



East Gippsland Shire Council

Annual Report 2015-16

Annual Report for 2015-16

East Gippsland Shire Council is committed to transparent reporting and accountability to its community. The 2015-16 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 *2015-16 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 2015 to 30 June 2016*.

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.

Where to get a copy

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

Welcome to East Gippsland Shire Council's Annual Report 2015-16

How to read this Annual Report

This Annual Report is presented in seven sections:

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. The Year in Review (from page 7)

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

3. Our Council (from page 17)

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

4. Our Organisation (from page 25)

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

5. Our performance (from page 33)

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, management and other information (from page 74)

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

7. Financial performance (from page 100)

This section shows how East Gippsland Shire Council performed financially from 1 July 2015 to 30 June 2016. It also shows the overall financial position of Council as at 30 June 2016.

The financial report contains:

- Financial Statements
- Notes to the Accounts
- Performance Statement

Section 1: 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.

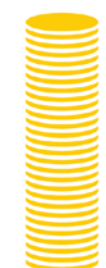
- 1 Arts and Culture
- 2 Recreation Centres
- 3 Shire offices
- 4 Landfills
- 5 Aerodromes
- 6 Outdoor pools
- 7 Livestock Exchange
- 8 Customer Service Centres
- 9 Road maintenance
- 10 Recreation reserves
- 11 Libraries
- 12 Visitor Information Centres
- 13 Raymond Island Ferry
- 14 Marinas
- 15 Waste collection
- 16 Road contractors
- 17 Parks and Gardens
- 18 Street lighting
- 19 Public toilets
- 20 Events and civic functions
- 21 Emergency Management
- 22 Local Laws
- 23 Immunisations and environmental health
- 24 Mobile library service
- 25 Bridges
- 26 Playgrounds
- 27 School crossing supervisors
- 28 Street and footpath sweeping
- 29 Boat ramps
- 30 Holiday and caravan parks

Every time you leave your house, you are using services provided by us.

As your local Council, we provide over 100 services to over 40 individual communities across a geographic area that is equivalent to 10 per cent of the size of Victoria. We've illustrated just some of the services, plus provided a breakdown below of each \$100 we spend.

Waste management costs

The increasing and ongoing cost to Council of waste management, including Victorian Government charges and levies, has been a significant portion of Council's yearly expenditure, especially over the past few years. This includes the cost of managing waste disposal facilities, landfill levies, street litter and recycling bins, environmental compliance, split waste and recycling bins and kerbside waste collection.



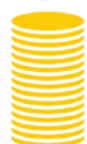
\$27

Capital Works
Roads, buildings, playgrounds etc.



\$23

Asset Management and Maintenance



\$14

Waste and Environment



\$12

Governance
Legislative compliance, property and risk, HR etc.



\$7

Health, Recreation and Community Safety



\$5

Parks and Gardens



\$3

Arts, Culture and Community Programs



\$3

Council Enterprises
Caravan Parks, Livestock Exchange, etc.



\$2

Planning and Building



\$2

Community Planning and Support



\$2

Economic Development and Tourism

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Section two: The year in review

Message from the Mayor and Chief Executive Officer

It is a pleasure to present this Annual Report to you.

The past year has been one of innovation and consolidation for Council. A focus during the year was customer service, with the organisation committed to exceeding the community's expectations.

To help our staff meet this aim, we implemented a new system for managing customer requests. This system gives staff better awareness of enquiries they have received, and accountability for staff at all levels to meet the service standards detailed in our Customer Response Policy.

All staff were trained and transferred to the new system by the end of 2015.

In December 2015, we opened a new Customer Service Centre in Bairnsdale's retail precinct. This allows customers to conduct their Council business while doing their regular shopping in the CBD, without the need to make a special trip to our Corporate Centre, which is in a less convenient location.

The new Customer Service Centre includes self-help stations where customers can use tablets to view Council's website, complete online forms and read documents.

The Annual Report shows our community and stakeholders how we performed over the past 12 months in all areas of our operations. All activities undertaken by the organisation aim to progress the Council Plan and, ultimately, achieve the long-term community vision 2030: Shaping the Future.

This is the final year of the current Council Plan 2013-2017. You'll find our report on our progress against the Council Plan beginning on page 33.

Our nine Councillors are also in the final year of their four-year term. Elected in 2012, the Councillors have overseen a period of growth and change for the organisation, as well as the completion of some long running projects and strategies.

It has been a pleasure to represent the community and work for the betterment of East Gippsland over these past four years.

In closing, we encourage you to read through the pages of this annual report and celebrate the successes and challenges with us.



Cr Marianne Pelz
Mayor



Gary Gaffney
Chief Executive Officer

Summary of financial performance

The summary of financial performance provides an overview of how Council has performed financially in 2015-16. The 2015-16 Long-term Financial Plan focused on improving Council's financial position, ensuring its long term financial sustainability.

Financial Snapshot

- \$89.5 million revenue against a budgeted \$91.3 million
- Rates and Charges comprised \$50.8 million (56.8%) of the total operating revenue
- \$87.2 million expenditure against a budgeted \$81.6 million
- Operating surplus of \$2.307 million (budget \$9.676 million)
- \$25.9 million Capital Works program delivered against a budgeted \$29.1 million
- Cash holdings increased by \$3.3 million from \$22.8 million in 2014-15 to \$26.1 million in 2015-16
- Net debt decreased by \$1.2 million from \$9.6 million in 2014-15 to \$8.4 million in 2015-16

Council focuses on three key areas of financial performance as a guide to how sustainable we are:

- Our operating and underlying results
- The renewal or replacement of our existing assets
- Our cash holdings

Asset renewal

A key capital works indicator is whether what we are spending on renewing our assets matches the rate that our assets are deteriorating or depreciating. Council's strategy is to renew our asset base at a greater rate than it depreciates. Our key strategic indicator for renewal is a minimum of 100%.

Our asset renewal result for 2015-16 is 99.66%. It means we are renewing our assets at the same rate we are depreciating them.

Cash holdings

Cash holdings is about our ability to pay for Council's activities and obligations and is usually balanced by restricted items such as trust deposits and reserves or funds held for specific purposes.

Debt Levels

No new borrowings were taken up during the year and borrowings totalled \$8.4 million as at 30 June 2016.

The financial highlights provide an overview of Council financial performance for the 2015-16 year.

Whilst there have been many challenges, including the continued freeze on the indexation of the Financial Assistance Grant, the operating result is pleasing, taking into account that the advance payment of \$6.8 million of the 2015-16 Financial Assistance Grant that was received in the 2014-15 year but budgeted for in the 2015-16 year.

Council's operating results

Council achieved an operating surplus of \$2.307 million this year compared to a \$16.162 million surplus in 2014-15. This is \$7.3 million less than the \$9.676 million operating surplus forecast in the 2015-16 Annual Budget.

The operating surplus in 2014-15 included unbudgeted income of \$6.8 million for an advance payment of the 2015-16 Financial Assistance Grant. This impacted on the 2015-16 financial year as the revenue had been budgeted to be received in that year.

Unbudgeted expenditure of \$2.356 million was incurred during the year for natural disaster works. Correspondingly unbudgeted income of \$1.83 million was reimbursed for natural disasters. The balance of reimbursements for natural disaster works is expected to be received in the 2016-17 year.

There was also unbudgeted expenditure of \$3.372 million for the write off and adjustments to written down values for various infrastructure assets. The depreciation and amortisation expense for the year was under budget by \$2.062 million due to the timing for completion and capitalisation of various assets.

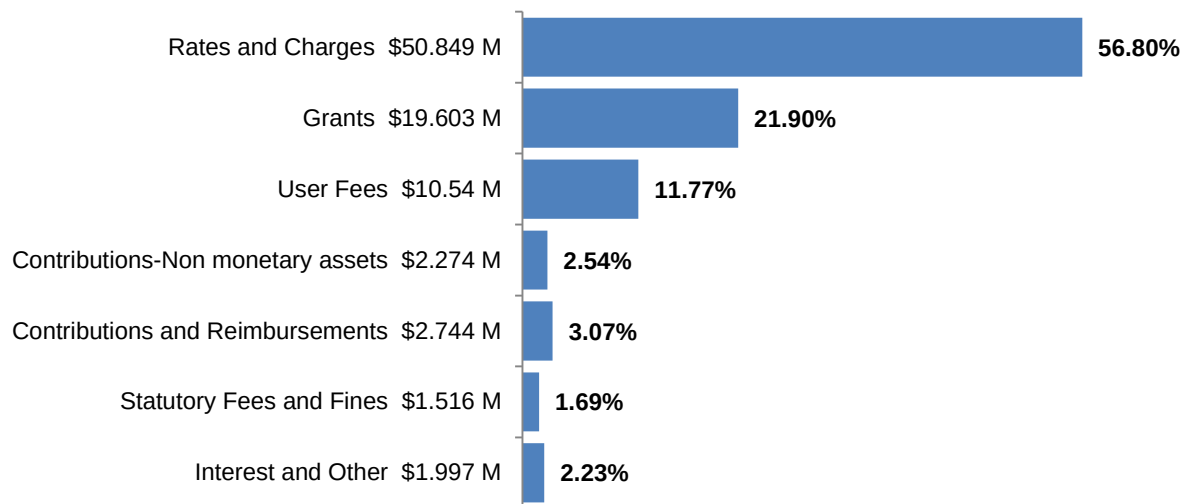
While the operating surplus represents a good result, an important indicator of financial sustainability is the Underlying Result, which removes all capital income to show the true operating position. An underlying surplus indicates that all operational expenditure including depreciation and amortisation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

Council recorded an underlying deficit of \$4.977 million this year compared to an underlying surplus of \$3.2 million last year. The advance Financial Assistance Grant payment of \$6.8 million impacted on this result for 2015-16. Taking into account the advance payment in 2014-15 of \$6.8 million of the 2015-16 grant, the underlying surplus would have been \$1.8 million.

Income

This year's operating income totalled \$89.5 million; \$1.8 million less than budget. This was mainly due to the advance payment of \$6.8 million Financial Assistance Grant being received in 2014-15 but budgeted in 2015-16 year. Additional capital grants were also received of \$2.3 million mainly relating to road and bridge projects. Reimbursements for natural disaster works of \$1.8 million was also received but had not been included in the budget.

Breakdown of Council's income in 2015-16:



Rates and Charges

Rates and charges income was \$50.849 million this year. As a percentage of total income this is 56.8%, compared with 47.05% in the previous year. The previous year total revenue included an advance payment of \$6.8 million of the 2015-16 Financial Assistance Grant which reduced the rates as a percentage of total revenue.

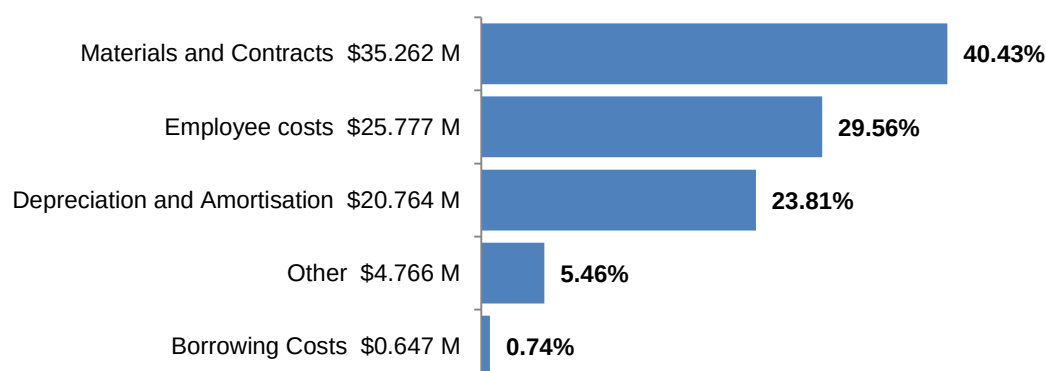
As a result of this prepayment the 2015-16 total revenue was reduced. This has increased the percentage of total revenue derived from rates and charges for the 2015-16 year.

Other revenue sources

Grant funding was \$19.6 million this financial year and accounted for 21.9% of total income, compared to 33.02% last year. The percentage of total income from grants has been impacted in 2015-16 mainly as a result of the advance payment of \$6.8 million of the 2015-16 Financial Assistance Grant in the 2014-15 year.

Contributions and Reimbursements income (excluding non-monetary assets) was \$2.7 million, the same as last year and accounted for 3.07% of total income compared to 2.7% last year. The majority of the reimbursements relate to natural disaster works.

Breakdown of Council's operating expenditure in 2015-16:



Operating expenditure

Over 92% of our operating costs occur in the following three categories:

- Employee expenses 29%
- Materials and services 40%
- Depreciation 23%

This year's operating expenditure totalled \$87.2 million, which was \$5.5 million more than forecast in the budget. Unbudgeted expenditure of \$2.4 million was incurred during the year for natural disaster works. There was also unbudgeted expenditure of \$3.3 million for the write off and adjustments to written down values for various infrastructure assets.

The depreciation and amortisation expense for the year was under budget by \$2.1 million due to the timing for completion and capitalisation of various assets. Unbudgeted expenditure for adjustments to landfill rehabilitation provisions of \$1.2 million was also incurred as well as unbudgeted expenditure that was a result of unbudgeted grant income for new projects and programs.

Employee costs for the year were \$25.7 million compared to \$25.2 million in the previous year and accounted for 29.5% of total expenditure compared to the previous year of 29.2%. This was only slightly more than the budget as a result of additional employee costs being incurred for new grant funded programs that were not included in the adopted budget.

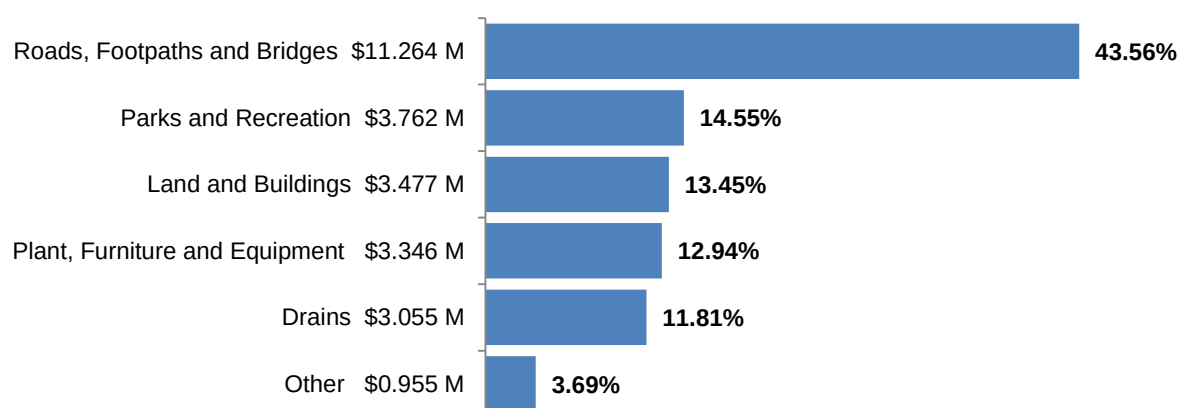
Materials and Contracts expenditure was \$35.2 million this year, \$3.4 million less than last year and accounted for 40.43% of total operating expenditure compared to 44.88% in 2014-15. Materials and Contracts exceeded the budget expenditure by \$4 million primarily as a result of the unbudgeted natural disaster expenditure of \$2.4 million and landfill rehabilitation provision expenditure of \$1.2 million.

Depreciation and amortisation was \$20.7 million this year and accounted for 23% of total operating expenditure, the same as 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. Asset renewal as a percentage of depreciation for the 2015-16 year was 99.6% with the target being 100%.

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 \$25.8 million, which was \$3.2 million less than budget. This was due to the timing of some projects that will not be completed until the 2016-17 year.

Major capital expenditure categories for the 2015-16 year:



Roads and Bridges capital expenditure was \$11.2 million this year, \$6.4 million more than last year, and accounted for 43.5% of total capital expenditure compared to 24.2% last year. The increased expenditure was a result of the increased program of works for roads and bridges as a result of additional roads to recovery grant funding being received.

Land and Buildings capital expenditure was \$3.4 million this year, \$0.9 million more than last year, and accounted for 13% of total capital expenditure compared to 8% last year.

Parks and Recreation capital expenditure was \$3.7 million, \$5.3 million less than last year. It accounted for 14% of total capital expenditure compared to 31% last year. Last year included expenditure of \$2 million for the reconstruction of Metung Marina Stage 1.

Balance sheet

Council has maintained a healthy balance sheet this year. Net Assets were \$872 million as at 30 June 2016 compared to \$870 million last year. This increase is mainly due to the operating surplus of \$2.3 million.

Debt Levels

No new borrowings were taken up during the year. Borrowings totalled \$8.4 million as at 30 June 2016, \$1.2 million less than last year.

Council borrowings as at 30 June 2016 included \$5.6 million relating to the Tambo Bluff Infrastructure Project, which is being reimbursed by Tambo Bluff landowners by way of a Special Charge Scheme.

Loan interest costs this year equated to 0.7% of Council's total expenditure, the same as the previous year.

Cash

Cash holdings totalled \$26.1 million as at 30 June 2016; this was \$3.3 million more than last year.

The future

Long-term financial sustainability is Council's key focus for the future, to ensure 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 introduction of rate capping for all Victorian councils from the 2016-17 financial year sees a 2.5% cap on increases to rates and charges. Council was able to address this in the 2016-17 Budget, with a Long-term Financial Plan that will continue to maintain its cash reserves at a prudent level providing Council with financial flexibility.

Council will continue to review its operations to ensure services to the community are delivered in the most efficient and cost effective way.

For further information on Council's financial performance refer to page 99.

Description of Operations

East Gippsland Shire Council is responsible for the delivery of diverse services to its community, from family and children's services, traffic regulation, open space, waste management and community building; to matters concerning business development, planning for appropriate development and ensuring accountability for Council's budget. This broad range of community services and infrastructure for residents supports the wellbeing and prosperity of our community.

Council also has a wide range of responsibilities under Victorian and Australian legislation. Council's vision, strategic objectives and strategies to further improve services and facilities are described in our *Council Plan 2013-2017* and the associated Budget 2015-16 and reported on in this document.

The delivery of services, facilities, support and advocacy to achieve the Strategic Objectives in our Council Plan is measured by a set of service performance indicators and measures. *Further information on our performance is provided in Section five from page 33.*

A map of the services East Gippsland Shire Council provides for the region is available on page 5.

Major Capital Works

During 2015-16 major capital works included the following:

Full rebuild for Metung Marina

The Metung Marina is being upgraded, with a full replacement of the facilities.

Stage One of the project was completed in September 2015 at a cost of \$3.5 million.

Fifty berths were constructed on a fixed jetty, which will act as a wave attenuator for the inner berths build under Stage Two of the project.

Stage Two of the project features floating pontoons which were manufactured offsite and transported to Metung. Work on Stage Two began in May 2016. There will be 60 berths on the floating pontoons, most with access to power and water. The total cost of Stage Two is \$1.5 million.

An additional 30-metre pontoon will be accessible to the public for casual mooring. This will help boost tourism in Metung by adding to the facilities available for people who travel by boat to the village.

Built on a similar footprint to the original marina, it has been designed to meet the needs of today's boat owners. The marina will accommodate boats up to 14 metres long, with a lot of berths around nine metres.

As well as the Metung Marina the Shire operates Chinaman's Creek Marina, also in Metung, and Slip Bight Marina in Paynesville.

Apex Park, Lakes Entrance

At the western entrance to the tourist town of Lakes Entrance, Apex Park is popular with locals and visitors alike.

A \$400,000 project to remove old equipment and rejuvenate the park began in March 2016 and was completed in June.

The works were completed by shire staff, including Concreting, Carpentry, and Parks and Gardens crews. The new play equipment includes a seven-metre high climbing net, play boat, basket swing and nature play area.

To help decide how the park should look and what people wanted to see in the park, Council undertook extensive community consultation, including with local school children.

Upgraded picnic facilities were also part of the project. The new seating will meet All Abilities standards with pathways and access to wheelchair-friendly tables.

A project was also undertaken in partnership with East Gippsland Catchment Management Authority to install an interactive catchment model in Apex Park.

Cell 3 constructed at Bairnsdale Landfill

The new cell at Bairnsdale Landfill began accepting waste in February 2016 and is expected to have a lifespan of three to four years.

Once the site for Cell 3 was chosen, it had to undergo a rigorous environmental and planning assessment. Council's waste management sites need to meet strict operational standards and adhere to a wide range of requirements, including litter control, dust and air emission control and environmental management.

The new cell at Bairnsdale Landfill began accepting waste in February 2016 and is expected to have a lifespan of three to four years.

To ensure the cell meets strict environmental management requirements, the cell has five layers of lining: sub base, clay or geosynthetic clay layer, geomembrane and protection layer, drainage layer/leachate collection system, and geotextile.

Before the cell could be constructed, Council had also prepared rehabilitation and aftercare plans to minimise the potential of any detrimental impacts from the landfill once it is closed.

Cell 3 took seven months to construct and cost \$2.5 million.

2015-16 Calendar of events

Council worked proactively to attract a number of new events into the region in 2015-16 and support a vast array of existing events.

Council, through its Events Unit, continued to coordinate and support permits for 83 local events. Thirty-three grants were awarded via Regional and District Events Sponsorship (RADES) and the Festivals and Event funding stream of Council's Community Grants program. Council also sponsors some events.

Event name	Dates	Supported by Shire
July 2015		
Twin Rivers Fishing Classic	18 to 19	RADES
September 2015		
Willy's Overland Club of Victoria Inc Car Rally	20	RADES
October 2015		
East Gippsland Gallop Hub Rally	30	RADES
2015 Barry Sheene Tribute Ride		Sponsorship
November 2015		
Melbourne Cup Day Bairnsdale Racing	1	RADES
Omeo High Country RV Muster	6 to 8	RADES
130th Omeo and District Agricultural and Pastoral Society Inc Show	14	RADES
Alpine Rally of East Gippsland	27	RADES
December 2015		
Mallacoota Lions Club Christmas Carols	10	Community Grant
Carols in the Alps	19	Community Grant
Orbost Christmas Eve Festival	24	Community Grant
New Year's Eve Paynesville	31	Community Grant
Lakes Entrance Fireworks	31	RADES
January 2016		
Groundswell Music Festival	2	RADES
Netball Victoria Beach Netball Competition (Lakes Entrance)	16 to 17	RADES
Australia Day wood chop competition and fireworks	25	RADES
Australia Day ceremonies - Bairnsdale Bruthen, Buchan, Lakes Entrance, Lindenow, Mallacoota, Metung, Omeo, Paynesville and Orbost	26	Sponsorship
Paynesville Music Festival	26 to 28	RADES
February 2016		
Week of Bowls Carnival Paynesville Bowling Club Inc.	15	RADES
Inspiring Young People with a Disability Lunch	16	Community Grant
Bruthen Blues and Arts Festival	19 to 21	RADES

Event name	Dates	Supported by Shire
March 2016		
Paynesville Classic Boat Rally	5 to 6	RADES
Action Flying event	13	Community Grant
2016 Family Fun Day Swifts Creek	19	Community Grant
Mt Nowa Nowa Challenge Fun Run	28	Community Grant
April 2016		
Anzac Day	25	Sponsorship
East Gippsland Field Days 2016	25	RADES
Paynesville Gold Cup	9	Community Grant
X-Marathon Adventure Race	14 to 16	RADES
May 2016		
East Gippsland Field Days	29 to 30	RADES
Gippsland Lakes Paddle Challenge	14	RADES
June 2016		
Omeo Primary School 150 Year Anniversary	11 to 12	Community Grant
Eastern Valley Street Rodders Lakes Country Cruise	16	RADES

Section three: Our Council

Our Region, Our People, Our Diversity

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

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

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.

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. 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, Metung and Mallacoota, the half-way point between Melbourne and Sydney. To the north are Omeo and other townships of the Great Alpine Road.

Our heritage

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 people

The population is concentrated around the Gippsland Lakes in the south-west with relatively sparsely settled areas elsewhere. Bairnsdale and surrounds is the region's major commercial and service centre with a population of over 13,769.

Quick facts:

- Population forecast for 2016: 44,633 - 2036: 53,829 (*Source: id Forecast 2016*)
- 3.2% Aboriginal population (*Source: Community Profile, profile.id®*)
- Between 2011 and 2026, forecasts show the shire will see a 12.3% increase in people under working age, a 43.1% increase in people of retirement age, and a 4.5% increase in people of working age.
- The most common household type in the shire is couples without children.

Our diversity

The past decade has seen significant change in East Gippsland's economic drivers. 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 region's attraction as a retirement destination has also contributed to changes in a growing industry sectors such as health care. East Gippsland ageing population provides East Gippsland with business opportunities to support this trend.

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

Tourism continues to play a strong role in the East Gippsland economy with 1.2 million visitors coming to the region from March 2015 to March 2016.

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

Quick facts:

- \$1,915 million total estimated gross regional product for East Gippsland for 2015 up from the previous year's figure of \$1,889 million.
- 8,129 registered businesses as at March 2016, a decline of 4.87% since March 2015.

Your Councillors

East Gippsland Shire Council is an un-subdivided municipality. The Council is made up of nine Councillors, each representing the whole shire. This Council was elected on 27 October 2012.

Cr Marianne Pelz (Mayor)

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

Cr Pelz served as a member of the following Advisory Committees and Working Groups in 2015-16:

- Audit Committee (Mayor ex officio)

Cr Pelz was a Council representative to the following external organisations:

- Gippsland Local Government Network (Mayor ex officio)
- High Country Councils Coalition (Mayor ex officio)
- South East Australian Transport Strategy Inc.

Cr Richard Ellis (Deputy Mayor)

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

Cr Ellis served as a member of the following Advisory Committees and Working Groups in 2015-16:

- Disability Action Plan Advisory Committee
- Marina Consultative Committee

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

- Australian Coastal Councils Association Inc.
- Gippsland Waste and Resource Recovery Group
- Municipal Association of Victoria

Cr Trudy Anderson

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

Cr Anderson was appointed to Council in January 2016.

Cr Anderson served as a member of the following Advisory Committees and Working Groups in 2015-16:

- Economic Development Advisory Board

Cr Ben Buckley

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

Cr Buckley served as a member of the following Advisory Committees and Working Groups in 2015-16:

- 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 Michael Freshwater

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

Cr Freshwater served as a member of the following Advisory Committees and Working Groups in 2015-16:

- Livestock Exchange Consultative Committee
- Marina Consultative Committee
- Municipal Emergency Management Planning Committee

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 – Planning Committee
- Municipal Association of Victoria – Transport and Infrastructure Committee
- South East Australian Transport Strategy Inc.
- Timber Towns Victoria

Cr Jeff McNeill

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

Cr McNeill served as a member of the following Advisory Committees and Working Groups in 2015-16:

- Creative Communities Advisory Board
- Economic Development Advisory Board
- Disability Action Plan Advisory Committee

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

- Municipal Association of Victoria – Arts and Culture Committee
- Municipal Association of Victoria – Human Services Committee

Cr Peter Neal

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

Cr Neal served as a member of the following Advisory Committees and Working Groups in 2015-16:

- Audit Committee

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

- East Gippsland Local Road Safety Strategy Committee
- Municipal Association of Victoria
- Municipal Association of Victoria – Professional Development Reference Group
- Rural Councils Victoria
- Timber Towns Victoria

Cr Mark Reeves

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

Cr Reeves served as a member of the following Advisory Committees and Working Groups in 2015-16:

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

- Australian Alps National Landscapes Inc
- East Gippsland Local Aboriginal Justice Action Committee
- East Gippsland Local Road Safety Strategy Committee
- Gippsland Regional Aboriginal Justice Action Committee
- Municipal Association of Victoria – Multicultural Committee

Cr Jane Rowe

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

Cr Rowe served as a member of the following Advisory Committees and Working Groups in 2015-16:

- Audit Committee
- Creative Communities Advisory Board

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

- International Council for Local Environmental Issues – Oceania
- Municipal Association of Victoria – Environment Committee

Cr John Wilkin (retired)

Cr Wilkin was elected in 2012 and retired on 26 November 2015.

Between July and October 2015 Cr Wilkin served on the following Advisory Committees and Working Groups:

- Arts and Culture Advisory Board
- Audit Committee
- Environmental Sustainability Advisory Board

Between July and October 2015 Cr Wilkin served as Council's representative to the following external organisations:

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

Advocacy – an important role

Councillors and the Chief Executive Officer have an important role advocating on a broad range of issues on behalf of our communities.

This advocacy takes place in various forms including regular meetings with Members of Parliament from the other two tiers of government; maintaining positive working relationships with other organisations and statutory authorities that operate in East Gippsland.

Councillors also hold representative positions on external advisory committees and boards to ensure that East Gippsland's voice remains strong in a state-wide and national arena.

Letters under seal of Council

Council did not present any letters under seal of Council in 2015-16.

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 2016 at Paynesville. The recipients of the awards were:

Citizen of the Year Award: Darryl Crowley

Young Citizen of the Year Award: Carly Fitzgerald

Community Event of the Year Award: Cooper's Winter Wonderland Masquerade Ball

Citizenship

Five citizenship ceremonies were hosted by Council in 2015-16 including a major ceremony as part of Council's Australia Day celebrations.

Quickfact: Seventy-two East Gippsland residents became Australian citizens during the year. That's 12 more than last year, meaning more new Australians are wanting to call East Gippsland their home.

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 2015-16:

Date	Civic Event
2015	
22 September	Official launch of 'Women in Local Government – East Gippsland' book, Bruthen
23 September	Official opening – Paynesville CBD improvements project
18 November	Official opening - Lochiel Park netball court opening, Orbost
27 November	Inspirations breakfast presentation with Nkandu Beltz, author, speaker and philanthropist
27 November	Official opening - Function to celebrate the lighting upgrade project, Lucknow Recreation Reserve
1 December	Official opening - celebrate completion of the East Gippsland Rail Trail upgrade, Bruthen
2 December	Official opening - New Shire Customer Service Centre opening, 24 Service Street, Bairnsdale
2 December	Celebration of the 21 st anniversary of amalgamation
2016	
26 January	Shire-wide Australia Day celebration held in Paynesville
13 April	Official opening - Park improvements, Mick Baum Park, Cann River
4 July	NAIDOC Week launch and flag raising ceremony

Acknowledgement of Victorian Government funding

Program	Amount
Aboriginal Best Start Program	111,642
Age Friendly Communities	100,000
Bairnsdale Aboriginal Arts	18,282
Beach Cleaning Subsidy Program	2,176
Forge Theatre and Arts Hub - East Gippsland Art Gallery	90,000
FReeZA Youth Event Program	73,500
Grow your Business - Stage 2	15,000
Home And Community Care - Minor Capital Funding	20,575
Immunisations - Australian Childhood Immunisation Register Encounters and School Immunisations	37,422
Lake Tyers Beach - Swim Beach Safety Signage	12,000
Lake Tyers Beach Accessible Fishing Landing	65,218
Lindenow Recreation Reserve - Netball Facilities Project	85,328
Luderick Point (Bemm River) Boating Facility Upgrade	313,080
Mallacoota Main Wharf Boat Ramp Access Jetty	40,000
Mallacoota Recreation Reserve - Playground Shade	16,428
Municipal and Essential Services to Lake Tyers Aboriginal Trust	63,424
Municipal Emergency Resourcing Program 2016-20	480,000
Municipal Emergency Service Unit Subsidy 2015-16	90,786
Orbost Age Friendly Community - Pedestrian Infrastructure Improvements	45,000
Premier's Reading Challenge 2015-16	9,246
Public Libraries Grants Program 2016-17	314,864
Public Libraries Grants Program 2016-17 - Local Priorities	16,572
Safe to Schools Project	31,500
School Crossing Subsidy 2015-16	51,781
Service Agreement - Rural Access Program 2015-16 - Building Inclusive Communities	118,920
Service Agreement 2015-16 - Home and Community Care	39,864
Service Agreement 2015-16 - Supported Parent Group and Playgroups	15,532
Service Agreement 2015-16 - Vulnerable Persons Project	41,568
Storytime with Fireman Sam	500
Victorian Seniors Festival 2015	2,700

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*.

An organisation review was held in early 2015 with the new structure fully-implemented by 1 July 2015.

Biographies of Executive Management team

Gary Gaffney

Chief Executive Officer

MBA, Grad Dip Business Mgt, Grad Cert Business Mgt, Dip Business Mgt

Gary has worked in several industries during his career including major construction in the power and water industries. Gary has been the CEO at the Mansfield and East Kimberley shire and a Director at the Baw Baw Shire. He was also the Executive Director of Industry and Investment at Regional Development Victoria and was head of Economic recovery for the Victorian Bushfire Reconstruction and Recovery Authority.

In the coming year Gary will focus on the leadership of the Shire's administration to achieve community objectives and goals through corporate and cultural revitalisation and effective change leadership and management of resources.

Kate Nelson

Director Community and Strategic Development

B Applied Science (Planning), Grad Dip Rural Resource Management, Grad Dip Business (Mgt), Master Public Policy and Governance

Kate has more than 20 years' experience working in East Gippsland's local government sector. Kate has a strong understanding of the community's perspective and is able to navigate key stakeholders through complex strategic and environmental planning situations. Kate's ability to understand a wide range of challenges and facilitate a strategic approach to issues has also been instrumental in ensuring Council is planning for Adaption to Coastal Climate Change.

Maryanne Bennett
Director Corporate

Australian Institute of Company Directors, Diploma of Management

Maryanne has over 30 years' experience in local government across large rural, small rural and urban Victorian Councils and has held a number of positions at East Gippsland.

In her current role she is responsible for the organisational areas of Finance, Information Services, Organisation Development and Governance. The next 12 months will see a range of Information and Communications Technology improvements, including the major rebuilding of ICT services to ensure Council's infrastructure and systems provide the optimum level of support to the work of the organisation.

The Directorate will also be working closely with the newly elected 2016-2020 Council to ensure Councillors are appropriately equipped and supported to respond to the challenges of the first year of office.

Paul Holton
Director Development

Paul has extensive experience working as a senior manager in the local government sector in Gippsland, including a stint as Acting CEO of Wellington Shire Council.

His expertise includes stakeholder management, strategic planning and project management.

Paul has oversight of Council's commercial operations, including the East Gippsland Livestock Exchange, two recreation centres, and Council's caravan parks at Eagle Point and Mallacoota.

Chris Waites
Director Operations

Bachelor of Engineering, Grad Dip Mgt

Prior to joining East Gippsland Shire Council in 2005 Chris worked in the public and private sector in Queensland. He has expertise in project management, business development, organisational change and delivery of major projects.

During the reporting period Chris oversaw completion of the \$6.5 million Mallacoota Ocean Access Boat Ramp and the first full year of in-house management of landfill and waste transfer station operations.

Organisation Chart



Chief Executive Officer

Gary Gaffney

Communications and
Corporate Strategy



Director Community and Strategic Development

Kate Nelson

Strategic Planning

Community Programs

Place Services



Director Corporate

Maryanne Bennett

Finance

Organisation
Development

Governance

Information Services



Director Development

Paul Holton

Recreation Facilities

Statutory Services

Economic
Development



Director Operations

Chris Waites

Waste

Works

Capital Projects

Senior Officers

As at 30 June 2016, Senior Officers as designated under the *Local Government Act 1989* were Gary Gaffney, Kate Nelson, Maryanne Bennett, Chris Waites, Paul Holton, Liz Collins, Executive Manager Finance and David Radford, Manager Communications and Corporate Strategy.

Staff profile

Council's staff is one of its most valuable resources. The organisation 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 full time equivalent (FTE) positions for 2015-16 are 301.08, including casuals.

Year	Total staff	FTE staff
2015-16	472	301.08
2014-15	474	305.42
2013-14	529	351.6
2012-13	439	295.8
2011-12	449	289.9
2010-11	352	237

Total staff numbers by salary band and gender

Employment classification	Female	Male	Total FTE
Band 1	14	7	4.63
Band 2	16	18	9.79
Band 3	76	84	71.92
Band 4	70	17	58.88
Band 5	46	14	52.62
Band 6	33	17	44.8
Band 7	14	20	32.94
Band 8	1	4	5
Senior Executive Officer/Senior Officer	7	14	20.5
Total	277 (59%)	195 (41%)	301.08

Job level by gender

Job level	Female	Male	Total
Director	2	2	4
Manager	5	7	12
Coordinator	25	17	42
All other staff	245	168	412
Total	277	194	471

Salary range of contract staff

Contract Staff (Directors)		
		Salary Range (total remuneration package)
	2	\$185,001 - \$195,000
	2	\$195,001 - \$210,000
Total	4	

Staff numbers by directorate

The full time equivalent (FTE) staff numbers for each directorate as at 30 June 2016 are:

Employee type/gender (FTE)	Office of the CEO	Corporate	Development	Operations	Planning & Community	Total
Full time – Female	3	28	25	10	25	91
Full time – Male	2	9	28	71	5	115
Part time – Female	0	7.91	16.85	2.54	23.94	51.24
Part time – Male	0	1.2	7.69	9.85	0.9	19.64
Casual – Female	0	0	8.24	0.37	5.84	14.45
Casual – Male	0	0	4.46	5.29	0	9.75
Total	5	46.11	90.24	99.05	60.68	301.08

Length of service profile

Period of service	Number of staff	Percentage of staff
Less than 1 year	58	12%
1 to 5 years	242	52%
6 to 10 years	110	23%
11 to 20 years	47	10%
21+ years	14	3%
Total	471	100%

Organisation Development

Council, through its 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

- Twenty minor and seven major processes were reviewed across the organisation and improvements identified.
- A recruitment strategy was developed to increase the diversity of our workforce.
- Council's Reward and Recognition framework was reviewed and improved.
- Cultural awareness training was delivered to all staff, an objective from our Reconciliation Action Plan.
- Council's Learning and Development policy was updated and aligned to our Performance Development Framework, corporate planning requirements, corporate behaviours and leadership competencies.
- Work was undertaken to improve the safety of our staff who work alone or in isolation.

Looking forward

- Negotiation of our Enterprise Agreement No 5.
- Undertake a Staff Culture Survey to understand staff perception of our current organisation effectiveness and staff engagement, and understand the areas that we can leverage or develop.
- Transition to a new, integrated Payroll / HR / Finance system.
- Develop a Fitness For Work policy.
- Deliver on our Workforce Planning action plan.
- Facilitate the improvements identified in the major and minor process reviews undertaken in 2014-15.

Learning and Development

Staff attended a number of courses during 2015-16. The larger courses are detailed below:

Corporate Training	
Course	Attendees
Impact Leadership Development	108
Creating a Positive Culture	219
Cross Cultural Awareness	198
Mentors in Violence Prevention – Bystander Intervention	19
Implementing Climate Change Adaptation	19
Building and Service Delivery Vulnerability to Climate Change	14
Fraud and Cyber Risk – Management Awareness	15
Occupational Health and Safety courses	
Situational Awareness	103
Provide First Aid	68
CPR	33
Basic Driver Awareness	36
Trailer Towing and Load Distribution	25
OHS Contractor Management	37
Traffic Management and Control	20
Emergency Warden	19
AgVet Chemical Users Course	13

Cost of learning and development activities

During the 2015-16 year, Council spent more than \$200,000 on educating and developing staff, which is approximately \$590 per staff member. The major areas of focus were:

Course	Cost
Impact Leadership Development	\$33,840
Creating a Positive Workplace Culture	\$23,000
Cultural Awareness	\$14,159
Personal Development	\$16,211
Occupational Health and Safety Training	\$35,566
Business Unit Specific Training	\$84,000
Total Cost	\$206,776

Workplace Health and Safety

WorkCover

Council is committed to the safety, health and wellbeing 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 2015-16:

- 96 workplace incidents were reported compared with 87 the previous year. Only 13 of these incidents resulted in WorkCover claims.
- Of the WorkCover claims lodged, 11 resulted in lost time. Seven of these were above the employer excess (10 days lost).
- WorkCover claims as a percentage of staff was 2.7% compared to 3% in 2014-15 and 5% in 2013-14.

Equal Employment Opportunity Program

Council has implemented an equal employment opportunity program which is designated to eliminate discrimination against and promote equal opportunity for women and persons in designated groups for employment matters.

The objective of Council's Equal Employment Opportunity Program is to ensure there is no discrimination relating to the characteristics listed under the *Equal Opportunity Act 2010* such as race, colour, sex, marital status, parenthood, physical or mental impairment, age, religious or political affiliation, gender identity and sexual orientation. Further objectives include ensuring the workplace is free from bullying and harassment.

The indicators that measure the effectiveness of the program and the results for the year are:

- Percentage of new employees receiving equal opportunity training within six months of commencement. Target: 100%. Result: 96%
- Percentage of existing employees receiving refresher equal opportunity training at least every two years. Target: 100%. Result: 99%
- Number of contact officers per number of council employees. Target: 1:50. Result: 2:54

Our volunteers

Every week hundreds of people generously volunteer their time, knowledge and energy to help delivery Council services, forming an integral part of our East Gippsland community. 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 means to East Gippsland's aged and disability services clients.

Volunteers may vary in background, age and beliefs, yet they all share the desire to make a difference. Among them are students, retirees, new and intending Australian citizens wanting to contribute to their new country and skilled professionals.

Community groups and committees

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.

Aged and disability support

Our volunteers and staff spend many hours assisting with social support programs for residents who are frail aged or who have a disability. Services provided include:

- Meals on Wheels
- Social support services
- Funding to service providers to deliver Home and Community Care programs
- Programs to build community capacity such as Broadband for Seniors, and Tech Savvy, Older Driver Road Safety workshops
- Provide information and advocacy

Young people getting involved

A number of programs are offered to young people aged 12 to 25 years in East Gippsland. The following are examples key volunteer-related programs and initiatives:

- Live music and cultural all-ages events for young people run by the FReeZA committee made up of young people aged 14 to 24 from the local area.
- Our Youth Ambassador Program provides a youth perspective on issues that impact the community and gives them a voice on issues that matter to them.

Keeping East Gippsland prepared in case of an emergency

The Municipal Emergency Management Planning Committee consists of representatives from Victoria Police, Ambulance, CFA, and MFB, related agencies and volunteers from a range of organisations (including SES, Volunteer Coastguard and Red Cross).

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.

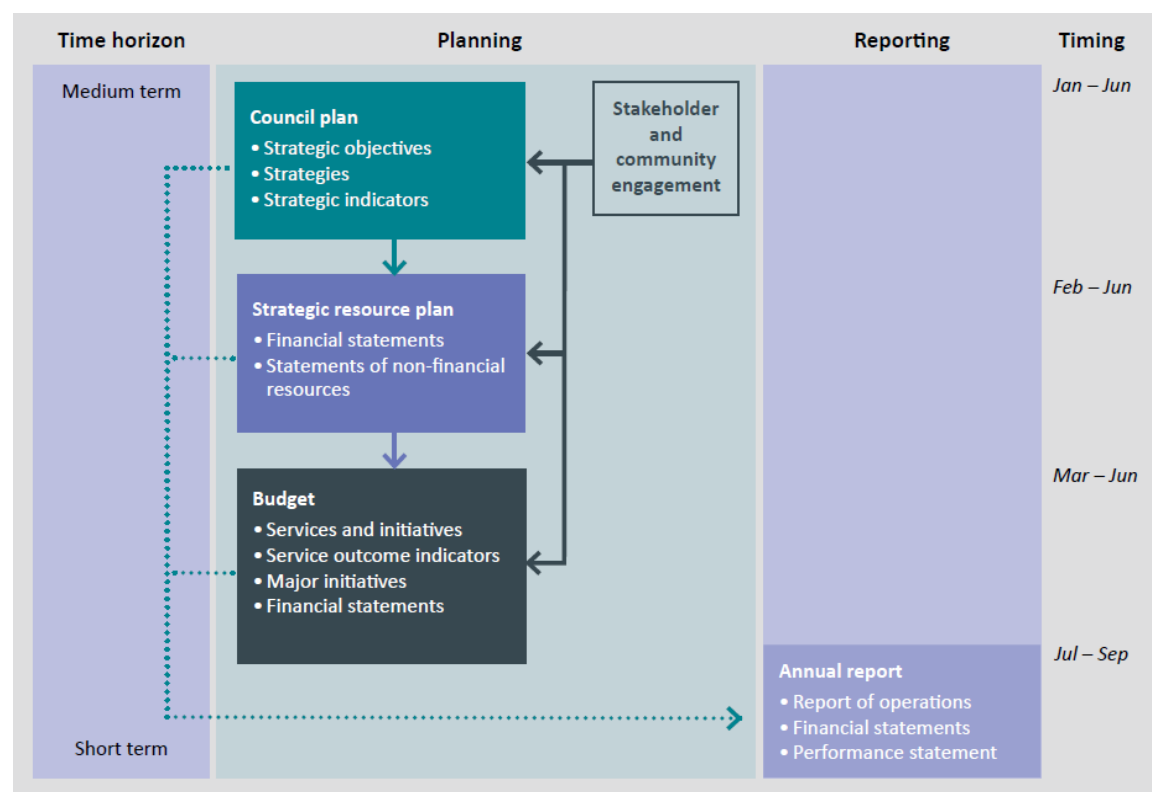
Section five: Our Performance (Council Plan)

Planning and Accountability Framework

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

- A council plan within the six months after each general election or by 30 June, whichever is later
- A strategic resource plan for a period of at least four years and include this in the council plan
- A budget for each financial year
- An annual report in respect of each financial year.

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



Council Plan

The Council Plan 2013-17 includes goals and strategic objectives for the four-year period. It also includes strategic indicators for monitoring achievement of the strategic objectives and a strategic resource plan that shows the financial and other resources required to deliver the Plan. The following are the strategic objectives documented in the Council Plan.

Area of Focus	Goals
People	We contribute to healthy, resilient and independent communities and support increased connection with their history, landscape, local economies, families and their social networks. 1.1 Our communities are connected and inclusive 1.2 Our communities are resilient and adaptable 1.3 Safe and active, healthy lifestyles are supported
Place	We promote, maintain and improve the quality of our natural and built environments. 2.1 Our resources are used in a sustainable way 2.2 Land use planning delivers vibrant, connected and productive places 2.3 Our infrastructure meets current and future community needs 2.4 Our natural assets are maintained and enhanced
Economy	We market a positive investment environment that promotes and builds on our diverse mix of economic activity and assist enterprises to take advantage of opportunities in a rapidly changing economic and social world. 3.1 Our business environment is adaptable and prosperous 3.2 Our local economy provides opportunities for employment, learning and training 3.3 East Gippsland is the place to visit, live, work and invest
Stewardship	We act as stewards of significant community assets and resources and therefore undertake to optimise services to meet needs, plan and implement our work with prudence and diligence, and attract the best people to Council, as representatives, employees and volunteers. 4.1 Shire services meet the needs of our communities and stakeholders at an acceptable cost 4.2 We make decisions through transparent processes and execute our plans prudently and effectively 4.3 East Gippsland Shire Council is an exciting, rewarding and inclusive organisation

The following pages document the performance, achievements and challenges of Council during 2015-16 in each of our areas of focus.

Progress against the Council Plan 2013-2017 is measured throughout the year against the delivery of commitments set out in the annual action plan. Our progress is reported quarterly to the Audit Committee and Council. These quarterly progress reports are published to the community through Council's website.

Council's performance for the 2015-16 year is reported against each strategic objective to demonstrate how council is performing in achieving the Council Plan. Performance has been measured as follows:

- Results achieved for the strategic indicators in the Council Plan.
- Progress on the major initiatives identified in the 2015-16 Budget.
- Services funded in the budget.
- Results against the prescribed service performance indicators and measures.

Council's performance for 2015-16

More than 86% of planned activities have been completed or are ongoing. This leaves 14% that are behind schedule, with one overdue project. Information on these activities is provided below.

Overall status of major initiatives

Status of 11 Major Initiatives		End of December 2015	End of financial year 30 June 2016
Completed		-	4
Not likely to meet		-	
Behind Schedule		1	2
On Schedule/ongoing		9	5
Not commenced		1	

Major Initiatives that were completed

Major Initiative	Further information
1.1.1.2 Implement actions from the Reconciliation Action Plan and embed cultural change in the organisation through increased mutual understanding and effective partnerships.	Page 41
2.1.1.1 Finalise the 'Bright Futures' (energy efficiency) project to reduce energy consumption and carbon emissions within key areas of Council.	Page 51
2.3.2.1 Develop an asset management process to ensure core compliance with the National Asset Management Assessment Framework.	Page 57
3.2.1.3 Work with the Orbest community to evaluate projects from Advancing Orbest 2020 that can be implemented to transform the local economy.	Page 63

Major Initiatives that are ongoing

Major Initiative	Further information
1.2.3.1 Work with communities to build capacity through implementation of priority actions in Community Plans.	Page 44
1.3.3.1 Coordinate workshops to address social and preventative health issues that have been identified as a priority issue for multiple agencies.	Page 45

Major Initiative	Further information
4.1.3.1 Maintain a Long Term Financial Plan that is prudent, sustainable and protects the interests of the Shire and its people.	Page 67
4.2.1.2 Provide opportunities for our community to have a say in matters of interest to them through engagement and accessibility to Councillors and staff	Page 69
4.2.2.3 Identify and implement process and improvement initiatives to ensure greater efficiency, organisational benefits and increased productivity.	Page 69

Major Initiatives that are behind schedule

Major Initiative	Further information
2.1.3.1 Implement the Waste Facilities and Disposal Strategy to provide the most suitable and safe waste service model for the region	Page 52
2.3.2.2 Pilot a project in Lakes Entrance project to support long-term community adaptation to the impact of climate change.	Page 58

Overall status of all other initiatives

Status of the remaining 102 Initiatives		End of December 2015	End of financial year 30 June 2016
Completed		1	25
Overdue		0	1
Behind Schedule		5	7
Ongoing		50	23
Not commenced		0	0

Council Plan initiatives that are behind schedule

Initiative	% Complete
<i>Develop a Positive Ageing Plan 2015-2020</i>	30%
Comments: This project has been re-scoped and will be developed as part of the Age Friendly Communities Project.	
<i>Finalise the Gippsland Lakes Sustainable Development Plan and commence incorporation into the East Gippsland Planning Scheme</i>	70%
Comments: After significant delays, new consultants have been engaged to finalise the Gippsland Lakes Sustainable Development Plan and a final draft of the Plan was received in late June. Final editing of the plan will occur in the first quarter of 2016-17	
<i>Finalise an Open Space Policy and begin developing planning tools to</i>	70%

Initiative	% Complete
<i>guide delivery of future open space improvements across the Shire</i> Comments: A consultant's report on Public Open Space responsibilities of East Gippsland Shire was received earlier in the year. The report has been reviewed and information gaps identified. A revised structure has been developed for the plan and further information sourced to fill information gaps. Two sub plans have also been developed to complement the Open Space strategy being an East Gippsland Play Space Strategy and an East Gippsland Toilet Strategy. □ The Play Strategy is mostly complete, with an audit of the Shire's play spaces undertaken over January / February. □ The Toilet Strategy is also mostly complete, with standard designs currently being developed to enable the Strategy's finalisation. □ This project has now been carried forward to 2016-17 due to a lack of dedicated resources.	
<i>Develop design to improve the appearance of the Centre Business District (CBD) streetscapes in Lakes Entrance, Orbost, Metung and Bairnsdale</i> Comments: Concept designs have been finalised for the next stages of implementing Re-Imagining Bairnsdale being the upgrade of Service Street between Francis St and Nicholson St; and the upgrade of Nicholson St between the Mall and Service Street. This work has included extensive engagement with traders and the broader community to seek feedback on the designs. Detailed designs and tender specifications are currently being finalised to enable construction of the next stage of this work to commence in 2017.	95%
<i>Progress a Planning Scheme Amendment to identify and guide development around landfill sites</i> Comments: This is a multi-year project designed to protect East Gippsland Shire's landfill sites and East Gippsland Water's water treatment sites from encroaching development. The protection will be in the form of a buffer or overlay to be identified in the East Gippsland Planning Scheme. The planning scheme amendment cannot proceed without a range of technical support studies currently being prepared by East Gippsland Water and East Gippsland Shire's Waste area. These studies were not provided to the Strategic Planners by the end of financial year as originally forecast.	50%
<i>Finalise delivery of Eastern Creek drainage infrastructure for Lakes Entrance</i> Comments: Delays with this project are a result of problems with an existing gravity sewer pipeline running through the creek upstream of the Carpenter Street Bridge. Unfortunately this pipeline is at such a level that in its current location it interferes with all the design components downstream. As the pipeline is an East Gippsland Water asset, Council cannot undertake any additional works until an agreement is reached. At this time, the timeframe for this project is outside of Council's control and will be advised following negotiations with East Gippsland Water.	72%
<i>Implement recommendations from the Freight Strategy for an improved freight network and new freight-related infrastructure in East Gippsland.</i> Comments: The Freight Strategy is still a draft and not endorsed by Council. The draft is on hold until the new Council is in place. Despite this, various works by both Council and external agencies (VicRoads, V/Line) have been progressed for a number of the actions identified in the action plan. These include potential long vehicle parking and rest stops, improved access to the Dargo Bairnsdale Road, Giles Street upgrades, road improvements in Cann River, Princess	25%

Initiative	% Complete
Highway improvements East of Bairnsdale, Lakes Entrance CBD improvements (planning stage) and a Lindenow access study. Council has also financially supported a study through Gippsland Local Government Network into the Gippsland rail network. The resulting plan will be used to advocate to government for improvements to the rail network.	

The following pages outline our performance in each area of focus: People, Place, Economy and Stewardship.

People

We contribute to healthy, resilient and independent communities and support increased connection with their history, landscape, local economies, families and their social networks.

Goal 1.1: Our communities are connected and inclusive

The Shire supported a range of community events for Social Inclusion Week, from 21 to 29 November. An informal event to get to know Muslim women and their culture was booked out, with participants invited to learn how to drape a scarf. Melbourne Vixens and Victorian Fury players visited the region to conduct a 'come and try' netball session. Events helping East Gippsland people who have arrived in Australia within the past five years were held in Bairnsdale.

One of the main events of Social Inclusion Week was a workshop with Geelong performer, writer and disability advocate Thomas Banks. Thomas performed his show 'Someone Like Thomas Banks' in East Gippsland in 2016. The show detailed Thomas' story as a man searching for love and claiming his identity. This was run in collaboration with a youth forum celebrating and exploring issues relating to diversity and social inclusion. It was well attended by 154 young people from across East Gippsland.

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

Strategic Indicator	Results			Comments
	2013-14	2014-15	2015-16	
Increase in library activity from the previous year	257,641	346,766	344,325	Over the past year our libraries launched a new online magazine database Zinio, which holds 29 magazine titles; added an additional database of eBooks, Axis 360 which contains an additional 250 eBook titles; replaced Library Opacs and added extra machines providing better access to the library catalogue across the Shire; and introduced the ability to join the library online.
Increase in the number of people participating in arts programs and activities	9,914	11,392	10,929	The number of performances at the Forge Theatre and Arts Hub has doubled, from 47 in 2013-14 to 99 in 2015-16.

The following statement reviews the progress of Council for major initiatives identified in the 2015-16 budget.

Major Initiatives	Progress
Implement actions from the Reconciliation Action Plan and embed cultural change in the organisation through increased mutual understanding and effective partnerships.	Actions achieved over the past 12 months include: Cultural awareness training for 266 staff, including Councillors. Employment policies adopted to increase job opportunities for the Aboriginal and Torres Strait Islander community. Four school-based traineeships with Council, which will be offered annually. The Aboriginal Best Start program has commenced. Consultation with the Aboriginal community has provided valuable insight into the possibilities for supporting improved access to early childhood education for vulnerable Aboriginal children in East Gippsland. Tools to support acknowledgement of traditional owners when conducting Council business such as meetings, workshops, forums, and protocols developed. An acknowledgement of traditional owners is included in all staff email signatures. Council hosted the flag raising ceremony for NAIDOC Week celebrations and offered support to events throughout the week of celebrations. Community Elders, Councillors and senior staff were invited to come together for a boat cruise on the Gippsland Lakes during Reconciliation Week. This shared experience provided an opportunity to connect leaders in the community.

The following statement provides information about the services funded in the 2015-16 budget.

Business area	Description of services provided	Net Cost Actual Budget Variance \$'000
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.	336 <u>367</u> 31
Community Programs	The Community Programs function manages Council's community programs to ensure support, assistance and information are 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.	533 <u>629</u> 96

		Net Cost Actual Budget Variance \$'000
Business area	Description of services provided	
Library Services	Council provides public libraries and outreach services at six locations within the municipality. These centres are customer-focused and provide 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.	1,022 <u>1,147</u> 125
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.	454 <u>458</u> 4

The following statement provides the results of the prescribed service performance indicators and measures.

Results			
Service/Indicator/measure	2014-15	2015-16	Comments
Libraries			
Utilisation			
<i>Library collection usage</i> [Number of library collection item loans / Number of library collection items]	3.09	3.26	Collection usage has increased due to the introduction of e-Resources, enabling users to access material from home or other locations. Training on Resource usage has been a focus this financial year.
Resource standard			
<i>Standard of library collection</i> [Number of library collection items purchased in the last 5 years / Number of library collection items] x100	52.87%	51.46%	The age of the collection is slightly higher this year, a focus on weeding out older stock will address this.
Service cost			
<i>Cost of library service</i> [Direct cost of the library service / Number of visits]	\$3.23	\$3.70	The increased cost of the library service is due to a small reduction in people through the doors. This could be due to the ability to access the library from home due to the availability of e-Resources

Goal 1.2: Our communities are resilient and adaptable

We're partnering with other organisations and the community to help them during times of emergency. Council officers, together with a wide range of partner organisations and community members from fire-affected communities at Glenaladale, Bonang and Goongerah have been implementing the Adaptation Recovery Project, following fires in January 2014.

The project, funded by the Victorian Government, is being delivered as a collaborative approach that focusses on addressing the immediate barriers for communities to recover from multiple events. Importantly, the project aims to develop the capacity of communities to respond to future events.

A number of activities have been undertaken with the affected communities to date. This has included the development of Local Incident Management Plans, establishment of local Emergency Management Committees, participation in community events, training opportunities and investigating opportunities for the development of sustainable community outcomes for these small and remote communities.

The projects and approaches have been tailored to the particular requirements of each community. The project will continue to be implemented until late 2016 and is subject to a formal evaluation process that has commenced.

Strategic Indicator	Results			Comments
	2013-14	2014-15	2015-16	
Number of scheduled Local Incident Management Plans adopted by Council	15	17	22	Further information on Council's Emergency Management activity is provided from page 90.
Percentage of Community Plan projects completed	61%	59%	n/a ¹	In 2015-16 over 223 actions were implemented from adopted Community Plans. Council invested over \$16.9 million to support the implementation of Community Plans. There are over 750 independent actions and strategies across the 11 plans. An additional 75 projects have commenced in other communities that we are working in.

¹ Officers continue to work with community groups to prioritise and review plans to ensure that effort and resources are focused on achievable high priority actions of importance to individual localities. For the first time, an attempt has also been made to quantify Council's investment in the implementation of Council-led priorities identified in Community Plans. This excludes an estimate of officer time associated with project delivery.

Major Initiatives	Progress
1.2.3.1 Work with communities to build capacity through implementation of priority actions in Community Plans	A review of the implementation of priority actions from Community Plans across the 2015-16 year showed that Council has had direct involvement with the implementation of 223 actions with a value of \$16.9 Million. This value does not include the cost of officers' time.

Business area	Description of services provided	Net Cost Actual Budget Variance \$'000
Community Planning	The Community Planning function 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.	137 <u>196</u> 59
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.	704 <u>574</u> (130)
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.	413 <u>418</u> 5
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.	1,418 <u>1,105</u> (313)

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

Designs and masterplans have been completed for a number of reserves and playgrounds across the shire, including Mallacoota Recreation Reserve; Nowa Nowa

Foreshore and Recreation Reserve Master Plan; Howitt Park Reserve Master Plan; Lindenow Recreation Reserve Master Plan; Lake Tyers Foreshore Management Plan; Swifts Creek Memorial Swimming Pool Plan.

Strategic Indicator	Results			Comments
	2013-14	2014-15	2015-16	
Increased attendance at Council-operated recreation facilities (Source: Council Recreation Centre Data)	343,801	357,425	283,550	Centre member attendances have reduced overall. Fewer learn to swim participants this year correlates to a continued lower birth rate documented in the region between 2012-13 and 2014-15. There were also fewer school aged learn to swim participants, because schools completed an alternate open water safety program supported by Council. See page 149 of the Performance Statement for more data on visitation.
Rated community satisfaction with the performance of Council-operated recreational facilities (Source: Local Government Community Satisfaction Survey)	69	n/a ²	n/a ³	91.35% of respondents to the Council-issued satisfaction survey in 2014 indicated that they would recommend recreation centre programs to family and friends.
Increasing immunisation coverage rates (Source: Australian Childhood Immunisation Register (ACIR))	93%	91%	94%	The ACIR changed the way they assess children as being up-to-date to include new vaccines. This has had an impact on the coverage rates.

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. VicHealth has not released any new survey data since their 2011 surveys.

Strategic Indicator	Baseline/Target
Increasing community perception of feeling safe in the community: day	+0.4%/≥ Victorian average
Increasing community perception of feeling safe in the community: night	+3.3%/≥ Victorian average

Major Initiatives	Progress
1.3.3.2 Coordinate facilitated working sessions to address social health issues identified as a priority	Council holds a leading role to deliver the Communities that Care project (alcohol and drug project with young people) on behalf of the

² Rated satisfaction with Council's Recreation facilities was not measured using the same methodology in 2015-16. An internal Customer Satisfaction Survey was completed in October 2014.

³ No new data is available for 2015-16.

issue for multiple agencies.	Department of Justice and in conjunction with local service agencies. Workshops are held that outline project achievements and actions and build on existing services. Work with a range of agencies is taking place to plan for and take action on a number of social health issues including Ice Prevention; Prevention of Violence against Women; Healthy Eating/ Healthy Exercise; Walktober and Mental Health initiatives such as the development of a Bairnsdale Headspace project. Council also helped run The Wellbeing of East Gippsland's Children Forum in Lakes Entrance on 25 August. Approximately 60 people attended a number of workshops on key early year's issues including programs for vulnerable children.
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Business area	Description of services provided	Net Cost Actual Budget Variance \$'000
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 <i>Public Health and Wellbeing Act 2008</i> . It protects the community's health and wellbeing by coordinating food safety support programs, registered premises inspections, <i>Tobacco Act 1987</i> 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.	157 <u>254</u> 97
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 <i>Domestic Animals Act 1994</i> , 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 Victorian legislation.	522 <u>579</u> 57
Recreation Centres	This service combines a wide range of programs and services, which provide opportunities accessible to people 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 pool facilities, a fully equipped	2,206 <u>2,189</u> (17)

Business area	Description of services provided	Net Cost
		Actual Budget Variance \$'000

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.	1,770
		<u>1,572</u>
		(198)

Service Performance Outcome Indicator	2014-15 result	2015-16 result	Comments
Animal Management			
Timeliness			
<i>Time taken to action animal requests</i> [Number of days between receipt and first response action for all animal management requests / Number of animal management requests]	n/a	2.10	More requests were processed during this period, which has resulted in an increase in the time taken to action the requests. Council received 5084 Animal requests in 2015-16, compared to 3286 requests in the previous year. Improvements to processes were implemented to ensure all documentation is correct and up to date. More information about our domestic animal service is available at www.eastgippsland.vic.gov.au/pets .
Service standard			
<i>Animals reclaimed</i> [Number of animals reclaimed / Number of animals collected]	37.55%	40.30%	Animal owners in our shire are good at displaying their registration tag, which helps return animals to their owners. This year 531 animals were collected and impounded. Victorian Animal Aid manages the shelter on behalf of Council and reunites pets with their owners. You can see what animals are currently available for adoption at

Service Performance Outcome Indicator	2014-15 result	2015-16 result	Comments
			eastgippsland.vic.gov.au/Services/Community_Laws/Animal_Shelter
Service cost <i>Cost of animal management service</i> [Direct cost of the animal management service / Number of registered animals]	\$24.10	\$18.13	The cost of this service per animal has reduced as a result of new processes that have been implemented, including increased community education (responsible pet ownership), monitoring and enforcement of the legislation. Council's contractor Animal Aid Victoria bears the direct cost of managing the Pound. Council did not undertake any animal management prosecutions in this period. The majority of reported attacks were deemed by Council to be of a non-serious nature, as per legislation, which only results in infringements being issued.
Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	0	0	
Aquatic Facilities			
Satisfaction <i>User satisfaction with aquatic facilities</i> [User satisfaction with how council has performed on provision of aquatic facilities]	n/a	n/a	This is an optional measure.
Service standard <i>Health inspections of aquatic facilities</i> [Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]	2	2	The safety of patrons is important. Our Recreation Centres have established a system of two mandatory inspections per year, however Council also conducts regular inspections to ensure high quality of service is maintained. Find out more about our aquatic facilities at eastgippsland.vic.gov.au/recreationcentres
<i>Reportable safety incidents at aquatic facilities</i> [Number of WorkSafe reportable aquatic facility safety incidents]	0	2	Two reportable safety incidents happened at Council-operated aquatic facilities during this period. Staff have established safety systems and procedures that are benchmarked and

Service Performance Outcome Indicator	2014-15 result	2015-16 result	Comments
Service cost			updated annually. Actions put in place following these incidents include improving fencing and further awareness training for lifeguards.
<i>Cost of indoor aquatic facilities</i> [Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities]	\$4.06	\$4.86	Lower attendances at aquatic facilities have resulted in a higher cost per attendance. Work to reduce costs through improvements identified in an operational and service review continues and has resulted in a 5% reduction in overall costs compared to last year.
<i>Cost of outdoor aquatic facilities</i> [Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]	\$12.11	\$13.24	The outdoor pools both had reduced attendances as a result of colder temperatures. This impacted particularly in December, February and March. While costs were lower compared to last year, lower income and lower attendances resulted in a higher cost per attendance.
Utilisation			Centre member attendances have reduced overall. Fewer learn to swim participants this year correlates to a continued lower birth rate in the region between 2012-13 and 2014-15. There were also fewer school aged learn to swim participants, because schools completed an alternate open water safety program supported by Council. New data reporting procedures also uncovered some duplication in previously-stated attendance results. A computer-based customer counting system is planned for 2016-17 to improve the accuracy of our attendance data.
<i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	7.92 ⁴	6.45	
Food Safety			
Timeliness			
<i>Time is taken to action food complaints</i>	n/a	1.15	Council is vigilant in ensuring food complaints are followed

⁴ See page 150 of the performance statement for an explanation about this restated data.

Service Performance Outcome Indicator	2014-15 result	2015-16 result	Comments
[Number of days between receipt and first response action for all food complaints / Number of food complaints]			to protect residents and visitors to the municipality from unsafe food. East Gippsland Shire received 33 food complaints for this period. The average time to respond to these complaints is 1.15 days. Find out more about food safety at eastgippsland.vic.gov.au/Services/Public_Health/Food_Businesses
Service standard <i>Food safety assessments</i> [Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment by the <i>Food Act 1984</i> / Number of registered class 1 food premises and class 2 food premises that require an annual food safety assessment by the <i>Food Act 1984</i>] x100	100.28%	92.08%	East Gippsland Shire had 303 registered food premises that required an annual food safety assessment this year. An unexpected increase in food complaints that required investigation has impacted this result. Investigation and resolution of food complaints are prioritised over inspections. A total of 279 inspections were therefore carried out. The remaining premises will be inspected in the following period.
Service cost <i>Cost of food safety service</i> [Direct cost of the food safety service / Number of food premises registered or notified in accordance with the <i>Food Act 1984</i>]	\$504.30	\$528.01	Council's food safety inspectors travel across the region to make sure our food premises adhere to safety standards. Our large geographic area means that they sometimes travel up to three hours away to undertake inspections, which impacts the cost of delivering this service to the community.
Health and safety <i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about food premises] x100	0	100%	All non-compliances are followed up. Last year there were no critical and non-compliance notifications compared to three this year.

Place

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

Goal 2.1: Our resources are used in a sustainable way

We're providing alternative safe and quality waste facilities and disposal services to the East Gippsland community. The Waste Facilities and Disposal Strategy (Strategy) has a significant number of changes identified within it, mainly due to improvements been made and needing to rationalise the existing waste facilities while at the same time providing improved services to our communities.

Several projects have been completed since the strategy was adopted. Extensive consultation with relevant communities on the proposed action plans are underway. Furthermore, 26 projects are currently being executed across the shire as part of 2015-16 capital works program. Further information on this major initiative is provided on page X.

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

Strategic Indicator	Results			Comments
	2013-14	2014-15	2015-16	
Reduce emissions from Council's energy use from 2011-12 levels	6,834 CO ²	8,847 CO ²	7,356 CO ²	The Bright Futures project has seen big reductions in emissions in Council-owned and operated assets. See item 2.1.1.1 below for more information about these projects.
Reduce Council's energy use from 2011-12 levels	30,819 GJ	33,583 GJ	26,268 GJ	Big reductions in overall energy use has resulted from the Bright Futures energy efficiency projects. Savings will be on-going.

The following strategic indicator is now reported as part of the Local Government Performance Reporting Framework Indicators on page 53.

Strategic Indicator	
Increase in the percentage of household waste, recyclables, and green organics collected from kerbside bins that is diverted from landfills.	
Major Initiatives	Progress
2.1.1.1 Finalise the 'Bright Futures' (energy efficiency) project to reduce energy consumption within key areas of Council.	This project is complete. The three major energy efficiency projects under the Community Energy Efficiency Program were upgrades to heating and lighting at the Lakes Entrance Aquadome, Bairnsdale Aquatic and Recreation Centre and the Bairnsdale Corporate Centre and the replacement of P class street lights with LED luminaires.

Major Initiatives	Progress
	The projects attracted \$1.7 million in grant funding with an overall expenditure of \$3.1 million. Energy cost savings in 2015-16 were close to \$0.5 million compared to the 2013-14 period prior to the commencement of the project. In addition to a healthy return on investment carbon dioxide emissions were significantly reduced, heating and lighting in the recreation centres were improved and the quality of street lighting enhanced.
2.1.3.1 Implement the Waste Facilities and Disposal Strategy to provide the most suitable and safe waste service model for the region	80% of projects planned under the Waste Facilities and Disposal Strategy for 2015-16 are on schedule. The remaining 20% are behind schedule due to technical issues, design alterations, Environment Protection Authority approvals and contractor delays. Council's waste unit is currently undertaking the following projects: • Capping of Orbost landfill. • Upgrade of Omeo Waste Transfer Station. • Capping of Bosworth Road landfill. • Capping design for Cell 1 and Cell 3 at Bairnsdale Landfill. • Capping design for Lakes Entrance Landfill. • Design and upgrade of waste transfer stations in Bruthen, Bemm River and Swifts Creek. • Split Trailers have been installed at Anglers Rest and Glen Wills. • Construction of rural kerbside bin enclosures at Gipsy Point and Ensay region.

The following statement provides information about the services funded in the 2015-16 budget and the persons or sections of the community who are provided the service.

Business area	Description of services provided	Net Cost Actual Budget Variance \$'000
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.	606 <u>523</u> (83)
Waste Services	This service provides kerbside waste collection of household waste, recycling and green waste; and landfill and transfer station facilities. The service operates and rehabilitates Council's current and former landfills, and manages the East Gippsland Waste and Recycling Centre in ways that promote positive waste behaviour in the community and minimise environmental impacts.	6,779 <u>6,968</u> 189

The following statement provides the results of the prescribed service performance indicators and measures.

Service Performance Outcome Indicator	2014-15 result	2015-16 result	Comments
Waste Collection Satisfaction			
<i>Kerbside bin collection requests</i> [Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x1,000	16.25	16.23	Council collects 19,281 kerbside bins. The low number of requests (313) compared to the bins collected is consistent with new development in the region. It also indicates the high level of customer satisfaction with waste services. Requests include damaged bins, uncollected bins, stolen bins and additional bins. To find out more about the waste services council provides visit eastgippsland.vic.gov.au/Waste
Service standard			
<i>Kerbside collection bins missed</i> [Number of kerbside garbage and recycling collection bins]	0.59	1.78	A single incident where kerbside bins from an entire street were missed has increased this result. This occurred only in one

missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x10,000

instance and the bins were picked up the next day.

Service cost

Cost of kerbside garbage collection service
[Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]

\$59.79

\$53.56

Our waste and recycling services are provided by a contractor and based on the lump sum contract price with CPI increases. A new 10-year contract was awarded to Tambo Waste Pty Ltd in this period.

Cost of kerbside recyclables collection service
[Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]

\$34.67

\$38.48

Our waste and recycling services are provided by a contractor and based on the lump sum contract price with CPI increases. A new 10-year contract was awarded to Tambo Waste Pty Ltd in this period.

Waste Diversion

Kerbside collection waste diverted from landfill
[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100

54.73%

54.08%

Council is committed to actively encouraging, promoting and supporting best practice waste management. Council plays a key role in educating the community about reducing waste to landfill and developing new ways to manage this impact on our landfills, which are very expensive to maintain. This year we won an Innovation Award at the Australasian Waste & Recycling Expo for the development and roll-out of split waste and recycling trailers to address issues with providing waste services in our remote areas. The Split Skip Bins not only introduced recycling for the first time in these remote communities and provided an alternative waste disposal, it also proved to be logistically viable by reducing the collection frequency.

Goal 2.2: Land use planning delivers vibrant, connected and productive places

We're improving streetscapes in Bairnsdale, Lakes Entrance and Orbost. Council has embarked on a program that will see streetscapes, pavement and general beautification improvements to Bairnsdale, Lakes Entrance's and Orbost central business districts (CBD).

The projects aim to create towns that will be vibrant and active in the long term. Nobody knows best how a town centre works or, more importantly, how it can flourish better than the

people who live and work there and visit regularly and the project team is working closely with each community to identify the best ideas for improving the town centres.

To capture this valuable information and local ideas, Shire staff and our consultant have been talking to the community through Set Up Shop's and Community Design Workshops where the community were invited to meet the project team, ask questions, view and comment on plans and maps, and write down their thoughts and ideas.

The work will develop a long-term master plan for the CBD as well as design projects for more immediate construction with funds set aside in Council's budget to start priority projects straight away.

Strategic Indicator	Results			Comments
	2013-14	2014-15	2015-16	
Paynesville, Eagle Point and East Bairnsdale Structure Plans completed and adopted by Council.	25%	60%	83%	Both the Paynesville Growth Area Structure Plan and the East Bairnsdale Structure Plan have been completed and adopted by Council. Eagle Point Structure Plan was progressed to final draft stage, but was then paused to further consider the quality of the output. Based on review of work to date, the finalisation of the Eagle Point Structure Plan has been rescheduled to 2016-17 and an alternate consultant engaged to complete the work.

The following strategic indicators are now reported as part of the Local Government Performance Reporting Framework Indicators on page 58.

Strategic Indicator
Increase in the percentage of planning application decisions made within 60 days.
Decrease in the median number of days to decide planning applications.
Increase in the proportion of planning application decisions subject to a review by VCAT that upheld Council's decision.

The following statement provides information about the services funded in the 2015-16 budget and the persons or sections of the community who are provided the service.

Business area	Description of services provided	Net Cost Actual <u>Budget</u> Variance \$'000
Strategic Planning	This service aims to deliver vibrant, connected and productive places and infrastructure to current and future community needs.	1,641 <u>1,326</u> (315)
	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.	

Business area	Description of services provided	Net Cost
		Actual Budget Variance \$'000
	This is supported through continual reviews and improvements to the East Gippsland Planning Scheme.	
Statutory Planning and Development Services	Statutory Planning process and assess planning applications in accordance with the <i>Planning and Environment Act 1987</i> , 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.	703 <u>761</u> 58
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.	122 <u>112</u> (10)

The following statement provides the results of the prescribed service performance indicators and measures.

Service Performance Outcome Indicator	2014-15 result	2015-16 result	Comments
Statutory Planning Timeliness <i>Time taken to decide planning applications</i> [The median number of days between receipt of a planning application and a decision on the application]	47	35	Council's planning department processes over 500 planning applications each year. New processes have been put in place over the past year that have improved service and customer satisfaction. To find out more about planning services visit eastgippsland.vic.gov.au/Planning_and_Building
Service standard <i>Planning applications decided within 60 days</i> [Number of planning application decisions made within 60 days / Number of planning application decisions made] x100	64.34%	77.61%	New internal processes for applications has had positive results on number of applications decided within the statutory timeframe. This has seen a 21% improvement on last year. East Gippsland Shire Council's processing times are higher than the rural average.

Service cost

<i>Cost of statutory planning service</i> [Direct cost of statutory planning service / Number of planning applications received]	\$1,680.62	\$1835.60	Council processed fewer applications in 2015-16, which has impacted the cost per application for this service. In 2015-16 we received 505 applications, compared to 563 in the previous period.
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Decision making

<i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	50%	33.33%	Council planning officers have been mindful to ensure decision-making is consistent with appropriate planning outcomes. Fewer planning applications were considered by VCAT compared to last year.
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Goal 2.3: Our infrastructure meets current and future community needs

New infrastructure is being delivered and maintained. A new footpath on a section of Main Road, Paynesville will make it easier and safer for people to access some of the town's community facilities.

Maintenance works during this period includes: The new footpath, between King and Ashley streets was constructed by the Shire's concreting crew. Council funded half the project and received a grant under the TAC's Local Government Grants Program for the remaining share. The project cost \$65,000.

Community user groups that have facilities in the area were consulted to make sure the footpath will meet their needs and provide a safe and accessible link.

The path connects with the recently-constructed school crossing and allows pedestrians and cyclists to link with the footpath on Langford Parade. Footpath connections and pedestrian safety around the primary school are priority actions in the Paynesville and District Community Plan.

Strategic Indicator	Results			Comments
	2013-14	2014-15	2015-16	
Achieve core compliance with the National Asset Management Assessment Framework.	95%	45% ⁵	99%	All works required to achieve Core Compliance has been completed, and Council is currently waiting on formal notification that Core Compliance has been achieved.

Strategic Indicator	Results			Comments
	2013-14	2014-15	2015-16	
Percentage of Capital Works Program completed by the end	57%	98%	89%	There have been a number of projects delayed due to design and approval issues. Some

⁵ An in-depth review of the requirements was carried out in 2014-15. The score card was revised to more closely match what had been achieved overall.

Strategic Indicator	Results			Comments
	2013-14	2014-15	2015-16	
of the financial year.				grant income was also not received. A small number of projects have been delayed for a number of months due to weather, which will see them completed within the first quarter of the 2016-17 financial year.

Major Initiatives	Progress
2.3.2.1 Develop an asset management process to ensure core compliance with the National Asset Management Framework	All works required to achieve Core Compliance have been completed. Council is currently waiting on formal notification that Core Compliance has been achieved.
2.3.2.3 Pilot a project in Lakes Entrance project to support long-term community adaptation to the impact of climate change.	Scoping of this project has been completed and a Project Brief has been developed. This project will now be known as the Lakes Entrance Growth and Adaptation Strategy. The exact timing of commencement of the Expression of Interest process is subject to the release of data associated with the Gippsland Lakes and Ninety Mile Beach Local Coastal Assessment Project currently held by the Victorian Government.

The following statement provides information about the services funded in the 2015-16 budget and the persons or sections of the community who are provided the service.

Business area	Description of services provided	Net Cost Actual Budget Variance \$'000
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.	340 397 57
Asset Maintenance	This service provides ongoing maintenance of the Council's assets, including 2,900km of roads, 209 bridges and 23 pedestrian bridges; over 300km of drains and 186 km of footpath, and 517km 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.	25,621 23,426 (2,195)

		Net Cost Actual Budget Variance \$'000
Business area	Description of services provided	
Project Management	This service undertakes project planning, design and delivery of various works within Council's Capital Works Program.	697 472 (225)
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.	2,473 2,316 (157)
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.	525 (0) (525)

The following statement provides the results of the prescribed service performance indicators and measures.

Service Performance Outcome Indicator	2014-15 result	2015-16 result	Comments
Roads			
Satisfaction of use			
<i>Sealed local road requests</i> [Number of sealed local road requests / Kilometres of sealed local roads] x100	23.16	21.66	The number of customer requests about sealed local roads has decreased from 2014-15 due to improved maintenance processes and faster response times. Council received a total of 253 requests about sealed local roads in this period. East Gippsland Shire is the second largest municipality in Victoria with an extensive network of just over 1100km of sealed roads through 41 local townships. The balance is managed by VicRoads.
Condition			
<i>Sealed local roads below the intervention level</i> [Number of kilometres of sealed	93.80%	94.01%	The slight improvement in the number of sealed local roads below the specified intervention level is a result of

local roads below the intervention renewal level set by Council / Kilometres of sealed local roads] x100			increased supervision and performance monitoring of Council's road maintenance contractor.
Service cost			
<i>Cost of sealed local road reconstruction</i> [Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]	\$47.12	\$63.64	The cost of sealed local road reconstruction has increased due to smaller repairs completed during the period. The cost to repair small areas of roads are slightly higher because they require plant and equipment to be moved more often. In addition to our regular sealed roads program, we maintain sealed roads in a number of far reaching communities using limited facilities.
<i>Cost of sealed local road resealing</i> [Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]	\$7.11	\$5.23	The cost of local road sealing has decreased due to a decrease in the cost of bitumen and increased competition in the region.
Satisfaction			
<i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	46	46	The level of satisfaction with local sealed roads has remained stable. The level of satisfaction with East Gippsland Shire Council is two points above the Large Rural Councils average of 44. A number of sealed roads within the municipality are managed by VicRoads, who manage the main arterial roads. The rating therefore reflects on both Council and VicRoads managed assets.

Goal 2.4: Our natural assets are maintained and enhanced

Twelve local primary schools were supported through the ResourceSmart Schools project. The ResourceSmart Schools program is about educating the next generation about sustainability. The project included a range of individual school activities and a collective 'Do More with Less' conference on the 13/11/15. Seven schools (51 students) participated in this event at Bairnsdale Primary School 754. The event was facilitated by CERES educators. Students workshopped sustainability ideas and road tested a series of work stations that included hand and foot powered appliances, a solar powered tap, a sustainable home model house and climate change game.

Strategic Indicator	Results			Comments
	2013-14	2014-15	2015-16	
Percentage of 206 km of Target Area Roadside Weed Control treated.	271% (560 km)	197% (406km)	175% (360km)	
Percentage of land managed in accordance with approved vegetation offset plans.	100%	n/a	n/a	Changes to the Native Vegetation Framework in 2014-15 resulted in changes to the Land Bank arrangements put in place to provide vegetation offsets for priority Council projects. While we will continue to manage existing Land Bank sites, it is not recommended that there be any further expansion of this program at present.

Business area	Description of services provided	Net Cost Actual <u>Budget</u> Variance \$'000
Environmental Management	The Environmental Management function is to identify and manage broad based environmental issues on Council owned or managed land including Council's Mosquito Management Program, pest plants and animals and urban waterways.	1,486 <u>1,239</u> (247)
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.	3,545 <u>3,904</u> 359

Economy

We market a positive investment environment that promotes and builds on our diverse mix of economic activity and assist enterprises to take advantage of opportunities in a rapidly changing economic and social world.

Goal 3.1: Our business environment is adaptable and prosperous

We're investigating opportunities to improve profitability and value within the agri-food and seafood sectors, including the meat, fishing, dairy and horticulture. Funding has been provided for the East Gippsland Food Cluster to continue work in support of the Economic Development Strategy, including the delivery of an East Gippsland food brand, value-adding opportunities in meat processing and workforce development solutions to support the primary producers, particularly in horticulture.

A Food Forum was delivered where food industry businesses heard from industry representatives on current projects that support industry growth, marketing and networking.

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

Strategic Indicator	Results			Comments
	2013-14	2014-15	2015-16	
Increase in the number of registered businesses in the region.	8,451	8,545	8,129	New business registrations decreased 4.87% in 2015-16.
Positive growth for Headline Gross Regional Product (GRP).	\$1.751m	\$1.818m	\$1.915m	The region's GRP has increased 6.09% since 2012.

The following statement provides information about the services funded in the 2015-16 budget and the persons or sections of the community who are provided the service.

Business area	Description of services provided	Net Cost Actual Budget Variance \$'000
Major Projects	This service works with the Victorian Government, industry and business to support the attraction of new investment in East Gippsland.	274 343 69
	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.	
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	118 120 2

Business area	Description of services provided	Net Cost
		Actual Budget Variance \$'000
	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.	

Goal 3.2: Our economy provides opportunities for employment, learning and training

Council partnered with the Gippsland East Local Learning and Employment Network (GELLEN) and East Gippsland schools to deliver a Workforce Development Project. The funding of \$25,000 is being used to develop partnerships between industry, education providers and research institutions to assist young people to attain higher level qualifications and develop skills to support the employment needs of the local economy.

GELLEN and East Gippsland schools delivered a series industry taster days. These sessions targeted the health industry, manufacturing industry, food industry and a work Inspirations day with local government hosted by Council. Over 150 students from Lakes Entrance, Bairnsdale and Mallacoota participated in the programs. The Mallacoota program engaged over 65 students and included 13 local business people and professionals from tourism, hospitality, ambulance, fisheries, abalone divers, parks, retail, medical (doctor), health centre, engineering and automotive industries.

Strategic Indicator	Results			Comments
	2013-14	2014-15	2015-16	
Regional unemployment rate compared to state unemployment rate.	6.2%	6.1%	6.9%	The unemployment rate has increased to 6.9%, which is 1.3% higher than the Victorian unemployment rate. This could be explained by the decrease in the number of business registrations and the generally slow economy.
Increase in the percentage of exiting Year 12 students continuing to higher education.	22.3%	22.3%	n/a	Data sourced through GELLEN.
Increase in the number of adults upskilling.	n/a	n/a	n/a	Data is unable to be sourced. The Victorian Government has changed the way they report this data.

Major Initiatives	Progress
3.2.1.3 Work with the Orbest community to evaluate projects from Advancing Orbest 2020 that can be implemented to transform the local economy.	This multi-year project is complete. The program was completed as part of the 'Local Business Development and Financing' priority project identified by the community as part of this plan and was funded through the Victorian Government's Bushfire Recovery Fund, Council and in-kind support from the community. Programs delivered included: a 'Women in Business'

Major Initiatives	Progress
	mentoring group training, and Facebook, customer service and young entrepreneurs training, with 75 participants attending the programs. The delivery of these programs resulted in Orbost business owners understanding the need to work on their businesses rather than working in it.

Work with key industries, social enterprises, micro enterprises to encourage and facilitate an innovative environment through regular business forums, think tanks, keynote speaker events, and pilot project initiatives. The Shire delivered four forums – Ageing, Food, Tourism, and Small Business, which attracted 200 participants.

Through various training programs two new networks are being considered, a digital consultant network and a manufacturing network. Council will continue to facilitate the growth of these networks. We have a strong and ongoing relationship with the East Gippsland Food Cluster and the renewed Economic Development Board (when formed) will focus on collaborative cross-industry projects.

Business area	Description of services provided	Net Cost Actual Budget Variance \$'000
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.	619 779 160

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

The Shire has continued to the grow experiences for visitors, with a number of projects completed. Bruthen saw significant investment of \$200,000 in the town's Rail Trail infrastructure and associated walking trails. A new Rail Trails brochure has also been produced.

East Gippsland Marketing Inc, continues to strengthen the region's brand across all sectors and promote East Gippsland as the region to live, work and invest. Work during this period included:

- A new Official Visitor Guide to promote the region was produced.
- Brand identification continues to grow – promoting the region's food and fibre sector, including the development of a food brand for East Gippsland and an Eat, Drink Local campaign to promote local provenance and pride in local produce.
- The Love East Gippsland Facebook page continues to engage over 4,000 people.
- Development of a number of marketing tools to promote the region including case studies, industry fact sheets and job boards.
- Trade a Boat - Australia's Greatest Boats competition held in Gippsland Lakes.

Strategic Indicator	Results			Comments
	2013-14	2014-15	2015-16	
Increase in the percentage of survey respondents who are very or reasonably familiar with the East Gippsland region.	40%	n/a	n/a	East Gippsland Marketing Inc. did not complete its annual market research project. Options are being explored in partnership with Council and other agencies to determine the best actions for future research and produce an effective result that properly measures awareness and perception of East Gippsland.
Increase in total visitors to the region.	1,249,453	1,110,663	1,209,000	This period saw the biggest growth in international tourism, while domestic overnight visitors declined. 2016 figures are expected to be strong. Total visitors increased 9.4% on the previous period.
Increase in the number of events held in the region (with event permits).	79	70	83	The number of event permits issued has increased by 18.6%. Council continues to support and encourage new events to the region. New events include Beach Netball, Australian National Mountain Bike Championships, Wood Chopping.

Business area	Description of services provided	Net Cost Actual Budget Variance \$'000
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.	599 <u>528</u> (71)
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	221 <u>251</u> 30

Business area	Description of services provided	Net Cost Actual Budget Variance \$'000
	assists with the development of major events that stimulate economic benefits and cultural diversity and enhance the wellbeing of citizens.	

It is estimated that over 3,100 people participated in the Alpine Rally this year and over \$1.26 million dollars in direct expenditure was made in the region, mostly in fuel, accommodation and food. A professional TV crew made a short documentary of The Alpine Rally, which has already aired in Australia (Seven Mate) and New Zealand (TV3) and will be aired in Europe on Motors TV in 41 countries.

Stewardship

We act as stewards of significant community assets and resources and therefore undertake to optimise services to meet needs, plan and implement our work with prudence and diligence, and attract the best people to Council, as representatives, employees and volunteers.

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

New initiatives are meeting the needs of our customers.

A number of initiatives are being implemented to ensure the Shire meets the needs of customers across the municipality. Some of these changes are visible to the public, such as the new Bairnsdale Customer Service Centre, while others are back-of-house improvements such as software roll-outs, hardware improvements and staff training.

Changes have also been made to the program used for lodging customer enquiries made by phone. This not only creates greater accountability of staff, but also allows reports to be generated on the number and type of enquiries received.

The 'Report an Issue' form on the Shire's website continues to be a popular way for customers to advise the Shire of their concerns. This form can be used for any concern on Shire matters, such as illegal signage, trees, playgrounds, animals, roads and footpaths, rubbish and general feedback.

The following strategic indicators are now reported as part of the Local Government Performance Reporting Framework Indicators which form part of Council's audited *Performance Statement*.

Strategic Indicator
Increase or maintain community satisfaction rating for lobbying on behalf of the community.
Working Capital Ratio (Liquidity)
Adjusted Underlying Result
Debt Commitment Ratio
Rates Outstanding

The following statement reviews the progress of Council on major initiatives identified in the 2015-16 budget for the year.

Major Initiatives	Progress
4.1.3.1 Maintain a Long-term Financial Plan that is prudent, sustainable and protects the interests of the Shire and its people	Complete. Inherent in each year's budget process is a review of Council's ten-year Financial Plan, with the objective of ensuring Council's continued financial sustainability in the short, medium and long terms. Council adopted the 2016-17 Budget at a special meeting on 28 June 2016.

The following statement provides information about the services funded in the 2015-16 budget and the persons or sections of the community who are provided the service.

Business area	Description of services provided	Net Cost Actual Budget Variance \$'000
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, airports, marinas and the East Gippsland Livestock Exchange.	(702) <u>(457)</u> 245
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.	2,788 <u>2,379</u> (409)
Community Leadership and Advocacy	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.	1,301 <u>1,158</u> (143)
Finance and Treasury	This service predominantly provides financial-based services to both internal and external customers. This includes 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.	1,684 <u>2,489</u> 805
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.	327 <u>501</u> 174
	This service also conducts civic events to recognise, commemorate and celebrate prominent citizens and the successful delivery of significant Council programs, infrastructure and projects.	

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

Strategic Indicator	Results			Comments
	2013-14	2014-15	2015-16	
Scheduled strategic community visits by Council are undertaken	7	8	7	Councillors visit various towns across the municipality. The visits are an opportunity for Councils to meet with community groups and stakeholders.
Percentage of risk mitigation actions identified by internal audits of Council's systems and processes that are finalised within designated timeframes.	61%	69%	20%	Having recognised a lack of timeliness in this area, management has implemented improved control measures to ensure internal audit actions are undertaken within designated timeframes in future.

Strategic Indicator

Increase in the community satisfaction rating for community consultation and engagement.
 Increase in the community satisfaction rating for the overall performance of Council.

Major Initiatives

4.2.1.2 Provide opportunities for our community to have a say in matters of interest to them through engagement processes and access to Councillors and staff.

4.2.2.5 Identify and implement process and improvement initiatives to ensure greater efficiency, organisational benefits and increased productivity

Progress

Complete. East Gippsland Shire rolled out an online engagement tool to encourage broader participation in discussions with communities on matters of interest. This tool, 'Your Say', was used to engage on a range of matters including the redevelopment of Apex park in Lakes Entrance; the draft Council Plan; and to canvass opinions on suitable locations for recreational vehicles to stay overnight. In addition, the community has been invited to have their say on a range of planning and other matters using face-to-face meetings; school visits; public drop in sessions; walk and talk discussions and the use of media such as Twitter; Facebook; relevant local newsletters and the Shire website. □ The Youth Ambassadors have also developed a social media presence to engage with young people throughout the region.

Complete. A dedicated Customer Request Management module is currently being implemented to ensure requests / complaints lodged with Council are handled efficiently and effectively. The new module will enable vastly improved monitoring, measuring and reporting, all of which will play a role in facilitating continuous improvement in this important area of Council's operations.

Business area	Description of services provided	Net Cost Actual Budget Variance \$'000
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.	2,049 <u>565</u> (1,484)
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.	2,832 <u>3,134</u> 302
Property Management	The management of 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 is delivered through this service. It also supports local groups that have a focus on land and facility stewardship.	570 <u>(174)</u> (744)
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.	988 <u>1,550</u> 262

Service Performance Outcome Indicator	2014-15 result	2015-16 result	Comments
Governance			
Transparency			
<i>Council resolutions at meetings closed to the public</i> [Number of council resolutions made at ordinary or special meetings of council, or at meetings of a special committee consisting only of councillors, closed to the public / Number of council resolutions made at ordinary or special meetings of council or at meetings of a special committee consisting only of councillors] x100	22.36%	22.61%	Council believes in being open and transparent in its decision making process. Throughout the past year, of the 26 confidential resolutions made by Council 22 were related to contracts, which must be confidential.
Consultation and engagement			
<i>Satisfaction with community consultation and engagement</i> [Community satisfaction rating out of 100 with how council has performed on community consultation and engagement]	52	52	Community satisfaction for this measure remains stable. Council has developed an online 'Your Say' website to help increase community engagement. Over the past year, 6,500 visitors visited 32 projects on Your Say. Consulting across our 40 distinct communities can be challenging given the size of the municipality. A number of face-to-face consultations have been supported by this online format and newspaper advertisements to engage across the region. Seeking the community's views remains a key focus.
Attendance			
<i>Council attendance at Council meetings</i> [The sum of the number of councillors who attended each ordinary and special council meeting / (Number of ordinary and special council meetings) x (Number of councillors elected at the last council general election)] x100	92.36%	87.58%	Attendance is slightly down on last year as Mr John Wilkin resigned from Council in November 2015. Cr Trudy Anderson filled the vacancy on 19 January 2016 through a count back of votes from the October 2012 general election, conducted by the Victorian Electoral Commission.
Service cost			

<i>Cost of governance</i> [Direct cost of the governance service / Number of councillors elected at the last council general election]	\$64,992.56	\$51,303.11	The reduction in the cost of governance is a result of costs associated with the recruitment of a new CEO. This process was undertaken in the 2014-15 financial year. East Gippsland Shire Councillors do not operate under a ward system and all Councillors cover vast distances to engage with their constituents, from the high country through to Mallacoota near the New South Wales border. Covering an area of 21,000 square kilometres, East Gippsland is the second largest Shire in Victoria.
Satisfaction <i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	53	49	The level of community satisfaction with Council decision-making experienced a significant decline in 2016 across the state. Our survey results indicate that Male residents and residents aged 35 to 49 years are generally more critical of Council, compared with other resident segments. Residents in the 18-34 year olds age group are more favourable about Council. Further reviews of the survey data and additional consultation is planned to better understand how Council can meet the expectations of these demographic groups.

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

Development of the Shire's Recruitment Strategy, which promotes access and inclusion is progressing. The strategy has been reviewed by subject matter experts for Indigenous employment and local disability agencies.

The Recruitment Strategy looks at how we can maximise exposure and interest from people with a disability, Aboriginal and Torres Strait Islander and Youth with the aim to be recognised as an inclusive and accessible employer.

Other plans and commitments that Council have developed or have committed to that have a focus on inclusive employment strategies include the Disability, Access and Social Inclusion Plan, Reconciliation Action Plan, Youth Employment Commitment, Gippsland Employers Making a Difference (GEMAD), and the Education Vision.

In addition to this strategy, a suite of materials has been developed to assist managers, supervisors and staff to effectively develop their staff.

Strategic Indicator	Results			Comments
	2013-14	2014-15	2015-16	
Increase in percentage of staff retained	93%	91%	86%	Staff retirements increased in 2015-16. A number of staff also moved out of the region. Council also set in place a new Vision and new cultural / behavioural expectations, which resulted in some staff leaving the organisation.
Decrease in lost time attributed to workplace incidents as a percentage of workable hours.	0.3%	0.7%	1.02%	The increase from previous years is attributed to the volume of lost time injuries we have experienced over the last year (and previous year) and the duration of the lost time experienced on a number of significant claims.

Business area	Description of services provided	Net Cost Actual Budget Variance \$'000
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.	1,159 <u>1,490</u> 331
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.	292 <u>265</u> (27)

Section six: Governance, management and other information

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.

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.

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.

Meetings of Council

Council conducts open public meetings on the first Tuesday of each month. Members of the community are welcome to attend these meetings and observe from the gallery. Council meetings also provide the opportunity for community members to submit a question to the Council, make a submission or speak to an item. For the 2015-16 year Council held the following meetings:

- 11 ordinary Council meetings
- 6 special Council meetings
- 5 planning consultation meetings

Council meeting attendance

The following table provides a summary of Councillor attendance at Council meetings and Special Council meetings for the 2015-16 financial year.

Councillor	Ordinary Council Meetings	Special Council Meetings
Trudy Anderson ¹	5	2
Ben Buckley	11	6
Richard Ellis	10	4
Michael Freshwater	10	5
Jeff McNeill	11	6
Peter Neal	11	5
Marianne Pelz	11	6
Mark Reeves	11	5
Jane Rowe	11	6
John Wilkin ²	4	1

¹ Cr Anderson was appointed to Council in January 2016

² Cr Wilkin resigned in November 2015

Special Committees

The *Local Government Act 1989* allows Council to establish special committees consisting of any combination of Councillors, Council staff and individuals.

The following table shows special committees established by Council and the purpose of each committee.

Special Committee	Councillors	Officers	Other	Purpose
Hearing of submissions committee	9			To consider all submissions made under section 223 of the Act
Audit Committee	3		4	To monitor Council's effectiveness in carrying out its responsibilities for accountable financial management, good corporate governance, maintaining an effective system of internal control and risk management.
Disability Action Plan Advisory Committee	2	1	5	To provide strategic advice to Council in respect to the delivery of the Disability Action Plan and key areas where access to Council and community facilities and services can be improved.
Creative Communities Advisory Board	2		8	The focus of the activities of the Board are to investigate the most appropriate model for strategic planning and delivery of arts and cultural activities into the future for our East Gippsland communities.
Economic Development Advisory Board	2	4	8	To recommend to Council actions to be undertaken to support economic and tourism activities in the municipality

Councillor Code of Conduct

The *Local Government Act 1989* (the Act) requires Councils to develop and approve a Councillor Code of Conduct within 12 months after each general election, this Code was adopted on 1 October 2013. A subsequent Councillor Code of Conduct was adopted by Council on 7 June 2016.

Section 76C of the Act requires that within one month of the Councillor Code of Conduct being approved, individual Councillors make a written declaration witnessed by the Chief Executive Officer, stating that they will abide by the Councillor Code of Conduct.

Eight Councillors returned the agreement in that timeframe. The exception was Cr Ben Buckley, who refused to make the written declaration.

The revised Councillor Code of Conduct is designed to:

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

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

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

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

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 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.

Councillor allowances

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

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

For the period 1 July 2015 to 30 November 2015, the councillor annual allowance for a category 2 Council (as defined by the *Local Government Act 1989*) was fixed at \$23,539 per annum and the allowance for the Mayor was \$72,834 per annum. The Minister for Local Government approved an annual adjustment of 2.5 per cent to take effect as from 1 December 2015. The annual allowances were adjusted for the period 1 December 2015 to 30 June 2016 at \$24,127 per annum for the Councillor allowance and \$74,655 per annum for the Mayoral allowance.

The following table contains details of current allowances fixed for the Mayor and Councillors during the year.

Councillors	Allowance \$
Cr Marianne Pelz (Mayor)	60,412
Cr Jane Rowe	26,138
Cr Ben Buckley	26,138
Cr Michael Freshwater	26,138
Cr Trudy Anderson	11,322
Cr Dick Ellis	26,138
Cr Peter Neal (former Mayor)	46,602
Cr Jeff McNeill	26,138
Cr Mark Reeves	26,138
Cr John Wilkin (ret)	10,976

In accordance with Section 75 of the Act, Council is required to reimburse a Councillor for expenses incurred whilst performing their duties as a councillor. Council is also required to adopt and maintain a policy in relation to the reimbursement of expenses for Councillors. The policy provides guidance for the payment of reimbursements of expenses and the provision of resources, facilities and other support to the Mayor and Councillors to enable them to discharge their duties. Council also publishes in its Annual Report the details of the expenses, including reimbursement of expenses for each Councillor and member of a Council committee paid by the Council.

The details of the expenses including reimbursement of expenses for each Councillor and member of a Council Committee paid by the Council for the 2015-16 year are set out in the following table.

Councillors	RT \$	A \$	OE \$	T \$	V \$	Total \$
Cr Marianne Pelz (Mayor)	880	5,067	2,823	2,222	13,664	24,656
Cr Jane Rowe	240	3,659	1,543	1,408	13,370	20,220
Cr Ben Buckley	1,880	206	1,579	111	13,370	17,146
Cr Michael Freshwater	0	4,017	497	2,111	13,556	20,181
Cr Trudy Anderson	560	280	296	316	2,873	4,325
Cr Dick Ellis	560	5,775	1,889	1,616	13,188	23,028
Cr Peter Neal (former Mayor)	1,680	4,937	1,954	620	13,664	22,855
Cr Jeff McNeill	160	818	1,598	1,280	13,370	17,226
Cr Mark Reeves	680	422	775	111	12,483	14,471
Cr John Wilkin (ret)	0	542	280	0	10,880	11,702
RT – Remote Travel, A – Accommodation, OE – Office Expenses: Telephone and Stationery, T – Training, V - Vehicle Note: No expenses were paid by Council including reimbursements to members of Council Committees during the year						

Management information

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 Terms of Reference/Charter, in order to assist Council decision-making.

The Committee is a Council Advisory Committee. It has no executive powers or authority to implement actions in areas over which management has responsibility and no delegated financial responsibility. The Audit Committee has no management functions, so is independent of management.

In 2015-16 the Audit Committee members were:

- Mr Michael McStephen, Chair
- Dr Christopher Shields
- Mr Ken White
- Ms Christine Wrench (from 1 December 2015)
- Cr Peter Neal, former Mayor (to November 2015)
- Cr Marianne Pelz, Mayor (from November 2015)
- Cr Peter Neal (from February 2016)
- Cr Jane Rowe

The Audit Committee meets four times a year with an additional special meeting called each year to consider the audited financial statements. 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 independent and objective; the aim is to improve Council's operations. The internal audit process helps Council and the Chief Executive Officer 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 regular intervals throughout each year.

During 2015-16, the internal auditor reviewed the following systems and procedures:

- Risk Management Processes
- Workforce Planning and Training

External audit

Council is externally audited by the Victorian Auditor-General. For the 2015-16 year the annual external audit of Council's Financial Statements and Performance Statement was conducted by the Victorian Auditor-General's representative.

The external auditors attend Audit Committee meetings each year to present the annual audit plan and Independent Audit Report. The external audit management letter and management responses are also provided to the Audit Committee.

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 framework 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.

Council's Operational Risk register will continue to undergo review and development with a focus on current and emerging risks. Development of a Strategic Risk register will also be a point of focus for the 2016-17 year.

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. It was replaced with 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.

Council has received services such as potential claim analysis and tree management services in 2015-16 as part of this program.

Jardine Municipal Asset Protection Plan – 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 scored 70% for the second year of the 2014-16 cycle. Council is scheduled for its next audit between January and July 2018.

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 2015-16.

Insurance Claims Management

Major claims are reported to Council's Audit Committee for review on a quarterly basis with minor claims reported on an annual basis.

Fraud and Corruption Control Policy

East Gippsland Shire Council's Fraud and Corruption Control Policy helps Councillors and staff detect and prevent 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.

Council's Audit Committee meets 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.

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

Governance and Management Checklist

The following are the results in the prescribed form of Council's assessment against the prescribed Governance and Management Checklist.

Governance and Management Items	Assessment	
1 Community engagement policy (policy outlining Council's commitment to engaging with the community on matters of public interest)	Policy Date of operation of current policy: 19 November 2013	☒
2 Community engagement guidelines (guidelines to assist staff to determine when and how to engage with the community)	Guidelines Date of operation of current guidelines: 14 February 2014	☒
3 Strategic Resource Plan (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next four financial years)	Date of adoption: 28 June 2016	☒
4 Annual Budget (plan under section 130 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required)	Adopted in accordance with section 130 of the Act Date of adoption: 28 June 2016	☒
5 Asset management plans (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes)	No plans Reason for no plans:	☒

Governance and Management Items	Assessment	
for at least the next 10 years)	Asset Management Plans, including the relevant service plans, are being finalised. Overall Asset Management Plan 2015 currently under review.	
6 Rating strategy (strategy setting out the rating structure of Council to levy rates and charges)	Strategy Date of operation of current strategy: 14 April 2016	☒
7 Risk policy (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	Policy Date of operation of current policy: 1 September 2015	☒
8 Fraud policy (policy outlining Council's commitment and approach to minimising the risk of fraud)	Policy Date of operation of current policy: 1 September 2015	☒
9 Municipal Emergency Management Plan (plan under section 20 of the <i>Emergency Management Act 1986</i> for emergency prevention, response and recovery)	Prepared and maintained in accordance with section 20 of the <i>Emergency Management Act 1986</i> Date of preparation: 5 November 2015	☒
10 Procurement policy (policy under section 186A of the <i>Local Government Act 1989</i> outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)	Prepared and approved in accordance with section 186A of the <i>Local Government Act 1989</i> Date of approval: 15 December 2015	☒
11 Business continuity plan (plan setting out the actions that will be undertaken to ensure that key services continue to operate in the event of a disaster)	Plan in operation Date of preparation: 1 December 2009 Implementation and testing of a refreshed Business Continuity Plan is currently on hold pending implementation of an appropriate ICT Disaster Recovery Solution.	☒
12 Disaster recovery plan (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	No plan Reason for no plan: Implementation of a full disaster recovery solution is dependent on appropriate infrastructure being in place. The plans to establish the appropriate infrastructure are now well advanced and will allow a	☒

Governance and Management Items	Assessment	
	disaster recovery solution to be established in 2016-17	
13 Risk management framework (framework outlining council's approach to managing risks to the Council's operations)	Framework Date of operation of current framework: 24 June 2015	☒
14 Audit Committee (advisory committee of council under section 139 of the Act whose role is to oversee the integrity of a council's financial reporting, processes to manage risks to the council's operations and for compliance with applicable legal, ethical, and regulatory requirements)	Established in accordance with section 139 of the <i>Local Government Act 1989</i> Date of establishment: 13 November 1995	☒
15 Internal audit (independent accounting professionals engaged by the council to provide analyses and recommendations aimed at improving council's governance, risk and management controls)	Engaged Date of engagement of current provider: 1 April 2013	☒
16 Performance reporting framework (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act)	Framework Date of operation of current framework: 1 July 2016	☒
17 Council Plan reporting (report reviewing the performance of the council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year)	Half yearly report Current report: 1 March 2016	☒
18 Financial reporting (quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)	Quarterly statements presented to council in accordance with section 138(1) of the <i>Local Government Act 1989</i> Date statements presented: 13 October 2015, 17 November 2015, 2 February 2016 and 10 May 2016	☒
19 Risk reporting (six-monthly reports of strategic risks to council's operations, their likelihood and consequences of occurring and risk minimisation strategies)	Quarterly reports on Risk Management presented to Council via the Audit Committee. One report on the full Risk Register was submitted on 23 February 2016 for the calendar year.	☒

Governance and Management Items	Assessment	
20 Performance reporting (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act)	Yes Financial reporting has taken place. No six-monthly reporting of non-financial indicators has taken place. There have been a number of updates to the framework throughout the year. This will be established once the framework is final.	☒
21 Annual Report (annual report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial and performance statements)	Considered at a meeting of council in accordance with section 134 of the <i>Local Government Act 1989</i> Date statements presented: 13 October 2015	☒
22 Councillor Code of Conduct (Code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)	Reviewed in accordance with section 76C of the <i>Local Government Act 1989</i> Date reviewed: 7 June 2016	☒
23 Delegations (a document setting out the powers, duties and functions of council and the Chief Executive Officer that have been delegated to members of staff)	Reviewed in accordance with section 98(6) of the <i>Local Government Act 1989</i> Date of last review: Council to CEO – 7 April 2015 Council to Staff – 1 September 2015 CEO to Staff – 3 August 2015	☒
24 Meeting procedures (a local law governing the conduct of meetings of council and special committees)	Meeting procedures local law made in accordance with section 91(1) of the <i>Local Government Act 1989</i> Date local law last revised: 16 December 2014	☒

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



Gary Gaffney
Chief Executive Officer
Dated: 28 September 2016



Cr Marianne Pelz
Mayor
Dated: 28 September 2016

Statutory information

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

Information available for public inspection

The *Local Government Act (General) Regulations* came into effect on 23 October 2015 which replaced the previous Regulations released in 2004.

Under the *Local Government Act 1989* and Section 12 of the *Local Government (General) Regulations 2015* Council has the following documents available for public inspection:

- Details of overseas or interstate travel undertaken in an official capacity by Councillors or any Council staff in the previous 12 months
- Agendas and minutes for Ordinary and Special Council Meetings held in the previous 12 months
- 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
- Details of all property 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

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 Act. Applications must be accompanied by an application fee and specific details of the documents requested.

Council received 15 applications during the reporting year.

	2015-16	2014-15	2013-14	2012-13	2011-12
Number of new applications / requests	15 ¹	23	19	11	9
Access granted in full	3	11	1	4	0
Access granted in part	7	8	15	5	7
No documents existed in the requested form/ Act does not apply	2	2	1	0	0
Access denied in full	0	0	0	2	1
Withdrawn	0	2	0	0	
Requests outstanding at end of financial year	2	0	2	0	1
Internal reviews	n/a	0	0	1	3
Reviews by Freedom of Information Commissioner	0	1	0	0	0
Appeals lodged with VCAT	0	0	0	0	0

	2015-16	2014-15	2013-14	2012-13	2011-12
Fees collected	\$408.00	\$583.00	\$488.30	\$276.10	\$219.60
Fees waived	0	\$26.50	0	0	0
Charges collected	\$102.00	\$139.20	\$200.00	0	0

¹ Documents were provided outside the Act for several requests

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.

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 in July 2013 and updated in 2014 and 2015. The policy and procedures are available from Council's website or from our Customer Service Centres.

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

The policy and the procedures have been circulated to all Councillors and staff. Staff can also access the procedures through the 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 2016.

Privacy and Data Protection Act

The *Information Privacy Act 2000* was repealed in 2014 and replaced by the *Privacy and Data Protection Act 2014*. This Act, along with the *Health Records Act 2001*, is designed to protect the personal 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 at www.eastgippsland.vic.gov.au/policies.

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

Competition and Consumer Law Program

Council has complied with the requirements of the National Competition Policy for the period 1 July 2015 to 30 June 2016 in respect to:

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

Contracts

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

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 Equal Employment Opportunity (EEO) refresher training and all new staff members are inducted in our EEO policies and procedures.

Carers Recognition Act 2012

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, to Council staff and volunteers and to the wider community through the following initiatives:

- The adoption of Council's Diversity, Access and Social Inclusion Plan 2014-2017 has a number of key drivers, including the Act, that form a legislative basis for the plan. This is the first DASIP for Council.
- Council's funding agreements outline compliance with all relevant legislation where Home and Community Care funding is provided as an additional contribution to what the service providers receive directly from funding bodies.

Diversity, Access and Social Inclusion Plan

The Diversity, Access and Social Inclusion Plan was adopted by Council on 2 September 2014.

The plan outlines Council's commitment to developing communities where everyone has access to the services they need and where all people, regardless of their differences, are appreciated, respected and valued. This includes ensuring that everyone can join in community activities, participate in education, and obtain employment.

The plan comprises a vision for the shire as an organisation and the broader community, a framework for the municipality, including for the development of partnerships to support the plan, as well as actions and strategies aimed at building and strengthening inclusive communities.

An Action Plan has been developed with a focus on education and employment and the Working Group, which also includes Council's Disability Advisory Committee, is in the process of developing and implementing projects that will deliver the action plan items.

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

Domestic Animal Management Plan

The *Domestic Animals Act 1994* requires Council to prepare a Domestic Animal Management Plan every four years. The next submission is due by 3 November 2016. However, as this date coincides with council elections, making it difficult for newly-elected councillors to contribute, the new plans are now due by 3 November 2017.

Council's 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 fourth year of the plan. These include:

- Assisted and participated in pet expo run by local pet supply businesses.
- Participated in the Bairnsdale Field Days 2016 which provided information and assistance to members of the public. Showcasing the unit's animal containment vehicles.
- Provided extra dog faeces bag dispensers and enforcement signs in high population dog walking areas.
- Held an open day at the Nicholson Street Mall, Bairnsdale to promote animal registration provide information on responsible dog ownership and display the animal containment vehicles.
- Increased advertising on Council's website regarding responsible pet ownership, lost and found pets. This has increased chances of reuniting pets with owners.
- Continued sponsorship and endorsements of dog obedience clubs to promote the responsible dog ownership message along with monthly education lectures.
- Completed audits on all domestic animal businesses in the shire.
- Overseen a responsible pet ownership program for the community at the Lake Tyers Aboriginal Trust, targeting the welfare of domestic animals and to aid the health and wellbeing of this community.
- Completed Authorised Officer training including Certificate IV in Government Investigations and Bureau of Animal Welfare training.
- Audited all properties where dangerous, menacing and restricted breed dogs are housed to ensure owners are compliant with legislation.
- Prepared a presentation targeting schools and further education bodies in order to promote the role of Community Laws officers.
- Provided responsible pet ownership courses to schools, specifically targeting students who own or may in the future own pets.
- Conducted animal registration doorknocks throughout the municipality to ensure compliance with legislation.
- Worked with Council's animal pound provider in relocating unclaimed animals and reducing the euthanasia rate for dogs and cats.

Animal impoundments

Year	Animal impoundments	Reclaimed	Adopted	Euthanised	Transferred to Animal Aid Coldstream ¹
2015-16	923	314 (34%)	347 (38%)	151 (16%)	108 (12%)
2014-15	940	353 (38%)	314 (33%)	191 (20%)	105 (11%)
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 – Coldstream is Animal Aid's headquarters

The decrease in animal impoundments can be attributed to increased community education. This of course is subject to fluctuation given circumstances arising from events such as floods, fires and storms.

Although there has been a decrease of 4% in animals reclaimed, Council's increased advertising of animals impounded on our website, along with a proactive approach in community education and promotion of responsible pet ownership can still be viewed as an effective strategy.

A good working relationship with Council's animal pound contractor, Victorian Animal Aid, is another factor that can be attributed to the relatively steady percentage of reclaims.

The number of animals adopted has increased by 5% and can be attributed to increased advertising and the proactive approach by Victorian Animal Aid.

The percentage of animals euthanised has decreased a further 4% and can be attributed to Victorian Animal Aid's efforts to rehome animals no matter how long it takes. Unfortunately, many animals also have been sick, aggressive, injured or euthanised as per statute. More cats (71%) than dogs (29%) are euthanised because they are more likely to enter the pound with no owner identification.

The amount of animals transferred to Animal Aid's Coldstream headquarters after the statutory holding period shows a minor incline with local adoption increasing.

A total of 508 infringements were issued for breaches of the *Domestic Animals Act 1994* which represents a 2% increase in enforcement. This can be attributed to Council's education approach and rising community expectations. Residents are actively engaging in gathering information, reporting incidents and expecting Council action.

Food Act Ministerial Directions

In accordance with section 7E of the *Food Act 1984*, Council is required to publish a summary of any Ministerial Directions received during the financial year in its annual report.

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

Municipal Emergency Management Report

	2015-16	2014-15	2013-14	2012-13	2011-12
Local Incident Management Plans commenced or updated.	22	17	15	13	6
Involving community in individual community risk planning to achieve increased community resilience.	11	9	11	11	0

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 works to continually improve the following plans:

- Municipal Emergency Management Plan (MEMP)

- East Gippsland Fire Management Plan
- East Gippsland Flood Emergency Plan
- East Gippsland Heatwave Plan
- East Gippsland Shire Council Influenza Pandemic Plan

These plans are reviewed / updated annually and the MEMP is audited on a three-year cycle.

A focus during the reporting year was the continued development of the Community Risk Register. This process allows people to vote anonymously at community meetings on how they personally assess the likelihood and consequences of risks to their community. This produces a risk rating that is then used for emergency planning.

Preparation and updating of the MEMP is supported by the Municipal Emergency Management Planning Committee, which meets quarterly.

The fire management, flood emergency, heatwave and influenza pandemic plans are sub-plans to the MEMP.

The 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

Implementation of Council's Victorian Bushfires Royal Commission obligations and the review into 2010-11 Flood Warnings and Response has continued to be a key focus.

The Victorian Government extended funding for a four-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 Victorian Government White Paper and the subsequent legislation to be introduced in parliament this spring session may be fulfilled.

The East Gippsland Municipal Emergency Management Plan was audited and was deemed to comply with the guidelines of the *Emergency Management Act 1986*.

Council has also been involved in the following reviews and inquiries:

- Adaptation to Recovery Project review
- Mt Ray – Boundary Track final report of recommendations
- Goongerah – Deddick Trail final report of recommendations
- Planned Burns, Fire Operations Plans and Local Incident Management Plan review
- Alpine Greater Gippsland Bushfire Risk Landscape Planning Committee Project review
- State review of Relief and Recovery
- Tambo River Flood Mitigation Strategy review
- Crisisworks Joint Management Panel review
- Regional roadside risk working group

Following the February 2014 fires Council requested a change to the way it provides recovery support to the affected communities. The proposal, Adaptation for Recovery Project, was accepted and funded by the Victorian Department of Human Services.

As part of the project two facilitators were employed to work with the affected communities. This project is currently being reviewed by the RMIT University with a possible outcome that this form of recovery be replicated after emergencies across the state.

Final claims relating to several emergency events were lodged with Department of Treasury and Finance which returned considerable funds back to Council.

A more streamlined system for understanding and repairing the impacts of emergency events on Council's critical infrastructure has been further developed.

Council staff worked closely with community members across the shire to improve their understanding of how communities and Council can work together to improve their preparedness for emergencies.

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

Road Management Act Ministerial direction

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

Community Grants

Local community-based groups often find it difficult to obtain funding from programs under the auspices of the Australian 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

Organisation	Amount (\$)
Bairnsdale and District Model Aero Club Inc	2,200
Bairnsdale Field Archers Inc	5,000
Bairnsdale Rowing Club	5,000
Bruthen and District Citizens Association Inc	2,000
Bruthen Bowling Club Inc	5,000
Buchan Neighbourhood House	5,000
Dragons Abreast Gippsland Waratahs	5,000
East Gippsland Disability Transition Network (Gippsland East Local Learning and Employment Network)	596
East Gippsland Specialist School	5,000
Ensay Yoga Group (Ensay Bush Nursing Centre)	411
Friends of Mallacoota Inc	3,102
Friends of the Ruston Hornsby 12H Restoration Group (Glen Valley Hall Committee Inc)	5,000
Gippsland East Learn Local Alliance (Noweyung Ltd)	2,600
Gippsland Lakes Yacht Club	5,000
Lake Tyers Beach Angling Club Inc	2,536
Lake Tyers Beach Recreational Reserve Committee of Management	3,000
Lindenow South Recreation Reserve Committee of Management	4,500
Lions Club of Orbost Inc	2,500
Lions Club of Paynesville	3,000
Mallacoota and District Historical Society Inc	742
Mallacoota and District Lions Club Inc	3,070
Metung Bowls Club Inc	2,771
Mittagundi Outdoor Education Centre	2,800
Nowa Nowa Hall Committee Inc	630
Nungurner Landcare (Farm Tree and Landcare Association Inc)	1,474
Nungurner Primary School	4,082
Omeo Historical Society	4,352
Omeo Primary School	2,000
Omeo Shire Lions Club Inc	5,000
Paynesville RSL Sub-Branch	2,400
Sarsfield Recreation Reserve Committee of Management Inc	2,700
Surf Life Saving Lakes Entrance Inc	3,425
Swifts Creek and Ensay Playgroup (Community Centre Swifts Creek Inc)	1,014
Tambo Bluff Landcare Group (East Gippsland Landcare Network Inc)	4,800
Total	107,704

Other Contributions and Donations

Organisation	Amount (\$)
A Positive Move	2,000
Adventure Junkie Pty Ltd - 2016 X-Marathon	5,000
Agribusiness Gippsland	6,000
AJ Freeman Reserve Committee	2,000
Australian Adventure Festival	80,000
Bairnsdale Citizens Band	4,500
Bairnsdale Secondary College	100
Bairnsdale Senior Citizens	6,090
Barry Sheene Tribute Ride	3,590
Benambra Neighbourhood House	1,636
Bruthen Events and Arts Council	3,000
Bruthen Senior Citizens Centre	6,699
Buchan Bush Nursing Association	5,000
Buchan Neighbourhood House	3,273
Business & Tourism East Gippsland	3,700
Cann River Community Centre	2,620
Committee for Gippsland Inc	7,500
Crashendo! Bairnsdale Inc	500
Cricket Without Borders	705
Cunningham Country Women's Association	200
Cycling Victoria - 2016 Tour of East Gippsland	10,000
Deddick Valley Isolated Community Group	5,500
e3 innovate	4,545
Eagle Point Community Hall Committee of Management	230
East Gippsland Art Gallery	3,000
East Gippsland Biggest Blokes BBQ	200
East Gippsland Family History Group Inc	4,000
F.INC	500
Genoa Sports Club	790
GippsDairy	2,000
Gippsland Business Awards	3,000
Gippsland Lakes Community Health	5,318
Gippsland Regional Sports Academy	6,000
Goongerah and District Arts Education and Employment	500
Great Alpine Gallery Inc	1,125
High Society Dance	500
Howitt Park Committee	1,500
Lakes Entrance Pony Club Inc - Carnivals	4,686
Lakes Entrance Senior Citizens	6,415
Lakes Entrance Urban Fire Brigade	250
Lakes Entrance Youth and Recreation Centre Committee	5,882
Lions Club Lindenow	3,000
Lions Club of Lakes Entrance	1,200
Lucknow Memorial Hall	242
Lucknow Primary School	229
Mallacoota and District Business and Tourism Association	460
Mallacoota and District Lions Club	600
Mallacoota and District Historical Society Inc	742
Mallacoota District Senior Citizens	8,900
Mallacoota Golf and Country Club	500
Mountain Bike Australia Inc National Series 2015	7,500

Nagle College	100
Nowa Nowa Community and Development Group	6,000
Noweyung Ltd	5,000
Orbost Senior Citizens	5,340
Paynesville Business Tourism Association	1,500
Quantum Community Care Inc	500
Rotary Club of Lakes Entrance	1,700
Rotary Club of Mitchell River	1,200
Rotary Club of Orbost	1,200
Salvation Army (Victoria) - Bairnsdale	3,996
Sports Marketing Australia Pty Ltd - 2016 Adventure Junkie	2,200
Sports Marketing Australia Pty Ltd - Mountain Bike National Series	2,200
Sports Marketing Australia Pty Ltd - 2016 Tour of East Gippsland	2,200
Sustainability Gippsland	91
Swifts Creek Memorial Swimming Pool	8,500
Swifts Creek P-12 School	4,065
UnitingCare Gippsland – Mother Christmas Appeal	2,000
Victorian Netball Association - Beach Netball	5,000
Wines of Gippsland Inc - 2015 RACV Gippsland Wine Show	909
Wy Yung Football Netball Club	7,750
Total	294,877

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.

Organisation	Amount (\$)
Alpine Rally of East Gippsland	5,000
Australia Day Wood Chop Competition and Fireworks	5,000
Australian Bream Tournament - Vic Bream Classics 2014-15	5,000
Bruthen Blues and Arts Festival	4,000
East Gippsland Gallop Hub Rally 2015	2,500
Eastern Valley Street Rodders Lakes Country Cruise	4,000
Groundswell Music Festival	5,000
Lakes Entrance Fireworks	5,000
Lions Club Convention 2015	2,000
Mallacoota Annual Ocean Fishing Tournament	4,000
Melbourne Cup Day at Bairnsdale	3,636
Metung Food and Wine Festival 2014-15	5,000
Mountain Bike Australia National Series - Mount Taylor	7,500
Netball Victoria Beach Netball Competition - Lakes Entrance	5,000
Omeo High Country Caravan and RV Muster	4,000
Paynesville Gold Cup Power Boat Race Weekend	5,000
Paynesville Music Festival	2,000
Snowy River Sprint 2014-15	5,000
Tambo Valley Producers Dinner 2014-15	3,000
The Great East Rail Trail Ride 2014-15	5,000
The Great East Rail Trail Ride 2015-16	5,000
Week of Bowls Carnival Paynesville Bowling Club Inc	3,000
Willy's Overland Club of Victoria Inc Car Rally	5,000
X-marathon Adventure Race	5,000
Total	104,636

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.

Organisation	Amount (\$)
A.J. Freeman Reserve	3,813
Bairnsdale City Oval	20,173
Bemm River Community Recreation Centre	2,026
Bemm River Recreation Reserve	1,306
Benambra Memorial Recreation Reserve	2,734
Benambra Public Hall	1,309
Bendoc Community Memorial Hall	922
Bengworden Hall and Recreation Reserve	1,049
Bruthen Mechanics Institute	2,110
Bruthen Recreation Reserve	5,386
Buchan Mechanics Institute	1,479
Buchan Recreation Reserve	3,441
Bullumwaal Mechanics Hall Reserve	894
Cabbage Tree Creek Public Hall	623
Cassilis Recreation Reserve	1,244
Clifton Creek Public Hall and Recreation Reserve	1,231
Club Terrace Community Reserve	861
Combienbar Public Hall and Recreation Reserve	732
Eagle Point Community Hall	1,559
East Gippsland Rail Trail	482
Ensay Mechanics Institute	971
Ensay Recreation Reserve	2,287
Evelt Park	2,713
Fernbank Public Hall Reserve	994
Flaggy Creek Hall	894
Gelantipy Public Hall	894
Genoa Public Hall	1,736
Glen Valley Hall	894
Glenaladale Recreation Reserve	1,453
Goongerah Public Hall Reserve	2,001
Hillside/Rosehill Reserve Association	894
Hinnomunjie Recreation Reserve	2,630
Howitt Park Reserve Management	4,533
Johnsonville Public Hall	1,663
Lake Omeo Reserve	1,226
Lake Tyers Beach Recreation Reserve	873
Lake Tyers Beach Road Hall	1,110
Lakes Entrance Recreation Reserve	13,124
Lakes Entrance Youth and Recreation Centre	9,234
Lindenow Memorial Hall Reserve	2,167
Lindenow South Recreation Reserve	3,407
Lindenow Sports Ground	9,303
Orbost Snowy Rovers Football Netball Club	3,369
Lucknow Memorial Hall	2,451
Lucknow Recreation Reserve	7,360

Mallacoota Halls and Recreation Reserve Grounds	6,518
Marlo Sports and Tennis Association	852
Mossiface and Wiseleigh Memorial Hall	1,039
Newmerella Recreation Reserve (Orbost Agricultural Society)	1,247
Nicholson Hall and Tennis Courts	1,761
Noorinbee Public Purpose Reserve	789
Nowa Nowa Public Hall	787
Nowa Nowa Recreation Reserve	928
Nungurner Community Action Group	150
Omeo Recreation Reserve	7,411
Omeo Soldiers Memorial Hall	2,110
Orbost Cricket Club	3,925
Picnic Point Hall	2,765
Raymond Island Community Association Inc	1,601
Sarsfield Recreation Reserve	2,585
Simpsons Park Hall and Reserve (Newlands Arm Residents and Ratepayers Association Inc)	1,385
Swan Reach Recreation Reserve	7,703
Swifts Creek Hall	2,378
Swifts Creek Recreation Reserve	2,777
Wairewa Public Hall and Recreation Reserve	1,065
West Bairnsdale Oval Advisory Committee	4,728
Wulgulmerang Recreation Reserve	1,312
Wy Yung Hall and William McBriar Reserve	1,502
Wy Yung Recreation Reserve	4,270
Total	193,143

Annual Operating Contribution – State Emergency Service

State Emergency Services (SES) branch	Amount (\$)
Bairnsdale	19,495
Bonang	12,876
Bruthen	19,095
Buchan	12,876
Cann River	19,095
Mallacoota	19,095
Orbost	19,095
Swifts Creek	19,095
Total	\$140,722

Memberships

Council or Council staff were members of the following organisations during 2015-16.

Organisation	Amount (\$)
Accor Advantage Plus	290
Aquatics and Recreation Victoria	600
Australian Airports Association Limited	2,050
Australian Institute of Company Directors	965
Boating Industry Association of Victoria	455
Broadband Alliance Inc	495
Children's Book Council of Australia	80
CPA Australia	2,001
Early Childhood Australia	282
Environmental Health Professionals Australia	750
Finance Professionals	390
ICLEI - Local Governments for Sustainability	1,600
Keep Australia Beautiful Victoria	500
Livestock Saleyards Association of Victoria	4,727
Local Government Professionals	3,786
Mallacoota and District Business and Tourism	120
Marina Industries Association	2,855
MAV Technology	1,991
Municipal Association of Victoria	42,503
Municipal Works Officers Association	560
Museums Australia	193
National Sea Change Taskforce	2,500
National Timber Councils Taskforce	2,500
Paynesville Business Tourism Association	85
Play Australia	292
Public Health Association of Australia	77
Public Libraries Victoria Network	1,629
RACV Club	1,055
Rail Freight Alliance	2,000
Records and Information Management Professionals Australasia	300
Revenue Management Association	570
Rural Councils Victoria	3,000
South East Australian Transport Strategy Inc	6,204
TaxEd Pty Ltd	2,082
Timber Towns Victoria	2,500
Vicsport Professionals Network	330
Victoria Association of Performing Arts Centres	982
Victoria Walks	1,000
Victorian Municipal Building Surveyors Group	450
Victorian Planning and Environmental Law Association	191
Volunteering Victoria	78
Waste Management Association of Australia	859
Total	95,877

Section 7: Financial performance

East Gippsland Shire Council
ANNUAL FINANCIAL REPORT

For the Year Ended 30 June 2016

East Gippsland Shire Council

Financial Report

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Comprehensive Income Statement For the Year Ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Income			
Rates and charges	3	50,849	48,022
Statutory fees and fines	4	1,516	1,511
User fees	5	10,540	11,217
Grants - operating	6	8,576	23,516
Grants - capital	6	11,027	10,331
Contributions - monetary	7	288	191
Contributions - non monetary	7	2,274	4,651
Fair value adjustments for investment property	21	(8)	135
Other income	9	4,461	4,328
Total income		89,523	103,902
Expenses			
Employee costs	10	25,777	25,280
Materials and services	11	35,262	38,579
Bad and doubtful debts	12	203	395
Net loss on disposal of property, infrastructure, plant and equipment	8	3,372	1,387
Depreciation and amortisation	13	20,764	19,892
Borrowing costs	14	647	640
Other expenses	15	1,191	1,567
Total expenses		87,216	87,740
Surplus/(deficit) for the year		2,307	16,162
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	27(a)	-	24,102
Total comprehensive result		2,307	40,264

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

Balance Sheet As at 30 June 2016

	Note	2016 \$'000	2015 \$'000
Assets			
Current assets			
Cash and cash equivalents	16	26,119	22,789
Trade and other receivables	17	6,029	6,095
Other financial assets	16(a)	3,500	2,500
Other assets	18	1,107	5,615
Total current assets		36,755	36,999
Non-current assets			
Trade and other receivables	17	1,161	1,605
Property, infrastructure, plant and equipment	19	868,658	865,343
Investment property	20	1,360	1,444
Intangible assets	21	2,118	315
Total non-current assets		873,297	868,707
Total assets		910,052	905,706
Liabilities			
Current liabilities			
Trade and other payables	22	4,540	4,299
Trust funds and deposits	23	1,764	1,801
Prepaid Income	24	196	194
Provisions	25	11,247	8,723
Interest-bearing loans and borrowings	26	1,806	1,234
Total current liabilities		19,553	16,251
Non-current liabilities			
Prepaid Income	24	1,185	1,340
Provisions	25	10,007	9,309
Interest-bearing loans and borrowings	26	6,609	8,415
Total non-current liabilities		17,801	19,064
Total liabilities		37,354	35,315
Net assets		872,698	870,391
Equity			
Accumulated surplus		309,839	307,256
Reserves	27	562,859	563,135
Total Equity		872,698	870,391

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

Statement of Changes in Equity For the Year Ended 30 June 2016

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2016					
Balance at beginning of the financial year		870,391	307,256	561,893	1,242
Surplus/(deficit) for the year		2,307	2,307	-	-
Net asset revaluation increment/(decrement)	27	-	-	-	-
Transfers to other reserves	27	-	(54)	-	54
Transfers from other reserves	27	-	330	-	(330)
Balance at end of the financial year		872,698	309,839	561,893	966

		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2015					
Balance at beginning of the financial year		830,127	290,932	537,791	1,404
Surplus/(deficit) for the year		16,162	16,162	-	-
Net asset revaluation increment/(decrement)	27	24,102	-	24,102	-
Transfers to other reserves	27	-	(60)	-	60
Transfers from other reserves	27	-	222	-	(222)
Balance at end of the financial year		870,391	307,256	561,893	1,242

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

Statement of Cash Flows For the Year Ended 30 June 2016

	Note	2016 Inflows/ (Outflows) \$'000	2015 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		50,302	47,602
Statutory fees and fines		1,210	1,485
User fees		11,427	12,731
Grants - operating		8,576	23,489
Grants - capital		11,027	10,543
Contributions - monetary		835	725
Interest received		1,027	733
Trust funds and deposits taken		7,041	15,381
Other receipts		9,371	4,557
Net GST refund		1,891	2,151
Employee costs		(25,577)	(25,199)
Materials and services		(38,190)	(40,880)
Trust funds and deposits repaid		(7,078)	(15,029)
Other payments		(1,310)	(1,398)
Net cash provided by/(used in) operating activities	28	30,552	36,891
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(25,001)	(27,896)
Proceeds from sale of property, infrastructure, plant and equipment		662	715
Payments for investments		(1,000)	(1,200)
Net cash provided by/(used in) investing activities		(25,339)	(28,381)
Cash flows from financing activities			
Finance costs		(649)	(651)
Proceeds from borrowings		-	3,400
Repayment of borrowings		(1,234)	(1,778)
Net cash provided by/(used in) financing activities		(1,883)	971
Net increase (decrease) in cash and cash equivalents		3,330	9,481
Cash and cash equivalents at the beginning of the financial year		22,789	13,308
Cash and cash equivalents at the end of the financial year	16	26,119	22,789
Financing arrangements	29		
Restrictions on cash assets	16		

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

Statement of Capital Works For the Year Ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Property			
Land		-	111
Total land		<u>-</u>	<u>111</u>
Buildings		586	439
Building improvements		2,891	2,028
Total buildings		<u>3,477</u>	<u>2,467</u>
Total property		<u>3,477</u>	<u>2,578</u>
 Plant and equipment			
Plant, machinery and equipment		2,533	2,257
Fixtures, fittings and furniture		224	16
Computers and telecommunications		338	662
Library books		251	277
Total plant and equipment		<u>3,346</u>	<u>3,212</u>
 Infrastructure			
Roads		8,832	4,283
Bridges		2,025	2,504
Footpaths and cycleways		407	272
Drainage		3,055	3,259
Recreational, leisure and community facilities		3,399	8,218
Waste management		618	3,120
Parks, open space and streetscapes		363	875
Aerodromes		-	518
Other infrastructure		337	249
Total infrastructure		<u>19,036</u>	<u>23,298</u>
 Total capital works expenditure		<u>25,859</u>	<u>29,088</u>
 Represented by:			
New asset expenditure		4,752	9,064
Asset renewal expenditure		20,329	16,311
Asset expansion expenditure		-	364
Asset upgrade expenditure		778	3,349
Total capital works expenditure		<u>25,859</u>	<u>29,088</u>

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

Introduction

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

The Council's main office is located at 273 Main Street Bairnsdale Victoria 3875.

Statement of compliance

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

Note 1 Significant accounting policies

(a) Basis of accounting

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

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Refer to Note 1 (u) for information in relation to landfill restoration provision estimates.

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 1 (m))
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 1 (n))
- the determination of employee provisions (refer to Note 1 (t))

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

The 2015 Statement of Capital Works has been amended for comparability to 2016 due to a change in reporting from asset capitalisation to asset expenditure consistent with the sector. It was previously reported as \$45.7m of assets capitalised. The asset expenditure was \$29.1m.

(b) Changes in accounting policies

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

(c) Principles of consolidation

The consolidated financial statements of Council incorporate all entities controlled by Council as at 30 June 2016, and their income and expenses for that part of the reporting period in which control existed.

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

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

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

Council did not have any consolidated entities as at 30 June 2016.

(d) Committees of management

Council does not control any entities that have material revenue and expenses, assets or liabilities. As a result there was no requirement to eliminate any controlled entity transactions.

Note 1 Significant accounting policies (cont.)

(e) Accounting for investments in associates and joint arrangements

Associates

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

Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement.

(i) Joint operations

Council recognises its direct right to, and its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate headings.

(ii) Joint ventures

Interests in joint ventures are accounted for using the equity method. Under this method, the interests are initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise Council's share of the post-acquisition profits or losses and movements in other comprehensive income in profit or loss and other comprehensive income respectively.

(f) Revenue recognition

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

Rates and Charges

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

Statutory fees and fines

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

User fees

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

Grants

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

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

Contributions

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

Sale of property, infrastructure, plant and equipment

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

Interest

Interest is recognised as it is earned.

Other Income

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

Note 1 Significant accounting policies (cont.)

(g) Fair value measurement

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

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

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

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

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

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

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

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

(h) Cash and cash equivalents

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

(i) Trade and other receivables

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

(j) Other financial assets

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

(k) Inventories

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

All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

Council held no inventory as at the reporting date.

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

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

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

Acquisition

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

Note 1 Significant accounting policies (cont.)

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

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

In accordance with Council's policy, the threshold limits detailed in Note 1(n) have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

Revaluation

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at Note 19 Property, infrastructure, plant and equipment.

In addition, 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.

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

Land under roads

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 this financial report. Due to changes in the reporting requirements, it is expected that all land under roads controlled by Council will be recognised at fair value from the end of the 2017/18 financial year.

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

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

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

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

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

Note 1 Significant accounting policies (cont.)

(n) Depreciation and amortisation of property, infrastructure plant and equipment and intangibles (cont'd)

Plant and Vehicles are depreciated using the diminishing value method.

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

Asset recognition thresholds and depreciation periods

	Depreciation Period	Threshold Limit \$'000
Property		
land	-	-
Buildings		
buildings	15-80 years	5
building improvements	15-80 years	5
Plant and Equipment		
ferry equipment	40 years	1
plant, machinery and equipment	5-10 years	1
fixtures, fittings and furniture	10-20 years	1
computers and telecommunications	5-10 years	1
library books	5-10 years	1
Infrastructure		
road pavements and seals	18-80 years	5
road wearing course	15-60 years	5
road formation and earthworks	20-50 years	5
road kerb, channel and minor culverts	70 - 80 years	5
bridges	60-100 years	5
footpaths and cycleways	15-65 years	5
drainage	100 years	5
recreational, leisure and community facilities	15-60 years	5
waste management	60 years	5
parks, open space and streetscapes	20-40 years	5
aerodromes	15-80 years	5
off street car parks	18-80 years	5
other structures	80 years	5
Intangible assets		
intangible assets	5-10 years	1

(o) Repairs and maintenance

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

(p) Investment property

Investment property, comprising land and buildings, is held for lease or capital appreciation. Investment property is measured initially at cost, including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefit in excess of the originally assessed performance of the asset will flow to the Council. Subsequent to initial recognition at cost, investment property is carried at fair value, determined annually by either experienced Council officers or independent valuers. Changes to fair value are recorded in the comprehensive income statement in the period that they arise. Rental income from the leasing of investment properties is recognised in the comprehensive income statement on a straight line basis over the lease term.

(q) Impairment of assets

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

Note 1 Significant accounting policies (cont.)

(r) Trust funds and deposits

Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited (refer to Note 23).

(s) Borrowings

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

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council. Except where specific borrowings are obtained for the purpose of specific asset acquisition, the weighted average interest rate applicable to borrowings at balance date, excluding borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised.

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

(t) Employee costs and benefits

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

Wages and salaries and annual leave

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

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

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 entitlements that will accrue.

Long service leave

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

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

The components of this current liability are measured at :

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

Classification of employee costs

Non-current liability - conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non - current liability. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service.

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

(u) Landfill rehabilitation provision

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

Note 1 Significant accounting policies (cont.)

(v) Leases

Operating leases

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

Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date there were no leasehold improvements.

(w) 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 a straight line basis as each year of the lease is consumed.

(x) Goods and Services Tax (GST)

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

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

(y) Financial guarantees

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that the right will be exercised. Details of guarantees that Council has provided, that are not recognised in the balance sheet, are disclosed at Note 33 contingent liabilities and contingent assets.

(z) Contingent assets and contingent liabilities and commitments

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

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

(aa) Pending accounting standards

Certain new AAS's have been issued that are not mandatory for the 30 June 2016 reporting period. Council has assessed these pending standards and has identified that no material impact will flow from the application of these standards in future reporting periods.

(ab) Rounding

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

Note 2 Budget comparison

The budget comparison notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 percent or \$500,000 million where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 23 June 2015. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term.

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

(a) Income and Expenditure

	Budget 2016 \$'000	Actual 2016 \$'000	Variance 2016 \$'000	Variance 2016 %	Ref
Income					
Rates and charges	50,633	50,849	216	0.4	
Statutory fees and fines	1,352	1,516	164	12.1	1
User fees	11,727	10,540	(1,187)	(10.1)	2
Grants - operating	15,207	8,576	(6,631)	(43.6)	3
Grants - capital	8,748	11,027	2,279	26.1	4
Contributions - monetary	115	288	173	150.4	5
Contributions - non monetary	2,000	2,274	274	13.7	6
Fair value adjustments for investment property	-	(8)	(8)	N/A	
Other income	1,552	4,461	2,909	187.4	7
Total income	91,334	89,523	(1,811)		
Expenses					
Employee costs	25,431	25,777	(346)	(1.4)	
Materials and services	31,274	35,262	(3,988)	(12.8)	8
Bad and doubtful debts	34	203	(169)	(497.1)	9
Net loss on disposal of property, infrastructure, plant and equipment	-	3,372	(3,372)	N/A	10
Depreciation and amortisation	22,826	20,764	2,062	9.0	11
Borrowing costs	858	647	211	24.6	12
Other expenses	1,235	1,191	44	3.6	
Total expenses	81,658	87,216	(5,558)		
Surplus/(deficit) for the year	9,676	2,307	(7,369)		

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Statutory fees and fines	Infringement fines were greater than budget by \$153K. There were other minor variances to various statutory fees.
2	User fees	A reduction of \$474K from the original budget for the sale of recycling of metals at the tip as a result of the downturn in the market for reselling scrap metal together with a reduction in tipping fees of \$658K as a result of less waste going to landfill than anticipated, accounts for the budget variation.
3	Grants - operating	The Victoria Grants Commission made an advance payment of the 2015/16 grant in 2014/15 of \$6.8M which was included in the budget.
4	Grants - capital	Additional Roads to Recovery grant was received during the year of \$1.9M together with the final grant for Bastion Point of \$1.1M which had been expected to be received in 2014/15. East Bairnsdale Drainage project grant was less than budget by \$600K as a result of the timing of the works. Additional unbudgeted grants were received for various projects, the most significant being Lake Tyers Beach Boat Ramp \$200K and Boat Ramp and Jetty at Bemm River \$235K.
5	Contributions - monetary	A contribution from the state government towards the Tambo Bluff Special Charge Scheme of \$148K was received but had not been included in the adopted budget.
6	Contributions - non monetary	The additional contributed assets over the budget amount relate directly to subdivisional development activity for the year and the value of assets required to be handed over to Council ownership.
7	Other income	Natural Disaster Fund reimbursements of \$1.8M were received but not included in the budget as it was anticipated that the funds would be received in the prior year. Property lease income exceeded the budget by \$222K as a result of new/renewed leases. Workcover and other external reimbursements exceeded the budget by \$318K and interest received from the investment of surplus cash also exceeded the budget by \$341K. There were other minor positive variances for various income items that make up the balance.
8	Materials and services	Unbudgeted natural disaster expenditure was incurred of \$2.4M for works that were incomplete in the prior year. Additional contracted services of \$365K for fire hazard slashing over the budget were incurred as a result of seasonal conditions. As a result of a shared services arrangement unbudgeted additional expenditure of \$180 was incurred but was offset with savings in employee costs. Strategic Planning project expenditure for projects that received government grants of \$166K was incurred and road reserve maintenance provisional works of \$442K over budget as a result of additional works requirements were also incurred. Offsetting this were savings in services for utility payments of \$151K, fuel of \$138K, training of \$219K and stationery and insurances of \$163K. Additional expenditure that was unbudgeted of \$1.2M is also included as a result of the reassessment of the provision for landfill rehabilitation works.
9	Bad and doubtful debts	A review of doubtful debts for compliance infringements accounts and Eagle Point caravan park account for the majority of the increase in this expense item.
10	Net loss on disposal of property, infrastructure, plant and equipment	An unbudgeted expense of \$3.3M was incurred as a result of adjustments to various asset values as a result of impairments as well as expenditure that was assessed as operating rather than capital. The most significant of these was the write off relating to a number of timber bridge assets of \$1.6M that have been replaced with concrete bridges.
11	Depreciation and amortisation	The amortisation for Landfill Cell 3a commenced later than expected during the year as a result of the timing of the completion of the asset. This result in a savings from budget of \$1.828M. There was also a savings in depreciation of \$234K as a result of the timing for the completion and capitalisation of some projects.
12	Borrowing costs	The variance of \$211K is a result of the lower than budgeted interest rate for loan 41 that was drawn down on 30 June 2015.

Note 2 Budget comparison (cont)

(b) Capital Works

	Budget 2016 \$'000	Actual 2016 \$'000	Variance 2016 \$'000	Variance 2016 %	Ref
Property					
Land	700	-	(700)	(100.0)	1
Total Land	700	-	(700)		
Buildings	536	586	50	9.3	
Building improvements	5,045	2,891	(2,154)	(42.7)	2
Total Buildings	5,581	3,477	(2,104)		
Total Property	6,281	3,477	(2,804)		
Plant and Equipment					
Plant, machinery and equipment	2,414	2,533	119	4.9	
Fixtures, fittings and furniture	40	224	184	460.0	3
Computers and telecommunications	703	338	(365)	(51.9)	4
Library books	260	251	(9)	(3.5)	
Total Plant and Equipment	3,417	3,346	(71)		
Infrastructure					
Roads	7,790	8,832	1,042	13.4	5
Bridges	2,165	2,025	(140)	(6.5)	
Footpaths and cycleways	456	407	(49)	(10.7)	
Drainage	3,610	3,055	(555)	(15.4)	6
Recreational, leisure and community facilities	3,862	3,399	(463)	(12.0)	7
Waste management	695	618	(77)	(11.1)	8
Parks, open space and streetscapes	412	363	(49)	(11.9)	
Other infrastructure	452	337	(115)	(25.4)	9
Total Infrastructure	19,442	19,036	(406)		
Total Capital Works Expenditure	29,140	25,859	(3,281)		
Represented by:					
New asset expenditure	7,114	4,752	(2,362)		
Asset renewal expenditure	19,411	20,329	918		
Asset expansion expenditure	236	-	(236)		
Asset upgrade expenditure	2,379	778	(1,601)		
Total Capital Works Expenditure	29,140	25,859	(3,281)		

Note: When comparing budget to the adopted 2015/16 budget there will be some variances to a number of categories as a result of reclassifying projects to align with the actual category used for asset capitalisation purposes.

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	No strategic land purchases occurred during the year but there are a number of negotiations that are expected to be finalised in the 2016/17 year and therefore budget will be carried forward for these purchases to the 2016/17 financial year.
2	Building Improvements	There were a number of projects that were not completed at year end as a result of delays in awarding of contracts to undertake the works and will have budget carried forward to complete the projects in 2016/17. The most significant of these is the Pyke Street office redevelopment project \$1.4M and a number of toilet block renewal projects totalling \$541K. There were also some budget savings on a number of projects including the building renewal program of \$113K.
3	Fixtures, fittings and furniture	Additional furniture and fittings were purchased as part of the Service Street office fitout.
4	Computers and telecommunications	Some information technology purchases for the upgrade of systems will not now happen until 2016/17 in line with the Pyke Street office redevelopment.
5	Roads	Additional road projects were undertaken as a result of additional Roads to Recovery funding being received.
6	Drainage	The Eastern Creek Nutrient stripping project is awaiting a hydrological report before further works can be undertaken and as a result has unspent budget of \$421K for the 2015/16 year. There has been a slight delay in completing the Jones Bay/McMillan Street Drainage project and it is estimated that \$64K will be carried forward to complete the project in 2016/17.
7	Recreational, leisure and community facilities	The Metung Marina Stage 2 reconstruction project will have \$1.4M of budget carried forward in 2016/17 as a result in delays in finalising the contract for the works. Metung Marina Stage 1 reconstruction had an adopted budget for the carry forward of unspent 2014/15 budget of \$870K. The actual expenditure was \$1.4 million resulting in a variance of \$530K. There was also a small number of projects that were incomplete at the end of the 2014/15 year that had actual expenditure in 2015/16.
8	Waste management	There were a number of Transfer Station projects that will now not be completed until the 2016/17. These mainly relate to the construction of trailers for transfer stations. All of the works will be completed in early 2016/17.
9	Other Infrastructure	The planned public art acquisitions did not happen in 2015/16 as a result of further discussions that are required with the Gippsland Land and Waters Aboriginal Corporation. The budget of \$110K will be carried forward into 2016/17 to undertake these acquisitions.

	2016 \$'000	2015 \$'000
Note 3 Rates and charges		
Council uses capital improved value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is the value of the land and all of its improvements.		
The valuation base used to calculate General rates for 2015/16 was \$6,972 million (2014/15 \$6,880 million), Commercial/Industrial rates was \$942 million (2014/15 \$945 million) and Farm rates was \$1,239 million (2014/15 \$1,236 million). The 2015/16 rate in the CIV dollar for General rates was 0.00383785 (2014/15 0.00367215), Commercial/Industrial rates was 0.0055649 (2014/15 0.00532462) and Farm rates was 0.0034541 (2014/15 0.00330494).		
General Rates	36,275	34,148
Municipal charge	8,112	7,650
Waste management charge	6,181	5,662
Supplementary rates and rate adjustments	163	445
Revenue in lieu of rates	118	117
Total rates and charges	50,849	48,022
The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2014 and the valuation was first applied in the rating year commencing 1 July 2014		
Note 4 Statutory fees and fines		
Infringements and costs	293	351
Application Registration Fees	287	306
Animal Registrations	356	338
Town planning fees	338	294
Land information certificates	102	44
Permits	55	134
Other	85	44
Total statutory fees and fines	1,516	1,511
Note 5 User fees		
Aged and health services	18	18
Leisure centre and recreation	2,023	2,288
Arts and Culture	326	234
Caravan Parks	2,273	2,172
Saleyards	1,642	1,195
Marinas	789	810
Child care/children's programs	248	222
Tourism	205	185
Building services	-	22
Waste management services	2,812	3,693
Other fees and charges	204	378
Total user fees	10,540	11,217
Note 6 Grants		
Grants were received in respect of the following :		
Summary of grants		
Commonwealth funded grants	14,473	24,048
State funded grants	4,665	9,698
Other	465	101
Total grants received	19,603	33,847

	2016 \$'000	2015 \$'000
Operating Grants		
Recurrent - Commonwealth Government		
Victoria Grants Commission	6,861	20,714
Recreational, Leisure and Community Facilities	-	2
Recurrent - State Government		
Arts and Culture	90	40
Asset Maintenance	63	126
Community Development	271	254
Community Laws	52	51
Community Support	43	84
Economic Development	-	10
Emergency Management	91	331
Environmental Management	61	50
Libraries	327	327
Parks and Gardens	2	3
Performing Arts	-	50
Public Health	18	100
Recreational, Leisure and Community Facilities	-	10
Strategic Planning	42	-
Recurrent - Other		
Public Health	11	-
Recreational, Leisure and Community Facilities	10	-
Total recurrent operating grants	7,942	22,151
Non-recurrent - Commonwealth Government		
Environmental Sustainability	71	340
Libraries	-	2
Non-recurrent - State Government		
Community Development	50	52
Council Leadership and Advocacy	-	75
Economic Development	34	55
Emergency Management	(3)	15
Environmental Sustainability	111	175
Public Health	-	7
Recreational, Leisure and Community Facilities	3	-
Strategic Planning	160	526
Tourism and Visitor Information Services	2	17
Non-recurrent - Other		
Community Services	22	-
Economic Development	-	10
Environmental Management	79	12
Environmental Sustainability	-	19
Libraries	4	-
Roads	2	-
Strategic Planning	60	60
Sustainability	39	-
Total non- recurrent operating grants	634	1,365
Total operating grants	8,576	23,516
Capital Grants		
Recurrent - Commonwealth Government		
Roads to recovery	6,275	2,236
Recurrent - State Government		
Other Infrastructure	9	5
Recreational, Leisure and Community Facilities	21	9
Total recurrent capital grants	6,305	2,250

Notes to the Financial Report
For the Year Ended 30 June 2016

	2016 \$'000	2015 \$'000
Non-recurrent - Commonwealth Government		
Buildings	251	355
Drainage	500	633
Roads	515	43
Non-recurrent - State Government		
Aerodromes	-	340
Bridges	-	747
Buildings	46	730
Drainage	1,000	-
Footpaths and Cycleways	30	110
Other Infrastructure	181	251
Parks, Open Space and Streetscapes	45	492
Recreational, Leisure and Community Facilities	1,918	3,944
Roads	-	429
Non-recurrent - Other		
Footpaths and Cycleways	26	-
Other Infrastructure	200	-
Parks, Open Space and Streetscapes	10	-
Recreational, Leisure and Community Facilities	-	5
Roads	-	2
Total non-recurrent capital grants	4,722	8,081
Total capital grants	11,027	10,331
Unspent grants received on condition that they be spent in a specific manner		
Balance at start of year	1,751	2,975
Received during the financial year and remained unspent at balance date	1,054	1,127
Received in prior years and spent during the financial year	(1,252)	(2,351)
Balance at year end	1,553	1,751
Note 7 Contributions		
Monetary	288	191
Non-monetary	2,274	4,651
Total contributions	2,562	4,842
<i>Contributions of non monetary assets were received in relation to the following asset classes.</i>		
Land	374	4,651
Roads	1,109	-
Footpaths	193	-
Drainage	598	-
Total non-monetary contributions	2,274	4,651
Note 8 Net (loss) on disposal of property, infrastructure, plant and equipment		
Proceeds of sale	662	715
Written down value of assets disposed	(4,034)	(2,102)
Total (loss) on disposal of property, infrastructure, plant and equipment	(3,372)	(1,387)
Note 9 Other income		
Interest on Rates and Charges	241	217
Interest	851	738
Investment property rental	767	473
Reimbursements - Other	166	1,008
Reimbursements - Natural Disasters	2,290	1,579
Other rent	-	51
Other	146	262
Total other income	4,461	4,328

	2016	2015
	\$'000	\$'000
Note 10 (a) Employee costs		
Wages and salaries	20,878	20,003
WorkCover	444	317
Casual staff	1,860	2,254
Superannuation	2,145	2,183
Fringe benefits tax	160	193
Other	290	330
Total employee costs	25,777	25,280

Note 10 (b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)

125	93
125	93

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)

Employer contributions - other funds

1,805	1,535
215	555
2,020	2,090

Employer contributions payable at reporting date

-	-
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Refer to note 32 for further information relating to Council's superannuation obligations.

Note 11 Materials and services

Contractor payments	13,784	15,559
Building maintenance	317	834
General maintenance *	14,197	15,417
Utilities	1,783	2,005
Office administration	426	559
Information technology	1,475	1,087
Insurance	966	967
Consultants	968	895
Contributions	1,346	1,256
Total materials and services	35,262	38,579

* General maintenance includes \$1.859 million in 2014/15 and \$1.248 million in 2015/16 for an adjustment to Landfill rehabilitation provision.

Note 12 Bad and doubtful debts

Parking fine debtors	29	48
Animal fine debtors	86	145
Rates debtors	19	(21)
Other debtors	69	223
Total bad and doubtful debts	203	395

	2016 \$'000	2015 \$'000
Note 13 Depreciation and amortisation		
Property	2,820	3,056
Plant and equipment	2,855	2,867
Infrastructure	14,723	13,950
Total depreciation	20,398	19,873
Intangible assets	366	19
Total depreciation and amortisation	20,764	19,892
<i>Refer to note 19 and 21 for a more detailed breakdown of depreciation and amortisation charges</i>		
Note 14 Borrowing costs		
Interest - Borrowings	647	640
Total borrowing costs	647	640
Note 15 Other expenses		
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	40	40
Auditors' remuneration - Internal	32	32
Councillors' allowances	293	291
Operating lease rentals	283	314
Memberships/Subscriptions	160	152
Bank fees and charges	168	168
Legal fees	120	202
Other	95	368
Total other expenses	1,191	1,567

Notes to the Financial Report
For the Year Ended 30 June 2016

	2016	2015
	\$'000	\$'000
Note 16 Cash and cash equivalents		
Cash on hand	14	12
Cash at bank	773	7,734
Term deposits	25,332	15,043
	26,119	22,789
Councils cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:		
- Trust funds and deposits (refer Note 23)	1,764	1,801
- Unexpended grants (refer to Note 6)	1,553	1,751
- Non-Discretionary Reserves	966	1,242
Total restricted funds	3,317	4,794
Total unrestricted cash and cash equivalents	22,802	17,995
Intended allocations		
Although not externally restricted the following amounts have been allocated for specific future purposes by Council:		
- Cash held to fund carried forward capital works	15,458	10,353
- Tambo Bluff Estate	164	101
- Water transport replacement reserve	800	600
Total funds subject to intended allocations	16,422	11,054
Note 16(a) Other financial assets		
Term Deposits	3,500	2,500
Total other financial assets	3,500	2,500
Note 17 Trade and other receivables		
Current		
Rates debtors	3,183	2,636
Special rate assessment	1,031	1,134
Parking infringement debtors	9	8
Infringement Court	329	227
GST Receivable	419	529
Other debtors	1,442	1,824
Provision for doubtful debts	(384)	(263)
Total current trade and other receivables	6,029	6,095
Non-current		
Special rate scheme	1,161	1,605
Total non-current trade and other receivables	1,161	1,605
Total trade and other receivables	7,190	7,700
(a) Ageing of Receivables		
At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of the Council's trade & other receivables (excluding statutory receivables) was:		
Current (not yet due)	648	1,256
Past due by up to 30 days	672	286
Past due between 31 and 180 days	74	95
Past due between 181 and 365 days	24	40
Past due by more than 1 year	24	147
Total trade & other receivables	1,442	1,824
(b) Movement in provisions for doubtful debts		
Balance at the beginning of the year	263	77
New Provisions recognised during the year	151	186
Amounts already provided for and written off as uncollectible	30	-
Balance at end of year	384	263
(c) Ageing of individually impaired Receivables		
At balance date, other debtors representing financial assets with a nominal value of \$384,000 (2015: \$263,000) were impaired. The amount of the provision raised against these debtors was \$384,000 (2015: \$263,000). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.		
The ageing of receivables that have been individually determined as impaired at reporting date was:		
Past due between 31 and 180 days	-	-
Past due between 181 and 365 days	-	-
Past due by more than 1 year	384	263
Total trade & other receivables	384	263

	2016 \$'000	2015 \$'000
Note 18 Other assets		
Prepayments	631	466
Accrued income	476	5,149
Total other financial assets	1,107	5,615

Note 19 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2016	Accumulated Depreciation	WDV 30 June 2016	At Fair Value 30 June 2015	Accumulated Depreciation	WDV 30 June 2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	97,014	0	97,014	99,455	0	99,455
Buildings	163,582	(75,518)	88,064	160,460	(73,012)	87,448
Plant and Equipment	31,127	(16,637)	14,490	29,989	(15,164)	14,825
Infrastructure	906,265	(242,997)	663,268	886,053	(231,214)	654,839
Work in progress	5,822	0	5,822	8,774	0	8,774
	1,203,810	(335,152)	868,658	1,184,731	(319,390)	865,341

Summary of Work in Progress (WIP)

	Opening WIP	Additions	Transfers	Write Offs	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000
Buildings	468	3,477	3,313	246	386
Plant and Equipment	40	3,346	3,127	14	245
Infrastructure	8,266	19,036	21,765	346	5,191
Total	8,774	25,859	28,205	606	5,822

Note 19 Property, infrastructure, plant and equipment (cont'd)

Land and Buildings	Note	Land - specialised \$'000	Land - non specialised \$'000	Total Land \$'000	Buildings - specialised \$'000	Total Buildings \$'000	Work In Progress \$'000	Total Property \$'000
At fair value 1 July 2015		86,175	13,280	99,455	160,460	160,460	468	260,383
Accumulated depreciation at 1 July 2015		0	0	0	(73,012)	(73,012)	0	(73,012)
		86,175	13,280	99,455	87,448	87,448	468	187,371
Movements in fair value								
Acquisition of assets at fair value		531	0	531	3,317	3,317	3,477	7,325
Fair value of assets disposed		(229)	0	(229)	(333)	(333)	(246)	(808)
Impairment losses recognised in operating result		0	0	0	(35)	(35)	0	(35)
Transfers		(2,743)	0	(2,743)	173	173	(3,313)	(5,883)
		(2,441)	0	(2,441)	3,122	3,122	(82)	599
Movements in accumulated depreciation								
Depreciation and amortisation		0	0	0	(2,820)	(2,820)	0	(2,820)
Accumulated depreciation of disposals		0	0	0	245	245	0	245
Impairment losses recognised in operating result		0	0	0	18	18	0	18
Transfers		0	0	0	51	51	0	51
		0	0	0	(2,506)	(2,506)	0	(2,506)
At fair value 30 June 2016		83,734	13,280	97,014	163,582	163,582	386	260,982
Accumulated depreciation at 30 June 2016		0	0	0	(75,518)	(75,518)	0	(75,518)
		83,734	13,280	97,014	88,064	88,064	386	185,464

Note 19 Property, infrastructure, plant and equipment (cont'd)

Plant and Equipment	Note	Plant machinery and equipment \$'000	Fixtures fittings and furniture \$'000	Computers and telecomms \$'000	Library books \$'000	Work in Progress \$'000	Total plant and equipment \$'000
At fair value 1 July 2015		17,352	6,365	2,610	3,662	40	30,029
Accumulated depreciation at 1 July 2015		(7,456)	(3,355)	(1,764)	(2,589)	0	(15,164)
		9,896	3,010	846	1,073	40	14,865
Movements in fair value							
Acquisition of assets at fair value		2,539	277	217	251	3,346	6,630
Fair value of assets disposed		(2,114)	(40)	0	0	(14)	(2,168)
Transfers		57	(221)	171	1	(3,127)	(3,119)
		482	16	388	252	205	1,343
Movements in accumulated depreciation							
Depreciation and amortisation		(1,782)	(541)	(338)	(194)	0	(2,855)
Accumulated depreciation of disposals		1,252	57	8	0	0	1,317
Transfers		0	65	0	0	0	65
		(530)	(419)	(330)	(194)	0	(1,473)
At fair value 30 June 2016		17,834	6,381	2,998	3,914	245	31,372
Accumulated depreciation at 30 June 2016		(7,986)	(3,774)	(2,094)	(2,783)	0	(16,637)
		9,848	2,607	904	1,131	245	14,735

Notes to the Financial Report
For the Year Ended 30 June 2016

Note 19 Property, infrastructure, plant and equipment (cont'd)

Infrastructure	Note	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and Community	Waste Management	Parks open spaces and streetscapes	Off street car parks	Other Infrastructure	Work In Progress	Total Infrastructure
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2015		653,992	90,104	26,268	63,285	19,672	4,563	13,870	196	14,103	8,266	894,319
Accumulated depreciation at 1 July 2015		(160,629)	(27,699)	(7,143)	(13,028)	(12,256)	(1,655)	(4,722)	(66)	(4,016)	0	(231,214)
		493,363	62,405	19,125	50,257	7,416	2,908	9,148	130	10,087	8,266	663,105
Movements in fair value												
Acquisition of assets at fair value		9,711	981	472	4,145	3,573	3,244	926	0	460	19,036	42,548
Fair value of assets disposed		(175)	(4,019)	0	0	(8)	(256)	(874)	0	(36)	(346)	(5,714)
Impairment losses recognised in operating result		(233)	0	0	0	0	0	(426)	0	0	0	(659)
Transfers		2,297	161	147	379	(236)	(60)	322	0	(283)	(21,765)	(19,038)
		11,600	(2,877)	619	4,524	3,329	2,928	(52)	0	141	(3,075)	17,137
Movements in accumulated depreciation												
Depreciation and amortisation		(10,707)	(1,164)	(390)	(851)	(388)	(484)	(291)	(4)	(444)	0	(14,723)
Accumulated depreciation of disposals		(1,087)	2,391	0	0	0	791	692	0	12	0	2,799
Impairment losses recognised in operating result		129	0	0	0	0	0	175	0	0	0	304
Transfers		(297)	157	(107)	41	10	0	(59)	25	67	0	(163)
		(11,962)	1,384	(497)	(810)	(378)	307	517	21	(365)	0	(11,783)
At fair value 30 June 2016		665,592	87,227	26,887	67,809	23,001	7,491	13,818	196	14,244	5,191	911,456
Accumulated depreciation at 30 June 2016		(172,591)	(26,315)	(7,640)	(13,838)	(12,634)	(1,348)	(4,205)	(45)	(4,381)	0	(242,997)
		493,001	60,912	19,247	53,971	10,367	6,143	9,613	151	9,863	5,191	668,459

Note 19 Property, infrastructure, plant and equipment cont'd

Valuation of land and buildings

A revaluation of all land and building assets was conducted in 2014/2015. Valuation of land and buildings were undertaken by qualified independent valuer, Craig McMillan, Certified Practising Valuer (No. 62705), A.A.P.I., B.Business (Property) Director of Herron Todd White (Gippsland) and independent quantity surveyor, Ben Walpole, Director Quantity Surveyor, B.Quantity Surveying Grad Cert (Comm), Dip. Building of Herron Todd White (Sydney). The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

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

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2016 are as follows:

	Level 1	Level 2	Level 3
Land	-	13,280	-
Specialised land	-	-	83,734
Buildings	-	-	88,064
Total	-	13,280	171,798

Valuation of infrastructure

Valuation of infrastructure assets has been undertaken by Council's engineering and asset management staff as at 30 June 2013.

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

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2016 are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Roads	-	-	493,001
Bridges	-	-	60,912
Footpaths and cycleways	-	-	19,247
Drainage	-	-	53,971
Recreational, leisure and community facilities	-	-	10,367
Waste management	-	-	6,143
Parks, open space and streetscapes	-	-	9,613
Off Street carparks	-	-	151
Other infrastructure	-	-	9,863
Total	-	-	663,268

Note 19 Property, infrastructure, plant and equipment cont'd

2016
\$'000

2015
\$'000

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 0% and 75%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$0.02 and \$2,200 per square metre.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$622 to \$3,000 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 30 years to 80 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 15 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

Reconciliation of specialised land

Land under roads	3,770	3,604
Parks and reserves	43,677	43,677
Recreation and Leisure	19,398	18,612
Residential Land	182	182
Commercial Land	294	294
Aerodrome Land	1,330	1,330
Community Services	1,180	1,180
Business Centre/Library Land	1,844	1,844
Caravan Park Land	3,230	3,230
Carpark Land	816	816
Cemetery Land	205	205
Depot Land	220	385
Quarry Reserve Land	143	201
Drainage Reserve Land	4,108	3,933
Saleyard & Pound Facility Land	325	325
Waste Management Land	2,665	2,665
Road Reserves	347	3,692
Total specialised land	83,734	86,175

		2016	2015	
		\$'000	\$'000	
Note 20	Investment property			
	Balance at beginning of financial year	1,444	1,467	
	Additions	20	8	
	Disposals	(96)	(166)	
	Fair value adjustments	(8)	135	
	Balance at end of financial year	1,360	1,444	
Valuation of investment property				
Valuation of investment property has been determined in accordance with an independent valuation by 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) who have recent experience in the location and category of the property being valued. The valuation is at fair value, based on the current market value for the property.				
Note 21	Intangible assets			
	Software	260	315	
	Landfill air space	1,858	-	
	Total intangible assets	2,118	315	
		Software	Landfill	Total
		\$'000	\$'000	\$'000
	Gross carrying amount			
	Balance at 1 July 2014	1,626	-	1,626
	Additions from internal developments	325	-	325
	Other	-	-	-
Balance at 1 July 2015	1,951	-	1,951	
Additions from internal developments	15	2,154	2,169	
Other	-	-	-	
Balance at 30 June 2016	1,966	2,154	4,120	
Accumulated amortisation and impairment				
Balance at 1 July 2014	1,617	-	1,617	
Amortisation expense	19	-	19	
Balance at 1 July 2015	1,636	-	1,636	
Amortisation expense	70	296	366	
Balance at 30 June 2016	1,706	296	2,002	
Net book value at 30 June 2015	315	-	315	
Net book value at 30 June 2016	260	1,858	2,118	
		2016	2015	
		\$'000	\$'000	
Note 22	Trade and other payables			
	Trade payables	2,354	2,434	
	Accrued expenses	2,186	1,865	
	Total trade and other payables	4,540	4,299	

		2016 \$'000	2015 \$'000		
Note 23	Trust funds and deposits				
	Refundable deposits	399	579		
	Fire services levy	205	249		
	Retention amounts	668	479		
	Other refundable deposits	456	444		
	Funds Held in Trust	36	50		
	Total trust funds and deposits	1,764	1,801		
	<i>Purpose and nature of items</i>				
	Refundable deposits - Deposits are taken by council as a form of surety in a number of circumstances, including in relation to building works, tender deposits, contract deposits and the use of civic facilities.				
	Fire Service Levy - Council is the collection agent for fire services levy on behalf of the State Government. Council remits amounts received on a quarterly basis. Amounts disclosed here will be remitted to the state government in line with that process.				
	Retention Amounts - Council has a contractual right to retain certain amounts until a contractor has met certain requirements or a related warrant or defect period has elapsed. Subject to the satisfactory completion of the contractual obligations, or the elapsing of time, these amounts will be paid to the relevant contractor in line with Council's contractual obligations.				
Note 24	Prepaid Income				
	Marina Berths				
	Current	196	194		
	Non-current	1,185	1,340		
		1,381	1,534		
Note 25	Provisions	Employee	Landfill restoration	Native Vegetation	Total
		\$ '000	\$ '000	\$ '000	\$ '000
2016					
	Balance at beginning of the financial year	5,002	12,784	246	18,032
	Additional provisions	361	3,204	7	3,572
	Amounts used	(364)	(417)	(6)	(787)
	Increase in the discounted amount arising because of time and the effect of any change in the discount rate	241	196	-	437
	Balance at the end of the financial year	5,240	15,767	247	21,254
2015					
	Balance at beginning of the financial year	5,033	11,620	148	16,801
	Additional provisions	597	1,260	108	1,965
	Amounts used	(658)	(696)	(10)	(1,364)
	Increase in the discounted amount arising because of time and the effect of any change in the discount rate	30	600	-	630
	Balance at the end of the financial year	5,002	12,784	246	18,032
				2016	2015
				\$'000	\$'000
	(a) Employee provisions				
	Current provisions expected to be wholly settled within 12 months				
	Annual leave			1,900	1,919
	Long service leave			243	222
				2,143	2,141
	Current provisions expected to be wholly settled after 12 months				
	Annual leave			145	171
	Long service leave			2,190	1,998
				2,335	2,169
	Total current employee provisions			4,478	4,310
	Non-current				
	Long service leave			762	692
	Total non-current employee provisions			762	692
	Aggregate carrying amount of employee provisions:				
	Current			4,478	4,310
	Non-current			762	692
	Total aggregate carrying amount of employee provisions			5,240	5,002

		2016 \$'000	2015 \$'000
Note 25	Provisions (cont'd)		
	(b) Land fill restoration		
	Current	6,769	4,413
	Non-current	8,998	8,371
		15,767	12,784
	(c) Native Vegetation Offset		
	Current	-	-
	Non-current	247	246
		247	246
	Total Current	11,247	8,723
	Total Non-current	10,007	9,309
	Total Provisions	21,254	18,032
Note 26	Interest-bearing loans and borrowings		
	Current		
	Borrowings - secured (1)	1,806	1,234
		1,806	1,234
	Non-current		
	Borrowings - secured (1)	6,609	8,415
		6,609	8,415
	Total	8,415	9,649
	(1) Borrowings are secured by mortgages over the general rates of Council.		
	(a) The maturity profile for Council's borrowings is:		
	Not later than one year	1,806	1,234
	Later than one year and not later than five years	3,259	5,065
	Later than five years	3,350	3,350
		8,415	9,649

Note 27 Reserves

	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
	\$'000	\$'000	\$'000
(a) Asset revaluation reserves			
2016			
Property			
Land	72,981	-	72,981
Buildings	54,653	-	54,653
	127,634	-	127,634
Infrastructure			
Roads	324,744	-	324,744
Bridges	41,076	-	41,076
Footpaths and cycleways	12,589	-	12,589
Drainage	33,080	-	33,080
Recreational, leisure and community facilities	4,881	-	4,881
Waste management	1,914	-	1,914
Parks, open space and streetscapes	6,021	-	6,021
Carparks	86	-	86
Other infrastructure	9,868	-	9,868
	434,259	-	434,259
Total asset revaluation reserves	561,893	-	561,893
2015			
Property			
Land	60,300	12,681	72,981
Buildings	42,241	12,412	54,653
	102,541	25,093	127,634
Infrastructure			
Roads	325,735	(991)	324,744
Bridges	41,076	-	41,076
Footpaths and cycleways	12,589	-	12,589
Drainage	33,080	-	33,080
Recreational, leisure and community facilities	4,881	-	4,881
Waste management	1,914	-	1,914
Parks, open space and streetscapes	6,021	-	6,021
Carparks	86	-	86
Other infrastructure	9,868	-	9,868
	435,250	(991)	434,259
Total asset revaluation reserves	537,791	24,102	561,893

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

	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
	\$'000	\$'000	\$'000	\$'000
(b) Other reserves				
2016				
Car Parking	193	-	-	193
Recreational Land	1,017	52	(330)	739
Road Upgrading	32	2	-	34
Total Other reserves	1,242	54	(330)	966
2015				
Car Parking	193	-	-	193
Recreational Land	1,179	60	(222)	1,017
Road Upgrading	32	-	-	32
Total Other reserves	1,404	60	(222)	1,242

The Recreation Land reserve receives developer contributions for future development of public open space.

The Car Parking reserve receives developer funds for future development of public car parks.

The Road Upgrading reserve receives contributions from developers for the future upgrade of specific roads as required by development plans.

	2016 \$'000	2015 \$'000
Note 28		
Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus/(deficit) for the year	2,307	16,162
Depreciation/amortisation	20,764	19,892
(Profit)/loss on disposal of property, infrastructure, plant and equipment	3,372	1,387
Borrowing costs	649	651
Capital works in progress expensed	-	296
Contributions - non-monetary assets	(2,274)	(4,651)
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	510	1,366
(Increase)/decrease in prepayments	(165)	(194)
(Increase)/decrease in accrued income	4,673	(39)
Increase/(decrease) in trade and other payables	(162)	413
Increase/(decrease) in trust funds	(37)	352
Increase/(decrease) in other liabilities	(153)	25
Increase/(Decrease) in provisions	1,068	1,231
Net cash provided by/(used in) operating activities	30,552	36,891
Note 29		
Financing arrangements		
Borrowings	8,415	9,649
Credit card facilities	100	139
Bank overdraft	1,500	1,500
Total Facilities	10,015	11,288
Used facilities		
Borrowings	8,415	9,649
Credit card facilities	34	31
Total Usde facilities	8,449	9,680
Unused facilities		
Credit card facilities	66	108
Bank overdraft	1,500	1,500
Total Unused facilities	1,566	1,608

Note 30 Commitments

The Council has entered into the following commitments

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2016					
Operating					
Cleaning	1,481	710	2,130	-	4,321
Ferry Operations/Maintenance	610	186	130	-	926
Road Infrastructure Maintenance	4,794	4,794	2,397	-	11,985
Waste Management	2,617	2,617	7,854	9,608	22,696
Other Service Contracts	937	603	215	-	1,755
Total	10,439	8,910	12,726	9,608	41,683
Capital					
Buildings	1,073	-	-	-	1,073
Roads	1,495	-	-	-	1,495
Waste	1,360	-	-	-	1,360
Other	346	-	-	-	346
Total	4,274	-	-	-	4,274

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2015					
Operating					
Cleaning	767	67	-	-	834
Ferry Operations/Maintenance	428	14	-	-	442
Road Infrastructure Maintenance	5,064	5,019	7,562	-	17,645
Waste Management	2,660	2,660	7,817	12,179	25,316
Other Service Contracts	790	600	1,165	-	2,555
Total	9,709	8,360	16,544	12,179	46,792
Capital					
Buildings	100	-	-	-	100
Roads	856	-	-	-	856
Waste	565	-	-	-	565
Other	5,292	-	-	-	5,292
Total	6,813	-	-	-	6,813

		2016 \$'000	2015 \$'000
Note 31	Operating leases		
	(a) Operating lease commitments		
	At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):		
	Not later than one year	152	99
	Later than one year and not later than five years	540	363
	Later than five years	41	576
		733	1,038
	(b) Operating lease receivables		
	The Council has entered into commercial property leases on its investment property. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 10 years. All leases include a CPI based revision of the rental charge annually.		
	Future minimum rentals receivable under non-cancellable operating leases are as follows:		
	Not later than one year	743	598
	Later than one year and not later than five years	2,228	1,987
	Later than five years	1,247	2,329
		4,218	4,914
Note 32	Superannuation		
	Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in the Comprehensive Income Statement when they are made or due.		
	Accumulation		
	The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2016, this was 9.5% as required under Superannuation Guarantee legislation).		
	Defined Benefit		
	Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan.		
	There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.		
	Funding arrangements		
	Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary.		
	As at 30 June 2015, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 105.8%. To determine the VBI, the fund Actuary used the following long-term assumptions:		
	Net investment returns 7.0% pa		
	Salary information 4.25% pa		
	Price inflation (CPI) 2.5% pa.		

Note 32

Superannuation (cont'd)

Vision Super has advised that the estimated VBI at June 2016 was 102%. The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 2016 interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Employer contributions

Regular contributions

On the basis of the results of the 2015 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2016, this rate was 9.5% of members' salaries (9.5% in 2014/2015). This rate will increase in line with any increase to the contribution rate. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

Funding calls

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

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall. Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up. If there is a surplus in the Fund, the surplus cannot be returned to the participating employers. In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

2015 Interim actuarial investigation surplus amounts

The Fund's interim actuarial investigation as at 30 June 2015 identified the following in the defined benefit category of which Council is a contributing employer:

- A VBI surplus of \$130.8 million; and
- A total service liability surplus of \$239 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2015. The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses. Council was notified of the 30 June 2015 VBI during August 2015.

Future superannuation contributions

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2017 is \$128,000.

Note 33

Contingent liabilities and contingent assets

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined in Note 32. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists. At this point in time it is not known if additional contributions will be required, their timing or potential amount.

Council has provided the Environment Protection Authority with a bank guarantee in their favour of \$1.3 million to meet the remedial action financial assurance requirements for licenced landfill sites.

Guarantees for loans to other entities

NIL

Contingent assets

NIL

Note 34 Financial instruments

(a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in Note 1 of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

(b) Market risk

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

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Council's interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes council to fair value interest rate risk / Council does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

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

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

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

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

(c) Credit risk

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

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

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

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

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when Council provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 33.

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

(d) Liquidity risk

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

To help reduce these risks Council:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 33, and is deemed insignificant based on prior periods' data and current assessment of risk.

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

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 26.

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

Note 34 Financial instruments (cont'd)

(e) Fair value

Fair value hierarchy

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

(f) Sensitivity disclosure analysis

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

- A parallel shift of + 1% and -1% in market interest rates (AUD) from year-end rates of 2%.

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

Note 35 Related party transactions

(i) Responsible Persons

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

Councillors	Councillor Peter Neal (Mayor from 11 November 2014 to 10 November 2015)
	Councillor Marianne Pelz (Mayor from 10 November 2015 onwards)
	Councillor Richard Ellis
	Councillor Mark Reeves
	Councillor Michael Freshwater
	Councillor Jeff McNeill
	Councillor Jane Rowe
	Councillor Ben Buckley
	Councillor John Wilkin to 26/11/2015
	Councillor Trudy Anderson from 19/01/2016

Chief Executive Officer Gary Gaffney

(ii) Remuneration of Responsible Persons

The numbers of Responsible Persons whose total remuneration from Council and any related entities, excluding retirement benefits, fall within the following bands:

	2016 No.	2015 No.
\$1 - \$9,999	1	-
\$10,000 - \$19,999	1	-
\$20,000 - \$29,999	6	7
\$40,000 - \$49,999	1	1
\$50,000 - \$59,999	1	1
\$70,000 - \$79,999	-	1
\$120,000 - \$129,999	-	1
\$280,000 - \$289,000	1	-
	11	11

Total Remuneration for the reporting year for Responsible Persons included above amounted to: \$555,292 \$469,672

(iii) Senior Officers Remuneration

A Senior Officer other than a Responsible Person, is an officer of Council who:
a) has management responsibilities and reports directly to the Chief Executive; or
b) whose total annual remuneration exceeds \$139,000

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

Income Range:	2016 No.	2015 No.
\$80,000 - \$89,999	-	1
\$120,000 - \$129,999	-	1
\$130,000 - \$139,999	1	-
\$150,000 - \$159,999	1	-
\$180,000 - \$189,999	1	1
\$190,000 - \$199,999	1	2
\$200,000 - \$209,999	2	1
	6	6

Total Remuneration for the reporting year for Senior Officers included above, amounted to \$1,087,694 \$990,659

(iv) Responsible persons retirement benefits

The aggregate amount paid during the reporting period by Council in connection with the retirement of responsible persons was \$0 (2015- \$0)

\$0 \$0

Note 35 Related party transactions (cont'd)

(v) Loans to responsible persons

The aggregate amount of loans in existence at balance date that have been made, guaranteed or secured by the council to a responsible person of the council, or a related party of a responsible person are as follows:

NIL

(vi) Transactions with responsible persons

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

- 1 Gippsland Ports: Councillor Richard Ellis is a Board Member of Gippsland Ports. For the year ended 30 June 2016, Council paid \$112,949 (2014/15 \$129,741) to Gippsland Ports on normal commercial terms and conditions.
- 2 Surf Lifesaving Lakes Entrance Inc: Councillor Richard Ellis is the current President of Surf Lifesaving Lakes Entrance Inc. For the year ended 30 June 2016, Council paid \$4,757 (2014/15 \$3,630) to Surf Lifesaving Lakes Entrance Inc on normal commercial terms and conditions.
- 3 R Pelz Haulage: Councillor Marianne Pelz is a part owner of R Pelz Haulage. For the year ended 30 June 2016, Council paid \$25,061 (2014/15 \$24,975) on normal commercial terms and conditions.
- 4 Benambra Neighbourhood House: Councillor Trudy Anderson is the Coordinator of the Benambra Neighbourhood House. For the year ended 30 June 2016, Council paid the Benambra Neighbourhood House \$2,350 for the provision of library services and seniors annual allocation (2014/15 Nil).
- 5 Omeo Primary School: Councillor Trudy Anderson is a member of the Omeo Primary School Council. For the year ended 30 June 2016, Council paid the Omeo Primary School a community grant of \$2,200 (2014/15 Nil).

Note 36 Events occurring after balance date

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

Certification of the Financial Statements

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



Elizabeth Collins, CPA
Principal Accounting Officer

Date : 13 September 2016
Bairnsdale

In our opinion the accompanying financial statements present fairly the financial transactions of East Gippsland Shire Council for the year ended 30 June 2016 and the financial position of the Council as at that date.

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

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



Marianne Pelz
Councillor

Date : 13 September 2016
Bairnsdale



Peter Neal
Councillor

Date : 13 September 2016
Bairnsdale



Gary Gaffney
Chief Executive Officer

Date : 13 September 2016
Bairnsdale



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INDEPENDENT AUDITOR'S REPORT

To the Councillors, East Gippsland Shire Council

The Financial Report

I have audited the accompanying financial report for the year ended 30 June 2016 of the East Gippsland Shire Council which comprises the comprehensive income statement, balance sheet, statement of changes in equity, statement of cash flows, notes comprising a summary of the significant accounting policies and other explanatory information, and the certification of the financial statements.

The Councillors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

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

Independent Auditor's Report (continued)

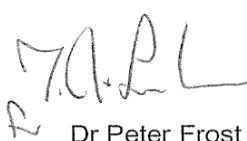
Independence

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, I and my staff and delegates complied with the applicable independence requirements of the Australian Auditing Standards and relevant ethical pronouncements.

Opinion

In my opinion the financial report presents fairly, in all material respects, the financial position of the East Gippsland Shire Council as at 30 June 2016 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.

MELBOURNE
14 September 2016



Dr Peter Frost
Acting Auditor-General

East Gippsland Shire Council

Performance Statement

For the year ended 30 June 2016

Description of municipality

East Gippsland is a major geographic and economic region in eastern Victoria. The region covers more than 21,000 square kilometres or 10% of the State. The municipality covers an area of spectacular landscapes and vast natural resources. Almost 75% of the land is under public ownership. Private land amounts to around 4,200 square kilometres and only 64 square kilometres of land are classified as urban. With more than 42 townships and localities, East Gippsland can be seen as a patchwork of communities, each with individual features and characteristics. East Gippsland has an Estimated Residential Population of approximately 43,995 residents (as at June 30, 2016). According to the 2011 census, East Gippsland has a high proportion of low-income households (36.8%) compared to the Victorian average and the rest of Gippsland. East Gippsland Shire Council provides more than 100 high quality services and facilities across a range of areas including Community Services, Economic Development, Environmental Services, Customer Services, Health and Wellbeing, Planning and Building and more. We are responsible for maintaining 2,900 km of roads, 209 bridges, over 300 km of drains, 517 km of kerb and channel, 350 hectares of Parks and Gardens and over 4,000 street lights.

East Gippsland Shire Council

Sustainable Capacity Indicators

For the year ended 30 June 2016

<i>Indicator/measure</i>	Results 2015	Results 2016	Material Variations and Comments
Population			
C1 <i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$1,972.79	\$1,982.41	No material variations
C2 <i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$17,497.21	\$17,539.36	No material variations
C3 <i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	14.88	14.90	No material variations
Own-source revenue			
C4 <i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,458.15	\$1,531.04	No material variations
Recurrent grants			
C5 <i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$557.46	\$323.83	Recurrent grants were reduced because of a \$6.8 million advance payment of the 2015-16 Victorian Grants Commission in the 2014-15 year. This accounts for the variance.
Disadvantage			
C6 <i>Relative Socio-Economic Disadvantage</i> [Index of Relative Socio-Economic Disadvantage by decile]	3.00	3.00	No material variations

Definitions

"adjusted underlying revenue" means total income other than—

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

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

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

"population" means the resident population estimated by council

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

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

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

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

East Gippsland Shire Council

Service Performance Indicators

For the year ended 30 June 2016

<i>Service/indicator/measure</i>		Results 2015	Results 2016	Material Variations and Comments
Aquatic Facilities				
Utilisation				
AF6	<i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	7.92*	6.45	Centre member attendances have reduced overall. Less learn to swim participants this year correlates to a continued lower birth rate documented in the region between 2012-13 and 2014-15. There were also fewer school aged learn to swim participants, because schools completed an alternate open water safety program supported by Council. New data reporting procedures also uncovered some duplication in previously stated attendance results. A computer-based customer counting system is planned for 2016-17 to improve the accuracy of our attendance data.
Animal Management				
Health and safety				
AM4	<i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	0.00	0.00	Council did not undertake any animal management prosecutions in this period. The majority of reported attacks were deemed by Council to be of a non-serious nature, as per legislation, which results in infringements only being issued.
Food Safety				
Health and safety				
FS4	<i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	0.00%	100.00%	All non-compliances are followed up within the appropriate timeframe. Last year there were no critical and non-compliance notifications compared to three this year.
Governance				
Satisfaction				
G5	<i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	53.00	49.00	The level of community satisfaction with Council decision-making experienced a significant decline in 2016 across the State. Our survey results indicate that Male residents and residents aged 35 to 49 years are generally more critical of Council, compared with other resident segments. Residents in the 18-34 year olds age group are more favourable about Council. Further reviews of the survey data and additional consultation is planned to better understand how Council can meet the expectations of these demographic groups.

East Gippsland Shire Council

Service Performance Indicators

For the year ended 30 June 2016

	Service/indicator/measure	Results 2015	Results 2016	Material Variations and Comments
	Libraries			
	Participation			
LB4	<i>Active library members</i> [Number of active library members / Municipal population] x100	18.40%	22.33%	The number of active library members has increased by 22% during this period. The methodology for this result changed this year to include eBooks in borrowed library collection items, which will have contributed to the increase in active members, who can access the digital catalogue remotely.
	Roads			
	Satisfaction			
R5	<i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	46.00	46.00	No material variations
	Statutory Planning			
	Decision making			
SP4	<i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	50.00%	33.33%	Council planning officers have been mindful to ensure decision-making is consistent with appropriate planning outcomes. Fewer planning applications were considered by VCAT compared to last year.
	Waste Collection			
	Waste diversion			
WCS	<i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	54.73%	54.08%	No material variations

*** To ensure comparability of indicators, comparative figures for 2015 have been amended to accord with the current presentation. The restated comparatives which have changed materially on the amounts previously disclosed in the Performance Statement for the year ended 30 June 2015 are disclosed in the table below.**

	Dimension/indicator/measure	Previously reported 2015	Restated in 2015	Reason for Restatement
AF6	Aquatic Facilities Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	8.17	7.92	New data reporting procedures in 2015-16 uncovered duplication in previously stated attendance results. The Bairnsdale indoor facility overstated the group fitness attendances. A total of 10,149 member and visit pass attendances were duplicated, which affected the initial reporting. A computer-based customer counting system is planned for 2016-17 to improve the accuracy of our attendance data.

East Gippsland Shire Council

Service Performance Indicators

For the year ended 30 June 2016

Definitions

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

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

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

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

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

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

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

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

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

East Gippsland Shire Council
Financial Performance Indicators
For the year ended 30 June 2016

		Results		Forecasts				
	Dimension/ <i>indicator/measure</i>	2015	2016	2017	2018	2019	2020	Material Variations and Comments
E1	Efficiency Revenue level Average residential rate per residential property assessment [Residential rate revenue / Number of residential property assessments]	\$1,448.01	\$1,522.33	\$1,573.94	\$1,626.76	\$1,674.87	\$1,723.77	The increase is a result of the annual rates and charges increase for the 2015-16 year.
E2	Expenditure level Expenses per property assessment [Total expenses / Number of property assessments]	\$2,806.40	\$2,698.38	\$2,645.09	\$2,775.21	\$2,723.10	\$2,760.32	No material variations.
E3	Workforce turnover Resignations and terminations compared to average staff [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	9.38%	13.99%	14.01%	14.01%	17.05%	14.41%	There were an increased number of retirements in 2015-16, as well as staff who were looking to move out of regional Victoria. Council also set in place a new vision and new cultural/behavioural expectations.
L1	Liquidity Working capital Current assets compared to current liabilities [Current assets / Current liabilities] x100	227.67%	187.98%	196.64%	203.68%	186.37%	187.54%	The variance is a result of the increase in the current provision for landfill rehabilitation.
L2	Unrestricted cash Unrestricted cash compared to current liabilities [Unrestricted cash / Current liabilities] x100	50.71%	32.62%	131.42%	132.39%	121.55%	116.15%	The variance is a result of the increase in the current provision for landfill rehabilitation.

East Gippsland Shire Council
Financial Performance Indicators
For the year ended 30 June 2016

	Dimension/ <i>indicator</i> /measure	Results		Forecasts				Material Variations and Comments
		2015	2016	2017	2018	2019	2020	
O1	Obligations Asset renewal Asset renewal compared to depreciation [Asset renewal expense / Asset depreciation] x100	82%*	99.66%	104.72%	80.93%	98.85%	106.09%	In 2014-15 year, there were a number of renewal projects that were not completed at year-end because of delays in the commencement of works. This resulted in a lower result than expected for this measure. In the 2017-18 year a major new project is planned and a reduction in renewal expenditure is planned for that year.
O2	Loans and borrowings Loans and borrowings compared to rates [Interest bearing loans and borrowings / Rate revenue] x100	20.00%	16.55%	12.61%	10.93%	7.28%	5.80%	The variance is as a result of the reduction in loan borrowings as a result of repayments during the year and the impact of the rate increase. In the out years, further reduction in principal is planned with no new borrowings anticipated. The variance is as a result of the reduction in loan borrowings as a result of repayments during the year and the impact of the rate increase. In the out years further reduction in principal is planned with no new borrowings anticipated. The decrease is a result of the movement between non-current loan liability to current loan liability.
O3	Loans and borrowings repayments compared to rates [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	5.04%	3.70%	4.94%	2.07%	4.07%	1.78%	
O4	Indebtedness Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x100	29.87%	27.82%	19.42%	17.18%	16.02%	13.32%	
OP1	Operating position Adjusted underlying result Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	3.62%	-6.31%	10.51%	3.12%	2.91%	3.10%	\$6.8M of the 2015-16 Victorian Grants Commission payment was received in the 2014-15 year and this has accounted for the variance from 2014-15 to 2015-16. In 2016-17 additional recurrent capital grant income will be received and this accounts for the forecast increase in the adjusted underlying surplus.

East Gippsland Shire Council
Financial Performance Indicators
For the year ended 30 June 2016

	Dimension/ <i>indicator</i> /measure	Results		Forecasts				Material Variations and Comments
		2015	2016	2017	2018	2019	2020	
S1	Stability Rates concentration <i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x 100	53.84%	64.47%	56.73%	59.99%	62.61%	62.98%	Recurrent grants were reduced as a result of a \$6.8M advance payment of the 2015-16 Victorian Grants Commission in the 2014-15 year and this has accounted for the variance.
S2	Rates effort <i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.53%	0.55%	0.56%	0.57%	0.58%	0.60%	No material variations.

* To ensure comparability of indicators, comparative figures for 2015 have been amended to accord with the current presentation. The restated comparatives which have changed materially on the amounts previously disclosed in the Performance Statement for the year ended 30 June 2015 are disclosed in the table below.

Dimension/ <i>indicator</i> /measure	Previously reported 2015	Restated in 2015	Reason for Restatement
Obligations Asset renewal <i>Asset renewal compared to depreciation</i> [Asset renewal expense / Asset depreciation] x100	129.53%	82%	The 2015 Statement of Capital Works has been amended for comparability to 2016 due to a change in reporting from asset capitalisation to asset expenditure consistent with the sector. It was previously reported as \$45.7m of assets capitalised. The asset expenditure was \$29.1m.

East Gippsland Shire Council

Financial Performance Indicators

For the year ended 30 June 2016

Definitions

"adjusted underlying revenue" means total income other than—

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

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

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

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

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

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

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

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

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

"population "means the resident population estimated by council

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

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

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

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

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

East Gippsland Shire Council

Other Information

For the year ended 30 June 2016

1. Basis of preparation

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

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

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

The forecast figures included in the performance statement are those adopted by Council in its strategic resource plan on 28 June 2016 and which forms part of the Council Plan. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The strategic resource plan can be obtained by contacting council.



East Gippsland Shire Council
Certification of the performance statement
For the year ended 30 June 2016

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



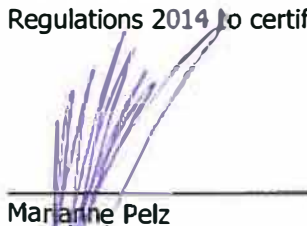
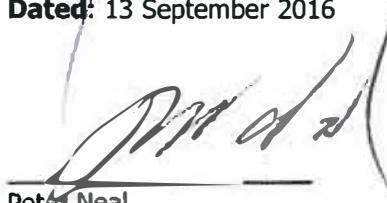
Elizabeth Collins, CPA
Principal Accounting Officer
Dated: 13 September 2016

In our opinion, the accompanying performance statement of the East Gippsland Shire Council for the year ended 30 June 2016 presents fairly the results of council's performance in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

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

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

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


Marianne Pelz
Councillor
Dated: 13 September 2016
Peter Neal
Councillor
Dated: 13 September 2016
Gary Gaffney
Chief Executive Officer
Dated: 13 September 2016

INDEPENDENT AUDITOR'S REPORT

To the Councillors, East Gippsland Shire Council

The Performance Statement

I have audited the accompanying performance statement for the year ended 30 June 2016 of the East Gippsland Shire Council which comprises the statement, the related notes and the certification of the performance statement.

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, I and my 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 2016 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

MELBOURNE
14 September 2016


Dr Peter Frost
Acting Auditor-General

Glossary

Actual 2015-16	Actual performance achieved where this measure was used in the 2015-16 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, artefacts, 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.

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**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

Visit us in person at:

Bairnsdale
Customer Service Centre
24 Service Street

Corporate Centre
273 Main Street

Lakes Entrance
18 Mechanics Street

Mallacoota
70 Maurice Avenue

Omeo
179 Day Avenue

Orbost
1 Ruskin Street

Paynesville
55 The Esplanade

Customer 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
Buchan Resource Centre – 6 Centre Road
Cann River Community Centre – Princes Highway

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 Communications and Corporate Strategy unit on (03) 5153 9500 or email feedback@egipps.vic.gov.au.