Upgrade iconic community spaces including Patterson Park Metung and Gilsenan Reserve Paynesville	Project is delivered within adopted budget	Annual Budget 2013-14	≥ + 5 per cent	<u>Adopted Budget</u> \$1.179 million <u>Cost</u> \$0.608 million	6	Not Achieved
Upgrade iconic community spaces including Patterson Park Metung and Gilsenan Reserve Paynesville	Complete upgrades to iconic parks	Council project report	By 30 June 2014	75 per cent complete	6	Not Achieved

**EAST GIPPSLAND SHIRE COUNCIL
PERFORMANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014**

Key Strategic Activity	Performance Measure	How Data is Reported	Target Set	Result Achieved	Ref	Achieved
Upgrade iconic community spaces including Patterson Park Metung and Gilsenan Reserve Paynesville	Community satisfaction with the overall quality of parks and gardens facilities	Internal parks and gardens customer survey	≥ 60 per cent	66 per cent		Achieved
Upgrade Nicholson Mall to support revitalisation of Bairnsdale Central Business District (CBD)	Project is delivered within cost	Annual Budget 2013/14	≥ + 5 per cent	<u>Adopted Budget</u> \$1.458 million <u>Cost</u> \$1.946 million	7	Not Achieved
Upgrade Nicholson Mall to support revitalisation of Bairnsdale Central Business District (CBD)	Project is delivered by agreed completion date	Project management plan	By 30 June 2014	100 per cent completed on 27 June 2014		Achieved
Complete the Bairnsdale Library precinct upgrade	Project is delivered within cost	Annual Budget 2013/14	≥ + 5 per cent	<u>Adopted Budget</u> \$3.445 million <u>Cost</u> \$3.186		Achieved
Complete the Bairnsdale Library precinct upgrade	Project is delivered by agreed completion date	Project acquittal lodged with funding body	By 30 June 2014	Completed ahead of schedule and opened on 10 April 2014		Achieved
Manage specific nature conservation projects to meet statutory obligations; manage weeds and preserve areas of high conservation value	206 km of target area roadside weed control is treated	Roadside Invasive Species Control Plan	100 per cent	560 km		Achieved
Manage specific nature conservation projects to meet statutory obligations; manage weeds and preserve areas of high conservation value	Land managed in accordance with approved vegetation offset plans	Sustainability Unit offset Data	100 per cent	100 per cent		Achieved

**EAST GIPPSLAND SHIRE COUNCIL
PERFORMANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014**

Key Strategic Activity	Performance Measure	How Data is Reported	Target Set	Result Achieved	Ref	Achieved
Economy						
Develop an Economic Development and Tourism Strategy for East Gippsland	Strategy completed by agreed date	East Gippsland Economic Development and Tourism Strategy	By 30 June 2014	50 per cent complete	8	Not Achieved
Develop an Economic Development and Tourism Strategy for East Gippsland	Strategy is delivered within budget	Annual Budget 2013/14	≤ \$25,000	\$30,000	8	Not Achieved
Fund and Partner with East Gippsland Regional Business and Tourism Association to provide business resilience services to local business	Establish a new Memorandum of Understanding and funding agreement	Memorandum of Understanding	By 30 June 2014	100 per cent		Achieved
Fund and Partner with East Gippsland Regional Business and Tourism Association to provide business resilience services to local business	Achievement of key performance measures contained within service agreement	Annual report against service agreement	≥ 95 per cent	97 per cent		Achieved
Work with the Orbost community to transform the local economy	Project plan completed by agreed date	Orbost Revitalisation Plan	By 30 June 2014	100 per cent		Achieved
Work with the Orbost community to transform the local economy	Project is delivered within budget	Annual Budget 2013/14	≤ \$50,000	\$50,000		Achieved
Support and fund East Gippsland Marketing Inc to deliver innovative marketing opportunities for East Gippsland	Review funding agreement with East Gippsland Marketing	East Gippsland Marketing Plan	By 30 June 2014	100 per cent		Achieved

**EAST GIPPSLAND SHIRE COUNCIL
PERFORMANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014**

Key Strategic Activity	Performance Measure	How Data is Reported	Target Set	Result Achieved	Ref	Achieved
Support and fund East Gippsland Marketing Inc to deliver innovative marketing opportunities for East Gippsland	Percentage of survey respondents who are very or reasonably familiar with East Gippsland Region	East Gippsland Marketing annual survey on knowledge of the region's attributes and opportunities by Melbourne based target market	≤ 40 per cent	40 per cent		Achieved
Complete the Mallacoota Ocean Access Boat Ramp	Project is delivered by agreed completion date	Capital Works reports to Council	By 30 June 2014	50 per cent	9	Not Achieved
Complete the Mallacoota Ocean Access Boat Ramp	Project is delivered within budget	Annual Budget 2013/14	≥ + 5 per cent	39% of budget spent	9	Not Achieved
Stewardship						
Shire Services are tailored to community needs	Community satisfaction rating for the overall performance of Council	Local Government Victoria Annual Community Satisfaction Survey	≥ Average for large rural shires	60 (Large Rural Shires = 57)		Achieved
Implement a Long-term Financial Plan that is prudent, sustainable and protects the long-term interests of the municipality	Auditor-General's annual report on Local Government Sustainability	Sustainability Ratio – Local Government Results of the 2012/13 Audits	Overall financial sustainability assessment of "Low risk of financial sustainability concerns – there are no high risk indicators"	Council achieved a low risk rating for the 2012/13 financial year with no high risk indicators.		Achieved
Implement a Long-term Financial Plan that is prudent, sustainable and protects the long-term interests of the municipality	Working Capital Ratio (Liquidity)	Current Assets to Current Liabilities ratio	Minimum 1.5:1	2.12:1		Achieved

**EAST GIPPSLAND SHIRE COUNCIL
PERFORMANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014**

Key Strategic Activity	Performance Measure	How Data is Reported	Target Set	Result Achieved	Ref	Achieved
Implement a Long-term Financial Plan that is prudent, sustainable and protects the long-term interests of the municipality	Underlying Result	Annual Budget and Financial Statements	≥ \$1Million Surplus	Greater than \$1.0 Million Surplus		Achieved
Implement a Long-term Financial Plan that is prudent, sustainable and protects the long-term interests of the municipality	Percentage of Debt Commitment Ratio	Financial Statements	≤ 6 per cent	2.6 per cent		Achieved
Implement a Long-term Financial Plan that is prudent, sustainable and protects the long-term interests of the municipality	Rates outstanding as a percentage of rate revenue	Financial Statements	≤ 5 per cent	4.96 per cent		Achieved
Encourage our community to have a say in matters of interest to them through community engagement and regular opportunities to interact with Councillors and officers	Community satisfaction rating for community consultation and engagement	Local Government Victoria Annual Community Satisfaction Survey	≥ Average for large rural shires	53 (Large Rural Shires index score 55)	10	Not Achieved
Encourage our community to have a say in matters of interest to them through community engagement and regular opportunities to interact with Councillors and officers	Number of strategic community visits undertaken by Council	Council	≥ 6 visits	7		Achieved

**EAST GIPPSLAND SHIRE COUNCIL
PERFORMANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014**

Key Strategic Activity	Performance Measure	How Data is Reported	Target Set	Result Achieved	Ref	Achieved
Encourage our community to have a say in matters of interest to them through community engagement and regular opportunities to interact with Councillors and officers	Number of visits to the "Your Say" page on Council's website	East Gippsland Shire Council website	≥ 1,000 visits	2,469		Achieved
Implement an internal audit and control framework that ensures the highest standards of financial reporting, internal control, legislative compliance and risk management	Audit of adequacy and effectiveness of internal controls and procedures to ensure revenue from significant Council enterprises is recognised, captured, collected and reported	Oakton Services (internal Auditor) final report to Audit Committee	Final report endorsed by Audit Committee without qualification.	Audit not undertaken	11	Not Achieved
Implement an internal audit and control framework that ensures the highest standards of financial reporting, internal control, legislative compliance and risk management	Percentage of risk mitigation actions identified by internal audits of Council's systems and processes that are finalised within designated timeframes	Audit Committee	≥ 90 per cent	72%	12	Not Achieved
Negotiate East Gippsland Shire Council Enterprise Agreement No. 4 for implementation on expiry of Agreement No. 3 on 30 June 2014	Enterprise Bargaining Agreement re-negotiated and approved by Fair Work Commission	East Gippsland Shire Council Enterprise Agreement No 4	By 30 June 2014	80 per cent	13	Not Achieved

**EAST GIPPSLAND SHIRE COUNCIL
PERFORMANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014**

Explanation of Variances for current year results

Ref.	Item	Commentary
1	Collaborate with East Gippsland's Aboriginal community to develop a reconciliation action plan that embeds cultural change in the organisation through increased mutual understanding and effective partnerships	While progress is being made on the development of the Reconciliation Action Plan, a number of challenges have been encountered engaging the Steering Committee. However, an approach to finalisation of the Plan has been developed and it is anticipated that the Plan will be presented for Council endorsement in the first quarter of the new financial year.
2	Work with communities to build capacity through implementation of priority actions in Community Plans	Of the 40 Community Plan Projects to be implemented, two were cancelled because they were no longer required and/or feasible to deliver. Seven of the projects require delivery to take place over two financial years and were not able to be completed. The remaining 31 projects were all commenced, with 15 complete; four delayed due to technical issues that needed to be resolved. All remaining projects are scheduled for delivery in the first quarter of 14/15. The calculated percentage is based on the number of single year projects that were scheduled to be completed.
3	Design and deliver infrastructure and open spaces that contribute to the physical activity	Of the 28 Open Space Project to be delivered, two were cancelled because they were no longer required and/or feasible to deliver. Seven of the projects are planned to be delivered over two financial years and were not completed this financial year. The remaining 19 projects were commenced with 12 completed. Three of these projects were not completed due to delays associated with technical requirements. All remaining projects are scheduled for delivery in the first quarter of 14/15.
4	Work with others to enhance understanding of planning approvals processes and facilitate ease of use	Council officers are continuing to work with applicants to resolve complex applications. In order to approve the applications, further discussions and negotiations have taken place which have exceeded usual time frames and contributed to the benchmark not being met.
5	Develop an asset management process to ensure core compliance with the National Asset Management Framework.	Advice has been provided that the National Asset Assessment framework score can be resubmitted at any time. Council has recently reconstituted the Asset Management Working Group. With this group now operational, Council can be reassessed and will achieve core compliance.
6	Upgrade iconic community spaces including Patterson Park, Metung and Gilsenan Reserve, Paynesville	While both projects have been substantially commenced, they will not be finalised until 2015 as a result of the scale and complexity of the projects and the need to secure external funding. Patterson Park – construction commenced and playground equipment installed as first stage of physical upgrade of Patterson Park. Gilsenan Reserve – Drainage works, Fleischer Street extension and installation of new footpaths, kerb and channel, paving in Devon Road and the adjacent car park installation all complete.

**EAST GIPPSLAND SHIRE COUNCIL
PERFORMANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014**

Ref.	Item	Commentary
7	Nicholson Mall Project is delivered within cost.	The Mall's overhaul took eight months to complete, with the project finishing on schedule. The project's adopted budget was \$1.458 million. During the 2013/14 financial year, \$488,000 more was spent on construction of the mall as a result of changes to the project scope, contract variations and additional grant funding changes. The project has additional grant funds allocated to it for the Taxi Rank \$83,000 and \$131,000 from the Local Government Infrastructure program.
8	Develop an Economic Development and Tourism Strategy for East Gippsland	A second draft Economic Development and Tourism Strategy has been provided by the consultant following Council officer's feedback that the first draft was not robust enough. The strategy will not be completed by the end of the financial year due to the work still to be undertaken.
9	Complete the Mallacoota Ocean Access Boat Ramp	The project timeline for the Mallacoota Boat Ramp has been extended by Council for completion in October 2014. Despite not meeting the initial completion date, it is now 50% complete as at 30/06/14. The estimated expenditure at 30 June 2014 is approximately \$2.5M. The project is progressing on budget for the revised deadline of October 2014 and is progressing well with the breakwater 75% complete, channel dredging well under way and construction of the jetty now commenced. Recent significant weather events have extended the project program by approximately two weeks.
10	Community satisfaction rating for community consultation and engagement	Although this score is 1 point lower than last year's result, responses for 'needs improvement' (poor and very poor) are trending downward with a result of 21%. This represents a 2% improvement from last year's result.
11	Implement an internal audit and control framework that ensures the highest standards of financial reporting, internal control, legislative compliance and risk management	Council's Internal Audit Plan 2012-2014 was reviewed as a result of new Internal Auditors Oakton Services being appointed. As a consequence of that process, a new Internal Audit Plan (for 2013-2018) was set in place that reflected amended priorities for internal audit. In the new plan, this particular audit is scheduled to be undertaken in the 2014/15 year.
12	Percentage of risk mitigation actions identified by internal audits of Council's systems and processes that are finalised within designated timeframes	During the year, Council had four internal audits. Two of those audits, Business Continuity Planning and Emergency Management Planning and Accounts Payable and Procurement were completed and some actions were left outstanding at the end of the Financial Year. Accounts Payable actions were delayed due to the implementation of a new project and contract management system which impacted directly on accounts payable being able to complete some tasks. Delays in completing tasks in relation to the Business Continuity Planning and Emergency Management Planning have been planned, but delayed due to a shortage of resources.
13	Negotiate East Gippsland Shire Council Enterprise Agreement No. 4 for implementation on expiry of Agreement No. 3 on 30 June 2014	During the course of negotiations there were a number of new appendices that need to be considered for inclusion within our new Enterprise Agreement. The absolute necessity to consult with all stakeholders who are impacted by the appendices is taking longer than anticipated. As a result of this, Enterprise Agreement No 4 was not finalised and approved by 30 June 2014. Based on current negotiation progress, it is anticipated that the agreement will be finalised by the end of the first quarter of 2014/15.

**EAST GIPPSLAND SHIRE COUNCIL
CERTIFICATION OF PERFORMANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014**

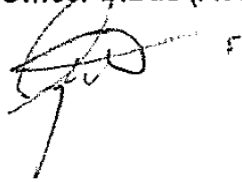
In my opinion, the accompanying performance statement of the East Gippsland Shire Council for the financial year ended 30 June 2014 is presented fairly in accordance with the Local Government Act 1989.

The statement outlines the Key Strategic Activities and performance targets and measurers specified in the 2013/14 Budget, and actual results achieved having regard to those performance targets and measurers.

As at the date of this certification, I am not aware of any circumstances that would render any particulars in the attached statement of indicators to be misleading or inaccurate.

Principal Accounting Officer **B.Bus (Acc) MBA CPA FLGpro**

Andrew Wright



Date 26/9/14

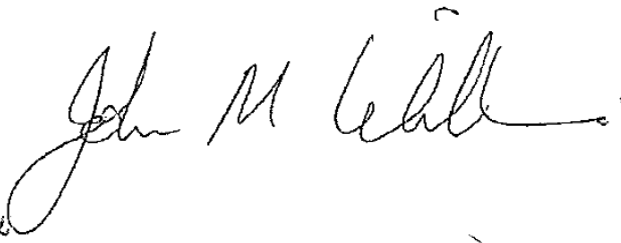
Cr Mark Reeves

Date 26/9/14



Cr John Wilkin

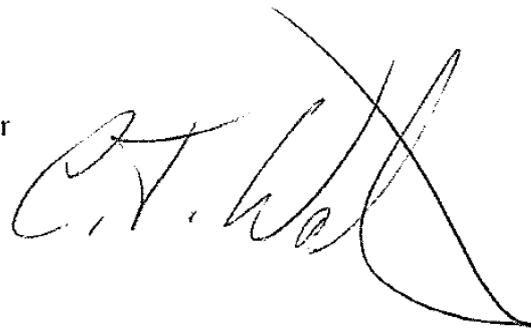
Date 26/9/14



Acting Chief Executive Officer

Chris Waites

Date 26/9/14



INDEPENDENT AUDITOR'S REPORT

To the Councillors, East Gippsland Shire Council

The Performance Statement

The accompanying performance statement for the year ended 30 June 2014 of the East Gippsland Shire Council which comprises the statement, the related notes and the certification of performance statement has been audited.

The Councillors' Responsibility for the Performance Statement

The Councillors of the East Gippsland Shire Council are responsible for the preparation and fair presentation of the performance statement in accordance with the *Local Government Act 1989* and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the performance statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independent Auditor's Report (continued)

Independence

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

Auditor's Opinion

In my opinion, the performance statement of the East Gippsland Shire Council in respect of the 30 June 2014 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

Matters Relating to the Electronic Publication of the Audited Performance Statement

This auditor's report relates to the performance statement of the East Gippsland Shire Council for the year ended 30 June 2014 included both in the East Gippsland Shire Council's annual report and on the website. The Councillors of the East Gippsland Shire Council are responsible for the integrity of the East Gippsland Shire Council's website. I have not been engaged to report on the integrity of the East Gippsland Shire Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this statement. If users of the performance statement are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited performance statement to confirm the information contained in the website version of the performance statement.

MELBOURNE
29 September 2014


John Doyle
Auditor-General

Glossary

Actual 2013-14	Actual performance achieved where this measure was used in the 2013-14 financial year.
Balance sheet	Reports all assets owned by Council (including amounts owed to Council) and all liabilities owed by Council.
Best Value	The continuous review of all services provided by Council to ensure they meet the required cost standards and needs of the community to deliver value for money.
Buildings and improvements	Includes all capital building improvements to any land owned or controlled by Council.
Cashflow statement	Reports all cash movements during the financial year. Cash movements consist of cash inflows (receipts/proceeds) less cash outflows (payments).
Council Plan	The Council Plan guides the development and strategic priorities for Council over a four year period. It is reviewed each year.
EFT	Equivalent full time.
Financial statements	Incorporates the Income Statement, Balance Sheet, Statement of Changes in Equity, Cashflow Statement plus the Notes to and forming part of the Accounts that support these statements.
Furniture and fittings	Assets and capital acquisitions relating to computer equipment, electronic equipment, appliances, furniture, fixtures and fittings.
Heritage assets	Includes antiques, artifacts, artworks, photographs, mayoral chains, and heritage buildings owned by Council.
Income statement	Identifies all revenues earned and expenses incurred during the financial year.
Indicators	Indicators define what will be measured to show we are meeting our objectives.
Land	All land owned or controlled by Council .
Land improvements	Includes all capital improvements, other than buildings, to any land owned or controlled by Council.
Legacy landfills	Landfills that are no longer used to dispose of waste. A number of these landfills have never been capped, which can cause environmental issues.
Performance measures	Mechanisms such as unit costs or response times, which can be used to measure Council's performance over time.
Place based operations	Services are responsive to 'Place'. Programs are coordinated with other locally provided programs. Clusters of communities Services are tailored and adapted to respond to the particular needs of those places.
Plant and equipment	Assets owned by Council.
Roads	Includes road pavements, footpaths, kerb and channel, traffic signals and speed restriction devices.
Statement of changes in equity	Identifies Council's overall movement in equity consisting of the accumulated surplus, asset revaluation and statutory reserves. Equity is also represented by total assets less total liabilities.
Statement of Financial Position	Reports all assets owned by Council (including amounts owed to Council) and all liabilities owed by Council.
Strategic Objectives	Establish where we want to be for each of Council's commitments.
Strategy	A document that outlines an initiative, program or project that will contribute towards achievement of a longer term goal or outcome.
Values	Values are beliefs that underpin behaviours and processes. The values of an organisation guide its culture.

Index

A

Acknowledgement of Victorian Govt. funding	22
Audit Committee	110
Awards and recognition	18

B

Best Value Victoria	115
---------------------	-----

C

Calendar of events	18
Carers Recognition Act	116
Charter of Human Rights	116
Civic Events	20
Citizenship	19
Conflict of interest	29
Corporate governance	24
Corporate planning framework	47
Council advisory boards and committees	31
Council and committee meetings	29
Council meeting attendance	30
Council meeting schedule	30
Council Plan performance	50
• People	51
• Place	64
• Economy	85
• Stewardship	98
Council services	36
Council's roles and responsibilities	24
Councillor Code of Conduct	29

D

Domestic Animal Management Plan	117
Donations and Grants	121

E

Executive management	34
----------------------	----

F

Financial performance	128
Fraud prevention policy	115
Freedom of Information	113

G

Going the extra mile	20
Governance	82
Glossary	220

H

Highlights of the year	3
------------------------	---

I

Information available for public inspection	112
Information Privacy Act	114

L

Legislative impacts on Council	32
Letters under seal of Council	20
Local Laws	85

M

Message from Mayor	5
Message from CEO	6
Municipal Emergency Management	119

N

National Competition Policy	87
-----------------------------	----

O

Occupational health and safety	44
Organisation development	43
Organisation structure	35
Our region, our people, our diversity	15
Our volunteers	21

P

Protected disclosures	113
-----------------------	-----

R

Risk management	114
-----------------	-----

S

Staff profile	41
Strategy and plans adopted during 2013-14	45
Summary of Financials	7

V

Victorian Government funding	11
Victorian Local Government Indicators	127
Vision and Values	2

Y

Your Councillors	26
------------------	----

Outside cover

**Residents' Information Line –
1300 555 886**

Phone: (03) 5153 9500
Email: feedback@egipps.vic.gov.au
Website: www.eastgippsland.vic.gov.au
Twitter: @egsc

Write to:

PO Box 1618, Bairnsdale, Vic, 3875

Council offices:

Corporate Centre

273 Main Street, Bairnsdale

Lakes Entrance Service Centre

18 Mechanics Street

Omeo Service Centre

179 Day Avenue

Orbost Service Centre

1 Ruskin Street

Paynesville Service Centre

55 The Esplanade

Service Centres can help with:

- Rate and property enquiries and payments
- Pensioner concession discount on rates
- Animal registration and renewals
- Planning
- Collecting applications and lodging permits
- Community laws and health
- Enquiries about adjoining fence owners
- Change of address
- Disability parking permits
- New or replacement waste bins
- Raymond Island Ferry passes
- Roads, footpaths and bridge enquiries
- Marina and jetty enquiries and payments
- Council account payments

Outreach Centres

Bendoc Outreach Centre - 18 Dowling Street, Bendoc 3888

Buchan Resource Centre - 6 Centre Road, Buchan 3885

Cann River Community Centre – Princes Highway, Cann River 3890

Feedback

If you would like more information on any matters in this report or wish to provide feedback on how Council's reporting can be improved, please phone Council's Executive Services unit on (03) 5153 9500 or email feedback@egipps.vic.gov.au.